NIGERIA

A&T BANK

Economic Research

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EXECUTIVE SUMMARY

Rising domestic demand, improving oil, agriculture and infrastructure sectors will support economic growth

The largest oil producing country in Africa is Nigeria. Today, oil makes up 90% of total exports from Nigeria and generates around 80% of its revenue. Nigeria accounts for 2.2% of the world's proven oil reserves, giving it the 10th largest stash of crude oil in the world. Around 2.6% of the world's oil comes from Nigeria, according to the news.

The economic growth is expected to increase in 2018 helped by the higher oil prices and production and the positive business environment. Rising domestic demand along with improving sectors such as agriculture, infrastructure and oil sector, will encourage economic development.

Economic recovery is expected to support lending

Nigeria's commercial banking sector is expected to see a gradual recovery in the coming years as asset growth is projected to rise with improving lending environment. Positive economic growth, decreasing interest rates along with the increase in foreign exchange liquidity are predicted to support credit growth. With considering improving macroeconomic condition, we expect total assets to grow by 16.0% in 2018, up from an estimated 13.0% in 2017. Uptick in oil production and stronger investment into emerging markets could support economic development and banking sector.

The overall banking system vulnerabilities continued in 2017. NPLs have increased from 5% of total loans in June 2015 to 15.6% in October 2017, according to the IMF. However, higher net interest margins, mainly from high yielding government securities, improved bank profitability, with REO increasing from 10% at end-2016 to 20.5% by end-September 2017.

The Commercial and economic relations between Turkey and Nigeria have been improving

In the context of Turkey-Nigeria trade relations, the latest data has shown that Turkey's exports to Nigeria increased by 38.8% in compared to 2016 and stood at USD335.4mn at the end of 2017. The trade volume of Turkey to Nigeria is standing at USD491.7mn in 2017, higher than trade volume of 2016, which amounted as USD399.4mn. While according to Turkey import from Nigeria statistics, Turkey imports from Nigeria decreased by 1% to USD156.3mn in 2017.

Turkey plans investment into Nigeria's construction, infrastructure and social development and industrial sectors. Investors look toward strategic partnerships and cooperation in health sector, aviation and air transport. There are many Turkish companies in Nigeria, operating mainly in the construction, manufacturing and energy sectors. As of 2016, there are 50 Turkish firms operating in Nigeria whose total investment has amounted to USD419.5mn. Turkish investment in Nigeria has amounted a total of USD620mn.

SWOT – Nigeria

Strengths

- Improving economic outlook and increasing investor sentiment
- Ongoing recovery in oil prices and the government's tendency towards relatively modest spending will help limit the size of budget deficits
- Fairly free media play a key role in the democratization process
- Nigeria has considerable oil reserves
- Nigeria's external position benefits from low external debt burden and increasing oil prices
- With approximately 185 million inhabitants, Nigeria accounts for 47% of West Africa's populace and has one of the largest populations of youth in the world
- Largest oil producing country in Africa is Nigeria

Weaknesses

- The economy depends on oil and gas sector, leaving it exposed to exogenous shocks
- Ethnic and regional divisions ensure risks to the stability
- Continuing security risks
- Economic mismanagement and corruption
- Fragile investment environment
- The low investment ratio
- Weak government spending implementation
- Lower oil prices and tighter external market conditions could deteriorate external balance

Opportunities

- Infrastructure and agriculture sector have some investment potentials
- Increasing urbanization and young population
- Urbanization is likely to support infrastructure potential
- Growing domestic consumption
- External debt is still low by regional standards

Threats

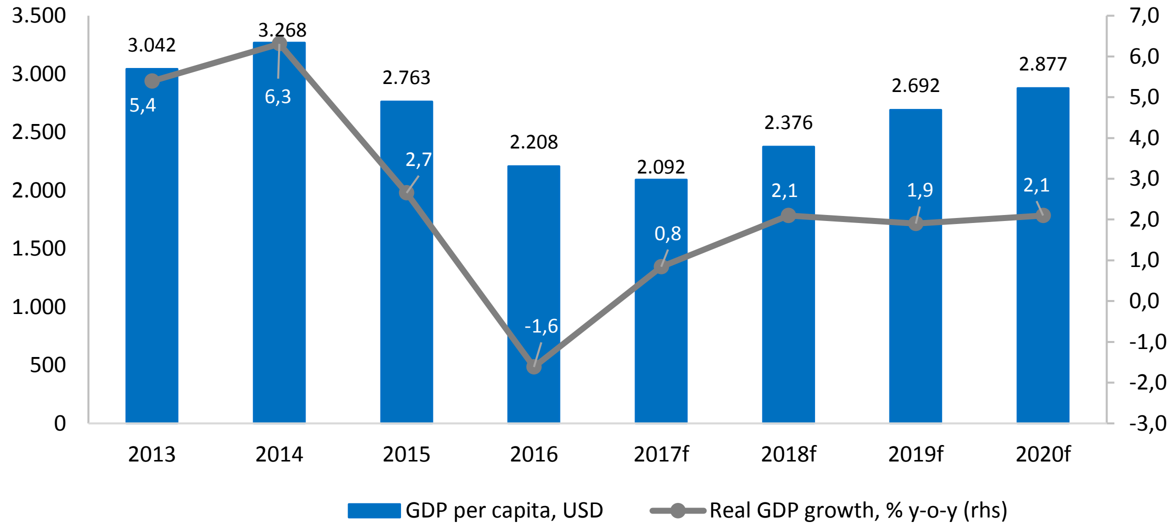
- The Christian-Muslim population split (thought to be around 50-50) continues to be a source of tension
- Ongoing poverty could make further reforms difficult
- Niger Delta militancy could mean oil production remains under capacity
- Price fluctuations in oil market could increase the economic vulnerability
  The uncertainty surrounding the multiple exchange rate regime continues to pose a headwind to investor sentiment
- Falling oil production and a challenging operating environment will pose significant challenges to Nigeria's economic outlook in the coming period.
- Renewed import growth is expected to reduce gross reserves despite continued access to international markets.

1- ECONOMIC OUTLOOK

Main Economic Indicators	2015	2016	2017f	2018f	2019f
Nominal GDP, USD bn	493,8	405,4	394,8	460,6	536,3
Real GDP growth, % y-o-y	2,7	-1,6	0,8	2,1	1,9
Consumer price inflation, % y-o-y, ave	9,0	15,7	16,3	14,8	14,3
Current account balance, % of GDP	-3,2	0,7	2,0	0,1	0,2
Budget balance, % of GDP	-1,6	-2,3	-3,0	-3,3	-3,2
General government gross debt % of GDP	13,2	17,6	21,3	22,8	23,8

Source: National Sources, BMI, IMF, African Development Bank

A&T Bank View: *The economic growth is expected to increase in 2018 helped by the higher oil prices and production and the positive business environment. Rising domestic demand along with improving sectors such as agriculture, infrastructure and oil sector, will encourage economic development. However, lower oil prices, tighter external market conditions, heightened security tensions, delayed fiscal policy response and weak implementation of structural reforms are the main downside risk. Real GDP growth is projected to be 2.1% in 2018 and 1.9% in 2019.*



Source: National Sources, BMI, IMF, African Development Bank

The largest country in Africa by population is Nigeria. In addition, the largest oil producing country in Africa is Nigeria. The oil industry generates around 2.35 million barrels of oil on a daily basis, which represents approximately 113 million tons every year. Nigeria accounts for 2.2% of the world's proven oil reserves, giving it the 10th largest stash of crude oil in the world. Around 2.6% of the world's oil comes from Nigeria, according to the news.

Today, oil makes up 90% of total exports from Nigeria and generates around 80% of its revenue. Besides petroleum, Nigeria's other natural resources include natural gas, tin, iron ore, coal, limestone, niobium, lead, zinc and arable land. The oil and gas sector accounts for about 35% of GDP.

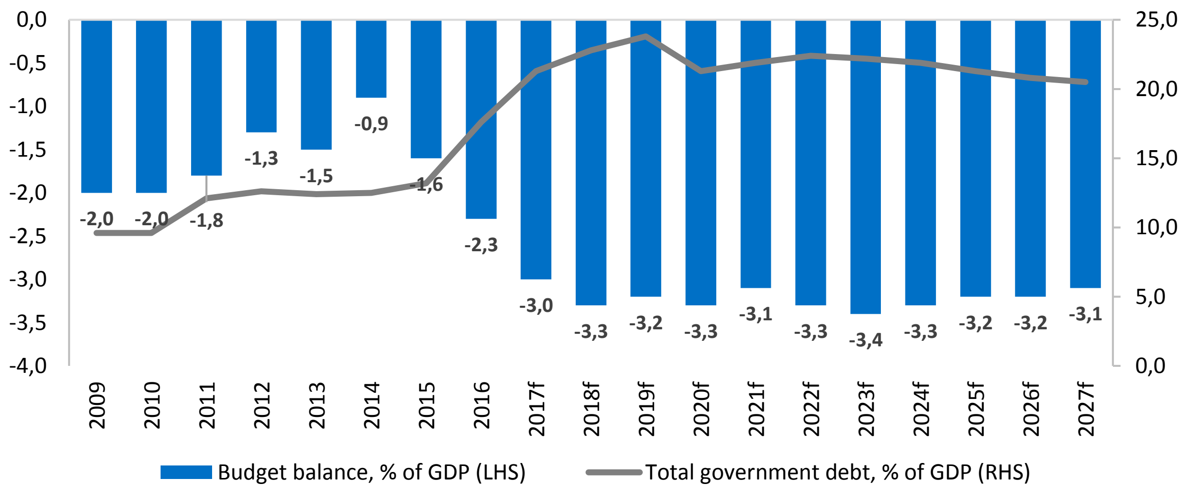
In Nigeria, agriculture represents 21.6% of the GDP, industry sector accounts 18.3% of GDP and services sector represents 60.1% of GDP as of 2017. Private consumption accounts for around 70% of GDP and the government consumption remained at 6.6% of GDP in 2016. The government consumption is expected to increase around 7.2% over the next decade on the back of increasing public infrastructure spending. On the other side, with improving economic and business sentiment, gross fixed capital formation to GDP ratio is expected to reach 18.6% in 2018.

The inflation is on a declining trend. The inflation declined to 15.4% YoY in December 2017 from 18.5% YoY at end 2016 helped by the decreasing food prices. Inflation is expected to continue its declining trend in the coming period. On the monetary policy side, in order to offset inflationary pressures, The Central Bank of Nigeria (CBN) has pursued a tight monetary policy stance since July 2016. As the monetary policy rate was raised from 12% to 14%. The monetary policy is expected to be contractionary in 2018.

Nigeria's total external debt stock will likely remain in sustainable territory helped by the low base, rising oil prices, and an improvement in GDP growth, with external debt average 7.4% of GDP in the forthcoming decade. While the CBN’s policy of pegging the exchange rate to the dollar over the past 18 months has stabilized the cost of servicing the government's external debt; the Bank is expected to consolidate its multiple exchange rate regime into a single, more flexible rate.

Despite the government’s efforts to diversify its economy from the oil dependency, Nigeria’s hydrocarbons industry will likely continue to dominate fiscal revenues. Dependence on the oil sector will leave the Treasury’s accounts vulnerable to swings in commodity prices (between 2014 and 2016, government revenues fell by 45.8%), the Nigerian new legislation for the oil sector is important for the sector but not adequate. In January 2018, Nigeria’s parliament passed the Petroleum Industry Governance Bill (PIGB), the first piece of legislation in series of planned oil industry reforms making their way through parliament. While the successful signing of the PIGB is unlikely to spark any sudden uptick in growth in the sector, reforming regulation is an important step in attractive greater volumes of foreign investment.

While higher oil prices are likely to support government revenues, the cost of servicing domestic debt has increased in response to tighter monetary policy and the budget deficit to GDP rose around 3%. In our view, increasing interest rates globally, Nigerian 2019 general election and continuing infrastructure projects are the main issues that will increase the government spending with pressuring country’s budget balance.



Source: BMI

2- FOREIGN TRADE & FDI

In 2016, country's goods and services exports fell by 21.8% to USD38.3bn, while imports decreased by 34.4% to USD47.2bn. Nigeria's exports mainly dependent on mineral fuels and mineral oils (which accounts 96.4% of total exports), it was followed by cocoa and cocoa preparations. Three major export partners are India (32.9% share in total exports), EU (21.7%) and USA (8.8%).

On import side, Nigeria mainly imports petroleum oils, vehicles, electrical machinery, plastics, cereals and iron and steels. It should be noted that, Nigeria's import basket is diversified in compared to exports basket and the three major import partners are, EU (23.9%), China (20.2%) and USA (8.2%).

Import Partners	Value (Million Euro)	Share (%)
World	28,733	100,0
EU-28	6,857	23,9
China	5,799	20,2
USA	2,367	8,2
India	999	3,5
South Korea	748	2,6
Russia	585	2,0
Norway	547	1,9
UAE	483	1,7
Hong Kong	460	1,6
South Africa	395	1,4

Export Partners	Value (Million Euro)	Share (%)
World	36,567	100,0
India	12,023	32,9
EU-28	7,934	21,7
USA	3,199	8,8
South Africa	1,935	5,3
Indonesia	1,934	5,3
Canada	1,800	4,9
China	1,400	3,8
Brazil	1,396	3,8
Ivory Coast	997	2,7
Japan	677	1,9

Source: European Commission

Crude exports have historically accounted for 90.0%-95.0% of total exports and around 70% of government revenues. For this reason, decreasing oil prices and production could deteriorate the economic development. In order to compensate oil risk, government should diversify its economy from oil dependency.

Nigeria Foreign Trade Indicators					
Indicator Name	**2015**	**2016**	**2017f**	**2018f**	**2019f**
Goods and services exports, USDbn	49,0	38,3	39,3	46,5	50,9
Goods and services exports, USDbn, % y-o-y	-42,0	-21,9	2,6	18,4	9,4
and services exports, % of GDP	10,2	9,6	12,6	13,9	13,6
Goods and services imports, USDbn	71,9	47,2	51,6	56,2	60,9
Goods and services imports, USD, % y-o-y	-16,4	-34,3	9,2	9,0	8,3
Goods and services imports, % of GDP	14,9	11,9	16,6	16,8	16,3
Balance of trade in goods and services, USDbn	-22,9	-8,9	-12,3	-9,7	-10,0
Balance of trade in goods and services, % of GDP	-4,8	-2,3	-4,0	-2,9	-2,7

Source: BMI

Investment Outlook:

FDI net inflows to Nigeria rose by 45.2% to USD4.4bn in 2016 from USD3.1bn recorded in 2015, becoming one of the largest beneficiaries of FDI in Africa. Furthermore, Nigeria's FDI stock reached USD94.2bn in 2016, a 5.0% increase from 2015.

Political instability and advanced economies tightening monetary policy are the main risks for the FDI. According to the U.S. department of State Bureau of Economic and Business Affairs, Nigeria's market potential remains unrealized because of significant obstacles. These are; pervasive corruption, inadequate power and transportation infrastructure, energy costs, an inconsistent regulatory and legal environment, insecurity, a slow and ineffective bureaucracy and judicial system, inadequate intellectual property rights protections and enforcement, and an inefficient property registration system. Despite some difficulties, Fortune of Africa News highlighted some important points about the investment in Nigeria.

Why invest in Nigeria?

- Despite the current security situation, the country has a stable political environment. The international business community still sees Nigeria as the central driver of a vast African market
- The country has enormous resources that include coal, tin, iron ore, oil reserves and agricultural products
- A comprehensive investment incentive package
- A strong financial sector
- The population of Nigeria is over 180 million people that provides an effective demand for various products and services
- The government top priority over recent past has been on investing in infrastructure in order to creative a conducive business environment

Foreign Direct Investment in Nigeria			
Indicator Name	**2014**	**2015**	**2016**
FDI Inward Flow (USDmn)	4,694	3,064	4,449
FDI Stock (USDmn)	86,671	89,735	94,184
Number of Greenfield Investments	58,0	53,0	51,0
FDI Inwards (in % of GFCF)	5,5	4,2	9,2
FDI Stock (in % of GDP)	15,2	18,2	23,2

Source: UNCTAD, World Investment Report 2016, GFCF: Gross Fixed Capital Formation

Nigeria has signed bilateral investment agreements with Algeria, Bulgaria, China, Egypt, France, Finland, Germany, Italy, Jamaica, Montenegro, Netherlands, North Korea, Romania, Serbia, South Africa, South Korea, Spain, Sweden, Switzerland, Taiwan, Turkey, Uganda and United Kingdom. Only four treaties (France, Netherlands, South Korea and United Kingdom) have been confirmed by both parties, the confirmation process has been hesitant and poorly organized. The government has expressed an interest in negotiating a bilateral investment treaty with the U.S. The main countries investing in Nigeria are the U.S., China, and the Netherlands. The World Bank's Doing Business 2017 survey ranked Nigeria 169 out of 190 countries.

3- BANKING SECTOR

General Outlook:

Nigeria's commercial banking sector is expected to see a gradual recovery in the coming years as asset growth is projected to rise with improving lending environment. Positive economic growth, decreasing interest rates along with the increase in foreign exchange liquidity are predicted to support credit growth.

The overall banking system vulnerabilities continued in 2017. NPLs have increased from 5% of total loans in June 2015 to 15.6% in October 2017, according to the IMF. However, higher net interest margins, mainly from high yielding government securities, improved bank profitability, with REO increasing from 10% at end-2016 to 20.5% by end-September 2017. Attractive returns on government securities have helped banks maintain healthy profits and freed up scarce capital, while higher oil prices may alleviate lingering concerns about potential further credit loss (the oil and gas sector accounts for 45% of the loan book). Banking system resilience needs to be strengthened to support growth. The banking system's previously healthy capital buffers have declined over the past two years, with the capital adequacy ratio decreased to 10.6% in the third quarter of 2017 in compared to 14.8% recorded at end 2016.

With considering improving macroeconomic conditions, we expect total assets to grow by 16.0% in 2018, up from an estimated 13.0% in 2017. Uptick in oil production and stronger investment into emerging markets could help lift economic growth to 2.1%. While mainly small banks liquidity decreased in recent years due to declining oil revenues, the economy's oil-driven recovery will help to restore liquidity in the commercial banking sector, presenting a boost to the health of individual banks and their desire for lending. In our view, banks' balance sheets will find support from continued government borrowing. Nigeria's government continues to push ahead with funding an ambitious infrastructure pipeline, despite the lack of interest from the private sector in investing in key projects. We think the government will continue to rely heavily on domestic banks to finance spending, particularly in the approach to the 2019 election when it will likely be looking to boost its standing amongst the population with a more active fiscal policy.

Nigeria Commercial Banking Sector Indicators						
Indicator Name	**2015**	**2016**	**2017**	**2018**	**2019**	**2020**
Total assets, NGNmn	28.173.260	31.682.823	35.801.590	41.529.845	46.513.426	52.095.037
Total assets, USDmn	141.361	100.475	110.498	118.656	131.023	144.708
Total assets, % of GDP	29,6	30,8	32,5	32,5	31,3	30,4
Total assets, % y-o-y	2,3	12,5	13,0	16,0	12,0	12,0
Client loans, NGNmn	13.010.988	15.855.822	18.551.312	21.519.522	24.317.060	27.478.277
Client loans, USDmn	65.283	50.283	57.257	61.484	68.498	76.328
Client loans, % of GDP	13,7	15,4	16,8	16,8	16,3	16
Client loans, % y-o-y	2,7	21,9	17,0	16,0	13,0	13,0
Client deposits, NGNmn	17.276.671	18.326.955	19.060.033	20.584.836	22.643.319	26.039.817
Client deposits, USDmn	86.686	58.119	58.827	58.813	63.783	72.332
Client deposits, % of GDP	18,2	17,8	17,3	16,1	15,2	15,2
Client deposits, % y-o-y	0,5	6,1	4,0	8,0	10,0	15,0
Loan/deposit ratio	75,3	86,5	97,3	104,5	107,4	105,5
Loan/asset ratio	46,2	50,1	51,8	51,8	52,3	52,8

Source: BMI, USD/NGN: 360

Nigeria Financial Soundness Indicators (%)							
Indicator Name	**2016Q1**	**2016Q2**	**2016Q3**	**2016Q4**	**2017Q1**	**2017Q2**	**2017Q3**
Capital to risk-weighted assets	16,6	14,7	15,0	14,8	13,5	11,5	10,6
Non-performing loans to total loans	9,7	10,7	13,4	12,8	14,7	15,0	15,1
Return on assets (ROA)	3,0	2,3	1,3	1,3	2,3	2,6	2,4
Return on equity (ROE)	22,6	17,8	10,0	10,0	17,6	21,6	20,5
Liquid assets to total assets	17,4	14,0	15,0	16,2	16,7	17,2	17,0
Liquid assets to short term liabilities	25,7	21,6	23,1	24,5	25,7	25,9	25,5

Source: IMF

<u>Main Banks:</u>

Nigeria's banking sector is dominated by five large domestic banks: **Zenith Bank**, **FirstBank of Nigeria**, **United Bank for Africa**, **Access Bank** and **Guaranty Trust Bank**. Together these institutions account for almost 70% of total banking sector assets.

Access Bank is a full-service commercial bank with an extensive international footprint. It has banking subsidiaries in the UK and six Sub-Saharan Africa (SSA) markets, including Côte d'Ivoire, the Democratic Republic of the Congo, Ghana, Rwanda, Sierra Leone, the Gambia, Tanzania and Zambia, representative offices in China, Lebanon and the UAE and is listed on the London and Irish stock exchanges. It is one of the largest banks in Nigeria, boasting around 8mn customers and 3,500 staff members. Its combined domestic and international network comes to approximately 368 branches and 1,500 ATMs.

FirstBank (originally called Bank of British West Africa) was incorporated as a limited liability company in 1894 and adopted its current name in 1991. Its networks include over 860 branches, with 615 in Nigeria, 131 FirstBank agencies and 117 local and international subsidiary branches across 11 other countries. The bank serves over 12.1mn customers. Its services include capital market operations, insurance brokerage, currency exchange, private equity/venture capital, pension fund management, trusteeship, mortgages and microfinance. In 2002, FirstBank established a wholly owned banking subsidiary in the UK, regulated by the Financial Services Authority. It was the first Nigerian bank to own a full bank in the UK. In 2007, FBN (UK) obtained authorization to set up a Paris office as a marketing base to serve Francophone West Africa. FBN also has operations in SSA states, as well as representative offices in SA, China and the UAE. The most recent expansion was achieved in January 2016 with the start of operations FBN Bank Senegal. A key element of the bank's strategy is its continued focus on retail banking/consumer financing, gradually shifting towards a diversified high-yield portfolio by targeting the relatively under-banked consumer market.

United Bank for Africa is the product of the merger of Nigeria's third and fifth largest banks, the old UBA and the erstwhile Standard Trust Bank (STB) and a subsequent acquisition of the erstwhile Continental Trust Bank Limited (CTB). The union emerged as the first successful corporate combination in the banking sector. UBA is one of Africa's leading financial institutions offering universal banking to around 10 million customers across 632 branches, 1,750 ATMs and nearly 13,500 points of sale in 19 SSA countries. The bank has also operated a NY branch since 1984. In July 2015 UBA secured a rights issue worth NGN11.5bn as part of its efforts to shore up its capital base ahead of the full implementation of Basel II requirements. In October 2016 UBA and the European Investment Bank partnered to support a EUR60mn lending programme to support private investment in Nigeria.

Zenith Bank is one of the largest and most profitable banks and the third largest in terms of assets. It was established in 1990 and started operations as a commercial bank in July 1990. It became a public limited company in June 2004 and was listed on the Nigerian Stock Exchange in October 2004 following a successful IPO. In March 2013, the bank was listed on the London Stock Exchange by converting USD850mn worth of ordinary shares to global depositary receipts (GDR). The bank has over 500 branches and a presence in eight other countries. Its head office is based in Lagos and it is present in all state capitals, the Federal Capital Territory, major towns and metropolitan centers of Nigeria. In April 2007, it became the first Nigerian bank in 25 years to be licensed by the British Financial Services Authority to start banking operations with Zenith Bank (UK), with this subsidiary opening a Dubai branch in October 2015. The bank is also present through subsidiaries in Ghana, Sierra Leone, the Gambia and a representative office in South Africa and China.

TOP 10 COMMERCIAL AND RETAIL BANKS BY TOTAL ASSETS, NGNMN

	Total Assets	Total Weighted Risks	Total Common Equity	Number Of Employees	Financial Year End
Zenith Bank	4,739,825	2,979,256	704,465	7,120	31.12.2016
First Bank of Nigeria	4,514,789	3,437,034	517,938	8,743	31.12.2016
United Bank For Africa	3,504,470	na	448,069	12,294	31.12.2016
Access Bank	3,483,866	2,355,527	454,495	4,104	31.12.2016
Guaranty Trust Bank	3,116,393	na	504,903	5,206	31.12.2016
Diamond Bank	2,049,799	na	226,708	4,371	31.12.2016
Ecobank Nigeria	1,808,503	1,527,856	220,775	4,947	31.12.2016
Fidelity Bank	1,298,141	1,138,258	185,402	3,420	31.12.2016
Union Bank of Nigeria	1,252,682	na	271,670	na	31.12.2016
First City Monument Bank	1,163,435	990,234	162,602	3,402	31.12.2016

TOP 10 BANKS - ASSET QUALITY

	Growth Of Gross Loans (%)	NPL Ratio (%)	Reserves For NPLs (% of NPLs)
Zenith Bank	16,2	3,0	100,1
First Bank of Nigeria	22,5	24,2	54,8
United Bank For Africa	46,4	3,9	83,3
Access Bank	32,3	2,1	90,5
Guaranty Trust Bank	19,1	3,6	133,5
Diamond Bank	28,3	9,5	57,2
Ecobank Nigeria	3,7	9,1	57,6
Fidelity Bank	24,1	4,5	74,4
Union Bank of Nigeria	37,8	6,9	77,4
First City Monument Bank	11,4	3,7	80,7

Source: BMI

4- TURKEY & NIGERIA:

Foreign Trade:

In the context of Turkey-Nigeria trade relations, the latest data has shown that Turkey's exports to Nigeria increased by 38.8% in compared to 2016 and stood at USD335.4mn at the end of 2017. The trade volume of Turkey to Nigeria is standing at USD491.7mn in 2017, higher than trade volume of 2016, which amounted as USD399.4mn. While according to Turkey import from Nigeria statistics, Turkey imports from Nigeria decreased by 1% to USD156.3mn in 2017.

Turkey - Nigeria Foreign Trade				
Years	Export (USDmn)	Import (USDmn)	Trade Balance	Trade Volume
2013	412,7	149,4	263,3	562,0
2014	439,8	134,4	305,4	574,2
2015	314,0	190,0	124,0	504,0
2016	241,6	157,8	83,8	399,4
2017	335,4	156,3	179,1	491,7

Source: TUİK

Turkey mainly exports aircraft, machinery and mechanical appliances, articles of iron and steel, plastics and electrical machinery to Nigeria. However, Turkey mainly imports oil seeds and oleaginous fruits, mineral fuels, mineral oils and raw hides and skins from Nigeria.

Turkey's Exports to Nigeria by Products (USD thousands)	2015	2016	2017	Share in Total Export
Aircraft, spacecraft, and parts thereof	2	52	41.070	12,24%
Machinery, mechanical appliances, nuclear reactors, boilers; parts thereof	37.219	28.181	36.080	10,75%
Articles of iron or steel	32.391	26.393	33.407	9,95%
Plastics and articles thereof	18.374	20.095	29.279	8,72%
Electrical machinery and equipment and parts thereof; sound recorders and reproducers	27.957	21.206	26.831	7,99%
Salt; sulphur; earths and stone; plastering materials, lime and cement	19.218	13.949	18.957	5,65%
Products of the milling industry; malt; starches; inulin; wheat gluten	5.337	8.131	14.800	4,41%
Iron and steel	18.542	9.961	14.750	4,39%
Sugars and sugar confectionery	12.953	10.147	14.649	4,36%
TOTAL	**313.984**	**241.604**	**335.411**	

Turkey's Imports From Nigeria by Products	2015	2016	2017	Share in Total Imports
Oil seeds and oleaginous fruits; miscellaneous grains, seeds and fruit	134.492	127.001	115.256	73,75%
Mineral fuels, mineral oils and products of their distillation	33.099	17.020	17.719	11,34%
Raw hides and skins (other than furskins) and leather	11.118	4.228	6.486	4,15%
Wood and articles of wood; wood charcoal	2.861	4.344	5.254	3,36%
TOTAL	**189.985**	**157.814**	**156.286**	

Source: Trademap

Both countries are members of the Organization of Islamic Cooperation (OIC) and the Developing Eight (D-8) and they maintain close cooperation in international organizations. The Turkey-Nigeria Chamber of Commerce was founded in 1999. Their main areas of trade relations revolve around imports of clothing materials and automobile parts. Turkey, for its part, also imports raw materials from Nigeria such as rubber and sesame seeds.

Data from Turkey's Economy Ministry say Nigeria is its fifth-largest trade partner in Africa and second among Sub-Saharan African countries. Turkey plans investment into Nigeria's construction, infrastructure and social development and industrial sectors. Investors look toward strategic partnerships and cooperation in health sector, aviation and air transport.

The energy exports and imports between the two countries are important as around 3% of Turkey's natural gas is sourced from Nigeria and Nigeria accounts for more than 20% of Turkey's LNG imports. There are many Turkish companies in Nigeria, operating mainly in the construction, manufacturing and energy sectors. As of 2016, there are 50 Turkish firms operating in Nigeria whose total investment has amounted to USD419.5mn. Turkish investment in Nigeria has amounted a total of USD620mn.

In our view, Nigeria is one of the most important power centers of the continent with a population of 182 million. It also has a very dynamic economy. The Nigerian economy emerged from recent recession with rising oil prices and non-oil sectors. We expect Nigerian economy to offer great investment opportunities to Turkish investors in the coming years.

Nigerian Investment Promotion Commission highlighted some important points to invest in Nigeria. These are;

- **Abundant Resources:** Nigeria has enormous resources, most of which are yet to be fully exploited. They include mineral, agricultural and human resources.
- **Large Market:** Nigeria offers the market in Sub-Saharan Africa, with a population of about 180 million people. The Nigerian market potential also stretches into the growing West African sub-region.
- **Political Stability**: Nigeria offers stable political environment.
- **Free Market Economy**: The Government has created a favourable climate for business and industrial ventures. Administrative and bureaucratic procedures have been greatly streamlined. The Government has put in place policies and programmes that guarantee a free market economy.
- **Robust Private Sector:** The country has a dynamic private sector, which has assured greater responsibilities under the new economic environment.
- **Free Flow of Investment:** Exchange control regulations have been liberalized to ensure free flow of international finance. There is now unrestricted movement of investment capital.
- **Attractive Incentives**: A comprehensive package of incentives has been put in place to attract investment.
- **Fast Growing Financial Sector:** There is well-developed banking and financial sector. The investor has easy access to working capital and other credit facilities.
- **Skilled and Low Cost Labour:** There is an abundance of skilled labour at an economic cost, resulting in production costs, which are among the lowest in Africa.
- **Infrastructure:** Rapid development of physical and industrial infrastructure, in terms of transportation, communications, electricity and water supply.