

WTO General Council: Nigeria

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1 Introduction and Executive Summary

As largest African economy and emerging market with immense growth potential, Nigeria is of greatest interest for possible investors and trade partners. As the global trade community tries to restore order to a disrupted system, Nigeria may be able to improve its economic position and patch up some of the flaws and risks in its economic structure.

The Nigerian Mission to the WTO should focus on

- reducing dependency on oil price fluctuations
- increasing foreign direct investments,
- especially in the digital sector, as well as infrastructure.

This dossier is intended to provide delegates with a brief insight into Thailand’s economy as well as trade relations. It is a good place to start the research and preparation for the upcoming sessions of the World Trade Organization.

2 Economic Structure

Nigeria relies heavily on oil as its main source of foreign exchange earnings and government revenues. Following the 2008-09 global financial crises, the banking sector was effectively recapitalized and regulation enhanced. Since then, Nigeria’s economic growth has been driven by growth in agriculture, telecommunications, and services. Economic diversification and strong growth have not translated into a significant decline in poverty levels; however, over 62% of Nigeria’s 170 million people still live in extreme poverty.

Despite its strong fundamentals, oil-rich Nigeria has been hobbled by inadequate power supply, lack of infrastructure, delays in the passage of legislative reforms, an inefficient property registration system, restrictive trade policies, an inconsistent regulatory environment, a slow and ineffective judicial system, unreliable dispute resolution mechanisms, insecurity, and pervasive corruption. Regulatory constraints and security risks have limited new investment in oil and natural gas, and Nigeria’s oil production had been contracting every year since 2012 until a slight rebound in 2017.

President Buhari, elected in March 2015, has established a cabinet of economic ministers that includes several technocrats, and he

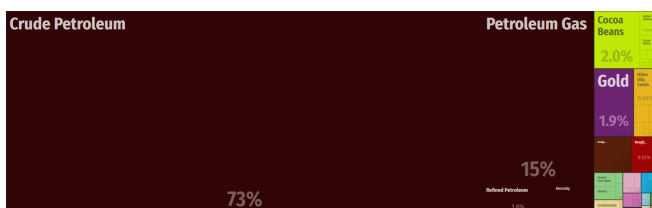


Fig. 1: Nigeria’s exports, sorted by product. Nigeria’s exports amount to a total of \$36.9 bln in 2016, resulting in a slight trade surplus of \$1.8 bln in 2016. Mineral products make up about 90% of Nigeria’s exports. [?]

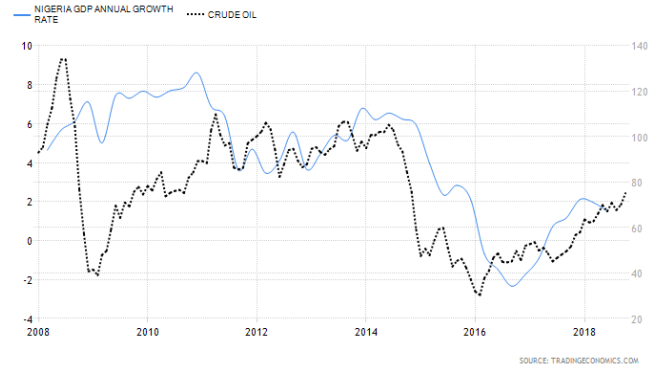


Fig. 2: Nigeria’s annual GDP growth rate (blue), compared to the price of crude oil (dotted black). Nigeria’s dependence on global oil prices becomes apparent, as there is a clear correspondence between the fluctuations in crude oil prices and growth. [2]

has announced plans to increase transparency, diversify the economy away from oil, and improve fiscal management, but his reliance on the Central Bank governor has led to overwhelmingly protectionist policies aimed at defending the Naira from further devaluation. President Buhari ran on an anti-corruption platform, and has made some headway in alleviating corruption, such as an implementation of a Treasury Single Account that allows the government to better manage its resources. The government also is working to develop stronger public-private partnerships for roads, agriculture, and power.

Partly because of lower oil prices, Nigeria entered a recession in 2016. However, GDP growth turned positive, with oil prices recovering and output stabilizing in 2017.

3 Trade

Nigeria’s foreign economic relations revolve around its role in supplying the world economy with oil and natural gas, even as the country seeks to diversify its exports, harmonize tariffs in line with a potential customs union sought by the Economic Community of West African States (ECOWAS), and encourage inflows of foreign portfolio and direct investment.

India was, with a total of over 131 mln barrels, the largest importer of Nigeria’s crude oil in 2017. The second largest importer of Nigeria’s crude for the year was the United States at over 94 million barrels. Spain was the third largest importing over 66 million barrels of Nigeria’s crude in 2017.

4 Recent Developments

The Government of Nigeria has collaborated with the Digital Trade Network aiming to increase capacity for the nation’s digital economy participation. The Nigerian Office for Trade Negotiations, Federal Ministry of Industry, Trade and Investment of the Government of

Nigeria all partnered with the network. The initiative will focus on both national and international participation in a digital economy, the Ministry revealed. [5]

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