

Commercial links between Nigeria and Hungary

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Presentation Outline



- Country Profile
- Bilateral Relations between Hungary and Nigeria
- Overview of the Nigerian Economy
- Investment opportunities in Solid Minerals Sector
- Investment opportunities in Agriculture Sector
- Nigerian Economic Diplomacy Initiative (NEDI)
- 3I's Vision
- Q and A



Country Profile



- **Official Name:** Federal Republic of Nigeria
- **Location:** Western Africa bordering Gulf of Guinea, between Benin and Cameroon
- **Independence Day:** 1st October 1960
- **Capital City and Seat of Government:** Abuja
- **Form of Government:** Federal Republic (Presidential System)
- **Area:** 923, 800 sq km
- **Main Languages:** English(**Official**), Ibo, Hausa, Yoruba
- **Other Languages:** Over 250 ethnic groups which includes Fulani, Tiv, Kanuri, Efik, Ffulde, Urhobo, Ibibio, Ijaw, Itsekiri, Idoma, Bachama, Kataf, Ebira, Igala
- **Population:** Over 186million (2016 UN estimates)
- **Main Stay of the Economy:** Oil and Gas, Agriculture, Industrial Production, Services
- **Legal System:** Based on English Common Law and Customary Law
- **Currency:** Nigerian Naira
- **Religion :** Christianity, Islam, Indigenous beliefs
- **Life Expectancy:** 52years (men), 54years(women)

The Region and their States



36 States and F.C.T

- **North West Zone:** Jigawa, Kaduna, Kano, Katsina, Kebbi, Sokoto, Zamfara
- **North East Zone :** Adamawa, Bauchi, Borno, Gombe, Taraba, Yobe
- **North Central Zone :** Benue, Kogi, Kwara, Nassarawa, Niger, Plateau, FCT
- **South East Zone :** Abia, Anambra, Ebonyi, Enugu, Imo
- **South West Zone:** Ekiti, Lagos, Ogun, Ondo, Osun, Oyo
- **South South Zone:** Akwa Ibom, Bayelsa, Cross River, Delta, Edo, Rivers
- **Federal Capital Territory:** Abuja



Overview of Bilateral Relations between Nigeria and Hungary



- Diplomatic relations between two countries started in 1964 but no strong economic cooperation exists between Nigeria and Hungary. Foreign Direct Investment between the two countries remains low in volume and variety
- President Olusegun Obasanjo visited Hungary in November 2001
- Deputy Prime Minister, Zsolt Semjen visited Nigeria in 2016
- Nigeria's Foreign Minister met with Hungary's Foreign Minister at the margins of the 71st and 72nd session of the United Nations General Assembly in 2016 and 2017 respectively
- Hungary appointed a Commercial Attaché to Nigeria in 2017 in a bid to increase commercial activities between the two countries
- Two Nigerian companies, Mera Farms and Edmund Jones Farms attended the AgroMash Expo in January 2018. While two Hungarian companies, Genezis Electronics Kft and DG2B Kft have indicated interest in the telecom sector

Major Bilateral Agreements

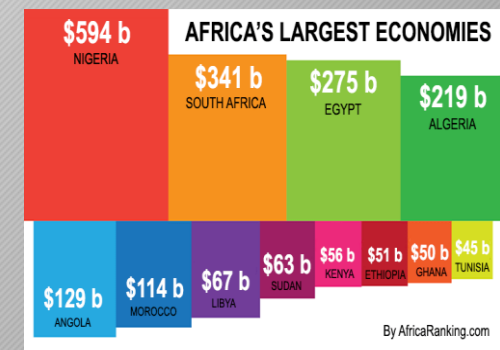
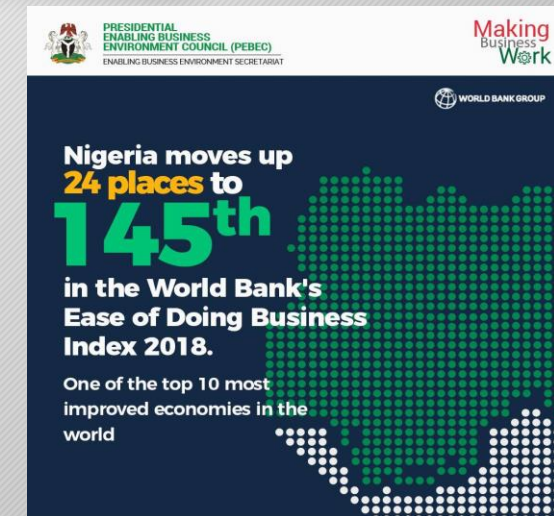
- MOU on **Agreement on Technical and Economic Cooperation** signed in Budapest on 20th May 2016. The Honorable Minister of State, Foreign Affairs signed on behalf of Nigeria
- MOU between the Federal Ministry of Water Resources and National University of Public Service of Hungary on **bilateral cooperation on critical water governance issues**. The Honorable Minister of Water Resources signed on behalf of Nigeria
- Agreement between the Ahmadu Bello University, Zaria and Agrar Beta Kft on the **building of a Power Plant in ABU, Zaria**
- MOU between Ahmadu Bello University and Semmelweis University Budapest on **exchange of experts and capacity building in the medical field**
- MOU between the Federal Ministry of Water Resources and National University of Public Service on **bilateral cooperation on critical water governance issues**



Snapshot of the Nigerian Economy



- Currently **Africa's largest economy** and **predicted to be amongst the top ten economies in the world by 2050** with a projected GDP of US\$6.4trillion, which will surpass Germany, UK, France and Saudi Arabia. Gross Domestic Product (**GDP**) is **expected to grow by 2.8% in 2019 and 2020**
- **Economy slipped into recession in 2016 by contracting 1.6% (its 1st in 25 years)** due to weak global oil prices. **Emerged from recession in Q2 of 2017** and the World Bank forecasts that economic growth would edge up to at least 2.5% in 2018
- Government has focused on **widening the tax base through its Voluntary Assets and Income Declaration Scheme (VAIDS)**
- The reform in the Solid Minerals sector has **repositioned the sector as a major revenue earner**, improved the country's rating as a mining destination of choice and has been **attributed to the remarkable improvement in Nigeria's ranking in the World Bank's Ease of Doing Business rating**



Main Sectors of the Nigerian Economy



- Crude Oil dominates the economy
- Accounts for 15% of GDP, 70% of government revenue and 77% of country exports



- Agriculture employs over 60% of the workforce and generated about 26% of GDP in 2016



- Banking and Insurance Sector accounts for nearly 4% of GDP



- Wholesale and Retail Trade accounted for around 16% of GDP in 2016



- Telecom has experienced strong growth and represents about 9% of GDP



- Industrial Sector accounted for 20% of GDP in 2016 while development has been constrained by power shortages

Vision of the Economic Recovery and Growth Plan is one of Sustained Inclusive Growth



STRATEGIC OBJECTIVE 1:

Restoring Growth

- Macroeconomic stability
- Economic diversification

STRATEGIC OBJECTIVE 2:

Investing in our people

- Social Inclusion
- Improved human capital
- Job creation and youth empowerment

2017-2020



STRATEGIC OBJECTIVE 3:

Building a globally competitive economy

- Investing in infrastructure
- Improving the business environment
- Promoting digital led growth

Broad Policy Objectives

- Double manufacturing's share of GDP
- Maintain a competitive exchange rate
- Reduce inflation from 18.6% to 9.9%
- Increase tax/GDP ratio from 6% to 15%
- Improve budget preparation and execution process

- FDI target of \$10bn
- Create 15m new jobs
- Grow GDP at an average of 4.62%
- Top 100 ease of doing business ranking by 2020
- Rebalance domestic/foreign debt from 84:16 to 60:40

(ERGP) Top Execution Priorities



Stabilize the macroeconomic environment



Align monetary, trade and fiscal policies



Accelerate non-oil revenue generation



Drastically reduce cost



Privatize selected public enterprises/assets



Achieve agriculture and food security



Deliver on agricultural transformation

Improve transportation infrastructure



Deliver targeted priority transportation projects



Enable private sector financing of infrastructure

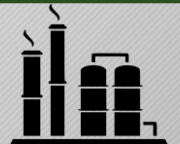
Ensure energy sufficiency in power and petroleum products



Increase oil production



Expand power sector infrastructure



Boost local refineries for self sufficiency

Drive industrialization by focusing on SME's

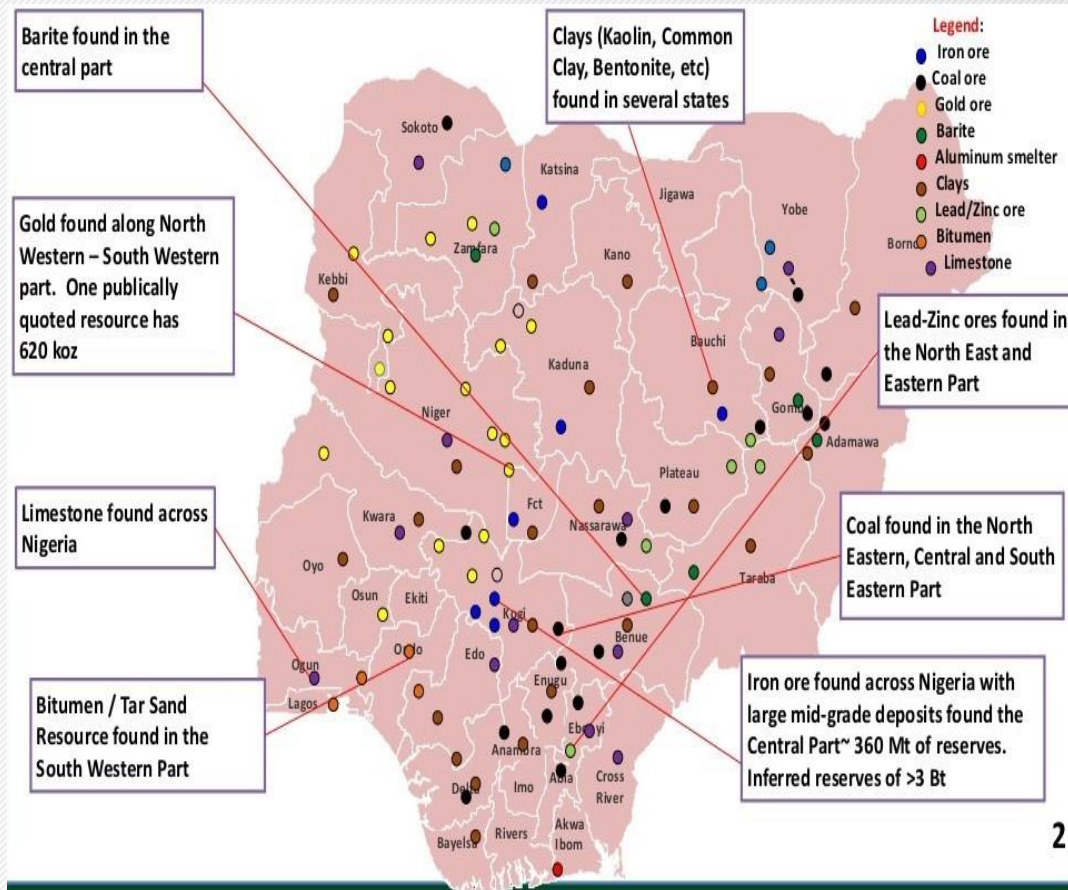


Improve the Ease of Doing Business



Implement the National Industrial Revolution Plan

Overview of Solid Minerals Sector



- The Ministry of Mines and Steel Development has identified seven strategic minerals, namely: **Coal, Bitumen, Limestone, Iron Ore, Barites, Gold** and **Lead/Zinc** for priority development
- Secured a **\$150million financing from the World Bank** to support the development of the mining sector as part of the economic diversification program
- Results of an airborne geophysical survey programme was released in Feb 2018 to ensure investors have access to quality geosciences data
- Government plans to establish a Mining Commission and also produce a comprehensive data of mineral endowments across the country in 2018

Investment Opportunities and Incentives



Incentives

- Exemption from Companies Income Tax for the first three years of operation
- Provide accelerated capital allowance @ 95% of qualified capital expenditure on mining in the first year of use of asset
- 100% ownership in company
- Free transferability of capital and returns

Investment Opportunities

- The **lack of processing facilities** in the sector is a situation that can be leveraged on by potential investors
- As growth occurs in the sector, there is an **increased demand for the requisite equipment** and only few players present
- **Consultancy opportunities** exist for those with expertise in mining. Services like geological survey, preparation of feasibility study, securing mining sites and license, equipment procurement can be rendered in the sector



COAL



LIMESTONES



LEAD



BARITES



IRON ORE



BITUMEN

Overview of Agriculture Sector

- Agricultural sector recorded over **three per cent growth** in 2017 despite the economic downturn fuelled by the recession
- Data from National Bureau of Statistics indicates that Foreign **Investment into the Agricultural Sector increased from \$22.5 million (N8 billion) in 2016 to \$196 million (N70.6 billion) in 2017**
- Farmcrowdy, an agric-tech platform **attracted over 1.6 million British Pounds to the Agricultural Sector from Nigerians and investors in the Diaspora.**
- The Fishing Industry which is one of the sub-sectors of the Agricultural Sector **attracted \$99 million investment in 2017**
- The Anchors Borrowers Programme launched by President Buhari in 2015, has **disbursed the sum of 55.526billion Naira to over 250,000 farmers and created 890,000 direct and 2.6million indirect jobs**
- The Agricultural Promotion Policy (APP 2016-2020) also known as the Green Alternative is aimed at achieving food security goals, import substitution, job creation, and economic diversification



Investment Opportunities and Incentives



Companies engaged in agricultural activities benefit from incentives

- Exemption from payment of minimum Corporate Income Tax
- 100 % repatriation of profit net of taxes
- Can carry forward their losses indefinitely
- Can carry forward unutilized capital allowances
- Entitled to unrestricted capital allowances
- Entitled to 95% capital allowance in the year of a qualifying expenditure
- Exemption of interest on loans granted by banks
- Agricultural and Agro-Allied Industries machines and equipments enjoy 0% duty

Investment Opportunities

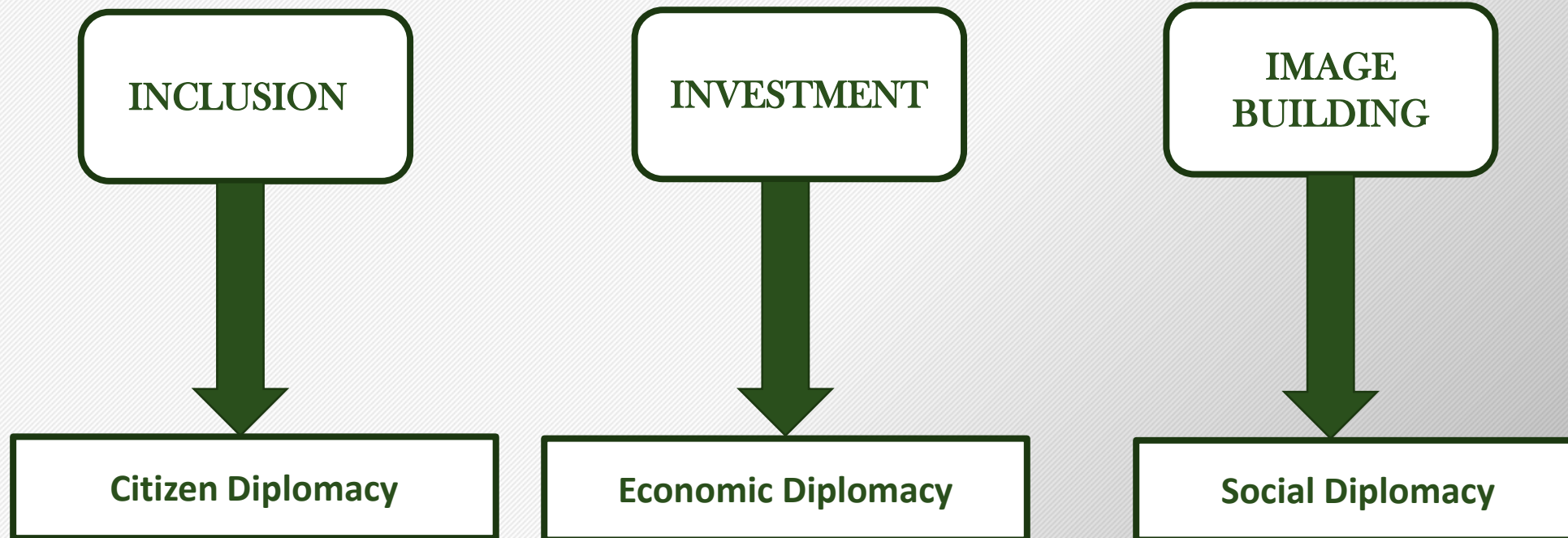
- Agriculture presents a **US\$7.76 billion** opportunity in import substitution (15 percent of total import). In order to improve food export earnings and reduce imports, the sector requires an investment of about **US\$2.4 billion** annually
- Sector requires massive investment to increase production and to create value addition across the most profitable segments of the value chain
 - Nigeria's climate, abundant water resources, wide availability of fertile land, creates the ideal setting for the establishment of export-oriented agricultural production
 - Nigeria is the second largest producer of citrus in the world, and the largest producer of pineapple, mangoes, and tomatoes in Africa. However, Nigeria spends about US\$1.1 billion annually on fruit juice and processed tomatoes

Nigerian Economic Diplomacy Initiative (NEDI)



- The need to pursue a more dynamic Foreign Policy resulted in adopting Economic Diplomacy
- This initiative was created by the Ministry of Foreign Affairs to promote trade with Nigeria companies and also facilitate Foreign Direct Investment (FDI) into the country
- Promote the engagement of Nigerian Professionals in the Diaspora towards Economic Growth and National Development
- Leveraging on its foreign relation and existing infrastructure in Embassies and Consulates across the world so that businesses are accessible and have wider market access

My journey of International Diplomacy is built on 3 pillars



Thank You!

Q&A

You have

Questions

We have

Answers