

COUNTRY PROFILE:**FEDERAL REPUBLIC OF NIGERIA****DATED:****FEBRUARY 2008****CREDIT GUARANTEE:**

IES/02: ATTACHMENT A

	<i>Country Rating</i>	<i>U/W Method</i>
<i>Short-term</i>	3C	ILC

Recent Political Highlights

- Chief of state since May 2007 has been President Umaru Musa Yar'Adua. The president is elected by popular vote for a four-year term and is eligible for a second term. The next election is scheduled for April 2011.

Recent Economic Highlights

- Nigeria has a population of 135m that grew at an estimated rate of 2.4% in 2007. As the most populous country in the region, one in every six Africans is a Nigerian;
- The EIU expected GDP growth to be higher at 7.5% in 2008 supported by strong non-oil sector growth coupled with an increase in oil production before falling to 6.5% in 2009. Sighting similar reasons, the World Bank projected that the economy would expand by 7.4% in 2008 from 5.9% in 2007 and 5.6% in 2006. The Niger Delta, which is home to the country's vast oil reserves, has been plagued with violence by militants seeking greater control of oil wealth. A World Bank's report stated that the risks associated with the activity of militant groups in the Niger Delta remained substantial, with oil production about 25% below the 2.9m bpd capacity;
- Economic experts have urged Government to tackle the various impediments to development to achieve the president's promise of becoming one of the top ten economies by 2020. The president told Nigerians that this would be possible if Nigeria grew by an average rate of 13% a year. His reform priorities include improving the electricity supply, boosting the agricultural sector, reducing food insecurity, continuing the fight against corruption and reducing the size of the federal Government. He has also signalled his willingness to tackle more complex reforms such as restructuring the oil and gas sectors;
- With a proposed budget of N2.45 trillion, Nigerians are anticipating a year of stronger growth and a pro-poor year. They have complained about having occasional electricity supply after Government reportedly committed billions of dollars into power generation projects. Citizens also battle to understand why despite being the 6th largest oil producer and exporter of crude oil, Nigeria cannot boast of a single functional refinery and still has to rely on imported fuel. They claim that despite the huge human resource base, the country's manufacturing industry is dwindling. Nigeria gave away oil palm seedlings to grateful Malaysia in the 1970s when the groundnut pyramids and cocoa plantations existed and flourished. Nigeria is now importing palm oil from Malaysia, who coincidentally has become the world's largest producer of palm oil;
- The current account surplus is expected to grow from 7.3% of GDP in 2007, to 9.8% in 2008 and 7.1% in 2009. The EIU forecasted inflation at 7.6% in 2008 and 7.9% in 2009;
- The World Health Organisation (WHO) has estimated that over 8.2m children would be orphaned by 2010 due to the escalating rate of HIV/Aids deaths. In 2003, about 7m children were left orphans after Aids claimed their parents;
- MTN, one of the leading telecommunication service providers in the country, spent \$2bn to secure the largest single telecom operator deal in Africa in 2007. It secured the largest telecom operation deal, despite the global credit crunch. It was very difficult for MTN to source funding offshore as the level of risks in Nigeria was considered unacceptable by international standards;
- The ongoing fiscal reforms in the gas sector will earn Government \$13bn annually by 2012 from an estimated annual demand growth rate of 25%. Production from the deep water offshore oil fields has guaranteed an additional increase in the country's production capacity by over 615,000 bpd. Output from the giant fields would help Government's target of building production to 4.5m bpd by 2010. Liquid hydrocarbon reserves have also grown to over 30bn barrels while natural gas reserves have also risen by over 22 trillion cubic feet;
- President Yar'Adua has fired his Senior Special Assistant on Power Sector Reform over the disputed the \$10bn amount stated by Yar'Adua's Government as the amount spent on the power sector between 2000 and 2007 without achieving results. The president set up a committee and charged it to deliver 6,000mw of electricity within 18 months. The committee's mandate also included adding an extra 11,000mw of power generation capacity by 2011 through diverse sources.

Latest Trade Developments

- Major exports: petroleum and petroleum products, cocoa and rubber;
- Major imports: machinery, chemicals, transport equipment, manufactured goods, food and live animals;
- Main trading partners: New Caledonia, US, Spain, Brazil, France, China, US, Netherlands and UK;
- SA exports to Nigeria totaled R4bn in 2006 from R3.4bn in 2005 and R4bn in the year to October 2007.