WORLD TRADE ORGANIZATION

RESTRICTED
WT/BOP/6
BOP/327
9 November 1995
(95-3479)

Committee on Balance-of-Payments Restrictions

Original: English

CONSULTATION WITH NIGERIA UNDER ARTICLE XVIII:12(b) OF THE GATT 1994 AND RELATED UNDERSTANDING

Basic Document supplied by Nigeria

I. A GENERAL OVERVIEW OF THE ECONOMY (1992-1994)

1. The various reforms in fiscal, public sector, monetary, financial, trade, etc. policies embarked upon since 1986 with the adoption of the Structural Adjustment Programme (SAP) have continued to dictate the pace of socio-economic transformation and development of Nigeria. The economic policy measures adopted in the last three years were aimed at ensuring macroeconomic stability, accelerating the pace of economic recovery, and promoting sustainable growth, while consolidating the gains of the on-going economic policy reforms. The measures sought to achieve a lower rate of inflation, reduce the pressures on the balance of payments, ensure stable exchange and interest rates, as well as increase domestic output. As a result of social dislocation and political problems which characterised the economy during the period, some of the policy objectives, especially stemming the high rate of inflation, stabilising the exchange and interest rates and achieving a higher level of economic growth, could not be fully attained. The national economy hardly recorded any growth, largely as a result of foreign exchange constraints and the political crisis experienced in the course of the period.

2. Available data from the Federal Office of statistics (FOS) show that the slow-down in output which started in 1991 continued through 1993, and by the first half of 1994, output performance was generally below expectation. In 1993, the Gross Domestic Product (GDP) at 1984 constant factor cost recorded a growth of 2.9 per cent, compared with the growth rate of 3.6 per cent in 1992. The agricultural sector recorded a growth rate of 1.6 per cent in 1994 as against 2.5 and 4.5 per cent in 1993 and 1992, respectively. The growth rate of manufacturing production declined from 4.8 per cent in 1992 to 4.2 and -5.0 per cent in 1993 and 1994, respectively. The unsatisfactory output performance during the period under review can be attributed largely to the general macroeconomic instability coupled with the massive disruption of economic activities during the period of political unrest.

3. The pressures on the price level which were observed in 1991 worsened during the period under review. While the rate of inflation rose to 13.0 per cent during the second-half of 1991 from 7.4 per cent at the end of 1990, the rapid growth in aggregate domestic demand, in the face of only modest increases in the supply of goods and services, induced the rate of inflation to rise to 44.6 per cent in 1992. At the end of 1994, the rate of inflation was about 70 per cent as compared to 57.2 per cent in 1993. The inflationary trend can be traced to high cost of farm inputs, transport costs, and the adverse effect of weather conditions in 1993. Other factors include general rising costs of domestic production and government huge fiscal deficits, as well as further depreciation of the naira exchange rate and rising energy prices.

4. Provisional data compiled by FOS from its labour force sample survey conducted in September 1993 showed that the unemployment rate increased from 3.2 per cent in September 1992 to 3.4 per cent. The urban rate stagnated at 5.8 per cent, while the rural rate rose from 2.6 to 2.9 per cent. However, at the end of the first-half of 1994, unemployment in the urban areas worsened relative to the level a year ago as employers laid off workers pending the regular supply of foreign exchange for the procurement of inputs. The social sector remained under pressure as its activities continued to be constrained by inadequate infrastructure and strike actions.

5. Up to the end of 1993, the exchange and lending rates were market determined. In 1994, although the exchange rate and the maximum lending rate were pegged at the official rate of N22.00 to the US Dollar and 21.0 per cent respectively, the applicable rates in the parallel and money markets exceeded the official rates substantially, with adverse consequences on investment in the real sector. With regard to fiscal operations of the Federal Government, the expectation of a balanced budget could not be met as a result of dwindling government revenues, the increasing demand on government for the provision of amenities and the unresolved problem of the public debt burden. The average level of fiscal deficit is estimated at about N81 billion or 9.0 per cent of GDP as at the end of 1994. The failure of the Paris Club, Nigeria's official creditors to make concessions on debt reduction for Nigeria with the resultant rise in debt service payments, exerted further pressure on the country's external balance.

II. BALANCE OF PAYMENTS POSITION AND PROSPECTS

6. From a surplus of N5,959.6 million recorded in 1991, Nigeria's balance of payments deteriorated sharply to a deficit of N65,272.6 million in 1992. These pressures on Nigeria's balance of payments further intensified in 1993, reflecting largely the general weakness in international oil prices and unsustainable expansionary fiscal and monetary policies of the recent years. Both current and capital account remained weak as they recorded substantial deficits. The current account deficit widened from N8,337.9 million in 1992 to N16,490.1 million in 1993. The capital account deficit,on the other hand, narrowed from N90,997.0 million in 1992 to N23,060.6 million in 1993. However, in spite of the unfavourable balances in the two accounts, the overall balance of payments position in 1993 as measured by movements in external reserves indicated a surplus of N13,615.9 million. The surplus was a result of deferment of some external debt obligations falling due in the year.

7. Available half-yearly figures from the Central Bank of Nigeria (CBN) show that the pressure on Nigeria's balance of payments persisted in the first-half of 1994. However, the overall deficit amounting to N27,276.6 million was lower than the N28,380.6 million recorded during the second-half of 1993, although this was higher than the N13,679.8 million observed in the first-half of 1993. Transactions in the current account resulted in a surplus of N5,905.0 million which contracted sharply with the deficits of N3,202.5 million and N13,287.6 million registered in the first and second halves of 1993, respectively. This improvement was attributed to the merchandise trade account which indicated a surplus of N53,494.8 million. The seemingly impressive performance of the trade account was due mainly to the suppression of imports, reduction in the supply of foreign exchange and the restrictions of imports financing to Letters of Credit, folllowing the suspension of Bills for Collection and Open Accounts. The deficit recorded in the review period, therefore, was tradeable to the enlarged capital account deficit, which more than offset the surplus in the current account.

8. As in previous years, the overall deficit was financed through the deferment of debt service obligations estimated at N24,906.4 million falling due during the review period, in addition to drawdown on the nation's external reserves by N2,370.2 million. Consequently, the level of external reserves fell from N29,093.0 million at end-December 1993, to N26,722.8 million at end-June 1994.

III. MERCHANDISE TRADE

9. Total merchandise trade (unadjusted for balance of payments) has since 1988, maintained an upward trend. Both exports and imports have been responsible for the steady growth in total trade. In 1993, total trade stood at N384,394.6 million, representing an increase of N35,630.3 million or 10.2 per cent above the level in 1992. The value of total imports rose from N143,151.2 million in 1992 to N165,629.4 million in 1993, representing an increase of N22,478.2 million or 15.7 per cent. Similarly, total exports rose steadily from N57,971.2 million in 1989 to N218,765.2 million. Consequently, the merchandise trade surplus increased from N27,111.0 million in 1989 to N62,461.9 million in 1992 but dropped to N53,135.8 million during the review period. Oil sector imports continued to grow in response to the demands of oil prospecting and mining companies. From N4,671.6 million in 1989, oil sector imports rose gradually to N19,561.5 million and N41 136.1 million in 1992 and 1993 respectively. Similarly, oil sector exports rose continuously from N55,016.8 million in 1989 to N213,778.8 million. Reflecting the persistent increase in oil exports, the balance on oil sector imports was sustained, hence their value increased marginally from N123,589.7 million in 1992 to N124,493 million, representing an increase of 0.7 per cent. Similarly, non-oil sector exports rose by 17.9 per cent to N4,986.4 million. thus, the deficit of the non-oil sector increased by N145.5 million from N119,361.4 million in 1992 to N119,506.9 million.

IV. SERVICES AND INCOME

10. The deficit on the services and income account widened further from N102,016.2 million in 1992 to N106,224.5 million in 1993, due to net outpayment in investment income. As at end-June 1994, the level of deficit in the services and income account was N7,939.1 million below the figure for 1993, but N8,719.0 million above that of 1992. Aggregate outpayment in investment income rose from N66,408.9 million in 1992 to N73,600.5 million in 1993, while total earnings fell from N2,724.5 million in 1992 to N1,257.5 million in 1993. Thus, net outpayment on investment income increased from N63,684.4 million in 1992 to N72,343.0 million in 1993. Thus, net outpayment on investment income increased from N63,684.4 million in 1992 to N72,343.0 million in 1993. For the second time in three years, the deficit on non-factor services (net) narrowed from N13,198.8 million in 1992 to N5,625.3 million in 1993. The improvement is attributable to substantial increase in earnings in respect of other transportation, travels and other goods, services and income while their respective outpayments remained almost at the previous year's level.

V. UNREQUITED TRANSFERS

11. As at end-June 1994, the unrequited transfers account registered a surplus of N1,195.1 million, representing a decline of N4,243.9 million and N8,390.3 million or 78.0 and 87.5 per cent, below the figures recorded for the same periods in 1992 and 1993, respectively. This trend is supportive of the enhanced surplus of N12,680.1 million and N17,924.6 million recorded for 1992 and 1993, repsectively. In 1993, total inflow increased by N5,201.9 million or 38.0 per cent to N18,902.7 million, while total outflow dropped below the level in 1992 by N42.6 million or 4.2 per cent to N978.1 million. However, a substantial increase from N27.3 million in 1992 to N1,389.8 million in 1993 was recorded in official inflow. The increase was due to inflow of official grant amounting to N1,389.8 million. In the same vein, the level of private transfers into the economy increased from N13,673.5 million in 1992 to N17,512.9 million in 1993. With respect to outflow, official transfers almost stagnated at the 1992 level. However, private transfer amounted to N50.9 million, representing a decline of N55.9 million or 52.3 per cent below the 1992 figure. The sharp decline was attributed to the slowdown in repatriation of earnings.

VI. PUBLIC DEBT

12. The public debt of the Federal Government has been growing significantly in real terms over the years, thus further increasing the heavy burden of debt service on the finances of the government and the economy. Plans to secure substantial debt relief in respect of external debt obligations have not always been very fruitful, while the growing deficit in the budget has continued to raise domestic debt dramatically.

(a) External Debt

13. As at the end of October, 1994, the total oustanding external debt of Nigeria stood at US$29.43 billion. Out of this amount, the sum of US$22.7 billion was debt owed by the Federal Government and her agencies, while about US$6.7 million was debt contracted by various State Governments. A further breakdown of the external financial indebtedness shows that the debts were composed of US$4.4 billion, US$18.3 billion and US$2.1 billion as debt owed to multilateral institutions, Paris Club and London Club, respectively, while US$3.2 billion and US$1.4 billion consist mostly of Promissory Notes and debt owed to non-Paris Club respectively.

14. It is estimated that about US$4,397.762 million will be required to service current maturities and interest charges on external debts in 1995 fiscal year. Government has, however, decided to earmark US$2 billion for external debt service for the year because of budgetary constraints. From the projected draw-down of US$899.97 million on external loans in 1994, US$709.472 million has been actually drawn as at November, 1994. During the 1995 financial year, the estimated drawn-down is equivalent to US$1,001.99 million. Efforts will be intensified in 1995 to conclude with the World Bank and the IMF negotiations on a Medium-Term Economic Adjustment Programme (MTP). Nigeria had formulated the draft of the MTP and had been discussing it with the two Bretton Woods Institutions since 1993. Contracts have been made with the IMF and renewed efforts will be made in 1995 to reach final agreement on the programme which is expected to pave the way for Nigeria to enjoy concessional debt relief and the inflow of concessional resources from multilateral and bilateral sources. Due to Nigeria's debt condition, external borrowing in 1995 will focus on concessional funds which attract low interest rates and are repayable over longer periods such as IDA, ADF and soft bilateral credits. Such a shift to concessional facilities will help in reducing the debt stock and in the long run mitigate the spectra of negative net transfer of resources. Funds from the other sources such as the IBRD, ADB and the international capital markets as well as bilateral credits may be sought for projects that are highly profit-oriented.

(b) Domestic Debt

15. The total domestic debt stock at the end of 1993 stood at N262.7 billion. It is estimated that the level of Ways and Means Advances at the end of 1994 would be about N80 billion, bringing the total domestic debt outstanding to about N343 billion. The huge level of the domestic debt, given the method of servicing it, has been a major cause of macroeconomic instability, characterised by high injection of liquidity into the economy, exchange rate depreciation and pressures on the domestic price level and balance-of-payments. It has also adversely affected private sector investment and capacity utilisation in the manufacturing sector. In order to reduce the level of domestic debt, Government will finance any deficit gap through borrowing in the financial market at competitive interest rates. The use of "Ways and Means" financing in 1995 will be severely curtailed or eliminated. As a matter of deliberate policy, extra-budgetary expenditures will be curtailed.

(c) **Debt Conversion Programme**

16. Indicators of transactions in respect of external debt conversions undertaken during the period under review were mixed. Introduced in 1988, the Debt Conversion Programme recorded a sharp decline in the number of applications received from holders of the country's debt and of approvals-in-principle. The value of the applications, on the other hand, was sharply higher. The number of applications received fell from 33 in 1992 to 12 and 4 in 1993 and end-June 1994, respectively, while approvals-in-principle registered for 1993 delined in value by 64.5 per cent to US$140.3 million. Seven auction sessions were held in 1993 as against eleven in 1992. As at June 1994, cumulatively, external debt worth US$806.2 million had been redeemed since the inception of the Debt Conversion Programme while the sum of US$379.5 million represents the total value of discounts offered by redemptors.

17. A number of factors have adversely affected the pace of activities at the conversion auction sessions. Among these were the relatively large parallel market premium, the rise in the market price of Nigeria's promissory notes and the unstable political atmosphere. The wide parallel market premium made it attractive for intending foreign investors to bring in capital in the form of foreign exchange which was exchanged for the local currency at much higher rates at the bureaux de change.

VII. THE EXCHANGE RATE SYSTEM

18. Existing exchange policy measures were retained in 1992 and 1993. However, as a result of the pressures in the Foreign Exchange Market (FEM), the official segment of the market was further deregulated on 5th March, 1992, by the realignment of the official exchange rate of the Naira with the rate in the parallel market. At the same time, the practice of allocating foreign exchange to banks on predetermined quotas was discontinued. The CBN was also to enter the FEM as an active participant, buying and selling foreign exchange from licensed foreign exchange dealers at the going market rate, with a view to influencing the exchange rate of the Naira. The restriction on capital transfer was also abolished.

19. In 1993, Government eased the operation of the domiciliary account scheme to encourage foreign exchange inflow; stop subsidised funding of pre-Second Tier Foreign Exchange Market (SFEM) transactions; grant more fiscal concessions on exports; and modify the pre-shipment scheme. The amount of Naira a traveller could hold when leaving Nigeria was increased from N100 to N500. The CBN also continued to intervene in the inter-bank foreign exchange market rate in the desired direction.

20. In spite of all these measures, the average Naira exchange rate in the FEM moved from N9.9095 to US$1.00 in 1991 to N17.4492 and N22.1610 to US$1.00 in 1992 and 1993, respectively. This represented a depreciation of 12.6 per cent compared with 42.7 and 19.4 per cent in 1991 and 1992 respectively. However, the parallel market premium widened significantly from 17.5 per cent in 1992 to 53.8 per cent at the end of 1993. The unstable economic and political environment, which increased speculative demand for foreign exchange at a period of constrained supply, was largely responsible for the widening premium. The external sector was also affected by the failure to reach agreement with the International Monetary Fund (IMF) and the World Bank on a Medium-term Programme for the country. This precluded Nigeria from securing a substantial debt relief from the Paris Club of creditors.

21. It is these developments that led to the adoption of a fixed exchange rate policy [illegible] 1994 whose major objectives were to stabilise the Naira exchange rate and halt the inflationary spiral associated with the persistent depreciation of the Naira. Other objectives included the creation of a favourable atmosphere for economic revival and the stimulation of increased aggregate supply of foreign exchange

through increased receipts from non-oil exports and foreign investments. Developments in 1994 have, however, shown that the objectives were not fully realised. To halt this trend, Government has decided to adopt a guided deregulation of the foreign exchange market in 1995. In this regard, a major policy goal for 1995 is the deliberate build-up and strengthening of external reserves to enhance confidence in the Nigerian economy, strengthen the Naira and pave the way for its ultimate convertibility. The official exchange rate of the country shall continue to be N22 to US$1. However, with effect from 1 January 1995, the following shall apply:

(i) There will be no bidding or allocation of foreign exchange at the Central Bank of Nigeria;
(ii) Every company, individual or organisation shall source foreign exchange requirements in the autonomous market;
(iii) The Central Bank of Nigeria shall hold the official foreign exchange and from time to time, intervene in the autonomous market;
(iv) All government parastatals, government companies, agencies and government majority owned companies and organizations, exploration and production oil companies, and oil service companies, recipients of foreign loans and grants must continue to maintain these foreign exchange currency domiciliary accounts with the Central Bank of Nigeria which shall purchase such funds as and when necessary at the prevailing autonomous rates;
(v) Operation of domiciliary accounts shall be authorised and export proceeds and other repatriation in-flows shall be held in domiciliary accounts maintained with any authorised bank in Nigeria. The beneficiaries of domiciliary accounts shall have unfettered use of the funds contained therein;
(vi) Inter-bank autonomous market shall operate freely and for the avoidance of doubt, no oil-prospecting company shall be permitted to operate a foreign exchange market in Nigeria. The main actors in IFEM shall be banks and bureaux de change, with CBN intervening from time to time;
(vii) Bureaux de change shall be allowed to buy notes and coins and travellers cheques freely but shall sell only notes and coins up to a maximum of US$2,500 per transaction. Buying and sale of notes and coins and buying of travellers cheques by bureaux de change shall be at autonomous market rate subject to a margin of 2 per cent;
(viii) All government transactions with the Central Bank of Nigeria shall be at the official exchange rate. Except with the approval of the Head of State, commercialised companies shall source their funds in the autonomous market.

It must be stressed that only bona fide transactions by Federal and State Governments shall be sourced at official rate. It, therefore, follows that where any of the government awards contracts for whatever purpose, such contractor must source his foreign exchange requirements in the autonomous market. The Federal Minister of Finance is required to vet all government transactions requiring foreign exchange at official rate so as to ensure that the above directives are complied with.

VIII. EXCHANGE CONTROL ACT 1962

22. The Exchange Control Act of 1962 has been repealed, and a new Decree - Foreign (Currencies and Capital Investment Monitoring) Decree came into effect during the second quarter of 1995. The new decree, in the main, establishes the autonomous foreign exchange market and gives guidelines on the dealings in the market. Any person transacting in the foreign exchange market shall not be required to disclose the source of his foreign currency and no foreign currency imported into Nigeria shall be liable to seizure or forfeiture or suffer any form of expropriation by the Government of the Federation. However, any person who imports foreign currencies in cash shall only be entitled to

cash withdrawals from that account and the foreign currencies which have been imported into Nigeria in cash shall only be exportable from Nigeria in cash. On no account shall cash imported into Nigeria be exchanged for cheques, bank drafts or negotiable instruments. As a result, any dealings or purchase of properties, stock, shares, debentures negotiable instruments, cars, vehicles, etc., will now be done by cheques drawn on banks in Nigeria. These measures are aimed at reducing or eliminating money laundering within the system. Any bank that receives money in cash and converts such cash into cheques or other negotiable instruments would have its licence revoked, and all Directors and Officers of such banks would face the consequences under the provision of the National Drug Law Enforcement Agency Decree of 1995.

23. The new Decree also authorises the operation of the foreign currency domiciliary account and authorises any person whether in Nigeria or outside Nigeria, whether resident in Nigeria or not, whether a Nigerian citizen or not, to deal in, trade in, invest in, acquire, transfer any interest in any securities and other money market instrument. Such a person may invest in securities traded in the Nigerian capital market or by private placement.

24. Furthermore, as a result of the repeal of the Exchange Control Act 1962, any investor may now invest in Nigeria freely without reference to the Ministry of Finance for approved status or approval in principle. Dividends may freely be repatriated in respect of foreign investment without reference to Ministry of Finance. Also, payment in respect of foreign loan servicing, remittance of proceeds and other applications in the event of sale or liquidation of enterprise may be remittable without reference to the Ministry of Finance. The banks through which these remittances are to be made are, however, to ensure that all the taxes have been deducted and paid and that amounts being repatriated are in respect of funds imported into Nigeria.

IX. MONETARY DEVELOPMENTS

25. There has been a rapid expansion of monetary and credit aggregates during the review period. Between 1992 and 1993, narrow money (M1) and broad money (M2) rose sharply, with increases for exceeding the averages in the preceding five years. Broad Money rose by 52.8 per cent in 1993 as compared with 49.2 per cent in 1992, reflecting increases of 54.6 and 50.1 per cent in M1 and quasi-money, respectively. The increases in M1 and quasi-money surpassed the respective five-year averages of 41.3 and 31.4 per cent by 13.3 and 18.7 percentages points. The rapid growth in quasi-money was attributable to the diversion of funds to the commercial and merchant banks following the apparent loss of confidence in finance companies, many of which became technically insolvent in 1993. The excessive increase in M1, reflected in large increases in currency outside banks and private sector demand deposits. The major source of expansion in M1 was an unanticipated large increase in credit to the Federal Government, as well as a sharp rise in net foreign assets. The increases in these components were, however, moderated by the increase in quasi-money.

26. The first eight months of 1994 witnessed a moderation in monetary growth, despite the surge in banking system credit. Available data showed that the narrow supply measure (M1) increased by 12.1 per cent over the level in December, 1993 compared with the target maximum of 21.4 per cent for the fiscal year and the 33.3 per cent growth observed in the corresponding period a year earlier. Similarly, broad money stock (M2) increased by 16.1 per cent compared with the rise of 34.4 per cent in 1993. The moderating factors were the sharp declines in foreign and "other" assets (net) of the banking system, and the increase in quasi-money.

27. Monetary policy formulation for 1995 recognised the need to reverse the explosive increase in monetary aggregates with attendant impact on inflationary pressures and the depreciation of the national

currency. In order to achieve these objectives, the stance of monetary policy will be tight in an environment of guided de-regulation. The targets of monetary policy in 1995 are:

(I) an increase in narrow Money (M1) of 10 per cent;
(II) an increase in broad Money (M2) of 10.4 per cent;
(III) an increase in aggregate domestic credit (net) of 16.2 per cent; and
(IV) an increase of 2 per cent in GDP.

The Open Market Operation (OMO) will continue to be the major instrument of monetary management in 1995 and will be conducted largely in government securities, a large proportion of which is currently held by the CBN. OMO, as usual, will be co-ordinated with discount window and reserve requirement policies to ensure the attainment of monetary policy objectives and targets.

X. INTEREST RATE POLICY

28. Following the lifting of partial controls on the interest rate regime in 1991, market interest rates rose sharply in 1992 and the trend continued in 1993. Bank deposit and lending rates rose significantly. Average savings interest rates in 1993 peaked at 19.2 per cent in November and came down to 16.7 per cent in December of that year. This was modest compared to the rise of 2.1 percentage points from 14.0 to 16.1 per cent in 1992. During the same period, the average rate on 90-day deposits at commercial banks also dropped sharply from 27.0 per cent in November to 23.6 per cent in December 1993, indicating an increase of 2.8 percentage points at year's end compared with the increase of 5.6 percentage points in the previous year. In 1993, commercial banks' average prime rates closed 6.3 percentage points higher at 36.1 per cent compared with the rise of 9.3 percentage points in the previous year. The average of maximum lending rates exceed the rise of 10.4 percentage points in 1992 by 7.9 percentage points to close at 39.1 per cent at the end of 1993.

29. The rise in merchant banks' lending rates during the review period was even more dramatic. The average of the rates on 90-day deposits rose from 18.2 per cent in 1991 to 38.0 and 38.6 in 1992 and 1993, respectively, while the average of prime rates offered by these banks rose from 21.0 per cent at the end of 1991 to 44.4 and 59.1 per cent in 1992 and 1993, respectively. The average maximum lending rates also rose by 12.4 percentage points to 60.5 per cent at the end of 1993.

30. The most important factors determining the movements in the rates during the review period were the accelerating inflationary expectations, the skewed distribution of bank liquidity as a result of the oligopolistic structure of banks, the rapid spread of distressed financial institutions leading to the charging of higher risk premium by participants in the financial market, response by banks to monetary policy measures designed to curtail the growth of liquidity and disturbances induced by banks as they struggled to mobilise funds for foreign exchange transactions. However, despite the sharp increases in nominal interest rates, the prevailing average rates on both deposits and loans were generally negative given the high and rising rate of inflation.

31. The fixing of interest rates was re-introduced in 1994 with a view to reversing the persistent increase in the rates and boosting domestic investment, and in order to induce the recovery of the productive sectors in 1995, attempt has been made to maintain an interest rate regime that does not constitute a disincentive to invest in these sectors. Minor modifications to the 1994 interest rate regime have therefore been made to allow for flexibility. Under the new arrangements, banks and other financial institutions are required to maintain a maximum spread of 7.5 per cent between their deposit and lending rates subject to a maximum lending rate of 21.0 per cent. In essence, the interest rate has not been fixed but would be allowed to hover around the Central Bank discount rate which is presently at 12.5

per cent. All that has been done is to fix the range of charges by banks at 7.5 per cent. If at any time the CBN requires to increase the discount rate, it will be free to do so but the amount to be adopted by the Government so as to avoid the circumstances of the past where Nigerians were being charged interest rate by unscrupulous banks at the rate of 100 to 150 per cent per annum. However, to ensure the sustainability of the above policy direction, concerted efforts will be made through fiscal and monetary austerity supply side initiatives to reduce the rate of inflation.

XI. REVIEW OF CUSTOMS AND EXCISE TARIFFS

32. The 1988-94 Customs and Excise Tariff has been comprehensively reviewed, and with effect from 1st January, 1995, a new Tariff Structure covering the period 1995 - 2001 came into effect. Some of the main features of the new tariff regime are:

(I) A narrower range of customs duty rates;
(II) Practically no exemptions from the rate structure;
(III) A smaller number of rates;
(IV) A lower average rate;
(V) More uniform rates; and
(VI) Fewer import prohibitions.

The new tariff book for the 7 years from 1995 - 2001 which incorporates the changes in the tariffs has now been promulgated into a decree.

XII. IMPORT MEASURES: 1995

33. (i) With effect from 1st January, 1995, applications for licence to import goods for duty-free shop shall be routed through the Ministry of Finance who shall send same to the Nigeria Customs Service for confirmation of the existence of the duty-free shop before issuance of such licence;

(ii) Seized contraband goods shall be sold at price at least equal to the cost of goods plus customs duty at the rate of 100 per cent.

(iii) The following have been removed from the list of prohibited goods and shall attract duty at the rates indicated:

(a)	Day old chicks and parent stock	5%
(b)	Sparkling wines and Champagne	100%
(c)	Fruit, fresh or preserved and fruit juices, and vegetables	75%
(d)	Jute bags	45%
(e)	Rice	100%

(iv) The following items have been removed from the list of goods exempted from import duty, being Schedule 2 Decree no.1 of 1988:

(a) Technical Assistance goods;
(b) Pattern and samples, cut, mutilated, spoiled or otherwise rendered unmerchantable, etc.;
(c) Scientific specimens imported for public exhibitions, study or research;

(d) Goods imported with funds obtained from international bodies will be subject to duties at appropriate rates.

(v) Goods obtained free as technical assistance from donor international bodies/countries have been included in the list of goods exempted from duty;

(vi) In addition to all other incentives granted for agriculture, the following additional incentives shall apply in 1995:

(a) All premix components, vitamins, micro-minerals, antibiotics, preservatives shall attract 5% tariff on importation;
(b) Agricultural Machinery equipment shall attract 5% tariff rate;
(c) Agricultural chemicals (HS Codes 3808.12, 3808.20, 3808.30, 3808.90) shall attract zero duty tariff rate.

(vii) The sugar levy has been reduced from 10% to 5% in 1995;

(viii) With effect from 1st January, 1995, vehicles and motor-cycles of over 8 years old from the date of manufacture will no longer be imported into Nigeria;

(ix) With effect from 1st January, 1995, the import duty rates applicable to the following essential commodities have been reduced as follows:

(a)	Milk	5%
(b)	Sugar	10%
(c)	Salt edible (HS2501.11)	5%
(d)	Text books and printing matters (Tariff Heading No.49.00)	0%
(e)	Water Treatment chemicals (HS2833.30, 2806.10)	15%

34. The existing list of import and export prohibitions adopted for balance-of-payments reason will continue to be under review and this exercise will be dictated by the national interest. The current list is attached as Annex I. Annex II is the current list of goods the importation of which is absolutely prohibited for trade or commercial purpose. Annex III is the current list of goods exempted from Import duty. Annex IV is the guidelines for import and export trade with effect from 1 April, 1995.[1] Annex V is the list of items exempted from pre-shipment inspection.

XIII. NIGERIAN ENTERPRISES PROMOTION DECREE 1989

37. In line with the progressive deregulation of the Nigerian economy within the framework of the Structural Adjustment Programme (SAP), Government has also decided that laws, regulations and rules which hinder the free-flow of investment and funds into the country should be repealed or relaxed. In this direction, the Nigerian Enterprises Promotion Decree 1989 has been repealed. In its place, a new law the Nigerian Investment Promotion Decree has been promulgated. The new decree establishes the Nigerian Investment Promotion Council (NIPC) which is mandated to encourage, promote and

[1]Annexes II,III and IV are available for consultation in the WTO Secretariat (CWR, Office No. 1060).

co-ordinate investment in the Nigerian economy. The Council is private sector oriented as the majority of its members, including the Chairman, would be appointed from the Organised Private Sector.

35. The Decree provides the framework for encouraging the foreign investor to invest in Nigeria by providing a deregulated and de-bureaucratised atmosphere for investment. It authorises any foreign enterprise or any foreign entrepreneur to buy shares of any existing Nigerian company or enterprise and this shall be completed through direct ownership or through the Nigerian Stock Exchange. The reference to the Ministry of Finance for approval-in-principle is no longer required. The decree also guarantees unconditional transferability through any authorised dealer bank in freely convertible currency of:

(i) dividend or net-profit attributable to the investment;

(ii) payments in respect of loan servicing where a foreign loan has been obtained;

and (iii) the remittance of proceeds or other obligations in event of sale or liquidation of the enterprise or any interest attributable to the investment.

36. Furthermore, the decree guarantees any foreign investment against nationalisation or expropriation by government. Also, no person who owns, whether wholly or in part, the capital of any enterprise shall be compelled by law to cede his interest to any other person. The NIPC shall assist any foreign entrepreneur or business to obtain expatriate quota, business permit, etc., without all the bureaucratic bottlenecks that subsist at the moment.

37. Under the new provisions, it is expected that foreign companies would no longer charge Nigerian companies in respect of management and technical assistance fees, as this has now been overtaken by events. However, royalties may continue to be charged, but this would be in accordance with the guidelines provided by the Prices, Productivity and Incomes Board (PPIB). Government is also willing to enter into Bilateral Investment Protection Agreements with foreign countries to ensure that the investments of their nationals in Nigeria shall not be tampered with.

XIV. EXPORT PROMOTION

38. During 1995, the Export Processing Zone (EPZ) Calabar will be completed. Government will encourage both local and foreign entrepreneurs who wish to set up export processing factories for export only. The incentives applicable to export free zones will also be applicable to export processing factories. In order to increase capactiy utilization of the factories, manufactures may enter into arrangements with foreign partners to process raw materials into finished goods which will be re-exported to the beneficiary. The procesing fee, which will be negotiated on the basis of international standards will be receiveable in foreign currency; the raw materials for the processing will be imported duty free; and there shall be no export duty on the re-exported goods.

Annex I

Import Prohibition List, 1995-2001 (Trade)

No.	Products (HS)	Comments
1.	Live or dead poultry (i.e. fowls, ducks, geese, turkeys; and guinea fowls (excluding day-old chicks, grand parent and foundation stocks for research and multiplication purposes. (HS 0105, 1200-0105, 9990 and 0207, 1100-0207, 3600); Eggs in the shell, including those for hatching (0407-000)	Article XVIII:B
2.	Maize (1005,1000-1005,9000)	Article XVIII:B
3.	Sorghum (10007,0000)	Article XIX
4.	Millet (1008,2000)	Article XIX
5.	Wheat flour (1101,0000)	Article XIX
6.	Vegetable Oils, excluding linseed and castor oils used as industrial raw materials (1515, 1100, 1515, 1900 and 1515, 3000)	Article XVIII:B
7.	Beer and Stout (2203, 0000, Barley and Malt (1003,0000 and 1107, 1000-1107, 2000), Evian and similar waters (2201, 1000-2202, 9000)	Article XVIII:B
8.	Barytes and Bentonites (2511, 1100-2511, 2000, 2508, 1100)	Article XVIII:B
9.	Gypsum (2520,1000)	Article XIX
10.	Mosquito Repellent Coils (3808,1110)	Article XIX
11.	Domestic articles and wares made of plastic materials excluding babies' feeding bottles (3922,1000-3922,9000,3924,1000-3924,9000)	Article XVIII:B
12.	Retreaded/used tyres (4012, 1000-4012, 9000)	Article XVIII & XX
13.	Textile fabrics of all types and articles thereof, chapters 50-63 but excluding: (a) Nylon tyre cord (5902,1000-5902, 9000) (b) Multifilament Nylon chafer fabric and tracing cloth (5111,2000,5112,2000 and 5901, 9000) (c) Mattress ticklings (5903,1000-5903, 9000) (d) Narrow fabrics (5806, 1000-5806, 4000) trimmings and linings (5903, 1000-5903, 9000 5908, 0000, 5808, 1000-5808, 9000) (e) Made-up fishing nets (5608, 1100) and mosquito netting materials (5608, 1900 and 5608, 9000) (f) Gloves for industrial use (6116,1000-6116, 9900) (g) Canvas fabric for the manufacture of fan belt (5907, 0000 and 5908, 0000) (h) Moulding cups and lacra (6212, 9000), Elastic bands (5604, 9000), motifs (5810, 1000-5810, 9900) (i) Textile products and articles for technical use (5911, 1000-5911, 9000) (j) Transmission or conveyor belt or belting of textile material (5910, 0000) (k) Polypropylene primary backing material (5512, 1100-5512, 9900) (l) Fibre rope (5607,1000-5607, 9000) (m) Mutilated rags (6310, 1100) (n) Sacks and bags (6305, 1000 and 6305, 2000)	Article XVIII:B
14.	Motor vehicles and motor cycles above eight (8) years old from the date of manufacture, (8702, 1100-8702, 9900, 8703, 1000-8703, 9000, 8704, 1000-8704, 9900, 8711, 1000-8711, 9000)	Article XX
15.	Furniture and furniture products (9401, 1000-9401, 9000, 9403, 1000-9406, 0000)	Article XVIII:B
16.	Gaming machines (9504, 1000-9504, 3000)	Article XX

Annex V

List of items exempted from pre-shipment inspection

1. Gold
2. Precious stones
3. Art works
4. Explosives and pyrotechnic products
5. Arms and ammjunition
6. weapons
7. Implements of war
8. Scrap metal
9. Newspapers and periodicals
10. Household and personal effects (inclouding used motor vehicles)
11. parcel posts or samples
12. Meat in any form except frozen or tinned meat.
13. Live animals
14. Fish
15. Petroleum and refined products thereof
16. Uncontainerised goods valued US$10,000.00 and below
17. Such other goods as may be prescribed

TABLE 1

Summary of Federal Government Finances
(N million)

	1990[1] (1)	1991[1] (2)	1992[1] (3)	1993[1] (4)	1994[2] (5)	Percentage changeover the preceding year 1991 (6)	1992 (7)	1993 (8)	1994 (9)
1. Total federally collected revenue	85,249.3	100,991.6	190,453.2	192,769.4	201,910.8	18.5	88.6	1.2	4.7
1.1 Oil revenue	71,887.1	82,666.4	164,078.1	162,102.4	160,192.4	15.0	98.5	-1.2	-1.2
1.2 Non-oil revenue	13,362.2	18,325.2	26,375.1	30,667.0	41,718.4	37.1	43.9	16.3	36.0
2. Federation account	46,800.0	54,000.0	77,800.0	106,799.4	110,641.0	15.4	44.1	37.3	3.6
3. Federal Government retained revenue	38,152.1	30,829.2	53,264.9	70,124.2	70,796.2	-19.2	72.8	31.7	1.0
4. Total expenditure	60,268.2	66,584.4	92,797.4	177,310.2	141,614.7	10.5	39.4	91.1	-20.1
4.1 Recurrent expenditure[3]	36,219.6	38,243.5	53,034.1	136,177.8	90,522.8	5.6	38.7	156.8	-33.5
(i) Interest payments	23,822.3	26,414.4	35,962.9	48,712.6	49,389.7	10.9	36.1	35.5	1.4
(a) Foreign	15,361.0	15,914.2	11,207.3	10,902.3	20,911.0	3.6	-29.6	-2.7	91.9
(b) Domestic	8,461.3	10,500.2	24,755.6	37,810.3	28,478.7	24.1	135.8	52.7	-24.7
(ii) Other (non-debt)	12,397.3	11,829.1	17,071.2	87,465.2	41,133.1	-4.6	44.3	412.4	-53.0
4.2 Capital expenditure and net lending	24,048.6	28,340.9	39,763.3	41,132.4	51,091.9	17.8	40.3	3.4	24.2
(i) Capital repayments	15,722.8	19,600.0	29,814.4	25,691.1	20,016.7	24.7	52.1	-13.8	-22.1
(a) Foreign	15,494.8	19,420.0	29,554.4	25,461.1	19,635.0	25.3	52.2	-13.9	-22.9
(b) Domestic	228.0	180.0	260.0	230.0	381.7	-21.1	44.4	-11.5	66.0
(ii) Other (non-debt)	8,325.8	8,740.9	9,948.9	15,441.3	31,075.2	5.0	13.8	55.2	101.2
5. Balance of revenue and expenditure									
5.1 Current surplus (+)/deficit (-)	1,932.5	-7,414.3	230.8	-66,053.6	-19,726.6	-483.7	-103.1	28,719.4	-70.1
5.2 Overall deficit (-)	-22,116.1	-35,755.2	-39,532.5	-107,186.0	-70,818.5	61.7	10.6	171.1	-33.9
6. Financing	22,116.1	35,755.2	39,532.5	107,186.0	70,818.5	61.7	10.6	171.1	-33.9
6.1 Foreign (net)	980.6	2,972.6	-11,859.6	9,061.4	8,586.6	203.1	-499.0	-176.4	-5.2
6.2 Domestic (net)	27,042.0	32,107.1	46,716.7	99,017.5	62,231.9	18.7	45.5	112.0	-37.2
(i) Banking system	23,677.1	31,101.8	33,598.9	99,458.9	50,048.0	31.4	8.0	196.0	-49.7
(ii) Non-bank public	3,364.9	1,005.3	13,117.8	-441.1	9,910.3	-70.1	1,204.9	-103.4	2,345.2
(iii) Net transfers from State/L.Gs for primary education funding	-	-	-	-	2,273.6	-	-	-	-
6.3 Other funds	-5,906.5	675.5	4,675.4	-892.9	0.0	-111.4	592.1	-119.1	-100.0

[1]Revised.
[2]Provisional.
[3]Includes extra budgetary expenditure.
[4]Includes net deductions for loans on lent to State, local governments and Federal parastatals/companies.
[5]Positive (+) sign connotes decrease while negative (-) connotes increase.

Sources: (i) Federal Ministry of Finance.
(ii) Central Bank of Nigeria.

TABLE 2

Balance-of-Payments Analytical Statement
(N million)

Category	1990	1991	1992	1993	1994[1]
A. CURRENT ACCOUNT	19,350.4	-12,577.6	-5,085.5	-19,488.8	-48,581.0
Merchandise	7,0114.9	44,677.9	80,998.5	72,060.4	63,059.4
Export (f.o.b.)	109,886.1	121,533.7	205,611.7	218,801.1	206,285.1
Oil	106,626.5	116,856.5	201,383.9	213,778.8	200,936.1
Non-oil	3,259.6	4,677.2	4,227.8	5,002.3	[illegible],349.0
Imports	-39,771.2	-76,855.8	-124,613.2	-146,740.7	-143,225.7
Oil	-6,073.1	-7,772.2	-19,561.1	-41,136.1	-42,349.6
Non-oil	-33,698.1	-69,083.6	-105,052.1	-105,604.6	-100,876.1
Services and income	-54,379.1	-64,547.4	-96,763.8	-109,343.2	-122,592.8
Investment income (credit)	1,698.2	2,089.2	2,724.5	1,252.3	1,068.0
Investment on reserves	1,698.2	2,089.2	2,724.5	1,252.3	1,068.0
Others	0.0	0.0	0.0	0.0	0.0
Investment income (debit)	-34,574.9	-38,609.8	-66,455.3	-73,946.6	-65,686.7
Interest on loans (scheduled)	-22,622.5	-24,218.8	-41,741.3	-44,331.9	-36,352.8
Others	-11,952.4	-14,391.0	-24,714.[illegible]	-29,614.7	-29,333.9
Non-factor services	-5,237.4	-13,354.2	-10,494.3	-8,419.7	-32,890.4
Other services	-16,265.0	-14,672.5	-24,538.7	-28,229.2	-25,083.7
Unrequited transfers (net)	3,614.6	7,291.9	12,679.8	17,754.0	10,952.4
B. CAPITAL ACCOUNT	-23,864.5	-2,249.9	-94,247.9	-19,740.9	7,643.8
Direct investment	4,686.0	6,916.1	14,463.1	29,650.3	43,096.6
Portfolio investment	-435.2	-594.9	36,851.8	-377.0	-205.5
Other capital long-term	-28,550.4	-30,679.5	-97,558.3	-38,1[illegible].3	-41,471.7
Official of which	-28,595.6	-30,679.5	-97,558.3	-38,176.3	-41,471.7
Amortization (scheduled)	-32,320.0	-33,018.4	-104,915.4	-47,707.1	-51,355.7
Disbursement	3,724.4	2,338.9	7,357.1	9,530.8	9,884.0
Other official	0.0	0.0	0.0	0.0	0.0
Private (net)	45.2	0.0	0.0	0.0	0.0
Other capital short-term (net)	435.1	22,108.4	-48,004.5	-10,847.9	6,222.4
C. NET ERRORS AND OMISSIONS	-1,247.8	-971.1	-2,086.0	-2,507.1	-1,686.1
OVERALL BALANCE	-5,761.9	-15,798.6	-101,419.4	-41,736.8	-42,623.3
FINANCING	5,761.9	15,798.6	101,419.4	41,736.8	42,623.3
(a) Exceptional financing	24,260.1	21,756.2	36,133.1	55,350.7	49,818.2
(i) Promissory notes (arrears)	0.0	0.0	0.0	0.0	0.0
(ii) Deferred/resch. debt services	24,260.1	21,756.2	36,133.1	55,350.7	49,818.2
(iii) Others	0.0	0.0	0.0	0.0	0.0
(b) Reserves[2]	-18,498.2	-5,957.6	65,286.3	-13,613.9	-7,194.9
Memorandum items:					
Average exchange rate (N/S)	8,037.8	9,909.5	17,298.5	22,046.8	21,886.1
End-of-period exchange rate (N/S)	9,000.1	9,866.2	19,660.9	21,886.1	21,886.1
Current account balance as % of GDP	7.4	-3.9	-0.9	-2.4	-5.4
External reserves - stock (US$ million)	3,885.5	4,486.7	712.6	1,330.1	1,658.8
External reserves - stock (N million)	34,970.0	44,266.7	14,010.2	29,109.8	36,304.9
Number of months of import equivalent	6.3	6.5	1.1	2.2	2.7
Debt service as % of exports of goods and non-factor services	46.4	43.9	65.4	37.7	40.9

[1]Provisional.
[2]Minus (-) sign indicates increase in reserves.
Plus (+) sign indicates decrease in reserves.

TABLE 3

Visible Trade
(=N= 'million)

Item	1990	1991	1992	1993	1994[1]	Percentage change over preceding year 1991	1992	1993	1994[1]
Imports	45,717.9	89,488.2	143,151.2	165,629.4	161,027.0	95.7	60.0	15.7	-2.8
Oil sector	6,073.1	7,772.2	19,561.5	41,136.1	42,349.6	28.0	151.7	110.3	2.9
Non-oil sector	39,644.8	81,716.0	123,589.7	124,493.3	118,677.4	106.1	51.2	0.7	-4.7
Exports	109,886.1	121,533.7	205,611.7	218,801.1	206,285.1	10.6	69.2	6.4	-5.7
Oil sector	106,626.5	116,856.5	204,383.9	213,778.8	200,936.1	9.6	72.3	6.2	-6.0
Non-oil sector	3,259.6	4,677.2	4,227.8	5,022.3	5,349.0	43.5	-9.6	18.8	6.5
Total trade	155,604.0	211,021.9	348,762.9	384,430.5	367,312.1	35.6	65.3	10.2	-4.5
Oil sector	112,699.6	124,628.7	220,945.4	254,914.9	243,285.7	10.6	77.3	15.4	-4.6
Non-oil sector	42,904.4	86,393.2	127,817.5	129,515.6	124,026.4	101.4	47.9	1.3	-4.2
						Actual change (=N= 'million)			
Balance of trade[2]	64,168.2	32,045.5	62,460.5	53,171.7	45,258.1	-32,122.7	30,415.0	-9,288.8	-7,913.6
Oil sector	100,553.4	109,084.3	181,822.4	172,642.7	158,586.5	8,530.9	72,738.1	-9,179.7	-14,056.2
Non-oil sector	-36,385.2	-77,038.8	-119,361.9	-119,471.0	-113,328.4	-406,53.6	-42,323.1	-109.1	6,142.6

[1]Provisional.
[2]Plus (+) = surplus: minus (-) = deficit.

Sources: Compiled from data supplied by Federal Office of Statistics and Central Bank of Nigeria.

TABLE 4

Imports by Major Groups

(N Million)

Import group	1990 (1)	1991 (2)	1992 (3)	1993 (4)	1994 (5)	Percentage of total 1990 (6)	1991 (7)	1992 (8)	1993 (9)	1994[1] (10)
Consumer goods	12,206.7	22,193.1	48,385.1	57,804.7	57,647.7	26.7	24.8	33.8	34.9	35.8
Durable	1,463.0	3,758.5	4,580.8	6,956.5	5,636.0	3.2	4.2	3.2	4.2	3.5
Non-durable	10,743.7	18,434.6	43,804.3	50,848.2	52,011.7	23.5	20.6	30.6	30.7	32.3
Capital goods and raw materials	33,497.5	66,937.2	93,907.2	107,659.1	102,896.2	73.3	74.8	65.6	65.0	63.9
Capital goods	18,515.7	34,005.5	45,378.9	43,726.2	39,934.7	40.5	38.0	31.7	26.4	24.8
Raw materials	14,981.8	32,931.7	48,528.3	63,932.9	62,961.5	32.8	36.8	33.9	38.6	39.1
Miscellaneous	13.7	357.9	858.9	165.6	483.1	0.0	0.4	0.6	0.1	0.3
Total	45,717.9	89,488.2	143,151.2	165,629.4	161,027.0	100.0	100.0	100.0	100.0	100.0

[1]Provisional.

Sources: Federal Office of Statistics and Central Bank of Nigeria.

TABLE 5

Imports by S.I.T.C. Sections

(N million)

Secuion	1990 (1)	1991 (2)	1992 (3)	1993 (4)	1994[1] (5)	Percentage change over the preceding year: 1991 (6)	1992 (7)	1993 (8)	1994[1] (9)
1. Food and live animals	3,763.5	7,785.5	11,738.4	13,912.9	16,585.8	106.9	50.8	18.5	19.2
2. Beverages and tobacco	181.4	179.0	286.3	496.9	805.2	-13.0	59.9	73.6	62.0
3. Crude materials	1,587.6	2,147.7	3,578.8	4,306.4	5,636.0	35.3	66.6	20.3	30.9
4. Animal and vegetable oil and fat	136.0	715.9	1,002.1	1,325.0	1,932.3	426.4	40.0	32.2	133.3
5. Mineral fuels	317.4	447.4	715.7	828.1	1,610.3	41.0	60.0	15.7	21.5
6. Chemicals	9,146.7	15,302.5	25,910.4	28,322.6	40,578.8	67.3	69.3	93.0	43.3
7. Manufactured goods	10,061.9	21,029.7	32,924.8	39,751.1	35,909.1	109.0	56.6	20.7	-9.7
8. Machinery and transport equipment	18,618.9	37,674.5	59,837.2	70,226.9	50,240.4	102.3	58.8	17.4	-28.5
9. Miscellaneous manufactured articles	1,859.1	4,116.5	7,014.4	6,293.9	7,246.2	121.4	70.4	-10.3	15.1
10. Miscellaneous transactions unclassified	45.4	89.5	143.1	165.6	483.0	97.1	59.9	15.7	191.7
Total	45,717.9	89,488.2	143,151.2	165,629.4	161,027.0	95.7	60.0	15.7	-2.8

[1]Provisional.

Sources: Federal Office of Statistics and Cr.ntral Bank of Nigeria.

TABLE 6

DIRECTION OF TRADE FLOW

Imports by Country of Origin

N' 000

	1987	1988	1989	1990	1991
Total imports	15,698,137	17,642,623	25,175,327	34,704,677	53,497,860
Commonwealth countries: Total	3,129,507	3,502,951	5,182,103	7,741,376	10,561,604
United Kingdom	2,641,315	2,793,511	4,095,332	5,942,962	7,393,723
India	158,840	199,071	332,433	539,161	836,311
Hong Kong	179,382	285,476	386,237	774,923	1,246,796
Ghana	1,306	3,557	966	5,715	2,225
Canada	44,847	75,260	131,679	146,941	257,065
Singapore	51,179	70,218	145,348	276,842	499,638
Australia	16,123	36,270	33,552	41,151	98,929
Others	36,515	39,588	56,556	13,681	226,917
ECOWAS countries: Total	153,999	149,073	108,538	152,260	282,933
Republic of Benin	9,515	812	4,223	3,807	19,805
Togo	13,475	5,804	11,071	8,642	117,386
Ivory Coast	18,810	11,306	44,614	37,192	53,037
Senegal	4,205	9,486	8,363	10,176	12,338
Niger	93,382	97,627	13,020	69,386	47,577
Ghana	1,306	3,557	966	5,715	2,225
Others	13,306	20,481	26,281	17,342	30,565
EEC countries: Total	8,531,267	9,354,097	13,972,327	21,007,669	28,443,529
Netherlands	722,569	691,184	979,380	1,665,406	2,945,527
Belgium/Luxembourg	380,375	575,009	898,491	1,154,737	1,574,102
Federal Republic of Germany	2,110,624	2,698,207	4,356,056	5,180,793	8,666,933
France	1,569,728	1,599,450	2,000,229	3,168,402	4,331,582
Italy	899,915	802,527	1,362,690	1,557,858	2,931,264
United Kingdom	2,641,315	2,793,511	4,095,332	5,942,962	7,393,723
Denmark	74,090	67,248	112,381	199,932	283,263
Ireland	132,651	126,961	167,768	274,673	317,135
Eastern European countries: Total	936,441	794,061	537,225	931,453	781,311
USSR	288,140	275,531	119,690	106,842	151,573
German Democratic Republic	6,420	18,387	10,080	23,958	660
Poland	60,394	39,388	86,934	177,971	278,664
Czechoslovakia	32,159	38,406	53,547	168,097	88,270
Hungary	68,088	122,531	29,101	62,355	33,667
Romania	206,321	111,166	55,513	84,038	29,922
Bulgaria	118,508	117,410	79,905	139,489	125,626

TABLE 6 (cont'd)

	1987	1988	1989	1990	1991
Yugoslavia	156,411	71,242	102,455	168,703	72,929
Other countries: Total	5,589,689	6,642,254	9,472,327	10,821,940	20,825,902
Norway	77,377	74,486	76,159	124,030	183,861
Sweden	164,888	193,870	187,864	238,933	374,350
Switzerland	383,804	467,436	585,625	930,937	1,398,561
Austria	226,815	141,999	312,662	268,320	437,905
Spain	243,672	214,074	328,514	477,922	583,674
USA	1,297,925	1,852,493	3,093,915	3,005,675	5,546,303
Brazil	334,438	686,551	783,591	1,412,972	1,761,403
China Mainland	341,965	474,681	637,684	1,030,633	1,873,930
Japan	1,417,484	1,314,420	1,707,799	2,069,092	3,947,305
Others	1,101,321	1,222,244	1,758,514	1,263,426	4,718,610

Source: Federal Office of Statistics.

Note: Details may not add up to total because of rounding.
1 Provisional figures.

TABLE 7

Money Supply and Its Determinants

(N million)

Category	December 1990 (1)	December 1991 (2)	December 1992 (3)	December[1] 1993 (4)	December 1994 (5)
Credit to domestic economy (Net)	57,674.9	83,823.7	141,735.7	271,350.9	350,622.7
Credit to private sector	36,631.0	43,325.2	61,020.3	92,501.6	122,273.3
By Central Bank	1,400.1	2,291.3	3,926.2	4,659.7	5,597.7
By commercial banks	26,364.5	31,763.2	43,436.9	66,384.0	94,761.5
By merchant banks	8,866.4	11,270.7	13,657.2	21,457.9	21,914.1
Credit to Government (Net)[2]	21,043.9	38,498.5	80,715.4	178,849.3	228,349.4
By Central Bank	13,691.8	32,122.7	78,556.1	140,939.7	182,192.7
By commercial banks	7,036.6	5,883.7	1,470.0	28,457.4	37,885.7
By merchant banks	315.5	492.1	689.3	9,452.2	8,271.0
Foreign assets	44,832.2	58,794.9	39,390.3	58,711.3	58,894.1
By Central Bank	34,970.0	44,265.4	13,815.3	29,109.8	36,304.9
By commercial banks	6,301.9	9,537.8	18,133.7	22,450.0	17,254.2
By merchant banks	3,560.3	4,991.7	7,441.3	7,151.5	5,335.0
Other assets (Net)	-37,604.4	-56,466.1	-52,608.3	-137,603.6	-141,757.0
Total monetary assets	64,902.7	86,152.5	128,517.7	192,458.6	267,759.8
Quasi money[3]	27,669.0	36,788.0	53,111.2	76,067.9	95,755.1
Money supply	37,233.7	49,364.5	75,406.5	116,390.7	172,004.7
Currency outside banks	14,940.6	23,108.2	36,765.9	56,260.8	90,492.0
Private sector demand deposits	22,293.1	26,256.3	38,640.6	60,129.9	81,512.7
Total monetary liabilities	64,902.7	86,152.5	128,517.7	192,458.6	267,759.8
		Percentage change over the preceding December			
Credit to domestic economy (Net)	17.1	45.3	69.1	91.4	29.2
Credit to private sector	18.4	23.7	34.6	51.6	32.2
Credit to Government (Net)	14.9	82.9	109.7	121.6	27.7
By Central Bank	-9.9	134.6	144.6	79.4	29.3
Foreign assets	92.5	31.1	-33.0	49.1	0.3
Other assets (Net)	-42.8	-50.2	6.8	-161.6	-3.0
Quasi money	34.8	33.0	44.4	43.2	25.9
Money supply	44.9	32.6	52.8	54.4	47.8
Total monetary liabilities	40.4	32.7	49.2	49.8	39.1

[1]Revised.
[2]Less Federal Government deposits.
[3]Consists of commercial banks savings and time deposits and merchant banks' demand and time deposits

TABLE 8

Selected Interest Rates 1990-94

(I) Savings

	1st Quarter	2nd Quarter	3rd Quarter	4th Quarter
1990	16.50	17.50	17.50	17.80
1991	13.60	14.00	13.80	14.00
1992	14.90	15.50	15.50	16.10
1993	17.20	16.90	19.20	16.70
1994	12 minimum - 15% maximum			
(II) Lending rates (commercial banks)				
1990	20.80	25.90	26.60	26.50
1991	20.50	20.90	20.80	21.00
1992	25.20	25.90	27.60	31.20
1993	29.60	30.80	45.30	39.10
1994	Maximum of 21%			
(III) Merchant bank (lending rates)				
1990	30.30	28.60	28.40	29.00
1991	20.80	21.00	21.00	21.00
1992	34.10	35.00	38.50	48.10
1993	50.80	61.70	76.50	61.50
1994	Maximum of 21%			

TABLE 9

Percentage Contribution to GDP by Service Sector, 1985-1990

Activity sector	1985	1986	1987	1988	1989	1990
1. Transport	5.06	5.21	3.75	3.02	2.05	2.04
(a) Road	4.25	4.40	3.21	2.60	1.81	1.81
(b) Rail	0.18	0.19	0.08	0.06	0.03	0.02
(c) Ocean	0.35	0.37	0.26	0.22	0.12	0.11
(d) Air	0.28	0.25	0.19	0.15	0.09	0.09
2. Communication	0.41	0.42	0.30	0.24	0.16	0.16
(a) NITEL	0.12	0.13	0.10	0.08	0.05	0.05
(b) NIPOST	0.14	0.14	0.09	0.07	0.05	0.04
(c) Radio and TV	0.15	0.15	0.11	0.09	0.06	0.06
3. Finance/insurance	3.78	4.59	3.64	3.51	3.29	4.51
(a) Financial institutions	3.50	4.27	3.38	3.28	3.12	4.37
(b) Insurance	0.28	0.31	0.25	0.23	0.17	0.15
4. Professional services	0.28	0.31	0.23	0.20	0.14	0.14
5. Community, social and personal services	0.83	0.90	0.67	0.54	0.37	0.36
6. Repair and other services	0.82	0.89	0.66	0.53	0.37	0.36
7. Business services	0.32	0.35	0.26	0.22	0.26	0.15
8. Construction	2.15	2.66	2.03	1.73	1.73	1.68

Source: Computed from National Accounts 1981-1990 (FOS).