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¹ Destination Sectors and Originating Economies of Nigeria's Private Foreign Assets and Liabilities in 2013

Olufemi I. Ajibola and Babatunde S. Omotosho

The survey of foreign assets and liabilities of enterprises in Nigeria was conducted in 2014 to determine the 2013 stock of foreign assets/liabilities of Nigerian enterprises, as well as receiving sectors and origination/destination regions. The survey collected relevant information from 740 enterprises, and analysis of survey returns indicated that the total private foreign liabilities as at end-2013 was ₦12, 639.27 billion up by 5.08 per cent above its level in 2012. Of this total, 96.7 per cent was in the form of foreign direct investments, while foreign portfolio investments and other capital flows accounted for 0.4 and 2.9 per cent, respectively. About 43 per cent of the total foreign liabilities originated from Europe, while 22.0 per cent and 15.9 per cent were from Asia, and the North Atlantic and Caribbean, respectively. The Nigerian extractive sector continued to be the preferred investment sector to foreign investors as it attracted 45.5 per cent of the total foreign capital stock. The stock of outward investments as at end-2013 was ₦837.84 billion, representing a decline of 7.7 per cent below its level in 2012. The decline was largely accounted for by the 29.46 per cent drop in foreign assets holding of the extractive sector. European and North American countries were the preferred investment destinations for Nigerian investors as the regions jointly attracted about 49.1 per cent of total outflows, while African countries received 23.4 percent (₦195.89 billion) of the total.

1.0 Background

A noticeable feature of the increasing wave of globalization around the world is the prevalence of cross-border investments, especially by multinational establishments and firms. For developing countries, the attraction of foreign direct investment (FDI) has become a significant component of policy strategy for rapid economic development. According to UNCTAD 2014 World Investment Report, FDI inflows to Africa rose by 4 per cent to \$57 billion in 2013, driven by increased flows to the Eastern and Southern African sub regions. Generally, the prospect of economic expansion and macroeconomic stability are pull factors for cross-border investments.

In Nigeria, the real Gross Domestic Product (GDP), measured in 2010 basic prices, grew by 5.5 per cent in 2013, compared with 4.2 per cent in 2012 (Kale, 2014). The non-oil sector, which grew by 8.42 per cent in 2013, remained the driver of the economy and the major contributors to the non-oil growth were trade (6.6 percentage points), services (9.4 percentage points),

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manufacturing (21.8 percentage points), agriculture (2.9 percentage points) and construction (14.2 percentage points).

Inflation rate declined to 8.0 per cent in December 2013 from 12.0 per cent in the preceding year owing to monetary policy tightening and other complementary measures. On the external side, the country recorded improved performance as the overall balance stood at a surplus of ₦2, 996.63 billion in 2013, as against ₦2, 736.45 billion in 2012. The stock of external reserves as at end-2013 was US\$42.85 billion, which could finance 9.5 months of imports and 11.4 months of foreign exchange disbursements. The developments that unfolded in the domestic and global economies have been responsible for the movement in capital flows into and out of the country.

Cross border capital flows constitute sources of economic vulnerabilities to recipient economies. Countries therefore devote substantial efforts at collecting and analyzing data on foreign assets and liabilities to ascertain the extent of vulnerabilities to the rest of the world (Doguwa, *et al* 2014). The survey of foreign assets and liabilities (SOFAL) of enterprises is conducted annually in Nigeria to collect data on the stock and flows of foreign direct investment (FDI), foreign portfolio investment (FPI) and other capital flows (OCF). Amongst other uses, the data collected from the survey are used for the compilation of Nigeria's Balance of Payments (flows) and International Investment Position (stock) statistics.

The 2014 SOFAL, which was conducted during July/August 2014 implored enterprises' data on their cross border capital flows and stock during the periods 2012 and 2013. The specific objectives of the survey are to measure the size of FDI, FPI and OCF for Nigeria; quantify foreign investments attributed to government investment promotion policies (such as the free trade zone policy); identify the destination sectors of foreign investments in Nigeria; and identify the originating economies of foreign liabilities in Nigeria as well as the destination economies of the country's foreign assets.

This report, which is structured into four sections, presents the results of the survey. Following this introductory section, section two discusses the institutional, methodological and analytical arrangements for the 2014 survey. Section three presents the results while section four concludes.

2.0 Survey Methodology and Management

The 2014 SOFAL was conducted by the Central Bank of Nigeria (CBN) and it encompassed the Coordinated Direct Investment Survey (CDIS), which was inaugurated in 2009, as well as two other components of capital: portfolio investment (stock and flows) and other foreign private capital flows. The current year's survey consolidated on the gains of the 2013 SOFAL as returns were analyzed for 740 enterprises as against 567 in 2013.

Like in the previous years, the overall objective of the SOFAL remained to, measure the size of private foreign assets and liabilities in Nigeria during the periods 2012 and 2013. Investments made by Nigerian resident enterprises in direct investment abroad is regarded as the country's "foreign private assets", while "foreign private liabilities" refer to investments made by non-resident enterprises in the Nigerian economy. The 2014 SOFAL collected data on three components of capital flows - FDI, FPI and OCF, through the administration of structured questionnaire to qualifying enterprises.

2.1 Scope and Coverage

The business register used for the survey was revised with information from various sources including; Nigeria Investment Promotion Commission (NIPC), Nigeria Export Promotion Zone Authority (NEPZA), Oil and Gas Free Zone Authority (OGFZA), Federal Inland Revenue Service (FIRS) and Manufacturers Association of Nigeria (MAN). These enterprises cut across manufacturing; agriculture, hunting, forestry and fishing; construction; transport, storage and communication; financing, real estate, insurance and business services; wholesale and retail trade, catering and accommodation; and extractive (oil and gas) sectors. However, manufacturing and extractive industries sectors received particular attention. Overall, 835 companies were covered out of which returns were analyzed for 740 enterprises, implying a response rate of 88.6 per cent.

The survey period was divided into three parts, namely: lodgment period, during which field officers distributed the survey instruments (survey questionnaire and handbook of terminologies and guide) to responding enterprises; questionnaire completion period, during which the respondents were expected to fill the forms and; retrieval period, during which the enumerators returned to the enterprises to collect the completed forms.

Financial statements of the enterprises were also collected from which necessary data were extracted to augment the completed questionnaire.

2.2 Stakeholder Sensitization and Mobilization

As part of efforts to enlighten the respondents on the significance and advantages of the SOFAL as well as enhance their understanding of the survey instrument, a stakeholders' forum was held at selected centers in the country during the year. The forum also created a platform for a feedback system which has been useful in the improvement of the SOFAL questionnaire as well as the survey methodology. On the SOFAL project are other relevant agencies such as NIPC, NEPZA, Federal Ministry of Trade and Investment, MAN, National Association of Chambers of Commerce, Industries and Agriculture, and OGFZA. These agencies play different roles in ensuring the success of the SOFAL.

2.3 Training of Enumerators

The 2014 SOFAL fieldwork was conducted with active collaboration of NEPZA, NIPC and OGFZA. In this regard, the Statistics Department of the CBN held training sessions for field enumerators of each of the collaborating agencies with a view to enhancing their understanding of the survey instrument. The enumerators were trained on survey etiquettes, objectives of SOFAL and ways of conducting consistency checks on completed questionnaire.

3.0 Results and Discussions

The results presented in this section are based on information collected from 740 enterprises that responded during the 2014 survey. The number of questionnaires analyzed represented an increase of 30.5 per cent above the 567 analyzed for the 2013 survey. The enterprises covered cut across the different sectors of the economy and were required to supply their assets/liabilities data (which could be in form of equity, debt or other capital flows) for both 2012 and 2013.

3.1 Private Foreign Liabilities

Survey returns revealed that the stock of foreign investments in Nigeria from the rest of the world amounted to ₦12,639.27 billion as at end 2013,

representing an increase of 5.08 per cent above the level of ₦12,028.57² billion recorded as at end 2012 (Table 1).

Table 1: Nigeria's Foreign Liabilities by Category of Capital (N'Billion)

Category of Capital	2012		2013		Annual Growth (%)
	(N' b)	% Share in Total	(N' b)	% Share in Total	
Foreign Direct Investment (FDI)	11,746.06	97.65	12,224.34	96.72	4.07
Foreign Portfolio Investment (FPI)	53.89	0.45	55.28	0.44	2.59
Other Capital Flows (OCF)	228.62	1.90	359.64	2.85	57.31
Total	12,028.57	100.00	12,639.27	100.00	5.08

A breakdown of the 2013 figure by category of capital showed that ₦12,224.34 billion or 96.72 per cent was in the form of direct investments, while portfolio investments and other capital flows accounted for ₦55.28 billion or 0.44 per cent and ₦359.64 billion or 2.85 per cent, respectively.

A further breakdown of total inward capital by originating economy in 2013 showed that ₦5, 426.19 billion or 42.93 per cent was from Europe (Table 2). This was followed by Asia and North Atlantic and Caribbean which accounted for ₦2, 785.74 billion (or 22.04 per cent) and ₦2, 006.52 billion (or 15.88 per cent), respectively.

Table 2: Nigeria's Foreign Liabilities by Region (N'Billion)

Region	2012*		2013		Annual Growth (%)	Relative Contribution (%)
	(N' b)	% Share in Total	(N' b)	% Share in Total		
Asia	2,735.24	22.74	2,785.74	22.04	1.85	0.42
North Atlantic and Caribbean	1,892.87	15.74	2,006.52	15.88	6.00	0.94
Central America	0.00	0.00	0.00	0.00	0.00	0.00
Europe	5,282.20	43.91	5,426.19	42.93	2.73	1.20
Middle East	29.51	0.25	86.36	0.68	192.71	0.47
North America	907.24	7.54	982.16	7.77	8.26	0.62
Oceania	0.14	0.00	0.12	0.00	-19.31	0.00
South America	0.37	0.00	0.37	0.00	0.00	0.00
Africa	1,147.98	9.54	1,118.52	8.85	-2.57	-0.24
<i>Southern Africa</i>	700.27	61.00	704.67	0.63	0.63	0.38
<i>West Africa</i>	230.56	20.08	279.63	0.25	21.28	4.27
<i>East and Central Africa</i>	195.91	17.07	123.04	0.11	-37.20	-6.35
<i>North Africa</i>	21.24	1.85	11.19	0.01	-47.34	-0.88
Others	33.03	0.27	233.29	1.85	606.32	1.66
Total	12,028.57	100.00	12,639.27	100.00	5.08	5.08

* Revised

² A total of ₦16,790.78 billion was published by Doguwa et al (2014) as total foreign investments for 2012 in CBN Journal of Applied Statistics Vol. 5 No.1 (June, 2014). The revised figure of ₦12,028.57 billion is as a result of several enterprises reporting negative capital that were not captured during the 2012 survey but were captured during the 2013 survey.

Other regions of capital origin were Africa contributing 8.85 per cent, North America (7.77 per cent), Middle East (0.68 per cent) and other countries (1.85 per cent) (Table 2).

Analysis of inward investments by recipient sectors revealed that the extractive industries sector received the highest as it accounted for 45.49 per cent (₦5,749.75 billion) of the stock of total foreign liabilities in the economy as at end-2013 (Table 3). This was followed by the manufacturing sector (₦3,004.19 billion or 23.77 per cent) and wholesale and retail trade, catering and accommodation (₦1,525.35 billion or 12.07 per cent). Other recipient sectors include the Financing, Insurance, Real Estate & Business Services sector that attracted ₦916.31 billion (or 7.25 per cent) while transport, storage and communication got ₦736.16 billion (or 5.82 per cent). Agriculture, hunting, forestry and fishing attracted the least FDI of ₦7.3 billion (or 0.06 per cent).

Table 3: Nigeria's Foreign Liabilities by Recipient Sector (N'Billions)

Sector	2012		2013		Annual Growth (%)	Relative Contribution (%)
	(N' b)	% Share in Total	(N' b)	% Share in Total		
Agriculture, Hunting, Forestry and Fishing	6.78	0.06	7.30	0.06	7.67	0.00
Financing, Insurance, Real Estate & Business Services	741.64	6.17	916.31	7.25	23.55	1.45
<i>of which: Banking</i>	490.01	66.07	642.23	70.09	31.06	1.27
<i>Insurance</i>	104.70	14.12	108.87	11.88	3.98	0.03
<i>Business Services</i>	146.93	19.81	165.22	18.03	12.45	0.15
<i>Real Estate</i>	0.00	0.00	0.00	0.00	0.00	0.00
Extractive (Oil & Gas)	5620.05	46.72	5749.76	45.49	2.31	1.08
<i>of which: Non Free Trade Zone</i>	5617.36	99.95	5747.06	99.95	2.31	1.08
<i>Free Trade Zone</i>	2.69	0.05	2.69	0.05	0.00	0.00
Construction	679.49	5.65	700.20	5.54	3.05	0.17
<i>of which: Free Trade Zone</i>	417.96	61.51	417.96	59.69	0.00	0.00
Manufacturing	2559.59	21.28	3004.19	23.77	17.37	3.70
<i>of which: Free Trade Zone</i>	217.91	8.51	217.91	7.25	0.00	0.00
Transport, Storage and Communication	912.26	7.58	736.16	5.82	-19.30	-1.46
<i>of which: Transport</i>	66.67	7.31	69.01	9.37	3.51	0.02
<i>Free Trade Zone</i>	16.27	1.78	16.27	2.21	0.00	0.00
<i>Communication</i>	845.59	92.69	667.15	90.63	-21.10	-1.48
Wholesale and Retail Trade, Catering and Accommodation	1508.75	12.54	1525.35	12.07	1.10	0.14
<i>of which: Wholesale & Retail</i>	1492.17	98.90	1508.64	98.90	1.10	0.14
<i>Catering & Accommodation</i>	16.59	1.10	16.71	1.10	0.75	0.00
Global Total	12028.57		12639.27		5.08	5.08

Six sectors of the economy had higher stock of foreign liabilities as at end-2013 compared with the levels recorded at the end of 2012. These sectors included: financing, insurance, real estate and business services (23.55 per cent); manufacturing (17.37 per cent); agriculture, hunting, forestry and fishing (7.67 per cent); construction (3.05 per cent); extractive (2.31 per cent),

and wholesale, retail trade, catering & accommodation (1.10 per cent). Foreign investments in the transport, storage and communication sector, however, decelerated by 19.30 per cent. In terms of relative contributions to the growth recorded in 2013, the manufacturing sector dominated, contributing 3.7 per cent (Table 3).

3.2 Private Foreign Liabilities by Category of Capital

3.2.1 Foreign Direct Investment (FDI)

As at end-2013, ₦12,224.34 billion representing 96.72 per cent of the stock of foreign investments in Nigeria was in the form of direct investments (Table 1), with ₦10, 697.19 billion (or 87.51 per cent) as equity, and ₦1, 527.15 billion (or 12.49 per cent) as debt (Table 4).

Table 4: Nigeria's Inward FDI by Recipient Sector and Instrument Type, 2013 (N'Billion)

Sector	Equity		Debt		Total Foreign Direct Investment	% Share in Total
	(N' b)	% Share in Total	(N' b)	% Share in Total		
Agriculture, Hunting, Forestry and Fishing	6.97	0.07	0.33	0.02	7.30	0.06
Financing, Insurance, Real Estate & Business						
Services	424.30	3.97	80.11	5.25	504.41	4.13
of which: Banking	220.24	51.91	14.77	18.44	235.01	46.59
Insurance	50.96	12.01	57.32	71.54	108.27	21.47
Business Services	153.10	36.08	8.03	10.02	161.13	31.94
Real Estate	0.00	0.00	0.00	0.00	0.00	0.00
Extractive (Oil & Gas)	5506.71	51.48	242.83	15.90	5749.53	47.03
of which: Non Free Trade Zone	5504.01	99.95	242.83	100.00	5746.84	99.95
Free Trade Zone	2.69	0.05	0.00	0.00	2.69	0.05
Construction	669.82	6.26	30.38	1.99	700.20	5.73
of which: Free Trade Zone	417.96	62.40	0.00	0.00	417.96	59.69
Manufacturing	2872.80	26.86	128.74	8.43	3001.53	24.55
of which: Free Trade Zone	217.91	7.59	0.00	0.00	217.91	7.26
Transport, Storage and Communication	629.51	5.88	106.64	6.98	736.16	6.02
of which: Transport	40.86	6.49	28.15	26.39	69.01	9.37
Free Trade Zone	16.00	39.16	0.27	0.96	16.27	23.58
Communication	588.65	93.51	78.50	73.61	667.15	90.63
Wholesale and Retail Trade, Catering and Accommodation	587.10	5.49	938.11	61.43	1525.21	12.48
of which: Wholesale & Retail	576.81	98.25	931.69	99.32	1508.50	98.90
Catering & Accommodation	10.29	1.75	6.43	0.68	16.71	1.10
Global Total	10697.19		1527.15		12224.34	
Memo: % Share in Total	87.51		12.49		100.00	

Further breakdown of FDI liabilities by originating economies revealed that the bulk of investments as at end-2013 came from the European economies (₦5, 154.33 billion or 42.16 per cent) (Table 5). This was followed by Asia (₦2, 781.85 billion or 22.76 per cent), and North Atlantic and Caribbean (₦2, 003.23 billion or 16.39 per cent). Other regions from which Nigeria received direct investments included African (₦1, 037.77 billion or 8.49 per cent),

North America (₦941.85 billion or 7.70 per cent), the Middle East (₦76.58 billion or 0.63 per cent) and “Others” (₦228.24 billion or 1.87 per cent).

A breakdown of total FDI to Nigeria by recipient sectors showed that the extractive sector received the largest share with a sum of ₦5,749.53 billion or 47.03 per cent (Table 4). Other sectors that received FDI were manufacturing sector (₦3,001.58 billion or 24.55 per cent), construction (₦700.20 billion or 5.73 per cent), transport, storage & communication (₦736.16 billion or 6.02 per cent), wholesale and retail trade, catering and accommodation (₦1,525.21 billion or 12.48 per cent), financing, insurance, real estate and business services (₦504.41 billion or 4.13 per cent) and agriculture, hunting, forestry & fishing (₦7.30 billion or 0.06 per cent).

Table 5: Nigeria's Inward FDI by Region (N'Billions)

Region	2012*		2013		Annual Growth (%)	Relative Contribution (%)
	(N' b)	% Share in Total	(N' b)	% Share in Total		
Asia	2,734.62	23.28	2,781.85	22.76	1.73	0.40
North Atlantic and Caribbean	1,890.61	16.10	2,003.23	16.39	5.96	0.96
Central America	0.00	0.00	0.00	0.00	0.00	0.00
Europe	5,177.87	44.08	5,154.33	42.16	-0.45	-0.20
Middle East	20.93	0.18	76.58	0.63	265.91	0.47
North America	871.73	7.42	941.85	7.70	8.04	0.60
Oceania	0.14	0.00	0.12	0.00	-19.31	0.00
South America	0.37	0.00	0.37	0.00	0.00	0.00
Africa	1,020.71	8.69	1,037.77	8.49	1.67	0.15
<i>Southern Africa</i>	479.73	47.00	529.26	51.00	10.33	4.85
<i>West Africa</i>	306.21	30.00	332.09	32.00	8.45	2.54
<i>East and Central Africa</i>	183.73	18.00	155.67	15.00	-15.27	-2.75
<i>North Africa</i>	51.04	5.00	20.76	2.00	-59.33	-2.97
Others	29.08	0.25	228.24	1.87	684.77	1.70
Total	11,746.06	100.00	12,224.34	100.00	4.07	4.07

* Revised

With the exception of transport, storage and communication, all the other sectors had higher FDI stock when compared with the levels recorded in 2012. The financing, insurance, real estate and business services sector; agriculture, hunting, forestry and fishing; and construction were up by 9.33, 7.67 and 3.05 per cent, respectively. However, total direct investment in the transport, storage and communication sector decelerated by 19.30 per cent (Table 6).

3.2.2 Foreign Portfolio Investment (FPI)

The stock of FPI in Nigeria as at end-2013 stood at ₦55.28 billion, representing an increase of 2.59 per cent over the 2012 level and about 0.44 per cent of stock of inward capital to the country (Table 1). Survey returns showed that the financing, insurance, real estate and business services sector

was the preferred sector for FPI as it received ₦53.05 billion or 95.97 per cent of the total FPI as at end 2013. Other sectors that received FPI included manufacturing (₦2.0 billion or 3.63 per cent) and extractive (₦0.2 billion or 0.41 per cent) (Table 7).

Table 6: Nigeria's Inward FDI by Recipient Sector (N'Billions)

Sector	2012		2013		Annual Growth (%)	Relative Contribution (%)
	(N' b)	% Share in Total	(N' b)	% Share in Total		
Agriculture, Hunting, Forestry and Fishing	6.78	0.06	7.30	0.06	7.67	0.00
Financing, Insurance, Real Estate & Business Services	461.36	3.93	504.41	4.13	9.33	0.37
of which: Banking	213.04	46.18	235.01	1.92	10.31	0.19
Insurance	104.07	22.56	108.27	0.89	4.04	0.04
Business Services	144.25	31.27	161.13	1.32	11.70	0.14
Real Estate	0.00	0.00	0.00	0.00	0.00	0.00
Extractive (Oil & Gas)	5619.81	47.84	5749.53	47.03	2.31	1.10
of which: Non Free Trade Zone	5617.12	99.95	5746.84	99.95	2.31	1.10
Free Trade Zone	2.69	0.05	2.69	0.05	0.00	0.00
Construction	679.49	5.78	700.20	5.73	3.05	0.18
of which: Free Trade Zone	417.96	61.51	417.96	59.69	0.00	0.00
Manufacturing	2557.77	21.78	3001.53	24.55	17.35	3.78
of which: Free Trade Zone	217.91	8.52	217.91	7.26	0.00	0.00
Transport, Storage and Communication	912.26	7.77	736.16	6.02	-19.30	-1.50
of which: Transport	66.67	7.31	69.01	9.37	3.51	0.02
Free Trade Zone	16.27	24.41	16.27	23.58	0.00	0.00
Communication	845.59	92.69	667.15	90.63	-21.10	-1.52
Wholesale and Retail Trade, Catering and Accommodation	1508.58	12.84	1525.21	12.48	1.10	0.14
of which: Wholesale & Retail	1492.00	98.90	1508.50	98.90	1.11	0.14
Catering & Accommodation	16.59	1.10	16.71	1.10	0.75	0.00
Global Total	11746.06		12224.34		4.07	4.07

Table 7: Nigeria's Inward FPI by Recipient Sector (N'Billion)

Sector	2012		2013		Annual Growth (%)	Relative Contribution (%)
	(N' b)	% Share in Total	(N' b)	% Share in Total		
Agriculture, Hunting, Forestry and Fishing	0.00	0.00	0.00	0.00	0.00	0.00
Financing, Insurance, Real Estate & Business Services	52.03	96.55	53.05	95.97	1.98	1.91
<i>of which: Banking</i>	49.24	94.65	49.40	93.11	0.32	0.29
<i>Insurance</i>	0.63	1.21	0.60	1.13	0.00	-0.06
<i>Business Services</i>	2.15	4.14	3.06	5.76	41.89	1.67
<i>Real Estate</i>	0.00	0.00	0.00	0.00	0.00	0.00
Extractive (Oil & Gas)	0.24	0.44	0.22	0.41	-6.74	-0.03
<i>of which: Non Free Trade Zone</i>	0.24	0.00	0.22	0.00	0.00	-0.03
<i>Free Trade Zone</i>	0.00	0.00	0.00	0.00	0.00	0.00
Construction	0.00	0.00	0.00	0.00	0.00	0.00
<i>of which: Free Trade Zone</i>	0.00	0.00	0.00	0.00	0.00	0.00
Manufacturing	1.62	3.01	2.01	3.63	23.79	0.72
<i>of which: Free Trade Zone</i>	0.00	0.00	0.00	0.00	0.00	0.00
Transport, Storage and Communication	0.00	0.00	0.00	0.00	0.00	0.00
<i>of which: Transport</i>	0.00	0.00	0.00	0.00	0.00	0.00
<i>Free Trade Zone</i>	0.00	0.00	0.00	0.00	0.00	0.00
<i>Communication</i>	0.00	0.00	0.00	0.00	0.00	0.00
Wholesale and Retail Trade, Catering and Accommodation	0.00	0.00	0.00	0.00	0.00	0.00
<i>of which: Wholesale & Retail</i>	0.00	0.00	0.00	0.00	0.00	0.00
<i>Catering & Accommodation</i>	0.00	0.00	0.00	0.00	0.00	0.00
Global Total	53.89		55.28		2.59	2.59

An analysis of FPI by originating economies as at end-2013 revealed that significant amount of investments came from Africa (₦20.21 billion or 36.56 per cent) and the European countries (₦17.70 billion or 32.02 per cent). These were followed by the Middle East (₦9.27 billion or 16.78 per cent), North Atlantic and Caribbean (₦3.29 billion or 5.96 per cent) and Asia (₦0.54 billion or 0.97 per cent), Table 8.

Table 8: Nigeria's Inward FPI by Region (N'Billion)

Region	2012*		2013		Annual Growth (%)	Relative Contribution (%)
	(N' b)	Total	(N' b)	Total		
Asia	0.62	1.15	0.54	0.97	-13.31	-0.15
North Atlantic and Caribbean	2.26	4.20	3.29	5.96	45.61	1.91
Central America	0.00	0.00	0.00	0.00	0.00	0.00
Europe	17.50	32.47	17.70	32.02	1.16	0.38
Middle East	8.18	15.18	9.27	16.78	13.39	2.03
North America	0.02	0.03	0.02	0.03	0.00	0.00
Oceania	0.00	0.00	0.00	0.00	0.00	0.00
South America	0.00	0.00	0.00	0.00	0.00	0.00
Africa	21.71	40.30	20.21	36.56	-6.92	-2.79
<i>Southern Africa</i>	19.33	89.00	18.60	92.00	-3.78	-3.36
<i>West Africa</i>	1.95	9.00	1.41	7.00	-27.60	-2.48
<i>East and Central Africa</i>	0.43	2.00	0.20	1.00	-53.46	-1.07
<i>North Africa</i>	0.00	0.00	0.00	0.00	0.00	0.00
Others	3.59	6.67	4.25	7.68	0.00	1.21
Total	53.89	100.00	55.28	100.00	2.59	2.59

* Revised

3.2.3 Other Foreign Capital Flows (OCF)

Survey returns showed that the stock of inward OCF as at end 2013 amounted to ₦359.64 billion, representing 2.85 per cent of total foreign liabilities in the country and an increase of 57.31 per cent above its level in 2012.

Table 9 shows that the financing, insurance, real estate and business services received ₦358.85 billion or 99.78 per cent of total OCF (inward) stock in the country as at end-2013. This was followed by the manufacturing sector (₦0.65 billion or 0.18 per cent) and wholesale & retail trade, catering and accommodation (₦0.15 billion or 0.04 per cent). Of the stock of ₦358.85 billion OCF in the country's financing, insurance, real estate and business services sector, the banking sub-sector received the largest share (₦357.81 billion or 99.71 per cent), while the balance of ₦1.03 billion or 1.95 per cent went into business services sub-sector. Overall Nigeria's inward OCF witnessed a growth of 57.31 per cent above its level at end-2012 (Table 9).

Table 9: Nigeria's Inward OCF by Recipient Sector (N'Billion)

Sector	2012		2013		Annual Growth (%)	Relative Contribution (%)
	(N' b)	% Share in Total	(N' b)	% Share in Total		
Agriculture, Hunting, Forestry and Fishing	0.00	0.00	0.00	0.00	0.00	0.00
Financing, Insurance, Real Estate & Business Services	228.25	99.84	358.85	99.78	57.22	57.12
of which: Banking	227.73	99.77	357.82	99.71	57.12	56.90
Insurance	0.00	0.00	0.00	0.00	0.00	0.00
Business Services	0.52	1.01	1.03	1.95	0.00	0.22
Real Estate	0.00	0.00	0.00	0.00	0.00	0.00
Extractive (Oil & Gas)	0.00	0.00	0.00	0.00	0.00	0.00
of which: Non Free Trade Zone	0.00	0.00	0.00	0.00	0.00	0.00
Free Trade Zone	0.00	0.00	0.00	0.00	0.00	0.00
Construction	0.00	0.00	0.00	0.00	0.00	0.00
of which: Free Trade Zone	0.00	0.00	0.00	0.00	0.00	0.00
Manufacturing	0.20	0.09	0.65	0.18	218.23	0.19
of which: Free Trade Zone	0.00	0.00	0.00	0.00	0.00	0.00
Transport, Storage and Communication	0.00	0.00	0.00	0.00	0.00	0.00
of which: Transport	0.00	0.00	0.00	0.00	0.00	0.00
Free Trade Zone	0.00	0.00	0.00	0.00	0.00	0.00
Communication	0.00	0.00	0.00	0.00	0.00	0.00
Wholesale and Retail Trade, Catering and Accommodation	0.17	0.07	0.15	0.04	0.00	-0.01
of which: Wholesale & Retail	0.17	100.00	0.15	0.04	0.00	-0.01
Catering & Accommodation	0.00	0.00	0.00	0.00	0.00	0.00
Global Total	228.62		359.64		57.31	57.31

Available data from survey returns revealed that ₦254.16 billion (or 70.67 per cent of total OCF in 2013) originated from Europe while ₦60.53 billion or 16.83 per cent came from Africa (Table 10). This was followed by North America (₦40.29 billion or 11.20 per cent). Other regions included Asia

(~~₦~~3.35 billion or 0.93 per cent) and Middle East (~~₦~~0.51 billion or 0.14 per cent).

When compared to its level in 2012, the stock of other capital inflows from Europe grew by 192.70 per cent to ~~₦~~254.15 billion in 2013 (Table 10). Similarly, other capital inflows from the Middle East rose from ~~₦~~0.40 billion to ~~₦~~ 0.51 billion while North America's contribution grew from ~~₦~~35.49 billion to ~~₦~~40.29 billion during the same period. However, the stock of other capital from the rest of Africa to Nigeria fell by 42.65 per cent from ~~₦~~105.56 billion in 2012 to ~~₦~~60.53 billion in 2013 (Table 10).

Table 10: Nigeria's Inward OCF by Region (N' Billion)

Region	2012*		2013		Annual Growth (%)	Relative Contribution (%)
	(N' b)	% Share in Total	(N' b)	% Share in Total		
Asia	0.00	0.00	3.35	0.93	0.00	1.47
North Atlantic and Caribbean	0.00	0.00	0.00	0.00	0.00	0.00
Central America	0.00	0.00	0.00	0.00	0.00	0.00
Europe	86.83	37.98	254.16	70.67	192.70	73.19
Middle East	0.40	0.17	0.51	0.14	27.70	0.05
North America	35.49	15.52	40.29	11.20	13.54	2.10
Oceania	0.00	0.00	0.00	0.00	0.00	0.00
South America	0.00	0.00	0.00	0.00	0.00	0.00
Africa	105.56	46.17	60.53	16.83	-42.65	-19.69
<i>Southern Africa</i>	56.29	53.33	37.05	61.20	-34.19	-18.24
<i>West Africa</i>	47.43	44.93	19.86	32.80	-58.14	-26.12
<i>East and Central Africa</i>	0.00	0.00	3.63	6.00	0.00	3.44
<i>North Africa</i>	0.00	0.00	0.00	0.00	0.00	0.00
Others	0.35	0.15	0.80	0.22	0.00	0.20
Total	228.62	100.00	359.64	100.00	57.31	57.31

* Revised

3.3 Nigeria's Private Foreign Assets

The total stock of outward investments as at end 2013 stood at ~~₦~~837.84 billion. Of this amount, ~~₦~~437.71 billion (or 52.24 per cent) was in the form of debt while the balance of ~~₦~~400.13 billion (or 47.76 per cent) was invested in the form of equity (Table 11).

Table 11: Foreign Assets by Instrument Type (N' Billion)

Year	Equity		Debt		Total Foreign Assets
	(N' b)	% Share in Total	(N' b)	% Share in Total	
2012	352.74	38.86	555.04	61.14	907.78
2013	400.13	47.76	437.71	52.24	837.84

Outward FDI remained the dominant component of total outward investments stock as at end-2013, accounting for ~~₦~~663.66 billion or 79.21 per cent of total private foreign assets. This was followed by other capital outflows, which

amounted to ₦164.57 billion (or 19.64 per cent). Outward FPI stood at ₦9.60 billion (or 1.15 per cent), accounting for the balance (Table 12). When compared to their levels in the previous year, FPI assets increased significantly from ₦0.04 billion to ₦9.60 billion while FDI and other assets declined by 9.76 and 4.49 per cent, respectively (Table 12).

Table 12: Nigeria's Foreign Assets by Category of Capital (N' Billion)

Category of Capital	2012		2013		Annual Growth (%)
	(N' b)	% Share in Total	(N' b)	% Share in Total	
Foreign Direct Investment (FDI)	735.43	81.01	663.66	79.21	-9.76
Foreign Portfolio Investment (FPI)	0.04	0.00	9.60	1.15	23228.48
Other Capital Flows (OCF)	172.31	18.98	164.57	19.64	-4.49
Total	907.78	100.00	837.84	100.00	-7.71

Analysis of total private foreign assets by region showed that ₦206.95 billion or 24.70 per cent was invested in Europe (Table 13). Other notable regions that attracted Nigerian investors included: North America (₦204.05 billion or 24.35 per cent), Africa (₦ 195.89 billion or 23.38 per cent), North Atlantic and Caribbean (₦159.42 billion or 19.03 per cent), Middle East (₦27.69 billion or 3.31 per cent) and Asia (₦1.02 billion or 0.12 per cent).

Table 13: Nigeria's Foreign Assets by Destination Region (N' Billion)

Region	2012*		2013		Annual Growth (%)	Relative Contribution (%)
	(N' b)	% Share in Total	(N' b)	% Share in Total		
Asia	0.70	0.08	1.02	0.12	45.28	0.04
North Atlantic and Caribbean	159.49	17.57	159.42	19.03	0.00	-0.01
Central America	0.00	0.00	0.00	0.00	0.00	0.00
Europe	371.29	40.90	206.96	24.70	-44.26	-18.10
Middle East	18.42	2.03	27.69	3.31	50.35	1.02
North America	183.32	20.19	204.05	24.35	11.31	2.28
Oceania	0.00	0.00	0.00	0.00	0.00	0.00
South America	0.00	0.00	0.01	0.00	0.00	0.00
Africa	147.54	16.25	195.89	23.38	32.77	5.33
<i>Southern Africa</i>	7.60	5.15	10.58	5.40	39.22	2.02
<i>West Africa</i>	119.80	81.20	164.88	84.17	37.63	30.55
<i>East and Central Africa</i>	19.53	13.24	20.02	10.22	2.49	0.33
<i>North Africa</i>	0.60	0.41	0.41	0.21	-31.99	-0.13
Others	27.03	2.98	42.80	5.11	0.00	1.74
Total	907.78	100.00	837.84	100.00	-7.71	-7.71

* Revised

The regions that contributed to the 7.71 per cent decline in OCF were Europe with relative contribution of 18.10 per cent and North Atlantic and Caribbean (0.01 per cent)

Table 14: Nigeria's Foreign Assets by Sector (N'Billion)

Sector	2012		2013		Annual Growth (%)	Relative Contribution (%)
	(N' b)	% Share in Total	(N' b)	% Share in Total		
Agriculture, Hunting, Forestry and Fishing	0.00	0.00	0.00	0.00	0.00	0.00
Financing, Insurance, Real Estate & Business Services	321.05	35.37	338.68	40.42	5.49	1.94
of which: Banking	320.47	99.82	337.95	99.78	5.45	1.93
Insurance	0.18	0.05	0.19	0.06	10.21	0.00
Business Services	0.40	0.13	0.54	0.16	34.56	0.02
Real Estate	0.00	0.00	0.00	0.00	0.00	0.00
Extractive (Oil & Gas)	513.58	56.57	362.29	43.24	-29.46	-16.67
Construction	15.43	1.70	29.93	3.57	93.97	1.60
Manufacturing	55.54	6.12	103.99	12.41	87.23	5.34
Transport, Storage and Communication	1.97	0.22	2.73	0.33	38.69	0.08
of which: Transport	1.86	94.36	2.39	87.72	28.93	0.06
Communication	0.11	5.64	0.34	12.28	202.07	0.02
Wholesale and Retail Trade, Catering and Accommodation	0.22	0.02	0.22	0.03	0.00	0.00
of which: Wholesale & Retail	0.22	100.00	0.22	100.00	0.00	0.00
Catering & Accommodation	0.00	0.00	0.00	0.00	0.00	0.00
Global Total	907.78		837.84		-7.71	-7.71

As at end-2013, a breakdown of total outward investment from Nigeria by investing sectors showed that the extractive sector invested the largest share, contributing a sum of ₦362.29 billion or 43.24 per cent. This was followed by with an investment stock of ₦ 338.68 billion (or 40.42 per cent of total foreign assets). The banking sub-sector accounted for 99.78 per cent of the financing, insurance, real estate and business services sector's total (Table 14).

Four sectors of the economy had higher foreign assets as at end-2013 compared with the 2012 levels. The construction sector had the highest growth of 93.97 per cent, followed by manufacturing sector (87.23 per cent), transport, storage and communication sector (38.69 per cent) and financing, insurance, real estate and business services sector (5.49 per cent). However, the stock of foreign assets holdings by the extractive sector declined by 29.46 per cent to ₦ 362.28 billion, from its level in 2012 (Table 14).

3.4 Foreign Investments in the Free Trade Zone

Enterprises in the Free Trade Zones (FTZs) in the country attracted basically FDI in line with expectations of the policy framework with the stock of foreign liabilities in the zone standing at ₦654.83 billion or 5.18 per cent of total capital inflows as at end-2013 (Table 15).

Table 15: Sectoral Distribution of Foreign Capital into the FTZs (N'Billion)

Sector	2012		2013	
	(N' b)	% Share in Total	(N' b)	% Share in Total
Agriculture, Hunting, Forestry and Fishing	0.00	0.00	0.00	0.00
Financing, Insurance, Real Estate & Business Services	0.00	0.00	0.00	0.00
Extractive (Oil & Gas)	2.69	0.41	2.69	0.41
Construction	417.96	63.83	417.96	63.83
Manufacturing	217.91	33.28	217.91	33.28
Transport, Storage and Communication	16.27	2.48	16.27	2.48
Wholesale and Retail Trade, Catering and Accomodation	0.00	0.00	0.00	0.00
Total Free Zone Inward Liabilities (TFZIL)	654.83	100.00	654.83	100.00
Total Inward Liabilities (TIL)	12028.57		12639.27	
TFZIL as % Share of TIL	5.44		5.18	

4.0 Summary and Conclusion

Survey returns show that the stock of inward investments in Nigeria grew by 5.08 per cent in 2013 from the level of ₦12, 028.57 billion recorded in 2012. The relative contributions of: the manufacturing; transport, storage and communication; and financing, insurance, real estate and business services sectors to the growth were 3.70, 1.46 and 1.45 per cent, respectively. In terms of sectoral distribution of inward investments, the extractive industry of the Nigerian economy remained the preferred sector to foreign investors as it received ₦ 5, 749.76 billion (or 45.49 per cent of the total). This was followed by the manufacturing sector, which received 23.77 per cent. The stock of inward investments in the FTZs was ₦ 654.83 billion, representing about 5.18 per cent of total inward capital stock in the country as at end-2013. In terms of the category of capital stock, FDI dominated, accounting for about 96.72 per cent of the total.

A further breakdown of the total inward capital stock by originating economies as at end 2013 showed that ₦5,426.19 billion or 42.93 per cent was from Europe. This was followed by Asia, and North Atlantic and Caribbean which accounted for ₦2,785.74 billion (or 22.04 per cent) and ₦2,006.52 billion (or 15.88 per cent), respectively.

On the other hand, the stock of outward investments, which stood at ₦837.83 billion as at end 2013, represented a decline of 7.71 per cent below its previous year's level. This was driven largely by the decline of 16.67 per cent in the foreign assets holdings of the extractive sector. In terms of the regional distribution of foreign assets, assets in Europe recorded a substantial decline of 44.26 per cent while assets in Asia, the Middle East, North America and Africa increased.

It is hoped that the findings presented in this report will influence Nigeria's bilateral trade and investment policies with a view to further encouraging foreign capital inflows for improved economic performance of the country. Domestic investment policies need to be backed up with solid infrastructural base in order for the country to continue to sustain inward capital flows, especially to the manufacturing sector.

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