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How Singapore overtook China as Nigeria's top trading partner

Olamide Ologunagbe - March 12, 2024

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Nigeria's top import partners in Q4'23 (N'trn)

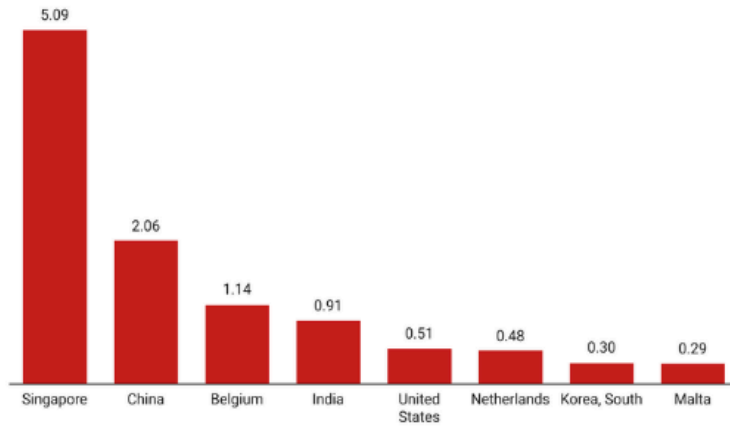


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Singapore has overtaken China as Nigeria's top import partner for the first time in at least 16 years, a BusinessDay analysis of the latest foreign trade data shows.

The report from the National Bureau of Statistics (NBS) shows that Nigeria imported goods worth N5.09 trillion from Singapore in the fourth quarter of last year, which constituted 36.1 percent of total imports (N14.1 trillion).

“Manufactured goods mainly imported were ‘tanks and other armoured fighting vehicles, motorised, whet’ from Singapore valued at N5.06 trillion followed by ‘used vehicles, with diesel or semidiesel engine, of cylinder capacity >2500cc’ also imported from the US and Italy valued at N94.3 billion and N6.69 billion respectively,” the report said.

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It said the value of total imports stood at N14.1 trillion in Q4, which represents an increase of 56 percent compared with the value recorded in Q3 (N9.04 trillion) and of 163.1 percent compared to Q4 2022 (N5.36 trillion).

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“The increase in import was largely due to the import of ‘tanks and other armoured fighting vehicles, motorised, whet’ worth N5.06 trillion.”

Experts say China may return as Nigeria’s top importer due to its reliance on Chinese products as the importation of ammunition from Singapore might be a one-off.

“Insecurity may have influenced this shift. The country importing military equipment from Singapore might have been more cost-effective for them due to ongoing security challenges,” Adeola Adenikinju, president of Nigerian Economic Society, said.

He said China is likely to reclaim its position as Nigeria’s top importer due to its significant manufacturing output.

“Consumer goods rank highest in terms of raw materials, with many capital goods still originating from China. Therefore, China is expected to return as Nigeria’s primary trading partner for the foreseeable future,” Adenikinju added.

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Isreal Odubola, a Lagos-based economist, said the development is not surprising, given that Singapore is another manufacturing giant.

“While we cannot confirm whether Singapore has ‘actually’ overtaken China as Nigeria’s largest import partner, data points for the next two quarters will give us a clue,” he added.

BusinessDay reported on Monday that Nigeria’s trade surplus shrank by 10 percent last year as imports surged to the highest since the NBS started publishing foreign trade data.



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Africa’s most populous nation recorded a positive trade balance of N2.9 billion in 2023 for the second straight year, down from N1.21 trillion in the previous year.

However, the country recorded a trade deficit of N1.4 trillion in Q4 for the first time since Q1 last year.

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A trade surplus, also known as a positive balance of trade, occurs when a country's exports exceed its imports, while a deficit is the opposite.

A breakdown of the NBS report shows that total trade was N71.9 trillion in 2023, of which imports were valued at N35.9 trillion and exports stood at N36 billion.

Further analysis revealed that on a year-on-year basis, imports rose by 40.2 percent and exports by 33.9 percent.

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The import growth for last year is higher than the 23.1 percent increase recorded in 2022, while the export growth is lower than the 41.7 percent increase in 2022.

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“The significant rise in imports caused a decline in trade surplus. But it is a one-time thing. I expect the surplus to reverse in Q1,” Ayorinde Akinloye, a Lagos-based investor relations analyst, said.

He added that in terms of impact on the economy, the decline in trade surplus meant that low net foreign exchange came into the country, which affected the external reserves and the FX rate.

The trade report also highlighted that the Netherlands, India, Spain, Canada and France were Nigeria's top export destinations in Q4 with N1.91 trillion, N1.10 trillion, N1.03 trillion, N907.6 billion and N799.8 billion respectively

“Altogether, exports to the top five countries amounted to 45.3 percent of the total value of exports. The largest exported product was ‘petroleum oils and oils obtained from bituminous minerals, crude’ valued at N10.3 trillion representing 81.2 percent, this was followed by ‘natural gas,’ with N1.01 trillion accounting for 8.0 percent, and ‘Urea, whether or not in aqueous solution’ with N251.9 billion or 1.98 percent of total exports,” the report said.

In terms of imports, the top five trading partners were Singapore with goods valued at N5.09 trillion, followed by China with N2.06 trillion. Belgium had N1.14 trillion; India had N908.6 billion and the US with N512.9 billion.

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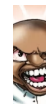
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