



November 2022 | Issue 2



Africa Trade Barometer

# Nigeria Country Report





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## Foreword

This **Africa Trade Barometer** report is one of the most comprehensive research reports on the state of trade on the African continent as experienced on the ground by real African businesses. It offers a comparative view of the enablers and challenges to facilitating trade across 10 key African markets.

Trade – in the context of this report – can be understood as the process of production and transfer of goods and services that's enabled by solutions that effectively connect the supply chain domestically and internationally to create economic value.

The **Africa Trade Barometer** is aimed at providing a source of reliable data and insights on African markets and economies for businesses and entrepreneurs as well as businesspeople, students, Governments, NGOs and investors considering the continent.

Qualitative and quantitative intelligence was gathered from 2 554 firms during August and September 2022 for the second issue, representing small, big and corporate businesses across all 10 economies. This intelligence is further enriched by third-party sources including the World Bank, International Trade Center, and the central banks of our initial 10 focus markets. The **Africa Trade Barometer** is aimed at being an important tool that enables businesses to identify, unlock opportunity and drive growth across the continent.

– **Bill Blackie, Chief Executive**  
Standard Bank's Business and Commercial Clients division.





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# Research Objectives & Methodology

*Exploring how the Africa Trade Barometer is constructed.*



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## Objectives

*Africa is our home. We drive her growth.*

The objective of the **Standard Bank Africa Trade Barometer** is to provide dynamic and insightful understanding of trade in Africa.

This ambitious project was conceived with the intent of creating Africa's leading trade index to address the information vacuum in terms of the absence of reliable African trade data and to support and enable the growth of intra-Africa trade.

This updated data enables us to take the pulse of African trade in near real-time to measure improvements or declines in business confidence, track operational challenges and identify shifts in overall tradeability on our rankings per country.

Developing a thorough understanding of the landscape we operate in is vital for the future and prosperity of African businesses.

By helping firms become trade-ready, it will also enable them to take full advantage of the African Continental Free Trade Area (AfCFTA) in years to come, which if successfully implemented is expected to create a single African market of over a billion consumers with a total GDP of over US\$3 trillion – making Africa the largest free trade area in the world.





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# Building the Africa Trade Barometer

## Methodology

### Secondary research

#### Quantitative data

- Data was collected principally from the World Bank, although underlying data sources ranged from the IMF and International Trade Center to Country Central Banks.
- Key condition: Data reliability and frequency ensured.
- In-depth discussions were conducted with key stakeholders in each country (e.g., Central Bank, Department of Trade, etc.) to verify and provide context to the data.
- For Issue 2, trade tariffs from the World Bank were included in the quantitative data. Trade tariffs were not all available at time of print for Issue 1 and therefore not included.

### Primary research

#### Firm survey

- 277 firms interviewed.
- The sample was stratified by:
  - Standard Bank segments, i.e., small business, big business and corporates
  - Region
  - Industry
- Fieldwork conducted between August and September 2022.
- For Issue 2, additional trade tariff questions were included in the Firm Survey.
- The report shows percentages except where base sizes are below 20, then absolute scores are shown.

Issue 2 | November 2022

**2 554**

**FIRMS**

**10**

**ECONOMIES**

**277**

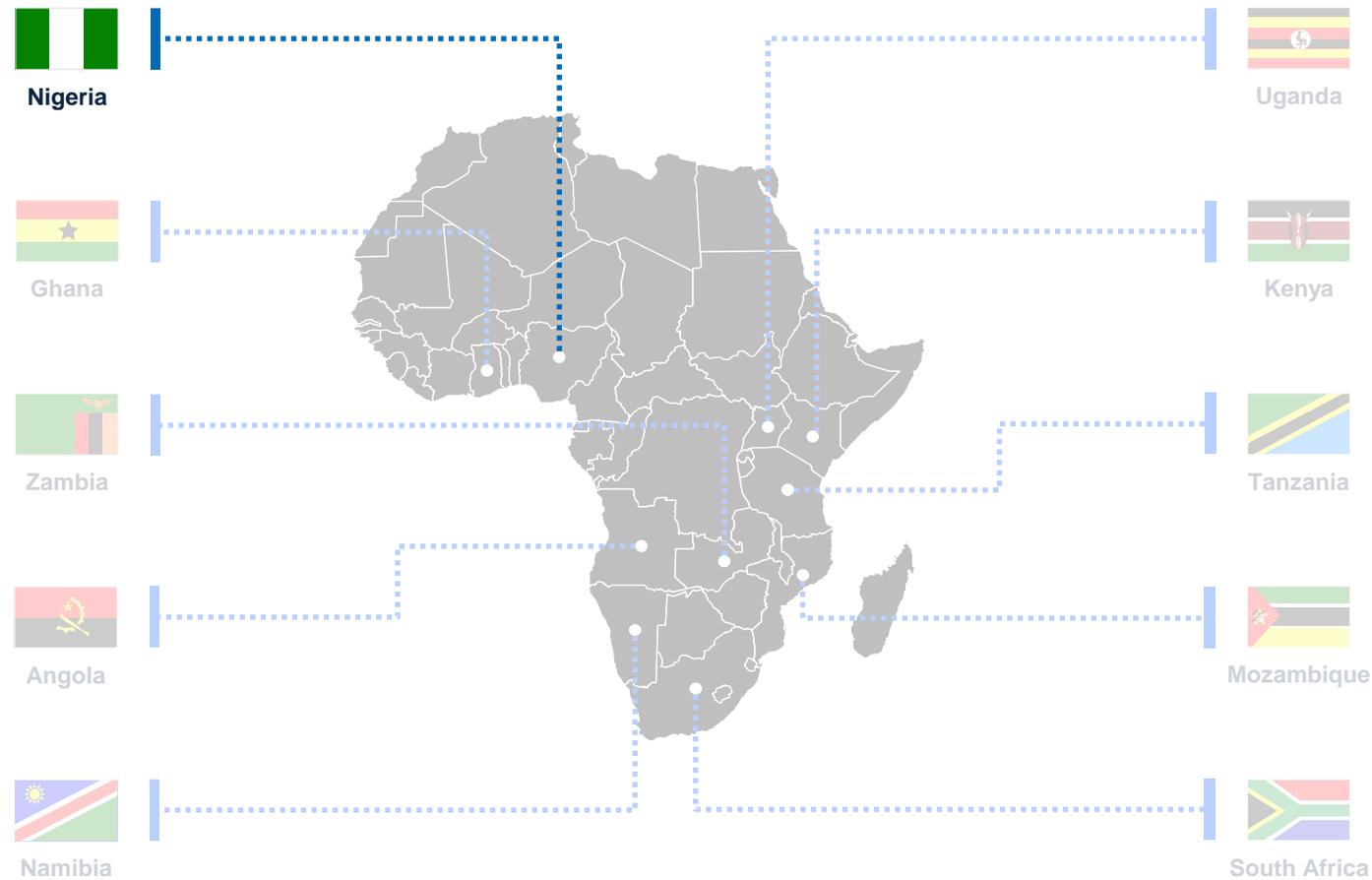
**NIGERIAN FIRMS**



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## Building the Africa Trade Barometer

Countries and variable focus – 10 country coverage



Variable coverage focused on **7 broad thematic categories** of data that impact on trade, namely:

- 1** Macro economic stability
- 2** Governance and economy
- 3** Infrastructure
- 4** Trade openness
- 5** Foreign trade
- 6** Trader financial behaviour
- 7** Access to finance



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## Commentary on Rankings

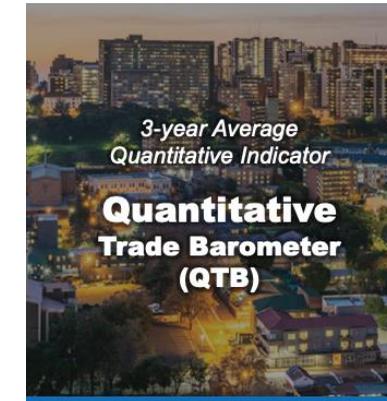
*The value of access to quantitative and qualitative inputs.*

When we set out to construct the inaugural **African Trade Barometer**, it was essential that we ensure the findings would be relevant and reflective of real-life trading conditions as experienced by African businesses on the ground.

This is the reason we have initiated a substantial effort to conduct in-person surveys with firms of all sizes (over 2550 in total), across the 10 economies. It is this qualitative research that informs the **Survey Trade Barometer (STB) Ranking**.

Aggregating this qualitative **STB** data with the **Quantitative Trade Barometer (QTB) Ranking** data (obtained from third-party sources including the World Bank, the International Trade Centre and local Central Banks), we're able to arrive at the **African Trade Barometer (ATB) Tradeability Index** that ranks all 10 countries from first to last.

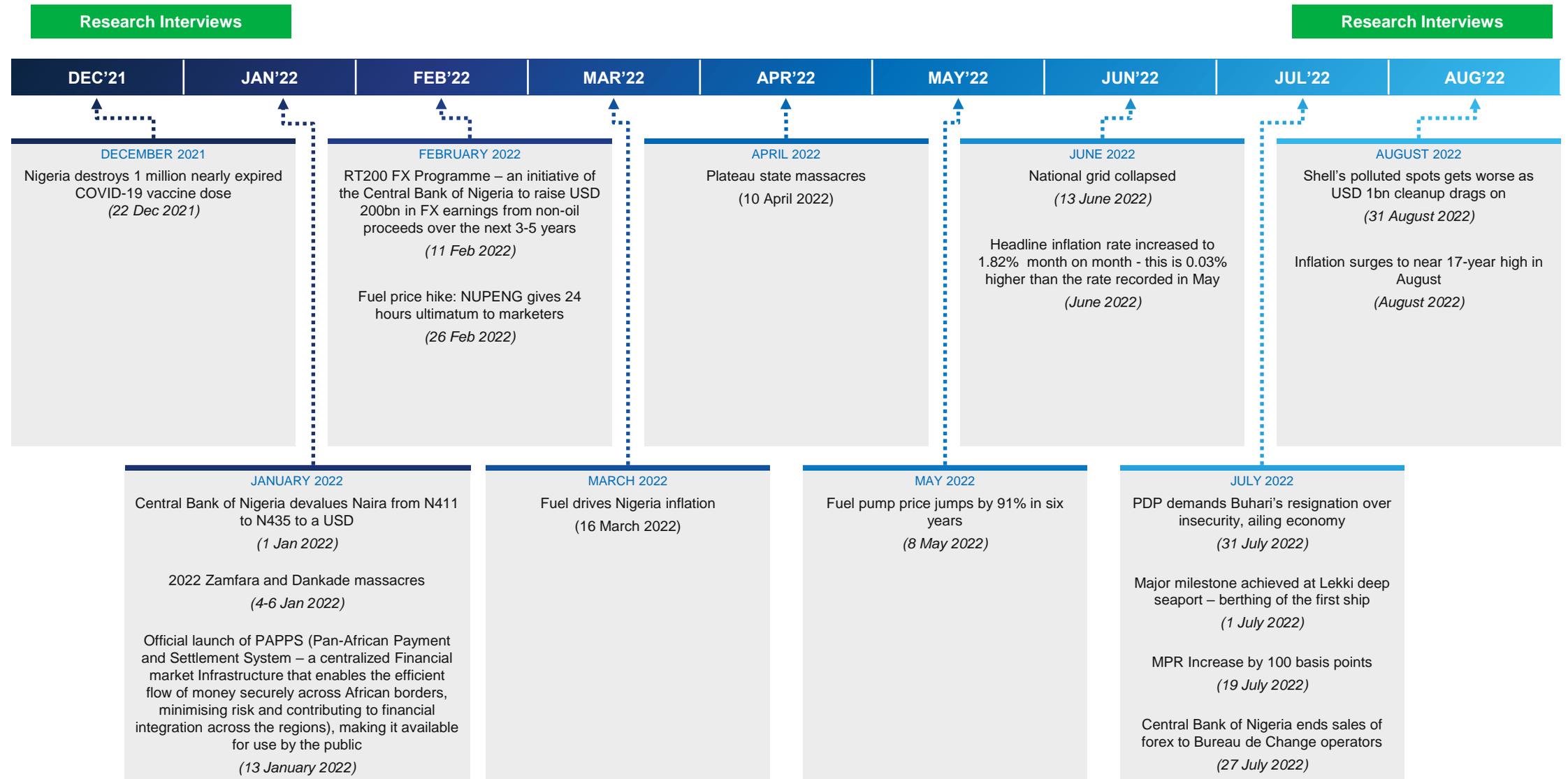
Nigeria is placed 8<sup>th</sup> out of the 10 countries on the **ATB** after dropping one position (6<sup>th</sup> to 7<sup>th</sup> place) on the **QTB** rankings and gaining 2 places (10<sup>th</sup> to 8<sup>th</sup> position) on **STB**, which was mainly driven by directional improvements in the trader's financial behaviour. Nigeria's economic growth has largely recovered after the 2020 recession (largely brought about by the COVID-19 pandemic). On the political front, general elections are scheduled for February 2023. The projected economic growth (3.2% in 2022-2024) is average.





# Timeline of events between the time of data collection

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# Summary of Key Trends

*A look at big movers, small movers and big declines.*



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## Summary of Key Trends

The **Africa Trade Barometer (ATB)** is an aggregate of the **Quantitative Trade Barometer (QTB)** and the **Survey Trade Barometer (STB)**.

**Changes in a country's ranking** on the 3 Indices are driven by **changes in both** the **aggregate score** for that country, as well as their **relative ranking** against the other countries included.

**Changes in the ATB rankings** over the past 6 months, are **driven mostly** by the **changes in the STB scores**. That said, the **increase in the Nigerian STB** is offset by its **decline in the QTB** (with the new tariff data included).

**Movements in the country STB scores and rankings**, as well as the **key reasons** for these, are shown in the **adjacent graphic**.

The **Index components** registering the **biggest declines** in the region over the past 6 months, impacting the most countries, relate to **credit terms** and **Government support for trade**.





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## ISSUE 2

# Trade Analysis Highlights

*Selected research highlights to better understand Tradability factors across seven core themes.*



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## Trade Analysis Highlights: Nigeria

On an overall level, business confidence has not changed much, but a closer look shows that it is only the small business that has a half full glass. Big business and corporates have become less confident, the latter significantly less confident than before. Currency value losses (Naira depreciated to the lowest value on record against the US dollar), the poor economy and high prices are driving the negative sentiment. Security concerns also undermines business confidence.

Government is generally seen as neutral/not supportive of cross border trade – big business is the only sector positive about the support from Government. This could be due to a lack of communication as there has evidently been substantial investments from Governments side on infrastructure to aid production. The most important ask from Government is financial relief (lowering of duties and business tax) and efficiencies with custom clearance. Whilst Nigerian business seem to be quite optimistic looking to the future, when determining the current state of affairs in terms of Government support and infrastructure, the picture is not particularly good.

Only two in five Nigerian businesses surveyed engage in cross border trade. Of these, the majority are importers and exporting is only done by a small minority. Though primarily from existing source countries (mainly Asia), importers believe that the import volume will increase in the next 2 years. Currently, very little importing is done from the rest of Africa. Importers mainly source foods from manufacturers / farmers or wholesalers and primarily sell directly to the end consumer.

Power outages is a severe obstacles that Nigerian firms face. Firms are of the opinion that the quality of the power supply has worsened significantly. Coupled with that is the road infrastructure – a challenge that has become more severe to business growth over time. There is some frustration around plans that are not executed with little accountability from Government. Nigeria ranks lowest in quite a number of these critical factors (governance and economy, infrastructure and access to finance) compared to the other markets surveyed which impacts its competitiveness from a trade perspective on the continent.

Quicker access to funding and flexible loan terms is an unmet need that was expressed. Insurance of goods is another need that has remained in the top 3 on the wish list for firms when dealing with financial institutions. Irrespective of the size of the business, accessing credit remains a challenge. Online banking is the most used financial service, whilst smaller business, as one would expect, also make use of Point of Sale devices / services.

Key Trends	Change from before (%)	Ranking out of 10 countries
Macro Economic Stability	Business Confidence 57 → 58	4
Governance and Economy	Government Support on Trade 45 → 39 ↓	10
Infrastructure	Quality of Infrastructure 35 → 32	9
	Infrastructure Obstacles 49 → 46	10
Trade Openness	Trade Challenges / Barriers 49 → 46	9
Foreign Trade	Ease of Trade 42 → 39	9
Traders' Financial Behaviour	Credit Terms Extended to Clients 55 → 60	2
	Credit Terms Advance from Suppliers 55 → 57	3
Access to Finance	Access to Credit 30 → 28	10



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# 1. Macro Economic Stability

*A significant number of Nigerian firms expect turnover to increase in 2023 – indicative of positive expectation before the upcoming elections.*

*Nigeria still feels the effects of global impacts such as the US FED's interest rate hikes, the war in Ukraine and COVID-19-related port shutdowns in China. The economy is impacted by the contraction in the oil sector (against the backdrop of transition to low carbon), whilst there has been some growth in agriculture and service. Inflation was higher than expected.*

## Shifts in Business Confidence

Over the past 6 months, Nigerian firms show a slight upward trend in business confidence, which is driven mainly by small businesses.

Businesses that are less optimistic are driven by the perception around currency depreciation, high prices, poor economy and lack of security.

While industries recover from the effects of the pandemic, some impacts are still being felt.

### Impact of COVID-19:



*The key contributors is number 1, we have good weather in Nigeria, we have good soil, we have a good climate condition that is favorable to agriculture. The other good side of things is that we have more than enough manpower. Our population is a plus for us.*

**SURVEY RESPONDENT**  
(Key decision maker A, Industry Bodies)



# 87%

Almost 90% of Nigerian firms expect their turnover to increase in 2023.

# 58%

Business confidence in Nigeria has gained marginally, up from 57%.



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## 2. Governance and Economy

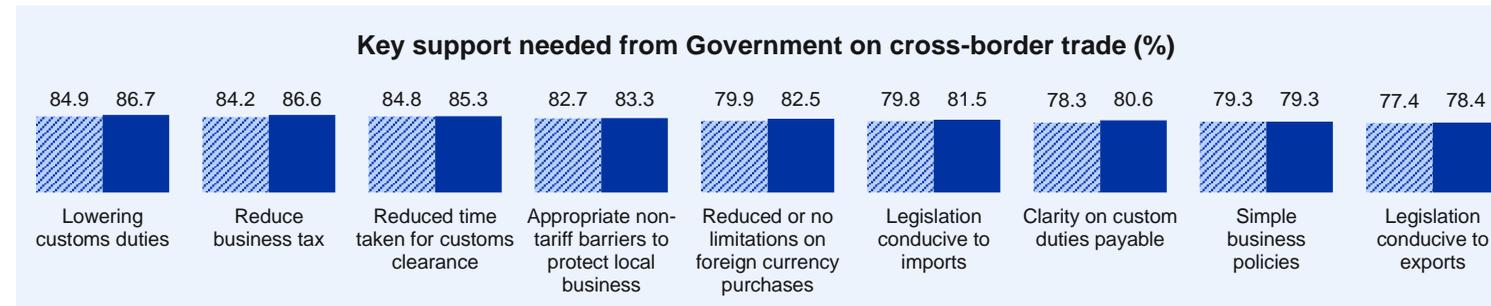
*Firms in Nigeria feel their Government is neutral or not supporting them in trade.*

### Traders' perceptions of Government support

Significantly fewer firms in Nigeria (down from 45% to 39%) feel that Government is supportive of cross-border trading activities.

### More Government support needed on cross-border trade

Assistance is still needed for financial relief (lowering of customs duties and reducing business tax) and reduced time for customs clearance. Providing this financial relief to businesses is not viable as it will impact the revenue generation for the Government. The Government can focus on easier and more cost-effective wins to improve trade within Nigeria and abroad.



*Creating greater clarity on customs duties payable, simplifying business policies and reducing the time taken for customs clearance would have a significant positive impact on trade. The suggestions are practical - for an easing of regulatory restrictions, for example obtaining certification from NAFDAC should be awarded within a week. Furthermore, the process should not be cumbersome.*

Corporate is the only sector aware of the African Continental Free Trade Area (AfCFTA) which seeks to not only lift tariffs but also reduce friction at borders for the movement of people and goods.

# 39%

Only 39% of businesses feel that Government is supportive of cross-border trading activities.

# 83%

82,5% of businesses would like to see reduced / no limitations on foreign currency purchases.



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## 3. Infrastructure

The quality of infrastructure and its impact on operations has worsened.

### Infrastructure as an inhibitor to trade

Power supply/outages remain the most severe infrastructural obstacle. There has been significant decline in the quality perception, and this has become significantly more of an obstacle.

Perceptions of transport-related infrastructure have worsened in Nigeria (down from 35% to 32%).

The unstable power supply, without a doubt, is having a detrimental effect on all businesses and the economy as a whole.

“ Apart from the road network, during transportation for instance because of the means of transportation, it takes longer, if we have a rail network, it will be easier and faster. Sometimes, they spend 2 days on the road. No infrastructure to preserve perishables. In developed countries, they have trucks that have chillers on them, so these things are preserved, but we don't have that here. Farmers suffer a lot of losses.

SURVEY RESPONDENT  
(Key decision maker C, Corporate business)



14%

Power supply/outages have the lowest rating in terms of quality.

27%

Road infrastructure has become significantly more of an obstacle and among the 10 countries surveyed, Nigeria is lowest ranked.



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## 4. Trade Openness

More Nigerian firms have increased their optimism concerning future prospects for importing.

### Sentiment on import and export growth prospects

Nigerian firms have become more optimistic about future prospects for importing and exporting; a significant increase for importing and a directional increase for exporting.

Traders are more optimistic about importing in the future; sentiments potentially driven by the expectation that forex restrictions will ease somewhat. In a more general sense, expectations that a new government will attract foreign direct investment, resulting in improved country ratings and access to trade lines.

“ If we talk about commodities, like I said we don't manufacture, so, we are import based and because of the tariffs when goods are imported. The landing cost, It makes goods expensive, and we also have the issue of foreign exchange, it affects our ability to compete favorably in the international market.

SURVEY RESPONDENT  
(Key decision maker C, Corporate business)

Trade Openness	Sub-parameter Factor	Score (%)
Imports	Trader perception on import growth prospects	70.35 / 75.65 ↑
Imports	Trader perception on import tariff regulations <small>*New question added</small>	N/A* / 46.53
Exports	Trader perception on export growth prospects	70.71 / 72.41
Exports	Trader perception on export tariff regulations <small>*New question added</small>	N/A* / 31.50
Border & customs	Trader rating on country efficiencies	34.11 / 31.94
Trade challenges / barriers	Trader perceptions on the degree of challenges impacting trade	48.57 / 45.84
Forex	Forex restrictions and controls	38.67 / 35.95

Long standing challenges at Nigerian ports include: logistics, scanners and single window clearance processes, resulting in delays when it comes to discharging goods.

**36%**

35,95% of Nigerian firms continue to struggle with Forex restrictions and controls.

**32%**

31,94% of Nigerian firms continue to struggle with country efficiencies at border and customs



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## 5. Foreign Trade

Ease of trading with Africa is unchanged, whilst there is still very little awareness of AfCFTA.

### Regional African trade and global trade

Ease of trading with the Rest of Africa has remained unchanged and is down from 39% to 25% with the rest of the world,

*Whilst there is uncertainty around the complexities associated with trading in Africa and globally, the former is still seen to be the less challenging option. Just under half of Nigerian firms (45%) engage in cross-border trade.*



### Shifting trends in sourcing goods from China

Of those Nigerian firms that are actively doing business with China, there is no significant change in the nature of their business involvement and goods and services are primarily purchased from retailers and wholesalers located in China.

*China remains the leading import source and has a high share of the import volume and also a high frequency. It is also seen as the country where imports are mostly likely to increase.*



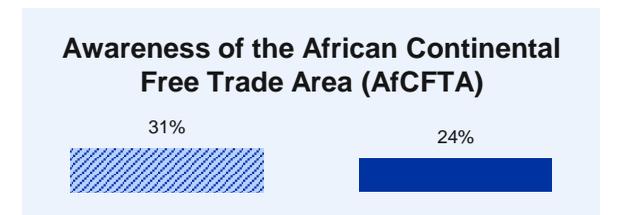
*The trade agreement promises broader and deeper economic integration and would attract investments, boost trade, provide better jobs, reduce poverty and increase business revenues in Africa.*

SURVEY RESPONDENT  
(Key decision maker C, Corporate business)



### Awareness of the African Continental Free Trade Area (AfCFTA)

There remains poor awareness of the African Continental Free Trade Area across all Nigerian firms, however corporate shows improved awareness (57% to 81%).



# 48%

48% of firms hope for AfCFTA is pinned on free trade among African countries with the spin off on reduced tax rates and socio-economical improvement.



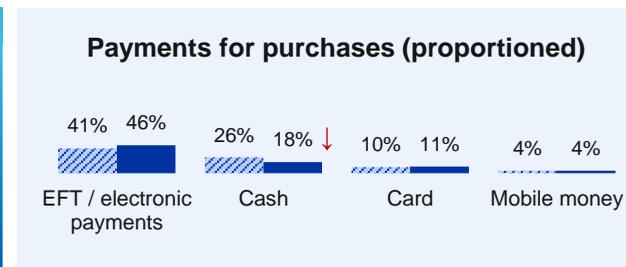
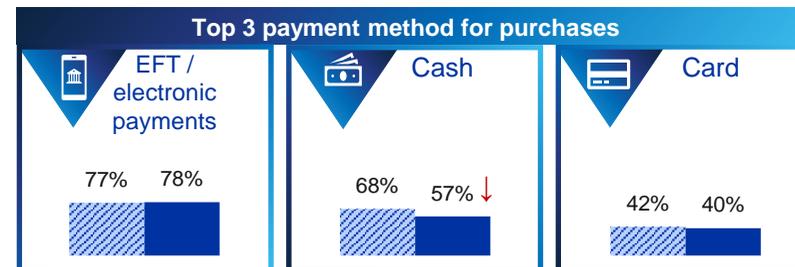
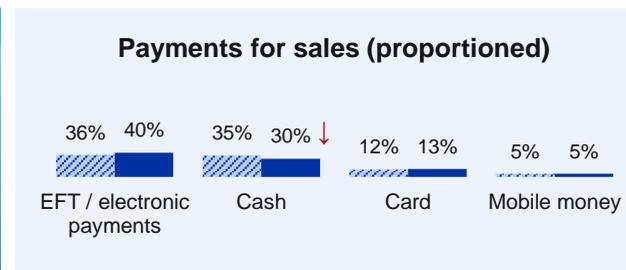
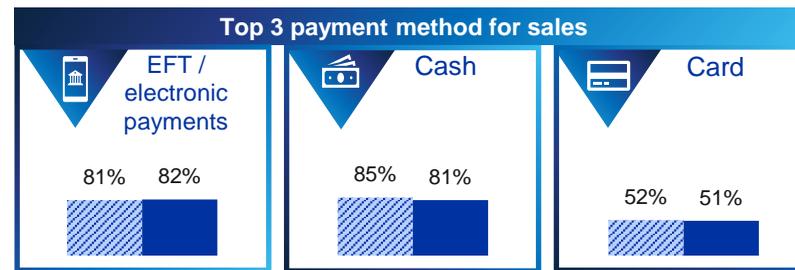
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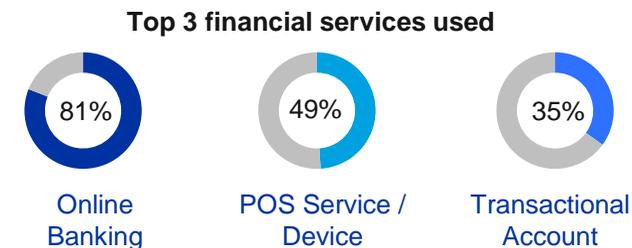
*In terms of the financial behaviour of traders, when it comes to methods of payment for sales, cash and EFT/ electronic payments are still the most popular.*

### Payment Methods

We have seen a small increase in the use of EFT / electronic payments, with the inverse happening for cash payments. The use of cash for the payment of both sales and purchases has dropped; significantly for the latter, while card and mobile money have remained largely unchanged.



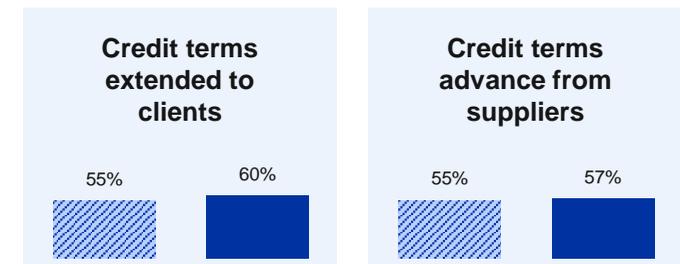
Nigerian firms use a variety of financial services, this is especially true for corporates. Online Banking has increased, but the use of Transactional accounts has declined significantly.



### B2B Credit

Sixty percent of businesses offer credit terms to clients, a slight upward trend.

A similar pattern is true for credit terms advance from suppliers.



# 60%

More than half of the firms offer credit terms to clients.



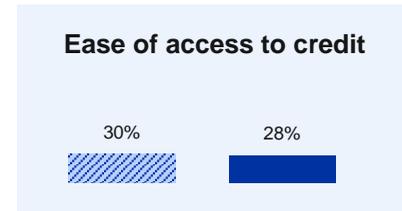
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## 7. Access to Finance

*Credit remains a key area of concern amongst firms.*

### Access to Credit

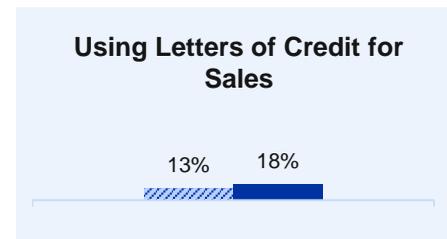
Generally speaking, a major benefit of credit lies in the ability to smooth out cash flow peaks and valleys. This is particularly important in cross-border trade, where there is often an extended lag in the time it takes to manufacture, transport and sell goods before sales revenue can be generated. This makes credit a vital tool for unlocking working capital. Fewer firms in Nigeria (down from 30% to 28%) believe it's easier to access credit.



*For Credit Providers to make informed lending decisions, it's necessary that they have access to multiple data points that demonstrate a business' transaction history, liquidity, and behaviour over time.*

### Uptake of Trade Finance, Trade Services and Letters of Credit

The usage of specialised Trade Finance and Trade Services\* remains low. The usage of Letters of Credit, a payment instrument that de-risks cross-border transactions and provides credit solutions, has increased slightly in terms of both Sales (up from 13% to 18%) and Purchase transactions (up from 15% to 16%), but overall the uptake of this is also very low.



*“If you have read the World Bank report on finance in Nigeria, about 60 something percent, if not more of SMEs have not been able to get loans from commercial banks, and it's retarding their growth in all ramifications...talk about capacity building, purchase of equipment and machinery.... Finance is very big...to build infrastructure is not cheap, it's capital intensive.”*  
 SURVEY RESPONDENT  
 (Key decision maker B, Government & Institutions)

Firms' most pressing needs from Financial institutions:

**87%**

Quicker access to funding

**84%**

Insurance of goods (amongst the highest mentions across the countries surveyed)

**84%**

Flexible loan terms

\*Trade Services are defined as any trade-related product or service, including financing and lending that a bank makes available to a client.



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# Tradeability Index Rankings

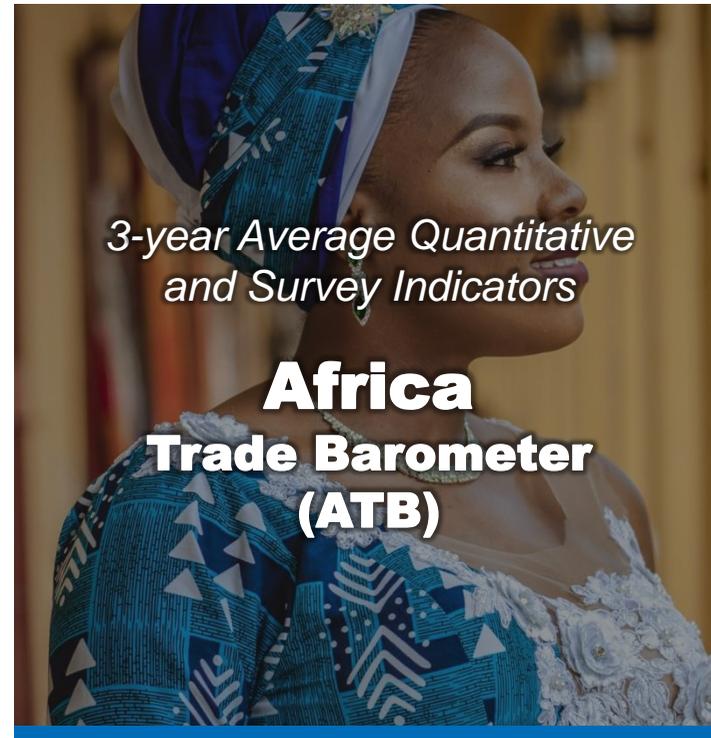
*The merging of quantitative and qualitative data to build Africa's first Tradeability Index country rankings.*



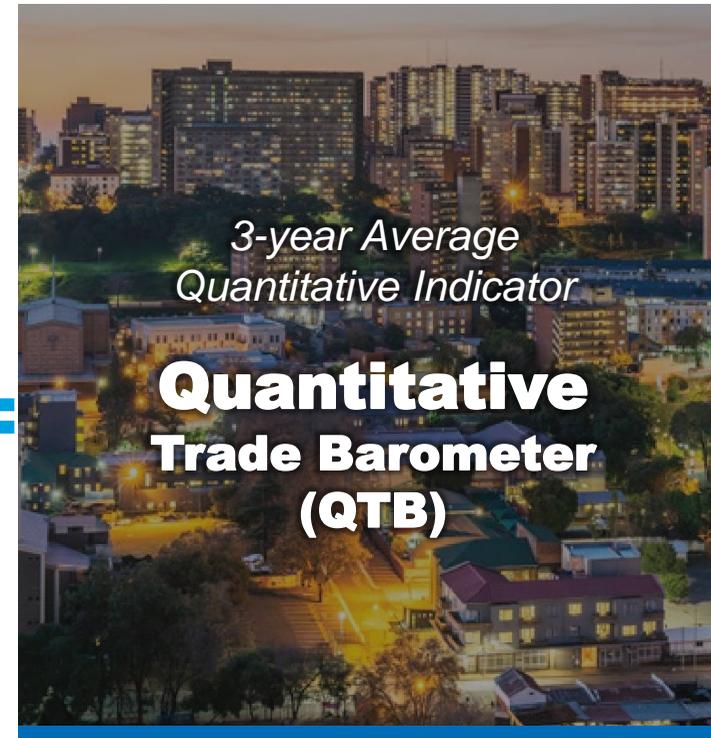
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## Tradeability Index Rankings

*There are a series of three ranking measures including:*



The Standard Bank Africa Trade Barometer (ATB) scores and ranking by country are aggregated from scores collected from both existing third-party data sources and primary research firm surveys.



The Standard Bank 3-Year Quantitative Trade Barometer (QTB) scores and ranking by country are the averages of all the selected indicators collected only from existing secondary data sources/reported facts.



The Standard Bank Firm Survey Trade Barometer (STB) scores and ranking by country are the averages of all the data collected only from the primary research surveys conducted with 2 554 businesses.

*In presenting the three Tradability Index ranking outcomes, all values are shown so that a higher value is 'better' for trade, with the best to least ranking economies being ranked 1, 2, 3, etc., and how this has changed over time.*



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# Summary of Tradeability Index Rankings

## ATB, QTB and STB ranking, by country

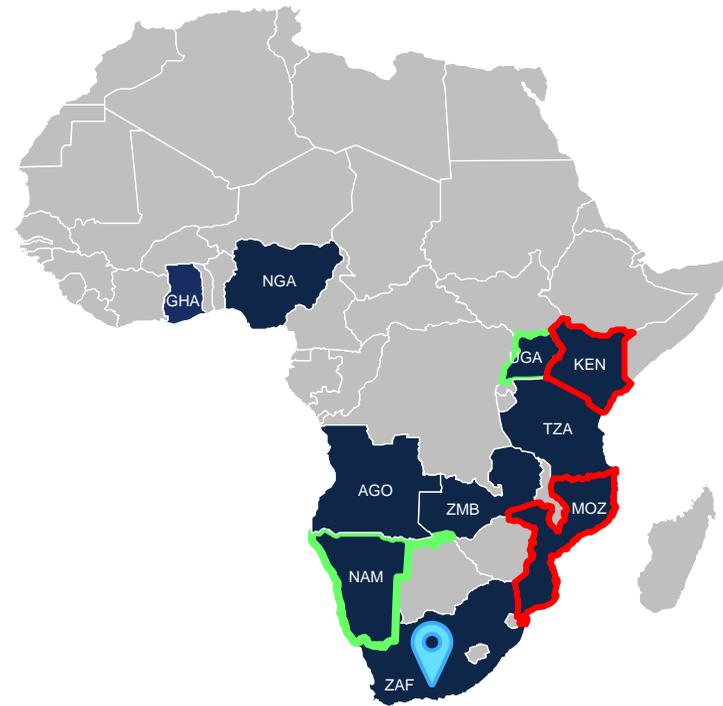




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## Africa Trade Barometer (ATB) Ranking

The Standard Bank Africa Trade Barometer (ATB) scores and ranking by country are aggregated from scores collected from both existing third-party data sources and primary research firm surveys.



Countries are ranked against each other i.e., relative scores to each other. This is pegged on a scale of 0-100. When indexed between this range, South Africa has the highest Tradability Index while Angola has the lowest. This does not imply that one cannot trade in Angola or that South Africa is perfect, it only implies that at a common starting point of 0 and maximum point of 100, this is how the two markets fared.

Country		Africa Trade Barometer (ATB) score (%)	ATB rank		
			Dec'21/Jan'22	Aug/Sep'22*	
AGO	Angola	0.00 0.00	10	10	■
GHA	Ghana	82.18 74.28	2	2	■
KEN	Kenya	63.31 55.81	4	7	↓
MOZ	Mozambique	71.05 57.51	3	6	↓
NAM	Namibia	53.05 60.23	7	3	↑
NGA	Nigeria	52.71 48.41	8	8	■
ZAF	South Africa	100.00 100.00	1	1	■
TZA	Tanzania	55.68 58.90	5	5	■
UGA	Uganda	54.77 58.94	6	4	↑
ZMB	Zambia	48.29 43.21	9	9	■



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## QTB & STB Tradeability Index Rankings

The Standard Bank 3-Year Quantitative Trade Barometer (QTB) scores and ranking by country are the averages of all the selected indicators collected only from existing secondary data sources/reported facts.

Country	3-Year Quantitative Trade Barometer (QTB) score (%)	QTB rank	
		Dec'21/Jan'22	Aug/Sep'22*
Angola	0.00 0.00	10	10
Ghana	86.65 86.18	2	2
Kenya	64.74 63.93	4	5
Mozambique	64.60 67.39	3	3
Namibia	46.75 64.67	8	4
Nigeria	57.00 56.06	6	7
South Africa	100.00 100.00	1	1
Tanzania	57.07 59.21	5	6
Uganda	51.69 51.75	7	8
Zambia	44.32 47.13	9	9

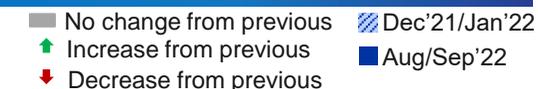
The Standard Bank Firm Survey Trade Barometer (STB) scores and ranking by country are the averages of all the data collected only from the primary research surveys conducted with 2 554 businesses.

Country	Survey Trade Barometer (STB) score (%)	STB rank	
		Dec'21/Jan'22	Aug/Sep'22**
Angola	31.46 22.55	6	6
Ghana	2.46 0.00	9	10
Kenya	29.82 10.31	7	7
Mozambique	100.00 1.24	1	9
Namibia	95.99 34.06	2	4
Nigeria	0.00 8.44	10	8
South Africa	45.51 83.98	5	2
Tanzania	67.12 100.00	4	1
Uganda	26.61 57.00	8	3
Zambia	74.30 26.60	3	5

\*Aug/Sep'22 QTB score updated with tariff data, not included in Dec'21/Jan'22 score

\*\*Aug/Sep'22 STB score includes tariff data, not included in Dec'21/Jan'22 score

The scores denote the performance of each country relative to the full country list on the specified measures





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# Appendix A

## Business Profiles



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## Business Profile Summary

### Landscape

- 74% of businesses fall into the small business segment, 14% in big business, and 11% in corporate.
- Seventy five percent of business decision-makers interviewed were men.
- Small and big businesses are mostly in the stabilising phase (6–25 years in business). Although big businesses remain mostly in the stabilising phase, compared to before, there are more in the stable phase (more than 25 years in business).

### Sectors

– Diversified Industrials	36%
– Consumer Goods	27%
– Services	12%
– Power & Infrastructure	7%
– Government & Institutions / Public Sector	3%
– Mining & Metals	1%
– Real Estate	1%
– Telecommunications	1%
– Financial Institutions	0%

### Structure

#### Small Business

- Small business owners or co-owners (most businesses in this segment are sole proprietorship) mostly make financial decisions on their own.
- Small business have, on average, 43 employees, slightly less than previously, where there were on average 49 employees.

#### Big Business and Corporate

- In big business and corporate, decision-making is shared with others, as respondents are likely to be Head of Departments and/or Chief Accountants. Big business are more likely to be sole proprietorship, while corporate are more likely to be in privately traded companies.
- Big business have on average 615 employees and corporate 1 107.
- Subsidiaries or members of holding companies are most likely to be found among corporate.
- Decision making at both local and group level.

**74%**  
SMALL BUSINESS

**14%**  
BIG BUSINESS

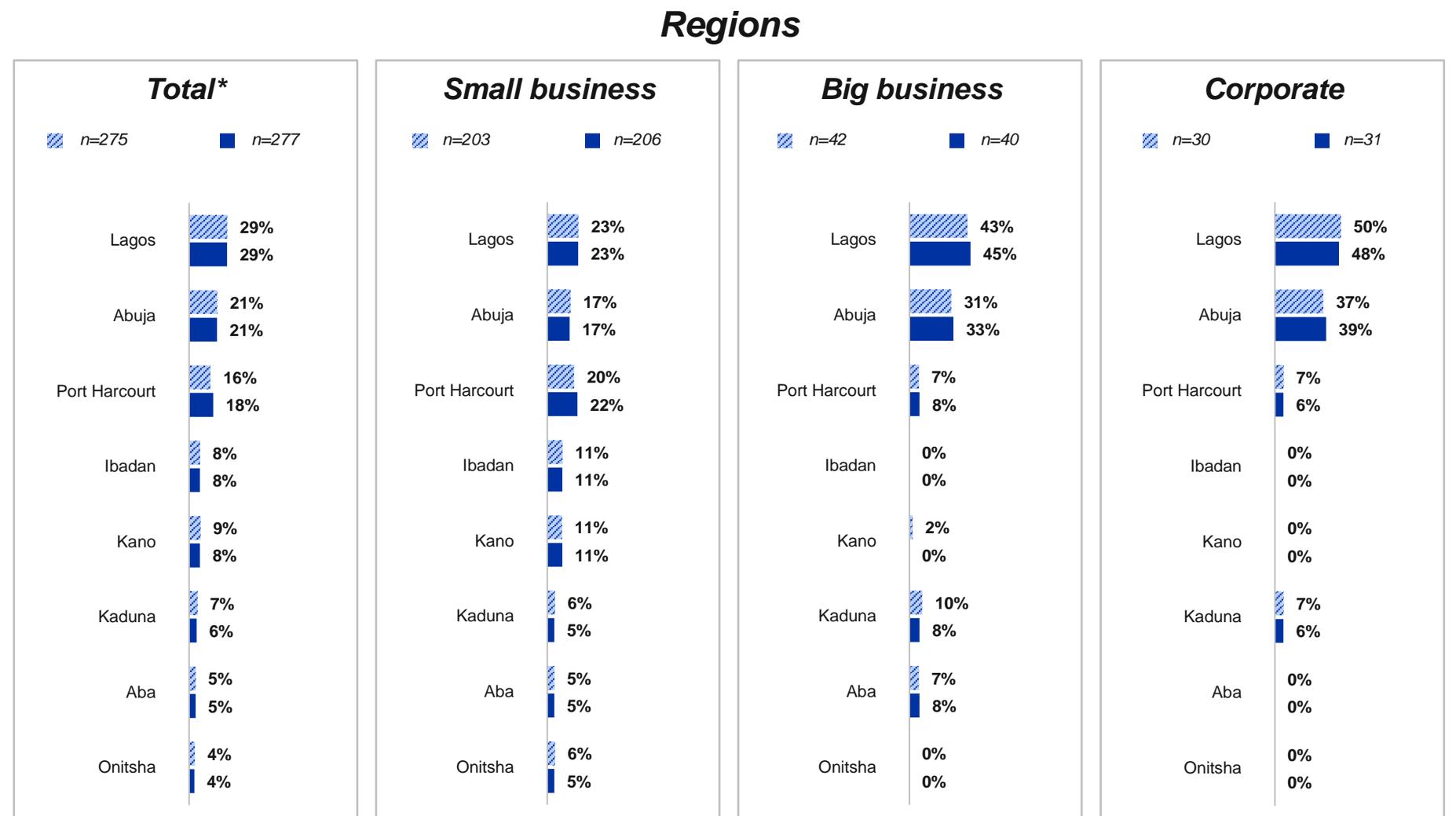
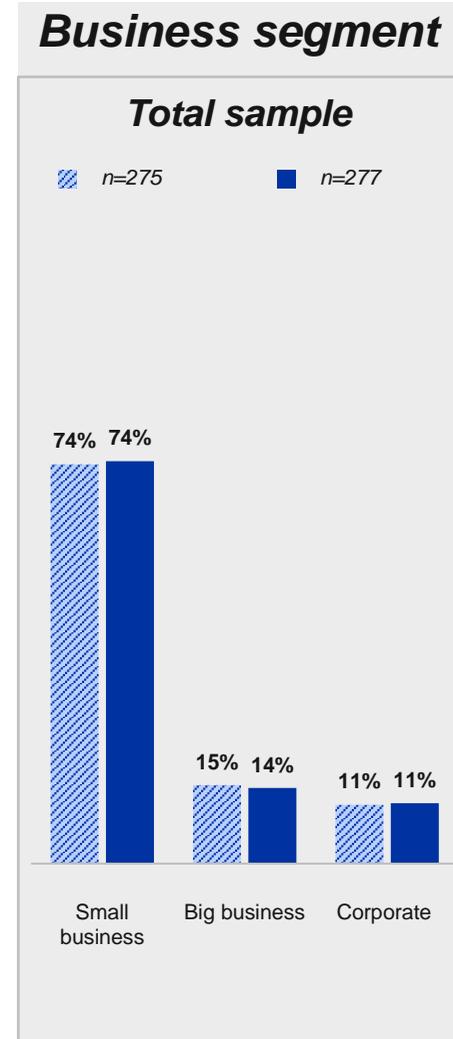
**11%**  
CORPORATE



# Coverage of Firms

A total of 277 firms were interviewed. Majority of firms sampled are classified as small businesses (74%) – mostly located in Lagos.

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## Survey Trade Barometer Score Dashboard



# Survey Trade Barometer (STB) Score Dashboard

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## Nigeria

Parameter	Sub-parameter	Sub-parameter factor	Score (%)
Trade openness	Imports	Trader perception on import growth prospects	70.35 75.65 ↑
	Exports	Trader perception on export growth prospects	70.71 72.41
	Border & customs	Trader rating on country efficiencies	34.11 31.94
	Trade challenges/barriers	Trader perceptions on the degree of challenges impacting trade	48.57 45.84
	Forex	Forex restrictions and controls	38.67 35.95
Macro economic stability	Business confidence	Trader business confidence score as a function of economic performance	57.13 57.68
Finance access	Access to credit	Trader perceptions on ease of access to credit	30.34 28.01
Infrastructure	Quality of transport related infrastructure	Trader evaluation of the country quality of trade and transport related infrastructure	34.73 32.28
	Infrastructure obstacles	Trader evaluation of infrastructure obstacles impacting business	49.29 46.14
Foreign trade	Ease of trade	Trader perception on ease of trade with foreign markets	41.65 39.44
Governance and political economy	Perceptions on governance	Trader score on Government support on trade	45.04 39.44 ↓
Trader financial behaviour	Credit terms extended to clients	Trader evaluation and score on credit terms they extend to clients	54.91 59.93
	Credit terms advance from suppliers	Trader evaluation and score on credit terms advanced by clients	55.27 56.68



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Africa Trade Barometer

# Thank you

For any questions or information requirements on this report  
please contact [tradebarometer@standardsbg.com](mailto:tradebarometer@standardsbg.com).

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