



# Nigeria

PART 1



INSIDER VIEW

## ENTREPRENEURIAL SPIRIT BOOSTS NATION'S DIVERSIFICATION DRIVE

### *New generation is ready for challenges*

A more stable economy and transparent business environment are changing attitudes at home and abroad, Nigerians are taking a more active role in society and foreign firms are being encouraged to invest, paving the way for a break from dependence on oil revenues

### FACTS & figures

**Population**  
129,934,911  
(July 2002 est.)

**Area**  
Nigeria's total area is 356,667 square miles, slightly more than twice the size of California

**Natural resources**  
Natural gas, petroleum, tin, columbite, iron ore, coal, limestone, lead, zinc, arable land

**Currency**  
Naira (NGN)

**Exchange**  
1 USD=129.4 NGN  
(April 2003)

**Capital**  
Abuja

**GDP**  
\$105.9 billion  
(2001 est.)  
Purchasing power parity

**GDP growth rate**  
3.5% (2001 est.)

**GDP composition by sector**  
Agriculture: 39%  
Industry: 33%  
Services: 28%  
(2000 est.)

**Export commodities**  
Petroleum and petroleum products 95%, cocoa, rubber

**Export partners**  
U.S. 46%, Spain 11%, India 6%, France 5% (2000 est.)

**Import commodities**  
Machinery, chemicals, transport equipment, manufactured goods, food and live animals

**Import partners**  
U.K. 11%, U.S. 9%, France 9%, Germany 7% (2000 est.)

### FEATURED in this report



**Jubril Martins-Kuye**  
Minister of Finance



**Ndi Okereke-Onyiuke**  
Director General and CEO of the Nigerian Stock Exchange



**Charles Oboh**  
Managing Director of Union Bank



**Jackson E. Gaius-Obaseki**  
Group Managing Director of NNPC



**ECONOMIC diversification will reduce the nation's exposure to volatility in global oil markets**

In a politically transformed Nigeria, a new generation is looking to attract increased foreign investment and to develop new international markets for their products.

Given the country's wealth of minerals, oil, and gas, there is significant potential for economic development. However, years of military dictatorship hindered economic development, and most observers are only too aware that change will not happen overnight.

Since the return to civilian rule in May 1999, the government of Olusegun Obasanjo, has made considerable headway in stabilizing the economy and creating a more transparent business environment. President Obasanjo was re-elected last month for a second four-year term, and his People's Democratic Party (PDP) won a majority in the parliamentary elections.

Nigerians have demonstrated their resolve by persevering with gradual reform processes aimed at achieving sustainable economic growth. Despite a heavy dependence on oil revenues, Nigeria is otherwise a mainly agricultural nation. The challenge now is to diversify the economy and explore its industrial and agricultural potential.

Liberalization is beginning to make its mark. Several industries show promise, including livestock and poultry farming and textiles – which has taken advantage of local

cotton production.

The government's long-term aims can only be achieved by attracting adequate foreign investment. Strenuous efforts have been made at all levels to create the right environment for investors, and new legislation has made foreign involvement easier. A range of incentives are on offer, including the infrastructure to help set up a business and easy access to land.

"We lived under military dictatorship for a long time," says Dr. Magnus L. Kpakol, Chief Economic Adviser to the President. "People are just beginning to grapple with this huge political transformation and to change their mindset. Today, they realize they can participate in society."

Several state-owned enterprises are being prepared for privatization. A growing number of domestic manufacturers are eager to expand production and many are seeking joint ventures. The government itself is trying to tackle the three most urgent problems – healthcare, education, and infrastructure –

leaving the private sector to run businesses.

"There is no doubt that the image of Nigeria overseas is much better than it was three years ago," says Dr. Kpakol. "Even Nigerians abroad are interested in coming back."

He forecasts that the economy should be able to grow by 7% a year, or even higher, if the agricultural sector becomes more efficient. "About 17% of people here live in rural areas and they are very attached to their farms and very dependent on agriculture," he explains.

"Agriculture contributes about 40% of our GNP (gross national product). It could grow further but we have to provide electricity and refrigeration to rural areas. You have to have electricity and refrigeration in order to create a good business.

"We also want to reduce our exposure to volatility in the oil markets and increase activity in other areas such as manufacturing."

Finance Minister Jubril Martins-Kuye says the government has been under tremendous pressure to deliver what are

called in Nigeria "democracy dividends." Many of these demands were excessive, he adds.

"Almost every Ministry wants to take up the entire budget of the government, so we have to find ways of staying within the limits approved by parliament. If projected revenues do not come in, then there's a great deal of prioritizing to do."

Minister Martins-Kuye says the government is helping to kick-start new industries at a local level and encouraging foreign investment through various initiatives. Foreign investors in unique and innovative projects are granted "pioneer status."

"We have very generous tax waivers – five years for pioneer status companies. Capital depreciation allowances are on a yearly basis and we have tax incentives for specific agro-allied investment," he says.

"We are doing everything possible to cooperate with the United States, for example, to ensure that we strengthen bilateral economic ties," he adds.



**IMPROVING education, healthcare, and infrastructure are the government's three main priorities**

### INVESTING *the dividends of democracy*

DIRECTOR GENERAL and CEO of the Nigerian Stock Exchange (NSE), Dr. Ndi Okereke-Onyiuke, is the first woman in the world to hold such a position. In the three years since she was appointed, the NSE has recorded the biggest return on investment in the world, at 34%.

The NSE in Lagos is able to conduct electronic trading and Dr. Okereke-Onyiuke has overseen the complete computerization of the exchange. Last year the NSE launched its e-business platform – the first in Africa.

Dr. Okereke-Onyiuke says: "We can now say we are truly an internationalized market, as you can access our market wherever you are in the world."

There has been another development in recent years, as Dr. Okereke-Onyiuke explains: "For us in the organized private sector, especially the capital market, the dividends of democracy have been felt because people are now much freer to invest.

"Foreign investors are also free to bring in their money. Instead of selling out their investments and leaving, like most of them, during the military regime, especially the Abacha regime, the reverse is now the case.

"Those who sold out and had maybe a 25% or 40% shareholding left are now coming back with fresh money to buy back what they sold." American companies are part of this trend. "Citibank, for example, had 40% of Citibank Nigeria and they now own 75%. All this happened because of democracy," she explains.

As a member of the World Federation of Stock Exchanges (WFSE), the NSE has risen in the ranks and achieved one of the highest WFSE ratings on the continent. Its global WFSE rating is only a few points behind Mauritius, Singapore, and Mexico. Dr. Okereke-Onyiuke would like the NSE to be demutualized and itself become a public-quoted company.

At the Union Bank of Nigeria, winner of *Banker* magazine's "Best Bank in Nigeria Award" for three consecutive years, Managing Director Charles Oboh says much of the influence of British colonial days still remains. But Nigeria is turning increasingly towards America as its most important source of development capital and expertise.



**PEOPLE now have the freedom to invest**

Union Bank was established in Nigeria more than 85 years ago, and in 1969 became a subsidiary of the UK's Barclays Bank International. "They left the legacy of international standards here, which we have followed," says Mr. Oboh. "Retaining these standards gave us an edge. So too did loyalty and dedication. Our people have built up a good culture and tradition."

He forecasts mergers and acquisitions in the banking sector, and Union Bank will be a big player. "Part of my vision is to see this bank grow to a size where it can compete internationally," he says. "In the next five years I want us to acquire state-of-the-art technology. We are focusing on IT and have a network that works online real-time. The plan is for all our branches to join the network.

"We have also increased the number of autotellers and have invested heavily in SmartCard technology."

Mr. Oboh hopes to open Union Bank branches in the U.S. to cater to Nigerians living and working there and to "create that bridge" between the countries. Mohammed Hayatu-Deen, Chairman and Chief Executive of FSB International Bank in Lagos, says: "People feel more comfortable with a civilian government. So there is greater confidence."

FSB International Bank has 25 branches and is a leading provider of specialized services, particularly project financing and cross-border credit from the bank's strategic partners. "As the middle-class grows and more people will require banking services. That's where the private banking arm of FSB will be really important," says Mr. Hayatu-Deen.

### DEFENSE

## U.S. support for peacekeepers

NIGERIAN TROOPS play a major peacekeeping role in West Africa. They have been serving in Sierra Leone for the past two years and their professionalism has made them a significant and mobile force for peace enforcement duties.

This efficiency is largely the result of intense U.S. training under the Operation Focus Relief (OFR) program, the purpose of which was to train seven West African battalions – five of them Nigerian – to support United Nations-mandated security operations in Sierra Leone. "The direct benefits have been in the area of the provision of manpower training by the U.S. Army for our troops, preparing them for peacekeeping roles in Africa through the OFR," says General Theophilus Yakubu Danjuma, the Minister of Defense.

A strong relationship has built up between Nigeria and the United States since democracy was restored in 1999.

"U.S. experts have been working with their Nigerian counterparts to research quite a number of issues and problems, and are coming up with suggested solutions for us to try and implement. It's been very useful," Mr. Danjuma explains.

"I think both countries recognize the benefits of such a good relationship," he says. "America knows that a strong Nigeria can police the West African sub-region if the need arises. If Nigeria itself doesn't have the capability, then somebody else – probably America – will have to do it."

"It's in America's interest to see that the Nigerian armed forces have the capability to carry out this job in the sub-region. Nigeria has also accepted that the stability of the West African region is the primary responsibility of our country. Whoever can assist us in carrying out this task should be our good friend. America has made that offer and we've accepted it."

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## MANUFACTURING

## Trade association highlights tremendous opportunities

THE NIGERIAN manufacturing sector, though currently underdeveloped, holds enormous potential for future growth.

The economy is still in the process of liberalization but textiles, one of the most important sectors, is run entirely by private companies. Growth in the textile industry has brought about substantial consolidation in the sector, with a number of small operations being swallowed up by larger firms.

Many Nigerian exporters have found a new market in the U.S. - at least one American manufacturer has set up in Nigeria and is now shipping high quality apparel back home. The government would like to see more U.S. involvement in sectors



**INVESTMENT will help Nigeria achieve its aim of becoming a diversified, middle-income nation within a generation**

ranging from agriculture and food-processing, to machinery, and mining.

Not all Nigerian manufacturing plants are running at full production levels and growth in some sub-sectors has been

held back because of the low level of domestic demand for locally-made goods. With a ready laborforce and underemployed production capacity, there's a great deal of untapped potential.

Charles C. Ugwu, President of the Manufacturers' Association of Nigeria (MAN), which is the representative body for more than 2,000 industrial companies, believes that Nigeria needs courageous investors. Much has been achieved in the country since the end of military dictatorship, but there is still a long way to go, he says.

Established in 1971, the Association has been lobbying, with some success, to create a better environment for manufacturers, particularly small and medium-sized enterprises and those not related to the oil industry.

Lack of investment is the main problem, which must be overcome before Nigeria achieves its aim of becoming a diversified, middle-income

nation within a generation.

Mr. Ugwu was not expecting change overnight. "There hasn't been a dramatic change," he says. "There has been a gradual movement away from the negatives we had under military rule. The regime stifled economic activity, Nigeria became isolated and there was very little investment."

Mr. Ugwu credits President Obasanjo with reversing this trend and tackling some of the country's most urgent problems. There are already improvements in infrastructure, better law and order, and greater transparency.

Of course, some big international companies have been operating in Nigeria for many years and are very

successful. Mr. Ugwu says these companies are the "early birds, which do sometimes catch the fattest worms." He adds: "Nigeria is the only

adventure left in the world. So be courageous. Come here and do something."

Nigeria offers many investment areas to choose



**MAN is lobbying to create a better environment for industry**

from, including metals, petrochemicals, and agriculture. Cash crops include cocoa, rubber, coffee, cotton, and palm kernels. Cocoa is Nigeria's biggest source of foreign exchange after oil, but a lack of new planting has seen yields decline. Plantations need to be redeveloped and rural infrastructure improved.

There are now opportunities for joint ventures, to buy businesses and become involved in partnerships. Nigerians are ready to receive new capital and stimulate business.

"My advice for American companies looking at Nigeria is this: yes, Nigeria is daunting. But people should begin to take those tentative steps," adds Mr. Ugwu.

## NEW BAT FACTORY TO CREATE 1,000 JOBS

## British American Tobacco takes lead role in economic development and community campaigns

THE BRITISH American Tobacco (BAT) Group has long-standing links with Nigeria - its business presence there dates back to 1911. However, in recent years the bond has become much closer as BAT seeks to consolidate its role in the future development of Africa's most populous country.

In October 2000, following a restructuring of BAT Group business operations in Nigeria, British American Tobacco (Nigeria) Ltd was created. It merged with the ailing Nigerian Tobacco Company a month later.

On September 24 2001, in London, BAT - the world's second largest quoted tobacco group - signed a Memorandum of Understanding with the Federal Government of Nigeria, which included a \$150 million investment in the West African country. Most of it is funding the construction of a state-of-the-art cigarette factory in Ibadan, the capital of Oyo State in southwest Nigeria.

President of Nigeria, Olusegun Obasanjo, commends the investment, describing it as "a significant and trailblazing initiative which other investors should emulate." Commenting on the factory itself, he adds: "I look forward to its completion and will love to personally commission it."

BAT emphasizes that its involvement in Nigeria goes much further than bricks and mortar. It is committed to reshaping the tobacco sector and to enhancing the Nigerian economy long-term.

In addition to going toward the factory, the \$150 million investment



**Chief Kola Jamodu, the Minister of Industry (fourth from left) and Nick Hales, MD of BAT Nigeria (third from left) tour the Ibadan factory site**

will be used to develop leaf growing and establish a national distribution network.

Nick Hales, Managing Director of BAT Nigeria, says: "As Africa's most populous country, and with tremendous potential in terms of natural

### FOREIGN INVESTMENT will help Nigeria become part of the backbone of a self-sufficient Africa

resources, we believe that Nigeria, along with countries such as South Africa, will serve as the backbone of a self-sufficient Africa.

"In order for Africa to achieve its full potential, it is up to the outside world to demonstrate confidence in the continent and invest in helping her to establish sustainable and viable domestic infrastructures."

The cigarette factory will create direct employment for more than 1,000 Nigerians by the end of 2003, plus jobs in packaging, distribution, and transportation. Expanded leaf plantations will provide sustainable incomes for 15,000 farmers and farm workers over the next five years.

"We don't grow tobacco on plantation farms," says Mr. Hales. "Here, we have small farmers who will have one hectare, perhaps two, maximum. We pre-finance the crop and provide training, not only for growing tobacco, but also for food crops, as their secondary crops. Also, if they work for us, they have to plant trees, as one of the ways they cure tobacco is by burning timber."

BAT Nigeria has already created 500 jobs and recruitment fairs have been organized in the UK to reverse the "brain drain," encouraging qualified Nigerians working abroad to return to Nigeria and pursue careers with BAT.



**A bird's eye image of how the factory will look when completed**

BAT Nigeria, working with the Nigerian government, has also pledged to reduce contraband and counterfeit tobacco products, which currently dominate the market, and increase government revenue from a better-regulated tobacco sector. Both parties committed to these moves in the Memorandum of Understanding.

At the signing ceremony, Chief Kola Jamodu, Nigeria's Minister of Industry, called the agreement "a clear demonstration of the rekindling of investors' confidence in the Nigerian economy," and "yet

another milestone in the economic relationship between Nigeria and the United Kingdom."

Mr. Hales says: "What we are essentially trying to do is to regulate the tobacco sector with the aid of the Nigerian government."

The new initiative has already had an effect. "The approximate revenue that the government received in the tobacco industry, let's say four years ago, would have been between \$2 and \$6 million a year. This year, depending on the exchange rate, we'd be expecting any-

thing between \$27 and \$30 million. That's the crux of the partnership with the federal government," Mr. Hales points out.

He adds: "What we want to have is a regulated industry where people can enter into the market and compete on an equal footing, and not have to compete with people who aren't paying taxes and who are smuggling across the border."

Until the BAT factories in Nigeria are up and running, the company is granting a concessionary import duty, allowing it to compete with the prices of the smuggled goods. This system is set to last until the end of 2003.

and technicians have been sent to South Africa for a three-month intensive training program.

"When you come into Nigeria, finding qualified and experienced people in the industry is a challenge. We recruit for attitude and then we train for skills," Mr. Hales says.

"Once we train people in the requisite skills, they are probably the best that I have worked with."

BAT Nigeria is currently the BAT Group's largest investment project

and the company is already the market leader in the Nigerian tobacco sector, with 60 per cent market share. Mr. Hales says that the objective is not to increase the number of smokers in Nigeria - which stands at only four per cent of adults - but to continue to head the market, while regulating and reforming the industry.

In addition to aiding economic development, BAT plays a constructive social role and is in the process of setting up an independent charitable foundation to manage its non-tobacco related community programs.

The company already backs the government's desertification and national tree planting campaigns through the donation of seedlings and is a co-opted member of the Presidential Committee on National Tree Nursery Development. It also has a partnership with the Nigerian Red Cross, focusing on the effective handling of disaster situations in the country.

BAT is working with the Federal Ministry of Labor and the International Labor Organization on the elimination of child labor. "We insist that none of our farmers uses child labor at all," says Mr. Hales. "We actually held a conference on that in Abuja recently - if any farmer does use child labor, then he is no longer our farmer. We are a responsible company."

### FULL PRODUCTION at the state-of-the-art Ibadan cigarette factory will be reached by the end of the year

## IN BRIEF

## A global approach

BAT'S ROLE in Nigeria is part of a greater international picture. Worldwide, the BAT Group employs almost 90,000 people and maintains an active business presence in more than 180 countries. The company works with 250,000 tobacco farmers globally and has also planted 267,000 hectares of renewable woodland.

In 1999, the annual Financial Times/Pricewaterhouse Coopers survey of the world's most respected companies placed the BAT Group fifth in the consumer goods sector.

## Additional training for Nigerian staff

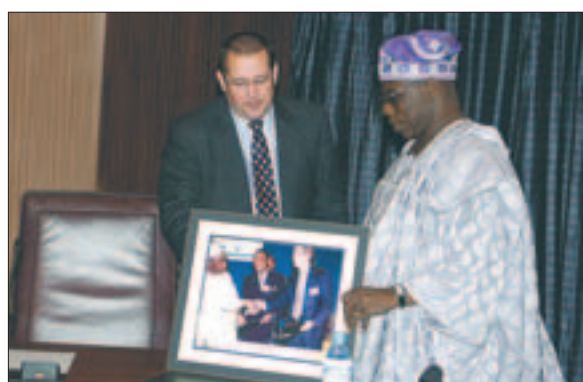
AS WELL as training technicians and engineers for the new Ibadan cigarette factory, BAT Nigeria will simultaneously train workers from its northern factory in Zaria. This initiative will support the \$1 million investment in machine modernization at Zaria.

## Keeping an eye on competition

THE TOBACCO and drinks industries must increasingly compete with the mobile phone sector for their share of disposable income. The growing popularity of mobiles in Nigeria is a challenge for BAT, but Nick Hales, MD of BAT Nigeria, points out that their relative cost is still very high. "I think it's a concern for the future - at the moment I don't think it is," he says.

## BAT thinks laterally on crop development

THE COMPANY aims to have a positive impact on all crops in Nigeria, including maize, yams, groundnuts, and guinea corn by advising and helping farmers with crop rotation and diversification.



**Nick Hales and President Olusegun Obasanjo**

## HIGH PROFILE ceremony marks laying of foundation stone

THE CORNERSTONE of BAT Nigeria's flagship factory at Ibadan was laid at a prestigious ceremony in August last year.

The Minister of Industry Chief Kola Jamodu unveiled the slab, as an audience including dignitaries from local and national government plus representatives from BAT and the business community, looked on.

Ibadan is a major commercial center and is one of the largest cities in Nigeria, with a population of around 1,263,000. The factory stands in Oluyole Local Government - one of the city's 33 municipalities - which is an agrarian community of about

100,000 people.

Key features of the factory, located on a 26 hectare greenfield site on the Ibadan Expressway, will include a main factory building of 22,000 sq meters and three leaf warehouses. The first batch of "test" cigarettes was produced in March and full production is set to be reached by the end of 2003.

In his address at the cornerstone ceremony, Managing Director of BAT Nigeria, Nick Hales, highlighted the invaluable support of the Ministry of Industry and the Nigerian Investment Promotion Commission (NIPC), without which, he said, the project would not



**Governmental and business leaders attended the cornerstone event**

have been possible.

Mr. Hales pledged BAT's ongoing backing for the development of Nigeria and sent out a clear message to other investors.

"If you are serious about doing business in Africa then you need to be in Nigeria, and the time to be here is now."

"On our part, we hereby express our continued com-

mitment to the revamping of the country's industrial and agricultural sectors, which are the twin-engines of growth and transformation in any developing economy," he said.

Mr. Hales also thanked the BAT stakeholders and asked for their continued support, as the factory reaches completion.

He put the factory in the context of BAT Nigeria's wider national program and highlighted the success of the company's and government's efforts to regulate the industry.

He added that the share of the market from which the government receives revenue has rocketed from just 20 per cent to around 65 per cent, resulting in an almost three-fold increase in government revenues from the tobacco sector.

In addition, he emphasized that BAT Nigeria has doubled the number of tobacco farmers working with the company, providing financial and technical support and implementing modern farming methods.

BAT will continue to support a sustainable environment by donating more than 50,000 tree seedlings next year, Mr. Hales said.



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# Nigeria

## ENERGY

### Positive changes revitalize industry and confirm Nigeria is the place to be

NIGERIA is the world's sixth-largest producer of oil, and also has some of the world's biggest gas reserves. Much of the country's gas continues to be flared, rather than put to commercial use, because there is a limited domestic market and, more importantly, no significant domestic gas transport infrastructure. However, flaring is due to end in 2008 and the government plans to privatize parts of the sector and encourage industries to make greater use of gas.

Mac A. Ofurhie, Director of the Department of Petroleum Resources (DPR), the state regulatory body, believes that Nigeria's oil and gas industry has been revitalized during the past few years. "The DPR is now operating in a free atmosphere and our practices are more transparent than they were under the military regime. I would say there have been a lot of positive changes," he says.

The DPR has numerous responsibilities. The Department supervises all petroleum industry operations to ensure compliance with applicable laws and regulations. It enforces safety and environmental regulations in line with national and international industry practice. The DPR is also the first port of call for foreign companies who want information about the sector.

"We take an active role in the educational process for new companies and help in licensing them," explains Mr. Ofurhie.

"We register all companies that are active in the industry, so we have a good idea of their performance. We can link them up with foreign partners if both parties are interested," he says. "There has been a great increase in the oil industry's activities and this is likely to continue."

Oil reserves total more than 30 billion barrels and, as exploration continues, this figure is expected to reach 40 billion barrels within seven



STATE-OWNED company NNPC is active in the transportation of crude oil and its derivatives

years. Gas reserves are also expected to rise above the current 3.5 trillion cubic meters of proven reserves.

"We will continue to expand production because more companies will be attracted and there will be opportunities for both domestic and international companies," he continues.

"I think that the most important thing is to try to develop local firms alongside the multinationals that are currently operating here. We are urging the big multinationals to help us to encourage local participation so that eventually more Nigerian companies can compete effectively in the market," adds Mr. Ofurhie.

The dominant firm in the sector is the state-owned Nigerian National Petroleum Corporation (NNPC), the biggest industrial company in sub-Saharan Africa.

Formed in 1977 through the merger of the Nigerian National Oil Company and the Ministry of Petroleum Resources, NNPC is involved with oil and gas exploration and production, refining, and petrochemicals. It is active in the transport and marketing

of crude oil and its derivatives, and also has a role in natural gas processing. NNPC comprises a group of self-contained companies which are active in a wide variety of productive and service areas. It has six functional directorates which supervise the 11 principal businesses that form part of NNPC.

Higher prices for crude oil and increased production and revenues bode well both for the company's future, and for the country's economic growth. Group Managing Director Jackson E. Gaius-Obaseki says: "Overall, we have seen forward movement. Our liquefied natural gas (LNG) is the fastest growing in the world in terms of development."

The Gulf of Guinea is one of the world's most active exploration fields, with many oil and gas companies jockeying for position. Exploration is being conducted in ever deeper water.

"The technology is new, the risks are certainly high. Most of the American service companies are already here," says Mr. Gaius-Obaseki. Chevron, for example, has a LNG project worth about

\$2 billion, while overall investment in the oil and gas sector runs into many more billions.

"All this certainly sends a message that Nigeria is the place to be," continues Mr. Gaius-Obaseki. "Everyone's got something on the table, so everyone's got a stake. The companies bring technology and money, and we offer our natural resources. In the past, a lot of people felt they were taking a risk. Today the situation has changed. Let's try to get a win-win situation where everybody is happy."

NNPC wants to see more production-sharing and joint ventures, and Mr. Gaius-Obaseki says American companies make natural partners as so many are already in the country.

He also has praise for other multinationals, such as Anglo-Dutch Shell, particularly for its pioneering education programs. "Shell is a leader because they have been here the longest. But one must acknowledge that other companies are not just trying to catch up with Shell. They want to do even better," he says.

### STRONG portfolio underpins First Bank of Nigeria's push to take on a greater international role

FIRST BANK OF NIGERIA (FBN) was the first bank to be established in the country and is now the largest, with more branches than any other. The bank plays a leading role in the development of the economy and in recent years has been positioning itself as an international player.

FBN was founded in 1894 by Sir Alfred Jones, a British shipping magnate. Initially called the Bank for British West Africa, it was to undergo several name changes until it settled on FBN in 1979.

It now has more than 300 branches throughout the country, as well as one in Britain. Alhaji Umaru A. Mutallab, the Chairman of FBN, says there are plans to open branches in New York, Miami, Atlanta, and Houston to serve the Nigerian-American communities in these cities.

"We want to attract investment in the power and petroleum industry," he says. "We have very close business relationships with the major downstream companies present here in Nigeria, such as Texaco and Shell."

Nigeria is one of the major oil-producing countries in the world and FBN has long been associated with the development of the industry. "We have people who run an oil and gas desk, mainly in Port Harcourt, but also at the top level in Lagos," says Mr. Mutallab.

"We are ready to discuss financing with anyone in the business. Many of the companies we have seen are Nigerian and are contractors or sub-contractors to the main oil-producing companies. We'd like to see more of them."

Mr. Mutallab, a former Federal Minister and former Executive Chairman and Managing Director of United Bank for Africa (UBA), agrees that



FIRST Bank of Nigeria has more branches in the country than any other bank and plans to open branches in the U.S. to serve the Nigerian-American community

Nigeria's banking sector is not yet fully developed. But he adds: "Nigeria still remains one of the most lucrative in terms of returns. There are risks, but wherever there are risks the returns are greater."

He regrets the fact that many American banks have not stayed in Nigeria. "A lot of American banks have come here, but practically the only ones remaining are the Bank of Boston and Citibank. All the others have left," he says.

"The banking industry is an international one and that is why Citibank is one of the most lucrative banks in this country. The more of this kind of bank that come here, the better."

Last year, the Export-Import Bank of America signed a \$500 million master guarantee agreement



POTENTIAL investment opportunities are not limited to the energy sector

with six banks in Nigeria, among them FBN, with a view to boosting investment in both countries. Under the agreement, Export-Import Bank guarantees repayment of the principal and interest on loans made to creditworthy foreign buyers to finance their U.S. export purchases.

Mr. Mutallab says the agreement will bring more fruit to bear. "We're in the oil processing business, soft drinks, construction, and manufacturing, all of which have so much potential for American investment. Yet America's interest over the years has been concentrated in only two areas, wheat and oil," he says.

Although Nigeria's economy is still heavily dependent on oil revenues, it is diversifying – and there is a huge domestic market to satisfy. "Our strength lies in our strong presence in many sectors, so if one sector collapses we will still be strong in another," adds Mr. Mutallab.

"We have a better portfolio than any other bank in Nigeria. This gives us a lot of credibility. We also have a broad deposit base, easily the largest of any bank here. Individuals, states, local and federal governments all feel much more confident putting their money with us."

On April 10, Summit Communications published a feature on Madagascar. To see our update to this report and to learn more about the new members of the administration, please visit [www.summitreports.com/madagascar](http://www.summitreports.com/madagascar)

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NNPC wants to see more production-sharing and joint ventures; American companies based in Nigeria would make natural partners

### OIL service leader has ambitious plans for the future

FOUNDED in 1990, Drillog Petro-Dynamics Ltd is one of Nigeria's leading indigenous oil service companies. Owned and managed by oil field specialists and successful Nigerian industrialists, it aims to provide a full range of high quality drilling control and optimization services to the country's oil and gas industry. In 2001, it was one of six indigenous companies to win drilling

jobs, worth a total of \$18 million, from Shell and other multinationals.

Adhering to quality assurance and quality control procedures and a commitment to safety are key to Drillog's philosophy. The company's continuous investment in research and development facilities and modern equipment also gives it an edge over its competitors: Drillog's mean

time between equipment failures (MBTF) is the highest in the industry.

The company's Managing Director, Ralph Ekezie, is determined that Drillog will expand its range of services in the future, and in doing so develop the industry's "local content."

Mr. Ekezie, who has also been chairman of the Petroleum Technology Association of Nigeria (PETAN)



Ralph Ekezie  
Managing Director of  
Drillog  
Petro-Dynamics

- which promotes the increase of Nigeria's self-sustainability – says, "The idea is to domesticate the technology, to make sure that our people learn and achieve the know-how."

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