

Nigeria

Africa's Largest Economy



Leverage the Benefits of Africa's Largest Economy

CONTENTS

Overview	3
Attractive to Foreign Investors	3
Competitive Advantages of Nigeria	3
Tax Incentives and Investment Guarantees	4
The Legal Framework	5
General Info	8



Discover the Free Trade Zone Incentives

OVERVIEW

Nigeria is the strongest economy in Africa and one of the largest worldwide. It plays a leading role in Economic Community of West African States (ECOWAS) and benefits from the customs duty exemptions that this membership provides. This membership allows Nigerian companies to take advantage of the free trade agreement between the ECOWAS' 15 member states.

The most populous country in Africa, Nigeria accounts for one-sixth of Africa's population and the largest gross domestic product (GDP) in Africa. Focus is placed on the industrialization and diversification of the country's economy to accommodate the non-oil sectors. Nigeria is a Federal Republic with thirty-six states and Abuja as the capital city.

ATTRACTIVE TO FOREIGN INVESTORS

Nigeria is the largest investment market in Africa. It is a safe haven for foreign capital and offers investors fiscal incentives, investment guarantees, stable political and legal environment.

Nigeria offers a low corporate tax regime, VAT rate and flexible labor market conditions, and simple procedures for establishing a business. Multinational companies are encouraged to start up operations under the Free Trade Zone (FTZ). The FTZ

regime is the flagship of Nigeria's export and investment promotion strategy. The Free Zone regime is a set of incentives and benefits granted by the Nigeria government to companies making investments in the country, as stated in the Nigeria Export Processing Zones Act.

COMPETITIVE ADVANTAGES OF NIGERIA

There are far-reaching action plans aimed at encouraging foreign participation in the Nigerian economy. The variety of opportunities and competitive costs make Nigeria an excellent destination for investment. Nigeria is the top recipient of foreign direct investments (FDI) in Africa with a gross domestic product rate that averaged more than 6% over the last decade. This followed a deliberate



"Wilmar's investments in the coming years would be expanding further into Nigeria's palm oil, which is used in cooking oil, confectionery and baked goods. We are investing in Nigeria which is a major area. PZ Wilmar is a US\$64 million investment into the edible oils market in Nigeria. We are investing in plantations on a vast scale, building a new world class refinery, training staff on new quality standards and supporting education in communities where we operatek."

– Kuok Khoon Hong, Chairman and CEO of Wilmar

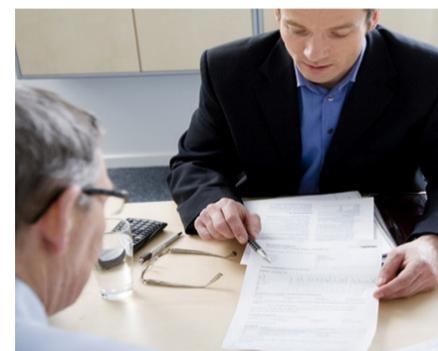
Stable Political Environment

attempt by government to diversify the economy and liberalize the business environment to accommodate the private sector as the engine of growth while government remains the enabler.

Besides its exceptional location at the heart of Africa an long standing tradition as an exemplary country for establishing African headquarters, Nigeria offers foreign companies a unique combination of:

- **Favorable tax incentives and investment guarantees**
- **Largest population in Africa (over 180 million people)**
- **Access to the Economic Community of West African States (ECOWAS) tariff-free market and the benefits from the custom duty exemptions that the ECOWAS membership provides**
- **Access to the largest market in Africa**
- **Access to a highly-skilled labour force**
- **Stable Political Environment**
- **Low labour cost**

- **Competitive government Incentives**
- **Strategic location**
- **Accessibility from key locations across the world via air transportation and telecommunications networks**
- **Access to land and commercial farmlands**
- **Stable Political Environment**
- **Affordable office and residential space**
- **Low cost of living**
- **Rich cultural heritage**



TAX INCENTIVES AND INVESTMENT GUARANTEES

The Nigeria government has ambitious targets for the agribusiness, solid minerals & mining and manufacturing sectors. These sectors enjoy Pioneer Status with attendant complete tax exemption.

There are large investment incentives bagged by enabling laws and supported through the Ministry of Trade and Investments, Nigerian Investment Promotion Commission and the respective Ministries. For a complete list of the incentives and investment guarantees available to each sector, please visit <http://indusren.com/incentives-and-guarantees>.

No Restrictions on Foreign Ownership of Businesses



THE LEGAL FRAMEWORK

1. Companies and Allied Matters Act (CAMA), Cap C59 Laws of the Federation 2004:

The establishment and operation of all businesses in Nigeria is governed by the provisions of the Companies and Allied Matters Act (CAMA).

Enterprises under various forms (business name, public or private liability company etc.) must be registered or incorporated with the Corporate Affairs Commission (CAC).

2. The Nigerian Investment Promotion Commission (NIPC) Act, N117 Laws of the Federation 2004

establishes the legal framework for foreign participation in the nation's economy. It is indeed a revolutionary legislation that aims at encouraging and sustaining inflows of foreign capital into the country's economy. Every business entity in which there is foreign equity participation is required by law to register with NIPC after incorporation to benefit from investment incentives and other facilitation services. The NIPC Act provides for and guarantees the following:

LIBERALIZATION OF COMPANY OWNERSHIP STRUCTURE

The NIPC Act liberalizes the ownership structure of businesses in Nigeria. The implication of this is that foreigners can own one hundred percent (100%) shares in any company if they so wish without having any Nigerian shareholders.

REPATRIATION OF PROFITS OR TRANSFER OF CAPITAL

Under the provisions of the NIPC Act and the Foreign Exchange (Monitoring & Miscellaneous Provision Act), foreign investors are free to repatriate all their profits and dividends net of taxes unconditionally through an authorized dealer in freely convertible currency.

GUARANTEE AGAINST EXPROPRIATION

The Nigerian Investment Promotion Commission Act guarantees the none nationalization or expropriation of any enterprise or foreign-owned investment by any government in Nigeria.

Grants judicial determination of the amount of

“This new venture into animal feed is a win-win for Olam and Nigeria and it is the latest investment by Olam in Nigeria’s domestic food and agricultural production sector after our recent investments in wheat milling assets and the ongoing development of our 10,000-hectare rice farm and mill in Nasarawa State.

In 2013, we invested over 19 billion Naira in a 10,000 hectare farm with integrated mill which directly employs 950 people from the surrounding communities, producing 36,000 metric tonnes of rice for the Nigerian markets. The farm also supports an ‘outgrower programme’ whereby surrounding rice-growing communities are supported by the Olam farm with training, pre-finance, fertiliser and seeds in order to improve their paddy yields.

Currently 3,000 farmers are engaged in the programme, with a target of 16,000 by 2018. This investment is specifically in line with the Government’s Agricultural Transformation Agenda to produce rice for the domestic market thereby boosting self-sufficiency. In 2013, it was internationally recognised by The Rockefeller Foundation as a catalytic innovation’ in African Agriculture’.

– Venkataramani Srivathsan, Olam’s CEO for Africa

compensation to which the investor is entitled in accordance with international standards.

DISPUTE SETTLEMENT

The NIPC Act contains a dispute settlement clause that governs disputes arising between the authorities and/or both domestic and foreign investors. By virtue of Section 26 of the Act, investors have the right to resort to conciliation and arbitration to settle any investment dispute against the Nigerian authorities.

INCENTIVES FOR SPECIAL INVESTMENT

For the purpose of promoting identified strategic or major investment, the Nigerian Investment Promotion Commission shall, in consultation with appropriate Government agencies, negotiate specific incentive packages for the promotion of investment as the Commission may specify.

INVESTMENT PROMOTION AND PROTECTION AGREEMENT (IPPA)

As part of additional effort to foster foreign investors’ confidence in the Nigeria economy, Government continues to enter into bilateral Investment Promotion and Protection Agreements (IPPAs) with countries that do business with Nigeria.

3. The Foreign Exchange

Monitoring and Miscellaneous

Provision Act (FEMMP), Cap F34 Laws of the Federation 2004 establishes an Autonomous Foreign Exchange Market and provides for the monitoring and supervision of the transactions conducted in the market and for matters connected therewith. The FEMMP Act reinforces the NIPC Act as it eased restrictions in foreign exchange dealings and creates an



Low Cost and Highly Skilled Labour Market

autonomous Foreign Exchange Market. It guarantees the following:

- Overseas funds transfer without prior approval.
- Foreign portfolio investment and open market activities at the Nigerian capital market, and repatriation of foreign exchange from Nigeria without hindrance
- Foreigners are thus allowed to invest in, acquire, dispose of, create or transfer any interest in securities and other money market instrument in foreign or local currency.

OTHER LEGISLATIONS ON FOREIGN PARTICIPATION IN THE NIGERIAN ECONOMY

- Immigration Act, Cap 11 LFN 2004
- Investment and Securities Act 2007
- Industrial Inspectorate Act Cap. 18 LFN 2004
- National Office for Technology Acquisition and Promotion Act, Cap N62 LFN 2004
- National Agency for Food and Drug Administration and Control Act
- Standards Organization of Nigeria Act

PROTECTION OF INTELLECTUAL PROPERTY (IP) RIGHTS

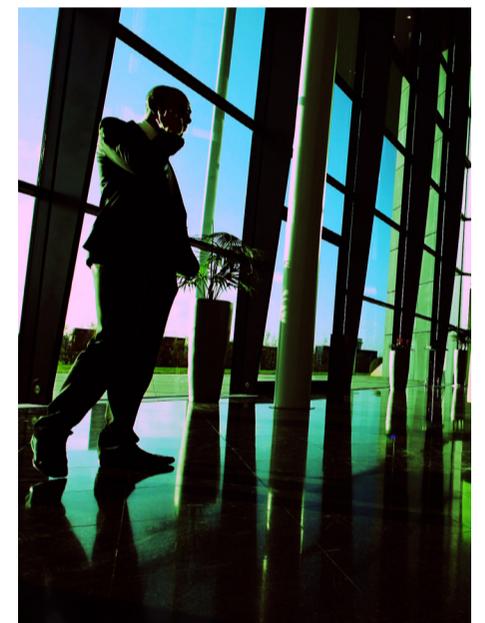
Nigeria has developed a legal framework for protecting intellectual property rights. Intellectual property rights give businesses an incentive to invest in research and development and ultimately lead to the cre-

ation of innovative products. This is in addition to providing holders of right with the necessary confidence to share new technologies including in the context of joint ventures.

TRADE LIBERALIZATION SCHEME (TLS) OF THE ECONOMIC COMMUNITY OF WEST AFRICAN STATES (ECOWAS)

This is a liberalization incentive that focuses on the ECOWAS sub-region. The Scheme is an incentive primarily geared towards free trade within the ECOWAS sub-region.

The objective is to significantly expand the volume of intra-community trade and commerce in the sub-region via the removal of both tariff and non-tariff barriers to trade in goods originating from ECOWAS countries. This affords preferential access to the ECOWAS market for exports from Nigeria.



USEFUL LINKS:

Lex Artifex, LLP. - www.LexArtifexLLP.com

Nigerian Investment Promotion Commission - www.invest-nigeria.com

Nigeria Immigration Service - www.portal.immigration.gov.ng

Corporate Affairs Commission - www.cac.gov.ng

Strategic Location and Preferential Access to ECOWAS Tariff-Free Market

ESTABLISHMENT COSTS

Establishing your regional headquarters or business in Nigeria is easy and cost-effective and very competitive.

CLIMATE

The climate in Nigeria is pleasant not only during the dry season, which extends from October to March but also during the rainy season, which runs from April to September. Nigeria has a tropical climate with an average temperature of 28 degrees Celsius (82 degrees Fahrenheit).

PROXIMITY & CENTRALITY

Nigeria is situated at the heart of Africa market with more than 450 million consumers. The country has twenty-three local airports with five major international airports: Abuja, Calabar, Enugu, Lagos, Kano, Port Harcourt, Uyo. Nigeria has five seaports: Apapa, Calabar, Port Harcourt, Tin Can Island, Warri. Additionally, two seaports with free trade zone facilities are currently under construction at Ibaka and Lekki.

LIFESTYLE

Nigeria moves to the rhythm of a wealth of tourism, sports and cultural events. There's no way you could ever get bored! The country cities boast of wild-life conservation parks, golf courses, beaches, cinemas, museums, festivals and major international music and cultural fiestas. The country has twenty-three (23) local airports with five major international airports: Abuja, Calabar, Enugu, Lagos, Kano, Port Harcourt, Uyo. Nigeria has five seaports: Apapa, Calabar, Port Harcourt, Tin Can Island, Warri. Several hotels in Nigeria are operated by international franchise chain hotels such as Sheraton, Hyatt, Hilton and Le Meridien. Excellent restaurants offering a wide range of choice in meals, drinks and entertainment are also in abundance in Nigerian cities.



Seize the Opportunities Available in Nigeria

FREE TRADE ZONE INCENTIVES

The Federal Government of Nigeria has passed an aggressive free zones law (the Nigeria Export Processing Zones Act) which has created a business friendly environment benefiting from the following incentives:

- Complete tax holiday for all Federal, State and Local Government taxes, rates, custom duties and levies;
- One-stop approval for all permits, operating licenses and incorporation papers;
- Duty-free, tax-free import of raw materials for goods destined for re-export;
- Duty-free introduction of capital goods, consumer goods, components, machinery, equipment and furniture;
- Permission to sell 100% of manufactured, assembled or imported goods into the domestic Nigerian Market;
- When selling into the domestic market, the amount of import duty on goods manufactured in the free zones is calculated on the basis of the value of the raw materials or components used in assembly not the finished product;
 - No restriction on foreign ownership of investments;
 - 100% repatriation of capital, profits and dividends;
 - Waiver of all import and export licenses;
 - Waiver on all expatriate quotas for companies operating in the zones;
 - Prohibition of strikes and lockouts;
 - Rent-free land during the first 6 months of construction.

THE COUNTRY

Nigeria is situated along the west coast of Africa, bordering Cameroon to the east, Benin Republic to the west, Niger Republic to the north and the Atlantic to the south. The country is a Federal Republic consisting of 36 states and Abuja as the Federal Capital Territory. The country has an area size of 923,768 square kilometers and a coastline of 853 kilometers. Nigeria gained independence from Britain in 1960. Nigeria has the largest population in Africa with over 180 million people.

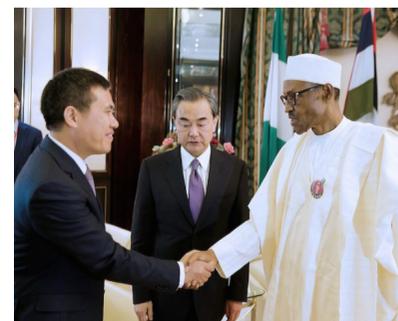
GOVERNMENT

The Nigerian State comprises three powers: Executive powers are vested in the President of the Federal Republic at the national level and Governors at the State level; Legislative powers are vested in the National Assembly (i.e. the Senate and the House of Representatives) and Houses of Assembly at state level; Judicial powers are vested in the Law Courts. The country practices a multi-party constitutional democracy.

THE HEART OF AFRICA

Nigeria - is often called the 'Heart of Africa. And it is not hard to see why, considering its strategic location on the African continent, its population size, market size, territory rich in natural resources, arable land, host to numerous transnational organizations.

Add to this, an abundance high-skilled labor in distribution. Nigeria has highly developed economic legislation, providing the necessary legal framework for the protection of investments. Nigeria has become one of the most attractive countries for establishing Africa headquarters.



Opening a Business in Nigeria?

Whether you are just starting up, expanding your activities, or looking to establish your Africa regional headquarters in Nigeria, Industrial Renaissance can put you in fast-track contact with the main national and sub-national stakeholders with a view to speeding up your business launch or expansion project in Nigeria. As an integrated economic development entity, we look at business solutions from the investor's perspective, not from the point of view of local business interests. Industrial Renaissance does much more than promoting and attracting investment. In fulfilling its task of fostering company growth, it offers overseas investors and foreign companies through its affiliate service providers a full and varied slate of expertise and professional support. All of Industrial Renaissance's services are confidential.

We Look Forward to Hearing from You

Visit our website for more information at www.indusren.com and connect with us on LinkedIn at www.linkedin.com/in/indusren
Call us on **+234 818 701 9206**
or email us at invest@indusren.com

INDUSTRIAL RENAISSANCE LTD.
(Advocacy Advisors House)
34 Udo Otung Ubo Street
Uyo, Nigeria.

Acknowledgement



We would like to thank Lex Artifex, LLP. for their contribution to this guide. Lex Artifex, LLP. is one of the leading service providers in Nigeria providing legal advisory and investment consulting services. Lex Artifex, LLP. high performing people use their expertise and insight to cut through the complexity of local and international issues and regulations. Find out more about how Lex Artifex, LLP can serve your business needs by visiting their website at www.LexArtifexLLP.com.

