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MACROECONOMIC DEVELOPMENT OF NIGERIA

Abstract: the article describes the main trends of macroeconomic development of Nigeria. Real GDP growth was estimated at 2.3% in 2019, marginally higher than 1.9% in 2018. Growth was mainly in transport, an improved oil sector, and information and communications technology. Agriculture was hurt by sporadic flooding. Manufacturing continues to suffer from a lack of financing. Final household consumption was the key driver of growth in 2019, reinforcing its 1.1% contribution to real GDP growth in 2018.

Key words: macroeconomic development, Nigeria, GDP

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МАКРОЭКОНОМИЧЕСКОЕ РАЗВИТИЕ НИГЕРИИ

Аннотация: в статье описаны основные тенденции макроэкономического развития Нигерии. Рост реального ВВП оценивался в 2,3% в 2019 году, незначительно превысив 1,9% в 2018 году. Рост отмечался в основном в транспортной отрасли, нефтяном секторе и информационно-коммуникационных технологиях. Сельское хозяйство пострадало от наводнений. Производство

продолжает страдать от недостатка финансирования. Конечное потребление домашних хозяйств стало ключевым фактором роста в 2019 году, усилив вклад в 1,1% в рост реального ВВП в 2018 году.

Ключевые слова: макроэкономическое развитие, Нигерия, ВВП

The effort to lower inflation to the 6%–9% range faced structural and macroeconomic constraints, including rising food prices and arrears payments, resulting in a rate estimated at 11.3% for 2019.

With fiscal revenues below 7% of GDP, increased public spending widened the deficit, financed mainly by borrowing. At the end of June 2019, total public debt was \$83.9 billion—14.6% higher than the year before. That debt represented 20.1% of GDP, up from 17.5% in 2018. Domestic public debt amounted to \$56.7 billion, and external public debt \$27.2 billion. The share of bilateral debt in total debt was estimated at 12.1%, and that of eurobonds at 40.8%. High debt service payments, estimated at more than half of federally collected revenues, created fiscal risks [7].

Nigeria is a middle-income, mixed economy and emerging market, with expanding manufacturing, financial, service, communications, technology and entertainment sectors. It is ranked as the 27th-largest economy in the world in terms of nominal GDP, and the 22nd-largest in terms of purchasing power parity. Nigeria has the largest economy in Africa; its re-emergent manufacturing sector became the largest on the continent in 2013, and it produces a large proportion of goods and services for the West African subcontinent [1].

Nigerian GDP at purchasing power parity (PPP) has almost tripled from \$170 billion in 2000 to \$451 billion in 2012, although estimates of the size of the informal sector (which is not included in official figures) put the actual numbers closer to \$630 billion. Correspondingly, the GDP per capita doubled from \$1400 per person in 2000 to an estimated \$2,800 per person in 2012 (again, with the inclusion of the informal sector,

it is estimated that GDP per capita hovers around \$3,900 per person). Population increased from 120 million in 2000 to 160 million in 2010). These figures were to be revised upwards by as much as 80% when metrics were to be recalculated subsequent to the rebasing of its economy in April 2014 [2].

Although oil revenues contribute 2/3 of state revenues [3], oil only contributes about 9% to the GDP. Nigeria produces only about 2.7% of the world's oil supply (in comparison with Saudi Arabia produces 12.9%, Russia produces 12.7% and the United States produces 8.6%) [4]. The largely subsistence agricultural sector has not kept up with rapid population growth, and Nigeria, once a large net exporter of food, now imports some of its food products, though mechanization has led to a resurgence in manufacturing and exporting of food products, and the move towards food sufficiency. In 2006, Nigeria came to an agreement with the Paris Club to buy back the bulk of its debts owed from them for a cash payment of roughly US\$12 billion [3].

According to a Citigroup report published in February 2011, Nigeria will have the highest average GDP growth in the world between 2010 and 2050. Nigeria is one of two countries from Africa among 11 Global Growth Generators countries [3].

This is a chart of trend of gross domestic product of Nigeria at market prices estimated International Monetary Fund with figures in USD billions [5].

Table – Dynamics of the GDP of Nigeria from 1980 to 2017

Year	Gross domestic product, (PPP, in billions)	US dollar exchange	Inflation index (2000=100)	Per capita income (as % of USA)
1980	*58	1 Naira	1.30	7%
1985	*82	3 Naira	3.20	5%
1990	*118	9 Naira	8.10	2.5%
1995	*155	50 Naira	56	3%
2000	170	100 Naira	100	3.5%
2005	291	130 Naira	207	4%
2010	392	150 Naira	108	5%
2012	451	158 Naira	121	7%
2014	972	180 Naira	10	11%
2015	1,089	220 Naira	10	10%
2016	1,093	280 Naira	17	10%

2017	1,125	360 Naira	5	10%
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The economy of Nigeria advanced 2.28 percent year-on-year in the third quarter of 2019 compared to an upwardly revised 2.12 percent rise in the previous period. It was the fastest expansion since the fourth quarter of 2018, as oil output grew the most in over three years.

The Gross Domestic Product per capita in Nigeria was last recorded at 2396.30 US dollars in 2018. The GDP per Capita in Nigeria is equivalent to 19 percent of the world's average.

In 2017, Nigeria imported about US\$34.2 billion of goods. In 2017 the leading sources of imports were China (28%), the Belgium-Luxembourg (8.9%), the Netherlands (8.3%), South Korea (6.4%), the United States (6.0%) and the Republic of India (4.6%). In 2017, Nigeria exported about US\$46.68 billions of goods.

In 2005, Nigeria posted a US\$26 billion trade surplus, corresponding to almost 20% of gross domestic product. In 2005, Nigeria achieved a positive current account balance of US\$9.6 billion. The Nigerian currency is the naira (NGN). As of June 2006, the exchange rate was about US\$1=NGN128.4. As of June 2019, it stands at US\$1=NGN357. In recent years, Nigeria has expanded its trade relations with other developing countries such as India. Nigeria is the largest African crude oil supplier to India — it annually exports 400,000 barrels per day (64,000 m³/d) to India valued at US\$10 billion annually.

India is the largest purchaser of Nigeria's oil which fulfils 20% to 25% of India's domestic oil demand. Indian oil companies are also involved in oil drilling operations in Nigeria and have plans to set up refineries there.

The trade volume between Nigeria and the United Kingdom rose by 35% from USD6.3 billion in 2010 to USD8.5 billion in 2011.

In 2012, Nigeria's external debt was an estimated \$5.9 billion and N5.6 trillion domestic - putting total debt at \$44 billion [6].

In April 2006, Nigeria became the first African country to fully pay off its debt owed to the Paris Club. This was structured as a debt write off of approximately \$18 billion and a cash payment of approximately \$12 billion.

In 2012, Nigeria received a net inflow of US\$85.73 billions of foreign direct investment (FDI), much of which came from Nigerians in the diaspora. Most FDI is directed toward the energy and banking sectors. Any public designed to encourage inflow of foreign capital is capable of generating employment opportunities within the domestic economy. The Nigerian Enterprises Promotion (NEP) Decree of 1972 (revised in 1977) was intended to reduce foreign investment in the Nigerian economy.

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