

NIGERIAN TRADE SECTOR (2010-2012)

Summary report



NATIONAL BUREAU OF STATISTICS

FEBRUARY 22ND 2015



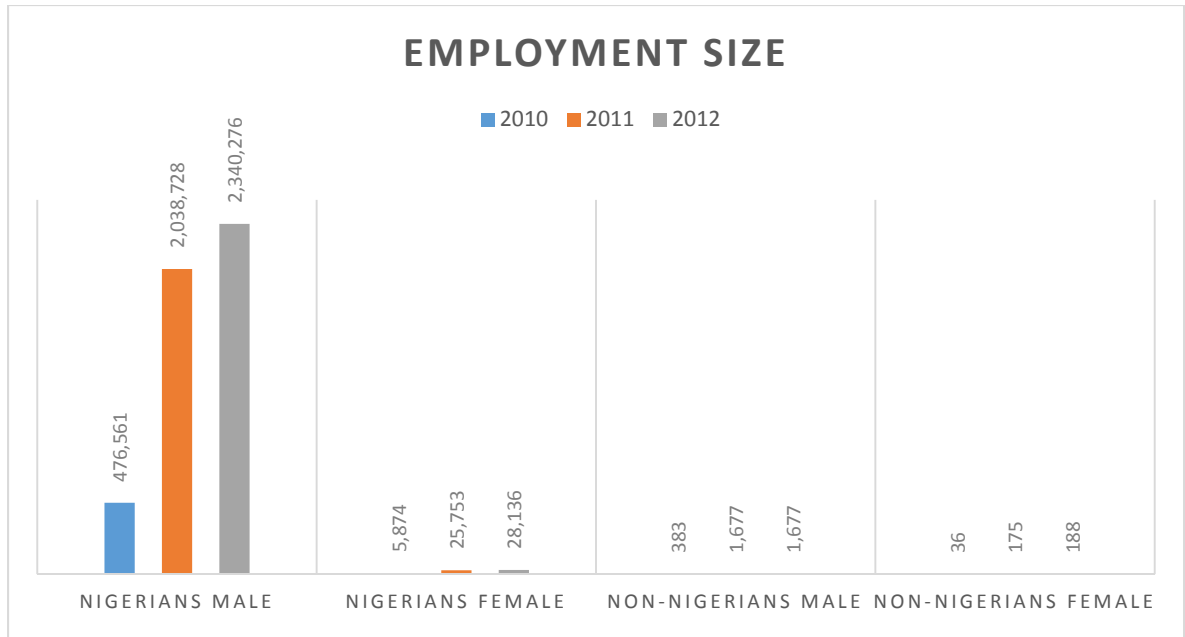
1. INTRODUCTION

The trade sector in Nigeria shows an encouraging future. So far current activity in the sector reveal astonishing pace in growth, market entry of wholesale & retail chains that have recently penetrated Nigeria's market space, a growing middle class hugely influenced by urbanization and easy information access for promoting trade activity. In addition to this, noticeable demand is on the rise for consumer goods by the said middle class who willingly welcome convenience one-stop shops. This has translated into the snowballing of various foreign wholesale and retail chains and shopping centers across the country and the development of several larger indigenous ones to complement the millions of micro and small establishments all over the country providing the same service. And with the advent of technology integration in how we do business, online shopping has created an alternative ease of transacting thus promoting trade. Together these components have brought upon an inherent lifestyle that is gradually receiving acceptance into Nigeria's trading environment. Huge numbers can be observed in the industry's employment size, disposable income available to urban professionals as earlier mentioned and a rise in demand for better shopping experience offered by the new global retailers.

This report mirrors the industry's growing progress according to the several dynamics that play into its development. We will study the trends in employment size cascaded according to gender and nationality. We will look into various income sources in the year of study while also identifying the different classification of items under intermediate inputs to observe the significant activity, whether negative or positive. And lastly, a look at the Gross Capital Formations otherwise known as (GCF) to ascertain trade activity involving assets of fixed nature.

2. EMPLOYMENT SIZE

Trade sector showed soaring numbers in employment over the years reviewed. This is noticeable strictly amongst the male gender of Nigeria origin. For the female counterparts, there seems to be no significant increase in the data readings year in year out, however, their numbers remains steady and constant. Figures showed employment population growing by triple digit percentage in the first year under review (2010-2012).



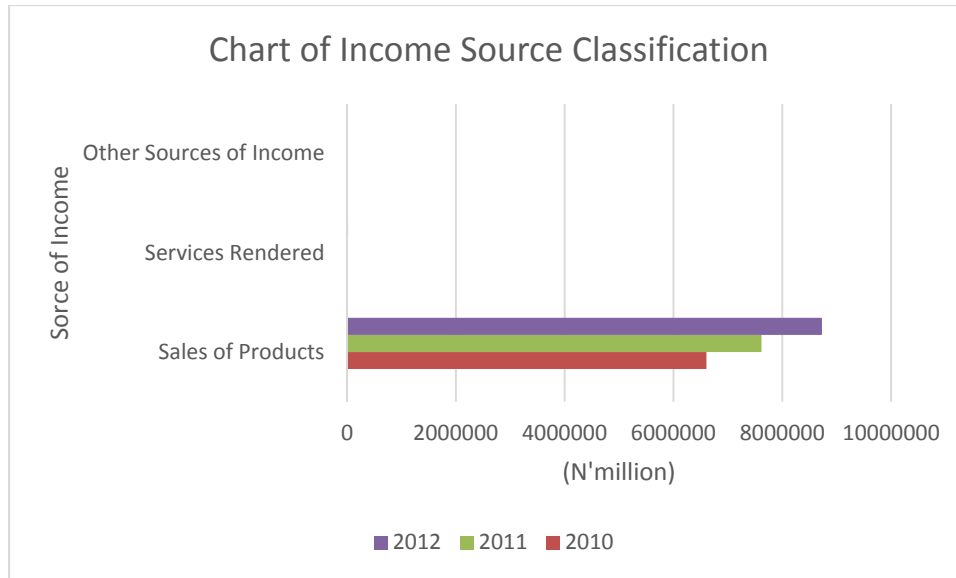
[Fig.1.0 Gender Based Employment Size of Nigerian/Non-Nigerian \(2010-2014\)](#)

In 2010 employment figures stood at **482,854 people** with **476,944** (99%) of them identified as Nigerians and **5,491** (1%) Non-Nigerians. For the year 2011 record showed employment figures leaping to **2,066,333 people**, a significant increment by **1,583,479** or 327% with **2,064,481** (99%) identified as Nigerians and **1,850.6** (1%) identified as foreign nationals. The following year 2012 recorded **2,370,276 people** indicating an increase of **303,943**, but a slowed growth by 14.7%, with **2,368,412** being Nigerian (99%) and **1,865** (1%) being of foreign nationals.

Male and female gender across the years under review show that Nigerian male represented 98% while 2% represented the female gender consistently over the three year period.

3. INCOME FROM PRODUCTS, SERVICES & OTHER INCOME

The trade industry generates income by Product Sales, Rendering Services and other Income Sources.

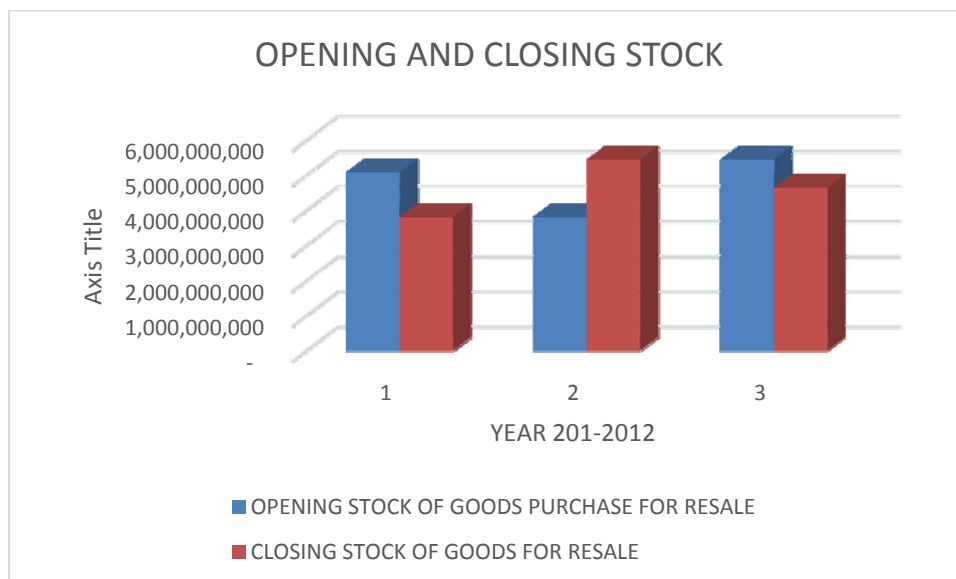


[Fig 2.0 Recordings of the Income for each classification 2010-2012](#)

In the year under review 2010- 2012 income is aggregated from the sale of products, services rendered and other sources. In the year 2010 the total income generated the three sources was **6,630,103.7 million naira**, of which, income from product sales consistently showed huge readings during the year of review. In the year, income from product sales recorded **6,608,586.97 million naira** while income from Services rendered stood at **11,848.66 million naira** and income from other sources put together stood at **9,668.08 million** that same year. Income from Product sales represented 99%, the lion's share of the total income consistently between the years 2010-2012. In 2011 product sales figure grew by **1,009,725.91** or 15% yielding a total of **7,618,312.88 million naira**. In the same year income from services rendered did not experience any growth but witnessed a decline downwards by **816.47 million naira** or 6.8% yielding a total of **11,032.19 million**. And income from other sources saw a slight increase by 2.4% which totaled **9,904.09 million naira** bringing the total income received in the year 2011 to **7,639,249.16 million naira**. For the year 2012, total income received was **8,762,572.62 million naira**, and as expected, Products sales represented the lion's share of (99%). Again the course of the business year saw Product sale increase by **1,113,089.01 million naira** or 14.6% growth yielding a total of **8,731,401.89 million naira** while Income from services rendered surprisingly showed strong growth by **6,928.6 million naira** or 62.8% totaling **17,960.79 million naira**. And income from other sources showed a slight increase by 33% or **3,305.85 million naira** which resulted in a total of **13,209.94 million naira** for that year.

4. STOCK OF GOODS (OPENING & CLOSING)

This section indirectly shows the trading volume in goods sold, seen through the opening and closing stock figures which basically tell the story in the chart below.

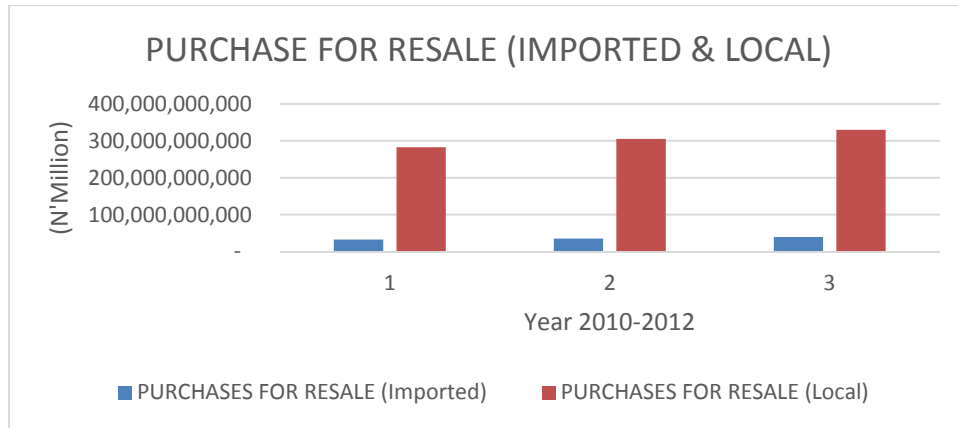


[Fig 3.0 Opening / Closing Stock Figures \(2010-2012\)](#)

In 2010 analysis from trade activity show that opening stock of goods sold began with **5,081.33 million naira** while the closing stock of goods ended at **3,808.02 million naira**. The difference between opening and closing stock showed by a drop of **1,273.32 million naira**, which confirms that major trade activity transpired that year evidenced by a 25% drop in stock of goods. The year 2011 starts with **3,808.02 million naira** opening stock but ends with a closing stock of **5,440.18 million naira** showing a noticeable rise in the number of goods purchased by 42% or **1,632.16 million naira** that same year. In 2012, **5,440.18 million naira** starts out as the opening stock for that year and ends with a closing stock of **4,633.42 million naira**, a decrease by 14.8% or **806.74 million naira** from the opening stock figure highlighting the volume of trade that took place in the year.

5. PURCHASES FOR RESALE (IMPORTED & LOCAL)

Imported goods purchased for resale showed a consistent growth between the year 2010 and 2012 with an average growth rate of 10.4%.

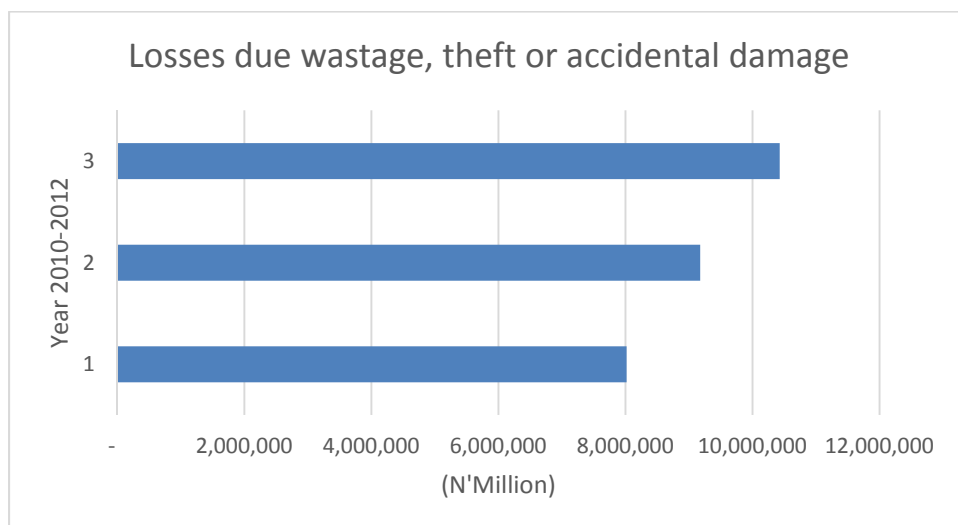


[Fig 4.0 Purchase of Imported & Local Items 2010-2012](#)

The year 2010 begins with the purchase of **32,490.34 million naira** imported goods into the country and further increased purchase figures by 8% or **2,852.98 million naira** yielding to **35,343.32 million in 2011**. And in **2012**, we can see the increment by **12% or 4,335.58 million** to hit **39,678.90 million naira** of imported goods purchased later in the year.

Local purchased goods showed tremendous figures going by the huge volume of sales recorded. In its first year, 2010, **282,490.34 million naira** local goods were purchased and this figure grew by **22,852.97 million** or by 8% totaling **305,343.32 million** and the year 2012 finally saw another similar rise by 8% or **24,335.58 million naira** resulting in a **329,678.90 million naira** purchase of local goods.

6. LOSSES DUE TO WASTAGE THEFT OR ACCIDENTAL DAMAGE



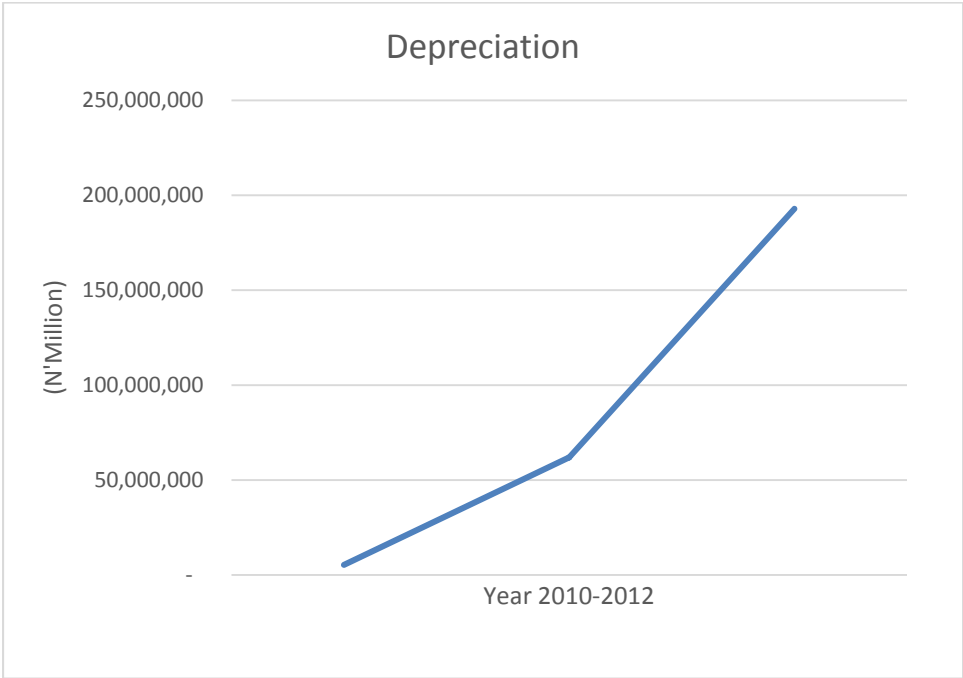
[Fig 5.0 Losses reported from Wastage/Theft/Accidental damage \(2010-2012\)](#)

During the period examined the trade industry did experience some degree of loss emanating from theft waste and accidental damages. Figures recorded in this instance was minimal and insignificant compared to both purchased goods and stock of goods that were not damaged, stolen or lost category but however experienced marginal growth.

The year 2010 showed **8,017,075 million naira** in losses and damages from various reasons just representing about 2% of total purchased goods. In the following year losses read **9,175,697 million naira, representing 2.6% of the total purchased goods for 2011**, just a slight increase by **1,158,621 million** or 14% and in 2012 a similar occurrence of loss to purchases ratio was noticed. I.e. losses seen was **10,428,545 million** and this represented 2.8% of total purchases made during that year.

7. DEPRECIATION

Depreciation began with low figures in 2011 and observed huge increment by the obvious reason that more goods were purchased for resale under the importation classification and especially the local classification.

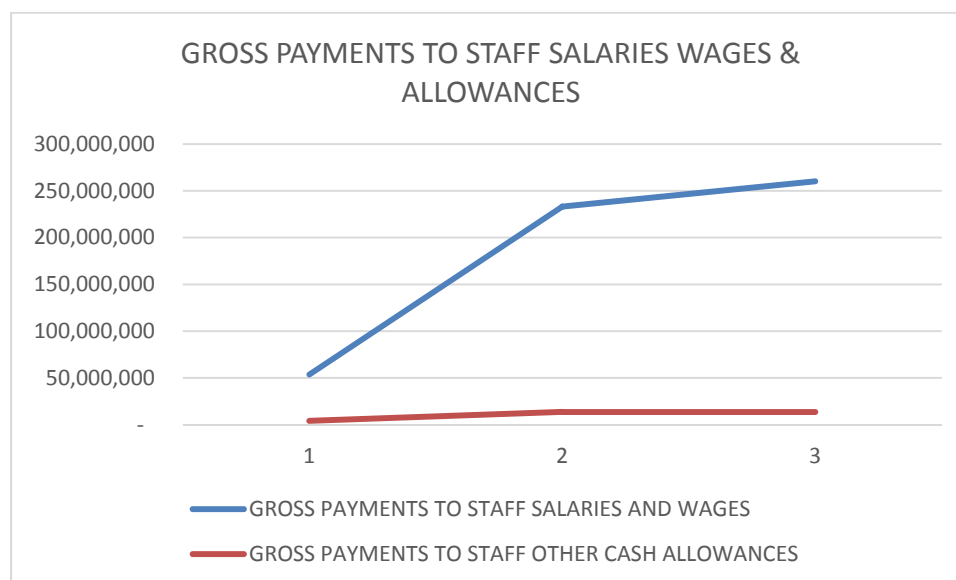


[Fig 6.0 Recordings of Depreciation \(2010-2012\)](#)

Depreciation of goods was minimal with **5,334,847 million losses**. Relative to the total purchased goods of **314,980.68 million naira**, depreciation represented 1.6%, almost negligible. It however picked up in 2011 by **56,567,514 million** or 10% to hit **61,902,361 million** worth of depreciation making up 1.8% of

the total purchase for that year. And in 2012, depreciation witnessed an unprecedented leap by **131,028,463 million** or 211% yielding a total of **192,930,824 million** in depreciation.

8. COMPENSATION

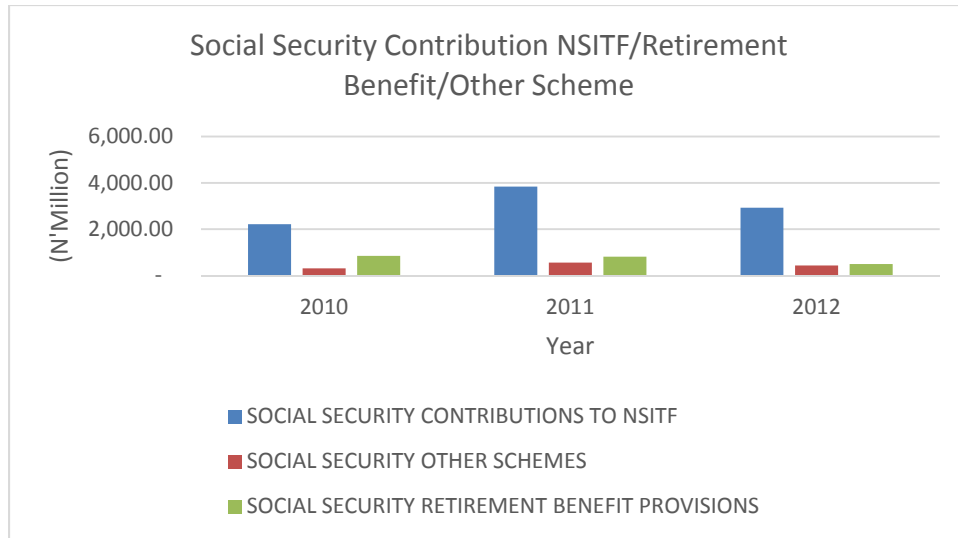


[Fig 7.0 Gross Payments of Staff Salaries, Wages and Allowances \(2010-2012\)](#)

Gross payment to staff salaries, wages and allowances reported **57,658.15 million** naira in 2010 and progressing into the 2011 trading year, gross payments grew strongly by **196,837.54 million** naira or by 341% reaching **254,495.69 million** naira and showing strong indications to climb higher. It eventually did climb higher, showing in the 2012 year, but by only **22,503.38 million** naira or 8.8% reaching to **276,999.07 million** naira.

9. INTERMEDIATE INPUT

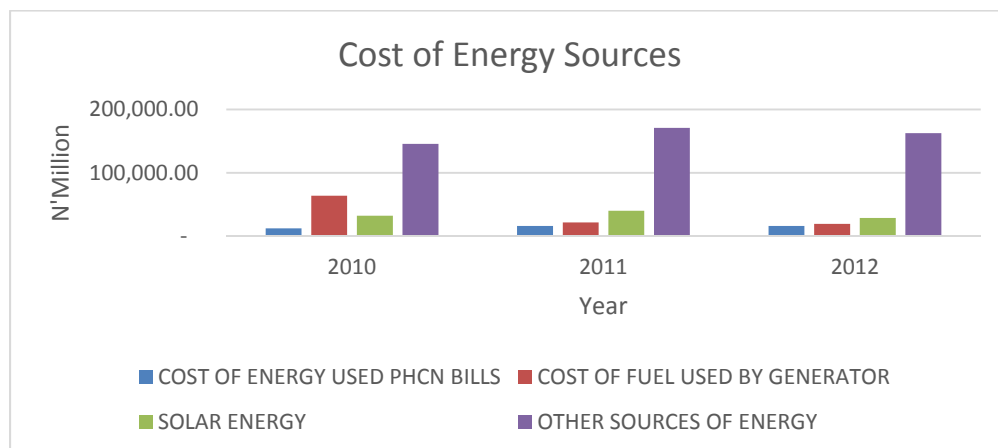
a. Social Security Contributions (NSITF, Retirement Benefits and Other Schemes)



[Fig 8.0 Social Security Contribution \(2010-2012\)](#)

Under this category of Social Security contributions, NSITF, Retirement Benefits and Other Schemes were grouped and summed up to one figure due to their similarities. In 2010, we see this category receiving a total of **3,377.5 million naira**, with NSITF receiving the biggest contributions of 65% or **2217.39 million naira** out of the three. The trend also followed in 2011, with NSITF receiving 73% contribution from the total of social security contributions which stood at **5,209.76 million naira** at the end of the year. NSITF received **3,838.1 million naira** in contributions that year. And in 2012 we studied the same pattern in total contributions made by Social Security and similar ratios of NSITF contribution to that Total.

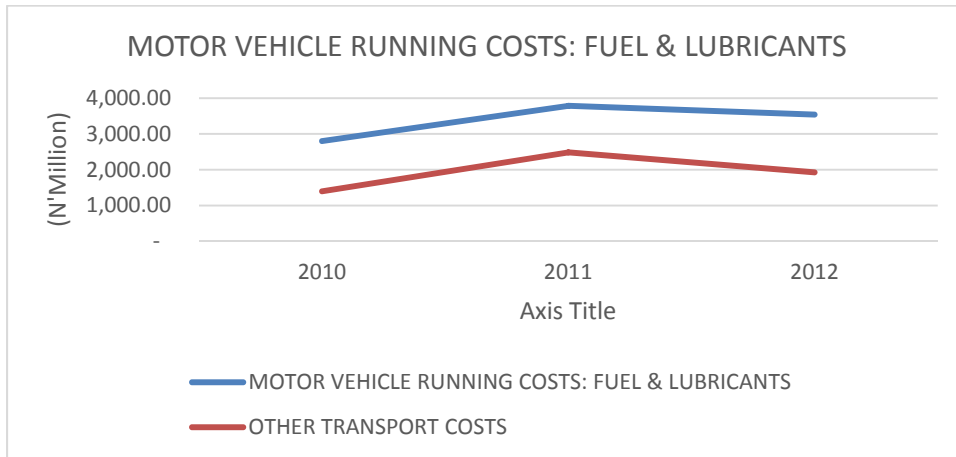
b. Cost of Energy used for PHCN, Generator and Other Sources



[Fig 9.0 Readings from Energy Sources \(2010-2012\)](#)

During the course of yearly trading activity energy consumption recorded **254,521.57 million** naira spent in the industry. It kicked off in the following year with a decrease of **5,669.45 million** naira or by 2.2% yielding **227,080.63 million** naira.

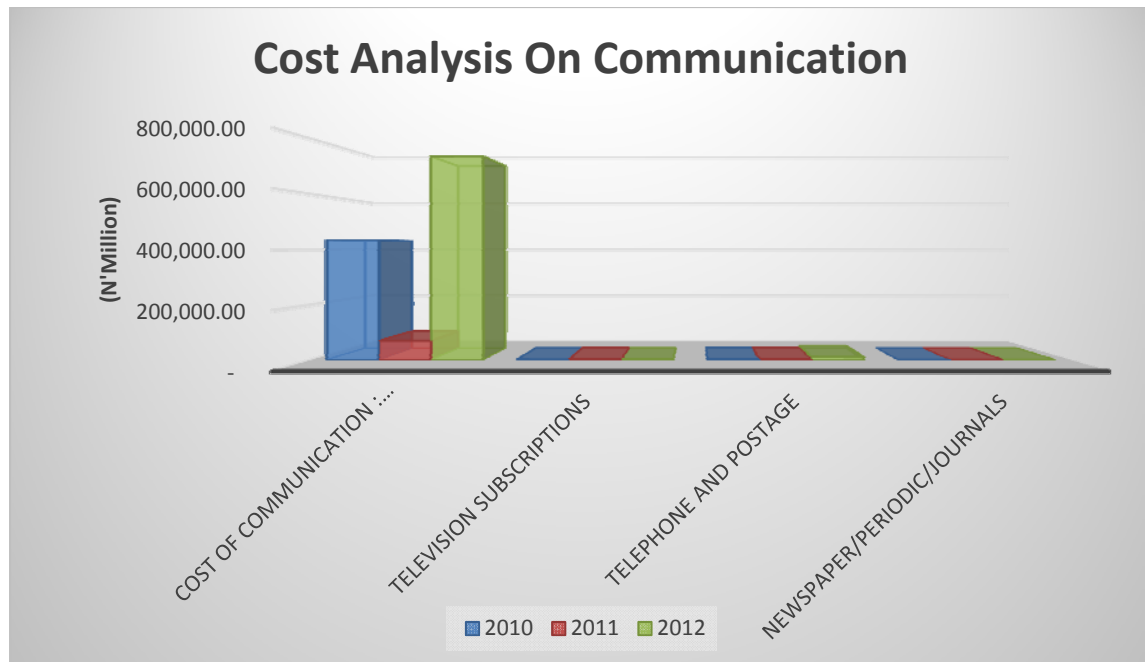
c. Cost of Running Transportation Vehicle



[Fig 10.0 Transportation Cost \(2010-2012\)](#)

The cost of fuel and lubricants can be seen in the year 2010 at **4,197.18 million** naira and grew to **6,268.63 million** naira in that year of trade, a 49% increase and it finally decreased to **5,464.72 million** naira in 2012 business year.

d. Cost of Communication



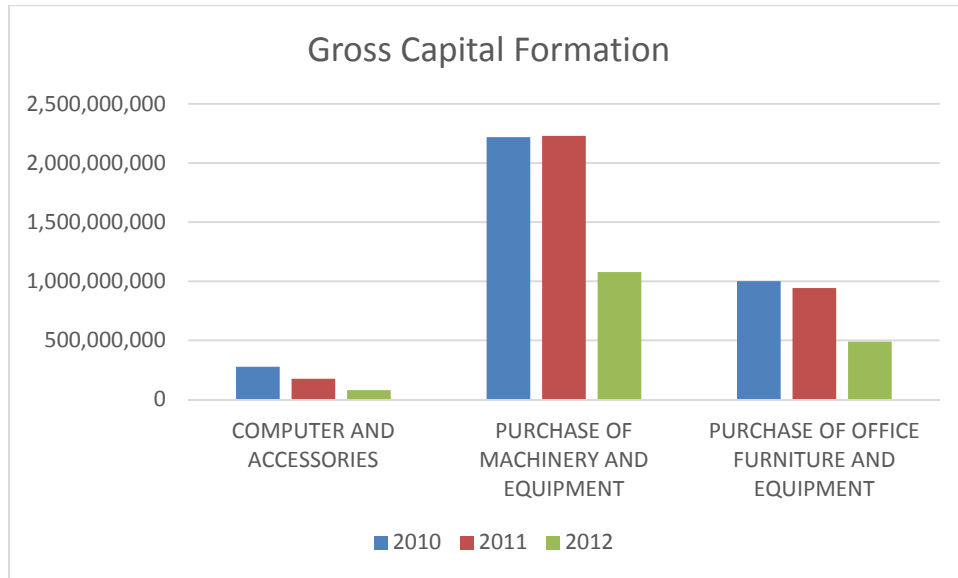
[Fig 11.0 Classification of Communication Mediums \(2010-2012\)](#)

Internet, television subscription, telephone, postage and Newspapers/Journals are under the classification of communication. In 2010, an aggregate of items in this category stood at **436,610.51 million naira**. In 2011 the amount of money spent on communication had declined by 82% in the course of business year, bringing our reading to **only 74,941.52 million naira** spent. Coming into 2012, we see an upward trend when total amount spent in this category climbs up unexpectedly by 897% to yield **747,738.54 million naira**. Patronage by users seemingly points to the internet as the preferred medium as data readings indicate the same especially in the wake of 2012.

f. Cost of Business Taxes, Licenses and Permits

Trade industry is guarded by business taxes licenses and permits and readings show how much of money goes into this sector. Trade activity in 2011 showed that business taxes, licenses and permits recorded an initial **110,162.97 million naira**, and in 2012 readings showed a 15% reduction in money spent in this direction resulting to a **93,096.69 million naira cost**. At its final stretch, it finally peaked in the year 2012 at an unprecedented rate of 587% by **546,691.64 million naira** and **639,788.33 million naira** was taken as spent in this regard.

g. Gross Capital Formation



[Fig 12.0 Gross Capital Formation Items from \(2010 to 2012\)](#)

Gross capital formation on trade increased significantly in the three years in review. In 2010, **42,026 million** Naira was invested on trade, this figure rose by 64.3 per cent to 69,059 million Naira by the end of 2011, and significantly rose by 99% to **137, 650 million** Naira In 2012.

Construction took up the highest expense on Gross capital formation on Trade, with over 90% in the three years under review. The bulk of investments on construction was spent on Construction of Residential Buildings. In 2010, GCF on Residential buildings was 36, 853 million Naira, this figure increased by 74% in 2011. By 2012, investment on Residential Buildings increased to **132,807 million** Naira. Major repairs and renovations had the least investments on trade, taking up only 0.12% of total gross capital formation on construction but rising by 0.4% consistently in 2011 and 2012.

Purchase of Computer and accessories, Machinery and Equipment and Office Furniture took up 8.32% of Total Gross capital formation on trade in 2010, but total investments on these items dropped to 4.85 per cent of Total Gross Capital formation on Trade in 2011 and further to 1.2% of Gross capital formation on Trade in 2012.

9. CONCLUSION

Within the 2010 to 2012 period, the trade sector has surely developed to the maturity it deserves. After the agriculture sector which was the highest contributor to GDP, the trade sector followed with the second highest contribution to Gross domestic production. The industry contributed 19.92% to the GDP showing the degree of importance to economic development of the nation and current indications showed that the sector will ultimately become one of the drivers of the economy by 2015.

Under the compensation category, gross payment to staff salaries recorded a huge jump by 341% in 2011 business year. This figure actually explains the corresponding leap in travel allowance paid to staff under intermediate input classification even though growth was just by 46% in 2011. The biggest contributors to the trading sector under income are the purchases of (local) goods for resale making up 86% of the total stock of goods and purchases made for resale in 2012. Property and business taxes, licenses and permits items also grew by 85.4% in 2012 under intermediate input items.

Demography of the population shows that 54% of Nigerians are urban dwellers, according to Food and Agriculture Organization. With the exception of silence in the economic activity experienced during the first quarter of 2012 arising from fuel subsidy strike and increasing level of insecurity in some major cities in the country, a closer look into the trade sector showed increasing market demands that grew steadily through the period of observation. Outside this limitations, it is safe to say that Nigerian holds the potential to becoming the largest consumer market in the African continent generating demand mostly from an increasing population of urban community.

APPENDIX

Table 1	2010	2011	2012
Employment Size			
NIGERIANS MALE	476,561	2,038,728	2,340,276
NIGERIANS FEMALE	5,874	25,753	28,136
NON-NIGERIANS MALE	383	1,677	1,677
NON-NIGERIANS FEMALE	36	175	188
TOTAL	482,854	2,066,333	2,370,276

Table 2	2010	2011	2012
Income (N'000)			
Value of Sales (Less goods return and discounted)	6,608,586.97	7,618,312.88	8,731,401.89
Income receipts from rendering services	11,848.66	11,032.19	17,960.79
Value of Goods withdrawn for own consumption	6,943.79	7,480.08	9,863.39
Other Income	2,724.29	2,424.01	3,346.55
TOTAL	6,630,103.70	7,639,249.16	8,762,572.62

Table 3	2010	2011	2012
Stock of Goods and Purchased for resale (N'000)			
OPENING STOCK OF GOODS PURCHASE FOR RESALE	5,081,335,737	3,808,017,075	5,440,175,697
CLOSING STOCK OF GOODS FOR RESALE	3,808,017,075	5,440,175,697	4,633,428,545
PURCHASES FOR RESALE (Imported)	32,490,342,318	35,343,318,329	39,678,897,646
PURCHASES FOR RESALE (Local)	282,490,342,318	305,343,318,329	329,678,897,646
Losses due wastage, theft or accidental damage	8,017,075	9,175,697	10,428,545
TOTAL	323,878,054,524	349,944,005,127	379,441,828,079

DEPRECIATION (N'000)	5,334,847	61,902,361	192,930,824
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Table 4	2010	2011	2012
Compensation (N'000)			
GROSS PAYMENTS TO STAFF SALARIES AND WAGES	53,621.06	240481.1412	263246.6892
GROSS PAYMENTS TO STAFF OTHER CASH ALLOWANCES	4037.085558	14014.54875	13752.38083
TOTAL	57,658.15	254,495.69	276,999.07

Table 5	2010	2011	2012
Intermediate Input (N'000)	2,217.39	3,838.10	2,924.37
SOCIAL SECURITY CONTRIBUTIONS TO NSITF	309.78	558.40	432.74
SOCIAL SECURITY OTHER SCHEMES	850.33	813.26	499.75
SOCIAL SECURITY RETIREMENT BENEFIT PROVISIONS	12,460.31	16,269.20	16,276.96
COST OF ENERGY USED PHCN BILLS	63,841.07	21,587.90	19,354.89
COST OF FUEL USED BY GENERATOR	32,414.14	40,115.69	28,725.32
SOLAR ENERGY	145,806.05	170,879.33	162,723.47
OTHER SOURCES OF ENERGY	2,798.93	3,784.41	3,540.09
MOTOR VEHICLE RUNNING COSTS: FUEL & LUBRICANTS	1,398.25	2,484.22	1,924.63
OTHER TRANSPORT COSTS	432,591.70	69,180.09	735,332.90
COST OF COMMUNICATION AND INFORMATION: INTERNET	1,215.09	1,886.69	1,442.03
TELEVISION SUBSCRIPTIONS	2,286.38	3,305.58	10,430.16

TELEPHONE AND POSTAGE	517.35	569.16	533.44
NEWSPAPER/PERIODICAL/JOURNALS	994,858.04	1,453,483.07	1,155,900.89
TRAVEL ALLOWANCE PAID TO STAFF	18,620.54	25,600.00	32,257.33
RENTS ON MACHINERY & BUILDINGS	966.01	1,394.38	1,527.08
WATER AND SEWERAGE CHARGES	3,646.15	6,542.72	2,498.47
ADVERTISING, MARKETING AND PROMOTION	4,394.15	6,185.65	9,037.51
REPAIR & MAINTENANCE (MINOR)	214,284.19	345,214.77	371,882.00
SECURITY SERVICES	2,845.82	6,039.92	5,215.68
OTHER EXPENSES, INCLUDING AUDITORS' FEES PAYMENT TO NOMINAL	1,866.16	2,757.25	2,071.24
CONSULTANCY FEES COMPUTER SERVICES INSURANCE PREMIUM	74,933.54	117,087.61	119,975.32
MISCELLANEOUS (NOT INCLUDED ELSEWHERE) LEGAL EXPENSES/PROFES	572,545.57	1,116,293.79	259,084.07
PRINTING & STATIONARY	110,162.97	93,096.69	639,788.33
PROPERTY AND BUSINESS TAXES, LICENSES AND PERMITS	1,693.14	1,421.16	829.12
OTHER, EG, SUBSCRIPTION/MEMBERSHIP FEES, ETC	65.63	275.94	96.75
FINANCIAL SERVICES FEES	3,286.80	2,629.66	4,809.02
INTEREST EXPENSES	135.84	99.21	85.25
ROYALTIES, RIGHTS, LICENSING FEES	901.42	1,949.76	2,488.98
OTHER EXPENSES	2,703,912.74	3,131,107.35	3,591,687.78
TOTAL	2,217.39	3,838.10	2,924.37