FOREIGN PRIVATE INVESTMENT POLICIES IN NIGERIA

INTRODUCTION

The Federal Republic of Nigeria has long recognized the need for foreign private capital which could be used to augment her own domestic resources in order to carry out effectively her development programmes and raise the standard of living of her people. Consequently, the Government had, in the past, endeavoured to provide foreign investors with a healthy investment climate as well as generous tax incentives. In spite of the liberal investment policies of the government, however, the inflow of foreign private capital has not been sufficiently encouraging. Moreover, Nigeria still greatly requires foreign assistance in the form of managerial, entrepreneurial and technical skills that often accompany such capital. The objectives of this paper, therefore, are to evaluate the past policies and suggest further policy options that could stimulate inflow of money capital, managerial skill and technological transfer.

The paper is divided into six sections as follows: Part I examines investment opportunities in Nigeria; Part II reviews foreign private investment policies; Part III presents a review of the growth and pattern of foreign private investment from 1961 to 1978; Part IV evaluates foreign investment policies; Part V discusses policy strategies that should be adopted to maximise foreign private investment while Part VI contains the summary and conclusions.

PART I
INVESTMENT OPPORTUNITIES

The Federal Republic of Nigeria offers very ample investment opportunities to foreign investors. These opportunities include Nigeria's vast potential market, immense natural resources, rapidly expanding economy, relative political stability and liberal foreign investment policies.

With an estimated average population growth of 2½ per cent per annum, Nigeria has a fast growing population and by mid 1980 this was estimated to be 85 million people. This represents a sizeable market that cannot escape the attraction of the foreign investor.

Compared to other less developing countries (LDCs), Nigeria is well endowed with rich mineral and agricultural resources as well as a diversified economy. Her mineral resources include petroleum, coal, tin, columbite, natural gas, limestone, lignite, lead and zinc. Agricultural products include a wide variety of crops such as cocoa, groundnuts, palm produce, cotton, soya beans, benniseed, yams, maize, cassava, rice and various spices such as ginger and pepper; and forest products such as rubber and timber. While it is true that these resources have only been partially exploited and realized, her vast potential resources clearly offer attractive prospects to foreign investors.

Nigeria's economy has experienced rapid economic growth particularly in the last decade. Her Gross Domestic Product (GDP) is estimated to have increased in real terms at an average annual compound rate of 9.3 per cent between 1970 and 1980. The overall index of industrial production, dominated by crude petroleum, increased at an average annual rate of 12.5 per cent between 1970 and 1979. The rapid growth of the economy is reflected most adequately by phenomenal increase in the Federal Government fiscal operations. At ₦633 million in 1970, the federally-collected revenues increased at an average annual rate of 42 per cent to ₦10,913 million in 1979 or over 1,600 per cent. The combined current and capital expenditures increased from ₦1,107 million in 1970 to ₦10,759 million in 1979 or over 1,000 per cent over the nine year period.

Total imports rose from ₦756 million in 1970 to ₦8,212 million in 1979, an increase of over 986 per cent. During the same period exports rose from ₦885 million to ₦10,836 million, showing an increase of over 1,100 per cent. Similarly, the official reserves position moved from ₦157 million in 1970 to over ₦5 billion by mid-1980. Thus, Nigeria's fast expanding economy as reflected by her buoyant revenue and fast growing external reserves makes her international credit rating at the moment excellent while the huge capital programme of the Governments is such that would offer exhilarating incentives to any investors.

Nigeria's rapidly growing wealth in the last decade has not only been accompanied by a high level of domestic consumption but has also been outpaced by it. This development is most adequately reflected by supply shortages of various consumer items. The unsatisfied consumption — 'consumption gap', and the high level of effective domestic demand clearly augur well for foreign investors.

One of the most important pre-requisite for rapid economic growth is political stability and good government at home. The Nigerian experience has shown that except for the brief period of civil war, July 1967 to January 1970, the military take-over of the government had not hindered our economic development. Indeed, the military administration introduced and executed two development plans — 1970-74 and 1975-80 — and successive Nigerian governments have honoured their international obligations with regard to both foreign governments and foreign private investors and have also created and promoted healthy international relations.

Nigeria has for several decades recognised the need for overseas capital, managerial and technological skills. It has also recognised that overseas investors would be reluctant to bring in their capital unless they are welcome and assured healthy investment climate. Various Nigerian governments have pursued liberal foreign investment policies and have continued to create healthy investment opportunities for foreign investors.

PART II
REVIEW OF FOREIGN INVESTMENT POLICIES

This section reviews various incentives introduced by Government to encourage foreign investors, the various laws and regulations governing foreign ownership of companies, foreign employment, entry, remittance and repatration of capital and concludes with Enterprises Promotion Acts.

Incentives

(a) Incentives for Industrial Development

The Aid to Pioneer Industries Ordinance 1952 was the first step taken by the Federal Government to encourage pioneer industries. A pioneer status entitled a company to be exempted from profit tax during the first two years of its operations and for further one to three years if fixed capital expenditure undertaken by the company had not been less than ₦30,000 or ₦200,000, respectively. In 1952, the Income Tax (Amendment) Ordinance came into force, which allowed companies, both public and private to write off from profits, for the purpose of computing taxable income, a large amount of capital investment during the early years of trading. This enabled such companies to amortise their capital quickly and to build up liquid reserves at an early period, thereby making further investment easier. The Industrial Development (Income Tax Relief) Ordinance of 1958 superseded the two Ordinances of 1952 mentioned above, extended the period over which the tax holidays could be claimed and also liberalized the procedure for granting pioneer certificates. Such modifications included reducing the minimum qualifying capital expenditure to ₦10,000; carrying forward losses during the tax holidays; writing off capital expenditure from taxable profits during the tax relief period and exemption of shareholders from tax on dividends up to the amount of such profits.

The Industrial Development (Import Duties Relief) Act, 1957 was introduced to allow the repayment of import duties to be authorized on materials brought into Nigeria for use in the manufacture or processing of goods or in the provision of services.

The Customs Duties (Dumped and Subsidized Goods) Act was introduced in 1958, to permit, when necessary, the imposition of a special duty on any goods which were being dumped in Nigeria or were subsidized by any Government or authority outside Nigeria.

The Customs (Draw-back) Regulations of 1958 enable importers to claim import duty in full,

(i) if goods are exported in the same state as that in which they were imported;
(ii) if materials are imported for use in the manufacture of goods and then exported; or
(iii) paper imported for use in the manufacture of educational goods where such goods are supplied to recognized educational establishment.

There is the Approved User Scheme which allows approved manufacturers to import either duty free or at a concessionary rate of duty certain materials specified in the Customs Tariff, for a period not exceeding three years.

To promote further the development of industries, the government embarked on the development of industrial estates all over the country which could be rented by the industrialists. These estates included 930 acres at Apapa, Ijora and Iganmu in Lagos; and 2,100 acres in Kaduna, Kano, Zaria, Jos, Ilorin, Gusau and Maiduguri. The Western Nigerian Government developed a 1,970 acre industrial estate at Ikeja, Mushin and Ilupeju while the former Eastern Nigeria Government developed over 4,100 acres in Enugu and Port-Harcourt areas.

The development of these estates were supported by huge capital expenditures on transport and communications and reasonable supplies of water. Special priority was given to the construction of feeder roads to the industrial estates.

Besides tax concessions and incentives, there are protective measures embodied in the yearly budget which have been used to assist both indigenous and foreign enterprises. These include high tariffs on imports, lower excise taxes, import licensing and ban of certain imported commodities that may have greater competitive advantage over locally produced goods.

(b) **Tax Concessions**

Company profit tax is governed by the provisions of Companies Income Tax Act 1961 (and subsequent amendments). In arriving at a company's profit tax for any year of assessment, the government allows the following generous capital allowances, concessions and reliefs:

Generous capital allowances otherwise known as "allowable depreciation" are given for capital expenditure incurred for the purpose of a trade carried on in Nigeria.

The following initial allowances are allowed for the following expenditures: industrial buildings 15%, plant, vehicles, machinery and mining 20% and 25% for plantation facilities, annual allowances, calculated on the declining basis are 10% on industrial building, 5% on other buildings: 12½% on plant, machinery and mining facilities and 15% on plantation.

In addition to the above allowances there is an investment allowance of 25% on the qualifying expenditure, that is, expenditure on which investment is made. In case of capital expenditures on plant and equipment incurred for agricultural production there is an investment allowance of 10% in addition to existing capital allowance of 10%. There is also capital allowance for equipment leasing.

Companies could, until April 1976, claim without limit tax rebates in respect of losses (unlimited carry forward of losses). While this has now been limited to four years after which unabsorbed losses will lapse in case of manufacturing; indefinite carry forward of losses still continues in case of agriculture.

Nigeria and certain countries maintain Double Taxation Agreement. The countries include the United Kingdom, Ghana, Sierra Leone, Gambia, Canada, New Zealand, Sweden, Denmark, Norway and the U.S.A. The aim of the agreement is to avoid double taxation or obtain relief from tax when a company pays tax on the same income both in Nigeria and in any of the countries concerned.

Regulations of Foreign Investment

(a) **Foreign Ownership of Companies**

Until the indigenization Decree of 1972, there were no formal restrictions on the type of business foreigners could participate in Nigeria. Nigeria encouraged in particular and has continued to encourage companies motivated by a spirit of partnership or joint ventures. Moreover, until the company Act of 1961 there was no distinction between Nigerian and foreign companies.[1]

(b) **Laws and Regulations Affecting Employment**

The Immigration Act, 1963

Until 1963, the Federal Government had, in a bid to encourage foreign investors, freely approved the employment of aliens in all capacities — technical, managerial and professional posts. One side effect of this policy was that alien companies were free to employ those whom they thought could make quick profits for them. This resulted in a discriminatory policy against Nigerian employees. The position in which Nigerian workers found themselves is well summarised by Ragnar Nurkse: "That foreign business establishments have not been eager to impart technical and managerial knowledge to the local population, unless compelled to do so by government regulation, has been a perennial complaint against them in under-developed countries".[2] For example, it was frequently alleged that most highly qualified Nigerians employed or trained by foreign firms were not given opportunities to hold key posts at executive levels.[3] This practice of alien companies brought about a drastic modification of policy. It was no longer a matter of friendly persuasion, but one of legislative intervention.[4] It culminated in

[1]The Act of 1961 drew a line between two types of companies, namely (a) A Nigerian Company and (b) A non-Nigerian Company. A Nigerian company is a company whose control and management activities are exercised in Nigeria. All other companies fall under the other type.

[2]R. Nurkse, Problems of Capital Formation in Under-developed countries (Oxford, 1966), p. 88.

[3]R. O. Ekundare, Economy of private investment in Nigeria, *The Journal of Modern African Studies*, Vol. 10, No.1, 1972, p. 46.

[4]See Samuel Suckow, Nigerian Law and Foreign Investment (The Hague, 1966).

the Immigration Act, 1963. The Act (which is largely still in force) went beyond prescribing the number of foreigners vis-á-vis Nigerians who were to be employed by foreign entrepreneurs. Indeed it attempted to control directly the establishment of any foreign business. The law categorically stipulated that no alien might, either on his own account or in the partnership with any person, including a Nigerian citizen practise a profession without the prior written approval of the Federal Minister of Internal Affairs, which should be obtained before the entrepreneur himself could enter the country. The Act did not define the word "profession", but this would be taken to include any kind of business enterprise.[1]

(c) **Entry, Remittance and Repatriation of Capital and Dividends**

Capital directly invested in Nigeria is granted 'Approved Status' after careful assessment of its economic benefits to the country. Profits and dividends arising from an investment may be freely transferred to the country of origin after the payment of income tax. Until 1973 there was no restriction on repatriation of capital. Repatriation of capital since then has been made subject to exchange control regulations while the 1962 Nigerian Exchange Control Act requires that the Federal Ministry of Finance annually approves remittance of dividends.

The Enterprises Promotions Acts

(a) **The Case for Indigenisation**

In spite of growing foreign private investment in Nigeria, the government and the people of Nigeria have become increasingly conscious that the benefits of foreign private investment were not being maximised. The opening paragraph of the section devoted to indigenisation in the Second National Development Plan 1970-74 indicates as follows:

> 'one of the factors which tend to reduce the benefits of industrialisation in Nigeria is the employment of a large number of foreign nationals who received considerable sums in the form of salaries and allowances. In order to reduce these "earnings leakage" government will intensify its efforts to ensure, not only that high-level Nigerian Personnel are employed by private industry, but also that they are given responsibilities commensurate with their training and experience'.

Hitherto, many firms have placed a good number of Nigerians in management positions, but it is widely known that many of those indigenous 'managers' are not given management functions to perform and are in fact little more than glorified clerks put up for 'window dressing'.

Besides those abuses by foreign investors, three principal objectives were given by the Federal Military Government[2] as the motivating factors for the indigenisation programme. These were:—

(i) to create opportunities for Nigerian indigenous businessmen;
(ii) to maximise local retention of profits; and
(iii) to raise the level of intermediate capital goods production.

(b) **The Enterprises Promotion Acts**

With the above objectives in view the indigenisation policy was given legal force by the Enterprises Promotion Act (formerly Decree No. 4) 1972 otherwise known as the Indigenisation Act. The Act set out two schedules. The First Schedule contained 28 industrial and commercial ventures which were reserved exclusively for Nigerian citizens, businessmen and associations. Some of the activities in this list include **non-department retail trading, banking, rice milling, bottling of soft drinks, hairdressing, radio and television broadcasting.** The Second Schedule contained 25 activities in which Nigerians must henceforth have an equity participation of not less than 40 per cent. The items on this list include wholesale distribution, beer brewing, manufacture of soaps and detergents, etc.

The indigenisation Act of 1972 was subsequently modified by the Act of 1977 (Decree No. 3 of 1977). Under this Act, all enterprises were grouped under three schedules:[3]

(i) Schedule I — Enterprises exclusively reserved for Nigerians;
(ii) Schedule II — Enterprises in respect of which 60 per cent of the equity participation must be owned by Nigerians; and
(iii) Schedule III — Enterprises in respect of which 40 per cent of the equity must be owned by Nigerians.

However, in 1981 the government relaxed foreign equity restrictions on manufacturers of metal containers, fertilizers, cement and agricultural operations. Foreign companies can now have up to 60% interest in these areas instead of the former 40%. In addition, 40% foreign equity is now permitted in jewelry, clothes, clock repairing and rice-milling operations. Formerly, foreigners were not allowed to operate in these sectors.

PART III
GROWTH AND PATTERN OF FOREIGN PRIVATE INVESTMENT

Cumulative foreign private investment[4], that is, total paid-up capital (including reserves) and 'other liabilities' increased more than six-fold, from ₦441.8 million in 1962 to ₦2,863.2 million in 1978. This showed an average growth rate of 12.7% during the sixteen year period. Companies of the United Kingdom origin constituted the largest single source of direct investment in Nigeria, accounting for 61.4% of the total paid-up capital, reserves and other liabilities in 1962 and 41.7% in 1978. This is followed by Western Europe with 21.2% in 1962 and 29.6% of total in 1978. The United States comes third with 8.6% in 1962 and 12.0% in 1978 although it is pertinent to observe that its share was greater than that of Western Europe for the years 1967 to 1971. The share of other countries has not only nearly doubled from 8.6% to 16.7% but has also shown continuous upward trend between 1962 and 1967 (See Table 2).

Distribution of cumulative foreign private investment by economic activity sectors identified mining and quarrying as having attracted the largest concentration of direct foreign investment — 36.7% in 1962, 54.7% in 1972 and 14.7% in 1978 of total direct foreign investment.

Investment in trading and business services came next with 38.4% in 1962 declining to 14.1% in 1971 and rising to 18.3% in 1978. The third main area of concentration was in manufacturing and processing with a share of 17.3% in 1962 and

[1]Immigration (Control of Aliens) Regulations, 1963.

[2]Press Release issued by the Federal Military Government, 17th June 1971.

[3]These were published in the Central Bank Economic and Financial Review — Vol. 18, No. 1, June 1980.

[4]The analysis in this section is based on the Annual Survey conducted by the Research Department of the Central Bank. The number of companies covered by the survey increased from 383 in 1961 to 1,242 in 1978. The survey excludes foreign investments in financial institutions.

44.1% in 1978. However, its share of total investment was greater than that of trading and services for the years 1970-74. Two sectors which attracted the least foreign investment were agricultural, forestry and fishing on one hand, and transport and communications on the other. The share of the first group was 2.0% in 1962 and 4.1% in 1978 while for the latter the shares for the corresponding years were 1.1% and 1.9%.

Investment in fixed assets increased more than six-fold from ₦313.4 million in 1962 to ₦2,557.0 million in 1978. This represented an average growth rate of 15.8% over the sixteen-year period. Information sources, disaggregated for oil and non-oil companies available from 1962 showed that direct investment in fixed assets of the oil companies accounted for 34.7% of the total in 1962 and 30.5% in 1978. The average growth rate for oil companies was 18.7% while that of non-oil was 16.5% (See Table 4). A sectoral analysis showed that direct investment in fixed assets was concentrated mainly in two sectors — mining and quarrying and manufacturing and processing. The share of the former was 41.5% in 1962, reaching a peak of 62.5% in 1973 before declining to 48.5% in 1977, while the share of the latter was 24.9% in 1962, 39.3% in 1970 and 32.2% in 1977. The share of trading and business services declined from 25.4% in 1962 to 9.3% in 1977, while agriculture, forestry and fishing, transport and communications attracted the least foreign investment. (See Table 5).

Analysis of private capital flows by country or region of origin is presented in Table 6. It showed wide fluctuations in net flows which ranged from ₦31.6 million in 1969 to ₦475.0 million in 1975. The flow figures for terminal years were ₦54.6 million in 1961 and ₦331.7 million in 1978. Significant net flows were recorded in 1971 (₦319.6 million), 1972 (₦248.3 million), 1975 (₦475.0 million) and 1978 (₦331.7 million). Further analysis showed that about 14% of total flow of ₦402 million occurred in the first five years of independence (1961-65); 5.2% or ₦149 million during the period of civil war (1967-69) and 38.4% or ₦1,698.1 million occurred in the last five years ending in 1978. The United Kingdom was generally the largest single source of inflow accounting for 51.5% in 1961 and 36.9% in 1978 of total net flows. Between 1961 and 1978 however, there were wide fluctuations in net flow from the United Kingdom. For example, there was significant dis-investment of ₦28.1 million in 1974 probably when some of the companies of the United Kingdom origin sold their property rather than comply with indigenisation decree. The United Kingdom companies recorded similar disinvestment during the civil war period, amounting to ₦8.2 million in 1967 and ₦9.8 million in 1969. Countries of Western Europe origin recorded significant inflow in 1972 (₦106 million) and in 1978 (₦108.6 million). Significantly, the United States was the largest single source of capital inflow in 1975 — accounting for over 50% of total capital inflow in that year. The United States also recorded the most significant capital outflow and disinvestment in 1972 (₦50.7 million), 1974 (₦7.9 million) and 1977 (₦89.0 million). Most of the disinvestment occurred through reduction in 'net other foreign liabilities' and 'liabilities to head office' while unremitted profit was the most significant source of capital inflow (See Table 7). It is also important to observe that the disinvestment occurred most significantly in 1969, 1974 and 1976-77.

PART IV
EVALUATION OF FOREIGN INVESTMENT POLICIES

Limited information on the subject makes it difficult to assess effectively the impact of various incentives and assistance given to foreign investors. This section is therefore limited to evaluating the contributions of foreign private capital to the national economy in aggregate terms and general assessment of the indigenisation Acts.

(a) Contributions of Foreign Private Capital

Cumulative foreign private investment up to 1978 was estimated at ₦2,863.2 million. Investment on fixed assets at book value up to 1978 was estimated at ₦2,557.0 million. Between 1970 and 1978 cumulative 'new' foreign private investment amounted to ₦1,981.0 million (See Table 9). Between 1970 and 1973 it constituted a significant proportion of the Federal Government capital programme, more than doubled the Federal Government expenditures in 1971; 61, 84 and 44 per cent of Government expenditures in 1970, 1972 and 1973, respectively. Although the net inflow of foreign capital became less significant with the wake of oil boom, net capital inflow from private companies did augment our domestic capital as well as being a major source of our foreign exchange earnings up to the early seventies.

Income from foreign companies in form of profit taxes, royalties from concessions agreement, etc. constitute a large proportion of Government revenue most of which are derived from the oil companies. At ₦3,726.7 million (or 82% of the Federally collected revenue) in 1974, revenue emanating from foreign companies rose steadily to a peak of ₦6,180.6 million in 1977 (77%) before declining to ₦5,464.0 million in 1978 (73%).

Value added to our national economy by foreign private companies increased by an average annual rate of 26.8% between 1974 and 1978. It amounted to ₦10,125.7 million in 1978 or 43.2% of GDP. In the intervening years, 1975 and 1976, it constituted 53% and 51% of the GDP, respectively.

Information on employment for the period 1974-78 showed that total employment in foreign private companies was about 123,000 in 1974 and 166,000 in 1977. Of these totals, employment in junior category constituted 79% and 86%, respectively.

(b) Assessment of Indigenisation Acts

As far as the regulation of foreign enterprises was concerned both the Immigration Act of 1963 and the Indigenisation Acts of 1972 and 1977 could be said to be complementary. The Act of 1963 was the first attempt to control alien employment in foreign companies as well as to regulate the establishment of new ones; the Indigenisation Acts were to ensure that Nigerian citizens and businessmen were not to continue to be placed at a disadvantage in establishing or running any business in their own country.

One direct consequence of the Nigerian Enterprises Promotion Decrees (NEPD) 1972 and 77 is that any new foreign investment has to be joint venture in character, at least, to the tune of 40 per cent Nigerian ownership. Information sources from surveys conducted by the Central Bank of Nigeria showed that while Nigerians owned about 7 per cent of private capital in 1966, eleven years later, that is by 1977, indigenous ownership had increased to 43 per cent. The pace of Nigeria's ownership has been very impressive in mining, manufacturing and processing and miscellaneous services. Thus in this respect, indigenisation policy can be said to have succeeded in partially achieving its primary objective of increasing Nigeria's participation in private businesses.

The indigenisation policy has other important advantages. First, indigenous investors can now feel that they are welcome in their own country. Secondly, the policy asserted the principle that foreign investment must be primarily for the benefit of the country. Indigenous participation at all levels are to be fostered while the foreign investor has to appreciate that his own interests are best served by constantly endeavouring to work in harmony with the government and the people of the country. Thirdly, the policy of indigenisation emphasises the principle of joint ventures. Although this is not entirely a new principle in this country, however, the policy does make clear distinction between areas in which joint ventures are required and should be encouraged and those areas in which alien businessmen are barred.

Prof. Nwankwo contended: 'The Nigerian experience also shows that 'local contacts', which joint ventures confer have proved of immense advantage to the foreign investor and that rather than go it alone many new investors prefer joining with indigenes who know their way around and who can get into places otherwise inaccessible to the foreign investor and this helps the joint venture to win more contracts or favours from powers that are'[1].

Joint ventures can assist and accelerate transfer of technology. The extent and the speed to which Nigerians can adopt and benefit from the transfer will depend, among other things, on the nature of joint venture agreement, the training background of the recipient and infrastructure available to assimilate the technology. Fortunately, recent joint venture agreements do stipulate the training and employment of indigenes in the joint venture and the use of local inputs. To the extent that the indigenes try to maximise the benefits of such agreements, joint ventures could be said to be necessary instrument for promotion and transfer of technology.

PART V
NEW POLICY STRATEGIES TOWARDS FOREIGN PRIVATE INVESTMENT

The Federal Government has continued to pursue policies and make regulations and laws that would promote foreign private investment. Unfortunately the rate of foreign private capital inflow has been far short of what would be required to augment our domestic resources in order to be able to exploit the potentialities of this country and raise the living standard of its people. This development calls for a new policy orientation towards promoting foreign private investment. Such policies should take cognizance of relatively declining net inflow since 1974 in relation with the government capital programme; the need to diversify private foreign investment and minimize its continuing concentration on trading and 'non-essential' areas in manufacturing; and to attract foreign investors to invest in new areas requiring heavy capital, sophisticated and fast growing technology.

In the light of the preceding discussions, Nigeria's foreign private investment policies should move towards encouraging intensification of joint ventures and other collaboration arrangements particularly in area which appear relatively neglected such as agriculture, forestry, fishing and in those areas which require complex and fast-growing technology such as electronics and manufacture of office computing and accounting machinery and equipment and areas which require heavy capital such as aircraft, steel, and electronics.

Some of the advantages of such joint ventures have already been discussed. Essentially, they are beneficial in that they provide for a set of complementary or reciprocally matching undertakings which may include a variety of packages ranging from providing the actual capital to technical co-operation including agreement for transfer of technology.

The Government should intensify the policy to acquire, adapt, generate and use acquired technology to meet its needs in the industrial sector. One major way of doing this is to work out policies relating to technology to be transferred, the machanics for adaptation of the technology and the development of the country's technological base. Emphasis should be on eduation and in-service training and practical training on the job. The facilities in Industrial Training Fund (ITF), in technical institutions and in the universities should be more purposefully employed for training. The possibility of funding such training by both private and public institutions should be exploited.

Other problems facing foreign investors which would require drastic review of policy include foreign exchange and emigration restrictions and often protracted decision making process in the public sector on such vital issues as the availability of land, level of tariff protection, granting of 'general' import licences and smuggling. These constitute bottlenecks that hinder co-operation with foreign partners.

In order to obtain the co-operation of foreign partners and to encourage foreign private investors to invest in those relatively neglected and sophisticated areas requiring fast-growing technology and heavy capital equipment,

(a) the government should continue to provide and maintain incentives and assistance to industries as discussed in Section II;
(b) expatriate quota should be made more flexible in the 'special industries';
(c) such companies should be permitted to remit dividend when they accrue;
(d) import duty on capital equipment and raw materials should be free or should be at a concessional rate;
(e) there should be tax concessions to off-set the necessary extra expenses incurred by manufacturers in providing electricity, pipe-borne water, access road, accommodation, etc; and such expenses should be reasonable to merit approval; and
(f) the machinery for the enforcement of law against smuggling should be strengthened.

With due regard to 1977 Indigenisation Act, a more flexible policy with regard to equity participation in these sectors should be re-examined. For example, the principle that indigenous participation even in sophisticated industries requiring fast-growing technology or heavy capital equipment should not be less than 40 per cent should be relaxed or made more flexible to attract foreign participation in these areas and in agriculture. The modification introduced in 1981 noted in Part III(b) of this paper is a right step in the right direction.

Nigeria should continue to high-light investment opportunities which abound in the country as well as reassuring foreign investors that further indegenisation in those sectors is not being contemplated. This should be the role of the Federal Ministry of Industries, as the main government agency having primary responsibility for ensuring the success of national industrial policy.

PART VI
SUMMARY AND CONCLUSIONS

This paper has attempted to show that Nigeria has immense natural resources, large potential market, high level of domestic

[1]Prof. G. O. Nwankwo, 'Joint Ventures and Direct Investment', International Financing of Economic Development, Second World Scientific Banking Meeting in Yugoslavia, May 26-31, 1980.

consumption as well as fast growing economy and that these conditions clearly constitute attractive investment opportunities for foreign investors.

The review of foreign investment policies and growth and pattern of foreign investment did reveal that in spite of Nigeria's attractive investment policies in the past, the growth of foreign private investment has not kept pace with our economic development. In fact, foreign capital inflow has been a rapidly decreasing proportion of Government overall capital programme as well as our Gross National Product. Moreover, there has been a tendency for foreign investors to concentrate investment on more lucrative sectors such as trading and light manufacturing to the neglect of development sectors such as agriculture, transportation and communications.

This paper suggests that joint ventures should be continued to be encouraged as a means of increasing in-flow of capital as well as a means of quickening technological transfer. Foreign investors should be given special incentives to attract them to invest in the neglected sectors of the economy such as agriculture and in industries requiring heavy capital equipment and sophisticated technology such as electronics, aircraft and steel. Such incentives should increase equity participation; special tax concessions and a more generous dividend policy. Finally, law-enforcing agents should fully mobilize their resources to destroy smuggling.

J.O. Osakwe
Deputy Director of Research
Economic Policy Unit

REFERENCES

1. *Annual Report and Statement of Accounts for the year ended 31st December, various years, 1970-79,* Central Bank of Nigeria, Lagos.
2. *Economic and Financial Review,* Central Bank of Nigeria, Lagos, Vol.2, No.1.
3. Investment Opportunities in Developing Countries, Facilities for the Promotion of Foreign Private Investment, *OECD* (Paris 1970).
4. Investment Opportunities in Nigeria, Published by the Federal Ministry of Information, Lagos.
5. Laws of the Federal Republic of Nigeria, Containing Decrees and subsidiary Legislations made in the year 1977, Federal Ministry of Information, Printing Division, Lagos.
6. Nigerian Indigenisation Policy, Proceedings of 1974 Symposium Organised by the Nigerian Economic Society on the Subject Indigenisation: What have we achieved? Published by the Nigerian Economic Society, Care Department of Economics, University of Ibadan, Ibadan, p.8.
7. Ekundare, R. O, 'The Political Economy of Private Investment in Nigeria', *The Journal of Modern African Studies,* Vol. 10, No.1, 1972, pp. 37-56.
8. Helleiner, G. K., 'New Forms of Investment in Africa', *The Journal of Modern African Studies,* Vol.6, No. 1, 1968, pp. 17-27.
9. Marshall, A., Principles of Economics, (London, 8th ed. 1922), p.229.
10. May, R.S. 'Direct Investment in less Developing Countries: British and American Experience', *The Journal of Development* Vol. 4, No. 3, April 1968.
11. Meir, G. M., Leading Issues in Economic Development (Third Edition), Oxford University Press, 1976.
12. Nurkse R., Problems of Capital Formation in Underdeveloped Countries (Oxford 1966), p. 88.
13. Nwankwo G. O., 'Joint Ventures and Direct Investment' being a paper presented at the International Financing of Economic Development — Second World Scientific Banking Meeting in Yugoslavia, May 26-31, 1980, pp. 11-13.
14. Osagie E. & Awosika K., 'Foreign Capital and Aid Flows in Nigeria', *The Quarterly Journal of Administration, University of Ife* Vol. ix, No.1, October 1974, pp. 61-76.
15. Schatz, S.P., Development Bank Lending in Nigeria (London, 1964), pp. 89 & 97.
16. Suckow, S., Nigerian Law and Foreign Investment (The Hague 1966).

TABLE 1

NUMBER OF PARTICIPANTS AND RESPONDENTS ON FOREIGN PRIVATE INVESTMENT SURVEYS (1961-1978)

Year	No. of Companies Contacted	No. of Companies Responded	Percentage of Response
1961	388	304	78
1962	(383)*	304	79
1963	481	361	75
1964	533	340	62
1965	594	339	57
1966	[1]594	321	54
1967	587	340	58
1968	584	356	61
1969	510	373	73
1970	560	393	70
1971	567	364	64
1972	599	413	69
1973	639	431	67.5
1974	702	410	58.4
1975	806	562	69.7
1976	768	578	75.0
1977	1160	664	57.2
1978	1242	673	54.2
Average Growth Rate	+7.9	+5.3	

* 388 Revised in 1964 Survey to 383

[1] 1965 List used for 1966 due to Crisis affecting Companies in Eastern States.

Source: Central Bank of Nigeria.

TABLE 2

NATIONALITY OF FOREIGN PRIVATE PAID-UP CAPITAL, RESERVES AND OTHER LIABILITIES IN NIGERIA 1963-1978

(₦ million)

Nationality	1962	1963	1964	1965	1966	1967	1968	1969	1970	1971	1972	1973	1974	1975	1976	1977	1978	Growth Rate
United Kingdom	271.2	305.2	361.2	371.0	374.2	366.0	406.8	397.0	444.4	592.0	769.7	860.9	832.8	857.5	942.0	1072.0	1195.3	10.2
United States	38.8	49.6	79.6	116.4	126.8	183.2	201.6	203.6	230.0	337.4	286.6	308.0	300.0	535.0	376.2	287.2	343.4	18.3
Western Europe	93.6	120.4	151.0	158.8	165.4	164.8	170.6	195.2	224.8	261.0	367.0	415.2	459.8	590.1	653.1	739.0	847.6	15,3
Others	38.2	42.4	51.8	61.2	67.2	63.0	71.0	85.8	104.0	132.4	147.8	179.6	219.5	304.7	362.5	432.4	477.9	17.4
Total	441.8	517.6	643.6	707.4	733.6	777.0	850.0	881.6	1003.2	1322.8	1571.1	1763.7	812.1	2267.5	2333.8	2531.4	2863.2	12.7

PERCENTAGE DISTRIBUTION 1962-1978

United Kingdom	61.4	59.0	56.1	52.4	51.0	47.1	47.9	45.0	44.3	44.8	49.0	48.8	45.9	37.5	40.4	42.4	41.7
United States	8.7	9.6	12.4	16.5	17.3	23.6	23.7	23.1	22.9	25.5	18.2	17.5	16.6	23.4	16.1	11.3	12.0
Western Europe	21.2	32.2	23.5	22.4	22.5	21.2	20.1	22.2	22.4	19.7	23.4	23.5	25.4	25.8	28.0	29.2	29.6
Others	8.7	8.2	8.0	8.7	9.2	8.1	8.3	9.7	10.4	10.0	9.4	10.2	12.1	13.3	15.5	17.1	16.7
Total	100.0	100.0	100.0	100.0	100.0	100.0	100.0	100.0	100.0	100.0	100.0	100.0	100.0	100.0	100.0	100.0	100.0

[1] : Other Liabilities = Net liabilities to Head Offices, Net Trade and suppliers credit and net other foreign liabilities and Debenture stock.
Source: Central Bank of Nigeria.

TABLE 3

PERCENTAGE SECTORAL DISTRIBUTION OF FOREIGN PRIVATE PAID-UP CAPITAL, RESERVES AND OTHER LIABILITES IN NIGERIA, 1962-1978

Sector	1962	1963	1964	1965	1966	1967	1968	1969	1970	1971	1972	1973	1974	1975	1976	1977*	1978
Mining & Quarrying	36.7	36.1	40.1	41.4	49.9	45.9	48.5	44.2	51.4	52.5	54.7	52.5	45.3	42.0	39.4	43.1	14.7
Manufacturing and Processing	17.3	19.1	18.2	19.2	17.5	22.3	19.8	22.2	22.4	28.6	22.7	23.2	28.7	22.1	23.6	27.8	44.1
Agriculture, Forestry and Fishing	2.0	1.9	1.7	1.6	1.1	1.2	1.1	1.3	1.1	1.2	0.6	0.4	1.1	0.8	0.9	3.0	4.1
Transport and Communication	1.1	1.0	1.1	1.6	1.5	1.1	1.1	1.3	1.4	0.9	0.8	0.6	1.2	1.0	0.5	1.2	1.9
Building and Construction	3.8	4.2	3.8	5.5	2.2	2.4	2.3	2.5	1.4	1.2	2.2	2.6	3.5	4.9	5.2	4.8	7.8
Trading & Business Services	38.4	37.2	31.4	25.6	24.8	24.8	23.9	26.2	20.6	14.1	15.4	16.7	17.7	25.0	26.8	14.4	18.3
Miscellaneous[1]	0.7	0.5	3.7	5.1	3.0	2.3	3.3	2.3	1.7	1.5	3.6	4.0	2.5	4.2	3.6	5.7	9.1
Total	100.0	100.0	100.0	100.0	100.0	100.0	100.0	100.0	100.0	100.0	100.0	100.0	100.0	100.0	100.0	100.0	100.0

Note: Paid-up Capital = Net Capital plus Unremitted profits.
Other Liabilites = Liabilites to Head Office, Trade and Suppliers Credit, other foreign liabilities, Debenture stock.

1 Activities include:
- (1) Consultancy firms;
- (2) Sub-contract;
  - (i) Seismic operations;
  - (ii) Provision of boats and materials to off-shore drilling companies.
- (3) Agencies; and
- (4) Insurance and Banking

* Revised.

Source: Central Bank of Nigeria.

TABLE 4

INVESTMENT IN FIXED ASSETS AT BOOK VALUE 1962-1978

(₦ million)

Year	Oil Companies	% of total	Non-oil Companies	% of total	Total
1962	108.8	34.7	204.6	65.3	313.4
1963	165.9	47.1	186.1	52.9	352.0
1964	203.5	36.3	356.9	63.7	560.4
1965	160.3	27.4	425.1	72.6	585.4
1966	328.4	50.4	322.8	49.6	651.2
1967	403.8	59.2	278.2	40.8	682.0
1968	426.2	59.7	287.6	40.3	713.8
1969	517.1	61.0	330.5	39.0	847.6
1970	332.2	45.5	397.7	54.5	729.9
1971	440.0	56.2	342.5	43.8	782.5
1972	875.4	63.5	502.4	36.5	1378.0
1973	735.4	55.9	579.5	44.1	1314.9
1974	616.5	36.5	1070.5	63.5	1687.0
1975	707.6	37.9	1161.6	62.1	1869.2
1976	848.6	45.2	1029.6	54.8	1878.2
1977	782.5	35.5	1419.2	64.5	2201.7
1978	778.9	30.5	1778.1	69.5	2557.0
Average Growth Rates	+18.7		+16.5		+15.8

Source: Central Bank of Nigeria.

TABLE 5

PERCENTAGE SECTORAL DISTRIBUTION OF FOREIGN PRIVATE INVESTMENT IN FIXED ASSETS AT BOOK VALUE IN NIGERIA 1962-1978

Sector	1962	1963	1964	1965	1966	1967	1968	1969	1970	1971	1972	1973	1974	1975	1976	1977	1978
Mining & Quarrying	41.5	43.0	52.2	50.9	55.0	54.6	51.7	60.2	41.8	61.8	60.2	62.5	51.3	50.3	50.2	48.5	23.3
Manufacturing and Processing	24.9	26.4	22.7	26.4	26.3	25.0	24.5	27.0	39.3	25.8	25.0	25.2	33.2	32.9	32.3	33.2	45.5
Agriculture, Forestry and Fishing	3.9	2.8	2.1	2.1	1.8	2.2	2.0	0.8	2.4	1.6	0.7	0.8	1.1	1.0	1.0	1.1	1.0
Transport and Communication	1.0	1.5	1.1	2.1	1.5	1.3	1.3	0.9	0.9	0.8	1.4	0.7	1.2	1.3	1.3	1.2	1.2
Building and Construction	3.1	4.3	2.9	1.8	1.4	1.5	1.7	0.7	1.7	1.1	1.6	2.5	5.1	4.9	5.2	5.7	4.2
Trading & Business Services	25.4	21.0	16.9	15.0	12.1	13.5	16.8	9.0	10.3	7.2	7.8	7.1	7.2	8.6	9.2	9.3	19.5
Miscellaneous	0.2	1.0	2.1	1.7	1.9	1.9	2.0	1.4	3.6	1.7	3.3	1.2	0.9	1.0	0.8	1.0	5.3
Total	100.0	100.0	100.0	100.0	100.0	100.0	100.0	100.0	100.0	100.0	100.0	100.0	100.0	100.0	100.0	100.0	100.0

Source: Central Bank of Nigeria.

TABLE 6

NATIONALITY OF NET FLOW OF FOREIGN PRIVATE CAPITAL IN NIGERIA 1961-1978

(₦ million)

Nationality	1961	1962	1963	1964	1965	1966	1967	1968	1969	1970	1971	1972	1973	1974	1975	1976	1977	1978	Average Gr. Rate[1]
United Kingdom	+25.6	− 1.2	+18.0	+39.3	+21.4	+ 3.2	− 8.2	+40.8	− 9.8	+ 47.4	+147.6	+177.7	+ 91.2	−28.1	+ 24.7	+ 84.5	+130.8	+122.4	+113.7
United States	+11.8	+ 8.0	+10.8	+30.0	+36.8	+10.4	+56.4	+18.4	+ 2.0	+ 26.4	+107.4	− 50.7	+ 21.3	− 7.9	+235.2	−159.0	− 89.0	+ 55.2	+266.8
Western Europe	+11.8	+13.8	+26.8	+30.6	+12.8	+ 6.6	− 0.6	+ 5.8	+24.6	+ 29.6	+ 36.2	+106.0	+ 48.2	+44.6	+ 30.3	+ 62.9	+ 85.9	+108.6	+ 89.5
Others	+ 3.4	+ 7.8	+ 4.2	+ 9.4	+ 9.4	+ 6.0	− 4.2	+ 8.0	+14.8	+ 18.2	+ 28.2	+ 15.3	+ 31.9	+39.7	+ 85.2	+ 57.9	+ 69.9	+ 45.5	+ 35.7
Total	+52.6	+28.4	+59.8	109.3	+80.4	+26.2	+43.4	+73.0	+31.6	+121.6	+319.6	+248.3	+192.6	+48.3	+475.4	+ 46.3	+197.6	+331.7	+ 86.9

PERCENTAGE DISTRIBUTION

	1961	1962	1963	1964	1965	1966	1967	1968	1969	1970	1971	1972	1973	1974	1975	1976	1977	1978
United Kingdom	+ 51.6	− 16.4	+ 44.9	+ 44.4	+ 38.0	+ 51.8	− 18.9	+ 55.9	− 31.0	+ 39.0	+ 46.2	+ 71.6	+ 47.4	+ 58.2	+ 5.2	+182.5	+ 66.2	+ 36.9
United States	+ 21.6	+ 22.6	+ 14.2	+ 23.8	+ 33.9	+ 14.6	130.0	+ 25.2	+ 6.3	+ 21.7	+ 33.6	− 20.4	+ 11.1	− 16.3	+ 49.5	+343.4	− 45.0	+ 16.7
Western Europe	+ 21.6	+ 39.0	+ 35.4	+ 24.3	+ 19.6	+ 27.5	− 1.3	+ 7.9	+ 77.9	+ 24.3	+ 11.3	+ 42.6	+ 25.0	+ 92.3	+ 27.4	+135.9	+ 43.5	+ 32.7
Others	+ 6.2	+ 22.0	+ 5.5	+ 7.5	+ 8.5	+ 6.1	− 9.8	+ 11.0	+ 46.8	+ 15.0	+ 8.9	+ 6.3	+ 16.5	+ 82.2	+ 17.9	+125.1	+ 35.3	+ 13.7
Total	+100.0	+100.0	+100.0	+100.0	+100.0	+100.0	+100.0	+100.0	+100.0	+100.0	+100.0	+100.0	+100.0	+100.0	+100.0	+100.0	+100.0	+100.0

[1] Gr. = Growth

Source: Central Bank of Nigeria.

TABLE 7

COMPONENTS OF NET CAPITAL FLOW FOR ALL COUNTRIES 1961-1978

(₦ million)

Year	Unremitted Profits[1]	Changes in Foreign Share Capital (Net)	Trade and Suppliers Credit (Net)	Other Foreign Liabilities (Net)	Liabilites to Head Office (Net)	Total
1961	+ 3.4	+17.4	+ 4.6	+ 6.8	+ 20.4	+ 52.6
1962	+ 8.8	+ 9.8	+ 4.6	+ 3.4	+ 1.8	+ 28.4
1963	+ 10.8	+21.0	+ 3.6	+ 2.8	+ 21.6	+ 59.8
1964	+ 18.9	+41.6	+ 9.2	+ 2.6	+ 37.0	+109.3
1965	+ 46.2	+ 4.2	+ 9.6	+ 1.2	+ 19.2	+ 80.4
1966	+ 46.4	+ 2.8	+ 2.8	+ 7.2	− 33.0	+ 26.2
1967	+ 4.4	+ 3.6	+ 30.6	+ 6.6	− 1.8	+ 43.4
1968	+ 33.0	+ 9.6	+ 15.4	+ 6.0	+ 9.0	+ 73.0
1969	+ 25.0	+11.2	+ 51.4	+ 1.0	− 57.0	+ 31.6
1970	+ 37.6	+ 9.8	+ 62.4	− 3.6	+ 15.4	+121.6
1971	+ 59.6	+28.4	+ 67.4	− 29.0	+193.3	+319.6
1972	+ 68.2	+16.3	+ 26.4	− 42.0	+179.4	+248.3
1973	+ 83.5	+36.7	+183.9	−208.5	+ 97.0	+192.6
1974	+ 85.9	−39.3	+ 81.6	− 63.8	− 16.1	+ 48.3
1975	+147.6	+30.2	+151.4	+159.9	− 13.7	+475.4
1976	+167.7	+63.5	+ 76.7	−191.6	− 70.0	+ 46.3
1977	+210.4	+35.4	+103.3	− 86.1	− 65.4	+197.6
1978	+192.9	+17.2	+163.0	− 44.4	+ 3.0	+331.7

[1] Exclude undistributed profits for oil prospecting companies.
Source: Central Bank of Nigeria.

TABLE 7.1

COMPONENTS OF NET CAPITAL FLOW FOR U.K. COMPANIES 1961-1978

(₦ million)

Year	Unremitted Profits[1]	Changes in Foreign Share Capital (Net)	Trade and Suppliers Credit (Net)	Other Foreign Liabilities (Net)	Liabilites to Head Office (Net)	Total
1961	+ 1.4	+11.8	+ 2.2	—	+ 10.0	+ 25.4
1962	+ 7.2	+ 4.8	+ 0.8	+ 0.8	− 14.8	− 1.2
1963	+ 4.0	+13.8	+ 0.2	+ 2.2	− 2.2	+ 18.0
1964	+ 6.5	+28.8	+ 1.0	− 1.4	+ 4.4	+ 39.3
1965	+ 29.8	+ 2.2	+ 0.8	− 2.0	− 9.4	+ 21.4
1966	+ 29.8	+ 0.2	+ 1.2	+ 0.8	− 28.8	+ 3.2
1967	+ 1.4	+ 2.8	+ 3.4	+ 4.8	− 20.6	− 8.2
1968	+ 25.2	+ 6.2	+ 7.2	+ 0.6	+ 1.6	+ 40.8
1969	+ 11.0	− 0.4	+ 9.2	−25.4	− 4.2	− 9.8
1970	+ 14.2	− 2.6	+16.0	+26.2	− 6.4	+ 47.4
1971	+ 27.6	+12.4	+25.6	−25.2	+107.2	+147.6
1972	+ 34.5	+ 5.9	+15.9	−18.2	+139.6	+177.7
1973	+ 41.6	+20.3	+99.2	−62.0	− 7.9	+ 91.2
1974	+ 33.5	−43.1	+18.5	+12.1	− 49.1	− 28.1
1975	+ 75.1	+11.6	+27.4	−22.1	− 67.3	+ 24.7
1976	+ 92.6	+25.5	+38.3	−40.3	− 31.5	+ 84.6
1977	+115.9	+ 8.4	+31.4	−40.2	+ 15.3	+130.8
1978	+ 95.3	− 4.8	+11.0	+18.9	+ 2.0	+122.4

[1] Exclude undistributed profits for oil prospecting companies.
Source: Central Bank of Nigeria.

TABLE 7.2

COMPONENTS OF NET CAPITAL FLOW FOR WESTERN EUROPE (EXCLUDING UK) 1961-1978

(₦ million)

Year	Unremitted Profits[1]	Changes in Foreign Share Capital (Net)	Trade and Suppliers Credit (Net)	Other Foreign Liabilities (Net)	Liabilites to Head Office (Net)	Total
1961	+ 0.6	+ 4.8	+ 0.4	+ 0.6	+ 5.4	+ 11.8
1962	+ 0.8	+ 2.2	− 0.8	+ 0.2	+11.4	+ 13.8
1963	+ 5.2	+ 4.8	+ 2.2	+ 0.2	+14.4	+ 26.8
1964	+ 8.6	+11.8	+ 1.6	+ 1.4	+ 7.2	+ 30.6
1965	+12.4	+ 1.8	+ 3.0	− 2.6	− 1.8	+ 12.8
1966	+13.4	+ 0.4	+ 0.4	+ 3.8	−11.4	+ 6.6
1967	+ 1.2	+ 0.2	+ 1.0	+ 1.6	− 4.6	− 0.6
1968	+ 1.8	+ 1.0	+ 1.6	+ 0.4	+ 1.0	+ 5.8
1969	+ 7.0	+ 7.2	+15.4	− 4.4	− 0.6	+ 24.6
1970	+ 8.0	+ 5.6	+12.6	− 3.8	+ 7.2	+ 29.6
1971	+12.6	+ 1.8	+ 7.4	−35.4	+49.8	+ 36.2
1972	+17.5	+ 1.3	+22.0	+ 2.7	+62.5	+106.0
1973	+18.8	+ 6.1	+24.9	+ 1.8	− 3.4	+ 48.2
1974	+23.4	− 8.8	+84.1	+ 3.2	−57.3	+ 44.6
1975	+46.8	+11.7	+20.5	+44.6	+ 6.7	+130.3
1976	+43.5	+16.2	+42.3	−67.0	+27.9	+ 62.9
1977	+41.0	+15.6	+62.8	−36.8	+ 3.3	+ 85.9
1978	+48.9	+ 7.8	+84.5	−37.6	+ 5.0	+108.6

[1] Exclude undistributed profits for oil prospecting companies.
Source: Central Bank of Nigeria.

TABLE 7.3

COMPONENTS OF NET CAPITAL FLOW FOR U.S.A. COMPANIES 1961-1978

(₦ million)

Year	Unremitted Profits[1]	Changes in Foreign Share Capital (Net)	Trade and Suppliers Credit (Net)	Other Foreign Liabilities (Net)	Liabilites to Head Office (Net)	Total
1961	+ 1.0	+ 0.8	+ 1.2	+ 4.2	+ 4.6	+ 11.8
1962	+ 0.4	+ 2.8	+ 0.4	− 3.0	+ 7.4	+ 8.0
1963	+ 0.4	+ 0.4	+ 0.6	+ 0.2	+ 9.2	+ 10.8
1964	+ 2.0	+ 0.2	+ 4.4	− 0.6	+24.0	+ 30.0
1965	+ 0.8	+ 0.2	+ 5.2	+ 1.0	+29.6	+ 36.8
1966	+ 0.6	+ 1.4	+ 0.8	+ 0.6	+ 7.0	+ 10.4
1967	+ 1.0	+ 0.6	+26.0	+ 5.6	+23.2	+ 56.4
1968	+ 0.8	+ 0.4	+ 6.0	+ 5.0	+ 6.2	+ 18.4
1969	+ 2.0	− 1.4	+22.0	+ 29.0	−49.6	+ 2.0
1970	+ 6.6	+ 0.6	+28.6	− 25.0	+15.6	+ 26.4
1971	+ 9.2	+ 5.2	+33.0	+ 23.8	+36.2	+107.4
1972	+ 6.6	+ [illegible]4	−12.9	− 28.2	−20.6	− 50.7
1973	+ 9.5	+ 4.0	+53.9	−145.2	+99.1	+ 21.3
1974	+10.0	+ 0.7	−29.9	− 74.7	+85.9	− 8.0
1975	+ 7.9	+ 0.9	+56.2	+138.0	+32.2	+235.2
1976	+10.9	+ 0.3	− 8.6	− 87.9	−73.7	−159.0
1977	+20.2	− 1.2	− 1.6	− 14.3	−92.1	− 89.0
1978	+18.0	+ 8.2	+58.6	− 26.2	− 3.4	+ 55.2

[1] Excludes undistributed profits for oil prospecting companies.
Source: Central Bank of Nigeria.

TABLE 7.4

COMPONENTS OF NET CAPITAL FLOW FOR OTHER COUNTRIES UNSPECIFIED 1961-1978

(₦ million)

Year	Unremitted Profits[1]	Changes in Foreign Share Capital (Net)	Trade and Suppliers Credit (Net)	Other Foreign Liabilities (Net)	Liabilites to Head Office (Net)	Total
1961	+ 0.2	—	+ 0.8	+ 2.0	+ 0.4	+ 3.4
1962	+ 0.4	—	+ 4.2	+ 5.4	− 2.2	+ 7.8
1963	+ 1.2	+ 2.0	+ 0.6	+ 0.2	+ 0.2	+ 4.2
1964	+ 3.0	+ 0.8	+ 2.2	+ 2.0	+ 1.4	+ 9.4
1965	+ 3.2	—	+ 0.6	+ 4.8	+ 0.8	+ 9.4
1966	+ 2.6	+ 0.8	+ 0.4	+ 2.0	+ 0.2	+ 6.0
1967	+ 0.8	—	+ 0.2	− 5.4	+ 0.2	− 4.2
1968	+ 5.2	+ 2.0	+ 0.6	—	+ 0.2	+ 8.0
1969	+ 5.0	+ 5.8	+ 4.8	+ 1.8	− 2.6	+14.8
1970	+ 8.8	+ 6.2	+ 5.2	− 1.0	− 1.0	+18.2
1971	+10.2	+ 9.0	+ 1.4	+ 7.8	—	+28.4
1972	+ 9.6	+ 4.7	+ 1.4	+ 1.7	− 2.1	+15.3
1973	+13.6	+ 6.3	+ 5.9	− 3.1	+ 9.2	+31.9
1974	+19.0	+11.9	+ 8.9	− 4.4	+ 4.4	+39.8
1975	+17.8	+ 6.0	+47.3	− 0.6	+14.7	+85.2
1976	+20.7	+21.5	+ 4.7	+ 3.6	+ 7.3	+57.8
1977	+33.3	+12.6	+10.7	+ 5.2	+ 8.1	+69.9
1978	+30.7	+ 6.0	+ 8.9	+ 0.5	− 0.6	+45.5

[1] Excludes undistributed profits for oil prospecting companies.
Source: Central Bank of Nigeria.

TABLE 8

FLOW OF FOREIGN PRIVATE CAPITAL IN NIGERIA (1961-1978)

Year	Inflow[1]	Outflow	Net-flow
1961	62.2	9.6	+ 52.6
1962	42.6	14.2	+ 28.4
1963	76.4	16.6	+ 59.8
1964	165.3	56.0	+109.3
1965	176.0	95.6	+ 80.4
1966	101.2	75.0	+ 26.2
1967	107.0	63.6	+ 43.4
1968	106.4	33.4	+ 73.0
1969	150.6	119.0	+ 31.6
1970	251.0	129.4	+121.6
1971	489.6	170.0	+319.6
1972	432.8	184.5	+248.3
1973	577.8	385.2	+192.6
1974	507.1	458.8	+ 48.3
1975	757.4	282.0	+475.4
1976	521.1	474.8	+ 46.3
1977	717.3	519.7	+197.6
1978	664.7	333.0	+331.7

[1] Excludes undistributed profits for oil prospecting companies.
Source: Central Bank of Nigeria.

TABLE 9

NEW INVESTMENT, G.D.P. AND CAPITAL EXPENDITURE

(₦ million)

Year	GDP at Current Market Prices	Capital Expenditure (CE)	New Investment NI	New Investment NI*	NI/ GDP	NI*/ GDP	NI/ CE	NI*/ CE
1970	5,705.7	200.6	121.6	84.0	2.1	1.5	60.6	41.9
1971	7,212.3	146.2	319.6	260.0	4.4	3.6	218.6	177.8
1972	7,841.8	295.9	248.3	180.1	3.2	2.3	83.9	60.9
1973	9,119.6	435.1	192.6	109.1	2.1	1.2	44.3	25.1
1974	14,254.3	1,223.5	48.3	− 37.6	0.3	−0.3	3.9	3.1
1975	15,718.3	3,207.7	475.4	327.8	3.0	2.1	14.8	10.2
1976	18,911.5	4,041.3	46.3	−121.4	0.2	−0.6	1.1	− 3.0
1977	22,450.9	5,004.6	197.6	− 12.8	0.9	—	3.9	− 0.3
1978	23,461.2	5,092.3	331.7	138.8	1.4	0.6	6.5	+ 2.7
1970-1978		19,647.0	1,981.4	928.0			10.1	4.7

* **Excluding unremitted profits**

Sources: 1. Federal Republic of Nigeria Approved Estimates, various years.

2. Federal Office of Statistics.

3. Central Bank of Nigeria.