FEDERAL MINISTRY OF
INDUSTRY, TRADE &
INVESTMENT

TRADE INSIGHTS - NIGERIA

Half Year 2026

Navigating Fragmentation and Seizing Opportunity



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Acronyms

AfCFTA	-	African Continental Free Trade Area
AI	-	Artificial Intelligence
BCFD	-	Billion Cubic Feet Per Day
CEO	-	Chief Executive Officer
DFI	-	Development Finance Institution
ECOWAS	-	Economic Community of West African States
FDI	-	Foreign Direct Investment
FID	-	Final Investment Decision
FMITI	-	Federal Ministry of Industry, Trade and Investment
FPI	-	Foreign Portfolio Investment
GECF	-	Gas Exporting Countries Forum
HI	-	Haleiwa Independent (Shell's offshore gas development project)
ICT	-	Information and Communication Technology
IFC	-	International Finance Corporation
KOICA	-	Korea International Cooperation Agency
LNG	-	Liquefied Natural Gas
LPG	-	Liquefied Petroleum Gas
MMBtu	-	Million British thermal units
MSME	-	Micro Small and Medium Enterprises
NACO	-	Nigeria AfCFTA Coordination Office
NATEP	-	National Talent Export Programme
NEPC	-	Nigerian Export Promotion Council
NIP	-	Nigeria Industrial Policy
NIPC	-	Nigerian Investment Promotion Council
NIPPS	-	National Institute for Policy and Strategic Studies
OB3	-	Obiafu-Obrikom-Oben pipeline
PPP	-	Public-Private Partnership
SMEDAN	-	Small and Medium Enterprises Development Agency of Nigeria
UNDP	-	United Nations Development Programme
US	-	United States
WIPO	-	World Intellectual Property Organisation

Foreword

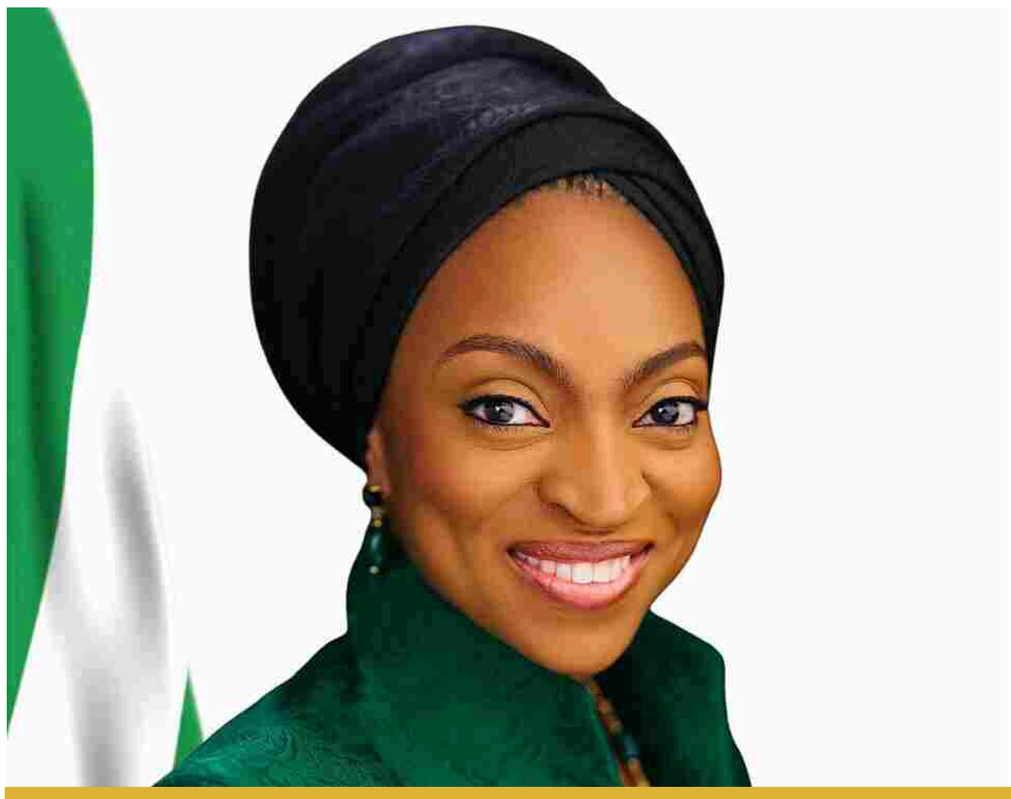
When this administration took office in 2023, President Bola Ahmed Tinubu set out the Renewed Hope Agenda, with a focus on building a more productive, diversified, and competitive economy that works for every Nigerian. The Federal Ministry of Industry, Trade and Investment (FMITI) has a central role in delivering that objective through industrialisation, investment, trade expansion, and greater domestic value addition. As the administration moves towards the final phase of its first term, the progress made in these areas is increasingly measured by what is changing in the real economy.

The first half of 2026 tested that progress. Conflict around the Strait of Hormuz disrupted global energy and commodity markets, creating new pressures for economies exposed to external shocks. However, Nigeria entered this period with stronger domestic capacity in refining, fertiliser production, manufacturing and agro-processing, alongside reforms aimed at expanding exports and attracting investment. These developments have helped reduce some forms of import dependence and created new opportunities for domestic production and value addition.

This report examines Nigeria's trade, investment and industrial performance during the first six months of 2026. It considers the changing global trade environment, movements in commodity markets, developments in regional and international trade, and the policies and initiatives through which FMITI is supporting exports, investment, industrial development and Nigeria's participation in regional and global markets.

The report also considers what lies ahead. The gains made in non-oil exports, domestic production, regional integration and investment provide a stronger base for diversification, but sustaining them will require continued progress in infrastructure, energy, logistics, productivity and the business environment.

Ultimately, the measure of the Renewed Hope Agenda is not only the value of trade, the level of investment or the size of foreign reserves. It is whether these changes are improving opportunities for Nigerians: supporting productive jobs, expanding markets for farmers and businesses, strengthening local industries and creating better prospects for young people. That is the purpose of the work underway, and that is how its delivery should be judged.



Dr. Jumoke Oduwole MFR

Honourable Minister, Federal Ministry of Industry, Trade and Investment, Federal Republic of Nigeria.

Acknowledgement

The Trade Insights – Nigeria (Half Year 2026) was prepared in the Office of the Honourable Minister, under the general direction and supervision of Dr. Jumoke Oduwole MFR, Honourable Minister of Industry, Trade and Investment.

Preparation of the Trade Insights was led by Dr. Tochukwu Nwachukwu, Special Adviser on Economic and Trade Intelligence to the Honourable Minister, with support from Mr. Ashiru Ibrahim and Mr. Chinedu Ogbodo, Special Assistants to the Honourable Minister.

The actual drafting of the Trade Insights as well as the compilation and analysis of the statistical information therein was done by Preston Consults Limited. The team was led by Dr. Samuel Obi, and included Ms. Amaka Utazi, Mr. Joseph David, Ms. Oluchi Ogbonna and Mr. Chinonso Nwanosike. They were also responsible for the design, formatting and copy-editing of the report.

Valuable contributions to the Trade Insights was received from Ms. Olayombo Adeojo, Ms. Olajumoke Dan-Okayi, Mr. Temiloluwa Oluokun, Mr. Ayo Thomas, Mr. Eghosa Ero and Mr. Ayo Ogunbure, all from the Office of the Honourable Minister, and Mr. Usman Yakubu from the National Talent Export Programme (NATEP).

The Trade Insights was also enriched by review comments from Ms. Efe Barber, Ms. Patience Okala (National Coordinator, Nigeria AfCFTA Coordination Office), Dr. Ify Ogo (UNDP Regional Bureau for Africa), Ms. Nwando Ajene, and Mr. Oluseye Olusoga, all Special Advisers to the Honourable Minister.

Executive Summary

Nigeria's half year 2026 performance unfolded against a backdrop of global trade fragmentation and the Strait of Hormuz crisis, which disrupted energy and shipping flows worldwide. Despite these shocks, Nigeria demonstrated resilience and seized new opportunities through reforms, industrial capacity, and strategic positioning.

Global trade entered 2026 with caution as tariffs, supply chain reconfiguration, and energy security concerns reshaped commerce. The closure of the Strait of Hormuz in February triggered oil price spikes above 100 dollars per barrel, fertilizer shortages, and freight cost surges. For Nigeria, this translated into both higher export earnings and domestic cost pressures. Inflation rose to 15.9 percent by May, but reforms including fuel subsidy removal, exchange rate unification, and fiscal discipline helped absorb shocks while strengthening reserves, which stood at US$51.46 billion as of 30 June 2026 compared to US$45.5 billion as of 31 December 2025.

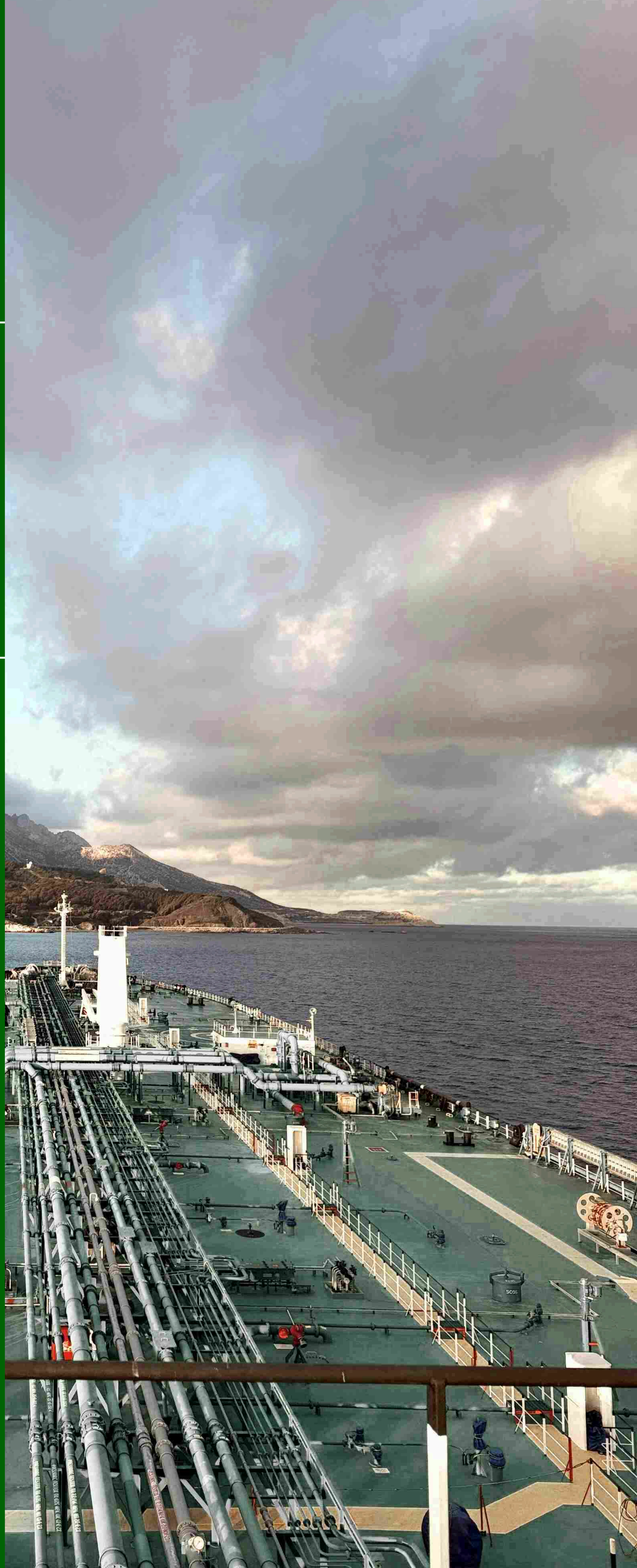
Nigeria's strategic position is stronger than in past crises. Domestic refining now meets over 90 percent of petrol demand, while three world-scale urea plants collectively produce 6 million tonnes annually, with surplus volumes exported to global markets, and non-oil exports are expanding in breadth and volume. Fertilizer exports earned N1.375 trillion in the first quarter of 2026, accounting for more than 40 percent of non-oil export revenue, while refined fuel exports reached new African markets. These gains underscore how deliberate policy choices such as gas fiscal reforms, industrial free zones, and subsidy removal have converted vulnerabilities into productive assets.

The Federal Ministry of Industry, Trade and Investment led Nigeria's response by mobilising exports, increasing trade within Africa under the AfCFTA, stabilising domestic supply, and expanding regional trade corridors. Initiatives included launching the process to recapitalise the Bank of Industry towards a ₦3 trillion target, securing fertilizer inputs for farmers, and strengthening logistics through the Nigeria-East and Southern Africa Air Cargo Corridor. At the continental level, has continued to demonstrate leadership in its implementation of the AfCFTA Agreement, including its assumption of the chairmanship of the AfCFTA Council of Ministers in June 2026, and commencement of domestication of the AfCFTA Framework Agreement and its Protocols.

Looking ahead, Nigeria's prospects rest on converting temporary windfalls into lasting structure. The challenge is to channel portfolio inflows and export gains into long term investment in energy, manufacturing, and digital services. Risks remain in fuel costs, food security, logistics, and global uncertainty, but the foundations are firmer than in previous shocks.

In summary, Nigeria's half year 2026 record is one of resilience and transformation. What began as a test of crisis management has become a demonstration of capacity: institutions, production corridors, financing systems, and continental leadership that anchor competitiveness well beyond the reopening of the Strait.

Navigating an Era of Geo-Economic Fragmentation



Navigating an Era of Geoeconomic Fragmentation

The New Global Trade Environment

Global trade ended 2025 on a high note, crossing the $35 trillion mark for the first time. But as 2026 began, the mood shifted from celebration to caution. Growth is still expected, though at a slower pace, and that slowdown says much about the character of the year.

Tariffs, once regarded as instruments of last resort, have become everyday tools of policy. Governments leaned on them heavily in 2025, especially in manufacturing, and there is little sign of that appetite fading in 2026. Even before a tariff takes effect, the mere possibility unsettles business confidence, delays investment, and forces companies to rethink supply chains.

That rethink has become a story in itself. Firms that once chased the lowest-cost supplier anywhere in the world now ask a different question first: how exposed is this supply chain if politics suddenly change? The answer has driven a shift from cost-driven sourcing to risk-managed sourcing. Production is moving closer to end markets, companies are seeking more control over inputs, and new trade hubs are emerging in places that were peripheral only a decade ago.

Energy security has also moved to the centre of trade policy. It is no longer a side issue for oil-importing nations but a defining factor in how countries choose their partners. Add to this the tightening technical regulations, growing anxiety over critical minerals, and the rapid rise of services trade outpacing trade in goods, and the picture of 2026 comes into focus: one single shock, but many pressures converging, each tugging global commerce in a different direction.

It was against this unsettled backdrop, a world already marked by caution, fragmentation, and self-protection that the Strait of Hormuz crisis erupted. It did not arrive as an isolated event, but as the sharpest test yet of a trading system's adaptiveness to crises.



Strait of Hormuz and the Shifting Energy Map

On 28 February 2026, strikes against Iran by the United States and Israel triggered a conflict whose ripple effects were felt almost immediately, at fuel pumps, on farms, and in freight invoices across continents. Iran's response went beyond missiles. Within days, Iran closed the Strait of Hormuz, a narrow channel that carries one-fifth of the world's oil and a similar share of liquefied natural gas.

The strait itself is modest in appearance, just 34 to 39 kilometres wide at its narrowest point, yet it carries immense economic weight. On average, about 100 - 140 vessels pass through each day, adding up to more than 3,000 ships a month. Once the conflict began, that traffic did not merely slow; it almost disappeared. Shipping data showed reductions of more than 90% in crude and LNG tankers, leaving thousands of mariners and hundreds of vessels stranded across the Gulf. Markets reacted instantly. Brent crude, trading in the $60s and $70s per barrel before the strikes, surged past $100 within days.

The shock extended beyond oil. The price of fertilizer inputs such as urea, a third of which move through the Gulf, spiked in price, hitting economies that depend on them, Nigeria among them. Shipping lines avoided the war zone and rerouted around the Cape of Good Hope. Journeys stretched by 10 to 20 days, and freight rates jumped by as much as 50% within weeks. These costs inevitably filtered into everything from machinery to raw materials.



By the end of June 2026, the strait was better described as contested rather than closed. A ceasefire in April and a June Memorandum of Understanding allowed some traffic to resume, with a single-day record of 16 million barrels transiting in mid-June, surpassing even pre-war levels. Yet the calm was fragile. Iran imposed designated routes for vessels to follow, while talks between Washington and Tehran remained unresolved. Uncertainty grew over what will follow the funeral of Iran’s Supreme Leader.

This is not a settled story. It remains a live test of global trade, a system already strained and now forced to absorb its sharpest shock in years. For Nigeria, as for every trading nation, the challenge is not only to endure the disruption but to navigate what comes after.

What Matters for Nigeria

For Nigeria, a war unfolding six thousand kilometres away first arrived through the price of oil, and subsequently through nearly everything else. Crude oil remains the backbone of the country's export earnings, accounting for the overwhelming majority of what Nigeria sells

abroad and for roughly half of government revenue. So, when Brent crossed $100 a barrel in March, the arithmetic was straightforward. With production running at approximately 1.47 million barrels a day, industry estimates at the time suggested that every $29 increase in the price of a barrel could translate into roughly $1.3 billion in additional monthly export earnings for Nigeria. Crucially, Nigeria's own export routes do not pass through Hormuz, allowing the country to capture the benefit of a global price spike without bearing the direct shipping risk faced by Gulf producers.

That windfall, however, is not without a cost. It is, in effect, a stress test disguised as good fortune. Nigeria removed its fuel subsidy regime in 2023, meaning that domestic petrol and diesel prices now track international benchmarks closely and with little delay. When crude prices rise, Nigerians feel it almost immediately at the pump, and from there in transport fares, food prices, and the broader cost of doing business.



Inflation which had been easing through much of 2025, climbed back to 15.4% year-on-year by March 2026, with both food and core inflation rising in tandem as the shock worked its way through the economy.

Yet oil is not the whole story. Non-oil exports, from fertiliser to manufactured goods, have begun to improve, offering Nigeria a more diversified base of trade earnings. This gradual shift underscores why what matters for Nigeria is not only the price of oil but also the resilience of its broader export portfolio.

Cost, Confidence and Emerging Opportunities

The naira's experience has been similarly double-edged. Stronger oil earnings helped external reserves climb toward the $50 billion mark over the first half of the year, giving the Central Bank considerably more room to keep the exchange rate broadly stable without resorting to significant intervention. Yet the same conflict that swells government coffers also unsettles global investors, who typically retreat from frontier and emerging markets, Nigeria among them, whenever geopolitical risk rises sharply. When oil prices fell in late June as ceasefire negotiations progressed, with Bonny Light declining by nearly 11% week-on-week, the naira also weakened against the dollar.

For the government, the windfall has been a test of discipline rather than a licence to spend. Even as higher pump prices put pressure on households, the authorities have kept the petrol subsidy closed and maintained a unified exchange rate instead of using reserves to defend the naira.

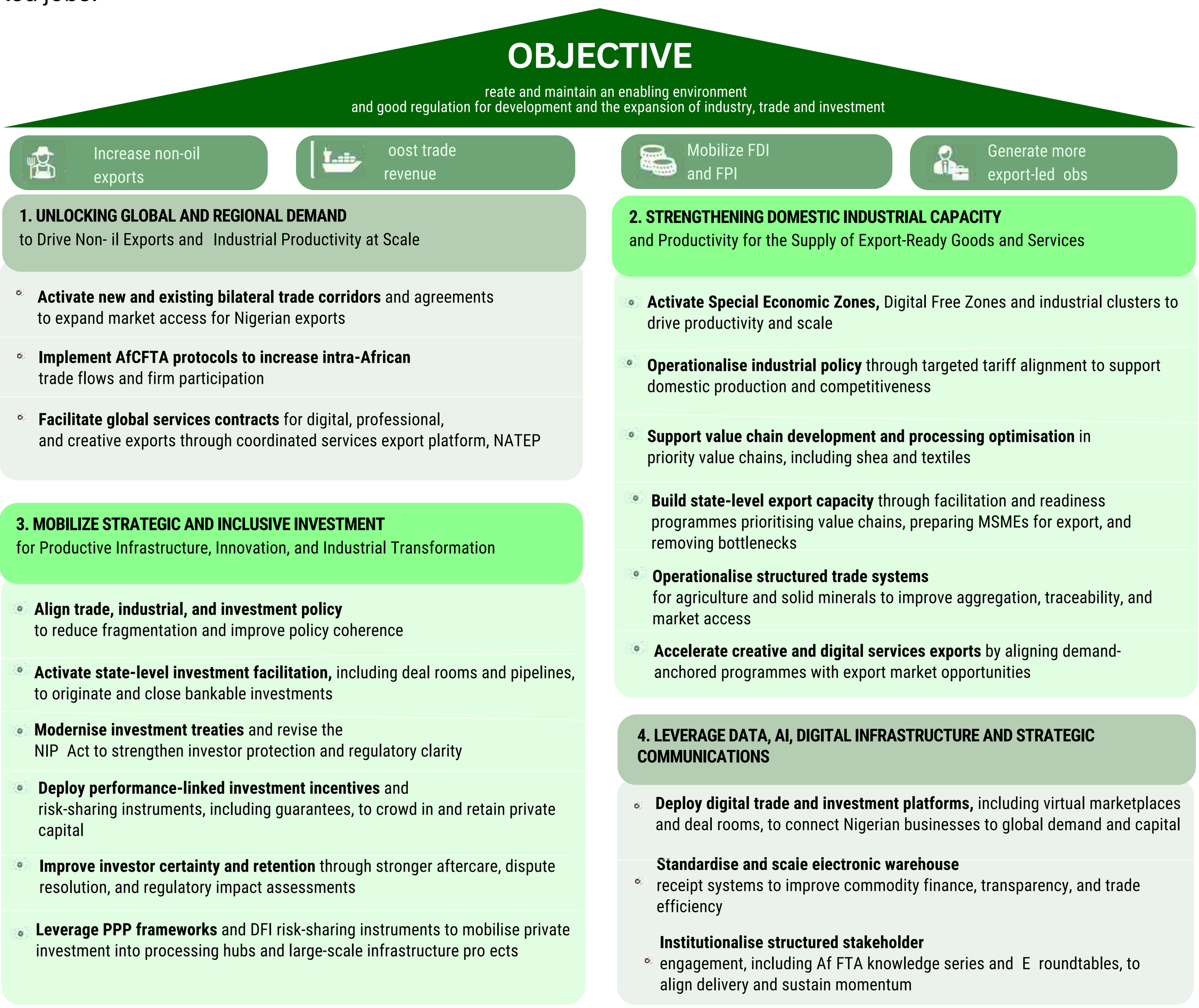
External reserves, which rose to about US$51.46 billion at the end of June 2026, is treated as a buffer rather than a source of spending, while the Central Bank has maintained a tight monetary policy that lowered inflation rate to less than half of what it was at its peak in 2024. The trade-off is deliberate, accepting near-term costs to preserve stability and sustain the reforms that built this capacity.

At the same time, new opportunities emerged. As Gulf fertiliser supply chains seized up, Nigerian urea producers fielded a wave of fresh orders from buyers no longer able to rely on Middle Eastern supply. This underscored Nigeria's potential not only as an oil exporter but as a reliable supplier of critical inputs to global agriculture. Non-oil export growth, though still modest compared to hydrocarbons, is beginning to show how Nigeria can broaden its export base and strengthen resilience against external shocks.

These opportunities are reinforced by FMITI's strategic architecture for 2026, which was already in place before the Strait of Hormuz crisis. The Ministry's framework is organised around four pillars: unlocking global and regional demand, strengthening domestic industrial capacity, mobilising strategic and inclusive investment, and leveraging data, AI and digital infrastructure.



The FMITI's 2026 outlook illustrates these pillars and their associated action plans, highlighting how Nigeria is positioning itself to expand non-oil exports, boost trade revenue, mobilise investment, and generate export-led jobs.



FMITI's 2026 Outlook

None of these unfolds in a vacuum. AfCFTA implementation, ECOWAS trade flows, and most of the bilateral investment relationships underpinning Nigeria's 2026 priorities are continuing largely undisturbed by events in the Gulf. The government has worked to keep these priorities on course rather than allow a distant conflict to reset its agenda. What the crisis has, however, sharpened is a balance the authorities already knew they would have to strike: capturing the gains from an oil and fertiliser windfall without passing its costs on to households. That is the task the government is now managing, banking the windfall, maintaining the reforms that built this capacity, and keeping stability intact so the gains are not eroded by rising prices. How well that balance is managed is the focus of the remainder of this report.

Nigeria’s Strategic Position



Nigeria’s Strategic Position

Nigeria’s Exposure to Global Shocks

For most of the past five decades, Nigeria met global oil shocks from a single position. It exported crude, imported nearly all of its refined fuel and a large share of its industrial inputs, and watched much of every oil price windfall flow back out through the import bill. ach episode followed the same script: revenues surged, the exchange rate strained, the subsidy bill swelled, and when prices eventually fell, the country was left holding the costs with little new capacity to show for the boom.

The Strait of Hormuz crisis is the first maor shock to meet the country at a moment of growing strength, and that strength was built by design it rests on reforms pursued by this administration since 202. Africa’s largest oil refinery now operates in ekki, agos, and by early 2026 domestic plants were meeting most of the country’s petrol demand. Three world-scale urea complexes now export fertiliser from Nigerian ports to buyers across five continents. nder President ola Ahmed Tinubu, the petrol subsidy that absorbed previous windfalls is gone, the exchange rate has been unified, and inflation entered the year at less than half its 202 peak. These are deliberate and politically costly choices under the Renewed Hope Agenda, aimed at breaking the cycle in which oil windfalls flowed back out through subsidies and imports.

For the first time in decades, a shock that raises international oil and fertiliser prices now increase the value of what Nigeria produces, rather than simply raising the cost of what it consumes.

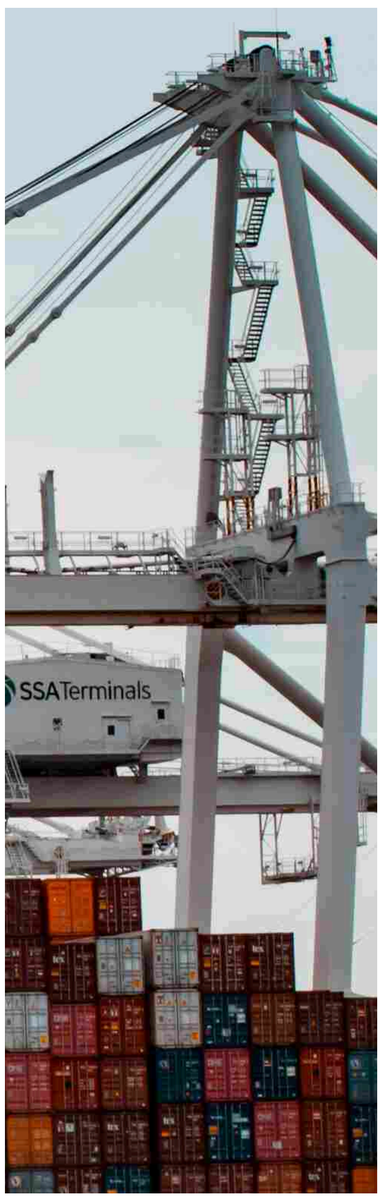
This position does not make the country immune. Nigeria still pays international prices for fuel, agricultural inputs, and industrial feedstock. The same crisis that increases export earnings also strains household budgets. What has changed is the balance between exposure and opportunity, and the room the economy has to manage the one while capturing the other. That balance does not hold itself, rather, the FMITI, led by the Honourable Minister, is steering it, to ensure that Nigeria’s integration into global markets translates into resilience, competitiveness, and new openings for industry and trade.

A disruption in a distant shipping lane, such as the Strait of Hormuz, does not reach an economy all at once, nor does is it reach every part of it in the same way. Rather, it travels along particular routes, arriving first where the national economy interacts with the world most directly. For Nigeria, a shock of the scale witnessed in the first half of 2026 is transmitted through four channels, each carrying both cost and opportunity:

- **Energy Prices:** Domestic refineries now meet more than 70% of national petrol demand, yet they buy crude at international prices. Higher oil prices raise the country’s earning and

foreign exchange, while simultaneously weakening household purchasing power and raising the cost of transport, irrigation, mechanisation, and food.

- **Imported Inputs:** Fertiliser illustrates this channel best. Gulf producers supply a large share of urea and ammonia, and their withdrawal from the market pushed prices sharply higher. For Nigeria, where agriculture employs a large share of the workforce, this translates directly into higher food costs.



- **Shipping and Logistics:** War risk premiums, insurance rates and freight costs are repriced across entire trade lanes, even those far from the Gulf. Nigerian exporters and importers therefore pay more to move cargo both inbound and outbound, with the cost borne twice, once on what the country brings in and again on what it sends out.
- **External Demand:** About 70% of the oil and gas that passes through the Strait is bound for Asia, and the economies that absorb it, including China, India, Japan and South Korea, are among Nigeria's most important trade partners. When their fuel bills rise, their appetite for imports narrows and Nigerian goods face tougher competition for market share. The same squeeze is felt regionally, as fertiliser dependent economies across East and Southern Africa adjust to higher costs and reduce purchases, showing how a single disruption in global shipping lanes can affect Nigeria's trade with both distant partners and close neighbours.

The four channels show that Nigeria's economy now faces both cost and opportunity. Oil and fertiliser price increases lift export earnings while also raising fuel, input and freight costs. However, unlike past shocks the country now has capacity to capture value. Refineries, fertiliser plants and the reforms that support them stand between global prices and the Nigerian consumer, turning volatility into a chance to expand trade and strengthen competitiveness rather than only being a burden to be endured.

Opportunities Amid Uncertainty

The productive assets now generating foreign exchange reflects deliberate policy choices made over several years. The free zone regime helped anchor the Dangote refinery and fertiliser complex at Lekki, providing the certainty needed for a US$20 billion private investment. Since 2023, Nigeria has steadily advanced gas reforms under President Tinubu, beginning with the N185 billion debt settlement in 2023 to restore confidence in the gas-to-power chain, followed by upstream investment revival in 2024-2025 with projects like Iseni, Ubeta, and HI reaching FID and mobilising over $2 billion. Gas output rose from 6.8 bcfd in 2023 to 7.5 bcfd in 2025, with domestic supply surpassing 2 bcfd and the base price reduced to $2.13/MMBtu. In the first half of 2026, Nigeria assumed the presidency of

the Gas Exporting Countries Forum Ministerial Meeting, advanced the OB3 pipeline river crossing, and deepened LPG access through mandated production and pilot export redirection. These measures have transformed gas, which was once flared or stranded, into a priced, reliable feedstock for industries such as urea production, while consolidating Nigeria's transition to a gas-based economy.

Also, the 2023 economic reforms that includes the removal of the petrol subsidy, exchange rate unification, and the naira-for-crude arrangement, eased the foreign exchange burden of feedstock purchases, further improving the commercial case for large-scale private refining. The crisis did not create these assets; it revealed their value. Fertiliser shows the return most clearly. Nigeria's three urea producers, Dangote at Lekki, Indorama at Port Harcourt and Notore at Onne, operate a combined capacity of 6.5 million tonnes a year. This is among the largest in Africa, and all three run on Nigerian gas. When the closure of the Strait forced fertiliser plants in Gulf countries to shut down, global buyers turned to Nigeria. Between March and May 2026, thirteen vessels carried just over 380,000 tonnes of urea worth about N380 billion out of Nigerian ports to Brazil, India, the United States, Mexico and Argentina. With prices rising from US$390 per tonne in January to US$740 in May, export earnings grew rapidly. In the first quarter of 2026, fertiliser earned N1.375 trillion in export revenue, up from N855.85 billion recorded in the first quarter of 2025, accounting for more than 40% of non-oil export earnings. Capacity is still expanding on the same policy foundations. Indorama's third production line, financed with a US$1.25 billion IFC package, is due for commissioning this year, and Dangote has awarded contracts that will lift its urea capacity beyond 8 million tonnes.

Refined fuel tells a parallel story. Deregulation ended distortions that had made private refining unprofitable, and domestic refineries now supply over 70% of Nigeria's petrol demand in a country that imported 62% as recently as 2025. When the Strait of Hormuz crisis cut supply to import-dependent African markets, the Dangote Refinery sold twelve cargoes totalling 456,000 tonnes of refined products to Côte d'Ivoire, Cameroon, Ghana, Tanzania and Togo. By the second quarter of the year, several African governments, including South Africa, had opened discussions on long-term supply contracts. A market built for domestic supply is becoming, under crisis conditions, a platform for regional export.

Regional trade adds another opportunity. Nigeria ratified the African Continental Free Trade Area agreement in 2020 and has since institutionalized the implementation of the Agreement, built trade corridors, financing instruments, and product certification system. The crisis has made these tools more valuable, with unreliable long-haul shipping through a contested chokepoint raising the importance of shorter African routes and African suppliers. Consequently, demand for Nigerian fuel and fertiliser has widened across the West, Central and East Africa.

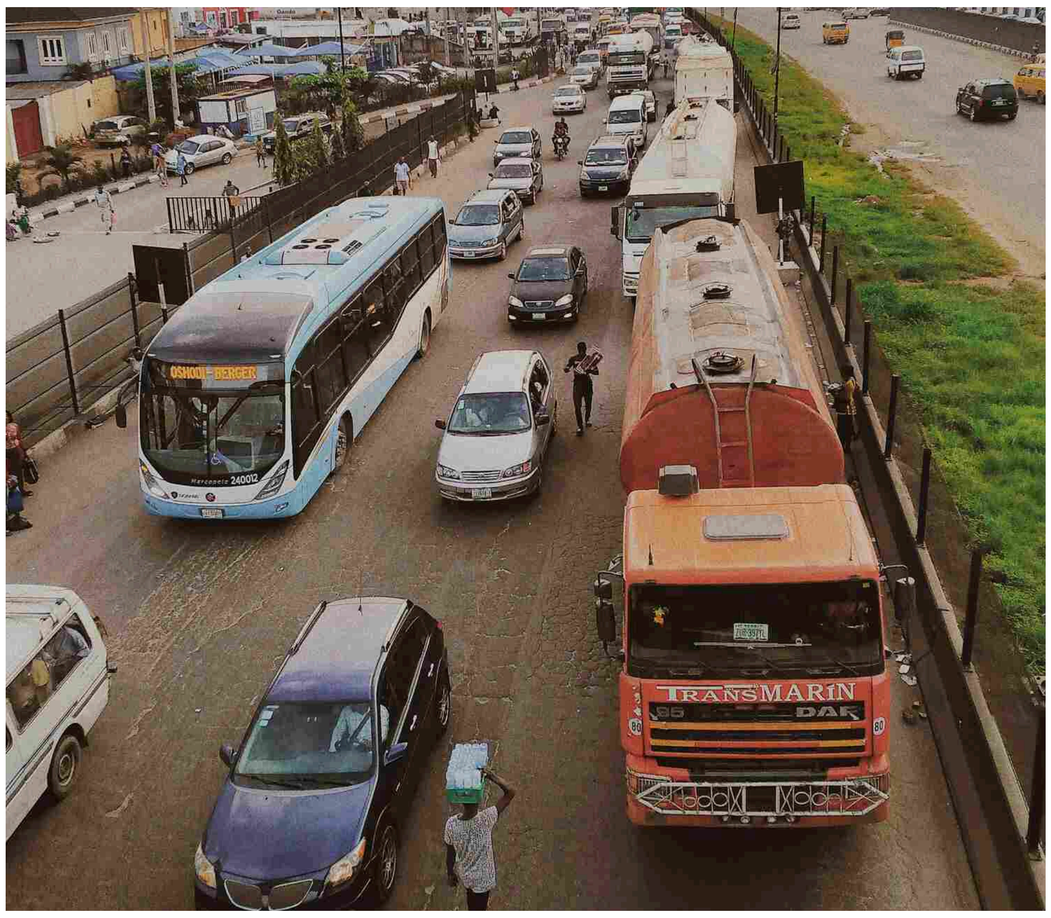
Independent assessment supports this reading. Simulations by the International Food Policy Research Institute suggest that, unlike most of its regional peers, Nigeria could end the crisis with a net welfare gain, because rising oil and fertiliser export revenues outweigh higher domestic prices. That outcome is not automatic, and the government treats it as such. The same deliberate

approach that built the capacity now guides how the risks are managed, so that the gains are secured rather than left to chance.

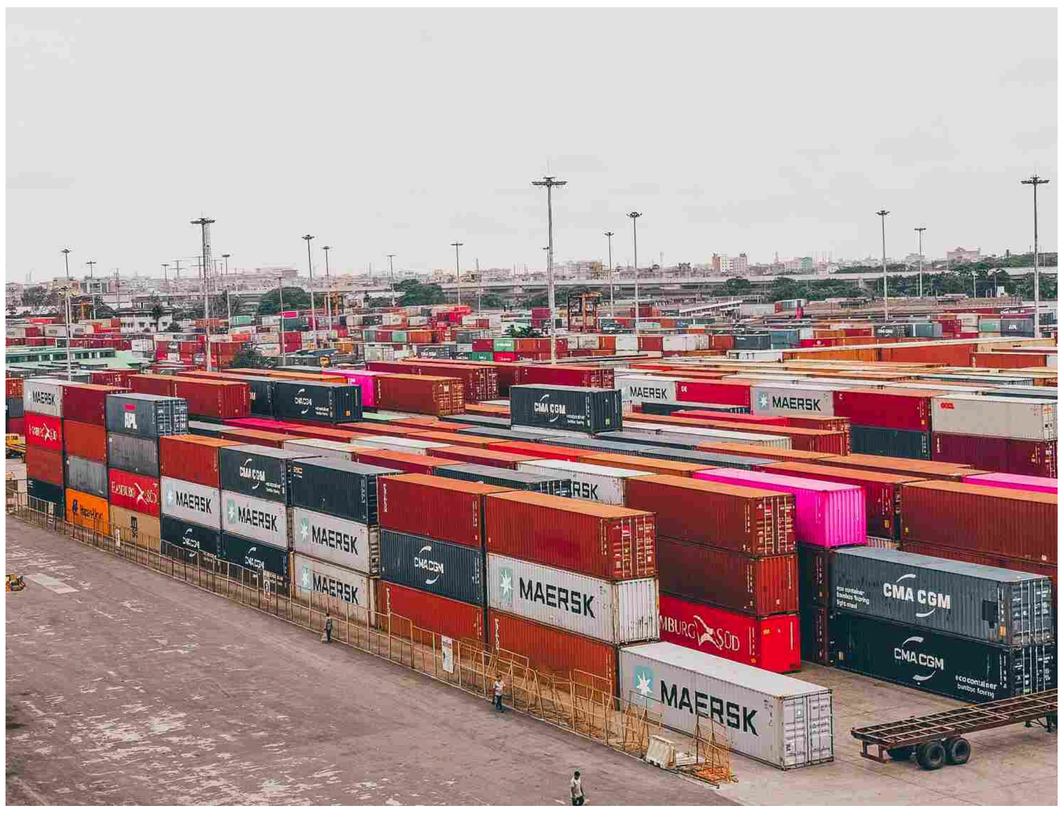
Managing the Risks: Policy Buffers, Refining Capacity and Diversification

Opportunity in a crisis is available only to a country that can withstand the crisis itself. Nigeria's ability to do so through the first half of 2026 has rested on policy buffers, improved refining capacity, and sustained economic diversification. The buffers built since 2023 absorb fiscal and price pressures, refining capacity keeps the country fuelled from its own plants, and diversification spreads earnings across more products and markets than in any previous shock. Four risks have tested this resilience.

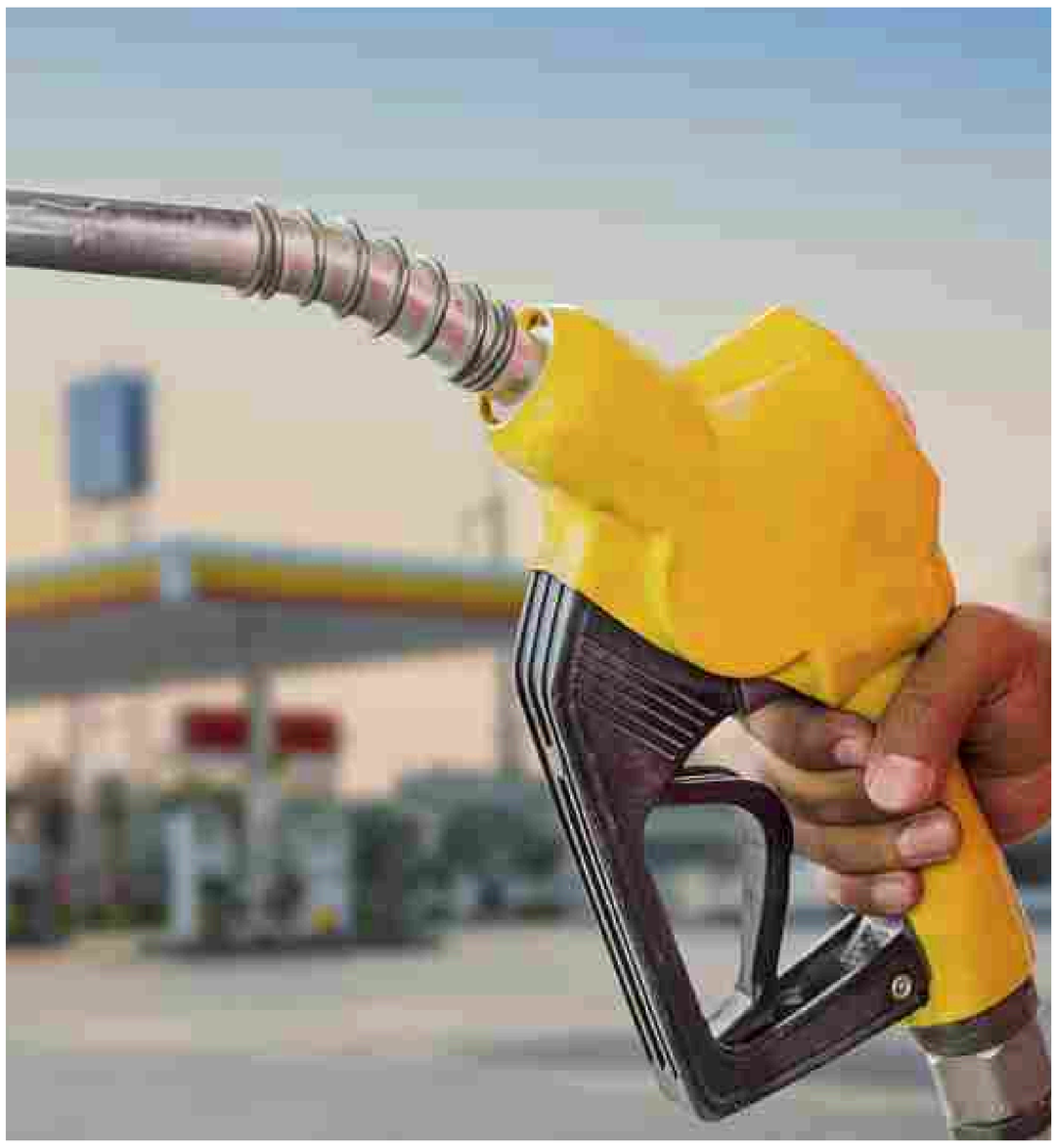
The first risk is inflationary pressure. Nigeria entered 2026 with headline inflation at 15.15%, down from 34.8% a year earlier, due in part to exchange rate unification, fiscal discipline, and a rebased consumer price index. The crisis has tested that progress, with fuel price pushing headline inflation upward, rising from 15.38% in March to 15.93% by May, led by transport and food costs. Higher fuel prices raise the cost of moving nearly everything sold in Nigerian markets, and higher fertiliser costs will put pressure on food prices into the second half of the year. Holding the disinflation path is therefore the central macroeconomic task of the period, and it is being managed with more room than any previous shock allowed. The subsidy bill that once turned every oil price increase into a fiscal drain is gone, so the windfall now strengthens public finances rather than draining them, and the unified exchange rate lets pressure surface in prices the authority can







respond to rather than in the scarcity and parallel-market premiums of past episodes. Monetary policy supports the effort by keeping expectations stable while the impact of fuel prices works through the inflation index.



The second risk is food security. A producer able to sell urea abroad at US$740 per tonne has little incentive to sell cheaply at home, leaving Nigerian farmers competing with Brazilian and Indian buyers for Nigerian fertiliser. Export gains and hardship at the farm gate can coexist within the same economy. The response is not to block the export but to keep the domestic market supplied while the window lasts. The blending network built under the Presidential Fertiliser Initiative provides the channel, and Government tracks fertiliser availability and farm-gate prices alongside export volumes to ensure domestic supply is not crowded out. A planting season is starved of affordable fertiliser would turn this year's windfall into next year's food import burden.

The third risk is the exchange rate. Import bills for refined products, equipment and inputs still purchased abroad rise with the same prices that lift export receipts, and the two compete for foreign exchange. The balance has so far favoured Nigeria with record N7.55 trillion trade surplus in the first quarter of 2026, about 91% higher than a year earlier, as export receipts rose while domestic refining cut the import bill. That surplus, rather than any assumption, is what keeps the exchange rate steady, and it is monitored quarter by quarter.

The fourth risk is complacency. The surge in oil and fertiliser prices induced by the crisis will not last. Market analysis expects Gulf trade flows to recover to about half of normal levels by August and three quarters by early 2027, while the World Bank projects fertiliser prices to ease in 2027 as exports resume. Mistaking the windfall for permanence would be the costliest error. Government's working assumption is the opposite, that the window is temporary and must be used to secure offtake relationships, expand capacity and deepen the non-oil export base while conditions favour it.

None of these risks changes the overall assessment. They define the discipline the moment requires, and Nigeria addresses them from a position built through two and a half years of bold reforms including subsidy removal, exchange rate unification and expansion of domestic refining capacity.

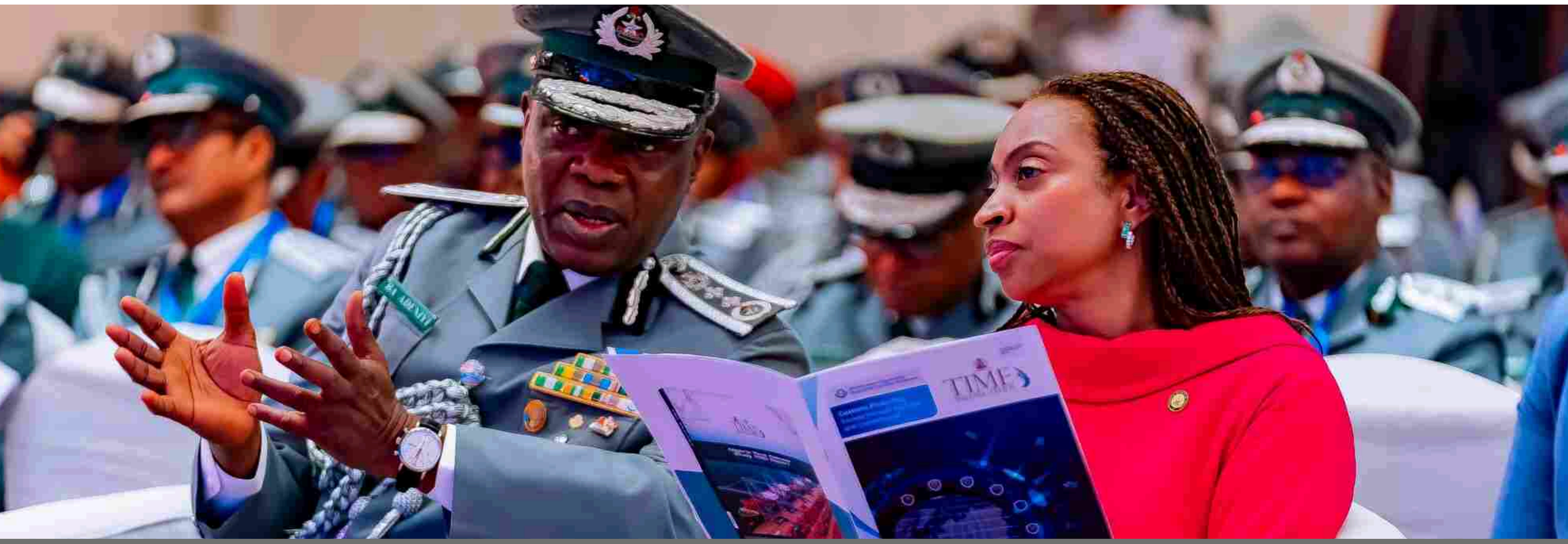
Beyond the Windfall: Advancing Structural Transformation

Managing the risks of the moment is only half of the assignment. The other half, and the one by which the period will ultimately be assessed, is how the temporary windfall is converted into permanent structure. When the shipping lane reopens and urea prices fall, the record earnings will decline with them. However, the plants, the buyers and the trade links built while prices were high can remain. The measure of performance in the half year is therefore not the prices earned but the capacity, markets, and institutions retained after prices normalize.

By that measure, the ground is firmer than the crisis alone would suggest, because the expansion of Nigeria's export base did not begin with the crisis and does not depend on it. It is the product of deliberate policy rather than a fortunate turn in prices. Under the Zero Oil Plan and the export development instruments of the Nigerian Export Promotion Council (NEPC), the drive had already prioritised sectors such as fertiliser, refined products, and processed goods. The crisis accelerated demand in these areas, but it did not create them.

This points to a simple test for everything gained in the first half of the year. Does the gain survive the reopening of the Strait? A fertiliser contract priced on crisis conditions does not, because it disappears the moment prices normalise. But a certification pipeline that keeps Nigerian goods on foreign shelves, a cargo corridor that permanently lowers the cost of reaching African markets, an industrial cluster anchored by long-term financing, and a services export programme that earns foreign exchange regardless of shipping lanes will outlast the crisis that prompted them.

These are the foundations of structural transformation. The true measure of success is not the temporary windfall but the lasting capacity and institutions that remain when the crisis has passed.



Jan. 26 2026: Honourable Minister, FMITI, with the Comptroller-General of Customs at the launch of the Time Release Study

FMITI's Strategic Response











FMITI’s Strategic Response

Leading Nigeria’s Response

The adverse effect of the Strait of Hormuz crisis reached Nigeria in the first half of 2026, placing the Ministry at the centre of the response. What could have derailed the country’s trade agenda instead became a test of its readiness. The Ministry had to capture the export opportunities created by the crisis while containing the risks to the domestic economy. The record of the first half of the year shows both objectives were pursued together, with export gains captured and domestic costs contained.

Even before the closure, the Ministry’s programmes were already delivering results. In February, the Honourable Minister presented figures to the Senate Committee on Trade and Investment showing that the programmes had generated over US$500 million in export revenue and more than 20,000 direct jobs in the preceding year, while trading volumes on the Nigeria Commodity Exchange had increased by more than fivefold. These achievements provided a strong baseline, which the crises then amplified as fertiliser producers benefited from record prices abroad and refined petroleum products reached African markets previously supplied by Gulf producers.

The Ministry tracked fertiliser and fuel exports through the Nigeria Export Promotion Council (NEPC) and Customs, worked with Nigeria’s three urea producers, Dangote Fertiliser, Indorama Eleme and Notore, on production and export planning, and fed its assessments into the wider economic management process to keep trade and macroeconomic policy aligned.

On 2 May 2026, the Federal Ministry of Industry, Trade and Investment (FMITI) used the window of high commodity prices to strengthen Nigeria’s trading institutions. it inaugurated a properly constituted governing board for the Nigeria Commodity Exchange, the body that turns cassava, sesame, cocoa, cashew, ginger, and shea into structured, exportable value. In parallel, it partnered with Afreximbank to establish a National Trade and Distribution Company, extending the same traceability to agricultural and mineral commodities. These are the market access systems that survived the , built during the price surge, proved resilient during the temporary reopening of the Strait of Hormuz and represent the durable gains against which the period must be measured.

On the risk side, the Federal Government moved early to contain the food security threat posed by rising fertiliser prices. Through the Presidential Fertiliser Initiative, it secured raw materials before the global crisis drove costs higher, locking in more than 449,000 metric tonnes of inputs by May and keeping the country on course for a 1.1 million tonne programme, about 22 million bags, for the 2026 season. Early contracting saved an estimated ₦61.58 billion and kept domestic fertiliser prices stable even as export prices climbed, with more than 6.5 million bags released to blending plants before peak planting. Rising fertiliser prices boosted Nigeria's export earnings but at the same time raised farmers' input costs. The government's response addressed both sides of this equation, ensuring that foreign exchange gains did not come at the expense of domestic food security.

Rising energy, freight, and input costs also threatened the producers and exporters behind the trade gain. To keep investment and working capital flowing to them, the Ministry leaned on the financing instrument already in place, These include a single-digit lending for exporters and agro-processors, reinforced by a US$200 million African Development Bank facility. The aim was to help firms maintain production and exports at a time when rising costs could otherwise have squeezed them out.

The Ministry's widest move was continental. At the close of June 2026, the Honorable Minister, FMITI, assumed the Chairmanship of the AfCFTA Council of Ministers Responsible for Trade, the body that coordinates tariff implementation and beneficiation of raw materials across all 55 African Union member states. The position matters because the crisis fell hardest on the fertilizer-import-dependent economies of East and Southern Africa, the same markets Nigerian fuel and fertilizer were beginning to reach. With more than 10,000 certificates of origin issued by March 2026 and intra-African trade tracking toward US$230 billion for the year, sustaining that momentum now falls, in part, to a Nigeria-chaired Council.



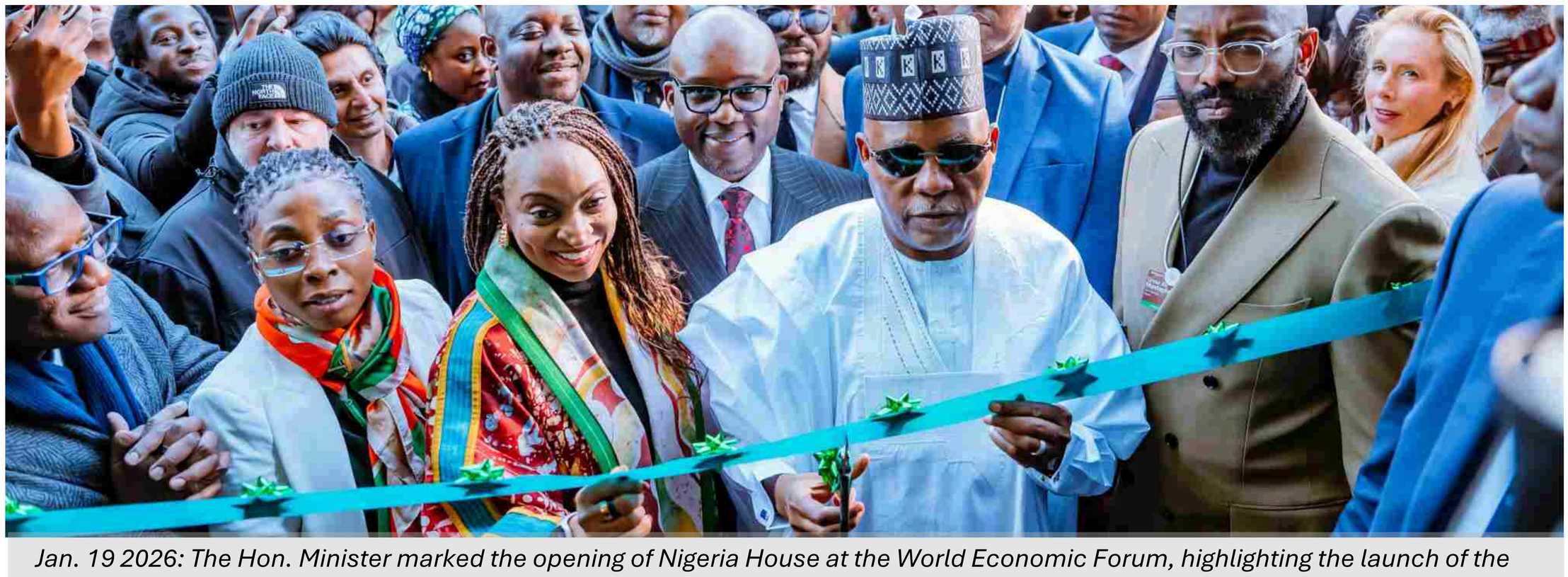
Jun. 30 2026: HM, as Chair of the AfCFTA Council of Ministers, convened the 18th Council Meeting to deepen intra-African trade



Jan. 13 2026: The Hon Minister signed the Nigeria–UAE Comprehensive Economic Partnership Agreement (CEPA)



Jan. 16 2026: The Hon Minister launched the NIPPS Implementation Committee



Jan. 19 2026: The Hon. Minister marked the opening of Nigeria House at the World Economic Forum, highlighting the launch of the Nigeria Investment Playbooks.



Jun. 29 2026: The Hon Minister launched the AfCFTA Week 2026 with the inaugural HerAfCFTA Conference

Stregthening Trade and Regional Competitiveness

If the Ministry's trade response had a single organizing idea, it was that a crisis making long-haul shipping unreliable is the strongest possible argument for the regional trade that AfCFTA was built to deliver. Nigeria has focused on the simplification of the AfCFTA architecture and onboarding Nigerian businesses unto the framework with a 500% increase in the number of AfCFTA Certificates of Origin (COO) issued between 2025 to 2026. NACO has seen to reforms culminating in Nigeria Customs Service reduction of the time for processing the AfCFTA COO from 5 days to 24hours. This is in addition to multiple targeted capacity building sessions aimed at enabling better appreciation of the AfCFTA export process by businesses.

The impact of this simplification drive is reflected in a 21% year-on-year increase in Nigeria's intra-African trade from $7.47 billion in 2024 to to $9.02 billion in 2025. While crude oil remains dominant, growing non-oil sectors include chemicals, plastics, rubber, processed food, urea and cement.

Nigeria spent the first half of the year making that trade cheaper, better financed, better certified and more digital, so that goods diverted from contested sea lanes had somewhere reliable to go.

The clearest gain was in logistics. The Nigeria–East and Southern Africa Air Cargo Corridor was first launched on Africa Day, 25 May 2025, in partnership with Uganda Airlines, connecting Lagos with Entebbe, Nairobi and Johannesburg. In 2026, the Ministry expanded the Corridor through a new partnership with RwandAir, extending its reach to Kigali, Lusaka, and Harare. The expanded corridor was flagged off in Lagos on 19 June 2026 by the Honorable Minister, FMITI with the Minister for Aviation and Aerospace Development in attendance. Rates are fixed at under US$2 per kilogram, down from the between US$3 to US$10 per kilogram that exporters had paid in the past. The effect was already visible in the numbers, with Nigeria's non-oil exports to non-ECOWAS African markets rising from US$150 million in 2024 to US$207 million in 2025, before the RwandAir routes even took effect. Coming as Gulf transit shipping costs spiked worldwide, the timing was less a coincidence than a deliberate hedge.



Jun. 19 2026: The Hon Minister launched the Nigeria–East and Southern Africa Air Cargo Corridor with RwandAir, connecting Nigerian exporters to Rwanda, Zimbabwe, Zambia, Kenya and South Africa.

To reduce the cost and unpredictability of exporting by air to East and Southern Africa, FMITI and the United Nations Development Programme (UNDP) worked with the Organised Private Sector through 2025 and 2026 to negotiate flat, discounted air cargo rates on the Lagos-Entebbe,

Nairobi, Johannesburg, Kigali, Lusaka and Harare routes, initially with Uganda Airlines and subsequently extended to include RwandAir. Under the resulting rate framework (US$1.20-US$1.90 per kilogram, depending on destination and volume), FMITI ran an open Expression of Interest process in May 2026 that drew 111 applications; after screening against AfCFTA Rules of Origin, standards certification and confirmed destination-market buyers, 9 Nigerian exporters were confirmed to use the corridor on its inaugural flight.

That flight, in June 2026, carried approximately 780kg of Nigerian processed foods, spices, fashion and payment-card products, valued at US$36,585.84, to Nairobi, Lusaka and Johannesburg under AfCFTA Certificates of Origin - a modest but concrete first shipment that FMITI is using to refine freight-forwarder vetting, standard fee schedules and Certificate of Origin processing ahead of scaling the corridor to more exporters and destinations.

Cheaper freight is of little use to a producer who cannot finance production, so a parallel push targeted trade finance. At the second quarter

AfCFTA Central Coordination Committee meeting held on June 9, 2026 in Abuja, The Honorable Minister, FMITI, unveiled a US$1 billion AfCFTA Adjustment Fund Credit Facility for businesses scaling production and exports, and sensitisation programmes in Kano alone reached more than 470 businesses.

Standards formed a third front, because market access means little if goods are turned back at the border. In early June 2026, 131 Nigerian companies covering 220 products received the Africa Quality Mark, a continental certification that gives their goods harmonised access across African markets. That drive was built on the reconstituted Governing Council of the Standards Organisation of Nigeria, which was inaugurated in February 2026 alongside the boards of the Oil and Gas Free Zones Authority and the Nigeria Export Processing Zones Authority. Digital trade was the fourth front, and the one on which the country pressed its clearest claim to leadership. Nigeria was the first AfCFTA State Party to ratify and domesticate the Protocol on Digital Trade, and was appointed a Co-Champion of the Protocol, alongside Kenya and South Africa, by the African Union Assembly. That standing was on show at the second AfCFTA Digital Trade Forum, held in Lagos from 1 to 2 July 2026, which closed with eight calls to action on payments, data flows and implementation.

Across logistics, finance, standards, and digital trade, the Ministry's actions converged on a single goal: turning a global shipping crisis into momentum for accelerating Africa's regional market faster.

Driving Industrial Growth and Mobilising Investment

The clearest sign of momentum was the first 90-Day Progress Report in mid-June 2026, which recorded more than US$380 million in strategic financing, anchored by a US$369 million African

Development Bank facility for MSME industrial clusters and a US$12 million entrepreneurship centre backed by KOICA, UNDP and SMEDAN. During the same period the Ministry advanced a proposed ₦350 billion MSME Development Fund, trained 620 Nigerians in mechatronics and industrial skills across four states, and began a dedicated gas supply project for the Idu Industrial Park, scheduled for completion by August 2026 as a template for other clusters.

Support also reached value chains long starved of capital. A Shea Value-Chain Transformation Framework was developed in the March 2026 to deepen value capture and export competitiveness in a sector where women make up roughly 90 percent of the workforce. Under the Nigeria First Policy, the Ministry opened consultations with the Bureau of Public Procurement, the National Automotive Design and Development Council, the Manufacturers Association of Nigeria and the textile sector to strengthen patronage of locally made goods.

Investment followed the same upward trajectory. Capital importation reached US$23.22 billion in 2025, up from about US$12.32 billion in 2024 and under US$4 billion in 2023, driven exchange rate unification, tax reform, and the new Investment and Securities Act. The momentum continued into 2026, with US$10.37 billion inflows in the first part of the year, representing a 61 percent increase over Q4 2025 and an 84 percent rise compared to Q1 2025. Portfolio investment dominated, accounting for nearly US$9.86 billion, reflecting strong appetite for Nigerian assets under conditions of improved liquidity and stable yields. Bonds and Money market instruments were the largest contributors, underscoring the depth of financial markets. Foreign direct investment, while modest, still recorded a year-on-year increase, with other capital components rising sharply. This suggests that beyond portfolio flows, new commitments are beginning to take shape in equity and project financing. Other investments, including loans and trade credits, added to these inflows, highlighting continued engagement with Nigerias financing needs.

In February 2026, the National Talent Export Programmes action plan was approved, establishing a coordination mechanism for services export and extending Nigerias trade ambitions beyond goods into skills and digital services. On 9 March 2026, Nigeria signed a host country agreement confirming agos as the venue for the fifth Intra-African Trade Fair in November 2027, an event whose previous edition generated US$48.3 billion in trade and investment deals.

None of these initiatives was designed as an answer to the Strait of Hormu crisis. hat the half-year 2026 demonstrated is that the country was better prepared when disruption came. The Ministry accelerated work already under way, closing the period with Nigeria not merely weathering the crisis but advancing its trade and investment agenda.

The fertilier and fuel export gains will fade once the Strait reopens, but the institutions built around them, including the Commodity Exchange, certification pipeline, air cargo corridors, and Adjustment Fund, will remain.

The half year 2026 proved that Nigeria's industrial and trade agenda was resilient enough to withstand external shocks and ambitious enough to seize the opportunities they created.

What began as a test of crisis management became a demonstration of capacity: institutions, corridors, financing systems, and continental leadership that will anchor competitiveness long after the Strait of Hormuz reopens.



Mar. 9 2026: HM marked the signing of the IATF2027 Host Country Agreement

Trade, Investment and Industry Prospects



Trade, Investment and Industry Prospects

Nigeria's performance in the first half of 2026 has created a platform for the future. The gains from domestic refining, the widening of the export basket, and the confidence reforms have generated are not ends in themselves, but rather foundations for the next stage of growth. In the months ahead, Nigeria will consolidate its role as a regional supplier, convert financial inflows into lasting investment, and advance industrial transformation beyond oil. The focus is on prospects and pathways, showing how resilience built under pressure can be turned into structural progress.

Nigeria's Trade Prospects

Nigeria enters the second half of 2026 with trade prospects defined by reforms rather than volatility. The country's role as a regional supplier has been consolidated, with exports to ECOWAS and wider African markets now structurally embedded. Air cargo corridors and certification pipelines are expected to deepen this role, lowering costs and widening access for exporters.

The expansion of Nigeria's export base is not a product of crisis but of deliberate policy choices. Under the Zero Oil Plan and the Nigerian Export Promotion Council's diversification drive, non-oil exports grew steadily in recent years, with fertiliser, refined products, and processed goods moving into the mainstream. The recent crisis only accelerated demand in sectors already priortised; it did not create the demand. This means the ground is firmer than short-term shocks suggest, and Nigeria's export agenda is anchored in long-term strategy.

The coordination of Nigeria's AfCFTA implementation by NACO and Nigeria's 21% year-on-year increase in intra-African trade from $7.47 billion in 2024 to $9.02 billion in 2025 signals a reprioritization of trade into African markets under the AfCFTA's preferential terms.

The first quarter of 2026 confirmed this trajectory. Exports to key African partners such as Egypt, Ghana, Ivory Coast, Senegal, Togo, South Africa, and Ethiopia recorded strong volumes, showing that demand is both broad and resilient. West Africa remains the backbone of Nigeria's external trade, Northern Africa has become a growth frontier, and Eastern Africa is emerging as a new corridor with Ethiopia's sharp rise. These early results suggest that Nigeria's export prospects in the second half of 2026 will be robust, diversified, and regionally anchored.

The next frontier lies in services trade. ICT, logistics, and finance are emerging as tradable strengths, underpinned by Nigeria's early ratification of the AfCFTA Digital Trade Protocol and the launch of the National Talent Export Programme. These measures create the

framework for services exports to become a significant contributor to Nigeria's external earnings. Overall, Nigeria's trade prospects rest on regional consolidation, non-oil diversification, and the rise of services exports, marking a decisive shift from dependence on volatile commodity prices to a more resilient and diversified trade agenda.

Investment Climate and Outlook

Nigeria's investment climate in the second half of 2026 is anchored in reforms that have strengthened confidence. Exchange rate liberalisation, improved financial management, and stronger external reserves provide stability that continues to attract capital. The digitization of public financial management, confirmed by the Bureau of Public Service Reforms, means that budgeting, payroll, and government payments are now fully electronic. This has reduced leakages, improved transparency, and reassured investors that fiscal operations are credible and predictable.

Performance in the first quarter of 2026 was strong. Foreign capital inflows reached US$10.37 billion, an increase of more than 80 percent compared to the same period in 2025. Portfolio investment accounted for the overwhelming share, drawn by a stable naira, attractive yields, improved foreign exchange liquidity. Portfolio inflows have already deepened liquidity and supported the naira, and the challenge ahead is to convert this confidence into longer term commitments in factories, infrastructure, and services.

Sectoral flows in the first half of 2026 show that capital is beginning to move beyond financial instruments into the real economy, with banking, financing, ICT services, agriculture, and manufacturing attracting new commitments. Building on this momentum, the strongest opportunities for foreign direct investment lie in energy, manufacturing, and digital economy. Refining capacity, industrial clusters, and MSME financing are opening new channels for capital, while ICT and services exports are emerging as growth frontiers that can anchor Nigeria's long-term transformation.

The external buffer strengthened alongside these inflows. Reserves closed 2025 at US$45.5 billion and rose to US$51.46 billion as at 30 June 2026, reinforcing Nigeria's ability to withstand shocks. Multilateral assessments echoed this trajectory. The World Bank credited the reforms with strengthening fundamentals and investor confidence, even as it trimmed growth forecasts to 4.1 percent on account of power shortages, infrastructure gaps, and debt service costs. Both sides of that assessment are important to hold together; reforms are delivering results, yet structural constraints continue to weigh on performance.

Investors will continue to monitor pressures such as inflation, logistics costs, power supply, and global uncertainty. These risks are balanced by reforms that strengthen fundamentals and by Nigeria's growing role as a regional hub.

The outlook is therefore one of cautious optimism. Capital is flowing, reserves are stronger, reforms are working, and opportunities are widening. The Ministry is focused on investment mobilisation and facilitation to ensure that portfolio confidence translates into direct investment and lasting industrial growth.

Industrial Transformation Pathways

Nigeria's industrial prospects in the second half of 2026 rest on reforms already set in motion. Manufacturing is expected to remain the strongest driver, with refining, cement, automotive assembly, and construction sustaining growth beyond temporary price effects. These subsectors are anchored in domestic capacity rather than external windfalls, making them resilient to global volatility.

The Ministry's reforms, including MSME financing, industrial cluster development, and dedicated gas supply projects, are laying the groundwork for broader industrialisation. These initiatives reduce costs, improve competitiveness, and create hubs where firms can scale production efficiently.

Recent performance from growth data offers important insight into this trajectory. Manufacturing expanded by 3.29 percent in early 2026, with oil refining recording a remarkable 37.46 percent growth, and cement rising by 11.53 percent, showing that heavy industry is gaining momentum. Food, beverage, and tobacco grew by 4.10 percent, while pharmaceuticals advanced by 6.15 percent, pointing to diversification within consumer and health-related industries. Automotive assembly also gained 5.44 percent, signalling renewed activity in vehicle production. These figures highlight that Nigeria's industrial base is not only broadening but also strengthening in areas with long-term potential.

Beyond traditional manufacturing, Nigeria's structural transformation pathways are widening. Agro processing, digital services, and regional value chains are emerging as new pillars of industrial growth. Early 2026 data show agriculture maintaining steady expansion at 3.15 percent, with forestry and livestock recording notable improvements, while ICT services advanced by 10.98 percent, driven by telecommunications and digital platforms.

These trends point to sectors that are building momentum and are well placed to integrate into continental supply chains through the AfCFTA framework. At the same time, the National Talent Export Programme is extending Nigeria's reach into services and skills, reinforcing the country's role in both industrial and digital transformation.

The challenges are real. Power supply, credit costs, regulatory compliance, and insecurity continue to weigh on output. Yet the resilience built through reforms and the momentum in key subsectors mean that industry is better positioned to withstand these pressures. The outlook is therefore one of gradual transformation, where short term challenges coexist with long term capacity building.

Strategic Outlook

Nigeria's half-year performance demonstrates both resilience and opportunity amidst global volatility. The outlook is defined not only by continuity of reform and transparency, but also by the determination to navigate uncertainty while advancing structural transformation.

The gains from refining capacity, non-oil diversification, and investor confidence are more than short-term responses; they are building blocks for a stronger, more competitive economy. Refining output has surged, cement and construction are consolidating growth, and ICT services are expanding rapidly, underscoring the breadth of Nigeria's industrial base. Agriculture has maintained steady expansion, while pharmaceuticals and automotive assembly show renewed momentum. These developments highlight that the foundations of industrialisation are broadening and deepening.

By consolidating its role as a regional supplier, converting financial inflows into lasting investment, and widening industrial pathways beyond oil, Nigeria is charting a course that balances immediate pressures with long-term ambition. The resilience of institutions, the credibility of reforms, and the momentum in key sectors demonstrate that Nigeria is not only managing shocks but also positioning itself to seize opportunities in trade, investment, and continental integration.

In summary, Nigeria has shown resilience under external shocks and is seizing opportunities through reforms that anchor competitiveness and open new frontiers in industry and services. The half-year 2026 demonstrated that Nigeria's industrial and trade agenda was resilient enough to withstand external pressures and ambitious enough to seize emerging opportunities. What began as a test of crisis management became a demonstration of capacity: institutions, production corridors, financing systems, and continental leadership that will continue to anchor competitiveness long after the Strait of Hormuz reopens and immediate pressures begin to subside.



Jan, 25 2026: The Hon. Minister participated in the 10th Nigeria–EU Business Forum with EU Ambassador Gautier Mignot and private sector leaders, focusing on converting dialogue into investment opportunities in digital infrastructure, renewable energy, and agricultural value chains.



Jan, 29 2026: The Hon. Minister hosted the 2nd Ministerial Nigeria–U.S. Commercial and Investment Partnership (CIP) meeting



Jun, 1 2026: The Hon. Minister welcomed WIPO Director General Daren Tang for the unveiling of the WIPO Nigeria Office and bilateral discussions on strengthening Nigeria's intellectual property framework.

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