

Nigeria Freight and Logistics Market - Growth, Trends, Covid-19 Impact, and Forecasts (2023 - 2028)

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Report description:

The Nigeria freight and logistics market is anticipated to register a CAGR of more than 4% over the forecast period. Nigeria is working on building its infrastructure, attracting investors, and providing facilities to companies so that its logistics sector can grow significantly in the coming years.

Key Highlights

Nigeria is still getting ready for the African Continental Free Trade Area (AfCFTA) that was implemented in early 2021. Nigeria has the largest black population in the world-more than 200 million people-and a GDP of USD 480 billion. It also has the biggest economy in Africa. Nigeria's lack of readiness stems from the nation's subpar infrastructure, significantly impaired manufacturing, and severely constrained productive sector, all of which are made worse by excessive reliance on imports. Nigeria's projected 6,000 megawatts of electricity supply is barely enough to keep the country's productive sector afloat.

Road transportation, which accounts for over 90% of Nigeria's mobility, is scarcely regulated and frequently plagued by deteriorated roads, insecurity, and checkpoint extortion of trucks transporting commodities. A hurdle may arise if transportation regulations among States are to be effectively implemented because a significant portion of vehicles engaged in cross-border haulage needs to fulfill requirements, mainly due to weak regulation.

Inland waterways are still underdeveloped and inadequately controlled, which causes accidents. Maritime ports are also prone to unwarranted delays in the processing and passage of cargo, which hurts the economy and makes exporting more challenging. According to the National Inland Waterways Authority (NIWA), only roughly 3000 km of Nigeria's more than 10,000 km of waterways are navigable.

The National Bureau of Statistics reports that in Q4 2021, the Nigerian Transportation and Storage industry increased by 29.72%. This rate represents a 9.12%-point increase over the previous quarter and a jump of 35.67% points over the same quarter the year prior. This demonstrates the immense potential that Nigeria can realize with the appropriate infrastructural and policy

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investments. One significant development is the increased connectivity of African trade, particularly with the implementation of AfCFTA and the Pan African Payment Settlement System. As a result, logistics technology companies like Haul247 are trying to leverage the growing market and connect various marketplaces and locations by facilitating commerce.

Nigeria Freight & Logistics Market Trends

Growth of e-commerce in Nigeria driving the market

The European Union (EU), the Governments of Cameroon and Nigeria, and the African Development Bank (ADB) inaugurated the new Cross River bridge at the Mfum-Ekok border crossing between Cameroon and Nigeria. This critical infrastructure includes a new joint border post at Mfum (Nigeria) and is part of the EU-supported Bamenda-Enugu corridor between countries.

The new bridge and border crossing demonstrate the EU's enhanced support to African partners. They will further develop the area's agro-pastoral potential and boost the population's income. They will also enhance connectivity between Nigeria and Cameroon and increase integration, commercial exchanges, and the movement of goods and people between the Economic Community of West African States (ECOWAS) and the Economic Community of Central African States (ECCAS). As a result, the bridge will contribute to the facilitation of the African Continental Free Trade Area.

The National Bureau of Statistics (NBS) reported that in 2021, Nigeria had a foreign trade imbalance of N1.94 trillion (USD 4.4 Billion). As the Nigerian economy is still import-driven and relies heavily on exports of petroleum and some agricultural items to meet foreign exchange needs, this suggests a negative trade balance.

According to the NBS, the country's total merchandise trade was valued at N11,707.20 billion (USD 26 Billion), up 11.79% from the Q3 2021 value and 74.71% from the Q4 2020 value. The entire value of commerce in 2021 was N39.75 trillion (USD 90 Billion), a 57.60% increase over the total value in 2020. Total imports in 2021 totaled N20.84 trillion (USD 47 Billion), a 64.11% rise over the amount recorded in 2020, while exports totaled N18.91 trillion, a 50.99% increase over the amount reported in 2020. The merchandise trade deficit for 2021 was N1.94 trillion (USD 4.4 Billion) overall.

Increase in regional trade driving the market

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Nigeria Freight & Logistics Market Competitor Analysis

The Nigeria freight and logistics market is highly fragmented in nature with the presence of national and international players such as DHL, ABC Transport, UPS (United Postal Services), BHN Logistics, Maersk Line, Redstar Logistics, TSL Logistics, MSC (Mediterranean Shipping Company), Nipost (Nigerian Postal Service), Bollore Transport and Logistics, GMT Logistics, MDS logistics and GIG logistics.

The competition in freight forwarding companies is more than warehousing due to the presence of multiple players with diversified solutions at competitive prices. With infrastructure development and a growing e-commerce market, the competition in the logistics industry is expected to increase over the coming years.

Additional Benefits:

The market estimate (ME) sheet in Excel format
3 months of analyst support

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