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# SOKOTO STATE EXPORT STRATEGY AND GUIDE

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The State Committee On Export Promotion (Scep)

DECEMBER 20, 2023

THE MINISTRY OF COMMERCE, INDUSTRY AND TRADE

Block 2 Shehu Kangiwa Secretariat, Eastern Bypass Road, Sokoto State

## **THE SOKOTO STATE EXPORT PROMOTION COMMITTEE**

The State Committee on Export Promotion is a committee like all other committees at the sub-national level, saddled with the responsibilities of promoting and developing non-oil products, which include agricultural products, solid minerals and arts and crafts. These potentials are being promoted to attract foreign direct investment into the State as well as exporting these raw materials into international markets. The membership of the committee has been drawn from various Ministries and Departments as well as Federal Government agencies that are critical in the operational activities of the committee mandate.

The following are the membership of the committee: -

- |       |   |   |                 |
|-------|---|---|-----------------|
| i.    | Ministry of Commerce  | - | The Secretariat |
| ii.   | Ministry of Agriculture                                     | - | Member          |
| iii.  | Ministry of Solid Minerals Resources                        |   |                 |
| iv.   | Sokoto Chamber of Commerce, Industry, Mines and Agriculture |   |                 |
| v.    | Representative of Customs Services                          |   |                 |
| vi.   | Solid Minerals Resources                                    |   |                 |
| vii.  | Sokoto Chamber of Commerce, Industry, Mines and Agriculture |   |                 |
| viii. | Representative of Customs Services                          |   |                 |
| ix.   | Representative of Immigration Services                      |   |                 |
| x.    | Representative of AFAN                                      | - | Member          |
| xi.   | Ministry of Finance   | - | Member          |
| xii.  | Ministry of Women Affairs                                   | - | Member          |
| xiii. | Ministry of Information                                     | - | Member          |
| xiv.  | Nigeria Export Promotion (State Smart Office)               | - | Member          |
| xv.   | Representative of Cooperative                               | - | Member          |

## STATE EXPORT STRATEGIES

Sokoto State Government has designed some basic strategies applicable to potential and existing exporters of non-oil products. Other avenues were also sourced to enhance the capacity of Exporters to export and store the commodities produced in their respective farmlands. These strategies include: -

- 1) ***Construction of onion and Garlic market:*** - The State Government has made tremendous achievements in securing a befitting onion and garlic market. The existing onion market which is situated along the Kara area was overcrowded as such hindered the free movement of trucks, loading and offloading of onion/garlic from neighbouring markets to other West African International markets. The market was constructed separately to avoid the consistent spoilage and decaying of the products, considering the nature of the perishable products.

***Establishment of one-stop-shop:*** - The State Government has sourced a befitting office, along As-Sudais road, Sokoto in which most of the MDs and Federal Government agencies have been housed in one office to render services to State exporters, these agencies include; Nigeria Export Promotion Council (NEPC), Standard Organization of Nigeria (SON), Corporate Affairs Commission (CAC), NAFDAC, SMEDAN, BOI, BOA, FIRS respectively.

### MINERAL-BASED RAW MATERIALS, SOKOTO STATE

RAW MATERIALS	LOCAL GOVERNMENT	POSSIBLE USES
Gypsum	Yabo, Dange Shuni, Wurno, Goronyo and Gada	Manufacture of cement ceramic industries, fertilizer and tiles etc.
Kaolin	Dange Shuni, Gada, Sabon Birni, Yaboetc	Paints, textile industries pharmaceutical cosmetics
Limestone	Yabo, Dange Shuni, Goronyo and Wurno	Cement, gems for necklaces and earrings etc
Stones	Yabo, Dange Shuni, Wurno, Bodinga, Gada and Wamakko	Gravels decorative, culverts, terrazzo etc
Clay	Wurno, Goronyo and Dange Shuni	Chalk, burnt bricks ceramics.

### MINERAL BASED RAW MATERIALS, SOKOTO STATE

RAW MATERIALS	LOCAL GOVERNMENT	INDUSTRIAL APPLICATION USED	ESTIMATED ORE RESERVED
Granite	Kebbe	Building Road Construction Industry Decoration Stone	Under investigation available in Large commercial Quantity
Kaolin	Illela, Bodinga and Tangaza	Ceramic, paint, Pharmaceutical, plastics, rubber, soap, paper Making and Industrial Filters	Under investigation available in Large Commercial Quantity
Lime Stone	Wamakko, Kware, Wurno and Dange Shuni	Cement, Water Treatments, Glass, Paint, Paper, Tanning	Over 100 Million Tonnes
Gypsum	DangeShuni, Wurno, Yabo, Gada, Shagari, Rabah and Gwadabawa	Cement (P.O.P) Pharmaceutical, School, Chalk, Ceramic	Available in Large Commercial

Iron Ore	Tureta	<ol style="list-style-type: none"> <li>1. Infrastructural and construction.</li> <li>2. Manufacture of Agricultural and agro-industrial Machinery</li> <li>3. Manufacture of Mining and Mineral Processing equipment</li> <li>4. Manufacture of Transport Deference Equipment</li> <li>5. Manufacture of Machine Tools.</li> <li>6. Manufacture of Essential Spare Parts for the entire Industrial Sector</li> </ol>	Available in Large Commercial Quantity
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**AGRO-BASED RAW MATERIALS  
INTERVENTORY OF SOKOTO STATE**

<b>S/NO</b>	<b>LOCATION (LGA)</b>	<b>AGRO-BASED RAW MANERALS</b>
1.	BINJI	Sugarcane, Millet, Tomatoes, Livestock, Hides and Skin, Spices, Groundnuts
2.	BODINGA	Onion, Millet, Tomatoes, Cowpea, Maize, Livestock, Hides and Skin Spices, Vegetables, Groundnuts.
3.	DANGE/SHUNI	Millet, Locust beans, Bagaruwa (Acacia nilotica), Livestock, Kenaf, Hides and Skins, Vegetables, Pepper.
4.	GADA	Wheat, Maize, Sweet Potatoes, Cowpea, Kenaf, Onion, Tomatoes, Pepper, Garlic.
5.	GORONYO	Maize, Rice, Onion, Wheat, Kenaf Livestock, Millet Vegetables, Tomatoes and Pepper, Garlic, Groundnuts, Hides and Skin, Fish.
6.	GUDU	Kenaf, Millet, Bagaruwa (Acacia nilotica), Gum Arabic, Beans, Groundnuts, Hides and Skin.
7.	GWADABAWA	Millet, Rice, Cowpea, Onion, Carrots, Sugarcane, Bagaruwa (Acacia nilotica), Gum Arabic, Garlic, Livestock, Fish, Vegetables, Wheat, Maize
8.	ILLELA	Millet, Cowpea, Hides and Skin, Fish, Maize, Rice, Wheat, Livestock, Vegetables.
9.	ISA	Tobacco, Millet, Guinea corn, Beans, Groundnuts, Bagaruwa (Acacia nilotica), Hides and Skin, Livestock, Tomatoes, Vegetables.
10.	KEBBE	Guinea corn, Bones, Maize, Millet, Livestock, Beans, Rice, Sugarcane, Gum Arabic, Mango, Spices Vegetables.
11.	KWARE	Millet, Beans, Onions, Tomatoes, Rice, Spices, Bagaruwa (Acacia nilotica), Tobacco, Hides and Skin, Livestock, Vegetables, Garlic.

12.	RABAH	Millet, Groundnuts, Guinea corn, Beans, Tomatoes, Mango, Rice, Gum Arabic, Kenaf, Spices, Vegetables, Livestock Sweet Potatoes.
13.	SABON BIRNI	Guinea corn, Millet, Groundnuts, Beans, Hide and Skin, Livestock, Kenaf, Bagaruwa (Acacia nilotica), Locust Beans, Tomatoes, Vegetables Spices, Gum Arabic.
14.	SHAGARI	Beans, Groundnuts, Sorghum, Millet, Tomatoes, Mango, Potatoes, Pepper, Onions, Livestock, Vegetables.
15.	SILAME	Gum Arabic raic, Bagaruwa (Acacia nilotica), Vegetables.
16.	SOKOTO NORTH	Millet, Beans, Carrot, Tomatoes, Hides and Skin, Vegetables.
17.	SOKOTO SOUTH	Millet Beans, Hides and Skin, Tomatoes, Vegetables.
18.	TAMBUWAL	Sugarcane, Beans, Millet, Bagaruwa (Acacia nilotica), Groundnuts, Tomatoes, Onions, Kenaf, Maize, Hides and Skin, Livestock.
19.	TANGAZA	Millet, Bagaruwa (Acacia nilotica), Groundnuts, Tomatoes, Onions, Kenaf, Maize, Hides and Skin, Livestock, Spices.
20.	TURETA	Beans. Millet, Guinea corn, Mango, Gum Arabic, Rice.
21.	WAMAKKO	Rice, Millet Onions, Tomatoes, Carrot, Eggs, Cabbage, Tobacco, Sugarcane, Spices, Beans, Vegetables, Livestock.

22.	WURNO	Rice, Beans, Wheat, Tomatoes, Okra, Spices, Potatoes, Gum Arabic, Kenaf, Garlic, Bagaruwa ( <i>Acacia nilotica</i> ), Hides and Skin, Livestock, Vegetables.
23.	YABO	Millet, Sugarcane, Groundnuts, Bagaruwa ( <i>Acacia nilotica</i> ), Tomatoes, Cowpea, Hides and Skin, Livestock, Vegetables, Tamarind



### AVAILABLE MINERALS RESOURCES IN SOKOTO STATE

MINERAL	COMPOSITION	LOCATION	USES/REMARK	AVAILABLE TONNAGE (Tonnes)
Gypsum (CaSO <sub>4</sub> )	Crystal Type Composing:- SiO <sub>2</sub> - 0.39%, AlO <sub>3</sub> - 0.02% Fe <sub>3</sub> O <sub>3</sub> - 0.09%, CaO -32.31% MgO - 0.41%, (a) - 21.01% SO <sub>2</sub> - 45.42%, Others -.035%	Wurno, Dange, Yabo, Gada, Illela, Goronyo and Silame	Found in beds ground, rocks and would require moving a trillion tones of earth to get to the site of gypsum. It is mined locally industry, Gypsum fibre, Board used in the manufacture of chalk and tiles.	3.5 million
Limestone (CaO <sub>2</sub> )	SiO <sub>2</sub> - 2.38%, SO <sub>3</sub> - Absent LoI - 43.1%, AlO <sub>3</sub> - 2.1% M <sub>2</sub> O - 0.66%, CaO - 54.01% FeO <sub>3</sub> - 2.2.%, Others -0.40%	Sokoto, Wurno, Kware, Wamakko, and Dange/Shuni	In large quantity and presently utilized and used in the manufacture of Portland cement, fluorine, stone for iron smelting Hydrated lime based and other chemical based products.	1 million

Phosphate. (P2P5)	<p>Moisture Content - 0.72%</p> <p>PO<sub>2</sub>O<sub>5</sub> - 37.02%, F- 4.01%</p> <p>SO<sub>3</sub> - 0.28% CaO - 52.33%</p> <p>SiO<sub>2</sub>- 2.78%, Fe.O, - 2.54%</p> <p>CO<sub>2</sub> - 1.71%, P<sub>2</sub>O<sub>3</sub> - 3.01%</p> <p>Characteristics — Brown, Odorless with very high Solubility and less Dense</p>	Gwadabawa, Gada, Dange/Shuni, Goronyo and Yabo	Fertilizer i industrial Uses	5 million
n(Al <sub>3</sub> Si <sub>2</sub> ) LO - 1	<p>3.355,\$02 -4907%</p> <p>Oro n</p> <p>K<sub>2</sub>O - 1.5%, Fe<sub>2</sub>O<sub>3</sub> - 0.80%</p> <p>Nap - 0.88%, CaO - 0.97%</p> <p>TiO<sub>3</sub> - 0.04%, MgO - 0.45%</p> <p>AlO<sub>3</sub>-38.82%</p> <p>Characteristics - Brown, Odourless, less dense</p>	Y and F or ph Wamakko, Illela, Kebbe and Gada	Pharmaceutical industrial filters petrol chemicals	00
ghGwadaba Alumina	W	A wurno, large Illela and Silame	For bricks and tiles ceramic wares, pottery.	Commercial quantity
Gold		along the banks of Sokoto and Rima River	Further exploration work is needed.	
Lignite		Sokoto, Illela, Gada and Dange/Shuni	For chalk making	Large commercial

Silica		Sokoto River		Large commercial quantity
Pyrite (Fe <sub>2</sub> SO <sub>4</sub> )		Yabo, Dange/Shuni and Gada		Large commercial quantity
Uranium		Illela and Gada		Large commercial quantity
Oil and Gas		Petrochemical Products		Substantial

## SOKOTO STATE EXPORT STRATEGY AND GUIDE

Exporting can be very rewarding in diverse ways, it involves selling products/services in foreign markets. Some of the benefits include;

- Spreading risks and reducing dependence on the Nigerian market.
- Increasing sales, and productivity and making one more efficient.
- Generating new ideas, and marketing techniques and improving ways of doing business.

Starting an Export Business in Sokoto State is made easy following these Nine (9) steps guide: How do you start? This document helps you get started with this export guide.

### 1. EXPORT READINESS

Export readiness refers to the preparedness of a company or a country to engage in international trade and expand its business activities in the global market. It encompasses various factors and capabilities that influence an entity's ability to successfully export goods or services to other countries. Here are some key elements of export readiness:

**Market Research:** Understanding the target market's demand, competition, and regulatory environment is crucial. Comprehensive market research helps identify opportunities and potential challenges.

**Product Adaptation:** Adapting products or services to meet the specific needs and preferences of the target market is often necessary. This might involve making changes to product features, packaging, or pricing.

**Regulatory Compliance:** Compliance with international trade regulations, export laws, and customs requirements is essential to avoid legal issues and ensure smooth export operations.

**Financial Preparedness:** Having the necessary financial resources to cover export-related costs, such as shipping, tariffs, and marketing expenses, is vital.

**Export Documentation:** Familiarity with export documentation, such as invoices, export licenses, certificates of origin, and customs declarations, is crucial for smooth transactions.

**Distribution Channels:** Establishing effective distribution channels or partnerships in the target market is important for product delivery and market penetration.

**Marketing and Promotion:** Developing marketing strategies tailored to the target market helps create awareness and generate demand for your products or services.

**Competitive Pricing:** Pricing strategies should be competitive and consider factors like currency exchange rates and local pricing norms.

**Risk Management:** Identifying and mitigating risks associated with international trade, including political, economic, and financial risks, is important for long-term success.

**Logistics and Supply Chain:** Ensuring efficient logistics and supply chain management is critical to delivering products on time and maintaining customer satisfaction.

**Cultural Awareness:** Understanding cultural differences and customs in the target market can help in building strong business relationships.

**Export Compliance Training:** Providing training to employees involved in export activities to ensure they are aware of export regulations and best practices.

**Trade Finance:** Exploring financing options, such as export credit insurance or trade finance solutions, to facilitate international transactions.

**Government Support:** Leveraging government programs and incentives aimed at promoting exports, such as export promotion agencies or trade agreements, can be beneficial.

**Sustainability and CSR:** Addressing environmental and social responsibility concerns can enhance the appeal of products in the global market.

*Export readiness is an ongoing process that requires continuous assessment and adaptation to changing market conditions. It involves a combination of strategy, resources, knowledge, and capabilities to seize international business opportunities effectively*

## 2. E-REGISTRATION

Here's a general outline of the steps involved in the export certificate e-registration process in Nigeria:

- **Business Registration:** Before you can start exporting goods from Nigeria, you need to register your business entity with the Corporate Affairs Commission (CAC) if you haven't already done so. Ensure that your business is duly registered.
- **Obtain Tax Identification Number (TIN):** You must obtain a Tax Identification Number (TIN) from the Federal Inland Revenue Service (FIRS).
- **Register with the Nigerian Export Promotion Council (NEPC):** The NEPC is responsible for promoting and regulating non-oil exports in Nigeria. Register your business with the NEPC to access various export incentives and benefits. You can do this online through their official website.

### Documents Required to Register as Exporter at NEPC

1. Certificate of Incorporation (issued by the Corporate Affairs Commission)
2. Certified True Copy of Memorandum and Articles of Association.
3. Current Certified True Copy of Form CAC 1.1 – "section C" (Particulars of Directors). This is formerly known as Form C07 or Form CAC 7.

### Validity

NEPC issued certificates are valid for an initial two years (24 months), after which it becomes renewable every year.

### Service timeline

Export certificates will be issued within one working day after confirmation of payment. Please note that your certificate could be delayed by non -confirmation of payment, irregular documentation or insufficient information.

### Additional information

Upon registration with the NEPC portal, the applicant receives a confirmatory mail to proceed with application. The prospective exporter then uploads the documents on the platform for verification by NEPC, and pays the fee. The user will receive an automated mail from [eregistration@nepc.gov.ng](mailto:eregistration@nepc.gov.ng) confirming payment.

### 3. UNDERSTANDING THE MARKET

*Understanding the market is a crucial aspect of business and investment. The term "market" can refer to different things depending on the context, so let's break down the key components of understanding the market:*

#### **Definition of Market**

**Product Market:** This refers to the specific industry or sector in which a company operates. For example, the smartphone market, the real estate market, or the automobile market.

**Financial Market:** This includes various exchanges and platforms where financial instruments like stocks, bonds, currencies, and commodities are bought and sold. Examples include the stock market and the foreign exchange market (Forex).

#### **Market Analysis:**

**Market Research:** Conducting research to gather information about market trends, customer preferences, competitor activity, and potential opportunities or threats.

**SWOT Analysis:** Analyzing the strengths, weaknesses, opportunities, and threats in the market to make informed decisions.

#### **Understanding Demand and Supply:**

Understanding the forces of supply and demand is fundamental. If demand for a product or service exceeds supply, prices tend to rise, and vice versa.

#### **Market Segmentation:**

Dividing the market into distinct segments based on characteristics like demographics, geography, psychographics, or behavior. This helps in targeting specific customer groups effectively.

#### **Competitor Analysis:**

Evaluating competitors' strengths and weaknesses, market share, pricing strategies, and marketing efforts. This helps in positioning your business or product effectively.

#### **Market Trends and Dynamics:**

Staying updated on current trends, consumer preferences, technological advancements, and regulatory changes that can impact the market.

**Market Size and Growth Potential:**

Estimating the overall market size and assessing its growth potential. This helps in determining if there is room for your business to expand.

**Market Entry Strategy:**

Deciding how and when to enter the market, whether through organic growth, mergers and acquisitions, partnerships, or other means.

**Risk Assessment:**

Identifying and evaluating risks associated with the market, such as economic downturns, competition, regulatory changes, and technological disruptions.

**Customer Behavior:**

Understanding how customers make purchasing decisions, what influences them, and how their behavior may change over time.

**Market Positioning:**

Developing a unique value proposition and positioning your product or service in a way that differentiates it from competitors.

**Marketing and Promotion:**

Creating effective marketing strategies to reach your target audience and promote your products or services.

**Data and Analytics:**

Using data and analytics tools to track and measure market performance, customer behavior, and the effectiveness of marketing efforts.

**Adaptability and Flexibility:**

Being prepared to adapt to changes in the market and adjust your strategies accordingly.

**Legal and Regulatory Considerations:**

Complying with relevant laws and regulations in the market, which can vary significantly by industry and location.



Understanding the market is an ongoing process, and it requires continuous monitoring and analysis to stay competitive and make informed business decisions. Whether you are a business owner, investor, or marketer, a deep understanding of the market is essential for success.

#### **4. EXPORT PLAN:**

After your market research, there is need to develop an export plan.

##### **Export plan tips:**

- Keep your plan simple and to the point
- Always include your unique value proposition (this describes what differentiates you from your competitors)
- Develop a feasible budget plan
- Focus on your target market when defining your export plan
- A good export plan guides you seamlessly through different export processes.
- Ensure you incorporate relevant stakeholders (financial advisers, brokers and governmental bodies)

##### ***Key elements***

A good export plan consists of certain key elements which include the following:

- Company profile (about us)
- Key features of target market(s)
- Competitors' analysis
- Market entry strategy
- Unique selling points
- Promotional strategy
- Branding (if relevant)
- Logistical planning

- Action plan
- Resources required

## **5. EXPORT DOCUMENTS & PROCEDURES**

*Export documentation is a requirement for formal exports of goods and services from Nigeria.*

### **Importance of Export Documentation & Procedures**

- Minimize your export risks
- Ensure that exported goods conform to importing country specifications
- Ensure you meet buyers requirements by providing evidence of origin and delivery
- Helps you to formalize your export business
- Assist you in qualifying for export incentives

### **Required export documents**

*For formal exports the following documents will be required at different stages of the export process:*

#### **a. EXPORTER REGISTRATION DOCUMENT**

The first step of your export procedure is registration as an exporter with NEPC. In order to venture into export business this is required. In summary: Document issued – exporters certificate Issued by – NEPC

Relevance – it licenses you as exporter and makes you eligible for NEPC-benefits

#### **b. EXPORT CONTRACT DOCUMENT**

An export contract is an agreement between seller and buyer on the terms of export business: Document issued – a signed export contract Issued by – you as exporter and the importer

Relevance – it spells out the obligations of buyer and seller.

#### **c. QUALITY ASSURANCE DOCUMENTS**

Quality assurance documents help you to ensure your exported goods conform to safety measures (as stated by international conventions and possibly agreed terms of the

contract). Using international recognized bodies is very important. Relevant documents include:

- Phytosanitary certificate for agricultural commodities (issued by NAQS)
- Health certificate for processed and semi-processed food items (issued by NAFDAC)
- International veterinary certificate for animals and animal products (issued by DVPCS)
- Fumigation certificate for agricultural commodities (issued by FPIS, part of FMITI)

#### d. COMMERCIAL DOCUMENTS

The commercial documents display product values and quantities. The documents are both prepared and issued by the exporter and include:

- Proforma Invoice – An offer by an exporter to sell specified goods for a certain price and at certain terms in a formal manner.
- Commercial invoice – indicating the value of goods for export in the currency of transaction
- Packing list – indicating the unit packaging and total quantity of goods intended for exports

#### e. FINANCIAL DOCUMENTS

The preparation of financial documents shows evidence of financial transaction between buyer and seller. It also shows conformance with the financial regulation for exports. It includes:

##### **Document issued – Nigeria Export Proceed form (NXP)**

- Issued by – commercial bank
- Relevance – it captures the value of the export transaction for economic development purposes. It is also a major prerequisite for accessing the Export Expansion Grant (export incentive)

##### **Document issued – commercial invoice**

- Issued by – you as exporter
- Relevance – it indicates the value of the goods for export in currency of transaction. It is also useful for processing the NXP

#### **Document issued – final invoice**

- Issued by – you as exporter
- Relevance – it indicates the actual value of the goods exported in currency of transaction for the purpose of payment by the importer

### **GOODS MOVEMENT DOCUMENTS**

This deals with all aspects of the delivery of goods to the buyer in the medium specified in the export contract. Documents involved include:

#### **Document issued – Clean Certificate of Inspection (CCI)**

- Issued by – government appointed Pre-Shipment Inspection Agencies (PIAs)
- Relevance – it ascertains the quality, quantity and price competitiveness of Nigerian exports

#### **Document issued – Certificate of Weight and Quality**

- Issued by – independent quality assessors (e.g. SGS, Bureau Veritas) agreed by seller and buyer
- Relevance – it ensure the goods conform to the quality standards and weight as stated in the contract

**Document issued – Certificate of Origin**

- Issued by – National Association of Chambers of Commerce, Industry, Mines and Agriculture (NACCIMA)
- Relevance – it indicates the origin of goods, needed for e.g. trade agreement benefits

**Document issued – Bill of Lading (shipping document)**

- Issued by – shipping agencies
- Relevance – it indicates the details of goods transported by sea

**Document issued – Air Way Bill (shipping document)**

- Issued by – airlines
- Relevance – it indicates the details of goods transported by air

**Document issued – Road Transport Bill (shipping document)**

- Issued by – logistics companies
- Relevance – it indicates the details of goods transported by road

**6. LOGISTICS & FREIGHTS**

Before embarking on any export venture, please ensure you understand the basic terms of delivery (including pricing and documentation). You must also understand the responsibilities of the major players for safe delivery of your products to buyers. Such details include: transport modes, duration of shipment, conditions required for different products and the agreed terms of trade.

**Tips:**

- Know the available range of freight options
- Understand the importance of freight forwarding for a seamless export process
- Conduct due diligence in engaging a freight forwarder
- Understand INCOTERMS 2020, this will enable you understand your responsibilities and that of the buyer.

- Familiarize yourself with the necessary freighting requirements.

### **Freight forwarders & Custom Brokers**

It is extremely important that you identify experienced freight forwarders and custom brokers. This would ensure that your products meet the agreed terms of delivery. In order to be well prepared please:

- Familiarize yourself with different transport modes required to deliver the goods to the buyer.
- Conduct research on at least three freight forwarders / custom brokers.
- Visit the online database of freight forwarders, custom brokers and cargo agents in Nigeria

### **INCOTERMS**

INCOTERMS is an acronym for International Commercial Terms. These are recognized terms in international business transactions. It provides details on the responsibilities of buyers and exporters. The terms are important for the processing of shipping and payment documents during exports. Basically, INCOTERMS define all obligations of buyers and sellers within the logistics chain.

For detailed explanations on INCOTERMS and the different possibilities, find out everything you need to know on the INCOTERMS rules.

### **Getting paid**

To ensure payment after delivery, take into account the following tips;

- Familiarize yourself with the different modes of payments.
- Letter of Credit (LC) is a more secured mode of payment.
- To receive payment ensure all delivery conditions must be satisfied.
- Discuss suitability of different options with your bankers / financial advisers.
- Always undertake due diligence on your buyers before exporting!

### **ICC INCOTERMS RULES 2010**

International Chamber of Commerce (ICC) provides information about the incoterms rules. These rules have become an essential part of the daily language of trade. They have

been incorporated in contracts for the sale of goods worldwide and provide rules and guidance to importers, exporters, lawyers, transporters and insurers.

## **7. EXPORT PRICING**

To become a successful exporter, you need the right knowledge of export pricing methods. This includes all items relating to sourcing and costing of the exportable products.

### **Tips for export pricing:**

- Ensure your prices are competitive.
- Ensure all export-related and -associated costs are covered.
- Know your break-even points.
- Set realistic profit margins.
- Know the INCOTERMS 2020.
- Negotiate best rates from service providers (banks, freight forwarders, producers, warehouses etc).
- Keep abreast of the exchange rates.
- Review all of your cost elements periodically.

Be conversant with the appropriate currencies and HS code(s)

Take note of minimum order quantities.

### **Cost elements for export pricing.**

Ensure that all export costs are captured when determining your export price. Find out all associated costs per category:

- LOCAL EXPORT COSTS
- INTERNATIONAL EXPORT COSTS
- OTHER ASSOCIATED EXPORT COSTS

### **Pricing methods**

The most common methods for price calculation are the 'cost plus'- and 'top down'-method. In order to achieve best results in setting your export price, we recommend the use of both methods. This means that you calculate: Outwards your ex-factory price to the end consumer (cost plus). From the ideal end consumer price backwards (top down). Both methods have their strengths and weaknesses hence, you should calculate both for optimum export pricing balance. Please note that this could be different based on export destination!

## **ROLES OF SOKOTO STATE EXPORT COMMITTEE**

We offer numerous services to all exporters of Sokoto origin with respect to export pricing. These include:

- Regular capacity building programmes on costing and pricing for export.
- Tailor-made assistance to exporters (office, online media, etc.)
- Provide top-down export market information (international commodity price).
- Provide bottom-up export market information (local commodity market report).
- Provide end-market information such as Tariffs and Import regulations to exporter to aid export pricing.

## **Questions**

*Want to find out what we can do for you? Please contact us directly at our Export Desk, Ministry of Investment, Trade and Industry!*

## **8. EXPORT FINANCING.**

Export business requires sustainable funding over a period of time. The amount of money needed for export is largely dependent on your product and export destination(s). It is therefore vital to ensure that appropriate financing options are explored.

### **Tips for financing:**

- i. Seek advice from bankers, financial and export experts.
- ii. Explore available government grants and loans. Grants and loans can be accessed from multilateral organizations and private parties.
- iii. Explore available financing options with NEXIM and financial Institutions.

## **Marketing & market entry costs**



Your export budget should cover all costs of marketing your products or services abroad, including the costs of market entry. Specific costs include:

- Hiring competent staff member(s) for the export business.
- Visit(s) to your targeted export destination(s).
- Advertising/Publicity cost.

### **Working capital**

This is the amount of money required to effectively run your export business. It involves some direct costs like; raw material purchases, packaging, transportation, laboratory services and certification(s). Indirect costs include personnel and overheads.

### **Payment methods.**

There are different payment methods available in international trade. The main options are:

- Documentary credit (e.g. Letter of Credit)
- Open account (e.g. advanced payment, cash against document, deferred payment)
- Documentary collections (e.g. Bills of collection)
- To ensure repatriation of your export proceeds, it is advisable to consult a financial adviser for appropriate payment options.

### **Funding options.**

Funding options in export financing include:

- Loans (commercial banks / family and friends)
- Self-financing and Joint ventures.
- Support from financial institutions
- **NIGERIAN EXPORT IMPORT BANK:** The Nigerian Export Import (NEXIM) bank offers a wide range of funding options for your export business. Among these: Direct Lending Facility (DLF), Export Credit Insurance Facility, Stocking Facility (for manufacturing exporters), ECOWAS Interstate Road Transit Scheme, Foreign Input Facility (for manufacturing exporters), Local Input Facility

- **CENTRAL BANK OF NIGERIA (CBN):** In addition to the NEPC administered export incentives, the CBN offers two interesting incentives as well: Export Stimulation Fund (access through your bank), Rediscounting Refinancing Facility (access through NEXIM).

## 9. LEGAL ISSUES

Prior to export, it is important to understand the legal instruments regulating non-oil exports in Nigeria and that of the importing country.

### **Tips for exporters:**

It is advisable to engage an experienced trade lawyer or expert

Research and understand the terms and conditions regulating the market access for your products.

- Protect your intellectual property (IP) rights, if you have one.
- Avoid trading on prohibited products.
- Comply with both local and foreign regulatory requirements.
- Check out information on frauds, scams and corrupt practices regularly.

### **Export contract:**

An export contract is the agreement between an international buyer and seller. An exporter should pay attention to details of the export contract agreed upon by parties. International contracts can be complex. It is therefore recommended that you seek appropriate advice from a Professional.

### **Important components of an international export contract include:**

- Terms of trade (Incoterms, 2020).
- Mode of payment (e.g. letter of credit).
- Mode of delivery (Incoterms 2020).
- Trade enforcement organs.
- Dispute Resolution Mechanism (which law apply in case of disputes).

## **Legal & Governmental Regulations**

As an exporter, you should be familiar with government policies and regulations. Some of these are:

- Export prohibition – exporters should be aware of the list of prohibited items for exports. Detailed information can be found on the customs information page.
- Export proceed repatriation – all proceeds from export transactions should be repatriated within the stipulated time.

### **Intellectual Property (IP)**

The Intellectual Property Right of an exporter should be registered and protected at all times. It enhances a company's value, it creates greater export opportunities and gives you a competitive edge over similar businesses. For more information on IP you can check out the website of Nigerian Copyright Commission (NCC)

## **LIST OF MANUFACTURED PRODUCTS FROM SOKOTO STATE**

1. Groundnut oil
2. Animals feed
3. Groundnut cake
4. Onion powder
5. Pepper powder
6. Garlic powder
7. Smoke fish
8. Leather Bags
9. Leather carpet
10. Tamarind juice
11. Hibiscus juice
12. Sweet potatoes powder
13. Fertilizer
14. Cement
15. Furniture works
16. Cream