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India-Nigeria Economic Relations, 2011-2021: A Decade of Resilience, Diversification, and Unfinished Reform

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ABSTRACT

This article examines the trajectory of India-Nigeria economic relations between 2011 and 2021, a decade bracketed by the 2014 oil price collapse and the COVID-19 pandemic. Drawing on official trade statistics, foreign direct investment records, and development cooperation data, the article argues that the relationship evolved from a narrow, hydrocarbon-dependent exchange into a comparatively diversified partnership, even though oil remained its structural anchor throughout. It traces three interlocking dimensions: trade composition and volatility, the expansion of Indian private investment into Nigerian telecommunications, petrochemicals, automobiles, and pharmaceuticals, and the parallel growth of development cooperation culminating in vaccine diplomacy during the pandemic. The article also identifies persistent frictions, including foreign exchange shortages, non-tariff barriers, and Niger Delta insecurity, and assesses the institutional mechanisms built to manage them. It concludes that the partnership's resilience rested less on the absence of shocks than on adaptive bilateral institutions, and that further progress will depend on deliberate diversification beyond crude oil.

1. Introduction

When global oil prices collapsed in late 2014, few observers expected the India-Nigeria economic relationship to survive the shock intact, let alone emerge from the following decade more diversified than it began. Nigeria's economy depended on crude oil exports for the overwhelming share of its foreign earnings, and India was, by the early 2010s, one of the largest buyers of that crude. A sustained price slump of the kind that hit Brent crude between 2014 and 2016 ought, in theory, to have hollowed out the relationship along with Nigeria's export revenue. Instead, the decade between 2011 and 2021 saw bilateral trade contract sharply twice. Once during the oil price crash and again during the COVID-19 pandemic, and it recovered both times. While the underlying composition of the relationship shifted in ways that are easy to overlook if one looks only at the headline trade figures.

This article asks a narrower and more useful question than "how big is India-Nigeria trade": what changed in the structure of the relationship over this decade, and why did it prove resilient to two of the most severe global economic shocks in recent memory? The answer, developed across the following sections, is that the relationship's resilience came not from insulation against shocks but from a combination of complementary economic interests. Nigerian crude for Indian refineries, Indian manufactured goods and generic medicines for Nigerian consumers, and from bilateral institutions that were built, tested, and strengthened precisely because the relationship kept hitting friction. The 2019 revival of the Joint Trade Committee, the rupee-settlement pilot for pharmaceutical trade, and the diplomatic management of Niger Delta security risks were none of them present at the start of the decade in their eventual form; they were responses to problems that trade growth itself created.

The discussion proceeds in four parts. Section 2 traces the trade relationship's volatility and its underlying asymmetry. Section 3 examines Indian foreign direct investment, using four flagship firms as illustrations of how investment moved beyond the energy sector. Section 4 addresses the COVID-19 period specifically, since vaccine diplomacy represents an unusual case of development cooperation reinforcing commercial ties in real time. Section 5 turns to the frictions i.e. the currency, regulation, and security, that shaped how the relationship actually functioned on the ground, and the institutional responses to them. The article closes by considering what an India-Nigeria partnership built on deliberate diversification, rather than reactive adjustment, might look like in the next decade.

2. Trade Structure and the Persistence of Asymmetry

Bilateral trade between India and Nigeria grew from roughly US$13.5 billion in 2011 to a peak of US$17.0 billion in 2014, before the oil price collapse cut it to US$11.3 billion by 2016 (UN Comtrade, 2024; Directorate General of Foreign Trade [DGFT], 2022). Trade recovered through the late 2010s, reaching over

US$16 billion in 2019, before the pandemic produced a second contraction to roughly US$10.4 billion in 2020 and a partial rebound to US$13.7 billion in 2021 (UN Comtrade, 2024). On the surface, this is a familiar story of a commodity-linked trade relationship tracking global oil prices. Underneath it, however, the composition of trade shifted in a direction that matters more than the headline volume.

Nigeria's exports to India remained overwhelmingly dominated by crude oil throughout the decade, typically 80 to 90 percent of total export value (DGFT, 2022). This is the structural feature that explains why Indian import volumes moved almost in lockstep with Brent crude prices. When Brent averaged over US$100 per barrel in 2012-2014, Nigerian export earnings and Indian import bills both rose; when prices fell below US$30 per barrel in early 2016, both collapsed. India's exports to Nigeria, by contrast, diversified steadily. Pharmaceuticals grew from a modest share in 2011 to roughly a quarter of India's export basket by the end of the decade, alongside refined petroleum products, machinery, automobiles, and rice (DGFT, 2022; Pharmaceuticals Export Promotion Council of India [PHARMEXCIL], 2023). The trade deficit that India ran with Nigeria, a function of the oil-import-dominated relationship, peaked above US$10 billion in 2013 and narrowed to roughly US$2.6 billion by 2021, a shift driven less by reduced oil dependence than by the growth of India's non-oil exports against a more volatile crude import bill (Reserve Bank of India [RBI], 2023).

This pattern deserves scrutiny rather than celebration. A narrowing deficit produced by export diversification on one side while the other side's exports remain locked into a single commodity is not symmetrical diversification; it is India hedging its own exposure while Nigeria's exposure to oil price cycles remains essentially unchanged. The 2019 Nigerian rice import ban, which cut Indian rice exports by an estimated 40 percent before bilateral negotiations restored some volume, illustrates how exposed even India's diversified export basket remained to unilateral Nigerian policy shifts (DGFT, 2022). Nigeria's own non-oil exports to India such as cashew nuts and leather, worth perhaps US$150-200 million combined in a typical year remained a rounding error next to crude oil receipts (UN Comtrade, 2024). If diversification is the right frame for describing this decade's trade trajectory, it has so far been a one-sided diversification.

3. Investment Beyond Oil: Telecommunications, Petrochemicals, Automobiles, and Pharmaceuticals

If trade data tells a story of persistent asymmetry, Indian investment in Nigeria tells a more genuinely diversified one. Cumulative Indian foreign direct investment in Nigeria reached an estimated US$25-27 billion by early 2021, positioning India among Nigeria's largest sources of FDI alongside the United States and China (RBI, 2023; National Office for Technology Acquisition and Promotion [NOTAP], 2022). Unlike the trade relationship, this investment was not concentrated in oil; it spread across telecommunications, petrochemicals, automotive assembly, and pharmaceutical manufacturing, sectors that collectively reshaped parts of the Nigerian economy more durably than any single trade flow could.

Bharti Airtel's experience is the most visible example. Having entered the Nigerian market through its 2010 acquisition of Zain Nigeria, Airtel invested several billion dollars more across the following decade in network infrastructure, growing its subscriber base substantially and expanding into mobile financial services, an area where Nigeria's underbanked population offered considerable room for growth (Bharti Airtel, 2021). The investment mattered less for its scale than for what it demonstrated: that an Indian firm could build a durable, profitable, large-employment presence in Nigeria outside the energy sector, which in turn likely encouraged other Indian companies to follow.

In petrochemicals, the Indorama group's urea and ammonia complex at Eleme, Rivers State, operational since 2016, became one of the largest single Indian-linked investments in Nigeria and a case study in import substitution: by producing a substantial share of Nigeria's domestic fertilizer demand domestically, the plant reduced the country's fertilizer import bill and fed into Nigeria's broader agricultural policy goals (Indorama Corporation, 2024). The automotive sector saw a comparable, if smaller-scale, pattern with the Nigerian-Indian joint venture Stallion Motors' assembly operations in Lagos, which localized a meaningful share of vehicle components over the decade (Stallion Group, 2021). And in pharmaceuticals, more than two dozen Indian companies like Cipla, Sun Pharma, and Emcure have established manufacturing or distribution operations, registering well over a thousand products with Nigeria's drug regulator and capturing close to a fifth of the Nigerian generics market by value before the pandemic even began (PHARMEXCIL, 2023).

What unites these four cases is that each addressed a genuine Nigerian structural gap i.e. telecommunications infrastructure, fertilizer import dependence, vehicle assembly capacity, and affordable medicine access, rather than simply extracting resources. This is the strongest evidence for describing the decade's investment trend, as distinct from its trade trend, as genuinely complementary rather than extractive. It does not follow that the investment relationship was without friction: regulatory delays, particularly Nigeria's twelve-to-eighteen-month drug registration timelines, and recurrent foreign exchange shortages slowed the pace at which Indian capital could be deployed or profits repatriated, problems that are addressed further in Section 5 (High Commission of India, Abuja, 2024).

4. Development Cooperation and the COVID-19 Inflection Point

India’s development cooperation with Nigeria predates 2011 but expanded considerably across the decade, channeled mainly through the Indian Technical and Economic Cooperation (ITEC) programme, which offered over two thousand training slots to Nigerian professionals in fields including petroleum management, small and medium enterprise development, and information technology (Ministry of External Affairs [MEA], 2024). The Pan-Africa e-Network project, connecting Nigerian universities and hospitals to Indian institutions for tele-education and tele-medicine, represented a quieter but longer-running thread of cooperation that built people-to-people and institutional ties largely outside the commercial relationship (MEA, 2024).

It was the COVID-19 pandemic, however, that brought development cooperation into closer alignment with commercial and strategic interests than at any other point in the decade. In early March 2021, Nigeria received its first substantial shipment of COVID-19 vaccines. Oxford-AstraZeneca doses manufactured by the Serum Institute of India and distributed through the COVAX facility. Making Nigeria one of the earliest and largest African recipients of vaccine doses under India’s “Vaccine Maitri” initiative (World Health Organization [WHO], Regional Office for Africa, 2021; UNICEF, 2021). The initial consignment, followed by a larger shipment in April 2021, allowed Nigeria to launch its national vaccination drive at a moment when many lower-income countries were still waiting for any vaccine access at all (UNICEF, 2021).

The commercial dimension of this episode is easy to miss if vaccine diplomacy is treated purely as humanitarian gesture. India’s pharmaceutical exports to Nigeria rose noticeably in 2021, a year when global demand for COVID-related generics and supportive medicines surged, and the vaccine donations likely reinforced the market position Indian pharmaceutical firms had already built over the preceding decade (PHARMEXCIL, 2023; DGFT, 2022). This does not diminish the humanitarian value of the doses delivered, but it does suggest that “Vaccine Maitri” is better understood as one expression of a broader pattern in the relationship. Health and development cooperation functioning as both genuine assistance and as reinforcement of existing commercial ties, rather than as a departure from the trade and investment story told in the preceding sections. India’s own domestic COVID-19 surge in April 2021 briefly interrupted vaccine exports, a reminder that even the most goodwill-oriented dimension of the relationship remained subject to the same kind of supply disruption that affected oil and pharmaceutical trade throughout the decade (Sharun & Dhama, 2021).

5. Frictions and Institutional Responses

No account of this decade would be complete without acknowledging the frictions that shaped how the relationship actually operated on the ground, often more than the aggregate trade and investment figures suggest. Three problems recurred across the decade: foreign exchange scarcity, non-tariff barriers, and security disruptions in the Niger Delta.

Nigeria's foreign exchange shortages, particularly acute between 2015 and 2018 as the country's reserves fell sharply following the oil price collapse, delayed payments to Indian exporters and left a meaningful backlog of unpaid arrears by the late 2010s (DGFT, 2022; World Bank, 2022). Non-tariff barriers, including the 2019 rice import restriction and the lengthy product registration process at Nigeria's drug regulatory agency, periodically interrupted specific trade flows even as the broader relationship continued to grow (PHARMEXCIL, 2023). And recurrent militancy and piracy in the Niger Delta disrupted oil production and shipping at several points across the decade, most severely in 2016, imposing real costs on both Nigerian export revenue and the reliability of Indian crude supply (Petroleum Planning & Analysis Cell [PPAC], 2024).

What is notable is not that these frictions existed; they were, in different forms, predictable features of doing business in a commodity-dependent, currency-constrained economy, but that the two governments built institutional mechanisms to manage them over time rather than allowing them to erode the relationship. The Joint Trade Committee, revived in 2019, brought commerce officials from both sides together specifically to resolve payment disputes, and reportedly cleared a substantial share of outstanding arrears within two years (High Commission of India, Abuja, 2024). A pilot rupee-settlement mechanism for pharmaceutical trade, introduced around 2020, offered exporters a way to settle transactions without depending entirely on scarce hard currency (RBI, 2023). None of these mechanisms eliminated the underlying problems, Nigeria's exposure to oil price cycles did not go away because a trade committee met more often, but they represent a maturing of the bilateral relationship from one that simply absorbed shocks to one that actively managed them.

6. Conclusion: Toward Deliberate Rather Than Reactive Diversification

The decade from 2011 to 2021 left India and Nigeria with a substantially larger, more institutionally robust, and more diversified economic relationship than the one that existed at its start. The diversification which was achieved though was uneven.

India diversified its exports and its investment portfolio considerably but Nigeria's exports to India remained overwhelmingly dependent on crude oil throughout. The relationship's resilience through two severe global shocks owed less to the absence of vulnerability than to a combination of genuine sectoral complementarity in investment and increasingly capable bilateral institutions for managing recurring friction.

The clearest implication for the next decade is that further progress cannot rely on the same reactive pattern. If the goal is to have a more balanced relationship, then building institutions after crises will not anymore. Deliberate diversification of Nigeria's exports beyond crude oil, deeper technical cooperation in agro-processing and renewable energy, and a more predictable regulatory and currency environment for Indian investors would do more to rebalance the relationship than continued growth in its existing form. The 2021 Petroleum Industry Act and ongoing discussions toward a bilateral investment treaty suggest both governments recognize this, even if the structural shift itself remains a work in progress (NOTAP, 2022). Whether the next decade repeats the pattern of resilient adaptation or achieves something closer to balanced transformation will depend on choices neither government has yet fully made.

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