

TELECOMMUNICATIONS INVESTMENT OPPORTUNITIES IN NIGERIA

Your Excellencies, Captains of the telecom industry, Distinguished ladies and gentlemen,

It is a great pleasure and an honour to be here to participate in this Telecom Summit and to present a paper on the telecommunications investment opportunities in my country.

Nigeria is obviously a major market in the West, African sub-region. With a population of over 100 million people, Nigeria remains Africa's most populous nation and indeed is home to one out of every six humans that inhabit the African continent. Nigeria is also blessed with abundance of material resources and therefore has what it takes to attract attention of potential Investor's to this largely untapped telecommunications market.

In the new millennium, the world will be witnessing an upsurge in the use of Information technology in nearly all spheres of Human endeavour. Therefore only the nations that have solid information technology base can play vital role in the emerging global Information society. Nigeria therefore intends to use the resources at her disposal both human and material to establish this vital Infrastructure.

The explosion in information technology which has ushered in the information age is increasingly becoming the basis for defining power in the modern world. It is a widely accepted fact that no modern economy can thrive without an integral Information technology infrastructure. The value of products and services is increasingly a function of their information content and the knowledge used to produce them rather than the raw material content. Consequently, the ability to easily access and share information and stimulate the creation of new Ideas is viewed as essential to maintaining a strong economy and enhancing quality of life of every citizen.

Today the telecommunications Industry is therefore enjoying a prime focus in Nigeria and promises to be one of the fastest growing sectors of the Nigerian economy. This development has been stimulated by a wide range of factors including the government deregulation policy, worldwide trend of rapid development in telecommunications and information technology and the potential of Nigerian market.

Over the last 15 years the government concentrated in digitalization of the network and NITEL has invested substantially both in the domestic and international infrastructure. The present installed capacity is about 700,000 lines and this is backed up by a large network of digital microwave and optic fibre transmission systems. By West African

standards the NITEL network is big. But for over 1.00 million people and by world standards, the installed capacity is grossly inadequate.

To improve telephone density rapidly and introduce modern facilities to meet the demands of the local and international business community an investment of about \$600m US Dollars would be required per annum for network expansion in Nigeria.

It has therefore been determined that government alone was not capable of making this kind of investment especially when telecommunications is also in competition with other more politically high profile sectors of the economy such as electric power generation, healthcare, education, water supply and road development. In 1992, therefore the Federal Government decided to deregulate the telecom industries to attract private sector investment into the industry. The Nigerian Communications Commission (NCC) was also set up same year to create the required regulatory environment for telecommunications services. With this development, government expects that the combination of the resources of government and private operators will provide the desired investment level to accelerate telecommunications network expansion.

The federal Government has also made a bold but strategic decision to privatize Nitel, the 100% owned monopoly company of government. Though full details have not been worked out on the method to be adopted, it is planned that within the next eighteen months, Nitel would have been fully privatized with some of the shares sold to the public and some other investors.

This move should pave the way to fully open up the market for full competition.

Divestiture, Privatization and Liberation in many countries have created new open markets for international competition, as a privatized organization. It is envisaged that Nitel would be able to move faster to take advantage of emerging opportunities internationally and respond more flexibly to change. Judging from worldwide trend for such privatized bodies, Nitel should even become more efficient.

BUSINESS OPPORTUNITES.

Just as it is difficult to ignore China as a market in the global arena, (one out of every five persons in the world is Chinese)..... so is it very difficult to ignore Nigeria as a market in Africa, with a population of over 100 million people and its economic potential, Nigeria still remains Africa's most important market.

The present government, in close association with the organized private sector has been working hard at developing an environment that is favourable to business in general. With a very responsible democratic government in place, this period represents a good time for investment in Nigeria.

As the economy of the nation continues to look up and with pressures from global financial markets, and the position of Nigeria as a major commercial center in the West Africa region, the demand for reliable and modern telecommunication infrastructural facilities is heavy. Nigeria must therefore be viewed as a major market for telecommunications equipment and services in technology areas such as:

- Digital transmission system (including microwave, satellite and optic fibre)
- Submarine communications
- Digital exchanges (wired and wireless)
- Billing systems
- Data communications networks including Primary rate ISDN and Broadband ISDN services

The Federal Government of Nigeria is also interested in attracting local and international operators to come and participate, in the urgently needed expansion of her telecommunications infrastructure.

The Nigerian Communications Commission issues licenses for various undertakings such as:

- (a) Fixed telephony services
- (b) Mobile telephony services
- (c) Fixed satellite services (VSAT)
- (d) Paging services
- (e) Payphone services
- (f) Internet services
- (g) Other value added services

Serious Investors are welcome to invest in any of these major areas or team up with existing licensees some of whom are also anxious to team up with major operating companies around the world.

Nigeria has taken the bold step by joining the emerging trend world wide, through deregulation and liberation, The new National Telecommunication Policy released by Government is a testimony to the determination of President Olusegun Obasanjo's government to provide an enabling environment which will engender a rapid expansion of our telecommunications network. Some of the highlights of the include;

- i) That a minimum of 7 million fixed lines and 1.2 million mobile lines will be provided in the next 24 months to ensure that the country meets and indeed exceeds the ITU recommendation of minimum teledensity of one telephone to 100 Inhabitants.

- ii) That 5 million new fixed lines and mobile lines will be provided within the next five years.
- iii) That Fixed National Service operators and Zonal Operators shall provide services nationwide and on zonal basis, respectively.
- iv) That in order to facilitate competition and achieve efficient service delivery at reasonable prices, four (4) digital National Mobile Cellular operators are to be licensed for an initial period of five Years with the possibility of increasing this number in the future, based on viable and technical feasibility.

The Federal Government through the Ministry of Communications and the Nigerian Communications Commission (NCC) is fully committed to encouraging quality and serious investors that believe in Nigeria and the Nigerian Market. Such investors should be rest assured that the Government will encourage them as much as possible and help protect their investments.

Thank you and I wish you all a most rewarding time at this summit.

21st of MARCH 2000