

**PRESS BRIEFING BY CHIEF (DR.) BASSEY E. O. EDEM, FCA, MFR, NATIONAL  
PRESIDENT OF THE NIGERIAN ASSOCIATION OF CHAMBERS OF COMMERCE,  
INDUSTRY, MINES AND AGRICULTURE (NACCIMA) ON REVIEW OF THE STATE OF  
THE ECONOMY AND THE ASSOCIATION’S PERSPECTIVE ON SOME TRENDING  
SOCIO-ECONOMIC ISSUES,  
AT THE NACCIMA SECRETARIAT, IKEJA LAGOS,  
ON THE 22<sup>ND</sup> OF DECEMBER, 2016**

**1. INTRODUCTION**

Gentlemen of the Press, on behalf of the Executive Committee and the entire members of NACCIMA, I welcome you to this press briefing and thank you for the coverage of the activities of our association and the support received from the press. Today, I will be presenting NACCIMA’s review of the Nigerian economy for the last six months and also I will be expressing the views of the Association on some trending socio-economic issues in the country, especially, the proposed 2017 Budget presented to the National Assembly.

**2. STATE OF THE ECONOMY**

In the last six months, June – November 2016, the outlook of the economy has remain bleak however there are a few encouraging signs. The Foreign Reserves have increased steadily since mid-October, according to the 30-Day Moving Average Report of the Central Bank of Nigeria, even though it has reduced on the overall by 4.4% in the last six months. Year-on-Year Inflation stands at 18.48% and the global price of Crude Oil has increased marginally with the OPEC Daily Basket Price currently at \$51.99. A third successive quarter of negative growth has been recorded, with the GDP of the third quarter of 2016, standing at -2.24%. However, the rate of decline between quarters has reduced from 472% between Quarter 1 and Quarter 2 to 8.7% between Quarter 2 and Quarter 3.

**3. MACRO-ECONOMIC INDICATORS**

Gentlemen of the press, available statistics with regards to macro-economic indicators and variables indicate that in the last six months the following have been operational:

**3.1 Exchange Rate:** The flexible exchange rate policy introduced by the Central Bank of Nigeria in June 2016 has provided mixed results. The official market rate of the Naira to the US Dollar stands at N305 while the parallel market rate hovers between N450 and N482. Within this spread between official and parallel market rates exists different market rates depending on the availability of foreign exchange.

**3.2 Inflation Rate:** Year-on-Year Inflation Rate currently stands at 18.48%, double the value of 9.37% as at November 2015, this situation has been prevalent throughout the year, with overall prices increasing by an average of 1.42% on a month-by-month basis.

**3.3 GDP Growth Rate:** According to the Nigerian Bureau of Statistics, The GDP growth rate has contracted for a third successive quarter, from -0.36% in Quarter 1, to -2.06% in Quarter 2, and now -2.24% in Quarter 3.

**3.4 External Reserves** which stood at USD26.35billion as at July 21, 2016 have reduced by 4.4% over a period of 6 months to USD25.19billion as at December 19, 2016.

**3.5 Monetary Policy Rate (MPR)** still remains 14%.

**3.6 Interest Rates** continue to maintain a double-digit figure, with Prime Lending Rate at 17.1% and Maximum Lending Rate at 27.69%.

#### **4. OUR PERSPECTIVES OF THE CURRENT ECONOMIC SITUATION IN THE COUNTRY**

##### **4.1 Economic Stagnation**

Monetary and Fiscal Policies of the Federal Government are yet to generate the economic activities required to bring about the expected turnaround of the country's economy. We request that the Federal Government assess the current economic policies so as to aid in the design formulation of policies in the coming years for the benefit of the citizenry. More especially, the Monetary and Fiscal policies should be in the same direction.

##### **4.2 Power Supply**

Poor access to Power continues to frustrate business operatives; however, we acknowledge the efforts of the Government in promoting alternative and renewable energy sources for power generation as evidenced by agreements between the Government and certain energy firms. It is our sincere hope that continued progress will lead to the attainment of the 30,000MW target that will meet the needs of every sector of the Nigerian Economy by 2020.

##### **4.3 Interest Rate**

While citing the need to control the rate of inflation, the Monetary Policy Committee of the Central Bank of Nigeria maintained the Monetary Policy Rate at 14%, as such, Lending rates have hovered between 17% and 28%. We restate that a single digit interest rate is critical to stimulating the real sector of the economy, enhance access to finance and increase economic activity in the country. We acknowledge the work of Federal Government in ensuring that special intervention funds are available

to business operators at single-digit rates, however, we counsel that the conditions required to access these funds be revised to facilitate increase in the number of business operators that can access them.

#### **4.4 Security and Insurgency**

We acknowledge and applaud the efforts of the Federal Government in reducing the level of insecurity in the North-Eastern part of the country which has led gradual return to normalcy in that region. We lend our voice to the call for the rehabilitation and resettlement of displaced persons affected by the conflict. With regards to militancy in the Niger-Delta, we counsel that the Government should continue to adopt peaceful conflict resolution techniques.

#### **4.5 Agricultural Development**

We acknowledge and applaud the activities of Government in the Agricultural Sector, especially in the provision of intervention funds targeted at promoting food security and import substitution.

### **5.0 PRESENTATION OF NATIONAL BUDGET 2017 TO THE NATIONAL ASSEMBLY**

We acknowledge the presentation of the proposed Budget 2017 to the National Assembly by the President of the Federal Republic of Nigeria, Muhammadu Buhari GCFR, and we are optimistic that processes and procedures will be put in place to lead to the early passage of the Budget, in contrast to the delayed passage of Budget 2016. We note following assumptions within the proposal; Aggregate Expenditure of N7.298trillion based on expected revenue from oil production of 2.2million barrels per day, an exchange rate of N305-to-1USD, an inflation rate of 12.92%, and global crude price of \$42.5 per barrel.

With a proposed Aggregate Expenditure of N7.298trillion, the size of the 2017 Budget signals the intention of the Federal Government of Nigeria to stimulate economic growth by aggressively spending on capital and recurrent expenditure. Capital Expenditure is set to increase by 13% from Budget 2016 while Recurrent Expenditure will increase by 42%. The proposed budget continues to pay close attention to Capital Expenditure, in particular, the rapid development of infrastructure, especially rail, roads and power, however, such significant increase in Recurrent Expenditure may signal an increase in the nominal wage of government workers or an increase in the number of government workers against the backdrop of the elimination of “ghost- workers” from government payroll. Unless this is seen to translate in increased employment opportunities.

We note with satisfaction that the President's speech admits that government has been less than optimal and intends to tackle this by issuing Executive Orders to ensure the facilitation and speeding up of government procurements and approvals while making stability and greater coherence between

monetary, fiscal and trade policies a key objective. It is also encouraging to the private sector that the presidency realizes the need to focus on the ease-of-doing-business and has established the Presidential Enabling Business Council, chaired by the Vice President with a mandate to make doing business in Nigeria easier and more attractive. We request that effort be made to ensure the periodic review of the parameters of the ease of doing business, so as to ensure the required growth. We strongly believe that it is time to review the composition of the Economic team to include representatives of the Organized Private Sector in order to remain focused in getting the country out of the current recession.

### **5.1 Export**

As, the voice of Nigerian Business, we are especially pleased to hear that the President has instructed the revival of the Export Expansion Grant, a very vital incentive that aids in the stimulation of export oriented activities that will lead to significant growth of the non-oil export sector. We look forward to further pronouncements on the effective date of this revival.

### **5.2 Inflation**

We acknowledge the determination of the Federal Government in reduction the inflation rate to 12.92% in 2017; however, it is important that the government ensure that all arms of government work in the same direction to achieve this objective of reduced inflation.

### **5.3 Implementation of the 2017 Budget**

The level of implementation of the 2016 Budget as noted by the President is not satisfactory, however, we acknowledge the late passage of the Budget as part of the major causes. It is important that all arms of government ensure that the process of budget passage are fast-tracked while observing the required due diligence to ensure a workable 2017 budget. It is also important that government should consolidate on its transparency and accountability efforts in order to maintain the Zero-Based Budgeting methodology as noted by the President.

### **5.4 Unemployment**

The Nigerian Bureau of Statistics place the unemployment rate for Quarter 3 of 2016 at 13.9%, an estimated 11.2million people. We acknowledge the Federal Government's effort to reverse this trend, noting the employment of 200,000 graduates under the N-Power programme, however, we counsel that the government compliments such programmes with policies that promote entrepreneurship among youth since the MSME sector is the largest employer of labour.

## **5.5 Manufacturing Sector**

In order to achieve the desired recovery and growth as targeted in the 2017 Budget, government needs to ensure that there is a lot of manufacturing activity to boost the economy through the provision of infrastructure, access to foreign exchange and improving the ease of doing business within the sector.

There is the need for the real sector to produce and be functional, while operators in the non-oil sector should be given incentives that will boost their operations in the sector.

## **6.0 RECONSTITUTION OF BOARDS OF FEDERAL PARASTATALS**

It is over 18 months since the Boards of the Federal Parastatals were dissolved by the present administration. Apart from it being illegal for the parastatals to operate without Boards, the non-reconstitution of the various Boards encourages corruption and ineptitude. We counsel that the President should as a matter of utmost urgency, reconstitute the Board of the various parastatals to encourage prudence, effective decision making, transparency and accountability.

## **7.0 PASSAGE AND SIGNING OF BILLS INTO LAW**

We congratulate the members of the National Assembly and the Executive for the recent signing of 8 Bills into Law. We are especially pleased with the focus on business-related Laws, specifically, the Small and Medium Scale Industries Development Agency Amendment Act 2016, as it promotes an enabling environment for the growth of MSMEs in Nigeria.

## **8.0 CONCLUSION**

Gentlemen of the press, 2016 has been really challenging for business operators due to the drop in economic activities partly as a result of the downward trend in prices in the global oil market, the drop in Nigeria's output of crude oil, and government bureaucracy in the passage and implementation of the 2016 Budget. As a leading member of the Organized Private Sector, we are optimistic that the economy will rebound, if the Federal Government harmonizes its monetary and fiscal policies and designs policies that promote free enterprise for the growth of the Nigerian economy.

This is the time to reconstitute the economic team to include representatives of the Organized Private Sector. It is also time to reconstitute the Boards of Federal Parastatals to bring all hands on deck.

The NACCIMA will continue to partner and engage the Federal Government to ensure that the private sector operators and the entire citizenry enjoy the dividends of Democracy.

I thank you all for your attention.

**CHIEF (DR.) BASSEY E. O. EDEM, FCA, MFR**  
**NATIONAL PRESIDENT, NACCIMA**