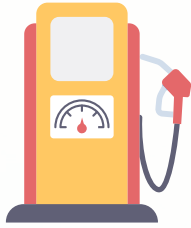


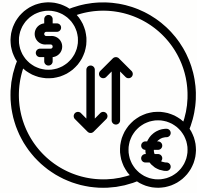
# TURNING THE CORNER

from reforms and renewed hope, to results

## REFORMS THAT HAVE BEEN DONE



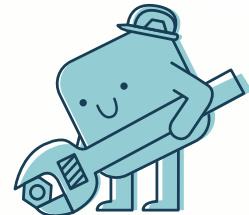
Fuel Subsidy removal



Liberalization of foreign exchange market



Removal of 43 items from FX restrictions



Starting the tightening of monetary policy

## REFORMS THAT NEED TO BE DONE

To get the desired results, there's still more to be done.



Control Inflation & stabilizing the FX market

- Further tighten monetary policy
- Phase out Ways and Means financing
- Phase out development finance schemes of the CBN
- Continue to build market confidence around free FX pricing
- Publish full information on net reserves to build confidence



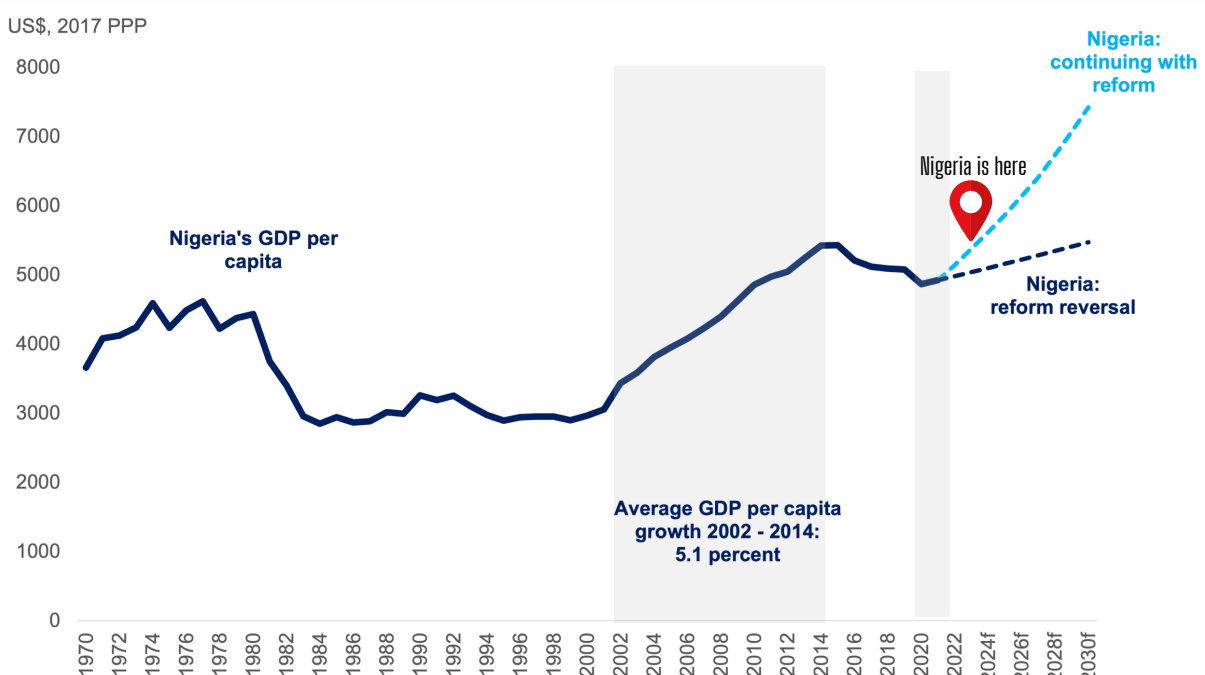
Finding more revenue

- Regularly publish information which explains prices at the pump
- Improve transparency of NNPC with regards to profits and oil revenues to be remitted to the Federation Account.
- Raise non-oil revenues
  - increase VAT rate while allowing for input tax credit
  - Improve tax administration
  - Adopt a data-driven approach to tax audit.
  - Introduce a simple turnover tax on SMEs at state level instead of various existing fees & levies.



Boosting economic growth

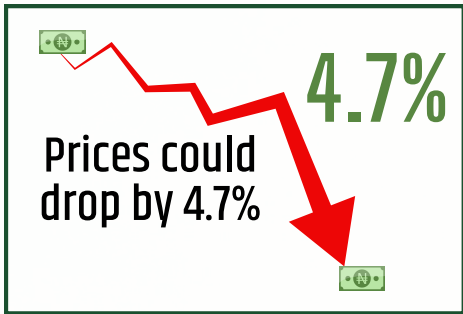
- Have detailed plans to improve power and transport infrastructure, public service delivery, security, and business environment
- Reduce trade restrictions
  - Review tariffs to reduce costs of key inputs for producers
  - Simplify and harmonize import and export procedures
  - Address bottlenecks such as ports, logistics and congestion





# IMPORT RESTRICTIONS HURT NIGERIANS AND NIGERIAN BUSINESSES.

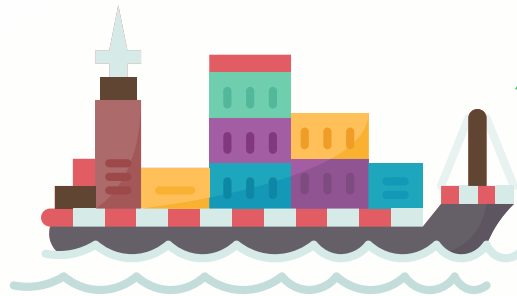
## BY LIFTING IMPORT RESTRICTIONS:



Make living more affordable



Fostering growth: lowering costs for business and increasing competition



increasing government revenue: raising revenues from imports by \$275m



Importers no longer need to resort to the parallel market  
CBN can focus on controlling inflation

## TO STAY ON THE PATH OF REFORMS:

MORE CAN BE DONE TO REDUCE TRADE COSTS AND TIME



Removing remaining import restrictions



Improving infrastructure & logistics



Having consistent and clear trade policies

# TURNING THE CORNER

from reforms and renewed hope, to results



## FREQUENT QUESTIONS AND ANSWERS



### PETROL SUBSIDY

Why was the removal of the petrol (PMS) subsidy important?

The petrol subsidy was costing the government approximately N300-400 billion a month and was increasing government debt. The subsidy also led to smuggling across the border, which means that Nigerians were subsidizing petrol for neighboring countries. Within Nigeria, this subsidy was mostly going those who used more petrol, and not to poorer Nigerians. As such, it was important that the subsidy was stopped, and the money could then be redirected to support poorer citizens.

Will domestic refining help reduce the price of petrol in Nigeria?

Unfortunately, domestic refining is not expected to reduce petrol prices significantly in the short-term. The only savings expected are from transport costs which are not that high as a proportion of the total price of petrol. It is unlikely that the domestic refinery would be as efficient in the short-term which would keep costs high.

### INFLATION

Why has inflation in Nigeria reached record highs in 2023?

Some inflation is due to external shocks like the Russia-Ukraine war and domestic shocks like the 2022 floods in Nigeria. This year, the increase in petrol prices, and the depreciation of the naira, especially in the parallel market, has also led to rising prices. The Government's borrowing from the Central Bank of Nigeria is also inflationary.

What is the Nigerian government doing to control inflation? What more can it do?

The Government and the Central Bank are working to control inflation. The Government is aiming to reduce its expenses and raise revenues which can prevent it borrowing from the Central Bank. The Central Bank has begun taking measures to reduce naira liquidity. However, more can be done, and more coordinated tightening of monetary and fiscal policies is needed.

How is government protecting the people from rapidly increasing prices?

Rising prices affect poor people disproportionately. As such, the government has started rolling out cash transfers.

### FX

Why has the naira weakened against the dollar? What impact does this have on the economy?

With the liberalization of the exchange rate in mid-June, the price of the dollar in the official market increased as it was previously being kept artificially low. While initially this narrowed the gap between the parallel market rate and the official rate of the dollar, the naira depreciated in the parallel market in the context of ample naira liquidity and high US dollar interest rates. This keeps prices high, especially of imported goods.

How can the naira stabilize and even appreciate?

For the naira to appreciate, the demand for US dollars must decline or the supply of dollars must increase. Government policies can affect this balance in many ways. For example, raising naira interest rates would increase the relative appeal of holding naira. In general, clear policy direction from the Government and the Central Bank can help build confidence in the naira by setting expectations that the inflation will be brought under control and the economy will grow. In turn, timely implementation of this plan can secure trust in the commitment of the Government and CBN.

