

Dec 2015

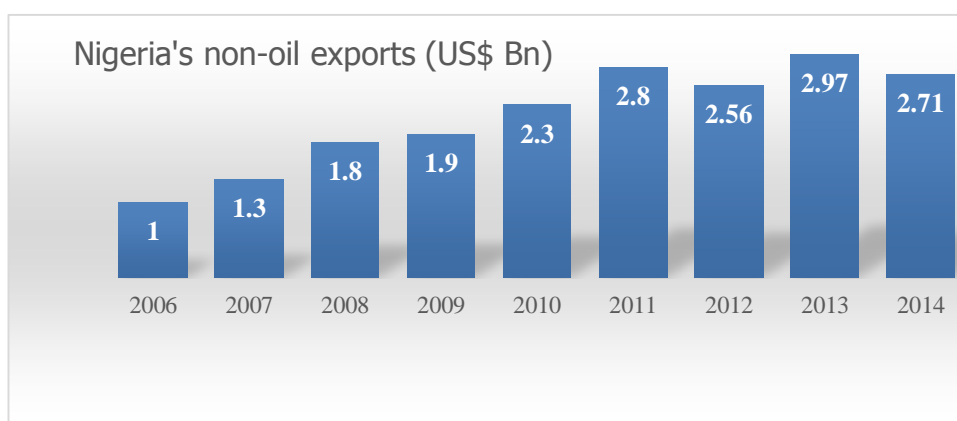
**Non-oil export policy: Addressing the distress faced by the sector to boost forex revenue and employment**

**Background**

- Diversification of the economy by expanding the non-oil sector is a policy imperative for the present government
- EEG (Export Expansion Grant) has been a key policy instrument to boost investment and trade in non-oil export sector. EEG policy is backed by legislation and it took due cognizance of the infrastructural disadvantages faced by the exporters to make our products internationally competitive.
- Since Jan 2014, the non-oil export sector has been severely affected by the arbitrary embargo on utilisation of NDCC's imposed by the then Minister of Finance.
- As the non-oil export sector employs millions of Nigerian, mainly in the agro-allied value chain, there is an urgent need to address the constraints faced by the exporters to revive the economy and boost employment and government revenue.

**Impact**

- Based on the extant government policy, companies have invested in export processing factories to add value to primary products
- Non-oil exports recorded a remarkable growth from US\$ 1 billion (2006) to USD 3 billion(2013) in foreign exchange(source: NEPC) however dropped in 2014 due to non-acceptance of NDCC's by customs.
- The bulk of non-oil exports are agro-allied and employ over 11 million Nigerians directly and indirectly and have boosted agricultural incomes



## **Constraints**

- Non-oil sector is facing a crisis due to an arbitrary embargo imposed by the former CME and Minister of Finance in Jan 2014 on the utilisation of EEG-NDCC's resulting into a huge backlog of over N 150 billion of NDCC's lying unutilized with exporters and decline in non-oil exports in 2014
- The backlog of unutilized NDCC's has paralyzed the non-oil export sector and is affecting Nigeria's image as a reliable trading partner. The liquidity problem faced by exporters is having a negative impact on agricultural and manufacturing sector. Many companies have scaled down production and declared redundancy
- Besides the unutilized certificates, Nigerian Export Promotion Council (NEPC) has a backlog of claims against exports made by 2013 and 2014 and foreign exchange repatriated by the exporters as per extant policy, which await processing by the EEG Implementation Committee.

## **Way forward**

The non-oil export sector pleads for intervention by FGN to allow millions of Nigerians engaged in the non-oil export sector to enjoy the dividends of democracy. Following measures are suggested to restore confidence of the stakeholders in the government policy on non-oil exports:

- a) A clear provision should be made in the 2016 Budget to recognize the backlog of NDCC's issued however not utilized
- b) Instruct customs to accept utilisation of NDCC's for duty payment as per extant policy
- c) Meeting of the Inter-ministerial Committee on EEG should be reconvened in conjunction with the OPS
- d) Federal Ministry of Finance should Treat the backlog of NDCC's in a time-bound manner
- e) NEPC should process EEG against exports made till December 2014 as per extant policy
- f) Government should make a clear statement on non-oil exports and EEG Policy as a way forward