



Opening Remarks

By

**Gov. Godwin Emefiele, CON**

At the Press Conference on FX Ban for Rice, Et Al

Abuja, 24th June 2015

1. **Distinguished Ladies and Gentleman of the Press**, it is indeed my pleasure to welcome you again to the Central Bank of Nigeria (CBN). In view of the announcement we made yesterday to exclude more items from accessing foreign exchange at the Interbank Market, I thought it would be good to shed more light on the rationale behind this policy.
2. Sometimes, policy changes are forced on policymakers as a result of exogenous shocks beyond their control. While most people do not like to be forced to do something, one of the hallmarks of effective policymaking is to be nimble and responsive when such situations arise. In the case of yesterday's

announcement, whoever, I am happy to inform and underscore that this policy change is in line with my long-held believe that Nigeria cannot attain its true potentials by simply importing everything. At some point, we have to all decide what we really want for our country, and **I believe that the time is now right for that deep and honest conversation.**

3. Most of you would recall that during my maiden Press Conference as Governor of the CBN, I outlined my argument that Central Banks in Developing Countries like ours cannot sit idly by and concentrate only on price and monetary stability. I argued that additional measures would be required towards identifying productive sectors of the economy and channeling credit towards these sectors, while imposing proper monitoring and performance measures in order to ensure that the goals of increased employment and poverty reduction are attained.

4. I also noted that despite Nigeria's relatively impressive GDP growth rates over the past seven years, there seems to be an absence of a corresponding reduction in unemployment or poverty. My personal as well as the Bank's institutional analyses of the situation compelled us to believe that we needed to aggressively begin the process of feeding ourselves by ourselves and producing much of what we need in this country. And in order to begin this process, the CBN took measures to increase credit allocations to pivotal productive sectors of the economy with a view to stimulating increased output in these sectors, creating jobs on a mass scale and significantly reducing our import bills.

5. Ladies and Gentlemen, these issues may seem only tangential to the concerns of a Central Bank, but nothing can be farther from the truth. For example, the huge amounts of money the country spends on importing things we can produce locally have become a significant drag on our Foreign Exchange Reserves. Most of you are aware of the often-quoted number of

N1.3 trillion, which is what we spend on average importing Rice, Fish, Sugar, and Wheat every year.

6. Each time I ponder these issues, many vexing questions trouble my mind. Let me take the case of rice for illustration. Why should we keep importing Rice into Nigeria when vast amounts of paddy rice of comparable quality produced by poor hardworking local farmers across the rice belts of Nigeria are being wasted and ignored? What will it take for these importers to stop the importation and instead go into processing these locally produced rice? Why are these importers not utilizing the vast expanses of arable land for rice cultivation instead of taking the easy route of importing rice? Do we, as a people, realize how many jobs we are creating for other countries by ignoring local production and simply concentrating on imports? How can we keep complaining about the depreciation of the Naira when all we do as a people is to import everything from

ordinary Geisha and toothpicks, to even eggs?

7. These are some of the fundamental reasons behind the Bank's recent announcement. Let me emphasize that the CBN does not have the power to outrightly ban the importation of the items we listed in our circular yesterday. Of course, anyone listening to me now would know what I could have done if I had that power. But what we have done is to simply say that the Central Bank of Nigeria cannot continue to support the imports of these items using Nigeria's hard-earned Foreign Exchange. Importers who may want to continue bringing in these goods or services into the country will have to source their Foreign Exchange from private sources.

8. Let me reiterate that the Central bank of Nigeria will continue to be vigilant around this policy and will keep reviewing the list of these items as we become comfortable that items can be produced locally if we apply ourselves sufficiently enough. I believe that the

current situation we find ourselves affords us a unique opportunity to embrace self-sufficiency in Nigeria, reduce our appetite for everything and anything foreign, conserve the country's scarce Foreign Exchange, and create jobs here at home for our people. With the full complement of the top management of the Bank, I assure you that we will continue to look out for areas in which the Bank can play a catalytic financial role to helping us achieve these goals in the near future. I welcome you once again and thank you for your attention.

**Godwin I. Emefiele, *con***  
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