



CENTRAL BANK OF NIGERIA


Press Release

The attention of the Central Bank of Nigeria has been drawn to an emerging public discourse around a letter purportedly written by the Governor to His Excellency the President of the Federal Republic of Nigeria, Dr. Goodluck Ebele Jonathan, GCFR, expressing concerns over non-remittance of oil revenues by the Nigerian National Petroleum Corporation (NNPC).

The Central Bank of Nigeria will neither confirm nor deny the existence of such a letter and considers any discussion by it on the alleged letter to be inappropriate.

However, to the extent that the matter is gathering momentum in the public space, and seems to be assuming a highly politicised dimension, the Bank wishes to issue the following clarifications:

1. The CBN is statutorily mandated to establish price stability, protect the external value of our national currency, manage the external reserves of the Federation and ensure the smooth functioning of our financial system, as well as adviser to the President on economic matters.
2. The capacity of the Bank to perform its role effectively is strengthened or undermined by the extent to which the nation is able to increase foreign exchange earnings and savings from these earnings, thus boosting the Excess Crude Savings Account,



raising reserve levels, providing currency stability and moderating interest rates with limited risks to inflation and financial stability.

3. In the performance of this role it is natural for the CBN to be concerned at the low level of accretion to reserves and the Excess Crude Account, inspite of strong international oil prices, especially as Nigeria's performance is compared with other oil producing economies.

4. The Central Bank of Nigeria is aware that this concern is shared by Mr. President, the Federal Ministry of Finance, Ministers, State Governors, legislators, economists, analysts and all stakeholders involved in managing the economy and discussions on how to address the matter are being held at highest levels of Government.

5. The CBN is aware that, on the instruction of the Honourable Minister of Petroleum Resources, the audit firm, PwC has been directed to audit the revenues of the NNPC.

6. The CBN is also aware of a proposal to set up a technical team made up of representatives the Federal Ministry of Finance, the NNPC and the CBN to examine the sources of any revenue leakages and propose appropriate fiscal controls.

7. The CBN welcomes these initiatives and believes that they represent a positive contribution to the process of improving the management of the economy, especially if they lead to greater

oversight of the Finance Ministry over oil revenues and improvements in disclosure and transparency in the Oil Industry.

8. The Central Bank of Nigeria recognizes that there is an urgent need to review fiscal terms of sharing revenues between the Federal Government and oil companies and to improve governance and transparency in the official oil sector. This underscores the need to urgently pass a Petroleum Industry Bill (PIB) that addresses fiscal terms and the structure of the NNPC. We therefore support the effort of the Federal Government to pass a new PIB.

9. The CBN will continue to use appropriate channels of communication in these matters and hereby assures all stakeholders in the country, of its continued support in all efforts aimed at strengthening the Nigerian economy and reducing its vulnerability to shocks from the external sector.

10. The Central Bank of Nigeria will not issue further statements on this matter and urges the general public to avoid unnecessary politicization of a technical matter while awaiting the outcome of on-going consultation and reviews.


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