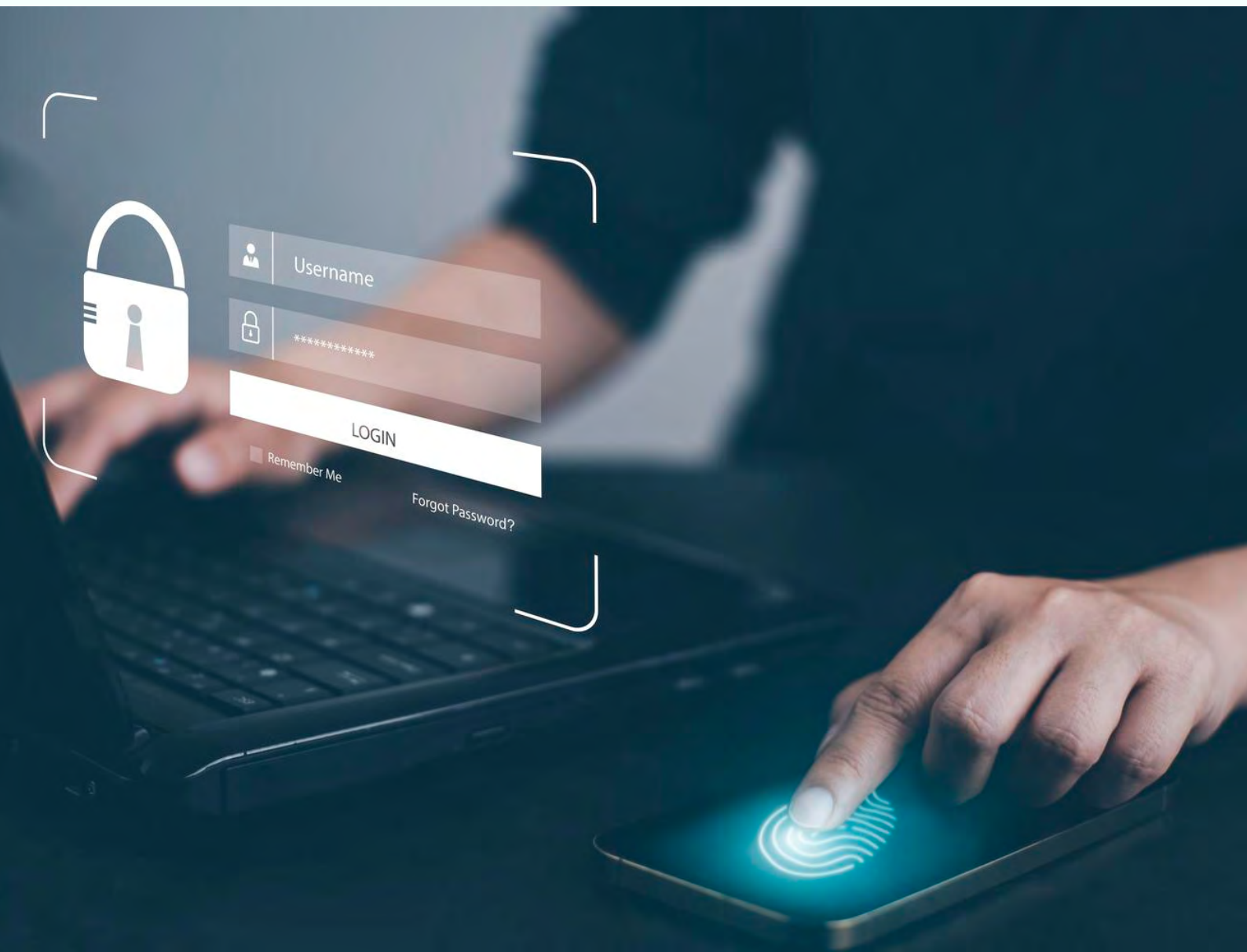


NESG POLICY BRIEF ON

CBN's Discontinuation of the Price Verification System Portal



SUBJECT:

Detailed Analysis of the Discontinuation of the Central Bank of Nigeria's Price Verification System Portal: Impacts and Benefits to the Real Sector and the Nigerian Economy

INTRODUCTION:

The Nigerian Economic Summit Group (NESG) acknowledges and supports the recent decision by the Central Bank of Nigeria (CBN) to discontinue the Price Verification System Portal used by importers, effective from July 1, 2024. This policy change is a direct outcome of the collaborative effort of the NESG and the CBN in engaging with business leaders, and demonstrates our commitment to fostering dialogue between the public and private sectors for economic advancement.

BACKGROUND:

At the recent NESG-convened meeting, in partnership with the CBN, business leaders articulated significant concerns regarding the Price Verification System Portal, among others, particularly noting its impact on operational efficiency and importation processes. In response, the CBN has acted to enhance the business environment by eliminating the mandatory Price Verification Report for the completion of Form 'M'.

BENEFITS TO THE REAL SECTOR:

1. Streamlined Importation Process: The elimination of the Price Verification Report requirement will lead to a more streamlined importation process. By removing this administrative hurdle, businesses can expedite the importation of goods and raw materials, reducing lead times and improving the efficiency of supply chains. This enhancement in operational efficiency is expected to lower production costs and increase the availability of goods in the market.

2. Reduction in Transaction Costs: The removal of the verification process will reduce the transaction costs associated with importation. Importers will

save on both time and money previously spent on compliance, allowing them to reallocate these resources towards more productive uses. This reduction in transaction costs is likely to enhance profit margins and promote investment in expansion and innovation.

3. Increased Business Confidence and Investment: The discontinuation of the Price Verification System will contribute to a more business-friendly regulatory environment, thereby boosting investor confidence. This improved sentiment is expected to attract both domestic and foreign direct investments (FDI). Enhanced investment inflows will support the growth of the real sector, leading to increased production capacity and job creation.

IMPACT ON THE NIGERIAN ECONOMY:

1. Boost to Manufacturing and Industrial Output: With a more efficient importation process, the manufacturing sector will benefit from timely access to essential inputs. This will enable higher levels of production and enhance the sector's contribution to GDP. The increase in industrial output will have a positive spillover effect on other sectors, further stimulating economic activity.

2. Enhanced Competitiveness: The reduction in bureaucratic bottlenecks will make Nigerian businesses more competitive globally. Lower operational costs and improved efficiency will enable businesses to offer more competitive prices, increase market share, and expand their export potential. This will contribute to a favorable balance of trade and strengthen Nigeria's position in the global economy.

3. Support for Macroeconomic Stability: The policy change aligns with the CBN's core mandate of maintaining price stability and promoting sustainable economic growth. By reducing the cost of doing business and enhancing supply chain efficiency, the policy is expected to exert downward

pressure on production costs, thereby contributing to inflation moderation. Moreover, increased economic activity and investment will support higher output growth, reinforcing the stability and resilience of the Nigerian economy.

The NESG commends the CBN for its responsiveness to the concerns raised by the business leaders and organised Private sector. This policy change not only reflects a commitment to improving the ease

of doing business in Nigeria but also demonstrates the positive outcomes that can result from effective public-private dialogue. The decision to discontinue the Price Verification System Portal is expected to enhance economic efficiency, boost industrial output, and support macroeconomic stability.

The NESG remains dedicated to facilitating such engagements and will continue to support initiatives that enhance the business environment and promote economic prosperity in Nigeria.

Prepared by:

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Nigerian Economic Summit Group (NESG)



ABOUT THE NESG

The NESG is an independent, non-partisan, non-sectarian organisation committed to fostering open and continuous dialogue on Nigeria's economic development. The NESG strives to forge a mutual understanding between leaders of thought to explore, discover and support initiatives to improve Nigeria's economic policies, institutions and management.

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