

The Nigerian Dream, if there ever were such a notion, is facing its greatest challenge in recent times. With a less than one year old government in place with an enormous task to ensure a fair economic and social justice system which caters to all and a more equitable distribution of wealth and resources whilst combating corruption.

A huge drop in crude prices, dwindling FX reserves, continued import dependence, increased national and state debt amongst others has led to a state of economic anarchy. Despite these economic headwinds, I believe the Nigerian people and government have been presented with a unique opportunity for us to re-evaluate ourselves - from our consumption habits to rent seeking behavior in line with current realities. Things may seem harsh at the moment but nothing good comes easy. Led by a determined President Buhari, eliminating corruption, reducing wastage and checking leakages in the system at the government level has become a frontburner issue. As a private investor, the current situation, whilst it presents huge challenges also comes with equally huge opportunities. There are key areas looking for investment in agriculture, manufacturing and infrastructural development which I predict will be the key drivers of Nigeria's revival. Arguments have been put for and against the notion of devaluing the currency but is that really the issue? Does devaluing the currency without first creating the necessary conditions to stimulate local production suit our import dependent country at this time?

Ultimately, private investors have to make a genuine, concerted effort to support the government's effort, build capacity to develop local industries and give back to this economy rather than just looking for ways to exploit the system to the detriment of the many. These actions are not only crippling the economy but are also unpatriotic.

I am however hopeful because our government is conscious of the fact that Nigerians are expecting a lot. They are ready, willing and in a position to help realize our potential. We have the human capital, land, natural resources, so it is just the will that we need. With good leadership, everything else will fall into place. We also have a president that is very anxious to ensure Nigerians get value for money without corruption and with the highest level of integrity. That one person makes all the difference. I am quite hopeful, confident, and optimistic that things definitely will improve for this country. We deserve that.

The Foreign Exchange dragon rears its ugly head - again...

It is disheartening to know that despite all the money that accrued to the government during the oil price boom in recent years, we find ourselves yet again in this position.

To be quite frank, the current FX situation is bad. Even the Manufacturers Association of Nigeria and other organised private sector operators have raised alarm over the unfavourable forex situation. There are lot of issues from regulatory to rent-seeking behavior that need to be dealt with decisively. Whilst the Federal Government is doing everything to protect the Naira, there are Nigerians – corporates and individuals alike who are grossly undermining the government's position – sometimes with the aid of regulators – knowingly or unknowingly. On one hand, the Central Bank of Nigeria (CBN) claims to be

safeguarding the currency in line with the Federal Government's resolve to protect the Naira but on the other hand, the lack of a transparent exchange rate policy and inequitable distribution of foreign exchange to all players in key sectors meant to boost local production only worsens an already bad situation.

Whilst some manufacturers are experiencing extreme difficulty sourcing foreign exchange for legitimate business operations within Nigeria, others are getting FX to set up operations in other countries. For instance, last year we opened our ultra-modern Obu Cement factory which is by far the most technologically advanced in the country at the moment and are already in the process of doubling our total production capacity across all our cement plants in Nigeria. We have so far expended money raised from our offshore sources to the tune of over USD300million for CCNN expansion and our 2nd line at Obu with little or no allocation forthcoming from the Central Bank.

It is rather ironic that a similar competitor in the same industry, who incidentally is the market leader, is allocated huge amounts of Nigeria's hard earned and scarce FX from the official market for its operations in Congo. I do not know if there is an official policy to that effect but I was baffled, as were numerous Nigerians, to learn through a publication of FX allocation returns by First Bank of Nigeria in ThisDay Newspaper of Tuesday, February 16, 2016 (page 11) of that allocation whilst other operators in the same industry have received far less or nothing at all during the same period for verifiable and viable investments within Nigeria.

It begs the question, *"Were other plants by that operator across Africa built with Nigeria's money?"* How has that impacted the country's economy in return? If this is true, then it needs to be checked as we cannot have a situation where Nigerian industries are being shut down, workers are losing jobs daily and resources badly needed to develop our economy are being taken out of the country to grow other economies to the detriment of ours. If this transaction was done through a "Form A" like the publication suggested, then it is just money that has gone out from the country which can be rerouted into the country for other purposes.

More alarming is the fact that over 50% of Nigeria's FX allocations through the banks are going to less than 50 companies going by the figures published by the banks on Foreign exchange allocations. Are manufacturers expected to continue developing local industries when some regulators are unwittingly encouraging anti-competition activities by giving unfair advantages to a single operator or are key institutions now in the firm grip of a cabal made up of a few who can strong-arm the Central Bank and Federal Government to do their bidding because they have become 'too powerful'?

I understand that President Buhari directed, through the CBN, that the returns of FX allocations be published periodically despite significant push-backs from vested interests. We now know he means well.

Without doubt, there are many persons and corporate entities who are aware of the goings-on in the Nigerian FX market but are afraid to speak out because of the perception that those involved are too powerful but if no one brings these issues to the fore, there is absolutely no way we can progress. From recently released data, the disparities and inequalities in allocation have only become too obvious. Does the CBN have different criteria for operators in the same industries or are we seeking to firmly entrench an Orwellian system in the country? Maybe they need to explain this to Nigerians. The system needs

fixing and corporatized money laundering activities under a legal umbrella of any sort must be checked or else it would lead to grave systemic issues for the economy.

I have heard some analysts say Nigeria may be faced with a “Zimbabwe situation” sooner than later but there is no basis for comparison. The differences are very clear – Nigeria still has the capacity to earn Foreign exchange from non-crude exports. There are still private investors like BUA Group who are willing to invest within Nigeria and boost local capacity and industry. It may take a while to get there but with the programmes being put in place by the current government coupled with proposed investments in infrastructure, we will surmount these challenges. The silver lining is the opportunity presented to start looking at other areas to grow the economy and stimulate national development. The government also needs to urgently step up its communication with all stakeholders on its projects and plans for the economy. It has never been a question of to devalue or not to devalue but on what basis a devaluation may occur. If we do not put our house in order and set up frameworks and policies to enable the common man feel the positive effects of a devaluation programme, then we may be in for another ‘SAP’ period.

Recently, I was asked where I saw the BUA Group in the light of the current economic situation. My answer was simple; “We are confident in the current government’s ability to turn things around and we will continue to invest in Nigeria.”

Our business strategy has been hugely successful despite the difficulties in the operating environment. Over the past 3 years, we have gradually divested from business areas that were largely dependent on foreign exchange and importation of raw materials in favour of businesses that we could source at least 90% of the raw materials needed for production locally whether in infrastructure, manufacturing or the agribusiness and foods sectors.

We are fully concentrating on our core businesses including agriculture, mining and manufacturing that are less FX dependent, require mostly locally sourced raw materials and have potential for export and have made huge investments in other areas including sugar and cement totaling over 1.5billion dollars within the past 3 years alone. As for new businesses, we are looking to open an integrated steel complex as well as explore opportunities in petrochemicals.

We however remain confident that we are well poised to take advantages of new opportunities that may arise in the current business climate.

I also wish to use this opportunity to call on well-meaning Nigerian individuals and corporate citizens to come together and join hands in protecting what we’ve got and making this country better. Nobody will do that for us – not the international financial organisations and not the rent seekers looking for opportunities to milk the country of her resources. Together, we can succeed and change our nation’s fortunes so that future generations will have a country to be proud of – one in which a Nigerian dream can finally be realized.

God bless the Federal Republic of Nigeria.

Abdulsamad Rabiu, CON

NOTE: *This is the first part of a series by Abdulsamad Rabiu CON, billionaire industrialist and chairman of one of Nigeria's largest Foods & Infrastructure conglomerates, BUA Group.*