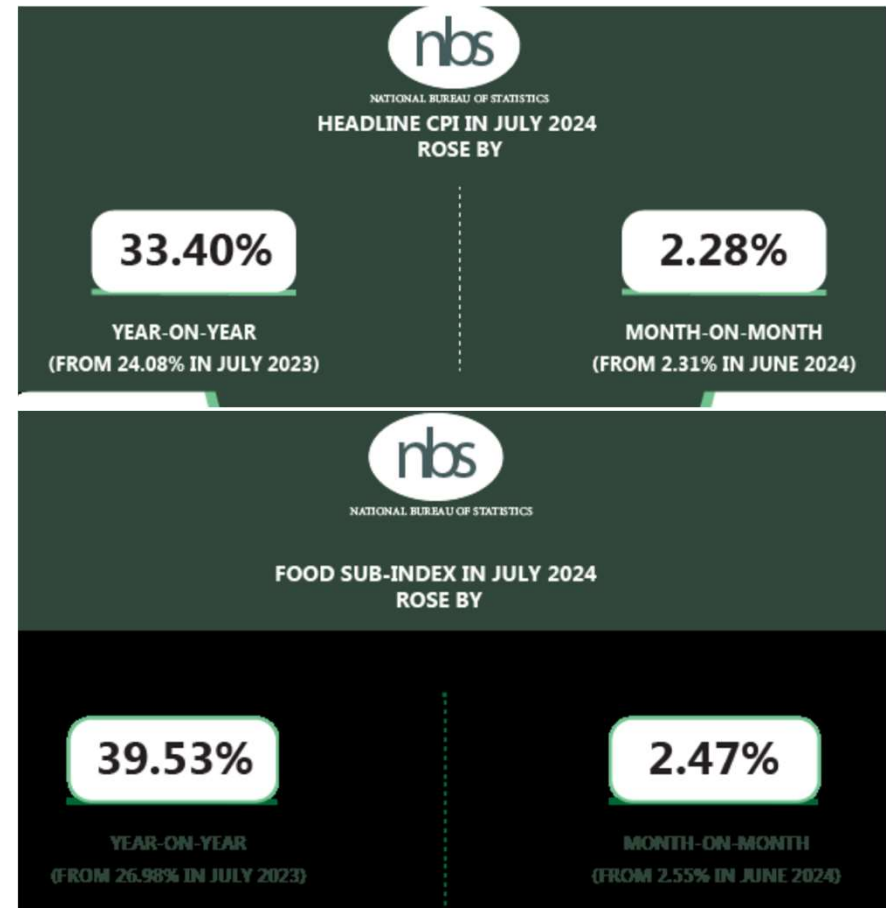
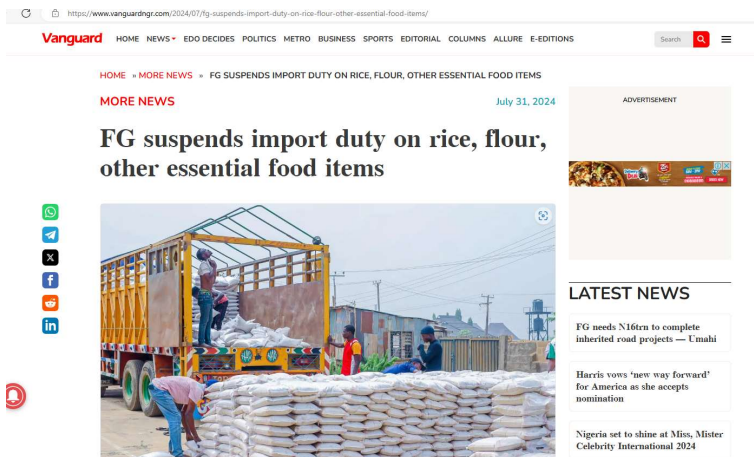


# Addressing Nigeria's current challenge of inflation and food insecurity: **Assessing the Economy-wide Impacts of Food Tariff Suspension**

Kwaw Andam, IFPRI  
PSEG Stakeholder Meeting | September 5, 2024

# Context

- Concerns over food price inflation are motivating policy decisions;
- FG recently announced a 150-day suspension of import tariffs on key commodities, including “wheat, husked rice, maize, and cowpea”;



# Goals for this analysis

- FG goal is to reduce the high prices faced by Nigerians with this short-term policy, potentially supported by other policies under consideration such as minimum support prices and grain reserves. A debate has commenced on the likely impacts of the policy.
- **This analysis will inform the Government of Nigeria, partners, and stakeholders to determine the extent to which the policy led to intended or unintended consequences.**
- This analysis: A first step towards assessing the impact of the policy using IFPRI's RIAPA modelling system.

Telephone No: +2347037891156  
E-mail: [info@customs.gov.ng](mailto:info@customs.gov.ng)  
Fax:  
Reference: NCS/PR/SP/S-582/25/Vol II



**Nigeria Customs Service.**  
Headquarters Directorate  
Public Relations Unit Department  
Division  
Date: 14 Aug 2024

## PRESS RELEASE

### GUIDELINES FOR IMPLEMENTATION OF ZERO DUTY RATE ON SOME BASIC FOOD ITEMS

1. Drawing from the Presidential directives aimed at alleviating the hardship faced by Nigerians due to high prices of essential food items, the Nigeria Customs Service (NCS) is pleased to announce that His Excellency, the President of the Federal Republic of Nigeria Bola Ahmed Tinubu GCFR through the Honourable Minister of Finance and the Coordinating Minister of the Economy, Olawale Edun has approved the regulation for the implementation of a Zero Percent Duty Rate (0%) and Value Added Tax (VAT) exemption on selected basic food items. This policy is effective from 15th July 2024 and will remain in force until 31st December 2024.



Search



FRANÇAIS PORTUGUES العربية

About Us Countries News & Events Documents Topics & Sectors Projects & Operations Knowledge Careers Contacts

Home / News and Events / Nigeria's food importation policy could destroy country's agriculture, warns Akinwumi Adesina

- Nigeria should be producing more food to stabilize food prices, while creating jobs and reducing foreign exchange spending

103

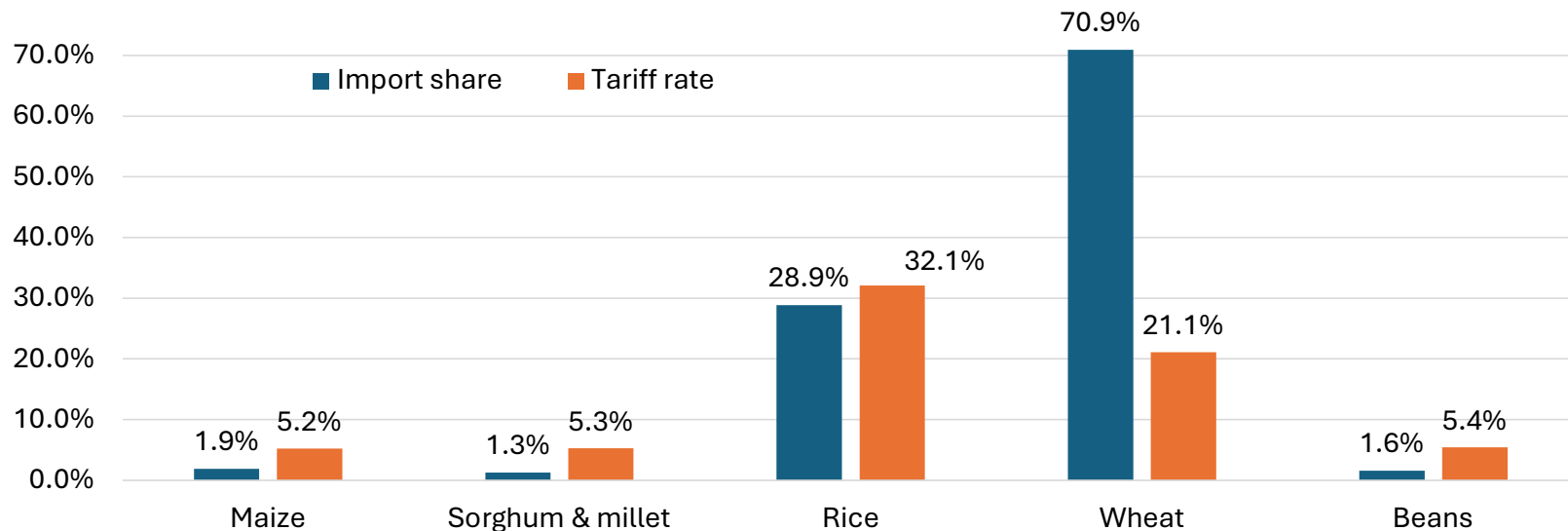
Direct

13-Jul-2024



# Current shares of imports and tariff rates

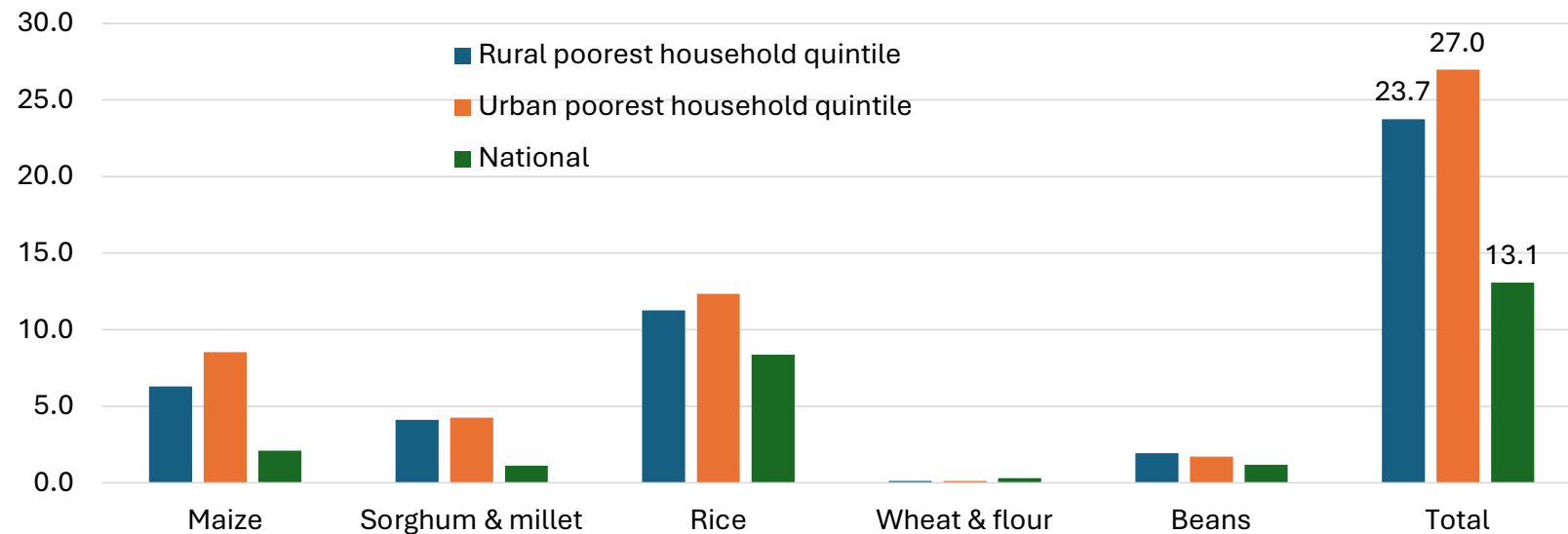
Shares of imports in total domestic demand and current tariff rates



- Nigeria less relies on imports for maize, sorghum, millet, and beans to meet domestic demand
- **Tariff rates are generally low for food products included in the policy, except for rice and wheat**

# Current consumption shares:

Shares in households total expenditures



- **Maize, sorghum, millet, rice, wheat, and beans are more important for poorer households**
- These food items account for 24% of total expenditure among the poorest 20% of rural households and 27% among the poorest 20% urban households

Not: rice includes both brown and milled rice, and tariffs are lifted only on un-milled rice.

# Preliminary Findings

Economic growth

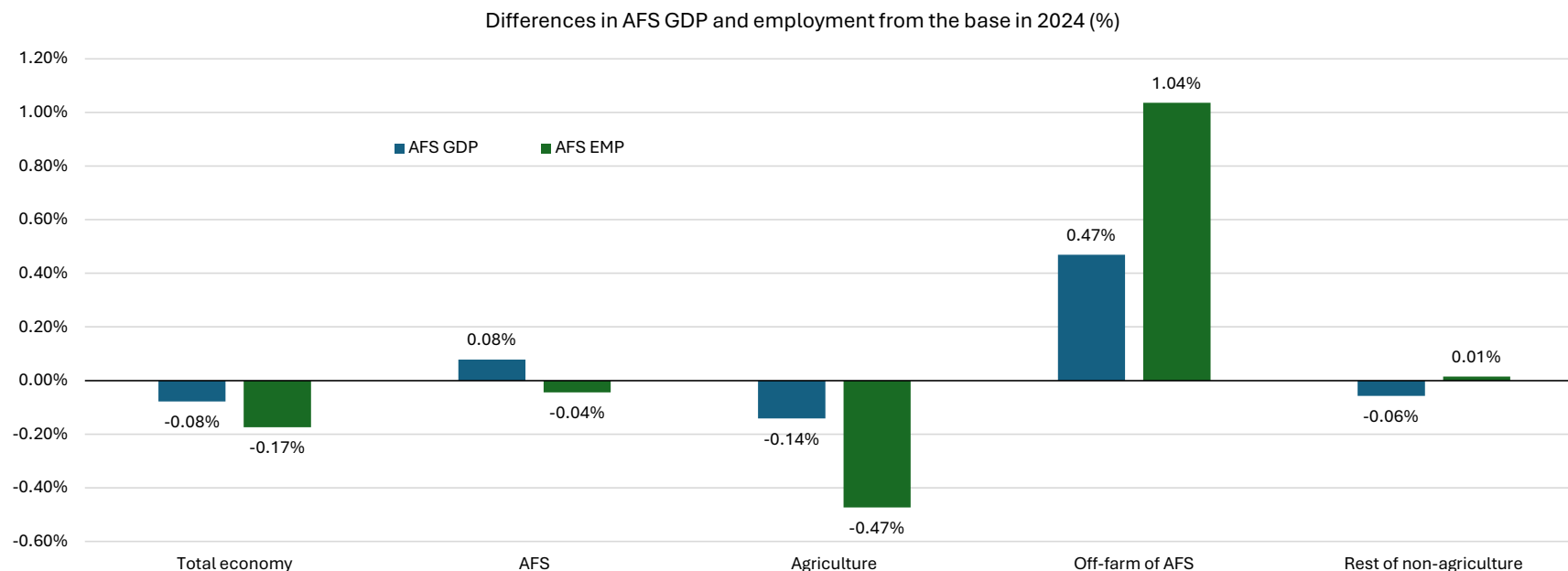
Inflation

Household consumption

Poverty

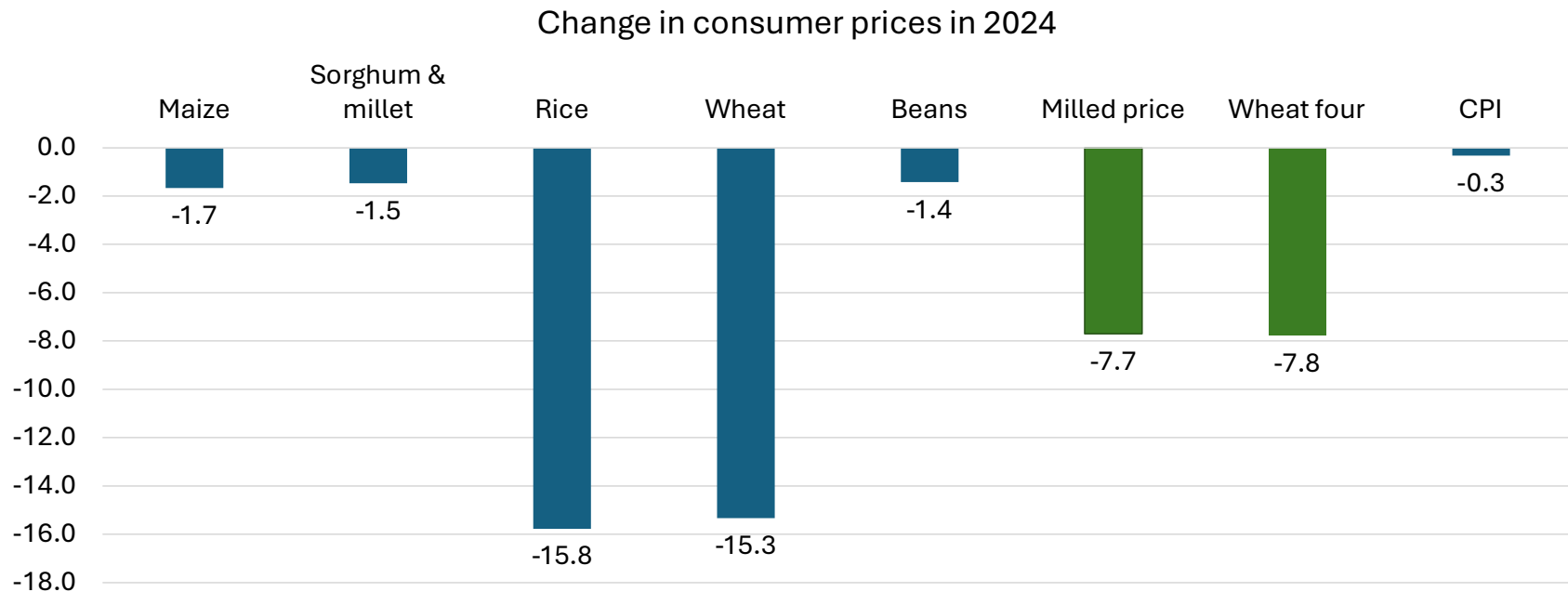
Hunger

# The economic impacts are modest...



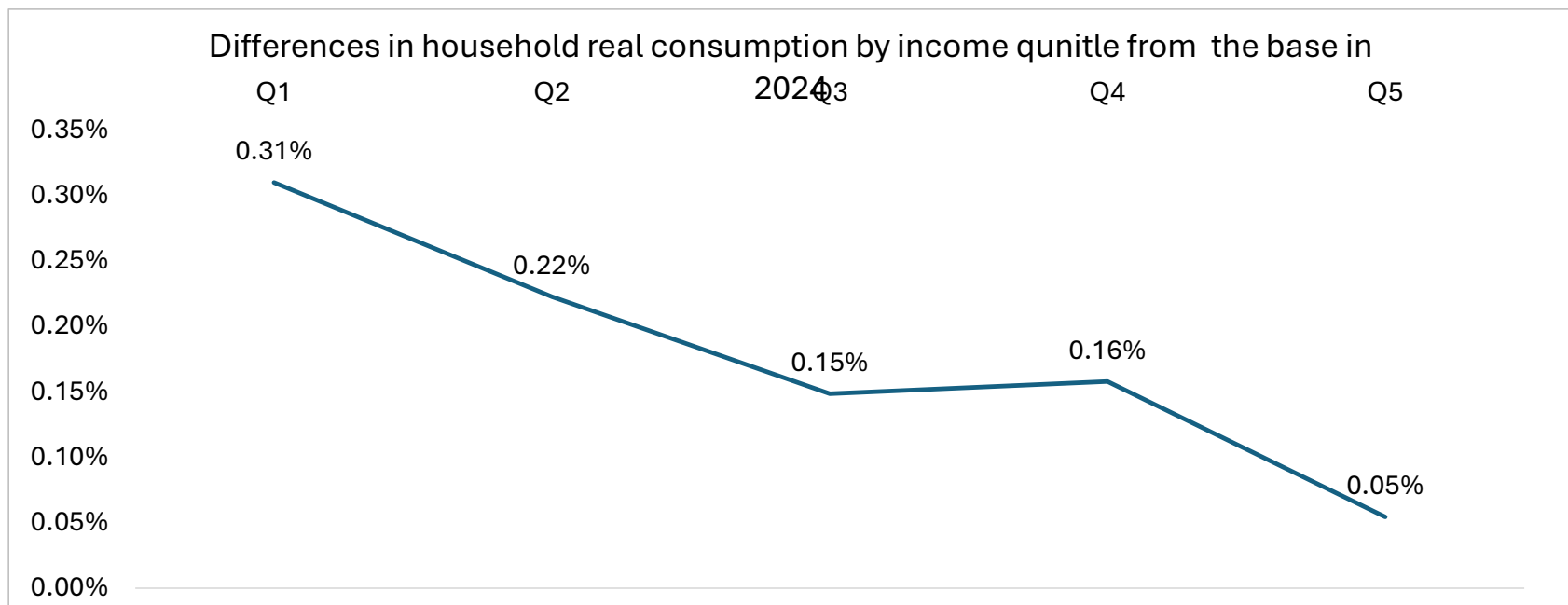
- Slightly negative impact on the total economy
- Slight increase in agri-food system GDP (0.08%) driven by the positive impact on off-farm part of the AFS (0.47% for GDP and 1.04% for employment)
- A negative impact on primary agriculture because lowering import prices negatively affects domestic producer prices for these sectors

## ...and modest impacts on inflation



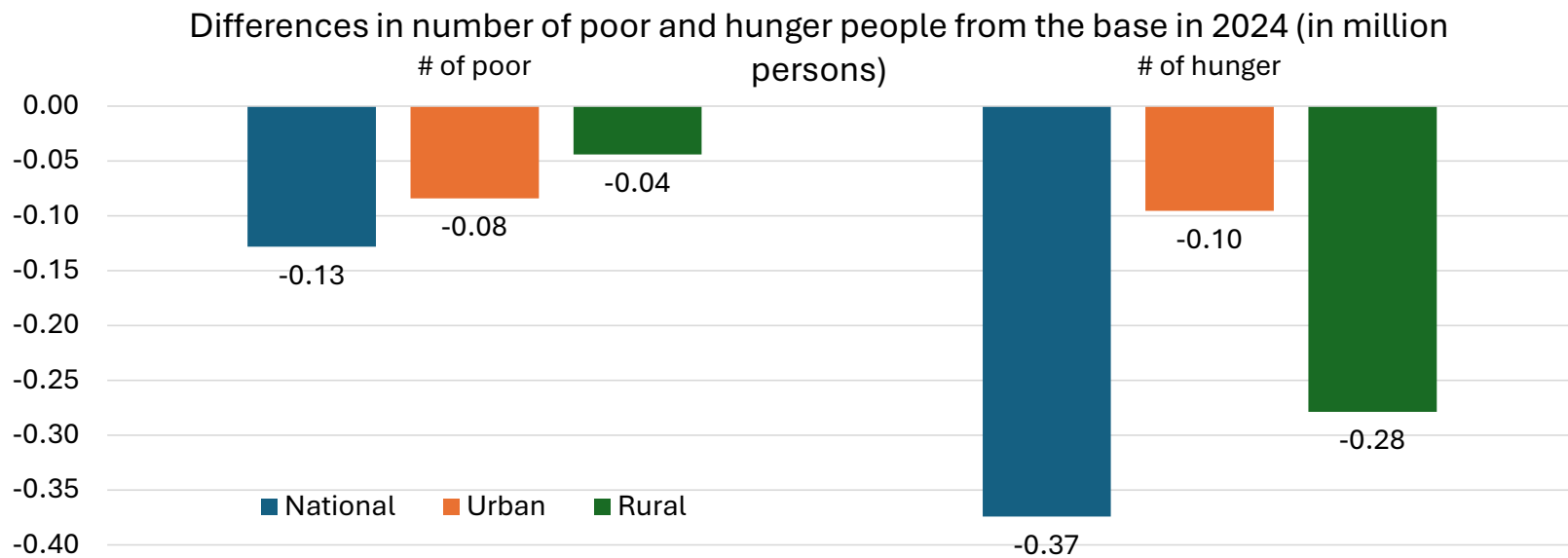
- Tariff-lifting lowers domestic consumer prices for these food items including milled rice and wheat flour (on which tariffs have not been suspended)
- However, the impact on consumer price index (CPI) is modest at 0.3%

However, consumption impact is positive especially for poorer households



- Q1 is the poorest 20% households, whose real consumption increases by 0.31%, more than for any other household groups

# The impacts on poverty and hunger are positive



- More decline in number of the poor in urban areas than in rural areas
- However, the number of rural hungry people reduces much more than the reduction of urban hungry people

## Next Steps

- Communicating findings to the government and partners.
- Understanding the impacts beyond 2024, and whether other key commodities should be included.
- Collecting additional data (import volumes, market prices) to conduct related studies to provide more information to policymakers.