



**WELCOME ADDRESS BY PROFESSOR SEGUN AJIBOLA, PH.D, FCIB
PRESIDENT/CHAIRMAN OF COUNCIL, THE CHARTERED INSTITUTE OF BANKERS
OF NIGERIA AT THE ROUNDTABLE SESSION ON THE 3RD ECONOMIC OUTLOOK:
IMPLICATIONS FOR BUSINESSES IN NIGERIA IN 2017 HELD ON TUESDAY,
JANUARY 24, 2017 AT THE ORIENTAL HOTEL, VICTORIA ISLAND LAGOS.**

Protocols

On behalf of the Governing Council, members, management and staff of The Chartered Institute of Bankers of Nigeria (CIBN), it is my pleasure to welcome you to the 3rd Economic Outlook: Implications for Businesses in Nigeria in 2017 organised by the CIBN Centre for Financial Studies (CIBNCFS) in collaboration with Biodun Adedipe Associates Limited (BAA). The principal focus of this initiative in its three year-run is to, among other things, x-ray both global and Nigerian economies in the preceding year; review the expectations of businesses in the current year vis-à-vis global economic and political developments; analyze the implications of the developing economic and political trends for key business sectors in Nigeria and discuss feasible business survival strategies during the prevailing economic conditions.

Let me specially thank Prof. Akpan Ekpo, the Director General, West African Institute for Financial and Economic Management (WAIFEM) who will be delivering the Keynote Address. Prof. Ekpo, a thorough-bred academic and policy analyst, has contributed to social and economic developments for several decades. His belief is that scholars and professionals in Africa do not have the luxury of theorizing for its sake but must be part of developing the African society through research, social interaction, involvement in community development as well as being actively engaged in debates about Africa's future growth and development.



I also like to express our profound appreciation to the Chairman of Session, Mr. Olusuyi Adaramewa, HCIB, former Deputy Director, Banking and Payments System Department, Central Bank of Nigeria and the panellists, Dr. Frank S. Udemba Jacobs, MON, President, Manufacturers Association of Nigeria, Engineer (Mrs.) Florence Seriki, MFR, Group Managing Director, Omatek Ventures and Mr. Femi Awoyemi, Chief Executive Officer, Proshare Nigeria Limited who have so graciously devoted time out of their busy schedules to participate in this Session. Their pedigrees leave one in no doubt of the invaluable contributions they will make to today's discussion.

I must also recognize our partner organization, B. Adedipe Associates Limited (BAA), for sustaining this programme together with the CIBN Centre for Financial Studies (CIBNCFS). BAA, ably led by Dr. Biodun Adedipe, has greatly contributed to the growth of Nigeria's financial services sector.

The year 2016 was indeed a tough one not only for the Nigerian economy but also across the globe. The country's economic crisis was initially triggered by a sharp decline in the prices of crude oil in the international market as well as by the crisis in the Niger Delta, which brought about a significant drop in Nigeria's crude oil and gas output. According to the National Bureau of Statistics, crude oil production drastically reduced in 2016 from 2.17 million barrels per day (mbpd) in the third quarter of 2015 to a much lower rate of 1.63 mbpd in the corresponding quarter of 2016. The Nigerian Petroleum Development Company (NPDC) is also reported to have lost ₦1.5 trillion due to attacks on its facilities in 2016.

The floating exchange rate regime introduced by the Central of Bank of Nigeria in June 2016 and subsequent devaluation of the Naira made the cost of imports more expensive. Inflation



rose every month consistently throughout 2016 from 9.6% in January to 18.55% as at December 2016. After two consecutive quarters of negative GDP growths, the economy slipped into recession in the second quarter of 2016.

Furthermore, unrelenting security risks posed by the conflict between Fulani Herdsmen and farmers has had negative effects on agricultural output. A British Broadcasting Corporation (BBC) report states that due to this conflict, the Nigerian economy has lost \$14 billion since 2013.

On the positive side, the IMF and Moody's credit rating agency have both predicted that Nigeria would rebound from recession in 2017. It is the rate at which GDP grows that is up for debate. The IMF forecasts a 0.6% growth rate while Moody's predicts a 2.5% growth in 2017. These positive forecasts would be fuelled by the recent increase, albeit marginal, in the global prices of oil. Recent data indicates that on the first day of trading in 2017, crude oil prices hit \$58.37 per barrel. This is the highest price on record since July 2015.

Another positive event to note is the timely presentation of the proposed 2017 budget on December 14, 2016 which has been dubbed the budget of "Recovery and Growth". This action would contribute to improved investors' sentiment as the budget, signifying government's economic direction, serves as the blueprint for any economy in a particular year. The relatively early release of the budget also further ignites the hope of an early exit from the current economic recession.

The success recorded so far in the fight against the hydra-headed monster of corruption in the country and Boko Haram sect is also another supportive evidence that the country might soon be back on the path of sustainable growth and development.



On the global stage, 2016 was a year of many surprises. Two major events defied policy makers, political analysts and economic watchers' predictions. These are the result of the Referendum that announced the exit of Britain from the United Kingdom – Brexit – and the emergence of Donald Trump as the United States of America President. These two events will continue to have implications on global trade, immigration and relationships. For instance, one of the major reasons Britons voted in favour of Brexit was in a bid to control the high immigration rate which has raised concerns over the past 10 years. Likewise, according to the BBC on Trump's victory, white working class Americans are reported to have voted for Trump because they "felt overlooked by the establishment and left behind by the coastal elite". They also believed that Tump would restore America's greatness through protectionist policies that would create jobs for Americans while renegotiating bad trade deals.

The foregoing therefore raise some pertinent questions: while the prospect starts on a promising note in the international oil market, to what extent would the country be able to leverage on this and improve its economic fortunes with the seemingly unabated vandalization of pipelines by the Niger Delta Avengers? Is the current increase in the international prices of crude oil sustainable with the aggressive pursuit by developed economies of alternative sources of energy that would not only be cost effective but also environmental friendly? Is the country prepared for any eventuality if Brexit and Trump's victory result in emigrants' return to the country? What would be the implication of this on the currently high level of unemployment in the country, which stood at 13.9 percent in the third quarter of 2016? Beyond the rhetoric, what are the urgent steps needed to be taken by governments at all levels – Federal, State and Local – to diversify the Nigeria's economy?



These and other germane issues would be expertly handled by the carefully selected faculty at today's Session. In addition to dimensioning the different issues raised, they would also provide us with practicable steps to be taken by businesses to take full advantage of the opportunities therein in the current economic state and mitigate the economic challenges that are bound to emerge in the course of 2017.

Thank you for your attention and God bless.

Professor Segun Ajibola, Ph.D, FCIB

President/Chairman of Council

The Chartered Institute of Bankers of Nigeria

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