

CHAPTER 118

EXPORT (INCENTIVES AND MISCELLANEOUS PROVISIONS) ACT

1986 No. 18.

An Act to provide incentives to manufacturing exporters of exportable products and for other purposes connected therewith.

Commence-
ment.

[11th July, 1986]

PART I.—EXPORT INCENTIVES

Retention
of certain
percentage
of export
proceeds in
foreign
currency.
Cap. 151.

1. (1) Notwithstanding the provisions of section 1(1) of the Foreign Currency (Domiciliary Accounts) Act, each Nigerian exporter may retain twenty-five *per cent* or any percentage that may be prescribed from time to time by the Federal Government of his export proceeds in foreign currency in his bank account in Nigeria.

(2) The percentage of foreign currency retained pursuant to subsection (1) of this section, shall be effected as soon as the foreign exchange earned on the export sales is received in Nigeria.

(3) The foreign currency retained pursuant to subsection (1) of this section is to enable the exporter to have at his disposal, foreign exchange funds to pay for the following export-related activities, that is—

- (a) services of his agents residing abroad;
- (b) travelling out at short notice to conclude export contracts;
- (c) defraying costs arising from—
 - (i) short landing,
 - (ii) quality determination (including deterioration).

(4) The Central Bank of Nigeria may, from time to time, add to export-related activities for which the provisions of subsection (3) of this section may be utilised by an exporter.

(5) The Nigerian Export Promotion Council in consultation with the Central Bank of Nigeria, shall, from time to time, issue guidelines and directives on the operation of foreign currency retention permitted by subsection (1) of this section.

2. (1) A manufacturer who purchases a commodity at a price fixed by the Government for the production of export products shall be allowed to do so at the prevailing world market prices at the maximum.

Incentive to manufacturing exporters.

(2) The cost implications of this incentive shall be absorbed by the Export Adjustment Scheme Fund established pursuant to section 6 of this Act.

3. (1) As from the commencement of this Act, all raw or unprocessed commodities, whether mineral or agricultural, shall be exportable on the production of export licence issued by the Export Licensing Authority.

Exportation of goods and commodities.

(2) Subject to subsection (1) of this section, all other products shall be exportable without the production of export licence:

Provided that all existing foreign exchange and other similar Regulations are compiled with.

(3) Any export licence issued pursuant to subsection (1) of this section shall be valid for one year or for such period as may be stated on the licence by the Export Licensing Authority.

(4) Sections 4(1), 4(3), 5 and the Sixth and Eighth Schedules to the Finance Act are hereby repealed.

1981 No. 2.

(5) The monopoly of exportation of commodities granted to the Commodity Boards pursuant to the Commodity Boards Act is hereby cancelled.

Cap. 58.

(6) In this Act "Export Licensing Authority" means such person or persons amongst the officers of the Federal Ministry of Trade as may be designated by the Minister by notification in the *Federal Gazette* or such person or persons as the Minister may by notification in the *Federal Gazette* designate in that behalf.

PART II.—ESTABLISHMENT OF FUNDS

A—*Export Development Fund*

Establish-
ment, etc.
of Export
Development
Fund.

4. (1) There is hereby established a fund to be known as the Export Development Fund (hereinafter referred to as "the Development Fund").

(2) The Development Fund shall consist of such money as the Federal Government may, from time to time, pay into Development Fund and contributions made to the Development Fund by private sector exporters.

(3) The Development Fund shall be used to provide financial assistance to private sector exporting companies to cover part of their initial expenses in respect of export promotion activities, that is—

- (a) participation in training courses, symposia, seminars and workshops in all aspects of export promotion;
- (b) advertising and publicity campaigns in foreign markets;
- (c) export market research and studies;
- (d) product design and consultancy;
- (e) participation in trade missions, buyer-oriented activities, overseas trade fairs, exhibitions and stores promotion;
- (f) cost of collecting trade information;
- (g) organisation of joint export groups and mutual export guarantee associations;
- (h) backing up the development of export oriented industries.

(4) The Trustees of the Development Fund shall consist of—

- (a) a representative of the Nigerian Export Promotion Council as Chairman;
- (b) a representative of the Federal Ministry of Finance;
- (c) a representative of the Federal Ministry of Trade;
- (d) a representative of the Federal Ministry of Industries;
- (e) a representative of the Federal Ministry of Budget and National Planning;

- (f) a representative of Manufacturers Association of Nigeria;
 - (g) a representative of the Nigerian Association of Chambers of Commerce, Industries, Mines and Agriculture.
- (5) It shall be the duty of the Trustees of the Development Fund to—
- (a) oversee the Development Fund by approving the annual budget including proposals for investments;
 - (b) determine the use of incomes and profits accruing from investment;
 - (c) cover the cost of official involvement of the Nigerian Export Promotion Council in the activities of the Development Fund.
- (6) It shall be the duty of the Nigerian Export Promotion Council to—
- (a) recommend applications for financial assistance for the approval of the Exchange Control Department of the Central Bank of Nigeria;
 - (b) disburse the sum approved by the Central Bank of Nigeria;
 - (c) be responsible for the day to day running of the Development Fund through a special unit maintained by the Development Fund; and
 - (d) issue guidelines for the operation of the Development Fund.

B—Export Expansion Grant Fund

5. (1) There is hereby established a fund to be known as the Export Expansion Grant Fund (hereinafter referred to as "the Expansion Fund").

Establishment, etc. of Export Expansion Fund

(2) The Expansion Fund shall be used to provide cash inducement for exporters who have exported a minimum of ₦50,000 worth of semi-manufactured or manufactured products to enable them to—

- (a) increase the volume of export;
- (b) diversify export products and market coverage.

(3) The Expansion Fund shall be made available only to exporters who produce evidence of exporting with the proceeds paid into the foreign account of the Central Bank of Nigeria:

Provided that if there are divergences between the contents of the documents on the exports in the exporter's bank as against those of the Central Bank of Nigeria, the Nigerian Export Promotion Council shall rely on figures in the documents of the Central Bank of Nigeria.

(4) The Nigerian Export Promotion Council shall be responsible for the day to day administration of the Expansion Fund established pursuant to subsection (1) of this section.

(5) The Nigerian Export Promotion Council shall issue from time to time guidelines for the effective administration of the Expansion Fund.

(6) The Minister charged with responsibility for trade may make rules or regulations for the effective administration of the Expansion Fund established pursuant to subsection (1) of this section.

C—Export Adjustment Scheme Fund

Establishment, etc.
of Export
Adjustment
Scheme
Fund.

6. (1) There is hereby established a fund to be known as the Export Adjustment Scheme Fund (hereinafter referred to as "the Adjustment Fund").

(2) The Adjustment Fund shall serve as a supplementary export subsidy, or as an additional fund for dealing with—

(a) high costs of production arising mainly from infrastructural deficiencies;

(b) other factors beyond the control of the exporter.

(3) The Nigerian Export Promotion Council shall be responsible for the day to day administration of the Adjustment Fund established pursuant to subsection (1) of this section.

(4) An exporter wishing to benefit from the Adjustment Fund shall supply to the Nigerian Export Promotion Council accurate information on the costs of his export activities.

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(5) The Nigerian Export Promotion Council shall issue from time to time guidelines for the effective administration of the Adjustment Fund.

- (6) A Committee comprising a representative each of—
- (a) the Productivity, Prices and Incomes Board;
 - (b) the Prices Intelligence Unit of the Federal Ministry of Trade;
 - (c) the Nigerian Export Promotion Council;
 - (d) the Department of Customs and Excise,
- shall oversee the administration of the Adjustment Fund.

PART III.—MISCELLANEOUS

7. In this Act, unless the context otherwise requires— Interpreta-
tion.
- “exportable products” means any product of Nigerian origin with at least 35 *per cent* value added or 40 *per cent* local raw materials content;
- “manufacturing exporter” means a manufacturer who exports at least 50 *per cent* of his annual turnover provided that the product has at least 40 *per cent* local raw materials content or 35 *per cent* value added;
- “Minister” means the Minister charged with responsibility for trade matters.

8. This Act may be cited as the Exporters (Incentives and Miscellaneous Provisions) Act. Short title.
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