FEDERAL REPUBLIC OF NIGERIA

BUDGET OF CONSOLIDATION

By

General Sani Abacha GCON, FSS, Dss, mni
Head of State, Commander-in-Chief of the Armed Forces of the Federal Republic of Nigeria

On

Saturday, February 17, 1996.

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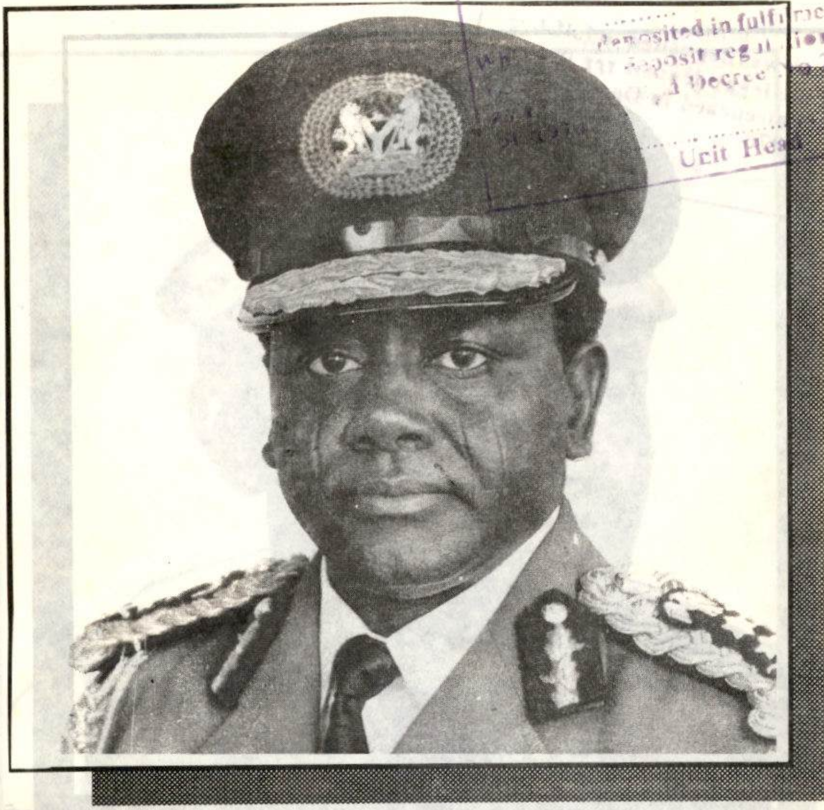

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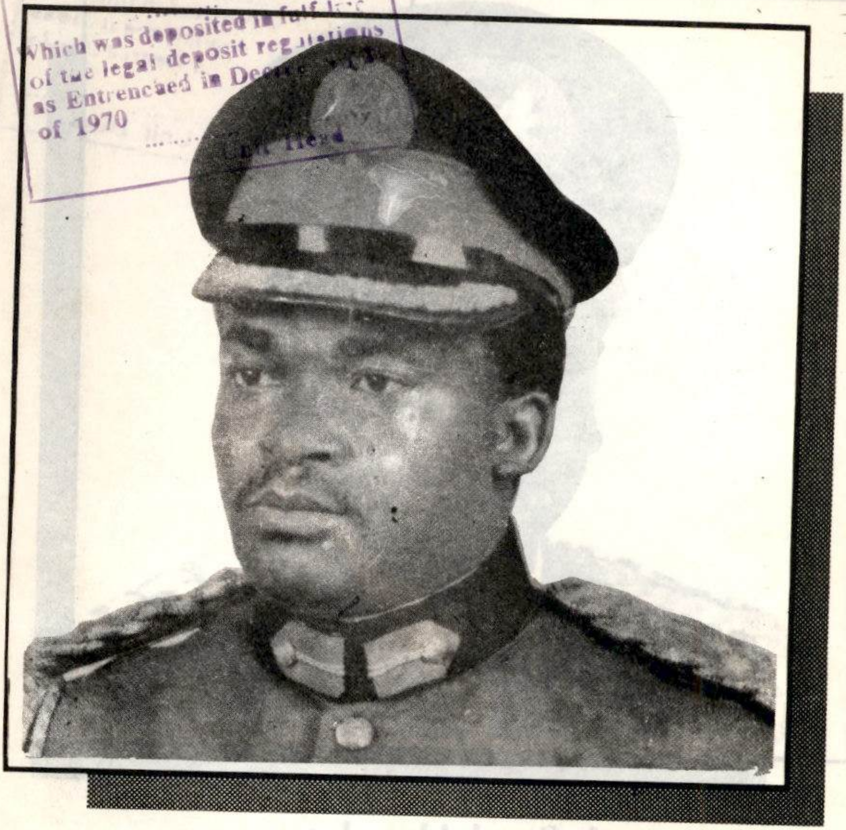

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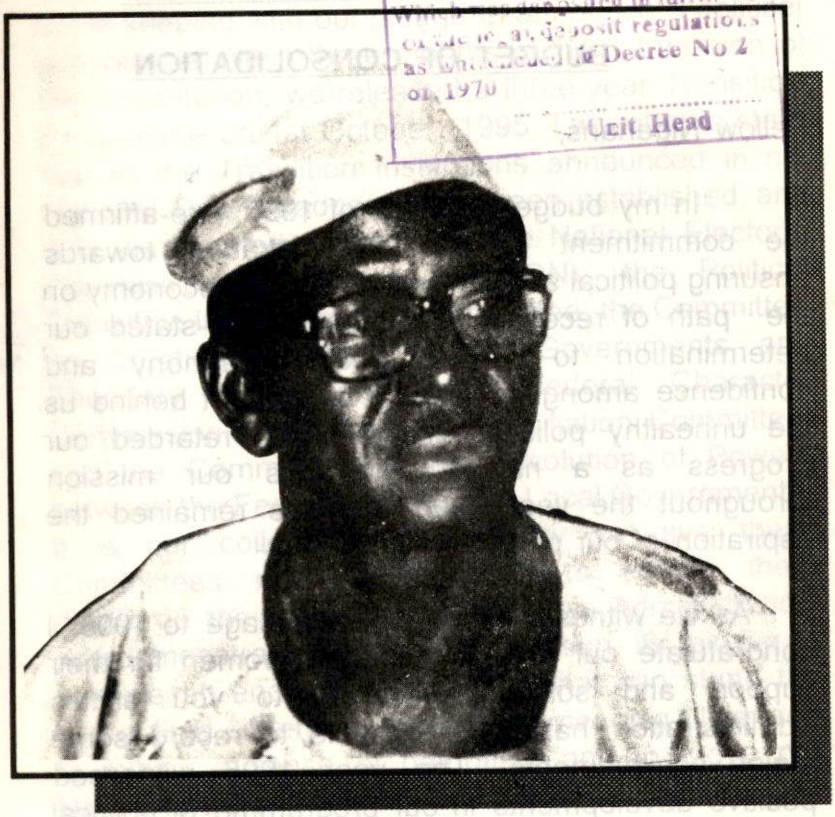
Chief of General Staff



Prof. Elo Amucheazi
Director General
National Orientation Agency

1996 BUDGET ADDRESS BY GENERAL SANI ABACHA, GCON FSS, DSS MNI, HEAD OF STATE COMMANDER-IN-CHIEF OF THE ARMED FORCES OF THE FEDERAL REPUBLIC OF NIGERIA.

BUDGET OF CONSOLIDATION

Fellow Nigerians,

In my budget Address of 1995, I re-affirmed the commitment of this Administration towards ensuring political stability and placing our economy on the path of recovery and growth. I re-stated our determination to restore peace, harmony and confidence among our people and to put behind us the unhealthy political climate which retarded our progress as a nation. This was our mission throughout the year 1995 and this remained the aspiration of our people.

2. As we witness the peaceful passage to 1996, I congratulate our country men and women for their support and solidarity. Thanks to you all,this Administration has be been able to record some major achievements. The year 1995 witnessed positive developments in our programme of political transition and economic recovery. The National Constitutional Conference, inaugurated in 1994, successfully completed its work and produced a new constitution for our beloved country. The new constitution was the product of our collective desire to promote peace, unity and sense of belonging.The constitution shall be a lasting legacy to future

generations of Nigerians The overwhelming support of our people for the new Constitution justified the importance of the Conference.

3. In keeping with our pledge to announce a political programme within three months of the submission of the Constitution, we released a three-year Transition Programme on 1st October, 1995. I am glad to state that all the Transition institutions announced in my National Day Broadcast have been established and duly inaugurated. These are: the National Electoral Commission of Nigeria (NECON); the Political Transition Implementation Committee; the Committee on Creation of States, Local Governments and Boundary Adjustments; the Federal Character Commission; the National Reconciliation Committee; and the Committee on the Devolution of Powers between the Federal, States and Local Governments. It is our collective responsibility to give these Committees maximum support to enable them discharge their responsibilities. This Administration has demonstrated in words and action, its resolve to achieve an enduring democracy that can stand the test of time. it remains for all well-meaning Nigerians to exhibit a sense of patriotism and to move our Nation forward.

4. In my subsequent address to the Nation, I also stated that a stable political system should be anchored on a sound economical foundation. A viable political system cannot stand on a fragile economic base. Our mission, therefore, was to place our economy on a sound footing by getting our

priorities right and utilizing our enormous human and material resources for national transformation. We have had to introduce economic reforms which would have lasting positive effects on the lives of our people. We have had to be guided by our past experiences and the realities of our times in turning the economy around. There is no economic gain without sacrifice. The prospects for growth are brighter now than ever before.

Review of 1995 Budget

5. The 1995 budget was a Budget of hope, a Budget of incentives; a Budget of liberalization; and above all, a Budget of Renewal in which this Administration sought to create an atmosphere designed to encourage the ever enterprising Nigerians to exploit their potentials for the attainment of self-sustained national economic development.

6. It is gratifying to state that a good measure of macroeconomic stability was achieved in 1995. The estimated growth rate of the economy was 2.7%, due largely to crude petroleum (0.78%), and the producers of government service (1.06%), relative to the recorded performance of 1.01%, minus 2.6% and 2.5% respectively for these indices in 1994. The growth rates for agriculture and manufacturing were 3.19% and 2.01 in 1995, in contrast to 3.02% and minus 5.04% achieved in 1994.

7. Although the inflationary pressures persisted during the year under review, the measures put in place to curb inflation have begun to show positive

results. The macro-economic measures designed to relax the pressures in the 1995 Budget needed adequate gestation period. The reasons for the inflationary pressure are not far to seek. Low level of production by industries, high transportation costs and foreign exchange rates; the expansionary fiscal operations of government in 1994, coupled with increased pump price of petroleum products later that year fuelled inflationary pressures. It is expected that with the policies now fully operational, the level of inflation should be contained between 20% and 30% in December 1996.

8. On the revenue front, the performance in 1995 was appreciable. Aggregate revenue accruable to the Federation Account was N165 billion, representing an increase of 43%, compared to the budgeted amount of N116 billion. It is worthy of note that the non-oil revenue performance, for instance, amounted to an increase of 68% over the 1994 receipts.

9 From a fiscal deficit of N81 billion in 1994, the Federal Government recorded a fiscal surplus of N1 billion in 1995 or 0.06% of GDP. A higher level of surplus would have been recorded but for the increase in personnel costs, resulting from the increases granted late 1994 in respect of accommodation and transport allowances. Besides, there was domestic debt service charge amounting to N28 billion.

10. In the External Sector, pressure on our balance of payments remained unrelenting. Our total external debt stock as at December 31, 1995, stood at US$32.585 billion. The increase from US$29.429 billion in 1994, inspite of the fact that no new loans were contracted during the year, resulted from a combination of accumulated debt service payment arrears; and depreciation of the US dollar, relative to some key currencies.

11. Although significant achievement was recorded in 1995 over that of 1994, more efforts still have to be made to further improve the living condition of our people. Factors that militated against our rapid economic growth include inadequate technological capacity to make our industries respond quickly and positively to perceived local export demands. Moreover, our economy was threatened by a partially distressed financial sector, limited infrastructural facilities and services.

12. We must, as a people, fully evolve optimal structures, arrangements and opportunities for rapid national economic advancement and effectively capitalise on these facilities which have so far been established, particularly by the 1995 Budget.

We must continue with our efforts to lay a solid foundation for an efficient market economy in 1996 and beyond by steadfastly fine-tuning and consolidating the considerable gains of the 1995 Budget, so as to move confidently towards higher spheres of self-sustained economic development.

This is the major thrust of the 1996 Budget which is, indeed, a **Budget of Consolidation.**

1996-98 National Rolling Plan

13. The 1996-98 Rolling Plan which provides the base for the 1996 Capital Budget, aims at building Nigeria's productive capacity and completing those projects which should free the economy from external dependence. To this end, capital projects have been classified into those that can be completed in 1996 and those that must be completed within the Plan Period. Moreover, emphasis has been given to projects which would enhance the productive sector of the economy, social development and poverty alleviation.

14. The Plan will focus on the maintenance and rehabilitation of the existing economic and social infrastructural facilities that form the basis for long term sustainable growth and projects that will enhance our national self reliance.

15. In line with this Administration's fiscal policy, disbursements will, in 1996, continue to go through the planning and budgeting process. Government is determined to rectify all fiscal lapses through strict adherence to the policies and programmes embodied in the successive Rolling Plans and Annual Budgets.

The Petroleum Trust Fund

16. The Board of the Petroleum Trust Fund which I inaugurated in 1995 commenced operations first, by identified key projects in all parts of the Federation, so as to bring about equitable developments to all our communities. It is gratifying to note that the Board has virtually completed all feasibility studies on the identifying projects nation-wide. The investment portfolio on the flag-off projects has given pre-eminence to Roads. Road Transport and Waterways, Education, Health, Food Supply, and Security Services. As regards road projects, for instance, a total of 12,000 Kilometers have been identified for rehabilitation and construction.

17. In order that the operations of the Trust Fund may make maximum impact on our people, they shall be categorised into short, medium and long term projects. The projects under the Petroleum Trust Fund will be streamlined with those already approved under the National Rolling Plan to make greater impact on our global development efforts.

The Goal and Policy Thrust of the 1996 Budget

18. The performance of the 1995 Budget paved the way for the 1996 Budget. The policy measures put in place laid the foundation for economic recovery. However, Government is aware of those constraints that faced the economy during the year. Economic recovery can only be gradual and must be backed by consistency in policies. Policies that have shown

some positive impact on the economy must be allowed to stand the test of time. Frequent changes in policies have often adversely affected our economic planning and growth.

Government's guiding principle, therefore, will be continuity and adjustment as the circumstances dictate. The objectives of the 1996 budget are as follows:

(i) Enhancement of increased production and productive capacity.

(ii) Encouragement of Export Promotion and growth;

(iii) Promotion of non-oil prime moves, including agriculture and solid minerals, as the nation's major foreign exchange earner;

(iv) Improvement of capacity utilisation in the manufacturing sector and local sourcing of raw materials, through well targeted incentives;

(v) Poverty alleviation, creation of jobs and continued industrial peace;

(vi) Reduction in the inflation rate;

(vii) Encouragement of greater participation of the private sector in the economy, with a view to the eventual emergence of that sector as the engine of growth.

(viii) Enhancement of scientific and technological development to lay a firm industrial base;

(ix) Intensive revenue collection drive;

(x) Drastic reduction of fiscal deficit through curtailment of wasteful expenditure;

(xi) Stringent control of extra-budgetary spending;

(xii) Guided deregulation of interest rate;

(xiii) Continuation of guided deregulation in the management of the foreign exchange market, in order to narrow the gap between the official and the autonomous exchange rate;

(xiv) Judicious transfer of resources from avoidable recurrent avenues to capital expenditures to boost development;

(xv) Continued consolidation of the Government revenue and expenditure, in order to enhance accountability and transparency;

(xvi) Transfer of money resources from wasteful recurrent avenues to Capital development through generous funding of the productive sectors;

(xvii) Ensure stable and consistent macro-economic environment.

19. These set objectives are consistent with this Administration's intention to effectively address the problem of our economy and social stability. The year 1996, therefore, poses yet another challenge to us to move the Nation forward.

Revenue Projection

20. The average selling price of crude oil between January and December 1995 was US$ 17.25 per barrel. However, in view of the usual vagaries of the international oil market, the price of US$ 16 per barrel has been adopted for the purpose of computing 1996 revenue projection from crude oil sales. At an official exchange rate of ₦22 to US$ 1, the projection translates into an estimated oil revenue amounting to ₦214 billion. Non-oil revenue is projected at N126 billion. The Federal Government net revenue for 1996 is therefore estimated at ₦340 billion.

Expenditure Estimate

21. In 1996, greater emphasis shall be placed on development of the productive sectors of the economy. In 1995, Capital Expenditure amounted to N44 billion while Recurrent Expenditure stood at N66 billion. For 1996, a total of N48 billion has been budgeted for Capital Expenditure while Recurrent Expenditure amounts to N77 billion. Included in the Recurrent Expenditure are provisions for the payment of arrear of pensions and gratuities, payment for transition programme activities and provisions for increase in personnel cost. Furthermore, the sum of

N5 billion has been set aside for the payment of debts owed to local contractors. Additional measures to address the problem of domestic debt will be announced by the Minister of Finance. With regard to the servicing of external debt the provision of $2 billion has been made, as was in 1995.

22. Full details of the projected Revenue and Expenditure profile will, as usual, be furnished by the Minister of Finance in his Press Briefing on the 1996 Budget. However, I should point out that Government will substantially increase agricultural production, enhance the quality of education, and health care delivery; promote the development of Solid Minerals; and refurbish the existing railways. Provision has also been made for the completion of the Calabar Export Processing Zone, enhancement of the industrialization process, improvement of infrastructural facilities, such as power, telecommunications, and water supply; advancement of research, rehabilitation, and maintenance of Federal Highways nation-wide. The Federal Government will deal decisively with the problem of insecurity of lives and property. Adequate provisions have therefore been made to effectively mobilise and support the Police and the National Drug Law Enforcement Agency.

23. In my 1995 Budget Address, I stated that, in order to reduce waste and minimise extra-budgetary expenditures, the existing parastatals would be rationalised with a view to pruning their number. In this regard, Government has set up a Committee to

examine the parastatals and their functions. The Committee is expected to submit its report in the first quarter of 1996.

States and Local Government Revenue

24. By the application of the revenue allocation formula, State Governments' share of the Federal Account Revenue is N37 billion, while Local Government allocation amounts to N31 billion. In addition, State Government will receive N8.8 billion and Local Governments, N5.5 billion from VAT. This level of enhanced allocation which cannot meet the entire financial requirements of either tier of government reinforces the need for the States and Local Government to redouble their internal revenue generation efforts. I expect to see in 1996 concrete results in this regard. States and Local Governments will be encouraged to take more active part in the development of Agriculture, Education and Health as provided for in the new Constitution. Accordingly, they should put in place the appropriate machinery for the implementation of these provisions.

Fiscal Policy

25. The 1995 fiscal policy was designed to strengthen trade policy, provide appropriate rate of protection for industry and agriculture, stabilise consumer prices and foster reasonable growth in the productive sectors. The 1996 fiscal policy is designed primarily to reinforce the 1995 fiscal policy objectives; and above all, to put in place well conceived

incentives aimed at stimulating domestic production. Full details will be provided by the Minister of Finance.

Personal Income Tax

26. In furtherance of government policy to shift emphasis from income to consumption as the basis for taxation, a package of personal income tax relief is granted with effect from January 1, 1996. This includes reduction of the highest marginal rate of personal income tax from 30% to 25%, increase in the level of earned income which will be exempted from tax from N7,500 to N10,000 and increase in the children allowance. Moreover, withholding tax on dividend and interest is now a final tax in the hands of recipients, while the Capital Transfer Tax is hereby abrogated.

Companies Tax

27. Government has also granted an array of incentives in respect of company taxation with effect from January 1st, 1996, in a bid to stimulate production and accelerate the rate of economic development and the general standard of living in the country. These include reduction of the rate of company income tax from 35% to 30%; reduction in the rate of capital gains tax from 20% to 10%; new rates of capital allowance; additional incentives for manufacturing enterprises; tax reliefs for Export Free Zone enterprises; export-oriented enterprises; Solid Minerals, Tourism related services; as well as

Research and Development activities.

28. Government has also, decided that, as from 1996, it is mandatory for all companies with turnover of One Million Naira and above, to file self-assessment returns.

Value Added Tax (VAT)

29. The VAT has continued to be an exemplary success story since its inception on January 1, 1994. In 1994, the VAT yielded a total revenue of N8.6 billion. This increased almost by 250% to N21 billion in 1995. Government will continue to improve the administrative machinery of its collection in 1996. This will be mainly in the area of broadening its base by eliminating all extra-statutory exemptions and aggressive registration and tax collection drives. In this regard, Government has approved the establishment of 25 additional VAT offices and 5 Zonal VAT Tribunals.

30. I am aware that the distribution of the VAT proceeds among the three tiers of Government has generated some lively debates. The consensus has been that the present formula should be reviewed. After due consideration, Government has decided that in 1996, the distribution formula shall be as follows:

35% to the Federal Government;
40% to the State Governments and Abuja
25% to the Local Governments

31. In 1996, Government intends to continue with the improvement and modernization of Tax Administration both at the Federal and State levels and the training of staff to make the tax authorities more positive, efficient and productive. The productivity incentive package which started at the Federal level in 1995 will continue in 1996 and be extended to the State tax authorities.

32. The amendments to the various tax laws have been piecemeal over the years. To simplify reference to fiscal legislation, Government has codified all tax laws of Nigeria up to 31st December 1995.

Review of Customs and Excise Tariff

33. The new seven year tariffs of Customs and Excise came into force on March 1, 1995. However, the need to fine-tune some of the tariffs has become inevitable. Accordingly, with effect from January 1, 1996, some import duties have been reduced, a few additional commodities have been placed on the import prohibition list, while a few others have been removed entirely from the list.

34. In addition, the 35% custom duty rebate on all consignment lying at the ports on after July 31, 1995, which was approved by Government in August last year, to cushion the harsh effects of inflation on the economy, will continue on a month to month basis on selected items. Details will be provided by the Minister of Finance.

Imposition of Taxes and Levies on Companies by State Governments.

35. The taxation of companies and other corporate bodies is vested on the Federal Government. Income Tax accruing from this source, is normally shared among the three tiers of government through the Federation Account. Recently, States and Local Governments are alleged to have imposed additional taxes or levies on the same corporate entities which have paid their normal corporate taxes to Federal Government. To avoid incidence of multiple taxation, a Committee will be established to examine the various tax laws to ensure harmonization and proper application in State and Local Governments.

Export Policy

36. The main goal of this Administration's export policy has been active promotion of non-oil exports with a view to enhancing foreign exchange receipts from this sector, and, at the same time, reducing our dependence on oil as the principal source of revenue. To this end, a large number of incentives have been provided. In 1996, the implementation of the incentives schemes will be given added impetus and wider publicity to promote and sustain the tempo on non-oil exports. In addition, exports of derivatives of Nigeria's major food production would be encouraged.

37. Government has also decide that in the interest of efficiency the administration and disbursement of export incentives shall be, with immediate effect,

entrusted to the Nigeria's major food production would be encouraged.

Monetary and Credit Policy

38. As usual, monetary policy in 1996 is designed to complement fiscal policy in substantially moderating the inflationary pressures, strengthening the external sector and the Naira exchange rate, as well as stimulating output growth and employment. The Governor of the Central Bank of Nigeria will issue detailed guidelines on Monetary and Credit Policy.

Exchange Rate Policy

39. The 1995 Budget established an Autonomous Foreign Exchange Market (AFEM) under a deregulated regime which saw the exchange rate determined by market forces. Existing side-by-side, was a fixed (official) exchange rates of N22 to a US Dollar which was retained for eligible official transactions, including debt service. Since the establishment of AFEM, relative stability has been attained in the Foreign Exchange Market. In the interest of sustainability of this very positive development, there is need for the eventual merger of the official and autonomous rate. In the meantime, Government will continue to maintain the dual exchange rate system; with the official exchange rate of N22 to a US Dollar. Government will continue to intervene in the autonomous market on a monthly basis. The ultimate goal of our exchange rate policy

is the eventual merger of the two rate of exchange.

40. For the avoidance of doubt, all commercial transactions will be conducted at the autonomous rate.

Interest Rate Policy

41. The fixing of interest rate during the last fiscal year arose from the genuine desire to achieve macro-economic stability and promote investment in the productive sectors. Government is committed towards the achievement of this objective in 1996. The interest rate regime of 1995 is therefore maintained. Accordingly, banks and other financial institutions are required to maintain a maximum spread of 7.5% between their deposit and lending rates subject to a maximum lending rate of 21%.

Sectorial Allocation of Credit

42. In a bid to foster efficient resource allocation in the economy, sectoral credit allocations will be phased out in stages. It will be replaced by appropriate incentives to encourage banks' voluntary lending to priority sectors. It is expected that necessary conditions for realizing this objective will be achieved in 1996 For the meantime, mandatory allocation of credit to exports, solid minerals, manufacturing and agriculture shall be maintained.

Resolving Financial Sector Distress

43. Policies enunciated in 1995 Budget for tackling default and distress in the financial system and to restore public confidence will be strengthened in 1996. In particular, the implementation of the Failed Bank Decree will be intensified and due attention given to cases arising from non-bank financial institutions in the work of the tribunals. The Failed Bank Decree will be amended to bring to book borrowers who defraud the banking system. Officials of other banks who contribute to defrauding their banks will also be tried by the tribunals.

Capital Market

44. The high expectations that the promulgation of the Nigerian Investment Promotion Decree 1995 and the Foreign Exchange Monitoring and Miscellaneous Provision Decree 1995 would enable the Stock Exchange go international and mobilize capital world-wide are yet to materialize. This is a cause for concern. In order to identify the factors constraining the stock Exchange's desired rapid growth and recommend solutions, Government will, in 1996, set up a Panel to review the Nigerian Stock Exchange and related Agencies, to codify all laws relating to security dealing. The operators and participants will derive their powers and functions from a common body of legislation, instead of from several pieces of legislation operated independently by each Agency.

Pension Fund

45. It is the objective of Government to ensure that Nigerians enjoy a reasonable standard of living after retirement. This is in line with our policy of poverty alleviation enunciated in the 1996 Budget. In this connection, Government will ensure that not only adequate provisions are made, but also that pension assets are appropriately invested to provide adequately for retired persons. Appropriate tax reliefs have also been provided to encourage self-employed individuals who wish to set up their own independent retirement accounts to be managed for them by banks, insurance and other financial institutions.

46. Government will focus greater attention on matters relating to retirement benefits. Appropriate machinery will be put in place at all levels of Government to ensure that pension assets are invested in ways that provide adequately for retired persons. The necessary legislation will be made to protect the rights and privileges of pensioners.

External Debt Profile

47. As at December 31, 1995, Nigeria's external debt stock stood at US$32.585 billion. This represents an increase of over $3 billion since the previous year, inspite of the fact that no new loans were taken in 1995. Furthermore, Government has serviced its debt at the rate of $2 billion per year for the past five years. A scientific analysis indicate that

the bulk of the debt, (about 66.5%) is owed to Paris Club. Due to our limited resources, however, Government has again allocated $2 billion to external debt service in 1996. The process of negotiation with the Paris Club towards meaningful debt rescheduling will continue. In the fiscal year 1996, a Medium Term Economic Adjustment will be negotiated. It is expected that the policy thrust of the 1996 budget will facilitate and accelerate the discussions.

Leasing

48. In 1995, Government decided that certain enterprises which require high managerial and technical expertise should not be sold off but should be privatized by way of contract leasing arrangements. These should involve leasing, management contract of joint venture arrangement with both foreign and local entrepreneurs. In particular, Government will complete the Petrochemical industries and ensure that the Refineries are put at a maximum production level prior to leasing. The decrees on General leasing and leasing of Public Enterprises will be promulgated in 1996. Guidelines on leasing contract, management contracts and Joint Venture Agreements will also be issued.

Privatization and Commercialization

49. As a matter of policy, Government will encourage and permit private sector enterprises to complement the services of institutions such as NEPA and NITEL with the objective of achieving their full commercialization.

50. After being fully commercialized, these enterprises will be self accounting. Apart from exceptional circumstances, Government will not fund them after December 1996. The Minister of Finance will provide details on these measures.

The Oil Industry

51. The Major problems of the oil industry stem from the lack of the relevant technological capability, limited indigenous participation, community relations, and the country's inability to participate fully in the management and disbursement of Joint Venture Cash Calls (JVCC). Government has devised a strategy to overcome the problems. Details will be given by the Minister of Finance.

Streamlining Operations at the Nigerian Ports

52. Government is concerned that operations at the ports are cumbersome and slow. To improve the present situation, Government has decided on a number of actions, details of which will be furnished by the Minister of Finance.

Pre-shipment Inspection

53. With effect from January 1, 1996, importers will be responsible for the fees of inspection agents. Pre-shipment Agents will continue to assess import duties and all imports to Nigeria must be accompanied with IDRs. Any goods imported without IDRs will be confiscated and the shipping agent will be penalized for shipping goods illegally into Nigeria. The Comprehensive Inspection Supervision Scheme Decree will be amended accordingly in 1996.

Public Sector Reform

54. Fellow Nigerians, this Administration has been committed towards streamling the machinery of Government for effective implementation of policies and decisions. Accordingly, the reforms we have initiated in the key segments of the Public Sector, namely; the Civil Service and Parastatals, will be carried to their logical conclusions in 1996. The reports of the various panels have been studied; and the implementation of their recommendations has commenced. The on-going civil service reforms are meant to enhance the productivity and efficiency of the service which have degenerated over the years. It is obvious that no public policies would make any impact on the Nation if the machinery of Government meant to implement such policies is defective. Government is therefore, determined to restructive and reorganize the Civil Service, improve the working environment of public servants, and give them the necessary incentives to motivate them towards a result-oriented service.

The Organized Private Sector

55. In formulating economic policies, Government has always taken into consideration the views of the Organized Private Sector. The wide range of consultations carried during the 1996 Budget process was meant to take into account the inputs of the operators of the Private Sector. The economic reforms undertaken by this Administration in the last two years have offered them great challenges. They should, therefore, closely work in partnership with the Public Sector so as to ensure the success of the policies already put in place. I expect to see in 1996, the private Sector addressing the issues of inflation control, increased productivity and capacity utilization in our industries, as well as job creation for the growing number of unemployed Nigerians, particularly the youths. We shall continue to dialogue with the Organized Private Sector in these and other related areas of our national development.

Youth Development

56. I note with great sense of pride, the role of our Youth in national development. Their patriotism and hardwork have been aptly demonstrated by their support and solidarity for the progress of our great Country, particularly in these challenging times. Our young men and women have demonstrated to the whole world their capability in the field of sports and other social activities. The Nigerian Youth are respected world-wide and the Nation remains proud of them. The Youth are indeed a great asset for the present and for the future greatness of Nigeria.

57. Government remains committed towards assisting our youth to attain gainful employment and to contribute meaningfully to our national development. The relevant Ministries and agencies charged with the responsibility for youth development and job creation will be supported to achieve these objectives.

58. Let me emphasize that these opportunities offer great challenges to our youth. Our Nation is becoming increasingly competitive, particularly in employment opportunities. Nigerian Youths should therefore put their talents and skills to good use. They should not fall prey to bad influences and social vices which could be detrimental to their future.

Women in National Development

59. The active participation of women in our national life has made a tremendous impact on our socio-economic development. Accordingly, Government established the Ministry of Women Affairs and Social Development in 1995 to support their efforts at grassroots mobilization and economic activities. The Family Support Programme has successfully taken off with overwhelming public support. The Ministry will be given the necessary resources and encouragement to discharge its functions effectively. in the years ahead, women will surely have greater role to play, not only at the home front but also in all our public sectors. I call on women to contribute meaningfully to national development by participating actively during the period of the current Political Transition to democratic governance.

Aspiring Politicians

60. To all aspiring politicians I need only to re-emphasize that the new Constitution has offered unfettered opportunities to aspire to any political office in Nigeria, irrespective of state of origin or political persuasion. The power sharing formula which as entrenched in the new Constitution should leave no one in doubt that Nigerians should have due respect for one another. For the first time in our history, we have collectively resolved to create for ourselves a sense of belonging. The fear of domination or marginalisation has been adequately addressed by the new constitution.

61. Our politicians must learn from the bitter experiences of the past and also from the contemporary political events elsewhere and avoid those mistake which have led to instability in our political process. If we must succeed, there must be a mature and orderly practice of partisan politics. no purpose will be served by actions and behaviour that could adversely affect the political process and the rules of the game. Politicians should take full advantage of the various transition institutions established to ensure success of the Political Transition Programme.

62. Government will not condone or tolerate any act that may undermine our efforts to attain the targets set in the Political Transition Programme. Democracy is based on the spirit of tolerance, respect for the views of one another, respect for the laws of the land, and above all, commitment to the progress, survival and success of the Nation.

Foreign Policy

63. Nigeria, our beloved country, as member of the International Community, has always been alert to her obligations and responsibilities to mankind. Since attaining nationhood, we have made notable contributions to World peace. In that regard, we have maintained a pride of place in the continent of Africa generally, and in the West African sub-region, in particular. We made considerable contribution towards eradicating colonial rule and racial oppression, particularly apartheid, in Africa. following the historic end of the Cold War, new economic block such as the European Union, the North American Free Trade Agreement (NAFTA) have emerged. The African Economic Community is Africa's response to that trend. In that forum, Nigeria's contribution has been appreciable. Happily, relative peace has been achieved in the Middle East, thus paving the way for economic cooperation. These developments will certainly impose new challenges on the developing countries, including Nigeria.
Nigeria's foreign policy in the years ahead will, therefore, seek to meet these challenges.

64. Recent developments on the international scene have led to the growing anxiety of our people to review our foreign policy. Such anxiety should be understood within the context of the recent hostilities against Nigeria. Let me re-state that Nigeria's foreign policy is dynamic and responsive to different situations in accordance with our sovereign national interest. We are very well aware that what we are presently witnessing in our relationship with some countries of the world did not arise from our foreign

policy. Those who have taken time to find out the true position of things in Nigeria have been persuaded, beyond reasonable doubt, that Nigerians live and will continue to live in peace and harmony with one another.

65. There is, in Nigeria, abundant evidence of respect for human rights, rule of law and freedom of expression. The Nigerian Press remains one of the freest in the world today. However, it is also well known, the world over, that the exercise of freedom also entails the need for restraint, circumspection and discretion, in the overall sovereign national interest.

66. This notwithstanding, I must stress that Nigerian sovereignty will never be compromised. We shall maintain diplomatic relations with all nations of the world on the basis of reciprocity and mutual respect. We shall continue to respect and honour all bi-lateral agreements entered into. We remain committed to the international obligations of peace-keeping, the observance of fundamental human rights, and the fight against racism and international crimes, such as drug trafficking, bank frauds and terrorism.

67. We remain committed to our obligations to promote economic integration in the ECOWAS sub-region, and the African Economic Community (AEC). We shall also ceaselessly work towards the realisation of African Unity. We remain grateful to all our International friends who have always stood by us in times of peace as well as in times of difficulties.

The Dawn of a New Era

68. Fellow Nigerians, our Nation has turned a new chapter of its history. We are all required, more than ever before, to apply a greater sense of patriotism, hardwork and unity. Let us, therefore, leave no stone unturned during this period of Transition to lay the foundation for an enduring democracy and prosperity. The answers to our problems lie here at home. We have resolved at the Conference table to remain one, indivisible, indissoluble sovereign Nation State. This is the outcome of our continuous search for a viable polity - an outcome of over three decades of nation-building. What we have collectively built together no one should attempt to destroy. Accordingly, I call upon our country men and women, both at home and abroad, to bury their differences and join hands to enhance our current efforts at Nation-building.

69. Our economic and political reforms are meant to have lasting and stabilizing effects on our great Nation. Hardwork and productivity should be our guiding principles. To our teaming masses who work on the farms, in the factories, and in the market places, your contributions to our national development are immeasurably commendable. Greater opportunities lie ahead of all of us to open up our rural areas for development. Let the years that lie ahead of us be the years of agrarian and industrial transformation. Let this Nation march into the Twenty First Century better equipped and prepared to face the challenges of the future. No one can do this for us but ourselves.

LONG LIVE THE FEDERAL REPUBLIC OF NIGERIA.

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