Policy Trend Report May 2025

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Trade And Industrial Reform: The "Choose Nigeria, Build The Furture "Mandate

Introduction

May 2025 has emerged as a landmark month for economic policymaking in Nigeria, marked by a deliberate and coordinated shift toward industrialisation, domestic value addition, and economic self-reliance. From executive directives to legislative reforms, the government has unveiled a string of impactful trade and industrial policies aimed at reducing Nigeria's dependence on imports, expanding local production capacity, and positioning the country for regional and global competitiveness. At the heart of these reforms is a simple but powerful narrative-Choosing Nigeria first.

This report provides an overview of significant trade and economic policy developments in May 2025, their implications for stakeholders, and strategic considerations for successful implementation moving forward. It also provides recommendations on how stakeholders can respond proactively to emerging opportunities and challenges.

The "Nigeria First" Procurement Policy

On May 5, 2025, the Federal Executive Council approved the "Nigeria First" Procurement Policy, which mandates all government Ministries, Departments, and Agencies (MDAs) to prioritise Nigerian-made goods and services in their procurement processes.

This directive, supported by an executive order, requires MDAs to update their procurement policies to reflect this local sourcing preference and to obtain written waivers from the Bureau of Public Procurement (BPP) for any deviation.

The policy also mandates the BPP to maintain an updated register of qualified Nigerian manufacturers and service providers, ensuring transparency and accountability in procurement. Non-compliance will attract sanctions, including termination of contracts and financial penalties.

This policy draws inspiration from the U.S. "Buy America" initiative and signals a long-term commitment to supporting Nigerian enterprises. However, for its implementation to succeed, key enablers like reliable electricity, infrastructure, access to finance, and quality assurance must be simultaneously strengthened.

Collectively, these laws signal a major shift toward a more unified, modern, and equitable tax system in Nigeria. With the laws set to take effect in January 2026, taxpayers are encouraged to familiarise themselves with the new provisions, assess their tax positions, and prepare for the incoming tax regime.

Senate Bill Mandating 30% Local Processing Before Export

In a significant legislative move, the Nigerian Senate announced the passage of a bill to amend the Raw Materials Research and Development Council Act. The amendment mandates that at least 30% of raw materials produced in Nigeria must be locally processed before export. This bill reflects a strong shift toward domestic value addition and expanding industrial capacity.

The bill's implications are far-reaching. Agro-exporters, solid mineral operators, and oil & gas service providers will need to re-strategise to comply with this mandate.

While initial capital investments may be high, the long-term benefits like job creation, increased export revenues, and domestic industrial linkages are likely to outweigh the transition costs such as adapting to new compliance standards, potential capital costs, and collaboration with technical partners in the manufacturing sector. Nigeria is aligning itself with global best practices where commodity-rich nations focus on processing and branding before exporting, rather than exporting raw products and importing finished goods at premium prices.

The Senate President's comments on the bill underscored a broader ideological shift: "Africa must not remain a raw materials supplier to the world. He called for pension funds, sovereign wealth institutions, and development banks to invest in processing infrastructure, industrial parks, and green energy corridors".

Overall, this policy trajectory positions Nigeria for enhanced economic independence and leadership within the African Continental Free Trade Area (AfCFTA).

Ban on Importation of 25 Agricultural and Pharmaceutical Products

In what is seen as a bold import-substitution measure, the federal government published a list of **25 banned agricultural and pharmaceutical products** that can be locally produced. This list includes staples like rice, maize, poultry products, certain drugs, and medical consumables.

The rationale is straightforward: Nigeria possesses the raw materials, climate, and capacity to produce these items locally. The ban not only reduces import bills and foreign exchange pressure but also creates incentives for local production and innovation in food and drug manufacturing. That said, enforcement must be matched with industry support in the form of credit facilities, input subsidies, and product standardisation to avoid a surge in smuggling and black-market activity.

Ban on Importation of Solar Panels and Renewable Energy Incentives

A controversial policy decision this onth involved the restriction on the importation of **assembled solar panels**, with a focus on developing local capacity in solar technology assembly and installation. While the ban initially raised concerns in the renewable energy space, it was accompanied by new incentives for investors in **green energy infrastructure**, such as duty waivers on solar raw components, tax holidays for local solar manufacturers, and funding support for solar industrial parks.

This measure is consistent with the government's broader strategy of using trade policy to trigger local industrial growth. However, stakeholders in the energy sector, especially off-grid solar providers must now reevaluate their supply chains and consider partnerships with domestic assemblers to maintain competitiveness and regulatory compliance. In addition, training, certification, and standards enforcement will be critical to avoid subpar systems that could undermine consumer confidence.

AfCFTA Tariff Concession and Industrial Strategy

Nigeria's tariff concession schedule under the African Continental Free Trade Area (AfCFTA) was officially gazetted in April and took centre stage in May policy discussions. The gazette outlines phased tariff reductions for over 90% of traded goods over a 10-year period, starting with a 5% reduction in the first two years. Nigeria's strategy under AfCFTA prioritises protecting key sectors like agriculture, pharmaceuticals, and automobiles while opening up less sensitive sectors gradually. This hybrid approach allows local industries time to become competitive while gaining access to broader African markets.

This bold initiative signals Nigeria's active intention to deepen its footprint in the emerging $3.4 trillion AfCFTA market. For businesses, this represents a generational opportunity to scale and compete across Africa, but it also introduces a new level of competition from regional players. Success under this framework will depend on ability to meet AfCFTA's rules of origin, enforce quality and certification standards, and invest in supply chain efficiency. Moreover, Nigerian businesses will need to strategically align operations with the value addition thresholds required for preferential market access.

In essence, Nigeria's tariff roadmap under AfCFTA reflects a dual ambition to open new pathways for cross-border trade and investment, while protecting sectors deemed vital for economic transformation and industrial self-reliance. Businesses that move early to adapt by localising inputs, formalising standards, and strengthening regional networks stand to gain the most in this evolving continental marketplace.

Implications for Stakeholders (Importers, Exporters, Manufacturers, Renewable Energy Sector, Agro processors, Public entities, Foreign Investors)

Collectively, these policies mark a profound recalibration of Nigeria's trade and industrial strategy, placing local content, value addition, and economic self-reliance at the core of national development. For manufacturers and exporters, the new regulatory environment demands urgent investment in domestic processing infrastructure to meet the 30% minimum local processing requirement before export, while also opening opportunities to tap into broader African markets under AfCFTA through value-added goods.

Import-dependent businesses must now urgently identify viable local substitutes or risk being edged out, particularly in government procurement, where the “Nigeria First” policy mandates strict local sourcing and imposes penalties for non-compliance. This presents an opportunity for such businesses to pivot into local manufacturing or form strategic partnerships to localise their supply chains.

In renewable energy space, the ban on imported solar panels is matched with incentives, encouraging local production and innovation in solar technologies, offering a growth path for businesses willing to invest in Research and Development (R&D) and quality enhancement. Public sector entities, on their part, are not only obligated to align with revised procurement policies but also have the chance to lead by example in championing Nigerian-made goods and services.

Foreign investors must now reevaluate Nigeria’s value proposition not as a consumption-heavy market, but as an emerging production hub with policy support for industrial development. Across the board, the message is clear; alignment with Nigeria’s new economic direction is no longer optional, it is essential for sustainability and competitiveness.

Strategic Considerations for Successful Policy Implementation

To fully realize the transformative potential of the recent trade and industrial policies, the Nigerian government and all relevant stakeholders must ensure that implementation is underpinned by strong strategic foundations. These considerations are essential to translate policy ambition into measurable economic outcomes:

i) Infrastructure as a Backbone for Industrialisation: Sustainable local processing and manufacturing depend heavily on reliable infrastructure.

Priority must be given to expanding access to electricity, upgrading transportation networks (roads, ports, and rail), and improving logistics systems to reduce production costs and facilitate market access both domestically and across Africa.

ii) Human Capital Development: Policies alone will not build industries, people will. Investment in vocational training, technical education, and capacity-building initiatives is critical to developing a skilled workforce capable of operating new technologies, managing industrial systems, and driving innovation in agro-processing, manufacturing, and renewable energy.

iii) Standards and Quality Assurance Systems: Competitiveness in a liberalised and integrated market hinges on consistent quality. Strengthening institutions such as the Standards Organisation of Nigeria (SON), NAFDAC, and other regulators is necessary to enforce product standards, protect consumers, and enhance the global credibility of Nigerian-made goods.

iv) Access to Finance and Incentives: Local businesses, particularly MSMEs, require tailored financial support to adapt to new regulations and invest in processing infrastructure. The success of these policies will depend on the availability of affordable financing, tax incentives, grants, and credit support to stimulate capital investment and scale operations.

v) Regulatory Coordination and Policy Alignment: Inter-agency collaboration is vital to avoid duplication, streamline compliance, and support businesses in navigating overlapping rules. A coherent regulatory framework will foster confidence among investors and create an enabling environment for growth.

vi) Public-Private Partnerships (PPPs): The private sector must not be seen as a bystander but as a partner in industrial growth. Leveraging PPPs can unlock funding, technical expertise, and innovation while allowing government to focus on policy direction and oversight.

Conclusion

May 2025 will be remembered as a defining moment in Nigeria's economic history, the month the nation deliberately chose to back itself. From legislative chambers to executive directives, a consistent and unapologetic policy direction has emerged; one that places local content, value addition, and economic sovereignty at the heart of national development. These reforms are not isolated actions; they represent a coordinated effort to dismantle decades of overdependence on foreign goods and raw exports, and to build a resilient, innovation-driven, and self-sustaining industrial economy.

The policy changes are nor merely administrative; they reflect a long-term vision for transforming Nigeria into a competitive production hub within Africa and beyond. While this transition will inevitably come with operational challenges, the opportunities it unlocks are equally significant. Businesses that position early, adapt boldly, and invest locally will not only survive this new policy era but thrive within it.

The road ahead requires collective commitment from policymakers, industries, investors, and civil society to move from policy intent to implementation success. Strategic patience, institutional coordination, and stakeholder engagement will also be key and for those who embrace this shift, the rewards will be measured not just in profit, but in national transformation.

For more information and tailored guidance on navigating the new policy landscape, kindly reach us at contactus@tundeadisa.com

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If you require any further information or professional advice on navigating the new policy landscape, you can reach out to our Policy Desk at *contactus@tundeadisa.com* and we will be happy to provide any assistance you may need.

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