



POLICY BRIEF

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Title: Oversight of 2026 Fiscal Policy Measures on Import Duties, Excise Taxes, and Industrial Protection

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Executive Summary

The Federal Government has introduced a comprehensive set of fiscal policy reforms for 2026 aimed at restructuring Nigeria's trade and industrial environment. The measures include reductions in import duties on key commodities such as vehicles, rice, and industrial inputs, alongside the introduction of new excise taxes and a green surcharge regime. The policy also provides zero-duty incentives for critical machinery and infrastructure inputs to stimulate industrial growth, while incorporating supplementary protection measures such as Import Adjustment Taxes and selective import restrictions. These reforms are intended to align Nigeria's tariff framework with regional commitments, enhance competitiveness, support domestic production, and address inflationary pressures.

While the reforms reflect a strategic attempt to balance trade liberalisation with industrial protection, they raise significant policy concerns. Reduced import duties may expose local industries, particularly agriculture and manufacturing, to increased foreign competition without sufficient domestic capacity support. At the same time, new excise taxes and environmental surcharges may increase the cost of goods and services, potentially exerting inflationary pressure on households and businesses.

There are also concerns regarding the fiscal implications of the reforms, as lower import duties could reduce government revenue at a time of existing fiscal constraints. The introduction of multiple tariff instruments, including adjustment taxes and prohibition lists, may further create regulatory complexity, uncertainty for investors, and risks of inconsistent implementation. Questions also arise regarding transparency in tariff-setting processes, enforcement capacity, and alignment with Nigeria's obligations under regional and continental trade agreements.

These challenges highlight the risk of policy contradictions, where simultaneous efforts to liberalise imports and protect domestic industries may undermine overall economic outcomes if not carefully managed. Without clear implementation frameworks, monitoring mechanisms, and stakeholder engagement, the reforms may fall short of their intended objectives.

Given its constitutional role, the National Assembly has a critical responsibility to ensure that these fiscal measures are transparent, balanced, and aligned with Nigeria's long-term development goals. Legislative oversight is necessary to safeguard domestic industries, ensure fiscal sustainability, and promote policy coherence.

Accordingly, the National Assembly, through its Committees on Finance, Customs and Tariff, Trade and Investment, Industry, Agriculture, and National Planning, may consider the following actions:



1. Convene a multi-stakeholder oversight hearing by inviting the Federal Ministry of Finance, Nigeria Customs Service, Nigeria Revenue Service, Ministry of Industry, Trade and Investment, and key private-sector stakeholders to clarify the rationale behind tariff reductions and new taxes and assess expected impacts on revenue, inflation, and industrial growth.
2. Assess impact on local industries by commissioning a comprehensive impact assessment on agriculture (rice, palm oil, and sugar), manufacturing, SMEs, and automotive and steel sectors to determine whether adequate safeguards exist.
3. Review revenue implications by examining the net fiscal impact of reduced import duties versus increased excise taxes to ensure revenue neutrality or sustainability and alignment with budgetary projections
4. Mandate periodic reporting from relevant agencies on compliance with new tariff structures, effectiveness of import adjustment taxes and enforcement of prohibition lists.
5. Advise the federal government to also develop mitigation measures to address potential price increases from excise taxes and supply disruptions during the transition period.
6. Ensure that full details of the policy (as indicated for publication in the official gazette) are publicly accessible and subject to stakeholder consultation and feedback.

Background:

The Federal Government has introduced a comprehensive set of fiscal policy reforms for 2026, aimed at restructuring Nigeria's trade and industrial environment¹. The policy includes significant reductions in import duties on key commodities such as vehicles, rice, palm oil, and industrial inputs, alongside the introduction of new excise taxes and a green surcharge regime. It also provides zero-duty incentives for critical machinery and infrastructure inputs to stimulate industrial growth.

These measures are designed to align Nigeria's tariff structure with the Economic Community of West African States

Common External Tariff framework, while supporting domestic production, enhancing trade competitiveness, and addressing inflationary pressures on essential goods.

Notably, the reforms also introduce Supplementary Protection Measures, including Import Adjustment Taxes and selective import prohibitions, alongside a phased transition plan extending to 2036. The policy reflects a delicate balancing act between trade liberalisation and protection of local industries.

¹ Nduka Chiejina, N. (2026, April 11). FG cuts import duties on cars, rice, others in 2026 policy. The Nation. <https://thenationonline.ng/net/fg-cuts->

[import-duties-on-cars-rice-others-in-2026-policy/amp/](https://thenationonline.ng/net/fg-cuts-import-duties-on-cars-rice-others-in-2026-policy/amp/)



However, fiscal policy changes of this scale have far-reaching implications for government revenue, domestic industries, consumer prices, inflation, and Nigeria's broader economic stability. Historically, similar policy shifts in Nigeria have produced mixed outcomes, particularly where implementation gaps, policy inconsistencies, and weak monitoring frameworks hinder intended objectives.

Given these complexities, proactive legislative oversight is critical to ensure that the policy achieves its stated goals without unintended negative consequences for local production, employment, and fiscal sustainability.

Issue:

The 2026 fiscal policy reforms, while ambitious, raise several critical concerns that require legislative attention. The reduction in import duties on food and manufactured goods may harm local industries, particularly agriculture and manufacturing, by exposing them to increased foreign competition without corresponding domestic capacity support.

At the same time, the introduction of new excise taxes and green surcharges could increase the cost of goods and services, with potential inflationary effects on consumers and businesses. There are also concerns regarding revenue implications, as lower import duties may reduce government earnings at a time of fiscal constraints.

Furthermore, the implementation of Import Adjustment Taxes and prohibition lists introduces complexity and potential for regulatory inconsistencies, which could create uncertainty for investors and traders. Questions also arise about transparency in tariff-setting, enforcement capacity, and alignment with Nigeria's commitments under regional and continental trade frameworks

such as ECOWAS and the African Continental Free Trade Area (AfCFTA).

Without clear safeguards, monitoring mechanisms, and stakeholder engagement, these reforms risk creating policy contradictions, simultaneously liberalising imports while attempting to protect domestic industries, thereby weakening overall economic outcomes.

Rationale for Legislative Actions:

Legislative intervention is essential to ensure that the fiscal policy reforms are effectively implemented, balanced, and aligned with Nigeria's long-term economic development objectives.

1. The National Assembly has the constitutional mandate to oversee fiscal policy and revenue frameworks, particularly where such policies impact national income, taxation, and economic stability. Duty reductions and new tax regimes directly affect government revenue and require scrutiny to ensure fiscal sustainability.
2. There is a need to safeguard domestic industries from adverse effects of trade liberalisation. Without adequate legislative oversight, local manufacturers and farmers may face unfair competition, leading to job losses and reduced industrial capacity.
3. Transparency and accountability in the design and implementation of tariffs, excise duties, and protection measures are critical. Legislative engagement can help ensure that these policies are evidence-based, predictable, and consistent with national and international obligations.



4. Given Nigeria's commitments under regional trade frameworks, the National Assembly must ensure that policy measures are coherent, legally compliant, and supportive of regional integration without compromising domestic economic interests.

Recommendations to the National Assembly:

The National Assembly through its Committees on Finance; Customs, Excise and Tariff; Trade and Investment; Industry; Agriculture; and National Planning, may wish to consider the following actions:

1. Convene a multi-stakeholder oversight hearing by inviting the Federal Ministry of Finance, Nigeria Customs Service, Nigeria Revenue Service, Ministry of Industry, Trade and Investment, and key private-sector stakeholders to clarify the rationale behind tariff reductions and new taxes and assess expected impacts on revenue, inflation, and industrial growth.
2. Assess impact on local industries by commissioning a comprehensive impact assessment on agriculture (rice, palm oil, and sugar), manufacturing, SMEs, and automotive and steel sectors to determine whether adequate safeguards exist.
3. Review revenue implications by examining the net fiscal impact of reduced import duties versus increased excise taxes to ensure revenue neutrality or sustainability

and alignment with budgetary projections

4. Mandate periodic reporting from relevant agencies on compliance with new tariff structures, effectiveness of import adjustment taxes and enforcement of prohibition lists.
5. Advise the federal government to also develop mitigation measures to address potential price increases from excise taxes and supply disruptions during the transition period.
6. Ensure that full details of the policy (as indicated for publication in the official gazette) are publicly accessible and subject to stakeholder consultation and feedback.

Conclusion:

The 2026 fiscal policy measures represent a significant shift in Nigeria's trade and economic strategy, with the potential to reshape key sectors of the economy. While the reforms aim to stimulate growth, enhance competitiveness, and align with regional frameworks, they also carry risks related to revenue, inflation, and industrial sustainability.

Proactive and sustained legislative oversight is therefore essential to ensure that these measures deliver inclusive economic benefits while minimising unintended consequences. By providing strategic scrutiny, ensuring transparency, and promoting policy coherence, the National Assembly can play a critical role in safeguarding Nigeria's economic stability and long-term development.

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