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Legborsi NWIABU

The Role Of The Private Sector In The National Implementation Process Of The AfCFTA In Nigeria



African Continental Free Trade Area (AfCFTA)

- The African Continental Free Trade Area (AfCFTA) is a free trade area founded in 2018, with trade commencing as of 1 January 2021.
- It was created by the African Continental Free Trade Agreement among 54 of the 55 African Union nations.
- The African Continental Free Trade Agreement (AfCFTA) aims to unite 1.3 billion people, creating a \$3.4 trillion economic bloc that could usher in a new era of development.
- Accra, Ghana serves as the Secretariat of AfCFTA and was commissioned and handed over to the AU by the President of Ghana Nana Akufo-Addo on August 17, 2020 in Accra

STRUCTURE OF NIGERIAN ECONOMY & AfCFTA

- On July 7, 2019, Nigeria signed the AfCFTA agreement in Niamey during the 12th extraordinary session of the Assembly of the African Union.
 - The Federal Executive Council (FEC) initially approved the signing of the AfCFTA Agreement on March 14 2021, following the conclusion of negotiations for Stage 1 of the Agreement.
 - However, this approval was suspended due to the need to critically evaluate the Agreement, with respect to Nigeria's national interest and determine the implications for the economy.
 - Federal Government approved the ratification of the Agreement on November 4, 2020, and deposited the instrument of ratification on December 15, 2020, becoming the 34th State Party to ratify the treaty.
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- SERVICES SECTOR ACCOUNT FOR 52% OF GDP
TELECOMS, FINANCE, BUSINESS, EDUCATION, RECREATIONAL SERVICES, TOURISM, TRANSPORTATION
 - AGRICULTURE ACCOUNTS FOR 24%
 - MANUFACTURING ACCOUNTS FOR 9%
 - MINING AND QUARY ACCOUNTS FOR 8.8%

THE BENEFITS OF AFCFTA TO THE NIGERIAN ECONOMY

- Larger market access, free movement of labor, goods, services and capital.
- The AfCFTA Agreement will motivate Nigerian SMEs to expand their businesses to other African countries.
- Foster business growth and increase profit as well as contribute substantially to the development of the manufacturing sector.
- Increase in job opportunities and the demand for labor, thus reducing unemployment.
- Create an opportunity for Nigerian professionals to seek employment in other African countries.
- Overall, the AfCFTA Agreement is projected to create over 13 million stable jobs.
- Increase export of commodities (particularly agricultural and other non-oil commodities), manufactured products as well as services.
- Increase GDP and contribute significantly to external reserves accretion.
- A likely influx of FDI into the country.
- On one hand, manufacturers are likely to set up their plants and hubs in Nigeria to take advantage of the large market.
- On the other hand, the opening of the economy to foreign companies will increase the number of companies listed on the Nigerian Stock Exchange,

This will boost the performance of the capital market and attract foreign and domestic investors.

National Action Committee on AfCFTA

- ❑ A Presidential National Action Committee on AfCFTA (NAC-AfCFTA) was constituted and inaugurated on November 19, 2019 to proffer viable strategies for the implementation of AfCFTA. The committee consists of Government Ministries, Departments and Agencies (MDAs), the organized private sector, academics, and representatives of the civil society.
- ❑ The committee's mandate is to coordinate all AfCFTA readiness interventions, monitoring the implementation of the Agreement as well as working towards its ratification.
- ❑ Consequently, the NAC-AfCFTA set up 14 Workstreams to drive the implementation of the Agreement and engage stakeholders across all sectors of the economy.

These Workstreams are broadly categorized into:

- ❑ Goods (Manufacturing, Agriculture, Oil & Gas, and Mining & Other Extractives).
- ❑ Trade in Services (Communications and Digital Services, Financial Services and Investment Mobilization, Travel, Tourism and Creative Industries, and Transport and Business Services)
- ❑ Trade Enablement (Non-Tariff Barriers Elimination, Power Services, Border Rules of Origin, Trade Facilitation, and Policies, Regulation and Laws)
- ❑ Export Market Development Workstream (cuts across both Trade in Goods and Trade in Services).

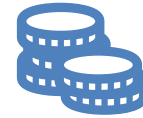
COMPETITIVENESS CHALLENGES



HICH ENERGY COST



HIGH TRANSPORTATION
COST [DOMESTIC
CONNECTIVITY]



HIGH TRANSACTION
COSTS AT THE PORTS



HIGH COST OF FUNDS



HIGH COST OF
INTERMEDIATE
PRODUCTS



FOREIGN EXCHANGE
POLICY [STRONG
CURRENCY]

Government Approaches vs. Private Sector

- Nigeria's land border closure that places restriction on imports and exports, in a bid to curb smuggling from the west African sub region in August 2019.
- Sudan closed its border with Libya and Central African Republic in September 2019, citing security and economic dangers.
- Kenya shut its border with Somalia in June 2019, citing increased illegal trade and human drug trafficking.
- Eritrea's closure of borders with Ethiopia in April, 2019.
- Rwanda shut down borders with Uganda over diplomatic rows in March 2019
- Equatorial Guinea constructed a border wall to prohibit Cameroonians and West Africans in August 2019
- Nigeria forex exclusion list – about 43 items classes

WHAT CAN THE PRIVATE SECTOR DO?

- Continue to trade against the tides in Africa
- Support capacity building on trade laws, agreements and requirements for market access and entry under AfCFTA
- Create awareness on Market access opportunity
- Regional Value Chain Development
- Africa-to-Africa Investment including Impact Investing
- Advocate for adoption and implementation of every trade related treaty instruments – e.g Protocol on Free Movement, SAATM etc
- Facilitate Inclusive Trade Policies for women and youths, climate change and circular economy
- Build stronger BMOs and Chambers of Commerce

WE CAN NOT CONTINUE LIKE THIS



THANK YOU FOR THE OPPORTUNITY

