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NIGERIA, ECOWAS AND THE ROAD TO THE AFCFTA

The African Continental Free Trade Area (AfCFTA) is aimed at creating a single market for goods and services and boost Intra-African trade. The Agreement to create the AfCFTA was signed in Kigali, Rwanda on 21st March 2018 by 27 countries. Subsequently, other African countries signed the Agreement, with Nigeria being the latest to sign on 7th July 2019 thereby bringing the total number of participating countries to 54 (leaving Eritrea as the only country yet to sign the agreement). Presently, 28 African Union (AU) member states have deposited their instruments of ratification with the African Union Commission (AUC). The countries are: Ghana, Kenya, Rwanda, Niger, Chad, Congo Republic, Djibouti, Guinea, Eswatini (former Swaziland), Mali, Mauritania, Namibia, South Africa, Uganda, Ivory Coast (Côte d'Ivoire), Senegal, Togo, Egypt, Ethiopia, The Gambia, Sierra Leone, Saharawi Republic, Zimbabwe, Burkina Faso, São Tomé and Príncipe, Gabon, Equatorial Guinea and Mauritius.[1] By the number of participating countries, the AfCFTA is considered “the world’s largest free trade zone since the establishment of the World Trade Organization in 1994.”[2]

Article 5 of the AfCFTA stipulates its governing principles, two of which are that the AfCFTA is to be driven by AU member states and that the Regional Economic Communities’ (RECs) Free Trade Areas (FTAs) will serve as building blocs for the AfCFTA. This article narrows down these two principles by considering Nigeria as one of the AU member states and the Economic Community of West African States (ECOWAS) as one of the RECs.

NIGERIA AND THE AFCFTA

Nigeria is the largest economy in Africa. With a population of over 200 million people,[3] it is difficult to ignore Nigeria in the AfCFTA process. Furthermore, although Nigeria only recently signed the AfCFTA, its trade environment has become saturated with strategic deliberations aimed at identifying the challenges and maximising the prospects of the AfCFTA. Having signed the Agreement, further steps to be taken by the country include depositing its instrument of ratification with the Chairperson of the AUC, negotiating the terms of the Agreement and working on its implementation.

OPPORTUNITIES FOR NIGERIA UNDER THE AFCFTA

Present statistics show that Nigeria is currently not maximising its export potentials in the non-oil sectors with oil exports such as mineral fuels, oils and distillation products constituting 94% of Nigeria’s total exports in 2018.[4] However, according to the African Development Bank (AfDB), the AfCFTA “will stimulate intra-African trade by up to \$35 billion per year, creating a 52 per cent increase in trade by 2022; and a vital \$10 billion decrease in imports from outside Africa.”[5] Thus the AfCFTA may present an incredible opportunity for Nigeria to boost its non-oil exports and services in the continent and fully exploit its status as the “giant of Africa.”[6]

[1] TRALAC trade law center, African Continental Free Trade Area (AfCFTA) Legal Texts and Policy Documents, (TRALAC, 2019) <https://www.tralac.org/resources/our-resources/6730-continental-free-trade-area-cfta.html> accessed 6th December 2019.

[2] Grace Shao, What you should know about Africa’s massive, 54-country trade bloc (Grace Shao, July 11th 2019) <https://www.cnn.com/2019/07/11/africa-free-trade-what-is-the-afcta.html> accessed on 6th December 2019.

[3] Melisser Cook, This Country Recently Became Africa’s Largest Economy. Now It’s Too Big for Businesses to Ignore (Melisser Cook, June 14 2019). <https://www.brinknews.com/this-country-recently-became-africas-largest-economy-now-its-too-big-for-businesses-to-ignore/> accessed on 6th December 2019.

[4] Trading Economics, Nigeria Exports by Category (Trading Economics, 2019) <https://tradingeconomics.com/nigeria/exports-by-category> accessed on 6th December 2019.

[5] CSEA, AfCFTA: What It Means for Nigeria (CSEA, 2019) <http://cseaafrica.org/afcta-what-it-means-for-nigeria/> accessed on 6th December 2019.

[6] Selin Muhasilovic, The giant of Africa: Nigeria (Selin Muhasilovic, 8th November 2016) <https://www.aa.com.tr/en/africa/the-giant-of-africa-nigeria/680831> accessed on 6th December 2019.

ONGOING TRADE NEGOTIATIONS

The Nigerian Office for Trade Negotiations (NOTN) is the institutional framework and foundation for Nigeria's trade policy infrastructure.[7] It is the agency charged with negotiating trade agreements, such as the AfCFTA, on behalf of Nigeria. The NOTN is under the purview of the Federal Ministry of Industry Trade and Investment. The NOTN is currently consulting with stakeholders in key sectors of the economy on the annexes to the Agreement. To aid such consultations, the NOTN inaugurated the Nigerian Coalition of Services Industry (NCSI) to serve as a lobby group to support trade in services. For trade in goods, the Manufacturers Association of Nigeria has championed the deliberations for favorable negotiations of the AfCFTA protocols.

The negotiations are in two phases: phase 1 is on goods and services liberalization covering three main protocols: Protocol on Trade in Goods, Protocol on Trade and Services, and Protocol on the Settlement of Disputes. Phase 2 is on regulatory trade issues that take place "behind the border." [8] These include: the Protocol on Competition Policy, Protocol on Intellectual Property, and Protocol on Investment.

Information gathered from the NOTN reveals that at the moment, only one annex to the Protocol on Trade in Services has been concluded. The other annexes are yet to be completed because deliberations are ongoing to determine

which aspect of Nigeria's services will be liberalized. Conversely, eight of the annexes to the Protocol on Trade in Goods have been concluded leaving the schedule of Tariff Concessions. Although the annexes on Rules of Origin is complete, the appendix 4 on product specific goods is about 88% complete. The outstanding 12% deals with critical sectors such as sugar, automobile, textile and edible oil. It was noted that guidelines are to be developed by the Council of Ministers for implementation of the rules, as they will help determine what goods qualify as gross economic reserve. The guideline will also help to designate infant industries which will be shielded from liberalization under the AfCFTA.

ECOWAS and the AfCFTA

ECOWAS comprises of 15 member states with Nigeria being the key economic player in the region. Although the AfCFTA negotiations are led by member states, the significance of ECOWAS cannot be undermined. Article 19 of the Agreement provides for its superiority to any regional agreement in the event of any inconsistency. However, paragraph 2 of the Article allows members of RECs to maintain higher levels of regional integrations amongst themselves beyond the provisions of the AfCFTA.

As building blocs for the AfCFTA, the ECOWAS FTAs and its Common External Tariffs have provided experiences which have formed the basis of negotiating tariff concessions of the AfCFTA for the ECOWAS member states. It is therefore expected that ECOWAS will facilitate

[7] NOTN, Our Mandate (NOTN, 2018) <https://www.notn.gov.ng/mandate> accessed on 6th December 2019.

[8] Brookings, Keys to success for the AfCFTA negotiations (Brookings, May 2019) https://www.brookings.edu/wp-content/uploads/2019/05/Keys_to_success_for_AfCFTA.pdf accessed on 6th December 2019.

a common tariff concession for the region as it has continued to provide a guide to its member states to aid negotiations and coherence of position.

According to the UNCTAD,[9] the trade statistics of the RECs vary according to their level of development, economic diversification and industrialisation.[10] It was reported that in 2016, intra-regional economic community trade was highest in SADC[11] (\$34.7 billion), followed by CEN-SAD[12] (\$18.7 billion), ECOWAS (\$11.4 billion), COMESA[13] (\$10.7 billion), AMU (\$4.2 billion), EAC[14] (\$3.1 billion), IGAD[15] (\$2.5 billion) and ECCAS[16] (\$0.8 billion). These statistics provide an insight to the capacities of the regions to take advantage of the AfCFTA. By implication, ECOWAS has a huge role to play in facilitating the readiness of its member states towards implementation of the AfCFTA.

CONCLUSION

The AfCFTA will certainly transform intra-African trade, promote economic and industrial development of the continent and boost competitiveness. The recurrent theme in the AfCFTA deliberations in Nigeria has been the need to improve infrastructure, strengthen the manufacturing industry, improve security, ease of doing business and boost the country's competitiveness ahead of the full implementation of the Agreement. As such, the road to the AfCFTA is more than trade negotiations. Adequate preparation and capacity building is required, both nationally and regionally, in order to maximize the benefits of the Agreement upon implementation.

[9] United Nations Conference on Trade and Development

[10] UNCTAD, Economic Development in Africa Report 2019 (UNCTAD, 26th June 2019) https://unctad.org/en/PublicationsLibrary/aldcafrica2019_en.pdf accessed on 6th December 2019

[11] The Southern African Development Community

[12] The Community of Sahel-Saharan States

[13] The Common Market for Eastern and Southern Africa

[14] The East African Community

[15] The Intergovernmental Authority on Development

[16] The Economic Community of Central African States

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