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African Continental Free Trade Agreement (Afcfta) And The Region's Economic Development: The Nigeria Perspective

Anowia, Victoria Tochukwu

Department of Political Science, Nnamdi Azikiwe University, Anambra State, Nigeria.

Abstract: *It is expected that the AfCFTA will help unlock Africa's long-stymied economic potential, by boosting intra-regional trade, strengthening supply chains, and strongly enhancing inter-African trade/exports especially non-extractive exports, tapping from the huge potential of a larger African market. While not disputable that Nigeria is relatively hugely endowed with crude oil, it has been a running battle, the country's inability to diversify the exportable base over the years. This casts serious doubts on how the country will benefit from the AfCFTA deal if crude oil is the only major product Nigeria has on offer for the continent. Sequel to the above, this work examined the purported benefits of African Continental Free Trade Agreement (AfCFTA) on the Nigerian economy in particular and Africa cum ECOWAS community in general. Documentary method of data collection was adopted and analyzed using content analysis. This paper observed that AfCFTA will offer Nigerian products and services, preferential access to the huge African market. However, issues of poor and inadequate trade-related infrastructure, risk of smuggling and abuse of rules of origin, fear of dumping of goods from the more manufacturing-oriented nations like South Africa and so on need to be adequately tackled. The study recommended that the Nigerian government needs to embark on massive infrastructural development especially trade-related infrastructures, diversify the economy away from crude oil and lubricants, a vision that must be deliberate and determinedly pursued, develop its human capital and imperatively, tackle insecurity objectively.*

Keywords: International Trade, Economic development, Tariff

1. Introduction

The AfCFTA treaty is one of the flagship initiatives of the African Union Agenda 2063 with the first phase of the agreement adopted and signed by the African Union Heads of States and Governments at its 10th Extraordinary Summit in Kigali, Rwanda, on March 21, 2018. The operational phase of the AfCFTA was launched during the 12th Extraordinary Session of the Assembly on the AfCFTA in Niamey in July 2019. The AfCFTA is governed by five operational instruments, i.e. the Rules of Origin; the online negotiating forum; the monitoring and elimination of non-tariff barriers; a digital payments system and the African Trade Observatory.

The AfCFTA agreement signing has been described as a momentous occasion in the history of the continent, and a major milestone towards the realization of the African Union's Agenda 2063 – the Africa We Want - that translates to the strategic framework for the socio-economic transformation of the continent (Ismail, 2016). It is expected that the AfCFTA will help unlock Africa's long-stymied economic potential, by boosting intra-regional trade, strengthening supply chains, and strongly enhancing inter-African trade/exports especially non-extractive exports. It has been variously canvassed that the AfCFTA if successfully implemented would unite approximately 1.3 billion people, create a $3.4 trillion economic bloc and usher in a new era of development in Africa (Berthelot, 2017; Azikiwe, 2018).

General Objective

- The main objectives of the AfCFTA are to create a single market for goods and services, facilitated by movement of persons in order to deepen the economic integration of African continent and in accordance with the Pan African Vision of "integrated, prosperous and peaceful Africa" enshrined in Agenda 2063.

2. Method of Data Collection/ Analysis

This study employed documentary method of data collection. Contents of documentary materials related to the subject matter such as newspapers, published articles and so on were examined. In addition, this work utilized content analysis as the method of data analysis. This method helped in making replicable and valid inferences by interpreting textual materials and systematically evaluating them. The meaning were extracted and based on logical chain of evidence, inferences were drawn upon and conclusion made.

3. Nigeria's Involvement in AfCFTA DEAL

Nigeria did not initially assent to the agreement until July 8th, 2019 in Niamey during the 12th Extraordinary Session of the Assembly on AfCFTA, the Nigerian President, Muhammadu Buhari, posited that the envisaged benefits of AfCFTA were yet to be ascertained and wanted to carry along all stakeholders. The President harped on the need for proper consultation in order to earn their consent and participation and also to ensure that the nation's interests as well as its regional and international obligations are balanced. Moreover, the free flow of goods into the country was opined to have stifling effect on the growth of domestic businesses in the long run, hence a detailed analysis of costs and benefits was deemed necessary before consent or otherwise (Onwuka & Ozegbe, 2020).

However, this is similar to going back to the Nigerian Indigenization Policies of 1970s in which the manufacturing sector was closed, in protection of local industries. It was obvious that protectionism did not work well for the local industries. The factors responsible include underdeveloped financial market, difficulties in accessing finance and loans, exorbitant and discouraging interest rate regimes, government competition with domestic industries, poor infrastructural development (especially electricity, transport and water), lack of technology, underdeveloped human capital, among others (Adamu, 2018).

3.1. An Overview of Nigeria's Trade Statistics and Dynamics Before and During the Trade Facilitation Agreement of 2014

Economists have incorporated trade costs in their estimation and modeling of trade benefits to Nigeria which include all costs incurred which will increase the prices of traded goods from the process of production to delivery, between the exporters (or producers) to the domestic consumers in the importing countries, and from domestic producers to ultimate consumers.

The aggregation of trade costs in the interrogation of the potential benefits enunciated in the AfCFTA to which Nigeria has formally assented will help us to better understand how trade costs impact on trade flows into Nigeria and provide the basis for analyzing whether the country can optimally benefit from the AfCFTA to which they are now a party. It has been argued that Nigeria's lack-luster performance in global trade is largely attributable to high and rising cost of trade occasioned by trade policy barriers, trade-related infrastructure deficiencies, domestic regulatory bottlenecks as reflected in the logistics performance index (LPI) and doing business trading across borders index (TBI) and poor institutional quality (UNCTAD, 2012, 2013, 2014, and 2015).

Table 2.1 Nigeria's selected Trade Statistics

Year	% of Total Merchandise (Import)	%of Total Merchandise (Export)	Total Trade	Tariff	Tariff (All Products)
2005	16.87	1.1	17.98	13.67	-
2006	17.62	1.01	18.63	13.04	10.55
2007	19.86	1.09	21.05	12.07	10.59
2008	1789	1.07	18.96	9.79	10.62
2009	18.61	1.09	19.70	9.70	10.82
2010	21.42	1.26	22.67	9.61	9.94
2011	22.42	1.31	23.78	10.2	11.06
2012	15.16	1.55	16.71	-	11.16
2013	15.78	1.10	16.88	9.9	-
2014	15.79	1.24	17.03	11.78	11.35

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2015	16.06	1.04	17.10	8.4	-
2016	19.84	0.99	20.82	9.72	11.27
2017	15.55	1.12	16.67	-	12.44
2018	12.52	1.08	72.60	8.88	12.60

Source: Word Development indictors, 2019

As shown in Table 2.1, Nigeria's trade statistics have been dismal over the last two decades. For instance, for the period 2005 – 2018, the total trade volume in Nigeria has hovered around 16-20%. In terms of contribution to global trade, this amount to less than 1% contribution to global trade (UNCTAD, 2018). Again, the country's export trade has hovered around 1% - 2% for the entire period 2005 – 2018. In other words, in terms of contribution to global trade, the country's contribution to global export was approximately 0.6% in 2011 and by 2018; it has depreciated to approximately 0.20% (UNCTAD, 2018). In terms of global imports, the story is not better. Indeed, the country's share of global import has oscillated from 0.15% in 2005 to approximately 0.20% in 2018 (UNCTAD, 2018).

Table 2.2 Cross Border Trade Indicators for Nigeria and its major Trading Partners (2005-2013 and 2014-2018)
Exports

Pre – TFA Period (2005 – 2013) **During TFA Period (2014 – 2018**

Countries	Number of Documents Required	**Days Spent**	**Cost (US$ Per Container)**	**Time: Documentary Compliance(hours)**	**Cost(US$ Per container Documentary Compliance**
Nigeria	**9.1**	**26.6**	**1195.78**	**131**	**25.0**
Belguim	**4**	**9**	**1233.67**	**1**	**0**
Brazil	**6**	**14.7**	**1378.81**	**22**	**226.00**
China	**8**	**212**	**503.67**	**21**	**85.00**
Coted'ivoire	**9**	**24.1**	**1659.67**	**120**	**136.00**
France	**3**	**11.4**	**1285.00**	**1**	**0**
Germany	**4**	**8.3**	**852.78**	**1**	**45.00**
Ghana	**6**	**22.3**	**765.00**	**89**	**155.00**
Egypt	**7**	**19.1**	**960.00**	**40**	**99.00**
Italy	**3**	**19.9**	**1260.33**	**1**	**0**
Japan	**3**	**11**	**884.92**	**2**	**60.00**
Netherlands	**4**	**7**	**920.00**	**1**	**0**
Norway	**4**	**8**	**963.78**	**2**	**0**
Singapore	**3**	**6**	**445.11**	**2**	**37.00**
South Africa	**6.6**	**23**	**947.02**	**68**	**770.00**
Spain	**4**	**10**	**1194.89**	**1**	**0**
Sweden	**3**	**9**	**673.44**	**1**	**40.00**
Turkey	**7.2**	**14.8**	**909.00**	**5**	**87.00**
U.A. E	**3.4**	**8**	**559.22**	**6**	**178.00**
U.K	**4**	**9.1**	**1015.00**	**4**	**25.00**
U.S	**3**	**6**	**1030.44**	**2**	**60**

Source: Computation Data from World Economic Forum (Cited in Onwuka & Ozegbe, 2020).

Again, it takes approximately 27 days to complete an export business in Nigeria as against 22 days in Ghana, 19 days in Egypt and 23 days in South Africa. In the United States, it takes only 6 days to complete similar transaction and 7 days in Netherlands. In terms of cost per container in US dollar, it takes approximately US$1,200 for export business in Nigeria as against US$765 in Ghana, US$960 in Egypt and US$947 in South Africa prior to the trade facilitation agreement (TFA) in 2014.

Elsewhere in Europe, it takes approximately US$670 in Sweden per container and US$852 in Germany and approximately US$1,000 in the United States of America. Moreover, during the trade facilitation agreement (TFA) era commencing at 2014, it takes 131 hours for documentary compliance for export trade in Nigeria as against 89 hours in Ghana, 40 in Egypt and 68 in South Africa. In the United States, it takes only 2 hours for documentary compliance in export and 1 hour in Spain and Sweden respectively for similar trade.

Finally, the documentary compliance cost per container during the TFA era is US$250 in Nigeria as against US$155 in Ghana, US$99 in Egypt, US$136 in Cote d'Ivoire and US170 in South Africa. Elsewhere in Europe, the process of documentary compliance for export trade per container is costless in dollar terms as obtained in France, Italy, Netherlands, Norway and Spain

Table 2.3 **Imports**

Pre – TFA Period (2005 – 2013) **During TFA Period (2014 – 2018**

Countries	Number of Documents Required	Days Spent	**Cost (US$ Per Container)**	**Time: Documentay Compliance (hours)**	**Cost (US$ Per container Documentary Compliance**
Nigeria	**13.5**	**42.1**	**1408.83**	**173**	**564.00**
Belguim	**4**	**8.7**	**1400.00**	**1**	**0**
Brazil	**8**	**19.2**	**1567.70**	**137.33**	**107.00**
China	**5.4**	**24.2**	**542.78**	**66**	**171.00**
Coted'ivoire	**13**	**38.7**	**2201.00**	**113**	**267.00**
France	**3.9**	**12.2**	**1378.33**	**1**	**0**
Germany	**4**	**7**	**874.44**	**1**	**45.00**
Ghana	**7**	**42.4**	**1122.78**	**301.33**	**474.00**
Egypt	**10**	**24.9**	**1181.67**	**62.33**	**142.00**
Italy	**3**	**18**	**1210.33**	**1**	**0**
Japan	**5**	**11**	**1090.28**	**3**	**100.00**
Netherlands	**4.8**	**6**	**982.67**	**1**	**0**
Norway	**5**	**7**	**820.00**	**2**	**0**
Singapore	**3**	**4**	**415.11**	**3**	**40.00**
South Africa	**6.8**	**31.8**	**1626.11**	**36**	**213.00**
Spain	**4,6**	**9.8**	**1265.22**	**1**	**0**
Sweden	**3**	**6**	**696.33**	**1**	**0**
Turkey	**9.1**	**16.7**	**1067.22**	**1**	**142.00**
U.A. E	**5.9**	**8.1**	**548.22**	**12**	**1228**
U.K	**4**	**7.1**	**116.22**	**2**	**283.00**
U.S	**5**	**5**	**1251.22**	**8**	**100.00**

Source: Computation based on Data from World Economic Forum (Various Years) and Trade Data Analysis (Cited in Onwuka & Ozegbe, 2020).

From Table 2.3, Nigeria's trade indicators for imports are not competitive enough compared to peer-countries in the region or selected major trading partners from Europe and the United States of America. For instance, it takes approximately 14 documents to complete an import trade in Nigeria compared to 7 in Ghana, 10 in Egypt and approximately 7 in South Africa. Elsewhere in Europe, it takes an average of 5 documents in Spain, 4 in Germany and the United Kingdom respectively, and 5 in the United States of America. Moreover, it takes approximately 42 days prior to TFA to complete import transactions in Nigeria as against 25 days in Egypt, 32 in South Africa and 42 in Ghana. It takes approximately 17 days in Turkey, 7 in Germany and United Kingdom and 5 days in the United States of America.

In terms of cost per container, it takes approximately US$1,400 in Nigeria as against US$1,122 in Ghana, US$1,181 in Egypt and US$1,600 in South Africa. In Singapore, it takes about US$400 for similar transactions while it costs US$1,166 in the United Kingdom and US$1,251 in the United States. Nigeria has a little comparative advantage over Ghana in terms of time taken for documentary compliance during the TFA period 2014 – 2018. It takes 173 hours in Nigeria for documentary compliance as against approximately 300 hours for Ghana. However, Nigeria compares less favorably with Egypt, South Africa and Cote d'Ivoire where it takes 62, 36 and 113 hours respectively for documentary compliance. Elsewhere, it takes only 1hour in Belgium, France, Germany, Italy, Netherlands, Spain, Sweden and 2 hours in United Kingdom for documentary compliance in import trade for the period under review.

Finally, in terms of cost (US$) per container for documentary compliance during the TFA period, it takes approximately US$560 in Nigeria to ensure compliance with required documentation per container as against US$474 in Ghana, US$142 in Egypt and US$213 in South Africa. However, in the United States of America, it costs just US$100, while elsewhere in Europe such as Belgium, France, Netherlands, Norway, Spain, Sweden and the United Kingdom cost (US$) per container for documentary compliance during the TFA period is zero.

4. Arguments against Nigeria's Concession to AfCFTA

Nigeria is a mono-product economy simply because her exports over the years consist largely of crude oil and lubricants. While not disputable that Nigeria is relatively hugely endowed with crude oil, it has been a running battle, the country's inability to diversify the exportable base over the years. Non-diversification has huge implications of over-dependence on crude oil revenue, and relatedly on external or exogenous factors, unexpected truncation of which naturally spells tremendous funding disaster for the smooth operation of the nation. For instance, for the period 2005 to 2018, the country's export of crude oil and lubricants accounted for approximately 93% of the country's total exports. This casts serious doubts on how the country will benefit from the AfCFTA deal if crude oil is the only major product Nigeria has on offer for the continent. Besides, major consumers and buyers of Nigeria's crude oil are countries in America, Asia and Europe with America and China taking the lead. Also Angola is a major rival to Nigeria in crude oil production in the continent and countries like Kenya and South Africa – two of the economic power-houses in Africa, and Ghana (a rising star), will prefer a trade deal with Angola than Nigeria (Onwuka & Ozegbe, 2020). Moreover, most countries in the African continent have traditionally preferred to import crude oil from outside the continent due to political and other trade-related reasons and it is unlikely this trend will change even with the AfCFTA deal in place. Nigeria's poor trade related infrastructure especially maritime logistics may not help matters in this regards.

Nigeria has generally poor and inadequate trade-related infrastructure. For instance, the total road networks comprising of motorways, highways and regional roads are highly inadequate and many of them in decrepit and dilapidated states. These can impact negatively on Nigeria's international trade opportunities with implication for higher trade costs and eroding the economy of the trade opportunities available. In other words, the opportunity which AfCFTA purports to provide for improved and increased trade relations in the continent may not be exploitable by Nigeria. Other countries in the continent with better trade-related infrastructures might be the ones that will benefit from the AfCFTA deal ultimately.

In addition, there is the fear of dumping of goods from the more manufacturing-oriented nations like South Africa to a consumption-oriented nation like Nigeria. For instance, the cost of production of goods in Nigeria is estimated to be higher compared to some countries like South Africa and Egypt (Azikiwe, 2018.) This means that these countries with low production costs can afford to export goods into Nigeria and sell at lower prices. Consequently, the domestic businesses would be unable to compete favorably as Nigerians would eventually settle for these cheaper alternatives. It has been suggested that as long as Nigeria remains a net importer of goods and services, due to very low technological strength and attendant high production costs (among other reasons) yet with a very large population, it will be a dumping ground for goods and services from other African countries

(Ogunyemi, 2017; Ikokwu, 2018). Indeed, the country could be flooded with low-priced goods, compounding the efforts to resuscitate moribund local manufacturing, agribusinesses and small and medium enterprises in the country (Azikiwe, 2018).

According to Berthelot (2017), as soon as the AfCFTA comes into effect, assented member states will need to drop 90 percent of their tariffs for imports from other member states, thereby depriving the partner states of the opportunity to generate revenue through imposition of tariffs and duties. Businesses around the continent currently charge higher tariffs when they export within Africa than when they export outside it. The average tariff is put at 6.1 per cent. AfCFTA is expected to progressively eliminate tariffs on intra-African trade, making it easier for African businesses to trade within the continent and tap from the huge potential of a larger African market. This will be disheartening for Nigeria which currently has a tax-to-GDP ratio of 6% considered to be the lowest in the continent. From the foregoing therefore, it is hard to conjecture how the AfCFTA deal will ultimately plays out for the Nigeria's economy.

There is the risk of smuggling and abuse of rules of origin as it will provide incentives for traders to disguise goods imported from outside the continent as made in – Africa goods, to qualify for duty – free treatment. As the free trade area covers the continent, it is foreseeable that the entry routes of smuggled and undeclared goods will extend beyond ECOWAS manned and unmanned boarders to include all neighboring countries. This risk is high for Nigeria considering Firstly, 92% of Nigeria's imports come from the rest of the world which means that should this threat materialize, both government revenue from import duties from non – African goods and measures to protect local industries will be threatened. Secondly, smuggling, under- reporting of imports and other forms of abuse of rules of origin remain a major challenge facing Nigeria in ECOWAS (Guobadia,2019).

The current ravaging corona virus pandemic is likely to alter trade dynamics around the world and most countries may impose higher trade protection post COVID - 19. It is not likely that the country will drop nationalist economic posture in the aftermath of the pandemic for regional or continental imperatives. To this end, the Nigeria Labour Congress has argued that the unhindered movement of businesses and professionals could open the Nigerian borders to unfettered foreign interference of local content and pose a threat to national security and safe practices (Adamu, 2018).

5. Avenues AfCFTA can complement Nigeria's national development agenda and act as a catalyst for Nigeria's growth.

By offering Nigerian products and services, preferential access to the huge African market which currently sources over 85% of its products imports from outside the continent. Preferential market access to Africa is particularly important to Nigeria as lack of access to foreign markets was identified as a key constraint to export of Nigeria's non – oil products to Africa and the world. Present statistics show that Nigeria is currently not maximizing 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. 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. 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" (Ebokpo, 2020).

AfCFTA will also liberalize education, health and transport services which account for 87% of Nigeria's services imports, equivalent to net imports of $13.2bn in 2017 (Guobadia, 2019). Liberalizing these sectors will provide impetus for investment and skills to flow in, which will in turn improve quality of services and create jobs. The ease of movement of persons will also improve productivity and specialization through mobility of skills.

Nigeria joining the agreement will allow more FDI from other African countries to invest in the Nigerian economy especially the manufacturing sector. This will go a long way in facilitating industrial development in Nigeria. In providing immense opportunities for Nigeria's service companies to expand to Africa, especially those in financial services, e-commerce and the digital economy, where Nigerian companies have built critical capacity and have long desired to expand to Africa but were constrained by trade barriers which AfCFTA will remove.

6. How AfCFTA will complement Africa's sub regional Preferential Trade Agreements (PTAs).

A comparison of the legal text of AfCFTA (as signed in March 2018) with the policy areas covered in existing PTAs indicates that AfCFTA could promote regional economic integration in Africa in two ways. First, in the policy areas already covered by sub regional PTAs, AfCFTA will offer a common regulatory framework, thereby reducing market fragmentation created by different sets of rules.

Second, Africa's sub regional trade agreements tend to be shallow. AfCFTA will be an opportunity to regulate policy areas important for economic integration that are often regulated in trade agreements but that so far have not been covered in most of Africa's PTAs (Hofmann, Osnago & Ruta, 2017).

A comprehensive study analysis by World Bank Group U.S of the following Sub – Regional PTAs which are in force and were notified to the World Trade Organization (WTO) as of September 2019, Common Market for East and South Africa (COMESA), East African Community (EAC), Economic Community of West African States (ECOWAS), South African Development Community (SADC), South African Customs Union (SACU), West African Economic and Monetary Union (WAEMU), and Economic and Monetary Community of Central Africa (CEMAC), understood that the content of trade agreement go beyond tariffs.

The average PTA in the 1950s covered eight policy areas. In recent years, that number went up to 17. Modern-day PTAs are not just mere common instruments of trade policy liberalization; countries participating in PTAs have deepened and expanded their scope and consolidated trade agreements matter for economic development. The rules embedded in these agreements contribute to determining how economies function and grow. For example, trade and investment regimes determine the extent of economic integration; competition rules affect economic efficiency; and intellectual property rights protections matter for innovation.

The inclusion of new policy areas in PTAs is not random. As shown by Mattoo, Mulabdic, and Ruta (2017), trade agreements covering few policy areas generally focus on traditional trade policy areas such as tariff liberalization or customs. Agreements with broader coverage tend to include trade-related regulatory issues such as technical barriers to trade or subsidies, while agreements with large numbers of provisions often include policy areas that are not directly related to trade such as labor, environment, and migration issues.

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Table 5.0: **Overview of policy areas covered in Africa's sub regional PTAs and AFCFTA**

	East African Community (EAC)	Common Market for East and South Africa (COMESA)	South African Devlop - ment Community (SADC)	Economic Community of West African States (ECOWAS)	West African Economic and Monetary Union (WAEMU)	South African Customs Union (SACU)	Economic and Monetary Community of Central Africa (CEMAC)	African Continental Free Trade Area (AFCFTA)
Tarrifs on manufactured goods	✓	✓	✓	✓	✓	✓	✓	✓
Tarrifs on agriculutural goods	✓	✓	✓	✓	✓	✓	✓	✓
Export taxes	*	✓	✓	*	✓	*	✓	✓
Customs	✓	✓	✓	✓	*	✓	*	✓
Competition Policy	✓	✓	✓	*	✓	✓	✓	✓
State aid	✓	✓	✓	*	*	*	✓	*
Anti dumping	*	✓	✓	✓	*	*	✓	✓
Countervailing measures	*	✓	✓	*	*	*	*	✓
STEs	*	*	*	*	*	*	*	✓
TBTs	✓	✓	✓	*	*	✓	✓	✓
GATS	✓	✓	✓	✓	✓	*	✓	✓
SPS measures	✓		✓	*	*	✓	✓	✓
Movement of Capital	✓	✓	*	✓	✓	*	✓	✓
Public procurement	✓	*	*	*	*	*	*	*
IPRs	✓	*	*	*	*	*	*	✓
Investment	✓	✓	✓	*	*	*	*	✓
Environmental Laws	✓	✓	*	✓	*	*	✓	*
Labour market regulations	✓	✓	*	*	*	*	*	*

Source: Based on Hofmann, Osnago, and Ruta (2017).
Note: ✓ = policy area covered; *= policy area not covered; AfCFTA = African Continental Free Trade Area; GATS = General Agreement on Trade in Services; IPRs = intellectual property rights; PTAs = preferential trade agreements; SPS = sanitary and phytosanitary; STEs = state trading enterprises; TBTs = technical barriers to trade.

The analysis of the content of AFCFTA and Africa's sub regional PTAs focuses on the 18 policy areas most commonly included in trade agreements in force and notified to the WTO. Two policy areas have largely not been covered in Africa's sub regional PTAs but are included in AFCFTA. Intellectual property rights are covered in only one sub regional PTA (EAC), and no sub regional PTA covers state trading enterprises (STEs).

Finally, although AFCFTA is deeper than any of the existing sub regional PTAs, some policy areas are included in individual sub regional PTAs but not in AFCFTA. Examples of these areas are state aid (subsidies), environmental laws, labor market regulations, and public procurement. The exclusion of these policy areas in AFCFTA does not prevent countries from aiming for common regulations at a later stage and does not affect the commitments made by countries in the context of the sub regional PTAs.

7. ECOWAS and the AFCFTA

Accounting for more than a third of Africa's total population, West Africa is home to over 360 million people – 60% of whom are employed in the agricultural sector. The region has huge potential for both the intra-regional and global trade that are so crucial for economic growth and food security; yet intra-regional trade among West African countries lies well below that of other regions of the world, despite the presence of the Economic Community of West Africa States (ECOWAS), which aims to promote trade between regions (Gyau, 2018).

According to the United Nations Conference on Trade and Development (UNCTAD) in 2016, total exports among West African countries was estimated to be around 10.6%, compared to 59% and 69% for intra-Asia and intra-Europe exports, respectively. 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. An important issue is how inconsistencies or conflict between different jurisdictions, sub regional or regional, will be addressed. However, Article 19 of the AfCFTA treaty refers to "conflict and inconsistency with Regional Agreements." Article 19(1) establishes that, unless otherwise provided, AfCFTA prevails in cases of inconsistencies. At the same time, Article 19(2) refers to "higher levels of regional integration" than those established in AfCFTA, such as in "regional economic communities, regional trading arrangements and custom unions." In the latter situation, and as a general rule, parties maintain such higher levels among themselves. It remains to be seen how this will be implemented in practice (World Bank Group, 2020).

As building blocks for the AfCFTA, the ECOWAS Protocol on the Free Movement of Persons and Goods (1978) and the ECOWAS Trade Liberalization Scheme (ETLS - 1979), the main operational tool for promoting West Africa as a free trade area 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 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, 2019 the trade statistics of the RECs vary according to their level of development, economic diversification and industrialization. It was reported that in 2016, intra-regional economic community trade was highest in SADC ($34.7 billion), followed by CEN–SAD ($18.7 billion), ECOWAS ($11.4 billion), COMESA ($10.7 billion), AMU ($4.2 billion), EAC ($3.1 billion), IGAD ($2.5 billion) and ECCAS ($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 (Ebokpo, 2020).

8. **Benefits of AFCFTA to Africa**

The AfCFTA agreement would boost regional output and productivity and lead to a reallocation of resources across sectors and countries. By 2035, total production of the continent would be almost US$212 billion higher than the baseline. Output would increase the most in natural resources and services (1.7 percent), with manufacturing seeing a 1.2 percent rise. But output in agriculture would contract 0.5 percent (relative to the baseline in 2035) at the continental level. In absolute terms, most of the gains would be realized by the services sector (US$147 billion), with smaller gains in manufacturing (US$56 billion) and natural resources (US$17 billion) (World Bank Group, 2020). By 2035, agricultural output would decline by US$8 billion relative to the baseline. As compared with the baseline in 2035, agriculture is growing faster in all parts of Africa except for North Africa, which under AfCFTA is shifting toward manufacturing and services. The aggregate numbers, however, mask the heterogeneity of impacts across countries and sectors. Ninety percent of countries would see their volume of services grow under AfCFTA, reflecting in part the higher demand for services as Africa' s economy grows. Similarly, 60 percent of countries would see growth in the value of their output of agricultural and manufacturing goods.

Africa's growing youth population and absence of opportunities are huge concerns of development experts in the continent. Implementation of AfCFTA would increase employment opportunities and wages for unskilled workers and help to close the gender wage gap. The continent would see a net increase in the proportion of workers in energy-intensive manufacturing. Agricultural employment would increase in 60 percent of countries, and wages for unskilled labor would grow faster where there is an expansion in agricultural employment. By 2035, wages for unskilled labor would be 10.3 percent higher than the baseline; the increase for skilled workers would be 9.8 percent. Wages would grow slightly faster for women than for men as output expands in key female labor–intensive industries. By 2035, wages for women would increase 10.5 percent with respect to the baseline, compared with 9.9 percent for men (World Bank Group, 2020).

For women across the continent, estimated to account for about 70 per cent of informal cross-border trade in Africa, the agreement will facilitate freer and secured movement and trade. With reduced tariffs, AfCFTA will make it more affordable for informal traders to operate through formal channels, which offer more protection from harassment, robbery and confiscation of goods. It is also projected to provide simplified clearing procedure alongside reduced import duties for traders.

With about 80 per cent of the continent's businesses tied to Small and Medium Scale Enterprises these sectors are key to growth across Africa. Studies have shown that these businesses usually struggle to penetrate more advanced inter-continent markets, but are well positioned to tap into regional export destinations and can use regional markets as stepping stones for expanding into overseas markets in the nearest future through the AfCFTA.

A successful implementation of AfCFTA would be crucial. In the short term, the agreement would help cushion the negative effects of COVID-19 on economic growth by supporting regional trade and value chains through the reduction of trade costs. In the longer term, AfCFTA would allow countries to anchor expectations by providing a path for integration and growth enhancing reforms. Furthermore, the pandemic has demonstrated the need for increased cooperation among trading partners. By replacing the patchwork of regional agreements, streamlining border procedures, and prioritizing trade reforms, AfCFTA could help countries increase their resilience in the face of future economic shocks.

9. Conclusion and Recommendations

Substantial business opportunities lie in wait for Nigeria businesses in Africa and 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. Nigeria must develop its human capital by investing in the people. Being one of the largest and most populous countries in the world with a vast deposit of natural resources, human capital development is the key to unlocking the potentials that the country possess.

Again, Nigeria should diversify the economy away from crude oil and lubricants, a vision that must be deliberate and determinedly pursued. There is need for the country to explore other exportable products through research and development of value chains. It makes no sense to sign for a liberalized and enlarged market in the continent if the country has little on offer, otherwise, the country will end up been a dumping ground for other countries, more so that the country's appetite for imported items is high. There are several exportable commodities in various zones in Nigeria whose exploitation and exportation potentials have remained untapped. Government at all levels should be involved in this process and more research and development should be channeled to the existing export commodities to increase their value chain and earn higher returns on them.

There is also need for government to embark on massive infrastructural development especially trade-related infrastructures. The country does not currently have one of the best trade-related infrastructures in the African continent. International trade is built and facilitated by appropriate trade-related infrastructures like good roads and efficient and navigational maritime networks. Nigeria cannot hope to do any meaningful business with other countries in Africa with poor, inadequate and dilapidated infrastructure. To this end, the government should promptly speed up the completion of the ECOWAS road corridor and invest massively on maritime logistics. Government should explore the public-private-partnership options to deliver promptly in this direction. Indubitably, insecurity must be tackled objectively, because this is one of the major problems that scares away not only foreign but also domestic investors.

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