



**NIGERIAN
INVESTMENT
PROMOTION
COMMISSION**

UNDERSTANDING THE AfCFTA

Information slides

Nigerian Investment Promotion Commission

Abuja | January 2021

African Continental Free Trade Area (AfCFTA)



- Provide **rule-based engagement** facilitating **dispute resolution** and addressing **injurious trade practices**
- **Deepen economic integration** of the continent
- Improve and expand **intra-Africa trade**
- Foundation for establishment of a **continental Customs Union**

Objectives



Creating One African Market

"An integrated peaceful and prosperous Africa"

- **Double** intra-Africa trade flows, currently at 15%
 - Intra-trade in Europe (67%), Asia (58%) and North America (48%)
- **Double** Africa's share of world trade from 3% to 6% over the next 10 years

Impact Expected

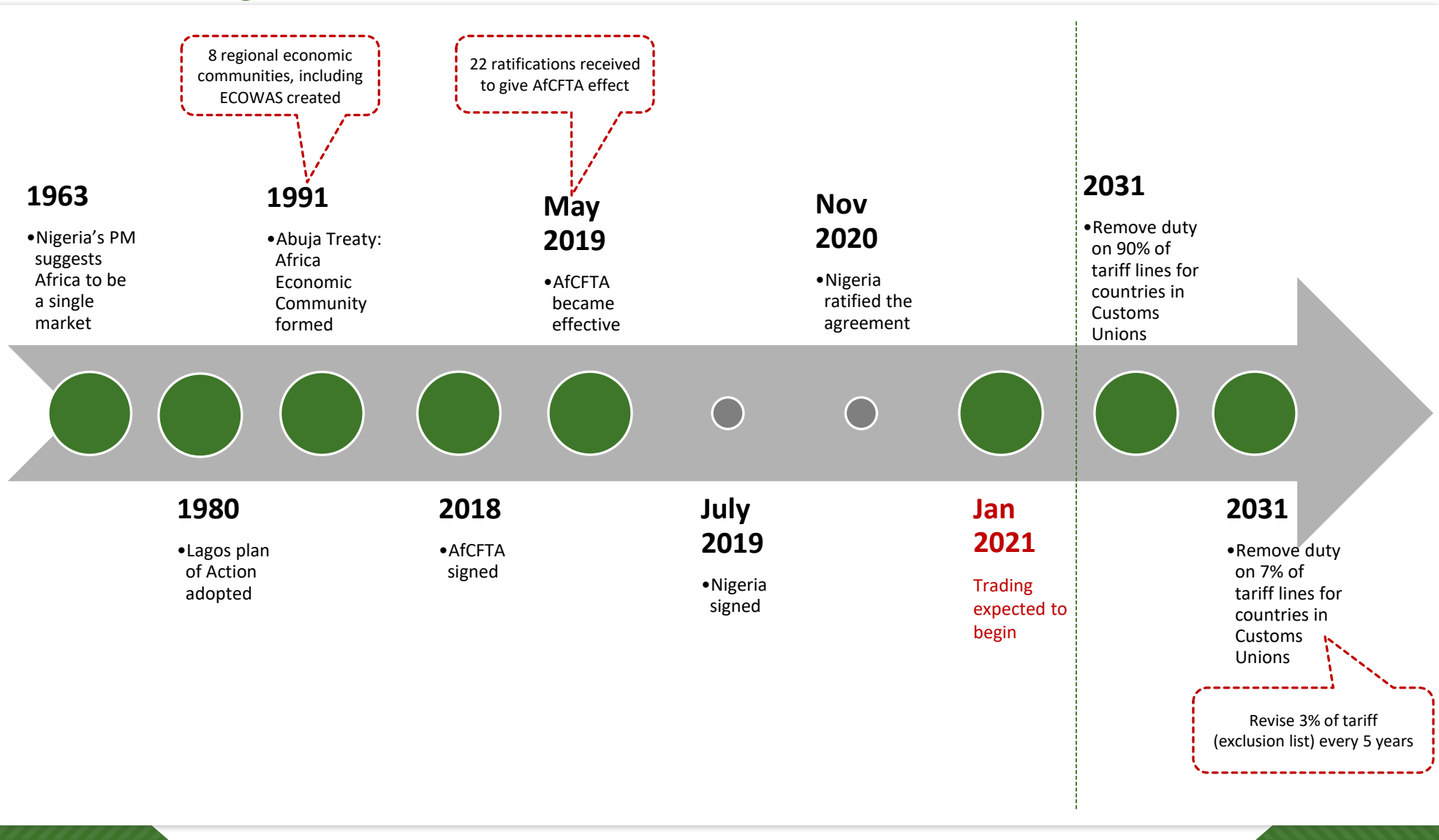
- **Single market** (largest in the world) for the **free movement of goods, services and persons**
- Progressively eliminate tariffs and non-tariff barriers
- **Enhance competitiveness**

Targets

Review & Withdrawal

- Participating countries may withdraw from the Agreement after 5 years

AfCFTA timeline

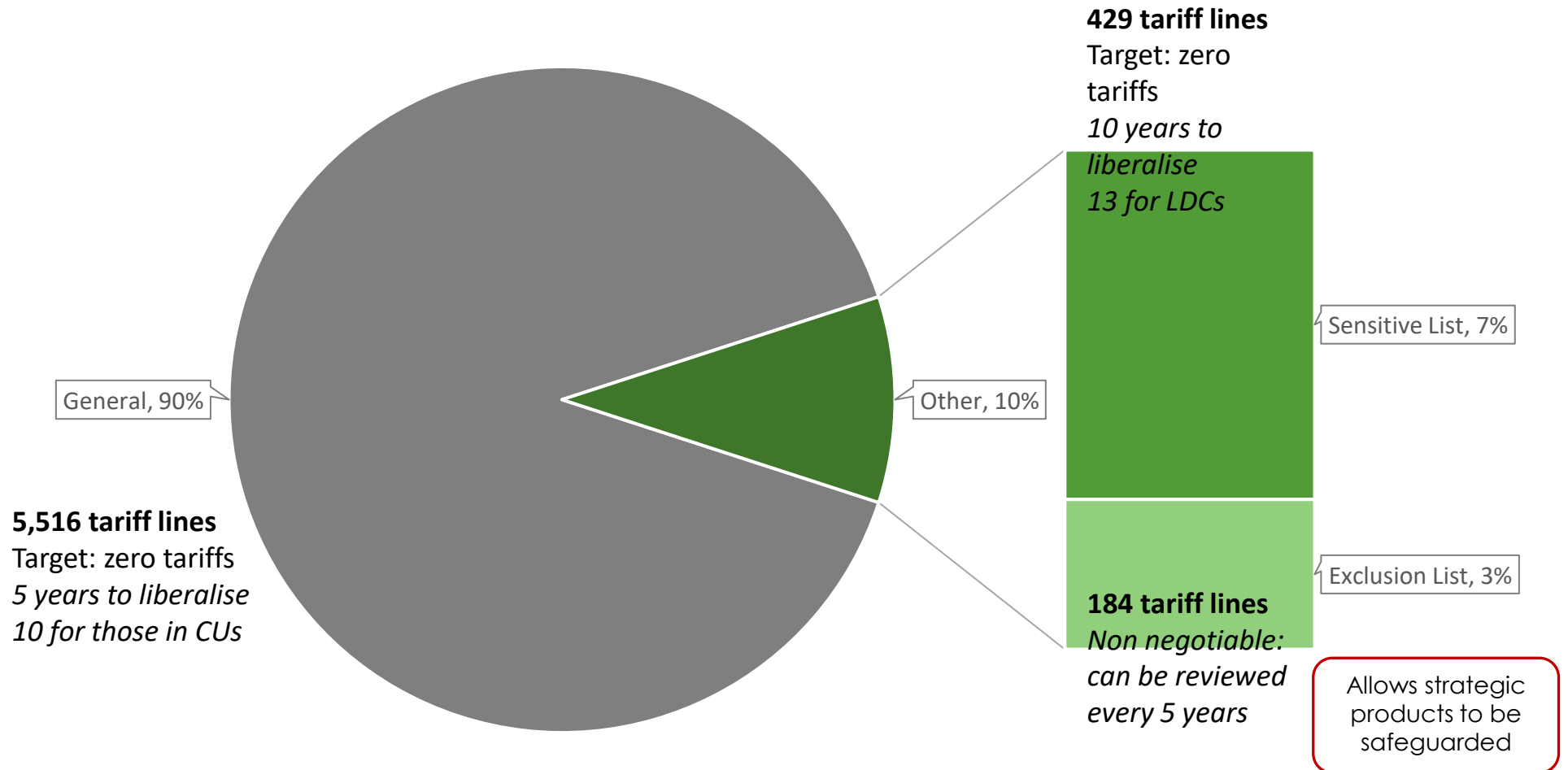


Trade liberalisation explained: the 90:10 rule

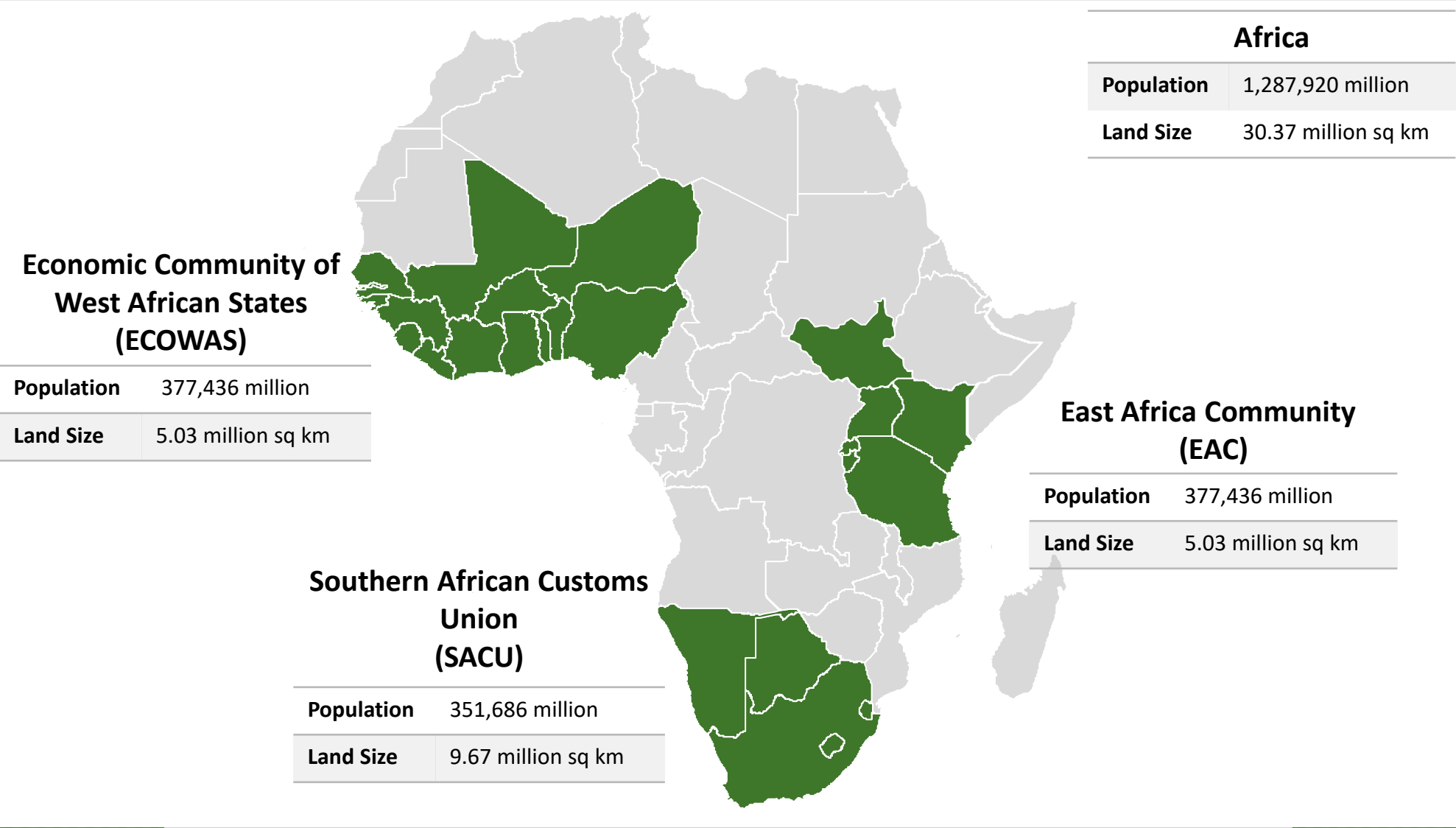


Objectives:

- Progressive elimination of tariff and non-tariff barriers
- Development and promotion of regional and continental value chains



Countries in Customs Unions



Economic Community of West African States (ECOWAS)

Population	377,436 million
Land Size	5.03 million sq km

Southern African Customs Union (SACU)

Population	351,686 million
Land Size	9.67 million sq km

Africa

Population	1,287,920 million
Land Size	30.37 million sq km

East Africa Community (EAC)

Population	377,436 million
Land Size	5.03 million sq km

How ready are African countries for the AfCFTA?



No country is fully ready!







- Most plan to use the AfCFTA as a driving force to enhance their global trade competitiveness

Readiness

- | | |
|--|---|
| <ul style="list-style-type: none">• South Africa• Nigeria• Morocco• Kenya• Egypt• Botswana | Seemingly competitive within the African context but require additional work to optimize the benefits of AfCFTA |
| <ul style="list-style-type: none">• All other countries | Require material work to be competitive within the AfCFTA context |

Selected Nigerian companies and their networks in Africa



Company	Sector	African operations	
 United Bank for Africa	Banking	20	Benin, Burkina Faso, Cameroun, Chad, Cote d'Ivoire, Congo Brazzaville, Gabon, Ghana, Guinea Conakry, Kenya, Liberia, Mali, Mozambique, Nigeria, RDC, Senegal, Sierra Leone, Tanzania, Uganda, Zambia
	Manufacturing (Industrial, Food & Beverages)	12	Cameroun, Cote d'Ivoire, Congo, Ethiopia, Ghana, Liberia, Nigeria, Senegal, Sierra Leone, South Africa, Tanzania, Zambia,
	Banking	10	Cote d'Ivoire, Gambia, Ghana, Kenya, Liberia, Nigeria, Rwanda, Sierra Leone, Tanzania, Uganda
	Telecommunications	5	Benin, Cote d'Ivoire, Ghana, Nigeria, The Gambia
	Fintech and e-Commerce	3	Kenya, Nigeria, Uganda
 your cash, anywhere, anytime	Fintech	2	Ethiopia, Nigeria

Plus Nigeria's fashion, music and movies, which are consumed all over Africa

Potential opportunities

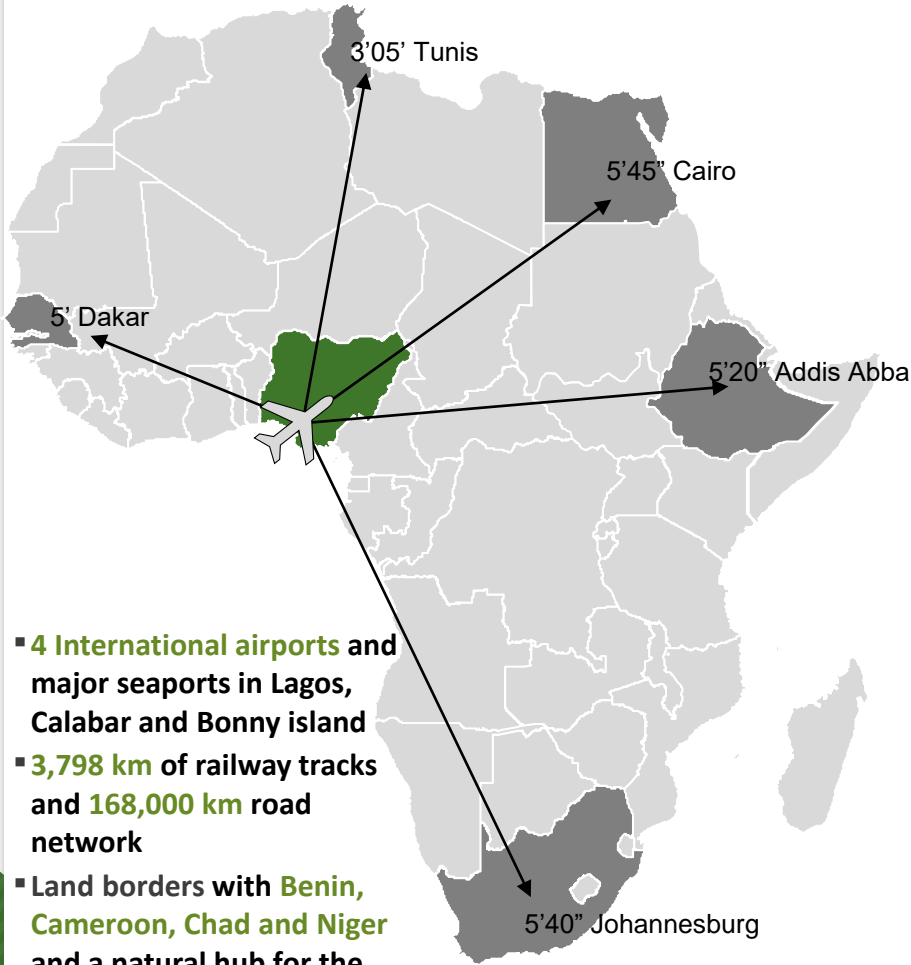
Nigeria is more ready than most African economies

1. Enhances the potential for business growth
2. Many Nigerian companies, particularly in the services sector, have long developed the capacity to serve the rest of Africa
3. Large domestic market makes Nigeria the ideal gateway economy
4. Expanded market for Nigerian goods and services, creating jobs and economic growth
5. Provides opportunity for many informal enterprises to formalise operations
6. Nigeria's manufacturing value addition is more than 7x the average of the top 20 economies in Africa
7. Effective trade remedies will allow action against injurious practices by foreign countries and companies
8. Complements Nigeria's national development agenda and can catalyse economic diversification

Potential threats

1. Nigeria can become target economy
2. Challenges with power, route to market infrastructure (road, rail, ports), security, that hinder competitiveness of Nigerian goods and services
3. Urgent reforms needed to improve Nigeria's ease of doing business and competitiveness
4. Impact of legacy preferential or bi/multilateral agreements

Nigeria's key comparative advantages



- **4 International airports** and major seaports in Lagos, Calabar and Bonny island
- **3,798 km** of railway tracks and **168,000 km** road network
- Land borders with **Benin, Cameroon, Chad and Niger** and a natural hub for the continent

- Africa's main imports are **manufactured goods**, many of which are **priority products** for Nigeria's industrialisation and economic diversification
- Mineral fuels, lubricants and related materials
- Agricultural products (food and live animals)
- Manufactured products
 - beverages and tobacco
 - machinery and transport equipment
 - chemicals and related products

For further details, please
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