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### Why Nigeria had good reasons to delay signing Africa's free trade deal

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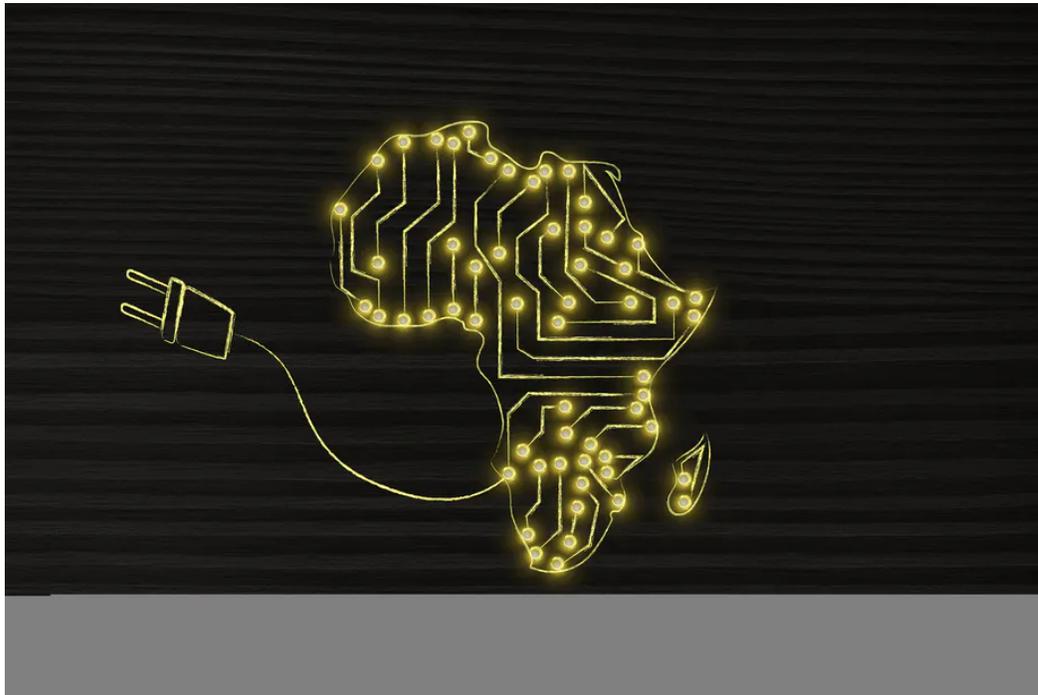
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### THE CONVERSATION

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# Why Nigeria had good reasons to delay signing Africa's free trade deal

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Africa's Free Trade Agreement proposes a single market for goods and services and investments across 55 countries. Shutterstock

Much has been made of the embarrassing withdrawal by Nigeria from signing the African Continental Free Trade Agreement earlier this year having initially made the commitment to sign it.

Its decision was criticised by many, including myself. These reactions were justifiable given the historical poor performance of Nigeria and other African states when it comes to their commitment to regional

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economic integration.

But, Nigeria's decision needs to be evaluated in the light of the reason it's given for the delay. The government has subsequently explained that it's decision wasn't a rejection of the trade accord. Rather, it said, it wanted time to consult with key stakeholders in the country. This includes the Nigerian labour congress, the manufacturers association as well as other players in the private sector.

Given the free trade area's potential to reconfigure intra-African market and the continent's relationship with global trading system, consulting Nigerians should play an important role in signing the agreement.

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The agreement is the first of its kind in Africa. It proposes creating a single market for goods and services, with free movement of people and investments across 55 countries. The agreement has a dispute settlement mechanism similar to the one set up by the World Trade Organisation.

The deal promises to redefine trade relations among African states and beyond. It's also expected to aid the coordination of trade liberalisation and improve interactions within existing regional economic communities.

If implemented, it will draw together the largest number of countries within a free trade area in the world. Initially 44 countries signed the pact in March. The number has since risen to 49.

In my view, the Nigerian government made a wise decision. Holding off on signing the agreement shows how seriously it's taking the agreement.

### **The consultative process**

The government is taking the consultations seriously. This bodes well for the future implementation of the agreement.

For example, in May, six consultation meetings were held in the six geopolitical zones – North-West, North-East, North-Central, South-East, South-South, South-West – of Nigeria.

The government has also consulted with think tanks as well as trade expert groups and institutions such as the Nigeria Institute for Advanced Legal Studies. It's also set up sessions with civil society. The process has also involved engaging with the Manufacturers Association of Nigeria, poultry groups, the Nigerian Labour Congress, Rice Processors Group, Aviation Association Group, Fertilisers Producers

Association of Nigeria, the Nigerian Association of Small and medium Enterprises and the National Chamber of Commerce, industry, mines and agriculture.

Nigeria's Chief Trade Negotiator & Director General, Nigerian Office for Trade Negotiations, Ambassador Chiedu Osakwe, recently stated that Nigeria is finally getting ready to sign

While buy-in from everyone might not be achieved, the engagements are nevertheless important.

## **More to gain than lose**

Nigeria's government has made it clear that it sees great merit in the free trade agreement. It has applauded the agreement's potential to expand market access for Nigeria's goods and services. And that it will boost economic growth and job creation. The agreement will also improve competitiveness and the ease of doing business in Nigeria while it simultaneously provides a platform for the country's continued leadership role in Africa.

For Nigeria, the agreement's dispute settlement mechanism would also be a major advance, providing protection against hostile and discriminatory trade practices.

But it does have concerns. These include unfair trade practices, such as dumping – when a country lowers the sales of its exports below the cost of production to gain unfair market share. A rules based trade governance structure would give Nigeria greater access to invoking remedies for this kind of behaviour.

The Nigerian government has expressly declared its confidence in the potential of the agreement's dispute settlement mechanism. This contrasts with its scepticism of WTO's dispute settlement mechanism which developing countries have generally viewed as expensive and unfair towards them. Perhaps, one way to explain the embrace of the dispute settlement mechanism under the agreement then is its uniquely African roots and the potential for "equal" access among its members.

## **For Africa: More Free Trade and less protectionism is the way**

It's only fair that the government is allowed time to examine issues like this closely. But, it's also important that Nigeria doesn't allow the consultation to cripple, jeopardise or undermine the process.

Not signing the free trade agreement is not an option for Nigeria, particularly given the rise in protectionism, nationalism and backlash against free trade in the global multilateral trading system.

Past experiences with economic integration on the continent aren't that encouraging. Nevertheless, the free trade pact offers African states the opportunity to build a formidable market in these unsettling global economic times.

