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**AFRICAN CONTINENTAL FREE TRADE AREA AGREEMENT AND ITS IMPLICATIONS FOR
NIGERIA'S TRADE POLICY**

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Abstract

This study evaluates the introduction and implementation of the African Continental Free Trade Area Agreement and its implications on Nigeria Trade Policy, signed by 54 out of the 55 Member-States on the 21st March 2018, and came into effect on the 1st January, 2021. The pact as an Afrocentric vision designed to enable collective Africa to find home grown solution to its peculiar socio-economic challenges through trade, thereby, achieving the target of boosting intra-Africa trade (BIAT) and Agenda 2063. The AfCFTA, is also, an indication of renewed consensus and commitment of the Continent's leadership to pursue the economic integration of the Continent for growth and development through trade and, it represents a significant milestone in harnessing the Continent's international trade and investment opportunities on their own terms. This integration processes explained in the theories of functionalism as it broadly explores the dynamic factors that contribute to the slow pace of the implementation of African integration plan. The research evaluates the AfCFTA and its implications on Nigeria's Trade Policy, its trade indices both import and export prior to the introduction of the AfCFTA, whether or not the agreement will aid in the improvement of the Country's economic fortunes through trade. Using interpretive-qualitative analysis of data drawn from both primary and secondary sources, records of interviews and field notes, the study reveals that mostly, non-complementarities of trade between the African States and the international market, the divergence of Member-States governments' interests to surrender elements of their sovereignty, institutional dysfunction within Member-States institutions tasked with the coordination of the implementation of the agreement, the poor state or absence of basic infrastructure and the lack of popular participation by critical stakeholders seem likely to hamper the realisation of the goals. The study therefore, investigate Nigeria's trade indices both import and export prior to the introduction of the AfCFTA, and whether or not the agreement will spur/aid in the improvement of the Country's economic fortunes through trade. From the findings, for Nigeria to benefit from implementation of the AfCFTA, human capacity, institutional challenges as well as critical infrastructure, need to be adequately addressed in a timely and systematically pursued with vigour.

Keywords: African, Continental Free Trade, Agreement, Policy

1. Introduction

Historically, integration in the form of unity of its people, resources and objectives is one of the strategies adopted by the African leaders to promote unity, independence and development of their Continent, which was ravaged by Colonialism. A series of Pan - African Congresses held from 1900-1945 in Europe set the pace for the evolution of intergovernmental institutions that would see to the realization of their

collective interests. Under the banner of the defunct Organization of African Unity, African leaders asserted that the independence and progress of the Continent could only be attained through economic and political integration. The marginalization of the Continent in global trade despite its endowment as the richest Continent in the world. Thus, the OAU had not lived up to its original ideals of promoting peace, security and development in Africa. The AU, however, has

emerged as a homegrown initiative considering its reliance on the pre-existing Regional Economic Communities (RECs) to put the destiny of the Continent into the hands of the African people through intra-African integration (AUC, 2020).

The research focuses on the AfCFTA Agreement as an Afrocentric vision designed to enable collective Africa to find home grown solution to its peculiar socio-economic development challenges through trade, thereby, achieving the target of boosting intra-Africa trade (BIAT) and Agenda 2063. This research seeks to evaluate the AfCFTA Agreement and its implications on Nigeria's trade policies, particularly in a Continent where Member States still cage themselves in concrete walls of sovereignty in terms of tariff and non-tariff barriers in trade. Despite Africa's fragmented sub-regional economic regimes, the AfCFTA Agreement represents a significant milestone for African States to harness the Continent's international trade and investment opportunities on their own terms ().

The research, therefore, investigates Nigeria's trade indices both export and import prior to the introduction of the AfCFTA, looking at the statistics on the Country's trading activities with African States comparatively, and whether or not the agreement will aid in the improvement of the country's economic fortunes through trade within the five years moratorium (2021 – 2026), in the first instance (AUC, 2018).

According to recent data by the National Bureau of Statistics (NBS 2020), intra-African trade accounted for 15% of the Continent's total trade in 2019. Over the last ten years, intra-Africa trade has remained low prior to COVID-19 pandemic and with the introduction of the AfCFTA, the figure is forecasted to rise to about 40% within the period AfCFTA would have taken root incumbency. This figure is compared to approximately 60%, 40%, and 30% intra-regional trade that has been achieved by Europe, North America and the Association of South East Asian Nations (ASEAN), respectively. In nominal terms, the overall trade summary for Nigeria's export/import in Africa, stands at \$59.5 billion and \$48.7 billion, respectively. The Country also enjoys a positive annual trade balance of US \$10.9 billion after deducting import total (\$48.7 billion), from export (\$59.5 billion), the balance of

US\$10.9 billion. Nigeria with over 206 million people and the largest economy in Africa, the Country's inflation rate has averaged 17.02% and its economy grew by 4.03% as at 3rd Quarter, 2021 (NBS 2021).

Despite the COVID-19 pandemic, Nigeria continues its recovery from the 2016 recession, sustaining an estimated 2% growth rate and currently the richest with a Gross Domestic Product (GDP) of US\$514.05 billion, followed by Egypt, South Africa, Algeria, Morocco, Kenya, Ethiopia, Ghana, in that order (World Bank 2020). However, with the coming into effect of the AfCFTA Agreement, will Nigeria still maintain its current economic profile as seen above or will the Country surpass the enviable position as a result of the operationalisation of the continental pact and the attendant benefits the AfCFTA is expected to engender. What factors will guarantee the maximum benefits to be derived therefrom and the critical infrastructural / logistics arrangement needed to be in place? Could the human capacity and institutional challenges be adequately addressed in a timely manner for the country to succeed? Issues such as trade officials' competences, policies inconsistencies on trade matters (Border closure), etc. These are the ultimately factors that need to be tackled if Nigeria is to harness the gains arising from the successful implementation of the AfCFTA Agreement (NTP Draft Document, 2021).

Objectives of the Study

The study has the following specific objectives:

- i. To examine the factors that necessitated the introduction and ratification of the AfCFTA.
- ii. To examine the institutional arrangements for effective implementation of AfCFTA in Nigeria.
- iii. To determine the extent to which AfCFTA Agreement promotes integration and engender socio-economic development in Nigeria.
- iv. To analyze the effects of AfCFTA Agreement on Nigeria's trade policy.

Research Propositions

The research work adopts the following propositions as a guide to the evaluation of the AfCFTA. These are:

- i. The AfCFTA was introduced and ratified to promote trade amongst African Countries.

- ii. Adequate institutional arrangements have been put in place for effective implementation of the AfCFTA in Nigeria.
- iii. AfCFTA will considerably promote integration and engender socio-economic development in Nigeria.
- iv. AfCFTA will positively impact the Nigeria's trade policy for the period under review.

2.0 Literature Review

2.1 Conceptual Framework

The African Continental Free Trade Area in Perspective

In 2012, the African Union Summit made a decision on Boosting Intra-African Trade (BIAT) and Fast - Tracking the African Continental Free Trade Area (AfCFTA). To achieve the object, the decision provided that the AfCFTA negotiations were to be tentatively completed by 2017. In addition, an action plan on BIAT was also adopted, with the aim of doubling Intra African Trade within a decade. The overall of the AfCFTA is to create a Single Continental Market for Goods and Services, with free movement of business persons and investment, paving the way for accelerating the establishment of the Continental Customs Union. The Agreement establishing the AfCFTA was signed at an Extraordinary Summit of the AU Assembly on 21st March, 2018, in Kigali - Rwanda (AUC, 2018). The AfCFTA currently has brought together fifty - five (54) African Countries with a combined population of 1.2 billion people and a combined GDP of more than US\$ 3.4 trillion. As of date, fifty - four (54) Countries signed the AfCFTA Agreement at the 12th Extraordinary AU Summit of Heads of State and Government in Niamey, Republic of Niger, on 7th July, 2019, except the Republic of Eritrea, while thirty-eight (38) Member-States have ratified with Nigeria ratifying on the 3rd December, 2020, signaling the Phase 1 of operationalization of Trade in Goods and Services (AUC, 2020). However, the commencement of trading using AfCFTA platform has earlier been moved from 1st July, 2020 to 1st January, 2021, due to outbreak of Covid - 19 pandemic.

The AfCFTA has the potential to create and strengthen product value chains that offer the scope to engage in intra-Africa trade while promoting the structural transformation of Africa economies. By opening potential trade opportunities, the AfCFTA stimulates new export-oriented production (UNECA, 2019).

Trade under the AfCFTA, means a liberalized single market for goods and services facilitated by the easy movement of people and capital. It also lays the foundation for a continent-wide customs union. Ultimately, this new single market is expected to contribute to sustainable and inclusive socio-economic development, gender equality and, more broadly, enhance competitiveness and industrial development. African countries that ratify the agreement consent to liberalize 90% of tariff lines. This means that countries will reduce, and ultimately eliminate, tariffs on 90% of products traded under AfCFTA. Least Develop Countries (LDCs) are expected to accomplish this over a 10-year period, and non-LDCs over a 5-year period. Sensitive products, of up to 7% of tariff lines will be fully liberalized over 13-years for LDCs and 10-years for non-LDCs. Finally, 3% of tariff lines will be excluded from tariff liberalization. The agreement allows special treatment for LDCs with longer implementation periods. However, to maintain a common external tariff, both LDCs and non-LDCs in a custom union must apply the same time frames for implementation (AUC, 2020).

2.2 Empirical Review

At the turn of the 21st Century, economic integration witnessed a dramatic turn of event in the African sub-continent. One of the major factors in the low level of intra-Africa trade has been the numerous trade facilitation constraints. Despite Africa's determination to dismantle trade restrictions in order to create a common market within the framework of regional and sub-regional agreements, barriers to intra-Africa trade persist and have impacted on the level of this trade. The removal of these constraints is critical to boosting trade among African Countries. The major constraints to intra-Africa trade are vast and among them include the nature of African economies and lack of progress in regional integration, absence or poor state of trade related infrastructure (trade logistics included), supply side problems, inefficiency Customs administration, and related facilities. All these issues are categorized as trade facilitation issues which required trade policy reform to reduce trade transaction costs in the region. The AfCFTA offers trade facilitation programmes and activities whose implementation is necessary for the boosting of intra-African trade.

The World Trade Organization (WTO), allows Members to establish and enlarge Regional Trade Agreements (RTAs), subject to stringent conditions and the requirement for notification. Article XXIV of the General Agreement on Tariffs and Trade (GATT) and the 1994 Understanding on the interpretation of the Article which states “substantially all the trade” between the RTA Members should be liberalized. It further enjoins Customs Union Members to apply substantially the same duties and other trade restrictions to products of Third Parties, including eliminating discriminate standards in Customs Union Agreements (WTO-GATT, 1994).

The AfCFTA, which is the latest attempt to reboot the integration drive and achieve sustainable development, seeks to create a geographic zone where Goods and Services will move freely among Member States by removing trade distortions and boosting factor mobility, competition, and investment. Thus, the establishment and full operationalisation of the AfCFTA will be the culmination of Africa’s long quest for economic integration. The African Union Assembly of Heads of State and Government Decision on Boosting Intra-Africa Trade (BIAT) and fast tracking the CFTA was, perhaps, the most direct step towards actualizing the integration vision. The historic agreement seeks to create conditions that permit the expansion of intra-African trade and the intensification of economic cooperation among Member States. Its breathes life into AEC Treaty (hitherto comatose), which remains the key normative framework for evaluating Africa’s strategy for socio-economic development (Nsongurua J.U, 2020).

Timely ratification of treaties is not a virtue in Africa. Many regional treaties are yet to enter into force, more than a decade since their adoption. However, the AfCFTA Agreement is a refreshing exception to the norm. It entered into force within thirteen months of its adoption, on May 30, 2019, after meeting the 22-ratification threshold. All AU Members with the exception of Eritrea, have signed the AfCFTA Agreement, with 38 ratifications by Members currently. In the likely event of all the AfCFTA Agreement attaining general ratification, the pact will cover a population of 1.3 billion, with an estimated Gross Domestic Product (GDP) of \$2.5 Trillion, thus it will be

the World’s largest Free Trade Zone since the establishment of the WTO in 1995 (UNECA, 2020).

2.3 Theoretical Framework

This study employs a combination of functionalism and neo-functionalism theories of international relations as theoretical framework. Functionalism was first proposed by Herbert Spenser, but then other sociologists started using this idea and expanding it. Functionalism is a theory of international relations that arose during the inter-war period, principally from the strong concern about the obsolescence of the State as a form of social organisation. States had built authority structures upon a principle of territorialism (Khara, 2020).

Functionalism is an important doctrine in twentieth-century philosophy because it provides an answer to deep and timeless questions about the human mind. The primary concepts within functionalism are collective conscience, value consensus, social order, education, family, crime and the media. In 1960s, functionalism was criticised for being unable to account for social change, or for structural contradictions and conflict (and thus was often called “consensus theory”). Also, it ignores inequalities including race, gender, class, which cause tension and conflict. (Nielsen, 2007).

Neofunctionalism, however, is the perspective that all integration is the result of past integration. Neofunctionalism is a theory of regional integration which downplays globalization and reintroduces territory into its governance. Neofunctionalism is one of the most prominent theories of European integration and a core part of the wider debate between supranational and intergovernmental perspectives on integration in Europe. To date, neofunctionalism seems to have taken its cause, with the original economic integration giving rise to the integration of the social and political systems of the European Union. As seen, neofunctionalism shares some ideas with functionalism’s focus on the impact of technical cooperation. However, it is less prescriptive as a theory than functionalism and more concerned with understanding why and how integration happens in practice (Dunn, 2012).

Building on the early developments in European integration in the late 1950s, neofunctionalism

developed a model to explain the growing level of European integration and the role of supranational bodies in the furtherance of this integration. Neofunctionalism rests on a core number of intellectual pillars. Firstly, it argues that when countries agree to cooperate in a given sector, this cooperation creates incentives to cooperate in other similar and/or related areas. Secondly, neofunctionalism holds that economic integration almost always leads to an increase in interaction between actors in the integrating region. Thirdly, the supranational body designed to oversee integration (in this case the AfCFTA) begins to pursue strategies to deepen integration in already integrated sectors (in this case the RECs) and expand integration to other sectors and in doing so, further its own interests. Neofunctionalism is generally associated with the economic and political goals, as well as the integration strategies. Indeed, neofunctionalism was criticized for assuming a degree of automaticity in integration processes and failing to account for increasing protectionism and limitations to integration put up by Member-States (Eilstrup-Sangiovanni, 2006).

Nigeria Trade Policy and the Domestication of the AfCFTA

Nigeria like other developing countries considers trade to be a main pillar of its economic development. Trade enhances competition, expands markets, creates jobs, raises both national and personal incomes and reduces poverty. The country's existing Trade Policy dates from 2002, in which the *Vision 20:2020* was formulated with the aim to ensure that Nigeria becomes one of the twenty largest Economies in the World by the year 2020. Given the contemporary global socio-economic and political situation in the world, a comprehensive review of Nigeria's trade related policies was instituted leading to the current Medium Term Development Plans (2021 – 2025 and 2026 – 2030) as well as Nigeria Agenda 2050, which aims at focusing on the acceleration of market access and facilitation through trade - related policies. The proposed new National Trade Policy, aims to consolidate and integrate the current global economic underpinnings as well as reposition the Nigerian environment for a stronger and more sustainable economic reality as an effective tool post-COVID-19 pandemic for enhancing growth and national development (NTP - Draft Document, 2021).

The primary goal of Nigeria's trade policy is to enhance the positive impact of trade as a driver of economic growth and development: to promote rapid, equitable and sustainable growth and the diversification and development of the economy through encouraging the efficient production and provision of goods and services for both the domestic and international markets. The policy addresses issues relating to increased market access in both traditional and non-traditional markets.

There have been concerns and debates in Nigeria around the issue of domestication of the AfCFTA. The process of domestication involves the enactment of the African Continental Free Trade Area Agreement as a domestic or national legislation by the National Assembly of Nigeria. Proponents of domestication of the AfCFTA Agreement argue that non-domestication will impede Nigeria's ability to take benefit of or implement the AfCFTA. This argument is hinged on the Nigerian jurisprudence derived from the constitutional provision requiring international treaties to be enacted into law if it is to have the force of law in Nigeria. Section 12 of the Nigerian Constitution stipulates that:

"No treaty between the Federation and any other country shall have the force of law except to the extent to which such treaty has been enacted into law by the National Assembly." (LFN, 1999)

The promulgation of international conventions into law by the National Assembly is accomplished in two distinct formats. The convention may be incorporated as a schedule to an Act or by a straightforward ratification and enforcement Act that comprises solely of the reproduced international convention. An Act of the National Assembly converts the international treaty into an integral part of Nigeria's municipal laws with direct application and enforceability by the Courts in Nigeria. In explaining the status of international treaties in Nigeria, Ogundare, JSC in *Abacha v Fawehinmi* held that:

"An international treaty entered into by the Government of Nigeria does not become binding until enacted into law by the National Assembly. Before its enactment into law by the National Assembly, it has no such force of law as to make its provisions justiciable in our Courts" (Mfon E.U. et al, 2021).

A treaty has the force of law when it confers rights directly to natural persons or juridical persons. Through the process of domestication, the treaty becomes enforceable and justifiable in Court enabling individuals or companies to invoke or defend rights derived from the incorporating legislation and indeed compel the Nigerian government to comply with the provisions of the treaty where there is a violation or certain provisions are not implemented.

Nigeria and AfCFTA: Issues and Benefits

According to Ubi (2018), despite the benefits that the free trade area is anticipated to offer, pundits of the AfCFTA, have failed to show conclusively how the trade union can address Africa's underdevelopment and the disappointing industrialization experience of the Continent. On this basis, they counter the Free Trade Area by advancing three factors. Firstly, they contend that a free trade area will never bring about the development of Nigeria or Africa. This is because even past and current growth in trade by Nigeria with other countries, particularly China, the impact of the trade is still not felt substantially in the Nigerian economy in terms of measurable and qualitative human development indices and not simply statistical economic growth figures. Secondly, a critical analysis demonstrates that Nigeria and of course many African countries are not truly matured for free trade mainly because industrialization has not taken root on the Continent. Hence, posing the question of whether Africa's industrialization or free trade that needs to come first. Thirdly, "Sub-Saharan Africa's average share of manufacturing value added goods as a percentage of GDP in 2010 was 10% - the same as it had been from 1970s". This is an indication of stagnant manufacturing sectors on the Continent. Industrial policies adopted by many African countries over the last few decades have not performed very well enough to get the Continent to the path of industrialization.

However, it is important to note that the business environment in Nigeria has not been favorable for the investors due to poor infrastructure and difficulties in accessing finance. To encourage value addition, there must be stiff competition in the Nigerian industries and government must provide the necessary infrastructure to enable firms perform better.

Issues for Nigeria under AfCFTA

- i. Nigeria's businesses should be well positioned to take advantage of the market opportunities, by reducing the cost of doing business, etc.
- ii. Introduce mechanism for adjustment process beneficial to operators in sectors likely to be negatively impacted by the AfCFTA.
- iii. Support competition through simple re-tooling/transforming the economic sector from import dependence to export orientation, as well as providing appropriate and credible trade information available to Nigerian businesses interested in international trade, especially intra-Africa trade.
- iv. Since AfCFTA is argued as a means for Africa's industrialization including improving the Continent share of global manufacturing output, Nigeria should strive to achieve a clearly defined level of industrialization.
- v. Deliberately promote auto industries due to their abilities to create jobs and create credit facilities while reducing or outright making import of used Cars unattractive.
- vi. Heavy industries (Refineries & Petrochemicals) create more jobs and have diverse positive spillover effects both directly and indirectly.
- vii. Nigeria should consider immediate resuscitation of the Ajaokuta Steel Company, the Aluminium Smelter Ikot-Abasi, and Aladja Steel Company.
- viii. Accelerate the implementation of the use of restricted geographic areas as Centres of manufacturing, such as Special Economic Zones, Industrial Parks/Export Processing Zones, as same will provide first class and cost-effective infrastructure, where industries can locate and produce competitively for the global markets (e.g., Aba, Kano and Lekki).
- ix. Improving quality infrastructure in order to enable goods of certain standards be traded within the Free Trade Area, as the quality, number and spread of testing, inspection and certification centres will be a key determinant for Nigeria's active participation in the Continental Single Market.
- x. Nigeria should consider rebranding itself for investment promotion by improving security at all levels in the country, reinvigorating the sale of Made-in-Nigeria goods across borders.
- xi. Develop a comprehensive finance system for banks and other financial credit institutions to intermediate through loans allocations and credits facilities to support export and other trading activities.

Implications on Nigeria's Trade Policy

Without doubt, the AfCFTA will have implications on Nigeria's trade policies and practices especially in the areas of , import and export procedures, import and export prohibitions, restrictions and licensing, customs procedures, customs valuation, rules of origin, tariffs (applied tariffs, tariff bindings, duty and tax exemptions & concessions and preferential tariffs), anti-dumping, countervailing and safeguard measures, export support and promotion, export processing zones (EPZs), export finance/insurance and guarantees among others.

Furthermore, the AfCFTA will have implications on Nigeria's trade policies in various sectors of the economy notably, trade in goods and trade in services. These include policies on agriculture, fishing, forestry, mining, energy, manufacturing (automotive, food, beverages, textile, apparel, footwear, cement, etc.) and services (financial, transport, telecommunications, tourism and business). It is worth noting that these sectors (agriculture, industry and services) are pillars of the economy as services account for over 53% of Nigeria's gross domestic product (GDP); while agriculture accounts for 22% and industries contributes 24% to Nigeria's GDP. Notably, petroleum products which generates over 80% of Nigeria's revenue though accounting for about 10% of GDP. These key sectors and their products will play a major role in Nigeria's participation in trading and maximising the benefits of the AfCFTA. Also, the AfCFTA will impact on Nigeria's trade policy by requiring such other complementary policies that serve as enablers for an effective trade policy. These include:

- i. Harmonisation and convergence of trade and industrial policies as they go hand in hand;
- ii. Strengthened institutions and processes for duplication;
- iii. Vibrant monetary and fiscal policies;
- iv. Development and implementation of robust trade facilitation and remedies mechanisms;
- v. Policy coherence and regulatory cooperation for industries (one stop shop);
- vi. Incentive initiatives to formalise the informal aspect of industry: a) the informal sector (micro enterprises) is highly skilled despite low literacy, b) to attract the right investment.

- vii. Strategic collaboration between Government & the private sector (PPP);
- viii. Skills development and entrepreneurship initiatives across levels;
- ix. Prioritisation of research and development, and a workable synergy between industry & research.

Benefits of AfCFTA to Nigeria

- i. Nigeria would have significant net economic welfare gains from participation in the AfCFTA and long-term economic development prospects would be enhanced.
- ii. Contribute to GDP growth and development across the Continent by deepening and expanding intra-Africa trade.
- iii. Improve productivity, competitiveness in Nigeria and Africa for trade in goods and trade in services.
- iv. Create jobs and reduce unemployment.
- v. Establish a platform for the mutual engagement of African Manufacturers of goods and providers of services to construct regional value chains for made – in – Africa goods and services (e.g., in the product areas of Cement, Energy, Textiles, Agriculture / Agric – allied products, Clothing, Petrochemicals and Automobiles, etc).
- vi. Mainstream cross – borders informal trade into formal trade by legitimizing historic trade corridors across which African Communities have been trading for centuries.
- vii. Harmonize, coordinate trade policy and liberalization within Regional Economic Communities (RECs), such as ECOWAS that are Customs Union across Africa.
- viii. Rules – based trade remedy governance platforms and provisions to stop Third Party dumping, smuggling through re – packaging and other injurious trade practices in Africa and Nigeria.
- ix. The domestication of the AfCFTA, through enactment as a national legislation by the National Assembly (NASS), will increase Nigeria's standing at the continental trade level as well as strengthen domestic trade laws with direct application and enforceability by the Courts in Nigeria, thus enabling individuals, companies / corporations, government / institutions to invoke or defend rights derived from the incorporating legislation and indeed compel the Nigerian State, to comply with the provisions of the treaty where there is a violation.

- x. Resolve the existing deficit in Nigeria's Trade Policy, as well as enlarge its market beyond the domestic to regional and global markets through value supply chains.
- xi. Re-frame Nigeria's strategic economic relations to regions of growth and new centres of economic gravity via trade.
- xii. Increase food security through reduction of the rate of protection on trade in agricultural produce among African countries.
- xiii. Increase competitiveness of Africa's industrial products through harnessing the economies of scale of a large continental market.
- xiv. Increase rate of diversification and transformation of Africa's economy and the continent's ability to supply its import needs from its own resources.
- xv. Better allocation of resources, improved competition and reduced-price differentials among African Countries.
- xvi. Growth of intra-industry trade and the development of geographically based specialization in Africa.
- xvii. Reduced vulnerability of Africa to external trade shocks.
- xviii. Enhance the participation of Nigeria and Africa in global trade reduced dependency of the Continent on aid and external borrowing.
- xix. That the World Bank estimates real time gains from full implementation of the AfCFTA Agreement could increase by 7%, or nearly \$450 billion by the year 2035.
- xx. As the AfCFTA regime comes into effect, Nigeria could maintain higher tariffs on some final consumer products with a time frame for eventual harmonization of the overall tariff schedules. It is better to allow some flexibility for higher tariffs for some product groups in Nigeria.
- xxi. Nigeria and also some other ECOWAS Member-States need to examine complementary revenue initiatives such as sales taxes or excise taxes to replace the revenue reductions from tariff reductions in accordance with the AfCFTA Agreement.
- xxii. Detailed disaggregated quantitative analysis should be conducted to examine the detailed trade and revenue effects of different convergence scenarios for Nigeria prior to AfCFTA with a view to harmonize its external tariff with the ECOWAS Common External Tariff (CET), for instance.

xxiii. The implementation of the AfCFTA Agreement and the ECOWAS (CET and FTA) can proceed in parallel and are complementary.

3.0 Methodology

The study adopted a correlational research design that explored the relationships between the two variables involved in the research topic. That is the relationship between AfCFTA and its implications for Nigeria's Trade Policy. It was further complimented and supported by both interviews and questionnaire method in mixed fashions. Since the design was on correlational content analysis, the primary sources of data were derived from questionnaire and interviews expected to be administered on some selected Staff of the Federal Ministry of Industry, Trade and Investment (FMITI), Ministry of Foreign Affairs (MFA), Federal Ministry of Justice (FMJ), Federal Ministry of Finance, Budget & National Planning (FMFBNP), Nigerian Investment Promotion Council (NIPC), Nigeria Customs Service (NCS), Nigerian Export Promotion Council (NEPC), Nigerian Office for Trade Negotiations (NOTN), National Action Committee on Africa Continental Free Trade Area (NAC – AfCFTA) and the Organised Private Sector (NACCIMA and MAN). The explorations relied on secondary documentary collections of materials generated in the forms of the Trade Treaties (AfCFTA Agreement) entered into by the Member-States and the Nigeria Trade Policy (NTP) document. Other publications of the AUC, AfCFTA Secretariat, FMITI, FMJ, FMFBNP, NIPC, NCS, NEPC, NOTN, NAC-AfCFTA Secretariat, NACCIMA, MAN, such as Newsletters, Periodicals, Journals, Articles, Magazines, Papers, Bulletins and Published/Unpublished Materials were used as well. Against this backdrop, the research also adopted a qualitative method given the topic under investigation. The total population of the study is Twenty-Seven Thousand Five Hundred and Sixty-Three Thousand (27,563).

Sample size for the study using taro Yamane formula:

$$n = \frac{N}{1 + N(e)^2}$$

Where n = Sample Size

N = Population Size

1 = Constant

e = Level of Alfa / Degree of Freedom

(0.05)

Therefore:

$$n = \frac{27,563}{1 + 27,563 (0.05)^2}$$

$$n = \frac{27,563}{1 + 27,563 (0.025)}$$

$$n = \frac{27,563}{1 + 69.9075}$$

$$n = 394.3$$

$$n = 394$$

Therefore, the sample size for this study is 394 (Three Hundred and Ninety-Four).

This study utilized both the stratified random sampling as well as the simple random sampling techniques. The stratified random was deployed because the respondents were drawn from eleven different Ministries, Departments and Agencies (MDAs), as well as the OPS and were equally spread among different Departments and Units, while the simple random sampling was utilized to give each member of the population equal chance of selection. In this sampling plan, the total population was divided into these groups as detailed above, and a simple random sample of the group was selected. The element in the clusters was then sampled.

3.1 Method of Data Collection

The study was based on both primary and secondary sources of data. The primary source within the context of this research refers to data generated from survey using the instrumentality of questionnaire administration and interviews. This was also mainly drawn from Field Notes taken from transcription of respondent responses in oral interviews, where there was refusal to be on Audio-Tape. The main targets of the research interviews were mostly with the Senior Officials, Professional Staff and the Private Sector Executives.

Secondary Source (Content Analysis)

On the other hand, the content analysis technique here served as the secondary method of data collection which was used to supplement in a corroborative fashion other information obtain through survey method. The method consisted of data obtained from systematic extraction of information of relevance in both published and unpublished sources. These included Books, Journals, Theses, Magazine, Periodicals, Reports, Monographs and Newspapers, and also Treaties, Charters, Agreements, Protocols, Unpublished Materials and Declarations. Furthermore, relevant Paper Presentations, Seminars, Conference Materials, including the Internet, were equally obtained and perused. The advantage of this method was that the data collected are usually available in designated places and in public domain.

3.2 Instrument of Data Collection

The main instrument of data collection for this research work was questionnaire. The questionnaire was a hybrid (consisted of the attribute of both closed-ended and open-ended questionnaire), and was administered to three hundred and fifty (350) respondents as derived from the MDAs under consideration. The questionnaire was designed in two parts. One set of the questionnaire was designed and distributed to the senior officials of the core MDAs in order to elicit information with respect to the research questions stated in chapter one. The questionnaire is structured into two sections viz: Section A, seeks to elicit information on the demographic characteristics of the respondent while, Section B is the technical aspect each of which speaks to the research questions as items/constructs measuring them. The other questionnaire was designed and distributed to the employees of the two OPS chosen for the study. The questionnaire is also divided into two sections viz; the demographic section and the general questions. The essence of designing this questionnaire is to solicit and obtain an unbiased response on the introduction and ratification of the AfCFTA on the one hand and its optimisation within the Member-States and its implications for the Nigerian Trade Policy.

3.3 Validity and Reliability of the Instruments

Practically, validity signifies the extent to which the study instruments measure what it is intended to

measure, whereas reliability is the magnitude to which a study instrument produces consistent outcomes any time any day (Osuagwu, 2002). Validity test of instrument can commonly be described as *“the degree to which the research findings correctly reveal the phenomena under study”* or *“the extent to which what is set to be measured is accomplished”* (Gregory as cited in Charity, 2011). Validity is also important in determining whether the statements in the questionnaire instruments are relevant to the study. However, for face, content analysis and editing, the instruments were given to experts in the field of Measurement and Evaluation as well as the Researcher's Supervisor for critical appraisal before administration. The main instrument is of international standard and so its credibility and validity could be sustained and guaranteed.

According to Hail et al, (2010) an instrument with coefficient of 0.60 is regarded to have an average reliability while the coefficient of 0.70 and above shows that the instrument has a high reliability standard.

The study employed both descriptive and inferential statistics to analyze the data obtained from the survey. Descriptive statistics involves the analysis of the data using frequencies, percentage, tables and graphs with the aid of Statistical Package for Social Science (SPSS). Percentages essentially are used to reduce different set of numbers to a common Base, while Tables on the other hand, are used to make the analysis easy to interpret. The procedure for arriving at the cut off Mean Point was as follow: We assigned a value of 5 to Strongly Agree, 4 to Agree, 3 to Strongly Disagree, 2 to Disagree and 1 Undecided.

In the analysis of primary data, both written interview responses and audio-tape responses were transcribed and read severally to draw inferences and deductions by way of interpretation. Inferences and deductions made were compared with secondary data collected through content analysis. In some circumstance, tables were used to support the data. The study used the primary and secondary data to arrive at convergence or divergence on subject or occurrence.

Despite these challenges, the research work has been able to elicit data from professional, executives and other officers/officials of the target MDAs who were

Table 1: Gender of Respondent

interviewed. These interviews have helped in overcoming the problem of validity that is often associated with researcher observation when some subjects of the population choose to behave otherwise.

3.4 Justification of Method

The method of data collection was considered adequate for this research, while the using simple percentages analysis and frequency tables was based on the fact that they were capable of addressing the research questions, propositions and the overall objectives of the research, in addition to the fact that previous studies also used the method and it worked.

Descriptive statistics analysis of data was intended to synthesize and reduce data volume, and allow for easier interpretation. Yogesh (2006), also acknowledged the fact that descriptive statistical analysis is the best efficient method to be employed in the organization of data in table for simplicity of interpretation.

Furthermore, the reason for using questionnaire in the study was informed because of the following reasons: that the questionnaire elicited more candid and objective replies (responses) because of its greater impartiality/impersonal. It permitted more reflection for answers and required less skill to administer, and same were simply handed over to respondents with a minimum of explanation. Also important, was the fact that with questionnaire, respondents had greater confidence in their anonymity and thus, felt freer to express their views on the subject matter (Mugenda, 2003).

In addition, interview with selected respondents in FMITI, MFA, FMJ, FMFBNP, NIPC, NCS, NEPC, NOTN, NAC- AfCFTA, NACCIMA and MAN responsible for implementing, regulating and /or enforcing compliance to the AfCFTA Agreement, provided first hand, frank and factual information capable of enriching the research.

4.0 Presentation and Discussion of Results

4.1 Characteristics of Respondents

Sex	Frequency
Male	20,840
Female	6,723
Total	27,563

Source: Field research on economic integration/trade liberalization under the AfCFTA (2021).

From above table it shows that 77.61% of the respondents are Males while, the remaining 22.39% are Females. This shows that the Males outnumbered the Females.

Table 2: Characteristics of respondent by gender and educational qualification

Gender	Qualification	Qualification	Qualification	Total
	HND/Bachelor	PGD/Masters	Doctoral	
Male	16,406	1,942	26	18,374
Female	8,203	973	13	9,189
Total	24,609	2,913	39	27,563

Source: Field research on economic integration/trade liberalization under the AfCFTA (2021).

4.2 Discussion of Results

Table 3: Questionnaire responses

Question	Agree	Disagree	Indifferent	Total
What is the nature/character of economic integration in Africa and the implications of the global economic liberalization on the Continent?	300(85.71%)	40(11.43%)	10(2.86%)	350(100%)
What are the objectives of the AfCFTA vis-à-vis Free Trade Area in Africa?	325(92.86%)	15(4.29%)	10(2.86%)	350(100%)
How will the AfCFTA and the domestic trade policy of Nigeria coexist?	325(92.86%)	15(4.29%)	10(2.86%)	350(100%)
Will the protocol on free movement of persons enshrined in the RECs enhance the operationalisation of the AfCFTA Agreement?	200(57.14%)	100(28.57%)	50(14.29%)	350(100%)
Can the AfCFTA bring about sustainable socio-economic development of Member-States in Africa?	150(42.86%)	150(42.86%)	50(14.29%)	350(100%)
Can the operationalisation of the AfCFTA enhance Nigeria's nationaleconomic/trade policies?	200(57.14%)	100(28.57%)	50(14.29%)	350(100%)
Can Nigeria's trade indices both export and import improve the country's economic fortunes as well	150(42.86%)	150(42.86%)	50(14.29%)	350(100%)

as her standing on a comparative basis with Member-States in Africa?				
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Table 4: summarized response of question 1, 2 and 3

Question	Agree	Disagree	Indifferent	Total
1	300(85.71%)	40(11.43%)	10(2.86%)	350
2	325(92.86%)	15(4.29%)	10(2.86%)	350
3	325(92.86%)	15(4.29%)	10(2.86%)	350
Total	950	70	30	1,050
Average	(90.48%)	(6.67%)	(2.86%)	

Table 5: chi-square analysis of the above responses

Observed frequency (O)	Expected frequency (E)	(O-E)	(O-E) ²	(O-E) ² /E
300	316.67	-16.67	277.89	0.88
325	316.67	8.33	69.39	0.23
325	316.67	8.33	69.39	0.23
40	23.33	16.67	277.89	11.91
15	23.33	-8.33	69.39	2.97
15	23.33	-8.33	69.39	2.97
10	10	0	0	0
10	10	0	0	0
10	10	0	0	0

$$\sum (O-E)^2/E = 19.19$$

Table 6: summarized response from question 4, 5 and 6

5	150(42.86%)	150(42.86%)	50(14.29%)	350
6	200(57.14%)	100(28.57%)	50(14.29%)	350
7	150(42.86%)	150(42.86%)	50(14.29%)	350
Total	500	400	150	1,050
	(114.28%)	(85.72%)	(14.29%)	

Table 7: Chi-square analysis of the above response

Observed frequency (O)	Expected frequency (E)	O-E	(O-E) ²	(O-E) ² /E
150	166.67	-16.67	277.89	1.67
200	166.67	33.33	1110.89	6.66
150	166.67	-16.67	277.89	1.67
150	133.33	16.67	277.89	2.08
100	133.33	-33.33	1110.89	8.33
150	133.33	16.67	277.89	2.08

50	50	0	0	0
50	50	0	0	0
50	50	0	0	0

$$\sum (O-E)^2/E = 22.46$$

From table 4: showing a combined response of question 1, 2 and 3, we can see that 88.24% of the respondents agreed to the question asked while 7.84% of the respondents making 8 responses disagreed with the asked question and 3.9% making up only 4 responses are of no opinion. The high response rate of the participant in the agreement side show that the respondents agreed that the integration and unification of Member-States under the AfCFTA can bring about growth and development through an atmosphere of free trade within the Continent in the face of less confrontation with the WTO economic liberalization policies. Table five also shows response from question 4, 5 and 6. These questions sort to know the current challenges the economic bloc will face in its bid to secure continental economic integration and also foster economic liberalization among Member-States. The percentages of the response shows that 114.28% making up 500 responses agreed to the asked question; while 85.72% making up a total of 400 responses disagreed with the question asked while 514.29% of the respondent showed no interest in the asked question.

5. Conclusion and Recommendations

Governments across the Continent including Nigeria are expected to use a wide range of policies such as the AfCFTA, as part of their post pandemic recovery plans. Considering the ongoing diplomatic frictions among some of the major economies (USA, China, Russia-Ukraine War, EU-UK, Nigeria Border Closure, etc.) and, the current difficulties within the multilateral trading system, there is the risk that some of these policies may be trade restrictive, thereby affecting the operationalisation of the AfCFTA, at the long run.

The Nigerian economy suffers from myriad of challenges, which may make the sustainable development objective of the Pact elusive. The Nigerian economy is fraught with challenges such as limited access to affordable capital, infrastructure deficits, double digit inflation, foreign exchange volatilities, the high cost of, and inadequate access to

production inputs, and high cost of doing business. Despite ranking improvement, Nigeria still ranks 131 out of 190 Countries in the global Ease of Doing Business Index (tradingeconomics.com/ease-of-doing-business/2020-2021). Thus, Nigeria is considered a less conducive business environment compared to its peers like Ghana, Egypt, South Africa, Kenya. In other words, due to Nigeria's economic realities, the AfCFTA may pose significant threat to the promotion of sustainable development of the Nigerian economy, as other peer economies may be seen to have absolute advantages than the Nigerian economy. Further compounding the foregoing is that Nigeria is an import dependent State, importing most of its domestic consumption. To illustrate the above point, prior to the shut-down of Nigerian land borders between 2019 and 2021, Nigerian manufacturers faced considerable pressure from goods smuggled into the country from other African countries. During the shutdown of the border, there was considerable improvement in domestic production of Rice, Maize and other agricultural commodities because Nigerians shifted their consumption preferences to local brands. Nigerian farmers and millers ramped up their production to meet the increasing demand. However, the border closure came at considerable cost to consumers who were made to pay higher for goods manufactured in Nigeria. This was attributed to the high cost of doing business in Nigeria which made imports generally cheaper than locally produced goods. While the inflow of goods and services from neighbouring African States attendant to AfCFTA would augment consumer interest by providing more choices and reduced prices, Nigeria's economic self-sustenance may face considerable challenges due to the lack or limited ability of Nigerian Firms to compete efficiently under the AfCFTA regime.

Nonetheless, it is beyond doubt that the AfCFTA will promote market competitiveness through the free flow of goods, services and capital across the continent by opening up the Nigerian markets to Firms in other African economies and vice versa. This contributes to

the consumer welfare objective of the Act by providing Nigerian consumers with variety of products and services at competitive prices. The AfCFTA, will from the consumers perspective, foster increased competition and force a downward pressure on price to the benefit of the price sensitive Nigerian consumer. Additionally, from the manufacturer's perspective, the AfCFTA will enable Nigerian Firms source raw materials within the African continent rather than outside the continent. By granting Nigerian Firms access to cheaper intermediate goods from across the continent, the international competitiveness of Nigerian Firms will be enhanced, thereby promoting the efficiency of Nigerian producers in relations to international competitors.

On the final analysis, for Nigeria to emerge a winner under the AfCFTA regime, certain macro-economic steps need to be considered, taken and implemented. Issues such as:

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- ii. Key components of the AfCFTA such as Non-Tariff Barriers, Rules of Origin, investment, cross border movement of persons, services liberalization, regulation, trade remedies, monitoring and evaluation;
- iii. Trade information and data to build synergies to fully exploit AfCFTA;
- iv. Focus strategy on how to climb the ladder on regional and global value chains as well as increase concentration of value-added products and services;
- v. Galvanise multi-agencies cooperation to leverage on trade for development, build finance for domestic resource mobilization for AfCFTA, and;
- vi. Support measures for vulnerable groups such as, small holder farmers, informal cross border traders, unfair competition and illicit trade.
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