

# Economists Voice Concerns over AfCTA Agreement

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*Economic experts have expressed reservations over the recently signed African Continental Free Trade Area (AfCFTA) agreement, pertaining to the fourth phase of the Africa Economic Community (AEC) Treaty of 1991.*

Specifically, the Nigerian economists argued that President Muhammadu Buhari should have refrained from signing the trade pact due to poor sensitisation campaign, the lack of national trade policy, infrastructural deficiencies, and low production capacity with recurrent indices of trade deficit. The Nigerian Labour Congress (NLC) had reportedly exhibited similar anxiety about the Federal Government signing of the agreement.



Professor Jonathan Aremu, making his presentation

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Speaking at an economic roundtable, with the theme 'Trending Issues on Trade Negotiations,' for the launch of the Centre for Economic Policy and Development Research (CEPDeR) of the Department of Economics and Development Studies, Covenant University, a Professor of International Economic Relations, Professor Jonathan Aremu, noted that before the signing, a caveat stipulating adequate sensitisation of stakeholders in member states under the African Union was yet to be fully carried out in Nigeria.

He stated that while there had been discussions and negotiations on AfCFTA by various technical working groups, little opportunity was given to Nigerian stakeholders to discuss the dynamics in the development and future implementation of the policy.

Panelists at the roundtable voiced their regrets that a nation like Nigeria has not been able to situate an ideal trade policy that could serve as a benchmarking tool for going into trade negotiations, be it on a regional or global basis. During the session, it was noted that the ECOWAS sub-regional trade policy, which would have served as a proxy for going into such negotiation, was not yet in place.

Discussants at the forum advised the Nigerian government's economic team to engage robustly with experts in the subject of international trade, towards formulating a coherent trade policy to capture the government's developmental policy objectives as documented in the Economic Recovery and Growth Plan (ERGP). The strategic objectives of such a trade policy, they said, must be based on the nation's peculiar developmental strategies, which will guide in the creation of detailed internal and external trade policies that will serve as the fulcrum for entering into any trade negotiation at regional and multilateral levels.

Taking the issue from the perspective of a national trade policy, the Dean, College of Business and Social Sciences, Covenant University, Professor Philip Alege, stated that there are some germane and essential questions to be addressed if the nation must achieve the objective of having a national trade policy. "How do we benefit from a competitive advantage, if nearly all our imports are mainly finished consumer goods? How do we survive in a world economy where we export raw agricultural and mineral resources with little value addition?" he queried.

The Head, Department of Economics and Development Studies, Professor Evans Osabuohien, was of the view that with free movement of goods and services across the continent, industries and businesses in Nigeria that are not well-

equipped to maximise their position under the recently signed agreement, would be negatively affected, thus contributing to the already high rate of unemployment in the nation. However, he noted that the agreement could become a foundation for an opportunity if local business interests embrace the capacity to expand their production quota.

In addition, Professor Osabuohien said any anticipated successes would depend on how well the nation can align itself with the process of integration by improving physical and social infrastructure, such as boosting the rail system, fixing the nation's power situation and most importantly, engaging indigenous trade lawyers that will enhance favourable trade negotiations.

Another panelist, Dr. Henry Okodua, a senior lecturer in the Department of Economics and Development Studies, posited that weak trade performance and high cost of doing business locally would unduly expose the country's manufacturing sector to threat from competitive products from other countries, with relatively cheaper cost of production, and the eventual eradication of tariffs across the continent.

While examining the trade integration process within the West African sub-region, Dr. John Odebiyi, also a faculty in the Department of Economics and Development Studies, advised that, with the total formal trade within the ECOWAS sub-region standing at less than 15 percent, the critical question of what should form the basis of trade between African member states should be addressed, perhaps through a study, before Nigeria assents to AfCFTA.

However, given that Nigeria is the largest market in the continent, the benefits of the CFTA are as enormous as the risks. The CFTA, it was agreed, could herald a new era of productivity and a platform to showcase the country's unique creative skills. Conversely, it could portend some socio-economic challenges without a coherent trade policy in place.

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