



# THE AFRICAN CONTINENTAL FREE TRADE AREA (AfCFTA) AND NMSMEs IN NIGERIA'S MANUFACTURING SECTOR

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## Abstract

The African Continental Free Trade Area (AfCFTA) Agreement is the world's largest free trade area that covers 1.3 billion people in a market worth US\$3.4 trillion. With the exception of Eritrea, all African countries have signed the agreement and over forty-three countries have deposited their instrument of ratification. For Nigeria, which has the largest economy in Africa, the trade deal presents an enormous opportunity to improve non-oil exports and enhance productivity. However, with a challenging business environment and a weak manufacturing base, there are concerns about the level of preparedness of businesses, especially small businesses operating in the manufacturing sector, to take advantage of the AfCFTA. These businesses constitute a significant part of the economy and must be supported and nurtured to become export-ready and thus, leverage the opportunities of the AfCFTA. Formulating and implementing industrial and trade policies to improve production and exports, enabling access to finance, removing policy and institutional bottlenecks, and providing businesses with relevant information on the AfCFTA, access to markets and certifications are crucial reforms that must be implemented to ensure small businesses in the manufacturing sector are export-ready to get the most out of the trade deal.





## Introduction

The manufacturing sector is important in the growth and development of any country. Several studies (Cantore et al. 2014 and Su and Yao, 2016) have argued that manufacturing is the engine of growth and rapid expansion of the sector is correlated with improved productivity and income growth of citizens in developing countries. For instance, Su and Yao (2016) highlighted three key features of the sector in middle-income countries. First, the expansion of manufacturing triggers the growth of the services sector. Second, manufacturing development accelerates the pace of technological accumulation, and third, an increase in the share of the manufacturing sector can enhance the utilization of human capital and economic institutions.

In Nigeria, the manufacturing sector grew by 2.45% in 2022, a slower growth rate when compared with that of 2021 (3.35%), following the recovery from COVID-19. In the last 8 years, the sector's growth has averaged 1.5% and its contribution to Gross Domestic Product (GDP) remained low at 9.3%. In the same vein, the sector's contribution to export was low at 2.9% in 2022, according to data from the National Bureau of Statistics (2023a). The poor performance of the sector can be traced to the disconnect between Nigeria's trade and industrial policies and the neglect by policymakers or the lack of implementation of industrial policies. This is in addition to having a tough business environment such as power outages, infrastructure deficit, limited access to finance, and regulatory lapses. These factors have increased the cost of production and limited competitiveness of the sector. Consequently, and as argued by Bloch et al (2015), the poor performance of the sector is largely responsible for the lack of economic and social inclusion in Nigeria.

Within the manufacturing sector, Nano, Micro, Small, and Medium-scale Enterprises (NMSMEs) also referred to as “small businesses” in this study, play an integral role in improving export earnings, job creation, income growth, and overall productivity of the economy. These businesses, despite their importance, continue to compete unfavorably with imported goods and face numerous bottlenecks which limit their capacity to expand both locally and beyond the domestic market. With the African Continental Free Trade Area (AfCFTA) Agreement which is driven by the goal is to create a single market for Africa, a continent with over 1.3 billion people, 55 Countries, and a GDP of US\$3.4 trillion (World Bank, 2020), there is an opportunity for improvement of NMSMEs in Nigeria. The agreement aims to eliminate tariffs on 90% of tariff lines over a 5-year period and an additional 7 percent on tariff lines over the subsequent five-year period, making it easier for countries in the continent to trade their goods. While the AfCFTA presents a huge opportunity for small businesses to expand and contribute immensely to national development, the main questions are - how ready are these businesses in Nigeria to take advantage of the opportunities that the AfCFTA present? How can the existing trade bottlenecks in Nigeria be removed to improve the export of manufactured goods by small businesses?

In view of the AfCFTA, the potential of Nigeria's manufacturing sector is huge, especially in addressing Nigeria's foreign exchange problems by rapidly increasing earnings from non-oil exports. Taking advantage of the trade deal will require commitment by the Nigerian government to support the sector and improve market access for the nano, micro, small, and medium-sized businesses, which are instrumental for job creation and economic inclusion. The rest of this policy brief examines the state of small businesses in Nigeria's manufacturing sector, the preparedness of small businesses to leverage the AfCFTA Agreement, and the trade bottlenecks faced by small businesses in Nigeria. The policy brief concludes with a set of recommendations to improve the state of small businesses in the sector.

# The State of Manufacturing-based NMSMEs in Nigeria

To assess the state of NMSMEs that operate in the manufacturing sector in Nigeria, this policy brief draws insights from the Fate Institute's State of Entrepreneurship (SoE) survey conducted in 2022. The survey featured over 8,601 businesses across different sectors in the 36 states of the federation and the Federal Capital Territory (FCT).

In the last two years, Nigeria's manufacturing sector has had to face the devastating effects of COVID-19 and the war in Ukraine. Both crises triggered supply chain problems and limited access to foreign exchange and inputs, which raised production costs for businesses in the sector, particularly NMSMEs. While the sector experienced a recovery in 2021 with a growth rate of 3.35% (2020: -2.75%), the war in Ukraine dimmed prospects of higher growth in 2022. As a result, the manufacturing sector grew at a slower pace of 2.45% in the year (NBS, 2023a). This recovery, although slower when compared with 2021, reflected the performance of small businesses in Nigeria in 2022.

**Figure 1: Growth of Manufacturing Sector Output in Nigeria (%)**



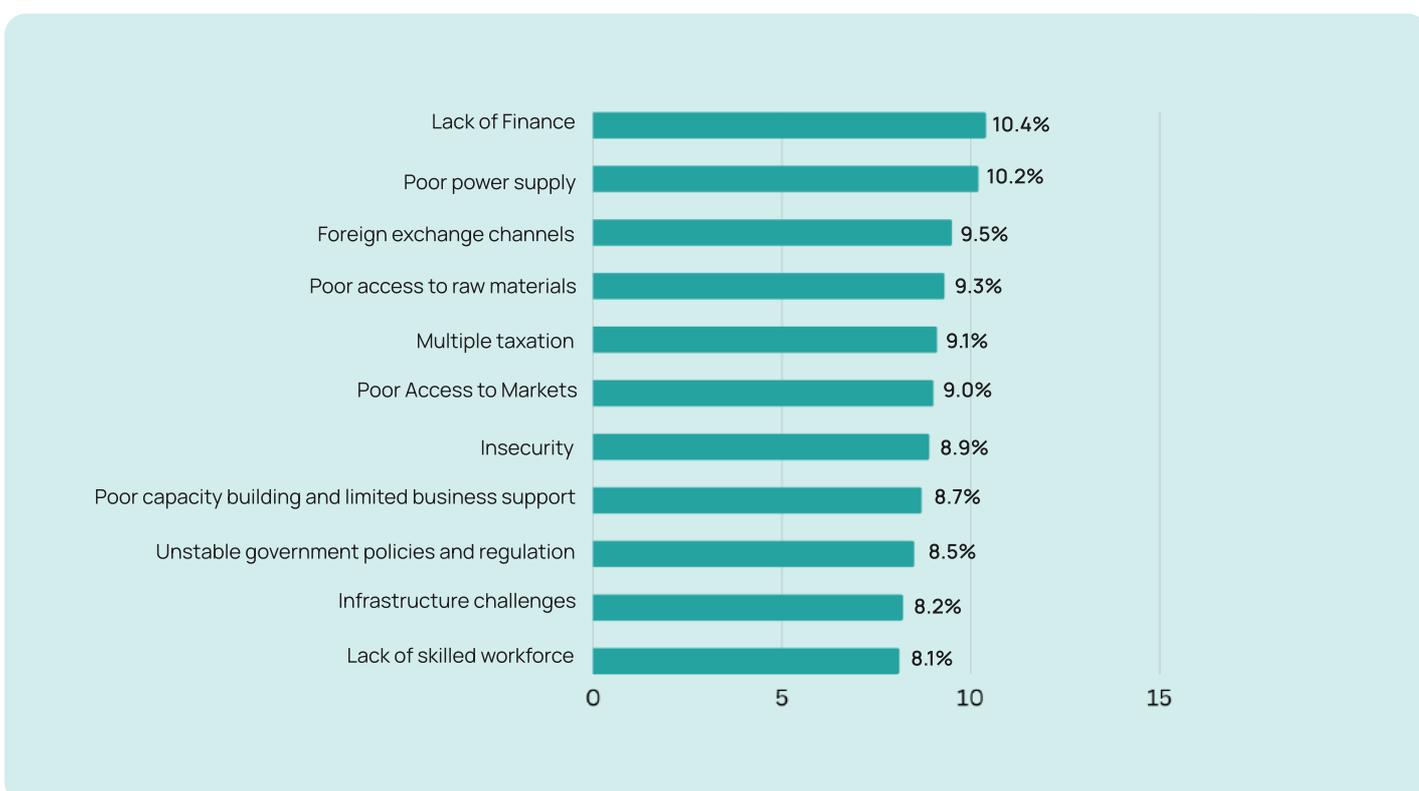
According to the 2022 SoE survey, 83% of NMSMEs in the manufacturing sector reported that they experienced growth in the last one year. With regard to areas of growth, majority (84%) of these businesses that experienced growth cited an increase in customers as the main contributing factor to growth in the period. This is not surprising given the improved consumer demand since COVID-19 in 2020, as the economy recovered from the effect of the pandemic. In addition, rising inflation occasioned by the war in Ukraine means that many companies raised prices of their final products to cope with higher production costs, thereby leading to a much higher revenue in 2022.

Notwithstanding the improved performance of NMSMEs in the manufacturing sector in the last year, many businesses continued to operate in a challenging environment characterized by high inflation, foreign exchange scarcity, and insecurity. The impact of these challenges, occasioned by both external and internal factors, was uneven and more severe on NMSMEs in Nigeria. Because majority of these businesses are informal and do not possess the financial capacity to withstand shocks relative to large formal firms, they felt the negative impacts much more than large firms and were more likely to face difficulty surviving.

For instance, data from the SoE survey showed that only 38% of small businesses were able to access loans even as 74% of those that have raised finance cited personal savings as the main type of finance that they accessed in the last year. According to the World Bank (2022), small businesses have experienced severe challenges in the last two years especially because these businesses typically have less resiliency in revenue generation than more diversified larger companies. The problem of high interest rate and strenuous collateral requirements continue to limit access to finance, particularly for NMSMEs in the manufacturing sector.

Beyond issues relating to limited access to finance, small businesses have had to deal with other structural problems that limit their capacity to grow rapidly and raise productivity levels. As reported by small business owners in the manufacturing sector, problems relating to limited power supply, foreign exchange challenges, poor access to markets and raw materials as well as multiple taxation ranked high among the myriad of challenges they faced in the last one year.

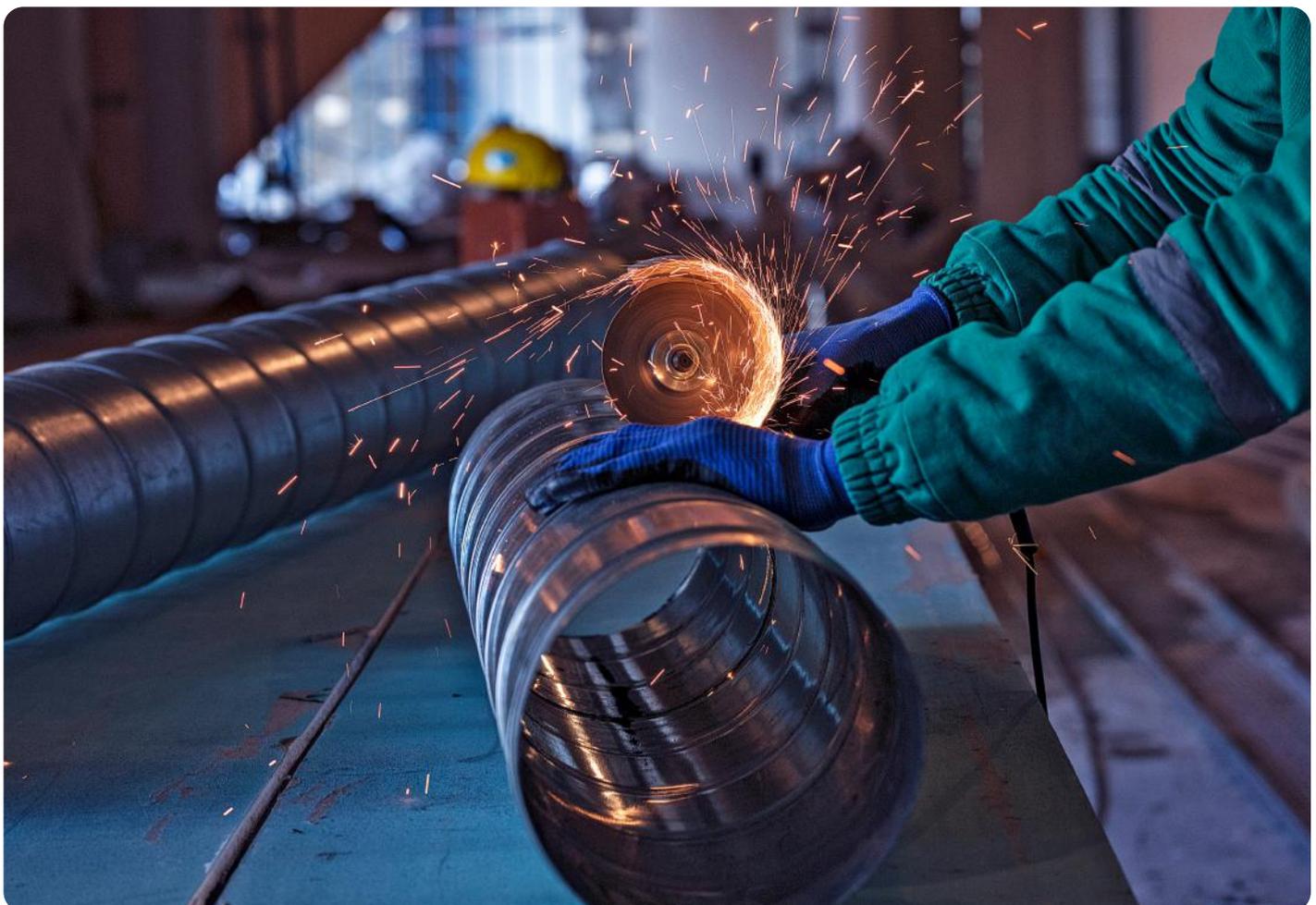
**Figure 2: Factors that have negatively impacted NMSMEs in the manufacturing sector in the last one year**



Source: SoE Survey 2022

More specifically, poor power supply, high fuel and diesel costs, and logistics problems were prevalent in 2022, and had negative impacts on productivity and expansion of businesses. During the year, Nigeria's national electricity grid collapsed at least seven times, leading to nationwide blackouts. Nigeria's power generation capacity stood at 5,346.82 megawatts (MW) in 2022, a low capacity relative to other fast-developing countries such as South Africa (17,536 GWh) and Egypt (18,100 GWh) (CEIC, 2022). Faced with frequent power cuts, small businesses, especially those in manufacturing, had to seek alternative sources of power supply to increase or maintain production levels. In 2022, higher crude oil prices and an opaque subsidy regime resulted in an increase in the pump price of petrol and diesel to over ₦250 per litre and over ₦700 per litre respectively, further raising cost of production for businesses. In the 2022 SoE survey, some businesses in the manufacturing sector reported spending over 30% of their operating expenses on petrol/diesel.

Macroeconomic instability heightened in 2022 as small businesses grappled with the challenges of high inflation, foreign exchange scarcity and multiple exchange rates. For manufacturers, foreign exchange challenges had the most impact on their business performance, given the limited availability of foreign currency in the official market. Such scarcity resulted in a wide gap between official and parallel market rates, which stood at N300 as at December 2022. The attendant effect was that small businesses had to patronise the unofficial market to secure inputs and raw materials for production, therefore, raising the price of goods and services across the country. Other factors such as insecurity, high cost of clearing goods at the ports and multiple taxation were also responsible for the upward trending inflation rate experienced in 2022. More recently, the Naira redesign policy implemented by the Central Bank of Nigeria (CBN) has added to the complexities of small businesses in the manufacturing sector. Lower consumer demand as a result of limited cash withdrawals, poor ICT and payment infrastructure and low level of financial inclusion, amidst the uncertainty associated with the 2023 general elections, are expected to negatively impact NMSMEs in the first half of 2022.



With a combination of these factors, many of which are beyond the internal control of businesses, NMSMEs faced a tough operating terrain in 2022, hampering their ability to scale operations. While the government implemented several policies and programmes such as the Race to US\$200bn in FX Repatriation (RT-200) programme to provide support to businesses, the coverage and effectiveness of these programmes were limited. For instance, when asked how accessible were government support programmes in the SoE survey, 11.5% of small business owners in the manufacturing sector said government support is inaccessible to them. Another 68% said it is hard or very hard to access government support, thereby, leaving only 20.5% that found it is easy to access government support. Consequently, many of these businesses are left to carry on without any form of support, thereby, making them vulnerable to shocks and raising the prospects of business failure. 64% of small business owners in the manufacturing sector said they were aware of at least one business that was shut in the last one year. This emphasises how tough it is to do business in Nigeria and the need for the federal and state governments to urgently prioritize reforms to improve the business environment.

## How ready are NMSMEs to leverage the African Continental Free Trade Area (AfCFTA) Agreement?

The AfCFTA presents a tremendous opportunity for small businesses in the manufacturing sector in Nigeria to grow and raise productivity level. A major goal of the trade deal is to achieve a single market for goods and services, in order to deepen the economic integration of the African continent. The deal aims to increase intra-African trade and create a liberalized market for goods and services through successive rounds of negotiations. With the AfCFTA, signatories are expected to eliminate tariff on 90% of tariff lines and reduce non-tariff barriers to facilitate trade among members. The implementation of the AfCFTA is done in phases. While Phase I examines the agreement to establish the AfCFTA, the protocols on trade in goods and services and dispute settlement, Phase II covers protocols on competition policy, investment and intellectual property. During the agreement, it is expected that goods in sensitive sectors will be liberalised over time while a limited number of goods will be excluded from liberalisation.

**Table 1:** African Trade Statistics

REC NAME	GDP (\$Bn)	% of Africa GDP	Population (Mil)	% of Africa Population	GDP per capita (\$)	Global Trade (\$Bn)	Intra African trade (\$Bn)	Global Trade Balance (\$Bn)	Intra- African trade balance (\$Bn)
ECOWAS	565.09	24.9%	359.8	28.9%	1,537.40	165.9	25.9	4.8	5
SADC	680.02	30.0%	316.9	25.4%	2,146.20	327.1	73.4	18.4	2
EAC	169.66	7.5%	185.5	14.9%	914.5	45.7	9.8	-18.5	0.9
UMA	360.35	15.9%	99.4	8.0%	3,625	221.1	11.1	-28	0.6
ECCAS	180.74	8.0%	89.5	7.2%	2,019.00	54.7	12.1	6.5	-1.7
COMESA	714.56	31.5%	528.7	42.4%	1,351.50	237.3	35.6	-66.4	-6.2
<b>Africa (Total)</b>	2266.68	100%	1246.2	100%	1819.9	930.65	135.4	-77.7	6.5

**Source:** International Trade Center, Trade Map Data 2017

One important aspect of the trade deal is the rules of origin, which describes goods that will qualify for preferential market access under the deal. In simple terms, the rule of origin ensures that only goods produced in member-countries can enjoy low tariffs or duty-free shipments to other member-country. The success of the AfCFTA, to a large extent, will greatly be determined by how the rules of origin are managed and implemented among member-countries.

Since the signing of the agreement in 2019 by the federal government of Nigeria and ratification in 2020, actual trading by Nigeria is yet to begin. Nigeria's National Action Committee on AfCFTA (NAC) inaugurated in 2019 has been working to develop the country's AfCFTA Implementation Strategy. The strategy is driven by the mission for Nigeria to become Africa's preferred supplier of value-added goods and services and with the goal of capturing 10% of Africa's imports from the world. Nigeria's export revenue is expected to double by 2035. The strategy features eight pillars which include establishing the institutional framework; producing for export; improving trade facilitation; domestication of the AfCFTA agreement; infrastructure development; strengthening financial institutions; bridging the gap in trade information and ensuring continental labour mobility (Anatogu, 2022).

In looking at how businesses can internationalise through exports, Gerschewski et al. (2020) highlighted three key aspects of export readiness. They include finance, trade and exchange, and marketing. To assess the preparedness of small businesses in Nigeria's manufacturing sector to take advantage of the AfCFTA, this section examines export capabilities of these firms, by reviewing the framework of Gerschewski et al. (2020) to include the following aspects: Businesses' ability to produce for exports; availability of information and business support services; and operation within clusters. Other aspects such as policy and institutional frameworks and infrastructure development are also discussed.

## **1. Businesses' ability to Produce for Exports**

Nigeria's total trade in goods in 2022 was valued at ₦52.4 trillion, representing 26% of GDP. Exports of goods accounted for 51% of total trade and has grown considerably, by an annual average of 15% in the last four years. While this growth is commendable, a breakdown of exports shows that non-oil exports accounted for only 9.5% of total exports in 2022 (NBS 2023b). For the manufacturing sector, its share in total exports was 2.9% in 2022, a decline from 5.2% recorded in 2021 (NBS 2023b). This abysmal contribution of manufacturing to total exports buttresses the argument of limited domestic capacity to produce manufactured goods, especially in view of the fact that the manufacturing sector also contributes 9% to Nigeria's GDP in 2022. As argued by Erumebor (2023), Nigeria is not producing enough for both local consumption and exports, thus making it difficult for the country to take advantage of the opportunities that come with the AfCFTA. Erumebor notes further that the consequences of having a weak manufacturing base are evident in the country's foreign exchange shortages, limited number of jobs created to accommodate workforce entrants, and an import bill that can hardly be met (nor sustained) by current export earnings. As noted by Wiedersheim-Paul et al., (1978), having a strong domestic base can be a prerequisite for successful exports in a country.

Two years after signing the AfCFTA agreement, Nigeria's export structure remains skewed towards crude oil and its import structure towards manufactured goods (see figure 3). Similarly, majority (90.1%) of Nigeria's exports are to countries outside the African continent while 87.1% of its imports come from countries outside Africa. The implication of this low trade with other African countries is that small businesses in Nigeria are still exposed to unfair competition with goods from Asia and Europe, which account for the majority of total trade in goods by destination. The tough business environment, absence of a specific industrial policy and poor access to raw materials remain a major challenge that must be addressed for small businesses to leverage the trade deal

While these challenges affect all businesses in Nigeria, small-scale manufacturers are unevenly impacted, and thus, their ability to scale and enhance productivity are limited. For instance, shoe manufacturers in Aba, a major shoe-making hub in Nigeria have continuously grappled with limited access to raw materials such as leather and glue, which are often difficult to obtain within the country due to fewer tanneries that are willing to service the local market. In addition, problems such as poor access roads, high cost of inputs and limited mechanisation raise production costs and render many of these businesses uncompetitive. It is important to note that despite these challenges, some small businesses export their goods to neighbouring countries such as Ghana, Liberia, Togo, although majority of these trade happen informally. Apparently, addressing these challenges will enhance production for both local consumption and exports, and ensure these businesses are able to compete with foreign goods, especially in view of the AfCFTA

Figure 3: Breakdown of Nigeria's Export and Imports in 2022

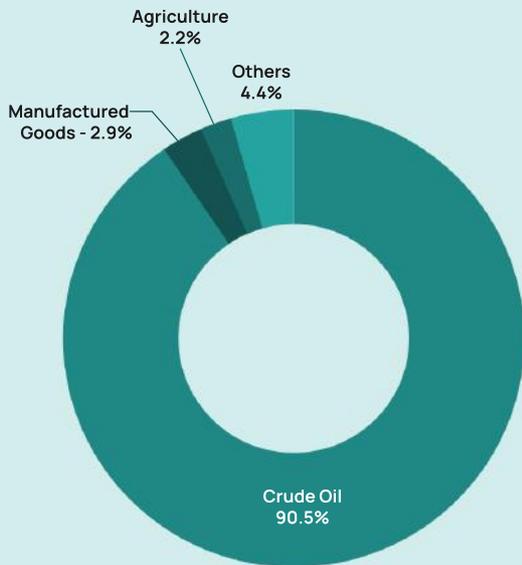


Fig 3a: Breakdown of Nigeria's export in 2022

Fig 3b: Breakdown of Nigeria's import in 2022

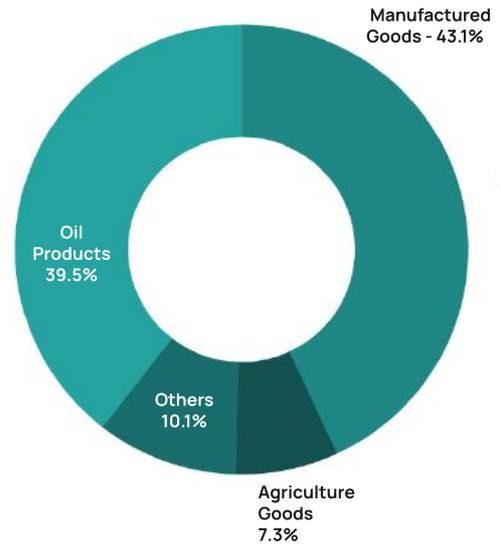


Figure 4: Breakdown of Nigeria's Export and Imports Destination in 2022

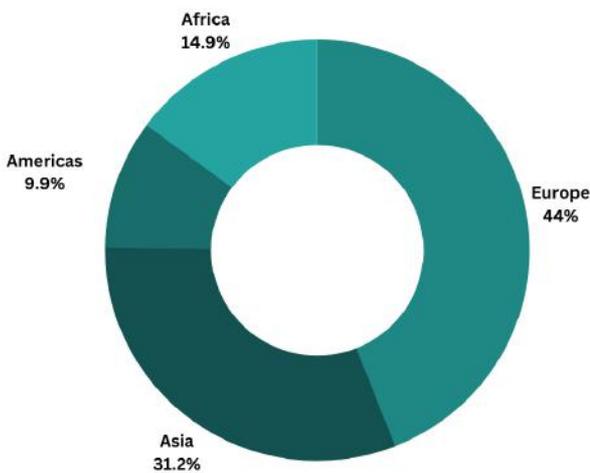


Fig 4a: Where Nigeria exported to in 2022

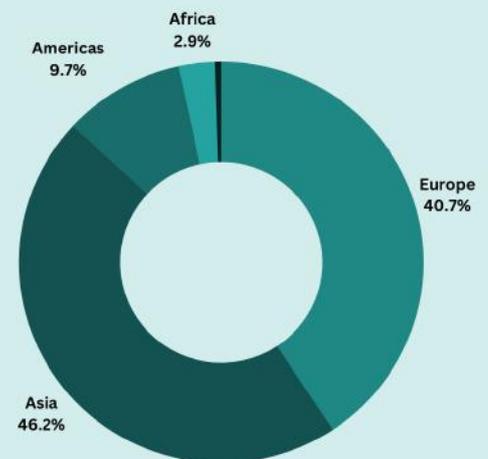


Fig 4b: Where Nigeria imported from in 2022

At the level of the National Action Committee on AfCFTA (NAC), there have been several proposals in the AfCFTA implementation strategy to improve business productivity and exports in Nigeria. The NAC is developing an AfCFTA export facilitation programme to conduct firm-level needs assessments for current and potential exporters and offer specific support to grow their exports. The NAC, working with the Nigerian Export Promotion Council (NEPC), has also commenced a project to onboard small businesses onto e-commerce platforms starting with Lagos, Aba and Kano. These efforts, if properly implemented, could improve the export prospects of manufacturing-based NMSMEs in Nigeria.

## **2. Operation within Clusters**

The network-based view on internationalisation places importance of networks among small businesses in growing exports and exploring new foreign markets. With this, businesses are able to overcome deficiencies in areas of finance, market and information access and therefore learn from each other's experience. Over the years, there have been several clusters in Nigeria including the Abia/Kano leather and apparel cluster, Kano and Ogun tie and dye clusters, the rice cluster, the cassava cluster among others. However, many small businesses in the manufacturing sector in Nigeria do not belong to trade or business groups and do not operate in clusters. According to the SoE 2022 survey, 48% of small manufacturing firms surveyed do not belong to any trade or business group. In a bid to enhance competitiveness of small businesses, the government through the Small and Medium Enterprise Development Agency of Nigeria (SMEDAN) has facilitated the development of clusters for small businesses in Nigeria. Currently, there are over 23 Industrial Development Centres (IDCs) across Nigeria, some of which are not functional. The agency has recently embarked on developing a furniture cluster park at the IDC in Abuja to boost efforts to diversify the Nigerian economy. In addition, the National Development Plan 2021 – 2025 emphasises the development of clusters along value chains to improve production capacities of firms and ensure economic prosperity. This approach will enable the provision of assistance and support to businesses that aim to produce for exports.

## **3. Availability of Information and Business Support Services**

The availability and accessibility of information about foreign markets are important to a firm's preparedness for internationalisation (Liesch and Knight, 1999). Access to finance, markets and information are crucial for small businesses engaged in manufacturing that are seeking to export their goods. The fewer the businesses that are able to access these services, the less prepared Nigerian businesses are, to reap the benefits of the AfCFTA. In a study conducted by NACCIMA et al (2020) focusing on small to medium-sized firms, they found that about 75% of businesses surveyed are not aware about the AfCFTA. Within the manufacturing sector, only 36% of businesses were aware of the trade deal. In a more recent article where Abubakar (2022) interviewed 40 informal traders in four popular markets in Ilorin (Mandate, Oja Titun, Oja Ipata, and Yoruba Road markets), none of the traders interviewed were aware of the AfCFTA. While the NAC have conducted several stakeholder workshops in the last couple of years to increase awareness on the deal, a lot more needs to be done



Beyond being aware about the trade deal, information and support relating to business registration, product certification, compliance with standards of the importing country are not readily available to informal businesses engaged in manufacturing. The limited availability of such information and support services implies that only few businesses are export-ready. Within firms, to succeed in exports requires that management must be proactive and prepare their organisations for exports, constantly seeking information and opportunities for effective export readiness. Sensitising informal trade networks, cooperative societies and businesses in production clusters in Aba, Kano and other cities about the AfCFTA and providing information on access to development finance would go a long way to ensure increased adoption of the trade deal by small-scale manufacturers. The role of the Nigerian Export Promotion Council (NEPC) must be strengthened in this regard.

In addition, access to finance is a critical component for businesses to increase production and grow exports. The inability of many of these businesses to access the existing intervention funds for exporters such as ₦50 billion Export Development Fund (EDF) is a challenge that limits their ability to scale. Similarly, financial institutions must be ready and equipped to support businesses that are interested in exports. At the moment, many commercial banks in Nigeria are well-equipped to finance imports but do not have export desks manned by well-trained personnel (PDF II, 2018). Devoting financial and technical resources to creating export units, in both financial institutions and small exporting firms, is necessary to improving access to market and finance for potential exporters.

Other trade-readiness factors that are crucial to the success of manufacturing-based small businesses in exports include:

#### **4. Policy and Institutional Frameworks**

Policy and institutional frameworks are the bedrock of any trade agreement. They set the rules, guidelines and institutional arrangements for trade to occur seamlessly. In Nigeria, the significance of the AfCFTA as well as its cross-cutting nature requires that all policies relating to production and trade are aligned and there is proper coordination among relevant institutions. To start with, Nigeria does not have a comprehensive and up-to-date trade and industrial policy, which are essential for improving non-oil exports and guiding trade practices. The country's trade policy has been under review since over a decade. Its industrial policy is not standalone but it is embedded in a broader National Development Plan (2021 – 2025). Domesticating the AfCFTA and ensuring alignment of the implementation strategy with trade, industrial and investment policies will be essential in providing a clear direction and support for businesses, especially those in the manufacturing sector.

On the institutional front, there are conflicting roles among government agencies in relation to policies and programmes on trade promotion and support. Despite the Executive Order released by the President to ensure inter-agency cooperation and collaboration towards the “one government” principle, government agencies still relate to one another as though they are competitors and this has a negative impact on the time and cost of doing business. For instance, in the last few years, the Central Bank of Nigeria (CBN) has implemented numerous trade related policies and incentives to non-oil exporters including the RT200, with limited engagements with fiscal and trade authorities.

Furthermore, the Nigeria Customs Service (NCS)'s role of trade facilitation has been overshadowed by its revenue generating functions, thereby exerting pressures on businesses using ports and border services. The NCS was among the least efficient agencies in 2022, ranking 31 out of 36 agencies in the 2022 Executive Order 001 (EO1) compliance report released by the Presidential Enabling Business Environment Council (PEBEC, 2023). The cost of inefficiency of a key agency like the NCS is often borne by small businesses that engage in external trade, in the form of higher charges, tariffs and delays in clearing goods. These challenges raise the cost of doing business in the country and limit competitiveness of businesses. Given that the NCS is expected to serve as Nigeria's Competent Authority with regards to the administration of the rules of origin, reforming the NCS to ensure their processes and operations are fully automated and in line with best practices should be at the heart of the broader trade and policy reforms. For small businesses to reap the benefits associated with the AfCFTA, the Presidency must urgently clarify the roles of government agencies such as the Ministry of Industry, Trade and Investments, Nigeria Customs Service, the Central Bank of Nigeria, etc. and ensure compliance with the existing Executive Orders.

## 5. Infrastructure Development

Inadequate infrastructure remains a major barrier to both internal and external trade in Nigeria. Nigeria has a huge infrastructure deficit and the National Integrated Infrastructure Master Plan (NIIMP) estimated that US\$2.3 trillion is required to close the infrastructure gap by 2043. The poor state of port and border access roads and major roads connecting rural areas, limited power supply and logistics problems place small businesses in Nigeria at a disadvantage, relative to businesses in other African countries. Specifically for small businesses engaged in exports, congestion of the Lagos ports, low patronage of inland dry ports, underdeveloped rail transport and inland waterways, as well as dilapidated border facilities constitute major challenges that limit competitiveness of these businesses.

To address the problem of connectivity, the federal government has completed two major passenger railway projects in the last 5 years - the Abuja-Kaduna line and the Lagos-Ibadan line. There are on-going efforts to increase usage of the Onne Ports and other ports outside Lagos. In order to facilitate manufactured exports, it is important to connect rail lines and the inland dry ports in Benin, Kaduna and Kano to seaports in Lagos, Rivers and Warri.

# The Way Forward - Recommendations

With a GDP of US\$471.4 billion in 2022, Nigeria has the largest economy in Africa. Despite having a low contribution to its GDP, Nigeria's manufacturing sector is among the largest in sub-Saharan Africa. The country has the largest population in the continent and is home to an entrepreneurial, innovative, and young population. These features, along with favourable weather and strategic location, present a key competitive advantage for the country, especially in view of the AfCFTA agreement. In order to revive Nigeria's manufacturing sector and ensure that small businesses are equipped to take advantage of the AfCFTA agreement, the following recommendations are crucial:

**“With a GDP of US\$471.4 billion in 2022, Nigeria has the largest economy in Africa. Despite having a low contribution to its GDP, Nigeria's manufacturing sector is among the largest in sub-Saharan Africa.”**

- **The Presidency, working with the Ministry of Industry, Trade and Investment, must develop industrial and trade policies that focus on enhancing the growth of the manufacturing sector and specific sub-sectors in manufacturing.** Such policies must be coherent and in line with the broader goals of the National Development Plan and the Vision 2050 Agenda. These policies must target small to medium firms in the sector by providing a coordinated approach to accessing finance and removing export bottlenecks and constraints to domestic production. Encouraging investments in areas such as food processing and light manufacturing should be prioritized and key performance indicators must be set within a specified timeframe. Nigeria should aim to increase the manufacturing sector as a share of GDP and exports from the current 9% and 2.5% respectively to 15% - 20% in the next five years and small businesses should play a major role in achieving these goals. Given the importance of industrialization in the development process, industrial and trade policies and their implementation should be directly monitored by the President of the Federal Republic of Nigeria.
- **The Federal Government of Nigeria through the Ministry of Industry, Trade and Investment, and the Nigerian Export Promotion Council must adopt a holistic approach to support potential exporters by implementing export assistance and enlightenment programmes with the goal of facilitating trade.** For instance, having commercial attaches at Nigerian embassies to establish contacts with distributors, provide information to Nigerian exporters, and intervene when issues arise is critical in ensuring manufacturing firms are export-ready. Government must also invest its resources in organizing trade shows and trade visits to strategic African countries.

- **The AfCFTA National Action Committee must work to improve awareness and engagement with stakeholders on the AfCFTA.** Small-scale manufacturers are expected to play an important role in the AfCFTA and thus, need to be positioned to take advantage of the opportunities. To achieve this, the NAC must intensify awareness campaigns about the trade deal and enlighten these businesses on how their products relate to the liberalized tariff lines and the rules of origin. The NAC will need to strengthen engagement with clusters of manufacturers and informal trade networks and adopt traditional media platforms to create such awareness.
- **The Federal Ministry of Industry, Trade and Investment, and the Nigerian Export Promotion Council must hasten the creation of a single window for export in Nigeria.** This will ensure easy access to information on export processes and ensure they are streamlined. The single window portal is expected to house agencies that are involved in the export process and ensure collaboration, thereby, increasing efficiency and productivity. In addition, the Ministry of Industry, Trade, and Investment must swiftly address extortions and undue bureaucracy by some government agencies in the exportation of goods. Automating the export processes, from application forms to payment of relevant fees, as well as placing severe sanctions on erring government officials will enhance efficiency in the export process in Nigeria.
- **The Presidential Enabling Business Environment Council (PEBEC) must be empowered by the President to serve as a coordinating council for all government policies relating to the business environment.** This will prevent cases of policy mismatch or the implementation of conflicting policies by different government agencies. PEBEC should have the authority to review government's business-related policies before they are released to the public, in order to ensure that they are business-friendly and consistent with its mandate. Furthermore, the Council must intensify ease of doing business reforms and strengthen partnerships with state governments, particularly in areas of removing export bottlenecks across land borders. In addition to ranking agencies on the level of compliance with Executive Order 001, the Council will need to work with the President to hold non-performing agencies accountable for their inactions.
- **Stakeholders including the Standard Organisation of Nigeria (SON) must enlighten exporters on the importance of complying with relevant standards.** Compliance with relevant standards and certification is important in determining the acceptability of Nigeria's non-oil export and its competitiveness. Relevant stakeholders must embark on campaigns and advocacy programmes to educate potential small-scale exporters of manufactured goods on the relevant standards and certification programmes. There is a need to implement sanctions for defaulters of standards and safety processes.
- **Business owners must seek relevant information and join trade clusters.** Business owners must self-educate and constantly seek information on the required standards, export procedures, and available funding sources to bridge the gap in export readiness. Actively becoming part of trade clusters as well as adopting technology to connect with foreign markets are also important in leveraging the opportunities of the AfCFTA.
- **Federal and state governments need to intensify efforts to provide infrastructure and encourage public-private partnerships in infrastructure investments in Nigeria.** The government must prioritize port/land border access roads, roads linking production sites and markets, seaport infrastructure, and inland dry ports. A campaign to decongest Lagos ports by encouraging the use of other ports such as Koko port and efforts to link ports with rail lines built for cargo are equally important to improve efficiency and reduce the overall cost of doing business in Nigeria.

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