PDF II
Policy Development Facility Phase II

Financed by
UKaid
from the British people

# Event Report on Non-Oil Exporters Dialogue

**Location:** Lagos, Nigeria
**Date:** July 3 & 4, 2018

# Event Overview

Micro, Small and Medium-Scale Enterprises (MSMEs) are significantly represented among businesses involved in formal and informal cross border trade and non-oil export, yet to date, they have been absent in trade debates (WTO, 2016). MSMEs account for majority of firms in most countries and for majority of jobs, yet most MSMEs (amongst which there are many potential exporters) are unable to participate competitively in the global trade value chain due to stifling challenges in the business environment. Currently the path to export from Nigeria is onerous and the challenges must be addressed.

To effectively position Nigeria's MSMEs for the global market, debates must address some 'before the border' and 'beyond the border' issues. However, the political economy of trade policy remains challenging with certain groups dominating the policy discourse and many other local voices unrepresented. Rather than traditional institutional support, the balance of PDF II's efforts is focused on the building blocks of long-term trade policy by strengthening alternative (or under-represented) voices that can feed into the policy process.

Based on the above, PDF II has organized a series of fora aimed at improving access to finance for non-oil exporters and developing non-oil exports in Nigeria. The first and second fora, held in 2017 and February 2018 respectively, examined challenges and opportunities that avail in financing exports and determined the actions required of different stakeholders to develop non-oil exports in Nigeria. The third is a two-day forum held in Lagos themed: Maximizing Trade Across Nigeria's Borders. The aim of this forum was to enlighten non-oil exporter voices on the Africa Continental Free Trade Area (AfCFTA) Agreement and discuss trending issues in trade policy negotiations and the trade policy environment in Nigeria. The forum also identified several financing options available for exporters and proposed steps to develop non-oil exports in Nigeria.

Day 1 of the forum commenced with a presentation on PDF II and the Non-oil Export Community of Practice (CoP). The following presentation examined in detail the African Continental Free Trade Area (AfCFTA) and Nigeria's delay to sign the trade deal. After the presentation, the forum continued with a panel/discussion session on the AfCFTA, and another discussion session on access to finance for exporters. The forum closed for the day with a presentation on advocacy and communication. On Day 2, the forum began with presentations on Nigeria's Ease of Doing Business reforms, and proceeded with presentations on Geographical Indications and Nigeria's position on Trade negotiations. The forum proceeded with a breakout session, a panel/discussion session and concluded with the presentation of the event communiqué.

From the discussions, it was clear that despite the potentials of non-oil exports in Nigeria, several challenges such as lack of a clearly articulated export policy, limited access to finance, infrastructure deficit and regulatory bottlenecks affect the growth of non-oil exports in Nigeria. In addition to the above challenges, Nigeria's outdated trade policies as well as the absence of evidence-based impact assessments on trade agreements are broader issues that limit Nigeria's ability to take advantages of the benefits associated with globalization and international trade.

In addressing these challenges, participants highlighted the need for policymakers to begin the process of reviewing Nigeria's trade policies, which must be aligned with the provisions of the Economic Recovery and Growth Plan (ERGP). Stakeholder groups, particularly the organized private sector, were also urged to sponsor evidence-based impact assessment on the associated costs and benefits of the AfCFTA to inform key policy decisions on the trade agreement. The National Office of Trade Negotiations (NOTN) must be given legislative backing in order for the institution to effectively execute its core function of overseeing Nigeria's trade negotiations. Furthermore, the government needs to involve the private sector in trade negotiations. The intellectual capacity of the private sector must be leveraged when considering such negotiations.

Given the key role of the government as an enabler of trade, participants urged the government to ensure that the Nigerian Customs Service focuses on its mandate, which is to facilitate trade rather than the current focus of meeting revenue targets. In addition, the challenges of corruption, cumbersome processes at ports and illegal charges along the export value chain need to be addressed. It was also discussed that all charges on exports should be removed. The Nigerian Export Supervision Scheme (NESS) administrative charge of 0.5% is a violation of the Export Miscellaneous Act.

Exporters were urged to take advantage of the mobile application (PEBEC.REPORT) created by Enabling Business Environment Secretariat (EBES) to lodge complaints and provide feedback about the performance of MDAs they encounter along the export value chain.

Specifically on access to finance, exporters were encouraged to explore alternative financing options such as warehouse or stock financing, bank guarantees, performance bonds, advance payment guarantees and advance payment bonds. Participants also highlighted the need to execute joint forums of bankers and exporters, where, on the one hand, bankers will be trained on the fundamentals of export business, and on the other hand, exporters will be trained and informed about the documentation requirements by banks. Furthermore, the numerous requirements for exporters to access government intervention funds need to be reviewed and made favourable to small exporters. Exporters were also encouraged to establish or join cooperatives as this increases the possibility of obtaining joint supports from guarantors, investors and other players along the export value chain.

The need to get Nigerian products registered as Geographical Indication was discussed. While a GI protects tradition, norms and culture, it also ensures local producers are protected from infringement.

As a Community of Practice (CoP), participants decided to establish a cooperative at the forum that is specific to activities of the CoP. The need to ensure proper communication in the advocacy process of improving non-oil exports was discussed. Participants were advised to adopt appropriate tools such as position papers and factsheets and also leverage on social media in promoting their business, as they collectively advocate for the development of non-oil exports in Nigeria.

# Day one: Tuesday, July 3, 2018

## Opening Remarks

**Mrs Titi Ojo, PDF II**

The forum began at 10am with an opening remark by Mrs Titi Ojo. She thanked everyone for their presence, stating that the forum will explore issues on trade policy, trade agreements, access to finance for non-oil exporters and communication and advocacy. Mrs Ojo urged the audience to actively participate in the discussions.

## Overview of PDF II TRD Project and Non-oil Export CoP

**Mrs Titi Ojo, PDF II**

The Policy Development Facility Phase II (PDF II) is a flexible, rapid-response facility set up to support 'champions of change', to implement economic and social policies. Its goal is to provide "champions of change" with improved capacity and evidence to enable them pursue vital economic and social reforms. Much of PDF II's support is aimed at addressing constraints to economic growth and building the evidence base to support work in this area.

The PDF II Trade Workstream is made up of two areas:

- **Enabling** - Enabling Underrepresented Export Oriented Voices in Economic Policy
- **Strengthening** - Strengthening Exporter Groups' participation in Trade sustainably

The PDF II anticipated outcome areas include:

- **Outcome 1:** Underrepresented export oriented voices beginning to be incorporated into mainstream discourse by 2020.
- **Outcome 2:** Stronger, more influential and sustainable exporters and their representative groups emerge and participate more in non-oil trade.

In previous exporters dialogue, the Community of Practice (CoP)
was inaugurated as a group of practitioners that share knowledge on common problems while pursuing solutions. CoPs contribute to a more informed dialogue with decision-makers, often leading to improved development outcomes.

The **Vision** of the CoP is to become a strong platform for engagement with government on policies that promote non-oil exports in Nigeria and provide support to Micro, Small and Medium Enterprises (MSMEs) in the sector. Its **Mission** include the following:

- To provide evidence to drive advocacy on non-oil export business in Nigeria
- To build capacity of non-oil exporters and improve their competitiveness
- To disseminate information about policies affecting the sector and galvanize action towards efficient resolution
- To become the leading collaborative voice of non-oil exporters in Nigeria

The CoP required technology to support the social aspects of sharing knowledge and for this to be effective, technology was adapted and customized to the needs of the community. In this regard, tools that help community members find, disseminate, apply knowledge and effectively communicate with each other are required. So far some technological platforms used include Slack, Whatsapp and Twitter etc.

Areas where PDF II provides support include:

- Research: commissioning of studies that would provide evidence for advocacy
- Events: trade policy dialogues and capacity building programs
- Facilitating participation in trade policy discourse

## Presentation: Agreement Establishing the African Continental Free Trade Area: A Summary of General and Specific Provisions of the Kigali Text

**Dr Olu Alaba - United Nations Conference on Trade and Development (UNCTAD)**

### Introduction

African Continental Free Trade Area Agreement (AfCFTA) is a key component of the African Union's (AU) Agenda 2063 initiated to strengthen the AU Lagos Plan of Action of 1980. The targets of the Plan include trade and industrial development, connectedness of African economies, and single currency for Africa. The AfCFTA legally established the long held consciousness of the African States to establish clear, transparent, predictable rules to govern trade. All the Regional Economic Communities (RECs), including ECOWAS where Nigeria belongs, have at one time or the other signed, in part or in full, agreements leading to the current continental agreement.

### General Provisions of the AfCFTA

The general objective of the agreement is to:

- Liberalize market for goods, services and movement of persons through successive rounds of negotiations;
- Lay foundation for the establishment, at a later stage, a continental customs union;
- Promote sustainable inclusive economic growth through enhanced competitiveness and industrial growth, diversification and development of continental value chain.

These objectives will be achieved through:

- **Progressive elimination** of tariffs and non-tariff barriers;
- **Progressive liberalization** of trade in services;
- **Cooperate on** investment, intellectual property rights, and competition policies;
- **Cooperate on** customs and trade facilitation matters; and

- **Design** dispute management mechanism.

**The AfCFTA Span of Provisions** consists of the general objective, principle and scope; Rendez-vous clause; Transparency; Trade facilitation; Continental preferences; Non-discrimination; Schedule of tariff concessions; Non-tariff barriers; Export duties; Standard and differential treatment; Standards and sanitary and Phyto-sanitary (SPS) measures; Exceptions; Trade remedies; Dispute settlements; Rules of Origin (RoO) among others.

The agreement provides some enabling clauses and safeguards such as the Rendezvous Clause of Articles 8 & 9 and the Trade Remedies. While the Rendez-vous Clause provides for need-based periodic revision of the agreement and leaves room for continuous negotiations and adjustments whenever necessary, the Trade Remedies proposes that nothing in the AfCFTA prevents State Parties from applying anti-dumping countervailing measures and safeguards in accordance with relevant WTO Agreements. In addition, under Trade Remedies, there are provisions for protection of infant industries at national level, provided necessary measures are taken to overcome difficulties faced by such industry

**Review & Withdrawal**
The agreement is subject to review every five years after entry into force by state parties. A state party may withdraw from the agreement five years from the date of entry into force. Withdrawing party must forward written notification to state parties through the Depository. Withdrawal from the agreement shall be effective two years after notification. Withdrawal shall not affect pending rights and obligations prior to withdrawal.

**Specific Provisions: Measures Relating to Export**

- ***Discretionary Provision:*** The agreement leaves export duties or charges that have equivalent effects on the goods originating from states territory to the discretion of the state party.
- ***Non-Discrimination:*** Export duties must be applied on non-discriminatory basis i.e equal treatments to all.
- ***Notifications:*** Export duties or charges of equivalent effects must be notified within 90 days from its introduction – ***must be transparent.***
- ***Liberalization of Trade –Part III, Article 6 to 11:*** These measures largely apply to imports but ***create expanded regional market to Nigerian Exports*** in other state parties territories**.**

The AfCFTA has a Rules of Origin provision, which assumes the continent is a single territory but not a country-specific safeguard.

**The Origin Conferring Criteria**
**Wholly obtained or originating within the state party: if, and only if,**

- Raw or semi raw materials are sourced from the state or other states party where the manufacturing takes place. (Full detail in Section II, Article 6)

- Inputs have undergone substantial transformation (Full detail in Section II, Article 7 and Article 8 for transitional arrangement – recognition of existing RoO in transition). In specific, if the last working and processing exceed the list below
    - Operations exclusively intend to preserve product in good condition during storage and transport;
    - Breaking up, assembly and package;
    - Washing, cleaning, dusting, husking, bleaching, simple painting, milling and peeling
    - Slaughter of animals
    - And other processes that add no much values to outputs

**Other Provisions of the Agreement include:**

- Customs cooperation and trade facilitation
- Continental preferences – members before third party
- Non-Discrimination – MFN among state parties
- National treatment- Products from member states are given national treatment
- Finally, nothing in the protocol of AfCFTA stops a state party from entering or maintaining preferential trade arrangements with third party, as long as it does not frustrate the spirit of the protocol.

**Core challenges with AfCFTA – Nigerian perspective**

- Weak engagement of stakeholders by Nigerian policy makers
- Lack of an understanding of the impact and implication of signing or not signing the trade agreement. This therefore raises the need for an impact assessment
- Absence of senior Nigerian delegations when critical decisions are being made at ECOWAS or continental level.

## Discussion Session I: African Continental Free Trade Area (AfCFTA) Agreement

Following the presentation on the agreement establishing Africa Continental Free Trade Area, the Panel was constituted as follows:

- **Professor Jonathan Aremu –** Chief Executive Officer, Market Links Consult & Head, Trade Thematic Group, Nigerian Economic Summit Group
- **Mr Olufemi Boyede -** Chief Executive Officer, Koinonia Ventures
- **Mr Jude Oboh -** Enabling Business Environment Secretariat (EBES)
- **Dr Olu Alaba –** United Nations Conference on Trade and Development (UNCTAD)

Questions/Comments from the Audience and Responses

***Was there any call made for the consultative forum to discuss the benefits of the AfCFTA before Nigerian representatives went to Kigali?***

**Jonathan Aremu:** Some years ago, at the 29thgovernance meeting of the head of state, it was decided that heads of states should convene stakeholders meeting in their respective countries prior to the signing of the agreement. Unfortunately at the time, Nigeria's National Office for Trade Negotiation (NOTN) was not in existence. The agency was established in August 2017.

The concern therefore was why Nigeria did not commence stakeholders' consultations. Nigeria missed a crucial opportunity. At the Nigerian Economic Summit Group (NESG), advocacy work has been going on with relevant agencies in order for them to commence consultations. Currently, the NOTN is not properly funded and therefore lacks the financial capacity to organize these consultations. In addition, the agency does not have a legislative backing. These issues speak to the laxity in the Nigerian economy. As a way forward, advocacy must be geared towards ensuring the NOTN is backed by the Nigerian law in order to ensure its continuity in the case of a change in government administration.

***In creating single currency in Africa how do we consider the differences of the Anglophone and Francophone countries?***

**Prof Jonathan Aremu:** Economic integration needs to be done in stages. The Abuja Treaty of 1991 has four phases:

- The first is the continental free trade agreement, which Nigeria is yet to sign
- The second is the custom union, which is a common external tariff for African countries. It supposes a common import duty for African countries. This phase is already implemented in Economic Community of West African States (ECOWAS) since 2015.
- The third is the common market, which includes the harmonization of economic policies of African countries.
- The fourth phase consist of economic planning, which includes having a single currency.

Back in the 1990s Nigeria was at the forefront of ensuring integration of African countries. If Nigeria refuses to sign the CFTA which is the first phase of the treaty, it therefore becomes difficult to make progress on the other phases. On the other hand, with globalization, countries do not necessarily require a single currency to interact with each other. African regions need to embrace the unified regional payment system, which is already being used in the South African Development Community (SADC) and Common Markets for Eastern and Southern Africa (COMESA) regions. In addition, the currency of several French-speaking West African countries is the CFP Franc, linked to that of France. As such, the currency of these countries is not sensitive to the economic and political situations of their local economies. This will therefore, to a large extent, undermine efforts to unify African currencies.

***Nigeria is the largest country in terms of population. In view of the AfCFTA, coming together will benefit other African countries more than Nigeria. If the agreement is going to benefit Nigeria, the infrastructure challenges that result in high cost of production must be addressed.***

**Femi Boyede:** Infrastructure is not limited to physical structures but also includes intellectual property. At the moment, Nigeria is not focusing on ensuring export-readiness. The public sector does not have the intellectual capacity to represent Nigeria at trade agreement meetings. The private sector needs to step up and get involved in these agreements.

**Olu Alaba:** In South Africa, it is the private sector that sponsors research on trade negotiations. However, in Nigeria, the private sector is shying away from this responsibility. This has to change if Nigeria must enter into a meaningful agreement that is beneficial to the country. Also, constant engagements between the private sector and the government are crucial.

***Beyond lamentation of not signing these trade deals, what constructive measures can stakeholders adopt to engage the system?***

**Femi Boyede:** Nigeria needs to clearly articulate its position when going for these trade negotiations. The Organised Private Sector (OPS) needs to sponsor evidence-based research that articulates the needs of the private sector. This will ensure Nigeria has a clear position going into these trade deals. Policymakers need to understand that the world will not wait for Nigeria.

***Does Africa need to amalgamate its customs and is there a continental body regulating export and import as far as the AfCFTA is concerned?***

**Femi Boyede:** Nigeria is a member of the World Customs Organization and there is a Customs representative in Brussels to defend the country's interest. The challenge with the Nigerian Custom Service (NCS) is that while their mandate is to facilitate trade, the organization focuses on achieving its revenue target. The NCS therefore increases pressure on businesses with several charges and fees levied on importers and exporters. The Federal Government needs to intervene and ensure the NCS focuses on its core mandate.

Also, Nigeria's trade practices need to be clearly articulated. The Nigerian Investment Promotion Council (NIPC) has done tremendous amount of work to harmonize Nigeria's trade incentives. This needs to be publicised to stakeholders.

Finally, Nigeria must articulate its priorities. The NOTN is a crucial organization that can assist in articulating the country's priorities and/or position and this organization must be given legal backing.

***Individuals and institutions that opposed the CFTA often cite the challenge of infrastructure. However, in the past 20 years, Nigeria has not made significant progress on addressing the infrastructure deficit. It can be said that some of these individuals or institutions are benefiting from the status quo i.e. controlling the Nigerian market.***

***Existing exports incentives states that duties should not be imposed on exports. However, current practices negate this provision. Stakeholders, particularly the organized private sector needs to articulate the challenges facing exporters in Nigeria and engage the relevant government agencies. The private sector needs to be more organized.***

**Femi Boyede:** All charges on exports should be removed. Nigerian Export Supervision Scheme (NESS) administrative charge of 0.5% is a violation of the Export Miscellaneous Act.

***The ECOWAS free trade has worked in Nigeria and it appears that the CFTA will also work. Across ECOWAS, the high level of informal trade, corruption at ports and the activities of security agencies, customs and other government officials are crucial bottlenecks that affect trade in the region.***

**Jude Oboh:** Businesses need to hold the Nigerian government accountable. Individuals that are victims of frivolous activities of regulators need to speak up and report to the relevant authorities using the Presidential Enabling Business Environment Council (PEBEC) reporting platform. PEBEC is engaging the leadership of the Nigerian Police and the NCS to address some of the challenges inhibiting trade.

***Why would FIRS double tax small businesses and request for education tax from businesses that are filing for the first time?***
Jude Oboh promised to obtain more information about this complaint and forward to relevant authorities.

***Why does PEBEC not respond to letters or provide acknowledgements?***
**Jude Oboh:** PEBEC responds to complaints and the secretariat operates a 48-hour turn around time on complaints. PEBEC can be reached any time during the day and businesses are encouraged to use the PEBEC reporting app to channel complaints.

## Discussion Session II: Accessing credit for Non-Oil Exports

- **Mrs Lanre Nwankwo** – CEO, Oklan Best Limited (Agro-produce Exporter)
- **Mr Olufemi Boyede -** CEO, Koinonia Venture (Certified Int'l Trade Expert)
- **Mr Egbo Akpesiri –** CEO, Tradecorp **(**Solid Minerals Exporter)
- **Mr Abiodun Ihebuzor –** Business Consultant & Secretary, (NASSBER)

**Discussion areas:**

- How can exporters expand their knowledge in the area of accessing finance?
- What innovative financing methods/instruments are available for exporters?
- How can access to finance be improved within the community of practice?

**Egbo Agbesiri:** Several financing options exist for exporters. Some of these include warehouse or stock financing, bank guarantees, performance bonds, advance payment guarantees and advance payment bonds. Exporters also need to leverage on insurance companies for financing. In addition, forming cooperatives is a crucial method of securing finance for exports. With a credible letter of credit, support can be received from cooperatives. Relying on commercial banks for loans will not be beneficial to the export sector given the low interest of banks on exportation relative to importation. Government on the other hand does not provide adequate financing support for exporters. Government intervention funds in most cases do not trickle down to small and medium scale exporters.

**Femi Boyede:** The International trade environment is an economic warfare and it is fiercely competitive. From the onset, a Nigerian exporter has an 18% cost disadvantage arising from high interest rate and other charges. Nigeria's banking sector is weak in capacity to support export business. Many of the banks lack proper understanding of the export business and this is exemplified by the absence of export desks at banks. As a way forward, joint forums of bankers and exporters are needed. Capacity building programs are required. Bankers need to be trained on the fundamentals of export business. Similarly, exporters need to be trained or informed about the documentation requirements of the banks.

On the part of the government, CBN governor announced N500 billion Export Stimulation Facility but a significant amount of this fund is yet to be disbursed to exporters. The private sector must be innovative in its approach to financing exports, and needs to acknowledge that the government is not the solution.

Two key issues are crucial in developing non-oil exports- access to markets and access to finance.

**Lanre Nwankwo:** The requirements for exporters to access loans from Nigerian Export-Import Bank (NEXIM) are strenuous with numerous checklists. This needs to be reviewed in order for small exporters to access support of these institutions.

It is usually a challenge obtaining letter of credit from businesses in the diaspora. Exporters therefore need to cultivate good relationships with their customers. Some exporters go as far as opening a bank account that is closer to the customer.

Also, bankers need to be trained about the fundamentals of export business. Many bankers are not even aware of what an NXP form means and most branches outside Lagos and other major cities do not process NXP forms. Trainings and consistent engagements are needed for bankers.

Farmers are also encouraged to form cooperatives as this makes it easier for institutions to provide joint support such as land clearing etc. Other institutions such as NIRSAL can provide guarantees to farmers that operate a minimum of 2 hectares. Off-takers will also be attracted to farmers that operate in clusters.

Information sharing is an area that needs serious intention in the export sector. Government agencies, private sector and stakeholder groups need to share information on existing government support schemes, industry best practices and on other relevant issues relating to the sector. Private businesses and cooperatives must come together to explore innovative measures to address the problems facing their businesses.

**Abiodun Ihebuzor:** First, communication is an important factor in improving access to finance. The Nigerian Export Promotion Council (NEPC) has several export support programs that have not been properly communicated to exporters, particularly those operating at the grassroots. There needs to be a proper communication structure for export business in Nigeria. Existing market associations should be maximized. Secondly, the absence of an institutional framework that supports exports is a major challenge of the sector. If such framework exists, banks and other finance organizations would have been compelled to play an active role in financing export. Thirdly, traditional constraint such as lack of synergy among exporters limits growth of non-oil export in Nigeria. Exporters need to synergize and work in cooperatives to attract joint support. Fourthly, the lack of craftsmanship is reflected in the sector and affects access to finance. Many individuals that engage in export are less concerned about improving service delivery or product quality. Rather, their motivation is to increase revenue and profits. Lastly, Banks and other finance organizations need to understand the dynamics of export business and provide structured financing packages that suit the need to exporters.

## Questions/Comments from the Audience and Responses

**The high interest rate, which increases cost of operation, is a huge factor that affects access to funding. How can exporters come together to fund their businesses? Is there a model that can be used to establish better cooperatives?**

**Lanre Nwankwo:** There are several factors to consider when setting up a cooperative. Some of these include:

- Potential members of the cooperative must have common interests

- Members must have clear understanding of the market in which they operate
- The cooperation must establish clear rules for selecting members, appointing its leadership and well documented operational procedures

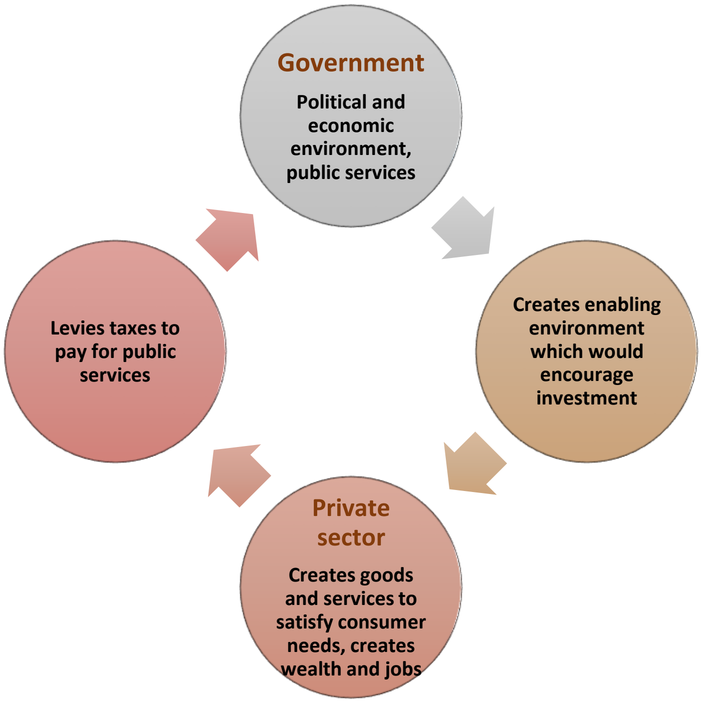
**It is difficult for exporters to obtain proper financing outside the banking system. Is the problem lack of understanding of documentations required by the banks or the banks not knowing what documentations are required?**
From the banks perspective, financing requires trust. There are some banks that give out funds at single digit interest rate to exports. They also assist exporters in structuring their businesses and provide other support services to exporters. Sterling Bank is one of those banks.

**The documentation requirements to access support funds from government agencies are strenuous for MSMEs. In addition, most banks that are in charge of disbursing such funds also have numerous checklists, which most exporters cannot meet. This needs to be addressed.**

## Session 3: Advocacy Communications Training for Non-Oil Export CoP

**Mrs Bose Paul-Obameso, Consultant, PDF II**

**The Government and the Private Sector**
The interconnectedness of the roles of government and the private sector is illustrated in the figure below. While the government aims to create an enabling environment that would encourage investment, the private sector is expected to pay taxes to the government for the provision of public services.




In creating an enabling business environment, regulation is a crucial mechanism of the government and is also of interest to the private sector. Regulations exist at different levels such as policies, laws and administrative procedures. The private sector and Civil Society Organizations (CSOs) therefore need to effectively advocate for a better environment, provided that advocacy is done effectively and with compelling arguments for change.

Advocacy therefore is the act of influencing or attempting to influence the way someone else thinks about an issue. It is also a set of targeted actions directed at decision makers in support of a specific policy issue. Advocacy is both a science (as it uses systematic planning, evidence-based research & a consistent message) and an art (articulated issues to inspire & motivate actions).

**What Advocacy is and is NOT!**

| Advocacy IS ... | Advocacy is NOT ... |
|---|---|
| Defending | Protectionism |
| Sensitizing | Competitive advantage |
| Influencing | Confrontation |
| Providing a solution | Adversarial |
| Intervening | Protests |

| | |
|---|---|
| Lobbying | Strikes |
| Dialogue | Petitions |
| Persuasion | Influence Peddling |
| Communication | Special pleading |
| Weighing Options | Courtesy Visits! |

The following are reasons why advocacy is important:

- **Goal:** Private sector grows, develops: investment, productivity, exports, trade
- **Outcome:** Government creates improved Business Environment: policy & regulatory reforms, infrastructure
- **Outputs:** Coalition advocates for changes in policies, bills, regulations; with joint positions, one voice
- **Inputs:** ***PDF II*** *and other development partners catalyze the process* **–** *trainings, cost share, coalition building etc.*

Advocacy involves a series of activities that can be categorized into the following:

**5 Step Approach to Advocacy**

The five steps to advocacy are explained below:

| Element | Description |
|---|---|
| **1. Identify issues** | i. Identify issues<br>ii. Collate member issues<br>iii. Prioritize issues<br>iv. Develop Advocacy Strategy and Workplan<br>v. Identify Implementation Team |
| **2. Understand the issue** | i. Deepen understanding of each issue through research<br>ii. Map Stakeholders |
| **3. Formulate proposal** | i. Formulate compelling policy reform proposals |
| **4. Advocate** | i. Engage policy makers<br>ii. Engage other stakeholders such as the media<br>iii. Form and expand coalitions |
| **5. Follow Up** | i. BMO follows up with Government to ensure effective implementation |

**One of the tools that organizations can adopt in the advocacy process is a Position Paper.** A position paper is a written report outlining an intention regarding a particular matter. A position paper will take the following format:

| Section | Description |
|---|---|
| Summary (1/2 page) | Summarise the problem, the recommendations, their impact. (Write this once you have finished the rest of the Position Paper). |
| Background (1/2 page) | About the CoP and the export sector, the history of the issue, definitions, data/statistics. List of laws, international treaties, policies and the like which support the recommendations. |
| Issue/Problem (1-2 pages) | What is the problem? How big (use numbers)? What harm is it causing? Case studies, personal testimonies can also be used. Ask for permission from any individuals quoted, and do not use names unless the person quoted has expressed consent to this. |
| Assessment of Options (1-2 pages) | Benefits and Costs. This should not just include the preferred option but other possibilities, including the option of "doing nothing". |
| Recommendations (1/2 page) | Our position – a logical explanation of how the evidence leads to the recommendations. Answers to possible questions and objections.<br>• Justification (use "compelling" arguments).<br>• Implementation (specific activities and actions that the decision maker can take, timeframe). |
| Conclusion | • Organizations and individuals supporting this position paper.<br>• Name of your organization or coalition, and logo, if appropriate.<br>• Date<br>• Contact name, address, telephone, email address.<br>• Mission, goals of your AO or coalition. |

***A poorly developed position on an issue can kill an advocacy campaign***

**Most Common Weaknesses of Policy Position Papers**

- They do not adequately or convincingly present the harm being caused.
- There is little or no emphasis on the economic impact of the reform proposal.
- They do not provide a realistic and detailed implementation plan of who should do what to bring about change.

In evaluating a position paper, the following questions are crucial:

- Is it persuasive? Does it make government want to act?
- Is it clear what is being asked?
- Is there background information provided about the issue and the AO? Is the paper objective or too emotional?
- Does the paper talk about the impact the proposals are likely to have if implemented?
- Is the reform implementation plan clear?

- Is the paper easy to read and effectively presented?
- Were numbers, data, and statistics effectively used?
- Did the paper's opening make you want to read further?
- Did the paper conclude effectively?

**Fact sheet** is also an important advocacy tool. Fact Sheets introduces the advocate and the issue in a format useful to busy individuals. A fact sheet uses examples, statistics, and personal stories in an effort to persuade a policymaker to agree with a viewpoint, support or oppose a policy, or create a new policy. Good fact sheets recognize that busy individuals need something short and punchy to grab their attention. A factsheet should inform, persuade and educate (e.g., about a legislative proposal or budget request).

**The One-Minute Message**

The one-minute message conveys the main idea and the desired action of the advocacy message in 30 to 60 seconds. The One-Minute Message consist of:

- **Statement:** the central idea of the message. Presents the heart of the message in several strong sentences.
- **Evidence:** supports the statement or central idea with facts and/or figures. It should include limited data that the audience can understand easily.
- **Example:** makes evidence relatable, shows how policy affects people, business, and organisations.
- **Action desired:** Turns your advocacy objective into a clear statement to the target audience, calling for action

After the presentation, the audience received updates from the leaders of the Community of Practice (CoP) working groups. The groups included (1) Access to Finance, (2) Access to Markets and (3) Government Policy & Regulation. The groups were urged to utilize the CoP platform to share relevant information with the larger audience. Members of the groups were also urged to follow-up on the leaders of the working groups. The groups were urged to work in line with the timelines stipulated in their respective work plans. Members of the audience were asked to join any of the three groups.

**Advocacy Communication**

**Mr Abdulsalam Badamasi, Knowledge Management Coordinator, PDF II**

The use of social media is crucial in advocacy. Exporters need to leverage on existing platforms such as Twitter, Facebook, Instagram, etc. for two reasons. First is to promote their businesses and secondly, to engage with policy makers. For businesses to optimize their usage of social media, the following steps are crucial:

- Set your campaign i.e. determine the issues
- Choose your social network- Twitter will be relevant for the CoP. Instagram will be more useful for individual businesses
- Engage with your campaign participant i.e. the target audience
- Display your collected content

- Measure and analyse your campaign success

Businesses were urged to join such platforms as they also improve their credibility.

# Day two: Wednesday, July 4, 2018

## Opening Remarks

The session began with an opening remark by Mrs Titi Ojo. She thanked everyone for their presence, stating that the forum will examine issues surrounding the African Continental Free Trade Area (AfCFTA) and how to resolve key challenges facing non-oil exporters. Mrs Ojo urged the audience to actively participate in the discussions.

## Presentation: Nigeria 2018/2019 Ease of Doing Business Reforms: Impact on Trading across Borders

**Mr Jude Oboh, Enabling Business Environment Secretariat**

The presentation commenced with an interaction with the audience on the key issues relating to export business that needed to be resolved and proposed solutions. The following issues and propositions were identified:

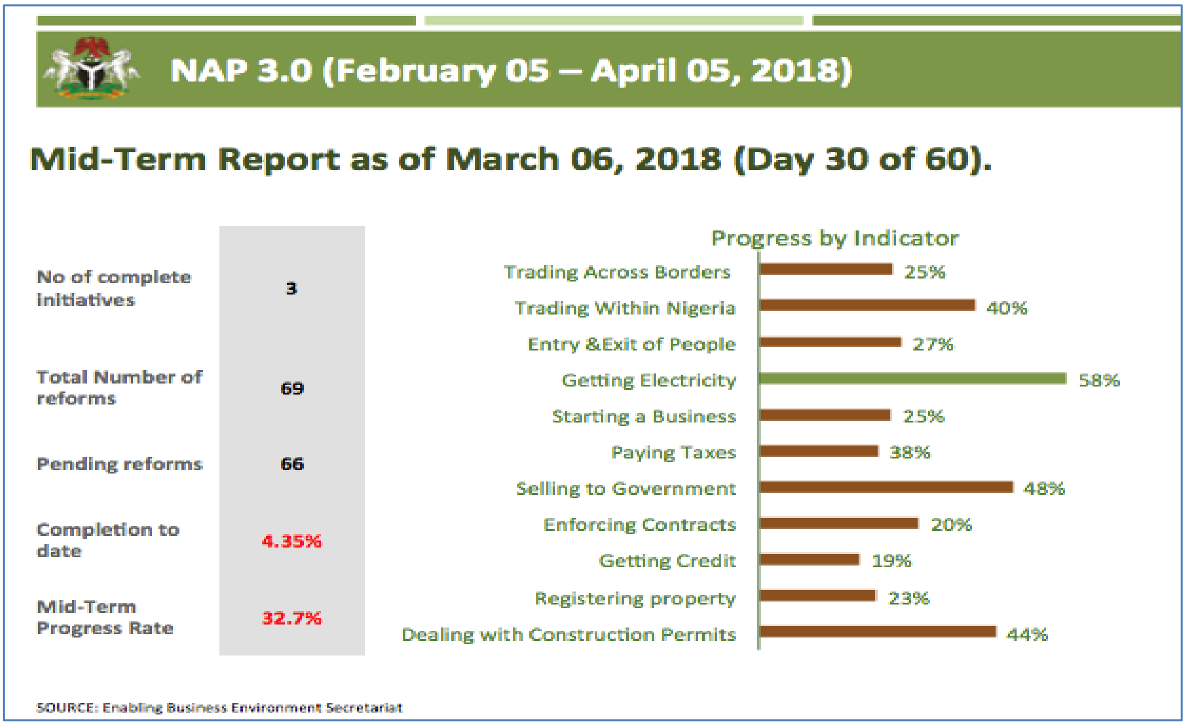
| Key issues that need to be resolved | Proposed Solution |
|---|---|
| • Letter of Credit<br>• Cumbersome export procedures<br>• Access to information which affect exports from all MDAs<br>• Market information<br>• Logistics- Fleet, road, rates<br>• Tariffs for export?<br>• Port Congestion<br>• Corruption | • Develop standards or certifications that are internationally accepted<br>• Technology adoption<br>• Enhance bi-lateral relationships with other countries beyond just signing<br>• Capacity building for players in the export value chain<br>• Research- Joint research between government and industry players. Need for market and industry research; stakeholder perceptions<br>• Banker-exporter interface<br>• Infrastructure development<br>• Access to information- websites that houses information about export<br>• Integrity check<br>• Export readiness- Export needs to know the needs of the importer- Export index checker |

Delving into the presentation, Mr Oboh noted that research shows a strong correlation between a country's "Ease of Doing Business" and its economic prosperity. He informed members of the Presidential Enabling Business Environment Council (PEBEC), which is **chaired by Vice President Yemi Osinbajo, SAN**, with the Minister of Industry, Trade and Investment as Vice Chair. The Council has 9 other ministers, Head of Civil Service of the Federation, Governor of CBN, representatives from National Assembly, representatives from Lagos and Kano states and private sector as members.

The Enabling Business Environment Secretariat **(EBES)** implements the reform agenda of PEBEC. EBES became fully operational in Q4 2016. EBES has prioritised 8 indicators, with the aim of moving Nigeria up at least 20 places in the EODB rankings. The indicators include:

- Trading Across Borders
- Starting a Business
- Getting Credit
- Dealing with Construction Permits
- Paying Taxes
- Registering Property
- Getting Electricity
- Entry & Exit of People

To track progress of reforms it implements, EBES has released three National Action Plan (NAP) with the lastest in April 2018.




Several reforms achieved in the last one year by PEBEC on the trading across borders indicators include:

- Implementation of 24/7 operations of Apapa port
- Implementation of single joint cargo inspection
- Elimination of hard copies of shipping documents for import clearance
- Clarification/revision of the palletization policy
- Digitization of export document; Request For Information (RFI)
- Reduction in number of agencies at the ports
- Mandatory transmission of shipping line manifest to NPA and NCS maximum 7days before arrival of vessel to Nigeria

- Enforcement of the issuance of rotation numbers by shipping lines for all incoming vessels maximum 5days before vessel arrival into Nigeria
- Elimination of multiple examinations for import cargoes
- Elimination of illegal customs check point and release to the public of all Customs approved check points

***Reform on digitization of export document; Request For Information (RFI)***

**Description of reform**

Digitization of the request for inspection form (RFI) for export process out of Apapa port.

The RFI is the document used in the application for inspection of the goods planned for export out of the country.

**Process before reform:**

- Exporter physically visits Pre-shipment Inspection Agents (PIA) office to obtain RFI form
- Exporter completes form in his office and physically submits form at PIA office.
- The process takes an average of 2 - 3days with associated logistics cost.

The process is now fully digitized. The RFI form can be downloaded online from the inspection agency's (COBALT INTERNATIONAL SERVICES) website, completed and the submission be done electronically. The inspection agency is mandated to schedule, and confirm, the date and time for inspection of the export goods within 24hours of the receipt of the submitted RFI.

***Reduction in the number of agencies in the Ports***

**Description of reform:**

The agencies at the Port were reduced from 12 to 8.

- Nigeria Customs Service (NCS)
- Nigerian Ports Authorities (NPA)
- Nigerian Maritime Administration and Safety Agency (NIMASA)
- Port Health
- Nigerian Immigration Service (NIS)
- Directorate of State Services (DSS) (covert operations)
- National Agency for Food and Drug Administration and Control (NAFDAC)
- The Nigeria Police (NPF)

As a way forward, EBES will continue with implementing the following reforms:

- More focus on Export process simplification; digitization of NXP Form
- Focus on Regulatory Agencies (NAFDAC & NAICOM)
- Elimination of illegal customs checkpoints
- National Single Window platform
- Infrastructural works; access road to Apapa port
- Entrenchment of all reforms done so far

Jude Oboh displayed the mobile application (PEBEC.REPORT) created by Enabling Business Environment Secretariat (EBES) and urged exporters to use the application to lodge complaints and give feedback about the performance of MDAs they encounter along the export value chain.

## Presentation: Improving Global Competitiveness Of Nigeria's Agricultural Products Through Geographical Indications (GIs)

**Mr Sand Mba Kalu, Africa International Trade and Commerce Research**

At the moment, there is less awareness among stakeholders about Geographical Indications (GIs). A GI is the name of a product(s) where a given quality, reputation or other characteristic of the product(s) is essentially attributable to its local origin. GI Started gaining international recognition during the Paris Convention on the Protection of Intellectual Property in 1883. The word "Protected Geographical Indication" emanated from series of World Intellectual Property Organization (WIPO) agreements.

**Global Development Of GIs**

- **Consumers:** Increasing demand worldwide for unique origin products featuring a ´connect´ with their heritage.
- **Encourage:** A growing number of local agricultural products, worldwide, be registered as GIs.
- **Strategic:** GIs is being considered as a tool to support the achievement of food security

**Categories of GIs**

- **Protected Geographical indication (PGI):** Product whose reputation or characteristics is closely linked to production in the geographical area.
- **Protected Designation of Origin (PDO):** Is the term given to a product that is produced, processed and prepared in a defined geographical area using recognized know-how.
- Government labelling and certification rules, trade mark, country label, etc

**Registered GIs in Selected Countries**

| Country | Number of GI |
|---|---|
| **European Union** | 4,915+ |
| **India** | 282 |
| **China** | 2,790 |
| **Thailand** | 87 |
| **USA** | 206 |
| **Brazil** | 59 |
| **Cameroon** | 2 |
| **Nigeria** | 0 |

**Worldwide Value of GIs**

- EU- GIs agriculture products worth about €54.3 billion worldwide, 2012
- EU-GIs products Represent 15% of total food and drinks exports.
- Over the period 2005-2010: 56% of EU food and agricultural products have GIs protected names- (€30.4 billion)
- EU Agricultural products and foodstuffs is 29% GIs (€15.8 billion)

**Nigeria GIs Competitiveness**

Nigeria has a remarkably diverse agricultural produce that can make the country very competitive. Several products that are potential GIs in Nigeria include Yam, Awori Mat, Egusi, Pepper, Kola nut, Fura, Nigeria Arts & Craft, Ugu and Ijebu garri.

| GIs BENEFIT TO CONSUMERS | GIs BENEFIT TO PRODUCERS | GIs BENEFITS TO NIGERIA |
|---|---|---|
| • Quality assurance: Consumers are assured of buying genuine product with specific qualities<br>• Preservation of cultural heritage<br>• Support Environmental sustainability | • Poverty elimination: GIs agricultural product will support the elimination of poverty among producers<br>• Fair competition: To all local producers only that comply with the specification<br>• Protection: Local producers are protected from infringement<br>• Price premium: a study on GIs products found that GIs label products are sold (in average) 2.23 times as high as a comparable non-GIs products | • Link premium market to valuable products of rural areas: production cannot be delocalized to another area.<br>• National Identity and Pride<br>• Foreign revenue earning and contribution to GDP<br>• Job creation and employment opportunity assured for future generations<br>• Protect tradition, norms and culture |

**Challenges of establishing GIs products in Nigeria**

- Poor awareness and lack of information
- Institutional challenges – deficient IP laws
- Resource challenge – Human and material
- Generic challenge
- Lack of comprehensive database
- Framework for protection

**For Nigeria to develop GI products, several options are available:**

**Adopting Top-Down Approach**

- Creating awareness and Capacity Building
- Make GI issue a National policy priority agenda
- Independent study (empirical evidence) to support the database
- Adopt GI protocols to protect Nigeria GI products
- Secure Nigeria full Membership of The African Regional Intellectual Property Organization (ARIPO). And sensitize Nigerians about World Intellectual Property Organization protocols

- Start engaging bilateral and multilateral agreements on Nigeria GI products

Although this approach is government-led, it is possible to register GI with minimal government involvement.

**Adopting Bottom- Up Approach**

- **Initiate step:** Awareness, Capacity building (community of practice), stakeholders mapping, Consultation and Participatory discussions.
- **Identification:** Descriptions of territory, Assessment of available resources, unique characteristics of local food, peculiar production system and marketability of the product.
- **Setting of rule:** Detail product description, Analysis of entry barriers, defining roles.
- **Reappraisal and Marketing**: building organization to submit and manage the GI for proper certification and recognition.

**Conclusion**

- Awareness and Capacity building
- GI is Key to generating local rural areas viable- Market Access
- Stakeholders have to mobilize farmers/producers towards the identification of GIs
- Push for advocacy so government can adopt proactive measures towards GIs
- Establishment of National database through research that link agricultural GI produce in Nigeria

**After the presentation, some members of the audience proposed the idea of setting up a cooperative of exporters that is specific to the activities of the Community of Practice. Attendees were asked to indicate their interest in joining the cooperative. Details of the cooperatives will be decided in subsequent meetings.**

**Remarks of Ambassador Ayoola Olukanni, Director General, Nigerian Association of Chambers of Commerce, Industry, Mines and Agriculture (NACCIMA)**

Ambassador Olukanni stated that the Nigerian diaspora represents a huge market. However, local producers and exporters need to improve on standards and packaging to meet the needs of the foreign market. He expressed willingness to support the development of non-oil export in Nigeria.

## The Current Position of Nigeria on Trending Issues in Trade Negotiations

**Professor Jonathan Aremu; Covenant University & Head, Trade Policy Thematic Group, Nigerian Economic Summit Group (NESG)**

## Introduction

Two-thirds of world trade now occurs through global value chains (GVCs) that cross at least one border during the production process, and often many borders. For instance, a typical "Chinese product" that the United States imports has a lot of value-added from countries other than China. It often has value-added from U.S. firms with operations in China, as well as from other input suppliers from Japan, South Korea, and Taiwan. Because of this global interconnectedness, in any trade war between the United States and China, there will be collateral damage, not only on the disputants but even the third countries.

## Role of TNCs in Global Value Chains

- According to UNCTAD World Investment Report (2013), Global investment and trade are entwined in international production networks of TNCs across their affiliates to the tune of over 80 per cent of global trade.
- GVCs are responsible for significant and growing instances of double counting in global trade figures; as about 28% of gross exports consist of value added that is first imported by countries only to be incorporated into products or services that are further exported again to another country.
- TNCs make extensive use of services among their affiliates, to the tune of about 46% of the total value added in the global services sector in areas such as engineering work, software development, and marketing for their production across their affiliates:
    - With more than 60 per cent of global foreign direct investment (FDI) channeled to services activities,
    - 26 per cent of FDI goes to manufacturing and
    - 7 per cent to the primary goods sector.

## Implications of TNCs GVCs on Trade Negotiations

- There is the narrowing of national policy options permissible under a growing interconnectedness of TNCs' GVCs.
- This has led to multiplicity of international trade negotiations and agreements among countries, the outcome of which constraints developmental objectives of countries, particularly developing countries (DCs) and least developed countries (LDCs). For instance, Nigeria currently has an array of trade negotiations yet to be concluded at:
    - ECOWAS-Common Trade Policy
    - EPA with EU
    - AEC with AU Members (AfCFTA phase)
    - Multilateral Negotiations at WTO

## Position of Nigeria in the Various Trade Negotiations

- Despite their weight of number in the WTO, the entire developing countries (including Nigeria) still find themselves in a relatively marginalized position and as they experience difficulties in linking their development agenda properly at multilateral level, leaving the negotiating fields, to developed countries that have sufficient negotiating capacity.

- Nigeria lacks trade negotiating capacity until the establishment of the Nigeria Office of Trade Negotiation (NOTN) in August 2017. This has resulted in not having the national interests and perspectives adequately reflected in the various trade negotiations at WTO, EPA, AfCFTA and even ECOWAS levels.
- Nigeria has not been able to make full use of its right to participate in the negotiations and decision-making processes as well.

**Understanding Trade Issues to Negotiate**

In economic negotiations, like trade, countries usually tend to take **mercantilist approach** (seeking 'gains' for their exporters and minimizing 'losses' for their domestic suppliers); in doing so, there is need to understand the areas and limit to negotiate on trade issues. Four groups of such areas exist; two of them primarily domestic and two primarily international; are recognized:

1. **Wholly domestic:** First, those trade issues that fall wholly within a domestic government's jurisdiction/ competence, such as those on domestic markets that determine how far any change in import or export prices are passed on to consumers and producers
2. **Largely domestic:** The second group are those trade issues that are largely domestic but within limitation parameters set externally or influenced by economic integration/WTO rules such as on allowable domestic subsidies, or changes to tariff rates agreed with aid donors as part of policy-based lending.
3. **Externally negotiated:** The third group of trade issues are those that need to be externally negotiated by country governments and other countries of the world either on regional economic integration or multilaterally; for instance with the European Union (EU), for example on EPAs; or with other members of the WTO respectively.
4. **Externally non-negotiated:** The last group of trade issues concerns those areas in which a country is not a negotiating party and hence, has no direct control over its contents. For instance, the EU can change its agricultural policy (and if Nigeria is able to influence them at all, it would only be through persuasion, or it is take it as it is most often).

In Trade Policy formulation and negotiations, these areas must be well understood by national negotiators

**Setting Priorities between Domestic and External Issues**

- Clearly, the more the government has domestic influence on certain trade issues, the greater will be its degree of control when negotiating
- Secondly, in trade areas that set limit on largely domestic issues, a government should exert pressure on such matters, possibly engaging coalition with other countries (as in case of Singapore Issues of WTO) when negotiating as it will be bound by the outcome at later date.
- Lastly, government must be ready to: (a) negotiate properly on group three (like in the case of EPAs); and (b) adjust to the resulting outcomes in group four, particularly since there may not be opportunity to negotiate, but try to engage in dialogue if possible a times

**Formulating Nigeria's Trade Policy for Negotiation**

- Given the above setting of priorities, the first step towards preparing to negotiate in various trade fora (ECOWAS, AU, EPA or at WTO) is to evaluate the coherence of the national trade policy to determine those exclusively domestic and those which are not
- In case of Nigeria currently, the starting point of such formulation should be mainstreaming the National Trade Policy and negotiation into the National Economic Recovery and Growth Plan (NERGP); which is the plan with the current national development strategies
- Such program of NERGP has to be internally and externally consistent with trade policy issues which will, in turn, inform the basis for negotiation strategy at regional and multilateral levels
- Unfortunately, Nigeria has no ideal trade policy as at now to be used in negotiations at these levels.

To this end, key elements of an effective trade policy formulation for developing countries, like Nigeria, as identified by the DAC Guidelines on building trade capacity (OECD, 2001), include:

- Effective mechanisms for consultation among three key sets of stakeholders: (a) government, (b) the private sector and (c) civil society;
- Effective mechanisms for intra-governmental policy co-ordination;
- A strategy for the enhanced collection, dissemination and analysis of trade-related information;
- Trade policy networks, supported by indigenous research institutions;
- Networks of trade support institutions; and
- A commitment by all key stakeholders to outward-oriented regional and multilateral trade strategies.
- As at now, Nigeria has the NERGP, but the Trade Policy objectives and strategies within the NERGP are yet to be thoroughly identified, neither is there any dialogue and consultation process in place in the development of it (Trade Policy).

**Conclusion**

- No doubt, international trade negotiations and agreements are needed to ensure fair and equitable interactions between states. They are equally desirable because they provide various benefits, assurances and predictability that can only come from cooperation
- However, there is urgent need for Nigeria to:
  - (a) Put in place its own Trade Policy,
  - (b) Create appropriate implementation structure,
  - (c) Establish capacity building for NOTN as well as
  - (d) Form appropriate coalition with other countries of the world in negotiating regional and multilateral agreements
- Also, because of multiplicity of various trade negotiations occurring simultaneously, there is an urgent need to:

- Appropriately engage national stakeholders to secure their mandate in Trade Policy formulation and implementation process; and
- Sequence the various trade negotiations from ECOWAS to AU, and to that EPA and finally at WTO level.

## Breakout Session

Three groups discuss policy issues that impact non-oil exports and trading across borders. The groups articulated their positions for panel discussions.

| | GROUP ONE | GROUP TWO | GROUP THREE |
|---|---|---|---|
| GROUP FOCUS | How can Nigeria leverage its Geographic Indications (GIs) for non-oil export trade competitiveness through public and private sector participation | There have been dissenting voices about Nigeria signing the Africa Continental Free Trade Area (AfCFTA). What are the benefits as well as the concerns for the non-oil export sector in Nigeria? | How can the non-oil export community of practice create a support system to tackle the real challenges encountered in non-oil export trade? |
| GROUP FEEDBACK | • Nigeria needs to standardize production processes and products. Products for export must be in commercial quantity<br>• For exportable commodities, value chain development is crucial<br>• Stakeholders must conduct research to identify produce in which Nigeria has a comparative advantage- shea butter, ginger, ijebu garri, melon etc.<br>• Relevant stakeholders to be engaged include- Ministry of Agriculture, NACCIMA, among others | If Nigeria signs the AfCFTA:<br>• Businesses that are not very competitive will shut down<br>• There is the risk of trade diversion and distortion, if other countries sign and Nigeria does not<br>• There will be free flow of goods and services and investments across the continent<br>• It will enhance intra regional trade and investment<br>• It will lead to competitive pricing and innovation<br>• Countries will benefit through their areas of competitive advantage<br>• It will lead to political reforms- civil service reforms<br>• There will be opportunity to improve security<br>• The trade deal will make Africa stronger as an economic block | • An agency needs to champion the course of exports in Nigeria. The group identified Nigerian Export Promotion Council (NEPC) to take up this role<br>• A one-stop center should be domiciled at the NEPC to address all issues relating to export in Nigeria.<br>• There are plans for NACCIMA to establish an SME bank. PDF II must support such plan<br>• Capacity building programs for exporters and bankers are required<br>• Value chain development is essential in improving product quality.<br>• Exporters must work with aggregators that engage local farmers. NEPC could play the role of regulating aggregation companies. |
| ACTION PLAN | **One of the CoPs needs to develop GIs for Nigeria working with both the private and public sectors** | **There is need for an impact assessment on the needs of key stakeholders regarding the AfCFTA. The impact assessment will be informed by the countries trade policy, which needs to be reviewed** | **PDF II needs to liaise with NEPC for the organization to champion the course of exporters. NEPC needs to set up an export facilitation desk.** |

## Panel Discussion

- **Professor Jonathan Aremu –** Chief Executive Officer, Market Links Consult & Head, Trade Thematic Group, Nigerian Economic Summit Group
- **Mr Akintunde Folorunso -** Policy and Strategy, Nigerian Export Promotion Council (NEPC)
- **Mr Sand Mba Kalu** – Executive Director, Africa International Trade & Commerce Research
- **Mr Jude Oboh -** Enabling Business Environment Secretariat (EBES)

Questions/Comments from the Audience and Responses

**Enabling Business Environment Secretariat (EBES) operates at the federal level but some state council are not effective. Should we not work towards empowering Chambers of Commerce across states in Nigeria for them to host EBES secretariat at the state level?**

**Jude Oboh:** Chambers of Commerce are created by acts and are usually private sector- driven. Ideally, government should not interfere with the operational affairs of the organized private sector. EBES has a federal structure and works with state governments to establish similar structure and achieve maximum impact. It is expected that the Chamber of Commerce of a state should work with the relevant agencies within that state. EBES is working with the Lagos Chamber of Commerce and Industry on trade matters and the agency can be reached for specific support.

**What is the implication of the recently signed bilateral currency swap between Nigeria and China on TNCs and trade negotiations?**

**Jonathan Aremu:** On the positive side, the currency swap deal is good for Nigeria considering the increase in trade volume between Nigeria and China. It is also regional payment system and can be viewed as an unwritten economic integration strategy. The deal will conserve wastages of foreign exchange. As a result of the deal, the Chinese can make direct investments in Nigeria without converting the Yuan to US Dollar. On the other hand, the deal is beyond monetary policy and as such should have involved appropriate stakeholders especially those in the trade policy environment. Secondly, the contractual agreements of the deal must ensure that it is in the best interest of Nigeria and that imports from China and properly scrutinized to avoid proliferation of the Nigerian market with unwanted goods. Thirdly, depreciation of the Yuan would mean that Nigeria would reap any associated negative impact. Lastly, there are so many unknowns with this deal and there is no theoretical evidence that supports currency swaps.

**Sand Mba Kalu:** Currency swaps should not be executed with private companies. The deal will likely limit Nigeria's exports to China and encourage importation. To better ensure Nigeria's interest is protected, several research studies should have been conducted before signing the deal. At the moment also, the details of the deal are not publicly available. It is likely that the deal would be reversed with a change in administration in Nigeria.

**Nigeria's road network towards the Seme borders is bad and it creates logistics problems for exporters. The road leading the Apapa ports is also in a horrible state. In addition, illegal payments along the border routes and to government officials at the ports have become the norm for exporters.**

**Jude Oboh:** Nigeria's infrastructure deficit cannot be quantified. The Economic Recovery and Growth Plan (ERGP) has infrastructure development as one of its pillars. Addressing the infrastructure challenge is a long-term issue and the government needs adequate time. The government is currently exploring the use of rail in moving goods to and from the ports. It is also crucial to note that some businesses or individuals take advantage of the bad condition of the Apapa road by creating artificial scarcities and increasing price of goods and services.

**How can the government ensure that small businesses are not stifled? Are there private sectors players that can duplicate the Technology Incubation Centres (TICs) that support small companies? Even businesses that operate from the existing TICs still face several challenges, one of which is obtaining NAFDAC number.**

**Jude Oboh:** Small businesses are fragile. It is advisable for these businesses to join larger platforms and learn from the experiences of other business owners. For some small businesses engaged in manufacturing, one way forward is to engage contract manufacturers to support their businesses.

**Akintunde Folorunso:** The NEPC is the sole government agency that is responsible for the development of exports in Nigeria. The agency also interfaces with other government agencies. The management of the NEPC will be informed about the resolutions of this forum.

# Event Communiqué

**Introduction**

The Nigeria Non-oil Export Community of Practice (NoE CoP) is a group of non-oil exporters in Nigeria with these key objectives:

- To use evidence in contributing to a more informed dialogue on trade and economic policy with decision-makers.
- To galvanize around issues of collective interest to the community, and have a united voice for advocacy
- To develop members capacity through problem-solving and soft skills training
- To form synergies that promote access to market information among members
- To promote business linkages among the players within the export value chain

**Issues**

**Legislative/Policy**

- Nigerian Office of Trade Negotiation does not have a legislative backing. As such, it lacks the finance needed to execute stakeholder consultations relating to trade agreements. This needs to be addressed.
- Nigeria needs to articulate clearly an export policy within the framework of a national trade policy
- There is need for Nigeria to review its National Trade Policy, which must be in line with the country's national aspirations
- All charges on exports should be removed. Nigerian Export Supervision Scheme (NESS) administrative charge of 0.5% is a violation of the Export Miscellaneous Act.
- The organized private sector and other stakeholders in Nigeria must clearly articulate their position and demands in all trade agreements under consideration. These organizations should sponsor an evidence-based research to determine how Nigeria can get the best out of these agreements.
- A "geographical indications" (GIs) is the name of a product(s) where a given quality, reputation or other characteristic of the product(s) is essentially attributable to its local origin. At the moment, Nigeria does not have any registered GI. It is crucial to get some Nigerian products registered by Nigerians
- Trade negotiations need to be done in sequence, from the regional, to continental and international level

**Service Delivery**

- The Nigerian Customs Service should focus on its mandate, which is to facilitate trade rather than to meet revenue targets.
- The challenge of corruption, cumbersome processes at ports and illegal charges are prevalent along the export value chains. These need to be looked at.
- Government must involve the private sector in trade negotiations as a policy. The intellectual capacity of the private sector must be leveraged when going for such negotiations.

- Nigeria's banking sector is weak in capacity to support exports. Lack of understanding of the export business and the absence of export desks at banks are some of the challenges that need to be addressed.
- Joint forums of bankers and exporters are needed. Capacity building programs are required. Bankers need to be trained on the fundamentals of export business. Similarly, exporters need to be trained or informed about the documentation requirements by bankers.
- Government intervention funds for exporters do not trickle down to small exporters. The numerous and strenuous checklist requirements provided by Nigerian Export Import Bank (NEXIM) cannot be met by small exporters. This needs to be looked at.
- Proper communication is required in the export sector. The Nigerian Export Promotion Council (NEPC) needs to communicate some of its reforms to exporters especially those operating at the grassroot.
- For setting up effective cooperatives, exporters need to identify other exporters with common interest; have a clear understanding of the market and establish rules, processes and requirements for selecting leaders of the association.
- Exporters must establish or be part of structured cooperatives, which can provide guarantees to individual exporters. Agencies such as NIRSAL can easily extend joint support to cooperatives or farmers that operate in clusters.
- Exporters need to take advantage of the mobile application (PEBEC.REPORT) created by Enabling Business Environment Secretariat (EBES) to lodge complaints and give feedback about the performance of MDAs they encounter along the export value chain.
- The Federal Government of Nigeria (FGN) should review and enforce the ease of doing business executive order on public procurement process to promote the performance of Micro, Small and Medium Enterprises (MSMEs) and ensure that the 40% target set by FGN is achieved

## List of Abbreviations

| | | |
|---|---|---|
| AfCFTA | - | African Continental Free Trade Area Agreement |
| BOA | - | Bank of Agriculture |
| BOI | - | Bank of Industry |
| CBN | - | Central bank of Nigeria |
| CoP | - | Community of Practice |
| COMESA | - | Common Markets for Eastern and Southern Africa |
| DFID | - | Department of International Development |
| DFI | - | Development Finance Institutions |
| EBES | - | Enabling Business Environment Secretariat |
| ECOWAS | - | Economic Community of West Africa States |
| GIs | - | Geographical Indications |
| GVCs | - | Global Value Chains |
| MSMEs | - | Micro, Small and Medium Scale Enterprises |
| NACCIMA | - | Nigerian Association of Chambers of Commerce, Industry, Mines and Agriculture |
| NAFDAC | - | National Agency for Food and Drug Administration and Control |
| NCS | - | Nigerian Customs Service |
| NEPC | - | Nigerian Export Promotion Council |
| NESS | - | Nigerian Export Supervision Scheme |
| NEXIM | - | Nigerian Export-Import Bank |
| NIRSAL | - | Nigerian Incentive-Based Risk Sharing System for Agricultural Lending |
| NIPC | - | Nigerian Investment Promotion Council |
| NOTN | - | National Office for Trade Negotiation |
| NPA | - | Nigerian Port Authority |
| NSC | - | Nigerian Shippers Council |
| OPS | - | Organized Private Sector |
| PDF II | - | Policy Development Facility Phase II |
| PEBEC | - | Presidential Enabling Business Environment Council |
| SADC | - | South African Development Community |