

Africa Need To Accelerate INTRA-AFRICA TRADE

Beyond The Current Africa International Trade & Commerce Research and the Nigeria Private Sector Alliance (NiPSA) on Tuesday 28th April, 2020 organized a webinar meeting with the theme: "Political Economy of COVID-19: Implications for the African Continental Free Trade Area (AfCFTA)"

The objective of the meeting was to understand the political economy implications of the Coronavirus on the commencement and implementation of the AfCFTA. The pandemic has triggered worldwide panic as the number of victims explode and economies implode. Free movement of persons and social interactions have shrivelled in lockdown and the fear of its destructive impact increased, as unprepared or underprepared national governments and international agencies desperately scramble for solutions. The pandemic has exposed the daunting deficiencies of public health systems in many countries especially in Africa. It threatens devastating economic wreckage as factories and businesses, global supply chains, and stock markets collapse under its unpredictable routes. This is happening on the verge of the AfCFTA commencement date of July 1, 2020. What are the predilections that the African Agenda will not be disrupted by the pandemic but rather trigger social engineering in Africa?

Relationship between Globalization and Capitalist Production: Implications for Africa

Globalization first and foremost ease the spread of pandemic. More so, globalization has led to increase in capital accumulation but in an uneven manner leading to capital concentration in few hands and regions. Mobilization and aggregation of human capital seems to be the solution for Africa. However, the current state of infrastructure limits the level at which this can take place.

Impact of COVID-19 on Aviation and the Single African Air Transport Market (SAATM)

Aviation and other transportation modes are central to the commencement of the AfCFTA thus it is really one of the key pillars of the economy. Currently the aviation sector is severely affected as the impact of COVID-19 is far reaching on the sector. Again, the sector is predominantly private sector driven with paucity of fund. Nigeria and other African governments should work out bail out and stimulus packages for the Aviation industry in order to jump start the AfCFTA take-off. Governments should also establish taskforce or technical team on how to keep the Aviation sector operational during the pandemic so that essential products and services can be made available to those in need in good time. A situation analysis of Air Traffic Agreements across Africa should be streamlined before the AfCFTA scheduled take off date of 1st July, 2020

Food Insecurity: Can Africa Feed Herself?

There is no gainsaying there will be potential rise in food insecurity during the COVID-19 pandemic and post pandemic. African countries and organizations should support special efforts to keep agriculture safely running as an essential business that markets are well

supplied with affordable and nutritious food, and consumers are able to access and purchase food despite movement restrictions and income losses. The livelihood of the smallholder farmers and food entrepreneurs be given priority attention as a strategy for price control for food and other commodities. The nutrition of women and children should be mainstreamed.

The AfCFTA Cannot Takeoff on 1st of July, 2020 As Proposed Due To COVID-19 Pandemic

It is obvious that we cannot meet the deadline of 1st of July. However, the assemblies of Head of States (HOS) still maintains the political commitment and will to integrate Africa Market. The priority to safe life is what is now critical and at the appropriate time we will reenergize. However, the Heads of States have designed a two-prong approach to be used. Firstly we are working closely with Center for Disease Control and Prevention in Africa, The Bureau of the African Union Heads of State and Government on March 26th, 2020, proposed USD\$ 12.5 million as seed fund to fight the pandemic. H.E, Wamkele Mene: Secretary General, AfCFTA secretariat said " we will also ensure the establishment of trade corridor for the movement of essential goods such as germ killing products and soaps. We will also see to the promotion of the production of PPE in Africa." "Secondly, we shall develop a long term policy that will ensure the development of Africa continental wide value chain. We will make sure the intellectual property regime (patent regime) and right legislation is sufficiently flexible and that will also ensure the manufacturing of generic drugs, parallel importing, and compulsory licensing".

Possible nexus between China-America trade war and COVID-19

The trade war is all about hegemony on technological innovation in 5th generation network (5G). I don't think there is any linkage. We have received over 4 million face mask and over three hundred ventilators from Jack Ma, while the Africa Union is seeing to the coordination of the distribution of the donation. I think what we are seeing from China is leadership to improve public health. I don't think covid-19 is linked to the trade wars.

Post Covid-19: A New Global Economic System and Africa

There should be mobilization of financial resources for public health not only for this crisis but for other crisis. We need to rethink our supply chain and over reliance on trade with other countries outside the continent. For example 54 percent of our Africa trade is with countries that have been very negatively hit by the covid-19. For example Senegal and Kenya are manufacturing personal protective equipment. We need to look inward and look away from outside. Africa should focus more on structural transformation and industrial development strategy that will make us less vulnerable to external shocks

COVID-19 and Unemployment

The already precarious situation of unemployment is further worsened by the impact of covid-19 pandemic. The huge informal economy service providers and producers of agricultural products for consumption of the expansive Nigeria population is affected. The formal sectors involved in manufacturing, aviation, health and petroleum are also badly impacted thus the public health pandemic will result into an economic pandemic far worse than 2008/2009 global financial crisis. A new approach to creating jobs must be advocated for, the job situation in Nigeria and Africa was already critical prior to COVID-19 outbreak. A new approach should be targeted at entrepreneurship. Whatever stimulus the government has should be directed to enterprises that can create jobs, an example is the waste to wealth initiative. Government should design policies that will promote labour intensive production. Government should support Organized Private Sector (OPS) that are labour intensive with low cost loans particularly the proposed N500 billion COVID-19 Crisis Intervention Fund of the Nigerian Federal Government.

IMF Alerted that Over 5 million jobs will be Lost Post COVID-19: Any Fiscal Policy?

We often tend to think of government as the one who creates jobs. Government don't create job, where they create too many job it will create problem for the economy. What government should do is to stimulate economic activities that allow private sector to create real value that will lead to job creation. Many of the countries in Africa do not have the fiscal space to do this kind of stimulation. This stimulation is done by borrowed money which at the time of repayment in future time will result into deduction in opportunities. What we need to do is to stimulate where we have latent comparative advantage like Agriculture. We should focus on our factor endowment. For example cassava, how do we create a value chain around cassava, how do we get our youth involve through appropriate education. However with respect to getting fund from bank, sad enough the Nigeria banking system is not designed to stimulate wealth creation it is designed to do quick trading and finance importation of petrol and make quick money. So there is need to create a new financial system that will find some bright young men who have no house to use as collateral but have passion.

RECOMMENDATION

i. Funding and Development of Aviation Infrastructure:

The government should establish a task force on how to keep Aviation sector operational during the pandemic. The aviation industry should be well funded with substantial amount channelled to Aviation infrastructure just like intervention fund that have been made available for other crucial sectors.

ii. Acceleration of intra-Africa trade and Promotion of Locally made personal protective equipment (PPE): As part of the stimulus package the African Union should continue promoting the production PPE, pharmaceutical products and other essentials products in Africa.

iii. Financial resource mobilization into the health sector: As earlier stated, the pandemic has revealed several deficiencies in Africa public system. In recognition of this, financial

resources should be mobilization for public health not only for this crisis but be for other public health crisis, across Africa.

iv. Restructuring of Africa Industrial development model: Africa have to rethink her supply chain and overreliance on trade with other countries outside the continent. Therefore, an inward-looking industrial model through AfCFTA will make Africa less vulnerable to external shocks in time of crisis

v. Promotion of labour-intensive production and reinforcement of the organized private sector (OPS):

African government should design policies that will promote labour-intensive production. The government should support the Organized Private Sector (OPS) that are labour intensive with low-cost loans and the national level. An example is the waste to wealth initiative, manufacturing hubs, etc. vi. Special Funding for vulnerable women in the informal sector: Women are likely to be sidelined when competing for funds with male counterparts in business. This is particularly very important as women represent up to 70% of ICBT in the continent, trading a variety of commodities either in raw or semi-processed, including basic to luxury goods produced in other countries vii. Total economic and financial restructuring and focus on factor endowment: Government across Africa and in particular Nigeria should stimulate sectors where we have a latent comparative advantage like Agriculture. The focus should be centred on factor endowment. For example, Nigeria has a comparative advantage in cassava with requisite factor endowment. Value chain should be created around cassava. This should be replicated across Africa. Hence there is a need to create a new financial system that will find some bright and passionate young men of 29 years and above who do not have houses to use as collateral.

List of Participated Panelist at the Webinar

1. His Excellency, Wamkele Mene: Secretary General, African Continental Free Trade Area (AfCFTA) Secretariat, Ghana
2. Prof Pat Utomi: Chairman, Pan-African Private Sector Trade & Investment Committee (PAFTRAC)
3. Dr Iyalode Alaba Lawson, MFR: Former National President Nigerian Association of Chambers of Commerce Industry Mines and Agriculture and former president Federation of ECOWAS Chamber of Commerce & Industry
4. Prince Adetokunbo Kayode, SAN: Board Chairman, Nigeria Private Sector Alliance (NiPSA)
5. Amb. Kema Chikwe: Former Nigeria Minister of Transport & Aviation