

Module: Modern Nigeria & Global Trends

Topic 5: AfCFTA (African Continental Free Trade Area)

The **AfCFTA** is one of the most ambitious projects of the African Union (AU). It aims to create a single, unified market for goods and services across the entire African continent.

1. What is AfCFTA?

Launched in 2019 and entering its operational phase in 2021, the AfCFTA is the **world's largest free trade area** by the number of participating countries since the formation of the World Trade Organization.

- **Goal:** To remove "trade barriers" (like high taxes/tariffs) between African nations.
- **Scope:** It covers 54 out of 55 African Union nations, representing a market of over **1.3 billion people**.

2. Why Does Africa Need It?

Historically, African countries traded more with Europe, China, and the USA than with each other.

- **The Problem:** Intra-African trade was only about **15%**, compared to **60%** in Europe and **59%** in Asia.
- **The Solution:** By making it cheaper and easier to sell a product made in Nigeria to someone in Ghana or Kenya, the continent can build its own wealth and reduce its dependence on the West.

3. Key Benefits for Nigeria

As the largest economy in Africa, Nigeria stands to gain significantly:

- **Expanded Market:** Nigerian manufacturers (like those in Aba, Kano, or Lagos) can sell to over a billion people without paying heavy import duties.
- **Diversification:** It encourages Nigeria to move away from just "selling oil" and start "selling products" like processed foods, textiles, and tech services.
- **Job Creation:** Increased demand for Nigerian products leads to more factories and more jobs for the youth.

4. Challenges to Success

Trade isn't just about removing taxes; it's about the physical ability to move goods.

- **Poor Infrastructure:** It is currently often cheaper to ship a container from China to Lagos than to move it from Lagos to Cotonou by road.
- **Border Closures:** Political disagreements sometimes lead to countries closing their borders, which disrupts trade.
- **Standardization:** Ensuring that a product certified as "safe" in Nigeria is also accepted as "safe" in Rwanda.

5. How it Affects Small Businesses

If you run a "Media Hub" or a digital agency, AfCFTA makes it easier for you to:

1. **Hire talent** from across the continent.
2. **Sell digital services** to clients in other African countries without complicated cross-border regulations.
3. **Collaborate** with other African entrepreneurs to build "Pan-African" brands.