

Likely Impact of AfCFTA on the Nigeria Pharmaceutical Industry

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INTRODUCTION

- ◆ Trade is a powerful instrument for social-economic growth, development and advancement of any country.
- ◆ Lagos plan of action for the economic development of Africa 1980-2000 was borne out of an overwhelming necessity to establish an African social and economic order primarily based on utilising to the full the region 's resources in building a self-reliant economy.
- ◆ The Treaty that establish the African Economic Community (AEC) is called Abuja 1991 which gives a vision of deeper economic integration for Africa eg customs unions, a central bank, and a common currency
- ◆ To pursue these goals, a number of acts were adopted to facilitate the transformation of the OAU to AU which subsequently gave birth to The New Partnership for Africa's Development (NEPAD) in July 2001 to drive the Lagos Plan of Action objectives, which are meant to put Africa in the path for socioeconomic development. NEPAD therefore is seen as an implementing tool of the Lagos Plan of Action.



INTRODUCTION- 2

- ◆ The launch of negotiations for the establishment of the Continental Free Trade Area aimed at integrating Africa's markets was during the Twenty-Fifth Ordinary Session of the Assembly of Heads of State and Government of the African Union held in Johannesburg, South Africa from 14-15 June 2015
- ◆ At the Extraordinary Summit of the African Union held on 21st March 2018 in Kigali, Rwanda, the Agreement establishing the AfCFTA was adopted and signed by 44 members of the African Union, without Nigeria.
- ◆ The agreement demands that its members remove tariffs from 90% of goods, authorising free access to commodities, goods and services across the continent.
- ◆ Nigeria happens to be the 53rd country to sign the agreement with President Muhammadu Buhari signing the agreement on the 7th of July 2019, during the 12th Extraordinary Summit of the Assembly of the African Union on AfCFTA that was held Niamey, Niger.



AGENDA 2063 -THE AFRICA WE WANT

- ◆ A prosperous Africa based on inclusive growth and sustainable development
- ◆ 2. An integrated continent, politically united and based on the ideals of Pan Africanism and the vision of Africa's Renaissance
- ◆ 3. An Africa of good governance, democracy, respect for human rights, justice and the rule of law ; A peaceful and secure Africa
- ◆ 5. An Africa with a strong cultural identity, common heritage, values and ethics
- ◆ 6. An Africa where development is people-driven, unleashing the potential of its women and youth
- ◆ 7. Africa as a strong, united and influential global player



Objectives of AfCFTA -1

- ◆ Create single continental market for goods and services with free movement of people and investments
- ◆ Deepen the economic integration of the African Continent and in accordance with the Pan African Vision of “An integrated, prosperous and peaceful Africa” enshrined in Agenda 2063
- ◆ The United Nations Economic Commission for Africa estimates that the agreement will boost the intra-Africa trade by 52% by 2022.
- ◆ In addition intra-Africa trade is just 15% of its total trade, compared with 19% intra-regional trade in Latin America, 51% in Asia, 54% in North America and 70% in Europe



Objectives of AfCFTA - 2

- ◆ Create Achieve a comprehensive and mutually beneficial trade agreement among the Member States of the African Union.
- ◆ Enhance competitiveness at all levels and more specifically at the industry and enterprise level through exploiting opportunities for scale economies, reducing business costs
- ◆ To overcome dependence on exportation of primary products and promote social and economic transformation for inclusive growth, industrialization and sustainable development in line with Agenda 2063
- ◆ Africa's fundamental role in the global trade market has been to provide raw commodities in exchange of manufactured goods, thereby capturing a minimal 3% of the global share of trade.



On going work on AfCFTA

- ◆ Negotiations were to be conducted in 2 phases; -1st Phase in Trade in Goods; Trade in Services; and Rules and Procedures for Settlement of Disputes concluded. The 2nd phase will commence early next years
- ◆ Trading will start in July 2020 with customs authorities adjusting to the tariff changes.
- ◆ Protocol on Trade in Goods Liberalization: The AfCFTA specified 5 years period to achieve 90% liberalization, except for Least Developed Countries which should have up to 10 years. However, it also specified that customs union should negotiate collectively and about 26 countries. ECOWAS 15 would use longer periods of 10years negotiating collectively



On going work on AfCFTA-2

- ◆ Regarding Trade in Goods Annex I Schedule of Tariff Concessions:
 1. Member Countries are currently preparing their Schedules
 2. Current plan is to finalize and adopt the Schedules by Jan. 2020 and operationalize by July 2020.
 3. Customs Union are to present a single schedule to preserve the integrity of the Union. ECOWAS has held the first harmonisation meeting for the Common Schedule and is planning the second meeting
- ◆ Nigeria, has not ratify and deposited the instrument with the African Union Commission. That has its own legal and Africa economic implication.



Nigeria Pharmaceutical Industry

- ◆ Tasked with the responsibility to ensure Nigerians have access to quality essential medicines at affordable prices and the management of public health systems
- ◆ Nigeria population is over 200 million representing a huge market for the pharmaceutical industry
- ◆ Consequently, the commercial prospects for local drug manufacture are positive and the prospects for external competitors is greater



Current Incentives to encourage the domestic production of pharmaceutical products in Nigeria

- 💧 Prevention of the importation of parallel drugs in order to enhance local pharmaceutical production
- 💧 Using high tariff measures to discourage importation will be gone
- 💧 Restrictive market access for foreign companies
- 💧 Access to foreign exchange for raw material
- 💧 Some form of exclusive distribution right to made-in-Nigeria



Dumping under AfCFTA

Will Nigeria be dumping ground for foreign drugs?

- Based on : Part V under Trade Remedies Article 17- Anti-dumping and countervailing measures. AfCFTA will be all about Rules based trade.
- Article 20 – presents the need for cooperation relating to Anti-dumping Countervailing and Safeguarding investigations among member states



Post AfCFTA Impact

- ◆ Rethinking Market Access- It will become more complex and beyond Nigeria
- ◆ There will be increased restrictions on imports from outside Africa of generic drugs
- ◆ Increase drive for private health care, in the continent including medical tourism.
- ◆ Focus on your uniqueness and strengthen your comparative advantage For example, as demand for cancer treatment soars, because of visa-free travel, African patients are more likely to travel within Africa to receive treatment for examples African countries without radiotherapy services will seek the care elsewhere, within Africa.



Post AfCFTA Impact

- 🟢 Nigeria Pharmaceutical industry will be open to external competition
- 🟢 The industry will attract foreign investment from more advanced pharmaceutical industry players to Africa
- 🟢 The industry will be exposed to external regulator with Pan-African view..... That means harmonisation and collective regulating



Action point 1

Establish a National Industry Advocacy

- Increase the level of advocacy and lobby, within and beyond Nigeria

Take Continental Leadership

- Nigeria should lead the continental standardization and harmonisation of the processes in the industry

Industry investment

- The industry need to attract investments to increase production, airport cold room facility, etc

Industry research and development Hub

- Monitor and evaluate industry trade trend
- Have a proactive complaint channel



Action Point 2: Expectation and Planning

Establish partnership

- Nigeria Pharmaceutical Industry should make continental partnership a priority
- Create stronger country wide partnership

Think Pan-African

- Request for Pan-African health insurance card
- Rethinking Market Access



Action Point 3: Adopting a systematic approach

- Secure adequate trust for the industry and develop the stronger working relationship with the government for healthcare infrastructure
- The Nigerian pharmaceutical industry have to encourage partnership with raw material source from Africa
- Develop an integrated action plan for research and the value chain



Conclusion Negotiations AfCFTA

- ◆ NAIP should articulate a position paper and present it to Nigerian government, AU, ECOWAS, and Pan-African Private Sector Trade and Investment Committee (PAFTRAC) for the second phase of negotiation that would cover
 1. Investment,
 2. Competition Policy and
 3. Intellectual Property Rights
- ◆ Stop thinking 200 million customers, starting engaging 1 billion customers-
Is very important



Thank you

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