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Remarks on Private Sector Management and Partnerships: THE KEY TO MAKING NIGERIA (WEST AFRICA) THE HUB OF AFRICA'S EXPORTS TO AMERICA

The core values of the Nigerian American Chamber of Commerce is to advance economic cooperation between Nigeria and the United States through the promotion of business and services that improve trade relations and the prosperity of both nations. To that end, our goal is to provide guidance on how to make West Africa the hub of Africa's export to the United States.

Nigeria has the largest market in Africa with a population of more than 180 million people. As recently as 2014, McKinsey and Co. had predicted that Nigeria had the makings to grow 7.1 percent yearly until 2030 and build a \$1.6 trillion economy. In March 2016, PwC published a report, "Nigeria: Looking Beyond Oil," that raises the Nigerian economy to the top 10 in the world in 2050 with a projected GDP of \$6.4 trillion. Examples of such extrapolations are numerous and wide-ranging.

A sharp decline in the global price of oil, the traditional source of 90 percent of Nigeria's export revenues, and artificial capital controls imposed by the Government of Nigeria (GON) have contributed to Nigeria's economic difficulties. According to recent pronouncements by the IMF, Nigeria faces its worst economic crisis in decades as the global decline in oil prices has drastically reduced government revenues, slowed growth and undermined investor confidence in the country.

Its current economic growth depends on the non-oil sector, particularly construction, telecommunications, wholesale/retail trade, tourism, hotel and restaurant services, manufacturing and agriculture. At this time, rising incomes through urbanization and consumer spending, which accounts for 70 percent of GDP, push the economy forward.

The United States is the largest foreign investor in Nigeria, with U.S. foreign direct investment concentrated largely in the petroleum and wholesale trade sectors. U.S. exports to Nigeria include wheat, vehicles, machinery, refined petroleum products, civilian aircraft and parts, and plastics. Nigeria and indeed West Africa is eligible for preferential trade benefits under the African Growth and Opportunity Act (AGOA). U.S. imports from Nigeria include cocoa, rubber, returns, antiques, and food waste. The United States and Nigeria have a bilateral Trade and Investment Framework Agreement (TIFA).

Nigeria plays an important role in both West Africa and on the African continent. The headquarters of the Economic Community of West African States (ECOWAS) is located in Abuja. Nigeria, which represents roughly 70 percent of the 15-country ECOWAS GDP and over half of the ECOWAS region's population, plays an outsized role in ECOWAS. It was Nigeria, for instance, that was largely responsible for the decades-long delays in developing the ECOWAS common external tariff and for the protections and flexibilities that remain a part of that tariff system. In

2014, U.S. exports to ECOWAS totaled \$9.9 billion, which represented nearly 40 percent of all U.S. exports to Sub-Saharan Africa. Imports to the U.S. from ECOWAS totaled \$5.6 billion in the same year. U.S. – ECOWAS trade represents almost 30 percent of total U.S. trade with all of Sub-Saharan Africa.

The best way to achieve our goals is to create public private partnerships with US corporations looking to source from the Nigerian market. Nigeria is dogged by a perception as being a difficult place to do business. While these constraints certainly exist, businesses can thrive if they are ready to adapt to the local business environment. We have categorized the constraints into two groups:

- Infrastructure constraints – utilities (power, water), transport (roads, ports, rails and airports) and ICT (telecommunications and media connectivity)
- Other business constraints – expensive and scarce financing (trade and working capital), lack of skilled labor, security concerns and higher cost of doing business

By brokering partnerships with the private sector, these challenges will be overcome.

The Private Sector:

Nigeria can be a lucrative market for companies that can afford and learn to navigate a complex and evolving business environment. Established multinationals that have mastered operating in this chaotic regulatory environment make substantial profits despite the country's low income levels and logistical difficulties. The Nigerian Government continues to promote Nigeria as a rewarding target for Foreign Direct Investment (FDI).

Industries displaying substantial growth prospects include:

- Consumer goods and the retail industry (including online shopping)
- Real estate due to high population, urban migration, and a rising middle class
- Information and communication technology
- Food and agriculture
- Infrastructure (especially power and transportation)

The NACC will use its contacts and networks to find appropriate private sector bodies capable of partnering with US companies to ease the business process. The expertise and experience of well-established private partners guarantees an almost seamless process in manufacturing and exportation of goods to the United States. Being able to choose the appropriate private partner is a prime tool used by the NACC to reduce risk management expenditures.

It is our desire to reduce our importation of goods and dependence on oil and therefore it is imperative that the private sector takes a lead. The private sector generally has less budget and bureaucracy constraints and therefore will be much quicker in bringing projects to fruition.

I believe we can achieve these lofty goals and uphold our ideals to improve trade relations between Nigeria and the United States through the private sector. And together with your help and God's grace we will achieve this.

Thank you. God Bless Nigeria. God Bless the United States of America.