MAXIMISING THE BENEFITS OF FREE TRADE AGREEMENTS AMONG NATIONS: LESSONS FOR NIGERIA

(A Monograph)

Publication of the Chartered Institute of Taxation of Nigeria

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MAXIMISING THE BENEFITS OF FREE TRADE AGREEMENTS AMONG NATIONS: LESSONS FOR NIGERIA

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MAXIMISING THE BENEFITS OF FREE TRADE AGREEMENTS AMONG NATIONS: LESSONS FOR NIGERIA

VISION
To be one of the foremost professional associations in Africa and beyond

MISSION
To build an Institute which will be a citadel for the advancement of taxation in all its ramifications

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FOREWORD

As we read from our history books, African leaders have for decades being in the pursuit for the unification of the African Continent on a political and economic basis. With the advent of Pan Africanism by Henry Sylvester Williams in July 1900, defined as the complexities and dynamics of black intellectual thought, as well as the holistic cultural, historical, spiritual, political, artistic, scientific and other philosophical legacies of Africa since antiquity to these modern times, it became a goal to be realized for every African leader of the time. From the beginning of the Pan African movements was the goal of achieving total decolonization of the African continent.

To drive this objective from the African soil saw the formation of the Organization of African Unity (OAU) in 1963, which brought African states together with the core objective of achieving greater unity and peace within the continent. With the attainment of decolonization of the continent in the early 1990s, the practical objective for the continued existence of the OAU became a debate. Therefore, the focus of the organization shifted from fighting colonialism to pursuing greater economic cooperation among African countries. Thus, on July 9, 2002 the OAU ceased to exist, transforming into the present African Union following the adoption of the Constitutive Act by African leaders in Durban, South Africa.

The African Union set itself towards the pursuit of regional cooperation and integration, enshrined in its “African vision” of attaining an integrated, prosperous and peaceful Africa, driven by its own citizens and representing a dynamic force in international relations. The masterplan for the pursuit of this goal was the development of a 50-year blueprint of activities covering the years 2013-2063, code named Agenda 2063 (Agenda 2063, 2019). Agenda 2063 identifies key activities to be undertaken within an implementation period to achieve the transnational outcomes for Africa's people – “the Africa We Want.” One of the transformation programs to make African an economic powerhouse is the call for the establishment of the African Continental Free Trade Area (AfCFTA). The promoters of the African Continental Free Trade Area have maintained that such cooperation will lead to substantial increase in capacity development, infrastructure and economic development across countries and regions of Africa.

On July 7, 2019, the Nigerian President Muhammadu Buhari signed the agreement to join the African Continental Free Trade Area (AfCFTA). With the commencement of the Continental Free Trade Area (CFTA), the Institute's Professorial Chair have produced this document to guide our members on the rudimental elements of the AfCFTA agreement, the opportunities and challenges posed to our country and suggestions on how to make the best out of the opportunities presented by the agreement for the benefit of our members.

Therefore, we charge every member to use this publication to sharpen our horns in the area of the AfCFTA agreement and be prepared to play greater roles as we guide our organization, governments and other bodies into the implementation of the AfCFTA agreement across the Continent.

Dame Gladys Olajumoke Simplice, FCTI
14^{th} President and Chairman of Council
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March, 2020

PREFACE

The African Continental Free Trade Agreement (AfCFTA) is a trade agreement among 55 African Union member states, with the goal of creating a single market followed by free movement of goods and services and promotion of movement of capital and natural persons.

At the inception, despite the obvious likely benefits of liberalization of trade through the abolition of customs and excise duties on import and export goods and services among member countries, abolition of trade barriers among States in order to establish a Free Trade Area at the level of each regional economic community and the establishment of a common market, many countries including Nigeria were reluctant in signing for many environmental reasons. As a result, the debate to sign or not lasted a long time among scholars, scientists, experts and uninformed enthusiasts on both sides of the divide with numerous reasons to support their schools of thought, many of which were fundamentally anecdotal.

In the end, Nigeria joined although not without a little bit of apprehensiveness. It then behoves the Institute as a major stakeholder to still go another mile in unravelling some likely benefits from this agreement and possible way out in case of needs which informed this Monograph.

Consequently, the Council of CITN approved the constitution of a small research group by the Professorial Chair made up of erudite scholars, renowned scientists and astute professionals charged with the task of unearthing evidence-based solutions and answers to burning questions by conducting regular, extensive and robust scientific studies on different aspects of AfCFTA as it affects Nigeria both in terms of potential benefits and probable losses to inform governmental policy decisions on signing, future withdrawal, review and modifications of the AfCFTA treaty.

This was initiated and the first report was forwarded through the CITN Council to relevant agencies of Government. It is important to also mention that CITN was prominently represented by the Professorial Chairperson at the final meeting of putting the final agreement papers together at the National Trade Negotiation Office, Abuja in February, 2020.

We do hope that this publication which is the 1st in the series will provide basic information on AfCFTA and its benefits.

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ABOUT THE INSTITUTE

The Chartered Institute of Taxation of Nigeria started on February 4, 1982 as an Association of Tax Administrators and Practitioners (ATP). Thereafter, it transformed into Nigeria Institute of Taxation, which was formally launched on February 21, 1982 and statutorily recognized on May 6, 1987 as a company Limited by Guarantee.

The Institute was chartered by the Federal Government of Nigeria by the enabling Act No. 76 of 1992 (now CITN Act, CAP C10, Vol. 2, Laws of the Federation of Nigeria, 2004) and was charged with the responsibility, among others, of regulating and controlling the practice of the tax profession in its entire ramifications and also determining what standards of knowledge and skills are to be attained by persons seeking to become professional Tax Practitioners or Administrators.

THE CHARTER OF THE INSTITUTE

The aims and objectives of the Institute as laid down in its charter (Act No. 76 of 1992), among others, are:-

- To determine what standards of knowledge and skill are to be attained by persons seeking to become registered members of the taxation profession;
- To raise, maintain and regulate the standard of taxation practice amongst its members;
- To promote professional ethics and efficiency in tax administration and practice; and
- To encourage, promote and co-ordinate research for the advancement of taxation practice and administration in Nigeria.

Under the Act, the Institute is the only professional body empowered to regulate tax practice and administration in Nigeria and only its members can practise Taxation. The Act sets out the rules as regards membership, composition and officers of Council, etc.

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1. INTRODUCTION TO FREE TRADE AGREEMENTS GLOBALLY

Free trade involves the elimination of tariffs, quotas or other governmental impediments to enable individual countries specialize in specific production activities in order to promote comparative advantages. Globally, the concept of free trade can be first traced to its rudimentary form in 16th century Imperial Spain, where Spanish theologian Francisco de Vitoria being the first to propound the notions of freedom of commerce and freedom of the seas (Arthur, 1947). Although Vitoria made the case under the principles of *jus gentium*, not until two British economists; Adam Smith and David Ricardo who later developed the idea of free trade into its modern and recognized form. It was popularly opined by Adam Smith in his renowned work ***The Wealth of Nations,*** that free trade instigated certain civilizations economically while a large number of economists have asserted the proposition to enhance overall nation's economic welfare (Smith, 2000).

Over the years, the concept of free trade has survived centuries of ideologies, such as the doctrine of mercantilism which dominated major European powers for most of the 16th century through the end of the 18th century. According to Mercantilists, the mainstay objective of trade was to obtain a favorable balance of trade by which the value of one's exports should exceed the value of one's imports. The mercantilist trade policy discouraged trade agreements between nations, chiefly because the government assisted local industry through the use of tariffs and quotas on imports, as well as prohibition of exporting tools, capital equipment, skilled labor or anything that might help foreign nations compete with domestic production of manufactured goods. The writings of Adam Smith and David Ricardo further stressed that the desirability of imports and exports are merely necessary costs of acquiring them. Their theories gained increased influence, further igniting a trend towards more liberalized trade led by Great Britain, putting the whole doctrine of mercantilism under attack (Smith, 2008).

In 1823, the Reciprocity of Duties Act (RDA) was passed which greatly aided the British to carry out trade and made permissible the reciprocal removal of import duties under bilateral trades with other nations (Patterson, 1892). By 1846, the Corn Laws, which had levied restrictions on grain imports were repealed. Furthermore, the Cobden - Chevalier Treaty between Britain and

France enacted significant reciprocal tariff reductions. It also included the Most Favored Nation (MFN) clause, a non-discriminatory policy that requires countries to treat all other countries the same when it comes to trade. The treaty helped start a number of MFN treaties throughout the rest of Europe, initiating the growth of multilateral trade liberalization, or free trade (Andrew & Kala, 1988).

By the 19th century, with the world economy falling into a severe depression in 1873, the trend towards more liberalized multilateral trading began to slow. Lasting until 1877, the depression served to increase pressure for greater domestic protection and dampen any previous momentum to access foreign markets. In 1878, Italy instituted a moderate set of traffic to follow after the depression. Germany reverted to more protectionist policies with its "iron and rye" tariff while France followed with its Meline tariff in 1892 (WTO, 2005). Only Great Britain, out of all the major Western European powers maintained its adherence to free-trade policies. The United States of America never participated in the trade liberalization that had been sweeping across Europe during the first half of the 19th century. The rise of nationalist ideologies and dismal economic conditions following the World War I served to disrupt world trade and dismantle the trading networks that had characterized the previous century. The new wave of protectionist trade barriers moved the newly formed League of Nations to organize the First Economic Conference in 1927 in order to outline a multilateral trade agreement. Yet, the agreement would have little effect as the onset of the Great Depression initiated a new wave of protectionism. The economic insecurity and extreme nationalism of the period created the conditions for the outbreak of World War II (WTO, 2005; 2006).

Emerging from World War II as the two great economic superpowers, the U.S. and Britain engineered a plan for a more cooperative and open international system. The International Monetary Fund (IMF), World Bank and International Trade Organization (ITO) arose out of the 1944 Bretton Woods Agreement. While the IMF and World Bank would play pivotal roles in the new international framework, the ITO failed to materialize, and its plan to oversee the development of a non preferential multilateral trading order was taken up by the General Agreement on Tariffs and Trade (GATT) established in 1947. The GATT was designed to encourage the reduction of tariffs among member nations, and thereby provide the foundation for the expansion of multilateral trade. In less than 5 years after the GATT was established, Europe began a program of regional economic integration through the creation of the European Coal and Steel Community in 1951, which eventually evolved into what we know today as the European Union (EU). This gave birth to numerous regional trade agreements in Africa, the Caribbean, Central and South America. Europe's regionalism also helped push the GATT agenda forward as other countries looked for further tariff reductions to compete with the preferential trade that European partnership engendered. Following the breakup of the Soviet Union, the EU pushed to form trade agreements with some Central and Eastern European nations, and in the mid 1990s, it established some bilateral trade agreements with Middle Eastern countries (WTO, 2005; 2006). The U.S. also pursued its own trade agreement with Israel in 1985, as well as the trilateral North American Free Trade Agreement (NAFTA) with Mexico and Canada in the early 1990s. Many other significant regional agreements also took off in South America, Africa and Asia (Maggi & Rodriguez-Clarem, 2007).

Post-1995 developments resulted to the succession of the GATT by the World Trade Organization (WTO) as the global supervisor of world trade liberalization, following the completion of Uruguay Round trade negotiations. Whereas the focus of the GATT has been primarily reserved for goods, the WTO is broader, which include policies on services, intellectual property, investment, the implementation of the commitments approved by members nations in the Uruguay Round and inclusion of erudite judicial arrangement called the "Dispute Settlement Procedure." Ever since the development, there has been an increased involvement of developing and emerging industrialized countries in both WTO and the regional trade agreement. Importantly, the milestone of the accession of China to the WTO in 2001 (Maggi, 2014). The WTO had grown to approximately 162 members that constitute 96% of international trade as of November, 2015. Another important milestone is the growing role of emerging countries such as Brazil, India and China in the WTO dispute settlement arrangement.

After 1995, there was an incredible acceleration in the formation of regional trade agreements. For instance, the number of regional trade agreements had risen from 58 in 1995 to 188 in 2005. Currently the regional trade agreements globally are approximately 380 and several potential agreements are emerging such as the African Continental Free Trade Area (AfCFTA), which is assumed to be one of the largest regional trade agreements globally. In addition, the

WTO member countries embarked in newly multinational negotiations called Doha Round after the completion of Uruguay Round. Although Doha Round was initiated in 2001, but it is already stalled. Negotiations have faltered mostly over separations between developing and developed countries. The stumbled multilateral trade liberalization can be traced to the explosion of regional trade agreements and the growing involvement of developing economies (Maggi, 2017).

1.1 NATURE OF FREE TRADE AGREEMENTS GLOBALLY

Organization for Economic Cooperation defined a free trade area as "a grouping of countries within which tariffs and non tariffs trade barriers between the members are generally abolished but with no common trade policy toward non-members" (OECD, 1999). The motive of countries setting up Free Trade Zone (FTZ) mostly focuses on its progressive economic development. Regions continue to embrace the development globally and remain growing rapidly. Free Trade Area (FTA) usually introduces tax advantages and other regulatory exemptions that possibly will boost trade facilitation, business establishment and foreign investment. Similarly, Revised Kyoto Convention further refers to Free Trade Zones as "a part of territory of a Contracting Party where any goods introduced is generally regarded, insofar as import duties and taxes are concerned, as being outside the customs territory". Commercial activities in FTZs may include warehousing, storage, and distribution facilities for trade, transshipment, and re-export operations, but they also include manufacture, assembly, repackaging and re-labelling. Indeed, labor-intensive manufacturing takes place in some FTZ that involves the import of raw materials or components and the export of factory product and also service industries such as software, back-office operations, research, and financial services (Weerth, 2017).

Although smugglers have used the free trade program to traffic and smuggle prohibited and counterfeit goods generating resources for criminal network, there is growing interest to eliminate the illicit actions through promoting "Clean Trade" to reap the trade and investment benefits (OECD, 2017). The expansion in the number of FTZs, in particular in middle income and developing economies, suggest that FTZs are a viable means to promote trade facilitation objectives. However, in order to maintain a competitive edge, some

FTZs may ignore basic requirements that ensure safe, transparent and secure trade. The subsequent "race to the bottom" of FTZs has in some parts enabled illegal activities such as counterfeiting, smuggling, parallel trade, unregulated gambling, money laundering and organized criminal activities to take place. In areas where national regulatory frameworks and legislations are not effectively enforced, FTZs are attractive to criminal elements. A number of measures are usually put in place to meet this growing global challenge in order to enhance transparency while ensuring the successful continuation of benefits from the use of FTZs (CEC, 2006).

Although majority of economists support free trade, they however, disagree on the approach to which the economies transmute from tariffs and quota to free trade arrangement (Aremu, 2019). As regards the circumstances, economists have identified three basic approaches to trade reforms, which include the following:

a. *Unilateral Trade Agreement*. This occurs when a country imposes trade restrictions and no other country reciprocates. A country can also unilaterally loosen trade restrictions but that rarely happens as it would put the country at a competitive disadvantage. Countries - mostly developed, only do this as a type of foreign aid, with the intention to help emerging markets strengthen strategic industries which creates new markets for exports. Simply, this arrangement is made independently with mutual action by other countries. Thus, the advantage of unilateral free trade includes that a country could harvest the immediate benefits of the free trade. A good example is the United States unilateral trade policies under the Generalized System of Preferences. It was instituted on January 1, 1976, by the Trade Act of 1974. It entails that developed countries grant preferential tariffs to imports from developing countries.

b. *Bilateral Trade Agreements is* between two countries. Both countries agree to loosen trade restrictions to expand business opportunities between them by lowering tariffs and conferring preferred trade status with each other. For most countries, these are in the automotive, oil or food production industries. An example is The United States' Transatlantic Trade and Investment Partnership with the European Union.

c. *Multilateral Trade Agreements* are the most difficult to negotiate. These are among three or more countries. The greater the number of participants, the more difficult the negotiations tend to be. They are also more complex than bilateral agreements because each country has its own unique needs and requests. They cover a larger geographic area, which confers a greater competitive advantage on the signatories. All countries also give each other most favored nation (MFN) status, agreeing to each other equally. The largest multilateral agr eement is the North American Free Trade Agreement between the United States, Canada and Mexico with a combined economic output of $20 trillion (Amadeo, 2019).

There are two major advantages that bilateral and multilateral approaches have over unilateral approaches. First, when diverse economies or regions reach agreement to reciprocate reduction in the trade barriers, the economic advantages from such trade arrangement are strengthened. Secondly, political opposition to free trade in each economy could be minimal through the regional or multilateral approaches. Thus, free trade agreements between the regions are useful strategy for liberalizing multilateral trading system(Aremu, 2019). Majority of economists have identified that the best possible result of trade negotiations is multilateral agreement (Grossman, 2016). Multilateral agreement drives the exposure of participants to harvest the possible economic advantages from international trade. These could be related to the General Agreement on Tariffs and Trade (GATT), which became the world's most significant multilateral trade negotiation arrangement instantly after World War II. GATT was basically established proactively to the effect of protectionism that crippled world trade during the Great Depression of the 1930s. Nevertheless, in 1995, the GATT merged into WTO, saddled with the responsibility tosuperintend different four international trade agreements which include; a) the GATT; b) the General Agreement Trade in Services (GATS); c) agreements on Trade Related Intellectual Property Rights (TRIPS); and d) Trade-Related Investment Measures (TRIMS).

Some examples of FTAs are:

I. Association of Southeast Asian Nations (ASEAN) - It was established on 8th August, 1967 in Bangkok, Thailand. It is a regional intergovernmental organization made up of ten countries in Southeast Asia with the aim of promoting intergovernmental cooperation and facilitates economic, political, security, military, educational and socio-cultural integration among members and other countries in Asia. It also regularly engages other countries in the Asia-Pacific region and beyond. (Leviter, 2010)

II. Central European Free Trade Agreement (CEFTA) - A trade agreement between non-EU countries, members of which are now mostly located in Southeastern Europe, established in1992. Once a participating country joins the European Union (EU), its CEFTA membership ends (Sanja, 2008).

III. Canada - United States Free Trade Agreement (CUSFTA) - Between Canada and the United States(reached by negotiators for Canada and the United States on October 4, 1987, and signed by the leaders of both countries on January 2, 1988)

IV. Mercosur (Spanish), or Mercosul (Portuguese) or simply Southern Common Market, is a South American FTA between Argentina, Brazil, Paraguay, Uruguay and Venezuela as full members, 1991 and 1994 (Phillips, 2001)

V. The NorthAmerican Free Trade Agreements (NAFTA) -between Canada, Mexico and the United States, The agreement came into force on January 1, 1994, and superseded the 1988 Canada–United States Free Trade Agreement between the United States and Canada. The NAFTA trade bloc is one of the largest trade blocs in the world by gross domestic product.

VI. Others are African, Caribbean, and Pacific Group of States (ACP), Andean Common Market (Ancom), Arab Cooperation Council (ACC), Asia-Pacific Economic Cooperation (APEC), etc. (SCRC, 2011).

A free trade area is a region encompassing a trade bloc whose member countries have signed a free trade agreement (FTA). Such agreement involves cooperation between at least two countries to reduce trade barriers and to increase trade of goods and services with each other. A free trade agreement

(FTA) is a multinational agreement according to international law to form a free-trade area between cooperating states (O'Sullivan & Sheffrin, 2003). FTAs, a form of trade pacts, determine the tariffs and duties that countries impose in imports and exports with the goal of reducing or eliminating trade barriers, thus affecting international trade. In contrast to customs union and other phases of regional trade agreements, members of an FTA have different customs taxes and quotas (differing external tariffs) and other policies with respect to non members. In a bid to prevent tariff evasion through re-exportation, FTAs use a system of certification of origin usually referred to as rules of origin. In order for goods to be qualified for the special treatment proposed in the provisions of the FTA, they must meet the minimum requirements in the rules of origin. Thus an FTA could be said to have occurred when a group of countries remove all tariffs on trade with one another but retain the rights to decide their tariffs with countries that are non-members of the FTA. A customs union on the other hand involves a group of countries who not only eliminate all tariffs on trade among themselves, but also use a common external tariff (CET) on trade with countries outside the union (Aremu, 2019).

Phases of Economic integration could be categorized as:

a. **Free Trade Areas** Member s tates eliminate tariffs and non-tariff barriers on trade goods within the FTA, but respective participant maintains its trade policies including tariffs on trade with non-member region.

b. **Customs Unions**: Members conduct free trade among themselves and maintain common tariffs and other trade policies with non-member countries.

c. **Common Market**: Members incorporate customs union with elimination of barriers on free movement of labors and capital across national borders within the market.

d. **Economic Union**: Members merge their economies further by establishing a common currency and maintain a unified monetary policy, with other common economic institutions.

Table 1: The Phases of Economic Integration

Phases	Free Trade Between Member State	Common External Tariff	Free Movement of Factors of Production	Harmonization of Economic Policy	Centralization of Economic & Monetary Policy
Free Trade Area	Yes	No	No	No	No
Customs Union	Yes	Yes	No	No	No
Common Market	Yes	Yes	Yes	Yes	No
Economic Union	Yes	Yes	Yes	Yes	Yes

Source: Aremu (2019)

1.2 THE PURPOSE OF FREE TRADE AGREEMENTS GLOBALLY

Trade around the world is becoming increasingly barrier-free. Trade treaties are formal expression of international cooperation. Government could surrender its sovereign privileges to indicate trade policies in exchange for comparable concessions by other governments. Thus, governments are willing to relinquish their sovereignty with the motive of *interdependence*. Any policy implemented by the government affect the welfare of not only its citizens, but also other countries. Irrespective of the policy makers' objectives, each party has to incorporate the interest of the trading partners. This indicates the weaknesses of unilateral policy approach where governments unlikely address the effect of their arrangements on the welfares of the trading partners. A trade agreement should provide the basis for internalization of different externalities (Mandal, 2019).

Grossman (2016) identified incentives of trade agreement under the bilateral and multilateral pacts which include business-delocation externalities, profit extraction & shifting conditions, protection of intellectual property and political incentive for treaty. Johnson (1953) assumed that policy makers would set the country's tariffs at a level of noncooperative in the case of international treaty absence. This then questions the necessity of actual agreements in the achievement of cooperation benefits or whether the gains from cooperation could achieve equilibrium with such tariff condition. Thus, externalities promote benefits from cooperation, which provide the government spurs to negotiate a trade agreement.

One of the reasons that give rise to trade agreement is the facilitation of multilateral trade liberalization. A strand of literature has provided evidences, which prompt multilateral trade pacts for global free trade. Following the illustration of Saggi & Yildiz (2010), which involves three countries endowed with three goods but individual country could only export two goods to other two countries. But each country lacks the abundance of the third goods, which has to be imported from other two trade partners. In this circumstance, each country will identify with the trading partners whom it is keen to participate in reciprocated free trade. However, the countries can adopt external trade tariff for other countries whom they do not have trade pacts. Therefore, the countries can agree to liberalize trade on multilateral basis while refusal could lead to non-cooperative tariffs.

1.3 IMPLICATIONS OF FREE TRADE AGREEMENTS

Free trade agreements are treaties that regulate the tariffs, taxes and duties that countries impose on their imports and exports. Free trade agreements all over the world have had some positive implications like increased economic growth. After World War II, both bilateral and multilateral free trade treaties have been adopted by global economies to eliminate barriers, open markets and facilitate higher standards for investment, intellectual property and lately the digital commerce. The collapse of China Wall and the Indian entry to international trade, which has possibly accelerated growth in Asia and other regions, have allowed billions of new consumers to be involved in international market economy resulting in increased number of middle class with new purchasing power. Governments have sensed that reducing trade and investment barriers can maximize their welfare by expansion of oversea markets (Randolph, 2017).

Empirical analysis and assessments have identified that free trade pacts have benefited United States. For instance, United States International Trade Commission by adopting economic analysis model showed that trade pacts have positively influenced among others real GDP, employment and wages. The Commission indicates that “FTAs currently in force increased US trade surpluses or reduced trade deficits with partner countries by 59.2 percent ($87.5 Billion) in 2015. They also produced tariffs savings of up to $13.4 billion in 2014” Similarly, National Association of Manufacturers (NAM) verify that the growth rate for United States manufactured goods exports to FTAs trade partners are faster compared to non-FTAs countries (Randolph, 2017).

Liu (2015) stated that it is nearly a consensus among economists that free trade is generally a good thing. Many countries, especially developing countries, regard trade as a means to raise income levels and living standards. They expect from trade not only static gains, but also dynamic gains related to productivity and technological improvement. According to Afolabi, Danladi & Azeez (2017), international trade also affects the economic growth of nations via the attraction of FDI. Lall (2000) stated that the major means through which FDI impacts positively on economic growth are access to international market, job creation, technology transfer, capital accumulation, marketing and managerial practices. Blomstrom & Kokko (2003) contributed that trade and FDI can only enhance growth after the minimum level of technology, infrastructure and human capital have been satisfied. One of the strongest arguments of international trade theories is that intensification of trade between countries may produce improvements in the level of welfare among them; this has been the argument adopted by the nations in order to increase the number of accords between different countries in the last three decades (İncekara and Ustaoğlu, 2012).

Froning (2000) opined that free trade fosters support for the rule of law. Companies that engage in international trade have reasons to abide by the terms of their contracts and international agreed-upon norms and laws. The World Trade Organization, for example, compels its member countries to honor trade agreements and, in any trade dispute, to abide by the decisions of the WTO’s mediating body. Froning (2000) also noted that free trade can reduce the opportunities for corruption. In countries where contracts are not enforced, business relationships fail, foreign investors flee, and capital stays away. It is a downward spiral that especially hinders economic development in countries where official corruption is widespread.

European Commission (2013) is of the opinion that Free trade agreement is needed because of the way globalization is changing the international environment. Globalization which is a combination of technological developments and economic liberalization enables goods, services, capital, companies and people to reach almost any part of the globe rapidly and easily. The openness of an economy is a source of strength as the world in which we live is constantlychanging. Dicaprio, Paulino, & Sokolova, (2017) studied Regional trade agreements, integration and development. The study expatiates on the understanding of the impact of regional integration on growth and within country inequality. Two measures of regional integration were developed via the research work using trade agreement participation as a proxy for preferential trade access. The findings showed that regional integration leads to higher economic growth and while reducing inequality amongst member countries. The direct development effects can be further enhanced by a second transmission channel whereby a country captures indirect benefits from any agreements to which its trading partners are party.

Lloyd (2008) argued that the benefits from trade liberalization are still being substantially underestimated. This is principally based on the reason that the standard gains from liberalizing trade are comparative statics. Also, trade liberalization increases the level of real incomes and incomes per capita. Llyod (2008) noted that literatures introduced an important distinction between the level effect and the rate of growth effect of trade liberalization. Old growth theory suggests that trade liberalization may raise the rate of capital formation by lowering the price of fixed capital (Estevadeordal & Taylor, 2008) and possibly also increasing the rate of return on capital and the savings rate or net capital inflow. This increase in capital formation in turn raises the rate of growth of real outputs and real incomes. New Growth theory has added a number of other growth-inducing effects; trade liberalization may increase the variety of capital and intermediate inputs, or increase the productivity of Research and Development (Taylor, 1999).

Ali (2011) examined the impact of free trade agreement on economic growth of partner countries between China and New Zealand. China and New Zealand commenced negotiations on a closer economic partnership (CEP) agreement.

Both parties believe that a CEP agreement would increase bilateral trade flows and generate new employment opportunities through export led growth in their economy. After the free trade agreement, China's government decreased tariff rate on agriculture products. Whether New Zealand gain more business opportunities from the agreement or not depends on tourism, agriculture and different forestry industries. Therefore, China's highest population created potential markets. In the meantime, China also exports electronic goods, footwear, clothing and computer to New Zealand because New Zealand is short of these industries (Ali, 2011).

One of the downsides to FTAs however is the ability of powerful economies to impose their will over smaller developing economies. Most often, this comes in the form of a smaller economy making more concessions that are beneficial in the long term, while the larger economy keeps its trade restrictions in place. Accusations have also been made in the past that FTAs have been enacted for foreign policy purposes, rather than bilateral economic benefit. Critics also argue that FTAs do not encourage trade liberalizations as effectively as multilateral agreements. Other disadvantages of FTAs across the world are; increased job outsourcing, intellectual property theft, crowding out domestic industries, poor working conditions, degradation of natural resources, destruction of native cultures and reduced tax revenue. Furthermore, critics argue that FTAs simply promote large, competitive trading blocs that could create economic instability.

2. THE AFRICAN CONTINENTAL FREE TRADE AGREEMENT (AfCFTA)

The idea of the AfCFTA, according to the AUC (2016), was taken as a decision at the 18th Ordinary Session of the Assembly of Heads of State and Government of African Union in Addis Ababa, Ethiopia in January 2012. Member States of the African Union countries agreed to establish the Continental Free Trade Area (CFTA) by 2017. The CFTA is widely seen as a crucial driver for economic growth, industrialization and sustainable development in Africa. Furthermore, the positive impact of the CFTA is expected to be even greater if non-tariff measures are addressed, informal trade is integrated into formal channels and the agreement includes trade in services as well. The CFTA will reduce to zero the distance between 55 African countries with total population of about 1.2 billion people and gross domestic product of about US$2.5 trillion (Tralac, 2016); making it to be the world's largest free trade area (Warford, 2016).

Trade is pivotal to African economic integration because it has been an African continental instrument for unified effort of socio-economic and political development before the formation of Organization of African Union (OAU) in 1963 (UNCTAD, 2016). Africans will have the opportunity of trading together in goods, services, investment and intellectual property without barrier and the trade in goods will cover tariff liberalization, rules of origin, dispute resolution, trade facilitations and customs procedures (Acyl, 2016; UNCTAD, 2016). The Free Trade Area (FTA) is an essential component and stage of economic integration (EI) which the RECs and AU are working towards achieving. The FTA ensures almost, if not complete, perfect mobility of portable production resources, especially tangible goods and it leads to achievement of customs unions. The Economic Integration, in ascending order, begins with independent economy, preferential trade area, free trade area, customs union, common market, monetary union, fiscal union and political union (European Commission, 2013). It is noteworthy to mention that the European Union is already implementing the last stage of economic integration (Afolabi *et al.,* 2017). For African countries to benefit fully in Economic Integration there must be deep level of economic integration among them (Mwasha, 2015)

2.1 The Benefits of African Continental Free Trade Area (AfCFTA)

The benefits and purpose of creating AfCFTA are stated:

I. African businesses, traders and consumers will no longer pay tariffs on a large variety of goods that they trade between African countries;
II. Traders constrained by - non tariff barriers, including overly burdensome customs procedures or excessive paperwork, will have a mechanism through which to seek the removal of such burdens;
III. Cooperation between customs authorities over product standards and regulations, as well as trade transit and facilitation, will make it easier for goods to flow between Africa's borders;

IV. Through the progressive liberalization of services, service suppliers will have access to the markets of all African countries on terms no less favorable than domestic suppliers;

V. Mutual recognition of standards, licensing and certification of service suppliers will make it easier for businesses and individuals to satisfy the regulatory requirements of operating in each other's markets;

VI. The easing of trade between African countries will facilitate the establishment of regional value chains in which inputs are sourced from different African countries to add value before exporting externally;

VII. To protect against unanticipated trade surges, State Parties will have recourse to trade remedies to ensure that domestic industries can be safeguarded, if necessary;

VIII. A dispute settlement mechanism provides a rule-based avenue for the resolution of any disputes that may arise between State Parties in the application of the agreement;

IX. Upon conclusion, the "Phase two" negotiations will provide a more conducive environment for recognizing African intellectual property rights, facilitating intra-African investment, and addressing anti-competitive challenges.

2.2 PECULIARITIES OF THE FREE TRADE AGREEMENTS IN AFRICA AS DISTINCT FROM OTHERS IN OTHER CLIMES OF THE WORLD

a. Size and Dynamism

Free trade agreements and other economic integration models all over the world are uniformly guided by the provisions in GATT and WTO. However, the peculiarity of AfCFTA is in terms of numbers of participating countries as it will be the world's largest free trade area since the formation of the World Trade Organization. The African Continental Free Trade Area (AfCFTA) is said to have market coverage of 1.2 billion people and a gross domestic product (GDP) of $2.5 trillion, across all 55 member States of the African Union. It is also a highly dynamic market**.** The population of Africa is projected to reach 2.5 billion by 2050, at which point it will comprise 26 per cent of what is projected to be the world's working age population, with an economy that is estimated to grow twice as rapidly as that of the developed world. With average tariffs of 6.1 per cent, businesses currently face higher tariffs when they export within Africa than when they export outside it. AfCFTA is designed to progressively eliminate tariffs on intra-African trade, making it easier for African businesses to trade within the continent and cater to and benefit from the growing Africanmarket, hence giving member countries a competitive advantage (WTO, 2006).

b. Peculiar Benefits of AfCFTA

Consolidating this continent into one trade area provides great opportunities for trading enterprises, businesses and consumers across Africa and the chance to support sustainable development in the world's least developed region. Economic Commission for Africa estimates that AfCFTA has the potential to boost intra-African trade by 52.3 per cent by eliminating import duties, and to double this trade if non- tariff barriers are also reduced. This agreement is of great important for diversifying Africa's trade and encouraging a move away from extractive commodities, such as oil and minerals, which have traditionally accounted for most of Africa's exports, towards a more balanced and sustainable export base. Over 75 per cent of Africa's exports outside the continent were extractives from 2012 to 2014, while less than 40 per cent of intra-African trade were extractives in the same period. The great risk with products like oil and minerals is their volatility. The fiscal and economic fate of too many African countries relies on the vicissitudes of these product prices. Using AfCFTA to pivot away from extractive exports will help to secure more sustainable and inclusive trade that is less dependent on the fluctuations of commodity prices. Perhaps most importantly, AfCFTA will also produce more jobs for Africa's bulging youth population. This is because extractive exports, on which Africa's trade is currently based, are less labor -intensive than the manufactured and agricultural goods that will benefit most from AfCFTA. By promoting more labor-intensive trade, AfCFTA creates more employment (Akeyewale, 2018; UNCTAD, 2016)..

Small and medium-sized enterprises are very important to growth in Africa. They account for around 80 per cent of the region's businesses. These businesses usually struggle to penetrate more advanced overseas markets i.e. they are competitively disadvantaged, but are well positioned to tap into regional export destinations and can use regional markets as stepping stones for expanding into overseas markets at a later point. Another way in which small and medium-sized enterprises can benefit is by AfCFTA making it easier to supply inputs to larger regional companies, who then export. Before exporting cars overseas, for example, large automobile manufacturers in South Africa source inputs, including leather for seats from Botswana and fabrics from Lesotho, under the preferential Southern African Customs Union trading regime(Akeyewale, 2018; UNCTAD, 2016).

By reducing tariffs, AfCFTA makes it more affordable for informal traders to operate through formal channels, which offer more protection. This can be further enhanced by simplified trading regimes forsmall traders, such as the Simplified Trade Regime in the Common Market for Eastern and Southern Africa (COMESA), which provides a simplified clearing procedure alongside reduced import duties that provide particular help to small-scale traders. African countries have diversified economic configurations and will be affected in different ways by AfCFTA. Nevertheless, the benefits from AfCFTA are widespread. While African countries that are relatively more industrialized are well placed to take advantage of the opportunities for manufactured goods, less-industrialized countries can benefit from linking into regional value chains. Regional value chains involve larger industries sourcing their supplies from smaller industries across borders. AfCFTA makes the formation of regional value chains easier by reducing trade costs and facilitating investment. The majority of African countries are classified as resource rich. Tariffs on raw materials are already low and so AfCFTA can do little to further promote these exports. However, by lowering intra-African tariffs on intermediates and final goods, AfCFTA will create additional opportunities for adding value to natural resources and for diversifying into new business areas (Akeyewale, 2018; UNCTAD, 2016).

3. FISCAL IMPLICATIONS OF FREE TRADE AGREEMENTS GLOBALLY

3.1 Trade creation, trade diversion, and import barriers on outsiders

Most economists have based their assessment of the influence of FTAs on the perception of trade creation and trade diversion. This analysis was initiated by Jacob Viner in 1950 whose work explored the economic effect of customs union and his conclusion has been mostly applied to FTAs and other preferential trade pacts. ***Trade creation*** is said to be the position where a FTAs member replaces its domestic production with the imports of goods from trading partners because the creation of the FTAs has made imports economical compared to the native production. This event could improve the economic welfare of the trading partners since the resources have shifted to more efficient use. While ***trade diversion*** is the shift from the imports of goods from efficient non-member of FTA to less efficient member for the tariffs removal within the trading partner has made the importation prices cheaper than the efficient non-trading partner (Viner, 1950).

According to Viner (1950), the formation of an FTA can lead to trade creation and/or trade diversion. Trade creation results from the FTA promoting trade among the members without disturbing trade with nonmembers which results in enhanced efficiency. On the other hand, the latter occurs when the FTA encourages trade among members at the expense of trade with non members, and tends to be efficiency reducing. Several attempts have been made to elucidate theoretically the features that make FTAs more trade creating or diverting. Frankel (1997), for example using a number of regression analyses based on the gravity equation with country level trade flows developed the hypothesis and found evidences consistent with what he referred to as ''natural trading partners''. This hypothesis, which may not always hold theoretically, stipulates that agreements among 6 countries that already trade significantly (those that share cultural characteristics that reduce transaction costs, such as language and in particular geographically close countries) are the ones most likely to be trade creating (Bhagwati &Panagariya, 1999)

Lee and Shin (2006) extended the work of Frankel (1997) and confirmed that regional trade agreements (RTAs) tend to increase bilateral trade between members. Likewise, the closer the country to each other, the bigger is trade creation. Notwithstanding, RTAs are never found to reduce trade between members and nonmembers significantly. In fact, in most specifications RTAs are estimated to increase trade between members and nonmembers, from 6 to 15 percent. Having the trade creation and trade diversion estimates in hand, Lee and Shin (2006) then predict the average trade impact of several proposed RTAs in Asia. They find in particular that the trade effects of AFTA are significantly positive. Clausing (2001) developed a detailed (at the product-level) analysis of the Canada-United States free trade agreement (CUSTA) of 1988. She found that trade creation tends to be the rule, and trade diversion the exception, in most sectors. A somewhat different picture is presented by Chang and Winters (2002), who found evidence that the formation of Mercosur hurt outsiders. However, Mercosur is distinct from CUSTA, NAFTA and all the Asian RTAs, as it is a customs union (CU), rather than a free trade agreement.

Calvo-Pardo, Freund & Ornelas (2009) studied the effect of the formation of ASEAN FTA (AFTA) on trade flows and trade policies vis-à-vis outsiders. They found that AFTA has been broadly benign, in the sense that it does not seem to be promoting trade within the bloc at the expense of trade with nonmembers. They concluded that, AFTA has been clearly beneficial for the promotion of freer world trade. Calvo -Pardo, Freund & Ornelas (2009) agree with Estevadeordal *et al.* (2008) for Latin America and to a lesser extent for some ASEAN members (Lendle, 2007). This underpins the idea that regionalism promotes external liberalization and can be viewed as a “building bloc” toward free trade.

Interestingly, it has been acknowledged that trade in service is progressively imperative in the global economy. Trade in services has grown faster than trade in goods since 2005 (Kimura & Chen, 2016). For United States, the country’s service sector accounts for 80% of its GDP. In 2015, the US exports reached US$716 billion while its total export goods accounted for half. Regardless of the country’s trade discrepancy in goods, trade in service amounts over US$ 200 in 2015. The rules and regulations on trade in service complement the provisions of the General Agreement on Trade in Services (GATS). The U.S. Trade Representative Office estimates that NAFTA increased U.S. economic growth by 0.5% a year (Amadeo, 2019).

3.2 FISCAL POLICY IMPLICATIONS OF THE AFRICAN CONTINENTAL FREE TRADE AGREEMENT

The AFCFTA covers various sectors of the economy and policies such as trade in goods and services, investment, competition policy, and intellectual property rights and it is aimed at economic structural transformation of African continent. This trade agreement will play a significant role in the African countries' pursuit of the Africa's Agenda 2063 and Global Agenda 2030.

The objectives of the AfCFTA include:

a. Creating a single continental market for the goods and services, free movement of business people and investments that would ensure the fast tracking of the establishment of the Continental Customs Union and African Customs Union.

b. Expand intra-African trade through effective and efficient trade liberalization as well as creating easier implementation processes and instruments across African continent.

c. Settle the issues of multiple and overlapping membership and fast tracking the integration of the regional and continental processes.

d. Enhance competiveness at both the industry and enterprise levels by utilizing opportunities for scale production, continental market access, and efficient reallocation of resources (United Nations Economic Commission for Africa, 2014; Ernst & Young, 2018).

The issues in the negotiations of the goods transactions include tariff reductions, non- tariff barriers, rules of origin, customs cooperation, trade remedies, standards and technical barriers to trade. All UN member states and all sectors of the economy will be affected by the AfCFTA in one way or the other. Given the fact that the infrastructure and economic developments are at different levels in Africa, the less developed African countries are prone to getting less benefits from the AfCFTA than the other member countries.

On the other hand, those UN member countries with reasonable infrastructure and economic developments in place stand a better chance of getting more benefits than the UN member countries with little infrastructural and economic developments. If one takes the Agricultural sector for example, some countries would benefit than others. Agricultural sector will benefit in the implementation of the provisions or the AfCFTA than the other sectors in the economy because of this sector's strategic importance in the African continent. Majority of Africans depend on the agricultural sector for their livelihood and tariff liberalization in the continent will enhance the delivery of agricultural products that are highly needed in the continent. That been said, the trade liberalization can also pose a challenge for some African countries as the cash crops may attract the attention of the farmer at the detriment of producing agricultural products for local consumption. This may lead to shortage of foods in those countries thus defeat the purpose for the establishment of the AfCFTA (United Nations Economic Commission for Africa, 2014; Ernst & Young, 2018).

The provisions of AfCFTA that called for tariff reductions or tariff elimination, non-tariff barriers, rules of origin, customs cooperation, trade remedies, quality standards, and removal of technical barriers to trade will impact different sectors of economy differently. Some African countries depend mainly on tariffs for revenue generation thus the reduction or elimination of tariffs would adversely affect the amount of revenue such countries can generate affecting their infrastructure and other social programs for their citizens. The issues relating to the bottleneck in the rules of origin, customs cooperation, trade remedies, and standard and technical to the trade pose challenges to the implementation of the provisions of the AfCFTA and this may adversely impact different sectors of the economy in the areas of agriculture, manufacturing, service, oil and gas, banking, and capital market (United Nations Economic Commission for Africa, 2014; Ernst & Young, 2018).

3.3 Possible Impact of AfCFTA onthe Manufacturing Sector

The small and medium enterprises (SMEs) sector stands a better chance of benefiting from the AfCFTA due to its economic strategic position in the African countries, manufacturing sector inclusive. The SMEs sector contributes 80% to the employments in the African continent and 50% of the African countries' GDP can also be attributed to the SMEs sector. The provision of the AfCFTA that calls for lower tariff or no tariff would help the manufacturing sector to move their finished products freely among the UN member countries without much additional or no additional production cost. In a situation where the tariff is lowered, the production cost of the manufacturing sector products from one country in Africa to the other African countries will be reduced compared to how it used to be when there is no reduction in the tariff. This is possible as the additional amount of money to the produ ction cost in terms of tariff that might have increased the cost of the finished products would not be much thus the reduction in the tariff would lower the cost price of the finished products when arrived at the other African countries. The situation is even better when there is eradication of tariff on the goods export from one African country to the other African countries. The cost of producing the products in the exporting country would be the same when arrived at the importing countries. The difference in the production cost of the goods in the exporting and importing countries would be the cost of transporting the manufactured goods from exporting countries to the importing countries (Akeyewale, 2018).

The AfCFTA's provision that calls for the UN member countries to have access to the single African continental market and market information would help the manufacturing sector as there would be expanded market region of about $3 trillion for their products. Given the fact that the African continent has 55 countries that are supposed to be members of the AfCFTA, the agreement would provide opportunities for the African countries to produce and sell more of their products and services in any of the African countries. The AfCFTA will also give the African countries the opportunity to specialize in their areas of competencies thus lead to the economies of scale. The specialization of African countries in producing products where they can produce effectively and efficiently would result in producing pro ductsat lesser cost thus reducing the selling price of such products in the market. This would be beneficial to the citizens of the African countries as they will be spending less on purchasing goods in the single African market. The access to the market information would enable the exporting countries know the countries where their products are more needed. This would help the exporting countries to use their limited resources efficiently as the incidents of exporting their products to the countries that do not need their product would be reduced if not eliminated (Akeyewale, 2018).

The processes involved in exporting and importing manufactured goods from certain countries to the others are tedious and complicated due to the rules and regulations that must be followed in the countries involved. The eradication of the trade barriers as required by the provisions of the AfCFTA will go a long way in making the exporting and importing of manufactured goods among African countries to be easier. The challenges posed by the trade barriers would not be issues in the African continent as the African countries are expected to remove any impediments to the trade among the African countries. The removal of the trade barriers is expected to enhance the intra-African trade as this would result in producing and selling more goods resulted from specialization from the member countries of the AfCFTA (Akeyewale, 2018).

Manufacturing sector has the potential of significantly contributing to the economic growth of the African countries due to the low percentage that the manufacturing sector is contributing to the GDP in Africa. Presently, the manufacturing sector is contributing only 10% of the total GDP in Africa. This figure can be increased with effective implementation of the provisions of the AfCFTA. The expansion in the customer base of the manufacturing sector' products would result in employing more workers that would result in reduction in the unemployment in the African countries which in turn would culminate in poverty reduction in Africa. The improvement in the manufacturing sector would also increase its contribution to the GDP in Africa. The government would also expand its tax base as the enhancement in the manufacturing sector would result in paying more taxes to the government thus increased the tax revenue generation in Africa. The government would also benefit from the newly employed workers in the manufacturing sector because they would pay tax to the government from their income. The increment in the tax revenue generated would give the government the needed fund to embark on infrastructure and other social programs that would benefit the African citizens as well as creating conducive environment needed for the manufacturing sector to flourish (Akeyewale, 2018).

The successful implementation of the provisions of the AfCFTA would enable the African countries to source raw materials from any parts of the African continent. This agreement will further make it possible for the African countries to set up manufacturing companies in any countries in Africa where it is cheaper to produce their products. The ability to set up production plants in any parts of Africa would reduce production costs and therefore ensures the increment in the profit of such companies. Effective implementation of AfCFTA will make African market to be attractive especially in the manufacturing sector which would pave ways for foreign investors to form partnerships with companies in Africa leading to development of African resources, knowledge, skills, and technology required for continental growth with the aid of foreign expertise. (Akeyewale, 2018).

3.3.1 Possible Impact of AfCFTA on the Agricultural Sector

The impact of AfCFTA on the agricultural sector needs to be carefully examined before the implementation of its provisions because of the strategic importance of agriculture in Africa. This is because the livelihood of most Africans depends on agriculture and any adverse impact on the agricultural sector is a threat to the livelihood and food security of the African countries that depend mainly on agricultural products for their livelihood. The effective implementation of the provisions of the AFCFTA would provide solution to the needed increment in the agricultural products and therefore improve their livelihood. Ineffective implementation on the other hand would cause serious hardship for most Africans and may threaten their access to food, increase unemployment and poverty. (United Nations Economic Commission for Africa, 2014). In addition, it may also affect trade in a way since agricultural products constitute major part of the intra-African trade. It is believed that the trade liberalization in agricultural sector by removing trade barriers as well as reduction or elimination of tariffs would increase the agricultural productivity and therefore increase the African citizens' chance of having right to food and food security (United Nations Economic Commission for Africa, 2014).

3.3.2 Possible Impact of AFCFTA on the Service Sector

Service sector plays an important role in the economic development of the African continent as this sector serves as the inputs for the production and sales of goods produced in African countries. The impact of the AFCFTA on the service sector would be varied depending on the economic development of some African countries to the others. Since the integration of the African economies is aimed at developing sustainable economic development, the fairly developed economies in African continent stand better chances of gaining more from the African single market than the less developed countries. The manufacturing, agricultural, and other sectors of the economy need service sector in their operations, making service sector central. For one, the service sector has the potential of providing job opportunities for many unemployed African citizens because of its needs in all other sectors of the economy (United Nations Conference on Trade and Development (UNCTAD), 2016). UNCTAD (2016) indicated that "Harnessing the creative and cultural talents of Africa, and the protection of regional ethnic intellectual property rights, should constitute an important aspect of African continental economic integration"

3.3.3 Possible Impact of AfCFTA on the Capital Market

The successful implementation of the provisions of the AFCFTA would result in the lifting of all impediments on foreign investments. The elimination of the barriers on the foreign investments would attract investors to the African continent and this means there would be additional capital in circulation in the continent to expand the local industries and businesses. The improvement in the African continental foreign investment and local business would increase the productivity circle of the African countries thus taking the economic growth of African countries to higher levels (Akeyewale, 2018). UNCTAD (2016) believed that "Having an investment chapter that promotes intra-African investment and other forms of FDI to support and build the necessary trade-related infrastructure and to ensure forward and backward linkages to the economies of member states is germane

3.3.4 Possible Impact of AFCFTA on the Banking Sector

Fundamentally, the business activity of the banking sector is to accept deposits from customers and pay the customers certain percentage oftheir deposits as interest rate, then lend these deposits to other customers with higher interest rates than the one paid to the depositors. The difference between what the banks pay to the depositors and what they charge their customers for taking loans from the banks represents their profit. The more deposits the banks can get the better for them as this would increase their profit. Lifting off the barriers on the foreign investments means there would be more capital in circulation resulting in more investments and increased lending power of banks. As the banks are lending to their customers the economy growth of the African continent would be positively affected as the money borrowed from the banks would be used to expand productivity of the African continent as well as enhancement of the business activities that would result in the economic growth for the Africa (Akeyewale, 2018).

3.3.5 Possible Impact of AFCFTA on the Oil and Gas Sector

The investment in the oil and gas sector is capital intensive which is mostly difficult to be raised by individual country in Africa. The integration of the African markets into one would be helpful in raising the needed funds for full operation of the oil and gas business in Africa. Improved African economy through AfCFTA would attract foreign direct investment that would make the needed funds in the oil and gas sector available (UNCTAD, 2016). The cooperation among the African countries as required by the provisions of the AFCFTA would pave a way for getting the technical assistance needed for operating oil and gas business. The issues of training, developing, and improving the workforce that would acquire the needed skills, knowledge, and other resources needed in operating effective and efficient oil and gas business would be taken care of with effective implementation of the provisions of the AFCFTA (UNCTAD, 2016).

Some African countries play important roles in the oil and gas business in the global markets as they export huge amount of oil and gas products to the developed economies of Europe, Asia, and North America. The major players in the global oil and gas markets include Nigeria, Angola, Libya, and Algeria and these countries belong to the Organization of the Petroleum Exporting Countries (OPEC) that in most cases determine the price of the oil and gas products in the global market. Angola is one of the leading three suppliers of oil to China while Nigeria is ranked as one of the leading six suppliers of oil to the United States of America (USA). Both China and USA are number one and two respective largest net importers of the petroleum and other liquid fuels in the world (UNCTAD, 2016). The coming together of the African countries to form a single market through AfCFTA would put them in a stronger position in the negotiation process for the oil and gas products' price in the global market. The additional income from the reduction in the cost of producing oil and gas products due to the enhanced capacity building in the oil and gas sector would be helpful in the economic growth of the African continent (UNCTAD, 2016).

4. MAXIMISING THE FISCAL AND TAX BENEFITS FROM AfCFTA

4.1 Introduction

A number of studies in public finance have investigated the impact of international trade and liberalization on government revenue with mixed results. Nashashibi & Bazoni (1994), Khattry & Rao (2002), and Cagé & Gadenne (2014), have found that trade liberalization undermines tax revenues, while Ebrill, Stotsky & Gropp (1999); Adam, Bevan, & Chambas (2001) have reported a positive effect of trade openness on tax revenues. Yet Agbeyegbe, Stotsky & WoldeMariam (2006) have shown that the relationship between trade liberalization and tax revenue may not be conclusive as this depends on the measure used as a proxy for trade liberalization. More recent studies by Thomas & Treviño (2013), Crivelli & Gupta (2014), and Brun, Chambas & Mansour (2005) have reported a positive impact of trade openness on non-resource tax revenue.

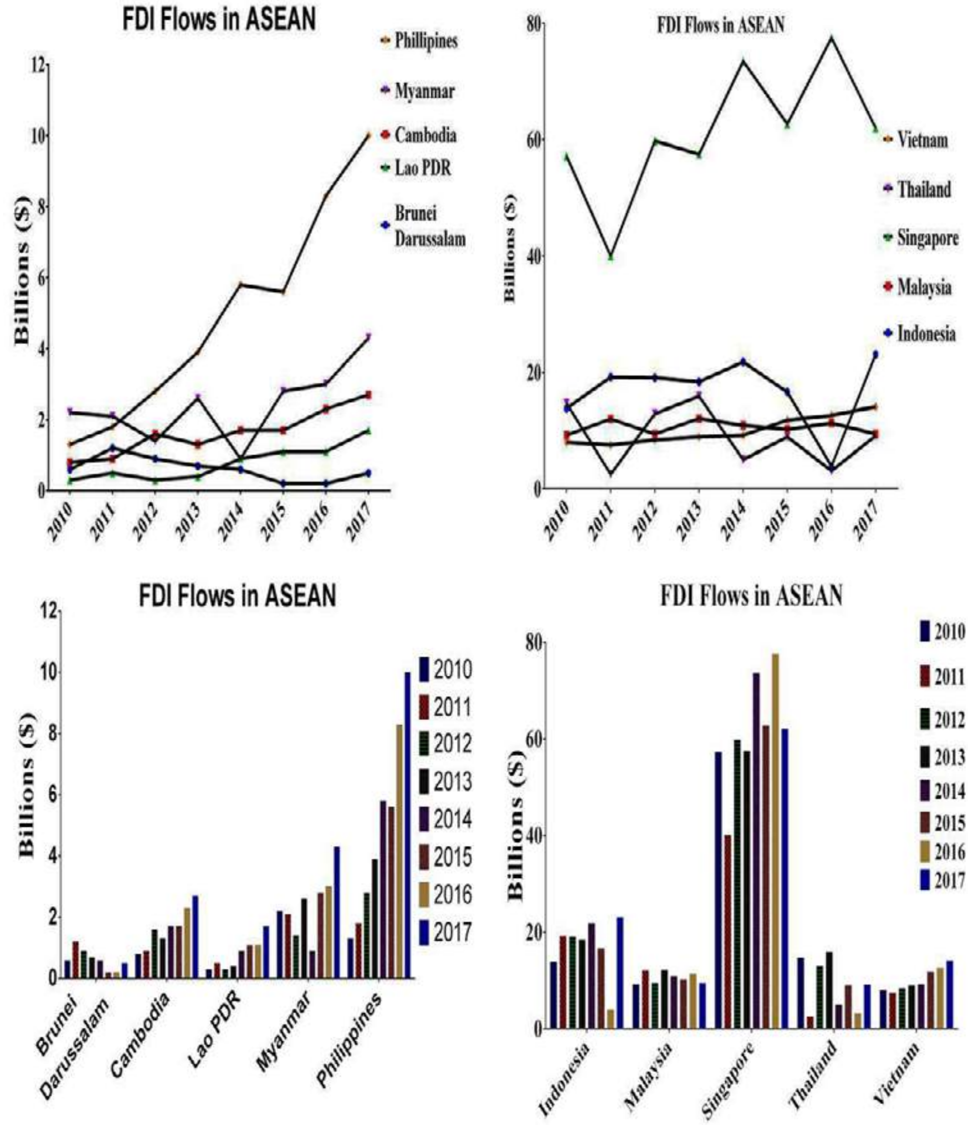
Foreign Direct Investment increases tax revenue to the home country, especially when the country makes foreign source income subject to home country taxation. The firms are taxed; the employees of the country are also taxed thereby increasing tax revenue and GDP. The rapid growth of trade and foreign direct investment (FDI) flows in recent decades has been one of the commonly highlighted characteristics of globalization. There is a variety of channels by which free trade agreements (FTAs) may drive FDI flows. One is that FTAs remove export regulations by lowering trade barriers to facilitate the movement of intermediate or final products between parent firms in source countries, and foreign affiliates in host countries. Other positive effects of FTAs on FDI could arise from other conditions negotiated in the FTA, such as investment regulations that increase the mobility of fund and capital flows. These regulations make it easier for multinational corporations (MNCs) to divert financial resources to their foreign affiliates when the need arises, such as the building of a new plant in the host country. Hence, countries targeting an increase in FDI inflows from a particular source country or region could seek to implement FTAs with the other party, using such international agreements as viable tools to achieve their aim.

FTAs could also provide other less tangible benefits. The signing of FTAs not only signifies economic cooperation between nations, but also cooperation on the political and institutional fronts. Chia (2010) notes that FTAs are increasingly being used as instruments to promote political diplomacy, while Kawai &Wignaraja (2008) imply that FTAs can help signatory nations harmonize their regulatory and institutional frameworks. Therefore, the political legitimacy and binding nature of these FTAs help to create a more secure political and institutional environment for MNCs to invest, thereby increasing FDI flows. Literatures have established a positive relationship between Free Trade Agreement and increase in FDI.

Table 2:FDI Flows in ASEAN, by Host Country 2010 2011 (Billions of Dollars)

Countries	2010	2011	2012	2013	2014	2015	2016	2017
Brunei Darussalam	0.60	1.20	0.90	0.70	0.60	0.20	-0.20	0.50
Cambodia	0.80	0.90	1.60	1.30	1.70	1.70	2.30	2.70
Indonesia	13.80	19.20	19.10	18.40	21.80	16.60	3.90	23.10
Lao PDR	0.30	0.50	0.30	0.40	0.90	1.10	1.10	1.70
Malaysia	9.20	12.00	9.40	12.10	10.90	10.20	11.30	9.40
Myanmar	2.20	2.10	1.40	2.60	0.90	2.80	3.00	4.30
Philippines	1.30	1.80	2.80	3.90	5.80	5.60	8.30	10.00
Singapore	57.20	40.00	59.80	57.50	73.50	62.70	77.50	62.00
Thailand	14.70	2.50	12.90	15.90	5.00	8.90	3.10	9.10
Vietnam	8.00	7.50	8.40	8.90	9.20	11.80	12.60	14.10
ASEAN	108.20	87.70	116.50	121.70	130.30	121.70	122.80	137.00

Source: ASEAN Secretariat, ASEAN FDI Database



Source: ASEAN Secretariat, ASEAN FDI Database

FDI into Brunei Darussalam rose from -$0.2 billion in 2016 to $0.5 billion, dominated by increased investment from Malaysia. Investment from the United Kingdom declined due to a divestment of -$553 million, mainly from the oil and gas industries. The record rise in FDI in Indonesia was led by a surge in investment from Singapore (its largest investor), Japan, the Netherlands and China in manufacturing, wholesale and retail, and other services. Inflows from Japan were particularly strong, with investments in automotive and other manufacturing activities, while Chinese companies such as Alibaba help pushed up Chinese investment in services (particularly in activities related to the digital economy). The significant rise in investment inflows pushed up Indonesia's share of FDI inflows in ASEAN considerably, from 3.2 per cent in 2016 to 16.8 per cent in 2017.

Furthermore, research suggests that the NAFTA membership significantly affected FDI inflows to Mexico. Cuevas, Messmacher, and Werner (2002) employ panel regressions using the data of 45 countries for the period 1980–99 to analyze the impact of NAFTA membership on FDI flows. They find that Mexico's participation in NAFTA led to roughly a 70 percent increase in FDI flows. In a related study, Waldkirch (2003) examines data from 11 countries for the period 1980–98 and finds that NAFTA induced a 40 percent increase in the volume of FDI flows. He argues that NAFTA's impact on FDI inflows to Mexico was the result of increased vertical specialization as well as the effect of the agreement on Mexico's commitment to liberalization and reform programs.

4.2 Association of South East Asian Nation Free Trade Agreement (ASEAN): Investment in Digital Economy

The digital revolution is disrupting and transforming industries, businesses and the delivery of goods and services in ASEAN. As much as it has brought challenges, the digital economy has also generated opportunities to accelerate development by increasing business efficiency and productivity, widening access to existing or new markets. This transformation touches on many areas of e-commerce such as retailing, transportation (e.g. ride-hailing), advertising, distribution and delivery of goods and services, and in payment systems as well as in digital content and digital solutions. Different categories of players, from telecommunication infrastructure, digital firms and traditional companies to enablers such as venture capital funds are contributing to the development of ASEAN's digital economy. Digital companies (tech and e-commerce entities) and ICT MNEs (enablers in providing infrastructure) are investing in different segments of digital value chains, from building telecommunication infrastructure to upgrading technologies, from establishing data centers to funding start-ups.

ASEAN's digital economy has been growing rapidly, backed by the region's fast expanding digital networks and numbers of mobile phone and Internet users. ASEAN has the third largest number of Internet users in the world after China and India. The region's active participation in digital development and promotion of investment in information and communication technology (ICT) infrastructure are major drivers of this growth. The Internet economy (transactions conducted online) was estimated to be worth $50 billion in 2017 and is expected to become a $200 billion economy by 2025. Fulfilling this potential, however, will require the right policy and regulatory framework to encourage further participation and investment by the private sector. It also requires addressing key challenges and potential drawbacks associated with rapid growth of the digital economy. The 50 largest ASEAN digital start-ups in terms of funding raised had attracted $13.8 billion worth of capital as of June 2018.

Many traditional companies in ASEAN (small and large) are responding by participating, innovating and venturing into emerging digital businesses. They are taking advantage of digital opportunities in generally one of four ways. They set up a digital division and digitize internal systems and procedures to improve efficiency. They use digital technology (e.g. e-commerce platforms and apps) as marketing tools (e.g. Salim and Aboitiz) and to support market expansion (e.g. Lippo through MatahariMall, Ayala Corp through Zalora and Charoen Pokphand through Makroclick). Some firms innovate or invest in new business areas such as in fintech (e.g. CIMB, Lippo and Ayala Corp). They establish digital start-ups (e.g. Charoen Pokphand and Ayala Corp) and/or invest in third-party digital start- ups (e.g. Triputra and JG Summit), either directly or by setting up investment funds (e.g. Singtel through Innov8, Axiata through Axiata Digital Innovation Fund, Charoen Pokphand through Ascend and Lippo through Venturra Capital). (ASEAN Secretariat, 2018)

Finally, as in the case of traditional ASEAN telecommunication MNEs, they invest and diversify their business to include more data-centric operations, digital solutions and downstream activities that uses their telecommunication infrastructure and services. For Nigeria, to maximize the fiscal and tax benefits from AfCTA it must increase foreign direct investment especially through investment in digital economy.

4.3 MAXIMIZING THE UTILIZATION OF FTA: LESSONS FROM OTHER COUNTRIES

FTAs are usually designed, among other things, to facilitate and improve trade and investment flows between participating countries. However, the extent to which an FTA could increase trade and investment flows would depend largely on the utilization of this FTA by businesses in the participating countries. All exporters, large and small, are required to follow certain procedures to benefit from the preferential treatment offered by such agreements. More specifically, Micro Scale Medium Enterprises (MSMEs) must be able to meet the so-called Rules of Origin (RoO) requirement, or the terms set out in trade agreements that define how a product's country of origin (CoO) should be defined, acquire the CoO from relevant agencies and/or business associations, and, subsequently, submit the CoO to the custom agencies in the importing countries (ASEAN Secretariat, 2018; McClanahan *et al.,* 2014). Economists usually assess the level of usefulness and attractiveness of an FTA by observing its so-called utilization rate, which could be measured through the use of CoO data, collected by customs authorities or business association databases (Kawai & Wignaraja, 2013).

4.4 The Utilization of FTAs: Lessons from other countries and regions

Table 3: Common Constraints facing SMEs in Selected Countries

COUNTRIES	MAIN CONSTRAINTS									
	RAW MATERIALS	MARKETING	CAPITAL	ENERGY	INFORMATION	TECHNOLOGY & SKILL	INFRASTRUCTURE	TAX	INFLATION	MARKET DISTORTION
Brunei		✓	✓			✓				
Cambodia			✓	✓		✓				✓
Indonesia	✓	✓	✓	✓	✓					
Lao PDR	✓		✓					✓	✓	
Malaysia	✓		✓		✓	✓				
Philippines		✓	✓			✓				
Thailand	✓	✓	✓		✓	✓				
Vietnam			✓			✓	✓		✓	

Source: Tambunan (2009a; 2009b).

4.4.1 China

In a survey of 232 firms of different sizes in various regions of China, Zhang (2010) found that, while the utilization rates (as defined by incidence of use) are relatively high among the surveyed firms, the share of exports covered by FTAs was lower. He maintained that the variable coverage of export values by FTAs may reflect the present market orientation of Chinese based firms towards traditional markets, such as the United States. As a major actor in the global economy, the Chinese government considers FTAs an important element of the country's trade strategies. Accordingly, aside from attempting to improve coordination among relevant agencies dealing with FTAs (e.g., the Ministry of Commerce, the Ministry of Foreign Affairs, State General Administration for Quality Supervision, Inspection, and Quarantine, and others), the Chinese Ministry of Commerce also made available an official website that highlights relevant information (e.g., legal texts, step-by-step instructions, etc.) to provide further assistance to the private sector to make use of the country's FTAs (Chinese Ministry of Commerce FTA information portal).

Recommended Fiscal Policy for Implementation in Nigeria

a. Improved co-ordination among relevant agencies dealing with FTAs.

b. Nigerian Ministry of Commerce should make available an official website that highlights relevant information for example, legal texts, step-by-step instructions, etc) to provide further assistance to the private sector to make use of the country's FTAs.

4.4.2 Korea

A study conducted by Cheong and Cho (2009) on the use of FTAs in the Republic of Korea (RoK), however, highlight a more positive outcome in the use of FTAs among Asian- based businesses. Most of the ROK's early FTAs were with relatively small and medium-sized developing countries, where the range of preferential tariffs included in these commercial pacts was not very broad in scope, thus making them less attractive to potential exporters. However, the conclusion of FTAs with the United States, and between the RoK and the EU, has seen a growing interest among the country's businesses to make use of these FTAs. The study found that half of the 120 firms surveyed in the RoK intended to utilize the country's existing FTAs, and most firms interviewed had the RoK–United States FTA in mind. The study also found that the majority of RoK-based MSMEs were not exporting under FTAs due to the fact that they were already part of the value chains of larger enterprises (Cheong & Cho, 2009).

4.4.3 United States (US)

Generally speaking, U.S.-based MSMEs have played a crucial role in boosting their country's export performance. Soroka (2013), for example, revealed that SMEs, while accounting for a third of exports on average, count for a larger share of exports compared to their larger counterparts to several countries among the top 25 U.S. export markets. In 2011 alone, for instance, more than half of the known export value to Switzerland came from SMEs. They also accounted for more than 40 per cent of known U.S. exports to Hong Kong, the United Arab Emirates, Turkey, India, and Israel. China, on other hand, was the most popular import partner for U.S.-based SMEs, with a total of 91,184 registered purchases made by these enterprises from China, totaling US$150.4 billion, or 25 per cent of total U.S. merchandise imports to SMEs that year. As Soroka further argues, compared with large firms, U.S. based SMEs were particularly dependent on U.S. government initiatives to open new market opportunities. Unlike their larger counterparts, most U.S.-based SMEs do not possess offshore business affiliates that can be used to circumvent trade barriers and gain market access (Soroka, 2013).

Recommended Fiscal Policy for Implementation in Nigeria

a. Nigeria can also create initiatives to open new market opportunities for her SMEs which can actively utilize the FTAs thereby increasing the country's export volume.

4.4.4 Germany

Germany provides another good example of the active roles of MSMEs in foreign trade. Although data on FTA utilization of such enterprises in Germany is not readily available, much of the literature confirms this argument. To date, not only do Germany SMEs, or *mittelstanden*, enjoy a relatively strong position in foreign markets, they are also considered as some of the best performing SMEs in the European Union (EU), at least in terms of the job created and value-addition generated (European Commission, 2012). Export figures recorded by the country's SMEs, for example, rose by 29.5 per cent to €186.1

billion between 2000 and 2010, with as many as 1,300 of the country's leading SMEs (particularly those in the fields of electrical engineering and industrial products) having successfully found niches for their products overseas.

Internally, aside from adopting sound financing models, German SMEs also make huge investments in research and development. In 2010 alone, for example, up to €8.7 million was invested into research and development, which represented a 71 percent increase from 2004 (German Federal Ministry of Economic Affairs and Energy, 2013, p. 8–12). Externally, in addition to supportive government policies, active overseas institutional support is also germane to the promotion of German SMEs' active presence in the global marketplace. Institutions such as Germany Trade and Investment, Overseas Chambers of Commerce (German Federal Ministry for Economic Affairs and Energy, July 2013) and German embassies/consulates often play active roles in facilitating the interests of German SMEs in the countries they do business in (METI, 2012, p. 506–507) (German Federal Ministry for Economic Affairs and Energy, July 2013).

Recommended Fiscal Policy for Implementation in Nigeria

a. Nigeria can emulate Germany by specializing in some sectors, not being a 'Jack of all trades, yet master of none' but rather specialize in the production of goods that gives her comparative advantage.

b. Nigeria, like Germany is advised to adopt sound financing models and supportive governmental policies to improve ease of doing business

c. Nigeria should make huge investments in research and development which can result in a huge percentage increase in her economic output.

d. Active overseas institutional support, i.e Nigerian Institutions in other countries within our free trade area should look out for the interest of the nation via harnessing opportunities that can boost our trading activities. These institutions include: Nigerian embassies etc.

Summarily, in order to enhance the utilization of AfCFTA so as to ensure more equal opportunities among economic actors in the free trade area, and to maximize the benefits, the following are paramount:

a. An institutionalized, aggressive, well-coordinated, and interactive information campaign:

i. While information concerning AfCFTA is increasingly available these days, lack of accurate information among SMEs and participating sectors, will be a major stumbling block. This suggests that the information campaigns and promotional activities of AfCFTA need to be organized more regularly, and be made available beyond capitals and/or major cities in the country.

ii. In addition, there should be greater co-ordination among the numerous organizations and parties across the nation that will be in charge of information dissemination to SMEs and participating firms. Emphasis should be on implementation, monitoring and follow-up so as to achieve adequate results.

iii. Information campaign and promotion of AfCFTA should be a two-way process. In this context, such activities should not only provide the opportunity for major business associations to socialize these commercial pacts, they should also serve as venues for gathering practical and policy inputs from relevant stakeholders, including the SMEs, in the region.

iv. Given the relatively small size of SMEs, their owners and/or representatives may lack confidence in expressing their concerns and aspirations during public forums. Accordingly, more interactive and practical methods in communicating components of AfCFTA should be strongly considered.

v. The Philippine government, through its "Doing Business in FTAs" initiative, has provided a very good example of a well coordinated information and promotional campaign: this could serve as a model for similar activities at both the regional and national levels.

e. Improving access to finance for MSMEs

Access to finance has been recognized as one of the critical issues hindering SMEs in Nigeria from exploring and expanding into new business opportunities. This problem is also a key determinant for these economic actors to engage more effectively in AfCFTA.

There should be establishment of a financial infrastructure that would stimulate income gains among the SMEs.

f. The simplification of CoO/RoO requirements

The bureaucratic and technical knowledge needed to comply with CoO/RoO requirements has been consistently mentioned by experts and business practitioners as one of the possible key impediments for businesses, including SMEs, to engage more effectively in AfCFTAs. Accordingly, efforts to further simplifying CoO requirements must be intensified.

5. CONCLUSION

The establishment of the African Continental Free Trade Area implies that in the short run, member-states will lose tax revenues particularly in countries where tax rates may be reduced in tandem with the directive of AfCFTA. If followed through, there is the hope that in the long run, the tax revenues of member-states will increase. Also, the formation of AfCFTA creates the wrong impression that all the countries are at the same pace of development. Nothing can be further from the truth. With AfCFTA, the peculiarities of the various countries are subsumed by the contents of the agreement. Some nations will benefit at the expense of others through trade. This fear is not misplaced, it is real. Many still fear that the AfCFTA will cede power to a supranational body over which politicians and businessmen will have little control. To address this fear, the implementation processes must be transparent, inclusive and harmonious. Furthermore, the subsisting common external tariffs in the various regional communities will need to either be harmonized or completely dismantled and replaced with new tariff structures. The Rules of Origin for goods produced within and outside the free trade area must be properly worked out to preclude entities from non-member states to take undue advantage of the Free Trade Area.

With a combined gross domestic product of about US$2.5 trillion and 1.2 billion people, Africa currently trades more with continents or countries outside of Africa than with fellow African countries. Of the 55 African countries, 80% of exports are to other continents and these are mainly raw or semi-finished and undiversified exports. Free trade among the partner states would boost and increase trade for all countries involved. The end result of this is that all companies situated in the members' countries will record more profit as compared to previous years when there are no agreement. Hence, more profit will be assessed to tax in the hand of each company as a result of enabling environment to make more profit provided by the agreement. With a focus on comparative advantage, exports would be more diversified and would grow from raw/semi-finished to finished products, resulting to more earnings to be recorded enriching tax revenue.

Transport and infrastructure are some of the impediments/barriers to trade among fellow African countries. If these countries work towards FTA collaborations, "one-stop" border posts could potentially improve trade between the countries. The fact that the Continental FTA could potentially be comprised of 55 countries promises more power and economies of scale than any of the existing RECs However on the flipside, an FTA only serves to eliminate tariff (non–tariff) barriers to trade whereas a customs union (like SACU or COMESA) removes internal tariffs and creates a common external tariff to protect local industries of participating countries; a common market advocates for free movement of labor, services, goods, capital and right of residence among member countries. For each of those countries the revenue from the import taxes and tariff will be reduced as a result of the trade agreement while it will result to tax savings for the exporting companies. Finally, it is no doubt that regional arrangements promote greater trade among the member countries, however, the economic development of Nigeria as a country among others depends on how opportunities presented by trade liberalization at national, regional and multilateral levels are optimally utilized. These opportunities are: improved quality efficiency, enhanced domestic productivity, and low prices of service and goods that will eventually culminate in higher export revenue and improved consumer welfare (Aremu, 2019).

6. KEY MESSAGES

a. AfCFTA will be the largest Free Trade Area (FTA) in the global economy by number of countries covering a market of about 1.2 billion people with a combined GDP of about US$2.5 trillion. This promises loads of opportunities to maximize and tons of risks to manage, thus Nigeria should be well positioned to maximize these opportunities while minimizing the threats.

b. Dumping, trans-shipment and smuggling are not necessarily a consequence of AfCFTA but are inherent challenges in any economy. AfCFTA has provisions in Article 7 Section 3b and Article 17 (under Protocol on Trade in Goods) which each country can apply to ensure integrity of her border and trade system.

c. Taxes and tariffs, transport infrastructure, access to credit and power supply are the four major challenges associated with the ease of doing business in Nigeria which must be progressively addressed to make Nigerian businesses competitive under AfCFTA.

d. Nigeria will derive more benefits when AfCFTA focuses on addressing both tariff and non-tariff barriers rather than only the former.

e. Machine tool manufacturing, cement, audio visual (Nollywood), and specifically Agricultural sector more than other sectors, in particular its unskilled labour will benefit immensely from trade liberalization and the effects of job creation. This will play a vital role in reducing the rate of unemployment.

f. While tax revenue may decline marginally in the short term, the increase in economic activities and larger middle class will increase GDP and expand the tax base resulting in more taxes to the government at all levels.

g. Ultimately the benefits that will accrue to Nigeria and how well the associated challenges are addressed will be dependent on politico-economic reforms and policy readiness of Nigeria more than hard infrastructure. The extent to which AfCFTA will contribute to accelerating or impeding Nigeria's economic development depends on government policy response, and the system of assessment, monitoring and evaluation put in place to guide its implementation.

6.1 Recommendations

For Nigeria to maximize the benefits, minimize the threats and improve her competitive advantages under the AfCFTA, we recommend critical evaluation and concerted, continuous measures in the following key areas among others.

a. Carry out an impact assessment to determine likely effects of AfCFTA implementation on government revenue, identify required changes to existing laws and regulations including local content rules, and areas of competitive and comparative advantages.

b. Build institutional capacity to lead the implementation of AfCFTA and identify key stakeholders and agencies with key responsibilities, expected outcomes and performance indicators.

c. Using the provisions of AfCFTA, systematically improve the capacity of the Nigeria Customs Service to secure and enforce Nigerian borders to prevent dumping, transshipment, smuggling and other detrimental cross border activities.

d. Systematically address infrastructural gaps and improve the general ease of doing business in Nigeria especially through a concerted focus on power and access to affordable finance.

e. Protect and strengthen business sectors and infant industries that could be endangered by AfCFTA in line with Article 24 (under Protocol on Trade in Goods).

f. Isolate, support and stimulate sectors and businesses with identified capabilities to increase export volume and create jobs locally through coordinated governmental efforts at all levels and sustained engagement with both private and public stakeholders.

g. As a matter of urgency, address regulatory and policy impediments and promote small scale industries in local Machine tool manufacturing, fishing and crop production, livestock, forestry, audio visual and financial services through extension of focused Venture Capital and skills enhancement under AfCFTA.

h. The Federal Inland Revenue Service (FIRS) and the Joint Tax Board (JTB) should leverage technology and the new TIN system to improve the quality and integrity of taxpayers' data, enhance tax intelligence gathering and initiate reforms to ensure appropriate taxation of nonresident individuals and businesses with sufficient connections to Nigeria.

i. Ensure policy coordination and alignment between monetary, trade and fiscal policies.

j. Most importantly, conduct regular, extensive and robust scientific studies on different aspects of AfCFTA as it affects Nigeria both in terms of potential benefits and probable losses to inform policy decisions on future withdrawal, review and modifications of the AfCFTA treaty.

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ABOUT THE PROFESSORIAL CHAIR

The CITN Babcock Professorial Chair was approved on November 7, 2017 but effectively came into operation in July, 2018. During the period, the Professorial Chair collaborated with Babcock University to produce six (6) Doctoral Students specializing in taxation and Fiscal Policy as part of the 19 graduating PhD Accounting graduates in the same University in 2018. On June 30, 2019, another six (6) PhD candidates mentored by the Chair with dissertations in Taxation and Fiscal Policy were hooded in academic attire for convocation. Subsequently, various academic and professional activities have been engaged in, including paper publications and academic conferences.

This Monograph is one of the contributions of the Chair to academic and government fiscal policy. By this, CITN will be joining the debate in the current discourse on African Regional Free Trade Agreement.

ABOUT THE PROFESSORIAL CHAIRPERSON/LEAD CONTRIBUTOR

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Professor Akintoye is a Chartered Accountant and Tax Practitioner, a Fellow of Institute of Chartered Accountants of Nigeria (FCA-4001). Chartered Institute of Taxation of Nigeria (FCTI-680). Nigeria Institute of Management – Chartered (FNIM), Nigeria Accounting Association(FNAA), Forensic Accounting Researcher and Certified Forensic Examiner. He holds a B.A. (Accounting & FM), BSc (Economics), MBA & MSc (Accounting and Finance), he also holds a PhD in Accounting and second PhD in Financial Management. He has been an Examiner/Supervisor/Chief Examiner to ICAN and CITN since 1989. He is currently an External Examiner to eight (8) Nigerian Federal, State and Private Universities in addition to three (3) Universities overseas.

He was a one-time Vice Chairman of ICAN – ATSWA, Chairman, Examination Committee and Council Member of CITN, He has graduated 30 PhD students in Accounting, Taxation, Taxation and Fiscal Policy to date. His areas of interest are Accounting, Taxation & Fiscal Policy, Strategic Financial Management and Financial Economics.