

Africa: Promoting Trade Integration in Africa

By Raheem Akingbolu

ABUJA, Nigeria, July 17, 2014 (This Day) --- In the quest to promote intra-regional trade within the West and Central Africa sub-region, Nigeria Export-Import Bank (NEXIM) has entered a partnership with Sealink Promotion Limited to ease transportation of cargoes and reduce logistic cost.

The need for promotion of smooth intra-regional trade in Africa is as old as the continent. But over the years, there have existed some bureaucratic and fallout from foreign policies that seem to stand against the smooth running of the process. As a major stakeholder in the Africa project, Nigeria has always been in the forefront of the move to foster good trade relationship among nations on the continent.

To further push for the regional business relationship, Nigeria Export-Import Bank (NEXIM) and other relevant government agencies in West and Central Africa, last week, entered a fresh partnership with Sealink Promotion Limited to begin a private placement offer to individuals and corporate organisations within the subcontinent.

This announcement was made at an investor's forum organised by Sealink to herald its plans to tackle the problem of transportation hindering growth of business within the subcontinent.

Under the new offer, a total number of 89,036956 ordinary shares will be opened for subscription at a price of \$0.70 per share with each private individual entitled to buy a minimum of \$40,000 worth of shares. The offer which commenced since March 24 is expected to close come September 30.

Expectation Giving further details on the project, the Chairman of Sealink Promotional Company Limited, Wilson Attah Krofah, stated that the idea behind the project is aimed at ensuring that the barriers which are most common in both land and air transportation are settled through ease of convenience which sea transportation offers.

He added that aside the need for a quick transportation, the essence of the project was to create jobs for people within the sub-region.

He said: "The initial share capital we are looking for is 60 million US dollars. This money is intended to buy shipping lines to carry goods, passengers and cargoes along West and central Africa. But part of it will be used as working capital which runs to a total of 24million US dollars.

Our target is to get money from private individuals who will be owners of the shipping line because we want the shipping business to be owned and run by private individuals from West and Central Africa so that we can have the control on how the shipping line is run.

"Because you want to encourage trade within west and central Africa to ensure that you create jobs for our people and wealth for the sub-continent .As you know, a lot of investors are coming to Africa because they believe there are opportunities here.

Therefore, as indigene of the sub region, we should take full advantage of the opportunities particularly within the sub- region to our own benefit. Otherwise, the continent will be exploited by foreigners and people in other sub region.

Based on this, Sealink Shipping line has come to encourage us to trade among ourselves. So far, we have been trading by road which creates a lot of problem because of numerous barriers that we have among cross countries. Even by air, there are safety issues but when you go by sea, there are no barriers."

Timing Commenting on why it took the company so long to embark on the initiative, Krofah said there was a need to do proper feasibility study to identify the economic benefit, adding that if that if that was not done and investors were asked to put in money, it might be difficult to convince such investor.

He opines that the company was on the verge of commencing operation any time from now

going by the level of effort and investment put into the project.

"We believe the point we have reached now given the next six month we should be ready to start operation. We have also identified partners who understand to run shipping line effectively in a way that we will be beneficially to investors."

Also speaking, Managing Director, NEXIM Bank, Robert Orya who commended the partners for their technical assistance and support in the actualisation of the project said it is gladdening that both the private and public sectors within the West and Central sub region are now making concerted efforts to remove impediments to free and regional integration through noble initiative such as the one undertaken by Sealink.

According to him, the low level of intra-regional trade and performance bears some correlation with the African development challenges which have manifested in high unemployment and poverty levels which he believed could be attributed to the enormous transport, logistic challenges among other issues

Orya said: "For any trade within or outside nations, there must be a multipurpose vehicle. Today, it is a new chapter in the history of Nigeria. In the local and international market of today, there is no home advantage, the only advantage as of today is the cost advantage. When you say why it has taken us so long, if you don't know your history, you will not know where you are going to. Nigeria was under British rule, ditto for Ghana.

"The intra Africa trade was being dictated by our colonial master. In 1957, Ghana came up with the Black Star, while Nigeria had the Nigeria National Shipping Line. We are they today. That is why businesses in West Africa suddenly collapsed.

The only way we can compete is to employ multipurpose vehicle and support from governments to move goods from one country to another within the sub region. That is why we say it is not just about signing agreement but support that will lead to getting the right cost."

Legislative support In what looked like legislative support, the partnership deal also received the

endorsement of the national assembly. Chairman, House of Representative Committee on Banking and Currency, Hon. Jones Onyeneri while commenting on the economic importance of the project and the role of legislation in facilitating trade integration said it is a project that the government will be fully committed to support.

He noted that it would be an avenue to generate employment for the teeming unemployed youths in the country.

According to him; the national assembly would find a way through which Nigerians will be empowered economically despite the challenges in the country. He also expressed his confidence that the development would create more jobs.

"We must understand that since it is a public private partnership, you can be assured that it will be well run. Government itself is a bad manager. As far as the legislative protection is concerned, we will ensure that we constantly reviewing the Act that established NEXIM basically to give it the legal framework that will ensure that they go ahead of their core mandate," he stated.

AU Position If the new move succeeds in fostering good relationship among Africans in the area of commerce, then it would have succeeded in aligning with African leaders' ambition to create a seamless business relationship for African nation.

If nothing points to this ambition, the decision in January 2012, by African leaders in Addis Ababa at the 18th African Union Summit captured the wish of the continent.

The choice of the Summit theme, 'Boosting Intra-African Trade,' reflected a growing focus in the region on addressing the relatively low levels of trade between African countries.

Participants at the summit had argued that while greater attention on trade promotion in Africa should be welcomed, it must also be recognised that increased intra-African trade should not be viewed as the ultimate goal of African integration and cooperation, but rather as a means to achieve structural change and economic development on the continent.

To them, recognising this distinction is important, as doing so could help ensure clear thinking on trade and development in Africa, something that is not always evident in political pronouncements emanating from the region. **(This story was originally published by This Day)**