The role of the European External Investment Plan and the EPA in promoting Nigeria's agribusiness sector

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- The message coming from Nigerian interlocutors is clear: Today, more than ever, Nigeria needs to diversify and move up the value chain. And to do so, it is necessary to attract investments in productive sectors.

- The World Economic Forum recently listed a number of factors that hinder investments in agribusiness in Africa: apart from the obvious bottlenecks concerning infrastructure, access to finance and governance issues, domestic policies on trade, investment and agriculture were among the main factors. Before committing their capital, investors indeed look at the openness of markets and trading opportunities, the general investment environment, the ease of doing business and of course the risks involved.

- The EU and Nigeria work closely together in many of these areas to address the main bottlenecks and supply side constraints and to increase the competitiveness of Nigerian producers. To improve our partnership, we are also seeking new ways of cooperating.

- My focus will be on two specific instruments, the Economic Partnership Agreement (EPA) and the new European External Investment Plan (EIP) - both aim to create better conditions to attract investments and move up the value chains in Africa.

I - How could the EPA help Nigeria diversify and attract investment in agribusiness?

- There are many ways in which the EPA could help. I will focus on three of them:

- First, it would open up a market of more than 500 million consumers with high purchasing power and high demand for agricultural products. We are talking about **duty-free quota-free access for all Nigerian products** - processed, manufactured and raw materials alike. This is a significant improvement to the current situation, especially for many agricultural products with value addition in Nigeria, such as processed cocoa and other processed foods. By not signing the EPA, Nigeria is giving a competitive advantage to other countries who have an EPA or otherwise benefit from free access to the EU market. And potential investors care about access to the EU market, the main market for African processed and manufactured products! It's a huge incentive.

- Second, on the Nigerian side, the EPA **will reduce or eliminate tariffs on many essential inputs, such as machinery and equipment**. This means lower production cost and thereby improved competitiveness. European companies are the world leaders in this area and have the high-tech cost-effective products that Nigeria needs – be it for processing crops or refrigeration for the cold chain. This would create significant opportunities to develop agribusiness in Nigeria. High tariffs on machinery and intermediate products may indeed affect the competitiveness of Nigerian producers and thereby their ability to expand and create much needed jobs.

- Third, at the same time **Nigeria's sensitive products are protected from liberalisation** – the EPA does not mean that local producers in sensitive sectors would have to face competition from abroad. West African negotiators indeed negotiated this deal very carefully. For products like poultry, yoghurt, chocolate and many others there will be no change whatsoever; their tariffs will not be touched. And even for products that are liberalised over time, tariff protection can be re-established for instance for infant industries where imports from Europe would jeopardise local industrial development.

- In conclusion, the EPA would help to create export opportunities; to attract investment to productive activities; to increase the competitiveness of Nigerian companies; and would ensure that vulnerable producers and infant industries would not be harmed in the process.

II – External Investment Plan (EIP)

- The External Investment Plan we have designed in the EU will also **help unlock the investment potential that exists in West Africa**. By supporting and **involving the private sector**, the Plan will facilitate and demonstrate the benefits of investing in those countries. Our ambition is that this will have a **significan**t **multiplier effect triggering more investments for development.**

- With its **innovative guarantee under the new European Fund for Sustainable Development (EFSD),** we expect the Plan to crowd in private investment that would otherwise not materialise. Indeed, investments in our countries of operations are often perceived as too risky for private businesses, while we believe there are significant investment opportunities which are currently untapped.

- Let me take the **example of agribusiness**. We know Nigeria presents multiple opportunities in this area. We will seek to promote investments which create sustainable jobs in agriculture and income-generating activities in rural and peri-urban areas. To do so, the EFSD guarantee will have to help address risks and extend access to capital for investments. This could include credit enhancement for investment funds attracting private institutional investors, or risk mitigation mechanisms for commercial lenders in agricultural value chains. Equally it could be a financial guarantee to cover part of the portfolio risk of an investor or group.

- We also note that public investment continues to play an essential role in agriculture. However, as addressed above, many obstacles to increased investment lie in the **regulatory framework**, and it is here that we **equally expect to reinforce** our partnership with local governments.

- Ensuring the **right business and regulatory conditions** for investment to flourish, is **just as crucial** as financial guarantees - if not even more – to turn these prospective new investments into lasting ones. That's why we will also **offer technical support** to make the match between more attractive project proposals and interested investors.

- The creation of a **Sustainable Business for Africa platform** will allow discussion among the European and African private sector, such as here today, on the challenges and opportunities.

- And we will **pursue political and policy dialogue with our partner countries and organisations** to address policy and regulatory bottlenecks to investment.

- We know from our experience – **for example in supporting female entrepreneurs** in Europe's eastern neighbourhood, or renewable energy, water and sanitation projects in Africa – that a **more innovative approach** can **increase our initial investmen**t **and impact** by more than ten times.

- Hence, w**e call on all our partners and actors in Nigeria to get involved in order to make this Plan a success**.