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Case study

Trade in support of circular economy

Opportunities between Nigeria and the EU



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List of abbreviations

ACEA	African Circular Economy Alliance
ACP	African, Caribbean and Pacific
AfCFTA	African Continental Free Trade Area
AU	African Union
BBS	Buy Back Scheme
CBD	Convention on Biological Diversity
CEAP	Circular Economy Action Plan
CET	Common External Tariff
EBA	Everything But Arms
ECOWAS	Economic Community of West African States
EPA	Economic Partnership Agreement
EPR	Extended Producer Responsibility
EU	European Union
FTA	Free Trade Agreement
GACERE	Global Alliance on Circular Economy and Resource Efficiency
GDP	Gross Domestic Product
GSP	Generalised Scheme of Preferences
HS	Harmonised System
ISO	International Organisation for Standardisation
MEA	Multilateral Environmental Agreement
NESREA	National Environmental Standards and Regulations Enforcement Agency
NPAP	National Plastic Action Partnership
NCEP	Nigeria Circular Economy Programme
NCERM	Nigeria Circular Economy Road Map
NCEWG	Nigeria Circular Economy Working Group
NTB	Non-Tariff Barrier
OECD	The Organisation for Economic Co-operation and Development
PRO	Producer Responsibility Organisations
TESSD	Trade and Environmental Sustainability Structured Discussions
TSD	Trade and Sustainable Development
WCEF	World Circular Economy Forum
WTO	World Trade Organisation

EXECUTIVE SUMMARY

The EU is moving ahead on its ambition to develop and promote a European circular economy, as demonstrated with the publishing of the Circular Economy Action Plan (CEAP) and its subsequent proposals. Yet, its objective to foster circularity globally is intertwined with its trading system. Undoubtedly, the circular economy is an essential concept to develop future-proof, sustainable and resilient supply chains, as well as to tackle global challenges like climate change, biodiversity loss, waste, and pollution.

This policy report looks specifically at the trade relations between Nigeria and the EU and puts forward some recommendations on how their trade relations can support the transition to and uptake of the circular economy for both partners. It covers in particular at the following sectors:

Circular economy national policy framework: The Nigerian national policy framework on circular economy is currently largely limited to sectoral EPR Programmes. The ongoing work of the Nigeria Circular Economy Working Group (NCEWG), and notably the adoption of the Nigeria Circular Economy Programme (NCEP) and Nigeria Circular Economy Road Map (NCERM), will be instrumental to drive Nigeria's path to sustainable and inclusive green growth in the medium and long-term including help to underpin a clear vision for trade related needs and opportunities.

Initiatives at the multilateral level: Nigeria could explore participating in the many ongoing initiatives at the multilateral level such as the ongoing discussion at UNEA for a global plastic treaty, or the plurilateral discussions at the World Trade Organization (WTO) such as those on plastics pollution, fossil fuel subsidies or the transversal Trade and environmental sustainability structured discussions (TESSD).

Trade regime with the EU: The current Generalised Scheme of Preferences (GSP) governing EU and Nigeria trade relations is not offering many options to support the circular economy in the country and more broadly the diversification of the economy. This report explores several avenues forward such as the access to GSP+ or the ratification of the EU-Economic Community of West African States (ECOWAS) Economic Partnership Agreement (EPA), thus unlocking its entry into force while meaningfully engage in ongoing African Continental Free Trade Area (AfCFTA) negotiations.

Sector-specific trade policy measures: Under the current GSP regime, EU and Nigeria have the possibility to identify specific barriers to trade in circular economy relevant sectors and cooperation to overcome these barriers

(differences in definitions and standards, capacity barriers, transparency, and information flow) will be key. The report looks into more details at three sectors: agriculture, plastics and waste and e-waste.

Technical cooperation and raising awareness: Circular economy is listed under the first priority on Green and Digital Economy in the new EU-Nigeria National Indicative Programme for 2021-2027. The EU and Nigeria must now make good to this programming agreement and design projects and actions that tackle resource efficiency and sustainable production and consumption in productive (non-oil) sectors. These programmes should be designed and implemented in close coordination with the NCEWG and aligned to the and the NCERM to be published.

Product standards and design for circular economy: the strengthening of EU internal standards may become a major barrier to trade in the short to medium term as many stakeholders and in particular exporters face capacity constraints and challenges to meet these new requirements, including in Nigeria. There is a need to establish early dialogue between the EU and its partners to identify willingness to match the future standards, including any barriers to doing so.

Synergies between multiple policy objectives: In the context of the above, it is important to explore opportunities to create maximum synergies for simultaneously delivering both circular, low-carbon and conservation policy through trade, particularly through cooperation on circular, low-carbon and biodiversity-friendly product(ion) standards. At the moment, the discussion on product standards is very much focused on circularity only, however the recently published EU initiative on deforestation-free only products entering the EU market in the future as well as the implementation of carbon border adjustment mechanism call for further work needed to establish best synergies between circularity and low-carbon standards, going beyond simply concluding that circular products are by default less carbon intensive.

1. INTRODUCTION

The circular economy seeks to alter the present economic paradigm by addressing our current, ever-increasing resource extraction from the Earth's finite resources. Accordingly, resource efficiency alleviates the excessive extraction of resources, but also contributes to decarbonisation, as a considerable amount of our carbon emissions are related to how goods are produced and consumed. A global scale-up of the circular economy will therefore not only advance global decarbonisation efforts but also unlock greater benefits to resource efficiency.

1.1 Circular economy and the EU

In March 2020, the EU took a substantial step forward towards the transition to a European circular economy by adopting the EU Circular Economy Action Plan¹ (CEAP) under the EU Green Deal. The Action Plan paves a pathway to European circularity by outlining a Sustainable Product Policy framework and plans to target key value chains with great potential for circularity including electronics and ICT, batteries and vehicles, packaging, plastics, textiles, construction and buildings, and food, water, and nutrients.

Moreover, the CEAP proposes the establishment of a Global Circular Economy Alliance, a more integrated partnership with Africa and the inclusion of new circular economy objectives in its future free trade agreements (FTAs), thereby acknowledging the need to scale up towards a global circular economy. Cooperation on a multilateral level is key to unlocking the benefits of scale tied to a global circular economy but, also, to mitigate unwanted consequences to sustainable development caused by a shift in trade flows caused by an altered demand from primary to secondary resources in the medium to long term.

Indeed, an inherent element of the CEAP is that the effects of its new domestic policies are undoubtedly bound to spill over, affecting trade flows, and consequently, socio-economic development on a global scale. Production and consumption, materials, goods, services, and data are linked through global trade. As key supply chains are targeted by new sustainability standards under the CEAP, the EU must seek partnerships and lead the charge by envisaging a trade policy framework for businesses to innovate and trade with new circular markets across the world while accounting for negative effects to global sustainable development. The EU indeed has the opportunity to inspire, lead and leverage

¹ European Commission. (2020). Circular Economy Action Plan. [Link](#).

access to its market to reach for improved standardisation with its trading partners.

One example of shifting trade streams is waste exports. Prior to the publication of the CEAP, EU circular economy policies targeting domestic waste recycling partially relied on exporting waste to be recycled abroad. Although it allowed EU to achieve its own recycling rate targets, once waste is shipped abroad – usually to developing countries – the EU cannot guarantee the quality of the recycling process.

Since 2017, many of the EU's waste recipients closed their ports for plastic waste shipments, including China, India, Thailand, Vietnam, and Malaysia. In need of a new approach to dealing with its waste, the EU's CEAP focuses on preventing waste creation in the first place and taking charge of reverse value chains. Moreover, in January 2021, the EU placed a ban on exporting hazardous and hard to recycle plastic waste to non-OECD countries in addition to tightening the rules on clean, non-hazardous waste exports to these same countries². Lastly, the European Commission published on 17 November 2021 its proposal for a new regulation on waste shipments³. Under this new proposal, EU waste exports to non-OECD countries will be further restricted and only allowed if third countries are willing to receive certain wastes and are able to manage them sustainably.

The Commission published the Sustainable Product Initiative⁴ in March 2022 which puts forward new sustainability requirements for goods sold on the EU. This would involve the legislation of delegated acts aimed at revising and expanding the Ecodesign Directive to target more than energy-related products and impose new performance and information requirements, as well as a ban on the destruction of unsold consumer goods. These requirements seek to improve products' durability, reliability, reusability, upgradability, reparability, ease of maintenance, refurbishment, and recyclability, as well as regulate the presence of substances of concern (toxic chemicals), energy use or energy efficiency, percentage of recycled content, possibility of remanufacturing, recycling and recovery of materials, and the expected generation of waste.

Other implications of the CEAP on EU trade flows are related to the introduction of new measures on production and the reduction of barriers to trade for secondary resources. The former intends to empower consumers and increase

² European Commission. (2020). Plastic waste shipments: new rules on importing and exporting plastic waste. [Link](#).

³ European Commission. (2021). Proposal for a new legislation on waste shipments. [Link](#).

⁴ European Commission. (2022). Sustainable Products Initiative. [Link](#).

product sustainability by increasing opportunities for product repairability, reusability and durability by introducing new standards and criteria for products sold on the EU market. The latter aims to incentivise the market for secondary raw materials by pushing for better harmonisation of rules applied to waste and spent goods.

When it comes to the EU's FTAs, only one FTA in force references the circular economy in their Trade and Sustainable Development (TSD) Chapters,, i.e., the EU-UK Trade and Cooperation Agreement. Moreover, four other draft agreements still under negotiation mention the circular economy, in particular the agreements with Australia, Chile, Mexico, and New Zealand, in addition to the still to be ratified EU-Mercosur trade agreement.

Although other agreements in force acknowledge the need for sustainable production and consumption of goods, as of yet, the concept of circular economy is far from being a regular feature in FTAs. Although the EU's 2021 Trade Policy Review⁵ reaffirms the need to seek commitments from its trade partners to further global efforts towards the circular economy transition – the EU must begin to deeply integrate circular economy principles in its trade policy and its implementation.

1.2 EU-Nigeria case study: Aim and approach

Ensuring the global expansion of the circular economy calls for not only a higher demand for secondary resources but also a higher supply of these resources to establish a secure global market for recycled and reusable raw materials. In turn, establishing a market for reliable secondary materials requires attention to detail regarding resources, definitions, and standards. Products must also at the outset be designed with longevity and in the end, recyclability in mind. Variation in definitions, regulations, and standards across geographical areas for trade in secondary resources could lead to a significant technical burden, hindering efficient material circularity and disproportionately disadvantaging MSMEs, both within the EU and between EU and third countries. Therefore, cooperation and co-creation should be favoured from the outset as policies and standards are developed.

The following case study looks into EU's trade relationship with Nigeria where increased circular economy cooperation would be particularly beneficial for both

⁵ European Commission. (2021). Trade Policy Review - An Open, Sustainable and Assertive Trade Policy. [Link](#).

trade parties. The circular economy and trade are particularly interesting – and timely – in the EU-Nigeria context due to several reasons as outlined below.

- The CEAP specifically mentions the objective for the commission to support a global shift to a circular economy by, notably, “building a stronger partnership with Africa to maximise the benefits of the green transition and the circular economy”⁶.
- The concept of circular economy has only recently gained traction in the international community, especially in its application to the African context, however many initiatives have been launched in the past years. This makes this study on the role of circular economy in Africa-EU with a specific focus in Nigeria timely as it aims to shed light on the vast potential that the circular economy holds for sustainable economic development in African countries.
- Nigeria is a founding member of the African Circular Economy Alliance (ACEA), a member of the Global Alliance on Circular Economy and Resource Efficiency (GACERE) and has demonstrated strong interest to foster circular economy principles in its policy framework.
- The EU and Africa Union (AU) held their 6th Summit on 17-18 February 2022 which concluded with the stated objective to “consolidate a renewed Partnership for solidarity, security, peace and sustainable and sustained economic development and prosperity for our citizens and for our future generations”⁷. It is worth noting that circular economy does not explicitly appear in the common declaration adopted at the end of the summit due to other pressing matters such as the recovery from COVID-19 pandemic or EU financial commitments. Yet, the potentials for “circular economy development” and “transition to a green, circular and climate-neutral economy”⁸ were recognised at the ministerial level in preparation of the summit. Therefore, there is a steady political momentum to foster circular economy as a long-term, transversal policy in Africa.

The case study differentiates circular economy policies in the following five categories at the national level:

⁶ European Commission. (2020). Circular Economy Action Plan. [Link](#).

⁷ Head of State and Government of the Member States of the African Union and the European Union. (2022). 6th European Union – African Union Summit : A Joint Vision for 2030”. [Link](#).

⁸ Ministers of Foreign Affairs of the Member States and the African Union and the European Union. (2021). The Second African Union: European Union Foreign Affairs Ministerial Meeting Kigali, Rwanda, 25 – 26 October 2021, Joint Communiqué. [Link](#).

- National circular economy policies, such as national circular economy roadmaps, including sustainable development strategies which integrate circular economy principles.
- Product policies that support circular practices relating to the design, manufacture, distribution or import of specific products and materials.
- Extended producer responsibility policies i.e. policies that place the responsibility for the environmental impacts of products throughout the product life cycle to producers and is often applied to the collection, processing and re-utilization of waste.
- Waste management and recycling policies that encourage circular practices relating to the management of waste covering generation, segregation, transfer, sorting, treatment, recovery and disposal.
- Fiscal policy including government taxes and spending policies that incentivize circular practices.

The report has been prepared by IEEP through desk research, and with the support of Nigerian stakeholders who provided local insights to the analysis on policy developments and trade flows of interest for circular economy in Nigeria. The EU delegation in Nigeria was also consulted.

The desk research was complemented by interviews with relevant stakeholders, (see list under section 6).

2. EU-NIGERIA TRADE RELATIONSHIP

This section looks at the current trade framework which governs EU-Nigeria bilateral trade in goods and services and assesses the level of integration of circular economy-relevant initiatives and practices.

2.1 What is the trade framework

2.1.1 The EU's Generalised Scheme of Preferences

The trade relations between the European Union and Nigeria are currently governed under the Standard EU Generalised Scheme of Preferences (GSP). The Standard GSP targets developing countries that are classified by the World Bank as lower or lower-middle income countries and which do not have equal preferential access to the EU market through any other arrangement, such as an Economic Partnership Agreement (EPA).

Standard GSP beneficiary countries like Nigeria benefit from duty suspension for non-sensitive products as well as duty reductions for sensitive products across approximately 66% of all EU tariff lines. Other major EU trade partners such as Kenya, Congo or Indonesia currently operate under the same scheme.

The standard GSP is part of the overall EU GSP Regulation which offers several other preferential trade schemes:

- [GSP+](#) provides additional incentive arrangements for sustainable development and good governance. It slashes these same tariffs to 0% for vulnerable low and lower-middle income countries as under Standard GSP but only countries that implement a number of international conventions related to human rights, labour rights, protection of the environment and good governance can benefit from the scheme (see below).
- [EBA \(Everything But Arms\)](#) is the special EU arrangement for Least Developed Countries, providing them with duty-free, quota-free access for all products except arms and ammunition.

The European Commission unveiled a proposal to reform the GSP Regulation on 22 September 2021 as the current legislation is set to expire on 31 December 2023. The most significant aspect of the new regulation is the bolstered conditionalities to access the GSP+ system and benefit from tariff preferences. The proposal updates the existing list of 27 core conventions with the inclusion (as addition or replacement) of six new international treaties, such as the Paris

Agreement, to bring the total to 32 conventions to be respected or ratified by beneficiaries.

It is important to note that Nigeria has already voluntarily ratified all 27 conventions previously covered under the GSP+ regulation (15 core international conventions on human rights and labour standards, 8 on environmental protection and 4 on good governance aspects), even though the country is a beneficiary of the Standard GSP and not obligated to ratify any of the conventions to be able to benefit from the duty reductions. Nigeria is therefore potentially ready to “upgrade” from GSP to GSP+ although additional ratifications will soon be required to comply with the updated list of conventions under the new GSP regulation proposal published by the EC in September 2021⁹.

That being said, Nigeria never formally expressed its intention to apply for this upgrade, so the question remains open at this stage. However, considering Nigeria has voluntarily ratified all 27 conventions required under GSP+, it would be eligible to “upgrade” from Standard GSP to GSP+. This point is especially relevant to this case study – and will be expanded upon in section 4 – because the GSP+ provides additional incentives for circular economy-related policies.

2.1.2 Nigeria and the EU Economic Partnership Agreement (EPA)

The EU has been under pressure since the deadlock at the World Trade Organisation (WTO), and its incapacity to deliver on the Doha Development Agenda, to formalise its trade regime with African, Caribbean and Pacific (ACP) countries to ensure its compatibility with the multilateral trade rules.

This has materialised with the negotiations and conclusions of EPAs as specific preferential trade agreements between the EU and several ACP regions¹⁰, such as the Economic Community of West African States (ECOWAS) which includes Nigeria along with 14 other countries. Once signed, EPAs aim to open about 80% of partner countries’ market to European goods and services within a decade, while they open up the EU’s markets to EPA countries fully and immediately. EPAs also aim to go further than simple tariff reductions as they encompass wider rules on services and/or investment. They also involve strengthened cooperation for development, in the form of not only traditional aid, such as technical assistance, but also blended finance and guarantee mechanisms, as well as policy dialogues, multi-stakeholder engagement and improvement of the investment climate as

⁹ European Commission. (2021). Proposal for a regulation of the European Parliament and of the Council on applying a generalised scheme of tariff preferences and repealing Regulation (EU) No 978/2012 of the European Parliament and of the Council. [Link](#).

¹⁰ The 1st EPA was signed in 2008 between the EU and Caribbean Countries (CARIFORUM).

key pillars of the EU support. The stated aim of the EPAs is to accompany Africa's own reform and transformation processes.

However, due to their near all-encompassing nature, signature of such agreements with different ACP regions since the late 2000s was met with various degrees of scrutiny and even defiance.

The EU argues that developing countries such as Nigeria would benefit from the EPA's development priorities, paving way for sustainable development and facilitating the countries' integration into the global economy. By establishing duty free imports through trade liberalisation, the EPA would reduce costs of imports from the EU and thus, according to that logic, eventually stimulate the structure of competitive production and improve access to EU markets.

Many ACP countries question the validity of this claim as well as the balanced nature of the agreement noting concerns on whether their economies are strong or prepared enough to expose them to excessive competition from the EU, let alone to take advantage of the newly opened European markets. Most countries, including Nigeria, fear that the opening their markets up to EU products would undermine local production and development efforts and that regional integration should be achieved first.

The ECOWAS EPA was met with scepticism notably by Nigerian business associations, manufacturers and other various stakeholders from the private sector citing the issue of EU manufacturers getting increased access to local markets to the potential disadvantage of Nigerian producers¹¹.

It is within that context that, despite the growth in trade between the two partners in the 2000s and following almost a decade of negotiations which led to an agreement in principle on the ECOWAS EPA in 2014, Nigeria eventually postponed its signing of the agreement. It remains today the last of 15 West Africa countries not to have signed the agreement, de facto preventing its formal adoption, with no indication that it intends to do so in the near future. This has prompted Ghana and Côte d'Ivoire to ratify their own "interim" (individual) EPA with the EU respectively on 3 August and 12 August 2016.

The same argument was used by Nigeria during the negotiation of the agreement establishing the African Continental Free Trade Area (AfCFTA) with business associations in Nigeria arguing that they had not been adequately consulted or

¹¹ Usman, S.S. & Köseoglu, A.M. (2019). Practices And Challenges of Supply Chain Management Between EU And Nigeria: A Research on International Trade. *Journal of International Trade, Logistics and Law*, Vol. 5, Num. 2, 2019, 1-9. [Link](#).

advised that the Agreement could adversely affect Nigerian industries and fuel unemployment¹².

Nigeria therefore seems to maintain a general cautious approach toward trade liberalisation processes. The overall trade levels remain relatively low in the country compared to other African countries, with a share of total trade in Gross Domestic Product (GDP) at 33% in 2018, and never going over 50% in the last decade¹³. This low trade intensity points toward the presence of significant trade barriers such as restrictions on exports and imports through tariffs and duties, a few of which are listed below:

- Trade facilitation aspects: irregular use of customs guidelines (including clientelism), long procedure for clearances and high prices for berthing of vessels in Nigerian ports. This, combined with poor storage and inventory management capacities, is particularly detrimental for importers of perishable goods who suffer major losses.
- Outdated, national destination policy: it states notably that every import must be checked at the point of arrival in Nigeria, which results in massive delays and backlogs.
- Poor infrastructures (including roads, ports, railroads etc.) resulting in high transportation costs for businesses.
- Absence of basic information technology infrastructure creating a lack of clarity and comprehension of the market.

These trade barriers are enacted to support local industries but tend to affect the chain of supply in Nigeria resulting in high costs to exports and imports. Although this situation is not specific to Nigeria – sub-Saharan Africa has the highest cost to export compared with all other regions and the highest cost to import with the exceptions of Latin America and the Caribbean based on border compliance, and South Asia, based on documentary compliance¹⁴.

This general cautiousness toward trade openness has consequences for the quantity and quality of EU trade with Nigeria and the development of circular economy activities in the country. The next sections explore how targeted actions

¹² Adekoya, F. (27 June 2018). Manufacturers Association of Nigeria kicks against Nigeria's ratification of African free trade agreement. The Guardian NG. [Link](#).

¹³ World Bank. World Development Indicators – Trade (% of GDP)

¹⁴ UNCTAD. (2019). Economic Development in Africa Report 2019 – Made in Africa: Rules of origin for enhanced intra-African trade. [Link](#).

to remove specific supply chain obstacles and barrier might support the development of circular economy related trade flows in the country.

2.2 What is traded?

Nigeria is one of the largest economies on the African continent and Africa's biggest oil exporter. The role of export as an essential component of international trade in the Nigerian economy has increased during the years with resource extraction remaining the most important sector of the economy, particularly the extraction of crude oil, natural gas, coal, and tin as presented in Table 1 below.

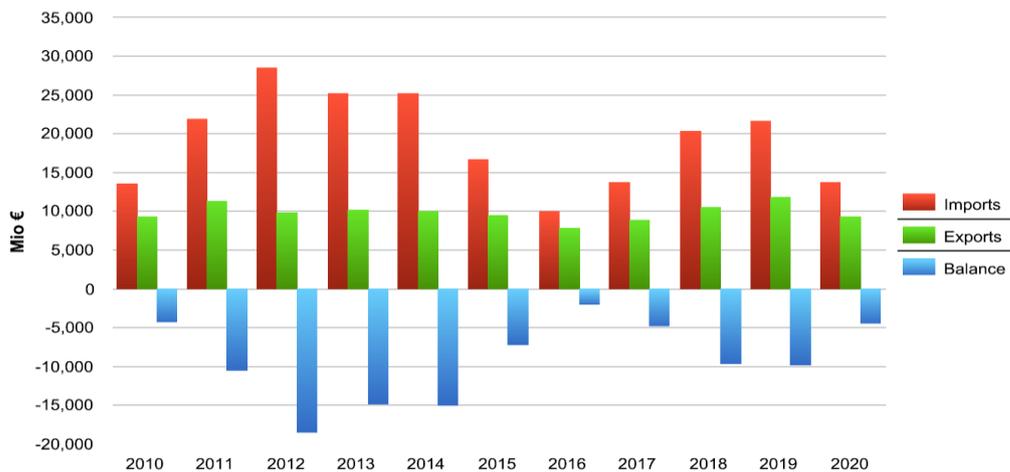
The EU, India and China are Nigeria's main trading partners, with most of Nigeria's imports originating from China (25,8% in 2020) and India being the most important destination for Nigerian export products (24,9% in 2020).

The EU ranks second in both categories (respectively 16,8% and 24,1%), thereby remaining Nigeria's most important trade partner overall with 20,7% of Nigeria total trade, ahead of China with 17,4%¹⁵. Trade volumes between the EU and Nigeria stand at 22.8 billion euros in 2020, with Nigeria exports valued at 13.6 billion and imports at 9.2 billion euros. Nonetheless, the partnership between the EU and Nigeria has fluctuated over the last decade as depicted in Figure 1.

Table 1: Trade between the EU and Nigeria in 2020, Top 5 products (HS)

EU Imports				EU Exports			
Products		Value Mio €	% Total	Products		Value Mio €	% Total
V	Mineral products (including oil)	12,721	93.2	V	Mineral products	4,182	45.5
IV	Foodstuffs, beverages, tobacco	458	3.4	XVI	Machinery & appliances	1,298	14.1
XIV	Pearls, precious metals and articles thereof	151	1.1	VI	Products of the chemical or allied industries	1,034	11.3
VIII	Raw hides & saddlery	71	0.5	II	Vegetable products	510	5.5
XVI	Machinery & appliances	60	0.4	IV	Foodstuffs, beverages, tobacco	459	5.0

¹⁵ European Commission. (2021). European Union, Trade in goods with Nigeria. [Link](#).

Figure 1: EU trade with Nigeria, 2010-2020

Source: [Eurostat](#)

There have been two main dips in EU trade with Nigeria in the past 10 years. The first drop, over the period 2015-2016, saw a sharp decrease of EU imports from Nigeria, while EU exports remained relatively stable. This was mainly due to volatilities in international energy markets. By 2019, trade was able to recover from the energy market shock, however, EU imports from Nigeria remain below average levels compared to before the shock. This external shock demonstrated though the extreme overdependence of the Nigerian economy on the petroleum industry, detailed below. The second dip in EU-Nigeria trade relations occurred to 2020 due to the COVID-19 crisis which affected imports and exports of both countries, an effect felt similarly on trade flows worldwide.

Besides its oil-dominated export structure, Nigeria imports capital goods, raw materials, and consumer goods all of which are vital elements for prosperity and economic development. Nigeria's tariffs are determined by the ECOWAS Common External Tariff (CET) which has five bands: zero duty on essential social goods, 5% duty on raw materials, 10% on intermediate goods, 20% on finished goods and 35% on "Specific Goods for Economic Development"¹⁶. Nigeria may of course apply additional tariffs or quotas on specific imports, but the total effective rate of each line item must not exceed 70%. The most relevant tariff line for circular economy is on intermediate goods and section 4.1.1 discusses how this can be used.

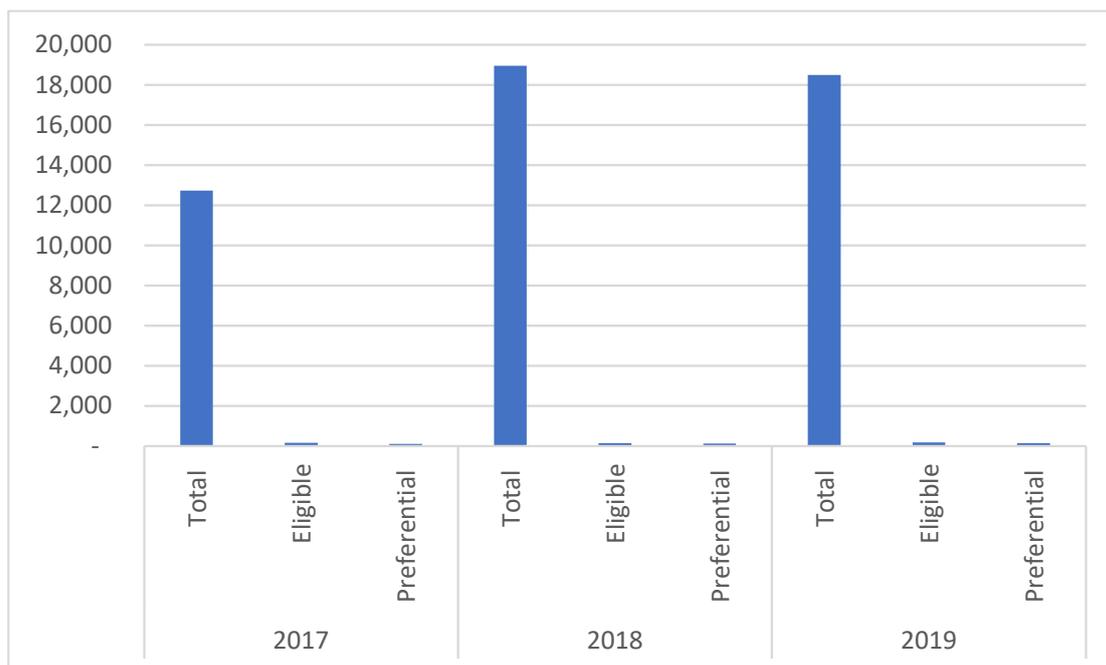
The vast majority of the products consumed in Nigeria apart from agri-food products are imported, from toothpicks to refined petroleum products. This

¹⁶ ECOWAS Trade Information System (ECOTIS) – ECOWAS Common External Tariff (CET). [Link](#).

maintains a huge demand for foreign exchange which eventually resulted in a depreciation of the naira through the year and an increase in the country's unemployment and underemployment numbers¹⁷. Perhaps most significantly, this dependence on imported products resulted in a limited manufacturing industry with the majority of the Nigerian population employed in the agricultural sector, though it only contributes about 20% to the country's GDP. This capacity gap puts Nigerian businesses at a disadvantage compared to European businesses, which is another underlying cause for the EU-Nigeria trade imbalance outlined in Figure 1, as well as the country general cautious approach toward trade liberalisation as discussed in the previous section.

Nigeria trades with the EU under the GSP, however it is important to note that oil products are non-eligible under the scheme. This means that Nigeria uses the trade preferences granted under the GSP for only a tiny fraction (about 1% or 133.9 million EUR) of its exports to the EU¹⁸.

Figure 2: Preference utilisation and export diversification for Nigeria's exports to the EU



Source: GSPhub.eu

¹⁷ Proshare. 2016 "Import substitution in Nigeria: Feasibility and path towards reduced import content". [Link](#).

¹⁸ GSP Hub. (n.d.). Nigeria – What is the GSP? [Link](#).

On the plus side, Nigeria maintained a relatively high preference utilisation rate (i.e., ratio of preferential exports to overall GSP eligible exports) of above 60% over the past decade (76% in 2019). This demonstrates on the one hand a good use of the tariff preferences in the eligible products value chains by the country¹⁹. On the other hand, it brings into question the capacity for diversification that the current trade system allows.

The Nigerian economy faces many challenges such as trade imbalance, exposure to volatilities in international energy markets and a lack of manufacturing capacities thus highlighting the importance of economic diversification for the country. The next section explores how circular economy could foster this diversification in different specific value chains of interest for the Nigerian economy.

¹⁹ GSP Hub. (n.d.). Nigeria – What is the GSP? [Link](#).

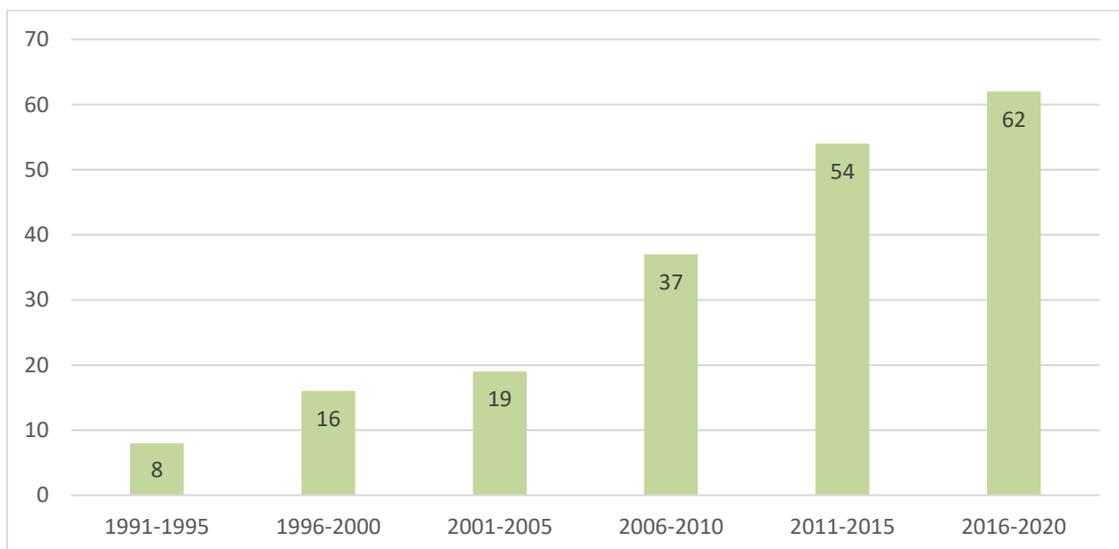
3. CIRCULAR ECONOMY IN AFRICA AND NIGERIA

3.1 Circular economy trends on the African continent

The circular economy in Africa has received a burst of awareness since 2017 with the launch of the [African Circular Economy Alliance](#) (ACEA) during climate COP23 in Bonn. The ACEA is a government-led coalition of African nations founded by three countries Rwanda, Nigeria and South Africa with the objective to spur Africa's transformation to a circular economy that delivers economic growth, jobs, and positive environmental outcomes.

At the national level, circular economy is now mentioned explicitly in most national policies and strategies as almost all African countries (52/54) have at least one circular economy related policy in place²⁰. Figure 3 demonstrates the increased attention given to circular economy policies by governments in Africa over the last decades.

Figure 3: Number of circular economy policies enacted at the national level in Africa (1991-2020)

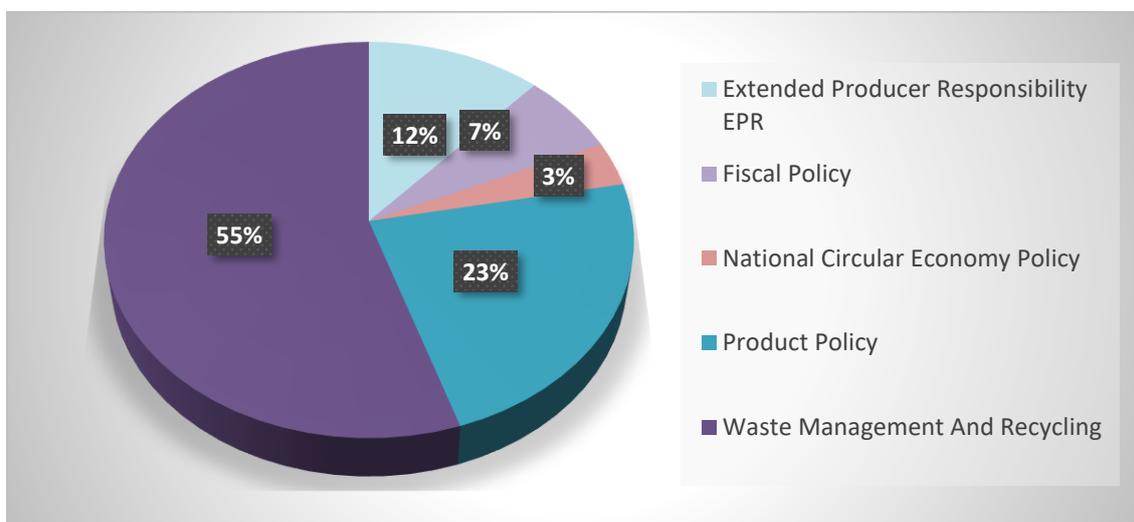


Source: <https://circulareconomy.earth/about>

²⁰ Rademaekers, K., Smit, T.A.B, Artola, I., Koehler, J., Hemkhaus, M., Ahlers, J., Van Hummelen, S., Chewpreecha, U., Smith, A. & McGovern, M. (2020) Circular economy in the Africa-EU cooperation – Continental report. Continental report under EC Contract ENV.F.2./ETU/2018/004 Project: "Circular Economy in Africa-EU cooperation", Trinomics B.V., Tomorrow Matters Now Ltd., adelphi Consult GmbH and Cambridge Econometrics Ltd. [Link](#).

These policies tend to focus essentially on individual downstream policies such as bans on single-used plastics or waste management rather than all-encompassing circular economy economic models, see **Figure 4** below. Only seven countries – Algeria, Egypt, Gabon, Kenya, Madagascar, Rwanda and Tunisia – have a full-fledged National Circular Economy Policy²¹. Furthermore, they suffer from major challenges in terms of monitoring and implementation due, mostly, to a lack of capacity to enforce such policy initiatives. There are also strong differences in approaches among African countries on whether circular economy principles are applied through public policies or private sector initiatives.

Figure 4: Categories of national circular economy policies in Africa in 2020



Source: <https://circulareconomy.earth/about>

The Africa continent remains incredibly diverse, proposing a huge diversity of context and circumstances among regions and countries, including Nigeria. Nonetheless, efforts at continental, regional and national levels are geared toward developing Africa's circular economy ecosystem while capitalising on its development prospects. The circular economy presents a particular opportunity for Africa as it provides a framework for the development of new economic activities that are more adequate to tackle the urgent economic, environmental and social problems in the continent, such as industrialisation policies, commodity dependency and economic diversification, social inclusivity, or the growing problem of plastic waste pollution.

Furthermore, the projected high population growth for the continent combined with increasing levels of economic well-being and the projected continued

²¹ Circular Economy.Earth. (2020). About. Chatham House. [Link](#).

development of the middle-class²² will vastly increase the demand for natural resources. As such, the circular economy will not only be an economic opportunity, but a necessary strategic paradigm for sustainable economic development while decoupling economic growth from resource consumption and negative environmental impacts.

In terms of sectors, and while acknowledging again the immense diversity of contexts among African countries, there are two critical trends providing opportunities for participation in regional and global value chains. One is in mining and the other is in agriculture.

Current industrial trends in the global value chains are shifting the value of raw materials – upon which many African economies, including Nigerian, depend – away from traditionally mined products to new minerals essential for new technologies such as lithium, cobalt or rare earths. Furthermore, the development of circular economy related policies around the world is likely to modify the composition and geography of cross border trade flows. Indeed, circular economy policies promote the substitution of primary materials inputs with secondary ones i.e. renewable or recovered materials. Over the long-term, it is therefore safe to assume that import demand for primary materials may eventually decrease, and African economies, in particular those heavily dependent on raw material extraction and export, should prepare to accompany this transition adequately.

In agriculture there is real and immediate potential for African countries to adopt circular economy principles to ensure that the need to step up production does not go hand-in-hand with increased commodity dependency and environmental degradation.

Nevertheless, as presented in Figure 4, circular economy in Africa is still mostly understood as waste management and recycling issues. Although these indeed carry huge challenges and opportunities for most African economies, the implementation of circular economy principles works best when they are integrated into all facets of today's globally connected economy and not only through the last section of the value chains. circular economy must be tackled as a transversal approach through national and regional holistic policies such as circular economy roadmaps including specific objectives, sectors, targets and

²² Ncube, M., Lufumpa, C.L. & Kayizzi-Mugerwa, S. (2011). The Middle of the Pyramid: Dynamics of the Middle Class in Africa. AfDB. [Link](#).

timelines. The next section delves into how Nigeria can tackle these questions and what opportunities circular economy could bring to the country.

3.2 Policy framework for EU-Africa cooperation

In terms of cooperation, circular economy has been a relatively new topic under discussions between the two continents, but it has gained momentum as a tool to foster sustainable development in addition to addressing the climate emergency. Both regions have taken recent steps to bring circular economy into the limelight and infuse its principles at various cooperation policy levels.

As previously discussed, with its publication of the European Green Deal and its CEAP, the EU stated its ambition to transition its economy from the existing linear “make-use-dispose” model into a circular model respective of planetary boundaries. The CEAP includes the stated objective to “build a stronger partnership with Africa to maximise the benefits of the green transition and the circular economy”. Furthermore, in its latest Trade Policy Review, the Commission claims its resolve for the next decade to “deepen engagement with the African continent and African states” while ensuring that “trade tools accompany and support a global transition towards a climate neutral economy and promote value chains that are circular, responsible and sustainable”²³.

The technical cooperation between the EU and African states is currently informed by a [Joint Communication](#) by the Commission and the European External Action Service “Towards a Comprehensive Strategy with Africa”²⁴ published in March 2020 for strategic orientation. The communication specifically states that “a clean circular economy with sustainable and fair value chains will be key for the transition to a sustainable economic model” in Africa. The European Commission calls for enhanced cooperation on the matter, including regarding trade in raw materials, thus providing the frame for enhanced trade relations to foster circular economies in Africa. Further actions are now expected following the EU-AU summit which paved the way for an enhanced cooperation between the two continents over the next few years.

²³ European Commission. (2021). Trade Policy Review - An Open, Sustainable and Assertive Trade Policy. [Link](#).

²⁴ European Commission. (2020). Joint communication to the European Parliament and the Council: Towards a comprehensive Strategy with Africa. [Link](#).

3.3 Circular economy trends in Nigeria

The circular economy is still a largely emerging sector in Nigeria with federal and local authorities trying to fully capture the opportunities it offers for sustainable development.

The right of Nigerians to a clean and healthy environment is enshrined in the Nigerian Constitution and the legitimacy of the government's efforts at achieving this derives from relevant sections of the Constitution. The priorities on environmental issues in Nigeria are outlined in the National Policy on Environment which was first adopted in 1989, reviewed in 1999, and then again recently in 2017.

No specific mention was made of circular economy in these original environmental efforts as it was approached by Nigeria, as by most developing countries, through the lens of waste management issues in a context of limited public capacities. Indeed, when faced with increasing amounts of waste and a dire lack of capacities to adequately process them, the government of Nigeria decided to place the responsibility for the post-consumer phase of certain goods on producers through Extended Producer Responsibility (EPR) Programmes.

3.3.1 Nigeria EPR policy

These EPR programmes outline a framework of actions for a collaborative approach between the government, businesses, and the larger society to tackle waste creation and processing. Under this approach, producers in all sectors covered are given a significant responsibility – financial and/or physical – for the treatment or disposal of products. The aim is to provide incentives to producers to be innovative throughout their products' entire lifecycles (from its conceptualisation and design phase to production and distribution lines, all the way to disposal schemes) for better reuse or recyclability. The main objective of this policy is to prevent waste at the source, and thus limit the government responsibilities in terms of waste treatment, while promoting sustainable product design, materials management, and public recycling.

The first major milestone achieved by Nigeria on the circular economy was the establishment of a National Environmental Standards and Regulations Enforcement Agency (NESREA) in 2007 with the aim to work with the private sector to develop sectoral EPR programmes and monitor their implementations. The set-up of the Agency was followed by a stream of sectoral environmental regulations at the national level and covering the following products:

- Food, beverages, and tobacco sector (2009):

- Chemical, pharmaceutical, soap & detergent manufacturing (2009)
- Electrical/electronic sector (including e-waste) (2011)
- Domestic and industrial plastic, rubber, and foam sector (2011)
- Base metal, iron & steel manufacturing/recycling industries sector (2011)
- Non-metallic minerals manufacturing industries sector (2011)
- Pulp & paper, wood & wood products sector (2013)
- Motor vehicle and miscellaneous assembly sector (2013)

The Nigerian government also enacted two policies tackling waste management and recycling with the National environmental protection regulations for the management of solid and hazardous wastes (1991), and the national environmental regulations on sanitation and wastes control (2009) to support these efforts.

These sectoral legislations catered for all manufacturers and importers of products covered to subscribe to an EPR Program, or “Buy Back Scheme” (BBS). However, they also required producers to achieve these BBS objectives within a certain period of time, usually three years, for monitoring and operationalisation purposes. Although these time provisions aimed to achieve meaningful impacts, they let most producers facing an impossible task, acutely lacking the capacities to achieve such ambitious objectives.

This prompted the government of Nigeria to adopt the EPR approach as a matter of national policy in 2014 and, through the NESREA, to release guidelines for its implementation to support producers in achieving the objectives set forth in the sectoral legislations.

The Nigerian EPR policy also aims to go beyond conventional taxes (like a plastic tax) as it does not solely focus on economic costs for producers but extends to the entire lifecycle of the product. Indeed, the EPR policy places four key types of responsibility on producers:

- **Liability responsibility** pushes the cost of environmental damage that can be proven to have been caused by a product or its post-consumption form to the producer of that product.
- **Financial responsibility** requires producers to wholly or partly cover the costs for the management of their post-consumption products including collection, recycling or final disposal.

- **Physical responsibility** where the producer plays active roles in management of physical products or of the effects of the products.
- **Informative responsibility** requires the producer to promote the environmental qualities of the product.

There are six major stakeholders in the EPR process who can be covered by such responsibilities:

- *Consumers*, who are expected to safely dispose of their wastes through legal and appropriate means (such as collection centres).
- *Producers* are the main manufacturers of the product but may also include converters, franchisees, assemblers, fillers, brand owners, importers, distributors, or retailers in the supply chain of a product.
- *Collectors*, and/or dismantlers are assigned by producers (often lacking the capacity to do so themselves) to effectively manage the end-of-life wastes of their products means a person or company that directly receives or retrieves waste products for transmission to the recyclers.

It should be noted that in Nigeria, informal collectors could be responsible for collection of between 20-60% of generated waste, making them a key part of the EPR process²⁵. Even formal collectors i.e. often larger, registered and better-structured businesses operating the official waste-disposal stations, also often rely on informal collectors for receiving or retrieving waste.

- *Recyclers*: reprocess wastes into raw materials that can be used to produce new products.
- *Producer Responsibility Organisations (PROs)*: responsible for managing the entire process (including collection and securing workable arrangements with recyclers) on behalf of a group of producers of similar products.

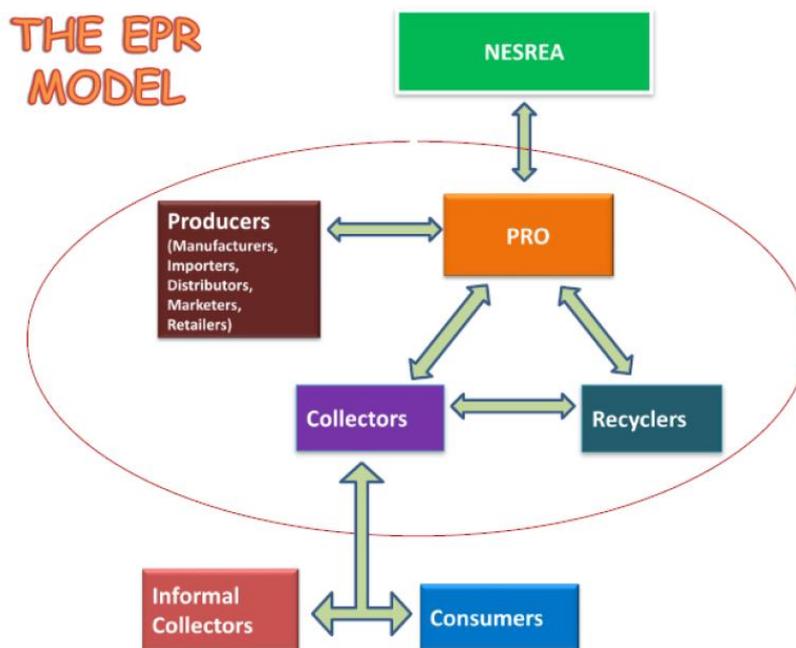
Already in Nigeria, a number of PROs have been established. These include the "Food and Beverages Recycling Alliance (FBRA)" focusing on collection and recycling of plastic wastes; the "Recycling and Economic Development Initiative of Nigeria (REDIN)" which focuses on clean energy; the "Alliance for Responsible Battery Recyclers (ARBR)" which focuses on recycling of hazardous battery wastes;

²⁵ Ajani, I.A. & Kunlere, I. (2019). Implementation of the Extended Producer Responsibility (EPR) Policy in Nigeria: Towards Sustainable Business Practice. *Nigerian Journal of Environment and Health 2* (2019) 44–56. [Link](#).

or the E-waste Producer Responsibility Organisation of Nigeria (EPRON) for electronic waste.

- *Government and its Agencies:* responsible for implementing and monitoring the EPR policy.

Figure 5: EPR implementation framework in Nigeria (NESREA, 2014)



Source: NESREA, 2014

3.3.2 Other circular economy policy initiatives

Several other new initiatives were recently launched by the government to go beyond EPR policies. The most visible effort of such push is the setting up of the Nigeria Circular Economy Working Group (NCEWG), a multistakeholder platform aiming at supporting inclusive green growth of the Nigerian economy through curating circular economy best practices within and outside the country.

The NCEWG serves as a locally driven platform where experts from government, private sector, the academia, and non-state actor voluntarily meet to share ideas, experiences, and coordinate activities to break the silo and take advantage of economy of scale to inform circular Economy policies and bankable projects both at the national and sub-national level.

The NCEWG is currently coordinated by the African Development Bank and the Government of Nigeria represented by the Federal Ministry of Environment and its activities include:

- Design of a Nigeria Circular Economy Programme (NCEP) beyond waste management (2021-2030).
- Design of a Nigeria Circular Economy Road Map (NCERM) as a circular economy framework to drive Nigeria's path to sustainable and inclusive green growth by 2030 (medium-term) and 2050 (long-term).
- Policy dialogue to integrate natural capital and circular economy as green growth strategies.
- Provide evidence for policy and project design and implementation.

The group was set up in 2020 but its activities have been slowed down by the COVID pandemic. It is nevertheless a step in the right direction.

The circular economy is also making its way in Nigeria cooperation policies, including with the EU. EU-Nigeria cooperation is in the framework of National Indicative Programmes (NIP) which outline the priorities to be supported and programmes funded under the Multiannual Financial Framework of the EU for a seven year period. It is worth noting that circular economy does not appear a single time in the EU-Nigeria NIP for 2014-2020²⁶ while the term is mentioned 24 times in the NIP 2021-2027²⁷, including under the 1st priority area listed, on Green and Digital Economy, thus demonstrating the increased interest for circular economy approaches and principles in recent years globally. These promises at the programming level must now be operationalised through concrete activities and projects in Nigeria over the next years²⁸.

²⁶ European Commission. (2014). European Union – Federal Republic of Nigeria: National Indicative Programme for the period 2014 – 2020. [Link](#).

²⁷ European Commission. (2021). Federal Republic of Nigeria: Multi-Annual Indicative Programme 2021 – 2027. [Link](#).

²⁸ An interview with the EU Delegation in Nigeria confirmed that a cooperation programme dedicated to fostering circular economy processes in the country is planned, however few details are available at the time of this study.

4. TRADE IN SUPPORT OF CIRCULAR ECONOMY

4.1 Trade and circular economy value chains covered by the GSP

Although Nigeria is still at an early stage in the development of a structured national policy framework on circular economy, and even more so on how it could relate to its trade policy, some sectors can be considered as “low hanging fruits” and ready to step up to accompany the circular economy transition in the country. This section focuses on three sectors with maximum ratio leverage / impact for Nigeria’s sustainable development. These sub-sectors were identified due to their high contribution to national GDP, employment levels and/or environmental challenges as well as for their concrete and realistic opportunities in trade and circular economy principles.

4.1.1 Agriculture: food production, losses and waste

All interviews conducted as part of this study pointed toward the agriculture and food production sector as the single greatest opportunity for Nigeria to leverage circular economy principles to foster national sustainable development. The adoption and implementation of circular economy principles in the agricultural sector would support the decoupling of the economy from oil dependence, and could act as a driver to promote food security and increase productivity. It is also a crucial vector to strengthen the income security of small-scale farmers, an essential piece for sustainable development in the country.

The agriculture sector in Nigeria accounts for 24% of GDP and remains a major source of income as it accounts for about 35% of employment in Nigeria²⁹. Most of the production is consumed locally and very little is exported, while the very low level of food processing and food recycling capacities generate huge amounts of agri-waste.

The development of circular approaches linked to specific new trade practices in the agriculture sector would therefore be key to address some of these challenges. There are still significant levels of small-scale farming practices in Nigeria and many of these smallholder farmers do not have access to expensive agricultural machines and equipment. The technologies and infrastructures for such conversions exist though but at very low scale and not widespread.

EU exports to Nigeria of machinery and appliances (HS section XVI) amounts to 1.3 billion EUR or 14.1% in 2020, it represents the second EU export sector to

²⁹ World Bank. (2020). Databank – Nigeria country profile. [Link](#).

Nigeria after mineral products (45%)³⁰. This is consistent with data on SITC sections where “Machinery and transport equipment” (section 7) represent 1.6 billion EUR or 17.5% of EU exports to Nigeria. This is partly due to the low tariff lines for import in this sector. As previously discussed, Nigeria’s tariffs for imports are determined by the ECOWAS CET which foresees a tariff of 10% on intermediate goods (such as machineries). The Nigerian government may apply additional charges (e.g., levies, excise, and VAT) on the imports however that is not the case for the type of machineries under HS section XVI. The way is therefore relatively open for these types of equipment.

To facilitate trade in environmental goods and services for the circular economy, this existing flow and its stakeholders could be steered toward circular economy relevant equipment such as machineries designed for conversion of unavoidable Agri-waste (harvest, food etc.) into energy elements such as biomass or fertilisers. This could also be coupled with machinery or technology transfer upstream of the value chain to support improved harvesting and better handling of harvested products for minimisation of food losses and food waste.

Other concrete examples could include:

1. a cooperative, solar-powered, cold room, for 24/7 off-grid storage and preservation of perishable foods. This would significantly extend the shelf life of perishable food hence supporting smallholder farmers to sell their entire harvest and significantly increase their income while giving more access to nutritious food for rural populations.
2. Organic waste recycler into fertiliser to close the nutrient loops. This would increase the availability of affordable locally produced organic fertilisers to increase yields and empower small farmers as Nigeria suffers from low crops issues mostly due to low soil quality and low fertiliser use³¹.

This increased use of new equipment and technologies would also attract educated labour back to rural areas to participate in agricultural businesses that result in decent incomes for them and their communities³². These are realistic, achievable objectives under the current trade regime between Nigeria and the EU.

³⁰ European Commission. (2021). European Union, Trade in goods with Nigeria. [Link](#).

³¹ FAO. (2021). Country Briefs – Nigeria. [Link](#).

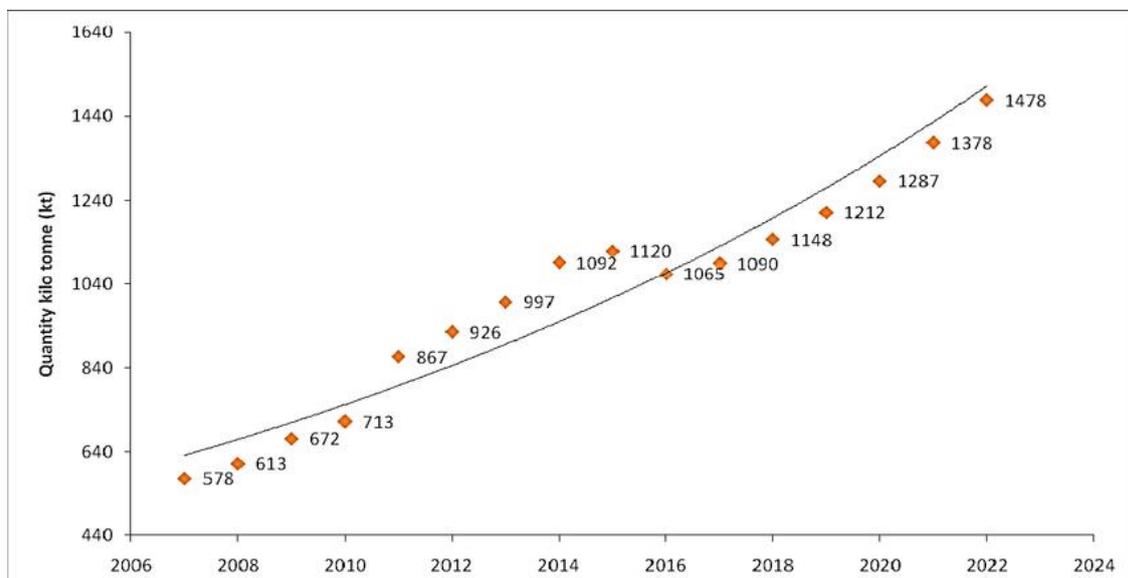
³² Bertelsmann-Scott, T. (2020). The Circular Economy: Including Africa in Europe’s Circle. [Link](#).

4.1.2 Plastics including plastic packaging

Plastics provide a major opportunity to foster circular economy policies and practices through trade in Nigeria. The country is the second largest plastic importer in Africa with over 70% of its total consumption imported³³, mainly from the US, South Korea, India and China, and accounts for 17% of the total consumption of plastic on the continent³⁴. The remaining 30% of plastic consumption is produced locally with detrimental environmental effects due to the absence of quality standards for production.

Eventually, over the years, the demand for plastics in Nigeria has grown steadily in the past decades and is expected to continue to do so in the future as shown in **Error! Reference source not found.**

Figure 6: Plastic consumption in Nigeria (2019)



Source: AMECJ (2019) - Wirnkora , Eberea, Ngozib – [The importance of microplastics pollution studies in water and soil of Nigeria ecosystems. Link.](#)

The federal government is aware of the major challenges posed by this upward trend and has developed a plastic waste management policy intended to provide a comprehensive framework for sustainable plastic waste management in Nigeria. The Policy was approved and adopted for implementation by the Federal Executive Council on 21st October 2020. The policy aims to “develop legislative

³³ Federal Ministry of Environment Nigeria. (2020). National policy on plastic waste management. [Link.](#)

³⁴ Heinrich Böll Stiftung. (2020). Plastic atlas: Facts and figures about the world of synthetic polymers. Nigeria edition. [Link.](#)

instruments, standards, trade measures, models and systems that shall support plastic waste management taking cognisance of the lifecycle in an environmentally sustainable and socially safe manner in the country while boosting economic growth by year 2025”³⁵.

The country also joined the Global Plastic Action Partnership (GPAP)³⁶ in 2021 and is in the process of establishing the GPAP’s National Plastic Action Partnership (NPAP) model – a locally-led, locally-driven multistakeholder platform to specifically focus on generating local insights and baseline data on plastic waste flow and management as well as developing an action roadmap and financing strategy to foster a circular economy for plastics. This roadmap should cover the entire plastic value chain from upstream (reduction of plastic usage, plastic product design etc.) to downstream (plastic waste collection, recycling rate, waste disposal processes etc.) for a holistic, integrated, approach.

Several circular economy related initiatives are also being developed by the private sector to avoid plastic waste dumping, essentially through a focus on designing plastics materials for end-of-life from major packaging companies such as Coca-Cola, Nestlé or Guinness. Large multinational chemical players such as BASF have also initiated a Waste-to-Chemicals (W2C) pilot in Nigeria, which focuses on chemical recycling of plastic waste. The aim is to trigger new local value chains for sustainable growth and development in this area³⁷.

Beyond these efforts to close the loop locally, there are also opportunities to support the transition of the sector toward a sustainable industry through trade policy actions. The total amount of plastics imported in Nigeria over the period 1996–2014 was 17,620,000 tons, out of which over 80% under primary form (14.2 Mt), and the remaining 20% as plastic products (3.4 Mt)³⁸. This shows that plastic products present in Nigeria generally come from imported primary plastics in Nigeria rather than being imported directly.

³⁵ Heinrich Böll Stiftung. (2020). Plastic atlas: Facts and figures about the world of synthetic polymers. Nigeria edition. [Link](#).

³⁶ Global Plastics Action Partnership. (2021). Trade and the Circular Economy: A deep dive into plastics action in Ghana. [Link](#).

³⁷ For further details on ongoing, plastic-related, circular economy initiatives in Nigeria, see Rademaekers, K., et al. (2020). Circular economy in the Africa-EU cooperation – Continental report. Continental report under EC Contract ENV.F.2./ETU/2018/004 Project: “Circular Economy in Africa-EU cooperation”, Trinomics B.V., Tomorrow Matters Now Ltd., adelphi Consult GmbH and Cambridge Econometrics Ltd. [Link](#).

³⁸ Babayemi, J.O., Ogundiran, M. B., Weber, R. & Osibanjo, O. (2018). Initial Inventory of Plastics Imports in Nigeria as a Basis for More Sustainable Management Policies. *Journal of Health and Pollution*, 8(18). [Link](#).

Plastic-related trade policy therefore would play a crucial role to upgrade Nigeria's capacities to tackle the issue of the increased plastic consumption in the country, and in particular the issue of plastic waste. Some supportive trade policy measures to such an objective as outlined below:

1. Definition and monitoring: Nigeria could (i) define guidelines and restrictions on the type and composition of imported plastics to regulate the type of plastics that enter the country or their recyclability; this increased transparency effort would allow for exact data collection and facilitate the use of trade incentives to favour sustainable plastic products and services, as explained below; (ii) upgrade the border posts' operations to keep hazardous and hard-to-recycle plastic waste out of the country. This can be done in accordance with international trade expectations, including the plastic waste amendments to the Basel Convention³⁹.
2. Facilitate imports of relevant goods: Nigeria could (i) identify the types of goods it requires to advance both the upstream and downstream elements of its plastic waste management strategy; (ii) set its Common External Tariff on these in the context of the ECOWAS CET; (iii) determine which products and/or technologies should see their tariffs reduced; and (iv) examine whether additional subcategories are required to remove tariffs on the identified goods.

Nigeria's average plastic waste generation is difficult to measure due to a lack of reliable data, however, it is safe to assume that plastic consumption keeps rising and that a small minority of the plastic waste generated is recycled. Globally, as of 2015, the amount of plastic waste generated was 6300 Mt, and of this, 9% was recycled, 12% incinerated, and 79% accumulated in landfills⁴⁰. Considering the risks this volume presents to global and local environments and human health, there is the need for sustainable management of this important waste and resource category, although plastic is not the only concern when it comes to waste management in Nigeria.

4.1.3 Waste and in particular E-waste

Following the stream of import bans initiated by China in 2017, non-OECD, developing countries, like Nigeria have been more and more on the receiving end from developed economies exporting their waste while lacking the capacities to

³⁹ UNEP. (2019). Basel Convention Plastic Waste Amendments. [Link](#).

⁴⁰ Babayemi, J.O., Ogundiran, M. B., Weber, R. & Osibanjo, O. (2018). Initial Inventory of Plastics Imports in Nigeria as a Basis for More Sustainable Management Policies. *Journal of Health and Pollution*, 8(18). [Link](#).

adequately process them. It is now estimated that Nigeria receives 71,000 tons of used consumer goods every year, including 60,000 tons of used electronics and electrical equipment as Nigeria now ranks among the world's leading destinations for electronic waste⁴¹, and it is estimated that most of the imported used e-waste was shipped from developed countries such as Germany, UK or Belgium⁴².

In parallel, Nigeria has been undergoing rapid ICT transformation in recent years, attempting to facilitate access to ICT for its population by importing new, second-hand or used computers, mobile phones, and TV sets from developed countries. In 2017, Nigeria generated 290,000 tons of electronic waste, a 170% increase from 2009⁴³.

That being said, the total e-waste generated in Africa in 2019 is still limited to 3 kg per capita per year, by far the last compared to other world regions (as an example, Northern Americans consume 21kg of e-waste per capita per year, and Europe 16kg). However, when looking at the growth per capita over the 2015-2019 period then Africa becomes the 3rd region in the world with an 8.7% growth rate (behind Asia with 19% growth and Latin America and the Caribbean with 13%)⁴⁴, thereby highlighting even more the importance to tackle this issue now before it becomes yet another strain for policy makers and the population.

Nigeria's waste sector mostly comprises of informal waste-picking and recycling industries, consisting of scavengers/waste pickers, intermediaries, artisans, and small-scale enterprises engaged in products recovering, re-manufacturing and reuse. A key priority for the circular economy in Nigeria is therefore to implement the EPR through EPRON for instance and formalise to a degree the waste management sector. This would support the development of a structured "closed loop" approach for waste management solution in the country. Application of circular models to waste management such as the recovery and processing of secondary materials can unlock economic opportunities in Nigeria by simultaneously reduce the increasing pressures on the environment and ensure the recovery of otherwise lost economic value.

⁴¹ UNEP. (2019). Dark skies, bright future: overcoming Nigeria's e-waste epidemic. [Link](#).

⁴² Forti, V., Baldé, C.P., Kueher, R. & Bel, G. (2020). The Global E-waste Monitor 2020: Quantities, flows, and the circular economy potential. United Nations University (UNU)/United Nations Institute for Training and Research (UNITAR) – co-hosted SCYCLE Programme, International Telecommunication Union (ITU) & International Solid Waste Association (ISWA), Bonn/Geneva/Rotterdam. [Link](#).

⁴³ Ibid.

⁴⁴ Circular Economy.Earth. (2020). About. Chatham House. [Link](#).

The EU can and should play a significant role supporting this trend through an improved monitoring of its waste exports to developing countries i.e. to control the quality of its legal waste exports and banning illegal ones⁴⁵. The EU launched a number of initiatives in that regard recently, with a ban on plastic waste export to non-OECD countries (including Nigeria), except for clean plastic waste sent for recycling, in December 2020⁴⁶ and a new proposal on waste shipment and waste trafficking to tackle the export of illegal waste outside the EU in November 2021⁴⁷. The proper implementation of both policies will have a crucial impact on the flow of waste from the EU to Nigeria and the capacity for the latter to adequately manage them.

Secondary raw materials recovered from waste have the potential to become a valuable resource for Nigeria, but only when supplied by waste streams of an appropriate quality and supported by capacity to process the recyclable material. Additional measures for an improved control of used and end-of-life product exports from Europe to Africa are therefore necessary.

4.2 The next step: GSP+, ECOWAS EPA or AfCFTA?

As covered in the previous section, Nigeria is already making relatively good use of the trade flexibilities that are offered under its current GSP trade regime with the EU. The bulk of the exports that are not covered by this system are non-eligible and therefore there is very little incentive for Nigeria to diversify its export structure under the current trade regime.

An obvious first step to support further the deployment of circular economy policies in Nigeria through trade would be to upgrade to the GSP+ scheme which has been demonstrated as instrumental in supporting developing countries to pursue sustainable development processes. The scheme notably requires beneficiary countries to ratify 27 international conventions on human rights, labour rights, good governance and the environment. Furthermore, the European Commission unveiled in September 2021 its proposal to reform the GSP Regulation as the current legislation is set to expire on 31 December 2023. The new system will incorporate the Paris Agreement as a mandatory convention to ratify by the beneficiary, in addition to current conventions such as the

⁴⁵ Ogungbuyi, O., Nnorom, I.C., Osibanjo, O. & Schluep, M. (2012). E-waste Country Assessment Nigeria. Basel Convention, UNEP & EMPA. [Link](#).

⁴⁶ European Commission. (2020). Plastic waste shipments: new EU rules on importing and exporting plastic waste. [Link](#).

⁴⁷ European Commission. (2021). Proposal for a new regulation on waste shipments. [Link](#).

Convention on Biological Diversity (CBD) or the Stockholm Convention on persistent Organic Pollutants.

The EC proposes also to remove the economic vulnerability criteria – i.e. the threshold a country must reach to be eligible – to facilitate accession to GSP+. This additional flexibility could be used by Nigeria to “upgrade” from GSP to GSP+. Such a move would steer Nigeria toward more sustainable trade practices, through the implementation of the international conventions newly ratified. That being said, there would be limited specific incentives toward circular economy per se as the list of eligible products are essentially the same than under the current GSP.

Another, option would be for Nigeria to ratify the EU-ECOWAS EPA, thus unlocking its entry into force. To assess the effect of such a new trade regime, it is useful to look at a neighbouring country, Ghana, which signed a specific (interim) EPA with the EU in December 2016. The EU-Ghana EPA does not include specific provisions on circular economy but caters for future, deeper, market access negotiations as opening the IEPA markets will be both asymmetrical and gradual, based on a tariff removal timetable spanning ten years⁴⁸. This could be the occasion to identify and differentiate specific circular economy relevant value chains as part of this process.

Considering the increasing relevance of circular economy in the relations between the EU and West African Countries, it seems safe to assume that further market access commitments under EPA negotiations would cover more and more circular economy related goods and services. However, Nigeria did not give any indication that it intended to ratify the ECOWAS EPA at this stage.

Another trade agreement that could prove to have an influence for circular economy development in Nigeria is the AfCFTA. While trade under the AfCFTA officially commenced on 1 January 2021, the negotiations, which have been divided in three different phases, are far from complete. State Parties concluded the negotiations of the Protocols on Trade in Goods, Trade in Services, and the Protocol on the Settlement of Disputes, and their accompanying annexes but negotiations on tariff schedules, rules of origin, and services schedules are ongoing.

⁴⁸ AETS-DEU. (2019). Implementation of the interim EPA in Ivory Coast and in Ghana: impact study on regional integration in West Africa. [Link](#).

Moreover, pertaining to environmental considerations, the AfCFTA does not contain a dedicated chapter for environmental provisions⁴⁹. However, environmental considerations are taken up into the provisions on exceptions i.e. the capacity to adopt trade restrictive measures "necessary to protect human, animal or plant life or health".

Further efforts will therefore be needed by State parties in the ongoing negotiations if the AfCFTA is to be an agreement that delivers for the environment, either in chapters still not agreed upon, or within the market access provisions in chapters concluded. Provisions to facilitate trade in environmental goods and services; reduce or restrict trade in environmentally harmful products; commitments under multilateral environmental agreements (MEAs) are all leads to foster sustainable development and circular economy in African countries trade relations.

⁴⁹ Signe, L. & van der Ven, C. (2019). Keys to Success for the AfCFTA negotiations. African Growth Initiative at Brookings. [Link](#).

5. CONCLUSIONS AND RECOMMENDATIONS

This case study has identified several pragmatic recommendations to foster circular economy principles and processes in Nigeria. These can be regrouped in the following sectors:

Circular economy national policy framework:

Fostering circular economy principles and processes in Nigeria will start by strengthening the national policy framework as it is currently largely limited to sectoral EPR Programmes. The work of the NCEWG, and notably the adoption of the NCEP and NCERM, will be instrumental to drive Nigeria's path to sustainable and inclusive green growth in the medium and long-term including help to underpin a clear vision for trade related needs and opportunities.

Initiatives at the multilateral level:

Nigeria could explore participating in the ongoing initiatives at the multilateral level such as the ongoing discussion at UNEA for the global plastic treaty. Heads of State, Ministers of Environment and other representatives from 175 nations endorsed a historic resolution at the UN Environment Assembly (UNEA-5) on 2nd March in Nairobi to End Plastic Pollution and forge an international legally binding agreement by 2024⁵⁰. Developing countries in general, and Nigeria in particular, should have an essential role to play in these negotiations to ensure that the result is balanced for the interest of global south economies that are most impacted by plastic pollution.

Other multilateral initiatives include the plurilateral discussions at the World Trade Organization (WTO), such as the informal dialogue on plastics pollution and trade or the Trade and Environmental Sustainability Structured Discussions (TESSD). Several statements were published on 14 December 2021 to kick start official discussions on these two aspects⁵¹. While these are not (yet) official plurilateral negotiations, there is a clear momentum. The TESSD in particular seek to eventually revitalise the negotiations on Environmental Goods and Services which are essentially frozen since 2016 at the WTO. This would have major implications for circular economy of course and the EU is following up these discussions closely. Nigeria, as most of African countries, is not part of TESSD discussions but could consider how it would benefit by joining the effort.

⁵⁰ UNEA. (2022). Draft resolution – End plastic pollution: Towards an international legally binding instrument. [Link](#).

⁵¹ WTO. (2021). New initiatives to put environment at heart of trade discussion. [Link](#).

Trade regime with the EU

The current GSP Regulation governing EU and Nigeria trade relations is not offering many options to support the circular economy in the country and more broadly the diversification of the economy. A first step could be for Nigeria to take advantage of the facilitated access to GSP+ and ratify the relevant international conventions thus incentivising its economic system toward more sustainable practices.

In the medium term though, the most impactful trade measure would be for Nigeria to ratify the EU-ECOWAS EPA, thus unlocking its entry into force. This would be accompanied by renewed negotiations on market access, tariff measures and Non-Tariff Barriers (NTBs), as well as provisions on trade in services or intellectual property rights, all of which could become vessels to support the access of circular economy related goods and services in the country. Current negotiations through the AfCFTA could also be used in the same way.

Sector-specific trade policy measures:

Under the current GSP regime, EU and Nigeria have the possibility to identify specific barriers to trade in circular economy relevant sectors and cooperation to overcome these barriers (differences in definitions and standards, capacity barriers, transparency, and information flow etc.) will be key. The following identified sectors could be approached in such a way.

Agriculture: existing trade flow from the EU to Nigeria could be steered toward circular economy relevant equipment such as machineries designed for conversion of agri-waste into energy elements. This could be coupled with machinery or technology transfer upstream of the value chain to support improved harvesting and better handling of harvested products for minimisation of food losses and food waste.

Plastics with efforts on identification, definition and monitoring (coupled to upgraded border posts' operations); facilitation of imports of relevant goods and services through differentiated Common External Tariff; and active participation to relevant multilateral initiatives.

Waste & e-waste with an improved monitoring of the legal EU waste exports to Nigeria and a proper ban on illegal ones to facilitate the development of a structured "closed loop" approach for waste management solution in the country.

New business models for circular economy:

New business models, often service-intensive and data-driven, such as sharing platforms and product as a services systems, are a priority under the CEAP. These

can be traded across borders and could be facilitated and supported in Nigeria under the GSP system or perhaps future FTA agreement. Consequently, exploring interest and identifying concrete opportunities linked to such service-focused business models between trade partners will be key importance for the uptake of circular economy.

Technical cooperation and raising awareness:

The circular Economy is listed under the first priority on Green and Digital Economy in the new EU-Nigeria National Indicative Programme for 2021-2027. The EU and Nigeria must now make good to this programming agreement and design projects and actions that tackle resource efficiency and sustainable production and consumption in productive (non-oil) sectors. These programmes should be designed and implemented in close coordination with the NCEWG and aligned to the NCEP and the NCERM which should be published in the coming months.

Technical cooperation could include workshops for businesses on circular economy new business models, sharing of a Sitra toolbox for the creation of national circular economy roadmaps etc, which have a trade dimension/relevance. The EU cooperation policy could also provide capacity building to Nigerian border officials on the implementation of the Basel Convention Prior Informed Consent and support the inclusion of Nigerian actors in supply chain traceability and transparency pilots and projects procedure. This would improve Nigeria's capacity to adequately monitor and control its trade in plastic waste. It will also be important to build capacity of Nigerian officers responsible for the national waste management policy in general as well as small and medium recycling companies to upgrade the receiving end of waste flows in the country.

These cooperation efforts should be supplemented by large awareness raising actions so that all relevant stakeholders can improve their understanding of the existing and future opportunities provided by circular economy value chains in the country, from a consumption to a waste management perspective.

Product standards and design for circular economy:

As previously discussed, circular economy principles and processes are not yet developed enough in Nigeria for the strengthening of EU standards to become a major barrier to trade in the short to medium term. Ensuring the sustainability of product – and production – standards and design remain a key pillar of the EU CEAP with the scope of the Ecodesign Directive (2016) extended through the Sustainable Product Initiative to be published by the European Commission in

March 2022. These standards are linked to the durability, reparability, recyclability, and remanufacturing for products.

As outlined in the introduction, the difference or ambiguity of standards, classifications and definitions between trade partner countries is one of the key barriers for circular economy globally. Therefore, to avoid the future EU regulatory framework of circularity standards to become an obstacle for global circular economy, there is a need to establish early dialogue between the EU and trade partners to identify willingness to match the future standards, including any barriers to doing so. This will include exploring the role of possible international standards (ISO) and mutual recognition schemes while also addressing the needs for information of products' components and material content being exchanged between trade partners (e.g. foreseen EU product passports). Dialogue with the European standard-setting bodies CEN/CENELEC to support the work would be useful.

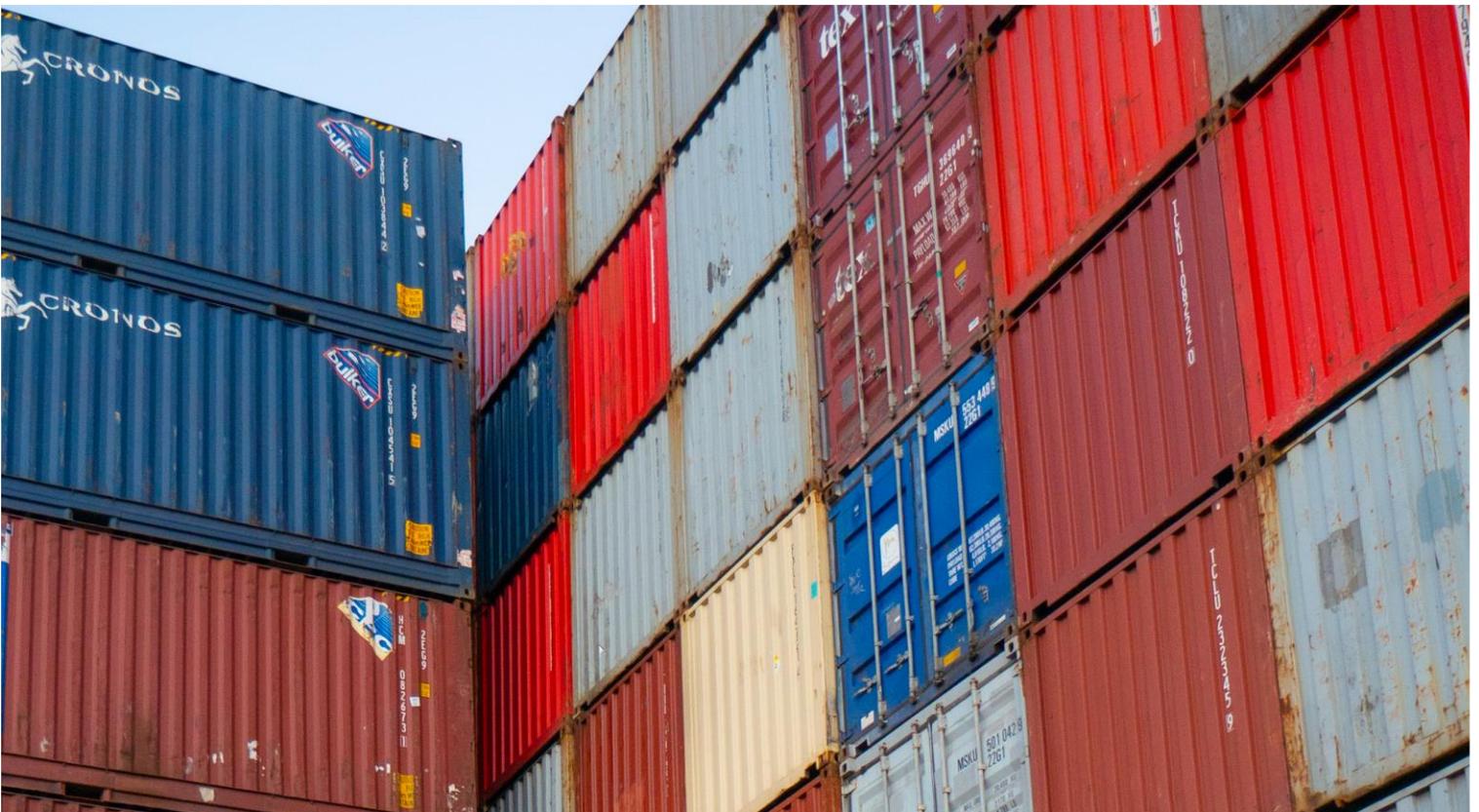
Synergies between multiple policy objectives:

In the context of the above, it is important to explore opportunities to create maximum synergies for simultaneously delivering both circular, low-carbon and conservation policy through trade, particularly through cooperation on circular, low-carbon and biodiversity-friendly product(ion) standards. At the moment, the discussion on product standards is very much focused on circularity only, however the recently published EU initiative on deforestation-free only products entering the EU market in the future as well as the implementation of carbon border adjustment mechanism call for further work needed to establish best synergies between circularity and low-carbon standards, going beyond simply concluding that circular products are by default less carbon intensive.

6. ANNEX I: KEY STAKEHOLDERS

The following interviews were conducted for the development of this case study:

- Dr. Innocent [ONAH](#): African Development Bank – Member of the Nigerian Circular Economy Working Group.
- Dr. Adedolapo FASAWA (MB ChB, MPH): General Manager and Chief Executive Officer of Lagos State Environmental Protection Agency (LASEPA).
- Clem UGORJI: Founder & Lead Adviser, Circularium Africa Advisory; consultant to Global Plastic Action Partnership (Nigeria and Ghana).
- Godfrey OGBEMUDIA: Project Officer on Energy and Circular Economy; Delegation of the European Union to the Federal Republic of Nigeria & ECOWAS.
- Natalie BEINISCH: Executive Director, Circular Economy Innovation Partnership in Africa, based in Lagos.



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