13th January, 2026

THE NIGERIA-UAE COMPREHENSIVE ECONOMIC PARTNERSHIP AGREEMENT 2026: A CRITICAL EXAMINATION OF TRADE LIBERALIZATION AND THE RESILIENCE OF DOMESTIC MANUFACTURING

Prepared By: Hon. Dele Kelvin Oye Chairman, Alliance for Economic Research and Ethics LTDGTE.

Abstract

The **Nigeria**-**UAE** Comprehensive Economic Partnership Agreement 2026 (CEPA) marks a significant departure in **Nigeria**'s trade policy toward aggressive liberalization with a major global logistics hub. While presented as a historic step in the **"Renewed Hope"** agenda, the CEPA raises significant structural risks for **Nigeria**'s domestic manufacturing sector. This paper investigates the tensions between the diplomatic **"bling"** of high-level government-to-government bilateral collaboration and the industrial **"blues"** experienced by some local producers. This analysis looks at the features of the CEPA, including the elimination of tariffs on over 7,000 products, recognizing a systematic asymmetry that favours a highly efficient re-export economy. Similarly, it will explore the **"consultation gap"** where private sector stakeholders may not have been fully consulted or even included in negotiations, before concluding that without comprehensive rules of origin and harmonization of **Nigeria**'s domestic free trade zone (FTZ) regulations, the CEPA will turn **Nigeria** into a **"consumption gateway"** for global goods, shrinking productive capabilities and long-term industrialization aims.

1. Introduction

The signing of the **Nigeria**-**UAE** Comprehensive Economic Partnership Agreement (CEPA) in January 2026 received the levels of pomp and circumstance typically reserved for major geopolitical victories or commemorated anniversaries. From the **Nigerian** government's perspective, this deal represents the diplomatic equivalent of wearing an expensive cologne; now the nation projects the modernity of being

"open for business," selling the **"Renewed Hope"** that **Nigeria** is finally ready to compete on the world stage. With the tenacity of the Ministry of Industry, Trade and Investment, this CEPA was fast-tracked - during negotiations, **Nigeria** is foregrounded as the primary access point, or **"gateway"** to the African Continental Free Trade Area (AfCFTA). Yet, as the red carpets are rolled up in **Abu Dhabi**, the reality of the CEPA has taken hold across the industrial clusters of **Agbara, Ikeja** and **Kano.**

The optics of this CEPA are undeniably **"blingy"** scholars and economists alike can acknowledge that the economic mechanics are yielding a looming period of industrial **"blues"** for domestic manufacturers. The **Nigeria**-CEPA is not a trade agreement for trade's sake; it is a high-stakes race between a **"Ferrari-speed"** economy - the **UAE**, a developed economy with world class logistics and zero interest financing - and a **"Peugeot-speed"** infrastructure in **Nigeria**, currently impacted by over 30 percent interest rates and chronic energy deficits. The CEPA promises growth through liberalization, but places a delicate manufacturing base ever-closer in competition with a global re-export powerhouse economy. This analysis aims to breakdown the CEPA's immediate gains and long-term pains focused in on the risks for de-industrialization and the survival strategy of local production.

2. The Mechanics of the Deal: Immediate Gains and Long-term Pains

2.1 Analyzing the Asymmetry of Tariff Elimination and Market Access

The CEPA is predicated on completely radical tariff elimination which gave the **UAE** duty-free access to the **Nigerian** market for the vast majority of its product lines. The asymmetry of the arrangement is not only a matter of percentages, it is an expression of the economic maturity (or immaturity) of both economies. The **"infant industry"** argument states that developing economies require a period of protectionism to create requisite capacity to compete with established global competitors. The legality of the CEPA grants access to over 7,000 products, which reflects the asymmetry and exclusion of protectionism from the developmental timeline of **Nigeria**'s what can now be presumed industry. This will place **Nigerian** manufacturers in direct competition with **Emirati** entities that enjoy a far more developed regulatory and financial ecosystem. It is evident that the **UAE** will primarily be trading to other countries in order to exert **"market,"** but **Nigeria** will expect 7,000 products to be consumed over the course of the CEPA. Researching trade liberalization in **Nigeria** indicates that while trade openness may enhance growth, the benefits of openness are usually not evenly distributed, particularly where the institutional gap is large. The **UAE** economy has high levels of market efficiency and financial development. In a capital-scarce economy, such as **Nigeria**, opening up to a capital surplus trade hub can result in significant asymmetries in the flow of goods to favour the more efficient producer. This structural asymmetry can lead to a **"partnership"** based on the assumption that **Nigeria** is providing the market, and the **UAE** is providing the merchandise.

2.2. The "Dubai Bling" Effect: The Risks of an Emirati Re-export Hub

The **"Dubai Bling"** effect is a risk in the CEPA that should be noted for **Nigeria**: the pull of the **UAE** as a premier global transshipment and re-export hub. The **UAE** is not just a producer of goods; it is the **"middleman"** economy, taking in things from **China**, **India**, and **Europe**, importing them, storing them, and then re-exporting them to their final destinations. Data show that the trade-to-GDP ratio for the **UAE** is approximately 173 percent, and re-export trade was overwhelmingly responsible for its trade levels.

The position as a re-export hub is also a **"Trojan Horse"** risk to **Nigeria**. There is a legitimate concern that products manufactured in third counties could just pop in for a brief **"vacation"** in a **Dubai** warehouse, receive a **"made in UAE"** label from minimal processing, and then walk through in **Nigeria** duty-free. This is called **"transshipment,"** and it allows global manufacturers to avoid **Nigeria**'s tariffs by taking the backdoor through the **UAE**. Based on the current levels of scrutiny provided by the **Nigeria** Customs Service, the CEPA could accidently and inadvertently help to dump global excess on to the **Nigerian** market as **Emirati** trade.

2.3. Sectorial Vulnerabilities in the Nigerian Industrial Base

The liberalization of 6,243 product lines allows a number of key sectors in **Nigeria** to be extremely vulnerable. The **infant industry** argument will be particularly true for ceramics, textiles, and light electronics, and has been recommended to increase domestic capacity. These industries are **"infant"** not in years, but in their ability to survive without the protective barriers of tariffs, especially when you consider the **"Nigerian factors"** of high energy costs and logistics bottlenecks.

Traditionally, trade openness in **Nigeria** has had an ambiguous relationship with food productivity and industrial growth, usually asymmetrically reflecting those cheaper imports were simply suppressing local production. If the CEPA allows for duty-free products entering **Nigeria** that were already produced locally (though at a higher cost), the end-state could be shuttered firms and additional unemployment. This situation is only made worse by the **Emirati** firms operating under power 24/7 and low-interest credit while local firms provision their own infrastructures and pay exorbitant rates for capital.

3. The Consultation Gap: Why Manufacturers Woke Up to a Surprise

3.1. The "Wedding without the In-laws" Problem

No sufficient stakeholders engagement from the Private Sector, Negotiating the CEPA has taken place in a situation that can best be described as a **"wedding without the in-laws."** The government (groom) and the **UAE** (bride) planned a wedding ceremony, but the **Nigerian** manufacturing sector, (the bride's family), received was a press release regarding the date.

The lack of meaningful public consultation with the Manufacturers in **Nigeria**, amongst other private sector stakeholders, has led to considerable distrust. In international trade law, excluding key domestic producers from the negotiation process will typically result in trade agreements without appropriate safeguards for domestic industry. When only diplomats and bureaucrats fill the **"room where it happens,"** it is easy to overlook the granular realities on the shop floor. The private sector's shock at the speed of signing the deal suggests the exclusion of 123 products is not sufficient to safeguard the scope of **Nigerian** manufacturing as intended. If the **"In-Laws"** had been consulted, the exclusion list could have been longer and served as a more effective shield against industrial displacement.

3.2 Sudden Duty-Free Access - Impacts on local capacity

The suddenness of the duty-free access under the CEPA is a shock to local capacity systems. Gradual liberalization methodologies, as seen in Economic Partnership Agreements (EPAs) with the **European Union**, arguably, can offer asymmetric timelines to protect infant industries in **West Africa**, thus allowing **Nigerian** trade to be protected. However, the CEPA appears to be hastily thrown together, thus forcing the pace of local producers to accelerate. The **'cold shower'** liberalization approach assumes **Nigerian** firms can immediately pivot to efficiency to become competitive.

Research has demonstrated that trade openness will influence the ability of Sub-Saharan African countries to industrialize, if trade openness is accompanied by domestic structural reforms. A sudden torrential downpour of tariff protections alleviated from local capacity systems already burdened by a volatile exchange rate and inflation, can lead to a **"hollowing out"** effect. Rather than incentivize local firms to exercise efficiency, the CEPA would simply provide **Nigerian** entrepreneurs with a reasonably profitable exit strategy from manufacturing and allow them to import **Emirati** goods. This model of economic transition from production to rent-seeking is well documented in economies that liberalize too soon whilst not boosting their industrial base.

3.3 De-industrialization and the "Consumption Gateway" Risk

The overriding fear, notwithstanding the risk of incapacitated local industry, is that it will lock **Nigeria** into a **"consumption gateway."** By allowing convenience to consume finished goods transported from a global hub of re-exportation into **Nigeria**, the CEPA will exacerbate de-industrialization. This **"consumption gateway"** risk is particularly probable given the **UAE**'s expertise at global sourcing. If **Nigeria** is perceived as the desired destination for these goods, it eliminates any remaining incentives to advance capacity building of local production factories. This danger is made worse by the regulatory incoherence in **Nigeria**’s own trade zones. Yes, the CEPA provides massive market access for the **UAE**, but **Nigeria**’s own Free Trade Zones (FTZ) are often restricted by domestic sales caps. The regulator has made it easier for a company in **Dubai** to sell a truckload to a customer in Lagos than a company in Lekki FTZ. This irony does point to a policy paradox where we are opening the front door to foreign trade hubs while keeping the side door locked for local producers. If the paradox is not remedied, CEPA cannot be a partnership for growth, but rather a roadmap to the slow demise of **Nigerian** manufacturing. The **"Renewed Hope"** of the administration must therefore rest on a productive reality of the factory floor and not trade liberalization at the expense of manufacturing's industrial soul.

4. The Policy Paradox - (Disparaging Access under CEPA with Domestic Free Trade Zone Restrictions)

The **Nigeria**-**UAE** Comprehensive Economic Partnership Agreement (CEPA) 2026 introduces a paradox of policy that undermines **Nigeria**'s industrial purpose. The CEPA is considered an ongoing achievement in the field of economic diplomacy; however, the problems begin to unfold when the agreement creates a policy conspiracy: foreign-based businesses can utilize **Nigeria**'s economic policies to access the **Nigerian** marketplace - preferably with the use effective duty-free products as defined in the CEPA - than domestic manufacturers where they exist in **Nigeria**'s own Free Trade Zones (FTZ). In a static policy space, this discrepancy suggests that **Nigeria** is facilitating the deterioration of its local manufacturing sector by unintentionally incentivizing foreign production than preserving the domestic value chain.

4.1 The Ironic 25 Percent Domestic Sales Cap for Local Free Trade Zones

An irony of the existing trade regime is the onerous access/restrictions on **Nigeria**'s own FTZs compared to **UAE 'National Treatment'**. In **Nigeria**, FTZs are predominantly export as well oriented, which sales allow the FTZ businesses to pay taxes and duties (often - effectively 25 percent) on their sales if under that percentage of product sale into the **Nigerian 'customs territory.'** This policy environment was crafted to limit product sales from duty-free FTZs to the local market to protect domestic manufacturers in the customs territory from **"unfair competition."**

However, the CEPA immediately nullifies the protection of the duty-free customs regime by opening the front door to the **UAE** providing full access to duty-free goods from the many competitively successful state-subsidized free trade zones to the **Nigerian** market, but the side non-duty free door to the local zone remains locked and closed. Some literature suggests that aggressive trade liberalization policies without domestic policies standards can lead to deindustrialization because it is cheaper to import finished goods than it is to create goods locally. The stark irony is that the manufacturer in Jebel Ali **Dubai**, **UAE** allows 100 percent of the product to be duty-free (direct) to Lagos because of the CEPA, while our manufacturer in Lekki remains rigidly locked into duty-free 25 percent domestic sales cap. In this arrangement, **Nigerian** government is giving an undisputed advantage of **Emirate** jobs over its own economic clustering.

4.2 Incongruous Regulatory Access: Application for Foreign vs Local Manufacturers

The CEPA exposes an entire regulatory access issue in the local manufacture access regime to **Nigerian** trade and commerce. **Nigeria** has granted immediate access to duty-free over 7000 product types from **UAE** with creating an access / agreement for local manufactured goods. Local manufacturers continue to tolerate unsustainable interest rates exceeding 30 percent and fragmented infrastructure requiring billions of private investment in electricity and enormous logistical processing practices.

The contrast urgency of treatment denotes that the **"red carpet"** laid out for the international partner in **Abu Dhabi** has not yet reached the factory floor in Agbara and Kanu. The distinct separation of international trade advancement on the local industrial policy creates a **"consumption gateway"** where **Nigeria** becomes a receptacle of foreign goods excess rather than tripartite manufacturing pipeline. The regulatory system of trade moments favors the **"Dubai Bling"** of high ranking economic optics more than the **"industrial blues"** of local capacity growth. Unless there is a deliberate policy **"harmonization"** of internal national and international industries that i find out to fit make most sense; such agreements regardless of swiftness provides opportunities for a repeated deindustrialization process that may be permanent.

4.3 Renewed Hope Agenda and Global Free Trade Agreements

The **Renewed Hope** agenda from this current administration prioritizes domestic productivity, job creation and economic self-sufficiency. The rush to sign the CEPA is a complicated economic dilemma for a nationalist economic perspective; how to deliberate between one prospective economic endeavor promoted as a political offense agenda towards a desperate crisis of trade liberalization to industrialize **Nigeria**. Balancing trade liberalization that seeks to invest in **Nigeria** from a global perspective has progressively tended towards the globalism side of the continuum towards a policy harmony to cause a serious underlying inequity in purposefulness and sacrifice of welfare importance to equitably run development. The problem is that an increase in trade openness can be observed through increasing shares of international trade, but often with the side effect of **"infant industry"** that is not ready to compete with areas of world trade. For the **Renewed Hope** agenda to succeed, the CEPA cannot be viewed simply as a trade deal, but as a vehicle for technology transfer and investment. If the CEPA agreement remains a one-sided direction of **Emirati** exports, it is inconsistent with the goals of reducing unemployment and stimulating local manufacturing. The danger is that **"Renewed Hope"** does not merely become **"Renewed Imports"** in which trade liberalization equates to stagnant relative manufacturing capacity.

5. Strategic Survival: Lessening Adverse Effects on Domestic Production

In order for **Nigerian** manufacturers to withstand competition from the CEPA, the government must move beyond the celebratory phase of diplomacy, and into the granular stage of strategic defense. Survival in this new trade reality will require a toxic mix of strict enforcement, legislative reform, and aggressive use of trade defense instruments.

5.1 Strengthen Rules of Origin to Mitigate Third Party Transshipment of Goods

The threat the CEPA presents, that requires the most attention, is the **"Re-export Trojan Horse."** The **UAE** is a global intermediary, therefore it is a reasonable assumption that goods produced in third countries, such as **China** or **India**, may have just been **"Dubai washed"** and transshipped duty free to **Nigeria**. The best way to counteract this will be through an aggressive approach to strengthen the Rules of Origin (RoO). RoO protocols must assure value added when produced goods are: in the **UAE**.

The legal regime around these trade flows must be strict enough to prohibit duties from being easily avoided by repackaging, or dismantling to merely be assembled at another location. This will require the **Nigeria** Customs Service to change its focus from a revenue collection to forensic auditing approach. Without tech driven verifications and physical inspections on **"Made in UAE"** shipments, **Nigeria** will essentially become a dumping ground for global products taking a **"vacation"** in a **Dubai** warehouse. It is essential the **"value added"** is enforced so the CEPA is optimized for actual **Emirati** producers, and not just global transshippers.

5.2 Strong Anti-Dumping / Countervailing Mechanisms in Place

As trade barriers come down, the risk of predatory pricing an anti-dumping starts to grow. Historically, **Nigeria** has been slow to implement trade remedy instruments allowing local industries to compete with subsidized foreign markets. For the CEPA not to hinder local industries, the government will need to establish and empower a specialized, single staffed unit that provides rapid investigation of dumping and illegal subsidies.

Research on Third World trade policy suggests that the premature deindustrialization of many **African** countries can be tied to the lack of trade remedies during the periods of liberalization. **Nigeria** cannot wait for an industry to collapse to act. The CEPA probably contains safeguard clauses that allow a temporary suspension of concessions if the domestic industry faces the threat of **"serious injury."** The use of **"countervailing"** measures, if implemented, are not acts of protectionism but rather acts of economic self-preservation, ensuring the same

"level playing field" that free trade promotes does not currently favor foreign entities leveraging state supported financing and superior logistics.

5.3 Legislative Reform: Reconcile the Tax Act within Global Trade Context

The final pillar of strategic survival is legislative reform. The Tax Act, and other laws that govern Free Trade Zones (FTZs), must be aligned with the new realities of the CEPA. If the government is willing to grant duty-free access with foreign trade hubs, they must logically also grant equal (or better) terms to their own domestic zones.

The current 25% domestic sales ceiling for FTZs is an artifact of a time when **Nigeria** was trying to protect its customs territory from internal duty-free competition; however, in a post-CEPA context that ceiling becomes a tax on domestic production. The Tax Act must be amended so that **Nigerian** FTZ operators can at least compete on equal footing with the **UAE**. This means increasing the domestic sales allowance and simplifying the tax structure imposed on value-added production within the zones. In addition to the Tax Act, legislative reform should establish **"Infrastructure Rebates"** or **"Energy Credits"** for manufacturers to offset the burdensome costs associated with doing business in **Nigeria**, and thus further reduce the **"cost wall"** in relation to dismantling the **"tariff wall"**.

6. Conclusion

The **Nigeria**-**UAE** CEPA 2026 is a bold leap into global trade, but it's a leap taken without actually leaving behind the restraints of domestic policy - again, it has all the glitz and glamour of a deal that will attract investment and service sector growth, while exposing the delicate **Nigerian** manufacturing sector to one of the world's most efficient trade hubs. The **"Dubai Bling"** in the deal - the high-level optics and diplomatic prestige - now needs to be matched with the **"industrial grit"** it will take to protect local production.

The policy paradox that permits foreign entities to have better access than domestic FTZ operators must be corrected immediately as it is a structural problem that needs urgent attention. Further, the **"consultation gap"** that left manufacturers feeling like uninvited wedding guests must be corrected by bridging this gap with private sector involvement in implementing CEPA. Trade liberalization is not a take in itself; it is a tool that can if misapplied, lead to hollowing out industrial capacity and entrenching a consumption-based economy.

If **Nigeria** is to use CEPA as a bridge to prosperity (as opposed to a gateway to deindustrialization), central to **Nigeria**'s strategy must be a commitment to the reinforcing Rules of Origin, deployment of anti-dumping measures and getting domestic taxes in alignment. The primary goal should be to pursue the interest of the **UAE** in **Nigeria** from a **"market"** to **"manufacturing partner"** perspective. Aligning its internal regulatory structures and consideration of external trade obligations are conditions precedent to **Nigeria** achieving the **"Renewed Hope"** of a productive, industrialized and globally competitive nation. The race between the **"Ferrari-speed"** economy of the **UAE** and the **"Peugeot-speed"** infrastructure of **Nigeria** will only be joined once **Nigeria** upgrades its engine through strategic policy reform and relentless protection of its local industrial base.

Thank you.

Hon. Dele Kelvin Oye
Chairman, Alliance for Economic Research and Ethics LTD/GTE
Chairman, Nigeria Turkiye Business Council
Hon. Life Vice-President & 22nd National President, NACCIMA Past
Chairman, Organized Private Sector of Nigeria (OPSN)
Email: *deleoye15@gmail.com*, *allianceforethics@gmail.com*
Tel: +234 704 660 0857