

# ALC COVID-19

## RESEARCH

OP-ED SERIES – VOL.5 ISSUE: 4

SEPTEMBER 24, 2020

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### **COVID-19 AND MANUFACTURING IN AFRICA: REFLECTIONS ON SYRINGE MANUFACTURING IN NIGERIA.**

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#### **IN SUMMARY**

- Since the emergence of the COVID-19 pandemic, there have been widespread efforts to energise manufacturing, particularly in the production of medical devices and health supplies, to support the response efforts.
- The African Continental Free Trade Area heralds promise for industrial development given that intracontinental trade tends to be more

diversified with greater representation of continentally manufactured goods than the continent's trade with the rest of the world.

- Despite the immense challenges of the COVID-19 pandemic, within the current situation, there are opportunities to strengthen industrial development in the African context.
- The production of syringes, one of the most widely used medical devices globally, constitutes a significant aspect in responses to the COVID-19 pandemic. In the present, syringes are essential for the treatment of comorbidities such as diabetes and heart disease and in the not-too distant-future, in the administration of vaccines.
- While the literature on the benefits of foreign investment is vast, it is important to reflect on how surplus that is generated interacts with domestic development, including the realities around how science and technology transfers may or may not encourage wider learning and change.

The COVID-19 pandemic has highlighted the significance of manufacturing and industrial policy in responses across Europe, North America, Asia and Africa. Since its emergence, there have been widespread efforts to energise manufacturing, particularly in the production of medical devices and health supplies, to support the response efforts. Industrial policy responses have included mandating the private sector to fire up the factories and shift production priorities, especially to health supplies, alongside imposing export bans across [North America](#), [Europe](#), Africa (in [Senegal](#), [South Africa](#) and [Kenya](#)), Asia, [South Korea](#) and [India](#), among others.

There has also been extensive attention to the importance of the manufacturing sector to the production of vaccines. The Board Chair of GAVI, the Vaccine Alliance, Dr Ngozi Okonjo Iweala, has argued for the [adequate supply and equitable distribution](#) of vaccines against the background of the risk of hoarding in so-called developed countries at the expense of access in Global South contexts. To achieve this, she calls for collaborative action across trade policy, manufacturing and research communities. The Director General of the World Health Organisation, Dr Tedros Adhanom Ghebreyesus, has been likewise clear on the [significance of manufacturing to](#) making vaccines available globally.

As part of this effort, the production of syringes, one of the most widely used medical devices globally, constitutes a significant aspect in responses to the pandemic. In the present, syringes are essential for the treatment of comorbidities such as diabetes and heart disease and in the not-too distant-future, in the administration of vaccines. It is with this in mind that this essay engages the importance of manufacturing and industrial development in response to the COVID-19 pandemic in the African context, with some attention to syringe production in Nigeria.

Despite the immense challenges of the COVID-19 pandemic, within the current situation, there are opportunities to strengthen industrial development in the African context. First is the creation of the world's largest free-trade area through the African Continental Free Trade Area (AfCFTA). The AfCFTA is the most comprehensive effort to prioritise the domestic African market in the continent's journey on socio-economic transformation since independence. This direction of travel heralds promise for industrial development given that intracontinental trade tends to be more diversified [with greater representation of continentally manufactured goods than the continent's trade](#) with the rest of the world.

In January 2020, as a panellist at the APPG Africa and APPG for Trade Justice symposium: UK-Africa Trade and Brexit, I listened to Dr Vera Songwe of the United Nations Economic Commission for Africa and Dr Akinwunmi Adesina, President of the African Development Bank, highlighting the recentring of the continental market as a key component of the promise of the AfCFTA. The prioritisation of domestic markets has been central to critical political economist, [Samir Amin's call](#) for socio-economic transformation in Africa to centre domestic markets to contend the colonial legacy that has been bequeathed to the continent of being raw material suppliers to the global economy.

The second point that relates to the first is the challenge of unequal exchange between parts of Africa and the rest of the world, especially with its lower value natural resource exports as well as overreliance on volatile commodity prices as a basis of economic growth and development. Indeed, the continent [holds the vast majority of commodity dependent countries](#) that are deemed as relying substantially on resources for their exports. As a result, it is disproportionately impacted by commodity price collapses. This occurred in 2014-15 when the continent's largest economies, Nigeria, South Africa and Angola, fell into recession with wider adverse impacts. More recently, the COVID-19 pandemic has moved resource prices from the quarterly average of [49.4 USD over January to March 2020 to 30.4 USD in May 2020](#). Major declines in petroleum prices led to a May 2020 downward revision in the [budget benchmarking oil price to 20 USD per barrel](#) by Nigerian Finance Minister, Zainab Ahmed, with implications for its fiscal space.

Classical economic development theory offers a well-established logic for the significance of structural transformation of the economy and the significant role of interlinkages between the traditional primary (agricultural and mineral) sectors and manufacturing, including through the [former's provision of raw materials for the latter](#). Understanding the processes that underlie

manufacturing processes also centres the importance of interactions between the state and the private sector, including foreign capital in the Global South.

I reflect now on a case of syringe production in Akwa Ibom State in Nigeria that offers potential for supporting responses to the COVID-19 pandemic. Akwa Ibom state is one of Nigeria's largest oil producing states and has access to one of the highest levels of government revenue standing at [15.8 billion Naira in 2019](#). This large influx of resources to a relatively small state of about 5.5 million people can be associated with the resource curse narratives. Since 2017, Akwa Ibom has pursued an industrial strategy promoting manufacturing activities across agro-industry, shipbuilding and [medical supplies, i.e. syringes](#).

The syringe manufacturing firm, Jubilee Syringes, that is reported as having the largest production capacity in Africa, is located in my home-town, Onna, in Akwa Ibom state. It has been running since 2017, supplying a domestic national market, including hospitals in Nigeria's commercial capital of Lagos. This operation sees scope for effecting production linkages, in using [local raw materials, polypropylene that is a by-product from the local petroleum sector](#) from Indorama Eleme Petrochemicals.

These manufacturing activities have also been underscored by complex interactions across the state and the market, particularly, foreign private capital. First, industrial policy has been defined by tax breaks as well as import substitution policies such as tariffs on imported syringes from [5% to 70% in 2018](#). This prioritisation is linked to Nigeria's view of syringe production as addressing domestic market needs and [seeing off the need for imports while also setting its sights on regional and continental markets](#). This latter point reinforces the potential importance of these developments within the AfCFTA.

Second, raw material supply and the manufacturing activities are underscored by foreign capital from the Global South: Singaporean-Indonesian to Indorama Eleme and Turkish capital to Jubilee Syringes. While the literature on the benefits of foreign investment is vast, it is important to reflect on how surplus that is generated interacts with domestic development, including the realities around how science and technology transfers may or may not encourage wider learning and change. The stability and reliability of foreign investment flows have been highlighted especially during the pandemic as IMF's Director of Fiscal Affairs, [Vitor Gaspar in April 2020](#), reported how potential capital flight may impact on recovery.

On a final note, it is promising to see the [Central Bank of Nigeria responding](#) to the challenge of COVID-19 by prioritising manufacturing with a promise to have finance support the real economic sectors of agriculture and manufacturing by providing 1 Trillion United States Dollars in loans. This commitment includes supporting linkages between domestic raw materials and manufacturing and better access to capital equipment. However, this must be reinforced by interventions in the vital energy sector for industrial development, [including managing demand vis-à-vis supply](#) given the challenge that this presents to the sector. There should also be some ambition to transition within manufacturing value added to higher value sectors such as science and technology, so that over time engagement with these sectors moves beyond consumption to production as has been seen in the most significant contemporary transitions in the Global South.

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