DAWN COMMISSION
Development Agenda for WESTERN NIGERIA

SOUTHWEST NIGERIA UNDER SIEGE:

THE COUNTERFEIT SHADOW ECONOMY

Manager of Western Nigeria Integration Agenda

EXECUTIVE SUMMARY

Southwest Nigeria is not merely experiencing a pharmaceutical safety crisis. It is the epicentre of Africa's largest and most diversified counterfeit consumer goods economy — one that kills Nigerians, destroys legitimate industry, repels investment, and operates with near-total impunity.[1] Fake drugs, adulterated beverages, toxic cosmetics, substandard vehicle spare parts, and counterfeit electronics flow through a sophisticated shadow economy embedded in the region's most prominent commercial markets.

The series of NAFDAC enforcement operations in recent months illustrates the full breadth of the problem: the Trade Fair 'Death Warehouse' seizure of over 10 million doses of fake drugs worth ₦3 billion and capable of killing three million Nigerians (February 2026)[2,3] was followed within days by a second ₦3 billion haul of banned and counterfeit cosmetics from the same complex.[4,5] In December 2025, NAFDAC destroyed ₦55.4 billion worth of products in Ibadan[6] and ₦10.19 billion in Kano.[7] These are not victories. They are symptoms of systemic failure.

The fundamental problem is structural. Nigeria's current anti-counterfeiting strategy is predominantly reactive and enforcement-driven. NAFDAC, the sole federal agency with a mandate over regulated consumer products, maintains only six zonal offices and an FCT/Lagos State office to cover Nigeria's entire 36 states[8] — a structural impossibility that leaves vast markets unpoliced. The penalties for convicted counterfeiters — a maximum fine of ₦500,000 (less than $350) under the Counterfeit and Fake Drugs Act Cap C.34 LFN 2004[9] — are a minor business expense, not a deterrent. The courts move slowly: some cases initiated since 2010 remain unresolved after a decade or more.[10]
This report therefore calls for a paradigm shift from reactive enforcement to a prevention-first regime.

The laws do not deter offenders. They can simply pay a small fine and go free, undermining our efforts to fight counterfeiting
— Christy Obiazikwor, NAFDAC’s Deputy Director of public affairs.

THE CRISIS IN NUMBERS

INDICATOR	FIGURE	SOURCE
Nigeria shadow economy	~57.4% of GDP (~₦1.489 trillion)[11]	[11]
Annual losses to substandard/counterfeit goods	~₦15 trillion (~$19.2bn) per annum[12]	[12]
Counterfeit goods share of Nigerian market	~40% of products[1,13]	[1,13]
Auto spare parts failing minimum standards	95% of imported parts (SON)[14]	[14]
Counterfeit auto parts: govt annual losses (Nigeria)	Over $2 billion[15]	[15]
Fake drugs in circulation	15–17% (WHO/NAFDAC); up to 50% (trade stakeholders)[16,17]	[16,17]
Annual deaths from counterfeit anti-malarials (sub-Saharan Africa)	~267,000 per year (UNODC)[17, 18]	[17, 18]
Annual AMR deaths linked to substandard drugs (Nigeria)	60,000+ (WHO, 2025)[19]	[19]
NAFDAC products destroyed (SW zone, Dec 2025)	₦55.4 billion (Ibadan)[6]	[6]

Our Five Core Arguments

1. The counterfeit shadow economy is multi-sectoral — it spans pharmaceuticals, food and beverages, cosmetics, vehicle spare parts, and electronics — and must be addressed as an integrated threat.[1,12,13,14,15]
2. Nigeria's current reactive, enforcement-only strategy has probably failed. Cyclical seizures and destruction exercises do not prevent re-stocking.[10,17] Prevention must become the primary strategy.
3. NAFDAC's institutional architecture is structurally insufficient for the scale of the challenge: six zonal offices for 36 states and the FCT[8]; state offices where they exist are under-resourced[17]; current penalties provide no meaningful deterrence.[9]
4. Constitutional change is necessary: moving 'drugs and poisons' from the Exclusive Legislative List (Item 21) to the Concurrent List will enable state governments to build complementary enforcement and preventive structures.
5. Southwest Nigeria has more to gain and more to lose than any other region — it hosts the highest concentration of counterfeit operations[1,4,5] and must champion this reform.

Five-Pronged Recommendations

1. **CONSTITUTIONAL AMENDMENT:** Move regulated consumer products from the Exclusive Legislative List (Item 21) to the Concurrent List, enabling a cooperative federal–state regulatory architecture.
2. **TRANSITION TO A PREVENTIVE REGIME:** Replace the seize-arrest-destroy cycle with a prevention-first framework: pre-market controls, supply chain tracking, mandatory registration, and intelligence-led enforcement.
3. **FEDERAL LEGISLATIVE REFORM:** Immediate passage of pending NAFDAC Act amendments with life imprisonment, death penalty for deaths caused, comprehensive asset forfeiture, and full resourcing of NAFDAC's sub-national presence.[9]
4. **STATE COMPLEMENTARY FRAMEWORK:** Southwest states to enact property forfeiture laws, landlord liability provisions, commercial premises licensing, and regional intelligence coordination within existing constitutional authority.
5. **PRIVATE SECTOR MOBILISATION:** Industry-wide technology mandates (blockchain, SMS verification, tamper-evident holograms), self-regulation, and an Industry Intelligence Task Force across all product categories.

Every day of delay represents thousands of Nigerians consuming fake anti-malarials, toxic cosmetics, substandard brake pads, and counterfeit electrical cables. The invisible body count rises while enforcement chases shadows.

1. THE FULL SPECTRUM OF THE COUNTERFEIT SHADOW ECONOMY

A. **The Shadow Economy Foundation**

Nigeria operates the largest informal economy in Africa at 57.4% of GDP, representing approximately ₦1.489 trillion in economic activity outside formal regulatory and tax structures.[11] According to the Standards Organisation of Nigeria (SON), Nigeria loses an average of ₦15 trillion ($19.2 billion) annually to substandard goods across all product categories.[12] Unlike informal but legitimate sectors, the criminal shadow economy encompasses product counterfeiting across all consumer categories, smuggling of banned or unregistered goods, money laundering, and organised international trafficking syndicates.

Southwest Nigeria, particularly Lagos State, serves as the command centre for these operations, hosting the physical infrastructure, logistics networks, and financial systems that enable industrial-scale counterfeiting.[1,2] The same Alaba International Market that is a notorious hub for counterfeit electronics is also a transit point for fake auto parts.[20] The same Trade Fair Complex warehouses that concealed 10 million fake drug doses in February 2026[2,3] yielded another ₦3 billion in counterfeit cosmetics days later.[4,5] These are not coincidences; they are the operational logic of an integrated criminal enterprise.

B. **Pharmaceuticals and Medical Products**

The pharmaceutical dimension of the crisis is the most lethal. The WHO estimates that 15–17% of drugs in circulation in Nigeria are counterfeit or substandard[16] — a figure NAFDAC has also cited — while trade stakeholders have placed the figure as high as 50%.[17] An earlier National Primary Healthcare Development Agency report in 2022 put the figure of substandard drugs being dispensed in Nigeria at over 70%, though NAFDAC disputed this, citing its own 15% estimate.[17] The human consequences are severe: treatment failure from fake drugs is routinely attributed to 'complications' rather than product fraud, making the true death toll invisible.

- Trade Fair 'Death Warehouse' (February 2026): Over 10 million doses of fake cerebral malaria injections, antibiotics, and banned Analgin worth ₦3 billion — capable of killing 3 million Nigerians — were seized from a single three-storey building masquerading as a spare parts warehouse.[2,3]
- Counterfeit malaria drugs (Lagos, September 2025): ₦1.2 billion in fake malaria drugs intercepted; drugs falsely declared as 'spare parts' in transit documentation.[21]
- South-West zonal destruction (Ibadan, December 2025): ₦55.4 billion in substandard and falsified pharmaceuticals, foods, and cosmetics destroyed at the Moniya dumpsite.[6]
- Lagos Trade Fair crackdown (August 2025): ₦1.5 billion worth of expired and counterfeit products seized from Lagos Trade Fair Market.[22]
- South-South regional destruction (Port Harcourt, February 2025): ₦4.7 billion including expired pharmaceuticals re-labelled for resale, unregistered cosmetics, and imported vegetable oil lacking mandatory vitamin A fortification.[23]

Substandard and fake drugs contribute directly to antimicrobial resistance (AMR). Nigeria loses over 60,000 lives annually to AMR, a crisis substantially driven by substandard antibiotics.[19] Globally, UNODC estimates that approximately 267,000 children die each year after taking counterfeit anti-malarial medications, and substandard drugs kill approximately 500,000 persons in sub-Saharan Africa each year.[18] Fake oxytocin and misoprostol cause preventable maternal deaths during childbirth; counterfeit vaccines create false immunity; substandard insulin triggers diabetic crises.

C. **Food and Beverages**

The food and beverage counterfeiting sector operates on a model of volume: expired products are relabelled and reintroduced into the market, beverages are adulterated with harmful substitutes, and substandard packaged water is sold under recognised brands. A PwC report estimated that Nigeria was losing approximately ₦200 billion annually to counterfeit medicine alone, excluding substandard food and beverage products.[24]

- Bida, Niger State (February 2026): NAFDAC sealed 18 warehouses containing approximately 80,000 packets of expired non-alcoholic beverages, 5,000 packets of dairy milk, 16,000 packets of bottled water, and 28 cartons of pasta — packaged and ready for retail distribution.[25]
- Kano (December 2025): ₦10.19 billion in seized goods included adulterated vegetable oils, contaminated beverages, unsafe sachet water, falsified tomato paste, and substandard food condiments.[7]

What we discovered should make every Nigerian cry. When fake injections are used in emergency cases like cerebral malaria, it becomes a death sentence

— Dr. Martins Iluyomade,

NAFDAC's Director of Investigation and Enforcement.

- Sachet alcohol: NAFDAC's efforts to enforce a ban on alcoholic beverages in sachets and small bottles under 200ml — products disproportionately consumed by minors and associated with addiction and social decay — have been actively undermined by industry lobbying and, critically, by interventions from a House of Representatives Committee chaired by Hon. Regina Akume that has repeatedly suspended enforcement, despite a November 2025 Senate mandate to enforce the ban by December 2025.[26] This legislative interference weakens regulatory authority and emboldens counterfeiters.

D. **Cosmetics and Personal Care Products**

The cosmetics counterfeiting sector has seen explosive growth, driven by the enormous market for skin-lightening products and personal care goods. Products banned by the Federal Government for containing dangerous levels of mercury, hydroquinone, and corticosteroids continue to flood the market under cloned packaging of legitimate brands, posing serious risks of skin damage, liver toxicity, and nephrotoxicity.[4,5]

- APT Trade Fair Complex, Lagos (February 2026): NAFDAC uncovered a warehouse concealed within an uncompleted building containing 728 cartons of Crusader soap, 718 cartons of E45 soap, Extract Gold whitening soaps, assorted perfumes, body oils, and cooking oils — all banned or unregistered products valued at over ₦3 billion. The warehouse manager was invited for questioning as investigations continued.[4,5]
- Kano (December 2025): Hazardous cosmetics containing dangerous chemical compounds were among the 618 tonnes worth ₦10.19 billion destroyed in the NAFDAC zonal exercise.[7]
- South-South zone (February 2025): Unregistered cosmetics worth several million naira were confiscated during operations that also uncovered expired alcoholic beverages being fraudulently re-labelled for resale.[23]

The concealment of the Lagos APT warehouse within an unfinished building — accessible only through disguised entry points — illustrates the increasingly sophisticated methods counterfeiters use to evade enforcement.[4] NAFDAC has noted that operators are deploying 'near-perfect' cloning techniques and using warehouse structures that are indistinguishable from abandoned construction sites.[2]

E. **Vehicle Spare Parts**

The counterfeit auto parts crisis is among the most under-reported public safety emergencies in Nigeria. Reports attributed to the Standards Organisation of Nigeria (SON) claimed that 95% of auto spare parts imported into Nigeria do not meet minimum acceptable standards.[14] Industry associations estimate that counterfeit auto parts cost the Nigerian government over $2 billion annually in lost economic activity and revenue.[15] In a broader continental estimate, up to 40% of the African automotive aftermarket was estimated to consist of counterfeit parts by 2024, with Nigeria among the most severely affected markets.[15]

- In April 2025, the Standards Organisation of Nigeria (SON) destroyed a consignment of substandard imported tyres, electrical cables, steel doors, and spark plugs intercepted at the point of entry into Nigeria — all of which had failed conformity testing and were valued at billions of naira.[27]
- The Nigeria Customs Service has acknowledged that smuggling is the primary driver of counterfeit auto parts entering the country, and has called for greater inter-agency collaboration to address it.[14]
- The regulatory gap is acute: NAFDAC's mandate covers food, drugs, and cosmetics but not auto parts, which fall nominally under SON. Yet SON's enforcement capacity is equally limited, leaving the market effectively unpoliced.[17]

F. **Electronics, Electrical Products, and the Broader Counterfeit Market Geography**

The scale and organisation of Nigeria's counterfeit consumer goods markets was formally documented as early as 2014, when the US Trademark Working Group submitted a formal filing to the Office of the US Trade Representative identifying thirteen notorious markets across Nigeria.[20] The submission, based on the investigative experience of Fortune 500 companies and their legal representatives, identified Alaba International Market (Ojo, Lagos) as notorious for counterfeit electrical and electronic goods and pirated music and film works — describing it as a major supply hub for the entire West African market, with traders characterised as "hostile, defiant and violent" toward enforcement teams. Trade Fair Market (Badagry Expressway, Lagos) was identified as having dedicated sections for counterfeit spare parts and cosmetics, with the submission warning that its internal security unit "can be very dangerous" if not engaged cooperatively before any enforcement action.

- Fake electrical cables, substandard switchgear, counterfeit circuit breakers, and imitation consumer electronics flow through Alaba and Computer Village into homes and businesses across West Africa.[1]

- The Trademark Working Group estimated that 40% of shops across these markets trade in counterfeit or pirated goods, with the majority of illegal stock concealed in secret warehouses located outside the market perimeter — a pattern confirmed by NAFDAC's own discoveries a decade later.
- The filing identified China as the major source of counterfeit and pirated products entering Nigeria, with many consignments routed through Dubai and entering through porous land borders including the Seme border with Cotonou and northern borders with Niger, Chad, and Cameroon.
- It also documented a systemic intelligence compromise: enforcement officers routinely tipped off market operators about upcoming raids in exchange for bribes, causing offending goods to disappear before action could be taken — a problem that persists in NAFDAC's enforcement operations to this day.
- Substandard electrical cables that cannot carry rated loads are a primary cause of electrical fires in Nigerian homes and businesses. These cables pass external visual inspection but fail under load — the safety failure is invisible until a fire occurs. [28]Counterfeit circuit breakers and fuses that do not trip under overload conditions eliminate the last line of defence against electrical fires.[28]
- The total value of counterfeit and pirated goods globally is expected to reach $4.2 trillion by 2025[29]; Nigeria, as one of the world's most penetrated counterfeit markets, is absorbing a significant and disproportionate share of these goods across all electronics categories.

The economic logic is powerful and difficult to overcome: a counterfeit electrical cable selling at 40% of the genuine price is an almost irresistible purchase for cost-constrained consumers.[28] For a consumer earning as little as $150–$300 per month, the temptation to purchase a safety-critical component at a fraction of the genuine price is an almost unavoidable economic choice.[15] The safety premium is invisible until a fire or accident occurs.

2. WHY THE REACTIVE MODEL HAS CHANGED: THE STRUCTURAL DIAGNOSIS

A. **The Seize-Destroy-Restart Cycle**

Nigeria's current anti-counterfeiting strategy is fundamentally reactive and enforcement-driven: receive intelligence → conduct raid → seize products → destruction exercise → press release → repeat. This cycle is institutionally incapable of solving the underlying problem, for three structural reasons.

First, seizures represent only a fraction of stock in circulation. The ₦55.4 billion destroyed in Ibadan in December 2025[6] represents products already removed from the market. For every consignment intercepted, the evidence suggests multiple consignments have already reached consumers. NAFDAC has publicly acknowledged that it does not have the staff to effectively police 50,020 registered medicines, cosmetics, foods, medical devices, and vaccines.[17] Counterfeiters treat seizure losses as a cost of doing business, not a deterrent.

Second, the reactive model is intelligence-constrained. NAFDAC must wait to learn of warehouses before it can act. Preventive systems — supply chain registration, mandatory serialisation, pre-import certification — generate intelligence continuously rather than episodically.

Third, prosecutions rarely achieve deterrence. Some counterfeiting cases prosecuted since 2010 remain unresolved, with suspects released on bail resuming operations during prolonged trials lasting a decade or more.[10] The maximum fine under current law — ₦500,000 (less than $350) under the Counterfeit and Fake Drugs Act Cap C.34 LFN 2004[9] — for operations worth billions of naira is not a deterrent; it is a licence fee. The former Director General of SON acknowledged that in 2015, the penalty for importing sub-standard products was ₦1 million — already inadequate — but this amount is now even less significant given inflation.[17]

In some African nations, up to 40% of the auto parts market was estimated to be counterfeit by 2024.
— Sesona Mdlokovana, Associate at BRICS+ Consulting Group.

B. NAFDAC's Structural Under-Resourcing

NAFDAC's organisational structure consists of 22 Directorates and, critically, only six zonal offices (North-West, North-East, North-Central, South-West, South-East, South-South) plus the FCT and a Lagos State Office, all headed by Directors.[8] This means NAFDAC does not have a dedicated office in every state. Many states are served from distant zonal headquarters with no permanent in-state enforcement presence. The consequences are structural and predictable:

- Enforcement reach: A single South-West Zonal Office cannot conduct regular market surveillance across Oyo, Ogun, Osun, Ekiti, and Ondo states simultaneously. Counterfeiters in secondary cities operate with near-complete impunity.[8,17]
- Laboratory capacity: Products seized in operations must be transported to zonal or national laboratories for analysis, introducing significant delays and evidence-chain vulnerabilities. State-level field testing capacity does not exist.[17]
- Security: NAFDAC enforcement has become increasingly dangerous. On 30 October 2025, armed thugs mounted a coordinated assault on NAFDAC enforcement officers at the Lagos International Trade Fair Complex, vandalising approximately 20 operational vehicles belonging to NAFDAC and other security agencies worth over ₦25 billion — a premeditated attack that NAFDAC's Director General described as a targeted assassination attempt against senior enforcement officials.[30,31,32] Two soldiers were also arrested in connection with a separate Lagos fake drug bust in December 2024.[33]

NAFDAC has six zonal offices for 36 states and the FCT.[8] The South-West zone alone covers Oyo, Lagos, Ogun, Osun, Ekiti, and Ondo — a region with a combined population exceeding 40 million and the highest concentration of counterfeit operations on the continent. This structural reality, though not intended as a criticism of NAFDAC's commitment, is an argument for systemic reform.

C. Constitutional Constraints Compound Institutional Weakness

Item 21, Part I of the Second Schedule to the 1999 Constitution places 'drugs and poisons' on the Exclusive Legislative List, meaning states cannot legislate on pharmaceutical regulation. The Counterfeit and Fake Drugs and Unwholesome Processed Foods and other Substances Act (Cap. C.34 LFN 2004) covers counterfeit food products but similarly places enforcement solely at the federal level.[9] The Standards Organisation of Nigeria Act creates a federal standard-setting body with no meaningful sub-national enforcement presence. The cumulative effect is a regulatory architecture where the entities legally empowered to regulate consumer product safety are all federal bodies with insufficient reach into the 774 local government areas where counterfeiting operates.

D. **Weak Penalties Create Perverse Incentives**

JURISDICTION	PENALTIES FOR COUNTERFEITING CAUSING DEATH	OUTCOME / COUNTERFEIT RATE
Nigeria[9]	15 years jail term; ₦500,000 fine (~$350); asset forfeiture discretionary, rarely enforced; no death penalty	Counterfeiters pay fine and resume operations; 15–50% counterfeit drug rate
China[34,35]	Death penalty for deaths caused; fines 15–30x illegal gains; life imprisonment common; mandatory asset forfeiture	Significant deterrence achieved; execution of State Food and Drug head, 2007
India[36]	Min. 3 years imprisonment; ₹5,000 fine; concurrent regulation without coordination mechanisms	Persistent problems; cautionary model for decentralisation without safeguards
United States[37]	Up to 20 years imprisonment; substantial fines; civil asset forfeiture; dual federal-state prosecution	<1% counterfeit rate in pharmaceutical market

The arithmetic is straightforward: if a counterfeiting operation generating ₦3 billion[2,3] carries a maximum penalty of ₦500,000[9], and if judicial delays mean effective prosecution takes a decade[10], the rational economic calculation firmly favours continued operations. Nigeria's criminal penalties do not currently meet the threshold of economic deterrence.[9,10]

3. RECOMMENDATION 1: CONSTITUTIONAL AMMENDMENT-DECENTRALIZATION

A. The Rationale for Moving to the Concurrent List

The case for moving regulated consumer products from the Exclusive to the Concurrent Legislative List is compelling. Federal exclusivity has demonstrably failed: NAFDAC's significant efforts notwithstanding, counterfeiting persists at epidemic levels.[16,17] Geographic concentration of the problem in Southwest Nigeria demands a regional response that NAFDAC's national architecture — six zonal offices for 36 states[8] — cannot provide.

Successful federal systems achieve counterfeit rates below 1% through concurrent regulatory models: the United States (FDA plus state boards), Canada (Health Canada plus provinces), and Australia (TGA plus states) all employ federal standard-setting complemented by sub-national enforcement.[37] Constitutional precedent exists in Nigeria itself: electricity was moved to the Concurrent List in 2023; public health, agriculture, and education are already concurrent matters.

B. International Case Studies

The United States Model: Federal-State Collaboration

The FDA sets national drug standards, approves new products, and monitors imports. State Boards of Pharmacy license pharmacies, inspect facilities, and prosecute violations. State Health Departments conduct local enforcement and market surveillance. This has resulted in a pharmaceutical counterfeit rate below 1%, rapid response to local outbreaks, and strong deterrence through dual prosecution risk.[37]

The Cautionary Tale: India's Failure

India's concurrent model for drug regulation produced regulatory fragmentation without coordination safeguards. Companies rejected by strict states moved to permissive ones; there was no information sharing between state drug controllers; inter-state investigations were extremely difficult. As public-health activist Dinesh S Thakur and lawyer Prashant Reddy T documented: 'Inspection reports of pharmaceutical facilities are not made publicly available, without which there is no way to assess whether drug inspectors are actually doing their job.'[36] India now supplies substandard medicines disproportionately to markets with weak oversight, particularly in Africa.[36]

C. Proposed Constitutional Amendment

Move Item 21 from the Exclusive Legislative List to the Concurrent List, with the following specific demarcation of legislative powers to avoid India's fragmentation problem[36]:

The **National Assembly** shall legislate on: national quality standards and specifications for all regulated consumer products; approval, registration, and licensing of new drugs and food products; import and export controls; controlled substances scheduling; and interstate commerce in pharmaceuticals, cosmetics, and food products.

State Houses of Assembly may legislate on: licensing of manufacturing and distribution facilities within the state; inspection and enforcement at points of sale, warehouses, and markets; property forfeiture for counterfeiting-related crimes; commercial premises regulation and registration; and community surveillance and reporting mechanisms.

D. Safeguards Against the 'India Problem'

To prevent the regulatory fragmentation documented in India[36], the amendment must include the following mandatory coordination mechanisms:

1. Mandatory Federal Minimum Standards: States cannot approve products that are not federally registered; national quality standards are a non-negotiable floor.[36]
2. Information-Sharing Requirements: All state licence grants, enforcement actions, and seizures must be reported to a centralised federal database within 72 hours.
3. Federal Supremacy for Standards: On product quality specifications and safety thresholds, federal law prevails in all cases of conflict with state legislation.
4. Regional Coordination Mandate: Geographic zones should establish joint task forces, shared databases, and coordinated enforcement operations.
5. Minimum State Regulatory Capacity Standards: Federal government to set minimum staffing and laboratory standards before states assume enforcement authority.

The lesson from the Indian model is that decentralisation without coordination mechanisms replicates the problem in a more complex form.

4. RECOMMENDATION II: TRANSITION TO A PREVENTIVE REGULATORY REGIME

The most important reform Nigeria can make is the conceptual shifting from a regulatory philosophy of 'catch and punish' to one of 'prevent and deter.' This section proposes the four pillars of a comprehensive prevention architecture.

A. Pillar 1: Pre-Market Controls and Mandatory Registration

The current system allows unregistered products to enter the market and relies on enforcement to remove them after the fact.[17] A preventive regime inverts this: products cannot reach the market without prior authorisation, and market channels require registration as a condition of operation.

- Mandatory product serialisation: Every unit of any NAFDAC-regulated product must carry a unique identifier traceable to a registered manufacturer, importer, and batch. The WHO launched its Global Digital Health Verification Platform in 2025, with 27 countries now using blockchain technology to track every pill from manufacturer to patient. Nigeria risks being left behind as regional peers Kenya (digital tracking), South Africa (National Action Plan), and Ghana (WHO Level 3 status) implement advanced systems.[37]
- Mandatory distributor and wholesaler registration: All entities in the supply chain must be registered with a federal-state joint registry. Operating without registration constitutes a criminal offence.[9]
- Pre-shipment certification: NAFDAC investigations have revealed that counterfeit consignments are routinely disguised as spare parts or electronics to evade detection.[2] Pre-import agreements with China, India, and Pakistan — the primary source countries for counterfeits[2,17] — to certify product conformity before shipment would intercept illicit goods before they reach Nigerian ports.

B. Pillar 2: Supply Chain Traceability Technology

- Blockchain-based track-and-trace: Each regulated product carries a blockchain-registered identity from manufacturer to end consumer. Any break in the chain — insertion of a counterfeit at any point — is immediately detectable.[37]
- SMS verification: Consumers text the product code to a free shortcode and receive instant confirmation of authenticity before purchasing. This empowers consumer-level vigilance as a first line of defence.[17]
- Tamper-evident packaging: Mandatory for all pharmaceutical products; strongly incentivised for food, beverages, and cosmetics through reduced registration fees for compliant manufacturers.[37]

C. Pillar 3: Intelligence-Led Enforcement

- National Product Safety Intelligence Centre: A federal-state joint body aggregating supply chain tracking data, market surveillance, consumer complaints, customs intelligence, and private sector reports to generate actionable enforcement priorities.
- Embedded intelligence units in major markets: Alaba, Trade Fair, Idumota, Balogun, Computer Village, Ladipo, and major drug markets should be subject to continuous intelligence operations rather than periodic raids.[20,1,2]
- International liaison: Nigeria Customs Service, INTERPOL, and bilateral agreements with source countries — China, India, Pakistan[2] — for real-time intelligence sharing on counterfeit consignments.

D. Pillar 4: Resourcing NAFDAC's Sub-National Presence

- No preventive regime can function without adequate local institutional infrastructure. NAFDAC's six zonal offices are constitutionally and institutionally insufficient.[8] The following reforms are necessary regardless of constitutional amendment outcomes:
- Dedicated state-level NAFDAC offices in all 36 states, each with a minimum complement of enforcement officers, a basic analytical laboratory, and two operational vehicles.[17] The vulnerability of NAFDAC operations — starkly demonstrated by the October 2025 Trade Fair attack, in which vehicles worth ₦25 billion were destroyed[30,31,32] — requires security protocols commensurate with the threat environment.
- Rapid field testing kits: Enabling preliminary analysis at the point of seizure without waiting for laboratory results from distant zonal headquarters.[17]
- Secure communications infrastructure: Encrypted, real-time communications between state offices, zonal headquarters, and a national intelligence centre — eliminating intelligence leakage that allows counterfeiters to be forewarned of raids.[2,30]

E. Upgrading Federal Legislation: Pending NAFDAC Act Amendment

The amendment of the NAFDAC Act and the Counterfeit and Fake Drugs Act Cap C.34 LFN 2004 has been on the legislative agenda for years.[9] Its passage is the single most important legislative action Nigeria can take. Critical provisions include:

OFFENCE		PROPOSED PENALTY
Manufacturing counterfeit drugs	15+ years; ₦500,000 fine	Life imprisonment; ₦50M–₦500M fine
Distribution causing injury	10 years	25 years + mandatory restitution
Distribution causing death[34,35]	15+ years (no death penalty)	Death penalty or life imprisonment
Landlord/ property owner complicity	None under current law	Mandatory property forfeiture if knowledge proven

The justification for the death penalty in cases causing mass casualties is supported by international precedent: China's execution of the head of its State Food and Drug Administration in 2007 for accepting bribes from pharmaceutical companies[35] — combined with penalties of 15–30 times illegal gains for counterfeiting companies[34] — contributed to significant reductions in counterfeiting. Murder through poisoning already attracts the death penalty in Nigeria; death by counterfeit drug is murder by deception.[9]

F. Extending the Preventive Framework to Non-NAFDAC Products

- Vehicle spare parts — mandatory conformity assessment for all imported auto parts at point of entry. The current regime of post-entry SON marking is routinely circumvented, as evidenced by SON's own findings.[14]
- Dealer licensing and product traceability for auto parts: All importers and distributors must be registered; each batch must carry a traceable identifier.[14,15]
- Consumer electronics safety certification: Electrical cables, circuit breakers, and power products must carry verified safety certification as a condition of market entry.[28]

5. RECOMMENDATION III: STATE-LEVEL COMPLEMENTARY MEASURES

Regardless of constitutional amendment timelines, Southwest states can act within existing current authority. States cannot directly regulate food and drug product standards — that power remains federal — but they can regulate property use, business licensing, community safety, and accessory offences.

A. Property Forfeiture and Land Use Regulation

Proposed Law: 'Southwest States Illicit Operations (Property Forfeiture) Law'

Mandatory Property Forfeiture: Any land, building, warehouse, or structure used for manufacturing, storing, packaging, or distributing products determined by applicable regulations to be counterfeit SHALL be subject to immediate seizure and forfeiture to the State Government. The concealment of the Lagos APT warehouse within an unfinished building[4,5] and the Trade Fair underground warehouses[2,3] confirm that property-based sanctions are essential to disrupting operations.

Post-Forfeiture DispositionProceeds distributed as: 30% to State Government general fund; 20% to dedicated enforcement operations fund; 40% to victims' compensation fund; 10% to informant/whistleblower rewards.

B. Commercial Premises Licensing

Proposed Law: 'Commercial Warehouse and Storage Facilities Law'

- Annual operating licence from State Ministry of Commerce for all warehouses exceeding a defined size threshold; digital inventory updated daily; monthly reports; 72-hour advance notice of large deliveries; mandatory CCTV covering all entry/exit points.
- Tenant due diligence: Verify CAC registration, TIN, NAFDAC/SON registration for regulated products.[9]
- Suspicious activity reporting: Report within 24 hours. PENALTY for failure: Licence revocation + up to ₦10 million fine.

The concealment of warehouses in abandoned buildings at Trade Fair[2,4] demonstrates that without mandatory licensing and digital inventory requirements, operators can accumulate and distribute ₦3 billion in counterfeit goods with no official knowledge of their existence.

C. Accessory and Aiding Offences

Proposed Law: 'State Offences (Aiding Consumer Product Crimes) Law'

Any person who knowingly provides property, transports counterfeit products, provides financial services to counterfeiting operations, or fails to report suspicious activities SHALL BE GUILTY of a State Offence punishable by: 5–10 years imprisonment; ₦5–₦20 million fine; asset forfeiture of proceeds; permanent ban from holding commercial property.

This law creates state-level liability for the ecosystem of landlords, transporters, security personnel, and financial intermediaries who currently enable counterfeiting with legal impunity. The market security officer who coordinated the gate lockdown during the October 2025 NAFDAC attack at Trade Fair[30,32] represents precisely the class of accessory this law would cover.

D. Regional Coordination Framework

Southwest Intelligence Fusion Centre: A joint intelligence and coordination body with headquarters in Lagos and satellite offices in each Southwest state capital, tasked with maintaining a real-time database of suspected operations; intelligence analysis and sharing; coordinated enforcement operations with NAFDAC, SON, Customs, and Police; shared forensic laboratories; and joint officer training.

6. RECOMMENDATION IV: PRIVATE SECTOR MOBILISATION

While government action is essential, the pharmaceutical, food and beverage, cosmetics, and automotive industries have the most to lose from counterfeiting and the most to gain from its eradication.[24] A 2023 report by OCWAR-T (Organised Crime: West African Response to Trafficking) found that illicit pharmaceutical manufacturers use intermediaries in local freight companies connected to the West African diaspora, and that out of 172 pharmaceutical manufacturers in ECOWAS, 120 are in Nigeria — creating an industry with significant capacity to police its own supply chains.[17]

A. Industry Self-Regulation Across All Sectors

Modelled on the Nigerian Bar Association's professional discipline approach, PMG-MAN, the Manufacturers Association of Nigeria (MAN), the Association of Food, Beverage and Tobacco Employers (AFBTE), and relevant automotive and electronics industry associations should establish self-regulatory codes of practice:

- Code of Practice Enforcement: Members pledge not to supply unregistered outlets or distribution channels with inadequate due diligence.[17]
- Member Verification Systems: Public databases of legitimate manufacturers/distributors with certified products and registered distributors.
- Sanctions Committees: Industry tribunals empowered to fine members, revoke membership, and publish violations publicly.

B. Industry-Wide Technology Adoption

Technology mandates must be binding, not aspirational. The WHO's Global Digital Health Verification Platform launched in 2025 demonstrates that blockchain-based track-and-trace is operationally feasible at scale.[37] Nigerian manufacturers and importers across all regulated product categories should adopt a binding technology roadmap: 50% of pharmaceuticals with SMS-verifiable serialisation by Year 1; 90% by Year 2; auto parts traceability pilots by Year 3.

C. Private Sector Intelligence Task Force

Modelled on the Civilian JTF's intelligence support role in counter-terrorism operations, a cross-sectoral Industry Intelligence Unit staffed by retired NAFDAC inspectors, former customs and law enforcement officers, and private investigators should conduct continuous market surveillance across all product categories; identify suspicious suppliers and distribution networks; track counterfeit patterns across categories — noting that the same Trade Fair warehouses handled fake drugs, cosmetics, and spare parts simultaneously[2,4,5] — and share intelligence with NAFDAC, SON, Nigeria Customs, and state enforcement bodies.

The Task Force would operate under a private security licence and serve as the 'eyes and ears' of legitimate industry. NAFDAC has already signed a Memorandum of Understanding with the Nigeria Customs Service for joint monitoring at points of entry[32]; the private sector intelligence unit can extend this intelligence architecture into the market itself, where government reach is most constrained.[8,17]

7. THE ECONOMIC COST OF INACTION

A. Direct Annual Losses

- SON estimates Nigeria loses approximately ₦15 trillion ($19.2 billion) annually to substandard goods across all product categories.[12]
- A PwC report estimated Nigeria was losing approximately ₦200 billion annually to counterfeit medicines alone, excluding substandard food and beverage products.[24]
- Industry associations estimate that counterfeit auto parts alone cost the Nigerian government over $2 billion annually in lost economic activity and revenue.[15]
- The counterfeit economy operates largely tax-free, generating estimated annual losses of ₦85–120 billion in uncollected VAT, customs duties, and corporate taxes[12,13] — resources that would otherwise fund public services.
- Substandard drugs contribute to over 60,000 annual AMR deaths in Nigeria[19] and approximately 267,000 annual deaths across sub-Saharan Africa from counterfeit anti-malarials alone.[18] The healthcare system cost of treating patients who received ineffective counterfeit medications compounds these losses substantially.

B. Opportunity Costs: Nigeria's Unrealised Potential

- Nigeria's pharmaceutical industry, currently valued at approximately ₦2.8 trillion ($1.8 billion), could expand to ₦8–10 trillion if the counterfeit crisis is resolved and local manufacturing capacity is fully utilised.[1] Recent challenges have driven multinational pharmaceutical companies GSK and Sanofi to cease direct manufacturing operations in Nigeria in 2023, with counterfeiting and intellectual property risks among the contributing factors to an increasingly unattractive investment environment.[1]
- Under the African Continental Free Trade Area (AfCFTA), Nigerian pharmaceutical and food manufacturers risk losing intra-African market opportunities because of the reputational damage from substandard and falsified products.[38] Competitors in other ECOWAS countries are positioning to capture markets that Nigeria's legitimate manufacturers could dominate.
- Nigeria has the scale and technical capacity to become West Africa's pharmaceutical manufacturing hub. Out of 172 pharmaceutical manufacturers in ECOWAS, 120 are in Nigeria[17] — a manufacturing base that, if freed from unfair counterfeit competition, could supply the continent.
- AMR mitigation: Eliminating fake and substandard antibiotics could save tens of thousands of lives annually[19] and reduce Nigeria's healthcare costs substantially. AMR-related deaths represent not only a human tragedy but a significant drain on the productive workforce.

The economic cost of inaction exceeds the combined value of what NAFDAC has destroyed in all its major exercises to date. The ₦55.4 billion destroyed in Ibadan[6] and ₦10.19 billion in Kano[7] in December 2025 alone barely scratch the surface of ₦15 trillion in annual losses.[12] The question is not whether Nigeria can afford to act. The question is how much longer Nigeria can afford inaction.

8. IMPLEMENTATION ROADMAP

The following roadmap sequences actions without prescribing rigid timelines, recognising that political realities will determine pace. The guiding principle is: prevention architecture first, enforcement upgrade second, constitutional expansion third.

Phase One: Immediate Actions (Within Existing Authority)

- Federal: NAFDAC Act Amendment and Counterfeit and Fake Drugs Act (Cap. C.34) reform moved to National Assembly committee; public hearings scheduled.[9]
- Federal: National Whistleblower Reward Programme launched with toll-free reporting hotline and 10% seized asset value reward.
- Federal: NAFDAC-SON-State Government Joint Task Force established under existing provisions, covering all six product categories.[8]
- Federal: Pre-shipment certification MoUs initiated with China, India, and Pakistan for pharmaceutical and cosmetic products.[2]
- State: Each Southwest Attorney General drafts the three Model Laws; state Houses of Assembly public hearings begin.
- State: Southwest Governors' Forum emergency session adopts joint resolution on the counterfeit economy reform agenda.
- Private Sector: PMG-MAN, MAN, AFBTE members pledge technology adoption roadmap; Industry Intelligence Unit recruitment begins.[17]

Phase Two: Legislative and Institutional Build

- Federal: NAFDAC Act Amendment passed and signed; enhanced penalties take immediate effect.[9]
- Federal: Constitutional amendment bill introduced to National Assembly; state-by-state ratification begins.
- Federal: Dedicated NAFDAC state offices established in all 36 states; field testing kits procured.[8,17]
- State: All six Southwest states pass Property Forfeiture, Commercial Warehouse Regulation, and Accessory Offences Laws.
- State: Southwest Intelligence Fusion Centre operational in Lagos; satellite offices in each state capital.
- Private Sector: Industry Intelligence Unit operational with 50+ personnel; self-regulatory Code of Practice adopted.[17]

Phase Three: Prevention Architecture Operationalised

- Federal/Private: 50% of major pharmaceutical manufacturers using product serialisation and SMS verification.[37]
- Federal: Auto parts mandatory conformity assessment at port of entry implemented; SON state presence established.[14]
- Private Sector: Public education campaign 'Verify Before You Buy' launched across all media channels.

Phase Four: Constitutional and Full Regime Transition

- Federal: Constitutional amendment achieves 24-state ratification; states transition to concurrent enforcement authority.
- Federal/State: Cooperative federalism protocols formalised between NAFDAC and state regulators.[36,37]
- Target Metric: Nigeria achieves <5% counterfeit drug rate; auto parts failure rate below 30%; recognition removed from US Trademark Working Group's 'notorious markets' list.[20]

9. RECOMMENDED CALLS TO ACTION

State-Level Actions

- Southwest States should adopt a joint resolution on the counterfeit economy and commit to proposed model laws.
- Attorneys general in Southwest should draft and champion Executive Bills on the three recommended Model Laws.
- States should allocate dedicated funding for the Southwest Intelligence Fusion Centre; appoint a Commissioner-level coordinator in each state.
- States should publicly support constitutional amendment and commit to deploying sub-national enforcement capacity once concurrent authority is secured.

National Assembly

- Fast-track NAFDAC Act Amendment and Counterfeit and Fake Drugs Act reform: hold public hearings, complete committee review, and pass the bill within the current legislative session.[9]
- Introduce a Constitutional Amendment Bill to move regulated consumer products from the Exclusive to the Concurrent List.
- Allocate dedicated funding for NAFDAC state office establishment across all 36 states in the next appropriation cycle.[8]

NAFDAC

- Publish monthly, publicly accessible seizure data disaggregated by product category, location, value, and prosecution status.[8]
- Prioritise the development of a national product serialisation framework in collaboration with industry associations.[37]
- Establish formal intelligence-sharing protocols with SON, Nigeria Customs, Nigerian Police, and state security services.[32]
- Publish a five-year resourcing plan identifying minimum state-level office requirements and funding needed to operationalise a preventive regime.[8,17]

SON and Consumer Protection Council

- Fast-track mandatory conformity assessment framework for automotive spare parts, electrical cables, and circuit breakers.[14]
- Publish an annual 'dangerous products' list with specific market locations where non-conforming goods are known to be sold.[14,28]

Pharmaceutical Manufacturers (PMG-MAN) and Allied Industry Associations

- Adopt a cross-industry self-regulatory Code of Practice on supply chain integrity.[17]
- Fund and establish the Industry Intelligence Task Force across pharmaceutical, food, cosmetics, auto, and electronics sectors.

Citizens and Civil Society

- Report suspicious pharmacies, warehouses, and products to NAFDAC hotline (0800-162-3322) and the Southwest Fusion Centre once operational.[8]
- Verify drugs using SMS codes before purchase; demand receipts; buy only from registered outlets.[37]
- Support the advocacy: attend town halls; contact state and federal representatives.

Media

- Continue investigative journalism exposing the networks, economics, and political protection — including legislative interference[26] — that enable the counterfeit shadow economy.
- Run public education series on how to identify fakes across all product categories — drugs, cosmetics, beverages, spare parts, and electronics.[28,14,5]
- Hold governments accountable with quarterly scorecards on legislative and implementation progress across all five recommendations.

X. CONCLUSION

The Trade Fair 'Death Warehouse' of February 2026 — 10 million doses, ₦3 billion, the capacity to kill 3 million Nigerians[2,3] — is not an anomaly. It was followed within days by a second ₦3 billion haul of toxic cosmetics from the same complex.[4,5] These discoveries were preceded by the October 2025 orchestrated assault on NAFDAC officers that destroyed 20 vehicles worth over ₦25 billion[30,31,32] — a premeditated attempt to stop regulators from doing their jobs. The criminal infrastructure is organised, well-funded, and protected.

These events are data points in a multi-decade pattern, not exceptional incidents. Nigeria loses approximately ₦15 trillion ($19.2 billion) annually to substandard goods.[12] Over 60,000 Nigerians die annually from antimicrobial resistance substantially driven by fake and substandard antibiotics.[19] Some 267,000 children die annually across sub-Saharan Africa from counterfeit anti-malarials.[18] Brake pads made of compressed grass are installed in vehicles.[27] Electrical cables that cannot carry their rated loads are wired into homes.[28] The harm is systemic, not episodic.

The regulatory philosophy must change. Forty years of predominantly reactive, enforcement-led strategy — seize, destroy, restock, repeat — has not solved the problem.[10,17] It cannot solve the problem. Prevention requires building the institutional architecture that makes counterfeiting structurally difficult: mandatory serialisation, supply chain traceability, intelligent market surveillance, adequately resourced sub-national enforcement, and meaningful deterrent penalties.[9,34,37]

Southwest Nigeria has more to gain and more to lose than any other region. It hosts the highest concentration of counterfeit operations,[1,2,4,5] suffers the most harm, and has the most to gain from reform. **Its governors, legislators, business leaders, and citizens must be the champions of this shift from reaction to prevention.**

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About DAWN Commission

The Development Agenda for Western Nigeria (DAWN) Commission is the think-tank established in July 2013 by the six Governments of the States of Southwest region of Nigeria to manage their regional integration and development agenda. Our mandate is to strengthen socio-economic competitiveness of the region by facilitating sustainable working relationships among state and non-state development stakeholders.

Operating on the five pillars of economic development, social and human development, infrastructure, building inclusive institutions, and homeland affairs, DAWN Commission is a valuable partner to development stakeholders and enthusiasts interested in leveraging the regional integration agenda to promote shared goals and objectives.

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