



Foreign Investment Screening and National Security in African States

Implications for Regional Integration

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ABSTRACT

This article examines Foreign Investment Screening and National Security in African States: Implications for Regional Integration with a focused emphasis on Nigeria within the field of Business. It is structured as a comparative study that organises the problem, the strongest verified scholarship, and the main analytical implications in a concise publication-ready format.

The paper foregrounds the most relevant institutional, policy, or theoretical dynamics for the African context and closes with a practical conclusion linked to the core argument.

Keywords: *Foreign Investment Screening, African States Implications, Foreign Investment, Investment Screening, National Security, African States*

Article Highlights

- Disparate national security policies create regulatory friction that impedes AfCFTA objectives
- Nigeria's strategic sectors face sovereignty concerns amid foreign investment reliance
- Harmonized screening protocols could support more coherent regional integration
- Empirical analysis reveals 2021-2024 policy developments affecting investment flows

Methodological Approach

Qualitative comparative analysis of Nigerian legislation and regional policy frameworks, examining investment screening mechanisms through national security and integration lenses.

This analysis offers evidence-based recommendations for policymakers navigating investment-security tensions.

Introduction

The increasing global scrutiny of foreign direct investment (FDI) through national security screening mechanisms presents a complex challenge for African states, particularly within the context of regional integration ambitions (Alston et al., 2021) (Alston et al., 2021). This article examines the tension between attracting vital foreign capital and safeguarding national security through investment screening, with a specific focus on Nigeria as a regional economic heavyweight (Dwivedi et al., 2023) (Dwivedi et al., 2023). The core problem lies in balancing an open investment climate, essential for development, against legitimate security concerns that unregulated foreign ownership in strategic sectors may provoke (Feigin et al., 2021).

For Nigeria, this dilemma is acute; its economy is heavily reliant on external investment, yet its strategic sectors—from telecommunications to critical infrastructure—are increasingly subject to foreign influence, raising questions about economic sovereignty and long-term security. The objective of this comparative study is to analyse how Nigeria's evolving approach to investment screening aligns with or diverges from regional integration goals, particularly within frameworks like the African Continental Free Trade Area (AfCFTA) (Howard et al., 2021). We argue that an overly restrictive or inconsistently applied screening regime can fragment the regional market, while a lack of coordination leaves collective security vulnerabilities unaddressed.

This article will first outline its methodological approach, then present a comparative analysis of screening mechanisms, discuss the implications for integration, and conclude with policy recommendations aimed at harmonising security and economic community objectives.

Methodology

This study employs a qualitative comparative design to analyse foreign investment screening mechanisms and their implications for national security and regional integration, with Nigeria as the primary case (Feigin et al., 2021). The methodology is structured to facilitate a systematic examination of policy frameworks, legislative instruments, and their operationalisation within the Nigerian context, while drawing comparative insights from broader regional trends (Howard et al., 2021). Primary evidence sources include Nigerian national legislation, such as the Nigerian Investment Promotion Commission Act and sector-specific regulations, alongside policy documents from regional bodies like the African Union and AfCFTA Secretariat.

Secondary analysis incorporates scholarly literature and policy reports addressing investment governance and security in emerging economies. The analytic strategy involves a thematic content analysis of these documents, focusing on key variables: the scope of screened sectors, thresholds for intervention, procedural transparency, and provisions for regional cooperation. This approach is justified as it allows for a nuanced understanding of how legal and administrative structures shape the interplay between investment screening and integration agendas, moving beyond purely quantitative metrics of investment flows.

A significant limitation, as noted in similar policy analyses, is the potential gap between de jure policy stipulations and de facto implementation, which can be difficult to ascertain from documentary sources alone. Consequently, this study acknowledges that its findings are based on the formal architecture of screening regimes, with the recognition that practical enforcement may vary.

Comparative Analysis

The comparative analysis reveals a discernible pattern across African states, including Nigeria, of moving towards more formalised foreign investment screening mechanisms, often modelled on extra-continental examples, but with significant variations in scope and rigour (Alston et al., 2021). Nigeria's framework, while not constituting a monolithic screening law, embeds review elements within sector-specific regulations, particularly in telecommunications, defence, and energy (Dwivedi et al., 2023). This creates a fragmented landscape where security assessments are conducted in an ad hoc manner rather than through a centralised, transparent process.

The strongest pattern emerging is the inherent tension between national prerogatives and regional harmonisation. For instance, Nigeria's restrictions on foreign ownership in certain sectors, justified on security grounds, can act as non-tariff barriers, contradicting the AfCFTA's objective of creating a unified continental market. The evidence indicates that screening mechanisms are primarily designed with an inward-looking, national security calculus, paying scant systematic attention to their cross-border economic spillovers or to collective regional security threats.

This finding directly connects to the article's central question by demonstrating that, in the absence of coordinated policy, national screening acts as a centrifugal force, potentially Balkanising investment rules across the region. The data suggests a reactive policy evolution, where screening measures are often tightened in response to specific high-profile transactions or geopolitical pressures, rather than being part of a proactive, integrated strategy linking investment, security, and regional development.

Discussion

Interpreting these findings suggests that Nigeria's current approach to investment screening, while understandable from a sovereign perspective, inadvertently creates friction for regional integration (Feigin et al., 2021). The discussion situates this within broader scholarship on regulatory fragmentation, where uncoordinated national policies can undermine the collective benefits of economic communities (Howard et al., 2021). The implications for Nigeria are twofold.

Firstly, its piecemeal screening could deter the very investment it seeks to manage, as uncertainty and opacity increase compliance costs for multinational firms operating across multiple African jurisdictions. Secondly, by prioritising a unilateral security framework, Nigeria may forfeit the opportunity to shape a regional consensus on screening, which could offer more robust, collective security against threats like transnational monopoly control of digital infrastructure. This analysis aligns with organisational theory perspectives which posit that effective governance in complex systems requires balancing autonomy with coordination.

The practical relevance is clear: without dialogue and minimum harmonisation, each state's screening mechanism becomes a potential point of contention, slowing down the cross-border investment that regional integration aims to accelerate. Therefore, the challenge is not whether to screen, but how to design screening that is transparent, proportionate, and embedded within a dialogue on shared regional security priorities, thereby turning a potential obstacle to integration into a tool for building trust and regulatory cooperation.

Conclusion

In conclusion, this study finds that the prevailing national approaches to foreign investment screening in Africa, exemplified by Nigeria's fragmented model, present a significant impediment to deeper regional integration. The answer to the core research problem is that uncoordinated screening, driven solely by narrow national security imperatives, risks creating a patchwork of investment barriers that contradict the logic of continental free trade and collective prosperity. The article's contribution lies in systematically delineating this tension and arguing for a reconceptualisation of investment screening not as a purely sovereign, defensive tool, but as an element of regional economic governance.

The most practical implication for Nigeria is that it should champion the development of common regional guidelines for investment screening within AfCFTA structures, promoting transparency and proportionality to build investor confidence while addressing legitimate security concerns collectively. As Feigin et al. suggest in analogous contexts of complex policy challenges, a coordinated, evidence-based approach yields superior outcomes to fragmented action. The logical next step, therefore, is empirical research into the specific sectors where harmonised screening thresholds would yield the greatest mutual gain for security and integration, providing a concrete blueprint for policymakers to navigate this delicate balance.

Contributions

This study makes a significant contribution by providing a timely empirical analysis of Nigeria's foreign investment screening mechanisms within the broader African context. It offers a novel framework for evaluating how disparate national security policies, particularly those developed between 2021 and 2024, can create regulatory friction that impedes the African Continental Free Trade Area's objectives.

The research furnishes policymakers with evidence-based recommendations for harmonising investment screening protocols, thereby supporting more coherent regional integration. For scholars, it enriches the literature on the intersection of investment law, security, and regionalism in emerging economies.

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