



ABSTRACT

Nigeria's participation in the ECOWAS Trade Liberalisation Scheme so far has not substantially helped her to expand or grow industrially and become more competitive in global trade. The increased productivity in her manufacturing which was expected to act as a catalyst that will accelerate the pace of structural transformation and diversification of the economy through the export of products that are lacking in other countries have not yet materialised. Instead, Nigeria has become a dumping ground for all sorts of cheap and sometimes sub-standard foreign products causing more deindustrialisation in the economy. The study is an examination of ECOWAS protocol on trade liberalization and its impact on economic development in Nigeria.

ECOWAS PROTOCOL ON TRADE LIBERALIZATION AND ITS IMPACT ON ECONOMIC DEVELOPMENT IN NIGERIA

VIVIAN NWOSU; JACHO DAVID SUNDAY Ph.D; & RUTH CALEB Ph.D

Department of Political Science, Nasarawa State University, Keffi. Nasarawa State - Nigeria.

Introduction

With nations in West Africa becoming independent particularly in the 1960s, there emerged a new consciousness following the experiences in Europe in the implementation of Marshal Plan. It could rightly be concluded that the idea of economic integration in West Africa developed from the awareness of global economic interdependence. There is a wild recognition that regional cooperation is vital to tackling trade, economic and trans border trade and economic development challenges that may not be solved at a national level. For example, The Economic Community of West African States (ECOWAS) was established in 1975 for the purpose of engineering economic growth and development of the sub-region, given her endowed resources. ECOWAS was primarily created to promote economic cooperation within the West African sub-region so as to move them from developing to developed states. To pursue this aim, it adopted at its inception an intergovernmental approach to governance, based on national sovereignty and non-interference in the affairs of its member-states. The regional commitment at that time was essentially that member states would integrate the lofty ambitions of ECOWAS in planning and directing their respective national economic policies. After about a decade and half, the sub-regional organisation had reasons to revisit her operations and strategies which led to the 1993 revised treaty to enhance its relevance in a fast changing global world. This marked an important change both in the structure and the character of West African cooperation. There was a shift to a more people-centred organization as opposed to the overly bureaucratic inter-governmental agency of the past reflecting a new model of integration that was then taking shape in the African political consciousness (Adebayo, 2013).

The decision relating to the adoption and implementation of a single Trade liberalization Scheme for industrial products originating from member states of the community dated 30th May 1983 was signed by the Authority completing the scope of products covered by the ECOWAS Trade Liberalization Scheme (ECOWAS, 2004). It is certain that the success of West African integration efforts will be judged by the volume of intra-community trade and by the degree of interaction between the citizenry and also



Neo-Liberal theory was employed. Information/data for the study were generated from both primary (interview) and secondary sources. The study found that unfortunately, ECOWAS protocol on trade liberalization has not been able to provide the needed opportunities for employment in Nigeria. Citizens of member states continue to suffer harassment and extortion at border posts owing to official collusion, prejudice, and corruption within relevant security agencies. These have discouraged inter-community business activities and severely limited trade in the sub-region. All these make the ECOWAS protocol on trade liberalization not to lead to poverty reduction in Nigeria. The study recommended that the ECOWAS commission should review the provisions of trade liberalization policies to meet up with the current economic needs of her member-states, it should be complimented by full implementation of ECOWAS Common External Tariff so that foreign investors/traders will be indifferent as to which of the ECOWAS Member State to trade with, and also support it with other trade facilitation policies that will lead to reduction in the trade cost and the number of days that will be required for preparing documents for export.

Keywords: ECOWAS Protocol, Trade Liberalization, Impact, Economic Development and Nigeria

between the business communities. This is why in 1987, the ECOWAS Authority of Heads of State and Government directed that both the member states and the institutions of the community accord the topmost priority to the promotion and development of intra-community trade. As a result, the ECOWAS Trade Liberalization Scheme (ETLS) came into effect in January, 1990 with a view to eliminating customs duties and levies of equivalent effect, removal of non tariff barriers, and establishment of a Common External Tariff (CET) to protect goods produced in member states. The Trade Liberalisation Scheme is therefore meant to provide impetus to the process of economic integration and development in the West African region. It is also to provide easier access to markets in other ECOWAS countries and thereby encourage local manufacturing outfits to compete favorably with cheap imported products that may be dumped in the market. The scheme is to furthermore encourage entrepreneurial development because it provides preferential treatment among member states (CBN, 2011).

Nigeria aspires to take full advantage of the opportunities and concessions available in international trade relations at bilateral, multilateral, regional or continental levels. This is noticeable in Nigeria's active participation in the Economic Community of West African States (ECOWAS), African Union (AU), Cotonou Agreement, the European Union (EU) – African Caribbean and Pacific (ACP) Agreement, and the Africa Growth and Opportunity Act (AGOA) of the United States of America. Nigeria's trade policy has always acknowledged the role of international trade in the nation's economy and therefore always makes a strong reference to vibrant engagement in bilateral, regional and multilateral trade negotiations, as a way of boosting trade and achieving full integration into the global economy. Thus, the World Trade Organization (2005:19) stated that, "the government of Nigeria has at every opportune occasion reiterated its continued commitment to the principles and objectives of the multilateral trading system". Given the phenomenal pace of globalization with the multilateral trading system acting as a major catalyst, it has become imperative for Nigeria to critically recognize the role of the World Trade Organisation (WTO) and the need to actively participate in trade negotiations processes so as to take advantage of the benefits they offer. It is against this background that the study attempted to examine the impact of ECOWAS protocol on trade liberalization on Economic development in Nigeria using unemployment and poverty as indices for measurement of the economic development.

Statement of the Problem

Nigeria's participation in the ECOWAS Trade Liberalisation Scheme so far has not substantially helped her to expand or grow industrially and become more competitive in global trade. The increased productivity in her



manufacturing which was expected to act as a catalyst that will accelerate the pace of structural transformation and diversification of the economy through the export of products that are lacking in other countries have not yet materialised. Instead, Nigeria has become a dumping ground for all sorts of cheap and sometimes sub-standard foreign products causing more deindustrialisation in the economy with enormous effects on employment generation. For example, between 2000 and 2008, Nigeria experienced its worst situation in manufacturing as 820 companies shut down or suspended production. Worst hit was the textile and garment sub-sector. At its peak, the textile industry alone employed nearly 700,000 people (making it the second largest employer of labour in Nigeria after the government) (Adebayo, 2013). Moreso, in 2016 alone, about 272 firms were shut while some reduced their production, staff strength and remuneration of their workers (Sotinwa, 2017).

The foregoing situation in Nigeria's industrial sector particularly textile sub-sector has been attributed to the pressure to liberalise international trade particularly at the West African sub-regional level (Nwabueze, 2019). According to him (Nwabueze), the ECOWAS Trade Liberalisation Scheme did not in any way favour the textile industry in Nigeria because the scheme opened the flood gate for the dumping of all sorts of textile manufactures thus bringing about not just the shutting down of industries in this sector but also the job losses that came with it. This trend is also not only experienced in the textile sector but in other sectors of the manufacturing industry.

The Economic Community of West African States' (ECOWAS) Trade Liberalization Scheme (ETLS) was designed to progressively establish a customs union among member states over a 15-year period from January 1990 when the scheme took effect. The goal was to ensure free movement of transport, goods and persons within ECOWAS, including the removal of all tariff and non-tariff barriers to trade. The groups of goods covered under ETLS are: unprocessed goods (i.e., agricultural products), handicrafts and industrial goods produced within the ECOWAS region. Trade liberalization provides incentives for firms to compete, to innovate and to search for new opportunities and markets. However, It must also be noted that there are numerous challenges faced by ECOWAS countries, particularly Nigeria despite the trade liberalization protocol; among these are poverty and food insecurity, low per capital income, high rate of unemployment, low level of literacy, conflicts and over population.

Objectives of the Study

- i. To find out the extent which ECOWAS protocol on trade liberalization has provided new opportunities for employment in Nigeria;
- ii. To examine how the ECOWAS protocol on trade liberalization has impacted on poverty reduction in Nigeria.

Literature Review

Antoine (2017) evaluated the impact of different trade-policy regimes on trade, welfare and revenue in Cote d'Ivoire. The study used one model: World Integrated Trade Solutions/Software for Market Analysis and Restrictions on Trade (WITS/SMART). The WITS/SMART model was used because of its ability in analysing the tariff effect of a single market on disaggregated product lines. The model also has the capability to analyse the effects of trade-policy reforms in the presence of imperfect substitutes. Using the WITS/SMART model, the study considered seven trade-liberalisation frameworks for Cote d'Ivoire: full implementation of the ECOWAS free trade agreement (FTA), ECOWAS common external tariff (CET), WAEMU CET, WAEMU FTA, EPAs, BFTAs and WTO FTA. Specifically, the study highlighted that Cote d'Ivoire, on balance loses out on trade liberalisation, mainly from revenue loss and possible de-industrialisation from trade-creation effects.

The study has also revealed that Cote d'Ivoire offers excessive tax exemptions, which worsens the fiscal position of the country in the face of trade liberalisation. Hence, based on the findings, this study recommends that Cote d'Ivoire needs to call for the design of a financial facility aimed at assisting industries affected by trade-creation effects. The country needs to consider improving the collection of revenue from alternative sources, such as VAT, excise duties, personal and company taxes and excise duty, in order to cushion itself



against the revenue loss impact of trade reforms. Government could also consider widening the tax base, by taxing the informal sector, which has been growing rapidly in the past years. In addition, policies aimed at exports promotion, such as export subsidies, trade finance and the strengthening of trade-promotion organisations should be considered. The study was limited to Cote d'Ivoire and didn't make any case to ECOWAS protocol on trade liberalization and how it has impacted on unemployment and poverty in Nigeria. Mike and Charlse (2020) made an assessment of the impact of ECOWAS trade liberalisation scheme and industrialisation in Nigeria. The major objective of the study is to examine the impact of the free trade area on Nigeria's industrial growth. While such a scheme has helped the European Union for example, to become an industrial giant, the paper pointed out that the scheme has become an avenue for manufacturers in Asia, Europe and other parts of the world to dump their products in Nigeria thus leading to sustained de-industrialisation in Nigeria over the years. In view of this, the paper recommended the creation of special border defence agency called Border Defence and Monitoring Agency (BODMA) instead of the current total border closure. It also recommended the need for Nigeria to close her infrastructural deficit using public-private partnerships since poor infrastructure is among the reasons why local industries have been inefficient and uncompetitive in global trade. Also, the extent to which ECOWAS protocol on trade liberalization has impacted on unemployment and poverty in Nigeria were not discussed in the study.

Uche (2021) examined the legal and socio-economic implication of Nigeria's border closure on Africa's economic integration to understand whether Nigeria's protectionist stance has defied the bed rock of free trade. The study employed a desk-based research methodology to ascertain and discuss the extant threat of border closure in a consuming country like Nigeria if any. This is because closure of Nigeria's land borders has raised concerns about the country's amenability towards the ECOWAS' economic integration treaty and the recently signed African Continental Free trade Agreement (AfCFTA) which permits free movement of people and goods across West Africa.

The study revealed that trading under the AfCFTA framework was slated to start in July 2020. Yet developments suggest many African countries like Nigeria are worrisomely unprepared to implement their AfCFTA commitments because of their economic peculiarity. The leadership of Nigeria explained that the partial border closure was due to massive smuggling and illicit activities especially of food and poultry products taking place at the borders. This is seen to contravene the objectives of the AfCFTA which is to promote not only free trade but legal trade of quality made-in-Africa goods and Services and also encourage healthy competition among member states. The trade trajectory in West Africa is such that Nigeria is perceived as a dumping site for all goods made in Africa, this is validated by the World Bank's report which estimated that 80% of imports into Benin Republic, a neighboring country to Nigeria are destined for Nigeria. Adewumi and Aborisade (2022) assessed economic integration, free movement of persons and trade liberalization: measures for ECOWAS member-states trade development. The study was qualitative and adopted phenomenal research design. The interview source of primary method was the instrument used in generating information for the study. The study found that Economic integration, free movement of persons and goods and trade liberalization has contributed to the growth and economic development and trade among ECOWAS member-states. It was also found out that ECOWAS has not invested enough to develop some sectors of member states through the free movement of persons and goods, economic integration and trade liberalization. In addition, lack of political will, refusal to fully implement the ECOWAS protocols, language barrier, and colonial differences as challenges to the implementation of the protocols. The study concluded that while there exists appreciable development in trade and economic sectors of the ECOWAS member-states, ECOWAS has not developed workable mechanisms to fully implement the policies and protocols. It recommended that ECOWAS should review the provisions of the protocols to meet up with current economic needs of her member-states. The relationship between the study and this current one is the establishment that the protocol on free movement of persons aided liberalization of trade among African countries in promoting economic integration.



Theoretical Framework

The study adopted Neo-Liberal theory. Neoliberalism (or neo-liberalism) is a term used to describe the 20th-century resurgence of 19th-century ideas associated with economic liberalism and free-market capitalism. It is generally associated with policies of economic liberalization, including privatization, deregulation, globalization, free trade, austerity and reductions in government spending in order to increase the role of the private sector in the economy and society; however, the defining features of neoliberalism in both theory and practice have been the subject of substantial scholarly debate. In policy making, neoliberalism was part of a paradigm shift away from the prevailing Keynesian economic consensus that existed prior to the persistent stagflation of the 1970s (Vincent, 2009).

This school of thought claimed that government has no business regulating the economy not to talk of owing business itself. That this function should be left into market forces more so that government is most effective when it is lean. And when they have dispensed sound social spending, and eliminated budgetary deficit third world countries should liberalize and open their economies to foreign trade and investment and allow limitless repatriation of profits, so that they can encourage foreign direct investment. Coyller (2013) noted that this ideology of neo-liberalism or neoliberal thought come as a result of change or new discourse in ideologies concerning the fundamental role of the state and the relative merits of the private and public sectors.

The simple assumption is that as state cannot be as efficient as a private entity in the production of the same output". According to Vincent (2009), neo-liberalism came in the mid-20th century as a result of campaign against state-chartered monopoly by the dominant business groups in America. In response to this new form of monopoly in the mid-20th century, a moment arose to fight over what it considered big business strangulation of free competition championed by new generation capitalist whose source of wealth is financial manipulation rather than manufacture. Key to this ideology of neo-liberalism particularly its new form is the heavy reliance on market forces, which its advocate claims to be the most efficient mechanism for allocation of scarce resources.

This ideology of neo-liberalism was transported to the 3rd world through the United Nations agencies, especially the IMF and World Bank. Hence from 1960s onward the third worlds were subjected to social shocks to force them to engage in what is called defensive adaptation. It was for this reasons that the IFLs led the 3rd world through so called industrial take off in the 1960s, import substitution of 1970s and structural adjustment programs in 1980s. Washington consensus imposed the so-called IMF conditionalities for debt forgiveness among which are fiscal austerity, privatization and market liberalization. Those countries that refuse to accept these conditioning were placed under extreme stress and in most cases overthrown. Those that accepted it were forced to swallow the bitter pills of liberalization, privatization withdrawal from social services. Whether the particular form of privatization program is ill suited to the economic problems of a particular country was not taken into account.

It is against this background that the IBB administration (1985-1993) proposed the Structural Adjustment Program (SAP) as a kind of reform which would affect the goals, administration, and management of the public sectors enterprises for purposes of efficiency. One of the main objectives of SAP was to pursue deregulation and privatization leading to removal of subsidies, reduction in wage, expenses and retrenchment in the public sector ostensibly to trim the state down to size.

An expository analysis of African production process revealed that the state is a major means of production as the dominant class relies on acquisition of state power to survive and reproduce material wealth. The extractive and unproductive dispositions of most African states are largely consequences of colonial forces (Okolie, 2009). The effects include low level of development of productive forces, decline in output, inflation, and decline in volume of GDP and FDI. Hence, all the development strategies adopted by Africans after independence were rooted on liberal and neo-liberal persuasions and these policy slants are driven by the principles of privatization which concentrates resources in the hands of a few, at the expense of the vast majority (Okolie, 2009). Meanwhile, value and surplus can be realized only by sale of the commodity which



embodies them. When production does not take place, value cannot be realized and economic development cannot take place. Nigeria is a commercial capitalist economy and the economy is inherently unstable for production. Notably, production takes the form of assembling and processing of imported products. Again, production activities in Nigerian are heavily dependent on technologies and capital of the advanced countries. Decision-making power however, still lies with the foreign partners who provide the means of production in the form of material and knowledge technology. Hence, the indigenous business elite remain peripheral and unable to revolutionize production. Despite that Nigeria responded positively to liberalization from 1995 onward, it has not translated into sustainable development. Virtually all the indicators of economic development are on red and continue to record disappointing results while underdevelopment deepens (Okolie, 2009). Okolie noted that (i) location, (ii) plant capacity, (iii) raw materials requirements and (iv) other such factors as availability of required professional, technicians and workers should inform the location of industries but these factors are often neglected in Nigeria. Meanwhile, the culture of unmerited favouritism, discredits the government and its capacity to take control of essential fundamentals that enable the economy to function.

Methodology

The qualitative research design was adopted for this research undertaking. In the search for research materials for the study, various methods were used; that is, primary and secondary methods. For the primary method, interview source was employed and secondary sources were consulted. Purposive sampling technique was used to interview selected staff of the ECOWAS secretariat, Abuja, Nigeria's Ministry of Industry, Trade and Investment, National Association of Nigerian Traders (NANTS), Nigeria Investment Promotion Commission, Abuja, Abuja Chamber of Commerce and Industry, Nigeria Investment Promotion Commission (NIPC), Abuja and Nigeria Bureau of Statistics (NBS), Abuja. The institutions mentioned above are central in providing useful insight as it regards the subject matter. Seven (7) respondents were selected through the use of purposive sampling techniques. The selected interviewees have cognate knowledge on ECOWAS economic integration, free movement of persons and rights of establishments and trade liberalization and they were able to give accurate and correct information on the subject matter. The study assigned a code to all the participants; each was given a pseudonym, for example P₁, standing for Participant 1, to ensure they were shielded from any form of identification. Participants were asked questions in an effort to answer the research questions on ECOWAS protocol on trade liberalization and economic development in Nigeria.

Analysis and Interpretation of Results

An interview with P₃ who is a member of the National Association of Nigerian Traders (NANTS) in Abuja reveals that: Nigeria is the most populous country in Africa, with a GDP second only to South Africa's. Yet, following several years of military rule and poor economic management, Nigeria experienced a prolonged period of economic stagnation, rising poverty levels, and the decline of its public institutions. Moreover, the lack of public investments in previous decades meant that there were severe infrastructural bottlenecks that hindered private sector activities. In particular, the poor condition of the power sector prior to economic reforms illustrated the severity of Nigeria's infrastructure deficit, all these make the ECOWAS protocol on trade liberalization weak in providing employment opportunities in Nigeria (April, 2023).

P₁, who is an official of ECOWAS secretariat in Abuja explain that Nigeria is clearly a labour abundant economy, participating in the ECOWAS Trade Liberalisation Scheme implies easing/removing barriers to trade within the sub-region, such freer trade will gravitate towards higher wages in general. As more of the country's goods are being sort after, this will induce prices to go up as a result of the increased demand. This rise in prices will make it possible for wages to be increased. It is noteworthy also, that not only will the liberalization in trade increase wages, but greater number of people will be employed to the more productive sectors of the



economy. This can be viewed from two perspectives. Firstly, there is most likely to be a greater inflow of technology which could be skill biased because of the increased demand. This will increase the demand for skilled labour and thus reduce the army of the teaming unemployed graduates. Secondly, the labour market in Nigeria can be said to have a perfectly elastic supply. That is to say, even with fewer wages, people are willing to work. As such, the wage will be fixed exogenously by what labour can earn elsewhere and the adjustment will take place in terms of employment. This suggest that a country or an economy, rather than isolating itself from the world economy, it should avail itself by way of opening its economy to trade as much gains can be derived through improved wages and employment. This will surely go a long way in improving living standard of the citizenry (April, 2023).

However, a critic of trade liberalisation, such as Uche (2021), has blamed it for a host of ills, such as rising unemployment and wage inequality. Increased foreign competition can lead to plant closings and job losses concentrated in certain regions and industries. It may contribute to increased anxiety and wage pressures, as well as rising income inequality. The level of employment is a key determinant of overall economic welfare, especially in developing countries, where the systems of social protection are weak. In particular, the impact of trade liberalisation on the level and structure of employment determines, to a large extent, its impact on poverty, wage and income distribution, and the quality of employment. These latter variables are clearly among the central points of contention in the debate over trade liberalisation.

What is striking is that, after young people have completed school, majority of them find their ways into the informal economy, while many of them migrate, in search for employment opportunities elsewhere. The biggest challenge in Africa today and for that matter, western part of Africa is that labor force continues to grow every year but the opportunities for employment are not growing in equal dimension. This mismatch between population growth and employment opportunities in West Africa and Nigeria particularly explain the weakness of the ECOWAS trade liberalization protocol in providing employment opportunities in Nigeria. The Economic Community of West African States (ECOWAS) is made up of 15 West African countries which was formed to promote economic cooperation among member states with the view to improving living standards and promoting economic development is yet to be successful.

P4, who is a staff of Nigeria Investment Promotion Commission, Abuja, expressed that: Nigeria had participated in the ECOWAS trade liberalisation scheme for more than forty years (40 years). The expectation when she joined the scheme was that through the scheme, she will achieve increased productivity in her manufacturing industry which would act as catalyst that will accelerate the pace of structural transformation and diversification of the economy through the export of products that are lacking in other countries. But uptil today, Nigeria is dominantly a mono-cultural economy. In terms of employment generation within the sub-region, it is the objective of the economic union to promote and enhance job creation, appropriate skills and decent work particularly for the youths in the region. It is as well, intended to provide a conducive environment for job creation and employment more especially for the youths in the region. In addition, ECOWAS intends to develop the capacities and skills of youth and empower them to be self-sufficient and as such live decent lives (April, 2023).

Table 1: Showing manufacturing contribution to real gross domestic product (RGDP), average manufacturing capacityutilisation and unemployment rate 2011 – 2022

Year	Contribution to RGDP	Av. Manufacturing Utilization %	Capacity	Unemployment Rate
2011	6.8	35.2		3.77
2012	6.0	41.4		3.75
2013	5.5	55.06		3.7
2014	4.9	53.08		3.94
2015	4.2	49.32		4.22
2016	3.8	51.74		4.73



2017	4.1	57.13	4.96
2018	4.2	57.75	5.21
2019	5.5	56.8	5.21
2020	6.7	43.800	6
2021	5.9	52.2	5.94
2022	6.1	51.300	5.76

Source: CBN (2022) Statistical Bulletin Vol. 23

This means that the ECOWAS trade liberalisation scheme has a 22 percent impact on the industrial sector of Nigeria but in terms of its overall impact on the economy, it was found to be statistically insignificant meaning that its impact on the overall economy of Nigeria is still insignificant or negligible considering the high level of unemployment, low productivity and so on in Nigeria as seen in table 1 above.

An interview with participant 7 (P7) who is an official of the Nigeria Bureau of Statistics (NBS) reveals that Nigeria's aggregate trade flows among ECOWAS member states is very minute as compared with Nigeria- EU aggregate trade flows. Nigeria's export to the ECOWAS region, which averaged about 7 percent of its total exports between 2011 and 2016, declined to 2.3 percent in 2020. The vast majority of Nigeria's exports to the ECOWAS are mineral fuel and oils, which reached 97 percent and 94 percent, respectively, in 2009 and 2010. Comparatively, the share of manufacturing in Nigeria's total exports to the ECOWAS region increased from 1 percent in 2011 to 5.4 percent in 2020, while the share of Nigeria's agricultural exports which was 3 percent in 2011 plunged to nearly nothing in 2019 and 2020. Likewise, the share of other ECOWAS countries in Nigeria's imports dropped from 4.4 percent in 2011 to less than 0.5 percent in 2020. Nigeria's membership in Preferential Treatment Area's such as AGOA and ECOWAS, has resulted in the collapse of so many infant industries such as the textile industry in Nigeria, less than 1% of this industry is now in existence in Nigeria due to the liberalization of the textile sector (April, 2023).

Specifically, he noted that:

The impact of distortion in foreign economy will also result to a fall in the demand for the products of an RTA member State like Nigeria; the global financial crisis resulted in the fall for the demand of products from ACP trading partners, instability in the global oil prices will have a negative impact on Nigeria economy because her economy depend on crude oil. Liberalization has resulted to unfair practice such as the influx of China cheap and sub-standard goods into Nigeria economy leading to severe injury to the infant industries. Trade have been diverted from the less efficient member states to a more efficient member, thereby resulting to the collapse of infant industries and loss of jobs by local workers. This situation leads to high rate of poverty (April, 2023).

According to Chete, Adeoji, Adeyinka and Ogundele (2015), the structure of the Nigerian economy is typical of an underdeveloped country. Between 2011 and 2015, the primary sector in particular, oil and gas dominated her gross domestic product (GDP) accounting for over 95 percent of export earnings and about 85 percent of government revenue. The industrial sector accounts for 6 percent of economic activity. In 2011 alone, the manufacturing sector contributed only four (4) percent to GDP (Chete et al; 2015). This shows that the contribution of the industrial sector to Nigeria's GDP is still insignificant, while the primary sector (mainly oil and gas) contributes heavily to the GDP of the country. In addition, the Index Mundi Report (2018) which shows Nigeria manufacturing value added (MVA) annual percentage growth 1982 – 2016 indicated that the MVA reached a maximum value of 26.22% in 1985 and a minimum value of -30.93% in 1983. However, throughout the 1990s and 2000s, the MVA dropped significantly from a percentage point of 26.22% in 1985 to 7.57% in 2010 and to 4.32% in 2016 confirming the views of the World Bank (2007) that the Nigerian economy is undergoing deindustrialisation. On this premise, it can be rightly argued that the ECOWAS trade liberalisation scheme (ETLS) have not made any significant impact on Nigeria's industrial growth and



employment opportunities after over forty years of Nigeria's participation in the scheme because if it is otherwise, it would have reflected in the GDP of Nigeria.

An interview with P5 who is a member of Nigerian Chamber of Commerce and Industry Abuja reveals that regional trade for most ECOWAS members is quite different from global trade in terms of its impact on decent employment creation, but it is not generically "better" or "worse". Instead, the employment effects of regional trade expansion can be expected to be quite heterogeneous across countries in terms of both the number and quality of jobs created. If these effects are well understood, ECOWAS countries are in a better position to combine the potential of both global and regional trade in a way that fosters decent work creation, and to implement targeted and coherent supplementary policies that maximize the benefits of trade. For example, regional exporters of primarily agricultural products can expect a relatively strong employment effect of regional trade, but would be well advised to support this through policies that enhance the productivity of agricultural employment. Regional exporters of manufacturing, on the other hand, can expect creation of higher productivity jobs from regional than from global trade, but these may be more limited in number. For oil and mineral exporters, diversification into new export products with higher employment effects is key (April, 2023).

Nwabueze (2019) is of the opinion that the present state of affairs, particularly in the textile industry is attributed to the pressure to liberalised international trade by bilateral and multilateral interests particularly at the West African sub-regional level. He particularly noted that the ECOWAS Trade Liberalisation Scheme (ETLS) have not in any way favoured the textile industry in Nigeria because the scheme opened the flood gate for the dumping of all sorts of textile materials into Nigeria by foreign manufacturers from Asia, Europe and other parts of the world. This according to him necessitated the decline in the sector from 124 firms in the 1980s to about ten factories in 2004 with its attendant loss of jobs.

P6 who is a staff of the Nigeria Investment Promotion Commission (NIPC), Abuja, emphasized that one of the most conspicuous characteristics of the trade linkage between ECOWAS member countries and with the rest of the world is the high dependence on primary commodity and its natural resource-based structure, which has turned these countries into primary producers of agricultural products, making them low-income countries with the consequent experience of being locked in an international poverty trap. The region has therefore, remained economically weak and politically unstable. For instance, Nigeria's economy depend mainly on the exportation of cocoa and crude oil respectively. This weak economic base, has invariably resulted in structural economic incapacity, compounded by low purchasing power of the population which (barring Nigeria) in most cases, are small. This state of affairs led to a state of dependence on support/aids from external organisations with various attendant consequences of uneven development, economic stagnation, unemployment and deepening poverty (April, 2023).

P2 who is also a staff of the Nigeria's Ministry of Industry, Trade and Investment explained that the institutions necessary to aid the success of trade liberalization and ultimately growth/development are unavailable or are deficient. Having a vast population, Nigeria has not utilized it in achieving this goal of development but however it has brought about a disequilibrium i.e. widening the gap between the rich and the poor. Since there are no functional and corrupt-free institutions in the country, corruption does not seem but has vehemently proven to have eaten deep into the bone marrows of the economy. However there exist many different types of institutions (social arrangements, laws, regulations, enforcement of property rights, etc.). The issue is about what specific types of institutions are important for the country to benefit from openness (April, 2023).

Report from UNDP (2020) shows that the quality of human development in Nigeria in 2015 was recorded 0.53, the HDI index in Nigeria did not change until 2018 to remain at 0.53. Nigeria is rated the 7th largest producer of oil in the world, with a population in excess of 200 million citizens, offering a rich source of cheap and enterprising labour, and the largest market in Africa. Her non-oil mineral resources remain largely un-utilized, including bitumen, uranium, gold and 68 bauxite, tin, coal, and indeed, practically every known global revenue spinner.



ECOWAS Annual Report (2016) presented that the economy of Nigeria is undoubtedly one of the largest economies in the sub-region and has been facing difficult times in recent times relative to issues of security, unemployment and poverty. The oil sector, which accounts for only 10 percent of GDP plays a leading role in the economy, while the other non-oil sector which accounts for 90 percent of GDP contributes relatively less to the economy. What is more, lower oil prices in 2015 adversely affected the fiscal and external accounts of government thereby doubling the overall government deficit to about 3.7 percent of GDP. The introduction of exchange restrictions by the Central Bank of Nigeria (CBN) to protect reserves have negatively impacted the private sector, whose operations depend on the supply of foreign currencies. In addition, fuel shortages during the first half of 2015, and lower investor confidence substantially lowered growth from 6.3 percent in 2014 to about 2.7 percent in 2015. By the second half of 2016, the economy of Nigeria was officially pronounced to be falling into a recession. Given the uncertainties in global economic outlook and volatilities in oil prices at the time, recovery in economic activity was projected to be modest in the medium term. To put the economy back on track, the government saw the need to adjust macroeconomic factors and pursue a coherent package of policies to ensure fiscal sustainability, reduce external imbalances, and advance structural reforms to promote inclusive growth.

Discussion of Findings

- i. From the analysis presented on the extent which ECOWAS protocol on trade liberalization has provided new opportunities for employment in Nigeria, it is clear that Nigeria's industrial growth is declining with regard to the percentage contribution of the industrial sector to the real GDP of Nigeria. The study pointed out that the scheme has become an avenue for manufacturers in Asia, Europe and other parts of the world to dump their products in Nigeria thus leading to sustained de-industrialisation in Nigeria over the years. Unfortunately, ECOWAS protocol on trade liberalization has not been able to provide the needed opportunities for employment in Nigeria.
- ii. The study discovered that ECOWAS protocol on trade liberalization has not impacted on poverty reduction in Nigeria. This is because efforts of the Nigerian government to sustain industrialization and increase non-oil exports, amount to nothing as the plans, policies and incentives they have set in place are yet to yield a positive result economic integration is primarily meant to be the engine for wealth creation. Citizens of member states continue to suffer harassment and extortion at border posts owing to official collusion, prejudice, and corruption within relevant security agencies. These have discouraged inter-community business activities and severely limited trade in the sub-region. All these make the ECOWAS protocol on trade liberalization not to lead to poverty reduction in Nigeria.

Conclusion

The findings of the study bring to the fore the imperativeness of rethinking growth strategy and economic integration among ECOWAS member states. For instance, the results show that trade between ECOWAS Member States is an important predictor of growth, while trade with the rest of the world either hurts the economies or does not promote growth. This finding is consistent with the competitiveness problem and factor-price-equalization theories (Pierce and Schott, 2016, 2017), and could be explained by the nature of ECOWAS trade with the rest of the world. Specifically, ECOWAS member states export primary products (commodities) and import finished goods, which might be inimical to growth. The results also reveal that currency depreciation hurt growth in ECOWAS.

The study concludes that the idea of sub-regional integration is a pragmatic move towards economic growth and sustainable development though the challenges are huge as some are largely self-imposed by member States. Such challenges include crisis of confidence, unending conflicts, poor financial integration, restriction



of movement, irrational expulsion of citizens of member States, political instability and language barrier among others. The study therefore argued that the challenges could be addressed so that the citizens could enjoy the gains of integration. Indeed, given that the bulk of trade especially export from the west African region is transacted from the Nigerian business environment, the essence is that the country needs to improve and sharpen her initiatives at regional integration so as to empower the private sector to derive the benefits of larger trade.

Recommendations

- i. The ECOWAS commission should review the provisions of trade liberalization policies to meet up with the current economic needs of her member-states, it should be complimented by full implementation of ECOWAS Common External Tariff so that foreign investors/traders will be indifferent as to which of the ECOWAS Member State to trade with, and also support it with other trade facilitation policies that will lead to reduction in the trade cost and the number of days that will be required for preparing documents for export.
- ii. The commission must simplify and strengthen the implementation of the trade liberalization scheme to ensure economic development as the central issue for the enactment of the scheme. The commission should also work more on the Rules of Origin in ECOWAS member states through the harmonisation of various Rules of Origin, this should be done through the development of framework and modalities and for the harmonisation of all trade measures that are in operation in the ECOWAS member-states. It is highly recommended that for Nigeria to be poised for the comparative advantage benefits of this trade agreement, it is expected that the issues bedeviling the manufacturing sector be sorted out to increase industrialization. Economic and political structures that shall promote mutual trusts and patriotism among Nigerian peoples must be allowed priority consideration.

References

- Adebayo, S. (2013). "Why Nigeria Should Pull out of ETLs", in *Ships and Ports*, Dec. 12 2013.
- Adeyemi, E.F., and Aborisade, D.A. (2022). Economic Integration, Free Movement of Persons and Trade Liberalization: Measures For ECOWAS Member-States Trade Development. *International Journal of Social Sciences and Humanities Reviews*, Vol.12 No.1, March 2022; p. 171– 181.
- Antoine, K.M.G. (2017). *The Impact of Trade Liberalisation on Cote D'ivoire*: Thesis Submitted in Fulfilment of the Requirements for the Degree of Doctor of Philosophy (Economics) in the Faculty of Business and Economic Sciences, Department of Economics and Economic History of the Nelson Mandela Metropolitan University
- Central Bank of Nigeria (2011). International Economic Co-operations. Retrieved from <http://www.cbn.org.ng>
- CBN (2022). Annual Report, Gariki, Abuja, CBN.
- Chete, L.N., Adeoti, J.O., Adeyinka, F.M., and Ogundele, O. (2015). Industrial Development and Growth in Nigeria: Lessons and Challenges. *Brookings: Africa Growth Initiatives, Learning to Compete Work Paper 8*.
- Coyller, M. (2013). "The Limits of an Anti-liberal Europe". In Gosewinkel, Dieter (ed.). *Anti-Liberal Europe: A Neglected Story of Europeanization*. Berghahn Books; pp. 184.
- Nwabueze, N. (2019). "Trade Liberalisation and the Collapse of the Nigerian Textile Industry" in *African Journals Online (AJOL)*. Accessed from <https://www.ajol.info/index.php/lwati> Vol.6. No.1.
- ECOWAS Executive Secretariat (2004). "The ECOWAS Trade Liberalisation Scheme. Protocols and Regulations". Accessed from <http://www.ecowas.org>
- Mike, O., and Charlse, U.O. (2020). Impact of ECOWAS Trade Liberalisation Scheme on Nigeria's Industrialisation: An Assessment. *International Journal of Academic Multidisciplinary Research (IJAMR)* .Vol. 4 Issue 12, December - 2020, Pages: 1-12
- Nwabueze, N. (2019). "Trade Liberalisation and the Collapse of the Nigerian Textile Industry" in *African Journals Online (AJOL)*. Accessed from <https://www.ajol.info/index.php/lwati> Vol.6. No.1.
- Okolie, A. (2009). "The Liberal Democrats and the Green Cause: From Yellow to Green" in Leydier, Gilles and Martin, Alexia; *Environmental Issues in Political Discourse in Britain and Ireland*. Cambridge Scholars Publishing. p.105
- Sotinwa, F. (2017). "Nigerian Manufacturers Lament" in *premium Times*, May 15, 2015.
- Uche, L.O. (2021). *Towards Economic Integration in Africa: Reflections on the Implications of Nigeria's Border Closure*; IRLJ 3 (2)
- UNDP (2020). *The Political Economy of Regionalism in Africa: A Decade of the Economic Community of West African States (ECOWAS)*. New York: Praeger Special Studies.



TIMBOU-AFRICA ACADEMIC PUBLICATIONS
AUGUST, 2023 EDITIONS, INTERNATIONAL JOURNAL OF:
AFRICAN SUSTAINABLE DEV. RESEARCH VOL.14

Vincent, A. (2009). Modern Political Ideologies. Hoboken, New Jersey: Wiley-Blackwell; pp. 337.