

Developing an African Growth and Opportunity Act (AGOA) Country Strategy for Nigeria

FINAL REPORT (ACBF-NILDS PROGRAMME)

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List of Acronyms

ACBF	African Capacity Building Foundation
AEC	African Economic Community
AfCFTA	African Continental Free Trade Agreement
AGOA	African Growth Opportunity Act
AU	African Union
BITs	Bilateral Investment Treaties
BoI	Bank of Industry
BTAs	Bilateral Trade Agreements
CEN-SAD	Community of Sahel-Saharan States
CET	Common External Tariff
CEO	Chief Executive Officer
CIF	Cost, Insurance and Freight
COMESA	Common Market for Eastern and Southern Africa
EAC	East African Community
ECCAS	Economic Community of Central African States
ECOWAS	Economic Community of West African States
EPA	Economic Partnership Agreement
ETLS	ECOWAS Trade Liberalisation Scheme
EU	European Union
Ex-Im	Export-Import
FCT	Federal Capital Territory
FED	Friends of E-Commerce for Development
FOB	Free on Board
FTAs	Free Trade Agreements
GDP	Gross Domestic Product
GSP	Generalised System of Preferences
HS	Harmonised Systems
IGAD	Intergovernmental Authority on Development
MFN	Most Favoured Nation
MoU	Memorandum of Understanding
NAC	National Approval Committee
NBS	National Bureau of Statistics
NEPC	Nigerian Export Promotion Council
RoW	Rest of the World
SADC	Southern African Development Community
SGDs	Sustainable Development Goals
SMEs	Small and Medium-scale Enterprises
SSA	sub-Saharan Africa
TICA	Trade and Investment Cooperation Agreement
TIFA	Trade and Investment Framework Agreement
UMA	Arab Maghreb Union
UN	United Nations
U.S.	United States
U.S.A	United States of America
USDs	United State Dollars

WAEMU
WTO

West African Economic and Monetary Union
World Trade Organisation

EXECUTIVE SUMMARY

The African Growth and Opportunity Act (AGOA) is a non-reciprocal preference programme that gives duty-free and quota-free access to the United States of America (USA)'s market for eligible sub-Saharan Africa (SSA) countries. It was enacted 18th May 2000. AGOA was extended for 10 years to 2025 by the immediate past United States (U.S.) President Barack Obama in June 2015 when he signed the Trade Preferences Extension Act (TPEA) of 2015 into law. Fortunately, Nigeria has been one of the eligible SSA countries since the inception of AGOA. The eligible AGOA products include agricultural products, forest products, chemicals and related products, energy-related products, textiles and apparel, footwear, minerals and metals, machinery, transportation equipment, electronic products and miscellaneous manufactures. However, given Nigeria's weak export base, her benefits have not been impressive.

Stemming from the above background, this study examines the status of AGOA implementation in Nigeria, evaluates the performance using some macroeconomic indicators, and provides recommendations on how the country can fully harness the latent opportunities in AGOA. In achieving the general objective, the following research questions are posed: (a) How has Nigeria benefited from AGOA compared to other West African countries? (b) How has AGOA impacted on Nigeria's trade outcomes? In what ways have the sectors in Nigeria benefited from AGOA participation and what lessons can be learnt? (c) What are Nigeria's major export products under AGOA and what strategies are put in place to enhance performance? (d) What are the capacities issues facing AGOA implementation in Nigeria? (e) What are the similarities and differences between AGOA and other Nigeria's trade preferences?

Using mixed method technique, the following, among others, are the key findings that emanated from the study. i) Despite the privileged economic relation with the U.S. and her resource endowment in the area of trade, Nigeria is largely dependent on oil exports, with very little diversification, which severely limits the benefits derived from AGOA's initiative. ii) The issues relating to Nigeria's economy centring on oil, and perceived lack of adherence to standards and product packaging methods as well as weak manufacturing base and infrastructural challenges, among others, can be said to have affected Nigeria's opportunity of riding on the crest of AGOA with respect to trade competitiveness. iii) In the years of AGOA implementation, Nigeria performed less than expected in the textiles & apparel, agricultural products and mineral & metals sectors, which are the sectors with huge potential to diversify her economy considerably from the dependence on oil. iv) High cost of production, lack of adherence to contractual terms, and ignorance of local and USA customs regulations were identified as some of the hindrances to the export capacities of most Nigerian SMEs.

Looking at Nigeria's trade position before the commencement of AGOA (pre year 2000), during AGOA (2001-2015), and the extension period (2016-2017); it was observed that the highest positive trade balance of \$32.4billion was recorded in 2008 compared to the value of \$4.8billion in 1999 before the commencement of AGOA. Though, data for the extended period is limited, the trade balance for post-2015 was \$3.17billion in 2017. Thus, the study submits that Nigeria has the ability to improve its export performance under AGOA given the considerable untapped potential in other AGOA product sectors. Hence, the extension of AGOA to 2025 offers Nigeria

another opportunity to develop her capacities, diversify her production and exports to fully utilise the opportunities that AGOA provides. To make the aforementioned a reality, all relevant stakeholders have roles to play. Thus, some recommendations are made, which are briefly summarised herein:

- a) The Nigerian government should expedite sectoral diversification in order to diversify revenue, reduce import dependency, create jobs, assist poor households and develop the rural areas, which will boost agricultural value-chain and drive economic diversity.
- b) In a bid to improve efficiency, the government should create regulations in reforming customs processes and invest in technology to lower costs.
- c) SMEs' advocacy initiatives should be designed and executed in Nigeria to address youth unemployment and increase Nigeria's participation in the AGOA trade initiative.
- d) The government should intensify its promotion of joint ventures and public private partnerships in industries to boost her production capacities.
- e) On the issue of standardisation, the government should invest in workshops and forums with manufacturers of different scales to impress on them the need for product standardisation and, beyond the sensitisation, provide necessary infrastructure to facilitate their operations.
- f) Institutional weakness should also be addressed by reducing the bureaucratic loops for the exporters and avoiding systemic frustrations.
- g) Financial support programmes for the promotion of local investments in the identified sectors through mechanisms such as venture capital funds should be established, which requires concerted efforts from the government and the private sector.
- h) The private sector should show more interest in participating in AGOA by adjusting product standards in consonance with global best practices and undertake self-AGOA export readiness assessments.
- i) Firms should avail themselves international partnerships as well as the formation of strategic export clusters and alliances among Nigerian firms, which would enhance their capacities.
- j) The U.S. government should actively engage and support Nigeria's initiatives to boost her production capacities to fully benefit from AGOA by ensuring that U.S. buyers support the capability-building efforts of Nigerian suppliers as well as through facilitating USA-Nigerian private sector commercial dialogue to promote partnership in bankable AGOA projects.
- k) Other stakeholders like the academia, civil society organisations, and development organisations should spur more awareness on timely market information and projections to enable strategic production by AGOA-based producers and exporters in Nigeria.

1. INTRODUCTION

1.1 Background Issues

Nigeria is considered as the giant of the African continent, not only in size, as she is the country with the largest population in Africa, but also, due to the role the country occupies economically and politically, on the Continent. Evidence shows that, at least, two of ten persons in Africa are Nigerians¹. Nigeria is located in West Africa with a population of approximately 186 million (2016 estimates²) people. It covers a land area of 923,768 square kilometres. It is bordered by the Gulf of Guinea to the South, Benin Republic to the West, Cameroon and Chad to the East, and Niger Republic to the North. It has Lagos as its major commercial centre, which is also known to be among the most populous cities in the World, and the Federal Capital Territory (FCT) Abuja as its administrative capital.

Despite the privileged economic ties with the United States of America (USA), Nigeria is still facing the major challenges of economic development and shared prosperity, among others. Moreover, even with its “seemingly unlimited” oil wealth, the country continues to house many poor people³. Nigeria recorded a remarkable US\$52 billion in oil revenues for 2011 but is uncharacteristically ranked 152 out of 186 countries on the Human Development Index (HDI) with a score of 0.53 in 2015 (See Figure A1 in the Appendix). An estimated 70% of Nigerians live below the poverty line (World Bank, 2018).

In the area of trade, Nigeria is largely dependent on oil exports, with very little diversification. For instance, under the African Growth Opportunity Act (AGOA) which offers opportunity for beneficiary countries to export over 6,000 products to the U.S., 90% of Nigeria’s export under this trade promotion initiative is in oil. Relations with the U.S. has not yielded the expected impact, though there are immense opportunities for economic development and shared prosperity (Brenton & Hoppe, 2006). Notwithstanding the fact that Nigeria is recognised as one of the largest exporters of crude oil, the country imports approximately \$10 billion in refined fuel annually (about 156,000 barrels per day according to Organisation of Petroleum Exporting Countries-OPEC data) for domestic usage. Furthermore, the country periodically suffers from severe fuel and electricity shortages⁴.

The relatively satisfactory economic performance of African countries, the discovery of various natural resources, and the relative political stability have elicited interest of many countries in the world including the USA, the European Union (EU), China, Russia, India, Japan, Brazil, among others. The establishment of multilateral frameworks with Africa has become a major feature in international relations among major economic powers and various regional economic communities as they strive to deepen their economic cooperation and address the challenges faced in a globalised world (Osabuohien, Becroft & Efobi, 2018). Multilateral arrangements are becoming important means for addressing development issues including trade, investment,

¹ Congregational Research Service (2016).

² World Population Prospect (2017).

³ A recent report from the survey conducted by the World Poverty Clock in May 2018, has it that Nigeria with an estimated 87 million people living in extreme poverty (compared to India’s 73 million), Nigeria presently has the highest number of people living in extreme poverty globally. The above report also revealed that extreme poverty in Nigeria is growing by six persons per 60 seconds (Adebayo, 2018).

⁴Secretariat of the Organisation of the Petroleum Exporting Countries, OPEC Annual Statistical Bulletin 2015. Nigerians Face Fuel Shortages in the Shadow of Plenty,” National Geographic, April 11, 2014.

infrastructure, science and technology, peace and security, agriculture, health, capacity building, information and communication technology. Some of the multilateral frameworks between Africa and other major powers and/or regional economic blocs include the Forum on China-Africa Cooperation (FOCAC), India-Africa Forum, Tokyo International Conference on African Development (TICAD), EU-Africa summit and Arab-Africa Summit (African Capacity Building Foundation-ACBF, 2017).

Signed into law on 18th May, 2000 as Title 1 of the USA Trade and Development Act 2000, AGOA is a non-reciprocal and unilateral preference programme that provides duty-free, quota-free access to the USA market for qualifying goods from eligible sub-Saharan Africa (SSA) countries not included for duty-free treatment under the Generalised System of Preferences (GSP). On 29th June, 2015, President Obama signed into law the Trade Preferences Extension Act (TPEA) of 2015, extending AGOA for 10 years through 2025 (Froman, 2016). Section 104 of AGOA sets requirements that a beneficiary country is expected to meet in order to qualify for AGOA. The key requirements to note include:

- A market-based economy upholding the rule of law, political pluralism, and the right to due process;
- The elimination of barriers to USA trade and investment; economic policies to reduce poverty;
- A system to combat corruption and bribery; and
- The protection of internationally recognised worker rights.

AGOA has been at the centre of USA's trade and Investment policy towards sub-Saharan Africa (SSA). By providing duty free and quota free access for over 6,400 products from eligible countries in Africa, AGOA builds on the market access provided by the USA under the GSP and expands these preferences in favour of SSA. Information on trade volumes of Nigeria and other West African countries to USA under AGOA are provided in Table 1.1.

Table 1.1: West Africa’s AGOA Exports (AGOA excluding GSP) to USA, including YTD (2001–2018, Unit: \$ million, Customs Value)

Country	2001	2003	2005	2007	2009	2011	2013	2015	2016	2017	2017 YTD -Feb ^a	2018 YTD -Feb ^b	YoY ^c % Change 2017–2018 (%)
Benin	-	-	-	-	-	-	-	-	-	1	-	-	N/A
Burkina Faso	-	-	-	-	-	-	-	-	-	1	-	-	N/A
Ivory Coast	-	46	-	-	-	-	-	1	-	38	-	6	2691.30
Cape Verde	-	2	2	-	-	-	-	1	1	1	-	-	12.60
Gambia	-	-	-	-	-	-	-	-	-	-	-	-	N/A
Ghana	23	29	50	56	2	414	60	10	30	312	23	76	230.50
Guinea	-	-	-	-	-	-	-	-	-	-	-	-	N/A
Guinea Bissau	-	-	-	-	-	-	-	-	-	-	-	-	N/A
Liberia	-	-	-	-	-	-	-	-	-	-	-	-	N/A
Niger	-	-	-	-	-	-	-	-	-	-	-	-	N/A
Nigeria	5688	9354	22460	30137	17,228	31,171	10,819	1,403	3,482	6,090	1,285	1,383	7.60
Senegal	-	-	-	-	2	-	-	16	-	5	-	5	7890.60
Sierra Leone	-	-	-	-	-	-	-	-	1	-	-	-	N/A
Togo	-	-	-	-	-	-	-	-	-	-	-	-	56.50
Total	5,711	9,431	22,512	30,193	17,232	31,585	10,879	1,431	3,514	6,447	13,08	14,70	10,889.10

Notes: The years prior to 2015 were reported bi-annually to make the Table compact. Empty fields (-) mean ‘No Trade’. a: YTD: Year to Date (2017/2018); b: Year to Date (2018-March); c: Year over Year, which were used in AGOA to appraise beneficiary countries export and export and comparing the results at one time period to examine how well the beneficiary countries have perform over time.

Source: Compiled from U.S. International Trade Commission (<https://agoa.info/data/trade.html>) [Accessed 30th May 2018].

1.2 Objectives of the Study

The major objective of the study is to provide recommendations on the comparative advantage of Nigeria and the specific products and sectors that should be promoted so that the country would benefit more from AGOA. In achieving the above general objective, the following specific objectives are pursued, to:

- i. evaluate Nigeria’s trade policies and how trade initiatives may boost or impede exports trend under AGOA;
- ii. examine the roles of human capacity building and institutions in maximising the expected gains from AGOA;
- iii. offer empirical analysis on the specific products/sectors where Nigeria has a comparative advantage; and
- iv. provide recommendations on the comparative advantage of Nigeria and the specific products/sectors to be promoted for the country to have more benefits from AGOA.

1.3 Research Questions and Methodological Approach

To develop an AGOA country-strategy and achieve the stated objectives, the study proffers answers to the following research questions:

- i. How has Nigeria benefited from AGOA over the years compared to other West African countries?
- ii. How has AGOA impacted Nigeria’s trade outcomes?

- iii. In what ways have the sectors in Nigeria benefited from AGOA participation and what lessons can be learnt?
- iv. What are Nigeria's major export products under AGOA and what strategies are put in place to enhance their performance?
- v. What are the human and institutional capacity issues facing AGOA implementation in Nigeria?
- vi. What are the similarities and differences between AGOA and other Nigeria's trade preferences?

To achieve the objectives of the study and answer the aforementioned research questions, a mixed method research technique, a combination of primary and secondary data, was utilised. The data was analysed using both descriptive and statistical techniques. The primary research was conducted in Nigeria with the help of research assistants. This entails Key Informant Interviews (KIIs) that were held with various stakeholders using structured discussion guide⁵. Stakeholders included are officials from the Ministry of Industry, Trade and Investment; the Nigerian Export Promotion Council (NEPC); organised private sector notably the Manufacturers Association of Nigeria (MAN), Nigerian Textile Manufacturers Association (NTMA) as well as AGOA specialists at the U.S. Agency for International Development (USAID) West Africa.

The primary research approach helped in ascertaining the current situation of AGOA in Nigeria; identifying key issues that AGOA is facing from different perspectives, and identifying some of the key initiatives taken by the stakeholders to maximise benefits, while minimising the associated risks. This is essential as it provides more insights into AGOA implementation in Nigeria, and enhances understanding of the opportunities and challenges it poses; thus, helps in the crafting of recommendations from an informed point of view. It also enabled the researchers to put forth an informed argument on the current and potential impacts of AGOA on Nigeria's trade outcomes.

The secondary research approach involved reviewing existing literature and databases on Nigeria's implementation of AGOA since the inception of the programme. The secondary data was obtained from the United Nations Comtrade, AGOA, the Central Bank of Nigeria (CBN) as well as the National Bureau of Statistics (NBS) websites. The data was analysed using descriptive statistics and the two samples student's t-test. The independent t-test was used to ascertain if there is a significant difference between the average Nigeria's exports to USA and the export of USA to Nigeria. Additionally, in order to examine the impact of AGOA on Nigeria's export to USA, the data was split into two periods: pre-AGO and post-AGO periods. Thus, an evaluation was carried out using a paired sample t-test to establish if the average exports of Nigeria to USA during the pre-AGO and post-AGO are significantly different. These analyses were carried out using the Statistical Package for Social Sciences (SPSS).

2 COUNTRY PROFILE

Nigeria is located in West Africa, and a member of the Economic Community of West African States (ECOWAS). The country shares border with its West African counterparts, Benin

⁵ A sample of the interview guide used is provided as Box A1 in the Appendix.

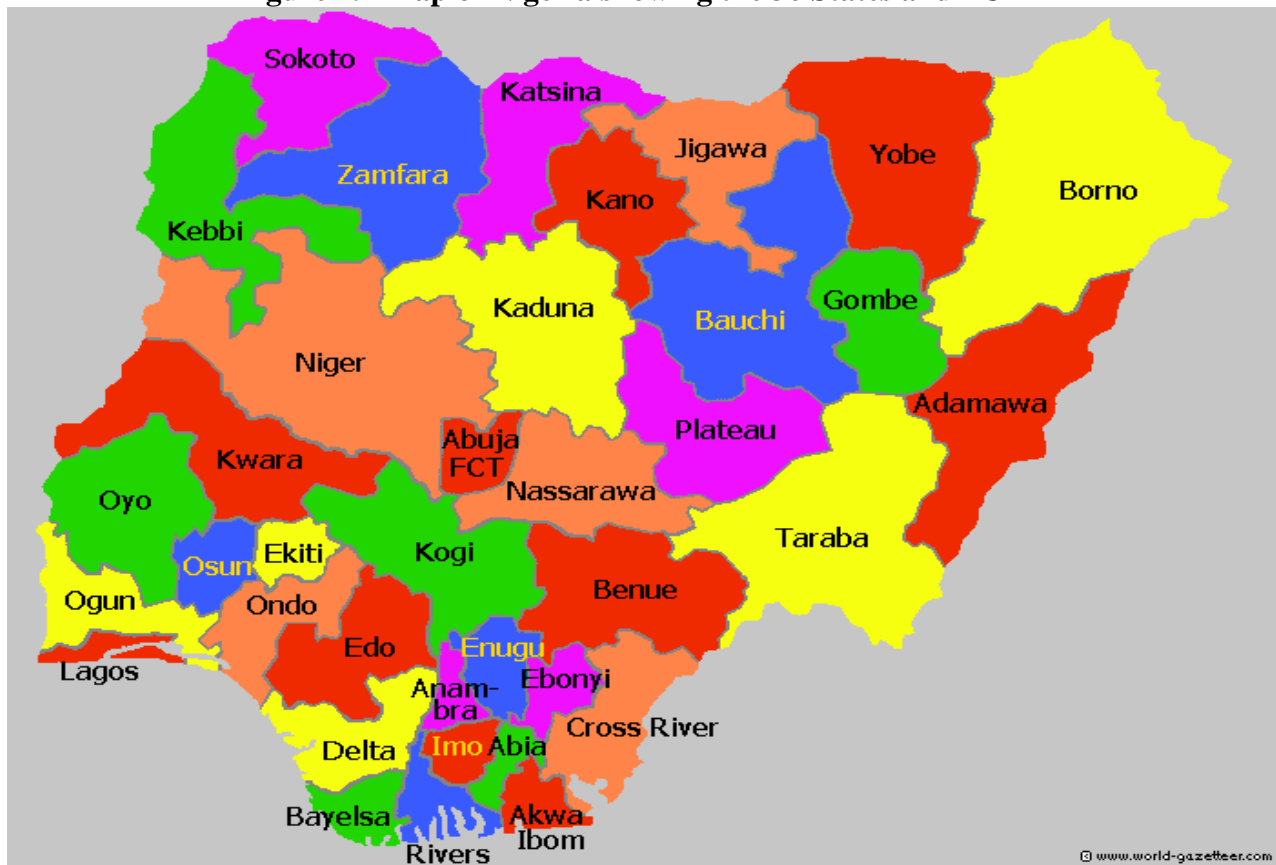
Republic in the Western region, Cameroon and Chad Republic in the East and Niger Republic in the North (See Figure 2.1). Also, Nigeria is regarded as the ‘African Giant’ given her vast population and economic strength (Holmes, 1987; Famutimi, 2017). This is also because of the country’s population structure which is made up of about 186million people, making the country the most populated nation on the continent of Africa, and ranked seventh in global population ladder.

Nigeria is seen as a country of diversity because it is occupied by various ethnic groups (more than 500) with three major ones: Hausas, Igbos and Yorubas. These ethnic groups have more than 500 various local and indigenous dialects, and are recognised with their cultural (dressing, feeding, and greeting) differences (Otite, 2015).The official language of the country is English, derived from the British colonial ancestry and practice various religions; with Christianity practiced majorly in the Eastern, Southern and Western parts of the country, and Islamic, majorly practiced in the Northern part of the country (Otite, 2015).

From 2015, Nigeria has been ranked 20th of the World’s biggest economies in terms of Gross Domestic Products (GDP) and purchasing power parity (PPP). Nigeria is valued above 500 billion USD and 1 trillion USD, respectively. It became Africa’s biggest economy by overtaking South Africa (Uzoh, 2017; Famutimi, 2017). This is based on its trade, especially under the African Growth Opportunity Act (AGOA). For example, in 2014, almost 15 years after the inception of AGOA, Nigeria’s export to the United States (U.S) under this trade policy reached 2.6 million US Dollars (National Bureau of Statistics-NBS, 2016).

In 2015, Nigeria experienced its lowest exports in three years. The value of these exports reduced from approximately 16.30 billion naira in 2014 to approximately 9.30 billion naira in the last quarter of 2015. This value represents 40.03% reduction of total exports (Famutimi, 2017; NBS, 2016). The 40.03% decline in export experienced by Nigeria is because petroleum commodities continue to dominate the country’s exports. In 2014, the petroleum commodities accounted for the greater proportion of AGOA imports with above 69% of total importation of AGOA. In the same year, US experienced a decline in importation (as a result of oil price fall) of about 67% from Nigeria (NBS, 2016).

Figure 2.1 Map of Nigeria showing the 36 States and FCT



Source: The Internet (Google Map) [Accessed 15th August 2018]

3 TRADE POLICIES, STRATEGIES AND INITIATIVES

3.1 General Trade Issues

Trade engagements at the national, regional, and global levels is necessary for economic growth, job creation, raising per capita income of the populace, reducing the inequality gap and above all eliminating poverty at all levels. For the actualisation of Nigeria's Vision 2020, the role of trade cannot be understated. Among the five (5) levels of integration: free trade (free trade between members), customs union (common external tariffs), common market (factors of production move freely among members), economic union (common currency, harmonized tax rates, common monetary and fiscal policy) and political union (common government), Nigeria is actively involved in free trade, customs union and common market while partially involved in economic union and not involved in a political union. Evidently, trade openness is essential to the actualisation of the Nigeria's Sustainable Development Goals (SDGs) aside being an active player in the regional bloc of the Economic Community of West African States (ECOWAS) which was formed in 1975. The country signed several bilateral and multilateral trade agreements to achieve its socio-economic objectives. Aligning with a regional body tends to give the country the possibility of specialisation and taking advantage of economies of scale and the possibility of trade in likes or intra-industry trade (Kaluwa & Kambewa, 2009; Akinbobola & Oladunjoye, 2015; Osabuohien *et al.*, 2017). At this juncture, a brief appraisal of some of Nigeria's trade agreements and integration pacts to ascertain how the country has fared thus far is herein provided.

3.1.1 World Trade Organisation

Upon ratification, Nigeria became a member of the World Trade Organisation (WTO) in 1994⁶. Following 23 years of active participation in global trade, the country ratified the WTO Trade Facilitation Agreement on 20 January, 2017, but has not signed any of the WTO multilateral agreements. In the negotiations on trade facilitation, the country is an active participant in the negotiating process and remained engaged in post-Bali work⁷. In November 2014, Nigeria submitted an early category A notification⁸; the country's B and C commitments have not been notified yet to the WTO⁹. In the area of E-commerce, she is a member of the Friends of E-Commerce for Development (FED) and a co-sponsor of the Non-paper on a Work Programme on E-Commerce. As a proponent, Nigeria believes that E-Commerce is a new reality for businesses and can be and has been leveraged to support development¹⁰. In WTO Ministerial Conferences, Nigeria has continuously emphasised the importance of the development dimension to the rules-based Multilateral Trading System (MTS) and that adequate technical and capacity building assistance is specifically tailored to the trade and development needs of individual countries. According to the authorities, the main challenge Nigeria faces in implementing WTO agreements is the difficulty in their domestication and in fulfilling the notification obligations for transparency purposes¹¹.

3.1.2 African Continental Free Trade Agreement

Nigeria is a founding member of the African Union (AU) which aims to become an economic and political union. In line with the Abuja Treaty, the AU provides for the establishment of the African Economic Community (AEC) by 2028, using existing regional economic communities (RECs) as pillars. The eight RECs recognised by the African Union Commission (AUC) include: the Arab Maghreb Union (UMA), the Community of Sahel-Saharan States (CEN-SAD), the Common Market for Eastern and Southern Africa (COMESA), the East African Community (EAC), the Economic Community of Central African States (ECCAS), the Economic Community of West African States (ECOWAS), the Intergovernmental Authority on Development (IGAD), and the Southern African Development Community (SADC) (Efobi & Osabuohien, 2011; AUC, 2017).

Nigeria participates in this process as a member of the ECOWAS and because the integration process has been slow, at the AU Summit in 2012; African leaders endorsed a road map aimed at fast-tracking the process, with the goal of establishing a Continental Free Trade Area (CFTA) by 2017¹². With this plan, the RECs are encouraged to establish their respective Free Trade Agreements (FTAs) by 2014. Their consolidation into a continent-wide FTA would have started

⁶The GATT document Let/1957, 7 December 1994. The Marrakech Agreement Establishing the WTO has not been incorporated into Nigerian law, and therefore the legal status of the WTO obligations in the domestic legal system is not yet clearly established. In particular, traders and investors are unable to invoke WTO provisions in domestic courts as the WTO Agreement does not, in itself, have the force of law in Nigeria.

⁷In 2013, during the final phase of the trade facilitation negotiations, Nigeria was selected as one of the three Friends of the Chair to help WTO Members reach consensus.

⁸WTO Document WT/PCTF/N/NGA/1.

⁹For details see https://www.wto.org/english/tratop_e/tp456_e.html.

¹⁰WTO Document JOB/GC/101/Rev.1, 28 July 2016.

¹¹More details are available on this link https://www.wto.org/english/thewto_e/countries_e/nigeria_e.html.

¹²African Union (2012), *Decision on Boosting Intra-African Trade and Fast Tracking the Continental Free Trade Area* (Assembly/AU/Dec. 394(XVIII)).

in 2015, leading to the establishment of one economic and monetary union by 2028 (AfCFTA, 2018). The objective of the CFTA is to overcome dependence on Africa's exportation of primary products, to promote social and economic transformation for inclusive growth, as well as industrialisation and sustainable development, with the aim of increasing intra-African trade by 50% by 2022. The scope of the negotiations covers rules of origin; sanitary and phytosanitary measures; technical barriers to trade; trade remedies; customs procedures and trade facilitation; as well as draft modalities for trade in goods and trade in services. However, Nigeria is reluctant to sign Africa Continental Free Trade Agreement (AfCFTA)¹³ and has been enjoined by several others to embrace AfCFTA which is set to take advantage of the over 1.2 billion population of the continent with a combined gross domestic product (GDP) of more than \$2 trillion to create a single continental market for goods and services. The Nigerian government said it was consulting Nigerians to ensure all concerns were addressed, and avoid signing an agreement that would not equitably represent the interest of its populace.

3.1.3 ECOWAS Common External Tariff

In 2006, Nigeria joined other fifteen members of the Economic Community of West African States in adopting a four-band Common External Tariff (CET)¹⁴ which is a customs union with the purpose of eliminating all forms of trade barriers and enforcing a uniform tariff against the rest of the world (RoW). The fifth band was adopted in 2013. Being a non-member of West African Economic and Monetary Union (WAEMU), Nigeria had to support eight of its ECOWAS members who belong to WAEMU in implementing the WAEMU-CET in order to support the aim of expanding economic integration throughout the ECOWAS region. ECOWAS is comprised of fifteen member states, eight of which belong to a separate regional grouping, that is, the West African Economic and Monetary Union (WAEMU), composed primarily of states in francophone West Africa.

The adoption of the WAEMU-CET is necessary for (non-WAEMU) ECOWAS members in order to support the goal of deepening economic integration throughout the ECOWAS region. Before the adoption of CET¹⁵, intra-ECOWAS trade has been somewhat distorted by export taxes, overvalued currencies, export licensing, existence of monopoly marketing boards and high import duties inhibiting trade among ECOWAS members. To set things right, the members proposed the adoption of a five-band tariff structured as follows: 0% (for basic social goods, such as medicine), 5% (for basic goods, raw goods and capital goods), 10% (for inputs and intermediate goods), 20% (for finished consumer goods) and 35% (for specific goods for economic development). But how has Nigeria fared since the adoption of CET? Nigeria began the implementation of CET in 2015 and existing studies on the extent of CET adoption and its effect on regional trade agreement among member countries are very few and inconclusive. As a member of ECOWAS, Nigeria has applied the five-band CET since April 2015, albeit with a certain flexibility. In 2017, Nigeria's average applied most favoured nation (MFN) tariff rate is 12.7%, up from 11.9% in 2011. Its final bound tariff rates averaged 11.73% and the tariff binding coverage remain low at 19.2% of total lines. Low binding coverage and high average bound rates leave ample margins for tariff changes, thus rendering the tariff regime less

¹³<https://www.premiumtimesng.com/business/business-data/275628-analysis-nigeria-and-reluctance-to-join-african-trade-agreement.html>

¹⁴http://www.ecowas.int/wp-content/uploads/2016/06/CET_Factsheet_EN.pdf

¹⁵http://www.ecowas.int/wp-content/uploads/2016/06/WATIP-Factsheet_EN.pdf

predictable (WTO, 2017). However, Akinbobola and Oladunjoye (2015) showed that CET has no effect on Nigeria's balance of trade in the first period, that is, at the beginning. However, in subsequent periods, the effect of CET trade balance was positive both in the medium and long run. The implication of this is that the implementation of CET led to an increase in the degree of trade openness

3.1.4 ECOWAS Trade Liberalisation Scheme

Under the regional free trade agreement agenda, a regional instrument known as ECOWAS Trade Liberalisation Scheme (ETLS) was put in place in 1990 to achieve an effective Free Trade Area within ECOWAS. ECOWAS members, including Nigeria, have been implementing this scheme since 1990 (Olayiwola *et al.*, 2015). To benefit from the ETLS, companies must be registered and register their products as meeting the rules of origin specified under the scheme. For the registration of the products to be considered as an ECOWAS originating product, a National Approval Committee (NAC) examines the application of the approved enterprises and if found to conform with protocols of the scheme grants the approval and then sends the decision to the ECOWAS Commission for verification and notification to other member States. Nigeria has the biggest number of approved enterprises and products with 525 companies and over 1,000 products registered in the scheme. The Ministry of Foreign Affairs chairs the NAC for Nigeria. Despite these measures taken to integrate the ECOWAS sub-region, the level of intra-regional trade remains low. The regional market still accounts for only a small fraction of Nigeria's total trade (around 6% of the country's total exports in 2016). Based on data sourced from UN Comtrade in 2016, crude oil from Nigeria contributed to around 85% of ECOWAS total exports. Some of the challenges facing ECOWAS traders include administrative bureaucracy; inadequate knowledge of import/export procedures; lack of awareness of the ETLS; inadequate information on products; as well as overall poor trade-related infrastructure (WTO, 2017).

3.1.5 Economic Partnership Agreement

Nigeria is a signatory to the Cotonou Agreement (successor to the Lomé Convention) between the European Union (EU) and 78 African, Caribbean and Pacific (ACP) countries. The Agreement was signed on 23 June, 2000 and entered into force in April 2003. It was first revised in 2005, then in 2010. This agreement constitutes the legal basis for the EU and Nigeria's partnership, and builds upon three interlinked pillars: a political dimension; development and finance cooperation; and economic and trade cooperation. In 2014, after several years of negotiations, an Economic Partnership Agreement (EPA) was initiated between the EU and West Africa, comprising 16 countries (ECOWAS member States and Mauritania) and two regional organizations (ECOWAS, WAEMU)¹⁶. The EPA with West Africa covers trade in goods and development cooperation. There is also the possibility for further negotiations on sustainable development, services, investment and other trade-related issues. In July 2014, the ECOWAS Heads of State endorsed the EPA and opened it up for signature by member States. As at March 2017, 13 of 16 West African States had signed the Agreement. Only Gambia, Nigeria and Mauritania have not yet signed. Under the EPA negotiations, ECOWAS is expected to receive duty free and quota free market access for its goods and development support, while the EU would receive access to ECOWAS markets for goods¹⁷. Both parties agreed to set up a Joint ECOWAS-EU implementation and monitoring team. The agreement also provides for periodic

¹⁶https://eeas.europa.eu/sites/eeas/files/clarifications_about_the_epa_and_eu_trade_policy.pdf

¹⁷http://trade.ec.europa.eu/doclib/docs/2014/july/tradoc_152694.pdf

review; and exclusion list of some goods. Nigeria accounts for around half of EU exports to the region and nearly 70% of EU imports from West Africa, with oil representing the biggest share. Nigerian non-oil exports to the EU are also important and include cocoa; skins and leather; fish and crustaceans; oil seeds, rubber, copper, wood and wood charcoal¹⁸.

3.1.6 Bilateral Trade Agreements

Nigeria has signed 16 Bilateral Trade Agreements (BTAs)¹⁹ and nine Memorandum of Understanding (MoU) agreements²⁰. The country signed a Trade and Investment Framework Agreement (TIFA) with the United States. The agreement provides for dialogue on improving and enhancing trade and investment opportunities between the two parties. Despite market access opportunities through the different trade agreements and arrangements, Nigeria's trade, especially in non-oil goods, still remains limited. Intra-African trade is particularly low despite the efforts made to increase trade within the ECOWAS sub-region; and exports of some manufactured products to the United States and to the EU are also limited. Nigeria currently has 33 bilateral investment treaties (BITs) at different stages of implementation²¹ and 13 double taxation agreements²². Likewise, there are pending treaties (awaiting ratification) with Kenya, Mauritius, Qatar, South Korea, Spain and Sweden. As a concession to its double-taxation treaty partners, the government approved a standard treaty rate of 7.5% for withholding tax on dividends, interests and royalties when paid to a resident of a treaty country (WTO, 2017). The Nigerian taxes to which the treaties apply are on personal income, corporate income, capital gains and petroleum profits²³.

3.2 Trade under AGOA Programme

With a view to responding to trade and investment opportunities emerging in Africa, the U.S. has attempted to contribute to Africa's state of affairs. It was against this backdrop that USA established the African Growth and Opportunity Act (AGOA) during the Clinton administration. AGOA is a trade preference programme that seeks to improve USA-African trade and investment by providing duty free entry into the United States. Eligible African countries are to take advantage of a list of 6,999 products. The purpose of the initiative is to extend preferential access to imports for eligible SSA countries that can be sent to the U.S. duty-free. AGOA product eligibility are agricultural products, forest products, chemicals and related products, energy-related products, textiles and apparel, footwear, minerals and metals, machinery, transportation equipment, electronic products and miscellaneous manufactures²⁴. AGOA which began in 2002 had a scheduled expiration for 2015 but has now been extended to 2025.

¹⁸http://www.solidar.all2all.org/IMG/pdf/b9_trade_unions_and_ngos_response_to_epa_nigeria.pdf

¹⁹Algeria, Benin, Cameroon, Chad, China, Cote d'Ivoire, Cuba, Egypt, Ethiopia, Iran, Liberia, Kenya, Niger, Tunisia, Uganda and Viet Nam.

²⁰Canada (TICA), China, Greece, Indonesia, Namibia, Niger, Chinese Taipei, South Africa, and Spain.

²¹During the period under review, Nigeria signed BITs with Cameroon (2014), Canada (2014), Chad (2012), Cote d'Ivoire (2013), Turkey (2011), the State of Kuwait (2011), and Poland (2013). In 2016, new BITs were signed with Morocco, Singapore, and the United Arab Emirates.

²²Belgium, Canada, China, Czech Republic, France, Italy, the Netherlands, Pakistan, the Philippines, Romania, Slovakia, South Africa, and the United Kingdom.

²³https://www.wto.org/english/tratop_e/tpr_e/tp456_e.htm.

²⁴<http://thenationonlineng.net/how-nigeria-can-leverage-on-agoa-to-boost-non-oil-export/>.

Despite export opportunities under AGOA, Nigeria's benefits are limited to primarily exporting petroleum to the United States. According to data from the Nigerian National Bureau of Statistics (NBS), in 2014, petroleum accounted for 69% of total exports to the United States. In 2015, Nigeria recorded the lowest exports in three years; the value of exports declined from N16.304 billion in 2014 to N9.729 billion in the fourth quarter of 2015, representing a 40.3% decline (WTO, 2017). This was due to lower US merchandise imports of oil-related products²⁵.

In an interview conducted with the Executive Director/Chief Executive Officer (CEO) of the Nigerian Export Promotion Council (NEPC), Mr. Olusegun Awolowo, states ‘*AGOA was set up to promote trade between eligible sub-Saharan African (SSA) countries and the U.S. on some specific products; provide eligible countries with non-reciprocal, duty and quota free access to the U.S. market to meet the needs of American buyers for some specific product lines*’.

3.3 Impact of AGOA on Trade Outcomes

One of the requirements of AGOA is that beneficiary countries should make efforts to eliminate barriers to USA trade and investment. Nigeria was ranked as the first of top five beneficiaries of AGOA (AGOA Fact Sheet, 2010).

Table 3.1: Total Value of Nigeria Exports to U.S.A Versus USA Exports to Nigeria (US\$ billion)

Year	Export from Nigeria	Export from USA	Year	Export from Nigeria	Export from USA
1996	4.2	0.9	2007	25.2	4.9
1997	4.6	1.0	2008	34.8	2.3
1998	2.9	0.8	2009	13.6	2.0
1999	5.5	0.7	2010	29.8	7.9
2000	11.5	0.7	2011	28.3	11.5
2001	7.3	0.8	2012	24.1	4.9
2002	5.8	1.1	2013	7.7	3.9
2003	9.2	2.3	2014	4.0	4.8
2004	17.1	1.6	2015	2.0	3.4
2005	25.2	1.6	2016	4.0	2.8
2006	26.7	3.6	2017	7.3	2.2

Source: Researchers’ compilation from UN Comtrade Database, <https://comtrade.un.org/data>

Under AGOA that provides duty free entry into the USA for almost all African products, oil accounts for 90% of Nigeria’s exports to the U.S. The U.S. is also Nigeria’s largest trading partner with Nigeria being its sixth largest supplier of oil. Nigeria’s oil is very attractive to the U.S because of its high quality and the proximity of both countries. Nigeria is the USA’s 35th largest goods trading partner worldwide with US\$18.2 billion in total traded goods in 2013 and the largest in West Africa.

The first phase of AGOA lasted from October 2000 to September 2008. During this period, Nigeria’s total exports which stood at US\$5.5 billion in 1999 rose to an all-time-high value of

²⁵AGOA benefits: Still A Long Way for Nigeria, May 22, 2016, Punch Newspapers (<http://punchng.com/agoa-benefits-still-long-way-nigeria/>)

US\$34.8 billion in 2008, representing a 53.3% increase between 1999 and 2008 (See Table 3.1). However, during the second phase which ended in 2015, Nigeria’s overall export to USA declined from US\$13.6 billion in 2009 to US\$2.0 billion in 2015, representing a decline of about 85%. On the other hand, USA’s overall export to Nigeria which stood at US\$0.7 billion in 1991 increased to US\$ 2.3 billion, representing about 22.9% increase during the first phase of AGOA. Likewise, USA’s overall export to Nigeria increased by 70% during the second phase of AGOA. The above scenarios reflect the impact of the global financial and economic meltdown, which occurred in 2008, on bilateral trade between the two countries.

Nigeria’s total exports to the U.S. under AGOA were recorded at US\$5.6 billion in 2001, and increased to US\$35.4 billion at the end of 2008 representing a 53.2% increase during the first phase of AGOA that ended in 2008. However, during the second phase of AGOA, exports to USA declined from US\$ 17.2 billion in 2009 to US\$ 1.4 billion in 2015. This represents a 92% decline in Nigeria’s export to USA during the second phase that ended in 2015. Nigeria’s export to USA, however, increased from US\$1.4 billion in 2015 to US\$ 6.1 billion at the end of 2017, representing about 33.6% growth. However, most of this growth was in the oil sector.

Over the years, Nigeria’s AGOA exports have been concentrated in the oil and gas sector. This was reiterated during the KII that *“AGOA’s trade and investment impact is largely dominated by oil and gas, moderate impact on light manufactures, very limited impact on agriculture/food processing. AGOA’s impact across SSA countries has been very disparate - concentration of AGOA exports & U.S. investments in only a handful of countries”* (Interview conducted with Mr. Olusegun Awolowo, Executive Director/CEO, NEPC).

However, there are some signs of diversification from oil, as Nigeria’s total agricultural exports to USA under AGOA increased from about US\$ 3million in 2015 to US\$ 7 million in 2017 but the level is still very small when compared with some SSA beneficiaries as shown in Table 3.2.

Table 3.2: Agricultural Exports to USA under AGOA (\$'1000)

Year	Nigeria	Ghana	Kenya	South Africa
2005	30	288	5,072	131,142
2006	19	184	6,490	154,285
2007	21	81	3,736	136,818
2008	26	28	6,586	137,913
2009	17	23	9,471	126,682
2010	41	109	19,117	161,884
2011	40	67	28,109	144,476
2012	114	19	33,458	163,052
2013	167	93	29,806	184,274
2014	152	175	41,791	174,809
2015	229	395	58,121	207,531
2016	582	189	48,700	178,042
2017	4924	4317	62,386	211,615
Average	489.4	459.1	27,142	162,502

Source: Researchers’ compilation from www.agoa.info

Table 3.2 reveals that while the average agricultural exports of Nigeria to USA between 2005 and 2017 stood at about US\$5 million, Kenya and South Africa recorded US\$27.14 million and US\$162.5 million, respectively. It is against this background that Nigeria is prioritising diversifying her trade structure with a view to creating many jobs as well as maximising her benefits from AGOA. Table 3.3 presents a sectoral analysis for Nigeria and some selected SSA beneficiaries.

Table 3.3 Sectoral Analysis of Nigeria, Kenya, Ghana and South Africa Exports to USA under AGOA (\$'1000)

Countries	Sectors	2015	Sectoral %	2016	Sectoral %	2017	Sectoral %
Nigeria	Agricultural Product	2,434	55.31	2,939	93.96	3,216	59.93
	Forest Product	82	1.86	42	1.34	39	0.73
	Chemical & Related Products	785	17.84	139	4.44	1,327	24.73
	Textiles and Apparel	NA	NA	3	0.10	3	0.06
	Minerals and metals	1,100	24.99	5	0.16	781	14.55
	Sectors Total	4,401	100	3,128	100	5,366	100
Kenya	Agricultural Product	3,544	78.04	2,613	71.69	2,477	66.64
	Forest Product	461	10.15	408	11.19	690	18.56
	Chemical & Related Products	302	6.65	341	9.36	46	1.24
	Textiles and Apparel	119	2.62	106	2.91	171	4.60
	Minerals and metals	115	2.53	177	4.86	333	8.96
	Sectors Total	4,541	100	3,645	100	3,717	100
Ghana	Agricultural Product	22,646	92.12	32,321	88.55	29,185	90.49
	Forest Product	1,846	7.51	2,638	7.23	2,737	8.49
	Chemical & Related Products	4	0.02	3	0.01	20	0.06
	Textiles and Apparel	20	0.08	53	0.15	69	0.21
	Minerals and metals	68	0.28	1,484	4.07	240	0.74
	Sectors Total	24,584	100	36,499	100	32,251	100
South Africa	Agricultural Product	41,050	4.78	48,302	6.86	40,994	5.00
	Forest Product	3,650	0.43	5,702	0.81	6,326	0.77
	Chemical & Related Products	318,886	37.16	215,926	30.68	235,342	28.72
	Textiles and Apparel	604	0.07	304	0.04	273	0.03
	Minerals and metals	493,983	57.56	433,571	61.60	536,637	65.48
	Sectors Total	858,173	100	703,805	100	819,572	100

Source: Researchers' compilation from www.agoa.info/profile/nigeria.html

Table 3.3 indicates that Nigeria performed below Ghana and South Africa in exports of agricultural and forest products to USA under AGOA scheme. While Nigeria recorded about US\$3.2 million and US\$ 39 million in 2017 for agricultural and forest products, respectively, Ghana recorded US\$29.2 million and US\$2.7 million in 2017 for the exports of agricultural and forest products to the USA under AGOA. Similarly, South Africa, the leading beneficiary in SSA, recorded US\$ 41 million and US\$ 6.3 million for exports of agriculture and forest products to USA respectively. Minerals & metals and chemicals & related products are the leading sectors in South Africa as the sectors recorded exports value of US\$536.6 million and US\$ 235.3 million respectively in 2017.

The challenging condition of Nigeria's textiles industry is also apparent in Table 3.3. In fact, this is also consistent with the findings from the interview conducted with the Nigerian Textile Manufacturers Association (NTMA). According to the Director General of NTMA, Mr. Hamma A. Kwajaffa, '*AGOA has not impacted garment and textile sector in Nigeria*'. Nigeria recorded

an export value of US\$ 3,000 in 2017, Kenya and South Africa recorded US\$ 171,000 and US\$ 273,000, respectively during the same period.

3.4 Evaluating Nigeria’s Trade Position Pre- and Post-AGOA Participation

According to Schneidman and Lewis (2012), seven markets in Africa are identified as key to its strategy of actualising the goals of AGOA using the Export-Import (Ex-Im) Bank as one of the mediums. These include South Africa and Nigeria, which have been designated as “strategic markets” as well as Angola, Ghana, Kenya, Mozambique and Tanzania. These seven countries account for 75 % of U.S. exports to the region, while South Africa and Nigeria together account for slightly more than half this volume. Also, within regional performance, U.S. commercial presence in Africa is not large, but it is increasing. Statistics show that the U.S. investment position in Sub-Saharan Africa is less than 1% of U.S. direct investment worldwide. According to the Commerce Department, U.S. direct investment in the region at the end of 2009 was \$22.6 billion. This was a 17% increase from the previous year and an even greater increase in certain countries such as Nigeria with 63%; Mauritius, 35%; and South Africa at 20% (Schneidman & Lewis, 2012). Hence, to appraise Nigeria’s trade performance as an AGOA beneficiary, it is important to analyse the trade position to observe if there had been any meaningful gains from trade. Opinions differ as to whether the country has benefitted from trade collaborations with the U.S. The volume of total imports, exports and the trade balance is shown in Table 3.4

Table 3.4 Nigeria's Trade Position Pre- and Post-AGOA (US \$'Millions)

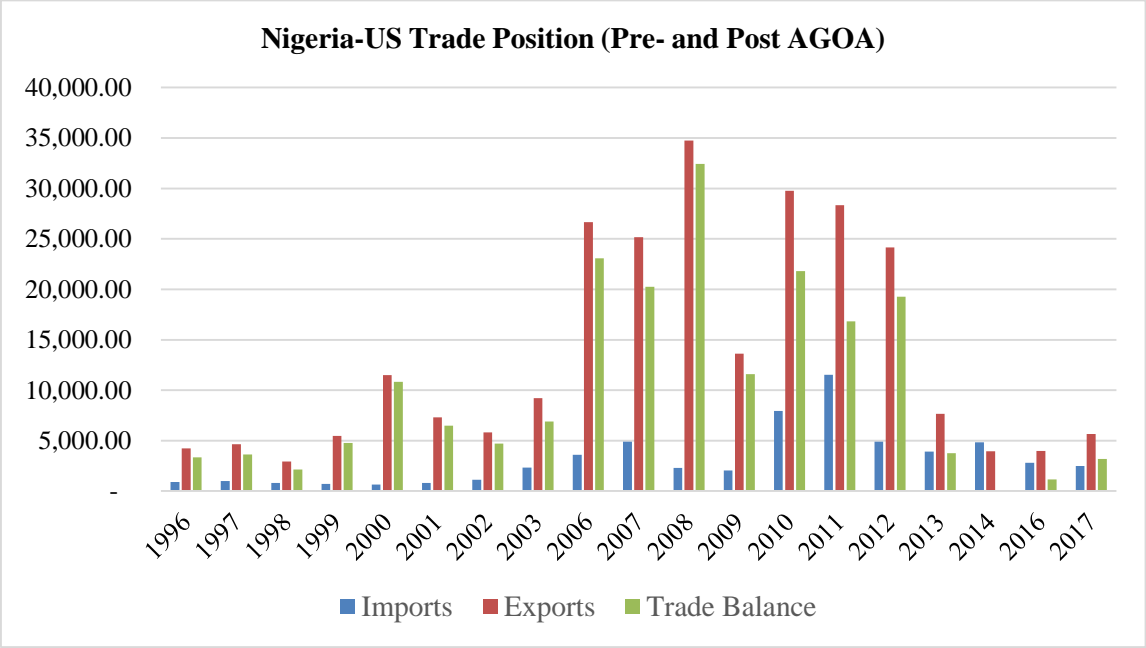
Year	HS Code	Imports	Exports	Trade Balance
1996	H0	893.24	4,248.37	3,355.14
1997	H0	993.72	4,639.75	3,646.03
1998	H0	807.87	2,933.63	2,125.76
1999	H1	700.07	5,470.11	4,770.04
2000	H1	660.33	11,499.76	10,839.43
2001	H1	822.92	7,320.89	6,497.97
2002	H1	1,123.47	5,830.13	4,706.66
2003	H1	2,326.15	9,210.85	6,884.71
2006	H2	3,590.74	26,656.48	23,065.75
2007	H2	4,893.16	25,157.31	20,264.15
2008	H2	2,313.08	34,758.31	32,445.23
2009	H3	2,041.59	13,618.24	11,576.65
2010	H3	7,936.54	29,755.94	21,819.39
2011	H3	11,517.28	28,327.51	16,810.22
2012	H3	4,886.97	24,139.34	19,252.37
2013	H3	3,900.04	7,669.90	3,769.87
2014	H3	4,833.55	3,954.74	-878.82
2016	H4	2,818.66	3,976.14	1,157.47
2017	H4	2,494.13	5,672.19	3,178.05

Note: The HS Codes H0 to H4 is the classification of goods as indicated by the “Harmonised System (HS)” which was created and administered by the Brussels-based World Customs Organization (WCO). It consists of numerical codes that allow the systematic definition and classification of all goods in international trade, within the tariffs of signatory countries. There was no data for 2015.

Source: Researchers’ compilation from www.agoa.info

Nigeria’s trade position before the commencement of AGOA (pre year 2000) during AGOA (2001 to 2015) and the extension period (2016 to 2017) is depicted in Figure 3.1 which indicates that the highest positive trade balance of \$32.4billion was recorded in 2008. The statistics reveal, among others, that Nigeria’s trade position, though positive, was considerably low, about \$10.8 billion in 2000, before the commencement of the Act. Trade resurgence occurred and the trade balance rose to \$32.4 billion which culminated with the start of the global financial crises. The crises adversely affected the country trade position with a lull in 2009 at \$11.5 billion but later peaked at \$19.25 billion in 2012. AGOA was further extended beyond 2015 for another 10 years (to end in 2025) but not much has been recorded in trade for Nigeria post-2015. The country’s trade balance for 2017 was \$3.17billion a drastic drop from the previous trend.

Figure 3.1 Nigeria’s Trade Position Pre- and Post-AGOA (US \$'Millions)



Note: Data was not available for the missing years.
 Source: Researchers’ computation using data from www.agoa.info.

3.5 Economic and Social Impacts of AGOA

This discusses the implication of AGOA on the general economy of Nigeria. It ascertains whether AGOA has facilitated the country’s industrial growth and promoted value addition, helped to improve Nigeria’s trade share, economic growth, domestic revenues/resource mobilisation, and the related benefits accruing from such market preferences. Since the implementation of AGOA in 2002, opinions on its economic impact have been diverse. To some, the trade collaboration has greatly improved Nigeria’s trade position and macro-economic performance while others opined that the country is yet to harness the opportunities embedded in the pact with the US having more gains from the partnership. Analysis of U.S-Africa AGOA trade reveals that the total US trade with SSA rose by 16.8% from US\$33 billion in 2016 to US\$38.5 billion in 2017, and US exports to SSA increased by 4% to US\$13.1 billion, while

African exports to the United States rose by more than 24% to more than US\$24 billion²⁶. Likewise, there were some encouraging signs of diversification from oil, with African agricultural exports to U.S. rising by 10% to US\$2.7 billion in 2017. African non-oil exports to the US under AGOA have grown from US\$1.3 billion in 2001 to US\$4.2 billion in 2016. Nigeria is among the biggest US trading partners in Africa and saw the largest amount of exports growth (0.43%) in 2017. The level of exports under AGOA went up from about US\$3.4 billion to US\$6 billion, and most of that growth was in the oil sector²⁷. Also, Nigeria's agricultural exports to the United States under AGOA increased from about US\$3 million to US\$9 million in 2017 but the level is still modicum²⁸.

From the stakeholders' perspective, AGOA is yet to impact positively on Nigeria²⁹ because some of Nigeria's produce from industrial firms are yet to be accepted under the AGOA accord. This has brought a setback to the economy as Nigeria's manufactured goods find it difficult to get into the US market³⁰. Some factors that hinder the realisation of the Act include: sanitary and phytosanitary (SPS) requirements, problem of labelling, packaging and quality. Others are lack of product-specific standard, supply-side constraints such as inability to meet up with large volume of orders from the US and weak competitiveness as a result of weak infrastructural facilities and lack of finance³¹. Exports to the U.S. under AGOA plummeted between 2008 and 2016 due to weak demand for Nigerian crude oil imports. Hence, an urgent need for export diversification so as to increase Nigeria's exports to the US, particularly in sectors with strong demand like value-added agricultural products, leather, food, spices, and beverages³².

The issues around Nigeria's mono-product economy centre on oil, and perceived lack of adherence to standards and product packaging methods as well as weak manufacturing base and infrastructural challenges, among others, are said to have conspired to rob Africa's largest economy the opportunity of riding on the crest of AGOA to becoming globally competitive³³. Also, Nigeria failed to take advantage of the policy to boost her export drive to the U.S. market due partly to her failure to improve on products standardisation especially in the area of packaging. The challenge has to do with standardisation. America being a developed country will not take the second best in terms of quality products³⁴.

The above view was also eloquently shared by one of the experts during KII: *“Exporting firms now embraced the importance of mass production in value-chain processes, production to specification, products standardization and industrialization to meet up with the US market demands. Although there have been limited investments by U.S. SMEs and limited U.S. investments in agriculture/food processing, as well as light manufactures, some Nigerians*

²⁶<https://allafrica.com/stories/201802150019.html>

²⁷<https://allafrica.com/stories/201802150019.html>

²⁸<https://allafrica.com/stories/201802150019.html>

²⁹<http://sunnewsonline.com/nigeria-yet-to-reap-benefits-from-agoa-act-since-2008/>

³⁰<https://newtelegraphonline.com/2018/04/retooling-agoa-trade-policy-to-boost-export/>

³¹<https://newtelegraphonline.com/2018/04/retooling-agoa-trade-policy-to-boost-export/>

³²Statement from the Chairman, AGOA Civil Society Organisation Network, Mr. Fred Oladeinde, <https://agoa.info>

³³<http://thenationonlineng.net/how-nigeria-can-leverage-on-agoa-to-boost-non-oil-export/>

³⁴Statement from The Director General, Enugu Chamber of Commerce, Industry, Mines and Agriculture (ECCIMA), Sir Emeka Okereke <http://thenationonlineng.net/how-nigeria-can-leverage-on-agoa-to-boost-non-oil-export/>

exporting firms are now focusing in those production lines thereby creating jobs and ultimately reducing poverty. AGOA stimulates inclusive development and growth". (Interview conducted with Mr. Olusegun Awolowo, Executive Director/CEO, NEPC).

Similarly, locally manufactured products and services lack global quality certification hence, they are denied access to markets in developed economies. The situation explains why the productivity and competitiveness of manufacturers suffer, which leads to some conclusion that Nigeria is not making progress under AGOA because of poor standards arising from poor packaging, which makes it difficult for manufacturers especially the Small and Medium Enterprises (SMEs) to penetrate the US markets³⁵.

On sectoral appraisal, there are three sectors under AGOA namely "energy-related products," "textiles" and "transportation equipment" which account for over 90% of exports currently qualifying for AGOA benefits. However, in the last 15 years of the implementation of the policy, Nigeria has only been able to feature prominently in the energy-related products sector. The country performed woefully in the textiles and apparel, agricultural products and mineral and metals sectors. Unfortunately, these are areas Nigeria has huge potential³⁶. Another factor for under-performance is the failure of the country to diversify her economy away from its over-dependence on oil. The oil and gas sector, which provides the bulk of Nigeria revenue, contributing as much as 95% of foreign exchange earnings and about 80% of its budgetary revenues, made it difficult for agricultural exports to play an important role in Nigeria-US trade under AGOA.

Agriculture provides 70% of employment in SSA and 30% of the region's GDP. Yet agricultural products constitute less than 1% of AGOA exports due to the problem of quality and standardisation. Due to the country's poor infrastructure and lack of laboratories to ensure that exportable agricultural products and other goods meet required international standards, as well as lack of value addition, among others, Nigeria failed to maximise opportunities under the scheme³⁷. Related is the poor infrastructure, particularly power supply, which has continued to push up cost of production, is also believed to be partly responsible for the lack of competitiveness of the manufacturing sector especially small and medium-scale enterprises (SMEs). For instance, at a recent Bank of Industry (BoI) - AGOA training programme in Lagos, high cost of production, lack of adherence to contractual terms, and ignorance of local and U.S. customs regulations were identified as some of the hindrances to the export capacities of most Nigerian SMEs.

The social impact of AGOA is embedded in the extent to which the gains from trade is rationalised. For instance trade in oil exports constitutes a greater proportion of volume and value of total exports under the pact since its inception while other sectors (like agriculture) which employ a greater percentage of the populace recorded lower trade volume. The implication of this is that, there will be relative poverty and income inequality within the labour force, therefore, agriculture should not be treated as just a social sector intervention for managing

³⁵Statement from National President, Association of Systems Management Consultants, Mazi Coleman Obasi <http://thenationonlineng.net/how-nigeria-can-leverage-on-agoa-to-boost-non-oil-export/>

³⁶<http://thenationonlineng.net/how-nigeria-can-leverage-on-agoa-to-boost-non-oil-export/>

³⁷<http://thenationonlineng.net/how-nigeria-can-leverage-on-agoa-to-boost-non-oil-export/>

poverty but more as a business for creating wealth and empowering citizens³⁸. Essentially, sectoral diversification from oil-export dependence must be expedited in order to diversify revenue, reduce import dependency, create jobs, assist poor households and develop rural areas. One of the ways to boost agricultural value-chain, drive economic diversity and productivity in the agricultural sector, is to embark on agricultural industrialisation and implement innovative financing models that cater to the needs of both low-income farmers and high-income processors³⁹.

According to Mr. Kara Diallo, AGOA Specialist, USAID West Africa, “*AGOA’s benefits go beyond mere market access, and include closer collaboration between the U.S. and African countries in other areas, technical and economic assistance, investment funding, political and strategic collaboration in various fields, and so on*”. Also, the AGOA legislation makes provision for the establishment of a United States-SSA Trade and Economic Cooperation Forum well known as AGOA Forum. “*This is an annual high-level meeting between officials of the U.S. Government and officials of the governments of SSA countries in order to foster close economic ties between the United States and SSA. Since some year ago, private sector and civil society organisations joined the AGOA Forum and make recommendations to maximize the use of AGOA*”. In addition, the U.S., through the USAID, also funds Trade and Investment Hubs in Africa. “*They are located in Accra, Ghana (West Africa Trade and Investment Hub), Nairobi, Kenya (East Africa Trade and Investment Hub), Pretoria, South Africa, and Gaborone, Botswana (Southern African Trade and Investment Hub). The Trade and Investment Hubs engage with partners across Africa to deepen regional economic integration, promote two-way trade with the U.S. under AGOA, and attract investments that drive commercial expansion within the region and to global markets*”.

3.6 Statistical Evaluation of Nigeria’s Participation in AGOA

We performed statistical analysis using a two sample t-test to provide empirical evidence to ascertain if the observed difference between exports of the two countries is statistically significant or not.

Table 3.5: Exports of Goods between USA and Nigeria (billion US\$)

Year	1996	1997	1998	1999	2000	2001	2002	2003	2004	2005	2006
Nigeria Export to USA	4.25	4.64	2.93	5.47	11.50	7.32	5.83	9.21	17.11	25.16	26.66
USA Export to Nigeria	0.89	0.99	0.81	0.70	0.66	0.82	1.12	2.33	1.55	1.62	3.59

Exports of Goods between USA and Nigeria (billion US\$) Continued

Year	2007	2008	2009	2010	2011	2012	2013	2014	2015	2016	2017
Nigeria Export to USA	25.16	34.76	13.62	29.76	28.33	24.14	7.67	3.95	2.00	3.98	7.32
USA Export to Nigeria	4.89	2.31	2.04	7.94	11.52	4.89	3.90	4.83	3.44	2.82	2.16

Source: UN Comtrade Database, <https://comtrade.un.org/data>

The hypothesis tested is:

³⁸Statement from Olukayode Pitan, CEO of Bank of Industry <https://businessdayonline.com/news/article/agoa-still-available-till-2015-nigerian-american-chamber-2/>

³⁹Statement from Olukayode Pitan, CEO of Bank of Industry <https://businessdayonline.com/news/article/agoa-still-available-till-2015-nigerian-american-chamber-2/>

Hypothesis I: $H_0: \bar{X}_{Nigeria} = \bar{X}_{USA}$ Versus $H_1: \bar{X}_{Nigeria} > \bar{X}_{USA}$

To test hypothesis I, we employed the two sample independent t-test in the Statistical Package for Social Sciences (SPSS) software⁴⁰. The results of the analyses are presented in Table 3.6 and 3.7.

Table 3.6: Group Statistics of USA and Nigeria Bilateral Exports

	Comtrade	N	Mean	Std. Deviation	Std. Error Mean
General Commodity	USA Exports to NGA	17	3.6336	2.7018	0.6553
	NGA Exports to USA	17	15.9984	10.9051	2.6449

Note: we started the analysis from 2001, since AGOA became effective on May 2000.

Table 3.7: Two Samples Independent Test for Nigeria and USA Exports

	Levene's Test for Equality of Variances		t-test for Equality of Means						
	F-cal	Sig.	t-cal	df	Sig. (2-tailed)	Mean Difference	Std. Error Difference	95% Confidence Interval of the Difference	
								Lower	Upper
Equal variances assumed	6.557	.002	4.5378	32	.0001	12.3649	2.7248	6.8146	17.9152
Equal variances not assumed			4.5378	17.96	.0003	12.3649	2.7248	6.6392	18.0905

Source: SPSS output of Authors' analysis

The results in Table 3.6 indicate that the average value of Nigeria's export of goods to the USA between 2002 and 2017 is about US\$16 billion while that of USA to Nigeria stood at about US\$4 billion. The t-test results displayed in Table 3.7 rejects the null hypothesis at 5% significance level that the two means are statistically the same. This implies that Nigeria's average exports to the USA are significantly higher than that of USA to Nigeria.

In order to assess the impact of AGOA on Nigeria's export of goods to the USA, and vice versa, we split the export data into three sub-samples: pre-AGOA, 1st Phase-AGOA and 2nd Phase-AGOA periods. This is to ascertain if there are significant differences between pre-AGOA and 1st Phase-AGOA, and pre-AGOA and 2nd Phase-AGOA. The sub-samples data are presented in Table 3.8. The data reveals that the average of Nigeria export of goods to the USA in the pre-AGOA, 1st Phase-AGOA and 2nd Phase-AGOA regimes are US\$5.76 billion, US\$18.90 billion and US\$15.61 billion, respectively. This implies that Nigeria experienced about 228% and 171% changes in the value and volumes of goods exported to the USA in pre-AGOA period when compared with the 1st Phase-AGOA and 2nd Phase-AGOA, respectively.

⁴⁰ The independent t-test is given as $t = \frac{\bar{X}_1 - \bar{X}_2}{\sqrt{\frac{S_1^2}{n_1} + \frac{S_2^2}{n_2}}}$, where \bar{X}_1 = average export from USA, \bar{X}_2 = average export from

Nigeria, S_1^2 = variance of USA exports, S_2^2 = Variance of Nigeria exports, n_1 = number of observations for USA exports, n_2 = number of observations for Nigeria exports.

Table 3.8: Total Value of Nigeria Exports to U.S.A versus USA Exports to Nigeria (US\$ billions)

Pre-AGOA			1 st Phase AGOA			2 nd Phase AGOA		
Year	Export from Nigeria	Export from USA	Year	Export from Nigeria	Export from USA	Year	Export from Nigeria	Export from USA
1996	4.25	0.89	2001	7.32	0.82	2009	13.62	2.04
1997	4.64	0.99	2002	5.83	1.12	2010	29.76	7.94
1998	2.93	0.81	2003	9.21	2.33	2011	28.33	11.52
1999	5.47	0.70	2004	17.11	1.55	2012	24.14	4.89
2000	11.50	0.66	2005	25.16	1.62	2013	7.67	3.90
-	-	-	2006	26.66	3.59	2014	3.95	4.83
-	-	-	2007	25.16	4.89	2015	2.00	3.44
-	-	-	2008	34.76	2.31			
-	-	-	-	-	-			
Average	5.76	0.81		18.90	2.28		15.61	5.51

Source: UN Comtrade Database, <https://comtrade.un.org/data>**Table 3.9: Summary Statistics amongst Paired Samples (Nigeria-USA Exports)**

Pairs	Mean	Observations	Standard Deviation	Standard Error Mean
Part I Paired Samples Results of Nigeria's Exports				
Pre AGOA	5.76	5	3.338	1.493
1 st Phase AGOA	12.93	5	8.105	3.625
Part II Paired Samples Results of Nigeria's Exports				
Pre AGOA	5.76	5	3.338	1.493
2nd Phase AGOA	20.70	5	9.644	4.313
Part III Paired Samples Results of USA's Exports				
Pre AGOA	0.81	5	0.135	0.061
1 st Phase-AGOA	1.49	5	0.573	0.256
Part IV Paired Samples Results of USA's Exports				
Pre AGOA	0.81	5	0.135	0.061
2nd Phase AGOA	6.06	5	3.726	1.667

Note: For paired comparison, only the first five data points in the respective phases are used.

Source: Computed by the Researchers

Using the data in Table 3.8, we test the hypotheses for Nigeria's export (pre-AGOA versus 1st Phase-AGOA; and pre-AGOA versus 2nd Phase-AGOA) as well as the hypothesis for USA's export (pre-AGOA versus 1st Phase-AGOA; and pre-AGOA versus 2nd Phase-AGOA). The statistical test was carried out by employing the respective paired samples t-test⁴¹. Tables 3.9 and 3.10 present the test results. While Table 3.9 summarises the respective summary statistics

⁴¹ $t = \frac{\bar{d}}{\sqrt{\frac{s^2}{n}}}$, where \bar{d} is the mean difference between Nigeria Pre-AGOA and Post-AGOA export of goods to the USA, s^2 is the sample variance, n is the sample size and t is a Student t test statistics with $n-1$ degrees of freedom; and vice versa.

between the paired samples, the respective hypotheses tested and their results are reported in Table 3.10.

Table 3.10: Results from the Hypotheses tested with Paired Samples (Nigeria-USA Exports

Paired Differences	Mean	Standard Deviation	Standard Error	95% Confidence Interval		t-Statistics	Degree of Freedom	Sig (2-tailed)
Part A Paired Samples Test Results for Nigeria's Exports to USA								
Hypothesis II: $H_0: \bar{X}_{1st\ Phase-AGO A} = \bar{X}_{Pre-AGO A}$; $H_1: \bar{X}_{1st\ Phase-AGO A} > \bar{X}_{Pre-AGO A}$								
Pre AGOA –1 st Phase-AGO A	-7.17	5.373	2.403	-13.839	-0.497	-2.983	4	0.041*
Part B Paired Samples Test Results for Nigeria's Exports to USA								
Hypothesis III: $H_0: \bar{X}_{2nd\ Phase-AGO A} = \bar{X}_{Pre-AGO A}$; $H_1: \bar{X}_{2nd\ Phase-AGO A} > \bar{X}_{Pre-AGO A}$								
Pre AGOA –2 nd Phase-AGO A	-14.95	12.352	5.524	-30.283	0.391	-2.706	4	0.054**
Part C Paired Samples Test Results for USA's Exports to Nigeria								
Hypothesis IV: $H_0: \bar{X}_{1st\ Phase-AGO A} = \bar{X}_{Pre-AGO A}$; $H_1: \bar{X}_{1st\ Phase-AGO A} > \bar{X}_{Pre-AGO A}$								
Pre AGOA –1 st Phase-AGO A	-0.68	0.648	0.290	-1.482	0.126	-2.341	4	0.079**
Part D Paired Samples Test Results for USA's Exports to Nigeria								
Hypothesis V: $H_0: \bar{X}_{2nd\ Phase-AGO A} = \bar{X}_{Pre-AGO A}$; $H_1: \bar{X}_{2nd\ Phase-AGO A} > \bar{X}_{Pre-AGO A}$								
Pre AGOA –2 nd Phase-AGO A	-5.25	3.697	1.653	-9.839	-0.657	-3.174	4	0.034*

Note: * and ** means significant at 5% and 10%, respectively
Source: Computed by the Researchers

Part I of Table 3.9 shows that the average export of goods from Nigeria to USA during the pre-AGO A period was US\$ 5.76 billion, while the average exports for the 1st Phase-AGO A period was US\$ 12.93 billion. This implies that there was increment in exports during the 1st Phase-AGO A when compared to pre-AGO A era. While the results in Part A of Table 3.10 indicate that the average exports of goods from Nigeria to USA during the pre-AGO A and 1st Phase-AGO A regimes are significantly different at 5% level of significance. This implies that Nigeria has exported more to the USA during the 1st Phase-AGO A compared to the pre-AGO A era. However, the results indicate that the impact of AGO A was a bit weak during the 1st Phase-AGO A era since the null hypothesis can only be rejected at 5% significant level.

In Part II of Table 3.9, the average export of goods from Nigeria to USA during the pre-AGO A period was approximately US\$ 5.8 billion, while the average exports for the 2nd Phase-AGO A period was US\$ 20.7 billion. This implicates that fact that the impact on exports under AGO A has been increasing over time. However, more impacts are being felt in the 2nd Phase-AGO A than the earlier periods. Furthermore, the results in Part B of Table 3.10 indicate that the average exports of goods from Nigeria to USA during the pre-AGO A and 2nd Phase-AGO A regimes are significantly different only at 10% level of significance. The connotation of it is that Nigeria has exported more to the USA during the 2nd Phase-AGO A compared to the pre-AGO A era.

However, the results indicate that the impact of AGOA was weaker during the 2nd Phase-AGOA era since the null hypothesis cannot be rejected at 5% significant level.

The values in Part III of Table 3.9 reveal that the average export of goods from USA to Nigeria under AGOA during the pre-AGOA period was US\$ 0.81 billion, while the average export for the 1st Phase AGOA is about US\$ 1.49 billion. This represents about 88% increase in USA exports during the 1st Phase-AGOA when compared with the pre-AGOA era. From the results in Part C of Table 3.10, it is apparent that the average exports from USA to Nigeria during the pre-AGOA and 1st Phase-AGOA regimes are significantly different at 10% level of significance but not significant at 5% level. The implication is that USA has exported more to Nigeria during the 1st Phase-AGOA compared to the pre-AGOA era. However, the results indicate that the impact of AGOA was not very strong during the 1st Phase-AGOA era since the null hypothesis can only be rejected at 10% significant level.

More so, the results in Part IV of Table 3.9 show that the average export from USA to Nigeria under AGOA during the pre-AGOA period was approximately US\$ 0.8 billion, while the average export for the 2nd Phase AGOA is about US\$ 6.1 billion. This connotes that the impact on exports under AGOA has been increasing over time; however, more impacts are being experienced in the later period after AGOA (2nd Phase-AGOA) than the earlier periods. Finally, from the results in Part D of Table 3.10, we can infer that the average exports from USA to Nigeria during the pre-AGOA and 1st Phase-AGOA regimes are significantly different at 5% level of significance. This gives the implication that USA has exported more to Nigeria during the 2nd Phase-AGOA compared to the pre-AGOA era. In addition, the results indicate that the impact of AGOA on USA exports to Nigeria was stronger during the 2nd phase-AGOA era than the 1st phase since the null hypothesis is rejected at 5% significant level.

3.7 Summary of the AGOA Appraisal and Way Forward

In appraising the overall performance of AGOA, Schneiderman and Lewis (2012) noted that the pact has had success in creating jobs and building stronger commercial ties between the U.S. and Africa at a time when the region is poised for an economic take-off and has remained resilient in the wake of the 2008 global economic downturn. Since the legislation went into effect, exports under AGOA have increased more than 500%, from US\$8.15 billion in 2001 to US\$53.8 billion in 2011. According to Mr. Kara Diallo, AGOA Specialist, USAID West Africa, *“AGOA has allowed many eligible countries to establish and expand market linkages in the U.S.”* For instance, non-oil exports to the U.S. under AGOA rose from \$1.4 billion in 2001 to \$4.3 billion in 2017 due to increased shipments of apparel, prepared vegetables and fruits, nuts, cut flowers, footwear, automobiles and a range of other products that had not previously been exported to the U.S. from Africa in large volumes. He noted that *“since 2010, USAID’s Regional Trade Hubs have facilitated more than \$300 million in new finance and investment, almost a billion dollars in AGOA exports and created more than 60,000 new jobs on the continent”*.

However, an expert from the Federal Ministry of Industry, Trade and Investment expresses the mixed impact of AGOA by putting it this way: *“To a large extent, the success of AGOA is mixed. Some African countries (e.g. Kenya, South Africa and Lesotho) have used the trade advantage to improve on their trade performance. But, many beneficiaries (e.g. Nigeria) have not utilised AGOA for maximum benefit. Nigeria’s plight is due to her over dependence on oil”*. (Interview

conducted with Mr. Aliyu M. Abubakar, Deputy Director, Trade Department, (Officer in Charge of Bilateral and Multilateral Trade Agreement), Federal Ministry of Industry, Trade and Investment).

About 90% of these exports have been oil, which underscores Africa's growing strategic importance to the U.S. More so, as a nonreciprocal trade agreement, AGOA has been a unique initiative in that the duties and tariffs on about 6,400 products coming into the U.S. from Africa were dropped to zero, hence, the call for a "seamless extension" of AGOA, which is due to expire in 2015 but has since been extended to 2025. Also, in terms of the future of AGOA, the priority areas are enhancing production capacity and increasing inputs to enable companies to more effectively comply with standards and training workers (Schneidman and Lewis, 2012). Another expert puts it differently as "*Some of the eligible SSA countries have greatly benefited from AGOA. Indeed from 2000 till 2011, there was a substantial increase in exports from sub-Saharan Africa to the U.S. under AGOA*". (Interview conducted with Mr. Olusegun Awolowo, Executive Director/CEO Nigerian Export Promotion Council (NEPC).

AGOA has resulted to the establishment of a United States-SSA Trade and Economic Cooperation Forum called AGOA Forum and the establishment of USAID Trade and Investment Hubs in Africa. "*This has facilitated greater and closer collaboration between the U.S. and African countries in other areas, such technical and economic assistance, investment funding, political and strategic collaboration in various fields*" says Mr. Kara Diallo, AGOA Specialist, USAID West Africa.

4. CHALLENGES, OPPORTUNITIES AND LESSONS LEARNT

4.1 Challenges and Opportunities

It has been observed that Nigeria has less competitive advantage in comparison with other countries that export commodities under AGOA trade policy (Akon, 2016). Data from the Nigerian Bureau (NBS) showed that in 2015, Nigeria experienced a great decline in the last three years. According to the report, in 2014, Nigeria's exports reduced from 16.304 billion naira to 9.729 billion naira in the last quarter of 2015, this decline represents about 41% decline in total exports. On AGOA trade policy relationship between the American giant (US) and the African giant (Nigeria), there is huge imbalance in terms of trade between the two countries as a result of Nigeria's over reliance on oil as her main export product (Famutimi, 2016). According to the Famutimi (2016), the petroleum commodity remains the major export commodity driving the Nigerian economy, as the product constitutes the greatest proportion of the US AGOA imports in 2014. In the same year, America's importation (majorly petroleum) reduced from Nigeria by more than 65%.

Since the inauguration of AGOA, SSA countries have barely attained about 13% growth per annum in the apparel industry (Famutimi, 2016). This revenue earned and growth experienced has been translated into US\$914million in exportation from the region to the United States (Okon, 2016). The major drawback the region is experiencing is due to the fact that their products are majorly petroleum driven, especially Nigeria, while other commodities such as apparel and manufactured automobiles are majorly from South Africa; this makes up about US\$47 million in commodities. Nigeria, the biggest African economy has the potential of performing better than other African countries, but the inability of the country in utilising her

comparative advantage and specialisation has made costs higher and therefore, her products are unable to compete on the world market (NBS, 2016). The country's inabilities and inefficiencies resulted from the lack of competition which is comparable to value added tax of 25%-30% (Famutimi, 2016).

Recommendations for improving efficiency include creating regulations; reforming customs process; and investing in technology to lower costs. Regional policy that lowers costs and reduces tariffs and quotas for member countries can greatly reduce cost. This was corroborated from one of the KIIs where an expert states as follows: *“Generally, AGOA has boosted Nigeria’s oil export to the USA; AGOA has capacity to make more economic impact in terms of diversification of economy and job creation”*. (Interview conducted with Mr. Aliyu M. Abubakar, Deputy Director, Trade Department, (Officer in Charge of Bilateral and Multilateral Trade Agreement), Federal Ministry of Industry, Trade & Investment).

In 2008, Nigeria’s importation under AGOA trade policy amounted to about US\$66.3 billion, which represented an increase of about 29.8% from the initial years (2000-2007). This increase occurred due to the fact that there was commodity diversification which resulted mainly from jewellery, fruits, nuts, fruit juices, plastic products and cocoa paste. The level of Nigeria’s export to USA under the AGOA trade policy fell for three consecutive years; from US\$11.5 billion in 2000 to US\$7.3 billion in 2001, and then to US\$5.8 billion in 2002 (See Figure 4.1). The major reason attributed to the fall of Nigeria’s export is mostly because the country relies majorly on crude oil (Salau, 2018). Irrespective of the fall in the first three years of the trade policy, Nigeria’s exports to USA witnessed an increase from 2004 up to 2008 (i.e. US\$17.1 billion in 2004 and US\$34.8 billion in 2008).

Figure 4.1 Nigeria’s Export to USA and Nigeria’s Import from USA (Billion USDs)



Source: Researcher’s compilation using data from sourced from USITC / Dept. Commerce, Published on www.AGOA.info

In terms of the opportunities associated with AGOA trade, among the SSA countries involved in the trade policy, Nigeria is recognised as the chief beneficiary of the trade, ranked ahead of other SSA countries such as, Benin Republic, Kenya, South Africa, etc. Africa's economic growth has been hampered by the global economic crisis of 2007. A decrease in capital flow, equity markets and inflation giving rise to increase in commodities has resulted. The disturbance caused by the incessant militant activities set in the Niger Delta of Nigeria caused a slight drop in Nigeria's oil production, which affected the country's trade performance negatively (Okon, 2016).

Given the combination of double-directional trade between the USA and the major SSA countries that are eligible to trade under AGOA, the trade pact has increased their respective performances in 16 years of trade between 2001 and 2017 (See Table A1 in the Appendix). The SSA countries' major performance under the trade policy can be seen in 2008, as the region's export for that year rose to US\$100 billion (NBS, 2017). This performance notwithstanding, the aftermath of the global financial crisis of 2008 to 2009 led to a substantial reduction in regional export. In 2014, trade from the SSA region was valued at US\$50 billion, while the AGOA countries' trade surplus with the United States declined to about US\$2 billion. The exports of SSA eligible countries to the United States have over time been seen to consistently outweigh imports. This has led to favourable balance of trade for African countries in general. However, the surplus experienced by SSA-AGOA countries which led to a favourable balance of trade has reduced and is currently, relatively small, especially in 2014.

In terms of African regions that are AGOA eligible countries, especially, ECOWAS, Nigeria is said to be the most fortunate country, performing better than other countries in the region. This is due to the fact that the country is the major exporter in the economic community being responsible for exporting 32% (in 2013) of the combined exports to the U.S. Table 4.1 presents the aggregated bilateral trade among AGOA-ECOWAS countries and the United States measured in million US\$. From the Table, and as hinted earlier, Nigeria performed better than other countries in the region. For instance, in 2012, 2013, 2014 and 2015, in terms of US imports, the country recorded US\$4,892,289, US\$6,231,417, US\$5,821,29, and US\$1,853,275, respectively, while exports for the same period stood at US\$18,913,515, US\$11,942,366, US\$3,585,937, and US\$939,868, respectively. For 2012 and 2013, Nigeria experienced a deficit or unfavourable balance of trade of US\$14,021,226, and US\$5,710,949, but afterwards, in 2014 and 2015, the country experienced a surplus and favourable balance of trade of approximately US\$2,235 and US\$3,539,13,407, respectively, performing better than other countries in the sub-region.

Table 4.1: Aggregated Bilateral Trade between AGOA-ECOWAS Countries and the United States (Unit: \$ million (rounded))

Country		2012	2013	2014	2015
Benin	US exports	567,805	599,616	765,037	390,612
	US imports	2,674	3,128	5,408	3,508
	Trade Balance	565,131	596,488	759,629	387,104
Burkina Faso	US exports	45,584	74,699	64,778	29,001
	US imports	2,304	6,111	6,209	2,744
	Trade Balance	43,280	68,588	58,569	26,258
Cape Verde	US exports	7,365	8,995	6,651	3,875
	US imports	1,313	2,134	1,683	885
	Trade Balance	6,052	6,861	4,968	2,990
Cote d'Ivoire	US exports	177,309	155,840	229,714	174,248
	US imports	1,164,412	1,016,545	1,189,531	749,875
	Trade Balance	-987,103	-860,705	-959,817	-575,627
Gambia, The	US exports	26,515	33,167	39,967	20,652
	US imports	352	1,686	298	363
	Trade Balance	26,163	31,481	39,669	20,289
Ghana	US exports	1,292,108	963,437	1,162,792	531,608
	US imports	291,604	308,155	324,647	215,445
	Trade Balance	1,000,504	655,282	838,146	316,164
Guinea	US exports	143,352	74,108	62,112	108,939
	US imports	103,051	90,046	88,083	41,844
	Trade Balance	40,301	-15,938	-25,971	67,096
Guinea-Bissau	US exports	20,852	6,477	2,685	1,246
	US imports	81	3,221	58	40
	Trade Balance	20,771	3,256	2,627	1,207
Liberia	US exports	232,259	167,453	106,819	85,172
	US imports	144,092	92,631	46,738	30,507
	Trade Balance	88,167	74,822	60,081	54,665
Mali	US exports	58,479	46,871	23,882	39,392
	US imports	3,644	3,680	2,098	1,698
	Trade Balance	54,835	43,191	21,784	37,695
Niger	US exports	36,482	45,153	36,959	31,643
	US imports	81,717	2,320	3,473	2,702
	Trade Balance	-45,235	42,834	33,487	28,941
Nigeria	US exports	4,892,289	6,231,417	5,821,291	1,853,275
	US imports	18,913,515	11,942,366	3,585,937	939,868
	Trade Balance	-14,021,226	-5,710,949	2,235,353	913,407
Senegal	US exports	145,371	222,679	103,509	106,506
	US imports	16,772	16,981	13,876	44,190
	Trade Balance	128,600	205,698	89,634	62,317
Sierra Leone	US exports	17,835	41,561	28,368	15,309
	US imports	78,716	36,373	53,561	34,789
	Trade Balance	17,835	41,561	28,368	15,309
Togo	US exports	367,369	982,480	1,020,591	180,743
	US imports	51,911	7,720	9,074	7,208
	Trade Balance	315,458	974,761	1,011,517	173,535

Source: Researchers' compilation from US Department of Commerce (published on www.AGOA.info - tralac's online AGOA information portal)

Also, in terms of domestic exports from USA to AGOA-ECOWAS countries, for the period between 2001 and 2017, Nigeria is observed to be the country with the highest values as shown in Table 4.2.

**Table 4.2: Domestic exports by USA to AGOA ECOWAS Countries in \$ million
(Current and past AGOA Beneficiary Countries)**

Country	2001	2003	2005	2007	2009	2011	2013	2015	2017
Nigeria	8,916	10,114	23,875	32,525	19,474	34,001	11,942	1,925	7,136
Cote d'Ivoire	320	490	1,141	585	747	1,145	1,017	1,028	1,196
Ghana	185	84	159	199	135	779	308	309	747
Congo	458	407	1,662	3,099	3,187	2,377	1,265	312	127
Senegal	102	4	4	19	7	7	17	72	72
Liberia	43	59	91	115	78	158	93	48	91
Sierra Leone	5	6	9	48	24	27	42	40	46
Benin	1	1	1	5		2	3	5	18
Togo	13	6	6	5	7	32	8	14	15
Burkina Faso	5	1	2	1	2	4	6	4	5
Guinea	88	69	75	96	67	81	90	78	6
Mali	6	2	4	10	4	4	4	5	3
Cape Verde	1	6	3	2	1	1	2	2	4
Gambia					1		2	1	1
Guinea-Bissau		2					3		
Total	10,143	11,250	27,033	36,710	23,769	38,619	14,933	3,844	9,528

Note and Source: Same as Table 4.1

Table 4.2 presents the data for domestic exports by USA to AGOA-ECOWAS Countries (Current and past AGOA beneficiary countries), the Table shows that for the years 2001, 2003, 2005, 2007, 2009, 2011, 2013, 2015 and 2017, the value for Nigeria's domestic export by USA is valued at US\$8,916, US\$10,114, US\$23,875, US\$32,525, US\$19,474, US\$34,001, US\$11,942, US\$1,925 and US\$7,136, respectively.

The discussion of trade in Nigeria may not be complete without considering the agricultural sector. This is because of the essential role the sector occupies in African economies. Generally, the sector is recognised as the most essential activity sector for the Nigerian economy (Osabohien, Osabuohien & Urhie, 2017; Osabuohien, Okorie & Osabohien, 2018). Many Nigerian agricultural activities are still for subsistence; that is, the production is mainly for family and local consumption, evidence has shown that resilient growth in agricultural commodities is being exported world-wide.

The major commodities which Nigeria and the rest of the ECOWAS countries export internationally are mainly citrus commodities, grains, nuts, fish, tobacco, cocoa, coffee, beverages, sugar, vegetables, fruit and other categories of agricultural commodities which forms the region's export as indicated in Table 4.3. To validate this, with respect to the United States exports, the beneficiaries of the AGOA trade policy joint exportation in 2016 for agricultural commodities was valued at US\$2.4 billion, and about US\$750 million in 2000, this represents a 220% increase in the value of agricultural commodities export between the period 2000 and 2016. In addition, Figure A2 in the Appendix summaries the non-oil leading sectors under AGOA as at 2017/2018 period.

**Table 4.3: Bilateral Trade by Sector: United States – Nigeria Value ('1000 dollars),
US 'domestic exports' *, US 'imports for consumption' / Includes year-to-date data**

Sector	Category	2015	2016	2017
Agricultural products	Exports by US	696,262	403,505	553,317
	Imports by US	37,893	32,325	66,505
	Combined AGOA imports*	3,924	3,993	9,091
	US GSP imports	2,434	2,939	3,216
	US AGOA imports	1,491	1,054	5,874
Forest products	Exports by US	33,706	24,216	29,781
	Imports by US	552	260	410
	Combined AGOA imports	82	42	44
	US GSP imports	82	42	39
	US AGOA imports*			5
Chemicals & related Products	Exports by US	333,864	226,199	223,548
	Imports by US	13,723	28,105	51,765
	Combined AGOA imports*	785	220	2,303
	US GSP imports	785	139	1,327
	US AGOA imports		80	976
Energy-related Products	Exports by US	694,893	176,754	242,625
	Imports by US	1,818,065	4,042,727	6,960,493
	Combined AGOA imports*	1,401,704	3,481,192	6,083,089
	US GSP imports			
	US AGOA imports	1,401,704	3,481,192	6,083,089
Textiles & Apparel	Exports by US	26,589	25,102	25,918
	Imports by US	565	212	290
	Combined AGOA imports*		3	4
	US GSP imports		3	3
	US AGOA imports			
Footwear	Exports by US	5,249	2,749	2,812
	Imports by US	75	20	14
	Combined AGOA imports*	-	-	-
	US GSP imports	-	-	-
	US AGOA imports	-	-	-
Minerals & Metals	Exports by US	120,103	65,310	45,081
	Imports by US	2,109	4,561	4,509
	Combined AGOA imports*	1,100	11	781
	US GSP imports	1,100	5	781
	US AGOA imports	-	6	-
Machinery	Exports by US	394,873	216,287	179,620
	Imports by US	1,320	463	232
	Combined AGOA imports*	20	3	4
	US GSP imports	20	3	4
	US AGOA imports	-	-	-
Transportation Equipment	Exports by US	842,412	555,969	677,555
	Imports by US	409	669	1,004
	Combined AGOA imports*	-	-	6
	US GSP imports	-	-	6
	US AGOA imports	-	-	-
Electronic Products	Exports by US	111,417	99,658	84,412
	Imports by US	484	734	521
	Combined AGOA imports*	8	3	72
	US GSP imports	8	3	72
	US AGOA imports	-	-	-
Miscellaneous Manufactures	Exports by US	42,257	9,333	9,361
	Imports by US	13,993	9,419	19,950

	Combined AGOA imports*	5	2	6
	US GSP imports	4	1	5
	US AGOA imports	1	1	1
Special Provisions	Exports by US	49,630	24,803	19,172
	Imports by US	36,226	80,422	30,705
	Combined AGOA imports*	-	-	-
	US GSP imports	-	-	-
	US AGOA imports	-	-	-
All Sectors	Exports by US	3,351,255	1,829,885	2,093,202
	Imports by US	1,925,414	4,199,917	7,136,397
	Combined AGOA imports*	1,407,629	3,485,469	6,095,400
	US GSP imports	4,433	3,136	5,454
	US AGOA imports	1,403,195	3,482,333	6,089,946

Note: * indicates that combined AGOA imports include GSP provisions.

Others notes and Source are same as Table 4.1

Table 4.4: Summary of Bilateral Trade by Sector in 2017: United States – Nigeria Value ('1000 dollars)

Products/sector	export US	by import by US	AGOA imports	US GSP imports	US AGOA imports
Agriculture	553,317	9,680	9,091	3,216	5,874
Forest	29,781	410	44	39	0
Chemicals	223,548	51,765	2,303	1,327	976
Energy	242,625	6,960,493	6,083,089		6,083,089
Foot water	2912	14	0	0	
Textile and Apparel	25,918	290	4	3	0
Minerals and Metals	45,081	4,509	781	781	0
Machinery	179,620	232	4	4	0
Transportation	677,555	1,004	6	6	0
Electronics	521	84,412	72	72	0
Manufactures	9,361	19,950	6	5	1
Special Provision	19,172	30,705	0	0	0

Note and Source: Same as Table 4.1

**Table 4.5: Agricultural exports under AGOA by Nigeria and programme to United States
\$ Million, 2001-2017**

Programme	2001	2003	2005	2007	2009	2011	2013	2015	2017
No programme claimed	8,650	45,970	58,988	19,586	54,469	80,687	53,428	33,592	57,049
AGOA (excluding GSP)	-	-	30	21	17	40	167	229	4,924
GSP	153	1,767	495	706	1,099	1,868	2,578	2,299	3,216
Subtotal	8,803	47,737	59,512	20,314	55,585	82,595	56,173	36,120	65,189

Note and Source: Same as Table 4.1

4.2 Summary of the Challenges and Opportunities

The main challenges and opportunities in AGOA elucidated in the preceding sub-section are summarised as follows:

4.2.1 Opportunities

- AGOA provides preference of trade for quota- and duty-free entry into the U.S.
- There exists a Generalised System of Preference (GSP) for various commodities

- The government of Nigeria gives discount for the people involved in exportation under the AGOA trade policy.
- The AGOA pact is still available for Nigeria till 2025, which helps the country explore efficiently the opportunities thereof.
- Market promotion and economic stability.

4.2.2 Challenges

- Policy uncertainties: According to Mr. Olusegun Awolowo, the Executive Director/CEO Nigerian Export Promotion Council, *“a lot of the stakeholders are apprehensive of the temporal nature of AGOA i.e. what happens after expiration of AGOA?”*.
- Inadequate political will: Nigeria is yet to adopt a National AGOA strategy and AGOA is yet to be integrated into national budget planning.
- Supply-side constraints, which include:
 - Most of Nigeria’s Manufacturers are not able to meet up with the large demand from the USA;
 - Physical infrastructure: Infrastructure deficit with respect to power supply, roads and rail system;
 - Technical Standard: The inability of Nigeria’s manufacturers to meet up with the high standard and requirements of the United State market; and
 - Poor of Awareness: Many businesses or exporters are not adequately aware of AGOA and do not know what it takes to export under AGOA.
- Trade Facilitation: From instance, from the OECD Trade Facilitation Indicators (TFIs)⁴², Nigeria scored 1.15 at the end of 2017 compared to 0.90 recorded at the end of 2015. However, despite the improved performance recorded in 2017, there are areas that require action for the country (See Figure A3 in the Appendix) to benefit immensely from trade in terms of inflow of foreign direct investment, job creation and capacity utilisation in view of the emerging investment friendly policy framework. While Nigeria scored 1.15 on average in the 2017 OECD TFIs, the U.S. scored 1.82. This puts the U.S. at an advantage in utilising the opportunities AGOA provides (See Figure A4 in the Appendix).
- Limited synergy by government regulatory agencies: There is weak collaboration among relevant government agencies such as Ministry of Industry, Trade and Investment, the Nigerian Export Promotion Council, the Bank of Industry and the Nigerian Export-Import Bank (NEXIM).
- Raw materials are being imported from abroad as exporters are forced to do so. This strategy will end up consuming the foreign currency that has been generated.
- Bureaucratic challenges in the importation of raw materials.
- Constraints associated with credit facilities. This is hinged on the fact that most times, exporters are compelled to make provision of high collateral before credit can be granted. In addition, the conditions and cost of borrowing in Nigeria are very high and inimical to the development of SMEs. According to Mr. Hamma A. Kwajaffa, the Director General, Nigerian Textile Manufacturers Association, *“the lack of garment production facilities - factories, affordable power, skilled manpower, necessary technology, research and*

⁴² The TFIs take values from 0 to 2, where 2 represents the best performance that can be achieved. They are calculated using information in the TFIs database.

training institutions offering relevant courses to meet up required international industry standard, and lack of competitiveness due to poor product quality and high prices are the major obstacles affecting the utilisation of AGOA in the Textile sector in Nigeria”.

The above challenges as surmised by one of the experts during the KII are that: *“Infrastructure deficit with respect to power supply, roads, rails are major concerns. It has not been easy with Nigerian manufacturers due to the level of infrastructural deficit in the country. Most of them have to generate power by fuelling their generators with its attendant effects on cost of production. They also suffer a lot of post-harvest losses due to poor transportation facilities”* (Mr. Aliyu M. Abubakar, Deputy Director, Trade Department, Federal Ministry of Industry, Trade and Investment).

4.3 Lessons Learnt

To encourage the exportation of non-oil commodities, and the need for the Nigerian economy to be diversified, the British Chamber of Commerce of Nigeria and the American Chamber of Commerce are propounding a strategy to further open up U.S. markets to Nigerian non-oil exports. This will be based on harnessing the opportunities to enhance the intra-commonwealth trade policy and the Nigerian AGOA.

In terms of lessons learnt

- It is observed that further extension of AGOA for a long time, though may reduce investors, but, at the same time, diminish the U.S. flexibility in making changes to its trading arrangement with Nigeria and other SSA and ECOWAS member countries.
- Eliminating rules of origin will effectively tackle the AGOA’s rules of origin which are rigid and complex to comprehend, but the change may also result in a greater likelihood that non-AGOA countries will profit from AGOA benefits. For example, the Canadian and the EU have updated and revised their rules of origin, in an effort to make them easier for developing countries to understand and meet. This was done by relaxing various commodity-specific rules for developing country beneficiaries.
- Reviewing the criterion for the AGOA eligibility will enable the U.S. handle the issues of making preferences that are aimed at aiding Nigeria and other African countries which have the greater need, but graduating countries from AGOA may negatively impact regional integration in SSA countries.

In addition, it is good to point out that Nigerian government at various capacities has channelled its energy towards the promotion of small and medium scale enterprises –SMEs (Osuji, 2016; Awolowo, 2016). It was noted that, initially, Nigeria had not shown enough interest towards the development of the SMEs in comparison with other African countries, where there exist little or no clear cut programme on the promotion of AGOA trade policy. Also, without the development of the SME industry, Nigeria may not achieve her AGOA goal efficiently (Otabil, 2016). An effort to grow the SMEs sector in Nigeria will enable the sector produce standard goods that will meet international standards and promote international trade. Various SMES in different parts of the country have lived up to the standard of promoting international trade. For example, in Kano, the SMEs business operators are producing standard products of different species, and other items that are exportable, but these products do not have the National Agency for Food Drug Administration and Control (NAFDAC) numbers or packaging, which hamper exportation. In

summary, many of the business operators require direction and input in terms of investment and they will manufacture commodities that can meet the international standards for exportation. Again, local patronage should be encouraged, as this will enable SMEs business operators make sales and earn sufficient revenue that will give them capacity in procuring machinery to enhance productivity and enhance value addition.

5. CONCLUSION AND RECOMMENDATIONS

5.1 Conclusion and Key Points

The following are key messages distilled from the study.

- Despite the privileged economic ties with the U.S. and its “seemingly unlimited” oil wealth, Nigeria is ranked 152 out of 186 countries on the Human Development Index (HDI) with a score of 0.53 in 2015. This translates to an estimated 70% of Nigerians living below the poverty line.
- In the area of trade, Nigeria is largely dependent on oil exports, with very little diversification. Therefore, even though the AGOA offers opportunity for beneficiary countries to export over 6,400 products to the US, 90% of Nigeria’s export under this trade promotion initiative is in oil. This severely undercuts the benefits derived from this initiative; hence, relations with the U.S. have not yielded the expected impact, though there are immense opportunities for economic development and shared prosperity (Brenton & Hoppe, 2006). This is essential as it is reported that “*The conditions and cost of borrowing in Nigeria are very high and inimical to the development of SMEs*” (Interview conducted with Mr. Aliyu M. Abubakar, Deputy Director, Trade Department, (Officer in Charge of Bilateral and Multilateral Trade Agreement), Federal Ministry of Industry, Trade and Investment).
- Although African countries have performed relatively satisfactorily in economic terms, its natural resource and the relative political stability of the continent has elicited trade interest from many advanced and emerging market economies leading to the establishment of multilateral frameworks with Africa. Multilateral arrangements are becoming an important means for addressing development issues including trade, investment, infrastructure, science and technology, peace and security, agriculture, health, capacity building, information and communication technology and Nigeria is uniquely positioned to be immensely impacted given her natural resource endowment.
- In 2015, Nigeria experienced its lowest exports in three years. The value of these exports reduced from approximately US\$16.30 billion naira in 2014 to approximately US\$9.30 billion naira in the last quarter of 2015. This figure represents 40.03% reduction of total exports. The 40.03% decline in export experienced by Nigeria is due to the fact that petroleum commodities continue to dominate the country’s exports.
- The issues around Nigeria’s mono-product economy centred on oil, and perceived lack of adherence to standards and product packaging methods as well as weak manufacturing base and infrastructural challenges, among others, are said to have conspired to rob Africa’s largest economy the opportunity of riding on the crest of AGOA to becoming globally competitive. Also, Nigeria failed to take advantage of the policy to boost her export drive to the US market due partly to her failure to improve on products standardisation especially in the area of packaging. The challenge has to do with standardisation. America being a developed nation will not take the second best in terms of quality products. In a similar opinion, locally manufactured products and services lack global quality certification hence, they are denied access to markets in developed economies.

- In the last 15 years of the implementation of the policy, Nigeria was only able to feature prominently in the energy-related products sector. The country performed woefully in the textiles and apparel, agricultural products and mineral and metals sectors. Unfortunately, these are areas Nigeria has huge potential; however, the failure of the country to diversify her economy substantially away from its over-dependence on oil has not helped matters. The oil and gas sector, which provides the bulk of Nigeria revenue, contributing as much as 95% of foreign exchange earnings and about 80% of its budgetary revenues, made it difficult for agricultural exports to play an important role in Nigeria-US trade under AGOA.
- High cost of production, lack of adherence to contractual terms, and ignorance of local and U.S. customs regulations were identified as some of the hindrances to the export capacities of most Nigerian SMEs.
- Nigeria has the potential to improve its export performance under the AGOA, given the considerable untapped potential in other AGOA product sectors. With the extension of AGOA to 2025, the country has another term to develop her capacities, diversity her production and exports in order to fully utilise the opportunities that AGOA provides. In order to achieve this, all sectors, including government, private sectors and civil society from the U.S. and AGOA-eligible African countries must work in tandem to implement the trade agreement. It is also important to put forth solutions on harnessing the economic potential of AGOA and explore how to close the “skills gap” and build a talent pipeline to enable trade and investment to flourish.

5.2 Recommendations and Policy Actions

The promotion as well as the efficient use of AGOA cannot be the responsibility of a single corporation. Indeed, *“all must work together to achieve the objectives that have led to the establishment of AGOA”* according to Mr. Kara Diallo, AGOA Specialist, USAID-West Africa. This was also emphasised by the Executive Director/CEO, NEPC who noted that; *“AGOA was established for some reasons. Everyone has a role to play in each eligible country in order to take advantage of the opportunities and benefits in it. Irrespective of the identified challenges, some countries have success stories. Let us identify our individual and national roles to play, take the required actions to have a success story before the expiration of the Act”*.

5.2.1 For the Government of Nigeria

The following recommendations should be undertaken by the government of Nigeria in addressing capacity imperatives in order to fully maximise AGOA opportunities.

- There is need for the government to urgently adopt and implement the Nigeria’s National AGOA strategy. The strategy has been developed and validated by stakeholders, but yet to be approved by the government. Hence, there is need for the government through the Honourable Minister of Industry, Trade and Investments to urgently adopt and approve the document. In addition, government should ensure integration of AGOA into National planning and budget.
- The Federal Government of Nigeria (FGN) should expedite sectoral diversification from oil-export dependence in order to diversify revenue, reduce import dependency, create jobs, assist poor households and develop rural areas. One of the ways to boost agricultural value-chain, drive economic diversity and productivity in the agricultural sector, is to embark on agricultural industrialisation and implement innovative financing models that cater to the needs of both low-income farmers and high-income processors. The role of FGN cannot be

overemphasised as re-echoed by an expert as follows: *“Government should ensure integration of AGOA into the national planning and budget; provide needed finance and support; allow duty free import of materials required in productions for export to make products competitive; give free trade zone status to export ready companies/ manufacturers that meet the criteria; give incentives to companies exporting under AGOA to cushion the effect of production under stringent conditions; establish production hubs for different sectors and make power supply a priority on 24/7 basis; ensure that government export related agencies collaborate to achieve the desired result of exporting under AGOA”* (Interview conducted with Mr Olusegun Awolowo, Executive Director/CEO, NEPC).

- The FGN should ensure that government export related agencies collaborate to achieve the desired result of exporting under AGOA. The NEPC-AGOA Desk, Ministry of Industry, Trade and Investment, Nigerian Export-Import Bank and Bank of Industry need to work together to address the challenges confronting AGOA implementation in Nigeria and developed plan and strategy for post 2025. In addition, the International Trade Commission of Nigeria Bill, which seeks to establish the International Trade Commission of Nigeria for the purposes of coordinating policies, interests and issues related to international trade for the Federal Republic of Nigeria presently pending before the National Assembly should be passed into law as a matter of urgency.
- In a bid to improve efficiency, the government should create regulations reforming customs processes and investing in technology to lower costs. Regional policy that lowers costs and reduce tariffs and quotas for member countries can greatly reduce cost.
- The government should create more avenues to attract both foreign and domestic investments in the agricultural sector. Economic diversification has been sung too many times in several literatures addressing the mono-product culture and its inherent disadvantages. The government must, as a matter of urgency, invest efforts in harnessing the immense agricultural potential of the country.
- The role of SMEs in the diversification and overall development of any economy has been explicated in diverse literature and agreed upon by intellectuals in business, academia and even in government. SMEs advocacy initiatives must be designed and executed in the country of this size in order to curb the high rate of youth unemployment and increase Nigeria’s participation in the AGOA trade initiative. AGOA presents a unique opportunity for investment in SMEs as an Export intensification strategy and also as an economic diversification strategy.
- The government must intensify its promotion of joint ventures and public private partnerships in industries in order to boost production capacities. If Nigeria is to attain its vision of being an economically viable country, this partnership framework is indispensable to the goal. Various studies have agreed that private sector led growth is vital to the development of any economy and that public private partnerships are vital to bridging the gaps created by the absence of the one or the other. Thus, *“The government should develop and upgrade infrastructure; provide credit and favourable lending rates; adopt AGOA strategy; and synergise cooperation between relevant government agencies”* says Mr. Aliyu M. Abubakar, Deputy Director, Trade Department, (Officer in Charge of Bilateral and Multilateral Trade Agreement), Federal Ministry of Industry, Trade and Investment).
- The issue of standardisation of products to attaining international standards is one of serious relevance as this would determine the content of the goods basket of the country that makes it into the U.S. markets. The government must invest in workshops and forums with

manufacturers of different scales to impress on them the need for product standardisation and beyond the sensitisation provide necessary infrastructure to facilitate this imperative.

- The infrastructural issues that exacerbate the cost of production thereby making Nigerian exports too expensive and, hence, non-competitive in the international market, must be dealt with in lieu of deriving the benefits from the AGOA initiative. Institutional deficiencies must also be addressed; bureaucracy can be the death of export in Nigeria, hence the government must limit the bureaucratic loops it sets up for the exporters so they are not frustrated.
- Domestic investors may have good, bankable projects but access to capital is often a major impediment. Lack of access to financial resources and the need for small investors to invest in the development of physical infrastructure has been one of the major barriers to the emergence of Small Medium Enterprises in all the four sectors under consideration in the AGOA Strategy. Therefore, financial support programmes for promotion of local investment in the identified sectors through mechanisms such as venture capital funds should be established.
- Government should engage actively with private sector to identify more export products, enhance market their share, and connect with US buyers. To this effect, the government of Nigeria should partner with the Nigerian Textile Manufacturers Association to establish garment production factories and upgrade existing training facilities to meet up modern day Industry requirements.
- Government should consider engaging resolutely in regional integration initiatives to take advantage of economies of scale, improve competitiveness, increase diversification and attract more foreign investments through regional markets.
- Government should also engage with US private sector to invest in manufacturing and infrastructural developments in the country.

5.2.2 For the Private Sector Actors

The following recommendations should be undertaken by the private sector actors in Nigeria in addressing their capacity imperatives so as to fully maximise AGOA opportunities:

- The private sector must show interest in participating in the AGOA initiative. Such can be shown by adjusting product standards in consonance with global best practices to becoming eligible for entry into the US market. They should undertake self-AGOA export readiness assessments. AGOA suppliers (firms) will need to embrace performance improvements and management training, upgrade their facilities and offerings and enter into a long term partnership with buyers. *“The private sector must work more closely with government. They should make effort to upgrade their standard and invest more in their businesses to enhance their capacity to produce all year round to address supply constraint”*. (Interview conducted with Mr. Aliyu M. Abubakar, Deputy Director, Trade Department, (Officer in charge of Bilateral and Multilateral Trade Agreement), Federal Ministry of Industry, Trade and Investment).
- Private firms should avail themselves international partnerships that would enhance their production and management capacity. Partnership with international organisations in the production of a particular product or the meeting of a target supply is a strategic move. Lack of capacity to meet export volumes can also be addressed through the formation of strategic export clusters and alliances among Nigerian firms.
- There is the need for *“synergy across the value chain especially in the textile and garment manufacturing sector”* as suggested by the Director General of the Nigerian Textile

Manufacturers Association. There should be direction of investment to mass production of garments rather than high fashion luxury products.

- In view of the requirements for textile certificate of origin, the Nigeria's textile industry needs to be re-organised to ensure that the source of fibres, yarns, fabrics and components as well as other accessories and inputs are in line with AGOA requirements.
- Private sector organisations and exporters must also have comprehensive strategic plans for export and marketing in order to better target their clients and make sure they can provide quality products that meet regulations and standards.
- Need to work harder and invest more in their businesses to enhance their capacity to produce all year round to address supply constraint.
- Establishing genuine business relationships with buyers in the U.S. is very necessary and is a process that must be done consistently as executives and business contacts in U.S. firms change jobs and positions. Cultivating business reputation and trust with buyers is an ongoing activity that requires effort and time. This is crucial especially when exporters are new to the market. The best promotional strategy is to provide realistic expectations of quality and volume for buyers. Firm should, hence, strive to build lasting relations by sticking to the simple principle of reliability of product quality, promptness of delivery, avoiding overpromising or any move that might destroy the firm's reputation among existing and potential buyers. The relevance of this recommendation is buttressed by the Executive Director /CEO Nigerian Export Promotion Council, Mr. Olusegun Awolowo who remarked that, *"The private sector must ensure mass production of quality goods to specification, obtain the required certification(s), have in place required genuine documents to support shipment, make price competitive, ensure timely delivery of goods and must work and see beyond AGOA"*.
- Nigerian private sectors interested in meeting and understanding U.S. buyers should actively participate in international trade shows in the U.S.

5.2.3 For the U.S. Government

In spite of being the primary trade law between the U.S. and African countries in general and Nigeria in particular, AGOA has not being fully beneficial to Nigeria. Therefore, if the U.S. government is to strengthen relations with Africa, it needs to actively engage and support Nigeria's initiatives to boost her production capacities in order to fully benefit from AGOA. The U.S. government should:

- Ensure that U.S. buyers support the capability-building efforts of Nigerian suppliers and begin to evaluate the country as a true strategic option. This should be done through facilitating U.S.-Nigerian private sector commercial dialogue in order to promote partnership in bankable AGOA projects. The view from an expert summarises it as: "USAID should work closely with each eligible SSA country now that West Africa Trade and Investment Hub project is over; the U.S. government should have investments in different sectors in Nigeria to set the pace, employ and train Nigerians so that Nigerians could continue in trade with other African countries and the entire world" (Interview conducted with Mr Olusegun Awolowo, Executive Director/CEO, NEPC).
- Eliminate all forms of Trade distorting Agricultural subsidies and domestic support to its farmers in order to create a level playing field between its private sector and Nigeria's private sector. The government should also intensify firm specific training, capacity building, trade

financing, and the linking of potential Nigerian AGOA exporters with financial institutions and potential U.S. importers.

- The U.S. government should consider opening discussions on non-tariff barriers affecting AGOA exports, such as lengthy registration process for consignments, cost delays associated with container security, U.S. Merchandise Processing Fee (MPF) and Cotton Fee.
- The U.S. government should share best practices with Nigeria regarding innovation, competitiveness and standards, which could result in higher rate of AGOA utilization.
- The U.S. government should support the efforts of the African Union and collaborates with private sector and African in Diaspora, in the organization of periodic Trade Fairs to be rotated among the States in the U.S. with a view to promoting African products and their visibility.
- The U.S. government and Congress should consider a post 2025 trade preferential program that would address the current challenges in AGOA utilization.
- It is also important that the U.S. government continues its technical support, particularly through specialized agencies such as the USAID Regional Trade and Investment Hubs spanned West, East and Southern Africa.

5.2.4 For Other Stakeholders

Stakeholders like the Academia, Civil Society Organisations (CSOs), regional bodies, and international development organisations should:

- Undertake research in order to generate awareness on opportunities inherent in AGOA and how they can be maximised while minimising the threats. More specifically, the information should focus on timely market information updates and projections so as to enable strategic production by AGOA based producers and exporters in Nigeria. This research should be used to lobby policy makers both from Nigeria and USA on how to make AGOA more beneficial to Nigeria through improving her competitiveness and boosting her domestic industrialisation capacities and capabilities.
- The CSOs in Nigeria should carry out more awareness and advocacy programs on AGOA and should collaborate with CSOs at regional and international level to promote AGOA initiative.
- Regional and continental institutions should ensure that AGOA compliments the regional integration agenda in line with AU's Agenda 2063.
- The Regional Economic Communities such as ECOWAS, EAC, SADC should develop regional AGOA utilization strategies in order to maximize AGOA benefits.
- The AU Commission should collaborate with private sectors to organise annual Trade Fairs in the U.S. to promote African products and enhance their visibility.
- The AU should assist AGOA eligible countries to reach out to Africans in Diaspora and African-American entities to create awareness of the export opportunities provided by AGOA in order to increase market share.
- Direct requisite resources to strategic sectors identified under the proposed Nigeria's AGOA strategy, so as to boost their competitiveness, production and productivity, and subsequently increase the country's AGOA exports share.
- Regional and continental institutions must facilitate exchange of experiences among AGOA eligible countries.

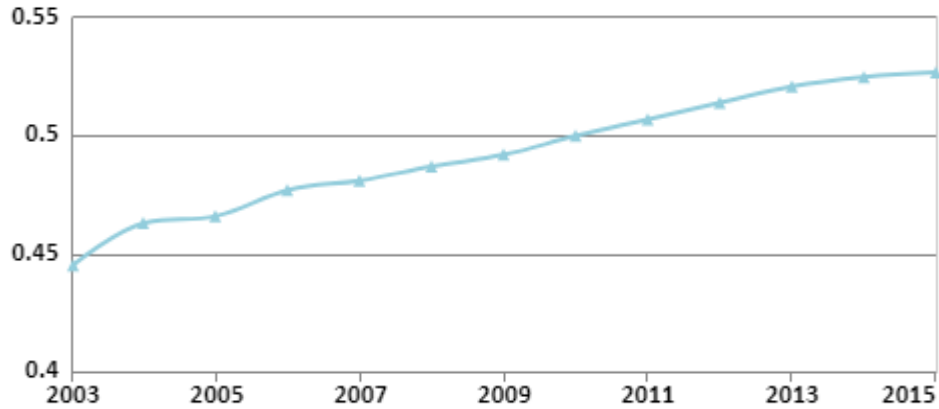
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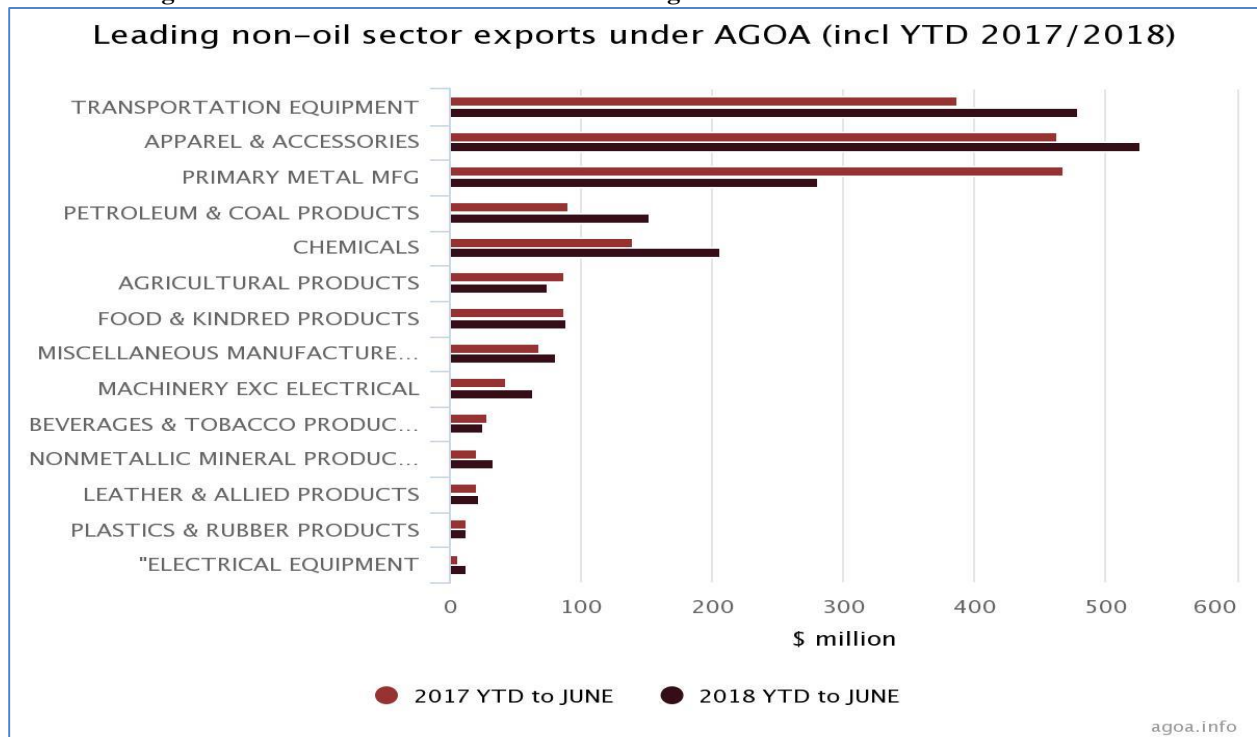
APPENDICES

Figure A1: Human Development Index Trend in Nigeria (2003-2015)



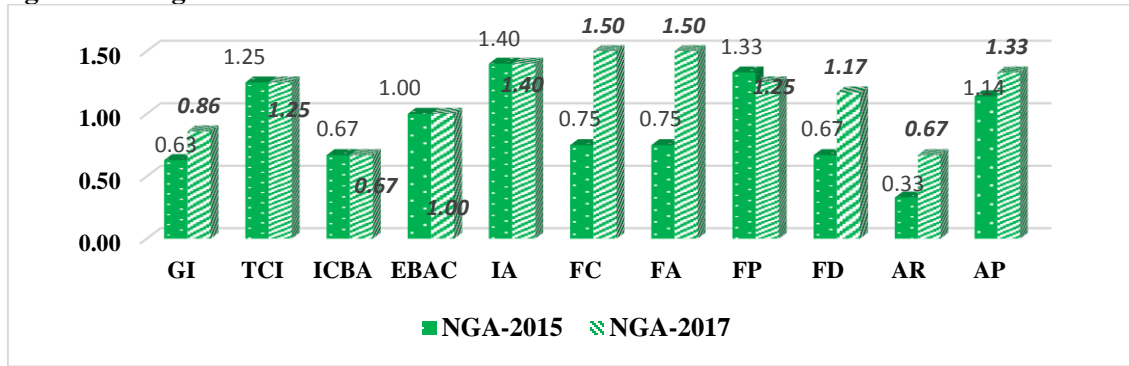
Source: Retrieved from Nigeria Data Portal on Human Development Index

Figure A2: Classification of Non-oil Performing Sections under AGOA as at 2017/2018



Source: USAID West Africa

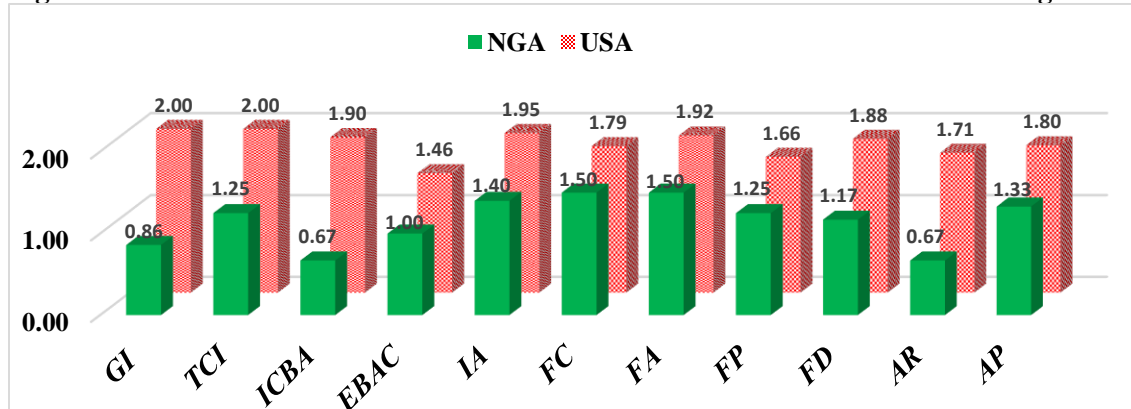
Figure A3: Nigeria's Trade Facilitation Performance Indicator for 2015 versus 2017



Note: GI: Governance and Impartiality, TCI: Involvement of the Trade Community, ICBA: Internal Cooperation of Border Agencies, EBAC: External Border Agencies Cooperation, IA: Information Availability, FC: Fees and Charges, FA: Formalities-Automation, FP: Formalities-Procedures, FD: Formalities-Documents, AR: Advance Rulings, and AP: Appeal Procedures.

Source: OECD Trade Facilitation Indicator

Figure A4: 2017 Performance in Trade Facilitation Indicators of Nigeria and U.S.



Note and Source: Same as Figure A3

Table A1: Aggregate Exports to USA by AGOA-SSA Beneficiary (AGOA plus non-AGOA goods)
Unit: \$ million (current and past AGOA Beneficiary SSA Countries)

Country	2001	2003	2005	2007	2009	2011	2013	2015	2017
South Africa	4,430	4,888	5,854	9,132	5,877	9,461	8,392	7,445	8,028
Nigeria	8,916	10,114	23,875	32,525	19,474	34,001	11,942	1,925	7,137
Angola	2,776	4,176	8,466	12,211	9,306	13,803	8,900	3,010	2,651
Cote d'Ivoire	320	490	1,141	585	747	1,145	1,017	1,028	1,199
Madagascar	272	383	324	338	253	87	178	322	744
Chad	6	22	1,472	2,238	1,879	3,189	2,413	1,667	690
Ghana	185	84	159	199	135	779	308	309	748
Kenya	129	249	348	326	280	381	433	573	572
Botswana	21	14	178	187	132	293	278	225	776
Lesotho	217	393	403	443	304	384	351	330	308
Ethiopia	29	30	62	88	113	144	194	310	292
Congo, Republic of	458	407	1,662	3,099	3,187	2,377	1,265	312	127
Cameroon	102	193	155	307	268	323	273	132	118
Gabon	1,732	1,928	2,886	2,147	1,285	4,432	1,047	281	198
Mauritius	275	298	222	187	169	252	338	395	285
Zambia	16	12	32	49	9	47	38	59	65
Namibia	38	123	130	220	328	436	262	111	138
Mozambique	7	9	11	5	39	35	76	110	157
Senegal	102	4	4	19	7	7	17	72	72
Tanzania	27	24	34	46	49	59	70	107	131
Uganda	18	35	26	27	30	46	47	64	82
Liberia	43	59	91	115	78	158	93	48	91
Rwanda	7	3	6	13	19	31	24	46	44
Sierra Leone	5	6	9	48	24	27	42	40	46
Djibouti	1	1	1	4	3	4	4	35	34
Malawi	72	80	82	69	74	72	64	61	65
Niger	1	4	66	9	106	289	2	4	8
Benin	1	1	1	5		2	3	5	18
Togo	13	6	6	5	7	32	8	14	15
Mauritania		1	1	1	35	1	131	1	61
Swaziland	65	162	199	148	110	83	59	20	20
Guinea	88	69	75	96	67	81	90	78	6
Comoros	11	4	1		1	2	3	1	5
Burkina Faso	5	1	2	1	2	4	6	4	5
Mali	6	2	4	10	4	4	4	5	3
Cape Verde	1	6	3	2	1	1	2	2	3
Central African Republic	2	2	6	3	3	6	3	3	2
Sao Tome & Principe						1		1	1
Gambia, The					1		2	1	1
Guinea-Bissau		2					3		
Total	20,396	24,287	47,996	64,908	44,407	72,479	38,383	19,157	24,946

Notes: The latest value (2017) was used in ranking the countries; empty fields denote 'no trade'

Source: Researcher's compilation from US Department of Commerce (published on www.AGOA.info - tralac's online AGOA information portal)

Box A1: Request for Information on AGOA Implementation in Nigeria

Introduction

Dear Sir/Madam, my team is presently carrying out a research on AGOA implementation in Nigeria. We are interested on the Impacts, Challenges, Opportunities and Recommendations. As one of the relevant stakeholders on the subject matter, we wish to have your comments on the issue. To this effect, we have provided some guiding interview questions for your kind assistance in providing your views.

Thank you for assistance.

AGOA Interview Guide

1. Please, can you briefly introduce yourself and your organisation including your present roles?
2. In your opinion, what do you think were the core reasons for the establishment of AGOA?
3. To what extent has such purposes (reasons) been achieved?
4. What impacts has AGOA had on the following:
 - i. Impact of AGOA on Trade Outcomes?
 - ii. Economic Impacts of AGOA?
 - iii. Social Impacts of AGOA; and
 - iv. Any other areas?
5. What do you think are the major challenges facing the implementation of AGOA?
6. What opportunities also lie therein in AGOA?
7. Please, rank the following sectors/sub-sectors in terms of the benefits from AGOA (from the highest to the least):
 - i. Agriculture;
 - ii. Chemicals;
 - iii. Electronics;
 - iv. Energy;
 - v. Foot wear;
 - vi. Forest;
 - vii. Machinery;
 - viii. Manufactures;
 - ix. Minerals and metals;
 - x. Special provisions;
 - xi. Textile and apparel; and
 - xii. Transportation?
8. What recommendations do you have to the following actors with respect to harnessing maximally the benefits/opportunities of AGOA?
 - i. Recommendations to the Government of Nigeria
 - ii. Recommendations to the Nigerian Private Sector
 - iii. Recommendations to the Government of USA
 - iv. Recommendations to Sundry Stakeholders
9. Please, do you have any other important information you may want to share?