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# Nigeria in a Quandary of Trade Negotiation under Three Main Economic Integrations

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***ABSTRACT***

*Though being a member of WTO since its inception in 1995, Nigeria is in addition faced with three economic integration arrangements, that is: Economic Community of West African States (ECOWAS)-Common Trade Policy (CTP); economic partnership agreement (EPA) with European Union (EU); and African Economic Community (AEC) with African Union (AU) Members, under its first phase known as African Continental Free Trade Area (AfCFTA). At the conclusion of each of the three main economic integration the country was involved in, Nigeria came up with excuses that she needed additional consultations despite being part of the various processes leading to such conclusion. Without a national trade policy to guide her decision in the process and sequence of negotiation in these three economic integration agreements, Africa's biggest economy is in a quandary situation of what to do next. This paper attempts examining these issues with a view of offering possible solution.*

### *Introduction*

The possible inter-relationship of trade and development policy sets a challenge for the task of policy making and negotiating prioritization for countries like Nigeria. To widen the coverage of participants so as to achieve the greatest possible gains from international trade, immediately after World War II, the General Agreement on Tariffs and Trade (GATT), was established as a reaction to the waves of protectionism that crippled world trade during (and helped extended) the Great Depression of the 1930s. However, in 1995, the GATT became part of the World Trade Organization (WTO) that was henceforth charged with overseeing four international trade agreements: (a) the GATT, (b) the General Agreement on Trade in Services (GATS), (c) agreements on Trade -Related Intellectual Property Rights (TRIPS) and (d) Trade-Related Investment Measures (TRIMS). With the current globalization (which is the opening of people and nation states to a more interconnected and interdependent world with relatively freer movement of capital, goods, and services across the globe), there are still a proliferation of bilateral and regional trading arrangements simultaneously accompanying the multilateral trading system under the WTO.

In fact, less than a decade of GATT's existence (before WTO was established) there were increasing waves of regional trade agreements (RTAs) in form of economic integrations. Starting with Europe, a programme of regional economic integration through the creation of the European Coal and Steel Community was established in 1951; and was justified by Jacob Viner's Customs Union (1950). The European integration eventually evolved into what we know today as the European Union (EU). With Europe's regionalism, other countries were also encouraged to put in place similar economic integration arrangements for further tariff reductions among their own groupings as well so as to compete with the preferential trade that European partnership engendered (Bergsten, 2002). The multiplicity of such trade and investment agreements have resulted in (a) continuous reduction of tariff and non-tariff barriers, (b)fewer restrictions on inward foreign direct investments (FDI) and (c) the narrowing of regulatory differences on trade and investments across Member States engaged in the various pacts beyond the WTO provisions.

Nigeria, like many other developing countries believed that international economic cooperation via economic integration could **first** open up new opportunities as: (a) hiring foreign workers more easily, access funds from internal sources and trade goods at lower costs; (b)setting up business in another Member State in the community becomes easier and less expensive; and (c)registering the business in a Member State with lower taxes and more affordable workforce compared to one's home country becomes possible. **Secondly**, for consumers and individuals: (a) they can travel without the need for a visa or passport, relocate to another Member State and (b) they can also apply to jobs in higher-paying Member States without having to obtain visa sponsorship. The **third** major advantage of economic integration is its ability to enhance peace and security as Member States aspire for greater political cooperation, which results in more stability and peaceful conflict resolution. **Lastly**, economic integration can allow raising of funds directly in the international capital market or through foreign direct investments (FDI) as a result of larger community market.

Based on these reasons, Nigeria is currently faced with three economic integration agreements: (a) Economic Community of West African States (ECOWAS) Common Trade Policy (CTP); Economic Partnership Agreement (EPA) with EU; and African Economic Community (AEC) with African Union (AU) Members. While the goal of Nigeria's participation in these arrangements are for the maximization of advantages of inherent opportunities in them, the sequence of engaging in them is yet to be agreed upon, neither does the country have a current **trade policy** that could address the sequence of negotiating them. Consequently, the country is in a "***quandary"***, (i.e. a situation or circumstance that presents problems difficult to solve) not knowing what to do with these agreements. To compound the situation more, the country maintained that in the three agreements, she desired more consultations. The purpose of this paper is to examine why Nigeria finds herself in this situation and what can be done to resolve the current quandary of either to engage or not these integration arrangements. Part I examines the emergence of multilateralizing economic integration. Part II analyses the quandary situation Nigeria finds herself in the three economic integration facing the country. In Part III an attempt is made to resolve the impasse facing the country through a national Trade Policy. Part IV concludes the paper with recommendations.

### *Results and Discussion*

#### *A. Emergence Multilateralizing Economic Integration*

*Since* ***The Wealth of Nations*** *(Adam Smith*,1776) was published, vast majority of economists have accepted the proposition that free trade (defined as the absence of tariffs, quotas, or other governmental impediments, and encouragement of each country to specialize in the production of goods it has comparative advantage), among nations improves overall global economic welfare. With more evidences in support of free trade, the hitherto doctrine of **mercantilism**, which promoted a country's exports while simultaneously discouraging her imports became obsolete. No wonder, Vijayasri (2013) stated that "*no country has achieved economic success in terms of substantial increases in living standards for its people, without being open to the rest of the world via trade.*"

Among the common benefits of free trade are:

1. **Makes greater volume of goods available for consumption:** International trade brings in different varieties of goods from different destinations; thus, giving consumers a wider array of choices, which will not only improve their quality of life but as a whole it will help the country grow.
2. **Enhances efficient allocation of national resources:** Efficient allocation and better utilization of national resources occur since countries tend to produce goods in which they have comparative advantages; thus, avoiding wasteful duplication of resources, and providing countries with a better marketing power.
3. **Promotes efficiency in production:** International trade promotes efficiency in production as it makes countries try to adopt better methods of production to keep costs down so as to remain competitive; thus, increasing the standards of the goods produced and giving consumers good quality products to consume as well.
4. **Increases employment opportunities:** More employment could be generated as the market for the countries' goods widens through trade; thus, helping countries to bring-down their unemployment rates.
5. **Makes consumption cost cheaper:** International trade enables a country to consume things which either cannot be produced within its borders or production may cost may be rather very high.
6. **Reduces price fluctuations:** By making the size of the market large with large supplies and extensive demand, international trade reduces price fluctuations, as the prices of goods tend to remain more stable.
7. **Permits sale of surplus production:** International trade enables different countries to sell their surplus goods and services to other countries and thus earn foreign exchange to buy from other countries as well.
8. **Fosters better global international relations:** International trade fosters peace, goodwill, and mutual understanding among nations; as a result of the consequent economic interdependence of countries brought about by trade among them.

Initially, most of these agreements were targeted merely at removing tariffs on intra-bloc trade in goods in line with Jacob Viner theory, but as time goes on many them go beyond that Viner's model to cover non-tariff barriers (NTBs) and in fact to extend liberalization to investment and to other socio-political and economic policies (Krishna, 1998). At their deepest phase many of the economic integrations have the goal of an **economic union** involving the construction of shared executive, judicial, and legislative institutions. Despite of the importance of multilateral trade under the WTO; today, over a third of the world trade takes place within regional trading arrangements (RTAs) that vary

| | 1 | 2 | 3 | 4 | 5 |
|---|---|---|---|---|---|
| Free Trade Area | Yes | No | No | No | No |
| Customs Union | Yes | Yes | No | No | No |
| Common Market | Yes | Yes | Yes | Yes | No |
| Economic Union | Yes | Yes | Yes | Yes | Yes |

widely in their depth and width of phases as shown below and in in **Table 1:**

- **Free Trade Area:** Countries seek to remove all barriers to trade among themselves but each country determines its own barriers against non-members
- **Customs Union:** Countries remove all barriers to trade among themselves but erect a common trade policy (like common external tariffs (CET) against non-members.
- **Common Market** Countries seek to remove all barriers to trade and the movement of labour and capital among themselves but erect a common trade policy against non-members
- **Economic Union** Countries seek to remove all barriers to trade and the movement of labour and capital among themselves, erect a common trade policy against non-members, and coordinate their economic and monetary policies.

In spite of the presence of WTO, virtually all countries of the world belong to one form of economic integration or another; and many even belong to more than one. Thus, Arashiro, Marin and Chacoff (2005) had questioned the rationale for the current rush towards RTAs under multilateral environment of WTO. Current world trade situation is to a large degree characterized by trade policy initiatives that are simultaneously being pursued at the global, regional and bilateral levels with a number of governments adopting a trade policy that moves on multiple fronts of negotiations. This development gives rise to **competitive liberalization**, in which global, regional and bilateral trade negotiations are seen as complementing one another towards multilateralism. Consequently, regionalism did not necessarily grow at the expense of multilateralism, but in conjunction with it.

In addition, the push for regionalism was equally due to a growing need for countries to go beyond the GATT of WTO's provisions, and at a much quicker pace. This has made the history of international trade to look like a struggle between protectionism and free trade, in which both they are growing side by side.

***Table 1: The Phases of Economic Integration***

1. Free Trade Between Member State
2. Common External Tariff
3. Free Movement of Factors of Production
4. Harmonization of Economic Policy
5. Centralization of Economic & Monetary Policy

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While economic integration between countries of homogeneous economic development level is understandable, those among North-South appear confusing. Therefore, despite their global popularity, the following emerging questions, among numerous others, confront increasing expansion of RTAs:

i. Are there distinct characteristics to (a) North-North, (b) North-South and (c) South-South RTA?

ii. What does the trend to regionalism mean for the multilateral trading system of the WTO?

iii. If increasing emergence of RTAs implies a weakening of the WTO, what are the developmental implications for the various economic integrations among developing countries including Nigeria and between developed and developing countries?

iv. Beyond issues of trade creation and trade diversion as outcomes for such increasing number of economic integrations, what are the implications of the rules-based elements of the current RTAs particularly with respect to: investment, intellectual property rights, competition policy, trade facilitation, etc.in their protocols, particularly on developing countries such as we have under the African Continental Free Trade Area (AfCFTA)?

v. Are countries using RTAs as they were used in the past, to strategically negotiate their positions better at the multilateral level; if so, can Nigeria engage RTAs for the same purpose?

vi. Since provisions in an RTA clause are stricter than the WTO rules, especially in North-South RTAs, to what extent are the North-South RTAs developmentally oriented, particularly when one considers the economic negotiations between the European Union (EU) and the

African, Caribbean Pacific (ACP) under the economic partnership agreement (EPA)?

It has been argued that economic integration and cooperation is the way forward in Africa as there are many regional externalities that can only be addressed through regional cooperation. Following the founding of Organization of African Unity (OAU) in 1963, the first wave of RTAs in Africa took place along the development of regional economic communities (RECs) behind high tariff walls. These RECs were to be the "building blocks" of the hoped-for African union in the immediate post-colonial era. A **second wave** of RTAs in the continents took place after the AEC Abuja Treaty of 1991.

### B. *Nigeria's Quandary Positions in the Three Economic Integrations*

Upon attaining independence in 1960, Nigeria committed itself to improving the lives of the people in the country as well as that of her neighbors. Consequently, the country became: (a) one of the founding members of the OAU, which later became the AU; (b) in the pursuit of a regional economic, Nigeria helped to create ECOWAS; and (c) under the AEC, it all started with Lagos Plan of Action in 1980 and finalized at the Abuja Treaty of 1991 of which the phase I is the current AfCFTA. At the African, Caribbean and Pacific level, Nigeria has been part of the Lome I-IV Agreements of non-reciprocal trade relations with EU until the need to replace these agreements with a WTO- compliant Cotonu Partnership Agreement (CPA) of 2000 that gave rise to EPA.

From these developments, three economic integrations (ECOWAS/CTP, EPA, and AfCFTA) emerged, that put Nigeria in a quandary. Such quandary may be unusual as economic integration itself is currently facing waves of changes globally. For example, the United Kingdom voted in 2016 to leave the EU, which will impact British trade and immigration. Those who voted for "Brexit," felt that having a separate economy will strengthen the U.K. and allow for stronger immigration laws. Opponents feel that leaving the EU will make economic trade more difficult. Also, the U.S. has made significant changes to its historical trade agreements with Mexico and Canada. The Trump administration-imposed tariffs on steel and aluminum from Mexico and Canada early in 2018. In return, Mexico put tariffs on U.S. steel and farm products. In late 2018, Mexico, Canada and the U.S. signed the new U.S. Mexico Canada Agreement, which is designed to replace NAFTA. The new agreement includes protections for workers' rights and the environment.

#### 1. ECOWAS Economic Integration Agreement

ECOWAS was established in Lagos, on May 28th 1975 to integrate economic activities of Member States as a borderless region where the entire population has access to its abundant resources and is able to exploit same through the creation of opportunities under a sustainable environment. A revised version of the Treaty was agreed to on July 24th 1993 in Cotonou. Considered as one of the pillar regional blocs of the continent-wide AEC, the goal of ECOWAS is to achieve "collective self-sufficiency" for its Member States by creating a single large trading bloc through the building of a full economic union.

The community has achieved some level of success with respect to ECOWAS Trade liberalization Scheme (ETLS) i.e. the regional FTA. It has aadopted the common external tariff (CET) of ECOWAS customs union after close to 10 years (2006-2015) of negotiations, because Nigeria insisted on a 5-band CET (0-35 percent) while West African Economic and Monetary Union (UEMOA) and others were in favor of a 4-band CET (0-20 percent). The customs union phase was finally established with CET of 5-bands since 2015. The customs union, with the putting in place of CET, is an important component of CTP. With its implementation, a CTP that covers the phases of ECOWAS economic integration becomes necessary as there has been none. For this purpose, Vision 2020 was put in place to set a clear direction and goal to significantly raise the standard of living of the ECOWAS citizens through conscious and inclusive programmes that will guarantee a bright future for the region as well as shape its destiny for many years to come.

The paradigm shift of the Vision is vital if the region is to create an environment in which the business community and the general public will have a shared vision and work together to realize the development aspirations of the people and achieve equitable and broad-based growth, sustainable development and poverty eradication. Among the changes to be made in the way the political and socio-economic life of the region is to have a CTP that will require Member States to make necessary changes in their policy formulation, implementation, as well as their institutional capacity. ECOWAS prepared the CTP in consultation with all Member States, but on the day of finalizing the document at Sector Ministers' level in 2018, Nigerian Government declined to support the process on the premise that she requires additional consultation in the country.

#### 2. EU/ ECOWAS Economic Partnership Agreement

ECOWAS has been negotiating an EPA with the European Union (EU) since 2004. As presented by EU, the EPA intends to foster the gradual integration of the ACP countries into the global economy on the basis of an open, transparent, and predictable framework for trade and investment. Towards the end December 2007 (deadline for conclusion of EPA) when it appeared that the negotiations cannot be concluded as scheduled, EU sent individual national draft to Ghana and Cote d'Ivoire (the 2 non-LDCs) to initial an interim EPA each; a decision against the objectives of CPA. Cote d'Ivoire and Ghana signed an interim agreement each with EU on the 7th and 13th December respectively.

The target of the regional EPA negotiators was to conclude the negotiations before October 2014, to ensure the continuity of the trade preferences to Côte d'Ivoire and Ghana, to guarantee a single trade regime for the region with the EU and thus safeguard regional integration achievements. At the conclusion of the negotiation of the EPA agreement in 2014, Nigeria found herself in quandary again by declining the signing the EPA with the EU, though it is an intra-regional process, establishing a CET in West Africa as a prerequisite to the signature of the EPA between the EU and ECOWAS. The Nigerian position has had a strong impact on the implementation of the EPA in the region. In fact, the EPA talks have led to the application of several different tariff regimes in the region that are much less advantageous for Nigeria. For instance, non-reciprocal market access applied to "**everything but arms**"

(EBA) for the thirteen LDCs in West. For not signing EPA, Nigerian government is concerned about the following questions:

i. How to manage the expected loss of fiscal revenue when Nigeria finally ratify the EPAs the way it is now?

ii. Will Nigeria's trade liberalization with a more economically powerful and homogeneous EU not be in the larger interest of the EU alone?

iii. How to curb deflection of EU products from entering Nigerian market through the LDCs and the non-LDCs that acceded to either EBA or interim EPA respectively even if Nigeria does not accede to EPA?

iv. How to cope with more competition against Nigerian products in ECOWAS intra – Community trade (ETLS), particularly as Morocco comes into the community?

v. How to deal with limited negotiation capability of Nigeria to negotiate on the matter, since the negotiation through ECOWAS Commission appears not acceptable to Nigeria? and

vi. Can Nigeria not look for separate EPA with EU?

## 3. African Economic Community Treaty

The continent of Africa is an **apparent paradox**; in which on the **one hand**, it is endowed with abundant natural resources that have defined its image and place in the global economy; while on the other hand, it consists of some of the poorest nations on earth. Therefore, among the objectives of Organization of African Union (OAU) Charter was to address Africa's peculiar situation of underdevelopment. In 1980 the OAU Extraordinary Summit adopted the **Lagos Plan of Action**, as a major step towards that goal. The commitments in the Lagos Plan of Action translated into Abuja Treaty, in June 1991 when the OAU Heads of State and Government established the AEC. The AEC Treaty has been in operation since May 1994 when the required number of instruments of ratification for its coming into force were deposited with the Secretary General of the OAU/AEC. According to UNECA (2017), when AEC entered in force in 1994, a roadmap of six phases economic integration was agreed upon as follows: Stage I Creation of regional blocs (that is, the Regional Economic Communities or RECs); Stage II Strengthening of intra-regional integration and the harmonization between the blocs; Stage III Establishment of free trade areas and customs unions in each the RECs; Stage IV Creation of a continental free trade area and customs union; Stage V Creation of an African common market; Stage VI Establishment of an African economic monetary union and a parliament. Among the objectives of AfCFTA (which is the first phase of AEC) are to:

(a) Create a single continental market for goods and services, with free movement of business persons and investments, and thus pave the way for accelerating the establishment of the Customs Union;

(b) Expand intra-African trade through better harmonization and coordination of trade liberalization and facilitation and instruments across the RECs and across Africa in general; and

(c) Enhance competitiveness at the industry and enterprise level through exploitation of opportunities for scale production, continental market access and better reallocation of resources.

Nigeria as a signatory to the AEC Treaty, during the 18th Ordinary Session of Assembly of the African Union (Addis Ababa, Ethiopia, 23-30 January 2012), participated in the Summit adopting a "Decision on boosting intra-African trade and fast tracking the Continental Free Trade Area". Negotiations were subsequently launched by the Assembly in June 2015 and effective negotiations started in July 2016 after a preparatory phase. The AfCFTA Agreement and its Protocols were negotiated by all the membership of the AU, including Nigeria. The signing of **Stage 1** comprising the following protocols of the AfCFTA took place during the 10th Extraordinary Summit of the Assembly of the AU on 21 March 2018 in Kigali

- ✓ *the Agreement Establishing the AfCFTA,*
- ✓ *the Protocol on Trade in Goods,*
- ✓ *the Protocol on Trade in Services, and*
- ✓ *the Protocol on Rules and Procedures for the Settlement of Disputes*

Paradoxically, Nigeria, a country that was instrumental in garnering support from the beginning to finalization of the AfCFTA did not sign the Treaty for reasons linked to the need to engage in further consultation with domestic stakeholders in the country. AfCFTA, which would be the world's largest free trade agreement by population size, will be the first step to boosting pan-African trade. In particular, the AfCFTA would be a way of establishing stronger links between the different regional blocs across the continent. Furthermore, one notable focus area of the AfCFTA is the protection of infant industries; as Part VII Article 24 of the AfCFTA says:

*"For the purposes of protecting an infant industry having strategic importance at the national level, a State Party may, provided that it has taken reasonable steps to overcome the difficulties related to such infant industry, impose measures for protecting such an industry. Such measures shall be applied on a non-discriminatory basis and for a specified period of time."*

Essentially, the AfCFTA accounts for one common objection developing countries, including African nations make against free trade as many of their industries are young and vulnerable to being priced out by more advanced countries of the world. Another prominent issue is dumping, a situation where a foreign firm unfairly undercuts local competition by charging prices below the level in its home country. However, Part V Article 17 AfCFTA says:

*"Anti-dumping and Countervailing Measures - subject to the provisions of this Protocol, nothing in this Protocol shall prevent State Parties from applying anti-dumping and countervailing measures."*(AU,)

Perhaps, this is the greatest quandary being Nigeria is putting herself, because if the country feels other countries could unfairly dump their products into the economy, she can respond by using antidumping duty in line with provisions on trade remedies and the

AfCFTA Guidelines on Implementation of Trade Remedies per relevant WTO Agreements.

**4. Why is Nigeria's isolated in the Three Economic Integrations?**

The question now is: Why is Nigeria no longer interested in pursuing the various economic integration agenda she pioneered? According to Olu Fasan (Business Day, 2019), three failures are responsible in the case of AfCFTA: (a) the failure of policy-making; (b) the failure of policy choices; and (c) the failure of political leadership. **First** in international negotiation, it important to know the national interest of the country by engaging actively with key domestic stakeholders from all sectors, as well as civil society groups, to formulate the positions it would feed into the mandate and the negotiation. As a result of securing the buy-in of domestic stakeholders, once a trade negotiation was concluded, the signing and ratification of the agreement by each Member State were almost automatic. But Nigeria negotiated AfCFTA without engaging with its domestic stakeholders, and then, after concluding the negotiations, tried to "sensitize" them to the outcome; thereby putting, ***the cart before the horse***. There was a terrible failure in policy making process.

**Secondly**, on policy choice, Nigeria doesn't know what is rationally in its national interest, as there is **no National Trade Policy** to guide the country. Consequently, a very good trade reform could be resisted, leading to behaving irrationally or supporting protectionist forces at the expense of economic efficiency and welfare gains. This is why the Manufacturers' Association of Nigeria (MAN) opposes the AfCFTA. So, saying that AfCFTA would undermine Nigeria's comparative advantage and increase dumping, smuggling and import surges is a sheer display of economic ignorance because AfCFTA should, in fact, trigger the reforms that would address all those concerns.

**Lastly**, is the failure of leadership; as President Buhari is yet to be decisive on AfCFTA issues even with the required ratifications and the commencement of the program in July 2019. The economy itself appears to promote export but discourage import (what a mercantilist orientation), who believes export is good, import is bad. Since the Nigerian Office for Trade Negotiations (NOTN) carried out an independent study that revealed that 78% of Nigerian businesses believe AfCFTA would benefit the country, then one expects the President to use the study as the basis for concluding the matter. However, the Head of States set up another "AfCFTA Impact and Readiness Assessment Committee". Mr Fasan concluded that Nigeria will suffer irreparable reputational damage if it rejects AfCFTA, particularly with respect to her Afrocentric foreign policy stance since early 1960s.

The above explanation appears to be applicable to the rest of the other two (2) economic integration initiatives of ECOWAS/CTP, and EPA.

**C. Formulating Nigeria's Trade Policy and Negotiation Strategy to Resolve the Quandary**

Trade theory recognizes that effective integration of any country into the global economy through trade and global value chains would involve an appropriate Trade Policy that defines standards, goals, rules and regulations that pertain to trade relations of a country with the rest of the world.

With globalization, international business environment has been subjected to radical shifts in relationships resulting from technological changes and emphasis on good political and corporate governance; with consequent effects on global economic interactions, particularly trade and investment. Today, economies are opening up to trade and previous small national markets are merging into larger entities through various shapes of economic integration schemes. Competition is intensifying as transnational corporations (TNCs) as well as even smaller firms are becoming more innovative. In addition, rapid developments in Information and Communication Technology (ICT) have led multiplicity of communication media with wide and instantaneous outreaches at relatively low cost. The ultimate result of these developments is the increasing awareness of customer expectations, at the touch of a button, that are forcing the business world to strive for higher quality, lower prices, quick and better services.

The last trade policy for Nigeria was that of 2001/2. An attempt was made to develop one in 2001, but could not be concluded. Nigeria urgently requires a good trade policy that will go beyond the traditional focus on tariffs and quantitative restrictions and changes in relative prices but (a) captures the deeper transformational and production issues in the economy; (b) emphasizes the role of the government as implementer of trade policy and that of the private sector as the engine of growth as well as partners in the formulation and implementation process (c) sets new and modern rules on how to increase competitiveness of the economy at national, regional and multilateral levels , (d) establishes how these trade rules are developed, coordinated and implemented, (e) elevates the role of the private sector from its dormant level to that of a partner in the formulation and implementation processes, (f) creates opportunities for the development of the private sector to perform its assigned role, (g) and promotes a new philosophy of economic management based on serious commitment to openness as dictated by the emerging realities at regional, continental and multilateral trading environment.

Nigeria's trade policy is expected to address the critical issues facing the country as highlighted in the National Economic Recovery Growth Plan (NERGP) particularly at:

i. highlighting the central role and contribution of Nigeria's trade policy towards the attainment of the objectives of the NERGP Vision;

ii. harmonizing and consolidating consensus of opinions from relevant stakeholders on trade development issues that will entrench sustainable policy shift from the current protected and controlled market economy towards a competitive market economy at regional, continental and multilateral levels;

iii. identifying appropriate measures for the development of the domestic production at the various sectors as well as marketing strategies as a tool of inclusion and broad-based participation in economic activity based on improved market-infrastructure, technology diffusion and access to market information;

iv. aligning national trade policy development agenda with those of regional, continental, and international trade obligations of the Nigerian economy, in addition to maximizing the benefits of participation in such regional and international trade arrangements;

v. adopting an appropriate framework of measures for the interim safeguarding of domestic industry and economic activity threatened by liberalization including identification of sectors to be protected, the rationale and costs of protection, and the maximum duration for protection; ,

vi. developing the strategy of how best to address the national supply-side constraints that inhibit expansion of trade within the domestic and global market as the route towards rapid economic development;

vii. stimulating and encouraging value-adding activities on primary exports as a means of increasing national earnings and income flows even on the basis of existing output levels. Stimulating of investment flows into export-oriented areas in which Nigeria has comparative advantages as a strategy for inducing the introduction of technology and innovation into production systems as the basis for economic competitiveness; and

viii. attaining and sustaining long-term current account balance and balance of payments through effective utilization of complementarities in regional and international trading arrangements as a means of increasing exports combined with initiatives for higher efficiency in the utilization of imports.

In getting this done therefore, OECD (2001) brought out some key elements of how to arrive at an effective trade policy formulation process for developing countries to include the following:

i. a coherent trade strategy that is closely integrated with a country's overall development strategy;

ii. effective mechanisms for consultation among three key sets of stakeholders: government, the enterprise sector and civil society;

iii. effective mechanisms for intra-governmental policy co-ordination;

iv. a strategy for the enhanced collection, dissemination and analysis of trade-related information;

v. trade policy networks, supported by indigenous research institutions;

vi. networks of trade support institutions; and

vii. a commitment by all key trade stakeholders to outward-oriented regional strategies.

Based on the OECD guidelines, Aremu (2019) suggested the process of the trade policy formulation in Nigeria could therefore be as follows: (a) putting in place an executive trade policy organogram comprising all the relevant Ministries, Departments and Agencies of the Federal Government; (b) designing domestic trade and external trade policies and strategies from the National Economic Recovery and Growth Plan (NERGP); (c) establishing a trade policy dialogue and consultation process; and developing trade negotiation strategy and capacity for Nigeria.

In addition, Nigeria's ability to effectively participate in both the various regional and the multilateral trading processes is largely constrained by the technicalities and the volume of negotiations she faces. As at now, Nigeria has the NERGP, but the trade objectives and strategies within the NERGP are yet to be thoroughly identified since 2017, neither is the trade policy dialogue and consultation process at arriving at a *New Trade Policy* is put in place. Without such a policy and effective trade negotiation and implementation sequences, how best can Nigeria defend her trade interests in negotiating at ECOWAS/CTP, the AfCFTA, EPA and even at WTO levels?

Confronted with generally weak negotiating, regulatory, and implementation capacities, the country is currently handicapped in her ability to engage meaningfully in all these negotiations and thus the current quandary on actions concerning trade at national regional and multilateral levels. To tackle these issues, an effective sequencing and coordination strategy is urgently required. Based on the varying degree of complexities involved in each of these negotiations, it makes sense to introduce the least complex and least costly/high benefit elements first, while leaving the more difficult, more costly and less benefit elements to later time. It is advisable that Nigeria urgently concludes the domestic trade policy that will serve as a radar to other trade agreements to be negotiated in the order of: first ECOWAS /CTP; second the AfCFTA; and third the EPA with EU. This order of sequencing Nigeria's trade engagement permits progressive harmonization of various trade agreements that will avoid possible contradictions and discouragement that may occur if this order is not embraced.

Due to the current absence of domestic trade policy, the country may insert either interim provision in her regional and continental engagements as found in the Article XXIV of GATT or transition periods like it was done under the ETLS of ECOWAS when sequencing these trade negotiations; particularly for some of the more difficult issues. This means that some provisions of these agreements do not need to be applied fully until when the domestic trade policy is concluded. Such transition periods would allow Nigeria to phase the more difficult items of these agreements successively over time and to stagger their entry so that all difficult issues do not need to be dealt with at the same time. Given the timelines attached to these agreements, interim or transition periods of varying length will greatly facilitate the benefits of sequencing as well as implementing the provisions of these multiplicity of trade agreements.

While Nigeria may end up formulating its trade policy, equally important is the implementation initiatives of each stage of the sequence. In addressing the trade negotiation sequence therefore, a matrix comprising 6 interrelated questions comes up:

i. *What?* This question highlights the issue of fundamental premises and challenges that serve as prerequisites towards achieving the objectives of trade policy and its sequential arrangement of negotiation.

ii. *Why?* Seeks the specific objectives for following a particular sequence of trade negotiation

iii. *Where?* Aims at the definition of targets underlying trade policy objectives as the basis for the sequence selected

iv. *How?* Once the sequence has been agreed upon it is necessary to determine the activities through which the sequence of negotiation can be achieved for the purpose their prioritization.

v. *When? R*efers to the benchmarks and time frames for the implementation of the negotiation sequencing.

vi. *By Whom?* The final question refers to the line of responsibilities on the major issues involved in the sequence of trade agreement negotiated (that is, who does what in the trade negotiation sequence?) This calls for clear division of labour among various stakeholders at all stages, from trade policy and sequencing formulation, through implementation to monitoring and evaluation.

***Conclusion***

Trade governance has been subjected to multilateralism and regionalism over the years. While the structure of multilateral trading system had been governed by the GATT since 1947, this was later reinforced with the establishment of WTO in 1995. Despite this development, regionalism has deepened over the years in the form of different categories and phases of economic integration. The phenomenon of economic integration agreements since the end of 20th century has implied a partial shift of political and economic power in trade negotiations from individual nation states to regional institutions. Further is a myriad of new bilateral trade negotiations and establishment of new inter-regional institutions and partnerships, like EPA between the EU and the ACP. Both in theory and practice, economic integration could increase production, trade and income of participating parties. The positive effects are higher when more countries participate because it broadens market opportunities, widens the range of products at lower prices, and reduces trade diversion. Such benefits are from strengthening production networks, driven by trade in intermediates and decreasing input costs, and thereby allowing firms to improve their productivity. However, in the integration, all signatories treat one another the same, irrespective of their divergent economic development levels, based on the content of such agreements. Such **level-playing fields** may be critical for less developed counterparts because they are smaller in economic size, and in most cases less competitive

Nigeria's experience within the three main regional economic groupings (ECOWAS/CTP, EPA with EU and AfCFTA with AU) has been less than satisfactory because of the quandary position the country finds herself. Notwithstanding these situation, effective participation in these RTAs could bring immeasurable benefits to Nigeria, in terms of making the economy more competitive, in the production and exportation of goods and services; as well as expanded **trade creation** in line with the foundational theories of economic integration. The real challenges in Nigeria with respect to them were adequately captured by Olu Fasan in this paper as: (a) the failure of policy-making; (b) the failure of policy choices; and (c) the failure of political leadership. Crafting a successful trade policy for Nigeria, as a starting point requires an understanding of geopolitics and global economic trends (particularly on trade) and the ability to negotiate to the advantage of the country. Again, effective/efficient trade negotiation under the Nigeria Office of Trade Negotiation (NOTN) is possible only if the government has the confidence and capacity to execute the necessary corresponding domestic reforms —some of which require painful adjustments as well as engagement of competent staff and intensive /extensive training for them.

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