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Nigeria's Domestic Trade Policies and World Trade Organization Rules: Compliance, Divergence, and Implications for Trade Growth, 2015–2023

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Abstract
Nigeria's domestic trade policies have historically been shaped by protectionist objectives aimed at promoting domestic industries and economic diversification, yet the country's membership of the World Trade Organization (WTO) imposes obligations emphasizing trade liberalization, non–discrimination, and the reduction of trade barriers. The implications of this tension for Nigeria's trade growth remain under–researched. The study adopts a qualitative documentary approach, drawing on an extensive review of literature, policy documents, and WTO reports. The study adopted world system theory as its theoretical framework. World–Systems Theory provides the theoretical framework. Although Nigeria has made notable efforts to align its trade policies with WTO rules, significant areas of divergence persist, particularly in the use of tariffs, import restrictions, and foreign exchange controls. Structural challenges such as infrastructural deficits, weak institutional capacity, and policy inconsistencies were identified as major constraints to effective WTO compliance and sustained trade growth. A balanced trade policy framework that strategically protects vulnerable domestic industries while complying with WTO rules is essential for enhancing Nigeria's trade growth and long–term economic development. The study provides a systematic analysis of the tension between Nigeria's domestic trade policy objectives and WTO obligations, extending World–Systems Theory to the analysis of trade policy compliance in a peripheral economy. Nigeria should strengthen institutional capacity, improve policy coherence, and adopt strategic trade policies that support sustainable growth while respecting WTO commitments.

Keywords: Trade Policy, Domestic Policy, Trade, Economic Development, Tariff

Introduction

Nigeria is a middle income, mixed economy and emerging market, with expanding financial, service, communications, technology and entertainment sectors. It is ranked as the 21st largest economy in the world in terms of nominal GDP, and the 20th largest in terms of Purchasing Power Parity. It is the largest economy in Africa; its re-emergent, though currently underperforming, manufacturing sector is the third-largest on the continent, and produces a large proportion of goods and services for the West African sub-region. Nigeria recently changed its economic analysis to account for rapidly growing contributors to its GDP, such as telecommunications, banking, and its film industry (Adeleyo, 2002).

Trade policy has remained one of the most important instruments through which governments influence economic development, industrial growth, employment generation, and international competitiveness. For developing economies such as Nigeria, domestic trade policies have historically been designed to protect infant industries, encourage local production, diversify exports, and reduce excessive dependence on imports. Since independence in 1960, successive Nigerian governments have adopted different trade policy regimes in response to changing domestic economic realities and developments in the global trading system. These policy shifts have ranged from import substitution and protectionism to trade liberalization and export promotion. As one of Africa's largest economies, Nigeria has continually sought to balance national development priorities with its obligations under international trade agreements, particularly following its membership of the World Trade Organization (WTO) in 1995. The interaction between Nigeria's domestic trade policies and WTO rules has therefore become an important issue in understanding the country's trade performance and economic development (Titus & Adegboye, 2017; World Trade Organization, 2023).

Nigeria's accession to the WTO introduced both opportunities and challenges for domestic trade policy. On one hand, membership provided improved access to international markets, greater predictability in global trade relations, enhanced investor confidence, and opportunities for export expansion. On the other hand, compliance with WTO agreements required Nigeria to gradually reduce certain trade barriers, improve transparency in trade administration, and minimize discriminatory trade practices that conflicted with multilateral rules. For a developing economy seeking to protect infant industries and accelerate industrialization, balancing domestic economic objectives with WTO commitments became increasingly complex. Consequently, debates emerged among policymakers, scholars, and development practitioners regarding the extent to which Nigeria could pursue protectionist policies without violating its international obligations under the multilateral trading system (Ajakaiye & Fakiyesi, 2019; World Trade Organization, 2023).

One of the major concerns is that while trade liberalization under the WTO is expected to increase export opportunities, improve industrial productivity, encourage healthy competition, lower production costs, expand consumer choices, facilitate technology transfer, and attract foreign direct investment, Nigeria has continued to experience slow export diversification, weak industrial competitiveness, increasing dependence on imports of manufactured goods, and persistent trade deficits in the non-oil sector. Despite numerous policy interventions introduced

by the government, many domestic industries continue to operate below capacity because of poor infrastructure, high production costs, insecurity, unstable exchange rates, and limited access to finance. This situation raises questions as to whether Nigeria has adequately complied with WTO rules and whether such compliance or non-compliance has contributed positively or negatively to the country's trade growth.

As captured by Adeyeye (2015) Nigeria's compliance with specific WTO agreements has remained a subject of policy debate. For example, although the Agreement on Trade-Related Aspects of Intellectual Property Rights (TRIPS) seeks to strengthen intellectual property protection, encourage innovation, facilitate technology transfer, promote research and development, and attract foreign investment, weak enforcement of intellectual property rights in Nigeria has encouraged the proliferation of counterfeit products and piracy. Consequently, the country has not fully realized the expected benefits of the TRIPS Agreement, including increased investor confidence, enhanced technological innovation, stronger industrial development, and greater competitiveness in international trade.

Similarly, although the WTO Trade Facilitation Agreement encourages efficient customs administration, simplified border procedures, reduced transaction costs and faster movement of goods across borders, Nigeria continues to experience poor port infrastructure, bureaucratic customs procedures, multiple border inspections, inadequate transportation networks, high logistics costs, and administrative bottlenecks. These challenges increase the cost of doing business, delay cargo clearance, reduce export competitiveness, discourage foreign direct investment, and limit Nigeria's integration into regional and global value chains. As a result, Nigeria has not maximized the expected benefits of WTO membership despite nearly three decades of participation in the multilateral trading system (Okonjo-Iweala, 2012).

Despite the growing body of literature on Nigeria's trade liberalization, industrial policy, export promotion, and WTO membership, few empirical studies have comprehensively examined the extent to which Nigeria has complied with WTO rules in formulating and implementing its domestic trade policies and how such compliance or non-compliance has influenced the country's trade growth between 2015 and 2023. Most previous studies have concentrated on trade liberalization, industrial performance, or globalization without critically evaluating the implications of Nigeria's compliance with WTO obligations for sustainable trade growth. This represents an important empirical and policy gap that requires investigation.

It is against this background that this study examines the implications of Nigeria's domestic trade policies in relation to World Trade Organization (WTO) rules on Nigeria's trade growth between 2015 and 2023. Specifically, the study seeks to determine the extent of Nigeria's compliance with WTO rules, assess the implications of such compliance or non-compliance on trade growth, identify the challenges affecting compliance, divergence and recommend policy measures that will enhance Nigeria's trade growth while ensuring adherence to WTO obligations.

Statement of Problem

Nigeria became a founding member of the World Trade Organization (WTO) in 1995 with the expectation that membership would enhance international trade, improve market access for Nigerian exports, promote industrial competitiveness, attract foreign direct investment, facilitate technology transfer and contribute to sustainable economic growth through a rules-based multilateral trading system. As a member of the WTO, Nigeria is expected to formulate and implement domestic trade policies that comply with the organization's principles, including non-discrimination, transparency, reduction of unnecessary trade barriers and trade facilitation. However, successive Nigerian governments have continued to adopt several protectionist trade measures, including import bans, quantitative restrictions, foreign exchange controls on selected imports, high tariffs, and border closure policies, with the objective of protecting infant industries, promoting food security, encouraging local production, and conserving foreign exchange (Federal Ministry of Industry, Trade and Investment (FMITI, 2024). This has raised concerns regarding the extent to which Nigeria's domestic trade policies comply with WTO rules.

One of the primary challenges is the impact of WTO-mandated trade liberalization on Nigeria's domestic industries. The reduction of tariffs and elimination of non-tariff barriers have exposed local manufacturers and farmers to intense competition from foreign producers, leading to the decline of key sectors such as manufacturing and agriculture (Oyejide, 2000). For instance, the influx of cheaper imported goods, particularly from China and India, has undermined the competitiveness of Nigerian industries, resulting in job losses and reduced contributions to GDP (Akanle, 2018). This raises concerns about the sustainability of Nigeria's industrialization efforts and its ability to achieve economic diversification.

Additionally, Nigeria's compliance with WTO rules on subsidies and intellectual property rights has further complicated its trade policy landscape. The prohibition of trade-distorting subsidies has limited the government's ability to support vulnerable sectors like agriculture, exacerbating food insecurity and rural poverty (Akanle, 2018). Similarly, while the WTO's Agreement on Trade-Related Aspects of Intellectual Property Rights (TRIPS) aims to protect intellectual property, Nigeria's weak enforcement mechanisms have allowed counterfeit goods to flourish, discouraging foreign investment and innovation (Adeyeye, 2015).

Furthermore, Nigeria's infrastructure deficits and inefficient trade facilitation processes hinder its ability to fully benefit from WTO membership. Poor port infrastructure, bureaucratic customs procedures, and inadequate transportation networks increase the cost of trade, reducing Nigeria's competitiveness in the global market (Okonjo-Iweala, 2012). These challenges highlight the need for a critical examination of the implications of WTO rules on Nigeria's trade policies and growth. This study seeks to address these issues by analyzing the extent to which Nigeria's domestic trade policies align with WTO rules and the resulting impact on its trade growth.

Objectives of the Study

The objectives of this study include;

i. To examine the implications of Nigeria's domestic trade policies in relation to World Trade Organization (WTO) rules on Nigeria's trade growth between 2015 and 2023

ii. Assess the extent to which Nigeria's domestic trade policies align with WTO rules.

iii. Evaluate the impact of WTO-mandated trade liberalization on Nigeria's domestic policies.

Research Questions

i. To implications of Nigeria's domestic trade policies in relation to World Trade Organization (WTO) rules on Nigeria's trade growth between 2015 and 2023?

ii. Does the Nigerian domestic trade policies align with world trade organization rules between 2015 and 2023?

iii. What is the impact of world trade organization mandated trade liberalization on Nigeria's domestic policies?

Methodology and Study Context

The study adopts a qualitative approach. It relies hugely on observation, key informant interviews (KII) and focus group discussion (FGD) data generated from participants drawn from F.C.T Abuja and its environs. The researchers interrogate stakeholders in the Nigeria's trade sector, such as policymakers, trade economist, industry representative and officials from the Federal Ministry of Trade and Investment. The paper draws methodologically on an extensive review of the available literature and is arranged around eight sections: introduction, Methodology and study context, a literature review, theoretical framework, analysis of WTO rules and their impact on Nigeria's trade policies democratic, compliance with WTO rules and Nigeria's trade growth, and assessing the WTO dispute settlement mechanism, followed by concluding reflections and implications.

Source Type	Examples	Date Range	Thematic Relevance
Academic Literature	Journal articles, books on trade policy, WTO law, and Nigerian economic development	2015–2023	Theoretical and empirical context
Policy Documents	National Trade Policy (2015), NIRP (2014), NEEDS (2004)	2004–2015	Domestic trade policy framework
WTO Reports	Trade Policy Reviews, dispute settlement reports, tariff profiles	2015–2023	WTO rules and compliance

Source Type	Examples	Date Range	Thematic Relevance
Government Publications	Central Bank of Nigeria reports, Federal Ministry of Industry, Trade and Investment publications	2015–2023	Trade performance, policy implementation
International Organisation Reports	World Bank, UNCTAD, African Development Bank reports	2015–2023	Comparative perspectives, trade and development

Source; Methodology table constructed by the Authors

Literature Review

Nigerian Trade Policy and WTO Rules and Development

Nigeria's trade policy seems to have recognized the need for an effective trade policy, in the light WTO which dictate economic development to a very large extend in the global scene. Notwithstanding the significant role which trade has played in the development of Nigeria, an appreciation of the role and value of a strategic trade policy in the process has been less than satisfactory. This situation partly explains the country's almost total and continuing dependence on a single, raw export commodity, oil.

Obadan (1993), explained that the proposition here is that unless the country adopts a strategic trade policy stance, it would be difficult for it to realize its goal of diversifying and increasing the value of exports. Nigeria's pre-SAP (Structural Adjustment programme) trade policy had been directed mainly at addressing the problems associated with a deteriorating balance of payments (BOP) Position and, especially, in ensuring an increase in, and easy collection of, government revenue. Even when a trade policy was adopted as part of import substitution industrialization (ISI) Strategy, it was still subjugated to the twin objectives of managing the BOP – associated problems and generating government revenue. Indeed, the high tariff walls that had been built in the implementation of the ISI strategy had also served as a source of government revenue and a check on BOP – associated problems; the corresponding trade policy had protected finished goods at the expense of imported raw materials and capital goods.

Ajakaiye (1985); Obadan (1993); & Egwaikhide, (1997), have respectively dwelt on different aspects of export promotion in Nigeria and the possible ways of improving performance in the sector. Targeting products for export promotion at the micro level, as is being currently suggested, also raises some challenges relating to the structure of the economy, especially the characteristics of the targeted actors. There must be a deliberate programme of linking the products with the intermediate users at a minimum cost. In the case of the agro-allied chain of production, for example, there is also the need to ensure that farmers will not be penalized as a result of responding positively to the incentives when there is an increase in the demand for their products by the firms that are processing them for export (Ajakaiye, 1998).

While the routine involvement of various government agencies in the process of initiating and conducting negotiation cannot be ruled out, the lack of coordination and understanding of basic issues and procedures in the terms of the internal workings of the WTO is clearly hampering the effectiveness of integrating the Nigerian economy into the emerging world trading system.

Trade Policy and Domestic Trade Policies in Nigeria

Trade policy refers to the set of laws, regulations, and strategies that govern how goods and services are exchanged between countries or regions (Krugman, 1979). These policies are crafted by governments to influence the flow of international trade and ensure that trade relations align with national economic, social, and political objectives. Trade policy encompasses a broad spectrum of tools and measures, such as tariffs, quotas, trade agreements, subsidies, and export incentives, that are designed to manage trade relationships, protect domestic industries, promote exports, and ensure that a country benefits from its participation in global commerce (Bown, 2011). These policies serve as a vital mechanism to regulate and structure a country's trade, affecting everything from the competitiveness of local industries to the stability of the economy as a whole. Trade policy is essential in shaping the economic landscape of a country, determining the extent to which a nation engages in global trade and how it competes in international markets. At its core, trade policy can be viewed as a tool for protecting and promoting the nation's economic interests. This can involve fostering economic growth, improving national competitiveness, ensuring economic security, and supporting employment opportunities (Baldwin, 2016). Furthermore, trade policy can also serve as an instrument to achieve broader geopolitical objectives, fostering relationships with trade partners and influencing international norms and practices (Mansfield & Busch, 2017).

The importance of trade policy has become increasingly pronounced in recent decades, particularly as globalization has led to greater interdependence among countries (Hummels, 2019). As global trade flows have expanded, the need for effective trade policies has grown. Governments have had to balance domestic economic priorities such as protecting jobs and industries with international obligations and commitments, such as participating in multilateral trade organizations like the World Trade Organization (WTO) (Evenett, Matteo, Fritz, Hoekman, Lukaszuk, Rocha, Ruta, Santi, & Anirudh, 2020). These commitments often require governments to liberalize trade practices and reduce barriers to international trade, while still pursuing the national economic objectives they deem important. The evolution of trade policy over the centuries has reflected both changing economic theories and the realities of international relations. Historically, many countries employed protectionist trade policies, such as mercantilism, to safeguard national wealth and economic power (Cameron, 2012). These protectionist measures, including high tariffs and strict import regulations, were designed to maintain national industries and limit foreign competition. In the 20th century, however, advocates of free trade began to push for the reduction of trade barriers, leading to the establishment of trade agreements like the General Agreement on Tariffs and Trade (GATT) and, later, the World Trade Organization (WTO). These multilateral institutions have been central to shaping contemporary trade policies, promoting freer trade, reducing tariffs, and addressing trade-related disputes in a cooperative manner (Baldwin, 2016).

A key feature of modern trade policy is the ongoing interplay between protectionist and liberalizing policies (Draper et al, 2018). On one hand, governments use trade policies to shield domestic industries from foreign competition, employing mechanisms such as tariffs, subsidies, and import quotas to ensure the survival of local industries (Mansfield & Busch, 2017). However, there are efforts to reduce trade barriers, enhance access to foreign markets, and stimulate exports through the liberalization of trade policies. The ongoing debate between protectionism and free trade remains a central topic in international economics and political discourse, with different countries and policymakers advocating for varying approaches depending on their national interests (Krugman, 1979).

In recent years, trade policy has expanded to include issues such as trade in services, intellectual property rights, environmental standards, and labor conditions, reflecting the evolving nature of the global economy (Baldwin & Evenett, 2021). As the global economy becomes more interconnected and complex, countries are increasingly focused on non-traditional aspects of trade policy, such as environmental sustainability and the protection of intellectual property. Furthermore, with the rise of new economic powers and the emergence of regional trade blocs, trade policy is becoming more intricate and multifaceted. Countries must now navigate the complexities of bilateral, regional, and multilateral trade agreements while pursuing their own domestic goals (Draper et al., 2018). As countries become more integrated into the global economy, trade policy has become an essential tool for managing the balance between domestic priorities and international obligations. The formulation of effective trade policy requires careful consideration of the economic, political, and social contexts in which it operates, as well as an understanding of the long-term impacts on a nation’s economic growth, competitiveness, and global standing (Hummels, 2019). Policymakers must strike a delicate balance between supporting domestic industries and taking advantage of the benefits that globalization and international trade provide.

On the other hand, domestic trade policies are fundamental to shaping a country’s economic landscape, particularly in developing economies like Nigeria. These policies govern the way goods and services are exchanged within a nation, directly influencing the domestic market, industries, and ultimately the country’s economic growth trajectory. For Nigeria, domestic trade policies play a vital role in regulating the flow of goods, enhancing market competitiveness, and addressing national priorities, such as poverty reduction, economic diversification, and industrial development (Ayodele, 2016). These policies are framed by the government to ensure that the local market operates efficiently while also aligning with broader national and international economic goals. They show a country’s desire to regulate the trade environment, promote industrialization, and safeguard the interests of local producers and consumers. In Nigeria, the concept of domestic trade policies has evolved, influenced by the country’s shifting economic needs, political priorities, and global trade dynamics. Historically, Nigeria's domestic trade policies were mainly protectionist, designed to shield domestic industries from foreign competition and stimulate local production. However, in more recent years, the country has been welcoming trade liberalization, which aims to reduce trade barriers and integrate Nigeria more fully into the global economy (Fajana, 2018). Nigeria's domestic trade policies are therefore

characterized by a mix of protective measures, such as tariffs and import restrictions, alongside liberalizing measures that encourage investment and facilitate international trade.

A vital aspect of domestic trade policies in Nigeria is the protection of local industries through mechanisms like tariffs, import bans, and subsidies. These policies are particularly important in sectors such as agriculture, manufacturing, and services, where the country aims to build its comparative advantage and reduce dependency on imported goods. For instance, Nigeria has historically imposed tariffs on imported goods to encourage local production and job creation, especially in the non-oil sectors, which the government seeks to develop to reduce the country's over-reliance on oil exports (Ojo, 2015). Additionally, subsidies and financial incentives are used to support local industries, particularly in agriculture, where the government aims to reduce food imports and boost local food production. Despite these protective policies, Nigeria's domestic trade framework is increasingly moving towards liberalization, spurred by its membership in global trade organizations such as the World Trade Organization (WTO). The need to adhere to international trade agreements has prompted the Nigerian government to gradually reduce trade barriers, such as tariffs, and allow greater access to foreign goods and services. However, the country's domestic trade policies must strike a delicate balance between global commitments and national interests. On one hand, liberalization promises to enhance competition, attract foreign direct investment, and lower consumer prices, but on the other hand, it poses risks to local industries that may not be able to compete with cheaper imported goods (Ogun, 2019).

Furthermore, the Nigerian government has also moved to improve trade facilitation through infrastructural development, enhancing port facilities, transportation networks, and technology adoption. These efforts are part of the broader trade policy agenda to reduce transaction costs and promote efficiency within domestic markets. The absence of adequate infrastructure, such as unreliable roads and ports, often hinders the free flow of goods, increasing costs and limiting the benefits of trade liberalization (Eze, 2018). Therefore, domestic trade policies in Nigeria also emphasize the importance of investing in infrastructure to create an enabling environment for trade. The role of domestic trade policies in Nigeria also intersects with broader economic goals such as poverty alleviation, employment generation, and industrialization. For example, policies aimed at promoting local manufacturing can have a direct impact on job creation, particularly in urban areas where manufacturing plants provide employment opportunities. Similarly, trade policies that support agricultural development are seen as vital to improving food security and reducing poverty in rural areas (Ojo, 2015). By enhancing a conducive trade environment, the Nigerian government aims to stimulate economic diversification, reduce the economy's reliance on oil exports, and create a more sustainable and resilient economy.

Thus, the concept of domestic trade policies in Nigeria involves a wide range of strategies aimed at regulating the flow of goods and services, protecting local industries, and promoting national economic interests. These policies are enhanced by both internal factors, such as the need for industrialization and poverty reduction, and external factors, such as Nigeria's membership in international trade organizations like the WTO. While Nigeria continues to welcome trade liberalization, domestic trade policies must navigate the challenges of balancing

protectionism with global integration. This dynamic will continue to shape the country's future economic development and its ability to compete effectively in the global marketplace.

With the pocket of scholarly research highlighted above, the importance of this study lies in unravelling objectives, such as Nigeria's compliance with WTO rules, identification of areas of divergence, and assess the implications for trade growth. This is the missing link; that this study fills.

Theoretical Discourse on the World-Systems Theory

This study adopts the World-Systems Theory, developed by Immanuel Wallerstein (1974), as its theoretical framework. According to Wallerstein, the world economic system is divided into a hierarchy of three types of countries: core, semi peripheral, and peripheral. Core countries (e.g., U.S., Japan, Germany) are dominant, capitalist countries characterized by high levels of industrialization and urbanization. Core countries are capital intensive, have high wages and high technology production patterns and lower amounts of labour exploitation and coercion. Peripheral countries (e.g., most African countries and low-income countries in South America) are dependent on core countries for capital and are less industrialized and urbanized. Peripheral countries are usually agrarian, have low literacy rates and lack consistent Internet access. Semi-peripheral countries (e.g., South Korea, Taiwan, Mexico, Brazil, India, Nigeria, South Africa) are less developed than core nations but more developed than peripheral nations. They are the buffer between core and peripheral countries.

Applying Immanuel Wallerstein's World-Systems Theory to Nigeria's trade policy reveals a structural conflict between the country's domestic development goals and its deeply entrenched position within the global capitalist economy. World-Systems theory posits that the global marketplace is not a level playing field, but a rigid hierarchy divided into the core (wealthy, industrialized nations), the semi-periphery (developing, partially industrialized nations), and the periphery (underdeveloped, commodity-dependent nations). Nigeria fundamentally operates as a peripheral state within this matrix. The application of this theory to Nigeria's trade history and contemporary policies explains why the nation struggle to achieve equitable economic development despite various trade strategies.

Ironically, disadvantaged countries cannot afford to completely pull out of this giant World Capitalist System without suffering greater developmental consequences and setback. This inevitable integration into the World Capitalist System with its accompanied political and ideological apparatus is made possible through another ground-breaking phenomenon called Globalization. It is the wings on which Capitalism has been able to ride gallantly into and dominate other societies. Globalization, through rapid transport and information technology, has continued to shrink world societies into a single unit with dissolution of distinctions in political, economic and socio-cultural institutions. This means that for a peripheral country like Nigeria to develop, it must be able to effectively galvanize the misplaced and the dormant resources within its territory combined with the positive exploitation of inherent advantages in Capitalism and Globalization towards an inclusive national development.

In the context of international trade, the World Trade Organization (WTO) serves as one of the principal institutions regulating the multilateral trading system. Although the WTO seeks to promote free trade through principles such as non-discrimination, transparency, market access, and trade liberalization, critics argue that its rules often reflect the interests of developed countries, which possess stronger negotiating capacity and greater economic influence. Developing countries, including Nigeria, frequently encounter difficulties complying with WTO obligations because of weak industrial capacity, inadequate infrastructure, technological limitations, and dependence on primary commodity exports (Chang, 2002; Rodrik, 2000).

Nigeria occupies a peripheral position within the global trading system. Its economy remains heavily dependent on the export of crude oil and other primary commodities while relying substantially on the importation of manufactured goods, industrial machinery, pharmaceuticals, and advanced technology. Between 2015 and 2023, Nigeria implemented several domestic trade policies—including import restrictions, foreign exchange controls, border closure measures, and local content initiatives—to protect domestic industries, conserve foreign exchange, and promote economic diversification. While these policies sought to strengthen national development, some generated concerns regarding their consistency with WTO rules on trade liberalization and market access.

Furthermore, the theory explains why compliance with WTO rules may produce different outcomes for developed and developing countries. While developed economies often possess the institutional capacity and technological competitiveness required to benefit from trade liberalization, developing countries like Nigeria may experience limited industrial growth, persistent trade deficits, weak manufacturing competitiveness, and continued dependence on primary commodity exports if domestic industries are not adequately strengthened before full market liberalization.

The World Systems Theory is highly relevant to this study because it provides a suitable framework for explaining how World Trade Organization (WTO) rules influence Nigeria's domestic trade policies. It helps explain why Nigeria has attempted to balance compliance with WTO obligations and the protection of domestic industries through policies such as import restrictions, selective tariffs, foreign exchange controls, and local content requirements between 2015 and 2023.

The theory also explains the structural constraints facing Nigeria within the global trading system. As a developing economy occupying a peripheral position, Nigeria has limited industrial capacity, weak manufacturing competitiveness, infrastructural deficits, and heavy dependence on crude oil exports. These conditions make full implementation of WTO trade liberalization policies particularly challenging because domestic industries often struggle to compete with producers from developed economies. Consequently, Nigeria has periodically introduced protectionist trade measures to safeguard local production, promote industrialization, preserve employment, and ensure food security.

In relation to this study, the World Systems Theory provides the analytical basis for examining the extent to which WTO rules have influenced Nigeria's domestic trade policies between 2015 and 2023. It also helps explain the implications of Nigeria's compliance or non-compliance with WTO rules on trade growth, industrial development, and economic competitiveness. The theory is therefore appropriate because it recognizes that international trade policies are shaped not only by economic efficiency but also by unequal global power relations, differences in levels of development, and the strategic

Balancing Protectionism and Liberalization in Trade Policies

In the globalized economy, nations must maneuver the complex terrain between protectionist and liberalization trade policies to achieve sustainable economic growth. Protectionism involves the implementation of measures such as tariffs, subsidies, and quotas to shield domestic industries from foreign competition (Krugman, Obstfeld, & Melitz, 2018). On the other hand, trade liberalization support for reducing trade barriers, promoting free market access, and enhancing global competitiveness (Bhagwati, 2002). The challenge for many countries, including Nigeria, lies in finding an equilibrium between these two contrasting approaches that fosters both domestic development and international economic integration. Protectionist measures have historically been seen as core for protecting nascent industries, safeguarding employment, and ensuring economic sovereignty (Rodrik, 2011). In developing countries, such as Nigeria, these policies are particularly significant as they enable local industries to grow and mature in a competitive global market. However, protectionism often leads to inefficiencies, higher consumer prices, and limited access to foreign markets (Oatley, 2019). Conversely, liberalization promotes access to international markets, encourages investment, and fosters competition, which can spur innovation and productivity (Stiglitz, 2002). Yet, liberalization may also expose vulnerable domestic sectors to the risks of foreign competition, potentially stalling the growth of young industries and exacerbating income inequality (Rodrik, 2011).

For Nigeria, the trade-off between protectionism and liberalization has significant implications for its economic strategy, especially as the country seeks to diversify its economy away from oil dependence. While trade liberalization, in line with global economic trends, offers substantial benefits, the country also faces the challenge of safeguarding its developing sectors, such as agriculture and manufacturing, which may not be fully competitive on the global stage (Adeleke & Olayiwola, 2020). Finding a balanced approach that incorporates both protectionist measures and liberalization principles is therefore crucial for Nigeria to harness the benefits of international trade while safeguarding its developmental interests (Obadan, 2020). This complex balancing act involves carefully crafting policies that promote trade while protecting key sectors that are critical to economic growth and job creation. It requires Nigeria to consider a broad range of factors, including the capacity of domestic industries, the potential benefits of foreign competition, and the broader socio-economic consequences of trade decisions (Oatley, 2019). This introduction sets the stage for a detailed exploration of how Nigeria can successfully balance protectionist measures and trade liberalization in its policy framework, with an emphasis on economic growth, industrial development, and poverty reduction (Bhagwati, 2002).

As Nigeria continues to integrate into the global economy, it must adapt its policies to respond to international market demands while simultaneously pursuing long-term strategies for economic self-reliance (Rodrik, 2011). The delicate balance between protectionism and liberalization will be a central theme in Nigeria's economic trajectory, and understanding the dynamics of this balance is essential to crafting effective trade policies (Stiglitz, 2002). The discussion will delve into the advantages and disadvantages of both protectionist and liberalization strategies, ultimately highlighting the need for nuanced trade policies that support Nigeria's broader development objectives.

WTO rules, is configured to promote free trade and reduce barriers, have a profound impact on Nigeria's domestic trade policies. These rules encourage countries to reduce tariffs, remove non-tariff barriers, and grant most-favoured-nation (MFN) treatment to all member states (Stiglitz, 2002). For Nigeria, which is vastly reliant on trade as a means of economic diversification and growth, the effects of WTO rules are especially critical. While WTO membership has provided Nigeria with access to global markets and facilitated its participation in international trade, it has also imposed constraints on certain policy tools previously used to protect domestic industries and promote local production. Consequently, Nigeria has had to navigate the delicate balance between adhering to WTO obligations and pursuing domestic goals such as industrialization, rural development, and the protection of nascent sectors of the economy (Bhagwati, 1988). One of the core areas where WTO rules have influenced Nigeria's domestic trade policies is in the reduction of tariffs. Nigeria, like many other developing countries, has historically used high tariffs as a tool to protect local industries from foreign competition. However, under the WTO framework, tariffs are expected to be reduced gradually as part of trade liberalization commitments (Oatley, 2019). This has led to substantial changes in Nigeria's tariff structures, as the country has had to reduce import duties on a wide range of products. While this has allowed Nigerian consumers to benefit from lower prices on imported goods, it has also posed challenges for local industries that are unable to compete with cheaper imports (Rodrik, 2000).

> From 2015 to 2023, Nigeria took several initiatives to align with the World Trade Organization's framework. Most notable were reforms under the WTO's Trade Facilitation Agreement (TFA), which led to the adoption of a National Single Window Platform, aimed at simplifying cross-border trade documentation and reducing customs delays. There was also the implementation of the Pre-Arrival Assessment Report (PAAR) system and digital tracking mechanisms. These moves were applauded internationally and signalled commitment to WTO rules. However, persistent issues such as unpredictable import prohibition lists, dual foreign exchange policies, and the absence of stakeholder consultations undermine this progress. Many policy shifts occur through executive fiat without following transparent or inclusive legislative procedures. In essence, although Nigeria formally commits to WTO agreements, the domestic execution often lacks consistency, especially when national political or security considerations take precedence. (KII

with a stakeholder in the Nigerian Chambers of Commerce and Industry, on the 27th July 2026).

In addition to tariff reductions, Nigeria has encountered pressure to eliminate non-tariff barriers (NTBs), which are trade restrictions such as quotas, licensing requirements, and technical trade barriers. Non-tariff barriers are often used by countries to restrict imports and protect domestic industries. For Nigeria, the transition to a more liberalized trade environment, as mandated by the WTO, has required adjustments in the regulatory frameworks that govern various sectors, such as agriculture, manufacturing, and services. This has been particularly challenging in sectors where Nigeria has not yet developed sufficient domestic capacity to compete with international standards (Stiglitz, 2002). Moreover, WTO rules stress the liberalization of trade in services, which presents both opportunities and challenges for Nigeria's economy. Services such as banking, telecommunications, and insurance are crucial to the functioning of a modern economy, and Nigeria has increasingly opened up these sectors to foreign competition in line with its WTO commitments (Rodrik, 2000). While this has led to increased investment and technological advancements, it has also exposed Nigerian firms to stiff competition from multinational corporations with greater resources and expertise. This dynamic has necessitated a re-evaluation of the country's approach to regulating and developing its service sectors to ensure that Nigerian businesses are not disadvantaged (Oatley, 2019).

Another important aspect of the WTO rules that affects Nigeria's trade policies is the issue of agricultural subsidies. The WTO Agreement on Agriculture (AoA) restricts the ability of member countries to provide subsidies that distort trade. Given the importance of agriculture to Nigeria's economy, with a large portion of the population reliant on farming, the restriction on subsidies has created tension between WTO obligations and the need to protect and support local farmers. Nigeria has had to carefully navigate these requirements, particularly in the face of domestic challenges such as food insecurity, poverty, and inadequate agricultural infrastructure (Stiglitz, 2002). Furthermore, the WTO dispute settlement mechanism has also influenced Nigeria's domestic trade policies. The dispute settlement body of the WTO is designed to resolve trade disputes between member countries and ensure compliance with the rules. Nigeria, like other member states, has occasionally found itself in disputes regarding trade policies that are perceived to violate WTO commitments. The outcomes of these disputes can have a significant impact on Nigeria's domestic policies, as the country must adjust its regulations to comply with the rulings of the WTO dispute settlement process (Oatley, 2019). This has required Nigeria to be more transparent and consistent in its trade practices to avoid the risk of facing sanctions or trade penalties (Rodrik, 2000).

In conclusion, while WTO membership has provided Nigeria with greater opportunity to access global markets and contributed to the diversification of its trade portfolio, it has also posed challenges for the country's domestic trade policies. The criteria for tariff reduction, the elimination of non-tariff barriers, and the liberalization of services have forced Nigeria to adapt its policies in ways that are sometimes at odds with national development priorities. As Nigeria continues to navigate the evolving global trade landscape, it will need to find ways to balance its domestic goals with its international commitments under the WTO framework. This stabilizing

act will be crucial to ensuring that Nigeria benefits from its participation in the global economy while safeguarding its economic sovereignty and long-term development objectives (Bhagwati, 1988).

Compliance with WTO Rules and Nigeria's Trade Growth

The World Trade Organization (WTO) is a multilateral institution that performs an instrumental role in regulating international trade. Established in 1995, the WTO's primary objective is to facilitate the smooth, predictable, and free flow of goods and services across global borders. This goal is achieved by setting international trade rules, promoting market access, reducing trade barriers, and ensuring fair competition among its member countries. During one of our key indent interviews (KII) it was discovered that there are challenges of Complying with WTO rules and impact on trade growth

> Nigeria's trade institutions are structurally fragmented. You have Customs, NAFDAC, SON, and multiple ministries each issuing overlapping or even contradictory guidelines. This not only complicates WTO compliance but also inflates the cost of doing business. In WTO negotiations especially in areas like Technical Barriers to Trade (TBT), Sanitary and Phytosanitary (SPS) measures and Trade-Related Aspects of Intellectual Property Rights (TRIPS) our negotiators often lack the technical depth to argue national interests effectively. For instance, during the discussions on digital trade and e-commerce, Nigeria struggled to define a coherent position due to lack of inter-agency coordination. Our inability to proactively shape WTO negotiations results in reactive policymaking. WTO compliance must be seen not just as legal obligation but as a strategic pathway to trade competitiveness. (KII with a staff of Federal Ministry of Trade and Investment, on the 27th July 2026).

As a member of the WTO, Nigeria is bound to comply with the organization's extensive body of rules, which span a range of trade-related issues, including tariffs, non-tariff barriers, subsidies, trade in services, and intellectual property rights. Nigeria's compliance with these rules directly influences its domestic trade policies and plays a pivotal role in shaping the country's trade growth.

The WTO Dispute Settlement Mechanism

Another main feature of Nigeria's compliance with WTO rules is the organization's dispute settlement mechanism. The WTO provides a forum for countries to resolve trade disputes in an impartial manner, ensuring that global trade practices are fair and consistent. Nigeria has occasionally found itself in disputes with other member countries over trade policies and practices that are perceived to violate WTO agreements. These disputes can arise in areas such as anti-dumping measures, intellectual property rights, and trade restrictions. The outcomes of these disputes can have significant implications for Nigeria's trade policies, as the country may

be required to adjust its regulations to comply with WTO rulings (Bhagwati, 1988). The dispute settlement process thus compels Nigeria to maintain transparency, consistency, and fairness in its trade practices to avoid potential trade sanctions or penalties. Nigeria's compliance with WTO rules is essential to its integration into the global economy and its trade growth. While adherence to WTO agreements can increase market access, improve competitiveness, and foster economic diversification, it also requires significant adjustments to Nigeria's domestic trade policies. Nigeria must navigate the challenges of reducing tariffs, eliminating non-tariff barriers, liberalizing trade in services, and managing agricultural subsidies while protecting the interests of its developing industries. The pivotal to ensuring that Nigeria benefits from its WTO membership lies in achieving a balance between global obligations and national development goals. By adopting strategic trade policies that support sustainable growth, Nigeria can leverage WTO membership to stimulate trade growth, improve economic development, and integrate more fully into the global economy.

Conclusion

The findings of this study provide compelling evidence that Nigeria's engagement with the World Trade Organization (WTO) between 2015 and 2023 has had significant implications for trade governance, industrial development, and institutional performance. While the country has demonstrated commitment to aligning its trade policies with international rules, full compliance remains constrained by various internal and structural challenges.

The conclusion from the alignment analysis is that Nigeria has, to a large extent, followed WTO rules in setting tariffs, limiting subsidies, and liberalizing its trade regime. This shows a clear willingness to integrate into the global economy. However, alignment in policy formulation is not always matched by robust enforcement. Weak monitoring mechanisms and inconsistent implementation reduce the effectiveness of these policies, raising concerns about their long-term sustainability. The impact of trade liberalization on Nigeria's domestic industries presents a complex picture. On one hand, WTO principles have encouraged innovation, improved access to foreign markets, and driven competitiveness in some sectors. On the other hand, unprotected or underdeveloped industries have suffered due to increased foreign competition. This underscores the necessity of targeted support policies that help vulnerable industries adapt, innovate, and remain viable within an open trade environment.

Challenges such as legal ambiguity, institutional inefficiency, corruption, and lack of technical expertise continue to undermine Nigeria's ability to fully comply with WTO standards. These systemic issues not only affect domestic policy execution but also diminish Nigeria's credibility on the international stage. A country that cannot consistently enforce trade agreements or follow through on policy commitments may struggle to negotiate favorable terms or attract foreign investment. Furthermore, the study's findings highlight the need for better integration between national and international trade policy strategies.

The way forward involves not just aligning laws with WTO principles but transforming trade governance structures, building technical capacity, and investing in industrial competitiveness. Only then can Nigeria fully harness the benefits of multilateral trade while minimizing its risks.

Recommendations

Based on the findings and conclusions of this study, the following recommendations are proposed:

1. Strengthen Monitoring and Enforcement Mechanisms: Establish a national trade compliance agency or unit to oversee WTO-related policy implementation and ensure consistency across government departments.
2. Capacity Building and Technical Training: Invest in the training of policymakers, trade negotiators, and customs officials on WTO procedures, dispute resolution and global trade standards.
3. Industrial Policy Integration: Develop and implement industrial support programs (e.g., tax incentives, R&D grants, infrastructure support) to help local industries adapt to international competition.
4. Improve Policy Coordination and Consistency: Foster inter-ministerial collaboration through a Trade Policy Council to ensure coherent and unified trade strategies.
5. Enhance Transparency and Fight Corruption: Implement digital governance tools to reduce bureaucratic inefficiencies and limit rent-seeking behaviors within trade-related institutions.
6. Leverage Regional Integration Frameworks: Align Nigeria's WTO commitments with AfCFTA obligations to maximize both global and regional trade benefits

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