

## REVIEW OF THE REGULATORY FRAMEWORK FOR TRADE LIBERALISATION AND TRANSNATIONAL COOPERATION IN NIGERIA.

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### Abstract

*Nigeria is one of the largest economies in Africa, with prospects for international trade and investments; and operating under the aegis of trade liberalisation as a national economic and investment policy. However, these potential are largely undermined by systemic policy failure, dysfunctional institutions and infrastructural deficit in the Nigerian economic and investment environment. Extant literature overwhelmingly emphasis the role of international trade to national development, with scant reference to the impact of trade liberalisation in promoting a competitive and transnational market economy in Nigeria. The study therefore, examines the regulatory framework on trade liberalisation and impact on investment dynamics and transnational market economy in Nigeria. The doctrinal method is adopted by the study with reliance on national laws on trade liberalisation, including the Constitution of the Federal Republic of Nigeria (CFRN) 1999. The CFRN provides for an open market economy with market liberalisation as the national economic policy, and serving as stimulant for competitive international trade and multilateral cooperation between Nigeria and the global community. The potential for competitive market economy that promotes investments and international trade; free movement of goods and services; exchange in knowledge and technology; direct foreign investments; with capacity for impacting positively on the national economy, are core incentives from trade liberalisation. The Nigerian liberalisation policy entrenches a solid framework for promoting investment dynamics and supranational cooperation, capable of engendering a competitive business clime that positively impacts on national development. In order for Nigeria to enjoy the economic potential under supranational cooperation, there is need for continuous reforms aimed at strengthening the regulatory and institutional frameworks on trade liberalisation, to align with standard global practices; and establishment of a functional dispute resolution mechanism, with underpinning for stabilizing market dynamics and changing the economic trajectory in Nigeria.*

**Keywords:** Regulatory Framework; Trade Liberalisation; Transnational Economy; National Development.

## **1.0 Introduction**

Nigeria has a growing population of more than two hundred million people<sup>1</sup> with abundant human and natural resources. The Nigerian rich economic profile, complemented by her strategic location within the gulf of Guinea, undoubtedly seems to provide the needed climate, serving as the vintage point for cross border trade and investment with the global community. Global trends indicate increasing dynamics in economic relationships between nations, based on mutual expectations, with underpinning for promoting trade and investments across borders. Given the enormous potential in cross border trade and investment, supranational cooperation has become a widely accepted trend in contemporary economic relations between states; with nations forging alliances based on reciprocal terms. Undoubtedly, the prosperity that flows from the shared economic relationships is anchored on the foundation of trade liberalisation.

Trade Liberalisation as an economic and political concept is opined by this study to be polysemous in nature, and subject to a broad scope of interpretation, that traverses the legal and economic lexicon of states. At one end of the spectrum, the concept refers to the removal or reduction of trade restrictions by states<sup>2</sup>; with the objective of increasing trade and investment across borders; as well as promoting interstate or regional economic cooperation on reciprocal terms. On the other hand, trade liberalisation conceptualises the removal or reduction of government influence over business entities and economic activities in a given state. Related to this process of deregulation, is the minimization of state control or absolute relinquishment of economic entities, to allow for enhanced private sector participation. Trade liberalisation, whether articulated across borders or within the domestic arrangement of states, has advantages of promoting competitive

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<sup>1</sup> <https://www.google.com/search?client=firefox-b-d&q=Nigeria+has+a+growing+population+of+more+than+two+hundred+and+fifty+million+people+;> Accessed on October 20, 2025.

<sup>2</sup> <https://www.investopedia.com/terms/t/trade-liberalization.asp#:~:text=Trade%20liberalization%20refers%20to%20the%20removal%20or%20reduction%20of%20barriers,weaker%20ones%20at%20a%20disadvantage.;> Accessed on October 30, 2025

markets that encourage foreign direct investment, enhancing efficiency, innovation and economies of scale.

Nigeria operates an open market economy designed to promote<sup>3</sup> trade liberalisation as the national economic policy. The policy has influenced the enunciation of a robust regulatory regime to regulate investments in Nigeria and shape her economic relations with the global community under the framework of a just economic order<sup>4</sup>. This as evidenced by the execution of bilateral and multilateral treaties, such that Nigeria presently subscribes to the membership of major global economic organisations like the World Trade Organisation (WTO), the African Economic Community (AEC) and the relatively recent African Continental Free Trade Agreement (AfFTA). Within the African sub union, Nigeria is a major stakeholder and player in the Economic Communities of West African States (ECOWAS). These multilateral organisations have ambitious plans for promoting economic cooperation and investment under the framework of supranational cooperation and solidarity.

The study argues that the policy of trade liberalisation is critical in promoting transnational trade and supranational cooperation, with sustained economic growth as a derivative benefit in Nigeria. However, the investment climate is beleaguered by a myriad of challenges spanning systemic policy failure, dysfunctional institutions, infrastructural deficit and insecurity. These challenges seem to impede the business climate and consistently undermine the enormous potential in transnational cooperation in Nigeria. In view of contemporary global economic realities, the need to address these problems has necessitated an examination of the legal framework on trade liberalisation.

The objective of the study therefore, is to examine the regulatory framework on trade liberalisation and impact on investment dynamics and transnational cooperation in Nigeria. While the international framework on market liberalisation is largely defined by multilateral treaties, the legitimacy of these frameworks is predicated on their incorporation into national laws. Aligning the national with international frameworks on

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<sup>3</sup> Section 16 of the Constitution of the Federal Republic of Nigeria(1999) as amended

<sup>4</sup> Section 19 of the Constitution of the Federal Republic of Nigeria(1999) as amended

liberalisation, arguably sets the stage for realizing the ambitious objective of establishing a globally liberalised, interdependent and competitive market economy, with potential for promoting economic growth and supranational cooperation in Nigeria. The study is structured into five sections beginning with the general background. The second part of the study appraises the legal and institutional frameworks for trade liberalisation in Nigeria, while the role of trade liberalisation in promoting supranational cooperation and economic growth in Nigeria is examined under section three of the study. Identified constraints to trade liberalisation and supranational cooperation are considered in section four. Section five forms the concluding part of the study with the necessary findings and recommendations

## **2.0; Legal and Institutional Frameworks for Trade Liberalisation in Nigeria**

### **2.1. General Agreement on Trade and Tariffs (GATT)**

GATT provides the beginning legal foundation for the international trading system used by the bulk of the world's trading nations. The agreements were the outcome of the 1947 to 1994 rounds of negotiations, with underpinnings for expansion of world trade under the framework of economic cooperation. Trade liberalisation and competitiveness under a free market economy are core elements that characterise, and reflected in all regional trade integration across the globe. The GATT agreement of 1947 bounded contracting members to a multilateral free trade which provided the legal and institutional framework intended to substantially reduce impediments to international trade<sup>5</sup>. Anchored on the foundations of reciprocity and mutual economic benefits, the agreement introduced drastic changes, and superintended over international trade agreements between 1947 and 1994 when the WTO was established<sup>6</sup>.

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<sup>5</sup> Sam Laird, Multilateral Approaches to Market Access Negotiations;  
<http://ctr.sice.oas.org/trc/Articles/laire.pdf>; accessed on March 21, 2022

<sup>6</sup> *ibid*

## 2.2. World Trade Organisation (WTO)

The treaty that established the World Trade Organization (WTO) is the Marrakesh Agreement<sup>7</sup>. The WTO replaced the GATTs as an international trade regulator. The WTO is anchored on, and operates on the principles of trade liberalisation and competitiveness; a practice that has influenced global trade and investment at all material times<sup>8</sup>. Today, the WTO significantly impacts the global economy by fostering sustained economic growth through the reduction of trade barriers and the promotion of free and predictable trade flows across regions and nations<sup>9</sup>.

## 2.3. African Economic Community

From the African perspective, the economic philosophy on Trade liberalism was preceded by African Economic Community (AEC), serving as the umbrella for the subsequent establishment of Resident Economic Communities in the continent. The AEC, also referred to as the Abuja Treaty<sup>10</sup>, had an ambitious target of promoting trade and economic relationship among African nations<sup>11</sup>, with a broader vision for a subsequent continental framework in free trade and economic cooperation that was birthed with the advent of the AfCFTA in 2018

## 2.4. African Continental Free Trade Agreement in 2018<sup>12</sup>.

The African Continental Free Trade Agreement in 2018 (*AfCFTA*) is an economic union of member states within the African Union, operating under an established single

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<sup>7</sup> Signed in Marrakesh, Morocco, on April 15, 1994. It officially came into force on January 1, 1995, and incorporated the rules and agreements from the previous General Agreement on Tariffs and Trade (GATT), along with new agreements from the Uruguay Rounds of negotiations.

<sup>8</sup> Articles 2 and 4 of the WTO Agreement.

<sup>9</sup> *ibid*

<sup>10</sup> The Treaty of Abuja laid the framework for African integration, emphasizing African solidarity, self-sufficiency, and an endogenous development approach. Furthermore, the Abuja Treaty suggested a framework for continental integration, as well as the economic segmentation of the continent along sub-regional lines, as the foundations for a united African economy under the auspices of the African Economic Community (AEC)

<sup>11</sup> Article 3 (a) (b) (c) (d) (e) of the treaty establishing the African Economic Community.

<sup>12</sup> The African Continental Free Trade Area (AfCFTA) is an agreement aimed at creating the world's largest free trade zone by eliminating tariffs and other trade barriers across the African continent. Its main goals are to boost intra-African trade, facilitate the free movement of goods, services, and capital, and promote economic integration, industrialization, and development across 54 African nations

continental market for trade and investment. The trade regime is anchored on a coordinated process of trade liberalization, which allows for the best possible exploitation of trade possibilities within the continental market, with the advantages of promoting economies of scale and fostering efficient use of resources. The *AfCFTA* opened a new phase in the continental economic narratives by providing for a single continental market that is premised on a harmonised process of trade liberalisation, economic interconnectedness and cross border trade and investments.<sup>13</sup>

## **2.5 Economic Community of West African States Liberalisation Protocols and Rules 2004**

The Economic Community of West African States (ECOWAS) Trade Liberalisation Scheme Protocol and Rules was enacted in May 2004. The protocol has the ambitious objective of encouraging socio-economic development of people within the region, through the enunciation of a legal and institutional framework that promotes harmonious economic cooperation and trade liberalisation. This policy, if properly and fully implemented, has potential to facilitate a strong and resilient regional economy through the convergence of state sovereignties into a harmonised regional economic framework, with prospects of impacting on the regional economy.

## **2.6. Constitution of the Federal Republic of Nigeria 1999.**

The Constitution of the Federal Republic of Nigeria (1999) as amended, (hereinafter referred to as CFRN) 1999, provides the legal basis for all commercial and economic undertakings in Nigeria. The Nigerian president is empowered by the constitution to administer the national economy directly or through his ministers in specific ministries and agencies<sup>14</sup>. The National Assembly is also mandated by the constitution to manage the economy alongside the president through legislative oversight<sup>15</sup>. In the light of the foregoing, it can be said that the state has the mandate to determine economic policies in

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<sup>13</sup> Article 3 of the Agreement.

<sup>14</sup> Section 5(1) CFRN 1999

<sup>15</sup> Sections 80-88 CFRN 1999

the process of managing the Nigerian economy. Section 16 of the constitution<sup>16</sup> is quite elaborative and provides for the management of state resources as a means of promoting prosperity and efficiency in the national economy, based on the principles of equity and fairness.

The constitutional requirements for equality and justice are consistent with the current notion of liberalism, with inherent principles of social justice and opportunities implicit in the global philosophy regulating trade. This underscores why the government must ensure that all citizens engaged in significant economic activity are protected<sup>17</sup>. According to Section 16(2) of the constitution, the government is responsible for maintaining a "balanced and planned economy" in which material benefits are distributed in a way that promotes economic growth and where the nation's material resources are used for the benefit of all citizens. It is worth noting that, in recent times, national governments, including successive Nigerian governments, have chosen trade liberalism as a viable economic strategy to fulfill their constitutional mandates of managing the nation's economy in a manner that allows for the optimum utilisation of the investment and transactional potential within their respective climes. This economic posture has no doubt, influenced the execution of various bilateral and multilateral agreements<sup>18</sup> with states and international bodies.

## **2.7. Public Enterprise (Privatization and Commercialisation) Act 1999<sup>19</sup>**

The Public Enterprise (Privatization and Commercialisation) Act 1999 is the current piece of legislation in Nigeria that governs privatisation. Preceded by the Privatisation and Commercialisation Decree of 1988<sup>20</sup>, the National Privatization Council (NPC) is established, in accordance with the law, to regulate the process of privatization in Nigeria. The Act also outlines two main procedures for selling government's ownership

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<sup>16</sup> CFRN 1999

<sup>17</sup> Section 16(1) (d)

<sup>18</sup> African Continental Free Trade Agreement 2017; Treaty establishing the Economic Community of West African States 1975 etc.

<sup>19</sup> *Cap. C25, Laws of the Federation of Nigeria, 2004.*

<sup>20</sup> privatization is the Privatization and Commercialization Act No; 25 of 1988

interest in privatised public companies, which can be either through public offering or a private placement.

## **2.8. Federal Consumers Protection and Competition Act 2018<sup>21</sup>**

The Federal Consumers Protection and Competition Act (FCCPA) 2018 is an Act of the national Assembly, enacted with the aim of promoting competitive markets in Nigeria. The FCCPA is a synthesis for integrating the clusters of competition policies and legislations goals that had existed, prior to its enactment into a single statutory instrument. The Act essentially covers all business dealings that take place in, or have an impact on Nigeria. It also covers projects in which the federal, state, or any of their agencies has a monopolistic stake. The primary objectives of the FCCPA are to; promote economic efficiency; protect consumer rights and welfare; foster and maintain competition in Nigerian market; outlaw unfair and discriminatory business practices, and guarantee the expansion of the Nigerian economy<sup>22</sup>. The FCCPA applies to natural and juristic persons and economic entities in Nigeria that are profit driven<sup>23</sup>; Individuals engaged in the supply or acquisition of goods or services in Nigeria; individuals who purchase shares or additional assets outside of Nigeria and Nigerian nationals or anyone residing in Nigeria.<sup>24</sup>.

Notably, the scope of the competition regime extends to actions taken outside of Nigeria<sup>25</sup> if they hinder, restrict, or harm the freedom of competition, or considered crimes under the Nigerian FCCPA. The FCCPA provides an integrated framework that promotes institutional protection<sup>26</sup> for consumers and competition<sup>27</sup> rights in Nigeria, and reminiscent of the majority of the fundamental elements of the US<sup>28</sup> and EU competition laws<sup>29</sup>. The goals of US antitrust law under reference are to encourage competitive

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<sup>21</sup> 2019 No. 1. A5. 18

<sup>22</sup> Section 1 of the FCCPA

<sup>23</sup> Section 2 (2) (c) of the Act

<sup>24</sup> Section 2(3) of the Act

<sup>25</sup> Section 3 of the FCCPA; hereinafter referred to as the Act.

<sup>26</sup> Sections 17 and 39 of the Act

<sup>27</sup> Section 1 of the Act

<sup>28</sup> Sections 1 and 2 of the Sherman Antitrust Act 1890

<sup>29</sup> Articles 101 and 102 of the Treaty on the Functioning of the European Union (TFEU)



markets that lower consumer prices, whereas the focus and goals of EU competition law include a wider range of objectives, with the integration of European markets, the creation of the Single Market, and the promotion of a balanced and sustainable development of economic activities taking priority.

The FCCPA establishes the Federal Competition and Consumer Protection Commission<sup>30</sup>. The responsibilities of the commission include conducting inquiries and investigations into issues pertaining to the FCCPA's stipulations; banning anticompetitive agreements as well as unfair deceptive or unreasonable marketing and trading practices and imposing penalties. The FCCPA grants the Commission concurrent authority with other sector-specific regulatory organizations over matters relating to consumers and competitive protection<sup>31</sup>.

A Competition and Consumer Protection Tribunal (the Tribunal) is created by the FCCPA.<sup>32</sup> The tribunal has the authority to hold trials regarding actions that are forbidden by the Act. Additionally, the courts have authority to consider appeals of the Commission's (or sector-specific regulatory bodies') rulings and to apply sanctions for such unlawful behavior<sup>33</sup>. The tribunal is also conferred with authority to hear arguments from judgments or decisions taken by any sector-specific regulatory authority and to assess those judgments on matters related to consumer and competition protection<sup>34</sup>. However, it should be noted that while the tribunal can consider challenges against decisions made by sector-specific regulatory bodies, it can only do so after the Commission has examined the appeals or reviews in question.<sup>35</sup> In a manner that is indicative of the powers reposed on the tribunal, the Act also provides for the registration of the decisions of the tribunal with the Federal High Court as a condition for its enforcement<sup>36</sup>, while appellate jurisdiction lies with the court of appeal<sup>37</sup>.

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<sup>30</sup> Section 17 of the Act

<sup>31</sup> Section 18 of the Act

<sup>32</sup> Section 39

<sup>33</sup> section 39(2) and Section 47(1) of the Act

<sup>34</sup> Section 47(1) of the

<sup>35</sup> Section 47(2) of the Act

<sup>36</sup> Section 54(b) of the Act

Generally, it should be noted that the Act forbids all agreements between businesses or decision made by an association of businesses with the intention of blocking, restricting, or distorting competition in any market. Such actions are deemed illegal and void pursuant to Section 61 of the Act. Additionally, conducts that directly restrict or control the production or distribution of goods and services, technological advancement, or investments are all prohibited. Moreover, abuse of market dominance is prohibited by Section 72 of the Act.

When a business in a dominating position charges outrageous price, refuses to let rivals use a crucial facility when it is financially feasible to do so, or engages in exclusive activity, it is abusing its market dominance. A firm that abuses its dominant position in the market is subject to a fine of 10% of its prior fiscal year's revenue or higher amounts as the court may consider suitable in the particular circumstances<sup>38</sup>. If an organization engages in abusive behavior regularly, any director of such organization may be sentenced to a prison term or a fine of up to fifty million naira upon conviction<sup>39</sup>. In summary, it is stated in this study that the Federal Competition and Consumers Protection law of Nigeria is tailored towards creating an environment for the smooth operation of the policy on market liberalisation and competitiveness.

## **2.9. Export (Incentives and Miscellaneous Provisions) Act 1986 <sup>40</sup>**

The Export (Incentives and Miscellaneous Provisions) Act has as its primary objective, the encouragement of exports, particularly raw materials and unprocessed agricultural products<sup>41</sup>. The key emphasis of the law is on providing the framework for granting benefits like suspension or reduction of duties for qualified exporters; provision of duty refunds to allow for manufacturing under given circumstances and establishment of funds to provide assistance to exporters<sup>42</sup>.

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<sup>37</sup> Section 55(1) of the Act

<sup>38</sup> Section 73(3)

<sup>39</sup> Section 74(2)

<sup>40</sup> CAP. E19 L.F.N. 2004

<sup>41</sup> Section 2 of the Act

<sup>42</sup> Section 3 of the Act

#### **2.10. Nigerian Export Promotion Council Act 1976**<sup>43</sup>

The Nigerian Export Promotion Council Act establishes the Nigerian Export Promotion Council (NEPC) with the mandate of promoting policy implementation on export related matters; render incentives for the promotion of export oriented industries in Nigeria as well as the coordination and monitoring of export promotion activities.

#### **2.11. Nigerian Investment Promotion Commission Act 1995**

The Nigerian Investment Promotion Commission Act 1995<sup>44</sup> is established to encourage and promote investment in the Nigerian economy<sup>45</sup>. The Act established a commission<sup>46</sup> with the mandate of inter alia, coordinating and monitoring all investment promotion activities to which the Act applies; initiating and supporting measures which shall enhance the investment climate<sup>47</sup> in Nigeria for both Nigerian and non-Nigerian investors; promoting investments in and outside Nigeria through effective promotional means and advising the Federal Government on policy matters, including fiscal measures designed to promote the industrialisation of Nigeria or the general development of the economy.

A unique feature of the Nigerian Investment Promotion Act is the provisions for dispute resolution. The law provides that in the event of any dispute between an investor and any Government of the Federation, in respect of an enterprise, all efforts shall be made through mutual discussions to reach an amicable settlement<sup>48</sup>. However, in the event that an amicable settlement cannot be reached, the aggrieved party can proceed to arbitration<sup>49</sup>. The dispute settlement procedure as adopted in the Act is commendable in

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<sup>43</sup> Nigerian Export Promotion Council Decree No. 26 of 1976

<sup>44</sup> Cap 117 LFN 2004

<sup>45</sup> Section 4 of the Act

<sup>46</sup> Section 1(1) of the Act

<sup>47</sup> Section 4© of the Act

<sup>48</sup> Section 26(1) of the Act

<sup>49</sup> Section 26(2) of the Act

the light of the fact that effective dispute resolution is coterminous with, and constitutes an incentive to trade and investment globally.<sup>50</sup>

## **2.12. Investment and Securities Act, 2025**

The Investment and Securities Act (ISA) 2025, is the main law regulating investments in the Nigerian capital market. Its goals are to protect investors, ensure fair and efficient markets, and build trust in the financial system. The Act empowers the Security and Exchange Commission (SEC) with powers to oversee and regulate the market, ensure a fair, transparent market and to reduce systemic risks. Essentially, the SEC can enforce the rules more effectively to protect investors and maintain the market. Ponzi schemes and other fraudulent investment schemes are expressly banned by the new law, with the prescription of penalties, including jail terms for anyone promoting or operating such schemes. The Act also introduces a requirement for using Legal Entity Identifiers (LEIs) in the capital market. This means that every market participant like companies issuing securities or major investors will need LEI for their transactions.

Additionally, the law also provides a framework to regulate critical market infrastructure (like clearing houses and trade repositories), and makes it easier for state governments to raise funds through the capital market. Undoubtedly, the new ISA has real implications for how Nigeria's capital market functions and its reputation globally. The law has embraced innovation such as the recognition of digital assets like crypto, as part of the regulated market. This obviously, presupposes that the Nigerian stock exchange market is showing dynamism in embracing financial innovations in the operation of the market. This is in alignment with global standard practices in the regulation of the market. The *safeguards* provided in the law underscore the importance the law attaches in protecting investors and the operation of a transparent market.

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<sup>50</sup> Ondale Akor, "Energy Arbitration and Investment Prospects in Nigeria under a Liberalized Market Economy". Nnamdi Azikiwe University Journal of Property and Commercial Law, Vol. 11 No. 2 (2024).

### 2.13. Central Bank Act 2007<sup>51</sup>

The Central Bank of Nigeria (CBN) Act establishes the central bank of Nigeria<sup>52</sup> as the apex financial institution with the mandate of *inter alia*, ensuring monetary and price stability; promote a sound financial system in Nigeria and provide economic and financial advice to the Federal Government<sup>53</sup>. The central bank of Nigeria is critical in the initiation of economic and monetary policies that shape the investment climate in Nigeria.

### 2.14. Companies and Allied Matters Act of Nigeria 2020<sup>54</sup>

The Companies and Allied Matters Act (CAMA) 2020 repealed the Companies and Allied Matters Act, Cap C20, Laws of the Federation of Nigeria, 2004. It is the extant regulatory regime on the incorporation of companies, limited liability partnerships, and limited partnerships, reservation of business names and registration of incorporation bodies. .governs the establishment and management of companies in the country. The Act establishes a commission<sup>55</sup>, with the mandate *to inter alia*, administer the registration, regulation and supervision of incorporation, management, winding up of companies, businesses names and incorporated trustee's etc.<sup>56</sup>.

The foregoing constitutes the legal framework for trade liberalisation in Nigeria. Notably, the liberalisation regime plays the role of regulating business climate for trade and investment within Nigeria. This presupposes the regulation and optimum functioning of all institutional frameworks and deployment of the needed incentives for private sector participation, that promotes the ease of doing business in Nigeria. This aims to encourage Foreign Direct Investment (FDI) with prospects for impacting on the Nigerian economy. Secondly, the trade liberalisation regime enhances the promotion of economic cooperation between Nigeria and the global community. This platform encourages

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<sup>51</sup> Cap 192 LFN 1990

<sup>52</sup> Section 1 of CBN Act

<sup>53</sup> Section 2 of the CBN Act

<sup>54</sup> Act No. 3 of 2020

<sup>55</sup> Section 1 of the CAMA 2020

<sup>56</sup> Section 8 of CAMA 2020

mutual investments and creates the enabling environment for forging partnerships and collaborations with the regional and international business community.

### **3.0 Supranational Cooperation and Sustained Economic Growth in Nigeria**

The interdependence of states has made international trade and investments the basis of shared prosperity and economic growth among nations. This aligns with the postulations by the classical theorists. Like Adam Smith In opposition to mercantilism, classical liberals like Adam Smith advocated for a free market economy that promotes efficiency in local and international markets, primarily driven by the division of labor. The conviction is predicated on the premise that wealth is not produced by the government, rather by people working together in an environment of economic freedom where they are free to respond voluntarily to one another's needs<sup>57</sup>.

One of the advantages of market liberalisation is that it opens the borders of a country to international trade and investment. Cross border free market economy, regulated by market forces, encourages the free market economy and mutual cooperation between nations on reciprocal basis; creating innovation that efficiency; promoting technology transfer and competition. Such a marker allows for private sector participation and creativity with corresponding impact on the economies of scale<sup>58</sup>. No doubt, Smith explored and expounded on broad-based economic ideas that are not only foundational to modern political economics, but have inspired policies that influenced an intellectual paradigm shift from mercantilism towards a free market economy.

Trade liberalisation also promotes supranational cooperation. This has influenced the formation of economic conglomerations across the various regions of the world. These economic blocs, otherwise referred to as regional trade or free trade agreements, depending on their terms and objectives, have become a common phenomenon under

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<sup>57</sup> Smith, A. (1759). *The theory of moral sentiments*. London, Printed for A. Millar, and A. Kincaid and J. Bell.

<http://galenet.galegroup.com/servlet/MOME?af=RN&ae=U101116867&srchtp=a&ste=14&locID=edmo69826>; visited on October 30, 2025.

<sup>58</sup>Ricardo, David, 1772-1823. *The Principles of Political Economy & Taxation*. London: New York: J.M. Dent; E.P. Dutton, 1911.

contemporary global economic order. Increasing trends in international trade law and investment have increasingly evidenced the inclusion of the principles of liberalisation in the economic objectives of the various regional treaties and the legal economic architecture by national governments. Therefore, the study states that political economy of market liberalism has the ambitious objective of facilitating enhanced cross border trade which has influenced the rapid expansion in supranational cooperation globally.

Nigeria has a population of more than two hundred million people and endowed with abundant natural resources spanning agricultural, maritime and forest sectors. Her rich energy profile, being the major stay of the national economy is characterised by an extensive gas reserve estimated at about 206.53 trillion cubic feet worth over 803,4trn dollars<sup>59</sup>. The country also has an abundance of renewable energy from a variety of sources, inclusive of hydrogen, bioenergy, wind, solar, marine, geothermal and nuclear. Strategically located along the West African coastline, Nigeria is linked to the regional and International market. This has increased her prospects for cross border trade and investments with potential for impacting on the national economy.

The national policy for trade and investment has influenced bilateral and multilateral agreements on regional cooperation within the African region and global community. The latest and perhaps the most significant of such multilateral agreements is the execution of the African Continental Free Trade Area Agreement (*AfCFTA*) in 2018. The underlying objective in the formation of *AfCFTA* is to promote transnational trade, as precursor to the ambitious aspiration of integrating the continent into the global economic framework of development<sup>60</sup>. As at March 2023, 46 African nations, including Nigeria, had ratified the agreement with the African Union Commission<sup>61</sup>. Particular goals are laid forth in Article 4 of the treaty, while its 12 guiding principles are listed in Article 5 which includes

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<sup>59</sup> Punch newspaper of 29<sup>th</sup> April 2022

<sup>60</sup> Ondale Akor, "African Continental Free Trade Agreement and Prospects for Energy Security in Nigeria". West African Union University Journal of International Affairs and Contemporary Studies (WJIACS) Vol.3 (1) April, 2023

<sup>61</sup> <https://www.google.com/search?client=firefox-b-d&q=when+did+nigeria+rectify+the+african+contionental+free+trade+agreement> visited on October 30, 2025.

among other things, Flexibility and special treatment, openness with regard to disclosure, the protection of acquired property, reciprocity, and significant liberalisation.

The predicted economic advantages of supranational cooperation for Nigeria under the aegis of *AfCFTA* are significant. With an estimated market population of about 1.5 billion-persons,<sup>62</sup> and market GDP of 3.1 trillion US dollars<sup>63</sup>, it is expected that the gradual removal of all obstacles to intra African trade will facilitate rapid expansion of the regional economy. With adequate measures put on ground, Nigerian investors can tap into, and maximally harness the investment potential from the continental market. Additionally, the *AfCFTA* will gradually remove obstacles to intra-African trade, making it easier for Nigerian businesses and investments to expand across the continent. Without a question, the *AfCFTA* has the potential to become the economic gold mine for the African continent, if its broad objectives are successfully carried out.

*AfCFTA* has the potential of boosting intra African trade by 52.3%, and impacting positively on the economy of contracting states like Nigeria. This is achievable through the elimination of import duties and gradual removal or relaxation of non-tariff barriers to trade<sup>64</sup>. This can impact on industrial exports with implication of diversifying the economy of Nigeria that is presently reliant on oil majorly <sup>65</sup>. Considering the uncertainties that characterize the extractive industry, particularly the oil sector, the anticipated diversification into a non-oil economy under the *AfCFTA* is quite strategic in changing the fortunes of the continent and Nigeria.

The potential impact of supranational cooperation on the agricultural economy of the Nigerian state are enormous. The optimal harnessing of the agro based resources in the country will not only promote food security but also leverage the platform for cross

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<sup>62</sup> <https://www.worldbank.org/en/news/press-release/2021/02/05/nigeria-to-improve-electricity-access-and-services-to-citizens>, last accessed on the 9<sup>th</sup> of August, 2024

<sup>63</sup> <https://www.statista.com/statistics/1300858/total-gdp-value-in-africa/>.last accessed on the 9<sup>th</sup> of August, 2023.

<sup>64</sup> Report of the United Nations in 2021. <https://unctad.org/press-material/afcfta-could-boost-maritime-trade-africa>. Last accessed on the 9<sup>th</sup> of April, 2025

<sup>65</sup>United Nations Conference on Trade and Development (UNCTD) NCTAD/WEB/DITC/2017/1, 2018. From Regional Economic Communities to A Continental Free Trade Area: Strategic Tools to Assist Negotiators and Agricultural Policy Design in Africa.



border trade provided by the continental trade regime to facilitate increased exports to other parts of the region. The value chain from agro allied exports can significantly impact on job provision and poverty eradication within Nigeria and beyond. Moreover, the exchange of technology and knowledge can lead to improved innovation that would foster industrialization and revamp the monolithic economy in Nigeria.

Supranational cooperation Under the *AfCFTA* framework can also provide guarantees that Small and Medium Scale Enterprises (SMEs) in Nigeria will have the benefit of engaging into regional exports, by utilising the platform presented by regional markets to connect with the wider global market. SMEs can also benefit through the supply of feed stocks and inputs to larger regional companies for onward exportation.<sup>66</sup> The continental market also provides the platform for formalizing trade transactions that were otherwise illegal and orchestrated human rights violations.

Considering the porous borders between African countries, there have been informal and illegal trade by citizens, which have often led to degrading treatments meted on them in the event they are caught by the host countries. Many Nigerians are victims of these informal trades. However, under the *AfCFTA* platform, this narrative can be changed. For instance, women who are estimated to account for about 70% of informal cross border trade in Africa<sup>67</sup> and Nigeria inclusive, also stand to benefit from the *AfCFTA*. Informal cross border trading makes women vulnerable to sexual harassment, violence, and human rights violations.<sup>68</sup> *AfCFTA*, through tariff reduction will make informal traders operate through legitimate avenues, thus reducing areas of vulnerabilities for women. This can be further enhanced through the enunciation of coherent and attainable trade regime with reduced tariffs for small scale traders.<sup>69</sup> The foregoing is indicative that market liberalism is the gate way to international trade, economic growth and promotion of supranational cooperation in Nigeria.

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<sup>66</sup>ibid

<sup>67</sup>ibid

<sup>68</sup>ibid

<sup>69</sup>ibid

Through the open market economy policy, the Nigerian state has also shown strong commitment and support for multilateral financial institutions in Africa. These institutions are very critical in the supranational economic cooperation framework as they provide incentives for private sector participation in critical areas of the regional economy in Africa. The recent establishment of the African Energy Bank shows the commitment of the Nigerian state to regional development. Africa.<sup>70</sup> The African Energy Bank is the brain child of strategic collaboration between the African Petroleum Producers Organization (APPO) and the African Export-Import Bank (Afreximbank). It is a Pan African energy development initiative whose cardinal objective is funding the development of the abundant energy resources and bridging the energy gap in Africa. The goal of the bank is to promote a just energy transition tailored towards meeting the developmental needs of the African continent, by addressing funding and encouraging robust private sector participation in energy trade and investments<sup>71</sup>. With an initial capital base of Five billion US Dollars, the AEB represents a platform for robust investment in renewable energy and arguably, a great boost to the supranational cooperation to energy transition in Africa.

In a similar heartwarming development, there is the newly established Regional Maritime Development Bank (RMDB)<sup>72</sup> The RMDB also known as the Regional Maritime Bank, is a proposed financial institution intended to facilitate maritime development in West and Central Africa. It was conceived by the Maritime Organisation of West and Central Africa (MOWCA) and aimed at boosting maritime development and trade in West and Central Africa, by providing funding for port infrastructure, ship financing, and other related projects. The RMDB marks a significant milestone for Nigeria and the wider West and Central African sub-region; it is also considered a vital tool for accelerating maritime development in the region and providing easier access to financing for related projects. The establishment of the bank in Nigeria reaffirms Nigeria's commitment to regional integration, maritime development, and economic cooperation.

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<sup>70</sup> **The Africa Energy Bank (AEB) | APPOsecretariat.org/the-africa-energy-bank/;**

<sup>71</sup><https://www.doa-law.com/wp-content/uploads/2024/07/The-Role-of-the-Africa-Energy-Bank-in-Driving-Just-Energy-Transition-in-African-Countries.pdf>; /; **last accessed in May 19, 2025.**

<sup>72</sup> Business Day Newspaper of May 22, 2025; <https://businessday.ng/news/article/after-16-years-regional-maritime-development-bank-takes-off-with-aderogba-as-ceo/> Accessed on May 30. 2025.

Within the framework of the *AfCFTA*, Institutional corroboration between the *AfCFTA* and regional financial institutions like the African Energy Bank, the African Development bank and the Regional Maritime Development Bank can create the platform for supporting the Nigerian private sector in critical areas of investment like energy, maritime, capacity building and manufacturing. The financial intervention of these regional multilateral organisations by way of incentives like grants or loans can accelerate the process for energy transition, increased maritime investment and manufacturing in Nigeria. The deployment of resources for building infrastructure stands to complement the private sector investment which can be leveraged on to transform the Nigerian space to a haven of economic activities and investment. The positive impact of this development driven by supranationalism on the GDP of the Nigerian state will be enormous.

#### **4.0. Constraints to Cross Border Trade and Supranational Cooperation in Nigeria.**

Regardless of the many advantages and opportunities that potentially accrue to the Nigerian economy under the framework of market liberalism, there are some major constraints to the operation of a liberalised market economy, which also culminate as impediments to supranational cooperation and economic development in Nigeria. These constraints include; corruption, dysfunctional institutions in Nigeria; complexities of doing business in Nigeria; infrastructural deficit; insecurity; some protectionist state policies and the manifest absence of an effective dispute resolution mechanism in Nigeria.

Regulatory bodies and public agencies are hampered by inefficiency, corruption, and a lack of accountability, making it difficult to implement and sustain meaningful reforms. Nigeria ranked 145th out of 180 countries and scored 25 out of 100 in the 2023 Corruption Perception Index (CPI), published by Transparency International<sup>73</sup>. The revenue losses incurred as a result of corruption in Nigeria's cross-border businesses, especially at ports, costs the country an estimated \$7 billion annually. This includes

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<sup>73</sup> <https://businessday.ng/news/article/economic-analysis-fragile-foundations-public-data-gaps-and-weak-institutions-threaten-nigerias-future/>; last accessed on May 23,2025

losses to government revenue and the private sector, with some estimates reaching \$8.15 billion. The annual cost of maritime corruption in the import of bulk products alone is estimated at \$163 million<sup>74</sup>

Nigeria ranks high in the league of corrupt countries globally. For instance in the 2024 Corruption Perceptions Index (CPI), Nigeria was rated 26 among 100 and ranked 140<sup>th</sup> out of 180 countries.<sup>75</sup> Deep rooted corruption in the country weakens public institutions and constitutes a clog to the ease of doing business and supranational cooperation in Nigeria. This development is a disincentive and seems to discourage potential investors from coming to invest in the country.

Another perceived impediment to international trade is some of the provisions of the local Content Act as implemented by the Nigerian Content Development and Monitoring Board (NCDMB) established under the Nigerian Oil and Gas Industry Content Development Act, 2020<sup>76</sup>. The philosophy behind the local content regime in Nigeria is to encourage the participation of Nigerians in sensitive sectors like the oil and gas as well as the maritime industries.<sup>77</sup> The law gives priority to the use of locally manufactured products, equipment and services as a first option before recourse to external supplies. However the exercise of the Act may be seen as undermining the smooth flow of international trade and economic relations, and contravening the liberalisation policy in Nigeria, as well as relevant principles of the World Trade Organisation. The state of insecurity in Nigeria may also constitute<sup>78</sup> a clog to trade and supranational cooperation in Nigeria. For a country that is confronted by different shades of conflicts ranging from banditry, terrorism to kidnapping and ethnic related tensions, the needed environment for cross border trade and supranational cooperation is seriously being threatened.

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<sup>74</sup> <https://www.google.com/search?client=firefox-b-d&q=how+much+is+lost+in+cross+border+business+in+nigeria+becouse+of+corruption>; accessed on May 23, 2025.

<sup>75</sup> Ibid

<sup>76</sup> Cap. PIO, LFN 2004.

<sup>77</sup> Sections 3 and 4 of the Act.

<sup>78</sup> U.S. EnergyInformationAdministration, "Nigeria," [p.1httpwww.eia.gov/countries/analysis\\_briefs: Nigeria/nigeria.pdf](http://www.eia.gov/countries/analysis_briefs/Nigeria/nigeria.pdf)• accessed 21 September 2014.

The problem of infrastructural deficit as observed in Nigeria is also capable of undermining trade and supranational cooperation, Nigeria is presently suffering from gross infrastructural deficit in virtually all areas of her economic architecture including energy<sup>79</sup>. Energy infrastructure is critical in establishing a sustainable business climate system, the absence of which will impede the ambitious investment drive as reflected in the various laws on trade liberalisation. The adverse impact of infrastructural deficit on Nigeria are many and include unreliable power supply; inadequate roads; limited digital connectivity and increased operational costs; reduces productivity and discourages both local and foreign investment. The negative effects of these on Nigerian businesses encompass increasing their production costs; difficulty in accessing market and inability to expand. According to the World Bank, the international benchmark for infrastructure stock was 70% of the country's GDP few years back. However, Nigeria's total infrastructure stock is currently 30% of its GDP. This highlights Nigeria's massive infrastructure deficit and the need for infrastructure outlays of over \$2.3 trillion, which is expected to be invested over 30 years to bridge this deficit<sup>80</sup>.

## **5.0; Summary, Conclusions and Recommendations**

Nigeria has a population of more than Two Hundred Million and strategically located at the Gulf of Guinea in West Africa. Nigeria is blessed with abundant natural and human resources, with a growing population that has prospects of benefiting from international trade and investment. Nigeria operates an open market economy that is anchored on the foundation of market liberalisation. The trade policy promotes international trade and supranational cooperation between Nigeria and the International community. This has influenced the articulation of a robust regime on trade liberalisation that has been incorporated, and forms part of the regulatory landscape in Nigeria. Against the background of her national laws on trade liberalisation, Nigeria has actively participated in the promotion of regional integration and economic cooperation globally, as

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[https://www.researchgate.net/publication/393385068\\_Nigeria%27s\\_infrastructural\\_deficit\\_A\\_Bane\\_to\\_Economic\\_Growth](https://www.researchgate.net/publication/393385068_Nigeria%27s_infrastructural_deficit_A_Bane_to_Economic_Growth); Accessed on October 25, 2025.

<sup>80</sup> <https://www.verivafrika.com/insights/the-economic-impact-of-infrastructure-investment-2>; accessed on May 23, 2025.

exemplified by her relatively recent rectification of the African Continental Free Trade Agreement (*AfCFTA*). *AfCFTA*, being the largest market within the African continent, promises to provide a platform for accelerated economic development within the framework of market liberalism. The framework on market liberalism in Nigeria can be leveraged upon to implement the regional policy on trade and investment, with prospects for fast tracking overall economic development in the Nigerian state.

In the face of the overwhelming economic benefits associated with the concept of market liberalism and supranational cooperation, the study identifies some constraints to the seamless operation of a liberalised market economy in Nigeria. They can also impede supranational cooperation and economic development in Nigeria. These include; existence of dysfunctional institutions in Nigeria; infrastructural deficit; insecurity; some protectionist state policies and the manifest absence of an effective dispute resolution mechanism in Nigeria. The study also finds that Nigeria has a robust legal and institutional framework that can address the myriad of problems confronting the business environment. This is possible with reforms that align with regional policies for trade and infrastructural development in the African continent. For instance, the partnership between the *AfCFTA* and the multilateral financial institutions can be leveraged to address the infrastructural challenges in the Nigerian business climate. The study finds that the commitment by the Nigerian state to regional cooperation can help facilitate this process. Furthermore, the framework for institutional collaboration can be leveraged to help national institutions in Nigeria to carry out seamless cross border investment,

Supranational cooperation is pivotal to the economic growth and development of transitional economies like Nigeria. The study therefore recommends for the strengthening of the institutional and regulatory framework in Nigeria to allow seamless transactions of cross border businesses. The recent reform process by the Nigerian Government that seeks to streamline the passport procurement process,<sup>81</sup> to enhance security, and improve efficiency is a welcomed development. These reforms include the introduction of an enhanced e-passport with 10-year validity and the automation of the

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<sup>81</sup> <https://www.google.com/search?client=firefox-b-d&q=The+recent+reform+process+by+the+Nigerian+Government+that+seeks+to+++streamline+the+passport+procurement+process%2C> vsuted on October 20, 2025

issuance process will lead to meeting timelines and eliminate associate bottlenecks. This reform will no doubt encourage the seamless movements of persons across Nigerian borders, with prospect for promoting investment in Nigeria. The study also recommends the articulation of national policies that align with regional and international provisions on market liberalism. There is need to explore the potential in the economic cooperation framework at the regional level and collaborate with multilateral financial institutions to pursue the deployment of resources towards building a strong infrastructure base in Nigeria. This is critical; otherwise, the anticipated gains from cross border investment under the economic framework on regional cooperation may remain a mirage.