

Trade Policy in Nigeria Amidst Global Uncertainties

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Key Highlights

- **Growth rate (est):** 3.38 (2024) to 3.89% (2025).
- **Inflation (est):** 31.57% (2024) to 21.26% (2025).
- **Oil export dominance waning:** 81% (2024Q1) to 63% (2025Q1).
- **Non-oil export improving:** 19% (2024Q1) to 37% (2025Q1).
- 7.5% (N1.54 trn.) of Nigeria's exports is to the US (3rd). (2025Q1)
- 30.2% (N4.66 trn.) of Nigeria's import is from China (1st). (2025Q1)
- Policy shifts in major economies reverberate globally—and in Nigeria—disrupting supply chains, manufacturers, and markets.
- Nigeria must tackle deep structural bottlenecks—infrastructure, institutions, and security—that make the business environment harsh and uncompetitive.

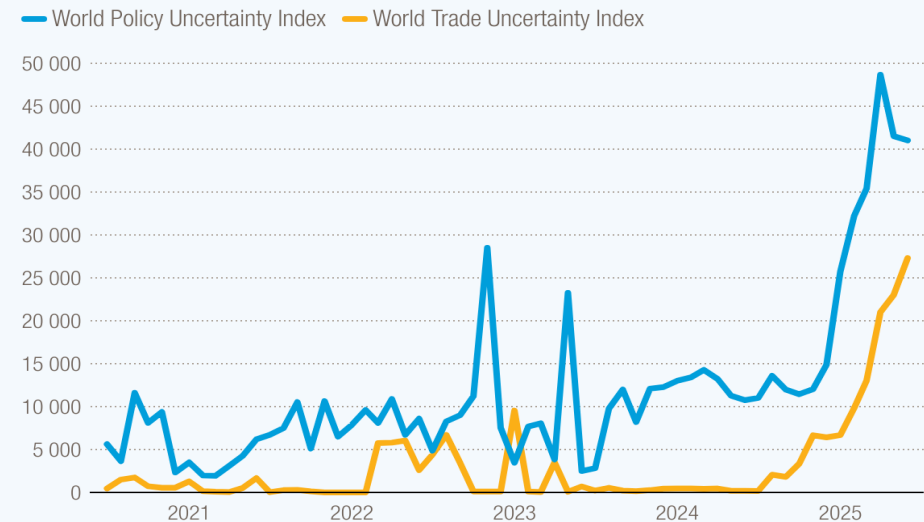
Trade Uncertainty and Growth

- Global trade tensions **raise costs** for Nigerian exporters (oil, agriculture) and reduce **competitiveness**.
- **Supply chain fragmentation** disrupts access to **imported inputs**, slowing **industrial growth** and raising **inflationary pressures**.
- **Investor uncertainty** linked to shifting trade alignments **dampen Nigeria's growth prospects** and **foreign investment inflows**.
- **Regional value chains (RVCs)** via ECOWAS and AfCFTA can **cushion shocks** by boosting intra-African trade and harmonising standards.
- **Sectoral diversification** through RVCs (agro-processing, textiles, pharmaceuticals) **strengthens resilience** and **reduces dependence on volatile global markets**.



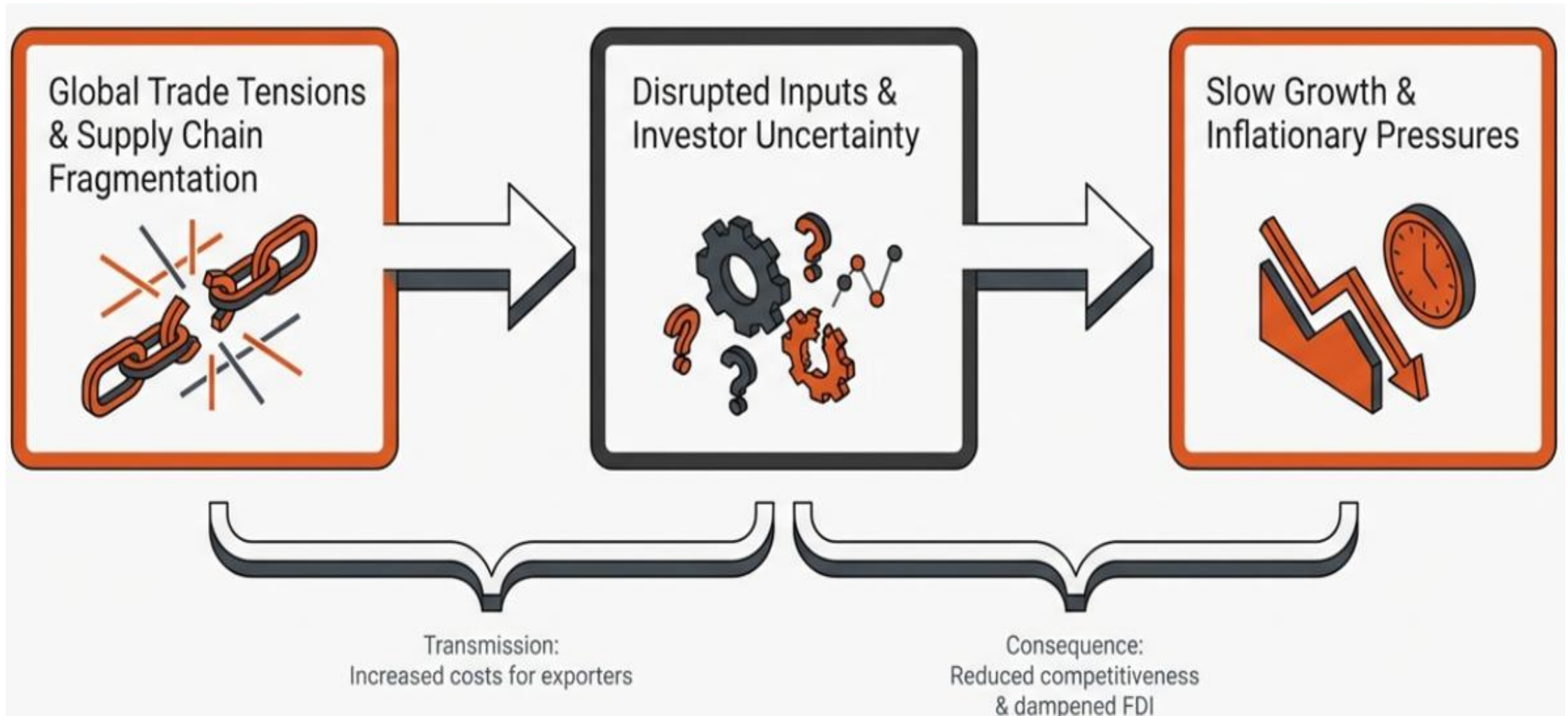
Trade policy shifts fuel global uncertainties

Economic policy uncertainty and Trade policy uncertainty indexes, July 2020 – June 2025



Source: UN Trade and Development (UNCTAD) based on World Uncertainty Index.

Global Fragmentation Threatens Local Growth



Strategic Policy Options



Nigeria is harmonising tariffs, reducing non-tariff barriers, and strengthening port infrastructure to facilitate smoother trade flows



Support relevant MDAs to expand industrial capacity through targeted reforms in manufacturing, agro-processing, and technology sectors



Leveraging FTZs and other incentives to integrate Nigeria into regional value chains and boost competitiveness



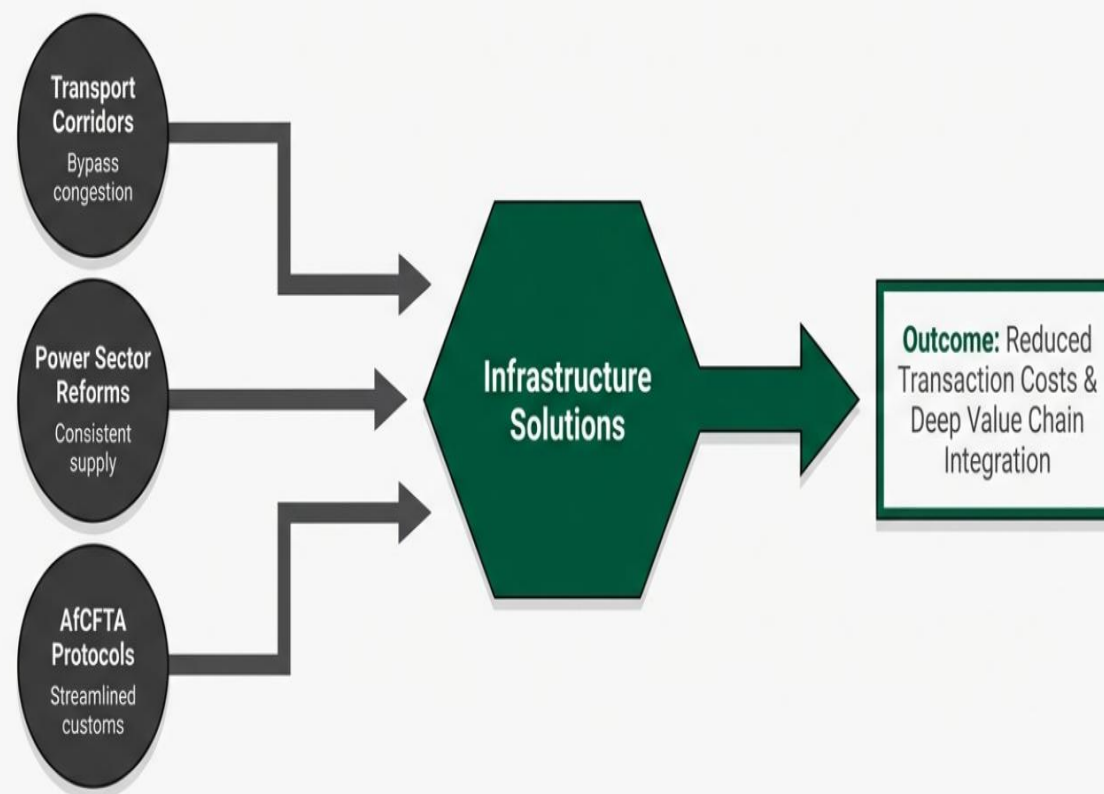
Participation in ECOWAS and AfCFTA is central to Nigeria's strategy, enabling cross-border value chain linkages and supporting long-term economic resilience



1. Structural Issues: Infrastructure

- Poor **road networks**, **congested ports** (e.g., Lagos Apapa), and **limited rail connectivity** raise costs and delay regional trade.
- Frequent **power outages** and **inadequate electricity supply** hinder industrial productivity and cross-border value chain integration.
- Limited access to **affordable credit for SMEs** and **high interest rates** restrict participation in regional supply chains.
- Weak **ICT systems** and **cumbersome border procedures** slow down trade facilitation and regional integration.
- Stimulate investments by **expanding development financing**, and streamlined customs under AfCFTA can address these constraints.

Unlocking Efficiency Through Infrastructure



2. Structural Issues: Private Sector & SMEs



Many Nigerian SMEs face high entry barriers into RVCs due to limited access to finance, technology, and standards compliance



Targeted training, technology transfer, and quality certification programs can help domestic firms meet regional market requirements



Establishing industrial clusters (e.g., agro-processing hubs in Kaduna, textile clusters in Kano, Ogun, Aba, etc) fosters collaboration and economies of scale



Expanding credit facilities to enable SMEs to scale and participate in cross-border supply

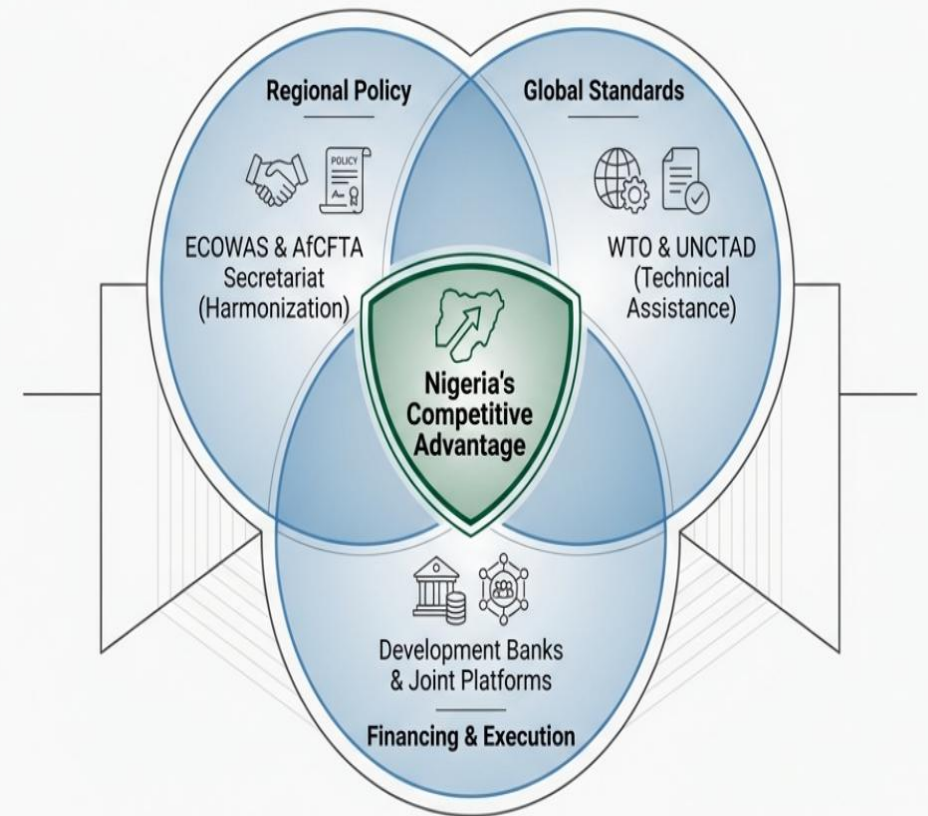


Linking SMEs to RVCs in labour-intensive sectors, such as agriculture, manufacturing, and services, for jobs and productivity growth

Regional and Multilateral Integration

- Regional institutions (such as ECOWAS Commission & AfCFTA Secretariat) to **coordinate trade harmonisation, tariffs & NTBs**, and **align industrial policies**.
- Development banks should provide **concessional financing to support infrastructure investment and SME credit** to scale up participation in RVCs.
- Multilateral frameworks such as the WTO, UNCTAD, and WCO could offer **technical assistance** that helps Nigeria align with **best practices and deepen regional integration**.
- Joint platforms can synchronise customs procedures, logistics corridors, and energy projects, reducing fragmentation and boosting efficiency for Nigerian firms.
- Regional and multilateral institutions can mobilise blended finance and public-private partnerships to expand industrial clusters in Nigeria, driving job creation and productivity growth.

Synergies in Multilateral Cooperation



Goal: Reducing fragmentation to strengthen regional value chains.

Thank you 😊