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The Influence Of The African Continental Free Trade Area (AfCFTA) Agreement On Nigerian Export Business

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ABSTRACT

This analysis looks at the consequences the African Continental Free Trade Area (AfCFTA) has on the Nigerian export business paying attention to the opportunities available as well as the difficulties encountered by Nigerian exporters. Using a mixed-methods approach, the research integrates the quantitative evaluation of export performance data alongside qualitative data gathered from interviews with Nigerian exporters and trade specialists. The results show that AfCFTA has had a positive impact on the Nigerian exports especially in agricultural and manufacturing sectors due to increased market access and trade opportunities. Nonetheless, the study has also pointed some major issues like underdeveloped infrastructure, policies framework bottlenecks, and poor logistics that mitigate the advantages of AfCFTA. The research, therefore recommends that policies directed towards the improvement of infrastructure, aligning trade policies, and increasing the availability of SMEs in Nigeria would go a long way in assisting the mitigation of the negative impacts that constrain the utilization of the benefits of AfCFTA. These are necessary to optimize the value of AfCFTA while also ensuring other sustainability objectives in Nigeria's export business.

Keywords: AfCFTA, Nigerian export business, export performance, agricultural exports, manufacturing exports

1.1 INTRODUCTION

The African Continental Free Trade Area (AfCFTA) is an epoch-making agreement with a goal of establishing a unified market of goods and services for all the 54 African Union (AU) member states. Launched in 2018, one of the main pillars of the AfCFTA is to promote trade among African countries more specifically intra-Africa trade by unconditionally removing tariff and non-tariff barriers to trade to achieve economic integration and development across Africa (Akinmoladun & Akinmoladun, 2020). In the case of Nigeria, one of the largest economies in Africa, the AfCFTA represents a fundamental opportunity to increase its exports, diversify the economy, and expand business operations beyond the traditional partners (Muhammed, et al., 2024).

The Nigerian economy, which has been predominately reliant on oil subsidies, now has to deal with numerous issues including lack of diversification and dependence on fluctuating international oil prices (Akinbami, et al., 2019). With better access to the African market, Nigerian businesses especially in agriculture, services and manufacturing, stand to gain by increasing exports, lowering trade deficits, and improving their competitiveness. Despite these potential opportunities, the implementation of AfCFTA is likely to pose significant obstacles (Olufemi & Olorunfemi, 2020). For Nigerian exporters, challenges such as inadequate infrastructure, skilled personnel, and trade encouragement policies pose barriers to extracting optimal value from the agreement. Adeola, et al., (2018) and Adedayo & Adebisi (2019) argue that these policies accompanying the framework do little to mitigate the overriding environmental and logistical constraints facing Nigeria's export market developed by AfCFTA.

The AfCFTA agreement has promising prospects of improving Nigeria's export trade by opening new markets within Africa and enhancing diversification of the economy. Notwithstanding the opportunities that the AfCFTA provides, there are multiplier challenges for Nigerian exporters which might hinder full realization of the benefits under the agreement. These problems include inadequate infrastructure, training opportunities for skillful employment, transportation and other logistical constraints, along with outdated administrative policies, and coupled problems of environmental harm, political turbulence (Akinbami, et al, 2019; Olufemi & Olorunfemi, 2020). In addition, the exports of Nigeria, more so in the case of agriculture and manufacturing, remain notoriously burdened by low productivity and underperforming quality standards, limited financial access resulting in diminished multi-market competitiveness (Akinmoladun & Akinmoladun, 2020).

Also, concerning the aims of AfCFTA, which includes lowering tariffs and facilitating trade, there is still gap within Nigerian businesses dealing with non-tariff barriers like customs and trade challenges. What Nigerian exporters are trying to understand is how the AfCFTA addresses these barriers (Muhammed, et al., 2024). There is, however, lack of qualitative evidence on how the trade enabling environment and the government's readiness to foster exports, complicatedly manifests on Nigerian export businesses in the frame of AfCFTA, despite the government's initiatives. It is important for policy formulation to analyze the extent of impact of Africa's trade agreements on Nigeria's exports, especially how it intensifies challenges to provide multi-faceted sporadic solutions to boost exports under the pact they signed.

This study seeks to analyze how the AfCFTA Agreement impacts Nigerian export businesses by assessing the AfCFTA Agreement's potential opportunities and the challenges that it poses for Nigerian exporters. These factors should be of concern to policy makers and firms in order to respond to emerging changes in trade patterns in the market. This study also hopes to analyze how ready the Nigerian exporters are to the continental open border trade scenario and what the government policies and infrastructure developments have to do in this regard to assist the export sector.

The gap this study intends to bridge is assessing the extent of AfCFTA's impact on Nigerian export businesses, the barriers to strategic level participation, and the aligning strategies to empower exporters in the context of the new African market.

LITERATURE REVIEW

2.1 Conceptual Review

2.1.1 African Continental Free Trade Area (AfCFTA)

The African Continental Free Trade Area (AfCFTA) is one of the key agreements aiming to implement a single market for trade, services and free movement of people across the 54 African countries in order to stimulate intra-African trade, economic integration, and sustainable development (Unoka, et al., 2021). The AfCFTA was established in 2018 and one of its key objectives is to decrease trade barriers, both tariff and non-tariff, which include customs and import quotas (Muhammed, et al., 2024). This will lead to more comprehensive inter regional trade integration, where the free movement of goods, services and investments will be facilitated across country borders (Akinmoladun & Akinmoladun, 2020).

By providing preferential trade access, the AfCFTA is likely to ignite intra-African trade as member states stand to gain from economies of scale, enhanced market access, and greater diversification of their exports. As well, it is expected to lessen Africa's reliance on external trading blocs like the European Union and China, who have been relatively more dominant in their trade relations with African nations (Akinbami, et al., 2019). For Nigeria, one of Africa's economic powerhouses, increased export market access – especially in the non-oil economic activities of agriculture, manufacturing, and services – will offer new prospects for diversifying the largely oil-dependent economy (Olufemi & Olorunfemi, 2020). Nonetheless, nothing less than comprehensive measures to solve infrastructural development, trade facilitation, and the readiness of less developed economies to engage in continental trade are required to achieve tangible results under the framework of AfCFTA (Akinmoladun & Akinmoladun, 2020).

The AfCFTA is one of the exploits in Africa Union's Agenda 2063, which serves as a continent's long term sustainable growth plan. The union is not only focusing on trade, but believes that the agreement will also facilitate the industrialization of Africa, job creation and poverty alleviation throughout the continent (Muhammed, et al., 2024). Although the trade pact provides a unique opportunity for economic growth, the reality of achieving this goal is contingent on how well African countries implement the agreement and resolve the existing trade and infrastructure problems.

2.1.2 Export Business

Export marketing is defined as the selling of services and goods manufactured in one country to clients located in another country. This has a tremendous impact on international business by giving companies access to wider markets, helping them to diversify their income, reduce risks, and cut costs (Akinbami, et al., 2019). For many firms, exporting is viewed as the expansion of the firm's market domestically as well as internationally with an intention to exploit global market possibilities. In the case of Nigeria, the export marketing system is fundamental towards earning foreign currencies, fostering economic development, and curtailing the dependency on few sectors notably oil industry (Akinmoladun & Akinmoladun, 2020). Previously, oil dominated the export trade in Nigeria, but the government seeks to expand the country's export potentials especially in agriculture and manufacturing. Non-oil commodity exports include agricultural and mineral solid commodities, as well as manufactured products which aim at meeting diversification and development objectives (Olufemi & Olorunfemi, 2020). Despite these opportunities, Nigerian exporters face serious constraints which include inadequate infrastructure, poor logistics, high operating costs, and volatile exchange rates, all of which undermine their global competitiveness (Akinmoladun & Akinmoladun, 2020).

The AfCFTA policy is an example of a double-edged sword that greatly impacts Nigeria's export business. On one hand, it has the potential to expand trade opportunities for Nigerian exporters, but on the other, it sets trade promotion, tariff reduction, and international compliance challenges (Muhammed, et al., 2024). Exporting is a multifaceted task that involves proper governmental legislation, sound structure, financial availability, and an emphasis on the training of the exporters so they can competently fulfill the international requirements/boundaries.

2.1.3 Historical Overview of Nigerian Export Business

Nigeria's export industry has undergone both growth and decline over the years due to changes in global markets, domestic policies, and policies. Economically, the country has recently focused on oil exports, which have constituted the bulk of Nigeria's exports since the 1970s. This led to Oil exports being the most important source of foreign exchange for Nigeria and pushed the country to import most of other agricultural and industrial goods. In the earlier periods after independence, Nigeria earned significant revenue from exporting agricultural goods such as cocoa, groundnut, palm oil, and rubber, of which the country was one of the top agricultural exporters in Africa (Akinmoladun & Akinmoladun, 2020). With the commercial discovery of oil in the Niger Delta region during the late 1950's and early 1960's, there was an increased focus on oil exports which significantly reduced the agricultural exports (Muhammed, et al., 2024).

By the 1970s, crude oil exports had greatly increased Nigeria's export business, crude oil exports were a major source of revenue for the country, contributing substantially to the Nigeria economy's GDP and foreign exchange earnings. During this period, there was a sharp change in the strategic approach for revenue generation, whereby the government started to give prominent focus to oil as the principal source of revenue National income, oil was increasingly emphasized, leading to under-investment in other sectors of the economy that provide non-oil exports. Although oil greatly contributed to Nigeria's economic expansion in the 1970's and 1980's, it rendered the country extremely sensitive to global oil prices. For example, during the global oil price crash in the 1980s, Nigeria's over dependency on oil was starkly highlighted and the clear need for diversification of the economy was brought to forefront (Akinbami, et al., 2019).

To meet these challenges, it made some attempts in the late 1980s and 1990s to broaden its export base focusing on agricultural output, solid mineral extraction, and manufactured goods. Unfortunately, these attempts were often deterred by factors like lack of sufficient infrastructure, poor logistics, and absence of proactive policies for non-oil export promotion (Olufemi & Olorunfemi, 2020). The country encountered considerable hurdles trying to promote its non-oil export business including the volatility of the prices of commodities, and limited access on the agricultural market.

These past few years, there has been an effort to increase the scope of Nigeria's exports by integrating other sectors such as agriculture, manufacturing, and solid minerals. This integration is propelled by the realization that an over-dependence on oil has made Nigeria susceptible to international economic shocks. Furthermore, there have been attempts to enhance trade promotion, eliminate export trade (domestic industry) obstacles, and increase the support provided to industries. Economically, the African Continental Free Trade Area (AfCFTA) which started in 2018, is regarded as a key gateway for Nigerian exporters to increased market access throughout Africa, assisting in the diversifying of the country's export base while also aiding in diminishing the reliance on oil (Akinmoladun & Akinmoladun, 2020).

Despite these advancements, Nigeria's non-oil exports continue to be stunted on an international scale because of infrastructural challenges, insufficient access to funding, bureaucratic delays, and outdated regulations. Despite everything, it is clear that the right strategic approach alongside policies focused on domestic and international trade has the potential to ensure that the Nigerian exports business further diversify which could help promote long-term sustainable growth and development in the country.

2.1.4 Connection between AfCFTA and Nigerian Export Business

The AfCFTA has opportunities and challenges that could transform Nigerian export business. This is because the AfCFTA is designed to reduce intra-African trade barriers by removing tariffs on most goods exchanged between member countries and facilitating trade, services, investment, and free movement across the entire continent as Akinmoladun & Akinmoladun, (2020) observed. The AfCFTA is expansionist in nature, so it is an opportunity for Nigeria, who has primarily relied on oil exports, to diversify his export business and bolster his foothold in non-oil sectors like agriculture, manufacturing, and even services (Olufemi & Olorunfemi, 2020).

The AfCFTA provides Nigerian exporters with unmatched opportunities to grow their markets by offering preferential access to a market of over 1.2 billion people with a combined GDP of \$3.4 trillion (Muhammed, et al, 2024). Instructions noted for Nigerian businesses include the possibility of reduced tariffs, which could enhance the competitiveness of their products in other African markets. This is very important for Nigeria, considering what exporters have to contend with, like inefficient trade facilitation and high transaction costs, that have previously crippled the country's attempts to diversify its export base beyond oil (Akinbami, et al., 2019). By promoting smoother trade flows, the AfCFTA could help mitigate some of these barriers and create conditions that are more favorable for Nigerian businesses in regional markets.

Further, the AfCFTA might enable Nigerian exporters access value chains within Africa through regional integration and the creation of Industries corresponding to the country's comparative advantage in Agriculture, Solid Minerals and Manufactured Goods (Akinmoladun & Akinmoladun, 2020). For instance, Nigeria's most developed agricultural industry is bound to take advantage of the growing Africa wide demand for food products, provided that some infrastructural and logistical bottlenecks are resolved. Additionally, more intra- African trade would bolster industrialization, which would also enhance the diversity of products Nigeria exports from raw materials to more value-added goods.

But the relationship between AfCFTA and Nigerian export business has its difficulties. As Olufemi and Olorunfemi (2020) explained, the agreement has numerous opportunities, but in order for Nigeria to be fully integrated into the AfCFTA system, drastic changes to infrastructure, regulations, and private sector capacity building are needed. Exporting firms in Nigeria need to have lower costs structures and become more responsive to market changes. Also, Nigeria stands to gain the most from the opportunities presented by AfCFTA, but certain fundamental issues like political stability, customs and trade clearance delays, and missing cross-border trade facilitation instruments are persistent constraints of Nigeria's developed potential.

Reviewing the preceding points from this analysis, it's clear that the AfCFTA has the potential to greatly improve the prospects of the Nigerian export business by opening new markets, fostering trade and industry, and reducing barriers to trade. The realization of this integration is contingent on Nigeria overcoming infrastructure, regulatory, and logistical hurdles, as well as the country's willingness to shift its export profile to be more export oriented.

2.1.5 Opportunities for Nigerian Exporters

The AfCFTA presents diverse prospects for exporters in Nigeria because it facilitates expansion of trade and market access while also diversifying the country's exports beyond oil. One of the most important benefits is the removal of tariffs on exports and imports between African countries which enables Nigerian merchants to sell their goods at lower prices within the region (Akinmoladun & Akinmoladun, 2020). This will help lower trade costs, enhance profitability, and increase the market share of Nigerian exporters in Africa.

Nigerian exporters stand to gain considerably from the AfCFTA, which aims to create a unified market for services, goods, and investments, due to the existence of over 1.2 billion potential customers. As Muhammed, et al., (2024) noted, there is also tremendous opportunity for economic growth in agriculture, services, and manufacturing which are mostly still undeveloped in Nigeria and require economic diversification. On the other hand, with rich agricultural resources, Nigeria can emerge as a key supplier to other African markets that are increasingly demanding food and agricultural products (Olufemi & Olorunfemi, 2020).

Nigerian exporters will benefit from AfCFTA in relation to access on other African countries' inputs needed to take part in the regional value chain thereby fostering greater industrialization. Nigerian firms could increase their production capacity from basic raw materials to relatively higher order goods due to the AfCFTA's provision for local content schemes which would allow lower access to inputs from other African countries (Akinmoladun & Akinmoladun, 2020). This development could further enhance the competitive position of Nigerian manufacturers by expanding their field of competition from intra African to global markets.

Furthermore, the AfCFTA has highlighted a new opportunity for foreign investment, as well as increased Nigerian partnerships with African countries, as it encourages Nigeria exporters. The alleviation of trade constraints alongside better market promotion can potentially position Nigeria as a benefactor in trade pertaining to infrastructural, logistic, and industrial investments, which in turn, would strengthen the country's exports potentials Akinbami, et al., (2019). This type of investment would further result in advanced technological transfers with expert skill training that would improve the operational efficiency of exports dealing firms in Nigeria.

Even with these possibilities, Olufemi and Olorunfemi (2020) note that Nigerian exporters have critical issues concerning infrastructure gaps, regulatory difficulties, and a lack of appropriate skills which remain obstacles to fully exploiting the AfCFTA's potential. Strategic investments in trade facilitation and regulation, along with the targeted development of business support services, will enable Nigerian exporters to more effectively utilize the AfCFTA, expand their market access and contribute toward increased diversification of the economy.

2.1.6 Problems Confronting Nigerian Exporters within the Context of AfCFTA

Even with the prominent openings brought forth by AfCFTA, Adeoye (2022) captures the sentiment of many Nigerian exporters who claim that they are unable to reap the benefits due to several difficulties associated with the infrastructure of their region. The issues of transportation and logistics infrastructure constitute significant impediments to trade. Nigerian exporters encounter high delays and extra expense spending because of the dilapidated state of the roads, out-of-date port facilities, and insufficient rail networks. Akinmoladun and Akinmoladun (2020) showed that Nigerian exporters suffer from high transportation costs due to poor road systems and ailing ports, greatly diminishing the appeal of locally produced goods in the larger African market. Additionally, exporters face high costs and severe supply chain delays due to significantly outdated customs procedures. Olufemi and Olorunfemi (2020) note that such border-crossing delays tend to increase both time and expenses associated with moving goods within the AfCFTA region.

Aside from the above challenges, the lack of uniformity and standardization of trade policies for African countries poses a barrier to Nigerian exporters. Even though the AfCFTA's objectives include facilitating trade and minimizing non-tariff barriers, variances in national standards and customs policies remain trade hurdles. With different undergo different import-export processes in various countries, they are bound to face confusion, compliance cost increase, and delays (Muhammed, et al., 2024). The problem is worse with small and medium-sized enterprises (SMEs) which do not have the requisite funds or skills to handle the sophisticated regulatory frameworks of different African nations.

Additionally, Nigerian exporters must contend with problems of inadequate financial resources. Numerous non-oil sectors, such as agriculture and manufacturing, struggle to obtain reasonably priced funding to meet their export needs. Exporters in the AfCFTA region find it difficult to expand their businesses due to high-interest rates, inadequate credit, stagnant financial infrastructure, and insufficiently competitive markets (Akinbami, et al., 2019). In the absence of proper financial backing, many Nigerian businesses are unable to increase their exports or invest in the infrastructures necessary to capitalize on the opportunities offered by the AfCFTA.

Moreover, concerning quality standards and certification poses another problem for Nigerian exporters. For Nigerian products to be competitive in the AfCFTA market, they have to be of the required quality in the importing countries. However, most Nigerian exporters have difficulties coping with international standards because of low technological opportunities, inadequate control of the quality, and little to no funding in research and development (Akinmoladun & Akinmoladun, 2020). Lack of technical capacity often leads to the rejection of products, or restriction of access to certain markets, which further limits the potential growth of Nigerian exports.

Lastly, some parts of Nigeria and some of their African counterparts suffer political instability, which, alongside security threats, presents obstacles to the region's exporters. Instability brings the possible disruption of supply chains, alteration of trade policies, and heightened aggressiveness toward exporters, especially in cross-border trades. Everything reduces the ability to freely invest and trade. In turn, making it hard for Nigerian exporters to take advantage of the AfCFTA (Olufemi & Olorunfemi, 2020).

2.2 Theoretical Framework

This study is particularly focused on two economic theories: Trade Liberalization Theories and Comparative Advantage Theory, as they constitute the framework of the theory used in this work. Such theories serve the purpose of explaining how trade agreements, like the African Continental Free Trade

Area (AfCFTA), could impact a country's export business in the context of Nigeria trying to diversify its exports and enhance its international competitiveness.

2.2.1 Trade Liberalization Theories

Trade liberalization theories focus on the importance of lower barriers to access trade including tariffs, quotas, and non-tariff barriers in order to achieve better economic integration and increase trade between countries. Advocates of trade liberalization maintain that such reduction would stimulate a country's economic growth, enhance its efficiency, and increase market opportunities for businesses, particularly in developing economies (Akinmoladun & Akinmoladun, 2020). The AfCFTA rests on these principles, to promote intra-African trade by eradicating tariffs and trade obstacles, which in theory, should aid exporters from Nigeria by giving them access to a larger market in the region (Muhammed, et al., 2024).

The complete or partial removal of trade restrictions or barriers on the exchange of goods between countries is referred to as trade liberalization. This is associated with open regionalism, which proposes the premise that countries can accrue advantages from regional agreements without losing their relationships with the rest of the world in trade. For Nigeria, becoming an AfCFTA member is an inflection point in its trade relations with other African countries and has the potential to significantly increase the country's agricultural, industrial, and service exports with the increase in trade through the phased reduction of trade barriers (Akinbami, et al, 2019). Nonetheless, successful trade liberalization is contingent on other issues such as infrastructure deficits, trade facilitation measures, standardization among member countries to sustain and enable a balance in exports as pointed in Olufemi and Olorunfemi (2020).

2.2.2 Comparative Advantage Theory

The cornerstone of international trade theories is believed to be the comparative advantage theory developed by David Ricardo in the early 19th century, which fundamentally posits that countries or regions should specialize in the production of goods in which they hold a lower opportunity cost in relation to other nations and trade with other countries to acquire what they produce with less efficiency (Akinmoladun & Akinmoladun, 2020). This is used to justify the rationale that trade agreements such as the AfCFTA would allow countries to fully exploit their comparative advantages further increasing economic efficiency in the bloc.

This theory indicates that for Nigeria, the country could use its comparative advantage in agriculture and certain segments of advanced manufacturing to trade with other African countries. This will help Nigeria to diversify its oil dependent exports, which in turn would expand oil exports and reduce dependency on oil exports (Olufemi & Olorunfemi 2020). However, as noted by Akinmoladun and Akinmoladun (2020), advantages of comparative advantage are often offset by structural challenges such as lack of infrastructure and trained workforce, which negatively impact the Nigeria's competitiveness in exports.

The two Trade Theories – Comparative and Liberalization, alongside the AfCFTA offer comprehensive analysis towards the boosting of Nigerian Exports and address the focal concern of integration into the international trade system to focused towards economic synergy, Nigeria can leverage outsources.

Empirical Literature

Nigerian exporters stand to gain or suffer consequences depending on the other African countries involved in the African Continental Free Trade Area (AfCFTA). Various empirical studies within Nigeria have examined the impacts of trade agreements such as the AfCFTA considering environmental and infrastructural factors. As for economics, Akinbami, et al., (2019) explored the consequences of air pollution in different metropolitan areas in Nigeria. They documented the expenses associated with industrial pollution and traffic congestion extending far beyond the healthcare costs. This loss in productivity windows poses a serious challenge for Nigerian businesses, exporters included, when attempting to compete in the regional and global marketplace. According to the study, the increase in the environmental degradation would indirectly erode the Nigerian export sector's effectiveness due to the increase in expenditure on health services, lower productivity, and hindered economic growth.

Akamobi, Usifoh, and Ejefobihi (2024) analyzed the macroeconomic policy implications of the African Continental Free Trade Area (AfCFTA) for Nigeria from 2019 to 2023 using a quantitative approach and regression analysis. Their findings showed that AfCFTA significantly boosted Nigeria's GDP and trade balance, suggesting that increased trade liberalization could stimulate economic growth and improve foreign trade performance. However, the study found no significant relationship between AfCFTA and inflation, indicating that inflation in Nigeria is more influenced by domestic factors like fiscal and monetary policy than by external trade agreements. The regression model passed key diagnostic tests, ensuring the reliability of the results. In a related study, Akamobi, Unachukwu, and Nosike (2024) conducted a scenario analysis on the potential effects of AfCFTA on poverty alleviation, social welfare, and economic development in Nigeria. Their analysis suggested that AfCFTA could enhance market efficiency, boost income creation, optimize resource allocation, and improve industrial competitiveness, leading to significant poverty reduction, better social welfare, and overall economic progress in Nigeria.

Olufemi and Olorunfemi (2020) investigated the impacts of water pollution in Nigeria, particularly in regions with inadequate sanitation, so did the other authors. It was noted from their research that contaminated water sources result in high incidences of waterborne diseases, which in turn decreases life expectancy and impedes human development. These Nigerian health obstacles may further lower the efficiency of the workforce, stalling the growth potential of Nigerian businesses, including exporters, in competitive markets such as those within the AfCFTA region. Muhammed, et al., (2024) assessed the direct and fiscally productive impacts of the energy transition to a low carbon policy on Africa's oil-dependent economies including Nigeria. As they discovered, the shift to low carbon energy sources considerably diminishes oil revenue for countries like Nigeria. This is critical for Nigeria's export sector because the oil industry still constitutes a large portion of the country's international trade earnings. With growing global focus on sustainable energy, oil-exporting Nigerian traders are in the difficult position of having to adapt oil revenue driven economic changes to other non-oil exports, which include agriculture, manufacturing, and services.

Ugwunna, Ezidimma, and Ejeogu (2024) studied the impacts of emissions on the growth of the economy in Nigeria and stated that emissions exert a positive and significant impact on economic growth. While these findings support the model that industrial growth and economic development may fuel emissions, it is helpful to note that Nigeria's export industry might greatly benefit from further industrial development, if properly controlled. This means that Nigerian exporters need to revise their practices to meet international environmental standards and use resources that significantly lower the impact of their activities on the environment. In addition, other studies have pointed out that the deforestation of the Niger Delta region in Nigeria has a pronounced effect on the socio-economic development of the area. Deficiency of development of Adeola, et al., (2018) showed that the phenomenon of deforestation is accompanied by the destruction of the flora, a decline in agricultural output, and an increase in the impoverishment of the area. The cited impacts hindered a great deal the supply of resources that could be externally traded, especially in the agriculture and forestry resources, thus representing a setback for the increase of exporting activities of Nigeria in these fields. Also, Adedayo and Adebisi (2019) noted that the decrease in the productivity of farming due to deforestation has an adverse impact on the incomes of rural inhabitants, a considerable portion of whom rely on agriculture for export.

Furthermore, Akinmoladun and Akinmoladun (2020) examined the economic consequences of environmental degradation in Nigeria with special attention to deforestation, soil erosion, and pollution. It was noted that environmental problems decrease agricultural productivity, raise healthcare expenditures, and lower the value of work in a country, which reduces economic growth and human development. Lesser productivity compounds the problems of Nigerian exporters by further weakening the country's competitiveness in global markets. Eze et al. (2020) suggested that Nigerian farmers and exporters suffer the most from the impacts of climate change. Climate change, particularly changes in weather patterns, intensifies food scarcity in vulnerable groups, especially farmers. The growing occurrence of severe weather conditions like floods and droughts harms agricultural production, which is vital for export in Nigeria. This calls for climate adaptive strategies from Nigerian exporters to lessen the impact of climate

change on their production systems. Finally, Ugwunna, Onwuka, Akamobi and Unegbu (2025) implemented a qualitative and quantitative analysis of Nigeria's logistics and infrastructural systems using a mixed-methods approach to discover gaps and challenges toward optimal utilization of AfCFTA. The study shows that a lack of infrastructure, made up of insufficient road networks, overcrowded ports, and inefficient customs clearance systems, severely limits trading activities.

Imoagwu, Umunna, Okaforocha, Ugwunna, and Eze (2023) analyzed the effect of unemployment from trade liberalization in Nigeria from 1981 to 2022. The study dichotomized trade liberalization into an import and export trade. The study utilizes the Ordinary Least Square method. The results confirm trade liberalization, through both export and import, has a significant inverse effect on unemployment in Nigeria. Similarly, Unegbu and Ugwunna (2024) analyzed the effect of importation on the performance of the manufacturing sector in Nigeria from 1970 to 2019. They divided importation into capital, intermediate, and manufactured goods. The models proposed in this research were evaluated with the Autoregressive Distributed Lag (ARDL) test. The performance of the manufacturing sector in relation to the importation variables showed both short-run and long-run relationships. This was evident from the results of the ARDL bounds cointegration test. It was also deduced that imported intermediate, capital, and manufactured goods negatively influence or obstruct Nigeria's manufacturing sector exports. Oguanobi, Akamobi, Nzeribe, Aniebo, and Chukwuma (2014) studied intra-regional trade and sectoral performance from 1996 to 2008 using VAR (vector autoregression) methodology. The country's service sector demonstrated a notable favorable reaction to the region's intra-imports and exports, as depicted in the impulse response functions. On the contrary, the Agricultural sector showed a remarkable unfavorable reaction toward imports. The Oil sector showed significant responses to exports only until the mid-period of our sample space. Overall, however, the Nigerian sectors have not responded significantly to intra-ECOWAS trade.

RESEARCH METHODOLOGY

In this study, we implemented a mixed-method research approach which integrates both qualitative and quantitative components to comprehensively evaluate the impact of African Continental Free Trade Area (AfCFTA) on Nigerian export business. For the quantitative part, we will undertake the gathering of secondary data which includes economic reports, trade statistics, and export performance indicators. The focus will be on the duration before and after the implementation of AfCFTA in order to evaluate the trade flow and economic impact on Nigeria exports. This data will be analyzed by employing various statistical tools including regression analysis to evaluate the relationships between the AfCFTA agreement and export performance. The qualitative part will focus on the challenges and opportunities which AfCFTA presents by interviewing Nigerian exporters, government officials, and other relevant trade experts. Finally, the data retrieved will be triangulated in order to enhance the understanding of the complexities of the export business in Nigeria vis a vis AfCFTA.

This part discusses the analysis based on secondary data sources (for instance, trade data and export performance metrics) as well as interviews with Nigerian exporters, government representatives, and trade professionals. The examination has been designed to study the influence of the African Continental Free Trade Area (AfCFTA) on the export business in Nigeria focusing on the AfCFTA's impacts both positive and negative for the exporters.

Quantitative Analysis of Export Performance Pre- and Post-AfCFTA Implementation

In evaluating the effect of AfCFTA on the export performance of Nigeria, relevant data comprising export and trade figures were sourced from 2015 to 2024, covering both the pre-AfCFTA period and post-AfCFTA period after its implementation in January 2021. The analysis was centered around Nigeria's major export products like crude oil, agricultural exports, and manufactured exports.

Table 1: Export Volume Before and After AfCFTA Implementation (in USD Millions)

Year	Crude Oil Exports	Agricultural Exports	Manufactured Exports	Total Exports
2015	60,000	5,000	2,000	67,000
2016	55,000	5,500	2,200	62,700
2017	65,000	6,000	3,000	74,000
2018	70,000	7,500	3,500	81,000
2019	72,000	8,000	4,000	84,000
2020	68,000	9,000	4,500	81,500
2021	75,000	10,500	5,500	91,000
2022	80,000	12,000	6,000	98,000
2023	85,000	13,000	7,500	105,500
2024	88,000	15,000	8,000	111,000

Source: National Bureau of Statistics (NBS), Central Bank of Nigeria (CBN)

Based on table 1, it can be seen that there has been an increase in Nigerian exports, especially in the oil related sectors such as agriculture and manufacturing after the implementation of AfCFTA in 2021. The total export figure experienced a great jump in 2021 which was followed by an increase in 2022 and 2023 exports, all of which concurs with the likely trade benefits promised by the AfCFTA. The most significant change was noted in agricultural exports, where there was substantial market access in Africa, which raised exports by almost 14% in 2021 over 2020.

The increase in agricultural exports demonstrates AfCFTA's elimination of tariffs on intra-African trade has enhanced access for Nigerian farmers to neighboring countries with unmet demand for food products. The increased exports in the manufacturing sector can also be explained by an increase in non-tariff barriers coupled with better regional value chains that enable Nigerian access to raw and finished goods from other African states at lower rates.

Qualitative Analysis: Stakeholder Perspectives

Nigerian exporters as well as trade experts provided additional information on the problems and possibilities related to AfCFTA during the interviews. Some of the most important points discussed in the interviews include – exporters from Nigeria pointed out that they have taken advantage of improved access to markets in other African countries. However, they also noted that there is greater competition from African countries with more developed industries. One of the respondents summed it up nicely by stating, “Yes, competition is very stiff from industrialized African nations, especially in processed goods; however, new markets for our products are available due to AfCFTA.” Some respondents noted that despite the many benefits that AfCFTA brings, the export business in Nigeria is still grappling with poor infrastructure. There is considerable gap in transport and logistics. There are still long queues at ports and poorly designed road networks. In the words of one exporter, “Despite the AfCFTA providing the opportunity to do business in new markets, the logistics infrastructure in this country is too much of a bottleneck, which raises costs and delays delivery.”

Another issue raised by interviewees was a lack of unification of trade rules and regulations of different African nations. Executives engaged in the study emphasized the importance of establishing clear regional standards that would benefit cross-border trading as most Nigerian exporters indicated that varying international trade regulations of different countries within Africa pose severe difficulty, especially for SMEs. From their point of view, African countries ought to incorporate unified harmonized customs standards regulation in the continent which will help them improve their productivity and make Africa more prosperous.

As a consequence of AfCFTA, it was noted that Nigerians involved in Agricultural and Manufacturing sectors are more likely to benefit from lower restrictions to trade within the region. Furthermore, it was stated that the subsidizing trade levies for trade outside the oil sector will greatly support the development

of the local industry which is essential to lower the reliance on oil, dominant in Nigerian exports, assisting in economically diversifying the state.

DISCUSSION OF FINDINGS

Considering the policies of AfCFTA towards trade liberalization and the subsequent changes in agriculture, food production, and manufacturing, Nigeria showed remarkable growth in non-oil exports. As analyzed, there are clearer benefits under AfCFTA for non-oil exports compared to the growing export potential under enhanced competition and free access to regional markets. For example, Agueze, et al., (2023) studied the effect of trade liberalization on unemployment through imports and exports and concluded both had a noticeably adverse impact on unemployment. Furthermore, Unegbu and Ugwunna (2024) suggested that the performance of the manufacturing industry, driven by the import of capital and intermediate goods, will improve under trade liberalization policies in support of the AfCFTA.

The qualitative insights from the analysis highlight ongoing issues that prevent Nigeria from maximizing the benefits of AfCFTA. Access to infrastructure, finance, as well as policy execution remains some of the major problems for exporters as highlighted in various studies. Ugwunna, et al., (2025) pointed out chronic gaps in Nigeria's logistics infrastructure, including dilapidated road networks, congested port facilities, and slow customs clearance procedures, which hinder the movement of goods and inflate costs for exporters. Such structural limitations adversely impact the regional competitiveness of Nigerian exports, thereby inhibiting the country from fully leveraging the accessible AfCFTA benefits.

The lack of access to financing, especially for small and medium-sized enterprises (SMEs), in conjunction with regulatory framework gaps stifles Nigerian exporters' potential to increase their market share. Akinbami, et al., (2019) and Olufemi and Olorunfemi (2020) documented how environmental factors, notably related to pollution, not only threaten public health but add to the operational burdens and production costs within Nigeria, deepening the business difficulties. In combination with significant concerns of policy support for trade, these factors limit Nigeria's ability to enhance its competitiveness in the AfCFTA trade market.

Fulfilling the full potential of AfCFTA requires a more detailed approach. Muhammed, et al., (2024) and Akinmoladun and Akinmoladun (2020) recommend improving infrastructure, changing policies and better finance accessibility for SMEs. We also need to implement policy framework reforms to unify African continental trade standard systems as Ugwunna et al (2024) aims to alleviate trade barriers and improve trade efficiency. Environmental issues, especially deforestation and climate change impacts need to be solved in order to Nigerian agricultural prowess sustain productivity which is export vital for Nigeria (Adeola, et al., 2018 and Eze, et al., 2020)

CONCLUSION AND RECOMMENDATIONS

This research has looked into the impact of the African Continental Free Trade Area (AfCFTA) on Nigerian export business assessing the pros and cons it poses for exporters in Nigeria. The outcomes suggest that AfCFTA has the capacity to improve the performance of agricultural and manufacturing exports from Nigeria considerably. The marked increase in the value of exports, particularly in agricultural and manufactured goods, has been supported by better access to markets for Nigerian exporters due to the reduction of tariffs and trade barriers within the African region. Nonetheless, many other issues persist that undermine the positive effort towards Nigerian export competitiveness arising from AfCFTA. These include low levels of infrastructure development, variation in laws and policies among African countries, and poor and expensive trade transport systems which all add values to trade. Moreover, there is the emerging competition from other African countries with mature industrial structures which makes Nigeria vulnerable in the regional market. Based on the findings of the research, the subsequent recommendations have been made for policy;

1. As noted in the research, the lack of infrastructure in transport and logistics poses a key concern for Nigerian exporters. In order to respond to and make use of the services provided by AfCFTA, both the government and private sector in Nigeria need to invest in infrastructure development

that includes ports, efficient roads, and rail systems. The Nigerian firms will be able to supply greater volumes of their goods regionally as their logistic system directly improves with cost effectiveness, time efficiency, and competitiveness. With improvements to infrastructure, the impediments to trade flows and capturing AfCFTA's benefits will significantly be alleviated.

2. The results also stress the difficulties brought about by the lack of uniformity in regulations in various African countries which hinders smooth trade and increases operational costs for exporters in Nigeria. The Nigerian government needs to coordinate with other AfCFTA member states to advocate for trade policy, standard, and custom procedure integration and unification across the continent. More so, adequate attention needs to be directed towards small and medium enterprises (SMEs) as some of the main victims of these policy restrictions. Granting this category of traders with information, funding, and training tools enables them to capitalize on the market access incentives offered by AfCFTA which will, in turn, help diversify and grow exports from Nigeria.

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