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AFRICAN CONTINENTAL FREE TRADE AREA AGREEMENT AND ITS IMPLICATIONS FOR NIGERIA'S TRADE POLICY

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Abstract

This study evaluates the introduction, ratification and implementation strategy of the African Continental Free Trade Area Agreement, and its implications for Nigeria Trade Policy which was signed by 54 out of the 55 Member-States of the African Union on the 21st March 2018, and came into effect on the 1st January, 2021. The study focuses on the AfCFTA, as an Afrocentric vision designed to enable collective Africa find home grown solution to its peculiar socio-economic challenges through trade, thereby, achieving the target of boosting intra-African trade (BIAT) and Agenda 2063. The research seeks to further evaluate the AfCFTA Agreement and its implications for Nigeria's trade policy, particularly in a Continent where Member-States still cage themselves in concrete walls of sovereignty in terms of Tariff and Non-Tariff Barriers in trade. Using interpretive-qualitative analysis of data drawn from both primary and secondary sources, records of interviews and field notes, the study reveals that mostly, non-complementarities of trade between the African States and the international market, the divergence of Member-States' interests to surrender elements of their sovereignty, institutional dysfunction within Member-States institutions tasked with the coordination of the implementation of the agreement, the poor state or absence of basic infrastructure and the lack of popular participation by critical stakeholders seem likely to hamper the realisation of the goals of the continental pact, as early signs point to this fact. The study therefore, investigates Nigeria's trade indices both import and export prior to the introduction of the AfCFTA, looking at the statistics on the country's trading profile with African States comparatively, and whether or not the Agreement will act as catalyst in the rejuvenation of the Country's economic fortunes through trade. It therefore, recommend that for Nigeria to benefit from the trade pact, the country should commit to comprehensive, sustainable strategy to align its trade policy with the AfCFTA as well as ensure all the conditions favourable to it are in place, including relevant infrastructure, right business climate, competent drivers in the sector and above all, political will.

Keywords: Free Trade, Agreement, Trade Policy, Tariff, AfCFTA

1. Introduction

The rationale for regional integration is for African States to have benefits from an enlarged market (economies of scale) and foster unity between them in order to collectively tackle global economic and political marginalization facing the continent. African States have historically been structurally condemned to the status of raw material producers and exporters, and consumers of industrial finished goods in the global economy. The need to alter this arrangement and bring about industrialization partly explains the early phase of African integration. The integration drive was also

informed by the desire to pool resources of African States to guarantee their independence, which was threatened by post-colonial interference. Also, the successes recorded by the European Union (EU) encouraged African Leaders and Scholars alike to pursue the path of Intra-Regional Integration in the Continent (Jongur, 2014).

In Africa, efforts towards realizing the goal of industrialization through integration resulted in the establishment of the Lagos Plan of Action and the Final Act of Lagos, in 1980 (AU, 2002). The Plan envisaged the creation of a Regional Economic Union in Africa

that would be based on import-substitution. The Plan never went off the ground and was to be replaced by another more ambitious programme under the Abuja Treaty of 1991, i.e., the establishment of the AEC by the year 2025 and later adjusted to 2028 (Adejumobi & Olukoshi, 2009).

Inspired by the EU model, and despite respective environmental factors and conditions that defined the two Continents, the African leaders adopted nonetheless, the strategy for Regional Economic Integration through the Regional Economic Communities (RECs), which are: Arab Maghreb Union (AMU); Common Market for Eastern and Southern Africa (COMESA); Community of Sahel Saharan States (CENSAD); East African Community (EAC); Economic Community of Central African States (ECCAS); Economic Community of West African States (ECOWAS); Intergovernmental Authority on Development (IGAD); and Southern African Development Community (SADC).

The RECs, therefore, constitute the building blocks of the economies of Africa, upon which the challenges of economic backwardness including poverty, unemployment, and hunger will be addressed. This is why even the world economic powers are continuously striving to widen and strengthen the base of their economic strength, through conscious efforts, to expand their economic space and market size. In the case of Africa, a continent which has been marginalized for too long a time integration is no longer a matter of convenience, strategy for survival and development, but a necessity. The pace of globalization, coupled with the sweeping wave of economic liberalization and with the imbalances in the distribution of the benefits in favour of the strong economies has increased the urgency for African Countries to join hands to expand, fortify, solidify and integrate their economic space to serve as a platform for take-off and effective integration into the global economy. The AfCFTA, therefore, at the very list, constitutes Africa's response to globalization and, an instrument to reverse the trend towards the marginalization of the continent through the structures of the AU and sundry ad-hoc effort, but its potency is more assured in the continental pact, now seen as leading in that regard and, as a game changer.

Thus, Africa came to realize that the magnitude of the external and internal challenges could be handled only by consolidating continental unity and this African

response culminated in the establishment of the AfCFTA, seen as a viable alternative aimed at bailing Africa from its present socio-economic despondency. Nonetheless, the goal has finally been achieved with the coming into force of the African Continental Free Trade Area Agreement, on 21st March, 2018, and its operationalization by 1st January, 2021. With 54 out of 55 African membership and 43 ratifications by countries in its fold, the AfCFTA seeks to drive sustainable and inclusive socio-economic development of the continent through a single market for made-in-Africa goods and services facilitated by free movement of persons. By eliminating tariffs on 90% of tariff lines and with product specific rules of origin, the AfCFTA is expected to drive industrialisation through economics of scale, specialisation and regional supply and value chains development. Through customs co-operation, harmonisation of standards and tracking of non-tariff barriers, the agreement will facilitate more trade transactions while reducing cost. By harmonizing policies and regulations, AfCFTA will also grow intra-Africa trade in services. It is estimated that reduction in tariffs and dismantling of non-tariff barriers, particularly at borders will unlock about \$450 billion in income gains to the continent out of which \$292 billion will come from simplifying border procedures and facilitating free movement of goods and persons across the continent. The rules of Origin protocols are designed to ensure that companies operating within the trade area are incentivized to build out and exploit the opportunity of regional value and supply chains to connect suppliers to markets across borders. It also, provides a unique opportunity for member countries to increase regional trade by up to 50%. Given the country's level of preparedness including the revived trade policy document in the offing, Nigeria appeared committed to the full implementation of the AfCFTA particularly reaping its potential benefits acknowledges that the gains of the continental pact will only materialise through comprehensive, sustainable implementation over the long term and focused on outcomes. The opportunities this present to the country include: larger market and increased revenue for local products; likely attraction of Foreign Direct Investment (FDI) owing to comparative advantages, especially with a larger and cheap labour pool; and increased price competitiveness (NDP 2021 - 2025).

Objectives of the Study

The general objective of this study is to assess the establishment of the African Continental Free Trade Area vis-à-vis achievement of economic integration in Africa. The study has the following specific objectives:

- i. To examine the factors that necessitated the introduction and ratification of the AfCFTA.
- ii. To examine the institutional arrangements for effective implementation of AfCFTA in Nigeria.
- iii. To analyze the effects of AfCFTA Agreement on Nigeria's trade and economic policy.
- iv. To determine the extent to which AfCFTA Agreement promotes integration and engenders socio-economic development in Nigeria.

Research Propositions

The research work adopts the following propositions as a guide to the evaluation of the AfCFTA. These are:

- i. The AfCFTA was introduced and ratified to promote trade amongst African Countries as well as the need to improve their manufacturing output to meet their large market size and contribute more to the global supply chain.
- ii. Adequate institutional arrangements have been put in place for effective implementation of the AfCFTA in Nigeria.
- iii. AfCFTA will considerably promote integration and engender socio-economic development in Nigeria.
- iv. AfCFTA will positively impact the Nigeria's trade policy for the period under review.

2. Literature Review

2.1 Conceptual Framework

The African Continental Free Trade Area in Perspective

Regional integration in Africa has been driven by the quest for unity and attainment of development. It started as a reaction to socio-economic and political challenges facing the Continent soon after its liberation from colonial rule. Regional integration was the main strategy adopted by the leaders for the development of the Continent. A number of factors informed the desire to pursue regionalism in Africa. First, after independence, the African leaders realized the negative effects of having small and economically weak States,

which individually were incapable of attaining strong economic growth and development. Thus, regional integration was identified as a means of overcoming the challenges faced by these States by building larger and stronger economies. Secondly, leaders in the Developing World within the context of the United Nations Conference on Trade and Development (UNCTAD) in the 1970s could not agree with the Developed Countries in restructuring the World Trade and creating a New World Economic Order. The realization for self-reliance and development, led the African States to the adoption of Closed Regionalism based on Classical Economic Linear Model of regional economic integration, which progresses from a Preferential Trade Agreement to Free Trade Area, Customs Union, Common Market, and finally, Economic Union. These levels of integration have been pursued by different Regional Economic Communities (RECs) in Africa since independence.

This work is therefore, an attempt to contribute to debate and indeed knowledge, that there is a political dimension of integration whose absence has apparently, slowed economic integration in Africa, and by implication may likely affect the operationalisation of the AfCFTA Agreement.

2.2 Empirical Review

At the turn of the 21st Century, trade integration witnessed a dramatic turn of event in the African sub-continent. One of the major factors in the low level of intra-Africa trade has been the numerous trade facilitation constraints. Despite Africa's determination to dismantle trade restrictions in order to create a common market within the framework of regional and sub-regional agreements, barriers to intra-African trade persist and have impacted on the level of this trade. The removal of these constraints is critical to boosting trade among African Countries. The major constraints to intra-Africa trade are vast and among them include the nature of African economies and lack of progress in regional integration, absence or poor state of trade related infrastructure (trade logistics included), supply side problems, inefficiency, Customs administration, and related facilities. All these issues are categorized as trade facilitation issues which required trade policy reform to reduce trade transaction costs in the region. The AfCFTA offers trade facilitation programme and activities whose implementations are necessary for the boosting of intra-African trade. The protocol on trade in

Goods contains the road map to trade facilitation under the AfCFTA.

The agreement establishing the AfCFTA annexes on Customs cooperation and mutual administrative assistance and trade facilitation. The Trade Facilitation Annex borrows heavily from the WTO/TFA, but also, complements the WTO/TFA by making trade facilitation a regional phenomenon. Trade facilitation measures are best implemented through a regional approach, since they need to be harmonized across countries for maximum efficiency. In certain aspects such as local transit, AfCFTA commitment could go beyond WTO/TFA commitments, the WTO/TFA could provide stronger mechanisms for implementation of AfCFTA. By bringing greater attention and policy oversight to trade within Africa, AfCFTA provides an opportunity to improve trade facilitation more widely in the Continent at borders and along corridors between African countries. The WTO trade facilitation agreement provides the framework and access to knowledge to guide such improvements, and AfCFTA provides the political momentum and additional commitment mechanism to support broad implementation. Existing research demonstrates that high trade costs prevent the full realization of gains to be made from expanding global trade opportunities. Africa's high trade transaction costs have put the Continent at a disadvantage with respect to the rest of the World in taking part in global trade. The AfCFTA embodies reforms that liberalise and facilitate trade along the export path. They include reducing tariffs, the traditional heart of free trade agreements. They also liberalise service sectors, support Customs cooperation and address Non-Tariff Measures (NTMs).

However, on the other hand, critics of regional trade agreements (RTAs) see them as a second-best option to integrate developing regions into the global economy. Others believe on the risk of trade diversion. This occurs when import supplies from countries outside the region are replaced by less efficient production from countries within the region. It is argued that trade creation causes losses among non-members. A further argument is that RTAs are at odds with the WTO's policies of multilateralism and economic liberalism; and that regional deal, despite their political appeal, are never a substitute for progress at the WTO. Multilateral trade rounds, they insist, are the trading system's foundation, based on the 'most-favoured-nation' treatment – the

principle that any tariff cuts offered to one country must be offered to all. For the Economist, it makes no sense "to endorse regionalism at the expense of a better multilateral system" (The Economist, Sept. 4, 2008). The problem with this argument is its underlying assumption, that global trade is the sole panacea to the economic ills faced by developing countries. The evidence does not support such an assumption. As example, the failed Doha Development Round (DDR), launched in November 2001 to free global trade and extend the benefits of globalization to developing countries, has only accelerated the rush to negotiate more RTAs. The AfCFTA, therefore, is one among several such RTAs that have come into force since Doha. Perhaps, more will follow in the nearest future (Fatoumata J. et al, 2004).

2.3 Theoretical Framework

This study employs a combination of functionalism and neo-functionalism theories of international relations as theoretical framework. Functionalism was first proposed by Herbert Spencer, but then other sociologists started using this idea and expanding it. Functionalism as a theory in international relations arose during the inter-war period, principally from the strong concern about the obsolescence of the state as a form of social organisation. States had built authority structures upon a principle of territorialism. Functionalism, in social sciences, theory based on the premise that all aspects of a society; institutions, roles, norms, etc., serve a purpose and that all are indispensable for the long-term survival of the society. Over the last several decades, functional theory in the social sciences has fallen into disfavour. Alleged to be a static form of theory incapable of explaining social change, methodologically impotent and ideologically tainted, functionalism stands accused of being socially and politically reactionary. Functionalism is an important doctrine in twentieth-century philosophy because it provides an answer to deep and timeless questions about the human mind (Khara, 2020). The primary concepts within functionalism are collective conscience, value consensus, social order, education, family, crime and the media. Functionalist sociologists like Parsons and Durkheim have been concerned with the search for functions that institutions may have in society. Rather than focusing on the elements of consciousness, functionalists focus on the purpose of consciousness and behavior (Jeff, 2008). In 1960s,

functionalism was criticised for being unable to account for social change, or for structural contradictions and conflict (and thus was often called “consensus theory”). Also, it ignores inequalities including race, gender, class, which cause tension and conflict. Functionalists also regularly couple the use of analogical reasoning with a claim to the objective analysis of society through the use of scientific methods and have linked their theorizing to one or another form of positivism in philosophy (Nielsen, 2007).

Neo-functionalism, however, is the perspective that all integration is the result of past integration. The term may also be used to literally describe a social theory that is “post” traditional structural functionalism. A revival of interest in Parsons’s work, first in Germany and then the United States of America, led to the emergence of neo-functionalism. The basic aim has been to merge certain aspects of functionalism, those which have withstood the test of time, with other paradigms that have developed better critical perspectives. Neo-functionalism is a theory of regional integration which downplays globalization and reintroduces territory into its governance. Neo-functionalism is one of the most prominent theories of European integration and a core part of the wider debate between supranational and intergovernmental perspectives on integration in Europe. Neo-functionalism describes and explains the process of regional integration with reference to how causal factors interact with one another. Neo-functionalism was an attempt by theorists like Jeffery Alexander among others to revive the stronger tenets of structural functionalism by synthesizing portions of structural functionalism with other theorists. Neo-functionalism highlights the interactional patterning of the elements that constitute society, attended to both action and order, understood integration as a possibility rather than fact and traced the process of social change that resulted from differentiation within action systems (Faia, 1986). The concept of ‘spillover’ is perhaps the most important part of the theory of neo-functionalism. Nonetheless, nowadays it seems diplomatically difficult to avoid policy spillovers in the European Union. To date, neo-functionalism seems to have taken its cause, with the original economic integration giving rise to the integration of the social and political systems of the European Union. As seen, neo-functionalism shares some ideas with functionalism’s focus on the impact of technical cooperation. However, it is less prescriptive

as a theory than functionalism and more concerned with understanding why and how integration happens in practice. Neo-functionalism, on the other hand, is not able to explain this relatively fast form of integration, but it is – in its new version able to analyze and explain the “organic” or slow integration processes like those happening in Europe, and other places in the world (Dunn, 2012).

Nigeria Trade Policy and the Domestication of the AfCFTA

Nigeria like other developing countries considers trade to be a main pillar of its economic development. Trade enhances competition, expands markets, creates jobs, raises both national and personal incomes and reduces poverty. The country’s existing Trade Policy dates from 2002, in which the *Vision 20:2020* was formulated with the aim to ensure that Nigeria becomes one of the twenty largest Economies in the World by the year 2020. However, that dream could not be achieved as many fundamental changes have taken place in the world economy since then such as, the Sustainable Development Goals (SDGs 2030), the AfCFTA/RECs (Africa Agenda 2063) and e-Commerce, being key examples. Given the contemporary global socio-economic and political situation in the world, a comprehensive review of Nigeria’s trade related policies was instituted leading to the current Medium Term Development Plans (2021 – 2025 and 2026 – 2030) as well as Nigeria’s Agenda 2050, which aims at focusing on the acceleration of market access and facilitation through trade - related policies. The proposed new National Trade Policy aims to consolidate and integrate the current global economic underpinnings as well as reposition the Nigerian environment for a stronger and more sustainable economic reality as an effective tool post-COVID-19 pandemic for enhancing growth and national development. Trade is expected to play a major role in the actualization of this vision. It recognizes trade as a catalyst for economic growth and poverty reduction through taking advantage of trade-enhancing opportunities offered by the domestic and international environment in more open and increasingly integrated world markets. However, the challenges of realizing this synergy can be daunting as a result of supply-side constraints occasioned by the inadequacy or lack of trade-related infrastructure and capacity.

By 1995, Nigeria's trade policy had evolved, with the introduction of import liberalization policy that significantly reduced tariff rates and at some point, Nigerian Customs adopted only ad valorem tariffs and the government created several committees to help formulate economic/trade policy to address the problems arising from many years of inadequacies and poor economic performance, from 2004 Nigeria embarked on a comprehensive reform programme. The programme was based on the National Economic Empowerment and Development Strategy (NEEDS) as a medium-term economic strategy which replaced SAP policy. The overall long-term vision of NEEDS included the social and economic transformation of Nigeria on a sustainable and competitive basis; hence border tariffs were reduced, trade regulations reviewed, and the set-up of ambitious modernization programs for Customs Service and Port infrastructure recommended in the "**Vision 20:2020**" document.

Since the introduction of economic reforms under NEEDS (2004-2007), the 7-Point Agenda (2007-2011), the Transformation Agenda (2011-2015) and the Economic Recovery and Growth Plan (2015-2023), there has been improvement in macroeconomics management. External debt has come down substantially since 2006. The current goal is to attain and sustain a double-digit GDP growth rate to support the country's aspiration of becoming one of the top twenty economies in the world by the year 2020, though the date has passed without meeting the target. Following the progress recorded in the implementation of the development agenda, the Government remains committed to ensuring the institutionalization and sustainability of the macroeconomic policy reform measures, which will pave the way for further substantial improvements in overall economic performance.

Nigeria and AfCFTA: Issues and Benefits (Issues under AfCFTA)

- i. Nigeria's businesses should be well positioned to take advantage of the market opportunities, by reducing the cost of doing business, etc.
- ii. Introduce mechanism for adjustment process beneficial to operators in sectors likely to be negatively impacted by the AfCFTA.
- iii. Support competition through simple re-tooling/transforming the economic sector from import

dependence to export orientation, as well as providing appropriate and credible trade information available to Nigerian businesses interested in international trade, especially intra-Africa trade.

- iv. Since AfCFTA is argued as a means for Africa's industrialization including improving the Continent share of global manufacturing output, Nigeria should strive to achieve a clearly defined level of industrialization.

- v. Deliberately promote auto industries due to their abilities to create jobs and create credit facilities while reducing or outright making import of used Cars unattractive.

Benefits of AfCFTA

- i. Nigeria would have significant net economic welfare gains from participation in the AfCFTA and long-term economic development prospects would be enhanced.
- ii. Contribute to GDP growth and development across the Continent by deepening and expanding intra-Africa trade.
- iii. Improve productivity, competitiveness in Nigeria and Africa for trade in goods and trade in services.
- iv. Create jobs and reduce unemployment.
- v. Establish a platform for the mutual engagement of African Manufacturers of goods and providers of services to construct regional value chains for made – in – Africa goods and services (e.g., in the product areas of Cement, Energy, Textiles, Agriculture / Agric – allied products, Clothing, Petrochemicals and Automobiles, etc).

Implications on Nigeria's Trade Policy

Trade policy is basically a developmental tool among many other policies. As a developmental tool, it plays its role using the instrumentality of trade (preferential or non-preferential). Trade policy is not a stand-alone policy as it also requires the support of other policies to maximise its impact hence the need for complementary policies.

Without doubt, the AfCFTA will have implications for Nigeria's trade policies and practices especially in the areas of: Import and export procedures; Import and export prohibitions, restrictions and licensing; Customs Procedures; Customs Valuation; and Rules of Origin.

3. Methodology

The approach adopted a correlational research design that explored the relationships between the two variables involved in the research topic. That is the relationship between AfCFTA and its implications for Nigeria's Trade Policy. It was further complemented and supported by both interviews and questionnaire method in mixed fashions. Since the design was on correlational content analysis, the primary sources of data were derived from questionnaire and interviews expected to be administered on some selected Staff of the Federal Ministry of Industry, Trade and Investment (FMITI), Ministry of Foreign Affairs (MFA), Federal Ministry of Justice (FMJ), Federal Ministry of Finance, Budget & National Planning (FMFBNP), Nigerian Investment Promotion Council (NIPC), Nigeria Customs Service (NCS), Nigerian Export Promotion Council (NEPC), Nigerian Office for Trade Negotiations (NOTN), National Action Committee on Africa Continental Free Trade Area (NAC – AfCFTA) and the Organised Private Sector (NACCIMA and MAN). The explorations relied on secondary documentary collections of materials generated in the forms of Trade Treaties (AfCFTA Agreement) entered into by the Member-States and the Nigeria Trade Policy (NTP) document. Other publications of the AUC, AfCFTA Secretariat, FMITI, FMJ, FMFBNP, NIPC, NCS, NEPC, NOTN, NAC-AfCFTA Secretariat, NACCIMA, MAN, such as Newsletters, Periodicals, Journals, Articles, Magazines, Papers, Bulletins and Published/Unpublished Materials were used as well. Against this backdrop, the research also adopted a qualitative method given the topic under investigation. The total population of the study is Twenty-Seven Thousand Five Hundred and Sixty-Three Thousand Five Hundred and Sixty-Three Thousand (27,563).

Sample size for the study using taro Yamane formula:

$$n = \frac{N}{1 + N(e)^2}$$

Where n = Sample Size
 N = Population Size
 1 = Constant

e = Level of Alfa / Degree of Freedom (0.05)

$$\begin{aligned} \text{Therefore: } n &= \frac{27,563}{1 + 27,563 (0.05)^2} \\ n &= \frac{27,563}{1 + 27,563 (0.0025)} \\ n &= \frac{27,563}{68.91} \end{aligned}$$

$$27,564 \times 0.0025$$

$$n = \frac{27,563}{68.91}$$

$$n = 399.985.488.318.1$$

$$n = \text{Approx. } 400$$

Therefore, the sample size for this study is 400 (Four Hundred).

This study utilized both the stratified random sampling as well as the simple random sampling techniques. The stratified random was deployed because the respondents were drawn from six different Ministries, Departments and Agencies (MDAs) and were equally spread among different Departments and Units, while the simple random sampling was utilized to give each member of the population equal chance of selection (Kothari, 2001& Emaikwu, 2011). In this sampling plan, the total population was divided into these groups as detailed above, and a simple random sample of the group was selected. The element in the clusters was then sampled.

3.1 Method of Data Collection

The study was based on both primary and secondary sources of data. The primary source within the context of this research refers to data generated from survey using the instrumentality of questionnaire administration and interviews. This was also mainly drawn from Field Notes taken from transcription of respondent responses in oral interviews, where there was refusal to be on Audio-Tape. The main targets of the research interviews were mostly with the Senior Officials, Professional Staff and the Private Sector Executives.

On the other hand, the content analysis technique here served as the secondary method of data collection which was used to supplement in a corroborative fashion other information obtains through survey method. The method consisted of data obtained from systematic extraction of information of relevance in both published and unpublished sources. These included Books, Journals, Theses, Magazine, Periodicals, Reports, Monographs and Newspapers, and also Treaties, Charters, Agreements, Protocols, Unpublished Materials and Declarations. Furthermore, relevant Paper Presentations, Seminars, Conference Materials, including the Internet, were equally obtained and perused. The advantage of this method was that the data collected are usually available in designated places and in public domain.

3.2 Instrument of Data Collection

The main instrument of data collection for this study was questionnaire. The questionnaire was a hybrid (consisted of the attribute of both closed-ended and open-ended questionnaire), and was administered to three hundred and fifty (350) respondents as derived from the MDAs under consideration. The questionnaire was designed in two parts. One set of the questionnaire was designed and distributed to the senior officials of the core MDAs in order to elicit information with respect to the research questions stated in chapter one. The questionnaire is structured into two sections viz: Section A, seeks to elicit information on the demographic characteristics of the respondent while, Section B is the technical aspect each of which speaks to the research questions as items/constructs measuring them. The other questionnaire was designed and distributed to the employees of the two OPS chosen for the study. The questionnaire is also divided into two sections viz; the demographic section and the general questions. The essence of designing this questionnaire is to solicit and obtain an unbiased response on the introduction and ratification of the AfCFTA on the one hand and its optimization within the Member-States and its implications for the Nigerian Trade Policy.

3.3 Validity and Reliability of the Instruments

Practically, validity signifies the extent to which the study instruments measure what it is intended to measure, whereas reliability is the magnitude to which a study instrument produces consistent outcomes any time any day (Osuagwu, 2002). Validity test of instrument can commonly be described as *“the degree to which the research findings correctly reveal the phenomena under study”* or *“the extent to which what is set to be measured is accomplished”* (Gregory as cited in Charity, 2011). Validity is also important in determining whether the statements in the questionnaire instruments are relevant to the study.

However, for face, content analysis and editing, the instruments were given to experts in the field of Measurement and Evaluation as well as the Researcher's Supervisor for critical appraisal before administration. The main instrument is of international standard and so its credibility and validity could be sustained and guaranteed.

According to Hail et al, (2010) an instrument with coefficient of 0.60 is regarded to have an average reliability while the coefficient of 0.70 and above shows that the instrument has a high reliability standard.

3.4 Justification of Method

The method of data collection was considered adequate for this research, while the using simple percentages analysis and frequency tables was based on the fact that they were capable of addressing the research questions, propositions and the overall objectives of the research, in addition to the fact that previous studies also used the method and it worked. Descriptive statistics analysis of data was intended to synthesize and reduce data volume, and allow for easier interpretation. Yogesh (2006), also acknowledged the fact that descriptive statistical analysis is the best efficient method to be employed in the organization of data in table for simplicity of interpretation. In addition, interview with selected respondents in FMITI, MFA, FMJ, FMFBNP, NIPC, NCS, NEPC, NOTN, NAC- AfCFTA, NACCIMA and MAN responsible for implementing, regulating and /or enforcing compliance to the AfCFTA Agreement, provided first hand, frank and factual information capable of enriching the research.

4. Presentation and Discussion of Results

4.1 Characteristics of Respondents

As mentioned earlier the population of respondent is composed of Staff of FMITI, MFA, FMJ, FMFBNP, NIPC, NCS, NEPC, NOTN, NAC – AfCFTA, NACCIMA and MAN.

Table 1: Gender of Respondent

Sex	Frequency
Male	20,840
Female	6,723
Total	27,563

Source: Field research on economic integration/trade liberalization under the AfCFTA (2021).

From above table it shows that 77.61% of the Females. This shows that the Males outnumbered the respondents are Males while, the remaining 22.39% are Females.

Table 2: Characteristics of respondent by gender and educational qualification

Gender	Qualification	Qualification	Qualification	Total
	HND/Bachelor	PGD/Masters	Doctoral	
Male	16,406	1,942	26	18,374
Female	8,203	973	13	9,189
Total	24,609	2,913	39	27,563

Source: Field research on economic integration/trade liberalization under the AfCFTA (2021).

4.2 Discussion of Results

Table 3: Questionnaire responses

Question	Agree	Disagree	Indifferent	Total
What is the nature/character of economic integration in Africa and the implications of the global economic liberalization on the Continent?	300(85.71%)	40(11.43%)	10(2.86%)	350(100%)
What are the objectives of the AfCFTA vis-à-vis Free Trade Area in Africa?	325(92.86%)	15(4.29%)	10(2.86%)	350(100%)
How will the AfCFTA and the domestic trade policy of Nigeria coexist?	325(92.86%)	15(4.29%)	10(2.86%)	350(100%)
Will the protocol on free movement of persons enshrined in the RECs enhance the operationalisation of the AfCFTA Agreement?	200(57.14%)	100(28.57%)	50(14.29%)	350(100%)
Can the AfCFTA bring about sustainable socio-economic development of Member-States in Africa?	150(42.86%)	150(42.86%)	50(14.29%)	350(100%)
Can the operationalisation of the AfCFTA enhance Nigeria's nationaleconomic/trade policies?	200(57.14%)	100(28.57%)	50(14.29%)	350(100%)
Can Nigeria's trade indices both export and import improve the country's economic fortunes as well as her standing on a comparative basis in Africa?	150(42.86%)	150(42.86%)	50(14.29%)	350(100%)

Table 4: chi-square analysis of the above responses

Observed frequency (O)	Expected frequency (E)	(O-E)	(O-E) ²	(O-E) ² /E
300	316.67	-16.67	277.89	0.88
325	316.67	8.33	69.39	0.23

325	316.67	8.33	69.39	0.23
40	23.33	16.67	277.89	11.91
15	23.33	-8.33	69.39	2.97
15	23.33	-8.33	69.39	2.97
10	10	0	0	0
10	10	0	0	0
10	10	0	0	0

$$\sum (O-E)^2/E = 19.19$$

Table 5: Chi-square analysis of response

Observed frequency (O)	Expected frequency (E)	O-E	(O-E) ² /E	(O-E) ² /E
150	166.67	-16.67	277.89	1.67
200	166.67	33.33	1110.89	6.66
150	166.67	-16.67	277.89	1.67
150	133.33	16.67	277.89	2.08
100	133.33	-33.33	1110.89	8.33
150	133.33	16.67	277.89	2.08
50	50	0	0	0
50	50	0	0	0
50	50	0	0	0

$$\sum (O-E)^2/E = 22.46$$

From table 3: showing a combined response of question 1, and 2, we can see that 88.24% of the respondents agreed to the question asked while 7.84% of the respondents making 8 responses disagreed with the asked question and 3.9% making up only 4 responses are of no opinion. The high response rate of the participant in the agreement side show that the respondents agreed that the integration and unification of Member-States under the AfCFTA can bring about growth and development through an atmosphere of free trade within the Continent in the face of less confrontation with the WTO economic liberalization policies.

Table 3 also shows response from question 4, 5 and 6. These questions sort to know the current challenges the economic bloc will face in its bid to secure continental economic integration and also foster economic liberalization among Member-States. The percentages of the response shows that 114.28% making up 500 responses agreed to the asked question; while 85.72% making up a total of 400 responses disagreed with the question asked while 514.29% of the respondent showed no interest in the asked question.

5. Conclusion and Recommendations

Having identified the problems militating against economic integration in Africa, which the AfCFTA, and Nigeria must contend with, the following strategies for promoting regional integration are recommended. Firstly, there is the need to understand the challenges of economic liberalization posed by the WTO and the economic ideas practiced within the RECs in one hand and the domestic trade policy of Nigeria, so as to avoid the unresolved clashes and in some cases unfavorable barriers and economic reciprocity that the AfCFTA will likely face with from the more advanced Countries of the World. In other words, the vertical and horizontal integration crises as this research terms it must be resolved from an agreeable economic liberalization template. African leaders must not be carried away by the success of some regional blocs elsewhere, especially the European Union. Secondly, since it has been identified that the underdeveloped nature of African economies is a barrier to regional and sub-regional integration, there is the need to develop at the local, national and regional levels, development policies which must aim at promoting agriculture, industry, services including health and public education, etc., fundamentals which

