World Journal of Advanced Research and Reviews
eISSN: 2581-9615 CODEN (USA): WJARAI
Cross Ref DOI: 10.30574/wjarr
Journal homepage: https://wjarr.com/

(REVIEW ARTICLE)

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Free trade agreements and their effect on the Nigerian agricultural sector: An empirical review

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World Journal of Advanced Research and Reviews, 2025, 25(01), 2335-2345

Publication history: Received on 16 December 2024; revised on 27 January 2025; accepted on 30 January 2025

Article DOI: https://doi.org/10.30574/wjarr.2025.25.1.0262

Abstract

The Nigerian agricultural sector, pivotal to the nation's economy, faces challenges such as low productivity, limited market access, and structural inefficiencies that hinder its full potential. This empirical review examines the role of Free Trade Agreements (FTAs) in shaping the sector's growth and competitiveness. FTAs, including the African Continental Free Trade Area (AfCFTA), offer expanded market access, increased agricultural exports, technology transfer, and economic integration opportunities. However, these agreements also present challenges, including competition from cheaper imports, dependency on external supply chains, and loss of government revenue. Empirical evidence highlights mixed outcomes of FTAs on Nigeria's agriculture. While trade liberalisation has driven increased exports and productivity, domestic farmers face risks of market displacement and unequal benefits due to poor infrastructure, limited access to finance, and inadequate support policies. Insights from other nations reveal that the impacts of FTAs depend on country-specific economic conditions and policy frameworks. To maximise the benefits of FTAs, policy recommendations include implementing protection mechanisms for vulnerable sectors, promoting fair trade standards, enhancing infrastructure, facilitating access to finance, and fostering agricultural industrialisation. Effective FTA implementation and targeted interventions can unlock the sector's potential, driving sustainable growth and inclusive development.

Keywords: Free Trade Area; Free Trade Agreements; Agricultural; Nigeria

1. Introduction

The Nigerian agricultural sector, a cornerstone of the nation's economy, holds immense significance as a food security provider, employment and a key driver of economic development (World Bank, 2020) [1]. Comprising crop production, livestock, forestry, and fisheries, the sector accounts for a substantial portion of Nigeria's GDP and employs a significant share of its population (Akighir *et al*., 2020) [2]. However, its potential remains largely untapped due to challenges like inconsistent rainfall, limited government support, and structural inefficiencies. Amid these challenges, Free Trade Agreements (FTAs) offer a potential avenue to unlock the sector's growth and competitiveness.

Free Trade Agreements are multinational conventions between two or more countries to facilitate trade by reducing or eliminating trade barriers, such as tariffs and quotas, on exports and imports (Barone & Scott, 2020) [3]. FTAs are classified into bilateral, regional, and multilateral agreements. They are critical for fostering economic growth, sustainability, and industrialisation, particularly in developing countries. By promoting access to low-cost, high-quality goods and services, FTAs enhance market competitiveness, stimulate innovation, and expand economic activities (Kenton, 2020; Nigerian Office for Trade Negotiation [NOTN], 2018) [4,5]. Additionally, FTAs can boost productivity, reduce unemployment, and improve living standards through economies of scale and improved resource allocation.

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Nigeria's active participation in global and regional FTAs underscores its commitment to leveraging trade as a driver of economic progress. Key agreements such as the African Continental Free Trade Area (AfCFTA), the Economic Community of West African States (ECOWAS) Trade Liberalization Scheme, and the World Trade Organization (WTO) agreements are pivotal to Nigeria's trade policy framework (Omoju *et al*., 2024) [6]. For instance, the AfCFTA, which is projected to increase intra-African trade by 25% by 2040, aims to create a single market for goods and services, enhancing competitiveness across the continent (United Nations, 2020) [7]. Similarly, the ECOWAS scheme fosters trade liberalisation within West Africa, while Nigeria's adherence to WTO agreements aligns with global trade norms and practices.

The objectives of FTAs extend beyond trade liberalisation to include fostering economic integration, improving market access, and stimulating economic growth among member countries. Tariff concessions, a key component of FTAs, have facilitated significant progress toward tariff elimination, with over 90% of tariff lines becoming duty-free under many agreements (NOTN, 2018; OECD-IDB, 2010) [5,8]. However, the impact of these agreements varies across sectors and countries, necessitating empirical evaluations to assess their efficacy.

This article examines the implications of FTAs on Nigeria's agricultural sector, analysing their potential to drive productivity, market development, and economic expansion. Analysing existing literature and empirical data, it aims to provide a comprehensive review of the benefits and challenges associated with Nigeria's participation in FTAs and their role in shaping the agricultural sector's future.

2. Overview of Nigeria's Agricultural Sector

The agricultural sector is a critical pillar of Nigeria's economy, serving as a major contributor to GDP, employment, and food security. According to the World Bank (2020) [1], agriculture is the largest sector in the Nigerian economy, contributing an average of 24% to the nation's GDP between 2013 and 2019. The sector also employs over 36% of the country's labour force, making it the largest employer of labour (National Bureau of Statistics, 2021) [9]. It encompasses four primary sub-sectors: crop production, livestock, forestry, and fisheries, with crop production accounting for 87.6% of the sector's total output, followed by livestock (8.1%), fisheries (3.2%), and forestry (1.1%).

Despite its significance, Nigeria's agricultural sector faces numerous challenges, including low productivity, limited market access, and infrastructural deficits. Factors such as outdated farming practices, inadequate supply of farm inputs, poor distribution networks, and insecurity hinder the sector's development (PricewaterhouseCoopers [PwC], 2019) [10]. The COVID-19 pandemic also disrupted agricultural activities, causing a temporary decline in the sector's GDP contribution. Nevertheless, government initiatives such as the Anchor Borrowers' Programme (ABP) and the Economic Sustainability Plan have positively impacted agricultural productivity, contributing to a 4.64% increase in the sector's GDP contribution in 2021.

Nigeria's agricultural trade highlights a dichotomy between its exports and imports. Crucial agricultural exports include cashew nuts, cocoa, sesame seeds, ginger, soya beans, and frozen prawns, with major destinations including the Netherlands, Germany, Indonesia, and Malaysia (PwC, 2019) [10]. Nigeria was ranked the third-largest producer of sesame globally and the sixth-largest producer of cashew nuts (National Bureau of Statistics, 2019) [11]. However, the country remains a net food importer, with its primary imports of wheat, sugar, fish, and milk.

The agricultural sector's challenges also extend to export logistics, including poor port facilities, inadequate value addition to agricultural products, and quality control issues (PwC, 2019) [10]. Nonetheless, opportunities exist for boosting agricultural exports through initiatives like the African Continental Free Trade Area (AfCFTA), which offers prospects for expanding regional and global markets.

3. Impact of Free Trade Agreements on Agriculture

Free Trade Agreements (FTAs), such as the African Continental Free Trade Area (AfCFTA), have transformative potential for Nigeria's agricultural sector. These agreements promote trade liberalisation, enhance market access, and foster economic growth. However, their impact on agriculture presents opportunities and challenges, which require careful consideration to optimise benefits and mitigate risks.

3.1. Positive Effects of Free Trade Agreements

3.1.1. Increased Market Access

FTAs create expanded market opportunities for Nigerian agricultural products by eliminating tariffs and non-tariff barriers among member countries. For example, the AfCFTA aims to liberalise intra-African trade, enhancing Nigeria's access to regional markets and enabling agricultural producers to tap into a more extensive consumer base. According to Fofack *et al*. (2021) [12], the AfCFTA could increase intra-African trade by 24% in the short term and 25.3% in the long term, significantly benefiting Nigerian agricultural exports.

3.1.2. Higher Exports and Foreign Exchange Earnings

With improved market access, Nigeria stands to increase the volume of its agricultural exports, such as sesame seeds, cashew nuts, and cocoa. Higher export volumes can boost foreign exchange earnings, enhancing the country's trade balance and economic stability. This aligns with findings by OECD-IDB (2010) [8], highlighting the significant trade impacts of tariff reductions under FTAs, particularly for commodities like cocoa and processed meat, where preferential margins substantially increase.

3.1.3. Technology Transfer and Improved Practices

Exposure to global markets through FTAs facilitates technology transfer and the adoption of improved agricultural practices. This can enhance productivity, product quality, and competitiveness in international markets. Kituyi (2016) [13] noted that trade liberalisation under agreements like the AfCFTA can help member countries integrate into global value chains, promoting innovation and industrialisation.

3.2. Negative Effects of Free Trade Agreements

3.2.1. Competition with Cheaper Imports

The influx of cheaper imported agricultural products poses a significant threat to local farmers, who may struggle to compete due to higher production costs and lower productivity. Removing tariffs under FTAs, while beneficial for trade, reduces the protective barriers for domestic producers, potentially leading to market displacement. OECD-IDB (2010) [8] emphasised that historically, high tariffs on agricultural goods provided critical protection for domestic producers, and their removal could disrupt local markets.

3.2.2. Risk of Over-dependence on Imported Food

While FTAs promote trade, they risk increasing Nigeria's reliance on imported food items, undermining local production and food security. A study by Saygili *et al*. (2018) [14] warned that without adequate domestic capacity-building measures, liberalisation could result in dependency on external supply chains, weakening the resilience of local agriculture.

3.2.3. Loss of Government Revenue

FTAs often involve significant reductions in tariff revenue, which constitutes a primary source of government income. This could impact Nigeria's funding for critical agricultural initiatives, infrastructure development, and farmer support programs. The OECD-IDB (2010) [8] noted that while the benefits of tariff reductions include increased trade volumes, the fiscal implications for governments, particularly in developing countries, could be severe if not counterbalanced by other revenue sources.

As Fofack *et al*. (2021) [12] highlighted, the AfCFTA and similar agreements have immense potential to drive agricultural transformation, but their success depends on Nigeria's ability to navigate and address these challenges.

4. Trade Policy and Agricultural Protection

Trade policies play a critical role in shaping the agricultural sector, balancing the need for economic growth with protecting local farmers. Nigeria's experience highlights the complexities of managing tariffs, subsidies, and broader trade liberalisation versus protectionism debates.

4.1. Analysis of Nigeria's Tariff and Non-Tariff Barriers for Agricultural Products

Nigeria has historically relied on tariffs and non-tariff barriers to protect its agricultural sector. Pre-Structural Adjustment Programme (SAP) policies (1960–1985) emphasised protectionism, mainly through high tariffs and import restrictions, to shield local farmers from foreign competition. Post-SAP policies (1986–2022) shifted towards trade liberalisation, reducing tariffs and integrating Nigeria into global trade agreements such as the African Continental Free Trade Area (AfCFTA) (Akighir *et al*., 2020) [2].

Under the AfCFTA, Nigeria is expected to gradually eliminate up to 90% of tariffs over five years, with provisions for sensitive and excluded products to mitigate adverse effects on local agriculture. However, concerns persist about the potential flooding of the Nigerian market with cheaper imports, which could undermine domestic agricultural production (United Nations Conference on Trade and Development [UNTAD], 2019) [15].

Non-tariff barriers, such as stringent rules of origin (ROOS) and import quotas, have regulated agricultural imports. While these measures aim to ensure fair competition, they sometimes create inefficiencies and increase the cost of doing business in the agricultural sector (OECD-IDB, 2010) [8].

4.2. Role of Subsidies and Government Interventions in Protecting Local Farmers

Subsidies and government interventions are critical tools for supporting local farmers in Nigeria. Programs like the Anchor Borrowers' Programme (ABP) by the Central Bank of Nigeria aim to provide farmers access to credit, inputs, and markets. Such interventions enhance productivity and reduce import dependence (UNTAD, 2019) [15].

Fertiliser subsidies and mechanisation schemes have also been implemented to lower production costs and improve yields. While these interventions have succeeded, they are often hindered by poor targeting, corruption, and inadequate funding. For example, subsidy programs frequently fail to reach the intended beneficiaries, with intermediaries exploiting the system (Aksoy & Beghin, 2005) [16].

The debate over subsidies is rooted in the broader discussion of trade liberalisation versus protectionism. Proponents argue that subsidies level the playing field for Nigerian farmers, who face competition from subsidised agricultural products from developed countries. Conversely, critics highlight such programs' inefficiency and fiscal burden, advocating for market-driven solutions (Songwe, 2019) [17].

4.3. Debate on Protectionism vs. Liberalisation in the Agricultural Sector

The Nigerian agricultural sector has long been caught in the debate between protectionism and liberalisation. Protectionists argue that shielding domestic farmers from international competition is essential for achieving food security and fostering rural development. They contend that tariffs, NTBs, and subsidies provide a buffer for local farmers, allowing them to develop capacity and compete in the long term (Songwe, 2019) [17].

On the other hand, advocates of liberalisation argue that reducing trade barriers and integrating into global markets can drive efficiency, innovation, and growth. For instance, the African Continental Free Trade Area (AfCFTA) offers opportunities for Nigerian farmers to access larger markets and benefit from economies of scale. Studies have shown that AfCFTA could increase intra-African agricultural trade by over 24% in the short run (Fofack *et al*., 2021) [12].

However, liberalisation poses risks, including exposure to cheaper imports and the potential decline of local industries. For example, the influx of subsidised agricultural products from developed countries often undercuts Nigerian farmers, leading to losses and job displacement. This underscores the need for a balanced approach, combining elements of protectionism and liberalisation to achieve sustainable agricultural development (Saygili *et al*., 2018) [14].

Nigeria's trade policy in agriculture reflects a complex interplay between protectionist and liberalisation strategies. While tariffs, NTBs, and subsidies have provided critical support for local farmers, they have also led to inefficiencies and hindered competitiveness.

5. Empirical Evidence

Free Trade Agreements (FTAs) have long been central to trade liberalisation policies across various countries. In particular, the African Continental Free Trade Area (AfCFTA) is a recent and significant initiative to enhance economic growth, trade flows, and economic integration among African countries. However, the effects of FTAs on Nigeria's agricultural sector remain a complex and multi-dimensional issue. Several studies have assessed the impact of FTAs on agriculture within Nigeria and other countries, shedding light on trade flows, productivity, and welfare outcomes.

5.1. Performance of Nigeria's Agricultural Sector Before and After Specific FTAs

Nigeria's agricultural sector has experienced fluctuating outcomes in response to FTAs, particularly the AfCFTA. According to Akighir *et al*. (2020) [2], implementing the AfCFTA's tariff reductions was associated with significant increases in non-oil exports, including agricultural products, manufacturing, and services. This change was a positive development, with expanded exports, employment, and welfare gains in Nigeria's agriculture (Akighir *et al*., 2020) [2]. Similarly, Simola *et al*. (2021) [18] used a multiregional global model to evaluate the AfCFTA's effects on food systems and food security. Their findings suggested that Nigeria would see an increase in dairy production and an overall rise in intra-African trade. However, as in other African nations, agricultural production in Nigeria was expected to grow slower than GDP, indicating a shift toward a more diversified economic structure where non-agricultural sectors gained prominence (Simola *et al*., 2021) [18].

On the other hand, the Nigerian Economic Summit Group (2019) [19] examined the broader macroeconomic impacts of the AfCFTA and found that the agreement had minimal effects on key macroeconomic variables like GDP and government revenue. This lack of significant impact on the macroeconomy underscores the need for more granular analyses focusing specifically on agriculture (Nigerian Economic Summit Group, 2019) [19]. Additionally, studies by Ojeyinka and Adegboye (2017) [20] revealed a strong positive relationship between trade liberalisation and agricultural output, suggesting that FTAs, including the AfCFTA, have the potential to strengthen Nigeria's agricultural sector. However, the relationship between agricultural performance and exchange rate fluctuations was found to be insignificant (Ojeyinka & Adegboye, 2017) [20].

5.2. Case Studies of Agricultural Sectors in Other Countries Post-FTA

Empirical studies from other countries illustrate diverse outcomes following FTAs. In the case of Egypt and Jordan, Zaki *et al*. (2020) [21] examined the impact of regional trade agreements (RTAs) on sectoral productivity. The study found that trade liberalisation enhanced technological efficiency and productivity in the agricultural sector, with varying effects depending on the country's level of RTA membership. For Egypt, the agricultural sector benefitted from increased efficiency, while Jordan's service sector saw more vigorous growth, indicating that trade liberalisation may not have uniformly beneficial impacts across all sectors (Zaki *et al*., 2020) [21].

Similarly, Sunge and Ngepah (2020) [22] analysed the effects of trade liberalisation across 10 African countries and found that RTAs contributed to improved agricultural technological efficiency. The study also highlighted the regional disparities in agricultural sector performance, with countries like Egypt experiencing better productivity growth while others lagged (Sunge & Ngepah, 2020) [22]. These findings suggest that while FTAs have the potential to boost agricultural output, the results can vary significantly based on the country's specific economic conditions and policy frameworks.

5.3. Statistical Analysis of Agricultural Trade Flows, Productivity, and Farmer Incomes Post-FTA Implementation

Several studies have used statistical models to assess the direct effects of FTAs on agricultural trade flows and productivity. For instance, studies by Lambert and McKoy (2009) [23] and Huijskens (2017) [24] employed gravity models to examine the effects of preferential trade agreements (PTAs) on agricultural trade. The studies indicated that PTAs led to an increase in intra-bloc agricultural trade. However, they also observed trade diversion, where agricultural products from non-signatory countries were displaced by intra-bloc trade. This diversion effect was particularly pronounced in developing countries (Lambert & McKoy, 2009; Huijskens, 2017) [23, 24].

Further statistical evidence is provided by Abrego *et al*. (2021) [25], who used a general computable equilibrium model to quantify the welfare gains from reduced trade barriers under the AfCFTA. The results suggested that agriculture would be one of the largest beneficiaries of the AfCFTA, significantly when non-tariff barriers were also reduced. Similarly, World Bank (2020) [1] studies showed that the AfCFTA could substantially increase agricultural trade within Africa, fostering greater economic integration and boosting agricultural productivity. These improvements, however, were expected to vary across countries, with Nigeria anticipated to see modest benefits compared to other African nations (World Bank, 2020 [1]; Abrego *et al*., 2021 [25]).

Additionally, a study by Edeme *et al*. (2020) [26] focused on the role of free trade areas and common currencies in promoting agricultural exports across Africa. The study found that FTAs had a positive, albeit delayed, effect on agricultural exports, with the most significant impacts observed after several years of implementation. This delayed effect emphasises the importance of long-term strategies to realise the full benefits of FTAs on agricultural performance (Edeme *et al*., 2020) [26].

5.4. The Role of AfCFTA in Promoting Agricultural Exports and Food Security

Several studies have highlighted the potential of the AfCFTA to enhance agricultural exports and food security across the continent. Simola *et al*. (2022) [27] examined the implications of the AfCFTA on food systems in Africa and found that while food availability and consumption would likely improve, agricultural production would become more concentrated in specific regions of the continent. For Nigeria, dairy production was expected to increase significantly, but the broader agricultural sector was predicted to experience slower growth than GDP, signalling the need for policy interventions to strengthen agricultural competitiveness (Simola *et al*., 2022) [27].

Moreover, Saygili *et al*. (2018) [14] utilised a multi-country computable equilibrium model to estimate the costs and benefits of tariff reduction under the AfCFTA. Their findings suggested that while there would be significant long-term gains in output and employment, revenue losses from tariff reductions could initially pose challenges for some African countries. The study emphasised that these challenges could be mitigated by exempting sensitive products from tariff reductions (Saygili *et al*., 2018) [14].

The empirical literature reveals that FTAs, particularly the AfCFTA, hold significant potential for enhancing agricultural trade and productivity in Nigeria. The impacts, however, are contingent on various factors, including the economy's structure, the specific agricultural commodities in question, and the degree of trade liberalisation. While several studies suggest that the AfCFTA could lead to increased agricultural exports, higher efficiency, and improved food security, the overall impact on Nigeria's agricultural sector remains mixed, with challenges related to trade diversion and sectoral concentration. As such, targeted policies will be necessary to ensure that the agricultural sector reaps the full benefits of the AfCFTA and other FTAs.

6. Challenges in Implementing Free Trade Agreements (FTAs) in Nigeria

Implementing Free Trade Agreements (FTAs) like the African Continental Free Trade Area (AfCFTA) presents several challenges for Nigeria, particularly in the agricultural sector. Despite the potential benefits of FTAs, such as expanding trade and enhancing agricultural value chains, Nigeria faces significant obstacles that hinder the practical realisation of these benefits. Key challenges include poor infrastructure, limited access to finance for smallholder farmers, and inadequate policies to protect vulnerable groups.

6.1. Poor Infrastructure Affecting Agricultural Competitiveness

A major barrier to implementing FTAs in Nigeria is the country's inadequate infrastructure. Poor roads, insufficient storage facilities, and weak transportation networks hinder the efficient movement of agricultural products, increasing costs and reducing competitiveness. These infrastructural deficits limit Nigerian farmers' ability to reach regional markets under the AfCFTA framework. For example, PricewaterhouseCoopers (PwC, 2019) [10] note that Africa's agricultural value chains remain weak, with a significant portion of agricultural exports being raw or semi-processed products. The lack of proper storage and logistics facilities exacerbates these challenges, making it difficult for farmers to increase production or add value to their products.

With the AfCFTA expected to boost agro business across Africa, Nigeria's agricultural sector could miss out on opportunities to enhance exports or reduce imports if these infrastructural issues are not addressed. As Ekpo (2020) [28] suggested, weak political coordination and fiscal responsibility, combined with divergent macroeconomic goals among member countries, could also undermine the potential gains of FTAs, particularly if infrastructure development is not prioritised.

6.2. Limited Access to Finance for Smallholder Farmers

Access to finance remains a persistent challenge for smallholder farmers in Nigeria, further limiting their ability to take advantage of the opportunities presented by FTAs. Smallholder farmers comprise a large portion of Nigeria's agricultural workforce and often lack the capital to invest in improved agricultural practices, technology, and value-addition processes.

Despite the potential for FTAs to unlock new markets and value chains, the lack of financial inclusion means that many smallholder farmers cannot scale up production or benefit from new trade opportunities. PwC (2019) [10] highlights that Africa's agro-business sector could reach US$1 trillion by 2025. Still, this potential growth is unlikely to benefit smallholder farmers unless they can access financing options that allow them to compete in these expanding markets.

6.3. Inadequate Policies to Mitigate Negative Effects of FTAs on Vulnerable Groups

Implementing FTAs can also negatively affect vulnerable groups, including smallholder farmers, who might struggle to compete with cheaper imported goods. Although FTAs like AfCFTA offer long-term opportunities, they can expose local agricultural sectors to competition for which smallholder farmers are ill-prepared. For instance, the shift towards increased agricultural imports under the AfCFTA could hurt local production if no policies support farmers during the transition.

Adequate policies are needed to mitigate these adverse effects, especially for those vulnerable to trade liberalisation. Nigeria's existing agricultural policies are often insufficient to protect these groups from the negative impacts of FTAs. According to Ekpo (2020) [28], the lack of synergy between African countries and divergent macroeconomic goals could hinder Nigeria's ability to implement policies that safeguard vulnerable sectors from the potential harms of trade liberalisation.

Furthermore, the broad implications of FTAs include structural shifts in the agricultural sector, with some firms benefiting from new export opportunities while others, notably smaller and less productive firms, might be left behind (PwC, 2019) [10]. This structural shift demands targeted policies that promote access to finance, technology, and market information to help smallholder farmers adapt to the changing trade environment.

While the AfCFTA offers significant trade opportunities, Nigeria must overcome these barriers to fully leverage the potential benefits of regional integration and enhance its agricultural competitiveness on the global stage.

7. Sustainability and Inclusive Growth

Free Trade Agreements (FTAs) present significant opportunities for promoting sustainable agricultural practices and ensuring inclusive growth, particularly for smallholder farmers and marginalised groups in rural areas. However, these benefits can only be realised if trade policies are effectively designed to balance the economic goals of liberalisation with sustainability, food security, and equitable development.

7.1. Leveraging FTAs for Sustainable Agricultural Practices

FTAs, especially the African Continental Free Trade Area (AfCFTA), have the potential to promote sustainable agricultural practices by encouraging the flow of knowledge, technology, and investments that improve agricultural productivity while preserving environmental sustainability. According to Candau, Guepie, and Schlick (2018) [29], African Regional Trade Agreements have already ushered in an era of economic integration with strong trade creation effects. This economic integration can be leveraged to enhance sustainable practices in agriculture by facilitating access to international markets for sustainably produced goods, encouraging the adoption of environmentally friendly farming techniques, and promoting value-added agricultural products that adhere to sustainability standards.

Participation in global value chains (GVCs), increasingly prominent in world trade, can also support the transition to sustainable agriculture. Through GVCs, Nigerian farmers could access markets that demand environmentally conscious agricultural practices, which can provide incentives for adopting sustainability measures. As Lowder, Skoet, and Singh (2014) [30] highlight, small-scale farming plays a crucial role in Nigeria's agricultural sector, and integrating these smallholder farmers into GVCs could foster a transition towards more sustainable and efficient farming methods.

7.2. Ensuring FTAs Benefit Smallholder Farmers and Marginalised Groups

Smallholder farmers, who form the backbone of Nigeria's agricultural sector, face multiple challenges in benefiting from FTAs due to limited access to resources, knowledge, and markets. Ensuring that FTAs benefit these farmers and marginalised groups in rural areas requires targeted policies and support mechanisms. Christiaensen, Demery, and Khul (2011) [31] note that agricultural growth is highly effective in reducing poverty, and FTAs could provide a pathway for smallholder farmers to increase their income by expanding their access to regional and global markets.

However, the benefits of FTAs must be equitably distributed. The Nigerian government and other stakeholders must implement policies that support smallholders by improving access to finance, technology, training, and infrastructure. These measures would enable farmers to enhance productivity and meet the standards required for participating in international markets, including those set by GVCs. Additionally, ensuring that marginalised groups in rural areas can benefit from FTAs requires creating inclusive policies that prioritise capacity building and social protection for vulnerable populations.

7.3. Balancing Food Security with Trade Liberalization

A significant concern for developing countries like Nigeria is balancing food security goals and trade liberalisation under FTAs. While liberalising trade can offer greater access to a variety of agricultural products, it can also pose risks to domestic food security by making local markets more vulnerable to global price fluctuations and increasing competition from cheaper imported goods.

Adopting an approach that safeguards food security while engaging in trade liberalisation is essential. As Bouët, Cosnard, and Laborde (2017) [32] point out, African countries, including Nigeria, impose high duties on intra-continental trade, with agricultural goods facing exceptionally high tariffs. Although the AfCFTA aims to reduce tariffs, food security considerations must remain central to trade policy, particularly in the face of increased import competition.

FTAs like AfCFTA should be designed with safeguards to protect domestic food production and ensure that trade liberalisation does not undermine local food security. This may involve provisions for protecting sensitive agricultural products, providing temporary subsidies or support measures for farmers, and ensuring that trade policies promote agricultural diversification. Balancing trade liberalisation with food security is particularly important for Nigeria, where agriculture is critical in ensuring economic stability and access to affordable, nutritious food for the population. By promoting sustainable farming practices, ensuring that smallholder farmers benefit, and balancing food security with trade liberalisation, Nigeria can unlock the potential of FTAs to enhance its agricultural sector's competitiveness while fostering broader economic growth.

8. Conclusion

This empirical review of Free Trade Agreements (FTAs) and their effects on Nigeria's agricultural sector reveals both opportunities and challenges. On the positive side, FTAs such as the African Continental Free Trade Area (AfCFTA) present significant prospects for expanding market access, boosting exports, and facilitating technology transfer. By eliminating trade barriers and enhancing regional trade, these agreements can stimulate Nigeria's agricultural productivity, generate higher foreign exchange earnings, and integrate the sector into global value chains. The potential for increased agricultural exports and improvements in agricultural practices and competitiveness highlights the transformative power of FTAs.

However, the impact of FTAs is not without its complexities. Negative consequences, including increased competition from cheaper imports and the risk of over-dependence on external supply chains, threaten to undermine local agricultural production. Additionally, concerns regarding the loss of government revenue from tariff reductions and the disruption of local markets show the need for caution in trade liberalisation efforts. The potential for market displacement and diminished food security must be carefully managed, as the agricultural sector remains central to Nigeria's food security and rural development.

Nigeria must adopt a strategic approach that balances trade liberalisation with protecting local farmers and food security from navigating these challenges. Key to this is the development of targeted policies that support smallholder farmers, particularly those in marginalised rural communities, and ensure they have the resources and capacity to compete in the global market. Investments in infrastructure, access to finance, and capacity-building programs are essential to ensuring that FTAs contribute to inclusive growth and sustainable agricultural practices.

Nigeria's participation in FTAs should be guided by a vision prioritising long-term agricultural development and sustainability. The government must implement protective measures, including subsidies and strategic tariff exemptions, to shield vulnerable sectors from unfair competition. Additionally, FTAs should be seen not just as trade liberalisation tools but as catalysts for innovation, productivity enhancement, and rural development. By carefully managing the implementation of FTAs and addressing the sector's structural challenges, Nigeria can harness the full potential of these agreements to drive agricultural growth, food security, and inclusive economic development.

Recommendations

Based on the insights drawn from this article, the following actionable policy recommendations are made to maximise the benefits of FTAs, minimise their adverse impacts, and foster agricultural growth and sustainability in Nigeria.

- **Establish Protection Mechanisms for Vulnerable Sub-Sectors**: To shield Nigerian farmers from the negative impacts of FTAs, particularly competition from cheaper imports, the government should prioritise including sensitive agricultural products, within protective frameworks such as gradual tariff reductions. Safeguard measures will ensure local farmers have time to adjust to increased competition.
- **Promote Fair Trade Standards**: Nigeria should actively set regional and international fair-trade standards to protect its agricultural products from being undersold by low-quality, cheaper imports. Implementing quality standards for agricultural exports under FTAs like AfCFTA would help ensure Nigerian products remain competitive on the global market while safeguarding food security.
- **Diversify Agricultural Exports**: Nigeria should promote agricultural diversification through incentives for processing and adding value to raw agricultural products to prevent over-dependence on any single crop or commodity. This would increase the competitiveness of exports and reduce the risks associated with commodity price fluctuations.
- **Enhance Infrastructure and Connectivity**: A crucial barrier to the competitiveness of Nigerian agriculture is the poor state of infrastructure, including roads, transportation networks, and storage facilities. The government should invest in rural infrastructure to reduce post-harvest losses, improve market access, and lower production costs for farmers.
- **Develop Agro-Processing and Industrialisation**: Investment in agro-processing industries would allow Nigeria to move up the value chain. This would create jobs, boost productivity, and add value to raw agricultural products, which would enhance the competitiveness of Nigerian agricultural exports. Public-private partnerships could be encouraged to build agro-industrial parks in strategic regions.
- **Facilitate Access to Finance for Smallholder Farmers**: Providing accessible financial support for smallholder farmers, such as through microfinance institutions, is crucial for enabling them to adopt improved farming technologies, access quality inputs, and improve productivity. Policy measures should focus on reducing barriers to credit access and interest rates, ensuring that rural farmers are not excluded from these opportunities.
- **Encourage Research and Innovation**: Increased funding for agricultural research institutes is necessary to foster innovations that enhance productivity and sustainability. Public investments in agricultural research and development (R&D) could lead to the adoption of drought-resistant crops, organic farming techniques, and technology that improves farm productivity.
- **Enhance Trade Negotiation Capacity**: Nigeria’s participation in FTAs requires a robust negotiation team capable of representing the interests of its agricultural sector. Strengthening the capacity of trade negotiators through training and resources will help secure favourable terms for agriculture in global trade agreements. Specialised training for agricultural economists and experts can ensure that trade agreements do not disproportionately favour other sectors at the expense of agriculture.
- **Improve Institutional Coordination and Implementation**: The effective implementation of FTAs requires seamless coordination between ministries, agencies, and stakeholders involved in trade, agriculture, and finance. Nigeria should establish an inter-ministerial body responsible for overseeing FTA implementation, ensuring that policies align with national agricultural priorities and address challenges faced by farmers, such as infrastructure deficits, inadequate financing, and market access.
- **Build Monitoring and Evaluation Mechanisms**: To track the progress and impact of FTAs on the agricultural sector, a comprehensive monitoring and evaluation (M&E) framework should be established. This framework should gather data on agricultural trade flows, market conditions, and the effectiveness of government interventions, allowing policymakers to adjust policies in real time to maximise benefits and mitigate negative impacts.
- **Promote Stakeholder Involvement and Awareness**: Engaging key stakeholders including farmers, agricultural businesses, and trade associations in the design and implementation of FTAs will ensure that trade policies reflect the realities on the ground. A national awareness campaign could also be implemented to educate farmers about the opportunities and risks associated with FTAs, empowering them to make informed decisions and access available support.

Compliance with ethical standards

Disclosure of conflict of interest

No known or potential conflict of interest exist for any author.

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