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ECOWAS TRADE LIBERALIZATION SCHEME

CHALLENGES FOR THE NIGERIAN ENTERPRISE

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Challenges For The Nigerian Enterprise

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EXECUTIVE SUMMARY

The ECOWAS Trade Liberalization Scheme (ETLS) was established to promote regional economic integration by eliminating tariffs and quantitative restrictions on goods originating from ECOWAS member states. For Nigeria the largest economy and market within the sub-region the scheme presents a strategic opportunity to expand enterprise competitiveness, stimulate industrial growth, and deepen regional value-chain integration. Despite these potential benefits, Nigerian enterprises particularly small and medium-sized enterprises (SMEs) have struggled to effectively access and utilize the ETLS framework.

Persistent institutional, procedural, and structural barriers have limited enterprise participation, weakened intra-regional trade outcomes, and constrained the scheme's contribution to economic development. This policy brief examines the core challenges Nigerian enterprises face under ETLS and proposes actionable policy measures to enhance its effectiveness.

KEY TAKEAWAYS

- The ECOWAS Trade Liberalization Scheme (ETLS) offers Nigeria a strategic platform for expanding regional trade, strengthening enterprise competitiveness, and advancing industrial development, but its benefits remain largely unrealised in reality.
- Weak institutional coordination within Nigeria has undermined effective ETLS implementation, as responsibilities for trade policy, customs administration, and enterprise support remain fragmented across agencies.
- Many Nigerian enterprises especially small and medium-sized firms lack adequate awareness of ETLS provisions, eligibility requirements, and procedural steps, limiting participation even among potentially competitive exporters.
- Persistent non-tariff barriers at border points, including administrative delays, informal charges, and inconsistent enforcement of rules, continue to discourage formal trade under ETLS.
- Poor trade-related infrastructure, particularly transport networks, border facilities, and logistics systems, raises transaction costs and reduces the competitiveness of Nigerian goods within the ECOWAS market.
- The limited use of ETLS has encouraged informal cross-border trade, resulting in lost government revenue, weaker regulatory oversight, and reduced incentives for enterprise upgrading.
- Nigeria's underperformance in leveraging ETLS weakens its leadership role within ECOWAS and constrains broader regional integration efforts.
- Without deliberate policy action, ETLS risks remaining a largely symbolic framework rather than a practical instrument for enterprise growth and export diversification.
- Targeted reforms focused on enterprise awareness, capacity building, institutional alignment, border management, and infrastructure investment are essential to unlock the scheme's developmental potential.
- Strengthening feedback mechanisms between enterprises and policymakers would improve responsiveness and ensure ETLS implementation reflects on-the-ground realities.

RESEARCH METHODOLOGY

This study adopts a qualitative, policy-oriented research approach to examine the challenges confronting Nigerian enterprises in the utilisation of the ECOWAS Trade Liberalization Scheme (ETLS). The choice of methodology is informed by the nature of the research problem, which is rooted not only in measurable trade outcomes but also in institutional practices, enterprise perceptions, and policy implementation dynamics that are best captured through qualitative inquiry.

The research relies primarily on secondary data drawn from a wide range of credible sources, including academic literature, policy reports, institutional publications, and official statistics. Key sources include reports from the ECOWAS Commission, the Nigeria Export Promotion Council (NEPC), the World Bank, the United Nations Economic Commission for Africa (UNECA), UNCTAD, and relevant Nigerian government agencies. Peer-reviewed journal articles on regional integration, trade liberalisation, and enterprise development in West Africa were also consulted to provide conceptual grounding and comparative perspectives.

To strengthen analytical depth, the study applies a descriptive and interpretive analytical framework. Descriptively, it maps the objectives, operational structure, and intended benefits of the ETLS, as well as Nigeria's formal commitments to the scheme. Interpretively, it analyses how institutional weaknesses, information gaps, infrastructural constraints, and enforcement challenges interact to limit effective enterprise participation. Rather than treating these constraints in isolation, the analysis emphasises their cumulative effects on firm behaviour, particularly the tendency of enterprises to rely on informal cross-border trade channels.

The study also draws on documented empirical evidence, including trade flow estimates, enterprise surveys, and policy evaluations, to illustrate the real-world implications of ETLS underutilisation. While the research does not involve primary data collection, it critically engages with existing empirical findings, assessing their relevance, consistency, and limitations. This approach is appropriate given the policy focus of the study and the availability of extensive institutional data on regional trade in West Africa.

Research Methodology

By combining institutional analysis with enterprise-level perspectives drawn from the literature, the study provides a nuanced understanding of why ETLS has delivered limited outcomes for Nigerian enterprises and what this implies for regional trade policy and economic development.

This methodological approach aligns with the study's objective of informing practical policy recommendations aimed at improving Nigeria's engagement with regional trade liberalisation frameworks.

LIMITATION OF THE STUDY

While this study provides a structured assessment of the challenges facing Nigerian enterprises in utilising the ECOWAS Trade Liberalisation Scheme (ETLS), it is important to acknowledge certain limitations that shape the scope and interpretation of the findings. First, the analysis relies primarily on secondary data drawn from policy documents, institutional reports, and existing academic literature. Although these sources offer valuable insights into regional trade dynamics and enterprise-level constraints, they may not fully capture the diversity of firm-level experiences across Nigeria's highly heterogeneous business environment. Variations in sector, firm size, location, and degree of formality mean that the realities faced by some enterprises may differ from those emphasised in the relevant literature.

The study is also constrained by the limited availability of up-to-date and disaggregated data on Nigerian firms' participation in ETLS. Official trade statistics often do not distinguish clearly between ETLS-compliant exports and other forms of intra-regional trade. In addition, the prevalence of informal cross-border trade in West Africa complicates efforts to measure the true scale of enterprise engagement with the scheme. As a result, some conclusions regarding utilisation levels and economic impact are necessarily inferential rather than strictly quantitative.

Furthermore, the study adopts a Nigeria-focused perspective, which, while appropriate for its objectives, limits the ability to fully account for conditions and policy practices in other ECOWAS member states. Since the effectiveness of ETLS depends heavily on cross-border enforcement, customs administration, and regulatory harmonisation, challenges attributed to Nigerian enterprises may, in some cases, reflect institutional weaknesses beyond Nigeria's direct control. A comparative, multi-country analysis would provide a more comprehensive understanding of these regional dynamics.

Finally, the study does not include primary fieldwork such as firm-level surveys or in-depth interviews with exporters, customs officials, and trade facilitators. While existing empirical studies and institutional reports help mitigate this gap, direct stakeholder engagement could have enriched the analysis by capturing lived experiences, informal practices, and adaptive strategies that are often

Limitation Of The Study

underrepresented in formal documentation.

Despite these limitations, the study offers a credible and policy-relevant examination of the structural and institutional barriers affecting Nigerian enterprises under ETLS. The findings should therefore be interpreted as a contribution to ongoing policy dialogue rather than as a definitive or exhaustive account, thereby providing a foundation for future research that incorporates firm-level data and comparative regional perspectives.



INTRODUCTION

Trade liberalization has become a central policy instrument for promoting regional economic integration, enterprise competitiveness, and industrial development, particularly in developing economies (Krugman, Obstfeld & Melitz, 2018). Within West Africa, the Economic Community of West African States (ECOWAS) adopted the ECOWAS Trade Liberalization Scheme (ETLS) as a core framework aimed at eliminating customs duties and quantitative restrictions on goods originating from member states. The scheme is designed to facilitate the free movement of goods, expand intra-regional trade, and strengthen the productive capacity of enterprises across the sub-region (ECOWAS Commission, 2019).

Nigeria, as the largest economy and market within ECOWAS, occupies a strategic position in the successful implementation of the ETLS. The scheme presents significant opportunities for Nigerian enterprises, particularly small and medium-sized enterprises (SMEs) to access a wider regional market, achieve economies of scale, enhance competitiveness, and integrate into regional value chains (NEPC, 2020). In theory, ETLS should lower production costs, increase export opportunities, promote industrial growth, and generate employment within Nigeria. However, the extent to which Nigerian enterprises have been able to effectively benefit from these opportunities remains a subject of empirical and policy concern.



Introduction

The challenges confronting Nigerian enterprises in utilizing ETLS are closely linked to Nigeria's broader trade policy evolution. Nigeria formally adopted trade liberalization in 1986 through the Structural Adjustment Programme (SAP), implemented under the guidance of the World Bank and the International Monetary Fund (IMF). This marked a shift from inward-looking import substitution strategies characterized by high tariffs and trade restrictions to an export-oriented development approach (Kebede, 2002). Nigeria's accession to the World Trade Organization (WTO) in 1995 further reinforced its commitment to trade openness and tariff reduction (WTO, 2021). Nevertheless, structural weaknesses within the domestic economy have continued to limit enterprise participation in liberalized trade regimes.

Despite Nigeria's active involvement in ECOWAS trade initiatives, Nigerian enterprises continue to face significant obstacles in accessing ETLS benefits. These challenges include complex and costly rules of origin requirements, bureaucratic certification procedures, inconsistent implementation of trade protocols across member states, persistent non-tariff barriers, inadequate transport and border infrastructure, limited access to trade finance, and low awareness of ETLS provisions among enterprises (Olumide, 2019; ECOWAS Commission, 2022). Consequently, many Nigerian firms are unable to trade formally under ETLS or are compelled to engage in informal cross-border trade, undermining the objectives of regional trade integration.

Furthermore, the persistence of these challenges has weakened the expected relationship between regional trade liberalization and enterprise-led economic growth in Nigeria. Although ECOWAS has developed several protocols, treaties, and institutional mechanisms to promote sub-regional economic development, the translation of these frameworks into tangible benefits for Nigerian enterprises remains limited. This gap between policy formulation and practical outcomes raises critical questions regarding the effectiveness of ETLS implementation from the perspective of domestic enterprises.

Against this backdrop, this study examines the ECOWAS Trade Liberalization Scheme and the challenges it poses for Nigerian enterprises, with a focus on identifying the institutional, procedural, and structural barriers that constrain effective participation. The study also assesses the implications of these challenges for enterprise competitiveness, regional trade integration, and economic development in Nigeria.

POLICY ISSUE



Nigeria's contemporary approach to trade liberalization can be traced to the adoption of the Structural Adjustment Programme (SAP) in 1986, a turning point in the country's economic policy orientation. Prior to SAP, Nigeria pursued largely protectionist trade policies, characterised by import licensing, high tariffs, foreign exchange controls, and extensive state intervention in production and trade. These measures were intended to support domestic industries and conserve foreign exchange, but by the early 1980s, they had contributed to severe distortions, declining industrial efficiency, and growing balance-of-payments pressures. SAP, introduced with support from the International Monetary Fund and the World Bank, sought to reverse this trajectory by liberalising trade, deregulating markets, and integrating Nigeria more fully into the global economy (World Bank, 1994; Iyoha & Oriakhi, 2002).

Trade liberalisation under SAP involved the gradual dismantling of quantitative restrictions, tariff rationalisation, and the devaluation of the naira to improve export competitiveness. Although implementation was uneven and politically contentious, the reforms marked Nigeria's formal acceptance of market openness as a long-term policy direction. This orientation was subsequently reinforced by Nigeria's accession to the World Trade Organization (WTO) in 1995, which committed the country to multilateral trade rules on non-discrimination, tariff bindings, and the progressive reduction of trade barriers. WTO membership signalled Nigeria's intention to anchor its trade policy within a rules-based international framework, even as domestic debates about the costs and benefits of openness persisted (WTO, 2017; Oyejide, 2010).

At the regional level, Nigeria's trade liberalisation agenda has been further shaped by its leadership role within the Economic Community of West African States (ECOWAS). As the largest economy in the sub-region, Nigeria has consistently endorsed regional integration as a pathway to expanded markets, economies of scale, and industrial development. The ECOWAS Trade Liberalisation Scheme (ETLS), originally conceived in the late 1970s and operationalised more fully from the 1990s onward, represents a central pillar of this strategy. The scheme is designed to allow duty-free movement of approved goods originating within ECOWAS, with the broader objective of stimulating intra-regional trade, encouraging enterprise competitiveness, and supporting the emergence of regional value chains (ECOWAS Commission, 2013).

In principle, ETLS offers Nigeria significant opportunities. Access to a regional market of over 400 million people could support the growth of manufacturing, agro-processing, and small and medium-sized enterprises. For Nigerian firms facing intense competition in global markets, the regional space provides a more accessible platform for learning, expansion, and industrial upgrading. Moreover, by promoting the sourcing of inputs within the region, ETLS aligns with broader ambitions for regional industrialisation and reduced dependence on extra-regional imports (UNECA, 2019).

Practically, however, Nigeria has struggled to fully realise these benefits. One major constraint lies in the country's limited and uneven domestic productive capacity. Decades of infrastructure deficits, high energy costs, logistics bottlenecks, and policy uncertainty have constrained the competitiveness of Nigerian producers, making it difficult for many firms to take advantage of preferential regional access. As several studies note, trade liberalisation yields limited gains when domestic supply-side constraints are not addressed simultaneously (Rodrik, 2004; Oyejide & Bankole, 2015).

In addition, the implementation of ETLS across ECOWAS member states has been inconsistent. Despite formal commitments, non-tariff barriers such as roadblocks, administrative delays, harassment at borders, and arbitrary charges remain widespread. Nigerian exporters frequently report difficulties in obtaining ETLS certification, as well as resistance from customs officials in neighbouring countries who question product eligibility or impose informal fees. These practices undermine confidence in the scheme and reduce its practical value for businesses (ECOWAS Commission, 2020; World Bank, 2021).

Institutional coordination challenges further weaken Nigeria's engagement with ETLS. Responsibilities for trade policy, industrial development, customs administration, and border management are spread across multiple agencies, often with overlapping mandates and limited information sharing. This fragmentation complicates implementation, slows

response to trader complaints, and reduces Nigeria's ability to advocate effectively for compliance at the regional level. As a result, the gap between Nigeria's formal commitments to trade liberalisation and the lived experience of traders remains substantial.

Logically, these factors suggest that while Nigeria's commitment to trade liberalisation anchored in SAP, WTO membership, and ECOWAS initiatives is well established in policy terms, its translation into tangible economic gains has been uneven. Without stronger domestic productive capacity, more consistent regional enforcement, and better institutional coordination, schemes such as ETLS risk falling short of their transformative potential. Addressing these challenges is therefore not simply a matter of trade policy compliance, but a broader development imperative linked to industrial strategy, governance reform, and regional cooperation.



KEY CHALLENGES FACING NIGERIAN ENTERPRISES

1 Complex Rules of Origin and Certification Procedures: A Critical Constraint on Nigerian Enterprises

One of the most persistent and widely cited challenges constraining Nigerian firms from fully leveraging the ECOWAS Trade Liberalization Scheme (ETLS) is the **complexity of the rules of origin and the associated certification procedures.** Rules of origin are the criteria used to determine whether a product is genuinely produced within the ECOWAS region and thus eligible for duty-free movement under the scheme. These criteria are critical because they prevent third-country goods from entering the regional free trade area under preferential treatment, but they also introduce significant administrative requirements that many Nigerian enterprises struggle to satisfy.

At the core of the problem is the technical nature of the rules of origin themselves. For a product to benefit from ETLS preferences, it must be specifically classified as originating within ECOWAS, typically requiring a **Certificate of Origin (COO)** issued by the National Approvals Committee (NAC) and validated by the ECOWAS Commission.

This process involves proving that a good was either wholly produced in a member state or contains a defined content of local inputs and transformation. This means, companies must compile detailed documentation on production inputs, cost structures, and manufacturing processes for assessment by regulatory authorities. For many enterprises especially small and medium-sized firms meeting these documentary burdens is both unfamiliar and administratively demanding, as it requires expertise that they often lack internally.



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Furthermore, the process is generally conducted manually, which has historically led to bureaucratic delays and procedural inefficiency.

Delays in the issuance of COOs, sometimes lasting several weeks or more, have been widely reported and discourage formal participation in the scheme, particularly by firms with limited administrative capacity. (The Guardian Nigeria)

In addition to procedural complexity, the certification mechanism itself has been a source of mistrust and inefficiency. Before recent reforms, the manual paper-based COO systems were vulnerable to fraud and misrepresentation, which undermined confidence among customs authorities and firms alike. Instances of falsified certificates circulating within the region eroded trust in the COO system and created additional compliance burdens, as importing country customs officials often subject certificates to heightened scrutiny. This further lengthened clearance times at borders and added to costs for exporters. (Economic Confidential)

Multiple studies and reports have documented how these complexities disproportionately affect SMEs. Smaller enterprises typically lack dedicated trade compliance departments or specialised staff capable of navigating the detailed rules of origin protocols. Many SMEs are unaware of the exact requirements or the broader implications of non-compliance, meaning they either fail to apply or risk rejection of their COO applications. Moreover, unlike large multinationals with the financial and human resources to absorb procedural delays, SMEs face significant opportunity costs when their goods are held up at borders or where they ultimately pay duties because their certificates are not accepted. These barriers effectively exclude a large segment of the Nigerian private sector from the potential benefits of ETLS, despite the fact that Nigeria accounts for a substantial share of registered firms under the scheme. (The Masters News)

Another problem is the weak institutional support mechanisms for navigating these procedures. While Nigeria has established a National Approvals Committee responsible for screening applications and forwarding them to the ECOWAS Commission for validation, coordination challenges among domestic agencies and limited outreach to the private sector impede efficient operation. In many cases, firms must engage consultants or intermediaries simply to understand basic eligibility criteria, adding to compliance costs and discouraging direct participation. (NEPC)

In recognition of these problems, there have been recent efforts to reform the certification process through digitalisation. ECOWAS has begun rolling out an e-certificate of origin (e-CO) platform intended to replace the manual, paper-based system with a secure, automated system that can significantly reduce processing times, enhance transparency, and minimise opportunities

for fraud. Proponents of the e-CO system argue that it will lower transaction costs for firms, build confidence in the certification regime, and streamline cross-border trade across the region. However, the benefits of this digital transformation will only be realised if the underlying challenges of enterprise capacity, access to information technology, and domestic awareness are also addressed. (Punch Newspapers)



2 Inconsistent Implementation across ECOWAS Member States

One persistent problem confronting Nigerian enterprises in their efforts to benefit from the ECOWAS Trade Liberalization Scheme is the inconsistent implementation of the scheme across member states. Although ETLS was conceived as a means of deepening regional integration by facilitating the duty-free movement of goods originating within the Economic Community of West African States (ECOWAS), the operation of the scheme in reality has been uneven and inconsistent. This inconsistency manifests not only in formal compliance with ECOWAS regulations but also in the informal barriers that traders encounter at internal borders. Studies by the ECOWAS Commission and external observers such as the World Bank and the United Nations Economic Commission for Africa show that while the legal framework for ETLS is widely endorsed, its implementation varies widely from country to country, with significant implications for the ability of firms in Nigeria to plan, invest, and compete within the regional market (ECOWAS Commission, 2018; World Bank, 2021; UNECA, 2019).

A fundamental element of this inconsistency is the gap between policy on paper and policy in practice. Several scholars argue that differences in national bureaucratic efficiency, administrative capacity, and politics will produce divergent outcomes in how ETLS protocols are enforced (Akindele, 2016; Ojo, 2019). For example, Nigerian exporters often report that ETLS certificates of origin, which are required to qualify goods for duty-free entry, are subject to varying interpretations by customs officials in neighbouring states. What should be a standard eligibility verification becomes, at many border crossings, a discretionary process in which officials from other ECOWAS countries demand additional documents, apply non-tariff charges, or delay clearance without transparent justification. This kind of behaviour reflects broader weaknesses in regional governance frameworks that allow member states to implement agreed protocols selectively or inconsistently, undermining the predictability that firms need to engage in cross-border trade. The African Development Bank's regional integration reports echo this, noting that inconsistency in border procedures is a major deterrent to intra-African trade, particularly for small and medium enterprises (AfDB, 2020).



Another dimension of inconsistent implementation arises from varying levels of institutional integration within member states. Some ECOWAS countries have harmonised their domestic legal and regulatory frameworks with ETLS requirements more comprehensively, while others lag, either due to technical capacity constraints or competing national priorities and interests. In a comparative study of West African trade regimes, Ayadi and Sessa (2020) observe that countries with stronger customs modernisation programmes and technical infrastructure tend to implement ETLS rules more faithfully, whereas states with weaker bureaucratic systems often revert to protectionist practices under the guise of regulatory compliance. For Nigerian enterprises, this means that the ease of exporting similar goods can differ dramatically depending on the destination within the region. Inconsistent certification procedures, divergent tariff classifications, and arbitrary application of non-tariff measures such as import bans or quality verification processes all contribute to an unpredictable business environment that raises transaction costs and dampens confidence in regional integration.

These inconsistencies are further compounded by informal practices and rent-seeking behaviours that flourish amid weak enforcement mechanisms. Researchers focusing on West African border economies have documented how truck drivers and cross-border traders routinely encounter extortion, unofficial levies, and multiple checkpoints, despite formal commitments to trade facilitation (Brenton, Gamberoni & Sear, 2019; Laryea, 2017). In such contexts, the differential enforcement of ETLS is not merely a technical issue but a reflection of broader governance deficits that allow local officials to exploit ambiguity in regional rules for personal gain. Nigerian firms that seek to operate competitively within ECOWAS, therefore, confront not only formal regulatory divergence but also a patchwork of informal impediments that vary by crossing point and by partner country.

There is also the political economy dimension of inconsistent implementation. National governments within ECOWAS may publicly endorse liberalisation while simultaneously protecting select domestic industries from competition. As Page and Fawole (2018) argue, political pressures to shield sensitive sectors such as agro-processing can lead to de facto deviations from ETLS principles, with some countries imposing covert restrictions on goods that should ostensibly move freely under the scheme. This phenomenon creates an uneven playing field in which firms from countries with stronger productive bases, like Nigeria, face artificial barriers in certain markets while competitors from other states encounter different restrictions elsewhere. The result is that the regional market remains fragmented rather than effectively integrated, contrary to the original ambitions of the Treaty of ECOWAS and the revised ETLS protocols.

Overall, it is important to note that inconsistent implementation across ECOWAS member states is not an isolated procedural issue but a systemic challenge with real consequences for Nigerian enterprises. When rules are not applied uniformly, or when discretionary enforcement prevails over standardized practice, firms incur higher costs, face greater uncertainty, and are less able to make long-term strategic decisions about production, export diversification, or investment in regional value chains. This reality is in contrast to the theoretical benefits of ETLS, which are premised on predictability, transparency, and coordinated governance. Addressing such inconsistency, therefore, requires not only technical harmonisation of customs and certification processes but also deeper institutional reforms, capacity building, and a stronger regional accountability framework that can ensure member states adhere to agreed standards in both letter and spirit.

3 Persistent Non-Tariff Barriers

The prevalence of non-tariff barriers across regional trade corridors is one of the challenges confronting Nigerian enterprises in their attempt to benefit from the ECOWAS Trade Liberalization Scheme (ETLS). A substantial body of empirical and relevant literature demonstrates that roadblocks, informal levies, administrative delays, and routine harassment at borders remain widespread, effectively eroding the commercial advantages that the scheme is intended to offer.

Studies by the ECOWAS Commission and the World Bank consistently show that West Africa has one of the highest densities of checkpoints per kilometre in Africa, particularly along key trade routes linking Nigeria to neighbouring countries such as Benin, Niger, and Ghana (ECOWAS Commission, 2020; World Bank, 2021). At these checkpoints, traders are frequently subjected to repeated inspections, demands for unofficial payments, and prolonged delays, even when all required documentation is in order.



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For Nigerian enterprises, especially small and medium-sized firms with limited working capital, these practices translate into higher transaction costs, increased uncertainty, and reduced competitiveness in regional markets.

While ECOWAS protocols prohibit the imposition of non-tariff restrictions on intra-regional trade, enforcement at the national level remains weak. Border officials, customs agents, and security personnel often operate within fragmented accountability structures, creating opportunities for discretionary behaviour and rent extraction. Research by UNECA and OECD highlights that poor coordination among border agencies and the absence of effective monitoring mechanisms allow informal practices to flourish, despite formal regional commitments (UNECA, 2019; OECD, 2020). In this context, Nigerian enterprises are often compelled to comply with informal demands simply to keep goods moving, thereby normalising practices that directly contradict the objectives of trade liberalization.

Beyond direct financial costs, non-tariff barriers also impose significant time penalties. Delays at borders can be particularly damaging for enterprises dealing in perishable goods, agro-processed products, or time-sensitive manufacturing inputs. Empirical evidence suggests that border delays in West Africa can add several days to delivery timelines, undermining reliability and discouraging long-term supply contracts within the region (Portugal-Perez & Wilson, 2012).

For Nigerian firms seeking to build regional value chains or establish reputational credibility with foreign partners, such unpredictability weakens incentives to rely on ETLS as a viable market-expansion pathway. As a result, many Nigerian enterprises either limit their regional exposure or resort to informal trading channels, which further undermines transparency and revenue mobilisation. While tariffs have been reduced on paper, the continued presence of roadblocks, informal levies, administrative bottlenecks, and border harassment effectively acts as a hidden tax on trade. It is clear unless these barriers are systematically addressed through stronger regional enforcement, improved border governance, and greater accountability of frontline agencies, the promise of ETLS will remain largely unrealized for Nigerian businesses. In this sense, the challenge is not the absence of trade liberalization policies but the failure to translate them into a predictable and enabling trading environment.



4 Infrastructure and Logistics Constraints

Nigeria's infrastructure and logistics deficits, which manifest in poor transport networks, congested border posts, and slow, unpredictable customs processes, are a persistent challenge confronting Nigerian enterprises in their engagement with the ECOWAS Trade Liberalization Scheme. The promise of tariff elimination through the ETLS cannot be realised if enterprises cannot reliably move goods through physical space in a cost-efficient and timely manner. The literature on African regional integration and trade facilitation paints a clear picture: infrastructure underdevelopment is not a peripheral concern but a central constraint that shapes competitiveness, production costs, and participation in regional value chains (Foster & Briceño-Garmendia, 2010; World Bank, 2017).

In Nigeria's case, decades of underinvestment in road, rail, and port infrastructure have compounded the cost and complexity of cross-border trade. Scholars such as Fontagné et al. (2011) and Iyoha and Oriakhi (2002) have emphasised that transport costs in Sub-Saharan Africa remain among the highest in the world, and this structural reality undercuts the potential gains from trade liberalisation by effectively raising the landed cost of regional exports.

The transport network challenges are multiple and mutually reinforcing. Nigeria's key arterial highways linking producers in the hinterland to seaports and land borders are frequently in poor condition, leading to slow travel speeds, high vehicle operating costs, and a greater incidence of cargo damage or theft. Without reliable connectivity, a manufacturer in Kano or Kaduna faces greater logistic uncertainty than a competitor in a neighbouring ECOWAS state with better infrastructure.

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Empirical research on intra-African trade has documented the "distance effect," that is, the farther goods must travel and the poorer the road quality, the less likely enterprises are to benefit from regional preferences (Cadot et al., 2012). For Nigerian firms, the high cost of domestic logistics directly erodes margins that would otherwise be leveraged through access to regional markets under ETLS.

Congestion at border posts further exacerbates these challenges. Studies on West African border operations reveal that delays arising from clearance procedures, multiple checkpoints, and lack of coordination among agencies inflate the time and cost of cross-border transactions (Arvis et al., 2018; World Bank, 2021). In theory, ETLS should simplify movement for certified goods, but pratically, many Nigerian exporters encounter prolonged waiting times at borders such as Seme-Koko and Illela, where infrastructure bottlenecks and administrative inefficiencies create queues that stretch for kilometres. The result is not only increased transport costs but also uncertainty that discourages firms from committing to regular regional trade routes.

From a policy perspective, the infrastructure and logistics challenge is not merely about physical roads and border facilities but about the enabling environment for regional trade. Regional integration scholarly opinions underscore that trade liberalisation, when not matched with corresponding investments in trade logistics and facilitation, produces uneven outcomes where only the most efficient or proximity-advantaged firms can exploit preferential access (Portugal-Pérez & Wilson, 2012). Nigerian enterprises, particularly small and medium-sized enterprises (SMEs), often lack the capital and organisational capacity to absorb the high transport costs and time delays, which deters their participation in ETLS-based trade opportunities. This disproportionately benefits larger firms that can internalise logistics inefficiencies, thereby limiting the inclusive growth potential of regional integration.

Therefore, for Nigerian enterprises to fully utilise the ECOWAS Trade Liberalization Scheme, there must be concurrent and sustained investments in transport and logistics infrastructure, coordinated border management reforms, and customs modernisation. Without addressing these structural constraints, the tariff privileges embedded in ETLS will remain underexploited, and Nigerian firms will continue to face competitive disadvantages relative to regional peers whose countries have made greater progress in building the connective tissue necessary for frictionless trade.

5 Limited Access to Trade Finance

One of the constraining challenges confronting Nigerian enterprises in their attempts to utilize opportunities provided by the ECOWAS Trade Liberalisation Scheme (ETLS) is the limited access to trade finance, a problem that curtails their capacity to scale production, manage export risks, and engage competitively in regional markets. An overview of opinions on trade and development identifies the centrality of finance to successful participation in regional and global value chains. For small and medium-sized enterprises (SMEs) in particular, access to affordable credit, export financing, and risk-mitigating instruments such as trade credit insurance is widely recognised as a prerequisite for investing in increased output, meeting quality standards, and absorbing the often substantial up-front costs associated with exporting (Cadot, Carrère, & Strauss-Kahn, 2011; World Bank, 2019).

In my opinion of the Nigerian situation this challenge is quite evident while the liberalisation framework of ETLS theoretically opens duty-free access to a market of over 300 million people, many firms lack the working capital necessary to procure inputs, maintain inventory, or invest in technology that would allow them to compete with better-capitalised counterparts in neighbouring ECOWAS states. Empirical analyses of intra-African trade demonstrate that limited trade finance not only increases transaction costs but also exacerbates uncertainty and risk for exporters, particularly in sectors such as agro-processing and light manufacturing, where production cycles are long, and profit margins are often thin (Arvis et al., 2018).

Nigerian financial institutions have traditionally been risk-averse in extending credit to enterprises without substantial collateral. The high cost of borrowing, relative to returns in export markets, further disincentivizes investment in regional commerce. Moreover, the absence of well-developed export credit agencies and trade facilitation instruments, such as documentary credit guarantees, forfaiting arrangements, and currency hedging mechanisms, places Nigerian firms at a disadvantage compared to regional competitors who may have better support from state-backed financial facilities or regional development banks. Scholars such as Mavroidis and Sapir (2019) point out that trade liberalisation alone is insufficient to deepen market integration where complementary financial infrastructure is weak, because enterprises without access to finance cannot convert tariff preferences into exported goods. This insight is borne out in Nigeria's own trade performance records, which show that despite formal liberalisation measures, non-oil exports have remained concentrated in a narrow range of products and have struggled to expand into ECOWAS markets at scale.

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In addition, the unpredictable nature of exchange rates and foreign exchange scarcity issues highlighted in the Nigerian economic policy literature (Iyoha & Oriakhi, 2002; Sanusi, 2010) compounds the finance gap by increasing the cost of imported inputs and dampening investor confidence. Without deliberate policy interventions to expand access to trade finance, reduce borrowing costs, and build institutions capable of underwriting export risks, Nigerian enterprises will continue to find it difficult to leverage ETLS fully. Addressing this shortfall is therefore not merely a matter of financial inclusion, but a strategic imperative for enhancing Nigeria's competitiveness within West Africa and realising the broader economic objectives that underpin regional trade liberalisation.



6 Low Awareness and Information Gaps

A persistent and widely documented challenge confronting Nigerian enterprises in their engagement with the ECOWAS Trade Liberalization Scheme (ETLS) is the low level of awareness and the prevalence of information gaps regarding the scheme's objectives, operational rules, and potential benefits. Although ETLS has existed for decades as a central instrument for promoting intra-regional trade in West Africa, evidence from both academic studies and policy reports suggests that many Nigerian firms, particularly small and medium-sized enterprises, possess only a limited understanding of how the scheme functions in reality. This lack of awareness significantly constrains effective utilization, even among firms that would otherwise qualify for preferential treatment under the scheme.

Several studies note that knowledge of ETLS provisions is unevenly distributed across the Nigerian business landscape. Large firms with established export experience and access to policy networks are more likely to be familiar with regional trade arrangements, while smaller enterprises often operate with minimal exposure to formal trade policy information. Oyejide and Bankole (2015) observe that for many SMEs, regional trade policies remain abstract concepts, disconnected from everyday business decisions. As a result, potentially eligible firms continue to export informally or avoid regional markets altogether, forfeiting the tariff advantages and market access that ETLS is designed to provide.

Scholarly opinions further indicate that information gaps are not limited to basic awareness of ETLS but extend to detailed procedural knowledge.



Key Challenges Facing Nigerian Enterprises

Firms frequently lack clarity on rules of origin, certification processes, documentation requirements, and the institutional bodies responsible for ETLS implementation. According to the ECOWAS Commission (2013) and the World Bank (2021), even enterprises that are nominally aware of the scheme often perceive it as complex, opaque, and administratively burdensome. This perception discourages engagement and reinforces reliance on informal trade channels, which, while flexible, offer little protection and undermine the long-term competitiveness of Nigerian businesses.

Weak dissemination mechanisms contribute significantly to these challenges. Trade-related information is often concentrated within federal ministries and specialised agencies, with limited reach to subnational levels where most enterprises operate. Studies by UNECA (2019) highlight that outreach efforts rarely penetrate rural and peri-urban areas, where many agro-processors and light manufacturers are based. In addition, coordination gaps between trade promotion agencies, chambers of commerce, and business associations further reduce the effectiveness of information sharing. Without consistent, accessible, and practical guidance, enterprises are left to navigate regional trade regimes with little institutional support.

The consequences of low awareness and information asymmetry are substantial. Firms that are unaware of ETLS benefits are less likely to invest in compliance, product upgrading, or market expansion within the region. This, in turn, limits Nigeria's export diversification and weakens its ability to leverage regional integration for industrial development. Rodrik (2004) argues that trade liberalisation yields limited developmental outcomes when firms lack the information and capabilities needed to respond to new opportunities. In the Nigerian context, this insight helps explain why formal commitments to regional trade openness have not translated into proportionate gains in intra-ECOWAS trade.

Conclusively, low awareness and persistent information gaps represent a structural barrier to the effective utilization of ETLS by Nigerian enterprises. Addressing this challenge requires more than formal policy endorsement; it demands sustained investment in trade information systems, targeted outreach to SMEs, and closer collaboration between government institutions and the private sector. Without such efforts, ETLS is likely to remain underutilized, reinforcing the disconnect between Nigeria's regional trade ambitions and the realities faced by its productive enterprises.

IMPLICATIONS FOR NIGERIA'S ECONOMIC DEVELOPMENT



Nigeria's engagement with regional trade liberalisation through mechanisms such as the ECOWAS Trade Liberalization Scheme (ETLS) was conceived as a strategic pathway to expand markets, enhance productive capacity, and catalyse structural transformation. Over the past three decades, these expectations have been reinforced by Nigeria's adherence to broader trade liberalisation frameworks beginning with the 1986 Structural Adjustment Programme (SAP), through to WTO accession in 1995, and persistent commitments at the ECOWAS level. In theory, the removal of tariff barriers for qualifying intra-regional goods under ETLS should stimulate formal trade flows, incentivise enterprise competitiveness, and anchor Nigeria's role as a regional economic leader. However, the limited utilisation of ETLS by Nigerian enterprises has significant and multifaceted implications for the nation's economic development.

At the most fundamental level, the failure of Nigerian firms to harness ETLS effectively weakens the expected linkage between regional liberalisation and enterprise-led growth. Economic theory and numerous empirical studies highlight that trade liberalisation only yields developmental dividends when firms can respond to expanded market access with

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increased production, investment, and innovation. Rodrik's work on trade and industrial policy underscores that liberalising access without corresponding improvements in firm capabilities often produces limited structural change and can entrench existing patterns of low productivity (Rodrik, 2004). In Nigeria's case, persistent supply-side constraints ranging from unreliable power infrastructure to logistics bottlenecks mean that many enterprises are neither competitive within the ECOWAS market nor capable of sustaining formal cross-border sales. As a result, rather than stimulating formal exports and productive deepening, ETLS remains an underutilised framework, its potential largely untapped.

One clear and measurable consequence of this under-utilisation is the perpetuation of informal cross-border trade. The West African region has long been characterised by pervasive informal economic activity; the West African Institute for Financial and Economic Management (WAIFEM) estimates that informal trade accounts for as much as 70–80 per cent of total cross-border commerce in some corridors (WAIFEM, 2018). Nigerian traders, especially small and medium-sized enterprises (SMEs), frequently resort to informal channels to bypass procedural complexities, certification requirements, and non-tariff barriers that accompany formal ETLS participation. While informal trade can be economically adaptive for individual households and micro-enterprises, it generates several adverse spillovers. Informal exports often elude official customs documentation, leading to losses in government revenue that could otherwise support infrastructure and social services. The United Nations Conference on Trade and Development (UNCTAD) notes that informal trade reduces the efficacy of macroeconomic planning and limits the ability of states to deploy targeted industrial support (UNCTAD, 2020).

The revenue implication is not trivial. Nigeria's non-oil revenue base has historically underperformed relative to potential; in the early 2020s, non-oil tax revenue hovered around 7–9 per cent of GDP, a level well below peers such as Kenya and South Africa (World Bank WDI, 2023). By failing to formalise and capture intra-regional trade flows, the country not only misses direct tariff and tax income but also undermines broader fiscal stability. This, in turn, limits public investment in critical enablers of competitiveness, education, infrastructure, and technology, thereby creating a feedback loop in which enterprises remain trapped in cycles of low productivity and limited market reach.

Moreover, the limited effectiveness of ETLS weakens Nigeria's leadership role within ECOWAS. As the largest economy in the region, Nigeria's economic posture influences policy dynamics and integration outcomes across West Africa. Yet, when its private sector fails to capitalise on regional liberalisation commitments, opportunities for deeper economic cohesion, such as regional value chains, shared industrial clusters, and harmonised standards, are

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compromised. The African Continental Free Trade Area (AfCFTA), which came into force in 2021 with ambitious goals for intra-African trade expansion, further accentuates this point: Nigeria's inability to model robust participation in ETLS may constrain its capacity to shape continental integration in ways that advance domestic industrial interests.

The developmental consequences extend beyond trade statistics and fiscal metrics. A thriving and competitive enterprise sector is central to job creation, poverty reduction, and social stability. Nigeria's labour market continues to face troubling trends, with unemployment and underemployment at persistently high levels.

Youth unemployment alone was estimated at over 30 per cent in recent years (National Bureau of Statistics, 2023). If regional trade opportunities through ETLS were more accessible and beneficial, export-oriented enterprises could absorb more labour, especially in manufacturing and agro-processing sectors that have strong regional demand potential. Instead, the informalisation of cross-border commerce means that many jobs remain precarious, low-wage, and outside formal regulatory and social protection frameworks.

In summary, the limited traction of ETLS among Nigerian enterprises has significant implications for the country's economic development trajectory:

- It weakens the link between liberalisation and formal trade growth, undercutting structural transformation.
- It reinforces informal trade dynamics that erode state revenue and limit effective economic planning.
- It diminishes Nigeria's potential to assert regional economic leadership and shape integration outcomes.
- It restricts opportunities for enterprise expansion, employment creation, and productivity gains.

Addressing these challenges requires a set of policy interventions and reforms that move beyond formal commitments to trade liberalisation. This should include targeted support for enterprise capacity building, improvements in trade information dissemination, simplification of certification procedures for ETLS participation, harmonisation of non-tariff barrier mitigation across ECOWAS member states, and investment in infrastructure that reduces the cost of doing business. Only by confronting these barriers directly can the promise of ETLS be converted from a formalised regional framework into a practical driver of Nigeria's economic development.

POLICY RECOMMENDATIONS

1 Simplify ETLS Certification and Rules of Origin

A critical policy priority for improving Nigerian enterprises' effective participation in the ECOWAS Trade Liberalization Scheme (ETLS) is the simplification of certification procedures and the clarification and operationalisation of rules of origin. Complex documentation requirements, prolonged approval timelines, and inconsistent interpretation of rules across member states have increased compliance costs and discouraged firms from engaging formally with the scheme.

Evidence from regional trade assessments indicates that many enterprises view ETLS certification as opaque and time-consuming, often requiring multiple interactions with national trade ministries, chambers of commerce, and customs authorities. The ECOWAS Commission has acknowledged that delays in product registration and certificate issuance can extend over several months, a timeframe that is incompatible with the operating realities of most Nigerian firms, especially those in agro-processing and light manufacturing, where production cycles are short and working capital is limited.

Simplifying ETLS certification should therefore begin with a rationalisation of documentation requirements. Redundant forms, overlapping approvals, and discretionary assessments should be eliminated in favour of a standardised, transparent checklist that clearly outlines eligibility criteria and evidentiary requirements. Rules of origin, which are intended to prevent trans-shipment and protect regional production, need to be communicated in clear, practical terms that enterprises can easily apply. Studies by the World Bank and UNECA have shown that firms are more likely to comply with origin requirements when thresholds are predictable, verification procedures are transparent, and guidance is readily accessible.

Reducing processing timelines is equally essential. Lengthy approval processes not only impose direct administrative costs but also introduce uncertainty that undermines firms' ability to plan production and delivery schedules. Establishing legally defined service timelines for ETLS certification backed by monitoring and accountability mechanisms would improve confidence in the system.

Policy Recommendations

The deployment of digital certification systems represents a practical and cost-effective reform option. Moving ETLS certification to an integrated digital platform would reduce physical contact with multiple agencies, limit opportunities for discretionary decision-making, and lower transaction costs. Digital systems can also facilitate real-time verification by customs authorities across ECOWAS member states, reducing disputes at borders and improving mutual trust among national administrations. Experiences from other regions, including the European Union and East African Community, demonstrate that electronic certification and single-window trade platforms significantly improve compliance and uptake among enterprises.

For Nigeria, implementing these reforms would require close coordination between the Federal Ministry of Industry, Trade, and Investment, the Nigeria Customs Service, chambers of commerce, and relevant ECOWAS institutions. Capacity-building for officials and enterprises alike would be necessary to ensure a smooth transition to simplified and digitised systems. Over time, such reforms would not only lower the cost of ETLS participation but also encourage the formalisation of regional trade, expand export opportunities for Nigerian firms, and strengthen the developmental impact of regional integration.



2 Strengthen Institutional Coordination and Harmonization

Strengthening institutional coordination and harmonisation is central to improving Nigeria's ability to derive tangible economic benefits from the ECOWAS Trade Liberalisation Scheme (ETLS). While Nigeria has formally committed to regional trade integration, the practical effectiveness of ETLS continues to be undermined by fragmented institutional responsibilities, weak inter-agency communication, and inconsistent interpretation of ETLS rules across ECOWAS member states. Addressing these challenges requires a deliberate policy shift from nominal participation toward active institutional alignment and operational coherence.

At the national level, trade-related responsibilities in Nigeria are dispersed across multiple agencies, including the Federal Ministry of Industry, Trade and Investment, the Nigeria Customs Service, the Nigerian Export Promotion Council, standards and regulatory bodies, and various border security agencies. In practice, limited coordination among these institutions often results in duplication of functions, conflicting directives, and delays in responding to challenges faced by exporters. Policy studies by the World Bank (2021) and UNECA (2019) emphasise that such fragmentation increases transaction costs for firms and weakens compliance with regional trade commitments. Strengthening coordination, therefore, requires the establishment of clear institutional roles, regular inter-agency information sharing, and a unified national framework for ETLS implementation that aligns policy objectives with operational practices at ports and border posts.

Beyond domestic coordination, closer and more structured engagement with ECOWAS institutions is essential to promote harmonised implementation of ETLS across the region. Although ETLS rules are formally standardised, their application varies widely among member states, particularly in relation to rules of origin verification, customs procedures, and product certification. Empirical evidence from ECOWAS Commission reports indicates that such inconsistencies discourage formal trade and erode confidence in the scheme. Nigeria, given its economic weight, is well-positioned to advocate for more robust regional enforcement mechanisms and clearer operational guidelines that reduce discretionary practices by national customs authorities. Policy reforms should prioritise joint training programmes, exchange postings, and regular technical workshops coordinated by ECOWAS, with strong Nigerian participation. These initiatives would help build a common operational culture and foster trust among institutions responsible for implementing the scheme.

In addition, creating a structured feedback mechanisms that allow enterprises to report ETLS-related challenges and seek

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timely resolution. Establishing joint Nigeria–ECOWAS grievance and monitoring platforms would improve transparency and accountability, while enabling policymakers to identify systemic bottlenecks and adjust implementation strategies accordingly. By investing in coordinated governance structures, consistent rule application, and sustained regional engagement, Nigeria can help transform ETLS into a credible and predictable trade regime that supports enterprise competitiveness, formal trade expansion, and deeper regional integration.



3 Address Non-Tariff Barriers at Borders

Ending non-tariff barriers at border points remains a critical requirement for improving the effectiveness of regional trade liberalisation and enhancing Nigerian enterprises' participation in the ECOWAS Trade Liberalization Scheme. One priority area for reform lies in strengthening border governance through deeper operational cooperation between Nigeria and its neighbouring states. Joint border patrols and coordinated border management arrangements can help reduce duplication of controls and limit opportunities for arbitrary enforcement. Experience from other regional blocs suggests that when customs, immigration, and security agencies operate in isolation, traders are subjected to multiple inspections that increase delays and transaction costs.

In contrast, jointly managed border operations where agencies share information and conduct harmonised checks create clearer lines of accountability and reduce the discretionary power of individual officials. For Nigeria, expanding joint patrols along major trade corridors would not only facilitate smoother movement of goods but also reinforce mutual trust among ECOWAS member states.

Equally important is the establishment of transparent and accessible grievance mechanisms for traders. Reports from Nigerian exporters and transporters is that while non-tariff barriers are pervasive, there are few effective channels for reporting abuses or seeking redress. Complaints often go unrecorded or are handled informally, leaving traders vulnerable to repeated exploitation. A formal grievance system linked to both national trade authorities and ECOWAS monitoring bodies would provide an institutional outlet for documenting border-related challenges. Over time, such data could inform targeted reforms, enable performance monitoring of border agencies, and strengthen compliance with regional commitments. Crucially, grievance mechanisms must be designed to protect complainants from retaliation, particularly small-scale traders who lack political or economic influence.

Beyond administrative reforms, political commitment at both national and regional levels is essential. Border governance is often shaped by entrenched interests that benefit from opacity and informality. Addressing non-tariff barriers, therefore, requires sustained leadership, inter-agency coordination, and engagement with the private sector. Business associations, transport unions, and chambers of commerce can play a constructive role by providing feedback on border practices and supporting awareness of formal trade procedures among their members.

Tackling non-tariff barriers at Nigeria's borders is not merely a technical exercise but a governance reform with significant economic implications. By strengthening joint border operations, institutionalising

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grievance mechanisms, and enforcing ECOWAS trade protocols more consistently, Nigeria can lower transaction costs, encourage formal trade, and enhance the developmental impact of regional integration.



4 Improve Trade-Related Infrastructure

Improving trade-related infrastructure should be treated as a policy priority if Nigeria is to enhance its participation in the ECOWAS Trade Liberalization Scheme. A substantial body of empirical research demonstrates that the benefits of trade liberalisation are heavily conditioned by the quality of physical and institutional infrastructure. Where transport networks are inefficient and border processes cumbersome, tariff preferences alone are insufficient to stimulate trade expansion or enterprise competitiveness (Portugal-Perez & Wilson, 2012; World Bank, 2020). In the Nigerian context, high logistics costs and persistent delays along key trade corridors continue to erode the effective market access that ETLS intends to provide.

One critical area for intervention is investment in regional transport corridors that link Nigeria's major production centres to neighbouring ECOWAS markets. Studies estimate that transport costs in West Africa account for as much as 30 to 40 per cent of the final price of traded goods, compared to less than 15 per cent in many emerging economies (UNECA, 2019). Poor road conditions, congestion, and limited rail connectivity increase transit times and raise the cost of moving goods, disproportionately affecting small and medium-sized enterprises with limited financial buffers. Targeted rehabilitation and expansion of priority corridorssuch as the Lagos–Badagry–Abidjan route and northern corridors linking Kano to Niger and Benin would lower transaction costs, improve reliability of delivery, and enhance the competitiveness of Nigerian exports within the regional market.



Policy Recommendations

Many of Nigeria's land borders remain characterised by outdated facilities, overlapping agency presence, and manual processing systems that create bottlenecks and opportunities for discretionary behaviour this need to be improved upon through modernisation of border infrastructure and procedures. The World Bank's Ease of Doing Business indicators have consistently highlighted border compliance as a major constraint to trade in Nigeria, with clearance times and costs exceeding regional averages (World Bank, 2020). Upgrading border posts into fully functional one-stop border facilities, equipped with adequate storage, inspection, and scanning technology, would streamline clearance processes and reduce delays. Such reforms would also improve transparency and reduce the informal payments that discourage firms from engaging in formal trade under ETLS.

Infrastructure improvement like customs automation represents a further pillar of significant policy efforts. Evidence from countries that have adopted comprehensive customs automation shows reductions in clearance times of up to 50 per cent, alongside improved compliance and predictability for traders (OECD, 2018). For Nigerian enterprises, especially those unfamiliar with complex trade procedures, simplified and automated systems would lower entry barriers to formal regional trade and increase confidence in the ETLS framework.

Beyond efficiency gains, improved trade-related infrastructure has broader developmental implications. By lowering logistics costs and uncertainty, infrastructure investment encourages firms to scale production, invest in quality upgrading, and explore new markets. It also enhances Nigeria's credibility as a regional trade hub and strengthens its leadership role within ECOWAS by demonstrating commitment to the practical implementation of integration agreements. Importantly, such investments should be complemented by institutional coordination among transport, customs, and trade agencies to ensure that physical upgrades translate into real operational improvements.

5 Expand Access to Trade Finance

Expanding access to trade finance is essential to improving the capacity of Nigerian enterprises particularly small and medium-sized enterprises (SMEs) to participate effectively in regional trade under the ECOWAS Trade Liberalization Scheme (ETLS). While tariff preferences and market access are important, they are insufficient on their own when firms lack the financial resources needed to produce at scale, meet quality standards, and manage the risks associated with cross-border transactions. Scholarly views consistently identifies inadequate access to affordable finance as one of the binding constraints on SME export participation in developing economies, including Nigeria.

Nigerian commercial banks often perceive export-oriented SMEs as high-risk due to limited collateral, short operating histories, and exposure to exchange rate volatility. As a result, credit for trade-related activities is either unavailable or offered at prohibitively high interest rates. According to the World Bank's Enterprise Surveys, a significant proportion of Nigerian firms identify access to finance as a major obstacle to growth, with the constraint being particularly acute for smaller firms and first-time exporters. Without access to working capital and export finance, even enterprises that are eligible under ETLS are unable to take advantage of regional market opportunities.



Policy Recommendations

Targeted export financing schemes can play a critical role in addressing this gap. Government-backed trade finance instruments such as pre-shipment and post-shipment finance, invoice discounting, and export refinancing facilities can reduce liquidity constraints and enable firms to fulfil cross-border orders. Nigeria has some experience in this area through institutions such as the Nigerian Export-Import Bank (NEXIM), but coverage remains limited relative to demand. Expanding the scale and accessibility of such programmes, while simplifying application procedures, would significantly improve uptake among SMEs that currently operate below the threshold of formal export activity.

Credit guarantee schemes also offer a viable policy tool for de-risking SME lending. By sharing a portion of the credit risk with commercial banks, public guarantee facilities can incentivise financial institutions to extend trade finance to firms that would otherwise be excluded. Empirical evidence from comparable developing economies suggests that well-designed guarantee schemes can expand credit access without undermining financial stability, provided that eligibility criteria and monitoring mechanisms are robust. For Nigerian exporters targeting the ECOWAS market, such guarantees could be tailored specifically to ETLS-compliant activities, thereby aligning financial support with regional trade objectives.

Partnerships with development finance institutions (DFIs) represent another critical avenue for expanding trade finance. Multilateral and regional DFIs including the African Development Bank, Afreximbank, and ECOWAS Bank for Investment and Development have existing mandates to support regional trade and industrialisation. Strategic collaboration with these institutions can mobilise longer-term, lower-cost financing for export-oriented enterprises, while also providing technical assistance in areas such as risk management, standards compliance, and market intelligence. Afreximbank's interventions in intra-African trade finance, for example, demonstrate the potential of blended finance and guarantee instruments to crowd in private capital while supporting SMEs.

Importantly, efforts to expand trade finance should be integrated with broader trade facilitation and enterprise development policies. Financial support is most effective when complemented by improvements in infrastructure, regulatory clarity, and access to trade information. Without such coordination, financing risks being underutilised or misallocated. A coherent trade finance strategy aligned with ETLS implementation would therefore strengthen the capacity of Nigerian enterprises to move from informal, small-scale trading into more formal, scalable, and sustainable participation in regional markets.

6 Intensify Enterprise Awareness and Capacity Building

A critical major step toward improving Nigeria's utilisation of the ECOWAS Trade Liberalisation Scheme (ETLS) is the systematic strengthening of enterprise awareness and capacity. Despite Nigeria's long-standing commitment to regional trade integration, evidence suggests that many enterprises particularly small and medium-sized firms remain poorly informed about ETLS provisions, eligibility criteria, and practical pathways for participation. This information deficit has limited the ability of firms to make informed strategic decisions about regional market entry, compliance investments, and export expansion.

To address this gap, the Federal Government should significantly scale up outreach, training, and advisory services targeted at enterprises with export potential. Agencies such as the Nigeria Export Promotion Council (NEPC) are well-positioned to play a coordinating role, given their statutory mandate and existing engagement with exporters. However, outreach efforts must move beyond periodic workshops in major urban centres and adopt a more decentralised and sustained approach. Embedding trade advisory services within state-level institutions, industrial clusters, and business associations would help ensure that information on ETLS reaches enterprises operating outside Lagos and Abuja, where awareness levels are typically at their lowest.



Policy Recommendations

Capacity-building interventions should be practical and demand-driven, focusing not only on the theoretical benefits of ETLS but on its operational requirements. Training programmes should equip enterprises with clear guidance on rules of origin, certification procedures, documentation standards, and customs processes across ECOWAS member states. Where possible, these programmes should incorporate case studies of Nigerian firms that have successfully navigated ETLS, as peer-based learning has been shown to improve uptake and confidence among SMEs. Digital platforms, including simplified online portals and mobile-friendly resources, can further support continuous access to trade information, particularly for smaller firms with limited institutional reach.

In addition, advisory support should be integrated with broader enterprise development initiatives. Firms that lack basic production capacity, quality control systems, or regulatory compliance are unlikely to benefit from trade liberalisation, regardless of awareness levels. Coordinating ETLS-focused training with ongoing industrial support schemes such as export expansion grants, quality certification programmes, and access to finance initiatives would improve the likelihood that enterprises can translate knowledge into actual market participation. NEPC, in collaboration with the Standards Organisation of Nigeria and relevant financial institutions, could develop tailored export-readiness pathways that align enterprise capabilities with regional trade opportunities.

Finally, monitoring and feedback mechanisms should be strengthened to ensure that awareness programmes remain responsive to enterprise needs. Regular engagement with exporters and prospective exporters would allow policymakers to identify persistent bottlenecks, refine training content, and adjust outreach strategies over time. By institutionalising enterprise awareness and capacity building as a core pillar of Nigeria's regional trade strategy, policymakers can move ETLS from a largely abstract policy commitment toward a practical instrument for enterprise growth, export diversification, and deeper regional economic integration.

CONCLUSION

The ECOWAS Trade Liberalization Scheme was conceived as a cornerstone of regional economic integration, with the promise of expanding markets, strengthening enterprise competitiveness, and fostering industrial development across West Africa. For Nigeria, whose economic size and productive potential position it as a natural leader within the sub-region, ETLS represents an important opportunity to translate regional commitments into tangible development outcomes. However, the evidence examined in this study suggests that this potential remains only partially realised.

The limited engagement of Nigerian enterprises with ETLS reflects a combination of structural, institutional, and informational constraints rather than a lack of policy intent. Persistent gaps in awareness, weak productive capacity, administrative complexity, and inconsistent implementation across ECOWAS member states have collectively reduced the scheme's effectiveness. Instead of serving as a catalyst for formal trade expansion and enterprise upgrading, these constraints have often pushed firms toward informal cross-border channels, undermining revenue mobilisation, distorting competition, and weakening the developmental impact of regional trade liberalisation.

More broadly, the Nigerian experience with ETLS highlights a central lesson of trade policy: formal market access alone is insufficient to drive economic transformation. Without deliberate efforts to build enterprise capabilities, improve policy coordination, and lower the practical costs of participation, regional trade frameworks risk remaining symbolic rather than transformative. For Nigeria, addressing these challenges is not merely a matter of improving compliance with ECOWAS protocols, but of aligning regional integration with national objectives of industrial growth, employment creation, and economic diversification.

If ETLS is to fulfil its original purpose, it must be supported by targeted domestic reforms that place enterprises at the centre of regional trade strategy. Only through sustained investment in awareness, capacity building, and institutional effectiveness can Nigeria convert regional trade liberalisation from a formal commitment into a meaningful driver of inclusive economic development and regional leadership.

POLICY AUDIENCE

Federal Ministry of Industry, Trade and Investment · ECOWAS Commission · Nigeria Export Promotion Council · Customs Authorities · Development Partners · Regional Trade Policy Think Tanks

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ABOUT IFREME

The Institute for Free Market and Entrepreneurship (IFREME) West Africa is a policy, research, and advocacy organization committed to promoting a free and prosperous West Africa. IFREME's work is grounded in the belief that sustainable development is best achieved when individuals are empowered to exercise their rights, participate freely in markets, and pursue entrepreneurial opportunities without unnecessary constraints.

Through rigorous research, education, and advocacy, IFREME advances policy ideas that support individual freedom, entrepreneurship, and free-market principles. The Institute focuses on reducing barriers to enterprise, improving the policy environment for business growth, and encouraging cross-border trade and economic cooperation across the region. IFREME also places strong emphasis on educating young entrepreneurs and policy advocates, equipping them with the knowledge and skills required to engage constructively in economic and policy debates.

In pursuit of its mission, IFREME engages with policymakers, business leaders, academics, and civil society actors to facilitate open dialogue on market-driven solutions to societal challenges. By promoting the vision of a borderless and opportunity-driven West Africa, IFREME seeks to contribute to system-level change that enables individuals and businesses to thrive, innovate, and create shared prosperity.

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