

606TH INAUGURAL LECTURE OF THE UNIVERSITY OF IBADAN
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TOPIC: Shall We Trade?

Abstract

Nigeria and many developing countries are in search of sustainable pro-poor structural transformation. Trading with appropriate and complimentary policies is a proven pathway to achieve this objective. Theories have shown clearly that openness to trade is a better approach to promote development rather than autarchy. The experiences of Asian Tiger and China in recent times bear eloquent testimonies to the power of trade in the structural transformation agenda.

This Lecture traces the evolution and development of trade theories and notes that in addition to comparative advantage, investment, technological and industrial policies, among other things, promote trade for development. It also notes the varying emphasis of different theories on the units that engage in trade: countries, industries and firms with the policy implications for facilitating trade.

Apart from being a member of the World Trade Organisation (WTO), Nigeria is a key member of the Economic Community of West African States (ECOWAS) as well as a signatory to the agreement establishing the African Continental Free Trade Area (AfCFTA). Indeed, the country is a signatory to a growing number of bilateral trade (and investment) agreements. By virtue of this, Nigeria is a signatory to some cooperation and preferential trade agreements including 2000 Trade and Investment Framework Agreement (TIFA) with the United States and the Enhanced Trade and Investment Partnership (ETIP) with the United Kingdom, in 2024. Similarly, the country benefits from AGOA 2000 (just extended retroactively till December 2026), and has recently become a signatory to the new United Kingdom Developing Countries Trading Scheme (UK-DCTS) that came into force on 19 June 2023. Other recent agreements include the ones with Brazil and UAE.

There is no doubt that Nigeria has embraced international trade going by, at least, the various bilateral, regional, continental and multilateral engagements, yet the expected/desired structural transformation and pro-poor sustainable development appear illusionary.

Using the case of Agreement on Agriculture (AoA) of WTO, this Lecture argues that the external environment for agricultural trade may be hostile, hence Nigeria needs to note that:

- (i) Signing and negotiating agreements is necessary but not a sufficient condition for trade to have the desired effects.
- (ii) Agriculture, a sector that holds the potential for the desired goals, has neither been fairly treated in the world trading system nor recognised, supported and positioned by the government to deliver its full potential.
- (iii) Mainstreaming different agreements to the national development strategies and stepping up deliberate and intentional efforts at implementation is a required strategy.
- (iv) Deliberate efforts to support transformation of the agricultural commodities to agricultural products that meet consumers' taste is highly recommended. A highly selective approach, perhaps through the lens of regional value chains (RVCs) is advised and support given to the selected value chains must be full.
- (v) All policy desks must pursue implementation vigorously. Capacity development efforts rather than capacity building should focus on all stakeholder groups in the private and public sectors and non-governmental organisations (NGOs). Such efforts must cover

issues along the value chains of selected products/sectors. The ultimate goal is to change the narrative from an average Nigerian being versatile in importation to being a successful and prosperous in exportation.