EXAMINATION OF THE LEGAL BARRIERS TO INTERNATIONAL TRADE IN NIGERIA: LESSONS FROM THE UK AND CHINA

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Abstract

International trade fosters growth and boosts job creation and technological advancements. It allows countries to specialize in producing goods and services that they are most efficient at and then trade with other countries for goods and services that they are less efficient at producing. However, trade barriers can hinder the free flow of goods and services between countries. These barriers can be in the form of tariffs, quotas, subsidies and regulations. Collectively, they can make it difficult for businesses to import and export goods, which can lead to higher prices for consumers and reduced economic growth. Thus, the aim of this paper was to legally analyse international trade in Nigeria. It makes a comparative analysis using the UK and China and the lessons that Nigeria can learn from these jurisdictions. It found that among these three jurisdictions, Nigeria has the highest tariff rates which significantly hinder international trade in the country. It concluded with an emphasis on striking a balance between protecting local industries, boosting the national economy and promoting international trade. It is recommended that Nigeria should learn from the UK Global Tariff and the Made in China 2025 scheme.

Keywords: *Trade Barriers, Tariffs, Non-Tariff Barriers, Laws and Policies*

1.0 Introduction

International trade is a viable tool for economic growth and sustainable development. This is one of the reasons why the Constitution of the Federal Republic of Nigeria 1999 (as amended) has obligated the government to direct its policy towards ensuring that the economic system of the country is not operated in such a manner as to permit the concentration of wealth or the means of production and exchange in the hands of few individuals or of a group.[1] This principle is directly relevant to the issue of trade barriers in Nigeria and underscores the need for a fair and inclusive trade environment that accommodates both local and foreign traders and investors.[2]

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[1] Constitution of the Federal Republic of Nigeria 1999 (as amended) Cap C23 LFN 2004, s.16(2)(c).

[2] F E Onah, *Evolution and Implications of the World Trade Organization: Policy Options for Nigeria* (Lagos: Shelter Rights Initiative 2002)

2.0 Definition of Terms

2.1 Trade Barriers

Trade barriers generally include factors or incidents that limit the conduct of trade or international trade. Trade barriers refer to any policies or regulations that make it more difficult for foreign companies and investors to conduct business within a particular country. Trade barriers are often used by governments to safeguard domestic industries, protect jobs and promote economic growth. These measures can take various forms and include policies such as tariffs, quotas, subsidies, embargoes and regulations.[3] Quotas are imposed limits on the amount of a particular product that a country can import or export. They are intended to limit the amount of foreign competition in a local market or to restrict the exportation of scarce resources.[4] Subsidies are financial support provided by governments to their domestic industries or producers to help them compete in the global market.[5] Embargoes are restrictions on trade that are imposed for political reasons.[6] For instance, if a country is engaged in a diplomatic standoff with another country, it may enact an embargo to deny it access to the domestic market.

2.2 Tariffs

Tariffs are taxes or duties imposed by a government on goods that are imported into a country or exported from a country. Tariffs are usually designed to protect domestic industries and promote local production by making imported products more expensive than locally produced goods.[7] Tariffs are typically imposed as a percentage of the value of the imported goods and the rate charged can vary depending on the specific industry or product. Governments may also impose tariffs as a means of raising revenue or as a bargaining tool in trade negotiations with other countries.[8] There are two types of tariffs: *ad valorem* tariffs and specific tariffs. *Ad valorem* tariffs are calculated as a percentage of the value of the imported goods. This means that the tariff payable on an imported good depends on its assessed value. On the other hand, specific tariffs are calculated based on the quantity of goods imported. These tariffs are usually set as a fixed amount per unit of imported goods. For example, a country may impose a specific tariff of ₦30,000 per barrel of oil imported regardless of the price of the oil.

3.0 Incidents of Barriers to International Trade in Nigeria

3.1 Tariff and Import Duties

Tariffs and import duties are widely recognized as traditional barriers to trade.[9] In Nigeria, a combination of tariff and quota measures is used to generate revenue and protect local industries from highly competitive imports. As of 2019, Nigeria had an average MFN applied tariff rate of 12.1%.[10]

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[3] A H Qureshi, *International Economic Law* (London: Sweet and Maxwell 2007) 35.
[4] C C Wigwe, *International Monetary Law: Effects of Trade Liberalisation in West African Countries and their Currencies with World Bank and IMF Articles of Agreement and ECOWAS Treaty* (Mountcrest University Press 2018)1.
[5] *Ibid.*
[6] *Ibid.*
[7] Qureshi (n 4).
[8] C CWigwe, *The World Bank, IMF and State Sovereignty* (Mountcrest University Press 2011)78.
[9] C S Ekesiobi and others, 'Dynamics of Foreign Trade and Trade Relation Problems: Policy Options for Nigeria' [2011](5)(1) *African Research Review*:40-56.
[10] US Trade, '2021 National Trade Estimate Report on Foreign Trade Barriers' (2021 Report)

Specifically, for agricultural products, the average MFN applied tariff rate was 15.8% while for non-agricultural products, it was 11.5%. Also, Nigeria has bound 20.1% of its tariff lines within the WTO with an average bound tariff rate of 120.9%.

Nigeria adheres to the Common External Tariff (CET) of the Economic Community of West African States (ECOWAS), which consists of five tariff bands. These bands include a 0% duty on essential social goods like medicine, a 5% duty on essential commodities, raw materials and capital goods, a 10% duty on intermediate goods, a 20% duty on consumer goods and a 35% duty on certain goods that the Nigerian Government has chosen to protect more strongly. The CET was originally planned to be fully harmonized by 2020; however, some ECOWAS member states have continued to deviate from the CET beyond the 1st January 2020 deadline.[11]

Nigeria imposes additional levies and duties on certain imported goods, which substantially increase the effective tariff rate paid by importers. Specifically, Nigeria maintains a combined effective duty (tariff plus levy) of 50% or higher on 156 tariff lines. Among these, there are 15 tariff lines where the combined effective duty exceeds the 70% limit established by ECOWAS.[12] These items include tobacco (with a 135% duty for cigars and cigarettes and an 85% duty for tobacco and other tobacco products), rice (120% duty), wheat flour (100% duty), and sugar (80% duty). However, it is important to note that the effective rates may often be higher due to additional charges such as levies, excise and value-added tax (VAT).[13] Also, complaints regarding the registration fees and processing timelines have been raised by foreign companies operating in Nigeria, particularly in the healthcare and processed foods sectors. However, the Nigerian government ensures that the total effective rate for each item does not exceed 70%.

Several studies have highlighted that the implementation of tariffs to protect infant industries can inadvertently result in inefficiencies within the local industry. These measures often lead to reduced competition, leaving consumers with limited choices and potentially higher prices. Local producers may benefit without making necessary improvements, leading to a lack of innovation and productivity.[14] Moreover, the imposition of tariffs can trigger a cycle of retaliatory measures by other countries. Nigeria's trade policies heavily rely on tariffs in the form of import licensing, custom duties and bans on specific imported goods.[15] However, these measures are temporary in nature and are subject to regular reviews by the WTO. Consequently, the objective of protecting and fostering infant industries has never been fully achieved. According to the WTO, Nigeria's applied tariffs are high when compared to other countries.[16] This may lead to retaliatory actions from other countries who may have trade relations with Nigeria.

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[11] *Ibid.*
[12] *Ibid.*
[13] US Trade (n 10).
[14] R L Robert and E L Robert, 'Why protectionism doesn't pay' <https://hbr.org/1987/05/why-protectionism-doesnt-pay> accessed 15 August 2023.
[15] L N Chete and others, 'Industrial development and growth in Nigeria: lessons and challenges' <https://www.brookings.edu/wp-content/uploads/2016/07/L2C_WP8_Chete-et-al- 1.pdf> accessed 15 August 2023.
[1616] World Trade Organisation, 'Nigeria Tariff' <https://www.wto.org/english/tratop_e/tpr_e/s356_e.pdf> accessed 16 August 2023.

3.2 Non-Tariffs Barriers

Non-tariff barriers (NTBs) are other significant incidents that hinder international trade in Nigeria. These barriers encompass various regulatory measures, policies, or practices that impede trade but are not in the form of tariffs. Examples of NTBs include import licensing requirements, quota restrictions, technical standards and regulations and customs procedures. In Nigeria, non-tariff barriers such as import restrictions and licensing requirements are prevalent. These barriers add complexity and time delays to trade procedures. This barrier makes it difficult and costly for foreign businesses to engage in import-export activities. The Nigerian Customs Service has also been identified as a contributor to NTBs due to its inconsistent application of trade rules and cumbersome administrative procedures.

Most developed countries often impose NTBs on exports from less developed countries using measures such as labeling, packaging and analysis of nutritional content. For example, Nigeria's food exports to the European Union and the United States often encounter stringent restrictions. These countries are aware that the industries in less developed nations may lack the sophistication to meet these expert analysis and packaging requirements and thus maintain these controls as a trade barrier.[17] While these restrictions may appear reasonable on the surface, they pose an additional burden for small and medium-scale exporters from developing nations. Complying with these administrative requirements increases production costs and ultimately reduces the competitiveness of these nascent firms. This creates a disadvantage for these exporters, hindering their ability to penetrate international markets and stifling their potential for growth.[18]

In its pursuit of achieving self-sufficiency in certain commodities, Nigeria also utilizes non-tariff measures. For instance, in 2015, the Central Bank of Nigeria (CBN) implemented various restrictions that prohibited the use of official foreign exchange for the importation of 41 product categories, including rice, meat, poultry, vegetable oil and certain steel products. The CBN stated that these measures aimed to protect and promote domestic production rather than solely maintaining the value of the currency or preserving foreign exchange reserves. These restrictions have had adverse effects on foreign businesses seeking to export the covered items to Nigeria as well as Nigerian companies struggling to procure necessary inputs for production.

In December 2018, fertilizer was included in the list of covered products with the announcement that the list could potentially expand to encompass up to 50 products. In February 2020, the CBN implemented a ban on foreign exchange for milk and dairy products without providing clear implementation guidelines. Subsequently, in July 2020, maize was added to the list of foreign exchange-restricted items. The United States has expressed concerns over these foreign exchange restrictions both through bilateral discussions and within the WTO platform.

[17] A L Aka-Wolugbom and E Amah, 'Trade Barriers and the Growth of Local Industries in Nigeria' [2018](13)(4) *International Journal of Management and Marketing Systems*:51-60.
[18] *Ibid.*

Corruption and corrupt practices can also act as NTBs to international trade. In 2017, Nigeria's position on the Corruption Perception Index (CPI) ranked 145 out of the 175 surveyed countries.[19] This ranking indicates pervasive corruption in the country and have resulted in underinvestment by foreign firms. Many existing investors in Nigeria are also considering leaving. As a result, the country has experienced a lack of technology transfer that foreign investors would typically bring, leading to the underdevelopment of industries within Nigeria.[20] Companies from developed countries, particularly those with legislation against bribery and corruption, may be hesitant to engage in trade with countries where corruption is prevalent such as Nigeria.

Furthermore, countries that do not uphold copyright laws and intellectual property rights can experience reduced trade ties with exporters who value these rights and aim to protect their trade secrets from being compromised. Due to the relatively weak technological development of Nigerian industries, the use of non-tariff measures as trade restrictions can trigger retaliatory actions from trading partners, further worsening the competitive position of the country in the international trading arena.

3.3 Regulatory Barriers

Regulatory barriers are a range of legal and administrative measures that impede the movement of goods and services. These barriers can include excessive bureaucracy, stringent product standards and certification and re-certification requirements. In Nigeria, regulatory barriers exist and act as incidents that hinder both domestic and international businesses. Small and medium-sized enterprises (SMEs) are especially affected by burdensome regulations and high compliance costs. In the World Bank's Doing Business 2020 report, Nigeria was ranked low in categories such as starting a business, obtaining construction permits and accessing credit.[21] This low ranking demonstrates the regulatory barriers encountered by foreign investing in doing business in the country.

Also, the transparency of Nigeria's regulatory system is a matter of concern, particularly for foreign companies. Most foreign investors raise complaints that regulations are often issued as final measures without providing a clear process or timeframe for public comment on draft regulations. Also, Nigeria has not consistently notified the WTO Committee on Technical Barriers to Trade about draft technical regulations. This hinders international due to lack of awareness of these regulatory and lack of transparency in their implementation and administration.

3.4 Bureaucracy

Bureaucracy poses a significant incident of barriers to international trade in Nigeria. Excessive administrative processes, red tape and bureaucratic inefficiencies can create delays and increase transaction costs for traders. These challenges are often observed in customs clearance procedures, trade documentation requirements and inspections. Importers often experience inconsistent implementation of customs regulations, lengthy clearance procedures and instances of corruption. Nigeria has established a requirement for the submission of certificates from manufacturers, third-party certifiers

[19] *Ibid.*
[20] *Ibid.*
[21] World Bank, 'Doing Business 2020' <https://documents1.worldbank.org/curated/en/688761571934946384/pdf/Doing-Business-2020-Comparing-Business-Regulation-in-190-Economies.pdf> accessed 17 August 2023.

and/or exporters' national authorities for food, drug, cosmetic and pesticide imports.[22] These certificates serve to confirm the safety of the products for human consumption.[23] However, due to Nigeria's limited capacity to thoroughly review these certificates, carry out inspections and conduct testing, there have been significant delays in the clearance of food imports.[24] These delays have also led to the diversion of imports into informal channels.

Also, these factors can lead to product deterioration and substantial losses for importers dealing with perishable goods. Disputes between Nigerian government agencies regarding the interpretation of regulations frequently cause delays while frequent changes in customs guidelines hinder the smooth flow of goods through Nigerian ports.[25] Efforts have been made to streamline trade processes through various reforms, such as the introduction of electronic customs clearance systems, the implementation of one-stop platforms and the simplification of documentation requirements. Despite these measures, many essential procedures still rely on paper-based methods, which cause unreasonable delays.

3.5 Border Closure

Nigeria experienced a notable incident of barriers to international trade through the temporary closure of its land borders in August 2019. The aim of this closure was to curb smuggling activities, promote local industries and address security concerns. As a result, the movement of goods and services across the borders with neighbouring countries such as Benin and Niger was significantly hindered, impacting both import and export activities.[26] The border closure led to disruptions in supply chains, loss of bilateral trade with neighbouring countries and increased costs for traders due to longer routes and delays.[27] While the border closure was eventually partially lifted to allow for restricted trade activities, the incident highlighted the potential negative impacts of such measures on international trade flows.

3.6 Ban on Specific Goods for Imports and Exports

Nigeria has implemented bans on specific goods for imports and exports as part of its trade policies. These bans are primarily implemented to protect domestic industries, promote self-sufficiency and conserve foreign exchange reserves. The banned goods vary and include items such as certain food products, textiles and agricultural commodities. Such bans can significantly limit market access for foreign traders and result in reduced import options for consumers. However, it is worth noting that these bans are not permanent, and some restrictions may be lifted or modified over time based on the evolving economic and trade priorities of Nigeria.

4.0 Factors Contributing to Trade Barriers in Nigeria

[22] US Trade (n 10).
[23] *Ibid.*
[24] *Ibid.*
[25] *Ibid.*
[26] A O Omodele, 'The Political and Legal Implications of Nigeria Land Border Closure and Big Brother Role in Africa' [2021](12)(2) *Nnamdi Azikiwe University Journal of International Law and Jurisprudence (NAUJILJ):* 195-207.
[27] *Ibid.*

Several factors contribute to the trade barriers observed in Nigeria. Understanding these factors is crucial for addressing the challenges and creating an enabling environment for international trade to thrive.

4.1 Dumping Practices

Dumping practices entail a situation where foreign producers sell their goods in the Nigerian market at significantly lower prices than their production costs. These practices can pose a significant threat to trade in Nigeria. This practice often leads to unfair competition and can harm local industries by impeding their ability to compete. Nigeria has taken measures to address dumping by instituting anti-dumping laws and regulations. The Nigerian Customs Service and other relevant agencies are responsible for monitoring and enforcing these measures. However, challenges remain in effectively identifying and addressing instances of dumping, especially due to the complexities of determining fair market value and establishing evidence of such practices among industry players.

4.2 Indigenization and Local Content Policy

The indigenization and local content policy is another factor that impacts international trade in Nigeria. The policy aims to promote the participation of Nigerian citizens and businesses in certain sectors and industries such as oil and gas and information technology. The Nigerian Oil and Gas Industry Content Development Act of 2010 has provided extensive local content requirements in the oil and gas sector. This Act mandates companies operating in the sector to prioritize Nigerian goods, services and employees.[28] Its applicability is broad, covering any activity or transaction related to the oil and gas industry. The Act includes a local sourcing provision which affects a wide range of goods and services supplied to the industry, leading to concerns foreign oil and gas service providers. Companies are also required to develop and obtain approval for a 'Nigerian Content Plan' that outlines strategies to increase local content in their operations.[29] Failure to comply with the Nigerian Content Plan may result in significant fines or revocation of petroleum licences or lease.[30] Also, most foreign-owned companies in the sector must deposit 10% of their annual profit in a Nigerian bank.

Personnel matters are also subject to restrictions. While there are general quotas on foreign personnel, the oil and gas sectors have stricter quotas. Nigerian workers are to be prioritized, unless it can be demonstrated that specific positions require expertise not available locally. Certain departments, such as finance and human resources, are predominantly reserved for Nigerian employees. Foreign workers in specific geosciences and management positions may be employed with the approval of the National Petroleum Investment and Management Services (NAPIMS) and each oil company must negotiate the allocation of foreign workers with NAPIMS. However, delays in this process and in obtaining visas for foreign personnel pose significant challenges to the industry. Stakeholders express ongoing concerns about the adverse impact of the Act on various companies including operators, contractors, subcontractors, and service providers. Majority foreign-owned companies report that the Act substantially increases the cost of conducting business in Nigeria.

[28] Nigerian Oil and Gas Industry Content Development Act of 2010, s.3.
[29] *Ibid.,* s.7.
[30] Petroleum Industry Act 2021, s.96.

While the intention is to support local capacity development and ensure economic empowerment, it can create barriers for foreign companies seeking to invest or participate in trade. The implementation of the indigenization and local content policy requires foreign companies to comply with specific requirements, such as hiring quotas, joint ventures with local partners, and using locally manufactured or sourced goods and services. These requirements, although designed to create opportunities for Nigerian businesses, may pose challenges for foreign firms, potentially limiting their market access and competitiveness.

In 2013, the National Information Technology Development Agency (NITDA) issued the "Guidelines for Nigerian Content Development in Information and Communications Technology" (the Guidelines). These Guidelines require original equipment manufacturers (OEMs) operating in Nigeria to locally assemble all hardware products and multinational companies to source all information and communication technology (ICT) hardware from local suppliers. Also, the Guidelines mandate the use of only locally manufactured SIM cards and the involvement of indigenous companies in the construction of cell towers and base stations.[31]

However, companies often find it impractical to fully comply with these Guidelines. The Nigerian government appears to lack the capacity and resources to effectively monitor hiring practices, technological compliance, and data flows to enforce them. The United States has urged Nigeria to review these restrictive policies and avoid implementing such measures. The Nigerian government periodically communicates these localization requirements and pressures ICT companies to establish local capacity building programmes despite the companies providing explanations highlighting the challenges of meeting some of the Guidelines.

4.3 Congestion at Nigerian Ports and Maritime Offences

Congestion and the poor condition of access roads, coupled with maritime criminalities, contribute to the high costs and inefficiencies at Nigerian ports. Reports from the shipping industry highlight Apapa in Lagos as one of the most expensive ports globally for shipments originating from the United States and other developed countries mainly due to an average delay of 30 days to clear a container ship. Also, the lack of sufficient space at Lagos ports leads to extended waiting times with ships queuing for days, weeks and even months before unloading their cargo. The economic impact of these challenges is significant as Nigeria estimates a daily loss of $55.6 million due to traffic gridlock at the main port in Lagos. Moreover, the prevalence of maritime crime such as piracy and armed robbery at sea in the Gulf of Guinea further disrupts maritime trade."

5.0 Barriers to International Trade in the United Kingdom

After the United Kingdom's formal exit from the European Union in January 2020, a transition period was agreed upon between the UK and the EU, during which EU laws and regulations would still apply in the UK until December 31, 2020.[32] To ensure continuity, the UK passed legislation incorporating EU laws into domestic UK law. From 1st January 2021, the UK and EU had similar legal frameworks

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[31] US Trade (n 10).
[32] US Trade (n 10).

although the UK has the freedom to make independent changes to its laws. The UK and EU negotiated a trade agreement called the UK-EU Trade and Cooperation Agreement (TCA), which maintains tariff-free and quota-free access to each other's markets without binding regulatory requirements.[33] If domestic regulations significantly impact trade, either party has the option to modify market access commitments. Certain barriers that existed for foreign exporters and investors in the UK market during EU membership persist as the UK initially aligns with EU regulations.

The United Kingdom implemented a new tariff regime called the UK Global Tariff, replacing the EU Common Customs Tariff as of January 2021. The average MFN tariff rate under the UK Global Tariff is expected to be 5.7% lower than the 7.2% under the EU Common Customs Tariff.[34] The UK Global Tariff increases the number of tariff-free products, including goods such as cement, refrigerator freezers and food processing machinery. It eliminates tariffs on approximately 500 goods previously subject to EU tariffs of less than 2%. Furthermore, the UK Global Tariff removes additional tariffs calculated based on milk fat, sugar and starch content, eliminating the use of the Meursing table. However, certain duties remain on about 5,000 tariff lines including agricultural products, ceramics, chemicals, bioethanol, bananas, raw cane sugar, apparel and vehicles. Some of these tariffs affect foreign exports such as fish and seafood, trucks, bicycles, passenger vehicles, wood products, fertilizers and plastics. Tariff-rate quotas (TRQs) are also included in the UK Global Tariff and the EU and the UK have engaged in negotiations to divide the existing EU TRQs among themselves based on historical trade flows.

The UK has also implemented new NTBs following its departure from the EU. Customs barriers and trade facilitation measures have been developed including the hiring and training of customs agents and the implementation of new border controls. The UK is operating an external border with the EU and controls on the movement of goods between Great Britain and the EU have been introduced in three phases until July 2021. Traders need to comply with basic customs requirements such as record-keeping, VAT payment on imported goods and customs declarations. Physical checks are also conducted on high-risk live animals, plants and regulated products. From July 2021, full customs declarations and relevant tariffs were required at the point of importation. Specific arrangements apply to Northern.[35] The operation of these new measures and potential extensions to the phase-in periods remain uncertain, impacting trade flows between the UK and the EU.

The UK also two different types of subsidies which have legal implications on international trade. The first is the government's support for Airbus in the EU. Foreign companies operating in the UK have raised concerns about alleged subsidies provided by EU member states to Airbus, leading to a dispute between the US and the EU at the WTO.[36] The WTO panels found that the subsidies provided to Airbus were inconsistent with WTO rules and the EU failed to bring its measures into conformity with its obligations. As a result, the US was authorized to impose countermeasures on the EU.[37]

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[33] *Ibid.*
[34] *Ibid.*
[35] US Trade (n 10).
[36] *Ibid.*
[37] *Ibid.*

The second relates to agricultural subsidies in the UK. With the UK's departure from the EU, it also leaves the EU Common Agricultural Policy (CAP). The UK government has passed its own Agriculture Bill, which focuses on providing financial support to farmers for producing 'public goods' such as environmental or animal welfare improvements as opposed to production-focused subsidies under the EU CAP. While the provisions mainly apply to England, Scotland, Wales and Northern Ireland have the power to modify the agricultural budget and introduce their own legislation. Also, the Agriculture Bill includes measures on food security, fair dealing in the supply chain and meeting WTO obligations which apply across the UK. In addition, the UK maintains strong intellectual property (IP) protection and enforcement standards, although there are concerns raised by foreign investors regarding the failure of the UK music copyright collective to adequately compensate foreign artists for broadcasting and public performance of their music in the UK.

6.0 Barriers to International Trade in China

In 2019, China had an average MFN applied tariff rate of 7.6%. For agricultural products, the average MFN applied tariff rate was 13.9% in 2018 while for non-agricultural products, it stood at 6.5%. China has bound all of its tariff lines in the WTO with an average bound tariff rate of 10.0%.[38] However, certain agricultural goods have a highest bound tariff rate of 65%. In response to the United States' decision to adjust imports of steel and aluminum, China imposed tariffs ranging from 15% to 25% on agricultural, steel and aluminum products imported from the United States in 2018. This led to a dispute settlement proceeding initiated by the United States in the WTO against China's retaliatory tariffs.

In response to US actions, China implemented a range of retaliatory tariffs in 2018. These included imposing tariffs of 25% on $34 billion and $16 billion worth of US imports in July and August 2018 respectively. Also, in September 2018, China applied tariffs ranging from 5% to 10% on $60 billion worth of US imports. In the same year, China also announced a series of reductions in its MFN tariff rates.[39] These actions by Chinese Ministry of Finance resulted in a decrease of China's average MFN applied tariff rate from 9.8% to 7.8% by the end of 2018.[40]

China implements a wide range of industrial policies aimed at restricting market access for imported goods and foreign manufacturers and bolstering domestic industries. One notable policy is 'Made in China 2025' a ten-year plan targeting key sectors like information technology, robotics, aviation, renewable energy vehicles and biopharmaceuticals.[41] The plan aims to replace foreign technologies and products with Chinese counterparts and increase Chinese companies' global market dominance. However, these policies raise concerns as they involve state intervention and support that disadvantage foreign enterprises and their technologies. China's significant investment of over $500 billion in financial support for Made in China 2025 further exacerbates potential market distortions and excess capacity. While public references to Made in China 2025 diminished in 2018, China remains committed

[38] US Trade (n 10).
[39] *Ibid.*
[40] *Ibid.*
[41] Institute for Security & Development Policy, 'Made in China 2025' <https://isdp.eu/content/uploads/2018/06/Made-in-China-Backgrounder.pdf> accessed 26 August 2023.

to achieving its goals and promoting dominance in strategic sectors.[42] Recent government initiatives continue to support strategic emerging industries, indicating that they remain a focal point in China's upcoming Five-Year Plan period from 2021 to 2025.

In 2018, the Chinese government established the State Administration for Market Regulation (SAMR) with the aim to centralize anti-monopoly enforcement authorities under one agency. However, as of March 2021, significant policy adjustments have not been observed despite hopes for addressing concerns raised by WTO Members. One of the key concerns is the application of the Anti-monopoly Law to State-Owned Enterprises (SOEs). Although Chinese regulatory authorities have clarified that the law does apply to SOEs, enforcement actions have primarily targeted provincial government-level SOEs rather than central government-level SOEs. Furthermore, provisions in the Anti-monopoly Law protect the operations of SOEs and government monopolies in nationally important industries. This selective enforcement against foreign companies seeking business in China along with minimal enforcement against SOEs has raised serious concerns for many foreign companies.

7.0 Comparing Trade Barriers in Nigeria, The UK and China

Nigeria, UK and China have implemented different tariffs and non-tariff measures which constitute barriers to the smooth running of international within their respective borders. However, the rates of tariffs differ greatly. From the foregoing review and analysis, it is evident that Nigeria has higher average tariff rates compared to the UK and China. However, China applies higher tariff rates on agricultural products than both Nigeria and the UK. The UK's recent implementation of the UK Global Tariff aims to create a new tariff regime with lower rates and increased tariff-free products. China has also engaged in tariff retaliations with the United States, leading to trade disputes between the two countries as responsive steps to protect its industries and national economy from foreign policies that impact its business operations.

NTBs also play a significant role in hindering international trade in Nigeria, the UK, and China. Each country faces unique challenges and implements different policies and practices to regulate trade. All three jurisdictions employ regulatory measures that hinder trade. In Nigeria, non-tariff barriers include import licensing requirements, quota restrictions and technical standards. The UK implements customs barriers following its departure from the EU while China employs industrial policies to restrict market access for foreign goods. Also, all three jurisdictions employ measures aimed at protecting domestic industries. Nigeria's local content policies and self-sufficiency goals lead to non-tariff measures such as foreign exchange restrictions. The UK focuses on supporting agricultural production improvements through subsidies while China's Made in China 2025 initiative aims to replace foreign technologies with domestic alternatives.

The UK has developed customs facilitation measures and border controls, reflecting its status as an established and advanced economy. Nigeria's non-tariff barriers are marked by administrative complexities and inconsistent application of trade rules. China's industrial policies and state intervention pose challenges for foreign enterprises. With respect to IP protection, The UK and China maintain

[42] Institute for Security & Development Policy, 'Made in China 2025' <https://isdp.eu/content/uploads/2018/06/Made-in-China-Backgrounder.pdf> accessed 26 August 2023.

strong IP protection and enforcement standards. However, concerns have been raised about the UK's compensation for foreign artists while China's selective enforcement against foreign companies raises further concerns for international trade.

8.0 Conclusion / Recommendations

From the analyses so far, it is evident that trade barriers, comprising both tariffs and NTBs, pose significant challenges to international trade in the UK, Nigeria and China. These barriers include high rate of tariffs, excise and import duties, import restrictions, licensing requirements, technical standards and protectionist measures. Thus, there is a need to closely evaluate and review tariff rates and regulatory policies to strike a balance between revenue generation, protection of local industries and promoting international trade. Nigeria could consider initiatives similar to the UK Global Tariff, which focuses on lower tariff rates and increased tariff-free products to support trade. Also, Nigeria should be mindful of the potential impact of retaliatory tariffs on trade relations and consider prudent trade policies that foster cooperation rather than disputes. Also, Nigeria can learn from the Made in China 2025 policy with necessary modifications to revive local industries without damaging international trade relations and operations. With the right policy framework and implementation, Nigeria can boost local industry and the national economy without constituting serious barriers or threats to the free flow of global trade.