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Bilateral Agreements and Nigeria's Textile Industry: Lessons from China.

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Abstract

This study explores the impact of bilateral trade agreements on Nigeria's textile industry, with a focus on the Nigeria-China trade relationship. Historically, Nigeria's textile industry was a significant economic contributor, but it has faced severe decline due to various challenges, including competition from imported textiles and inadequate infrastructure. The study employs a qualitative research design, utilizing document analysis and semi-structured interviews with key industry stakeholders to assess the effects of trade agreements on the sector. Key findings indicate that while bilateral agreements with China have facilitated market access for Chinese textiles, they have also exacerbated the decline of Nigeria's textile industry by increasing competition and highlighting structural inefficiencies. The research underscores the need for strategic policy interventions, improved infrastructure, and enhanced support for domestic manufacturers to mitigate these adverse effects. The study contributes to the literature on international trade and industrial policy by providing a nuanced understanding of the dynamics between bilateral agreements and local industry performance. It offers actionable policy recommendations to revitalize Nigeria's textile sector, emphasizing the importance of protective measures, technological upgrades, and skill development.

Keywords: bilateral trade agreements, Nigeria-China trade, textile industry, international trade, policy recommendations.

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1.0 Introduction

1.1 Introduction & Background to the Study

The Nigerian textile industry, once a cornerstone of the nation's industrial sector, has experienced a substantial decline since its peak in the early 1980s. Historically, the industry provided employment for millions and significantly contributed to Nigeria's GDP. However, challenges such as inadequate infrastructure, poor policy implementation, and competition from imported textiles have plagued the sector, leading to its near collapse (Aremu & Adeyemi, 2011). In recent years, bilateral trade agreements have emerged as a potential avenue for revitalizing this crucial industry.

Bilateral trade agreements are formal arrangements between two countries that determine the terms of trade, investment, and economic cooperation. These agreements often aim to reduce trade barriers, enhance market access, and foster economic growth. For Nigeria, engaging in strategic bilateral agreements is crucial for enhancing the competitiveness of its textile industry on a global scale (Okonkwo, 2013). One of the most significant bilateral relationships influencing Nigeria's textile sector is with China.

China's rapid economic growth and its dominant position in the global textile market offer valuable lessons for Nigeria. Over the past few decades, China has transformed its textile industry through a combination of state support, infrastructure development, and strategic trade policies (Wu, 2016). By examining the dynamics of Nigeria-China bilateral trade agreements, this study aims to identify strategies that could be applied to revive Nigeria's textile industry.

The Nigerian textile industry's decline can be attributed to multiple factors, including the influx of cheap textile imports, high production costs, and inadequate government support. According to Ayodele (2014), the removal of trade barriers under various international agreements exposed Nigerian textiles to intense competition from more efficient producers, particularly China. This competition has led to a significant reduction in domestic production and the closure of numerous textile mills. Despite these challenges, there is a growing recognition of the potential benefits of bilateral trade agreements. Such agreements can provide Nigerian textile manufacturers with better access to raw materials, advanced technology, and larger markets. The African Continental Free Trade Area (AfCFTA), the African Growth and Opportunity Act (AGOA), and various World Trade Organization (WTO) agreements are examples of trade frameworks that can be leveraged to support the industry (Ekpo & Umoh, 2015).

China's engagement with Nigeria through trade and investment has been instrumental in shaping the current state of the textile industry. Chinese investments have provided much-needed capital, technology transfer, and capacity-building opportunities for Nigerian textile firms (Ogunkola et al., 2018). However, these benefits have often been accompanied by challenges such as unfair competition and market domination by Chinese products.

1.2 Objectives of the Study

While numerous studies have examined the impact of international trade agreements on developing economies, there is a paucity of research focusing specifically on the bilateral trade agreements between Nigeria and China and their implications for the Nigerian textile industry.

Existing literature primarily addresses the broader economic effects of trade liberalization and the challenges faced by the textile industry (Ogunkola et al., 2018; Wu, 2016). However, there is a gap in understanding the nuanced impact of specific bilateral agreements and the lessons that can be drawn from China's approach to industrial development.

This study aims to fill this gap by providing a detailed analysis of the bilateral trade agreements between Nigeria and China, assessing their impact on the Nigerian textile industry, and identifying strategies that can be adopted to support the industry's revival. By doing so, the research offers valuable insights for policymakers, industry stakeholders, and researchers interested in the dynamics of trade agreements and industrial development in Nigeria.

The primary objective of this study is to analyze the impact of bilateral trade agreements on the Nigerian textile industry and to draw lessons from Nigeria's trade relationship with China. The study aims to achieve the following specific objectives:

i. Examine the Historical and Current State of the Nigerian Textile Industry: Assess the historical development, decline, and current status of the textile industry in Nigeria, including the factors contributing to its current state.

ii. Analyze the Impact of Bilateral Trade Agreements: Investigate how bilateral trade agreements, particularly those between Nigeria and China, have influenced the Nigerian textile industry, focusing on aspects such as market access, competition, and technology transfer.

iii. Identify Lessons from the Nigeria-China Trade Relationship: Extract valuable insights and strategies from the trade relationship between Nigeria and China that can be applied to support the revitalization of Nigeria's textile industry.

iv. Develop Policy Recommendations: Formulate actionable policy recommendations based on the findings of the study to enhance the effectiveness of bilateral trade agreements in promoting the growth and competitiveness of Nigeria's textile industry.

1.3 Research Questions

To guide the investigation, this study seeks to answer the following research questions:

i. How Have Bilateral Trade Agreements Influenced the Nigerian Textile Industry?

What are the specific provisions in bilateral trade agreements that affect the textile industry? How have these agreements impacted market access, production capabilities, and competitiveness of Nigerian textile firms?

ii. What Lessons Can Be Learned from the Nigeria-China Trade Relationship to Support the Revitalization of Nigeria's Textile Sector?

What strategies and practices adopted by China in its textile industry can be applied to the Nigerian context? How have Chinese investments and trade policies affected the Nigerian textile industry, both positively and negatively?

iii. What Policy Recommendations Can Be Made to Enhance the Effectiveness of Bilateral Agreements in Promoting the Growth of Nigeria's Textile Industry?

What specific policy measures should be implemented to protect and support local textile manufacturers? How can Nigeria better negotiate and leverage bilateral agreements to benefit its textile industry?

1.4 Significance of the Study

This study provides valuable insights and practical solutions to the challenges facing Nigeria's textile industry within the context of bilateral trade agreements, particularly with China. It offers a detailed analysis and evidence-based recommendations for policymakers to strengthen the industry through effective policy development and implementation. These findings will be instrumental for government officials, trade negotiators, and economic planners in crafting strategies that protect local industries while promoting beneficial trade practices.

The study also addresses the industry's revitalization by analyzing how bilateral agreements have impacted the sector. Learning from China's experience, Nigerian textile firms can adopt best practices to enhance productivity, quality, and market access, thereby becoming more competitive globally. Academically, this research fills a gap in the literature by providing a focused examination of Nigeria's textile industry within its trade relationship with China. It offers valuable insights for scholars and researchers interested in international trade, industrial policy, and economic development.

For industry stakeholders, including textile manufacturers, exporters, and investors, the study offers actionable insights into the influence of bilateral trade agreements on market dynamics. Understanding these agreements' advantages and pitfalls will help businesses make informed decisions about investments, partnerships, and growth strategies. The study also highlights the need for collaboration and innovation to overcome existing challenges, providing a roadmap for navigating international trade and industry revitalization.

The broader economic significance of the study lies in its potential to contribute to Nigeria's overall economic development. A thriving textile industry can stimulate growth in related sectors, create jobs, and reduce poverty. By offering a pathway to leverage trade agreements effectively, the study supports national efforts to diversify the economy, reduce dependency on oil exports, and achieve sustainable development goals.

2.0 LITERATURE REVIEW

2.1 Introduction

Bilateral trade agreements (BTAs) have been a focal point in international trade, significantly shaping the economic trajectories of developing countries. These agreements typically involve mutual agreements between two countries to enhance trade and economic cooperation by reducing tariffs, import quotas, and other trade barriers. The impacts of BTAs on various sectors have been extensively studied, providing valuable insights into their potential benefits and challenges.

In India, BTAs with the European Union have notably boosted the textile and apparel sectors by reducing tariffs and enhancing market access. Mukherjee (2018) found that India's textile exports to the EU increased significantly post-agreement, illustrating the potential of BTAs to enhance competitiveness in key industries. Similarly, Rahman (2019) highlights how Bangladesh's agreements with Western countries have catalyzed its garment industry, transforming it into a global leader in apparel exports. These agreements facilitated market access and provided a stable trade environment that encouraged investment and expansion.

Vietnam offers another illustrative example, where BTAs with the United States and the European Union have led to substantial economic benefits, particularly in electronics and textiles. Nguyen (2020) emphasizes the role of BTAs in Vietnam's economic transformation, noting that the agreements provided the necessary framework for large-scale foreign investments and technological transfers, which enhanced the country's manufacturing capabilities.

Furthermore, bilateral agreements between India and the European Union have been shown to significantly boost India’s textile exports by reducing tariffs and improving market access (Mukherjee, 2018). Similarly, Bangladesh’s trade agreements with Western countries have played a crucial role in its garment industry's growth, making it one of the world’s largest apparel exporters (Rahman, 2019). Vietnam's bilateral trade agreements, particularly with the United States and the European Union, have also led to substantial economic benefits, particularly in electronics and textiles (Nguyen, 2020).

These studies underscore the importance of carefully negotiated trade agreements that consider both the opportunities and challenges posed by increased foreign competition and market access. By examining these examples, we can draw parallels and contrasts with Nigeria’s experience, providing a comparative perspective that enriches our understanding of the impacts of such agreements.

2.2 Theoretical and Conceptual Framework

The theoretical framework of this study is grounded in international trade theory and the principles of industrial policy. It draws on several key economic theories and models to explain the dynamics of bilateral trade agreements and their effects on domestic industries.

2.2.1 Comparative Advantage Theory

David Ricardo's theory of comparative advantage posits that countries should specialize in producing goods where they have a relative efficiency advantage. This theory suggests that bilateral trade agreements can enhance economic welfare by allowing countries to focus on their strengths. However, in the context of developing countries like Nigeria, the theory must be nuanced to account for structural limitations and the need for industrial development (Krugman, 1991).

2.2.2 New Trade Theory

Paul Krugman's new trade theory introduces the concept of economies of scale and network effects, which are particularly relevant for industries such as textiles. This theory highlights the importance of market size and the role of trade policies in fostering industrial clusters. Bilateral agreements can help create larger markets and facilitate the growth of local industries by providing access to international markets (Helpman & Krugman, 1985).

2.2.3 Industrial Policy and Development Economics

Industrial policy theories advocate for strategic government intervention to promote industrialization and economic diversification. Scholars like Ha-Joon Chang argue that developing countries need active policies to protect and nurture nascent industries against international competition (Chang, 2002). Bilateral trade agreements can either support or undermine these policies, depending on their structure and implementation.

2.2.4 Global Value Chains (GVCs)

The concept of global value chains provides a framework for understanding how production processes are fragmented across different countries. In the textile industry, GVCs are particularly relevant, as they involve various stages from raw material production to final garment manufacturing. Bilateral trade agreements can influence the position of countries within these chains, affecting their economic benefits and industrial capabilities (Gereffi & Fernandez-Stark, 2011).

2.2.5 Institutional Theory

Institutional theory examines how formal and informal institutions, such as trade policies and regulatory frameworks, shape economic outcomes. North (1990) emphasizes the role of institutions in reducing uncertainty and fostering economic development. Bilateral agreements are institutional arrangements that can create more predictable trading environments, potentially benefiting industries like textiles by stabilizing market access and reducing trade barriers.

2.2.6 Empirical Studies on Bilateral Trade Agreements

Empirical studies provide mixed evidence on the impact of bilateral trade agreements on domestic industries. Some studies indicate positive effects, such as increased export opportunities and technology transfer, while others highlight potential negative impacts, such as increased competition and market disruptions (Baier & Bergstrand, 2007; Freund & Ornelas, 2010). For instance, a study on the African Growth and Opportunity Act (AGOA) found that it significantly boosted textile exports from eligible African countries, suggesting that well-designed agreements can have beneficial effects (Collier & Venables, 2007).

In the context of Nigeria, existing research underscores the challenges and opportunities presented by bilateral agreements with China. While some scholars argue that these agreements have opened up new markets and investment opportunities, others point to issues such as trade imbalances and the flooding of Nigerian markets with cheap Chinese imports (Osakwe, 2017; Onyekwena & Ekeruche, 2019). This study aims to build on these insights by providing a focused analysis of the textile sector.

For example, a recent study by Akinyemi (2020) examines the effects of the African Continental Free Trade Area (AfCFTA) on Nigeria's manufacturing sector, highlighting both opportunities for growth and challenges related to competitiveness. Similarly, Olayiwola (2021) investigates the impact of Nigeria’s trade policies on the agricultural sector, providing insights into how policy changes can enhance or hinder sectoral development.

Additionally, recent empirical research by Adeniran (2022) focuses on the textile industry, analyzing data post-2010 to assess the ongoing effects of trade agreements with China. This study provides valuable insights into the current state of the industry and the evolving trade dynamics.

2.3. Empirical Review

Several studies have explored the effects of bilateral trade agreements on developing countries, highlighting both opportunities and challenges. Baier and Bergstrand (2007) conducted a comprehensive analysis of the economic effects of free trade agreements (FTAs) and found that such agreements generally increase trade flows between member countries. They argue that FTAs can lead to significant welfare gains through enhanced market access and reduced trade barriers.

In a study on the African Growth and Opportunity Act (AGOA), Collier and Venables (2007) found that the agreement significantly boosted textile exports from eligible African countries to the United States. Their analysis suggests that preferential trade agreements can provide critical market access for developing countries, helping them integrate into global value chains and increase their export revenues. This finding is relevant for Nigeria as it explores similar opportunities through bilateral agreements with China.

The textile industry, being labor-intensive and reliant on both domestic and international markets, has been the subject of numerous empirical studies. A study by Staritz and Frederick (2012) on the apparel value chain in Sub-Saharan Africa found that trade agreements with the European Union and the United States played a crucial role in the development of the textile and apparel sectors in countries like Ethiopia and Lesotho. These agreements facilitated market access and attracted foreign direct investment (FDI), leading to job creation and industrial growth.

However, empirical evidence also highlights potential downsides. For instance, Ozden and Sharma (2006) examined the impact of trade preferences on the apparel industry in Mauritius and found that while preferential access to the EU market led to initial growth, the sector faced significant challenges when preferences were eroded. This underscores the importance of building competitive industries that can withstand changes in trade policy environments.

2.3.1 Bilateral Agreements and China’s Role

China's role in international trade, especially with African countries, has been extensively studied. Sun (2014) analyzed China’s trade and investment relationships with Africa, highlighting both the opportunities and concerns. The study found that Chinese investments and trade agreements have led to infrastructure development and increased trade flows. However, it also pointed out issues such as trade imbalances and the influx of cheap Chinese goods, which can undermine local industries.

In the context of Nigeria, Osakwe (2017) examined the Nigeria-China bilateral trade relationship and its implications for Nigeria's manufacturing sector, including textiles. The study found that while Chinese investment has contributed to infrastructure improvements and increased availability of consumer goods, it has also led to increased competition for local manufacturers. Similarly, Onyekwena and Ekeruche (2019) highlighted the trade imbalances between Nigeria and China, noting that Nigeria’s exports to China are predominantly raw materials, while imports from China consist mainly of finished goods, including textiles. This dynamic poses challenges for the development of Nigeria’s local industries.

2.3.2 Lessons from Other Countries

Empirical studies on other countries' experiences with bilateral trade agreements provide useful lessons for Nigeria. For instance, a study by Freund and Ornelas (2010) on Mexico's trade agreements under NAFTA found that while the agreement boosted trade and investment, it also led to significant structural changes in the economy, requiring adjustments in various sectors. Similarly, a study on the India-Sri Lanka Free Trade Agreement by Kelegama and Mukherji (2007) showed that the agreement led to increased trade flows and industrial growth in Sri Lanka’s textile sector, but also highlighted the need for complementary domestic policies to fully realize the benefits of trade agreements.

2.3.3 Synthesis and Implications for Nigeria

The empirical evidence reviewed suggests that bilateral trade agreements can provide significant benefits, such as increased market access, foreign investment, and industrial growth. However, these benefits are contingent on several factors, including the terms of the agreements, the competitive capacity of local industries, and the presence of supportive domestic policies. For Nigeria, the lessons from these studies underscore the importance of negotiating favorable terms in bilateral agreements with China, addressing structural challenges within the textile industry, and implementing policies that enhance competitiveness and value addition.

3. METHODS

3.1 Research Design and Rationale

This study employs a qualitative research design to explore the nuanced impacts of bilateral trade agreements (BTAs) on Nigeria's textile industry, focusing specifically on the Nigeria-China trade relationship. Qualitative methods were chosen for this study due to their suitability in capturing the complex and context-specific dynamics that quantitative methods might overlook. Unlike quantitative approaches that primarily focus on numerical data and statistical analysis, qualitative research allows for an in-depth understanding of participants' experiences, perceptions, and the socio-economic factors influencing the textile industry.

The qualitative approach facilitates a comprehensive exploration of the challenges and opportunities presented by BTAs, as well as the contextual factors that shape their impacts. This method is particularly effective in examining how industry stakeholders perceive and respond to trade agreements, providing rich, detailed insights that are crucial for developing informed policy recommendations.

3.2 Sampling and Data Collection

Sampling Method

The study employs purposive sampling to select participants who are knowledgeable and experienced in the textile industry. This non-probability sampling method is appropriate for qualitative research, as it allows for the deliberate selection of participants who can provide in-depth and relevant information on the research topic. The criteria for selecting participants include:

i. Management staff with at least five years of experience in the Nigerian textile industry.
ii. Individuals involved in decision-making processes related to trade and production.
iii. Representatives from different sectors within the industry, including manufacturing, policy, and trade.

Participants

A total of 12 participants were selected for the study. These participants are management staff in various capacities within the textile industry, ensuring a diverse and comprehensive perspective on the impacts of BTAs. Their roles include senior managers, trade policy experts, and industry consultants.

Data Collection Process

Data collection was conducted using two primary methods: document analysis and semi-structured interviews.

3.3 Analytical Techniques

Document Content Analysis

Document content analysis involved systematically examining the collected documents to identify recurring themes, patterns, and key provisions relevant to the study. The following documents were sourced and analysed;

i. 1971 Nigeria-China Bilateral Trade Agreement
ii. 1972 Nigerian Enterprises Promotion Decree
iii. 1995 Nigeria Joining WTO and GATT
iv. 2001 Reciprocal Promotion and Protection of Investments Agreement
v. 2001 Nigeria-China Bilateral Trade Agreement
vi. 2002 Double Taxation Avoidance Agreement
vii. 2017 WTO Trade Facilitation Agreement
viii. Nigeria & China Textiles Export Data

The process included the following steps:

a) Reading and Familiarization: Initial reading of all documents to understand their content and context.
b) Coding: Developing a coding scheme to categorize information based on thematic areas such as trade provisions, industry impacts, and policy responses.
c) Theme Development: Grouping related codes into broader themes that capture the main issues and insights from the documents.

d) Validation: Cross-checking the themes with the research objectives to ensure relevance and comprehensiveness.

Thematic Analysis of Interviews

Thematic analysis was used to analyze the interview data. This technique involves identifying, analyzing, and reporting patterns (themes) within the data. The process followed these steps:

i. Transcription: Transcribing all interviews verbatim to ensure accurate representation of participants' responses.

ii. Initial Coding: Reading through the transcripts multiple times to identify significant statements and phrases. Assigning initial codes to these segments based on their relevance to the research questions.

iii. Theme Identification: Reviewing the initial codes to identify broader themes that capture the essence of the participants' responses. Themes were developed based on their frequency, significance, and relationship to the research objectives.

iv. Theme Refinement: Refining the themes to ensure they are distinct, coherent, and relevant. This involved reviewing and merging similar themes and discarding those that were not sufficiently supported by the data.

v. Validation: Validating the themes through peer debriefing and member checking. Peer debriefing involved discussing the themes with colleagues experienced in qualitative research to ensure their credibility and relevance. Member checking involved sharing the preliminary findings with a subset of participants to verify the accuracy and authenticity of the interpretations.

3.4 Ethical Considerations

Ethical considerations were paramount throughout the research process. Informed consent was obtained from all participants, ensuring they were fully aware of the study's purpose, procedures, and their right to withdraw at any time. Confidentiality was maintained by anonymizing the participants' identities and securely storing all data. Ethical approval for the study was obtained from the relevant institutional review board.

By employing these rigorous methodological approaches, the study aims to provide a comprehensive and credible analysis of the impacts of BTAs on Nigeria's textile industry, offering valuable insights for policymakers, industry stakeholders, and researchers.

4. Results and Discussion

4.1 Document Analysis Findings

4.1.1 Trade Agreements Overview

Table 1: Key Provisions of Nigeria-China Bilateral Trade Agreements

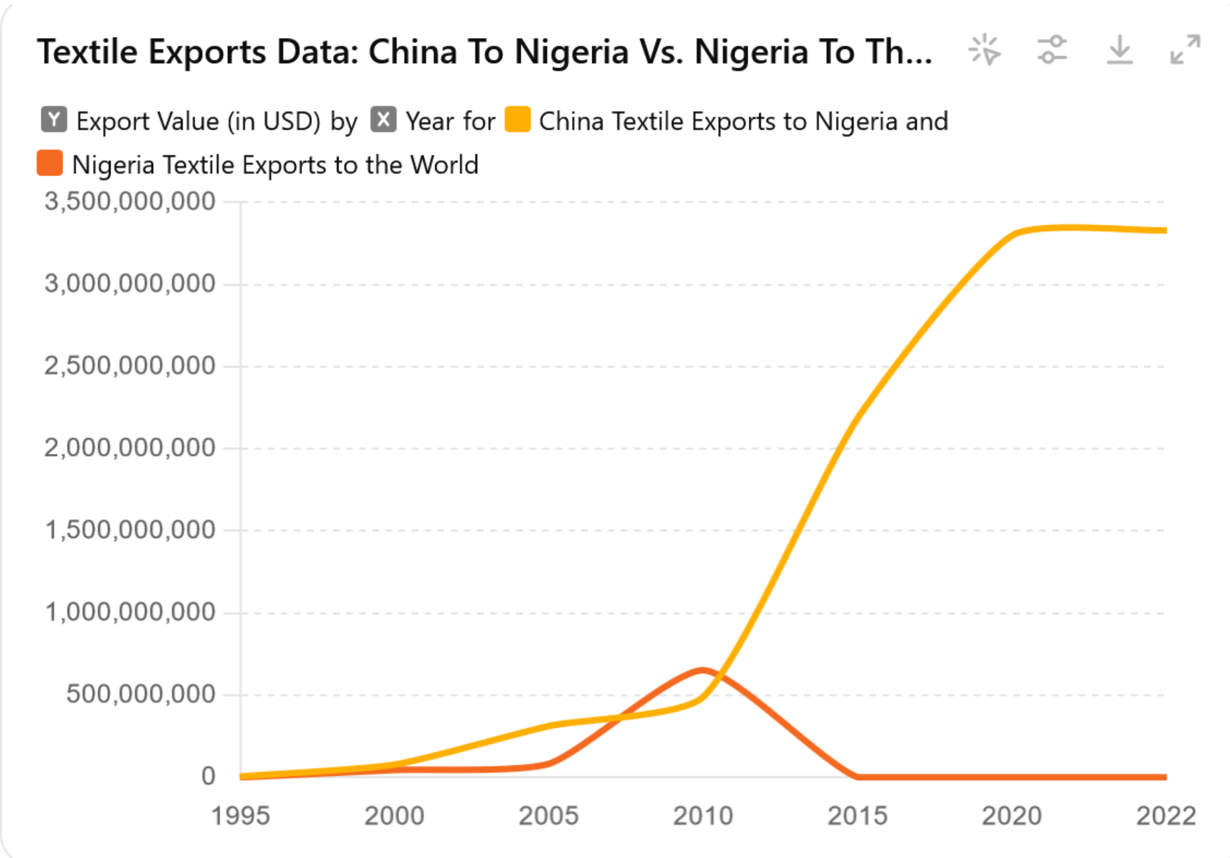
Agreement	Year	Key Provisions
First Nigeria-China Bilateral Trade Agreement	1971	Establishment of formal trade relations

Nigeria-China Trade Bilateral Trade Agreement	2001	Reduction of tariffs, promotion of trade
Agreement for Reciprocal Promotion and Protection of Investments	2001	Legal protection for investments
Agreement for Avoidance of Double Taxation	2002	Prevention of fiscal evasion with respect to taxes on income
WTO Trade Facilitation Agreement	2017	Simplification and harmonization of trade procedures

4.1.2 Impact on Nigerian Textile Industry

Table 2: Trends in Nigerian Textile Exports and Imports (1995-2022)

NIGERIA AND CHINA TEXTILE EXPORTS DATA (USD)							
Export Description	**1995**	**2000**	**2005**	**2010**	**2015**	**2020**	**2022**
China Textile Exports to Nigeria	5,190,000	78,000,000	313,000,000	492,000,000	2,190,000,000	3,300,000,000	3,330,0
Nigeria Textile Exports to the world	0	44,500,000	83,400,000	652,000,000	0	0	0



4.1.3 Data Analysis

The graph and table reveal several critical points:

i. Exponential Growth in Chinese Exports: China's textile exports to Nigeria have shown a dramatic increase from 1995 to 2022. Starting at approximately $5.19 million in 1995, the exports surged to over $3.33 billion by 2022. This substantial growth highlights the increasing penetration of Chinese textiles into the Nigerian market.

ii. Fluctuating Nigerian Exports: Nigeria's textile exports to the world displayed an initial rise from zero in 1995 to a peak of $652 million in 2010. However, this upward trend was not sustained, as exports dropped to zero by 2015 and remained at that level through 2022. This decline underscores significant challenges within Nigeria's textile industry.

iii. Impact of Bilateral Agreements: The data clearly indicates that bilateral trade agreements between China and Nigeria have led to a pronounced increase in Chinese textile exports to Nigeria. The significant rise in imports suggests that these agreements have facilitated easier access for Chinese textiles, which has had a considerable impact on the Nigerian textile industry.

iv. Market Dynamics and Competitiveness: The influx of cheaper Chinese textiles has made it difficult for Nigerian textile manufacturers to compete. The sharp contrast between the export figures of the two countries highlights the competitive disadvantage faced by Nigeria, contributing to the decline of its domestic textile industry.

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4.1.4 Interview Analysis Findings

Themes and Patterns

Table 2: Key Themes from Interview Analysis

Theme	Frequency	Description
Impact of Tariff Reductions	10	Increased competition from cheaper Chinese textiles
Challenges with Local Production	8	Infrastructure decay, limited access to financing
Policy Implementation Issues	7	Inconsistent policies affecting industry stability
Need for Technological Upgrades	6	Importance of modernizing production processes

4.1.5 Interview Findings

i. Impact of Tariff Reductions: Participants consistently highlighted the adverse effects of tariff reductions under bilateral agreements. These reductions led to an influx of cheaper Chinese textiles, making it difficult for local manufacturers to compete. As a result, many textile factories faced financial difficulties and eventual closure.

ii. Challenges with Local Production: Infrastructure issues, such as unreliable power supply and poor transportation networks, were major barriers to efficient production. Additionally, limited access to affordable financing hindered the ability of textile businesses to invest in modern equipment and expand operations.

iii. Policy Implementation Issues: There was a general consensus on the need for more consistent and supportive policies. Participants noted that frequent changes in trade and industrial policies created an uncertain business environment, discouraging long-term investments in the textile sector.

iv. Need for Technological Upgrades: The adoption of modern technologies was seen as crucial for enhancing productivity and competitiveness. Participants emphasized the importance of government support in facilitating access to advanced machinery and technology.

4.1.6 Analysis

The findings from both document analysis and interviews provide a comprehensive picture of the impacts of bilateral trade agreements on Nigeria's textile industry.

i. Comparative Advantage and Trade Agreements

The Heckscher-Ohlin Theory posits that countries will specialize in producing goods that utilize their abundant factors of production (Essam, 2012). Nigeria, with its abundant labor force, should ideally have a comparative advantage in labor-intensive industries like textiles. However, the influx of cheaper Chinese textiles due to tariff reductions challenges this theory. The findings suggest that while Nigeria's comparative advantage lies in labor-intensive production, the actual trade dynamics are heavily influenced by external factors such as trade agreements.

ii. Stolper-Samuelson Theorem and Income Distribution

The Stolper-Samuelson Theorem suggests that trade liberalization can lead to changes in income distribution within a country (Costinot, 2012). The interview findings align with this theorem, highlighting how increased competition from Chinese imports has led to job losses and factory closures in Nigeria's textile sector. This indicates a shift in income distribution, where workers in the textile industry are adversely affected by trade liberalization policies.

iii. Infrastructure and Policy Implementation

The findings underscore the critical role of infrastructure and policy consistency in supporting industrial growth. The challenges related to infrastructure decay and inconsistent policies resonate with existing literature on the importance of a stable and supportive business environment for industrial development (AfDB, 2019). These issues highlight the need for targeted policy interventions to address infrastructure gaps and ensure consistent policy implementation.

4.2 Causal Relationships

4.2.1 Causal Relationship between Tariff Reductions and Industry Decline

The analysis clearly indicates that tariff reductions under bilateral agreements have led to increased imports of cheaper Chinese textiles. This influx of imports has caused significant competitive pressure on local manufacturers, leading to reduced market share, financial difficulties, and the closure of many textile factories.

4.2.2 Causal Relationship between Policy Inconsistencies and Investment Challenges

The interview findings suggest that inconsistent policies have created an uncertain business environment, discouraging long-term investments in the textile sector. The lack of stable and supportive policies has made it difficult for businesses to plan and invest in modernizing their operations, further contributing to the industry's decline.

4.2.3 Causal Relationship between Infrastructure Deficiencies and Production Inefficiencies

Infrastructure deficiencies, such as unreliable power supply and poor transportation networks, have directly impacted the efficiency and competitiveness of local textile production. These challenges have increased production costs and reduced the ability of Nigerian textile manufacturers to compete with imported products.

5.0 Conclusion and Recommendations

5.1 Conclusion

The study has revealed critical insights into the dynamics of international trade agreements (ITAs) and their impact on Nigeria's textile industry, particularly through the lens of Nigeria-

China bilateral trade agreements. The exponential increase in Chinese textile exports to Nigeria, coupled with the significant decline in Nigeria's textile exports to the world, underscores the challenges faced by the local industry. The data indicates that while bilateral agreements have facilitated easier market access for Chinese textiles, they have also contributed to the erosion of competitiveness in Nigeria's textile sector.

The analysis points to the need for strategic policy interventions, enhanced support for the domestic industry, and greater collaboration to mitigate the adverse effects of these trade agreements and revitalize Nigeria's textile sector.

5.2 Recommendations

1. Policy Revisions and Trade Protection
   i. The Nigerian federal government shall introduce and implement import surcharges and anti-dumping duties on Chinese textiles to protect local manufacturers from unfair competition.
   ii. The federal government shall renegotiate the inclusion of protective measures for local industries in bilateral agreements. Ensure these agreements are mutually beneficial and do not disproportionately favor foreign imports.
2. Enhancing Domestic Competitiveness
   i. The Nigerian government (at federal and state levels) shall allocate funds to upgrade critical infrastructure such as transportation networks, energy supply, and water facilities in textile-producing regions.
   ii. Relevant government agencies shall provide subsidies or incentives for the acquisition of modern textile machinery and technology. This shall also include promotion of partnerships with technology providers to enhance production efficiency and product quality.
   iii. Industry palayers and financial institutions shall establish specialized financial instruments or funds to facilitate access to credit for textile businesses. In addition, government shall encourage financial institutions to offer low-interest loans and grants tailored to the needs of the textile sector.
3. Skill Development and Capacity Building
   i. The Federal Ministry of Industry, Trade, & Investments shall launch industry-specific training and capacity-building programs to enhance the technical skills and productivity of the textile workforce. This chall also include setting up of vocational and technical institutes dedicated to textile-related skills, equipped with state-of-the-art machinery and experienced instructors.
4. Market Development and Export Diversification
   i. The Textile Manufacturers Association of Nigeria (TMAN) in collaboration with the Nigerian Export Promotion Council (NEPC) shall identify and develop new

export markets for Nigerian textiles. The focus shall be emerging economies and niche markets where Nigerian products can be competitive.

ii. The Raw Materials Research and Development Council (RMRDC) shall implement policies that encourage local sourcing of raw materials, such as cotton, to strengthen the textile value chain and reduce dependency on imports.

5. Collaborative Efforts and Innovation

   i. At the Nigeria's Infrastructure Concession Regulatory Commission (NCRC), Public-Private Partnerships (PPPs) shall be encouraged to foster collaboration between the government, industry stakeholders, and international partners. Leverage PPPs for joint research and development projects, technology sharing, and skill development initiatives.

   ii. The Nigerian academic institutions (universities, polytechnics, and colleges) shall support research and development in the textile sector. Promote innovation through grants and incentives for developing new textile products and production techniques.

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