

An Assessment Of Wto Rules And Its Implications To Africa Countries: A Case Study Of Nigeria

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ABSTRACT

The World Trade Organization (WTO) is responsible for global trade rules between nations to enhance the free movement of goods and services, believing that it will benefit all parties involved. Like other developing countries, Nigeria is left with no option than to accept the rules of the WTO. Hence, Nigeria signed the WTO treaties in 1995 to benefit from the aim and objectives of WTO, which is to promote free trade and stimulate economic growth. However, since 1995 Nigeria became a member of the WTO. WTO rules instead of stimulating the economy through Trade, WTO trade rules have opened up Nigeria's homegrown economy to the international market, a situation which has weakened the productive base of the country, making Nigerian goods unable to compete with imported goods. This situation is unacceptable and calls for the need to adopt strategies that could enable Nigeria to benefit maximally from WTO aims and objectives. Therefore, this paper assesses WTO rules and their implications to African countries, using Nigeria as a case study. The paper utilised secondary data collected from textbooks, journals, newspapers and the internet. The paper observed that WTO rules and trade negotiations have often excluded Nigeria, which has hindered the profitable trade relationship between Nigeria and developed countries. It has also turned Nigeria into a dumping ground for all sorts of substandard products. In addition, some industries in the country, especially the textile industry, have been overwhelmed by importing cheap Chinese and Indian textile products with all the attendant social and economic problems such as the closure of factories and unemployment. Again, the provision and interpretation articulating the WTO rules have also impeded Nigeria from enforcing its laws to protect the public good. The resultant effect is growing poverty, disease, illiteracy, underdevelopment occasioned by huge debt profiles and balance of payment problems associated with Nigeria. Therefore, the paper recommends that WTO redress the situation by promoting the beneficial integration of African countries into the multilateral trading system.

KEY WORDS: WTO, economy, underdevelopment, trade rules, integration, international market

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I. INTRODUCTION

The World Trade Organization (WTO), the most substantial international organisation controlling global commerce, was created primarily to liberalise Trade. The World Trade Organization (WTO) assists as a venue for most of the world's trading nations to negotiate trade agreements. These agreements establish the legal framework for international Trade (Dhar, 2013) and bind these countries to adhere to agreed-upon trade policies. They apply practically every aspect of government operations that directly relate to trade, including trade dispute resolution, trade barrier regulation, tariffs and subsidies. Others are government procurement, trade-related intellectual property rights, and, in some cases, trade barrier maintenance (for example, to safeguard consumers or prevent disease transmission) (Sek, 2014).

The goal of these agreements, which are negotiated, signed, and binding on countries, is to assist manufacturers of goods and services, exporters, and importers in conducting their business while allowing governments to accomplish social and environmental goals. As a result, the system's primary goal is to help trade flow as freely as possible, as long as there are no unintended consequences. It is also to guarantee that trade guidelines worldwide are transparent and predictable, giving individuals, businesses, and governments confidence that the rules are reliable and not subject to sudden changes.

Numerous provisions in the WTO accords grant developing, and least-developed nations special rights or extra leniency referred to as "special and differential treatment." Provisions allow developed countries to treat developing countries more favourably than other WTO members (Rena, 2012). Since Nigeria registered as a member of the World Trade Organization in December 1994, some focus on the treaty's economic implications for the Nigerian economy. The deal was supposed to increase Nigeria's export commerce and lead to economic growth and development, yet the opposite has happened. As a result, manufacturers have made repeated appeals

for further WTO treaty discussions to defend the local industry and the Nigerian economy from the massive dumping of foreign goods. As a result, this research aims to investigate the impact of WTO rules on Nigerian commerce. The following are some of the questions that this study will address: (1) what are the World Commerce Organization's regulations; and (2) what are the implications of World Trade Organization rules on Nigerian Trade.

The Origin of World Trade Organization (WTO)

Following World War II, the world community began to work toward economic recovery. As a result, the World Bank and the International Monetary Fund were founded at Bretton Woods, New York (IMF). The World Bank was started in 1944 to lend money and sponsor initiatives in impoverished nations to help them overcome poverty. When the gold standard was beginning to collapse as a way of regulating currency values, the IMF (founded in 1945) was created to stabilise international exchange rates and encourage foreign exchange cooperation. It was also considered that a third entity for regulating trade concerns was needed to improve international economic cooperation. As proposed by more than 50 nations, the main concept in this respect was establishing an International Trade Organization (ITO) as a United Nations specialised agency. While the ITO's charter was being negotiated, 23 of the 50 countries (Pakistan and India joined after independence in 1947 and are therefore GATT's founders) resolved in 1946 to negotiate to decrease and bind customs rates. In the first round of negotiations, 45,000 tariff concessions totalling \$10 billion in Trade were made (WTO, 2001). The 23 countries also agreed to adopt "provisionally" parts of the proposed ITO charter's trade restrictions. The Wide-ranging Agreement on Tariffs and Trade (GATT) was trade laws and tariff concessions (GATT). While the ITO charter was still being drafted, the GATT came into effect in January 1948.

Notwithstanding that the ITO charter was eventually agreed upon within March 1948 at the United Nations Conference on Trade and Employment in Havana, approval by some national legislatures remained problematic. The ITO was declared dead in 1950 due to resistance from the US Congress to foreign meddling in trade policy. The GATT was the only multifaceted instrument controlling international commerce since 1948 until the World Trade Organization (WTO) was founded in 1995, even though it was temporary.

The GATT's core legal wording remained mostly unchanged from 1948 for over half a century. There were add-ons in the form of "plurilateral" pacts (i.e., with voluntary participation), and efforts to lower tariffs through a series of multilateral trade discussions known as "trade rounds" continued (Das, 1998). The GATT trade rounds focused on additional tariff reduction in the early years. During the 1970s, the "Tokyo Round" was the first significant initiative to address non-tariff trade obstacles.

The most recent and exhaustive round of negotiations, the Uruguay Round, which spanned from 1986 to 1994, led to establishing the World Trade Organization (WTO) and new trade pacts (Das, 2002).

The Uruguay Round, which began in 1986, finally concluded in 1993, having taken seven and a half years to finish (UR). The final push for a world trade body during the negotiation of the UR came from several directions. The European Union (EU) countries favoured a world trade body to help contain the US, while the US favoured a body to regulate everyone else (other than the USA). Developing countries were in a dilemma. On the one hand, a world trade body might afford them protection from stronger developed country traders. On the other hand, they feared that developed countries could use the new body to impose their will more effectively (Evans, 1996). With these expectations as a background, the UR was concluded in the middle of 1994 with a Ministerial Meeting in Marrakesh that established the World Trade Organization and finalised the WTO agreements; it took effect on January 1 1995.

With these expectations as a background, the UR was concluded in the middle of 1994 with a Ministerial Meeting in Marrakesh that established the World Trade Organization and finalised the WTO agreements; it took effect from January 1 1995. The WTO Agreements subsumed the old GATT with all the amendments and decisions until December 31 1994 (GATT 1994). They also encompass services and intellectual property, in addition to products trade (WTO, 2003a; WTO, 2003b). The first evident difference between the WTO and the GATT is the size of the agreement itself: the WTO has 60 agreements, whereas the GATT only has 10. The WTO has some 60 official councils and committees, whereas the GATT had fewer than a third of that number even in its last years.

The functions of WTO

Analysts consider these to be the most significant of the WTO's many functions: the WTO supervises the covered accords' execution, administration, and operation. It serves as a venue for talks and conflict resolution (Rena, 2012).

The WTO is also responsible for evaluating and promoting national trade guidelines and promoting trade policy consistency and transparency via surveillance in worldwide economic policy-making. Another WTO focus is technical collaboration and training to help developing, least-developed, and low-income countries transition to WTO rules and regulations. The World Trade Organization (WTO) is a centre for economic research and analysis, publishing annual evaluations of the global trade picture and research studies

on specialised themes. Finally, the WTO works closely with the IMF and the World Bank, the two main Bretton Woods institutions (Rena, 2012).

Major Rules of the trading system in WTO

The World Trade Organisation (WTO), which replaced the General Agreement on Tariffs and Trade (GATT) as a United Nations (UN) specialised agency, is in charge of international trade laws (Dubagari, 2016). The WTO accords set out the liberalisation principles as well as the exceptions that are allowed. Individuals are among them.

It includes commitments by governments to reduce customs duties and other trade obstacles and open up service markets. They devised ways for resolving conflicts. They recommend that emerging nations receive preferential consideration. WTO agreements have a daunting list of 60 agreements, annexes, rulings, and understandings in their legal text. *However, a handful of essential concepts run across all of the agreements (theoretically).* The WTO trade system should be based on some of these concepts;

- *without prejudice* - a country's trading partners should not be treated differently (they are all equally, granted "most favoured nation" or MFN status). Products, services, and people should not be discriminated against, regardless of whether they are local or foreign (all are given "national treatment");
- *freer* - obstacles should be reduced via negotiation.
- *Predictable* - Trade obstacles (tariffs, non-tariff barriers, and other measures) should not be imposed arbitrarily; foreign firms, investors, and governments should have confidence in the system. The WTO is "binding (promising to raise)," and there is a rising number of tariff rates and market-opening obligations.
- *more competitive* - by preventing "unfair" activities like export subsidies and dumping items at below-cost prices in order to win market share;
- *more helpful to developing nations* - by allowing them more time to adjust, more flexibility, and additional benefits (Suleri, 2003).

Developing nations make up over two-thirds of the WTO's 150 members. They are growing more significant in the global economy, and they are increasingly looking to trade as a critical instrument in their development efforts. Therefore they play a more essential and active role in the WTO (Rena, 2012). The WTO's broad goals include raising living standards and incomes, ensuring full employment, expanding global production. Also, other active roles include trade in goods and services and guaranteeing the most efficient use of the world's resources while taking environmental preservation into account. At the same time, taking into account the needs and concerns of people at various stages of economic development (Jhingan, 1998, cited in Nnabuihe, Odunze and Okebugwu, 2014). Nnabuihe, et al. credit McConnell and Brue (1996). When fully functioning, the WTO is expected to enhance global GDP by \$6 trillion, or 8%, according to al. (2014:397). Apart from continuing the path of trade liberalisation, the WTO also fulfils the goals of the Bretton Woods structure, which was established in 1944 by the World War II Allies to facilitate postwar economic ties (Nnabuihe et al., 2014:397).

Nigeria Membership of World Trade Organization (WTO)

As of July 2008, the WTO comprised 153 members, including all major industrialised nations and most developing countries. Nigeria turns out to be a WTO member on January 1 1995, when it was established, having already been a contracting party to the GATT. In other words, Nigeria registered the WTO treaty in December 1994 and thus became a founding member of the organisation in January 1995.

Nigeria joined the WTO when it came into existence on January 1, 1995 (Osakwe, 2014). Nigeria is a member of the most active groups in the WTO, such as African, Caribbean and Pacific countries (ACP), African Group, G90, G20, G33, Paragraph 6 Countries and W52 Sponsors (Dubagari, 2016). These groups, united as they were by a bond of poverty, economic deprivation and misrule, became the numerical majority in the WTO often speak with one voice (WTO, 2014), and resort to bloc voting in taking decisions or partaking in deliberations at various fora. They discovered to their great dissatisfaction that the rules governing the WTO, particularly the workings of the international economic system, were detrimental to their interest (Lifu, 2011).

In order to counteract the influence of these groups, developed countries have also constituted themselves into the Industrialised Market Economy Countries (IMEC) Group, the G7 group of industrialised countries of Europe, etc. The other major group is made up of the countries of Eastern Europe (including Russia), which hinge their major focus on the ideological divide that is quite different from the IMEC group. Often, they dissociated themselves with the IMEC group and continuously supported the demands and aspirations of the developing countries for a more equitable international system (Lifu, 2011).

However, as a WTO member state, Nigeria is expected to restructure its trade policies to conform with international standards. Thus, like other developing countries members of the WTO, Nigeria could neither reject the rules and structures of the WTO, which constitute one of the bases for its state sovereignty and political independence, nor accept absolutely the rules and structures detrimental to its interest. Consequently, Nigeria has no other options than to accept the existing system and insists that the unfavourable rules and institutional

structures be either disregarded or reformulated. Also, to take account of its interest and the realities of the contemporary world and call for new international economic order (Lifu, 2011).

However, Nigeria's purpose of joining the WTO is three folds: First, to reaffirm its commitment to the multifaceted trading system, its rules and disciplines, and trade liberalisation; second, to emphasise its economic and Trade priorities; and third, to restate the challenges that it faces as a developing nation, to seek the concrete and technical support of the international community for fuller and more beneficial integration of its economy into the global trading system (Dubagari, 2016). In discharging its obligations under the WTO agreement, Nigeria has promulgated a series of economic policies and programmes to facilitate rapid economic development and ultimate industrialisation. These policies and programmes included the primary export-oriented philosophy; the planned public sector-led economic development, import-substitution, indigenisation, structural adjustment programme (SAP), deregulation, public-private partnership, privatisation and commercialisation, etc. (Alkali, 2011).

The Implications of WTO Rules to Nigerian

The implication of WTO rules to Nigeria can best be evaluated by examining the problems faced by Nigeria and possibly other developing countries. As evidenced by its regulations, the WTO has never encouraged free Trade. On the one hand, this has naturally caused conflict among developing countries, and on the other side, it has caused a dispute between developed and developing countries (Nnabuihe et al., 2014). Although this economic integration (including the WTO rules) was designed to enhance free Trade of goods and services, in the best interest of all parties, Nigeria is yet to benefit from economic integration due to the imbalance like the terms of trade agreements. As a result, these countries that are poor, developing, and least developed cannot profit from international commerce. Developing countries, especially Nigeria, operates from a position of disadvantage. Nigeria has no investment or the potentials to invest in the developed countries. WTO rules and its attendant liberalisation of world trade have helped integrate Nigeria as an appendage of the developed capitalist State. Thus, Harseh (2001) argued that the liberalisation of world trade and economic relations has been to the exclusive advantage of the industrialised States.

Governments, especially those in developing nations, including Nigeria, are in a highly vulnerable and powerless position when deciding to open up their domestic markets to the global market or decide to make labour markets more flexible (Onuh, 2015). In a recent pre-budget memorandum to the federal government. The organised private sector (OPS) includes the Manufacturers Association of Nigeria (MAN), the Nigerian Association of Chambers of Commerce and Industry. Others were Mines and Agriculture (NACCIMA) and the Nigerian Employers Consultative Association (NECA). They expressed concern that the full liberalisation policy and adoption of the WTO treaty have harmed the Nigerian economy (Nnabuihe et al., 2014). As a result, the Nigerian domestic market has been transformed into a dump for goods and services from wealthy countries.

Furthermore, Nigeria has evolved into a massive dumping ground for all sorts of substandard items entering the nation. (Adeyemi, 1999, p. 58.) Nigerians have had to sit back and watch helplessly as affordable Chinese and Indian products, mainly textiles, electronics, and medicines, have flooded the market. At the same time, native budding industries remain shuttered, exacerbating the country's unemployment crisis (Onuh, 2015).

As a consequence of the clear unfriendly climate of production, companies have been closed down in various areas in recent years. Textile, toiletry, electronics, chemical engineering, oil milling, and other industries have been particularly hard impacted. These businesses have faced the tremendous hurdles of dumping more competitive goods than those produced locally (Nnabuihe et al., 2014). Unfortunately, developing countries (namely, Nigeria) are hardly participating in global trade. Their portion in global agricultural exports has been shrinking consistently over the previous three decades, whilst the overall proportion of the world in agricultural exports has increased. The total market share of the various commodities they own has fallen dramatically from the 1980s and the next decade, with over 37% for lumber, coffee, tea, and cocoa (United Nations, 2007). Agricultural production is the major economic activity in Nigeria; WTO rules expected Nigeria to stop the subsidies on agricultural activities.

Meanwhile, the United States and the Western European States have continued to protect their agriculture vis-a-vis the agricultural production of Nigeria. Their official subsidies on agriculture at home have continued to make the agricultural produce in Nigeria uncompetitive in the developed countries. Hence, the great desire for imported agricultural produce in Nigeria. Another implication is that Nigerian is gradually losing their only comparative advantage, and this has contributed to the high percentage of joblessness and poverty in the country.

Again, developed countries discriminate against Nigeria's products, and this is against the WTO rules. It is especially true of the developed countries belonging to Free Trade Areas such as North America Free Trade Area (NAFTA) or Economic Communities/Unions such as the European Union. Members of each Free Trade area or Economic Communities/Union must trade more within their unit and less with countries and regions outside it. It has affected the trade relationship between Nigeria and the developed countries despite the WTO

rules, as the members in each of Free Trade Areas or Economic Communities/Union are all increasing Trade within their units.

A plethora of rules/agreements buried inside the WTO Rules and their interpretation subordinate all other principles about environmental sustainability, consumer and worker safety, public health, labour freedom, and human rights to trade maximisation.

Nigeria has faced difficulty enforcing laws designed to safeguard the public good because of the interpretation of rules and regulations.

There has been some significant contention over the place of emerging nations, such as Nigeria, in the international community (Lester, Mercuric, Davies and Leitner, 2008). WTO negotiations have now moved far beyond a tariff-cutting exercise, leading to fairly complex negotiations. Even developed countries with vast resources are stretched thin trying to promote their interest amid myriad rules and commitments being discussed. The least developed countries and developing countries, such as Nigeria, are often completely overwhelmed (Lester et al., 2008). In other words, Nigeria is largely excluded from the WTO trade negotiations process to a great extent. The process has improved in recent years as some developing countries are usually present at key negotiating meetings. However, it is usually larger developing countries such as Brazil, China, and India, which play this role rather than smaller and poorer countries (Lester et al., 2008). Kwa (2003:15), an avowed critic of the WTO negotiating process, stated that:

Decision-making essentially takes place in concentric circles. First, the US and the EU come together to decide on a common position. The circle is then expanded to Japan and Canada. They make up the 'Quad'. After this, the circle is enlarged to include other developed countries, followed by friendly developing countries (e.g. South Africa, Chile, Singapore etc.), this group is sometimes known as friends of the chair: And finally, other influential developing countries, such as India and Malaysia are brought on board, since they carry weight and it would be impossible for the 'majors' to leave them out. China, a new member, also falls into this category. The majority of developing countries never make it into this circle of decision-making.

The above closely represent an accurate description of the process and how the WTO rules and even trade negotiations have been unfair and inequitable to Nigeria. It must be emphasised here that the exclusion of some WTO members from key aspects of the trade negotiating process persists.

II. CONCLUSION

So far, we have seen that the Nigerian government considers Trade as the main engine of its development strategies because of the implicit belief that Trade can create jobs, expand markets, raise incomes, facilitate competition and disseminate knowledge. For this reason, Nigeria signed the WTO treaties in 1995 to benefit from the aim of WTO, which is to promote free trade and stimulate economic growth. However, the WTO's activities and procedures elicit intense opposition; among other things, the WTO is accused of expanding the socio-economic divide it purports to be closing. Thus, instead of experience growth in its manufacturing, agricultural and other vital sectors in the country, the productivity of these sectors is declining daily. Consequently, more than 20 years after the WTO agreements that emerged from the 1986-1994 Uruguay Rounds took effect, Nigeria is yet to benefit from the aims and objectives of WTO. The disparity, like the trade agreements of WTO, has prevented Nigeria from benefiting maximally. Implementation of WTO rules has forced Nigerian to open up her local economies to the global market, which has caused the country to become a dumping ground for all sorts of substandard products. This paper's observation that the provision and interpretation articulating these rules have also impeded Nigeria from enforcing its laws to protect the public good. As a result, Nigeria has been plagued by rising poverty, diseases, illiteracy, and underdevelopment, all of which are exacerbated by high debt levels and payment issues

Therefore, this paper recommends that the WTO reduce the situation by promoting the beneficial integration of African countries into the multilateral trading system. Nigeria and other developing countries should agitate for narrower compliance or reformulation of the entire agreements to suits their socio-economic circumstances to enable them to participate equitably.

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