The Political Economy of Border Closure: Nigeria's Border Closure From 2019-2021

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Abstract: **The closure of the border is not a new phenomenon in the global historical antecedent. Several reasons make countries of the world close their borders. It ranges from either to protect their citizens, either to protect their economy or to curtail any external threat or aggression from coming in. A state in international relations chooses her reason to close her borders with her neighbours despite the benefits. The Nigeria border closure in 2019 also was a result of the promotion of agricultural production, increase in local produced products consumption, and drastically stop smuggles of banned products by the Nigerian government from coming into the country through her land borders. Though, every administration in Nigeria does come with its policy of protecting the economy and providing a suitable environment for trade. This paper taking descriptive analysis as its approach, aimed at juxtaposing the political economy of the Nigerian border closure from 2019 to 2021. The paper also aimed at looking at whether the border closure has impacted Nigeria's economy. In doing that, the paper adopted a theory of political economy of protectionism; which explained the reasons for the decision made by the Nigerian government to close its land borders. Data were gathered secondarily, which included; published articles, magazines, newspapers, textbooks, magazines, and the internet.**

I. INTRODUCTION

States in the international arena are no more concerned with the military war or war over territory because of its destructive nature, also, considering the accepted leading system of governance which placed the power to control into the hands of the citizens, and not the authorities. That is; citizens vote and elect their leaders, and any leader that embezzles the citizens' wealth in no way will be accepted to continue leading them. Contrary to this, countries rather compete in the international system to engulf and control the international market. This is among the reasons why countries keep and maintain their domestic industries to grow up, and compete with other foreign industries. Countries apply different trade policies to see that their level of production is excellent in the international arena compare to other countries. Every country is trying to have a favourable balance of trade than another, for that, among their policies is to close the border for either trading policy or other reasons.

Referring to Nigeria's situation has not changed also. The economy of Nigeria is unprecedented in Africa because of its dynamic nature. It is theoretically the driver of development for the entire country, both as a hub of output and as a buyer of exports from neighboring countries. Given its size and position between Central and West Africa, the nation is at the center of the structural prosperity of the sub-Saharan region. Different policies are being applied regarding trade and local industries' growth and development. The closing of the Nigerian border thus improved the government's income as more tariffs were imposed on the enhanced number of products that entered the nation legally through ports, but on the reduction in the production of rice. This has contributed to food price growth, which has had a very detrimental effect on Nigerian consumers. The closure also contributed to a lack of goods transported from Nigeria to neighboring nations, which is why there was anxiety regarding its implications for trade liberalization in Africa. This closure violated the Protocol on the Free Movement of Products, Services and Persons developed by the Economic Community of West African States (ECOWAS) of which Nigeria is a participant and of which it has considerable political and economic weight. This intervention also came just two months after the African Continental Free Trade Area (ACFTA) was concluded, which seeks to eliminate obstacles to trade and facilitate the free movement of products, services, and citizens throughout the continent (Ani, Baajon, & Samuila, 2020, p. 22).

The background is essential to a sound interpretation of Nigeria's unpublicized foreign trade hand. The existing market climate of the world serves as a significant engine of informality and an obstacle to greater compliance in operations. Unpredictable economic circumstances, structural limitations, and the complexity and challenge of doing business across structured processes promote a culture of change and improvisation rather than the rule-making method. Relevant facets of Nigeria's economic and monetary policies such as trade transfers, counter-smuggling, and financial fraud initiatives, and control of the financial sector led to increasing the number of trade operations 'under the radar' of regulators. Ability shortfalls and transport-related infrastructural deficits are further considerations in the proliferation of shadow economy (Hoffmann & Melly, 2015, p. 1). As a consequence, many merchants in Nigeria work outside or at the best of the formal economy, for example, contributing lower or no taxes and not holding or utilizing bank accounts for company transactions. Although this environment is underpinned by a large complex and clandestine cash market, unrecorded or unofficial commerce occurs as part of a far broader whole and is essentially indistinguishable from the formal economy. Several analysts also claim that the distinctions between traditional and informal are sometimes obscured in today's modern world: the informal sector is not confined to small-scale trading but is rather an environment in which those involved in moderate and, in certain instances, very large-scale market practices work.

In this context, this research paper is written to examine the impact of the border closure on Nigerian economic growth. The research paper answered whether if the closure of the border has impacted Nigeria's economy. Adopting descriptive analysis, this research categorized into two sections: Section one consists of the introduction, the application of the theoretical framework, and the border closure. The second section consists of; the implication of border closure, the response of African member states on the Nigerian border closure, and the impact of the border closure on the Nigerian economy, then finally conclusion and possible recommendations.

II. THEORETICAL FRAMEWORK

States in international relations need one another for survival, as David Richard or explained in his theory of comparative advantage, stating that; country specializing in producing products at lower opportunity cost than another. So, that country will then have relations with those countries that produce other products that are having lower opportunity costs also. Underlying this definition, this paper adopted the theory of the political economy of protectionism.

A country's protectionism would entail the defense of domestic companies, or manufacturers and consumers until they have become eligible enough to compete on a global scale. The government applies different policies to protect the local industries, by applying either the closure of borders or application of different tariff policies. Protectionism is an economic policy that restricts trade between countries by imposing tariffs, restrictive quotas, and a series of other restrictive government regulations on imported goods to prevent imports and prevent foreigners from occupying markets and local businesses. The term is mainly used in the field of economics; protectionism refers to a policy or doctrine that "protects" enterprises and "existing wages" within a country by restricting or regulating trade between other countries. As we all know, Adam Smith warned of the "selfish subtlety" of the industry, which tried to gain an advantage at the expense of consumers. Almost all economists today agree that protectionism is harmful because its costs outweigh the benefits and stifle economic growth. Many circumstances have enabled the international world to convene conferences to try to resolve this crisis. In 1947, the General Agreement on Tariffs and Trade (GATT) was signed to promote international trade and minimize tariffs (Bagwell & Staiger, 1997).

Protectionism in a country means protecting its domestic industry or "baby industry" (as long as it is not large enough to achieve economies of scale and strong enough to compete internationally), producers, and consumers. Activities that transcend national boundaries. This reduces the special problems that often arise during later import and export; crises such as agreements may need to be dealt with in foreign languages, laws, customs, and regulations (protectionism eliminates this trauma). In addition, it may be difficult to obtain information about certain companies that must trade and information about exporting countries. There are many cultural differences to consider when trading. All these complex adversities have forced many countries to "think twice before acting", "stay at home" and enjoy the commodities and products of national industries, thus denying the practice of import and export (Fouada, 2012, p. 351).

Based on the background literature, we can understand that the Nigerian government closing its borders with the African neighbouring countries is nothing more than protecting the Nigerian local industries, by drastically reducing imports to the country. Though, there were series of importation smuggling, which the Nigerian government authorities using its custom institution curtailed during their operations. From the historical antecedents, there is no local industry that grows to the level of international competition when such an industry is struggling from external competition, and that can be achieved only when the government can establish policies that will promote the industry's growth.

III. NIGERIAN BORDER CLOSURE

The closure of the Nigerian border is not a new phenomenon, this is because each of the Nigerian government regimes comes with its trade policies for the better of the Nigerian economy and trade policies, including supporting local industries growth. Though Nigerian citizens complain regarding the expensive of goods and services in the country due to the border closure, the Nigerian government does that to make better the Nigerian economy, consider local industries, and also better the citizens' standard of living.

The Nigerian authorities mainly use this to justify the border closure; they need to support the national agricultural sector and accelerate the growth of national productivity, which will reduce the smuggling of goods and severely restrict the illegal flow of foreign rice. In addition, as part of its reasons for closing the border, the government included blocking the export of subsidized fuel to the Republic of Niger, Benin, and the Republic of Cameroon. Therefore, the border needs to be closed following the requirements of the Nigerian government (Ibrahim & Singh, 2020, p. 229). According to the Nigerian Federal Government's political statement on the closure of Nigeria's border areas from August 2019 through the General Administration of Customs of Nigeria, it has formulated and ordered the complete closure of all borders. The closure is to ensure that goods and services are not sold or cross a certain area. For these border transportations, border guards have been specially warned in a letter (notice) to ensure strict compliance. The Nigerian Freight Regulatory Commission (CRFFN) announced by Kunle Folarin of Nigeria found that the nearest neighbor, the Republic of Benin, has only 12 million residents, but the Republic of Benin is the fifth-largest importer. World rice. The Republic of Benin alone imported

US$996 million worth of rice. Therefore, 98.2% of the rice imported by Benin will be exported from the Republic of Benin to Nigeria without paying any tariffs, taxes, etc., which will cause damage to the Nigerian economy (Ibrahim & Singh, 2020, p. 230).

In their writing, Oluyemi and Adeola (2012), emphasized that the Nigerian federal government has begun to implement a policy of closing the border for national security. The flow of goods and people between Nigeria and neighboring countries such as the Republic of Niger, Benin, Chad, and Cameroon is quite informal. This is why temporary underground workers, traders, international workers, skilled workers, and refugees are always. The current principles and regulations of the Economic Community of West African States (ECOWAS) allow intra-regional movement within the West African subregion without visas. As a result, the cross-border movement between Nigeria and its neighbors became uncontrolled, and it did not cause government attention or intervention. Policies such as modern transportation have a dangerous impact on the safety of the country (Nigeria). This can lead to external aggression. There is an increasing number of criminal activities in Russia and across the border. For this reason, the Nigerian government decided to close the border.

3.1 Implication of Nigerian Border Closure

Over the years, different governments in Nigeria have implemented different economic policies and strategies to prevent the import of different types of goods and services that can be provided from local sources. These import substitution policies include comprehensive import bans on certain categories of goods, higher tariffs on such goods, and incentives such as subsidies and loans to local businesses and farmers. Beginning in 2013, the Nigerian government began to restrict rice imports and imposed a 70% tax on commodities. Import rice through Nigeria's neighboring countries. The Republic of Benin and Cameroon quickly took advantage of this. Although Benin reduced its rice tariff from 35% to only 7% in 2014, Cameroon eliminated the previous 10% tariff. However, to appease Nigeria, the landlocked country of Niger announced a ban on travel exports through Nigeria, which was only regarded as a pleasant diplomatic statement (Okorie & Enwere, 2020, p. 213). Falayi cited in (Enwere & Okorie, 2020), stated that the government's interventions resulted in a sharp drop in rice imports directly from Thailand to Nigeria; however, this resulted in astronomical increases in rice imports from Benin and Cameroon. Most of the rice entering Benin and Cameroon eventually reaches Nigeria through the southern and eastern borders. Since taking office in 2015, to promote the development of local agriculture, President Muhammadu Bukhari has banned the import of Nigeria's favorite rice. (CBN) has stopped issuing foreign exchange for rice and other imported goods. According to a report from the National Bureau of Statistics (NBS), the Nigerian government's measures have increased the country's annual import costs from 4 billion U.S. dollars in 2017 to approximately 3.6 billion U.S. dollars-U.S. dollars The dollar has been reduced. Nearly USD 1 billion in 2018 and 2019. However, Nigerian government officials raised contradictions and contradictory differences in food import statistics. But earlier, in September 2018, former Minister of Agriculture Odu Ogbe stated that Nigeria spends US$22 billion on food imports every year.

In 2019, Nigeria mainly exported fossil fuels, which accounted for 87% of the total US$54 billion shipped from Nigeria. Nigeria's other major exports are various non-ferrous metals and agricultural products, such as cocoa, oilseeds, tobacco, fruits, and nuts. And untreated hides, hides, and furs. On the other hand, Nigeria imported US$47 billion worth of goods from all over the world in 2019, an increase of 30% over the previous year. In addition to hardware, computers, and fossil fuels, it also increased by 40%. In recent years, rice and wheat have played an important role in Nigeria's most important imported products. According to reports, it has increased from approximately US$3 billion in 2015 to approximately US$4 billion in 2017. Due to the Nigerian government's policy, it is said that the local rice production has increased, despite the increase in rice. But there are also worrying reports that rice smuggling, especially from the Republic of Benin, has become a big business. The Nigerian market is still flooded with imported rice, which has been the smuggling route between the famous city of Cotonou. The largest and largest city in Benin. Lagos, the commercial capital of Nigeria. Cotonou and Lagos are just a few hours' drives away. Nigeria Customs continues to confiscate large amounts of rice, wheat, and frozen chicken and turkey parts, which are regularly disclosed to the media (Ojiogu, Okechukwu, & Ejiogu, 2020).

3.2 African member countries' response to Nigerian Border closure

Nigeria closing her borders with African member states did not receive any warm welcome. African member states together with African organizations and agreements were not in support of the policy. For example, the Economic Community of West African States (ECOWAS) began to abandon Nigerian products, possibly in retaliation for closing the border with the country. Nigeria is the largest economy on the African continent and the last African country to close its borders after Kenya, Rwanda, and Sudan took similar actions during their period. For some experts, closing the border with Nigeria is a slap in the face of efforts to integrate the African continent. This may undermine the African Continental Free Trade Area (AFCFTA) agreement, which has the potential to become the largest free trade area in the world, even surpassing the World Trade Organization established in 1995. When countries in the ECOWAS subregion began to phase out Nigerian products, the region suffered. They paralyzed their business. As a result, Nigeria's exports within Russia have fallen due to retaliation for the closure of borders in the ECOWAS subregion and the wider African continent. With the closure of the border with Nigeria, there is no longer an open border. Nigeria did not count on its previous level of cooperation because its actions were retaliated by closing the border (Ani, Baajon, & Samuila, 2020, p. 27).

When Nigeria closed its land border, Ghanaians closed their Nigerian businesses and nearly 70 Nigerian businesses. Ghanaians claim that foreign retailers (in the case of Nigerians) violated Article 27 of the Ghana Investment Promotion Center (GIPC) Act. 865 stipulates that "sales of goods or services on the market, small businesses or street sales or sales of goods anywhere" should only apply to Ghanaian citizens. The Ghanaian Union of Traders Association (GUTA) is in response to the Nigerian government's decision to close the border. Guta said that closing the trade border between Nigeria and its neighbors violated the treaty of the Western Economic Community of African States (ECOWAS) (Abegunde & Fabiyi, 2020).

IV. BORDER CLOSURE AND THE NIGERIAN ECONOMY

The Federal Government of Nigeria closed the country's land borders on August 20, 2019, to reduce the smuggling of goods from neighboring countries to the country and implement existing trade rules for trade. Statistics show that the scale of intra-African trade is very small, and most of the trade of African countries flows to countries outside the African continent, so there may be nothing to worry about. In 2017, the United Nations Conference on Trade and Development (UNCTAD)'s intra-African trade accounted for approximately 16.6% of Africa's total exports, which was low compared with 68.1% in Europe and 59.4% in Asia. The cost and volume of informal trade between African countries, regardless of the level of smuggling activities, continue to cross land borders that are full of loopholes. Benin is one of Nigeria's neighboring countries, with approximately 12 million inhabitants. From a business perspective, data from the Thai Rice Export Association show that Benin has been Thailand's largest rice importer for some time in contrast: Benin imports more rice from Thailand than China, the most populous country in the world. Benin is unable to consume the amount of rice it imports, which means that the rice it imports may be repackaged and exported to neighboring countries (Oguntoye, 2020).

A closer look at Nigeria's gasoline consumption clearly shows that a large part of it goes to neighboring countries, which makes economic sense. According to a study published by SBMIntel in August 2019, the price of gasoline in Nigeria is $0.40. (N145/liter), while prices in neighboring countries are more than doubled. Cross-border cargo transportation and gasoline distributors try to maximize profits by simply transporting cargo across borders. This kind of border closure has some advantages, but it also has many disadvantages. The main benefit is the increased government revenue for the Auditor General of Nigeria. Customs Colonel Hamid Ali (retired) told the National Assembly in October that the average customs duty of Nigeria Customs is between US$4.7 billion and US$5 billion. After the customs is closed, the daily income is 8 billion, which is much more than before. Another benefit is that it supports local production by making local goods comparable in price to other imported goods entering the country through other channels. Importers pay applicable tariffs on these goods, thereby increasing prices and reducing the number of goods imported into the country, giving local producers ample opportunities to sell their products to local consumers (Oguntoye, 2020).

From the year Nigeria closed its land borders, Nigeria records a great increase in its Gross Domestics Products (GDP), because of the countries support to local industries and local goods consumptions. This is illustrated in the given table below, which shows how the GDP increase in the year that Nigeria closed its land borders. The table captured the imports and the GDP for years before land border closure, and a year after border closure.

4.1 Impact of political economy of boarder closure on Nigerian Economy

Inflation has increased since the border closure announcement and its immediate implementation in August. The National Bureau of Statistics released its latest consumer price index (CPI) report on November 21, 2019. The report shows that the year-on-year food inflation rate increased from 13.2% in August 2019 to 13.51% in September 2019, followed by 13.51% in September 2019 to 14.09% in October 2019. This represents an increase of 1.33% from last month. The top five products for the most significant increase in cost prices throughout the nation were rice, poultry, frozen fish, cooking oil/fats and bread/cereals. During the harvest season, food inflation rates spiral down as compared to decelerating rates during the rest of the year. A record high food sub index in the CPI was recorded in October 2019, contributing to the rise in CPI from 11.24% a year ago to 11.61% a year ago. According to estimates from the United States Department of Agriculture (USDA), the local demand for rice in Nigeria alone is 7.3 million metric tons. Production in the country stands at 4.8 million tonnes per year at the moment. If food imports are prohibited, there will be an inflation of food prices as a consequence of insufficient domestic supply. Any significant increase in food prices can cause devastating effects to a country with the greatest number of extremely poor people in the world, making it more difficult for that country's citizens to advance socially. In this way, policies that lower the poor's purchasing power substantially increase their vulnerability. The fundamental question on the national discourse table is what exactly the land border closure is intended to accomplish - government claims that the policy will boost domestic food production and productivity levels across all sectors by reducing smuggling of goods through the land border (Abia, 2020).

Located on the Nigerian border, Benin has an estimated population of 12 million. Trade data from Thailand's Rice Export Association shows that Benin has been importing more rice from Thailand for some time now. It is interesting to note that Benin imports more rice from Thailand than even China, the most populous country on earth. Given that Benin has insufficient food capacity, what it imports will likely be repackaged and exported to the countries closest to it. There are over 190 million people living in Nigeria, 7.8 million in Togo, and 19.19 million in Burkina Faso as of 2017 (World Bank). In spite of Nigeria's size, Benin is most likely to import rice from Nigeria because she has a much larger population than those countries bordering her. The fact that this does not appear in Nigeria's import statistics lends further credence to the fact that these products are likely smuggled into the country from Benin. An analysis of Nigeria's petrol consumption shows that an important part of it finds its way to neighbouring nations, which is economically logical. As of August 2019, benchmark prices in neighbouring countries are roughly double Nigeria's price of $0.40 (N145/litre) for petrol. Since the borders are porous, goods will inevitably move to the highest valued region, as petrol marketers will simply move goods across borders to maximize profit. Several points in Nigeria can be used to smuggle petrol out of the country because there are more than 1,400 illegal border routes across the country. As well as poor border security and high levels of corruption among immigration officers, a large part of the problems are related to the poor infrastructure at the borders (Illesanmi, Illesanmi, & Afolabi, 2021).

Due to the land border closure, Nigeria's economy has been adversely affected, especially the price of rice, one of the country's most popular foods. It is a known fact that many Nigerian states have yet to implement the minimum wage for workers, and any increase in staples or any other product will make many Nigerians poorer. Additionally, some local farmers have found it difficult to react fast enough to take advantage of the sudden surge in demand caused by the land border closure. Its negative impact on the informal trade across land borders is yet another major consequence. There is no information available on the informal trade that takes place across the land border, but it is assumed that millions of naira will be traded on a daily basis, providing livelihood for thousands. We cannot underestimate the importance of this informal trade as it is a major source of income for many and the Federal Government is unable to provide enough jobs or opportunities to reduce the adverse effects of the land border closure (Cheri, 2021). Indirectly, this goal of the government reveals the inefficiency of the country's customs and immigration service, especially its inability to enforce import restrictions when it comes to protecting its borders. Even with a blanket ban on imports from its land borders, it is unlikely that this border policy will result in the end goal of boosting domestic food production and raising national productivity levels since the country faces structural difficulties everywhere.

V. CONCLUSION

In conclusion, government policies like border closure come with benefits for both the country and its citizens. This can include protecting local industries, increase the consumption of locally produced commodities, and protecting citizens. However, citizens complained of price hike of foodstuff, the standard of living has increased, but the policy of border closure did not come to make the citizens of the country feel a difficult impact. For every country, the economy is always the strength of her sovereign status, and it determines how other actors in international relations relate to such a country. So, protection of local industries which better the economy of any given country very important, if not compulsory. If Nigeria in any way in future will still implement such policy of border closure, it should allow its Nigerian Customs officers and military personnel at home and abroad to participate in rigorous training courses, seminars, and training courses to use modern equipment and cutting-edge equipment handling or border manipulation techniques following international best practices. This will curtail smuggled across the border with Nigeria.

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