

Qualitative Analysis of Stakeholder Perceptions of AGOA's Challenges in Nigeria

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ABSTRACT

The African Growth and Opportunity Act (AGOA), as a trade preference program, offers trade privileges to participating countries, including Nigeria, since its inception. After 24 years, the impact of the trade program on Nigeria's trade volume is fragmented, and the extent to which the trade preference has influenced trade volume and internal trade policy remains uncertain. This paper analyses the stakeholder perception of the impact of AGOA on trade volume. It identifies limitations of AGOA's trade policy. Clearly, it presents specific policy-relevant implications for trade challenges in Nigeria using a combined purposive and snowball sampling survey method to collect and analyse primary data. The stakeholder perception indicates that AGOA trade increases market capacity, leads to market expansion, and business development, and that the Nigerian market can meet the AGOA's product specifications. However, Nigeria's failure to meet the standards due to weak trade policy and other internal and external limitations to trade has worsened AGOA's challenges on trade volume and economic growth. In contrast to recommendations for policy remedies to address the limitations, the study suggests that, given the internal challenges, the Nigerian government should review the conditions of AGOA to determine if its current trade policy postures align with the current realities. The Nigerian government study the conditions contained in the AfCFTA trade program and ascertain if its current capacity, socioeconomic structure, and institutions can guarantee maximum benefits.

Keyword: African Growth and Opportunity Act (AGOA), volume of trade, economic growth, market expansion, trade, limitations, trade benefits.

INTRODUCTION

The African Growth and Opportunity Act (AGOA) is a United States Trade Act enacted in 2000, amended and signed into law in July 2004, and has since been renewed to 2025 (Jacob et al., 2020; Rapanyane, 2022). AGOA is a legislation that grants access to the United States for qualifying Sub-Saharan (SSA) countries (Kulu & Bentum-ennin, 2023; J. N. Nshisso, 2017; Rapanyane, 2022). It is the core of U.S. economic policy and commercial engagement with Africa, established to complement the success of the Generalised System of Preferences (GSP), which was introduced in 1974. This legislation builds on GSP, an existing U.S. trade program that grants duty-free access to approximately 6500 AGOA products in the US market. AGOA is the primary U.S. trade policy for the African region, focusing on economic and political development, strengthening U.S. trade ties with Africa and the Caribbean, and promoting growth and democratic ideals across Africa. It is

expected of a participating country to meet a set of conditions contained in the AGOA legislation to qualify and remain eligible for AGOA preferences (Babarinde & Wright, 2017; Fernandes et al., 2019; Kategekwa, 2017; Mahabir et al., 2020; Williams, 2015). Some of the conditions include a country's readiness to improve its rule of law, human rights and respect for core labour standards, and other conditions stated at the discretion of the US President (AGOA, 2024; Fernandes et al., 2019; Kulu & Bentum-ennin, 2023; Osabohien et al., 2021a; Schneidman et al., 2021; Signe, 2022).

The execution of the trade preference program was indeed a great and promising start. The first decade witnessed a significant increase in exports, from \$22 billion to \$61 billion, and the creation of over 300,000 jobs in Africa, in addition to 1.3 million jobs elsewhere. For instance, South Africa increased automotive exports from \$150 million to \$2.2 billion by 2013. The AGOA has become a phenomenal success within its first twelve years of operation. However, both the U.S. and AGOA participating countries failed to use the program effectively and are unable to sustain the region's economic growth recorded in the first 15 years after AGOA was implemented. Exports to the U.S. have also declined significantly below their levels when AGOA was introduced (Claire, 2017; Rick, 2015). Diversification of the economy has lagged, and oil and gas, out of the 6,800 AGOA products have become major AGOA exports since 2001. The U.S.-Africa trade, which forms a significant part of Africa's contribution of 3% to the global trade, suddenly diminished, accounting for < 1% of U.S. exports and a 56% decrease in imports from 2002 to 2022 (Mhonyera, 2020; Nellie, 2023; Rick, 2015). Despite all this, Africa has continued to explore alternatives to relying solely on low-value-added products and natural resources. It has become challenging to devise one-size-fits-all solutions to address the limitations of the AGOA trade program.

According to the African Growth and Opportunity Act Trade Resources Centre of the Nigerian Export Promotion Council (NEPC), Nigeria is yet to tap into the AGOA trade program due to several reasons (Observer, 2018; Osabohien et al., 2021a; Signe, 2023). Every particular country has specific limitations to the attainment of AGOA benefits. In Nigeria, most non-oil products do not meet quality standards. For instance, most Nigerian foods are AGOA eligible but are exported without Food and Drug Administration (FDA) certifications. Such products are exported 'behind the door', that is, exported illegally (Claire, 2017; Rick, 2015). AGOA (2014), Henry (2023) & Osabohien et al. (2021a) reported that the two-way trade in AGOA goods between Nigeria and the U.S. recorded the best trade balance of \$33,965.6 and \$28,942.6 in 2008 and 2011. Ever since then, the best trade balance was \$4,895.7 in 2017, and there were negative trade balances in 2014-2015 and 2020-2021. The decline in trade following the initial surge also contributed to Nigeria's low share of global trade (Henry, 2023; Observer, 2018). Similarly, AGOA is still regarded as Nigeria's untapped opportunity for non-oil exports, and the U.S. has failed to implement an effective trade policy after 22 years of participating in the AGOA trade program for several reasons (AGOA, 2014; Henry, 2023; Observer, 2018; Rick, 2015). Calls by the Nigerian government through the Nigerian Export Promotion Council (NEPC) and the Nigerian-American Chamber of Commerce (NACC) to exporters and Nigerians to take advantage of AGOA benefits have not yielded significant results based on the volume and balance of trade (Claire, 2017; Henry, 2023; Nellie, 2023; Observer, 2018). Indeed, several issues are present in the execution of the AGOA trade program, and these must be addressed to ensure that Nigeria and the U.S. can effectively leverage the AGOA program for improved trade ties, the development of AGOA-eligible products, and diversification.

Similarly, relevant Nigerian government agencies and representatives have emphasised that after thirteen (13) years of joining the AGOA trade program, the country has only exported \$6 million worth of non-oil goods, which are mostly private-sector investments. This, as claimed, is due to Nigeria's over-reliance on oil. The situation has not changed significantly – the volume of trade remains low, and the trade balance remains negative. For instance, the nineteen (19) years of access to AGOA trade benefits have not significantly helped Nigeria to develop and increase exports within its area of enormous potential, such as the rich human and material resources. Osabohien et al. (2021a) examined the impact of AGOA on the volume of imports, exports and trade balance (socio-economic indicators) in Nigeria between 1996 to 2019 (2015 not included). The AGOA data was compared with responses from in-depth interviews with stakeholders (heads of departments) of the Federal Ministry of Industry, Trade and Investment (FMITI), the Nigerian Export Promotion Council (NEPC), the Manufacturers Association of Nigeria (MAN) and individuals at the US Agency for International Development. Similarly, Sunday (2019) applied the factor endowment theory to evaluate the impact of U.S. trade relations with Nigeria, utilising credible secondary data, results, and reports. The analysis concluded that the relationship was imbalanced and non-preferential, as claimed.

The AGOA has served as the cornerstone of the U.S.-Africa trade relationship for over two decades. One of the most promising relations Nigeria had been the Sino-Nigerian relations under the AGOA trade program. As part of the doctoral research, Oni (2018) used data collected from in-depth interviews of twenty four (24) respondents in Nigeria to assess the impact of AGOA on trade relations, foreign direct investment (FDI) and compared with data in the literature to provide answers to four (4) research questions using descriptive analysis and pivot table based on testable assumptions. Evidence showed a declining trade and investment between 2000 and 2015. Several other studies on AGOA have adopted statistical analysis to examine the growth of trade in AGOA participating countries and have also reported a consecutive decline in trade over the last 20 years. However, studies on the impact of AGOA trade preferences on the volume of trade in Nigeria, based on quasi-open surveys consisting of discussions, opinions, and free comments by experts and government representatives, are relatively scarce. This was described as a snow-ball method by Nshisso (2017) and Nshisso (2024).

Notably, a few reports and recommendations are published on web pages and blogs based on secondary data sources; the primary data are limited and not updated to reflect the progression of events and a general assessment of the program at the close of the trade program or prior to possible AGOA extension. While this is commendable, and even though the trade policy was designed to be unbiased, research has shown there is a wide range of AGOA utilisation rates. Highlights of some of the limitations and challenges associated with AGOA utilisation include infrastructural constraints, supply chain constraints, a lack of diversification, a business environment that is not conducive, a lack of access to finance, and a low level of awareness. There is, to an extent, limited empirical evidence on the direct impacts of these factors on AGOA implementation. Considering several issues to address, Nshisso (2017) and Nshisso (2024) recommend a multiple case study of the subject of AGOA trade, along with a snowball sampling method, to ensure the efficient replication of results to a large population in a similar situation.

This study presents an overview of the African Growth and Opportunity Act (AGOA) since its inception, identifying its loopholes and challenges that undermine the fulfilment of its objectives and shared benefits in Nigeria and across the SSA region. It itemises the significance and substantial as well as potential contributions of the Act to trade in sub-Saharan Africa and Nigeria, in terms of the volume of trade and trade relations. The study also measures the impact of AGOA MTA/PTA trade program and compares it with its current realities. The study addresses research questions such as: “To what extent have AGOA multilateral or preferential trade agreements (MTA/PTA) affected trade in Nigeria?”, “What are the features of existing trade policies (local and national) and trade agreements (AGOA), and their implications on trade in Nigeria?”, “To what extent has AGOA PTA/MTA affected existing trade policies in Nigeria?”.

The study uses questionnaires administered to experts at the AGOA Branch of the Federal Ministry of Trade and Investment (FMTI), as well as FMTI’s AGOA and Nigeria Export and Import Bank (NEXIM) branches, to answer research questions and validate the research hypothesis. Based on the survey results and answers to research questions, the following hypotheses are tested: “AGOA as an outcome of both a multilateral trade agreement (MTA) and/or preferential trade agreement has contributed to the status of the volume of trade and affected or supported the implementation of trade policies in Nigeria and other AGOA’s participating countries – negative and positive effects”. The research, policy, and theoretical frameworks provided in the next section offer an indication of what to expect in the study.

Research Framework

The AGOA trade program is one of the United States’ initiatives to contribute to the economic and political development of Sub-Saharan Africa (SSA) countries. This came in the form of tariff-free packages for over 6,000 goods that are produced mainly in Africa. This intervention also focused on transforming its economic and trade relationships with SSA. The intervention focuses on increasing trade between the United States and countries within sub-Saharan Africa. Additionally, the Act aims to transform African nations into a free state where democracy is practised, which supports growth and is market-friendly, as opposed to military or dictatorial governance. Since the policy was enacted into law, some of the participating countries have benefited from the project. Table 1 presents some of the positive and negative indices of AGOA between 1998 and 2022 (within 24 years).

It was truly conceivable that the African Growth and Opportunity Act (AGOA) facilitated a significant increase in trade programs between the U.S. and Nigeria, as well as other eligible sub-Saharan African countries, through duty-free access. However, several research outputs consider the increase as mere numbers that may not contribute to achieving AGOA's objectives. To many trade experts in Nigeria, pre-AGOA was considered better, given the number of commodities available for export and the ability of the Nigerian government to mobilise its resources for active trade engagement. Osabohien et al. (2021a) and Sunday (2019) argued that Nigeria participated in AGOA within its areas of weakness and performed poorly in its areas of strength, including textiles, apparel, agricultural products, minerals, and metals. This is because it is cheaper to process and obtain products within these areas than to refine crude oil, considering the recent decarbonisation policy and environmental management. Hence, Nigeria is unable to mobilise resources to engage the US (Osabohien et al., 2021a; Sunday, 2019).

The extensive research on trade, monetary, and fiscal policies has reiterated the impact of trade impediments associated with AGOA trade and Nigeria's foreign trade and economic policies. Policies have outlined all that needs to be done, and recommendations for policy review have elaborated on actionable steps (Chime, 2014; D. Didia et al., 2015; Dal Didia & Tahir, 2022; Ola, 2019; ONI, 2018; Osabohien et al., 2021a). However, the research gap persists and several problems remain unaddressed due to the weakness of existing research frameworks (J. N. Nshisso, 2017; Ola, 2019; Osabohien et al., 2021a).

Table 1: Positive and negative indices of the African Growth and Opportunity Act (AGOA) between the year it was enacted (shortly prior to the enactment) and 2022 (AGOA, 2014, 2024; Chime, 2014; Claire, 2017; Henry, 2023; Jacob et al., 2020; Observer, 2018; Osabohien et al., 2021b; Rick, 2015; Signe, 2023).

Positive Indices of AGOA (1998-2022)	Negative Indices of AGOA (1998-2022)	Remarks
- Exports rose from \$22 billion to \$61 billion. > 300,000 jobs created in Africa from 1998-2022. 1.3 million Jobs created indirectly. - South Africa increased its automotive exports to the U.S. from \$150 million in 2000 to \$2.2 billion in 2013. - Apparel production increased in East Africa		- Increased US imports of African goods. - Exports from AGOA participating countries to U.S. tripled. - As of 2010, AGOA has become a phenomenal success
	- Exports have fallen to what it was in 2000 after the initial jump. - Diversification of the economy has lagged since 2016 - Oil and gas are now major AGOA exports since 2001 out of the 6800 AGOA products.	- U.S.-Africa trade relations remain underdeveloped. - AGOA products account for < 1% of U.S. import. 56% decrease in imports from 2000-2022. - AGOA products currently form 4% of China imports and 4% EU. - Exports lower than the value it was at inception.

While several models and research methods have been adopted in analysing peculiar challenges in developed countries with actionable steps that yield significant transformation, the same may not address current economic challenges elsewhere. Nigeria's position on existing policies must be considered when designing research to its unique economic challenges, which have undermined all-around development over the years.

Review of Existing Policy and Theoretical Frameworks

The duty- and quota-free access to the U.S. market has boosted trade and investment between Sub-Saharan Africa and the USA, and the AGOA participating countries have recorded success in trade. Some of the qualifying products under the AGOA multilateral trade agreements include textiles, finished, or processed agricultural products, non-oil products such as plant roots, and travel goods, among others, as specified in the agreement. The level of success and the impact of the trade were examined using different relevant models. Sunday (2019) employed the factor endowment theoretical framework to assess trade relationships between the US and Nigeria and referred to the interactions as ‘imbalanced’ and ‘deprived of trade benefits. Similarly, Runde and Ramanujam (2022) identified the trade volume of AGOA products as a primary key performance indicator (KPI) to measure the success of AGOA and its impact on U.S. trade with countries participating in the AGOA.

According to the United States Trade Representative (USTR), the volume of trade between the AGOA participating countries and the United States grew by 25 %. However, AGOA participating countries gave slightly contradictory opinions, arguing that the increase in trade volume was not solely for AGOA-eligible products and was not entirely within the AGOA framework. This contradictory opinion raises questions about the effectiveness of the AGOA and other trade legislations.

Didia et al. (2015) and Kulu and Bentum-Ennin (2023) associated the increase in trade volume with factors contained within the trade agreement, as well as certain other factors outside the agreement. One of the components of trade agreements that can contribute to increased trade volume is the preferential trade agreement. This is typically a trade optimisation strategy. As also indicated, such a trade optimisation module may not meet the needs of the AGOA participating countries that receive preferences (Kulu & Bentum-ennin, 2023). Figure 1 illustrates the two-way trade between AGOA-eligible countries and the United States. The figure shows U.S. exports to AGOA countries, imports from AGOA countries, and the resulting trade balance with AGOA countries. The direct implication of a negative balance of trade is a trade deficit. Similarly, the figure indicated a significant increase in exports from the AGOA countries, and a growing share of AGOA usage, and a substantial volume of imports from the United States.

The increase in trade volume, as reported has resulted in a trade surplus for the United States and a trade deficit for the AGOA participating countries.

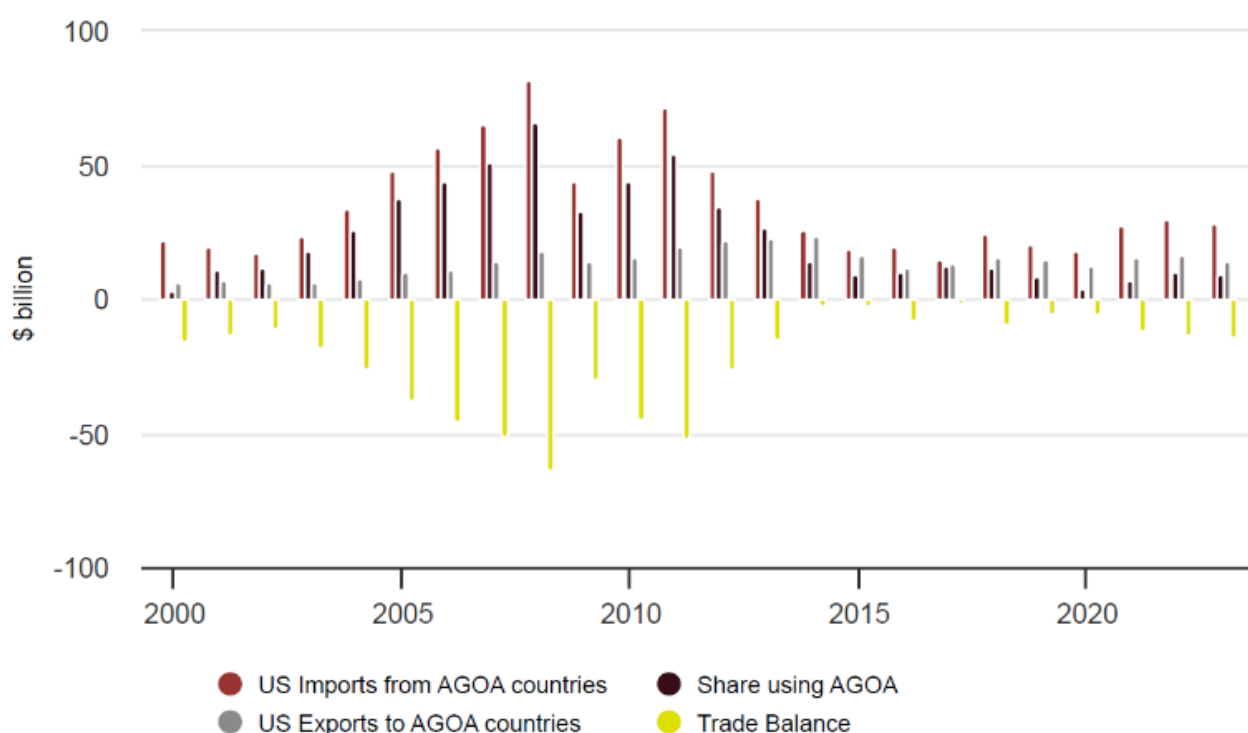


Figure 1: Two-way trade between the United States and AGOA participating countries showing U.S. exports from the AGOA countries, imports to the AGOA countries and the trade balance (AGOA, 2024; Brice, 2024)

AGOA trade is a two-way trade and was designed as such to guarantee mutual trade benefits. However, several loopholes have been identified that limit or undermine the effectiveness of the trade legislation. In Nigeria, AGOA challenges are systemic and are caused by fundamental issues related to governance, institutions, and market access (Osabohien et al., 2021). Studies on AGOA trade in Nigeria by AGOA (2024, 2014) revealed similar reasons for its failure in the country. However, a case study of AGOA countries such as South Africa, Ethiopia and Senegal indicated that the review of the AGOA PTA with the USA and renegotiation of the agreement affected national trade policies of these countries. AGOA trade in Nigeria has also offered similar trade policy remedies. However, the weak institutions and technological capacity have continued to frustrate these interventions, amidst tons of recommendations for policy review (Henry, 2023, Jacob et al., 2020).

In this study, the stakeholders' perceptions of previous studies and interventions were analysed to identify the most significant challenges of AGOA in Nigeria. Based on the findings, specific policy-relevant implications are drawn to address the systemic trade conflicts in Nigeria.

RESEARCH METHODOLOGY AND DESIGN

Several empirical, numerical, and statistical methods have been used to assess AGOA's contribution to economic development in Nigeria. However, these methods do not adequately capture, and present implications of trade policy remedies previously adopted in Nigeria to address AGOA's challenges (Nshisso, 2024). This study underscores the importance of stakeholders' engagement in policymaking and sharing of accurate information for identifying and analyzing existing policy issues. As recommended by Nshisso (2017), Nshisso (2024), and Zikmund (2013), the data were collected using a combined purposive and snowball sampling method. The findings are described using non-numerical features.

This study is targeted at reviewing the AGOA preferential trade agreement between Nigeria and the USA. Given the diversity of the issue, two senior staff members from the Federal Ministries, Departments, and Agencies (MDAs) were employed to identify thirty (30) stakeholders within the Nigerian AGOA branch. Partly open-ended questionnaires were distributed to experts, who are stakeholders in AGOA trade in Nigeria. They were drawn from the four major sections of the AGOA branch, including MDAs in charge of trade, investment, foreign affairs, exports, and imports. Questionnaires were distributed to the MDAs to ensure that stakeholders' perceptions, opinions, assessments, and judgements reflect nearly accurate and current realities of AGOA's legislation, trade policy, and the Nigerian export, import, and balance of trade, which are indices of trade volume.

Certain assumptions were taken to ensure the sampling strategy focused on non-numerical and statistical descriptions of opinions or perceptions. The consent of the organisation representatives and the stakeholders were sought, indicating they were anonymously chosen to participate in the survey. Similarly, data were sorted, classified, and analysed using grouping, questions, and specific terms to ensure the stakeholders' opinions are clearly understood. While these steps have been taken to avoid biases that tend to influence perceptions, the study may be limited by personality bias from the organisation's representatives and stakeholders, as well as overrating, incomplete or ambiguous responses, accuracy, and the relevance of published information.

Each questionnaire contains multiple-choice and open-ended questions, each with a list of options. Thirty (30) questionnaires were distributed across four organisations, which include the Federal Ministry of Industry, Trade, and Investment (FMITI), FMITI Multilateral Trade Division (AGOA Branch), Ministry of Foreign Affairs (NMFA) and FMITI Nigeria Export-Import Bank (NEXIM) Division. Out of the total number of questionnaires distributed, twenty-four (24) were administered to the staff of FMITI and FMITI Multilateral Trade Division (AGOA Branch). The remaining six (6) questionnaires were administered to the staff of NMFA and NEXIM. A total of twenty-six (26) of the thirty (30) questionnaires were retrieved from the stakeholders by the organisation representatives and prepared for further analysis.

85% of the respondents completed the questionnaires, while 15% responded to 90% of the questions. In addition to the questions provided in the questionnaire, respondents are expected to provide additional comments within the space provided. Subjects were assigned, and respondents were requested to comment freely on each survey question. Similarly, opinions were classified and numbered to measure the extent to which respondents agreed or disagreed with the assigned policy-relevant implications and recommendations. Hence, an opinion,

expression, or perception is considered significant when up to 50% of the respondents allude to the assigned subject and are well supported by closely related expressions.

The questionnaire was classified into two (2) sections. Section 1 consists of 3 confidential personal questions on demographics, and Section 2 has twenty-two (22) technical questions focusing on AGOA trade, trade agreement, trade liberalisation, trade negotiation, trade policy remedies, trade failures, AGOA's legislation, AfCFTA, two-way/one-way trade, and AGOA goods. Each question has between 1 and 3 sub-questions containing a list of options from which the stakeholders are expected to choose. The options provided are not intended to constrain or influence opinions but to guide and inform respondents about some of the most specific policy-relevant implications. In addition to the options provided, stakeholders can add to the specific policy-relevant implications.

Responses to the options were counted, and the data were classified and analysed. The analysis of survey responses and their implications for issue identification are based on the research questions and hypothesis. The specific research question (RQ) and research hypotheses (RH) are: To what extent has the AGOA trade agreement (AGOA-TA) affected trade volume and trade policy in Nigeria? If not, what are the limitations and challenges? Based on the RQ, the RH is: AGOA-TA has contributed to trade volume and affected trade policy implementation in Nigeria. Overall, qualitative research methods were used to collate, analyse, and discuss the primary data obtained from the survey. These findings were also compared with secondary data published in the literature.

DATA ANALYSIS AND DISCUSSION

Challenges of the AGOA Trade Program between Nigeria and the United States of America

AGOA-Nigeria Institutional Limitations

Table 2: Results showing responses on the minor and major loopholes of the AGOA trade program.

Perceptions on AGOA Challenges in Nigeria	Respondents	Percentage (%)
AGOA-Nigeria Institutional Limitations		
Weak legal institutions	8.0	33.0
Weak policy implementation	16.0	66.0
Countries with the highest utilisation rate of AGOA trade privileges make more benefits of the program.	10.0	41.0
Non-compliance with the status of the AGOA's legislation.	7.0	29.0
Incompleteness of the AGOA's preferential trade agreement	8.0	33.0
Timely sealing of the AGOA preferential trade agreement between Nigeria and the US.	5.0	20.0
Governance Challenges		
Absence of timely review and implementation of trade policies	12.0	50.0
Lack of political will	14.0	58.0
Deception and economic malpractice (corruption and others)	10.0	45.0

Source: Field Survey, 2024

Table 2 presents the stakeholder perceptions on AGOA's challenges in Nigeria. The foremost of these challenges is disparities between the AGOA preferential trade agreement (PTA) and Nigeria's trade policy and program. Stakeholders' perceptions of AGOA-Nigeria institutional limitations indicate that weak policy implementation is one of the challenges AGOA faces in Nigeria. Although the strength of their perceptions on other issues like weak legal institutions and trade policy/agreement is below 50%, they help to re-emphasise the need to address the weak AGOA-Nigeria institution and other trade agreements between Nigeria and its allies. Similarly, the governance challenges resolve around the existing institutions. Stakeholders perceived that those weak institutions are responsible for the delayed review of AGOA trade policy and failure to assess the benefit of AGOA to the Nigerian market since joining the trade program in the year 2000.

Governance Challenges

As previously mentioned, governance challenges affected the AGOA trade program in Nigeria. Figure 2 indicates the stakeholders' perception of AGOA governance is faulty. The findings indicate that the Nigerian's government lack of willingness, along with deception and economic malpractices, also contributed to the failure of AGOA in Nigeria. While only 45% of the perceptions agree that corruption and economic malpractices have hindered the success of AGOA in Nigeria, such practices are expected due to weak institutions and law enforcement. Overall, these challenges are fundamental and will affect development at all levels.

Infrastructural and Technological deficits

Table 3: Results showing responses on possible challenges to the fulfilment of the AGOA's objectives.

Perceptions on AGOA Challenges in Nigeria	Respondents	Percentage (%)
Infrastructural and Technological Deficit		
AGOA participating countries are not making full use of the opportunity AGOA provide because of their structural disadvantages	16.0	66.0
Weak infrastructure	11.0	45.0
Nigeria's negligence and failure to diversify the economy	16.0	66.0
AGOA trade policy/program is too demanding	7.0	29.0
Nigeria's over-dependence on oil and petroleum products	18.0	79.0
Nigeria has not fully benefited from AGOA because of her weak adherence to international product packaging standard	17.0	70.0
Little/no access to technical assistance and developmental support from the USA to meet eligibility criteria.	19.0	79.0
Market Access Issues		
Nigeria do not have the capacity to process and export the over 6,000 AGOA goods	9.0	41.0
Nigeria is limited as to the number of AGOA goods it can export due to its failure to develop other sectors of the economy such as agriculture, mining and mineral processing, Economic malpractices such as money laundering, corruption, etc.	14.0	62.0
Nigeria's benefits from the AGOA's trade program is limited as a result of inadequate infrastructural provision	17.0	70.0
Made in Nigeria/indigenous commodities increased in Nigeria markets	10.0	41.0

Source: Field Survey, 2024

Table 3 presents the stakeholders' perceptions of infrastructural and technological deficits as one of the significant AGOA challenges in Nigeria. Stakeholders underscore the relevance of technical assistance in production to ensure manufacturers develop the technological capacity needed to transform raw materials into goods and services that meet AGOA's eligibility criteria. This is evident with the stakeholders' agreement on the need for technical assistance to ensure full-scale benefit of the AGOA trade program. It is valid that the Nigerian market is enormous, but weak technological capacity has limited Nigerian participation in trade. This also reflects current realities, as there are few indigenous products in the Nigerian market.

Similarly, the economic structure and landscape of Nigeria cannot support a foreign trade program such as the AGOA trade program in its current state. This is evident in the stakeholders' perceptions on some of the elements of the Nigerian economic structure. Although the stakeholders agree that the Nigerian oil and gas industry has benefited immensely from the AGOA trade program, the Nigerian government failed to diversify their economic structure to support other areas of development, including solid minerals and agricultural material sectors. Over 66% of the stakeholders agree that negligence and weak economic structure contributed to the AGOA's challenges in Nigeria. This may be due to the disparities between the AGOA program and Nigeria's economic structure.

Market Access Issues

The AGOA trade program grants the AGOA's participating countries a tariff-free status for over 6,000 goods. This implies that Nigeria have access to the market for all these goods provided the AGOA's standards are met. However, Nigeria's access to the market is limited due to several issues identified as significant for AGOA's success. The stakeholders agree that only a few Nigerian goods meet the AGOA standards, as shown in Table 3. This AGOIA's challenges are traceable to weak capacity for manufacturing, material value addition and processing of its solid minerals in addition to crude oil.

Economic malpractices and weak infrastructure also play a part in denying Nigeria access to AGOA's market. Hence, Nigeria was not denied access to the market due to weak policy or any personal reasons, but because it failed to meet the standards and terms of the trade agreement. The specific policy-relevant implications are: Invest in technological capacity, build infrastructure, and strengthen institutions to guarantee manufacturing, local production, and strict adherence to economic law and enforcement of trade policy remedies. As previously discussed, weak institutions and poor infrastructure are significant shortcomings of the AGOA's trade program, and they require the necessary attention to ensure that Nigeria and Nigerians fully benefit from it.

AGOA's Trade and Trade Policy Realities after 24 Years

Stakeholder Perception of AGOA's Trade in Nigeria

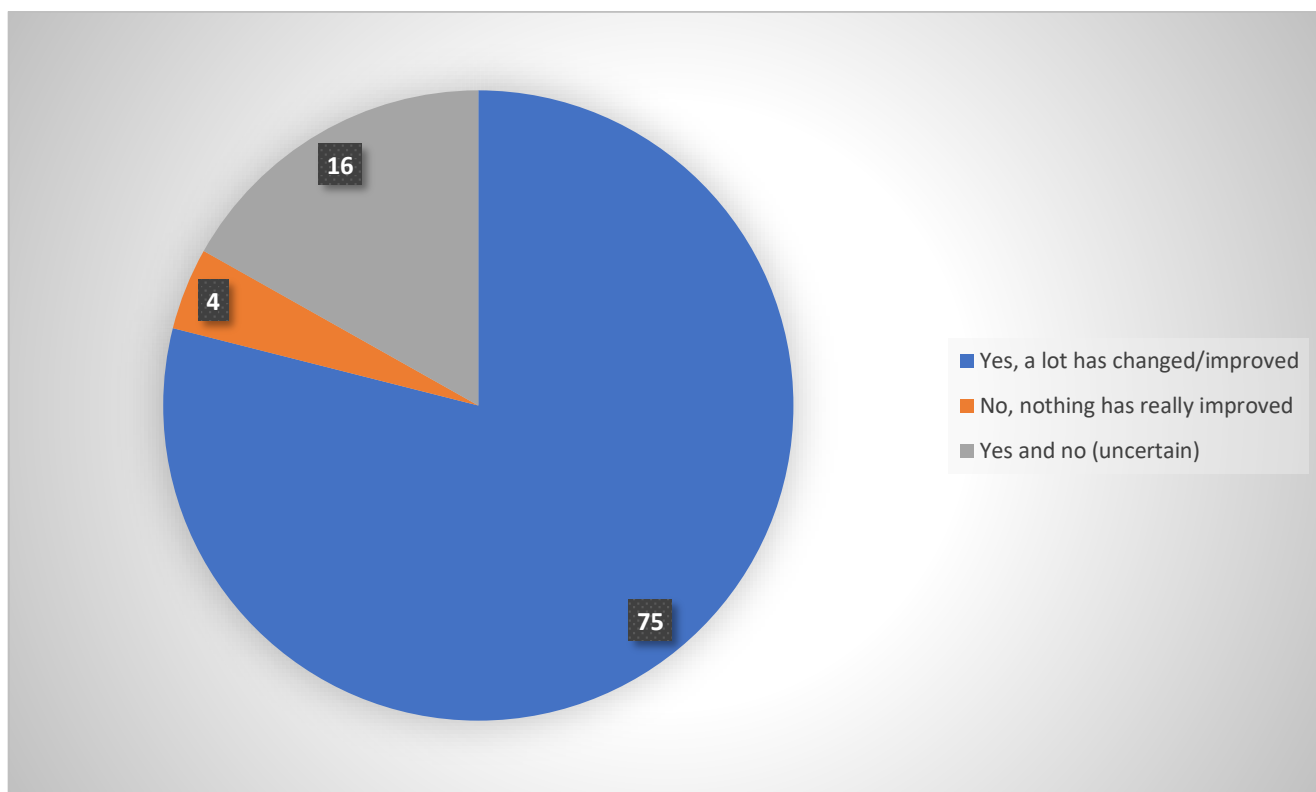


Figure 2: Results showing responses as to whether anything has changed the volume of trade in Nigeria since joining AGOA in 2000 (Source: Field Survey, 2024)

Figure 2 shows the stakeholders' perception of AGOA trade in Nigeria. 75% of respondents believe that much has changed regarding trade, while 4% disagree that there has ever been any positive impact since Nigeria joined AGOA. Evidence indicates that despite the challenges of AGOA in Nigeria, a significant change in trade volume occurred. While a significant number of respondents agreed that a lot has changed since Nigeria joined AGOA, the minority still believe there is more to joining the trade pacts than the recorded trade data. In relation to previous remarks by the stakeholders, it is unclear which indices the respondents used to measure the change in trade volume, given the previously identified significance of the AGOA's challenges. However, to avoid speculations, a follow-up question examines how the change in trade volume contributes to the trade policy and economic growth.

Stakeholder Perception of AGOA's Contribution to Nigerian Trade Policy

Table 4: Results of responses as to if AGOA's PTA and/or MTA had impact on trade in Nigeria and the US trade relationship, and economic growth.

Perceptions of AGOA on Nigeria Trade Policy	Respondents	Percentage (%)
Sustainability of AGOA's Trade Program		
Yes, the impact was sustained over the year	16.0	66.7
No, the impact was not sustained	3.0	12.5
Yes and no (uncertain)	3.0	12.5
Total	24.0	100.0
Fall in the Volume of Trade		
Inconsistency in AGOA's legislation caused the fall trade	14.0	58.0
Poor management of AGOA PTA	16.0	66.0
Weak policy implementation	16.0	66.0
Loopholes in the AGOA PTA	14.0	58.0

Source: Field Survey, 2024

The sustainability of the AGOA's impact on trade, as reported in Figure 2, was questioned in Table 4. The findings are the stakeholders' perceptions of the impact of AGOA on different components of trade policy in Nigeria. As stated in the AGOA trade agreement, Nigeria is expected to focus on economic and political development in addition to the requirements for AGOA goods. Stakeholders' perceptions of the significant change in trade volume and the indices of trade volume do not agree, as shown in Table 4. Similarly, Nigeria failed to sustain political development, the rule of law, and the trade agreement (PTA). The findings reveal that the stakeholders agree there is inconsistent legislation due to poor management of the AGOA PTA, weak trade policy implementations, and inherent loopholes in the trade agreement. Although previous studies on AGOA trade volume also agreed that the volume of AGOA trade increased (Claire, 2017, Rick, 2015), it dipped significantly below the expected level due to the issues raised in Table 4.

Stakeholder Perception of AGOA Contribution to Economic Development

Table 5: Results showing responses on the major contributions of AGOA's trade program on the past and current economic realities based on the volume of trade of AGOA goods (export-import) in Nigeria.

Perceptions of AGOA Contribution to Economic Development	Respondents	Percentage (%)
The volume of trade increased	16.0	66.7
Nigeria's export to the USA increased	15.0	62.0
Nigeria's import from the USA increased	9.0	37.0
Nigeria recorded economic growth	11.0	45.0
Nigeria benefited from the free-trade program	15.0	62.0

Source: Field Survey, 2024

Per capita income and GDP are the major indices of economic development (Osabohien et al., 2021). Nigeria's economic realities indicate that an increase in trade may not contribute to economic growth, as reflected in stakeholders' perceptions of the policy-relevant implications for economic growth (Table 8). The findings indicate that the increase in Nigeria's exports to the USA and overall trade volume does not fully translate on economic growth. Similarly, most stakeholders (62%) who agree that Nigeria has benefited from AGOA cannot fully substantiate the direct implications of the trade benefit to economic growth. It is valid, that amidst AGOA challenges in Nigeria, its trade was sustained, but the contribution to Nigeria's economic growth fell short of stakeholders' expectations.

Policy-Relevant Implications for Nigeria's Economic Growth and Trade Policy

Table 6: Results of respondents' responses on the nature and limitations of AGOA trade program to contribute to the Nigerian economic growth.

Question	Respondents	Percentage (%)
The Nature of the AGOA Trade		
AGOA is a single-way trade (measured only by export)	6.0	25.0
AGOA is a two-way trade (measured by export, import and balance of trade)	16.0	66.0
Limitation of the AGOA Trade		
AGOA success limited by inadequate infrastructure	17.0	70.0
Weak institutions and policy implementation	16.0	66.0
Lack of transparency and accountability	17.0	70.0

Source: Field Survey, 2024

Table 6 presents the stakeholders' understanding of the AGOA trade program in Nigeria. As expected, the AGOA's trade program is a two-way trade, indicating equal access to the USA and Nigeria. However, one-quarter of the stakeholders disagree that AGOA in Nigeria is practised as a two-way trade. Although the strength of the objection is low (25%), it raises doubts about the practice of AGOA in Nigeria. Most of the stakeholders (70%) who allude to the two-way AGOA trade, also consented that AGOA's contribution is limited by infrastructural deficit, weak legal institutions and governance structure, and corruption.

Nigeria, like most AGOA participating countries, remained in the trade program for 25 years without sanctions or suspension. Despite its 25 years as an AGOA beneficiary, Nigeria's challenges with AGOA deepen until the expiration of the Act. Going forward, the stakeholders' perception of these challenges requires specific attention to resolve current realities. Some of the most policy-relevant implications from the study include:

1. Nigeria must rebuild its institutions to support all-around development by ensuring an inclusive, people-centred, and policy-driven institutional process to address challenges to trade and economic development.
2. Invest in technological capacity and build a sustainable innovation ecosystem to support local manufacturing and indigenous production of goods and services.
3. Develop a trade policy that supports free market access to locally made products by strictly enforcing bans on imported technologies and products.

In response to the research hypothesis, AGOA has contributed to the increase in trade volume and attempted to support trade policies in Nigeria. However, the increase in trade volume was not translated into economic growth, despite the benefits of the AGOA, due to several **challenges it presents** in Nigeria.

CONCLUSION AND RECOMMENDATION FOR FUTURE WORK

Four significant AGOA challenges in Nigeria have been identified as limitations to the AGOA trade program in the last 25 years. These include AGOA-Nigeria institutional disparities, governance challenges, infrastructural and technological deficits, and market access issues. The stakeholders' perception agreed with previous studies on AGOA trade in Nigeria. The findings also revealed that Nigeria's inability to develop its raw materials to meet the AGOA's standard remains the major AGOA challenge in Nigeria. This is traceable to weak economic structure, infrastructure, and technological capacity.

Governance challenges were considered a product of weak institutions, as indicated by the stakeholders. While political will is validly critical for AGOA's success in Nigeria, weak trade policy and processes are regarded as a fundamental issue the Nigerian government must address to ensure the success of the new trade pact the nation joined most recently – the Africa Continental Free-Trade Agreement (AfCFTA).

It is recommended that Nigeria focus on addressing its internal issues to mobilise its rich human and material resources for an honest, robust, and active engagement of policies for trade and economic development. Future

work will focus on addressing policy loopholes and strengthening policy remedies to help Nigeria concentrate on solving its internal trade limitations and mobilise its rich human and material resources for future active trade engagements.

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Data Availability

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Conflict of Interest

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