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Interrogating the growth of Africa through the opportunity act and the Nigerian textile industry

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Abstract

The study examined the impact of AGOA on the textile industry in Nigeria between 2000 and 2015. The African Growth and Opportunity Act (AGOA) was signed into law on May 18, 2000 as Title 1 of The Trade and Development Act of 2000. The Act offers tangible incentives for African countries to continue their efforts to open their economies and build free markets. This paper attempts to answer the question: Did the preferential access to the U.S. market under AGOA increase the volume of textile export from Nigeria to U.S. between 2000 and 2015? Secondary data were used and data collected were analysed using tables and content analysis. The study adopted the Complex Interdependence theory as its preferred framework of analysis and argued that the letter and spirit of AGOA were both in consonance with the neoclassical model of growth for SSA designed by the U.S. We remarked that this liberalised trade introduced by United States in Sub-Saharan Africa through AGOA was equally deepened to strengthen U.S. involvement capacity to this under developed markets in Sub-Saharan Africa. The study found out that the preferential access to U.S. market under African Growth and Opportunity Act did not increase the volume of textile export from Nigeria to the U.S. between 2000 and 2015. Finally, the study made profound recommendations aimed at maximizing the benefits inherent in the Nigeria-United States trade relationship.

Keywords: AGOA; Trade liberalization; Complex interdependence; Unemployment; poverty alleviation.

1. Introduction

The historical trend of Africa's economic growth provides insight to help understand its present economic situation and policy options. During the period immediately after independence from 1960 to 1973, economic growth was quite strong in many Sub-Saharan African (SSA) countries (Jones & Williams, 2012). However, the next two decades were a period of stagnation or decline for many African states. Most policy analysts and development economists point to political instability, poor governance, difficult geographic conditions, and the effects of colonialism as causes of Africa's slow growth (Jones & Williams, 2012). According to Vivian and Williams (2012) slow economic growth and stagnation have also contributed to slow accumulation of both human and physical capital. In SSA the slow economic growth is also due to lack of appropriate economic policies (Haykin, 1997). It was in 1995 that a small group in U.S. Congress started to develop the concept of AGOA which was later signed into law as a second transformative trend in Africa. The landmark trade legislation authorised the President to grant duty-free and quota-free treatment to a wide range of exports from qualified sub-Saharan African countries. Moreover, the first and most significant of the trends has been the increase in democratic governance. The liberalisation of the states of the Soviet Union and Central as well as Eastern Europe from communism after the fall of the Berlin Wall in 1989 also created a demand for greater accountability and governance in many African states.

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Nigeria and the United States have a long tradition of cooperation since 7th October, 1960 when she, to the surprise of many, chose the United States to perform the symbolic and crucial role of presenting the new Sovereign State, to the United Nations General Assembly. Since then, Nigeria-United States relation has been in several areas of economic development, political governance issues and maintenance of regional peace and security. The United States has been involved in the training of officers and men of the Nigerian Armed Forces over the years. It has also been giving logistic support to Nigerian military contingents on various peace keeping operations in Africa and beyond (AGOA News, 2009). In the economic sector, the African Growth and Opportunity Act (AGOA) signed into law on May 18, 2000 by President Bill Clinton was a fundamental change to U.S. policy toward Sub-Saharan Africa, Nigeria inclusive. The purpose of this legislation is to assist the economies of sub-Saharan Africa and to improve economic relations between the U.S. and the region.

The passage of AGOA created a strong bipartisan consensus in U.S. Congress, which recognised that the U.S. had interests in Africa and thus, it was worth investing there. The Congress extended and strengthened AGOA on three occasions during the Bush Administration who noted at the AGOA Forum (2001), that: "No nation in our time has entered the fast track of development without first opening up its economy to world markets. The African Growth and Opportunity Act is a road map for how the United States and Africa can tap the power of markets to improve the lives of our citizens" (cited in Schneidman and Lewis, 2012). In addition, Schneidman and Lewis, quoting the International Trade Administration, say, AGOA, "offers tangible incentives for African countries to continue their efforts to open their economies and build free markets" (International Trade Administration in Schneidman and Lewis, 2012). After completing its initial 15 year period of validity, the AGOA legislation was extended on 29th June, 2015 by a further 10 years to 2025.

At the core of AGOA are the tariff benefits that provide duty-free access to the U.S. market for certain products from eligible SSA countries. In terms of these tariff benefits and country eligibility requirements, AGOA is essentially an expansion of Generalised System Preferences (GSP), a U.S. trade preference program that applies to over 120 developing countries, including SSA countries. AGOA builds on GSP by providing preferential access to the U.S. market for more products, such as apparel, and sets out additional eligibility criteria. AGOA also includes other trade and development components, beyond preferences, that are not part of GSP.

AGOA, like other U.S. trade preference programmes, is nonreciprocal and unilateral. The preferences apply to U.S. imports and not to U.S. exports, so reauthorisation only requires action by the U.S. government. These one-way preferences are granted to developing countries with the goal of enhancing export-led economic growth, and typically exclude items that may be considered import sensitive. This distinguishes them from other U.S. trade liberalisation efforts such as free trade agreements (FTAs) or multilateral agreements through the World Trade Organisation (WTO), which reduce and/or eliminate tariffs for both U.S. imports and exports. AGOA included a provision requiring the President to explore potential FTA negotiations with interested AGOA beneficiaries, suggesting the Congress envisioned AGOA as a stepping stone to potential broader trade pacts with African countries, Nigeria inclusive (Brock, 2015).

However, AGOA eligibility is not open to all African countries. The President of America designates countries that are eligible for AGO's benefits based on those countries' progress towards establishing market based economy, representative government, strengthening the rule of law, combating corruption, eliminating barriers to U.S. trade and investments among others. Sequel to these conditions, 39 out of 49 countries in sub-Saharan Africa are currently eligible for AGOA's. Remarkably, Nigeria is one of the sub-Saharan African countries that meet the conditions for benefiting from AGOA's benefit.

May we emphasise by echoing the remarks of Schneidman and Lewis (2012), that, AGOA was intended to bolster the trends toward democratic governance and economic progress. The legislation was also designed to stimulate light manufacturing in Africa in order to contribute to job creation, poverty reduction and greater industrialisation. Finally, AGOA was a recognition that increasing African countries' exports and strengthening their integration into the global economy had a vital role to play in accelerating economic development and that this would strengthen U.S.-African relations (Schneidman and Lewis, 2012). Furthermore, owing to the fact that Nigeria remains the largest U.S. trade partner vis-a-vis value of trade in the sub-Saharan Africa with total trade increasing rapidly in the recent years, it is obviously expected that trade relations between Nigeria and the U.S. under the auspices of AGOA should reduce the poverty rate in Nigeria.

Apparently, it is expected that since Nigeria concentrates on the export of crude oil, textiles and agricultural products to the U.S., that these exports should address the argument of trade and investment imbalance between Nigeria and the U.S. Based on this background therefore, this study examines the effects of African Growth and Opportunity Act on the textile industry in Nigeria between 2000 and 2015.

2. Review of the relevant literature

A former United States Ambassador to Nigeria in a presentation to the US-China Commission noted that African states suffered from the increase in exports from the Chinese textile industry on two angles. First, the domestic textile industries are undermined by the cheap exports from China. Meanwhile, it is near impossibility for African states to compete with China for the US market considering the growth of Chinese exports to the United States. Above all, the problems in the textile industry is compounded due to the accession of Nigeria into the WTO in 1995 which compelled her to open up her market to cheaper and substandard textile imports, most commonly from China as well as second-hand clothing from the US and Europe. Smuggling is still in the increase; albeit the existing importation ban on finished textile to protect local manufactures. The Nigerian Textile Manufacturers Association noted that, about 85% of textiles sold in Nigeria are smuggled compelling the country to lose about $325m that could have accrued from Value Added Tax revenue yearly. The trading post for most of these fabrics from Malaysian and Chinese second-hand products is the Benin Republic being Nigeria's closest neighbour. The bilateral agreement between the Nigerian government and Republic of Benin deepen the woes of smuggling which negatively impacts of the comatose textile industry.

Furthermore, that high operating costs and lack of basic infrastructure further constrain the textile industry. The constant epileptic power supply indeed destroyed the system compelling the once vibrant, glorious factories to go on extinction overtime. A worrisome development that slows down production capacity is the realisation that most industries in the country hardly get electricity up to three days in a week according to a survey of the Nigerian manufacturers by the UN Industrial Development Organisation. In the 80s, there were about 250 textile industries in Nigeria, but as at now, there are fewer than 30 of them still operating. Their employment capacities have been lowered as many of the factories are producing under capacity. Exports of textile goods in the past five years before 2008 amounted to $44m but dipped below $11m in 2008. Presently, manufacturing accounts for less than 5% of GDP, compared to 14% in South Africa. He therefore, exonerated the company of any blame if it winds up without immediate intervention. That, while the plant in Kaduna factory is shut down, the operating plant in Lagos is striving to survive as cheap and second-hand fabrics smuggled through the Benin border and sometimes through Niger borders in the northern region, have taken over the Nigerian market. These crimes are aided and abetted by the Nigerian Customs.

He further regretted that, in the early 90s the yields from Ankara business were enduring. But a discordant tone started playing out when the Nigerian market was flooded with cheap and substandard fabrics from China smuggled through Benin border. Noting these woes, the Bank of Industry in August 2010 released ₦30 billion as grant to the textile industry as part of the Cotton, Textiles and Garment Industry Revival Scheme passed at the end of 2009 to resurrect the dying fortunes in the textile industry in the country. It is expected that the total sum of ₦100b will be infused into the industry. Kaduna textile industry being at the centre of the Nigerian textile industry, received the highest share of ₦24b. The former Vice President, Namadi Sambo and the Managing Director of the Bank of Industry, Evelyn Oputu both at the ceremony that marked the re-opening of the industry, applauded the initiative and noted that more than 2000 Nigerians would be put back to work in Kaduna by this initiative. Regrettably, years have passed without any recorded progress made at the factory and the Nigeria' unemployment profile continues to increase by the day. The Nigerian government is aware of the potentials inherent in the textile industry; hence, urgent intervention by the administration is needed if actually the job creation promised by the government can be achieved. It is worrisome that Ghana for instance, whose population size is smaller than a geo-political zone in Nigeria, exports finished products to Nigeria while toothpicks and machetes for domestic farmers are still being imported from Asian countries. The begging question is why has there not been any remarkable impact to the textile producers even with government's alleged intervention? Thus, it seeming appear that there is more than meets the eye in respect of the ₦100b intervention fund.

Hitherto, the expiration of the tenure of the Nigeria's former President, Olusegun Obasanjo, there was an initiative by the Federal Government to raise ₦70 billion through bonds of five-year period, as noted by Nze (2012). Textile Development Fund as it was called was to assist cotton growers, textile manufacturers and other industry operators via the Nigerian Export Import Bank, NEXIM. Record however, has it that the United Bank for Africa (UBA) which was supposed to assist the FG market the bonds, could not do so. The reinvestment of a 20 percent levy on imported textile materials shows a consolidation of the initiative by the Trade and Investment Ministry to resuscitate the textile industry. The former Minister for Trade and Investments, Olusegun Aganga remarked that the reason for the levy is that, it will be plunged back to the development of the textile industry which is the basic mandate of the ministry as part of the industrialisation plan to diversify the economy.

Going down the memory lane, he recalled that the Nigerian textile industry in the 1997, was the second largest in Africa behind Egypt with more than 250 active and booming factories operating above 50 percent capacity utilization. As at that time, the local textile market had a share of around 20 percent of Nigeria's textile goods with the balance of 80 percent being imported. Regrettably, this sphere which generates about $1.3 billion annually for the country has been

in a comatose state for many years now. The situation has compelled over 175 factories to wind up, rendering 250,000 workers jobless. The wind of liquidation in the industry was propelled largely by different factors ranging from smuggling at the borders, high operating costs driven by prohibitive raw materials, energy cost, failed government policies and mere lack of political will to industrialisation by Nigerian politicians.

The persistent collapse of the textile industries presents a serious threat to government's endeavours to tackling the problem of unemployment among the teeming youths of Nigeria. According to the United Nations University (UNU), there were 37 textile industries in the country operating 716,000 spindles and 17,541 looms in 1987; the era of the economic boom of the textile firms in Nigeria. At this times, between 1985 and 1991, the sector recorder a yearly growth of 67 percent, and as at 1991, it employed about 25 percent workers in the manufacturing sector.

It is oblivious that the dwindling state of the textile industry is precipitated by the problem of infrastructure and competition. The basic error of government was the accession of WTO (World Trade Organisation) at the time when the country's industrial base was still not strong to compete in the global market. In 1995, WTO adopted Agreements on Textile and Clothing, which stipulates that all quotas on textile and clothing will be removed among WTO member countries. The major beneficiary of the policy happened to be China. The global textile market is worth more than $400 billion currently whereas the export value of China's textile and garment alone totalled $206.5 billion in 2010 according to China Customs. The Nigerian textile was one of the worst hit especially as a result of cheap and sub-standard exports from China. Nigeria was formerly the major supplier of good quality wax-resist textile popularly known as Ankara in Nigeria. In the early 2000s, however, cheap imitations of these products were being produced and exported from China to West Africa with some of these products slapped with Made-as-Nigeria or Made-in-Nigeria labels and then sold in Nigeria.

The former Minister for Trade and Investment further argued that it is not enough to put back the import levy towards revamping the threatened textile sector though, appealing. The market share for domestic mills is only about 25 percent and fast decreasing in favour of cheap imports. Moreover, there are more incidental losses for a good number of dependents. In view of incessant increase in fuel prices and the instability in power supply to the factories, many units depend on diesel generated power for their operations which makes the viability of such operations in doubt. The factories are also plagued by availability and costs of water.

According to him, with some government determination and a push by actors in the textile industry, the sector promises imminent growth. We should recall that under the African Growth and Opportunity Act (AGOA), a development that freed the American market to African countries, the United States market is open to Nigeria. Meaning that, anyone who invests in production for export can take advantage of that. Certainly, going by the way and manner Nigerians patronized smuggled goods, and the high demand for textile products, we can say that Nigeria is also a large market. Indicating that production for domestic consumption could be beneficial.

According to the Office for Textiles and Apparel, Department of Commerce (2012) in Obegolu (20), a provision in AGOA that allows duty-free treatment of apparel assembled in one or more lesser developed SSA countries regardless of the country of origin of the fabric ("third-country fabric provision"), subject to a cap, expired on September 30, 2012. The Department noted that the Congress may consider a measure seeking to extend this provision in the 112th Congress. Lesser-developed countries are defined in AGOA as those with a per capita gross national product of less than $1,500 per annum as measured by the World Bank. In subsequent amendments of AGOA, Botswana, Namibia, and Mauritius were also added to the list of lesser-developed countries (112 of P.L. 106-200, as amended). Presently, AGOA-eligible countries that qualify for the third-country fabric provision totalled 27. The quantitative limitation on third-party fabric, set each fiscal year, is announced annually by the Committee for the Implementation of Textile Agreements (CITA). The AGOA Acceleration Act of 2004 raised the quantitative limit to a maximum of 3.5% (by quantity) of all U.S. apparel imports. In September 2011, CITA announced that the amount imported under this provision, for the 12-month period beginning October 1, 2011, must be no more than 938,715,171 square meters equivalent (SMEs). Any imports from qualifying SSA countries in excess of these quantities are subject to otherwise applicable tariffs. Imports under the provision from eligible countries are far below the quota allowance.

Office for Textiles and Apparel, Department of Commerce remarked that only 23% of the allowable third-country fabric provision quota is presently being used could mask the fact that several SSA countries, including Lesotho, Kenya, Mauritius, Swaziland, and Botswana, have exported a significant amount (both by quantity and value) of apparel under the provision. For the countries above, all of whom, with the exception of Botswana, are major beneficiaries of AGOA by percentage of utilization. The U.S. apparel imports represent the major portion of their benefits under the AGOA preference.

In addition, the Department remarked that subtitle 'A' of AGOA allowed the President to mark out sub-Saharan African countries as beneficiary countries eligible to receive duty-free treatment for some articles that are the growth, product, or manufacture of that country. It authorised that in marking out the country that will benefit, the President must decide whether the country: (1) has established, or is making continual progress toward establishing a market-based economy and is taking other stipulated actions; (2) does not engage in activities that undermine U.S. national security and foreign policy interests; AGOA demands that the President monitor and report yearly on the progress of each country in meeting the terms for AGOA eligibility. Under this provision, Presidents have made at the end of each year, annual designations of the countries eligible for AGOA benefits for the following year. The last Presidential proclamation made in connection with AGOA was Proclamation 8741 of October 25, 2011 which inter alia re-affirmed the AGOA eligibility of Cote d'Ivoire, Guinea, and Niger, and also marked them out each "lesser developed beneficiary sub-Saharan African countries". By implication, 40 SSA countries are currently eligible to receive AGOA benefits. Jones and Brock (2012) remarked thus:

- Textile and apparel articles which were not eligible articles for purposes of this subchapter on January 1, 1994, as this subchapter was in effect on such date.
- Watches, except those watches entered after June 30, 1989, that the President specifically determines, after public notice and comment, will not cause material injury to watch or watch band, strap, or bracelet manufacturing and assembly operations in the United States or the United States insular possessions.
- Import-sensitive electronic articles.
- Footwear, handbags, luggage, flat goods, work gloves, and leather wearing apparel which were not eligible articles for purposes of this subchapter on January 1, 1995, as this subchapter was in effect on such date.
- Import-sensitive semi-manufactured and manufactured glass products.
- Any other articles which the President determines to be import-sensitive in the context of the Generalised System of Preferences.

They however observed that, the President may not grant duty-free treatment for textile or apparel products; rather, the AGOA law stipulates definite benefits for some limited categories of textiles and apparel. They also argued that AGOA, as amended, authorises duty-free and quota-free treatment for eligible textile and apparel articles in qualifying SSA countries through 2015. Qualifying articles include:

- Apparel assembled in one or more AGOA beneficiary countries from U.S. yarn and fabric;
- Apparel made of SSA (regional) yarns and fabrics, subject to a cap until 2015;
- Apparel made in a designated lesser-developed country (LDC) of third-country yarns and fabrics, subject to a cap until September 30, 2012 (see "Third-Country Fabric Provision Expiration");
- Apparel made of yarns and fabrics not produced in commercial quantities in the United States (determination must be made that the yarn or fabric cannot be supplied by the U.S. industry in a timely manner, and to extend preferential treatment to the eligible fabric);
- Certain cashmere and merino wool sweaters;
- Eligible hand-loomed, handmade, or folklore articles and ethnic printed fabrics (certain countries only);
- Textiles and textile articles produced entirely in an LDC SSA beneficiary country;
- Certain hand-loomed, handmade, ethnic printed fabrics, or folklore articles (certain countries only).

For countries to benefit from the duty-free and quota-free treatment for textile and apparel products as discussed above, beneficiary countries must first adopt an efficient visa ("tracking") system to prevent unlawful trans-shipment. These countries must as well work with the U.S. Customs Service to report exports and prevent illegal trade. AGOA also stipulates that the Secretary of Commerce must monitor U.S. imports under AGOA for surges in textile and apparel imports, with the possible withdrawal of duty-free treatment if imports surge beyond a certain level.

Jones and Brock (2012) also noted that in 2002, Congress amended AGOA for the first time through the Trade Act of 2002 (P.L. 107-210), which included adjustments to the textile and apparel provisions. An important change pertained to the cap that AGOA had set on imports of apparel assembled in an AGOA country from fabric made in an AGOA country. The Trade Act of 2002 doubled this cap, increasing it to 7% in FY2008. The Act, however, left the cap unchanged at 3.5% under the special rule for lesser-developed countries. The Act also authorised Namibia and Botswana to qualify for the special rule for lesser-developed countries, even if their per capita incomes exceeded the limit set under AGOA. Moreover, it particularly extended AGOA benefits to knit-to-shape articles and to garments cut in both the United States and an AGOA beneficiary country ("hybrid cutting") and made a correction to extend AGOA benefits to merino wool

sweaters knit in AGOA beneficiary countries. The Trade Act of 2002 further added other AGOA-related provisions. It stipulated that U.S. workers could be found eligible for trade adjustment assistance if U.S. production shifted to an AGOA beneficiary country and other conditions were met. It allowed $9.5 million to the then U.S. Customs Service for textile trans-shipment enforcement, and in addition designated that two permanent positions be allotted to South Africa for AGOA enforcement and that additional travel funds be assigned for verification in sub-Saharan Africa. The Act further stipulated that $1.317 million of the Customs Service budget be spent on programmes to assist sub-Saharan African countries develop visa and anti-trans-shipment systems.

At the same time, the Embassy of the United States of America (2008) stated that the United States Government has granted The Gambia a textile visa which allows the country to export textile and garment products to the U.S. duty free and quota free under the African Growth and Opportunity Act (AGOA). The long expected news of the textile visa was contained in a letter sent to the Secretary of State for Trade, Industry and Employment, Honorable Abdou Colley, from the United States Trade Representative, Ambassador Susan C. Schwab, on April 28 2008. In response, Ambassador Schwab remarked that her office has decided that The Gambia adopted an effective visa system and related procedures to prevent illegal trans-shipment and the use of counterfeit documents in connection with shipments of textile and apparel articles to the United States. Thus, that, imports of eligible products from The Gambia qualify for the textile and apparel benefits provided under AGOA.

Moreover, that the implementation of the textile visa is guided by the bilateral visa arrangement agreed by the two governments which, among other things, requires producers and exporters of textile and garment products to retain appropriate records and provide such records on request by the government of Gambia. The Gambia then became one of 26 out of the 37 AGOA eligible countries that have qualified for the textile visa, which allows eligible countries to export manufactured apparel to the U.S. Hence, the country needed to acquire a Category 9 certificate to export hand-woven textiles and ethnic printed fabrics.

At the same time, Njoku (2004) observed that the African Growth and Opportunity Act/Trade and Development Act of 2000 allows a new U.S. trade and investment policy toward Africa. It encourages increased trade and economic relationship between the United States and eligible sub-Saharan African countries. The law represents a solid, meaningful and significant opportunity, which could turn in billions of dollars in new trade and investment flows between the U.S. and Africa. Again, that the Apparel and Textile Preferences Act lifts all existing quotas on textiles and apparel products from sub-Saharan Africa (within 30-days of a U.S. Government decision that Kenya and Mauritius have adopted effective visa systems); furthers duty/quota free U.S. market access for sub-Saharan African apparel made from yarns and fabrics not available in the United States; extends duty/quota free treatment for apparel made in Africa from U.S. yarn and fabric and for knit-to-shape sweaters made in Africa from cashmere and some merino wools as well as apparel made in Africa from silk, velvet, linen, and other fabrics not produced in commercial quantities in the United States; furthers duty/free and quota free U. S. Market access for apparel produced in Africa with African/regional fabric and yarn. However, such imports are subject to a cap (limit) ranging from 1.5 to 3.5% of the multibillion dollar U. S. Apparel imports produced with African fabric/yarns amounting to about $250 million. That is to say that, normal MFN duties would be charged on apparel (regional fabric) imports over the cap which provides an average 17.5% duty advantage on apparel imports in the U. S. market and enhances economic development and diversification in Africa's poorest countries through a special provision in the cap which authorises African countries with an annual GNP of under $1,500 ("lesser developed beneficiary countries") to use third country fabric inputs for four years. This special investment incentive for the poorest African countries is aimed at providing a market push to economic development for areas with little existing industry.

She also noted that, the U.S. imports from most sub-Saharan African countries are already eligible to receive duty free access for some 4,650 products under the U.S. GSP programme. Another 1,783 products imported from least-developed sub-Saharan African countries are also eligible to receive duty-free treatment. A list from this extensive list of products duty-free treatment for textiles, apparel, watches, footwear, handbags, luggage, flat goods, work gloves and leather wearing apparel, and certain electronic, steel and glass products as well as other products that are deemed import-sensitive. Moreover, under GSP, benefits may be lost when imports from a beneficiary country reach prescribed thresholds. Finally, GSP benefits for all products imported from all beneficiary countries expired on September 30, 2008. AGOA provides three important benefits to eligible sub-Saharan African exporters. First, it extends the duty treatment under the GSP programme for eligible sub-Saharan African countries through September 30, 2008. Second, the AGOA eliminates most of the limitations of the GSP programme for eligible sub-Saharan African countries. Third, AGOA expands the product coverage of the GSP programme but only for products of sub-Saharan Africa.

3. Theoretical framework

We use theories to explain puzzles and analyse problems. According to Echezona (1998:10), the basic role of a theory is to explain singular fact or occurrence or more importantly to explain empirical generalisation. The assessment of a theory is not based on whether it is true or not, rather on how useful it is in explaining empirical laws. Practically, our tool of analysis in this study is predicated on the complex interdependence theory.

Complex interdependence theory is preferred because of its usefulness in assisting us to basically explain the prevailing global phenomena. It is evident that the world is consistently growing interdependent propelled by globalisation. Robert Keohane and Joseph Nye developed the theory. They argued that during the period of interdependence that the very nature of international relations is changing. Hence, the world has become more interdependent in economics, communication and human aspirations. By implication, complex interdependence according to them refers to the various complex transnational connections (interdependencies) between States and societies. No country is perpetually dependent on another, rather all shares in a complex web of interconnectedness and interdependence.

In summary, Keohane and Nye (2001) using three features defined complex interdependence thus:

- The actors are states and non state actors with multiple channels of communication, interstate, trans-governmental and trans-national.
- The agenda of interstate relationships comprises of multiple issues that are not arranged in a clear or consistent hierarchy. Meaning that, there are multiple issues with no hierarchy; military security does not consistently dominate the agenda.
- Military force plays a relatively minor role in international relations mainly because "it is not used by government towards other governments within the region, or on the issue when complex interdependence prevails".

Consequently, different political processes brings up that which translates power resources into power as control of the outcome of the linkage strategies, agenda setting, trans-national and trans governmental relation.

Okolie (2006:75), noted that, "the complex interdependence theory enhances appreciation of cooperative actions among states and facilitates deep understanding of global patterns of inter-relationship". As a matter of fact, interdependence theorists remarked that while such relations, economic ones in particular, were increasing; the use of military force and power balancing were decreasing (they remained important though). According to International Relations Paradigms, Approaches and Theories (2005), the decline of military force as a policy tool and increase in economic and other form of interdependence should increase the probability of cooperation among states. May be, in expectation that problems of unequal gains noted by realists, the theorist introduced the concept of 'regimes' to mitigate lawlessness and promote mutual cooperation.

The theory is not only apt to our analysis but promotes understanding of cooperative actions among States and enhances consolidated appreciation of world pattern of interrelationship. It observes the possibilities of exploitation and lopsided benefits and therefore places emphasis on global regimes as effective mechanisms of redressing such situations.

Liberalisation of an economy has been moving with development of the world. The advancement of trade as the fundamental support of wealth of nations was hitherto pronounced in the mercantilists' doctrine, and afterwards came in Adam Smith and David Ricardo's theses. Then came the neoclassical model of growth promulgated by the radical theorists. The nature and character of AGOA were both in tandem with the neoclassical model of growth for SSA designed by the U.S. It has been revealed that globalisation is a stimulus for nations to channel their development efforts towards international competitiveness which will in turn make a nation remain relevant in the rising global economy. The trade theorists buttressed that trade was a sine qua non for the growth of nations. The extant literature supported either export-led-growth hypothesis or the growth-led-export hypotheses. Theorists like Asmah (1998), Kavouss (1984), Fosu (1990), Balassa (1978), all supported the unidirectional export-led-growth while Bhasin (1999), Jung and Marshall (1985), Chow (1987) to mention but a few, supported the growth-led-export and bi-directional causality between export growth as well as output.

According to Thirlwall (2000), growth and economic openness are interrelated because free flow of goods and services as well as persons impact positively on economic growth which is achieved through improvement in efficiency of the

productive base and thereby encourage exports. When export is being encouraged in any economy, there will certainly be rooted effect of these on the supply and the demand sides in such economy. The positive impact of globalisation on the growth of exports is all supported by economic theory. For instance, it has been confirmed in Nigeria, that export-led-growth hypothesis is justified but the required technology to produce is meagre and less developed.

Certainly, the global order will thrive on unequal reward systems; and existential natural conditions which reward the developed states over and above the developing states are definitely to be redressed by renegotiated global regimes, which extended some aid to the latter. The U.S. being the purveyor of advanced industrial capitalism believes that the lasting solution to world insecurity is by enhancing global prosperity via increased trade liberalisation. Thus, in AGOA, the government of the U.S. believes that anarchy will be reduced and cooperation made easier especially between United States and sub-Saharan Africa and among the sub-Saharan African States. The justification of the above should be examined within the context of the study; essentially because every nation today depends on each other for survival. The establishment of trade liberalisation by the United States in Sub-Saharan Africa via AGOA was also to strengthen U.S. penetrative capacity to these developing or rather underdeveloped economies in sub-Saharan Africa.

Findings

The bilateral agreement between U.S.A. and Nigeria predated 18th May, 2000 when the trade legislation was signed into law. We observed that before 2000, Nigeria-US have a long tradition of co-operation since 1960, Nigeria chose the United States to perform the symbolic and crucial role of presenting the Sovereign State, to the United Nations General Assembly. Since then, Nigeria-United States relation has been in several areas of economic development, political governance issues and maintenance of regional peace and security. The United States has been involved in the training of officers and men of the Nigerian Armed Forces over the years. It has also been giving logistic support to Nigerian military contingents on various peace keeping operations in Africa and beyond (AGOA News, 2009).

According to Schneidman and Lewis, 2012, petroleum products accounted for roughly 89 percent of AGOA. The imports underscore the growing importance of Sub-Saharan Africa as a source of resources. Angola and Nigeria for instance have consistently accounted for about 10 percent of U.S. imported oil during the last decade. Moreover, given the recent discoveries of oil in other countries in the Gulf of Guinea, U.S. reliance on imported oil from Sub-Saharan Africa will likely continue to grow. The region provides a proportion of U.S. oil imports comparable to the Middle East (in fact, slightly higher in 2010) (Corey, 2012). In addition, the quality of West Africa's crude oil and the region's proximity to the eastern United States, especially in comparison with the region mentioned above, have made the Sub-Saharan Africa an important source of oil and one of increasingly strategic significance for the U.S. Though, until the mid-1990s, the U. S. foreign policy toward sub-Saharan Africa was characterised by deference to the major European powers (Crawford Young, in John & Donald (eds), 1991). Excluding instances of crisis management or situations requiring the United States to fill major politico-military power vacuums, U.S. policymakers generally acceded to European interests in Africa. France and Great Britain continued to exercise a considerable influence over their former colonies. The United States exhibited relative indifference to the development plight of the young African States. The U.S. Department of State established an independent Bureau of African Affairs after a visit by Vice President Richard Nixon to Africa in 1957 (Wallerstein, in Ryan, 2006). But when fourteen African countries attained independence in 1960, the Eisenhower administration resisted naming separate ambassadors for each state.

At the outset of the Cold War and in the immediate aftermath of World War II, geostrategic considerations led the United States to concentrate its military and development aid elsewhere. A vital national interest in the successful reconstruction of Western Europe and the consolidation of pro-American regimes in Latin America drew the bulk of U.S. diplomatic engagement and foreign assistance. Perceived cold war imperatives eventually attracted U.S. attention to the African continent, but only sporadically (Cohen, 2003). The low priority placed on African affairs by the U.S. government was, at least partially, an outgrowth of the American business community's general ambivalence towards African markets (here again, the interests of Western Europe overshadowed the United States. See, Gordon, in Whitaker, (ed), 1978).

American exports to Africa have always played a marginal role in overall U.S. trade statistics. In the decades following independence, prohibitive shipping costs and extreme distances constrained U. S.-Africa trade, particularly in perishable agricultural goods. U. S. imports of African goods temporarily climbed in the mid-1970s and early 1980s, an aberration related to oil price shocks and Africa's petroleum reserves. The export expansion benefitted the few African countries endowed with fossil fuels. The table below provides a glimpse into the marginalisation of Africa by showing African imports and exports as a percentage of total U.S. import and exports in the 1970s and 1980s:

Table 1 Trade with Africa as a percentage of total U.S. trade

	1970	1975	1980	1985
Imports	3	6	8	3
Exports	3	3	2	2

Source: Ryan (2006)

Similarly, Africa has never served a significant destination for U.S. investment. Foreign Direct Investment (FDI) is a key element in promoting capital formation and economic growth in developing countries (FDI measures total equity holdings across national borders that provide the foreign owner substantial control (generally, ten percent) over the local enterprise. The investment must involve a long-term relationship with lasting interest and control exercised by an investor or parent enterprise resident in a country other than that in which the investment takes place (World Investment Report, 2005). FDI is critical to economic growth not only because it provides needed capital to cash-strapped developing economies, but also because it helps support the rapid transfer of "best practices" from developed to developing countries (Ryan, 2006). Klein, Aaron, and Hadjimichael of the World Bank argue that FDI also contributes to poverty reduction and improvements in the quality of life:

First, it helps reduce adverse shocks to the poor resulting from financial instability as during the recent Asian crisis. Second, relative to other forms of promoting private sector investment FDI helps improve corporate governance. In particular, it is not easily subject to asset stripping that may render property rights distribution more unequal. Third, contrary to popular criticism FDI can help improve environmental and labour standards, because foreign investors tend to be concerned about reputation in markets, where high standards are seen as desirable. Finally, FDI generates taxes that support the development of a safety net for the poor. Many foreign investors also invest substantially in community development in areas where they operate and thus in the safety net for the particular area (Michael Klein et al., 2001).

The American share of FDI in Africa is limited. According to Hormeku, (1997), the later part of the twentieth century witnessed a dramatic decline in the proportion of U.S. investment in sub-Saharan Africa. The United State's share of FDI in the region fell from a third of all developed country FDI in the 1970s to fifteen percent in the early 1990s (Tetter, 1997).

In the late 1980s, not a single African State ranked among the top twenty locations for U.S. FDI, and total American investment in sub-Saharan Africa was less than one-third of U.S. investment in Brazil (Clough, Supra note 17, at 16 quoted in Ryan, 2006). Today, sub-Saharan Africa accounts for less than one percent of the U.S. direct investment position worldwide (U.S.-Africa Trade Profile 14, 2006). The statistics according to Ryan (2006), was based on quarterly surveys of transactions between U.S. parent companies and foreign affiliates compiled by the Bureau of Economic Analysis at the Department of Commerce. The U.S. government defines direct investment position as the net book value of equity in, and net outstanding loans to, foreign affiliates by U.S. direct investors (Jennifer L. Koncz & Daniel R. Yorgason, 2005). Foreign affiliates include foreign business enterprises in which a single U.S. investor owns at least 10 percent of the voting securities, or the equivalent. In overall, Africa receives only three percent of global FDI flows (World Investment Report, 2005). More than half of all U.S. direct investment in the region is in the petroleum industry (Congress Report, 2005).

American operations are heavily concentrated in just six countries: South Africa, Equatorial Guinea, Angola, Nigeria, Chad and Gabon. These six states account for nearly ninety percent of all U.S. direct investment in sub-Saharan Africa. Moreover, sixty percent of all the investment is targeted at just two states – South Africa and Equatorial Guinea. In all but South Africa, American investment is directed primarily at the petroleum sector. Hence, the other forty-four countries of sub-Saharan Africa share a small percentage of total U.S. investment in the region. Other achievements of AGOA include job creation, increase in Foreign Direct Investments (FDIs), and efforts towards regional integration though the creation of regional value chains and corresponding increases in intra-African partnerships. Unfortunately, most of these chains have been concentrated in the apparel sector where Nigeria, for now, is not a principal player.

4. Conclusion

The study set out to evaluate the impact of African Growth and Opportunity Act for African development with a focus on Nigeria. We unveiled that trade liberalisation which is one of AGOA's criteria for eligibility is a cardinal ingredient of globalisation which encourages nations to open up their frontiers and/or markets for free access; and free movement of goods and services. Comparative advantage is the phenomenon which encourages a nation to engage in the

production of goods and services which they are quantitatively and qualitatively better than others. Hence, this study observed that developing countries have comparative advantage and/or are constrained to produce primary goods while the advanced countries concentrate on production of manufactured and/or processed goods and services. The study adopted the Dependency theory as its preferred framework of analysis. This generally began with the premise that the whole idea of globalisation and indeed AGOA stem from the need to sustain the global economic relations and hence ensure total incorporation, domination and subordination of peripheral capitalist economies in the global capitalist order. We also noted, *inter alia;* that the advanced countries with high quality technological and managerial capacity and competence are placed in a position where they determine, what to produce, how and when to produce. Moreover, their privileged position places them in a position where they determine the pattern of production and distribution.

Since the return to civilian rule after over fifteen years of military rule, the bilateral relationship between Nigeria and the United States has kept improving and cooperation on a list of vital foreign policy goals like regional peacekeeping and the like has been commendable. (The table overleaf shows the U.S. trade in goods with Nigeria between 2000 and 2015). However, looking at the tables, we found out that U.S. imports from Nigeria was higher than her exports to Nigeria from 2000 to 2015 even during series of economic sanction to Nigeria to force her transit to democratic rule.

Recommendations

We therefore, recommend as follows:

- Africa and Nigeria in particular should not delink from the world political economy but should use the gains to improve on the standard of living of the people. This is because she does not have the requisite technological know-how and the political leadership are not willing and prepared to brace up to the challenges immanent.
- The economy will grow if Nigeria embarks on the implementation of appropriate macro-economic policy measures guaranteed by economic stability.

Efforts should be made to improve on the standard of Nigerian made goods so that it can compete favourably in international market.

Compliance with ethical standards

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Disclosure of conflict of interest

The authors declare no conflict of interests in respect of the authorship and publication of this article.

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