Analysis of The African Growth And Opportunity Act And Nigeria United States Trade Relations, 2000-2012

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Abstract

The study examined the effects of African Growth and Opportunity Act on Nigeria- United. States trade relations between 2000 and 2012. We anchored our analysis on the complex interdependence theory. Data for the study-was collected and analyzed through qualitative methods. We argued that the letter and spirit of AGOA were both in consonance with the neoclassical model of growth for SSA designed by the US. We also noted that this free flow of goods enunciated by United States in Sub-Saharan Africa through AGOA was equally to further enhance US penetrative capacity to this under developed markets in Sub-Saharan Africa. The study noted that the preferential access to US market under African Growth and Opportunity Act did not increase the volume of textile export from Nigeria to the US between 2000 and 20/2. Finally, the study made useful suggestions aimed at maximizing the benefits inherent in the Nigeria- United States trade partnership.

Key Words: AGOA, development, interdependence, trade relations and preferential trade access.

Introduction

Africa is a continent mired by diseases, poverty and stunted development. The Continent has remained the central focus of global unequal distribution and utilization of national resources partly because of the neo-liberal arguments which suggest that a causal relationship exist between Africa's poverty and her subordinate position in an increasingly globalized world economy; and also partly because the African economies are relatively closed to the wonders of free trade, capital flows, trade liberalization and export orientation, which offers viable development policy prescriptions.

In appreciation of this development challenges, the U.S., as one of the major purveyors of the contemporary globalization and a prominent crusader of trade as the pillar of global prosperity and security, encourages, as one of its major priorities, economic prosperity via trade and investment in Africa as panacea to the endemic crisis of development in the region. In 2000, the United States government began the implementation of duty free access for products from Sub-Saharan Africa under African Growth and Opportunities Act (AGOA). There was tremendous excitement that a window had been opened for the countries to develop their non-oil exports for economic growth. However, over twelve years into the scheme, that initial euphoria seemed to have become a forlorn.

Meanwhile, AGOA was presented to Africa by the United States as the new path for Africa's economic recovery. President George Bush Jr., remarked that America must build trade relations across Africa and help nations that are adding to the freedom and stability of this continent. He added that "the first place to start on the economic front is to make sure that the United States established free and fair trade with the African continent"(cited in Lewis, 2001:11). Thus, U.S. economic policy under African Growth and Opportunity Act (AGQA) concentrates on increasing Africa's integration into the global economy.

No doubt AGOA has both strengths and limitations in theory and practice. Meanwhile, AGOA merely amended the U.S. Generalized System of Preferences to grant duty-free treatment of specialized products from eligible countries. The purpose of the African Growth and Opportunity Act was to use preferential trade access to the U.S. market as a catalyst for economic growth in sub-Saharan Africa. This was expected to encourage governments to open their economies and build free markets (Schaefer & Markhiem, 2006). Two years later, President Bush signed the AGOA Accelerated Act of 2004 which extended preferential access for imports from eligible Sub-Saharan African countries enter United States duty-free until 2015.

Eligibility for AGOA is, however not open to all African countries. The President of America designates countries that are eligible for AGOA's benefits based on those countries' progress towards establishing market based economy, representative government. Combating corruption, strengthening the rule of law, eliminating barriers to U.S. trade and investments among others. And based on these conditions 37 out of' 48 countries in sub-Saharan African countries are currently eligible for AGOA's benefits. Notably, Nigeria is one of the sub-Saharan countries that meet the conditions for benefiting from AGOA's benefit.

However, Nigeria concentrates on export of crude oil, textiles and agricultural products to the U.S. Expectedly, these exports are expected to address the argument of unequal trade and investment relations between Nigeria and the U.S. Against this background, this study examines the effect of African Growth and Opportunity Act on Nigeria-United States trade relations from 2000 through 2011. Specifically, the central objective of the study is to ascertain whether the preferential access to the U.S. market under African Growth and Opportunity Act has increased the volume of textile export from Nigeria to the US between 2000 and 2012.

Theoretical Perspective

This study is predicated on the complex interdependence theory. The theory helped us to fundamentally explain the prevailing global phenomena. The theory was developed by Robert Keohane and Joseph Nye. Their initial assumption is in the era of interdependence that the very nature of international relations is changing. Therefore, the world has become more interdependent

in economics, communication and human aspirations. According to them, complex interdependence refers to the various complex transnational connections (interdependencies) between States and societies. The theory does not see one country as being perpetually dependent on another, but that all share in a complex web of interconnectedness and interdependence.

To summarize, Keohane and Nye (2001) defined complex interdependence according to three characteristics, as follows:

1. The actors are states and non state actors with multiple channels of communication, interstate, trans-governmental and trans-national.
2. The agenda of interstate relationships comprises of multiple issues that are not arranged in a clear or consistent hierarchy. In other words, there are multiple issues with no hierarchy; military security does not consistently dominate the agenda.
3. 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".

As a result of these characteristics, distinctive political processes raise that which translates power resources into power as control of the outcome of the linkage strategies, agenda setting, trans-national and trans governmental relation.

According to Okolie (2006:75), "the complex interdependence theory enhances appreciation of cooperative actions among states and facilitates deep understanding of global patterns of inter-relationship". In fact, interdependence theorists noted that such relations, particularly economic ones, were increasing; while the use of military force and power balancing were decreasing (but remained important). As stated in 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. Perhaps in anticipation of problems of unequal gains raised by realists, the theorist introduced the concept of 'regimes'to mitigate anarchy and enhance mutual cooperation.

The theory is not only relevant to our analysis but enhances appreciations of cooperative actions among States and facilitates deep understanding of global pattern of interrelationship. It recognizes the possibilities of exploitation and lopsided benefits and hence places emphasis on global regimes as effective mechanisms of redressing such situations.

Hence, in AGOA, the government of the U.S. is convinced that anarchy will be mitigated and cooperation facilitated especially between United States and sub-Saharan Africa and among the sub-Saharan African States. The validity of the above should be investigated within the context of the study. This is essential because every nation today depends on each other for survival. This free flow of goods enunciated by United States in Sub-Saharan Africa through AGOA was equally to further deepen U.S. penetrative capacity to this under developed markets in sub-Saharan Africa.

Dynamics of Nigeria-US Relations

The interactions between Nigeria and United States of America predate Nigeria's political independence in 1960. The United States has emerged rather dramatically as the most dynamic

component in the determination of post-colonial Nigeria and foreign economic and political policies. Ate (1987:1) contends that from Nigeria's perspectives, the evolving relations between Nigeria and United States has been determined by combinedrequirements of domestic political security, economic advancement and a perceivedLeadership obligation in the regionaldecolonization movement.

Nigeria and United States are linked by history, language and trade. Many Americans are said to have traced their heritage to Nigeria and more than one million Nigerians live in the United States and above 200,000 of these Nigerians are American citizens. Their talents, wealth and influence are now part of America's political, cultural and commercial life. Indeed, Nigeria and United States have been tied together by the interchange of people over decades and by deeply held values, which they have long shared. They equally share a belief in free economies as a way to improve the lives of people.

In fact, Nigeria appears to be the largest market for United States in Sub-Sahara Africa. Over 3,000 U.S. manufacturers and other businesses have local distribution arrangements from steel to services, heavy equipment, automobile and auto parts to telecommunication and electronic equipment to food stuff. The extensive commercial and economic ties between Nigeria and United States have promoted an exchange of ideas, resource and technologies, which is said to be in their mutual interest. The governments of the two countries have also encouraged and supported the establishment of private sector organization to stimulate and enhance trade and investment.

The political relations between the two countries obviously started on a slow pace. It was the leadership of John F. Kennedy that increased Nigeria-U.S. relations greatly especially in the field of economic assistance and education. However, the attitude of the United States towards Nigeria in the first six years of Nigeria's independence was hallmarked by political indifference even though her interest in Nigeria's economy was noticeable. This largely derived from the traditional political attitude of the United States towards the entire African States which were then seen to be within the European sphere of influence, and as such showed unwillingness to deal with them in politico-matters. Though United States looked up to Nigeria's military training and also respected Nigeria's non-alignment policy ar: commitment to peace in Africa, they were notkeen in dealing with the young country. Again, the U.S. felt that Nigeria was ideologically a democratic state, it did not worry about her political development, therefore her ultimate concern was to assist Nigeria economically and consequently promote political stability in the country.

Specifically, the United States and Nigeria's relations since 1960 have been hoisted on a tripod, namely: trade, foreign investments and democracy. Between I960 and 1966, Nigeria depended multilaterally on both U.K. and U.S. for her trade relations. In fact, the U.S. ranked second after Great Britain as Nigeria's longest and largest trade partner; Nigeria ranks second only to Saudi Arabia as the most supplier of petroleum to the United States which buys over one million barrels of the highly desirable light, low sulphur sweet crude daily; Nigeria provides about 10 percent of U.S. oil imports. The annual trade amounts to more than $6 billion and U.S. companies have about $7 billion investment in the country (Onuoha, 2001).

According to Seek (2001), Nigeria is ranked highest in Africa as a major trading partner with the United States. Recent documents have revealed that the United States imported goods and services worth about $6,349.190 in 1997, $84,194.640 in 1998, and $4,361.090 in 1999; while her exports to Nigeria was $814,292.00 in 1997, '$814,619.00 in 1998, and $628,337.00 in 1999 (Agada, 2000:15).

In fact Nigeria is the largest market for the United States in Sub-Saharan Africa. Over 3,000 United States manufacturers and other businesses have local distribution arrangements from steel to services, heavy equipment, automobile and auto parts to telecommunication and electronics equipment to food stuff. The US supplies 10 percent of imported wheat to the Nigeria market.

The former U.S. Ambassador to Nigeria, Howard Jeter emphasized that the determinants of Nigeria-U.S. relations during his testimony to the United States House of Representatives Sub-Committee on African Affairs is as follows:

Nigeria is our second largest trading partner in all of Africa. American companies have invested over $76 billion in the country's petroleum sector, we import approximately 40% of Nigeria's oil production, and Nigeria supplies nearly 8 percent of our total imports…. U.S. companies have invested substantively in the food and drink industries such as coca cola, Pepsi, 7up etc (Onuoha, 2008: 286).

The United States Information Agency Report (1985) stated that Nigeria and U.S. have enjoyed increasingly active trade since Nigeria's independence. Total trade index of the countries rose from about $76 million in 1960 to about $12 billion in 1980, making United States Nigeria biggest customer. In fact, the United States has remained major investors in Nigeria's oil. It is important to state that Nigeria's relations with the United States had been conditioned by the oil factor. The United States which, has not been Nigeria's trading partner in the 1960s, became by 1970s, the major consumer of the Nigeria's oil.

Politically, Nigeria-U.S. relations turned sour following the political crises in Nigeria. America then imposed limited sanctions on Nigeria to compel her to democratize. That was why William Jefferson, noted that since Nigeria is an important trading partner of the U.S. and that the latter's shares in Nigeria's proven oil reserves valued at thirty-two billion Naira, in order not to jeopardize America's economic interest, it is in the interest of the U.S. for Nigeria to democratize with meaningful assistance from the United States.

U.S. Strategic Interest in Nigeria

The interest of the United States in Nigeria can be deciphered in the words of Susan Rice, who stated as follows:

U.S. interest in Nigeria remained constant. We seek a stable prosperous and democratic Nigeria that respects human rights. We hope to be in a position to promote favourable trade and investment partnership in one of our largest economies on the continent (Onuoha, 2001: 286).

Since the collapse of the Soviet Union, the United States has been pursuing the policy of trade and financial liberalization. The world is seen as a global village such that what occurs in one nation or continent affects other nations or continents. The United States being the centre of the world power is now more sensitive to events in Africa including Nigeria.

American interest in Nigeria was manifested when the latter achieved her political independence in 1960. Before then, the U.S. government had demonstrated her interest in Nigeria's economic development by giving assistance through Britain. By 1958, a number of agricultural projects had

been approved by Nigerian government. For these projects, the U.S. government committed about $700,000 (Economic Aid and Technical Assistance, 1957). Again American interest came to the fore when President John F. Kennedy, eight years into Nigeria's political independence, sent a special economic mission to study the country's Six-Year Development Plan (Balewa, 1964). Following the recommendations of the mission, the U.S. government provided economic and military assistance with loans and grants that ranged from $25 million in 1962, $3.2 million in 1963, and $51.6 million in 1966 (USAID, 1972).

Meanwhile, there was substantive increase in Nigeria's per capita income due to the (Oil revenue in the early 1970s. The United States then phased out concessional assistance to Nigeria. In 1983, due to sharp decline in oil price, the mismanagement of the economy by the military and continued military rule in Nigeria, the United States changed the focus of her assistance to humanitarian issues. In 1992, USAID committed the sum of $130million to HIV/AIDS prevention and control programme. According to Young (2002:60), "plans to commit the sum of $150 million from 1993-1996 was interrupted by the soured relations between Nigeria and the United States over human rights abuses, failed transition to democracy and lack of cooperation from Nigerian government on anti- narcotics trafficking issues".

Meanwhile, the United States policy towards Nigeria has been consistently dominated and directed by two core elements:bilateral economic affairs (trade, investment and energy): and regional security (combating corruption, promotion of democratic values and human rights and strengthening democratic institutions). Notable, the Nigeria and United States relations, from all indications, have been unhealthy and lopsided in the sense that there has remained a relationship of domination and subordination. The implication is that the bilateral relations between the two countries have not engendered the type of autonomous and self-reliant development which Nigeria requires. Hence Nigeria's romance with the United States has entrenched and reinforced poverty and underdevelopment.

Nigeria's Textile Trade Relations with the United States

AGOA was enacted on May 18, 2000. The Trade Act of 2002 specifically extended AGOA benefits to knit-to-shape articles and to garments cut in both the United States and an AGOA beneficiary country ("hybrid cutting"). It also made a correction to extend AGOA benefits to merino wool sweaters knit in AGOA beneficiary countries. The Trade Act included other related provisions. It stated 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 (IMF, 2007). It authorized $9.5 million to the Customs Service for textile trans-shipment enforcement, and specified that two permanent positions be assigned to South Africa for AGOA enforcement and additional travel funds be allocated for verification in Sub-Saharan Africa. It also required that $1.317 million of the Customs Service budget be spent on programmes to help Sub-Saharan African countries develop visa and anti-transshipment systems (IMF, 2006).

In July 2004, Congress amended AGOA further through the AGOA Acceleration Act of 2004 (P: 108-274). This legislation extended the deadline for AGOA benefits to 2015, and it also extended the special rule for LDCs from September 2004 to September 2007. It further stipulated that the cap on the volume of allowable U.S. apparel imports under this rule would be decreased starting in the year beginning September 2004,with a major reduction in the year beginning October

2006 (from 2.9% to 1.6%). The rationale behind this change was to encourage fabric production and vertical integration of the apparel industry in Africa.

Apparel articles containing fabric from both the United States and AGOA beneficiary countries were specifically allowed, as were otherwise eligible apparel articles containing cuffs, collars, and other similar components that did not meet the strict rules of origin. There was also clarification that ethnic printed fabric would qualify for duty-free treatment, as long as the fabric met certain standards regarding its size, form, and design characteristics. In addition, apparel articles containing fabrics and yams recognized in the North American Free Trade Agreement (NAFTA) as being in short supply in the United States were declared as eligible for duty-free treatment, regardless of the source of such fabric and yams. The legislation also increased the maximum allowable content of non-regional or non-US. fibres or yarns in AGOA eligible apparel imports, otherwise known as the *de minimis* rule, from 7% to 10% (Topoleski, 2007).

In December 2004, the Miscellaneous Trade and Technical Corrections Act of 2004 (P.L. 108-429) was passed, which contained a technical correction to the AGOA Acceleration Act. The legislation also allowed Mauritius to qualify for the special rule for LDCs for the one year beginning October 1, 2004, with a cap of 5% of total eligible imports under this rule. Congress passed the Africa Investment Incentive Act of 2006 in December 2006 (Title VI of P.L. 109-432). This act extends the special rule for LDCs which allows textiles and apparel quota- and duty-free access to the U.S. market regardless of the source of materials used, as long as assembling takes place within an AGOA-eligible LDC. The special rule for LDCs would have expired in 2007, but this Act extends it to 2012 and increases the cap on square meter equivalents under this rule back to the initial level of 3.5%. This act also contains an "abundant supply" provision stipulating that if a certain fabric is determined by the U.S. International Trade Commission to be available in commercial quantities in AGOA beneficiary countries, then the special rule will no longer apply to apparel and textiles containing that particular fabric.

The import-sensitive articles that are ineligible for preferences under GSP include:

1. Textile and apparel articles which were not eligible articles for purposes of this subchapter on 1s‘ January, 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 Generalized System of Preferences.

Meanwhile, AGOA also allows duty-free and quota-free treatment for textiles and apparel under any of the following conditions:

- Apparel must be assembled in one or more AGOA beneficiary countries from U.S. fabric that was made from U.S. yarns and cut in the United States;

- Apparel must be assembled in one or more AGOA beneficiary countries from U.S. fabric that was made from U.S. yarns. The apparel must be cut in an AGOA country and assembled using U.S. thread; or

- Apparel must be assembled in one or more AGOA beneficiary countries from fabric made in one or more AGOA beneficiary countries from yarn made in the United States or an AGOA beneficiary country. These imports were limited under AGOA to 1.5% of all U.S. imports (in aggregate square meter equivalents) in FY2001, increasing to 3.5% in 2009.

- For an apparel product of a less developed AGOA beneficiary country (defined as having a per capita gross national product less than $1,500 in 1998 as measured by the World Bank), that product qualifies for duty-free and quota-free treatment through September 30, 2004 (this deadline was later extended to 2007 and then 2012), regardless of the country of origin of the fabric. The square meter equivalents cap on products under this category is 3.5% of all U.S. imports.

However, to receive the duty-free and quota-free treatment for textile and apparel products as described above, beneficiary countries must adopt an efficient visa system to prevent unlawful trans-shipment. They also must work with the U.S. Customs Service to report exports and prevent illegal trade.

Meanwhile, U.S. trade with Sub-Saharan Africa is with a small number of countries. Seventy percent of U.S. imports from the region were from three SSA countries in 2008: Nigeria (44%), Angola (22%), and South Africa (12%). Exports were similarly concentrated, with three countries receiving 68%: South Africa (34%), Nigeria (22%), and Angola (12%). The remaining countries each accounted for less than 6% of U.S. exports to the region (World Bank, 2006; IMF, 2007). Nearly all U.S. imports from the region in 2008 were energy products (83 percent), which were almost exclusively petroleum, or minerals and metals (Jones, 2009). Nigeria was the largest African and fifth-largest overall oil supplier to the United States. It supplied 53% of U.S. petroleum imports from the region, which accounted for 8% of total global U.S. oil imports. Similarly. U.S. exports to Sub-Saharan Africa were more diverse. Machinery and parts was the leading export sector in 2008 (22% of U.S. exports to the region), followed by transportation equipment (17%), eereals (8%), mineral fuels (8%), aircraft and parts (7%), and electrical machinery (6%). Although there exist a rising trend of oil export from Nigeria to US, the export of textile materials have not experienced such a recommendable increase.

As at 2011, forty (40) sub-Saharan African countries are designated as AGOA-eligible. Of those countries, twenty-six (26) have met the additional requirements to receive duty-free treatment for their textile and apparel products, and of those, twenty-five (25) qualify for the special rule for lesser-developed countries (all but South Africa).

Table 1: Country Status under AGOA (as at January 1, 2011)

Status countries	**Countries**
Not Designed ad Eligible (8 countries)	Central African Republic; Côte D' Ivoire; Equatorial Guinea; Eritrea; Mauritania; Somalia; Sudan; Zimbabwe.
AGOA Eligible Only: not Eligible under Apparel Provision (13 countries)	Angola; Burundi; Comoros; Republic of the Congo; Democratic Republic of Congo; Djibouti; Gabon; Guinea; Guinea-Bissau; Liberia; Sao Tome and Principle; Seychelles; Togo.
AGOA Eligible for Apparel Provision, Special Rule Does not Apply (1 country)	South Africa
AGOA Eligible, Eligible Under Apparel Provision, and Special Rule Applies (26 countries)	Benin; Botswana; Burkina Faso; Cameroon; Cape Verde; Chad; Ethiopia; the Gambia; Ghana; Kenya; Lesotho; Madagascar; Malawi; Mali; Mauritius; Mozambique; Namibia; Niger; Nigeria; Rwanda; Senegal; Sierra Leone; Swaziland; Tanzania; Uganda; Zambia.

Source: AGOA website maintained by the U.S. Department of Commerce and USTR at

http://www.agoa.gov.

Nigeria was among the AGOA Eligible, under Apparel Provision, and special rule. These rules are as contained in the conditions as stipulated above and it discourages massive export of the product to US from Nigeria.

Despite that Nigeria is currently United States' 23rd largest goods trading partner with $38.6 billion in total (two way) goods trade during 2011, her textile export to U.S. has remained insignificant and almost non-existing. Goods exported for 2011 totaled $4.8 billion and goods imports totaled $33.7 billion. U.S. goods imports from Nigeria totaled $33.7 billion in 2011, a 10.6% increase ($3.2 billion) from 2010. Nearly all of U.S. imports from Nigeria were oil. U.S. imports from Nigeria accounted for 1.5% of total U.S. imports for 2011. The five largest import categories in 2011 were: Mineral Fuel (oil) ($33.6 billion), Cocoa ($61 million), Rubber ($28 million), Special Other (returns) ($26 million), Food Waste ($6 million). In fact, the U.S. goods trade deficit with Nigeria was $28.9 billion in 2011 (Eckait, 2012). Table 2 below shows a rising trend in US imports from Nigeria especially since 2000.

Table 2: U.S. Goods Trade with Nigeria (in billions of dollars)

Year	**2000**	**2006**	**2008**	**2009**	**2010**	
Balance	-9.8	-25.6	-34.0	-15.4	-26.4	-28.9

Exports	0.7	2.2 27.9	4.1	3.7 19.1	4.1 30.5	4.8
Imports	10.5	27.9	38.1	19.1	30.5	33.7

source: United States Trade Representative (2008) *Comprehensive Report on U.S. Trade and Investment Policy Toward Sub-Saharan Africa and Implementation of the African Growth and Opportunity Act,* May.

The global recessionary climate in 2009 had a significant impact on US imports and apparel sourcing (global purchases by the USA) declined by 15%. However, this trend was immediately reversed one year later and in 2011 continues unabated. Records of U.S. apparel imports (US $80 billion) also saw a reversal of the declining AGOA apparel export trend since 2005, which retraced much of the reductions over the previous year (2011 apparel imports from SSA: US $905 million). An analysis of apparel exports to the U.S. under AGOA indicates that over 90% of qualifying goods utilise AGOA's favourable third country fabric provisions (HS 9819.11.12). In comparison, this percentage was 87% in the immediate post-MFA period (2005) and 82% a year previously (2004). In fact, apparel exports using third country fabric declined -by 7% while those not qualifying (South Africa, Mauritius, as these countries are not classified lesser developed under AGOA) declined by 44% (Eckart, 2012). Mauritius has since received special status and is permitted to export qualifying apparel under the third country fabric rule. The third country fabric provisions had the important effect of mitigating to some extent the negative impacts on African apparel exporters brought about by textile trade liberalization under the post-MFA era.

Textile Industry in Nigeria and Export Challenges

The Director General of Nigerian Textile Manufacturers Association (NTMA) noted that following the benefits accruing to some SSA, Nigeria' interest in textile sector has been rekindled. He furthered that shortly before the end of the tenure of Nigeria's former President, Olusegun Obasanjo, in 2006, there was an initiative by the Federal Government to raise ££70 billion through bonds of five-year duration. The money was named the Textile Development Fund, and it was to aid cotton growers, textile manufacturers, and other industry operators through the Nigerian Export Import Bank, NEXIM. He however reported that the United Bank for Africa, UBA, which was to help the FG market the bonds, was unable to do so. According to the President of NTMA, the initiative by the Trade and Investment Ministry to revive the textile industry through reinvestment of a 20 percent levy on imported textile materials portends a deepening of its intervention in the industry. The idea behind the levy is that it will go back to the development of the textile sector.

He recalled that Nigerian textile industry was the second largest in Africa after Egypt's in 1997, with over 250 vibrant factories operating above 50 percent capacity utilization. Then, the local textile market had a share of about 20 percent of Nigeria's textile products, with the balance of 80 percent being imported. Sadly, this sector, which spins about $1.3 billion yearly for the country, has been in a shabby condition for decades. The situation has forced over 175 companies to liquidate, leaving more than 250,000 workers jobless. The wave of closure in the industry was driven largely by smuggling at the borders, failed government policies, high operative costs arising from prohibitive raw materials, energy cost, and sheer lack of political commitment to industrialization by Nigerian politicians. According to him, it is not often remembered that it is the problem of infrastructure and competition that led to the sordid state. The government made a fundamental mistake by pushing Nigeria into the World Trade Organization, WTO. at a time when the country's industrial base was

still very weak. In 1995, WTO adopted Agreements on Textile and Clothing, which states that all quotas on textile and clothing will be removed among WTO member countries. The main beneficiary of the policy turned out to be China. The global textile market is worth more than $400 billion at present. But, according to China Customs, the export value of China's textile and garment alone amounted to $206.5 billion m 2010.

He further argued that AGOA initiative opened up the American market to African countries. Therefore, anyone who invests in production for export can take advantage of that. Nigeria is also a large market, and if one is to take any lesson from the patronage of smuggled products, it is that there is a demand for textile products. This would indicate that production for local consumption could be a profitable venture but high cost of production and consequent scarcity of investment in the sector continue to retard the growth of the sector and the export of textile to the U.S. under AGOA. Table 5.4 and table 5.5 shows the value of textile export and all sectors exports to the U.S. from 2010 to 2012.

TABLE 3: Bilateral Trade Profile Between United States And Nigeria For Textile And Apparel

Value (1000 dollars)

Textiles and apparel:	2010	2011	2012	2011ytd
US Exports to Nigeria	17031	15715	17879	15715
US Imports from	58	70	849	70
Nigeria				
Total AGOA including GSP	0	1	799	1
provisions of				
AGOA				
– US imports under	o	1	1	1
GSP from Nigeria				
– US imports of				
duty-free items	0	0	798	0
added under AGOA				

Source: U.S. Department of Commerce, Office of Textiles and Apparel

According to Nze (2012), the continuous fold-up of textile industries poses a major threat to government's efforts towards solving unemployment problems among Nigerians. A report by the United Nations University, UNU, states that in 1987, there were 37 textile firms in the country,

operating 7K>,000 spindles and 17,541 looms. This was the golden period of Nigeria's textile industry. Between 1985 and 1991, it recorded an annual growth of 67 percent, and as at 1991, it employed about 25 percent workers in the manufacturing sector.

The President of MAN also argued that Nigeria used to be the major supplier of good quality wax-resist textile, popularly called Ankara in Nigeria. However, in the early 2000s, cheap imitations of these products were being produced and exported from China to West Africa. Some would even be slapped with Made-in-Nigeria or Made-as-Nigeria labels and then sold in Nigeria. He insisted that the problem of the sector included difficulty of access to finance, very high lending rates (sometimes more than 45 percent) in the country, inflation problems, poor state of transportation, power, and other

infrastructure that were needed by the industry.

Efe (2012) observed that at a time in Nigeria, the textile industry was the highest employer of labour, the industry then generated an annual turnover of $8.95 billion; an average of 25% of the sector's gross domestic product (GDP) which accounted for not less than 10% of corporate income taxes. Nigeria had a fixed investment of $4 billion, second only to South Africa in sub-Saharan Africa and represented 63 percent capacity of textile manufacturing in West Africa and controlled 60 percent of textile market in Nigeria. Within the same period, the sub-sector had 175 fully functional textile mills that employed over 800,000 people. Records indicate that capacity utilization in the industry dwarfed to 20.14 percent in 2010 from 50.75 percent in 2003 while many surviving textile industries are close to extinction. Also, the number of textile and garment factories have fallen from 175 in the mid 1990's to about 25 in 2008 (Efe, 2012). As a consequence, this led to the decline in cotton lint production from 98,000 in 2006 to 55.000 tons in 2010 and export of cotton went down from $44 million to $31 million within the same period. The sector has gradually become moribund, barely managing to survive.

The DO of NTMA in an interview revealed that the government of President Goodiuck Jonathan in 2010 introduced a N100 billion Cotton, Textile and Garment Revival Scheme (CTG) managed by BOI to reverse the ugly trend and ensure a rapid resuscitation and upgrading of the entire CTG value-chain. The ^100 billion intervention funds to revitalize the CTG industry, which was domiciled with BOI in 2009 has been disbursed with a total of #7.195 billion already disbursed to three firms. As at June 2012, a total of 1*41.1 billion had been disbursed to 56 successful applicants by BOI.

The Chairman of Manufacturer's Association of Nigeria (MAN) also revealed that the capacity utilization in this sector has increased tremendously from 29.14 in Bank of Industry (BOl) 2010 to 49.70 percent as at 2011. In addition, a number of hitherto moribund textile mills have been reopened and about 8,070 jobs have been saved while over 5,000 new jobs have been created.

Also the value of exports to the US under AGOA has grown to nearly $86bn a year, of which $855m worth was in garment exports in 2011. One of Africa's poorest countries, Lesotho, was the top exporter at $314m, followed by Kenya at $259m and Mauritius at $156m (Nevin, 2012). Those figures speak volumes for the angst that pervaded Africa's textile goods-producing sector as the prospect of AGOA's garment component coming to an end threatened to become a reality.

While other African countries were exporting textile to US and other parts of the world, Nigeria imported textile products worth US $138 million from India within one year. India exported over 138 million dollars worth of textile products to Nigeria during last Indian financial year, which ended on March 31, 2012. According to (Alam, 2012) textiles and clothing products worth 1.8 billion dollars were imported to Nigeria between 2010 and 2011.

A comparative analysis of the tables on textile exports from Nigeria to the U.S. before and after AGOA show that the export of textile declined even in the AGOA era. Despite that AGOA encouraged most other African countries like Lesotho to improve her textile export to the U.S., the trade programme did not achieve similar feat for Nigeria. In fact high cost of doing business in Nigeria engendered by high energy cost and fuel led to the closure of most textile industries in Nigeria especially in the post 2005 era. We therefore state that the preferential access to the U.S. market under African Growth and Opportunity Act has not increased the volume of textile export from Nigeria to the United States between 2000 and 2012.

Conclusion

The study evaluated AGOA and Nigeria-United States trade relations from 2000 through 2012. It noted, inter-alia, that trade relation between Nigeria and United States has not enhanced the export of agricultural products from Nigeria to United States market from 2000 to 2011. The trade policy has rather intensified Nigeria's dependence on US and the rest of the West. The study revealed that though the balance sheet of Nigeria-United States trade relations tilts in favour of Nigeria, yet the pattern of United States trade and investments in Nigeria amply demonstrate that the United States largely concentrates her effort on those areas that hold the potential of maximizing her economic interest, more than those sectors that may likely benefit the generality of Nigerians.

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