From Potential to Prosperity:

# EXPORT-LED ECONOMY

Presented by:
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Obafemi Awolowo University
1st Faculty of Administration

# DISTINGUISHED PERSONALITY LECTURE

THEME:

# FROM POTENTIAL TO PROSPERITY: EXPORT-LED ECONOMY

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# INTRODUCTION

Distinguished Vice Chancellor, Faculty Dean, esteemed professors, vibrant students of Great Ife, and honoured guests. It is a privilege to present this paper at this inaugural Distinguished Personality Lecture of the Faculty of Administration.

We are here today at Obafemi Awolowo University, a bedrock of intellectual rigor, to confront a paradox that has defined our national narrative for decades: why does Nigeria, a nation of such immense human and natural potential remain tethered to the brink of prosperity without ever quite crossing over?

The paper I present today, "From Potential to Prosperity: Export-Led Economy," moves beyond the standard metrics of GDP to offer a sobering diagnosis of Nigeria's economic trajectory from 1998 to 2023. Using the Harvard Atlas of Economic Complexity, we find that Nigeria's story is one of structural stagnation. While global peers like Vietnam have successfully transitioned from agriculture to high-tech manufacturing, Nigeria remains monolithic, with an export profile dangerously anchored to the volatile fluctuations of crude oil and gas.

Our current standing is a wake-up call:

- **Stagnant Complexity:** Nigeria ranks 142nd out of 145 countries on the Economic Complexity Index (ECI).
- **Predictor of Growth:** Because the ECI is a leading indicator of future wealth, the Harvard Growth Lab projects a sluggish annual growth rate of just 2.2% for Nigeria over the next decade, a figure that barely keeps pace with our population growth.
- **The "Missing Middle":** We possess a high-tech oil sector and a low-productivity informal sector, but we lack the vibrant, labor-absorbing industrial base that serves as a bridge to higher complexity.

This lecture will analyze the "vicious cycle" of interconnected failures, from the "Dutch Disease" and infrastructure deficits to inconsistent trade policies, that have rendered Nigerian goods uncompetitive. However, we are not here merely to lament. We are here to discuss a phased roadmap designed to break this cycle.

By shifting our focus from simple diversification to the deliberate accumulation of productive knowhow, and by leveraging the AfCFTA as a regional catalyst, we can move Nigeria up the global value chain. This is a journey from being a mere supplier of raw materials to becoming an active participant in global innovation.

Let us begin this critical dialogue on how we translate Nigeria's potential into shared, sustainable prosperity

Section 1:

# RETHINKING GROWTH THROUGH THE LENS OF COMPLEXITY

To truly understand why Nigeria and its global peers have followed such different economic paths over the last three decades, we need to move beyond traditional metrics like Gross Domestic Product. While GDP tells us the size of an economy, it is a lagging indicator that often misses the underlying health of a nation. That is where the Harvard Growth Lab's Atlas of Economic Complexity comes in, providing a lens that assesses our underlying productive capabilities.

### The Heart of the Matter: Knowledge and Know-how

Think of sustainable development not as a race to just produce more of the same stuff, but as a journey of learning and accumulating collective knowledge. In this framework, products are essentially vehicles for know-how—a specific combination of technology, skills, and the capacity of our institutions to function. When a country exports a wide variety of sophisticated goods, it demonstrates a deep base of this collective know-how. This knowledge is the real engine of long-term prosperity because it allows an economy to adapt, innovate, and move into higher value-added activities.

This perspective fundamentally changes our goal. We should not just want to increase our output; we want to strategically enhance the complexity of that output. You can see a temporary surge in GDP because of a commodity price boom—as we have seen with oil in Nigeria—but if the underlying knowledge in the economy doesn't improve, that growth will always be fragile and unsustainable.

### The Scoreboard: The Economic Complexity Index

We measure this using the Economic Complexity Index, or ECI. This score looks at how many different products a country exports and how many other countries are capable of making those same products. If you produce a wide variety of things that very few other nations can replicate, you have a high ECI, which signals advanced productive capabilities. The reason this matters for everyone in this room is that a high ECI is a fantastic predictor of future growth. Research shows that countries with a higher complexity than their income level suggests tend to grow significantly faster in the following decade.

### The Map: Navigating the Product Space

While the ECI tells us where we stand, the Product Space shows us where we can go. It is a map that represents how all traded goods are related. Each product is a node, and the distance between nodes shows how similar the skills needed to make them are. For example, the skills used in the textiles cluster are close to those needed for garments, but they are very far from the machinery or electronics clusters.

The vital takeaway here is that diversification is path-dependent. It is much easier for a country to start producing goods that are nearby in the Product Space because they can leverage the skills they already have.

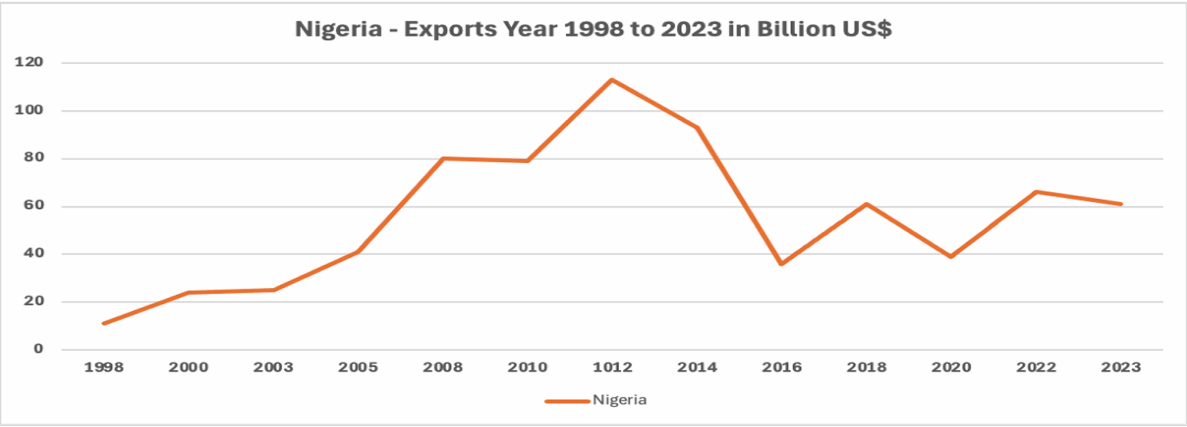
If you export cotton fabric, moving into finished garments is a logical next step. But jumping directly from raw materials to semiconductors? That is a massive gap that requires entirely different knowhow and infrastructure.

By using this map, we can transform the abstract goal of diversification into a concrete roadmap, identifying the adjacent industries where we can actually succeed. The focus has to shift from the quantity of what we send abroad to the quality of knowledge we build at home.

Section 2

# NIGERIA'S EXPORT TRAJECTORY (1998-2023): THREE DECADES OF STAGNATION

Now that we understand the framework, let us look at the mirror. When we examine Nigeria's export performance over the last twenty-five years, the story is not one of progress or transformation, but of a troubling stagnation. Despite our vast human and natural resources, our export profile has fundamentally failed to evolve. We have remained tethered to a single commodity class, oil and gas, which leaves us vulnerable to every ripple in the global market.




Source: Harvard Atlas of Complexity

## The Rollercoaster of Oil Dependence

If you look at the total value of our goods exports between 1998 and 2023, you see a chart defined by dramatic, almost violent fluctuations. Our earnings are essentially a direct reflection of global crude oil prices rather than our own industrial productivity. For example, during the commodity price super-cycle, our export value surged to a peak of $113 billion in 2011. But look at what happened next: the 2014 oil price crash and the subsequent 2016 recession sent exports tumbling down to just $36 billion. By 2022, as oil prices recovered, our exports climbed back to $66 billion, but this volatility is exactly the problem. It makes long-term economic planning nearly impossible because our national revenue, foreign exchange reserves, and government budgets are subject to external forces we cannot control. While those high-price years delivered massive revenue windfalls, we failed to translate that cash into a resilient economic structure that could weather the inevitable downturns.

## An Unchanging Export Basket

The root of this volatility is a persistent lack of diversification. Throughout this entire period, crude oil and gas have overwhelmingly dominated our exports. In 2023, Crude Petroleum was valued at $43.5 billion and Petroleum Gas at $8.38 billion. Together, these two products account for the vast majority of our total goods exports.

Everything else in our basket is of marginal significance by comparison. For context, the next largest exports in 2023 were. Nitrogenous Fertilizers at $1.01 billion and Cocoa Beans at just $481 million. This massive gap between hydrocarbons and everything else represents a multi-decade failure to develop competitive non-oil sectors

### The Complexity Crisis

This brings us back to the Economic Complexity Index (ECI) we discussed earlier. In 2023, Nigeria ranked 142nd out of 145 countries. Think about that for a moment: we are in the bottom tier of global economic complexity, alongside resource-dependent and fragile states. While other developing nations have spent the last decade climbing that ladder, Nigeria has essentially stood still.

The Harvard Growth Lab's analysis is quite blunt: Nigeria is less complex than expected for its income level. This is a strong negative indicator for our future. Because of this mismatch, the 2033 growth projections forecast a sluggish annual growth rate of just 2.2% for Nigeria. That performance would rank us in the bottom half of countries globally and barely matches our population growth. Without a fundamental shift in our structure, we are on a path toward relative decline.

### The Illusion of Diversification

Some might argue that we see more "Made in Nigeria" labels or new agricultural exports. While it is true that we have added products like sesame seeds and raw cashew nuts to our export manifest, this is what we call surface-level diversification.

These are low-complexity agricultural commodities. They do not require us to develop sophisticated new knowhow in areas like advanced logistics, precision manufacturing, or technology integration. Focusing on the quantity of new export lines rather than the quality or complexity of those lines creates an illusion of progress. Our export list might look longer on paper, but because our underlying productive structure hasn't become more sophisticated, our ECI score remains stagnant.

### Mapping the "Missing Middle"

The Product Space map helps explain why this is so difficult for us. Our existing knowhow is heavily concentrated in the extractive industries cluster. Unfortunately, this cluster has almost no direct links to the dense, highly connected clusters of manufacturing like machinery, electronics, and chemicals.

Between 2008 and 2023, Nigeria added only 6 new products to its export basket. Because of our current position, the Harvard Atlas concludes we are positioned to take advantage of very few opportunities to diversify using what we already know. There are no easy "incremental" steps into complex industries from where we are. Jumping from crude oil to electronics assembly is not a small step; it is a massive gap in skills, infrastructure, and institutions.

Our current economy is effectively "hollowed out". At one extreme, we have a capital-intensive, high-tech oil sector; at the other, a vast, low-productivity agricultural and informal sector. What is missing is the middle: a vibrant, labor-absorbing industrial manufacturing base. This missing middle is the statistical reason for our stagnant ECI and our failure to

embark on the path of structural transformation that has lifted so many other nations out of poverty. The Product Space map helps explain why this is so difficult for us. Our existing knowhow is heavily concentrated in the extractive industries cluster. Unfortunately, this cluster has almost no direct links to the dense, highly connected clusters of manufacturing like machinery, electronics, and chemicals.

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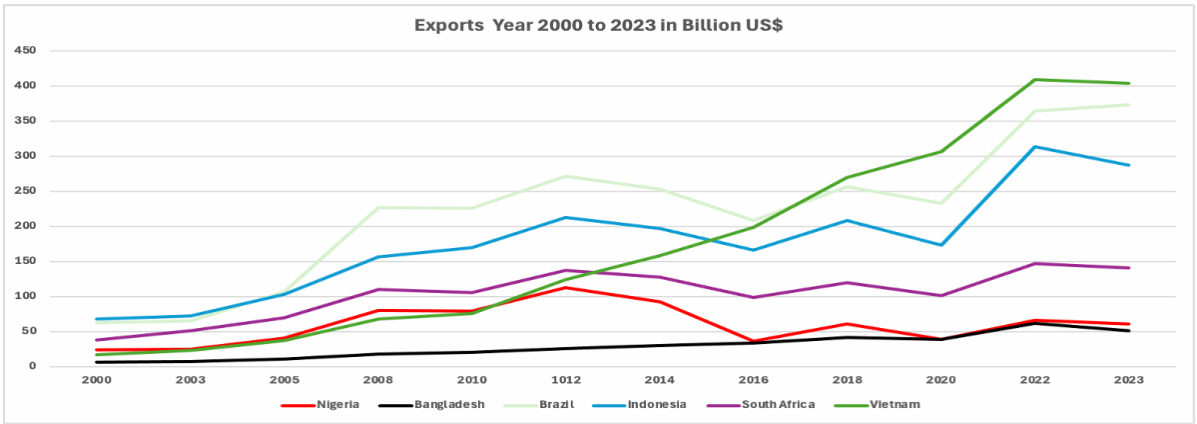
Section 3

# LEARNING FROM THE WORLD – A COMPARATIVE STUDY OF SUCCESS AND FAILURE

To truly understand the depth of Nigeria's stagnation, we have to step outside our borders and look at our peers. We aren't just looking at numbers in a vacuum; we are looking at the strategic choices made by nations like Vietnam, Indonesia, Bangladesh, Brazil, and South Africa over the same twenty-five-year period. While there are many ways to underperform, the path to success is remarkably consistent: it is defined by a clear strategy to build economic complexity.




Source: Harvard Atlas of Complexity

## Vietnam: The Masterclass in Transformation

Let's start with the star performer. Vietnam's journey since 1998 is, quite frankly, a masterclass in export-led development. If we look back to 1998, Vietnam started from a much lower economic base than Nigeria. Their GDP per capita was just $361, while ours was $547. But look at where they are today. Vietnam has engineered a transformation so profound that its per capita income is now four times that of Nigeria. How did they do it? It wasn't a lucky break or a sudden discovery of oil. It was a deliberate, painful move up the value chain. In 2000, their ECI ranking was 95; by 2023, they had climbed to 48th globally. Their total exports skyrocketed from a modest $11 billion to a staggering $404 billion. They executed the classic structural transformation: moving people and resources from low-productivity agriculture to high-productivity manufacturing.

They didn't just jump into high-tech overnight. They first built a competitive textiles industry and then used that experience as a ladder to reach high-complexity sectors like electronics and machinery.

Today, when you think of Vietnam's exports, you shouldn't think of rice and coffee; you should think of integrated circuits, computers, and broadcasting equipment.

Since 2008 alone, they have added 37 new significant exports to their basket, while Nigeria added only six. Because they built this dense base of manufacturing knowhow, they are now projected to grow at nearly 5% annually for the next decade.

### Bangladesh: The Growth Trap

Now, let's look at Bangladesh. They present a very different, almost cautionary case. On the surface, things look great: they've had an average GDP growth of 5.1% over the last five years and have lifted millions out of poverty. But if we look under the hood using our complexity framework, we see a problem.

Despite their growth, Bangladesh's ECI ranking actually worsened over the last decade, falling to 128th globally. They are growing, but they aren't becoming more complex. Why? Because they have specialized in a low-complexity niche: garments. Over 85% of their exports are things like t-shirts and suits. They have mastered this one sector but have failed to build any capabilities outside of it. They are stuck in what we call a low-complexity trap. Their skills are so specific to apparel that they find it incredibly hard to diversify into more sophisticated industries. While they are still doing better than Nigeria, their path shows that growth without complexity has a ceiling.

### Indonesia: A Mirror for Our Own Struggles

Indonesia is a fellow commodity exporter, and its story is a warning for us. While they export a lot—$287 billion in 2023—their development has been far less dynamic than Vietnam's. Their growth is what the Harvard Atlas calls static. It's driven mostly by moderate-complexity commodities like palm oil, coal, and processed minerals. Like Nigeria, Indonesia has struggled to build a competitive manufacturing base. Their share of the global textile market has stalled, and they haven't been able to get their electronics or machinery sectors off the ground. They've added 16 new products since 2008, but they haven't been produced in high enough volumes to truly change their economic destiny. It is a reminder that being rich in resources is not enough if you don't use those resources to build industrial knowhow.

### South Africa and Brazil: The Falling Giants

Perhaps the most sobering part of this analysis is looking at South Africa and Brazil. These were the heavyweights of the developing world. For a long time, South Africa was the most industrialized economy on our continent, but today it is showing signs of de-industrialization. Its ECI ranking has dropped by 13 positions in just ten years, falling to 77th. They are losing the productive capabilities they once had, and their growth is now coming from low-complexity minerals like gold and coal.

Brazil's decline has been even more dramatic. They fell from 37th in the world in 2000 to 93rd in 2023. Think about that: a major global player saw its economic complexity collapse because it failed to diversify its $373 billion export portfolio. What's fascinating about Brazil is that they actually had a world-class success story in agribusiness. Through a state-led research agency called Embrapa,

they became an agricultural powerhouse. Brazil transformed itself from a food-insecure nation into a global agricultural power.

Embrapa's innovations in tropical agriculture enabled a massive expansion of production and productivity, making Brazil the world's largest exporter of commodities like soy, beef, and corn. However, this remarkable success was siloed. The knowhow developed in agribusiness did not spill over to catalyse a broader industrial transformation. Instead, the economy doubled down on its comparative advantage in commodities, while its manufacturing base withered away.

### The Critical Takeaways for Nigeria

When we put these stories together, the divergence is clear. Vietnam used global trade to build a resilient, complex economy, while the others remained dependent on natural resources or a single low-tech niche.

There are three big lessons here for us in Nigeria as we think about our roadmap.

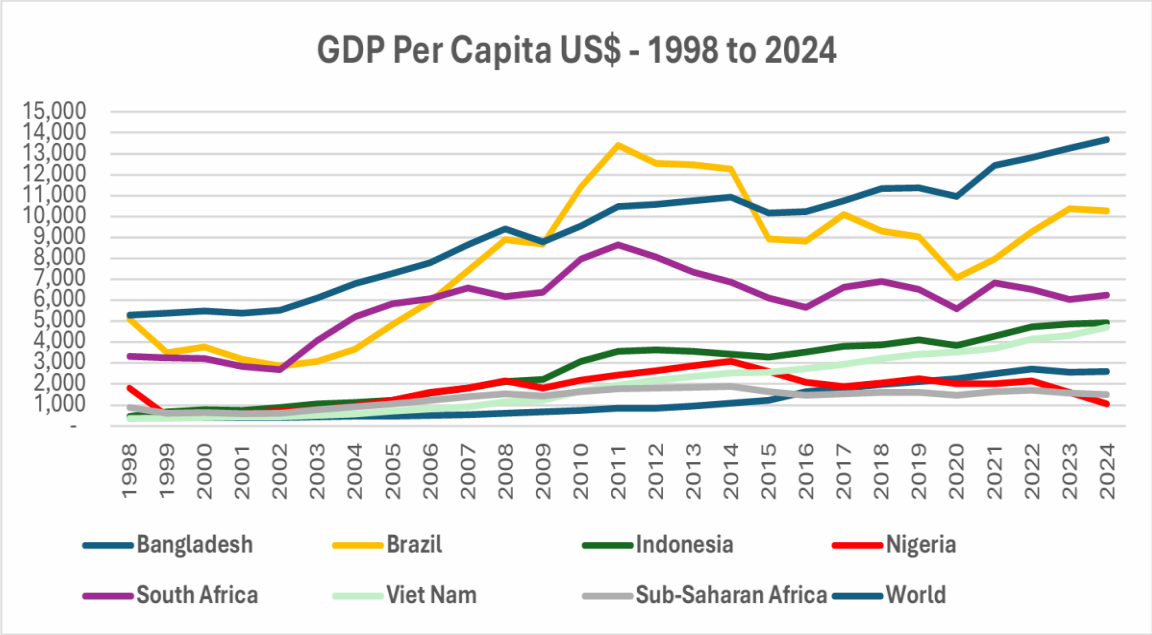
First, avoiding the resource curse is necessary, but it's not enough. You need a proactive strategy to build productive capabilities.

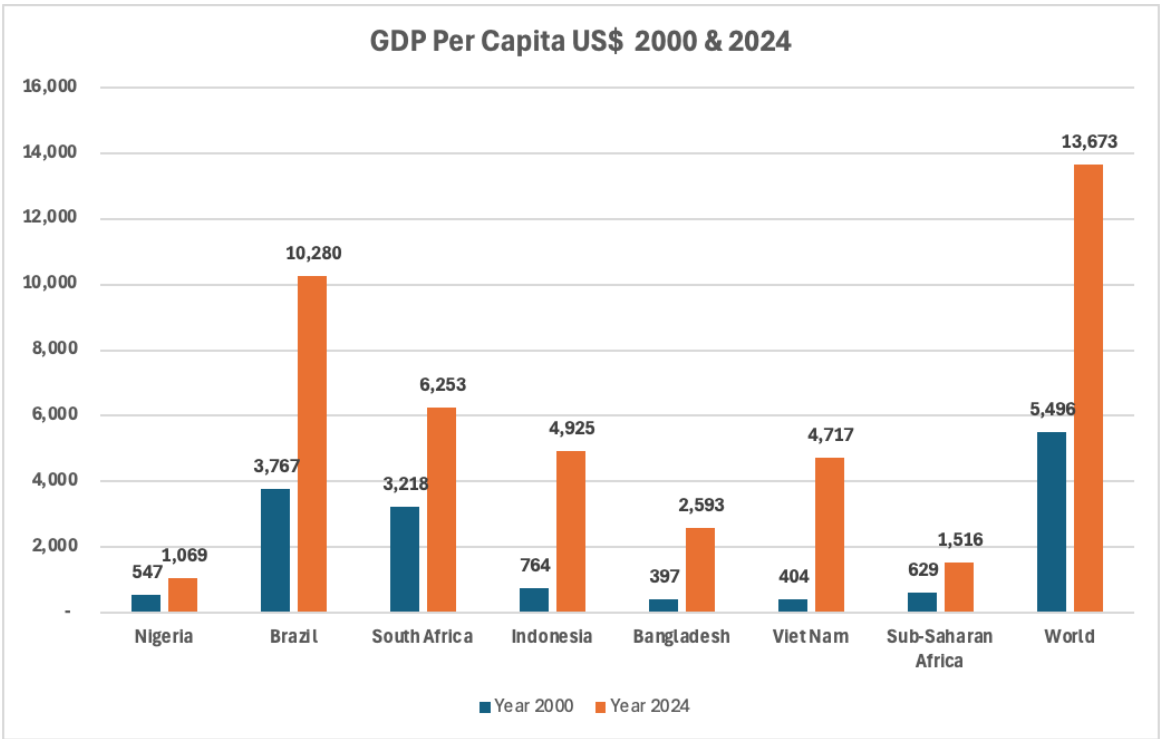
Vietnam's success came from integrating itself into Global Value Chains (GVCs). They positioned themselves as the assembly hub for the world's electronics, importing high-tech parts and exporting finished products. This allowed them to "borrow" technology and management skills from abroad to build their own know-how. Nigeria, on the other hand, remains a supplier of raw materials to these chains, not an active participant within them.

Second, we must realise that productive capabilities are not permanent. The examples of South Africa and Brazil show us that you can actually lose your industrial edge if you aren't careful. Over-reliance on the easy path of resource extraction creates economic and political incentives that crowd out the difficult, long-term work of building an industrial base.

Finally, for Nigeria, which is at an even earlier stage of development and even less diversified than these nations, the warning is stark. Relying solely on our natural endowments isn't just a path to stagnation; it's a path to regression. The global economy increasingly rewards knowledge and complexity, not just what you can dig out of the ground.

If we want to move from potential to prosperity, we must stop being just a source of raw materials and start being a source of ideas, innovation, and complex products.




Source: World Bank Database

Table 1: ECI Ranking and Other Economic Competitiveness Metrics

| Metric | Nigeria | Bangladesh | Brazil | Indonesia | South Africa | Vietnam |
|---|---|---|---|---|---|---|
| **ECI Rank (2023)** | 142 | 128 | 93 | 72 | 77 | 48 |
| **ECI Rank (2000)** | 143 | 97 | 37 | 49 | 53 | 86 |
| **Ease of Doing Business Rank (2020)** | 131 | 168 | 124 | 73 | 84 | 70 |
| **Logistics Performance Index (2023) Ranking** | 110 (2018 data) | 100 | 56 | 63 | 21 | 43 |
| **Quality of Port Infrastructure (WEF) Ranking** | 122 | 92 | 103 | 64 | 55 | 85 |
| **Electricity Access (% of Population 2023)** | 61.20% | 99.50% | 99.80% | 99.40% | 87.70% | 99.80% |
| **Human Capital Index (2020)** | 0.36 (Rank 168) | 0.46 (Rank 123) | 0.55 (Rank 91) | 0.54 (Rank 96) | 0.43 (Rank 135) | 0.69 (Rank 38) |
| **Top 3 Export Products (2023)** | Crude petroleum, gas, fertiliser | Men's suits, Tshirts, Sweater | Soya beans, crude petroleum, iron ore | Coal, Palm Oil, Ferror Alloys | Platinum, Gold, Iron Ore | Transmission Apparatus, Integrated Circuits, Office Machine Parts |

Table 2: Top Exports and % of Total Exports

| Country | Number 1 Export | % of Total 1 | Number 2 Export | % of Total 2 | Number 3 Export | % of Total 3 | Top 3 % of Total |
|---|---|---|---|---|---|---|---|
| **Nigeria** | Crude Petroleum | 70.6 | Gas | 10.3 | Fertiliser | 1.7 | **82.6** |
| **Bangladesh** | T-shirts | 12.4 | Men's Suit | 12.1 | Sweater | 10.6 | **35.1** |
| **Brazil** | Soya Beans | 13.7 | Crude Petroleum | 10.7 | Iron Ore | 7.9 | **32.3** |
| **Indonesia** | Coal | 11.5 | Palm Oil | 7.6 | Ferror Alloys | 5 | **24.1** |
| **South Africa** | Gold | 12.8 | Platinum | 9.2 | Cars & Trucks | 8.6 | **30.6** |
| **Vietnam** | Transmission Apparatus | 18 | Computers & Office Machines | 7.4 | Integrated Circuits | 7 | **32.4** |

Section 4

# THE DIAGNOSIS – WHY NIGERIA IS TRAPPED IN A VICIOUS CYCLE

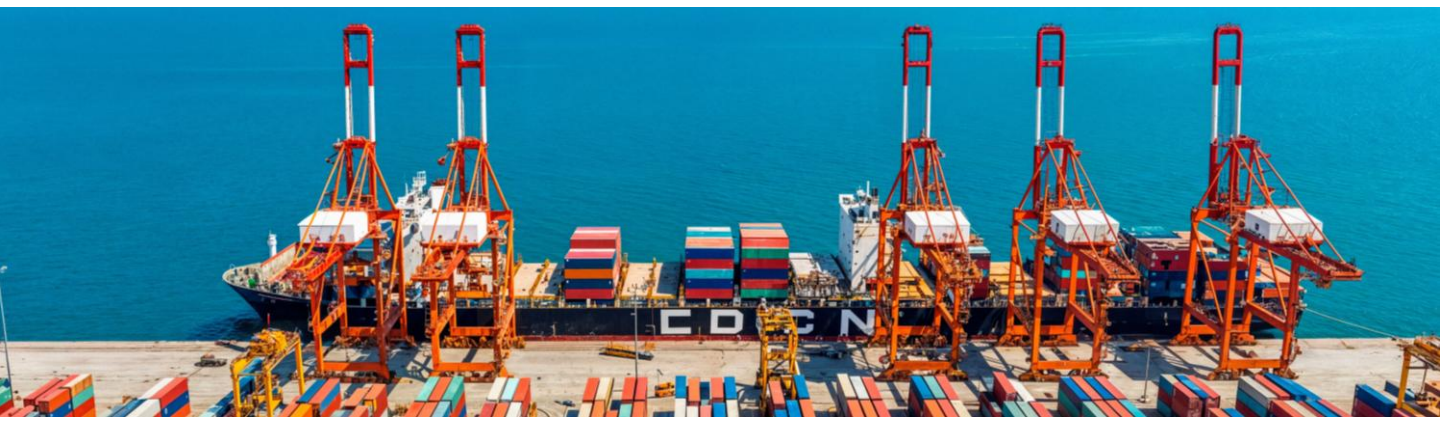
So far, we have seen the success of Vietnam and the decline of Brazil. Now we have to ask the hard question: why has Nigeria, with all its brilliance and resources, stayed in the same spot for thirty years? The diagnosis is not found in one single problem, but in a series of deeply entrenched, mutually reinforcing barriers that have created a vicious cycle. This cycle systematically stifles the emergence of any competitive non-oil sector.

### The Paradox of Plenty: The Resource Curse and Dutch Disease

Nigeria is essentially a textbook example of an economy afflicted by the resource curse. It sounds like a contradiction, how can wealth be a curse? But our immense oil and gas riches have paradoxically hindered our broader development. Oil and gas consistently account for over 80% of our export earnings and more than half of our budget revenue through royalties and taxes. This has created a monolithic economic structure where everything else is an afterthought.

This over-reliance leads to a phenomenon called Dutch Disease. When large amounts of foreign currency flood in from oil sales, it keeps the Naira artificially strong. While a strong currency might sound good, it makes our other potential exports, like textiles, processed foods, or manufactured goods, much more expensive and uncompetitive on the global market. At the same time, it makes imports cheaper, which floods our domestic market and suffocates local industries before they can even get off the ground.

Beyond the economics, it affects our institutions. Historically, our policymaking has prioritized the allocation and distribution of oil revenue over the hard work of creating an environment where productive, non-oil businesses can thrive. We have seen a persistent lack of political commitment to real diversification because the immediate rewards of oil rents are far more attractive than the long-term, difficult work of industrial policy.



## A Broken Foundation: The Infrastructure Deficit

If you want to export to the world, you need a foundation to stand on. In Nigeria, our infrastructure deficit acts as a binding constraint on everything we try to do. For a business to succeed, it needs to move goods and it needs power to produce them, but in Nigeria, deficiencies in these areas impose prohibitive costs.

Let's talk about our ports first. The gateways of Apapa and Tin Can Island in Lagos are, unfortunately, some of the most inefficient in the world. Exporters face staggering costs driven by massive congestion, dilapidated roads, and the erratic application of customs regulations. There is also the issue of corruption at the ports. These logistical nightmares create a level of uncertainty that makes it nearly impossible for a Nigerian firm to compete with a company in Vietnam, where they have invested heavily in modern, efficient port infrastructure.

Then there is the power supply, which is arguably the single greatest impediment to our industrialization. Our national grid is inadequate, forcing almost every business to rely on expensive diesel generators as their primary source of electricity. This self-generation inflates production costs so much that Nigerian manufacturers start at an insurmountable disadvantage compared to international competitors who have access to stable, affordable public power. If we look at the numbers, Nigeria has only achieved about 61.2% access to electricity, while our peer countries have access rates ranging from 87.7% to nearly 100%. That gap is the sound of our industrial potential being silenced.

## The Conflict at the Heart of Policy: Inconsistency and Protectionism

For decades, our trade and macroeconomic policies have been a source of instability and incoherence. We find ourselves in a strange position where the government voices a desire for export promotion but simultaneously implements protectionist policies that cripple potential exporters.

We have a long history of inward-looking, import-substitution strategies. This includes outright import bans, high and often arbitrary tariffs, and even sudden land border closures. While these are intended to protect local industry, they often backfire. They create local monopolies, raise costs for consumers, and—most importantly—harm domestic producers who need those banned or tariffed items as essential inputs for their own manufacturing.

Modern manufacturing doesn't happen in a vacuum; it operates within complex global value chains. You often have to import intermediate goods efficiently to be able to export a finished product competitively. Vietnam's electronics boom was built on this exact principle. In contrast, our policies often actively prevent our firms from participating in these chains.

This is compounded by how we manage foreign exchange. The use of multiple exchange rates and administrative controls creates enormous uncertainty. If a business cannot predict the cost of importing raw materials or spare parts, they

cannot expand, and they certainly cannot export.

### A Hollowed-Out Industrial Base

The result of all these factors is a weak and uncompetitive industrial base. Our manufacturing sector is small and heavily dependent on imported inputs. This creates a cruel paradox: when the Naira is devalued—which should theoretically make our exports cheaper and more attractive—it actually increases production costs because the price of the imported raw materials and machinery sky-rockets.

We are also dealing with a challenging institutional environment. Regulatory bottlenecks, sudden increases in government levies without consultation, and a lack of legal certainty regarding contracts deter both domestic and foreign investment. It all feeds back into that negative loop: the dominance of oil keeps the non-oil sector uncompetitive, so there is little incentive to invest in manufacturing, which means there is no powerful industrial lobby to demand better infrastructure.

### New Headwinds: Global Taxes and Domestic Levies

As if these structural issues weren't enough, we are now facing two new policy headwinds that threaten our ability to attract the investment we need for diversification.

First, there is the OECD Global Minimum Tax. This initiative establishes a 15% minimum corporate tax rate for large multinational enterprises.

For decades, developing countries like ours used tax incentives—basically saying "come here and pay zero tax"—to attract foreign investment. But these new rules neutralize that advantage. If a company pays less than 15% here, their home country can collect the difference as a top-up tax. Essentially, our tax incentive becomes a gift to the treasury of another country rather than a benefit for the investor. In response, our 2025 reforms have already introduced a 15% effective tax rate for large companies. This means we can no longer rely on tax breaks as our primary selling point; we have to fix our infrastructure and institutional quality to be competitive.

Second, we have a domestic hurdle: the 4% Free-on-Board import levy. Introduced under the Customs Act of 2023, this levy increases the cost of doing business for any firm that relies on imported inputs, which, as we've established, is most of our manufacturers. It directly undermines the competitiveness of the very sector we are trying to grow. These costs are passed to consumers, fueling inflation and hurting small businesses. For a foreign investor, this policy adds to the perception of Nigeria as a high-cost and unpredictable environment. There is also the issue of discretionary power, where customs officials can arbitrarily revalue imports, creating even more uncertainty for businesses.

This levy essentially acts as a tax on production. When you combine it with the global tax changes, the message is clear: sustainable growth can only be achieved by shifting our focus away from fiscal gimmicks and revenue levies and toward fundamental improvements in our investment climate. We must fix the core issues of infrastructure, trade facilitation, and policy consistency.

Section 5

# THE AFCFTA FRONTIER: A REGIONAL CATALYST FOR COMPLEXITY

While we have spent a lot of time discussing the hyper-competitiveness of the global market, we must look at the massive opportunity sitting right on our doorstep. The African Continental Free Trade Area, or AfCFTA, is far more than just another trade agreement; it is a strategic stepping stone for Nigeria. It offers us a way to build our productive capabilities in a regional arena that is much more accessible before we try to take on the established global giants in Europe, Asia, or America.

### The Magnitude of the Opportunity

The numbers involved are staggering. We are looking at a combined market of over 1.5 billion people with a total GDP of approximately $3.4 trillion. The World Bank estimates that if we implement this effectively, we could lift 30 million Africans out of extreme poverty and significantly raise the incomes of 68 million others. For Nigeria, as the continent's largest economy, the stakes are even higher because of our sheer size and industrial potential.

The most important thing for us to realize is that trade within Africa looks very different from our trade with the rest of the world. When we trade with developed nations, we typically send them raw materials and buy back finished goods. But intra-African trade is already far more industrialized. The products Nigeria sends to Ghana, Kenya, or Cote d'Ivoire are more likely to be manufactured items, plastics, building materials, and processed foods, rather than the crude oil we ship to global markets. This means the AfCFTA aligns perfectly with our urgent need to diversify away from hydrocarbons.

In 2024, Nigeria took a major step by formally joining the AfCFTA Guided Trade Initiative. This is a pilot phase that lets us test the actual operational environment for trade. It signals a move from just signing papers to actual implementation. We have already identified specific products where we can start, including water closet sanitary items, soap, hygiene products, glass, synthetic fibre, and various plastics.

### Strategic Regional Value Chains

The real prize, however, lies in positioning Nigeria as a hub for regional value chains. We shouldn't just be looking to sell finished goods; we should be looking to provide the components that fuel African industry.

Take the automotive sector, for example. The African automotive market is projected to reach $42 billion by 2027, yet the continent currently imports almost all its vehicles. The AfCFTA's Rules of Origin are specifically designed to favor products that are truly Made in Africa. Nigeria already has an existing assembly capacity and a national development plan for this industry. Instead of just trying to be an assembler of imported kits, we can pivot to becoming a regional supplier of automotive components like glass, tires, and plastics.

We could supply major assembly hubs in South Africa or Morocco, or serve the entire West African market. This is a much more feasible entry point into the global automotive value chain.

Then there is the pharmaceutical sector. Africa's dependence on imported medicines is a critical vulnerability, as we saw during recent global health crises. The AfCFTA creates a consolidated market that finally makes local manufacturing commercially viable. Through initiatives like the African Pooled Procurement Mechanism, we can aggregate demand across many countries, giving Nigerian manufacturers the scale they need to invest in massive production. By harmonizing our standards through the African Medicines Agency, our local companies can reduce the cost of compliance and export certified medicines to our neighbors, replacing imports that currently come from halfway across the world.

## Navigating the Implementation Gap

I want to be clear, though: the path is not without its hurdles. The same infrastructure problems we diagnosed earlier—our poor ports, bad roads, and power shortages—remain massive barriers to regional trade. We also have to deal with non-tariff barriers. For instance, the sheer number of checkpoints along the Lagos-Abidjan corridor continues to frustrate our exporters and drive up costs. There is also a very real fear in Abuja regarding transhipment. This is where goods from non-African countries are brought into an African neighbour, minimally processed just to get a stamp, and then flooded into the Nigerian market to bypass our tariffs. This fear has historically driven our protectionist instincts.

However, if we are to succeed, we must move beyond protectionism and embrace a strategy of competitive integration. This means we can't just sign protocols; we must actively fix the trade barriers. We must invest in our trade corridors, reduce border delays, and harmonise our standards so that the Made in Nigeria label becomes a badge of quality trusted across the entire continent.

The AfCFTA is our laboratory. It is where we can practice the complexity, the logistics, and the industrial discipline required to eventually win on the global stage.

Section 6

# A ROADMAP FOR EXPORT-LED GROWTH

Distinguished participants, we have spent our time today diagnosing the problem and looking at the global landscape. We have seen that Nigeria's three-decade-long stagnation is not an accident of fate, but a consequence of our strategic choices. Now, we must discuss the cure. Breaking this cycle requires a total paradigm shift in how we think about economic policy. We have to move away from the short-term management of oil revenue and ineffective protectionism. Instead, we must embrace a long-term, coherent strategy aimed at building our productive capabilities and increasing our economic complexity.

What follows is a sequenced, multi-phased roadmap designed to dismantle the barriers we've identified and set us on a path to prosperity. This roadmap is aligned with the Renewed Hope Agenda of President Bola Tinubu and presents a challenging but credible pathway forward.

## The Three Guiding Principles

Before we get into the specific phases, let us establish the three principles that must anchor everything we do. Think of these as the compass for our national economic journey.

First, we must prioritize complexity, not just diversification. Our goal isn't just to add more low-value products like raw nuts or seeds to our list. We want to increase our Economic Complexity Index (ECI) by targeting sophisticated goods that embody deep collective knowhow.

Second, we must make strategic bets based on the Product Space. Industrial policy shouldn't be about picking winners out of thin air. It must be a data-driven process where we identify "nearby" products, things we can actually produce using the skills we already have or can easily acquire.

Third, export-orientation must be our organizing principle. Every single policy, whether it's about taxes, trade, or infrastructure, must be judged by one question: does this make Nigerian exporters more or less competitive? We must eliminate policy incoherence and align every part of the government to support our integration into the global economy.

### Phase 1: Foundational Reforms (Years 1 to 5)

The first five years are all about stabilization and clearing the self-inflicted hurdles that make trade so difficult in Nigeria. We need to create a baseline of predictability so that businesses can plan.

President Tinubu has already taken the first difficult steps by unifying the foreign exchange rate. We are also seeing inflation beginning to trend downward after years of increases. This stability is the bedrock, and the Central Bank must continue to support policies that help our non-oil exports stay competitive.

But macroeconomic stability is only half the battle. We must rationalize our trade policy. Right now, our system of import bans and quotas is unpredictable. We need to replace it with a simple, moderate, and stable tariff regime. Specifically, we need to address the 4% levy imposed through the Nigeria Customs Service Act of 2023. This levy should be reduced back to 1%. We should fund the Customs Service through other means rather than taxing the very inputs our manufacturers need to produce goods. To really build investor confidence, we should announce a five-year moratorium on any major changes to this tariff structure. This gives businesses the certainty they need to make long-term investments.

Then there is the issue of physical bottlenecks. The Single Window Project is a vital piece of this puzzle. Once it is fully operational in 2026, it will start solving the inefficiencies that plague our imports and exports. We also need to implement 24/7 port operations and immediately fix the access roads to our major ports. These aren't just "nice to have" improvements; they are essential to reducing the costs that currently make Nigerian goods uncompetitive.

Finally, in this first phase, we must invest in our people. A massive overhaul of our technical and vocational education and training (TVET) system is non-negotiable. The government needs to work directly with industry clusters to design curricula that teach the specific skills identified in our Product Space analysis.

We have already started overhauling TVET, and we must see that through to its logical conclusion.

### Phase 2: Building Capabilities (Years 2 to 6)

Once the foundation is stable, we move into the "building" phase. This is where we focus on the productive capabilities needed to diversify into more complex goods.

Nigeria needs to move beyond generic industrial plans. The Ministry of Trade and Industry should commission a detailed analysis of our Product Space to identify a priority list of 10 to 15 products that are "adjacent" to what we already do. These should be products that are more complex than our current exports but are within our reach. Think about moving from raw leather to finished leather goods, or refining raw chemicals into industrial inputs. Our support for these sectors must be specific and performance based. We should focus on helping firms access long-term finance for machinery, getting international quality certifications, and funding research and development.

Speaking of R&D, we are seeing some exciting progress here. Through the Nigeria Tax Act of 2025, we have created a development levy that provides funding for agencies like NASENI, the National Information Technology Development Fund, and the National Board for Technological Incubation. It is estimated that about N400 billion will be available to these agencies in 2026.

However, we must ensure this money is actually used to build our technical capabilities and not just spent on salaries and overhead.

We are proposing a framework that limits overhead spending, much like the cap placed on TETFund. At least 80% of these funds should go toward R&D and building knowhow, with no more than 20% for administrative costs.

We also need to rethink our Free Trade and Export Zones. The new 15% global minimum tax makes it harder to attract investment just by offering tax breaks. That means the quality of our infrastructure in these zones is now our most important selling point. We should stop trying to maintain dozens of underfunded zones and instead focus all our resources on two or three world-class zones in locations with the best access to ports. These zones must have independent, 24/7 reasonably priced power, dedicated water supplies, and direct transport links. They will serve as the incubators for the new industries we identified in our Product Space analysis. The Renewed Hope Infrastructure Development Fund could be the vehicle to make this happen.

### Phase 3: Moving Up the Value Chain (Years 7 to 20)

The final, long-term phase is about deepening our industrial base and solidifying our spot in the global economy.

We must foster deep linkages between our resource sectors and the rest of the economy. For example, we can use the Nigerian Content Development Fund to catalyse investments in a world-class petrochemical industry. This would supply inputs to our domestic plastics and packaging industries.

We also need to retool the Nigerian Investment Promotion Commission to strategically target Global Value Chain (GVC) activities that can operate within our newly competitive export zones.

Finally, the quick infrastructure wins from Phase 1 must lead into a 20-year, large-scale development plan. We need a power grid and a multimodal transportation network of roads, rail, and ports that can support a modern, industrialized nation. This plan should be broken down into 4-year cycles to ensure that projects are started and finished within a clear timeframe.

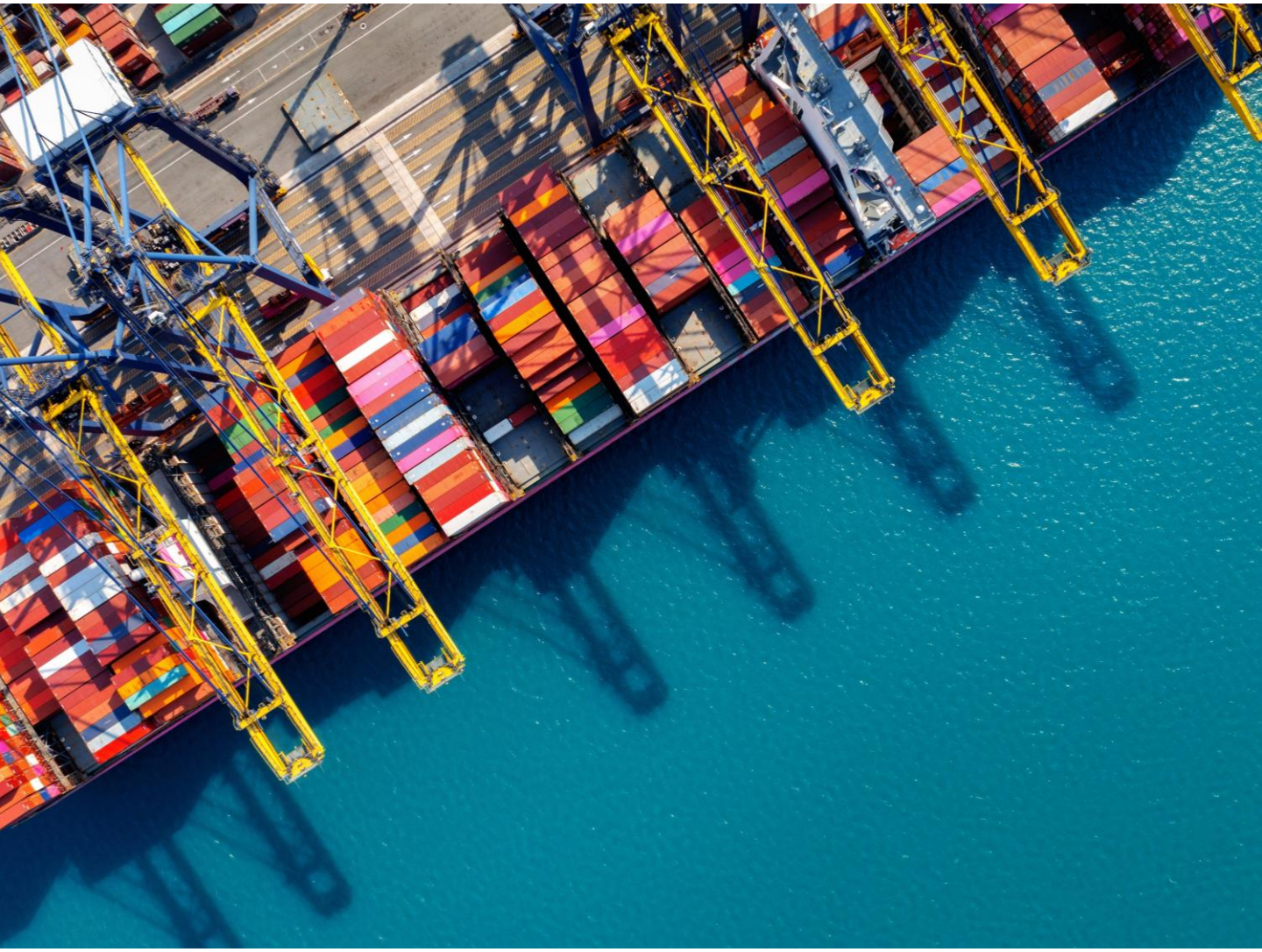
Conclusion

# FROM POTENTIAL TO SHARED PROSPERITY

Distinguished VC, Dean, Professors and other guests, let us be honest: this roadmap is ambitious. It requires sustained political will and a commitment that lasts beyond election cycles. But the alternative is to continue down a path of stagnation and vulnerability, and that is a path Nigeria must avoid at all costs.

President Tinubu has already begun the difficult work of rebuilding our economy. The goal now must be to transform Nigeria into a nation that possesses the collective knowledge to produce, to innovate, and to compete. By adopting a strategy focused on complexity, we can finally begin to harness our true potential. We can build an economy that is diversified, resilient, and most importantly one that provides prosperous lives for all Nigerians.

The journey from potential to prosperity is not a short one, but with the right map and the right resolve, it is a journey we can finally complete.



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