

## ILLEGAL CROSS-BORDER TRADE IN NIGERIA-BENIN BORDER: IMPLICATION FOR NIGERIA INDUSTRIAL GROWTH

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### Abstract

The study examined the pattern of cross border community trade in Nigeria-Benin border, identified official and unofficial routes through which commodities are transferred, determined the characteristics of those involved in illegal cross-border movement and ultimately aggregate its effects on Nigeria individual industrial growth. The study adopted a survey design by randomly selecting 409 border land traders from five Nigerian and five Benin borderland settlements who participated in the study by responding to a questionnaire. Geographic positioning system (GPS) was used for mapping; this is in addition to a Focus Group Discussion (FGD) involving 10 scholars in technology management. Study found that food stuff (62.5%), frozen foods (35.2%), clothing materials (31.22), provision and medicine (13.9%) were prominent among incoming commodities while stationery (0.7%), Building material (0.7%) were the least. Fuel (23.4%), Electronic (19.7%), Food stuff (12.2%), snacks/drinks (11.5%) were the prominent outgoing commodities, while mattresses (0.7%), fruits and vegetables (1%) were the least. Official and unofficial routes were mapped. Fifty nine percent of those involved in cross border trade were Nigerians (57%) and (41%) Beninese and few other nationals of Togo, Ghana and Niger More were males (64%) and in all 45% were of 25-34 age groups.

*Keywords: Illegal, Cross-boder, Trade, Implication and Industrial Growth.*

### Background to the Study

The resultant effects of these illegal cross border traders on Nigerian industrial growth were discussed. Movement of people across the international boundaries is a universal phenomenon; this kind of movement can be legal or illegal depending on the circumstances warranting such types of trip (Adeyinka, 2014). Research results have shown that 84% of the Nigeria-Benin cross-border movements were done illegally (Jegede, 2012). Nigeria-Benin border is the most active in business among Nigeria borders and her immediate neighbours.

Thus illegal cross border trade between the two nations is often adjudged to be the highest. Worried by the dwindling fortunes of members companies, the Chemical and Non-metallic Products Employers Federation (CANMPEF) has called on the federal government to shut its border with Republic of Benin, as a strategic measure to check smuggling-induced de-industrialization of Nigeria (Guardian Newspaper, Feb 28, 2014). With the provision of ECOWAS treaty, cross-border trading activities are supposed to be promoted along the sub-regional corridors. But while goods from member states flow into the country with relative ease, Nigerian exports find it difficult to penetrate the markets of these other West African countries, through imposition of high taxes and other fiscal measures against Nigerian goods (Edwin, 2014).

It was revealed that smuggled goods had forced 53 chemical and non-metallic products companies to shutdown with job losses of over 270,000 (Guardian Newspaper, 2014), while the government may be unwilling to close border with her intimate neighbour - a step which may have far reaching effect in her bilateral relationship with her neighbours and foreign image in West African sub regions, it may be necessary to apprehend this menace by effective border management. This may not be possible without providing reliable data and information that will include workable logistics. This much needed information resource is what the study aims at providing. This is with the ultimate view of retarding the spate of smuggling-induced de-industrialization in Nigeria.

### Objectives of the study

The following objectives will guide the study.

1. Determine the personal characteristics of those involved in illegal cross-border trade
2. Identify official and unofficial routes through which commodities are transferred across Nigeria-Benin borders.
3. Examine the pattern of cross-border commodity trade in Nigeria-Benin border
4. Determine the effects of illegal cross-border trade on Nigerian Industrial growth.

## Methods

The study adopted a survey design. Four hundred and nine border land traders randomly selected from five Nigerian and five Benin border-land settlements were interviewed using a questionnaire named Mobility Pattern Questionnaire (MPQ) to elicit information from those involved in border land trade and crossborder movements. This questionnaire was used to generate information on the mobility pattern across the border, direction of flow, purpose of trans-border crossings, attributes of respondents and the commodities smuggled across the borders.

Three border entry points were used for the study namely: Seme, Idiroko and Ilara. Ten villages were chosen around the three border areas, they are SemeKrake, SemePodji, Oglogbo, Asipa Gbago, Idiroko, Igolo, Ilara, Kanga and Ketou. The geographic positioning system (GPS) was used for mapping some of the trade routes and evidences from literatures, and records were also employed.

## Results

### Personal Characteristics of Those Involved in Cross Border Trade.

Out of the 409 respondents, 57% were Nigerians and 41% Beninois leaving 2% from other nationalists Togo, Ghana and Niger of whom 64% were males and 36% females indicating more male border traders than the females. 70% of them were married men and women, singles have a record of 27% and 3% of the populace are neither married nor single so may be either divorced or separated from their spouses.

Majority of the traders were young adults of between ages 25-34 which have a record of 45% of those interviewed. And the greater percentage of these border-traders were secondary school leavers having 50% of the record population, next to that are the primary school leavers who had a record of 21%, there were those without any formal education and the tertiary school graduates with a combined record of 29%.

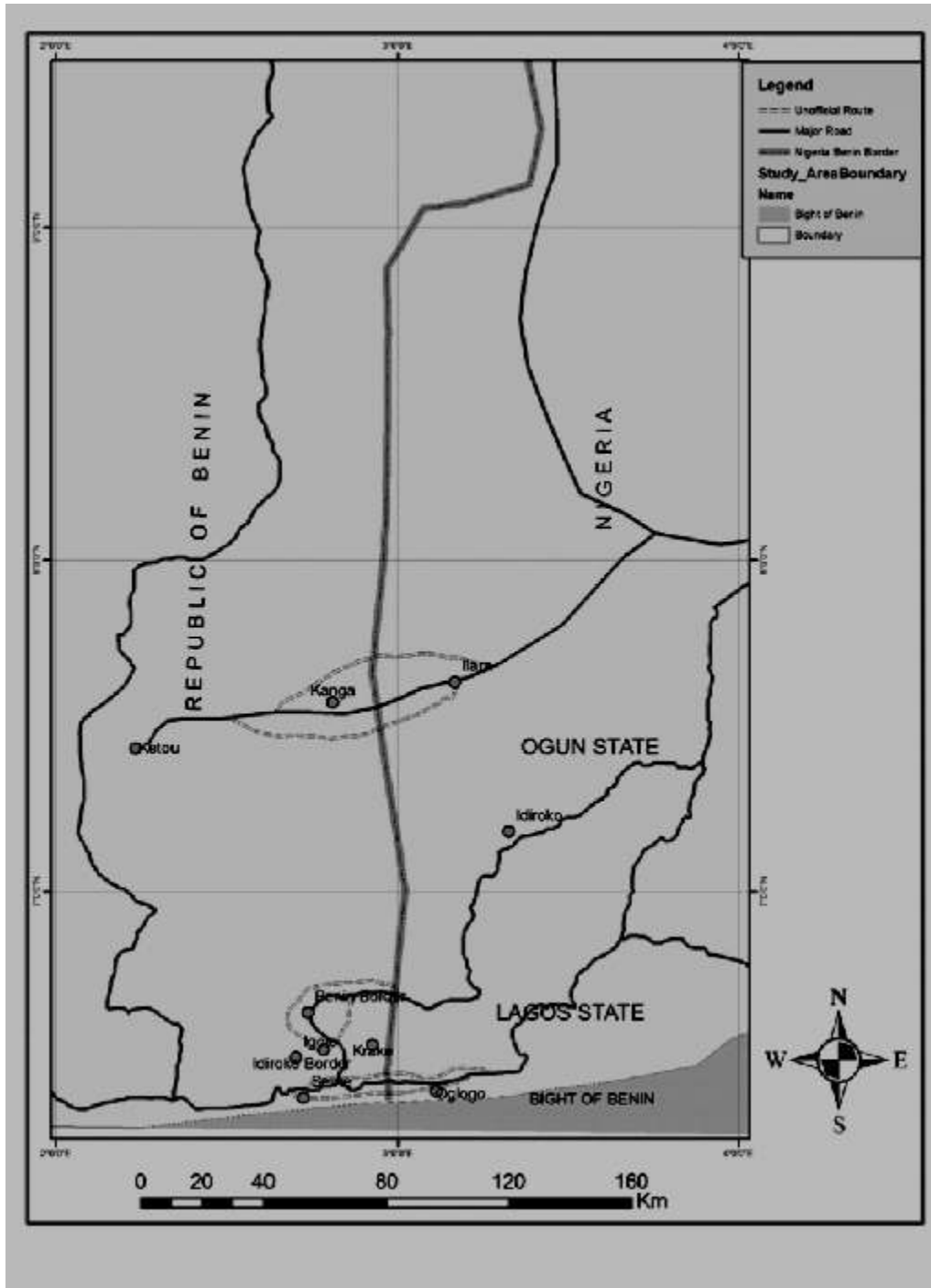
The income level of the borderland traders was very low. On the average, it can be said to be lower than the Nigerian minimum salary. Those whose income levels are irregular were 30% , below N10,000 per-month were next to that with 22% and only 2% of the traders earn up to N31,000-N40,000 on monthly basis. This is an eye opener to the fact that more Nigerians are involved in illegal trade, these smugglers are young adults mostly school dropouts with very low income level usually lower than the minimum salary level in Nigeria. Graduates who should be gainfully employed in the industries are also wasting away at the borders as smugglers.

**Official and Unofficial Routes through which Commodities are Transferred**  
Traders along the NigeriaBenin border take both the official and unofficial routes. 76% of those crossing to Nigeria from Benin travel through the official routes while 24% pass through both routes (official and unofficial) whereas, those crossing the border from Nigeria to Benin have a record of 78% who take the official routes while 22% take both the official and unofficial routes.

These official routes are the routes that are mapped out by the government, joining the two countries and manned by security agents from both countries while the unofficial routes are majorly footpath and non motorable path usually created by the people living within the vicinity and they were identified with the use of the Geographic Positioning System (GPS). These types of routes are seeing all over the border-land areas. Mostly along the bushy paths and commodities/trade items were seeing being carried on the heads, shoulders, backs and motorbikes along these routes to the neighbouring country; Nigeria or Benin, as the case may be.

Fig 1, shows some identified unofficial routes along the border-land

Pattern of Cross Border Commodity Trade across the Border



The commodities transported along the Nigeria-Benin Borders are varied in nature. They include fuel, electronic materials, food stuff, frozen food, medicine/provision, clothing, vehicles, cell phone and accessories, vehicles spare parts, household, utensils, power-generating sets, building materials, snacks and drinks, cooking materials, jewelries, fruits and vegetables, foot wears and leather materials, vocational materials and vegetable oil.

The goods most Nigerians trading around the border import are foodstuff (62.4%) from observation, one could see many of the traders along both the official and unofficial routes carrying bags of rice and vegetable oil (which represents another 18.6%) on their heads, bicycles and motor cycles and some cycles specially made locally for those non motorable paths that constitute the unofficial routes. Second to food items are frozen foods (35.2%) and clothing materials (31.2%). Other notable items of trade are drinks of various kinds (14.5%) Provisions & Medicine (13.9%), leather materials (8.8%) and fruits and vegetables (8.5%), food ingredients also account for 7.5%

On the Benin Republic side, goods mostly evaporated out of Nigeria is the Nigerian fuel which account for 23.4% of the goods exported from Nigeria. This goes to explain the reason for many filling stations located close to Benin but in Nigeria's inability to make fuel available from the stations. Immediately the borders are crossed, the fuels are seeing in bottles all along the road sides as on travels within the cities of Benin. Next to this is electronics which account for 19.7% of the export to Benin, drinks 11.5%, Provision/Medicine (11.2%), foodstuff (12.2%) are some other materials exported out of Nigeria to Benin. Looking closely at fig 2, it will be revealed that Nigerians have more imports than exports, and most of the imports are finished products which could be produced within the nation.

Fig 2, is a graph showing the different materials that are transported through the Nigerian-Benin borders and the degree of such products that originate from the two countries.

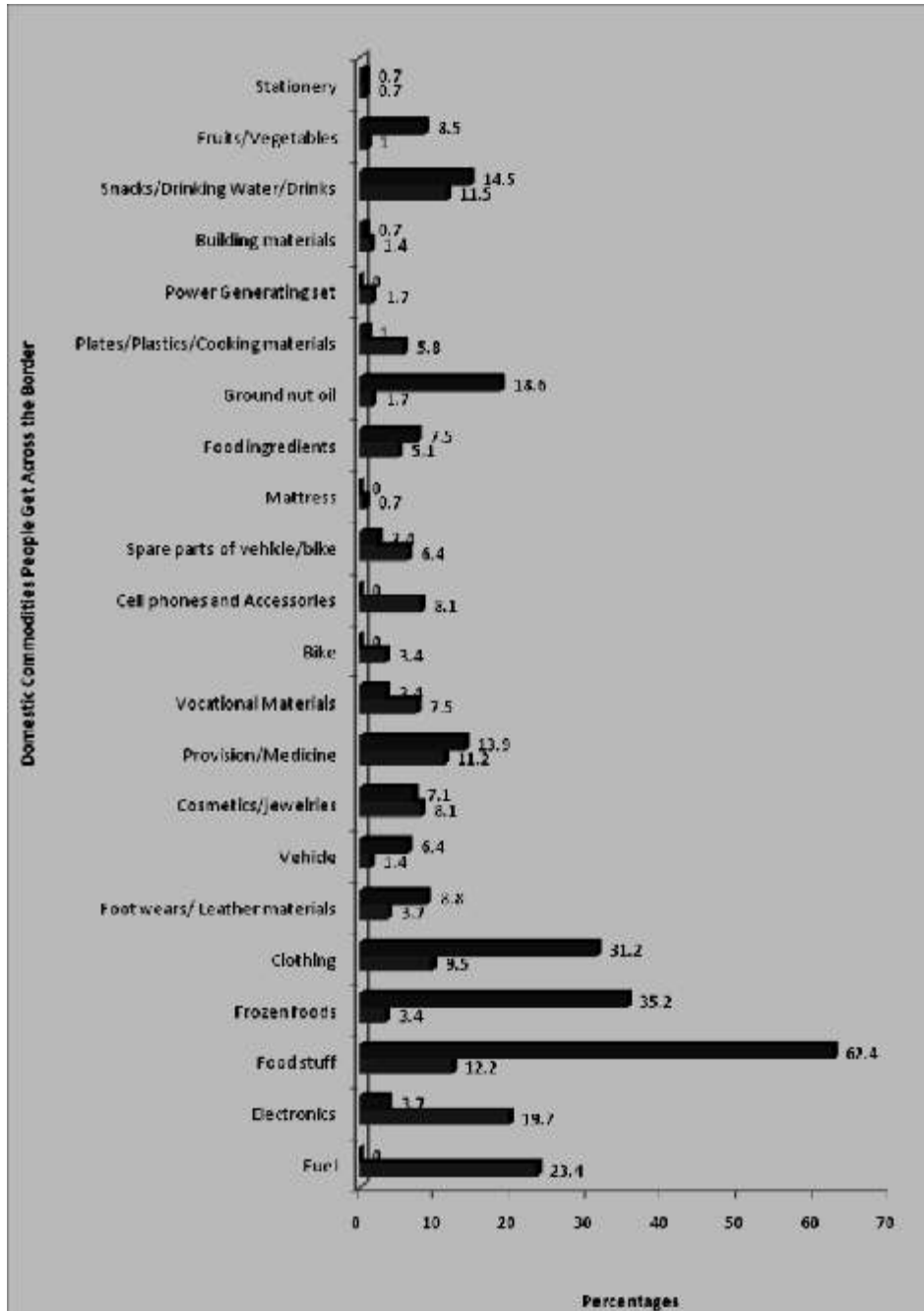


Fig. 2 Commodities Imported and Exported through Nigeria-Benin Border

### Effects of Illegal Trans border Trade On Industrial Growth In Nigeria

Nigerians generally have a high taste for imported goods at the expense of local products. The high level of trade between Nigeria and Cote d'Ivoire, does not only consist of goods from the two countries, but the fact that Cote d'Ivoire operates an open autonomous seaport where goods from countries like USA and Europe are brought in and re-exported to Nigeria. To a large extent, the high level of importation has discouraged both local and foreign investments in Nigeria.

Many a times local indigenous firms are on small or medium scales and can hardly compete with their foreign counterparts so the prices at which these goods are brought into Nigeria becomes a problem since consumers will definitely prefer to go for cheaper goods which they believe are of higher quality. A way to help infant industries grow is banning imported goods. This is evidenced by the high level of rice production in Nigeria within the last two years when rice importation was banned and the few bags smuggled in are sold at exorbitant prices when compared with the price of the local products, this has helped the rice producing firms and industry to flourish. Existing firms are even shut down when faced with high importation. A ready case are the many textile industries in Nigeria viz the Afriprint, Oduduwa Textile mills to mention a few who had been forced out of market as a result of stiff competition with Ghana textiles from where a lot of textile materials are imported into Nigeria through the Nigeria-Benin border and are preferred by most Nigerians. From fig. 1, it is clear that most of the goods carried across the Nigeria-Benin border are textile/clothing materials and a visit to the Nigerian market will show clearly that the country has become what we can call a dumping ground for textile materials from Ghana, Togo and Cote d'Ivoire itself.

A visit to Aba and Onitsha markets in the eastern part of Nigeria will convince anyone that there are many innovative minds in Nigeria. These innovative youths after much struggling with little or no assistance come out with great and beautiful products which if encouraged could serve both local and international markets, but the heavy presence of imported goods which many a times are illegally imported goods serve as barriers to the development of these youth, they are pushed out of the market and no wonder the high level of unemployment in Nigeria cannot be alleviated despite several attempts by the government both at federal and state levels. Small and Medium Scale Enterprises (SMEs) account for over 50% of India's GDP, about 51% of shipped manufactured goods in Japan are produced by SMEs and SMEs employed about 60% of Poland's workforce in 1995 (UNEP Industry and Environment, 2003). If the importations of some unnecessary goods into Nigeria are checked, many of the failing small scale enterprises would come alive, youths will be employed and the long desired industrialization of the nation will be made a reality.



Many entrepreneurs in Nigeria have been turned into mere traders and the vision of ever establishing a production unit has been killed as a result of the keen competition from imported materials. After much attempts have been made and such to be entrepreneurs are not able to withstand the pressure and competition in the market, they withdraw and join the wagon of illegal importers of foreign products which add no value to the Nigerian economy, instead such trade is serious problem to the Gross National Product (GNP) and the Gross Domestic Products (GDP) of the country Nigeria as the foreign exchange is drained due to excess import over export. Such foreign exchange if invested into Nigeria economy can be used to make available such infrastructures like road and good industrial environment where young/infant industries can agglomerate in the country. Such agglomerations can give birth to industrial estates and industrial complexes which will inadvertently bring about further industrial growth and a general development of the sub-region.

Quality is defined as the degree to which a set of characters fulfil requirements. Every industrialist is expected to work on the total quality control management unit of its firms to be sure that the goods produced can meet up with the market requirement but in the face of stiff competition that makes it difficult for quality control to be effected and this is a serious destroyer to industrial growth in Nigeria. Any observer will agree with the fact that Nigerians will go for these imported goods despite that fact that they are more expensive.

Cooper, (1979) identified factors like high prices, misdirected marketing efforts and a competitive market as constituting an hindrance to the growth of new firms and new products and the Nigerian industry is a case in question when market competition is looked into. For the Nigeria industrial sector to really experience growth, these competition must be either removed or reduced and a way of achieving this is to look into ways of stopping the illegal importation of goods into the country through its porous borders.

### Conclusion

From the results of this study, it is glaring that the rate of importation of contrabands has been the life blood of many border communities, this involvement in this illegitimate business of smuggling and illegal trade has effect on the business and commercial sectors of both sides of the border (Asiwaju, 2003). This effect from the study is more on the Nigerian side when considering the trade between Nigeria and Benin borders. There is an helplessness in the way the Nigerian government watches the legitimate boom of Benin's autonomous port of Cotonou, based on re-exportation transactions in Nigeria's forbidden fruit and the overall operation of the Republic of Benin as a transit State or "etet entrepot" (Igue and Soule,1992).

There is an urgent need for the Nigerian government to find a solution to the evil of illegal importation through its border with Benin, if her dream of industrial growth is ever going to be a reality.

#### Recommendations

1. Illegal trade should be checked by empowering the border security agents to enable them man the border points appropriately.
2. Good border demarcations should be ensured between Nigeria and Benin to help the border security agents at doing their work
3. Infant industries should be protected by giving them a tax free production in the first few years
4. Real entrepreneurial skills should be encourage amongst Nigerian youths to discourage them from participating in illegal trades

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