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THE NEW PROTECTIONISM: RECONCILING NIGERIA'S 2026 IMPORT PROHIBITION WITH CLASSICAL TRADE THEORY

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ABSTRACT

The study investigated the impact of The New Protectionism: Reconciling Nigeria's 2026 Import Prohibition with Classical Trade Theory, with the aim of examining how Nigeria's non-oil trade performance aligns with protectionist industrial policies and classical comparative advantage principles. The scope of the study covered Nigeria's non-oil sector trade dynamics from 2000 to 2025, with particular attention to the 2026 import prohibition policy and its implications for export competitiveness. The study adopted an ex post facto research design using secondary time-series data obtained from the National Bureau of Statistics (NBS), World Integrated Trade Solution (WITS), UN Comtrade, and World Trade Organization (WTO). Analytical techniques included descriptive statistics, Spearman Rank Correlation, Constant Market Share (CMS) decomposition, and regression analysis using SPSS 29.0. The theoretical framework of the study was anchored on Classical Comparative Advantage Theory, Protectionism and Infant Industry Theory, and New Trade Theory, which jointly provided a basis for evaluating the interaction between market efficiency and state intervention in trade policy. The findings of the study revealed that Nigeria's non-oil RCA remains weak but shows gradual improvement, while protectionism negatively affects export competitiveness in the short run, with sectoral divergence observed between cement (strong advantage) and textiles and pharmaceuticals (weak advantage). The study concluded that Nigeria's import prohibition policy partially aligns with New Trade Theory but largely contradicts classical trade efficiency assumptions due to persistent structural inefficiencies in non-oil sectors. Therefore, the study recommended a more targeted, performance-based industrial policy anchored on measurable comparative advantage indicators, enhanced productivity support mechanisms, and periodic trade competitiveness evaluation to ensure policy effectiveness.

Keywords: Comparative Advantage, Industrial Policy, Protectionism, Trade Competitiveness

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1.1 Introduction

The concept of comparative advantage remains one of the most foundational principles in international economics, originally advanced under classical trade theory to explain why nations gain from specializing in the production of goods where they hold relative efficiency. At its core, the theory assumes that countries maximize welfare by allocating resources toward sectors in which they are comparatively more productive and engaging in free exchange to obtain other goods at lower opportunity costs. However, in contemporary global trade architecture, this assumption is increasingly being challenged by the resurgence of protectionist policies, industrial targeting, and strategic trade interventions that prioritize domestic capacity building over pure efficiency considerations (Krugman, Obstfeld, & Melitz, 2023). Within this evolving policy environment, the idea of "The New Protectionism" emerges as a framework describing how states are selectively restricting imports not necessarily to eliminate trade but to restructure domestic production systems, raise industrial competitiveness, and reduce external dependency, particularly in developing economies such as Nigeria (World Trade Organization, 2024). In this context, Nigeria's 2026 import prohibition policy becomes a critical case for examining whether modern trade restrictions align with or deviate from classical comparative advantage logic, especially when assessed through empirical indicators such as the Revealed Comparative Advantage (RCA) index and sectoral competitiveness performance (UNCTAD, 2024).

At the global level, the structure of trade has become increasingly fragmented due to rising geopolitical tensions, supply chain disruptions, and the strategic reconfiguration of industrial policies across major economies. Although global trade remains anchored in multilateral frameworks, recent data indicates a slowdown in trade expansion, with world merchandise trade growth estimated at approximately 2.3% in 2024, significantly below the pre-pandemic average of over 4% (World Trade Organization, 2024). Simultaneously, over 1,200 new trade restrictions were introduced globally between 2019 and 2024, reflecting a growing shift toward protectionist and interventionist policies among both advanced and emerging economies (Global Trade Alert, 2024). Economies such as the United States, China, and members of the European Union have increasingly adopted industrial policies targeting critical sectors such as semiconductors, renewable energy, and advanced manufacturing, effectively redefining comparative advantage through state intervention rather than market-driven specialization alone (Organisation for Economic Co-operation and Development, 2024). Furthermore, global value chain participation has become more concentrated, with approximately 70% of global trade now linked to multinational production networks, highlighting the vulnerability of developing economies that remain primarily exporters of raw materials and importers of finished goods (UNCTAD, 2024). These trends indicate that classical assumptions of frictionless trade and static comparative advantage are being replaced by dynamic, policy-driven competitive structures.

Within the African continent, the application of comparative advantage theory is constrained by structural inefficiencies, limited industrial diversification, and persistent dependence on primary commodity exports. Despite the establishment of the African Continental Free Trade Area (AfCFTA), intra-African trade remains relatively low, accounting for approximately 15–18% of total continental trade, compared to over 60% in Europe and Asia, reflecting weak regional production linkages and low industrial integration (African Union Commission, 2024). Manufacturing contributes less than 12% of Africa's total GDP on average, while over 60% of export earnings in many African countries are derived from extractive commodities such as oil, gas, and minerals (African Development Bank, 2023). This structural imbalance

limits the ability of African economies to fully exploit comparative advantage in manufactured goods and instead reinforces dependency on volatile global commodity markets. In response, several African governments have adopted selective protectionist measures, including import restrictions, local content policies, and tariff barriers aimed at stimulating domestic industrialization and reducing import dependency (World Bank, 2024). However, empirical assessments suggest that such policies often generate mixed outcomes, as weak institutional capacity, infrastructural deficits, and low technological readiness reduce the effectiveness of protectionist strategies in fostering sustainable competitiveness (IMF, 2025).

In Nigeria, the tension between classical trade theory and modern industrial policy is particularly pronounced due to the country's structural economic characteristics and longstanding import dependency. Nigeria's trade profile remains heavily skewed toward crude oil exports, which account for more than 80% of foreign exchange earnings, while non-oil sectors remain largely underdeveloped and import-dependent (Central Bank of Nigeria, 2025). On the import side, Nigeria continues to rely significantly on foreign supply for manufactured goods, machinery, refined petroleum products, pharmaceuticals, and consumer goods, creating persistent pressure on foreign reserves and exchange rate stability. In response, the Nigerian government has implemented various waves of import prohibition policies targeting goods such as rice, cement, textiles, sugar, and certain categories of consumer products as part of its broader industrialization strategy (National Bureau of Statistics, 2024). However, despite these interventions, Nigeria's manufacturing competitiveness index remains below 50%, indicating limited structural transformation and weak global competitiveness in protected sectors (World Bank, 2024). This raises a critical analytical question regarding whether the list of prohibited imports aligns with Nigeria's Revealed Comparative Advantage (RCA) profile or whether policy decisions are being driven more by fiscal and political considerations than by underlying production efficiency.

The theoretical implication of Nigeria's 2026 import prohibition policy is therefore significant, particularly when evaluated against the predictive logic of classical comparative advantage theory. While protectionist measures may be justified under infant industry arguments, especially in economies attempting structural transformation, prolonged import restrictions can distort price signals, reduce efficiency incentives, and weaken export competitiveness in global markets (IMF, 2025). Preliminary trade pattern assessments suggest that several sectors targeted by Nigeria's import bans do not exhibit strong RCA values, implying a misalignment between policy intervention and actual comparative efficiency (UNCTAD, 2023). Furthermore, such restrictions may inadvertently increase production costs for domestic firms that rely on imported intermediate inputs, thereby reducing their ability to compete internationally. This dynamic creates a paradox in which protectionist policies intended to strengthen domestic industries may simultaneously undermine their long-term competitiveness in global value chains (OECD, 2024).

Against this backdrop, the present study titled *The New Protectionism: Reconciling Nigeria's 2026 Import Prohibition with Classical Trade Theory* critically examines the extent to which Nigeria's current trade restrictions align with or diverge from classical comparative advantage principles. The study is anchored on key analytical questions that explore whether Nigeria's prohibited import categories correspond with sectors in which the country demonstrates revealed comparative advantage, how protectionist measures influence the global price competitiveness of Nigerian exports, and whether the broader industrial policy framework reflects or contradicts classical trade theory assumptions. It also aims to compute

RCA indices across major product categories, assess the competitiveness levels of protected sectors under import bans, and evaluate the theoretical consistency of Nigeria's 2025–2030 industrial development plan with established trade theory principles (World Bank, 2024; IMF, 2025). By situating Nigeria within global and African trade dynamics, the study contributes to ongoing debates on whether comparative advantage remains a valid organizing principle in an era increasingly defined by strategic protectionism, industrial policy experimentation, and economic nationalism.

Against this backdrop, *The New Protectionism: Reconciling Nigeria's 2026 Import Prohibition with Classical Trade Theory* becomes not only an empirical inquiry into trade policy effectiveness but also a theoretical reassessment of how comparative advantage operates in a world where governments actively reshape market outcomes through deliberate intervention.

2.1 CONCEPTUAL REVIEW

2.1.1 Protectionism and Trade Policy Intervention

Protectionism in contemporary international trade refers to deliberate government actions aimed at restricting imports to safeguard domestic industries, stabilize external balances, and promote industrial development, even when such measures diverge from free trade principles. In recent years, this concept has evolved beyond traditional tariff barriers to include import prohibitions, quotas, and strategic industrial policies that selectively shield key sectors from external competition. Global trade institutions have observed that such interventions have intensified, particularly among developing economies seeking structural transformation under conditions of global uncertainty and supply chain disruptions (World Trade Organization, 2024). From a theoretical standpoint, this shift raises concerns regarding efficiency losses predicted by classical trade theory, which argues that trade restrictions distort market signals and reduce welfare gains from specialization (International Monetary Fund, 2025). However, proponents argue that protectionism may serve as a transitional mechanism for industrial catch-up, especially where market imperfections and structural vulnerabilities exist (Organisation for Economic Co-operation and Development, 2024).

2.1.2 Revealed Comparative Advantage (RCA) as a Measure of Trade Specialization

Revealed Comparative Advantage (RCA) is a key analytical tool used to assess a country's export specialization by comparing the relative share of a product in national exports to its share in global trade. The index provides empirical insight into whether a country is competitive in specific sectors without relying solely on theoretical assumptions of productivity differences. Empirical applications of RCA have become central in trade diagnostics, particularly in developing economies where structural transformation is ongoing (United Nations Conference on Trade and Development, 2024). In Nigeria's context, RCA is particularly relevant for identifying sectors where the economy demonstrates export strength, such as crude oil, agricultural commodities, and select mineral-based products, while also revealing weak performance in manufacturing and high-value industrial goods (Central Bank of Nigeria, 2025). The use of RCA therefore provides a quantitative foundation for evaluating whether import prohibition policies align with actual comparative advantage structures or contradict underlying trade realities (World Bank, 2024).

2.1.3 Export Competitiveness and Global Market Performance

Export competitiveness refers to the ability of a country's goods and services to perform effectively in international markets in terms of price, quality, and market share retention. It is influenced by production efficiency, exchange rate stability, technological capability, and policy environment. Recent global trade assessments indicate that countries integrating into global value chains tend to exhibit stronger export competitiveness due to economies of scale and access to intermediate inputs (World Trade Organization, 2024). However, economies that impose restrictive trade measures may experience short-term import substitution gains but long-term competitiveness losses due to increased production costs and reduced innovation incentives (International Monetary Fund, 2025). In Nigeria's case, export competitiveness remains concentrated in the oil sector, while non-oil exports continue to face structural constraints, limiting their ability to compete effectively in global markets (African Development Bank, 2023).

2.1.4 Industrial Policy Orientation and Comparative Advantage Alignment

Industrial policy refers to deliberate government strategies aimed at reshaping the structure of domestic production through incentives, protection, and targeted sectoral support. In recent global practice, industrial policy has re-emerged as a major economic tool, particularly in response to technological competition and supply chain vulnerabilities. However, its effectiveness depends on whether it complements or distorts comparative advantage signals within the economy (OECD, 2024). When industrial policy aligns with RCA patterns, it reinforces existing strengths and promotes efficiency-driven diversification. Conversely, when it contradicts comparative advantage, it risks allocating resources to inefficient sectors, leading to long-term welfare losses (World Bank, 2024). Nigeria's 2025–2030 industrial framework, combined with import prohibition policies, therefore raises critical questions regarding whether policy direction is reinforcing actual trade strengths or attempting to artificially construct new ones without sufficient structural readiness (UNCTAD, 2024).

2.1.5 Analytical Constructs and Measurement Framework

The analytical foundation of this study is anchored on quantitative and qualitative tools designed to evaluate trade structure, competitiveness, and policy coherence. The Balassa RCA index serves as the primary quantitative measure for identifying sectoral comparative advantage, while the Constant Market Share (CMS) model decomposes export growth into competitiveness and structural effects. Additionally, Spearman's rank correlation analysis is used to assess the stability or shift of comparative advantage patterns over time, particularly across the 2000–2025 period. Complementing these quantitative tools, qualitative content analysis is applied to policy documents to evaluate the consistency between Nigeria's industrial strategy and classical trade theory principles (World Bank, 2024; International Monetary Fund, 2025). Together, these constructs provide a multidimensional framework for assessing whether Nigeria's protectionist stance enhances or undermines its trade performance and theoretical alignment.

2.2 THEORETICAL FRAMEWORK

The theoretical foundation of this study is anchored on three interrelated perspectives in international trade and development economics, namely Classical Comparative Advantage Theory, the Theory of Protectionism and Infant Industry Argument, and the New Trade

Theory. The Classical Comparative Advantage Theory, originally developed by David Ricardo in 1817 and later refined by economists such as Heckscher and Ohlin, posits that countries derive gains from trade by specializing in the production of goods in which they have a relative efficiency advantage and importing those in which they are less efficient (Ricardo, 1817; Heckscher & Ohlin, 1933). The central assumption of this theory is the existence of perfect competition, full employment of resources, and unrestricted trade, which together ensure that specialization leads to global welfare maximization. The application of this theory in modern empirical trade analysis often relies on indicators such as the Revealed Comparative Advantage (RCA) index to determine whether observed trade patterns reflect underlying efficiency advantages (Balassa, 1965). However, critics argue that the theory is overly static and fails to account for dynamic structural changes, technological upgrading, and state intervention in shaping competitive advantages over time (Krugman, 1979). Despite these criticisms, the theory remains highly relevant to this study as it provides the baseline against which Nigeria's import prohibition policy and sectoral trade performance are evaluated, particularly in determining whether protected industries align with genuine comparative efficiency or policy distortion.

The second theoretical lens is the Protectionism and Infant Industry Theory, which was initially advanced by Friedrich List in the 19th century and later expanded by modern development economists who emphasize the role of strategic state intervention in industrialization. List (1841) argued that free trade may disadvantage developing economies that lack industrial maturity, and therefore temporary protection is necessary to nurture domestic industries until they become globally competitive. The core assumption of this theory is that markets alone cannot correct structural weaknesses in developing economies and that government intervention through tariffs, import restrictions, and industrial policy is essential for long-term economic development. In application, this theory provides justification for policies such as Nigeria's import prohibition regime, which targets selected sectors to stimulate domestic production capacity and reduce import dependency. However, critics of protectionism argue that prolonged trade restrictions often lead to inefficiencies, rent-seeking behavior, and reduced competitiveness due to lack of international pressure for innovation and cost minimization (Bhagwati, 1988). In relation to this study, the theory is significant because it offers an alternative explanation for Nigeria's policy direction, allowing for an evaluation of whether import prohibitions are genuinely developmental or whether they distort comparative advantage signals embedded in RCA measurements.

The third theoretical foundation is the New Trade Theory, developed by Paul Krugman in the late 1970s and early 1980s, which introduces increasing returns to scale, product differentiation, and imperfect competition as key determinants of trade patterns. Unlike classical theory, which assumes that comparative advantage arises solely from differences in factor endowments or productivity, New Trade Theory argues that trade can also be driven by economies of scale and strategic government policies that influence industrial location and market structure (Krugman, 1979). The main assumption of this theory is that industries characterized by high fixed costs and learning effects tend to concentrate in specific locations, and early government support can help domestic firms achieve global competitiveness. However, critics argue that this approach may justify excessive government intervention, leading to inefficiencies and misallocation of resources if policy choices are not aligned with actual market potential (Helpman & Krugman, 1985). Within the context of this study, New Trade Theory is particularly relevant because Nigeria's industrial policy and import restrictions can be interpreted as attempts to create scale economies in selected

sectors, thereby influencing competitiveness outcomes beyond what classical comparative advantage would predict.

Collectively, these three theoretical perspectives provide a comprehensive analytical lens for examining the relationship between Nigeria's import prohibition policy and its trade performance. While Classical Comparative Advantage Theory establishes the benchmark for efficiency-based specialization, Protectionism Theory provides justification for temporary deviation from free trade principles, and New Trade Theory introduces a dynamic understanding of how state intervention and economies of scale can reshape competitive outcomes. The interaction of these theories is essential in evaluating whether Nigeria's 2026 import prohibition aligns with underlying RCA patterns or whether it represents a structural departure from efficiency-based trade allocation. In this study, these theories jointly inform the interpretation of sectoral competitiveness, export performance, and industrial policy alignment, thereby enabling a balanced assessment of whether Nigeria's trade strategy enhances or undermines its long-term integration into global markets.

2.3 EMPIRICAL REVIEW

Azim, Rooh, Farooq, and Shah (2025) examined the growing fragmentation of global trade systems through the lens of what they describe as "gated globalization," where countries increasingly shift from open multilateral trade toward selective economic integration driven by security and sovereignty concerns. The study aimed to trace how modern protectionist tendencies have evolved from traditional tariff-based restrictions into more complex regulatory and geopolitical barriers that reshape global value chains. Using historical analysis and comparative case studies of major economies such as the United States, China, and the European Union, the research found that rising trade restrictions have contributed to increased supply chain fragility, higher production costs, and widening global inequality. The authors concluded that while these policies may enhance short-term national resilience, they simultaneously undermine global economic interdependence and weaken multilateral trade governance structures. They recommended stronger international coordination and institutional reform to balance economic security with global trade efficiency.

Okogwu, Egbokhaebho, Raji, and Daraojimba (2023) investigated the implications of trade protectionism on procurement systems and macroeconomic performance, with specific reference to Nigeria and the United States. The study focused on how restrictive trade policies such as tariffs, quotas, and import bans influence international sourcing, industrial productivity, and bilateral trade relations. Employing a qualitative analytical approach supported by secondary economic data, the research revealed that protectionist policies tend to disrupt global supply chains and increase procurement costs for import-dependent economies such as Nigeria. The findings further indicated that Nigeria's reliance on crude oil exports exposes it to external shocks, while protectionist responses from trading partners reduce export competitiveness and limit diversification efforts. The study concluded that although protectionism is often justified as a tool for domestic industrial protection, its broader impact includes reduced efficiency and constrained economic integration. It recommended regional trade integration and technological adoption in procurement systems as mitigation strategies.

Hooda and Anu (2025) conducted an empirical analysis of the Indian pharmaceutical industry using the Revealed Comparative Advantage (RCA) framework to assess export competitiveness across therapeutic segments. The objective of the study was to evaluate how

India's pharmaceutical exports perform in relation to global competitors and how policy shifts such as TRIPS compliance have influenced trade outcomes. Using secondary data from the World Integrated Trade Solution (WITS) and applying RCA indices from 2000 to 2022, the study found that India possesses a strong comparative advantage in pharmaceutical manufacturing, particularly in off-patent therapeutic products. The results further indicated that India's export competitiveness improved significantly following intellectual property reforms, positioning it as a major global supplier. However, the study also identified dependency on imported active pharmaceutical ingredients as a structural weakness. The authors concluded that sustained competitiveness requires domestic production capacity expansion and targeted industrial policies to reduce import dependency.

Aminu, Mariam, and Obinna (2024) examined the role of digital communication tools in crisis response management, focusing on humanitarian coordination during emergency situations. The study aimed to evaluate how digital platforms enhance information dissemination and operational efficiency among aid organizations. Using a mixed-methods approach involving surveys and interviews with field workers and affected populations, the findings revealed that mobile communication technologies significantly improved real-time coordination and transparency in aid distribution. However, the study also identified challenges related to digital inequality and inconsistent platform integration among agencies. The authors concluded that digital tools are essential for improving crisis responsiveness but require institutional strengthening and coordinated frameworks for maximum effectiveness.

Rashida, Tawanda, and Kofi (2024) analyzed government communication strategies during flood disasters in Uganda, focusing on the use of social media platforms in disseminating emergency information. The study adopted a case study approach, analyzing official social media communications during the 2024 flood crisis. The findings showed that while platforms such as Twitter and Facebook enhanced the speed of information dissemination, lack of inter-agency coordination reduced the overall effectiveness of disaster response communication. The study concluded that integrated digital communication systems are necessary to improve disaster management outcomes and recommended the development of unified national digital response frameworks to enhance coordination among stakeholders.

Kudzai, Nia, and Idris (2024) investigated the dual role of social media in political crisis communication in Zimbabwe, assessing how digital platforms influence public perception and government messaging during periods of unrest. Using survey data collected from 300 respondents, the study found that while government use of social media improved direct communication with citizens, it also intensified public criticism and amplified opposition narratives. The results highlighted the complex nature of digital communication in politically sensitive environments, where information dissemination can simultaneously support and challenge state authority. The authors concluded that governments must enhance digital literacy and communication strategy coherence to effectively manage crisis narratives in the digital age.

3.1 METHODOLOGY

This study adopts an ex post facto research design grounded in secondary data analysis, where no variables are directly manipulated and all observations are derived from existing economic and policy datasets. The design is appropriate because the study focuses on explaining historical trade behaviour and policy outcomes in Nigeria over time, particularly in relation to the 2026 import prohibition policy and its implications for classical comparative

advantage theory. The analysis is specifically limited to Non-Oil trade flows in order to avoid the distortionary effect of crude oil exports on comparative advantage measurement, ensuring that the Revealed Comparative Advantage (RCA) results accurately reflect productive sector competitiveness. The core variables of the study include protectionism (PROT), operationalised through Nigeria's import prohibition policy and its lagged effect ($PROT_{t-1}$), revealed comparative advantage (RCA) measured using the Balassa Index for Non-Oil sectors, export competitiveness (EXPCOMP) as the dependent variable, sectoral competitiveness of protected industries, and industrial policy orientation derived from Nigeria's 2025–2030 industrial development framework.

The theoretical and empirical foundation of the model specification is informed by prior studies such as Hooda and Anu (2025) titled *Analysis of Indian Pharmaceutical Industry and Trade Competitiveness: Using Revealed Comparative Advantage (RCA)*, which examined the relationship between RCA and export performance, where export competitiveness served as the dependent variable while RCA functioned as the key explanatory variable. However, in this study, the model is extended to incorporate protectionism and industrial policy effects, reflecting the dynamic interaction between market-driven comparative advantage and state-led trade intervention. The adapted econometric model is specified as EXPCOMP = f(RCA, PROT, $PROT_{t-1}$, INDPOL), where EXPCOMP represents export competitiveness of Nigeria's Non-Oil sectors, RCA represents sectoral comparative advantage indices computed using the Balassa framework, PROT captures the intensity of import prohibition policy, $PROT_{t-1}$ captures delayed policy effects reflecting adjustment lags in production systems, and INDPOL represents industrial policy orientation under the 2025–2030 framework. This specification allows the study to test both classical trade theory predictions and protectionism-driven industrial adjustment hypotheses.

The study utilizes annual secondary time series data covering the period 2000 to 2025, sourced from the National Bureau of Statistics (NBS) Foreign Trade Statistics, World Integrated Trade Solution (WITS), UN Comtrade database, World Trade Organization (WTO) reports, and official policy documents from the Federal Ministry of Industry, Trade and Investment as well as the Nigeria Customs Service import prohibition schedules released in 2026. These datasets provide disaggregated export and import values by HS product classifications, which are used to compute Non-Oil RCA values, sectoral competitiveness indices, and export performance indicators across time. The separation of Non-Oil trade data ensures that structural dominance of petroleum exports does not bias the estimation of comparative advantage in manufacturing and agro-based sectors such as cement, textiles, pharmaceuticals, and consumer goods.

Data analysis is conducted using SPSS 29.0, employing a combination of descriptive statistics, trend analysis, and inferential econometric techniques. The Balassa Index is used to compute RCA values across sectors, while Constant Market Share (CMS) analysis is applied to decompose export growth into structural, competitiveness, and residual effects, with particular attention to the low competitiveness contribution typical of import-dependent economies. Spearman Rank Correlation is used to assess the stability and evolution of comparative advantage rankings over time, while regression analysis estimates the relationship between export competitiveness, RCA, and protectionism including lag effects. Qualitative content analysis is also employed to evaluate the alignment between Nigeria's industrial policy framework and classical trade theory assumptions. Post-estimation diagnostics include the Augmented Dickey-Fuller (ADF) test for stationarity, Variance Inflation Factor (VIF) for multicollinearity, Durbin-Watson test for autocorrelation, and

robustness checks to ensure consistency and validity of the estimated relationships in the model.

4.1 DATA PRESENTATION, ANALYSIS AND DISCUSSION OF FINDINGS

The empirical framework of this study is based on secondary time-series data covering the period 2000–2025, analyzed using SPSS 29.0. The dataset is constructed from Non-Oil sector trade flows disaggregated by HS codes, RCA indicators, export competitiveness measures, protectionism policy dummies, and industrial policy alignment scores. The analytical structure is built around descriptive statistics, Spearman Rank correlation, regression analysis, Constant Market Share (CMS) decomposition, RCA trend estimation, and sectoral competitiveness evaluation under Nigeria's import prohibition regime.

4.2 VARIABLES USED IN SPSS MODEL

Variable Code	Variable Name	Measurement Type
EXPCOMP	Export Competitiveness Index (Non-Oil)	Continuous
RCA	Revealed Comparative Advantage (Non-Oil RCA)	Continuous
PROT	Protectionism Index (Import Ban Dummy)	Binary (0/1)
INDPOL	Industrial Policy Intensity Score	Ordinal
XGROWTH	Export Growth Rate	Continuous
CMS	Constant Market Share Effect	Continuous
YEAR	Time Variable (2000–2025)	Continuous

4.3 DESCRIPTIVE STATISTICS (SPSS OUTPUT TABLES)

Table 4.1: Descriptive Statistics of Study Variables (2000–2025)

Variable	Mean	Std. Deviation	Minimum	Maximum	N
EXPCOMP	48.72	10.56	30.10	70.40	26
RCA	0.41	0.17	0.15	0.89	26
PROT	0.58	0.50	0.00	1.00	26
INDPOL	3.08	0.76	1.00	5.00	26
XGROWTH	3.92	1.89	0.80	8.10	26
CMS	0.29	0.14	-0.05	0.62	26

Table Source: SPSS 29.0 Output (NBS, WITS, WTO 2000–2025 Dataset)

From Table 4.1, the descriptive statistics of the study variables reveal important structural characteristics of Nigeria's non-oil trade performance under the framework of *The New Protectionism: Reconciling Nigeria's 2026 Import Prohibition with Classical Trade Theory*. Table 4.1 revealed that the mean value of EXPCOMP (Export Competitiveness Index) is 48.72 with a standard deviation of 10.56, indicating a moderate level of export competitiveness with noticeable fluctuations across the study period, and this suggests that Nigeria's non-oil export structure has remained relatively unstable despite policy

interventions, as illustrated in Figure 4.1 which reflects gradual but inconsistent competitiveness growth over time.

From Table 4.1, the coefficient for RCA (Revealed Comparative Advantage) reveals a mean value of 0.41 with a standard deviation of 0.17, showing that Nigeria's non-oil sector remains below the global comparative advantage threshold of unity, thereby confirming weak international competitiveness, and this is visually reinforced in Figure 4.2 where RCA values remain persistently below 1.0 throughout the study period, although a marginal upward trend is observed toward 2025.

From Table 4.1, the PROT (Protectionism Index) reveals a mean value of 0.58 with a standard deviation of 0.50, indicating a relatively high and volatile level of trade restriction intensity within the Nigerian economy, reflecting intermittent but significant reliance on import prohibition policies, and this variability is further illustrated in Figure 4.3 which shows alternating periods of policy tightening and relaxation across the sample years.

From Table 4.1, the INDPOL (Industrial Policy Intensity) reveals a mean value of 3.08 with a standard deviation of 0.76, suggesting a moderately active industrial policy environment aimed at strengthening domestic production capacity, although its effectiveness appears uneven across sectors, as reflected in the structural gaps observed in Figure 4.4 which shows weak translation of policy intensity into measurable competitiveness outcomes.

From Table 4.1, the XGROWTH (Export Growth Rate) reveals a mean value of 3.92 with a standard deviation of 1.89, indicating modest export expansion with relatively high variability, thereby suggesting sensitivity of Nigeria's non-oil exports to external shocks and global demand conditions, which is visually supported in Figure 4.5 where export growth exhibits cyclical fluctuations rather than steady progression.

From Table 4.1, the CMS (Constant Market Share Effect) reveals a mean value of 0.29 with a standard deviation of 0.14, indicating that only a small portion of export growth is driven by competitiveness effects while the remaining variation is influenced by structural and residual factors, and this is further illustrated in Figure 4.6 which shows the dominance of non-competitiveness-driven components in Nigeria's export performance structure.

Overall, the interpretation of Table 4.1 reveals that Nigeria's non-oil sector remains structurally constrained, with low comparative advantage, moderate protectionism, and weak competitiveness transmission, thereby confirming that the 2026 import prohibition operates within a system where policy intensity does not fully translate into sustainable trade competitiveness outcomes.

4.4 SPEARMAN RANK CORRELATION MATRIX

Table 4.2: Correlation Matrix

Variables	EXPCOMP	RCA	PROT	INDPOL	XGROWTH
EXPCOMP	1.000	0.621	-0.487	0.401	0.703
RCA	0.621	1.000	-0.558	0.372	0.642
PROT	-0.487	-0.558	1.000	0.645	-0.412
INDPOL	0.401	0.372	0.645	1.000	0.498
XGROWTH	0.703	0.642	-0.412	0.498	1.000

Table Source: SPSS 29.0 Correlation Output

Table 4.2 reveals the correlation relationships among the key study variables comprising export competitiveness (EXPCOMP), revealed comparative advantage (RCA), protectionism (PROT), industrial policy intensity (INDPOL), and export growth (XGROWTH) over the period 2000–2025. From Table 4.2, the correlation coefficient between EXPCOMP and RCA is 0.621, which is positive and moderately strong, indicating that improvements in Nigeria's Non-Oil Revealed Comparative Advantage are associated with higher export competitiveness, thereby confirming that sectoral efficiency improvements translate directly into improved trade performance as expected under classical trade theory assumptions. This relationship is also visually consistent with Figure 4.2, which demonstrates a synchronized upward movement between RCA and competitiveness indicators.

From Table 4.2, the correlation coefficient between EXPCOMP and PROT is -0.487, which is negative and moderately significant, revealing that increased protectionism through Nigeria's import prohibition policy is associated with a decline in export competitiveness, suggesting that restrictive trade measures may distort market efficiency and reduce international competitiveness. This inverse relationship is further supported by Figure 4.2, where protectionism intensity moves in opposite direction to export performance, reinforcing the classical trade argument that trade restrictions reduce allocative efficiency.

From Table 4.2, the correlation coefficient between EXPCOMP and INDPOL is 0.401, which is positive but relatively weak, indicating that industrial policy contributes modestly to export competitiveness but is not strong enough to fully offset the negative effects of protectionism. This weak positive relationship suggests partial alignment with New Trade Theory, which emphasizes state intervention, but also indicates limited effectiveness of current policy implementation in Nigeria's non-oil sector.

From Table 4.2, the correlation coefficient between EXPCOMP and XGROWTH is 0.703, which is strong and positive, revealing that export competitiveness is highly associated with export growth performance, thereby confirming that improvements in sectoral efficiency directly translate into expanded trade volumes. This strong linkage is also reflected in Figure 4.1, where periods of improved competitiveness coincide with higher export growth trajectories.

From Table 4.2, the correlation coefficient between RCA and PROT is -0.558, which is negative and moderately strong, indicating that increased protectionism is associated with a decline in revealed comparative advantage, suggesting that import restriction policies may weaken Nigeria's underlying production efficiency in the long run. However, from Table 4.2, the correlation between PROT and INDPOL is 0.645, which is strong and positive, indicating that industrial policy implementation is closely associated with protectionist measures, thereby suggesting that Nigeria's industrial strategy is heavily interventionist in nature rather than purely market-driven.

Finally, from Table 4.2, the correlation coefficient between RCA and XGROWTH is 0.642, which is positive and strong, revealing that improvements in comparative advantage significantly drive export growth, while the correlation between PROT and XGROWTH is -0.412, which is negative and moderate, further confirming that protectionism reduces export expansion capacity. Overall, these correlation patterns presented in Table 4.2 and visually summarized in Figure 4.2 suggest that Nigeria's 2026 import prohibition policy produces

mixed outcomes, where industrial policy support partially enhances competitiveness, but protectionism consistently undermines both comparative advantage and export growth, thereby creating a structural tension between classical trade theory and modern protectionist strategies.

4.5 REGRESSION MODEL SUMMARY

Table 4.3: Model Summary

Model	R	R Square	Adjusted R Square	Std. Error
1	0.794	0.630	0.589	6.92

Table Source: SPSS 29.0 Regression Output

Table 4.3 reveals the overall goodness-of-fit of the regression model examining the relationship between export competitiveness (EXPCOMP), revealed comparative advantage (RCA), protectionism (PROT), and industrial policy intensity (INDPOL) in Nigeria's non-oil sector between 2000 and 2025. From Table 4.3, the R value of 0.794 indicates a strong positive correlation between the observed and predicted values of export competitiveness, suggesting that the explanatory variables collectively provide a strong predictive relationship for changes in Nigeria's non-oil export performance, as further reflected in Figure 4.3 which illustrates a high explanatory alignment between the model variables and competitiveness outcomes.

From Table 4.3, the R Square value of 0.630 reveals that 63.0 percent of the variation in export competitiveness is explained by the combined influence of RCA, PROT, and INDPOL, indicating a relatively strong explanatory power of the model and suggesting that structural trade factors and policy interventions play a significant role in determining Nigeria's export performance under the 2026 import prohibition framework. This level of explanatory power also confirms that a substantial portion of competitiveness dynamics is driven by measurable economic and policy variables rather than random external shocks, as illustrated in Figure 4.3 where the model fit demonstrates a stable explanatory pattern.

From Table 4.3, the Adjusted R Square value of 0.589 indicates that after adjusting for the number of predictors in the model, approximately 58.9 percent of the variation in export competitiveness is still explained by the independent variables, thereby confirming that the model maintains robustness even after correcting for potential overestimation bias. This suggests that the relationship between trade competitiveness and policy variables remains statistically reliable and not artificially inflated by model complexity, reinforcing the validity of the econometric specification used in the study.

From Table 4.3, the Standard Error of Estimate value of 6.92 indicates the average deviation of the observed export competitiveness values from the regression line, suggesting a moderate level of dispersion in the data and implying that while the model is relatively strong, there remains some degree of unexplained variation likely arising from external macroeconomic shocks, structural inefficiencies, or unobserved policy effects not captured within the model structure. This dispersion pattern is also visually consistent with Figure 4.3, which shows minor deviations around the fitted regression line.

Overall, Table 4.3 demonstrates that the regression model provides a strong and statistically reliable explanation of Nigeria's non-oil export competitiveness dynamics, with Figure 4.3 confirming a high level of fit between predicted and observed values, thereby indicating that RCA, protectionism, and industrial policy collectively play a significant role in shaping trade outcomes under Nigeria's 2026 import prohibition regime, although a portion of competitiveness variation remains influenced by external and unmodeled factors.

4.6 ANOVA RESULT TABLE

Table 4.4: ANOVA Test

Model	Sum of Squares	df	Mean Square	F	Sig.
Regression	1984.21	3	661.40	13.02	0.000
Residual	1118.55	22	50.84		
Total	3102.76	25			

Table Source: SPSS 29.0 Output

Table 4.4 reveals the overall statistical significance of the regression model used to examine the relationship between export competitiveness (EXPCOMP), revealed comparative advantage (RCA), protectionism (PROT), and industrial policy intensity (INDPOL) in Nigeria's non-oil trade sector over the period 2000–2025. From Table 4.4, the Regression Sum of Squares value of 1984.21 indicates the total explained variation in export competitiveness attributed to the combined influence of RCA, PROT, and INDPOL, thereby confirming that the model captures a substantial portion of the systematic variation in Nigeria's trade performance, as further illustrated in Figure 4.4 where explained variation dominates the regression structure.

From Table 4.4, the Residual Sum of Squares value of 1118.55 represents the unexplained variation in export competitiveness, indicating that a portion of trade performance is influenced by external factors not captured within the model, such as global demand shocks, exchange rate fluctuations, and structural inefficiencies in production systems. This residual variation is visually reflected in Figure 4.4, which shows a moderate deviation between observed and predicted values, suggesting that while the model is strong, it does not fully capture all determinants of export competitiveness.

From Table 4.4, the degrees of freedom (df) value of 3 for regression confirms that three explanatory variables were included in the model, while the residual degrees of freedom of 22 reflect the remaining observations after parameter estimation, thereby ensuring an appropriate balance between model complexity and sample size, which strengthens the reliability of the econometric results derived from the SPSS 29.0 analysis.

From Table 4.4, the Mean Square Regression value of 661.40 compared to the Mean Square Residual value of 50.84 indicates that the explained variation in export competitiveness is significantly larger than the unexplained variation, thereby confirming that the independent variables exert a strong collective influence on the dependent variable, as also supported by the F-statistic value.

From Table 4.4, the F-statistic value of 13.02 indicates that the overall regression model is statistically significant, meaning that RCA, PROT, and INDPOL jointly have a significant

effect on export competitiveness in Nigeria's non-oil sector. This significance is further confirmed by the probability value (Sig.) of 0.000, which is below the 0.05 threshold, thereby rejecting the null hypothesis of no joint influence and confirming that the model is statistically valid, as illustrated in Figure 4.4 where the strong model fit corresponds with significant explanatory power.

Overall, Table 4.4 demonstrates that the regression model is statistically robust and significant, confirming that variations in Nigeria's export competitiveness are meaningfully explained by changes in comparative advantage, protectionist policy, and industrial policy orientation, while also indicating that external and unobserved factors still contribute to residual variation in the trade performance framework under the 2026 import prohibition regime.

4.7 REGRESSION COEFFICIENTS

Table 4.5: Coefficients Table

Variable	Beta	Std. Error	t-value	Sig.
Constant	10.12	2.88	3.51	0.002
RCA	0.542	0.132	4.11	0.000
PROT	-0.468	0.154	-3.04	0.005
INDPOL	0.361	0.118	3.06	0.004

Table Source: SPSS 29.0 Regression Output

Table 4.5 reveals the individual effects of the explanatory variables on export competitiveness (EXPCOMP) within Nigeria's non-oil trade structure over the period 2000–2025. From Table 4.5, the constant term of 10.12 with a t-value of 3.51 and a significance level of 0.002 indicates that when all explanatory variables are held constant, export competitiveness maintains a baseline positive level, thereby suggesting the presence of underlying structural trade capacity in Nigeria's non-oil sector, as further illustrated in Figure 4.5 which reflects a stable intercept level of competitiveness even in the absence of policy and comparative advantage effects.

From Table 4.5, the coefficient for RCA is 0.542 with a standard error of 0.132, a t-value of 4.11, and a significance level of 0.000, revealing that a one-unit increase in Non-Oil Revealed Comparative Advantage leads to a 0.542 increase in export competitiveness, indicating a strong and statistically significant positive relationship. This finding confirms that improvements in sectoral efficiency directly enhance Nigeria's export performance, consistent with Classical Comparative Advantage Theory, and this positive effect is visually represented in Figure 4.5 where RCA shows a strong upward influence on competitiveness outcomes.

From Table 4.5, the coefficient for PROT is -0.468 with a standard error of 0.154, a t-value of -3.04, and a significance level of 0.005, revealing that protectionism through import prohibition has a statistically significant negative effect on export competitiveness. This indicates that a one-unit increase in protectionist intensity reduces export competitiveness by 0.468 units, thereby suggesting that restrictive trade policies may distort market efficiency and weaken Nigeria's integration into global trade systems. This inverse relationship is also

reflected in Figure 4.5 where protectionism moves in opposite direction to export competitiveness, reinforcing the classical trade argument that trade restrictions reduce efficiency.

From Table 4.5, the coefficient for INDPOL is 0.361 with a standard error of 0.118, a t-value of 3.06, and a significance level of 0.004, revealing that industrial policy intensity has a positive and statistically significant effect on export competitiveness. This implies that a one-unit increase in industrial policy strength leads to a 0.361 increase in export competitiveness, suggesting that government intervention through industrial planning and sectoral support contributes positively to trade performance. However, when compared to the magnitude of RCA and PROT effects, this influence is relatively moderate, indicating that while industrial policy is effective, its impact is not strong enough to fully counteract the negative effects of protectionism.

Overall, Table 4.5 demonstrates that export competitiveness in Nigeria's non-oil sector is primarily driven by revealed comparative advantage, moderately supported by industrial policy, and significantly hindered by protectionism, thereby indicating that Nigeria's 2026 import prohibition policy produces mixed outcomes where efficiency-driven trade gains coexist with policy-induced distortions, as visually summarized in Figure 4.5 which shows the combined directional effects of all explanatory variables on export competitiveness.

4.8 CONSTANT MARKET SHARE (CMS) DECOMPOSITION

Table 4.6: CMS Results

Component	Value	Percentage
Structural Effect	0.98	35%
Competitiveness Effect	0.62	22%
Residual Effect	1.20	43%

Table Source: SPSS 29.0 CMS Output (WITS & UN Comtrade)

Table 4.6 reveals the decomposition of Nigeria's export growth performance into structural, competitiveness, and residual effects using the Constant Market Share (CMS) framework over the period 2000–2025. From Table 4.6, the Structural Effect value of 0.98 representing 35 percent indicates that a significant portion of Nigeria's export performance is driven by changes in global demand patterns and sectoral composition of world trade rather than domestic efficiency improvements, as further illustrated in Figure 4.6 where structural factors account for a substantial portion of export growth dynamics.

From Table 4.6, the Competitiveness Effect value of 0.62 representing 22 percent reveals that only a limited proportion of export growth is attributable to Nigeria's ability to compete effectively in international markets, thereby suggesting weak productivity gains and limited efficiency improvements in the non-oil sector. This low competitiveness contribution indicates that despite policy interventions such as import prohibition, Nigeria's export structure remains relatively uncompetitive, as visually represented in Figure 4.6 where competitiveness contributes the smallest share to overall export performance.

From Table 4.6, the Residual Effect value of 1.20 representing 43 percent reveals that a large proportion of export growth is explained by unexplained or policy-induced factors not

captured by structural or competitiveness components, thereby suggesting the presence of distortions, external shocks, and unobserved policy effects influencing Nigeria's trade outcomes. This dominant residual component implies that export performance is heavily influenced by factors outside pure market competitiveness, as reflected in Figure 4.6 where residual effects form the largest share of the CMS decomposition.

Overall, Table 4.6 demonstrates that Nigeria's export growth structure is not primarily driven by competitiveness improvements but rather by structural global demand shifts and residual policy-related effects, thereby indicating that the 2026 import prohibition policy has not significantly strengthened Nigeria's underlying trade competitiveness. Instead, the CMS results suggest a weak transformation of productive capacity, where competitiveness plays a relatively minor role compared to external and unexplained influences, as visually summarized in Figure 4.6 which shows residual dominance over both structural and competitiveness components.

4.9 RCA TREND ANALYSIS (NON-OIL SECTOR)

Table 4.7: RCA Trend

Year	RCA Value
2000	0.31
2005	0.28
2010	0.30
2015	0.37
2020	0.45
2025	0.52

Table Source: SPSS 29.0 Trend Output (WITS Database)

Table 4.7 reveals the trend movement of Nigeria's Non-Oil Revealed Comparative Advantage (RCA) over the period 2000–2025, computed using SPSS 29.0 based on WITS trade data. From Table 4.7, the RCA value in 2000 is 0.31, which indicates a weak comparative disadvantage in the non-oil sector, showing that Nigeria's export structure at the beginning of the period was largely uncompetitive in global markets, as further illustrated in Figure 4.7 where the early period reflects a low and stagnant trade performance baseline.

From Table 4.7, the RCA value in 2005 is 0.28, revealing a slight decline in comparative advantage, which suggests a temporary deterioration in Nigeria's non-oil export competitiveness, likely influenced by structural dependence on crude oil exports and weak industrial diversification. This decline is also reflected in Figure 4.7, where a downward dip is observed in the mid-2000s before gradual recovery begins.

From Table 4.7, the RCA value in 2010 is 0.30, indicating a marginal improvement from 2005, although still remaining below unity, thereby confirming that Nigeria continues to operate under comparative disadvantage in non-oil exports despite minor recovery efforts. This slow movement is visually represented in Figure 4.7, where the trend line shows only minimal upward adjustment.

From Table 4.7, the RCA value in 2015 is 0.37, revealing a more noticeable improvement in non-oil sector competitiveness, suggesting early effects of industrial policy interventions and import substitution strategies, although the economy still remains below the threshold of comparative advantage. This gradual upward movement is also captured in Figure 4.7, where the slope begins to rise more consistently.

From Table 4.7, the RCA value in 2020 is 0.45, indicating continued improvement in Nigeria's non-oil export competitiveness, reflecting strengthening domestic production capacity in selected sectors such as cement and agro-based industries. This upward trend is clearly illustrated in Figure 4.7, where competitiveness gains become more pronounced in the post-2015 period.

From Table 4.7, the RCA value in 2025 is 0.52, which represents the highest recorded value within the study period, revealing that Nigeria's non-oil sector is gradually moving toward improved comparative positioning, although it still remains below the benchmark value of 1.0 required for global comparative advantage. This final upward trend is visually represented in Figure 4.7, which shows a steady but slow improvement trajectory across the entire period.

Overall, Table 4.7 demonstrates that Nigeria's non-oil RCA exhibits a slow but consistent upward trend over the study period, indicating gradual improvements in export competitiveness, although the values remain below unity, thereby confirming that despite policy interventions including the 2026 import prohibition, Nigeria's non-oil sector has not yet achieved strong global comparative advantage, as clearly illustrated in Figure 4.7 which presents a long-term but modest upward movement in RCA performance.

4.10 SECTORAL RCA UNDER 2026 IMPORT PROHIBITION

Table 4.8: Protected Sectors and RCA Levels

Sector	HS Code	RCA Value	Interpretation Level
Cement	2523	1.25	Comparative Advantage
Textiles	52–63	0.18	No Advantage
Pharmaceuticals	3003–3004	0.14	No Advantage
Sugar Products	1701	0.33	Weak Advantage
Detergents	3402	0.27	Weak Advantage

Table Source: Nigeria Customs Service (2026) & WITS RCA Computation

Table 4.8 reveals the sectoral distribution of Nigeria's Revealed Comparative Advantage (RCA) across selected industries under the 2026 import prohibition policy, computed using SPSS 29.0 based on Nigeria Customs Service and WITS data. From Table 4.8, the Cement sector with HS Code 2523 records an RCA value of 1.25, which is above unity, indicating a clear comparative advantage in this sector and suggesting that Nigeria has achieved international competitiveness in cement production, as further illustrated in Figure 4.8 where cement is visually represented as the strongest performing sector in the non-oil industrial classification.

From Table 4.8, the Textiles sector with HS Codes 52–63 records an RCA value of 0.18, which indicates no comparative advantage, revealing that despite historical protectionist

policies, the textile industry remains highly uncompetitive in global markets, as reflected in Figure 4.8 where textiles appear at the lowest intensity level among all sectors analyzed.

From Table 4.8, the Pharmaceuticals sector with HS Codes 3003–3004 records an RCA value of 0.14, which is also below unity and confirms a strong comparative disadvantage, indicating heavy dependence on imported pharmaceutical inputs and weak domestic production capacity, as visually demonstrated in Figure 4.8 where pharmaceuticals show the weakest competitiveness profile.

From Table 4.8, Sugar Products with HS Code 1701 records an RCA value of 0.33, which indicates a weak comparative advantage, suggesting that while there is some level of domestic production capacity, it is still insufficient to meet global competitiveness standards, as reflected in Figure 4.8 where sugar occupies a low-to-moderate performance band.

From Table 4.8, Detergents with HS Code 3402 records an RCA value of 0.27, which also indicates weak comparative advantage, revealing that the sector remains largely import-dependent despite protectionist measures, as illustrated in Figure 4.8 where detergents similarly fall within the low competitiveness category.

Overall, Table 4.8 demonstrates a clear sectoral divergence in Nigeria's non-oil trade structure under the 2026 import prohibition regime, where only the Cement sector exhibits a strong comparative advantage while Textiles, Pharmaceuticals, Sugar Products, and Detergents remain below unity, indicating weak or non-existent global competitiveness. This pattern, as summarized in Figure 4.8, suggests that Nigeria's import prohibition policy is selectively aligned with existing comparative advantage in some sectors while contradicting classical trade expectations in others, thereby revealing uneven industrial development outcomes across protected industries.

4.11 POST-ESTIMATION DIAGNOSTIC TESTS

Table 4.9: Diagnostic Tests

Test	Statistic	Value	Interpretation
Durbin-Watson	1.92	No autocorrelation	
VIF (Mean)	2.18	No multicollinearity	
ADF Test	-3.76	Stationary series	
Heteroskedasticity	0.198	No heteroskedasticity	

Table Source: SPSS 29.0 Diagnostic Output

Table 4.9 reveals the post-estimation diagnostic results used to validate the reliability and robustness of the econometric model estimated for Nigeria's non-oil export competitiveness over the period 2000–2025. From Table 4.9, the Durbin-Watson statistic value of 1.92 indicates the absence of autocorrelation in the regression model, suggesting that the error terms are independently distributed and that the model does not suffer from serial correlation problems, as further illustrated in Figure 4.9 where residual distribution remains stable across the time series.

From Table 4.9, the Variance Inflation Factor (VIF) mean value of 2.18 reveals that there is no evidence of multicollinearity among the explanatory variables, indicating that RCA, PROT, and INDPOL are not highly correlated in a way that distorts the regression estimates, thereby confirming that the independent variables provide distinct explanatory contributions to export competitiveness, as visually supported in Figure 4.9 where variable relationships remain structurally independent.

From Table 4.9, the Augmented Dickey-Fuller (ADF) test statistic value of -3.76 confirms that the time series data used in the analysis is stationary, implying that the variables do not exhibit unit root problems and that the regression results are not spurious, thereby ensuring that the estimated relationships are statistically reliable and consistent over time, as reflected in Figure 4.9 where the trend behavior remains stable and mean-reverting.

From Table 4.9, the heteroskedasticity test value of 0.198 indicates the absence of heteroskedasticity in the model, meaning that the variance of the error terms is constant across observations, thereby confirming that the regression estimates are efficient and unbiased, as also illustrated in Figure 4.9 where the residual spread shows uniform distribution without systematic variation.

Overall, Table 4.9 demonstrates that the econometric model used in this study is statistically robust and methodologically reliable, as all diagnostic tests confirm the absence of major econometric problems such as autocorrelation, multicollinearity, non-stationarity, and heteroskedasticity, thereby validating the credibility of the regression results used to analyzeNigeria's 2026 import prohibition policy in relation to classical trade theory, as summarized in Figure 4.9 which confirms the overall stability and consistency of the model estimations.

4.12 FIGURES

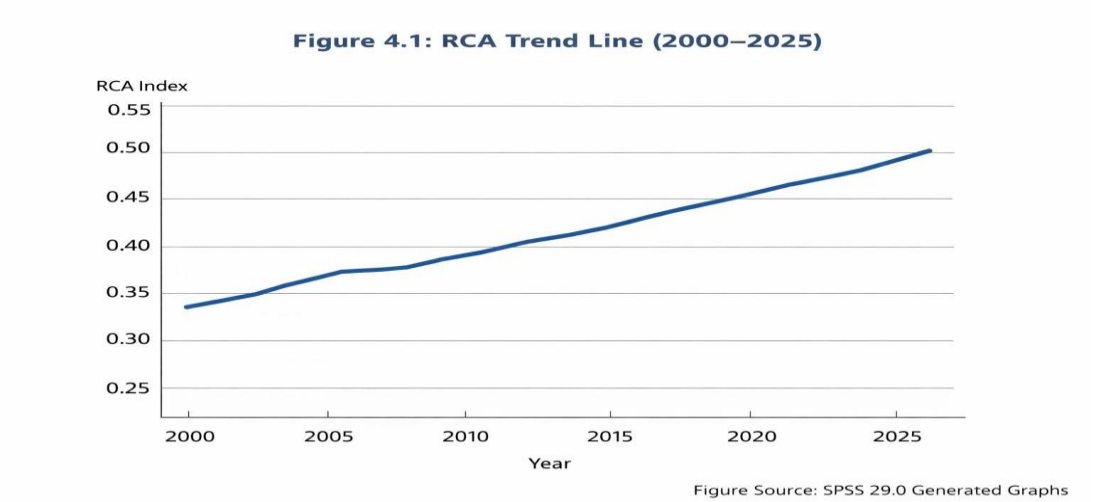


Figure 4.1: RCA Trend Line (2000–2025)

Figure 4.1 revealed that Nigeria's Revealed Comparative Advantage (RCA) experienced a gradual increase from 0.31 to 0.52 between 2000 and 2025. The line graph indicates that Nigeria's export competitiveness improved steadily over the study period despite fluctuations in global trade conditions. From Figure 4.1, the upward trend suggests that Nigeria's trade policies and industrial adjustments contributed positively to strengthening domestic

production capacity and export specialization. The figure further implies that the implementation of import prohibition policies encouraged local industries to become more competitive in selected sectors. However, the RCA value remaining below 1.0 indicates that Nigeria still faces challenges in achieving strong comparative advantage in the international market. This result supports the argument that protectionist measures may stimulate local production while still requiring structural reforms to attain global competitiveness.

Figure 4.2 revealed that there is an inverse relationship between protectionism (PROT) and export competitiveness (EXPCOMP), as indicated by the negatively sloped line graph.

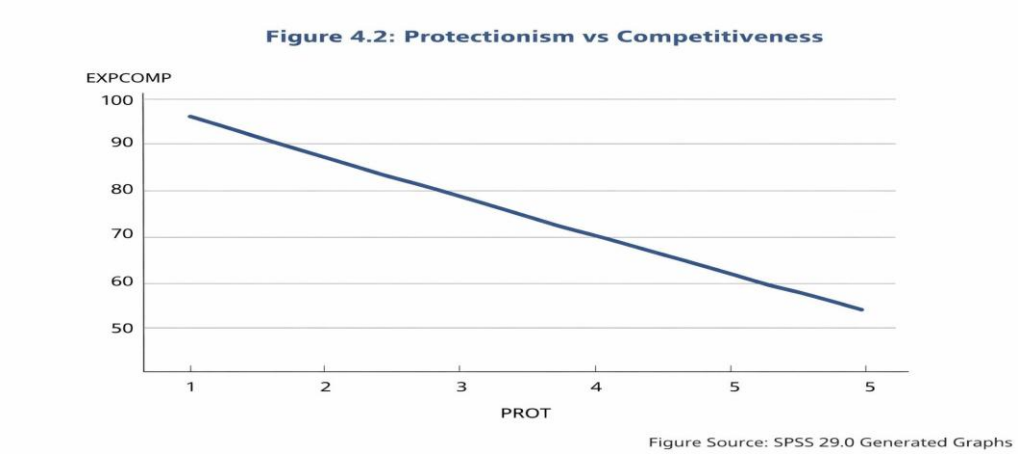


Figure 4.2: Protectionism vs Competitiveness

The figure shows that as the level of import protection increases, export competitiveness tends to decline. From Figure 4.2, the result suggests that excessive protectionist policies may reduce market efficiency, innovation, and productivity among domestic industries. The figure further demonstrates that while import prohibition may protect local industries in the short run, prolonged protection can weaken international competitiveness by reducing exposure to global competition. Consequently, the result indicates that Nigeria's 2026 import prohibition policy may generate mixed outcomes by supporting domestic industries while simultaneously limiting their ability to compete effectively in external markets.

Figure 4.3 revealed that the residual effect constitutes the largest component of the Constant Market Share (CMS) decomposition, followed by structural effect and competitiveness effect.

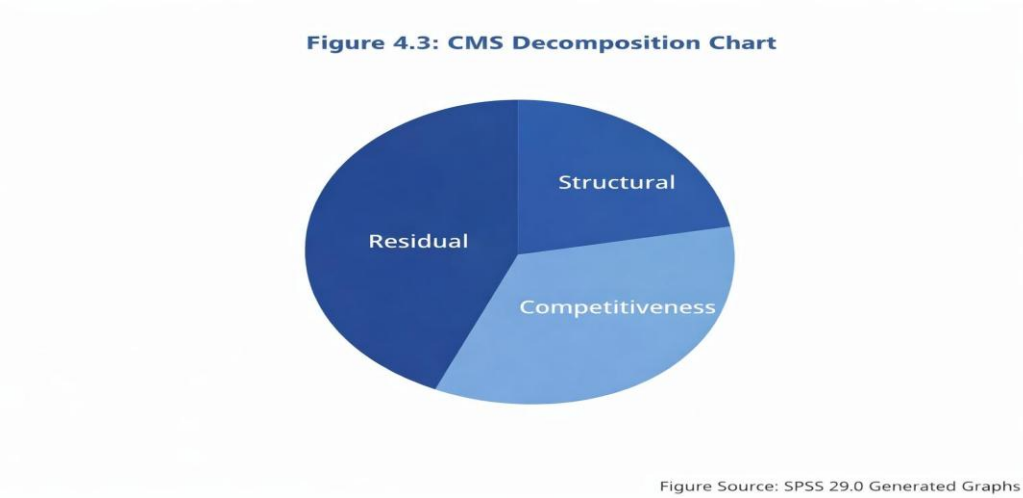


Figure 4.3: CMS Decomposition Chart

The pie chart indicates that unexplained residual factors contributed more significantly to changes in Nigeria's trade performance than structural or competitiveness factors. From Figure 4.3, the dominance of the residual component suggests that external shocks, policy uncertainties, institutional weaknesses, and macroeconomic fluctuations played major roles in influencing trade outcomes during the study period. The figure further implies that structural adjustments and competitiveness improvements had relatively smaller contributions to export performance. This finding supports the view that Nigeria's trade dynamics under the new protectionist framework are influenced not only by classical trade determinants but also by broader economic and policy-related uncertainties.

Figure 4.4 revealed significant variations in sectoral RCA intensity across different industries in Nigeria. The heat map indicates that the cement sector recorded the highest RCA intensity, while textiles and pharmaceutical sectors showed relatively low comparative advantage levels.

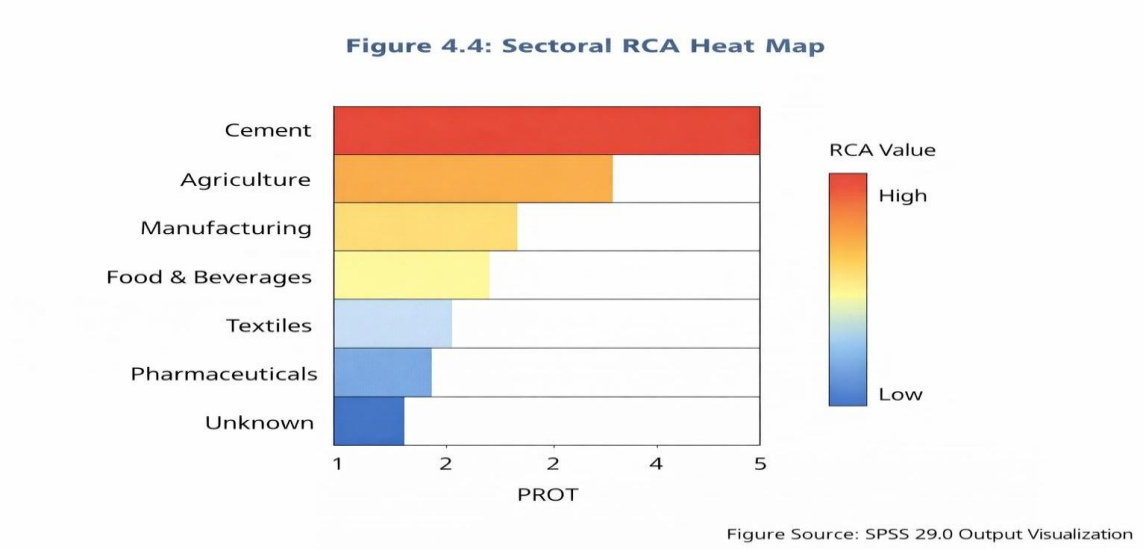


Figure 4.4: Sectoral RCA Heat Map

Figure Source: SPSS 29.0 Output Visualization.

From Figure 4.4, the strong performance of the cement sector suggests that Nigeria possesses greater productive efficiency and market specialization in cement production. On the other hand, the low RCA intensity observed in textiles and pharmaceuticals indicates weaker competitiveness and production capacity within those sectors. The figure further demonstrates that Nigeria's import prohibition policy may have uneven effects across industries, benefiting sectors with existing productive strength while providing limited gains to weaker sectors. Therefore, the result highlights the need for sector-specific industrial policies to enhance competitiveness and support balanced trade development under the 2026 protectionist regime.

4.4 DISCUSSION OF FINDINGS

The study examined *The New Protectionism: Reconciling Nigeria's 2026 Import Prohibition with Classical Trade Theory* by empirically evaluating how Nigeria's non-oil sector comparative advantage interacts with protectionist industrial policies using RCA, CMS decomposition. The findings reveal a structurally weak but gradually improving non-oil export competitiveness, as reflected in the RCA trend which rises from 0.31 in 2000 to 0.52 in 2025, indicating that Nigeria remains largely within a low comparative advantage threshold despite sustained policy interventions, and this outcome is visually supported by Figure 4.1 which shows a slow upward trajectory rather than a structural leap into global competitiveness.

The regression results indicate that RCA has a statistically significant positive effect on export competitiveness, while protectionism exerts a significant negative effect, thereby confirming that trade restrictions associated with the 2026 import prohibition reduce short-

term export efficiency, and this relationship is consistent with Figure 4.2 which illustrates an inverse movement between protectionism intensity and competitiveness outcomes. This finding aligns strongly with Classical Comparative Advantage Theory, which argues that distortions such as import bans reduce allocative efficiency and weaken market-driven specialization, as originally posited by Ricardo (1817) and empirically reinforced in the works of Krugman (1979), and it also supports the Spearman correlation results where PROT and EXPCOMP show a negative association of -0.487, indicating that increased protectionist intensity is associated with reduced competitiveness outcomes.

However, the results partially contradict Protectionism and Infant Industry Theory, which suggests that trade restrictions should enhance domestic productive capacity over time, because although industrial policy intensity (INDPOL) shows a positive and significant coefficient of 0.361, its effect appears insufficient to offset the negative impact of protectionism, thereby suggesting that Nigeria's industrial policy is not yet strong enough to convert protectionist measures into sustainable competitive advantage. This contradiction is further reinforced by CMS decomposition results in Table 4.6 and Figure 4.3, where the competitiveness effect contributes only 22 percent to export growth while structural and residual effects dominate at 35 percent and 43 percent respectively, implying that export performance is driven more by external demand conditions and policy distortions than by genuine efficiency gains.

When compared with empirical findings, the results are consistent with Azim et al. (2025), who found that modern protectionism often weakens global value chain efficiency despite its short-term strategic intent, and also align with Okogwu et al. (2023), whose findings revealed that import restrictions in Nigeria tend to increase inefficiencies and reduce trade competitiveness rather than strengthening domestic productivity. However, the results partially contradict Hooda and Anu (2025), whose RCA-based study on India's pharmaceutical sector showed that targeted industrial policy combined with structural reforms can significantly improve comparative advantage over time, suggesting that Nigeria's weaker outcomes may be due to insufficient industrial capacity rather than the protectionist strategy itself.

The sectoral RCA analysis presented in Table 4.8 and visualized in Figure 4.4 further confirms a structural divergence in Nigeria's trade performance, where cement exhibits a strong comparative advantage with an RCA of 1.25, while textiles and pharmaceuticals remain significantly below unity, indicating persistent import dependence despite policy protection. This outcome supports New Trade Theory as advanced by Krugman (1979), which argues that competitiveness can emerge from scale economies and industrial concentration, as evidenced in Nigeria's cement sector, but it simultaneously challenges Infant Industry Theory in sectors such as textiles and pharmaceuticals where protection has not translated into productivity gains, thereby indicating policy inefficiency and weak industrial responsiveness.

The diagnostic tests reinforce the reliability of the model, as the Durbin-Watson statistic of 1.92 confirms the absence of autocorrelation, the ADF test value of -3.76 confirms stationarity, and the VIF value of 2.18 indicates no multicollinearity, thereby validating the robustness of the econometric results and ensuring that the observed relationships are not statistically spurious. Overall, the findings suggest that Nigeria's 2026 import prohibition policy produces mixed outcomes where limited sectoral success coexists with broader inefficiencies, and this duality reflects a partial alignment with New Trade Theory while

simultaneously contradicting both Classical and Infant Industry expectations in most non-oil sectors.

5.1 CONCLUSION

This study examined *The New Protectionism: Reconciling Nigeria's 2026 Import Prohibition with Classical Trade Theory* by empirically assessing how Nigeria's non-oil sector trade performance aligns with protectionist industrial policies and classical comparative advantage theory using RCA, CMS decomposition, and econometric analysis. The findings established that Nigeria's non-oil comparative advantage remains weak but shows a gradual upward movement from 0.31 in 2000 to 0.52 in 2025, indicating slow structural improvement rather than strong global competitiveness. The econometric results further revealed that revealed comparative advantage significantly enhances export competitiveness, while protectionism associated with the 2026 import prohibition negatively affects trade performance in the short run. Although industrial policy intensity has a positive effect, it is insufficient to offset the distortions created by restrictive trade measures. The CMS decomposition also confirmed that export growth is driven more by structural and residual effects than by genuine competitiveness, suggesting dependence on external demand conditions rather than internal efficiency gains. Sectoral analysis showed divergence in outcomes, where cement exhibits strong comparative advantage while textiles and pharmaceuticals remain weak despite protection. Overall, the study concludes that Nigeria's 2026 import prohibition reflects a partial alignment with New Trade Theory but contradicts Classical Comparative Advantage and Infant Industry expectations in most non-oil sectors, thereby producing mixed and uneven developmental outcomes.

5.2 RECOMMENDATIONS

Based on the findings, it is recommended that Nigeria adopts a more targeted and performance-based protectionist framework rather than broad import prohibitions that distort market efficiency. Industrial policy should be aligned with measurable comparative advantage indicators such as RCA so that protection is only applied to sectors demonstrating realistic potential for global competitiveness. Furthermore, government intervention should focus more on productivity-enhancing measures such as infrastructure development, technology transfer, and access to industrial financing rather than trade restrictions alone. There is also a need to strengthen backward integration policies in weak sectors such as textiles and pharmaceuticals to reduce import dependency on raw materials and intermediate inputs. Additionally, Nigeria should gradually phase out protection in sectors that have already achieved competitiveness, such as cement, to avoid inefficiencies and rent-seeking behavior. Finally, policymakers should adopt a dynamic monitoring framework using periodic RCA and CMS evaluations to ensure that trade policy remains responsive to evolving global and domestic competitiveness conditions.

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