

AN OVERVIEW OF NIGERIAN ECONOMIC RELATIONS WITH CHAD



By

Garba Muhammad (Ph.D) & Ibrahim Babagana Shehuri

*Department of Political Science,
University of Maiduguri*



ABSTRACT

This paper discusses the different patterns, dimensions of Nigeria-Chad economic relationship. It focuses attention or special attention is accorded smuggling as well as Cross Border Trade that is taking place across the border of the two countries. Factors that are militating against active economic relations between the two countries were equally highlighted. The purpose of these must be understood and clearly anchored on its relevance to the existing relationship of the two countries. The paper uses linkage theory as its theoretical framework and for the methodology the data is predominantly empirical rather than speculative. The findings reveal that there is a good and cordial economic relation between the two countries. The paper recommend the need to strengthen economic relations/transactions between Nigerian and Chad.

Keywords: *Bilateral, Trade Relation, Economic Relations, Nigeria, Chad.*

Introduction

Nigeria and Chad are close neighbours and important countries in Africa. With an estimated population of about 180 million; Nigeria is the most populous African country and is well endowed both in terms of natural and human resources. It is a major oil producing country with an annual production capacity of 2.5 million barrels per day among other capabilities. These potentials provide the country with an advantageous position in both Africa and world politics, as exemplified in several bilateral relationship. For example, Nigeria and Chad remained key players in regional bodies like African Union (AU); Organization of Petroleum Exporting Countries (OPEC); the United Nations Organization (UNO); Lake-Chad Basin Commission

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(LCBC); and Organization of Islamic Conference (OIC) of which Nigeria and Chad are members. Nigeria had played and continues to play a major role in the socio-economic, political and cultural development of the continent, including peace keeping operations in Liberia, Sierra Leone, Chad, and previously in support of African Liberation Movements. At independence in 1960, the country expressed its dissatisfaction with France for its behaviours of testing atomic bomb in the sub-Saharan Africa region in the 1980s.

Chad has had long historical connection with Nigeria. A substantial number of the Kanuri, Shuwa-Arab and Kanumbu speaking groups in Chad trace their origin from Borno in Nigeria and vice-versa (Decalo, 1999). The socio-economic and political activities between Nigeria and Chad pre-date the colonial and post-colonial boundary demarcation. Trade between and among the people is largely characterized by commodity and livestock exchanges facilitated during the Trans-Saharan Trade which continues to date defying modern political boundaries. Socially, traditional institutions of the Bagirmi, Zaghawa, and the like are subsumed under the Kanuri, particularly in the former Kanem-Borno Empire, with loyalties across the border. This also underpinned the cultural relationship strengthened by inter-marriages due to common customs and belief system. All these serve as motivating factor for both the countries in strengthening and consolidating their relations (Decalo, 1989).

Eventhough, the current situation of economic relation between Nigeria and Chad has not been like before as a result of the Boko Haram insurgency in the North Eastern part of Nigeria and the Lake Chad region. For instance, the bulk of goods that goes into Chad from Maiduguri, the Borno state capital has drastically reduced and the same thing from Chad to Maiduguri. The economic relation between the two countries cannot be best described as sore but not encouraging which has seriously affected their trade ties.

Methodology

The data is predominantly empirical rather than speculative. The data was obtained through a thorough and careful examination of the existing literature on Nigeria-Chad relations. Therefore, the sources of data included textbooks, journals, magazines, newspapers, internal sources, and government publications.

Theoretical Framework

The paper uses linkage theory as its theoretical framework. The theory posits that there are linkages between foreign policy of a country, domestic and

international environments. Realists emphasize on the normal channels of inter-state relations. This involves ties between governmental as well as bureaucratic arrangements. Formal ties among Non-Governmental Organizations and those developed through Trans National Organizations such as corporations. The linkage theory takes care of realism, and idealism. The usage of this theory is not new. This is not only because of its significance but also because of the relative ease and comprehensiveness with which it approaches the question of what determines relations among nations. Their background, beliefs and predispositions have important bearings upon foreign policy and the behaviour of nations. It argues that whatever the strengths or weaknesses of the domestic factors in determining relations among nations, foreign policies of nations are also influenced by the external or the international environment.

Economic Relations: A Conceptualization

Economic relations here mean the conduct of trade and commerce between countries (Madujibeyya, 1995). Economy determines the strength and weaknesses of relations between two or more countries. With regards to Nigeria-Chad relationship, it was the most critical area which was rather low. Nigeria, with her economic resources of oil, gas and the like and the claim of Africa being the centre piece of her foreign policy, was expected to demonstrate this by having flourishing economic relations with any country that she is friendly with or having cordial relations, just like Nigeria's relations with the United States and United Kingdom. The assumption was wrong when it comes to relations with Chad because at official levels there were virtually no trade and commercial links between the two countries that were officially signed or bilateral agreement between them but informal trades exist across the border of the two countries, because of the long historical linkage between them.

This is not however, to completely rule out the existence of some form of trade and commercial transactions between the two countries. Trade and commerce are transacted between the two countries but the volume of trade was not documented because of the lack of signing of bilateral trade relations. Chadian people came to Maiduguri, the Borno state capital and Kano state to purchase trailer loads of finished goods like cosmetics, plastic product, spare parts, and electronics among others. The Nigerian merchants equally go to Chad to buy certain items of trade such as dry fish, gum Arabic, hide and skin spices, salts, horses, and cotton. These businesses were not conducted under

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official bilateral trade relations arrangement between the two countries (Balami, 2008).

Despite the age-long relations between Nigeria and Chad, there was no strong formal trade relation between the two countries, in 2005, even with the unofficial documentation the total trade transaction stood at 520 Million Naira only. See table 1 below.

Several reasons have been identified as militating against active economic relations between the two countries. It is noteworthy that Nigeria and Chad are Third World Countries that are highly dependent on the industrialized nations for some essential commodities defined as car, aeroplanes, rail, and so on. Thus, the two countries could be described as importers of consumer products. However, neither the latter nor the former could produce essential goods that could boost volume of trade between the two countries (Fage, 2002).

Another reason advanced is the “lack of effective communication system. Communication here refers to transport and good network of roads and rail lines services”. This failure is not unconnected with the Chadian crisis. The problem has grossly hampered business links between the two countries. Lastly, and probably the most serious problem is the continued in-security in Chad Republic. Chad has always been in crisis and fighting has been raging on. Chadian come to Nigeria, especially Maiduguri, terrorizing people along the border towns with some sophisticated weapons most especially when there is clash between the government forces and the rebel factions. Surely, if there has been peace and security, the volume of even the unofficial trade would have been greater.

The implications of the aforementioned challenges vividly demonstrate the nature of trade relations between Nigeria and Chad. Consequently, Nigeria and Chad's volume of trade remained low. Table 1 indicates that even after independence the two countries are economically linked to their former colonial mentors. The United States accounted for more than 90% of the two countries exports and imports, respectively. In contrast, there was very little trade with African countries, although Chad seems to have more trade relations with EEC, Britain, France and so on than Nigeria. Equally, Nigeria has more trade relations with British, US and EEC than Chad.

Table: 1 Nigeria-Chad Direction of External Trade 2012-2020
Percentage of Total Export

Nigeria	Chad							Nigeria
Year	UK	EEC	USA	Chad	FR	EEC	USA	
2012	44.1	33.4	11.2	0.2	75.6	82.0	--	16.0
2013	42.0	33.9	10.8	4.4	49.1	59.3	0.1	24.0
2014	39.1	36.7	9.2	4.1	53.6	67.6	0.1	20.0
2015	37.8	35.8	6.7	3.8	55.1	65.3	--	17.0
2016	38.0	36.1	9.8	2.3	45.4	53.1	--	18.0
2017	37.9	39.8	8.1	2.6	48.7	55.0	0.6	21.8
2018	29.4	44.0	7.8	1.7	7.3	74.8	0.1	15.4
2019	29.4	40.7	8.3	1.7	64.0	76.4	0.1	15.4
2000	27.2	41.1	12.4	1.7	78.6	82.0	0.1	14.9
2001	23.8	49.1	6.2	1.2	31.8	48.7	0.1	20.8
2002	21.7	62.	17.8	2.2	17.7	39.4	6.5	24.2
2003	21.0	60.0	20.9	2.2	18.7	43.1	7.0	16.7
2004	18.7	52.	24.2	2.0	18.8	43.1	7.0	15.3
2005	16.8	54	27.4	2.0	26.7	46.7	8.0	16.0
2006	14.1	46.3	29.0	2.0	6.9	70.1	2.7	9.6
2007	10.4	37.	34.9	2.1	9.4	25.3	1.0	3.0
2008	7.0	34	40.0	2.1	17.2	24.2	0.6	4.7
2009	6.4	3.6	42.2	2.8	8.4	16.4	--	8.1
2010	2.2	40.1	48.7	1.8	8.2	20.2	--	12.2
2011	1.4	37.	35.6	2.0	8.8	36.3	--	17.2
2012	1.4	37.3	35.6	2.7	3.8	31.0	-	23.7
2013	2.3	49.4	32.4	2.5	5.4	26.8	63.0	12.6
2014	4.3	54.	28.2	2.3	6.2	24.0	37.5	7.5
2015	3.4	59.0	18.1	2.7	1.5	47.2	0.1	11.7
2016	5.2	5	19.8	2.4	3.8	35.4	0.3	15.7
2017	7.1	35	40.1	2.1	17.1	24.1	0.5	4.5
2018	21.0	60.0	20.9	2.2	18.5	43.0	7.0	16.8
2019	23.5	49.5	6.2	1.2	31.5	48.6	0.2	20.9
2020	29.8	41.6	8.2	1.5	64.3	75.2	o.2	15.3

Source: Computed from: IMF Year Book, Direction of Trade Statistics, (2020).

The trade relations between Nigeria and Chad is low and unimpressive compared with either their former colonial masters (British and France),

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European Economic Community (EEC) or the United States which were impressive.

Admittedly, the factor of low levels of foreign trade is not unique solely to Nigeria-Chad relations. It is characteristics of Nigeria's intra African relations. Nonetheless, the relative poor performance of Chad in Nigeria's external trade is due to a number of factors which limited the growth of inter-African trade. Perhaps the most significant is the factor which is common throughout Africa; namely, the nature of their economies. As colonial legacies, both Nigeria and Chad are almost entirely dependent on the exportation of raw materials to the West and the importation of the most basic products needed for development as well as for the sustenance of any economic activities.

Nigeria and Chad's external trade was and still remains Eurocentric. Western European and the US accounted for over 85% and 90% of Nigeria's exports and imports respectively (Fage, 2002). Apart from contradicting the oft-stated "open door trade policy" this dependence on vertical ties has negatively impacted on Nigeria's trade with developing countries, such as Chad. The consuming pre-occupation on trade with developed countries has relegated the development of trade ties with developing countries to the background. Moreover, the heavy dependence on vertical ties has minimized the emergence of an effective clearing or cleared mechanism to facilitate economic transactions between the two countries (Zartman, 2000).

There were, of course, other factors which adversely affected Nigeria-Chad bilateral trade. One of these was the discrepancy in attitude between the inward looking national elites and the outward looking general populace. On one hand, the elites favoured consolidation "of the nation-state as distinct politico-geographical units through their policies". On the other, the general populace not only "resented interference in the (age-old) trade" but also continued to move through the two countries without regard for immigration laws and procedures.

One side effect of this divergence in attitude was (and still is) the proliferation of smuggling across national frontiers. Attempts by the national elite to enforce the idea of a nation-state compelled the general populace to avoid immigration procedures, and also to engage in significant trading activities on an informal basis. For instance, a World Bank Report estimated that in the 1970's and 1980's a significant proportion of cattle trade between Nigeria and Chad was unrecorded. Within this period, Nigeria was Chad's most significant trading partner on both formal and informal levels. Between 1970 and 1974, Nigeria accounted for 79.4% and 64.7% of Chad's recorded and unrecorded cattle trade respectively. While the former went up 87%, the latter

fell to 53.4% between 1975 and 1979. A year later, Nigeria's share of cattle trade stood at 69.1% and 66% of the recorded and unrecorded trade respectively (Thompson & Richard, 1991).

To view smuggling in its proper perspective, the economic, security, political and socio-cultural problems it poses must be considered. By the estimate of Nigeria's ministerial commission on Border Trade, only 20% of the total cattle traded between the two countries “conformed to import regulations” while 80% of such trade went unrecorded or smuggled (Decalo, 1999). In addition, there was (and still is) smuggling in all types of goods as well as the problems of illegal trafficking in the Naira (Nigerian currency) and narcotic drugs, and the infiltration of illegal and dangerous aliens into Nigeria”.

Smuggling might have appeared as simple economic issue, but it affected national security as well. First, the growth of formal Nigeria-Chad bilateral trade appeared to have been limited by large-scale smuggling. The itinerant and cattle traders “who are unused to the banking habits of city dwellers” found it much easier and beneficial to continue with trading in the “out-dated way” they have been trading “for generations”. Thus, “application of modern rules became almost impossible”. Second, smuggling resulted in the loss of a huge amount of tariffs and other revenues that might have accrued to both countries had the border been conducted on a formal basis. Most critically, illegal trafficking in currency, food and narcotics is a major socio-economic problem that impacted on Nigeria's security (Bukarambe, 1984:99).

Barring the construction of a wall along Nigerian borders, petty irregular, and individual trading, especially in livestock and other products across the borders cannot be completely stopped. But illegal trafficking in Naira and narcotic drugs across the borders, smuggling in all types of goods, and the infiltration into Nigeria of illegal and dangerous aliens have to be reduced to the barest minimum, in the interest of security and orderly government in the country (Bukarambe, 1984:99).

Implicit in the above statement is a fundamental policy assumption that underlined Nigeria's relations with its neighbours the official belief that formalizing the border trade would reduce smuggling, check illegal immigration into Nigeria, and help some domestic problems such as food shortages, inflation, and the socio-economic problems associated with narcotics.

Cross Border Trade is another aspect that strengthens the economic or trade relations of the two countries despite its shortcomings. Nigeria-Chad Cross Border Trade (CBT) in Nigeria's North-Eastern frontier is conducted

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around Gamboru, Ngala, Banki and Sahuda routes. The Gamboru, Ngala border zone is about 148 kilometers from Maiduguri, the Borno state capital (Zartman, 2000). The available statistics on Nigeria and Chad's cross border trade is shown in the Table 2

Table 2 Nigeria's Export to Chad on CBT in 2019

ITEM	QUALITY	VALUES (CFAF)	NAIRAAT 2000
Machinery			
equipments	24 units	109,955	122,095
Furniture	100 tons	3,5000,000	385,039
Electric piece	1000 carton	1,800,00	198,000
Salt	200 tons	6,500,000	715,001
Soap powder	185 tons	6,500,000	6,127,006
Washing soap	100, cartons	55,700,000	440,000
Cigarettes	540 units	4,000,000	860,751
Metal	641 tons	7,825,000	1,996,679
Tea	57 tons	18,151,612	1,867,890
Bats	7 tons	5,000,000	550,000
Shoes	4900 piers	4,900,000	539,001
Milk	45 tons	21,800,000	2,398,02
Plastic	1167 units	17,500,000	1,925,002
Spare part	1 ton	200,000	22,000
Flour	150,000 tons	9,000,000	990,000
Gas	650 tons	33,901,000	3,729,114
Benzene (fuel)	1202 barrels	1,420,776,800	156,285,604
Lubricants	20 barrels	2,794,037,560	307,344,439
Gasline	5013 barrels	6,274,042,525	690,145,368
Kerosene	5150 barrels	358,487,170	39,433,628

Source: Ministry of Economics of Chad (Department of Import and Exports) 2019.

Table 3 Nigeria's Import from Chad on CBT in 2019

ITEM	QUALITY	VALUES (CFAF)	NAIRAAT 2000
Hide and Skin	3003 tons	1,102,500,000	121,275,120
Gun Arabic	500 tons	150,000,000	16,500,017
Livestock	1000 tons	1,000,100,200	110,012,009
Cotton	100 tons	3,000,500	387, 009

Source: Ministry of Economics of Chad (Department of Imports and Exports) 2019.

The recorded trade between Nigeria and Chad shows that Chad's imports from Nigeria amounted to approximately 14,817 (? 138. 8) million CFA Franc in 2001, 4368 (? 436.8) million in 2018 and (567.3) million in 2019. In terms of recorded trade, Nigeria is an important trading partner to Chad. Nigeria's cross border official trade with Chad is 10%. This shows the relevance of Nigeria to relate with Chad and vice-versa.

Conclusion

The conclusion of this paper is that Nigeria and Chad economic relations is profoundly rooted in trade, migration and other variables at the domestic level exerting considerable influences that ensure continuity and change in the economic relations between the two countries. Neither Nigeria nor Chad can afford to jettison each other because of the mutual benefits in the economic relations.

The history of the relations between the two countries is far more deeply rooted than is often imagined; the contact began since times immemorial. Despite the deep rooted nature of the economic relations, formal ties between the two countries commenced only when Chad and Nigreja became independent sovereign states in 1960 respectively. Despite the age long economic relationship, the volume of trade between the two countries has been weak especially when Boko Haran insurgency commenced.

Recommendations

In order to ensure strong economic relations between Nigeria and Chad, a number of pertinent recommendations are worthy of consideration. Trade relations between the two countries have continued informally for many decades. There is therefore the need for urgent concretisation and streamlining of formal trade relations between the two countries.

The paper recommends that there is the need for the Chadian authorities in particular to strengthen security measures in the Nigeria-Chad border to curtail the influx of refugees into Nigeria as well as traffic in arms and ammunitions across the border. The paper further recommends that there is the need to address the challenges faced by both countries of Boko Haram insurgency in the course of their economic relations so as to enhance the economic transactions.

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