Impact of Smuggling of Consumer Goods on Economic Development in Nigeria: A Study of Benin-Nigeria Border.

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ABSTRACT

The smuggling of consumer goods poses a serious threat to the Nigerian economy. Several measures implemented by successive administrations to address the menace appeared not to have yielded the desired result. The paper examined the smuggling of consumer goods across the Benin-Nigeria border from 2015-2022. Functionalist theory associated with the works of Émile Durkheim, and Talcott Parsons, among others, found expression in understanding the phenomenon of smuggling activities in Nigeria. The basic tenet holds that society is made up of various parts sub-parts as well as individual units. These parts or units are grouped to form a structure of society. Thus society is just like a human body made up of different interconnected parts (organs) that function to keep the society (system) functioning. The prevalence of smuggling of consumer goods in Nigeria is therefore implicated in the dysfunctional nature of sub-systems in the country evident in the socio-economic, and institutional weaknesses manifested in porous border security, poor economic policies, and under-equipped security agencies e,t,c. The paper utilised a cross-sectional survey design and combined both primary and secondary methods of data collection. Purposive and simple random sampling was used to sample the target population. The Krenjice and Morgan (1970) sample size technique was adopted in determining the sample size of three hundred and sixty-three (363) respondents. Data collected was analyzed using SPSS 27 and presented in mean and standard deviation. Linear regression was used to test the hypotheses. The study established that Nigeria's protectionist trade policies significantly influenced the smuggling of consumer goods across Benin -Nigeria. The study also found that the smuggling of goods adversely impacts on Gross Domestic Product and unemployment in Nigeria. The government should enhance the capacity of Nigerian Customs by way of regular training, provision of adequate equipment, remuneration, etc. The Nigerian Customs should intensify the application of Information Technological (IT) based border security such as surveillance drones and Hi-Tech

Closed Circuit Television Cameras and scanners. The government should adequately deal with economic factors that tend to promote smuggling such as high tariff regimes, and import bans. The government should overhaul Nigerian port operations to fast-track import processes. Intense and sustained inter-agency collaboration among various security agencies at the border must also be enhanced while stamping out corruption among security agencies that man Nigeria's borders.

Key Words: Smuggling, Consumer Goods, Border, Economic Development, Unemployment, Gross Domestic Product

1.1 Background to the Study

The increasing rate of smuggling of consumer goods across the Nigeria-Benin Border poses a major threat to Nigeria's economy. Adeyinka (2014), Golub, (2015, 2009); Musilimu, (2014); Aluede, (2017); and Golub & Mbaye (2009) maintained that its emergence could be traceable to a combination of historical and institutional factors: artificial national borders established in the colonial era and maintained after independence; disparities in the economies of the two countries, level of tariffs, as well as a list of import prohibitions for various goods, porous borders between contiguous nation among others. Describing its nature, Golub, Mbaye & Igue (2019) pointed out that, smuggling flows through several informal channels such as land or water. By land, there are numerous and ever-changing tracks used by traders along the long borders. Aregbeyen, (2012) Alabi, (2017), Simon, (2011), Okeke & Richard, (2014), Aluede, (2017) Adeniji (2018) among others contend that smuggling paralyses our local industries, drains the foreign earnings of the nation and contributes in flooding the market with sub-standard, fake and expired products. Although successive governments have recorded appreciable success in combating the menace through Joint Border Patrol (JBP), closure of the border, and import ban among others, smuggling has continued unabated. It is against this backdrop that this paper sets out to critically examine the smuggling of goods across the Nigeria-Benin border to drastically curb the menace.

1.2 Statement of the Research Problem

The high rate of smuggling of contraband consumer goods across the Benin-Nigeria border despite several efforts by the government and other stakeholders to address the trend is worrisome. The Nigerian Textile Manufacturers Association, (NTMA) revealed that an estimated US$1.19 billion worth of textile materials are smuggled into Nigeria

annually (Muhammed, 2011). The Nigerian Customs reported that Nigeria loses billions annually in revenue due to smuggling activities. In 2011, the Nigerian Custom reported a total of 9,497 seizures with a duty paid value of ₦16,221,457,870.47 and a total of 517 arrests were made in connection with the seizures. In the first half of 2015, the service made 348 seizures with a paid value of N142,555,243.00. In 2016, the command made a total of 76 seizures with duty duty-paid value of N67, 729,225.18. In 2017, the anti-smuggling unit of the command made 469 seizures with a duty-paid value of N508 million from January to October. In 2018, the Nigerian customs service reported the seizure of contraband goods worth N414.71 million worth of smuggled into Nigeria. In 2019, the Seme area command of the Nigerian customs service reported that the command recorded 1302 seizures of smuggled and contraband goods with duty paid value of N1, 5 billion with 2019. The seized goods included foreign rice, used vehicles, vegetable oils, second-hand clothes and shoes, sugar, frozen birds, cloths and textile materials, used tyres and premium motor spirit. In 2021, the Ports and Terminal Multi Services Limited (PTML), PTML command made some seizures comprised of four (4) containers; (3x40ft & 1x20ft) which were found to contain bags of rice, vegetable oil, drinks, vehicles, pharmaceutical product among others with a Duty Paid Value of fifty-five million, five hundred and twenty-nine thousand, two hundred and eighty-five naira (N55, 529,285.00) (NCS Report, 2020).

Consequently, the country has continued to grapple with the negative effects of smuggling of goods such as the distorting effect on prices, and loss of revenues (as goods are sold below normal market prices) thus source of disincentive to investment, depleted public revenue that should boost the economy among others. Although several scholars, for example, Aluede, (2017); Golub & Mbaye (2019) Ola & Fabiyi,(2020) examined the causes of smuggling, its specific impact on the economy especially on unemployment and GDP Per capita have not received the desired attention. This paper therefore proceeds to critically examine the impact of smuggling of consumer goods on economic development with a focus on unemployment and tax to GDP ratio in Nigeria to advance measures to address the ugly development.

1.3 Research Questions

The paper attempts to provide answers to the following research questions:

i. To what extent does Nigeria's protectionist trade policy influence the smuggling of consumer goods across the Benin-Nigeria Border?

ii How does the smuggling of consumer goods influence Gross Domestic Per capita in Nigeria?

iii How does the smuggling of consumer goods influence unemployment in Nigeria?

1.4 Objectives of the study

The core objective of this paper is to examine the impact of the smuggling of consumer goods across the Nigeria -Benin border on economic development in Nigeria. Other specific objectives include:

i. To analyse the influence of Nigeria's protectionist trade policies on the smuggling of consumer goods across the Benin-Nigeria border.

ii To analyse the influence of smuggled consumer goods on Gross Domestic Per capita in Nigeria.

iii To analyse the influence of smuggled consumer goods on unemployment in Nigeria.

1.5 Research Hypotheses

The following null hypotheses were tested in this paper.

H01 There is no significant relationship between Nigeria's protectionist trade policies and the smuggling of consumer goods across the Benin-Nigeria border.

H02. There is no significant relationship between smuggled consumer goods and gross domestic product per capita in Nigeria.

H03: There is no significant relationship between smuggled consumer goods and unemployment in Nigeria.

1.6 Conceptual Framework

1.6.1 Smuggling

The Nigerian Customs Service (2004) describe smuggling as false declaration and concealment of goods, Wilful underpayment of customs Duties, trafficking in prohibited restricted goods, use of unapproved routes and ports, forging of customs documents, and Touting in Customs goods and documents. Smuggling can be defined as the purposeful movement of people, goods and services across a border in contravention of the relevant legal frameworks. This paper focuses on the scope of smuggling activity (such as bootlegging the illegal manufacture, distribution, or sale of goods, especially alcohol or recordings vs wholesale smuggling involving the movement of goods without the payment of taxes or duties.

1.6.2 Consumer Goods

Consumer goods according to Grabner-Krautre (2018) are products bought for consumption. Also called final goods, consumer goods are the result of production and manufacturing. Clothing, food products, and dishwashers are examples of common consumer goods. Consumer goods also called retail goods include nearly all retail products sold. These goods are manufactured to sell them to the final consumer. Durable goods are consumer goods that have a life span of over three years and are used repeatedly over time. Cars and other household items such as refrigerators are considered durable goods. Nondurable goods are consumed in less than three years, are commonly used one time, and include packaged food, rice, poultry products, and drinks or laundry detergent.

1.6.3 Economic Development

The concepts of "development" and "underdevelopment" are ambiguous, and for decades they have been the subject of endless debates and discussions. There is no clear picture or definition of what constitutes "economic underdevelopment" or how to achieve it, as it is an evolving concept, and keeps altering over time. Broadly, economic development is taken to be the structural transformation of an economy by introducing more mechanized and updated technologies to increase labour productivity, employment, incomes, and the standard of living of the population. Economic development should be accompanied by improvements in infrastructure, as well as social, political, and institutional factors to facilitate the transformation of the economy (Myintand Krueger 2016). Economic development may be defined as an increase in the productive capacity and production of a country at a rate higher than the increase in its population. Other indicators of economic development include GDP per capita, modern transportation, improved healthcare, adequate employment opportunities, gender equality, morbidity, inflation rate, investment level and national debt, birth and death rates, morbidity, education levels (measured through literacy and numeracy rates, life skills, housing, social services like hospitals, health facilities, clean and safe drinking water, schools (measured by the distance learners must travel to reach them), ability to use hard infrastructure (railways, roads, ports, airports, harbours and telecommunication, soft infrastructure, like Internet and life expectancy(UNDP, 2022).

1.6. 4 Border

A border is a physical or political line that separates geographic areas. A border is a real or artificial line that separates geographic areas. Borders are political boundaries. They separate countries, states, provinces, counties, cities, and towns. A border outlines the area that a particular governing body controls (Adesina (2019). The Benin–Nigeria boundary extends in a generally southerly direction from the tripoint with Niger on the Niger River to the shoreline of the Gulf of Guinea. The 820-kilometre boundary follows the Okpara River for over 180 kilometres and lies at latitude 6° 37' north of the equator and longitude 2° 40' east of the meridian. These twelve (12) official border crossings approved by the Customs and Excise Management Act (CEMA) namely Ilari, Yekeme, Ijiofin, Idioroko, Ifeonyintedo, Idopetu, Ohumbe, Ijoun, Meko, Ijio, Okuta and Chikanda. The border plays host to many other unofficial crossings mainly through busy parts (NCS, 2019).

1.6.5 Unemployment

The International Labour Organisation (ILO) describes unemployment as the situation where people are currently not working but are willing and able to work and have actively searched for work. Nwankwo & Ifejiofor, (2014) observed that the rate of unemployment in Nigeria has been growing in a geometric progression since the 1990s. This they attributed to successive government neglect of the agricultural sector, import dependence, smuggling of goods and the emergence of Nigeria as a mono-cultural economy. Unemployment in Nigeria has been attributed to many factors including low demand for labour occasioned by infrastructure deficit and closure of industries. The availability of infrastructure which should attract industries that will create employment opportunities hence reducing the rate of unemployment is lacking due to revenue loss from economic vices such as the smuggling of goods (Nwabueze, 2009).

Data from the International Labour Organization (ILO) database, hosted by with World Bank, in 2022 and corroborated by the National Bureau of Statistics (NBS) (2021), reveals that Nigeria's unemployment rate combined is 33.3% as of 2020 which remained that high. The data also reveals that the worst-hit are Nigerian youths with a 19.67% unemployment rate. According to the half-yearly review of the economy released by the Manufacturers Association of Nigeria (MAN) the manufacturing sector has witnessed a

significant loss of jobs and an increase in the value of unsold goods. In the first half of 2023, the manufacturing sector lost approximately 3,567 jobs, representing a 32.8% reduction in employment generation capacity when compared to the same period in 2022, which saw the generation of 9,559 jobs. The report highlights the adverse effects of dumping of smuggled goods and an unfriendly business environment, which has been exacerbated by hasty policies and the repercussions of the currency redesign policy that led to a shortage of naira. The result has been a substantial increase in the value of unsold goods, reaching N272 billion, which signifies a 45.4% rise compared to the previous period, (MAN 2022).

1.6.7 Gross Domestic Product (GDP)

Gross Domestic Product (GDP) is the overall monetary or market valuation of all completed products manufactured within the boundaries of a nation over a specified period (Haldane, 2018). A tax-to-GDP ratio is a gauge of a nation's tax revenue relative to the size of its economy as measured by gross domestic product (GDP). Nigeria's tax-to-GDP ratio in 2021 (6.7%) was lower than the average of the 33 African countries in 2023 (15.6%) by 8.9 percentage points. Although, the tax-to-GDP ratio in Nigeria increased by 1.1 percentage points from 5.5% in 2020 to 6.7% in 2021. In comparison, the average for the 33 African countries within the Revenue Statistics in Africa 2023 publication has remained unchanged over the same period and was 15.6% in 2021. Since 2010, the average for the 33 African countries has increased by 1.5 percentage points, from 14.1% in 2010 to 15.6% in 2021. Over the same period, the tax-to-GDP ratio in Nigeria has decreased by 0.6 percentage points, from 7.3% to 6.7%.

The highest tax-to-GDP ratio reported for Nigeria since 2000 was 9.7% in 2011, with the lowest being 5.3% in 2016(OECD, 2023). Generally, government revenue in Nigeria was 7.3 per cent of GDP for 2021 less than half of the average in countries belonging to the Economic Community of West African States (ECOWAS) and nearly a third of the average of countries in Sub-Saharan Africa (SSA) and ranked as 191st out of 193 countries in the world. The above figures are illustrative of the high rate of tax evasion and avoidance occasioned among many by the smuggling of goods in the country.

1.7 Empirical Review

1.7.1 Factors Influencing Smuggling of Consumer Goods

Zainab, Babar & Zahid (2014) investigated smuggling around the world: An empirical investigation of causes and indicators using the MIMIC model. The result indicates that an increase in tariff burden intensifies smuggling, whereas the unemployment rate and trade openness hurt smuggling for both sets of countries. They opined that corruption leads to an increase in smuggling for developing countries while the same hurts smuggling in the case of developed countries. Education leads to a fall in smuggling for developing countries, while unexpectedly, the same stimulates smuggling in developed countries. Turning to indicators, the labour force participation rate is positively affected by smuggling in developed countries and negatively in developing countries. Smuggling could be reduced while giving incentives to work in the official economy and disincentives to operate in the informal economy.

Ayoki and Obwona (2007) examined smuggling in East Africa and argued that the necessary pre-conditions for smuggling in East Africa go beyond differences in trade policy to include inflation differentials, differences in the relative value of the EAC member currencies, weak governance and corruption, and investment climate.

Omar (2023) investigated the effect of the Smuggling of Goods on Malawi's economy using a descriptive method. The targeted respondents were selected using stratified random sampling and judgmental sampling techniques for MRA employees and business operators respectively. The collected data were analyzed statistically with statistical software. The findings show that the motivating factors for the smuggling of goods were high profitability due to price disparities between countries, high importation and exportation taxes, lack of formal jobs, demand-supply gap in formal system, corruption of tax authorities and security personnel, favourable unchartered routes away from the customs checkpoints, weakness of border enforcement, and political influence.

Golub (2009) investigated Informal cross-border trade and smuggling in West Africa and observed that smuggling in Africa is flourishing due to a confluence of factors: long traditions of regional, uncoordinated and often highly interventionist policies, widespread corruption, weak border security, and widespread poverty and unemployment, which has spurred both the demand for and supply of informal markets.

1.7.2 Smuggling of Consumer Goods and Tax-Gross Domestic Per Capita Ratio

Karafo (2018) assessed the effect of contraband on government revenue of Segen Area People Zone. The study was descriptive and used only primary data from revenue authority employees and contraband business operators through structured questionnaires. The targeted respondents were selected using simple random sampling and judgmental sampling techniques. The collected data were analyzed statistically with statistical software. The result of the study shows that the motivating factors were lack of formal income, lack of job and the demand and supply gap in formal operation. The finding also reveals that contraband undermines the government revenue, increases the tax burden on formal business operators and may remove them from the official system into an informal nontax paying system. Moreover; it kills the need for investments and innovations in the country, wipes out foreign currency that a country may earn from legal import export and creates unfair competition in the market. Ehiedu, Onuorah, & Owonye (2021) investigated the effect of revenue leakages on economic development in Nigeria from 2000-2020. The study found that tax evasion and avoidance of oil revenue (TEAOR) have a negative insignificant effect on the economy. Nnenna & Nwankwo (2016) examined the effect of tax evasion and avoidance on economic development in Nigeria. The study adopted the ex-post facto research design and data were obtained from the Central Bank of Nigeria Statistical Bulletin for the period 1999 - 2012. The Ordinary Least Square Regression (OLS) model was used to test the hypothesis. Findings suggest that tax evasion and avoidance had a negative significant impact on the growth of the Nigerian economy.

Amahalu, Okoye, Obi & Iliemena (2019) examined the effects of tax leakages on the economic development of Nigeria from 2008 to 2017. Specifically, it investigated how tax evasion and avoidance influenced economic development measured by gross domestic product per capita, infant mortality and life expectancy. The Augmented Dickey-Fuller was used to test the time series data for stationarity. The findings of this study confirmed that tax leakage has a significant negative effect on economic development in Nigeria at a 5% level of significance. Ellawule (2018) studied the effect of tax evasion on the economic development of Yobe State, Nigeria. Using secondary data and chi-square, for data analysis Statistical Package for Social Science (SPSS) version 20 concluded that tax evasion has a significant effect on the economic development of the state. The study recommended that the state government should improve governance and reduce insurgency in the State.

1.7.3 Smuggling of Consumer Goods and Unemployment

Oshodi (2022) examined the factors that led to the collapse of moribund industries in Nigeria. The study found that many industries folded due to smuggling of goods into the country, poor power supply, over-dependence on imported raw materials, poor quality of local raw materials and harsh business environment. The finding also reveals that manufacturing employment declined as the fortunes of these industries declined in Nigeria. Moreover, foreign exchange that would have been generated is lost.

David (2021) examined the effect of smuggling on the performance of small and medium-scale enterprises in Ekiti State. The study adopted a survey approach. The study population consists of 395 small-scale business owners in Ekiti State. Multi-stage sampling was used to select 350 SME owners who participated in the study. Data analysis was done using simple linear regression. The regression test results showed that smuggling activities significantly affect the performance of SMEs in Nigeria. Aregbeyen (2010) examined counterfeiting and smuggling of manufactured products in Nigeria using a survey design. The study found that findings are that: counterfeiting and smuggling are severe problems for the manufacturing sector and the economy of Nigeria; counterfeiting and smuggling have had significant negative effects on the operations of the manufacturing firms, the manufacturing sector and the economy of Nigeria (through employment loss, revenue loss to the government, high cost of law enforcement, etc.

1.8 The Functionalist Theory

The Functionalist theory is associated with the works of Emile Durkheim (1917), Robert K. Merton (1968) Talcott Parsons (1979) Herbert Spencer (1820-1903 among others. The basic assumption of the theory rests on the fact that society can be likened to a living organism made up of parts, which function harmoniously for the survival of the whole system. Durkheim was also concerned with how social systems are integrated and hold themselves together (Kingsbury and Scanzoni 1993). Hence, if any part fails to contribute its functional quota or does not promote conditions that enable value consensus among members of the society, the attendant feedback is always dysfunctional outcomes that undermine the well-being of society (Schaefer, 2002).

Structural-functionalist theory is used in this paper to buttress how economic and political institutional failure has influenced the smuggling of consumer goods into Nigeria. This is manifested in porous borders, weak economic policies, weak political will, and daunting administrative challenges on the part of the governmental agencies

and institutions saddled with the responsibility of border security among others. Structural functionalism is the view that in a political system, some institutions or structures perform specific functions and that when such institutions fail to perform their functions, the political system will be disoriented and dysfunctional leading to different upheavals such as the smuggling of goods into the country. The role discrepancy and weaknesses of sectors established to checkmate smuggling have combined to create factors that promote smuggling such as poor border management, corruption of enforcement, weak anti-smuggling laws, difficulties in import payment systems, and delays in clearance of goods at the ports e.t.c. An important underlying cause of smuggling is Nigeria's dysfunctional economic policies, and weak border patrol, among others which provide incentives and impetus for smugglers to profit from circumventing Nigerian authorities. To this end, the smuggling of goods can be seen as a manifestation of a dysfunctional state of social-economic institutions in Nigeria with attendant effects on economic development.

1.9 Methodology

This paper employed a cross-sectional survey design. It combined both qualitative and quantitative methods of data collection. Data was sourced from both primary and secondary sources. questionnaire and interview were used in collecting primary data whilst secondary and time series data on GDP and unemployment were collected from publications of the Central Bank of Nigeria (CBN). The target population for this study was six thousand four hundred and forty-two (6,442) derived from the population of specific units and departments in the Nigerian Customs Services (NCS), Nigerian Immigration Service (NIS) and National Drug Law Enforcement Agency (NDLEA).

Three Hundred and Six (363) respondents were sampled using the Krejcie and Morgan (1970) sample size determination technique. Purposive and simple random sampling was employed to obtain the sample from the targeted population. Quantitative data obtained was analyzed using the Statistical Package for Social Scientists (SPSS) software version 2.5 to generate descriptive and inferential Statistics. The hypotheses were tested using linear regression. Generally, the model is specified as:

$Y = \beta o + \beta X1 + \mu$

Where:

Y = economic development (Dependent Variable)

X = Smuggling of goods (Explanatory/Independent Variable)

β0 = Constant term (Intercept)

β = Coefficient of tax leakage

μ = Error term (Stochastic Term)

Decision Rule Accept the alternative hypothesis if the P-value of the test is less than 0.05. Otherwise, reject.

Table 1.1. Table showing the distribution of the sample.

Sampled Area	**Departments**	**Target Population**
Nigerian Customs Service	Inspection & Enforcement	3600x363 = 202 6,450
Nigerian Immigration Services(NIS)	Department of Trade	1500 x363 = 85 6,450
Nation Drugs Law Enforcement Agency (NDLEA)	Department of International Trade	1,350 x 363 = 76 6,450
Total		**363**

Source: Field Survey, 2022

1.10 Results and Discussion

Out of 363 questionnaires administered, 340 were returned and analyzed using descriptive statistical tools such as percentages, mean, and frequencies and presented below.

Table 1.2 Summary of Questionnaire Distributed and Retrieved

Sampled Area	**Sample Size**	**Questionnaire Retrieved**	**Not Retrieved**
Nigerian Customs Service	202	190	12
Nigerian Immigration Service	85	80	5
National Drugs Law Enforcement Agency	76	70	6
Total	**363**	**340/93.6**	**23/6.4**

Source: Fieldwork, 2022

Table 1.2 above shows that out of Three Hundred Sixty-three (363) questionnaires administered, Three Hundred forty (340) questionnaires representing 93.6% were returned and used in the analysis below. Despite all efforts and repeated visits, Twenty-Three (23) 6.4% were not received. However, the percentage of unreturned questionnaires was insignificant and did not affect the quality and quantity of data collected.

Table 1.3. Respondents Gender

Gender	Frequency	Percentage
Male	289	85%
Female	51	15%
Total	340	100%

Source: Fieldwork, 2022

Table 1.3 provides the respondent's gender. The analysis indicates that male respondents were far outnumbered with 85% while the female counterparts constituted 15% of the respondents. The breakdown indicates that the sample for the study was gender friendly. It also meant that females were not left out of the subject under investigation.

Table 1.4: Respondents Age

Age	Frequency	Percentage
18 – 25	37	10.9%
26– 35	96	28.3%
36-45	108	31.8%
46-60	69	20.2%
61>	30	8.8%
Total	340	100

Source: Fieldwork, 2022

Table 1.4 above shows an uneven spread in the age of respondents with 31.8% between the age of 36-45. Respondents between the age of 26-25 years formed the second largest

group with 28.3%. The relevance of this table is to demonstrate that the respondents were not just picked from one age bracket but spread out across the various age groups. It also shows that respondents are old enough to have a good knowledge of the matter being studied.

Table 1.5 Respondents Educational Qualification

Education	Frequency	Percentage
None	-	-
Primary	-	-
Secondary	174	51.1%
Tertiary	166	48.9%
Total	340	100%

Source: Fieldwork, 2022

Table 1.5 shows that 51.1% of the respondents acquired secondary education while 48.9% of the respondents acquired tertiary education. This implies that the responses came from well-informed participants and hence devoid of reliability issues. It also shows that most participants were literate enough to analyse the subject matter of the study.

Table 1. 6: Respondents Length of Service with Agencies

Length of service	Frequency	Percentage
1-5 Years	43	12.7%
6-10 Years	54	15.7 %
11-15Years	55	16.1%
16-20 Years	58	17.5%
21-25 Years	58	17.5%
26-30 Years	47	13.6%
30>	25	7.1%
Total	340	100

Source: Fieldwork, 2022

Results in Table 1.6 above show that 17.5% of the respondents worked with their agencies for 16-20 years and 13.6% for 26-30 years. Another 15.7 % worked for 6-10 years and 16.1% for 11-15 years. This indicates that most respondents have worked in Nigerian Customs long enough to have good knowledge of smuggling activities across the Benin-Nigeria border and Nigeria in general.

Table 1.7: Factors that promote smuggling of contraband consumer goods across Benin –Nigeria Border

QI.	Statement	Mean	Std. dev.
1.	Porous Border	5.48	13.74
2.	High Tariff Rates	4.68	11.40
3.	Demand inside the country	0.42	2.92
4.	Corruption of Enforcement Agencies	1.16	4.09
5.	Restrictions and Prohibitions	4.68	11.40
6.	Weak anti-smuggling laws	1.16	4.09
7.	Difficulties in the import payment System	2.64	6.48
8.	Low price level of smuggled goods compared to domestic products	0.29	1.92
9.	Existence of a large market for goods	4.68	11.40
10.	Delay in clearance of goods at the ports	2.64	6.48
11.	High Foreign Exchange Rate	1.78	4.69
12.	Port congestion, bureaucratic red tape	1.16	4.09
13.	Love for foreign goods	0.29	1.92

Source: Fieldwork, 2022

The result in Table 1.7 provides the mean and standard deviation (Std. dev.) for various factors that promote the smuggling of consumer goods at the Benin-Nigeria border. Porous Border had a Mean: of 5.48 and Std. dev.: 13.74. This factor has a relatively high mean and standard deviation, indicating that there is a significant perception that a porous border promotes smuggling. The wide standard deviation suggests variability in responses.

High Tariff Rates had a Mean: of 4.68 and Std. dev.: 11.4, High tariff rates also have a relatively high mean, suggesting that respondents perceive high tariffs as a strong factor promoting smuggling. The standard deviation indicates some variability in this perception. Demand inside the country had Mean: 0.42 and Std. dev.: 2.92; The low mean and standard deviation suggest that there is less perception that domestic demand

is a significant factor in smuggling. Corruption of Enforcement Agencies had Mean: 1.16 and Std. dev.: 4.09. This factor has a moderate mean, and the standard deviation suggests some variation in the perception of how corruption in enforcement agencies contributes to smuggling.

Restrictions and Prohibitions had Mean: 4.68 and Std. dev.: 11.40. Similar to high tariff rates, restrictions and prohibitions have a relatively high mean, indicating a perception that they promote smuggling, with variability in responses. Weak anti-smuggling laws had Mean: 1.16 and Std. dev.: 4.09; Weak anti-smuggling laws have a similar mean and standard deviation to corruption, suggesting a moderate perception of their role in promoting smuggling.

Difficulties in the import payment System had Mean: 2.64 and Std. dev.: 6.48; Respondents perceive difficulties in the import payment system as a moderate factor in smuggling, with some variability in responses. The low price level of smuggled goods compared to domestic products had a Mean: of 0.29 and Std. dev.: 1.92; There is a low mean and standard deviation, suggesting that the price level of smuggled goods compared to domestic products is not strongly perceived as a factor promoting smuggling.

The existence of a large market for goods had Mean: 4.68 and Std. dev.: 11.40; This factor, similar to high tariff rates and restrictions, has a relatively high mean, indicating a perception of its role in promoting smuggling, with variability in responses. Delay in clearance of goods at the ports had Mean: 2.64 and Std. dev.: 6.48; There is a moderate perception that delays in clearing goods at ports promote smuggling, with some variability in responses. The high foreign exchange rate had a Mean: of 1.78 and Std. dev.: 4.69; High foreign exchange rates have a moderate mean, suggesting a perception of their role in smuggling, with some variation in responses.

Port congestion and bureaucratic red tape had Mean: 1.16 and Std. dev.: 4.09. Similar to weak anti-smuggling laws and corruption, there is a moderate perception of the role of port congestion and bureaucratic red tape in promoting smuggling. Love for foreign goods and others had Mean: 0.29 and Std. dev.: 1.92Similar to the low price level of smuggled goods, there is a low mean and standard deviation, indicating that the love for foreign goods and other factors are not strongly perceived as promoting smuggling.

In summary, the table provides insights into the perceptions of factors that contributed to smuggling across the Benin-Nigeria border. Factors like porous borders, high tariff rates, restrictions, and the existence of a large market for smuggled goods are perceived

as more significant, while others like domestic demand and the love for foreign goods are perceived as less influential. The standard deviations indicate the variability in these perceptions among respondents.

Responding to interview questions, respondents interviewed, affirmed that;

> Many factors can be said to have promoted the smuggling of goods across the Benin –Nigeria Border. Some maintained that one of the most common reasons arrested smugglers blamed for engaging in smuggling was unemployment. Others identified the lucrative nature of the activity. Yet still, others attributed smuggling to Nigeria's porous borders, weak border patrol, non-prosecution of suspected smugglers, lack of political will to fight the crime, haven provided to smugglers by border communities, historical ties, and Nigeria's closeness to the Benin Republic. Others lamented Nigeria's high tariffs, import bans, import quotas, cumbersome port clearing services, complex payment systems and delay in import clearance in contrast to low tariffs, non-restricted imports, efficient port services, and simple and efficient payment systems obtained in neighbouring Benin Republic as push factors to smugglers in Nigeria.

1.10. 1 Test of Hypotheses

H01. **There is no significant relationship between Nigeria's protectionist trade policies and the smuggling of contraband consumer goods across the Benin-Nigeria border.**

Table 1.8 present's summary of simple linear regression analysis, examining the relationship between Nigeria's protectionist trade policies (the dependent variable) and the smuggling of consumer goods (the independent variable). The standardized coefficient for smuggling of consumer goods is 0.172. The standardized coefficient represents the strength and direction of the relationship between the predictor variable and the dependent variable. The t-value is a measure of the statistical significance of the predictor variable. In this case, the t-value for smuggling of consumer goods is 1.13. The correlation coefficient measures the strength and direction of the linear relationship between the predictor variable and the dependent variable. In this model, the correlation coefficient is 0.16, indicating a positive but weak correlation. R-squared is 0.066, suggesting that only 6.6% of the variation in Nigeria's protectionist trade policies can be explained by the smuggling of consumer goods

The p-value for the smuggling of consumer goods is 0.011, which is less than the conventional significance level of 0.05. This suggests that there is a statistically significant relationship between the smuggling of consumer goods and Nigeria's protectionist trade policies. The hypothesis was therefore rejected

Table 1.8: Regression Analysis on the relationship between Nigeria's protectionist trade policies and the smuggling of contraband consumer goods across the Benin-Nigeria border.

Model		Standardized Coefficients Beta	t	R	R^2	Adj. R^2	P-value
1	(Constant)		13.031	.16[a]	.066	.318	
	Smuggling of consumer goods	.172	1.13				.011

Source: Fieldwork, 2022 a. Dependent Variable: Nigeria's protectionist trade policies

b. Predictors: (Constant), Smuggling of consumer goods

H02. There is no significant relationship between the smuggling of contraband consumer goods and gross domestic product per capita in Nigeria.

Table 1.9. Time Series Regression Analysis showing the relationship between smuggling of consumer goods and gross domestic product in Nigeria.

Dependent Variable: GDP

Method: Least Squares

Date: 02/05/2023

Time: 18:31 Sample (adjusted): 2015-2022

Included observations: 9 after adjustments

Variable	Coefficient	Std. Error	t-Statistic	Prob.
SCG	-0.013041	0.001897	-6.874451	0.0002
GDP	-0.017544	0.011903	-2.643911	0.0319
R-squared	0.436842	Mean dependent var		0.014444
Adjusted R-squared	0.327820	S.D. dependent var		0.005270
S.E. of regression	0.004922	Akaike info criterion		-7.597026
Sum squared resid	0.000170	Schwarz criterion		-7.553198
Log-likelihood	36.18662	Hannan-Quinn critter.		-7.691606
F-statistic	6.172414	Durbin-Watson stat		1.504356

Prob(F-statistic)	0.031899

Source: E-Views Regression Output, 9.0, 2023

Interpretation of Regression Coefficient Result

Table 1.9 depicts that there is a negative relationship between the smuggling of consumer goods and gross domestic product per capita in Nigeria (β_1=- 0.017544). The slope coefficients show that the probability value: P(x_1=- 0.0319<0.05) is less than the critical P-value. This implies that smuggling of consumer goods has a significant negative relationship with the gross domestic product per capita in Nigeria at a 5% significant level. Results in Table 13 indicate that the R-squared for the model is 0.44, meaning that the regression model used for this study is a good predictor. The independent variable explained 44% of the variation in gross domestic product per capita of Nigeria's economy. Only 56% of the variation in gross domestic product per capita in Nigeria is not explained by the regression model.

The Durbin-Watson value of 1.504356 indicates the absence of serial correlation in the model.

From the test of coefficients results in Table 1.9, the probability value of the F- statistics = 0.031899 implies that the regression model is significant in predicting the relationship between the independent variable and the dependent variable. The significance between the variables is less than α=0.05. This result indicates that the overall regression model is statistically significant and is useful for prediction purposes at a 5% significance level.

Decision

Since the p-value (0.031899) of the test is less than a=0.05 going by the rule of thumb, the hypothesis is therefore rejected. Thus, the smuggling of consumer goods has a significant negative effect on gross domestic product per capita in Nigerians at a 5% level of significance.

HO3: There is no significant relationship between the smuggling of contraband consumer goods and unemployment in Nigeria.

Table 1.10: Time Series RegressionAnalysis showing therelationship between the Smuggling of consumer goods and unemployment in the Nigerian economy.

Dependent Variable: Unemployment.

Method: Least Squares

Date: 02/05/2023 Time: 18:33

Sample (adjusted): 2015-2022

Included observations: 9 after adjustments

Variable	**Coefficient**	**Std. Error**	**t-Statistic**	**Prob.**
Smuggling of consumer	-0.001591	0.008388	-0.189633	0.8550
Unemployment	-0.146784	0.052631	-2.788913	0.0270
R-squared	0.526324	Mean dependent var		-0.013333
Adjusted R-squared	0.458656	S.D. dependent var		0.029580
S.E. of regression	0.021764	Akaike info criterion		-4.623980
Sum squared resid	0.003316	Schwarz criterion		-4.580153
Log-likelihood	22.80791	Hannan-Quinn critter.		-4.718560
F-statistic	7.778038	Durbin-Watson stat		1.008146
Prob(F-statistic)	0.026950			

Source: E-Views Regression Output, 9.0. 2023

Interpretation of Regression Coefficient Result

Table 1.10 depicts that there is a negative relationship between the smuggling of consumer goods and unemployment in Nigeria's economy (β_1=- 0.146784). The slope coefficients show that the probability value: P(x_1=-0.0270<0.05) is less than the critical P-value. This implies that the smuggling of consumer goods has a significant negative relationship with unemployment in Nigeria's economy at a 5% significant level. Results in Table 1.10 indicate that the R-squared for the model is 0.53, meaning that the regression model used for this study is a good predictor. The independent variable

explained 53% of the variation in unemployment in Nigeria's economy. Only 47% of variation in IM is not explained by the regression model. The Durbin-Watson value of 1.008146 indicates the absence of serial correlation in the model.

From the test of coefficients result in Table 1.10, the probability value of the F-statistics = 0.026950 implies that the regression model is significant in predicting the relationship between the independent variable and the dependent variable. The significance between the variables is less than a=0.05. This result indicates that the overall regression model is statistically significant and is useful for prediction purposes at a 5% significance level.

Decision

Since the p-value (0.026950) of the test is less than a=0.05, going by the rule of thumb, hypothesis iv is therefore rejected. Thus, the smuggling of consumer goods has a significant negative effect on unemployment in the Nigerian economy at a 5% level of significance.

1.9.2 Discussion of Findings.

The findings of the research question revealed that Nigeria's protectionist trade policies significantly influenced the smuggling of goods across the Benin-Nigeria Border. This is evident from the result of regression analysis which shows a beta value (beta = .172 and an R-square of .066 indicating that 66% affirmed that The p-value obtained was found to be less than the level of significance (.011<0.05). The *p-value of* 0.011 obtained suggested that Nigeria's protectionist trade policies promote the smuggling of consumer goods into Nigeria. This is supported by the widely held view (Wayas & Onyinye,2014, Eselebor, 2020, Kolawole, Ojelade & Mosobalaje (2020) that protectionist trade policies significantly influence the smuggling of consumer goods.

The findings of research question two indicate that there is a significant negative relationship between the smuggling of consumer goods and the tax to gross domestic product per capita ratio in Nigeria. This is supported by the hypotheses presented in Table 1.9. The analysis here is that, since smugglers evade payment of tariffs, unpaid taxes on smuggled goods do not add to the country's GDP. However, this finding is in contradiction to Faheem and Mahmud (2015), Dora and Azim (2019) Abbas et al. (2020) Golub (2015) Benin Republic benefits hugely from the smuggling economy across its borders. This is so because taxes on all alleged smuggled goods are paid

before being moved into Nigeria taking advantage of the country's long and porous border and its contiguity to Benin Republic.

The findings of research question three established a negative relationship between the smuggling of contraband consumer goods and unemployment in Nigeria. This is supported by research hypothesis three in Table 1.10. This finding is in agreement with the works of Abegunde, & Fabiyi, (2019) and Eiya, &Osazuwa, (2017) who in separate works noted that smuggling of goods increases the potential for the dumping of smuggled goods which in turn causes unhealthy price disparity and unfair competition between locally produced and smuggled goods and eventual closure of industries

1.13 Conclusion and Recommendations

This paper examined the smuggling of consumer goods across the Nigeria -Benin border and its implication for economic development in Nigeria. This was carried out using a cross-sectional survey design. Descriptive statistics were utilized to analyse the data and regression analysis to test the hypotheses conducted in E-VIEW version 10.0. The paper concludes that the smuggling of consumer goods has a significant negative relation with tax- GDP ratio and unemployment. The study revealed that the smuggling of goods across the Benin-Nigeria border is promoted by both protectionist and non-protectionist factors such as tariffs regime, import ban/quota, porous borders, weak anti-smuggling laws, port clearance challenges, import payment challenges, underequipped security agencies, weak border patrol, and lack of political will amongst others. Based on these findings, the following recommendations are advanced to specifically and drastically curb the smuggling of goods across the Benin-Nigeria border and other Nigerian borders in general.

1. The Nigerian government should consider relaxing its protectionist trade policies for example tariffs regime, import bans,/ quotas e.t.c Trade policies must be carefully conceived taking into account the country's proximity with its neighbours.

2. Tackling smuggling requires a robust multi-sectoral, multi-agency approach. First, the Nigerian government must demonstrate a strong political will to confront the menace of smuggling headlong. High powered bi-lateral and multilateral interventions are urgently needed to fortify issues such as border security, Sustained joint border patrol, arrest and deportation of suspected smugglers, intelligence sharing and the implementation of ECOWAS resolutions, treaties, pacts, and trade

agreements for example the Common External Tariff (CET) must be explored and sustained.

3. The government should implement measures to revive the country's manufacturing sector. A robust manufacturing sector will create jobs, boost GDP Per capita and reduce the importation/smuggling of some consumer goods that can be manufactured in the country.

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