

THE IMPACT OF TARIFFS ON RICE AND AUTOMOBILE IMPORTS ON NIGERIAN ECONOMIC DEVELOPMENT (2015-2024)

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ABSTRACT: This study investigates the effect of tariffs on Nigerian economic development, focusing on the importation of rice and automobiles. The study assesses how tariff policies have influenced domestic production. The study adopted the ex-post facto design as the methodology. The data collected was analysed using linear regression and Ordinary Least Squares (OLS). The findings reveal that while tariffs have led to marginal increases in local production, especially in rice farming, they have also resulted in higher consumer prices, smuggling, and inadequate growth in local automobile assembly. The study concludes by recommending that the government should strengthen domestic production incentives through subsidies, training, and access to credit, rather than relying primarily on restrictive trade policies. Also, the Nigerian government should invest in vocational training and R&D in auto technology to improve local content.

Keywords: Tariffs, Rice Imports, Automobile Industry, Economic Development, Nigeria

INTRODUCTION

Tariffs are among the most significant instruments used by governments in the implementation of international trade policy, particularly in developing economies like Nigeria. Defined as taxes imposed on imported goods, tariffs serve several purposes: protecting domestic industries, reducing trade deficits, increasing government revenue, and encouraging local production. For Nigeria, whose economy remains heavily import-dependent and vulnerable to external shocks, tariffs have long been a tool of economic strategy (Salvatore, 2013).

The Nigerian economy is largely considered a mono-product export base led by crude oil, which accounts for over 85% of export revenue (Central Bank of Nigeria [CBN], 2022). However, the country usually imports manufactured goods, food products, and machinery, contributing to persistent trade imbalances. Tariffs have been applied as a policy instrument to curtail the overdependence on imports and rouse local production capacities. Over the decades, succeeding Nigerian governments have applied varying degrees of trade protectionism. These strategies range from outright bans and high import duties to incentives for domestic producers under manufacturing policies such as the National Industrial Revolution Plan (NIRP) and the National

Automotive Industry Development Plan (NAIDP; Federal Ministry of Industry, Trade and Investment, 2014). The planned application of tariffs has been especially prominent in the agricultural and manufacturing sectors, most notably rice and automobiles.

The most consumed basic food in Nigeria is rice, yet the country has historically struggled to meet local demand with local production. The Food and Agriculture Organization (FAO, 2020) asserts that Nigeria consumes over 7 million metric tons of rice annually but produces only about 5 million tons. This deficit has created a substantial dependence on imports, which in turn applies pressure on foreign exchange reserves. In response, the Nigerian government has presented a series of tariff-based restraints on rice imports. In 2013, a 70% tariff, comprising a 10% duty and a 60% levy, was imposed on imported rice to boost local production (Federal Ministry of Finance, 2013). Meanwhile, rice was included in the list of 41 items constrained from access to foreign exchange by the CBN in 2015. These interferences were complemented by supportive policies such as the Anchor Borrowers' Programme (ABP), which provided credit and inputs to domestic rice farmers. As a result, rice production allegedly improved by over 30% between 2015 and 2021 (National Bureau of Statistics [NBS], 2022). However, challenges such as high production costs, poor infrastructure, smuggling through porous borders, and inflation continue to limit the effectiveness of these measures.

In the manufacturing sector, automobiles have become a focal point of Nigeria's industrial policy. To promote domestic assembly and reduce the importation of used and fully built vehicles, the Nigerian government launched the *National Automotive Industry Development Plan (NAIDP)* in 2013. This plan introduced a 70% tariff on fully built imported vehicles—consisting of a 35% import duty and a 35% levy—while offering concessional rates for completely and semi-knockdown components to encourage local assembly (Federal Ministry of Industry, Trade and Investment, 2014).

While the policy attracted investments from firms such as Innoson Vehicle Manufacturing, Stallion Group, and Peugeot Automobile Nigeria, the automotive industry still faces significant barriers. These include a weak supply chain, a lack of technical expertise, power supply issues, and low consumer purchasing power. The cost of locally assembled vehicles remains prohibitively high, leading most Nigerians to rely on imported used cars ("Tokunbo") despite the high tariffs (Okonkwo & Adebayo, 2021). Moreover, many of these vehicles are smuggled through neighbouring countries with lower import duties, weakening the effectiveness of the policy and depriving the government of needed revenue.

Nigeria's aspiration for economic self-reliance and industrial development has led to the adoption of various trade policy tools, among which tariffs have featured prominently. As an import-dependent economy, Nigeria has historically struggled with issues such as trade imbalances, declining foreign reserves, and underperforming local industries. In an attempt to address these challenges, the Nigerian government has resorted to imposing high tariffs on certain imported goods, particularly in sectors like agriculture and manufacturing. Rice and automobiles have received special attention, with defensive tariffs aimed at enhancing domestic production, preserving foreign exchange, and generating employment. However, despite the imposition of tariffs, the anticipated outcomes have often remained subtle. In the case of rice, high tariffs were

introduced to boost local farming, yet Nigeria still depends heavily on rice imports, often illicitly smuggled through porous borders. Domestic rice production continues to face challenges associated to infrastructure, cost of inputs, and market access. Equally, in the automobile sector, high import duties on fully built vehicles were anticipated to rouse local assembly plants and lessen the importation of used cars. While some investment in local manufacturing has occurred, the market is still largely dominated by imported used vehicles, and the cost of locally assembled cars remains unaffordable for most citizens.

These outcomes raise critical questions about the efficacy of tariff policies in fostering genuine economic development. Have these tariffs improved the competitiveness of local industries or simply increased consumer prices and promoted smuggling? Are the protective measures translating into long-term industrial growth or merely providing short-term revenue for the government? Furthermore, the lack of sector-specific empirical data leaves a significant gap in understanding the actual economic impact of these tariffs on Nigeria's economy. This study major objective is to investigate the specific effects of tariff imposition on rice and automobiles, two strategic sectors of the Nigerian economy. The specific objectives are (i) to examine the effect of tariffs on the performance of the rice sector in Nigeria and (ii) to evaluate the impact of tariffs on the development and growth of the automobile industry in Nigeria.

THEORETICAL PERSPECTIVES

Tariffs are defined as taxes imposed on imported goods and services, with the primary aim of either generating government revenue or protecting domestic industries from foreign competition (Salvatore, 2013). In Nigeria, tariffs have been strategically employed to protect local producers in sensitive sectors such as rice farming and vehicle manufacturing. The conceptual framework posits that imposing tariffs on these goods should reduce imports, increase local production, and stimulate job creation. However, unintended outcomes such as inflation, smuggling, and low consumer welfare may also arise (Krugman & Obstfeld, 2009). The central concept is that tariffs, as a form of trade protection, are expected to influence sectoral performance (agricultural and industrial outputs), employment, consumer prices, and domestic investment.

Tariff policy encompasses the percentage of duties and levies imposed on imported rice and automobiles. Tariff measures include: Import duties, Levies, Foreign exchange restrictions, and Customs regulations. These are policy tools applied to make imports more expensive, thus reassuring the consumption of locally produced substitutes.

The phenomenon of Economic development or economic growth in Nigeria, particularly within the context of tariffs on rice and automobiles, reflects a complex interaction between protectionism and industrial development. High tariffs, such as the 70% rate on imported automobiles, aim to protect local industries, but this often results in increased production costs and narrow competitiveness (Abbas et al., 2018). Likewise, rice tariffs have stimulated domestic production but increased food prices, affecting affordability. Salik and Aras (2022) argue that trade honesty and investment-friendly guidelines are more effective in nurturing long-term growth. Therefore, a balanced approach merging moderate tariffs with structural reforms is essential for sustainable economic growth.

Tariffs also have wider macroeconomic implications inasmuch as it is potentially beneficial for protecting domestic industries. Positively, they can help preserve foreign exchange, create employment, and stimulate domestic investment. For example, the rise in local rice production has been linked to a rise in rural employment (Adenikinju, 2016). However, tariffs can also lead to higher prices, abridged consumer welfare, and inefficiency in protected industries. The upsurge in rice and vehicle prices in Nigeria between 2016 and 2022 has contributed to inflationary pressures, excessively affecting low-income households (NBS, 2021).

Furthermore, heavy dependence on tariff protection without balancing infrastructure and policy coherence can lead to market misrepresentations. A case in point is the contradiction between high import duties and the lack of local capacity to meet demand, which often forces consumers to resort to smuggled or inferior goods.

As Friedrich List (1841) suggests, the Infant Industry Theory argues that evolving domestic industries in developing economies need temporary defence from international competition until they attain economies of scale and become competitive. This theory is in agreement with the imposition of tariffs as a strategic tool to nurture fledgling sectors like Nigeria's rice production and automobile manufacturing. According to this theory, without such protection, established foreign producers could be ahead of domestic firms, leading to deindustrialisation and continued reliance on imports. In the Nigerian context, tariffs on imported rice and fully built automobiles are intended to guard local farmers and assembly plants from foreign competitors while promising growth in domestic capacity (Todaro & Smith, 2015).

According to David Ricardo, the principal proponent of the Comparative Advantage theory in the early 19th century, the Comparative Advantage Theory posits that countries should focus on producing goods where they have a lower opportunity cost and trade for others (Krugman & Obstfeld, 2009). This theory asserts that imposing tariffs could lead to inefficiency, misallocation of resources, and abridged welfare. Detractors argue that Nigeria's imposition of tariffs on rice and vehicles may flout its comparative advantage, especially when domestic industries are not competitive or sufficiently reinforced by infrastructure and capital. This theory stimulates a review of whether protectionism genuinely benefits Nigeria or misrepresents its trade potential.

Empirical Review

Kadiri et al (2024) ascertained how the Nigerian economy is affected by car imports. Primary sources of data were used in the investigation. Managers and owners of Nigerian auto companies were surveyed and interviewed in order to gather the data. Both descriptive and logistic regression models were used to analyse the data. The results also show that although cars made locally may be less expensive, buyers may value features and brand awareness more than cost. Additionally, the results show that imports dominate the market, which could have an effect on the market share of domestically produced automobiles. The result shows large outflow of foreign cash due to increased automotive imports, hurting the country's trade balance and foreign reserves. Therefore, the study suggests that the government support the development and expansion of indigenous vehicle manufacturing industries by offering tax cuts, infrastructure assistance, and advantageous laws. This will boost economic growth, provide jobs, and lessen dependency on imports.

Osei-Assibey et al. (2023) look into how import taxes affect Sub-Saharan Africa's (SSA) import revenue and misinvoicing. It makes use of 37 chosen SSA nations between 2003 and 2017 and applies the System Generalized Method of Moments (GMM) panel technique. The findings indicate that tariffs have a favourable impact on import income up to a certain point but a negative impact after that. Additionally, the findings show that importers increase import under-invoicing when the tariff rate rises. Import revenue is enhanced by trade liberalisation, inflation, real GDP growth, and regulatory quality. In the meantime, elements of political and economic governance, including regulatory quality and corruption control, increase import revenue and reduce trade misinvoicing.

Ekundayo (2023) opined that increased domestic rice production in Nigeria has been deemed to be hampered by inconsistent and ineffective policies, climate concerns, and generally inadequate finance. As a "stop-gap" measure for food security, the country has continued to rely on imports to augment its own production rather than addressing these issues, if not recently. This study looked at the patterns in rice imports and production between 1980 and 2021 with the goal of bolstering the resilient efforts of smallholder farmers and promoting higher rice production. It also identified the factors that influence rice imports in Nigeria. This study used secondary data, and the data was analysed using the ARDL model and descriptive statistics. According to the findings, the average amounts of rice produced and imported throughout the periods were 3.51 and 0.24 million tons, respectively. Between 1998 and 2007, there was significant fluctuation in the ratio of rice imports to rice production. Once more, the ARDL model's findings suggested that changes in the amount of rice imported into the region were statistically influenced by the GDP, exchange rate, and amount of rice produced. It would be recommended that initiatives aimed at boosting rice production in Nigeria should be focused on modernizing agricultural extension services to improve a true two-way communication between researchers and farmers in order to increase food production, given that GDP and the amount of rice produced had a negative relationship with rice imports.

Estadilla (2022) asserts that the country's customers benefit from an infusion of supplies brought about by the lifting of quantitative restrictions on staple items, but domestic producers suffer from lower pricing. This study used partial equilibrium analysis to investigate the effects of changing the policy on rice imports from quantitative limits to ad valorem tariffs on household access, domestic rice supply, and market efficiency. According to simulation results, both in the short and long terms, domestic rice output was significantly reduced as a result of the loss of producer protection. However, because rice is now more affordable, home consumption has increased and food expenditures on rice have significantly decreased. Despite a drop in production excess, inefficiency losses in consumer surplus are reduced. However, net societal wellbeing has increased overall. Although this might strengthen the nation's food security, the author pointed out that it also puts food self-sufficiency at risk and makes the nation more susceptible to shocks in the global market. Furthermore, although the policy change may help with nutrition issues, particularly for low-income groups, as lower rice costs may lead to higher spending on meat and poultry products, this may be limited by the Philippines' complex rice supply chain, which raises marketing costs and influences rice retail prices.

Ahkmad (2020) opines that since rice is a staple diet for Indonesians, it is impossible to separate the country's economic policies from its rice policy. The purpose of the article is to determine how Indonesian rice supply and demand are affected by import tariff policy. Time series data from 1981 to 2018 are used in the study. The econometric model with simultaneous equation system was used to examine the collected data. The estimation results indicate that the amount of rice production, the previous year's rice supply, and the grain rice price at the farmer level all had a positive and significant impact on rice supply. In the meantime, domestic rice prices had a negative and large impact on domestic rice demand, whereas domestic rice demand from the prior year had a positive and considerable impact. The outcome of the policy simulation shows that a scenario in which the government purchase price and rice import tariff are raised has a significant effect on the rise in domestic rice production as well as the supply and demand for rice. As a result, Indonesia must safeguard farmers by imposing import duties on rice and setting a government purchase price.

Vincent-Ubi (2011) examines how tariffs affect Nigeria's economic expansion. It investigates the degree to which tariffs have boosted Nigeria's economy between 1980 and 2010. Tariffs, a type of tax or trade restriction imposed on imported goods, can stimulate economic growth by promoting emerging businesses from global competition. The association between tariffs and economic growth was examined using the ordinary least squares regression approach. The individual parameter estimate was ascertained using the T-test. The significance of the entire regression was assessed using the F-test. The effect of the tariff and other factors, such as exports, trade openness, currency rates, and real gross domestic product as a stand-in for economic growth, on Nigeria's economic growth was also ascertained using econometric research. The results of the regression indicate that tariffs have a statistically significant positive effect on Nigeria's economic growth. In summary, tariffs, together with the other factors, all contribute to economic growth. It was suggested that trade policy be developed to enhance Nigeria's imposition of tariffs.

Jacob (2024) asserts that the substantial economic ramifications of Nigeria's border blockade on rice imports necessitate careful consideration. Along with more general socioeconomic considerations, policymakers must take into account both the immediate and long-term impacts. For equitable and sustainable development, it is essential to strike a balance between economic factors, employment, food security, and regional inequities. Nigeria can overcome the obstacles and seize the opportunities brought about by the border closure, become self-sufficient in rice production, and advance the welfare of its people by taking a comprehensive strategy. Market efficiency will be ensured by gradually lifting the border closure and boosting local rice producers' competitiveness with assistance and incentives. Productivity and quality will increase with investments in agricultural research, extension services, and infrastructure development. Improving border security measures will stop smuggling. Nigeria's border barrier for rice imports presents both opportunities and challenges for regional economic partnerships. By putting in place a comprehensive strategy that successfully strikes a balance between economic considerations and broader social factors, Nigeria can achieve rice self-sufficiency and promote comprehensive and sustainable development. This includes investing in agricultural research and infrastructure development, phasing out the border closure gradually while increasing the competitiveness of local rice producers, bolstering border control mechanisms to prevent smuggling, and working with neighbouring countries to maintain regional trade relationships.

Abbas et al. (2018) investigated the impact of rice importation on Nigeria's economy. Since inconsistent regulations are a significant barrier to long-term investment in the rice subsector, the study also examined the varied import policies implemented by the Nigerian government. Nigeria spends billions of Naira every year on rice imports, which depletes the country's foreign reserves. This study found that there are numerous opportunities in the rice subsector that could help the country become self-sufficient in rice production and change from being a net importer to an exporter of rice. The proper investments must be made in production, milling and grading (particularly in the manufacture of superior grade rice that can replace imported rice), marketing, road infrastructure, etc. in order to satisfy local demand. Given that prompt access to inputs can greatly increase production levels and yield quality and quantity, it is advised that the government heavily subsidize farm inputs (fertilizers, improved quality seeds, pesticides, etc.) at various levels. In order to attract investors, the government must also maintain a consistent and business-friendly policy in the rice subsector.

Okechukwu et al. (2023) looked at how tariffs affected Nigeria's economic expansion. It looks at how much tariffs have boosted Nigeria's economy between 2000 and 2020. Economic growth can be accelerated by tariffs, which are a type of tax or trade restriction placed on imported goods to deter new industries from competing internationally. The association between tariffs and economic growth was examined using the Ordinary Least Squares regression approach. The effect of tariffs and additional factors like trade openness and exchange rates on Nigeria's economic growth was also ascertained using econometric research. The regression's findings demonstrated that tariffs have a statistically significant, positive effect on Nigeria's economic expansion. It was suggested that a trade policy be created to enhance Nigeria's tariff implementation.

Rationale for the Study

Despite the extensive use of tariffs in Nigeria's trade policy, empirical studies evaluating their sector-specific impacts are limited. Much of the literature treats tariffs as aggregated variables within macroeconomic models, offering little insight into how different sectors respond to protectionist policies (Ogunkola, 2018). This study seeks to fill this gap by analyzing the economic effects of tariffs in two critical sectors: rice and automobiles. The findings are expected to contribute to the discourse on the efficacy of protectionism as a strategy for economic growth in Nigeria.

METHODOLOGY

Ex post facto research design was employed in this study, to examine the Effect of Tariffs on the Nigerian Economy: A Case Study of Rice and Automobiles. Data was collected from The Effect of Tariffs on the Nigerian Economy: A Case Study of Rice and Automobiles. Data was collected from CBN statistical bulletin of the various years and trade.com. The statistical method adopted in this study is linear regression.

Regression Model:

We assume a linear relationship:

$$Y_t = \beta_0 + \beta_1 \cdot TRR_t + \beta_2 \cdot TRA_t + \epsilon_t$$

Where:

- Y_t = Agriculture & Manufacturing (% of GDP) in year t
- TRR_t = Tariff Rate on Rice in year t
- TRA_t = Tariff Rate on Automobiles in year t
- β_0 = Intercept
- β_1, β_2 = Coefficients of the independent variables
- ϵ_t = Error term

DATA PRESENTATION

Year	Agric (% of GDP)	Manufac. (% of GDP)	Agriculture & Manufacturing (% of) GDP	TRR	TRA
2015	20.85%	9.20%	30.05%	70%	70%
2016	21.21%	9.06%	30.27%	70%	70%
2017	21.09%	8.99%	30.08%	70%	70%
2018	21.42%	8.98%	30.4%	70%	70%
2019	21.16%	8.92%	30.08%	70%	70%
2020	22.35%	8.59%	30.94%	70%	70%
2021	23.69%	8.42%	32.11%	70%	70%
2022	22.72%	8.46%	31.18%	70%	35%
2023	22.35%	8.21%	30.56%	70%	35%
2024	25.59%	8.07%	33.66%	0%	35%

Source: statistical bulletin, Nigeria GDP outlook (YCharts) and Trade.gov.

Analysis

Effect of tariff on the rice sector

The regression was estimated using the Ordinary Least Squares (OLS) method.

Metric	Value
R-squared	0.631
Coefficient (Tariff Rate)	-0.0531
p-value (Tariff Rate)	0.006
Intercept	25.59

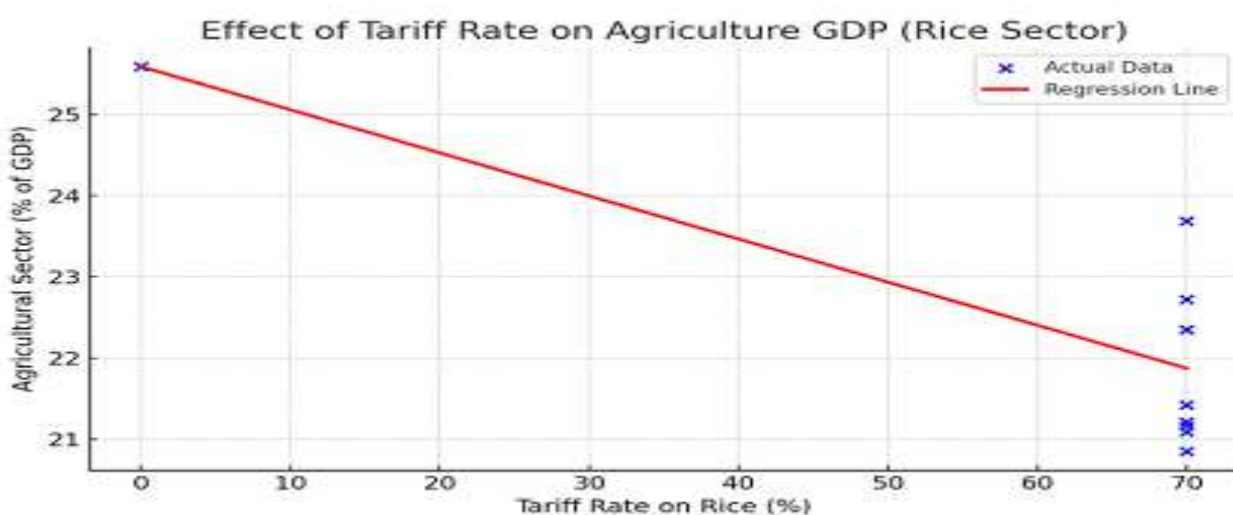
The regression model is statistically significant at the 1% level, with a p-value of 0.006 for the tariff rate coefficient.

Interpretation of Results

The R-squared value of 0.631 indicates that approximately 63.1% of the variance in agricultural GDP performance is explained by the tariff rate on rice. The negative coefficient (-0.0531) implies that increases in tariff rate are associated with a decline in the agricultural sector's GDP contribution.

More specifically, for every 1% increase in the rice tariff rate, the agricultural sector's GDP is expected to decline by approximately 0.0531%. The statistical significance of this result suggests a strong and measurable impact of rice tariff policies on agricultural performance in Nigeria.

The intercept of 25.59 reflects the expected GDP contribution from the agricultural sector when the rice tariff rate is zero—this aligns with the actual 2024 observation, when tariffs were removed.



This is the graph showing the linear regression relationship between rice import tariffs and the agricultural sector's contribution to GDP. However, the red regression line slopes downward, confirming a negative relationship. Thus, as the tariff rate on rice decreases, the agricultural contribution to GDP increases, particularly evident in 2024 when the tariff was removed and Agric GDP spiked.

Effect of tariff on automobiles

The regression was estimated using the Ordinary Least Squares (OLS) method.

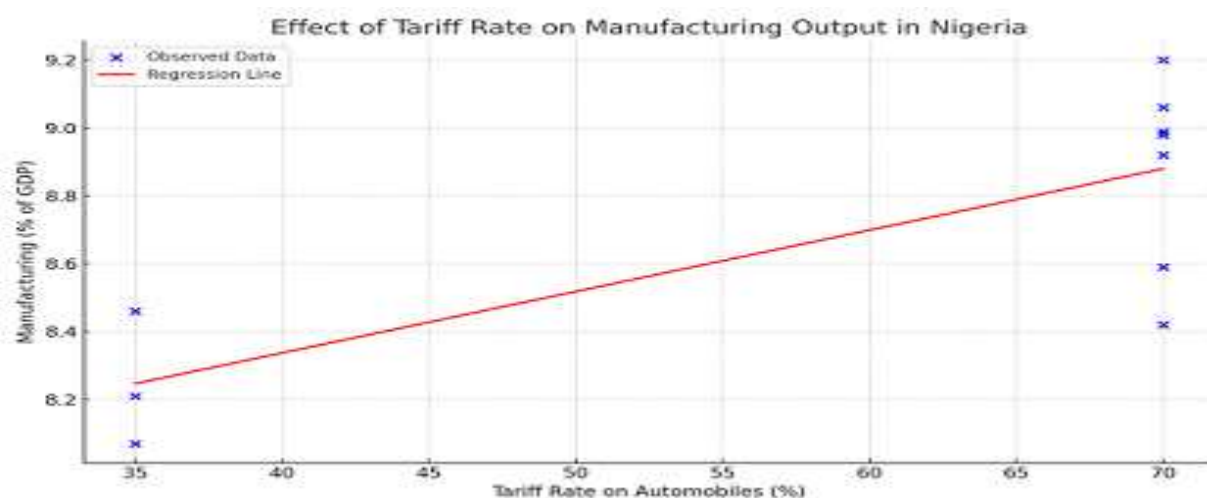
	Coefficient	Std. Error	t-Statistic	P-Value	95% Confidence Interval
Intercept (const)	7.6133	0.313	24.293	0.000	[6.891, 8.336]
Tariff Rate (TRA)	0.0181	0.005	3.558	0.007	[0.006, 0.030]

Metric	Value
R-squared	0.613
Adjusted R-squared	0.564
F-statistic	12.66
Prob (F-statistic)	0.007
Durbin-Watson stat	1.318
No. of Observations	10

Source: Author's computation 2025.

Interpretation of Results

- The tariff rate has a positive and statistically significant coefficient ($\beta = 0.0181$, $p < 0.01$), implying that higher tariffs correlate with a higher share of manufacturing in GDP.
- However, the real-world data show a declining trend in manufacturing despite higher tariffs (especially from 2015–2021), suggesting that other factors (e.g., weak infrastructure, low local capacity, high production costs) may be counteracting any positive protective effects of tariffs.
- The $R^2 = 0.613$ indicates that about 61.3% of the variation in manufacturing GDP share can be explained by changes in the tariff rate.



This is the regression plot showing the relationship between tariff rates on automobiles and manufacturing output (% of GDP). The blue dots signify the observed data, while the red line is the regression line indicating the trend.

Regression Output Summary for rice and automobiles:

Variable	Coefficient	Std. Error	t-Statistic	P-Value	95% CI
Intercept (β_0)	33.97	0.915	37.11	0.000	[31.80, 36.13]
TRR (β_1)	-0.0399	0.012	-3.19	0.015	[-0.069, -0.010]
TRA (β_2)	-0.0088	0.016	-0.54	0.607	[-0.047, 0.030]

Metric	Value
R-squared	0.702
Adjusted R-squared	0.617
F-statistic	5.241
Prob (F-statistic)	0.106 (not significant at 0.05)

Source: Author's computation 2025.

Interpretation:

TRR (Tariff Rate on Rice):

- Coefficient: -0.0399 Suggests that for every 1% increase in rice tariffs, agriculture and manufacturing share of GDP decreases by 0.04%, holding rice tariffs constant.
- Statistically significant ($p = 0.015$). This means tariffs on rice have a meaningful negative impact on the sector's performance.

TRA (Tariff Rate on Automobiles):

- Coefficient: -0.0088 suggests a very small negative impact, but...
- Not statistically significant ($p = 0.607$). There is no strong evidence that automobile tariffs are influencing sectoral GDP performance.

Findings

The findings show that Tariffs on rice (TRR) negatively affect the sector's contribution to GDP. However, removing or reducing these tariffs (as seen in 2024) appears to boost performance. This finding is not in line with the finding of Vincent-Ubi (2011), which implies that tariffs have a statistically significant positive effect on Nigeria's economic growth. The finding is also in agreement with Ahmad's (2020) finding, which shows that there is a significant effect on the rise in domestic rice production, as well as the supply and demand for rice. The result is in line with the finding of Ekundayo (2023), which shows that changes in the amount of rice imported into the region were statistically negatively influenced by the GDP, exchange rate, and amount of rice produced.

The findings also show that the data shows no statistically significant relationship between automobile tariffs (TRA) and sectoral GDP performance. This implies that other factors (e.g.,

infrastructure and local production capacity) play a bigger role in the auto sector. This result is in line with the finding of Ossei-Asseibey et al (2023), which indicates that tariffs have a favorable impact on import income up to a certain point, but a negative impact after that. The result is also in agreement with the finding of Kadiri et al (2024), which implies that cars made locally may be less expensive, buyers may value features and brand awareness more than cost. It also shows large outflow of foreign cash due to increased automotive imports, hurting the country's trade balance and foreign reserves.

Conclusion

This study investigated the effect of tariffs on the Nigerian economy, concentrating on the rice and automobile sectors. Findings show that high tariffs on rice negatively impacted the agricultural sector's GDP contribution, while tariff reduction in 2024 significantly boosted performance. Similarly, high automobile tariffs were associated with a decline in manufacturing output. The regression analyses emphasize that protectionist policy, when not backed by strong domestic production support, may hinder growth in different sectors of the economy. Therefore, balanced tariff policies combined with strategic investment in domestic industries are crucial for stimulating economic development and ensuring competitiveness in both agriculture and manufacturing in Nigeria.

Recommendations

1. The government should strengthen domestic production incentives through subsidies, training, and access to credit rather than relying primarily on restrictive trade policies.
2. There should be sustenance of a low or zero-tariff regime for rice to promote competitiveness and affordability in the market.
3. The government should encourage foreign auto firms to set up assembly plants through joint ventures with Nigerian companies.
4. The Nigerian government should also invest in vocational training and R&D in auto technology to improve local content.

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