



# Journal of Contemporary Politics

## ORIGINAL ARTICLE

# Exploring the Economic Potentials of Nigeria's International Border Communities: Implications for National Economic Development

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## ARTICLE INFO

### Article history:

Received 09.04.2025

Accepted 21.05.2025

Published 10.06.2025

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[https://doi.org/](https://doi.org/10.53989/jcp.v4i1.37)

10.53989/jcp.v4i1.37



## ABSTRACT

Mainstream studies on African border communities focus on security issues, neglecting the region's economic potential. The necessity of developing an efficient and reliable work plan for managing border communities to ensure that their potential is harnessed for national economic development has been recognised globally. Rather than points of opportunity for trade, social connections, and building better bilateral relations, these frontiers are now often perceived by regional governments as places of vulnerability and threat. The study examines the panoptic view of border communities in Nigeria as 'ungoverned spaces, neglecting their pivotal position in national economic development. The Complex Interdependence theoretical paradigm was adopted to evaluate the contributions of the economic activities across the Seme and Idiroko International Border Communities (IBCs) to Nigeria's economic development, an important element often disregarded in border studies research. The mixed method approach, comprising a 12-year (2010-2022) Annual Customs Trade Records and in-depth interviews, was used. This work contributes by highlighting the need for research into the economic potential of IBCs in sub-Saharan Africa and expanding the position that complex interdependency can occur within a nation, not necessarily at the global level. Recommended that investment in infrastructure and the adoption of functional economic policies must be prioritised to adequately position IBCs to contribute to national economic development.

**Keywords:** Antagonistic coevolution; Balance of trade; Complex Interdependence Theory; Fayawo; International Border communities; Low Location Quotient

## INTRODUCTION

The notion that international borders and border communities impact a nation's economic development is well known. Guo and Minier (2021)<sup>1</sup> use North and South Korean borders to illustrate the effect of international borders on national economic development. While the former is shrouded in darkness, the other shines brightly. Thus, nations strategically prioritise investment in their International Border Communities (IBCs) to harness national and regional economic benefits. For instance, the US-Mexico border communities of El Paso are one of the top twenty percent United States of America (USA) performing economy and continues to encounter economic growth by drawing new businesses<sup>2,3</sup>. Similarly, the Moselle and

Monde Les Bain IBCs have been of immense benefit to France's national economic development, while the former is famous for its wines, 66% of which is sold in Belgium and Germany, the latter with its aviation museum has become a tourist destination attracting over 530,000 visitors annually<sup>4,5</sup>.

In Asia, the Asian Development Bank (ADB) prioritises infrastructural investment in border communities to create employment, boost Special Economic Zones (SEZ), and improve cross border relationships<sup>6</sup>. Thus, national governments have made IBCs a platform for projecting their national economic interests.

However, IBCs in Africa are disenfranchised both politically and economically due to the arbitrary nature of African



borders and their ineffective control and management, inability to harmonise different custom procedures, neglect of border communities in terms of infrastructure, social amenities, corruption, and other illegal practices<sup>7,8</sup>. These have been maintained as impediments to harnessing optimum economic benefits from African border communities. However, these scholars overlooked whether IBCs in Africa are adequately situated to provide economic development. Conversely, Michel (2020)<sup>9</sup> asserts that Africa should look inward to significant concerns like appropriation and governance of its IBCs and external frontiers.

Studies by scholars like Nnadi and Okoye (2022) Raleigh & Dowd (2013)<sup>10,11</sup> aver that central to the vulnerability of IBCs is their political, physical, and social distance away from the centre, inadequate checks and control at the borders and the absence of formal state presence in these IBCs, which continue to obstruct government regulation and enforcement in these spaces, resulting in a preponderance of border communities across the nation's international borders that are vulnerable to criminal manipulation, exploitation, subjugation and control.

Nigeria has several IBCs sharing a borderline with the Benin Republic in the West, Niger and Chad in the North, and Cameroon in the North-East and South-South<sup>12</sup>. Among the IBCs in southwest Nigeria are the Seme and Idiroko border communities in Lagos and Ogun States, respectively. Eselebor (2021)<sup>13</sup> and Asomba (2015)<sup>14</sup> assert that the Seme and Idiroko IBCs are among the busiest commercial gateways in the West Africa sub-region, generating the highest revenue among all IBCs in Nigeria. The question that continues to bother researchers is how this considerable revenue has impacted national economic development and what instruments have furthered this.

Nevertheless, the Seme and Idiroko IBCs are disadvantaged in terms of infrastructure and basic social amenities, inadvertently putting them in an unsuitable position for national economic development (Okereke, Abdullahi, & Shuaibu, 2023)<sup>15</sup>. This has made them conduit pipes and safety nets for unlawful trade, negatively impacting national economic development. Although a transit route for financial activities, the absence of a border market and infrastructure has limited its capacity and potential to contribute to national economic development. Macroeconomic factors created by the Nigerian State harm the economy, and the IBCs' cooperation can impede or improve trade across the borders.

Allwell (2021)<sup>16</sup> opines that the relationship between IBCs and the Nigerian government is steeped in ambiguities, as the difference in perspective on the legalities and illegalities of cross-border economic activities is responsible for the financial losses suffered by Nigeria, as what encompasses smuggling varies across geographical landscapes. Herbert (2020)<sup>17</sup> succinctly captures this by asserting that IBCs in Nigeria, rather than being points of opportunity for trade,

social connection, and building better bilateral relations, are seen by the government as places of vulnerability and threat. The Nigerian government has made various attempts at positioning the Seme and Idiroko IBCs for optimal benefit by banning some commodities, collaborating with the Benin Republic government, and wholly and partially closing the borders. However, progress is yet to be made. This paper evaluates the outcome of the economic activities in Nigeria's IBCs in relation to its fractured borders, with particular reference to the Seme and Idiroko IBCs in southwestern Nigeria.

### ***The Concept of International Border Communities (IBCs)***

IBCs are globalised localities, sub-state zones, or regions whose economic and social life is notably influenced by their nearness to an international frontier<sup>18</sup> (Asiwaju, 1996). Dokoupil and Havlicek (2002)<sup>19</sup> define an IBC as a region or territory nearest to the country's border, affected by recurrent border effects, or an area seen as a border by the majority of the population. Thus, IBC applies to a dynamic area, or areas joined by pecuniary interest and cultural realities, but suffers from being caught between different state economic policies. IBCs are highly susceptible to fluctuations in international relations due to national, regional, and global policies fostered by marginal socio-economic and infrastructural development, most visible is the GDP per capita<sup>20</sup>. Over the years, the dynamic of the IBCs on the national economy has been hotly debated among policymakers and scholars, with many viewing IBCs as an impediment to development.

A country's border can adversely affect the development of the border community by reducing the area of influence and increasing transaction costs, negatively impacting trade and production.

According to Capello, Caragliu, and Fratesi (2018)<sup>21</sup>, inefficiency is a significant challenge in border communities, as they cannot utilise their resources like other regions due to their closeness to the border. Nonetheless, the nexus between the international borders and border communities on a nation's economic development is context-dependent, and the border characteristics play a significant role in this respect<sup>20</sup>.

### ***International Border Communities and National Economic Development: The Nexus***

International Border Communities (IBCs) are often submersed by their international borders' presence, significance, and importance; their role in a nation's economy is contingent upon the approach with which the IBCs are engaged and developed. For instance, the Seme, US-Mexico, and Pakistan-Indian borders are subjects of more frequent debates than the communities or regions housing them.



However, when strategic policies are applied to IBCs to make them competitive, it births a border market that becomes an instrument for revenue, employment, and wage generation for proper trade initiatives. Yet, to fully explore IBCs' potential requires investment in human capital. The traditional perspective of IBCs as a marginal segment of the nation's economy must be jettisoned, particularly given the hurricane of globalisation and the opening up of trade in the 21st century.

The Chinese government strategic investment in physical assets and human capital instead of a focus on employment alone, contributed significantly to GDP growth per capita and enhanced improvement in the economy of the border communities in the Revitalized Border Areas and Enrich Resident Lives Policy (RBAERL) in China<sup>22</sup>.

Also, the Sahel and West Africa Club in an empirical research assert that 38% of the city population in West Africa resides less than 100km from an international border. For instance, the distance from Lagos, Nigeria's most significant economic and commercial hub, to the Seme international border is about 83.1km. Therefore, a large urban population close to IBCs should stimulate trade policies that reflect border markets as a central element of national economies. Where there exists a gap in state-controlled policies to create an avenue for a border market to regulate cross-border trade, the informal economy or smuggling becomes rampant due to the activities of business people in these cities who are either trying to make more profit or evade customs duties.

### ***International Border Communities and National Economic Development in Nigeria***

The exploitation of the ECOWAS Trade Liberalisation Scheme (ETLS) has become a strategic economic battle against Nigeria's effort at economic development, particularly with the importation of products classified as contraband, relabeling, and repacking of foreign goods with the cooperation of some West African countries, which negates both the ECOWAS ETLS and WTO Rules of Origin<sup>23</sup>. Hence, the government of the Benin Republic is either complicit or has chosen to disregard the intricacies of the trade between the two countries. This explains the frequent border closures adopted across the Seme and Idiroko international borders<sup>24</sup>.

Furthermore, the hostilities towards border security officials by residents of IBCs and the prevalence of poverty in the area, amongst other factors, impede the State intervention in the management and control of trade across these border communities, leading to a kinetic approach like the Ex-Swift Response Drill. Also, the difference in price and tariffs between the Seme and Idiroko IBCs and their proximate nations, inadequate job opportunities, and the harsh economic conditions in border communities would continue to obstruct national economic development efforts that should have accrued from these border communities.

### ***Seme and Idiroko International Border Communities: Causes and Nature of Challenges faced in fostering Economic Development in Nigeria***

The Idiroko IBC is characterised by epileptic power supply, bad roads, poor health and sanitation facilities, which cannot support any meaningful economic growth, as its deplorable state constitutes a danger to both national security and the economy<sup>25</sup>. Adeleye (2019), in an empirical study on the border communities of Shaki (Oyo State) and Seme (Lagos State), asserts that the socio-economic gap or difference between border communities and their core areas (cities), such as the wage gap, the variety of occupations obtainable, the mixture of nationalities, and vocational and educational opportunities, all contribute to the nature of issues and challenges peculiar to border communities. However, Adeleye (2019) paid little attention to the economic potential these communities possess.

Likewise, the absence of peace and security is one of the critical factors responsible for the inadequate development of border communities, as the components of peace, security, and development go hand in hand. The dysfunction of border security governance in Nigeria contributes to the nature and challenges of border communities as inadequate management of Nigeria's international borders exposes them to insecurity, as they become a hideout and transit routes for criminals and illicit activities<sup>26</sup>. In such a condition devoid of peace, development becomes impossible; not only is investors' confidence reduced, but finance that should have been used for development is utilised for security purposes.

Additionally, the fluctuations in government policies affect the ease of doing business in these communities; for instance, the November 2019 embargo placed on the supply of petroleum products within the bounds of 20km from Nigeria's land borders impacted heavily on businesses, especially as the duration of the embargo was not stated by the government. This decision affected businesses because most of them run on generators due to the erratic nature of electricity. The scarcity of petroleum products led to price exploitation between border communities and the nearby areas, as the former were forced to depend on them for petrol and diesel.

### ***Theoretical Framework***

#### ***Complex Interdependence Theory:***

The theory of Complex Interdependence, as advanced by Joseph Nye and Robert Keohane (1977), asserts that international affairs are portrayed in the multifaceted relationship between states (Nigeria) and non-state actors (IBCs). It challenges the government's state-centric approach toward issues. It supports cooperation among the various actors in a nation and across borders, averring that clashes and conflict are expected as a result of power dynamics and divergent interests. This depicts the conflictual relationship



between IBCs and the Nigerian government particularly due to the latter's state-centric policies towards cross-border issues, inadvertently fostering an informal economy where smuggling thrives and has become an aspiration for youths.

Also, the complex interdependence theory proposes that economic issues are interconnected. This is reflected in the situation at the Seme and Idiroko IBCs. Despite its strategic location to the West African market, its asymmetrical relation with bordering countries has created a situation of economic interdependence due to internal and external factors created by Nigeria and neighbouring States contributing to the persistent trade deficit experienced due to activities between these communities and their foreign neighbours.

## MATERIALS AND METHOD

This study adopts a mixed methods approach; a twelve-year annual customs trade record of imports and exports across the Seme and Idiroko IBCs was obtained from Nigeria's Bureau of Statistics, and in-depth interviews were carried out with experts and community stakeholders. The triangulation embedded in this technique draws on the strengths of both methods, providing a more comprehensive understanding of the phenomena.

### Data Presentation

Table 2 presents data on the customs value of imports through the Seme and Idiroko borders from 2010 to 2022. The table includes the total customs value, the percentage contribution of each border to the total customs value, Nigeria's total non-oil import values, and the percentage of non-oil imports relative to the total.

These data, showing the trade balance, were analysed using Microsoft Excel through trend analysis to measure export and import trade value performance and volume across the two international border communities, Seme and Idiroko.

## RESULTS

### Data Analysis

Tables 3 and 4 present the twelve-year trade performances for export and import through the Idiroko and Seme international borders in the two study areas.

Table 3 shows a noticeable fluctuation in import values over the years. The highest import value was recorded in 2011 (61.1 billion), and the lowest in 2022 (0.48 billion). Export values are generally lower compared to imports, with significant variability. The highest export value was in 2017 (7.77 billion), and the lowest in 2021 (7.27 million).

Balance of Trade: The trade balance has been negative for most years, indicating a trade deficit. However, in 2022, there was a trade surplus (+0.88 billion).

### Detailed Yearly Analysis

2010-2012: Showed substantial trade deficits, with the largest in 2011 (-60.7 billion). It suggests that imports far exceeded exports during this period.

2013-2015: Imports and the trade deficit decreased. The deficit decreased significantly in 2014 (-8.00 billion) compared to previous years.

2016-2017: Import values increased in 2016, but the trade balance significantly improved in 2017, reducing the deficit to -4.35 billion.

2018-2021: Fluctuating imports and generally low export values, leading to persistent trade deficits. The deficits in these years were relatively stable but still harmful.

2022: Marks a significant shift with a trade surplus. Imports are at their lowest, while exports are relatively high, resulting in a positive balance of trade (+0.88 billion).

The drastic reduction in imports (0.48 billion) significantly contributes to the trade surplus. Compared to previous years, an increase in exports to 1.36 billion supports the positive trade balance, which could indicate a shift in economic strategies or improvements in local production and export capabilities.

The data shows that the Idiroko border has a consistently negative trade balance throughout the given period. It implies that imports significantly exceed exports every year. Export values show considerable fluctuations, with a notable peak in 2017. However, there is a significant decline in exports from 2017 onwards, with 2020 showing zero exports. Import values are relatively high and have increased, peaking in 2021. 2020 has zero exports, resulting in a very high negative trade balance. It could be attributed to border closures, economic policies, or other disruptions. While the trade balance remains negative, the most substantial deficit occurred in 2021. The overall trend indicates increasing trade deficits, which can affect the region's economic health and trade policies. A persistently negative trade balance can lead to a depletion of foreign reserves and impact the currency value, leading to inflation and other economic challenges.

Hence, high imports should be discouraged, particularly for products that can be made in Nigeria and for the expansion of the country's export base. The government need to implement policies to boost exports, reduce dependency on imports, and improve trade balance. The data from the Idiroko border reveals a significant trade imbalance, with imports far outpacing exports. Addressing this imbalance will require strategic policy interventions to enhance export potential and manage import dependencies. Yet, border politics, a dishonest and fragile border security architecture, the elite class attachment to foreign goods and the exploitation of the ECOWAS Protocol on Free Movement of People and Goods are the main factors adversely affecting trade between Nigeria and the Benin Republic<sup>27</sup>.





Table 1: Customs Value of Exports through Seme/Idiroko Border (2010-2022)

Year	Customs Value of Exports through SEME Border	Customs Value of Exports through IDIROKO Border	TOTAL Value	Customs (%) total customs value on the two borders	IDIROKO (%) total customs value on the two borders	Nigeria's total non-oil export (per Billion Naira)	% of total non-oil export
2010	44,641,824,506.00	145,324,138.00	44,787,148,644.00	99.7	0.3	711.0	6.3
2011	14,601,757,379.00	418,614,381.00	15,020,371,760.00	97.2	2.8	913.5	1.6
2012	7,062,374,775.00	555,100,523.00	7,617,475,298.00	92.7	7.3	879.3	0.9
2013	18,502,273,496.00	13,976,950,492.00	32,479,223,988.00	57.0	43.0	1130.2	2.9
2014	10,686,204,212.00	10,818,604,642.00	21,504,808,854.00	49.7	50.3	953.5	2.3
2015	8,100,850,648.00	1,257,637,135.00	9,358,487,783.00	86.6	13.4	660.7	1.4
2016	2,648,271,555.44	2,603,957,566.11	5,252,229,121.56	50.4	49.6	656.8	0.8
2017	11,406,616,108.04	7,768,088,390.19	19,174,704,498.23	59.5	40.5	n/a	n/a
2018	14,932,090,628.77	2,920,874,840.80	17,852,965,469.57	83.6	16.4	n/a	n/a
2019	10,260,946,480.31	537,982,293.48	10,798,928,773.79	95.0	5.0	n/a	n/a
2020	Not available	Not available	-			n/a	n/a
2021	21,819,891,517.09	7,270,432.50	21,827,161,949.59	100.0	0.0	n/a	n/a
2022	21,470,982,371.59	1,359,746,597.02	22,830,728,968.61	94	5.9	n/a	n/a

Source: National Bureau of Statistics, (2010-2022)

Table 2: Customs Value of Imports through Seme/Idiroko Border (2010-2022)

Year	Customs Value of Imports through SEME Border	Customs Value of Imports through IDIROKO Border	TOTAL Value	Customs (%) total customs value on the two borders	IDIROKO (%) total customs value on the two borders	Nigeria's total non-oil import (per Billion Naira)	% of total non-oil import
2010	138,092,218,381.00	15,633,417,292.00	153,725,635,510	89.8	10.2	6,406.80	2.4
2011	230,185,825,523.00	61,144,795,899.00	291,330,621,422	79	20.9	7,952.30	3.7
2012	34,638,144,145.00	54,020,141,810.00	88,658,285,955	39	60.9	6,702.30	1.3
2013	38,721,352,920	13,976,950,492.00	52,698,303,412	26.5	73.5	7,010.00	0.8
2014	32,324,286,817	10,818,604,642.00	43,142,891,459	74.9	25.1	8,323.70	0.5
2015	23,059,179,796	9,225,242,069.00	32,284,421,865	71.4	28.6	9,350.80	0.3
2016	35,803,416,680	18,619,695,703.00	54,423,112,383	65.8	34.2	7,096.00	0.8
2017	36,936,541,721	12,114,425,291.00	49,050,967,012	75.3	24.7	n/a	n/a
2018	27,973,080,103	10,674,431,644.00	38,647,511,747	72.4	27.6	n/a	n/a
2019	27,915,357,660	11,539,381,079.00	39,454,738,739	70.8	29.3	n/a	n/a
2020	571,500	12,664,386,829.00	12,664,958,329	0.004	99.9	n/a	n/a
2021	15,169,523,794	15,290,592,814.00	30,460,116,608	49.8	50.2	n/a	n/a
2022	8,321,341,743	482,472,444.00	8,803,814,187	94.5	5.5	n/a	n/a

Source: National Bureau of Statistics, (2010-2022)



**Table 3: Customs Value of Imports/Exports through the Idiroko International Border showing the balance of trade from 2010-2022**

Idiroko	Import	Export	Balance of trade
2010	15,633,417,292.00	145,324,138.00	-15,488,093,154
2011	61,144,795,899.00	418,614,381.00	-60,726,181,518
2012	54,020,141,810.00	555,100,523.00	-53,465,041,287
2013	13,976,950,492.00	488,843,881.00	-1,348,810,6611
2014	10,818,604,642.00	2,813,713,622.00	-8,004,891,020
2015	9,225,242,069.00	1,257,637,135.00	-7,967,604,934
2016	18,619,695,703.00	2,603,957,566.11	-16,015,738,137
2017	12,114,425,291.00	7,768,088,390.19	-43,46,336,901
2018	10,674,431,644.00	2,920,874,840.80	-7,753,556,803
2019	11,539,381,079.00	537,982,293.48	-11,001,398,786
2020	12,664,386,829.00	-	-12,664,386,829
2021	15,290,592,814.00	7,270,432.50	-15,283,322,382
2022	482,472,444.00	1,359,746,597.02	877,274,153

Source: National Bureau of Statistics, 2023

**Table 4: Customs Value of Imports/Exports through the Seme International Border showing the balance of trade from 2010-2022**

Seme	Import	Export	Balance of Trade
2010	138,092,218,381.00	44,641,824,506.00	-93450393875
2011	230,185,825,523.00	14,601,757,379.00	-2.15584E+11
2012	34,638,144,145.00	7,062,374,775.00	-27,575,769,370
2013	38,721,352,920	18,502,273,496	-20,219,079,424
2014	32,324,286,817	10,686,204,212	-21,638,082,605
2015	23,059,179,796	8,100,850,648	-14,958,329,148
2016	35,803,416,680	2,648,271,555	-33,155,145,125
2017	36,936,541,721	11,406,616,108	-25,529,925,613
2018	27,973,080,103	14,932,090,629	-13,040,989,474
2019	27,915,357,660	10,260,946,480	-17,654,411,180
2020	571,500	0	-571,500
2021	15,169,523,794	21,819,891,517	6,650,367,723
2022	8,321,341,743	21,470,982,372	13,149,640,629

Source: National Bureau of Statistics, 2023

Table 4 shows significant fluctuation in import values over the years. The highest import value was recorded in 2011 (230.2 billion), and the lowest in 2020 (0.57 million). Export values also show variability. The highest export value was in 2010 (44.6 billion), and the lowest in 2020 (0). The trade balance is primarily negative, indicating a trade deficit for most years. However, 2021 and 2022 show a trade surplus.

### Detailed Yearly Analysis

2010-2011: showed substantial trade deficits, with the largest in 2011 (-215.58 billion), suggesting that imports far exceeded exports during this period.

2012-2015: Both imports and the trade deficit decreased. The deficit in 2012 (-27.58 billion) decreased significantly by 2015 (-14.96 billion).

2016-2017: Imports rose again in 2016, but the trade balance remained negative. The deficit decreased slightly in

2017 (-25.53 billion) compared to 2016 (-33.16 billion).

2018-2019: Imports and exports have stabilised relative to each other, but trade deficits persist. The deficit in 2019 (-17.65 billion) is lower than in previous years.

2020: marks an anomaly with almost no imports (0.57 million) and no exports, resulting in a minimal deficit.

2021-2022: These years show a significant improvement with trade surpluses. In 2021, the surplus was +6.65 billion; in 2022, it increased to +13.15 billion. The significant reduction in imports in 2020, followed by moderate imports in 2021 and 2022, contributes to the trade surplus. A noticeable increase in exports in 2021 (21.82 billion) and 2022 (21.47 billion) supports the positive trade balance, indicating a shift in economic strategies or improvements in local production and export capabilities.

The trade data for Seme from 2010 to 2022 reveals significant fluctuations in import and export values, with



persistent trade deficits until 2021 and 2022, when notable surpluses are recorded. Understanding the factors behind these trends can help formulate policies to achieve a more balanced and sustainable trade environment.

From 2013 to 2020, the trade balance was consistently negative, indicating that imports exceeded exports every year. It implies a trade deficit, which can have various economic implications, such as increased foreign debt and depletion of foreign reserves. In 2020, imports and exports dropped drastically, with imports as low as 571,500 and exports as zero. This significant drop could be attributed to the COVID-19 pandemic, which disrupted global trade and supply chains. The year 2021 shows a positive trade balance, with exports significantly exceeding imports (BoT: +6,650,367,723), indicating a trade surplus for the year, possibly due to a recovery in global trade post-pandemic, increased export activity, or reduced dependency on imports. The general trend from 2013 to 2019 shows a substantial trade deficit, with the highest deficit recorded in 2016. The trend shifted in 2021 with a notable trade surplus, marking a significant improvement in the trade balance. A persistent trade deficit can lead to increased borrowing, higher interest rates, and inflationary pressures, weakening the local currency and reducing the country's foreign exchange reserves<sup>28</sup>.

The trade surplus in 2021 indicates a positive shift, potentially leading to a stronger currency, improved foreign reserves, and better economic stability. It also suggests that the country improved its export competitiveness or reduced import dependency. The balance of trade data for the Seme border from 2013 to 2021 reveals a period of consistent trade deficits, followed by a significant trade surplus in 2021. This shift could be indicative of economic recovery and improved trade policies post-pandemic.

Addressing the factors contributing to the trade deficits in previous years and maintaining the positive trend seen in 2021 will be crucial for long-term economic stability and growth. One of the economic outcomes of artificial boundaries is the occurrence of cross-border movements and unregulated trade (smuggling); this is strengthened when there exists an asymmetrical and kinship relationship between both proximate international border communities with the neighbouring country suffering losses in foreign exchange earnings and revenue<sup>29</sup>.

Therefore, the recurrent deficit in the balance of trade from both IBCs impedes economic growth and development. However, sustaining the 2021 trade surplus from the Seme international border would require increasing domestic production and job creation in these communities, amongst other factors. Nevertheless, it is essential to consider other economic factors and longer-term trends to get a comprehensive view of the overall economic impact<sup>30</sup>.

## ***Qualitative Data Analysis***

### ***Respondents' opinion on the impact of the Seme and Idiroko International Border communities on national economic development***

The traditional structure within border communities, such as local cartels or groups like the "Fayawo," are crucial in facilitating smuggling operations. These groups have extensive networks and knowledge of the terrain, enabling them to move goods across borders relatively quickly. They often collaborate with corrupt officials to ensure the smooth operation of their activities. This subtheme highlights the complexity of smuggling as an organised crime that leverages traditional social structures for its success. Addressing this requires disrupting these networks and fostering trust between communities and law enforcement.

The 'Fayawo' (Yoruba slang for smuggling) group are well organised and involved in international arms smuggling across the continent. They employ the use of charms such as the 'ayeta' (bullets dodger), and the strongest charms are used by automobile smugglers to prevent arrest by the Nigerian Customs<sup>31,32</sup>.

This analysis demonstrates that the structure of smuggling operations in border communities is a symptom of broader systemic issues. Economic necessity is driven by marginalisation and inadequate legitimate business opportunities, which all contribute to the persistence of smuggling. Addressing these problems requires comprehensive development strategies, improved governance, and targeted efforts to provide viable economic alternatives to smuggling. Reducing marginalisation and increasing legitimate opportunities would help curb smuggling, foster a sense of belonging, and adequately position these border communities for national economic development. Cantens and Raballand (2017) corroborate that there is an interconnection between international borders, border communities, security, development and taxation, particularly in Africa, where trade taxes account for 30 - 50% of total national revenue, making the duties of the Customs invaluable.

Secondly, the weak economic conditions in border communities significantly contribute to the prevalence of smuggling. High tariffs and costs associated with legal trade routes make smuggling a more attractive option for both traders and consumers. Residents' weakened purchasing power and the high cost of goods imported through official channels create a market for cheaper, smuggled goods. This economic disparity fosters an environment where smuggling becomes necessary for survival. Addressing the root economic issues, such as poverty and unemployment, is essential to reducing reliance on smuggling as a livelihood.

Nevertheless, the fluctuations in government policies and actions, high import duties compared to those of Benin Republic. the incapability of the Central Bank of Nigeria to improve regulation of exchange continue to foster informality in cross border trade, and the instability in prices



of commodities triggered by export restrictions, imports ban, and subsidies generate a weak economy<sup>33</sup>.

The economic interdependence between border communities and their reliance on smuggling for survival means that unilateral policies without cross-border collaboration are unlikely to succeed. The goodwill and infrastructure investments by francophone countries create an environment where smuggling can thrive. This subtheme highlights the need for collaborative efforts and harmonised policies between neighbouring countries to effectively manage and reduce smuggling activities. Significantly, the asymmetric economic relationship between Nigeria and the Benin Republic has made the latter pursue policies that negatively impact the former's national economy, particularly petroleum products and rice<sup>24</sup>.

## DISCUSSION

### *Summary of Data Analysis*

The analysis of the interviews revealed that the existing condition of the Seme and Idiroko IBCs cannot support economic development because the symbiotic relationship between the two study areas and national economic development is parasitic and competitive. Besides, the border communities' social, economic, and geographical complexity engenders a competitive symbiotic relationship in which one or both entities suffer losses. These poor economic conditions have remained an incentive to smuggling, resulting in substantial economic losses through sabotage created by smuggling.

Also, the trend analysis showing the customs value of imports and exports through the Seme and Idiroko international borders located in these border communities and the Central Bank of Nigeria's non-oil export and import value for the study period show that the Seme and Idiroko IBCs, which serve as gateways, are significant and vital to the nation's Internally Generated Revenue (IGR) through customs duties. Thus, there is a significant relationship between the position of Seme and Idiroko IBCs and the attainment of national economic development. However, this relationship could be more positive and translate to effective development delivery in the two communities<sup>34</sup>.

The economic activities in these IBCs reveal that a persistent trade deficit, even though marginal compared to the national average, has contributed negatively to Nigeria's economic development. This resonates with the analysis of the in-depth interviews, which shows that macroeconomic factors created by the Nigerian State harm the Nigerian economy and that community cooperation can impede or improve trade across borders.

### *Findings*

Findings from the study show that a multifaceted relationship exists between the Seme and Idiroko IBCs and the

Nigerian government, which is neither mutual, parasitic nor fully commensalism. Both communities depict a situation of antagonistic co-evolution, reflecting the complexity of community structure. This is echoed in the interviews and custom trade import and export reports across both communities, as against the level of infrastructure in the communities. Although the government generates enormous revenue, the communities are not adequately invested. While the border community residents enhance smuggling through their superior knowledge of the illegal routes, the funds and proceeds are not re-invested, as evidenced by the deplorable state of the communities. Therefore, despite the awareness of the economic position of IBCs globally, Seme and Idiroko IBCs, like other border communities in Nigeria are generally characterised by neglect and impoverishment, which based on the principle of derivation has deprived them of equity and distributive justice.

Also, the study reveals that the knowledge deficit on the complex relationship between international borders, their host communities, and the national government is responsible for the output in national economic development derived from the Seme and Idiroko IBCs, the actions and inactions of the government have not shown an understanding of border economies, this is evident in its state-centric approach to border issues. The misconception between the term 'border' and 'borderland' in cross-border trade underlines the undue focus on illegal trading activities, accounting for the derisory understanding of the region<sup>35</sup>. This buttresses Guo (2016) and Hansen (1976)<sup>18</sup> position that the inadequate knowledge of border regions and their challenges is partly an effect, and a cause of the tenacious nationalism associated with international borders. Thus, a better understanding of the development processes underlying border region economies and analysis must, by definition, be international and be carried out in terms of functional economic areas.

Additionally, border communities' industry, retail and service sectors are closely linked and contribute significantly to a State's economic vitality; thus, understanding their economic position to national economic development is significant in refining policy decisions to improve quality of life in the areas, advance cross-border trade, and promote trade and industrial expansion. An inadequate knowledge leads to an "incomplete development pole," manifested by the lack of a job market, conflicting border management policies and customs barriers, and a propensity for illegal routes to run parallel with legal routes<sup>36</sup>. This is the case of the Seme and Idiroko IBCs.

Furthermore, the findings showed that while the size of Nigeria compared to the Benin Republic and the high volume of trade via the Seme international border should be of comparative advantage to the nation, the lack of industries in Seme IBC has resulted in a low location quotient (LQ). A low LQ (location quotient is the measure of the concentration of industries in a sub-area relative to the





nation or a neighbouring country) implies that the domestic economy of the border communities suffers a comparative disadvantage in a specific sector compared to other part of the country or the proximate country and is a net importer of goods and services, consequently transcending to the national economy<sup>37,38</sup>. In the case of the Seme and Idiroko IBCs, there are no industries.

Finally, a cursory look at the twelve-year performance of the customs trade value of exports and imports across both the Seme and Idiroko international borders indicates that the balance of trade between 2010 and 2022 showed a deficit, except for 2021 (Seme). History has shown that countries that are net importers are confronted with major economic hurdles and foreign exchange shocks leading to depreciation of domestic currency, and leading to high borrowing to fund imports, inadvertently increasing their national debt (U.S. Department of Commerce & the Bureau of Economic Analysis, 2020). This is the current situation of Nigeria's economy today.

## CONCLUSION

The deplorable state of IBCs across Nigeria prompted the study. Existing studies regarding their dysfunction have alluded to their peripheral location, insecurity, and government neglect as the causes of their impoverishment. Little empirical study has been done on the role of IBCs in actualising national economic development and their pivotal position in global economic relations. However, scholars have identified their vital economic position globally.

The study established that the present structure of IBCs in Nigeria, specifically the Seme and Idiroko IBCs, which are shaped and managed along the state-centric method, must be altered and improved to contribute to national economic development. The absence of a border market in both communities, which are significant gateways and the Seme international border, one of the busiest routes connecting the West Africa region, reflects a knowledge gap in border economies, for border markets play a vital regional role in global trade.

The low location quotient (LQ) of the study areas is due to a lack of industries despite the asymmetric relationship between Nigeria and the Benin Republic. This has resulted in their positions as mere transit routes and Nigeria as a net importer, resulting in a negative trade balance. The ripple effect is the flourishing of the informal economy and Nigeria's reduction to a dumping ground for all goods, increased unemployment due to a large youth population and a dwindling of our domestic industries, which cannot compete with the cheap foreign products.

Also, the level of inadequate infrastructure in IBCs shows that, outside of the international borders, the potential of these communities has not been harnessed. This is also evidenced in the government policies that have created a depressed border economy rather than one that can yield far-

reaching economic benefits.

## Recommendation

Investment in infrastructure and the adoption of functional economic policies must be prioritised to adequately position IBCs to contribute to national economic development.

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