

Colonial Trade Networks and the Evolution of Nigeria's International Economic Relations

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Abstract

Original Research Article

This study examines the role of colonial trade networks in shaping the evolution of Nigeria's international economic relations from the colonial era to the post-independence period. It argues that colonial trade structures were deliberately designed to integrate Nigeria into the global capitalist economy as a supplier of raw materials and a consumer of manufactured goods. These patterns significantly influenced the country's trade orientation, export composition, and diplomatic economic engagements after independence. The study adopts a historical and qualitative approach, relying on archival records, government publications, scholarly books, and peer-reviewed journal articles to analyse the continuity and transformation of Nigeria's external economic relations. It further explores the effects of colonial infrastructure, trade policies, and commercial institutions on Nigeria's participation in regional and global markets. Findings indicate that while political independence created opportunities for economic diversification and broader international partnerships, colonial trade legacies continue to shape trade dependence, foreign investment patterns, and economic policy choices. The study concludes that understanding these historical foundations is essential for formulating strategies that promote sustainable development, equitable trade, and stronger economic sovereignty. It recommends policies that encourage export diversification, regional economic integration, industrial development, and strategic international partnerships capable of reducing structural dependence inherited from the colonial period while enhancing Nigeria's competitiveness in the global economy.

Keywords: Colonial trade networks, Nigeria, international economic relations, colonial economy, export diversification, foreign trade, and economic development.

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Introduction

The history of Nigeria's international economic relations cannot be fully understood without examining the colonial trade networks established during British rule. From the late nineteenth century, colonial authorities integrated the territories that later became Nigeria into the global capitalist economy through commercial policies that prioritised the

extraction and export of agricultural and mineral resources. These networks linked Nigerian producers to European markets while simultaneously creating a dependence on imported manufactured goods. Consequently, the structure of colonial trade laid the foundation for Nigeria's external economic orientation and significantly influenced its post-colonial economic engagements with the international

community.¹

Colonial trade networks were deliberately organised to serve the economic interests of the British Empire. The construction of railways, roads, ports, and telecommunication facilities was largely intended to facilitate the movement of export commodities such as palm oil, cocoa, groundnuts, rubber, cotton, and later tin from the hinterlands to coastal ports for shipment to Britain. Rather than promoting balanced industrial development within Nigeria, colonial economic policies reinforced a pattern of production centred on primary commodities. This unequal economic relationship became a defining characteristic of Nigeria's integration into the global trading system.²

The expansion of colonial commerce transformed indigenous economic systems and altered long-established regional trade patterns. Traditional markets and local manufacturing activities gradually declined as imported European goods flooded Nigerian markets. Indigenous industries such as textile weaving, iron smelting, and local crafts struggled to compete with cheaper imported products produced through industrial manufacturing in Europe. The resulting dependence on foreign manufactured goods weakened domestic industrial capacity and entrenched external economic dependence that continued beyond political independence in 1960.³

Following independence, Nigeria inherited an economic structure largely shaped by colonial commercial interests. Although successive governments sought to diversify trade relations through engagement with Africa, Europe, North America, Asia, and emerging economies, the colonial pattern of exporting raw materials while importing manufactured products remained largely intact. The discovery and commercial exploitation of petroleum in the 1970s further deepened Nigeria's integration into the global economy, replacing agricultural exports with crude oil as the country's principal export commodity.⁴

Nigeria's international economic relations have evolved considerably under the influence of regional integration initiatives, multilateral

institutions, and globalisation. Membership in organisations such as the Economic Community of West African States (ECOWAS), the African Union (AU), the World Trade Organization (WTO), and the African Continental Free Trade Area (AfCFTA) reflects attempts to broaden economic cooperation beyond traditional colonial partners. Nevertheless, the enduring legacy of colonial trade structures continues to shape patterns of foreign investment, trade dependence, and economic diplomacy.⁵

Scholars have argued that many contemporary challenges confronting Nigeria's external economic relations—including export concentration, limited industrialisation, balance-of-payments pressures, and vulnerability to fluctuations in global commodity prices—are rooted in colonial economic policies. Historical analysis therefore provides an important framework for understanding why structural dependence persists despite decades of economic reforms and international engagement. Examining colonial trade networks enables a clearer understanding of both the opportunities and constraints that have characterised Nigeria's participation in the global economy.⁶

This study therefore examines the relationship between colonial trade networks and the evolution of Nigeria's international economic relations. It investigates how colonial commercial institutions, infrastructure, and policies influenced Nigeria's integration into international markets and assesses the extent to which these historical legacies continue to shape contemporary trade and economic diplomacy. By adopting a historical approach, the study contributes to debates on economic transformation, regional integration, and sustainable development while offering insights into strategies for strengthening Nigeria's position within the international economic system.⁷

Conceptual Clarification

Colonial trade networks refer to the interconnected commercial systems established by colonial powers to facilitate the extraction, transportation, and exchange of resources from

colonies to metropolitan economies. These networks were designed primarily to advance the economic interests of imperial states by integrating colonies into the global capitalist economy as producers of raw materials and consumers of manufactured goods. In the Nigerian context, British colonial authorities developed extensive trade routes, administrative institutions, and commercial regulations that promoted the export of commodities such as palm oil, cocoa, groundnuts, rubber, cotton, and tin while encouraging the importation of British manufactured products. These arrangements fundamentally transformed Nigeria's economic structure and external commercial relations.⁸

The concept of colonial trade networks also encompasses the physical and institutional infrastructure that sustained colonial commerce. Railways, roads, ports, customs administrations, banking institutions, shipping companies, and marketing boards were established to facilitate the efficient movement of export commodities from production centres to international markets. Although these investments improved transportation and communication, they were primarily intended to maximise colonial profits rather than stimulate balanced industrialisation or indigenous economic development. As A. G. Hopkins observes, colonial economic policies were designed to integrate West African economies into international trade in ways that reinforced Britain's industrial and commercial dominance.⁹

Furthermore, colonial trade networks represented unequal economic relationships characterised by dependency and asymmetric exchange. Colonial governments exercised control over prices, taxation, production, and trade regulations, thereby limiting the capacity of indigenous entrepreneurs to compete effectively within international markets. Walter Rodney argues that colonialism "integrated Africa into the international capitalist system on unequal terms," making African economies increasingly dependent on external markets and foreign capital.¹⁰ Consequently, Nigeria's colonial economy became heavily reliant on primary commodity exports, a pattern that continued long after political independence.

International economic relations refer to the economic interactions that occur among sovereign states and other international actors through trade, investment, finance, technology transfer, development cooperation, and participation in international economic institutions. These relations influence how countries exchange goods and services, attract foreign investment, negotiate commercial agreements, and pursue national economic development within an increasingly interconnected global economy. International economic relations therefore extend beyond trade alone to include monetary cooperation, regional integration, and multilateral economic governance.¹¹

In Nigeria, international economic relations have evolved significantly from the colonial period to the contemporary era. During colonial rule, external economic relations were largely directed towards Britain and other imperial markets. Following independence in 1960, Nigeria sought to diversify its economic partnerships through engagement with African states, Europe, North America, Asia, and emerging economies while participating actively in institutions such as ECOWAS, the African Union, the World Trade Organization, and the African Continental Free Trade Area. Despite these developments, the legacy of colonial trade structures continues to influence Nigeria's export profile, foreign investment patterns, and economic diplomacy.¹²

The concepts of colonial trade networks and international economic relations are therefore closely interconnected. Colonial commercial structures established the foundations upon which Nigeria's external economic engagements developed, shaping patterns of production, trade, investment, and international cooperation. Understanding these concepts provides an important analytical framework for examining both the historical evolution and the contemporary challenges of Nigeria's participation in the global economy. Such conceptual clarification also highlights the continuing relevance of colonial economic legacies in debates concerning trade diversification, industrialisation, regional

integration, and sustainable economic development.¹³

Theoretical Framework

This study is anchored on Dependency Theory, which provides a useful framework for explaining the historical evolution of Nigeria's international economic relations through colonial trade networks. Dependency Theory emerged in the 1960s and 1970s as a critique of modernisation theory and argues that the underdevelopment of many countries is closely linked to their integration into the global capitalist system on unequal terms. The theory maintains that colonialism created an international economic structure in which metropolitan or "core" countries accumulated wealth through the exploitation of colonies that functioned as "peripheral" economies. This perspective is particularly relevant to Nigeria because British colonial rule established trade structures that prioritised the export of raw materials and the importation of manufactured goods, thereby creating patterns of dependence that persisted after political independence.¹⁴

According to Dependency Theory, the international division of labour assigned colonies specialised roles as suppliers of agricultural and mineral commodities while discouraging domestic industrialisation. Colonial governments invested in transport infrastructure, commercial institutions, and administrative systems mainly to facilitate resource extraction rather than balanced economic development. As a result, Nigeria became integrated into international trade as an exporter of palm oil, cocoa, groundnuts, cotton, rubber, and tin, while relying heavily on imported manufactured products from Britain. This unequal exchange strengthened the economic position of the colonial power but constrained the development of indigenous industries and technological capacity.¹⁵

The principal proponents of Dependency Theory, including André Gunder Frank, Samir Amin, and Walter Rodney, argue that the economic problems experienced by many developing countries cannot be understood

without considering the historical impact of colonial exploitation. Frank contends that development in the industrialised world occurred alongside the underdevelopment of colonial territories, while Rodney maintains that colonialism systematically redirected African economies to serve European interests. Their arguments help explain why Nigeria's contemporary international economic relations continue to reflect structural dependence through export concentration, reliance on foreign capital, and vulnerability to fluctuations in global commodity prices.¹⁶

Although Dependency Theory has been criticised for placing excessive emphasis on external factors and for underestimating the influence of domestic institutions, governance, and policy choices, it remains valuable for historical analysis. The theory highlights how colonial trade networks shaped long-term economic structures and demonstrates that many post-colonial economic challenges have historical origins. In Nigeria's case, the persistence of primary commodity exports, limited industrial diversification, and dependence on external markets illustrate the enduring influence of colonial economic arrangements.¹⁷

Dependency Theory is therefore appropriate for this study because it provides a comprehensive framework for analysing the relationship between colonial trade networks and the evolution of Nigeria's international economic relations. It enables an examination of how colonial commercial policies, infrastructure, and trade institutions established patterns of economic dependence that have continued to influence Nigeria's engagement with the global economy. The theory also provides a basis for assessing contemporary efforts aimed at economic diversification, regional integration, and strengthening Nigeria's position within the international trading system.¹⁸

Historical Development of Colonial Trade Networks in Nigeria

The historical development of colonial trade networks in Nigeria began with the increasing

commercial contacts between European merchants and the coastal communities of West Africa from the fifteenth century. Portuguese traders initially established commercial relations along the Bight of Biafra and the Bight of Benin, exchanging European manufactured goods for ivory, pepper, and later enslaved persons. By the eighteenth century, British merchants had become the dominant trading partners, integrating the region into the expanding Atlantic economy. Following the abolition of the trans-Atlantic slave trade in the nineteenth century, British commercial interests shifted toward the export of agricultural commodities such as palm oil, palm kernels, rubber, cocoa, cotton, and groundnuts, thereby laying the foundation for colonial trade networks that served Britain's industrial economy.¹⁹

The formal establishment of British colonial rule through the creation of the Oil Rivers Protectorate (1885), the Niger Coast Protectorate (1893), and eventually the amalgamation of Northern and Southern Nigeria in 1914 transformed trade from a largely coastal enterprise into an organised colonial economic system. British authorities granted trading monopolies to firms such as the Royal Niger Company, which exercised extensive commercial and administrative control over large parts of the Niger Basin before transferring its authority to the British Crown in 1900. Colonial administrators introduced policies that prioritised the extraction and export of raw materials while encouraging the importation of British manufactured goods. Consequently, Nigeria became increasingly integrated into Britain's imperial trading network as a supplier of primary products and a consumer of finished industrial commodities.²⁰

To facilitate the movement of export commodities, the colonial government invested heavily in transport and communication infrastructure. Railways linking Kano to Lagos and Port Harcourt to Enugu, together with roads, river transport, and seaports, were primarily constructed to connect producing regions with export terminals rather than to stimulate

balanced domestic development. These transport networks enabled the efficient movement of cocoa from the Western Region, groundnuts and cotton from Northern Nigeria, palm produce from the Eastern Region, and tin from the Jos Plateau to international markets. Although such infrastructure improved commercial connectivity, its principal objective was to maximise colonial economic interests rather than promote indigenous industrialisation or regional integration.²¹

Colonial trade networks also reshaped indigenous commercial systems and social relations. Traditional long-distance trading routes managed by Hausa, Igbo, Yoruba, Nupe, and other merchant communities were increasingly subordinated to colonial regulations and European commercial firms. The introduction of cash crops encouraged many rural households to shift from subsistence farming to export-oriented agriculture, while taxation policies compelled African producers to participate in the colonial monetary economy. Indigenous merchants continued to play significant intermediary roles, but European firms dominated international trade through their superior access to capital, shipping, finance, and government support. This unequal commercial structure entrenched dependency and limited opportunities for indigenous entrepreneurship.²²

By the end of colonial rule in 1960, Nigeria's trade networks had become deeply integrated into the global capitalist economy but remained heavily dependent on the export of a narrow range of primary commodities. The colonial pattern of exporting raw materials while importing manufactured products created structural imbalances that persisted after independence. These trade arrangements generated government revenue and expanded external commerce, yet they also discouraged industrial diversification and reinforced unequal economic relations between Nigeria and industrialised nations. The colonial trade system therefore established enduring patterns that have continued to shape Nigeria's international economic relations and development trajectory in the post-colonial era.²³

Colonial Trade and British Interests

British colonial trade in Nigeria was fundamentally driven by the economic interests of the British Empire, particularly the need to secure reliable sources of raw materials for Britain's rapidly expanding industries during the Industrial Revolution. Following the abolition of the trans-Atlantic slave trade in 1807, Britain redirected its commercial focus towards what became known as "legitimate commerce," centred on commodities such as palm oil, palm kernels, rubber, cocoa, cotton, groundnuts, and tin. These products were essential for British manufacturing, especially in the production of soap, candles, lubricants, textiles, and food processing. Consequently, British trade policy sought to integrate Nigeria into an imperial economic system that prioritised the extraction of raw materials while creating a market for British manufactured goods.²⁴

To safeguard these commercial interests, Britain gradually expanded its political control over Nigerian territories. The activities of the Royal Niger Company in the late nineteenth century enabled Britain to dominate trade along the River Niger and suppress commercial competition from rival European powers. Following the revocation of the company's charter in 1900, the British colonial government assumed direct administrative control and introduced policies designed to facilitate commerce, including customs regulations, taxation, and legal frameworks favourable to British firms. Infrastructure such as railways, ports, roads, and telegraph lines was developed primarily to transport export commodities efficiently from the interior to coastal ports for shipment to Britain.²⁵

British commercial interests also reshaped Nigeria's productive economy by encouraging the cultivation of export-oriented cash crops. Colonial agricultural policies promoted cocoa production in the Western Region, groundnuts and cotton in Northern Nigeria, and palm produce in the Eastern Region. African farmers became increasingly integrated into the global capitalist market, but production remained largely focused on satisfying external demand rather than domestic industrial development.

British trading companies, including the United Africa Company (UAC), dominated export marketing, shipping, and finance, allowing them to control prices and maximise profits while limiting the growth of indigenous commercial enterprises.²⁶

Although British colonial trade generated revenue and expanded Nigeria's participation in international commerce, its primary objective was the advancement of British imperial interests rather than Nigeria's economic transformation. The colonial economy remained dependent on the export of primary commodities and the import of manufactured goods, creating structural imbalances that persisted after independence in 1960. This pattern of unequal trade reinforced economic dependency, weakened local industrialisation, and established a colonial economic legacy that continues to influence Nigeria's international economic relations and development policies.²⁷

Colonial Infrastructure and the Expansion of External Trade

Colonial infrastructure played a decisive role in the expansion of external trade in Nigeria during British rule. Although colonial officials often presented roads, railways, ports, and communication facilities as instruments of modernization, their primary objective was to facilitate the extraction and export of raw materials required by British industries. The colonial administration invested heavily in transport and communication systems that linked agricultural and mining regions with seaports such as Lagos and Port Harcourt, thereby integrating Nigeria more firmly into the British imperial economy. Rather than promoting balanced national development, these projects were designed to reduce transportation costs, increase export efficiency, and strengthen Britain's commercial dominance in West Africa.²⁸

In 1926, the British colonial administrator Alan McPhee described what he termed the "economic revolution" in British West Africa in highly favourable terms. He argued that British capital had constructed railways, improved

harbours, cleared waterways, introduced new cash crops, built roads and towns, established markets, created banking institutions, introduced a stable currency, and developed the mining industry. According to McPhee, these developments had brought peace, security, and commercial prosperity while abolishing slavery and expanding legitimate trade. He concluded that both Britain and Africans benefited from the remarkable growth in commerce that accompanied colonial rule.²⁹

The construction of railway networks illustrates the economic priorities of colonial infrastructure. The Lagos–Kano Railway and the Eastern Railway connecting Port Harcourt with Enugu and the northern hinterland were not designed primarily to encourage domestic integration but to transport export commodities efficiently to the coast. Cocoa from the Western Region, groundnuts and cotton from Northern Nigeria, palm produce from the Eastern Region, and tin from the Jos Plateau could now reach international markets more quickly and at lower cost. Similarly, roads and inland waterways were developed mainly to connect producing communities with railway stations and ports, thereby facilitating Britain's export-oriented trade system.³⁰

Colonial infrastructure also encouraged the growth of financial and commercial institutions that supported external trade. British banks, including the Bank of British West Africa and Barclays Bank (Dominion, Colonial and Overseas), provided credit and banking services largely for European trading companies and export merchants. The introduction of a uniform currency and modern customs administration simplified commercial transactions and increased colonial revenue. Major firms such as the United Africa Company (UAC), John Holt, and the Royal Niger Company expanded their operations by using these facilities to dominate the marketing, transportation, and export of Nigerian agricultural products.³¹

Despite these developments, many African nationalists and later historians challenged the optimistic interpretation offered by colonial officials. One of the most influential critics,

Walter Rodney, argued that colonial infrastructure primarily served European interests rather than African development. As Rodney observed, "the railways and roads were built to make business profits for the colonialists and not to develop the African economy."³² Similarly, Michael Crowder maintained that colonial economic policies were directed towards ensuring a continuous flow of raw materials to Britain while creating dependable markets for British manufactured goods, leaving little room for indigenous industrial growth.³³

Other contemporary observers also questioned whether Africans truly benefited from colonial trade. The British scholar Margery Perham acknowledged that, despite the visible expansion of commerce, Africans received only a small proportion of the wealth generated by colonial exports. Likewise, historian A. G. Hopkins noted that the structure of colonial trade encouraged dependence on the export of primary commodities while discouraging local manufacturing and technological advancement. Consequently, although export earnings increased, the long-term benefits to the Nigerian economy remained limited because value addition occurred largely in Britain rather than within the colony.³⁴

The expansion of external trade through colonial infrastructure therefore produced mixed outcomes. It undoubtedly improved transportation, communication, and commercial connectivity, leading to greater participation in international trade. However, these investments were fundamentally designed to advance British imperial interests by facilitating the extraction of raw materials and the importation of manufactured goods. The resulting trade structure created a dependent colonial economy whose legacy continued after Nigeria attained independence in 1960. Many of the challenges associated with commodity dependence, regional economic imbalance, and limited industrialisation can be traced to the infrastructure and trade policies established during the colonial era.³⁵

Major Export Commodities and Nigeria's Integration into the Global Economy

Nigeria's integration into the global economy during the colonial period was largely driven by the production and export of primary commodities demanded by industrial economies, particularly Britain. Following the abolition of the trans-Atlantic slave trade in the nineteenth century, British commercial policy shifted towards "legitimate commerce," encouraging the cultivation and extraction of agricultural and mineral products for export. Colonial authorities promoted an export-oriented economy in which Nigeria supplied raw materials while importing manufactured goods from Europe. This economic arrangement firmly incorporated Nigeria into the international capitalist system, making its economic fortunes increasingly dependent on fluctuations in global commodity markets.³⁶

Among Nigeria's major export commodities, palm oil and palm kernels occupied a central position during the early colonial period. Produced mainly in the Eastern and Midwestern regions, these commodities were essential to British industries for the manufacture of soap, candles, lubricants, and margarine. In the Western Region, cocoa emerged as the leading export crop, while groundnuts and cotton became the principal exports of Northern Nigeria. These regional specialisations reflected colonial agricultural policies that encouraged each area to produce commodities best suited to European industrial demand rather than promoting diversified domestic production.³⁷

Mineral exports also contributed significantly to Nigeria's integration into the global economy. Tin mining on the Jos Plateau became one of the colony's most valuable export industries, attracting British investment and foreign capital. Coal from Enugu supported railway transportation and shipping while also serving export markets. To facilitate the movement of these commodities, the colonial government constructed railways linking producing areas to major ports such as Lagos and Port Harcourt. These transport networks reduced the cost of moving goods and enabled Nigeria to participate more actively in international trade, although

they were designed primarily to serve British commercial interests.³⁸

The expansion of export trade strengthened Nigeria's connections with global markets but also created a dependent economic structure. European trading companies, including the United Africa Company (UAC), John Holt, and the Royal Niger Company, dominated the marketing, financing, and export of Nigerian products. Prices for Nigeria's exports were largely determined by demand in Europe rather than by local producers, exposing farmers and the colonial economy to fluctuations in world commodity prices. As A. G. Hopkins observes, colonial trade integrated West African economies into international commerce while simultaneously reinforcing their dependence on the export of a narrow range of primary products.³⁹

By the time Nigeria attained independence in 1960, its economy had become deeply integrated into the global trading system through exports of agricultural commodities and minerals. While this integration generated foreign exchange earnings, expanded commercial activity, and improved transport infrastructure, it also left Nigeria vulnerable to external economic shocks and discouraged industrialisation. The colonial legacy of exporting raw materials and importing manufactured goods persisted into the post-colonial era and later shifted towards dependence on crude oil exports after the discovery of petroleum in commercial quantities. Consequently, the patterns established during colonial rule continue to shape Nigeria's position in the global economy and its international economic relations today.⁴⁰

The Evolution of Nigeria's International Economic Relations after Independence

Nigeria's international economic relations after attaining independence on 1 October 1960 were shaped by the colonial economic structure inherited from Britain. At independence, the country's economy remained heavily dependent on the export of primary agricultural commodities such as cocoa, groundnuts, palm oil, palm kernels, rubber, and cotton, while

manufactured goods continued to be imported from industrialised countries. Although political sovereignty had been achieved, Nigeria's economic ties with Britain and other Western countries remained strong through trade, investment, finance, and technical assistance. The new Nigerian government therefore sought to diversify its external economic partnerships while maintaining commercial relations with its former colonial ruler.⁴¹

During the First Republic (1960–1966), Nigeria adopted an open economic policy aimed at attracting foreign investment and promoting export-led growth. Britain remained Nigeria's principal trading partner, but economic relations gradually expanded to include the United States, Western Europe, and other Commonwealth countries. Nigeria also joined several international financial and economic institutions, including the International Monetary Fund (IMF), the World Bank, and the General Agreement on Tariffs and Trade (GATT), thereby integrating more fully into the global economic system. Membership in these organisations provided access to development finance, technical expertise, and international markets while exposing the country to global economic trends and policy prescriptions.⁴²

The discovery and commercial exploitation of crude oil in the late 1950s, followed by the oil boom of the 1970s, fundamentally transformed Nigeria's international economic relations. Oil rapidly replaced agricultural commodities as the country's principal export and source of foreign exchange earnings. Nigeria became an influential member of the Organization of the Petroleum Exporting Countries (OPEC) in 1971 and used its oil wealth to strengthen diplomatic and economic ties with countries in Europe, North America, Asia, and the Middle East. Increased petroleum revenues financed ambitious development projects and enabled Nigeria to play a more active role in African economic cooperation through the Economic Community of West African States (ECOWAS), established in 1975.⁴³

Despite the benefits of oil wealth, Nigeria's growing dependence on petroleum exports exposed the economy to fluctuations in global oil

prices. The collapse of oil prices during the early 1980s resulted in declining export earnings, rising external debt, and severe balance-of-payments difficulties. In response, the military government introduced the Structural Adjustment Programme (SAP) in 1986 under the guidance of the International Monetary Fund and the World Bank. SAP promoted trade liberalisation, currency devaluation, privatisation, and reduced government intervention in the economy. While these reforms sought to improve Nigeria's competitiveness in the global economy, they also generated significant social and economic challenges, including inflation, unemployment, and declining industrial productivity.⁴⁴

Since the return to democratic governance in 1999, Nigeria has pursued broader international economic engagement through regional integration, trade liberalisation, and economic diplomacy. The country has strengthened its participation in ECOWAS, the African Union (AU), the African Continental Free Trade Area (AfCFTA), and the World Trade Organization (WTO). Nigeria has also expanded trade and investment relations with emerging economies such as China, India, Brazil, and Türkiye, reducing its traditional dependence on Western markets. Foreign direct investment in sectors including telecommunications, manufacturing, agriculture, banking, and infrastructure has contributed to economic growth, although concerns over insecurity, inadequate infrastructure, and policy inconsistency continue to affect investor confidence.⁴⁵

Today, Nigeria's international economic relations reflect both continuity and change. While crude oil remains the dominant export commodity, successive governments have introduced policies aimed at diversifying the economy through agriculture, manufacturing, solid minerals, and the digital economy. Contemporary economic diplomacy emphasises export promotion, regional integration, sustainable development, and increased participation in global value chains. Nevertheless, challenges such as commodity dependence, external debt, exchange-rate volatility, and global economic uncertainty

continue to influence Nigeria's engagement with the international economy. The evolution of Nigeria's international economic relations since independence therefore demonstrates a gradual transition from colonial trade dependence towards a more diversified, though still evolving, global economic partnership.⁴⁶

Colonial Trade Legacies and Contemporary International Economic Relations

The legacies of colonial trade continue to shape Nigeria's contemporary international economic relations long after the attainment of political independence in 1960. Colonial administrators portrayed their economic policies as instruments of modernization and development, arguing that investments in transport, communication, and commerce stimulated economic growth. However, the colonial economy was fundamentally organised to serve British imperial interests through the extraction of raw materials and the creation of markets for British manufactured goods. As a result, Nigeria inherited an economic structure that was externally oriented and heavily dependent on international trade rather than domestic industrial development.⁴⁷

Throughout the colonial period, foreign investment was concentrated overwhelmingly in the export sector. British firms invested in plantations, mining, transport infrastructure, banking, and shipping, all of which facilitated the production and export of agricultural commodities and minerals. Railways, roads, ports, and telegraph lines were constructed primarily to link producing regions with coastal ports instead of promoting balanced national development. Consequently, economic growth became centred on foreign trade, while indigenous industries and local manufacturing received little encouragement.⁴⁸

Colonial agricultural policies reinforced this pattern by encouraging the cultivation of cash crops such as cocoa, palm oil, palm kernels, cotton, rubber, and groundnuts for export. Likewise, mineral resources including tin and coal were exploited mainly to satisfy the demands of British industries. Government

policies promoted the production of exportable commodities because they generated customs revenue and foreign exchange for the colonial administration. While export agriculture increased Nigeria's participation in global commerce, it also reduced attention to food production, industrialisation, and economic diversification, creating structural imbalances that persisted after independence.⁴⁹

Many scholars have criticised the unequal nature of colonial trade. Walter Rodney argues that colonial economies were deliberately organised to benefit Europe at Africa's expense, maintaining that infrastructure, trade, and investment were designed to facilitate the extraction of wealth rather than genuine development. According to Rodney, colonial railways, roads, and ports were constructed primarily to transport raw materials from the interior to the coast for export, leaving African economies dependent on external markets. Similarly, A. G. Hopkins observes that colonial trade integrated West Africa into the global economy but in a subordinate position as a supplier of primary commodities and a consumer of manufactured goods.⁵⁰

Following independence, Nigeria retained many of the economic structures established during colonial rule. Although agricultural exports initially remained the backbone of the economy, the discovery and commercial exploitation of petroleum shifted dependence from agricultural commodities to crude oil. Oil became Nigeria's principal export and source of foreign exchange, but the basic colonial pattern remained unchanged: the country continued to export raw materials while importing finished industrial products. This dependence exposed Nigeria to fluctuations in international commodity prices and contributed to recurring balance-of-payments challenges, exchange-rate instability, and external debt.⁵¹

In the contemporary era, Nigeria has sought to overcome these colonial legacies through economic diversification, regional integration, and broader international partnerships. Membership in the Economic Community of West African States (ECOWAS), the African Continental Free Trade Area (AfCFTA), the

African Union (AU), the World Trade Organization (WTO), and other multilateral institutions reflects the country's efforts to expand trade opportunities beyond its traditional partners. Nigeria has also strengthened economic relations with emerging economies such as China, India, Brazil, and Türkiye while encouraging foreign direct investment in manufacturing, agriculture, telecommunications, and infrastructure. Nevertheless, commodity dependence, limited industrial capacity, and inadequate infrastructure continue to constrain these efforts.⁵²

The colonial trade system left a lasting imprint on Nigeria's international economic relations. The export-oriented economy established under British rule created patterns of dependency that survived political independence and continue to influence the country's engagement with the global economy. While Nigeria has made important efforts to diversify its economy and strengthen regional and international cooperation, overcoming the structural weaknesses inherited from colonialism remains a major challenge. Sustainable economic transformation will depend on promoting industrialisation, adding value to domestic raw materials, expanding non-oil exports, and pursuing trade policies that prioritise national development alongside global economic integration.⁵³

Problems and Prospects for Strengthening Nigeria's International Economic Relations

Nigeria's efforts to strengthen its international economic relations continue to face several structural and policy-related challenges. One of the most significant problems is the country's heavy dependence on crude oil exports, which account for a substantial proportion of export earnings and foreign exchange revenue. This dependence makes the economy highly vulnerable to fluctuations in global oil prices, leading to unstable government revenues, exchange-rate volatility, and balance-of-payments difficulties. In addition, limited economic diversification has weakened Nigeria's competitiveness in international markets, as non-

oil sectors such as manufacturing and technology remain underdeveloped compared to those of many emerging economies.⁵⁴

Another major challenge is the persistence of infrastructural deficiencies, insecurity, and policy inconsistency. Inadequate electricity supply, poor transportation networks, congestion at seaports, and high production costs reduce the competitiveness of Nigerian products in international markets. Furthermore, insecurity arising from terrorism, banditry, piracy in the Gulf of Guinea, and farmer-herder conflicts discourages foreign direct investment and disrupts trade activities. Frequent changes in trade policies, foreign exchange regulations, and investment frameworks also create uncertainty for domestic and international investors, limiting long-term economic partnerships.⁵⁵

Despite these challenges, Nigeria possesses considerable prospects for strengthening its international economic relations. The country's large population, abundant natural resources, strategic geographical location, and expanding consumer market make it an attractive destination for foreign investment. Membership in regional and global organisations such as the Economic Community of West African States (ECOWAS), the African Continental Free Trade Area (AfCFTA), the African Union (AU), the World Trade Organization (WTO), and the International Monetary Fund (IMF) provides opportunities to expand exports, attract investment, enhance regional integration, and participate more effectively in global value chains.⁵⁶

The prospects for stronger international economic relations also depend on sustained economic diversification and value addition. Expanding investment in agriculture, solid minerals, manufacturing, renewable energy, digital technology, and the creative economy would reduce excessive dependence on crude oil while increasing export earnings from non-oil sectors. Improving infrastructure, strengthening institutions, promoting transparency, and implementing business-friendly policies would enhance investor confidence and improve Nigeria's ranking as a destination for international trade and investment. In addition,

greater emphasis on human capital development, innovation, and industrialisation would enable Nigeria to compete more effectively in the global economy.⁵⁷

Nigeria's international economic relations present both significant challenges and promising opportunities. While oil dependence, inadequate infrastructure, insecurity, and policy instability continue to constrain economic engagement with the international community, the country's abundant resources, strategic position in Africa, and growing regional influence provide a strong foundation for future growth. By pursuing comprehensive economic reforms, diversifying exports, improving governance, and deepening regional and global cooperation, Nigeria can strengthen its international economic relations and achieve more sustainable and inclusive economic development in the twenty-first century.⁵⁸

Recommendations

To strengthen Nigeria's international economic relations, the government should prioritise economic diversification by reducing excessive dependence on crude oil exports and promoting non-oil sectors such as agriculture, manufacturing, solid minerals, tourism, and the digital economy. Greater investment in value-added production will enable Nigeria to export finished and semi-finished goods rather than raw materials, thereby increasing foreign exchange earnings, creating employment opportunities, and improving the country's competitiveness in global markets. Policies that encourage industrialisation, research, innovation, and small and medium-sized enterprises (SMEs) should be consistently implemented to support sustainable economic growth.⁵⁹

The government should also invest substantially in modern infrastructure to facilitate international trade and attract foreign direct investment. Expanding and rehabilitating roads, railways, airports, seaports, electricity supply, and digital infrastructure will reduce production and transportation costs while improving the ease of doing business. Equally important is the strengthening of customs administration, port

efficiency, and logistics systems to minimise delays and enhance Nigeria's position as a regional trade hub. These improvements will increase the competitiveness of Nigerian exports and deepen integration into global value chains.⁶⁰

Another important recommendation is the promotion of sound governance, policy consistency, and institutional reforms. Transparent regulatory frameworks, effective anti-corruption measures, judicial independence, and stable macroeconomic policies are essential for building investor confidence. Government agencies responsible for trade, investment, and economic planning should coordinate policies to ensure continuity regardless of changes in political leadership. Furthermore, strengthening economic diplomacy through Nigerian embassies and trade missions will help attract foreign investment, expand export markets, and negotiate favourable bilateral and multilateral trade agreements.⁶¹

Nigeria should maximise the opportunities provided by regional and international economic organisations such as ECOWAS, the African Continental Free Trade Area (AfCFTA), the African Union (AU), the World Trade Organization (WTO), and other global institutions. Active participation in these organisations should be complemented by policies that improve the quality and competitiveness of Nigerian products to meet international standards. At the same time, greater investment in education, technical skills, research, and technological innovation will enhance human capital and improve the productivity of industries competing in international markets.⁶²

Finally, Nigeria should pursue sustainable and inclusive economic development by encouraging public-private partnerships, supporting local industries, promoting environmental sustainability, and ensuring that the benefits of international trade are widely shared across society. Special attention should be given to empowering youth entrepreneurs, expanding access to finance for businesses, and strengthening agricultural and industrial value chains. By implementing these

recommendations, Nigeria will be better positioned to overcome the structural legacies of colonial trade, strengthen its international economic relations, and achieve long-term economic resilience and global competitiveness.⁶³

Conclusion

The evolution of Nigeria's international economic relations has been profoundly shaped by the colonial trade networks established under British rule. Colonial economic policies integrated Nigeria into the global capitalist economy primarily as a supplier of agricultural commodities and mineral resources and as a market for British manufactured goods. Although these trade arrangements expanded external commerce and led to the development of transport and communication infrastructure, they were designed principally to advance British imperial interests rather than foster balanced economic development within Nigeria. Consequently, the country inherited an externally oriented economy characterised by commodity dependence and limited industrial capacity.⁶⁴

Following independence in 1960, Nigeria sought to redefine its international economic relations by expanding diplomatic and commercial partnerships beyond Britain and actively participating in regional and global economic institutions. The emergence of crude oil as the country's dominant export transformed its position in the international economy, generating substantial foreign exchange earnings and increasing its influence in organisations such as OPEC and ECOWAS. However, excessive reliance on petroleum exports also exposed Nigeria to global price fluctuations, external debt, and economic instability, demonstrating the persistence of structural weaknesses rooted in the colonial economy.⁶⁵

Despite these challenges, Nigeria possesses significant opportunities to strengthen its international economic relations through economic diversification, industrialisation, regional integration, and improved economic governance. Investments in infrastructure,

technology, education, manufacturing, agriculture, and non-oil exports can enhance competitiveness and reduce vulnerability to external shocks. Furthermore, effective economic diplomacy, transparent institutions, and policy consistency will enable Nigeria to attract greater foreign investment, expand export markets, and participate more effectively in global value chains.⁶⁵

The historical relationship between colonial trade networks and Nigeria's international economic relations demonstrates that many contemporary economic challenges are deeply rooted in the colonial experience. While the legacies of colonialism continue to influence the country's external economic engagements, Nigeria has the resources, human capital, and strategic position to build a more resilient and diversified economy. Through sustained reforms, regional cooperation, and value-added production, Nigeria can strengthen its role in the global economy and achieve sustainable economic development that serves the interests of its people.⁶⁶

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