

RESEARCH ARTICLE

Impact of International Trade Competitiveness on Unemployment and Poverty Reduction in ECOWAS Region

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This study investigates the impact of trade competitiveness on unemployment and poverty in the ECOWAS region. The study relied on POLS, FE, and RE techniques to analyze the impact of export value and trade openness on unemployment and poverty in the ECOWAS region from 2001 to 2020. Annual time series data were sourced from World Bank and World Integrated Trade Solution databases. Major findings from this study show that unemployment responds strongly and favorably to export value and trade openness, whereas poverty responds favorably to trade openness. Further investigation revealed that trade regulatory environment is a determinant of unemployment and poverty in the ECOWAS region. This paper concludes that international trade competitiveness is a key determinant of unemployment and poverty reduction in the ECOWAS region and recommends in favor of an effective harmonization of trade regulations amongst ECOWAS member countries to eliminate policy-distorting tendencies, thereby allowing maximization of the impact of trade competitiveness in reducing unemployment and poverty in the ECOWAS region.

Keyword: Trade competitiveness, trade openness, unemployment, poverty, ECOWAS

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Eradicating the twin economic evils of poverty and unemployment remains a major concern for many developing nations around the world. These problems are widely considered a policy emergency in Africa, where about 54% of the population suffers from multidimensional poverty (Akpan, 2020). Although poverty has different facets in different regions of Africa, the incidence of poverty is highest in East Africa,

with cases mainly bordering on low living standards; intensity of poverty indicated by poor health systems and educational performances is highest in the West African sub-region (Awad & Yussof, 2016).

Arguably, the intensity of poverty in West Africa is closely linked to human capital resource utilization. Improving labor productivity and competitiveness has, therefore, remained one important policy response to West Africa's multidimensional poverty (Ademola, 2018). Since its creation in 1975, the Economic Community of West African States (ECOWAS) has adopted different strategies for overcoming West Africa's poverty and unemployment situations. One important strategy used by ECOWAS in this direction is the promotion of intra-regional trade openness and global trade competitiveness (Houeninvo & Gassama 2015). This approach by ECOWAS finds its strength in the link between trade openness and unemployment (Martes, 2018). Trade is found to reduce rates of unemployment and poverty in both exporting and importing countries (Matusz, 1996). Moreover, better competitiveness in trade is strongly associated with increased productivity, better factor pricing, job creation, and, consequently, a reduction in the rate of poverty (Autor et al., 2014). Hence, ECOWAS policies aim to enhance trade competitiveness by breaking into global value chains and replacing imports with exports, focusing on employment generation and poverty reduction (United Nations, 2013).

Despite efforts by ECOWAS, the West African global market share has remained small, and the region continues to be marginalized in the global market. This is strongly linked to structural market rigidities of production and the economic environment, which have prevented the region from taking advantage of the market globalization (Agwu, 2020). Some important realities in this respect include: (a) a substantial shift in the structure of global exports away from primary products toward manufacturing sector output, clearly an area where ECOWAS member countries do not have a comparative advantage to exploit competitiveness; (b) ECOWAS member countries are yet to exploit a reasonable share of the rapidly expanding intra-industry trade, which indicates globalization of production; (c), the ECOWAS region is yet to maximize its opportunities in the rising share of trade in services, which is expanding even faster than trade in goods; and (d) the structure of West African markets, notwithstanding the existence of several regional

integration arrangements, has not led to the creation of large and effective trading blocs with effective, sizeable markets, -sufficient to produce scale economies and competition. Although, - ECOWAS member countries have witnessed expansion in worldwide flows of foreign direct investment (FDI), the region's share in these flows remains relatively small (Akpan & Ekpo, 2020).

This paper adds to the empirical evidence on the impact of international trade competitiveness on unemployment and poverty in the ECOWAS region by addressing two key questions. One, what is the impact of international trade competitiveness on unemployment in the ECOWAS region? Two, what is the impact of international trade competitiveness on poverty in the ECOWAS region? The rest of this paper is structured as follows: following this introduction, the next section is empirical literature reviews. Section three discusses the methodology of analysis, - and section four presents and discusses the empirical findings of the paper. Finally, section five concludes the paper with policy implications of the findings.

Literature Review

Theoretical Review

The relationship between international trade competitiveness and economic development indicators such as unemployment and poverty have a firm basis in international trade theory. Traditional trade theories such as Smith's (1776) absolute advantage and Ricardo's (1871) comparative advantage argue in favor of factor endowment as the major explainer of international trade with specialization in production as the major determinant of production and consumption efficiency, which are considered gains from trade. Hecksher-Ohlin's (1921) theory argued that the classical trade theories explained only static gains from trade, adding innovation, stable international prices, and economies of scale as dynamic gains from trade (Duke et al., 2017).

Although traditional trade theories show the gains from trade and explains the impact of trade competitiveness on growth variables through specialization, an important contribution that directly forges a relationship between trade competitiveness and macroeconomic variables is the neo-classical theory of competitive advantage by Perter (1990). Assuming different sources of competitiveness among

trading industries of different trading countries, Porter (1990) argued in favor of four determinants of competitiveness: factor condition, domestic firm structure, domestic demand and existence of supporting industries. The theory proposed that an increase in global market competitiveness increases a country's competitiveness along its key advantage areas, thereby increasing its overall macroeconomic performance (Mohammed, 2014). The Porter (1990) theory provides theoretical justification for the finding of this study as it shows clearly the pathways through which international trade competitiveness interacts with macroeconomic variables employed in this paper, the increase in competitiveness through the four pathways identified by Porter (1990) leads to a reduction in unemployment and poverty rates.

Empirical Review

Empirical investigation on the impact of trade competitiveness on economic performance abounds with mixed findings. A recent study by Orji et al. (2022) examined the impact of integrative trade competitiveness on economic performance proxied by unemployment and poverty in the ECOWAS region during the 2010-2020 period using instrumental variable analysis based on dynamic panel data (DPD) technique and general method of moment (GMM). Findings revealed a significant positive impact of the trade openness index and financial integration on the economic performance of ECOWAS member countries. Abubakar et al. (2021) investigated the implications of free trade area and export competitiveness on poverty and unemployment in Nigeria during the 1986 and 2020 period while employing the fully modified ordinary least squares (FMOLS) technique of analysis. Major findings revealed that export competitiveness and foreign direct investment are significant in explaining poverty reduction in Nigeria. However, further findings revealed that export competitiveness and foreign direct investment have a weak impact on unemployment in Nigeria.

In their cross-country study, Dauth et al., (2017) investigated the impact of Chinese trade competitiveness on employment in manufacturing sectors of Eastern Europe and other high-income countries from 1993 to 2014. The two-stage least squares (2SLS) and instrumental variables (IV) techniques were utilized. Findings from this study suggested that trade competitiveness in China has a

negative and weak impact on unemployment in the manufacturing sector of Eastern Europe. However, competitiveness in China had a significant positive impact on the service sector.

Autor et al. (2014) investigated the impact of shocks in Chinese trade on U.S. employment using ordinary least Squares (OLS) and reverse causality techniques between the period 1992 and 2007. Major findings from this study revealed trade openness to have a positive and significant impact on the rate of U.S unemployment. Further findings on the reverse causal effect suggest that the US unemployment has no significant causal impact on Chinese trade openness. An earlier study by Gorg and Gorlich (2011), who used the fixed effect technique during the period 1999-2009 showed similar findings in their analysis of trade openness and unemployment in Germany, where they found employment as a positive function of trade openness.

Gozgor (2014), using a multi-indicators approach, examined the effect of trade openness on unemployment among G7 nations from the period, - 1993 to 2008 while using for distinct measures of trade openness. A panel data set was collected, and the least squares dummy variable (LSDVC) technique was used after correcting for bias and the dataset. It addressed indigeneity concerns by instituting lagged values of dependent variables. Findings from this study showed the existence of a significant negative long-run impact of trade openness on unemployment during the period analyzed. The author further found equilibrium employment to be a decreasing function of trade openness in the long-run. Dutt et al. (2009), using a macro-panel dataset over 90 selected countries that are signatories to the General Agreement on Tariff and Trade (GATT), examined the long-run and short-run association between trade competitiveness and unemployment while utilizing the GMM and fixed effect (FE) techniques over the period 1990 and 2005. Results revealed a positive short-run and negative long-run effect of trade on unemployment.

Many studies have also investigated the relationship between trade competitiveness and poverty. For example, Kallon (2020) examined the effect of foreign direct investment on poverty in the ECOWAS trade zone during the period 1990 and 2018, using a mixed-method of primary and secondary data collection. Multi-analytical techniques (including: OLS, FE, and RE),- and GMM techniques were employed to

investigate the linear and dynamic effects of variables employed. Poverty was measured through four proxies : human developing index, infant mortality, household consumption, and per capita income. Major findings suggest that although foreign direct investment has a positive and significant influence on GDP per capita and human development index, its impact on household consumption and infant mortality is weak. Agbahoungba and Biao (2019) investigated the impact of international trade competitiveness on poverty, covering ECOWAS and Southern Africa Development Community (SADC) trading blocs. Results revealed that trade competitiveness has no significant impact on poverty reduction. Further findings revealed that ECOWAS trade competitiveness tends to increase disproportionately faster than intra-regional trade in ECOWAS as compared to the SADC.

Ravallion (2016), in a multi-country analysis, investigated the empirical relationship between international trade competitiveness and poverty in a cross-section of developing countries. The findings revealed a weak interaction between trade competitiveness and poverty. Further findings revealed that even though competitiveness and poverty reduction might exhibit a correlating relationship, the weak impact suggests that reduction poverty is more impacted by political direction than trade competitiveness.

A closer look at reviewed studies on international trade drivers as they relate to poverty and unemployment shows that empirical evidence has focused attention on investigating the impact of trade liberalization on poverty and unemployment. Moreover, conflicting empirical evidence in Gozgor (2014), Martes (2018), and Wagner and Aras (2022), amongst others remains unsettled, suggesting the need for a more nuanced approach to the subject matter by looking to find which among the integral components of trade liberalization exerts the most impact on unemployment and poverty. This study, therefore, focuses on the relationship between trade competitiveness, unemployment and poverty. Moreover, the effect of trade competitiveness on unemployment and poverty has received little empirical attention in the West African context, where few recent studies including: (Abubakar et al. 2021; Agbahoungba, & Biao 2019; Kallon 2020; Orji et al. 2022) have been carried out. Even though findings are contradictory which makes the debate open to new dimensions, a general limitation of these studies

is that they did not capture the policy measure of competitiveness.

Methodology

The main aim of this paper was to analyze the impact of international trade competitiveness on unemployment and poverty reduction for a cross-section of countries in the ECOWAS region. In order to guarantee the robustness, validity and reliability of results, country-pair fixed, random and between effects regressions are used to analyze a strongly balanced panel data set of 15 ECOWAS member countries for the period 2000-2021. The empirical framework of this study is based on the following equations:

$$Y_{it} = \alpha + \beta x'_{it} + \varepsilon_{it} \quad i=1, \dots, N. \quad t=1 \dots T. \quad 1$$

Equation 1 represents a pooled regression of the ordinary least squares (OLS) estimator, where α and β are homogeneous intercept and slope, both of which are assumed to be constant over time and across individual observations. i denotes an index of all countries under investigation, t denotes time and ε is the idiosyncratic error term. Y_{it} represents the dependent variable of the model, x'_{it} envelopes all predictor variables of interest.

$$Y_{it} = \alpha + \beta x'_{it} + \mu_i + \lambda_t + \varepsilon_{it} \quad i=1, \dots, N. \quad t=1 \dots T. \quad 2$$

Equation 2 represents a fixed effect model of the least square dummy variable (LSDV) estimator with a heterogeneous intercept α and a homogeneous slope β . μ_i represents individual-invariant parameters, and λ_t represents time-invariant parameters.

$$Y_{it} = \alpha + \beta x'_{it} + \mu_i + \delta_t + \varepsilon_{it} \quad i=1, \dots, N. \quad t=1 \dots T. \quad 3$$

$$\varepsilon_{it} = \mu_i + \delta_t$$

Equation 3 is the random effect model of the generalized least squares (GLS) and maximum likelihood estimators with heterogeneous intercept α slope β . μ_i represents individual-variant random effect whereas δ_t represents the time-variant random effect.

In line with the specific objectives of this paper, two separate base line models are estimated, one for employment and the other for poverty reduction. The logs of both models are taken as follows:

Unemployment Model

$$\begin{aligned} \text{LogUNEMP}_{it} = & \beta_0 + \beta_1 \text{LogExportV}_{it} \\ & + \beta_2 \text{LogTO}_{it} + \beta_3 \text{LogTariff}_{it} + \beta_4 \text{LogFP}_{it} + \\ & \beta_5 \text{LogEXR}_{it} + \beta_6 \text{LogREGQ}_{it} + \beta_7 \text{LogPOPG}_{it} + \varepsilon_{it} \end{aligned} \quad 4$$

Where: LogUNEMP_{it} is log of unemployment rate which is the dependent variable of the model, LogExportV_{it} is export value, LogTO_{it} is the log of trade openness, LogTariff_{it} is the log of tariff rate, LogFP_{it} is the log of factor productivity, LogEXR_{it} is the log of exchange rate, LogREGQ_{it} is the log of trade regulatory quality and LogPOPG_{it} is the log of population growth rate. β_0 represents the intercept of the model, $\beta_1, \beta_2, \beta_3, \beta_4, \beta_5$ and β_6 are coefficients of the explanatory variables and ε_{it} is the error term.

Poverty Model

$$\begin{aligned} \text{LogPOVR}_{it} = & \delta_0 + \delta_1 \text{LogExportV}_{it} + \\ & \delta_2 \text{LogTO}_{it} + \delta_3 \text{LogTariff}_{it} + \delta_4 \text{LogFP}_{it} + \\ & \delta_5 \text{LogEXR}_{it} + \delta_6 \text{LogREGQ}_{it} + \delta_7 \text{LogPOPG}_{it} + \mu_{it} \end{aligned} \quad 5$$

Where: LogPOVR_{it} is the log of poverty rate which is the dependent variable of the model, δ_0 represents the intercept of the model, $\delta_1, \delta_2, \delta_3, \delta_4, \delta_5$ and δ_6 are coefficients of the explanatory variables, and μ_{it} is the error term

To estimate Equations 4 and 5, the following data are used: for the dependent variables, unemployment rate is measured as a percentage of the total labor force, whereas poverty rate is proxied by poverty gap which is the mean decrease in income or consumption from the poverty line. Data for explanatory variables are export value index for all ECOWAS member countries, trade openness for all ECOWAS member countries, tariff simple average for all ECOWAS countries, factor productivity proxied by labor force participation rate, official exchange rate for all ECOWAS member countries, and population growth rates.

Both the export value index and trade openness which are the primary explanatory variables of interests are expected to capture the effect of international trade competitiveness. Export value index is defined as the average current value of all country-level export. Trade openness was generated by taking the ratio of trade to gross domestic product. The use of export value and trade openness as key measures of international trade competitiveness is justified by our approach to de-

compartmentalize the 12 pillars of the World Bank's index of trade competitiveness into its individual measures. Following arguments in the United Nations (2013), we consider the value of export to capture market size and trade openness to capture market efficiency, both of which are considered the most important pillars of trade competitiveness. Data for these variables were sourced from World Development Indicators (WDI). An increase in both value of export and trade openness is expected to increase domestic productivity and income, hence, unemployment and poverty rates are both negative functions of trade competitiveness.

In addition to the measures of international trade competitiveness, data for macroeconomic variables are also included in this examination to control any spurious association between the explained variables and primary explanatory variables employed. Data for variables tariff, exchange rate, factor productivity, regulatory environment and population growth rate are to added in the model of analysis because they all contribute to determining poverty and unemployment through the trade channel. All data for this paper were sourced from World Bank development indicators.

Results and Discussion

This section discusses empirical results on the effects of trade competitiveness on unemployment and poverty reduction in the ECOWAS region.

Results shown in Table 1 revealed a fairly stable margin between the means and standard deviations, of the two dependent variables- unemployment and poverty rate. The same is seen with respect to the margins of the differences in their minimum and maximum values. This points to a strong possibility that both variables move in a similar direction and are equally susceptible to similar impacts of the explanatory variables considered in the models of analyses. Results shown in Table 2 further revealed that population growth has the highest average, whereas regulatory quality has the lowest average. This is not unexpected as the West African sub-region is found to be the region with the fastest growth in population (United Nations Department of Economic and Social Affairs Population Division 2019), and the weakest trade regulatory quality (Fox & Jayne, 2020; Torres & van Seters, 2016). Moreover, there is a wide range between the minimum and maximum values of the two

Table 1. *Descriptive Statistic of Variables*

Variable	Mean	Std. D	Minimum	Maximum
UNEM	7.624	5.820	0.470	32.924
POVR	17.313	12.095	1.000	58.600
ExportV	92.096	66.017	4.091	585.745
TO	180.214	435.882	16.352	2179.789
Tariff	10.735	2.349	5.830	21.470
FR	43.648	12.548	23.539	70.966
EXR	693.009	114.904	0.716	9565.082
REGQ	-0.652	0.373	-1.856	0.269
POPG	1122518	4277706	0.791	2.21e+07

Source: Author's computation using STATA 15 software

Table 2. *Hausman Test Result*

Test Summary	H0	Chi-Sq. Statistic	Prob.
Cross-section	Random effect estimates are consistent	1.500	0.951

Note: *** and ** denote 1% and 5% levels of significance, respectively.

Table 3. *Results on Econometric Estimation for Unemployment Model*

LogUNEMP	OLS	FE	RE
LogExportV	-0.016 (0.006)**	-0.015 (0.009)*	-0.015 (0.006)*
LogTO	0.057 (0.026)***	0.0588211 (0.017)**	0.057 (0.016)***
LogTariff	0.175 (0.143)	0.239 (0.160)	0.175 (0.143)
LogEXR	-0.001 (0.002)	-0.008 (0.003)	-0.001 (0.002)
LogFP	0.208 (0.026)***	-0.201 (0.027)***	-0.208 (0.02570)***
LogREGQ	8.168 (1.011)***	8.191 (1.054)***	8.168 (1.011)***
LogPOPG	-5.591 (1.541)***	-5.770 (1.640)**	-5.590 (1.540)***
Constant	17.500 (2.744)***	16.354 (2.948)***	17.500 (2.743)***
Observation	211	211	211
R-Squared	0.487	0.566	0.567
F-test (7, 203)	(25.410)***		

Source: Author's computation using STATA 15 software

main explanatory- ExportV and TO - which supports the argument of a volatile state of West Africa's export sector mainly characterized by income inelastic primary export (Fox & Jayne, 2020).

The Hausman test in Table 2 is carried out to justify the preferred estimator for the unemployment model. Result shows that the probability value of the Chi-square statistic is greater than the conventional 5% significant level, hence the acceptance of the null hypothesis of the absence of individual fixed effect in the model of analysis. This is instructive that the random effect model be used to analyze the impact of competitiveness on unemployment.

Table 3 reveals that the OLS F-statistic confirms the joint significance of explanatory variables, hence, the alternative hypothesis of the presence of a significant association between international trade competitiveness and unemployment in the ECOWAS region is accepted. In this direction, the corresponding R-squares for RE estimation shows that a greater proportion, 57% of the variation in unemployment in the ECOWAS zone is jointly explained by indicators of competitiveness employed in this paper. This is suggestive of the extent to which the RE model fits the data employed.

From the FE output in Table 3, coefficients of our primary predictor variables including: export value and trade openness reveal a significant impact of trade competitiveness on unemployment during the period investigated. Specifically, a percentage increase in export value reduces unemployment by 0.015%, other factors held constant. This is not unexpected, as economic theory suggests that an increase in the value and volume of exports increases productivity in the domestic economy which in turn raises employment (Autor et al., 2014). This finding supports that of Gorg and Gorlich (2011), however it contrasts the finding by Orji et al. (2022) and Gozgor (2014), wherein unemployment responds negatively to export value. Results suggest that unemployment is a positive function of trade export value. The sign and significance of the coefficient of trade openness however, suggests a positive and significant impact of openness on unemployment. A percentage increase in trade openness results in 0.057% increase in unemployment, all things being equal. A possible reason is that the ECOWAS trading bloc did not fully harness its export potential during the 2001-2021 period. Carmen and Jeske (2016) pointed out that

even though ECOWAS has, over the years remained relatively open to international trade, the volume of its imports has steadily increased with attendant consequences on local domestic production and employment. Moreover, this finding supports that of Dauth et al., (2017) who also found a strong impact of openness on unemployment. The finding however disagrees with that of Abubakar et al. (2021) who found a weak impact of openness on unemployment in the ECOWAS region.

The coefficients of other important determinant of unemployment including those of factor productivity, regulatory quality and population growth are also found to be significant in the RE estimation. Results show that unemployment is a negative function of factor productivity. A one percent increase in factor productivity reduces unemployment by 0.208% at 1% level of significance during the period investigated. This is not unexpected as the increase in labor force participation increases the marginal productivity of factors of production through dexterity and specialization which in turn increases employability (Ehrenberg & Smith, 2018). Although trade regulatory quality is also a significant at 1% level, it was found to have increased unemployment by 0.208% in the ECOWAS region during the period investigated. The ECOWAS trade corridor has been criticized for poor trade facilitation and regulations on grounds of lengthier clearance time (Bonuedi et al., 2020; Maur & Shepherd, 2015). Population growth was also found to negatively impact unemployment. Hence, a percentage increase in population will, all things being equal, reduces unemployment by 5.590 at a 1% level of significance. This contradicts the expectation a priori and debates the argument of Verter (2019), who stated that West African population growth raises food insecurity and unemployment concerns.

Table 4 is the Hausman test result of the preferred estimator for the poverty model. The result shows that the probability value of the chi-square statistic is less than the conventional 5% significant level, hence the acceptance of the null hypothesis of the absence of individual fixed effect in the model of analysis. It is instructive that the random effect model be used to analyze the impact of competitiveness on poverty reduction.

Table 5 reveals that the OLS F-statistic confirms the joint significance of explanatory variables: hence, the alternative hypothesis of the presence of

Table 4. *Hausman Test Result*

Test Summary	H0	Chi-Sq. Statistic	Prob.
Cross-section	Random effect estimates are consistent	1.8.02	0.006

Note: *** and ** denote 1% and 5% levels of significance, respectively.

Table 5. *Results on Econometric Estimation for Poverty Model*

LogPOVR	OLS	FE	RE
LogExportV	-0.034 (0.015)*	0.016 (0.019)	-0.032 (0.014)*
LogTO	0.076 (0.036)*	0.062 (0.037)*	0.075 (0.036)*
LogTariff	0.334 (0.332)	0.148 (0.353)	0.334 (0.332)
LogEXR	-0.009 (0.005)*	-0.001 (0.006)*	-0.000 (0.000)*
LogFP	0.332 (0.059)	0.296 (0.059)	0.331 (.0594)
LogREGQ	-14.555 (2.342)***	-14.084 (2.320)***	-14.545 (2.337)***
LogPOPG	-7.580 (3.5806)	-6.130 (3.610)	7.500 (3.570)
Constant	-9.468 (6.350)	-8.956 (6.487)	-9.522 (6.354)
Observation	211	211	211
R-Squared	0.323	0.633	0.7843
F-test (7, 203)	(13.82)***		

Source: Author's computation using STATA 15 software

a significant association between international trade competitiveness and poverty rate in the ECOWAS region is accepted. The corresponding R-squares for FE estimation shows, that a greater proportion, 63%, of the variation in poverty rate in the ECOWAS zone is jointly explained by indicators of competitiveness employed in this paper. This is suggestive of the high extent to which our FE model fits the data employed.

The coefficient of trade openness, which is a primary predictor variable of this study, reveals a significant impact of trade competitiveness on the rate of poverty in the ECOWAS region during the period investigated. Specifically, a percentage increase in trade openness increases the rate of poverty by 0.062% at 10% level of significance, holding other factors in the model constant. Because a defining characteristic of ECOWAS trade is the existence of relatively higher

import over export (Smith & Glauber, 2019), a possible explanation for the positive effect of trade openness on poverty level is its demand-side impact on income and health and its supply-side impact through fall in domestic production, supply, and employment. This finding is similar to those of Abubakar et al. (2021) and Kallon (2020), both of whom found a positive relationship between trade openness and poverty level in the ECOWAS region.

The coefficient of the exchange rate shows that poverty is a negative function of the exchange rate. A percentage increase in the official exchange rate reduces the rate of poverty by 0.001%, holding other factors constant. Even though the impact is marginal, it is expected. This is because, the devaluation of domestic currency makes importation costlier, giving an edge to domestic producers which would further

boost employment and aggregate demand, hence impacting poverty favorably (Yahaya et al., 2022). Unlike its impact on unemployment, trade environment regulatory quality was found to favorably impact poverty in the ECOWAS region. A percentage increase in the quality of the ECOWAS trade environment reduces the rate of poverty by 14.084%. Hence, despite the shortcomings of the ECOWAS trade corridors as argued by Maur and Shepherd (2015) and Smith and Glauber (2019), trade regulatory tools remain a key indicator in poverty reduction through the external balances of ECOWAS member countries.

Conclusion and Policy Implications

In this paper, we examined the impact of international trade competitiveness on unemployment and poverty in the ECOWAS region during the 2001-2020 period. Major findings inform the conclusion that international trade competitiveness remains a potent policy tool in unemployment and poverty reduction in the ECOWAS region. Similarly, we conclude that based on the marginal impact of trade policy regulation on unemployment and its fairly elastic impact on the poverty rate, regulatory quality is not only a desirable but an important supporting tool for exerting the effect of trade competitiveness on economic performance in the ECOWAS region. The policy implication of this paper is that ECOWAS member countries need to effectively harmonize their trade regulatory regulations to help remove trade - distorting tendencies, thereby paving the way for a competitive trade environment to flourish without policy interruptions. This is predicated on the premise that the effect of international trade competitiveness on unemployment and poverty reduction is best felt in an environment free from trade policy distortions.

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