The Import Substitution Practices of Russia as a Model for the Nigerian Soft Drinks Market

ADEJUMO DAUDA A.[1], CHERNIKOV SERGEY U.[2], GBADEYAN ROTIMI A.[3], VALE VERA T.[1]

[1]Department of Economics, Management, Industrial Engineering and Tourism,
University of Aveiro,
PORTUGAL

[2]Department of Marketing,
Peoples' Friendship University of Russia,
Moscow, Miklukho- Maklaya,
RUSSIA

[3]Faculty of Management Studies,
University of Ilorin,
P.M.B, 1515, Ilorin,
NIGERIA

Abstract: - The present study focuses on the issues of import substitution practices in Russia and Nigeria that can be useful in the current reality of the world economy. However, the Nigerian economy has great potential for import substitution in the current process of de-globalization. However, it is crucial to use the Russian experience. The study revealed that the comparison of Nigerian and Russian Soft drink markets is an excellent example of the drawbacks that can occur upon realizing protectionism governmental policies. Therefore, the paper recommends for import substitution policy that will promote economic diversification that supports local production and increases exports. The research concludes that import substitution policy can be successfully implemented if it is focused on economic growth and development of Small and Medium Scale Enterprises (SMEs) in the partnering countries.

Key-Words: - Russia, Nigeria, soft drink market, import substitution, economic development, localization.

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1 Introduction

Today, experts have decided to single out several interrelated phenomena as the basis of global political, economic, and technological patterns: the fading processes of globalization and the increasing political regionalization, technological development, economic integration, and the strengthening of environmental and terrorist threats. All these are of critical importance for large developing countries aimed at maintaining their influence in the emerging new structure of the world economy. An analysis of the topics of discussions at high-level forums (for example, Davos, Switzerland) shows that a range of issues that have been causing concern for a long time are being identified [1]. These are the growing economic and political disunity of the countries of the world, the deep crisis of the globalization process as a phenomenon and the institutions created in it, the frequent and undisguised use of protectionism to promote national or corporate interests, the use of sanctions and large-scale trade wars, the crisis of international law, the growing income inequality, the crisis and the decline in the role and scale of the middle class, etc. It is evident that in these conditions of the unfolding process of structural adjustment of the world economy, reformatting the existing economic structures of both developed and developing countries is inevitable, and, significantly, changing the existing partnership and cooperative corporate and interstate ties. In recent years, there has been an increase in the trend of "self-reliance" among large countries, which was manifested in the progressive growth of protectionism in the development of world trade. Many countries are implementing their programs to restore national production, especially in simple consumer goods, energy, and agricultural support. However, this process is undertaken, with multiple influencing factors and high requirements for internal governmental cooperation. Therefore, it is essential to carefully evaluate the experience of other countries on this path to understand the potentially problematic areas and incorporate measures that can prevent damage to a governmental strategic goal.

The theoretical perspective for Import Substitution emerged due to the criticism of the international division of labor strategy, which states that less-developed economies engaged in the export of primary products, and imported highly costly finished manufactured goods, which are produced in developed countries such as America and Europe [2]. However, the strategies used by these developed countries became more unsustainable during the Second World War when there was a shift from the production of consumer goods to military artilleries or capital goods. This resulted in a decline in the primary commodity prices after the war. As a result, the primary producing economies had no option but to export more to balance trade deficits, while there was an increase in the prices paid for imported manufactured goods [3], [4]. The success stories of the Import-Substitution Strategy in Latin American and Asian countries have contributed significantly to its continued implementation in the global community to support the sustained development of weak economies, such as that of Africa and some parts of Asia. The Import Substitution policies failed in most African countries due to the design of the Structural Adjustment Program (SAP) in the 1980s, as well as the mounting debt crisis faced by these countries during that period [5], [6]. Also, the failure of the import substitution policy in Africa may be attributed to the unproductive entrepreneurship culture, which is manifested in the form of high dependence on the export of primary agricultural products in the international division of the labor market. Therefore, the way forward in narrowing the development gap in Africa with that of its counterpart in Asia partner is to implement a policy that will favor the growth of Small and Medium-Sized Enterprises in Africa (SMEs) [7]. This study is, therefore, an attempt to examine how the Import - Substitution strategy between Russia and Nigeria in the soft trade drinks can benefit the two countries.

2 Material

Import-substitution as a concept has been defined by several scholars to connote different meanings, an attempt will be made in this paper to consider some of the definitions. According to [8], import substitution is a trade and economic strategy used by a nation to replace goods that are typically imported with locally produced alternatives. In this case, import-substituted products could be those that were originally imported from Russia but were later produced locally in Nigeria. This process can be likened to when a nation produces goods locally that it previously imported from other nations which is known as the import-substitution policy [9], [10]. A critical analysis of this definition demonstrates how similar it is to the preceding one. Import substitution policy may also be defined as an economic theory that developing or emerging-market nations adhere to encourage a decrease in their dependency on developed nations [11].

In this definition, the import substitution policy is an economic theory that emphasizes less dependence on developed countries and increases effort toward self-sufficiency and industrial growth. The essential purpose of Import-Substitution is to emphasize local production by utilizing local raw materials for economic development. Furthermore, the local production of the products or services will lead to establishing a market both at the domestic and international levels. The significant import-substitution benefits, therefore, include increased industrialization, low dependence on imports, and increased accumulation of foreign exchange and local productivity.

This paper focuses on how Nigeria can benefit from the import substitution policy in the soft drink trade with Russia. There is a general slowdown in the economies of major emerging markets, of which Russia is a key player; the other major emerging markets are India, China, and Brazil. Manufacturers need to focus on emerging markets to increase product sales due to the saturation in the developed market. This development has resulted in manufacturers deciding on the ideal plan for their medium to long-term investment strategies. Russia is considered one of the top ten import trade partners with Nigeria, and the main items imported from the country are herrings, blue whiting, durum wheat, and mackerel [12]. There is a chance of shifting focus to importing other goods if this is a viable commercial proposal for the two countries. This means that the soft drink trade can be of economic interest to the two countries if a trade partnership in the form of an Import – Substitution policy is consummated between the two countries. An examination of the soft drink market between Russia and Nigeria revealed that the non-alcoholic or soft drink markets in Nigeria are divided into three: Fizzy or Carbonated drinks, Energy drinks, and Healthy drinks. Carbonated drinks include Coke, Sprite, Pepsi, etc, while Energy drinks contain caffeine such as Red Bull, Amber, etc. Healthy drinks are predominantly bottled water, yogurt, and fruit drinks. There are over one hundred brands of soft drinks produced by manufacturers, of which two-thirds are indigenous Nigerian Firms [13]. In Russia, the main groups of soft drinks include juices, bottled water, carbonated beverages, and other drinks. Bottled water and carbonated drinks account for 67% of the market share; fruit juices take about 12% of the market share and other drinks account for 21% of the market share. Other beverages, such as cold drinks or kvass in recent times have recorded increased demand [14]. The objective of this study is to show the great potential, in terms of economic benefits, that will accrue if Russia can enter into a soft drink trade partnership with Nigeria due to its vast market and its ranking as the fifth-largest soft drink market in the world [15].

3 Methods

This cross-sectional study aims to explore the challenges and opportunities that could arise from implementing an import substitution policy in the soft drinks trade between Nigeria and Russia. The study utilizes a descriptive research design, which focuses on describing a phenomenon and its characteristics, rather than explaining how or why it occurred. The data from this kind of research may be collected qualitatively but can be quantitatively, using frequencies, percentages, averages, or other statistical analyses. In the present study, there is no statistical computation done from the data obtained because they are from a secondary source, so it is analyzed qualitatively. The discussion and results are based on the deductive and inductive exploration of the data. On the other hand, a cross-sectional study examines a group of subjects at one particular point in time. Therefore, it is easy and quick to conduct [16], [17]. This study examines the import–substitution practices for Russia and Nigeria's soft drink trade during the period under review. There is scanty literature that connects Import Substitution practices in Russia with the Nigeria Soft Drinks Market. The paper, therefore, relies heavily on secondary data sources obtained from Statista, trade journals, and other relevant scholarly journals. It can be regarded as a qualitative study that involves a rich collection of data from various sources. It enables the researcher to gain a deeper understanding of individual participants, including their opinions, perspectives, and attitudes. This research obtains data qualitatively and uses a qualitative analysis method [18]. A systematic review of the literature from the secondary data was done to provide the most efficient and reliable knowledge that enables a comprehensive discussion on the topic. [19], [20]; [21] & [22].

4 Results and Discussion

As a result of the sanctions imposed on Russia in 2014, an import substitution program for agriculture, mechanical engineering, and pharmaceuticals was developed and launched. As a result, it was assumed that by 2020, most of the production chains of products in these industries will be carried out on the territory of Russia. Nevertheless, despite the limited success, it can be said that by 2022 these goals will have primarily failed, which is a big lesson for the Governments of other large developing countries, which will now also have to increase efforts in this direction. According to the original meaning of the word "import substitution", this implies replacing the import of goods from abroad by transferring most of its production value chain into the country. However, in reports on the progress of import substitution in various sectors of Russia, officials soon began to use the word "localization" as a synonym. However, the term "localization" means that Russia should be the place of production of only the final product – a car, TV, telephone, etc. Unfortunately, the semantic differences between the terms "import substitution" and "localization" in the reports and strategies of officials have been accidentally or intentionally erased for a long time, and it is challenging to analyze the reasons for the failure.

In the cost of the final product sold in Russia, 90 percent may fall on raw materials, parts, and components of foreign production. Still, at the same time, it is counted as produced in Russia in the import substitution format. Of course, such "import substitution" is not difficult to carry out for consumer goods, especially in the form of "screwdriver productions", and in the long term, it leads to a decrease in imports of finished goods. At the same time, the import of hundreds and even thousands of individual parts and assemblies increases. This is clearly shown in the Rosstat table of commodity groupings of goods (consumer, production, intermediate) (Table 1), based on the Harmonized System (HS) and the International Standard Trade Classification (ISTC).

As seen from Table 1, the share of consumer goods in Russian imports for the period 2006-2020 decreased by one and a half times – from 46.2 to 32.8%. Russian officials refer to this when reporting on the success of "import substitution". However, the share of investment goods, on the contrary, increased by about one and a half times – from 17.0 to 25.3%, which means Russia has significant dependence on the import of foreign equipment, and especially intermediate goods, the share of which increased from 36.8 to 41.9%. This problem is well displayed in a relatively simple market of soft drinks and can present an interesting case for Nigeria. The Russian soft drink market is, of course, incomparable to its Nigerian counterpart. However, it is rather significant. The volume of juice production in Russia is annually 2500 million liters. Soft drinks are produced in the amount of 7000 million liters, and packaged drinking water – 8000 million liters. More than 3500 enterprises produce water and soft drinks, and more than 200 companies produce juices.

Table 1. Structure of imports of goods by the Russian Federation by main groups, %

Year	Consumer products	Production goods	Intermediary/semi-finished goods
2006	46.2	17.0	36.8
2010	40.7	19.5	39.8
2014	37.8	24.5	37.7
2016	38.7	26.7	34.6
2019	33.8	24.4	41.8
2020	32.8	25.3	41.9

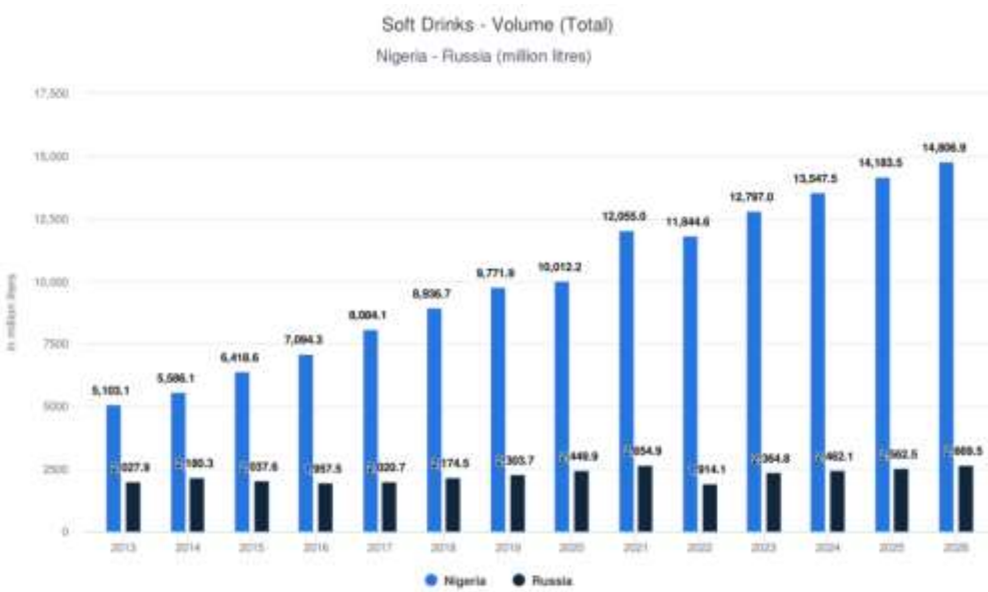

Fig. 1: Volume comparison of soft drink markets of Russia and Nigeria
Source: Statista (2020)

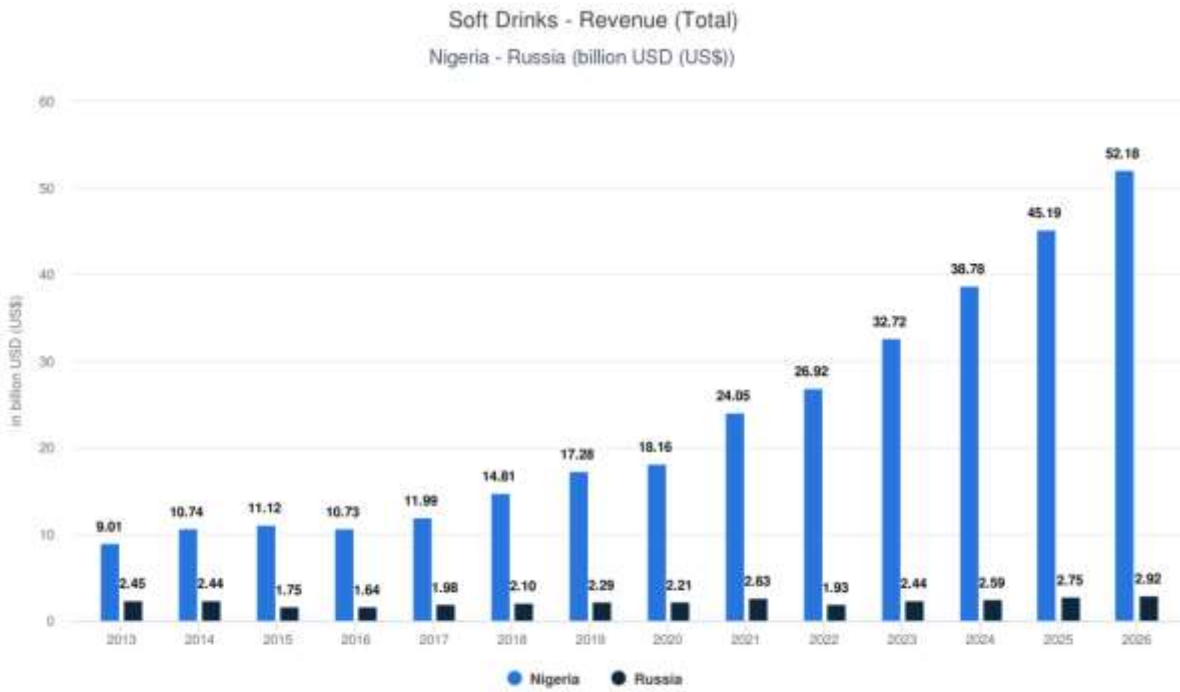

Fig. 2: Revenue comparison of soft drink markets of Russia and Nigeria,
Source: Statista (2020)

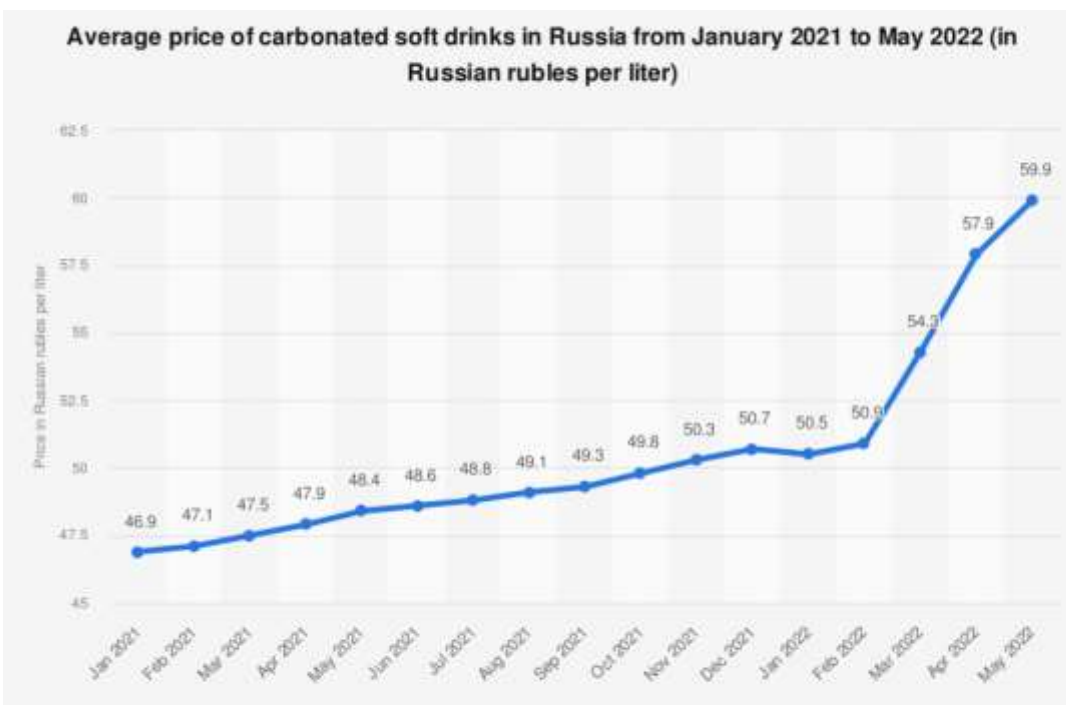

Fig. 3: The average price of carbonated soft drinks in Russia
Source: Statista (2022)

Figure 1 shows a comparison of the volume of soft drink markets in Russia and Nigeria [23]. Considering the current situation in the Russian economy and the behavior of several foreign companies, the projected dynamics of the cost and volume of commodity flows will have a multi-vector orientation with high fluctuation dynamics. Over the last decades, the market was developed by two global giants, which are the prominent leaders of the category: Coca-Cola, with a share, according to [23], of more than 31%, and PepsiCo, with a share of 25%. Speaking of Russian manufacturers, the leading player was the Aqualife company. In contrast, the rest of the players are retail chain brands that have yet to gain a strong position or local, regional players who tend to concentrate on a small assortment of drinks with the best-selling flavors. For instance, the current pattern of de-globalization brings both challenges and opportunities to Nigeria [24]. While the country's economic growth heavily depends on global trade, it also exposes Nigeria to risks of supply chain disruptions and fluctuations in international markets. Nevertheless, these challenges can also pave the way for Nigeria to establish a robust and self-sustaining industrial economy that can compete globally, as seen in some EU countries. But despite persistent problems with development and poverty, Nigeria boasts one of sub-Saharan Africa's highest Purchasing Power Parity (PPP) and has been a lucrative market for thousands of international companies. Nigeria represents a key gateway to the West African and African market with already existing free trade relations with 14 other West African countries [25], [26] and the African Continental Free Trade Agreement (AfCFTA). These agreements represent the potential markets for Nigeria's future developing domestic industries if it would choose to continue on the path of import substitution – first of its consumer goods, and then the industrial equipment growth. The Nigerian soft drink market is a multibillion-dollar industry with many prominent companies such as the Coca-Cola Corporation, PepsiCo, Suntory, Red Bull, and Keurig Dr Pepper. According to [27], the market for Non-Alcoholic Drinks is structured into retail sales for at-home consumption and on-premises or food service sales for out-of-home consumption. Furthermore, at 4.6 billion dollars, Nigeria’s soft drink consumption is more significant than almost the rest of sub-Saharan Africa combined.

Figure 2 shows a revenue comparison of the soft drink markets of Russia and Nigeria. On March 8th, 2022, Coca-Cola announced the suspension of operations in Russia. Later, the distributor of the company’s products, Coca—Cola HBC Russia, announced that it plans to raise prices for its assortment by 30%. Additionally, on the same day, PepsiCo also announced the suspension of sales of Pepsi-Cola, 7up, and Mirinda brands, as well as a stop of further investments and advertising activities in the Russian jurisdiction. PepsiCo, during this period, continues to sell its products in Russia, such as dairy products, infant formula, and baby food. In this way, the company supports 20,000 of its employees in Russia and 40,000 agricultural workers in its supply chain. The local producers have immediately announced their plans to increase production and occupy the free market share drastically. One of the largest regional retail chains – Magnit – has declared a drastic increase in the consumption of domestic carbonated beverages. The statistics for May and June 2022 showed a rise in Russian-origin product sales by 36% in units compared to the same period last year. Interestingly, over 43% belong to carbonated drinks in large-volume packages – 1.5 and 2-liter bottles. Generally, Russian carbonated beverages in the Magnit chain currently occupy a 37% share in sales of the category, which is an incredible 14-point rise compared to 2021. The buyers are positively switching to domestic products due to a decrease in the marketing activity of famous international brands and changes in the range of their products [28]. This occurs despite the staggering rise in prices of soft drinks, being regarded as an “easy joy” for customers in a low-income situation.

However, this growth can be severely undermined by the abovementioned “import substitution” pattern of the Russian economy [29]. The beverage industry is one of the most dependent on foreign equipment and ingredients in the entire food industry. Due to current sanctions, it is experiencing serious problems in logistics, supply of spare parts, and even packaging materials. The current situation made companies include additional costs in the cost of products. Over 90% of the industry equipment is foreign, with a large share coming from Western producers (Figure 4), and failure in supply components may result in production problems or the shutdown of lines. Replacing equipment with Russian analogs in the current reality is close to impossible. This leads not only to the rise in prices that can be seen in Figure 3 but also to a restructuring of logistics routes, leading to the dampening of established business processes. It is also worth noting that the imports in Russia of such equipment are over 500 mln. USD, which is approx. 4% of the world total (compared to less than 100 mln. USD in Nigeria). Currently, some Russian industrial companies are looking into the possibility of providing the necessary bottling lines for enterprises. However, their capacity is limited by the need for more computer chips and microelectronics. Chips are used in almost every type of equipment (packaging, filling, bottling) for production and labeling. Currently, however, up to 80-90% of chips used worldwide derive from Taiwan, which has been struggling to cope with the demand since the 2020 pandemic lockdowns. Origin of industrial equipment used in Russia's soft drink industry.

Nigeria Africa's largest economy and middle-income country, started to incorporate protectionist measures in its international trade over a decade ago [30] while their most significant implications occurred in 2018 upon the non-signing of trade liberalization treaties and border closure in 2019 [31]. As of 2021, the World Bank affirmed that Nigeria is the 27th largest economy in the world with a Gross Domestic Product (GDP) of almost 200 million.

The population cannot rely entirely on the "free trade" commandments of an economics textbook. The development of an internal industrial economy is of utmost importance, which the government fully understands. For example, the assessment recommends diversifying the economy through strategic programs to enhance growth, instead of remaining a mono-economy, to positively impact government revenue mobilization and economic growth in Nigeria [32]. While oil and gas account for an overwhelming proportion of Nigeria's exports, it remains a small part of the country's overall economy. Domestically, Nigeria boasts several thriving industries, especially its food and agriculture industry employing approximately—70% of the population and comprising nearly 22% of GDP.

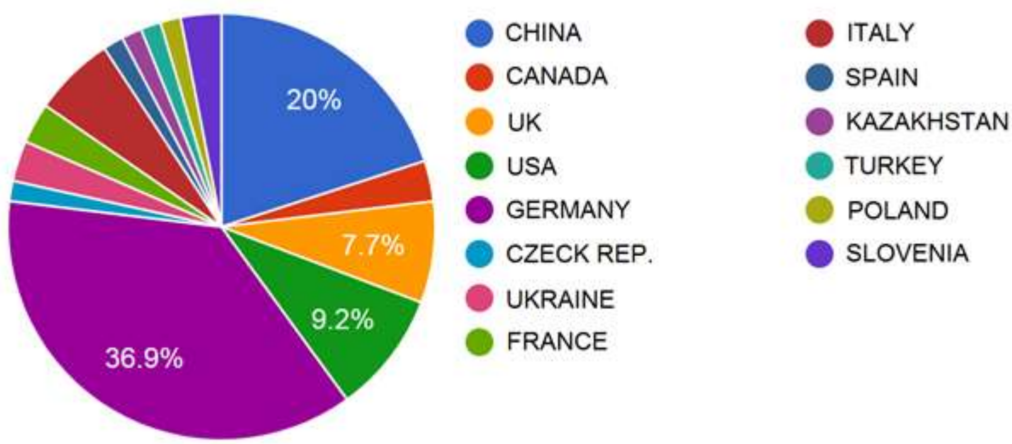

Fig. 4: Custom code import data of Russian Federal Customs Service.
Source: Composed by authors

Table 2. Nigeria's soft drink market (showing prices are in millions of dollars)

	2013	2014	2015	2016	2017	2018	2019	2020	2021	2022
Carbonated Soft Drinks	1782	2140	2691	3390	4566	5620	6915	8028	11282	13024
Energy & Sports Drinks	1051	1072	1172	1313	1604	1850	2148	2388	3253	3663
Non-Carbonated Soft Drinks	1803	2357	3166	4190	5817	7355	9303	10911	15349	17581
Total	4637	5569	7029	8892	11987	14825	18366	21327	29885	34268

Source: Statista, (2021)

Table 2 shows the year-on-year growth of the soft drink market in Nigeria. The table shows the development of the main sub-categories of the market: carbonated soft drinks, energy, and sports drinks, and non-carbonated soft drinks. The table shows a steady growth of the industry across all sub-categories. In particular, non-carbonated soft drinks remain the most lucrative market in the country.

Figure 5 shows a per capita revenue of $158.10 in 2022 and a projected per capita revenue of $269.72 by 2026. This shows a continuous upward trend in Nigeria's average spending on soft drinks expenditures Sales of soft drinks have never declined in the country; it has always continued an upward trend. Therefore, significant firms in this industry are almost always guaranteed to increase sales. Furthermore, Nigerian soft drink provides a range of opportunities for any company, [33]. The country's youthful population, with 97.26% of the Nigerian population between the ages of 14 to 64, represents the prime working-age population and the biggest consumers of soft drinks.

Table 3 shows the consumers of soft drinks in Nigeria by age group. It shows that the most significant share of consumers is between the ages of 18 and 24, closely followed by the 25 to 34 age group. Overall, 95.2% of soft drink consumers are between the ages of 18 and 44. Combining this with the population data of the country, this represents a huge target market, with over 100 million people, for NRGet. Additionally, soft drink consumption in Nigeria is expected to surpass 15 million per year by 2026, presenting a huge profit opportunity for the industry.

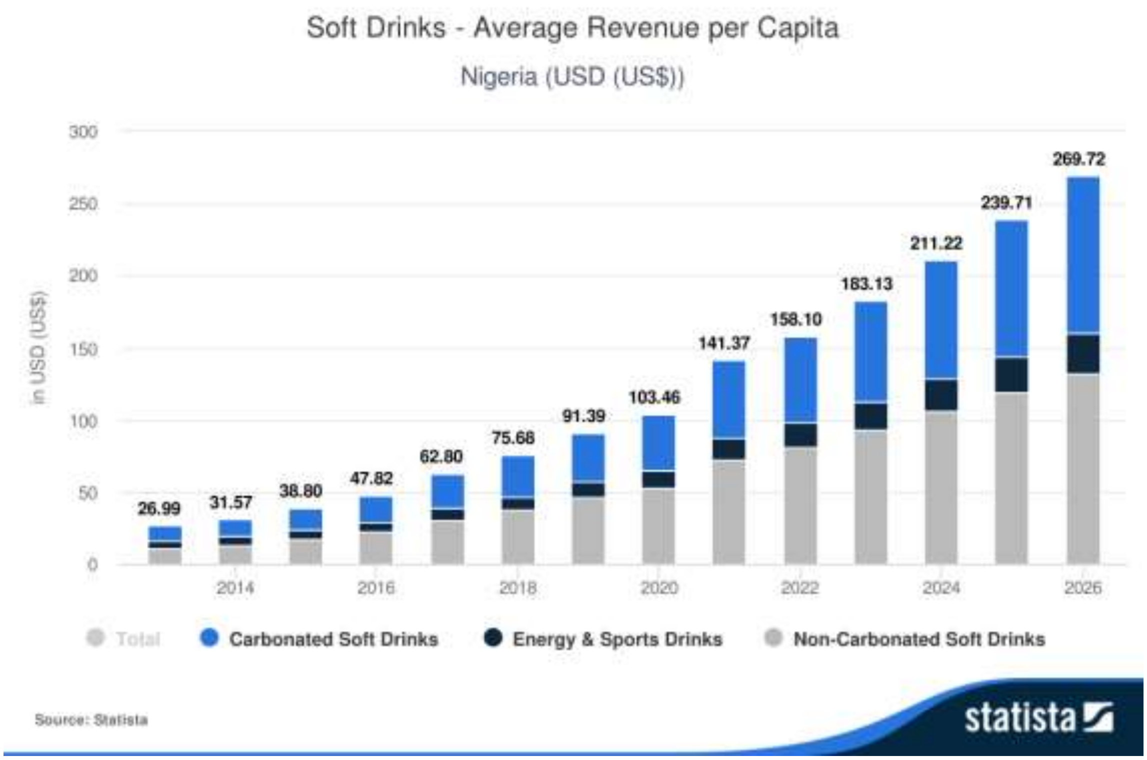

Fig. 5: Soft drink revenue per capita, Statista (2022)

Table 3. Soft drinks users by age

Age group	2020
18-24years	38.5
25-34years	36.5
35-44years	20.2
45-54years	4.9

Source: Statista (2021)

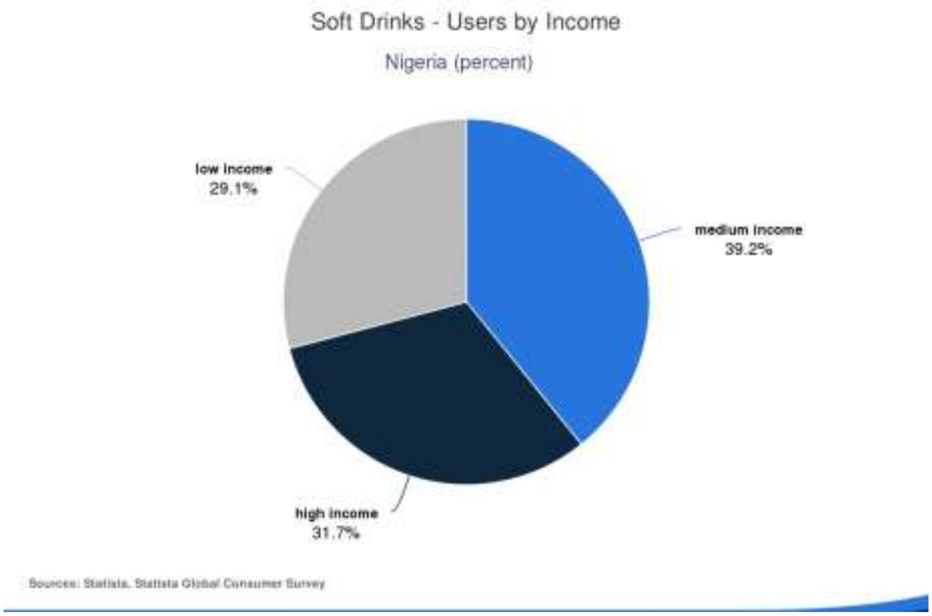

Fig. 6: Soft drink users per income 2022
Source: Statista (2021)

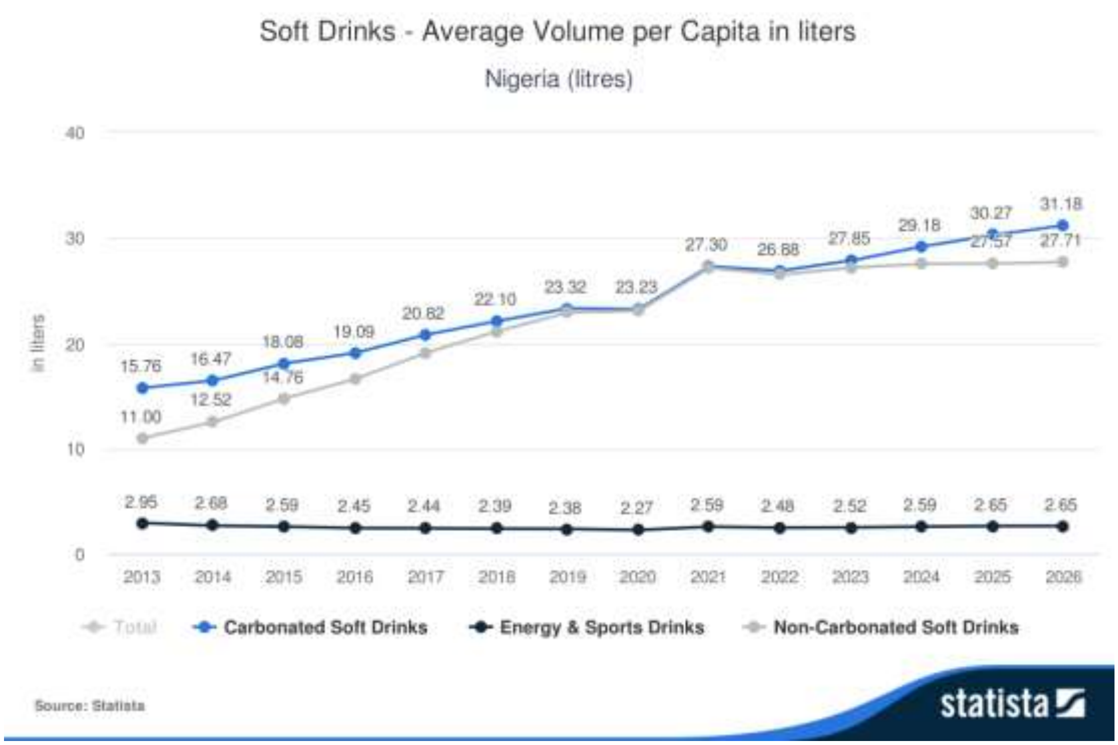

Fig. 7: Soft drinks volume per capita
Source: Statista (Statista, 2021)

Figure 6 shows soft drink users per income in Nigeria, low income 29%, 39.2%, and 31.7%, in 2022. However, the Nigerian soft drink industry has potential challenges. In particular, the volatile macroeconomic environment presents a considerable risk for any business. Declining living standards and rising unemployment are significant market entry weaknesses [34]. Furthermore, while Nigeria's soft drink industry remains the leader in Africa, growth has either remained stable or slowed in recent years.

Figure 7 shows the soft drink volume per capita in Nigeria. While it shows that soft drinks are highly consumed in the country, it also shows slowing growth in recent years. Across all the sub-categories, growth slowed between 2018 and 2020. Among the three sub-categories, the annual average volume was 31.18 liters for carbonated soft drinks, 2.65 liters for energy and sports drinks, and 27.71 liters for non-carbonated soft drinks. Figure 7 also shows that the sub-category of energy and sports drinks has experienced limited growth since 2013. One of the market's difficulties is the presence of established powerful competitors - Coca-Cola and Pepsi, sharing the market, just like in Russia. Their vast market experience, industry knowledge, limitless financial resources, political/economic clout, and almost universal brand identity, present a severe challenge for any new market entrant. Furthermore, there is also an increasing threat of regulations from the Nigerian government. [35] the Nigerian Government signed into law a policy that mandates the payment of excise duty of 10 NGN (about US$0.02) per liter on soft drinks and sweetened beverages in the country. This is done to discourage excessive sugar consumption in beverages that may result in health problems such as diabetes and obesity and to increase excise duties and revenue for healthcare and other spending. However, current and future regulations such as this could impede the profitability of companies in the soft drinks industry.

The following factors need to be put into consideration for a profitable trade partnership to be achieved between Russian and Nigerian investors, among which are; Foreign investors will need to determine which market segment to enter due to the differences in the demand and growth rate of each market segment. In Nigeria, for example, there is a decreased demand in both the carbonated and energy drink segments, while there is an increase in demand for the healthy drinks segment. The Seven-Up Bottling Company's recent withdrawal from the Nigerian Stock Exchange might not be unconnected with the losses suffered from her trade, while the Coca-Cola Company's continuing market share dominance in the healthy drinks segment in Nigeria is further shown by her good performance in the Stock Exchange and the acquisition of the Chi Vita Group of Company. Therefore, there may be a need for the investors to differentiate their products and also be sensitive to the competition from the local manufacturers. This differentiation will enable manufacturers to compete effectively with competitors producing similar local products or substitutes.

The price strategy that the investors should use is also very crucial to the success of the import substitution policy. This should either be a price penetration (low price) or a price skimming (high price) strategy. A lower price strategy can attract more customers and, at the same time, can be perceived in terms of product quality. Some customers associate high prices with superior quality, while some perceive low prices with inferior quality. Therefore, there is a need for investors to be able to determine the best pricing strategy to adopt for its product. The Rite Food company, which is a new entrant into the soft drink market, for example, has been able to compete favorably with Coca-Cola – Cola which is a critical player in the industry through its offer of Bigi Cola at a lower price and more volume to the market.

There is no market leader in the bottled water industry due to many local competitors. Therefore, there is a need for foreign investors to know that regional strategy may not be the best option to use in this situation. Using regional strategy will be challenging to have a competitive advantage over local competitors in their territory because they are closer to the customer and enjoy short delivery time and cost. This explains why Heritage Bottled water is in high demand in Nigerian cities more than Eva and other bottled water produced by Multinational Companies. The local competitors have created a niche market for their products, enabling them to understand their customers' needs and give them a strong market presence. Therefore, it will be complicated for a new entrant to compete with the local manufacturers, and the market may likely not be attractive to it.

The following are the alternative options, as suggested by [36], that can be taken in a situation where the consumers decide to resist price increase:

- Reducing the size, volume, or content of the product instead of increasing the price (for example Coca Cola dilutes its content and still retains the cost, while some soft drinks companies reduce the size of their content and increase the price).
- Substituting less-expensive materials, concentrates, or ingredients for the product to reduce the cost of production. For example, in the Import Substitution agreement between Russia and Nigeria, Russia may import concentrates for soft drinks to Nigeria, while Nigeria may export bottled water to Russia. Currently, Russia depends on suppliers from other countries for its water consumption.
- Reducing or removing product features.
- Removing or reducing product services, especially for lower-priced products that require installation or free delivery.
- Use less-expensive packaging material or larger package sizes for products.
- Reducing the number of sizes and models of products offered.
- Introducing new, cheaper brands of products.

Foreign investors just settling in the market and the existing local competitors can decide to take any of the above options to serve as a guide where a price increase may not be the best pricing strategy. Advertising cannot be underestimated, most significantly, in influencing consumers' purchase decisions. Therefore, the manufacturer, either foreign or local investors should endeavor to effectively utilize advertising tools and other local factors such as weather, price, product availability, and persuasion to increase demand for their products. Some products are rarely seen in restaurants, eateries, or other outlets but are made available to consumers through hawking and sales vendors. For example, the La-Casera and Bigi Cola soft drinks in Nigeria are made available to consumers by hawkers in motor parks, highways, and public places. Through their persuasion, the hawkers and the sales vendors' influence can attract customers for these products.

5 Policy Options and Conclusion

This study has shown from the discussion that there is much to benefit from if Russia and Nigeria can enter into a soft drink trade agreement that would result in a successful import substitution policy between the two countries. The research concludes that import substitution policy can be successfully implemented if it is focused on the economic growth and development of Small and Medium Scale Enterprises (SMEs) in the partnering countries. In this regard, both academics and professionals in the field of entrepreneurship need to promote a trade policy framework of possible new international arrangements for trade in primary products; and the possibilities offered by international monetary reform for benefiting less developed countries like Nigeria. The divergence between the well-being of developed and less-developed countries remains one of the key problems of our time. The study's limitation includes the constrained capacity of the domestic market, expanding it through exports of goods and services which is also necessary for economic growth to have a positive dynamic. Import substitution may be a viable strategy for promoting local production and reducing dependence on imports in Nigeria's soft drinks market, but it is important to consider the unique market dynamics and limitations that may impact its success.

Furthermore, important to take into account is how less competitive sectors are that have not embraced protectionist policies. The paper recommends an import substitution policy that will promote economic diversification that supports local production and increases exports. This is the only way the weaker economies countries like Nigeria and some African countries can sustain their economic development and become self-sufficient through the industrialization of their local industries. As a result, there will be less dependence on the importation of capital goods and, at the same time, increased export promotion will result in improved overall terms of trade in the developing countries.

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