

FOREIGN TRADE AND ITS IMPACT ON ECONOMIC GROWTH IN NIGERIA

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Abstract

The study examined the impact of foreign trade on economic growth in Nigeria. The specific objectives were to ascertain the impact of oil imports, non-oil import, oil exports, and non-oil exports on economic growth in Nigeria from 1981 to 2016. To achieve this, the data was first solidified to avoid spurious outputs using Augmented Dickey Fuller test, which integrated at first difference $I(1)$. The multiple regression technique was employed due to its unique character of unbiased estimator. It emerged that; oil import has a linear but insignificant impact on real gross domestic product in Nigeria, non-oil imports and non-oil exports has a positive and significant impact on economic growth in Nigeria, oil exports has a nonlinear and insignificant impact on real gross domestic product in Nigeria. In all, the study is of the affirmative on the nexus and impact of international trade on economic growth in Nigeria. The study suggests that measures should be taken by the managers of the economy to diversify the economy away from oil. As indicated in the study, non-oil export has the potential to wholesomely contribute to output growth; measures should also be taken to ensure that oil revenue is duly appropriated into productive national endeavours.

Keywords: Foreign trade, real gross domestic product, Nigeria, import, export

INTRODUCTION

Trade is one of the essential features of every human existence. This is the case because it is virtually impossible to produce to meet the insatiable desire for goods and services required by economic agent and nations. Records show that right from early human settlements various forms of near money instruments or commodities have been used to facilitate exchange. In the 15th century, Nigeria was widely characterized as a closed society (autarky), thus trade was facilitated through barter ((Adekanye, 1986). The crude requirement of double coincidence of want made societies to abandon the goods for goods, or goods for services, or services for services era of trading in pre-colonial Nigeria. In the following years, as societies evolved, commodities, metals, and goldsmith's receipts have been used as money to effect exchange irrespective of their demerits.

As societies continue to evolve and civilize, a generally accepted means for exchange and settlement of debt was instituted in sovereign nations and subsequently a unifying currency for international transactions. At the epicenter of this period was when globalization and technological innovation were intensely canvassed. According to the neoclassical school of thought, trade, capital and labour movement without restrictions across boundaries will help solve major economic challenges and stimulate the frontiers of growth (Wan-Wen, n.d).

Consequently, the establishment of General Agreement on Tariffs and Trade (GATT) in 1945 and later World Trade Organization (WTO) in 1995 and the subsequent measures taken to facilitate free trade via parleys to reduce the costs and barriers to international trade(Ehinomen & Da'silva, 2014), plus, the establishment of the Bretton Wood institutions added more impetus for foreign trade. International trade is referred to as the exchange of capital resources, goods and services across national borders (Jhingan, 2006). It involves the import and export of goods and expert knowledge across countries. The significance of trading with the rest of the world is as a result of international division of labour and specialization (Helpman & Krugman, 1985). More specifically, nations are not equally endowed in resources and in science and technology, thus international trade afford these countries to counterbalance their various deficiency via trade (Afolabi, Danladi & Azeez, 2017).

According to export-led growth strategists, the growth of an emerging nation is largely dependent on the capacity of the nation to produce goods and services in which they have comparative advantage for its local needs and ultimately for export, and import the commodities in which they have comparative disadvantage, i.e. high internal opportunity cost (Nduka, Chukwu, Ugor & Nwakaire, 2013). In affirming the relevance of international trade in Africa, Kofi Annan, the former UN Secretary General said, "Africa's growth out of poverty will depend on its developing greater linkages with the world economy through trade." Umoh & Effiong (2001)

suggested for trade openness in Nigeria. They specifically opined that, this will afford manufacturing concerns the chance to penetrate new markets and enjoy the supply side benefits arising from large scale production.

Irrespective of the positive-sum positions of international trade on economic growth in developing nations, there are those who posit that the relationship is zero-sum. Proponents of this school of thought are of the opinion that intense competition from multinational corporations with their capacity endowment and supply and demand side endowment make local markets unconducive for infant industries. According to these proponents, the economies of scale accruing to the multinationals makes local infant industries to be ill equipped for that kind of intense price competition and hence close up business (Abiodun, 2017).

Another obvious point posited by the zero-sum proponents in Nigeria is the fact that, Nigeria has been consistently posting negative balance of trade and payments due to the excess of imports over exports. Nigeria has good arable land for agriculture and raw materials for the manufacturing industry. However, until the discovery of crude oil in commercial quantity, the country has failed to maximize the enormous export earning potentials in these sectors. For instance, figures from the CBN Statistical Bulletin reports that the average manufacturing capacity utilization in the country to be 55.45% in 2008, 56.76% in 2009, and 56.82% in 2010. This implies that the nation has over the years failed to produce massively to meet the huge markets for its products in the local and international markets. Plus, manufacturing concerns have not been able to capitalize on the economies of scale from large scale production. This is because wholesale production is cheaper than piece mail production. The reason for this is not farfetched – fixed production cost for research, advertisement, and product development are meager for either small or large scale production. This makes the locally manufactured products to be more expensive. This invariably exacerbates Nigeria's import demand and over dependence on oil revenue. In the light of these opposing positions, this study is therefore aimed at determining if trading with the world help accentuate the gross domestic product of Nigeria.

THEORETICAL FRAMEWORK

This study is relying on the theoretical background of the Mercantilist trade theory, David Ricardo's comparative advantage trade theory of 1815, and Heckscher Ohlin theory (also known as modern theory on trade). Central to mercantilist's thesis is that via increase in division of work process and concentration of countries in the production goods they have comparable benefits to others and the subsequent trading of these goods and service, there is bound to unequal gains accruing to countries as productive gains. Thus, they posit that trading with the

world as a zero-sum game in which one country's economic gain was at the expense of another. The mercantilists stressed the need to maintain an excess of exports over imports. David Ricardo in his theory of comparative advantage proposed that nations should produce goods and render services they have proportional benefits. That is, the theory opined that goods and services to be exported to the international market must be of less input and cost than other goods and services it seek to import. This implies that nations should produce goods and services in they have comparative advantage to produce for its local market and ultimately for export, and import the commodities in which they have comparative disadvantage, i.e. high internal opportunity cost (Nduka, Chukwu, & Ugor, & Nwakaire, 2013). Central to this thesis therefore is efficiency and specialization.

Central to the modern theory on trade is the answer to why nations engage in exchange of factors inputs and outputs. According to this model of international trade, one of the prerequisite for trading with the world is fact that countries are not equally endowed with resources required for production. For instance, a country may have many machines (capital) but little human resource, while another country may have a lot of labour but few types of machinery. According to the Heckscher-Ohlin theory, country should concentrates in the production of goods that it is predominantly suitable to produce. That is countries in which capital is abundant and workers are few should produce goods and render services that are capital intensive in nature.

EMPIRICAL REVIEW

Several empirical studies have been written by scholars to determine the nexus between trading with the world and economic growth both in advanced and developing countries without conclusive evidence; some of the studies are of the affirmative while others are not (Mercan, Bulut, & Dam, 2013). For the purpose of this study, we shall be presenting some of the methods, data and findings of the nexus studies carried out before now.

For instance, Afolabi, Danladi, & Azeez (2017) studied the nexus between foreign trade and economic growth and the factors determining output growth in Nigeria. To achieve this, ordinary least squares was used and the results reported that government expenditures, interest rate, import and export are all positively significant while exchange rate and foreign direct investment are negatively insignificant to the growth process of the Nigerian Economy. Similarly, in another country specific study (Nduka, 2013) empirically studied if openness leads to economic growth in Nigeria. The ordinary Least Squares (OLS) technique and data from 1970 – 2008 were employed. Economic Growth is the dependent variable, whereas degree of openness, investment, government expenditure and lagged GDP are the independent variables.

The results showed that the explanatory variables have a positive and significant relationship with economic growth in Nigeria. (Olasode, Raji, Adedoyin & Ademola, 2015) studied the long run equilibrium nexus between economic growth, trade openness, government expenditure, labour force, gross fixed capital formation, foreign direct investment and exchange rate for Nigeria. The result suggests the stability of the coefficients. The study concluded that the coefficients of the explanatory variables for the shortrun and longrun dynamics of trade openness function which exist over the entire period shows the future tendency of further stability in Nigeria.

In a study of the ECOWAS sub region by Osabouhien (2007), the author investigated the unique long-run nexus between economic performance, trade openness, real government expenditure, labour force and real capital stock of Ghana and Nigeria between 1975 to 2004 was established. Results further showed that 89% and 83% of errors made were corrected in the current period, plus foreign trade and real government expenditure had a linear impact on economies of Ghana and Nigeria.

Olaifa, Subair, & Biala, (2013), employed co-integration analysis to examine the impact of trade liberalization on output increase in Nigeria from 1970 to 2012. The result showed that outward inclined trade policies leads to economic growth in Nigeria with an evidence of a long run relationship. Strong evidence was found to support a structural change taking place in 1986 with the adoption of free trade policy. However export was reported to be negatively related to growth. In another country specific study, Adeleye, Adeteye, & Adewuyi, (2015) investigated the impact of transnational trade on economic growth in Nigeria. To establish the nexus between the elements of the study, time series data from 1988 to 2012 were obtained on the numeric values of import, export, balance of payment, and balance of trade and gross domestic product. The error correction technique was used for the estimation of the variables of the study. The results showed that export has a positive and significant impact on output growth in Nigeria, whereas, imports, balance of trade and payments report negative coefficient and insignificant impact on economic growth in Nigeria.

(Azeez, Dada, & Aluko, 2014) used Ordinary Least Square (OLS) estimation technique to analyse the measures of foreign trade - imports, exports, and trade openness, and gross domestic product. The numeric values of these variables were obtained from the CBN statistical bulletin from 2000 to 2012. The study reported that all the explanatory variables have a linear and significant impact on economic growth in Nigeria. Similarly, Abiodun (2017), in his award winning paper examined the nexus between trading with the world and output growth in Nigeria.

Export volumes, import volumes, trade openness, gross capital formation and exchange rate were used as the predictor variable while real gross domestic variable was used as the

predicted variable. Granger Causality test was employed for the estimation. The results predicted a one direction relationship in some of the variables, however, in all, the nexus between trade and economic growth is linear and significant.

Lawal & Ezeuchenne(2017) studied to determine the impact of world-wide trade on the economic growth in Nigeria. The study used time series data from 1985 to 2015 on imports, exports, balance of trade and trade openness as proxy for foreign trade and real gross domestic product as a measure for economic growth in Nigeria. Co-integration and Vector Error Correction Model (VECM) was employed to analyse the series. The result reported along run relationship between foreign trade and economic growth. More specifically, import and trade openness are both insignificant in the short run but significant in the long run while export and balance of trade are significant in both the short and long run. The granger causality test showed that economic growth is independent of imports, exports and balance of trade but economic growth is unidirectional with trade openness.

(Atoyebi, Akinde, Adekunjo, & Edun, 2012), empirically studied the impact of international trade on economic growth in Nigeria from 1970-2010. The study used explanatory variables of export, foreign direct investment, exchange rate, import, inflation rate, openness, and real gross domestic product as the proxy for economic growth. Export, foreign direct investment and exchange rate are statistically significant, while import, inflation rate, openness has a nonlinear and insignificant influence on real output in Nigeria.

Similarly, in another country specific study (Muhammad & Akanegbu, 2015), empirically studied the widely held axiom between international trade and economic growth in Nigeria from the period 1981 to 2012. Time series data were obtained from the World Bank and CBN statistical bulletin for real gross domestic product, degree of openness, foreign exchange and interest rate were used as measures of economic growth and international trade. Ordinary least square technique was employed for the analysis and the results reported that trade openness and exchange rate has linear and statistically significant relationship with economic growth in Nigeria. It also emerged that interest rate has a negative and statistically insignificant link with real gross domestic product in Nigeria.

Afaha & Oluwatobi (2012) investigated the impact of trade on economic growth in Nigeria. Real gross domestic product, export value, import value, economic openness, foreign exchange rate, per capita income and real gross domestic product were used as measures of trade and growth. The results showed that export, exchange rate, and per capital income are positively related while economic openness, import are negatively related to output in Nigeria.(Ogbokor, 2017), studied the link between foreign trade and economic growth in Nigeria from 1995 to 2015. Real gross domestic product was used as the dependent variable while

trade openness, exchange rates, and exports as the explanatory variables for the study. The study found a number of distinctive unidirectional causalities running from trade openness to exports, exports to exchange rates, real GDP to exports, trade openness to exchange rates, as well as from real GDP to exchange rates.

In another country specific study (Stephen & Obah, 2017), studied the influence of foreign trade on economic growth in Nigeria from 1981 to 2015. Numeric values for the study was obtained from the CBN statistical bulletin for gross domestic product, non-oil imports, oil imports, non-oil exports, and oil exports. Gross domestic product was regressed on non-oil imports, oil imports, non-oil exports, and oil exports. The results reported as follows; oil imports have a statistically insignificant impact on output, while non-oil import has a statistically significant influence on output. Oil export reported a linear and significant impact on output whereas non-oil export showed a nonlinear and significant relationship with output in Nigeria. In all, the study suggested that international trade has a positive impact on economic growth in Nigeria. (Edoumiekumo & Opukri, 2013), empirically studied the nexus between foreign trade and economic growth in Nigeria. Real gross domestic product was regressed on the numeric values of import and export. The results reported that there is a linear link exists between export and import and real gross domestic product in Nigeria. Results for the causality test showed that Real GDP Granger cause export and import Granger cause RGDP and export.

(Moyo, Kolisi, & Khobai, 2017) seek to ascertain the long run relationship between trade and economic growth in Ghana and Nigeria from 1980 to 2016. This study purposed to determine the long run relationship between trade openness and economic growth in Ghana and Nigeria covering the period between 1980 and 2016. The Autoregressive distributed lag (ARDL) model was employed in this study to study the long run relationship between the variables of gross domestic product, trade, investment, exchange rate and inflation. The findings of the study suggested existence of a long run relationship among the variables for both countries. The results further showed that trade openness has a positive impact on economic growth and significant at a single percentage point in Ghana while in Nigeria trade openness has a negative and insignificant impact on economic growth.

(Yarima & Safiyanu, 2015) also examined the link between global trade and economic growth in 8 Central African countries for 20 years period. Data for the study was obtained from the World Bank and African Development Bank and the Panel Regression Techniques employed for the analysis. The study reports that exports has a positive significant impact on economic growth in Central Africa while import is negative and statistical significant. Foreign exchange rate did not significantly influenced economic growth during the period studied.

METHODOLOGY

Research Design

This is an impact study and as such the Ex post Facto research design is adopted to examine the variables of the study in retrospect. The choice of this design is because the researcher has no control over the interplay of forces concerning the variables and their numeric values in the past. Thus, we can only observe the trend information and apply econometric techniques to ascertain the direction and magnitude of the explanatory variables on the dependant variable.

Nature and Source of Data

Numeric values of oil import, non-oil import, oil export and non-oil exports were obtained from the Central Bank of Nigeria Statistical bulletin. The data obtained is time series data; it covers the period 1981 to 2016. The data was obtained via the survey of existing document (otherwise known as secondary source of data collection).

Model Specification

To achieve the objectives of this study, we shall mimic reality by assuming that economic growth is a function of global trade in Nigeria. More specifically, real gross domestic product (RGDP) an indicator of economic growth will be regressed on oil import (OI), non-oil import (NOM), oil export (OX) and non-oil exports (NOX), which are measures of international trade. The estimations of the coefficients will be done using the ordinary least square technique which is regarded as the most unbiased technique.

Furthermore, the Augmented Dickey-Fuller (ADF) test was employed to solidify the data to avoid spurious regression outputs that are not misleading. Thus, the Augmented Dickey-Fuller (ADF) test was adopted in this study to enable us establish whether the data series are stationary or not. This further help us to ensure that the parameters are estimated based on stationary data series. Note a variable is said to be stationary (has no unit roots) if the test statistics is greater than the critical value in absolute terms.

The functional relationship is expressed as follows;

$$RGDP = f(OI, NoM, OX, NoX) \quad (1)$$

This is mathematically expressed as;

$$RGDP = X_0 + X_1OI + X_2NoM + X_3OX + X_4NoX \quad (2)$$

This is further expressed econometrically to capture trend and the disturbance term as follows;

$$RGDP = X_0 + X_1OI_t + X_2NoM_t + X_3OX_t + X_4NoX_t + u_t \quad (3)$$

Where;

RGDP = Real Gross domestic Product

OI = Oil Import

NoM = Non-oil Import

OX = Oil Export

NoX = Non-oil Export

u = Error term

X_0 = Intercept

$X_1 - X_4$ = Coefficients of the explanatory variables.

The a priori expectation is for all the coefficients to be equal to or greater than zero.

Unit root model specified

$$RGDP_t = iRGDP_{t-1} + U_{1t} \quad (4)$$

Subtracting $RGDP_{t-1}$ from the two sides of equation (4), we have;

$$\Delta RGDP_t = (1-i) RGDP_{t-1} + U_{1t} \quad (5)$$

Likewise for the other variables;

$$OI_t = jOI_{t-1} + U_{2t} \quad (6)$$

Subtracting OI_{t-1} from the two sides of equation (6), we have;

$$\Delta OI_t = (1-j)OI_{t-1} + U_{2t} \quad (7)$$

$$NoM_t = kNoM_{t-1} + U_{3t} \quad (8)$$

Subtracting NoM_{t-1} from the two sides of equation (8), we have;

$$\Delta NoM_t = (1-k) NoM_{t-1} + U_{3t} \quad (9)$$

$$OX_t = mOX_{t-1} + U_{4t} \quad (10)$$

Subtracting OX_{t-1} from the two sides of the equation (10), we have;

$$\Delta OX_t = (1-m)OX_{t-1} + U_{4t} \quad (11)$$

$$NoX_t = nNoX_{t-1} + U_{5t} \quad (12)$$

Subtracting NoX_{t-1} from the two sides of equation (12), we have;

$$\Delta NoX_t = (1-n)NoX_{t-1} + U_{5t} \quad (13)$$

ECONOMETRIC RESULTS

Augmented Dickey Fuller Test Results

This test was employed in this study to solidify the time series of oil import, non-oil import, oil export, and non-oil export used in the study. The results are presented in table 1.

Table 1: Unit Root Test Results using ADF

| Variable | Level | 1 st Difference | 2 nd Difference | Decision |
|------------------------|------------------|-------------------------------|-------------------------------|----------|
| RGDP | -0.736214 | -3.385613 | -10.25203 | 1(I) |
| NOI | -0.116722 | -6.064126 | -4.576994 | I(I) |
| OI | -0.752474 | -4.315807 | -5.326458 | I(I) |
| OX | -0.092260 | -2.931095 | -6.003306 | I(I) |
| NOX | -0.493817 | -3.871256 | -2.864720 | 1(I) |
| Critical Values | | | | |
| 1% | -2.634731 | -2.636901 | -2.636901 | |
| 5% | -1.951000 | -1.951332 | -1.951332 | |
| 10% | -1.610579 | -1.610747 | -1.610579 | |

The widely held position by scholars that time series data tend not to be stationary at level is on the affirmative based on the unit root test results presented. This is so because the critical values are greater than the test statistics. Consequently, to ensure that the series are stationary, the first differencing was carried out. This was to ensure that the mean and variances are solidified from period to period. The results report that the numeric values are stationary at their first difference, I(1) at 5 percent significant level. The solidified data gave the researcher impetus to go ahead with the regression process.

Regression Results

Regression analysis was employed to ascertain the impact of oil imports, non-oil imports, oil exports, and non-oil exports on real gross domestic product in Nigeria. The ordinary least square technique was used for this purpose because it is the most unbiased estimator.

Table 2: Ordinary Least Square Results of the Study

| Dependent Variable: RGDP | | | | |
|----------------------------|-------------|------------|-------------|--------|
| Method: Least Squares | | | | |
| Date: 03/13/18 Time: 13:44 | | | | |
| Sample: 1981 2016 | | | | |
| Included observations: 35 | | | | |
| Variable | Coefficient | Std. Error | t-Statistic | Prob. |
| OX | -2.168243 | 0.692179 | -3.132489 | 0.0039 |
| OI | 4.229417 | 4.919774 | 0.859677 | 0.3968 |
| NOI | 8.950221 | 1.117526 | 8.008958 | 0.0000 |

Table 2...

| | | | | |
|--------------------|-----------|-----------------------|-----------|----------|
| NOX | 25.48472 | 11.90546 | 2.140591 | 0.0406 |
| C | -121.0169 | 1222.051 | -0.099028 | 0.9218 |
| R-squared | 0.968354 | Mean dependent var | | 17827.15 |
| Adjusted R-squared | 0.964135 | S.D. dependent var | | 28092.36 |
| S.E. of regression | 5320.142 | Akaike info criterion | | 20.12795 |
| Sum squared resid | 8.49E+08 | Schwarz criterion | | 20.35014 |
| Log likelihood | -347.2391 | Hannan-Quinn criter. | | 20.20465 |
| F-statistic | 229.5004 | Durbin-Watson stat | | 1.116158 |
| Prob(F-statistic) | 0.000000 | | | |
| T-calculated | 1.697 | | | |

The table reports the impact of foreign trade on economic growth in Nigeria from 1981 to 2016. It emerged that all the variables except oil export (OX) met the a priori expectation. Furthermore insight shows that, the coefficients of oil import, non-oil import, and non-oil export has a linear relationship with real gross domestic product in the period covered in the study. Conversely, the coefficient of oil export depicts a negative relationship with real gross domestic product in the time period considered in the study.

The test for the significance of the estimates of the predictor variables using the t-statistics showed that oil import and oil export are statistically insignificant at 5% at significant level. Meanwhile, non-oil export and non-oil import is statistically significant at 5% percent significant level.

The coefficient of determination (R^2) and adjusted R^2 reported 0.968354 and 0.964135 respectively. This shows that the model is well fitted. This implies that approximately 96 percent of the variation in real gross domestic product was explained by the combine influence of the explanatory variables of oil import, non-oil import, oil export, and non-oil export respectively. This means that the remaining 4 percent is caused by factors not considered in this study. The F statistics value (229.5004) show that the overall model is statistically significant with a statistically zero value of F probability. The Durbin-Watson statistics which is a rule thumb for checking first order serial autocorrelation is greater than the coefficient of determination (i.e. $1.116158 > 0.964267$). This indicates the absence of first order autocorrelation in the model.

Interpretation of Findings

The results unveiled that oil exports has a nonlinear and insignificant impact on real gross domestic product in Nigeria. This contrary to expectation as about seventy percent of the nations' earnings comes from the proceed of oil and gas. Irrespective of this, the results of the

study report that oil exports in the period covered in the study led to approximately 2.2 insignificant decline in national output in Nigeria. This signals the widely held assertion that oil revenue that is not appropriately well does not yield any tangible contribution to national output. The second parameter, oil import (OI) has a linear but insignificant impact on real gross domestic product in Nigeria. This implies that every unit increase in the volume of oil import led to about 4.2 units increase in real gross domestic product in Nigeria. This result suggests that every increase in the importation of petroleum products like premium motor spirit, diesel, lubricants and others help increase economic activities in the country, that this in turn help accentuate national output at an insignificant rate.

The third variable, non-oil imports have a positive and significant impact on real gross domestic product in Nigeria. This means that every unit increase in non-oil produce like equipment, machinery, tractors, and other forms of factor inputs imported into Nigeria in the period covered in this study increased national output significantly by 8.95 units. This result is similar to Edoumiekumo & Opukri (2013) findings of their nexus study on trade and economic growth in Nigeria.

The last variable, non-oil exports have a linear and statistically significant impact on real gross domestic product in Nigeria. This implies that every unit of non-oil exports like agricultural produce and others leads to national output growth by approximately 25.5 percent; this is at a significant rate. This is indicative that Nigeria stands to benefit handsomely with a well-diversified economy away from oil to agriculture, manufacturing, service sector, education, medical tourism and others.

CONCLUSION

The study examined the impact of foreign trade on economic growth in Nigeria. The specific objectives of the study were to ascertain the impact of oil imports, non-oil import, oil exports, and non-oil exports on real gross domestic product in Nigeria from 1981 to 2016. To achieve this, the data was first solidified to allowed spurious outputs using Augmented Dickey Fuller test, which expectedly integrated at the first difference I(1). The multiple regression technique was employed following after the least square approach due to its unique character of an unbiased estimator.

On the whole, it emerged that trading with the world has positive and significantly impacted on economic growth in Nigeria. Specifically, it emerged that; oil import had a linear but insignificant impact on real gross domestic product in Nigeria, non-oil imports had a positive and significant impact on real gross domestic product in Nigeria, oil exports had a nonlinear and insignificant impact on real gross domestic product in Nigeria, non-oil exports had a linear but

statistically insignificant impact on real gross domestic product in Nigeria. In all, we conclude that the study is of the affirmative on the nexus between international trade and economic growth discourse in Nigeria. The study recommends that measures should be taken by the managers of the economy to diversify the economy away from oil. As indicated in the study, non-oil export has the potential to wholesomely contribute to output growth. In addition deliberate processes should be initiated to ensure that oil revenue is duly appropriated into productive national endeavours.

Furthermore, the study suggest that further research in this area should be aimed at ascertaining the specific impact of transnational corporations on infant industries and the role of protective government policies in accentuating their growth to maturity in Nigeria. The infant industry argument is a major crux of the zero-sum theorist, thus, studies of this nature, going forward, will tell the argument is tenable or not in this century.

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