DANIEL_GAYFLOR FLOMO THE IMPACT OF INTERNATIONAL TRADE ON ECONOMIC GROWTH IN NIGERIA (1980-2019) MASTER THESIS 2022

NEAR EAST UNIVERSITY

INSTITUTE OF GRADUATE STUDIES

DEPARTMENT OF INTERNATIONAL BUSINESS

THE IMPACT OF INTERNATIONAL TRADE ON ECONOMIC GROWTH IN NIGERIA (1980-2019)

MASTER THESIS

DANIEL_GAYFLOR FLOMO

Nicosia

December, 2021

NEAR EAST UNIVERSITY

INSTITUTE OF GRADUATE STUDIES

DEPARTMENT OF INTERNATIONAL BUSINESS

THE IMPACT OF INTERNATIONAL TRADE ON ECONOMIC GROWTH IN NIGERIA (1980-2019)

MASTER THESIS

DANIEL_GAYFLOR FLOMO

Supervisor

Dr. Laith Tashtoush

Nicosia

December, 2021

Approval

We certify that we have read the thesis submitted by **DANIEL_GAYFLOR FLOMO** titled **THE IMPACT OF INTERNATIONAL TRADE ON ECONOMIC GROWTH IN NIGERIA (1980-2019)**" and that in our combined opinion it is fully adequate, in scope and in quality, as a thesis for the degree of Master of Educational Sciences.

Examining Committee	Name-Surname	Signature
Head of the Committee:	Dr. Tijen Zeybek	…..…..……
Committee Member:	Assist. Prof. Dr. Ayşe Gözde Koyuncu	…..…..……
Supervisor:	Dr. Laith Tashtoush	…..…..……

Approved by the Head of the Department

29/12/2021

……..

Assist. Prof. Dr. Ayşe Gözde Koyuncu

Head of Department

Approved by the Institute of Graduate Studies

…../…../20…

Prof. Dr. Kemal Hüsnü Can Başer

Head of the Institute

Declaration

I hereby declare that all information, documents, analysis and results in this thesis have been collected and presented according to the academic rules and ethical guidelines of Institute of Graduate Studies, Near East University. I also declare that as required by these rules and conduct, I have fully cited and referenced information and data that are not original to this study.

DANIEL_GAYFLOR FLOMO

29/12/2021

Acknowledgments

May every moment of my life be dedicated to HIS worship, thanks to God Almighty, who has given me the fortitude to complete this research project.

I would first like to thank my supervisor, Dr. Laith Tashtoush, whose expertise was invaluable in formulating the research questions and methodology. Your insightful feedback pushed me to sharpen my thinking and brought my work to a higher level.

In addition, I would like to thank Mr. and Mrs. Daniel G. Flomo, my lovely parents, my inestimable, my mentors, counsellors, advisers, providers, and guiding angels, I must express my heartfelt thanks to them. Thank you, Mom and Dad, for everything you guys have done for me and the family. I am grateful, for the unwavering support and unwavering encouragement during my years of study as well as throughout the process of researching and writing this dissertation.

It will be an act of ungratefulness on my part if I do not express my gratitude to these wonderful people who have given me a special smile, a special face, created a special someone for me, and filled a hole in my heart that no one else has ever filled. I love you all and will continue to do so forever. Dear Big Brothers Balabala, Kokulo, and Gayduobah, and God Father Bishop Robert T. Woart and his wife, I love you all very much.

In addition, it is necessary that I express my gratitude to the following friends who are more than simply acquaintances: Georglin S. Nyenator, Kaiballah Conteh, Confident Bedell, Adama S. Kamara, and all those individuals whose names I have omitted from this list. This achievement would not have been achieved without the help of everyone.

Thank you so much, and may God continue to bless you all.

DANIEL GAYFLOR FLOMO

Abstract

The Impact of International Trade on Economic Growth in Nigeria (1980-2019)

Flomo, Daniel_Gayflor

Supervisor, Dr. Laith Tashtoush

MA, Department of International Business

December, 2021, 102 pages

The goal of this study was to determine the impact of international trade on Nigeria's economic development. The study's objectives were to figure out the influence of export trade on the Nigerian economy and the impact of import trade on the Nigerian economy. The unit root test and the ARDL co-integration boundaries test were used to examine the short- and long-run relationship between Nigeria's economic growth and international trade from 1980 to 2019. Researchers were able to perform their investigation using data from the World Bank World data indicator, which spanned the years 1980 to 2012. Imports account for only 5% of total exports, according to statistics, which is statistically significant. The import of products and services, on the other hand, has a positive coefficient. This shows that, in the long run, the gross domestic product has a positive impact on goods and services imports. Imports had no major impact on Nigeria's economic progress, according to the study's conclusions. The researcher recommended that the government must continue to fine-tune numerous macroeconomic factors in order to establish an enabling climate for international commerce by raising exports while decreasing imports, which, among other things, has a negative influence on the economy. As a starting point, an ideal level of control over commerce occurring outside of an economy's borders should be established. Criminal operations that take place underground, such as bunkering, smuggling, and child and drug trafficking, must be monitored and regulated. Export diversification into businesses other than oil and gas should be encouraged by the government. Nigeria should impose trade restrictions to decrease Nigerians' consumption of foreign goods and services. Indigenous firms should be encouraged to extend their operations in order to make their products globally

competitive. Even if capital goods imports that are absolutely necessary for economic growth should be encouraged, not all imports are required for progress.

***Keywords**:* International Trade, Gross Domestic Product, Export, Import, Net Trade.

ÖZ

The Impact of International Trade on Economic Growth in Nigeria (1980-2019)

Flomo, Daniel_Gayflor

Supervisor, Dr. Laith Tashtoush

MA, Department of International Business

December, 2021, 102 pages

Bu çalışmanın amacı, uluslararası ticaretin Nijerya'nın ekonomik kalkınması üzerindeki etkisini belirlemektir. Çalışmanın amaçları, ihracat ticaretinin Nijerya ekonomisi üzerindeki etkisini ve ithalat ticaretinin Nijerya ekonomisi üzerindeki etkisini anlamaktı. Birim kök testi ve ARDL eş-bütünleşme sınırları testi, 1980'den 2019'a kadar Nijerya'nın ekonomik büyümesi ile uluslararası ticaret arasındaki kısa ve uzun vadeli ilişkiyi incelemek için kullanıldı. Araştırmacılar, araştırmalarını Dünya Bankası Dünyasından elde edilen verileri kullanarak gerçekleştirebildiler. 1980-2012 yıllarını kapsayan veri göstergesi. İstatistiklere göre, istatistiksel olarak anlamlı olan ithalat, toplam ihracatın sadece %5'ini oluşturuyor. Ürün ve hizmet ithalatı ise pozitif bir katsayıya sahiptir. Bu da uzun vadede gayri safi yurtiçi hasılanın mal ve hizmet ithalatını olumlu etkilediğini göstermektedir. Araştırmanın sonuçlarına göre, ithalatın Nijerya'nın ekonomik gelişimi üzerinde önemli bir etkisi olmadı. Araştırmacı, diğer şeylerin yanı sıra ekonomi üzerinde olumsuz etkisi olan ithalatı azaltırken ihracatı artırarak uluslararası ticaret için elverişli bir iklim oluşturmak için hükümetin çok sayıda makroekonomik faktörde ince ayar yapmaya devam etmesi gerektiğini tavsiye etti. Başlangıç noktası olarak, bir ekonominin sınırları dışında gerçekleşen ticaret üzerinde ideal bir kontrol düzeyi oluşturulmalıdır. İkmal, kaçakçılık, çocuk ve uyuşturucu kaçakçılığı gibi yeraltında gerçekleştirilen suç operasyonları izlenmeli ve düzenlenmelidir. Petrol ve gaz dışındaki işletmelere ihracat çeşitlendirmesi hükümet tarafından teşvik edilmelidir. Nijerya, Nijeryalıların yabancı mal ve hizmet tüketimini azaltmak için ticaret kısıtlamaları getirmelidir. Yerli firmalar, ürünlerini küresel olarak rekabetçi hale getirmek için faaliyetlerini genişletmeye teşvik

edilmelidir. Ekonomik büyüme için kesinlikle gerekli olan sermaye malı ithalatı teşvik edilse bile, ilerleme için ithalatın tamamı gerekli değildir.

Anahtar kelimeler: Uluslararası Ticaret, Gayri Safi Yurtiçi Hasıla, İhracat, İthalat, Net Ticaret

Table of Contents

LIST OF FIGURES

LIST OF TABLES

ABBERVIATION

ADF: Augmented Dickey-Fuller

ARDL: Auto Regressive Distributed Lag

CBN: Central Bank of Nigeria

DCs: Developed Countries

ECLA: Economic Commission for Latin America

EG: Economic Growth

EX: Exports of Goods And Services

FDI: Foreign Direct Investment

GDP: Gross Domestic Product

I: Investment

IM: Imports of Goods and Services

IT: International Trade

LDCs: Less Developed Countries

NT: Net Trade

NX: Net Export

OLS: Ordinary Least Square

TPR: Trade Policy Review

UNCTAD: United Nations Conference on Trade and Development

UT: Error Term

CHAPTER 1

Introduction

The interconnectedness of countries around the world demonstrates that no country or state can survive in isolation on the earth. In other words, no nation could possibly be considered free (Yakubu & Akanegbu, 2015). It suggests that no nation could possibly have access to all information about all resources at the same time (both natural and human). As noted in Mannur (1995), trade is defined as the exchange of products and services between inhabitants of a certain country and residents of the rest of the world (Babatunde, Jonathan, and Muhyideen, 2017). As a result, it is a mechanism that links nations of the world through service flows, commodities commerce, and factor movements, among other things. Cross-border trade of goods and services is a means for countries to acquire and develop economic self-reliance. It also serves as a platform for converting a country's natural riches, such as oil, gold, diamonds, and other precious metals, into economic prosperity. Because of this, the government may utilize the wealth it has accumulated to build basic infrastructure, which in turn increases the standard of life of the population and, as a result, contributes to economic growth and development in the country. International trade is simply known as economic transactions that are made between or among countries (Adedeji, 2006). Global commerce and concomitant financial activities are often conducted to provide a country with commodities that it lacks in exchange for those that it generates in surplus. These shifts, when combined with other economic measures, tend to raise countries' living standards. (Adeteye, 2015).

The number of goods and services produced in a country is used to gauge economic growth in that country. It is an aspirational goal for the country of Nigeria. Economic growth is defined as the long-term rise in the ability to offer the population with a greater variety of economic products and services. Developing technology, institutional reform, and ideological advancement are all necessary for this capability for growth to be realized. It is reasonable to regard economic growth to be an essential macroeconomic goal of the government because it has a noticeable impact on the level of life in the country. Economic growth occurs anytime the quantity of a country's inputs and outputs increases

quantitatively over a period of time, as in the case of the United States. Economic growth, according to Ogunmuyiwa & Ekone (2010), is associated with a rise in overall productivity. Increasing aggregate productivity growth is frequently, but not always, connected with greater average marginal productivity growth. The average worker in a particular economy becomes more productive on average as a result of this phenomenon. Economic growth can be described as an increase in the output of an economy over a period of time even if average marginal productivity does not increase. Additional immigration and higher birth rates are two ways in which aggregate economic growth can be achieved without increasing average marginal productivity. Economic growth, according to Hameed, Khalid, & Sabit (2012), is considered as an increase in an economy's ability to produce goods and services when comparing one period to another. It can be expressed in nominal or real terms, the latter of which is adjusted for inflation, depending on the situation. The gross national product (GNP) or the gross domestic product (GDP) are traditionally used to measure aggregate economic growth, but other measures are occasionally employed as well.

Policymakers and economists have been paying special attention to the topic of international trade in recent years. Its importance stems from its ability to purchase commodities that cannot or must be manufactured at a higher cost in the country. Similarly, it allows a country to market its domestically produced goods in different regions of the world (Adewuyi, 2002). Domestic production and utilization activities, as well as overseas commerce of goods and services, should be the emphasis of an economy's success in terms of output growth rates and per capita income (Adeleye, Adeteye & Adewuyi, 2015). International commerce was seen as the "engine of growth" in the development of a country by economists from both the classical and neo-classical schools of thinking. International trade is one of the most important economic activities in the world, as well as one of the most important economic activities in the world, as well as a critical component of international economic relationships (Elias, Ebere, & Eze, 2018). Foreign trade volumes are growing faster than gross domestic product in many countries throughout the world, and international trade is becoming increasingly important to these countries' economies Fatai (2017). Governments are decreasing protectionist measures such as export restrictions, import quotas, and prohibitions that are meant to safeguard

national economies from outside competition as capital and trade markets liberalize (Fatai, 2017).

As is the case with many other developing countries, the Nigerian government views trade as the primary engine of its development initiatives, based on the implicit idea that trade can generate jobs, expand markets, increase incomes, enable competition, and distribute knowledge. (Ogbaji & Ebebe 2013). Nigeria's economy, on the other hand, has trailed below both its own economic endowment and that of comparable countries. It has approximately 37 different types of solid minerals, a population of more than 200 million people, and one of the world's largest gas and oil reserves, but its economic performance is weak in comparison to other emerging Asian countries such as Thailand, Malaysia, China, India and Indonesia. Its economic performance is also weak in comparison to Brazilian economic performance. At one point in time, these countries lagged far behind Nigeria or were on an equal footing with it in terms of GDP per capita, but they were able to transform their economies and eventually emerge as prominent players on the international economic stage. During 1970, Nigeria, for example, had a GDP per capita of US$233.35, placing it in the 88th position on the world ranking, but China had a GDP per capita of US$111.82, ranking it 114th. Today, China enjoys a competitive edge as the world's second largest economy, trailing only the United States, in part due to the highly valued trade stance that the country has established. Nigeria's economic development is mainly dependent on commerce with other countries (Ezike et al, 2011). When it comes to the reality of development in Nigeria, not just political and social but also economic, the country has struggled (Ezike et al, 2011). Agriculture was the backbone of Nigeria's economy in the 1960s, and the country's government was able to carry out major investment projects thanks to local savings, agricultural exports, and foreign help (Ezike et al., 2011). As a result, agricultural exports in Nigeria have essentially stagnated since the emergence of oil as a key source of foreign currency in 1974. Nigeria lost its status as a significant producer and exporter of rubber, cocoa, palm oil and groundnut as a result of this. (2006 CBN annual report) Agricultural and allied exports amounted for an average of 60% of total Nigerian exports between 1960 and 1980, which is currently compensated for by petroleum oil exports. (CBN annual report, 2004).

The primary goal of international trade is to spur economic growth, but this has not been achieved in recent years due to the Nigerian economy's persistent vulnerability to economic instability, which includes price volatility, high unemployment, and a negative balance of payments. (Yakubu & Akanegbu, 2015). Additionally, the benefits of international trade were overlooked in Nigeria's economic growth because some of the goods imported harmed local industries by degrading and neglecting their products, thereby lowering the growth rate of output in such industries, which eventually spread to the aggregate economy. Additionally, low international commercial success has been purportedly attributed to issues such as language barriers, transportation difficulties, transit risk, and a lack of information about foreign businesspeople.

Problem Statement and Research Purpose

As is well known, improving citizens' social and economic lives in order to achieve economic growth has been the primary goal of international trade for all nations. However, experience in Nigeria has shown that this is not the case. At the moment, the country is experiencing some socioeconomic sluggishness. Meanwhile, one of the major hurdles to Nigeria's financial development has been attributed to external variables such as limited FDI inflows, volatile currency rates, and negative net exports (Obayori, 2016). Variations in the exchange rate of Nigeria's currency (Naira), for example, which is a good predictor of external trade, aggravated the country's economic instability. According to CBN (2018) statistics, the official exchange rate increased from a low of N0.54 per US dollar in 1980 to a high of N22.05 per US dollar in 1994. However, it is disheartening that the exchange rate stayed around US $1.00 to N 365.00 from 2016 and 2019. Nigerian exports, on the other hand, increased from N I4.2 million in 1980 to N 1945.7 million in 2000, reaching a high of N 12011.5 million in 2010 before falling to N 10067.300 million in 2014. An evaluation of Nigeria's external trade profile, according to Ewubare and Obayori (2015), indicated that the country has been experiencing recurrent imbalances since the 1980s. The persisting discrepancies in Nigeria's international trade tend to indicate that the government should do more to stimulate economic growth and development. According to Obida and Nurudeen (2010), GDP growth averaged roughly 6.0 percent between 1971 and 1980. It is due to the millions of dollars in oil revenue that Nigeria gained during this

period that the country's GDP increased. The decline in oil prices that began in 1981, on the other hand, had a detrimental impact on economic growth. Between 1981 and 1985, the economy grew at an average rate of 5.82 percent. Between 1986 and 1998, however, it rose at an average annual rate of 4.03 percent on a yearly basis. They also claimed that between 1999 and 2014, the pace of output growth averaged 5.71 percent on an annual basis. However, from the third quarter of 2015 to the first quarter of 2017, the average growth rate in Nigeria was negative, indicating that the country's economy was in a state of recession.

The country of Nigeria was highly reliant on agricultural products as the principal source of foreign cash or earnings prior to the commercial discovery of Nigeria's crude oil reserves. Nigeria ranks as one of the most important agrarian countries in Africa. While crude oil production and export grew in importance in Nigeria's export structure during the 1960s, the country's agricultural product exports declined at the same time. Ironically, the rise in petroleum production and export was accompanied by the concurrent decline of agricultural products in the country's economic activities. At the end of the 1970s, crude oil accounted for as much as 90 percent of the country's total export trade volume. Notably, Nigeria's non-oil production structure continues to be dominated by the import-substitution model, with the country heavily reliant on foreign technology, industrial machinery, and raw materials, while only a small proportion of finished goods is exported. Nigeria's export sector has always been the key driver of the country's economic development. A number of important factors have been recognized as hindering the performance of Nigeria's commerce. When it comes to Nigeria's trade, the United Nations Economic Commission for Africa has found that the country's limited production and export base, high trade costs, tariff and non-tariff barriers to trade within Nigeria, limited access to international markets, and reliance on a single monoculture product are the most significant obstacles. In Nigeria's nearly two decades of commercial oil production, crude oil was shipped in its natural state, with little refining into higher product stages. More technologically sophisticated areas, such as liquefied natural gas (LNG) and petrochemicals have been developed by other African oil-producing countries, such as Libya. In terms of petroleum development, Nigeria is currently at a very early stage. Making Nigeria's export sector rely on external forces outside of the country's control has

a detrimental effect. Since trade policy and liberalization were important factors in determining Nigeria's economic growth, the focus of this research was on the impact of globalization on the country's GDP rather than more direct indicators like import/export trade.

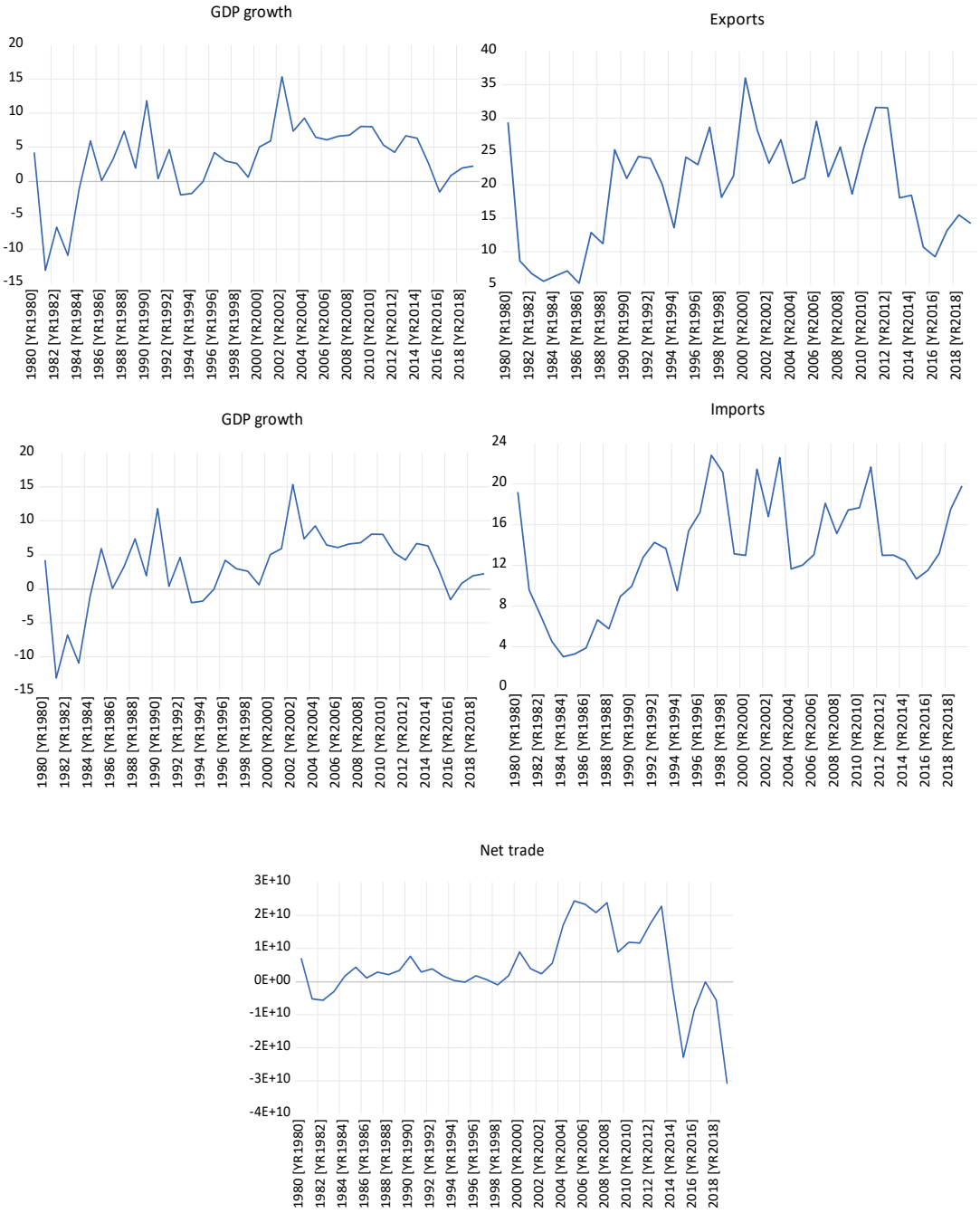

Figure 1. *Imports, Exports, Net Trade and GDP Growth*

Figure 1 above shows Nigeria’s gross domestic product, export of goods and services, import of goods and services and net trade in goods and services from 1980- 2019.

Specifically, the purpose of this study is to evaluate and make available empirical proof of Nigeria's performance in international commerce, as well as its contribution to the country's economic development. The following objectives will serve as the primary focus of the research effort to be carried out.

I) Identifying and evaluating the impact of export commerce (trade) on Nigeria’s economy.

ii) Find out how Nigeria's import and export trade has an impact on the economy.

iii) Examine the influence of trade liberalization on Nigeria's economic development.

The Research Significance

This research may be useful and beneficial in the sense that it may enable the government, stakeholders, policymakers, and the community to gain knowledge about economic growth in Nigeria as a result of global trade. The research is notable because it focuses on who will benefit and how they will benefit. Nigeria educational Policymakers-Policymakers in the country will benefit from this initiative because it provides a means of broadening the knowledge base for economic growth. The government-The study will help to enlighten the government on how to promote international trade in order to address the ailing problems of unemployment and economic fluctuation. This study will be invaluable to the international business community because it will expose them to a plethora of available governmental assistance in their various needs, such as duty rebates and financial assistance.

The general public will benefit from the study's findings because when international trade policies are fully implemented, the number of importers and exporters will increase, unemployment will decrease, and national output will increase, all of which will improve Nigerians' well-being.

Research Questions

The primary goal of this research is to provide an objective perspective on the debate surrounding the role of international trade in the advancement of a country, specifically in the case of Nigeria's economic growth. These questions served as a guideline for this research, which investigated the impact of international trade on economic growth in Nigeria from 1980 to 2019 using secondary data.

1. How much does exporting contribute to economic growth in Nigeria?

2. What is the extent to which imports affect Nigeria's economic growth?

3. Is there a relationship between the influence of net trade and economic growth in Nigeria?

Limitation

The study focuses on the impact of foreign commerce on Nigeria's economic growth; nevertheless, the scope of this research is limited to the Nigerian economy alone. As a result, the material gathered and considered was related to the Nigerian economy, namely the impact of foreign trade and economic development.

The research will take place over a 40-year span (1980-2019). The study's scope is limited to international trade because it has an impact on Nigeria's economic progress. The length of time required to finish this investigation, as well as the difficulty in acquiring accurate and precise data, are significant hurdles.

Definition of Key Terms

International Trade

In international trade, the transfer of commodities and services, including capital assets, from one country to another is referred to as the transfer of goods and services. According to Economics Concepts (2012), international trade is defined as trade that takes place

across international borders. In the majority of countries, this type of commerce accounts for a large portion of gross domestic product (GDP).

Gross Domestic Product (GDP)

The term "gross domestic product" refers to a country's total monetary or market value of all finished goods and services produced within its borders over a specific period of time. Because it is a broad measure of a country's whole domestic production, it serves as a thorough assessment of its economic health.

GDP= C+G+I+NX

Were

C=consumption;

G=government spending;

I=investment; and

NX=net exports

EXPORT

Export refers to the total monetary worth of items and services produced within a country that are purchased by a foreign country. Exports help a country's balance of payments because they stimulate the economy, increase competitiveness, and allow for the achievement of comparative advantage. As a result, the outcome of this study is likely to be positive.

IMPORTS

Imports are goods and services purchased by citizens of a country but produced outside of the country. It doesn't matter what kind of goods or services are delivered or how they are delivered. Import is expected to be negative because it indicates a retreat from the economy. Imports must be less than exports for a country to experience economic growth and a healthy balance of payments.

NET TRADE

The net trade in goods and services is computed by balancing imports of goods and services against exports of goods and services (NTG). Exports and imports of commodities and services are, in general, any transactions involving the transfer of ownership of items and services between citizens of a single country and the rest of the world.

CHAPTER II

Literature Review

International or Foreign trade is a term used to describe a large portion of global commerce. It has to do with the movement of products and services in and out of a given region. Imports and exports account for a large amount of any country's GDP, indicating the intimate link between global commerce and economic growth (Li, Chen & San, 2010).

Ngige (2018) argues that international trade has always been and continues to be a powerful economic engine that drives business, advances technology, and expands cultural patterns throughout the world. This, in turn, encourages exploration, colonialism, and conflict. Decontrolling loan costs also increases interest rates, and trade enables more transparent representation of local open door asset charges, so assisting funds and the selection of acceptable innovation (Mengisteab, 2010). The development of civilization has run hand in hand with the history of international trade. International commerce has resulted in the flow of products and raw resources between nations since ancient times. In contrast to today's levels of complexity and sophistication, the barter system was widely utilized to conduct this type of commerce, but its capacity was restricted (Fatai, 2017). International trade is essential for the economic and historical growth of every country. For example, cowries from West Africa were sent across the world. Cultural exchange is facilitated by transnational or international trade, which increases trade in a variety of areas, including items as well as customs, traditions, and technical breakthroughs. Internationally active countries have also been proven to be more productive than those that only produce for their own markets. As a result of liberalization and globalization, a country's economy is now much more strongly related to external characteristics like openness. Understanding the significance of international commerce for economic growth and development is challenging. When enterprises are able to access better capital inputs like machine tools because of trade, productivity rises and new economic prospects arise for developing countries (Fatai, 2017). As a result of globalization, nations are becoming economically and financially interdependent. Because Foreign trade affects us all, it has had a major influence on the economic and social well-being of nations worldwide

(Yakubu & Akanegbu, 2015). This is especially true for emerging markets such as India and China. Never in history has a country grown without the assistance of commerce. On the other hand, the contribution of international commerce to economic growth is heavily dependent on the context and goal in which it operates (Yakubu & Akanegbu, 2015). Domestic businesses profit from trade because they may learn from overseas corporations' best practices and suit their customers' more sophisticated needs (Yakubu & Akanegbu, 2015). Not only has trade aided in the more efficient allocation of resources inside a single country, but it has also aided in the development of countries at diverse stages of development (Fatai, 2017). Regional trade agreements, according to current research, stifle growth and investment, whereas unilateral tariff reduction (or removal of non-tariff trade barriers) boosts growth. Rising export growth also helps to alleviate demand's balance of payment constraint by providing foreign cash to cover the import content of increased investment, consumption, and government spending. Developing countries' economic performance would be hampered by a shortage of foreign exchange, allowing them to grow faster and sell more (Thirlwall, 2000).

Absolute advantage refers to a party's (person, business, or country) ability to produce more of a good product or service than competitors while using the same number of resources. In 1846, David Ricardo was an outspoken opponent of tariffs and other trade restrictions. He came up with the notion of comparative advantage, which is today widely accepted. Fesfeid, Henderson (1993). (1990).

Economic Growth and International Trade

The impact of international trade in Nigeria has resulted in a slew of empirical research based on cross-sectional and panel data. International trade is seen to be favorably associated to economic growth (Adam Smith, 1776). Prior to World War II, this belief held sway. The origins of these arguments have been traced back to Adam Smith's and David Ricardo's theoretical expositions. As a result of the fact that absolute advantage can be determined by a simple comparison of labor productivities, Adam Smith (1776) first described the principle of absolute advantage in the context of international trade, using labor as the only input; according to the theory of absolute advantage, it is possible for a

party to have no absolute advantage in anything, in which case no trade will occur with the other party.

According to Adenugba and Dipo (2013), the performance of non-oil exports in Nigeria's economic development from 1981 to 2010 was analyzed. The findings revealed that non-oil exports have underperformed expectations, giving grounds to doubt the effectiveness of the export promotion initiatives that have been implemented. They said that the economy is still far from being able to diversify away from crude oil exports, and as a result, the crude oil sub-sector remains the single most important sector of the economy. Edoumiekumo and Opukri (2013) investigated the contributions of international commerce (as defined by the value of exports and imports) to economic growth in Nigeria as assessed by real gross domestic product (RGDP) (RGDP). An analysis of time-series data gathered over a 27-year period was carried out utilizing the Augmented Dickey-Fuller (ADF) test, the Ordinary Least Square (OLS) statistical technique, the Johansen cointegration test, and the Granger Causality test. The findings revealed that there is a positive association between the variables, as well as co-integration among the variables, in this study. After conducting a Granger Causality test, it was discovered that the RGDP Granger cause export and the import Granger cause RGDP and export had a unidirectional relationship.

The impact of trade on economic growth in Nigeria was studied using data from 1980 to 2010, according to Omoju and Adesanya (2012). The researchers discovered that trade, foreign direct investment, government spending, and the exchange rate all had a statistically significant positive impact on economic growth after using the Ordinary Least Square (OLS) technique.

Emeka, Frederick, and Peter (2012) conducted a study on the impact of trade on Nigeria's economy from 1970 to 2008, and they found that it was positive. The associations between the specified macroeconomic variables were calculated using a combination of bivariate and multivariate models, which were applied in tandem. In accordance with the findings, both exports and foreign direct investment inflows have a positive and statistically significant impact on the growth of the economy. According to the findings of the study, the Nigerian government should align its export and fiscal policies in order to achieve

better diversification of non-oil exports in order to achieve the desired growth prospects in external trade.

Using the Johansen Cointegration test, Edoumiekumo and Opukri (2013) proved the presence of a long-run link between international trade and economic growth in Nigeria. Using the Ordinary Least Square approach, the authors also discover that international trade, as measured by import and export, has a positive connection with economic growth. During the study period, the granger causality test revealed that economic growth causes export while import growth caused economic growth.

Aside from that, according to Appleyard et al (2006), there is a common misperception that China's economic expansion is occurring at the expense of its many trading partners, with Nigeria being the country's largest trading partner in Africa. As for the impact of Chinese investment and trade on Nigeria's growth and development, according to Nabine (2009), bilateral trade does not contribute to Nigeria's economic growth in the short term, but the long-term relationship can be beneficial to Nigeria's economic development.

An investigation on the relationship between foreign trade and economic growth in Nigeria was conducted by Arodoye and Iyoha (2014), who used quarterly time series data for the period 1981 to 2010. As a result of the OLS findings, they concluded that there is a stable long-run relationship between international trade and economic growth and that trade policies that support export expansion should be encouraged because exports are a major driver of economic growth. Furthermore, the report advised that a favorable exchange rate policy that encourages the increase of exports should be fostered by the government.

Using multiple regression estimates, Stephen and Obah (2017) examined the impact of foreign trade on economic growth in Nigeria from 1981 to 2015. The model stipulated that economic growth, as measured by gross domestic product, was dependent on international trade, which was represented by non-oil imports, oil imports, non-oil exports, and oil exports, among other things. According to the findings of the study, international commerce has a statistically significant positive impact on economic growth in Nigeria. The findings of the study suggest that the Nigerian government should place greater emphasis on specialization in agriculture in order to diversify the country's production and

export base in order for the country to reap the full benefits of international trade, including economic growth, as recommended. This study did not include an important control variable such as the exchange rate, which is a significant predictor of the volume of international trade.

Using a cross-country growth model, Sachs and Warner (1995) concluded that trade liberalization leads to higher growth rates in poorer nations than in affluent countries. To back up this claim, Ajayi (2003) claims that removing trade barriers has increased trade flow by 16 percent in the last 50 years, with global exports of goods and services nearly tripling in real terms between 1970 and 2000.

Elias and colleagues (2018) did research to see how foreign trade affects Nigeria's economic growth. The conclusions of these research were published in the journal International Trade and Development, and they tried to determine the impact of export commerce on the Nigerian economy as well as the impact of import trade on the Nigerian economy. The technique of multiple regression analysis was utilized to estimate the various components of international trade. The data for this study came from the Central Bank of Nigeria's statistical bulletin from 2012, which covered the years 1980 to 2012. The study's findings demonstrated that export trade has a statistically significant impact on Nigeria's economic system expansion.

Between 1970 and 2008, a study of the impact of trade on the Nigerian economy was conducted. The association between the required macroeconomic variables was investigated using a combination of multivariate and bivariate models. Inflows of FDI and exports have been found to have a favorable and significant impact on economic growth. Emeka, Frederick, and Peter are three of Emeka's friends (Emeka, Frederick, and Peter, 2012). According to Abayomi and Wafure (2011), some factors of economic growth and development were often centered on trade policies, macroeconomic policies, and ten (10) political factors such as rule of law, and there was a consensus that the legal political system and bureaucratic corruption played a more significant role in economic growth and development.

On the relationship between international commerce and economic growth in Singapore, Tan (2012) did a research study. According to the scholar, who utilized the OLS approach

to examine the cross-country dataset for the period 1965-2009, terms of trade had a positive impact on economic growth. An investigation on the impact of foreign commerce on economic growth in Pakistan was conducted by Javed et al. (2012) and Qaiser et al. (2012). On time series data spanning the years 1973 to 2010, the OLS technique was applied. As a result of the study, it was determined that trade openness had a favorable and considerable impact on economic growth in Pakistan.

Mogoe et al (2014) look into how foreign commerce affects South Africa's economic growth. Policymakers will utilize the findings of this study to determine the consequences of international trade on economic growth. The approach employed in the study was co-integrated vector auto-regression, which included the following steps: Dickey-Fuller and Phillips-Perron were upgraded to test for stationarity. The model is also subjected to the Johansen co-integration test and the Vector error correction model. All of the variables have a unit root problem, according to the findings of the stationarity tests. The co-integration model emphasizes the long-run equilibrium link between dependent and independent variables. The empirical results of the Johansen cointegration test reject the null hypothesis of no co-integration and show that all of the variables are linked in the long run. According to empirical research, inflation, exports, and exchange rates are all positively related to GDP, but imports are adversely related. GDP and its regressors have a link, according to the findings of this study. In order to create a balance with the import sector, policymakers should improve and strengthen the export industry's competitiveness, according to this study.

Sachs and Warner (1995) and Frankel and Romer (1999) conducted groundbreaking empirical research that support the growth-enhancing effect of international trade. Sachs and Warner looked into the impact of international trade on 122 countries' GDP and discovered that open countries grow faster than protectionist countries. In a sample of 63 nations in 1985, Frankel and Romer found that trade openness resulted in higher income levels.

Egbetunde et al (2018) look into the impact of international commerce on economic growth in Nigeria and India, as well as the direction of causality between the two countries' economies. The researchers used the Vector Auto Regression method (VAR) and the

Granger causality test to estimate the data. The UNCTAD (United Nations Conference on Trade and Development) provided the data (UNCTAD). According to the VAR's findings, Nigeria's and India's economic progress had a positive and statistically significant impact on foreign trade. The direction of causality in Nigeria and India was discovered to be from foreign trade to economic growth, with the former being more prominent. The study concludes that foreign trade acts as a lubricant in the process of increasing economic activity in the countries concerned. As a result, both countries' governments should continue to open their economies to international trade while simultaneously pursuing sound macroeconomic policies that will enable them to reap the benefits of globalization.

According to Ulasan (2012), the empirical evidence on the relationship between trade openness and long-run economic growth was reassessed during the sample period 1960-2000, as opposed to prior research that concentrated primarily on the sample period 1970-1990. A variety of openness measures indicated in the literature were used rather than relying just on a few proxy variables in this investigation. Numerous openness characteristics, according to the findings of the cross-country investigation, are positively and strongly connected with long-run economic growth. According to the findings of the study, because of the fragility of the association between openness and growth, the significance of openness variables disappears once other growth determinants, such as institutions, population heterogeneity, geography, and macroeconomic stability, are taken into consideration. Using a VAR model, Rahmaddi and Ichihashi (2011) explored the link between exports and economic growth in Indonesia over the period 1971-2008, and the results were published in 2011. According to the findings of the study, which was conducted within a VECM framework, the authors discovered that exports and economic growth have a bidirectional causal structure, and they concluded that both exports and economic growth are important to the economy of Indonesia.

A study conducted by Sarbapriya Ray (2011) studied the relationship between foreign trade and economic growth in India, utilizing annual data spanning the years 1972 to 2011. According to the results of both the co-integration and the Granger causality tests, economic growth and foreign trade are co-integrated. This implies that there is an equilibrium relationship between the two over the long run as well as the presence of bi-

directional causality that runs from economic growth to foreign trade and vice versa. For the period 1975 to 2008, Safdari, Mehrizi, and Dehqan-Niri (2012) used a Vector Autoregressive model (VAR) and data for real gross domestic product, total population, trade volume, gross capital formation, and tariffs to investigate the long-run relationship between foreign trade in Iran and economic growth. Their findings revealed that factors such as total population, trade volume, gross capital formation, and tariffs all had a favorable impact on economic development.

Adak (2010) used the econometric model and the Ordinary Least Square test to investigate the relationship between international trade and economic growth in Turkey. The study covered years 1981 to 2007 and found that there is a statistically significant causal relationship between international trade and economic growth in the country. The growth rate of foreign commerce, he noted, had a positive effect on the growth rate of GDP per capita over the past three decades, after Turkey's integration into the global economy. He concluded that Turkish economic growth is influenced, in part, by foreign commerce, according to the research.

Researchers Afolabi and colleagues (2017) looked at the impact of international trade on Nigerian economic growth with the purpose of identifying the major factors driving economic growth through international trade and offering policy recommendations. This study was able to draw findings using time series secondary data acquired from the Central Bank of Nigeria, the National Bureau of Statistics, and the International Financial Statistics from 1981 to 2014. The stationarity properties of the variables were determined using the ADF and Phillip-Perron Unit Root Tests. To determine the stationarity properties of the variables, the ADF test was paired with Unit Root Tests. It was possible to determine whether there was a statistically significant relationship between the level of economic growth as measured by GDP and the following independent variables: exchange rate, government expenditures, interest rate, foreign direct investment (FDI), import and export using the Ordinary Least Square (OLS) technique. The findings revealed that government spending, interest rates, import and export are all positively related to Nigerian economic growth, whilst exchange rates and foreign direct investment are both negatively related to Nigerian economic growth.

Researchers have attempted to validate or reject these significant schools of thought's ideas, as well as differences among the many schools of thinking regarding the possible link between international commerce and economic growth. According to Khan and Zahler (1985), trade can promote growth from the supply side, but if the balance of payments worsens as a result of falling prices in countries with tradable growth rates, the demand side may be adversely affected because the payment deficit resulting from liberalization on sustainable growth rates cannot be easily corrected by relative price of nonreadable or real exchange rate adjustments.

According to Rodriquez and Rodrick (2000), trade policy has an impact on trade volume, but there is no reason to believe that the impact of growth will be quantitatively comparable to the effects of changes in trade volumes produced by transportation cuts or rises in global demand. Instead of being utilized as a device for rent extraction, trade restrictions should be used as a policy reaction to real or perceived market flaws. They claimed that trade policy was distinct from natural or geographical trade obstacles, as well as other exogenous factors. Weisbrot and Baker (2002) stated in another fascinating study that trade may not be the only route to rapid economic growth and development. They pointed out that the success of certain nations with rapid growth did not follow a straightforward road to trade liberalization because the government guides the economy through subsidies.

Cooper (2001) looked at the relationship between foreign trade and investment and growth in emerging nations through the lens of inequality and income distribution. He asserted that a survey of theory and empirical evidence is inconclusive in this situation. On the other hand, he asserts that there are no convincing theoretical reasons to believe that trade improves growth in general, and empirical work indicating such a connection at the country level has been widely attacked on methodological grounds (Rodriguez and Rodrick, 2000). It would be impossible to imagine, he went on to say, that trade liberalization did not contribute greatly to the expansion of the international economy during the second half of the twentieth century. He came to the conclusion that trade is a by-product of economic growth, and that even if trade barriers were as high as they were in the 1950s, the world economy would have increased at the same rate, implying that

trade, among other things, fosters economic development. Nations' economic progress was hampered by trade policy constraints, whereas countries with few or no trade barriers were more likely to achieve rapid economic development. Increased GDP will help to reduce poverty; trade liberalization can also be used as a policy strategy. As a result of their abundant workforce, poor countries engage in labor-intensive activities.

Trade with other countries (Arguments in Support of and Against)

Benefits that are immediate

There can never be enough emphasis placed on the importance of international trade in the growth and development of any economy. They believed that overseas commerce was so important to a nation's development strategy that it should be considered an engine of growth. Classical and Neo-classical economists agreed that foreign trade was important in a nation's development strategy (Edekin and Olufemi). International trade can unquestionably be considered as one of the most significant contributors to the alleviation of poverty on a global scale (Fatai, 2017).

When a country concentrates its efforts solely on specialized things, it can gain from global trade and labor division by sending out lower-cost products and receiving lower-cost goods from other countries (J.S Mills). When compared to comparative advantage (J.S. Mills), specialization increases a country's real income while also raising the standard of living (Fatai, 2017). International trade increases real national income by allowing for considerably better or more efficient resource utilization, resulting in a growth-promoting effect on the economy of the country in which it occurs (Fatai, 2017).

As a result of international trade, a range of economic gains may develop. The comparative cost hypothesis has proven decisively that all countries would gain the maximum potential advantage from trade if each nation focused its resources on what it can produce at the lowest possible cost. Because each country specializes in producing items in which it has a comparative advantage over others, resources are efficiently allocated across the global market. Countries migrate their factors of production to other markets through international trade, according to this idea. International commerce, on the other hand, looks to be increasing overall global commodity output. This increase in

worldwide output has the added benefit of broadening the range of products available to customers. Additionally, customers have the ability to voice their preferences. As a result, a greater standard of life would be obtained (Egoro A, & Obah, 2017).

Furthermore, international trade increases competition. Companies that are insulated against international competition are more likely to have market power, which gives them the ability to raise prices above their competitors'. By making commerce easier, we foster competition and give the invisible hand a better chance to work its magic.

International commerce is usually assumed to be linked to the spread of technological discoveries around the world. This is not the case, however. International trade facilitates the exchange of ideas across countries since human skills differ across the globe. All of these ideas and qualities are passed down through trade from one country to the next.

International trade is a no-brainer when it comes to promoting Nigeria's economic progress. This initiative has aided in the importation of machinery such as tractors, plows, industrial facilities, and equipment. The Nigerian economy would be able to increase its productivity and, as a result, accelerate its economic growth with all of this equipment. International trade has a big influence on foreign investors' willingness to invest in Nigeria. Because of the establishment of employment possibilities as a result of foreign investment regions where they have the ability to create more, foreign commerce has contributed to the betterment of citizens' socio-economic standing.

The LDC's ability to consume a large amount of its produce may be limited by the size of its market (at least on a local level). As a result, only a little quantity of investment is stimulated. Furthermore, the market's expertise may be constrained due to the discrepancy between per capita income and purchasing power. The market is made more accessible through international commerce, which enhances the incentive for investment (income) and investment capital by allocating new resources to the market more efficiently. The following are the consequences:

- Decreased unemployment and underemployment;
- Increased domestic savings and investments;
- Market share on a global scale (gains)

- The prospect of increased sales (existing products)
- A large rise in factor input has resulted in an expansion of the export sector.
- Within the economy, there is an upward and downward linkage with other sectors.

Foreign Trade Issues

There are numerous issues that arise in international trade. In addition, when goods are shipped to a foreign country, labels, instructive literature, packing technical handouts and other documents should be made in the language of the country where the items are to be marketed, to avoid confusion. There should also be salespeople who are fluent in that language and are familiar with the customs and preferences of the locals.

In addition, various countries throughout the world do not use the same units for length; weight; capacity; and voltage; this creates a standardized unit dilemma. As a result, the exporters will be responsible for ensuring that the items are produced and supplied in accordance with the standard specifications of the receiving country.

Another concern is the sale of goods in foreign currency; every country has its own currency, which is not recognized as legal cash in another country. Similarly, buyers from other countries prefer to purchase items in their own currency, and vendors prefer to sell in the currency of their home nation. As a result, the exporter must convert the selling price of the goods into the currency units of the country where the goods are sold, taking into account the variations in the foreign exchange market as a result of hedging. A variety of documentation must also be created when items are shipped or imported, depending on the situation.

Role of Government

Governments had a vital and ubiquitous role in the 19th century, both in providing the economic and administrative circumstances for the Industrial Revolution to occur and in fostering its spread to following European nations (Adelman, 1999). Governments all throughout the world have decreased the risks of private transactions by enacting legislation that limits entrepreneurial responsibility, strengthens property rights, and enforces private contracts. The chartered joint-stock corporation with limited liability, for example, was introduced around 1830 and was the most effective form of mobilizing

capital in Great Britain (Adelman, 1999). Governments altered incentives by deciding monetary policies and setting and modifying tariffs as appropriate. In this sense, it is ironic that the strongest proponents of free trade, Victorian Britain and post-WUS America, were both protectionist in their early stages of growth.

By reducing legal barriers to labor mobility between regions and industries, enacting immigration legislation, and fostering conditions for foreign investment and capital inflows, the government boosted the supply of factors. Governments enhanced the quantity of skilled workers in the country. Governments boosted domestic finance supply by encouraging the construction of investment banks, financial intermediaries, and, where necessary, direct financing of industrial enterprises. Governments encouraged the import of technology into less developed European countries, which hampered its export from the industrial revolution's early adopters. In the United Kingdom, for example, the export of technology was prohibited by law, and master technicians who attempted to depart were arrested at the border. Governments were also a source of externality for private investments in various forms of transportation, such as providing financing for the construction of canals and railroads, and provided major incentives, such as rights of way, for the private sector to build up transportation.

It is generally regarded, not the least of which is the agreement created in the World Trade Organization, which is aimed at raising the quality of life around the world by boosting trade. (For example, the 1950 policy of import substitution industrialization and export development). Through the implementation of high protectionist trade barriers, these policies have assisted in protecting domestic industry and also encouraging such industries to compete against international competition (international competition) This has also encouraged developing countries to adopt import-substituting industrialization. (Harrigan, 1993).

Government should offer a significant financial and other boost to the oil sector by providing the infrastructure essential to support and maintain the oil business in a globalizing world. Others disagreed. It was also noted that, in an effort to increase national wealth and promote greater commerce, national rules and regulations that protect local

firms, resources, and employment must be eased in order to achieve these objectives. (Hassan, Olawoye, and Nnadozie 2002).

Despite the various concerns raised about the loss of sovereignty, the state continues to be the dominating player both within and outside of national and international borders, regardless of the source of those concerns. The commonly held assumption that the emergence of global civil society, as well as increased levels of international commerce, investment, and financial flows, has rendered the nation-state obsolete is erroneous. Closer collaboration among countries, which is related with increased international cooperation, is an act of state sovereignty in the international arena. Such cooperative activities do not fundamentally undermine states; rather, they strengthen them by creating a more stable international environment and by providing them with a greater opportunity to extend their interactions in relevant domains. Furthermore, globalization without an efficient and strong multilateralism is very certain to culminate in a crisis as a result of markets that are fundamentally instable in nature. "The difficulties that are being faced today are beyond any single state's ability to manage on its own. Our national governments are becoming more effective, and our international governments are learning how to improve their collective governance. Each job requires effective states, and their capacity to perform both responsibilities is becoming increasingly important." The United Nations (UN) (United Nations, 2000).

An examination of globalization was conducted in the past, which found that the term would have minimal impact on the growth of commerce in the Nigerian economy, but that its components had both a direct and an opposing link with Nigeria's economic development.

Export and Growth

In recent years, development economists have focused their emphasis on the relationship between export performance and economic growth. There has been and will continue to be debate about whether or not export growth performance has a substantial impact on a country's economic growth. (Adeleye J, Adeteye O & Adewuyi M, 2015)

The expansion of the economy has been the primary goal of most governments in developing countries around the world. A number of policies have been implemented by

these administrations over the years with the goal of increasing the growth and development of their own domestic economies. Economic policies in Nigeria and other developing countries have been enacted in response to the need to improve the living standards of the population, reduce unemployment, increase capacity utilization, which results in increased productivity, as well as increase foreign exchange earnings, among other things. To a large extent, Azam (2009) believes that the transition from a trade-restricted economy to a trade-liberalized economy may be linked to the positive association that exists between export and economic growth.

Exports of products and services, according to Fouad (2005), are one of the most important sources of foreign exchange income since they help to relieve pressure on the balance of payments while simultaneously creating jobs, boosting productivity, and raising the general population's living standards. Exporting has a number of fixed advantages, such as access to larger outside markets and, as a result, the opportunity to profit from economies of scale. Dynamic benefits, such as increased efficiency as a result of knowledge and technology spillovers from past exporting experience, can also be realized. Exporting affects the efficiency with which resources are allocated, the development of jobs, and the relaxing of foreign exchange limitations (Bbaale and Mutenyo 2011).

Many solid theoretical arguments are presented in the contemporary literature in support of the assumption that exporting activities and total economic growth are intertwined. On the one hand, exporting allows a country to access into broader external demand, which in turn enhances domestic output and, as a result, economic growth. On the other hand, imports restrict a country's ability to tap into broader external demand. Second, it is generally accepted that tiny domestic markets do not continue to grow indefinitely, and that any positive economic shock that results in domestic market expansion is more likely to be followed by a rapid decline. In contrast, large foreign markets do not always have demand-side growth restrictions, which allows for the utilization of economies of scale to benefit from economies of scale (Bbaale and Mutenyo, 2011).

International commerce, according to Helpman and Krugman (1985), stimulates specialization in the manufacturing of export-oriented commodities, which raises the level of production and, as a result, the general level of skills in the export sector. Export,

according to Feder (1982), causes the reallocation of resources from inefficient non-trade sectors to productive trade sectors, as well as the spread of innovative management styles and manufacturing techniques across the economy.

a general. According to Balassa (1985) and Erfani (1999), exports can provide foreign exchange, which is necessary for the importation of capital and goods, and can thus increase capital formation, which is beneficial for meeting the expansion of domestic production and, as a result, stimulate output growth. Akanni (2007) used a vector autoregressive (VAR) model to study the association between exports and economic growth in Indonesia. Both exports and economic growth are crucial to Indonesia's economy, according to the findings of the GIRF analysis. The importance of exports cannot be overstated. The importance of exports is very high. According to the findings, a bidirectional causality pattern exists between exports and economic growth, with exports driving growth in the long run and growth driving exports in the near run.

We may study the impact of income from oil exports on economic growth in Iran using the Cobs-Douglas production function. Demonstrate that Iran's economy is quick to adjust to shocks and that the country is progressing technologically. Oil exports contribute to the development of real revenue through accumulating real capital. Akanni is a fictional character who appears in the (2007).

The literature on export-led growth refers to research on international trade that suggests exports have a positive impact on economic growth (Giles & Williams, 2000). The evidence provided in previous studies on the topic of export-led growth has been explained in a variety of ways. Because domestic consumption can only contribute so much to growth due to the size of regional (or national) markets, sales to overseas markets reflect additional consumption demand, hence boosting the amount of real output created in the economy (Giles & Williams, 2000). Another explanation is that exporting is associated with more productive firms (Bernard & Jensen, 1999; Bernard & Wagner, 1997), so export-led growth could be the result of both the accumulation of within-firm productivity gains from export participation and the reallocation of resources from less productive non-exporters to more productive exporters (Bernard & Jensen, 2004; Roberts & Tybout, 1991).

Furthermore, according to Giles and Williams (2002), the dynamic spillover of export sector growth would benefit the entire economy, and an increase in exports would improve the balance of payments while also increasing the import of investment goods and the construction of facilities required for the expansion of domestic manufacturing production Jung and Marshal (1985) argue that genuine gross national product (GNP) growth is essential for the reasons listed below:

- Increased exports could suggest a rise in demand for the country's goods, resulting in a rise in real gross domestic product.
- Increasing exports may lessen the grip of tight foreign exchange constraints, allowing for more productivity in intermediate imports and, as a result, higher production growth; and, ultimately, increased exports may lead to increased efficiency, which may lead to increased output.

Theoretical Framework

The comparative cost theory is at the heart of the framework for international trade. J.S. Mills (1848) made significant improvements to the formula originally developed by David Ricardo. The best critique may be found in the writings of Taussig and Haberler (1988). The primary goal of this study is to make an attempt to move forward from those models that mostly analyze the static advantages of international commerce in general (IT)

International Trade Theory (Classical)

There are two features of Smith's (1776) work that should be noticed in terms of the interplay between International Trade (IT) and Economic Growth (EG). On the one hand, international commerce enabled the local market to overcome its limited size; on the other hand, by broadening the scope of the market, the division of labor was improved, and the level of productivity was boosted as a result of increased productivity (Fatai, 2017). As a result, foreign trade would be a dynamic force capable of improving worker ability and skills, encouraging technological innovation and capital accumulation, overcoming technical indivisibilities, and, more broadly, allowing participating countries to benefit from economic growth and development. Mercantilism's beliefs and perceptions dominated European trade from the sixteenth century to the end of the eighteenth century.

During the nineteenth century, Adam Smith's (1776) trade theory grew in popularity and acceptability, and it continues to do so today. Commerce was deemed good to the country by the Mercantilist school of thinking as long as success could be shown or based on the amount of gold and silver hoarded. Because settlements were made in gold and silver, one of the flaws of mercantilist ideology was that people believed that having a bigger number of exports than imports signified their country was doing well. The bigger the amount of gold and silver received, the more excess is available for export. Some aspects of mercantilism believed that one country's pain would result in greater benefits for another, and that financial policies were used to increase exports while restricting goods flow into other countries.

To his credit, Ricardo (1817) proposed a dynamic model of Economic Growth with three forces and three constraints, in which he defined progressive states as having high savings, capital accumulation, production, productivity advantages, and labor demand, causing wages to rise and population to grow. However, due to a scarcity of both quantity and quality land, the additional alimentary resources were obtained under conditions of falling returns, in which the production is more absorbed by wages, lowering the stimulus of fresh investment and eventually reaching a "stationary state." In addition to the contribution, it has the ability to delay the decline in profit value. Smith makes a connection between the state of a country and the circumstances of a family when they choose to generate or purchase a product themselves in his book The Wealth of the Nation II (1776). The following assumptions were made in order to gain a better grasp of Adam Smith's theory:

- Assume that both nations A and B produce wheat and flour.
- Country A's wheat production is superior to Country B's wheat production, and vice versa.
- Both countries are able to do commerce with each other.
- Both nations A and B have a competitive advantage in wheat and flour production, and they should focus their efforts on producing and exporting wheat and flour, respectively. I do not have a one-to-one competitive advantage over anyone while concurrently importing what they do.
- Both nations will see a rise in their respective wealth.

His idea raised a slew of concerns, such as what should happen to a nation that does not have an absolute edge in any particular commodity; should this country be forced to give up trade?

David Ricardo's Opportunity Cost Theory, which is a component of the theory of Comparative Advantage and runs as an indivisible unit of it, provided solutions to these challenges. A country should export commodities for which it has the lowest alternative cost and import those for which it has the highest alternative cost, according to the notion of comparative advantage. Simply put, commerce occurs between countries with significant international inequalities in production know-how and productivity, as well as a high level of productivity. When a country's accumulated real revenue or consumption potential surpasses its self-maintenance requirements, it is said to gain from production specialization.

International Trade Theory (Neo-Classical)

As an alternative theory of trade, it has sought to improve upon some of the classic theory's overly restrictive characteristics. Furthermore, the modern theory (neo-classical theory) provides an adequate explanation for the existence of comparative cost variations between nations; it also incorporated another factor of production, capital, as well as variance in demand patterns across national borders (Fatai, 2017). Two nations, two goods, and two factors of production are included in a Neo-classical economic model, i.e., models of 2 x 2 x 2. The approach to neo-classical theory differs significantly from that of classical theory in reaction to the introduction of the second factor of production, notably in terms of the links between income distribution, international commerce, and factor allocation (Fatai, 2017).

Theory of Modern Trade

The "modern theory of international trade (Egoro A & Obah, 2017)" is the Heckscher-Ohlin theory of international trade. Heckscher, a Swedish economist, first proposed the idea in 1919, and his student Ohlin elaborated on it in 1935, giving us the current version, we know today. The Heckscher-Ohlin hypothesis, often known as the factor endowments theory of international commerce, aims to explain why international trade is just a special

case of inter-local or interregional trade and why there is no need for a separate theory of international trade (Egoro A & Obah, 2017). It emphasizes that differences in factor endowments, not disparities in factor efficiency, as classical theory maintains, are the essential basis of international commerce, and that classical theory is erroneous (Egoro A & Obah, 2017).

The theory of modern trade 1970s

A series of economic models in international trade known as new trade theory emphasizes the importance of rising returns to scale and network effects. Some argue that using protectionist policies to build up a substantial industrial base in specific areas will allow such industries to eventually dominate the international market. In the 1970s, it was proposed that trade could broaden the range of products available to purchasers while also lowering the average cost of those things. The revenue generated by enterprises reaching economies of scale accounts for a large share of overall world demand. The global market may only be able to support a small number of businesses.

The following are some of the advantages and disadvantages of the new trade theory as presented:

PROS

- Productivity has increased as a result.
- Cost-cutting measures are being implemented.
- Increasing the number of different products available
- Governments are required to provide an explanation through a mechanism.
- The advantage of being first to market creates a barrier to entry.

Prior to Krugman's work, David R. and Heckscher-Ohlin emphasized the importance of trade based on comparative advantage of nations with a variety of features, such as agricultural exports from impoverished to affluent countries in exchange for industrial products. In the twentieth century, the contrary occurred, with increased trade between countries with similar characteristics, which could not be explained by the comparative advantage concept.

Krugman (1979) presented research in the Journal of International Economics in which he provided a detailed explanation for trade between comparable states that contained two key assumptions. That customer has a different brand preference than the prior one. This method of production benefits from economies of scale. The inclination of purchasers to purchase commodities jeopardizes the existence of automotive manufacturers such as Volvo and BMW. Manufacturing cannot be extended across the globe due to economies of scale; instead, it is concentrated in a few countries (or maybe one). This rationale demonstrates how many countries may devote a significant amount of effort to delivering a small number of brands of any particular sort of goods/products, rather than having experience with a broad range of goods/products/services/products. Krugman's methodology allowed for the calculation of "home market impact" because transportation expenses were included. "All things being equal (ceteris paribus)," as the term "home market effect" describes it, "the net exporter of goods tends to gravitate toward big countries with greater transportation costs and more stable economies of scale." Krugman was originally surprised by the result because it was unexpected, but he eventually concluded that the model's mathematics were sound.

The Role of Trade as A Growth Engine

There is a wealth of information available about international trade and the development of the Nigerian economy (Igwebuike, 2018). Some academics have contended that international trade helps to promote economic growth and development, while others have maintained that it does not help to promote economic growth and development. Awe (2013), for example, described economic growth as a process in which a country's real per capita income rises over a long period of time, such as a decade. As a result, economic growth occurs as a result of a rise in the economy's productive capacity, which is subsequently used to produce more goods and services. Foreign direct investment (FDI) has been hailed as a significant engine of economic development in this scenario.

According to Omoju and Adesanya (2012), the impact of trade on Nigerian economic growth was researched using data from 1980 to 2010. The study found that trade, foreign direct investment, government spending, and the currency rate all had a statistically significant positive impact on economic growth in emerging nations, using the Ordinary

Least Square (OLS) method. Saibu (2012) examined the direct and interactive effects of capital inflows, trade openness, and economic progress on Nigeria's economy using data from 1960 to 2011. This study employed the Autoregressive Distributed Lag (ARDL) bound testing model, with a composite indicator derived from principal component analysis (PCA) as an indicator. Capital inflows and trade have a statistically significant impact on economic growth.

Grossman and Helpman (1991) studied the emergence of a tiny open economy in which technology imports were equivalent to exports in the industrialized world. The findings of the study demonstrated that a small economy that opens its borders to international trade will have higher levels of income and consumption than a small country that remains closed, rather than that a small open economy will develop at a faster rate than a small closed economy.

In contrast to other studies, Fetahi-Vehapi-Sadiku-Petkovski (2015) used the system GMM technique to estimate the contribution of trade openness to economic growth in the countries of Southeast Europe, taking into account that the countries in this region had a common goal in terms of international trade. When variables like initial per capita income, gross fixed capital formation, foreign direct investment, labor force, and some interactions with trade openness were examined in a panel data of 16 countries from 1996 to 2012, it was discovered that trade openness had a negative effect on growth on its own. When it was combined with the initial per capita income, however, the result was favorable. It has also been found that countries with higher per capita income, foreign direct investment, and foreign direct investment will benefit from trade openness.

According to historical records, there has been a significant increase in international trade in a number of countries. The nineteenth century brought advances, such as technological developments, to a time when international trade was at a low ebb, resulting in an era of global commercial expansion (first wave of globalization). The growth process had slowed before WWII, and the interwar period had been reversed; but, after WWII, international trade began to pick up speed, and has been increasing at a significantly faster rate than in the preceding decade, i.e., trade expansion.

Classical Era

Because the classics do not distinguish between worries about Economic Growth and problems about International Trade, a study of this topic leads us to the classics' fundamental models of International Trade. However, given the goal of our research, we make an effort to go beyond models that solely look at "static gains from international commerce." Our research focused on the relationship between international commerce and economic growth, and we uncovered two key themes in Smith's work that we wanted to highlight (1776). On the one hand, information technology helped firms to overcome the internal market's limited size; on the other hand, increasing the market's reach improved the division of labor and increased productivity. As a result, information technology would be a dynamic force capable of improving worker aptitude and skills, fostering technological innovation and capital accumulation, overcoming technical indivisibilities, and, more broadly, allowing participating countries to enjoy Economic Growth.

On the other hand, Ricardo (1817) proposed a 'dynamic model of EG' that contained three forces and two constraints. He defined progressive states as having high levels of savings, capital accumulation, output, productivity, benefits, and labor demand, all of which pushed for wage hikes and population growth. Due to the scarcity of land, both in terms of quantity and quality, additional alimentary resources were obtained under conditions of diminishing returns, in which production is absorbed by wages in increasing proportions, reducing the stimulation of new investments, and eventually reaching a "stationary state" of production. It has the capacity to postpone the rate of profit decline. He undervalued the relevance of technology and the good effects of information technology on technology, in addition to underestimating the role of information technology.

To summarize the Classics, Mill (1848) explicitly documented the Classic viewpoint, according to which production is the result of labor, capital, and land productivity combined with their respective productivities. He, like Ricardo, recognized the presence of a "stationary state" beneath the "progressive state," and that the only element capable of postponing this situation in the long run was technological advancement. Therefore, the

importance Smith had put on the expansion of the market diminishes, despite the fact that he also backed international free trade. Considering the expectations set by the Industrial Revolution (IR) in relation to technological growth, we believe that this predicament is the outcome of this expectation.

Post Classical Period

Classic ideas of international trade and growth historically paved the path for marginalization, and this reality spawned new theories (neo classical) that disguised the long-term lines of economic development for a time. However, this has changed. Taken into account in this area was the gap that occurred between theories of international trade and economic development.

Period of the Neo-Classical Era

Those who followed Ricardo ignored the subject of comparative advantages' underpinnings and failed to see aspects coming from information technology (IT) that may improve the rate of economic growth and its trend over time in a sustainable way. In general, the modifications made to Ricardian theory revealed a rise in welfare as a result of information technology, but they did not take into account potential advances in the rate of Economic Growth. The model of Heckscher (1919) and Ohlin (1933), whose contributions Samuelson (1948 and 1949) finished in the late 1940s, originally appeared in the setting of neoclassical general equilibrium. When we examine the model in depth, we find that it enables us to argue for countries' openness to information technology by proving that it is efficient, mutually beneficial, and useful to the entire world. It does, however, limit the scope of the analysis to static welfare improvements.

Growth After the Classical Period

The classical economist proposed the idea of a race between population growth and economic growth, with an ambiguous winner. With the development of post-classical economic theories, this form gradually went away. Economic growth (EG) was no longer regarded an issue, which is why it was not fully handled in economists' evaluations and publications, as seen by the following: "The causes that determine the economic

development of nations belongs to the analysis of IT." 'Marshall alluded to the fact that this was the case (1890, P.225). As a result of the market expansion it represented, global output increased as well as an increase in commerce in both the domestic and international economies, resulting in an increase in economic revenue. He realized the importance of these externalities, and he was also aware of the challenges associated with his analytic method. When his successors, particularly Young (1928), realized, as Smith did, how limited the scope of labor division was due to its small size in relation to the size of the market, they were concerned about Economic Growth (EG). He also looked into the relationship between businesses and economic growth, the emergence of new specialized industries as a result of market expansion, the importance of specialization, standardization, and the impact of this market on technological progress, and the relationship between businesses and government.

Another notable desire developed during this period in the person of (Schumpeter 1912, 1942, and 1954); he confirmed earlier points of view regarding the propensity of revenue to its lowest margin and the reliance of economic development rate on capital accumulation. However, he went a step further in distinguishing between innovation and invention, which he defined as (knowledge discovered through economic action) (advancement of useful knowledge to production). He articulated the conditions for effective innovation, which included the requirement for markets that were open to the outside world, based on the latter being the most important component of economic development (EG) (external markets).

- Finally, certain authors who have contributed further study on these dynamic themes and, as a result, the economic growth theory and, as a result, have offered a framework for future studies to build on will need to be included. Some instances are as follows:
- Ramsey (1928): Optimum Economic Growth (description and research principles), New York: Columbia University Press.
- Cobb and Douglas (1928) created a production function known as the Cobb Douglas production function, which became a key component of various economic growth theories after its publication.

Harod (1938 & 1948) and Domar (1937 & 1946) each produced a Keynesian model that gave the most significant push and clear direction for the study of Economic Growth (EG) in the twentieth century.

Classical and Neo-Classical Theories: Reactions

The dominating position was put into question immediately after World War II ended, particularly in the case of the LDCs. When confronted with theories that were unfamiliar to them, those reactions abandoned the classical and neoclassical orientations. Latin America's intrusive and protectionist Economic Growth experiments (industrialization for import substitution) owed much of their rationalization and justification to structuralist economists [Prebisch (1949), who served as UN Executive Secretary, and Singer (1950)], as well as the UN Economic Commission for Latin America (ECLA). They basically argued that information technology had negative long-term consequences for LDCs because their specialization was in products with low demand income elasticity and, as a result, a weak outlook for export growth, and that they had noticed a trend toward constant deterioration of trade terms. Furthermore, the need to adapt to the changing character of the international commerce network resulted in tremendous economic and social costs as a result of specialization. Unlike the neo classical model, Myrdal (1956 and 1957) stated that international commerce did not equally reward elements (contrary to the neo classical model) and that, in contrast to emerging nations' industries, the less developed countries' (LCDs) industries remained fragile. International trade (IT) benefited Less Developed Countries (LDCs) in the short term, but the negative impact lingered in the long run because it influenced the production of primary goods (mining enclaves and plantations), which are highly dependent on erratic pricing and demand. Nurkse (1959) also looked at the importance of "developmental trade," which he defined as commercial exchange between developing and less developing countries (DCs and LDCs). Least developed countries (LDCs) were under control, according to Perroux (1978). Lewis (1954 and 1969) and Marxist author Emmanuel Levinas established, respectively, that trade conditions had deteriorated and that there was an unequal trade bias in favor of developing countries (1969). As a result, developing countries (DCs) stimulated economic growth (EG) and structural transformation, resulting in the long-term loss of potential external-beneficial

effects. A tiny group of elite authors came to the conclusion that economic linkages were all-encompassing, implying that a chain of capital, products, and services existed.

Growth Theory in the Modern Neo-Classical Era

In the late 1950s and early 1960s, interest in Economic Growth (EG) resurfaced as a result of the revival of the classical approach. Production was a function of the factors of production (land, labor, and capital) and their productivities, and hence growth was a function of the components of production, according to this theory. 1956 may also be considered the year of the present neoclassical theory of economic growth, thanks to the work of Solow and Swan (1956). The model depicts the link between capital accumulation, savings, and economic growth (EG) in accordance with the aggregate production function, as well as the possibility of reaching a point of sustainable equilibrium despite the initial criteria being met. By expanding factor output, technological advancement (exogenous) had a positive impact on the accumulation process. As a result, a model that was compatible and followed a balanced growth path was developed. It considers economic convergence, or the convergence of economies in terms of economics.

Additionally, as a result of the spread of technological advancement, the pace of economic growth per capita would become more consistent, resulting in a normal steady state. As a result, it is possible to argue that, through fostering the transmission of technological progress, international trade (IT) would become increasingly important for less developed nations (LDCs).

Solow (1957) used the aggregate production function as a starting point to quantify the sources of surplus greenhouse gas emissions in the United States in order to account for excess greenhouse gas emissions. The growth rates of labor and capital (which we regard to as conventional sources) are balanced by the components' relative participation in production and technological innovation, or the overall productivity of factors, to calculate the rate of EG (TPF). The TPF was born out of a disparity between the measured rate of EG and the portion of that rate that could be explained by traditional sources (thus the term "residual of Solow" in the title). He distinguished between "EG effects" (which

include the three sources mentioned above) and "level effects." As a result, IT would have a 'level effect,' resulting in positive effects for a short period of time after it was installed.

Nonetheless, the post-Solow 'accountants of economic growth' are credited for facilitating the accumulation of human capital, economies of scale, improved resource allocation, and the invention of new generations of productive machines. Denison (1962, 1974, and 1985), Kendrick (1961), Griliches and Jorgenson (1961), In any case, they were unable to account for the expansion of knowledge, leaving an unaccounted-for factor. Apart from that, international trade was not listed as a source of economic growth (EG) in the study, at least not explicitly. The current predicament, we believe, is attributable to two things that have already been mentioned:

The concepts of international trade (IT) and economic development (EG) are becoming increasingly separate.

The impact of international trade on the long-term level of economic growth rather than the rate of growth.

Review of Nigeria's Trade Policies

There are two primary phases to consider when it comes to Nigeria's trade strategy: before the adoption of the Structural Adjustment Programme (SAP) and after its execution. Rather than being distinct from one another, these governments' trade plans were short-term (operational and evaluated within each fiscal year) and targeted at establishing viability and export promotion. Additional policy measures such as employment development, industrialization, and self-sufficiency policies, among other things, were meant to work in tandem with or complement these programs. The following are the policies in effect:

Trade Policies Prior to the Sap

Nigeria's economy was deemed rural and underdeveloped in many ways in 1960, when the country gained independence; it was primarily centered on agriculture, with little emphasis on the industrial sector. The nation's founding fathers accepted and utilized development planning approaches as a way of securing Nigeria's long-term stability and rapid growth in an effort to enhance the nation's economic status. The acceleration of the

country's development has been prioritized through the expansion of the country's industrial base. As a result, trade policies must be restrictive, with a clear end goal in mind: to direct demand pressure in a particular direction. To restrict the demand for foreign exchange in accordance to the available supply, exchange control measures were established. When it comes to the use of foreign exchange resources, this was done in order to maximize the use of reserves by guaranteeing that significant exports are given priority over various imports. Additional trade obstacles, such as import licensing, were erected to restrict imports while complementing import duties and safeguarding the protection of local sectors that were established to provide import alternatives. This was done in order to have a policy impact (import substitution industrialization policy). The customs tariff structure was created to be unfavorable, with just a small amount of support for raw materials and capital goods.

Items considered to be extravagant had either been placed on a restricted list or had excise charges (which were extremely high) levied on them. Even if the strategy wasn't designed, the western world was the primary destination for the nation's imports and exports, which were a product of historical inheritance rather than design.

In Nigeria, the Second National Development Plan (NDP) was implemented from 1970 to 1974 following the end of the civil war. In order to secure economic growth, it was necessary to restore damaged assets and revive the country's production potential. It was also vital to ensure that the advantages of progress were evenly distributed. Products and services will be created in Nigeria, relying on Nigerian labor, funding the country's growth, and attempting to obtain the best possible export circumstances, according to predictions given.

The purpose of the design was to incorporate and enhance the most important parts of the 1962–68 plan, namely, increasing agricultural and industrial output while also increasing people availability (high and intermediate level). For the passage of measures that subsequently resulted in a rise in import demand, more detailed information was required. In 1971/1972, a stringent currency control measure was established for foreign exchange budgeting in order to correlate aggregate foreign exchange expenditure with revenue and expenditure levels. Import licensing was improved, and the quantity of non-essential

commodities was limited, although some finished consumer products that were subject to a specific license (and were thought not to be too necessary) were allowed to be imported within certain parameters. By 1974, Nigeria had surplus revenues for which it had no quick domestic investment outlet due to an increase in crude oil prices in 1973, paired with the nation's limited absorption capacity and the presence of other production-related impediments in the economy. Further liberalization of currency control restrictions was assumed to be necessary in this situation. As a result, import payment limits were relaxed, and the Third National Development Plan included the growth of the raw petroleum trade (1975-1980).

The possibility of higher income for the economy from the oil business prompted the formation of the third National Development Plan. During this time, trade policies were also liberalized. The Fourth National Development Plan (1981-1985) was established at a time when Nigeria's revenues were already on the wane, a position aggravated by the oil shock of the mid-1980s. Although the price of oil dropped sharply, the demand for imported goods surged as a result. In 1974, foreign reserves were adequate to fund twenty-four months of imports, but by the end of 1978, they could only be reinforced for 1.8 months, and by the middle of the twentieth century, they could only be bolstered for a little more than one month.

The fact that import demand was price inelastic resulted in a balance of payments deficit as a result. Following that, a coordinated effort was started to impose stringent trade restrictions while keeping an eye on import patterns.

During the Sap, Trade Policies

The governing body was forced to take early and serious actions to address the problem due to the scale of the distortion in the Nigerian economy produced by the style of control. As a result, a number of policies were formed in July 1986 in order to meet the SAP's goals. Aside from international trade, the emphasis of attention was on trade liberalization and the price system that accompanied it. The phrase is used with a special emphasis on the proper allocation of foreign exchange through the price mechanism. Import and export licenses were abolished under the new regime because their applicability was seen to be irrelevant during this time period. To empower exporters and increase export activity, the

system of exporters surrendering export income to the Central Bank of Nigeria (CBN) was discontinued. As a result, exporters were given the freedom to manage their earnings from export in their own accounts (domiciled), where foreign exchange transactions could be done easily.

Under the modified drawback/suspension program, import levies and other indirect taxes and charges were eliminated for producers and exporters, allowing them to import raw materials and other intermediate products from other countries. To support the growth of foreign trade, the Export Incentive and Miscellaneous Provision Decree of 1986 was made public. As a result of this program, the Central Bank of Nigeria provided banks with specific facilities (such as refinancing and rediscounting) so that they may provide export financing to their customers.

The Nigerian Export Credit Guarantee and Insurance Corporation (1988), later called the Nigerian Export-Import Bank (NEXIM), was also on board. It was founded to provide/grant credit and risk-bearing facilities to banks in order to encourage them to grow exports.

The Naira's exchange rate, which was devalued at various levels of the Foreign Exchange Market, was aimed to make imports more expensive and, as a result, discourage excessive importation, easing balance of payment strain. Both the elimination of import licensing and the reliance on customs duties to regulate imports have been implemented. Furthermore, the list of restricted imports has been drastically reduced.

A Ten-Year Review of the National Trade Policy

Nigeria's first trade policy was drafted in 1991 and revised in 2002 to reflect the country's commitment to the World Trade Organization's trading framework as well as the findings of the World Trade Organization's 1998 Trade Policy Review, which were integrated (TPR). The strategy benefited from contributions from both the state government and the organized private sector, and was overseen at the time of execution by the then Federal Ministry of Commerce. The strategy recognized 18 preferred export promotion areas, a range of export incentives, outlined targets for key sectors (such as agriculture), and built an administrative structure for implementation, among other things.

In August 2011, the Federal Ministry of Industry requested the first review of trade policy in in a decade, with the purpose of advancing NV20:2020 (which aimed to push up the foreign exchange gains of agro-industrial exports to derive 50 percent earnings for Nigeria in 2020). The present draft trade policy intended to improve trade, investment, and industrial development coordination. It will be closely related to the Ministry's future National Revolution Transformation Plan (NIRP) for 2013, in this regard. The NIRP and Nigeria's Backward Integration Programme, for example, should be used to determine and set the most ideal tariff rates.

The National Trade Policy draft (as of August 2013 and amended in 2014) focuses on enabling non-oil exports to broaden the national product base. The idea aimed to boost "local patronage" of Nigerian goods while also enhancing trade defense mechanisms and international trade governance measures (for example, custom tariff and dumped and subsidized imports counteractive measures). The NTP draft proposes establishing a Board of Trade Defense Mechanisms to oversee all WTO anti-dumping and countervailing measures, as well as safeguards and subsidies.

The NTP's export strategy illustrates that establishing a free import regime will be most helpful in terms of improving local industries' international competitiveness as well as industrial realization and development under the National Industrialization and Development Plan. The goal of removing non-tariff barriers and tariffs is to address the needs of the import-dependent industrial sector, which depends on imported capital goods and raw materials. Domestic legislation will be improved in parallel, as well as in other financial sectors, "with a clear end goal in mind: to prevent any negative repercussions that may develop as a result of unregulated imports." The NTP draft (chapter 4) focuses on significant tariff liberalization within the ECOWAS ETLS structure, but it takes into account that liberalization will be phased in and will not cover consumer goods such as education, health, and poverty allocation; supporting infrastructural development; and various industrial development strategies aimed at alleviating supply capacity constraints. This view leaves the liberalized sector wide open to interpretation, thereby discouraging potential investors or traders from investing or trading in specific businesses. Nigeria's professed commitment to trade liberalization has sparked concerns about the budgetary

implications, which has aroused eyebrows. Nigeria, like many other developing countries, relies heavily on customs revenue. By the middle of the year (2011) and the first half of 2012, customs income had climbed dramatically (20 percent, to USD 21.25 billion), thanks to a range of fees and levies placed on import and export transactions, as well as increased government spending (OBG, 2012). This diminishes policy incentives to eliminate such fees, however it is true that the draft customs duty section in the NTP may be clarified. Custom duty exemptions will be geared primarily on "securing precisely chosen categories of product domestically," according to the NTP's draft (chapter 4). (FMITI, 2013). The strategy is predominantly inward-looking in nature, despite the fact that the document says that the presentation of new levies, tariffs, and non-tariff barriers (NTBs) will remain in strict compliance with global trade responsibilities. Unfortunately, changing Nigeria's posture now, when it is reaping the advantages of its earlier structural adjustment and liberalization efforts, could imperil the country's success and demoralize foreign investors, which would be a pity.

The Last Few Years of Trade Policies

Nigeria chose four levels of CET with maximum rates of 20% in 2005, and a fifth level of 35% was added in June 2009, primarily at the country's request, according to the recently revised Common External Tariff [CET], which governs Nigerian tariff policy under the administration of the Economic Community of West African States (ECOWAS). In Nigeria, the 35 percent rate is regular practice for 167 (of 5,671) tariff line items, and the new CET covers almost 80 percent of the country's tariff lines with non-zero import value in 2008. Nigeria has a lengthy history of restricted imports (and a short history of restricted exports), which has led to an increase in smuggling in the country. Through neighboring countries, illegal imports made their way into Nigeria (Benin, Cameroun, Chad, and Niger).

In 2008, the trade regime decreased tariffs on a wide range of items to replace some import prohibitions. The nation's TTRI was 11.4 percent (98th) in 2006, with first being the least restrictive of 125 countries. Nigeria's trade openness was similar to that of typical SSA countries, but more restricted than that of the average middle-income country, according to these indicators (TTRI at 8.6 percent). As the government strives to promote food

security, the agricultural sector is spared from high tariff protection (TTRI at 28%) compared to the non-agrarian sector (TTRI at 8.5 percent).

In the United States, the average MFN applied tariff (which includes ad valorem equivalents on individual tariffs) has dropped drastically from over 20% in the late 1990s and early 2000s to under 12% now. Furthermore, the maximum imposed MFN tariff (excluding alcohol and tobacco) has declined dramatically over the last decade, and it was once 50% in 2008. The overhang (the gap between bound and implemented tariffs) measured the country's trade policy space, which was excessively large at 106.4 percent, compared to 48.1 percent for regional neighbors and 29.5 percent for lower-middle-income nations. The country ranks 91st out of 148 countries in the GATS commitments index, indicating that it has lots of room to devote more resources to global service trade liberalization. The government was confronted with a considerable spike in food prices in 2008, prompting it to reduce the import duty on rice from 100% to 2.7 percent and set aside specific funds for the purchase of rice to alleviate food shortages.

Issues and Challenges in Expanding Nigeria's Commercial Activities

Corruption

Notwithstanding that corruption is an international issue, Nigeria appears to be suffering from the bad impacts of this situation. Everyone appears to have arrived to the conclusion that the country is characterized by a corruption-friendly environment. Nigeria has amassed a huge amount of wealth (currency) from unrefined oil throughout the years, the most of which looks to have been lost to corruption, which has resulted in a big portion of those resources being lost. The oil behemoth of Nigeria, which runs on the grease of politics, was described as a prosperous country with copious oil resources in a recent piece, but none of these resources had reached the general populace by the year 2100. The San Francisco Chronicle published an article on March 11, 2007 stating that Nigerians have been denied the opportunity to benefit from the appreciation in the value of the petro-dollar that has accrued to the country over the years as a result of corruption. Dissatisfaction with the state of the nation's infrastructure, political and ethical values, as well as educational requirements, can be connected to corruption.

Unfavorable Investment Climate

A terrible investment climate has resulted in the economic system as a result of all of the aforementioned factors, and the economy has become uncompetitive as a result. Without suitable infrastructure (such as electricity, roads, and water), the cost of doing business in the country remains high, limiting the country's ability to expand its international trade market share.

Liberal Trade Policies that are ill-conceived

Almost always, the process of trade liberalization is accompanied by a reduction in tariffs or other trade barriers. As a result, trade liberalization has evolved into a basic policy regulation for boosting global trade flows. In any case, this has not worked out in most cases, and empirical evidence has shown that trade liberalization is not linked to an economy's ability to maintain a balance between imports and exports, as previously supposed. Mechanical reasoning is a prescription for catastrophe when applied to the liberalization programming model taught in colleges and seminars, a model in which trade policy variables are changed around the globe to balance import and export. Imports are influenced by different elements than exports are influenced by. While emerging countries may have the potential to control how quickly imports are liberalized, they have had much less success in influencing the short-term growth rate of exports in a comparable way. The lack of executive capacity at the national level, as well as the indifferent standard of policy implementation by various governments, were factors contributing to the country's negative increase in agricultural and industrial output. All of these have evolved into cultural norms, and Nigerian society provides the ethical fiber required for the growth of a self-sustaining economy.

Furthermore, Nigeria's unwillingness to commit to export-related investments has highlighted the sector's incapacity to grow at a quick pace in recent years. The failure of this sector at the grass-roots level is a cause of humiliation in the federal government's failed policies. The expansion of the agrarian and industrial sectors for export in Nigeria has been held back on all fronts due to low compelling interest in locally made items, which is caused by a steady inflow of less expensive and better-quality imported items, a

lack of institutional structure to develop and promote such sectors, as well as poor infrastructural conditions (for example, power and water supply), and poor infrastructural conditions (for example, power and water supply).

Dutch Disease

The oil boom that began in the mid-1970s prompted the government to shift its focus away from the agricultural and industrial sectors of the economy, leaving them to the elderly and disabled. Due to a concentration of effort in the oil and gas sector, the mainstream economy has been denied access to capital, critical investment, and even management skill. Consequently, the country's mainstream economy has grown increasingly uncompetitive on the international arena, while the country has transformed into a trading outpost for multinational firms. This has hampered the much-needed transformation of the economy that has taken place during the last 40 years.

Agriculture vs. Petroleum

Agriculture was neglected after the discovery of crude oil, and as a result, Nigeria has been a haven for corruption and incompetence since the 1970s. Because of the unfortunate sequence of events, as well as high-level government corruption, a small number of people have become obscenely wealthy, while the mass of the population remains in abject or extreme poverty. As a result, in the current state of the country, there is a substantial income inequality between the rich and the poor. Nigerians have abandoned agriculture in order to become among the world's wealthiest people, transforming themselves overnight into oil exporters and dealers.

When faced with such a perplexing situation, Nigerians who were once ebullient have become sluggish, constantly searching for a cost-effective and quick method of making it'. Agricultural demand has plunged to its lowest degradation/deterioration at the same time that voracity, corruption, and a need for instant satisfaction have developed and taken center stage.

Because of the increasing money provided by the extractive industry's oil and gas sub-sector, there has been a total focus on this sector, with little concern for the rest of the

economy. Additionally, the erroneous paradigm model manifests itself in the economy, with a few extremely wealthy persons begging for relevance in the framework of export advice', while the underprivileged are afflicted by illiteracy, disease, and starvation.

Agricultural importance cannot be overstated in Africa, and particularly in Nigeria, where it is widely recognized. Although Professor Pat Utomi (2003) warned us against relying solely on oil and gas to escape poverty in Niger, we are unable to do so at this time, owing to the resident permit that poverty has taken away. Our country cannot afford to put on a display that ignores the importance of agriculture in the economic engine of the country. According to World Bank data from 2003, more than 70% of Nigerians live in poverty (on less than a dollar per day), demonstrating that the country's poverty rate has risen considerably since independence. Despite the fact that it is a national embarrassment, this is a problem that can be rapidly remedied.

Asymmetric Information and Unfavorable International Trade Policies

According to the principles of the World Trade Organization (WTO), developing countries may face national repercussions in regard to the organization's sustainability growth goal. The rules of growth sustainability are not taken into account in today's thinking on investment governance (agreements on international investment agreed into with such countries). This accord does not take into account these countries' economic weaknesses. Various researchers and strategy experts have produced literature to assist decision-makers in comprehending the new implications and roles, as well as the relationship between threats, powers, and the reason for such investment, among other things (international). When such incentives are made available, questions about the ethical and professional responsibilities of economists on the front lines of these debates arise. As the name implies, it is a circumstance in which some specialists (in economics) receive more data than others, and as a result, this information influences the conclusion of a contract between them. A few of these theories offer crucial insight into financial market and international trade processes. These are some of the theories: "The structure of countries was far from matching the requirements of ideal competition," as Cooper (1984) demonstrated. Only 160 member countries were represented on the committee, and while many of them had a substantial impact in some of the areas where they worked,

only a few had a big impact on the whole market in which they operated. To put it another way, monopoly power is the primary reason for the disbandment of the committee of countries. Any attempt to employ such restricted monopolistic power in the pursuit of national goals violates competition regulations and raises the possibility of economic policies being pushed in the direction of global sub-optimality. As previously stated in the framework of "economic policies coordination and collaboration" in order to enhance the attainment of national economic objectives, the positive side of this is that it raises the chance of profit. Cooperation (1984, p. 1221). If Cooper's view of the world is right, global economic interconnection is now unbalanced, with a tilt toward the developed nations. As a result, governments must go back to the drawing board and reconsider their plans in order to gain from the existing economic system. Thliza (2007)

SYNOPSIS OF THE LITERATURE

Table 1. *Literature Review Summary*

Writer	The Study's Objectives	Country and date	Methodology	Findings
Edoumiekumo and Opukri, (2013)	Established the existence of a long-run relationship between international trade and economic growth in Nigeria	Nigeria	Johansen Cointegration test and Ordinary Least Square technique	Discovered that international trade, as proxied by import and export, has a positive relationship with economic growth
Sarbapriya Ray	To study the relationship between foreign trade and economic growth in India, utilizing annual data spanning the years 1972 to 2011	India 2011	Co-integration and the Granger causality test	According to the results of both the co-integration and the Granger causality tests, economic growth and foreign trade are co-integrated.

Arodoye and Iyoha	Investigate the relationship between foreign trade and economic growth in Nigeria (1981-2010)	2014 Nigeria	OLS	concluded that there is a stable long-run relationship between international trade and economic growth and that trade policies that support export expansion should be encouraged because exports are a major driver of economic growth.
Stephen and Obah	To examine the impact of foreign trade on economic growth in Nigeria from 1981 to 2015	2017 Nigeria		The findings of the study suggest that the Nigerian government should place greater emphasis on specialization in agriculture in order to diversify the country's production and export base in order for the country to reap the full benefits of international trade, including economic growth, as recommended.
Tan	To examine the cross-country dataset for the period 1965-2009	Singapore 2012	OLS	Terms of trade had a positive impact on economic growth.
Javed et al. and Qaiser et al.	1973-2010	Pakistan 2012	OLS	It was determined that trade openness had a favorable and considerable

				impact on economic growth in Pakistan.
Rahmaddi and Ichihashi	To explore the link between exports and economic growth in Indonesia over the period 1971-2008	Indonesia 2011	VAR model	According to the findings of the study, which was conducted within a VECM framework, the authors discovered that exports and economic growth have a bidirectional causal structure, and they concluded that both exports and economic growth are important to the economy of Indonesia.
Akanni (2007)	To investigate the relationship between exports and economic growth in Indonesia.	Indonesia	VAR	exports and economic growth are driven by a bidirectional causation structure, with exports driving growth in the long run and growth driving exports in the short term.
Emeka, Frederick and Peter 2012	To conduct a survey on the impact of trade on the Nigerian economy	Nigeria	Multivariate and Bivariate models	It was discovered that FDI and export inflows had a positive and significant effect on economic growth.
Adenugba and Dipo	To analyze the performance of non-oil exports in Nigeria's economic	2013 Nigeria		The findings revealed that non-oil exports have underperformed expectations, giving

	development from 1981 to 2010.			grounds to doubt the effectiveness of the export promotion initiatives that have been implemented.
Ulasan		2012		According to the findings of the study, because of the fragility of the association between openness and growth, the significance of openness variables disappears once other growth determinants, such as institutions, population heterogeneity, geography, and macroeconomic stability, are taken into consideration.
Safdari, Mehrizi, and Dehqan-Niri	To investigate the long-run relationship between foreign trade in Iran and economic growth. (1975-2008)	Iran 2012	Vector Autoregressive model (VAR)	Their findings revealed that factors such as total population, trade volume, gross capital formation, and tariffs all had a favorable impact on economic development.
Fetahi-Vehapi-Sadiku-Petkovski (2015)		South East European countries	GMM	It was discovered that trade openness on its own was associated with a negative effect on growth. It has also been observed

		(1996-2012)		that trade openness will be favorable to nations with greater income per capita, foreign direct investment, and foreign direct investment.
Akanni (2007)	To examine the influence of income gained from oil exports on economic growth in Iran.	Iran	Using the Cobs-Douglas production function	Oil exports contribute to real income generation through the building of real capital.
Adak	to investigate the relationship between international trade and economic growth in Turkey (1981-2007)	Turkey 2010	the Ordinary Least Square test	He concluded that Turkish economic growth is influenced, in part, by foreign commerce, according to the research.
Kavoussi (1984)	To investigated the contribution of trade to economic growth in 73 middle- and low-income developing countries		Review on previous studies	He discovered that a high rate of economic growth in these countries was strongly correlated with a high rate of export growth in both middle- and low-income countries.
Saibu (2012)	To explore the direct and interaction impacts of capital inflows, trade openness, and economic	Nigeria (1960 - 2011)	ARDL and PCA	The researchers discovered that capital inflows and trade had a statistically significant impact on economic growth

	development on the country's economy			
Omoju and Adesanya (2012)	To understand the influence of trade on economic growth in Nigeria	Nigeria (1980-2019)	Ordinary Least Square (OLS) approach	discovered that trade, foreign direct investment, government expenditure, and the currency rate all had a statistically significant beneficial influence on economic growth in developing countries
Afolabi et al (2017)	the purpose of identifying the major factors driving economic growth through international trade and offering policy recommendations.	Nigeria (1981-2014)	ADF and Phillip-Perron Unit Root Tests	The findings revealed that government spending, interest rates, import and export are all positively related to Nigerian economic growth, whilst exchange rates and foreign direct investment are both negatively related to Nigerian economic growth.
Egbetunde et al (2018)	look into the impact of international commerce on economic growth in Nigeria and India		Vector Auto Regression method (VAR) and the Granger causality test	Nigeria's and India's economic progress had a positive and statistically significant impact on foreign trade.

Hypotheses Development

The International Trade-Economic Growth Relationship

As a result of Global trade, a country's economy is now much more intimately related to external characteristics such as openness than it was previously (Fatai, 2017). The increase in productivity that occurs as a result of more access to superior capital inputs such as machine tools is a result of increased trade, and new economic potential for developing countries are created. National economies and financial systems are becoming increasingly intertwined as a result of globalization and trade (Fatai, 2017). The fact that international business impacts all of us means that it has had a significant impact on the economic and social well-being of nations all over the world (Fatai, 2017).

Using the Johansen Cointegration test, Edoumiekumo and Opukri, (2013) proven that there is a long-term association between foreign commerce and Nigerian economic growth in addition, the authors discovered that international trade, as measured by import and export, had a positive link with economic growth using the Ordinary Least Square approach. The granger causality test demonstrated that economic growth is a cause of export while import growth is a cause of economic growth throughout the research period.

A survey that was conducted between 1970 to 2000 on the impact of trade on the Nigerian economy. To assess the relationship between the selected macroeconomic variables, a combination

of multivariate and bivariate models was used. It was discovered that FDI and export inflows had a positive and significant effect on economic growth. (Emeka, Frederick and Peter 2012).

According to Sachs and Warner (1995), who studied how international trade imparted the development of 122 countries, they discovered that open countries grow at a faster rate than protectionist nations. In a similar vein, Frankel and Romer demonstrate that greater trade openness resulted in better income levels in a sample of 63 nations in 1985, based on their findings.

Research hypotheses must be developed in order to collect relevant information and to establish the fundamental premise of the investigation, among other things. Alternative variants of the following research hypotheses are relevant for this study and can be expressed in the following ways:

H_1: There is no positive relationship between GDP and Net trade in goods and services.

H_2: Imports of goods and services are unaffected by GDP growth.

H_3: In the long run, GDP has no positive impact on goods and service exports.

Model Specification

The primary purpose of this study is to determine and evaluate the influence of international commerce on Nigerian economic growth in 1980. To assess the short and long-run link between economic growth and foreign trade in Nigeria from 1980 to 2019, the unit root test, ARDL co-integration bounds test, Long-run Bounds Test, Residual Diagnostic Normality Test and CUSUM Test are employed in accordance with the prior discussion. Gross domestic product (GDP) as a proxy for economic growth will be used as the dependent variable, while Net Trade in Goods and Services (NT), Imports of Goods and Services (IM), and Exports of Goods and Services (EX) are proxies for foreign trade and will be used as the dependent/explanatory variables in the model.

This research uses annual time series data from 1980 to 2019, which spans a forty-year period. The information was gathered from the World Bank indicator data. The following equation-based model is utilized to study the influence of international trade on economic growth:

GDP= F (IM, EX, NT, Ut)

Were,

GDP= Gross Domestic Product

IM= Import of goods and services

EX= Export of goods and services

NT= Net trade in goods and services

Ut= Error term

Test of Significance criteria

The statistical criteria, which are determined by statistical theory and are targeted at evaluating parameters of the model, are described in greater detail below.

Coefficient of determination (R2)

It is a metric for how much of the total variance in the dependent variable can be explained by the linear influence of the explanatory variable and other explanatory factors combined. R2 has a value that is between zero and one, i.e., 0<R2< 1 is the value.

The test allows for a more accurate determination of whether the estimates are statistically significant difference or not. It is statistically significant to say that estimations are statistically.

CHAPTER III

Research Methodology

Introduction

As it's suggested in the title, this chapter focuses on the research methods that were used throughout the project. An argument in support and against international trade were presented in chapter two, respectively. However, relying on this conception will not provide an optimal result because there is a requirement for reaching the desired result through econometric methods while keeping the supporting criterion in mind. The goal of econometrics is to test economic theory or statements by examining how well the explanatory power of the model estimates perform when compared to the macroeconomic unit under consideration (Koutsoyiannis, 1973). This provided justification for the use of econometric tools in this research.

The purpose of this chapter, on the other hand, is to emphasize the most important actions that were carried out and to demonstrate their relevance to this study. The following issues are covered in detail in this chapter: Research design, sampling and sample, data collection processes, materials, data analysis procedures, and ethical concerns are all covered in this section of the course.

Research Design

Data will be collected from the World Bank World Development indicators using annual time series data. This study will not use a questionnaire; instead, secondary data from the World Bank's World Bank Development Indicator will be used to assess the impact of international trade on Nigeria's economic growth. The unit root test, ARDL co-integration bounds test, and granger causality modeling technique are used to assess the short and long-run link between economic growth and foreign trade in Nigeria from 1980 to 2019. This research beads on equation-based model are utilized to study the influence of international trade on economic growth. The study employs the Augmented Dickey-Fuller (ADF) experiment to determine the unit root result. The imperatives of contrast and precision dictate the selection of this. To investigate co-integration inside an autoregressive distributive lag (ARDL) system presented by Pesaran and colleagues, the

study will apply a breakthrough estimation approach known as bounds testing (Pesaran 1997, Pesaran and Shin 1999, and Pasaran 2000).

Sampling and Sample

From 1980 through 2019, the study evaluates the impact of international trade on Nigeria's economic growth. A forty-year data set was evaluated using Eviews software. The information was compiled using the World Bank Indicator.

Data Collection Procedures

Because numerical data are the raw materials for statistical analysis, gathering relevant data is one of the first responsibilities in any /t investigation. Because data is so important in any research project, the researcher went to considerable lengths to gather pertinent data for the study from secondary sources (World Bank World Development Indicators) that were meticulously recorded. Throughout the period 1980 to 2019, all variables are provided as time series data.

Materials

The following main and secondary data sources were used in the course of this investigation:

The World Bank World Development Indicators

Central Bank of Nigeria (CBN) Statistical Bulletin

Data Analysis Procedures

This research examines the impact of foreign (International) trade on Nigeria's economic growth in the twenty-first century, using annual time series data from 1980 to 2019. Because this study is based on secondary data, the Central Bank of Nigeria (CBN) Statistical Bulletin and the World Bank World Development Indicators are the primary sources of data collection. Data was acquired for the dependent variable (GDP growth) as well as the independent variables (net trade in goods and services, imports of goods and services, and exports of goods and services).

Stationary

Stationary series are ones in which changes in time have no effect on the mean or autocorrelation of the series (Gujarati and Peter, 2009). We can conclude that the series under discussion is nonstationary once we have determined that it is not stationary. Time series data are a perennial source of annoyance and anxiety for econometricians. When the series' mean, covariance, variance, and other characteristics are consistent throughout time, the series is said to be stationary. In other words, time has no bearing on the series. The series will be nonstationary if the revision is the case. Nonstationary, unit root, and other terminology in time series analysis are interchangeable. False regression occurs when two nonstationary series are regressed on each other, and this can be identified by comparing the R Square to the Durbin-coefficient value. Watson's According to the rule of thumb, if the R square exceeds the Durbin-Watson statistics, the regression is verified to be incorrect. Among the various tests that can be used are the Kwiatkowski-Phillips-Schmidt-Shin test, the Augmented Dickey-Fuller GLS (ERS) test, and the Phillips-Perron test. The Kwiatkowski-Phillips-Schmidt-Shin and DF-GLS algorithms were used in this thesis. However, the Augmented Dickey-Fuller (ADF) approach was used during the preliminary test. The Null hypothesis of Kwiatkowski-Phillips-Schmidt-Shin states that a series is stationary if and only if it is stationary, which indicates that it has no unit root. The Null hypothesis states that the series has a unit root, which is confirmed by the revision in terms of the DFGLS. The fact that the series has a unit root indicates that it is nonstationary, which is exactly what we want to observe. This is because we reject the null hypothesis when the tau statistic's absolute value exceeds the interpolated critical values, which is usually the case. The most commonly used statistical significance criterion is 5%. The key difference between the ADF test and the DF test is that the ADF test modifies the DF test by including lagged difference of the controlled variable in the analysis to account for potential time serial correlation in the disturbance terms. Consider the following equation, which describes a random walk with a nonstationary series.

$$y_t = y_t + \varepsilon_t \ldots\ldots\ldots 4.1.0$$

In the case of the Epsilon variant, the epsilon variant/epsilon ε is a stationary random disturbance term. As demonstrated in the above equation, the series y has a constant prediction value conditional on t, and the variance of the series is increasing over time. The first difference of y is also a stationary series because the random walk is a difference stationary series.

$$y_t - y_{t-1} = (1-L)\, yt = \varepsilon_t \ldots\ldots\ldots\ldots 4.1.1$$

A differentiation is made. The sign l(d) denotes the integration of a stationary series, where d denotes the order of integration. The order of integration is the number of unit roots accommodated in the series, or the number of differencing operations required to make the series stationary. The random walk above is a l(1) series since there is only one unit root. However, we can infer that the series l is stationary when a series is stationary (0). Traditional inference approaches do not apply in regressions with an integrated dependent variable or integrated regressors. As a result, checking whether a series is stationary before using it in a regression is crucial. A typical way for assessing whether or not a series is stationary is to use the unit root test. When data remains static, what does it mean? The data will remain stationary if the mean and variance do not change over time (Jeffrey M. Wooldridge, 2013). The data has a unit root if any of these variables changes. The reason for using stationary series is that when nonstationary series are used, they will produce erroneous and wrong findings. As a result, in VECM, stationary series are preferred over nonstationary series for reliable and acceptable findings.

Unit Root Test

A unit root is a characteristic of some stochastic processes (like random walks) that can pose problems in statistical inference when using time series models. A linear stochastic process has a unit root if the characteristic equation contains 1. It is a non-stationary process that does not always follow a pattern.

If the other roots of the characteristic equation are inside the unit circle, i.e., have a modulus (absolute value) less than one, the process will need to be differenced numerous

times before it becomes stationary. If there are d unit roots, the method must be done d times. Unit root processes are often referred to as difference stationary processes.

While unit root and trend-stationary processes share many similarities, they also differ fundamentally. A time series can be both trend-stationary and non-stationary. This is called trend-stationary non-stationarity. Trend-stationary processes are mean-reverting (i.e., the time series will converge back towards the increasing mean, which was not influenced by the shock), whereas unit root processes have irreversible impact on the mean of the time series (i.e., no convergence over time). When a root of a process's characteristic equation is more than 1, it is referred to as an explosive process. A unit root test can detect one.

When estimating the slope coefficients of an autoregressive model, the ordinary least squares (OLS) method is frequently utilized. The use of OLS is predicated on the assumption that the stochastic process is stationary. Because of the non-stationarity of the stochastic process, the application of OLS can result in incorrect estimates in some cases. Granger and Newbold referred to these types of estimations as ‘spurious regression' results: high R2 values and high t-ratios that produce outcomes that have no monetary significance.

In order to estimate the slope coefficients, one must first do a unit root test, in which the null hypothesis is that there is no unit root at all. If that hypothesis is found to be false, one can turn to OLS. If, on the other hand, the occurrence of a unit root is not ruled out, then the difference operator should be applied to the series in question. Another unit root test indicating that the differenced time series is stationary can then be applied to this time series to estimate the slope coefficients using the OLS method.

The first order autoregressive model, $y_t = a_1 y_t - 1 + \varepsilon_t$, has a unit root when $a_1 = 1$. In this example, the characteristic is $m - a_1 = 0$. The root of the equation is $m = 1$.

It is a non-stationary time series if the process has a unit root. That is, the stochastic process's moments are dependent on t. Consider the order example starting from to demonstrate the effect of a unit root $y_o = 0$.

$y_t = y_t - 1 + \varepsilon_t$

By repeated substitution, we can write yt = yo+ $\sum_{j=1}^{t} \varepsilon j$. Then the variance of y_t is given by:

Var(y_t)= $\sum_{j=1}^{t} \sigma 2 = t\sigma 2$

ARDL Long-Run

When it is uncertain whether the data producing process underlying a time series is trend or first difference stationary, bound testing is used as an extension of ARDL modeling to examine the importance of lagged levels of variables in a univariate equilibrium correction system. The ARDL cointegration technique was developed by researchers Pesaran and Shin (1999) and Pesaran et al. (2002). (2001). It has three key advantages over other previous and standard cointegration techniques. The first is that the ARDL does not require that all of the variables under consideration be integrated in the same order; it can be used with variables that are integrated in order one, order zero, or fractionally integrated. The second advantage is that the ARDL is not confined to a specific integration order. The ARDL test is also significantly more efficient in situations where sample data sizes are limited and finite, which is particularly helpful. The final and third benefit of using the ARDL technique is that it allows us to obtain unbiased estimates of the long-run model (Harris and Sollis, 2003).

The CUSMUS Test

The CUSUM test is available in a variety of formats. Distinct areas of statistics use different assumptions and test for different hypotheses, which are detailed below. By calculating the cumulative total of a number of independent variables, a CUSUM test determines whether a sequence of values may be viewed as random. Here are a couple such examples:

A sequence of binary values (let us name them +1 and -1) can appear to be random or nonrandom, just like a coin flip. As described in a previous post about the CUSUM test for binary sequence randomness, a binary sequence's cumulative sum must not deviate significantly from zero in order to be called random.

In quality control, the CUSUM chart and test are used to detect whether a process is straying from its mean value. The CUSUM diagram is centered on the mean value throughout the process. The process is considered "out of control" when the cumulative sums of the standardized deviations exceed a certain range. In the SAS/QC software's documentation for the CUSUM method, there is an example and a page of formulas that specify the statistics that underpin the CUSUM chart, among other things.

The CUSUM statistics are used in time series analysis to identify if the autoregressive model has been misspecified based on the sequence of residual departures from the model. The PROC AUTOREG function in the SAS/ETS software is used to generate the CUSUM statistics.

The other tests presume that the binary sequence is a random sequence of values with normally distributed distributions rather than using cumulative sums to evaluate a discrete (1, -1) sequence. Each of the tests has the same basic concept: The test statistic indicates how far the sequence has varied from the predicted value. It is unlikely that the sequence is random if it drifts too far and too soon.

CHAPTER IV

Research Results

Introduction

The data that has been acquired will be presented, analyzed, and the results will be interpreted in depth in this chapter. Given that research is widely recognized as an investigation that takes place in order to uncover new certainties, check existing learnings, and also obtain additional data about certain perspectives of addressing intrinsic issues or enhancing valuable characteristics, the goal of this work is to evaluate the impact of international trade on economic growth in Nigeria. This chapter will look at the results of an empirical study that was done on the subject. The results reveal a number of intriguing issues regarding the relationship between international trade and economic growth (as measured by GDP), as well as other variables such as net trade, imports of goods and services, and exports of goods and services, which are all explanatory variables in the model, as well as other variables not included in the model. The time series data used in this scenario spans 40 years (1980–2019).

Descriptive statistics

	GDP_GRO...	IMPORTS	NET_TRADE	EXPORTS
Mean	3.176302	13.33312	4.02E+09	19.37416
Median	4.200378	13.02469	2.59E+09	20.61429
Maximum	15.32916	22.81126	2.44E+10	36.02327
Minimum	-13.12788	3.029761	-3.09E+10	5.249090
Std. Dev.	5.399415	5.429303	1.13E+10	8.191760
Skewness	-0.890935	-0.118463	-0.489995	-0.125073
Kurtosis	4.762573	2.306788	4.588399	2.093043
Jarque-Bera	10.46954	0.894460	5.805653	1.475241
Probability	0.005328	0.639397	0.054868	0.478251
Sum	127.0521	533.3247	1.61E+11	774.9666
Sum Sq. Dev.	1136.994	1149.616	4.95E+21	2617.092
Observations	40	40	40	40

Figure 2. *Descriptive statistics*

Unit Root Test

The Augmented Dickey-Fuller (ADF) test is used to assess if the variables are stationary or not, and the unit root test is used to establish the order of integration (the stationary

level) in the case of nonstationary variables. The results of the unit root test are presented in the table below.

Table 2. *UNIT ROOT TEST*

VARIABLES	TEST	T-STATISTICS	P-VALUE	T-STATISTICS	P-VALUE	ORDER OF INTEGRATION
LEVEL				1^{ST} DIFFERENCE		
NT	ADF	-2.840816	0.0642	-5.902578	0.0000	I(1)
IM	ADF	-2.602845	0.1010	-7.688655	0.0000	I(1)
GDP	ADF	-2.758571	0.0739	-11.63398	0.0000	I(1)
EX	ADF	-3.084934	0.0360	-8.607011	0.0000	I(0)

By submitting the variables listed in Table 3 to the unit root, we were able to establish if they were stationary at level and first difference using the Augmented Dickey-Fuller test (ADF). According to the unit root calculation, the variable of net trade in goods and services is not stationary at the level of significance, but becomes stationary at the first difference at the level of significance of 5 percent at the first difference. The results also revealed that the variable of imports of goods and services is not stationary at the level, but becomes stationary at the first difference after a period of inactivity. The variable of Gross Domestic Product was found to be non-stationary at the level of significance, but it became stationary at the first difference at the 5 percent level of significance when the first difference was made. The results for the export of goods and services revealed that the variables are stationary at both levels and the first difference in the case of the first difference. This means that the null hypothesis of the presence of unit root in the variables at the level and first difference, excluding export of goods and services, will be rejected. This shows that the variables are integrated in the order I(0) and I(0), satisfying the requirement for co-integration among them. As a result, the variables may be tested for co-integration.

Long-run Bounds test

F-Bounds Test		Null Hypothesis: No levels relationship		
Test Statistic	Value	Signif.	I(0)	I(1)
			Asymptotic: n=1000	
F-statistic	6.429318	10%	2.37	3.2
k	3	5%	2.79	3.67
		2.5%	3.15	4.08
		1%	3.65	4.66

Figure 3. *Long-run Bounds test*

The Bound Test was used to determine whether or not the ARDL approach was co-integrative. The null hypothesis must be rejected if the test statistic falls below the lower bound (critical value) for I (0). In this case, we infer that the variables are not co-integrated. The alternative hypothesis of variable co-integration is rejected if the statistics exceed the upper bound (critical value), on the other hand. If, on the other hand, the statistic falls inside the range of the limit, the test is inconclusive. At the 5% level of significance, the test statistic value (6.429318) is greater than the upper bound (3.67) and lower bound (2.79) of the distribution. As a result, we reject the alternative hypothesis of variable co-integration as being correct.

ARDL Long-Run

Variable	Coefficient	Std. Error	t-Statistic	Prob.
IMPORTS	0.456495	0.402002	1.135553	0.2678
NET TRADE	1.54E-10	8.59E-11	1.788586	0.0869
EXPORTS	-0.244618	0.318101	-0.768995	0.4497
C	2.664519	2.806524	0.949402	0.3523

Figure 4. *ARDL Long-Run*

According to the findings, imports are not statistically significant at 5%. However, the import of goods and services coefficient is positive. This shows that, in the long run, GDP has a positive impact on imports of goods and services. This means that when GDP increases, imports of goods and services will increase by 0.4% in the long run. In the long run, imports of goods and services are crucial in understanding the impact of international trade on economic growth. The study also revealed that there is a positive relationship between GDP and net trade in goods and services. This means that an increase in GDP

will increase net trade in goods and services by 1.5%. GDP and exports of goods and services have a negative relationship. A 1% increase in GDP will lead to a -0.2 decrease in exports of goods and services.

ARDL Short-Run Test

Table 3. *ARDL SHORT-RUN TEST*

Variable	Coefficient	Std. Error	t-Statistic	Prob.
IMPORTS	-0.114533	0.193687	-0.591331	0.5601
NET TRADE	1.16E-10	6.42E-11	1.814051	0.0827
EXPORTS	-0.018455	0.119658	-0.154235	0.8788
C	2.019475	2.025962	0.996798	0.3292

According to the findings, imports are statistically significant at 5%. However, the import of goods and services coefficient is negative. This shows that, in the short run, GDP has a negative impact on imports of goods and services. This means that when GDP increases, imports of goods and services will fall by 0.1% in the short run. The study also revealed that there is a positive relationship between GDP and net trade in goods and services. This means that an increase in GDP will increase net trade in goods and services by 1.1%. GDP and exports of goods and services have a negative relationship. A 1% increase in GDP will lead to a -0.01 decrease in exports of goods and services.

Residual Diagnostic Normalcy Test

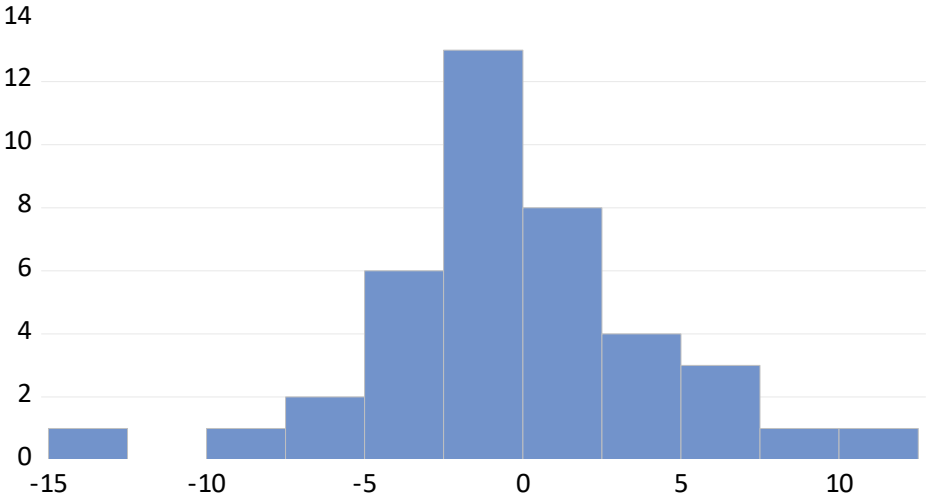

Figure 5. *Residual Diagnostic Normalcy Test*

The residual diagnostic normalcy test is depicted above. The least squares method was utilized to collect data from 40 observations for this investigation. This indicates that residuals are not regularly distributed as determined by the normality test. The probability figure is more than 0.05 percent, which indicates that residuals are not normally distributed.

Breusch-Godfrey Serial Correlation LM Test:
Null hypothesis: No serial correlation at up to 2 lags

F-statistic	2.287240	Prob. F(2,34)	0.1170
Obs*R-squared	4.743531	Prob. Chi-Square(2)	0.0933

R-squared	0.118588	Mean dependent var	-1.55E-16
Adjusted R-squared	-0.011031	S.D. dependent var	4.436077
S.E. of regression	4.460478	Akaike info criterion	5.965870
Sum squared resid	676.4592	Schwarz criterion	6.219202
Log likelihood	-113.3174	Hannan-Quinn criter.	6.057467
F-statistic	0.914896	Durbin-Watson stat	1.866703
Prob(F-statistic)	0.483091		

Figure 6. *Breusch-Godfrey Correlation LM Test*

Above is the Breush-Godfrey Serial Correlation LM Test. The result of the Serial Correlation test shows that there is no serial correlation at up to 2 lags. The probability is 0.1170 which is greater than 0.05%. The R-squared shows that only 11% predicting a

positive outcome. The adjusted R-squared is predicting -0.01%. There are 40 observations using the least square method.

Heteroskedasticity Test: Breusch-Pagan-Godfrey
Null hypothesis: Homoskedasticity

F-statistic	1.683605	Prob. F(3,36)	0.1878
Obs*R-squared	4.921524	Prob. Chi-Square(3)	0.1776
Scaled explained SS	6.307910	Prob. Chi-Square(3)	0.0976

R-squared	0.123038	Mean dependent var	19.18681
Adjusted R-squared	0.049958	S.D. dependent var	34.56733
S.E. of regression	33.69282	Akaike info criterion	9.967086
Sum squared resid	40867.41	Schwarz criterion	10.13597
Log likelihood	-195.3417	Hannan-Quinn criter.	10.02815
F-statistic	1.683605	Durbin-Watson stat	2.173599
Prob(F-statistic)	0.187782		

Figure 7. *Heteroskedasticity Test*

The Breush-Godfrey Serial Correlation LM Test is depicted above. After running the Serial Correlation test for up to two lags, the results demonstrate that there is no serial correlation at all. The likelihood is 0.1170%, which is greater than the 0.05 % level of confidence. Only 11% of those who took part in the study predicted a favorable outcome, according to the R-squared. The updated R-squared predicts a decrease of -0.01%. The least squares method was used to collect data from 40 observations.

Summary of the residual diagnostics test

Table 4. *Residual Diagnostic Test*

Name of the Test	Null Hypothesis result	Statistics value	Probability
Seria Correlation Test	No serial correlation at up to 2 lags	2.287240	0.1170
Jarque-Bera (JB) Test	Residuals are not normally distributed	2.288988	0.318385
White (CH-sq) Test	No conditional heteroskedasticity	1.683605	0.1878

CUSUM Test

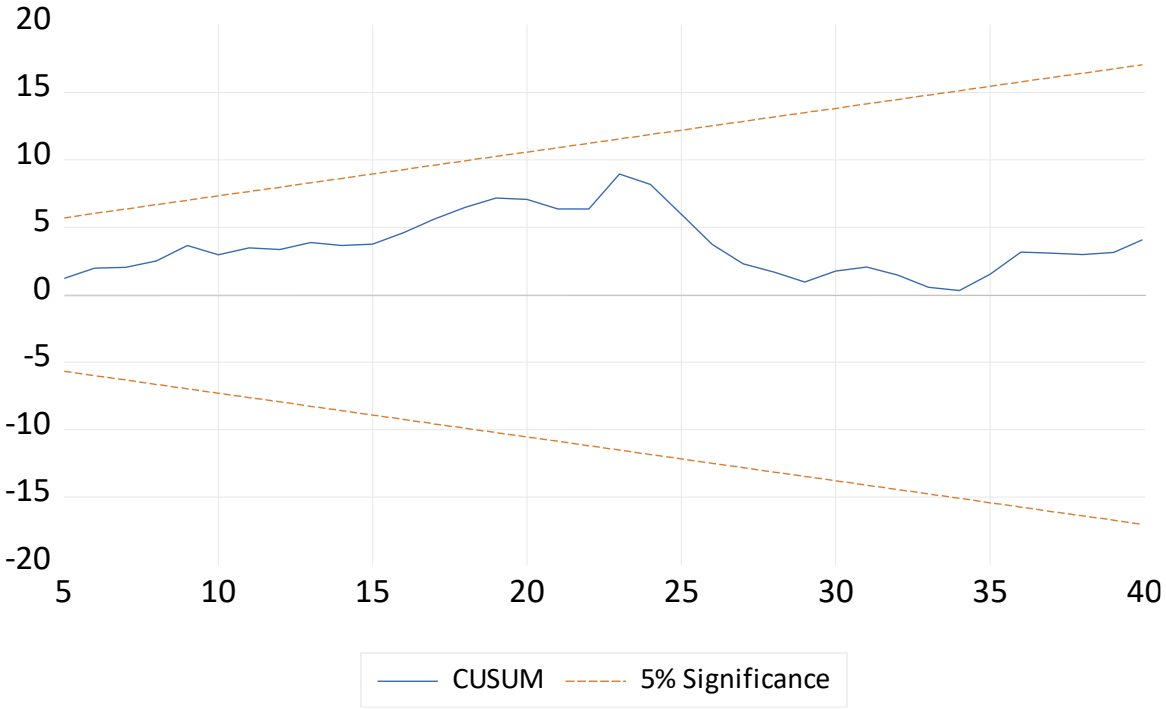

Figure 8. *CUSUM Test*

The null hypothesis makes the assumption that the parameters are stable, while the alternative hypothesis makes the assumption that the parameters are not stable.

According to the results of the test, the blue line is contained inside the red lines. As a result, we accept the null hypothesis (which is desired) and reject the alternative hypothesis (which is not desirable), and we come to the conclusion that the residual variances are not unstable.

CUSUM Square test

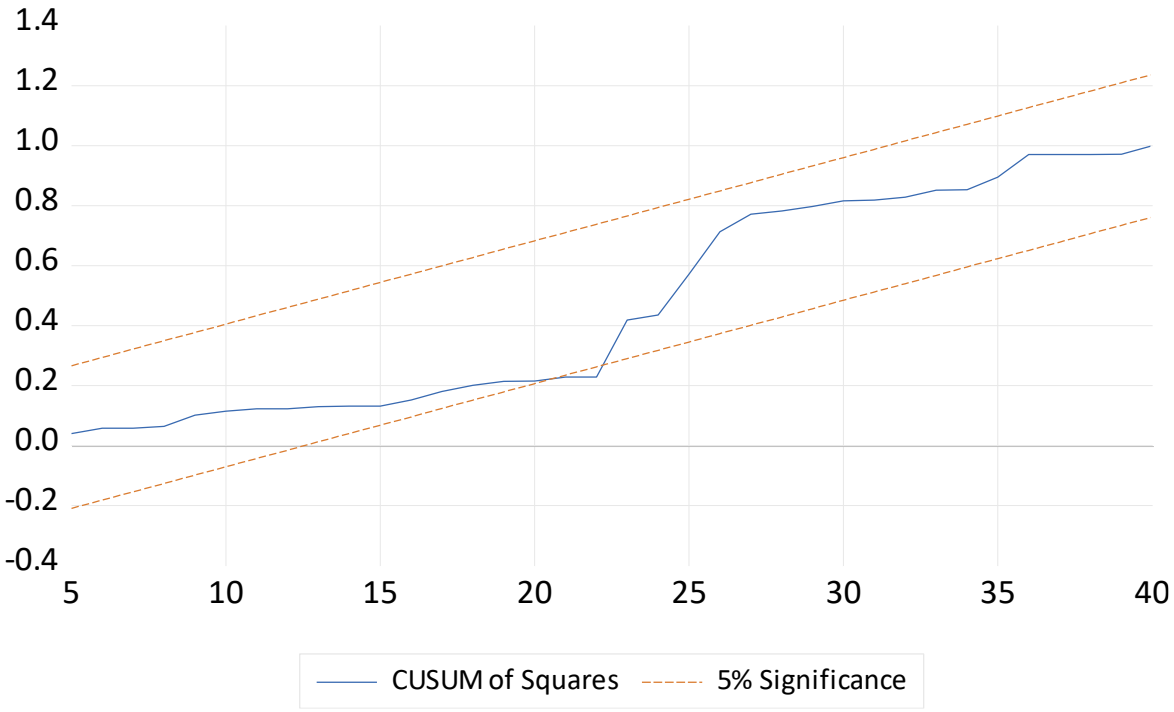

Figure 9. *CUSUM Square test*

The null hypothesis makes the assumption that the parameters are stable, while the alternative hypothesis makes the assumption that the parameters are not stable.

According to the results of the test, the blue line is contained within the red lines. As a result, we reject the null hypothesis (which is not desired) and accept the alternative hypothesis (which is desirable), and we come to the conclusion that the residual variances are unstable.

CHAPTER V

Discussion and Conclusion

Discussion

One of the main objectives of this section of the thesis is to examine the findings in light of the research questions that were developed in Chapter One: “How much does exporting contribute to economic growth in Nigeria? What is the extent to which imports affect Nigeria’s economic growth? Is there a relationship between the influence of net trade and economic growth in Nigeria?”

This study subject arose as a result of the associated literature review that was carried out prior to the investigation. Following a thorough review of the literature, I now have a clear grasp of the historical evolution and pattern of the relationship between foreign trade and economic growth in Nigeria. The purpose of the study was to obtain a better knowledge of the impact of foreign trade on Nigeria's economic growth and to give recommendations. The study's goal was to examine into the impact of foreign trade on Nigerian economic growth and how that impact could be reduced.

Nigeria's main export following independence (1960) was agricultural products, but this was short- lived due to the entrance of the oil boom, which significantly increased the country's foreign income by the mid-1970s. Between 1970 and 1974, earnings are predicted to rise at a 67.4 percent annual rate. There are claims that the country's export patterns and trends are shifting away from agriculture as a sole source of foreign currency and toward a more diverse economy. In any case, the prevailing misunderstanding was quickly exposed when it was suggested that all of the growth in export could be attributed back to petroleum and hydrocarbons alone up to this time.

Other economic distortions were induced, among other things, by the reliance on oil and the immense money that it produced through government contracts. Because of the country's heavy reliance on imports, almost 80% of government spending is done in foreign currency. Cheap consumer goods imported as a result of the Naira's overvaluation, combined with excessively high domestic production costs (caused in part by unreliable

power and fuel supply), has resulted in a reduction in industrial capacity utilization (less than 30 percent). A large number of Nigerian enterprises would have closed due to the country's low labor expenses. As a result, these businesses would have been disadvantaged in their ability to compete in regional marketplaces.

Although the Nigerian government's economic management needs to be improved, this is necessary as a disincentive to the notion that complete market freedom is required for progress to be achieved. Intellectual vanity has the potential to hinder globalization’s efforts to improve economic development in developing countries if it is not addressed.

Despite Nigeria's economic growth, international trade has advanced significantly in the recent decade, as seen by its positive contribution to foreign earnings. The government's unwavering commitment, enthusiasm, and hard work will undoubtedly result in a more diverse and viable economy.

According to the statistics of this research, imports account for only 5 percent of total exports, which is statistically significant. The coefficient for the import of goods and services, on the other hand, is positive. This demonstrates that, over the long term, the gross domestic product has a favorable impact on imports of goods and services. This means that, over the long term, when the economy grows, imports of goods and services will increase by 0.4 percentage point. The import of products and services is critical in understanding the long-term impact of international commerce on economic growth, and this is especially true in developing countries. While a statistically significant proportion of imports, at 5 percent, are discovered by the researchers. The import of products and services, on the other hand, has a negative coefficient. That is, GDP has a negative influence on imports of goods and services in the near run, as evidenced by the chart in the above chapter. Thus, when the economy grows, imports of goods and services will reduce by 0.1 percent in the short run, according to this model. The findings of the study also demonstrated that the gross domestic product (GDP) and net trade in goods and services are positively related. This suggests that a 1% growth in GDP will result in a 1.1 percent increase in net trade in goods and services over the same period. The Gross Domestic Product (GDP) and exports of goods and services have a negative association.

In the event of a one percent growth in GDP, exports of goods and services will fall by -0.01 percentage point.

While the average of the summed results in this inquiry on the impact of international trade and economic growth looked to be similar to previous inquiries performed in earlier years, the findings of this investigation appeared to be compatible with the findings of three other investigations that was conducted in Nigeria and India. In the first study, Elias and colleagues (2018) conducted study to determine how foreign trade affects the growth of Nigeria's economy. It was published in the Journal of International Trade and Development that the findings of this research were published, and they attempted to discover how export commerce impacted the Nigerian economy, as well as how import commerce impacted the Nigerian economy. In order to estimate the various components of international commerce, the technique of multiple regression analysis was used. The data for this study was derived from the Central Bank of Nigeria's statistical bulletin from 2012, which covered the years 1980 to 2012 and covered the years 1980 to 2012. The outcomes of the study indicated that the expansion of Nigeria's economic system is influenced by the country's export trade in a statistically significant way. According to the study, export (EXP) has a beneficial impact on GDP growth, as demonstrated by a coefficient of -589.9270, which is statistically significant at one percent. This suggests that an increase in exports has a positive effect on growth; in other words, growth rises as exports rise, and vice versa.

Import (IMP) clearly has a negative impact on growth (GDP), as evidenced by a coefficient value of -220.2108, which is statistically insignificant 33% of the time. That is, the higher the import value, the slower the growth rate, and vice versa. In other words, the lower the rate of growth, the larger the value of imports. A relationship exists between the dependent and independent variables in the research, as evidenced by GDP=41565.27+589.9270*EXP-220.2108*IMP. GDP=41565.27+589.9270*EXP-220.2108*IMP.

The exports in the equation above are consistent with previous research estimates, as evidenced by the fact that a unit increase in exports contributes 589.9270 units to GDP. Import, on the other hand, has a negative coefficient of -220.2108, which means that a

unit rise in Import causes a unit decline in GDP of -220.2108, and vice versa. As a result, the priori assumptions that imports would have a negative impact on GDP in this situation were not realized. The R-squared value of 86 percent indicates that the model is well-fitting, with the independent variables explaining 86 percent of the variance in the dependent variable. The fact that the adjusted R-Squared value is 84 percent and the probability (Fstatistic) value of 0.00001 shows that the model was well-fitting is supported by the fact that the adjusted R-Squared value is 84 percent, indicates that the regression model is statistically significant at 1 percent.

Using data from the World Bank, Lawal and colleagues (2017) conducted research to determine the influence of international commerce on economic growth. Imports, exports, the balance of trade, and trade openness are some of the variables used in the assessment of international trade, whereas real gross domestic product (GDP) was used as a measure of economic growth using periodic data from 1985 to 2015. The Unit Root Test was used to determine the stationarity of the variables, the Johansen Co-integration Test was used to determine the long run relationship between the variables, and the Vector Error Correction Model (VECM) was used to analyze the data in order to determine the speed of adjustment of the variables were all used in the analysis. There is a long-run relationship between international trade and economic growth, with import and trade openness being insignificant in the short run but significant in the long run; export and balance of trade being significant in both the short and long runs. The results also showed that there is a long-run relationship between international trade and economic growth. In accordance with the Granger causality test, economic growth is unrelated to trade openness or trade imports or exports. However, economic growth is unrelated to trade openness or exports or balance of trade. To this purpose, the report suggests that the government enhance its investigation of finished goods while simultaneously reducing the importing of finished goods in order to boost economic growth.

Researchers Egbetunde and colleagues (2018) investigate the impact of international trade on economic growth in Nigeria and India, as well as the direction of causation between international trade and economic growth in the two nations. In order to estimate the data, the researchers employed the Vector Auto Regression method (VAR) and the Granger

causality test. The information used came from the United Nations Conference on Trade and Development (UNCTAD) (UNCTAD). According to the findings of the VAR, economic expansion in Nigeria and India had a favorable and statistically significant impact on foreign trade. It was discovered that the direction of causality in Nigeria and India was from foreign commerce to economic growth, with the former being more prevalent. The study comes to the conclusion that foreign trade works as a lubricant in the process of boosting the economic activity of the countries involved in it. Because of this, governments in both nations should continue to open their economies to international commerce while also implementing good macroeconomic policies that will allow the countries to realize the benefits of international trade.

The results of this paper reveal that, over the long term, the gross domestic product has a positive impact on imports of goods and services when the results of the research described are compared. This means that, over the long term, as the economy grows, imports of goods and services will increase by 0.4 percentage point, resulting in an increase in the value of the dollar. The import of goods and services is crucial in determining the long-term influence of international trade on economic growth, and this is especially true in developing nations where the import of goods and services is limited.

Alternatively, the import of goods and services has a negative correlation coefficient. In other words, GDP has a negative impact on imports of goods and services in the short term, as seen in the graphic in the preceding chapter. Consequently, this model predicts that when the economy grows, imports of goods and services will decrease by 0.1 percent in the near run. According to the conclusions of the study, there is a positive relationship between the gross domestic product (GDP) and net international commerce in commodities and services. Consequently, over the same period, a one percent increase in GDP will result in a 1.1 percent increase in net international commerce in commodities and services. The relationship between the Gross Domestic Product (GDP) and exports of goods and services is negative. A one percent increase in GDP results in a -0.01-percentage point drop in exports of goods and services, according to the World Bank. Elias and colleagues (2018) reported that the results of their research revealed that the expansion of Nigeria's economic system is influenced statistically by the country's export

trade in a statistically significant way. Export (EXP), according to the study, has a positive effect on GDP growth, as demonstrated by a coefficient of -589.9270, which is statistically significant at 1%. The increase in exports has a positive impact on growth, which indicates that growth grows as exports increase and vice versa when exports increase. According to the coefficient of -220.2108, which is statistically not significant at 33% of the time, it is clear that import (IMP) has a negative impact on growth (GDP). Therefore, the higher the value of imports, the slower growth is expected, and vice versa. For better or worse, the greater the value of imports, the slower the rate of growth. Meanwhile, according to Egbetunde and colleagues (2018), it was observed that the direction of causality in Nigeria and India was from international trade to economic growth, with the former being the more prevalent of the two countries. Following the study's findings, it is concluded that international trade serves as a "lubricant" in boosting the economic activity of the countries that participate in the trade process. Governments in both countries should, as a result, continue to open their economies to international trade while also pursuing sound macroeconomic policies that will allow the countries to reap the benefits of international trade in the future. The findings from their inquiry into the impact of foreign commerce on economic growth in Nigeria are comparable to those of the present study.

Conclusion

On the face of the globe, there is no such thing as a confined state or country. As previously said, it is possible to argue that all countries on the earth have been globalized; this means that all nations are linked in this way, increasing economic dependency among governments regardless of their level of development. The goal of this study was to investigate the effects of international commerce, with a particular focus on Nigeria's economic development. The findings were published in the journal International Trade in Goods and Services. If residents of an economy could only afford a limited number of goods and services from other countries, and, more importantly, if the economy could not export its own goods and services to generate revenue to pay for the imported goods, it would be difficult to benefit from economic growth and development. According to the theories examined in this study, the importance of commerce as a driver of progress in

poor nations has long been recognized by academics and supporters of economic growth as a critical factor in driving growth.

As a result, it has a faster impact on macroeconomic goals like full employment, income redistribution, price stability, local technological development, and a good balance of payments, among others. As a result of the proxies employed, which include net export, import of goods and services, and export of goods and services, it can be inferred that international trade has an impact on Nigeria's economic growth; international commerce has a substantial impact on economic changes.

The data demonstrated that imports are not statistically significant at 5%, as stated in chapter five. The import of goods and services coefficient, on the other hand, is positive. This demonstrates that, over time, GDP has a favorable impact on goods and service imports. In the long run, this means that when GDP rises, imports of goods and services will rise by 0.4 percent. Imports of products and services are critical in determining the impact of international commerce on economic growth in the long run. The study also discovered that GDP and net trade in goods and services have a positive association. This means that a 1% growth in GDP will result in a 1.5 percent increase in net trade in goods and services. There is a negative link between GDP and goods and service exports. A 1% increase in GDP will result in a -0.2 drop in goods and services exports. In addition, the short-run showed why imports are statistically significant at 5%. The import of products and services, on the other hand, has a negative coefficient. This demonstrates that GDP has a negative influence on imports of goods and services in the near run. In the short run, this means that when GDP rises, imports of goods and services will reduce by 0.1 percent. The study also discovered that GDP and net trade in goods and services have a positive association. This means that a 1% growth in GDP will result in a 1.1 percent increase in net trade in goods and services. There is a negative link between GDP and goods and service exports. A 1% increase in GDP will result in a -0.01 drop in goods and services exports.

Recommendation

As a result, it is recommended that the government create comprehensive policies and initiatives at all levels to improve Nigeria's non-oil exports, particularly those related to manufacturing and industry.

The findings back up the government's advice that it create an enabling environment to boost and attract foreign direct investment for industrial expansion, which would eventually lead to true industrialization. Furthermore, the government should execute appropriate economic policies in order to improve Nigeria's international trade status and build local industry in order to encourage the export of items other than oil.

Based on the findings of this study, it is critical that the government continues to fine-tune the various macroeconomic factors in order to create an enabling climate for stimulating foreign trade by increasing exports while reducing imports, which has a negative influence on the economy. To begin with, there should be an optimal amount of control over trade beyond an economy's borders. Bunkering, smuggling, child and drug trafficking, and other illegal activities should be closely watched and regulated underground. Export diversification into industries other than oil and gas should be encouraged by the government. Nigerians' consumption of foreign goods and services should be kept to a minimum. Indigenous companies should be supported to grow production in order for their products to be globally competitive. Importing capital items that are absolutely necessary for economic growth should be encouraged, but not all imports are required for progress.

Reference

Adenugba, A.A. and Dipo, S.O. (2013). Non-Oil Exports in the Economic Growth of Nigeria: A Study of Agricultural and Mineral Resources. Journal of Educational and Social Research, 3(2), 403-418

Adam Smith (1776), An enquiring into the nature and cases of the wealth of Nations. New York: The Modern Library.

Akinwale, Y. O., & Grobler, W. C. (2019). Education, openness and economic growth in South Africa: Empirical evidence from VECM analysis. The Journal of Developing Areas, *53*(1).

Abiodun, K. (2017). Contribution of international trade to economic growth in Nigeria.

Abogan, O. P., Akinola, E., & Baruwa, O. (2014). Non-oil export and economic growth in Nigeria. Journal of Research in Economics and International Finance, *3*(1), 1-11.

Amassoma, D. (2016). The nexus between exchange rate variation and economic growth in Nigeria. Journal of Entrepreneurship, Business and Economics, *5*(1), 1-40.

Adeleye, J. O., Adeteye, O. S., & Adewuyi, M. O. (2015). Impact of international trade on economic growth in Nigeria (1988-2012). International Journal of Financial Research, *6*(3), 163-172.

Abdulkadir, A. A., & Idoko, C. U. (2018). Impact of International Trade on Economic Growth in Nigeria. African Journal of Educational Archives, *5*(1).

Adelman, I. (2000). The role of government in economic development (pp. 53-75). Routledge.

Afolabi B., Danladi J. D & Azeez M. I. (2017). International Trade and Economic Growth in Nigeria.Global Journal of HUMAN-SOCIAL SCIENCE Economics Volume 17 Issue 5 Version 1.0 Year 2017 Online ISSN: 2249-460x & Print ISSN: 0975-587X.

Arodoye, N. L., and Iyoha, M. A. (2014). Foreign Trade-Economic Groeth Nexus: Evidence

from Ngeria. CBN Journal of Applied Statistics 5(1) (June, 2014).

Akanni, O.P. (2007). Oil Wealth and Economic Growth in Oil Exporting Countries, AERC Researcg Oaoer 170.

Balami, D.H. (2006). Macroeconomic Theory and Practice. Salawe Prints: Maiduguri. Central Bank of Nigeria. (2017). Statistical Bulletin. Central Bank of Nigeria: Abuja Central Bank of Nigeria. (2011). Monetary Programme: Understanding Monetary Policy. Series, No.1. [Retrieved from].

Egbetunde T, & Obamuyi T. M. (2018). Foreign Trade and Economic Growth: A Study of Nigeria and India. Acta Universitatis Danubius Vol 14, No 7, 2018.

Emeka, E. J., Fredrick, I., and Peter, A. (2012). Macroeconomic Impact of Trade on Nigerian Growth: An Empirical Evaluation. Research Journal of Business Management and Accounting,1(4):79-83.

Edoumiekumo, S. G., & Opukri, C. O. (2013). Economic growth factor in Nigeria: the role of global trade. American Journal of Humanities and Social Sciences, *1*(2), 51-55.

Egoro, S., & Obah, O. D. (2017). The impact of international trade on economic growth in Nigeria: An econometric analysis. Asian Finance & Banking Review, *1*(1), 28-47.

Emehelu, C. I. (2021). Effects of International Trade on Economic Growth of Nigeria.

Elias I. A., Agu R. E., Eze L. O. (2018). Impact of International Trade on the Economic Growth of Nigeria. European Journal of Business and Management ISSN 2222-1905 (Paper) ISSN 2222-2839 (Online) Vol.10, No.18, 2018.

FATAI, B. A. The Impact of Globalization and International Trade on the Growth of the Nigerian Economy.

Frankel, J. & Romar, D. (1999) Does Trade Cause Growth? American Economic Review, 89(3): 379-99.

Faruk, B. U. (2018). The impact of International Trade on Economic Growth in Nigeria: Autoregressive Distributed Lag (ARDL) Bound Testing Approach.

Falaye Motunrago Helen, Babatunde Afobali (2021). International Trade and Economic Growth in Nigeria. International Journal of Management ISSN 0976-6502 (Print) and ISSN 0976-6510 (Online) Vol. 12, Issue 1, January 2021, pp.620-631, Article ID: IM_12_01_053

Hassan, C., Olawoye, J., & Nnadozie, K. (2002). International Trade and Multinational Corporations on the Environment and Sustainable Livelihoods of Rural Women in Akwa-Ibom State. AZ Prints: Uyo

Harrigan, J. (1993). OECD imports and trade barriers in 1983. Journal of international Economics, *35*(1-2), 91-111.

Henriques, I., & Sadorsky, P. (1996). Export-led growth or growth-driven exports? The Canadian case. Canadian journal of Economics, 540-555.

Helen, F. M., & Afolabi, B. (2021). INTERNATIONAL TRADE AND ECONOMIC GROWTH IN NIGERIA. International Journal of Management *(IJM)*, *12*(1).

Julius Edekin, A., IDA, I. D. A., Olufemi, I., & Bank, F. C. M. The Impacts of International Trade on Growth and Development of Nigeria Economy.

Kavousssi, R. M. (1984) Export Performance and Economic Growth in Ethiopia: Further Empirical Evidence. Journal of Development Economics, 14, 241-250.

Li, Y., Chen, Z., & San, C. (2010). Research on the Relationship between Foreign Trade and the GDP Growth of East China—Empirical Analysis Based on Causality. Modern Economy, 1(02), 118.

Mill, J. S. (1848), Principles of political economy, edited by W. J. Ashley, Londres, Longmans, Green and Co., 1929.

Nabine, E. (2009). Economic Growth and Trans-National Economic Relations: Evidence from Empirical Literature.

Omoju, O. and Adesanya, O. (2012), "Does trade promote growth in developing countries? Empirical evidence from Nigeria", International Journal of Development and Sustainability, Vol. 1 No. 3, pp. 743-753

Rahmaddi, R., & Ichihashi, M. (2012). How do foreign and domestic demand affect exports performance? An econometric investigation of Indonesia's exports.

Ray, S. (2012). Impact of foreign direct investment on economic growth in India: A co integration analysis. Advances in Information Technology and Management, *2*(1), 187-201.

Rodriquez, & Roderick, D. (2000) Trade policy and Economic Growth: a skeptic's guide to the cross-national evidence, National Bureau of Economic Research Working Paper No. 7081, Washington.

Ricardo, (1817). The Principle of Political Economy and Taxation.

Saibu, F. M. (2012). Capital Flows, Trade Openness and Economic Growth Dynamics: New Empirical Evidence from Nigerian Economy. Department of Economics and Econometrics, University of Johannesburg, Johannesburg

Sachs, J. D., & Warner, A. (1995) Economic Reform and the Process of Global Integration. Brookings Paper on Economic Activity, 1, 1-118.

Safdari, M., Mehrizi, M. A., & Dehqan-Niri, M. R. (2012). The relationship between foreign trade and economic growth in Iran. American Journal of Scientific Research, *6*(4), 110-131.

Thrilwall, A.P. (2000). ―Trade, Trade Liberalization and Economic Growth: Theory and Evidence‖. The African Development Bank Economics Research Papers No. 63. Abidjan. Young, Allyn (1928), ―Increasing returns and economic progress‖, Economics Journal, vol. 38, December, 1928, pp. 527-542.

Umaru, A., Hamidu, A., & Musa, S. (2013). Globalization and its impact on the performance of the Nigerian Economy. Interdisciplinary Journal of Research in Business, *2*(8), 1-16.

Uzonwanne, M. C. (2020). International trade and economic growth in Nigeria: An auto regressive and distributed LAG bound test approach. Journal of Economics Library, *7*(1), 1-18.

Ulaşan, B. (2012). Openness to international trade and economic growth: a cross-country empirical investigation (No. 2012-25). Economics Discussion Papers.

Ugochukwu, U. S., & Chinyere, U. P. (2013). The impact of export trading on economic growth in Nigeria. International Journal of Economics, Business and Finance, *1*(10), 327-341.

Weisbrot, M., Baker, D., Kraev, E., & Chen, J. (2002). The scorecard on globalization 1980–2000: Its consequences for economic and social well-being. International Journal of Health Services, *32*(2), 229-253.

Yakubu, M. M., & Akanegbu, B. N. (2015). The Impact of international trade on economic growth in Nigeria: 1981-2012. Eur J Bus Econ Account, *3*, 26-36.

YUSUFF, S., ADEKANYE, T., & BABALOLA, O. (2020). International Trade and its Effect on Economic Growth in Nigeria (1986-2017). American Journal of Economics, *4*(2), 70-85.

Appendix X

Turnitin Similarity Report

THE IMPACT OF INTERNATIONAL TRADE ON ECONOMIC GROWTH IN NIGERIA (1980-2019)

by Daniel_gayflor Flomo 20204378

Submission date: 10-Dec-2021 02:36PM (UTC+0200)
Submission ID: 1726510942
File name: TYest.docx (253.21K)
Word count: 26347
Character count: 144986

THE IMPACT OF INTERNATIONAL TRADE ON ECONOMIC GROWTH IN NIGERIA (1980-2019)

ORIGINALITY REPORT

16%	15%	7%	%
SIMILARITY INDEX	INTERNET SOURCES	PUBLICATIONS	STUDENT PAPERS

PRIMARY SOURCES

1	docs.neu.edu.tr Internet Source	2%
2	www.cribfb.com Internet Source	1%
3	www.coursehero.com Internet Source	1%
4	www.researchgate.net Internet Source	1%
5	www.iosrjournals.org Internet Source	1%

Ethical Committee Approval

YAKIN DOĞU ÜNİVERSİTESİ

BİLİMSEL ARAŞTIRMALAR ETİK KURULU

12.01.2022

Dear Daniel Gayflor Flomo

*Your project "**The Impact of International Trade on Economic Growth in Nigeria (1980-2019)** " has been evaluated. Since only secondary data will be used the project it does not need to go through the ethics committee. You can start your research on the condition that you will use only secondary data.*

Assoc. Prof. Dr. Direnç Kanol

Rapporteur of the Scientific Research Ethics Committee

Direnc Kanol

Note: If you need to provide an official letter to an institution with the signature of the Head of NEU Scientific Research Ethics Committee, please apply to the secretariat of the ethics committee by showing this document.