
Effect of International Trade on the Growth of Nigeria Economy

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Abstract: *This study evaluated the effect of international trade on the growth of Nigeria economy. The broad objective of this study were to examine the effect of international trade on the Nigerian economy between the period of 1981-2018. Ordinary Least Square (OLS) method of evaluation were used. The researcher used time series data collected from Central Bank of Nigeria statistical bulletin. The variables were real gross domestic product, Export, Current account balance and Import as well as exchange rate. The study employed unit root test, co-integration and error correction model. The study revealed that exchange rate has a positive impact and is statistically significant; Export was also positive and has significant effect on the growth of Nigeria economy. Import was negative and statistically insignificant, and finally current account balance has a positive and significant effect on the growth of Nigeria economy. The researcher concludes that international trade has positive significant effect on the Nigerian economy. The researcher recommended that ban should be made on many imported goods, such as rice, foot wears, fabric etc the masses should be encouraged to patronize our local product. Both the people in power and the masses should demonstrate the spirit of patriotism. Exchange rate needs to be monitored to ensure stability in the exchange rate, since cost of investment and capital can only flow into a place it is highly rewarded*

Keywords: *international trade, gross domestic product, Export, Current account balance and Import, exchange rate, Nigeria economy*

INTRODUCTION

1 Background to the Study

International trade is vital in economic development. The neo-classical and classical economists attributed much relevance to external trade in a development process of a nation which is regarded as an engine of growth. Nations of the world have been immensely linked together through globalization and external trade. Foreign trade has been recognized as the most crucial and long standing part of a nation's international economic relationships. Its role in the development process of a contemporary global economy is crucial and central (Babatunde, Danladi & Azeez, 2018).

International trade has been an area of concern to policy makers and economists. Its importance lies on the ability to obtain goods which cannot be produced in the country or which can only be produced at greater expenses. Also it enables a nation to sell its domestically produced goods to

other countries of the world (Kariuki, 2009). The performance of a given economy in terms of growth rates of output and per capita income has not only been based on the domestic production and consumption activities but also on international transaction of goods and services.

The classical and neo-classical economists attached so much importance to international trade in a country's development that they regarded it as an engine of growth (Jhingan, 2006). Trade is recognised as a vital catalyst for economic development. For developing countries like Nigeria, the contribution of trade to overall economic development is immense owing largely to the obvious fact that most of the essential elements for development such as, capital goods, raw materials and technical know-how, are mostly imported because of inadequate domestic supply. However, it is important to note that internal trade complements external trade since domestically produced goods are collected for export, while imported goods are distributed within the country, sometimes into remote areas. Internal trade also facilitates internal specialization and the division of labour between the various firms and geographical areas of the country. Therefore, the higher the level of internal trade the greater the level of specialization. This raises the level of efficiency and productivity of the various economic units (Anyanwuocha, 2017).

The effect of international trade on the economic growth has attracted significant attention from finance and development experts and has been debated extensively. Several studies were carried out on international trade on the economic growth though with mixed findings Adeniyi & Adeyemo (2014) studied empirically the quantitative analysis of some selected food imports of Nigeria (rice, wheat and sugar). The result of the correlation analysis of the study shows that the postulated determinants of food imports were positively correlated with the quantity of food import. Ojide, and Ojide (2014) use time series analysis to study Growth Evidence of Imports in Nigeria. The role of international trade is very significant in a developing country like Nigeria. Cavallo and Landry (2009). The result indicated that capital goods exports have become an increasing source of growth for the U.S. economy. The result further showed that the U.S. could have lost more than 20 percent of its growth in output per hour without capital-goods export technology over the past 20 years. Lagares (2013) examines the growth effects of exported and domestic capital in thirty two Latin America economies from 1960 to 2010. The result showed that countries which experienced a slowdown in economic growth were relatively richer in 1970, and acquired relatively less capital exports and domestic capital. Dulleck and Foster (2012) study the effect of export on the growth of developing countries from 1980-.2010. They find a complex interrelationship between export and growth of developing countries.

In light of the above explanation, it is evident that the empirical studies which focus on the link between international trade on the economic growth show mixed results and this may be attributed to the estimation methodologies and quality and span of data used as well as the direction of causality. In Nigeria, there are few empirical studies that focus on the effect of international trade on the economic growth using time series data. In addition, there were conflicting findings such as Shehu and Youtang (2012) the results indicate significant effects of exchange rate volatility on trade flows in Nigeria. Kariuki (2009) The study also found out that current account balance was positively influenced by favourable terms of trade, Sebil & Adeleke (2018) found no evidence of short run relationship between the variables and the current account

balance in all the three countries. Todani and Munyama(2005), there existed no statistically significant relationship between South African exports and exchange rate volatility or when such significant relationship existed, it was positive. . While a significant number of empirical studies in which Nigeria is included use panel and cross-section data to examine the relationship between international trade on the economic growth, there is no consensus on the findings, This may be due to the different methodology applied.

Furthermore, the benefits of international trade had not been noticed in the economic growth of Nigeria because some of the goods imported into the country were those that cause damages to local industries by rendering their products inferior and being neglected, thereby reducing the growth rate of output of such industries which later spread to the aggregate economy. Also the poor performance of international trade has been ostensibly blamed on factors such as different languages, difficulty in transportation, risk in transit, lack of information about foreign businessmen etc. Despite the above mentioned problems the study seeks to find the effect of International trade on the growth of Nigeria economy.

REVIEW OF RELATED LITERATURE

2.1 Theoretical Framework

Heckscher-Ohlin Model (H-O Model)

The Heckscher-Ohlin model (H-O model) is a general equilibrium mathematical model of international trade, developed by Eli Heckscher and Bertil Ohlin at the Stockholm School of Economics. It builds on David Ricardo's theory of Comparative by predicting patterns of trade and production based on the factor endowments of a trading region.

According to the model, relative endowments of the factors of production (land, labour and capital) determine a country's comparative advantage. Countries have comparative advantage in those goods for which the required factors of production are relatively abundant. This is because the prices of goods are ultimately determined by the prices of their inputs. Goods that require inputs that are locally abundant will be cheaper to produce than those goods that require inputs that are locally scarce. For example, a country where capital and land are abundant but labour is scarce will have comparative advantage in goods that require lots of capital and land, but little labour - grains, for example. Since capital and land are abundant, their prices will be low. Those low prices will ensure that the price of the grain that they are used to produce will also be low - and thus attractive for both local consumption and export. Labour intensive goods on the other hand will be very expensive to produce since labor is scarce and its price is high. Therefore, the country is better off importing those goods. The Ricardian model of comparative advantage has trade ultimately motivated by differences in labour productivity using different technologies, Heckscher and Ohlrn didn't require production technology to vary between countries, so (in the interests of simplicity) the H-O model has identical production technology everywhere. Ricardo considered a single factor of production (labour) and would not have been able to produce comparative advantage without technological differences between countries (all nations would become autarkies at various

stages of development, with no reason to trade with each other). The H-O model removed technology variations but introduced variable capital endowments, recreating endogenously the inter-country variation of labour productivity that Ricardo had imposed exogenously. With international variations in the capital endowment (i.e. infrastructure) and goods requiring different factor proportions, Ricardo's comparative advantage emerges as a profit-maximizing solution of capitalist's choices from within the model's equations. (The decision capital owners are faced with is between investments in differing production technologies: The H-O model assumes capital is privately held.).

2.2 Empirical Review

Adeniyi and Adeyemo (2014) Studied empirically the quantitative analysis of some selected food imports of Nigeria (rice, wheat and sugar). Time series data were used to examine the determinant of total food imports and the trend in the quantity of the food imported. The secondary data were obtained from institutional and national database over 1981-2010. Descriptive statistics, regression and correlation analysis were used as analytical tools. Statistical analysis shows that food deficit began in the 1970's, when Nigeria started the importation of food to feed the country. The result of the correlation analysis shows that the postulated determinants of food imports were positively correlated with the quantity of food import.

Ojide, and Ojide (2014) use time series analysis to study Growth Evidence of Imports in Nigeria The role of international trade is very significant in a developing country like Nigeria. The relevance of export-led growth hypothesis in Nigeria has been the major issue of many empirical studies. This study is an attempt to investigate the dynamics of the relationship between imports (factor inputs and finished goods) and economic growth in Nigeria for the period 1970 to 2011. Using an error correction model (ecm), this study makes two major conclusions: importation of manufactured goods has adverse effect on economic growth while the importation of factor inputs leads to economic growth in Nigeria.

Ogundele, (2014) examines the effects of various trade policy instruments such as tariff, import restrictions, outright ban on rice import and other determinants on the import demand for rice in Nigeria between 1960 and 2007. Result of the long run equilibrium analysis showed that there is a long run relationship among the variables included in the model as the unit root test of the residual generated from the analysis was stationary at the level. Also, in the long run equilibrium model, three of the variables; exchange rate, per capita income and local output of rice were statistically significant at alpha 0.05 and all affected rice import demand positively. The short run dynamic model (ECM) result further confirmed the significance of per capita income and local output as major positive determinants of rice import in Nigeria.

Babatunde (2014) examined the long-run relationship between Nigerian exports and imports between 1960 and 2014. Exports and imports were disaggregated into oil and non-oil components. The application of the Johansen, Bound testing and the Hansen parameter instability test co-integration techniques revealed that Nigerian exports and imports at the aggregate and disaggregated level are cointegrated with the co-integrating coefficient very close to unity. The result is however sensitive to the choice of the dependent variable between exports

and imports. Utilizing the Toda and Yamamoto granger non-causality tests, we also report bi-directional causality between aggregate exports and imports, but uni-directional causality from oil exports to oil imports and from non-oil imports to non-oil exports.

Uche (2009) in his study employs econometric methodologies to assess the impact of oil export and non-oil export on the growth of Nigerian economy and discovered that there is a unidirectional causality from oil export to GDP which goes to support the export-led-growth in the case of Nigeria but with reference to oil sector only. He also found non-oil export does not granger cause economic growth in Nigeria. This work followed most of the set rules in econometric analysis and may have generated a robust result but was not able to cover up to 2011 period, and government has taken a number of steps to improve the non-oil sector of the Nigerian economy and the effect of these policies and programs by the government may have improved the impact of non-oil sector to the growth of Nigerian economy.

Adeoye, and Ajuwon, (2014) examine the possible impact of trade distortions captured by the nominal exchange rate on the growth of the Nigeria economy, The study applies a simple ordinary least square (OLS) method to explore the links between trade distortions and economic growth in Nigeria. The result shows that one of the major distortions preventing the free flow of goods and services from the Nigerian economy is the vagaries in the behavior of the exchange rate.

Veeramani (2016) examines the effect of export on the Nigeria economic growth from 1987-2014. The included variables were on import, export, exchange rate and real gross domestic product. The study showed the type of intermediate goods and capital equipments a country exports and from where it imports it, indeed it matters for its long-run growth. The result further indicated that higher initial value of the productivity level associated with a country's import leads to a faster growth rate of income per capita in the subsequent years.

Cavallo and Landry (2009) examine the impact of capital goods export and investment specific productivity on the growth of United States. The result indicated that capital goods export have become an increasing source of growth for the U.S. economy. The result further showed that the U.S. could have lost more than 20 percent of its growth in output per hour without capital-goods export technology over the past 20 years.

Lagares (2013) examines the growth effects of exported and domestic capital in thirty two Latin America economies from 1960 to 2010. The result showed that countries which experienced a slowdown in economic growth were relatively richer in 1970, and acquired relatively less capital exports and domestic capital.

Dulleck and Foster (2012) study the effect of export on the growth of developing countries from 1980-2010. They find a complex interrelationship between export and growth of developing countries. Generally, the relationship between export and growth is lowest, and often negative, for countries with low levels of human capital, highest for countries within an intermediate range and somewhat in between for countries with the highest level of human capital.

2.3 Gap in Literature

There is no doubt that there exists much research work done on the aspect of export trading on Nigeria economic growth, with a lot of controversies and divergent findings. Much attention should be given to scope; methodology and variables, for instance inadequacy of the statistical data used in some of the reviewed literature will be overcome through proxy variables. Again some writers fail to include in their work appropriate model, statistical and econometric tool, and variables. The study employed standard econometric model in this study, the researcher employs unit root test to check for stationarity of the variables, co-integration for long-run equilibrium relationship, ECM for speed of adjustment.

METHODOLOGY

3.1 Research Design

The type of research design adapted on this study is Ex-post facto research. This is an aspect of research design where event that are being observed have taken place already.

3.2 Source of Data

This study makes uses of secondary data, the time series data on real gross domestic product, exportation, importation, current account balance and exchange rate. These data were collected from the Central Bank of Nigeria (CBN) Statistical Bulletin. This study covers the period of 38 years (1981-2018).

3.3 Model Specifications:

The specification of econometrics model is always based on econometrics theory or any available information relating to the phenomenon being studied (Koustsoyiannis 1997), hence the specification of the model adapted the model of Ugwuegbe & Uruakpa (2013) who studied the impact of export trading on economic growth of Nigeria They have their model as $RGDP = f(OXP, NOE, FOR)$

Where

RGDP = Real gross domestic product

OXP = Oil export

NOE= Non oil export

FOR= foreign reserve

The model were modified below to suit the stated objectives of the study

$$RGDP = f(IMPO, EXPO, EXCH, CAB)$$

Where

RGDP = Real gross domestic product

IMP = Importation

EXP= Exportation

EXCH= Exchange

CAB = Current account balance

f = Functional Notation

The above equation can be put in an econometric form as;

$$R_{gdp} = \beta_0 + \beta_1 \text{imp} + \beta_2 \text{exp} + \beta_3 \text{Exch} + \beta_4 \text{CAB} + \mu$$

Where

β_0 = Autonomous or intercept

β_1 = Coefficient of parameter IMP

β_2 = Coefficient of parameter EXP

β_3 = Coefficient of parameter EXCH

β_4 = Coefficient of parameter CAB

μ = Stochastic variable or error term

Our model can also be restated in a logged form as

$$\text{LRGDP} = \text{LB}_1 \text{imp} + \text{LB}_2 \text{exp} + \text{B}_3 \text{exch} + \text{LB}_3 \text{CAB} + \mu$$

3.4 Tool of Analyses

The study employed Ordinary Least Square (OLS) method of estimation to establish the importance of the independent variables on the dependents variables. The (OLS) is the most efficient method because of the "Best Linear Unbiased Estimator" (BLUE) properties .the result is always satisfactory and simple to comprehend. The model equation will be estimated using a variety of analytical tools, including the unit root test and co-integration test. The core statistics employed for the analyses from the regression results are the coefficient of regression, coefficient of determination, F-statistics, t-statistics and their corresponding probability values, as well as the autocorrelation test

DATA PRESENTATION AND ANALYSIS

4.1 Unit Root Test

The first stage of co-integration and error correction model is to test for unit root, the whole analysis then proceed from it. Konya (2004) maintains that there exists a unit root in most macroeconomics time series. Therefore, it is necessary to analyze whether the series are stationary or not whenever time series data are involved. The presence of unit root implies that the time series under investigation is non-stationary, the absence of a unit roots shows that stochastic process is stationary. The Augmented Dickey-Fuller (ADF) test were employed in this test.

Tables 4.1 Unit Root Result

Variable	ADF	Integration	REMARK
EXPO	-6.287646	I (1)	Significance at 1 st difference
IMPO	-6.893351	I (1)	Significance at 1 st difference
EXCH	-4.216837	I (1)	Significance at 1 st difference
RGDP	-3.395053	I (1)	Significance at 1 st difference
CAB	-6.030543	I (1)	Significance at 1 st difference

Source: Author’s computation using e-view version 8.1

Following the result of ADF test above it is observed that none of the variables are stationary at level, all the variables becomes stationary at 1st difference except real gross domestic product that is stationary at 2nd difference. This also follows the simples rule of thumb that once a unit root is confirmed, co-integration is necessary to be established

4.2 Co-Integration Analysis

The aim of co-integration analysis is to determine the long-run equilibrium relationship between the variables. In the Engle-granger co integration analysis, variables of consideration are said to be co integrated or have a long-run equilibrium relationship if in the OLS regression of one variable on the others. Co integration exists among the variables if they are integrated of the same order. The implication of this analysis is that deviation or drift may occur between the variables but this is temporary as equilibrium hold in the long run for them. In this study, we used the Johansen co integration approach to examine the existence of long-run relationship between the variables of interest. Below is the summary of co integration result.

Table 4.2 co-integration result test

Date: 01/02/20 Time: 14:37
 Sample (adjusted): 1984 2015
 Included observations: 31 after adjustments
 Trend assumption: No deterministic trend (restricted constant)
 Series: LRGDP EXCH LEXPO LIMPO CAB
 Lags interval (in first differences): 1 to 2

Unrestricted Cointegration Rank Test (Trace)

Hypothesized No. of CE(s)	Eigenvalue	Trace Statistic	0.05 Critical Value	Prob.**
None *	0.781609	116.4128	60.06141	0.0000
At most 1 *	0.576865	64.68287	40.17493	0.0000
At most 2 *	0.467321	35.44072	24.27596	0.0013
At most 3	0.333351	14.02629	12.32090	0.0257

At most 4	0.007022	0.239586	4.129906	0.6830
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Trace test indicates 3 cointegrating eqn(s) at the 0.05 level

* denotes rejection of the hypothesis at the 0.05 level

**MacKinnon-Haug-Michelis (1999) p-values

Unrestricted Cointegration Rank Test (Maximum Eigenvalue)

Hypothesized No. of CE(s)	Eigenvalue	Max-Eigen Statistic	0.05 Critical Value	Prob.**
None *	0.781609	51.72997	30.43961	0.0000
At most 1 *	0.576865	29.24215	24.15921	0.0094
At most 2 *	0.467321	21.41444	17.79730	0.0137
At most 3	0.333351	13.78670	11.22480	0.0174
At most 4	0.007022	0.239586	4.129906	0.6830

Max-eigenvalue test indicates 3 cointegrating eqn(s) at the 0.05 level

* denotes rejection of the hypothesis at the 0.05 level

**MacKinnon-Haug-Michelis (1999) p-values

Max-Eigen value test indicates 4 co-integrating equ(s) at the 0.5 level* denotes rejection of the hypothesis at the 0.05 level **mackinnon-Haug-michelis (1999) P-values.

Max-Eigen value and trace test indicates 3 co-integrating equations at the 0.05 level. This suggests a long run equilibrium relationship among the variables. Co-integration is a prerequisite for error correction mechanism following the result of co-integration, there is a long-run equilibrium relationship among the variable, hence, we can move over to error correction mechanism.

4.3 Presentation of Regression Result

Table 4.3 Error Correction Model Result

Variable	Coefficient	Std Error	T-statistics	Prob
C	9.253975	0.045347	204.0724	0.0000
LIMPO	-0.047470	0.050157	-11.19098	0.0000
LEXPO	0.067601	0.046672	5.916071	0.0005
EXCH	0.002898	0.000281	-3.010212	0.0064
CAB	0.500008	0.340006	5.536165	0.0009
ECM(-1)	-0.544111	0.091232	-3.168030	0.0045

Source: Author’s computation using e-view version 8.1

R –Squared	0.783967
Adjusted R-squared	0.771358
F-Statistics	380.0156

Durbin-Watson stat	1887093
Prob (F-statistics)	0.00000

4.4 Interpretation of the Regression Result

The value of the R-squared and the adjusted R-square show that the explanatory variables are robust in explaining variation in the dependent variables (RGDP)

The F-statistics measures the overall significance of the explanatory parameter. From the result report in table 4.2 above, our computed value of f-statistics is 380.0156, while its probability is 0.000000, given this value we reject the null hypothesis and accept the alternative hypothesis which state that there is a significant relationship between the variance of estimated regression model.

A' priori criteria which is used to determine the existing economic theories and indicates the sign of the economic parameter under consideration from the estimated regression model it was obtained from the coefficient Colum that all the variables conform to a' priori expectation expect that export which has a positive sign. This further suggests that increase in any of these variables increase the real gross domestic product vice versa at a given percentage respectively. Current account balance conform to a' priori criteria, increase in current account balance will induced increase in Nigeria economy at the rate of 32%.

T-statistics, this is the measure used to determine the individual statistical significance of the variables in the model. From the model it was obtained that the level of exchange rate in Nigeria is statistically significant at 10%, while export is statistically significant at 5% level of significant. Import is statistical significant. Current account balance is statistically significant at 1% level of significant.

The Durbin-Watson statistics is used to test for the presence or otherwise of autocorrelation in our model. When the value of Durbin-Watson is closer or a little bit above 2, it means the absence of autocorrelation amongst the explanatory parameter (Koutsoyannis 1997) from the table 4.3 above, it was obtained that our Durbin-Watson result is (1.8), this does satisfy the above stated condition. This means the absence of autocorrelation among the explanatory variables.

The Error Correction Model term ECM (-1) of about 0.45% is significant with the expected negative sign. A significant error term with the right sign indicates strong feedback effect of deviation of the real gross domestic product from its long-run growth path. The coefficient of the error term is -0.544111 this shows that about 54% of the discrepancies between the actual and the equilibrium value of the real gross domestic product is corrected in each period (annually)

4.5 Hypothesis Testing

The hypothesis is test based on quantitative statistical analysis in this study.

H01 Import has not contributed positively and significantly to Nigeria economic growth.

From the regression result, we discovered that in the t-statistics Colum for export, which is - 11.19098 while its probability is 0.0000. Since its probability is greater than 0.05-desired level of significance, we reject the null hypothesis and accept the alternative hypothesis, we therefore conclude in favour of alternative hypothesis which state that import has contributed significantly to Nigeria economic growth.

Second Hypothesis

Ho2 Export has no positive and significant impact on Nigeria economic growth.

T-statistics for export is 5.916071 while its probability is 0.0005. Since its probability is less than 0.05 desired level of significance, we reject the null hypothesis and accept the alternative hypothesis, which state that Export has positive significant impact on the Nigeria economic growth.

Third Hypothesis

Ho3 Exchange rate has no positive and significant impact on Nigeria economic growth.

From the regression result we discovered that in the t-statistics Colum Exchange rate is 3.010212 while its probability is 0.0064. Since its probability is less than 0.05 desired level of significance, we reject the null hypothesis and accept the alternative hypothesis, we therefore conclude in favour of alternative hypothesis which state that Exchange rate has positive and significant impact on the Nigeria economic growth.

Fourth Hypothesis

Ho4 Current account balance has no positive and significant impact on Nigeria economic growth.

From the regression result we discovered that in the t-statistics Current account balance is 5.536165 while its probability is 0.0009. Since its probability is less than 0.05 desired level of significance, we reject the null hypothesis and accept the alternative hypothesis, we therefore conclude in favour of alternative hypothesis which state that Current account balance has positive and significant impact on the Nigeria economic growth.

4.6 Discussion of the Findings

Import: The study found that importation has insignificant negative effect on economic growth in Nigeria. The implication of these findings is that, any country that dependent so much on importation, its economic growth is always poor. If any country tend to increase imports, it is essential to implement economic policies that will enhance foreign exchange availability. This further negate with the findings of Ogundele 2014 who found a positive and significant relationship between import on and economic growth in Nigeria.

Export: The study found that exportation has a significant positive effect on economic growth in the Nigeria. The implication of this study is that exportation sustain an economic. international trade promotes specialization in production of export products which in turns boosts the

productivity level and cause the general level of skill to rise in the export sector. . The finding is not in line with the study of Mafizur and shahbaz (2013) who found a positive and significant impact between exportation and economic growth .

Exchange rate: The study found that exchange rate has positive and significant effect on economic growth. The implication of this that exchange rate determine how viable an investment will be .improved exchange rate policies would translate to increased economic growth. Onafowora and owoye (2008) found that exchange rate exert positive effect on economic growth, fixed exchange regime facilitates more trade flow.

Current account balance: The study found that current account balance has a positive significant effect in Nigeria. This implies that a current account balance is a pointer of the wellbeing of the economy. Kariuki (2009) found that current account balance was positively influence by favourable terms of trade, the study of Seil & Adeleke (2018) found that current account balance show a long-run co-integrtaion evidence.

CONCLUSION AND RECOMMENDATION

It has been established that the indicator of exportation is positive, this conforms to the a' priori expectations. This shows that the Nigeria economy is benefiting from importation. Many reasons could be advanced from this outcome, among which could be, high trade in oil export. The Nigeria economy is yet to be fully opened up and integrated into the global market. The country is yet to develop more products that could compete effectively in the international market in order to increase the level of output/trade with the rest of the world. International brings additional competition and variety to domestic markets, benefiting consumers; and exports enlarge markets for domestic production, benefiting business. Trade exposes domestic firms to the best practices of foreign firms and to the demand of discerning customers, encouraging greater efficiency. Trade gives firms access to improved capital inputs such as machine tools, boosting productivity and providing new opportunities for growth to developing countries.

From the findings the following recommendations emerged

- Since export is positive and statistically significant government should diversify through well target product that could be effectively and competitively sold in the international market.
- However, importation is negative; this is a serious warning to the government. The researcher recommend that ban should be made on many imported goods, such as rice foot wear, fabric etc the masses should be encouraged to patronize our local product. Both the people in power and the masses should demonstrate the spirit of patriotism.
- Exchange rate needs to be monitored to ensure stability in the exchange rate, since cost of investment and capital can only flow into a place it is highly rewarded
- it is therefore recommended special attention should be paid to the diversification of the export base. This can principally be through technological innovations, agriculture and so on.

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