

FOREIGN TRADE AND ECONOMIC DEVELOPMENT IN NIGERIA, 1980-2016

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Abstract: This study examined the effect of foreign trade on economic development in Nigeria from 1980 to 2016. In order to achieve set objectives, yearly dataset of these dependent variables –economic growth (EGR), poverty level (POV), and human development index (HDI), while net export (NXP), trade openness (TOP), exchange rate (EXR) and ease of doing business (EDB) ranking served as independent variables. For evaluation, ARDL sufficed. The study showed EDB has a negative and a substantial outcome on EGR, positive and significant relationship with unemployment. EXR relationship with unemployment is positive and statistically significant and also owns a decisive and a compelling on human development. Net export has negative and a substantial impact on unemployment in Nigeria. For every unit deterioration in EDB ranking, economic growth rate drops by -0.11 %. However, for every unit deterioration in EDB ranking, 0.37 % of Nigerians become unemployed, adding to the unemployment rate. Every unit increment in EXR hikes unemployment rate by 0.15%, whereas an upswing in EXR improved Nigeria's human development index by 0.003%. None of the explanatory variables had a substantial on poverty. Stemming from these findings, the following suggestions to government became necessary: Put machinery in place to drive the ease of doing business ranking of Nigeria from 169th to the 50th position within 5years. Provide steady and adequate electrical power supply. Invest 5% of GDP in its agriculture and value chains for exports and local consumption. Play in the chocolate market, not cocoa beans market. Play in thousands of products from refined crude oil than selling crude oil. Process 50 % of Nigeria's crude in Nigeria into a plethora of products using small refineries for local consumption and export refined and other value-added products to African countries. Stabilise the Naira by all means necessary. Finally, legislate Nigeria's development plans such that successive governments would focus on it until all objectives are realised before starting another plan.

Keywords: Foreign Trade, EGR, POV, HDI and Ease of doing Business.

I. INTRODUCTION

1.1 Statement of the Problem:

Nigeria's constitution mandates authorities to provide economic development, security, and welfare for her citizens, (Nigerian Constitution, 1999 Chap II, 14; 1b; 16 1a & 1b), but it does not guaranty citizens' prosperity or equitable distribution of wealth. Notwithstanding numerous governments' development plans remain unimplemented. All endeavours towards economic growth and development remain weak, averaging 3.54% from 1980-2016. Nigeria's trade basket remains unsophisticated driven by oil and gas sector indifference to the non-oil sector, while the Naira depreciated by 45,989% in 36yrs. Nigeria's food imports grew 3.4% annually peaking in 2011 at N3.19 trillion, Onwuka (2017). Furthermore, Nigeria's unfriendly EDB environment presents numerous challenges to enterprises such as starting a business, construction permits, trading across borders, getting electricity and registering property, poor infrastructure and paying taxes World Bank (2016) & SMEDAN (2013). Even though these economic agents contribute as much as 45% to total employment and 33% to GDP in emergent nations, Ayyagari et al. (2011) and Wymenga et al. (2012), the government has not deemed it necessary to mitigate these problems through strategic implementation of existing economic development plans and policies.

These challenges consequently threaten their survival and migration into more significant enterprises thereby denying Nigeria the economy of scale because of slow adoption of technology for industrialisation. Moreover, as an upshot, discourage entrepreneurship, limits manufacturing, innovation, hinder rural development and better utilisation of indigenous resources, create an unfavourable balance of payment, increase unemployment and poverty rates which by the end of 2016 stood at 42% and 67.1% respectively. The preceding is policy implementation driven, policymakers realised this and signed off on three executive orders on EDB in Nigeria, Vanguard Newspaper, May 19th, 2017. It is imperative to juxtapose trade expansion beside delivery of development in Nigeria from a different perspective utilising non-competing import proxy for foreign trade and EDB trade expansion performance proxy by real GDP growth rate. Unemployment, poverty and life expectancy and education simultaneously as proxy advancement in human development index. It is this observed literature lacuna that the research attempts to bridge.

2. LITERATURE REVIEW

Foreign trade is the exchange of goods, services, and capital across international borders utilising acceptable foreign currencies and agreed on terms of trade between participants. International trading pre-dates Nigeria a sovereign nation. Several scholars and agencies have advanced the economic import of trading. Nigeria's economic growth, industrialisation, and socio-economic development for decades is tied to trading. (Ehinomen and Daniel 2012; Adesuyi and Odelaye, 2013). Favourable terms of trading help drive development growth of any economy. It can be rudimentary as trading in Rose flower cuttings or as complicated as selling/importing a frigate warship. Foreign trade could be Export trade, where Nigeria for instance, exports to another country, Brazil, and paid in US dollars or Euro. Import Trade is where an importer/buyer in Nigeria, orders ethanol processing equipment for instance from Brazil and make payment in an agreed foreign currency. Entrepot Trade occurs when imports into Nigeria from Brazil for instances and then re-exported back to Brazil after a brief use of this same asset in Nigeria. Entrepot also called re-export of processed import goods. In foreign trade, ownership of such items traded change. International trade statistics report (2015), reported that the world total merchandise trade stood at USD18.494 billion. World merchandise export from WTO members grew to USD18.0 trillion of which ten traders controlled 51% while emerging countries managed 41% of merchandise trade. Ten top traders controlled commercial services trading valued at USD4.87 trillion, 51% and 34% advanced and emerging economies respectively. Africa's share of global trade as at 2014 statistics was USD639 billion or 3.5%. The total percentage of Africa in each region's total merchandise exports was put at North America 7%, South and Central America 5.1%, Europe 36.2%, Commonwealth of Independent State 0.4%, Africa 17.7%, Middle East 3.3% and Asia 27.3%. Africa exported more to Europe and Asia (63.5%) than she did within Africa (17.7%).

According to WTO 2015 report, Nigeria traded merchandise worth USD97 billion (0.5%) and ranked 39th world trader and imported merchandise worth USD69 billion (0.3%) recording profit of USD28 billion.

Nigeria situates on 910,770 square kilometers, with a population of 182.2 million people recorded a GDP of USD498, 583 million, recorded output rate of 2.65%, output per capita current of USD2, 714, while USD1.00 exchanged for N192.44 with a CPI of 9.02% with a current account percentage balance of output of -2.94% as at the end of 2015. Estimated commodity export stood at USD51, 400 million. Merchandise imports of USD48, 000m and trade balance of USD3, 400 million, 90% of exports were food items followed by six % of produce and fuels five %. Nigeria's estimated international export trade services are low with services exports in 2015 a modest USD3,242 million, which stands to reason given that as at 2015 merchant fleet national flag dead weight in tons was a lowly 3,932 dwt with a container port throughput of 1.062million (TEU). However, Nigeria expended USD20, 181 million on services imports incurring contrary trade balance in services of USD16, 939 million.

The graph below captures Nigeria's exports from 1981 to 2016.

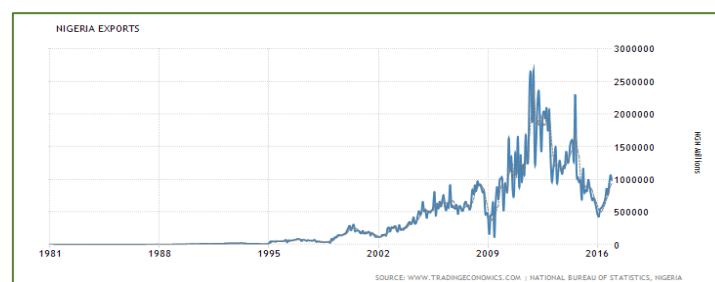


Figure 1: Nigeria Exports (1981-2016) Sources:

www.tradingeconomics.com | NBS, Nigeria.

Nigeria exports earnings increased sharply year-on-year to N 985,816.9M in December 2016 a gain of 72.2 %. As at the end of 2016, exports from Nigeria increased by 53.5 % or N 2978.9 billion in nominal terms because of crude oil and mass-produced commodities exports. India contributed 16% to total exports revenue, Netherlands 11.2%, USA 10.7% while Spain contributed 9.6%. From 1981-2016, total exports from Nigeria averaged N374, 664.72m peaked at N2, 648,881.76m in 2011.



Figure 2: Nigeria Current Account to GDP (2006-2016) Retrieved from:

www.tradingeconomics.com | CBN.

The above graph depicts Nigeria's declining current account to GDP since an all-time high in 2007. For 5 years, 2008-2011, it dropped 13.8 basis point. Increased to 4.3 and 4.2 in 2012 and 2013, but lost four basis point in 2014 and nosedived to -3.8 in last quarter of 2015. Transportation accounted for 57.2 % of export, travel 27% and others estimated at 30%. The percentage of export value index to the import unit value, was put at 167.29 purchasing power index of exports, while the ToT stood at 131.50, 2015. Labour force by gender end of 2015 in proportion of absolute labour force was 57% and 43% for male and female respectively.

Expenditure of 2014 GDP indicated that households consumed 75%, followed by exports 18.4%, gross capital formation 15.4%, while imports and general government expenses was put at 12.4% and 6.5% respectively. In 2015, estimated business in goods and utility indicators of balances in the percentage of GDP and imports were recorded at -5.2% and -34.99% respectively. However, normalised trade index balance for the year ending 2015 stood at -0.212.

Foreign direct and external resources financial inflows and outflows dropped to USD3, 064 million and USD1, 435 billion from USD4, 693.8 billion and USD1, 614 billion in 2014 and 2015 respectively. However, personal remittances as a percentage of 2014 and 2015 GDP appreciated from 3.66% to 3.93% respectively.

Nigeria in 2015 exported merchandise worth USD27, 330 million to five top trade partners. India topped the group as her import from Nigeria was twice the value of exports to the Netherlands and South Africa, while that of Brazil and Spain put together was slightly higher by USD294 million. India, Brazil, Spain, Netherlands and South Africa imported merchandise worth USD9,420m, USD4,876m, USD4,838m, USD4,799m and USD3,397 respectively. Extrapolated using exchange rate, N192.441/USD1.00, as at the end of 2015 stands at N5, 259,412.5 million.

No economy exists in sheer isolation (Gbosi, 2005). The reason is that no country can produce all the goods, services and capital its citizens consume due to resource differences and constraints (Adeleye, Adeteye & Adewuyi, 2015). One sure way to broaden the range of choices for the citizens is to export goods, services, and capital to generate revenue to finance imported products and services which that country cannot produce, thus justifying foreign trade.

Foreign trade connotes merely the trading between two or more economies (Adedeji, 2006). According to Samuel and Chris (2013), the association that continues between international trade and business expansion is traced to favourable externalities created by the involvement of several economies in trade. They further mentioned that other development economists have contended in favour of trading in commodities and services for domestic economic expansion and welfare. According to Lot (2017), Nnadozie (2003), reiterated trading leads to specialisation, creates employment, increases productivity and relaxes foreign exchange restraints. Other empirical studies by (Eravwoke and Imide, 2013; Imoughele and Ismaila, 2016) also argued in support for open economies that grow faster than closed economies.

But other scholars contended against trade openness preferring protectionism as a better alternative to economic improvement, especially where the domestic economy has a comparative advantage over the foreign economy (Nnadozie, 2003). The overwhelming favourable contributions of international trade economic increase and development cannot be neglected.

Foreign trade other than facilitating movement of capital, labour, entrepreneur, concepts and innovation, also improved human status and preferences (Adesuyi and Odeloye, 2013). Over the years, foreign trade has helped in reforming the communal attributes of nations, primarily in poor nations (Adesuyi and Odeloye, 2013).

Nigeria's international trade is two-pronged, oil and non-oil sectors. Nigeria before 1958 did not depend on crude petroleum until 1958 when oil exploration started at Oloibiri, Bayelsa State. Domestic savings and earnings from agricultural exports were the primary sources of income through which investment projects got funded. After independence, oil and gas accounted for almost one hundred % of income. Petroleum accounted for 78 % trading income and 95% of export trade revenue (WB, 2002). In 1973, the country's forex income increased drastically, which resulted in higher economic expansion, such that government could accommodate any expenditure even random ones (Adesuyi and Odeloye, 2013). This economic arrogance persisted until its effects snow balled into the eighties.

As oil became the primary income earner, there was almost a complete drop in agriculture produce export. This sole factor made Nigeria to lose its position as a significant international trader of products (CBN, 2004). From 1980-1985, total non-oil earning was N2, 146.2 million while oil income was N59, 581.2 million. During 1980-1985, non-oil exports accounted for 3.5% earnings while crude petroleum sector provided 96.5% of Nigeria's total forex earnings. In 1986, agricultural product export contributed N552.1 million. The value rose to N3, 259.6M in 1990. Within this same period, oil export was N8, 368.5 and N106, 858.4 million, respectively. From 1986-1990 total non-oil export stood at N11, 645.5million while oil export stood at N219, 355.4 million, implying that total forex earnings from the agriculture sector surged to 9.2 % while that from petroleum declined to 90.8%. However the reversal from 1991-1995 as the oil sector dominated the country's foreign exchange chart accounting for 97.5% while non-oil earnings addition to government foreign exchange fell to 2.5%.

The fall in agricultural product contribution to forex earnings nose-dived to 2.0% from 1996 to 2000, while the earnings increased to 98 % (CBN, 2010).

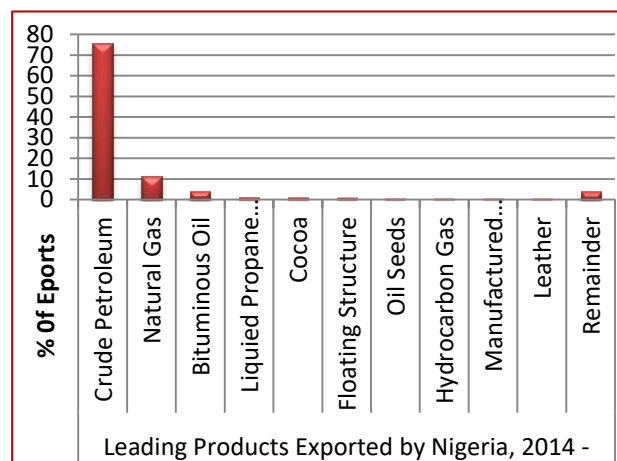


Figure 3: Nigeria's Leading Products Exported between 2014 -2015

Source: Nigeria's Export Structure by-products, pp 62 UNCTAD, Handbook of Statistics 2016

Figure 3 above shows the leading products exported by Nigeria from 2014 – 2015. Figure of trade above indicates that 57years after Oloibiri oil well completion, crude oil exports still dominates Nigeria's export, peaking at 75.8%. Crude petroleum earnings stood at \$60, 203. 028 million dollars. A distant second to crude petroleum is natural gas earning of \$8, 963. 565 million representing 11.3%. Heavy petroleum, bituminous product recorded as 3rd leading exported product, raked in \$3, 151. 410 million, or 4.0%. Cocoa only accounted for \$1, 070. 951 representing 1.2 % of products exported by Nigeria (UNCTAD, 2016). Ships, boats and floating structure share of leading products exported by Nigeria earned 611, 780 million dollars representing 0.8% exports. Oilseeds earned \$379, 859 million dollars equivalent of 0.5 %. Nigeria's

hydrocarbon gas export attracted a take-home put at 0.4% of Nigeria's leading products earning \$336, 925 million dollars. Manufacturing articles, leather and other products exported contributed \$303, 371; \$285, 349 and \$3, 291, 479 million dollars respectively, accounting for approximately 0.4, 0.4 and 3.9%, respectively (UNCTAD, 2016).

Economists and scholars from other disciplines have posited that foreign trade creates employment. The above analysis stands to reason when it is contextualised within the innovative and value chain activities of firms. Developing economies had formulated programmes predicated on this fact to increase productive and sustainable employment aimed at poverty reduction. Reason being that unemployment and underemployment are prime causes of widespread poverty (Umoru, 2013). Despite the potential role of employment, policies on employment creation in emerging economies like Nigeria, have not yielded anticipated outcomes, as there still exists a wide gap between available jobs and job seekers (Hill et al., 2008; Adebayo and Ogunrinola, 2006).

The challenges of foreign trade have espoused the uncertainty of the outcome of employment policy Ogunrinola and Osabuohien, (2010). Nigeria has experimented on two trade regimes, namely: restricted and open trade system. The philosophy behind the restricted trade regime is to regulate the conduct of foreign trade and payments to achieve market adaptability (Jenkins and Sen, 2006). Advocates of open trade argued that openness stimulates the economic expansion in participating countries (Umoru, 2013).

The volatile capital market in developed capitalist economies have given rise to counter opinion that supports the negativity of open trade. The scrutiny whether expansion in international has any compelling impact on economic development- unemployment, poverty, human development. EDB delineates what and what is not appropriate policy, outcomes and behaviours in all economies. EDB report (World Bank, 2015), more than fifty countries have put together reform committees that use EDB indicators as drivers to reform their programs for improving their business environment. From Sub-Saharan Africa: Botswana, Burundi, the Central African Republic, Comoros, Congo, Cote d'Ivoire, Guinea, Kenya, Liberia, Malawi, Mali, Nigeria, Rwanda, Sierra Leone, Togo and Zambia. Azerbaijan, Croatia, the Czech Republic, Georgia, Kazakhstan, Kosovo, the Kyrgyz Republic, Yugoslav Republic of Macedonia, Moldova, Montenegro, Poland, the Russian Federation, Tajikistan, Ukraine, Uzbekistan. From East and South Asia; Indonesia, Sri Lanka. Algeria, Kuwait, Morocco, Saudi Arabia Chile, Colombia, Costa Rica, the Dominican Republic, Guatemala, Mexico, Panama and Peru.

2.1 Theoretical Framework:

The Mercantilists were pragmatic merchants who provided the earliest concept on trade. It was nationalistic and considers the well-being for nations, supreme importance. Accordingly, it opines more exports and less of imports for nations to accumulate riches. According to Akpakpan (1999), proponents of mercantilism were Sir Thomas Mun, Gerald Mal, Jean-Baptiste Colbert, Thomas Hobbes, and Edward Misselden. Moreover, Antonio Serra analyse and fully use BoT concept. Mercantilist posited that the first avenue through which a nation could accumulate wealth was through procuring prized metals. Then controlling the BoT such that exports outstrip imports. They asserted constrained trade and a favourable BoP. Mercantilism advanced tariffs, quotas and other commercial policies to minimise imports and protect a nation's trade position. Mercantilist advanced the thought of nations in competition, wherein international trading was contentious. The proponents of this school of thought discounted instilling and maintaining regulations. To them the world's wealth was finite. A nation's benefits from trade is loss to the trading partners, and therefore, all economies do not equally gain from international trade.

Notwithstanding the criticism of these eminent scholars, new mercantilism emphasise employment instead of vast reserves of gold and other precious metals. Mercantilists advanced the argument that local economy benefits from increased employment from exports. However, imports were considered anathema especially where imported substitutes are cheaper and of better quality than locally produced products. But not so for high-end luxury imports. Unemployment increase as firms downsized, however, where such imports provide mass employment the reverse is applicable. International trade to the mercantilist is a zero-sum game wherein an economy must win and another lose. Also, absence of affirmation of trade gains to all nations (Akeem, 2011; Enu, Havi & Hogan, 2013).

"The Wealth of Nations" published in 1776 propounded the absolute advantage trade theory. This theory came up from criticisms advanced against mercantilism. Adam Smith opined that world economies expand more when free trade is the policy rather than restrictive mercantilist trade theory. He that in open trade country could specialize on those commodities manufacture efficiently compared to other economies, and import others they manufacture less efficiently.

Thus, all trading economies can benefit simultaneously. This theory addressed issues of what drives economies, for instance, if two countries specialise in the manufacturing of distinct commodities, where each economy have an absolute advantage, trade between these countries will enjoy more of both products, at a cheaper cost. Absolute Advantage concept is supportive to trading. It also opines economies specialising in commodities it has real opportunity cost over others will suggest that net export may be favourable when countries adopt absolute cost theory. This relationship further lends credence to the inclusion of Absolute trade theory.

“The Wealth of Nations” failed to analyse the scenario in which a nation own the advantage to produce two goods efficiently. Then the question pops up, is foreign trade still necessary? By "comparative advantage" he simply meant "greater advantage." Two trading partners' also two goods, the trade could though one state was more profitable products, provided its preeminence over another nation's product. Ricardo simulated the condition to prove this concept. He assumed labour is fully employed, internationally immobile, input and output prices entirely competing. Ricardo discounted transport costs and bottlenecks. He advanced that a nation will tend trade product it has, by comparison, a disadvantage in cost. Since contingent cost is the flip surface to relative cost. By implication, if this principle stands, the export (supply side) will outweigh the import (demand side) of external trade, that country will have positive net export comparatively.

It feigned a fixed technique for both trading countries. It is believed trading encourages the outflow of income amongst nations also earnings circulation within a country is not trade driven. Ricardians argued, labour deployed is homogenous for manufacturing commodities. Thus underlines the assertion that this proposition is unrealistic because labour is categorised. Also there are others other than labour.

Notwithstanding its shortfalls, it owns applicative usefulness, Enu, Havi & Hogan, 2013.

Grossman-Helpman's Model of growth-Cum-Trade is a new endogenous theory. The model developed by Grossman and Helpman (1991), extended the constant return to capital, or AK growth archetype of Paul Romer, (1986 and 1989) and Robert Lucas (1988) to include trade. The theory states that both technology and foreign trade engaged in an endogenous manner can enhance long-run growth.

According to Sena and Fontenele (2012), the primary aim of the model is to introduce some of the ways that world trade might influence the incentives for industrial innovation and growth. Innovation comes about from two different sources. In one version, entrepreneurs develop new varieties of differentiated intermediate and finished goods. Executives also seek quality improvements in a given set of non-tradable factors, amounts to specifying formulations for endogenous product varieties and quality. The formal analysis of these specifications is used to build manufacturing side of a small open country.

2.2 Empirical Review of Literature:

Economies have been investigated by different economists and scholars using different analytical techniques and variables. These studies outcomes were positive, negative or neutral.

Antunes and Soukiazis (2006) examined foreign trade, HDI and economic expansion of 14 European Union economies, 1980-2004 using a panel data growth model. Human capital and foreign trade or interactions between them are significant. They showed that conditional convergence exists amongst EU countries and reinforced when controlled in a human capita and foreign trade competitiveness growth model. Kandil (2006) analysed the import and export factors that differentiate the allocation of forex value vacillation between increased quantity of production and cost hike across selected emerging economies. He established currency fluctuations determined domestic and external balances. Capacity limitations, domestic and external demand defined internal balances.

Tsen (2007) examined relationship amidst exports, domestic demand and economic expansion in the Middle-East countries, namely Bahrain, Iran, Oman, Qatar, Saudi Arabia, Syria and Jordan using Granger causality test approach. The result showed that export, expenditure plus assets are essential and also important for foreign trading expenditure plus assets. The findings varied amongst economies. Exports have a stronger impact on expansion when a state has a higher proportion of trade liberalisation to international trade. However, there was no significant evidence that consumption or investment has a firmer impact on economic expansion as such a nation possess a higher ratio of consumption to GDP or investment to GDP. Consumption was found to be crucial than investment in bestowing economic growth. Sustained economic growth requires expansion in both exports and domestic demand. Moreover, economic expansion will increase exports and domestic market. Omojimito and Akpokoje (2010) examined aftermath from forex rate reforms in Nigeria's

trade achievement from 1986-2007. They found a small favourable effect of currency value rectification from non-petroleum trading via reduction of the rate of the country's currency. They also affirmed that the design of the forex value imports reforms which is pro-consumer goods remained unchanged afterwards. Exchange rate reforms were seen not to constrain imports as anticipated. They stimulated imports, albeit insignificantly. A significant policy lesson here shows the reforms had no sufficient consequence on diversification reform of imports. Significant motivation like conducive environments (ease of doing business) for domestic production, exceptional infrastructures that can substantially contribute to improve competitiveness are required. Oladipupo and Onotaniyohuwo (2011), probed the connection rate of currency exchange has on Nigeria's BoP from 1970 to 2008. They established that the forex rate had an important relationship with BoP position, suggesting that Nigeria's BoP problems could be tackled in 2 ways, boosting supply also decreasing importation. Export diversification and promotion, import substitution and restriction.

Gouvea and Lima (2011) analysed the BOP constrained increase in a multi-sectoral framework. They estimated the sectorial flexibility of demand and supply for a considerable panel dataset of 90 countries from 1965-1999. They affirmed that simply put, it is the value chains in economic increase that drives the BoT to equilibrium not fluctuation of costs in foreign trade. Ozulumba (2011) elicited that trade, FDI, and forex rate had a favourable and unimportant liaison with trade expansion. Inflation had a favourable and important association with mercantile expansion, human capital had an unfavourable and an unsubstantial association with economic growth. Implying that for more significant growth rate, Nigeria must expand her trading capacity. Akeem (2011) worked on effect trading has on economic growth from 1970 to 2005 using ordinary least squares method for analysis. The investigation affirmed exports, imports and forex rate had an unfavourable association on economic expansion.

Ehinomen and Daniel (2012) investigated fallout of external trading on economic expansion, 1970-2010. The study aimed to ascertain causal and long term association amidst external trade also expansion in Nigeria. They affirmed a one direction association amid external trade cum economic expansion; while ARDL showed co-integration amidst export trading cum expansion within the period under review.

Blecker and Ibarra (2012) examined why the mean rate of increase in the Mexican economy has been so disappointing since the trade liberalisation of the late 1980s for 47 years, spanning from 1969 to 2006. They found that the BoP constrained (stability) upsurge rate did not fall, but instead rose slightly in the post-liberalisation period. Suggesting the archetype is not accountable for the slowdown in growth rate. Instead, the analysis isolated real forex rate, BoP constrained expansion archetype, internal obstacles and policies culpable. Emeka, Fredrick, and Peter (2012) examined the effect of foreign trade on Nigeria's economy, analysing disparate requirements of export-led expansion archetype. The study analysed the association amidst international trading cum increase, FDI, as a new fickle to ascertain their significance on prosperity. The decision from tests suggest that exportation and FDI inflows affirmed a favourable and compelling reaction on expansion. They surmised a congruity of external trade and budgetary policies towards assortment of non-petroleum exports by Nigerian government to achieve expansion heights derivable from external trade.

Alimi and Muse (2013), evaluated the usefulness of trading on economic expansion progress of Nigeria's economy, 1970-2009. The study used 3 variables, gross exports, petroleum oil and non-petroleum oil exports. The co-integration analysis affirmed models 1 and 2, where aggregate export and crude petroleum exports were surrogates, revealed economic expansion and export were co-integrated. A seminal association exists amidst GDP and economic expansion. The results showed a unidirectional causality association with trading and economic increase rate in Nigeria traced from economic increase to exports.

Adenugba and Dipo (2013) investigated the ramifications of non-petroleum trade from 1981-2010, and reasons advanced for that pattern and level of achievement. They appraised the achievement of Nigeria's trade growth tactics, regarding diversification from crude petroleum as the main earner of forex, 1981 to 2010. The work affirmed minimal achievement for non-petroleum oil trade, reasons to query potency of policy and tactics that Nigeria adopted to manage her economy. Ahmed, Hoque, and Jobaer (2013) analysed the consequence of external trade on the GDP of Bangladesh from 1972 to 2006 deploying econometrics tools of analysis. The study admits export and import are moderately associated to upswing in GDP. International trade contributed favourably to Nigeria's GDP whereas import's contribution was unexciting. Obiechina and Ukeje (2013) analysed effect of FDI, exchange rate, exports, and TOP on economic expansion annual data from 1970-2010. Their work affirmed that all variables, except FDI, had a numerically compelling association on economic expansion on the short term changing equilibrium model. Consequently, advised authorities to implement trade policy, forex and FDI that triggers economic prosperity. Kemi (2014) investigated the aftermath effect of real forex price

on ToT and economic growth of Nigeria, 1980-2012 using co-integration techniques and error correction model. The work announced a long-term association exists amongst real currency value, ToT and GDP. Showed real forex rates co-move with ToT on the long-run.

Bosede (2014) researched aftermath effect of trading on economic increase, 1984 to 2008 using Ordinary Least Square (OLS) method of Multiple Regression Analysis. The outcome announced export, exchange rate, trade policy changes concur with the theoretical and are certainly associated with GDP. Bosede recommended that active exchange rate policy that avoids over-valuation or excessive slump of the Naira and ensures competing commodities, relative price stability or low inflation and preventing inconsistent fiscal policies formulation and implementation.

Adeleye, Adeteye and Adewuyi (2015) queried the response of foreign trade on Nigeria's economic growth from 1986 to 2014. Their results affirmed that total export positively affected economic growth, suggested government should diversify the economy by putting policies and incentives for non-oil export, the manufacturing sector and promote industrialisation.

Anowor and Agbarakwe (2015), investigated the association betwixt foreign trade and Nigeria's economy, 1981 to 2013 empirically. The investigation revealed that highest number of variables used were not numerically important since the nation was dependent mostly on oil sector export. They advised that for Nigeria's quest for economic expansion and development, authority needs to incentivize and encourage non-oil export, and promote the utilisation of locally available raw materials should be deliberate. Normaz and Jamilah (2015) scrutinised the reaction solid and flexible infrastructure has on trade volume for exporters and importers and on various economic growth indicators in Asia. They established that transport infrastructure, Information, and (ICT) infrastructure, and internet services contributed positively to trade flows for both exporters and importers in Asia.

Ikechukwu, Kalu and Gulcay (2015), studied the effect trade openness had on unemployment in Nigeria. The study spanned 1970-2010. Variables comprised change in RGDP or income per capita, unemployment rate, international price shock, the recurrent spending of government on education and open trade. Their work concluded that increasing commodity prices and promoting trade openness resulted in higher unemployment within the period 1970-2010. However, on the long-term, income per head and RGDP triggered a drop in unemployment. However, Noko (2016) looked at the fallout of TOP on economic expansion for 36 years spanning, 1981-2015. Noko found that trade liberalisation had no substantial impact on trade expansion; trade restrictions was confident and also had a compelling aftereffect on expansion within 1981-2015. Abubakar, Shuaibu, and Soja (2016) studied the consequences of external trade on economic expansion of seventeen economies, spanning from 1991 to 2011. The work showed that export had a conclusive and compelling reaction on economic increase; import was positively signed, insignificant aftereffect on economic increase; foreign exchange was negatively approved and impacted economic expansion considerably from 1991-2011. Okere and Iheanacho (2016) queried the repercussion of protectionist trade policy on Nigeria's economy spanning 1990 to 2013. The study revealed that real GDP per capita, unemployment, labour and output significantly promoted economic advancement. And recommended that policies which could encourage trading should be put in place as this will support economic growth.

3. RESEARCH METHODOLOGY

3.1 Analytical Framework/Model Specification:

The analytical structure herein is anchored on Grossman- Helpman's Model of Growth-Cum-Trade. Grossman and Helpman (1991) developed a model envisioning both technology and foreign trade engaging in an endogenous manner to help drive economic expansion and development. They extended the constant return to capital, or AK growth model of Paul Romer (1986 and 1989). Robert Lucas (1988) included trade as a primary driver as regards growth. The miniature is presented as $Y_T = f(AK^{1-\alpha} T^\alpha)$; Where Y_t = Production growth rate, A = Index of Technology, K = Private Capital, T = Trade, $1-\alpha$ = Contribution of Private Capital and α = Contribution of trade. Expressed effectively: $Y_t = f(T^\alpha)$; Where; Y_t = Production growth rate, T = Trade. Trade (T) is composed of trade components such as net export (NXP), trade openness (TOP), exchange rate (EXR) and Ease of Doing Business (EDB). Thus; $T = (NXP^\phi, TOP^\omega, EXR^\theta, EDB^\psi)$. Equating into (3.2), we obtain $Y_t = A, NXP^\phi, TOP^\omega, EXR^\theta, EDB^\psi$ (3.4). According to Adesuyi and Odeleye (2013) foreign trade does not only boost economic advancement but also leads to the reduction in unemployment (UNE) and poverty (POV), steady development in human living conditions through upswing in Human Development Index. Thus, equation (3.4) shall be re-written to include the indicators as: $EGR_t = A, NXP^{\phi1}, TOP^{\phi2}, EXR^{\phi3}, EDB^{\phi4}$ (3.5); $POV_t = A, NXP^{\phi1}, TOP^{\phi2}, EXR^{\phi3}, EDB^{\phi4}$ (3.6) and $HDI_t = A, NXP^{\phi1}, TOP^{\phi2}, EXR^{\phi3}, EDB^{\phi4}$ (3.7). Econometrically, equations (3.5,

3.6, and 3.7) are then then detailed thus: $EGR_t = A (NXP)^{\Phi_1} (TOP)^{\Phi_2} (EXR)^{\Phi_3} (EDB)^{\Phi_4} \mu_1$ (3.8); $POV_t = A (NXP)^{\theta_1} (TOP)^{\theta_2} (EXR)^{\theta_3} (EDB)^{\theta_4} \mu_2$ (3.9) and $HDI_t = A (NXP)^{\square_1} (TOP)^{\square_2} (EXR)^{\square_3} (EDB)^{\square_4} \mu_4$ (3.10);

Equations (3.8, 3.9, and 3.10) are reconstructed into a linear log thus: $\text{Log}(EGR_t) = \text{Log}A_{1t} + \Phi_1\text{Log}(NXP) + \Phi_2\text{Log}(TOP) + \Phi_3\text{Log}(EXR) + \Phi_4\text{Log}(EDB) + \text{Log}\mu_1$ (3.11); $\text{Log}(POV_t) = \text{Log}A_{3t} + \theta_1\text{Log}(NXP) + \theta_2\text{Log}(TOP) + \theta_3\text{Log}(EXR) + \theta_4\text{Log}(EDB) + \text{Log}\mu_3$ (3.12); $\text{Log}(HDI_t) = \text{Log}A_{4t} + \square_1\text{Log}(NXP) + \square_2\text{Log}(TOP) + \square_3\text{Log}(EXR) + \square_4\text{Log}(EDB) + \text{Log}\mu_4$ (3.13). These Equations (3.13, 3.14 and 3.15) shall adjusted thus: $\text{Log}(EGR_t) = \Phi_0 + \Phi_1\text{Log}(NXP) + \Phi_2\text{Log}(TOP) + \Phi_3\text{Log}(EXR) + \Phi_4\text{Log}(EDB) + \epsilon_1$ (3.16); $\text{Log}(POV_t) = \theta_0 + \theta_1\text{Log}(NXP) + \theta_2\text{Log}(TOP) + \theta_3\text{Log}(EXR) + \theta_4\text{Log}(EDB) + \epsilon_2$ (3.17) and $\text{Log}(HDI_t) = \square_0 + \square_1\text{Log}(NXP) + \square_2\text{Log}(TOP) + \square_3\text{Log}(EXR) + \square_4\text{Log}(EDB) + \epsilon_3$ (3.18).

From equation (3.16, 3.17 and 3.18) we have $\text{Log}A_{1t}$, $\text{Log}A_{2t}$ and $\text{Log}A_{3t}$ are represented by Φ_0 , θ_0 and \square_0 ; and $\text{Log}\mu_1$, $\text{Log}\mu_2$ and $\text{Log}\mu_3$, are represented by ϵ_1 , ϵ_2 and ϵ_3

3.2 Data Sets and Estimation Techniques:

The data are annual, collected from secondary sources covering of thirty-six years, from 1980 to 2016. These sources include publications of CBN statistical bulletins and annual publications. Relevant data sourced from World Wide Web, NBS, World Bank and its agencies, and the UNCTAD. From these sources, we accessed data on these variables- Real GDP rate (EGR), Poverty Level (POV) and Human development index (HDI). Also, data on Net Export (NXP), Trade Openness (TOP), Exchange rate (EXR) and Ease of Doing Business (EDB), 1980 to 2016 were extracted and analysed. This study utilised descriptive statistics, the unit root model test, Bound co-integration and Autoregressive Distributed Lag econometrics tools to query association amidst the explained and explanatory variables impact on foreign trade and economic prosperity in Nigeria. E-Views econometric software version 9 was used for analysis.

4. EMPIRICAL RESULTS AND ANALYSIS

The empirical analysis of data in this paper was conducted in five phases. It begins with the descriptive statistics analysis of the data and thereafter conducted the unit test. Furthermore, co-integration, the error correction mechanism and diagnostic tests were conducted.

4.1 Descriptive Statistics:

The result of the descriptive statistics is presented in Table 1 below.

Table 1: Descriptive Statistics

	EGR	POV	HDI	NXP	TOP	EXR	EDB
Mean	3.54	54.44	0.22	1271.01	0.55	74.54	38.92
Median	4.20	52.59	0.00	195.50	0.58	22.05	0.00
Maximum	33.70	72.00	0.53	5822.60	0.88	253.49	170.00
Minimum	-13.10	27.20	0.00	-2230.90	0.22	0.54	0.00
Std. Dev.	7.51	13.47	0.25	2018.36	0.14	72.12	61.99
Skewness	1.22	-0.19	0.19	0.89	-0.47	0.46	1.03
Kurtosis	8.90	1.76	1.07	2.56	3.17	2.00	2.26
Jarque-Bera	62.93	2.61	5.96	5.29	1.39	2.86	7.36
Probability	0.00	0.27	0.05	0.07	0.50	0.24	0.03
Sum	131.00	2014.44	8.23	47027.4	20.28	2757.85	1440.00
Sum Sq. Dev.	2027.99	6535.49	2.17	1.47	0.71	187260.5	138358.8
Observations	37	37	37	37	37	37	37

Source: Author's Computation using E-view 9

Also, the kurtosis statistic showed that EGR was leptokurtic, implying distribution were peaked relative to regular dispersion although POV, HDI, NXP, EXR, and EDB were platykurtic, indicating flat distribution comparatively to a typical distribution. The observations, implies array is non-stationary. These indications are acceptable because the data is annual in nature and affirm the presence of non-stationarity in the sequence. The Jarque-Bera statistic of EGR and EDB are above 5.99. This implies Jarque-Bera statistic rejects the assumption of usual dispersion of the variables at 5% analytical value, confirming unit root.

From the observations it is, therefore, necessary to prove stationarity variables also their long-run relationships by conducting a unit root test and achieve stationarity. The test procedure adopted is the ADF.

Unit Root Test:

Table 2 below details outcomes unit root analysis conducted with Intercept and Trend using Augmented Dickey-Fuller (ADF).

Table 2: ADF Results of the Variables

Variables	LEVEL		FIRST DIFFERENCE		Status
	Constant	Constant and Trend	Constant	Constant and Trend	
EGR	-4.532071	-5.202023	-	-	I(0)
POV	-1.937329	-2.606995	-4.593346	-4.586336	I(1)
HDI	-0.124911	-5.204481	-	-	I(0)
NXP	-3.963025	-4.641224	-	-	I(0)
TOP	-2.918541	-3.504911	-5.258658	-5.252931	I(1)
EXR	1.386060	-1.309188	-3.702528	-4.058850	I(1)
EDB	0.566225	-1.233817	-5.197815	-5.515680	I(1)
Critical Values	Level		1st Difference		
1%	-3.626784	-4.234972	-3.632900	-4.262735	
5%	-2.945842	-3.540328	-2.948404	-3.552973	
10%	-2.611531	-3.202445	-2.612874	-3.209642	

Source: Author's Computation using E-view 9

The above presentation on Table 2 reveal that EGR, HDI and NXP were immobile I(0) while POV, TOP, EXR and EDB were stationary at 1st difference, i.e., I(1). Hence, concludes variables deployed in the models, i.e. models one, two and three were both order zero (0) and one (1). Since the ADF outcomes announce the series is of a different order of co-integration, Engle-Granger and Johansen co-integration tests, rather the Bounds co-integration test. According to Giles (1975), Perasan, Shin and Smith (2001), Jawaid and Waheed (2016) and Salisu (2016), when the series used is of a different order of co-integration, Bound co-integration test suffices.

(ii) Bound Test Co-integration Result for model One

The decision of Bound Co-integration test is detailed hereunder in Table 3.

Table 3: ARDL Bound Test Co-integration Result for Model One (EGR, NXP, TOP, EXR and EDB)

F-Statistics	7.392519	
% Critical Levels	Critical Value for Bond Test	
Significance	1(0) Bond	1(1) Bond
10%	3.03	4.06
5%	3.47	4.57
2.5%	3.89	5.07
1%	4.4	5.72

Source: Author's Computation using E-view 9

Table 3 reveals the bound co-integration test demonstrate that determined F-statistics value of 7.392519 is higher than the theoretical, critical amount for upper bound I(1) signify co-integration. Hence, a long term association subsists amidst NXP, TOP, EXR EDB and EGR.

Since a long term association exists, it becomes necessary to evaluate short also long-term ambulation of the model using ARDL approach.

(iii) Short Run Estimation Results for Model One Based on ARDL

The determined short and long term dynamics estimation of model one are arrayed in equation 4 below.

Table 4: Short Run results for Model One (EGR, NXP, TOP, EXR and EDB)

Variable	Coefficient	Std. Error	t-Statistic	Prob.
D(NXP)	0.000893	0.000721	1.238403	0.2255
D(TOP)	-13.574324	11.450376	-1.185492	0.2454
D(EXR)	-0.020261	0.052369	-0.386893	0.7017
D(EDB)	-0.107419	0.037026	-2.901190	0.0070
D(@TREND())	0.979148	0.462129	2.118776	0.0428
ECM (-1)	-1.129384	0.183816	-6.144105	0.0000

$R^2 = 0.561$; $Adj-R^2 = 0.470$; $F-stat. = 6.166$; $DW = 1.941$

Source: Author's Computation using E-view 9

In Table 4 above, the result shows that the ECM included in this model has the right sign (i.e., negative) and is numerically imperative at 5 % level. The coefficient indicates adjustment of 113 % from actual adjustments in previous year. The re-adjustment implies inaccuracies are amended in 1 year because data are annual series data. ECM announce a long term association subsists amidst the regressors' (NXP, TOP, EXR and EDB) also regressand (EGR) in this model. The outcome affirms short run association subsists betwixt the variables in the archetype. Furthermore, the calculated R^2 is 0.561 affirming that about 56 % of all variations in EGR is traceable to NXP, TOP EXR and EDB. Thus, the remaining 44 % of variations are attributable to other exogenous factors to the archetype, but reputed by error term. This observation strengthened by adjusted R^2 of about 47 %. Also, the F-statistics determined value of 6.166 is higher than $F_{0.05, v1, v2}$ of 2.69, which indicates EGR model is compelling at 5 % level. The D.W is 1.941 suggests absence of serial auto interrelationship in the model. Also, the coefficient of NXP has an affirmative association to EGR while TOP, EXR and EDB are adversely related to EGR. The coefficients of NXP, TOP and EXR are not numerically compelling at 5 % level, but EDB has a substantial effect on EGR in Nigeria from 1980-2016.

(iv) Long Run Estimation Results

Table 5 captures the estimated coefficients of the long run relationship between the variables in the ERG model.

Table 5: ARDL Estimated Long Run Result for EGR Model

Variable	Coefficient	Std. Error	t-Statistic	Prob.
NXP	0.000790	0.000614	1.287957	0.2079
TOP	-12.019226	10.488172	-1.145979	0.2612
EXR	-0.017940	0.046747	-0.383771	0.7039
EDB	-0.095112	0.031410	-3.028065	0.0051
C	-1.738451	4.057177	-0.428488	0.6715
@TREND	0.866975	0.417528	2.076450	0.0468

Source: Author's Computation using E-view 9

In Table 5 the outcome of long term appraisal display NXP has an affirmative association to EGR while TOP, EXR and EDB are adversely associated to EGR. Collaboration of NXP, TOP and EXR are not numerically compelling at 5 % exact. However, EDB has a substantial impact on EGR.

(ii) Bound Test Co-integration Result for model Two

Outcomes, Bound Co-integration test as detailed, Table 6 below.

Table 6: ARDL Bound Test Co-integration Result for Model Two (POV, NXP, TOP, EXR and EDB)

F-Statistics	1.267168	
% Critical Levels	Critical Value for Bond Test	
Significance	1(0) Bond	1(1) Bond
10%	3.03	4.06
5%	3.47	4.57
2.5%	3.89	5.07
1%	4.4	5.72

Source: Author’s Computation using E-view 9

Table 6 Presents bound co-integration test affirming analytical F-statistics analytical value of 14.16993 is above theoretical, critical rate for the uppermost constrain I(1) indicating co-integration, hence, a long term association subsist amongst NXP, TOP, EXR EDB and UNE, 1980-2016. Since long term association exists, it becomes expedient to evaluate for short term and long-run dynamics of UNE model.

(ii) Short Run Estimation Results for Model Two (POV model) Based on ARDL

Hereunder, estimation dynamics of model two, table 7 below.

Table 7: ARDL Short Run Estimation Result for POV model

Dependent Variable: POV

Variable	Coefficient	Std. Error	t-Statistic	Prob.*
POV(-1)	0.838427	0.141875	5.909602	0.0000
NXP	-0.000472	0.000550	-0.858951	0.3974
TOP	12.57959	8.877842	1.416965	0.1671
EXR	-0.030095	0.039238	-0.766989	0.4493
EDB	0.036349	0.035522	1.023285	0.3146
C	3.010787	5.725750	0.525833	0.6030
@TREND	0.074752	0.461945	0.161821	0.8726

R² = 0.876; Adj-R² = 0.850; F-stat. = 34.056; DW = 1.548

Source: Author’s Computation using E-view 9

The regression short term dynamics outcomes analysed with ARDL in Table 7 affirmed calculated R² is 0.876, attributes about 88 % of sum variations in POV to the explanatory variables NXP, TOP, EXR and EDB. Thus, the remaining 12 % to discrepancy caused by exogenous factors to the archetype, but covered by error term. This observation buttressed the adjusted R² of about 85 %. Also, the f-statistic calculated of 34.056 is more significant than F_{0.05, v1, v2} of 2.69, overall model is significant at 5 %. Durbin Watson (D.W) is 1.548, suggesting absence of serial autocorrelation for this archetype. Also, the collaboration of NXP and EXR affirmed an adverse association to POV while TOP and EDB are affirmatively associated to POV. The coefficients sum variables NXP, TOP, EXR and EDB are not analytically compelling with POV at 5 % level.

(ii) Bound Test Co-integration Result for Model Three

The Bound Co-integration test is arranged in Table 8 below.

Table 8: ARDL Bound Test Co-integration Result for Model Three (HDI, NXP, TOP, EXR and EDB)

F-Statistics	8.336502	
% Critical Levels	Critical Value for Bond Test	
Significance	1(0) Bond	1(1) Bond
10%	3.03	4.06
5%	3.47	4.57
2.5%	3.89	5.07
1%	4.4	5.72

Source: Author's Computation using E-view 9

Table 8 reveals that the results of the bound co-integration test show that the calculated F-statistics value of 8.336502 is above the theoretical, critical value for the upper bound I(1) bound, indicating presence of co-integration, hence, a long term liaison subsists amidst NXP, TOP, EXR EDB and HDI. Since long term association exists amidst NXP, TOP, EXR EDB and HDI, it becomes expedient to evaluate for short term and long-run dynamics of HDI model.

(iii) Short Run Estimation Results for Model Three Based on ARDL

Decisions on short-run dynamics model four in table 9 below.

Table 9: Short Run results for Model Three (HDI, NXP, TOP, EXR and EDB)

Variable	Coefficient	Std. Error	t-Statistic	Prob.
D(NXP)	0.000004	0.000014	0.319636	0.7523
D(TOP)	-0.248725	0.179325	-1.387002	0.1793
D(EXR)	-0.001679	0.001496	-1.122073	0.2739
D(EXR(-1))	-0.000645	0.001939	-0.332855	0.7424
D(EXR(-2))	0.006419	0.001672	3.840244	0.0009
D(EXR(-3))	-0.005682	0.001467	-3.872964	0.0008
D(EDB)	-0.001033	0.000631	-1.637455	0.1158
D(@TREND())	0.014736	0.009059	1.626641	0.1181
ECM(-1)	-1.072217	0.206012	-5.204623	0.0000

R² = 0.824; Adj-R² = 0.744; F-stat. = 10.322; DW = 2.325

Source: Authors Computation using E-view Vs 9

In Table 9 the result shows that the ECM included in this model has the right sign (i.e., negative) and numerically substantial at 5 % level. The coefficient indicates adjustment of 107 % from actual adjustments preceding year. This adjustment implies that errors get corrected within one year as it is annual series. The ECM affirms long term association exists amongst the repressors' (NXP, TOP, EXR and EDB) and HDI in archetype. The findings confirmed that a short run relationship exists among the variables in the model.

Furthermore, the calculated R² of 0.824 attributes about 82 % of sum variations in HDI to the explanatory variables NXP, TOP EXR and EDB. Thus, the remaining 18 % of variations is caused by exogenous factors of prototype four, however, covered by the error term. This observation further buttressed the adjusted R² of about 74 %. Also, the F-statistics calculated of 10.322 is more significant than F_{0.05, v1, v2} of 2.69, suggesting model four is compelling at 5% exact. The fallout of D.W is 2.325 suggests that there is an absence of serial autocorrelation in the model. Also, the constant quantity (coefficient) of NXP and past lag 2 of EXR has an affirmative association with HDI while TOP, current and past lag one and three of EXR and EDB are adversely linked to HDI. The coefficients of past lag two and three of EXR are of substantial consequence on HDI while NXP, TOP, current and past lag 1 of EXR and EDB are not statistically significant with HDI at 5 % level.

(iv) Long Run Estimation Results

Table 10 hereunder, shows the decisions on long-term dynamics in model three.

Table 10: ARDL Estimated Long Run Result for HDI Model

Variable	Coefficient	Std. Error	t-Statistic	Prob.
NXP	0.000004	0.000013	0.330280	0.7443
TOP	-0.231972	0.166659	-1.391895	0.1779
EXR	0.002565	0.001086	2.361633	0.0275
EDB	-0.000963	0.000656	-1.467784	0.1563
C	-0.020871	0.062940	-0.331597	0.7433
@TREND	0.013744	0.008735	1.573307	0.1299

Source: Author's Computation using E-view 9

In Table 10 the estimation shows that NXP and EXR indicate affirmative association with HDI while TOP and EDB are adversely associated to HDI. The coefficients of NXP, TOP and EDB are not numerically significant with HDI at 5 % while EXR compelling aftereffect on HDI.

5. CONCLUSION AND POLICY RECOMMENDATION

The study examined empirically the effect of international trade on economic progress in Nigeria from 1980-2016. Dependent variables used; real Gross Domestic Product rate, Poverty and Human development index, while Net export, trade openness, forex price and ease of doing business proxy independent variables. Descriptive statistics and ARDL estimation method were employed on selected variables.

The decisions of bound tests affirmed Coefficient of EDB is -0.01074. For every unit deterioration in EDB ranking, economic growth rate drops by -0.11 %. EDB numerical quantity is 0.37 %. For every unit deterioration in EDB ranking, 0.37 % of Nigerian's become unemployed. Coefficient of Net export after analysis is -0.011. Therefore, every unit increment in Net export, unemployment rate drops by -0.011 % or 0.011 % of previously unemployed become employed. Coefficient of currency price is 0.1472 %, implying a unit upsurge in forex rate elicits a hike on unemployment rate by 0.15% and Constant quantity of exchange rate is 0.00256, a unit upsurge in forex price will raise human progress by 0.003% contributing to UNDP's three pillars of development.

Although the overarching purpose of any government encapsulates economic growth and development, security, and welfare of her citizens, (Nigerian Constitution, 1999 Chapter II, clauses 14; 1b; 16 1a & 1b), it does not guaranty her citizens' prosperity nor the equitable distribution of wealth.

Since no economy is self-sufficient (Gbosi 2005), it logically follows that each economy must reach out to other economies to provide for their needs through trading and also endogenously provide most of their needs by adopting relevant technology towards achieving industrialisation, increased output and human capital development.

Firms can be Small, Medium or large firms. These Small and Medium firms activities generate employment, rural development, industrialisation, gross output, innovation, readjust income within the community and employ indigenous resources for the manufacture of commodities with minimal contribution from government. This study, therefore, concludes that economic prosperity, physical and human advancement in Nigeria are achievable. However, it predicates on the sincerity of purpose on which government and its agencies demonstrate in tackling the small scale firms challenges inherent in business environment in Nigeria. The tactics developed should be unique to our situation, sustainable and nimble.

Although Nigeria enjoys apparent economic growth, development ramifications remains a vanishing point traceable to petroleum dependent economy, poor ease of doing business environment, unsophistication of Nigeria's trade basket, weak Naira, high poverty and unemployment, undiversified economy and low industrialisation. Based on the findings, the study therefore recommends that the government of Nigeria;

1. Thoroughly manage, keep all records of foreign trade, track fraudulent trade partners and retrieve all stolen money, not cash but as mega infrastructural projects.
2. Drive ease of doing business ranking of Nigeria from 169th to 50th position in 2 years.
3. Develop SME parks and provide adequate electrical power and share business support services.

4. Diversify and industrialise the economy. Annually invest 10% of GDP in agriculture and its value chains, manufacturing and human capital advancement, for exports and local consumption.
5. Trade in chocolate market not cocoa beans market.
6. Trade on thousands of products from refined crude oil than sell crude oil as a commodity.
7. Process 50 % of Nigeria's crude in Nigeria into a plethora of products using small refineries for local consumption and export refined and other value-added products to African countries.
8. Stabilise the Naira by all means necessary.
9. Sophisticate the trade basket of Nigeria.
10. Legislate Nigeria's development plans such that successive governments would focus on it until all objectives are realised, before starting another program.
11. Adopt bilateral trade transactions and currency swaps with trade partners.

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