

Trade Openness and Economic Growth in Nigeria

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<i>Abstract</i>	<i>Journal of Policy and Development Studies (JPDS)</i>
<p><i>This study examined trade openness and economic growth in Nigeria for the period 1981- 2019. The study adopted time series econometrics analysis to examine the relationship between trade openness and economic growth in Nigeria. The empirical analysis that was carried out to achieve the objectives mentioned above were; Unit root test, ARDL Test and ordinary least square (OLS), in which changes in GDP were regressed on trade openness (TOP), exchange (EXR), inflation (INF) using annual time series data from CBN statistical bulletin 2019. The result of unit root test showed that, there is mixed order of integration. This implies that some variables were stationary at level whereas others were stationary at first difference. The ECT of 40% showed speed of adjustment both in the short and long run annually. The study showed that, there is a significant relationship between trade openness and economic growth of Nigeria. The Durbin Watson result showed absence of autocorrelation. Based on the findings above, the study recommended among other things that: government should to maintain a stable exchange rate in relation with other countries' currencies in order to boost economic growth in the country. Monetary authorities should try as much as possible to maintain a low and stable inflation rate in order to increase the economic growth in Nigeria.</i></p>	<p>Vol. 13 Issue 3 (2022) ISSN(p) 1597-9385 ISSN (e) 2814-1091 Home page https://www.ajol.info/index.php/jpds</p> <p>ARTICLE INFO: Keyword: Trade openness, exchange rate, inflation rate and gross domestic product.</p> <p>Article History Received: 10th December, 2021 Accepted: 20th February, 2022</p>

1.Introduction

The interaction and integration among individuals, companies and governments worldwide is gradually transforming world into a single market which makes things better and much easier. The advancement of technology has made inter-boarder movement of capital, goods, services, technology and information easier (global village). This implies that distance is no more a barrier to transact goods and services among the member countries which is referred as economic globalization and helps to promote countries economic activities than what was witness in olden day. This means that the world has become so intertwined that it has become apparently difficult, if not impossible, for any economy to function in isolation (Chuke & Nwonye, 2016).

Trade openness refers to the degrees to which a country or an economy engages in trade with other countries or economies and is what determines the smooth flow of capital, labor, goods and technology across borders of the engaging partner countries or economies. Globalization according to Vasiliki Fischer(2003) is ongoing process of greater economic interdependence among countries which reflected in the increasing amount of inter-cross-border trade of goods and services, the increasing volume of international financial flows and increasing flows of labor. Trade openness is believed to stimulate economic growth because of its influence in integrating world economies. Over the years, there have been a continued collapse of trade borders and a blend of the world into one large market (Gullespie & Kalu, 2016). Never in the history have economic and trade doors been made as wide open as what we have in the world today.

Economists generally see the concept of trade openness as the integration among the nations of the world. According to Igudia (2004) trade openness it is likened to open the world economy where nations link together to the extent that they have free trade, free movement of capital and financial activities. Economic analysis informs that openness to trade, flow of factors, ideas and information stimulate economic and political progress (Reich, 1998; Aboagye, 2006). Similarly, Obadan, Uwatt, (2004) noted that openness to trade can be said to be the platform of globalization while trade, finance, investment and entrepreneurs constitute the heart. This implies that trade openness involves continued trading among countries without barrier to movement of goods, financial and human resources. It also involves economic liberalization that has generated new markets for various economic actors within the global space and it has simultaneously brought about intense competition among them. The inability of developing countries to fully embrace trade openness in their economic and developmental process is making them to participate somewhat marginally in the world economy.

The modes and indicators of trade openness include the rapid growth of international trade, foreign direct investment (FDI) and international flows of capital and information. This could be one of the reasons for the formation of various regional economic groups around the world such as European Union (EU), Organization of Economic Co-operation and Development (OECD), Organization of Petroleum Exporting Countries (OPEC), with a view to harmonizing policies in order to reap the gains of economies of scale. Hence, the countries in West Africa have come under one umbrella Economic Community of West African States (ECOWAS), to maximize their potentials in order to reap the gains of trade openness.

Today, Nigeria is regarded to have the largest economy in sub-Saharan Africa, excluding South Africa. In the last four decades there has been little or no progress realized in alleviating poverty despite the massive effort made and the many programmes established for that purpose. Indeed, as in many other sub-Saharan African countries, both the number of poor and the proportion of poor have been increasing in Nigeria. In particular, the 1998 United Nations human development report declares that 48% of Nigeria's population lives below the poverty line. According to the report (UNDP, 1998). The bitter reality of the Nigerian situation is not just that the poverty level is getting worse by the day but more than four in ten Nigerians live in conditions of extreme poverty of less than N320 per capita per month, which barely provides for a quarter of the nutritional requirements of healthy living. This is approximately US 8.2 per month or US 27 cents per day.

During the period 1980-2014, Nigeria's growth rate of per capita GDP of 1.45% compares unfavorably with that reported by other countries, especially those posted by China and the Asian Tigers such as Hong Kong, Singapore, Taiwan, and South Korea. Viewed in this comparative perspective, Nigeria's per capita income growth has been woefully low and needs to be improved upon (Iyoha and Oriakhi, 2002). In like manner, Ogujiuba, Oji and Adenuga (2004) wrote that the Nigerian economy has severally been described as a difficult environment for business with a population growth of about 3%, it has been acknowledged that the current average economic growth rate of less than 4% will see the country being poorer in the next decade.

According to Iyoha and Oriakhi (2002) revealed that there is decline in Nigeria's per capita GNP between 1964 to 2014 which rose steadily from US\$120 to US\$780 in 1981, thereafter, it fell almost steadily to US\$280 in 2014. Thus, between 1964 and 1981, income per capita increased by 550% or at an annual average rate of 32.3% while between 1981 and 2014, it fell by 64.1% or at an annual average rate of 4%. It is worth noting that if income per capita had continued to increase beyond 1981 as it did before then, Nigeria's GDP per capita would have equaled US\$1,279 in 2014. The difference between US \$280 and US\$1,279, i.e., approximately, US\$1,000.00, is a rough measure of the cost to the average Nigerian of domestic macroeconomic policy mistakes and adverse international economic shocks. Likewise in 1980 agricultural exports accounted for only 2.6%. Exports of other commodities like tin and processed goods amounted to 26.6% of total exports. By 1970 agricultural exports only accounted for 33% of total exports while petroleum exports had started to establish dominance by exceeding 58% of total exports. By the time the oil boom began in earnest in 1974, petroleum exports accounted for approximately 93% of all exports. The relative share of agricultural exports in total exports had shrunk to 5.4% while other products accounted for the remaining 1.9%. Since 1974, with the exception of 1978 when the relative share of petroleum in total exports has exceeded 90%. Indeed, since 1990, the relative share of petroleum in total exports has exceeded 96%.

Agriculture's contribution has fluctuated between 0.5% and 2.3% while the share of other products has fluctuated between 0.5% and 1.7%. Thus petroleum exportation has totally dominated the economy and indeed government finances since the mid-1970s. Hence, the advancement of technology over the recent years has not reflected on the Nigeria export product of goods and services as its export still remain low when compared to other countries of the world. This implies that the globalization which has limitation of a country in participating in the global market has not been fully utilized by Nigeria economy. Thus, there is need to embrace the moving trend in order to exploit the potential in global market.

1.2 Problem Statement

Nigeria as a country has joined the trend of globalization and trade liberalization in the global economic system, as a member of and signatory to many international and regional trade agreements such as the International Monetary Fund (IMF), World Trade Organization (WTO), Economic Community of West African States (ECOWAS) and so many others. The policy response of such economic partnership on trade has been to remove trade barriers, reduce tariffs, and embark on outward-oriented trade policies. Despite all her effort to meet up with the demands of these economic partnerships in terms of opening up her border, according to the 2007 assessment of the trade policy review, Nigeria's traded freedom was rated 56%, making her the world's 131st freest economy while in 2009, it was ranked 117th freest economy. The country's GDP was also ranked 161st in the world in February, 2009.

The economy has struggled vigorously to stimulate growth through openness to trade; in fact, it seems that as the country put greater effort to boost her economic growth by opening up to trade with the global economy the more she becomes worse-off relative to her trading partners in terms of country economic growth. In view of the above observations, this study aims at empirically investigating the relationship between trade openness and Nigeria economic growth. Based on the above, the following research question will be answered; i. does trade openness have any significant impact on economic growth in Nigeria? ii. Is there any significant impact of exchange rate on economic growth in Nigeria? iii. Does inflation rate have any significant effect on economic growth in Nigeria?. The study aimed to achieve the following objectives; i. to determine if there is significant impact of trade openness on economic growth in Nigeria. ii. to find out whether there is significant impact of exchange rate on economic growth in Nigeria and iii. to determine if significant effects exist between inflation rate and economic growth in Nigeria.

2. Review of Related Literature

Theoretical Review

Theory of Customs Unions and Free Trade Areas

The attempt to promote trade through the creation or adoption of international and regional trade agreements in the form of custom unions and free trade areas has started since the end of the second World War. Free trade area is a form of economic union in which all members of the group remove tariffs on each other's products, while at the same time each member retains its independence in establishing trading policies with non-members. In other words, the members of a free trade area can maintain individual tariffs and other trade barriers on the outside world. That is to say, in a free trade area, barriers to trade are brought down within the area, but there is no common external tariff. Also, free trade areas create trade, but the extent of trade diversion is likely to be much less, with the presumption that on narrow economic grounds free trade areas are superior. On the other hand, a customs union is a form of economic integration in which all tariffs are removed between members and the group adopts a common external commercial policy toward non-members. Furthermore, the group acts as one body in the negotiation of all trade agreements with non-members. The existence of the common external tariff takes away the possibility of transshipment by non-members. Customs unions create trade, but also divert it from lower cost suppliers to higher cost suppliers within the union. Thus, the question is whether the benefits of trade creation exceed the costs of trade diversion.

Apart from trade creation and trade diversion, customs unions may also have other important effects associated with the enlargement of the market which are neglected by the static analysis. Firstly, the larger market may generate economies of scale. Secondly, integration is likely to promote increased competition which is likely to affect favorably prices and costs, and the growth of output. Thirdly, the widening of markets within a customs union is likely to attract international investment. Producers will prefer to produce within the union rather than face a common external tariff from outside. Finally if the world supply of economic is not infinitely elastic, there are terms of trade effects to consider. Specifically if there is trade diversion, the world price of the good will fall, moving the terms of trade in favor of the customs union. This term of trade effect represents a welfare gain which may partly offset the welfare loss of trade diversion.

Models of Export –Led Growth

The three main models of export-led growth that will be discussed are the neo classical supply –side model, the balance of payments constrained model which is also known as the Hicks super-multiplier model, and the virtuous circle model.

The Neoclassical Supply-Side Model: This model shows the relationship between exports and growth, and assumes that the export sector confers externalities on the non-export sector, because of its exposure to foreign competition; and secondly that the export sector has a higher level of productivity than the non-export sector. Thus, the share of exports in GDP, and the growth of exports, matter for overall growth performance. Feder (1983) was the first to prove a formal model of this type to explain the relation between export growth and economic growth. The economics of the export growth sector is assumed to be a function of labour and capital in the sector, the economics of the non-export sector is assumed to be a function of labour, capital and the economics of the export sector (so as to capture externalities), and the ratio of respective marginal factor productivities in the two sector is assumed to deviate from unity by a factor d . Feder tests the model taking a cross section of 19 semi industrialized countries and a larger sample of 31 countries over the period 1964-73. He finds that there are substantial differences in productivity between the export and non-export sector are also evidence of externalities.

The externalities conferred are part of the dynamic gains from trade which are associated with the transmission and diffusion of new ideas from abroad relating to both production techniques and efficient management practices. The cross-section work on exports and growth assumes, however that all countries in a sample conform to the same model, with the same intercept and coefficient parameters linking exports and growth. In practice, this is highly unlikely to be the case; and it transpires, in fact, that when time series studies are conducted for individual countries, the relation between exports and growth is much weaker.

Balance of Payments Constrained Growth Model:

No country can grow faster than rate consistent with balance of payments equilibrium on current account in the long run, unless it can finance ever-growing deficits which, in general, it cannot. Ratios of deficit to GDP of more than 2%-3% to make the international financial markets nervous and all borrowing eventually have to be repaid. A country's balance of payments equilibrium growth rate can be modeled by stating the balance of payments equilibrium condition specifying multiplicative (constant elasticity) import and export demand functions in which imports and exports are a function of domestic and foreign income, respectively, and of relative prices, and substituting these functions in the

equilibrium conditions. Since imports are a function of domestic income, the model can be easily solved for the growth of income consistent with balance of payments equilibrium. Nureldin-Hussain (1995) applied this model to Africa to contrast the experience of slow growing African countries with the faster growing countries of Asia over the period 1970-90. He uses an extended model which also includes terms of trade effects and the effects of capital flows. The major explanation of the difference in growth rates between Africa and Asia turns out to be the difference in the growth of exports. He finds that the average growth of the African countries, excluding oil exporters, was 3.4 percent per annum, and of the Asian countries 6.6 percent. The contribution of export growth in Africa was 1.99 percentage points and in Asia 5.91 percentage points.

Differences in capital flows and terms of trade movements made only a minor contribution to growth rate differences. Thus, he concluded that exports are unique as a growth inducing force from the demand side because it is the only component of demand that provides foreign exchange to pay for the import requirements for growth. In this sense, it allows all other components of demand to grow faster in a way that consumption-led growth or investment-led growth does not.

Empirical Review

Duodu (2020) carried out a study on the condition of Ghana in terms of trade and incorporating the role of institutional quality from 1984 to 2018. The study used autoregressive-distributed lag model (ARDL) to test for short-run and long-run which suggested that trade openness and quality of institutions had a significantly positive impact on economic growth while the interaction between the two variables has an insignificant impact.

Similarly, Nwadike (2020) conducted a study on trade openness and economic growth in Nigeria for the period of 1970 to 2011. The study found out that there is a significant positive impact of trade openness on economic growth in Nigeria for the period 1970–2011.

Again, Babatunde, Emmanuel, Okodua and Oluwasogo (2020) investigated the effect of FDI inflows into Nigeria on real gross domestic product (RGDP) growth and how these external inflows can bring about achieving Goal-17.3 of mobilizing additional financial resources for developing countries from multiple sources. The study discovered that labour quality has a positive and significant effect on RGDP in line with theory.

Omodero and Alpheaus (2019) examined significant effect of foreign debt on economic growth in Nigeria. The result revealed that foreign debt exerts a significant negative influence on economic growth while foreign debt servicing has a strong and significant positive impact on economic growth.

Elijah and Ahmed (2019) investigated trade liberalization and economic development in Nigeria from 1986-2016, according to World Development Report, irrespective of under unfavourable or favourable environment open economies perform better compared with closed economy. The study findings revealed that trade liberalization did not cause growth during the period of the study.

In the same vein, Osabohien, Akinpelumi, Matthew, Okafor, Iku, Olawande and Okorie (2019) examined impact of agricultural export on Nigeria's economic growth. The results from the ARDL technique revealed that agricultural exports significantly affect Nigeria's economic growth this suggests that, a 1percent increase in -agricultural export will boost economic growth in Nigeria by approximately 25percent.

Malefane and Odhiambo (2019) conducted a study on the dynamic of trade openness on economic growth in Lesotho from 1979 to 2013. The study used ARDL approach to test long-run analysis and four measures of trade openness, capturing the role of total trade, exports, imports, and country size and geography in trade, the study shows that openness of the

economy to trade has no significant impact on economic growth in Lesotho. This economic condition exists for both short-run and long-run analyses and remains the conclusion of the study irrespective of the measure of trade openness considered.

Tang (2019) carried out investigated on the trade openness and economic growth in Mauritius over the period 1963 to 2013. The results show that trade openness contributes to economic growth in the small island economy. However, the coefficient of trade openness in the empirical analysis shows that the positive economic growth effect of trade openness is weak and import-led. There are also other findings on the interaction between trade openness and economic growth that should be noted.

In (2018), Onuorah conducted a research on trade liberalization and economic growth in Nigeria. The study revealed that the independent variables: DOP, INF, FDI, BOT and NEXP have positive significant impact on GDP while EXR and BOP shows a negative impact.

Osidiye, Onuchukwu, Otto and Nenbee (2018) assessed the impact of Trade Liberalization on some selected manufacturing sectoral groups. The results of analysis led to the conclusion that trade liberalization does not have significant impact on FBT, CKM, and BM in Nigeria. FDI is positively signed and thus have direct impact on the three- sub-sectors.

Okeowo and Aregbeshola (2018) reviewed a study on trade liberalization and performance of the Nigerian textile industry. Findings revealed that the effect of simple tariff rate on textile industry is negative and statistically significant in the long-run while trade liberalization policy measure through simple tariff rate has a lag effect before it can be effective in the textile industry. In both short and long run, real effective exchange rate depreciation worsens the performance of the textile industry in Nigeria.

Muhammad and Benedict (2018) in their Empirical study have shown that openness is linked to economic growth. This study has empirically examined the impact of openness on economic growth in Nigeria using GDP as the dependent variable and degree of openness, foreign exchange and per capita income as independent variables from 1981-2017. Data analysis revealed that relationship exists between openness and economic growth, and all the components of trade exerted positive and significant effect on growth. Furthermore, the result shows that all the regressors were statistically significant at 5% level of significance; this implies that degree of openness within the period of study has impacted positively on growth.

Agbo, Agu and Eze (2018) reviewed the impact of international trade on the economic growth of Nigeria in Enugu, Nigeria. The results of the study showed that there is a significant impact of export trade on the Nigerian economic growth. The study also revealed that there is no significant impact of import trade on the Nigerian economic growth.

Methodology

The study examines the impact of trade openness on Nigeria economic growth, from 1981-2018. The methodology of this study is essentially econometric analysis which will be used to estimate and analyze the Influence of the explanatory variables; Trade Openness (TOP); exchange rate (EXR) and Inflation rate (INFR) on Gross Domestic Product (GDP). For this study, ex post facto research design is adopted. This is because the study attempts to explore cause and affect relationships where causes already exist and cannot be manipulated. Ex-post facto research is systematic empirical inquiry in which the researcher does not have direct control of independent variables because their manifestations have already occurred or because they are inherently not manipulated. Inferences about relations among variables are made, without direct intervention, from commitment variables of independent and dependent variables. This research work embraces the use of secondary time series data in examining the macroeconomic impact of trade openness on the economic growth of Nigeria.

3. Model Specification

To empirically analyze the relationship between trade openness and economic growth in Nigeria within the period under review, this study modified the model of Afaha and Oluwatobi (2012) in which gross domestic product is the dependent variable, while the independent variables are; trade openness (OPEN), exchange rate (EXCR), export (XP) value, import value (IP) and per capita income (PI). The current study removed per capita income (PI), export and import and included Inflation rate (INFR) as a control variable.

The functional notation of our model is given as: $RGDP = f(TOP, EXR, INFR)$.

Where:RGDP = Real Gross Domestic Product, TOP = Trade Openness, EXR =Exchange Rate (₦:\$) and INFR = Inflation rate.

In a linear form, the model is represented as follows,

$$RGDP_t = \beta_0 + \beta_1 TOP_t + \beta_2 EXR_t + \beta_3 INFR_t + U_t$$

Economic Criteria (A priori expectation)

$b_1 > 0$, b_2 and $b_3 < 0$

b_1 If the values of export outweigh the value of import then, trade openness would affect economic growth positively and if the values of import outweigh the value of export then, trade openness would affect economic growth negatively.

b_2 is expected to be negative because when foreign exchange rate increase, worth of the local currency is expected to decrease, this will bring about inflation and eventually reduces GDP and vice versa.

b_3 is expected to be negative since inflation is negatively related to economic growth in the long run.

4. Results

The attempt to study trade openness on Nigeria's economic growth led the researcher to collect data related to the study in question. Data collected were first subjected to series of advanced econometric tests including Unit Root Test using, cointegration tests, granger causality test and Auto Distributive Lab Model (ARDL) etc was employed to estimate the relationship existing among the variables specified.

Unit Root Test

The use of time series data for estimating the parameters of economic relationship among variables is predicated upon some assumptions one of which is that such a data series is stationary. In this context, testing for stationarity or otherwise of the employed data sets becomes of essence in this analysis. Augmented Dickey-Fuller (ADF) was employed to test for the existence of unit roots in the data using trend and intercept. The test result is presented below.

Table 1: Augmented Dickey Fuller Unit Root Test Results (Trend and Intercept @ level)

Series	ADF Test Statistic	5% critical values	Remarks
LGDP	-0.028507	-3.533083	Not Stationary
TOP	-2.284130	-3.533083	Not Stationary
EXR	-2.077581	-3.536601	Not Stationary
INF	-4.019832	-3.536601	Not Stationary

Sources: Researchers' compilation from E-view (version 9.0)

Table 2: Augmented Dickey Fuller Unit Root Test Results (Trend and Intercept @ 1st difference)

Series	ADF Test Statistic	5% critical values	Remarks
LGDP	-3.208447	-2.943427	Stationary
TOP	-5.912391	-3.544284	Stationary
EXR	-4.509501	-3.536601	Stationary

Sources: Researchers' compilation from E-view (version 9.0)

Table 1 and 2 showed the summary of Augmented Dickey-Fuller (ADF) unit root test. The result revealed in table 1 that the variables employed GDP, TOP and EXR were not stationary at level. This is because, the absolute values of ADF test statistics of all the variables are less than their critical values at the 5 percent level of significance but become stationary at first differencing while the inflation rate (INF) was stationary at level. However, the ADF test result of the stationarity of the variables used for the study revealed that, there exists a mixed order of integration among the variables used in the study and none of the variables was stationary at the second difference.

ARDL Bounds Test of cointegration

Table 3:

ARDL Bounds Test of cointegration

Model	F-Statistics	Lower Bound	Upper Bound
GDP=(TOP, EXR, INF)	11.71751	2.79	3.67

@ 5% level of significance *Source: Researcher's compilation from E-view 9)*

Under the bounds test, it is assumed that the model comprises both $I(0)$ and $I(1)$ variables and two levels of critical values are obtained. The first level is calculated on the assumption that all variables included in the ARDL model are integrated of order zero, while the second one is calculated on the assumption that the variables are integrated of order one. The procedure is to estimate the equation by ordinary least squares and test for joint significance of the lagged levels of the variables. The null hypothesis of no cointegration is rejected if the F -statistic is higher than the critical value of both the $I(0)$ and $I(1)$ regressor, and not rejected if otherwise (Belloumi 2014). The use of this test is guided by the short data span (20 observations), therefore, critical values given in Narayan (2004, 2005) will be use.

The comparisons indicate that the null hypotheses of no cointegration are rejected at all levels, respectively, as there are unique cointegrating relationships among the variables in the models. Thus, the ARDL Bound test result presented in table 4 disclosed that there is a presence of a long-run relationship existing at 5% level of significance between trade openness and economic growth product in Nigeria during the period of the study. On the other hand, it means that trade openness and economic growth in Nigeria are co-integrated in the long run.

The long-run relationship existing between them is a result of the fact that the value of the F -statistic as presented in table 4 which has the value of 11.71751 is greater than the value of the upper bound boundary of 3.67 at 5% level of significance. To this end, the hypothesis of no long-run relationship existing between trade openness and economic growth product is rejected at a 5% level of significance and accept the alternate hypotheses and conclude that there is long run relationship between trade openness and economic growth product.

Table 4: Long Run Coefficients

Variable	Coefficient	Std. Error	t-Statistic	Prob.
TOP	0.271504	0.086237	3.148341	0.0056
EXR	0.013188	0.006829	1.931286	0.0693
IFR	0.060239	0.031910	1.887796	0.0753
C	6.030655	0.920090	6.554418	0.0000

Source: Researcher's Estimate from Eview 9.0 (2021)

The long-run coefficients of the variables used in this study as presented in table 6 revealed that the coefficient of trade openness was positive and statistically significant on economic growth in Nigeria. The result also disclosed that exchange rate was positive and statistically significant on economic growth in Nigeria. Finally, the coefficient of inflation rate was positive and statistically significant on economic growth in Nigeria.

However, the coefficients of the long-run impacts of trade openness on economic growth are stated as follows:

- A percentage increase in trade openness brings about a 27% increase in economic growth in Nigeria.
- One percentage increase in exchange rate brings about a 1% increase in economic growth in Nigeria.
- One percentage increase in inflation brings about 6% increase in economic growth in Nigeria.

5. Recommendations

The following recommendations are made based on the findings of this study:

- Since an increase in trade openness bring about an increase in economic growth in Nigeria at the time of this study, the researcher recommends that the government should as much as possible increase the volume of trade and as well open new trade agreement with other countries of the world in order to increase the values of economic growth in the country.
- Since an increase in exchange rate bring about an increase in economic growth in Nigeria at the time of this study, the researcher recommends that the government should to maintain a stable exchange rate in relation with other countries' currencies in order to boost economic growth in the country.
- Since an increase in inflation bring about a increase in economic growth in Nigeria at the time of this study, the study recommend that the monetary authorities should try as much as possible to maintain a low and stable inflation rate in order to increase the economic growth in Nigeria.

Conclusion

This study examined the impact of trade openness on economic growth in Nigeria. To this end, the role of trade openness as a contributing factor to the growth of Nigeria's economy cannot be overemphasized. However, it is on this ground that the researcher is motivated to find out the extent to which trade openness impacted on economic growth in Nigeria from 1981 – 2019.

The study employed the ARDL model to estimate the impact of trade openness on economic growth in Nigeria.

To this end, the empirical evidence from the ARDL – Bound test analysis disclosed that there is a long-run equilibrium relationship existing between trade openness and economic growth in Nigeria within the period of the study. On the other hand, the coefficient of ECM was

statistically significant and negatively signed indicating the sign of a return to long-run equilibrium. However, the long-run impacts of the variables used in the study are stated as follows:

- A percentage increase in trade openness brings about a 27% increase in economic growth in Nigeria.
- One percentage increase in exchange rate brings about a 1% increase in economic growth in Nigeria.
- One percentage increase in inflation brings about 6% increase in economic growth in Nigeria.

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