

THE IMPACT OF INTERNATIONAL TRADE ON ECONOMIC GROWTH IN NIGERIA: 1981 – 2012

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ABSTRACT

There has been a long held belief that there is a positive relationship between economic growth and increased levels of international trade. Therefore, this paper has empirically examined the impact of international trade on economic growth in Nigeria for the period 1981 to 2012. Using degree of openness to proxy international trade, the ordinary least squares technique was employed to estimate the impact of international trade on Gross Domestic Product. The broad objective of this paper is to analyze the impact of international trade on economic growth in Nigeria based on time series data on variables considered relevant indicators of economic growth and international trade. The analysis was based on data extracted from World Bank data and Central Bank of Nigeria Statistical Bulletin. The result of the analysis shows that all the variables except interest rate were statistically significant. Therefore, the study recommends that policy makers should adopt policies on trade liberalization such as reduction of non-tariff barriers, reducing tariffs, reducing or eliminating quotas that will enable the economy to grow at spectacular rates. And thus this study supports the proposition that degree of openness has direct robust relationship with economic growth since the proxy variable is positive and statistically significant in the model.

Keywords: International Trade, Economic Growth, Ordinary Least Square, Degree of Openness.