

TRADE OPENNESS AND ECONOMIC GROWTH: EVIDENCE FROM NIGERIA

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ABSTRACT

This study has empirically examined the impact of trade openness on economic growth in Nigeria for the period 1981-2017. Using degree of openness as independent variable, the ordinary least squares technique was used on series data to examine the impact of trade openness on Gross Domestic Product (GDP). The series data were extracted from World Bank data 2017. The result of the Analysis shows that all the variables Real Gross Domestic Product (RGDP) Degree of Openness (DOP), FX and Per Capita Income (PCI) were positive and statistically significant at first difference, the study found that the variables are cointegrated and unidirectional causality was found from RGDP to DOP. 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 grow at spectacular rates.

Keywords: Trade, Openness, OLS, GDP, Nigeria.