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International Trade Pattern and Economic Growth: Evidence from Nigerian Economy 1980 -2017

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Abstract:- This aim of this paper was to examine the effect of Nigerian international trade pattern on Nigeria economic growth from 1980 to 2017. The study used secondary data collected from the Central Bank of Nigeria statistical bulletin and the World Bank's World Development Indicators for Nigeria. Engle-Granger Error Correction Model analysis technique was employed for the analytical techniques. Examination of the unit root properties of the data shows that all the variables were not stationary at level. However, after 1st differencing, the variables became stationary at 0.05 level of significance. The co-integration analysis revealed that the variables are co-integrated. Estimates from the error correction shows that import trade negatively effected economic growth during the period under review; while export, and Foreign Direct Investment positively effect economic growth. it was therefore recommended that Nigeria should diversify and industrialize her economy in order to change the current trade pattern.

Keywords:- *economic growth, export, import, trade pattern, structure of trade.*

I. INTRODUCTION

International trade is been accepted as a major factor for stimulating economic growth and development. Many economists, international trade economists, and finance theorists have argued that Nigeria's international trade has contributed to the growth of the economy. Nigeria international trade has, in the recent time, been experiencing rapid growth and this has made Nigeria become the largest economy in Africa (IMF, 2014). Nigeria's market size, cheap labor, and the vast base of Natural resources have contributed to the increase in the size and varieties of international trade for Nigeria. International economics theories have identified the channels by which international trade effect economic growth. International trade, according to Ricardo (1817), will lead to efficient allocation of resources, realization of economics of scale, promote the diffusion of knowledge, and encourage technological transfer.

In a less developed country, like Nigeria, International trade is a veritable tool to bridge the technological gap, transfer managerial know-how, and generate the necessary capital for development. Starting from 1986, during the introduction of the structuring adjustment programme (SAP), Nigeria has been liberalizing her economy and introducing measure to promote international trade. Due to these measures, Nigerian economy has become more integrated into the global economy and the economy is increasingly being open to external influence, Nigeria's international trade and her economic growth have experience significant changes. International trade has some significant advantages to the participating countries and has been proved that foreign trade have positive impact on income growth and overall country development. But, the structure and pattern of the international trade in important.
The pattern of international trade determines the volume of capital flows, the level, and type of technological transfer a country receives. The capital and technology are important argument in economic growth equation. Every economy is interested in economic growth and therefore takes active part in international trade and promoting free trade policies. Economists are in agreement that international trade has some beneficial contributions to economic performance of a nation and there are a good number of literature on the importance of foreign trade to socio- economic welfare of a nation and her citizens.

However, most of these studies used international trade aggregatively .Therefore, these studies could not show the relative contributions of the various components of Nigeria's international trade to the growth of Nigeria's economy. The aggregate contributions to international trade to growth are important, but understanding the extent to which structure and pattern of the international trade determine the level of growth is very important. It will enable policy makers' gain more insight into how the structure and pattern of Nigeria's international trade is affecting the level of growth in economy. Therefore, a disaggregated analysis of the components of Nigeria's international trade will reveal the pattern of the country's international Based on the foregone, the problem of the study, therefore, is to examine the pattern of Nigeria's International trade and its effect on growth of Nigeria's economy from 1980 to 2017. The study is significant to Nigeria's trade policy makers. Findings from the study will equip the policy makers with the knowledge and information to adapt the economy through appropriate policy for changes in structure of international trade. The remaining part of the study is structured as follows: chapter two is the literature review. Chapter three is the method of the study. Chapter four presents the empirical results and discussed the findings, while chapter five is the summary and conclusion drawn from the study.

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II. LITERATURE REVIEW

Mercantilism was the main economic system between the late 16th and the 17th century. Mercantilists assume that the amount of wealth in the world was fixed. Mercantilism proponents were primarily concerned with strong nation-states to expand and protect their trade and having competitive advantages in the global market. The system advocated for each nation to strive to be economically self-sufficient, which meant the nation would have to increase domestic production and build new homes and industries. To achieve this objective, the mercantilist need exclusive access to local market and cheap supplies Thus, strong state is necessary.

The mercantilist believed in surplus trade balance and therefore restricted the outflow of precious metals. Another important aspect of the mercantilist theory is keeping wages at subsistent level. This is to keep labor cost low and ensure perfectly elastic supply of labor. The result was a system of economics which reserves the domestic market for the mercantilist through prohibitive tariff on import and access to cheap labor and raw materials to the mercantilist. This conferred international completive edge on the mercantilists. Because it was not possible for all countries to have trade surplus at the same time and at all time, it was certain that mercantilist ideas was destined to fail as trade expands and the need for import to support development increased. One idea in the mercantilist trade theory is that the economic wellbeing of a nation can be measured by the amount of precious metal the nation possesses. Adoghor and Ewubare (2008) observed that the mercantilist trade theory is better known as the Balance of Trade Theory.

The Absolute Advantage Theory of Trade is attributed to Adam Smith for his 1776 publication: "An inquiry into the Nature and Causes of the Wealth of Nations" which is commonly called the Wealth of Nations. in The Wealth of Nations, Smith (1776) countered mercantilism and argued that it was impossible for all nations to become rich, simultaneously, by following the ideas in the mercantilism trade theory because the export of one nation is another nation's import. Smith proposed that all nations would gain simultaneously from trade if they allow free trade on international scale and specialize production and export of goods for which they have Absolute Advantage. In addition, Smith stated that the wealth of nations depends upon the goods and services they produce and are available to their citizens, not on gold reserves or any other precious metal. Thus, from the Absolute Advantage Trade Theory, the main source of wealth to a nation is the volume of goods and service produced; and, the surest means to increase wealth is specialization and freedom of exchange. Robinson (2003) observed that where a county has absolute advantage in the production of two or more commodities, the theory of absolute advantage will break down.

David Ricardo (1817) move to amend the defects in the absolute advantage trade. He propounded the theory of comparative advantage which states that a country will gain from international trade if she specializes in the production and export of goods and services for which she uses has lower opportunity cost than her trading partners. Here, the focus shifted to opportunity cost, not absolute cost. The theory of Factor Endowment was t propounded by two Swedish economists, Eli Heckscher (1919) and Bertin Ohlin (1933). The theory was latter modified by Paul Samuelson in 1948. The Heckscher-Ohlin-Samuelson (HOS) theory, as the theory of Factor Endowments is currently known extends the frontiers of theory of Comparative Advantage. Specifically, the HOS trade theory recognizes that countries are endowed with many and different factors, but, also, in different proportions. Thus, as long as there are international differences in relative factor endowments, there are differences in opportunity cost and, there is, therefore basis for trade, gain in specialization and international trade. The HOS seeks to explain differences in comparative cost and the basis for international specialization and trade.

- *Empirical literature*

Edoumiekumo and Opukiri (2015) applied the Engle-Granger Error Correction Model (ECM) and Granger Causality test to analyze the effect of international trade proxy by export and import values on economic growth measured by real gross domestic product (RGDP) in Nigeria. Time-series data obtained for a period of 27years was used for the study. The co-integration results revealed that a long run relationship exists between the variables The Granger Causality test also revealed a uni-directional relationship from export and import RGDP growth.

Adelowokan and Maku (2013) used dynamic regression model to analyze the effect of trade and financial openness on GDP growth in Nigeria from 1960 to 2011. Findings from analysis of the dynamic regression model proved that openness to trade and foreign direct investment exert positive and negative effects respectively on growth of GDP in Nigeria. Saibu (2013) employed the Principal Component Analysis and the Autoregressive Distributed Lag (ARDL) bound testing approach to examine the direct and interactive effects of capital inflow, and openness to trade on economic growth in Nigeria between 1960 and 2011. The results proved there is a statistically significant effect of capital inflow and trade on economic growth in Nigeria Emeka, Frederick and Peter (2012) evaluated the role of trade on Nigeria's economy from the period 1970 to 2008. They used a combination of bi-variant and multivariate models to estimate the relationships between the selected macroeconomic variables. The findings indicated that exports trade and foreign direct investment inflows have positive and significant impact on growth rate of real GDP. Sarbapriya (2011) used annual time series data over the period 1972 to 2011 to examine the effect of foreign trade on growth in India. The co-integration and Granger causality tests revealed that foreign trade and growth of GDP have long term relationship .This implies the existence of a long-run equilibrium relationship between the two variables. Results from the Granger Causality test revealed a bi-directional causality between foreign trade and economic growth.

Safdari, Mehrizi and Dehqan-Niri (2012) used Vector Autoregressive Model (VAR) and annual time series data

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from 1975 to 2008 and real gross domestic product growth rate as proxy for economic growth. Total population, trade volume, gross capital formation and tariffs level were used as the explanatory variables. Results from the analysis indicated that explanatory variables have significant effect on economic growth.

Mustafa (2011) employed VECM to study the relationship between foreign trade and economic growth in Turkey using quarterly data of GDP as dependent variable, export and import from 1987 to 2007. The results shows that, in the short run, export and import do not significantly have effects on GDP growth.

Rahmaddi and Ichihashi (2011) reviewed the effect of exports trade on economic growth in Indonesia using annual time series data from 1971 to 2008. They used VAR model. The results from the analysis of the VECM model show that there is a bi-directional causality between exports and growth. The researchers therefore concluded that an export is significant to the growth of Indonesian economy.

Omoju and Adesanya (2012) used annual time series data to examine the impact of trade on growth of GDP in Nigeria between 1980 and 2010. Their study used Ordinary Least Square (OLS) technique and export trade, import trade, foreign direct investment, exchange rate, and government expenditure as the independent variables. Result from the data analysis revealed that all the explanatory variables have significantly positive impact on GDP growth in Nigeria From the literature reviewed, there is no common ground among economics on the basis and benefits of international trade. Little attention has been given to the effect of foreign trade structure on growth of a country's income. Most of the studies reviewed discussed what determines international trade structure. However, none discussed the effect of trade pattern on the economic growth of the country. This is the area the present study will look at.

III. METHOD OF THE STUDY

This section explains the method employed for the collection and analysis of the study data.

➢ *Model Specification*

The aim of this section is to specify a functional model for estimate the impact of international trade pattern on economic growth. Multiple regression models will be used for this purpose. Based on the theoretical and empirical literature reviewed above, a functional relationship between international trade pattern and economic growth could be specified as follows:

$$GDP=f(IMP,EXPFDI) \quad 1$$

The non-linear model is transformed into a linear model as follows:

$$GDP = \beta_0 IM^{\beta 1} EXP^{\beta 2} FDI^{\beta 3} U \quad 2$$

We transform equation two (2) into log linear model as thus

$$Log\ GDP_i = Log\beta_0 + \beta_1 Log\ IMP + \beta_2 Log\ EXP + \beta_3 Log\ FDI + U \quad 3$$

Where GDP is the Gross domestic product, EXP is the value of export trade IMP is the value of input trade ,FDI is the value of FDI inflow B_0 is the model constant ,$B,_1B_2B_3$ are variables coefficient ,and U is the error term.

The model contains two types of variables. They are the dependent and the independent variables. The dependent variable in the model is economic growth economic growth is proxy by a Gross Domestic product (GDP) growth rate.

Gross Domestic Product GDP is measured as the monetary value of final output of goods and services produced in a country doing a specified period of time, usually one year (Gbosi, 2011). GDP growth is the annual rate of change in the level of the gross domestic product. The model posits that the GDP growth rate is a function of export trade, Import trade and FDI inflow. Export trade is the export of goods and services from all sectors of Nigeria economy. It is calculated as the total annual export of all goods and service in millions of dollars. Import Trade is the total import of goods and services into Nigerian economy it includes import of goods and services in millions of dollars. Foreign Direct Investment (FDI) this is the flow of investment both capital and portfolio into an economy. It is seen as the movement of capital across geographical boundaries by private entity for profit motives. Here it is measured as the average annual inflow of investment into Nigerian economy in dollars.

➢ *Data Required and Sources*

The data required for the study are secondary in nature. It consists of annual time series data of the following variables:

- Gross Domestic Product(GDP)
- Import Trade(IM)
- Export Trade(EXP)
- Foreign Direct Investment(FDI)

All data shall be collected from 1980 to 2016.
The main sources of our data are:

- Central bank of Nigeria statistical bulletin (various issue)
- National Bureau of statistics (NBS)
- World Bank's world economic develop indicator (on the internet)
- International Monetary Fund's financial Statistics
- United national conference on trade and develop (UNCTAD)

Supplementary materials were collected from research journal, textbook, magazines, newspapers and unpublished research study in all the credit will be given to the original authors.

➢ *Method of Analysis*

The error correction model of the multiple regression model specified above was estimated and the estimates were analyzed. To estimate and analysis the data, the Classical Linear Regression techniques was employed, using the ordinary least square approach. The estimation relied on computer aided statistical software for the analysis (E-view 9.0). First, the time series properties of the variable data were examined. To examine the time series property of the data, the researcher employed the Augmented Dickey-Fuller

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(ADF) technique (Dickey and Fuller, 1988). After establishing the unit root property of the data, we examined the long run trend of the variable using the Johansen Co integration method (Johansen, 1991). Both the Trace and Maximum Eigen value statistics were employed. Following Engle-Grange representation theorem, the model was re-specified and estimated as error correction model (ECM)(Engle-Granger,1979) to examine the relationship of the variables in their deviations from equilibrium, that is, the short run adjustment mechanism.

In addition, the following statistics of the model were evaluated and interpreted Coefficient of Determination (R^2) Student t- test (t- test) to give sound footing to the empirical result, the researcher also estimated and discussed the following model diagnostic statistics:

- Multicollinearity
- Autocorrelation
- Homoscedasticity
- Normality
- Ramsey Model specification test

IV. EMPIRICAL ANALYSIS, RESULTS AND DISCUSSION

This section present and discussed the empirical results as follows.

➢ *Unit Root Test*

The Augmented Dickey Fuller and the Philips Person test approach was used for the test of unit root in the variables. The results are presented in table 1 below.

Variable	Augmented	Dickey- Fuller(ADF)	Philips -person		
	Level	1st diff	Level	1st diff.	Remark
IMP	-1.5973	-4.8332	-1.5185	-47229	I(1)
	(0.7736)	(0.0023)	(0.8044)	(0.0036)	
EXP	-2.1459	-7.0791	-1.8931	-4.3684	I(1)
	(0.5035)	(0.000)	(0.6373)	(0.0073)	
FDI	-1.9001	-3.9697	-2.3863	-7.1226	I(1)
	(0.6331)	(0.0196)	(0.4087)	(0.0000)	
RGDP	-2.0772	-4.1623	-2.3421	-4.5411	I(1)
	(9.5400)	(0.0127)	(0.6127)	(0.0017)	

Table 1

Source: E-view computer printout. Figures in parenthesis are prob. Values. Test conducted at 0.05 level of significance

From the results, all the variables were not stationary at level. However, they became stationary after 1st difference. Therefore, they are 1st difference stationary or (1(1) series. Having identified the order of integration of the time series variables, the analysis proceeded to estimating if there is any co-integrating relationship among the variables. Johansen co-integration techniques were employed (Johansen, 1988). The results are presented in table 2 below.

Hypothesis No $CE(s)$	r=0	$r \leq 1$	$r \leq 2$	$r \leq 3$
Trace Statistic	111.2818*	61.6142*	23.6162*	3.3717
5% critical value	47.8561	29.7970	15.4947	3.8414

Table 2

Source: E-view computer printout

The co-integration analysis result shows that there are at least 3 co-integrating equations in the model. The trace statistic for no co-integration was rejected up to at least $r \leq 2$.

Hypothesis No $CE(s)$	r=0	$r \leq 1$	$r \leq 2$	$r \leq 3$
Maximum Eigen value	49.6675*	39.9979*	20.2445*	3.3717
5% critical vale	27.5843	21.1316	14.2646	3.8414

Table 3

Source: E-view computer printout

Maximum Eigen value statistic shows at least 3 co-integration equation in the model. In all, both Trace and Maximum Eigen value statistics show at least 3 co-integration equations. Thus, there is a fixed long run relationship among the variables. This implies that the relationship among the integrated variables can be modeled and estimated as Error Correction Model (ECM)(Engle-Granger, 1979) . Hence, the analysis proceeded to the estimation of the Error Correction Model which is the short run adjustment mechanism.

➢ *Error Correction Model Result*

Dependent Variable: D (GDP), Method: Least Squares, Included observations: 37 after adjustments

Variable	Coefficient	Std. Error	t-Statistic	Prob.
D(GDP(-1))	0.379039	0.246408	1.538256	0.1389
D(GDP(-3))	0.287843	0.186748	1.541348	0.1382
D(IMP)	-1.942291	0.297288	-1.113221	0.2782
D(IMP(-1))	0.459739	1390.443	0.666301	0.5125
D(IMP(-2))	-1.242713	2709.097	-0.533134	0.0295
D(EXP(-2))	0.172242	0.038258	1.216049	0.2375
D(FDI)	0.000208	0.600163	1.275243	0.2162
D(FDI(-1))	2.489051	1.800154	0.976370	0.3400
ECM(-1)	-0.424774	0.286323	-3.229830	0.0040
R-squared	0.729161	Mean dependent var		0.569718
Adjusted R-squared	0.683108	S.D. dependent var		8.620949
Durbin-Watson stat	2.197598			

Table 4

Source: E-view computer printout

The parsimonious error correction model results are presented in table 4.5 above. From the result, the relationship between import trade and real GDP growth is negative and statistically significant. Specially, increase in import trade by 1% brought about decrease in real GDP by 1.24%. This is in line with the a priori expectation for the variable. The result contradicts the findings of Edoumiekumo and Opukri (2015) which found positive and significant effect of export trade on economic growth. Edoumiekumo and Opukri (2015) used Grange causality method to establish the relationship between import and economic growth.

Export trade has positive and significant relationship with real GDP growth. This implies that increase in export trade will stimulate real GDP growth in the economy. From the parsimonious error correction model result, increase in export trade by 1% brought about growth in real GDP of about 0.17% after 2 year lag. This result conforms with the a priori expectation for this variable. Also, the result conforms to the findings of Hanssan (2007), Omoke and

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Adesanga (2012) and Rahmaddi (2011) which studied and found positive and significant relationship between export trade and economic growth in Saudi Arabia, Nigeria and Indonesia respectively. However, the result contradicts the findings of Muslafa (2011) and Omoke and Uguwanyi (2010) which did not find any significant relationship between export trade and economic growth in Nigerian economy. The difference in findings could be attributed to method of analysis used in the result, the volume of trade in the countries and time frame of the study.

The effect of foreign direct investment on economic growth in Nigeria is positive but statistically insignificant. During the paid under review, increase in foreign direct investment by 1% brought about increase in real economic growth by about 2.5% on the average after 2 year lag. The result conforms to the findings of Emeka, Frederick and Peter (2012) which found positive effect of FDI on economic growth in Nigeria. However, the result contradicts the findings of Adelowokan and Maka (2013) which found negative and insignificant effect of FDI on economic growth in Nigeria.

The model coefficient of Determination R^2 is 0.7291. This implies that export, import trade, and foreign direct investment accounted for about 73% variation in real economic growth between the periods 1980 to 2017.The ECM coefficient is negative and statistically significant. The coefficient of the Error Correction Model measures the speed of adjustment of the model to disequilibrium. In particular, the coefficient of the ECM is -0.4247 with probability of 0.0040. This implies that about 42% of any discrepancy between the current value and the long run value is adjusted for within one year. This is indeed a n appreciable adjustment process.

➢ *Model Diagnostic Analysis*

The use of the ordinary least square regression techniques assumes that the variable data have some properties which make the estimates best Linear unbiased and efficient (BLUE) estimates. In every empirical study it is always important to examine the model and the parameter estimates. The diagnostic tests carried out on the model and parameter estimates are: model specification error test, residual normality test, autocorrelation test, and homoscedasticity test. All tests were conducted at 0.05 level of significance. The results of the tests are presented below as follows;

➢ *Model Specification Error Test*

The model specification error test was conducted using the Ramsey Regression Specification Error Test (RESET). The result is shown below.

	Value	df	Probability
T-statistic	0.213957	20	0.8327
F-statistic	0.058355	(1, 20)	0.0655
Likelihood ratio	0.077734	1	0.7804

Table 5
Source: E-view computer printout

The model specification was tested under the null hypothesis that there is no specification error. The Ramsey RESET test f-statistic is 0.05835 at 1, 22 degree of freedom. The probability of the f-statistic is 0.0655. Hence the null hypothesis is maintained at 0.05 levels of significance. There was no specification error or bias in the empirical model. This implies that the model employed for the empirical analysis was correctly and adequately specified.

➢ *Residual Normality Test*

The test of residual normality was carried using the Jacque-Bera test approach. The null hypothesis is that the models residual have normal distribution. The result of the test is shown below in figure

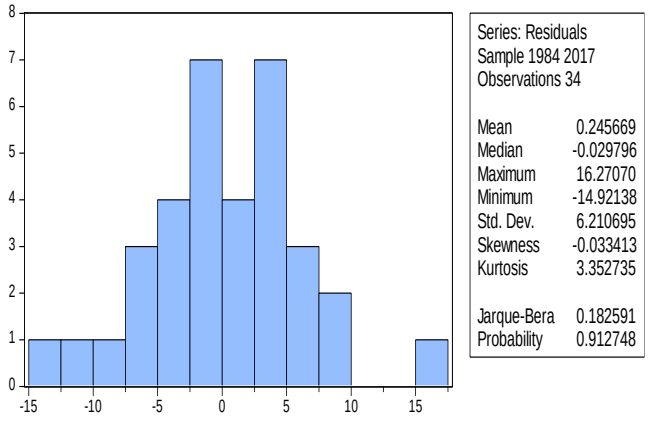

Table 6
Source: E-view computer printout

The empirical Jacque-Bera (JB) statistic is 0.18259 with probability value of 0.91275. The empirical JB statistic is greater than the X^2 value at 2 degree of freedom the null hypothesis is therefore maintained at 0.05 levels of significance. This signifies that the residuals from the model parameter estimates have normal distribution..

➢ **Autocorrelation Test**

Test for autocorrelation was carried out using the Breusch-Godfrey test of autocorrelation approach. The null hypothesis is that is no autocorrelation in the error terms. The test was carried out at 0.05 levels of significance. The result is presented in table 7 below.

F-statistic	2.904810	Prob. F(2,19)	0.0793
Obs*R-squared	0.00007	Prob. Chi-Square(2)	1.0001

Table 7
Source: E-view computer printout

The Breusch-Godfrey statistic for this test is zero, 0.0000 with probability value of 1.0000. The high probability value implies acceptance of the null hypothesis at 0.05 levels of significance. Thus, there is no enough evidence to suspect autocorrelation problem in the error model.

➢ *Homoskedasticity Test*

Homoskedasticity assumption was test with the Engle Autoregresive Conditional Heteroskedasticity (ARCH) test. The null hypothesis of the test is that there is

homoscedasticity in the error terms variance or there is no Heteroskedasticity. The result of the ARCH tes result shown below in table 4.7

F-statistic	0.146347	Prob. F(1,31)	0.7047
Obs*R-squared	0.155057	Prob. Chi-Square(1)	0.6937

Table 8
Source: E-view computer printout

The ARCH test statistic is 0.155057 with probability value of 0.6937. Hence, the null hypothesis is maintained at 0.05 levels of significance. This implies that the error term variance over time is homoscedastic.

➢ *Model Stability Test*

Model stability test was evaluated using the Brown et al. (1975) CUSUM and CUSUMθ approach. The results are presented as figure 1 and 2 below.

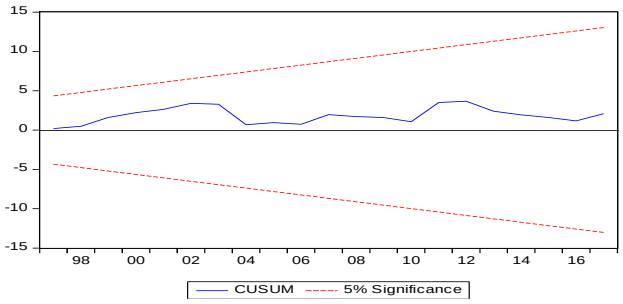

Fig 1

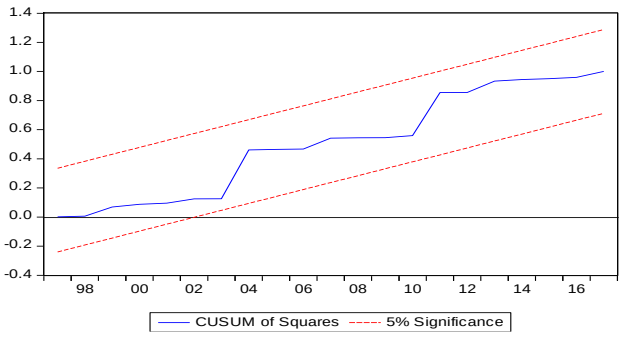

Fig 2

From the result, the residual plot in both the CUSUM, and the CUSUMSθ remained within the 5% critical band. Hence, the model employed which expressed the relationship between international trade and economic growth was stable through out the period of the study.

V. SUMMARY AND CONCLUSION

The aim of the study was to examine the conclusion of international trade to the growth of Nigerian economy. The study adopted quasi-experimental research design approach. Specifically, the study was based on the Neo-classical trade theory which asserts that international trade has positive effect on economic growth. A functional model of the international trade economic growth in Nigerian economy was specified and estimated using the Engle-Granger Error Correction Model (ECM) approach. Data for the analysis were collected from the Central Bank of Nigeria statistical bulletin and the Natural Bureau of Statistic. The time series properties of the variables were examined using the Augmented Dickey-Fuller (1978) and Philip-person approaches. The integrated variables were examined for long run trend using Johansen (1988) co-integration techniques. The Error Correction Model was estimated using the Engle Granger one step approach. Finally, the estimate and the empirical model were subjected to diagnostic test. The results from the empirical analysis could be summarized as follows:

- There is a long run relationship between international trade variables and real economic growth in Nigeria economy.
- International trade contributes about 73% of the total variation in economic growth.
- Export trade has positive and significant effect on economic growth in Nigeria between the period 1986 to 2016.
- Foreign direct investment had positive, but insignificant effect on economic growth in Nigeria during the period 1986-2016.
- Import trade had negative but insignificant effect on economic growth in Nigeria during the period of the study.
- Throughout the period of the study, the relationship between international trade variables and economic growth was stable.

The positive influence of international trade to economic growth implies that opening Nigeria's economy to free flow of goods and services across international boundary will stimulate output production and create the much needed job opportunities.

However, the positive but insignificant influence of foreign direct investment to Nigeria's economic in the last three decade is disheartening. The direct inference from this phenomenon is that foreign direct investment in Nigeria's economy has not been yielding the expected result in the economy. The level and types of foreign direct investment in Nigerian economy has not been able to bridge the technological gap, foreign exchange gap or generate the level of output that can counteract the unfavorable balance of payment, stabilize the exchange rate level and generate employment for the teaming unemployed youth in the economy. Perhaps, foreign direct investment has been more in consumable goods industries and portfolio investment. Nigeria's economy needs foreign direct investment in capital goods industries segment and in physical infrastructure. Foreign direct investment in this area will produce more linkage effects in the economy and off course, more positive impacts.

The import component of international trade is negative, and statistically significant in Nigeria's economy. This implies that import trade has been growing in Nigeria's economy more than the growth of the real sector and the overall national income. The direct implication is that, there is a gradual deindustrialization of Nigeria's economy. More

is imported as the income level increases in the domestic economy. Although this is expected in the early period of development and industrialization, it is expected that given the three decade period of the study, import trade will have a negative relationship with the growth of the national income. Technically, this implies taking negative value as the national income increase. There is no doubt that the present estimation is detrimental to the development of Nigeria's economy.

The conclusion from the study of the relationship between international trade and economic growth in Nigerian economy is that international trade has some positive influence on economic growth in Nigerian economy, but the current structure and trend cannot significantly stimulated growth and development of the economy. Urgent actions are necessary to change the current structure of international trade in the country so that Nigeria will start reaping the full benefits of international trade. The government should intensity effort on industalization and trade openness. This will give a boost to international trade. However trade liberalization should be strategic. The WTO agreements should be respected and equal respect demanded from all member nations. This has huge potential of changing the international trade pattern for Nigeria economy.

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