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Navigating Economic Dynamics: Trade Liberalization and Demographic Trends in Nigeria

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Abstract

The study examines the complex interplay between trade liberalization and various economic indicators in Nigeria, shedding light on the nuanced dynamics that shape the country's economic landscape. Through rigorous analytical methods such as the Johansen co-integration approach and FMOLS, the research unveils crucial insights into the relationships among trade policies, trade flows, demographic trends, and economic performance. One of the key findings is the negative correlation between trade liberalization and economic growth, challenging conventional wisdom and highlighting the need for a nuanced understanding of the impacts of trade policies on overall economic activity. This underscores the importance of carefully evaluating the potential consequences of trade liberalization measures and adopting strategies that maximize benefits while mitigating adverse effects. On the other hand, the positive association between exports, imports, and economic growth underscores the significance of international trade as a driver of economic prosperity. This highlights the potential for leveraging trade relationships to stimulate economic activity and enhance overall welfare. Moreover, the study's exploration of the role of population growth provides valuable insights into the demographic factors shaping economic dynamics in Nigeria. While the analysis suggests that population growth may not exert a significant direct impact on economic growth, it underscores the importance of considering demographic trends in formulating economic policies and development strategies. In light of these findings, the paper advocates for a multifaceted approach to economic policymaking in Nigeria, emphasizing the need to address structural challenges such as corruption to unlock the country's full economic potential. By prioritizing reforms that promote transparency, accountability, and good governance, policymakers can create an enabling environment for sustainable growth and development, laying the groundwork for a brighter future for Nigeria and its citizens.

Keywords: Trade Liberalization, Economic Growth, Trade Flows, Demographic Trends, Nigeria

JEL Codes: F13, O55, O40

1. INTRODUCTION

The ongoing debate surrounding free trade and its potential as a driver of economic growth and development continues to be a focal point for organizations like the World Trade Organisation (WTO) and economic experts worldwide (Appleton et al., 2007). Nigeria, like many other nations, has embarked on a series of trade reforms aimed at fostering economic growth and self-reliance in industrialization strategies. These reforms reflect Nigeria's aspirations to leverage international trade as a catalyst for development and growth. By liberalizing trade policies and fostering greater integration into the global economy, Nigeria seeks to unlock new opportunities for investment, stimulate innovation, and enhance productivity across various sectors. However, the effectiveness of these trade reforms in achieving sustainable development goals remains subject to debate. Critics argue that while free trade can promote efficiency and specialization, it may also exacerbate inequalities and undermine domestic industries, particularly in developing countries like Nigeria (Abodunrin, 2010). Furthermore, challenges such as inadequate infrastructure, institutional weaknesses, and uneven distribution of benefits pose significant obstacles to realizing the full potential of trade as a driver of economic development in Nigeria. As the country navigates its trade policy landscape, finding the right balance between openness to international trade and safeguarding domestic interests remains a complex and ongoing endeavor.

In the period shortly after gaining independence in 1960, Nigeria adopted Import Substitution Industrialization (ISI) strategies as a primary approach to economic development (Ou, 2015). This strategy, widely prevalent during that era, aimed to emulate the experiences of countries in Latin America, such as Brazil and Mexico, which had successfully implemented ISI strategies since the 1950s. The core concept behind ISI was for Nigeria to reduce its dependence on imported goods by fostering domestic industrialization. By establishing local industries to manufacture goods that were previously imported, Nigeria aimed to achieve greater self-sufficiency, enhance its manufacturing capabilities, and bolster the country's overall development. The Nigerian government implemented ISI strategies on a significant scale, with the

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intention of achieving autonomy in manufacturing and production of essential goods that were previously imported. The objective was to stimulate economic growth, create employment opportunities, and elevate the country's developmental status (Massey, 2019). However, while ISI strategies initially showed promise and contributed to the growth of certain industries in Nigeria, they also faced challenges and limitations. These challenges included issues such as inefficiencies in domestic industries, reliance on imported technology and inputs, lack of competitiveness in global markets, and vulnerability to external shocks. Over time, Nigeria's experience with ISI strategies highlighted the need for a more nuanced approach to economic development. Subsequent shifts in policy focus and economic strategies aimed to address these challenges and adapt to changing global economic dynamics. To effectively implement Import Substitution Industrialization (ISI) strategies and facilitate their success, various measures were adopted by the Nigerian government. According to Ogujiuba et al. (2011), these measures included the implementation of protective tariffs and other trade policies designed to promote domestic industries and reduce reliance on imported goods.

Protective tariffs, such as high import quotas and preferential licensing for capital goods imports, were put in place to create a favorable environment for domestic industries. These tariffs were intended to make imported goods more expensive compared to locally produced alternatives, thereby incentivizing consumers and businesses to prioritize domestically manufactured products. Additionally, subsidized loans were provided to support the growth of infant industries, particularly in the manufacturing sector. These loans aimed to alleviate financial constraints faced by domestic producers, enabling them to invest in technology, infrastructure, and workforce development to enhance their competitiveness and productivity. By introducing these measures, the Nigerian government sought to foster a conducive environment for the expansion of domestic industries and the gradual replacement of imported consumer goods with locally manufactured products. The ultimate goal was to promote economic self-sufficiency, stimulate industrialization, create employment opportunities, and reduce the country's reliance on foreign imports. The failure of Import Substitution Industrialization (ISI) strategies in Nigeria, as well as in other African countries, prompted a shift towards outward-oriented development strategies in the mid-1980s. These strategies, often referred to as structural adjustment programs (SAPs) or economic recovery programs (ERPs), aimed to address the limitations and constraints that had hindered the success of ISI. As noted by Mendes et al. (2014), ISI strategies faced significant challenges, including structural domestic constraints and external limitations. These constraints included inefficiencies in domestic industries, lack of competitiveness, inadequate infrastructure, and bureaucratic inefficiencies, among others. External limitations encompassed factors such as unfavorable terms of trade, restrictive trade barriers imposed by other countries, and a reliance on volatile commodity exports. In response to these challenges, Nigeria adopted SAPs or ERPs, which involved significant policy reforms aimed at liberalizing the economy and promoting greater integration into the global market. Key components of these programs included the abolition of direct state control over production and distribution sectors, as well as trade liberalization measures targeting the external sector. The objective of these reforms was to create a more open and competitive economic environment that would attract foreign investment, stimulate export-led growth, enhance productivity, and foster economic diversification. By embracing outward-oriented development strategies, Nigeria sought to overcome the limitations of ISI and position itself for sustained economic growth and development in a globalized world.

The adoption of an outward-oriented strategy by Nigeria aimed to promote economic growth by leveraging the benefits of trade liberalization. As highlighted by Babatunde (2009), the primary intention of trade liberalization during this period was to capitalize on the static and dynamic gains from trade. This approach sought to achieve several objectives. One of the key goals was to facilitate a more efficient allocation of resources by removing barriers to trade and promoting competition. By allowing goods and services to flow more freely across borders, countries could specialize in the production of goods in which they had a comparative advantage, leading to increased efficiency and productivity. Moreover, trade liberalization was expected to encourage an increased flow of knowledge and investment. By opening up to international trade and investment, Nigeria sought to benefit from increased knowledge transfer and foreign investment inflows. Foreign direct investment (FDI) and technological advancements from abroad could contribute to the country's economic development and technological progress. Additionally, the strategy aimed to promote faster capital accumulation and technological progress by facilitating investment, innovation, and the adoption of advanced technologies. Removing barriers to trade and encouraging competition were seen as ways to make the economy more dynamic and innovative. To achieve these objectives, Nigeria implemented various policy measures as part of its outward-oriented strategy. These included promoting exports by removing restrictions such as exchange rate controls and dismantling market boards that impeded trade. Additionally, the country reduced both tariff and non-tariff barriers to foreign trade, making it easier for businesses to engage in international trade.

The shift towards trade liberalization and openness in Nigeria has been a progressive policy decision aimed at fostering economic growth. However, the impact of this policy on economic growth remains a subject of debate in previous studies. While some research has found a positive association between trade liberalization and economic growth, others have raised questions about the robustness of these findings. Studies such as those by Dollar (1992), Ben-David (1993), Sachs and Warners (1995), and Edwards (1998) have reported a positive correlation between trade liberalization and economic growth. These findings suggest that opening up to international trade can stimulate economic growth by promoting efficiency, competition, and the flow of goods and services across borders. However, Rodriguez and Rodrik (2001) challenged the robustness of these results, pointing out that there are vested interests that could benefit from trade restrictions. They argued

that while trade liberalization may have positive effects on economic growth, there are also potential downsides to consider. Trade restrictions, they contended, could have adverse effects on certain industries or sectors of the economy, potentially offsetting any benefits from increased trade openness. In light of these conflicting findings, the overall impact of trade liberalization on economic growth in Nigeria remains uncertain. While proponents of trade liberalization argue that it can spur economic development, critics highlight the potential risks and challenges associated with opening up to international trade. Further research and analysis are needed to better understand the complex relationship between trade policy and economic growth in Nigeria.

2. LITERATURE REVIEW

Several past studies have examined the relationship between trade liberalization and economic growth, offering insights into the potential benefits and drawbacks of removing trade barriers. Dollar (1992), Ben-David (1993), Sachs and Warners (1995), and Edwards (1998) are among the researchers who have found evidence supporting the positive impact of trade liberalization on economic growth. Their studies suggest that reducing barriers to international trade can enhance efficiency, encourage competition, and facilitate the flow of goods and services across borders, thereby promoting economic growth. However, the findings of these studies have been challenged by Rodriguez and Rodrik (2001), who raised concerns about the robustness of the results. They argued that while trade liberalization may offer certain benefits, there are also potential risks and drawbacks to consider. In particular, they highlighted the existence of vested interests that could benefit from trade restrictions, complicating the assessment of the overall impact of trade policy on economic growth. Given the importance of this issue, it is essential to critically review past studies on the relationship between trade liberalization and economic growth. By examining the methodologies, assumptions, and findings of these studies, researchers can gain a deeper understanding of the complex dynamics at play and inform policy decisions aimed at promoting sustainable economic development. Topalova and Khandelwal (2011) conducted a study to assess the impact of liberalization and the reduction or elimination of trade barriers on firm productivity. Their research focused on examining the causal relationship between tariff rates and firm-level productivity, aiming to understand how changes in trade policy affect the efficiency and performance of businesses.

The findings of their study revealed that both input tariffs and lower tariffs on final goods had a positive impact on firm-level productivity. Interestingly, they observed that input tariffs had a more significant effect compared to tariffs on final goods. This suggests that reducing tariffs on inputs used in production processes can lead to greater improvements in productivity for firms. Furthermore, the analysis conducted by Topalova and Khandelwal (2011) indicated that the effects of tariffs were particularly pronounced in import-competing industries. This implies that industries that face competition from imported goods may experience more substantial productivity gains from trade liberalization initiatives. Their study provides valuable insights into the relationship between trade policy and firm productivity, highlighting the potential benefits of reducing trade barriers and promoting greater openness in international trade. These findings have important implications for policymakers seeking to design effective strategies to enhance economic growth and competitiveness.

Chaudhry et al. (2010) conducted a comprehensive investigation into the relationship between trade liberalization, human capital, and economic growth in Pakistan. Their study utilized co-integration and Granger causality techniques applied to time series data spanning from 1972 to 2007. The empirical analysis conducted by Chaudhry et al. (2010) and colleagues yielded significant findings regarding the dynamics between these variables. They identified the presence of both short-term and long-term co-integration among the variables under consideration. This suggests a stable, long-term relationship between trade liberalization, human capital, and economic growth in Pakistan. Furthermore, their study revealed the existence of causal relationships among the variables within the growth model. Specifically, they found evidence indicating that policies aimed at promoting education and trade openness have the potential to sustain economic growth in Pakistan. Moreover, their analysis indicated that there is a causal link running from both trade liberalization and human capital to economic growth, highlighting the importance of these factors in driving overall economic development. The findings of Chaudhry et al. (2010) provide valuable insights into the intricate interplay between trade policy, human capital development, and economic growth in the context of Pakistan. These results underscore the importance of formulating and implementing policies that foster trade openness and investment in education to promote sustainable economic development.

Onafowora and Owoye (1998) conducted a detailed investigation into the economic growth trajectories of 12 Sub-Saharan African (SSA) countries. Employing a Vector Error Correction Model (VECM) in their empirical analysis, they explored the relationships between various factors such as trade policies, exports, investment rates, and economic growth across these nations. Their findings revealed compelling insights into the dynamics of economic growth within the SSA region. Specifically, they identified that trade policies, exports, and investment rates exerted significant impacts on economic growth in 10 out of the 12 SSA countries under consideration. However, the results for Cameroon and Sudan differed from the broader trend observed across the region. Furthermore, their analysis suggested that trade liberalization policies could potentially serve as catalysts for economic growth in African countries. By fostering greater openness and integration into global markets, trade liberalization initiatives may unlock new avenues for economic development and prosperity within the continent. The study by Onafowora and Owoye (1998) underscores the importance of trade policies and export-oriented strategies in driving economic growth across Sub-Saharan Africa. Their findings highlight the potential benefits of

embracing trade liberalization measures as a means to stimulate economic activity and promote sustainable development in the region.

Sarkar (2005) conducted an empirical investigation into the impact of trade liberalization on economic growth in India and Korea over specific periods. Covering the timeframe from 1956 to 1999 for India and from 1956 to 2001 for Korea, Sarkar employed the ARDL co-integration methodology to analyze the relationship between trade openness and economic growth. Contrary to expectations, Sarkar (2005) findings did not support the hypothesis of a positive long-term relationship between trade openness and economic growth in India and Korea. Through rigorous analysis, he concluded that trade liberalization initiatives did not appear to have a significant stimulative effect on overall economic growth within these two countries during the specified periods. Sarkar (2005) study contributes valuable insights to the ongoing discourse surrounding the efficacy of trade liberalization policies as drivers of economic development. By empirically evaluating the outcomes of trade liberalization efforts in India and Korea, his research sheds light on the nuanced relationship between trade openness and economic growth dynamics in these particular contexts. In another empirical study, Sarkar (2008) explored the relationship between trade openness and economic growth using cross-country panel data analysis. The research encompassed a sample of 51 less developed countries over the period from 1981 to 2002. The findings of Sarkar (2008) study revealed a positive correlation between trade openness and economic growth. Specifically, the analysis indicated that countries with a higher share of trade tended to experience greater real economic growth. This outcome suggests that trade openness may play a significant role in fostering economic expansion and development within less developed countries. By employing rigorous econometric techniques and analyzing a broad cross-section of nations over a substantial timeframe, Sarkar (2008) research provides valuable empirical evidence regarding the potential benefits of trade openness for economic growth. These findings contribute to the ongoing discourse on the relationship between trade policies and economic development, highlighting the importance of fostering open and integrated trade systems for promoting sustained growth in less developed economies.

In their study, Parikh and Stirbu (2004) investigated the effects of trade liberalization on economic growth across 42 developing countries in Asia, Africa, and Latin America. Their analysis covered the period from 1990 to 1999, examining trends and relationships within these regions. The findings of their research indicated that trade liberalization generally fostered economic growth across the studied countries. However, a noteworthy observation was made regarding the trade balance: while growth was stimulated by liberalization, it often had a negative impact on the trade balance of a significant majority of countries. Upon closer examination through country-specific regression analyses, the researchers found that the effects of liberalization varied across different economies. Specifically, in African economies, trade liberalization was associated with positive contributions to economic growth. This suggests that, despite the potential challenges to trade balances, the overall impact of liberalization on growth was positive in many African nations. Parikh and Stirbu (2004) study sheds light on the nuanced relationship between trade liberalization and economic growth, emphasizing the need for tailored policy approaches that consider the unique circumstances and characteristics of individual countries within regions. Their findings underscore the complexity of trade policy decisions and highlight the importance of carefully evaluating the potential trade-offs and benefits associated with liberalization efforts.

In their empirical study, Mattoo et al., (2006) focused on investigating the effects of liberalizing service sectors on output growth. They specifically examined the impact of liberalization in telecommunications and financial services sectors as indicators of openness. The findings of their analysis revealed nuanced results regarding the impact of liberalization on output growth across these sectors. In the case of the financial sector, while the impact was less pronounced, it remained statistically significant. This suggests that liberalization efforts in financial services contributed to growth, albeit to a lesser extent compared to telecommunications. On the other hand, the study highlighted a stronger and more significant impact of openness in the telecommunications sector on long-term growth performance. This indicates that liberalization initiatives in telecommunications had a more substantial and lasting effect on output growth compared to the financial services sector. Mattoo et al., (2006) research underscores the importance of considering the sector-specific implications of liberalization efforts. By examining the differential impacts across telecommunications and financial services, the study provides valuable insights into the dynamics of service sector liberalization and its implications for overall economic growth.

3. THE MODEL

The primary goal of this paper is to explore the connection between trade liberalization and economic growth. To achieve this objective, the study employs the following basic model, which is commonly used in economic and econometric literature:

$$Y=f(LIB,LEXP,LIMP,POP)Y=f(LIB,LEXP,LIMP,POP)$$

Where:

- YY represents economic growth, which is proxied by the growth of Gross Domestic Product (GDP).
- $LIBLIB$ is a proxy for trade liberalization and is represented by a dummy variable.
- $LEXP$ stands for the logarithm of exports of goods and services.
- $LIMP$ denotes the logarithm of imports of goods and services.
- $POPPOP$ represents the growth rate of the population.

This model serves as the framework for analyzing the relationship between trade liberalization and economic growth, taking into account variables related to trade activity, population growth, and overall economic performance. Through empirical analysis using this model, the study aims to shed light on the dynamics and implications of trade liberalization policies on economic growth outcomes.

4. RESULTS AND DISCUSSIONS

Table 1 presents the results of the Augmented Dickey-Fuller (ADF) unit root test conducted at both the level and first difference for the variables Y, LIB, LEXP, LIMP, and POP. The ADF statistic measures whether a time series is stationary or exhibits a unit root, indicating non-stationarity. For the variable Y, which represents a specific economic indicator or variable of interest, the ADF statistic at the level is -1.9943. When compared against the critical value at the 5% significance level (-3.5628), the ADF statistic falls within the non-rejection region, suggesting that there is insufficient evidence to reject the null hypothesis of a unit root at the level. However, after differencing the series once, the ADF statistic becomes -5.8781, significantly lower than the critical value at the 5% level (-3.5683). This indicates strong evidence to reject the null hypothesis of a unit root in the first difference, suggesting that the series is stationary after differencing. Similarly, for the variables LIB, LEXP, LIMP, and POP, the ADF statistics at the level are -1.5683, -2.8416, -1.7309, and -1.4562, respectively. None of these statistics exceed their respective critical values at the 5% level, indicating that there is insufficient evidence to reject the null hypothesis of a unit root for these variables at the level. However, after differencing the series once, the ADF statistics become -5.4873, -5.3513, -6.5072, and -6.9716, respectively. All of these statistics are lower than their corresponding critical values at the 5% level, providing strong evidence to reject the null hypothesis of a unit root in the first difference for these variables. This suggests that the series become stationary after differencing.

Table 1: Augmented Dickey-Fuller (ADF) Unit Root Test

Variable	Level		First Difference	
	ADF	Critical Value @ 5 %	ADF	Critical Value @ 5 %
Y	-1.9943	-3.5628	-5.8781	-3.5683
LIB	-1.5683	-3.5683	-5.4873	-3.5683
LEXP	-2.8416	-3.5628	-5.3513	-3.5742
LIMP	-1.7309	-3.5628	-6.5072	-3.5683
POP	-1.4562	-3.5683	-6.9716	-3.5806

Table 2: Indicates the Cointegration Test Results

Hypothesized No. of CEs	Eigenvalue	Cointegration test based on Trace		
		Trace Statistics	0.05 Critical Value	Prob*
None*	0.8037	102.6119	69.8188	0.0000
At most 1*	0.6256	53.7605	47.8561	0.0126
At most 2*	0.4596	24.2834	29.7970	0.8187
At most 3*	0.1762	5.8192	15.4947	0.7168
At most 4*	7.02E-05	0.0021	3.8414	0.9598
Hypothesized No. of CEs	Eigenvalue	Cointegration test based on Maximum Eigenvalue		
		Max-Eigen Statistics	0.05 Critical Value	Prob*
None*	0.8037	48.8513	33.8768	0.0004
At most 1*	0.6256	29.4770	27.5843	0.0282
At most 2*	0.4596	18.4642	21.1316	0.1134
At most 3*	0.1762	5.8171	14.2646	0.6368
At most 4*	7.02E-05	0.0021	3.84146	0.9598

Table 2 presents the results of the cointegration test based on both the Trace and Maximum Eigenvalue statistics. Cointegration tests are used to determine the presence of a long-term relationship between variables. When considering the Trace statistics, the hypothesis of no cointegration (None) is rejected at a 5% significance level, as the Trace statistics (102.6119) exceed the critical value (69.8188). Similarly, the hypothesis of at most 1 cointegrating equation (CE) is rejected, with a Trace statistic of 53.7605 exceeding the critical value of 47.8561. However, the hypotheses of at most 2, at most 3, and at most 4 CEs cannot be rejected, as their respective Trace statistics do not exceed the critical values at the 5% level. Similarly, when considering the Maximum Eigenvalue statistics, the hypothesis of no cointegration is rejected, as the Max-Eigen Statistics (48.8513) exceed the critical value (33.8768). Additionally, the hypothesis of at most 1 CE is rejected, with a Max-Eigen statistic of 29.4770 exceeding the critical value of 27.5843. However, the hypotheses of at most 2, at most 3, and at most 4 CEs cannot be rejected, as their respective Max-Eigen statistics do not exceed the critical values at the

5% level. Overall, these results indicate the presence of cointegration among the variables being tested, suggesting a long-term relationship between them.

Table 3 displays the long-run outcomes of the regression analysis with the dependent variable Y. Each independent variable's coefficient, standard error, t-statistic, and probability are presented. The coefficient for LIB (Labor Index) is -0.4920, with a standard error of 0.0944. The corresponding t-statistic is -5.2120, indicating a significant negative relationship between LIB and Y ($p < 0.0001$). LEXP (Export Index) has a coefficient of 0.5176, with a standard error of 0.1144. The t-statistic is 4.5238, indicating a significant positive relationship between LEXP and Y ($p < 0.0001$). For LIMP (Import Index), the coefficient is 0.3375, and the standard error is 0.0982. The t-statistic is 3.4345, indicating a significant positive relationship between LIMP and Y ($p = 0.0020$). The coefficient for POP (Population) is 0.5898, with a relatively high standard error of 0.5527. The t-statistic is 1.0671, suggesting a weak positive relationship between POP and Y, although the relationship is not statistically significant ($p = 0.2957$). The constant term C has a coefficient of -3.4604, with a standard error of 1.0108. The t-statistic is -3.4233, indicating a significant negative relationship between the constant term and Y ($p = 0.0021$). Overall, the model explains approximately 95% of the variance in the dependent variable Y, indicating a good fit of the regression model to the data.

Table 3: Long-Run Outcomes

Dependent Variable: Y				
Variable	Coefficient	Standard Error	t-Statistic	Prob.
LIB	-0.4920	0.0944	-5.2120	0.0000
LEXP	0.5176	0.1144	4.5238	0.0001
LIMP	0.3375	0.0982	3.4345	0.0020
POP	0.5898	0.5527	1.0671	0.2957
C	-3.4604	1.0108	-3.4233	0.0021
R-Square			0.95	

5. CONCLUSIONS

The objective of this research was to assess the significance of trade liberalization in the context of Nigeria. Through the application of the Augmented Dickey-Fuller (ADF) unit root test, the study determined that the time series variables under consideration were integrated of the same order, denoted as I(1). Additionally, employing the Johansen cointegration test approach, the research identified a long-run equilibrium relationship among the variables, indicating a stable and lasting connection between them. These findings lay the groundwork for further analysis of the impact of trade liberalization on various economic factors within the Nigerian context. The implications of these results are multifaceted. Firstly, the negative association between trade liberalization and economic growth suggests that the benefits of liberalizing trade may not be immediately apparent or may be outweighed by other factors in the Nigerian context. This underscores the importance of careful consideration and evaluation of trade policies, taking into account the specific economic conditions and challenges facing the country. Secondly, the positive relationship between export and economic growth indicates the potential for export-led growth strategies to stimulate economic development in Nigeria. Encouraging exports through supportive policies and infrastructure investments could be instrumental in driving economic expansion and enhancing competitiveness in global markets. Similarly, the positive impact of imports on economic growth suggests that access to a diverse range of imported goods and inputs can contribute positively to overall economic performance. However, it is essential to ensure that import policies are aligned with broader economic objectives and do not undermine domestic industries or exacerbate trade imbalances. The recommendation to strengthen institutions to address corruption and improve governance is crucial for creating an environment conducive to sustainable economic development. Effective measures to combat corruption can enhance investor confidence, promote transparency, and ensure the efficient allocation of resources, all of which are essential for fostering economic growth and stability. Investing in human capital development and promoting local industries is another critical aspect of economic policy.

By prioritizing education, skills training, and healthcare, Nigeria can empower its workforce, enhance productivity, and foster innovation and entrepreneurship. Supporting local industries through targeted policies and incentives can also create employment opportunities, stimulate economic diversification, and reduce reliance on imports. Furthermore, policies aimed at promoting export-led growth can help Nigeria capitalize on its comparative advantages and integrate into global value chains. This may involve providing incentives for export-oriented industries, improving trade infrastructure, facilitating access to international markets, and enhancing trade facilitation measures. Overall, a comprehensive approach to economic policy that addresses governance issues, invests in human capital, promotes local industries, and fosters export-led growth is essential for unlocking Nigeria's economic potential and achieving sustainable development outcomes. By implementing these recommendations, policymakers can lay the foundation for inclusive growth, poverty reduction, and prosperity for all Nigerians.

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