Analysis of the Impact of International Trade on the Inclusive (Real Sector) Economic Growth in Nigeria

Dr Aishatu Asabe Abdulkadir
Department of Business Education,
School of Vocational Education,
Federal College of Education, Kano.

Abstract

Over the years, Development Economists have unanimously identified global trade as an engine of growth and development following the previous assertion of Adam smith in 19772 because international trade lead to steady improvement in human status by expanding the range of peoples standard and preferences therefore, this study analysis the impact of international trade on inclusive (real sector) economic growth in Nigeria between 1986-2017 in line with the above objective, the data for this study were obtained from CBN annual statistical bulletin covering the periods. A twin multivariate ARDL models i.e Baseline Model and Alternative Model was formulated for the analysis with per-capita income and gross domestic product as an independent variable while international trade variables used as : Net Exports (NXP), Oil and Non-Oil Exports(OIL and NOIL), Degree of Trade Openness(TOP), Foreign Reserves(FRS), Exchange Rate(EXCH), Foreign Direct Investment (FDI), and Balance of Payment (BOP) as the explanatory variables. It was discovered that Nigerian economy is still gaining from trade inspite of the shortcomings observed in net exports and balance of payments, but this gain is yet to be maximized and translated to meaningful inclusive economic viability. Therefore, it is recommended that government should ensure that the benefits of trade should be widely distributed among citizens, particularly to those who find it difficult to capitalize on the opportunities offered by international trade through trade coordination between the different public institutions supporting the internalization of the economy.

keywords: Analysis, Economic Impact, Trade, Real Sector

Introduction

It is a fact that the World has become a global college and the coherent conditions for any nation is to be part of such global alliance is through international trade. Therefore, international trade is the exchange of capital, gods and services across the intercontinental borders. Trade has gained significant attention among both developed and developing countries and this can be attributed to the impact of technology and globalization. Virtually, there is no country around the world that does not trade with one another. This has led to an increase in the number of bilaterial trade agreement across the nations of the world with the aim of making available foreign exchange earnings and stimulating market for the participating economies and such trade represents a significant share of gross domestic product (GDP) which shows the monetary value of all goods and services produced over a specific time of period in an economy (Investopedia, 2013).

Li, Chen and San (2010), believed that the development of trade across borders greatly impacts on GDP in an open economy without such trade agreement and transactions, countries would be limited to goods and services produced within their territories. However, it is worthy to note that the impact of international trade on a country's economy is not only limited to the quantitative gains but also facilitating of International trade on a capital flow and structural charges. Trade as we all know enhances the efficient production of goods and services through allocation of resources to countries that have comparative advantage in their product. This means that different nations of the world differ in terms of their resource's endowment, preferences, technological know-how scale of production and capacity for growth and development. The above mentioned differences made it necessary and indispensable for countries to engage in trade with another, and thus opened up avenues for nations to exchange and consume what other countries can produce (Emeka, Frederick and Peter, 2012). The essence of trade participation is to enjoy variety of goods and services and improve their people's standard of living.

Nigeria has witnessed drastic jumps in terms of trade with the rest of the world: the past 5 decades due to its countries efforts in trade liberalization and the country's on-going engagement in free trade policies, and several other trade pacts and treaties encouraged by successive government in the country. For instance, the volume of exports in 2013 reached N15,262.0 billion after leaving been N7,324.7 billion in 2006, N1.945.7 billion in 2000, N950.7 billion and N11.7 billion in 1995 and 1985 respectively. In the same vain, import value in Nigeria in 1985 was N7.1 billion which rose to N755.1 billion in 1995 and it further rose to N2,800.9 billion and N11, 076.1 billion between 2015 to 2015 respectively(CBN, 2015).

In addition, the country's export trade has been dominated by the oil sector, while the non-oil sector remains relatively sluggish since the advent of oil in 1970. In 2006 exports transactions accrued a sum of N5,287.57 billion, and rose to N4, 462.91 billion and N6,530.60 billion in 2007 and 2008 (CBN, 2015), while non-oil export earnings during this periods were N677.54 billion and it rose to N1, 264.60 and N1,336.00 billion between 2011 and 2014 while the oil export accrued a sum of N8,878.97 billion, N8,025.97 billion, N6,809.23 billion respectively. More so, the non-oil sector during the periods remain steep, contributing only about 33% of the total export and re-export earnings of the government. Specifically in 2011, it was N2,237.88 billion, rose to N2,628.78 billion and N2,950.56 billion in 2012 and 2013 respectively (CBN, 2015). It however, reveals some appreciable trend between 2014 to a tune of N3,275.03 billion and fell slightly to N3,083.41 billion in 2015 (CBN, 2015). Further breakdown of the composition of import and export shows that fuel and mining products, agricultural products and manufactures account for 97%, 22% and 0.8% of total export respectively while machinery, agricultural products and fuel and mining product account for 72.3%, 23.7% and 4% of total import respectively. This means that oil export constitutes a large percentage of the Nigerian's export and re-export trade activities, while majority of the country's imports such as : Machinery and transport equipment, food and live animals, manufactured goods, chemicals, crude materials, inedible, beverages and tobacco, etc, comes from sources such as China, U.S.A, U.K, Netherlands, France, Germany, Italy, etc, while nations exports items go to almost the same source, (CBN, 2015 and NBS, 2015).

From the above statistics, it can be deduced that Nigeria has had a fair share of International trade both in terms of exports and imports which led to an increase in its overall GDP growth. However, in terms of inclusive growth, that is growth that takes into considerations the well-being and vulnerability of individuals in the country, the reverse is the case. In clear terms, Nigeria for examples has witnessed unprecedented rates of GDP growth for nearly a decades, but the rates of poverty, inequality and unemployment have also risen during the period.

According to Aliyu (2015), the Nigerian Economy have grow by and average of 6% per annum between 2005 and 2014, poverty and inequality have actually risen. The Gini co-efficient of inequality in Nigerian for examples led risen from 0.429 in 2005 to 0.504 in 2013, suggesting a significant rise. Indeed, GNI per-capital (2011 PPP prices) has increased by over 43%, from $3,606 in 2005 to $5,165 in 2014 (World Bank, 2015). The Gini index of O represents perfect equality (World Bank, 2015). Despite the above, UNDP (2015) reported that poverty has risen from 28.7% in 2004 to 43.3% in 2015.

In addition, unemployment rate has also increase from about 24% in 2014 (NBS, 2015). These statistical analysis shows that the impressive growth in output and income over the period has excluded a significant segment of the population of the poor. This means that over this period, a greater opportunity of the country's poor had been excluded from the economic opportunities associated with the economic growth process.

Statement of the Problem

It's quite obvious that improving the social and economic life of citizens to achieve or attain inclusive and sustainable economic growth desires of nations has been the fore most objective of international trade, but in recent time, this has not been the case with the Nigeria economy. Also, despite the significant growth of about 6.03% witnessed between 2005 and 2014 (CBN, 2015), the attainment of inclusive economic growth remains elusive. It was reported during this same period, according to National Bureau of statistics, that the growth per-capita GDP average 3.2% showing that growth has been skewed in the country. Also, inequality according to (CIA Factbook, 2015) as measured by the Gini index worsened from 40 in 2004 to 42.95 in 2010 while poverty headcount and gap remain high recording 46% and 17% respectively as at 2010 (Mohammed and Bensah, 2015). The total number of unemployed as percentage of total labour force increased from 12.7% in 2007 to 21.4% in 2010 and 23.9% in 2011. Similarly, Human Capital development (HCD) efforts in terms of educations performance reveal weak performance likewise, adult and youth rates stood at 51.1% and 66.4% in 2008, down from 54.7% and 68.9% in 2003.

According to Arodoye and Iyoha (2014), believed that those economic unsteadiness militating against significant inclusive growth in Nigeria are: price instability, high and rising level of unemployment, increasing poverty rate, declining manufacturing and industrial outputs, poor infrastructural facilities, mounting public debt, adverse balance of payments While the reasons adduced to the trifling benefits of international trade in terms of inclusive growth in the country, is the failure of trade diversification from oil to non-oil items. For instance in 1994, 1995 and 1996,the oil sector accounted for 97.4%, 97.6% and 98.2% of the total exports and re-exports earnings respectively, while the non-oil sector accounted for the outstanding minuscule percentage with in the years, (CBN, 2010).

More so, the Import dependent nature of the country, coupled with the micro economic policy distortions in international trade is also, responsible for the insignificant contribution of international trade in the country. Nigerian economy of today has evolved as one which depends majorly on one export commodity (oil) at the expense of all categories of imports commodity (oil) at the expense of all categories of imports commodities at a time. This situation has plunged the nation into a wrong end of an unbalanced global trade environment, that is trade transactions that favour imports over exports, and has equally placed the country into a soaring trade deficit. This invariably implies that Nigeria has paid more to foreign countries than what she received. The effect of the above on the economy has been gross depletion of the nations Balanced Of Payments (BOP). In fact, according to the annual financial reports of the CBN (the statistical Bulletin, 2016): not only has the BOP (which represents a systematic record of transactions that measure all flows of money into and out of a country including payments for goods and services and capital flows) depleted overtime but has equally under performed in its overall contribution to the GDP per Capita.

Also, it was noted that the poor performance of international trade has been blamed on factors like different languages, difficulty in transportation, risk in transit, lack of information about foreign business men, as well as hostile business environment in some parts of the country which has greatly impeded economic liberalization activities in those regions. Despite the voluminuous trade activities of international trade in Nigeria, its impact on the real sectors of the economy is very slim and also there is inconsistency and unsatisfactory trends of BOP overtime in its overall contribution GDP per-capital. Thus, the paper intends to analyze the impact of internal trade on real sector or inclusive economic growth in Nigeria. That is, it sorts to examine the impact of international trade on the nation’s per capita income.

Specific Objective of the Study

a. To analyze the impact of international trade in inclusive economic growth in Nigeria.

b. To determine the international trade variables that have the most impact on the inclusive growth in Nigeria.

Research Questions

a. What is the impact of international trade on inclusive growth in Nigeria?
b. Which international trade variables have most impact on the inclusive economic growth in Nigeria?

Null Hypothesis of the Study

Null Hypothesis was adopted for this work and they are as follows:

H_{01}: International trade have no significant impact on inclusive economic growth in Nigeria.

H_{02}: International trade variables on inclusive economic growth in Nigeria are not significant.

Significance of the Study

This section is devoted to providing conceptual clarification to some concepts of international trade inclusive growth as well as trade benefits and other trade related issue and polices in Nigeria.

To start with, international trade, is the legal exchange of capital goods and services across international borders or territories. In most countries such trade represents a significant share of gross domestic product (GDP). For example it is a fact, that one can walk into a super market and can buy South-America bananas, Brazilian coffee and a bottle of South African wine in Nigeria which is a positive effect of international trade.

According to Chukwu (2010) international trade allows us to expand our markets for both goods and services that otherwise may not have been available to us. As a result of international trade, the market contains greater competition and more competitive prices, which brings a cheeper product home to the consumer.

However, inclusive growth according to Wikipedia (2017) is a concept that advances equitable opportunities for economic participants during economic growth with benefits incurred by every section of the society. This concept expands upon traditional economic growth models to include focus on the equity of health, human capital, environment quality, social protection and food security.

Also, Edward (2000) defined inclusive growth as an economic growth that creates opportunity for all segments of the population and distributes the dividends of increased prosperity, both in monetary and non-monetary terms, fairly across society. Inclusive growth is also viewed by its pace and pattern; that is growth that is sufficient to lift a significant portion of the population out of poverty and includes the largest part of the country's labour force (World bank, 2009).

The African Development Bank differs in its definition as it lays more emphasis on marginalized groups. Therefore, inclusive growth involves group that suffer from discrimination, inequality and poverty. According to OECD (2013), inclusive growth is attained when the gap between low and high income earners is less pronounced and benefits of growth are shared evenly such that it improves the standard of living.

There are many theories of international trade which range from trade theories like mercantilist trade theory, Hecksher-Ohlin trade theory and many others. For the sake of this paper, the theoretical frame work adopted here is the comparative advantage trade theory which was propounded by Ricardo (1817) to challenge the earlier proposed Absolute Advantage Trade Theory of Adam Smith. Adam Smith believed that nations should specialize in the production of those commodities in which it could produce more efficiency than the other nations, and import those commodities in which it could produce less efficiently. But the theory fails to explain situation where a country has comparative advantage in the production of two goods and shows if trade will still be necessary and beneficial to the country in question. The above short coming made Ricardo to challenge the assertion of Smith's Absolute Advantage Trade Theory. Ricardo maintained that international trade arises not from difference in absolute advantage but from difference in comparative advantage by "Comparative Advantage" Ricardo meant greater advantage.

In this analysis of two countries and two commodities further stressed that trade would take place even if one country was more efficient in the production of both commodities, provided the degree of its superiority over the other country was not identical for both commodities. In his assumption of the theory. Countries, two commodities and one factor of production, i.e two obtained the result that a country will tend to export the commodity in which it has a comparative disadvantage since comparative costs are the other side of comparative, advantage. The theory could be expressed in terms of comparative costs which means a country will tend to export the commodity whose comparative cost is lower in production and is higher in pre-trade isolation.

The above theory is adopted for this paper due to the following reasons:

a. Its theoretical basis has a firm application in the study of economies.
b. The basic ideology of the theory is valid and can be explained in terms of opportunity cost in the modern theory of trade relations among nations in the world.

Reason of International Trade and its Importance

Ideally, international trade leads to an increase in income level of investment and the state of technical knowledge in an economy. The increase in investment level and improvements in innovations and technical progress will lead to increased productivity and competitiveness, and trigger a further increase in trade and income. This positive feedback continues and brings about a virtuous circle of increased trade, rising income and economic development, Osabuohien, (2007).

Also, Herbleler (1988) revealed that these are four main points regarding the dynamic benefit of trade participation in less developed countries (LDCS): that

1. Trade provides material means (capital goods, machinery, raw and semi-finished materials) indispensable for economic development.
2. Trade is the means and vehicle for the dissemination of technological knowledge, the transmission of ideas, the importation of know- how (ii) skills, managerial talents and entrepreneurship.
3. Trade is also the vehicle for the international movement of capital especially from the developed to the underdeveloped countries.
4. Free international trade is the best anti-monopoly policy and the best guarantee for the maintenance of a healthy degree of free competition among nations Olorunshole (1996).

   More so, other scholars such as Krueger (1997), Harbeler (1998) in Onuh (2015), Hassan (2007), Obiora (2009), Iyoha (2010), Iyoha and Adamu (2011) and Mustafa (2011) in Ebiefe (2014) also concluded on the premises of comparative trade theory that trade across international borders brings efficient allocation of resources because each country specializes in producing the commodities in which she has comparative advantage over others. In relations to this theory through foreign trade countries direct their factors of production to area where they can produce more and this lead to increase in total world trade output of commodities. This increase in the world output also increase the variety of goods available to consumers. While the consumer have the chances of exercising their preferences and consequently, standard of living would also increase.
5. International trade create awareness on the effects of international trade on the factor use and factor reward. It will also create awareness of lapses and difficulties in actualizing the trade policies in formulation and development of appropriate policies particularly as it concern trade.

Core Aims of International Trade Policy in Nigeria

The Government of Nigeria pursues the liberalization of its trade regime in a very measured manner, which would ensure that the resultant domestic costs of adjustment do not outweigh the benefits. The reforms which accompany this policy direction are also aimed at re-orientating attitudes and practices towards modern ways of doing business. However the instruments of trade policy such as tariffs regime is designed in a manner which allows a certain level of protection of domestic industry and enterprise to strive better. While this is the main trade policy to frame work to guide economic growth, the trade expansion, employment generation and poverty alleviation dimensions are subsumed in a new overarching economic development policy blueprint adopted in 2003, the National Economic Empowerment and Development (NEEDS).

The Nigerian Government considers trade as the main engine of its development strategies because of the believe that the trade can create jobs, expand markets, rises incomes, facilitates competition and disseminate knowledge. The main trust of trade policy is therefore the enhancement of competitiveness of domestic industries with a view of stimulating local value- added and promoting a diversified export base. Trade policy also seeks (through graded liberalization of the trade regime) to create environment that is conducive to increased capital in flows, and to transfer an adoption of appropriate technologies.

According to Iyoha (2010) the goal of Nigerian's trade is to promote the development of a private sector-led and growth of the economy and to encourage production and distribution of goods and services for both the domestic and international markets with a view to achieving an accelerating economic inclusive growth and development. The objectives of Nigerian's trade policy have endured overtime as most of them stated in the trade policy of Nigerian (TRN). Published in 2002 still feature in the Nigeria vision 20:2020. The need to diversity, drive and promote increased value addition in the various sectors of the Nigerian economy especially where the country has comparative advantages and move this section tariff reforms with the aim of reducing the unpredictability, uncertainty and lack of transparency of Nigeria's trade policy. Efforts at reviewing the current trade policy aimed at making trade policy more realistic and action oriented have produced different versions of trade policy in Nigeria.

Review of Related Literatures on the Impact of International Trade on Inclusive Economic Growth in Nigeria are as Follows:

Adeleye, Adetoye and Adewuyi (2015) examined the impact of international trade on economic growth of Nigeria between the period of 1988 to 2012, using net export and balance of payment as proxies for international trade while GDP was used to represent economic growth and all was sourced from the CBN statistical Bulletin. The study employed repression analysis as the method of analysis and using co-integration and error correction modeling technique to find long run relationship between economic growth and international trade. The finding revealed that total exports was positive and significant while other variables remain insignificant. In the same way, Usman (2011) evaluated the performance of external trade on the growth of the Nigerian Economy for the period 1970 to 2005. Ordinary Least Square (OLS) was used for the study, while data for the study was equally obtained from the CBN statistical Bulletin. The empirical findings shows that exports, import and exchange rate are all negatively related to real output of Nigeria with 19%, 8.7% and 52% respectively while the explanatory power of the model was found to be 71%.

Also, Arodoye and Iyoha (2014) examined the nexus between foreign trade and economic growth in Nigeria using quarterly time series data from $1981Q_1$ to $2010Q_4$ sourced from the CBN's statistical Bulletin. A vector regression model was utilized for the analysis and the result revealed that there is a stable long-run relationship between foreign trade and economic growth in Nigeria measured by real gross domestic product (RGDP). Time series data obtained for a period of 27 years from CBN's statistical Bulletin was analyzed using Ordinary Least Square (OLS) statistical technique. The results revealed that positive relationship exists between variables and there is co-integration among variables. The granger causality test shows a uni-directional relationship showing RGDP granger causes export and import Granger Cause RGDP and export.

In addition, Greg and Effioing (2013) analyzed the trends of the oil revenue and oil exports as it relates to other potential economic variables required for the transformation of the Nigerian economy, using descriptive tools such as charts and graphs to examine the trend relationship between oil revenue and some key potentials economic growth drivers. The study concluded that oil is capable of enhancing economic growth but that Nigeria and Nigerians are not reaping the benefits of the oil earnings due to high level of mismanagement of the resources.

From the above reviewed studies, Muhammad and Benedict (2015) empirically examined the impact of International trade on economic growth in Nigeria from the period 1981 to 2012 based on time series data on the variables considered relevant indicators of economic and international trade. Using OLS techniques, the result of the analysis shows that all the variables excepts interest rate were statistically significant an economic growth of Nigeria. The study supported the preposition that degree of openness has direct robust relationship with economic growth since the proxy variable is positive and statistically significant in the model.

From the above studies of the impact of international trade on growth, economies at various periods, the results are that international trade has contributed significantly to growth of the economic but none of the past studies have specifically investigated the plausible impact of international trade on the inclusive economic growth in Nigeria. All the scholars utilized GDP to serve as proxy to economic growth in their studies but did not capture the impact of international trade on an inclusive growth in Nigeria. This is done by investigating the Plausible impact of International trade variable on per capital income in Nigeria.

Methodology

The data for this study was generate mainly from secondary sources. This was because data and information needed for this study were hardly obtained any where outside the official quarters of the federal Government. The data used were sourced from CBN publications such as annual statistical bulletins, Economic and financial reviews, Bullions, reports of previous researchers, unpublished research works, textbooks, articles in Journals including web pages as well as online academic materials such as websites of the National Bureau of Statistics, Nigerian exports-import bank, Ministry of Industry, trade and investments were collected, compiled and used for the analysis. Also Phillips Perron (PP) unit root test and Johanson co-integration test was used to establish the existence of impact of International trade on inclusive economic growth in Nigeria.

Model Specifications

The Model for this study is specified as follows:

1. The Auto Regressive Distributed Lag (ARDL) model in model I suggested by Besaran and Shin (1995, 2009) was used to analyse the impact of International trade on inclusive economic growth in Nigeria. This will enable the study to provide answer to the research questions as well as achieve its specific objectives. The distributed lag model is an appropriate model specification adopted for this study.

The operational models is specified as follows:

i. PCI=(NXP, TOP, FDI, EXCH, FRS, BOP) = Baseline Model
ii. GDP=(OIL, NOIL, NXP, FRS, BOP, TOP)=Alternative Model

The economic forms of the models are specified as follows:

iii. $LPCIt=\alpha_0 + \alpha_1 \; LNXP_{t-1} + \alpha_2 L \; TOP_{t-1} + \alpha_3 LFDI_{t-1} + \alpha_4 L \; EXCH_{t-1} + \alpha_5 LFRS_{t-1} + \alpha_6 L \; BOP_{t-1} + M$

iv. $LGDPt= \beta_0 + \beta_1 LoiL_{t-1} + \beta_2 LNoiL_{t-1} + \beta_3 NXP_{t-1} + \beta_4 FRS_{t-1} + \beta_5 LBOP_{t-1} + B_6 LTOP_{t-1} + U$

Where:
L - Natural Logarithm

PCI - is the per capita income

NXP - is net exports

Noil - is non-oil exports

FDI - Foreign Direct Investment

EXCH - Exchange rate

BOP - Balance of payments

GDP - Gross Domestic product
Oil - oil exports
Top - degree of trade openness
U - error term
α_1 - α_7 = Slopes of the explanatory variables of the baseline model
β_1 – β_7 = Slopes or parameters of the explanatory variables of the alternative model.
α_0= Intercept parameter of the baseline model

β_0 = Intercept Parameter of the alternative model.

t-n= Lag Period

From the above models, models I & III represent the baseline model which is in line with the broad objective of the study, that is to investigate the impact of international trade on inclusive economic growth. The second model ii and iv is the alternative model and was specified to take care of the aggregate significance of international trade on the Nigerian Economy.

Table1: Shows summary of ARDL Lag order Selection Criteria for the Baseline Model.

Lag	LogL	LR	FPE	AIC	SC	HQ
0	-462.9301	NA	147.5878	7.832168	7.994771	7.898202
1	-438.8305	44.9859*	100.4381	7.447174	7.63300*	7.522642*
2	-437.5047	2.452590	9.89810*	7.441746*	7.650827	7.526647
3	-437.4875	0.031638	101.5585	7.458125	7.690416	7.552459

*Note *Indicates Lag orders selected by the criteria sources: Researchers Computation using E views 9.*

From Table 1, the Lag length of I was adopted for the analysis, based on the suggestions of the sequential modified LR test statistic, Schwarz information Criterion (SC) and Hannan Quin information criterion (HQ).

Table 2: Demonstrate the summary of ARDL lag order selection criteria for the alternative Model

Lag	LogL	LR	FPE	AIC	SC	HQ
0	-875.6785	NA	143424.5	14.71131	14.87391	14.77734
1	-862.6050	24.40387*	117290.0*	14.51008*	14.69592*	14.5855*
2	-862.5876	0.032196	119236.6	14.52646	14.73552	14.61136
3	-860.8747	3.140326	117840.7	14.51458	14.74687	14.60891

Note Shows Lag order selected by the criterion sources: Researcher's computation using E-Views 9.*

Also, for the alternative model (iv) as presented on the Table 2, the lag length of 1 was equally selected following the lag order length suggested by the sequential modified LR test statistics Schwarz information criterion (SC) and Hannan Quin (HQ) criterion respectively as stated in the table above.

Presentation & Discussion of Results

To achieve the stated objectives of this study: Impact of the international trade variables on inclusive economic growth of the Nigerian economy. They alto-regressive distributed Lag (ARDL) model was used. Based on Table 3 and 4 on the impact of international trade variables on inclusive economic growth and growth of the Nigerian Economy using ARDL model the results of ARDL model are shown in Table 3 below.

Table 3: Summary of ARDL Result for the Baseline Model

Variable	Coefficient	Std. Error	t. Statisti	Prob.
C	19.63050	8.062276	2.434859	0.0166
D(LPCI(-1))	0.563995	0.087608	6.437702	0.0000
D(NXP(-1))	-0.002235	0.004043	-0552737	0.5816
D(TOP(-1))	27.85362	96.86121	0.2875562	0.7742
D(LFDI(-1))	6.64E-05	0.000119	0.559701	0.5769
D(LEXCH(-1)	-0.085418	0.244675	-0.349110	0.7277
D(LFRS(-1))	-5.33E-05	6.21E-05	-0.858670	0.3924
D(BOP(-1))	-6.59E-05	0.000149	-0.442392	0.6591
LPCI(-1)	-0.047712	0.016728	-0.852260	0.0052
NXP(-1)	-0.000342	0.001225	-0.278908	0.7809
TOP(-1)	35.12927	32.05100	1.096043	0.2755
LED(-1)	6.28E-05	5.21E-05	1.203933	0.2313
LEXCH(-1)	0.063391	0.040183	1.577534	0.1176
LERS(-1)	1.07E-05	1.51E-05	0.711481	0.4783
BOP(-1)	-4.21E-05	5.77E-05	-0.729620	0.4672
R-Squared	0.476225			
Adjusted R-Squared	0.407694			
F-statistic	6.949020			

Sources: Researcher's Computation using E-views 9

The result of the analysis on Table 3, shows the impact of international trade variables on inclusive economic growth in Nigeria. It was discovered that the coefficient of net export (NXP) is negative for the periods considered. This implies that net export (NXP) as a major international trade variable exerts a negative impact on inclusive economic growth in Nigeria. That is, the higher the import trade over export trade in Nigeria, cetaris paribus, the lower is its contribution to the economic lives of citizens in the country. Also the TOP which represents the impact of the degree of trade openness to inclusive economic growth in Nigeria (LPCI) revealed a positive impact for the table which implies that the higher the degree of at which Nigeria opens its can for trades with other nations of the world, the higher will be its contribution to inclusive economic growth in the country.

The result of Foreign Direct Investment (FDI) as a significant variable of international trade in Nigeria exerts a positive impact with Per Capita Income (LPCI). This means that the higher the stock of foreign direct capital and investment in the country, the better will be the economic lives of citizens in the country. Contrary to this result however, the exchange rate of naira vis-à-vis the US dollars (LEXCH) has a statistically significant impact with Per Capita Income (LPCI) but the impact is inverse or negative showing that as foreign exchange increases, inclusive economic growth will dwindle. Likewise, the coefficient of foreign reserve (LFRS) and balance of payment (BOP) respectively have negative and it's insignificant relationship with LPCI. The coefficient for the table shows that the stock of foreign reserve and balance of payments have adverse impact on inclusive economic growth in Nigeria.

From the foregoing, Trade Openness (TOP), Foreign Direct Investment (LFDI) and Foreign Reserve (LFRS) have positive impact with inclusive economic growth in the country which values stood at 27.85362 and 35.12927; 1.07E-05 and 6.64E-05. With the above results for three variables, our earlier null hypothesis is rejected and alternative hypothesis is accepted. Also, Net exports to imports (NXP), Exchange Rate (LEXCH) and Balance of Payments (BOP) whose values stood at -0.000342, -0.085418 and -4.21E-05 agreed or conformed to our aprori expectation of null hypothesis 2 which revealed that the above stated variables are not significant since they show a negative impact on inclusive economic growth (LCPI) during the period. The study equally demonstrate that net exports (NXP) and foreign reserve (LFRS) has a negative impact on the growth of the Nigerian Economy LGDP.

The coefficient of determination, the adjusted R^s shows that about 41% of the total variation in per capita income is determined by change in the explanatory variables. While the F-statistics (6.94) shows that the explanatory variables are jointly significant at 5% level.

Table 4: Summary of ARDL Result for the Alternative Model

Variable	Coefficient	Std. Error	t. Statisti	Prob.
C	37.39456	79.4608	0.470604	0.6389
D(LGDP(-1))	0.420817	0.11446	3.676506	0.0004
D(LOIL(-1))	0.484726	0.48030	1.009202	0.3152
D(LNOIL(-1))	1.003379	1.76909	0.567170	0.5718
D(NXP(-1))	-0.004789	0.20328	-0.023558	0.9812
D(LFRS(-1))	-0.005653	0.00235	-2.398499	0.0182
D(BOP(-1))	0.001455	0.00429	0.338499	0.7357
D(TOP(-1))	-11424.95	9947.38	-1.1485232	0.2533
LGDP(-1))	0.016972	0.00782	2.168232	0.0324
LOIL(-1)	0.001111	0.10254	0.010834	0.9914
LNOIL(-1)	-0.902313	0.60222	-1.498306	0.1370
NXP(-1)	-0.077810	0.07222	-1.077349	0.2837
LFRS(-1)	-0.000190	0.00056	-0.335059	0.7382
BOP(-1)	0.000222	0.00181	0.122394	0.9028
TOP(-1)	1091.955	1746.50	0.625224	0.5332
R-Squared	0.872024			
Adjusted R-Squared	0.855280			
F-statistic	52.07820			

Sources: *Researcher's Computation using E-views 9*

While Oil (LOIL, LNOIL exports, BOP and TOP) exhibit positive impact with growth in Nigeria. Furthermore, the result shows that 87% of the systematic variations in economic (LGDP) have been explained by regressors or explanatory variable. This is indicated by the co-efficient of determination (R^2) of 0.872 while about 13% of the variations in economic growth was left unexplained by the model. This means other factors apart from the international trade variables specified in the model also affect the growth of the economy. That is the higher the import trade over export trade in Nigeria, Cateria Paribus, the lower its contribution to the economic lives of citizens in the country. This relationship is not statistically significant at 5% since it probability value is greater than 0.5 significance level.

Discussion of Findings

In summary, the results of the analyses strongly reject the null hypothesis that international trade variables have no significant impact on inclusive economic growth and the growth of the Nigerian Economy. Precisely, the study concluded by emphasizing that international trade has significantly impacted on inclusive economic growth and growth of the Nigerian Economy, and will continue to do so in the future, inspite of the shortcomings observed in net exports and balance of payments. In view of the above. The study stressed that

Nigerian economy is still gaining from trade but this gain is yet to be maximized and translated to meaningful inclusive economic viability.

Based on the above findings, from the results of the analysis, it was discovered that a substantial portion of the economic expansion and inclusive growth in Nigerian is external. Therefore, the Federal Government needs to further reduce trade barriers and promote International trade by reducing and simplifying procedures and controls. Also, heavy dependence on International trade may be detrimental to fiscal sustainability and economic growth under the prebisch- singer law of decline in the terms of trade. Nigerian Exports mainly primary products, which prices are unstable and determined in the international market. For outward oriented strategy to have much larger impact on economic growth, the country should modify the composition of trade by switching from exports of raw materials and semi-manufactured goods to high value-added goods.

In addition, it is pertinent for government to strengthen the country's trade policy to promote investments in capital intensive sectors and develop human capital that can absorb technologies coming from advanced countries. More so, based on positive impact of trade openness to inclusive economic growth in Nigeria, it is highly recommended that government should extend her hand of bilateral trade agreements with more economies of the world, as it will help in improving inclusive growth in the country. However, government should equally put in place quotas and tariff- barriers to prevent dumping which may arises from trade liberalization.

Finally, for inclusive growth based on international trade, trade policies must be complemented by other policies. Government should ensure that the benefits of trade are widely distributed among the citizens, particularly to those who finds it difficult to capitalize on the opportunities offered by international trade owing to lack of knowledge, infrastructure and access to capital and this can be done by initiating trade co-ordination between the different public institutions supporting the internationalization of the economy. In particular, greater coordination is needed between the agencies responsible for international trade negotiations, exports promotion and diversification, foreign direct investment, technological innovation and dissemination, production and business development and human resource training, including secondary and university education.

References

Adeleye, J.O, Adetoye, O.S & Adewuyi, M.O. (2015). Impact of International Trade on Economic Growth in Nigeria (1988-2012). International Journal of Financial Research Vol.6, No.3

African Development Bank (2012), Inclusive Growth Agenda. Briefing not for AFDB's long term strategy

Aliyu, R.S. (2015). Monetary Policy and Inclusive growth; How costly are disinflations to inclusion in Nigeria. Selected papers from the 2015 annual conference of the Nigerian Economic Society (NES). Theme: Attaining Inclusive growth in Nigeria; Prospects and Challenges, 350-364.

Arodoye, N.L. & Iyoha, M.A. (2014). "Foreign Trade Economic Growth Nexus: Evidence from Nigeria". CBN Journal of Applied Statistics Vol.5 No 1. 121.

Central Bank of Nigeria[CBN] (2010), Statistical Bulletin. Vol.22, Central Bank of Nigeria, Abuja, December.

Central Bank of Nigeria[CBN] (2015), Statiscal Bulletin. Vol.22, Central Bank of Nigeria, Abuja, December.

Ebiefie, V. (2014), A brief Assessment of foreign Trade Policies and Economic Development in Nigeria from 1980-2010. African. African Journal of Social Sciences. Vol. 4 No.4

Edoumiekumo, S.G. & Opukri, C.O. (2013), Economic Growth factor in Nigeria: The role of Global Trade, American Journal of Humanities and Social Sciences Vol.1. No.2,51-55.

Edward, A.P. (2000), Expanding Trade for sustainable Development in Nigeria: Issues Prospect and Challenges, Central Bank of Nigeria Bullion, January/March.

Emeka, E.J., Frederick, I. & Peter, A. (2012). Micro Economic Impact of Trade on Nigerian Growth: An Empirical Evaluation. Research Journal of Business Management and Accounting, Vol. 1(4), 079-083.

Greg, E.E. & Effiong, C.E. (2013), the Trend Analysis of Oil Revenue and Oil Export in Nigeria. IOSR Journal of Business and Management (IOSR-JBM), Vol.10, No.3: 01-08.

Hassan, A. (2007), Export and Economic Growth in Saudi Arabia: A VAR Model Analysis Journal of Applied Sciences, 7:3649-3658.

Investopedia (2013), What is Balance of Trade (BOT)? Assessed on 18th August, 2017 at www.investopedia.org/what is BOT/

Investopedia(2013), What is GDP? August 2017 at www.investopedia.org/what is GDP/

Mohammed, S. & Bensah, D.L (2015), Does human Capital Development Matter for trickle down growth in Nigeria? An Empirical Investigation. Selected Papers from 2015 Annual Conference of the Nigeria Economic Society (NES). Theme: Attaining inclusive growth in Nigeria: prospects and challenges 435-454.

Mohammed, M.Y. & Benedict, N.A. (2015), the impact of International Trade on Economic Growth in Nigeria: 1981-2012. European Journal of Business, Economics and Accountancy. Vol. 3, No.6

National Bureau of Statistics (NBS) (2015), Annual Abstract of Statistics. Vol.26.

National Bureau of statistics – led Growth in Economic Development (OECD) (2013), Report on the OECD framework for inclusive growth. Meeting of OECD council at Ministerial level, Paris May,6-7.

Onuh, P.I. (2015) An Examination of International Trade Agreements Issues and Challenges for Nigeria. A Ph.D dissertation submitted to the School of postgraduate studies, Department of Commercial Law, Ahmadu Bello University, Zaria.

Usman, O.A. (2011), Performance Evaluation of Foreign Trade and Economic Growth in Nigeria, Research Journal of finance and Accounting. Vol 2, No 2.

Web Definition, (2017). What is Non-oil Export?

Wikipedia (2017), Import Assessed on 28th October, 2017 at www.en.m.wikipedia.org/wiki/import?

World Bank (2015), What is Inclusive growth? Washington D.C; World Bank.