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ECONOMIC GROWTH AND NON OIL EXPORT IN NIGERIA: AN ARDL COINTEGRATION ANALYSIS

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ABSTRACT

Oil is the mainstay of the Nigerian economy for over five decades; this led to the leveling of Nigeria as a mono-economy. But despite the dominance of oil, there are significant level of other exports that include food, non-oil minerals, agricultural raw materials, manufacturing and merchandise. This study analyzed the effects of these non oil exports on Nigeria economy. The data used for the study is for the period 1989 to 2022. The main method of analysis used for the work is Autoregressive Distributed Lag (ARDL) cointegration method; but additional tools such as Error Correction Model (ECM) and Granger causality test were used in order to add dynamism to the results of the study. The results of long run analysis show that manufacturing export has negative but statistically insignificant effect on economic growth; but, food export has positive and statistically significant effect on economic growth; while merchandise export is positive but statistically insignificant; export of primary commodities excluding oil has negative but statistically insignificant effect on economic growth. The results also show that trade openness has positive and statistically significant effect on economic growth. The result of bound testing shows cointegration and existence of long run relationship between the dependent and independent variables. The results of Granger Causality that show short run relationship between variables show that the independent variables (export of manufacturing, food, merchandise, primary commodity excluding oil and trade openness) Granger cause the dependent variable (economic growth). The paper recommends the boosting of export of major export commodities and creation of more export friendly policies and environments.

Keywords: Export, Non-Oil Export, Trade, Economic Growth, ARDL, Nigeria

1.0 INTRODUCTION

Since the 1970s oil has enjoyed the unrivaled position as the main foreign exchange earner for Nigeria. Before the discovery of oil in commercial quantities, Nigeria major export earner are agricultural products such as groundnut, cocoa, coffee, cow, sheep, palm oil, etc. But, since the

coming of oil into the landscape, the non oil sector has become dormant contributing far lower percentage of the GDP. In the economic parlance, for country to achieve balance of payment equilibrium it must export equivalent of what it imports. The decline in the non oil sector of the Nigerian economy has contributed to the deterioration in the balance of payment of Nigeria and the fall in the value of Naira. Over the years, Nigeria has adopted a number of measures to boost her export sector; some of these measures include promotion of the exportation of non oil minerals and cash crops, the establishment of export promotion agency, the creation of export-import bank, etc. An important factor in explaining poor performance of the non oil sector despite the adoption of these measures is poor implementation of policy by different government agencies. A lot of the institutions involved in the promotion of non oil export are not effective. They have never been particularly oriented to the demands of SMEs. Institution such as credit agencies, research institution, commodity board, river basin development authority and institutions which handled input procurement and distribution are notorious for their ineffectiveness and corruption. Most of these government institutions did not have adequate facilities and funds or competent staff to ensure the achievement of the objectives for which they were established.

The deaths of manufacturing and agricultural exports over the years have contributed to the economic crisis Nigeria has found herself in today. Problems such as Nigerians appetite for imported goods and the problem of power and infrastructure have contributed to the killing of Nigerian manufacturing sector. In the past in order to promote industrialization, Nigeria has used policies such as subsidies, tax incentives, export promotion, government procurement and import restrictions. Other policies include; public investment, nationalization, FDI attraction as well as macroeconomic policies such as exchange rate policy, monetary policies and trade policies. Over the years, Nigerian economic and industrial policies have moved from protection of the 1960s and 1970s to liberalization policies of today. Nationalization and import substitution industrialization of the 1960s and 1970s have played a role in the development of some form of manufacturing base during the period. The SAP policy that came into effect from 1986 was aim at the promotion of non oil sector after the general decline in oil revenue. The Nigerian Economic Summit Group in its 2002 publication titled ‘economic action agenda 2002’ list the following as some of the problems of Nigerian manufacturing sector: (1) infrastructures in adequacy, (2) bureaucracy, (3) high cost of doing business, (4) multiplicity of taxes, (5) poor Forex management, (6) dumping, (7) low capacity utilization, (8) low skill level, (9) high interest rate, (10) low patronage of local manufacturing. For the agricultural sector, the economic action agenda list the followings: (1) inconsistent government policies, (2) poor product quality, (3) lack of good agricultural insurance, (4) poor road networks, (5)lack of price control/marketing board, (6)poor funding and investments, (7) lack of loans, (8) high interest rate. Today, more than two decades later the problems still remain with us.

Shocks from COVID-19 pandemic and fall in the oil price as well as bad economic policies of previous government have contributed in pushing Nigeria into serious economic crisis. Export growth is an important mean of creating jobs and capital appreciation. Export growth can lead to achievement of exchange rate stability. It also increases the prestige of a country among the nations of the world. The socalled Asian Tigers have moved from commodities exporters to exporters of manufacturing in matters of one and half decades. There is no way a nation can achieve success in its export sector without opening its economy. Hence, a close economy that is domestic oriented cannot achieve success level attended by open economies. During the past

decade, Nigeria has found herself facing the problems of low economic growth and unsustainable deficit. These have affected its export performance. This paper tries to find out the major non oil exports that contribute to the economic growth of Nigeria. The study wants to find out how the non oil sector of Nigerian economy contributed to economic growth. The study accesses how-well sectors such as agriculture, manufacturing and solid minerals can help boost Nigerian non oil sector. The paper is divided into introduction, literature review, data and methodology, results and discussion and conclusion.

2.0 EMPIRICAL LITERATURE REVIEW

Understanding the nexus between non-oil export and economic growth have led to the development of substantial literature on the area from policy makers in government, practitioners, researchers and scholars from numerous reputable institutions and bodies towards redirecting and shaping economies in both the developed and developing countries of the World, Nigeria inclusive. Hence, some of these literatures are reviewed here in order to shade more light and provide latest findings in the field.

Okoli, et al (2023) conducted a research to study the impact of non-oil exports on Nigeria economic growth. The study covered the period 1981 to 2021. Augmented Dickey-Fuller (ADF), Engel-Granger Error Correction Model, Autoregressive Distributed Lag (ARDL) Bound testing approach are the data estimation techniques employed to examine the influence of the export of solid minerals, energy, agricultural and manufactured goods (as they proxy non-oil export – the independent variables) on the economic growth (the dependent variable). The results of the analysis using Engel-Granger Error Correction Model and Autoregressive Distributed Lag bound test show that the non-oil exports in Nigeria have positive effect on Nigeria economic growth as shown in the ECM result; and the non-oil export terms of trade in Nigeria has negative effect on Nigeria economic growth as shown by the ARDL results. Thus, they concluded that based on the results of the analysis (and on average) non-oil export is an important economic mechanism which could be utilized to solve the varieties of maladies facing the Nigerian economy; of course that is possible when the system inbuilt potentials are fully put to use.

Another related empirical study was conducted in Nigeria to examine the impact of economic diversification on Nigeria economic growth. The study was undertaking by Owan, Ndibe and Anyanwu (2020). They used the period 1981 to 2016 as their main target time frame. Export diversification, economy wide diversification, investment and exchange rate are the four independent variables used in the study. Whereas, Non-oil export and non-oil GDP proxy export diversification and GDP diversification, respectively; economic Growth as a dependent variable is proxy by GDP growth rate. They employed Ordinary Least Square (OLS) estimation technique for the analysis. The results of the study revealed that both investment and non-oil export are statistically insignificant but have positive impacts on Nigeria economic growth. But, the non-oil GDP impact on economic growth in Nigeria was positive and significant, while exchange rate was negative but statistically significant, that is of course within the period the analysis was carried out. Thus, in order to boost economic growth in Nigeria, they suggested the adaptation of suitable and stabilizing policies of exchange rate system stimulation towards real sector productivities improvement.

Yama and Wani (2021) carried out a related research to examine the relationship between diversification of export base and economic growth in Afghanistan, using time series annual data, covering the time period 1988 to 2018. Vector Autoregressive (VAR) Model was employed for data estimation and analysis. Trade openness, human capital, GDP percapita, Foreign Direct Investment (FDI), Gross capital formation and export diversification were used as independent variables, while, GDP as the dependent variable in the study. They concluded from the results of the estimation that the nexus between economic growth and export diversification in Afghanistan is positive. Among other things, they suggested provision of skilled labor, training and education, which is a clear way to develop human capital for premium services and achievement of desire results.

Zoramawa, et al (2020) conducted an empirical analysis to examine the main contribution channels to economic growth in Nigeria from the non-oil sector perspective within the time range 1981 to 2019. They employed Autoregressive and Distributed Lag (ARDL) Bound testing for the analysis. The result of the analysis shows that, within the timeframe of the analysis, there is statistically significant but negative relationship between economic growth and non-oil export in Nigeria from the solid mineral and manufacturing export sector - in the long run. The results also revealed that, within the same time frame, there is a two-way causal relationship between the independent variable (non-oil export) and dependent variable (economic growth). They therefore recommended that the relevant authorities shall prioritize the non-oil sector, so that it becomes more attractive and function actively; and in order to earn any competitive relevance in the international market.

A related research work was conducted by Raheem and Busari (2013) to analyze the relationship between the non-oil exports and economic growth in Nigeria. They attempted to examine the authenticity of Export-led Hypothesis, using Nigerian data. The study was carried out using data that covered the time frame 1970 to 2010.They also used both Single as well as Simultaneous Equation Modelling econometric methodology. According to the result of the study, the Single Equation Model confirmed the Export-Led Hypothesis, while the Simultaneous Equation Model result repudiated the Export-Led Hypothesis. This simply denotes that there are negative effects on economic growth from the non-oil export as presented by the simultaneous equation model results. While the result from the single equation model, has justified the export-led hypothesis.

Another related empirical analysis was undertaking by Riti, et al (2016) to examine the progress of non-oil sector; so as to serve as crucial step to enhance performance and diversification of the Nigerian economy. They made use of a number of data analysis techniques such as Vector Error Correction Model, Granger causality model and Autoregressive Distributed Lag Model to appraise the direction of causation among the variables and to find out the short run as well as the long run parameters. They used time series data covering the time range 1981 to 2013 for the analysis. In the long run, the results posit that, both the independent variables (telecommunication and agricultural products) determine the appreciation of the economic growth by 10.337% and 3.544%, accordingly. Also the result shows that in the long run, the dependent variable (economic growth) is vulnerable to the changes in the independent variables (telecommunication, agricultural and Manufacturing) as there was presence of unilateral causativeness from agricultural, telecommunication and Manufacturing components (independent variables) to economic growth (GDP).

In a recent research work examining the effect of non-oil revenue on economic growth in Nigeria conducted by Sunday, et al (2020), they used Gross Domestic Product (GDP) as proxy for economic growth. They also used four other independent variables (Custom and Excise Duties, Personal Income Tax, Companies Income Tax and Value Added Tax) as proxies for non-oil revenue in Nigeria. They employed the duo of descriptive statistics and Ordinary Least Square (OLS) regression techniques to analyse the secondary data within the time frame 1994 to 2018. They therefore concluded from the result of the analysis that Value Added Tax (VAT) and custom and excise duties which are all indirect taxes have more significant (positive) effect than Personal Income Tax and Companies Income Tax which are direct taxes on the economic growth in Nigeria. While, Companies Income Tax and Personal Income Tax have significant but negative effect on the economic growth in Nigeria - especially in the long run. It is also visible from the results that efficient/judicious combination of both types of taxes (direct and indirect) in Nigerian environment will guarantee long run economic improvement due to resultant highly yielding tax regimes.

Zayone, Henneberry and Radmehr (2020) also carried out a research to examine the impacts of mineral exports, manufacturing exports and agricultural exports on Angola economic growth, utilizing time series annual data spanning from 1980 to 2017. They employed Autoregressive and Distributed Lag Model in the estimation procedure. Though, the contribution from the non-oil export sectors on the economic growth of Angola is positive, but the impact is weaker than that of the oil export sector. Inadequacy of rural road network, poor education, lack of skilled labor, poor access to credit and low electricity power availability, etc, were identified as the main cause of the problem. For these reasons, they suggested among others, the provision of enabling environment that would attract more foreign investors to invest in the non-mineral sectors of the economy. This could play a vital role in maintaining economic stability and minimizing over-reliance on oil receipts.

Ekeke and Uprasen (2020) also conducted an empirical study in order to examine the resultant effects of non-oil exports (which are the independent variables) on the growth and development of Nigeria economy (the dependent variable). The years 1981 to 2017 were the time range they used for the time series analysis. Autoregressive and Distributed Lag (ARDL) Model and Toda-Yamamoto Granger Causality techniques were adopted to analyze the long run, short run and the causal relationship between the variables understudy. The result of the analysis shows that relationship between Nigeria non-oil export and economic growth is statistically significant and positive. In the long run, at 1% level of significance, an increase in non-oil export by 1 percent would result in an increment of Gross Domestic Product (GDP) growth by 0.48 percent; while the causal relationship is unidirectional as confirmed by Granger causality test, it shows that only non-oil exports causes an increment in the Nigerian economic growth trajectory.

In another related work, Ideh, Okolo and Emengini (2021) carried out a study which examines the impact of growth in the non-oil sector of Nigerian economy proxy by the shares of solid mineral, agriculture, trade and service industry to Real Gross Domestic Product (RGDP) on Nigeria sustainable economic growth proxy by the Real Gross Domestic Product (RGDP). Augmented Docket Fuller (ADF) test, descriptive statistics, Granger causality test and a Multivariate Vector Autoregressive (VAR) model were the techniques of analysis used at various stages of the work. They utilized an annual time series data covering the period 2000 to 2009. The results of the analysis show that the estimated model is stable in the long run, the

Real Gross Domestic Product is weakly endogenous in the short run; it is strongly endogenous as proved by the Vector Autoregressive and variance decomposition results. However, non-oil sector in the long run is strongly endogenous to RGDP as suggested by further analysis. They recommended that Nigerian economy needs to be diversified, with concentration by the authorities concern on the service sectors, solid minerals and agriculture as they tend to affect the economic growth in the long run better.

Another related empirical study was conducted to find out the relationship between non-oil export and performance of Nigerian economy by Bolaji, Adedayo and Olorunfemi (2018). They made use of a time series data within the time range 1975 to 2013. They also employed various techniques of analysis such as Augmented Dickey-Fuller unit root test, Johansen Cointegration approach to discover long run relationship between the variables understudy; Vector Error Correction Model (VECM) which stores information on both the short and long run and the Granger causality test that ascertains causal relationship between independent and dependent variables. The result of the study further confirms a unidirectional causal relationship from export to growth; thus, bolstering Export-Led-Growth (ELG) hypothesis. The resultant effect of non-oil sector on Nigerian economic growth is positive as revealed by the result of the study; insinuating that export of non-oil commodities from the country will have a direct effect on other sectors output growth - such as in manufacturing and agriculture.

In another empirical analysis that covered 33 years of annual data (1986-2018) conducted by Ogunsanwo, et al the results showed that the effect of the non-oil export trade on the Nigeria economic growth in both the short run and long run is positive and statistically significant. Out of the four variables used as factors affecting the non-oil export, it is only inflation rate that has no significant effect on Nigeria economic growth. They suggested the concentration of all government efforts towards strengthening the non-oil sector, so as to secure a competitive advantage and strategic power in the global market. The study employed Augmented Dickey-Fuller (ADF) for unit root test, Parsimonious Error Correction Model (PECM) and Johansen Cointegration test for the data estimation.

Finally, Udeh (2021) also conducted an empirical research to detect the impact of both non-oil and oil revenue of the federal government on Nigeria economic growth, utilizing annual time series data spanning the period from 1981 to 2015 (35 years). He used ADF unit root test, Parsimonious Error Correction Model and Johansen Cointegration test for the data analysis. The findings of the work show that both government non-oil revenues and oil revenues are (significantly) effective in causing growth in the Nigerian economy; also there is correlation between independent variables and dependent variable in the study. They suggested that oil production right in Nigeria should be vested with domestic companies such as the NNPC; and the Nigerian government to re-strategize its ideas and plans of stimulating the non-oil sector productivity in order to expand the revenue generation and to finally have a diversified Nigerian economy.

3.0 THEORETICAL FRAMEWORK

Neoclassical growth model has been the central reference point when it comes to explaining sources of economic growth. Endogenous growth model has been applied severally in explaining how various factors come to explain economic growth. Barro (1990) and subsequently Futagam et al. (1993) are recognized to be pioneers in the development of

endogenous growth model. A number of studies such as that of Iyola (1995), Papageorgious, et al (1991), Kruger (1978) and Bhagwati (1978) have pointed to export promotion as the way to go to achieve economic growth and development. Along this line, Cobb-Douglas production function is the main guide when it comes to relation between input and output or production expectations base on related measurable variables. It shows that the growth rate of output (economic growth/GDP) is mainly determined by factors such as: (1) rate of growth of labour and/or the rate of growth of its quality, multiplied by the labour income share; (2) rate of growth of capital input and/or the rate of growth of its quality, multiplied by the capital income share; and Change in technology or total factor productivity (TFP). It thus represents technological relationship between input and output.

$$Y(L,K) = AL^{\beta}K^{\alpha} \qquad (1)$$

Where, Y- total production, L – labour, K – capital, A – total factor productivity,

$0 < \alpha < 1 \; and \; 0 < \beta < 1$ Output elasticities of capital and labor, respectively; they are constants determined by existing technology.

4.0 DATA AND METHODOLOGY

4.1 Data:

Data was collected from CBN and NBS with the range starting from 1989 to 2022. The data is for the following variables; GDP, food export, manufacturing export, merchandise export, primary commodities except oil export and trade openness. The data is annual time series data generated from mentioned secondary sources for the period 1989 to 2022. Data was tested for the problems of spurious regression.

4.2 Model:

The model for the analysis followed the works of Abogan, Akinola and Baruwa (2014), Zayone, Henneberry and Radmehr (2020) and Okoli, et al (2023). It has economic growth as dependent variables with five other independent variables which are food export, manufacturing export, merchandise export, export of primary commodities with the exception of oil and trade openness.

$$GDP = \propto_1 + \propto_2 X_n + \propto_3 X_o + \propto_4 X_p + \propto_5 X_q + \propto_6 X_r + \in \qquad (2)$$

Where:

GDP – Gross Domestic Product
Xn – Food Export,
Xo – Manufacturing Export,
Xp – Merchandise Export,
Xq – Primary Commodities except oil,
Xr – Trade openness
$\propto$ - Parameters
$\in$ - Error term

4.3 Method of Analysis:

The main method of analysis for the work is ARDL cointegration and bound testing. ARDL cointegration does not require any pretests for unit root. Unlike Johansen cointegration model, ARDL model can be applied for both non-stationary time series and times series with mixed order of integration. In addition, ARDL model has the following advantages: endogeneity is less of a problem; identification of cointegrating vectors in presence of multiple cointegrating vectors and Error Correction Model (ECM) is derived from ARDL model by means of a simple linear transformation. Hence, ARDL model is the ideal choice when dealing with variables integrated for different order, I(0), I(1) or combination of both.

An ARDL model is seen as:

ARDL (1,1) model: $y_t = \mu + \alpha_1 y_{t-1} + \beta_0 x_t + \beta_1 x_{t-1} + u_t$ (3)

In this, $y_t$and $x_t$are stationary while u_t is error term

ARDL error correction model capture both long run and short run equilibrium. ECM incorporated short run and long run information. The error correction term is defined by:

$EC_t = \varepsilon_t = y_t - \sum_{i=1}^{k} \theta_i \, x_{it} - \varphi' w_t$ (4)

EC_t Provides speed of adjustment, it shows how much of disequilibrium is corrected in y_t. A positive coefficient shows a divergence, and a negative coefficient shows convergence.

Under ARDL bound testing, the following hypothesis is examined:

$$H_0: a_1 = a_2 = a_n = 0$$

$$H_1: a_1 \neq a_2 \neq a_n \neq 0$$

Here the hypothesis is confirmed if the null hypothesis is rejected. F-statistics is compared to the critical value. A long run relationship is said to be detected when F-statistics exceed the critical value. The cointegration testing helps researcher to find out whether underlying variables are cointegrated or not.

5.0 RESULTS AND DISCUSSIONS

5.1 Stylize fact:

Table 1: Summary Statistics

	Manufacturing	Food	GDP	Merchand	Primary Comm	Trade Opens
Mean	1.70E+09	1.08E+09	3.12E+11	4.41E+10	2.06E+09	36.21676
Median	7.92E+08	1.88E+08	2.83E+11	4.06E+10	3.75E+08	35.26000
Maximum	6.65E+09	7.66E+09	5.37E+11	1.12E+11	1.87E+10	53.28000
Minimum	55734768	2825764.	1.37E+11	7.73E+09	6243910.	20.72000
Std. Dev.	1.93E+09	1.62E+09	1.45E+11	3.22E+10	3.85E+09	8.681905
Skewness	1.134278	2.468183	0.251109	0.632806	3.049328	0.096330

Kurtosis	3.203960	9.876751	1.429198	2.261792	12.59000	2.389232
Jarque-Bera	6.917261	95.54321	3.852826	3.041194	172.2156	0.581053
Probability	0.031473	0.000000	0.145670	0.218581	0.000000	0.747870
Sum	5.43E+10	3.47E+10	1.06E+13	1.50E+12	6.59E+10	1231.370
Sum Sq. Dev.	1.15E+20	8.16E+19	6.90E+23	3.42E+22	4.59E+20	2487.391
Observations	32	32	34	34	32	34

Source: Authors' Analysis using Eview (2024)

Table 2: Correlation Analysis

Correlation

Probability	Manufacturing	Food	GDP	Merchandise	Primary comm	Trade opens
Manufacturing	3.59E+18 1.000000 -----					
Food	1.87E+18 0.617804 0.0002	2.55E+18 1.000000 -----				
GDP	1.99E+20 0.741149 0.0000	1.17E+20 0.517300 0.0024	2.00E+22 1.000000 -----			
Merchandise	4.61E+19 0.769320 0.0000	3.90E+19 0.770699 0.0000	3.29E+21 0.735697 0.0000	1.00E+21 1.000000 -----		
Primary Comm	3.72E+18 0.517660 0.0024	5.67E+18 0.938178 0.0000	2.09E+20 0.390870 0.0270	8.82E+19 0.735727 0.0000	1.43E+19 1.000000 -----	
Trade Opens	-2.40E+09 -0.143675 0.4327	3.45E+08 0.024559 0.8939	-5.50E+11 -0.441662 0.0114	8.41E+09 0.030209 0.8696	6.73E+09 0.201979 0.2676	77.40927 1.000000 -----

Source: Authors' Analysis using Eview (2024)

5.2 ARDL Analysis:

The results of the long run analysis show that manufacturing export has negative but statistically insignificant effect on economic growth; food export has positive effect on economic growth; merchandise export is positive but statistically insignificant; export of primary commodities excluding oil has negative and statistically insignificant effect on economic growth and trade openness has positive effect on economic growth. These results are in line with the works of Raheem and Busari (2013), Okoli, et al (2023) and Zoramawa, et al (2020). The result of error correction model shows that there is 42% adjustment to restore equilibrium for the model. The result of bound testing show cointegration since the value of F-statistics fall above the upper critical values at 10%, 5% up to 1%. Thus, the null hypothesis which says that the variables are not cointegrated is rejected while the alternative hypothesis that says the variables are cointegrated is accepted. Hence, the result indicates that there exist a long run relationship between the dependent and independent variables.

Table 3: ARDL ECM Results

Variable	Coefficient	Prob.
Manufacturing	-10.96747	0.0607
Food	59.19633	0.0411
Merchandize	0.496078	0.0522
Primary commodity excluding oil	-19.73050	0.0548
Trade openness	1.5802	0.0000
ECM Coefficient	-0.421775	0.0368

Source: Authors' Analysis using Eview (2024)

Table 4: ARDL Bound Testing Result

F-Bounds Test — Null Hypothesis: No levels relationship

Test Statistic	Value	Signif.	I(0)	I(1)
F-statistic	6.102572	10%	2.08	3
K	5	5%	2.39	3.38
		2.5%	2.7	3.73
		1%	3.06	4.15

Source: Authors' Analysis using Eview (2024)

5.3 Granger Causality Test:

The results of Granger Causality test which show short run relationship between variables show that the independent variables (export of manufacturing, food, merchandise, primary commodity excluding oil and trade openness) all Granger cause the dependent variable (economic growth).

6.0 IMPLICATIONS

The study has wide ranging implications on not only the export sector of the Nigerian economy but the wider economy. Hence, Nigeria needs to ensure fiscal prudence and undervaluation of its exchange rate in order to derive export. Other measures include inflation control and debt management. Exporters shall be provided with export credit and tax breaks. Nigeria shall encourage domestic savings needed to finance export. Without saving and investment, the needed investment for the development of export sector cannot be realized. Though FDI is good but no country entirely depend on FDI to push export. Nigerian government shall target specific sector that it feels Nigeria has comparative advantage. These sectors may include agriculture, processing of raw materials for export, cement, petrochemicals, information technology, light manufacturing, etc.

7.0 SUMMARY, CONCLUSION AND RECOMMENDATIONS

The paper analyses the effects of non oil sector on Nigeria economy. The results of long run analysis show that manufacturing export has negative but statistically insignificant effect on economic growth; but, food export has positive and statistically significant effect on economic growth; while merchandise export is positive but statistically insignificant; export of primary commodities excluding oil has negative but statistically insignificant effect on economic growth. The results also show that trade openness has positive and statistically significant effect on economic growth. The result of bound testing shows cointegration and existence of long run relationship between the dependent and independent variables. The results of Granger Causality that show short run relationship between variables show that the independent variables (export of manufacturing, food, merchandise, primary commodity excluding oil and trade openness) Granger cause the dependent variable (economic growth). The paper recommends the boosting of export of major export commodities and creation of more export friendly policies and environments. Nigeria just like other countries around the world cannot achieve economic growth and development without boosting it export sector. Only by robust export can more jobs be created and poverty defeated.

Problems such as lack of power, poor infrastructures, insecurity, corruption, lack of will to implement policies and lack of capital have contributed to kill the non oil sector in Nigeria. Only by coordinated program and serious commitment by those concerns can these challenges be tackles. Thus, Nigeria must revamp its trade and industrial policies to promote growth in the non oil sector. The agricultural sector of the Nigerian economy shall be given special attention. The government programs of the last few years aim at turning Nigeria into rice exporting country is commendable. But more need to be done, up till now the lack of critical infrastructures and lack of awareness have combine to slowdown these efforts. Research and development shall be encouraged and the SMEs sector shall be keyed-in into the overall export promotion schemes. Importation of goods and services that can be produced in Nigeria shall be banned. The economic success of the so called Asian Tigers was based on export led growth; so also were Japan's and Germany's in 1950s and 1960s. To achieve meaningful export growth, Nigeria must ensure attainment of macroeconomic stability. This was the signature behind the success of the East Asian success stories.

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