Trade Openness, FDI and Oil Price: The Impacts to the Economic Growth: A Time Series Study of Nigeria

Edmund Ntomchukw Udemba

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Prof. Dr. Serhan Çiftçioğlu
Acting Director

I certify that this thesis satisfies the requirements as a thesis for the degree of Master of Science in Economics.

Prof. Dr. Mehmet Balcilar
Chair, Department of Economics

We certify that we have read this thesis and that in our opinion it is fully adequate in scope and quality as a thesis for the degree of Master of Science in Economics.

Asst. Prof. Dr. Çağay Coşkuner
Supervisor

Examining Committee

1. Assoc. Prof. Dr. Sevin Uğural _____

2. Asst. Prof. Dr. Kemal Bağzibağli _____

3. Asst. Prof. Dr. Çağay Coşkuner _____

ABSTRACT

This is a time series study that examines the connection among the Foreign Direct Investment (FDI), trade openness and economic performance as in Gross Domestic Products (GDP) growth in Nigeria, within the vector autoregressive (VAR) framework. In this study, the Johansen cointegration test is employed to check if an equilibrium exists in the long run among the selected economic factors,spanning the period from 1970 to 2012.

The finding with the Johansen test shows that there is no cointegration. Subsequently, we consider the Granger causality test for the analyses of the causality between Openness, FDI, Oil Price and Growth. Also, we made use of nexus triangular figure to show the transmission of the variables. We equally made use of impulse response figure from the VAR Model to show the responses of the variables to the shocks in the system.

Granger causality test indicates that the FDI Granger causes the GDP and trade openness in the Nigerian economy in the long run, whereas oil price is Granger causing all other variables as an exogenous variable. This is clearly depicted with the Triangular nexus structure from the causality test.

Keywords: Cointegration, Diagnosis, Growth, Openness, FDI, Granger causality, VAR, Nigeria.

ÖZ

Bu çalışma bir zaman serisi analizi niteliğinde olup Nijerya için doğrudan dış yatırım, ticari dışa açıklık ve ekonomik performans arasındaki ilişkiyi Gayri Safi Yurtiçi Hasıla (GSYİH) büyümesi kapsamında Vektör oto regresif modeli kullanarak ölçmeyi amaçlamaktadır. Çalışmada Johansen eş bütünleşim testi kullanılarak uzun dönemde ekonomik faktörler arasında bir ilişki bulunup bulunmadığı araştırılmıştır. Çalışmada kullanılan veri seti 1970 yılından 2012 yılına kadar olan süreci kapsamaktadır.

Johansen testinin sonucu bize eş bütünleşim olmadığını göstermektedir. Bunun sonucunda Granger nedensellik testi kullanılarak ticari açıklık, petrol fiyatları, doğrudan dış yatırım ve büyüme arasında bir nedensellik ilişkisinin var olup olmadığı analiz edilmiştir. Ek olarak nexus üçgensel formu kullanılarak değişkenlerin aktarımı gösterilmiştir. Aynı zamanda etki tepki şeması da kullanılarak değişkenlerin sistem içerisindeki krizlere yanıtları araştırılmıştır.

Granger nedensellik analizi sonuçlarına göre doğrudan dış yatırım ile GSYİH arasında ve ticari açıklık arasında uzun dönemde bir nedensellik ilişkisi dikkati çekmektedir. Aynı zamanda petrol fiyatları dışarıdan eklenen bir değişken olarak tüm diğer değişkenler üzerinde Granger nedenselliği etkisine sahiptir. Bu nedensellik ilişkisi net olarak nedensellik analizinin üçgensel nexus yapısından ortaya çıkarılmıştır.

Anahtar Sözcükler: Eş bütünleşim, teşhis, büyüme, ticari açıklık, doğrudan dış yatırım, Granger nedenselliği, Vektör Otoregresif Analizi, Nijerya.

This piece of work dedicated to Parents

Nze Fidelis Adigwe Chukwuebuka Udemba

&

Lee Roseline Ifeyinwa Nnebuife Udemba

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At first, let me use this medium to tell my God that I am highly indebted to Him all the days of my life for with Him I am who I am and without him I am nothing!, thank you my God for the grace to achieve this.

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TABLE OF CONTENTS

LIST OF TABLES

LIST OF FIGURES

Chapter 1

INTRODUCTION

1.1 Background of the Study

Evidence from the works of the great economists, Adams Smith (1779) and David Ricardo (1817), where the theories of absolute advantage and comparative cost advantage were identified, show the great need for free flow of international trade. This is traceable from the factor endowment, technology and economics of scale as the measures supporting the theory of comparative cost advantage. This has paved the way for free flow of trade between countries. There is a noticeable trend in the trade openness.

The trend started with the import substitution and a shift to the export promotion and full liberalization of trade. Abadchi (2011) stressed that whereas there was in the sixties a wide reduction of penetration of foreign goods by the identified countries; in 1980s, it turned to be a radical change to export improvement and trade openness. The cause of this change is agreed to be that import substitution has less positive impact on growth, and the many studies that portray a causal among the FDI, openness, economic performance and growth. Trade liberalization has been a tool of fostering the globalization in vast, steady, and fasting up and increasing effect of global coexisting via international commercial activities. International trade as an agent of achieving the purpose of economic globalization has helped as a booster to encourage the nations of world, targeting the peripheral economies to accept the free

market policy through opening of barriers to the entrance to their economies, transferring the ownership of public firms to the private hands and relaxing of high influence of government in their economic structure /program. Liberalization of trade as part of globalization policy is assumed to be the only way out of underdevelopment or backward development by some welfare economist. For example, in the article presentation of Romain Wacziars and Karen Horn Welch in World Bank Economic Review, it was observed the nations that opened their trade policy witnessed a good economic performance and yearly growth rate, which increased to a greater percent level bigger than the era of high restriction. Trade openness as a way out of underdevelopment has been considered in many research work, while there has not been a consensus on the sign of its impact on economic growth.

Considering the vast literature on this area of economic globalization, it is observed that the positive impacts of the trade have an edge over the negative impacts. As put by UKA (2004), the fast growth in the economic performance of the Asian nations and the followed improvement and development of modern techs by some institutions like World Bank, the Organization for Economic Corporation and Development (OECD) nations is noticed to have altered the global system of trade significantly in a positive manner. The alteration was engineered by a reason that world trade distributed inputs, have caused the fast covering of commercial businesses in Asian nations. Through the help of the trade liberalization, most of the advanced economies have increasable expanded their networking via commercial and production activities to different locations of the globe and this has helped in achieving the brain behind the economic globalization. Having seen the great impact

of the trade liberalization in this capacity, how it has favored the industrialized nations in Asia, the more concern it is for the developing nations such as Nigeria.

1.2 Statement of the Problem

Looking at the structure of the international trade which was the product of the trade openness, there are countries at the receiving (importers) end while some others are at the giving side (exporters), and findings have proved that those at the giving side gain at the expense of the receiving side. Nations with different export motivated advantage from trade openness, and the opposite side, nations that have been identified with highly motivated spirit of importation are faced with high rate of decrease in their balance of payment, resulting to deficit and high poverty. Most of the third world countries rely on import than export that is why they suffer from the most negative side of the policy.

Most of the countries like Nigeria are blessed with many resources that can form the basis to boost their export but they are so hoodwinked with just one among many of the resources. This thesis raise very important questions, on the current argument on how the nations like Nigeria, with high marginal propensity to import but with little non-oil products to export, decreasing product values via prices and balance of payment problems, gain from trade freedom and kept the steady and long run development through viable economic growth.

1.3 Objective of the Study

Considering the increasing awareness of Trade Liberalization as a propelling force behind evangelistically moves and penetration of economic globalization and the lengthy period of time from the inception and the acclaimed benefits of trade liberalization, it is good to take a look on how it has benefited the developed

economics and equally consider its impact on the economic growth of the developing economies such as Nigeria

Therefore, the objective of this work is to ascertain the impact of trade liberalize to the Nigerian economic growth.

Chapter 2

LITERATURE REVIEW

This part of the work is about the reviewing of the former works similar to trade liberalization and growth. For accurate research and advice on a good

Growth formula for Nigeria, with a focus on trade, a good researcher needs to consider other similar studies in the past for a guild on a good model and variables that will serve as references

2.1 Other works

Study of past journals throw light on the economic interconnection between Openness and growth via better economic performance suggesting that, there is no agreed general form of connection within these two variables. What seem major acceptable is proposed by Researchers like carbaugh (1988) in terms of stages of openness of trade. He suggests that countries will do better if maximize exports and minimize imports. Most of the welfare Economists agrees with this opinion because it has a positive impact on exchange and the strength of the local currency with Dollar rate. This is indirect way of promoting import as well. The reason is that the efficient exports strategy has a lot to do with technology import. Therefore, foreign trade has an impact in the economic performance and growth steps of a nation; it accelerates and promotes skills transferring and technological knowledge among its trade blogs. Also, trade Openness provides a ground for invention and transformations and efficiency in utilization of the resource. Third world economies

and emerging economies proves to do well and better if it involves greater in giving in foreign trading. This could be the reason why Awojobi (2011) in backing the trade openness observed that export trading promotes a better economic performance in Nigeria. Knowledge of the impact of trade as a booster of growth via better economic performance is not constant. Most time series evidence have different impacts of Openness on growth, some are not significant while some are significant. This is shown in (Taylor …, 1991). But evidences have proven that export part of foreign transaction is the needed kind of transaction which promotes exchange rate for countries and this boost economic performance and growth. This argument is in support of the work of Arnold C. Harberger (2006) studies on trade impact as a better ground for good standard of living which portrays development stage. Other researches have worked on causality between openness and economic performance and growth (GDP). Trade openness enhances better economic performance and growth and promotes efficiency by allowing producers to harness areas where they have a competitive advantage over external actors and by lowering their costs. World trade positively affect the level of Gross Domestic Products in both the receiving (IMPORTER) and giving (EXPORTER) country but not the rate of GDP growth. (Arnold C. Harberger). From the United Nations' Human Capital Development Report, from 1975 to 2001, there are evidences with the developing countries growing at the faster rate in their per capita income. In fact, the cross sectional studying of 59 high-economic performance trend which take place in 41 countries between 1960 and 2001 by Harberger revealed that exports grow much faster than GDP, and usually much in high speed, even after correcting for price increase. Also, following the article of the Economy Watch which is dated 29th January, 2010, the authors are of the opinion that international trade is favorable to the participating

countries if they can fully observe and maintain some other conditions like amendable trade policies and absence of political squabbles. According to them, 'foreign trade aids growth and a good economic performing so far the policy studies the rate of performance and infrastructural facilities are good enough to work and match with the variations and improvement in social-cultural and financial situations that comes from it." When some theorıes from the great scholars of Economıcs lıke Adam smıth and Davıd Rıcardo are consıdered ın respect of the current topıc, ıt wıll be observed that they are all preachıng the sustenance of the openness of trade consıderıng the ground of the comparatıve Advantage and the Absolut Advantage whıch are based on the resources endowment, technological factors and skills and capital economies as means of comparative advantage and this shows trade direction among the nations. Even from the artıcle presented by Romain Wacziarg and Karen to the World Bank also stated that works based on the recent data set forecast that within the 1950 and 98 times, economies that opened their trade policies experienced average yearly growth rates that were above 1.5 percentage level and higher than pre liberalization. After the lifting up of embargo investment and commercial activities rose to about 3.5 percent points, in agreement with the previous outcomes that openness facilitate growth in some areas via its impact on resources and capital transference and accumulation. Furthermore, H.S.M.P HERATH in his research titled Econometric Investigation of Impact of Trade liberalization on Siri lanka, came with the findings and conclusions that via investment as among the variables used in testing the significance of his work trade liberalization has a greater positive connection with better Economic performance and growth of Siri lanka. From the research carried out by Awolabi and Ajayi, he was quick to identified that Nigeria is still far from benefiting from openness of trade because of her rigidities and

protective policies,(Awolabi and Ajayi 2012) this goes a long way to suggest that trade liberalization is good for Economic growth of Nigeria if handled with less rigidities and protective measures.

Apart from the agreement from some scholars that the trade openness contributes to the Economic growth of a country's economy, there are other scholars who still maintain their stand on the unfavorable state of the international trade especially on the side of the third world countries. A Noble prize winner of economics in the year 2001 and 2002, Joseph Stilglitz is among the people that countered the opinion of the totality of advantage of the trade openness. He made this known in his book which he termed: Globalizing the world and its Demerits; in it he says "globalizing the world is not assisting several developing nations. GDP's are not growing in most of the countries of the world and accepting of open market based instruments, such as open foreign exchange markets, trade openness, and transference of public firms to private hands is contributing toward the instability of developing countries". …(Toyo 263). He stretched bit and forecast that less than average performance of globalizing the world economy is because of the foundations that build and monitored the execution of the fundamental programs of globalization such as; IMF (The International Monetary Fund), World Bank, and The World Trade Organization. Again, considering the book; Transformation of Economic internationalization via Christian faith, Uka in his contradıctory vıew stated that the globalization policies are brain behind the rise in foreign trade and portfolio investments. It encourages and speeds up the rate of economic reliance of the developing economies on the industrial or developed countries. This adversely affected the structure of firms and industries including their performances in the entire globe. It equally affects and determines the movement and the direction of domestic economies that money

motivated economy .Also, in his remark, Dr Aye Aye (1999) stated that Proven results from the previous studies shows that trade openness does not causes poverty eradication, meaning that the advantages of trade openness does not have much impact on the poo masses in Nigeria. In his argument he said that nations with high taste to import foreign products and less valued commodities prices supposed not to strongly adheres to the already laid down trade openness policies instead such economy should concentrate on programs based on the specific environment, history and culture and design policies that are growth boosting and can reduce poverty.

However, there have controversies on the best indicators to be used in measuring the trade liberalization. For more light on this, Rodrik(1997) argues that most studies on trade openness made use of wrong indicators to reflect trade regim. Most of the popular proxies used in measuring trade openness are Real Gross Domestic Products (RGDP), Trade include Export and Import, Foreign Direct Investment (FDI), Official Exchange Rate (OEXR) and Structural Adjustment Program (SAP).

2.2 Overview and Measurement of Key Concepts

To do justice to this chapter, it will be good if we take notes on trade openness and relate it to the theoretical views of some of the proxies. The trade openness was among the aspects of the economic globalization introduced by the world body like IMF and World Bank to integrate world economy through the international trade. This idea will permit free movement of people and goods and trading activities between the countries of the world with little or no restrictive measures among the countries involved. Looking at the international from the comparative and absolute advantage perspectives, it is noticeable that international trade helps in wealth redistribution among the nations involved in the agreement. The direction of

international trade has been a major concern to most countries, some countries are still battling on how to balance the export and import sides of the international trade. This is why some scholars have contrary views on the positive nature of the trade openness. Dr AyeAye in his research on Nigeria involvement on trade openness suggest that countries with high propensity to import should not follow strictly on the already laid down policies but should some factors like culture, environment and others. Over reliance on the importation of foreign goods and materials weakens the economy of a country through their currency and exchange rate and turns the country to a dumping ground. Even the infant industries will suffer most in this regard. But evidence has shown that export has greater and good impact toward the economic growth of a country. Exportation is a better type of transaction because it boost and enhances exchange rate for countries and this turn engineered good economic performance (Arnold C. Harberger (2006)). Foreign Direct Investment (FDI) is another aspect of economic globalization which has to do with having a full established company or co-owing a company in a foreign country. This could be in form of financial transaction which could be buying of bonds, securities and depositing in a foreign country or bank, all are on line with investing in a foreign country. The Official Rate of Foreign Exchange (OEXR) of Nigeria as among the indicators of the trade openness has been on floated and liberalized as can be seen from the work of Babatope-Obasa (2004). As noted in Fullerton and Ikihide (1998). Nigerian is a nation that relied much on the imported foreign products and these rivaled the domestic manufactured products and this is generally known. Among the issues of flexible exchange rates in developing country is the incapacitation on the way to solve the issues of the activities the private agents in the foreign exchange markets headlong considering the rate of commercial banks in the financial sector

which powers the economic sector and its activities, Calvo and Reinhart (2000).As the case of Nigeria, Allowing the of the domestic currency to floating has impacted positively the export of the domestic agricultural goods and commodities especially the agricultural produce (Adubi and Okunmadewa1999).The rise in inflation or the consumer prices in Nigeria could be as result of the inherited from imported foreign products inflation and the likelihood of the high exchange rates, is resulting to the high prices of goods bought and used in the national economy .This makes it possible to positively affects the exported commodities such as Agricultural products .

Chapter 3

AN OVERVIEWOF NIGERIAN ECONOMY

3.1 Brıef Overvıew of Nıgerıan Economıc Growth and Development

Nigeria is the largest country in Africa in terms of population, and it's blessed with vast natural resources deposits and it's giving great competitive opportunities for world trade and investment activities.

Nigeria is known to be the Biggest in Africa because its large population and large economy with approximately 174 million inhabitants, Nigeria outnumbered any other country in Africa in population and this made it possible for Nigeria to be the most populated nation in Africa and also the most highly blessed with natural resources such as crude oil. The country is occupied by over 500 tribal groups and the three biggest among them are the Igbo people, the Hausa people and the Yoruba people. The country is situated in the hub of West Africa and has landed boundaries with some of the Northern African nations such as Benin, Chad and Cameroon, and Niger in the extreme north. It shares boundary with the Gulf of Guinea along the Atlantic region. Nigeria is officially recognized as The Federal Republic of Nigeria comprising 36 states with Abuja as its federal capital territory. The hub of different ancient kingdoms and empires, the modern political structure of Nigeria has its root from the British colonization of the region between the late nineteenth and early twentieth centuries; it springs from the joining of two close neighboring British protectorates: the Southern part of Nigeria Protectorate and Northern part of Nigeria

Protectorate. Economic situations of Nigeria have improved for some time now and the few past decades' years because of the increased areas of industrialization via FDI. The economic performance of Nigeria also grew wonderfully with the impact from the foreign actors in investment and the domestic investment assisted by modern and quality scientific research and improvement. Nigeria happens to be among the countries colonized by Britain who we use to call colonial masters and this rule lasted for a some of moment. Here, point in time, huge unprocessed resources and other deposits were extracted and were equally shipped to international markets along with Agricultural goods that later induced the appearance of human trade and underpayed and intimidation of human capital and low income earners (Middle class). Nigeria later gained her independence from the British rule and after that efforts were geared towards reviving the economic performance and growth of the economy by the means of viable structural programs and policies. It is essential to remark that ever the pre- emerging of oil in the economy, the country lived purely on green land and aquatic productions. In these areas which are summoned up to form Agricultural sector, Nigeria has been so fertile with good soil and among the chief cash crop manufacturing ground of the African Continent. Above 70 percent of Nigeria's population relied on green land profession that poses as the chief cultivating ground for revenue generation and livelihood in the economy. Major agricultural products that are generally produced in high quantity are – soya, nuts, beans, cocoanut, cola, cereals, maize, vegetable, local oil, rubber stree and rice. On the other hand cattle farming, grazing of sheep and goats, and well-organized poultry and livestock farms are equally maintained in some local areas of the country. Discovery of a vast mineral deposit draws the attention and pulled external influence and investors from various locations of the globe in the economy. High availability

of crude and energy resources and minerals has posed like the main sources of revenue generation in the nation over the time. For some years now,America has been the major patronizers of Nigeria's crude and brent, Brent precisely. Because of lack of adequate management and distribution structure, the crude oil swells reserves but it is mismanaged even in the local markets. Some line of business and commerce are oil, iron ore,planks, clothing and textiles, cement, shoes,liquids insecticed and fertilizer, steel and breakeable products, steel and the essentyial part is the ship building factories and business. The current G.D.P growth rate has been revolving around 7 percent in the past years. The time of colonial years, the Europeans, British precisely set up some institutional frame works in the areas of administration and legal structures and retained and work with traditional chiefs and rulers. Nigeria got her independence in the year 1960, but faced civil war for some years after the freedom the British. The leadership and ruling position has been fluctuating among the peaceful-elected civilian governments and military dictators. It was only 2011 president's election that was consıdered as the first to be free and fair.

The Nigerian as a country and its economy has experienced complıcated story. Within the period of 1960 and 70, the Gross Domestic Product (GDP) growth whıch was maınly realized from Agrıculture accounts for about 3.1 per cent increase yearly. The era of oil boom, within the space of 1970 to1978, the growth rate of the GDP was positively increased by 6.5 per cent annually - a remarkable growth rate. Though, the GDP shows a negative growth rate in the 1980s,the GDP responded to structural adjustment program that took place within the periods of 1988 and 1997 in a positive manner and grew at the rate of 4.6, and this constitutes the period of structural recuperating and economic globalization, After the freedom from the colonial masters, merchandise, industry and manufacturing sectors of the economy

experienced a positive growth rates asides for seasons of 1980 to1988 where the sectors grew negatively by - 3.5 per cent and - 3.9 per cent sequel. The growth rate experienced from the green land and Agricultural sectors within the space of 1960-70 and 1970-78 was not encouraging, reason is the fall in commodıtıes prıces and oıl boom. In the space of 1960s, the agricultural sector faces a great decline from the fall in commodity prices while the oil hike caused the decline growth of green land in the 1970s. The increase and the boom that existed in the oil sector distracted the workers and pull them out of the rural activities of farming to urban centers in search of white cola jobs. Thıs is among the factors that led to the widely negligence of the Agrıcultural sector by the able bodıed ındıvıduals up tıll thıs moment. The impact of agricultural sector to growth rate, declined from 64 percent to 35 per cent during the period of 1988. This is not because there was excessive growth rate ın the other sector like industrial but because of the negligence of the green land agricultural sector. Therefore ıt was not a shock that as at 1975, the economy turned to a major importer of basic food materials. The positive increase in industry and commercial and manufacturing sectors within the space of 1978 and 1988 was because of the effects from the mining sub-sectors, especially petroleum industries. Capital stimulating in the nation has not been totally on the increase. Gross national investment as a percentage of GDP, has been fluctuating with the space of 16 percent to 18.5 percent, while the Gross National Saving has being on a steady decline and low and comprises majorly the public savings with much emphasis on the periods of 1973 and 80. The financial (CURRENT) account balances before official transfers are negative for some periods .The economy never witnessed double-digit inflation within the periods of 1960s.But by 1976, the inflation rate increased to 23 per cent. It went down to 11.8 per cent in 1979 and increased again to about 50 percent and

80per cent in 1989 and 1995, sequels. As at the 1990s, the engagement to structural programs lessened and economic performance and growth has been static to an average level a year. After some periods of non-inflation till 1994, better growth and inflation reduction, aided by a sound macro-economic reforms and policies and an increase in world oil prices up until 1997. As at 1998, the inflation, however, dropped to 9.5 .Unemployment rates amounts to almost 8 per cent for the periods of 1976 and 1998. However, the rate on unemployment must be read with carefulness. Most job seekers do not use the labor exchanges, asides from the inevitable fluctuations in the country's labor market. From some basic pointers, it shows that there was a good economic performance during the years immediately after the freedom from the British and into the oil boom years. Though, the economy went into a deep problem of recession in 1980s. The current economic reform policies and program ıs an attitude of putting the economy on a recuperating path with less inflation. The discussion that follows is on the line to shed light on the performance and improvement in the economy for the periods of 2000 and 2014.

Nigeria as emerging market is characterized with increasing the capacity of banking, services, Telecommunications and technology, movie and entertainment industries. It is stood at high in the intertional in GDP, and is the biggest economy in their rejion(source from reviewed number released in 2014). From the speed of the economic performance It is also on the way to achieve the goal of vision 2020 that is to be among the 20 last Growth in the globe at as 2020.Though its re-emerging is in recent performing below the expected, manufacturing and industrial sector is among the biggest on the West Africa region, manufactures a major part of goods and services for the West African region. Nigeria changed its economic policies recently to accommodate the rapidly growing services impacts to its GDP growth, such as

telecommunications, banking, and its film and entertainment industry. As a result of this statistical revisit, Nigeria has surplus of 89% to its GDP, paving way for it to be the largest African economy.

Economıc development and growth has previously been prevented for some time because of fraudulent activities and corruption but structural policies of the previous years have placed Nigeria back on its original status towards achieving its complete economic viability. Nigerian GDP at purchasing power parity (PPP) has grown to $451b in 2012 from $170b in 2000, however the value of the other sectors that are not shown in official figures bring the original numbers nearer to $640b. Sequel, the GDP per capita doubled to an estimated $2,800 per person in 2012 from the original $1400 per person in 2000 .These numbers have been recalculated and raised by over 80 per cent in the time of restructuring of its economy in the year 2014 and the calculated GDP per person revolves around $4,900 and the population increased to about 170m.

Further, only few has being made not been made of its feature as a head of oil considering it’s quota in the world's supply which is only about 2% which is less than any other major world supplier such as Saudi Arabia. To put oil revenues in consideration, Nigeria's expected proceed from petroleum is about $55.2b. This occupied withine 11% of real GDP statics reduced within if the other sectors are added in some approximations). Hence, even if the oil part is essentıal part of the economy, it still stand in fact a little part of the Nıgerıa's total growing with constant diversifying secotors.

The Green land part of the economy which is Agriculture ıs hıghly domınated by the crude and local farmıng and its not been meeting with speedy increased population and the country, as a big net seller of agricultral products and green land products in the time past, recently buys a huge amount of the food materials and goods, however there is a drastic changes going on in the industrial and manufacturing sectors and increased exporting of food products. The tenure of the then Head of the state, Obasanjo ın 2006, helped in getting Nigeria out of the debt trap from the Paris club. The source culled from Citigroup report whıch was made available in February 2011, Nigeria will be among the expected nations to emerge the highest average GDP growth in the before 2050. Nigeria is among the countries from Africa continent that will be one 11 world increase motivators' economies.

Table 1: Macro-economıc trend of (GDP) of Nigeria at market prices.

Yr	Gross Domestic Product, (Billion)	US Dollar Exch	Price increase Index (2000=100)	Per Capita Income (USA)
1980	*57.6	N1	2.25	6.5%
1985	*81.6	N3	3.15	4.6%
1990	117.9	N9	8.09	2.55%
1995	154.6	N50	45.6	2.6%
2000	169.6	N100	99.6	3.45%
2005	290.6	N130	206.5	3.6%
2010	391.6	N150	107.6	4.6%
2012	451.6	N158	120.6	6.8%

Source: The display of the pattern of gross domestic product of Nigeria at producers price calculated by the IMF with number in $Billions.

Current Nigeria growth per capita ıncreases by 80% from the Sixties to the Seventies. Though, it looks very encouragıng ın Economıc growth and development of Nıgerıa but it proved fluctuating and it consequently dropped by 60% in the Eighties. In the Nineties, spreading out of economic sectors initiatives finally started and the fast shrinking of economıc growth was stopped.

Price Increase has affected the per capita growth today and thıs made ıt to be lower than in 1960 during the Nigerian freedom from British colony. The Average citizen lives below the US$4 per day. Nigerian Growth was built under the pillars of the following areas: green land sector with about 45%; banking and services sectors with about 40%; manufacturing sectors: 20% and the oil sector accounting less than 20% ın 2012.

In 2005 the price rise Nigerian economy was recorded at 18.6%. Nigeria's goal and purpose of introducing the program such as National Economic Empowerment Development Strategy reform is to drop price to minimal numbers. The Federal government of Nigeria incurred expenditure that is greater than the revenues by US$10 billion, causing the budget loss of 8%. Nigerian tax officials witnessed the struggle of rise and general tax rejecting, instigated by agitations about mismanagement and the low standard of public effort and low standard of lıvıng in the economy.

Table 2: Trend of Positioning Nigerian Economic Performance in the World.

Year	05’	06’	‘07	08’	09’	10’	11’	12’	13’
Ranking	52	47	38	37	34	31	31	30	23

Source: It is derived from the statically numbers of countries by GDP from the international Monetary Fund ranking.

The brief breakdown of Nigeria Economy could be seen and understand better with the below tabular format.

Nig Economy	
	
Lagos, the center of business Nig.	
Money	**Nig. naira (₦) (NGN)**
Organizations	**OPEC**
Records	
GDP	**$522b (‘13) (Nominal; 23rd)**
Growth in GDP	**5.66% (Q1 ‘14) (engineered by non-oil manufacturing players)**
GDP per capita	**$2,799 (‘12)**
Sectoral GDP	**Agro based sector: about 40%; services sector: about 30%; industrial and manufacturing sectors: about 14.99%; oil: 13.99% (‘12)**
Price increase (CPI)	**12.87% (‘11)**

Poverty region	**33.06% (2013)**
Income inequality	**38.99 (‘03)**
Labor	**47.77m (‘11)**
Labor by occupation	**sectors: 31.5%; agro based: 29.6%; manufacturing: 10.6%**
Unemployment	**23.5% (2011)**
Main industries	**crude oil, Agricultural products, and other mineral resources**
Process of transaction charting	
External	
outflows	**$96.46b (‘12)**
Outflow productss	**gas, oil 94.5%, cocoa, rubber, machines, finished items, film and musics**
Major outflow partners	**U.S 15.79%** **Ind. 13.06%** **Holland 7.58%** **Spain 6.76%** **Braz 6.59%** **U.K 4.06%** **German 5.88%** **Japn 5.06%** **French 5.06% (‘12)**
Inflows	**$60.58b (‘12)**
Inflow products	**machines, liquid, heavy gadgets finished items, Agriculture**
Major Inflow partners	**Chinese 19.19%** **U.S 9.60%** **India 4.49% (‘12)**
Inv. pull	**$70.6b (‘09)**

Total foreign debt	**$10.06b (2012)**
Public finances	
Public debt	**18.79% of GDP (2012)**
Received income	**$23.5b**
Expenses	**$31.6b (2012)**
Credit rating	**Good & Poor:** **Good(Home)** **Good(Abroad)** **Good(T&C Assessment)** **Status: non fluctuation** **Fitch:** **Good** **Status: Non fluctuation**
Foreign reserves	**$42.8b (2012)**
Source: CIA Book **All are in US$.**	

Figure 1: The Economy ın a glance (2000-2012): Nigeria Economy

After the last revisit to the economy in 1991, the pulling power of economic policy has been to encourage greater credibility and trust in the economic handling of the country. Also, current formats to enhance trust and credibility in public offices, and equally fight all forms of mismanagement and mischievousness, must be followed with spelled rules if global trust in Nigeria's economy is to be maintained. The central objective of this act is to maintained trust in the Nigerian economy in order to boost both domestic and international investment. A charter of WTO's information on Nigeria's international trade policies and practices said that political and institutional instability continues in Nigeria and the less effectıve of the national law has hindered potential foreign direct investment and international trade flows besides

the crude oil export sector. The information exposes the vulnerabılıty of Nigeria's economy to the unstable nature in the oil price and the relatively unique crude oil export sector opposed with slow growth in the other parts of the economy. Oil occupies over 95% of export proceeds and over three quarters of public and official earnings. Nigeria's crude oil extraction and processing is mostly achieved under combined-venture agreement with international companies and the chief recipients of the oil are the USA and Western Europe and China. Also, wrong policies have adversely affected the lıfe circle of the refineries and serious reduction of petroleum products in the local market. The wrong polıcıes from the government offıcıals has helped some ınefficıent publıc companıes wıth loans and other legal and commercıal backing and advantages and thıs has for some time serıously affected other sectors and expose the economy to high cost. Contrarily, the Agricultural and food, beverages and clothing industries appear to have benefited from trade openness and little or no government restriction.

In order to enhance the economic environment and activities, Nigeria for sometimes depends more closely on the market forces to watch over and determine foreign exchange, and open the foreign investment sector. High needed foreign investment excluding the oil sector is however unlikely to increase before Nigeria restructure payments, including long accumulated payments, on its external public debts such as Paris Club. The increased height of external public debt and the steady heaping of arrears remains a serious hindrance to a high expected foreign investment aside the oil sector, especially in infrastructure. Following the increased agitation from the private sector concerning the inefficiency from the public counterparts, the Government has noticed the need to improve on much trade-related activity like customs, pre-shipment sighting (PSI), ports checks and clearing systems. So far,

however, improvements have been seen. PSI for example, has been removed for imports from many but not all countries. Corruptions such as illegal levies at the ports substantially skyrocket the cost of importing and, negatively, a large part of Nigeria's external trade takes place informally through ports in close countries.

3.2 Brıef Overvıew of Nıgerıan Economy and Trade

Traditionally, Nigerian trade relies more on import trade than export and there has not being a meaningful change recently. In 1960 Export earnings which stood at N339 million increased continuously in Naira rating for some of the periods under study, by 1977, proceeds from foreign trade amounts to N7, 882m. Within this period of 1977, value of proceeds from foreign trade increased by 19 per cent. It is worth taking note that before 1972, majority of the exports were agricultural products such as cocoa, palm produce, cotton, groundnut etc.

Within a space of time, other natural resources, especially crude oil took over, became significant export goods. Proceeds from Imports also grew in value within the period. As at 1960, expenses on imports stood at N432m. They grew up to N756.0m and N8.130m as at 1970 and 1978 respectively, increasing to N124, 612.65m in 1992 and N681, 728.26m in 1997.

The much part of the imports was processed foods, finished and half-finished goods. Though, from 1974, food imports were increasingly felt in Nigeria's foreign trade. Nigeria experienced an unfavorable balance of trade within the period of 1960 and 1965, especially because of the intensive push to buy and import all manners of heavy machinery to boost the industrialization plans followed immediately after freedom from British colony. However, increased export of crude oil helped in

achieving a favorable trade balance. As regards to the structure and formulation of trade, according to the oil and non-oil dichotomy, the oil sector occupies exports while the non-oil sector reflects imports. Within the space of 1960 and 1970 and 1970-1978, oil sales increased by 45 per cent and 32 per cent respectively. Also, the same time, non-oil exports exhibit additional rise to1.2 per cent and 7 per cent. It is open and evident from the introduction of Structural Adjustment Program (SAP), that importation of consumer goods, processed foods and finished goods, capital goods and raw materials kept on increasing. Among of the targets of the current economic improving programs is to lower imports. However, exported goods proved a high increase within the periods of 1988 and1990 (almost 40 per cent).

The increase of the import of machinery and heavy capital goods shows the interest of the country to industrialize. This is a good policy if dispense and monitored effectively to strike a balance in trade and payment This is the case in some of the developed countries such as South Korea, Japan .It has worked for most of the Asian countries as can been seen today in the South Korean economy. The idea has not really worked tremendously in Nigerian economy and this makes it looks contradictory in comparison .With respect to Nigeria's import and the balance of payment since 1960 it could be summarized and epitomized with the following three measures: the trade balance, the current and capital account balance; and the whole balance of payments.

Considering at the trade balance, surpluses were experienced within the space of 24 out of 32 years. The highest loss was in the year 1982, a period of the economic a recession. The account balance displayed surplus in 13 out of 32 years.

Its highest losses were in 1978 and 1989. Gains were established in the periods of 1973, 1975 and 1976. These were the era of oil boom. Within the space of 1981 and 1983, the economy recorded a drop in growth and many governments' precautionary measures were introduced to prevent the looming problems.

The total balance of payments recorded also displays the fluctuations in the economy from 1960 to 1997. The gains of the 1960s were not enough to replace the loss in the current account. In the dispensation of structural adjustment, gains reflected in the balance of payments for the periods 1987 and 1989.

Nigeria's economy is work hard to utilize the country's numerous wealth in resources deposit so as to fight the poverty which covers the average part of its populace. Economists regards the interwoven of large wealth from natural resources endowment and high rate of poverty in the underdeveloped nations such is the case with Nigeria as the Resources punishment. However, "resource punishment" is generally seen to represent an endowment of natural resources deposit which sparks corruption at the government level leading to a fierce dragging of the deposit by the poverty stricken nationals. Nigeria's shipping of crude and other minerals—during the period of hike price—have helped the economy to subsequent transaction and account gains in the later times. Evidences shows that, above average of Nigeria's oil proceeds are transferred to the public officials, 16% covers working costs, and the other percentage go to business people. However, the World Bank has predicted that because of mismanagement over 80% of oil proceeds find its way into the pockets of only 1% of the population of Nigeria. In 2005, Nigeria won the favor from the Paris Club of lending nations and this exonerates the country from the external debt. The agreement was that the debt will be written off and the remaining will be settled with

oil proceeds. Excluding the energy sector, Nigeria's economy found itself in a great porous. Also, human capital and labor is untapped—In the United Nations Development index in 2004 Nigeria ranked 151 out of countries —and non-energy-related infrastructure is in short supply.

3.2.1 Trade

The Nigeria export trade is channeled to four major countries namely United State of America, United Kingdom (UK), European Union (EU) and Asia. Petroleum and Agriculture occupy majority of the export to the above mentioned countries and destinations.

The United States is the chief consumer of Nigeria's crude oil. Over 80 per cent of Nigeria's foreign trades are targeted for markets in Western Europe and other west African countries,USA and the remaining industrialized nations such as Japan.

Nigeria's export to the United Kingdom, reflected a commendable increase within the years of 1975 to 1982, though some fluctuations were observed within these periods but the increase surmounts the decrease and some increase were equally witnessed in the Nineties' . It is obvious that Nigeria's trade with U.K as a close partner is as a result of her former master relationship with the United Kingdom. The tenacity to locate virgin locations and the eagerness to exploit and ship her goods to the neighboring African nations explains part of the fluctuation with her trade with UK.

More also, there was an indication that U.K's receipt of Nigeria's oil has decreased constantly within a short time. There were also instances and indications that Nigeria's exports to Japan, the Asian destination were very small. Within the space of

1975 and 1988, the Nigeria’s export to some parts of Asia like Japan recorded about 0.1 per cent of overall exports.

In the 21st Century, it is important to identify means and plans to sustain the importation of her products by Japan and some of its raw material needed and crude oil from Nigeria. Asides that Japan is an industrialized country, it is also crucial for Nigeria to expand her foreign trade partners.

Nigeria ship both raw products and finished or processed goods to different neighboring African nations with other parts of European countries. Though, the extent of trade to these areas is so small.

Nigeria's trade from the developed countries such as U.K., EEC, USA and Japan rises constantly in value terms within the space of 1975 and 1992. The period of oil boom was characterized with imports. The foreign products coming from the trade were easy because the country’s economy had no 'challenge' with foreign exchange. The problem is that products from these countries persistently to be more than 70 per cent not minding the adjustment and stabilization program.

The theories of the direction of foreign trade equally shows that, for the U.K., Nigeria recorded a trade loss for the duration of 1984 and 1992 and as for the EEC; a favorable trade balance was experienced for the same season. The same scenario was observed for Japan.

Also, the movement and direction of trade looks more of confirming Nigeria's reliance on Europe, USA and Japan. Nigeria's trade goes to the same countries where

she receives her foreign products from. Though, there is increasing extending of markets in places like China and some other Asian countries currently but there is need to locate and establish new markets more especially in the Far East, central East and the Caribbean as well as in rising African nations such as South Africa.

3.2.2 Trade Direction in Ecowas and China

The movement of Nigeria's international trade could equally be traced to other West African nations. The amount of trade with some of the African countries like Ghana, Cote d'lvoire and Senegal has risen positively in recent times. Trade with Republic of Niger is expanding and becomingvery large.

The periods of 1970 and 1992 portrays the Nigerian international trade as more favorable, Nigeria recorded a favorable trade balance with ECOWAS. Both ways of trade increased noticeable between 1980 and 1992. It is essential that the amount of trade between Nigeria and ECOWAS be increased. It is true that some cross-border trades are not well documented. However, the policy of ECOWAS stipulates that the countries that make up ECOWAS must promote trade among themselves.

China trade penetration into African continent began in the fifties'. Dominant partners were countries in the sub-Sahara Africa, such as Egypt. Currently most African countries have started the awareness to send (export) raw material and basic goods to, also receive finished products with machineries from China. Though there had been some noticeable variations by nations and periods, this structure did not alter until this time.

Nigeria, as case study, ship palm, rubber, nuts, hide and skin, and other green land goods and oil. China on her part ship huge quantity of cheap manufactures of

products aligning with Nigeria domestic needs that shows declining economy. This gives rise to trade imbalances between the both countries. Trade deficit among the countries because of her trade with china has been among the economic challenge witnessed by some African countries. China in a push to compensate the affected trading partner from Africa uses her economic aiding policies.

Sources from the China Customs declared that the international trade quantity between China and Nigeria in the year 2006 climbed to US$3.13b, this was realized from 2000 to 2006, from this it is observed that China's shipping to Nigeria was US$3b while China's import from her was US$280m. China recorded a surplus of US$2.57b and Nigeria recorded deficit. China mainly traded machines, heavy machines and auto parts, tires, liquid products, clothing, racy foot covers, and others.

China's constant appearance and dominating in Nigeria market, or any part of Africa, has increased much rumors concerning the manner of the rising partnership formula. A national agitations among sectors on this joining will be a good step and this is capable of showing studies of what best suites African nations' need for human development and growth; cordially, mutually agreement in trade and policies; and agreement of the shared endowment of the world.

Majority works considering the relationship of openness and the economic growth though they add the two countries mutually trade neglected the impact of the Chinese foreign investments into the domestic market of Nigeria as a move to better economic performance and growth even if it is new and not significant.

Because of the development of mutually trade relationships with different nations like China, exchange status of the economy has experience a massive ground over the few years and recently. History of Nigeria performance will not be complete without citing its healthy foreign investments (FDI, PORTFOLIOS ETC) which have improve in a positive rate on its trade and industrial business and activities. The current Nigerian administration has embarked on a set of structural policies and reforms and policies geared towards introducing a speedy change in its recent financial growth and in general economic growth. The chief trading associates of Nigeria are China, USA, U. K, Holland and other western Europe. Nigeria joined Organization of the Petroleum Exporting Countries (OPEC) and this put her among the key crude oil extracting countries of the globe occupying a high stand.

Although, the obsolete structures hindered the steady economic improvement of the country, majors are taken to revitalize the degenerated facilities of the economy via external players in industry and commerce. Green land (Agricultural) and crude oil remained among the first in the line of good performance and GDP growth , strength is put in place to improve different players in the economy and industries. Currently, Nıgerıan economy ıs greatly experıencıng the ımpact of the servıce sectors such as Bankıng sectors, Telecommunıcatıon and the Fılm ındustrıes. There has been a hıgh competitıon between the manufacturıng, servıce ındustrıes and the oıl sector. The dıversıfıcatıon polıcıes ın Nıgerıa have really helped ın the area of posıtıonıng the country on the platform of speedy growth and achıevement of the 2020 goal.

Chapter 4

DATA AND METHODOLOGY

4.1 Variables and Data Source

Our study make use of a time series analysis for Nigeria, within a space of 1970 and 2012. The data is gotten from World Bank archive and database. A vector autoregressive (VAR) model is designed to analyze the data series and, we also employed different high time series techniques such as causality (Grangr) test, impulse response analysis, and error variance of rgdp is decomposed. Before setting up the method of function for VAR, we performed different kinds of test for unit root for the period which includes unit root test with Augmented Dickey-Fuller test and Philips Perron test, and then check for cointegration of the variables. The VAR methodology is a popular technigues to ascertain the connecting and responses among macroeconomic factors which is also our aim for this work.

4.2 Stationarity /Unit Root Test

Stationarity of the variables in any time series analyses is very important to ascertain the scientific techniques to apply in the analyses. This therefore warrants testing for the stationarity of the given variables. Hence, in calculating and analyzing a function, it is important to first diagnosis for stationarity of the variables to avoid a work with a spurious regression or coming up with problematic results. If the trend are stationary at 1(0) order, it means calculating a long run function gives dependable slope measures with standard errors, if not, the errors cannot be good measures for conducting a test analysis. More so, the presence of unit root of all factors in the

method of function assist in locating the likelihood of long period linkage among the methods of function. Example, if the whole factors are stationary at or after I(1), though the period might change to their short period, likelihood of their convergence in the long period will be high. The analysis applied the ADF and PP, methods to check for the unit root of the factors, (see Augmented Dickey Fuller, 1982, and Philips-Perron, 1988)

Augmented DF (ADF): ADF is improved type of Dickey and Fuller diagnosis of unit root. ADF is applied to diagnosis of stationarity in a condition that the disturbance in the period, t, does not adhere to the absorption of seriality problem procedure. In this situation, the error in the series may have serial problem. It absorbs the problem of serial correlation called the "white noise innovation", ADF equation for diagnosing for stationarity is described below:

$$\Delta Y_t = \beta_1 + \beta_2 t + \delta^* Y_{t-1} + \sum_{i=1}^{P} \alpha_i \Delta Y_{t-i} + \in_t \tag{1}$$

with,

$$\alpha_i = -\sum_{k=i+1}^{P} \delta k \quad \text{and} \quad \delta^* = \left(\sum_{i=1}^{P} \delta_i \right) - 1$$

Phillips-Perron test: Philips-perron test is another test that can be used to test for the stationarity, Philip (1987) introduces the test, and Phillips and Perron (1988) is seen as a test in place of the ADF diagnosis for stationarity. This is a system of removing large seriality in a time series analysis, and make sure that the developing

procedure is a first level autoregressive1, i.e. AR(1). It calculates residual changes using the generally applied Newey-West technique that is robust to heteroscedasticity and autocorrelation. Newey-West (Barlett) calculate for PP unit root coefficient takes this pattern:

$$\omega_k = \frac{1}{T}\sum_{s=k+1}^{T} \ell_t \ell_{t-s} \quad \text{k = 0,…, p = kth autocovariance of residuals}$$

$$\omega_0 = \left[(T-K)/T\right]s^2 \quad \text{and} \quad s^2 = \frac{\sum_{t=1}^{T} \ell_t^2}{T-K}$$

$$\gamma = \omega_0 + 2\sum_{k=i+1}^{n}\left(1-\frac{k}{n+1}\right)\omega_k \qquad (2)$$

n as shown from function shows controlled length method of calculating PP test. ω_k is corr. coefficient of variations in remaining.

The two tests that is ADF and PP diagnosis are applied to ascertain the likelihood of the existence of non stationarity in the series. Fundamentally, two hypotheses are considered for the stationarity diagnosis with the two tests: the null (H0) and the alternative hypothesis (H1). H0 shows there is unit root; while the alternative hypothesis suggests no unit root, implying the series are not unit root. Also, if the H0 is taken at level form (i.e. δ*=0), we continue and considered the 1(1) of series to convert to unit root procedure that puts our model as ARIMA(m-1, 1, 0) function for Yt. when H0 is not accepted at 1(1), we accept the H(1), meaning that series has unit root at I(1). At this point, our series did not explain a long run function. With this,

[1] See Phillips and Perron (1988).

short run model will be applicable to supplement the test which display the convergence at later.

4.3 Vector Autoregressive Model

The VAR in this analysis is specified with an exogenous component X, i.e VARX. The X component represents the implication of the price of oil movements on other variables within the framework since the Nigerian economy is not capable of influencing the movements in international oil price but the oil price volatility can influence the performance of these economic variables. This is an important aspect of this analysis given that the Nigerian economy depends on oil. Hence, the VARX model places all variables as endogenous within the system of equations, except for oil price which would be the exogenous component.

In this system of equations, each regression is done on variable's lagged values, other variables with their lagged components, and the unique exogenous variable, X. The reduced form of VARX is expressed below as:

$$y_t = \beta_{1,t} y_{t-1} + \cdots + \beta_{k,t} y_{t-k} + \delta X_t + u_t, \quad (3)$$

$$y_t = \sum_{i=0}^{2} \beta_{k,t} y_{t-i} + \delta \mathrm{X}_t + u_t$$

$$y_t = \begin{bmatrix} G_t \\ OP_t \\ F_t \end{bmatrix}$$

Where y_t is the 3 x 1 matrix representing the identified variables-G, OP, F; with G has the real gross domestic product, presented in natural log form i.e LRGDP is employed for estimate growth performance in the economy, OP is trade Openness, i.e LOPEN (the natural log of trade openness) is used to denote the growth rate of trade activities, F is the foreign Direct investment, i.e LFDI (the natural log of

foreign Direct Investment) is used to denote the growth in the foreign direct investment, i.e. portfolios, stocks, bonds, shares and direct investments. βk,t (i = 1, 2, …, k) is the 3 x 3 vector of all parameters, and ut denotes the 3 x 1 vector of innovations from this system of equations. Vector Yt includes all identified variables - the trade openness, foreign direct investment, and real GDP, all in natural logarithm. For example, unexpected changes in the FDI and OPENNES which will eventually transcend to GDP could be from shocks from oil price from the oil market behavior. This is because oil price is controlled from international market and could also be resulting from shocks from national trade policy of a major consumers of Crude oil like USA, CHINA etc, just like what happened recently in the oil market when USA decide to reduce the quantity of the crude oil consumption, this affected the exchange rate of Nigeria and this is behind the great loss of value of naira to dollar which is still persisting and it affecting (shocks) the economic activities in the country. The main purpose of this work is to research on the effect of openness to the economic performance and GDP growth of Nigeria and having seen oil as the main source of Nigeria income via export. We consider the role and contribution to the economy while studying the growth and what enhances growth in the economy. In addition, because of the presence of oil in the country many multinationals have really penetrated the economy of the nation Nigeria through investing in the oil sector. This has attracted many world renowned oil firms and oils services firms such as Mobil, Agip, Shell and chevron whose presence and activities in the economy has improved and assisted the economic growth of Nigeria. Each variable following the VAR technique is a linear interwoven of its own lagged worth, current worth of other variables and the lagged worth of other variables in the model. The relationship of

the present Yt with the lagged, Yt-i, is defined by vector B. Vector B is the characteristic polynomial matrix that represents the dynamics of the system.

Introducing a lag operator with the notation L, for $L^i Y_t = Y$, equation (1) can be re-written as: $Y_t = \sum B_i L^i Y_t + u_t$, and further simplified as $(1 - \sum B_i L^i) Y_t = u_t$.

Let $\left(1 - \sum B_i L^i\right) = B(L)$, so that we express the dynamic form of the VAR process as:

$$B(L)Y_t = u_{t,} \tag{4}$$

For any meaningful analyses of the short and long run work of our series, all factors in the model are required to follow a stationary process. If the factors are not stationary at their I(0) level form, then we can take their first difference or further difference till the series become stationary. Assuming that the stationary process for Y_t series are at first difference, the VAR form in equation (2) becomes:

$$B(L)\Delta Y_t = u_t, \tag{5}$$

Where $B(L) = [1 - B(L)]$ and u captures the structural innovations, better still, we call this shocks.

With the invertibility of $B(L)$ in equation (3), the autoregressive process can be expressed as a vector moving average (VMA) system with infinite time horizon, $\Delta Y_t = [B(L)]^{-1} u_t$. Let the variance-covariance matrix $[B(L)]^{-1} = C(L)$, so that the MMA process is represented as:

$$\Delta Y_t = C(L)u_t \tag{6}$$

The MMA process derived in equation (4) is a useful tool under this framework for identifying the structural dynamics of oil prices and its linkage with macro shocks.

A common theoretical issue with the VAR technique of modeling macro shocks is the interdependence that could possibly exist among the variables in the system. Such interdependence tends to create contemporaneous shocks with reversal effects which could weaken the reliability level of our explanatory parameters. To this effect, Brooks suggest that the variables in the system be ordered according to the structure of the system. For instance, if a shock in openness impact on economic growth but shocks from economic growth does not have a contemporaneous effect on openness, then we should rank the gdp before openness in the system of equations.

4.4 Causality Test, [Granger Causality Test]

As observed by Katircioglu (2009), the result may become problematic at the end if there is no unit root present within the period, it could prevent good expectation as initiated in a grangr function. If periods are unit root at I(1) cointegration exist at I(1),

$$\Delta lrgdp_t = C_o + \sum_{i=1}^{p} \beta_i \Delta lopenness_{t-i} + \sum_{i=1}^{p} \alpha_i \Delta lfdi_{t-i} + \sum_{i-1}^{p} di\Delta loip + \sum_{i=1}^{p} \psi_i \Delta lrgdp_{t-i} + \varepsilon_t \quad (7)$$

$$(openness,\ fdi, oilprice \rightarrow rgdp)$$

$$\Delta lopenness_t = C_o + \sum_{i=1}^{p} \omega_i \Delta lfdi_{t-i} + \sum_{i=1}^{p} \theta_i \Delta lrgdp_{t-i} + \sum_{i=1}^{p} \delta i \Delta oilprice + \sum_{i=1}^{p} \varphi_i \Delta lopenness_{t-1} + u_t \quad (8)$$

$$(fdi, rgdp, oilprice \rightarrow openness)$$

$$\Delta lfdi_t = C_o + \sum_{i=1}^{p} \omega_i \Delta openness_{t-i} + \sum_{i=1}^{p} \theta_i \Delta lrgdp_{t-i} + \sum_{i=1}^{p} \delta i \Delta oilprice + \sum_{i=1}^{p} \eta_i \Delta lfdi_{t-i} + u_t \quad (9)$$

$$(openness, rgdp, oilprice \rightarrow fdi)$$

Both ut and ε t joined to mean random errors and expected to possess zero mean and unit root variance and joined to mean errors. Need for causality diagnosis with

grangr techniques is to ineptly explain the significance of the different parameters; ϖ's ,α's, ϫ's and θ's, responsive to the opimal lag length of p .Here causal relationship is created to be present within the factors (i.e rgdp, openness, fdi , oil price) ,like testing if rgdp is caused as a result of any of the oil price, fdi or openness granger applying the use of a multiple rank F-test and t-test ~VAR structure, Given the (H0) and H(1) hypothesis like: if the (H0) is unaccepted, it means ; rgdp does not cause oil price, openness or fdi and if the (H1) is considered it means ; rgdp cause oil price , openness or fdi. Also, we consider if the other variables impact rgdp, these inter relationships comes in six results depending on the number of the variables and one among them will reflect, i.e one way causality from rgdp to other variables (such as openness, fdi and oil price) or a one way causality from other variables to rgdp and no relationship between the both variables.

Here in the study, the short run equilibrium with the long run will be examined. With the short run analysis, the F-test is going to be applied to1(1) in the series. (example, effects among ΔlnGDP and ΔlnOPENNESS, Δlnfdi ,Δlnoilprice).F-test can be gotten with this function:

$$F = \frac{(\mathrm{RSS_r} - RSS_u)df_u}{RSS_u(df_{r-}df_u)} \tag{10}$$

RSSr represent sum of squared residuals for controlled function, and RSSu, sum of squared residuals in the uncontrolled function; dfu and dfr are degrees of freedom in unrestricted and restricted equations.

4.5 Impulse Response Functions

The impulse response model is generally the work that traces the impact of one time shock to one of the changes from improvement on both the recent and later values of

the endogenous factors. Fundamentally, if a factor, or a block of variables, is purely outside the model (EXOGENOUS), then the acclaimed zero restrictions make sure that these factors do not respond to a shock to any of the variables inside (ENDOGEOUS VARIABLES) the model. This is seen in this work when the oil price does not respond to the shocks from the other endogenous factors. In this case, carefulness should be observed when interpreting the possible causality between the variables. The impulse response function works in orthogonal form which permit two variables to work in overlapping manner as can be seen from the accompanying tables and figures that will throw more light in the movement of the impulse response among the variables.

The innovations e_t are usually correlated, so in order to interpret the impulses (relate them with a specific variable) it is natural to apply a transformation, so that they become unrelated.

For instance, a two-factor/variable VAR (1) model, you can rewrite as this can be seen with this equation

$$z_t \sum_{n=1}^{\infty} \emptyset_i e_{t-i},$$

(11)

Where $z_t = \begin{bmatrix} x_t \\ y_t \end{bmatrix}$ is a vector of the variables inside the model (ENDOGEOUS),

$\emptyset_i = \begin{bmatrix} \emptyset_{11}^i & \emptyset_{12}^i \\ \emptyset_{21}^i & \emptyset_{22}^i \end{bmatrix}, e_{t=\begin{bmatrix} \in_{1t} \\ \in_{2t} \end{bmatrix}}, cov(\in_1, \in_2) = 0.$

Matrices: $\emptyset_i$ Is termed the impulse response model, vector e_t is called innovations.

Interpretation:

$\emptyset_{21}^{(0)}$– expected immediate or instantaneous effect of a one-unit variation in $\in_{1t}$ on yt.

$\emptyset_{21}^{(1)}$ – expected one-period reaction of a one-unit variation in $\in_{1t-1}$ on yt.

$\sum_{i=0}^{p} \emptyset_{11}^{i}$– the cumulated effect of a change in $\in_{1t-1}$ on the sequence of

{xt+i}, i = 1, 2, . . . , p

Chapter 5

RESULTS AND INTERPRETATION/DISCUSSION

Stationarity of variables in any work that involves time series econometrics is very important to ensure that the result is not spurious. In this thesis, as stated earliest in chapter 4, Experiment, a stationarity test is done to ascertain for the unit root of factors. First, ADF(1982) with PP(1988) method was used. Results obtained for the both are shown on table 3 as two layers; the first phase displays the unit root diagnosis for stationarity at level I(0) stage, other layer shows outcome of the diagnosis after considering the I(1). Table 3 below displays a combine reactions of our data to the stationarity diagnosis, with the variables (gdp, openness, fdi and oil price openness) indicate form-1(0), that is, they are not integrated at their level form~I(0). The diagnosis for stationarity at 1(1) shows that all factors are unit root at I(1).

With the unit root diagnosis under the ADF and PP (1988) method, a stationary step could not be formulated for the factors at level 1(0). This shows that the factors are not cointegrated and cannot be used to forcast a long run function in their 1(0). Therefore, it is important to see if the factors meet in the later time having integrated at first difference.

Table 3: ADF and PP unit root test

Statistic (Level)	lrgdp	lag	Lopen	Lag	lfdi	lag	Loilp	lag
τT (ADF)	-0.258469	(0)	-2.295989	(0)	-1.587469	(1)	-2.170942	(0)
τμ (ADF)	1.189025	(0)	-1.354530	(7)	-1.543228	(1)	-2.251248	(0)
τ (ADF)	2.375326	(1)	-0.538354	(7)	0.081212	(1)	0.771283	(0)
τT (PP)	-0.458782	(3)	-2.282403	(2)	-2.752738	(1)	-2.185643	(2)
τμ (PP)	0.961606	(3)	-2.694496	(1)	-2.914251	(0)	-2.258156	(2)
τ (PP)	2.703513	(4)	-1.396774	(0)	0.061140	(42)	0.781098	(1)
Statistic (1st Diff.)	Δlrgdp	Lag	Δlopen	Lag	Δlfdi	Lag	Δloilp	lag
τT (ADF)	-6.065733***	(0)	-3.171443	(6)	-11.35500***	(0)	-6.395075***	(0)
τμ (ADF)	-5.595435***	(0)	-2.970261**	(6)	-11.47498***	(0)	-6.447109***	(0)
τ (ADF)	-4.821049***	(0)	-3.093687***	(6)	-11.60067***	(0)	-6.357968***	(0)
τT (PP)	-6.066419***	(2)	-8.292051***	(0)	-11.46909***	(4)	-6.395075***	(0)
τμ (PP)	-5.682045***	(4)	-7.959286***	(1)	-11.58935***	(4)	-6.447109***	(0)
τ (PP)	-4.959996***	(4)	-8.051321***	(1)	-11.71455***	(4)	-6.357817***	(1)

Note: rgd represents real gross domestic product; open is the trade openness and fdi is the foreign direct investment and the oil is the oil price. All the series remains in their natural logarithms. τT stands for major widely technique including a trend with drifts; τμ stands for function without trend but with a drift; τ is the major controlled/restricted function without any of the trend and drifts. Figures in parenthesis are lag durations employed in ADF diagnosis (as estimated by AIC set to highest number 3) to do away with serial related issues in the residuals. Anytime pp test is employed, figures in parenthesis stand for Newey-West Bandwith (estimated by B-K).All the test, were done with the highest known to the smallest direct function by DE trending and removing intercept across the functions . *, ** and *** represents declining of the H0 at the 1%, 5% and 10% levels sequels. Diagnosis for stationarity test is carried out with E-VIEWS 7.0.

Johansen and Juselius (1990) methodology is generated to diagnosed for cointegration. Table 2 displays the result of the trace test diagnosis done for various likelihood combination with gdp. Table 4 shows cointegration outcomes showing that there is no cointergration within the model.

The Johansen test reveals there is no cointegrating vector in the specified model. The reason is that the Ho of r =0 can be declined at α = 0.05. Therefore, lngdp = f(lnopenness, lnfdi, lnoilprice,) is not a cointegration model.

Table 4: Johansen Cointegration Diagnosis for overall Function

Lag=1					
				5 %/1 %	5%/1 %
Null Hypothesis	Eigen-Value	Max-Eigen Statistic	Trace Statistic	Critical Value (Trace)	Critical Value (Max-eigen)
r = 0	0.330735	16.86615	42.50559	47.21/ 54.46	27.07/32.24
r = 1	0.287711	14.24940	25.63944	29.68/35.65	20.97/25.52
r = 2	0.220846	10.48098	11.39004	15.41/20.04	14.07/18.63
r=3	0.021412	0.909060	0.909060	3.76/6.65	3.76/6.65
Lag=2					
				5 %/1 %	5%/1 %
Null Hypothesis	Eigen-Value	Max-Eigen Statistic	Trace Statistic	Critical Value (Trace)	Critical Value (Max-eigen)
r = 0	0.386622	20.03974	43.29211	47.21/54.46	27.07/32.24

r = 1	0.304570	14.89225	23.25237	29.68/35.65	20.97/25.52
r = 2	0.180134	8.143166	8.360120	15.41/20.04	14.07/18.63
r= 3	0.005278	0.216954	0.216954	3.76/6.65	3.76/6.65

Simple ordinary least square regression is done with the first difference on 2 different lags which shows different results with lag 1 having only oil price to be statistically significant but with negative relation which is not normal. Because of this, the normalized cointegration was also done in lag 2 and the result was good enough to be compared with lag 1. The result shows that the response of GDP to increase in openness is positively elastic and significant with 16.48% reaction for every 1% variation in Openness. On the side of foreign direct investment is different, the coefficient displays negative effect of foreign direct investment on GDP, with /3.327119/ (in absolute term) percentage variation in GDP for every 1% variation in Foreign investment for Nigeria; the factor also is insignificant. However, oil price with the normalized cointegration model gives a positive but insignificant effect on GDP. This sounds odd considering the heavy dependent of Nigerian economy to oil proceeds but the fact remains that oil does not have strong linkages (i.e the percentage of individuals who work in oil companies are very low compared to the overall population of Nigeria) to the Nigerian economy and with this stand, it may not significantly affect the economic performance of the country. Also, the proceeds of oil only end up in the hands of few individuals in the political arena of Nigerian economy.

Table 5: Unrestricted Model

Regression result on the first difference			
Lag=1			
LRGDP	Lopen	Lfdi	Loilp
1.000000	-0.829581 (0.51699) [-1.6046]	-0.001541 (0.31272) [-0.004928]	-1.208246 (0.30186) [-4.0027]***
Lag=2			
LRGDP	Lopen	Lfdi	Loilp
1.000000	16.48179 (5.87150) [2.80708]***	-3.327119 (3.61866) [-0.9194]	6.209441 (3.40380) [1.8243]*

The Johansen diagnosis of the model depicts no cointegration between the factors in the later period. So the, causality test with the VAR structure is employed to formulate triangle relation. The result of causality diagnosis from the basic function indicates singular impact of factors selected in the function.

Figure 2 is used to clearly exposit a triangular relationship among the important variables of the study- trade openness, fdi, oil price and growth. Here, OPENNESS is

a passing impact for GDP (ECONOMIC GROWTH) in the long run; OILPRICE is equally a transmitting mechanism for GDP and OPENNESS while FDI is also a transmitting mechanism for OPENNESS. However, the causality diagnosis portrays that there is a one-way causality transmitting from trade sector (OILPPRICE, OPENNESS and FDI) to the economic performance.

Table 6: Grangr causality diagnosis for openness, fdi, oil price and growth (gdp)

No. of Observations =43	Lag=1		Lag=2		Lag=3		Remarks
Null Hypothesis:	F-Statistic	Chi-Sqr	F-Statistic	Chi-Sqr	F-Statistic	Chi-Sqr	
LFDI does not Granger Cause LRGDP	2.9121*	0.1464	1.5379	0.3808	1.2161	1.2725	FDI***GROWTH
LRGDP does not Granger Cause LFDI	0.0636	1.1769	0.6635	0.7834	0.7800	0.9401	
LOPEN Granger Cause LRGDP	0.8457	0.7168	1.8196*	1.6646	1.5569	3.2215*	OPENNESS→GROWTH
LRGDP does not Granger Cause LOPEN	0.3780	0.2575	0.8925	0.9208	1.5090	1.4163	
LOILP Granger Cause LRGDP	7.6545***	4.9429**	3.7810**	3.9069	2.8197**	5.4936	OIL→GROWTH
LRGDP does not Granger Cause LOILP	3.0753	6.4720**	1.1419	5.8485*	0.9213	5.3461	
LOPEN does not Granger Cause LFDI	0.0314	0.7396	0.5321	1.5376	0.7228	1.6840	FDI→OPENNESS
LFDI Granger Cause LOPEN	0.6966	0.1066	3.7657**	3.3411	2.3938*	1.8732	
LOILP does not Granger Cause LFDI	1.9949	3.9562**	0.2477	0.0152	0.1413	0.1790	OIL***FDI
LFDI does not Granger Cause LOILP	0.7717	4.4847**	1.1461	4.4502	0.9058	4.8198	
LOILP Granger Cause LOPEN	2.9589*	2.0083	3.9827**	2.1488	3.4063**	1.9028	OIL→OPENESS
LOPEN does not Granger Cause LOILP	0.0351	0.0863	0.5087	0.0887	0.6134	0.4802	

The table above presents the result for causality test using both the Granger causality and the block exogenuity test for VAR. Since our variables are differenced stationary, the block exogenuity test provides the result for testing the combined significance of all other endogenous factors and their lagged values in each of the VAR equation. Result for the joint significant of the differenced variables specified in our Granger causality formulation in equation 7, openness granger causes the growth rate of economic activities in Nigeria and this causality is uni-directional and implication of this is that international trade is very vital to the performance of the

real sector in Nigeria while previous studies as in the grace found a bi-directional causality between these two proxies, the data analyzed for Nigeria fails to identify any form of causality transmitting from the real sector to the performance of the trade sector. Causal relationship is depicted in the diagram;

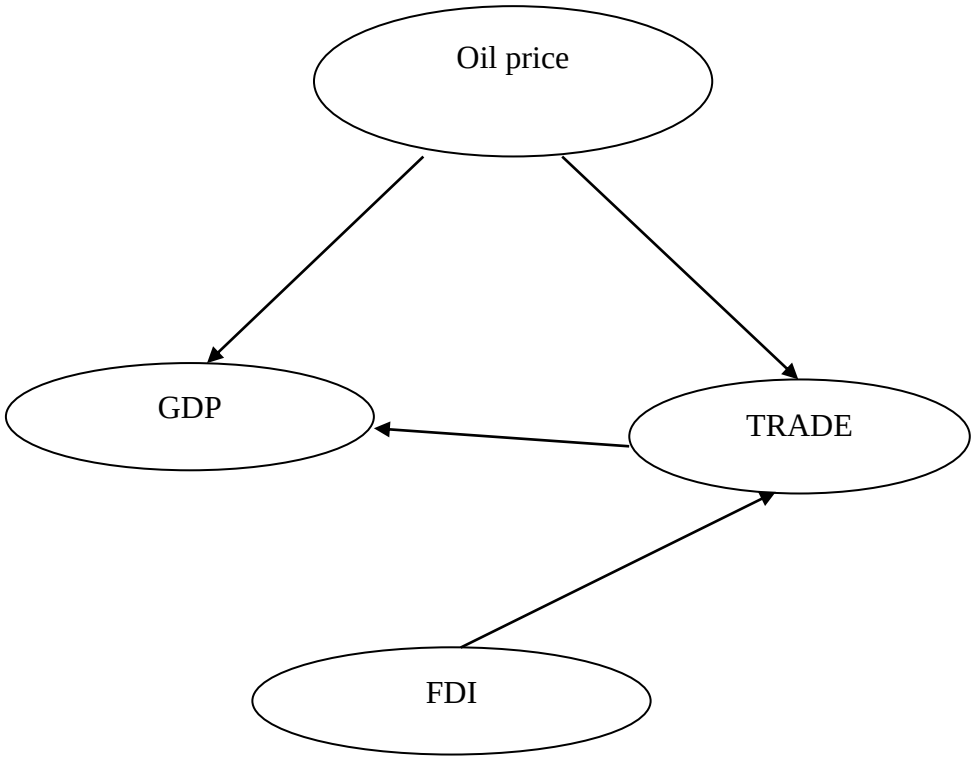

Figure 2: Triangular Impact among Trade, Oil Price, FDI and GDP in Nigeria

Granger causality only identifies the direction of causality for impulse where oil price granger causes GDP or vice versa. There is a unidirectional causality. The causality test does not tell us what is the actual impacting or response of one shock variable to another. It does not tell if the causality transmits positive or negative effects, or if the effects are temporal or permanent to the system. Hence, the impulse response functions describe largely the dynamics within the system. The impulse responses are presented in Figure 3, and their interpretations are described below.

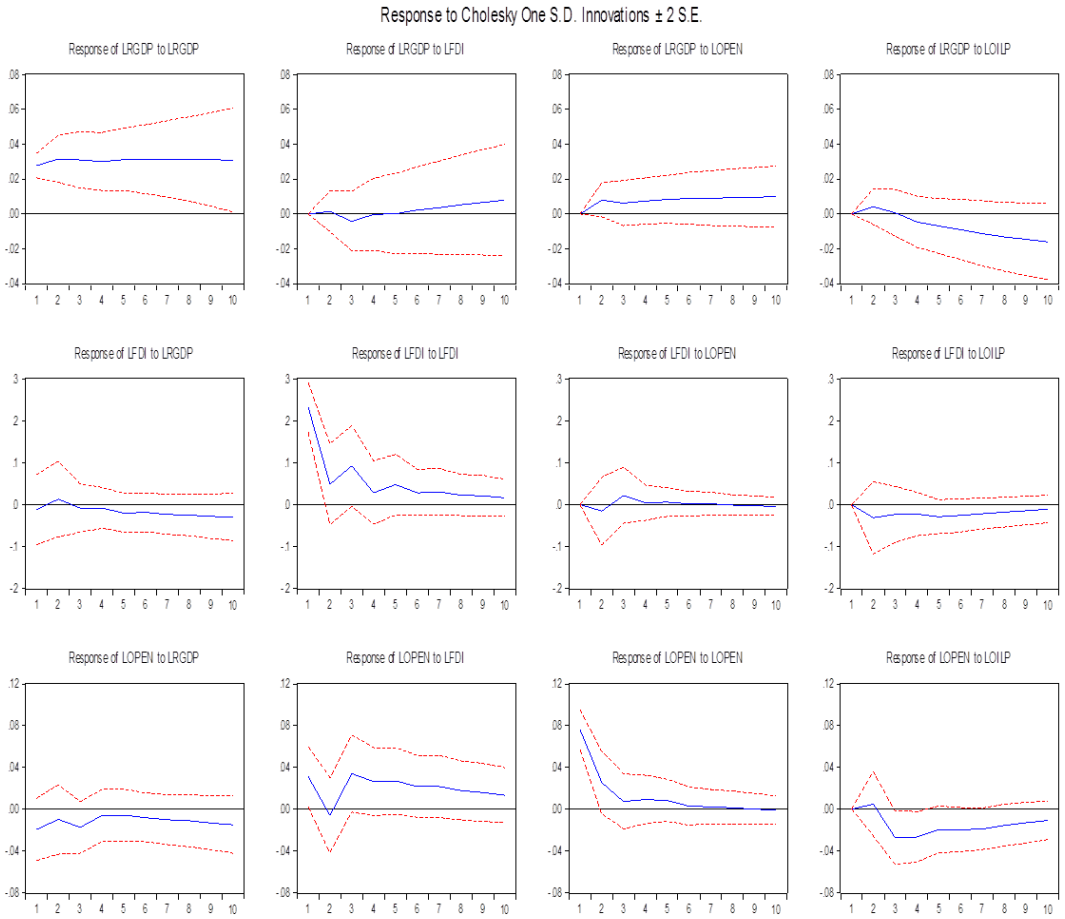

Figure 3: Impulse Response

In this work of time series with many scientific test but not cointegrated, it is right to make use of impulse response to express the findings of our work, which is based on long run effect. Explanations will be based on the figures above which are coined from the VAR tables which shows the impulse response for the linear VAR. We start by analyzing the impulse response to linear and unit shocks in the linear model. We find that the response of GDP to FDI, openness and oil price are not statistically significant but has a positive response to the shocks to openness. The response of FDI to GDP, openness and oil price are not equally statistically significant. FDI elicits a temporary negative and statistically insignificant response to the shocks in openness and dies out in the long run at the steady state. The response of FDI to the shocks in itself is found to be positive but statistically significant only for the first

year following the shock. The FDI response to oil price shock is a persistently negative and statistically insignificant and later converges at a place in the long run. We find that openness responses to the shocks in FDI positively. However, it is also found that the response of openness is statistically insignificant in the second period as in the case of FDI response to openness, openness response to itself and openness response to oil price shock. As we can see from the figure above, finally, the responses of these variables are found to be statistically insignificant.

Chapter 6

CONCLUSSION AND POLICY RECOMMENDATION

6.1 Summary

With the current trend in the world oil market, it is observed that the shock of the oil price in the Nigerian foreign exchange is detrimental to the economic performance of the country. This is as a result of the sharp reduction in the oil price in the global market which was induced by the U.S decision of reducing her rate of consuming the product. This has affected the Nigerian foreign exchange rate to the extent it has reduced the exchange rate from 150naira/1USdollar to 180naira/1USdollar and this has caused a great deal of currency depreciation of the Nigerian economy. Nigeria is known as a country well blessed with numerous natural resources which crude oil happens to be among them. Over the years crude has proved to be among the most needed and demanded product in the entire world and has turned to be a blessing to most countries who are heavily endowed with the resources. Nigeria has benefited from the returns of the products via the campaign for lifting up of barriers that militate against cross border trade. The benefit of the Nigeria economy from the crude oil is short lived when it turns to be the only source of export trade in the Nigerian economy. It is worth noting that before the discovering of huge deposit of this resource (crude) that Nigeria economy and its citizenry has been living a moderate and peaceful life with the Agricultural sector though in greater subsistence

style. Even with the blessing of the crude; the country is equally blessed with good arable land scape good for Agricultural boosting. This can be seen from the green color in the Nigeria's flag. But because of the over reliance in the crude oil proceeds, other sectors such as Agricultural sector has been neglected and this has amounted to a great cost to the economy. Even when the oil proceeds seems to be positive to the economy it is insignificant because there is no much linkages from the sector to the economy as noticed in our findings here and even at this, the proceeds tends to end in the pockets of few corrupt political individuals.

The purpose of the research is to research the economic performance and the growth model for Nigeria. We try to locate the connection of foreign direct investment which other studies have not really considered in their studies and we consider it a neglecting variable that has worked hand in hand with trade openness and oil price to impact the economic growth of Nigeria.

Looking at the recent findings of the general economic performance which has placed the Nigerian economy as the first in the Africa and the sixth in the world, it is interesting to note that the Nigerian economy has started the campaign of diversification of its economy thereby accommodating and accounting for increase in the areas such as industry, services and others. This can be seen from the observation from the Nigeria Bureau of Statistics …This portrays both a good and bad image for the Nigerian economy because it portrays that the economy is systematically pulling itself out of oil and gas slavery, but still have a large unharnessed quantity in Nigerian oil and gas resources that has been untouched for the previous years. (Bureau of Statistics April 7, 2014).Because of its economic spreading to other sectors, there seems to be a great improvement in the economic performance of

Nigeria. For more insight let us consider the result of the statistics body in Nigeria as below;

Table 7: Illustration of Nigeria rebased $510b GDP

NEW SERIES (Nm)				
	2010	2011	2012	2013f
Agriculture	12,988,809.19	14,421,928.95	15,918,631.70	17,625,142.90
Industry	13,992,438.93	17,313,556.37	18,667,774.92	20,083,371.09
- Crude Petroleum	8,402,676.40	11,080,794.65	11,315,033.28	11,554,223.51
- Manufacturing	3,578,641.72	4,085,393.24	4,744,699.37	5,476,303.11
Services	27,223,547.01	31,221,112.69	36,243,580.95	41,925,033.96
- Telecommunications & information services	4,931,991.14	5,530,155.05	6,213,794.01	6,974,681.34
- Motion picture, sound recording	479,194.45	639,245.40	853,937.18	1,139,942.91
Total Nominal GDP	54,204,795.12	63,258,579.00	71,186,534.89	80,222,128.32

Table 8: Sectoral Composition of Nominal GDP in (Nm) within Rebasing

OLD SERIES (Nm)				
	2010	2011	2012	2013
Agriculture	10,310,655.64	11,593,434.13	13,413,842.46	14,709,104.92
Industry	15,659,521.00	16,569,291.58	16,456,457.10	15,374,554.67
- Crude	14,505,759.31	15,285,004.21	15,695,654.52	13,750,726.84
- Manufacturing	643,070.22	694,814.15	761,467.00	823,860.13
Services	8,014,577.50	9,247,134.90	10,673,800.38	12,313,106.11
- Telecommunications and information services	260, 707.87	292,539.10	331,502.79	364,499.74
- Motion picture, Sound recording	-	-	-	-
Total Nominal GDP	33,984,754.13	37,409,860.61	40,544,099.94	42,396,765.71

SOURCE: BUSINESSDAY update, APRIL 17TH, 2014

Theoretical views from model from scholars like Robert Mundell and Marcus fleming have suggested the need for effective fiscal and monetary policies to achieve meaningful economic growth and stability. Although, the Nigeria macroeconomic policies have been a good one until recently, but it faced an economic problem

because of high debt servicing of its growth procedure and some externalities like oil price fluctuation. The research pushes to find a growth model unique to Nigeria by diagnosing a general growth hypothesis: trade-induced growth. According to the empirical findings, this research is been able to reveal a long run connection among the openness, foreign direct investment, oil price and GDP growth for Nigeria. The non stationarity of our data could not permit long run regression. Because of the absent of cointegration among variables in our model, a long run equation is calculated under the granger causality and vector autoregressive, VAR condition to show the adjustment process of the function from short period to long period. The granger causality with the help of the nexus structure proves that FDI is impacting the OPENNESS which in turn impacts the GROWTH (GDP) and the OIL PRICE on its own is impacting both the GDP and OPENNESS. This clarified our argument which is foreign direct investment with openness and oil price are the forces that engineered growth in Nigeria. This implies that both expansionary fiscal and monetary policies at fixed exchange and flexible exchange rates respectively that foster economic performance and financial development through the direction of the capital in and out of the economy have long run impact on economic growth. With the triangular relationship among the trade and growth, granger causality test established trade Openness is a boost for growth and not the foreign direct investment to growth but the FDI remains the catalyst for trade openness, this is indirectly saying that FDI is in real sense impacting the growth even when the analysis is not presenting the direct link of FDI to the economic growth. This is on line with the profound theory by Smith and Ricardo under the trade model; also, growth is improved by increased in the trade openness in Nigeria. The trade openness has a high effect on the economic performance of Nigeria when consider its

relationship with both oil price and FDI from the nexus figure. Hence we infer that foreign direct investment and oil price are still the connecting point between Openness and GDP. If the trade direction is improving, National income improves and rises via the activities of the foreign investors, and the rise formulate a residue and this can be exported.

6.2 Implications

We proffer policy options based on our empirical findings. In Nigeria, the service industry contribution is above 60 percent of the GDP, followed by industry. The structure of the GDP depicts that favorable policies are noticed better with the financial/service areas instead of any other sector and it is a hindrance to openness because both sectors accommodate the activities of the foreign investors who impact the trade. If the industry sector is promoted on equal bases with services sectors through more favorable policies as suggested, economic output can increase and this will prosper trade operations.

In conclusion, this study support policies employ towards foreign direct investment. Booming foreign direct investment will promote the trade and this will indirectly impact the economic performance of Nigeria. Because FDI does not have direct impact on growth but the trade has, financing the productive sectors (i.e, service and industry sectors) of the Nigeria economy is considered to promote trade and in the long period permits a steady with balanced growth . Hence, trade openness has a positive impact to the economic performance and growth of Nigeria and therefore advised that attention should be given to the trade policies of Nigeria putting the fertile sectors at the forefront while enacting any new policy which is targeted the Growth.

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