Africa's Economic Growth in a Globalized World: Restructuring Nigeria's Trade and Industrial Policy for Nigerian Growth

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Abstract

Globalization has both cost and benefits, but experience have shown that the costs of globalization for Nigeria seem to have outweighed its benefits. Therefore, this study sets out to assess the impact of a globalised world as regards Nigeria's trade and industrial policy on the country's level of economic growth. The study utilized secondary data from the annual reports and accounts of the Central Bank of Nigeria (CBN) from 1970-2012. The data obtained were analyzed using the Ordinary Least Square (OLS) and the Error Correction Mechanism. The findings of the study show that "free-trade" which came as a result of globalization has not had a positive impact on the Nigerian economy and hence concludes that globalization has done more harm than good to Nigeria. Thus, the study recommends that Nigeria should put in place an industrial policy which should create enabling business environment within the country by providing incentives to manufacturers, ensuring regular and uninterrupted power supply as well as promoting agriculture.

Keywords: *Globalization, Economic Growth, Trade and Industrial Policy.*

1. Introduction

Globalization, which brought along with it the concept of "free-trade", has greatly affected Africa's economic growth in the recent past. Nigeria, which is the most populous nation on the African continent, is highly endowed with a lot of human and natural resources, which if adequately harnessed, can turn around not only its economy but the entire economy of Africa. Regrettably, this has not been possible because Nigeria has allowed herself to be used as a dumping ground for all sorts of imported goods from the foreign industrial countries and the Asian Tigers. Consequently, this has had an unpleasant impact on capacity utilization of various sub-sectors of the Nigerian manufacturing sector, the creation of employment opportunities, the level of poverty in the country, the rate of social vices in the society and the outflow of the country's foreign exchange at the detriment of the country in particular and Africa, at large.

It has been found out that the impact of globalization on Nigeria and its contributions to the country's economy, creation of job opportunities and the level of economic growth through the infusion of foreign capital and advanced technology is inevitable (Aina, 1996; Abubakar, 2001; Jubril, 2001; NCEMA, 2002; Aluko, Akinola and Fatokun, 2004; Sagagi, 2004). These studies have clearly uncovered the consequences of globalization and free-trade on Nigeria, in particular, and the entire Africa, at large. Globalization is seen to have restricted Africa to merely a producer of raw materials and consumer of manufactured goods (Dembele, 1998), thereby eliminating its role in defining its priorities of national growth (Aluko, Akinola and Fatokun, 2004). However, it is a thing of concern that even the crude oil which Nigeria produces, is refined abroad and imported back to the country to meet-up local consumption, because the country's refineries have over the years been operating below capacity utilization.

The economic crises in Nigeria are so obvious that made Academic Staff Union of Universities (ASUU) in 2002 to believe that the country's economy has been taken over by the forces of globalization. Even though, Nigeria has all the requisite resources, both human and natural, to turn round its economy and by extension the entire economy of Africa, its over-reliance on the 'global-economic-order' has turned it into a good source of development for both the developed economies of Europe and Americas and the emerging economic powerhouses of Asia at the expense of itself and the continent of Africa (Ajayi, 1990). The situation becomes more aggravated due to Nigerians' preferences for foreign goods (Aluko, Akinola and Fatokun, 2004).

Therefore, this study is carried out so that Nigerian Government can take all necessary measures to harness maximum gains from trade via implementing meaningful industrial policies. Since the 21st century is essentially a millennium of information technology and knowledge management, the present socio-economic conditions of Nigeria suggest that the country has a long way to go in the global competition for economic growth and development. Nigerian economy is not only dependent on rent from oil but also overenthusiastic in terms of importation of both industrial and consumer goods and refined petroleum products. With deteriorating infrastructures in the health, education, transportation, water supply, electricity and the problem of 'brain drain', Nigeria's future seems to be bleak in the global village (Abubakar, 2001). Thus, the gap this study wants to fill is to examine how Nigeria can restructure her trade and industrial policy to enhance her development in line with globalization. Thus, this study is out to answer the this question; how has non-oil trade impacted the growth of the Nigerian economy?

Therefore, the objective of this paper is to review empirically Nigeria's balance of non-oil trade on the growth rate of real Gross Domestic Product from 1970-2012 in view of globalization. This helps to assess the benefits of international trade in order to see if Nigeria has experienced a noticeable growth from her industrial policy. The hypothesis formulated in this study stated in its null form is; H_0: there is no significant impact of non-oil trade on economic growth of Nigeria. The paper is organized into five sections. Section one, which is this section is the introduction. Section two reviews related literature on the subject matter of the study; section three discusses the methodology issues of the paper, while section four presents and discusses the data generated for the study. Finally, in section five, the summary, conclusion and recommendations of the paper are presented.

2. Literature Review

2.1 The Concept of Globalization

Globalization refers to the process of the intensification of economic, political, social and cultural relations across international boundaries, which is principally aimed at "making global being present worldwide at the world stage or global arena". It deals with the breakdown of trade barriers and increase integration of World market (Fafowora, 1998). Similarly, globalization as explained by Ohuabunwa (1999), is an evolution which is systematically restructuring interactive phases among nations by breaking down barriers in the areas of culture, commerce, communication and several other fields of endeavour. This is evident from its push of free-market economics, liberal democracy, good governance, gender equality and environmental

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sustainability among the people of the member states. In other words, globalization is the broadening and deepening linkages of national economies into a worldwide market for goods and services, especially capital. It seeks to remove all national barriers to the free movement of international capital and this process is accelerated and facilitated by the transformation in information technology (Ogunrinola and Osabuohien, 2010). It is principally aimed at the universal homogenization of ideas, cultures, values and even life styles (Ohiorhenuan, 1998). On his part, Gordimer (1998) argues that it is principally concerned with the expansion of trade over the oceans and airspace, beyond traditional alliances which were restricted by old political spheres of influence. Thus, it presupposes the "making or remaking" of the world (Diagne and Ossebi. 1996) by creating "a basic change in the way in which major actors think and operate across the globe" (Biersterker, 1998).

There have been a considerable number of studies on globalization where scholars used various aspects of the global economy as units of analysis (De-Vet, 1993; Kahler, 1993; Tussie, 1994; Cerry, 1994; Krugman and Venables 1995; Tebin and Estabrooks, 1995; Biersteker, 1998; Woods, 1988; Ohuabunwa, 1999; Colle, 2000; Otokhine, 2000). Although globalization as Ohiorhenuan (1998), Mowlana (1998), Oyejide (1998), Grieco and Holmes (1999) respectively contend is a powerful force for the improved material well-being of humankind, that would aid developing countries to "create better economic environments"; improve their access to technology; speed development and enhance global harmony", its consequences on the political, economic, social and cultural nerves of the weaker member states are enormous. According to Akindele, Gidado and Olaopo (2002), "globalization is nothing but a new order of marginalization of the African continent". Its universalization of communication, mass production, market exchanges and redistribution, rather than engendering new ideas and developmental orientation in Africa, subverts its autonomy and powers of self-determination. "The result of globalization in Africa is basically a competition between the developed world and the slums (Africa) of the village where it believed that the majority of the people may daily sink deeper into poverty and misery" (Akindele, Gidado and Olaopo, 2002).

2.2 The Concept of Industrial Policy

Industrial Policy can be defined as a systematic government involvement, through specifically designed policies in industrial affairs, arising from the inadequacy of macroeconomic policies in regulating the growth of industry. Instruments of industrial policy include subsidies, tax incentives, export promotion, government procurement, and import restrictions (Obadina,

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1998; Madungu 1999). However, other policies such as direct government investment or nationalization of foreign investment and macroeconomic policies such as exchange rate, monetary policy, trade policies, may form part of a country's industrial policy. The main thrust of trade policy is therefore the enhancement of competitiveness of domestic industries, with a view to, inter alia, stimulating local value-added and promoting a diversified export base. Trade policy also seeks to create an environment that is conducive to increased capital inflows, transfers and adoption of appropriate technologies (Omoke, 2006).

In the African continent, there has been a poor performance of African manufacturing industry as documented in the business literature (Lall and Wangwe, 1998). The structure of manufacturing is backward and dominated by processing of natural resources and by simple consumer goods industries. Import liberalization (with competition largely from other developing countries) is devastating the exposed industries and there is little sign of resources flowing into new, export-oriented manufacturing activities. Technological efficiency and dynamism remain low (Wacziarg and Welch, 2008). Governments have intervened to promote industry but results were not encouraging (Soludo, 1997, 1998; Lall and Teubal, 1998). From this discourse it is obvious that the way forward is a clearly industrial policy but in a new form. A range of support institutions must be built or improved. In addition, governments must support activities like training and technological effort by enterprises.

However, there is a growing recognition that politics matters a lot in policy choices, and it is difficult to understand the process by which trade and industrial policies are made without characterizing the political terrain (Allison, 1971; Kinder and Weiss 1978; March 1978; Brunner and Meltzer, 1983; Grindle and Thomas, 1991; Bates and Devarajan, 2000). These studies have some shortcomings which include; the use of inappropriate methodology, some of them are studies carried out in advanced countries and yet some others only focused on the negative or positives aspects of globalization. But this study is out to carry out a holistic assessment of the impact of trade and industrial policy in Nigeria's growth in the face of globalization.

2.3 Nigeria's Trade and Industrial Policy

An assessment of Nigeria's trade policy since the 1960s shows that the trade policy has witnessed extreme policy swings from high protectionism in the first few decades after independence to its current more liberal stance (Adenikinju, 2005). Tariffs have at various times been used to raise fiscal revenue, limit imports to safeguard foreign exchange or even protect the domestic industries from competition. In addition, various forms of non-tariff barriers such as

quotas, prohibitions and licensing schemes have on various occasions been extensively used to limit imports of particular items. Efforts were made to use trade policy to promote manufactured exports and enhance the linkages in the domestic economy, to increase and stabilize export revenue, and scale down the country's reliance on the oil sector (Olaniyi, 2005). Trade policies were accordingly directed at discouraging dumping; supporting import substitution; stemming adverse movements in the balance of payments; conserving foreign exchange; and generating government revenue. However, Nigeria's trade policy trend from 1960 to 2012 is as follows:

2.3.1 Trade Policy Trends from 1960 - 1979

During the first decade of independence, Nigeria pursued an import substitution industrialization strategy. This involved the use of trade policy to provide effective protection to local manufacturing industries, through such measures as quantitative restrictions and high import duties. Many items were accordingly placed on import prohibition. Machinery and spare parts imports were restricted and exchange controls on the repatriation of dividends and profits were enforced. Restrictions were also applied on capital goods, spare parts and non-essential imports. Although the import substitution industrialization strategy continued even after the Nigerian civil war in 1970, trade policy between 1970 and 1976 assumed a less restrictive stance, apparently because of demands necessitated by the post-war reconstruction. Thus, only items that were regarded as non-essential consumer goods were restricted, while tariff rates on raw materials were reduced and quantitative restrictions on spare parts, agricultural equipment and machinery were relaxed. Similarly, exchange controls and profit repatriation were also relaxed. The 1960s and early 1970s also saw the application of export duties ranging from 5 to 60 percent on agricultural exports such as cocoa, rubber, cotton, palm oil, palm kernel and ground nuts. In 1973 however, these duties were eventually abolished, as a result of the oil boom and the need to promote agricultural exports as part of the export diversification strategy. However, this spurt of liberalization ended in 1977, when a wide range of imported finished goods requiring licenses came to be placed on very high duties or were banned outright. This renewed restrictive trade policy culminated in the banning of 82 items in 1979; while a further 25 items were placed on import license (Briggs, 2007).

2.3.2 Trade Policy Trends from 1980 - 1998

In the early 1980s (before the introduction of SAP), there was a policy shift towards exports promotion and a move to intensify the use of local raw materials in industrial production. However, the increase in the value of imports led to a worsening of the balance of payments

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(with, in addition, the backdrop of the collapse in world oil prices), which forced the government to promulgate the Economic Stabilization (Temporary Provisions) Act in April 1982. Under this Act, tariffs on 49 items were raised, while a prohibition was imposed on betting machines and frozen poultry. Further, 29 commodities were removed from the general import license regime and placed under specific license, while the use of pre-shipment inspection became widespread. During 1983 - 1985, 152 items were brought under specific import license, and foreign exchange regulations became more stringent. The central objective of trade policy was to provide protection for domestic industries and reduce dependence on imports; a corollary to that objective was a desire to reduce the level of unemployment and generate more revenues from the non-oil sector. Accordingly, tariffs on raw materials and intermediate capital goods were scaled down (Briggs, 2007).

2.3.3 The Structural Adjustment Era (1986-1998)

From 1986, there was a significant shift in trade policy direction towards greater liberalization. This shift in policy is directly attributable to the adoption of the Structural Adjustment Programme (SAP). The Customs, Excise, Tariffs (Consolidation) Decree, enacted in 1988, was based on a new Customs goods classification, the Harmonized System of Customs Goods Classification Code (HS). It provided a seven-year (1988 -1994) tariff regime, with the objective of achieving transparency and predictability of tariff rates. A new seven-year (1995 - 2001) tariff regime, established by Decree No. 4 of 1995 succeeded the previous (1988 – 1994) regime. The tariff structure over the period 1988 - 2001 increased import duties on raw materials, and on intermediate and capital goods, while tariffs on consumer goods were slightly reduced. This was aimed at reducing distortions in resource allocation and combating smuggling.

2.3.4 Trade Policy from 1999 – 2012

As pointed out above, Nigeria's trade policy at present has been geared to enhancing competitiveness of domestic industries, with a view to, inter alia, encouraging local value-added and promoting as well as diversifying exports. The mechanism adopted to this end is gradual liberalization of the trade regime. Thus, the government intends to liberalize the trade regime in a manner, which will ensure that the resultant domestic costs of adjustment do not outweigh the benefits. Current reform packages are therefore designed to allow a certain level of protection of domestic industries and enterprise (Omoke, 2006). This has translated into tariff escalation, with high effective rates in several sectors and lower import duties on raw materials and intermediate goods unavailable locally. This policy perspective has also led to the application of relatively

high import duties on finished goods which compete with local production (Briggs, 2007). The main thrust of Nigeria's trade policy is the integration of the economy into the global market system. This entails progressive liberalization to enhance competitiveness of domestic industries; effective membership in trade negotiations to harness the benefits of the multilateral trading agreements; promotion of transfer, acquisition and adoption of appropriate technologies; and support for regional integration and co-operation. Within the broad framework of macroeconomic policy, trade policy formulation cuts across a broad spectrum of stakeholders. Following the reinstatement of democratic rule in Nigeria in 1999, Nigeria's economic policy-making processes, including trade policy, are now formalized through the institutional law-making process (Briggs, 2007).

3. Methodology

3.1 Theoretical Framework

The methodological approach used in this study follows from the works of Lall (2002), Orbeta (2002), Spieza (2004), Patterson and Okafor (2006), and Olayinka (2006). The theoretical construct of the model is rooted in the Hecksher-Ohlin-Samuelson-Stolper (HOSS) framework which discusses the sectoral and factoral effects of increased cross-border trade on the structure of employment and output of a country. According to the theory, greater interconnectedness among countries is expected to expand the sector that specialises in the production of goods using intensively that factor that is abundant in the country and contract the sector that produces commodities using the relatively scarce factor. Similarly, the factor effect argues that increased trade flow would increase the use of relatively abundant factor to the detriment of the relatively scarce factor. Thus, according to the HOSS model, a country that is rich in capital is expected to export capital-intensive commodities while those rich in labour, on the other hand, would export labour intensive commodities. Various models have been formulated and estimated to examine the thesis of the HOSS model. For instance Spieza (2004) posits a positive relationship between employment level and investment which is decomposed into Foreign Direct Investment (FDI) and Domestic Investment (DI). Furthermore, the effect of FDI on employment is further assumed to be dependent on the factor intensity of FDI relative to the DI. Thus, if FDI is more labour intensive than the DI, the employment impact is expected to be positive and vice versa. Spieza's models are of the form:

$$L = f(E, D, M) \text{ --- (1)}$$

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$$L = f(FDI, DI) \text{---} (2)$$

where L is the level of employment; E is the rate of export; D is the output of non-traded goods; M is the level of imports; FDI is Foreign Direct investment. Specifically, his equations (3) and (4) below were formulated from (1) and (2) respectively for the purpose of estimation:

$$\frac{\Delta L_t W_t}{L_t} = \beta_t + \frac{\Delta E_t}{Y_t} - \beta_M \frac{\Delta M_t}{Y_t} + \beta_D \frac{\Delta D_t}{Y_t} \text{---}(3)$$

$$\frac{\Delta L_{t,t}}{L_t} = \alpha_t + \alpha_D \frac{FDI_{tj}}{GDP_{tj}} - \alpha_D \frac{DI_{tj}}{GDP_{tj}} \text{---}(4)$$

In equation (3) the term on the LHS is the labour intensity and on the RHS, we have the export, import and non-traded goods production multiplied by their labour intensities rates respectively; while for equation (4), we have employment change on the LHS and on the RHS we have Foreign Direct Investment and Domestic Investment as the share of Gross Domestic Product (GDP), multiplied by factors that indicate the contribution to the capital accumulation (output-capital ratio) and to the labour-intensity (labour-output-ratio). Spieza (2004) used a set of panel data for a sample of 41 (forty-one) countries over different periods within the mid-1980s to mid-1990s; his result showed no significant employment impact of Foreign Direct Investment. However, when the sample is disaggregated by income levels, the estimated regression showed a positive and significant employment impact for middle and high income countries; with the low income countries not showing any impact of Foreign Direct Investment on employment.

3.2 Model Specification

Since in this study, we are not considering employment, the model was modified. However, it is worthy of note to say that Nigeria is a labour-abundant country. Thus, the model for this study is formulated thus:

$$RGDP = f(MSZ, OPN, EXR, INFR) \text{---}(5)$$

where; RGDP = Growth rate of Real Gross Domestic Product (proxy for growth), MSZ= Size of the Market, OPN= Degree of Openness (proxy for trade and globalization), EXR= Exchange Rate (proxy for macro-economic stability), INFR= Availability of Infrastructure (proxied by the number of telephone users per 100 people) and f = functional relationship. These variables were

selected because of the fact that they are the most appropriate proxies for the concepts of this study. Expressing equation (5) in a non-linear form, we have:

$$RGDP = AMSZ^{\beta 1} OPN^{\beta 2} EXR^{\beta 3} INFR^{\beta 4} \text{---} (6)$$

where; A is the total factor productivity – a measure of productivity and all other variables remain as previously defined.

Equation (6) cannot be estimated directly using the OLS technique of estimation since it is non-linear. Therefore, it would be necessary to transform it into linear form that allows the use of the OLS technique. In doing this, the log-transformation rule is applied on the equation in order to satisfy the classical assumptions of the Ordinary Least Squares (OLS) which are best, unbiased, consistent and minimum variance estimators. This gives us equation (7):

$$LnRGDP = \beta_0 + \beta_1 LnMSZ + \beta_2 LnOPN + \beta_3 LnEXR + \beta_4 LnINFR + \varepsilon \text{--------------} (7)$$

Where Ln = natural logarithm, ε = random error, β_0= intercept, β_1, β_2, β_3, β_4 = slope co-efficients. As regards the apriori expectations, β_1, β_2, β_3, $\beta_4 > 0$.

4. Data Analysis and Discussion

In this section, data analysis and discussion of results for the study are made. The result of the estimated model using the Ordinary Least Square (OLS) technique is presented in Table 1.

Table 1 shows the result of the estimation using the OLS technique. From the result, it can be said that the model is of a very good 'fit', this is evidenced by the values of the R squared (84 percent) and adjusted R squared (82 percent), i.e. about 82 percent of the total variation of the dependent variable (RGDP) can be attributed to changes in the explanatory variables. From the results, it is evident that all the variables except the infrastructure variable (INFR) have a greater than proportionate change on economic growth, however, on the basis of individual significance only the exchange rate variable (EXR) was found to be statistically significant at 1% level of significance, the other variables were statistically insignificant and have no influence on the dependent variable. The F-statistic with a value of 32.41774 shows that the model is statistically significant at 1 percent level of significance. The DW statistic which is a measure of autocorrelation has a value of 2.280857 shows that the model is free from positive or negative autocorrelation.

However, the results above cannot be said to be valid and cannot be confidently relied upon for making judgment on the need to restructure Nigeria's trade and industrial policy for Nigeria'

economic growth, the reason is due to the fact that a stationarity test was not carried out on the variables. Since most economic time series data are non-stationary, a unit root test has to be carried out on the variables in order to find out if the time series are cointegrated. Running a regression with non stationary time series is likely to give a spurious result where statistical inference on the basis of the classical regression model will be invalid.

TABLE 1: Ordinary Least Square (Ols) Results

Dependent Variable: Lrgdp

Variable	Coefficient	Standard error	t-statistics	Prob.
LnEXR	0.413281	0.076460	5.405220	0.0000
LnINFR	-0.119685	0.293286	-0.408082	0.6861
LnMSZ	0.405902	1.885871	0.215233	0.8310
LnOPN	0.782778	0.536981	1.457738	0.1553
C	0.398611	21.78131	0.018301	0.9855
R squared: 0.843822 Adj R squared: 0.817793 F- stat: 32.41774 (0.000000) DW statistics: 2.280857				

Source: Authors' Computations, 2013.

The unit root test is carried out using the Augmented Dickey-Fuller (ADF) statistics and the results are shown in Table 2. From the result in Table 2, it can be seen that the variables are non stationary this is indicated by the absolute value of the ADF test statistic which are less than the absolute value of the critical values at 5 percent significance level. In order to make the variables stationary, they are differenced once and the ADF test is applied once again.

TABLE 2: Unit Root Test at Levels

VARIABLE	ADF STATISTICS	
	Intercept	Trend and intercept
RGDP	-0.965412	-2.216718
LnEXR	-1.358281	-3.711732
LnINFR	0.261831	-1.834423
LnMSZ	0.309976	-1.431817
LnOPN	-1.637285	-2.268002

Critical values at 5%: -2.9499(intercept)

-3.5468(trend and intercept)

Source: Authors' Computations, 2013.

Table 3 shows the results of the first difference stationarity test. From the table it can be seen that all the variables are now stationary at the 5 percent level of significance, this is so because the values of the ADF statistic are greater than the critical values in absolute terms. Based on this result, we can now conclude that the variables are now stationary.

TABLE 3: First Difference Stationarity Test

VARIABLE	ADF STATISTICS	
	Intercept	Trend and intercept
DRGDP	-7.600233	-7.484230
DLnEXR	-7.165405	-8.231516
DLnINFR	-3.942777	-3.981262
DLnMSZ	-3.697386	-3.728538
DLnOPN	-4.905919	-4.811874

Critical value at 5%: -2.9527 (intercept)
-3.5514 (trend and intercept)
Source: Authors' Computations, 2013.

The over-parameterized error correction model of DRGDP was first estimated and the least significant parameters were removed from the over-parameterized model so as to obtain the best estimate for the model which is the parsimonious error correction model and this is shown in Table 4. The results shown in Table 4 reveal that the error correction model is of a good 'fit'. This is indicated by the values of the R-squared and Adj R-squared which have values of approximately 0.82 and 0.71 respectively. Based on the Adj R-squared, the model explains about 71 percent of the changes in the dependent variable that can be attributed to changes in the explanatory variables. The F-statistic which indicates the overall significance of the model has a value of 7.817255 and is statistically significant at 1 percent. This is because its probability is less than 0.01. This means that the explanatory variables simultaneously explain the variations in the dependent variable. The Durbin–Watson (DW) statistic with a value of 2.047758 indicates that the model is free from positive or negative autocorrelation. Based on these analysis and the results obtained, the estimates gotten from the error correction model can therefore be said to be valid and can be relied upon.

It can be seen from the results that exchange rate (DLnEXR) had the expected sign except the fourth lag and even though the current value was insignificant, the first, second and fourth lags were significant at 1 percent. Also the result shows that there is a negative relationship between

the market size (DLnMSZ) and DRGDP which is contrary to expectations, the market size variable was also found to be insignificant. Furthermore, the infrastructure variable (DLnINFR) was found to be positively related to DRGDP; however the current level of infrastructure was statistically insignificant while its third lag was significant. Also from Table 4, it can be seen that there exists a positive relationship between the current level of degree of openness (DLnOPN), but its fourth lag showed a negative relationship, however both were statistically significant.

The error correction factor EC(-1) which indicates the speed of adjustment from short run equilibrium to the long run equilibrium state was negative and had a high co-efficient of approximately 0.8. This indicates that the speed of adjustment is about 80 percent; the t-statistic shows that the error correction factor was significant and this indicates the importance of all the variables used in the model.

TABLE 4: Parsimonious Error Correction Model of Rgdp
DEPENDENT VARIABLE: DRGDP

VARIABLE	CO-EFFICIENT	STD. ERROR	T-STAT	PROB
DLnEXR(-1)	0.210256	0.069586	3.021543	0.0070
DLEXR(-2)	0.217757	0.095515	2.279827	0.0343
DLnEXR(-4)	-2.289444	0.711174	-3.219244	0.0045
DLnMSZ	-3.538353	2.690081	-1.315333	0.2041
DLnINFR	0.358539	0.382575	0.937173	0.3604
DLnINFR(-3)	1.507893	0.432679	3.485016	0.0025
DLnOPN	1.926685	0.508995	3.785276	0.0013
DLnOPN(-4)	-1.160553	0.492663	-2.355676	0.0294
EC(-1)	-0.799889	0.180760	-4.425134	0.0003
C	-0.291030	0.199332	-1.460027	0.1606

R-squared: 0.81903

Adj R-squared: 0.714258

F-statistic: 7.817255

Prob (F-statistic): 0.000058

Durbin-Watson stat: 2.047758

Standard Error of Regression: 0.521689

Source: Authors' Computations, 2013.

5. Summary, Recommendations and Conclusion

This section presents the summary of major findings of the study, the recommendations made and the conclusions that are drawn, with a view to making Nigeria's trade and industrial policy beneficial to the country in particular, and Africa at large.

5.1 Summary of Findings

From the review of related literature in section two and the results obtained from the data presented in section four, the following are the major findings of the paper:

i. Nigeria's trade and industrial policy has had some adverse effects on the development prospects of the country. This is due to the fact that Nigeria is presently experiencing poor infrastructural facilities which have necessitated the closure of some manufacturing firms in the country to move to some neighbouring African countries. This has greatly affected the export drive of Nigeria.

ii. Globalization has adversely affected Nigeria's ambition to industrialize leading to the stagnation of the country's manufacturing index over the years and the incessant closure of firms, especially those in the textiles, tyre and manufacturing industries. This explains why the market size in the model is negatively related with the Gross Domestic Product, most of the goods consumed today in the country are imported.

iii. Nigeria needs to standardize its trade and industrial policy to make it more beneficial to the country. Nigeria, like many other developing countries should consider trade as the main engine of its development strategies, because of its ability to create jobs, expand markets, raise incomes, facilitate competition and disseminate knowledge.

iv. "Free-Trade" has had a negative impact on the performance of Nigeria's manufacturing sector. This may be as a result of the fact that Globalization has largely been driven by the interests and needs of the developed world (Grieco and Holmes, 1999).

v. There is the need for Nigeria to reduce import dependence, achieve rapid industrialization and increase local production that will be sufficient for local consumption and exports.

5.2 Recommendations

Based on the conclusions of the paper presented above, the following recommendations are made:

1. Nigeria should rethink its trade and industrial policy by putting in place a policy that is both achievable and beneficial to the country and by extension, Africa. This policy should be an export-promotion one that will encourage the production of exportable

products so that Nigeria can have a favourable balance of payments. This can be done through a sincere review of the present policy by the National Planning Commission and the Nigerian Economic Summit Group. There is the need to involve the Manufacturers Association of Nigeria (MAN), the National Association of Chambers of Commerce, Industries, Mines and Agriculture (NACCIMA), the Association of Nigerian Exporters (ANE) and the National Association of Small Scale Industrialists (NASSI) in trade and industrial formulation in addition to those that were previously involved.

2. The Federal Government of Nigeria should revamp both local industries and agriculture through subsidies, concessions, uninterrupted power supply, technical assistance, improving security of lives and properties and the creation of enabling business operating environment. The Nigerian Government also has to invest heavily on education and training, and provide incentives to enterprises to strengthen their training systems and promote Research and Development.

3. The Federal Ministries of Commerce and Industries (FMCI) should focus more attention on the development of the home industry with a view to increasing the county's share of non-oil trade. The Federal Ministry for Science and Technology should also, as a matter of urgent priority, established a Textile Research Center (TRS) and an Industrial Technology Research Institute (ITRI) in the country, to give training on quality systems, technology development and directly acquire foreign technology for use by local firms. FMCI in conjunction with the Nigerian Export Promotion Council should also help exports by Nigerian firms through the provision of information on foreign technical requirements and how to meet them, with the National Productivity Board providing the necessary management advice.

4. The Federal Government of Nigeria should enter into more bi-lateral and multi-lateral trade agreements with sister African countries, with a view to increasing trade among African nations. There also the need to give due regards to the initiatives of the New Economic Partnership for Africa's Development (NEPAD), ECOWAS Trade Liberalization Scheme (TLS), ECOWAS Trade Liberalization Scheme and attendant Common External Tariff (CET) and the provisions of the Africa Growth and Opportunity Act (AGOA).

5. The National Planning Commission (NPC), the Federal Ministry of Finance and Economic Planning (FMFEM) and the Nigerian Economic Summit Group (NESG)

should do everything possible to diversify the Nigerian economy, improve agriculture and manufacturing in the country. This will ensure that Nigeria will not be dependent on one source of revenue so the economy will be able to still survive when a sector is experiencing challenges. The Federal Government of Nigeria should also empower the various research institutes in the country to support research and development in the private sector.

5.3 Conclusion

It is observed from the study's findings that the Nigerian economy depends so much on imports and oil revenue which has caused some of the manufacturing firms to shutdown thereby affecting the growth of the manufacturing sub-sector adversely. Therefore, in order to make the country experience the gains from globalization, the Nigerian Government should embark on import substitution strategies, fight corruption, provide infrastructural facilities and encourage the establishment of small scale enterprises via the easy accessibility to credit facilities from the financial institutions.

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