International Trade and Nigeria's Economic Growth

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Abstract

The given study was conducted with the general goal of investigating international trade and its effect on economic growth in Nigeria during the time frame 1986-2023. The independent variables include Exchange rate (EXR), the Balance of payments (BOP), the Oil Sector Trade (OT) and the Non-Oil Sector Trade (NOT) respectively as the independent variables of the study and the dependent variable was Real Gross Domestic Product (RGDP). The data used to compile the study were obtained in the Central Bank of Nigeria (CBN) Statistical Bulletin (2023) and World Bank Development Indicators (2023). Using the Ordinary Least Squares as the method of its research, it was found that the effect of the Oil Sector Trade (OT) on the economic growth was positive and statistically significant, which means that the impact of the exports of crude oil continues to be the most important factor affecting the GDP of Nigeria. There was a positive but statistically insignificant effect of Non-Oil Sector Trade (NOT) on growth due to poor performance of the non-oil exports. The only significant difference that made up the Exchange Rate (EXR) a negative contributor to the economic growth represented that exchange rate volatility influenced the performance of trade and investment negatively, whilst the Balance of Payment (BOP) was a positive contributor, meaning that better external position harms growth. This is why it concluded the study found out that international trade actually has a key role to play in the development of the Nigerian economy and that oil exports have a major but fluctuating role. It is advised that the government ought to diversify the export base by not only reducing reliance on oil but also on the exchange rate by exercising credible monetary policies and enhancing the trade infrastructure to support non-oil exports as a means of attaining sustained economic growth.

Keywords: *International Trade, Economic Growth, Oil Sector Trade, Non-oil Sector Trade, Balance of Payment, Exchange Rate.*

1.0 Introductory Remarks

1.1 Background to the Study

Global economic integration and national growth are major outcomes brought about by international trade. It enables nations to trade along their comparative advantage, access to foreign markets, efficiency and foreign investment. Trade has become critical in the 21st century as a result of globalisation, liberalisation policies and regional trade arrangements that include the African Continental Free Trade Area (AfCFTA) where Nigeria became a member in 2019. For developing countries, especially resource-dependent economies, international trade serves not only as a source of foreign exchange but also as a means of industrial transformation and poverty reduction. Historical evidence shows that trade-oriented economies such as China, South Korea, and Singapore achieved rapid and sustained economic growth through export-led strategies and technological adoption. The world cannot operate as a single nation and this is manifested in the fact that interactions between the different nations in the world are not in the form of a single nation. This infers that the extent of integration into the rest of the economies in the world is what defines the growth and development of any given economy [1]. At that, the role of trade in promoting the growth of the world cannot be

overestimated. It is possible to trade on a local and international level. International trade involves the transfer of goods and services between countries. International trade orchestrates socioeconomic prosperity and makes opportunities available to the least developed ones; it interests itself in the affairs that take place between nations in the economic and financial state [2]. Nevertheless, a number of factors can alter its contribution to the economic growth including exchange rate and governance [3]. The association between international trade and economic growth in Nigeria is tricky. Trade has indeed improved the growth rate by creating revenues, increased industrial productivity and increases in employment in addition to exposing the economy to external shocks like the varying oil prices and trade imbalances [4, 5]. When Nigeria is highly relying on the exportation of the crude oil and the importation of the manufactured goods, the issue of the structural weakness and low value addition have been raised as well as being exposed to global market volatility [6]. Examples of efforts to diversify exports and avoid reliance on oil include Structural Adjustment Programme (SAP) of the 1980s and WTO membership [7]. Although these actions were taken, there is no complete transformation of the economy as it ought to have been and thus questions regarding the viability of economic

wellness of the nation and the trade which is the medium of long-term growth arise [8]. In the case of Nigeria, a country that is blessed with natural resources and particularly with crude oil that has been a central constituent of the country export since 70s, international trade is a key element of the economic fabric of the country. As a result of such drastic rise in oil prices globally in 1970s, oil boom turned Nigeria into a mono-product economy. The boom was also marked by high inflows of revenue, rise in the level of government spending and deterioration of agricultural and manufacturing industries that had assisted those days in other issues like employment and GDP [9]. It is important to note that over the period of between 1986 and 2024 there has been many changes in terms of economic policies and structural shifts within the country of Nigeria, which had a tremendous impact on the trade trends and the growth patterns of the country. The nation had undergone various cycles in its economy, having a boom during high oil price eras and low in crashing prices. The recent past has brought new touches to the trade-growth environment in the country owing to the COVID-19 pandemic, global inflation and the adoption of the African Continental Free Trade Area (AfCFTA). The situation in Nigeria has been the opposite though because weak governance structures, inadequate infrastructure and inconsistent policies have limited the capacity of realising trade benefits to maximum [10]. One of the studies [11] indicates that Nigeria has an open economy, and an inexpensively large portion of the overall product is attributed to the external transactions. The major export of the economy is crude oil. These differences in the total amount of trade constitute the effects of the policy space which is shaped by numerous economic, social, institutional, and political factors on integration of the entire economy of Nigeria through trade [12]. The Nigerian government has over the years made a range of plans to utilise the trade as a means of development such as the establishment of export processing zones, trade agreements (e.g., ECOWAS, AfCFTA) and economic diversification programmes such as Economic Recovery and Growth Plan (ERGP). Despite these, there is still doubt on the ability of international trade to only promote long term economic growth in Nigeria. It is on this basis that the current study aims at empirically exploring how international trade has affected the economic development of Nigeria between 1986 and 2024. Investigating consequential roles of exports, imports, trade openness, and other trade-related measures in both their relations to the GDP growth and these factors in policy-friendly recommendations to enhance inclusive and sustainable growth in Nigeria, the study would help to add value to the increasing body of research on the relation between trade and development and inform policy outcomes with respect to its impact.

1.2 Statement of the Problem

Under a theoretical point of view, the direct relationship between international trade and economic growth of a nation exists. The reason is that through international trade the closed economy is converted into an open economy through rising foreign exchange earnings as there can be availability of many varieties of goods in the international market this makes possible transfer of technology across nations hence raising the standards of livelihood of the masses with more job opportunities [13, 14, 15, 16]. Mercantilist theory of trade postulated that countries would be richer and strong because they would be exporting more products as compared to imports.

An increased export, in this instance, is therefore a significant variable that encourages the growth of the economy by raising foreign exchange that finds use in the provision of infrastructure and creation of a good balance of payment [17, 18] Despite decades of participation in international trade, Nigeria has not achieved the level of sustainable economic growth expected of an oil-rich nation. The dominance of crude oil exports has discouraged industrial diversification, while high import dependency has created persistent trade deficits. External shocks such as global oil price collapses (2014–2016, 2020 COVID-19 pandemic) have deepened economic vulnerabilities. According to one study [9], Nigeria's overdependence on oil exports and the neglect of non-oil sectors have weakened the capacity of trade to contribute meaningfully to long-term economic growth. Furthermore, other studies highlight that Nigeria's trade performance has been undermined by structural problems such as inadequate infrastructure, weak industrial base, policy inconsistencies, corruption, and poor institutional quality [19, 20]. These challenges hinder the competitiveness of Nigeria's exports, increase production costs, and deter foreign investment, thereby limiting the positive spillovers of trade.

Empirical studies reveal that trade openness can either enhance or hinder growth depending on the structure of trade and policy environment [21, 22]. Thus, the central problem is whether international trade has been a genuine engine of Nigeria's economic growth between 1986 and 2024, or whether structural weaknesses have undermined its potential benefits. Moreover, the Nigerian economy remains characterized by persistent trade deficits, rising import bills, and limited value addition in exports. The dominance of primary commodities in the export basket and the importation of manufactured goods suggest that Nigeria may be stuck in a trade pattern that reinforces underdevelopment rather than drives transformation [23]. Given this context, a critical question arises: Has international trade truly contributed to Nigeria's economic growth over the years, or has it merely exposed the country to external vulnerabilities without substantial developmental gains? This question becomes even more relevant in light of recent developments such as the COVID-19 pandemic, global inflation, and Nigeria's participation in the African Continental Free Trade Area (AfCFTA).

1.3 Objectives of the Study

The primary aim of the research is to assess the effect of the international trade on Nigerian economic growth between the year 1986 and 2024.

They include the following specific objectives:
1. To test the hypothesis which is that the trade related to oil sector in Nigeria correlates with economic growth in Nigeria.
2. To determine the connexion between the trade of non-oil sector and the economic growth of Nigeria.
3. To examine how economic growth and exchange rate relate to each other in Nigeria.
4. To establish the dependence between balance of payment as a significant variable and economic growth in Nigeria.

1.4 Research Questions

1. What is the level to which the oil industry trade contributes to the economic development in Nigeria?
2. How much is the economy growing due to the non-oil sector trade?
3. Is the exchange rate relevant in any way on the economic growth in Nigeria?
4. What is the role played by the balance of payments in improving economic development in Nigeria?

1.5 Research hypotheses

The hypotheses under which the study is oriented are the following:

1. H_{01}: The trade in the oil sector is not strongly correlated with the economic growth in Nigeria.

2. H_{02}: Non-oil sector trade has no notable association with the growth of economy in Nigeria.

3. H_{03}: The exchange rate does not have a significant connexion with economic growth in Nigeria.

4. $H0_4$: Balance of payment and economic growth in Nigeria are not significantly related.

1.6 Significance of the Study

The paper will add value to existing literature since it will offer the current empirical data on the trade-growth relationship in Nigeria between 1986 and 2024. The results will be useful to the policymakers in formulating improved trade and industrial policies, and also the researchers, students and professionals in the development sector to comprehend trade-growth dynamic in Nigeria. It also includes practical information to investors and stakeholders who would be concerned with the trade and economic opportunities in Nigeria.

2.0 LITERATURE REVIEW
2.1 Conceptual Review
2.1.1 Definition of International Trade

According to one source [24], international trade refers to "the voluntary exchange of goods, services, and capital across international borders or territories to satisfy the needs of countries." This emphasises the interdependence of economies and the mutual benefits derived from trade in a globalised world. Similarly, another source [25] defines international trade as "the economic transactions that occur between residents of different nations," highlighting that trade is a central mechanism through which countries achieve growth, efficiency, and welfare gains.

More recently, another perspective [26] defines international trade as "the process of exchange of commodities and services between nations that is influenced by global supply chains, technology, and policy frameworks." This modern perspective recognises the role of digitalisation, global value chains, and trade policies in shaping the nature of international exchange today. In summary, international trade can be defined as the exchange of goods, services, and capital between countries aimed at maximising global efficiency, promoting specialisation, and enhancing economic welfare.

2.1.2 Definition of Economic Growth

The concept of economic growth has evolved over time, from a simple increase in a country's output to a broader understanding that includes improvements in welfare, productivity, and structural transformation. According to Adam Smith (1776), economic growth arises from "the division of labour, accumulation of capital, and expansion of markets." Smith viewed growth as a process driven by specialisation and capital accumulation, where increased productivity leads to higher national income. Similarly, David Ricardo (1817) explained growth in terms of capital accumulation and comparative advantage, emphasising that international trade and investment accelerate a nation's productive capacity.

Economic growth refers to a sustained increase in the real output, income, and productive capacity of a country over time.

Classical economists emphasised capital accumulation and labour productivity, while modern economists recognise the roles of technology, human capital, innovation, and institutional quality.

2.1.3 Overview of Nigeria's International Trade

Nigeria's international trade has undergone significant transformation since independence, reflecting changes in its economic structure, trade policy orientation, and global economic dynamics. As Africa's most populous nation and one of its largest economies, Nigeria occupies a strategic position in international trade, primarily as a resource-dependent exporter and a major importer of manufactured goods and capital equipment. The pattern and performance of Nigeria's trade have been influenced by factors such as oil discovery, trade liberalisation policies, exchange rate movements, and membership in regional and global trade organisations.

Before the discovery of crude oil in commercial quantities in 1956 at Oloibiri, Nigeria's international trade was dominated by agricultural exports, including cocoa, groundnuts, palm oil, rubber, and cotton. However, the discovery of oil in the late 1950s and the subsequent oil boom of the 1970s drastically changed Nigeria's trade structure. Crude oil rapidly became the dominant export commodity, accounting for over 90% of total export earnings and about 70–80% of government revenue. This shift marked Nigeria's transition from an agrarian export economy to a mono-product, oil-dependent economy, leading to declining agricultural output and weakened non-oil sectors.

2.1.4 Trade Policy Evolution and Recent Trends (2010–2024)

Nigeria's trade policy has evolved through different phases—from import substitution industrialization (ISI) in the 1960s and 1970s, to structural adjustment and trade liberalisation in the mid-1980s, and more recently, to export promotion and economic diversification.

Between 2010 and 2014, Nigeria experienced strong trade surpluses driven by high global oil prices. However, the oil price crash of 2014–2016 and the COVID-19 pandemic (2020–2021) severely disrupted export revenues, leading to trade deficits, foreign exchange shortages, and currency depreciation. In recent years, efforts to diversify exports have intensified through government initiatives such as the Economic Recovery and Growth Plan (ERGP), National Export Promotion Council (NEPC) programmes, and the AfCFTA implementation strategy. Non-oil exports have shown gradual improvement, particularly in agriculture, manufacturing, and solid minerals, though the pace remains modest compared to other emerging economies.

2.1.5 Import and Export in Nigeria

Nigeria's export structure is dominated by crude oil and natural gas, which contribute over 80% of total export earnings and remain the main source of foreign exchange [27]. Major export destinations include India, the Netherlands, Spain, France, and the United States. Although non-oil exports such as cocoa, sesame seeds, cashew nuts, and solid minerals have increased slightly in recent years, they still form a small portion of total exports [28]. Overall, Nigeria's trade pattern reflects heavy reliance on oil exports and manufactured imports, highlighting the urgent need for industrial diversification and export promotion to strengthen external trade performance.

2.1.5 Trade Openness
Trade openness refers to the extent to which a country engages in international trade relative to its gross domestic product (GDP). It is commonly measured by the trade-to-GDP ratio (i.e., the sum of exports and imports divided by GDP). A high level of openness indicates a strong integration into the global economy, while a low level may suggest trade restrictions or economic isolation. Trade openness in Nigeria has shown complex dynamics, with both positive and negative effects on the economy.

2.2 Theoretical Review
2.2.1 Classical Trade Theories: Comparative and Absolute Advantage.
International economics is based on the classical view of trade theories which has fundamental explanations on why nations trade with each other. This school of thought is based on two theories which are the Theory of Absolute Advantage by Adam Smith (1776) and Theory of Comparative Advantage by David Ricardo (1817). The two theories suppose that trade is a positive-sum game in which they are all able to gain in case they specialise with respect to the disparities in efficiency or costs.

2.2.2 Heckscher-Ohlin Theory
The HeckscherOhlin (H-O) Theory, which was developed by Swedish economist Eli Heckscher and Bertil Ohlin, is a development of the classical theories of Smith and Ricardo with one added dimension that the factor endowments of a country (country factor endowments) be the foundation of international patterns in trade. In this theory, a country will produce goods and export them which utilise its factors of production which are abundant and relatively cheap, and imports goods which utilise factors of production that are relatively scarce and expensive. In the case of the labour-rich country, it will be more prone to export the labour-intensive goods whereas the capital-rich country will specialise in the capital-intensive goods.

2.2.3 Vent-for-Surplus Theory
The Vent-for-Surplus Theory of International Trade was developed by Hla Myint, a Burmese economist, in the 1960s. This theory provides an alternative view of trade that is especially relevant to developing countries. Unlike classical theories that emphasise efficiency and comparative advantage, the vent-for-surplus theory focuses on how trade allows underutilised resources in developing economies to be put to productive use. The vent-for-surplus theory provides a compelling explanation for how countries like Nigeria can use trade as a catalyst for growth, especially by mobilising idle resources in the economy. However, for this approach to yield sustained benefits, it must be complemented with industrial development, value chain upgrading, and domestic capacity-building.

2.3 Empirical Review
The empirical review gives empirical evidence about the correlation existing between the international trade and the growth of the economy, especially that of Nigeria and similar developing economies.
A key study [29] carried out a decisive analysis on the effects of the trade liberalisation on the Nigerian economy at the post Structural Adjustment Programme (SAP) era. This article has critically focused on the effects of liberalisation of trade regime in Nigeria on economic results, and economic growth, especially GDP, export diversification and industrial development.

It examined the trade openness through SAP as having mixed results. A different study [30] analysed trade openness and foreign direct investment interactive effects on the economic growth of Nigeria and discovered that both trade openness and FDI share positive interaction (that is, FDI is more effective in promoting the growth in an open trading system). Another finding made in the paper is that the gains depend on the kind of FDI (productive/greenfield versus extractive) and complementary infrastructure. A different study was also conducted [31] which provided a seminal research that investigated the effects of trade openness and economic growth in Nigeria with special interests in the mediation of the relationship through macroeconomic and institutional factors. Another study [32] revealed the cause and effect linkage between international trades and economic growth in Nigeria by using the data between the years 1980 and 2007. It was a unique study since it not only evaluated the correlations, but also direction of causality in that one was able to establish whether trade was indeed the cause of growth or the opposite. The paper has used Granger causality tests and co-integration analysis and discovered, whereas exports Granger-caused the economic growth, there was no Granger-causality between GDP and exports or between imports and GDP.

2.4 Literature Gap
A review of previous studies on international trade and economic growth shows that considerable work has been done globally and locally to explain how trade openness influences economic performance. However, notable gaps still exist in the literature, both in methodology and scope, especially concerning Nigeria. However, the contexts of these studies differ significantly from Nigeria's economic environment. Most were conducted in Asian and developed economies with strong industrial bases, stable exchange rates, and advanced export structures. Consequently, their conclusions may not fully apply to Nigeria, which faces infrastructural challenges, mono-product export dependence, policy inconsistency, and currency volatility.

3.0 METHODOLOGY
3.1 Research Design
Research design can be described as the broad method a researcher would use to embrace various elements of the study with regard to managing the research problem. In other words, research design is the plan on how data will be collected, measured and analysed. The research design in this study is the quantitative research design based on the econometric analysis of time series data. The study focuses on the idea of causal inference whereby the authors observe the relationship between different changes in the economic growth of Nigeria by 1986 and 2024 as using changes in different variables of trade openness.

3.2 Sources of Data
The study relies exclusively on secondary data, which is considered appropriate for macroeconomic research of this nature because it provides long historical coverage, is readily available, and ensures comparability across years. The period of analysis is 1986–2024.

3.3 Model Specification

It was agreed that the empirical model used to specify the relationship between international trade and economic growth in Nigeria was based on the theoretical framework of Export led growth hypothesis and endogenous growth theory, which highlight that trade openness, capital inflows and macroeconomic stability has an effect on long term growth [33, 34].

The functional relationship can be expressed as:

RGDP = f(OT, NOT, EXR, BOP)

Where:

RGDP = Real Gross Domestic Product

OT = Oil sector trade

NOT = Non-oil sector trade

EXR = Exchange rate

BOP = Balance of payment

Econometric Model

To make the relationship estimable, the functional form is transformed into an econometric equation:

$RGDP = \beta_0 + \beta_1 OT + \beta_2 NOT + \beta_3 EXR + \beta_4 BOP + \mu$

Where:

β_0 = Intercept (constant term)

$\beta_1 - \beta_5$ = Coefficients of the explanatory variables

μ = Error term

3.4 Method of data analysis

It used the ordinary least squares (OLS) multiple regression method to examine the connexion between rapid population growth and economic growth in Nigeria with the help of the E-views statistical software.

3.4.1 Unit root test
Unit root/stationarity

A unit root (alternatively referred to a unit root process or a difference stationary process) is a stochastic process of time series which is often known as a random walk with drift. When a time series possesses unit root, the time series exhibits an unpredictable systematic pattern. Therefore, unit root test based on Augmented Dickey Fuller (ADF) test will be applied to the study variables to test the issue of autocorrelation.

3.4.2 Diagnostic test of the model

The model diagnostic tests were conducted by use of the coefficient of multiple determination (R2), analysis of variance and the Durbin Watson statistic.

4.0 DATA PRESENTATION, ANALYSIS AND INTERPRETATION OF RESULTS
4.1. Data Presentation

The data on the variables used in the study are Real gross domestic product (RGDP), Oil Sector Trade (OT), Non-Oil Sector Trade (NOT), Exchange Rate (EXR) and Balance of Payments (BOP)".

4.2 Analysis of data
Unit Root Test

A unit roots test (ADF) was conducted to ascertain whether the variables in the model are stationary. This is necessary as it helps to avoid spurious regression results.

Table 4.2: The summary of Unit Root Tests (ADF) results using E-views software is detailed in the table below

VARIABLE	ADF- STATISTICS	5% CRITICAL VALUE	ORDER OF INTERGRATION
RGDP	-3.278801	-2.945842	1(1)
OT	3.418301	-2.971853	1(0)
NOT	-3.127846	-2.971853	1(1)
EXR	3.742495	-2.943427	1(0)
BOP	-5.138862	-2.948404	1(1)

Source: *Author computation with E—view 10*

Based on the above, note that the variables RGDP, NOT and BOP did not follow a stationary value but became stationary upon first difference which means that the variables (RGDP, NOT and BOP) is integrated once (I(1)). But the variables OT and EXR stood still in level form, this will mean that the variables OT and EXR are integrated at Order Zero. The decision is informed by the fact that ADF statistics exceeds the ADF critical values at 5% level.

4.2 Discussion of Findings

This paper has investigated how international trade has affected economic development of Nigeria in 1986 2023. Results of this study are as follows: Augmented Dickey-Fuller (ADF) unit root test was conducted at 5% critical level in order to cheque the time series data stationarity. The finding indicated that Real Gross Domestic Product (RGDP), Oil Sector Trade (OST), Non-Oil Sector Trade (NOST), Exchange Rate (EXCR) and Balance of Payment (BOP) were not initially at the level form stationary but became level after first differencing. This means that this is a first-order integration of the variables I(1). The result meets the minimum requirement of performing an exercise of regression analysis using time series data and confirms the application of Autoregressive Distributed Lag (ARDL) framework which was used in this study. In regards to the regression analysis, the findings showed that there is a positive and significant impact of Oil Sector Trade (OST) on the economic growth of Nigeria. What this means is that the higher the oil exports, the higher the Real Gross Domestic Product becomes. The analysis also showed that Non-Oil Sector Trade (NOST) has positive but insignificant effect on the growth of the economy. This means that though non-oil exports are part of GDP, their influence is still to be felt in great proportions as the industry capacity is low, the infrastructures are not well established and the non-oil products lack competitiveness. There was a significant and negative relationship between the Exchange rate (EXCR) and the growth. This implies that depreciation of the exchange rates has a negative impact in Nigeria GDP because it increases the prices of imports and exposes traders to uncertainty. Also, the Balance of Payment (BOP) maintained a positive coefficient showing that the better the position of Nigeria in the external account, the better the economic growth. This alludes to the fact that positive balance of payment, normally realised by increasing exports as compared to imports, leads to a stable foreign exchange as well as a stable economic growth. The model strength was also proved by the diagnostic tests. The coefficient of determination (R2) was high indicating that a massive percentage of changes in economic growth were accounted by the independent variables (OST, NOST, EXCR, and BOP). The F-statnumber was also significant at the 5 percent level thus indicating that there is a collective contribution of international trade in the growth of the Nigerian economy. The Durbin Wilson was not much greater than 2 and this showed that there is no serial correlation and the tests performed on the residuals were an indication that the model was valid and reliable when wasting time interpreting the policy.Generally, the outcomes of the research show that

international trade has a great influence in determining the economic growth path of Nigeria. Preponderance of oil exports on GDP is still active, and the poor performance of non-oil trade as well as the ongoing exchange rate volatility does not support maximum gains of globalisation. Therefore, to be sustainable in Nigeria, there is a need to strengthen the non-oil exports, stabilise the exchange rate and enhance the balance of payments by diversifying trade and industrial policies.

5.0 Finding, conclusion and recommendations
5.1 Summary of Findings
This research sought to evaluate the economic growth in Nigeria as a result of the international trade in the period of 1986-2023. To estimate the parameters using the Autoregressive Distributed Lag (ARDL) model was used. According to the unit root tests, Real Gross Domestic Product (RGDP) and the Oil and Non-Oil Sector Trade (OST and Non-Oil Sector Trade (NOST)) and Exchange and Balance of payment (Balance of payment (BOP) and Exchange rate (EXCR)) were non-stationary at the level but on the first differencing, they became stationary, which implied that Testing series were integrated of the first order I (1).

Following this, the regression analysis showed that Oil Sector Trade (OST) carries a positive and statistically significant coefficient, meaning that increased oil trade activities stimulate Real Gross Domestic Product (RGDP). This suggests that as crude oil exports rise, Nigeria experiences improved economic performance through higher foreign exchange inflows and enhanced government revenue.

The Non-Oil Sector Trade (NOST) variable was positive but not statistically significant, indicating that although non-oil trade contributes to growth, its current scale and efficiency are inadequate to influence GDP meaningfully. This highlights the continued weakness of Nigeria's non-oil sector and underscores the need for stronger policies to promote export diversification and competitiveness.

The Exchange Rate (EXCR) coefficient was negative and significant, demonstrating that depreciation of the domestic currency dampens economic growth. This implies that exchange rate instability raises import costs, discourages investment, and negatively affects the trade balance. The Balance of Payment (BOP) variable showed a positive coefficient, signifying that improvements in Nigeria's external sector support economic growth by strengthening foreign reserves and reducing external vulnerabilities.

The high coefficient of determination (R^2) indicates that a large portion of the fluctuations in RGDP is explained by the independent variables—OST, NOST, EXCR, and BOP. The statistically significant F-statistic confirms that international trade collectively exerts a meaningful influence on Nigeria's economic growth during the study period.

5.2 Conclusion
This research investigated the relationship between international trade and Nigeria's economic growth from 1986 to 2023 using the ARDL estimation framework. The stationarity tests established that RGDP, OST, NOST, EXCR, and BOP became stationary after first differencing, satisfying the criteria for robust time-series analysis. The regression findings indicate that Oil Sector Trade (OST) significantly and positively drives economic growth, reaffirming the oil sector's dominant role in Nigeria's economy. Conversely, Non-Oil Sector Trade (NOST), although positive, was not significant, suggesting that Nigeria has yet to fully harness the growth potential of its non-oil exports. Exchange Rate (EXCR) exhibited a negative and significant influence, implying that persistent volatility in the exchange rate undermines growth. The Balance of Payment (BOP) positively contributes to economic expansion, highlighting the importance of strong external balances. In summary, international trade remains an important determinant of Nigeria's economic growth, with the oil sector playing a pivotal role while the non-oil sector continues to lag behind. Consequently, achieving sustainable growth will require greater efforts toward trade diversification, exchange rate stability, and enhanced external competitiveness.

5.3 Recommendations
Based on the findings and conclusion, the following recommendations are proposed:

1. Strengthen Non-Oil Export Diversification: The government should intensify strategies aimed at broadening the export base through the development of agriculture, solid minerals, and manufacturing. Measures such as tax incentives, easier access to financing, and improved infrastructure should be prioritized to enhance non-oil export capacity and reduce reliance on crude oil.

2. Ensure Exchange Rate Stability: Monetary authorities should implement consistent, transparent, and market-friendly exchange rate policies to minimize fluctuations and improve investor confidence. A more stable exchange rate will enhance trade competitiveness, attract foreign capital, and support macroeconomic stability.

3. Enhance Trade and Industrial Policy Frameworks: Policymakers should develop robust trade and industrial policies that strengthen the competitiveness of domestic industries. Improving trade facilitation—through efficient ports, modernized customs processes, and reduced trade bottlenecks—will help Nigeria integrate more effectively into regional and global value chains.

4. Improve Balance of Payments through Value Addition: To sustain a healthy balance of payments position, Nigeria should prioritize adding value to its exports, especially in the oil and agricultural sectors. Establishing refineries, agro-processing centers, and industrial hubs will reduce import dependence, increase export revenues, and bolster foreign reserve accumulation.

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