



THE EFFECT OF TRADE OPENNESS ON ECONOMIC GROWTH IN NIGERIA

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ABSTRACT

The aim of this study is to analyse the relationship between trade openness and economic growth in Nigeria from 1981-2014; the model was augmented by adding financial development. The methodology used in this paper are unit root, cointegration and granger causality test. The stationarity and integration of the data was done using the Augmented Dickey-Fuller (ADF) and Phillip-Perron (PP) test; the test conducted shows that the variables are not stationary. The Johansen test was used to test for cointegration and the result shows that cointegration exists. Finally, the granger causality test was carried out, and the result shows that there is a bilateral relationship between all variables; except the relationship between import and economic growth, import and domestic credit, import and export which have a unilateral relationship.

Keywords: Economic Growth, Financial Development, Trade, Nigeria

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