

**EFFECT OF NON-OIL COMPONENTS EXPORT ON THE  
ECONOMIC GROWTH IN NIGERIA**

**By**

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## **ABSTRACT**

The effect of non-oil components export on the economic growth in Nigeria continue to be debated and tested in order for turning around of the nation's economic outlook for the future good, by strengthen non-oil export growth and success and also promote a non-oil export culture. This paper extends the previous empirical studies on the issue providing some evidence from time series data period over 1980 – 2011. In this study, the dependent variables were agricultural, manufacturing and services sector whereas the independent variable is the gross domestic product (GDP). The model was tested using unit root test, ordinary least square (OLS), serial correlation LM test and heteroskedasticity test to analyze the significant contribution between the dependent and independent variables. The result shows that agricultural and services sector of non-oil export component contributed significantly to the economic growth (GDP) of Nigeria. Also the result presents that there is no correlation and heteroskedasticity problem. Finally this paper draws some policy implications for the further studies to focus on the non-oil export component in Nigeria so has to ensure a turnaround of the nation's economic outlook (growth).

## **ABSTRAK**

Kesan bagi komponen eksport bukan minyak ke atas pertumbuhan ekonomi di Nigeria terus dibahaskan dan diuji dalam usaha memulihkan keadaan ekonomi negara untuk kebaikan masa hadapan, dengan meningkatkan pertumbuhan eksport bukan minyak dengan jayanya dan juga menggalakkan budaya eksport bukan minyak. Kajian ini meliputi kajian empirikal terdahulu berkaitan dengan isu dengan menyediakan beberapa bukti menggunakan data siri masa bagi tempoh 1980-2011. Dalam kajian ini, pembolehubah bersandar adalah pertanian, pembuatan dan sektor perkhidmatan manakala, pembolehubah bebas adalah keluaran dalam negara kasar (KDNK). Model ini telah diuji menggunakan ujian punca unit, kaedah kuasa dua terkecil (OLS), ujian siri korelasi LM dan ujian heteroskidastisiti untuk mengkaji nilai signifikan di antara pembolehubah bersandar dan bebas. Hasilnya menunjukkan bahawa sektor pertanian dan sektor perkhidmatan komponen eksport bukan minyak memberi nilai signifikan yang ketara kepada pertumbuhan ekonomi (KDNK) Nigeria. Selain itu, hasil menunjukkan tiada korelasi dan masalah heteroskidastisiti. Akhir sekali kertas ini mengemukakan beberapa implikasi dasar supaya kajian pada masa hadapan memberi tumpuan kepada komponen eksport bukan minyak di Nigeria dan juga memastikan pemulihan prospek ekonomi negara (pertumbuhan).

## **DEDICATION**

This research work first of all is dedicated to God Almighty for giving me the strength and the ability to carry out this work, and for His mercy and favor I have been receiving even from the past years. Also, I dedicate it to my parents for their support and assistance they have been rendering unto me in diverse ways.

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## **ABBREVIATION**

|       |  |
|-------|--|
| GDP   | Gross Domestic Product                                 |
| CBN   | Central Bank of Nigeria                                |
| ADF   | Augmented Dickey Fuller                                |
| ECM   | Error Correction Model                                 |
| IMF   | International Monetary Fund                            |
| NOM   | Non-Oil Imports  |
| NEEDS | National Economic Empowerment and Development Strategy |
| GNP   | Gross National Product                                 |
| PI    | Per Capita Income                                      |
| SAP   | Structural Adjustment Programme                        |
| JVC   | Joint Venture Companies                                |
| NNPC  | Nigerian National Petroleum Corporation                |
| TFP   | Total Factor Productivity                              |
| OLS   | Ordinary Least Square                                  |
| VAR   | Vector Autoregressive Model                            |
| PP    | Phillips-Perron  |
| KPSS  | Kwiatkowski-Phillips-Schmidt-Shin                      |

## CHAPTER ONE

### INTRODUCTION

#### 1.1 Background of The study

Nigeria as a developing country has been grappling with the realities of developmental process not only politically and socially but also economically. Nigeria is today identified as one of the 30 of the World's most important economies and the 7th fastest-growing economy in the world during 2009 with 6.9 percent (CBN, 2011). A large amount of Nigeria's exchange income has been provided by non-oil exports during last decade before this pattern changed when oil suddenly became of crucial importance to the world economy through its supply-price nexus, as shown in Table 1.1 below:

Table 1.1: GDP Sectorial Contribution

| <b>Sector</b>                    | 1960<br>(%) | 1970<br>(%) | 1980<br>(%) | 1990<br>(%) | 2000<br>(%) | 2010<br>(%) | 2011<br>(%) |
|----------------------------------|-------------|-------------|-------------|-------------|-------------|-------------|-------------|
| <b>Agriculture</b>               | 64.1        | 47.6        | 30.8        | 39.0        | 35.7        | 40.8        | 40.2        |
| <b>Manufacturing</b>             | 4.8         | 8.2         | 8.1         | 8.2         | 3.4         | 4.2         | 4.2         |
| <b>Oil<br/>(Crude petroleum)</b> | 0.3         | 7.1         | 22.0        | 12.8        | 47.5        | 15.9        | 14.8        |
| <b>Solid mineral</b>             | 0.8         | 0.9         | 2.2         | 0.3         | 0.3         | 0.3         | 0.4         |
| <b>Services</b>                  | 12.2        | 20.2        | 19.5        | 10.3        | 10.2        | 10.1        | 10.3        |
| <b>Others</b>                    | 17.8        | 16.0        | 17.4        | 29.4        | 2.9         | 28.7        | 30.1        |

Source: Central Bank of Nigeria Statistics (CBN), 2011.

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