



Factors which affects international trade Operation in Nigeria

Anthony Obinna Nnabuike

6117190029

**Independent Study Submitted in Partial Fulfilment of the
Requirements for the Master of Business Administration Degree.
Graduate School of Business, Siam University, Bangkok,
Thailand**

2019

Thematic Certificate

To

ANTHONY OBINNA NNABUIFE

This Independent Study has been approved as a Partial Fulfilment of the Requirements for the Award of Masters of Business Administration in International Business Management

Advisor..... *Om Huvand* Date..... *24th* / *Aug* / *2019*

(Dr. Om Huvanand)

..... *Jom*

(Dr. Jomphonng Mongkhonvanit)

Acting Dean Graduate School of Business Administration

Date..... *24* / *Aug* / *2019*

Siam University Bangkok, Thailand



Abstract

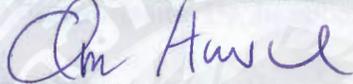
Acknowledgement

RESEARCH TITLE: FACTOR AFFECTING INTERNATIONAL TRADE OPERATION IN NIGERIA

RESEARCHER: ANTHONY OBINNA NNABUIFE

DEGREE: MASTER OF BUSINESS ADMINISTRATION (MBA)

MAJOR: GENERAL MANAGEMENT

ADVISOR: 
.....

(Dr. Om Huvanand)

(Graduate School of Business, Siam University, Bangkok Thailand)

According to a CNN Report, Nigeria has a leading number of people living in abject poverty, with an estimated 86.99 million Nigerians living on less than \$1.90 a day. International investors are also withdrawing their projects and businesses across the country. It was gathered that as of September 24, 2018 foreign investors withdrew about 435.4 billion naira from the stock market due to poor policy disagreements between the government and international traders. This documentary research examined the factors which affects international trade operation in Nigeria. Some identified factors include corruption, political instability, trade policy, exchange rate, foreign currency reserves, inflation and demand. Solutions to the identified factors were offered at the end of the study. Past studies were reviewed and the conceptual framework generated based on past findings. Recommendation for execution of this study on investors, international business managers, Nigerian government in control of international trades as well as domestic entrepreneurs have also been discussed along with practical and treasured recommendations for international investors and (central bank of Nigeria) CBN. The paper submits that Nigeria's international trade pattern does not adapt to the world standard policy that influences international trade. Amongst others, it was recommended that the Nigerian government/state should come up with a strategy where corruption, terrorism and trade policy should be amended and eradicated in other to meet up with the world standard.

Keywords: International Trade, Trade-operation, Nigeria.

Acknowledgment

With all reverential motive and desire I did like to exploit this medium to thank God for the grace and favour given me throughout my life. I also thank my parents for their support and love throughout my life.. I owe a special thanks specially thanks to my IS instructor, Dr. Tanakorn Limsarun, who has been a great support to my studies at Siam University, and my extended gratitude to all the members of the MBA program. Dr. Jomphong Mongkonvanit , and to my dear uncle Dr. Emmanuel Nweke Okafor cheers.



Table of Contents

Chapter 1	
Introduction	4
1.1 Background of the study	4
1.2 Research problem.....	6
1.3 Research Objective.....	7
1.4 Research Scope	8
1.5 Research significance	8
Chapter 2	
Literature Review.....	9
2.1 Factors that affect international trade in Nigeria	9
2.2 Nigeria’s International trade operation and influencing factor	13
2.3 International trade operation in Nigeria vs. rest of the world.....	14
2.4 Past Research review in Nigeria’s international trade operation.....	16
Chapter 3	
3.1 Finding	17
3.2 Established Framework.....	18
Chapter 4	
Recommendations	
4.1 Recommendation for executive levels	18
4.2 Recommendation for managerial level	20
4.3 Recommendation for other countries	20
5.0 Research Limitation	21
References	24

Introduction

1.1 Research Background

Nigeria population is equivalent to 2.5% of the total world population, which means that there is advantages in making business and investing in international trade across the nation, but is has been recently obtained that the international trade in Nigeria is declining as many investors are withdrawing from doing business in Nigeria, and people are petrified to either import or export goods or service across Nigeria. No country is self-reliant. Some factors have been identified as the primary reasons why investors will investigate properly before deciding to make any investment in any country or company so to say. Nigeria's trade policy is predominantly focused towards enhancing competitiveness of internal trades, with a view to reassuring local value-added outcomes as well as diversifying import and exports to boost the country's GDP.

The strategy embraced to achieve this is gradual emancipation of trade. Current reform packages are therefore premeditated to allow a certain level of protection of domestic industries. In spite of government efforts to diversify the economy and by implication its exports basket in order to strengthen her trade, the non-oil sector still performs abysmally. For instance, recent statistics showed that Nigeria's commodity terms of trade which stood at 90.66 in 2012 hovered between 83.19 and 108.97 between 2000 and 2012. For most of the period the commodity terms of trade were less than 100 indicating that the prices for Nigeria's exports has not been favourable. This has been blamed on the fact that Nigeria's export basket is constituted more of primary products including agricultural produce and crude oil (Tari, 2016).

Furthermore, the fact that Nigeria had recently been ranked as the world number one poverty country indicates a drastic decrease in the FDI status of the country. (CNN report 2018). This underscores the reason why the Nigerian economy had been at the mercy of the vagaries of the global oil market. This situation has attracted contributions from policy makers and scholars to resuscitate and strengthen the Nigeria's trade relations and pattern of trade. Therefore, various studies have been carried out to investigate the implications of these emerging factors in macroeconomics (Tinus, 2010). Very little or nothing has been done to explicitly identify the factors affecting Nigeria's international trade operation

due to corruption. Therefore, this study utilized a documentary research technique (DRM) to analyze past studies and generate a conceptual framework for use. The classical economists involved so much significance to international trade in a country 's progress that they regarded it as an engine of growth (Efiong, J. 2018) Trade is known as a vital facilitator for economic progress. For emerging countries like Nigeria, the input of trade to overall economic progress is enormous owing largely to the clear fact that most of the crucial elements for progress like seaport, cargos, electricity are all trade in because of insufficient national supply that is course by corruption in some sector of the government. Nevertheless, it is significant to note that internal trade frills external trade since locally produced goods are collected for export, while imported goods are circulated within the country, sometimes into distant areas. It also enables internal concentration and the division of labour between the various corporations and environmental areas of the country. Consequently, the greater the level of core trade the greater the glassy of concentration.

Nigeria population is equivalent to 2.5% of the total world population, which means that there is advantages in making business and investing in international trade across the the nation, but is has been recently obtain that the international trade in Nigeria is declining as many investors are withdrawing from doing business in Nigeria, and people are petrified to either import or export goods or service across Nigeria, no country is self-reliant but there are factor that are major reason that any investor will look into before deciding to make any investment in any country or company so to say. Nigeria's trade policy is predominantly focused towards enhancing competitiveness of internal trades, with a view to reassuring local value-added and promoting as well as diversifying import and exports.

The strategy embraced to achieve this is gradual emancipation of trade. Current reform packages are therefore premeditated to allow a certain level of protection of domestic industries. In spite of government efforts to diversify the economy and by implication its exports basket in order to strengthen her trade the non-oil sector still performs abysmally. For instance, recent statistics showed that Nigeria's commodity terms of trade which stood at 90.66 in 2012 hovered between 83.19 and 108.97 between 2000 and 2012. For most of the period the commodity terms of trade were less than 100 indicating that the prices for Nigeria's exports has not been favourable. This has been blamed on the fact that Nigeria's export basket is constituted more of primary products including agricultural produce and crude oil (Essia U. and Onyema J.2012).

It was also stated that this has contribute a lot in the recently ranking for the world most poverty country and that this played a big role because the economy of the nation drop drastically very low and access to goods and services become very extremely hard, that there is also a cease in the international trade due to recent policy. (CNN report 2018) This position clearly showed that Nigeria's export has been dominated by oil. This underscores the reason why the Nigerian economy has been at the mercy of the vagaries of the global oil market. This situation has attracted contributions from policy makers and scholars to resuscitate and strengthen the Nigeria's trade relations and pattern of trade. Therefore various studies have been carried out. Most of which have focused on the impact of trade on various macroeconomic indicators. Very little or nothing has been done to explicitly identify the factors affecting Nigeria's international trade operation due to corruption.

Furthermore, various studies have been done. Most of which have focused on the impact of trade on various macroeconomic gauges. Very little or nothing has been done to unequivocally identify the factors that affects international trade operation in Nigeria. The reimbursements from trade amongst others include higher international prices which favour specialization and exports; lower domestic prices which favours consumption of locally produced goods; and the availability of a wider array of goods and services to the local consumer as well as international investors, thus all this benefits is been limited due to some factors as listed and many believe that the main factor that hidens the growth of international trade operation in Nigeria is as a result of recent government policy and terrorism in the country. In 2016 it was terrorism of a deadly book-haram group that was served as the main reason why international investors are withdrawing and scared of doing business in Nigeria (CNN 2016).

Finally, in this research I have been able to clearly state the factors that affects the international trade operations and also the solution at which this factors could be eradicated. I also provide a findings in a well stipulated form, as the research help me to find out so many other ways that things could done so that the international trade operation in Nigeria could get better and works perfectfly.at the end of my findings there is also several recommendations to the managerial level, executives, and other level of operation, I also provide an established frame work and research limitations at the end of this research.

1.2 Research Problem

Numerous international trade concepts and models have materialized in current years based on economic and management perspectives. International business operations usually include business operations of

any kind by a firm operating between or within two or more independent countries. When companies function internationally they can involuntarily sacrifice the theoretical concepts of their management along with their other assets. In attempting to explain the existence of international business operations and the impact of the political environment as it relates to the Nigerian market (Vanguard 2016). The problem at hand is to practically identify the key factors that affects the international trade, and to illustrate how individuals and government of Nigeria could help in eradicating the issues, the problems are classified into sub problems, which at the line point we could be able to set up a framework on how the government of Nigeria could be able to identify the key factor that is responsible for slow growth of international trade operation in Nigeria. The main problem statement: how to treat the issue of corruption b. terrorism (book-haram) c. political instability d. trade policy e. exchange rate, foreign currency reserves, inflation and demand. In other to improve the international trade operation in Nigeria. (Good luck 2017)

1.3 Research Objective

The objective of this research is to confer and examined extensively the issues, challenges and prospects of international trade in Nigeria business environment. Also other objectives of this research are to reveal the importance of business and investment to any society, and those factors that can affect the development and sustenance of international trade operation in Nigeria. It was made identified in this research that Nigeria's international trade operation notwithstanding its outlook, is characterized by challenges of various kind, which mainly point out at terrorism, corruption, (book-haram effect), political instability, trade policy, exchange rate, foreign currency reserves, inflation and demand another key reason is to constructively derived a framework that the individuals and government of Nigeria may consider in other to tackle the above factors, so as to ease international trade operation in Nigeria. Finally, to inspect the consequence of international trade operation on economic progress in Nigeria. Definitely the study expectations are to: 1. Assess the influence of international trade operation in Nigeria and its effect on the level of economic progress and development. 2. Inspect the effect of attention of trade to primary supplies in Nigeria (Gramer, R. 2017).

1.4 Research Scope

Nigeria is a country in West African region with the population of 180 million persons; and Nigeria is also the Africa's foremost economy and number one oil producer. Unemployment rate in Nigeria is increasing in geometric progression. The researcher choose the factors that affect the international trade because it will help to scope out a beneficial finding under the topic that could be recommended to both the government of the country as well as other neighbour African countries, because internal trade plays a big role on employment and development of the nation.

The study exertion is also confined to Nigerian trade operations and factors that affects it. Hence, statistics used are those concerning to Nigeria economy on factors that affects its international trade operation. This study is limited to external trade as it affects the growth and development of the Nigeria economy. A major constraint of this study is the short time needed to complete this study and problem of consistent and accurate data.

1.5 Research Significant

The significance of this study is to deeply outline the factors that affect the international trade operations in Nigeria in other to get the findings as well as the established framework suitable to eradicate these factors. And also to be able to have a suitable recommendation mostly to Nigerians and also the significant of this research includes. 1. To make sure that the government understand the need to eliminate those factors that affect international trade operation in Nigeria.

2. To defend the conjectural findings of past research on the factor that affects and influences the trade operation in Nigeria

3. To make available awareness on how the government of Nigeria, as well as individual can combine efforts on managing the well fair of international trade operation.

4. To provide a suitable finding and recommendations and well as solutions on how to solve a practical issues in other country about international trade operation mostly in Nigeria to be précised.

Literature Review

2.1 Factors that affect the international trade in Nigeria

Corruption

Nigeria has recently ranked the 3rd most corrupted country in the world, corruption has not only affected the international trade operation in Nigeria but also affect the national trade policy, the low medium traders always complain of the facts that their business are not going well and in as much as that the government of the country or the tax force agency always demand money for bribe ring and corruption. (Dike, 2004). World Bank estimation has specified that 80% of drive incomes benefit only 1% of the Nigerian population, owing to huge corruption in the country (Odularu, 2007). Despite the fact that so many past researcher has proven that it is because the oil sector is not privatized that could be of the main reason corruption still growing in geometric progression instead of decreasing in arithmetic progression. Take for instance an international investor who is willing to purchase petrol in Nigeria, instead of paying straight to the government account, it has to go through a personal account of the aviation minister, they also embezzled huge amount of money from the international investors, this create issues and uncertainties in doing international business operations in Nigeria. This factor is also deadly as it affects the economy, the GDP of Nigeria is been affected, which leads to so many private investors attempting to withdraw their business, the indirect effect of corruption is that it will weaken the economy and their by affects every other levels in the country like the educational sector, access to good health care and lack of infrastructure, when all this things are lasting in the society it will reduces the effectiveness of any kind of trade operation in that environment.

Contending corruption also need the help of other organization like in Africa, the ECOWAS, which could help in mitigating a law that could direct the activities of the government, this could have help to eradicate corruption in the country and bring about free and fair trade operation in Nigeria but reverse is the case (Daud and Nor Azam, 2011).

Poor Infrastructural Development

Poor infrastructural development is also a great factor that affects the international trade operation in Nigeria, the hospital and living environment for the foreign investors or traders are not been comfortable thereby making it very difficult to the traders outside the home country to survive any forms of health care or well been of living, also affects the productivity of the domestic producers, good infrastructure enhanced good productivity and help the domestic producers to get access to the material for production, inadequate or lack of infrastructure in Nigeria has been the reason or one of the factors that hinders the growth of trade of operation. (Daud 2011).

Bad Governance

Trade has been a way through which local farmers can reach to internationalization, when the crops in the rural area are set to harvest, some of the farmers harvest this crop with intension of selling it to the buyers outside the home country, recently in Nigeria due to bad government local farmers has no access of selling their products to the external buyers, this impact has contributed to the negative approach and downfall in the economy. (Abu, N., et al 2014). the means of international trade between the west and Nigeria as stipulated by the international bodies was to monitor the operation of trade between the Nigerians and the west, this process was declined to action due to the bad government of the Nigeria (Kazeem, Y. 2017).

This is not surprising as Corporations have taken benefit of trade to exploit the country through dumping and over-invoicing. The activities of international corporations have improved the level of conservation progression in Nigeria (Transparency, Int. 2018). Bad governance has also contributed in this area whereby foreigners thinks that all the section of the government in Nigeria are all the same, they are not only insecure in trading in Nigeria but the level and standard of living is very poor as well, and most especially bias in the system of government, the collision of trade between Nigeria and other countries has been bad and partial, the government or the custom in charge of the imported goods always give an easy hand for the goods that are from their clients, but usually ceased the goods that are imported from other domestic or international traders. (Azam, 2011).

Political Instability

Political instability has proven by many researchers as one of the reason why international trade operations aren't successful in Nigeria. Nigeria is divided by three major ethnic groups, the Hausa, Igbos and the Yoruba's, and each time there is always a huge crisis from both ethnic groups on leadership aspect, when

the Hausa are in power they give licenses to international businesses to only the northern part, when the Yoruba's are in power they give access to the people in the western part of Nigeria, this political instability has clinched the bridge of transparency and course a lot of setback in international trade operation, this did not only affects the traders but also contributed hugely in the negative economic growth in the country. [Adeleke, K.M. et al 2014]domestically the issue are been based on the ethical satisfaction this affect democracy in the country and create discrimination, importers that are from the eastern part of the country find it very difficult to get access to licencing or franchising, the international traders also lack access to the right domestic sellers because they are giving conditions on the traders that they should do business with due to politics (Aastveit, K.A et al 2013). Though, the international structure frequently executes important role in both the swop in general and the attendance of vehemence in demanding, Notwithstanding the spiteful forecasts, most African parsimonies are take advantage of well even though a few country situations are still under the defect of political instability, though Nigeria is oil rich, but its political instability has course more harm than the advantage, the politician drive from this calamity, under developed countries nearby Nigeria find is also difficult to export some of their domestic product for exchange of other goods , this should be common in other developed countries. Power in Nigeria is seen as an advantage to embezzled money and improves corruption either than providing the solution as to solve the issues in the country. In 1981 Rodney called for restructuring or enabling one-way power, instead of to keep sharing of power to ease ethnicity and increase poverty, as instability of power assumes the main cause of negative economic growth. [Janewa J.O. 2017].

Trade Policy

Trade policy has a great impact in a country's international trade, as it determines the pricing system, demand and supply also add a restriction to import and export of a particular country (Ndubuisi, P. et al 2016). Nigeria policies in trade is based on corruptions, its limited to a particular set of people and create uncertainties to the international bodies, trade policy imposed on importing of goods by the incumbent president affects a lot of importers, many international stores in top cities was closed up and shut down, e.g. the restriction on importation of rice, Nigeria cannot produce the quantity of rice they consume per year, thereby needed to import a lot rice from other country, but the policy banned the importation of foreign rice in other to motivate the use of locally made rice in Nigeria , this policy courses a lot of damage as some foreign stores has to be closed down, policy significances remain shared between necessity on

the public sector and import replacement approaches on the one hand, and larger confidence on the private sector and market-based improvement on the other. Furthermore, latest steps to upsurge clearness and liability in government, and thus battle claims of deception and corruption, must be shadowed if international self-reliance in Nigeria's economy is to be recovered. There is a need to amend Nigeria trade policy to meet up with international standard; this will lead to improvement of the international trade operations in the country. Aside from tribalism and ethnic conflict, the need to amend the policy will also help to increase the economic growth as many foreigners will be eager to trade either importation or exportation along with domestic dealers in Nigeria (Liargovas, P.G., & Skandalis, K.S. 2012).

Exchange Rate

Largely in every nation today exchange rate plays a big role, currency value can be an advantage for domestic manufacturer, which could also be a problem the other way round, initially during the colonial era, importers exchange either through barter till this era of money, and the value of money are not the same in all the nations, Nigeria naira has fallen so drastically in the recent years, this affects international companies that import product or part of their material outside the country, this factor is the reason for withdraw of so many multinational companies in Nigeria due to fallen of the exchange rate naira to us dollars.. (Nicks, 2006). International trade operation has aimed at the means through which country can exchange its locally produced goods that has more comparative advantage to other country, and exchange domestic producer to be motivated in producing locally made goods, but in returns the rate at which this is done is a disadvantage to the country which value of money or exchange rate is very low to compare to the other countries, economist has find out that exchange rate has been a factor that hinders the growth of international trade operation in Nigeria, as the rate for naira to dollars always depreciates to its value each time, this has caused a lot of damage and it is said to be politically motivated. (Goodluck 2017)

Foreign Currency Reserves

Foreign currency reserves identify the process of converting domestic currency into international banknotes at particular exchange rates. These transactions present distinct ramifications for the global economy. Foreign exchange rates affect international trade, capital flows and political sentiment. Further, you should work to understand the economic risks associated with foreign exchange and globalization,

prior to coordinating financial decisions. Foreign Exchange Reserves in Nigeria decreased to 43165 USD Million in January from 43230 USD Million in December of 2018. Foreign Exchange Reserves in Nigeria averaged 11495.57 USD Million from 1960 until 2019, reaching an all-time high of 62081.86 USD Million in September of 2008 and a record low of 63.22 USD Million in June of 1968.

Inflation and Demand

If a country's inflation rate increases relative to the countries with which it trades, its current account will be expected to decrease, other things being equal. Consumers and corporations in that country will most likely purchase more goods overseas (due to high local inflations), while the country's exports to other countries will decline. Inflation cause climb in prices measured against a standard degree of purchasing International trade Country in political instability inflation will be high and the investor who doing there they have got power to placed their price (high) and consumer they don't have choice. Life will be costly and investor who doing business there are benefited with high price of goods. People they work to them and get salary and by the end of day they provide again that money to them. This is to say foreign will be able to transfer resources to home country indirect (Onyali.,I& Okafor, T.2014).

2.2 Nigeria's International Trade Operation and influencing factors

i. The country's inflation rate:

If the country has a relatively high rate of inflation, domestic households and firms are likely to buy a significant number of imports. The country's firms are also likely to experience some difficulty in exporting. A fall in inflation, however, would increase the country's international competitiveness and would be likely to increase exports and reduce imports.

ii. The country's exchange rate:

A fall in a country's exchange rate will lower export prices and raise import prices. This will be likely to increase the value of its exports and lower the amount spent on imports (Oyibode, A. 2016).

iii. Productivity:

The more productive a country's workers are, the lower the labour costs per unit and cheaper its products. A rise in productivity is likely to lead to greater number of households and firms buying more of the country's products – so exports should rise and imports fall.

iv. Quality:

A fall in the quality of a country's products, relative to other countries' products, would have an adverse effect on the country's balance of trade in goods and services.

v. Marketing:

The amount of exports sold is influenced not only by their quality and price but also by the effectiveness of domestic firms in marketing their products. Similarly, the quantity of imports purchased is affected by the efficacy of the marketing undertaken by foreign firms.

vi. Domestic GDP:

If incomes rise at home, more imports may be bought. Firms are likely to buy more raw materials and capital goods, and some of these will come from abroad. Households will buy more products, and some of these will be imported. The rise in domestic demand may also encourage some domestic firms to switch from the foreign to the domestic market. If this does occur, exports will fall. (Samol A. & Solifano 2014).

2.3 International Trade Operations in Nigeria vs. Rest of the World

Nigeria- Us: Nigeria is one of the United States' largest trading partners as it is the country with the largest export and import records each year. From research, Nigeria's export goods worth 19 billion USD, which consist of oil, cassava, cashew, coffee, and cocoa, whereas it was recorded that Nigeria imported goods worth more than the price they export. As of 2009, imported materials include cars, farming tools, technology, automobiles, vehicles, and so many others. During the 2011 cooperative meeting between both parties to solidify the relationship, the meeting held in Abuja stated that the relationship between the US and Nigeria's trade is facing challenges of corruption. It is easy to export products from Nigeria to the United States, but there is a lot of customs crisis when importing goods from the United States. As of 2011, goods seized by the Nigerian customs are worth 1.1 billion USD, upon meeting the requirements of export duties and the customs policy. (Cooperate.Nigeria 2011).

Nigeria – France: Europe is now second in international trade with Nigeria. In 2010, the export from Nigeria is worth 11.6 billion United States dollars, and import is worth about USD 10.8 billion. Nigeria and France have recorded trade success, seen the most in Africa. Nigeria-France trade hit 5.5 billion Euros as of 2011, making it the most successful trade record so far in Africa to European nations. (Gramer, R. 2017).

Nigeria –UK: according to UK trade and investment Nigeria is the 32nd largest UK international market. as at 2008 UK exported services worth 100 million euros to Nigeria, also the double bilateral trade agreement between the UK and Nigeria worth along 8 billion euros, Nigeria is one of the oil exporting countries, they refined their oil by sending it as crude in the Uk and import it back as fuel, gas and kerosene for consumption.(Schumacher, I. 2013) this relationship has been in and up even after the independent, Nigeria was colonized by the British, it was stipulated that the trade relationship between Nigeria and united Kingdom has been untouched even after their independent, the oil rich was dependent in the refinery across uk for they export crude oil for refinery in the united nation and import as finished goods for consumption back in Nigeria(Anyadike N.O. 2012).

Nigeria- China: Nigeria and China bilateral trade connection is one of the strongest international trade relationship today with both country, almost 95% of all the technological material used in Nigeria are all imported from china (Goodluck 2015). China has import so many product from Nigeria, like crude oil, coffee, rubber and many others, export from china to Nigeria s approximately at 400% increase while from Nigeria to china export increase to 200% in 2014. China is one of the biggest country in Asia that export to African countries and mostly Nigeria has recorded much trade connections and service in the recent years.(Al Jazeera 2017).

Nigeria – Brazil: the relationship between Brazil and Nigeria from the 18th Century, this both countries have and is currently enjoying warm cultural and trade relationship. Nigeria’s the second largest trade partner of Brazil in sub-Saharan Africa and 11th in the world. Brazil happens to be the third largest importer of crude oil from Nigeria after India and united states. Nigeria balance of trade with Brazil is favourable to both parties and the relationship has been there for centuries now, as one of the leading economy in Latin America it’s the key following industries: chemicals, cements, agriculture, vehicles, and so many others, and some export products like: aircraft, coffee, soybeans, sugar, iron and so many others. Which Nigeria as its trade partner benefit from. During the Nigeria chamber of commerce and industry (NBCN) anniversary the chairman of the committee made it known that the long ties and the international trade operation between the two parties and the economic advantages they shared makes the two super beneficiary to each other, the increase in the economy as of 2011 was at about USD9.6 billion, driven only from the ties and international trade between Brazil and Nigeria, as part of continue advantage

Nigeria aims to seek bilateral agreements with Brazil, in order to increase the supply of , electricity, agricultural vehicles, education and aviation with the help of international trade with Brazil (CBN 2015).

2.4 Past Research review in Nigeria's international trade operation

The economy of Nigeria has had to navigate a major crisis that started with the collapse of oil prices in 2014 and was worsened by the _recurring youth restiveness ongoing in the oil rich Niger-Delta region. The crisis of the past four years reaffirms the vulnerability of the Nigerian economy to oil related shocks. (Obadan, Elizabeth 2010). It underscores the need for Nigeria to look outward, diversifying its export base away from the volatile commodity if the country is to win its battles against poverty and inequality. Oil accounts for 90% or more of Nigerian merchandise exports. This heavy dependence of the Nigerian economy on oil as the dominant source of foreign exchange is widely acknowledged. But the mechanisms through which oil price changes affect the economy and the measures (or lack of them) available to the Nigerian authorities to counter oil price declines are less commonly understood (Ikeokwu et al 2005). Free Trade in Nigeria are the best options for businessmen and women. They were created to provide fewer restrictions for import into the country! Therefore, a free trade zone can be your chance to set up business connections with foreign. Expand market access for Nigeria's exporters of goods and services, spur growth and boost job creation (Uma E. et al 2016).

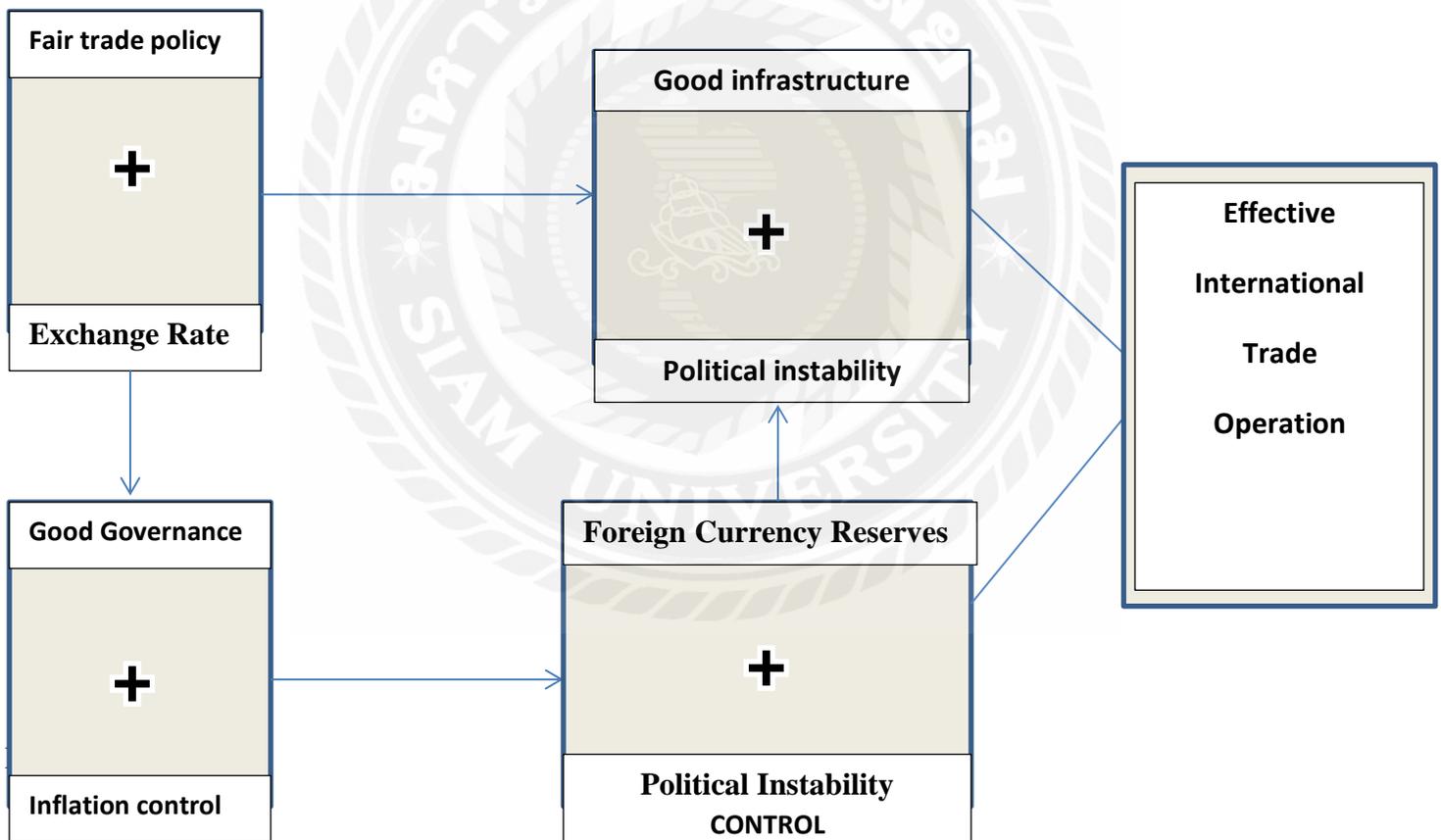
Eliminate barriers against Nigeria's products and provide a Dispute Settlement Mechanism for stopping the hostile and discriminatory treatment directed against Nigerian natural and corporate business persons in other African countries. Establish rules-based trade governance in intra-African trade to invoke trade remedies, such as safeguards, anti-dumping, and countervailing duties against unfair trade practices, including dumping, trans-shipment of concealed origin of products (Ikeokwu 2005).

Finding

The study explained the factors affecting international trade in Nigeria. This research found out that corruption affects international trade, Corruption is a daunting obstacle to sustainable development as it

adversely affects not only international trade but also education, healthcare and poverty alleviation. Factors which affect international trade operation in Nigeria is Corruption International Trade Laws Political Instability Corruption. Corruption is something which frustrating, disheartening and fundamentally disempowering investors. The research finds out politic instability also affect international trade in Nigeria, The study also finds out that Political instability Nigeria's situations are still experiencing crisis in terms of political balance, economic expansion and challenges posed by poverty and diseases, trade amount and foreign assets have enlarged over time.. Inflation cause climb in prices measured against a standard degree of purchasing International trade in Nigeria. Finally, the researcher identify the The country's inflation rate, The country's exchange rate, Productivity, Quality, Foreign GDP as the factors that influences international trade operation .

Figure 3.1



3.1 Established Framework: Explanation of the framework (figure 3.1)

International Trade in Nigeria, however, became popular with the advent of the colonial rule that brought in their wares and made Nigerians their middle men (Nicks, 2006). By this Nigerians understood the need for trade both domestically and internationally. International trade has been an area of concern to policy makers and economists. Its importance lies on the ability to obtain goods which cannot be produced in the country or which can only be produced at greater expenses. Also it enables a nation to sell its domestically produced goods to other countries of the world. The performance of a given economy in terms of growth rates of output and per capita income has not only been based on the domestic production and consumption activities but also on international transaction of good and services. The classical and neo-classical economists attached so much importance to international trade in a country's development that they regarded it as an engine of growth (Tinus, T 2010). Trade is recognized as a vital catalyst for economic development. For developing countries like Nigeria, the contribution of trade to overall economic development is immense owing largely to the obvious fact that most of the essential elements for development

Recommendation and conclusion

4.1 recommendations for executive level

The study also recommends the provision of a peaceful economic and political environment needed for local and foreign investment. The governments of these SSA countries should provide financial backing in form of easy accessibility to loans (credit facilities to investors) so as to boost local investment coupled with the fact that foreign investors should also be attracted to invest in the country via improving on the state of security and embarking on conducive policies that supports investments. It is when there is huge investment in the economy that the country can experience growth which will improve on the quality of institutions in the SSA countries.

Furthermore, Based on the findings of this research work, it is necessary to provide a set of policy recommendation that would be applicable to the Nigeria economy. Export promotion strategy should be review and import substitution strategy should also be review so that import and export will change its dimension.

The government should encourage export diversification. Non-oil sector exports should be encouraged and concentration on oil sector export should be minimal.

Nigerian should reframe from excessive consumption of foreign goods and services so that their imports might be cut-off. Manufacturing industries should improve on their production so that their output would be competitive in the global market. Excise duties should be lowered so as to encourage local industries to export their goods and services. Lifting of trade barriers on local output should not be followed by the introduction of new ones. Only the importation of capital goods that are essential should be encourages, since not all importation are necessary for economic growth

it is also recommended that there is a need to ensure that contracts are made easily enforceable. This is a very important tool that can be used to improve trade liberalization in SSA countries. The reason for this is that it will make the economic agents involved in international trade to be optimistic as they are sure that the moral hazards and adverse selection challenges are reduced. Coupled with this is the fact that the rest of the world will find it easier to trade with countries that are reputed for adequate contract enforcement more than others that are not so reputable. If effective contract enforcement procedures are in place, transaction costs will be reduced and this will eventually improve the level of trade liberalization in the region. Moreover, the governments of the selected SSA countries should encourage exports so as to harness maximum gains from trade liberalization.

.Another recommendation the study made is the need to reduce if not totally eradicate ethnic crises in the SSA region. Over the years, some countries in the SSA region have been faced with some ethnic crises which have discouraged foreign investors and hindered trade liberalization. In order to build strong institutions and foster economic growth, there is need to curb ethnic crisis by encouraging peaceful co-existence among the various ethnic groups.(Ikejiaku 2008).

4.2 recommendations for managerial level

Nigeria has benefited from several years of robust economic growth, averaging over 6% per year in real terms since 2005. Growth has been quite broadly based with wholesale and retail trade, communications, and agriculture contributing most strongly.

Despite high oil prices, the importance of the petroleum sector to the economy has actually declined, from 27% to 16% of GDP during 2003-09. However, although oil and gas employ relatively few people, they continue to be critical for the economy as they make up over 90% of exports and 80% of government revenue as well as being the main objective for foreign direct investment.

Nigeria's international trade more than doubled in the 2003-09 period, with exports rising to nearly US\$50 billion and imports to nearly US\$34 billion. Although oil accounts for nearly all the value of exports there was strong growth in exports of agriculture products over this period. Tariffs are the main trade policy instrument, as Nigeria has been aligning its tariff with the ECOWAS common external tariff. As a result, the average applied MFN tariff declined from 29% in 2003 to 12% in 2009. However, the average bound tariff was 118% in 2009 and only 20% of tariff lines are bound. The significant gap between the average applied MFN tariff rates and the average bound rates, and the low coverage of bindings makes the tariff quite unpredictable and acts as a significant disincentive to investment.

In addition to tariffs, Nigeria charges a number of additional duties on imports, which vary from one product to another and can add considerably to the cost of business. There are also some inconsistencies in taxes charged on imported goods and domestically produced goods. For example, excise duties are not levied on imports, only on domestically produced goods. (Callaballen 2006).

4.3 recommendations for other countries

Based on the findings of this research work, it is necessary to provide a set of policy recommendation that would be applicable to the other countries economy. export promotion strategy should be review and import substitution strategy should also be review so that import and export will change its dimension. The government should encourage export diversification. Non-oil sector exports should be encouraged and concentration on oil sector export should be minimal.

Other countries should reframe from excessive consumption of foreign goods and services so that their imports might be cut-off. Manufacturing industries should improve on their production so that their output would be competitive in the global market. Excise duties should be lowered so as to encourage local industries to export their goods and services. Lifting of trade barriers on local output should not be followed by the introduction of new ones. Only the importation of capital goods that are essential should be encourages, since not all importation are necessary for economic growth (Tinus, Thaddeus (2010).

Research Limitation

The major limitation of this study is language, when goods are exported to a foreign country, the labels, informative literature, packing technical handout, should be prepared in the language of the country in which the goods are marketed. There should also be salesmen who are versed with that language and know the habits and likings of the people. Another problem is the issue of standardized units, in some countries of the world, the units of length; weight, capacity, and voltage are not the same. The exporters therefore shall have to see that the goods are prepared and supplied according to the standard specification of the importing country. Sales in foreign currency is also one of the issue, every country has its own currency, which is not the legal tender in other country. Buyers abroad prefer to buy the goods in his own currency just as sellers prefer to sell in the currency of his own country.

The exporter therefore, has to calculate the selling price of the goods into the currency units of country where the goods are sold taking into consideration due fluctuations in the foreign exchange by hedging. Also, when goods are exported or imported a number of documents are to be prepared. Another Limitation of this research was encountering so many problems in gathering information and materials. It took so much time for a researcher to gather information and materials for this study. Despite the numerous benefits that accrue to nations as a result of foreign trade, it could be realize that many nations employed different tools which aimed at interfering with the international flow of goods and services. It could be noted that governments, to a large extent impose restrictions on their foreign trade (Callaballen 2006 et al).

However, a nation can try to increase its welfare at the expense of other nations by restricting trade. Trade restrictions could be classified as tariff and non-tariff: The import tariff has received the most attention.

This is expressed as a percentage of the value of the imported commodity and is usually imposed to limit the volume of imports. Tariff may be imposed as a means of correcting an adverse balance of payments. If imports, duties may be imposed on imports to make them clearer and likewise reduce their volume. Tariff may be imposed to turn the terms of trade and volume of trade in favour of the country imposing the tariff. Also, tariffs may be imposed to raise the level of employment in a country. It is argued that, if a tariff is imposed, more of the national income will be spent on locally produced goods, all other factors being constant. (Umo, J. U 2007)

This will encourage local production and more employment opportunities will be created.

The extent to which tariff will be effective depends on the degree of retaliation from other countries which are victims of the tools. its effectiveness will also depend on the elasticity of demand of the product in question as well as the elasticity of demand of the foreign countries goods.



References

- Aastveit, K.A., Natvik, G.J., Sola, S. (2013). Economic Uncertainty and the Effectiveness of Monetary Policy. *Norges Bank Working Paper Series*, 17(2013). Retrieved from <https://voxeu.org/article/economic-uncertainty-and-effectiveness-monetary-policy>
- Abu, N., Karim, M.Z.A., & Aziz, M.I.A. (2014). Low savings rates in the Economic Community of West African States (ECOWAS): The role of the political instability-income interaction. *South East European Journal of Economics and Business*, 8 (2), 53-63.
- Adeleke, K. M., Olowe, S. O. & Fasesin, O. O. (2014). Impact of FDI on Nigeria economic growth. *International Journal of Academic Research in Business and Social Sciences*, 4(8), 236-244
- Al Jazeera. (2017). *Nigeria seizes \$21m linked to Diezani Alison-Madueke*. Retrieved March 2, 2019. Al Jazeera online.
- Anyadike N. O. (2012). Poor infrastructure: The hindrance to foreign investment and economic development in Nigeria. *Interdisciplinary Journal of Contemporary Research in Business*, (4), 4.
- Apere, T. M. (2015). Cyclical analysis of trade dynamics in Nigeria. *Advance in Social Sciences Research Journal*, 2(4), 121–129.
- CBN. (2015). *Reserve management*. Abuja: Central Bank of Nigeria. Retrieved February 28, 2019. CBN.
- CNN. (2016). *Vision 2020: Report myth and reality? 50 years of Nigeria Nationhood: crisis in Nigeria: Poverty rate and politics in Nigeria*. Retrieved February 22, 2019. CNN online.
- Daud, M. & Nor A, (2011). Islamic development bank (IDB), Foreign Aid and the challenges for sustainable development in Africa. *International Journal of Business and Social Sciences*, (2), 4.
- Dike, V. E. (2014). Leadership and the Nigerian Economy. *SAGE Open*, 4(1), 1-10. Retrieved from <https://doi.org/10.1177/2158244014523792>
- Efiong, J. (2018). Effects of exchange rate fluctuations on foreign direct investment in Nigeria between 2001 and 2015. *Account and Financial Management Journal*. doi: 10.18535/afmj/v3i1.08.
- Essia U. and Onyema J. (2012). Determinants of foreign direct investment in Nigeria. *Journal of Money, Investment and Banking*, (1450), 288.

- Gramer, R. (2017). *Nigerian spy chief caught with \$43 million in cash is suspended*. Retrieved from <https://foreignpolicy.com/2017/04/20/nigerian-spy-chief-caught-with-43-million-in-cash-is-suspended/>
- Janewa J. O. (2017). Humanizing intellectual property: Moving beyond the natural rights property focus. *Vand. J. Ent. & Tech. L.*, 20(1), 207-257. Retrieved from https://ecollections.law.fiu.edu/cgi/viewcontent.cgi?referer=https://www.google.com/&httpsredir=1&article=1353&context=faculty_publications
- Kazeem, Y. (2017). *The anti-corruption fight of Nigeria's president Buhari has hit close to home*. Retrieved From <https://qz.com/africa/1115452/the-anti-corruption-fight-of-nigerias-president-buhari-has-hit-close-to-home/>
- Liargovas, P. G., & Skandalis, K. S. (2012). Foreign direct investment and trade openness: The case of developing economies. *Social Indicators Research*, (106), 323—331.
- Ndubuisi, P., Uma, K., & Uma, E. (2016). Government policy and foreign direct investment inflows in Nigeria: An empirical exposition. *International Journal of Educational Science and Research*, (6), 2249-6947.
- Obadan, E. (2010). An empirical analysis of the impact of trade on economic growth in Nigeria. *Jos Journal of Economics*, (4), 1.
- Onyali., I & Okafor, T. (2014). Foreign direct investment and the Nigerian economy: Vision 2020 mission. *International Journal of Business and Finance management*, (2), 8-16.
- Oyibode, A. (2016). *Corruption war: Has Buhari made an impact in Nigeria?*. Retrieved from <http://naija.ng>.
- Punch Poll. (2018). Nigeria at 50 years and the achievement of sustainable economic development through vision 20-2020: Issues and Challenges of International Trade, Research Centre (SERC) Retrieved March 3, 2019.
- Samol A. and A. Solifano. (2014). Private investment and macroeconomic adjustment: A survey. *World Bank Research*, (7), 2.
- Schumacher, I. (2013). Political stability, corruption and trust in politicians. *Economic Modelling* (31), 359-369.
- Tinus, T. (2010). Achieving vision 2020 in Nigeria: A review of the economic and market oriented business reforms. *Journal of Sustainable Development in Africa*, (12), 4.
- Tombofa, S. S. and T. M. Karimo. (2014). Effects of trade on growth in Nigeria's open economy: econometric analysis. *Journal of International Economics*, 67(4), 517 -529

Transparency International. (2018). *Corruption perceptions index 2017*. Retrieved from https://www.transparency.org/news/feature/corruption_perceptions_index_2017

Vanguard. (2016). *How Buhari is fighting corruption*. Retrieved from <https://www.vanguardngr.com/2016/07/how-buhari-is-fighting-corruption/>

