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CURRENCY DEVALUATION AND NON-OIL EXPORT OF NIGERIA: 1986-2018

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ABSTRACT: *The paper examined the effect of currency devaluation on the Non-oil export of Nigeria. The study covered the period of 1986 to 2018. Secondary data were sourced from Central Bank of Nigeria Statistical Bulletin of various issues. Independent variables include: Inflation Rate (INFR), Exchange Rate (EXR), and Money Supply (MS) while Non-Oil Export (NOE) represented the dependent indicator. Ordinary Least Square Regression Model was used to analyze the short run relationship between variables used for the study. The variables were also subjected to Augmented Dickey Fuller and Philip Perron Unit Root test, Johansen Co-integration and Granger Causality Tests was adopted to analyze the effect of currency devaluation on non-oil export in Nigeria. The result showed that EXR had a negative significant effect while MS had positive significant influence on non-oil export but INFR had negative but insignificant relationship on the dependent variable in Nigeria hence devaluation of currency influenced non-oil export in Nigeria negatively. The Nigerian Government needs to increase its competitive chances by either revaluating its currency or banning importation of some items produced locally to boost the domestic economy. The study provides the extent at which the devaluation of currency influences the non-oil export in Nigeria.*

KEYWORD: inflation rate, exchange rate, money supply, non-oil export

INTRODUCTION

In most emerging economies of the world today, the weakening and strengthening of their currency (i.e. the depreciation and appreciation of their own currency) in terms of foreign currencies has become a central economic growth issue. These currency changes can have an expansionary or contractionary effect on economic growth. International Monetary Fund (IMF) since its inception in 1947 support the idea of devaluation of currency as one means of economic growth and a conditioning for financial aid and loans to their member countries for the development of domestic

firms. As the IMF intent is to increase competitiveness of firms and increase the production of domestic products, output and facilitation of exportations.

Nigeria as an emerging economy is an importing economy whose economic currency is basically engineered by the weight of international transactions. The face of its currency position in international trade is receptive and correctional to address inflationary pressure. Thus, the Nigerian currency strength in the international trade is relative to the pulling and pushing effect of the mother currency "US Dollar" in international trade. The devaluation of the Nigerian currency as a sweetened arrangement to improve exportation and reduce importation has not fashion out well as the anticipated non-oil commodity exportation are still dragging to satisfy the domestic economic consumer and imprisoned by the over-bearing competition of the imported commodities, overall political, economic and socio-economic disadvantages. Since, the Nigerian economic mishaps had hindered the efficient relative effect of its currency devaluation; the crux therefore is how the devaluation of currency has affected Nigerian exportation. The devaluation of currency which improves the domestic production and exportation may pose a strong threat or improvement to the Nigerian currency economy and trade market. The highly inefficiently controlled increased exchange rate, inflation rate and interest rate in Nigeria continuously boost other countries devalued currency to push accessible non-oil product into the Nigerian market thereby affecting the exportability of Nigerian non-oil product. This thus provides the direction of this study which is to examine the effect of currency devaluation on non-oil export of Nigeria.

EMPIRICAL REVIEW

Conceptual Framework

In the Article of Agreement of the International Monetary Fund (IMF), Cooper (1971) define currency devaluation as that which is encouraged whenever a country's international payment position is in "fundamental disequilibrium" whether that disequilibrium is brought about by factors outside the country or by indigenous developments or elements. Devaluation of currency is a macro-economic fiscal policy that bothers on deliberate reduction in the value of home currency with the aim of maximizing gain in trade-able items (Aiya, 2014). According to wikipedia (2018), devaluation is a reduction in the value of a currency with respect to other monetary units. It specifically implies an official lowering of the value of a county's currency within a fixed exchange rate system, by which the monetary authority formally sets a new fixed rate with respect to a foreign reference currency. Thus, devaluation of currency is painstaking taken as a last resort after countless partial substitutes have been adopted. Changes in the values of a currency are basically measured against the American dollar; thus reduction, depreciation in the dollar unit of a foreign currency play a crucial role in the exchange rate of another domestic currency in international trade with that country.

The elasticity framework holds that devaluation improves a country's balance of trade when the Marshall-Lerner condition is satisfied, i.e when the sum of the total import demand elasticity of the two trading partners exceeds unity. In the absorption methodology however, the elasticity do not matter, and the trade balance improves only if the nation's Gross Domestic Product (GDP) increases faster than domestic spending. According to the monetary approach to the exchange rate,

a devaluation or depreciation decreases the real supply of money, resulting in an excess demand for money.

Truman (2016) argued that devaluation is not working to improve the current account or net exports and therefore real GDP. In Nigeria, devaluation of currency became popular when Babangida led Administration in 1986 instituted the Structural Adjustment Programme as a policy designed to achieve a realistic exchange rate for the naira that was over-valued. More recently, the Buhari led administration has repeatedly indicates the interest to devalue the Nigerian currency so as to reduce importation for exportation enhancement to no avail. The fall-out of this policy made life difficult for average Nigerian (Aiya, 2014). The exchange rate of the Nigerian Naira to the America dollar has continuously been on the increase, the exchange rate of the naira to other currency likes Pound Sterling, Swiss Franc and Euro have also been on the increase. However, the CFA Franc, China Yuan and Japanese Yen have maintain a stable exchange rate to the Naira which is one of the key reasons major importation activities deal directly with this countries.

For instance, the China surprised markets consecutive devaluation of the Yuan from Aug, 2015 knocked over 3% off its value. Since 2005, China's currency has appreciated 33% against the U.S. dollar and the first devaluation marked the largest single drop in 20 years. While the move was unexpected and believed by many to be a desperate attempt by China to boost export in support of an economy that was growing at its slowest rate in a quarter century, the People Bank of China claimed that the devaluation is all part of its reforms to move towards a more market oriented economy. This devaluation process by China enhances their competitive value in the international trade market and has also made them the international trade destination for market items.

Real exchange rates are relative prices. A devaluation that lowers the relative price has a lasting effect on demand for goods and services priced in the now-cheaper currency (Meltzer, 2016). The exchange rate is one important factor in global trade. Disentangling its effect is difficult, in part because shocks to trade feed back into the exchange rate (Gagnon, 2016). For instance, between 2000 to 2010 and 2016, the Nigerian naira exchange rate for the dollar increases from 109.55 to 148.81 and further to 272.56 respectively. The pounds, Euro and Swiss Franc also showed similar value appreciation to the naira within the same period. However, the Chinese yuan and Japanese yen maintain a stable low exchange rate to the naira. For the Japanese yen in 2000 to 2016 showed exchange rate at 0.9546 to 2.1357 respectively (CBN, 2016).

The inflation rate in the countries also boosted their stance in the international market by maintaining stable low and single digit inflation rate in their economy thereby encouraging exportation activities of their domestic product. For instance the inflation rate in China has been between 0.3% in 2000 to 2.0 in 2016, while the highest inflation rate was in 2008 at 5.9% (IMF data, 2017). The Japanese inflation rate also showed -0.7% in 2000 and 0.1% in 2016 with its highest inflation rate been 2.8% in 2014. However, the Nigerian inflation rate was sky rocket high at 6.9% in 2000 and 15.7% in 2016 which also doubled as the highest in the period. However, the export of goods and services with primary income of both Japan and China increasing from US$633,934,268,187 in 2000 to US$1,054,179,741,974 in 2016 with the highest exportation income at US$1,164,214,791,138 in 2011 for Japan and from US$202,589,270,000 in 2000 to

US$2,423,740,432,360 in 2016 with the highest exportation income of US$2,702,274,321,141 in 2014 for China respectively with a dominating factor at the international market; but the Nigerian export of goods and services with primary income stood at US$21,183,083,283 in 2000 and US$39,572,598,009 in 2016 with the highest exportation income in 2011 at US$103,335,612,730 (IMF data, 2017) showing that the commensurate increase experienced in the Japan and China are totally missing in the Nigerian factor due to falling currency exchange rate to the dollar, increasing inflation rate and high level of importation activities within the Nigerian economy in international trade.

The continuous currency depreciation of the Nigerian currency makes international trade vulnerable to compete with foreign commodity. Nigeria as an economy is highly sensitive in trade and the continuous dependence on importation is a disaster for the economy's exportation activities. This importation nature which form the recent agreement of Buhari led administration and Donald Trump bilateral relation on agricultural relation for the importation of agricultural produce deliberately condemn the stance of agricultural revolution and developmental restructuring for improved exportation of agricultural produce, national economic development and reduction of unemployment in Nigeria. Exportation is a very important factor in a country's quest to enhance its revenue base and move the economy on the path of growth and economic progress. It also play a vital role in the growth of any economy just as Ricardo (1817) pointed out that foreign trade is highly beneficial to a nation. This is described in economic literature as export led growth. Adenugba and Dipo (2013) and Sheridan (2014) states that export provides an impetus for growth and is a necessary catalyst for the overall development of an economy therefore export expansion helps to maintain a favourable trade balance and consequently favourable balance of payment position in a developing country like Nigeria. Thus, as foreign earnings increase due to export expansion; domestic production capacity tends to expand, employment level increases, unemployment falls and aggregate demand is boosted and domestic investment expands further (Omojolaibi, Mesagan & Adeyemi, 2015).

The non-oil sector of the Nigerian economy is best described as those economic activities which are outside the petroleum and gas industry or not directly linked to them. These activities include: telecommunication services, tourism service (hotels, restaurants, parks, carnivals, movies, Health services), wholesale and retail trade, financial sector (banking and insurance) services, agricultural activities, mineral activities, power (conventional and renewable), export trade, manufacturing, environmental services (cleaning, waste collection and recycling), ICT, etc (Adulagba, 2011 & Onwualu, 2012). The non-oil sector has been the key sector of governmental administration of Nigerian since 2007 under the Umaru Yar'adua presidential administration to the Goodluck Ebele Jonathan administration in 2015. The need for the diversification of the Nigerian economy from over-dependence on oil to non-oil sector cannot be over emphasized, especially going by the unstable and fluctuating global oil prices in order to minimize the country's vulnerability to macro-economic risks, such as production fall, fall in demand and fall in prices of crude oil (Olorunfemi & Raheem, 2008), although efforts have already been initiated by the Nigerian government towards diversifying its economy through other sectors but less success has been achieved.

Theoretical and Empirical Review

For the purpose of this research work, the dependency theory forms the base for the study. The theory as developed by Raul Prebisch in late 1950s can be defined as an explanation of the influences via political, economic, and cultural or national development policy (Osvaldo, 1969). It arose as a reaction to modernization theory, an earlier theory of development which held that all societies progress through similar stages of development, that today's underdeveloped areas are thus in a similar situation to that of today's developed areas at some time in the past, and that therefore the task in helping the underdeveloped areas out of poverty is to accelerate them along this supposed common path of development, by various means such as investment, technology transfers, and closer integration into the World Market. (www.en.m.wikipedia.org/dependency). Thus, differently stated, dependency theory is the notion that resources flow from a "periphery" of poor and underdeveloped states to a "core" of wealthy states, enriching the latter at the expense of the former. It is a central contention of dependency theory that poor states are impoverished and rich ones enriched by the way poor states are integrated into the "world system".
The dependency theory is premised on:

1. Poor nations provide natural resources, cheap labour, a destination for obsolete technology, and markets for developed nations, without which the latter could not have the standard of living they enjoy.
2. Wealthy nations actively perpetuate a state of dependence by various means. This influence may be multifaceted, involving economics, media control, politics, banking and finance, education, culture, and sport (wikipedia.org/dependency).

The dependency theory appropriately does justice to the theme under examination. Looking at the possible effect of currency devaluation on Non-oil export in Nigeria help to deliberately showcase the possible reaction of the Nigerian non-oil exportation position when importations from countries where currency devaluation has improved exportation status to a high threshold thereby costing Nigerians exportation potentials returns. Thus, the dependency of the Nigerian economy on cheap items and facilities from the devalued economy's products in the international trade thereby leads to reduction in the Nigerian exportation capacity of non-oil product to the rest of the world.

In the study of Navaretti, Tybout and De-Melo (1997) on the examination of the impact of currency devaluation on Cameroun economy discover that devaluation had major consequences on firms already involved in trade. Such firms increased their exports; while none exporting but importing firms experienced increases in their cost of production. In Nigeria, Attah-Obeng, Enu, Osei-Gyimah and Opoku (2013) investigated the impact of exchange rate on economic growth of Ghana economy for the period of 1980 – 2012. Using descriptive analysis and ordinary least square (OLS) regression technique, the finding from the study revealed an existence of correlation between exchange rate and GDP which is in line with the postulation that devaluation stimulates economic growth in the short run. In the study of Ismaila (2016) who examined exchange rate depreciation and Nigerian economic growth during the SAP and Post SAP period covering 1986-2012 and using Johansson Cointegration test and ECM techniques of analysis showed significant impact of broad money supply, Net export and total government expenditure on economic growth on one hand,

while on the other hand, exchange rate possess a direct and insignificant impact on economic growth Nigeria. This implies that exchange rate depreciation during SAP period has no robust effect in Nigeria economic performance.

Momodu and Akani (2016) looking at the impact of currency devaluation on economic growth of Nigeria showed result from a multivariate cointegration test that there is at least one cointegrating vector in the relationship between economic growth and the independentvariables. Thus, a long run relationship exists among these variables. The error correction mechanism result indicates that short term changes in economic growth are sufficiently explained by currency devaluation and other factors selected in the model. Thus, significant short-term relationships exist between economic growth and currency devaluation. The study shows that in the short run currency devaluation leads to increase in output and improves the balance of payments but in the long run the monetary consequence of the devaluation ensures that the increase in output and improvement in the balance of payment is neutralized by the rise in prices. In 2017, Okoroafor and Adeniji examine how macroeconomic variables respond to currency devaluation in Nigeria (1986 to 2016) using Augmented Dickey Fuller (ADF) and Philip Peron (PP) stationarity tests to examine the stationarity properties of the variables and Johansen Co-integration test to determine the long run relationship among the variables. All the variables considered for the study were integrated of the same order and were stationary at first difference I(1), while the co-integration test revealed that there is long run relationship among the variables. The results of the study revealed that exchange rate devaluation have a positive and significant impact on macroeconomic variables tested, including economic growth in Nigeria. While the impulse response result showed that, real gross domestic product (RGDP), one period lag of exchange rate devaluation, money supply, external reserve, interest rate, balance of payment all responded positively to shocks generated by exchange rate devaluation in the economy however inflation, trade openness and non-oil export responded negatively.

Looking basically at the non-oil sector study, Imoughele and Ismaila (2015) study the impact of exchange rate on non-oil export looking at the period of 27 years that is 1986 to 2013. Using Augmented Dickey-Fuller (ADF), Johansen's co-integration test and Ordinary Least Square statistical technique discovered that effective exchange rate, money supply, credit to the private sector and economic performance have a significant impact on the growth of non-oil export in the Nigerian economy and appreciation of exchange rate has negative effect on non-oil export which is consistent with the economic theory. Akinlo and Adejumo (2014) also investigating the impact of exchange rate volatility on non-oil exports in Nigeria and found that exchange rate volatility has positive and significant effects on non-oil exports in the long run while the short run impact of the exchange rate volatility is statistically insignificant. The policy implication is that the exchange rate volatility is only effective in the long run but not in the short run in the Nigerian economy.
Adenugba and Dipo (2013) studied non-oil exports on economic growth of Nigeria. The study which looked at the performance of Nigeria's export promotion strategies revealed that non–oil exports have performed below expectations in Nigeria therefore doubting the effectiveness of export promotion strategies that the Nigerian economy had adopted. It however concluded that the country is far from diversifying its export base away from crude oil thereby calling for the expansion commodities market in the country. In the same direction of study, Omojolaibi,

Mesagan and Adeyemi (2015) explore the relationship between non-oil export and domestic investment in Nigeria between 1980 and 2011. Using both error correction model and granger causality test the study discovered that the impact of non-oil export on domestic investment was positive but insignificant which is as a result of the mono-cultural nature of production skewed towards the oil sector, although the positive coefficient shows that a lot of prospects still exist in the sector.

In the evaluation of the impact of real effective exchange rate on non oil exports in Nigeria from 1986 to 2014 by Oriavwote and Eshenake (2015); their study using parsimonious ECM indicates that the real effective exchange rate and the degree of openness have positive and significant impact on non-oil exports in Nigeria. The ARCH/GARCH results indicate that the volatility of the REER has influenced the level of non-oil exports in Nigeria. This was stressed in the earlier study of Aliyu (2011) that appreciation of exchange rate results in increased imports and reduced export while depreciation would expand export and discourage import. Also, depreciation of exchange rate tends to cause a shift from foreign goods to domestic goods. Hence, it leads to diversion of income from importing countries to countries exporting through a shift in terms of trade, and this tends to have impact on the exporting and importing countries' economic balance of payment. Kawai (2017) studying the impact of Nigeria's non-oil exports as to whether they have been effective in diversifying the productive base of the Nigerian economy from Crude oil as the major source of foreign exchange. The study using annual data between 1980-to-2016 and also adopting the Phillip Perron (PP), the Engel-Granger Model (EGM) for co-integration revealed a strong evidence of co-integration relationship of non-oil exports in influencing rate of change in the level of economic growth in Nigeria.

Ifeacho, Omoniyi and Olufunke (2014) investigate effect of non-oil export on the economic development of Nigeria. The study used per capita income as proxy for economic development and expressed it as a function of non-oil export volume, trade openness and exchange rate capital formation and inflation rate. The study applied ordinary least square estimating technique and the result show that non-oil export exhibits a significant positive relationship with per capita income. Other variables do not have individual significant impact of economic development but jointly they can significantly influence economic development. In addition, the result shows that the coefficient of trade openness is negative thus, indicating that Nigeria might not be benefiting enough by trading with outside countries. This shows that trading partners of Nigeria are gaining more from trade transactions than Nigeria.

Meanwhile in Jordan, Al-Abdulrazaq (1997) investigated how devaluation in Jordan between 1969 and 1994 impacted on the country's trade balance. He employed elasticity approach in analyzing the balance of payment and the study revealed that devaluation does not have significant impact on balance of trade given the sum of demand elasticity for export and import that is less than one. Staff at the International Monetary Fund also conducted a comprehensive examination of trade flows in sixty advanced and emerging-market economies over the past three decades (Leigh et al. 2015). The study found little evidence of any reduction in the effect of the exchange rate on net exports. Their study further concluded that "trade trends respond strongly to exchange rate

movements" and that real effective exchange rate depreciations lead to "a rise in exports and a decline in imports" (Erb, 2016).

Hypothesis

Ho_1: There is no significant relationship between Exchange rate and Non-oil export in Nigeria.
Ho_2: There is no significant relationship between Inflation rate and Non-oil export in Nigeria.
Ho_3: There is no significant relationship between Money Supply and Non-oil export in Nigeria.

RESEARCH METHODOLOGY

The study using *ex post facto* research design utilizes data from Central Bank of Nigeria statistical bulletin of various years for analytical purposes. The study is model Momodu and Akani (2016) which looked at the impact of currency devaluation on economic growth of Nigeria.
Their model revealed thus:
RGDP = f (EXCR, MS, INF, DEV)
RGDP = log(EXCR), log(MS), log(INF), log(DEV) …… (1)
Hence, our study is model thus;
NOE = log(EXCR, INF, MS) …… (2)
The variables acronyms are defined thus: NOE – Non-Oil Export, EXCR – Exchange Rate, INF-Inflation Rate, MS– Money Supply and Log – Logging of variable.
The model can be restated as:
$NOE = a_0 + b_1\log(EXCR) + b_2\log(INF) + b_3\log(MS) + \mu$ …… (3)

Parameters for Estimation/*A Priori Expectation*

The following linear equation is obtained from the specified model
$NOE = a_0 + b_1\log(EXCR) + b_2\log(INF) + b_3\log(MS) + \mu$ …… (4)
b_0, b_1, b_2, b_3 and b_4 are parameters to be estimated while U_1 is the error term. It was expected that increased/higher EXCR, INF result in currency depreciation and affect exportation negatively while increase MS have positive relationship with exportation.

PRESENTATION AND DISCUSSION OF RESULT

ADF and PP Stationarity Test

The Augmented Dickey Fuller and Philip Perron unit root test in table 1shows the tests for stationarity properties of the series following the statistics results. All the variables were found to be stationery at order one (1) at first difference, trend and intercept as reported, the ADF and PP Statistics for all the respective variables were all negative as the critical values at 5% significance level. The reported P-values were all less than 0.05 chosen level of significance (and 0.10 level of significance) for which cause, the Null Hypothesis of the presence of unit root in all the variables is convincingly rejected.

Johansen Co-integration test

The cointegration result in table 2 of the trace and maximum eigen-value tests shows the existence of one (1) cointegrating vectors (p-value of 0.0022 for trace test and 0.0020 for maximum

eigenvalue) between EXR, INFR, MS and NOE at the 5% level of significance. This thus confirms the existence of no long-run equilibrium (cointegrating) effect of EXR, INFR and MS on NOE at 5% level of significance.

Granger Causality

From the Granger Causality result in table 3, the test was carried out with a lag 2period, all the regressing variables were unable to grange causes a significantly effective change on non-oil export within the period under review. The choice of a lag of 2 is aimed at not sacrificing greater degrees of freedom which may be prejudicial to the outcome of the test. However, there was only a uni-directional effect from NOE to MS (p-value, 0.0055). There were however, no causal relationships between INFR, EXR, MS and NOE for the Nigeria situation.

OLS regression result: Dependent variable is NOE

The result of the serial correlation shows that the probability value is 0.6611 which is greater than 0.05 implying that we accept H_0 and reject H_1. We then conclude that there is no serial autocorrelation in the model and that the model is appropriate.

Estimation Equation:

LOG(NOE) = -0.346056211265*LOG(EXR) - 0.0187889058475*LOG(INFR) + 1.20315867373*LOG(MS) - 7.25150345859

The OLS regression result in table 4 shows the effect of EXR, INFR and MS on NOE. The result reveal that the coefficient of determination (R^2) = 0.97 is extremely high and suggests strongly that the variation in NOE was greatly accounted for by the explanatory variables by 97.20% and others in 2.82% are captured by variables outside the model. The F-ratio of 312.59 indicates that the overall model is statistically significant at the 5%, 10% and 1% levels of significant. The DW statistic is 1.4045, which is almost approximately 1.5 indicates that there is no presence of serial correlation in the model. The result of the study also showed that if EXR increase by 1% the dependent variable Y (NOE) will reduce by -0.346056%, while a 1% increase in INFR will also cause Y (NOE) to reduce by -0.01878%. However, when MS increases by 1%, the dependent variable will increase by 1.203159%. The output and signs are in line with the a-priori expectation for the study. The output in table 1 to 3 explaining the volatility in exchange rate, inflation rate and money supply on non-oil export showed negative relationship and in the long run the variables collectively were unable to improve exportation activities of non-oil sector in Nigeria. The money supply improves exportation however significantly. Hence, currency devaluation of other countries poses a negative significant effect on the exportation potential in Nigeria as importation potentials becomes a preferable alternative to exportation as a result of rising inflation rate and high exchange rate to the dollar. This increasing exchange rate and inflation rate deficiency makes the Nigerian product however to be less competitive with the product of the country whose currency is devalued thus facilitating increased exportation for the devaluating country in trade and increased importation for the Nigerian economy with low exportation activities. However, the granger causality results further buttress that currency devaluation of other countries threatens the exportation capabilities in Nigeria. Thus, this signify that devaluation of currency however pose a pushing string on the Nigerian economy to result to importation of cheaper traded items in Nigeria.

The overall study therefore proves that currency devaluation has negative significant effect on Non-oil exportations in Nigeria.

Hypothesis Testing: The probability outputs for EXR at 0.0431 and MS at 0.0000 are statistically significant at 5% and 1% levels of significance respectively; however, the probability output for INFR at 0.7930 or 79.3% level of significance revealed an insignificant statistical relationship with the dependent variable. The findings of this study are supported by the findings of Okoroafor and Adeniji (2017) who discovered that currency devaluation showed negative significant impact on non-oil export in Nigeria. The results contradict the findings of Momodu, and Akani (2016) of positive significant relationship between currency devaluation and economic growth. Furthermore, findings of this comply with apriori expectations and supported by the dependency theory states that resources flow from a "periphery" of poor and underdeveloped states to a "core" of wealthy states, enriching the latter at the expense of the former in trade as a result of currency devaluation.

CONCLUSION AND RECOMMENDATION

The study examined the effect of currency devaluation on the non-oil export of Nigeria. We specifically investigate the impact of inflation rate, exchange rate and money supply on non-oil export position. The results from the findings revealed that inflation rate had negative but insignificant influence on non-oil export in Nigeria while exchange rate had a negative but significant relationship with non-oil exportation in Nigeria; money supply which pose both positive and significant linkage on non-oil exportation in Nigeria. Thus, the study concludes that currency devaluation affected non-oil exportation of Nigeria negatively. Hence, the Nigerian government should increase its competitive chance by either revaluating its currency or banning importation of some items produced locally to boost the domestic economy and enhance investment atmosphere further by combating inflation rate to below 3% rate and encouraging a managed exchange rate that will reduce cost of doing international transactions and exportation activities within Nigeria. The study also recommends that government should encourage improved production of final agricultural goods and services as against production of raw materials for exportation which its final product may even be imported for usage within the economy for domestic usage thereby creating leakages in the economy.

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