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PROMOTING EXPORT DIVERSIFICATION AND ECONOMIC GROWTH IN NIGERIA: CHALLENGES AND OPPORTUNITIES

ANYANWU, KELECHI CLARA
Department of Economics & Development Studies, Faculty of Social Sciences, Alex Ekwueme University, Ndufu Alike Ikwo, Ebonyi State, Nigeria.
kelechy41975@gmail.com, +2348033420179

UWAZIE IYKE UWAZIE
Department of Economic, College of Management Sciences
Michael Okpara University of Agriculture, Umudike Umuahia Abia State
ui.uwazie@yahoo.com, +2348033430010

MBAKWE JOY
Department of Economics, College of Management Sciences
Michael Okpara University of Agriculture, UmudikeUmuahiaAbia State
mbakweejoy@yahoo.com, +2348162952160.

ABSTRACT
This study explores the impact of export diversification on Nigeria's economic growth, focusing on the challenges and opportunities for improvement. The objectives are twofold: to assess the effect of export diversification on economic growth and to examine the short-term and long-term relationships between the two variables. Using the Auto Regressive Distributed Lag (ARDL) model with time series data from the World Bank's World Development Indicators (1981-2021), the results show a positive and statistically significant relationship between export diversification and economic growth. In both short-term and long-term analyses, exports are found to significantly drive economic growth, while imports, the balance of payments, and exchange rate fluctuations present challenges to Nigeria's economic stability. The study concludes that export diversification plays a crucial role in enhancing economic growth but is hindered by structural and institutional constraints. Therefore, it is recommended that Nigeria intensify its efforts in diversifying exports, stabilize its exchange rate, address the balance of payments issues, and improve the investment climate. Furthermore, strengthening economic institutions and implementing comprehensive structural reforms are critical for sustaining diversification and fostering long-term economic resilience.
Keywords: Economic Growth, Export Diversification, Export Promotion, ARDL
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1. INTRODUCTION

The sharp decline in global oil prices over recent years has highlighted the vulnerabilities of economies like Nigeria that are heavily dependent on a single commodity, oil. As the backbone of Nigeria's economy, oil has brought both prosperity and instability. The country's over-reliance on oil revenues has not only made it susceptible to global price fluctuations but has also stunted the growth of other potentially lucrative sectors. This economic fragility has become increasingly apparent, particularly in the face of global market shocks, leading to calls for a diversification strategy that could stabilize and revitalize the economy.

Export diversification, which involves broadening a country's export base to include a wider range of products and services, is widely recognized as a critical factor for sustainable

economic growth. The World Trade Organization (WTO) underscores that diversification enhances local production, boosts employment, and attracts investment, ultimately leading to more robust and resilient economic growth (WTO, 2010). By reducing dependence on a single export commodity, diversification mitigates the risks associated with global market volatility and helps build a more balanced and sustainable economy.

Historically, Nigeria was predominantly an agrarian economy, with agriculture serving as the primary source of foreign exchange before the discovery of oil in the 1950s. The economy was well-diversified, with cash crops such as cocoa, groundnut, coffee, cotton, and palm produce being major export earners. This diversity contributed to stable and steady economic growth during the pre-oil era (Kareem, 2004; Roja and Mathew, 2014). However, the discovery of oil in Oloibiri, Bayelsa State, in 1956, and the subsequent oil boom of the 1970s, shifted the country's economic focus dramatically. Crude oil quickly overshadowed other sectors, and by 2000, it constituted 99% of Nigeria's total exports (Raja, Boopendra, & Mathew, 2014; Sanjay, 2011).The concentration of Nigeria's export portfolio in oil has led to a phenomenon known as the "Dutch Disease," where over-reliance on a single natural resource hampers the development of other sectors. This was first observed in the Netherlands during the 1960s when the discovery of natural gas led to a decline in other industries, creating economic imbalances. Similarly, Nigeria's economic structure has become heavily skewed towards oil, leading to neglect in sectors like agriculture and manufacturing, which are crucial for comprehensive development (Husted & Melvin, 2007; Olaleya, 2013; Ozor, 2019).

The negative consequences of this imbalance are evident in Nigeria's economic history. Despite the implementation of several economic policies, including the National Development Plans and the Structural Adjustment Program (SAP) of 1986, the country has struggled to diversify its economy effectively. The SAP, for instance, was intended to reduce dependence on oil by promoting non-oil exports, yet the dominance of oil persists, making the economy vulnerable to external shocks (Osuntogun et al., 1997; Micheal and Areji,2015).In light of these challenges, the need for export diversification has never been more urgent. Diversification can reduce the economy's vulnerability to external shocks, stabilize export earnings, and promote long-term economic growth. By expanding the range of exported goods and services, Nigeria can foster competition, stimulate human capital development, and create a more resilient economy. According to Paul and Ubong (2023), export diversification is a key instrument for fast-tracking economic growth in emerging economies. Their work criticizes earlier trade theories that advocated for export specialization, arguing instead for a diversified export base that reduces reliance on primary products and fosters broader economic development.

Moreover, empirical studies have demonstrated that export diversification is associated with higher economic growth rates, particularly in developing countries. For instance, Acemoglu and Zilibotti (1997) argue that diversification spreads investment risks across various economic sectors, thereby increasing income and fostering economic stability. This perspective is supported by the Prebisch-Singer hypothesis, which posits that reliance on primary exports can lead to deteriorating terms of trade and hinder long-term growth (Prebisch& Singer, 1950). Therefore, diversification not only enhances economic stability but also positions a country to better withstand global economic shifts.Given Nigeria's vast natural resources and human capital, the potential for diversification is significant. Sectors such as agriculture, manufacturing, and services offer substantial opportunities for growth if adequately developed. However, realizing this potential requires a concerted effort to build robust economic institutions, invest in infrastructure, and implement policies that support diversification (Ghosh &Ostry, 1994; Bleaney& Greenaway, 2001).

This study seeks to explore the challenges and opportunities associated with export diversification in Nigeria, focusing on how diversification can drive sustainable economic growth. By examining the relationship between export diversification and economic growth, this research aims to provide actionable insights that can inform policy decisions and contribute to the broader discourse on economic development in Nigeria.

2. LITERATURE REVIEW

Export Diversification and Economic Growth

Export-Led Growth (ELG) and Prebisch-Singer Hypothesis:

The Export-Led Growth (ELG) hypothesis, which has roots in classical economic thought as advocated by Adam Smith and David Ricardo, posits that the growth of exports is a crucial determinant of overall economic growth. Beckerman (1965) emphasizes that exports positively impact economic growth primarily through production efficiency gains achieved via improved resource allocation. Also Musa (2021) is of the view that for export to be diversified, both output for export and production of domestic consumption should be increased, thereby leading to economic growth. Similarly, Haberlar (1959) highlights the dynamic benefits of exports, including enhanced access to foreign capital and technology, which can alleviate balance of payment constraints.Uche (2009) also, underscores the importance of exports in stimulating economic growth and prosperity, drawing on the theoretical foundations of international trade. According to mercantilist thought, foreign trade is viewed as a key driver of economic growth and prosperity (Roll, 1953; Bhatia, 1978).

Ashakah and Wanogho (2021) however, opined that regional economic integration has also contributed positively to the growth and development of both developed and developing countries. As a result, both global and regional economic integration have been characterized as an unprecedented progress since the second half of the twentieth century. The countries that are integrated into an enlarged economy interact with one another in several dimensions in the absence of barriers. They trade goods on product markets, borrow and lend on capital markets, and exchange information through market and nonmarket channels.

Prebisch and Singer (1950) contribute significantly to the discussion on the role of diversification in economic growth through their well-known Prebisch-Singer Hypothesis (PSH). They argue that economic growth cannot be sustainably achieved through the export of primary products alone, as the prices of these commodities tend to decline relative to manufactured goods over time. This deterioration in the terms of trade negatively impacts economies reliant on primary product exports, especially in less developed countries (LDCs). As a result, these economies must diversify their export baskets to mitigate the adverse effects on growth.

Okonta,Mobosi & Ugwu (2020) in their work assert that trade liberalization, export dependence and diversification of exports have been a raging issue in Nigeria right from the period of independence till date as a result of over concentration or oil export at the expense of other critical revenue generating sectors such as Agriculture, mining, and solid minerals. In an attempt to minimize this over dependence on oil export, export diversification was implored as an easy route for the Nigerian government to pursue and implement certain trade policies such as export promotion strategies adopted in 1981, formulation and adoption of trade liberalization policy of 1986, the constitution of the Nigerian import and export banks including various trade policies that failed in advancing trade and export diversification.

Classical Trade and Factor Proportion Theory:

Classical trade theory asserts that countries can achieve and sustain development by specializing in the production of goods and services where they hold a comparative advantage. This theory, advanced by Smith (1776) and Ricardo (1817) and later cited by Morgan and Katsikeas (1997) and Dogon-daji and Muktar (2012), suggests that countries should focus on producing goods in which they have an advantage, exporting the surplus, and importing goods where they have a disadvantage. Economic advantages typically arise from differences in factors such as resource endowments, labor, capital, technology, or entrepreneurship.The classical trade theory also contends that the foundation of international trade and sustainable development lies in these differences in production characteristics and resource endowments (Morgan &Katsikeas, 1997). The theory emphasizes the principles of comparative cost advantage and specialization, leading to mutual gains for trading partners (Umo, 2007; Lukmanand Philip, 2016). However, a limitation of this theory is its assumption that investment resources are not internationally mobile, with only commodities moving across borders. In contrast, modern economics recognizes the high mobility of capital and technology across national boundaries, which adds complexity to the trade advantage dynamics (Innocent and Paul, 2018; Martins, 2019).

The Factor Proportion Theory, also known as the Heckscher-Ohlin theory, provides insights into why countries hold certain trade advantages. It suggests that nations tend to produce and export goods that utilize their abundant production factors while importing goods that require factors that are scarce domestically (Heckscher & Ohlin, 1933, as cited in Morgan &Katsikeas, 1997).This theory supports the idea that Nigeria, with its substantial human, material, and mineral resources, has the potential to be a significant player in global trade, capitalizing on its comparative advantages in various sectors.

Empirical Literature Review:

Several studies have consistently identified export diversification as a significant driver of economic growth. Heiko (2020), for instance, demonstrates that high export concentration has been detrimental to economic growth in developing countries, reinforcing the need for diversification. Similarly, Lukman and Hesse (2008) emphasize that trade diversification not only promotes economic growth but also contributes to exchange rate stability, which is vital for maintaining macroeconomic stability in Nigeria. This aligns with the findings of Araniyar and Nkechi (2022), who argue that diversification is essential for stabilizing economies across Africa, including Nigeria, where over-reliance on a narrow range of exports has left the economy vulnerable to external shocks.

Despite the consensus on the importance of diversification, several studies also highlight challenges and the currently limited impact of diversification efforts in Nigeria. For example, Naomi and Michael (2019) and Innocent and Paul (2018) both found that while there is a positive relationship between export diversification and economic growth, this impact remains statistically insignificant in the Nigerian context. These findings suggest that although diversification is underway, it has not yet reached a level where it can significantly influence economic growth. Anthonia and Ndubuisi (2016) echoes this sentiment, noting that while diversification efforts show potential, they remain insufficient to drive substantial economic growth, particularly in the short run.

A recurring theme in the literature is the importance of institutional and structural factors in determining the success of diversification efforts. Caroline and Cleopas (2014) and Charles

and Andekundaya (2018) emphasize that expanding into resource-based sectors is necessary but not sufficient on its own to achieve meaningful diversification. They argue that comprehensive policy measures, institutional reforms, and infrastructure development are crucial to ensuring that diversification leads to tangible economic benefits. This perspective is further supported by Godwin and Ubong (2015), who highlight the need for a well-coordinated approach that includes government support, infrastructure, and community engagement, particularly in initiatives like the Mining Resources Corridor (MRC).

The empirical studies collectively underscore the importance of a multifaceted approach to export diversification. For Nigeria, this means not only expanding the range of export products but also addressing the underlying institutional and structural challenges that have historically impeded diversification efforts. Suraju and Abiodun (2022) highlight the critical role of non-oil exports in driving economic growth, arguing that diversification must be pursued with a focus on developing these sectors alongside oil.

3. METHODOLOGY

The theoretical foundation of this study is the Export-Led Growth (ELG) hypothesis, rooted in classical economic thought and supported by Adam Smith and David Ricardo. The ELG hypothesis posits that export growth is a critical driver of economic growth. Beckerman (1965) highlighted that exports enhance production efficiency through better resource allocation, while Haberler (1959) emphasized dynamic benefits like access to foreign capital and technology, easing balance of payment constraints. Uche (2009) further underscored the role of exports in fostering economic growth, aligning with the mercantilist view that foreign trade is a vital engine of economic prosperity (Roll, 1953; Bhatia, 1978).

The functional relationship for the model is stated as;

$$GDP = f(X, M, BOP, Er, r, I)$$

The model, incorporating error term in the econometric state, which helps control externalities;

$$GDP_t = \beta_0 + \beta_1 X_t + \beta_2 M_t + \beta_3 BOP_t + \beta_4 Er_t + \beta_5 r_t + \beta_6 I_t + U_t$$

Where:
GDP: Gross Domestic Product (dependent variable)
X: Exports
M: Imports
BOP: Balance of Payments
Er: Exchange Rate
r: Interest Rate
I: Private Investment
t: Time
U_t: Error term (captures omitted variables)
β_0: Intercept, representing baseline GDP in the absence of the independent variables.
$\beta_1 \beta_2 \beta_3 \beta_4 \beta_5 \beta_6$: Coefficients measuring the impact of each independent variable on GDP.

4. RESULT AND DISCUSSION

Table 1, the stationarity test

Variables	ADF test	Critical values			Unit root	Conclusion at 5% level	Level
		1%	5%	10%			
GDP	4.982385	3.626784	2.945842	2.611531	No	Stationary	At 1st difference
X	6.758364	3.626784	2.945842	2.611531	No	Stationary	At 1st difference
M	6.209082	3.626784	2.945842	2.611531	No	Stationary	At 1st difference
Bop	5.544222	3.632900	2.948404	2.612874	No	Stationary	At 1st difference
Er	4.211059	3.626784	2.945842	2.611531	No	Stationary	At 1st difference
r	2.594653	2.634731	1.951000	1.610907	No	Stationary	At 1st difference
I	3.437101	3.621023	2.943427	2.610263	No	Stationary	At level

Source: *Researchers Computation (EViews 9)*

The unit root test results in Table 4.1 indicate that gross domestic product, export, import, balance of payment, exchange rate, and interest rate are stationary at the first difference at the 5% level, while private investment is stationary at level. Therefore, the ARDL technique is suitable for further estimation as the stationarity assumptions for I(0) and I(1) are satisfied.

Table 2, The Co-integration observation

Test statistic	Value	K
F statistic	9.552683	6
Critical value bounds		
Significance	1(0) Bound	1(1) Bound
10%	2.12	3.23
5%	2.45	3.61
2.5%	2.75	3.99
1%	3.15	4.43

Source: *Researchers Computation (EViews 9)*

The result from table 4.2 shows that there is cointegration in the model; this is because the f-statistic is greater than the critical upper bound 1(1) at 5% level of significance.

Table 3, the long-run coefficients from the ARDL model

The short-run coefficients from the ARDL model				
Variable	**Coefficient**	**Standard error**	**t-statistics**	**Probability**
D(X)	2.270882	0.480159	4.729435	0.0006
D(M)	-0.326470	0.656968	-0.496934	0.6290
D(BOP)	-4.168095	0.712561	-5.849461	0.0001
D(Er)	-4.825378	2.362563	0.000000	0.0000
D(r)	5.210126	8.370097	0.000000	0.0000
D(I)	9.513765	8.661012	0.000000	0.0000
The long-run coefficients from the ARDL model				
Variable	**Coefficient**	**Standard error**	**t-statistics**	**Probability**

X	3.749805	1.078591	3.476577	0.0052
M	3.625291	1.586967	2.284415	0.0432
BOP	-2.875128	0.736015	-3.906345	0.0024
Er	-1.164082	2.883126	-0.403757	0.6941
r	-9.200062	1.284240	-0.716382	0.4887
I	-1.645267	1.281803	-1.283556	0.2257
C	8.475783	7.079744	1.197188	0.2564

Source: *Researchers Computation (EViews 9)*

Short-Run Interpretation:

From Table 3, the short-run results indicate that exports (D(X)) have a positive and statistically significant impact on GDP, with a 1-unit increase in exports leading to a 2.27-unit rise in GDP (0.0006). This underscores the importance of exports as a key driver of economic activity in the short term.The balance of payments (D(BOP)), however, exhibits a significant negative effect on GDP, where a 1-unit increase reduces GDP by 4.17 units (0.0001). This suggests that imbalances or unfavorable adjustments in the balance of payments impose a considerable drag on short-term economic performance.

Similarly, the exchange rate (D(Er)) negatively affects GDP, with a 1-unit increase leading to a reduction of 4.83 units (0.0000). This highlights the adverse short-term consequences of exchange rate fluctuations on domestic output, possibly reflecting volatility in foreign exchange markets or inflationary pressures from currency depreciation.

Interest rates (D(r)) and private investment (D(I)) both have positive and statistically significant impacts on GDP in the short run. A 1-unit increase in the interest rate leads to a 5.21-unit rise in GDP (0.0000), while a 1-unit increase in private investment results in a 9.51-unit rise in GDP (0.0000). These results indicate that higher private investment and favorable interest rates are critical for stimulating economic growth in the short term.Imports (D(M)) exhibit a negative coefficient of -0.33, implying that a 1-unit increase slightly reduces GDP. However, this effect is statistically insignificant (0.6290), suggesting that imports do not have a meaningful influence on short-term GDP fluctuations.

Long-Run Interpretation:

From Table 3, the results indicate that exports have a positive and statistically significant impact on GDP, with a 1-unit increase in exports leading to a 3.75-unit increase in GDP. Similarly, imports positively influence GDP, as a 1-unit increase is associated with a 3.63-unit rise in GDP. These findings suggest that trade activities, both in terms of exports and imports, play a crucial role in Nigeria's long-term economic performance.

The balance of payments, however, shows a significant negative effect on GDP, with a 1-unit improvement reducing GDP by 2.88 units. This counterintuitive result may indicate that adjustments in the balance of payments, possibly due to higher external deficits or reduced external financing, have adverse implications for the domestic economy.

The exchange rate has a negative but statistically insignificant relationship with GDP, suggesting that currency depreciation or appreciation does not substantially affect long-run economic growth. Similarly, the interest rate exhibits a negative but insignificant impact, implying that fluctuations in borrowing costs may not play a decisive role in shaping long-term GDP trends. Private investment also shows an insignificant negative relationship, highlighting that its contribution to GDP might be constrained by structural or policy challenges within the economy.

Finally, the constant term indicates the baseline level of GDP when all other factors are zero, but it is statistically insignificant, meaning it does not carry much weight in the interpretation

of the model. Overall, the results underscore the importance of trade dynamics, particularly exports and imports, in driving Nigeria's economic growth, while other variables such as the balance of payments, exchange rate, and interest rate show limited or inconsistent effects in the long run.

DISCUSSION OF FINDING

The short-run and long-run results from the ARDL model shed light on the key drivers of Nigeria's GDP, particularly the influence of exports, imports, balance of payments, exchange rate, interest rates, and private investment. In the short run, exports have a statistically significant positive effect on GDP, with a 1-unit increase in exports leading to a 2.27-unit rise in GDP. This result aligns with existing empirical literature, which highlights the importance of export diversification for economic growth. Heiko (2020) emphasizes that high export concentration negatively impacts developing economies, underlining the importance of diversifying exports. Likewise, Lukman and Philip (2018) stress that trade diversification contributes to both economic growth and exchange rate stability, which is critical for macroeconomic stability. These perspectives are in line with the short-run finding that exports are an essential short-term driver of Nigeria's economic performance.However, in the short run, the balance of payments (BOP) has a significant negative effect on GDP, with a 1-unit increase reducing GDP by 4.17 units. This finding echoes concerns raised by Araniyar and Nkechi (2022), who argue that the imbalance in the balance of payments, driven by external deficits and reduced external financing, can hinder economic growth. These negative effects are also reflected in the long-run results, where a worsening balance of payments reduces GDP by 2.88 units. This suggests that external imbalances remain a persistent challenge for Nigeria's economy, with detrimental effects on both short-term and long-term economic growth.
The short-run results also indicate that exchange rate fluctuations negatively impact GDP, with a 1-unit increase in exchange rate leading to a reduction of 4.83 units in GDP. This supports the notion that exchange rate volatility is an important issue for Nigeria's economic stability, as noted by several studies. Naomi and Michael (2019) and Innocent and Paul (2018) found that while export diversification shows promise, it has not yet achieved a level that significantly impacts economic growth. This points to the complex nature of Nigeria's economy, where exchange rate volatility and trade imbalances can offset the benefits of diversification.Interest rates and private investment both show positive and statistically significant effects on GDP in the short run. A 1-unit increase in interest rates leads to a 5.21-unit rise in GDP, while private investment has an even stronger effect, contributing a 9.51-unit increase in GDP. These results align with the broader literature, which highlights the importance of creating favorable conditions for private investment to stimulate short-term growth. Obafemi (2022) and Charles and Andekundaya (2018) argue that effective institutional frameworks and policy reforms are critical to ensuring that diversification efforts, including private investment, lead to meaningful economic development.

In the long run, the relationship between exports and GDP remains positive and significant, with a 1-unit increase in exports leading to a 3.75-unit rise in GDP. Similarly, imports positively affect GDP in the long term, though this impact is slightly smaller (3.63 units). These findings corroborate previous research, particularly the works of Azubuike, Nakanwagi, and Pinto (2022), who emphasize that export diversification, when supported by strong infrastructure and government policies, can significantly contribute to long-term economic growth. However, despite the positive impacts of exports and imports, the balance of payments continues to show a negative effect on GDP in the long run, reinforcing the idea that external economic imbalances pose a persistent risk to Nigeria's growth trajectory.The exchange rate and interest rates, however, are not statistically significant in the long run, suggesting that their impact on GDP may be more pronounced in the short term but less influential over extended periods. This

aligns with the findings of Isiwu (2022), who notes that although diversification efforts show potential, they remain insufficient to drive substantial economic growth in the long term without addressing the underlying structural and institutional barriers. Similarly, private investment has an insignificant negative relationship with GDP in the long run, which could reflect the limitations of the investment climate in Nigeria, particularly the need for comprehensive structural reforms to encourage sustained investment.

Finally, the literature on export diversification further supports the importance of a multifaceted approach to boosting economic growth in Nigeria. Jose (2024) is of the view that the diversification of export market is a vital approach in promoting sustainable economic growth of countries, the presence of trade activities will extend to International markets which reduces dependency on few trade partners. Suraju and Abiodun (2022) suggest, non-oil exports, which remain underdeveloped, must be prioritized in diversification efforts. However, as noted by Obafemi (2022) and Charles and Andekundaya (2018), such efforts must be backed by comprehensive policies, institutional reforms, and infrastructure development to make diversification a meaningful driver of long-term growth. This is a critical observation, as the long-run results indicate that while exports have a positive effect, Nigeria's reliance on oil exports and trade imbalances could continue to limit the impact of diversification in the absence of such reforms.

5. CONCLUSION AND RECOMMENDATION

This study provides valuable insights into the relationship between exports, imports, the balance of payments, exchange rate, interest rates, private investment, and Nigeria's GDP, both in the short and long run. The results highlight the critical role of exports in driving economic growth, particularly in the short term, where an increase in exports leads to a notable rise in GDP. Similarly, private investment and favorable interest rates are identified as important factors contributing to economic growth in the short run.

However, the findings also reveal some challenges. The balance of payments, exchange rate fluctuations, and interest rate dynamics emerge as significant barriers to Nigeria's economic performance. In particular, the negative impact of the balance of payments on GDP suggests that external imbalances continue to hinder both short-term and long-term growth prospects. The exchange rate and interest rate, while significant in the short run, appear to have less influence in the long term, indicating that their effects may be more immediate than sustained.

Drawing from the results of this study, a number of recommendations are put forward to improve students' academic performance. These include:

*Enhancing Export Diversification:*Nigeria should prioritize the diversification of its exports beyond oil. While export diversification has shown potential in promoting economic growth, the impact remains limited due to structural challenges. The government should implement policies that support the growth of non-oil sectors, such as agriculture, manufacturing, and technology. These sectors should be better integrated into global markets through improved trade agreements, better infrastructure, and incentives for both local and foreign investment in export-oriented industries.

Addressing Balance of Payments Imbalances: Given the negative effect of the balance of payments on GDP, it is essential for Nigeria to focus on achieving a more favorable and stable balance of payments. This can be done by promoting exports, reducing imports of non-essential goods, and encouraging foreign investments that generate long-term positive cash flows. Additionally, Nigeria should explore avenues for reducing reliance on external borrowing,

which has often contributed to payment imbalances, by focusing on domestic revenue generation and economic diversification.

Managing Exchange Rate Volatility: The adverse impact of exchange rate fluctuations on GDP in the short run calls for the implementation of measures aimed at stabilizing the currency. The Central Bank of Nigeria (CBN) should consider adopting more transparent and consistent foreign exchange policies to reduce speculation and volatility in the exchange rate market. Furthermore, hedging mechanisms and foreign reserves management should be strengthened to mitigate the negative effects of currency depreciation.

Fostering Private Investment: The positive impact of private investment on GDP in the short run suggests the need for a more conducive investment climate in Nigeria. The government should focus on reducing bureaucratic bottlenecks, improving ease of doing business, ensuring political stability, and providing fiscal incentives to attract both local and foreign investors. Investment in critical infrastructure, such as transportation and energy, would also help improve the overall investment climate.

*Strengthening Institutional and Structural Reforms:*Export diversification and private investment are constrained by institutional and structural issues. Therefore, Nigeria must implement comprehensive reforms aimed at improving governance, reducing corruption, and strengthening the legal and regulatory environment. Developing a robust financial system, improving human capital, and enhancing infrastructure will ensure that diversification efforts are not only successful but sustainable in the long run.

Encouraging Non-Oil Export Growth: Non-oil exports remain an underdeveloped sector in Nigeria, despite their potential to drive economic growth. Efforts should be made to create value-added products in sectors such as agriculture, textiles, and manufacturing. This can be achieved through targeted support programs for SMEs, training in modern agricultural practices, and establishing better access to international markets for Nigerian goods.

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