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   REVIEW OF LITERATURE

   NEED/IMPORTANCE OF THE STUDY

   STATEMENT OF THE PROBLEM

   OBJECTIVES

   HYPOTHESES

   RESEARCH METHODOLOGY

   RESULTS & DISCUSSION

   FINDINGS

   RECOMMENDATIONS/SUGGESTIONS

   CONCLUSIONS

   SCOPE FOR FURTHER RESEARCH

   ACKNOWLEDGMENTS

   REFERENCES

   APPENDIX/ANNEXURE

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- Sharma T., Kwatra, G. (2008) Effectiveness of Social Advertising: A Study of Selected Campaigns, Corporate Social Responsibility, Edited by David Crowther & Nicholas Capaldi, Ashgate Research Companion to Corporate Social Responsibility, Chapter 15, pp 287-303.

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- Schemenner, R.W., Huber, J.C. and Cook, R.L. (1987), "Geographic Differences and the Location of New Manufacturing Facilities," Journal of Urban Economics, Vol. 21, No. 1, pp. 83-104.

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- Garg, Sambhav (2011): "Business Ethics" Paper presented at the Annual International Conference for the All India Management Association, New Delhi, India, 19–22 June.

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- Kumar S. (2011): "Customer Value: A Comparative Study of Rural and Urban Customers," Thesis, KurukshetraUniversity, Kurukshetra.

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- Garg, Bhavet (2011): Towards a New Natural Gas Policy, Political Weekly, Viewed on January 01, 2012 http://epw.in/user/viewabstract.jsp

THE ANALYSIS OF THE EFFECT OF NON-OIL EXPORT (NOX) ON NIGERIAN ECONOMY

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ABSTRACT

The study empirically examines the effect of Non-oil export (NOX) on Nigeria economy, in line with the objectives of this study, secondary data were obtained from central bank of Nigeria statistical bulletin covering the period of 1980 to 2010. In concluding the analysis, multiple regressions were employed to analyze data on such variables Non- oil export, Gross Domestic Product (GDP), interest rate, inflation, and exchange rate were all found to have significant effects on the Economics Growth with the Adjusted R^2 *of 85 %. Following the outcome of this study, it is therefore concluded that Non- oil exports are likely to lessen foreign exchange constraint and can thereby provide greater access to international markets. The export oriented policies lead to a better growth performance than import substitution policies. Therefore, Non-oil export has a positive significance on economic growth and development in Nigeria. It is recommended that in order to derive a substantial share in the world non-oil market, Nigeria's export products must be attained and maintained high product standard with adequate placed on quality control by Nigerian Government.*

KEYWORDS
Non-Oil Export (NOX); Exchange rate;Nigerian Export-Import Bank; Nigerian Economy.

BACKGROUND TO THE STUDY

Nigeria is very popular in the area of production and export of top quality produce like cocoa, groundnut, cotton, gum Arabic, sesame seed, rubber, ginger, mangoes, pineapples, coffee and host of others. Export markets for these products exist in USA, European Union, Gulf states, Japan, Singapore, China etc. Nigeria also has an added advantage over major Agricultural producers and exporters in the Eastern and Southern Africa in terms of fertile land, proximity to traditional and terminal markets in Europe by Air or by Sea. Nigeria is endowed with various kinds of resources needed to place her amongst the top emerging economies of the world. Unfortunately, the nation has not adequately benefitted from the economic prosperity expected of a nation so richly blessed. Ironically, global economic indices from reputable international organization have consistently categorized Nigeria as an economically backward state (Ezike and Ogege 2012). For instance, in 1995, the UNDP human development Index ranked Nigeria as 164th and 141st amongst 197 nations with low per capital income and "low quality of life" respectively (World Bank Development Report, 1997). Through export promotion for instance, Nigeria can manage her resources to create enough wealth and improve the quality of the economy *vis-a-vis* standard of living and also enhance her global economic rating. The major problem militating against success in this non - oil sector has been traced to infrastructural inadequacy and lack of required capital. Due to low levels of income, savings and declining capital formation, the banking systems financing programs/support is seen as fundamental in the creation of the required productive capacity for non - oil export, trade and wealth, hence the various governments export credit expansion programmes and incentive schemes for development and sustainability of the non - oil sector (Benedict and Emmanuel 2013**)**. The discovery of oil and the realisation that foreign exchange could comparatively be easily derived there from relegated attention to the non oil sector to the background. As at 1996, crude oil constituted about 97.4% of total export earnings while non-oil exports accounted for only 2.6% (Yesufu, 1996). Recent developments in the Nigerian economy had led to the recognition of the ultimate significance of development and marketing of quality agricultural produce as a means of enhancing the foreign exchange earnings capacity of Nigeria. Simultaneous with this awareness is the growing concernof adherence to standards in order to maintain a reputation in the export market. It is therefore imperative that quality and standards are necessary conditions that must be given adequate attention in order to ensure the sustenance of Nigeria's competitiveness in the global market

The Nigerian economy is highly dependent on proceeds from oil, which constitutes over 90% of total foreign exchange earnings required from financing several national development projects. Invariably, whenever oil prices rise or fall, the fortune of "creased/reduced revenue will automatically manifest itself on economy of Nigeria. Also, the Nigeria Agricultural sector has always been expected to perform the roles of providing employment for the labour force, staple foods and raw materials for domestic and export needs. Until the 1970s, Nigeria depended mainly on agriculture for its export revenues. In 1960, the contribution of agriculture to foreign earnings was about 83% from 1960-1970, the export crop sub-sector contributed on the average 58.4% annually to the total foreign exchange revenue. Nigeria experienced substantial capital inflow largely in the form of oil sector earnings. The large oil revenue coupled with the accumulation of reserves in major foreign currencies became enabling factor in the decision to revalue the naira.

STATEMENT OF PROBLEM

Nigeria as a major oil exporter has been adopting a plan that aims to provide the country with a sustainable base for after-oil economy. This was expected to take place through exchanging its natural resources with human and physical capital in the form of complete infrastructure, better education, better housing, and an increase in average life expectancy. However, many of the projects that were carried-out during the boom period of high oil revenues were selected without applying appropriate cost-benefit analysis. What was worse is that the government based its ambitious spending plans on the assumption that income generated from oil exports will continue to flow. This was not the case, however, and the government became a net debtor with significant public debt. Available data suggest that non-oil exports performances during certain periods remained less than satisfactory, as evidenced with high sensitivity of prevailing levels, transparency or lack of it. The reason for the uninspiring performance is to be looked into and it includes; the problem associated with export production low world price, existence of burdensome levies and charges, and poor market knowledge as a result of poor communication networks. With these problems, notwithstanding, the enhancement of value added non-oil export needs to gain ground to properly supplement the rise and fall of crude oil.

OBJECTIVES OF THE STUDY

The main objective of this study is to examine the effect of non-oil export in the Nigerian economy. Other specific objectives include;

i. to evaluate the contributions of non-oil export on the economy.
ii. to examine the problems of non-oil export sector in Nigeria.
iii. to indentify the effect of non – oil export on exchange rate.

LITERATURE REVIEW

NON-OIL EXPORTS IN NIGERIA

According to Okoh (2006), Agricultural products constitute the bulk of Nigeria's non oil exports. The shares of these products both processed and unprocessed in total value of non oil exports is as high as 70 percent. Other components of the non-oil exports include manufactured products and solid minerals, the agricultural include cocoa, groundnut, palm produce, rubber (natural"), cotton and yam, fish and shrimps, while the manufactured products and solids minerals include processed agricultural products, textiles, tin metal, beer, cocoa butter, plastic products, processed timber, tyres, natural spring water, soap, detergent and fabricated iron rods. The non-oil commodities market experienced an export boom between 1960 and 1970. Their fortunes declined in the early 1980 when the international primary commodity markets collapsed with the associated deterioration in the terms of trade. Resulting mainly from the policies adopted during the structural adjustment programme, non oil exports increased owing mainly to increase in the Naira price of the export commodities. The value of non-oil exports has been on the decline ever since. For instance, the share of agricultural products in total exports declined from 84% in 1960 to 1 .80% in 1995 (Ogunkola and Oyejide 2001). Thus, contrary to the expectation of increase in non-oil exports, there was an overall decline in the export of these commodities. Manufactures decreased from 13.10% in I960 (CBN, 2000) to 0.66% in 1995 and remain the same, in 2002 (WTO, 2003). The values of exports in as well as the percentage shares of the major export commodity groups in total merchandise exports. Agricultural export commodities are known to be characterized by a low price elasticity of demand while mineral export commodities usually have high price elasticity of demand. Agricultural exports are therefore likely to generate less income than mineral exports during an export boom (Ogun, 1995). The implication of this is that policies such as exchange rate devaluation may reduce the price of Nigeria's exports but may not significantly raise the volume of agricultural exports. Meanwhile, it is these agricultural products that dominate Nigeria's non-oil exports (Okoh 2006).

The export of primary products, particularly agricultural produce, accounts for a large proportion of Nigeria's non-oil export earnings. The range of traded non-oil merchandise is not only narrow but is made up of goods that are highly uncompetitive in the world market. Hence, Nigeria's share of the non-oil merchandise in the world market, particularly manufactures, is relatively small (Uniamikogbo, 1996). According to Thirlwall (1978), the demand for developing countries' traditional export is inelastic relative to the demand for industrial goods. The domination of the export trade of Nigeria and other developing countries by primary products and the associated retardation of growth of traditional exports has been attributed to three distinct factors at work in the developed countries. They are:

- the global shift of the pattern of demand to goods with relatively low import content of primary commodities;
- technological change which has led to the development of synthetic substitutes of raw materials; and
- the pursuance of protectionist policies by the developed countries retarding the growth of imports of primary commodities and industrial goods.

According to Benedict and Emmanuel (2013**),** Nigeria's non-oil exports can broadly be classified into three, namely: agricultural produce, manufactured exports and solid minerals has great potentials. It is only of recent that the export potential of solid minerals was brought to the fore. The interest to promote non-oil exports was borne out of not just its huge potentials for foreign exchange earnings, but also for its employment generation and poverty reduction capability through the extensive backward linkages it offers as well as the desire to diversify the country's production base. In spite of the structural adjustment programme (SAP) introduced in 1986, the well-publicized attempts to diversify the economy have not been successful (Iyoha and Oriakhi 2002).

According to Idowu (2005), export-led-growth (ELG) hypothesis stipulates the expansion and promotion of exports as an important factor in nurturing long run economic growth. This hypothesis has been put forward as the rationale for an efficient alternative to import substitution, which is an inward orientation strategy of development. Previously, developing countries had adapted inward oriented development strategies for enhancing industrial development that would translate into growth and development, which is designed to replace imported manufactures and merchandise with domestically produced merchandise in order to conserve foreign exchange and promote employment(Usman 2011).

This precarious nature of oil was identified by the Federal government way back in 1976, when she established the Nigerian export promotion Council, as an apex agency charged with the responsibility of ensuring the development, promotion and diversification of the nation's non-oil exports. The council was also charged with the following responsibilities, amongst others:

- To assist in promoting the development of export oriented industries in Nigeria;
- To spearhead the creation of appropriate export incentives in Nigeria;
- To organize and plan the participation of Nigerian companies in international trade fairs and exhibitions in other countries;
- To actively articulate and promote the implementation of export policies and programmes of the federal government;
- To collect, collate, analyze and disseminate trade information on available export products and foreign markets to exporters and potential exporters; To effectively carry out these objectives and ensure that her services gets to the grass-root, the council established twelve functional zonal offices in the six geo-political zones of the country. There are two (2) zonal offices per zone, for the south eastern states we have zonal offices at Enugu and owerri. These offices are to assist exporters and potential exporters nearest to their zones in all their export business endeavors

NIGERIAN EXPORT-IMPORT BANK

According to Usman and Salami (2008), the introduction of the Nigerian export-import bank (NEXIM) became importance when it was obvious that export promotion programmes instituted by such agencies as the Nigerian export promotion council, export processing zone, tax subsidy programme, concessionary financing programme and export credit guarantee scheme, lacked the credit to finance agricultural development and local investment. As part of government drive at diversification the Export Credit Guaratee and Insuarance Corporation was established by Decree 15 of 1988. It was later to metamorphose to the Nigeria Export-Import Bank (NEXIM). It provides three (3) main services: credit, riskbearing, trade and information and exporter advisory services. Aside all these it provided export credit guarantee and insurance to its clientele in respect of external trade, transit trade and entrepot trade, the purchase and sale of foreign currency and transmission of funds to all countries.

NEXIM started its operation with a shared capital of 500million in 1991 and their statutory functions were as follows:

- Provide export credit guarantee and export insurance facilities to non-oil exporters.
- Provide credit in local currency to support exports.
- Maintain a foreign exchange revolving fund for lending to exporters who need to import foreign inputs to facilitate export production.
- Provide domestic trade with insurance to assist exports.
- Establish and manage funds connected with exports.

NIGERIAN NON-OIL EXPORT SECTORS

According to Usman and Salami (2008), the Nigeria's non exports sector is structured into four broad constituents which are the agricultural exports, manufactured exports, and solid mineral exports and services exports. Each constituent will be adequately profiled.

a. **Agriculture Export**

Nigeria's non-oil exports are mostly agricultural/farm produce which are normally referred to as her traditional export commodities. These are cocoa, rubber, oil-palm, coffee, cotton, wood products, cassava, ginger, fish and shrimps etc. However, it is important to mention that cocoa exports had preeminence as Nigeria's most exportable non-oil agricultural commodity (CBN and NEXIM, 1999).

In the 1960s to the 1970s, even the years preceding independence, agricultural produce exports played a dominant role in attracting foreign exchange, aside the solid mineral exports of cocoa, groundnut, rubber, palm kernels and palm oil accounted for 69.4 percent of total export earnings, out of the total 97.3 percent for which all non-oil exports accounted for. But overtime the Nigerian economy became mono-cultural, having been transformed from one dependent on fairly diversified portfolio of agricultural exports is consequence of several causative factors, which were:

- Excising structures of incentives given to farmers in most African countries as one the reasons for the reasons for the continent's poor performance in agricultural output.
- A consistent bias in prices, tax and exchange rate policies against agriculture.
- Low producers prices and relative prices of competing crops constrained output.
- The 1971-1973 drought, which caused significant fall in crop harvest as Nigerian agriculture is primarily rain-fed.
- The rosette virus epidemic and pest of 1975
- Little or no application of fertilizers to soils farmed continuously;

- Shortages and high costs of farm labour (relative rural/urban wages); interest rates on loans
- Dependence on wild and low yielding plant species, and outdated technology; and
- Civil disturbance that dislocate farmers and the population

These factors caused the share of agricultural export produce to fall from 63.0 percent in the in 1960s to 28.92 percent and 20.15 percent in 1973/74 and 1979 respectively. It not only decline in relative terms in 1973/74 and 1981, but in absolute terms. Its earning from export also fell. Aside the above factors, greater quantities of agricultural output were processed or consumed locally than hitherto. Another major structural change was the disappearance of a number of export products from the export list. Notable exports like groundnuts, groundnut oil, raw cotton and palm oil decline in their contributions to export earnings but also in real terms while others like timber, plywood, palm kernel and groundnut cake, became mere shadow of their past importance (CBN and NEXIM, 1999). All these were what characterized the agricultural industry in the pre-Structural Adjustment Programme (SAP).

However, the fortunes of agricultural goods improved stemming from the policies of the structural adjustment programme (SAP). The trend in years from 1986 to 1996 showed favourable growth for agricultural products. The deregulation of the commodity marketing boards as well as the devaluation of the naira, coupled with the incentive of 100 percent foreign currency retention scheme for repatriated export earnings significantly aided export expansion. The pre-eminence of export of agricultural products notwithstanding, its share in non-oil exports fluctuated significantly. Cocoa accounted for most of the export volume of non-oil exports products. Its export volume rose dramatically in 1986 and 1988, from then on it continued to fluctuate till in crashed in 1994 and 1995. The same is true of other commodities such as rubber and palm produce.

This due to economic conditions in the importing countries and continuous exportation of these commodities largely unprocessed or in semi processed form contributed substantially to the observed fluctuations their volume and value (CBN and NEXIM,1999). The year succeeding the SAP years, which is termed post-SAP was characterized by increased openness of the economy and further depreciation of the naira. It should be noted that agricultural products export had increased. This post-SAP reform feature mixed trade policy stance-export promotion continued and control measures were exercised on imports, which were in force until 2003, when it was changed.

b. **Manufactured Export**

The manufactured exports to the international export market comprises of agro-allied and manufactured exports. The agro-allied export products are cocoa butter, cocoa powder, cocoa cake, cocoa paste, groundnut cake and wood products including furniture and fixtures etc. while main manufactures are textiles, chemical products, beer and beverages, urea-ammonia, insecticides, soap and detergents, plastics and non-metallic mineral products and processed skin etc. In the period succeeding independence and pre-structural adjustment programme, the non-oil exports was characterized by the predominance of the agricultural exports, which is reflected in its share of contribution to total export and non-oil export, which are 4.0 percent and 67.0 percent respectively.

However, the manufactured exports were about 1.0 percent and 13.0 percent respectively in the same period (Adewuyi, 2005). However, with the adoption of the Structural Adjustment Programme (SAP), the degree of openness of the economy increased while the naira depreciated. Although there were fluctuation in the value of exports of processed or manufactured products between 1986 and 1991, the export value increased continuously from US$ 11.0 million in 1992 to US$ 24.0 million in 1996. All this was as a result of the measures put in place since 1986 to diversity the nation's non-oil exports. But in terms of volumes, it was an opposite trend entirely; the quantum fell continuously from 38.6 thousand tons in 1993 through to 2.4 thousand tons in 1996. The structure in the post SAP showed that the share of semi-manufactured increased immensely from an annual average of 4.6 percent for the period of 1986 to 1990, to 23.0 percent in 1991 and 1995 (CBN and NEXIM, 1999). However, this performance as highlighted in a World Bank study (1989) cited in the CBN and NEXIM study (1999) which showed that manufactured export accounted for 30 percent of exports from developing countries.

c. Solid Minerals Export

Solid minerals exports from Nigeria are cassiterite, coal, columbite, charcoal, asbestos, processed iron ore and marble. Exports of solid minerals to the international market have from the time of independence had minimal in terms of their volume and share of the exports earnings. Prior to independence, the solid minerals export were to satisfy the demand from industrial base of the British imperialism. But after independence, the Nigerian government avoided direct participation in the mining of solid minerals due to large capital outlay involved, reoccurring flooding of mines, high risks intricate technology and huge financial outlay involved, instead mining was left to private firms. However, government still provided support as highlighted in the CBN and NEXIM (1999).

In the period of 1985 to 1996 accounted for an average 0.8 percent of total non-oil exports and about 0.1 percent of total exports. And in value terms, the export of solid minerals during the period was not substantial (CBN and NEXIM, 1999). This clearly shows the infinitesimal contribution sold minerals made so far within the period. So far, in recent times government has instituted reforms to exploit the optimal potentials inherent and derivable from the solid minerals, and as ways of diversifying the economy from its oil exports addition.

d. Services Export

Exporting does not only involve the delivery of physical goods to another country. Exporting can also include the export of services such as education, consultancies, nursing and tourism. These are known as service export. There are unique benefits to service exports that do not apply to goods, such as no or low freight costs. But service exports also carry risks and challenges, such as limited options for secure payment and the protection of your intellectual property rights (Business Victoria, 2007).

This is an export area in which there has been no significant activity or event occurring. It remains still a veritable means of generating foreign exchange for the country and facilitating economic development, which is largely untapped. Services such as transportation, tourism, communication, construction, insurance, financial professional, and technical activities are what countries in the developing countries, like Nigeria except for a few such as Egypt have not been able to export to the international market. However, Nigeria has been making progress in an area like tourism in current times. Places like Obudu Cattle Ranch, Tinapa Business Resort, and other arrears of tourist attraction are spring up to offer leisure services.

Also in terms of financial and professional services, Nigeria has no services to provide here, although Nigerian experts work in other countries and remit money, in foreign currency back home, it is more of brain drain phenomenon. And some Nigerians serve in overseas countries under the Technical Aids Corps ((TAC), it is a foreign aid and cooperation to other developing countries. This does in no way bring foreign exchange to the country, Nigeria.

According to CBN and NEXIM (1999), the sector contributed an average of 30 percent to GDP between 1973 and 1981, 57 percent of it been made by the wholesale and retail trade sector. But its contribution to balance of payments was negative. The reason for this is because of Nigeria's low level participation in the provision of international services.

CONTRIBUTION OF NON-OIL EXPORT TO NIGERIA ECONOMY

The significance of non-oil export to Nigerian economy can firstly be appreciated from the perspective of export and economic development. Export has also been described as the bedrock of any economic development which is meaningfully centered on non-oil export in most countries of the world. Therefore the current deliberate efforts to enhance Nigeria's non-oil export is derived from the failure of oil export (oil boom), which has not been meaningfully managed to positively reflect on the socio-economic well-being of the people. From the Nigeria economic perspective, promoting non-oil export products bring about reduction on the nation's level of dependence on the dominance of crude oil. Other strategic contributions of non-oil export to the Nigerian economy are:

i. The export of non-oil products increase the foreign exchange earning of the country, through the export of Nigerian products to other countries, Nigeria earns foreign exchange which assist in the financing of other economic sector of the nation.
ii. The earned foreign exchange enables the country to fulfill its international financial obligations.
iii. Export of non-oil products create employment and reduce un-employment problem in the country. The exporting company can at least keep the present employees, without the fear of creating further unemployment pressure in the country.
iv. The living standard of the people in the exporting country will improve, or be better when compared to countries that do not export (all things being equal).

v. The export of non-oil products brings about increase in sales and profits to firms that export market their products. However, it does not always follow that export marketing bring about increase in profit, because increase in sale is relative to selling price, cost of production and other costs.

vi. Foreign trade may also improve product quality, and reduction in production cost, which may be brought about by mass production for export.

vii. Business expansion is another benefit that results from export marketing. Firms may consider the expansion of its production line, and other business activities as a result of the company's involvement in foreign trade.

viii. Recognition and Reputation of firms may also be enhanced when quality, quantity, and reliability of the firm are considerably improved as the firm successfully engages in export marketing.

Ogunkola and Oyejide (2001) confirmed that positive relationship exists between export and economic growth. Fosu (1991) ascertained a highly significant and positive relationship between export and output growth rate. Usman (2011) opined in his study that non- oil export success contributes to the economic growth in Nigeria. By and large, it has been largely held by a good number of development economists that trade is an engine of growth. In other words, trade (export) enhances growth of an economy in Nigeria.

PROBLEMS OF THE NON-OIL EXPORT SECTOR IN NIGERIA

An evaluation of the trend in the non-oil sector of Nigeria exposes that despite the various policies, strategies and reforms programmes, the contributions of these sub-sectors of this sector has been dismal. For instance agriculture is still characterized by low productivity this stems from parcel of land with crude and outdated farm implements. Farmers lack access to credit facilities, production machinery and inputs because of inadequacies of their provision. Moreover, farming in Nigeria is well-nigh-rain-fed, lacking power water irrigation (usman 2011).

The manufacturing and industry segment seriously groans under high taxes and multiple taxes. It has to contend with the abysmal nature of public infrastructure and non conducive policy frame work instituted by government in the business environment.

The solid minerals or mining sector has no concrete policy except until 2005, which is coming at a late period. It still is being hampered by a comprehensive database of necessary information pertaining to Nigeria's solid mineral wealth. Business engaged in mining need concessions and incentives because mining involves huge capital outlay and investment. Now access to these is not well encouraging, some mining firms still use outdated mining technology and obsolete equipment. And there also lies the problem of illegal mining to be curtailed (Usman 2011). He brought out the following as some of the problems the sector is facing:

- Inadequate and Decaying Infrastructure

Since the entire non-oil exports are domestic commodities from industries within Nigeria, they affected by shortage of public infrastructure which is aged old, decaying and lacking maintenance. Most industries have to, themselves provide for basic infrastructure to enable them operate.

- Funding/financing Constraints

The banking services industry is not adequately supporting business in non-oil export due to high risk of export business and unavailable of their commodities, export merchandise can access modern equipment and spares that will aid the competitiveness of their commodities..

- Ineffective Implementation of Export Incentives and Support Programme

Export schemes and incentives initiated by the government are not being administered by agencies statutory empowered to implement them. There are observed rigidities in trade procedures, delays in completion of export documentation and excessive use of discretionary powers by desk officers of various agencies facilitating posing constraints on export activity.

- Near total reliance of banks of NEXIM for export finance resource

The banking industry has so far only shown preference to financing import activities rather than providing sufficient financial support to export. Rather banks have continually relied of the NEXIM for funds in order to financially support business in export trade of non-oil merchandise.

- Over regulation of the non-oil export

An environment where exporting firms have to be subjected to enormous paper work and drilling inspection not only constitute an unnecessary stress but a disincentive to exports themselves.

METHODOLOGY

This chapter describes the methodology employed in this study. Methodology consists of the procedures to be used for collecting data, summarizing and analyzing the data gathered in other to answer the research questions. It is intended to applying the chosen methods in the research to minimize the costs of obtaining the data and analyzing them while maximizing the expected values of resultant information as well as association level of accuracy. For the purpose, issues addressed include; research design, study populationsample and sampling technique, data collection and research instrument validation. Economic growth is one of the substantial problems in the developing countries. There are many models to analyze the effects of non – oil export on economic growth.

METHOD OF DATA COLLECTION

Method employed in Carrying out this research work was by secondary data. Secondary data is the name given to data that has been used for some purpose other than that for which they were originally collected. Secondary data generally used when the term manpower resources necessary for survey are not available and of course the relevant information required. Secondary data were gotten from different sources e.g. CBN Statistical Bulletin.

SAMPLE SIZE

The duration of my research was basically from 1980-2010 which is in the range of 31yrs. This duration was used because it is detailed enough to give a good result and analysis. This study employs annual data on the rate of non export, inflation, exchange rate and economic growth (proxy by Gross domestic products) for Nigeria over the period 1980 to 2010. Data were obtained from the CBN Statistical Bulletin.

DATA ANALYSIS TECHNIQUES

The results presented below are based on the data collected from CBN Statistical bulletin. The data collected is used to establish theeffects of non–oil export on economic growth of Nigeria. The analysis was done using the stata 10 to enhance the accuracy and robustness of the regression results.

Regression models in the following variables:

The unknown parameters denoted as μ: this may be a scalar or a vector.

The independent variable Y

The dependent variable R

In various fields of application, different terminologies are used in place of dependent and independent variables

A regression model relates R to a function of Y and μ

$R = \boldsymbol{p}(Y1,\ Y2,\ Y3,\ \mu)$

Where $Y1 - \ Y3$ are the independent variables.

$\boldsymbol{NOX} = \boldsymbol{f}(\boldsymbol{GDP},\ \boldsymbol{INFL},\ \boldsymbol{EXCH}, \boldsymbol{INTR}\ \mu)$

Where *GDP* is gross domestic products, *NOX* is Non-Oil Exports. Data on these variables from 1980 to 2010 are sourced from the Central Bank of Nigeria (CBN) Statistical Bulletin.

MODEL SPECIFICATION

$$\boldsymbol{NOX} = \boldsymbol{a_0} + \boldsymbol{a_1 GDP} + \boldsymbol{a_2\, INFL} + \boldsymbol{a_3 EXCH} + \boldsymbol{a_4 INTR} + \mu \qquad \textbf{1}$$

$$\boldsymbol{logNOX} = \boldsymbol{a_0} + \boldsymbol{a_1\, logGDP} + \boldsymbol{a_2\, logINFL} + \boldsymbol{a_3 logEXCH} + \boldsymbol{a_4\, logINTR} + \mu \qquad \textbf{2}$$

$\boldsymbol{log\ GDP}$ $-$ $\boldsymbol{log\ of\ Gross\ Domestic\ Product}$

$\boldsymbol{logNOX}$ $-$ $\boldsymbol{log\ of\ Non-Oil\ Export}$

loginfl – *log of Inflation*
logexch – *log of Exchange rate*
logINTR – *log of Interest rate*

PRESENTATION AND ANALYSIS OF DATA

This chapter will be used in analyzing and presentation of data collected from different reliable source like CBN Statistics Bulletin 2010. This was done so as to determine the effect of non-oil export (NOX) on Nigeria economy from the period of 1980 to 2010.
According to the research question, to what extent does the NOX affects the economic growth in Nigeria? The following tables below are actually gotten from different sources but they are answers to these research questions.

TABLE 1: THE EFFECTS OF NON – OIL EXPORT ON ECONOMIC GROWTH

Dependent Variable	Independent Variables	Coefficient.	Standard Error	T	P>|t	[95%Conf. interval]
NOX	*gdp*	.0021043	.0009259	2.27	0.032	.000201 .0040076
	exch	5.205289	109.9186	4.74	0.000	294.5881 746.4698
	infl	1.007707	212.7614	0.47	0.640	-336.5666 538.1079
	intr	-705.0585	704.04	-1.00	0.326	-2152.233 742.1164
	constant	8259.105	10622.06	0.78	0.444	-13574.86 30093.07
R-squared=0 .8720	Adj R-squared = 0.8523		Root MSE = 16673		**Prob > F = 0.0000**	F(4, 26) = 44.26

The above table is represented by regression plots below:

FIG. 1

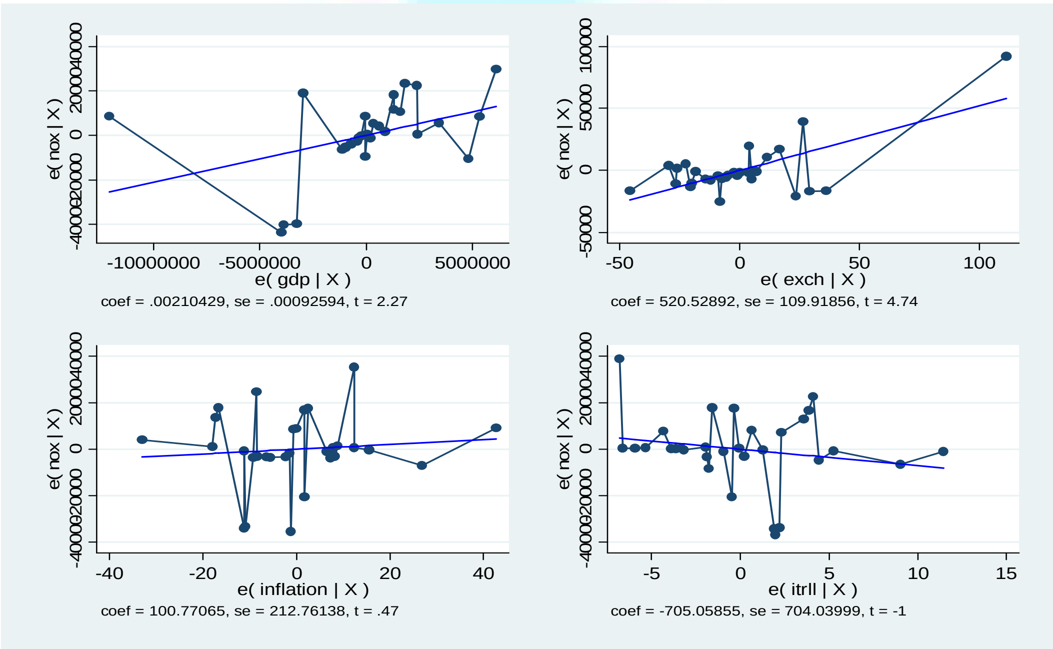

Table 1 shows the result of the output effects of NOX on Nigerian economy in the short run. A 1% increase in the non oil export (NOX) increases economic growth (GDP) by 0.02 percent. This suggests a positive relationship between the rate of NOX and the GDP in Nigeria. The result is also significant. 1% increase in the non oil export (NOX) also increases exchange rate (EXCH) by 5.0 %.This means that the relationship between NOX and EXCH is positive suggesting that if NOX increases EXCH increases. The relationship between NOX and inflation (INFL) is positive suggesting that if NOX in Nigeria increases, the inflation increases that is 1% increases in NOX increases INFL by 1.0%. Contrary to these, 1% increase in non oil export (NOX) reduces the interest rate by 7%.this indicate that there is negative relationship between non oil export (NOX) and interest rate.
The results indicate R^2 of 87 percent for model 1. This implies that 87 percent of Non oil- export is influenced by the variables in the model only 13 percent is for factors outside the model. This shows the appropriateness of fitting of the model of the study. The results also indicate that an increase in non oil export of a country will lead to increase in economic growth. Nigerian economic growth (GDP) is statistically influence by the level non oil- export (NOX). Given the adjusted R^2 being significant at 85%, it signifies the independent variables incorporated into this model have been able to determine variation of non oil export (NOX) to 85%.The F and probability statistics also confirmed the significance of this model.

TABLE 2: THE EFFECTS OF NON – OIL EXPORT ON ECONOMIC GROWTH IN THE LONG RUN

DEPENDENT VARIABLE	INDEPENDENT VARIABLES	COEFFICIENT.	STANDARD ERROR	T	P>|T	[95%CONF. INTERVAL]
logNOX	*loggdp*	.4389629	.1800325	2.44	0.022	.0689007 .8090251
	logexch	.6715937	.2195815	3.06	0.005	.2202374 1.12295
	LOG*infl*	.0260533	.1501067	0.17	0.864	-.2824955 .334602
	logintr	-.5637777	.5043427	-1.12	0.274	-1.600469 .4729135
	constant	2.58876	2.601137	1.00	0.329	-2.757954 7.935474
R-SQUARED= 0.9526	ADJ R-SQUARED = 0.9453		ROOT MSE = 0.50685		PROB > F = 0.0000	F(4, 26) = 130.72

The above table is represented by regression plots given on the next page:

FIG. 2

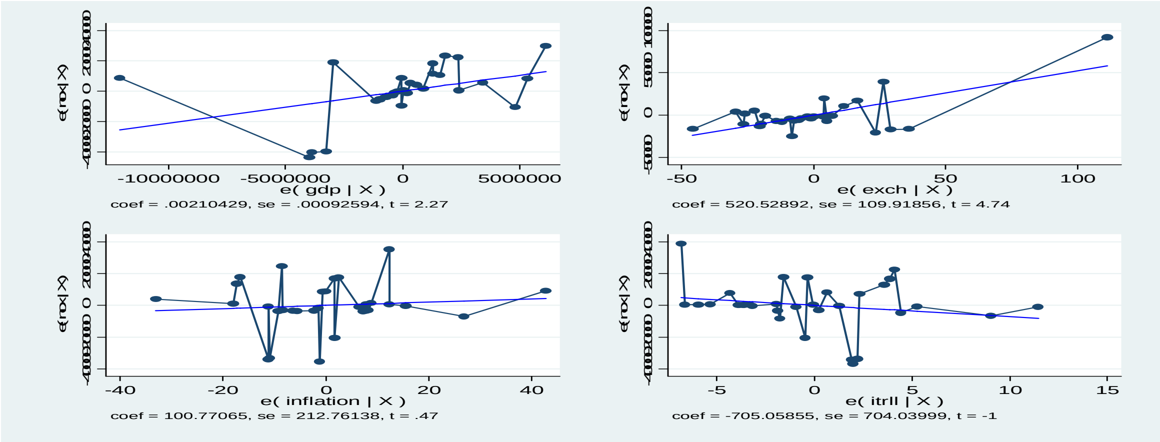

Table 2 also shows the resultant effects of non-oil export, on inflation, exchange rate, interest rate and gross domestic product (GDP) on Nigeria economy in the long run by finding the log of NOX compared with logarithms of the independent variables.1% increase in NOX brings about 0.43 % increase in GDP. An increase in the NOX has a positive impact on output. This also suggests a positive relationship between NOX and economic growth in Nigeria in the long run decision planning. The result is also significant. The relationship between log of NOX and log of exchange rate is also positive. This indicates that 1% increase in NOX increases exchange rate by 0.67% in the long run. Also, there is a positive relationship between NOX and inflation, that is, 1% increase in NOX increases inflation by 0.02%. Conversely, 1% increase in NOX in the long run reduces log of interest rate by 0.56%, suggesting that there is inverse relationship between NOX and interest rate in the long run.

Given the coefficient of determination (R^2) to tune of 95.3% and Adj R-squared to be 0.94.5 (95%), it connotes the independence variables incorporated into this model have been able to determine variation of NOX to 95%.The F and probability statistics also confirmed the significance of this model. The results indicate that the coefficient of NOX is statistically significant and the constant is statistically significant.

SUMMARY AND CONCLUSIONS

This study has reviewed the effects of NOX on Nigerian economy. The links between NOX and economy growth has assessed. NOX has a positive impact on growth after a considerable lag. All the variables are statistically significant. The performance of the Nigerian non-oil export sector, as pointed out earlier, has however been relatively impressive in recent times. Non- oil exports are likely to lessen foreign exchange constraint and can thereby provide greater access to international markets, and export oriented policies lead to a better growth performance than import substitution policies. Based on estimation outputs, it is concluded that non-oil export both in the long run and short-run has statistically significant impact on effective exchange rate, inflation, interest rate and GDP.

POLICY RECOMMENDATIONS

Based on the findings made in the course of this study, the following recommendations are hereby suggested:

1) Consistent, regularized and effective monitoring of policies and performance of agencies charged with the responsibility of aiding the growth of the non-oil sectors of the economy should be done by government. Instituted policies and planning should be reconciled with implementation and performance, coupled with regular analysis of each sector of the economy.
2) To derive a substantial share in the world non-oil market, Nigeria's export products must be attained and maintained high product standard with adequate placed on quality control.

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