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Determinants of International Trade in Nigeria

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ABSTRACT: Nigeria's persistent trade deficit has informed research curiosity among scholars to carry out empirical study on international trade. This study therefore examines the determinants of international trade in Nigeria from 1999-2022 using Ordinary Least Square (OLS) technique method. All data used are secondary time series data obtained from the Statistical Bulletin of Central Bank of Nigeria (CBN) and National Bureau of Statistics (NBS) annual publications and World Bank DataBank. In executing the study, the OLS techniques was applied after determining stationarity of our variables using the ADF Statistic. It was discovered that the variables are stationary. From the result of the OLS, it is observed that adequate infrastructure and exchange rate have a positive impact on international trade in Nigeria. On the other hand, import tariff, cost of doing business and inflation has a negative impact on international trade in Nigeria. The study therefore recommends among others that: the government should investment in Infrastructural Development with focus on power, transportation, and gas and technology infrastructure. This is important because it forms the bedrock that drives the capacity of an economy to thrive. The government should use the instrument of tariffs and quotas to protect domestic firms and industries. This will help the domestic investments have completive advantage over imported goods.

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Keywords: Import Tariff, Inflation, Infrastructure, Exchange Rate, International Trade

INTRODUCTION

Determining what influences individuals and nations to concede to exchange of goods and services for one value or the other has overtime occupied the minds of economists. From the ancient days to the present, nothing

has been done without one form of exchange transaction or the other either internally within a country or globally between nations with implications for the economies of nations involved. This has caused disparity among individuals in terms of income and for nations in terms of levels of growth and accumulation of capital (Stephen & Obah, 2017).

As evidently recorded in the literature, no nation no matter how highly endowed has been able to produce all she requires, hence, the involvement of nations in international trade (Olulu-Briggs & Sunday, 2021). With globalization connecting many economies, international trade has gained greater traction as it has not only allowed for exchange transactions between countries but has also engendered healthy relations among nations which have given room for economic ties and cooperation (Lardy, 2012; Doğan, 2017; Efiong, 2018). Thus, international trade has been acknowledged as a vital process to stimulate economic growth and development. Some benefits of international trade include higher international prices whereby foreign exchange is earned which leads to greater export drive, reduction in local prices of products leading to increased demand for them, acquisition of modern business techniques leading to launch of new ventures and expansion of existing ones, availability of assorted goods and services etc. Consequently, the Nigerian government has formulated many trade policies over the years to help her tap into the benefits of international trade. Her policy towards international trade has attracted foreign direct investment with steady inflow of foreign capital and expertise (Ogbaj & Ebebe, 2013; Ndubuisi, Uma & Uma, 2016; Adeleke, Olowe & Fasesin, 2014)

Proponents of international trade posit that it engenders specialization which grows economies through increased trade and productivity. Okeke, et al (2023) state that while classical and neo classical economists saw free trade as the engine of growth for nations, structuralist theories viewed trade between the advanced nations and the developing nations as unbalanced in which the gains of the advanced nations directly correlates with losses of the developing nations. Thus, there are no guarantees that real benefits accruable to trading countries will be evenly distributed amongst them in the

long run. In the literature, many factors have been adduced for this including the terms of trade between trading nations, import tariffs, international exchange rate, inflation rates and the market characteristics of the exportable goods (Ezeifekwuaba, 2022; Anyadike, 2012; Eravwoke & Oyivwi, 2012). The success of any nation involved in trade or international trade to a large extent therefore is dependent on her ability to identify these factors and formulate programmes and policies to strengthen her ability to trade.

The recourse to international trade by nations is to grow and sustain the economy on the path of development through diversified exports or import substitution. Incidentally, some countries trade policies (Nigeria inclusive) have actually created barriers to achieving these lofty objectives (Ogbaj & Ebebe, 2013). With international trade globally acknowledged as essential for the development of modern economies, volatile exchange rates, high interest rates, increasing inflation, unstable policy directions, government restrictions, infrastructural deficits, political turmoil and most recently coups on the African continent are ready constraints or barriers to the free flow of international trade. This brings to fore the need for the Nigerian government to pay attention to these factors that affect the free flow of trade across her national boundary. Although, there have been a number of studies on the determinants of international trade (Ezeifekwuaba, 2022; Ogbaj & Ebebe, 2013; Ndubuisi, Uma & Uma, 2016; Adeleke, Olowe & Fasesin, 2014), the current study will examine specifically, the impact of high cost of doing business, import tariff, inflation rate, infrastructure and exchange rate to explain the determinants of international trade in Nigeria.

Objectives of the Study

The broad objective of the study is to examine the major determinants of international trade in Nigeria. Specifically, the study intends to:

i. Ascertain the effect of high cost of doing business on international trade in Nigeria.
ii. Determine the effect of import tariff on international trade in Nigeria.
iii. Examine the effect of inflation on international trade in Nigeria.
iv. Ascertain the effect of infrastructure on international trade in Nigeria.

v. Evaluate the effect of exchange rate on international trade in Nigeria.

Statement of Hypotheses

Ho_1: High cost of doing business has no significant effect on international trade in Nigeria.

Ho_2: Import tariff has no significant effect on international trade in Nigeria.

Ho_3: Inflation has no significant effect on international trade in Nigeria.

Ho_4: Infrastructure has no significant effect on international trade in Nigeria.

Ho_5: Exchange rate has no significant effect on international trade in Nigeria

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METHODOLOGY

The model for this study is stated as follows:

The functional form of the model is:

INTL = f (BIX, IMT, INF, FRA, EXR)

… … … (1)

The mathematical form of the model 1 is:

$INTL = \beta_0 + \beta_1 BIX + \beta_2 IMT + \beta_3 INF + \beta_4 FRA + \beta_5 EXR$ … (2)

The econometric form of the model 1 is:

$INTL = \beta_0 + \beta_1 BIX + \beta_2 IMT + \beta_3 INF + \beta_4 FRA + \beta_5 EXR + \mu_i$ … (3)

Where; INTL = International trade measured by sum of export and imports of goods and services measured as a share of gross domestic product

BIX = High cost of doing business

IMT = Import tariff

INF = Inflation proxy by inflation rate

FRA = Infrastructure proxied by government expenditure on power

EXR = Exchange rate measured by real exchange rate

f = Functional relationship

β_0 = intercept of the model

β_1 - β_5 = parameters of the regression coefficients

μ_i = Stochastic error term

μ_i = Stochastic error term

Explanation of variables

a. International Trade (INTL): While international trade is an external trading between two or more countries. Foreign trade is the sum of exports and imports of goods

and services. Thus, international trade will be proxied by the sum of export minus import divided by GDP), which refers to the degrees to which countries or economies permit to have trade with other countries or economies.

b. Cost of doing business (BIX): The cost of doing business refers to all the required activities or engagement that is needed to run a business that will eventually have a profitable return. It can also be regarded as the worth of doing a viable and profitable business. High cost of doing business is expected to have a negative impact on international trade while low cost of doing business is expected to have a positive impact on international trade in Nigeria.

c. Import Tariffs (IMT): An import tariff is a tax placed by governments on commodities that are shipped into a country from a foreign country. These taxes are often a way to discourage a country's consumers from buying products from another country and to support domestic products and services. Governments generally have the right to determine what products will have a tariff and how much that tax will be. Tariffs are used to restrict trade, as they increase the price of imported goods and services, making them more expensive to consumers. They are one of several tools available to shape trade policy. TARF will be proxied by prices of imported goods.

c. Inflation (INF): Inflation is defined as a sustained increase in the general level of prices for goods and services in an economy over a time period. It is measured as an annual percentage increase. Inflation is also the rate at which the general level of prices for goods and services is rising and, consequently, the purchasing power of currency is falling. Hence, this study proxied inflation by inflation rate.

d. Infrastructure (FRA): this refers to basic equipment and structures (such as roads and bridges, etc) and facilities (housing, power supplies etc) that are needed for a country, region or organisation to function and perform properly and work effectively.

e. Exchange rate (EXR): The exchange rate of a country is a measure of the price that the local currency exchanges with specific convertible foreign currency. An exchange rate (also known as a foreign-exchange rate, forex rate, FX rate) between two currencies is the rate at which one currency will be exchanged for another. It is also regarded as

the value of one country's currency in terms of another currency. EXR is expected to have either positive or negative impact on both international trade and economic growth in Nigeria.

Method of Data Analysis

The economic technique employed in the study is the ordinary least square (OLS). This is because (i) the OLS estimators are expressed solely in terms of the observable (i.e. sample) quantities. Therefore, they can be easily computed. (ii) They are point estimators; that is, given the sample, each estimator will provide only a single value of the relevant population parameter. (iii) The mechanism of the OLS is simple to comprehend and interpret. (iv) Once the OLS estimates are obtained from the same data, the sample regression line can be easily obtained. The Economic views (E-views) software will be adopted for regression analysis.

Stationarity (Unit Root) Test

The importance of this test cannot be overemphasized since the data to be used in the estimation are time-series data. In order not to run a spurious regression, it is worthwhile to carry out a stationary test to make sure that all the variables are mean reverting that is, they have constant mean, constant variance and constant covariance. In other words, that they are stationary. The Augmented Dickey-Fuller (ADF) test would be used for this analysis since it adjusts for serial correlation.

Decision rule*:* If the ADF test statistic is greater than the MacKinnon critical value at 5% (all in absolute term), the variable is said to be stationary. Otherwise it is non stationary.

Evaluation of parameter estimates

The estimates obtained from the model shall be evaluated using three (3) criteria. The three (3) criteria include:

. The economic a priori criteria.
. The statistical criteria: First Order Test
. The econometric criteria: Second Order Test

Evaluation based on economic a priori criteria

This could be carried out to show whether each regressor in the model is comparable with the postulations of economic theory; i.e., if the sign and size of the parameters of the economic relationships follow with the expectation of the economic theory. The a priori expectations, in tandem with the

manufacturing sector growth and its determinants are presented in Table 3.1 below, thus:

Table 1: Economic a priori expectation

Parameters	Variables		Expected Relationships
	Regressand	Regressor	
β_0	INTL	Intercept	+/-
β_1	INTL	BIX	-
β_2	INTL	IMT	-
β_3	INTL	INF	-
β_4	INTL	FRA	+
β_5	INTL	EXR	+/-

Source: Researchers compilation

A positive '+' sign indicate that the relationship between the regressor and regressand is direct and move in the same direction i.e. increase or decrease together. On the other hand, a '-' shows that there is an indirect (inverse) relationship between the regressor and regressand i.e. they move in opposite or different direction.

Evaluation based on statistical criteria: First Order Test

This aims at the evaluation of the statistical reliability of the estimated parameters of the model. In this case, the F-statistic, Co-efficient of determination (R^2) and the Adjusted R^2 are used.

(a). The square of the coefficient of determination R^2 or the measure of goodness of fit is used to judge the explanatory power of the explanatory variables on the dependent variables. The R^2 denotes the percentage of variations in the dependent variable accounted for by the variations in the independent variables. Thus, the higher the R^2, the more the model is able to explain the changes in the dependent variable.

However, if R^2 equals one, it implies that there is 100% explanation of the variation in the dependent variable by the independent variable and this indicates a perfect fit of regression line. While where R^2 equals zero. It indicates that the explanatory variables could not explain any of the changes in the dependent variable. Therefore, the higher and closer the R^2 is to 1, the better the model fits

the data. Note that the above explanation goes for the adjusted R^2.

(b). F-Test: The F-statistic is a measure of the overall significance of the estimated regression. It is used to compare two population variances. Thus, in verifying the overall significance of the estimated model, the hypothesis tested is:

H_0: The model has no goodness of fit

H_1: The model has a goodness of fit

Decision rule: Reject H_0 if $F_{cal} > F_{\alpha}$ (k-1, n-k) at $\alpha = 5\%$, accept if otherwise.

Evaluation based on econometric criteria: Second Order Test

This aims at investigating whether the assumption of the econometric method employed are satisfied or not. It determines the reliability of the statistical criteria and establishes whether the estimates have the desirable properties of unbiasedness and consistency. In this case, Autocorrelation, Multicolinearity and Heteroscedasticity will be tested.

Test for Autocorrelation

Autocorrelation can be regarded as "correlation between members of series of observations ordered in time (as in time series data) or space (as in cross-sectional data)". This test is carried out to see if the error or disturbance term (μ_t) is temporarily independent. It tests the validity of non autocorrelation disturbance. The Durbin-Watson (DW) test is appropriate for the test of First-order autocorrelation and it has the following decision criteria.

. If d* is approximately equal to 2 (d* =2), we accept that there is no autocorrelation in the function.

. If d*= 0, there exist perfect positive auto-correlation. In this case, if 0<d*< 2, that is, if d* is less than two but greater than zero, it denotes that there is some degree of positive autocorrelation, which is stronger the closer d* is to zero.

. If d* is equal to 4 (d*=4), there exist a perfect negative autocorrelation, while if d* is less than four but greater than two (2<d*< 4), it means that there exist some degree of negative autocorrelation, which is stronger the higher the value of d*.

Test for Multicolinearity

Multicolinearity means the existence of a "perfect," or exact, linear relationship among some or all explanatory variable of a regression model. It is use to determine whether there is a correlation among variables.

Decision Rule: From the rule of Thumb, if correlation coefficient is greater than 0.8, we conclude that there is multicolinearity but if the coefficient is less than 0.8 there is no multicolinearity. Also, reject the null hypothesis (H_0), if any two variables in the model are in excess of 0.8 or even up to 0.8. Otherwise we reject.

Test for Heteroscedasticity

The essence of this test is to see whether the error variance of each observation is constant or not. Non-constant variance can cause the estimated model to yield a biased result. White's General Heteroscedasticity test would be adopted for this purpose.

Decision Rule*:* We reject the null hypothesis (H_0) that there is a heteroscedasticity in the residuals if F calculated is greater than F tabulated ($F_{cal} > F_{tab}$) at 5% critical value, otherwise accept at 5% level of significance.

Test for research hypotheses

This study will test the research hypothesis using t-test. The t-statistics test tells us if there is an existence of any significance relationship between the dependent variable and the explanatory variables. The t-test will be conducted at 0.05 or 5% level of significance.

Decision rule: Reject H_0 if $t_{cal} > t_{\alpha/2}$, (n-k). Otherwise, we accept.

Nature and source of data

All data used in this research are secondary time series data which are sourced from the Central Bank of Nigeria (CBN) statistical bulletin and National Bureau Statistics (NBS) annual publications and World Bank DataBank.

RESULT AND DISCUSSION

Summary of Stationary Unit Root Test

Establishing stationarity is essential because if there is no stationarity, the processing of the data may produce biased result. The consequences are unreliable interpretation and conclusions. The study test for stationarity using Augmented Dickey-Fuller (ADF) tests on the data. The ADF tests are done on level series, first and second order differenced series. The decision rule is to reject

stationarity if ADF statistics is less than 5% critical value, otherwise, accept stationarity when ADF statistics is greater than 5% criteria value. The result of regression is presented in table 1 below.

Table 1: Summary of ADF test results

Variables	ADF Statistics	Lagged Difference	1% Critical Value	5% Critical Value	10% Critical Value	Order of Integration
INTL	-6.615297	1	-3.769597	-3.004861	-2.642242	*I*(1)
BIX	-4.787660	1	-3.769597	-3.004861	-2.642242	*I*(1)
IMT	-6.102123	1	-3.769597	-3.004861	-2.642242	*I*(1)
INF	-4.647699	1	-3.769597	-3.004861	-2.642242	*I*(1)
FRA	-4.076851	1	-3.769597	-3.004861	-2.642242	*I*(1)
EXR	-4.540188	1	-3.769597	-3.004861	-2.642242	*I*(1)

Source: Researcher computation

Evidence from unit root table above shows that none of the variables are stationary at level difference that is, *I*(0), rather all the variables are stationary at first difference, that is, *I*(1). Since the decision rule is to reject stationarity if ADF statistics is less than 5% critical value, and accept stationarity when ADF statistics is greater than 5% criteria value, the ADF absolute value of each of these variables is greater than the 5% critical value at their first difference but less than 5% critical value in their level form (*see*, appendixes 2-7). Therefore, they are all stationary at their first difference integration.

The data for the study are presented in in table 2 below.

Table 2: Summary of regression results

Dependent Variable: INTL
Method: Least Squares
Sample: 1999 2022
Included observations: 24

Variable	Coefficient	Std. Error	t-Statistic	Prob.
C	68.50092	16.43617	4.167692	0.0006
BIX	-0.808351	0.216674	-4.038542	0.0009
IMT	-0.141284	0.491785	-2.287289	0.0302

INF	-0.290707	0.179895	-1.615976	0.1235
FRA	3.14E-06	1.86E-06	2.690849	0.0298
EXR	0.028955	0.098345	2.294419	0.0318

R-squared	0.531126	F-statistic	12.72824
Adjusted R-squared	0.437106	Prob(F-statistic)	0.000685
S.E. of regression	11.25609	Durbin-Watson stat	1.774397

Source: Researcher computation

Evaluation of Findings

To discuss the regression results as presented in table 2, we employ economic a priori criteria, statistical criteria and econometric criteria.

Evaluation based on economic a priori criteria

This subsection is concerned with evaluating the regression results based on a priori (i.e., theoretical) expectations. The sign and magnitude of each variable coefficient is evaluated against theoretical expectations.

From table 2, it is observed that the regression line have a positive intercept as presented by the constant (c) = 68.50092. This means that if all the variables are held constant or fixed (zero), the Nigerian foreign trade will be valued at 68.5. Thus, the a-priori expectation is that the intercept could be positive or negative, so it conforms to the theoretical expectation.

The analysis further revealed in table 2 that adequate infrastructure and exchange rate have a positive impact on international trade in Nigeria. This means that if adequate infrastructure and exchange rate increases and improve, it will bring about more improvement and growth in Nigeria through foreign trade. On the other hand, import tariff, cost of doing business and inflation has a negative impact on international trade in Nigeria. Thus, increase in import tariff, cost of doing business and inflation will bring about a decline in foreign trade in Nigeria. From the regression analysis, it is observed that all the variables conform to the a priori expectation of the study. Thus, table 3 summarises the a priori test of this study.

Table 3: Summary of economic a priori test

Parameters	Variables		Expected Relationships	Observed Relationships	Conclusion
	Regressand	Regressor			
β_0	INTL	Intercept	+/-	+	Conform
β_1	INTL	BIX	-	-	Conform
β_2	INTL	IMT	-	-	Conform
β_3	INTL	INF	-	-	Conform
β_4	INTL	FRA	+	+	Conform
β_5	INTL	EXR	+/-	+	Conform

Source: Researchers compilation

Evaluation based on statistical criteria

This subsection applies the R^2, adjusted R^2 and the f–test to determine the statistical reliability of the estimated parameters. These tests are performed as follows:

From our regression result, the coefficient of determination (R^2) is given as 0.531126, which shows that the explanatory power of the variables is moderately high and/or strong. This implies that 53% of the variations in the growth of foreign trade in Nigeria are being accounted for or explained by the variations in the cost of doing business, import tariff, inflation, infrastructure and exchange rate in Nigeria. While other determinants of foreign trade growth not captured in the model explain just 47% of the variation in international trade in Nigeria.

The adjusted R^2 supports the claim of the R^2 with a value of 0.437106 indicating that 44% of the total variation in the dependent variable (international trade) is explained by the independent variables (the regressors)). Thus, this supports the statement that the explanatory power of the variables is moderately high and strong.

The F-statistic: The F-test is applied to check the overall significance of the model. The F-statistic is instrumental in verifying the overall significance of an estimated model. The hypothesis tested is:

H_0: The model has no goodness of fit

H_1: The model has a goodness of fit

Decision rule: Reject H_0 if $F_{cal} > F_{\alpha}$ (k-1, n-k) at $\alpha = 5\%$, accept if otherwise.

Where:

V_1 / V_2 Degree of freedom (d.f)

$V_1 = n-k$, $V_2 = k-1$:

Where; n (number of observation); k (number of parameters)

Where k-1 = 6-1= 5

Thus, n-k = 24-6 = 18

Therefore, $F_{0.05(5,18)} = 2.77$ (From the F table) … F-table

F-statistic = 12.72824 (From regression result) … F-calculated

Since the F-calculated > F-table, we reject H_0 and accept H_1 that the model has goodness of fit and is statistically different from zero. In other words, there is significant impact between the dependent and independent variables in the model.

Evaluation based on econometric criteria

In this subsection, the following econometric tests are used to evaluate the result obtained from our model; autocorrelation, heteroscedasticity and multicolinearity.

Test for Autocorrelation

Using Durbin-Watson (DW) statistics which we obtain from our regression result in table 2, it is observed that DW statistic is 1.774397 or approximately 2. This implies that there is no autocorrelation since d* is approximately equal to two. 1.774397 tends towards two more than it tends towards zero. Therefore, the variables in the model are not autocorrelated and that the model is reliable for predications.

Test for Multicolinearity

This means the existence of a "perfect," or exact, linear relationship among some or all explanatory variable of a regression model. This will be used to check if collinearity exists among the explanatory variables. The basis for this test is the correlation matrix obtained using the series. The result is presented in table 4 below.

Table 4: Summary of multicollinearity test

Variables	Correlation Coefficients	Conclusion
BIX and IMT	-0.372952	No multicollinearity
BIX and INF	-0.354700	No multicollinearity
BIX and FRA	0.712879	No multicollinearity
BIX and EXR	0.720692	No multicollinearity
IMT and INF	0.480088	No multicollinearity
IMT and FRA	-0.539975	No multicollinearity
IMT and EXR	-0.370143	No multicollinearity
INF and FRA	-0.478818	No multicollinearity

INF and EXR	-0.609324	No multicollinearity
FRA and EXR	0.757878	No multicollinearity

Source: Researchers compilation

Decision Rule: From the rule of Thumb, if correlation coefficient is greater than 0.8, we conclude that there is multicolinearity but if the coefficient is less than 0.8 there is no multicolinearity. We therefore, conclude that the explanatory variables are not perfectly linearly correlated.

Test for Heteroscedasticity

This test is conducted using the white's general heteroscedascity test. The hypothesis testing is thus:

H_0: There is a heteroscedasticity in the residuals

H_1: There is no heteroscedasticity in the residuals

Decision rule: Reject H_0 if the the probability of F- statistic of the white test is greater than the 0.05 significance level. We observe that the probability of F- statistic of the white test is 0.5834. Since the probability of F-test is greater than the 0.05 significance level, the test is we therefore reject the null hypothesis that there is a heteroscedasticity in the residuals. Hence, we reject H_0 and accept H_1 that the model has no heteroscedasticity in the residuals and therefore, the data is reliable for predication.

Test of Research Hypotheses

The t-test is used to know the statistical significance of the individual parameters. Two-tailed tests at 5% significance level are conducted. The Result is shown on table 5 below. Here, we compare the estimated or calculated t-statistic with the tabulated t-statistic at $t_{\alpha/2} = t_{0.05} = t_{0.025}$ (two-tailed test).

Degree of freedom (df) = n-k = 24-6 = 18

So, we have:

$T_{0.025(18)} = 2.101$ …Tabulated t-statistic

In testing the working hypotheses, which partly satisfies the objectives of this study, we employ a 0.05 level of significance. In so doing, we are to reject the null hypothesis if the t-value is significant at the chosen level of significance; otherwise, the null hypothesis will be accepted. This is summarized in table 6 below.

Table 6: Summary of test of overall significance of the model

Variable	t-calculated (t_{cal})	t-tabulated ($t_{\alpha/2}$)	Conclusion
Constant	4.167692	±2.101	Statistically Significant
BIX	-4.038542	±2.101	Statistically Significant
IMT	-2.287289	±2.101	Statistically Significant
INF	-1.615976	±2.101	Statistically Insignificant
FRA	2.690849	±2.101	Statistically Significant
EXR	2.294419	±2.101	Statistically Significant

Source: Researchers computation

We begin by bringing our working hypothesis to focus in considering the individual hypothesis. From table 6, the t-test result is interpreted below;

For BIX, $t_{cal} > t_{\alpha/2}$, therefore we reject the null hypothesis and accept the alternative hypothesis. This means that BIX has a significant impact on INTL.

For IMT, $t_{cal} > t_{\alpha/2}$, therefore we reject the null hypothesis and accept the alternative hypothesis. Thus, IMT do have a significant impact on INTL.

For INF, $t_{cal} < t_{\alpha/2}$, therefore we accept the null hypothesis and reject the alternative hypothesis. This means that INF does not have an impact on INTL.

For FRA, $t_{cal} > t_{\alpha/2}$, therefore we reject the null hypothesis and accept the alternative hypothesis. This means that FRA has a significant impact on INTL.

For EXR, $t_{cal} > t_{\alpha/2}$, therefore we reject the null hypothesis and accept the alternative hypothesis. Thus, EXR have a significant impact on INTL.

CONCLUSION

The study attempted to explain the determinants of international trade in Nigeria from 1999-2022 using Ordinary least Square (OLS) technique method. All data used are secondary data obtained from the Statistical Bulletin of Central Bank of Nigeria (CBN) and National Bureau of Statistics (NBS) annual publications and World Bank DataBank. In executing the study, the OLS techniques was applied after determining stationarity of our variables using the ADF Statistic and was discovered that the variables are stationary. From the result of the OLS, it is observed that adequate infrastructure and exchange rate have a positive impact on

international trade in Nigeria. This means that if adequate infrastructure and exchange rate increases and improve, it will bring about more improvement and growth in Nigeria through foreign trade. On the other hand, import tariff, cost of doing business and inflation has a negative impact on international trade in Nigeria. Thus, increase in import tariff, cost of doing business and inflation will bring about a decline in foreign trade in Nigeria. From the regression analysis, it is observed that all the variables conform to the a priori expectation of the study. The study revealed that cost of doing business, import tariffs, inflation rate, infrastructure and exchange rate are good and are not the major determinants of international trade in Nigeria because the coefficient of determination (R^2) is given as 53%, which shows that the explanatory power of the variables is moderately strong. The F-test conducted in the study shows that the model has a goodness of fit and is statistically different from zero. In other words, there is a significant impact between the dependent and independent variables in the model. Finally, both R^2 and adjusted R^2 show that the explanatory power of the variables is moderately high and/or strong in explaining the international trade in Nigeria.

The study therefore recommends that: The government should investment in Infrastructural Development with focus on power, transportation, gas and technology infrastructure. This is important because it forms the bedrock that drives the capacity of an economy to thrive. The government should use the instrument of tariffs and quotas to protect domestic firms and industries. This will help the domestic investments have completive advantage over imported goods. The government can use the contractionary monetary policy to reduce inflation. This can be achieved by reducing the supply of money within an economy thus lowering the prices of bonds and rising interest rates. The apex bank should fix or peg the exchange. This will help to keep a currency's value within a narrow band. Fixed exchange rates provide greater certainty for exporters and importers and help the government maintain low inflation.

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