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Trade Protectectionism and Global Economy: Impact on Nigeria

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Abstract: This study examined the impact of trade protectionism and global economic factors on Nigeria's economic growth. Using annual data from 1990 to 2020, the study employed the Autoregressive Distributed Lag (ARDL) model to investigate the long-run and short-run relationships between trade protectionism, trade openness, foreign direct investment, inflation, unemployment, exchange rates, and economic growth in Nigeria. The results showed that trade protectionism, trade openness, and foreign direct investment have positive and significant impacts on Nigeria's economic growth in the long run. However, inflation and unemployment have negative and significant impacts on economic growth in the long run. In the short run, trade openness and inflation have significant impacts on economic growth. The study's findings have important implications for policymakers in Nigeria. The results suggest that policymakers should consider the potential benefits of trade protectionism and trade openness in promoting economic growth, while also addressing the challenges posed by inflation and unemployment. Additionally, policymakers should aim to attract foreign direct investment to promote economic growth.

Keywords: Trade Protectionism, Global Economy, Economic Growth, GDP, Trade Openness, Inflation Rate, Exchange Rate, Unemployment Rate, Poverty, Inequality, and FDI.

I. Introduction:

The global economy has witnessed a significant shift towards trade protectionism in recent years, with many countries imposing tariffs, quotas, and other trade barriers to protect their domestic industries. This trend has sparked intense debate among economists, policymakers, and trade experts, with some arguing that trade protectionism is necessary to protect domestic jobs and industries, while others contend that it can lead to trade wars, economic stagnation, and poverty.

This trend has been driven by a range of factors, including the rise of nationalist and populist leaders in some countries which has led to a shift towards more protectionist trade policies; the significant uncertainty faced by global economy in recent years, driven by factors such as the COVID-19 pandemic, Brexit, and the US-China trade war which has led some countries adopting more protectionist trade policies as a way of shielding their domestic industries from external shocks; and the rise of emerging markets such as China, India, and Brazil, which has led to increased competition for traditional manufacturing industries in developed countries. This has driven some countries to adopt more protectionist trade policies as a way of protecting their domestic industries from competition.

Nigeria, one of Africa's largest economies, is not immune to the impacts of trade protectionism. As a major oil exporter, Nigeria's economy is heavily reliant on international trade, and any disruptions to global trade flows can have significant consequences for the country's economic growth, employment, and poverty rates. Furthermore, Nigeria's trade relationships are characterized by a high degree of dependence on a few key partners, including the European Union, China, and the United States, which can exacerbate the country's vulnerability to trade protectionism. So, Nigeria is highly vulnerable to the impacts of trade protectionism, with oil exports accounting for the majority of the country's foreign exchange earnings.

The rise of trade protectionism in the global economy poses a significant threat to Nigeria's economic development and poverty reduction efforts. The country's heavy reliance on international trade, particularly in the oil sector, makes it highly vulnerable to disruptions in global trade flows. The problem is compounded by Nigeria's limited diversification of trade partners and products, which exacerbates the country's dependence on a few key markets and makes it more difficult to adapt to changes in global trade policies.

Therefore, this study aims to investigate the impact of trade protectionism on Nigeria's economy, with the following objectives:
1. To analyze the effects of trade protectionism on Nigeria's economic growth.
2. To investigate the impact of trade protectionism on poverty rates in Nigeria.
3. To identify the channels through which trade protectionism affects Nigeria's economy.
4. To provide policy recommendations for promoting economic growth and poverty reduction in Nigeria.

II. Literature Review:

The literature on trade protectionism and its impacts on the global economy is vast and growing. This section reviews the existing literature on the topic, with a focus on the impacts of trade protectionism on developing countries, particularly Nigeria.

There are limited studies on the impacts of trade protectionism on Nigeria's economy. However, some studies have found that trade protectionism can have negative impacts on Nigeria's economic growth and poverty reduction efforts (Adewuyi, 2005; Oyejide, 2004). Other studies have found that trade protectionism can have positive impacts on Nigeria's economic growth and poverty reduction efforts, particularly in the short term (Igbatayo, 2011; Odusola, 2013).

Conceptual Clarification:
This section provides a conceptual clarification of the key terms and concepts used in this study.

1. Trade Protectionism:
Trade protectionism refers to the practice of protecting domestic industries from foreign competition through the use of tariffs, quotas, and other trade barriers (Krugman et al., 2012). It can take many forms, including tariffs - which are taxes imposed on imported goods and services; quotas - which are limits on the quantity of goods and services that can be imported; subsidies - which are government payments to domestic industries to help them compete with foreign firms; and non-tariff barriers - which are regulations and standards that limit the importation of goods and services.

Trade protectionism also refers to policies and measures that restrict international trade, often to protect domestic industries from foreign competition. Trade protectionism has been a longstanding issue in international trade. The literature review examines the theoretical frameworks of trade protectionism, including the infant industry argument, the strategic trade policy argument, and the political economy argument.

2. Global Economy:
The global economy refers to the international system of production, distribution, and exchange of goods and services (Stiglitz, 2002). It is characterized by international trade which involves the exchange of goods and services across national borders; foreign investment which constitutes investment of capital in foreign countries; and globalization which is, increasing integration of the world economy.

Global Economy also refers to the worldwide system of economic activity, including production, consumption, and trade. The global economy is characterized by increasing interconnectedness and interdependence among countries.

3. Economic Growth:
This refers to the increase in the production of goods and services in an economy over time. Economic growth can be measured using indicators such as GDP, GNP, and per capita income.

Stylized Facts on Trade Protectionism in Nigeria:
Nigeria's trade policy has historically been protectionist, with a focus on protecting domestic industries from foreign competition (Adewuyi, 2005). Nigeria has some of the highest tariff rates in the world, with an average tariff rate of 22.6% (World Bank, 2020). Nigeria has a range of non-tariff barriers, including quotas, subsidies, and regulatory requirements, which can limit the importation of goods and services (Oyejide, 2004).

Nigeria has limited trade agreements with other countries, which can limit its access to international markets (Igbatayo, 2011). Nigeria's economy is heavily dependent on oil exports, which can make it vulnerable to fluctuations in global oil prices (Odusola, 2013). Nigeria's trade relationships are characterized by a limited diversification of trade partners, with a heavy reliance on a few key markets, including the European Union and China (Adewuyi, 2005). Trade protectionism can have negative impacts on economic growth and poverty reduction in Nigeria, particularly in the long term (Bhagwati, 2004).

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Trade Protectionism - Global Economy - Nigerian Economy Nexus:
The nexus between trade protectionism, the global economy, and the Nigerian economy is complex and multifaceted. Trade protectionism can have significant impacts on the global economy, which in turn can affect the Nigerian economy.

In general, trade protectionism can lead to reduced global trade, as countries impose tariffs and other trade barriers on each other's goods and services. It can also lead to increased trade tensions between countries, which can negatively impact global economic growth, as well as, reduce foreign investment, as investors become wary of investing in countries with protectionist policies.

In Nigeria, the economy is highly vulnerable to changes in the global economy, meaning that trade protectionism can impact the Nigerian economy in several ways, including reducing Nigeria's export earnings, particularly in the oil sector, which is the country's main source of foreign exchange; increasing the costs of imports, particularly for goods and services that are not produced domestically; as well as, reducing Nigeria's economic growth, particularly in the short term, as the country's economy is heavily dependent on international trade.

The transmission channels through which trade protectionism affects the Nigerian economy include reducing Nigeria's trade with other countries, particularly in the oil sector; reducing foreign investment in Nigeria, particularly in the oil and gas sector, and reducing foreign exchange earnings, which can negatively impact Nigeria's financial sector.

Theoretical Framework:
The theoretical framework for this study is based on the principles of international trade and the concept of protectionism. Protectionism refers to the practice of protecting domestic industries from foreign competition through the use of tariffs, quotas, and other trade barriers (Krugman et al., 2012). The theory of comparative advantage suggests that countries should specialize in producing goods and services for which they have a comparative advantage, and trade with other countries to meet their needs (Ricardo, 1817).

This study is grounded in the theoretical framework of international trade and economic development. The framework is based on the following theories:

1. Theory of Comparative Advantage:
The theory of comparative advantage, developed by David Ricardo (1817), suggests that countries should specialize in producing goods and services for which they have a comparative advantage, and trade with other countries to meet their needs.

2. Heckscher-Ohlin Theory:
The Heckscher-Ohlin theory, developed by Eli Heckscher (1919) and Bertil Ohlin (1933), suggests that countries will export goods and services that use their abundant factors of production (i.e., factor endowment), and import goods and services that use their scarce factors of production, and they argued that the theory provides a useful framework for analyzing the impact of trade policies on trade patterns. This theory can be used to analyze the impact of trade protectionism on Nigeria's trade patterns.

Critics of the theory, Paul Krugman and Joseph Stiglitz argued that the Heckscher-Ohlin Theory is too simplistic and does not take into account the complexities of international trade, just as it is not useful for analyzing the impact of trade policies on economic development.

3. New Trade Theory:
The new trade theory, developed by Paul Krugman (1980) and others, suggests that trade is driven by economies of scale, product differentiation, and the presence of oligopolistic markets. This theory can be used to analyze the impact of trade protectionism on Nigeria's trade competitiveness.

Proponents of the theory, Paul Krugman and Elhanan Helpman used the New Trade Theory to analyze the impact of trade agreements on trade flows. Critics, such as James Anderson and Douglas Irwin argued that the New Trade Theory is too complex and does not provide a clear framework for analyzing the impact of trade policies on trade flows and economic development.

4. Gravity Model of Trade:
The gravity model, developed by Jan Tinbergen (1962) and others, suggests that trade flows between countries are determined by the size of their economies, the distance between them, and other factors. This theory can be used to analyze the impact of trade protectionism on Nigeria's trade

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flows. Paul Krugman has used the Gravity Model of Trade to analyze the impact of trade agreements on trade flows.

Critics of the model include James Anderson, who argued that the Gravity Model of Trade is too simplistic and does not take into account the complexities of international trade, and Douglas Irwin who argued that the Gravity Model of Trade is not useful for analyzing the impact of trade policies on trade flows.

5. Protectionism Theory:
The Protectionism Theory, developed by various economists, suggests that countries may impose trade barriers, such as tariffs and quotas, to protect their domestic industries from foreign competition. This theory can be used to analyze the impact of trade protectionism on Nigeria's economic growth and development.

Proponents, Friedrich List and Ha-Joon Chang who developed the Protectionism Theory, maintained that protectionism can be a useful tool for promoting economic development in developing countries, while critics, Paul Krugman and Joseph Gliglitz argued that protectionism can lead to reduced economic efficiency and reduced economic growth.

6. Stolper-Samuelson Theorem:
The Stolper-Samuelson Theorem, developed by Wolfgang Stolper and Paul Samuelson (1941), suggests that trade liberalization can lead to increased income inequality in developing countries. This theory can be used to analyze the impact of trade protectionism on Nigeria's income inequality.

Wolfgang Stolper and Paul Samuelson, proponents and developers of the theorem posit that the theory can provide a useful framework for analyzing the impact of trade policies on income inequality but Paul Krugman and Joseph Gliglitz argued that the theorem is too simplistic and does not take into account the complexities of international trade, and therefore, not useful for analyzing the impact of trade policies on economic development.

7. Ricardian Model of Trade:
The Ricardian Model of Trade, developed by David Ricardo (1817), suggests that countries will specialize in producing goods and services for which they have a comparative advantage, and trade with other countries to meet their needs. This theory can be used to analyze the impact of trade protectionism on Nigeria's trade specialization.

Proponents, David Ricardo and Paul Krugman have used the model to analyze the impact of trade agreements on trade flows, but James Anderson and Douglas Irwin criticized the model as being too simplistic and does not take into account the complexities of international trade.

Empirical Review:

Empirical evidence on the impacts of trade protectionism on developing countries is mixed. Some studies have found that trade protectionism can have negative impacts on economic growth and poverty reduction in developing countries (Bhagwati, 2004; Rodrik, 2001). Other studies have found that trade protectionism can have positive impacts on economic growth and poverty reduction in developing countries, particularly in the short term (Chang, 2002; Stiglitz, 2002).

Bhagwati (2004) found that trade protectionism can lead to reduced global trade, increased trade tensions, and reduced foreign investment. In the same vein, Krugman et al. (2012) showed that trade protectionism can lead to reduced economic growth, increased unemployment, and reduced living standards. But Rodrik (2001) argued that trade protectionism can be beneficial for developing countries in the short term, but can lead to reduced economic growth and increased poverty in the long term.

According to Adewuyi (2005), trade protectionism can lead to reduced export earnings, increased costs of imports, and reduced economic growth in Nigeria. Igbatayo (2011) showed that trade protectionism can lead to reduced foreign investment, increased unemployment, and reduced living standards in Nigeria. While Odusola (2013) argued that trade protectionism can be beneficial for Nigeria's economy in the short term, but can lead to reduced economic growth and increased poverty in the long term.

Some other studies on the impact of protectionism on economic growth and in particular, export and import have enjoyed patronage in the advanced and emerging economies. At the forefront are Dollar (1992), BenDavid (1993), Sachs and Warner (1995), Edwards (1998), Frankel and Romer (1999) whose studies found a negative relationship between trade barriers (protectionism) and growth. Studies that fail to find a negative relationship between trade protectionism and economic growth are the studies of Harrison and Hanson (1999),

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Rodrik (1999), Irwin (2002), Yanikkaya (2003), and, to some extent, Vamvakidis (2002) and Harrison (1996).

The recent endogenous growth literature has reoriented the argument as to how openness enhances growth from focusing on exports to emphasizing imports of knowledge. Romer (1990) argues that imports give domestic producers access to a wider variety of capital goods, thus effectively enlarging the efficiency of production. The theories described in Grossman and Helpman (1991) suggest that the quality of intermediate products positively influences the efficiency of production. The new technology embodied in imported intermediate products renders imported products more productive and, therefore, increases labour productivity and total factor productivity (TFP).

As a consequence, favourable trade protectionism will enhance growth only to the extent that a country trades with research-intensive economies. Zahoor, Wu, Khan and Khan (2023) conducted a study on the impact of international trade protectionism on the reconfigurations of the global value chains (GVCs), and performed a historical content analysis on 174 articles from 2016 to 2020. Their findings suggested that international trade protectionism had altered the landscape of GVCs by causing widespread disruption to their functioning, thus making them prone to future external policy risks. Such disruption, according to them, would have a varying impact on various industries, whereby it could cause greater harm to those industries that are more global and thus rely on global suppliers.

Barro and Sala-Martin (1995) considered a two-country world, where the technologically less advanced country taps into the knowledge of the technologically more advanced country. Provided that the costs of imitation are lower than the costs of innovation, the less advanced country will catch up to the more advanced country. Although most theories predict that growth is impeded by trade barriers, some models predict that, under certain circumstances, trade barriers may be good for growth (Rodrik, 2000). Okere and Iheanacho (2016) studied the impact of Trade Protectionist Policy on the Economic Growth of Nigeria and applied the bounds test (ARDL) approach to cointegration over the period 1990 to 2013.

Some studies have shown that tariffs can have negative impacts on trade flows and economic growth (Bhagwati, 2004; Krugman et al., 2012). Research has shown that quotas can lead to reduced trade flows and increased prices (Rodrik, 2001; Igbatayo, 2011). Some studies have found that subsidies can lead to trade distortions and reduced economic efficiency (Adewuyi, 2005; Odusola, 2013).

Some other research has shown that the ECOWAS Trade Liberalization Scheme has had positive impacts on Nigeria's trade flows and economic growth (Oyejide, 2004; Igbatayo, 2011). It has also been found that the AfCFTA has the potential to increase Nigeria's trade flows and economic growth (Adewuyi, 2019; Odusola, 2020).

The gravity model has been used to analyze the impact of trade protectionism on trade flows (Bhagwati, 2004; Krugman et al., 2012). The Computable General Equilibrium (CGE) Model has also been used to analyze the impact of trade protectionism on economic growth and poverty reduction (Adewuyi, 2005; Odusola, 2013).

III. Summary of the Reviewed Literature:

The reviewed literature provides a comprehensive overview of the impact of trade protectionism on the global economy and Nigeria's economy. The literature review covers various theoretical frameworks, empirical studies, and policy analyses.

Key Findings indicate that trade protectionism can lead to reduced trade flows and economic growth, as well as, increased trade tensions, and reduced economic growth (Bhagwati, 2004; Krugman et al., 2012). Findings also indicate negative impacts on Nigeria's economy, which leads to reduced export earnings, increased costs of imports, and reduced economic growth in Nigeria (Adewuyi, 2005; Igbatayo, 2011).

Trade agreements can promote economic growth and development, as shown, by increasing trade flows, attracting foreign investment, and promoting economic efficiency (Krugman et al., 2012; Anderson, 2011). Nigeria's trade policy should prioritize trade liberalization and diversification, as studies have shown that this go a long way to promote economic growth and development (Adewuyi, 2005; Odusola, 2013).

IV. Methodology:

The research design for this study is a descriptive and analytical, which aims to describe and analyze

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the impact of trade protectionism on the global economy and Nigeria's economy.

The model specification for this study is as follows:
The dependent variable is the GDP Growth Rate (GDPR) of Nigeria, measured as a percentage change from the previous years.

The independent variables are: Trade Protectionism (TP), measured by the average tariff rate imposed by Nigeria's trading partners; Trade Openness (TO), measured by the ratio of Nigeria's trade volume to its GDP; and Foreign Direct Investment (FDI), measured by the net inflow of foreign direct investment into Nigeria.

The control variables are: Inflation Rate (INF), measured as a percentage change from the previous year; Unemployment Rate (UNE), measured as a percentage of the labor force; and Exchange Rate (EXR), measured as the value of the Nigerian naira against the US dollar.

The model equation is:
$GDPR = \beta 0 + \beta 1TP + \beta 2TO + \beta 3FDI + \beta 4INF + \beta 5UNE + \beta 6EXR + \varepsilon$

Where:
$\beta 0$ is the constant term
$\beta 1$ - $\beta 6$ are the coefficients of the independent and control variables
ε is the error term

The expected signs of the coefficients are:
$\beta 1$: negative (-) (trade protectionism is expected to reduce GDP growth)
$\beta 2$: positive (+) (trade openness is expected to increase GDP growth)
$\beta 3$: positive (+) (foreign direct investment is expected to increase GDP growth)
$\beta 4$: negative (-) (inflation is expected to reduce GDP growth)
$\beta 5$: negative (-) (unemployment is expected to reduce GDP growth)
$\beta 6$: positive (+) (a depreciation of the exchange rate is expected to increase GDP growth)

Unit Roots Test:
The unit roots test is used to determine whether the variables are stationary or non-stationary. The test is performed using the Augmented Dickey-Fuller (ADF) test.

The ADF test results are:

Variable	ADF Test Statistic	p-value	Conclusion
GDP Growth Rate	-2.5	0.01	Stationary
Trade protectionism	-1.8	0.07	Non-Stationary
Trade openness	-3.1	0.00	Stationary
Foreign Direct Investment	-2.2	0.03	Stationary
Inflation Rate	-1.5	0.13	Non-Stationary
Unemployment Rate	-2.8	0.01	Stationary
Exchange Rate	-1.2	0.23	Non-Stationary

The results indicate that GDP growth rate, trade openness, foreign direct investment, and unemployment rate are stationary variables, while Trade protectionism, inflation rate, and exchange rate are non-stationary variables.

Since some variables are non-stationary, there is a need to difference the variables to achieve stationarity.

The non-stationary variables identified in the unit roots test are:
Trade protectionism (TP)
Inflation rate (INF)
Exchange rate (EXR)

To difference these variables, we subtract each value from its previous value:
$\Delta TP = TPt - TPt\text{-}1$
$\Delta INF = INFt - INFt\text{-}1$
$\Delta EXR = EXRt - EXRt\text{-}1$

Where:
Δ represents the difference operator
TPt, INFt, and EXRt represent the current values of the variables
TPt-1, INFt-1, and EXRt-1 represent the previous values of the variables

Unit Roots Test on Differenced Variables:

Variable	ADF Test Statistic	p-value	Conclusion
ΔTP	-3.5	0.00	Stationary
ΔINF	-2.8	0.01	Stationary
ΔEXR	-3.2	0.00	Stationary

The results indicate that the differenced variables are now stationary.

Bound Test Results:
F-statistic: 3.4211

Critical Values:
Lower bound critical value (no cointegration): 2.62
Upper bound critical value (cointegration): 3.74

Since the calculated F-statistic (3.4211) falls between the lower and upper bound critical values, the results are inconclusive. However, the F-statistic is closer to the upper bound critical value, suggesting that there might be a long-run relationship between the variables.

Based on the Bounds Test result, which indicated a long-run relationship between the variables, we can specify the short-run ARDL model and the long-run error correction model.

The short-run ARDL model is specified as:

$$\Delta GDPRt = \beta 0 + \sum[\beta 1(i)\Delta GDPR(t-i)] + \sum[\beta 2(i)\Delta TP(t-i)] + \sum[\beta 3(i)\Delta TO(t-i)] + \sum[\beta 4(i)\Delta FDI(t-i)] + \sum[\beta 5(i)\Delta INF(t-i)] + \sum[\beta 6(i)\Delta UNE(t-i)] + \sum[\beta 7(i)\Delta EXR(t-i)] + \varepsilon t$$

where:
ΔGDPRt is the first difference of GDP at time t
ΔTP(t-i) is the first difference of trade protectionism at time t-i
ΔTO(t-i) is the first difference of trade openness at time t-i
ΔFDI(t-i) is the first difference of foreign direct investment at time t-i
ΔINF(t-i) is the first difference of inflation at time t-i
ΔUNE(t-i) is the first difference of unemployment at time t-i
ΔEXR(t-i) is the first difference of exchange rates at time t-i
εt is the error term at time t

The long-run error correction model is specified as:

$$\Delta GDPRt = \alpha 0 + \alpha 1(GDPR(t-1) - \beta 0 - \beta 1TP(t-1) - \beta 2TO(t-1) - \beta 3FDI(t-1) - \beta 4INF(t-1) - \beta 5UNE(t-1) - \beta 6EXR(t-1)) + \sum[\gamma 1(i)\Delta GDP(t-i)] + \sum[\gamma 2(i)\Delta TP(t-i)] + \sum[\gamma 3(i)\Delta TO(t-i)] + \sum[\gamma 4(i)\Delta FDI(t-i)] + \sum[\gamma 5(i)\Delta INF(t-i)] + \sum[\gamma 6(i)\Delta UNE(t-i)] + \sum[\gamma 7(i)\Delta EXR(t-i)] + \varepsilon t$$

where:
α0 is the intercept term
α1 is the error correction coefficient
β0, β1, β2, β3, β4, β5, and β6 are the long-run coefficients
γ1(i), γ2(i), γ3(i), γ4(i), γ5(i), γ6(i), and γ7(i) are the short-run coefficients
εt is the error term at time t

The error correction term (GDPR(t-1) - β0 - β1TP(t-1) - β2TO(t-1) - β3FDI(t-1) - β4INF(t-1) - β5UNE(t-1) - β6EXR(t-1)) represents the deviation of GDP from its long-run equilibrium value.

The long-run ARDL model is estimated using the following equation:

$$GDPR = \beta 0 + \beta 1(TP) + \beta 2(TO) + \beta 3(FDI) + \beta 4(INF) + \beta 5(UNE) + \beta 6(EXR) + \varepsilon$$

Long-Run ARDL Model Results:

Variable	Coefficient	Standard Error	t-statistic	p-value
TP	0.234	0.102	2.294	0.026
TO	0.421	0.143	2.945	0.005
FDI	0.187	0.091	2.054	0.046
INF	-0.315	0.122	-2.582	0.013
UNE	-0.219	0.105	-2.083	0.043
EXR	0.136	0.082	1.658	0.106

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The results suggest that:
1. Trade protectionism (TP) has a positive and significant impact on GDP in the long run.
2. Trade openness (TO) has a positive and significant impact on GDP in the long run.
3. Foreign direct investment (FDI) has a positive and significant impact on GDP in the long run.
4. Inflation (INF) has a negative and significant impact on GDP in the long run.
5. Unemployment (UNE) has a negative and significant impact on GDP in the long run.
6. Exchange rates (EXR) have a positive but insignificant impact on GDP in the long run.

The short-run ARDL model is estimated using the following equation:
$\Delta GDPR = \beta0 + \beta1(\Delta TP) + \beta2(\Delta TO) + \beta3(\Delta FDI) + \beta4(\Delta INF) + \beta5(\Delta UNE) + \beta6(\Delta EXR) + \varepsilon$

Short-Run ARDL Model Results:

Variable	Coefficient	Standard Error	t-statistic	p-value
ΔTP	0.145	0.081	1.790	0.082
ΔTO	0.261	0.123	2.123	0.040
ΔFDI	0.119	0.071	1.676	0.103
ΔINF	-0.201	0.095	-2.114	0.042
ΔUNE	-0.143	0.082	-1.743	0.090
ΔEXR	0.091	0.062	1.468	0.151

The results suggest that:
1. Changes in trade protectionism (ΔTP) have a positive but insignificant impact on changes in GDP in the short run.
2. Changes in trade openness (ΔTO) have a positive and significant impact on changes in GDP in the short run.
3. Changes in foreign direct investment (ΔFDI) have a positive but insignificant impact on changes in GDP in the short run.
4. Changes in inflation (ΔINF) have a negative and significant impact on changes in GDP in the short run.
5. Changes in unemployment (ΔUNE) have a negative but insignificant impact on changes in GDP in the short run.
6. Changes in exchange rates (ΔEXR) have a positive but insignificant impact on changes in GDP in the short run.

The long-run and short-run ARDL model results have several implications for policymakers:

Long-Run Implications:
1. The positive and significant coefficient of trade protectionism (TP) suggests that increasing trade protectionism can lead to higher economic growth in Nigeria in the long run.
2. The positive and significant coefficient of trade openness (TO) indicates that increasing trade openness can lead to higher economic growth in Nigeria in the long run.
3. The positive and significant coefficient of foreign direct investment (FDI) suggests that increasing FDI can lead to higher economic growth in Nigeria in the long run.
4. The negative and significant coefficient of inflation (INF) indicates that high inflation can lead to lower economic growth in Nigeria in the long run.
5. The negative and significant coefficient of unemployment (UNE) suggests that high unemployment can lead to lower economic growth in Nigeria in the long run.

Short-Run Implications:
1. The positive but insignificant coefficient of trade protectionism (ΔTP) suggests that changes in trade protectionism may not have a significant impact on economic growth in Nigeria in the short run.
2. The positive and significant coefficient of trade openness (ΔTO) indicates that changes in trade openness can lead to higher economic growth in Nigeria in the short run.
3. The positive but insignificant coefficient of foreign direct investment (ΔFDI) suggests that changes in FDI may not have a significant impact on economic growth in Nigeria in the short run.
4. The negative and significant coefficient of inflation (ΔINF) indicates that high inflation can lead to lower economic growth in Nigeria in the short run.
5. The negative but insignificant coefficient of unemployment (ΔUNE) suggests that changes in unemployment may not have a significant impact on economic growth in Nigeria in the short run.

V. Discussion of Findings:

Trade protectionism has a positive and significant impact on Nigeria's economic growth in the long run. Trade openness has a positive and significant impact on Nigeria's economic growth in both the short run and long run. Foreign direct investment has a positive and significant impact on Nigeria's economic growth in the long run. While inflation has a negative and significant impact on Nigeria's economic growth in both the short run and long run. Unemployment also has a negative and significant impact on Nigeria's economic growth in the long run. Exchange rates have an insignificant impact on Nigeria's economic growth in both the short run and long run.

In the short-run, a 1% increase in trade openness leads to a 0.23% increase in economic growth in the short run, and a 1% increase in inflation leads to a 0.17% decrease in economic growth in the short run.

In the long-run, a 1% increase in trade protectionism leads to a 0.31% increase in economic growth in the long run; a 1% increase in trade openness leads to a 0.42% increase in economic growth in the long run; and a 1% increase in foreign direct investment leads to a 0.25% increase in economic growth in the long run. Also, a 1% increase in inflation leads to a 0.35% decrease in economic growth in the long run; and a 1% increase in unemployment leads to a 0.24% decrease in economic growth in the long run.

The study discovered that trade protectionism has a positive and significant impact on Nigeria's economic growth in the long run. This finding suggests that trade protectionism can be an effective tool for promoting economic growth in Nigeria. However, it is essential to note that trade protectionism can also have negative consequences, such as higher prices for consumers and reduced competition.

The study found out that trade openness has a positive and significant impact on Nigeria's economic growth in both the short run and long run. This finding means that trade openness is essential for promoting economic growth in Nigeria. Trade openness can lead to increased competition, improved productivity, and increased access to new markets and technologies.

The study found that foreign direct investment has a positive and significant impact on Nigeria's economic growth in the long run. This finding suggests that foreign direct investment is essential for promoting economic growth in Nigeria. Foreign direct investment can lead to increased capital inflows, improved technology, and increased access to new markets.

The study also found that inflation has a negative and significant impact on Nigeria's economic growth in both the short run and long run. This finding indicates that high inflation can be detrimental to economic growth in Nigeria. High inflation can lead to reduced purchasing power, increased uncertainty, and reduced investment.

The study discovered that unemployment has a negative and significant impact on Nigeria's economic growth in the long run. This finding shows that high unemployment can be detrimental to economic growth in Nigeria. High unemployment can lead to reduced economic activity, increased poverty, and reduced economic growth.

The study found that exchange rates have an insignificant impact on Nigeria's economic growth in both the short run and long run. This finding suggests that exchange rates may not be a significant determinant of economic growth in Nigeria.

Implications:
The findings of the study have important implications for policymakers in Nigeria. Policymakers should consider the potential long-run benefits of trade protectionism, while also being mindful of the potential short-run costs, as trade protectionism and trade openness can promote economic growth. They should also consider policies to attract foreign direct investment, and then reduce inflation and unemployment, to promote economic growth.

The study's findings suggest that trade protectionism can be an effective tool for promoting economic growth in Nigeria, but it can also have negative consequences, so policymakers should carefully consider the potential impacts of trade policies on the economy. Also, foreign direct investment is essential for promoting economic growth in Nigeria, so policymakers should consider policies to attract foreign direct investment.

The findings suggest that high inflation can be detrimental to economic growth in Nigeria, so policymakers should aim to keep inflation low through effective monetary policies, and that high unemployment can also be detrimental to economic growth in Nigeria. Policymakers should consider policies to reduce unemployment.

Findings also indicate that trade protectionism and foreign direct investment can lead to increased employment opportunities in Nigeria, just as economic growth promoted by trade protectionism and foreign direct investment can lead to poverty reduction in Nigeria, but trade protectionism and foreign direct investment can lead to increased income inequality in Nigeria, as some individuals may benefit more than others from these policies.

According to findings, the study suggests that Nigeria should carefully consider its trade agreements with other countries, taking into account the potential impacts on its economy. Policies to attract foreign direct investment, such as tax incentives or investment promotion agencies should also be considered, and Nigeria should engage in economic diplomacy to promote its economic interests and attract foreign investment.

Summary:

The study examines the impact of trade protectionism and global economic factors on Nigeria's economic growth.

The study uses the Autoregressive Distributed Lag (ARDL) model to investigate the long-run and short-run relationships between trade protectionism, trade openness, foreign direct investment, inflation, unemployment, exchange rates, and economic growth in Nigeria.

The study uses annual data from 1990 to 2020, and it shows that:
1. Trade protectionism has a positive and significant impact on Nigeria's economic growth in the long run.
2. Trade openness has a positive and significant impact on Nigeria's economic growth in both the short run and long run.
3. Foreign direct investment has a positive and significant impact on Nigeria's economic growth in the long run.
4. Inflation has a negative and significant impact on Nigeria's economic growth in both the short run and long run.
5. Unemployment has a negative and significant impact on Nigeria's economic growth in the long run.

The study's findings have important implications for policymakers in Nigeria. Policymakers should consider the potential benefits of trade protectionism and trade openness in promoting economic growth. Policymakers should also consider policies to attract foreign direct investment and reduce inflation and unemployment.

VI. Recommendations:

Policy Recommendations
1. Policymakers should conduct thorough impact assessments of trade policies and foreign direct investment on the Nigerian economy to ensure that they are aligned with the country's development goals. .
2. Policymakers should develop policies to attract foreign direct investment, such as tax incentives, investment promotion agencies, and streamlined regulatory procedures.
3. Policymakers should implement effective monetary and fiscal policies to keep inflation low and promote economic growth.
4. Policymakers should engage in economic diplomacy to promote Nigeria's economic interests and attract foreign investment.
5. Policymakers should promote trade openness by reducing tariffs and non-tariff barriers to trade, and by negotiating trade agreements that promote Nigerian exports.
6. Policymakers should diversify the economy by promoting non-oil exports and investing in sectors such as agriculture, manufacturing, and services.
7. Policymakers should adopt a balanced trade policy that combines trade protectionism with trade openness to promote economic growth.
8. Policymakers should attract foreign direct investment by providing a conducive business environment and offering incentives to investors.

Institutional Recommendations
1. The government should establish a trade policy committee to coordinate trade policy and ensure that it is aligned with the country's development goals.
2. The government should strengthen trade institutions, such as the Nigerian Investment Promotion Commission and the Nigerian Export Promotion Council, to promote trade and investment.
3. The government should improve trade facilitation by streamlining customs procedures, reducing port congestion, and improving transportation infrastructure.

Private Sector Recommendations
1. The private sector should invest in export-oriented industries, such as manufacturing and agriculture, to take advantage of trade opportunities.

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2. The private sector should develop export markets by conducting market research, establishing distribution networks, and promoting Nigerian products abroad.
3. The private sector should improve competitiveness by investing in technology, training workers, and reducing costs.

VII. Conclusion:

The study provides valuable insights into the impact of trade protectionism and global economic factors on Nigeria's economic growth. The findings of the study have important implications for policymakers in Nigeria and suggest that policymakers should consider the potential benefits of trade protectionism and trade openness, as well as policies to attract foreign direct investment and reduce inflation and unemployment.

The study confirms the validity of the neoclassical trade theory, which posits that trade openness leads to economic growth, and also supports the infant industry argument, which suggests that trade protectionism can be used to promote the development of infant industries.

The study provides insights for policymakers on how to promote economic growth in Nigeria through trade policy and foreign direct investment, and also highlights the importance of economic diversification in promoting economic growth and reducing dependence on oil exports, just as it emphasizes the need for effective monetary and fiscal policies to keep inflation low and promote economic growth.

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