

Export Diversification and Economic Growth in Nigeria: An Application of SVAR Model

Salihu Abdullahi¹, Adamu Jibir²

Since the oil boom of 1970's, oil sector remained the dominant sector in the Nigerian Economy accounting for measure shares of export, revenue and foreign exchange earnings. This over dependence on oil has subjected the economy to high level of economic instability in response to external disturbances. A lot of efforts have been made by the government to diversify the economy, but failed due to corruption and lack of proper implementation. Most of the goods exported from Nigeria to other countries are primary commodities whose prices are highly volatile. Export diversification has a lot of advantages which include: boosting the country's output, higher per capita income, rising foreign direct investment, improvement of terms of trade, reduction of export instability, stabilisation of export earnings, increase in productivity among others. The study examines the long run and short run dynamic effects of export diversification on economic growth in Nigeria over the periods 1970 to 2015 using Autoregressive Distributed Lagged Model. The findings of the study revealed that export diversification has significant positive impact on per capita income, foreign direct investment and economic growth both in the short run and long run. The study therefore, recommended that research and development as well as export promotion strategies should be properly designed and implemented.

Keywords *Export Diversification, Economic Growth, and Foreign Direct Investment*

¹ Department of Economics, Gombe State University, Gombe, Nigeria. sabdullahi05@gmail.com

² Department of Economics, Gombe State University, Gombe, Nigeria. adamujibir@gmail.com