Economic Integration, Trade Balances and Socioeconomic Development in Nigeria

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Abstract

This article examined the link between economic integration, trade balances and socioeconomic development in Nigeria. Specifically, the work was designed to trace the trend of the variables of exports and imports, trade flows and trade balances as well as the variables of socio-economic development including the gross domestic product (GDP), unemployment and inflation rate in Nigeria from 1981 to 2013. In order to achieve this objective, the exploratory, descriptive and desk research design were used. In line with these, data were sourced from existing documents and materials including the Central Bank of Nigeria (CBN) statistical Bulletin, CBN Annual Reports and Statement of Account, CBN Bullion, Journals, textbooks, periodicals and internet-based sources.

Index terms— economic integration, trade balances, trade flow and socio-economic development.

1 Economic Integration, Trade Balances and Socioeconomic Development in Nigeria

Abstract-This article examined the link between economic integration, trade balances and socioeconomic development in Nigeria. Specifically, the work was designed to trace the trend of the variables of exports and imports, trade flows and trade balances as well as the variables of socio-economic development including the gross domestic product (GDP), unemployment and inflation rate in Nigeria from 1981 to 2013.

In order to achieve this objective, the exploratory, descriptive and desk research design were used. In line with these, data were sourced from existing documents and materials including the Central Bank of Nigeria (CBN) statistical Bulletin, CBN Annual Reports and Statement of Account, CBN Bullion, Journals, textbooks, periodicals and internet-based sources. The data were analysed descriptively and inferentially using simple percentages mainly to portray the characteristic movement of the variables. It was discovered that on average over 97% of the total exports from Nigeria for the period under consideration were oil exports, while non-oil import controlled the total of import values at least 75% level for the various years. This made it impossible for the country to really enjoy the benefit of economic integration in the area of socioeconomic development as unemployment and inflation rates kept on increasing even in the face of increasing gross domestic product and trade balances. Following from above, it was recommended that the development of the non-oil sectors of the economy through aggressive investment and incentives to encourage private investors with export oriented focus be promoted. Other recommendations include adequate investments in infrastructure mainly in the areas of power supply, transportation, communication and health care facilities and promotion of broad-based entrepreneurship to promote small and medium scale export businesses, among others. It was therefore, concluded that the possibility of exploiting the benefits of economic integration through improved trade balances for improved socio-economic development in Nigeria could be achieved both in the short run and in the long run through aggressive implementation of the above recommendations.

2 Introduction

he management of any economy at any point in time is aimed at the attainment of macroeconomic objectives. Such objectives include economic development and growth, price stability, equilibrium balance of payment, equitable distribution of income and poverty reduction, among others. Operationally, economic and business transactions create trade relationships among nations. These relationships involve import and export of goods and service. Depending on the stage of development, level of technology and other elements of capabilities, less developed and developing countries adopt various economic policies to promote export more than import. This strategy is expected to produce favorable trade balance aimed at improving the balance of payment (BOP) and foreign reserve positions of one country over the other. To achieve this, requires some elements of trade barriers such as increased tariff on import, quota reduction, subsidy removal on imported goods and services as well as gross reduction in custom duties, among others are required. Traditionally, these are protectionists' economic approaches designed to protect infant industries in a domestic economy.

However, with the advancement in technology and increasing volume of trade across international boundaries, efforts to come together by many countries to form economic blocks that facilitate the flow and marketing of goods and services become quite imperative. These economic blocks developed both at regional and global level include Economic Community of West African States (ECOWAS), Organisation for African Unity, the European Union (EU), Organization of Africa Unity, (now African Union (AU)), the World Trade Organization (WTO), among others. The formation of these regional and global economic blocks creates what is referred to as economic integration.

Economic integration involves liberalization of economic and trade policies to remove barriers among member countries in order to promote trade relationship among them. In addition to these, member countries of the various economic blocks raise tariffs and other barrier tools against the non-member countries. Expectedly, those countries involved in economic integration aim at exploring avenues to improve their trade positions and achieve increased productivity, domestic stability and socio-economic development. Many developing countries of the world including those from Asia (e.g China and South Korea) and Latin America e.g. Argentina have achieved improved reduction in poverty level, human capacity building and i mproved life span, among others.

However, in Nigeria, the situation is rather adverse irrespective of her membership in most of these economic blocks. For instance, the world bank reports of 2010, 2011 and 2012 placed Nigeria among the poorest countries in the world based on it high poverty index of 69%, 69.8% and 73% respectively for the years 2010, 2011 and 2012. Equally, literacy rate and human development index are declining year after year. These therefore create the concern about the relevance of economic integration and trade balances recorded in Nigeria for some years now in promoting socioeconomic development in the country. Although there are some scholarly researches in the areas international economics, international trade, international economic management as well as development management such as those of Todaro and Smith, (2006: 645-646), ??un & Resnick, (2001:10-11) and Abel and Bernanke, (1998:208-212), there is no concrete research with specific focus on investigating the relevance of economic integration and trade balances in enhancing socioeconomic development in Nigeria. This article is therefore an attempt to examine the link between roles of economic integration, trade balances and socioeconomic development and growth in Nigeria. After this introduction is section two which covers conceptual and theoretical reviews. This is followed by methodology and design presented in section three. Section four houses the empirical review and analysis while section five covers the discussions, recommendations and conclusions.

3 II. Conceptual and Theoretical Review a) The Concept and Philosophy of Economic Integration

The need for countries (mainly developing economies) to remove trade barriers and restrictions and come under one common market is informed by their desire to ensure free flow of investments, people, goods and services, ideas, technologies and to stimulate export. This is in line with the south-south trade hypothesis which states that less developed and developing countries should go beyond greater trade with one another and move in the direction of economic integration ??Todaro and Smith, 2006: 645).

Economic integration involves the coming together of a group of countries in the same region to form an economic union or regional trading block by raising a common tariff wall against the product of nonmember countries while freeing internal trade among members. According to ??un and Resnick (2001: 10), economic integration requires policy liberalization which moves countries away from inward-looking, protectionist ideologies to an increasing level of free market and open economic policies. The major aim of economic integration is to ensure the realization of the benefits of international trade based on comparative advantage theory. As observed by ??un and Resnick (2001: 11);

Although the theory of comparative advantage is not completely immune to valid criticism, it nevertheless provides a powerful intellectual rationale for promoting free trade among nations. Currently, international trade is becoming further liberalized at both the global level and regional level. At the global level, the General Agreement on Tariffs and Trade (GATT), in which a multilateral agreement among member countries has played a key role in dismantling barriers to international trade. Since it was founded in 1947, GATT has been successful in gradually eliminating and reducing tariffs, subsidies, quotas and other barriers to trade.

Economic integration is an agreement between contagious nations to allow for the free flow of ideas, investment funds, technologies, goods and services within economic block in which a simple large market subsists with the benefits of comparative advantage and economies of scale ??Ogwuma, 1998: 3). In other words, economic integration removes all impediments to free trade and investment and ensures efficient resource allocation to promote greater output of goods and services and over all economic wellbeing of member states. As further explained by Ogwuma (1998: 3), economic integration promotes trade creation, trade diversion and complements the efforts at achieving the objectives of the multilateral trading arrangements specified in General Agreement on Trade and Tariff (GATT) and World Trade Organization (WTO).

The main rationale for economic integration is the long term benefits of providing the opportunity for industries that have not yet been established as well as for those that have to take advantage of economies of large-scale production made possible by expanding markets. Another key rationale for integration is in terms of promoting coordinated industrial strategy especially in industries where economies of scale are likely to exist ??Todaro and Smith, 2006: 646). This is possible through the division of labour among a group of countries. Division of labour is one of the features of economic integration. The highest level of economic integration is the Monetary Union, which involves the integration of trade and macroeconomic policies and the establishment of a common central bank and a single currency. The establishment of a Monetary Union is, however, consequent upon the member states meeting the convertibility conditions of monetary and fiscal prudence and other macroeconomic convergence indicators. This involves acceding to the obligation of the International Monetary Fund (IMF) Article VIII, to make their currencies convertible on current account basis ??Ogwuma, 1998: 3).

Different countries have natural endowment, technology and resource potentials that enable them specialize in the production of certain products based on comparative advantage. Those countries with the capabilities to produce such products expect their goods and services to satisfy the needs of other nations who import those products. Export and import of goods and services take place through international trade. Therefore, international trade is any trading arrangement or exchanges that occur across international boundaries.

As noted here, international trade is concerned with exporting and importing goods and services. Exporting implies selling products to another country while importing means buying products from another country.

There are many reasons why countries trade with other countries. According to ??ickels, McHugh and McHugh (2002: 65), no nation, (not even a technologically advanced one) can produce all of the products that her people want and need. Again even under self-sufficiency, other countries would seek trade with that country in order to meet the needs of their own people. In addition, some countries such as China and Russia have an abundance of natural resources but lack technological know-how while other countries, for instance, Japan, Taiwan and Switzerland have sophisticated technology but few natural resources.

Trade relationships therefore exist to enable each nation produce what it is most capable of producing and to buy what it needs in a mutually beneficial exchange relationship. This takes place through the process of free trade. Free trade occurs when there is a movement of goods and services among nations without political or economic trade barriers ??Nickels, McHugh and McHugh, 2002: 65).

There are two important theories that form the basis of international trade. These are the theories of comparative and absolute advantage. According to ??olander, (1994:731). The theory of comparative advantage holds that;

As long as relative opportunity costs of producing goods (what must be given up in one good in order to get another good) differ among countries, there are potential gains from trade, even if one country has an absolute advantage in everything.

In contrast, a country has an absolute advantage if it has a monopoly in the production of a specific product or is able to produce it more effectively than all other nations. South Africa was once noted to have absolute advantage in diamond production ??Nickels, McHugh and McHugh, 2002:66).

As observed by ??olander (1994:73), it is the comparative advantage, not absolute that forms the basis of trade. If one country has a comparative advantage in producing one product, the other countries must by definition have a comparative advantage in the other goods.

As viewed by Onyewueni (2005: 65), international trade has been sustained globally on the generally accepted belief that it makes variety of goods available and prices of goods comparatively cheaper because of the competitive production techniques. The technological advantage in which a country would enhance are the market control and the revenue from export trade. The more revenue a country earns from trade, the greater her capacity to command goods and services from other countries and the higher will be the standard of living of its people. It is in recognition of these outcomes that trade has come to be recognized as the engine of development and growth in any economy.

4 c) Nature, Concept of and Strategies for Managing Trade Balance

When countries enter into trade relationships with one another, the governments of such economies strive to protect the transactions among them by tracking these transactions in the balance of payment of their respective economies. The transactions are classified as either payment or receipts. The payments are debit items while receipts are the credit items. The transactions are further classified into major categories in the balance of payments. We have trade balances, balance on current account, balance on capital account, balance on capital plus current account and the changes in official reserves. This means that the balance of payments is classified into three categories or components which are the current account, capital account and the official reserves. This section examines the nature and concept of trade balances and the strategies that could be adopted to promote favorable trade balances in an economy.

Trade balances simply refers to the naira value of exports and imports in a given period of time usually one year. The trade balances are usually recorded in the current account section of the balance of payments and it comprises merchandise exports and imports of tangible goods such as oil, wheat, clothes, automobiles, computers, coffee, cocoa, iron ore and other goods produced by a country that could be seen and touched when the cross international boundaries. In addition to tangible goods are the intangibles such as insurance, education expenses, engineering, tourism, shipping, freight, haulage, royalties for patients, payment and receipts for legal and consulting services, and royalties for intellectual properties, among others (Eun and Resnick, 2001: 61) and **??**Lipsey & Steiner, 1981: 772-778).

The components of trade balances above show that trade balances are classified into the visible and the invisibles. Other items of visible and invisibles are expenditures in foreign lands, unilateral transfer such as gifts and pensions to persons living abroad, payment of interest and dividend on loan and investments respectively made by various economies in foreign countries.

Following from the above, it shows that international trade traditionally links up several national economies. Because of the gains from international trade, many countries are now increasingly pursuing free and open market economic policies as against their initial protectionist economic policies. To protect themselves, these countries adopt several strategies or measures to manage their balance of payments disequilibrium positions. The balance of payments under normal circumstances is supposed to be at a balance at all times since each credit item has corresponding debit item. But in most cases, the balance of payments do not always balance because of the effect of certain factors such as seasonal changes, business cycle changes, fluctuations in exchange rates and changes in demand and supply of certain products, among others. This leads to the balance of payments disequilibrium. The balance of payments disequilibrium occurs when there is an excess of exports over imports (surplus) or when there is an excess of imports over exports (deficits). We can also have a balance of payments disequilibrium when some sub items in the various accounts are in deficits while others are in surplus. For instance, when a country invests in foreign securities and makes payments to the foreign country, the current account is in deficits while the capital account will be in surplus, when such investment starts yielding profits, or when dividends are paid. In this direction, a balance of payments deficits means that on the aggregate, debit items exceed credit items while a balance of payments surplus means that on the aggregate, credit items exceed debit items. This gives rise to accommodating items and autonomous items. Autonomous items exist independent of the balance of payments while accommodating items are those transactions that are used in financing any differences between autonomous payments and autonomous receipt **??**Abel and Bernanke, 1998: 146-149).

When a country is faced with excessive surplus over its deficits, such a country can adopt any of the following strategies to promote favorable trade balances: investment of the excess funds in domestic productive investments that would generate more income, increase foreign investments, acquisition of foreign assets and repayment of external debts including the interest charges. The surpluses could also be used to help poorer nations by way of gifts, loans, written off deficits and special loans to encourage and maintain international relationship and/or brotherhood. Apart from the above, a country with surplus trade balances could held the surplus as reserves in foreign currencies and can use part to meet international obligations, part of the surplus can also be used to increase domestic imports. These strategies are however short term in nature but there might be need for adjustment processes which provide long term solutions. These adjustment processes are mostly applicable to the trade deficits **??**Afolabi, 1999: 333-334).

When trade deficits occur, the country involved tends to accumulate more debts than necessary. In this circumstance, the deficits could be financed temporarily or through the adjustment process. The option selected by a country to manage trade deficits depend on the size of the debt, the age, spread and causes of the debt. The strategies available are that the country can obtain loans from other countries, recall external loan, if any and if permitted by the agreed repayment schedule. If the deficit is small or insignificant, it could be maintained with the hope that in subsequent years, trade surpluses might eliminate such debts. The government of such an economy can sell part of its foreign investment and apply the proceeds in solving the problem, met the deficits out of past reserves, schedule the debt or convert it to equity by investing in shares and other assets of the creditor country. The debtor country can seek financial assistance from the International Monetary Fund (IMF) through special facilities and or sell her gold reserves. These are all financial methods which are short term in nature. The adjustment procedures which are long term in nature and which might require a complete overhaul of the economy include resorting to counter trade, stimulation of exports through reduction or elimination of export duties, production of export goods, sourcing for more markets for export and control of import through outright ban on importation, imposition of tariffs and import quota. The deficit economy can also deflate domestic prices to cheapen export and make goods cheaper relative to imports. This is mostly achieved, where the monetary and fiscal policies of the economy is very strong. The country can seek better terms of trade which may result in her exchanging less units of exports for a unit of import. It can appeal to creditor countries for debt forgiveness and cancellation if possibility of repayment is slim and as a last resort, such a country can devalue her currency (Afolabi, 1999: 334-335).

5 III.

6 Methodological Issues a) Research Design

In this article, the blends of exploratory, investigatory and desk research designs were used. This makes the research approach composite in nature. This was in line with the nature of the problem and the type of data (secondary) required. Specifically, the variant of research design employed in the work were to capture the dynamics of economic integration and its characteristic influences on trade flows, trade balances and socioeconomic development in Nigeria from 1981-2013.

7 b) Variables Identification

The major variables used in this work were those of economic integration and those of socioeconomic development. The variables of economic integration include exports, imports and trade balances. These variables reflect the flow of trade between Nigeria and other countries of the world in various economic blocks.

On the other hand, the variables of socioeconomic development include the gross domestic product (GDP), unemployment and inflation rates.

8 c) Types and Sources of Data

The data used in this work were secondary data. These were the aggregate data on the various variables identified in section 3.2 above.

The data were time series and cross sectional in nature, sourced and extracted from various documents and materials including the Central Bank of Nigeria (CBN) statistical bulletin, CBN annual report and Statement of Account, CBN Bullion, annual report from National Bureau of Statistics (NBS), textbooks, journals and internet sources, among others.

9 d) Method of Data Analysis

The data collected were presented in tables indicating the series of observations, the trend and movements of the variables studied. Percentages (%ages) and ratios were computed to analyze the characteristic trend movement of the exports, imports and trade balances traceable to the influences of economic integration as compared to the variables of socioeconomic development in Nigeria for the various years.

10 IV.

11 Empirical Details and Analysis

This article was designed to study economic integration and trade balances in order to establish the link between them and socioeconomic development in Nigeria. Economic integration is seen as the removal of various trade barriers and restrictions to enhance free flow of trade across international boundaries. The level of economic integration is reflected by the volume of exports and imports of goods and services on yearly basis. Exporting more goods and services by a country than imports gives such a nation favorable trade balances and increased revenue which is expected to result in improved level of socioeconomic development. Therefore, this section is set aside to present and analyze the data on the key variables examined in the article. These variables are the exports, imports, trade balances as well as the gross domestic product (GDP), unemployment rate, inflation rate, and consumer price index (CPI) in Nigeria from 1981 to 2013. Source: CBN Statistical Bulletin, Dec. 2013. As indicated in table 4.1 above, the total value of exports recorded in Nigeria in 1981 was N11.00 billion. This was made up of the oil and non-oil exports of N10.7billion and N0.3billion respectively. This implies that at least 97.27% of the exports in the country for that year came from oil and the balance of 2.73% from nonoil. Within this year, the country imported goods and services to the value of N12.8 billion comprising N12.7billion and N0.1 billion respectively for non-oil and oil imports. During this period also, a total trade flow of N23.9billion was recorded with a trade balance of -N1.8billion. In subsequent years i.e 1982 and 1983, negative trade balances of -N2.6 billion and -N1.4 billion were recorded in Nigeria as the country continued to import in excess of exports.

However, in 1985, the volume of exports made by the country increased from N11.0billion in 1981 to N11.7billion while imports decreased from N12.7 billion to N7.1billion. This made it possible for the country to record a total trade flow of N18.5 billion and a positive trade balance of N4.7billion. In 1990, exports made in Nigeria rose to N109.9billion with oil exports leading at N106.6billion level. The volume of imports also increased to N45.7billion in 1990 pushing the total value of trade to N155.6billion from N18.5billion in 1985. The country therefore recorded the highest level of trade balance of N64.2billion within a period of ten (10) years from 1981.

From 1990 to 2000, total exports had increased from N109.9 billion to N1945.7billion while imports rose from N45.7billion to N985.0 billion. Hence, total trade volume jumped from N155.6billion to N2930.7billion creating a trade balance of N960.7billion. The trend of exports and imports as well as trade balance kept on increasing in Nigeria as they moved from the values recorded in 2000 to N7246.5billion, N2800.9billion and N4,445.7billion, respectively in 2005. These variables continued their increasing trend movements as the total value of exports reached its peak in 2013 at N14,840.7 billion while the highest value of imports was recorded in 2011 with a total sum of N10,235.2billion which slided to N8808.1billion in 2013. Total trade flow and trade balance followed similar increasing characteristic movement as their values rose to N23648.8billion and N6032.6billion in 2013. However, some fluctuations were observed in the trend movement of total trade flows in the country between 2007 and 2013. In 2007, for instance, total trade stood at N12,221.7 billion and increased to N15,352.9 billion in 2008 but dropped to N13,518.6 billion in 2009. By the year 2011, it had increased to N25,057.8 billion and dropped again to the value of N23648.8 in 2013. This was caused by the decline in the volume and value of oil exports from N10114.7billion in 2008 to N8402.2 billion in 2009 following incessant oil theft and bunkering in the economy.

On aggregate therefore, it is noted that at least 95% of the total exports recorded in Nigeria from 1981 to 2013 came from oil exports. For instance, 97.27%, 95.73%, 98.73% and 95.22% of the export value came from oil export respectively in 1981, 1985, 2000 and 2013. The remaining fraction of less than 5% came from non-oil exports on yearly basis.

In contrast, non-oil imports dominated total value of imports into Nigeria for the period under consideration. For example, in 1981, when the total value of imports stood at N12.8billion, 99.21% (i.e. N12.7billion) was non-oil import. As at 1995, non-oil import accounted for 79.37% of the total import value of N755.1 billion. This trend continued up to 2005, 2010 and 2013 when 71.53%, 76.92% and 72.42% of the total import values of N2800.0 billion, N7614.7billion and N8808.1 billion, respectively came from non-oil imports.

The dominance of the oil exports and non-oil imports in the country shows the neglect of the non-oil sectors of the economy such as agriculture, mining, manufacturing, automobile, textile, etc. The export potentials of these neglected sectors are not fully exploited and harnessed for improved socioeconomic development of the country. This fact is portrayed by the trend of socioeconomic development indicators in the economy as shown in table 4.2 below. As shown in table 4.2 above, from 1981 to 1983 negative trade balances of -N1.8billion, -N2.6billion and -N1.4billion were recorded. These coincided with the value of gross domestic product (GDP) of N93.33 billion, N101.01 billion and N110.06 billion respectively for 1981, 1982 and 1983. Within these three years, the average rate of unemployment was 9.2% as inflation rate fluctuated between 7.7% and 23.2%.

From 1984, trade balances started to exhibit positive trend movement with N1.9billion and rose to N746.9 in 1996 when the GDP jumped from N116.27billion to N4032.30 billion. This was enough to reduce unemployment rate from 7.3% to 3.8% and inflation rate from 39.6% to 29.3% after it had recorded its highest level of 72.8% in 1995.

However, from 2005, unemployment rate increased from 3.8% in 1996 to 5.6% and rose thereafter to 23.9% in 2011 as inflation rate fluctuated between 17.9% and 8.4% in 2013. This was not consistent with the increasing trends of trade balances and gross domestic products of N4445.7billion, N4876.8billion, N60328billion and N14610.88billion, N24296.33billion and N80222.13billion, respectively for 2005, 2008 and 2013.

V.

12 Discussion, Recommendations and Conclusion a) Discussion

The issue of socioeconomic development has captured the attention of many scholars and international discuss for some times now. For instance, this issue featured prominently during the World Summit on Sustainable Development in 2002 when ten strategic approaches to socioeconomic development and sustainability were identified. These include ensuring workability of globalization (social and economic integration), poverty eradication and sustainable livelihood, promotion of health care delivery, access to energy and energy efficiency, among others (Ubom and **??**bom, 2008:196). In making specific reference to Nigeria, Ajakaiye (2002:49) observed that:

The national economic development aspiration in Nigeria has remained that of altering the structure of production and consumption activities so as to diversify economic base, reduce dependence on oil and imports all in a bid to put the economy back on the path of self-sustaining, inclusive and noninflationary growth, thereby reducing poverty.

At the centre of the above observation is the fact that a broad based economic posture with focus on

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Volume XV Issue III Version I Year ( ) C development of non-oil sectors of the economy, promotion of exports and reduction in import of goods and services are required for improved socioeconomic development. While Udoidem and Udofot (2014:175) had made efforts to explain the link between foreign capital inflows, entrepreneurship and socioeconomic development in Nigeria, they were not quite explicit in their analysis to highlight the role of economic integration which is expected to ginger foreign capital inflows, export promotion and improved trade balances needed for socioeconomic development.

However, a more critical and analytical perspective had been presented on the role of economic integration on socioeconomic development by Onyewuenyi (2005:65-66) in his work on Intra-ECOWAS Trade: Process, Challenges and Prospects. This he pointed out that most countries achieved their status of industrialization and socioeconomic development through the export of manufactured goods and services. Hence, he called for economic integration to provide access to markets of industrial countries.

In line with this, **??**usawa (2014:192) identified the various approaches to improving trade balances and enhancing economic development to include removal of trade and labour market barriers in order to promote free flow of trade. These are the strategies for economic integration. A better way to enjoy the benefits of economic integration according to Henderson and ??oole (1991:1204) is to solve the problem of unbalanced development which involves the strategy of investing a nation's resources in only one or two sectors of the economy. In other words, to encourage socioeconomic development and growth there should be a spread of investments across sectorial lines alongside the strategies of economic integration. This is one of the key areas lacking in Nigeria in her quest for socioeconomic development and sustainability. This as identified in this work has resulted in only one sector (i.e the oil sector) dominating in the export trend and profile in the country while the non-oil dominates the imports.

14 b) Recommendations

It has been discovered from this work that economic integration is the most potent approach to encouraging exports and improving foreign earnings through favourable trade balances on grounds that imports of goods and services are moderated or discouraged. The strategic option is the attainment of this objective is to promote a broad based economic focus in which investment diversifications and development in many sectors of the economy is encouraged. It has been established through various researches that many countries of the world rely on economic integration to achieve their socioeconomic drive. This countries as pointed out earlier include; the Asian Tigers such as China, Korea, and the Latin Americans exemplified by the Argentina. This has been possible because aside from the steps toward economic integration, massive provision of infrastructure as well as the promotion of grass-root entrepreneurship in the various sectors with export oriented focus have been stepped up. Unfortunately, in Nigerian economy, only the oil sector with very little or no attention on the other sectors has been focused on. This make it possible for oil export to control over 96% of the total export of the country on yearly basis while non-oil import dominate the total import into the economy with over 75% on average on yearly basis.

To this end, the following recommendations became pertinent; i. Encouragement of the development of the non-oil sector of the economy through aggressive investment and incentives to encourage private investors with export oriented focus.

ii. Adequate investment in infrastructure mainly in the areas of power supply, transportation, communication and health care facilities among others.

iii. Promotion of broad-based entrepreneurship to promote small and medium scale export businesses and discouragement of massive consumption of imported goods and services leading to unfavourable trade balances.

iv. Objective use of the earnings from favourable trade balances for domestic investment and adoption of other strategies to take advantage of the access industrial markets provided by economic integration.

15 c) Conclusion

Economic integration is a milestone to socioeconomic development in less developed and developing countries of the world especially in this era of globalization. Through economic integration, many countries of the world have formed common economic blocks regional and globally, thereby providing access to market that ensure the free flow of goods and services among the members of the various economic blocks. The hope in this approach is to ensure that adequate exports of goods and services will lead to favourable trade balances that provide the needed earnings for socio-economic development and growth of domestic countries.

However, various impediments exist in Nigeria that make economic integration irrelevant in the realization of its noble objectives. Such impediments range from the unbalanced development focus in which only one (or two sectors) sector of the economy is given attention and prominence. In the country, the oil sector, is given prominence while other sectors such as agriculture, manufacturing, automobile, textile, mining, among others, are being neglected. In this circumstance, heavy importation of non-oil products and [1] [2] [3]

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Period Exports (?b) Oil Non-Oil 10.7 0.3 11.0 Total 8.0 0.2 8.2 7.2 0.3 7.5 8.8 0.2 9.1 11.2 0.5 11.7 8.4 0.6 8.

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1999	1169.5	19.5	1189.0
2000	1920.9	24.8	1945.7
2001	1839.9	28.0	1868.0
2002	1649.4	94.7	1744.2
2003	2993.1	94.8	3087.9
2004	4489.5	113.[illegible]	4602.8
2005	7140.6	106.[illegible]	7246.5
2006	7191.9	133.[illegible]	7324.7

Figure 1: Table 4 . 1 :

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Year
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Period	Trade Balances (?b)	GDP at Current Basic Price(?b)	Unemployment Rates	Inflation Rate (%)
1981	(1.8)	94.33	8.5	20.9
1982	(2.6)	101.01	10.8	7.7
1983	(1.4)	110.06	8.3	23.2

Figure 2: Table 4 .

services reign making nonsense of the oil exports over the years. In other words, the benefits associated with the economic integration have been suppressed by the effect of unbalanced development. It is therefore, concluded that the possibility of exploiting the benefits of economic integration through improved trade balances for improved socio-economic development in Nigeria could be achieved both in the short run and in the long run through aggressive implementation of the above recommendations.

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