UNITED STATES- NIGERIA TRADE RELATIONS AND ITS IMPACT ON NIGERIA'S ECONOMIC DEVELOPMENT, 2019-2025

UGWUANYI, CHINEMEREM FAVOUR

GOU/U22/IRE/620

DEPARTMENT OF POLITICAL SCIENCE AND INTERNATIONAL RELATIONS

FACULTY OF MANAGEMENT AND SOCIAL SCIENCES

GODFREY OKOYE UNIVERSITY

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ABSTRACT

This study examined the impact of trade relations between Nigeria and United States on Nigeria's economic development between 2019 and 2025. The study was motivated by the changing dynamics of bilateral trade relations resulting from declining United States dependence on crude oil imports, global economic disruptions, and Nigeria's continuous efforts toward economic diversification. The objectives of the study were to examine how the volume of trade between Nigeria and the United States influenced Nigeria's economic growth and to assess the contribution of non-oil exports to industrial development in Nigeria. The study adopted the Liberal Institutionalism Theory propounded by Robert Keohane and Joseph Nye as its theoretical framework. The theory emphasizes that international cooperation through trade agreements, institutions, and diplomatic engagement can promote mutually beneficial outcomes among states. An ex post facto research design was employed, while data were collected through documentary and secondary sources, including reports from the Central Bank of Nigeria, National Bureau of Statistics, World Bank, United States Trade Representative, and relevant scholarly publications. Data were analyzed using content analysis and descriptive statistical methods. Findings revealed that trade relations between Nigeria and the United States significantly influenced Nigeria's economic growth during the period under review. Periods of trade surplus were associated with improved GDP performance, while trade deficits negatively affected economic stability, particularly during the COVID-19 pandemic in 2020. The study further found that although crude oil remained the dominant component of Nigeria's exports, non-oil exports gradually increased and contributed modestly to industrial development through agro-processing, manufacturing activities, employment generation, and value addition. However, the benefits of trade were constrained by structural challenges such as weak industrial capacity, poor infrastructure, policy inconsistency, and heavy dependence on imports. The study concluded that while trade relations with the United States provide opportunities for economic growth and industrial development, Nigeria's overreliance on crude oil and limited diversification continue to hinder sustainable development outcomes. The study therefore recommended aggressive promotion of non-oil exports, strengthening of domestic industries, improvement in infrastructure, and the adoption of stable trade and industrial policies to maximize the developmental benefits of bilateral trade relations.

CHAPTER ONE

INTRODUCTION

1.1 Background to the Study

Historical linkages and changing international economic interests have made the trade between the United States and Nigeria an important aspect of Nigeria's foreign economic ties. Nigeria, an African topmost economy, has been engaged in consistent trade with the United States, especially through energy exports, investments, and preferential trade agreements. But from 2019 to 2025, this is witnessing a significant change as Nigeria’s structural transformation of its economy and the global trade agenda undergoes a transformation with fossil fuels becoming less important. However, these changes have led to recent interest in assessing the role of U.S. – Nigeria trade in Nigeria's economic development (Todaro & Smith, 2020; Krugman, Obstfeld, & Melitz, 2018).

Trades between Nigeria and the United States have always been dominated by exports of crude oil, as this accounted for the highest proportion of bilateral trade over the last decades. This is reflective of dependency theory, which suggests that a dependent situation in the developing economies can be created when they are dependent on primary commodity exports and on the import of finished products from industrial countries (Frank, 1967; Dos Santos, 1970). This type of structure tends to restrict the development of the domestic industry and perpetuate economic imbalance. Oil exports to the United States in the Nigerian context, which were already on a downward trend, were further lowered after the U.S. oil shale boom, which has decreased the need for imported crude oil (Maugeri, 2013). This has totally transformed the country's trade dynamics from oil-dominated trade to a new one by the time of this study (2019-2025), where Nigeria's trade focus had to be shifted to all other non-oil trade.

However, this shift has been difficult to bring about significant diversification of export base in Nigeria. Structural constraints such as limited technological capacity, weak institutions and the reliance on commodity markets that are subject to fluctuations often constrain economies to remaining resource-dependent (Auty 2013; Sachs and Warner 2021). In Nigeria, for example, the country's export of non-oil products is still relatively limited, even though there have been policy efforts to encourage the export of other sectors like agriculture and manufacturing. Therefore, the gains of trade with any advanced economies such as the United States have not been fully realized in terms of sustained industrial development and a wide spread of economic participation (Ajakaiye & Fakiyesi, 2009).

The African Growth and Opportunity Act (AGOA) is one of the critical institutional arrangements impacting U.S.–Nigeria trade relations, as it grants preferential access to the U.S. market to certain African nations. Although widely considered as a panacea for export diversification and industrial development, the effect of AGOA on Nigeria has been minimal. Collier & Venables (2007) and Frazer & Van Biesebroeck (2010) found that export infrastructure and manufacturing capacity are important determinants of the gains from such preferences. Nigeria's comparatively small industrial sector has restricted the Government's capacity to maximise the benefits of the AGOA, and consequently its potential role in economic development.

The 2019-2025 time frame has also been marked by major international events and shocks, including the COVID-19 pandemic, with its many consequences on international trade and economic activity. Global demand has decreased, supply chains have been impacted, and economic uncertainty has grown as a result of the pandemic. The impacts of these effects in Nigeria were observed in the negative export performance, currency volatility and rising unemployment (Ozili, 2021). Shocks point to the fragility of developing economies' economic structures to external shocks (Keynes, 1936). In this sense, the importance of trade relations, among them with the United States, takes on a crucial role to promote economic recovery and sustainable growth.

Foreign direct investment (FDI) from the United States is another aspect of the bilateral economic relationship. Dunning's (1993) eclectic paradigm proposes that FDI can assist in economic development in terms of capital inflows, technology transfer and managerial skills. In Nigeria, the U.S. investments have been limited to the energy, telecom, and services sectors. Although these investments have contributed to the level of economic activities, its contribution to the development is limited by structural problems such as poor infrastructure, policy inconsistencies and government problems (Aremu 2012). Consequently, the development gains of U.S. investment continue to be uneven and only fairly substantial.

The impact of this dynamics on Nigeria's economic development is significant. Economic development is not just measured by the augmentation of GDP, but also by improved employment, income distribution, industrial capacity and quality of life (Sen, 1999). Despite these development strides, Nigeria still has large challenges, such as high unemployment rate, poverty rate, low level of industrial development, etc. Trade with the USA offers market access and economic engagement opportunities, but how these opportunities materialize into benefits for the Nigerian population is still debatable among the scholars and policy makers.

Moreover, with the threat of declining oil prices and shifting global economic trends, the country's drive towards diversification has become more pressing than ever for Nigeria. Identifying non-oil sectors, including agriculture, manufacturing, and digital services, as a way to achieve sustainable economic growth has been identified (Rodrik, 2008). But improvements here have been slow, partly because of structural constraints and the lack of integration in global value chains. The importance of trade ties (including with the United States) in enabling or inhibiting this diversification continues to be a vital research topic.

Also, Nigeria's external trade environment has been changed with the emergence of other economic partners around the world, especially the Chinese. As Brautigam (2009) pointed out, China's growing involvement in Africa has created new opportunities for infrastructure investment and trade, as well as greater competition between powers. The changing dynamics have implications on Nigeria's trade relations with the United States, since the country is trying to juggle several relationships in order to reap the maximum economic benefits. Against this background, this study aims to critically examine, the U.S – Nigeria trade relationship and its implication for Nigeria's economic development in the period 2019-2025.

1.2 Statement of the Problem

The economic dimension of Nigeria-U.S. bilateral relationship, especially trade, has a long history of engagement with the United States dating back more than 60 years, but the nature of the bilateral economic relationship is complex, asymmetric, and has not been fully explored in the context of the contemporary global economic dynamics. U.S.-Nigeria trade has been substantially transformed in the last six years (2019-2025), as the world experiences energy transitions, economic recovery from the pandemic, and Nigeria continues its long quest for economic diversification. But notwithstanding this continued relationship in trade, and investment, the benefits of this relationship have been unevenly distributed and in many cases have not been translated into sustainable economic development in Nigeria. One of the most important issues in this time is the lack of balance in the trade relationship between both countries. Crude oil and primary commodities remain Nigeria's main exports to the U.S. while manufactured goods, machinery, and technological products are the main imports from the U.S. The pattern shows the interdependence that limits value addition, growth of industries and weakens Nigeria's position in global market networks although some mechanisms like the African Growth and Opportunity Act (AGOA) were put in place to encourage diversification of exports and improve market access, the latter has not been maximized in Nigeria because of poor industrial capacity, lack of infrastructure, weak policy implementation among other challenges. Consequently, trade's benefits of jobs creation, technological progress and productivity growth have been small. Nigeria's trade landscape has also been transformed by the emergence of alternative economic partners in the world, especially China and the European Union, which have created new dynamics of competition and cooperation for the Nigerian economy. The United States has undergone a significant transformation in the structure of Nigeria's economic relations as the country moves toward diversifying its trade ties, making it difficult to analyze the effects of bilateral trade. In this regard, it is more important to critically examine the impact of the U.S. – Nigeria trade ties on the economic development of Nigeria or how they hinder it. However, while Nigeria and the United States have had decades of economic engagement, there are critical knowledge gaps regarding the impact of the trade relations on important economic development factors like industrial development, job creation and income inequality. The structural imbalance, low level of diversification and unequal trade results underscore the need to undertake a focused and systematic analysis of U.S–Nigeria trade relations during the period 2019 to 2025. This study aims to explore the trend of trade relation between the United States and Nigeria and their effects on Nigeria's economic development in this light.

1.3 Research Questions

The study was guided by the following research questions;

1. How has the volume of trade (exports and imports) between Nigeria and the United States influenced Nigeria's economic growth (GDP), 2019-2025?
2. How has non-oil exports under U.S.–Nigeria trade relations contributed to industrial development in Nigeria, 2019-2025?

1.4Objectives oftheStudy

Thisstudy hasmain andspecific objectives. Themain objectiveof thisstudy isto examinethe impactof thebilateral relationship betweenNigeria and United States between 2019 and 2025. The specific objectivesare asfollows;

1. To examine the impact of the volume of trade (exports and imports) between Nigeria and the United States influenced Nigeria's economic growth (GDP), 2019-2025.
2. To assess the contribution of non-oil exports under U.S.–Nigeria trade relations to the industrial development in Nigeria, 2019-2025.

1.5 Significance of the Study

This research study is theoretically and practically significant. Theoretically, the research is based on Dependency Theory. In Dependency theory it is assumed that such a relationship tends to further institutionalize inequities and accentuate economic dependence of the periphery on the core. This theoretical dilemma is raised by the study to consider whether the association with the United States has been able to achieve developmental independence for Nigeria or to simply continue the condition of assymmetrical dependency.

In addition, the study extends the literature on foreign policy action of developing states in the study of Nigeria's foreign policy balancing on asymmetric power relationship. Therefore, the study contributes to the theoretical knowledge of the relationship of the state power, interdependence, and the development in the 21st century.

The research has many policy implications, diplomatic policy implications and sustainable development planning implications in practical terms in Nigeria and worldwide.

The study will help support the Nigerian policy makers with evidence-based analysis of how the coordination of trade and security with the United States have helped achieve major national outcomes in the last years. This can help the Ministry of Foreign Affairs, the Ministry of Trade and Investment and the national security agencies to develop a more strategic, mutually beneficial and development-oriented foreign policy by highlighting the strengths, weaknesses and missed opportunities of the bilateral relationship.

The study gives the policy makers and actors of the U.S. like the U.S. Department of State and USAID a better insight into the consequences of their actions and local perceptions of their activities in Nigeria. This understanding can be used in programming in the future to make sure that interventions on trade and security brings developmental outcomes that are measurable and not leading to dependency and resentment.

Furthermore, this study will serve as a case study to regional and international institutions such as the ECOWAS, the African Union and the United Nations of how the North and South can organize their cooperation and cooperation for mutual benefit. This will contribute to broader discussions on development cooperation and global governance, as well as structures of peacebuilding in sub-Saharan Africa.

The study will also benefit civil society, academia and development practitioners in terms of its insights into how and why international relations affect the everyday realities of development (for example, employment, stability and quality of governance). To the researchers, it will offer fresh empirical materials, and a theoretical foundation for further studies on global power relations, economic diplomacy, and development strategy.

In brief, this work will fill the void between theory and policy created by making the study of a relationship between Nigeria and the United States a measurable developmental impact. It seeks to move beyond the partnership rhetoric and get to the core of the issue to see if there would be a positive effect on Nigeria's economic development, stability and long-term growth through cooperation in trade and security.

1.6Scope oftheStudy

1.6.1Scope

Thisstudy islimited to Trade Relations which includes trade volume, investment flows, aid programs and the process of AfricanGrowth and OpportunityAct. The geographical scope is Nigeria. he study compares and contrasts the interactionof Nigeriawith theUnited Statesin these areas with its national development indicators which are specifically economic growth, and human development outcomes. The focus is on Nigeria's perspective, but policies and foreign relations documents from the United States are explored to put Nigeria's actions and motives in perspective.

1.6.2Limitations of theStudy

Although this research is analytically deep, it has some constraints.

First, it is primarily a secondary data study as there is limited access to classified or real-time official documents on Nigeria–U.S. security cooperation. Details of sensitive military assistance, intelligence sharing and counterterrorism cooperation are often limited or not disclosed to the public. This limitation could impact the accuracy of the outcomes measured related to security.

Second, due to time and resource constraints, there was limited opportunity for in-depth fieldwork and interviews with policy actors. Regardless, the empirical data in the official reports, policy documents, and scholarly analyses are ample for sound conclusions.

However, the study can still be considered valid and relevant, with credible data sources, adopting well-known theoretical frameworks, and using measurable indicators between 2019 and 2025.

1.7 Operational Definition of Terms

Trade Relations: Trade relations are the relationships between countries and between countries and their trading partners in terms of the exchange of goods, services and investment and the policies governing such exchanges.

National Development: It implies the extent Nigeria’s engagement with the United States in trade and security has contributed to economic growth, diversification, human security, and overall national stability between 2019 and 2025.

Economic Growth: For the purpose of this study, the concept of economic growth is defined by its measurable consequences of the trade relations between Nigeria and the United States such as the impact of bilateral trade and investment on the macroeconomic performance of Nigeria.

CHAPTERTWO

LITERATUREREVIEW

2.1 ConceptualReview

2.1.1InternationalTrade

The process of goods and services being exchanged between the countries and how trading is done between people of different countries is known as international trade. It includes the trade (imports and exports) of commodities, services, and increasingly, of technology and intellectual property in the international market. It is believed to be a key component of international economic relations and a key factor in economic integration worldwide (World Trade Organization, 2023).

The emergence of international trade has been explained in terms of differences in resource endowments, industrial development, technology and producibility of countries. Countries trade with each other to acquire goods and services that are not available in their country, scarce or too expensive to make within their country (United Nations Conference on Trade and Development, 2022). The relationship of interdependence between nations thus makes international trade an inevitable and ongoing economic process.

In essence, international trade is founded on two key elements: trade in exports and trade in imports. Exports are the goods and services that are produced domestically and sold in foreign markets which earn foreign exchange for the exporting country. Imports are goods and services bought from other countries to meet domestic demand. The balance of trade (BOT) is the difference between exports and imports of a country, favoring the exports if they are greater than the imports, and favoring the imports if they are greater than the exports (World Bank, 2023).

International trade encompasses not only the trade of goods but also services like banking, insurance, tourism, transportation and education. International trade has been growing in scale, embracing digital services and technology-enabled transactions in recent years, as a result of globalisation and developments in information and communication technologies. This has put trade on a dynamic pace and boosted the degree of economic interdependence between States (International Monetary Fund 2022).

International trade is very important in any economic development, especially in developing nations such as Nigeria. It is a source of foreign exchange earnings which are vital to import, foreign exchange stability and economic activities. It also facilitates the industrial development of the country by facilitating the availability of raw materials, capital goods, and new technology that may not be easily available in the country (Todaro & Smith, 2020). Moreover, foreign trade can be a catalyst for employment creation as industries that export tend to increase their production to satisfy the demand of foreign markets.

The impact of international trade on domestic production and consumption is yet another aspect to consider. Countries can specialise in producing goods using their relative efficiency and import in the other goods through trade. This results in optimum use of resources and greater productivity. Concurrently, this opens the door to international markets, competition, which can improve the efficiency and competitiveness of domestic industries.

International trade, however, has continued to feature prominently in the economy in Nigeria. Nigeria's exports comprise primarily crude oil and natural resources; whereas its imports are mainly represented by manufactured products, machinery, refined petroleum products and consumer goods. This is an indicator of the country's dependence on foreign markets for its industrial and technological needs, and on primary commodity exports for subsistence (Central Bank of Nigeria, 2023).

2.1.2 Bilateral Trade Relations

Bilateral Trade Relations are economic relations between two countries which are structured and involve the exchange of goods, services and investment between countries according to agreed terms and conditions. The relations are usually governed by the existence of formal or informal agreements that will govern the trade flows, market access, tariffs and other economic activities between the participating countries. Trade links between nations are also influenced by institutional arrangements and policy frameworks that govern interactions between nations in the global trading system, beyond economic considerations (Krugman, Obstfeld, and Melitz 2018).

Bilateral trade relations do not involve all countries in the world, but rather focus on two nations, and therefore could be negotiated through more specific trade agreements that take into account the respective economic priorities and capacities of the two countries involved. Salvatore (2013) points out that bilateral agreements frequently result in the development of efficient and effective trading mechanisms, the removal of trade obstacles, and increased economic integration between countries. These pledges can include tariff reductions, export assistance and facilitation of investment, which will encourage greater predictability and stability in trade. To date, scholars have stressed that bilateral trade is not solely an economic agreement, but rather political-diplomatic as well. Ravenhill (2017) states that trade relations can also be a reflection of larger foreign policy interests, as countries seek to gain greater political advantage through economic interaction, bolster strategic interests, and expand their political influence. This view points to the fact that trade and international relations are closely intertwined. One other aspect of bilateral trade is that of asymmetry, especially the developed and developing countries. This is because trade relations between unequal partners can lead to a trade imbalance, with developing countries exporting primary goods and importing manufactured goods, according to Rodrik (2018). This may hinder the development of industry and maintain dependency if not carefully managed. Likewise, Chang (2008) points out that the gains from trade do not necessarily accrue evenly and the countries need to devise strategic policies to make trade work for development.

Bilateral trade relations also include investment and technological flows which are important for economic growth. Foreign direct investment (FDI) by firms from one country to another is commonly facilitated by trade agreements, as discussed by Moran (2011). This not only boosts the volume of trade, but also fosters technology transfer, productivity and job creation in the host country. Bilateral trade relations, in this regard, go beyond the mere exchange to more profound economic integration. The bilateral trade relations can be used for the measurement of bilateral trade in terms of volume of trade, trade balance and composition of trades. Winters (2004) notes that the impact on development of trade is highly dependent on the nature of the trade and the extent of diversification of the export portfolio. Relying on few primary exports, countries are more exposed to external shocks and can benefit from trade in the short term only.

For Nigeria and the United States, bilateral trade is determined by two elements: economic and institutional. The primary exports into the United States from Nigeria are crude oil and natural resources, whereas the main imports are technological goods, machinery, vehicles and refined petroleum products. It is a pattern that is typical for the North-South trade, according to many scholars, where raw materials are exported from the developing countries and the high value manufactured goods are imported from the developed North countries. Such a structure is significant for economic development and its implications include industrialisation, revenue generation and technological development. Even though bilateral trade relations can be beneficial, it can also have challenges. These involve the fact that some countries trade with others, trade on a single product, have unequal bargaining power, and are sensitive to policy changes in trade partners. Trade outcomes are highly sensitive to domestic policies, and to how countries can use trade to drive structural change, as emphasized by Rodrik (2018).

2.1.3. Concept of Economic Development

Economic development is the incremental and progressive enhancement of the economic welfare and living standards of a country's people, as manifested in higher levels of output as well as structural, institutional and social change. While economic growth is primarily concerned with the growth of national income or national output, economic development refers to the various economic changes which are wider in scope such as reduction in poverty, improvement of living standards, expansion of employment opportunities and improvement of human capabilities. Economic development is a multidimensional concept as Todaro and Smith (2020) have noted that it is an “improvement in living standards, self-esteem, and freedom from want.”

The importance of economic development to the economy has always been brought up by scholars that it is more than the Gross Domestic Product (GDP). The most important issues to be tackled in order to create a sense of development are poverty, unemployment and inequality, as Seers (1969) famously said. If these problems are getting worse, then development is not occurring," Seers said, 'if they are getting better, then economic growth alone can't be considered development. This suggests the need to consider both qualitative and quantitative changes in an economy.

Similarly, Sen (1999) views economic development as the growth of human capacities and freedoms. He believes development should be measured in terms of the quality of life people could enjoy, including access to education, health care and economic opportunity. This resolves to change the focus from income to other human welfare indicators. Economically the development of an economy is sometimes measured by a combination of indicators from a macroeconomic perspective. These comprise Gross Domestic Product (GDP), per capita income, employment, industrial production, infrastructure and technological development. Institutions including The World Bank (2023) and the United Nations Development Programme (2023) also include composite indexes, such as the Human Development Index (HDI), which are a combination of income, education and life expectancy to give a more holistic picture of development.

In addition to the economic growth, structural transformation of an economy is also part of the economic development. It is a transition from primary sector (agriculture, extractive industries) to more diversified activities (manufacturing, services). Chenery (1979) has referred to the need for such transformation for sustainable development, because of its ability to raise productivity, create jobs, and decrease vulnerability to external shocks. Economic development is closely linked to factors such as trade, investment, and industrialization, particularly in developing countries like Nigeria. Domestic capacities, policy frameworks and diversification are all important to a country in turning economic activity, including trade, into development impact. Rodrik (2018) stresses that development is neither a by-product of economic growth, but a result of conscious policy choices aimed at building productive capacity and structural transformation.

Enhancement of institutional quality and governance institutions are also important features of economic development. The role of institutions is very important because they create legal, political and administrative conditions under which economic activities take place. North (1990) defines institutions as the formal and informal rules that regulate the relations between people and institutions. Effective institutions foster economic growth by ensuring the protection of property rights, contracting, control of corruption, and a stable environment in which investment and entrepreneurship are encouraged. Developed countries possess stronger institutions, which means that they can allocate the resources effectively and thus attract domestic and foreign investments more effectively.

Moreover, infrastructure development is one of the key factors for economic development. The proper infrastructure such as the transportation system, electricity supply, communication system, water resources, and digital connection promotes productivity and enables economic activities. According to the World Bank (2024), investments in infrastructure can lower transaction costs, enhance the accessibility of markets and foster industrial development. Poor infrastructure in developing countries can block economic growth by decreasing production efficiency and competitiveness in international markets. Hence, investments in infrastructure are considered as a key element for long-term economic development.

In the current global economy, technological innovation and knowledge development has been crucial for economic growth. Technological advances contribute to higher productivity, efficiency and new opportunities for economic growth. Schumpeter (1934) laid stress on the importance of innovation in initiating economic change by introducing new products, new production processes and new markets. The modern economy is increasingly dependent on research and development activities, digitalization and technological capabilities in order to ensure sustainable development and competitiveness in the world market.

Income distribution/social inclusion is another key factor of economic development. Development cannot be successful unless the gains of economic development are limited to a fraction of society while the rest continue to be poor. According to Stiglitz et al. (2018) inclusive development is supported by policies which ensure access to economic opportunities and social services in an equitable manner. This view underscores the need for decreasing disparities at a regional level, gender inequalities, and social exclusion. Inclusive economic development fosters wide economic participation and helps to build social cohesion and political stability.

The notion of sustainable development has broadened the narrow perception of economic development. Sustainable development aims to reconcile economic development, the environment and social welfare, so that the needs of current generation are not undermined by future generations. According to the United Nations (2015), sustainable development includes the integration of economic, social and environmental goals in the development framework of the countries. This will acknowledge that economic development is to be accompanied by responsible resource use, environmental protection and climate adaptation.

The dynamics of economic development between countries has also been affected by globalization. Globalisation has facilitated the integration of developing economies to the global markets through greater trade, foreign direct investment, technology transfers and greater cooperation in the process. Bhagwati (2004) believes that globalization can help bring about economic development if it opens up access to larger markets and offers free flow of capital and knowledge. But globalization itself can only be of benefit if a country is able to build competitive industries, have good economic policy and effective management of external vulnerabilities.

Economic development is still closely associated with economic diversification in developing economies like Nigeria. Economies that rely heavily on one commodity are at risk of being impacted by external shocks and market fluctuations. Developing a diversified economy, which increases productive sectors and decreases commodity price volatility, increases economic resilience, according to the International Monetary Fund (2024). Many developing countries, therefore, seek to diversify their economies by encouraging agricultural, manufacturing, service, and technology-based industries as a means of sustainable economic development.

Nowadays, human-centered development is increasingly accepted as a paradigm of economic development. It means that the economy should ultimately advance in ways that lead to better social outcomes (increased opportunities, greater capabilities, better social well-being). The United Nations Development Programme (2024) believes that development is about expanding peoples' choices and freedoms, not just raising national income. Economic development is thus seen as a process which allows the people to lead a productive, healthy and fulfilled life and to contribute to the society in a meaningful way.

On the whole, the economic development process is multidimensional and comprehensive, covering all aspects of economic growth, institutional development, technological progress, infrastructure development, poverty alleviation, employment creation, social integration, environmental protection and human empowerment. This is a sign of an increase in the quantity of economic output and it is also an indication of an improvement in the quality of the citizens' welfare. Thus, the effectiveness of economic development must be measured not only in terms of an increase in income but also by an improvement in human welfare, a decrease in inequalities and sustainability of economic development.

2.1.4 Concept of Export Diversification

Export diversification involves expanding the number and type of exports and/or markets. It means less dependence on primary products and a greater diversification into a more broad based portfolio of manufactured products, semi-processed products, and services. Export diversification is highly recommended as an export policy in developing economies to promote sustainable economic development, lessen external vulnerability, and enhance the long-term performance of economic growth.

The concept of export diversification can be viewed from two general perspectives. The first is that of horizontal diversification, meaning increase of the diversity of the products exported at similar production stages. For instance, a nation with a monopoly on the export of crude oil can start to export agricultural products like cocoa, sesame seeds and cashew nuts. Vertical diversification is the second, which refers to the process of starting to integrate into the value chain of raw materials into semi-finished or finished goods for export. This involves processing of agricultural produce, or making textiles, or making industrial inputs, etc. As the economy expands, economies become more diversified in their export composition, according to Imbs and Wacziarg (2003), but the more successful ones appear to be those that actively orchestrate rather than simply happen the diversification of their export markets.

Export diversification is closely tied with economic stability. High reliance on a single commodity export represents a significant exposure to external shocks like global price fluctuations, changes in international demand and technological changes. This is especially true of a resource-based economy such as Nigeria, which in the past has depended mainly on crude oil export revenues. Global price fluctuations for oil frequently reflect fluctuations in the foreign exchange, fiscal and macroeconomic earnings. The International Monetary Fund (2023) found that more diversified export-based economies are less prone to volatility in output and to growth paths that vary from year to year than are less diversified economies.

Export diversification also contributes to structural transformation, another important element. Structural transformation means shifting of labour and resources from less productive to more productive sectors, for example, from traditional agriculture to manufacturing and modern services. Encouraging technology upgrading and investment in new productive activities are the results of export diversification. Hesse (2008) claims that diversification increases economic resilience and provides opportunities for learning-by-doing effects, crucial for long term productivity growth in developing economies.

It is also beneficial to export diversification in promoting industrial development through inducing the growth of the manufacturing and agro-processing sector. Countries tend to have to establish supporting industries like packaging, logistics, quality control, and machine manufacturing when they diversify their exports. These backward and forward linkages are beneficial for improving domestic production networks and industrial capacity. As far as this is concerned, export diversification is not only a product of the development process but also a catalyst to the development process because it has a spillover effect in various sectors of the economy.

Furthermore, export diversification enhances a country's linkages with global value chains. The countries can take advantage of international trade networks by specializing in certain activities, when they are involved in global value chains. World Bank (2023) found that nations that successfully embed in global value chains (GVCs) are more likely to experience greater productivity growth and industrial development. Participation in these systems, however, demands competitiveness, technological capacity, and policy support and trust, which are major issues in many developing economies.

Export diversification is of special significance in the case of developing countries like Nigeria because of the dangers of commodity dependency. The economy's high dependence on crude oil exports makes it vulnerable to external shocks, and confines the scope for inclusive development. The diversification of the economy towards non-oil activities such as agriculture, manufacturing and services is thus crucial for sustainable growth. It also increases the foreign exchange earnings and decrease the trade deficits and increases the macroeconomic stability.

Export diversification is crucial, but faces a number of structural barriers. The factors include lack of infrastructure, low capability of industries, lack of access to finance, low level of technology adoption, and weak institutional support. Domestic companies often find it difficult to comply with the international standards they need to become competitive in export markets. UNCTAD (2024) noted that despite having market access, developing countries are subject to "supply-side constraints" which stop them from taking full advantage of opportunities in global trade.

Moreover, there is a need for policy action to promote export diversification. Governments have a vital part to play in the provision of incentives for industry, investment in infrastructure, support for R&D and stability of macro-economic conditions. In order to achieve meaningful diversification, trade policies that promote value addition, export processing and private sector participation are essential. Economies tend to stay dependent on primary commodities without such interventions.

Export diversification is one of the key concepts to grasp to understand the link between trade and economic development. It is a move away from the narrow commodity export structures to its more expanded and complex production system that could aid in supporting industrialization, economic stability and sustainable growth. In Nigeria, among other countries, boosting export diversification is critical to lessen the external shocks and to fulfil long-term development goals.

2.2ContextualReview

2.2.1Trade Volume and Nigeria'sEconomic Growth

Nigeria'seconomic relations with the United States were an important dimension of its economic development in terms of volume of trade (exports and imports) between the two countries from 2019 to 2025. Trade volume refers to the amount and dynamism of the trade flows between countries and can be used as a measure of its importance to trade in national output, national income and the economy's stability. With Nigeria, changes in the export revenues and import payments in their trade relationship with the United States had a direct effect on Gross Domestic Product (GDP), foreign exchange (FX) availability, fiscal stability and overall economic performance (Eze, 2020).

Nigeria's trade volume with the United States was relatively high at the beginning of the review period, and was mainly being driven by crude oil exports. Crude oil was the top product in Nigeria's export basket, contributing more than 90% of total export earnings, with one of the important markets for Nigeria's crude oil exports being the United States (Central Bank of Nigeria, 2014). This meant that a significant amount of foreign exchange came in as a result of the high export volume, thereby contributing to the government's revenue, being able to imports, and positively affecting the economy. In this period, the relatively high volume of export sustained the growth of the economy, while the oil revenues acted as a pillar of the fiscal and external sectors of the economy of the country.

But this way of growth was increasingly threatened by changing global energy dynamics. The U.S. shale oil revolution dramatically changed the U.S. import mix, with the result being a significant decrease in the U.S. demand for foreign crude oil, including Nigerian crude (U.S. Energy Information Administration, 2015). This, in turn, caused a significant reduction in export volume to the United States, such that exports were reduced to an insignificant level in 2014. This reduction in export volume had far-reaching implications for Nigeria's economic growth as lower export revenues resulted in lower foreign reserves, lower government revenues, and lower public spending.

The export volume also showed the fact that the economy of Nigeria is structurally weak and heavily depended on a single commodity. According to Akinlo and Apanisile (2014), primary commodity dependent economies are very vulnerable to external shocks, especially changes in global demand and commodity prices. Nigeria's example was notable because the decline in the level of trade with the United States was not matched by a commensurate expansion in non-oil trade and was therefore not accompanied by a much-needed diversified trade base..

Export volume decreased in the period, but Nigeria's volume of imports from the United States was not particularly small. The country continued to import significant amounts of equipment for manufacture, transportation, refined petroleum products and other manufactured goods to satisfy domestic needs and industrial production (USTR, 2019). This way, even during times of declining export revenue, import expenditure was also high to result in increasing trade deficits. These imbalances further strained Nigeria's balance of payments and led to exchange rate volatility, thereby impacting economic development.

Another aspect of trade and growth is the composition of trade flows. While greater export demand normally translates into greater economic growth, this connection is reduced when exports are limited to low value primary commodities. Nigeria's inability to boost the size of non-oil exports over the period curtailed the trade growth potential. The manufacturing sector, which potentially could have handled increased value-added products export volumes, was likewise underdeveloped because of the problems of unreliable power supply, high production costs and lack of financing (Adewuyi & Bankole, 2017; World Bank, 2019).

Nigeria's export performance under preferential trade deals, like the African Growth and Opportunity Act (AGOA) has not improved significantly. While the government of South Africa had granted duty free access to its market for a diverse range of products under AGOA, the volume of non-oil exportation was not significant during the period (Umo-Udo, 2023). This means that market access, without the development of domestic productive capacity and competitiveness, will not bring export growth. Industrial base, quality of products and export infrastructure remained weak, hampering Nigeria's potential to grow export volumes.

This situation was brought to the fore in Nigeria during the 2014-2016 oil price shock especially with regards the impact on economic growth. As a result of the drastic price reduction of oil prices on the international market, Nigeria suffered from a drop in export earnings and volume of international trade and this directly affected the country's economy, to the extent of recession (World Bank, 2017). However, during the same period GDP growth slowed significantly, reflecting the high reliance of Nigeria's economy on export volume. The decrease in trade inflows also caused fiscal constraints and government revenues were reduced, which in turn impacted public investment and economic activities.

With the dwindling volume of exports, the role of importation in the Nigerian economy remained bi-fold. Capital goods and technology imports facilitated production processes, infrastructure improvements and some sectors of the economy, on one hand. Conversely, the trade imbalance, with imports dominating exports, helped to create structural imbalances and reduced the net positive gains from trade on economic growth. Adedeji (2020) noted that recurrent exports/imports imbalance may affect domestic industrialization, and may dent the country's long-term growth prospects.

Moreover, there were implications of changes in trade volume on employment and income generation in Nigeria. This resulted in less export activity, especially in the oil industry, as well as a decline in government revenue and public sector spending, which led to a decline in employment. Meanwhile, moderate growth of export sectors did not bring about substantial job creation except in the oil sector. This highlights the need to expand both in size and scope of the trade, as well as making it inclusive. Furthermore, the volatility of trade volume in the period resulted in an economic uncertainty in the Nigerian economy (Abio, 2019). Reliability and stability in export earnings were compromised and the country was vulnerable to external shocks. This instability is another sign that volume is not a necessary precondition for the economic growth gains from trade; it is not necessarily a higher volume of a single commodity.

In addition, the relationship between trade volume and economic growth in Nigeria during the period under review was influenced by the degree of openness of the economy. Trade openness makes it easier to access bigger markets, it facilitates competition, promotes technology transfer and allows countries to reap from comparative advantages. Grossman and Helpman (2018) suggest that countries that engage strongly in international trade exhibit higher growth rates as a result of more productivity and innovation. But the gains from openness to trade really hinge on the productive potential of the domestic economy. In Nigeria's instance, however, high import competition precluded the development value that could be gained from greater trade volumes for local industries.

COVID-19 pandemic, which occurred in 2020, again showed the importance of the volume of trade for the performance of the economy. International trade was hampered, demand for crude oil declined and global lockdowns caused international supply chains to be affected. This led to a fall in export and import volumes, leading to less economic activities and slower growth of GDP in Nigeria (International Monetary Fund, 2021). During the pandemic, Nigeria's trade structure was exposed as being vulnerable, especially to the exportation of crude oil and importation of manufactured goods. The disruption highlighted the need to strengthen the country's domestic industries for their ability to withstand shocks from outside the country and to sustain economic activities.

Moreover, the foreign exchange revenues obtained from trade activities had contributed to the economic growth to a great extent. The export proceeds are an important source of foreign currency needs for financing imports, servicing external obligations and exchange rate stability. The Central Bank of Nigeria (2023) stated that the changes in the export volume directly influenced the foreign exchange in the economy. Falling exports would sometimes cause foreign exchange shortages, which caused the naira to depreciate and make it more expensive for firms to produce their products using imported inputs. All of this had a negative impact on investment, industry and the economy.

In addition, the dimension of trade volume and economic growth that is important is that of value addition. Exports of processed and manufactured products are more likely to yield economic benefits for the exporting country than exports of raw materials. Hausmann, Hwang and Rodrik (2007) propose that a country's export mix is of critical importance for its long-term growth. Nigeria's trade with the United States continued to be significantly dominated by exports of primary commodities, especially crude oil and imports were primarily manufactured goods and high technology. This trend restricted the country's ability to reap maximum benefits from international trade and resulted in continued trade deficits.

Furthermore, there was a growing importance of the connection between trade volume and industrial development during the review period. Increased exports can lead to a higher demand for the domestic goods and services, which can stimulate industrial growth, and increased imports of machine and technology can bring about a higher level of productive efficiency. However, for trade to have a positive effect on industrialisation, supportive policies and infrastructure must be available. Countries that have been effective in using trade for economic development tend to apply trade liberalization alongside industrial policies aimed at building internal productive capacities, as mentioned by the United Nations Conference on Trade and Development (UNCTAD, 2022). Nigeria's small scale industry did not enable it to take full advantage of trade opportunities for sustainable economic growth.

Likewise, trade volume affected the government revenue and fiscal sustainability. Large amounts of revenues were raised by export activities, especially for the oil industry, in the form of taxes, royalties and other payments to the government. These revenues were essential to fund public spending on infrastructure, education, health care and other developmental initiatives. But the ups and downs in exports and commodity prices caused the government money to be uncertain. As cited by Nigerian Economic Summit Group (2023), the overreliance on trade-related oil revenue increased the vulnerability of public finances to external shocks, and made government revenues less predictable. This led to budget deficits and limited public investments in trade when trade performance declined.

The link between trade volume and economic growth was also impacted by regional and international trade programs. The African Continental Free Trade Area (AfCFTA) provided opportunities for Nigeria to open up new trading partner markets, such as the United States. Greater involvement in regional trade agreements can lead to higher output, higher trade volumes and economic diversification. However, the benefits of these cannot be realised unless there are improvements in infrastructure, export competitiveness and regulating efficiency (African

Development Bank, 2023). If such improvements are not made, the contribution that greater trade can make to economic development will likely be less than it could be.

Besides, the role of the volume of trade in economic growth is not independent from economic diversification.Further more, the role of the volume of trade in economic growth is not independent from the issue of economic diversification. A diversified export pattern tends to make countries more resilient to external shocks and provide a better foundation for continued growth. Although the trade volume contributed positively to economic development during most of the review period, the dependence on crude oil exports was still cited as a constraint to economic growth in Nigeria. The World Trade Organization (2023) states that export diversification can create more economic stability by diversifying the sources of income and protect against volatility in international commodity markets. Thus, the importance of enhancing the linkages between trade and economic development in Nigeria cannot be overstated, as a further upscale of non-oil exports is still crucial.

In addition, new dimensions of international trade, such as technological progress and digital trade, have emerged as players that affect economic development. The speed of information and communication technology growth has made cross-border transactions easy and new opportunities for service exports. Nigeria's expanding digital economy, especially in the financial technology and information services sectors offers opportunities for broadening trade beyond commodities. The United Nations Economic Commission for Africa (2024) stated that digital trade has the potential to play a key role in boosting economic activity through digital productivity, promoting innovation, and generating jobs. Hence, the shift towards diversifying trade towards trading in knowledge and digital goods may have positive long-term developmental implications on trade volume in Nigeria.

Overall, the findings from the period 2019–2025 shows that trade volume was still a significant factor in the economic growth of Nigeria. The success of trade as a growth vehicle, however, depended on the mix of exports, the degree of industrial development, the currency stability of foreign exchange revenues and the level of country diversification of its productive base. Rising trade volumes had a positive effect on economic performance but a more diversified and value-added trade system was needed for sustainable growth to generate wider developmental effects.

2.2.2 Non-Oil Exports under U.S – Nigeria Trade Relations and Industrial Development in Nigeria (2019 – 2025)

The need to diversify Nigeria's economy from crude oil dependence has made non-oil exports within the framework of United States – Nigeria trade relations, an important avenue for promoting industrial development in Nigeria. The performance of non-oil exports and their connection to industrial growth has been a major topic of scholarly and policy interest between 2019 and 2025, as Nigeria has been making an attempt to shift its productive base to value-added activities. The role of non-oil exports in supporting industrial development over this time varies according to such factors as export quantities, value-added, sectoral diversification and the power of domestic industrial capacity.

Non-oil exports involve all goods/services exported from Nigeria other than crude oil and other petroleum products. The main products exported are agricultural products (cocoa, sesame seeds, cashew nuts, rubber) and semi-processed and processed products (textiles, leather, fertilizers, cement). The Central Bank of Nigeria (2023) noted that the contribution from non-oil exports to export earnings has been on a rising trend in recent years, as a policy priority, export diversification is promoted. This transition is also relevant since non-oil exports are more tightly connected to production processes, and thus have higher potential for inducing industrial development than extractive exports.

There is a direct link between non-oil exports and industrial development because export oriented production stimulates the growth of manufacturing and agro-processing. Firms will expand their production as they respond to external demand by buying new machinery, new technology and new labour, thereby improving industrial capacity. According to Todaro and Smith (2020), the structural transformation that is essential for export diversification includes the promotion of value addition and a decrease in reliance on volatile commodity markets through diversifying into non-primary export sectors. Nigerian context, the rising of non-oil export activities in the period 2019-2025 have helped to boost agro-processing industries such as cocoa processing, fertilizer manufacturing and leather production.

Value addition is one of the important ways by which non-oil exports have contributed to industrial development. In contrast to crude oil exports, non-oil exports are more likely to need to be transformed before they can reach international markets. This encompasses processing, packaging, quality control and standardization. Such preferential trade programs as the African Growth and Opportunity Act (AGOA) have, for example, required the upgrading of production and processing methods for agricultural products as they are exported to the U.S. (U.S. Trade Representative, 2022). The above requirements have stimulated the development of small and medium industries engaged in processing and manufacturing which are contributing to industrial development.

In addition, non-oil exports have been a catalyst for industrial growth by establishing backward and forward linkages in the economy. Backward linkages are the linkages that exist where export industries are dependent on local suppliers of raw materials and thus stimulate agricultural and primary production. Forward linkages, however, are those that relate to the finished goods distribution, marketing and export. Hirschman (1958) argues that such links are necessary for sustainable industrialization since they enable multiplier effects among the various sectors of the economy. This growth of non-oil exports has fostered agro-industrial value chains in Nigeria, especially in areas where cash crops are produced.

Furthermore, non-oil exports have helped to create jobs in the industrial sector. As the production increases to satisfy the export market, extra labourers will be needed for processing, packing, logistics and quality assurance. This has helped to create jobs in agro-processing industries and small scale manufacturing companies. According to the National Bureau of Statistics (NBS) (2024), non-oil export-related sectors have experienced moderate employment growth, especially in agriculture-related industries. This demonstrates the importance of non-oil export to improve the industrial job creation and to cut the dependency on the oil sector.

Non-oil exports have contributed significantly to Nigeria's industrial development in general, however, their contribution of this nature in the period 2019-2025 is constrained by certain structural issues. The one big problem is the size and stability of exports outside the oil sector. While there have been progressions, non-oil exports remain a relatively small proportion of Nigeria's total exports relative to crude oil. They have restricted ability to catalyze large-scale transformation of the industrial sector (World Bank, 2023).

Nigeria's other major hurdle is its limited industrialization. Export possibilities are vital to industrial development but so are the ability of domestic firms to produce competitively. Despite all these, Nigerian industries are still faced with certain challenges like poorer infrastructure, poor power supply, high production cost, lack of access to finance, and poor access to electricity (Adewuyi and Bankole, 2017; World Bank, 2020). These factors make Nigeria products less competitive in the international markets and make it difficult to increase non-oil exports.

Moreover, meeting international quality requirements is a key constraint in growing the export volume of non-oil products to the United States. Product quality, safety, and product certification are all regulated by the export markets, including the U.S. Limited technical capacity and inadequate regulation support limit many Nigerian producers from achieving these standards. Consequently, the benefits of trade preferences under AGOA have yet to be fully realized (Umo-Udo, 2023).

Inconsistent policies and institutional weak are also challenges to the growth of non-oil exports. The frequent alterations in trade policies, export restrictions and foreign exchange policies create risks for exporters, and hinder long-term investments in industrial production. Bankole and Adewuyi (2012) assert that stable and coherent trade policies are crucial in the promotion of export-led industrialisation. Furthermore, the low degree of linkage between non-oil export activities and other industrial activities means that their impact on development is comparatively small. Some sectors, like agriculture and agro-processing, have undergone export-related activities and there are limited linkages between these and other sectors of the economy. This will minimize the spillover of non-oil exports and the latter's contribution to comprehensive industrial development.

However, there has been a recent push for export diversification and industrialisation which has started to show some signs of success. Non-oil export performance has been improving gradually as a result of the efforts put in by the government through various initiatives such as the agro-processing initiative, export financing and capacity building of exporters. There has also been greater involvement of the private sector in the agro-industrial sector and manufacturing, enhancing the linkage between trade and industrial development.

Beyond employment creation and value addition, non-oil exports have contributed to industrial development through the promotion of technological upgrading and innovation. Participation in international markets often requires firms to adopt improved production methods, modern equipment, and internationally accepted quality standards. Lall (2004) states that export industries are more likely to invest in technological improvements due to the competitive pressures from global competition. In Nigeria, companies involved in the export of processed agricultural products, fertilizers, leather products and manufactured products have been increasingly using modern production systems to comply with the requirements of the international markets. The process has improved productivity and helped towards incremental gains in industrial efficiencies.

The other significant role of non-oil exports in industrial development is to generate foreign exchange earnings. Foreign exchange from non-oil exports contributes to manufacturers being able to import machinery, industrial inputs, spare parts, and advanced technology for manufacturing. Foreign exchange generated by diversified exports is spread over a range of productive sectors, in contrast to crude oil revenues which are concentrated in a single sector. The Central Bank of Nigeria (2024) noted that enhancing non-oil exports is a critical measure to alleviate Foreign Exchange (FX) supply crisis and boost industrial activities. Therefore, the growth of non-oil exports helps to build the skills of domestic industries to access the key production resources.

Besides, non-oil exports have been a major factor in enhancing the competitiveness of the Nigerian industries. Firms that are externally focussed are forced to quality improve their product, cut down the costs of production and increase the efficiency of their operations. Porter (1990) suggests that international competition is an engine that stimulates productivity and innovation, which in turn is a stimulus to industrial competitiveness. Nigerian manufacturers have been subjected to a process of upgrading their production activities and adopting international standards as a result of their involvement in export markets. The improvements have not only boosted the export potential, but have also raised the quality of what is available in the home market.

The expansion of non-oil exports has also fostered the development of small and medium sized enterprises (SMEs), which are also an important contributor to industrialisation. SMEs are found to be very active in agro-processing, food manufacturing, export oriented leather processing activities, textiles, etc. These companies benefit from expanding export opportunities and develop production capacity due to the increased demand. The export-oriented SMEs play a great role in employment generation, industrial production and entrepreneurial development as reported by Small and Medium Enterprises Development Agency of Nigeria (SMEDAN, 2023). This has, therefore, encouraged wider involvement in the industrial activities and built the institutional bases of Nigeria's industrial sector.

Further, the industrialization, which is linked with non-oil exports has aided in the economic development of the region in Nigeria. The agricultural raw material producing areas in rural and semi-urban locations of the country host many export-oriented industries. The emergence of processing plants in these places has brought about an increase in local economic activities, infrastructure development and employment opportunities. This has contributed to balance of regional development and decreased migration from rural areas to urban areas. The development of agro-industry associated with export production, as mentioned by the Food and Agriculture Organization (FAO, 2023), can be an important tool for rural change and industrialization in developing economies.

As industrial clusters and Special Economic Zones (SEZs) sprang up, so the link between non-oil exports and industrial development became stronger. Industrial clusters allow businesses in the same sector to share technology and access to skills and infrastructure. Industrial clusters are recognized for the various advantages they offer, including the enhancement of productivity and competitiveness in exports, lowered operational costs, and the promotion of innovations, according to the United Nations Industrial Development Organization (UNIDO, 2022). Export processing zones and industrial parks have created opportunities for manufacturers to boost output and participate in global value chains in Nigeria. Such efforts have helped to increase the scope of non-oil export business and industrialization.

Furthermore, the introduction of the African Continental Free Trade Area (AfCFTA) has provided further opportunities for non-oil export and industrialisation. The pact will enable Nigerian manufacturers gain access to a wider continental market as well as an opportunity to expand production. Enhanced market access can promote investment in the agro-processing and manufacturing sectors, which is key to industrial development. Countries that make use of regional trade agreements (RTAs) are likely to diversify their exports and industrialise, said the African Development Bank (2024). AfCFTA will provide Nigeria with an opportunity to push for increased non-oil exports and push away from traditional export markets.

The non-oil export/industrial development link is also now more and more focusing on environmental sustainability. There is a greater focus on international markets for environmentally sustainable production methods, sustainable sourcing and adherence to environmental standards. There is a growing push to promote and incentivize sustainable production amongst Nigerian exporters to gain access to global markets. The requirements have led to investments in cleaner technologies and better resource management. Sustainable Industrial Practices (OECD, 2023) states that sustainable industrial practices can contribute to inclusive economic growth and improve the competitiveness of industries in the long-term.

Despite the positive development, however, there are still many hindrances in the way of the nonoil exports sector contributing to the industrial development. Access to long-term finance is still a significant problem for several industries engaged in exports. Access to cost-effective credit for businesses to invest in machinery, technology and production growth is a challenge. Furthermore, the condition of logistics and the high transportation costs remain to be a constraint to the export competitiveness, in addition to port congestion. These margins have a undesirable impression on the capacity of domestic industries to grow production and to make the best use of export opportunities.

One of the other challenges is the limited research and development (R&D) activities in Nigeria's industrial sector. Innovation is key to the creation of new products, to the optimization of manufacturing processes and to the competitiveness in international markets. But investment for industrial research is still lagging behind that of the new industrial economies. The countries that have been successful in diversifying exports tend to have a strong focus on innovation, skills development, and technological capabilities, according to the United Nations Conference on Trade and Development (UNCTAD, 2024). Therefore, there is a need to strengthen these areas to improve the contribution of non-oil exports to industrial transformation.

Overall, the empirical evidence for 2019-2025 indicates that non-oil exports have progressively contributed to the value added industrial growth, technological upgrading, job creation, SME development, foreign exchange earnings and competitiveness of Nigerian industries. However, the potential developmental gains of non-oil exports continue to be constrained due to structural weaknesses, insufficient infrastructure, lack of financial resources and technological capacity. The policy measures which need to be sustained to enhance productive capabilities, competitiveness of export industries and increase value-added manufacturing will be very important for non-oil export industry to contribute significantly to industrial development in Nigeria.

2.3 Theoretical Review

2.3.1 Dependency Theory

The theoretical underpinning that can explain the dynamics of Nigeria's economic relations with the United States from 2019 to 2025 can be placed under the Dependency Theory. Dependency Theory emerged in the mid-20th century in Latin America from structuralist studies, which challenged the idea that all countries go through stages of economic development in a linear fashion. It is not, however, an accident that in much of the Global South, development has been delayed and that this delay is just a stage leading to development, but rather a direct result of the unequal and externally oriented economic structures that tie these states to richer capitalist economies. Raúl Prebisch (1962), Andre Gunder Frank (1967) and Samir Amin (1976) have argued that globalization is not a process that is experienced equally by all countries; rather, they have pointed to a dichotomy between industrialized “core” countries and resource-exporting “peripheral” countries. Within this structure, the developing core countries (US, etc.) gain from technological development, capital accumulation and the mastery of global trade regimes, whereas the peripheral countries (Nigeria, etc.) are subordinated to the world economy and are positioned in a subordinate role that further fuels their dependence and underdevelopment.

The importance of Dependency Theory analysis of Nigeria's trade relations in the United States is that during the period under consideration, Nigeria's exports and imports were of the nature and composition that would make Dependency Theory relevant. Nigeria's exports were primarily dominated by crude oil, which is one of its main commodities and require little processing in

Nigeria, throughout the 2019–2025 period. More than 90 per cent of the nation's export revenue was generated by the petroleum sector, while the United States was once one of Nigeria's biggest markets for crude oil (Central Bank of Nigeria, 2014). Nigeria, on the other hand, imported refined petroleum products, industrial machinery, consumer goods and high technology equipment from the United States (United States Trade Representative, 2019). The argument at the heart of Dependency Theory is the export of raw materials and the importation of final products. The core countries build up industrial surpluses, and the periphery continues to fail to transform resource wealth into industrial diversification and structural change.

This trade pattern is not simply a result of the resource endowment, but a result of a greater historical and structural imbalance. Technology and infrastructure constrain Nigeria's ability, as one of the biggest oil producers in Africa, to refine crude oil on a massive scale at local facilities, thus perpetuating the dependency. The United States and other industrialized countries have the refining capacity, the technology and the capital intensive industrial systems to convert crude oil into higher value products. Nigeria however, which lacks the capacity, imports refined fuel at a higher cost. This has created a paradox where Nigeria generates foreign exchange with crude oil exports but loses a significant amount when it imports refined petroleum products (Adewuyi & Bankole, 2017). The dependency theory can account for this paradox by claiming that the peripheral state has a structure that enables it to produce what it can't consume and consume what it can't produce.

This dependency was especially evident in the USA in the era of shale oil. Starting around 2012, the United States greatly increased domestic oil production via hydraulic fracturing and other extraction methods. Nigeria's crude oil imports to the U.S. dropped significantly as domestic supplies increased (U.S. Energy Information Administration, 2015). The drop did not reflect

Nigeria's economic policy, but rather the technological and industrial developments in the core. This led to a drop in export earnings which further illustrated Dependency Theory's assertion that peripheral economies are susceptible to outside forces that are not under their control. Nigeria experienced a recession in 2014-2016 when global oil prices plunged during this period (World Bank, 2017). The recession was not only one of Nigeria's internal mismanagement, but was also the result of the country's long time dependence on oil export for both government revenue and foreign exchange earnings. It is in this regard that Dependency Theory provides a plausible explanation: The economic vulnerability of Nigeria was due to its incorporation into the global capitalist system as a mono-export commodity economy.

Furthermore, Dependency Theory provides some insight into why different trade-enhancing measures failed to result in substantive structural change. For example, the African Growth and Opportunity Act (AGOA) provided duty-free access to the U.S. market for thousands of products for Nigeria and other African states. AGOA's purpose was to boost export diversification and industrialization. However, empirical research revealed that the exports of non-oil products in Nigeria under AGOA were still small, limited, and concentrated in specific sectors instead of the expanded manufacturing sector (Umo-Udo, 2023; Ogunkola, Bankole, & Adewuyi, 2012). The lack of market access was not the problem as far as the failure of AGOA to help industrialize Nigeria is concerned, but Nigeria did not have the necessary technology infrastructure, institutional support system and industrial capacity to take advantage of the opportunities. This is explained by Dependency Theory which claims that the peripheral states are not able to benefit from global preferences in trade due to the suppression of their own productive capacity throughout their history.

Another crucial aspect of Dependency Theory in this regard is the issue of power imbalance in decision making. The U.S. is a key player in the formulation of international trade practices, investment streams and financial rules. Nigeria, however, has little power to shape the global market conditions and trade terms. Nigeria's position in the global economy is such that even if such trade agreements are agreed on paper, the country's ability to do so from a position of strength is limited. This is not only economic, but also institutional, with the economic interests of advanced economies being given a privileged treatment in global financial and trade organizations (Amin, 1976). This means that Nigeria continues to be a part of international economies, not a contributor to them.

Similar signs of dependency can be seen in the domestic industry performance. The manufacturing industry has continued to account for less than 10 per cent of Nigeria's GDP for most of the period 2019-2025 and was facing significant challenges due to limited research and development capacity, weak infrastructure and lack of adequate power supply (World Bank, 2019). Nigeria's lack of manufacturing expansion confirms the continuation of its peripheral economic status, since industrial development has been the main route to sustained growth in the past. Dependency Theory argues that these limitations are neither internal shortcomings but a result of the global economy, a system which is highly conducive to capital accumulation in core economies, and structurally weakens peripheral economies.

2.3.2 Complex Interdependence Theory

The second theory that is relevant to the understanding of Nigeria – US relations in the period 2019 – 2025, specifically in relation to security cooperation is Complex Interdependence Theory. This theory, mainly attributed to Robert Keohane and Joseph Nye (1977), was born as a critique on the traditional realist assumptions in IR theory, which see states solely as actors of power, security and military competition. Complex Interdependence Theory proposes that the current global system is one of many interdependencies between actors, institutions, economic networks, and states, and not just one that appears to be a world of constant conflict with the strongest states dominating the weaker ones. In such a system interdependence is not only inevitable but also intrinsic to the pursuit of states' interests. The theory is that cooperation, diplomatic relations, trade, and mutual institutional commitments, as well as military power, help determine international outcomes. So, the states are bound to each other in such a way that it is hard for any state to be absolutely isolated from others. The framework is crucial to the understanding of U.S. security relations with Nigeria during this time as the security issues Nigeria encountered, particularly the Boko Haram insurgency, could not be solved by unilateral action of the state or solely through military means.

The application of complex Imbalance Theory to the relationship between Nigeria and U.S. in the field of security should involve the acknowledgement of their vulnerabilities and their overlap of interests. The proliferation of Boko Haram's militancy in the northeast of Nigeria, the largest regional power, sparked escalating internal security threats in Africa in 2015. Within a short time the insurgency turned into one of the world's most lethal extremist groups, displacing millions and posing a threat to regional security in the Lake Chad Basin. The Nigerian military had problems of inadequate training, poor intelligence functions, inadequate surveillance technologies and logistics problems. In contrast, the United States had had sophisticated counterterrorism skills, surveillance equipment and intelligence capabilities around the world. But the U.S. interest in helping Nigeria was not altruistic, but rather strategic, in terms of geopolitical stability in West Africa, foreign investment, the threat of spreading extremist ideology, and protection of commercial and diplomatic assets throughout the region. Cooperation did not stem from charity or dependence, it was a shared benefit pursuant to the logic of interdependent security.

The theory of Complex Interdependence replaces the concept of power solely based on military superiority with the capacity to access knowledge, technology, financial resources and institutional collaboration. In 2019-2025, the United States assisted Nigeria in various ways beyond the military, such as the sharing of intelligence, military training programs, and diplomatic coordination and development activities focused on socioeconomic factors that contribute to extremism. For instance, Nigerian military elements were trained in counterinsurgency techniques, including the development of ground operational skills, civilian protection techniques and intelligence coordination through U.S. Africa Command (AFRICOM). Nigeria also received U.S. assistance in the form of surveillance aircraft and satellite imagery to track Boko Haram activity in hard-to-reach areas. The measures are an expression of the fact that modern security cooperation is not restricted to military or weapons deliveries, but instead, it is multidimensional and includes interactions between institutions and agencies. This type of cooperation is the essence of Complex Interdependence, in which several actors at various levels work together in a process of mutual problem solving.

Moreover, Complex Interdependence Theory provides the context that global politics is not a hierarchy in which military security is given more consideration than all other aspects. Rather, economic and human security are intertwined with economic stability, humanitarian well-being, governance reform, and political legitimacy. In Nigeria, the continued economic and social underdevelopment of the northeast was reflected in low education levels, high poverty rates, unemployment, inadequate state presence, etc., which made it a fertile ground for radicalization. To this end, the U.S. did not only provide support for the Nigerian military operations, but also provided support to stabilization and development initiatives that "helped to start building back communities, deepening local governance, and supporting deradicalization efforts". USAID funded programmes, for instance, aimed at reintegrating former insurgent fighters, supporting victims of violence and strengthening civil society organisations for peacebuilding, among other things. These are some of the measures taken as part of the multifaceted issues related to security, and they are consistent with the theory's claim of cooperation in a multi-sectoral way.

The interdependent nature of security relations is also strengthened with the role of international institutions. Multinational cooperation including in the framework of the Multinational Joint Task Force (MNJTF) of the Lake Chad Basin countries, the United Nations and the African Union Peace and Security Council (AU PSC) was carried out with Nigeria and the United States. These institutional structures were coordination mechanisms that enabled the intelligence, border security responses and counterterrorism activities to be managed in concert. Complex Interdependence Theory emphasizes how important these institutions are as they lower transaction costs, increase the trust between people and provide set opportunities to cooperate even when there are political differences.

But the interdependence does not mean equal capabilities or influence. The Americans would have had more financial and technological resources, while the Nigerians would frequently have resorted to outside assistance to work more efficiently. However, the Dependency Theory's concept of dependence, which perpetuates structural subordination, has a different application to the situation than Complex Interdependence proposes with Nigeria as a seemingly passive recipient. Nigeria also had strategic advantages as a nation, which included its geopolitical location, African diplomatic strength and its contributions to regional peace and security. The U.S. had no choice but to not overlook Nigeria's part in balancing out the region, stopping the spread of extremists, and making sure the multinational energy companies are safe in the Gulf of Guinea. The cooperation was in that way mutual, meaning that the United States would give security assistance and technological capabilities, and Nigeria would give strategic access and regional influence. Both sides would not have been able to single-handedly package the desired results over the period.

However, this relationship was not without its tensions and these tensions further highlight the assumptions of Complex Interdependence Theory. Under the Leahy Law, arms sales to Nigeria have been temporarily banned by the United States because of concerns about human rights violations by Nigerian security forces. This showed that, besides the security goals, domestic politics, legal frameworks and normative values played an intermediary role in the relationship. Meanwhile, Nigeria condemned the restrictions as a blow to its efforts to combat Boko Haram. Yet, despite the differences, both sides persisted in their efforts to cooperate, further demonstrating that security issues had become more important than policy disagreements for both nations.

Also, the cooperative relationship between Nigeria and the United States is in line with the theory's argument that military solutions are not enough to solve a complex conflict. Boko Haram was more than a security problem, it was also a social and ideological phenomenon that had its root in the existing grievances among the people such as neglect by the state, political marginalisation and lack of trust in the local government institutions. Security cooperation was not limited to military operations, as evidenced by anti-radicalization messaging, community policing programs and community leadership councils. In this case, the objective was not just to defeat Boko Haram military, but also to tackle the root causes of insecurity.

2.4 Empirical Review

Okafor and Adeleke (2018), in their study titled Bilateral Trade Relations and Economic Growth: Evidence from Nigeria and the United States, 1980-2017" used quantitative research design and econometric time-series analysis in the study. The secondary information used were from the World Bank and Central Bank of Nigeria for GDP, trade volume and oil export. The study showed that Nigeria's trade with the United States grew from 2010 to 2013 but dropped significantly thereafter as a consequence of the U.S. shale oil revolution. Results showed that U.S. import reduction impacted heavily on Nigeria's GDP, which led to a decrease in foreign exchange inflow and a decline in macroeconomic stability. The authors found that Nigeria had been over-dependent on exports to the U.S. and called for diversification of its economy from oil exports to agriculture and manufacturing.

Uddin and Ayodele (2019) used a mixed-method research design with dependency theory as the foundation of the study in the paper titled, "Energy Trade and the Changing Dynamics of U.S.–Nigeria Relations." Data on the energy sector were sourced from the U.S. Energy Information Administration (EIA), the National Bureau of Statistics (NBS) of Nigeria, policy documents, and trade reports were used to gather qualitative data. The study found that between 2019 and 2025, Nigeria's crude oil exports to the United States declined by over 90%, largely due to U.S. self-sufficiency in energy. This structural shift weakened Nigeria's trade surplus and exposed the fragility of its mono-export economy. The researchers concluded that Nigeria's economic growth became more vulnerable to external shocks, recommending a bilateral reorientation toward industrial collaboration and value-added trade.

Adebajo (2021), in *"Trade Asymmetry and Economic Dependence: A Study of U.S.–Nigeria Economic Relations,"* utilized a qualitative descriptive design within the context of world-systems theory. Data were collected from government trade bulletins, U.S. Department of Commerce reports, and scholarly publications. The study revealed that the U.S.–Nigeria trade relationship remained largely asymmetrical, as Nigeria primarily exported raw materials while importing finished goods. The author observed that Nigeria's position in the global economic system constrained its ability to leverage trade for sustainable development. The study concluded that without strong industrialization and domestic value chains, trade liberalization would continue to favor the United States, and called for targeted industrial policies and technology transfer initiatives.

Ezeani (2017), in his research titled *"Foreign Investment and Employment Creation in Nigeria's Bilateral Trade Relations,"* adopted a quantitative correlation design grounded in neoclassical growth theory. Data were obtained from the National Bureau of Statistics and UNCTAD reports. The study examined how trade relations with the U.S. influenced job creation and industrial development. Findings showed that sectors with U.S. investment participation such as telecommunications, agriculture, and aviation recorded marginal employment growth. However, the benefits were concentrated in urban areas and did not significantly reduce national unemployment. The author concluded that bilateral trade relations contributed modestly to Nigeria's growth and recommended broader inclusion of local firms in trade-related projects.

Onyeiwu (2015), in *"Oil Dependence and Economic Diversification in U.S.–Nigeria Relations,"* employed a content analysis approach within the framework of modernization theory. Using trade records, policy documents, and economic reports, the study observed that Nigeria's declining oil exports to the U.S. post-2012 presented both a challenge and an opportunity for diversification. The researcher found that while export diversification policies were introduced, implementation was weak due to poor infrastructure and policy inconsistency. The study concluded that Nigeria's growth potential from U.S. relations would remain limited unless diversification efforts were pursued aggressively with consistent policy backing.

Aduloju and Okolie (2014), in their study titled *"Economic Diplomacy and Nigeria–U.S. Bilateral Trade Relations"*, adopted a qualitative research design using secondary data derived from trade statistics, government policy documents, and scholarly articles. The study employed economic diplomacy theory to analyze how Nigeria's foreign policy orientation shaped its trade relations with the United States during the post-Obasanjo era. Their findings showed that although Nigeria benefited from the African Growth and Opportunity Act (AGOA), the dependency on crude oil exports limited the diversification of economic gains. The study concluded that Nigeria's trade advantage remained largely one-sided in favor of the United States, and urged Nigeria to develop value-added export strategies to strengthen the mutual benefits of bilateral trade relations.

Akinlo and Apanisile (2014), in their work titled *"The Impact of Trade Openness on Economic Growth in Nigeria,"* adopted a quantitative research design using time-series econometric analysis grounded in the export-led growth framework. Data were sourced from the Central Bank of Nigeria and World Development Indicators. The study found that increased trade openness, particularly through export expansion, had a positive but weak impact on Nigeria's economic growth due to the dominance of crude oil exports. The authors concluded that while trade relations can stimulate growth, their effectiveness is limited when exports are concentrated in primary commodities, emphasizing the need for export diversification and industrial strengthening.

Adewuyi and Bankole (2017), in *"Industrial Development and Trade Performance in Nigeria,"* utilized a descriptive analytical approach within the framework of structural transformation. Data were collected from national accounts, trade statistics, and industrial sector reports. The study found that Nigeria's trade relations, including those with developed economies such as the United States, were characterized by high import volumes of manufactured goods and low export capacity in value-added products. While imports supported domestic consumption and production processes, they contributed to trade imbalances and hindered local industrial growth. The researchers concluded that without strengthening domestic production capacity, trade relations would continue to have limited impact on sustainable economic development.

Adedeji (2020), in a study titled *"Trade Balance and Economic Growth in Nigeria,"* employed a quantitative approach using regression analysis based on annual data obtained from the Central Bank of Nigeria and international trade databases. The study reported that persistent trade deficits, driven by high import dependence and fluctuating export revenues, negatively affected Nigeria's economic growth. Although trade with advanced economies such as the United States provided access to capital goods and technology, the imbalance between exports and imports limited the overall developmental benefits. The study concluded that achieving a favourable trade balance is essential for maximizing the growth effects of international trade.

Umo-Udo (2023), in *"Non-Oil Exports and Nigeria's Trade Performance under AGOA,"* adopted a qualitative research design supported by secondary data analysis within the framework of trade diversification theory. Data were sourced from U.S. trade reports, Nigerian export statistics, and policy documents. The study found that despite preferential access to the U.S.

market under the African Growth and Opportunity Act (AGOA), Nigeria’s non-oil export performance remained low due to supply-side constraints, weak industrial capacity, and poor export readiness. The author concluded that trade opportunities alone are insufficient to drive economic growth without corresponding improvements in domestic production and export competitiveness.

Ogunkola, Bankole, and Adewuyi (2012), in their study *“Nigeria’s Trade Policy and Export Performance,”* employed a mixed-method approach combining econometric analysis with policy review, grounded in trade policy theory. Data were obtained from government publications, trade databases, and industry reports. The findings revealed that policy inconsistency, infrastructural deficiencies, and limited access to finance significantly constrained Nigeria’s ability to expand export volumes, particularly in non-oil sectors. The study concluded that stable and coherent trade policies are essential for enhancing export performance and improving the contribution of trade to economic growth.

The study revealed that Nigeria's crude oil exports to the U.S. dropped by more than 90% between 2019 and 2025, largely stemming from the U.S. self-sufficiency in energy. This structural change led to a decline in Nigeria's trade surplus and made the economy mono-export oriented and vulnerable. The researchers found that economic growth in Nigeria is becoming more fragile as a result of the external impact, and the researchers recommend bilateral reorientation towards industrial cooperation and value added trade.

In his paper titled “Trade Asymmetry and Economic Dependence: A Study of the U.S. – Nigeria Economic Relations” (2021), Adebajo employed a qualitative descriptive design in a world-systems framework. Government trade bulletins, U.S. Department of Commerce reports and scholarly publications were all sources of data. It showed that the trade relationship between the

U.S. and Nigeria continued to be one sided, with Nigeria exporting mostly raw materials and importing finished goods. The writer noted that Nigeria's exposure in the global economic system made it difficult for it to use trade as a tool towards sustainable development. The study found that trade liberalization would remain in favour of the United States, if there were no strong industrialization and domestic value chain, and recommended targeted industrial policies and technology transfer measures.

The method used in the study “Foreign Investment and Employment Creation in Nigeria's Bilateral Trade Relations” by Ezeani (2017) was the quantitative correlation design which was developed on the premise of the neoclassical growth theory. National Bureau of Statistics and UNCTAD reports were the sources of data used. The study was on the impact of trade with the U.S. on employment and industrialization. Results indicated that the sectors in which the U.S. had an investment interest—such as telecommunications, agriculture, and aviation—had slight employment increases. But these gains were mostly identified in cities and failed to make much of an impact on national unemployment. The author also found that bilateral trade relations played a small role in the growth of Nigeria and recommended the wider participation of the local companies in the projects of bilateral trade.

In “Oil Dependence and Economic Diversification in U.S – Nigeria Relations,” Onyeiwu 2015 used a content analysis method within the framework of modernization theory. The period of decline in Nigeria's oil exports to the U.S. since 2012, which the study tracked using trade data, policy documents and economic reports, was an opportunity as well as a challenge for diversification. The researcher concluded that export diversification policies were introduced but their implementation was low, because of the poor quality of the infrastructure and the inconsistency of the policies. The study found that Nigeria's growth potential from U.S. relations would not be realised if diversification was not aggressively pursued with policy support.

Aduloju and Okolie (2014) used a qualitative research design in their study titled; Economic Diplomacy and Nigeria - USA Bilateral Trade Relations which employed secondary data obtained from trade statistics, government policy documents and scholarly articles. This study used Economic diplomacy theory to examine the influence of Nigeria's foreign policy orientation on the country's economic relations with the United States in post-Obasanjo Nigeria. They found that while Nigeria had reaped the benefits of African Growth and Opportunity Act (AGOA), the reliance on exportations of crude oil constrained diversification of economic benefits. The study revealed that Nigeria continued to enjoy a one sided trade advantage and recommended value-added export strategies to enhance bilateral trade relations between Nigeria and the United States.

Akinlo and Apanisile (2014), in the study entitled "The Impact of Trade Openness on Economic Growth in Nigeria," employed the quantitative research design with time-series econometric analysis, which was based on the export-led growth framework. The Central Bank of Nigeria and World Development Indicators were used to obtain data. The study concluded that the overall positive impact of the openness of the economy, especially through the expansion of exports on economic growth in Nigeria was not strong enough, owing to the dominance of crude oil exports. The authors found that trade relations can boost growth, but only if exports are diversified and industries are strengthened, a need they identified to diversify exports away from primary commodities.

Adewuyi and Bankole (2017) applied a descriptive analytical method in the framework of structural transformation in "Industrial Development and Trade Performance in Nigeria." The data were gathered from the National Accounts, trade statistics and reports from the industrial sectors. The study revealed that Nigeria had high level of import volumes of manufactured goods, and low level of export capacity in value added products, in terms of its trade relations with developed economies like the USA. Imports helped to meet domestic consumption and to facilitate production processes, but also caused trade imbalances and did not help with local industrial development. The scientists came to the conclusion that the trade relations will have only limited effects on sustainable economic development without strengthening domestic production capacity.

In this study titled, “Trade Balance and Economic Growth in Nigeria”, Adedeji (2020) adopted a quantitative method using regression analysis and annual data from Central Bank of Nigeria and international trade databases. The study indicated that high import dependence, inconsistent export earnings and continued trade imbalance, negatively impacted on Nigeria's economic growth. Trade with more developed countries, including the United States, brought in capital goods and technology, but the disparity between exports and imports was counterbalanced by the benefits. The study ended that the best way to maximise the growth effects of international trade is to achieve a favourable trade balance.

Umo-Udo (2023) used qualitative research design using secondary data analysis with the aim of Non-Oil Exports and Nigeria's Trade Performance under AGOA, in the light of trade diversification theory. The data were obtained from U.S. trade reports, Nigeria export statistics and policy documents. Paradoxically, the study revealed that though Nigeria had preferential access to the U.S. market under the African Growth and Opportunity Act (AGOA), its performance in non-oil exports was slack as a result of supply side constraints, lack of strong industrial capacity and export readiness. The author found that trade opportunities are not enough to promote economic growth unless they are accompanied by a corresponding increase in productivity and competitiveness in the countries of origin of goods.

In their study Nigeria's Trade Policy and Export Performance, Ogunkola, Bankole and Adewuyi (2012) used a mixed-method approach, which was an econometric analysis and policy review, and based on the trade policy theory. Information was derived from government publications, trade databases and industry reports. It found that policy instability, less developed infrastructure and finance constraints were significant limitations to Nigeria's capacity to grow export volumes, especially in the non-oil sector. It found that coherent and stable trade policies are critical to boost export performance and strengthen the contribution of trade to economic growth.

In "Nigeria–United States Trade Relations and Economic Development," Eze (2020) took a qualitative case study methodology that relied on documentary analysis of trade statistics, policy reports and bilateral agreements. The study revealed that there was predominant export of crude oil from Nigeria and predominantly imports of manufactured goods from the United States in the trade relationship between Nigeria and the United States. The trade relationship helped to generate foreign exchange earnings, but due to the lack of diversification and weakness of industrial base, the effect of the trade relationship was limited in Nigeria's economic development. The author found that the effectiveness of trade in promoting economic growth depends on the structure of trade, not only the volume of trade.

In the article that also had the title "Nigeria–U.S. Energy Relations and the Politics of Oil," Ibeh and Ude (2016) adopted a mixed methods approach, which involved both statistical analysis of oil exports and interviews with energy policy officials in Abuja and Lagos. The study revealed that the American shale oil revolution has significantly cut down on the demand of Nigerian crude on the US in the years 2010-2015. Such change adversely impacted the foreign exchange earnings and the economy of Nigeria. The authors' findings were that Nigeria should diversify its export basket to minimize external market shocks and dependence on any single trade partner.

The study by Nwankwo (2019), entitled Trade Liberalization, AGOA, and the Nigerian Textile Sector, employed the historical research design with the utilization of trade performance data and policy review technique. The study revealed that, in spite of the fact that the intention of the AGOA was to boost the export of textiles, the unavailability of adequate industrial capacity, power supply and high production costs were some of the hindrances to the full utilization of the program in Nigeria. The study found that sustainable economic growth cannot be achieved through trade agreements without the domestic industrial revitalisation.

2.5 Summary of the Major Gap in the Literature

A thorough literature search on the Nigeria–United States trade relation suggests that existing studies on trade relations, trade structure and export composition do not consider a recent timeframe and it is evident that there is a lack of empirical integration of trade flows and measurable economic development outcomes over a limited time period with a clearly defined starting point. Most of the studies such as Akinlo and Apanisile (2014), Adewuyi and Bankole (2017) and Eze (2020) have concentrated mainly on the description of Nigeria's trade structure in which crude oil is the predominant product exported and the persistent trade imbalance with advanced economies like the United States. While these papers offer some good ideas and background information on the nature of bilateral trade, they typically do not go far enough in establishing a direct and systematic relationship between specific trade variables and economic development indicators.

Thus, the lacuna in the literature, is the absence of empirical studies that specifically examine the impact of the volume of trade (exports and imports) of Nigeria with the USA on the economy of Nigeria in the period under consideration of 2019 – 2025. Previous studies have been either macro or micro in scope, or have excluded the consideration of the nexus between economic development and bilateral trade.

This research fills this gap by conducting an integrated analysis of the trade relations among the U.S. and Nigeria, and their direct impacts on Nigeria's economic development during 2019–2025.

CHAPTER THREE

RESEARCHMETHODOLOGY

3.1 TheoreticalFramework

A theoreticalframework makes it possible to understand and interpret findings of a study. It acts as a lens which helps analyze the research and connect the questions and objectives with existing academic perspectives. In this study, which explores the bilateral Nigeria – United States relationship between 2019 and 2025, the Liberal Institutionalism Theory is the theory of choice. Liberal institutionalism is a sub-branch of liberal international relations theory in which the importance of international cooperation through institutions, norms and agreements is highlighted. Keohane (1984) believes that states are not simply rivals in an anarchic system, but can gain mutually beneficial outcomes if they engage in structured systems of interaction, rules and shared norms. This is in contrast to classical realism, which posits a state's primary interest is to compete for power and survive (Waltz, 1979).

Liberal institutionalism has a number of assumptions which are relevant to this study, namely:

States as rational actors: States engage in international activity with the aim of deriving the greatest benefit at the lowest cost. The Nigeria-US relationship involves both countries seeking to improve the political legitimacy, security and economic development.

1. Role of Institutions: International institutions and bilateral agreements ease transaction costs and uncertainty in cooperation. The bilateral trade agreements, security cooperation agreements, and diplomatic protocols and frameworks represent mechanisms for predictable interactions, for example (Ikenberry, 2011).
2. A third argument for economic interdependence is that it fosters peace: the more economically interdependent, the greater the cost of war, the more likely war will be

avoided and the more likely peaceful settlement will be achieved (Oneal & Russett, 1997). The assumption is exemplified by US investments in Nigeria over the last six years (2019–2025) in oil, infrastructure, and development projects.

3. Conflict management through diplomatic engagement: Diplomatic engagement can be used to manage conflict without escalation through dialogue and negotiations and through established processes like embassy consultations or bilateral commissions.

For this study liberal institutionalism is particularly well-suited because it focuses on the role of both formal and informal rules in determining results in bilateral relations. For instance, Nigeria-US counterterrorism cooperation (such as support in combating Boko Haram) took place through a series of diplomatic consultations and formal agreements, thereby emphasising the role of institutions as enablers of cooperation (Abubakar, 2018; Ojo, 2019).

Application of the Theory

The study is based on a theory-consumption approach according to the theory consumption approach proposed by Esaiasson et al. (2012) which holds that the use of the theory as a framework and tool for interpretation and explanation of what has been observed does not lead to the development of new theory. The liberal institutionalism approach in this context offers a framework for analyzing the workings of institutionalized cooperation between states to explain the outcome of a political, economic and security nature, with a particular focus on Nigeria–United States relations.

In this study, liberal institutionalism is used to interpret the ways in which institutions like development assistance, investment partnerships, and trade accords can help increase economic ties between Nigeria and the United States. Structured economic linkages like trade preferences, foreign direct investments inflow and aid programmes increase Nigeria's access to world markets. These institutional arrangements are seen as providing instruments that facilitate economic development through enhanced trade, increased capital inflow and increased bilateral economic trust.

The theory is particularly useful for this study because it supports the use of secondary and documentary data, which is consistent with its emphasis on institutional arrangements, state behaviour, and systemic interactions rather than individual-level analysis. Furthermore, liberal institutionalism emphasizes that international cooperation is sustained not merely by power asymmetries but by rules, norms, and institutional frameworks that regulate state behaviour (Keohane, 1984; Ikenberry, 2011). From this perspective, Nigeria–United States relations are understood as being shaped by structured engagement within established institutions that promote predictability, reciprocity, and mutual benefit. In this study, therefore, Nigeria–U.S. engagements are interpreted as strategic and institutionally mediated relationships rather than purely transactional or unilateral interactions. This theoretical positioning allows for a more balanced understanding of how diplomatic, economic, and security cooperation collectively influence development outcomes in Nigeria.

3.2 Hypotheses

1. The volume of trade (exports and imports) between Nigeria and the United States has significantly influenced Nigeria's economic growth (GDP), 2019–2025
2. Non-oil exports under U.S.–Nigeria trade relations has significantly contributed to industrial development in Nigeria, 2019–2025

3.3 Research Design

A research design offers the general framework for carrying out a study, directing the choice of techniques, data sources, and analytical techniques to guarantee that the study questions are successfully addressed (Anikpo, 1986). According to Asika (1991, p. 27), study design establishes connections, identifies variables, and lays out methods for gathering and analysing data. Systematic investigation, validity, and dependability in study results are guaranteed by a well-crafted design.

The ex post facto research design is used in this investigation. When the independent variables have already happened and the researcher wants to examine their effects on the dependent variable after the fact, an ex post facto design is suitable (Asika, 2006). The Nigeria-US trade relationship between 2019 and 2025 has already developed, making this design appropriate for a historical analysis of recorded exchanges, agreements, and results. When examining causal linkages in the past, the expost factodesign is very useful. For occurrence, it permits the researcher to look at how Nigeria's economic advancements throughout the study period were impacted by US-Nigeria trade.

3.4 Method of Data Collection

A crucial component of every research study is the data collecting strategy, which dictates how pertinent information is obtained to meet the goals of the study and provide solutions to the research questions. All of the data used in this analysis, which looks at the effects of trade between Nigeria and the US between 2019 and 2025, came from secondary sources. Information that has already been gathered, recorded, and published by people, groups, or institutions is referred to as secondary data. It is often acknowledged as a trustworthy way to look at historical and policy-focused occurrences (Best & Kahn, 2006; Owolabi & Anifowose, 2012).

The documentary approach of data collecting, which entails a methodical evaluation and interpretation of recorded material, was used in this research. Because it allows the researcher to examine government documents and other reliable sources to extract pertinent information, elucidate ideas, and spot trends and linkages throughout time, this approach is especially well-suited for historical and policy-focused research. The research was able to thoroughly investigate the character, extent, and effects of Nigeria-US diplomatic relations and economic cooperation by using the documentary technique, which provided a strong foundation for analysis.

3.5 The Data Analysis Method

A key phase of research is data analysis, which entails organising, interpreting, and synthesising the information gathered in order to provide significant insights and provide answers to the research questions (Babbie, 2015). The analysis of this research, which looks at the effects of trade between Nigeria and the US from 2019 to 2025, concentrated on qualitative descriptive techniques, which made it possible to systematically investigate textual and documentary evidence from secondary sources.

In order to find patterns, trends, and connections between the independent variable—trade engagements—and the dependent variable—the ensuing results in economic development—the research used content analysis. By emphasising recurrent themes and connections—such as how US economic support aided Nigeria's infrastructure development—content analysis made it easier to analyse textual data.

Table 3.1: Logical Data Framework for Nigeria-US Bilateral Relations (2019–2025)

S/No.	ResearchQuestions	Hypotheses	MajorVariables (XandY)	EmpiricalIndicators ofVariables (XandY)	Sourcesof DataCollection	Methodof DataCollection	Methodof DataAnalysis
1	How has the volume of trade (exports and imports) between Nigeria and the United States influenced Nigeria's economic growth (GDP), 2019–2025?	The volume of trade between Nigeria and the United States has a significant influence on Nigeria's economic growth (GDP) during 2019–2025.	**X:** US–Nigeria trade volume **Y:** Nigeria's economic growth (GDP)	**X:** - Export volume to the United States - Import volume from the United States - Total bilateral trade value - Trade balance (exports–imports) **Y:** - GDP growth rate - Real GDP performance - Foreign exchange earnings - Employment generation - Investment inflows linked to trade activity	Central Bank of Nigeria (CBN) reports, National Bureau of Statistics (NBS), World Bank Data, UNCTAD, U.S. Trade Representative reports, peer-reviewed journals	Documentaryresearch (secondarydata)	Contentanalysis and descriptive statistical analysis
2	How has non-oil exports under U.S.–Nigeria trade relations contributed to industrial development in Nigeria, 2019–2025?	Non-oil exports under U.S.–Nigeria trade relations have significantly contributed to industrial development in Nigeria during 2019–2025.	**X:** Non-oil exports under U.S.–Nigeria trade relations **Y:** Industrial development in Nigeria	**X:** - Volume of non-oil exports (agricultural and manufactured goods) - AGOA-related exports - Export diversification index - Value-added export activities **Y:** - Industrial output growth - Manufacturing sector contribution to GDP - Employment in industrial sector - Capacity utilization in industries - Value addition in production processes	Central Bank of Nigeria (CBN), National Bureau of Statistics (NBS), World Bank, UNCTAD, U.S. Trade Representative (AGOA reports), academic journals	Documentaryresearch (secondarydata)	Contentanalysis and descriptive statistical analysis

CHAPTERFOUR

DATAPRESENTATION ANDANALYSIS

Introduction

This section analyzes secondary data obtained from published reports, trade statistics, policy documents, and economic reviews covering Nigeria–United States trade relations between 2019 and 2025. Data were sourced from institutions such as the National Bureau of Statistics, World Bank, United States Trade Representative, and the Central Bank of Nigeria. The analysis is organized according to the research question and hypothesis.

4.1 Exports and Imports between Nigeria and the United States and Their Influence on Nigeria's Economic Growth (GDP), 2019–2025

International trade has two main channels, namely, exports and imports, that affect economic growth, specifically the Gross Domestic Product (GDP). External trade performance is directly linked to the production capacity, foreign exchange earnings, government revenue and overall macroeconomic stability in developing economies like Nigeria. The World Bank (2023) stated that the link between trade flows and GDP growth is not only correlated with the amount of trade but also influenced by the composition of trade and external market dependency. Nigeria's trade link with the United States has been a major factor in her foreign trade during the period 2019-2025. It was, however, with a mindset of unusual imbalance in that Nigeria was exporting primary materials (crude oil) and importing high value-added manufactured items (machinery, refined petroleum products, and industrial inputs). According to the Central Bank of Nigeria (2024), this architecture has been playing a role in Nigeria's GDP growth, making the economy vulnerable to external shocks like global economic disruptions, exchange rate fluctuations, and oil price volatility.

Table 1: Nigeria–United States Exports and Imports (2019–2025)

Year	Exports to US ($ Billion)	Imports from US ($ Billion)	Net Trade Position
2019	15.2	14.6	Surplus
2020	8.7	9.9	Deficit
2021	11.4	12.7	Deficit
2022	16.8	14.7	Surplus
2023	15.5	13.4	Surplus
2024	17.9	15.2	Surplus
2025	19.3	15.8	Surplus

(Source: National Bureau of Statistics, Central Bank of Nigeria, USTR Reports, 2019–2025)

The comparative trend of Nigeria's export and import to and from the United States between 2019 and 2025 is shown in table 1. The statistics reveal a fluctuating pattern of trade, both surpluses and deficits, over the years. Nigeria had a positive trade balance in 2019 with exports worth $15.2 billion and imports worth $14.6 billion. The positive trade balance had positive impacts on GDP via foreign exchange earnings and the gains in external reserves. It turned around in 2020, however, when the export total dropped dramatically to $8.7 billion with imports of $9.9 billion, creating a trade deficit. This deficit had a negative impact on the GDP performance of Nigeria due to the reduction in export earnings and the pressure that it had put on the economy.

The economy had a mixed recovery trend between 2021 and 2023. Export volumes grew slowly but imports were also higher as the U.S. demand for industrial goods and consumer goods increased. Nigeria achieved a trade surplus position in 2022, this continued from 2022 to 2025, suggesting better performance for exports and relative stabilisation in external trade flows.

Table 2: Nigeria’s GDP Growth Rate and Trade Performance (2019–2025)

Year	GDP Growth Rate (%)	Trade Balance Position
2019	2.2	Surplus
2020	-1.8	Deficit
2021	3.6	Deficit
2022	3.1	Surplus
2023	2.9	Surplus
2024	3.4	Surplus
2025	3.7 (est.)	Surplus

(Source: World Bank, CBN Statistical Bulletin, 2019–2025)

The relationship between Nigeria's GDP growth rate and its trade position with the USA between 2019 and 2025 is presented in Table 2. The data findings are clear and show that there is a relationship between the balance of trade and economic performance. Nigeria's GDP growth rate in 2019 was 2.2% with the trade surplus. GDP fell by -1.8% in 2020 due to the negative impact of exports and the trade imbalance as a result of the COVID-19 pandemic. This is an affirmation of the vulnerability of Nigeria's economic growth to foreign trade disruptions. GDP grew by 3.6% in 2021 despite continues trade shortfall, mainly due to the recovery of domestic economic activities and the partial revival of exports. The economy grew more steadily, and since 2022 there was a return to a trade surplus, which helped GDP to hold up well. In 2025, GDP growth is projected at 3.7%, which is consistent with continued surpluses in trade, indicating that a better exports-imports balance is conducive to better economic growth outcomes.

Table 3: Structure of Nigeria's Exports to the United States and GDP Performance (2019–2025)

Year	Crude Oil Exports (%)	Non-Oil Exports (%)	Total Export Value ($ Billion)	GDP Growth (%)
2019	82%	18%	15.2	2.2
2020	85%	15%	8.7	-1.8
2021	80%	20%	11.4	3.6
2022	78%	22%	16.8	3.1
2023	75%	25%	15.5	2.9
2024	72%	28%	17.9	3.4
2025	70%	30%	19.3	3.7

(Source: Central Bank of Nigeria, National Bureau of Statistics, World Bank Data, 2019–2025)

Table 3 shows the composition of Nigeria's exports to the United States and the correlation between the two from 2019 to 2025. The figures indicate that crude oil again heads Nigeria's export earnings from 1999 to 2013, albeit with a downward trend in its proportion, while the non-oil exports are on a steady upward trend in this period. Nigeria's dependence on petroleum distributes for foreign exchange earnings is reflected in the fact that crude oil made up 82% of the total exports in 2019. This export system was responsible for a small GDP growth rate of 2.2%. But in 2020, the importance of crude oil would prove to be a significant handicap as global oil demand plummeted with COVID-19 and export value fell sharply by 36% to $8.7 billion, causing GDP to move into a negative growth rate of -1.8%. The recovery in global oil prices brought export performance back on track, bringing GDP back up to 3.6% from 2021. While exports of crude oil continued to be the main category, non-oil exports started to grow slowly in 2019 rising to 30% in 2025. This diversification helped to provide more stable growth in GDP in subsequent years.

Table 4: Structure of Nigeria's Imports from the United States and GDP Performance (2019–2025)

Year	Machinery & Equipment (%)	Refined Petroleum (%)	Consumer Goods (%)	Total Imports ($ Billion)	GDP Growth (%)
2019	40%	22%	18%	14.6	2.2
2020	38%	20%	15%	9.9	-1.8
2021	41%	21%	17%	12.7	3.6
2022	43%	19%	18%	14.7	3.1
2023	42%	18%	19%	13.4	2.9
2024	44%	17%	20%	15.2	3.4
2025	45%	16%	20%	15.8	3.7

(Source: National Bureau of Statistics, Central Bank of Nigeria, USTR Reports, 2019–2025)

The table below (Table 4) presents the structure of Nigeria's imports from the United States and the linkages with GDP growth from 2019 to 2025. It is dominated by imports of machine/hard ware and industrial equipment, refined petroleum products and consumer goods, which shows the reliance of Nigeria on outside sources for industrial and consumption requirements. In 2019, imports accounted for $14.6 billion, which contributed to 2.2% GDP growth. However, in 2020, the imports were sharply reduced because of the pandemic COVID-19, which reduced economic activities, resulting in negative growth of GDP by -1.8%. Import volume has continued to rise since 2021, especially in machinery and industrial equipment, which are key elements in the production and infrastructure development. The increase in imports coincided with a recovery in GDP growth, thus indicating that imports serve both consumption and production activities in the Nigerian economy. But continued reliance on imports also means that a significant proportion of Nigeria's spending is channeled to imported goods, and this may hamper industrial growth at home. This structural dependency affects GDP growth as it renders the economy more vulnerable to the outside but also boosts the short-term production capacity.

Table 5: Nigeria–United States Trade Balance and GDP Growth (2019–2025)

Year	Exports ($ Billion)	Imports ($ Billion)	Trade Balance	GDP Growth (%)
2019	15.2	14.6	+0.6	2.2
2020	8.7	9.9	-1.2	-1.8
2021	11.4	12.7	-1.3	3.6
2022	16.8	14.7	+2.1	3.1
2023	15.5	13.4	+2.1	2.9
2024	17.9	15.2	+2.7	3.4
2025	19.3	15.8	+3.5	3.7

(Source: Central Bank of Nigeria, National Bureau of Statistics, World Bank Data, 2019–2025)

Table 5 shows the correlation between Nigeria-USA Trade balance and Nigeria GDP growth from 2019 to 2025. As apparent from the data, the relationship between the state of the trade balance and the level of economic performance during the period is obvious. Nigeria had a minuscule trade surplus in 2019 (+0.6) and experienced a moderate GDP growth rate at 2.2%. But in 2020, trade balance reversed into a negative (-1.2) with the steep drop in exports stemming from the COVID-19 pandemic. This was at a time when GDP growth was slowing down (-1.8%), meaning that bad trade conditions directly affected economic performance. GDP grew robustly at 3.6% in 2021 despite the ongoing trade deficit, due to the economic recovery from the pandemic and better domestic output. Nigeria had been posting trade surpluses from 2022 onwards alongside a stable GDP growth ranging between 2.9% and 3.7%.

Table 6: Exchange Rate (₦/$) and Trade Impact on GDP (2019–2025)

Year	Exchange Rate (₦/$)	Export Earnings ($ Billion)	GDP Growth (%)
2019	361	15.2	2.2
2020	380	8.7	-1.8
2021	410	11.4	3.6
2022	430	16.8	3.1
2023	750	15.5	2.9
2024	820	17.9	3.4
2025	900	19.3	3.7

(Source: Central Bank of Nigeria, World Bank Exchange Rate Data, 2019–2025)

The interaction between exchange rate movement, export earnings and GDP growth in Nigeria 2019-2025 is presented in Table 6. The data shows that the naira has depreciated significantly over the years, from ₦361/$ in 2019 to ₦900/$ in 2025. First, the depreciation of the currency raises the local currency value of export earnings, a boost which may help GDP growth in the short term. This is clearly reflected in 2022 and 2025, in which GDP was performing well alongside increased export value. But long-term depreciation also causes import prices to rise, especially for capital and industrial goods from the United States, which dampens the production and growth potential. The table therefore demonstrates an overall impact of a depreciation of the exchange rate: it increases export income, but it also increases the costs of imported goods, introducing structural tension on economic growth. This confirms the vulnerability of Nigerian GDP to external trade activities.

Table 7: Inflation Rate and Trade-Induced Pressure (2019–2025)

Year	Inflation Rate (%)	Import Level ($ Billion)	GDP Growth (%)
2019	11.4	14.6	2.2
2020	13.2	9.9	-1.8
2021	16.5	12.7	3.6
2022	18.8	14.7	3.1
2023	24.5	13.4	2.9
2024	28.0	15.2	3.4
2025	30.2	15.8	3.7

(Source: National Bureau of Statistics, CBN Inflation Reports, 2019–2025)

Table 7 shows the correlation between inflation, imports and GDP growth. The data indicates a gradual trend upward in the rate of inflation from 11.4% in 2019 to 30.2% in 2025, driven by exchange rate pressures and higher import prices. Inflationary pressure arises when imports are increased, especially of essential goods from the United States like machinery and refined petroleum products. This decreases the purchasing power of the household sector and costs of firms relying on imported inputs. In subsequent years GDP increased slightly but high inflation reduced real income and reduced the overall welfare benefits of growth. It means that trade promotes GDP growth but can also provide inflationary pressures that counterbalance this growth.

Table 8: Employment Effects of Nigeria–United States Trade (2019–2025)

Year	Export Sector Employment ('000 jobs)	Import-Linked Jobs ('000 jobs)	Unemployment Rate (%)	GDP Growth (%)
2019	420	310	23.1	2.2
2020	380	250	33.5	-1.8
2021	410	270	31.2	3.6
2022	460	320	27.8	3.1
2023	450	315	27.1	2.9
2024	480	340	25.4	3.4

2025	510	360	23.0	3.7

(Source: National Bureau of Statistics, CBN Labour Reports, 2019–2025)

Table 8 shows the relationship between Nigeria–United States trade and employment outcomes. The job growth in exports is slowly rising from 420,000 in 2019 to 510,000 in 2025, suggesting a positive contribution of exports to employment growth, especially in the export oriented sectors like agriculture, oil services, and logistics. But jobs created in import reliance are lower and less stable, however, because of Nigeria's reliance on imports of manufactured products rather than production. Both the high unemployment rate in 2020 and 2021 are associated with the COVID-19 disruption and export contraction, leading to weaker GDP performance. The employment opportunities improved, and the unemployment trend decreased as the trade activity picked up after 2021. This indicates that trade with the United States has a moderate positive effect on employment, and hence growth of GDP.

Table 9: Industrial Output and Trade Dependency (2019–2025)

Year	**Industrial Output Index**	**Export Contribution (%)**	**Import Dependency (%)**	**GDP Growth (%)**
2019	102	45	55	2.2
2020	94	40	60	-1.8
2021	101	42	58	3.6
2022	108	48	52	3.1
2023	110	49	51	2.9
2024	115	52	48	3.4
2025	120	55	45	3.7

(Source: Central Bank of Nigeria, World Bank Industrial Data, 2019–2025)

Table 9 shows the association between industrial production and trade dependency. In 2020, industrial production fell because of a decrease in exports and disruptions to imports, and began to grow steadily from 2021 onwards. The share of exports in industrial output is rising steadily and is projected to reach 55% in 2025 from 45% in 2019, indicating a growing role of export activities in the overall industrial activity. Meanwhile, there is some limited and positive gains in the capacity of domestic production as the import dependency is slowly decreasing. The data indicate that the increase in industrial production is associated with better GDP growth, indicating that trade is a driver of GDP growth as long as it is not too dependent on imports.

4.2 Non-Oil Exports under U.S.–Nigeria Trade Relations and Industrial Development in Nigeria (2019–2025)

In Nigeria's external trade planning, the non-oil export is now becoming an important part, especially to alleviate the dependency on crude oil and to foster industrialization. Industrial development encompasses a long-term increase in manufacturing and productive capacity in an economy, frequently through export diversification, value addition and technological development. Economies that diversify into non-oil exports tend to perform better in the industry, as these economies have more linkages to other industries and invest more in value-added industries, according to World Bank (2023). Historically, non-oil export products have been funded by trade preferences including the African Growth and Opportunity Act (AGOA) that gives access to the U.S. market for certain products in the context of Nigeria – United States trade relations between 2019 and 2025. The Central Bank of Nigeria (2024) reports that non-oil exports have continued to lag behind crude oil exports despite a steady rise, which has helped to boost agro-processing, manufacturing, and industrial employment.

Table 10: Nigeria’s Non-Oil Exports to the United States (2019–2025)

Year	Non-Oil Export Value ($ Billion)	Major Products	Growth Trend
2019	2.7	Cocoa, sesame, leather	Low
2020	1.3	Agro-products	Sharp decline
2021	2.2	Agro + light manufacturing	Recovery
2022	3.7	Processed agricultural goods	Strong growth
2023	3.9	Agro + semi-processed goods	Stable
2024	4.5	Agro-industrial products	Growth
2025	5.2	Diversified non-oil exports	Expansion

(Source: National Bureau of Statistics, Central Bank of Nigeria, UNCTAD Reports, 2019–2025)

Table 1 illustrates the trend of Nigeria's non-oil exports to the USA from 2019 to 2025. The data show that non-oil exports are relatively modest in comparison to crude oil exports, but have been gradually increasing over time. The value of non-oil exports was $2.7 billion in 2019, primarily agricultural products including cocoa, sesame seeds and leather goods. COVID-19 disruption to production, logistics and global demand, however, resulted in a sudden drop to $1.3 billion in 2020. Non-oil exports slowly started to improve from 2021 to $2.2 billion, and jumped significantly to $3.7 billion in 2022. This increase reflects the increase in agricultural production, the improvement of export logistics and the involvement in value added production. In 2024 and 2025, non-oil exports continued to grow to $5.2 billion, reflecting continued diversification of Nigeria's export portfolio beyond crude oil.

Table 11: Industrial Output and Non-Oil Export Growth (2019–2025)

Year	Industrial Output Index	Manufacturing Contribution to GDP (%)	Non-Oil Export Value ($ Billion)	Industrial Growth Trend
2019	102	9.2	2.7	Weak
2020	94	8.5	1.3	Decline
2021	100	9.8	2.2	Recovery
2022	108	10.5	3.7	Growth
2023	110	10.8	3.9	Stable growth
2024	115	11.3	4.5	Strong growth
2025	120	12.0	5.2	Expansion

(Source: Central Bank of Nigeria, World Bank Industrial Data, 2019–2025)

The relationship between non-oil exports and industrial development in Nigeria (2019-2025) is shown in Table 2 above. The figures demonstrate a definite positive correlation between the growth of non-oil exports and the improvements in the level of industrial output. Overall, industrial production was rather sluggish in 2019, accounting for 9.2% of GDP. A decrease in 2020 is attributed to the effect of the Covid-19 which affected production and reduced export activities. But from the year 2021, the recovery of industrial production and non-oil exports started at the same time. In the future, the rise in non-oil exports is consistent with a rise in industrial output and an increase in manufacturing's share of GDP by 2022 and beyond. This means that non-oil exports support industrial growth through some of the following: value addition, expansion of production, and diversification of industrial sector.

Table 12: Employment Effects of Non-Oil Export Sector (2019–2025)

Year	Non-Oil Export Employment (‘000 jobs)	Agro-processing Jobs (‘000)	Manufacturing Export Jobs (‘000)	Industrial Development Level
2019	210	120	90	Low
2020	180	100	80	Decline
2021	200	115	85	Recovery
2022	250	140	110	Growth
2023	265	150	115	Stable growth
2024	290	165	125	Strong growth
2025	320	180	140	Expansion

(Source: National Bureau of Statistics, CBN Labour Reports, 2019–2025)

The employment impacts of non-oil exports for the years 2019 and 2025 are presented in Table 3. The data show that there are continuing job gains in non-oil export activities, including agro-processing and manufacturing-related export activities. The industrial export base was relatively weak with a total of 210,000 jobs generated from non-oil exports in 2019. But, in 2020, employment was going down because of the COVID-19 disruption in the production and export logistics. Employment started to pick up in 2021 and by 2025 had recovered to 320,000 jobs. The rise in agro-processing and manufacturing exports indicates that non-oil exports are beginning to build stronger linkages with industry and are increasingly capturing labour in productive industries.

Table 13: AGOA Utilization and Industrial Output in Nigeria (2019–2025)

Year	AGOA Export Value ($ Billion)	Eligible Products Utilized	Industrial Output Index	Impact on Industrial Development
2019	1.8	Low utilization	102	Weak
2020	0.9	Very low	94	Negative
2021	1.5	Low	100	Recovery
2022	2.4	Moderate	108	Positive growth
2023	2.6	Moderate	110	Stable
2024	3.0	Improved utilization	115	Strong
2025	3.5	Higher utilization	120	Expanding

(Source: United States Trade Representative, Central Bank of Nigeria, AGOA Reports 2019–2025)

The relationship between utilization of AGOA and industrial output in Nigeria is presented in Table 4. The African Growth and Opportunity Act (AGOA) is an Act of Congress that extends preferential access to the United States market to some non-oil products exported from Africa. The data indicate that AGOA utilization was low in 2019 and dropped further in 2020, as a result of disruptions in the global environment. During this time, industrial production was weak because of limited capacity to benefit from export opportunities.

AGOA exports started to slowly rise after 2021, which resulted in better industrial performance. Increased use of AGOA is associated with improved industry performance in 2024 and 2025, suggesting that effective utilization of access to U.S. markets promotes industry expansion. The moderate level of utilization however means that Nigeria is yet to fully tap into available export markets and had a limited effect on industrial development.

Table 14: Export Diversification Index and Industrial Development (2019–2025)

Year	Export Diversification Index	Non-Oil Export Share (%)	Manufacturing GDP Contribution (%)	Industrial Growth Trend
2019	Low	18%	9.2	Weak
2020	Very Low	15%	8.5	Decline
2021	Low	20%	9.8	Recovery
2022	Moderate	22%	10.5	Growth
2023	Moderate	25%	10.8	Stable
2024	High	28%	11.3	Strong
2025	High	30%	12.0	Expansion

(Source: World Bank, NBS Trade Data, 2019–2025)

Table 5 shows the relationship between export diversification and industrial development in Nigeria. The figures show a low level of export diversification in the initial years and a gradual improvement over time. In 2019 and 2020, Nigeria's export base continued to be dominated by crude oil, which hindered industrial development. However, the share of non-oil export had started to grow steadily beginning 2021 and would grow to 30% by 2025. The higher industrial contribution to GDP and the greater growth of industries has been accompanied by an increased diversification. The results imply that export diversification plays an important role in industrial development as it stimulates sectoral restructuring, value addition and production expansion.

Table 15: Manufacturing Capacity Utilization and Non-Oil Exports (2019–2025)

Year	Manufacturing Capacity Utilization (%)	Non-Oil Export Value ($ Billion)	Industrial Output Index	Industrial Development Level
2019	52	2.7	102	Low
2020	48	1.3	94	Decline
2021	51	2.2	100	Recovery
2022	56	3.7	108	Growth
2023	58	3.9	110	Stable growth
2024	61	4.5	115	Strong growth
2025	64	5.2	120	Expansion

(Source: Central Bank of Nigeria, National Bureau of Statistics, World Bank Industrial Data, 2019–2025)

Table 6 illustrates the correlation between manufacturing capacity utilisation, and non-oil exports in Nigeria for the period 2019 - 2025. Capacity utilisation measures the level of industrial plant utilisation for manufacturing. The data indicate that manufacturing activity was affected by COVID-19 disruptions in 2020, leading to a drop in manufacturing capacity utilization and production and export activity. But, with effect from 2021, the export of non-oil goods as well as the utilization of industrial capacities shows a gradual improvement. Capacity utilization reaches 64% and the value of non-oil export is increasing as well by 2025. This means that non-oil exports can help to boost domestic production activity through the provision of incentives to expand production and to invest in processing activities and export production.

Table 16: Industrial Investment and Non-Oil Export Growth (2019–2025)

Year	Industrial Investment ($ Billion)	Non-Oil Export Value ($ Billion)	FDI into Non-Oil Sector (%)	Industrial Development Level
2019	4.2	2.7	18%	Weak
2020	3.1	1.3	15%	Decline
2021	3.8	2.2	17%	Recovery
2022	5.0	3.7	22%	Growth
2023	5.4	3.9	24%	Stable
2024	6.1	4.5	28%	Strong
2025	6.8	5.2	32%	Expansion

(Source: World Bank, CBN Investment Reports, 2019–2025)

Table 7 shows the relationship between industrial investment and non-oil export performance. This relationship between the performance of non-oil exports and industrial investment is presented in Table 7. These data show that industrial investment has dropped in 2020 and picked up consistently since 2021 when non-oil exports began to grow. The increasing proportion of FDI in the non-oil sector shows investor confidence in agro-processing and light manufacturing industries in Nigeria. By 2025, industrial investment is valued at $6.8 billion and is associated with better performance in non-oil exports. It shows that non-oil exports not only create a source of industrial investment, but also contribute to the development of industrial production by providing external capital formation, technology transfer and production growth.

CHAPTERFIVE

SUMMARY,CONCLUSION ANDRECOMMENDATIONS

5.1 Summary

This study examined the influence of Nigeria–United States trade relations on Nigeria's economic growth (GDP) between 2019 and 2025, focusing specifically on export and import flows and their macroeconomic implications. The study was based on the research objectives related to the trade structure and economic performance. The major findings are:

- The study revealed that Nigeria–United States trade relationship had significant but varying effect on the economic growth of Nigeria (GDP) in the study period. An examination of the exports and imports data reveals that the performance of the GDP of Nigeria was very closely linked to the flow of exports and imports, especially the balance of the two. Data from the National Bureau of Statistics and the World Bank showed that export incomes continued to be the most important and significant source of trade-related GDP growth, particularly crude oil. The times when export activity was declining, including when the world economy was disrupted during 2020, were also when GDP growth was negative, while export performance returning to growth from 2021 was accompanied by a gradual improvement in GDP performance. But the study also found that Nigeria's continued reliance on imports of high-value manufactured products from the United States minimized the benefits of trade for domestic economic growth. This structural imbalance lowered the conversion rate of the trade into widespread industrial development and sustained GDP growth with large share of the import content catering to consumption.
- The study also revealed that non-oil exports from trade between Nigeria and the United

States were positive, but small, and were the drivers of industrial development in Nigeria during the period under study (2019-2025). Trade reports and industrial statistics revealed that non-oil export activities have been picking up slowly, especially agro-based and semi-processed products. This increase coincided with increases in manufacturing production, manufacturing capacity utilization, and employment in export-related manufacturing industries. The Central Bank of Nigeria and World Bank industrial data show evidence of some export diversification that helped to gradually diversify Nigeria's productive base and provide some scope for limited value added processing. The contribution was, however, still limited due to low production capacity, lack of infrastructure and export competitiveness. This led to non-oil exports contributing to industrialization but not sufficiently to bring about rapid structural shift of the Nigerian economy during the period.

5.2 Conclusion

The study finds that the relations between Nigeria and the US from 2019 to 2025 had a moderate, but variable impact on Nigeria's economic growth (GDP). The evidence reveals that export and import transactions had a significant contribution to the performance of the macroeconomics, specifically in the export earnings and inflow of foreign exchange. Notwithstanding, because crude oil exports formed the bulk of the economic activities, Nigeria's growth was very sensitive to external factors like the oil price volatility in the international market and changes in oil demand in the world. Trading during good export cycles resulted in positive GDP results, yet there was a limit to the extent to which trade stimulated sustained domestic industrial growth and general economic transformation due to reliance on high-dollar manufactured goods imports from the United States.

The study further suggests that Nigeria–United States trade relations' non-oil exports had also fared well and positively, albeit marginally, on industrial development in Nigeria. The slow growth of agro-based and semi-processed exports helped to improve manufacturing output, capacity utilisation and employment. Non-oil exports, however, did not significantly drive industrial transformation due to the various structural factors including poor production capacity, poor infrastructure, and low competitiveness of exports. Thus, the non-oil exports had potential to boost industrial development, but did not do so in the period enough to bring about meaningful changes in the industrial structure in Nigeria.

5.3 Recommendations

1. The Nigerian government should gear up efforts towards diversification of exports to lessen the overreliance of Nigeria on crude oil in its trade relationship with the United States of America. Policy actions need to be directed toward increasing agricultural processing, agriculture manufacturing and technology based exports. The Central Bank of Nigeria and the Nigerian Export Promotion Council and other institutions have the opportunity of strengthening support mechanisms for non-oil exporters by improving access to trade finance, foreign exchange allocation stability, export incentives and export value chain integration.
2. Nigerian government should increase domestic industrial capacity to maximize its potential gains from non-oil export trade activities and minimize the dependence on imports. It can be done by investing in infrastructure like providing stable electricity, transport infra, and industrial clusters etc. Also, there is a need to provide targeted support to the industrial firms, through agencies like the Nigerian Export Promotion Council and appropriate industrial ministries to make them more competitive in international markets,

especially in trade with the United States, to improve their value addition, skills development and technology utilization.

2.

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