

IMPACT OF GLOBALIZATION ON INTERNATIONAL TRADE: A COMPARISON BETWEEN NIGERIA AND THE UK USING TRADE INDEX PLUS A DECOMPOSITION ANALYSIS

IQUAIBOM IBORO AKPAN

1 4 9 5



UNIVERSITY OF ABERDEEN

STUDY MOTIVATION

The research analyses the impact of globalization on international trade by comparing the trade relationship between Nigeria and the rest of the world as well as the UK and the rest of the world in crude oil and refined petroleum products

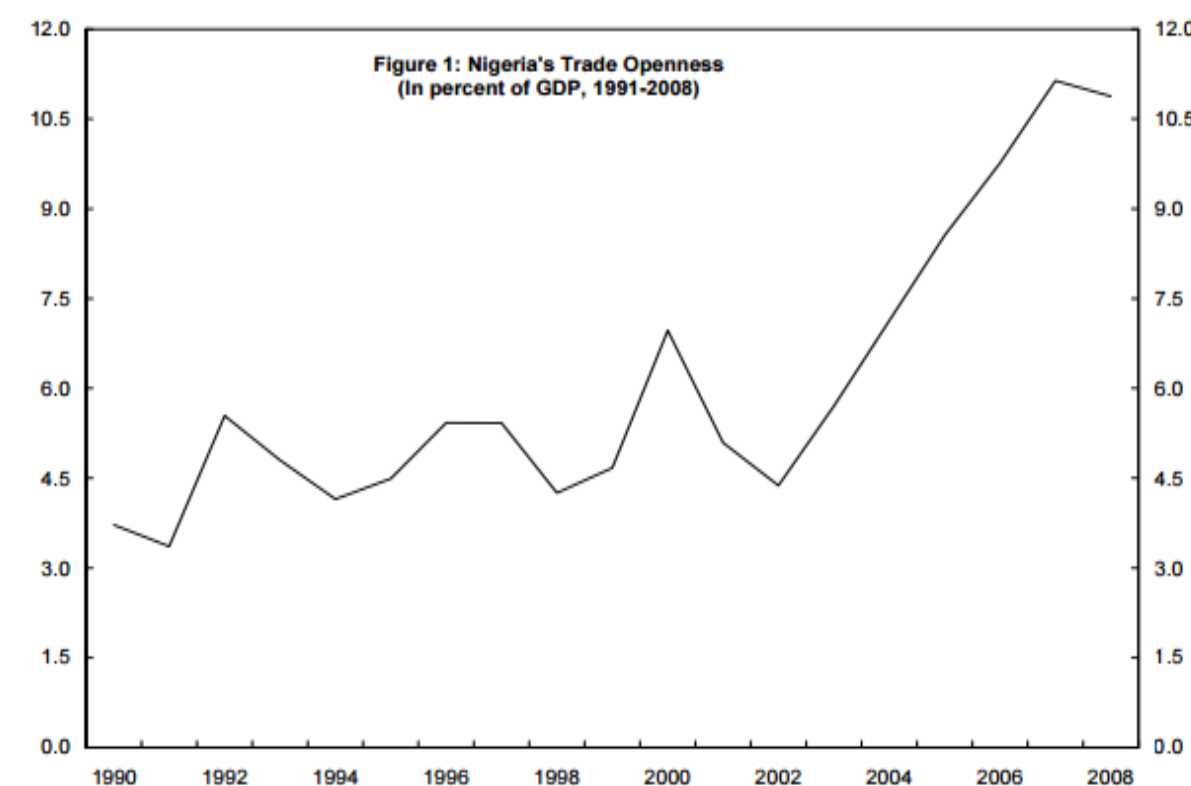
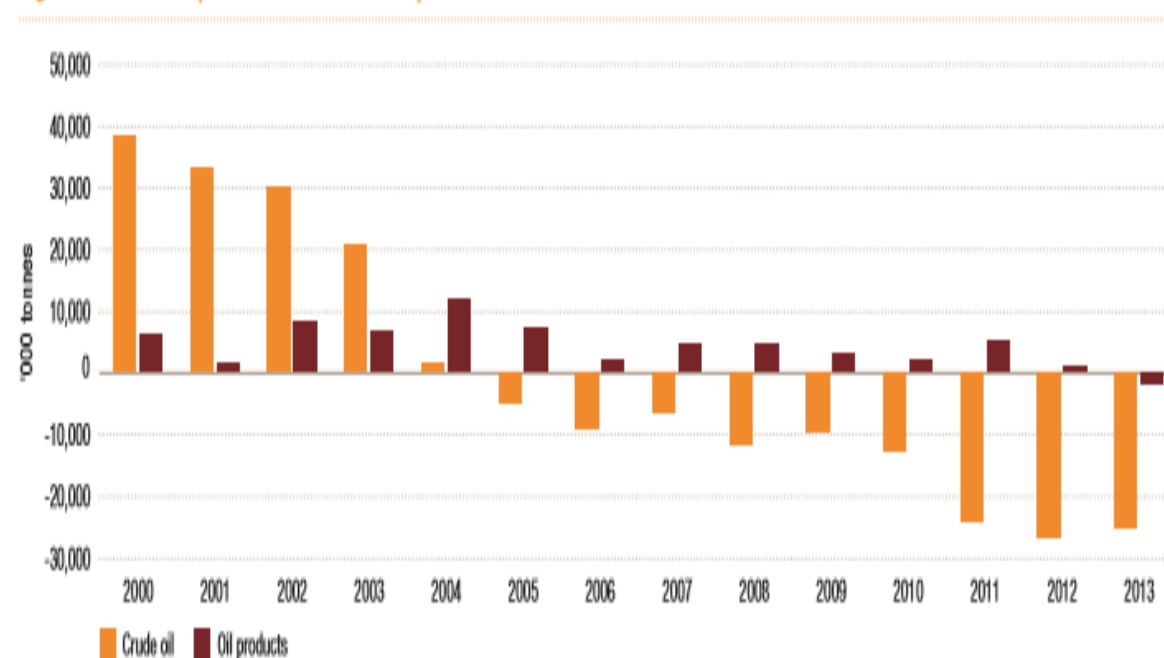


Figure 3.1: UK net exports of crude oil and oil products²



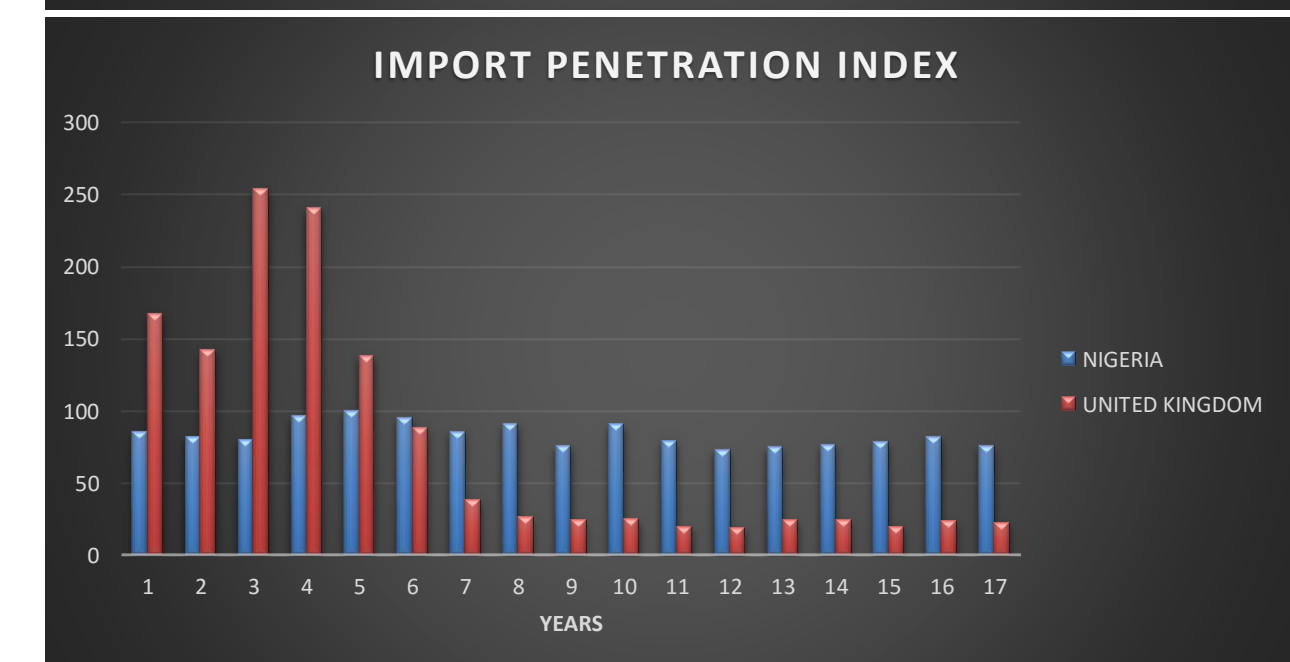
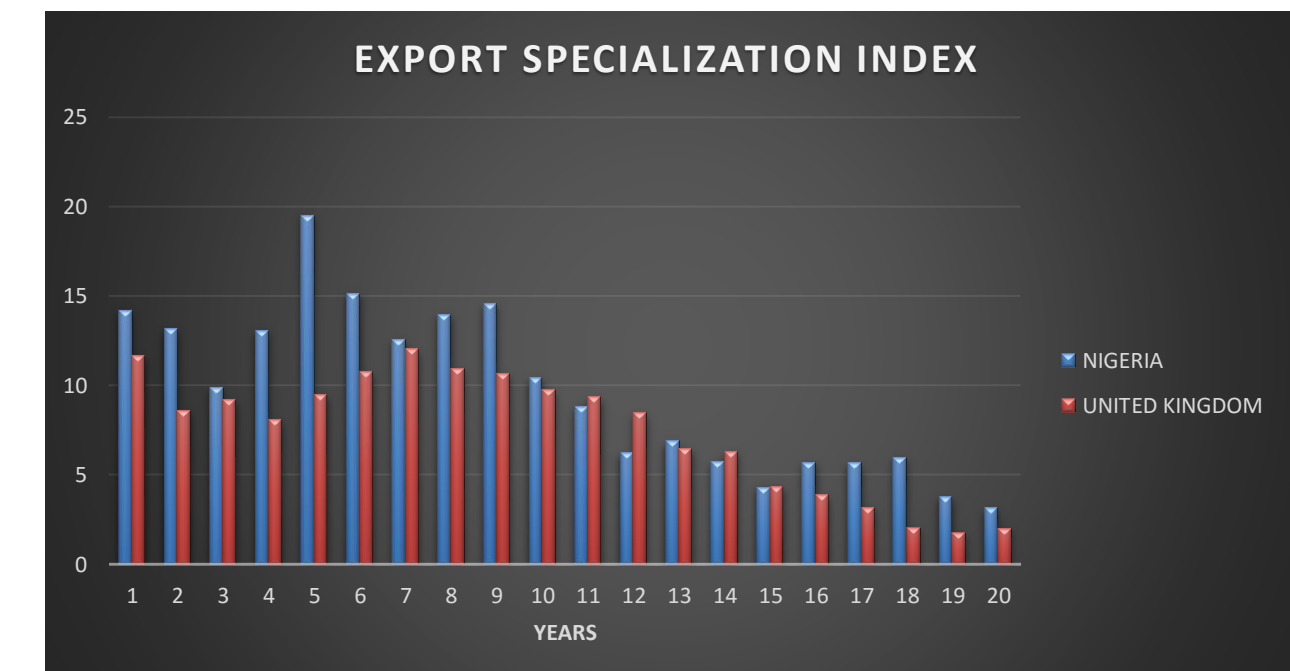
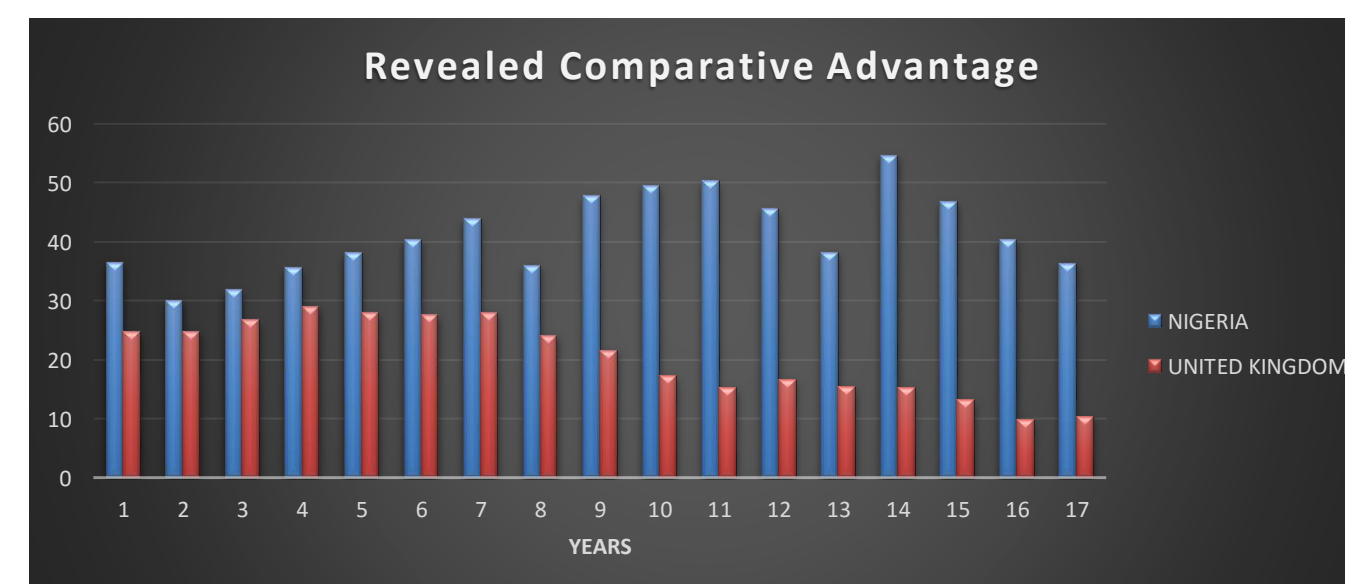
METHODOLOGY

The study used the following methodology

- Trade Openness Index: Trade dependency Index, Import Penetration Index, Export Propensity Index
- Competitiveness Index: Balassa Index, Export Specialization Index.
- A decomposition Analysis

RESULTS

- Nigeria had higher comparative advantage over the UK is relatively open to trade in crude oil and petroleum products with other countries
- Nigeria has comparative advantage over the UK in trading with crude oil commodities with the USA .
- The UK imported during in the early periods and exported during the later periods unlike Nigeria that exported during the early periods and imported during the later periods
- A decomposition analysis helps in isolating the price and quantity effect from moving from one period to another.



CONCLUSION

- Nigeria should export crude oil to other countries since it has a comparative advantage over the UK.
- Nigeria is more specialised in trading in crude oil commodities with the US as compared to the UK
- Nigeria depends more on the imports from foreign markets
- Using the decomposition analysis better explains the effect that price and quantity change affects trade in crude oil commodity