

Is There An Optimal Structure For An Oil Producing Country With Respect To Imports and Exports: Case Study of Nigeria

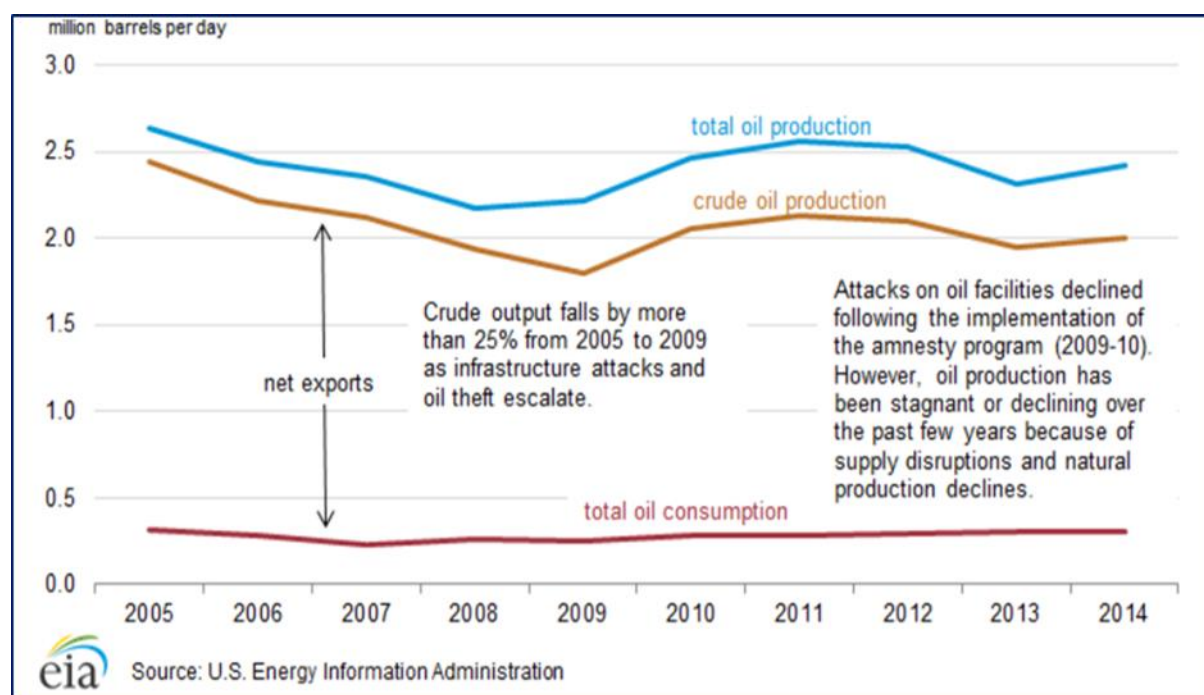
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Introduction

- Nigeria is the largest producer of crude oil in Africa and a major exporter of crude oil globally.
- The current situation: Nigeria has some refineries that refines crude; however they function under capacity and are not sufficient to meet up with domestic demand of refined oil in the country.
- Due to the current situation in Nigeria, it imports refined petroleum products to satisfy demand.
- This study analyses the comparative advantage of exporting crude oil by Nigeria to its major trading partners; USA, India and the World.
- Comparative advantage of crude oil exports in Nigeria was analysed from 1994 -2013.

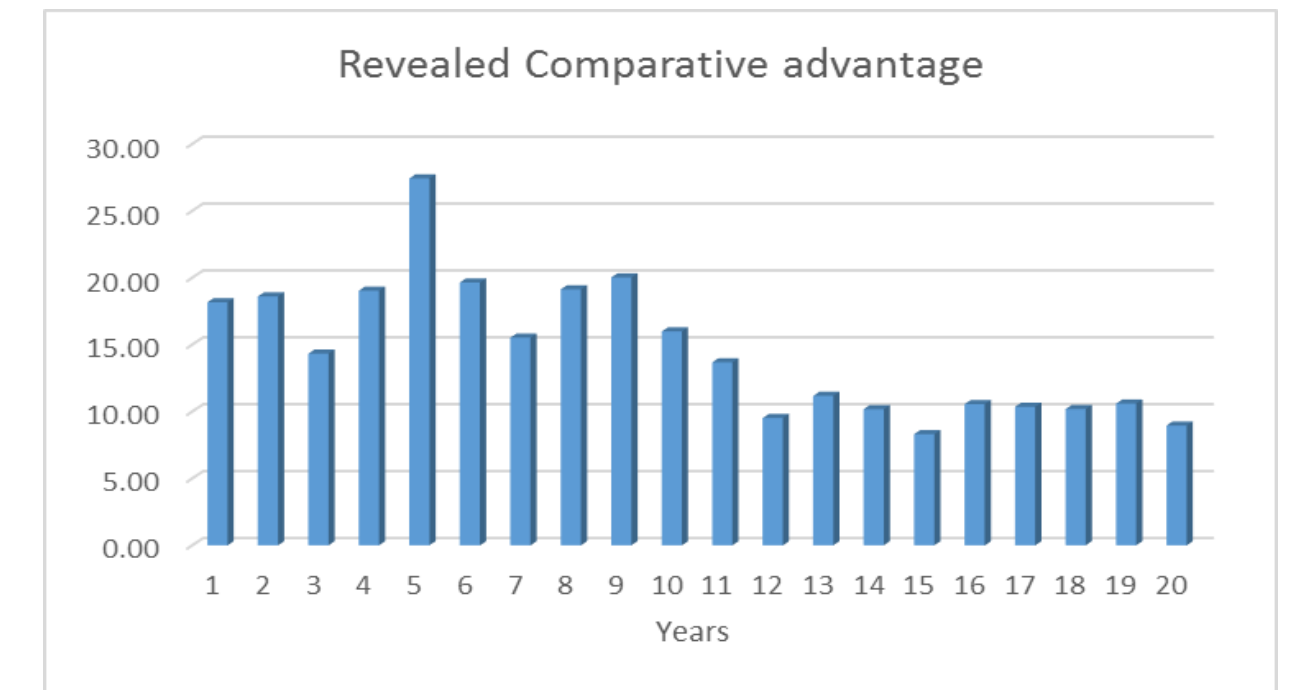
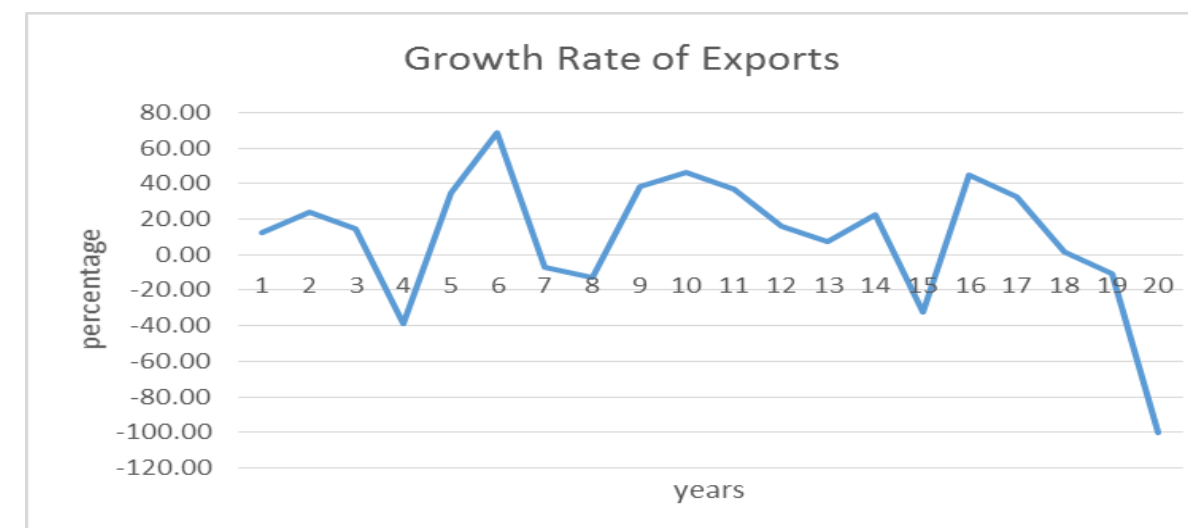


Methodology

- Trade Openness indexes : Trade dependency index, import Penetration and Export Propensity index
- Trade Performance Indexes: Growth Rate of Exports and Export/Import Coverage
- Competitiveness Indexes: Balassa Index and Export Specialization Index.

Results

- Nigeria is relatively open to the trade of crude oil in Nigeria. Crude oil exports have been a significant contributor to the Nigerian GDP
- The contribution of crude oil to the Nigerian GDP is declining overtime. This can be linked to the decreasing growth rate of oil exports.
- Nigeria has comparative advantage in he exportation of crude oil to USA, India and the world.



Conclusion

Nigeria can continue exporting crude oil as long as it has comparative advantage in doing so. However, a result of the downward trend of the indexes, it is important for her to consider refining its own crude oil to meet up domestic demand and exports demand as well.