“Trade liberalization and small and medium sized enterprises (SMEs) failures in Nigeria”

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ARTICLE INFO Lawrence Ogechukwu Obokoh (2008). Trade liberalization and small and medium sized enterprises (SMEs) failures in Nigeria. *Banks and Bank Systems*, *3*(3)

RELEASED ON Thursday, 27 November 2008

JOURNAL "Banks and Bank Systems"

FOUNDER LLC “Consulting Publishing Company “Business Perspectives”

NUMBER OF REFERENCES	NUMBER OF FIGURES	NUMBER OF TABLES
0	0	0

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Trade liberalization and small and medium sized enterprises (SMEs) failures in Nigeria

Abstract

The Nigerian government embarked on economic reforms in 1987 with the adoption of the liberalization policy which has been linked to rapid economic growth. The result of the reform process has been mixed and goes a long way to confirm the views of some scholars that the effect of trade policy reform is country specific and should not be applied as one formula fits all. Despite the liberalization of the financial market, SMEs problem of access to finance still persists and the cost of access has further compounded the situation due to high interest rates. In line with the liberalization policy, the Nigerian government removed all forms of protection for SMEs in sourcing foreign exchange for raw material imports. The question now is how can SMEs compete favorably with Multinational Companies (MNCs) in a liberalized economy considering the odds against them.

Keywords: trade, structural adjustment program, liberalization, financial market.
JEL Classification: F130, M210, L880.

Introduction

Small and medium sized enterprises (SMEs) are the backbone of virtually all economies of the world because of their role in employment creation and provision of personalized services (Wattanapruttipaisan, 2003). SMEs have strong influence on the sustainable development process of less developed as much as developed countries because they foster economic growth and alleviate poverty (Ayyagari, Beck and Demirguc-Kunt, 2003). Udechukwu (2003) asserts that the development of SMEs is an essential element in the growth strategy of most economies and holds particular significance for developing countries like Nigeria. The best performing economies in Asia are heavily based on SMEs which are major sources of dynamism in economic development. The requirements for SMEs to access the global market and upgrade their position within the international market as a result of trade liberalization are becoming increasingly difficult due to competition (Abonyi, 2003).

Berry (2002) suggests that the increasing prevalence of flexibility and specialization of SMEs has persuaded many business analysts to believe in the strategic role SMEs play in the industrial structure of any developing nation. But he noted that SMEs are quite vulnerable to external shocks due to the global competition from the liberalization of trade. There is reasonable assurance that given favorable policy environment, SMEs can successfully compete in the global market (Briggs, 2007). Most governments, especially in Less Developed Countries (LDCs) now recognize the need to formulate policies that create conducive atmosphere for the establishment and operation of SMEs. The new emphasis by various governments in LDCs on SME development can be linked with the current global trend of economic liberalization and the need to bridge the development gap that hitherto exists between them and industrialized countries.

Governments in developing countries, especially in Nigeria, provide a wide variety of programs to develop and assist SMEs. Despite these programs, it has been observed that their impact on the performance of SMEs has been less than satisfactory (Manbula, 2002). This can be attributed to some factors that governments and policy makers in developing countries have failed to put into consideration in the design and implementation of SME development programs. Most SMEs either remain small, moribund or shut down within few years of operation due to some constraints that hinder their growth, especially finance (Rodriguez and Berry, 2002). There is no available evidence in Nigeria that the situation has improved with economic liberalization (trade and financial market) that brought about stiff competition from well established Multinational Corporations (MNCs). The proponents of economic liberalization claim that it improves the situation of SMEs by giving them better access to finance and encourages competition which will in turn reduce poverty (Tagoe, Nyarko and Anuwa-Amarh, 2005).

This paper focuses on the manufacturing SMEs in Nigeria and the programs designed by the Nigerian government for the development of SMEs. It develops the argument that government programs for SMEs development are not properly implemented which has hindered SMEs competitiveness. The institutional structures upon which these programs can function effectively are either not in place or insufficient. This has resulted in a biased economic environment for SMEs to compete with well established MNCs under a liberalized trade environment.

The study therefore investigates why government development programs for SMEs have failed to achieve their intended purpose under trade liberalization and the factors that have constrained SMEs from benefiting from such programs. In view of the factors responsible for SMEs' development program not achieving their intended goals, what are the chances of SMEs survival in a liberalized trade environment in Nigeria? The study covers the period of 1980-2006 and focuses on manufacturing SMEs.

1. Review of related literature

According to Greenaway (1998, p. 492), "trade liberalization is the removal of tariff, or any other intervention which restores the free trade set of relative prices…changes in government policy which reduce anti-export bias and move the relative prices of tradable towards neutrality; the substitution of more efficient for less efficient forms of intervention". This is an important component of most Structural Adjustment Programs (SAP), aimed at opening the economy to increased international trade, particularly by either reducing or removing protection for domestic industries (Jubilee Australia, 2006). The ultimate aim is to remove taxes on exports, restrictions on imports and the reduction of import tariffs.

The liberalization of a country's economy brings a lot of advantages in terms of larger market for goods and services. A number of scholars have put forward arguments in support of economic liberalization and its role in poverty reduction through private sector led economy (Kumar and Liu, 2005; Subrahmanya, 2005). Sachs and Warner (1995) emphasized the advantages accruing to economic liberalization and the integration of a country into the global market. They demonstrated using cross-country growth equation that open trade leads to higher growth rates in poorer countries than in richer countries. They stated that the degree of openness of an economy to the global market determines how much benefit is derivable from trade liberalization. In their study, they classified a country as closed if any of the following conditions apply:

- if it had average tariff rates higher than 40% (TAR);
- if its non-tariff barriers covered on average more than 40% of imports (NTB);
- if it had a socialist economic system (SOC);
- if it had a state monopoly of major exports (MON);
- if its black market premium exceeded 20% during either the decade of the 1970s or the decade of the 1980s (BMP).

An open country, on the other hand, is the one where none of the above conditions exist (Sachs and Warner, 1995, p. 22). Dollar (1992) also linked open or outward-oriented economy with rapid economic growth which he said is reflected in the real exchange rate that encourages exports, whereas inward oriented economy with overvalued exchange rate encourages manufacture of non-tradables. The inward orientation he claimed was one of the reasons why Latin American and African countries experienced debt crisis that has inhibited their growth. Greenaway, Morgan and Wright (2002) in their study, evaluated the impact of liberalization on 70 developing countries and found a significant positive relationship between trade liberalization and economic growth using cross-country panel data on core growth model.

Weisbrot and Baker (2002) argued that trade liberalization may not be the key to rapid growth and development. They noted that the success of countries such as South Korea, Taiwan, China and India that experienced accelerated growth rates did not follow a simple path of trade liberalization. In all of these countries the government played an important role in guiding the economy through the use of subsidies, protection for favored industries and restriction on capital account flows. The policies used in guiding these Asian countries to economic growth are normally opposed by the proponents of trade liberalization especially the Bretton Wood institutions. Rodrik (1998) asserts that the growth performance of these Asian countries may have more to do with their ability to react to key macroeconomic shocks in the 1970s, rather than their trade policies. Greenaway (1998) attributes the success stories of these Asian countries to the conducive climate of market based ideologies of the late 1970s/early 1980s that favored reforms as well as to the existence of technocrats that helped push the reforms process and not just on trade liberalization policy alone.

Shafaeddin (2005) advises that liberalization is essential when an industry reaches a certain level of maturity provided it is undertaken selectively and gradually. However, the way liberalization is being recommended by the Bretton Wood institution is more likely to lead to the destruction of the existing industries, particularly those that are at their early stages of infancy as well as hamper the emergency of new ones. If at all any new industry emerges, it would be in line with static comparative advantage rather than dynamic comparative advantage. Low income countries are likely to be locked in production and exports of primary commodities, simple processing and at best assembly operation or other labor intensive industries with little prospects of upgrading (Shafaeddin, 2005). This notion on trade liberalization captures the prevailing situation in most African countries, especially Nigeria. According to Albaladejo (2003), Nigeria is already losing its competitive manufacturing edge and has become increasingly marginalized in the industrial scene. This has made it more dependent on petroleum as the major source of foreign exchange.

Winters (2004) cautions on how scholars link trade liberalization with rapid economic growth. He pointed out that the methodological problems of previous studies linking openness to trade and higher income create some uncertainties, in the sense that cross-country studies have difficulty in measuring openness, identifying causation and isolating the effects of trade liberalization. He went further to state that trade liberalization alone is not sufficient to boost growth but other policies that affect investment should be given serious attention if liberalization can translate to economic growth.

Within the context of this study, trade liberalization is the removal of barriers to free trade, such as quotas, import and export restrictions and exchange rate controls. So economic liberalization discussed in this study includes both trade and financial market liberalization. The reason is that the Nigerian government simultaneously pursued macro-economic stabilization and adjustment policies at the same time which contained elements of many forms of liberalization (McCulloch, Winters and Cirera, 2006) that combine to affect SMEs survival in Nigeria.

2. Rationale for liberalization in Nigeria

The economies of most African countries including Nigeria witnessed a downturn in the early 1980s with the fall in price of most primary products in the international market. In addition, the Import Substitution Strategy (ISS) and the massive expenditure of government which were not directed towards productive venture resulted in serious balance of payment problems (Iyanda, 2003). The balance of payment crisis prompted the adoption of SAP recommended by International Monetary Fund (IMF) and the World Bank (WB) as a way out of the crisis (Falvey and Kim, 1992). The SAP measures included amongst others cuts in government expenditure, removal of subsidies, liberalization of the economy, privatization of government parastatals, and devaluation of the exchange rate (an integral part of trade liberalization policies), this seeks to improve the trade balance, on the one hand, and worsen the burden of financing international trade, on the other (Adenikinju and Chete, 2002; Khattry, 2003).

The main objectives of the SAP were to introduce locally manufactured products to international markets through increased output, which was envisaged to help increase government earnings and provide employment both in industry and agricultural sectors (Madeley, 2000). Before the introduction of the SAP which required liberalization of the economy, government policy encouraged public ownership of heavy industries through protection and subsidies with no serious attention paid to the vibrant and huge manufacturing SMEs (Ikpeze, 1991). The protectionist policies were serious hindrance to the existence of SMEs included export and import licensing, widespread price controls, exchange rates controls, high tariffs and quotas (Ekpenyong, 2002). In order to allow for competition and improve efficiency in resource allocation, it was recommended by IMF that the Nigerian government should liberalize the economy to allow market forces determine resource allocation. Liberalization of trade including capital account liberalization is part of the conditions for the IMF's Structural Adjustment Loan (SAL) to countries that are experiencing balance of payment crisis (Schatz, 1994; Greenaway, 1998).

The liberalization policy prompted the Nigerian government to remove all forms of protection for SMEs in terms of sourcing for raw materials and foreign exchange. The repression on credit was removed in 1992 (Ikhide and Alawode, 2001). This then gave financial institutions the freedom to grant credits to their customers irrespective of the area of investment. It is pertinent to state at this point that financial institutions prefer to grant credits to large firms because they perceive SMEs as high risk ventures for loans (Aryeetey, 2005).

3. How plausible are the rationale for liberalization in Nigeria

The results of the liberalization policy have been mixed in Nigeria in the sense that there have been positive and negative developments in the implementation. The removal of subsidy on petroleum and the cut in government expenditures increased the prices of basic products. This in turn reduced aggregate demand due to fall in real wages, created unemployment and continuous depreciation of the naira (Iyanda, 2003). According to Ekpenyong (2002, p. 39), "the income distribution effect of stabilization policy being market-based does not recognize the attainment of social welfare. Thus, in the process of transforming the high cost of inputs to increase in prices, the rate of inflation increased and hence erosion of the purchasing power of consumers which negatively affected the performance of SMEs".

Following the liberalization of trade in 1986, the Nigerian government abolished all forms of duties on imported finished and semi-finished goods which made imports cheaper than locally manufactured products (Ekpenyong, 2002). The liberalization policy made open market operations the major policy instrument which resulted in increased importation of manufactured goods against the expectation of SAP policy that envisaged that locally manufactured goods will be cheaper than import after the devaluation of the Naira (Ikhide and Alawode, 2001). Mosley (1992, p. 231) stressed further that “most industrialists, who had hoped that the introduction of foreign exchange auctions would enable them to secure the needed foreign exchange to re-equip their plants, soon discovered that the tariff structure hastily accepted by the government in September 1986 opened up the local market to the entry of imported manufactures”.

In 1992, the Nigerian government liberalized the financial market which prompted the removal of all forms of restrictions on foreign exchange and interest rate controls. This compelled SMEs and investors alike to source for foreign exchange for the importation of raw material and other inputs. The high rate of interest, on the other hand, increased the cost of borrowing in an attempt by the government to achieve positive real interest rate (Tagoe et al., 2005). Stiglitz (2004) believes that this development is inimical to the development of businesses and causes corporate distress. Contrary to the notion that high interest rates attract inflow of foreign funds from abroad, Stiglitz and Weiss (1981) found that it actually increased the risk of lending to firms. Stiglitz (2002) observed that in countries where a large number of firms are highly leveraged, high interest rates do not only weaken the banking system and induce corporate distress but also reduce the ability and willingness of lenders/financial institutions to lend to borrowers. Likewise, the removal of the restrictions on capital flow through financial market liberalization did not improve access to credit for SMEs in Nigeria. Stiglitz (2002) argued for capital market intervention, in that capital flow resulting from financial market liberalization imposes huge negative externality and increases the risks facing a country while at the same time does not promote economic growth.

4. SMEs development schemes in Nigeria

Over the years, the Federal Government has taken various steps, including monetary, fiscal and industrial policy measures to promote the development of SMEs in Nigeria. This was achieved through the funding and setting up of industrial estates to reduce overhead costs. The Federal Government also established specialized financial institutions, including the Small Scale Industry Credit Scheme (SSICSs), Nigerian Industrial Development Bank (NIDB), Nigerian Bank for Commerce and Industry (NBCI) with the aim of providing long-term credit facilities to SMEs (Briggs, 2007).

Through the help of donor bodies, the government also helped in facilitating and guaranteeing external finance from the World Bank, the African Development Bank and other international financial institutions. In addition, the government established the National Directorate of Employment (NDE), to help young men and women in acquiring skills necessary for self employment. The National Economic Reconstruction Fund (NERFUND) was also set up in 1990 to provide medium to long-term local and foreign loans for small and medium scale businesses, particularly those located in the rural areas. The government also provided technical training and advisory services through the Industrial Development Centres and facilitated the setting up of Small and Medium Industry Equity Investment Scheme (SMIEIS) (Olorunshola, 2003).

SMIEIS is a scheme set up by the Bankers’ Committee requiring all banks in Nigeria to set aside 10 per cent of their profit before tax (PBT) for equity investment and promotion of small and medium industries. The range of activities in respect of which funds should be applied are those in the real sector of the economy as listed below with the exclusion of trading, agro-allied, information technology, telecommunication, manufacturing, educational establishments, services, tourism and leisure, solid minerals, construction, and any other activity as may be determined from time to time by the Bankers’ Committee (Anyawu, 2003).

5. Methodology

This study used qualitative method to address the pertinent questions of why the programs set up by the Nigerian government for SMEs development have failed to achieve their intended purpose; what are the factors that have constrained SMEs from benefiting from government programs; and what are the chances of SMEs survival in a liberalized trade environment in Nigeria? The qualitative method used was face-to-face semi-structured interviews with 24 respondents of which 20 were entrepreneurs, 2 consultants offering consultancy services to SMEs and 2 bank officials. The reason for the different sets of respondents was to enable this study arrive at a conclusion that portrays the views of three different stakeholders as far as SMEs issues are concerned. The interview texts were analyzed using content analysis (Stemler, 2001). Panel data from Central Bank of Nigeria (CBN) covering the period from 1980 to 2004 were also used to support the primary data.

6. Research findings

This section is broken down to three segments in order to capture each of the three study objectives.

6.1. Reasons why government programs for SMEs development have failed to achieve their objectives. The interview respondents gave the following reasons as why government programs designed for SMEs development have not been able to achieve their desired objectives:

- **Lack of information and awareness:** There is lack of information and awareness on the part of proprietors of SMEs about schemes that are meant to reduce their administrative and production costs of operation at the initial stage of operation. Most SMEs are not aware of the tax holiday granted by the Nigerian government under the pioneer status that grant five years tax holiday (and can be extended for a further two years) to a new company registered in Nigeria.
- **Improper program design and implementation:** SMEs development programs are often not properly implemented due to inconsistency in guidelines on application and lack of information on the needs and operational difficulties of SMEs. Most programs are often designed without putting into consideration the peculiar nature and level of education of entrepreneurs that are supposed to benefit from the program. Some of the programs are designed by World Bank experts who also are not familiar with the peculiar problems faced by SMEs in Nigeria.
- **Lack of infrastructures:** The lack of infrastructural facilities such as steady power supply, good access roads, telecommunication, especially in the rural areas, and constant water supply has hindered the attainment of SMEs development objectives. The operating cost of most SMEs is very high because they now spend a lot of money to generate their own electricity.
- **Weaknesses in the legal and regulatory framework:** The legal and regulatory framework does not protect creditors (Banks) against loan default from SMEs and the enforcement process through the courts is often slow. This and collateral security requirements combine to constitute barriers to SMEs access to finance.
- **Lack of support services:** There is also the lack of support service such as consultancy advice from professionals. SMEs cannot afford the services of these professionals due to their meager resources. Most SMEs venture into businesses by accident of which they do not have the idea of the cost implication or as a means of survival without carrying out feasibility study.
- **Lack of transparency from coordinators of programs:** Most of the respondents pointed out that some officials are not transparent in the disbursement of loans and also in the selection process of skill acquisition program designed for young and potential entrepreneurs.
- **Lack of subsidies especially to farmers:** With liberalization, government removed all forms of subsidy on petroleum products and fertilizer which indirectly increased the cost of SMEs that are into primary production. Some of the respondents are of the view that if farmers in industrialized countries are subsidized, government should also help SMEs that produce industrial inputs.

The above reasons of why government programs for SMEs have failed to achieve their objectives are not exhaustive. It should be noted that if the structural framework upon which a well designed program is lacking, the program no matter the amount of resources put into the design will definitely fail.

6.2. The factors constraining SMEs from benefiting from government programs. This section entails respondents views on why SMEs have been constrained from deriving the maximum benefits of government programs designed to boost their performance.

- **Lack of technology:** SMEs lack the needed technology and the capability to achieve large scale production which should help reduce cost of production. This has indirectly constrained their ability to gain access to the global market because their products are not price competitive and mostly not standardized.
- **Insufficient demand for SMEs product:** There is the problem of low demand for SMEs products arising from consumers' dwindling real incomes and this imposes constraint on their growth prospects. Although many SMEs produce some inputs for larger industrial enterprises, the non-standardization of their products, lack of quality assurance as well as weak purchasing power effectively restrict their market access.
- **Poor managerial skills:** Poor management practices and the inability of SMEs to keep proper accounts of transaction hinder effective control and planning. Improper planning and control make SMEs unable to attract loans from financial institution for expansion.

- **Financial indiscipline:** There is also the problem of financial impropriety on the part of proprietors of SMEs as some deliberately divert loans to ostentatious expenditure. Others refuse to pay back both the interest and the principal, because of political involvement and the misconceived notion of sharing the so-called national cake.

6.3. Chances of SMEs survival in a liberalized Nigerian economy. This study gathered from respondents that the chances of SMEs survival are becoming increasingly difficult under the liberalized Nigerian economy due to the following:

- **Lack of cheap access to finance:** Despite financial market liberalization, SMEs still lack access to cheap source of finance due to high interest rates and collateral requirements. Banks are no longer under any credit directives from the government to grant long-term loans to SMEs. Banks regard many SMEs as high risk ventures because of the lack of a succession plan in the event of the death of the proprietor. As a result, working capital is still a major constraint on production, as most SMEs are restricted to funds from family members, friends and "loan sharks". These "loan sharks" charge exorbitant interest rates (100 to 120 percent per annum), even the commercial bank interest rates from 1980 to 2004 have been on average 17.99 percent (see Table 1, Figure 4). The lack of access to cheap finance makes SMEs unable to respond to increase demand.
- **Stiff competition from MNCs:** The liberalization of imports has created fierce competition for SMEs due to the importation of finished goods by MNCs that have access to cheap source of finance. Since SMEs production capacity is small, they cannot take advantages of large scale production which the big companies enjoy. Besides, consumer preference and market demands are against SMEs as far as trade liberalization is concerned. Since the liberalization of imports, the total value of finished products (oil and non-oil) imported to Nigeria has increased tremendously (see Table 2, Figure 1).
- **Poor value of the naira:** The depreciation of the naira has also made business environment unfavorable to SMEs operation. As a result, the cost of production of those manufacturing SMEs that import their raw materials has increased. The depreciating naira has also induced inflation and eroded the profit worth of SMEs (see Table 1, Figure 3). According to the respondents, the depreciation of the naira has even resulted in a situation where it is cheaper for manufacturing SMEs to import finished products than to produce in their factories.
- **Lack of steady power supply:** Absence of steady power supplies has compelled most SMEs to generate their own energy to power their machineries. In addition, cost of transporting the final products to the market, on the other hand, is very high due to lack of good access roads. This has imposed heavy financial burden on SMEs which has hampered their profitability.

Discussion and conclusion

Despite the long tradition in economics of trade being welfare improving, criticisms of trade liberalization policies have also been persistent especially with the use of cross country data to link liberalization and rapid economic growth. Winters (2004) pointed out that the link between liberalization and economic growth is country specific and should not be generalized where LDCs are concerned because of the different prevailing economic situations. It should be noted that trade liberalization will hurt some groups within the society, at the same time increasing the absolute income of the country. Among other fears of trade liberalization from LDCs perspective especially Nigeria are deterioration in terms of trade for primary exports (crude oil) which has suffered price fluctuations over the years and the unbalanced economic powers that favors industrialized countries in the enforcement of World Trade Organization (WTO) treaty.

It has been observed from the interview that most SMEs have been pushed to merchandising or the production of primary products instead of manufacturing since it has now become cheaper to import and sell finished products than to manufacture them. This confirms Shafaeddin's (2005) warning that liberalization if not properly implemented may lead to the destruction of existing industries that are at their early stage of infancy. Hence, the manufacturing SMEs in Nigeria can be categorized at this stage because they are either engaged in the production of final products or intermediate products for industries. In addition, the World Bank's development indicator (2001) also laid credence to respondents' views that it is cheaper to import finished goods than manufacture them. This stems from the fact that between 1985 and 2000, the total manufacturing value added declined from US$2.4 billion in 1985 to US$1.7 billion in 1999 and manufactured exports declined from US$ 216 million in 1985 to US$ 88 million in 2000. The CBN (2004) records also show a similar trend (see Figure 2). The implementation of trade policy reforms should therefore be done gradually after appropriate institutional and regulatory framework has been put in place to provide a balance competitive environment for SMEs.

Furthermore, the issue of subsidy is a pertinent subject that was raised by the respondents. Farmers in industrialized countries engaged in the production of industrial raw materials for their home industries are still heavily subsidized by their governments; these subsidies indirectly reduce the cost of raw materials to domestic industries. This however, is against fair competition of trade liberalization. According to Albaladejo (2003), the prospects for primary product exports from poor countries have been hampered by subsidies to farmers in developed countries. Interestingly, the Bretton Wood institutions have consistently kicked against any form of subsidy in developing countries. The Nigerian government was asked to remove subsidy on petroleum as part of the conditions to qualify for Structural Adjustment Loan (SAL). The effect of this action is still affecting production negatively in Nigeria especially SMEs.

Trade liberalization is linked to economic growth and development in that it creates competition and helps in efficient distribution of economic resources. It is generally considered as a necessary condition for sustainable development especially in LDCs by some economic analysts. However, as illustrated in this paper, trade liberalization is not a sufficient condition for economic growth and development as there are other qualitative factors (cultural values, religious norms, etc.) that also influence economic growth but are not measurable by economic growth models. To derive the full benefits of economic liberalization, it should be complemented with sound institutional and policy framework in areas such as adequate infrastructure (steady electricity supply, good access roads and communication), market facilitation, unbiased competition, education and transparent governance. The potential benefits of opening up to the global market can become the Achilles' heel of many SMEs in Nigeria if the pace of liberalization is not pursued in such a way as to allow SMEs to cope with the changing situation and the government proving the institutional structure for fair competition. Thus, improvement in institutional structures will certainly enhance the chances of SMEs survival and reduce their failure rate in a liberalized economic environment such as Nigeria.

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Appendix

Table 1. Movement in market interest rate, exchange rate and inflation rates: Nigeria

Year	Exchange rate (N/$)	Interest rate	Inflation rate
1980	0.55	7.5	10.0
1981	0.61	7.75	21.4
1982	0.67	10.25	7.2
1983	0.72	10.00	23.2
1984	0.76	12.50	40.7

Table 1 (cont.). Movement in market interest rate, exchange rate and inflation rates: Nigeria

Year	Exchange rate (N/$)	Interest rate	Inflation rate
1985	0.89	9.25	4.7
1986	2.02	10.50	5.4
1987	4.02	17.50	10.2
1988	4.54	16.50	56.0
1989	7.39	26.80	50.6
1990	8.04	25.50	7.5
1991	9.91	20.01	12.9
1992	17.30	29.80	44.5
1993	22.05	36.09	57.3
1994	21.87	21.00	57.0
1995	81.02	20.18	73.1
1996	81.25	19.74	29.1
1997	81.65	13.54	8.5
1998	83.81	18.29	10.0
1999	92.34	21.32	6.6
2000	100.80	17.98	6.9
2001	111.70	18.29	18.9
2002	126.26	20.48	12.9
2003	134.04	21.16	14.0
2004	134.73	19.47	19.4

Source: Extracted from Central Bank of Nigeria Statistical Bulletin (2004).

Table 2. Foreign trade (=N=, million)

Year/quarter	Imports (cif)			Exports & re-exports (fob)		
	Oil	Non-oil	Total	Oil	Non-oil	Total
1980	227.4	8,868.20	9,095.6	13,632.30	554.4	14,186.70
1981	119.8	12,719.80	12,839.6	10,680.50	342.8	11,023.30
1982	225.5	10,545.00	10,770.5	8,003.2	203.2	8,206.40
1983	171.6	8,732.10	8,903.7	7,201.2	301.3	7,502.50
1984	282.4	6,895.90	7,178.3	8,840.6	247.4	9,088.00
1985	51.8	7,010.80	7,062.6	11,223.7	497.1	11,720.80
1986	913.9	5,069.70	5,983.6	8,368.5	552.1	8,920.60
1987	3,170.10	14,691.60	17,861.7	28,208.6	2152	30,360.60
1988	3,803.10	17,642.60	21,445.7	28,435.4	2,757.4	31,192.80
1989	4,671.60	26,189	30,860.2	55,016.8	2,954.4	57,971.20
1990	6,073.10	39,644.80	45,717.9	106,626.5	3,256.6	109,883.10
1991	7,772.20	81,716.00	89,488.2	116,858.1	4,677.3	121,535.40
1992	19,561.50	123,589.70	143,151.2	201,383.9	4,227.8	205,611.70
1993	41,136.10	124,493.30	165,629.4	213,778.8	4,991.3	218,770.10
1994	42,349.60	120,439.20	162,788.8	200,710.2	5,349	206,059.20
1995	155,825.90	599,301.80	755,127.7	927,565.3	23,096.1	950,661.40
1996	162,178.70	400,447.90	562,626.6	1,286,215.9	23,327.5	1,309,543.40
1997	166,902.50	678,814.10	678,814.1	1,212,499.4	29,163.3	1,241,662.70
1998	175,854.20	661,564.50	837,418.7	717,786.5	34,070.2	751,856.70
1999	211,661.80	650,853.90	862,515.7	1,169,476.9	19,492.9	1,188,969.80
2000 1/	220,817.70	764,204.70	985,022.4	1,920,900.4	24,822.9	1,945,723.30
2001 1/	239,416.30	1,131,992.80	1,371,409.1	1,973,222.2	28,008.6	2,001,230.80
2002 1/	266,738.20	1,190,353.20	1,457,091.4	1,787,622.0	95,046.1	1,882,668.10
2003 1/	380,997.80	1,126,425.00	1,507,422.8	2,829,042.5	95,092.5	2,924,135.00
2004 2/	303,952.80	1,334,400.90	1,638,353.7	3,030,065.3	113,735.3	3,143,800.60

Note: cif: cost, insurance & freight. fob: free on board. 1/: revised. 2/: provisional.
Source: Central Bank of Nigeria Statistical Bulletin (2004).

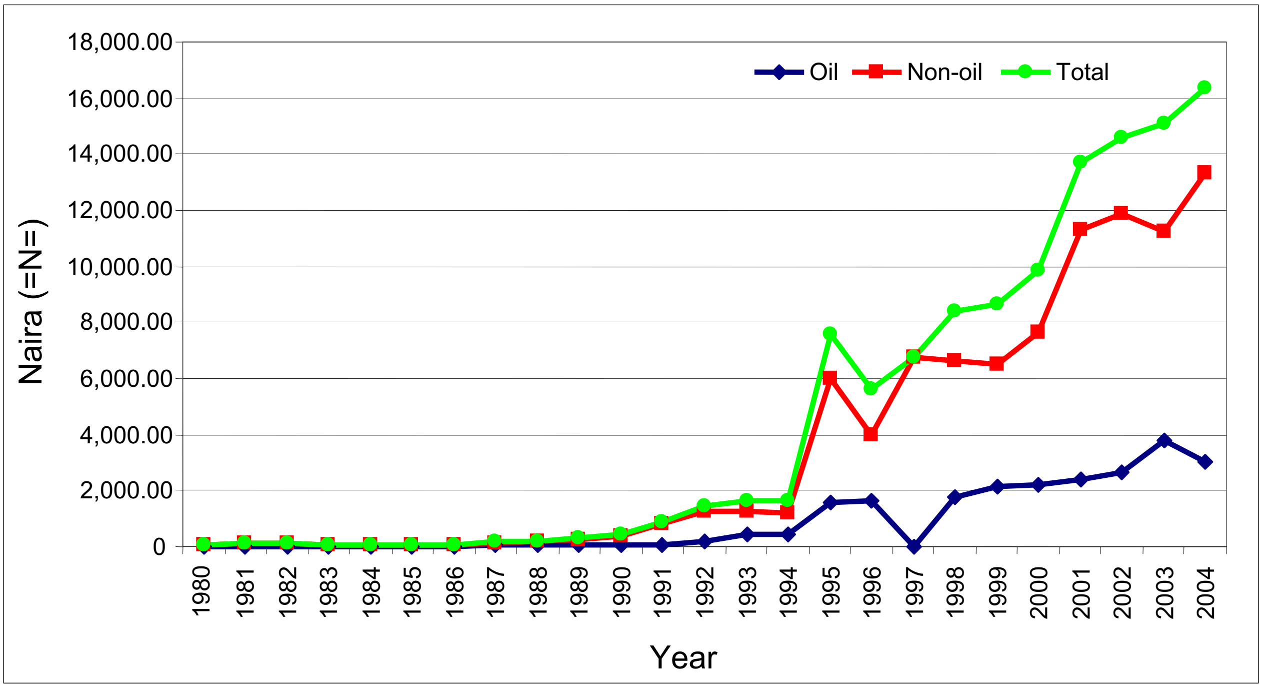
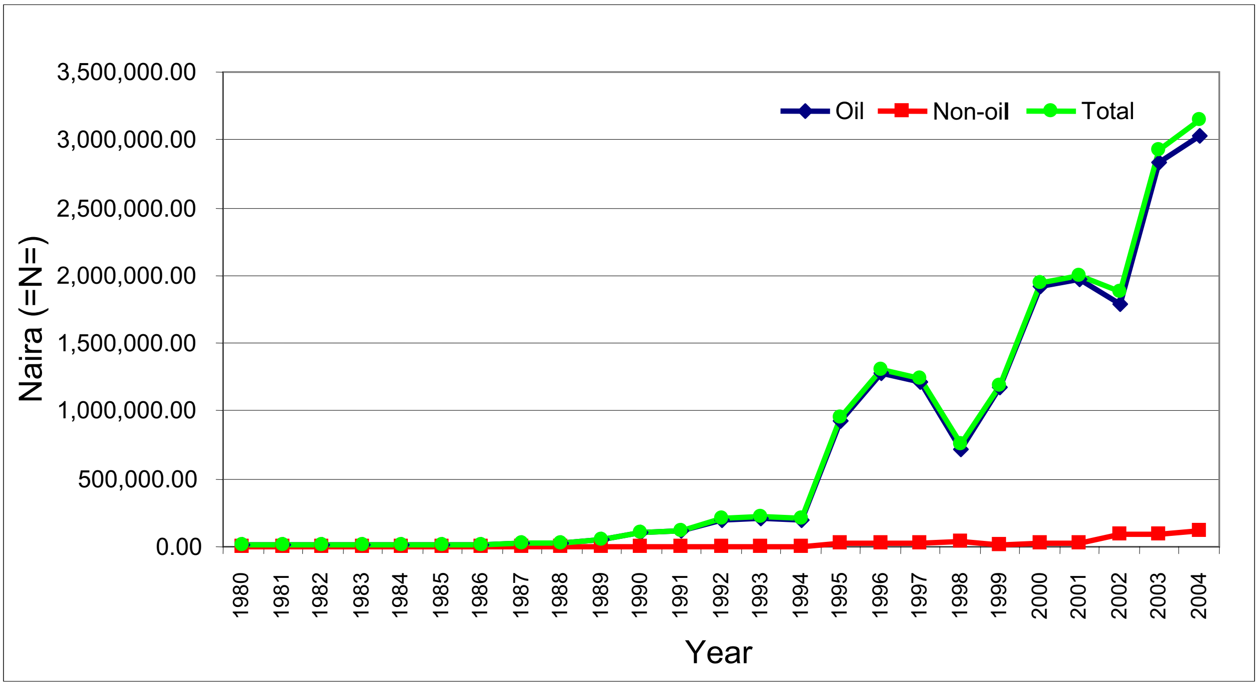


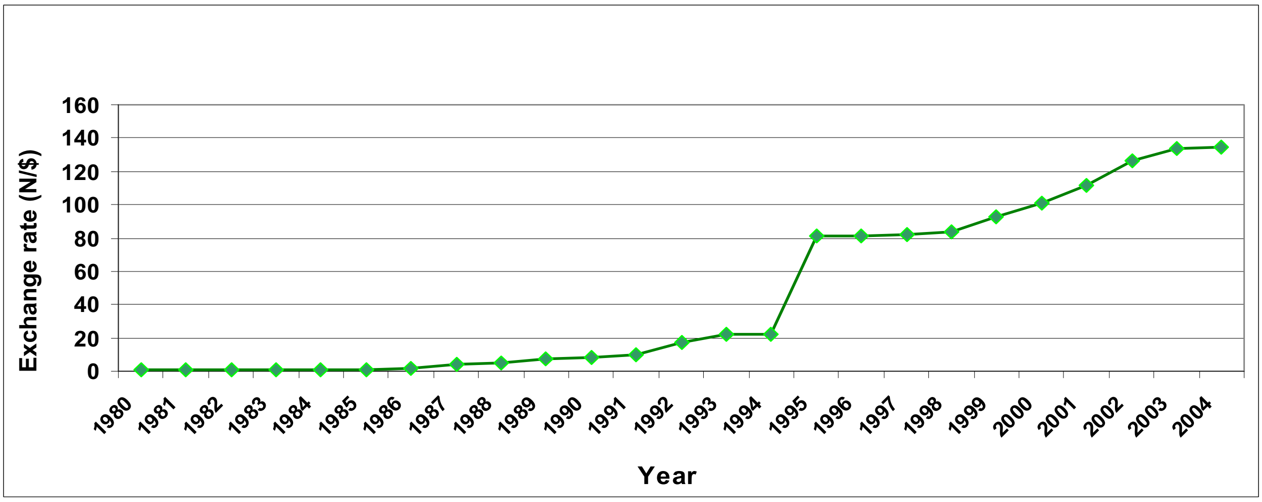
Fig. 1. Foreign trade: total imports (cif) of oil and non-oil products

Note: cif: cost, insurance & freight. A graphic representation of total imports (oil and non-oil) given in Table 2.
Source: Central Bank of Nigeria Statistical Bulletin (2004).



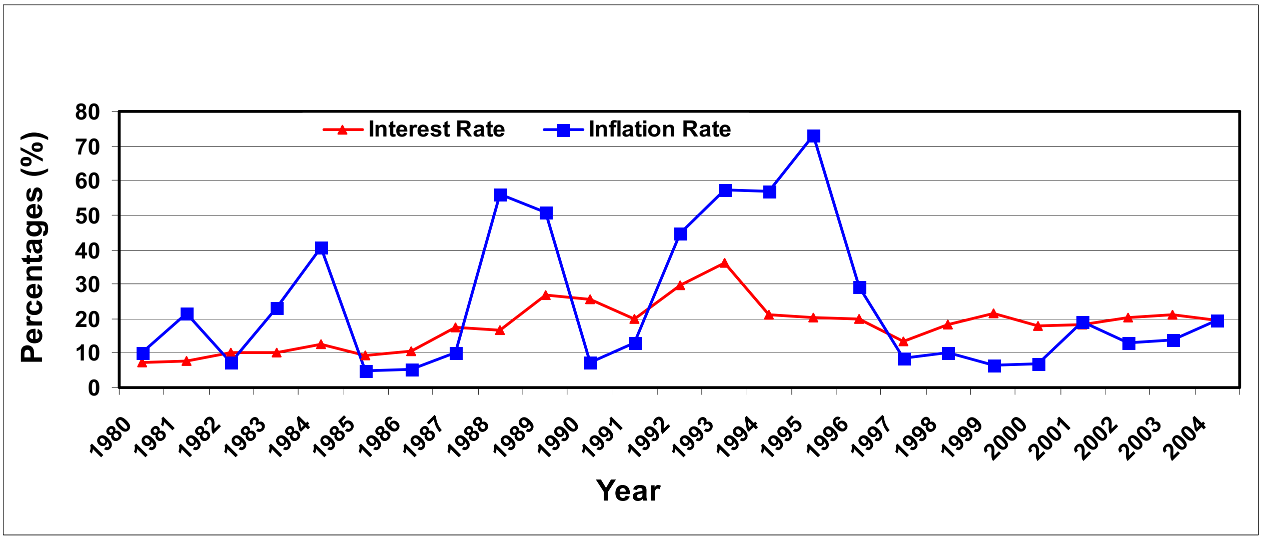
Note: fob: free on board. A graphic representation of total exports (oil and non-oil) given in Table 2.
Source: Central Bank of Nigeria Statistical Bulletin (2004).

Fig. 2. Foreign trade: total exports (fob) of oil and non-oil products



Note: A graphic representation of Exchange rate trends as given in Table 1.
Source: Central Bank of Nigeria Statistical Bulletin (2004).

Fig. 3. Exchange rate trend



Note: A graphic representation of interest & inflation rate trends as given in Table 1.
Source: Central Bank of Nigeria Statistical Bulletin (2004).

Fig. 4. Interest & inflation rates movement: Nigeria