A COMPARATIVE STUDY OF THE SANNI ABACHA REGIME AND OLUSEGUN OBASANJO ADMINISTRATIONS' FOREIGN POLICIES ON TRADE AND FOREIGN DIRECT INVESTMENTS (1993-2007)

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15/27/MIR003

BEING A RESEARCH THESIS SUBMITTED IN PARTIAL FULFILLMENT OF THE REQUIREMNENTS FOR THE AWARD OF MASTERS OF ARTS (M.A) DEGREE IN INTERNATIONAL RELATIONS AND STATEGIES STUDIES TO THE DEPARTMENT OF POLITICS AND GOVERNANCE, COLLEGE OF HUMANITIES, MANAGEMENT AND SOCIAL SCIENCES, KWARA STATE UNIVERSITY, MALETE, KWARA STATE.

AUGUST, 2018.

DEDICATION

This work is dedicated to Almighty God, and my Parents, Mr. and Mrs. SulaimanZubairShittu, for guiding me to the successful conclusion of this project.

CERTIFICATION

This is to certify that this is a research thesis written by Mutiah, Hajiah Sulaiman. The thesis has been read, approved and accepted as meeting the requirement for the award of the Degree of Master of Arts in International Relations and Strategies Studies of the Kwara State University, Malete, Kwara State, Nigeria.

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ACKNOWLEDGEMENT

First and foremost, my thanks goes to Almighty Allah for making this work successful. I equally thank my parents Mr. and Mrs.SulaimanZubairShittu for their total support for me during the programme.I owe a special thanks to my respectable Supervisor, Dr. RajiAdemolaShittu for his guidance remarkable tolerance, co-operation, unrelenting and untiring efforts throughout the period of my study.My profound gratitude goes to the Head of Department of Politics and Governance, Prof Abdul RaufAmbali who is highly appreciated for his role in the smooth running of the programme. Likewise, I am also grateful to my distinguished lecturers; Prof Saka Mahmud, Dr. Adedokun, Dr. Adedibu, Dr. Ibrahim Salawu, Dr. SulaimanAbdulsalam, Prof. J.S Omotola and Dr. Aremu. I thank you all.I thank Ahmed Kudus Rufai for his care and financial support throughout the programme. I am indeed very grateful. I would also like to thank the following people for their valuable contributions to the success of this programme: My Husband, AgudaBadmus for his support, love, care and words of encouragement. My father In-law, Chief Imam of Ikare-Akoko Land, AlhajiAbass Mohammed and my mother In-law, Late Alhaja Fatimah Mohammed, who died before the completion of this programme , May Almighty Allah grant her Al-JannahFirdaus (Amin). My appreciation also goes to the rest of my family and friends ; Chief Justice OlwatoyinAguda, My younger sister, Mrs. Sarouk Maryam, my brothers, SulaimanMumin, SulaimanMuyideen and Mrs. Evelyn OkotieIlesanmifor their support, words of encouragement and prayers, also to my In-Laws, Honorable and Alhaja Farouk Sarouk, for their support. I am very grateful. I also thank younger sister's husband, Mr. Ahmed DanjumaSarouk, and his wife, Mrs. Maryam Sarouk including their beautiful daughter Aisha Sarouk for your prayers, help and support. I love you so much and I will forever be grateful to this wonderful family. Special thanks goes to members of staffs of Ministry of Foreign Affairs Abuja, staffs of Nigeria Investment Promotion Commissions, Abuja, students and lecturers of Al-hikmah University and staff of Radio-Kwara, Ilorin, Kwara State for their support and understanding, I am very grateful. Finally,special thanks goes to my colleagues and friends namely Yusuf Ismat, OluwaOlolade, OyoruAbdulrahman, Yusuf Mulikat and AbdulrasheedBamidele. I thank you all.

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FINDINGS, SUMMARY, CONCLUSION AND RECOMMENDATION

ABSTRACT

This research focused on comparative assessment of the Abacha regime and Obasanjo administration foreign policy objectives on trade and investment while both were at the helm of affairs. The regime of General Sanni Abacha was presumed to have been characterized by bad governance, especially in the areas of human right denial and subversion of democratic governance. The government was alleged to have become a weapon of punishment, harassment, impoverishment, oppression and intimidation within the domestic and international affairs domains. This situation generated stiff and consistent opposition from the international community who diverted many of its trading and investment opportunities from Nigeria and also imposed trade and economic sanctions on the country. On the contrary, Olusegun Obasanjo's administration was assumed to have restored the good image of Nigeria locally and internationally, as a prelude to attracting international interest in the country in the area of trade and investment. This research work examined the main foreign policy thrust of both regime and administration on foreign trade and investment; and studied how Abacha and Obasanjo administration affected trade and investment in Nigeria, Finding from the research, which relied on secondary sources such as textbooks, journals, articles, newspapers, magazines and internet surfing. Abacha regime came to power through military coup and the circumstances of his assumption of office increased stiff local and international opposition to his regime in the areas of trade and investment as many developed countries imposed economic sanctions on the regime. The Obasanjo administration came to office as a democratically elected government and this gesture relaxed lots of international sanctions on Nigeria in the area of trade and investment thus attracting better investment opportunity climate, which increased foreign direct investment in Nigeria, While Abacha regime did not achieve much in the area of economic development, the Obasanjo regime achieved better result, including the cancellation of huge debt for Nigeria. While the Abacha regime left information and telecommunication facilities in Nigeria comatose, the Obasanjo regime improved the Information Communication Technology facilities in Nigeria, with the introduction of Global System Mobile communications, which ultimately increased the tempo and volume of business activities on trade and investments in the country. The international community halted economic and military aid and cut-off Nigeria's access to major trade credits and guarantees under the Abacha regime while trade credits from the international community became more accessible under the civilian administration of Olusegun Obasanjo. The study concluded that the Obasanjo administration has achieved better in the area of trade and investment than the Abacha regime because of its record of upholding constitutional governance. This was unlike the Abacha regime which came through military coup and draconian brutality against the opposition amongst other breaths of the rights of Nigerians. The study recommended that Nigeria should continue to sustain democratic governance in order to retain the current high tempo of foreign trade and investments in the country. Above all, the fight against corruption in the country should be intensified in order to change Nigeria's image problem.

CHAPTER ONE

INTRODUCTION

1.1 Background to the Study

Analyses of Nigeria's foreign policy have often been concentrated on the conduct of the country‘s political and diplomatic relations with other states in the international system, whereas scholars have given less thought to its foreign policy as an instrument of the country’s economic growth and development. This is because Nigeria’s foreign policy had been annexed to achieve economic development at home, leading to the argument that Nigeria’s foreign policy is, at best, altruistic. Be that as it may, Nigeria‘s foreign policy, like that of other countries, has achieved some successes and failures. Since independence, the guiding principle of Nigeria’s foreign policy and the pursuit of its national interests in both its bilateral and its multilateral relations have remained a reflection of its perception of the international environment. Although there have been variations in approach, Nigeria’s foreign policy considerations overtime have remained fairly constant, and neither religious groups nor ethnic groups (however constituted) have rallied against the defined interests of Nigeria (Bemde, 2002). One feature of Nigeria’s foreign policy remains constant, and that is its African-centered nature, especially its preoccupation with fighting colonialism, apartheid and discrimination against black peoples in the continent and elsewhere in the world. In those entire endeavours, Nigeria has never strategically benefited from its actions toward other states and non- state actors.

Until recently, beneficial concentricism or economic well-being was hardly mentioned as a factor in Nigeria’s foreign policy actions or inactions. In fact, in the chronicle of Nigeria‘s foreign policy, there has remained a dichotomy between foreign policy and domestic economic development, with an exception in I988, when Retired Major-General lke Nwachukwu, then Foreign Minister under the administration of General Ibrahim Babnngida, officially announced Nigeria’s commitment to economic diplomacy (Ogwu and Olukoshi, 1999: 14) as a result of the lingering economic crisis and structural adjustment program at the time.

Accordingly, Nwachukwu opined that it is the “responsibility of Nigeria's foreign policy apparatus to advance the course of Nigeria‘s national economic recovery” (Ogwu and Olukoshi, 1999: 16). It was further observed by Ogwu and Olukoshi (1999: 14) that the crisis in the Nigerian economy prompted the government to take a new stance on economic diplomacy, a slight shift from an altruistic foreign policy predicated on politics and diplomacy as well as hard-line Pan-Africanism. This shift, however rhetorical, was aimed toward economic development at the domestic level with a focus on issues such as trade, export promotion, attraction of foreign investment, rescheduling of external debt and the wellbeing of the citizenry.

A critical look at Nigeria shows that years of military dictatorship, as well as corruption, leadership ineptitude, lack of political will, lack of commitment, lack of continuity and consistency, had brought about an economic crisis that has recurrently marred Nigeria's economic growth and development and has assiduously re-engendered a shift in Nigeria's foreign policy paradigm in the Fourth Republic.

On November 17, 1993, General Sani Abacha took over the reign of government through a *coupd'état* from the Interim National Government led by Ernest Sonekan, and he instantly took a number of measures that were clearly antithetical to democratic culture. Thus, his dissolution of democratic structures and institutions, adoption of full martial laws and assumption of sweeping powers along massive arrests and detention of political opposition, clampdown on the press and hunting and eventual arrest of the winner of the June 12 presidential election, Moshood Abiola, demonstrated a clear disinterest of the Abacha government in resolving the 1993 presidential election crises or stabilizing an already pulverized policy. This political crisis, coupled with Abacha's anti-democratic posture from the start opened the floodgate of problems for Nigeria's image abroad and undermined her respect in the international community.

The gross human rights abuse, ridiculous transition to civil rule program under General Abacha and many instances of diplomatic failures in the management of the image problem fuelled the collective western condemnation and accentuated the resolve to dismantle the military fortress in Nigeria's political logjam. The high point of the regime's blunders was the negligence of global plea for clemency in the death sentence passed on and subsequent hanging of the Ogoni environmental rights leaders, led by Ken Saro-Wiwa and alleged sponsorship of assassinations of perceived political enemies, which led to the death of prominent Nigerians, including Kudirat Abiola the wife of Moshood Abiola; winner of 1993 June 12th presidential election (Saliu, 1996). The hostile domestic environment expectedly drove many investors away and kept potential investors at a safe distance from Nigeria. Thus, Abacha's draconian administrative style created a policy conundrum that made him lose popularity both at home and abroad. The immediate response of the international community to the execution of the Ogoni leaders was the isolation of Nigeria from optimal participation in the international political economy interactions amongst nations. For instance, the

Canadian government closed its High Commission in Nigeria, South Africa severed ties with Abacha's government and the American and British authorities imposed full military and limited economic sanctions on the country in order to frustrate and compel the military government to change its unpopular style of administration.

The Abacha years witnessed most irrational moments in foreign policy decision-making in the history of Nigeria (Mbang, 1997). The domestic environment was characterized by a ruthless manner of handling perceived and real opposition to the government, and Abacha's prompt use of aggression such as killing of political foes to challenge what he considered undue interference in the country attracted western and global concern and socio-economic sanctions. The sanctions imposed on the military junta by the international community; forced the regime to align itself with fellow pariah states of Iran, Iraq, North Korea, Libya, and Sudan (Ajayi, 1986).The regime in this regard decided to move eastward and maintain an isolation trade and investment policies. This idea of trade isolation by Abacha was in retaliation to the western hostile policies on Nigeria, which made Nigeria to recognise only countries that were friendly to her. For the five years Abacha ruled, Nigeria's foreign policy was essentially aggressive.

However, the real chance to restore Nigeria's battered international image, came because of the restoration of democracy in Nigeria in 1999. It was assumed then that civil democracy will bring sustainable development to the country and Nigerians. Democratic rule is perceived as a better alternative to military rule, where freedom of expression and other undeniable rights are guaranteed and safeguarded. Many Nigerians believed that the image and domestic problems of Nigeria were essentially leagues of military rule. Military rule is authoritative and repressive and lacks adequate chance to address the country‘s problems. These problems were expected to be resolved as soon as civilian democratic governance was put in place. Prior to his assumption of office as Nigeria's civilian President in May, 1999, Olusegun Obasanjo had a clear understanding of the negative inherited image and other problems under General Abacha‘s regime, in which Nigeria‘s credibility was put to test regionally, continentally and globally. Nigeria was literally a pariah and almost a failed state with defining brand names of corruption, 419; drug trafficking; lawlessness; and stagnation of the economy, which the Obasanjo regime was ready to correct.

Nigerians had good reason to be optimistic about the future because Obasanjo assumed the presidency with an avowed commitment to combating many of the ills that had plagued the country. His pronouncements, before and after his election suggested that unlike the regime of Sanni Abacha, he intended to enthrone good governance and embark on internal and international positive image restoration of Nigeria and ensure Nigeria's economic cooperation and integration with members of the international community, especially in the area of trade and investment.

1.2 Statement of the Problem

The Abacha regime came to power through military coup and the circumstances of his assumption of office increased stiff local and international opposition to his regime in the areas of trade and investment as many developed countries imposed economic sanctions on the regime. The regime of Sanni Abacha, which came into power in 1993 and terminated naturally in 1998 was documented as being characterized by bad governance, especially in the areas of human rights denial and the use of brutal force against political opponents (Fadope, I997). This situation generated stiff and consistent opposition from the international community who diverted many of its trading and investment opportunities from Nigeria and also imposed trade and economic sanctions on the country. On the contrary, Olusegun Obasanjo's administration was determined to restore Nigeria's foreign image, as prelude to the pursuit of his objectives in foreign relations including trade and investment. Nigeria's foreign policies on trade and foreign direct investment under Obasanjo bordered on re-establishment of good working relationships with the western world, signing new treaty agreements on trade and investments with industrialized countries of the world, release of political detainees to improve human rights records of government in order to escape international economic sanctions unlike the Abacha's regime. The above foreign policy strategies were presumed to have attracted foreign trade and investment to Nigeria under the Obasanjo regime. Nigeria's foreign policy on trade and foreign direct investment has little academic attention from majority of Nigerians international relations scholars. Thus, there is extant literature on Nigeria foreign policy relating to the subject matter. The government over the years has introduced different measures to encourage foreign investment. Though there has been an increasing presence of foreign investment in the country, one begins to wonder and worry over the direction and magnitude of the impact of foreign direct investment on the development of Nigeria economy and the question that comes to mind is, do these foreign direct investments actually contribute to economic growth in Nigeria? This informs the approach to this study. Thus, this research work attempts to fill this academic gap by focusing on the comparative analysis of the Abacha regime and Obasanjo's administration on foreign policies as its affects Nigeria's trade and foreign direct investment opportunities.

1.3 Aims and Objectives of the Study

The main aim of this research work is to carry out a comparative study of the foreign policies of the Abacha's regime and Obasanjo's administration as it affects trade and investment in Nigeria. The specific objectives of the study are to:

I. Examine the main foreign policy thrust of both Abacha regime and Obasanjo's civilian administration.

II. Examine the nexus between Foreign Direct Investment and economic growth in Nigeria under both leaders; and

III. Examine the implications of military rule under Abacha's regime and civil rule under Obasanjo's administration on Nigeria's foreign policy objectives concerning trade and foreign direct investment in Nigeria.

1.4 Research Questions

This research work seeks to answers the following research questions:

I. What are the main foreign policy thrusts of both Abacha regime and Obasanjo's administration on trade and investment?

II. What was the relationship between foreign direct investment and economic growth in Nigeria under both leaders; and

III. What are the implications of military rule and civilian rule on Nigeria's foreign policy especially during Abacha's regime and Obasanjo's administration?

1.5 Research Methodology

This research work adopted a comparative, descriptive and historical approach as well as obtained data from secondary sources such as textbooks, journal articles, news-papers, magazines and monographs, internet surfing etc. Moreover, the research work adopts quantitative mode of data analysis. This involves the use of description of the situation in the study through the use of secondary sources on the comparative study of the Abacha regime and Obasanjo'sadministration foreign policies on trade and foreign direct investment in Nigeria from 1993 to 2007.

1.6 Scope of the Study

The scope of this research work covers Nigerian foreign policy objectives on trade and foreign direct investment during Abacha's regime and Obasanjo's administration as well as the extent to which the Obasanjo's administration succeeded in attracting foreign trade and investment into the country between 1999 and 2007. It also includes how he succeeded in changing the bad image of the country created by Abacha's regime. The timeline adopted for this study covers the period of the commencement of Abacha's regime and end of Obasanjo's administration from 1993 to 2007.

1.7 The Significance of the Study

In spite of available literature on Nigeria's foreign policy, a comparative analysis of Sanni Abacha's regime and the administration of Olusegun Obasanjo's foreign policies on trade and investment is worthwhile. This study therefore becomes significant in making valuable contributions to the body of knowledge on the subject matter as it examines the performance, successes or failures of the Abacha's regime and Obasanjo administration's foreign policy objectives on trade and investments in Nigeria. When concluded, the research will serve as a reference material for policy makers and a foundation for future researchers, especially those on foreign policies on trade and investments in Nigeria.

Moreover, the research will contribute to the academic fields of Political Science and International Relations and above all, contribute to societal growth and advancement.

1.8 Definition of Terms

I. Foreign Policy: It is has to do with behaviour of a state towards other states within the international system. Foreign policy is the system of activities evolved by communities for changing the behavior of other states and for adjusting their own activities to the international environment.

II. Trade: Trade refers to exchange of goods and services for the purpose of profit making.

III. **Investment:** This refers to an asset or items that is purchased with the hope that it will generate income or appreciate in the future.

IV. **Direct Foreign Investment:** It is an investment in the form of a controlling ownership in a business in one country by an entity based in another country. Foreign direct investments (FDIs) are the physical investments and purchases made by a company in a foreign country, typically by opening plants and buying buildings, machines, factories and other equipment in the foreign country.

V. **Regime:** This refers to government by the military that capture political power via coup d'etat.

VI. **Administration:** It refers to a democratically elected civilian government as against military rule.

VI1. **Economic Growth:** Economic growth relate to a persistent and steady increase in rate of savings and population.

VIII. **Diplomacy:** Diplomacy is thus a technique used in international relations to open, cement, or dent a relationship between states or among many states.

CHAPTER TWO

LITERATURE REVIEW AND THEORETICAL FRAMEWORK

2.1 The Concept of Foreign Policy

Even though, scholars differ on the definition of foreign policy, they all agree that it is has to do with the behavior of a state towards other states. According to Frankel (1963), foreign policy is the system of activities evolved by communities for changing the behavior of other states and for adjusting their own activities to the international environment. As noted by the author (Ford 2002), foreign policy must throw light on the ways in which states attempt to change, and succeed in changing the behavior of other states. Along this line, the objective of foreign policy is not only to change but also to regulate behavior of other states by ensuring continuity of their favorable actions. To Frankel (1998) “Foreign Policy consists of decisions and actions, which involves to some appreciable extent, relations between one state and the others”. From the above definitions, the following facts are conspicuous of foreign policy; it is a state’s policy; it deals with the external environment; the core of foreign policy consists of achieving the national objectives of a nation by interacting with other states.

With the term “foreign”, there is a clear distinction between foreign policy and domestic policy. “Foreign” applies to policy toward the world outside the states’ territorial borders, and “domestic” is meant to apply to policy made for the internal political system. Hence, going to war with another country, signing an international trade agreement, aiding an anti-colonial movement or providing development assistance to another country are examples of foreign policies. Revenue allocation, school enrolment, labour policy and poverty alleviation are examples of domestic policy. However, the forces of globalization that have turned the world to a global village have blurred the distinction between foreign and domestic policies. This does not mean that there is no longer a difference between foreign and domestic policy and a distinction can be made based on the intended target of the policy. If the primary target of achieving such domestic policy lies outside the country’s borders, it is considered foreign policy, and if the primary target is inside the country, it is considered domestic policy. There is no generally agreed definition of foreign policy; hence different scholars have attempted to define the concept from their own perspectives. Modelski (1962) defines foreign policy as the system of activities evolved by communities for changing the behaviour of other states and for adjusting their own activities to the international environment.

Similarly, Frankel (1963) defines foreign policy as consisting of decisions and actions that involve some appreciable extent relationship between one state and another. A country's foreign policy consists of self-interest strategies chosen by the state to safeguard its national interests and to achieve its goals within the international relations milieu. It is the aggregate of a country's national interest which results from the interaction of internal and external forces as perceived by the foreign policy decision makers. The approaches used are strategically employed to interact with other countries. For countries to relate effectively with one another, foreign policy must be well defined, well thought out, and must possess direction. Hence, Saliu (2006) infers that foreign policy can best be understood through an explanation of what it actually is. Foreign policy, according to him consists of three elements. One is the overall orientation and policy intentions of a particular country toward another. The second element is the objective that a country seeks to achieve in her relations or dealings with other countries. The third element of foreign policy is the means for achieving that particular goal or objectives. In recent times however, due to the deepening level of globalization and transnational activities, relations and interactions have been known to exist between state and non-state actors in the international political arena.

These relations in their own way have influenced several foreign policies between nation states. The foreign policy of any nation is the external projection of some of the domestic policies of that country that may have relevance in such arena. Both domestic and foreign policies of a country are interrelated, or perhaps more accurately stated, are more interpenetrated. It is thus appropriately defined as: A country's response to the world outside or beyond its own frontiers or boundaries. That response may be friendly or aggressive, causal or intense, simple or complex, but it is always there. It comprises many elements Diplomatic, Military, Trade, Economics, Social, Culture.

Modelski (1962) defines foreign policy as "the use of political influence to induce other states to exercise their law-making power in a manner desired by the states concerned: it is an interaction between forces originating outside the country's borders and those working within them" According to Holsti (1977), it is the actions of a state towards the external environment and the conditions usually domestic under which these actions are formulated. According to Alao (2011), it refers to the ways in which the central governments of sovereign states relate to each other and to the global system in order to achieve various goals or objectives. Thus, it represents a set of principles or course of action that government of states adopts that help to define their relationship with other parts of the world. Foreign policy therefore is a product of internal environment and external circumstances. It is concerned with the conducts, actions as well as behaviours of a state towards other states and the goals and objectives of state. The environments within which foreign policy takes places are the domestic environment and the international or external environment. The external environment entails all the contingencies of the international system that affect and influence the goals and objectives of states. The domestic environment of foreign policy according to Otubanjo (1989) refers to the features, factors and forces peculiar to the state where foreign policy is being made. These features include the geographical location of the state, its peculiarity, natural and human resources, the nature of the political system, quality of leadership and the nature of the interaction among groups in the society. The paper agrees with Ademoyega (1981) that the domestic environment determines the role a nation plays in the international system. This is because domestic structures of foreign policy determine the amount of social effects which can be devoted to foreign policy (Kissinger, 1969:501-526). Therefore, these imply that foreign policy connotes an interaction of the domestic and foreign elements that affects the aspirations of the state whether positively or negatively.

2.2 The Concept of Trade and Foreign Direct Investment

Trade and Investment involves capital flows from one country to another, granting extensive ownership stakes in domestic companies and assets. Foreign investment denotes that foreigners have an active role in management as a part of their investment. A modern trend leans toward globalization, where multinational firms have investment in a variety of countries. Foreign direct investment is largely seen as a catalyst for economic growth in the future. Foreign direct investments can be made by individuals, but are most often endeavors pursued by companies and corporations with substantial assets looking to expand their reach. As globalization increases more and more companies have branches in countries around the world. For some companies, opening new manufacturing and production plants in a different country is attractive because of the opportunities for cheaper production, labour and lower or fewer taxes. Foreign investment can be classified in one of the ways: Direct and Indirect. Foreign Direct Investments (FDIs) are the physical investments and purchases made by a company in a foreign country, typically by opening plants and buying buildings, machines, factories and other equipment in the foreign country. These types of investments find a far greater deal of favour, as they are generally considered long-term investments and help bolster the foreign country's economy. (Saliu, 2006)

Foreign direct investment involves corporations, financial institutions and private investors buying stakes or positions in foreign companies that trade on a foreign stock exchange. In general, this form of foreign investment is less favourable, as the domestic company can easily sell off this investment very quickly, sometimes within days of the purchase. This type of investment is also sometimes referred to as a Foreign Portfolio Investment (FPI). Indirect investments include not only equity investment such as stocks, but also debt instruments such as bonds. There are two additional types of foreign investments to be considered: commercial loans and Official flows. Commercial loans are typically in the form of bank loans that are issued by domestic bank to businesses foreign countries or the governments of those countries. Official flow is a general term that refers to different forms of developmental assistance that developed or developing nations are given by a domestic country. (Fawole, 2012)

2.3 NIGERIA'S FOREIGN POLICY SINCE INDEPENDENCE

The pursuit of Nigeria's foreign policy began in earnest after the attainment of independence on October 1st, 1960. In the foreign policy statements made in August and December 1960 respectively, the first Prime Minister of Nigeria, Tafawa Balewa, outlined some objectives of the country's foreign policy. These objectives or goals have consistently been maintained despite numerous changes in government. At independence, the country's foreign policy sought to achieve the following objectives: promotion of the economic well-being of Nigerians and Africans; promotion of Nigeria's territorial integrity; eradication of all forms of racism and colonialism from the African continent; protection of the rights of black men all over the world; and promotion of international peace and security (ogwu, 1986:8; Olusanya and Akindele, 1986:3-5).

However, the philosophical foundation of Nigeria's foreign policy in the first republic was not unconnected to the country's colonial experience, the nature and structure of the world system, and the vocabulary of politics. It is the combination of these interrelated factors that provides the sources of the philosophical foundations of the country's foreign policy, at a time when the anti-colonial struggle and the crisis of collective racial identity of colonized peoples were critical issues in world politics (Jinadu, 2005).

Despite these lofty aspirations, Nigeria's foreign policy in the First Republic has often been generally described as timid, docile, ambivalent, dissonant, indecisive and inert (Akinboye, 2013). The colonial legacy which restricted the policy options of the immediate post-independence leaders, the relative poverty of the country at the time, the lack of experience in international affairs, the conservative outlook of the prime minister Tafawa Balewa and other members of his cabinet, and serious domestic divisions which led the regions to open different consulates abroad are some of the reasons that have been advanced for the low-profile foreign policy (ldang, 1973; Osaghae, 2002).

The brief interregnum that ushered in the administration of General Aguiyi Ironsi, following the Nigerian military coup of January 15, 1966, led by Major Kaduna Nzeogwu, saw his government pursue essentially the same objectives that characterized Nigeria's foreign policy from independence (Ademoyega, 1981). This was based on General Ironsi's world view and perception of the hierarchy of Nigeria's interests, in relation to the concepts of solidarity and national interest as the philosophical building blocks of Nigeria's foreign policy. In all, it can be argued that the timid and moderate foreign policy that had become the hallmark of Balewa's regime equally persisted under Ironsi's regime. Consequently, three main factors led to Nigeria's shift away from a 'moderate' and timid foreign policy during the 1960s to a relatively more activist and influential role during the 1970s.

First, the post-civil war military governments of Generals Yakubu Gowon, Munala Mohammed and Olusegun Obasanjo succeeded in dramatically and effectively redressing the balance of power in favour of the central government in relation to Nigeria's regions and states; second, the Nigerian civil war of 1967-70 marked a watershed in the country's foreign policy; third, and perhaps most importantly, the increasing wealth from oil revenues and membership of the Organization of the Petroleum Exporting Countries provided Nigeria with the resources to pursue an activist foreign policy (Nwolise, 1989; Akinterinwa, 1999; Gambari, 2008). Much has been written in the scholarly circles about the 1970s being the "golden era" of Nigeria's foreign policy (Garba, 1987; Fawole, 2003; Saliu, 2006).

However, the contradictions in Nigeria's foreign policy remained evident in the 1970s despite the zest and tempo that characterized it. In retrospect, Garba (1987) had argued that the Angolan policy of General Mohammed's administration which made Nigeria to collide with the USA was a barren adventure. He attributed this to the attitude of Popular Movement for the Peoples' Liberation of Angola (MPLA) leaders who only saw Nigeria in the light of 'Naira spraying diplomacy', and never showed any commitment on their part to reciprocate Nigeria's role in the independence of their country. Garba (1987), puts it succinctly; ...at the first appearance of the MPLA Government at the OAU summit in Mauritius in July 1976, Nigeria's name was conspicuously absent from the list of countries to which they publicly paid tribute for assistance in achieving their independence (Garba, 1987:26). Again, Garba (1987:27) regretted: The Prime Minister (Lepo do Nasimento of the MPLA) was very soft-spoken, but he was profuse in his expression of gratitude, and our subsequent conversation was full of the promise of intimate cooperation between our countries, a promise which....they never fulfilled (Garba, 1987:227).

Saliu (2006) however, argued that Nigeria's African policy has always lacked the standard requirement which is reciprocity, which appears to be a recurring phenomenon in her diplomatic practice. According to him, the dictates of the global system frown at giving without anything in return. He stressed that assistance is rendered without any visible reference to either the short or long term interests of Nigeria. Thus, the recipient nations do not know how to behave to meet the country's expectations afterwards. This, he concluded is interpreted to mean a show of ingratitude to Nigeria.

The next phase in the development of Nigeria's foreign policy started in 1979, with the return to civilian rule under the Presidency of Shehu Shagari. Shagari came to power after an election that had seen no significant debate on foreign policy issues (Chidozie, 2014) the presidential candidates were well aware that the overwhelming majority of Nigeria's electorates generally had little interest in foreign policy. The outcome was a lack of well articulated foreign policy for the country right from the out-set of the Second Republic. In essence, in the sphere of foreign policy, the main challenge remained how to revive and sustain the momentum of the Murtala/Obasanjo era, which continued to enjoy the support of the informed public (Ogwu, 1986; Otubanjo, 1989).

There was a paradox that characterized Nigeria's foreign policy at this phase. It concerned the fact that the Nigeria's oil wealth and the technology that produced it came from the West, and her national power was anchored in Africa, while seeking at the same time to borrow models of social and national emancipation from the East. Gambari puts it very clearly; How could Nigeria's civilian regime be economically dependent on the West on the one hand, while looking (vaguely, and without deep conviction or sustained effort) to the Eastern bloc for models of social and national liberation on the other, and yet continue to walk in the ideological non-alignment middle (Gambari, 2008:67).

Again, Nigeria's leadership in African affairs was seriously eroded as the country vacillated on issues such as Western Sahara, Chad and Namibia. As a result of these Afro-centric policy inconsistencies, coupled with crippling domestic challenges, Nigeria's neighbours had scant respect for the country, and some of them such as Cameroun and Chad, even crossed into Nigerian territory and attacked and killed its civilians and soldiers with impunity. Indeed, smaller neighbours disrespected Nigeria, using its borders for illegal smuggling and bunkering along with Nigerian partners, violated its territorial integrity and disregarded any threat or warning from the Nigerian authorities (Osaghae, 2002; Fawole, 2008; Folarin, 2010; Akinboye, 2013).

General Buhari which came to power in 1983 strove to give clearer form to the country's foreign policy orientation. Africa was to constitute the area of primary concern to the country. It was also emphasized that Nigeria's national security and economic wellbeing would constitute the axis around which revolved its foreign policy, with a promise to put on a more constructive footing in relation with Nigeria's immediate neighbours. The Buhari administration believed that the old conception of Africa being the policy center-piece would be properly defined (Gambari, 1986).

However, the articulation of Nigeria's foreign policy under Buhari's regime to accommodate 'good neighbourliness' became an issue of serious concern in literatures. In essence, under Buhari's regime, relations with member-states of the sub-regional body, Economic Community of West African States (ECOWAS) reached an all time low. Not only were the nation's borders permanently closed against its neighbours, thus badly hurting their economies, the regime did not heed all the appeals for them to be re-opened (Akinrinade, 1992; Fawole' 2002:21; Adeniji, 2003&2004; Akinboye, 2013:33). The position of the Buhari regime's foreign policy towards its neighbours has been justified in literature as premised on the basic rationale behind the coup itself, which was to arrest the country's rapidly deteriorating economic situation, eliminate corruption and improve the well being of the generality of Nigerians (Osaghae, 2002; Folarin 2010).

The General Ibrahim Badamasi Babangida regime was the sixth military ruler-ship in Nigeria. He shot himself to power after sacking the regime of his former boss, General Muhammadu Buhari on August 27, 1985, and thereafter declared himself "Military President", thus becoming the first Military President in Africa and probably the world (Folarin, 2010). Babangida had demonstrated his dissatisfaction and disaffection with his predecessor's policies, especially in the external context which he felt was not in tune with the expectations of the international community Thus, in the area of foreign policy he registered unmistaken doubt and what he considered as inconsistencies with the country's founding philosophy. According to Babangida, Nigeria's foreign policy was characterized by inconsistency and incoherence. It lacked the clarity to make us know where we stood in matters of international concern to enable other countries relate to us with seriousness. Our external relations have been conducted by a policy of retaliatory reactions (Saliu, 2006).

Therefore, the regime of Babangida set out early to repair the damages done to Nigeria's foreign policy by the Buhari administration. Both the International Monetary Fund loan stalemate and the frosty relations with the West were quickly resolved. Nigeria soon resumed its diplomatic relations with Britain. In the same spirit, the closure of Nigeria's borders with her neighbours together with the vexing issue of illegal aliens, which had converged to worsen relations between Nigeria and her neighbours were astutely reversed to the admiration of West African countries (Saliu, 2006), culminating in the provision of economic assistance to these countries, which won him the Chairmanship of ECOWAS for three consecutive terms (Adeniji, 2005).

In essence, this era, not only marked a high point of the country's rising international profile, it also conferred commensurate prestige on Nigeria in her foreign policy. (Saliu, 2006) attributed the success of Babangida's foreign policy initiatives to the crop of intellectuals whom he assembled as members of his 'kitchen cabinet'. Among them were personalities such as Obiozor, Ofoegbu, Akinyemi, among others. Despite the remarkable contributions to Nigeria's foreign policy by these intellectual giants, Osaghae (2002) argued that the foreign policy arena under Babangida nonetheless, suffered great confusion and incoherence resulting in the arbitrary change in the ministers of external affairs.

This confusion was greatly reflected in the regime's bid to elevate religion as a conscious guide to Nigeria's foreign policy. This was demonstrated by the circumstances that surrounded Nigeria's membership of the Organization of Islamic Conference (O1C) in 1987. The regime decided to change Nigeria's status from that of an observer status to a full-fledged member without due consideration of both domestic and international concerns. The direct result of this was a serious and lasting dent on the regime's credibility. For instance, Fawole (2012) argued that the decision by Babangida to make Nigeria a full member of a largely Islamic grouping of states generated considerable opposition at home and remains one of the most highly contentious and unresolved issues in the country till date. It was all the more so, with the unending transition programme of the administration that permanently eroded the gains made at the external context (Olukoshi and Agbu, 1995; Akinboye, 2013).

This deliberate subversion of its own transition programme by the government became evident when the June 12 1993 presidential election was annulled. The emergence of Abacha administration in Nigeria on 17 November 1993 could be traceable to the annulment of June 12

1993 election, adjudged to be the 'freest and fairest', by the Babangida regime. The political instability that arose from the incident made the military believe Nigeria needed a more 'radical' approach to reverse the dangerous political trend in the country (Sa1iu, 2006).
Indeed, radical and combative approach to foreign policy became almost synonymous with the Abacha regime, prompting Fawole (2002) to describe it as the most combative and defensive foreign policy in Nigeria's history. For Abacha, his recognition meant 'an eye for an eye' approach to international relations (*The Guardian, 1999*), which prompted him to employ an "area boy" diplomatic style to survive the hostile domestic and international environment into which his regime was born. This explains the uncoordinated approach and misunderstanding of the international environment that occasioned the regime's approach to foreign policy.
It is important to mention that Abacha's adamant nationalism and autonomy consciousness which, led to the abrogation of liberalization policies and a sustained anti-Western stance on many issues, reinforced this hostility. Accordingly, the United States and other Western powers actively encouraged and supported opposition groups in the country as well as those based abroad, and on some occasions, issued statements which amounted to gross interference in the country's internal affairs (Osaghae, 2002). This reached its height with the formation of National Democratic Coalition (NADECO) in May, 1994, a loose coalition of old and new-breed 'progressives' mostly from the South-West of the country, which consistently promoted and fuelled anti-Abacha sentiment abroad (Zabadi, 2004).

However, some scholars have argued that Nigeria's foreign policy under Abacha revealed that the military administration, in its own way, conducted the country's foreign policy to an arguably level of delivery (Lipede & Adelusi, 1995; Onadipe, 1997; Useni, 1997; Saliu, 2006). This was evident in its ability to create policy confusion in the West; the latter did not know how to relate with the Nigerian administration. lts purported deft steps at shifting significantly to Asia and having political romance with some anti-Western countries in the world could be accepted as tangible achievements of the regime (Saliu, 2006). But given Nigeria's potentials and against the background of her past external involvement, these achievements are easily dismissible. In all, Abacha's administration of Nigeria's foreign policy could be said to be circumstantial. The regime was born when the domestic environment had been polarized, no less the external environment. Thus, the argument that "Nigeria's foreign policy under the regime was to respond to the pressure from abroad and not to exert pressure abroad" becomes tenable (Adeniji 2004).

Following General Abacha's sudden death in June 1998, General Abdul salaam Abubakar, his successor, initiated a transition programme (ten months programme) that resulted in the coming to power of President Olusegun Obasanjo on 29 May, 1999. Indeed, the post-cold war international environment that characterized President Obasanjo's accession to power in May, 1999 required new approach to Nigeria's foreign policy. To be sure, the international security environment had altered significantly for Nigeria at this period, with the emergence of multivariate level of threats to the task of nation building. This period was marked fundamentally with the linkage of domestic issues with international relations and the gradual erosion of the concept of absolutist sovereignty (Ayam, 2004; Dokubo, 2010; Alao, 2011).

As a matter of fact, the 'concentric rings' of Nigeria's foreign policy priorities which relegated the global societies to the fourth level, indicating that national, sub-regional, and regional concerns should precede the international agenda was fast losing its relevance (Magbadelo, 2007). Abiodun Alao puts it succinctly: This new era of foreign policy differed from the preceding period in Nigeria's diplomacy, in which it had always prioritized sub-regional and continental interest. The relative stability along these fronts enabled the country to strike a better balance between external policies and domestic interests. This was especially important because many Nigerians believed that the country had little to show for the generosity and sacrifices it had made in regional and continental diplomacy. Many also felt that Nigeria should replace its past practice of confronting major powers in the pursuit of an African-centred agenda with a new practice that better suited Nigeria's national interests (Alao, 2011:7).

Akinterinwa (2004) argued that, with the emergence of President Obasanjo in 1999, there was a paradigm shift from an African-centered, to a global-focused, foreign policy. According to him, Nigeria's foreign policy still remained essentially Africa-focused at the political level while it was global-centered at the economic level. The poor situation of the Nigerian economy inherited by Obasanjo, coupled with political vulnerability at the time, demanded new tactics and strategies, and indeed, prompted the need to focus greater attention on extra-African actors, without necessarily implying any form of neglect of Africa. Thus, Nigeria emphasized the economic factor to the detriment of political considerations. This dramatic shift was explicated by President Obasanjo, that Nigeria's foreign policy interests extend: beyond our concern for the wellbeing of our continent. The debt burden is not an exclusively African predicament. Many countries in Asia, the Caribbean and South America are facing similar problems with it. It is imperative therefore that the countries of these regions harmonize their efforts in their search for a fairer deal from the industrialized nations of the world and this requires of us a more global approach to world affairs than was previously the case (Akinterinwa, 2004).

Additionally, Ambassador Oluyemi Adeniji, Obasanjo's Foreign Affairs Minister (2003-2006), expounded on this shift in Nigeria's foreign policy thrust from the original 'cornerstone' and 'centre-piece' trajectory that had informed it since independence. He argued that Nigeria's foreign policy direction had to lead to where there are development funds and technical assistance, particularly in the light of the weakness in intra-African cooperation, crisis and conflicts in Africa, as well as Africa's inability to bail Nigeria out of her economic doldrums. He submitted that Africa as cornerstone of Nigeria's foreign policy was geo-culturally- and proximity factor-induced, while the global setting was issue-and economic reality-compelled (Adeniji, 2003). Again Alao puts it this way: A number of major trends are clearly discernible in Nigeria's foreign policy since 1999. Perhaps the most important of these is the desire to establish and maintain friendships with countries that have historically shaped global diplomacy, while cultivating deep alliances with emerging powers featured in recent global economic developments. Nigeria has also sought to align its diplomacy with domestic developments, especially as these relate to the consolidation of its new democracy. Consequently, the country's diplomacy from 1999 to 2011 has been a cautious balance of devotion to traditional obligations towards West Africa and African concerns, and the desire to ensure that external relations, especially with global powers, also assist in domestic concerns (Alao, 2011).

In fact, the logical explanation for the shift in Nigeria's foreign policy in 1999 can be located within the forceful and seemingly irresistible influence of globalization, which continued to encroach on national borders and by implication redefining the scope of sovereignty. In essence, the doctrines of capitalism and democratization had been elevated to the supreme standards of international relations by the key players in the international system (Ayam, 2004, Okolie, 2010).

The relevant point in Obasanjo's administration's fundamental shift of Nigeria's foreign policy thrust in a globalizing international environment is that Nigeria and more importantly, The Nigerian person, stood to benefit from globalization as thrust of Nigeria's foreign policy. Put differently, the 'concentric circles' principle that had guided Nigeria's foreign policy from l980s was inadequate and needed to be re-conceptualized to reflect contemporary realities by making its epicenter of consideration the Nigerian person. In view of this, Ambassador Oluyemi Adeniji considers that, “concentricism, as a foreign policy guide, has to be made constructive and beneficial”, and that “the focus of a constructive and beneficial foreign policy should, first of all, be the Nigerian people". By implication, anything ‘Nigerian’ should really be the focus (Akinterinwa, 2004). Ambassador Adeniji’s words: The Nigerian has not really been made the main focus of our policy. Emphasis is placed on law but not on the man himself... the law cannot be more important than the man who made it and defending and protecting a nation whose people are valueless is at best also meaningless. In the same vein, Africa as cornerstone or centre-piece of our foreign policy is also meaningless without the Nigerians. Foreign policy successes in which the Nigerians are not direct beneficiaries are not likely to impact on, or enjoy the support of, the people... constructive and beneficial concentricism therefore, fills this gap in foreign policy thrust... (Adeniji. 2004).

It is important to mention that the author of ‘concentricism’ (predicated mainly on geo-political prioritization and operationalization of Nigeria’s foreign policy) as Nigeria’s foreign policy thrust in the 1980s, Professor Ibrahim Gambari, had articulated this direction of foreign policy based on what he perceived to be the discrepancy or asymmetry between Nigeria’s foreign policy and the peoples’ direct needs. He averred that: Nigeria’s foreign policy has never been directly related to the needs of the masses of the people; rather it is formulated, articulated and implemented in highly elitist circles. Hence, the country’s foreign policy relations have reflected the needs and aspirations of a national super elite of business, bureaucratic, military and traditional ruling group... (Akinterinwa, 2004).

In essence constructive and beneficial foreign policy direction of the Obasanjo administration was intended to address and redress the perceived inadequacy inherent in concentricism: which was the fact that “concentricism was not at all an objective but a means; it was more or less a foreign policy tactic to have focus” (Akinterinwa, 2004).

Consequently, Obasanjo’s foreign policy was largely shaped by the above philosophy, which guided his diplomatic approaches to issues in regional and global politics. He nonetheless, set out in achieving this lofty principle through a number of approaches. The most visible was his deliberate decision to personally embark on shuttle political diplomacy, earning him the title of the most travelled Nigerian Head of State (Zabadi, 2004; Saliu, 2006; *The Punch* 2004 Okolie, 2010).

2.4 Theoretical Framework of Analysis

This research work applied three theories, namely the **Idealist theory, Realist theory** and **Liberal theories** of international relations. There are basically two levels of foreign policy analysis with two theoretical orientations focusing on the external and the internal factors.

The Idealist Theory

The idealism-realism debate came to effect especially between 1919 and 1950. In addition, it gave an identity and showed its borders of international relations discipline (Calis, Ozluk, 2007: 226). Actually, in this discipline, realism became more effective.

CRITICISM OF IDEALIST THEORY

One of the main criticisms Carr leveled at the idealists (or 'utopians' as he preferred to call them) was that they underestimated the role of power in international politics and overestimated the role, actual and potential, of law, morality and public opinion. He was particularly scathing of the idea that reason and discussion could take the place of armies and navies. Change did not come about, he claimed, through reason-or at least not reason as conceived by the utopians. Power was a decisive factor in every political situation, and one could no more abolish power than abolish politics. Power, whether used, threatened, or held silently in reserve, was an essential factor in international change, and change would only be brought about by whom or in the interests of whom power could be wielded. Realists today often criticise the intellectual descendents of inter-war idealists-those e.g. advocating global governance, cosmopolitan democracy, and much greater power for the UN-on much the same grounds they ignore the power and self-interestedness of the independent nation state, the reign of instrumental ('abstract') reason in international politics, and the emotional appeal of national sovereignty.

REALIST THEORY

we tend to see the fundamental realists concentrating on human nature, the constitutional realists emphasizing the domestic society and the structural realists focusing on the interstate system (Doyle, 1997). Each of the liberal theorists, like the realists, makes some assumption about the interstate system, human nature and domestic society. In fact, the liberal institutionalists focus on human nature, while the commercial pacifists emphasize domestic society, and last but not least the liberal intenationalists concentrate on the interstate system.

Unit of Analysis

At the most basic premise of this school of thoughts,realists believe that states are the key unit of analysis. The main reason why realists tend to view states as the major actors in world politics is the fact that they are not only unitary but rational as well. Hence, the study of international relations, for them, is the study of relations among these units (Morgenthau, I977). What about non-state actors? Well, for realists non-state actors, such as international organizations, may desire a place in the international system, however, they believe that such actors will not have any significant effect on what goes on in world affairs.

Key Concepts

Each school of thought tends to make different assumptions, therefore, emphasize different concepts in their studies and analyses. The realists, for instance, tend to focus on anarchy, power, self-help, security, and balance of power (Waltz, 1959;).

CRITICISM OR LIMITATIONS OF THE REALIST THEORY

However, realists still have not been able to provide us with a clear definition of balance of power and polarity, for instance, which would help us further to evaluate their assumptions.

All theorists think of themselves as realists, all believe they deal with “reality." How do “realists” understand reality and what do they believe is "unreal" about those with whom they disagree? First, realists are empiricists; they believe reality is based on experiences.

Second, realists are humanists, that is, they place human beings rather than God or some metaphysical force at the heart of their analysis.

Third, realists emphasize power. Power is at the heart of not only international relations, but also all human relations. If the world is a dangerous place, and realists believe it is, the centrality of power has much to do with it. Finally, realism is state-centric. The primary unit of analysis in most realist theories is the state. All international relations revolve around the state.

So, if we want to theorize about international politics, what should we be looking at? Not surprisingly, Kenneth Waltz a well renowned IR theorist believes that a proper understanding of international politics begins with the system. A system is a set of interacting units. But to this idea Waltz adds the structure, the organization of units. The purpose of a system theory is to explain how structures affect systemic interactions and how interactions influence the structure. The most basic self-interest is survival. To survive, states tend to emulate those who are most successful. This means, and this is one of the most important and also one of the most controversial elements of the theory, that all states look alike. States do as best they can for themselves, and they avoid, as much as possible, dependence on others. Without specialization among states, no division of labour exists internationally so states are functionally undifferentiated. However, realists still have not been able to provide us with a clear definition of balance of power and polarity, for instance, which would help us further to evaluate their assumptions.

LIBERALIST THEORY

Liberalism suggests that an interdependent international system results in more cooperation, more support for organizations that help coordinate activities, and the submission of economically weak states to the forces of the international market place. Constructivist perspectives point to socially-created meanings that develop into international norms that serve to guide actors' behaviours.

Units of Analysis

Although liberalists accept that states are important, they believe that there are other important actors such as intergovernmental organizations (IGOs), transnational actors as well as multinational corporations (MNCs). Liberalists believe that such actors, among many, can have substantial influence in areas such as agenda settings. However, we tend to see the neo-liberalists accepting realists' arguments that states are major unitary rational actors in the world politics where anarchy is a major shaping force for state preferences and actions (Morgenthau, I977). On the other hand, the neo-liberalists also believe that institutions are important for they can help states cooperate by reducing verification costs, creating interactiveness and making it easier to punish cheaters. Hence, it seems that for liberalists states as well as non-state actors are equally important; this makes it somewhat difficult to test their assumptions.

Key Concepts

Liberalists, on the other hand concentrate on domestic politics, interdependence, decision making, transnationalism as well as regimes.

Behavioural Dynamics

Liberalists tend to believe that foreign policy making and transnational processes involve vigorous events such as conflict, bargaining, coalition as well as compromise, which in return may result in non-optimal outcomes (Morgenthau, I977).

Interstate System

The liberalists pay less attention to the system and more to the numerous units within the system. This, of course, does not mean that none of the liberalists focuses on the interstate system. In fact, Doyle argues that liberal internationalists, such as Kant, concentrate on the interstate system (Morgenthau, I977). Yet, Kant himself does not seem to pay more attention to the interstate system than to the domestic arena.

CRITICISMS OF LIBERAL THEORY

- A political ideology that begins with an isolated individual is bound to lead to members of absurd consequences. *Enforced* individualism. ***People are always communities. Only their fundamental social bonds and family ties make individual interests and goals possible.*** Liberal rights thus falsely equate liberty with protected isolation.
- The assumption is that the different economic classes, the capitalists, the skilled, the proletariat, naturally cooperate because it is to their mutual benefit. This is not always borne out of practice.
- What happens to the weaker members of society who are unable to compete, and fall by the wayside?
- Hate speech, and terrorism continue to test the parameters and perimeters of liberty in many democratic societies.
- Criticism from Conservatism. Pretensions to the power of rationality and to the natural equality of all humans.
- The reckless pursuit of progress and material gains undermines traditional social values rooted in community and continuity.

Confusion remains about the relationship between Social liberalism (individual liberty requires a level of social justice), and Socialism(a range of economic and social systems characterised by social ownership and democratic control of the means of production, as well as the political ideologies that aim to establish them) despite the fact that many variants of socialism distinguish themselves markedly from liberalism by opposing capitalism, hierarchy, and private property.

Liberalism will allow some to get to rich and leave others poor. This is thought unjust even though capitalism for all of its faults has done more to reduce poverty, disease, the misery of old age and set up charitable institutions than any other system engaged in so far and been relatively successful in it. Yes there are problems and difficulties but such is life. Allowing people to succeed or fail at their own initiative is viewed as preferable to having the state decide one's future though that option does come with a lack of responsibility and a lack of any power to do anything about it but that is all from the good hearted socialist's viewpoint.
This research work adopted the realist theory of international relation despite it shortcomings but as a result of its strength it very appropriate for a study of this nature.

2. 5 Gaps in the Study

It is confirmed on the above review that though there are lots of work on foreign policy objectives generally, there is insignificant focus on foreign trade and investment by scholars, a gap this project intends to fill. Also situation in the country has created savings and foreign exchange gap. This culminates to a wide gap between the actual domestic investment fund and the required investment for accelerating economic growth. So, foreign capital has been regarded as an alternative to bridge the gap. Consequently, for any country, like Nigeria, with this investment gap to achieve a desired rate of economic growth, Foreign Direct Investment has to be given due consideration. This is because Foreign Direct Investment provides funds from other parts of the world to bridge the investment gap.

In Nigeria, Foreign Direct Investment has been given prominence by past and present administrations. This is because they see it as an antidote for slow rate of economic growth, which has been experienced in the country. The most significant of those policy measures was the introduction of the Structural Adjustment Programme (SAP), which provided the basis for deregulation of the economy (CBN, 2001). The country has witnessed high inflow of foreign direct investment as a result of investment in the Global System of Mobile (GSM) telecommunication. The oil sector of the economy has also witnessed an increased level of foreign direct investment as evidenced by the increasing numbers and operations of oil Multinationals Corporation in the country. However there have been a lot of controversies in the country over the effectiveness of foreign investment in stimulating the rate of economic growth. It is this controversy that the study intends to settle.

CHAPTER THREE

3.1 Comparative analysis of the political circumstances under which Abacha regimes and Obasanjo administration came to power.

Alter delayed promises for elections in 1990, the Ibrahim Babangida's regime or government finally held a presidential election on June 12, 1993. In what most observers deemed to be Nigeria's freest and fairest elections, early returns indicated that M.K.O. Abiola had won a decisive victory. But on June 23, 1brahim Babangida, using several pending lawsuits as a pretense, annulled the election, throwing Nigeria into turmoil. More than 100 persons were killed in riots before Babangida agreed to step aside and eventually hand over power to an "interim government" on August 27, 1993. Babangida then attempted to renege on his decision. Without popular and military support, he was forced to hand over to Ernest Shonekan, a prominent nonpartisan businessman. Shonekan was to rule until new elections, slated for February 1994. Although he had led Babangida's Transitional Council since early 1993, Shonekan was unable to reverse Nigeria's ever-growing economic problems or to defuse lingering political tension. (Saliu 2006)

Sani Abacha quickly assumed power and forced Shonekan's "resignation" on November 17, 1993. Abacha dissolved all democratic political institutions and replaced elected governors with military officers. Abacha promised to return the government to civilian rule but refused to announce a timetable. Following the annulment of the June 12 election, the United States of America and other nations imposed various sanctions on Nigeria, including restrictions on travel by government officials and their families and suspension of arms sales and military assistance. Additional sanctions were imposed as a result of Nigeria's failure to gain full certification for its counter-narcotics efforts.

However, some scholars have argued that Nigeria’s foreign policy under Abacha revealed that the military administration, in its own way, conducted the country’s foreign policy to an arguable level of delivery (Lipede & Adelusi, 1995; Onadipe, 1997; Useni, 1997; Saliu, 2006). Its purported deft steps at shifting significantly to Asia and having political romance with some anti-Western countries in the world could be accepted as tangible achievements of the regime (Saliu, 2006). But given Nigeria’s potentials and against the background of her past external involvement, these achievements are easily dismissible. In all, Abacha regime of Nigeria’s foreign policy could be said to be circumstantial. The regime was born when the domestic environment had been polarized, no less the external environment. Thus, the argument that “Nigeria’s foreign policy under the regime was to respond to the pressure from abroad and not to exert pressure abroad” becomes tenable (Otubanjo 1989).

During both the Abacha and Abubakar eras, Nigeria's main decision-making organ was the exclusively military Provisional Ruling Council (PRC) which governed by decrees. The PRC oversaw the 32-member federal executive council composed of civilians and military officers. Pending the promulgation of the constitution written by the Constitutional Conference in 1995, the government observed some provisions of the 1979 and 1989 constitutions. Neither Abacha nor Abubakar lifted the decree suspending the 1979 constitution, and the 1989 constitution was not implemented. The judiciary‘s authority and independence was significantly impaired during the Abacha era by the military regime's arrogation of judicial power and prohibition of court review of its action. The court system continued to be hampered by corruption and lack of resources after Abacha's death. In an attempt to alleviate such problems, Abubakar's government implemented a civil service pay raise and other reforms.(Ogwu 1986)

In August 1998, the Abubakar government appointed the Independent National Electoral Commission (INEC) to conduct elections for local government councils, state legislatures and governors, the National Assembly, and president. INEC held a series of four successive elections between December 1998 and February 1999. Former military head of state Olusegun Obasanjo, freed from prison by Abubakar, ran as a civilian candidate and won the presidential election. Irregularities marred the vote, and the defeated candidate, Chief Olu Falae, challenged the electoral results and Obasanjo‘s victory in court. The PRC promulgated a new constitution, based largely on the suspended 1979 constitution, before the May 29, 1999 inauguration of the new civilian president. The constitution included provisions for a bicameral legislature, the National Assembly, consisting of a 360-member House of

Representatives and a 109-member Senate. The executive branch and the office of president retained strong federal powers. The legislature and judiciary having suffered years of neglect had begun to exercise their constitutional roles in the balance of power. (Garba 1987)

The above scenario was how Olusegun A. Obasanjo's administration evolved. The emergence of a democratic Nigeria in May 1999 ended 16 years of consecutive military rule. Olusegun Obasanjo became the steward of a country suffering economic stagnation and the deterioration of most of its democratic institutions. Obasanjo, a former general, was admired for his stand against the Abacha dictatorship, his record of returning the federal government to civilian rule in I979, and his claim to represent all Nigerians regardless of religion. The new President took over a country that faced many problems, including a dysfunctional bureaucracy, collapsed infrastructure, and a military that wanted a reward for returning quietly to the barracks. The President moved quickly and retired hundreds of military officers who held political positions, established a blue-ribbon panel to investigate human rights violations, ordered the release of scores of persons held without charge, and rescinded a number of questionable licenses and contracts let by the previous military regimes. The government also moved to recover millions of dollars in funds in overseas accounts. Most civil society leaders and most Nigerians saw a marked improvement in human rights and democratic practice under Obasanjo. The press enjoyed greater freedom than under previous governments. As Nigeria works out representational democracy, there have been conflicts between the executive and legislative branches over major appropriations and other proposed legislations. A sign of federalism has been the growing visibility of state governors and the inherent friction between Abuja and the various state capitals over resource allocation. (Gambari, 2008)

In the years following the end of military rule, Nigeria witnessed recurrent incidents of ethno-religious and community conflicts, many of which derived from distorted use of oil revenue wealth, flaws in the I999 Constitution, and age-old disputes over the distribution of land and other resources. In May I999, violence erupted in Kaduna State over the succession of an Emir, resulting in more than 100 deaths. In November 1999, the army destroyed the town of Odi in Bayelsa State and killed scores of civilians in retaliation for the murder of 12 policemen by a local gang. In Kaduna in February-May 2000, over 1,000 people died in rioting over the introduction of Sharia law in the state. Hundreds of ethnic Hausa were killed in reprisal attacks in south-eastern Nigeria. In September 2001, over 2,000 people were killed in inter-religious rioting in Jos. In October 2001, hundreds were killed and thousands displaced in communal violence that spread across the Middle-Belt states of Benue, Taraba and Nasarawa On October 1, 2001, President Obasanjo announced the formation of a National Security Commission to address the issue of communal violence. In 2003, he was re-elected in contentious and highly flawed national elections and state gubernatorial elections, which were litigated over two years. Since 2006, violence, destruction of oil infrastructure, and kidnappings of primarily expatriates in the oil-rich Niger River Delta have intensified as militants demanded a greater share of federal revenue for states in the region, as well as benefits from community development. For many reasons, Nigeria's security services have been unable to respond effectively to the security threat, which is both political and criminal. In May 2006, the National Assembly soundly defeated an attempt to amend the constitution by supporters of a third presidential term for President Obasanjo. This measure was packaged in a bundle of what were otherwise non-controversial amendments. Nigeria's citizens addressed this issue in a constitutional, democratic, and relatively peaceful process. (Folarin 2010)

3.2 Comparative analysis of the main foreign policy thrusts of both Abacha regime and Obasanjo administration.

It was in uncertainty and confusion that the General Abacha regime came into power on November 17th, 1993. Abacha was fortunate to have supervised the termination of racism in South Africa in 1994 which marked the official end of colonialism in Africa, thus heralding a new international environment for the Nigerian state (Chidozie, 2014). However, Abacha regime squandered the opportunities created by the new international climate through poor understanding and assessment of Nigeria’s foreign policy, prompting Fawole (2002), as earlier alluded, to describe the country’s foreign policy during that era as the most combative and defensive foreign policy in Nigeria’s history. This was amply demonstrated by the decision of Abacha to execute Ken Saro-Wiwa and his Ogoni brothers, popularly referred to as “Ogoni Nine”, in November, 1995, at a time when the Commonwealth Auckland Summit in New Zealand was on (Zabadi, 2004). This singular incident attracted heavy sanctions on the Nigerian state and earned her a pariah status (Saliu, 2006: 348).

The Abacha regime also sustained its clamp-down on pro-democracy groups, especially the National Democratic Coalition (NADECO); continued the detention and harassment of political prisoners. prominent among whom where Chief M.K.O. Abiola, the presumed winner of the annulled June l2, 1993 Presidential Elections, Olusegun Obasanjo, former Head of State and Chris Anyanwu, a civil rights activist; assassinated many civil rights leaders, such as Chief Alfred Rewane, Mrs. Kudirat Abiola, and Bagauda Kaltho, among others; and unleashed state terrorism on the Nigerian state (Akinyemi, 1995; Olukoya, 1996; Onadipe, 1997; Amuwo, I998; Zabadi, 2004; Saliu, 2006). All these domestic developments attracted immense international sanctions and isolation for the Nigerian state and earned Abacha the title of the most oppressive leader in the history of the country (Osaghae, 2002; Soyinka, 2006).

Scholars have reached the consensus that Nigeria's image crisis attained the peak under Abacha's regime and was in tatters when he left office through the historic "apple drama" on June 8th, 1998. Fawole (l999) eloquently summarizes the scholarly verdict on Abacha's highly discredited regime, thus in the five years he ruled, General Abacha presided over the most combative and defensive foreign policy in Nigerian history. Abacha brand of diplomacy pitched the regime in conflict with the West, because of poor domestic policies particularly the issue of human rights which condemned the regime to a state of permanent isolation (Akinboye, 2013).

With the successful completion of General Abubakar's transition to civil rule, President Olusegun Obasanjo assumed office on May 29, 1999, with impressive political pedigree and diplomatic credentials (Fawole, 2002: p. 26; Saliu, 2006b: p. 359; Folarin, 2010). Consequently, upon the realization of the damage that had been done to the international image of Nigeria and the likely disadvantaged position this would foist on the country in taking maximum advantage of globalization, the Obasanjo administration set out early through shuttle diplomacy to redress the image problem of the country. In essence, the task before the new administration was how to change the pariah status of Nigeria and regain the lost ground in international reckoning. As President Obasanjo's National Security Adviser, Lt-General Aliyu Mohammed (rtd) opined, regarding the new direction of Nigeria's diplomacy:

Furthermore, Obasanjo succeeded in re-positioning Nigeria to take its rightful place in the comity of civilized nations by "re-branding" the Nigeria foreign policy. Despite Obasanjo's lofty achievements in Nigeria's foreign policy circle, a number of factors connived to dent the country's international image, and by implication blight Obasanjo's laudable legacy. These include, but not limited to the following: the controversial US $30b debt negotiation and eventual "forgiveness" in 2006; the contested agreement on Bakassi Peninsula territory (Green Tree Agreement) facilitated by the United Nations (UN) between Nigeria and

Cameroun in 2006; and the attempt to subvert the constitution in April 2006 to extend his tenure in office (Magbadejo, 2007; Mustapha, 2007: 13; Saliu, 2007: 405; Adebajo, 2008: 4; Menkene & Fonkeng, 2010; Alao, 2011: 21; Akinboye, 2013). According to a survey by Afro barometre, Obasanjo's approval rating dropped from 84 percent in 2000 to 32 percent by 2005, as Nigerians became increasingly disenchanted with his autocratic leadership style (Mustapha, 2007).

3.3 Comparative analysis of Abacha regime and Obasanjo administration achievements of foreign policy objectives on trade and foreign direct investment in Nigeria.

In spite of a decline in bilateral trade during both Abacha's regime and Obasanjo'sadministration, Nigeria still remains Europe most important market and supplier in sub-Saharan Africa after South Africa. Conversely, Europe is Nigeria's first trading partner, both for imports and exports. Only South Africa shares this status with Nigeria. The country's position as crude oil supplier and the magnitude of its overall debt (37 billion dollars) to mainly European creditors are added to a strong interdependence. This places Europe in a privileged position to establish political and economic dialogue with the Nigerian authorities. At the same time, the magnitude of European interests at stake in the country makes the European countries necessarily circumspect in its relations with Nigeria, an approach which often elicits criticism.(Bemde 2002)

One of the initial indications from the foreign trade statistics of Europe is Nigeria's position as Europe's first trading partner. According to data from the European Communities' Statistical Office (Eurostat 1994), Nigeria took the lead as the primary supplier to Europe with a total of 39 billion and the primary market with a total of 2.1 billion, representing at the time 21 percent of all European imports from the zone and 14 per cent of all exports from the Europe. In sub-Saharan Africa, only South Africa exceeds Nigeria in importation as well as exportation. In Africa in 1994, Nigeria was the fourth supplier after South Africa, Libya and Algeria, but ahead of Morocco, Tunisia and Egypt and the sixth market after South Africa, Algeria, Egypt, Tunisia and Morocco but ahead of Libya. However, trade with Nigeria only represented 0.71 percent of European imports and 0.38 percent of Nigerian exports in the same year. (Eurostat 1994)

Conversely, towards the end of the 1980s, transactions with Europe represented about half of Nigeria's foreign trade. In fact, the volume of trade has fallen drastically in recent years.

Consequently, exports from Europe to Nigeria declined from 4 to 2.7 billion dollars between 1992 and 1994, while Nigerian imports decreased from 5.7 to 5.2 billion dollars. Nevertheless, during the period under study, Nigeria's trade surplus rose from 1.5 to 2.5 billion dollars. In 1995 Nigeria once again recorded a trade surplus of 1.2 billion for 3.3 billion exports and 1.9 billion imports. These figures, however, decreased respectively from 15.4 per cent and 9.6 per cent compared to 1994. (Eurostat 1994)

Oil:

In 1995, according to Eurostat, Nigerian export of crude oil and petroleum products to Europe exceeded 88 per cent of all her exports. Other exports included agricultural products and live animals (4.5 %), manufactured goods (2.8 %) and non-consumable unrefined materials (2.5%) machinery and transport materials (1.2 %), animal and vegetable oils (0.39 %), and chemicals (0.3%). In 1994, Nigeria's major clients were, in descending order of importance: France (1.234 million dollars). Spain (1,070 million), Italy (380 million), United Kingdom (196 million), Austria (164 million), Sweden (132 million) and Belgium (88 million). According to the same source, Greek imports were 2 million dollars, and Denmark's one million. (Eurostat 1994)

Not surprisingly, the order of Nigeria's major European clients corresponds more or less with that of its major crude oil buyers. In 1994, Spain which purchased 8.2 million tons was ahead of France (7.6 million tons), Germany (6.9 million tons), Netherlands (5 million tons), Italy (798 000 tons), Belgium (580 000 tons), United Kingdom (308 000 tons) and Greece (122 000 tons). Altogether, in 1994, Europe 15 with 34.8 million tons was the second of Nigeria's oil clients, following the United States of America (36.6 million). This is a situational change. In 1992, 46.9per cent of Nigeria's oil exports went to Europe as the first client ahead of the United States (39 %), In fact, in 1994, Europe remained a strategic client for Nigeria, having purchased more than 35 per cent of its oil production. If the slightly higher American imports were to be added to this percentage, obviously, the United States have considerable negotiating power. It should also be noted, that though the American market is the primary market for Nigerian oil, European companies play a more important role than American companies in the production of Nigerian crude oil. Consequently, Shell, which like its competitors has a joint venture arrangement with the Nigerian National Petroleum Corporation (NNPC), provides half of the crude oil production, which slightly exceeded 1.8 million barrels/day at the end of 1994. In addition, Agip, in collaboration with Philip

Petroleum and NNPC, produces 130,000 barrels, i.e., 7.2 per cent of the total national production, while Elf Aquitaine produces 95,000 barrels, i.e., 5.2 per cent of the total. Apart from these companies, another European actor, Albeit, plays an important role in the marketing of Nigerian crude oil: the Swiss-based company, Glencore of March Rich, who became notorious in the 1970s and 1980s, by disregarding the United Nations embargo on oil supplies to South Africa. According to numerous professional sources, Glencore is an outlet for most of Shell's production, which only sells 270,000 barrels/day directly. It is also an outlet for some of Mobil's output of a minimum of 225,000 barrels/day. Glencore have struck a 90,000 barrel/day deal for a German company, Wintershall in 1994. (Eurostat 1994)

Some Lebanese intermediaries, this time the Chagouri family, long-time close associates of General Sani Abacha, according to the London newsletter, played an important role in negotiating oil-lifting contracts for the French multinational, Total, it is to be noted that the Spanish company, Repsol, is also one of the end-users of Nigerian oil. In fact, numerous grey areas persist in this trade. Consequently, an official Nigerian newspaper in 1994 denounced the fact that more than 7 per cent of total national production, i.e. about 150,000 barrels/day, were fraudulently sold. This led the military government to institute a tax corresponding to 0.15 per cent of the cargo value. This infuriated major oil companies, including Shell, Agip and Elf who requested the Minister of Finance to suspend the decision. It can be observed that Nigeria, which is one of the major world producers of cocoa, though far behind Cote d'lvoire and Ghana, produced about 145,000 tons during the last season, a major portion of which was exported to Europe. In the end, however, prospects for the development of this trade are gloomy due to the decision taken in the first quarter of 1996 by the European Commission to revise the 73/241 directive on chocolate. Indeed, the revised directive, which still requires the approval of the European Parliament, envisages allowing the use of 5 per cent of non-vegetable fats besides the cocoa butter for the entire union. According to projections by the Europe Chocolate, Biscuit, Biscotte and Preserves Industries Association (Caobico), such a change in the regulation could lead to a fall in world consumption. The International Cocoa Association evaluates the probable loss at 135,000 tons, i.e., about the equivalent of Nigeria's production. Such a fall, which represents about 4 to 5 per cent of world supply, according to Professor Kees Burger of the Amsterdam Free University, lead to about a 30 per cent downward reduction in price. (Eurostat 1994).

Finally, in 1995, classification of Nigeria's major clients (all products inc1usive) did not change significantly. According to Eurostat, Spain ranked first on the list of Nigeria's

European clients with a total of 830 million ECUs, ahead of France (655 million), Germany (522 million), Portugal (354 million), Netherlands (318 million), Italy (202 million), United Kingdom (195 million), Austria (156 million), Sweden (51 million), as well as Belgium and Luxembourg (44 million), Greece (3.1 million) and Ireland (1.6 million). Figures recorded for Denmark and Finland were below a million. (Eurostat 1994)

Imports

Importation of European products reflects a more diversified structure: in 1995, machinery and transport equipment ranked first (39.5 %) ahead of manufactured goods (17.3 %), chemicals (16.5 %), food products and live animals (6.4 %), and animal and vegetable oils (5.8 %). In 1994, the United Kingdom ranked first among Nigeria's European suppliers with 719 million dollars ahead of France (518 million), Germany (494 million), Italy (393 million). Netherlands (328 million), Belgium (124 million), Spain (81 million), Austria (39 million), Sweden (28 million), Denmark (22 million), Finland (21 million) and Greece (5 million). In 1994, the United Kingdom ranked first among Nigeria's European suppliers with 719 million dollars ahead of France (518 million), Germany (494 million), Italy (393 million), Netherlands (328 million), Belgium (124 million), Spain (81 million), Austria (39 million), Sweden (28 million), Denmark (22 million), Finland (21 million) and Greece (5 million). The following year, according to Eurostat figures, the United Kingdom was still the first supplier with 460 million ahead of Germany (415 million), France (372 million), Netherlands (215 million), Italy (166 million), Belgium (88 million), Denmark (18 million). Finland (6 million) and Greece (4 million). On the whole, the Union's member states are not only Nigeria's first clients, but also her primary suppliers. However, this predominance is waning. The European share of the Nigerian market actually declined from 64 per cent in 1988 to 51.5 per cent in 1992, whereas the share of Asian countries (excluding Japan) and Latin-American countries (China, Brazil, Hong-Kong, India, South Korea) rose considerably from 9 per cent to about 12 per cent, whilst that of Japan fell from 9.1 per cent to 6.4 per cent. (Welch 1995)

Nigeria has also been a considerable outlet for the military industry of some states. Between 1991 and 1994, 80 MBT-MK-3-type British-made Vickers tanks, part of a 150 unit total order representing a 282 million dollar contract were supplied. The World Development Movement (WDM), a London-based peace organization, in 1994 claimed that the British export insurance-credit organization, the Export Credit Guarantee Department (ECGD), gave coverage to the sale of weapons to Nigeria, despite the accusations of human rights' violations levied against the country at the time. In addition, from the WDM documents, deductions can be made that the weapons' supply contract included a clause allowing the Nigerian client to pay the bill in kind. In other words, in crude oil, in fact, WDM revealed the existence of such barter dealings between the British military industry and Saudi Arabia. The operation was said to have been financed from royalties owed the Saudi Arabian government by Shell and British Petroleum companies. From the above, therefore, the suspicion that Shell was involved in the purchase of weapons by the Nigerian military government appears legitimate, especially since the company officially admitted to having purchased weapons to equip the Nigerian police force. Shell, however, later formally denied actually 'importing' weapons into Nigeria. All the same, if WDM is to be believed, supplies of British Vickers continued even though, after the annulment of the June 1993 elections by the military junta and the December 1993 military coup d'etat, the states and the United States announced that, requests for export licenses for weapons to Nigeria would be examined on a case by case basis with a 'presumption of denial'. Moreover, after the Minister responsible for the exportation of British weapons' David Davis, had assured WDM that, since that time, no license had been issued for the exportation of deadly weapons to Nigeria, the London government, however, admitted in January 1995 that thirty export licenses had been issued for the sale of 'non lethal' weapons to Nigeria since January l, 1994. According to research undertaken by WDM, the criteria for distinguishing between lethal and non lethal equipment are unreliable. In 1994, for example, about twenty licenses involved objects classified under various headings, including small calibre weapons, machine guns, bombs, torpedoes, missiles, vehicles, toxic and anti-riot chemicals, explosives, combat vessels, aircraft and training equipment. Moreover, in June 1995, the Foreign Office itself acknowledged that licenses for the supply of rubber bullets to the Nigerian police were issued. However, the United Kingdom is not the only country within the monopoly to sell weapons to Nigeria. (Pilger 1996)

The Italian company, Partenavia, was negotiating a contract for the supply of about thirty reconnaissance aircraft. The Austrian company Steyr-Daimler Puch, was alleged to have sold not less than 300 armoured personnel carriers to Nigeria. In 1993, France also was alleged to have supplied Panhard light armoured reconnaissance vehicles. An order for 150 UNIMOG truck was placed in Germany and the Swedish company Bofors was alleged to have supplied howitzers at an unspecified date. These sales were recorded within a context of keen competition involving other suppliers like Brazil, who supplied 75 EE9 type Cascavel light armoured vehicles in 1994. In 1991, 2739 Albatross training aircraft were supplied by the then Czechoslovakia for 100 million dollars. In the early 1980s, Switzerland also supplied Piranha armoured personnel carriers and received an order for seven turbo PC7 training equipment. (Eurostat 1994)

Finally, the United States also supplied sixty Air Beetle type practice equipment, which like other aircraft within the same category, are perfectly appropriate for anti-guerilla engagements. The European countries, Nigeria's primary trade partner, primary donor and primary creditor, is also the primary foreign investor in the country, according to the sometimes contradictory information that has been gathered with some difficulty. French investments represented 20 per cent of the foreign stock, just after the United States, with 3.9 billion dollars. Sometime after that, however, British investors were ranked first with about 38 per cent of stock, ahead of Americans who held 29 per cent, leaving other European operators with 17.5 per cent.

There is no doubt that oil and gas exploitation account for considerable investments (Shell, Mobil. Chevron, Agip, Elf, Texaco). On 15 December 1995, just alter the execution of the Ogoni leaders, the agreement on the 3.6 billion dollar liquefied natural gas project was concluded (but only 2 billion dollars for the financing of the first trench was approved) for the exploitation of a potentially viable resource (2.4 trillion cubic metres), the equivalent of the United States gas reserves. The Nigeria Liquefied Natural Gas Ltd (NLNG) was created to manage the project with a share profile as follows: NNPC, 40 per cent, Shell 25.6 per cent, Elf 15 per cent and Agip 10.4 per cent. The project holds a good position in the Europeans supply strategy, as was hinted by the director for the strategy and development of Elf Aquitaine, Francis Girault, a conference organized by the Brussels Club to address the challenge of constructing a Euro-Mediterranean economic space. Mr. Girault expects a fall in the net flow of hydrocarbon supplies from the South and East Mediterranean countries in because of the anticipated increasing consumption in southern Europe and in the supplying countries. This is why Francis Girault predicts that Europeans will fill this gap by increasing their supplies of natural gas from suppliers such as Norway, Russia and Nigeria which, he recalled, 'is endowed with a liquefying industry to satisfy European demand'. This major investment generate contracts for a consortium comprising the French engineering company, Technip; the Italian company, Snam Progetti; the American company, Kellog; and the Japan Gasoline Corporation. Production represented a total of 7 billion m^3/year destined, respectively, for the Italian electricity firm ENEL, Enagas (Spain), Gaz de France and the Turkish company, Botas. Elf asserted its leading role in the market after it bought back 5 per cent of Shell-NNPC shares for 550 million dollars in 1994.. (Welch 1996)

Another enormous investment linked to the oil sector is the contract won by the French Company, Bouygues Offshore for the construction of the Forcados maritime terminal (180 million dollars). Bouygues, in partnership with another company, also signed an agreement with the American oil company, Mobil, for the supply of equipment for the exploration of the Usari marine field. It is to be noted also that the Franco-Norwegian company Coflexip Stena Offshore rented out one of its ships to the Brazilian oil company Petrobras to lay a flowlines network. The Italian company Agip also started a one-year drilling campaign in mid 1996, while British Petroleum whose assets were nationalized in 1979 by the Nigerian government as a reprisal for BP's participation in a swap agreement which resulted in oil supply to South Africa, made a discreet return to the Nigerian scene. BP is actually associated with the Norwegian company, Statoil, which drilled the Oyo-l offshore wells in 1995, on the OPL 210 block and has two exploration licenses for the zone. Even though it has finally withdrawn from the liquefied gas industry project, the International Financial Corporation (IFC) which belongs to the World Bank group remains active in Nigeria and indirectly contributes to the financing of related activities in the oil sector. As important as the contributions of its rivals and associates are, Shell still remains undeniably the primary foreign investor in Nigeria. (Welch 1996)

In 1995, the company invested a billion dollars in its exploration and production activities. In the same year, the Managing Director of Shell Nigeria, Mr Brian Anderson stated that the budget for that year could increase to 1.3 billion dollars. This budget is, however, 300 million dollars below the estimated amount, due to a reduction in the Nigerian government's contribution; a situation deplored by foreign oil companies. (Welch 1996)

The government's objective in reducing its contribution to increase the amount of its proven reserves (about 18 billion barrels) was estimated at about 3,400 billion. Conversely, despite the volume and amount of foreign investments in the energy sector, Nigerian authorities are concerned that the pace of exploration is not commensurate with that of exploitation, the number of wells that went into production, 53 and 70 in 1993 and 1994, respectively, exceeded that of exploration wells (30 and 51).

Finally, in the energy sector, the British firm, Carbomin, opted for the future of Nigerian coal mines, whose estimated reserves are 190 million tons. It holds 40 per cent of the shares in the Eagle Mining Company, the equivalent of that of its partner, the Nigerian Coal Corporation. The remaining shares are held by the public. European investments cover numerous activities in other sectors, which is in line with the Nigeria economic fabric, undeniably the most diversified in the south of the Sahara, with the exception of South Africa. In the manufacturing industry, the sectors in which foreigners are most active are, in descending order food with Cadbury, Lever Brothers, Tate & Lyle (United Kingdom) and SCOA Trading (France); textile and breweries with Guinness (United W), furniture and chemicals with French Brossette and COGEMAT; rubber with (Michelin. Dunlap); plastics, printing and automobiles with (Peugeot, Leyland, FIAT, Mercedes, Volkswagen). Also participating are various BTP firms and capital goods producers including the French companies, Fougerolle and Dumez, who, along with the German firm, Julius Berger, participated in the construction of the Ajaokuta iron and steel complex. (Eurostat 1994)

The German company, Siemens was associated with the Delta gas-tired plant expansion project. Industrial engineering is an area where there is a noticeable European presence. The French company, Technip, and the Italian companies Tecnimont and Spie Batignolles, together with some Japanese companies were able to win a billion dollar contract for the construction of the Eleme petrochemical complex in Rivers State. The list above is not exhaustive, but it can be noticed that in recent years, the leading position of British investors is being gradually eroded by the Americans, who are much more active in the oil sector. According to the available statistics, since (Eurostat 2004) American capital inflow represented most of the foreign capital, with a total of 9.6 billion naira, far above the flow from the United Kingdom (N638 million), France (N558 million), Germany (N198 million) and Italy (N15 million). The net flow also shows the predominant share of American capital (N63 billion) compared to that of the European countries: the net capital flow from the United Kingdom rose that year to 560 million naira, a figure hardly higher than that of the French (N558 million). A disinvestment by the Italians was noted: in 1992, their capital repatriation exceeded their investments in Nigeria by 295 million naira. Although the Asians (with the exception of Japan) became keen competitors at the trade level, investment flow from this region of the world was still negligible at the time (N17million naira only). In the absence of other information, the turnover of European subsidiary firms in Nigeria provides a rare indication of their impact on the country's economy. At the beginning of the decade, among the first twenty companies operating in Nigeria, ten were European. (Eurostat1994)

Nevertheless, the situation has drastically changed since then. Apart from the energy sector, an important disinvestment estimated at 10 billion naira has been observed since 1993. In the pharmaceutical sector alone, the withdrawal of 14 European companies (including British Glaxo and Wellcome) resulted in decapitalization of 3 5 billion naira The disinvestment of Unilever from UAC Nigeria PLC companies and of Vono Products PLC represented a loss of 2 billion min: for the national economy. At the same time, the banking sector suffered, especially due to the withdrawal of Standard Chartered Bank (United Kingdom) from first Bank as well as that of the BIAO which was the major shareholder of Afribank. If similar measures taken by Barclays Bank and American Express were to be included, the total disinvestment in the banking sector stands at 2 billion naira. This illustrates the wariness of the European oil investors in a situation where political power" remains in the hands of the military. Numerous other European financial institutions are, however, still operating in Nigeria. particularly: Belgolaise (of the Belgian General Bank group) through its subsidiary Nigbel; the Société Generate (France); BNP through United Bank for Africa; and Commercial Bank, a subsidiary of Credit Lyonnais. (Eurostat 1994)

Nigeria ratified the WTO Agreement in December 1994 during the Abacha's regime and thus became a founding member of the WTO in January 1995. The country is very concerned about the growing concensus, especially among the developed countries, for another round of negotiations to commence by the year 2000. The WTO Agreements, unlike the GATT, have been accepted as a single undertaking, and there is need for members to hilly understand the gamut of the provisions related to their rights and obligations. In addition, it has also become necessary to allow time to develop the appropriate institutional and regulatory capacity for implementation. (W.T.O 2001)

In that regard, Nigeria is in favour of efforts aimed at ensuring that the Uruguay Round Agreements are first idly understood and implemented before new negotiations. In the immediate, Nigeria requires technical assistance from the WTO and the developed countries to work on realigning its domestic regulations with the various requirements of the WTO Agreements, and to develop the human capacity and strengthen relevant institutions which are necessary for the successful implementation of the Agreements. Under the ECOWAS Trade Liberalisation Scheme (TLS), there are about 160 participating companies and 354 products of which Nigeria accounts for about 50% and 53% respectively. The success of the TLS is hampered by the high volume of informal trade among member States and by the failure of the ECOWAS members to pay their dues. Nigeria is among the very few members whose payment of dues is up-to-date, and in 1997, Nigeria made available $7 minion to the ECOWAS to assist it relocate its headquarters from Lagos to Abuja In fact, at the present Nigeria is about the only member contributing to the Compensation Fund which was established to Facilitate the full implementation of the TLS. Nigeria is therefore very much committed to ECOWAS, but the organisation also needs technical assistance from both bilateral donors and other relevant international organisations, particularly the WTO to carry its programme through. Nigeria also has bilateral trade agreements with a number of countries including Turkey, Zimbabwe, Benin, Bulgaria, Jamaica, Niger, Romania, Equatorial Guinea and Uganda. In 1995 the Abacha government introduced stringent fiscal measures aimed at curbing waste in public sector spending. (W.T.O 2001). To further enhance accountability and transparency under the Abacha government all Dedicated Accounts for finding priority projects were closed down in 1995 and the revenues transferred to the public treasury. Projects hitherto funded from Dedicated Accounts have been admitted properly into the budgetary process. Additionally, extra-budgetary expenses, largely funded from the CBN's Ways and Means Advances, have been curtailed.

These developments have had modest positive impacts on the Nigerian economy. GDP grew from 1.3% in 1994 to 2.2% in 1995. The 1996 and 1997 fiscal years recorded growth rates of 3.25% and 3.77% respectively, while the projected figure for 1998 is 8.0%. The agricultural, oil, building and construction, finance and insurance sectors have been the main contributors to the growth. The manufacturing sector remains a major problem, with growth in this sector declining from 1.02% in 1996 to 0.72% in 1997. The implications of poor performance of the manufacturing sector for the growth of the economy and for expansion of non-traditional exports are a major concern to Government. (W.T.O 2003)

Major agricultural products include cassava (tapioca), corn, cocoa, millet, palm oil, peanuts, rice, rubber, sorghum, and yams. In 2003, livestock production, in order of metric tonnage, featured eggs, milk, beef and veal, poultry, and pork. respectively. In the same year, the total fishing catch was 505.8 metric tons. Roundwood removals totaled slightly less than 70 million cubic meters, and sawnwood production was estimated at 2 million cubic meters. The agricultural sector suffers from extremely low productivity, reflecting reliance on antiquated methods Agriculture has failed to keep pace with Nigeria's rapid population growth so that the country, which once exported food, now imports a significant amount of food to sustain itself. However, efforts are being made towards making the country food sufficient again. (W.T.O 2003).

Oil:

Nigeria's proven oil reserves are estimated to be 35 billion barrels (5.6X109 m^3); natural gas reserves are well over 100 trillion cubic feet (2,800 m^3). Nigeria is a member of the Organization of Petroleum Exporting Countries (OPEC). The types of crude oil exported by Nigeria are Bonny light oil, Forcados crude oil, Qua lbo crude oil and Brass River crude oil, Poor corporate relations with indigenous communities, vandalism of oil infrastructure, severe ecological damage, and personal security problems throughout the Niger Delta oil-producing region continue to plague Nigeria's oil sector. Efforts are underway to reverse these troubles. A new entity, the Niger Delta Development Commission (NDDC), was created to help catalyze economic and social development in the region. (Bembe 2002)

The U.S. remains Nigeria's largest buyer of crude oil, accounting for 40% of the country's total oil exports; Nigeria provides about 10% of overall U.S. oil imports and ranks as the fifth largest source for U.S. imported oil. The United Kingdom is Nigeria's largest trading partner followed by the United States. Although the trade balance overwhelmingly favours Nigeria, thanks to oil exports, a large portion of U.S. exports to Nigeria is believed to enter the country outside of the Nigerian government's official statistics, due to importers seeking to avoid Nigeria's tariffs. To counter smuggling and under invoicing by importers, in May 2001, the Nigerian government instituted a full inspection program for all imports, and enforcement was sustained. On the whole, Nigerian high tariffs and non-tariff barriers are gradually being reduced, but much progress remains to be made. The government also has been encouraging the expansion of foreign investment, although the country's investment climate remains daunting to all but the most determined. (Bembe 2002)

The stock of U.S. investment is nearly $7 billion, mostly in the energy sector. Exxon Mobil and Chevron are the two largest U.S. corporations in offshore oil and gas production. Significant exports of liquefied natural gas started in late 1999 and are slated to expand as Nigeria seeks to eliminate gas flaring by 2008. Nigeria's publicly owned transportation infrastructure is a major constraint to economic development. Principal ports are at Lagos (Apapa and Tin Can 1513M), Port Harcourt (Onne), and Calabar. Extensive road repairs and new construction activities are gradually being implemented as state governments, in particular, spend their portions of enhanced government revenue allocations. Five of Nigeria's airports (Lagos, Kano, Port Harcourt, Enugu and Abuja) currently ply international destinations. Government-owned Nigeria Airways ceased operations in December 2002. Virgin Nigeria Airways started operations in 2005 as a replacement and serves domestic and international routes. However, Virgin Nigeria also stopped operations in 2012. Also, The Nigerian Airforce began a new airline called United Nigeria, with a Boeing 737-500 in 2013. There are several domestic private Nigerian carriers, and air service among Nigeria's cities is generally dependable The Obasanjo government supported "private-sector" led, "market oriented" economic growth and began extensive economic reform efforts. Although the government's anti-corruption campaign was left wanting, progress in injecting transparency and accountability into economic decision-making was notable. The dual exchange rate mechanism formally abolished in the 1999 budget remains in place in actuality. During 2000 the government's privatization program showed signs of life and real promise with successful turnover to the private sector of state-owned banks, the] distribution companies, and cement plants. However, the privatization process has slowed somewhat as the government confronts key parastatals such as the state telephone company NITEL and Nigerian Airways. (UNCTAD 2010)

The successful auction of GSM telecommunications licenses in January 2001 has encouraged investment in this vital sector. Although the government has been stymied so far in its desire to deregulate downstream petroleum prices, state refineries, almost paralyzed in 2000, are producing at much higher capacities. By August 2001, gasoline lines disappeared throughout much of the country. The government still intends to pursue deregulation despite significant internal opposition, particularly from the Nigeria Labour Congress. To meet market demand the government incurs large losses importing gasoline to sell at subsidized prices. (UNCTAD 2010)

Nigeria's foreign economic relations revolve around its role in supplying the world economy with oil and natural gas, even as the country seeks to diversify its exports, harmonize tariffs in line with a potential customs union sought by the Economic Community of West African States (ECOWAS), and encourage inflows of foreign portfolio and direct investment. In October 2005, Nigeria implemented the ECOWAS common external tariff, which reduced the number of tariff bands. Prior to this revision, tariffs constituted Nigeria's second largest source of revenue after oil exports. In 2005 Nigeria achieved a major breakthrough when it reached an agreement with the Paris Club to eliminate its bilateral debt through a combination of write-downs and buybacks. Nigeria joined the Organization of the Petroleum Exporting Countries Prior to this revision, tariffs constituted Nigeria's second largest source of revenue after oil exports. In 2005 Nigeria achieved a major breakthrough when it reached an agreement with the Paris Club to eliminate its bilateral debt through a combination of write-downs and buybacks. Nigeria joined the Organization of the Petroleum Exporting Countries in July 1971 and the World Trade Organization in January 1995. **(**UNCTAD 2010)

In 2005, Nigeria imported about US$26 billion of goods. In 2004 the leading sources of imports were China (9.4%), the United States (8.4%), the United Kingdom (7.8%), the Netherlands (5.9%), France (5.4%), Germany (4.8%), and Italy (4%). Principal imports were manufactured goods, machinery and transport equipment, chemicals, and food and live animals. In 2005, Nigeria exported about US$52 billion of goods. In 2004, the leading destinations for exports were the United States (47.4%), Brazil (10.7%), and Spain (7.1%). In 2004 oil acc0unted for 95% of merchandise exports, and cocoa and rubber accounted for almost 60% of the remainder. In 2005, Nigeria posted a US$26 billion trade surplus, corresponding to almost 20% of gross domestic product. In 2005, Nigeria achieved a positive current account balance of US$96 billion. The Nigerian currency is the naira (NGN). As of mid-June 2006, the exchange rate was about US$l=NGN128.4. (UNCTAD, 2010)

In recent years, Nigeria has expanded its trade relations with other developing countries such as India. Nigeria is the largest African crude oil supplier to India, exports annually 400,000 barrels per day (64,000 m3/d) to India valued at US$10 billion annually. India is the largest purchaser of Nigeria's oil which fulfills 20% to 25% of India's domestic oil demand. Indian oil companies are also involved in oil drilling operations in Nigeria and have plans to set up refineries there. The trade volume between Nigeria and the United Kingdom rose by 35% from USD6.3 billion in 2010 to USD8.5 billion in 2011. **(**UNCTAD, 2010**)**

Foreign investment

Many of Obasanjo's visits to several countries across the world have been reciprocated. Various forms of social, political and economic ties have been forged with countries that once loathed Nigeria (Osagie, 2007). Nigeria's full re-admission into the comity of nations is fully attested to, which has served as an avenue for attracting foreign investment successfully to a large extent. These can be outlined by: Its swift re-admission into the Commonwealth within the first month of the inception of the Obasanjo government after a four years suspension. Nigeria was immediately elected into the eight member Commonwealth

Ministerial Action Group (CMAG) for the first time The hosting by Nigeria of the Commonwealth Heads of Government Meeting (CHOGM) in 2003 is a reflection of her full embrace by the rest of the world. Nigeria came to be consulted or involved in every initiative and issue that concerns and affects Africa, e.g. the AFRICOM issue. Moreover, Nigeria came to play an important role not just in the sub-region but also in the African continent. It was central to the transformation of the Organization of African Unity (OAU) to African Union (AU). Nigeria plays an important role in the Economic Community of West African States (ECOWAS) and the Commonwealth of Nations. Indeed, it enjoys a pride of place in the activities and programmes of the United Nations. (Osagie, 2007)

Through an Open Skies Agreement with the US Airspace Agency in 1999 (US investment climate statement, 2008), the Obasanjo government also secured the lilting of ban on direct flight between Nigeria and the US which had been in place since the time of Gen. Abacha government. The pro-West foreign policy of Obasanjo also saw Nigeria playing a frontline role in the relations between the G8 and developing countries. The country also played central role in the development of the New Partnership for Africa's Development (NEPAD) and its baby African Peer Review Mechanism (APRM) as a response to the development crisis in the Continent (Osagie, 2007). The Obasanjo administration has played prominent roles in the resolution of several conflicts in Africa and elsewhere and in the building of peace in places that were hitherto engulfed in crisis. The restoration of peace in Sierra Leone, Guinea Bissau, Guinea Conakry, Ethiopia\Eritrea, DR Congo, Burundi, Western Sahara, Liberia, and San Tome and Principe is attributable in large measure to Nigeria's shuttle diplomacy/mediatory efforts (Osagie, 2007).

3.4 Rebuilding Image and Developing Awareness of Investment Opportunities by President Olusegun Obasanjo's administration.

Developing awareness of investment opportunities is of fundamental importance for many developing countries investment Promotion. This is called marketing strategy, what some analyst referred to as repackaging Nigeria for export. Image building consists of a wide range of separate functions and activities designed to create awareness of investment opportunities in the minds of investors. At the domestic level, the Nigeria government embarked on a reform program in late 2003 tagged the National Economic Empowerment and Development Strategy (NEEDS). The leadership also undertook a far-reaching privatization programme. Freedom of expression and of the press is observed, and human rights violations have been reduced from the time of military rule. Controls over foreign investment have been loosened through investment laws refined to allow an appropriate treatment and protection of foreign investment. Since 1999, the BPE has raised over $4 billion by privatizing and concessioning more than 140 enterprises, including cement manufacturing firms, banks, hotels, and vehicle assembly plants (US investment climate statement, 2008). One of the government's biggest macroeconomic achievements of Obasanjo's foreign policy has been the sharp reduction in its external debt, which declined from 36% of GDP in 2004 to less than 4% of GDP in 2007, On December 17, the United States and seven other Paris Club nations signed debt reduction agreements with Nigeria for $18 billion in debt reduction, with the provision that Nigeria pays back its remaining $12 billion in debt by March 2006 (Osagie, 2007). Foreign investors are now competing to Come and take advantage of Nigeria's large market, friendly population, cheap but qualitative labour and abundant mineral resources.

3.5 Creating and building bilateral and multilateral investment relations

Using the international environment by Nigeria to pave way for economic growth and development at the domestic level through FDI was made clear by Sule Lamido (2000) that Nigeria has recorded successes as a result of president Obasanjo's foreign trips which include Investment Promotion and Protection Agreement (IPPA) with Germany, trade pact with India, renewal of faith of foreign investors in the good future of Nigeria, especially as expressed by the many trade and investment delegations that visited Nigeria from Japan, China, India, USA, Canada, UK, South Africa, Denmark, Ghana, Turkey, France, Germany, Belgium, etc. (in David, 2007:17). Greece, Russia, Norway, Poland, Spain, Italy, Switzerland and Israel have also established bilateral investment relations with Nigeria (NIPC Annual Report, 2006; CBN Draft Annual Report. 2008).

Nigeria is one of the economies with great demand for goods and services and has attracted some trade and Foreign Investment over the years. The amount of Foreign Investment inflow into Nigeria has reached US$2.23 billion in 2003 and it rose to US$5.31 billion in 2004 (a 138 % increase) this figure rose again to US$9.92 billion (an 87% increase) in 2005. The figure however declined slightly to US$9.44 billion in 2006 (LOCOmonitor.com). The UNCTAD World Investment Report 2006 shows that Foreign Investment inflow to West Africa is mainly dominated by inflow to Nigeria, who received 70% of the sub-regional total and 11% of Africa's total. Out of this Nigeria's oil sector alone receive 90% of the Foreign Investment inflow. Aggregate output growth measured by the gross domestic product (GDP), according to the Central Bank of Nigeria (CBN) 2007, economic report for third quarter of 2007, was estimated at 6.05 per cent, compared with 5.73 per cent in the second quarter. The growth was driven by the non-oil sector which was estimated at 9.47 per cent. This growth was driven mainly by major agricultural activities such as yam, Irish and sweet potatoes, groundnuts and maize.

Most FDI is directed toward the energy and banking sectors. Any public designed to encourage inflow of foreign capital is capable of generating employment opportunities within the domestic economy. The Nigerian Enterprises Promotion (NEP) Decree of 1972 was intended to reduce foreign investment in the Nigerian economy. This type of policy is not relevant in an economy with a rapidly growing force like Nigeria. Although one may accept the rationale for the promulgation of that decree at that time i.e. to promote indigenous entrepreneurship. But the decree or any exchange control policy that has the potential to discourage foreign investment will not be relevant under the present economic dispensations. The abrogation of the NEP decree was therefore a step in the right direction. Foreign direct investment (FDI) is arguably an important source of employment opportunities for developing countries like Nigeria As a consequence, it is imperative that the federal government promotes a healthy private sector that can earn a reasonable rate of return.

Developing countries that wish to attract FDI flows should consider measures such as establishing a transparent legal framework that does not discriminate between local and foreign investors; adopting liberal foreign exchange regime (e.g., a regime without large gaps between official and market rates); creating simple, investor-friendly regulations and institutions and effectively administering them. Therefore, the convertibility of naira, the relaxation of the control on remittance of profits and technical fees and the abrogation of the Exchange Control Act of 1962 and the Nigerian Enterprises Promotion Decree of 1989 as spelt out in 1995 Budget are the kind of reforms that can promote the inflow of foreign direct investment a politically stable environment is also of immense importance.**(**UNCTAD 2010)

Although Nigeria must grapple with its decaying infrastructure and a poor regulatory environment, the country possesses many positive attributes for carefully targeted investment and has expanded both regional and international market player. Profitable niche markets outside the energy sector, like specialized telecommunication providers have developed under the government's reform program. There is a growing Nigerian consensus that foreign investment is essential to realizing Nigeria's vast but squandered potential. European investments are increasing, especially since Belgian consultancy companies such as Genco are exploring the Nigerian market. Companies interested in long-term investment and joint ventures, especially those that use locally available raw materials, find opportunities in the large national market However, to improve prospects for success, potential investors must educate themselves extensively on local conditions and business practices, establish a local presence and choose their partners carefully. The Nigerian Government is keenly aware that Sustaining democratic principles, enhancing security for life and property, and rebuilding and maintaining infrastructure are necessary for the country to attract foreign investment.

The Stock market capitalisation of listed companies in Nigeria was valued at $97.75 billion on 15 February 2008 by the Nigerian Stock Exchange. (UNCTAD 2010)

CHAPTER FOUR

DATA PRESENTATION, ANALYSIS AND INTERPRETATION

4.1 INTRODUCTION

This chapter presents and analyses data from the field. The secondary data obtained during the conduct of the research were used to discuss the substantive issues of the research as reflected in the research objectives. The research first discusses the foreign policy thrusts of the Sanni Abacha regime and Obasanjo foreign policy on trade and foreign direct investment, secondly, it examines the nexus between foreign direct investment and economic growth in Nigeria, Finally, it examines the implications of military rule under Abacha regime and Obasanjo administration on Nigeria's foreign policy objectives on trade and investment in Nigeria.

4.2 Examine the main foreign policy thrusts of both Abacha regime and Obasanjo's administration on Foreign Direct Investment.

According to the World Bank, Nigeria's per capita gross national product (GNP) was $260 in 1997, compared with an average of $500 for sub-Saharan Africa as a whole and $350 for low-income countries. Nigeria‘s per capita income in 1997 was below the 1960 level in real terms. In recent years economic growth has barely kept pace with population growth, estimated at 2.8 per cent per annum. Despite the country‘s immense human and natural resources, 1itt1e social progress has been made, and one-third survive on less than a dollar a day. Over 40 per cent of the adult populationare illiterates. Many ordinary Nigerians blame the military for this state of affairs. The military administration projected an overall budget deficit of N34bn ($395mn) by the end of 1999, but the deficit had already reached N38bn ($442mn) during the first quarter of the year. During the first quarter, external reserves had fallen from $7.1bn to $4.2bn, equivalent to about four months of imports; by the time of President Obasanjo's inauguration on 29 May, reserves had fallen further, to $3.3bn. Although the world price for Nigerian crude oil climbed up to $15 per barrel in May 1999, higher than the $9 per barrel on which Nigeria's budget was based, the increase in export earnings was sufficient to prevent a current account deficit at the end of 1999. In these conditions, it was difficult for the country's gross domestic product (GDP) to grow in 1999 by 3 per cent, the official target. Assuming an average $11 per barrel oil price in 1999, the International Monetary Fund (IMF) in January projected that Nigeria's GDP would fall by 1.6 per cent, alter modest growth of 2.4 per cent in 1998 However, with the oil sector accounting for about 40 per cent of Nigeria's GDP, sustained improvement in world oil prices bring positive growth in 1999, although probably not in per capita terms. Some analysts fear that the difficult conditions bequeathed by the military undermine the democracy led by President Obasanjo, himself a former military ruler. "It is an inheritance which was scary, in terms of magnitude and complexity," Professor Adebayo Adedeji, former Executive Secretary of the UN Economic Commission for Africa, told a press conference in February 1999. "Indeed, without doubt, Nigeria's political well-being will for some years be haunted by the state of its economy, unless immediate corrective measures are taken to arrest and reverse the steep downward slope," he said. Since embarking on an IMF-style Structural Adjustment Programme (SAP) in 1986, after decades of economic regulation, Nigeria has had a mixed experience with market reforms. Lack of national consensus on the need for extensive liberalization made government often circumspect and hesitant in carrying out tough reform policies.(Akinboye, 1999)

Poor implementation or the failure to observe conditionalities in the adjustment programmes led to deterioration in relations with multilateral financial institutions, particularly the IMF and World Bank, from the early 1990s. Opinion in Nigeria is divided on whether the failure of the reform process to turn the economy around was due to weak implementation or the inappropriateness of the policies, which included currency devaluation, the abolition of import licensing, dismantling of commodity boards and deregulation of banking. "SAP was designed to free us from the tyranny of bureaucracy," said Mr Olu Falae, who, as Secretary to the Federal Government in 1986, was closely associated with the introduction of the programme and was Mr.Obasanjo's main rival in the 1999 presidential election. Mr. Falae blamed the failure of the adjustment programme on Mismanagement, stemming from incompetence and corruption. By contrast, others blame the IMF and World Bank prescriptions for Nigeria's ailments. "They [the international financial institutions] said we should open up our markets and that investments would come in immediately. We opened up our markets, investments stopped coming in," former justice minister Chief Richard Akinjide said at a public lecture in Lagos in late January. "We foolishly listened to them when they asked us to devalue the naira. Now, we don't have a middle class, (Akinboye, 1999). What we have are the very rich and the very, very poor. No nation can develop without a middle class," said Mr. Akinjide. It is a common belief among ordinary Nigerians that structural adjustment has worsened poverty. However, the 1996 World Bank poverty study said that the percentage of the population in poverty in fact declined between 1985 and 1992, from 43 per cent to 34 per cent. But the report also noted that poverty worsened for people with the lowest 20 per cent of incomes.

Despite the difficulties and hesitancy in implementation, there has been movement on the policy front. Trade liberalization undertaken from the mid-1980s, particularly since 1995, has significantly reduced tariff rates and reliance on import quotas. The economy has been opened up to foreign investors. Laws that conferred monopolies on public enterprises in important sectors, such as petroleum, power and telecommunications were also scrapped. World Bank officials distinguish between the early years of adjustment, when the government, made an effort to implement the programme with some positive results, and the period after 1990, when it began raising public spending to unsustainable levels following a mini-oil boom brought on by the Persian Gulf crisis. During 1987-92, Nigeria's annual GDP growth averaged about 5 percent, which was well above an average decline of 2 percent during 1980-86 and also double the average 2.5 per cent growth rate during 1993-97. Although the growth rate has been mediocre in recent years, other macroeconomic indicators have demonstrated a degree of stability since 1995. Inflation fell to 10-15 percent in 1998 (according to varying estimates) from 72.8 percent in 1995. The naira, Nigeria's currency, has been relatively stable since 1995, trading between N80-86 to the US dollar at the “autonomous” (market-influenced) rate for most of the time, in contrast to previous turbulent years. However, pressure on the naira increased in early 1999, in tandem with increased demand for foreign exchange, resulting in the currency's devaluation in March from N86 to N90 to the dollar.(Alao, 2011)

Nigeria ran budget surpluses, ending an era of deficits before 1995. However, some analysts have argued that this macroeconomic stability came with a price: low growth in the non-oil economy, from which demand and liquidity had been squeezed by fiscal Contraction imposed by the federal government. Others believe that economic policy changes in Nigeria have not translated into much higher economic growth because the country has not really shifted to a market-based economy. "Nigeria is currently at a crossroads in its economic and trade policies," concluded the World Trade Organization's 1998 trade policy review of Nigeria "While steps have been taken towards trade and investment liberalization and macroeconomic stabilization, policy priorities remain divided between dependence on the public sector and import substitution strategies on the one hand, and greater reliance on the private sector and market-based reforms on the other," said the report.

Relations between Nigeria and the international financial institutions have slowly improved since 1995, when the government announced its strategy of "guided deregulation," which included the introduction of a more market-based system for foreign exchange allocation for all transactions except those of the government Since then the authorities tightened fiscal and monetary policy and declared support for private sector-led growth. In January 1999, the IMF agreed to a "staff monitored programme" for Nigeria. This came after the government of General Abdulsalami Abubakar, which came to power in June 1998, had abolished the dual exchange rate, deregulated the domestic fuel market and promised speedy privatization. **(**Akinlo, 2004**)**

4.3 Examine the nexus between foreign direct investment and economic growth in Nigeria.

Nigeria is one of the few countries that have consistently benefited from the FDI inf1ow to Africa. Nigeria's share of FDI inflow to Africa averaged around 10%, from 24.19% in 1990 to a low level of 5.88% in 2001 up to 11.65% in 2002. The UNCTAD (2003) showed Nigeria as the continent's second top FDI recipient after Angola in 2001 and 2002. The details of FDI inflow into Nigeria for the period 1993 to 2007 in cumulative FDI inflow ranged from N205 million in 1993 to N122.6 million in 1996. This was an increase in real terms from the decline of the 1980s. FDI forms a small percentage of the nation's gross domestic product (GDP), however, making up of 7.56% in 1993, increased to 41.74% in 1996, decreased to 37.38% in 2003 and subsequently moved up from 2004 to 2007 when it peaked at 87.11%. On the whole, it formed about 46.10% of the GDP over the whole period of analysis (1993-2007). There have been some studies on investment and growth in Nigeria with varying results and submissions. For example, Odozi (1995) reports on the factors affecting FDI flow into Nigeria in both the pre and post structural adjustment programme (SAP) eras and found that the macro polices in place before the SAP were discouraging foreign investors. This policy environment led to the proliferation of parallel markets and sustained capital flight. Ogiogio (1995) reports negative contribution of public investment to GDP growth in Nigeria for reasons of distortions Aluko (1961), Brown (1962) and Obinna (1983) report positive linkage between FDI and economic growth in Nigeria, discusses the linkage effects of FDI on the Nigerian economy and submits that these have not been considerable and that the broad linkage effects were lower than the Cheneny average(Cheney and Watanabe, 1958). Oseghale (1987) found that FDl is positively associated with GDP, concluding that greater inflow of FDI will spell a better economic performance for the country. Ariyo (1998) studied the investment trend and its impact on Nigeria's economic growth over the years. He found that only private domestic investment consistently contributed to raising GDP growth rates during the period considered (1970-1995). Furthermore, there is no reliable evidence that all the investment variables included in his analysis have any perceptible influence on economic growth. He therefore suggests the need for an institutional rearrangement that recognizes and protects the interest of major partners in the development of the economy.

Examining the contributions of foreign capital to the prosperity or poverty of LDCs, Oyinlola (1995) conceptualized foreign capital to include foreign loans, direct foreign investments an export earnings using (Chenery and Stout, 1996), he concluded that FDI has a negative effect on economic development in Nigeria. Further, on the basis of time series data, Ekpo (1995) reports that political regime, real income per capital, rate of inflation, world interest rate, credit rating and debt service were the key factors explaining the variability of FDI into Nigeria. Adelegan (2000) explored the seemingly unrelated regression model to examine the impact of FDI on economic growth in Nigeria and found out that FDI is pro-consumption and pro-import and negatively related to gross domestic investment. Akinlo (2004) found that foreign capital has a small and not statistically significant effect on economic growth in Nigeria.

However, these studies did not control for the fact that most of the FDI was concentrated in the extractive industry. In other words, it could be put that these works assessed the impact of investment in the extractive industry (oil and natural resources) on Nigeria's economic growth. On firm level productivity spillover, Ayanwale and Bamire (2001) assess the influence of FDI on firm level productivity in Nigeria and report a positive spillover of foreign forms on domestic firm's productivity. Much of the other empirical works on FDI in Nigeria centered on examination of its nature, determinants and potentials. For example, Odozi, (1995) note that foreign investment in Nigeria was made up of mostly "green Field" investments, that is, it is mostly utilized for the establishment of new enterprises and some through the existing enterprises. Aremu (1997) categorizes the various types of foreign Investment in Nigeria into five: wholly foreign owned; joint ventures; special contract arrangements; technology management and marketing arrangements; and sub contract; co-production and specialization.

Akinlo (2004) assessed the magnitude, direction and prospects of FDI in Nigeria. They noted that while the FDI regime in Nigeria was generally improving, some serious deficiencies remain. These deficiencies are mainly in the area of corporate environment (such as corporate law, labour law, etc) and institutional uncertainty, as well as the rule of law. The establishment and the activities of the Economic and Financial Crimes Commission, the Independent Corrupt Practices and Other related offences Commission, and the Nigerian Investment Promotion Commission are efforts to improve the corporate environment and uphold the rule of law. Has there been any discernible change in the relationship between FDI and economic growth in Nigeria in spite of these policy interventions? This is the focus of this study. Lekan (1990) put forward the following as the contribution of FDI to the Nigerian economy.

i) Foreign direct investment has stimulated the diversification of the Nigeria economy. It capital input has helped the government to fulfill nationally defined economic development goals.

ii) It contributes to rural development by opening up development opportunities in rural areas according to government policy e.g. the rural banking scheme established in 1977.

iii) The foreign direct investment comes with modern technology and know-how required for their operations.

iv)They comply with the government move for national self-sufficiency by engaging in agricultural projects e.g. 4000 hectares farm planted by Guinness in Kudu Niger State.

v) Standard of living is enhanced by the activities of foreign direct investment through increased wage pay compared with what is paid by the local employers.

vi) Manpower development is achieved through the activities of foreign direct investment in the area of giving scholarship to deserving Nigerians e.g. Shell Petroleum Scholarship Scheme

vii) Another great advantage of foreign direct investment in Nigeria is industrial development programme with the important part it plays in bringing technical and management skills which usually are just as likely to be the limiting factor to industrial development with local shortage of foreign exchange.

xiii) Foreign direct investment forms the biggest single source of job creation over the past decades. This becomes even greater if the spillover to other areas of the economy is considered; foreign companies in Nigeria employ a sizeable portion of Nigeria's industrial work force.

ix) Foreign investors have assisted and induced government in providing infrastructural facilities and have led to greater national efficiency. Also through learning, the imported technology has diffused throughout the economy thus leading to greater utilization of resources.

x) In spite of all odds and the commitment of resources and manpower to their ordinary business, foreign direct investment take up social responsibilities, including sponsor sporting activities nationwide. For example, Guinness Plc has built three eye hospitals for the less fortunate, located at Kaduna, Onitsha and Lagos.

xi) Foreign finance participation which took the form of foreign exchange had the beneficial effect of directly relieving the foreign exchange storage. These fundamental advantages are unique to foreign investments (Lekan 1990).

4.4 Examine the implications of military rule and civilian rule on Nigeria's Foreign Policy especially during Abacha's Regime and Olusegun Obasanjo's Administration.

A deeper look into the policies governing Nigeria's external relations in the Fourth Republic specifically illustrates the argument that, in today's globalized worldeconomic factors have become issues of core national interest. A profound look into Nigeria's Fourth Republic indicates that the country's foreign policy structure not only sought to strengthen its external trade policy and review its external debt reduction strategy, but also sought official development assistance and flows of net foreign direct invest. In order to achieve this the government used 'shuttle diplomacy" by President Obasanjo to reassure the international community that Nigeria had rebranded and was ready to take its rightful place in the comity of nations and to further showcase to the rest of the world that Nigeria was a viable place for doing business and for investment (CIDOB International Yearbook, 2008).

Years of economic stagnation caused by the harsh policies introduced during military administrations as well as the ostracization of Nigeria in the international community had seen the rise of a hostile macroeconomic environment driven largely by external market demands and the country's reliance on crude export earnings. Since the beginning of the Fourth Republic, every succeeding government was compelled to look for ways of mending the damaged caused to the economic system. To illustrate this, the first four years of the

Obasanjo administration were characterized by economic policies that sought to maintain macroeconomic stability and lay the foundations for a sustained economic recovery. It can be further argued that this was also what led to the need to stabilize the Nigerian economy by improving budgetary planning and execution, and providing a platform for sustained economic diversification and for the growth of the non-oil sector (Omitola 2014).

Moreover, the lack of public investment meant that there were severe barriers that hindered the growth of critical sectors of the Nigerian economy. In response to these development challenges, the Obasanjo government sought to take advantage of the "opportunities offered by globalization" (National Planning Commission, 2004). To an extent, his polices could be seen as an intricate amalgamation of policies that relied on Nigeria's relationships with the rest of the world trade and investments policies, commercial and business policies, all under the purview of foreign policy exchanges. International trade and investment, both at the bilateral and at the multilateral level, was the policy focus that the government capitalized on to help supplement national recovery programs at home. For example focus was placed on preferential trade arrangements and concessions under the Economic Community of West African States (ECOWAS)Treaty, the African Growth and opportunity Act, the Cotonou Agreement trade pact and other economic partnership agreements between the European Union and African, Caribbean and Pacific countries. Within the context of commerce, the trade policy was so critical to Nigeria's stake in the regional economy that it was modified to unburden business of the red tape and complex procedures that hindered it from flourishing. (Adelegan, 2000).

The main thrust behind Nigeria's external trade policy focused on enhancing the competitiveness of domestic industries by encouraging the production of local products and diversifying Nigerian exports. In fact, the first four years yielded results for Nigeria's economic growth. In his inaugural "We Will Heal Nigeria" speech in 2003, President Obasanjo stipulated that; "we have good reasons to pride in our records in specific areas", which also included Nigeria's foreign policy for the economic well-being of the nation. Accordingly, he stated, "our persistent drive to attract foreign investment has resulted in an increase in the number of foreign investors who have either invested in the country or are planning to do so "(Ogwu, 2005). Between 2003 and 2009, Nigeria's international trade more than doubled, with exports rising to nearly US$50 billion and imports to nearly US$34billion(WTO,2011). Although oil accounted for virtually all exports, there was strong growth in nonoil exports over the same period. Trade liberalization was gradually adopted, consisting of simplifying the current tariff structure and improving the transparency and predictability of Nigeria's trade policies.

One of the key defining development polices of the Fourth Republic was the comprehensive national reform program, made popular by the acronym NEEDS (National Economic Empowerment and Development Strategy), to drive Nigeria's foreign policy and external relations. NEEDS focused on four main areas: improving the macroeconomic environment, pursuing structural reforms, strengthening public expenditure management and implementing institutional and governance reforms. In effect, the thrust behind the strategy, of which foreign policy would play an important role, was the social and economic transformation of Nigeria, achievable through the market principles of free competition and trade liberalization, in addition to deepening Nigeria's interaction with the global economy. The objective was to create an environment in which business could thrive, in which the government was empowered to provide basic services and in which the people were also empowered to take advantage of obtainable opportunities (Nigerian National Planning Commission, 2004).

This strategy would redraw Nigeria's relationships with the rest of the world. It would ensure that Nigeria's international engagements were focused on securing national economic recovery at home. Of immense importance was Nigeria's engagement with its neighbors. Prior to 1999, maintaining regional peace and stability through peace keeping efforts constituted the primary focus of Nigeria's relations with its neighbors. The role of ECOWAS in peace-keeping, conflict resolution, and peace-building within the region had made it the most developed regional organization in Africa. Nigeria's obligation to ensure regional peace, coupled with its leadership responsibility within ECOWAS, had in effect dominated the focus of the organization. The consequence was a slowed momentum for economic pursuits, overshadowed by the obligation to sustain peace through the organization's elaborate peacekeeping efforts.(Saliu, 2006)

The challenge successive governments thus faced had been how to sustain the growth of ECOWAS into an effective driver for regional integration and national development while assuming the obligation to prevent crises and adhering to principles of democracy and good governance within the region. Although much was achieved by ECOWAS under Nigeria's leadership, progress in respect to economic development through integration was slow (Asobie, 2010).

In an attempt to revive its economic purpose, the Obasanjo administration endorsed, through the implementation of NEEDS, the use of investment and trade policies to drive Nigeria's relationship with ECOWAS countries. During this period, a considerable proportion of Nigeria's foreign polices focused on regional integration and trade, which were the two instruments identified by the government for maximizing the benefits of economic integration and regional cooperation. During the 22nd Summit of the ECOWAS Authority of Heads of States and Governments in Lome, Togo, President Obasanjo proposed the "Fast Track" approach to integration amongst Member States. The intention was to ensure that engagement with its regional neighbors bore some benefits to help economic recovery back home. Putting diplomacy at the service of domestic Priorities, Obasanjo's advocacy for the "Fast Track" approach eventually led to the Proclamation of the region as a free trade area in 2000, and 1st January, 2001 was set as the date for its transformation into a Customs Union. In the first four years of the Obasanjo administration, the import tariff regime was successfully liberalized through the adoption of the Common External Tariff (CET) of ECOWAS. Under the new ECOWAS tariff structure. Nigeria adopted a four-band arrangement with duty rates of 0% for capital goods, 5% for raw materials, 10% for intermediate products and 20% for finished goods (Osagie, 2007). The adoption of the CET led to the decline of the un-weighted average tariff rate from 29 to 18%, while the weighted average tariff rate also fell from 25 to 17%. Lower tariffs meant more economic freedom and an increase in the income of Nigerians working in companies that were engaged in international trade.

Mobilizing external resources for Nigeria's economic development also played a major role in Nigeria's foreign policy thrust. Central to the thrust of achieving this goal was the solicitation of foreign direct investment (FDI), official development assistance and external loans. Before 1999, Nigeria had established a tradition of accepting external loans from multilateral institutions and the international capital market. The loans gradually ballooned into external debt, deepening Nigeria's financial dependence on external creditors and harming the economy by hampering its capacity to pursue its national interest as an autonomous entity within the international system (Asobie,2010).

During President Obasanjo's administration, the government was faced with the reality that accepting additional external loans was not only unsustainable but also detrimental to the government's development program and economic growth. At the time, Nigeria‘s external debt had reached US$35.94bi11ion, that is, US$1.05billion more than what was recorded in1988.By 2009, Nigeria's external debt had fallen to US$3.62 billion (Asobie, 2010). The new strategy focused less on mobilizing foreign capital for economic development through the acceptance of external loans, and more on mobilizing foreign policy tools to reduce Nigeria's external debt. Thus, government polices consisted of a combination of strategies of debt repayments by Nigeria and debt write-offs by the Paris Club and London Club. The aftermath was that the Paris Club wrote off about 60% of the debt, while Nigeria paid the 40% balance through a buy-back operation. The total write-off was close to US$20 billion, which compares very favorably with the US$40 billion write off of debts for the 18 highly indebted and poor countries of the world by the developed nations (Asobie, 2010).

In addition to domestic initiatives such as taking measures to reduce corruption and "rent-seeking", the Obasanjo administration also took other steps that formed key parts of Nigeria's foreign policy operations at the time. First were the multilateral measures. These consisted of engaging in active advocacy under the platform of multilateral institutions such as the UN, the African Union, D-8, the Commonwealth of Nations and the New Partnership for Africa's Development. Under these platforms, Nigeria took active steps in promoting polices that would have economic implications at home. During the third D-8 Summit in Cairo, Egypt, Obasanjo's keynote address noted the disparities of the globalized world, where global economic liberalization assured the prosperity of developed nations and the continued marginalization of developing nations. Obasanjo had made similar observations earlier in 1999, pointing to the external obstacles that developing countries especially African countries, faced in benefiting from membership in international organizations. Particular mention was made of the potential trade benefits that would be derived from its membership in the World Trade Organization (WTO), which was hampered by the lack of will of industrialized nations to implement measures that would be favorable to developing nations. In his capacity as the President, Obasanjo's diplomatic strategy deliberately focused on bringing the world's attention to the following issues: the continent's continued marginalization, increasingly defined by its low level of exports and the unwillingness of developed countries to fulfill their commitments; Africa's declining share in global trade despite the efforts of African countries to implement far-reaching economic reforms; the burden of debt and its hindrance on democracy and economic recovery in developing nations such as Nigeria; the need for investment in Nigeria; and the responsibility of developing countries to support economic development in Nigeria. His willingness and sternness to solicit not for loans, but for more investment and stronger trade relations helped to put pressure on Nigeria's global partners. Between 1999 and 2003, Nigeria's FDI inflow grew from US$1177.7 million to US$2171.4 million (United Nations Conference on Trade and Development, 2008). During his second term, Foreign direct investment inflow further increased from 2127.1 million (USD) in 2004 to 12453.7 million (USD) by 2007 (Asobie, 2010, 21-34).

The second measure was the need to build mutual beneficial partnerships with Nigeria's global partners this meant changing its relationship with the global North by seeking fairer term of engagement, and deepening its relationships with the South. Seeking change in its relationship with the North, particularly Europe, was spurred by the realization that, for Nigeria's foreign policy to realize any benefits at home, its dependency relationship had to be re-drawn to ensure economic independence and fair trading policies between Nigeria and its traditional global partners. As part of his speech delivered to Belgian parliamentarians in July 2001, President Obasanjo pointed to Europe's residual responsibility for assisting the rehabilitation of Africa to aid its industrialization process. He also requested debt relief to cater for Nigeria's domestic needs, in addition to debt remission and genuine partnership between Europe and Africa. Nigeria was also clearly focused on building South-South partnerships. Although it continued to recognize Africa as the centerpiece of its foreign policy, its commitment to other developing nations intensified. In 2001, while addressing leaders of the D-8 in Cairo, President Obasanjo expressed confidence in the D-8's willingness to address the negative impact of globalization amongst its member countries, and requested that individual and collective efforts should be made to revitalize and advance the objective of South-South cooperation for mutually assured economic development. (Osagie, 2007)

Table 4.4.1: Showing foreign trade relations between Nigeria and other countries during the Abacha regime.

Year	**GDP at basic current prices (₦Million)**	**Non-oil export value (₦Million)**	**Non-oil import value (₦Million)**	**Oil import value (₦Million)**	**Exchange rate (₦/USS1.0)**	**Total**
1993	683,869.79	4,991.3	124,493.3	213,778.8	41,136.1	22.0511
1994	899,863.22	5,349.0	120,439.2	200,710.2	42,349.6	21.8861

1995	1,933,211.55	23,096.1	599,301.8	927,565.3	155,825.9	21.8861
1996	2,702,719.13	23,327.5	400.447.9	1,286,215.9	162,178.7	21.8861
1997	2,801,972.58	29,163.3	678,814.1	1,212,499.4	166,902.5	21.8861
1998	2,708,430	34,070.2	661,564.5	717,786.5	175,854.2	21.8861

Sources: CBN statistics bulletin (2010) (online)

Table 4.4.2: Foreign Trade Relations between Nigeria and Other Countries during the Obasanjo Regime.

Year	GDP at basic current prices (₦ Million)	Non-oil export value (₦ Million)	Non-oil import value (₦ Million)	Oil import value (₦ Million)	Exchange rate (₦/USS1.0)	Total
1999	3,194,014.97	19,492.9	650,853.9	1,169,476.9	211,661.8	92,6934
2000	4,582,127.29	24,822.9	764,204.7	1,920,900.4	220,817.7	102.1052
2001	4,725,086.00	28,008.6	1,121,073.5	1,839,945.3	237,106.8	111.9433
2002	6,912,381.25	94,731.8	1,150,985.3	1,649,445.8	361,710.0	120,9702
2003	8,487,031.57	94,776.4	1,681,313.0	2,993,110.0	398,922.3	129.3565
2004	11,411,066.91	113,309.4	1,668,930.6	4,489,472.2	318,114.7	133,5004
2005	14,572,239.12	105,955.9	2,003,557.4	7,140,578.9	797,298.9	132.1470
2006	18,564.8,594.73	133,595.0	2,397,836.3	7,191,085.6	710,638.0	128.6516
2007	20,657,317.66	99,257.9	3,143,725.8	8,110,500.4	768,226.8	25.8331

Source: CBN statistics bulletin (2010) (online)

The GDP at current basic prices shown a steady increase in 1993 from 683,869.79 million to 899,863.22 in 1994, also it increase from 1,933,211.55 million in 1995 to 2,702,719.13 in 1996, which also slightly increase in 2,801,972.58 million in 1997, which it slightly fall in 1998 to 2,708,430.86 million. After which it pick up in 1999 with steady increase of 3,194,014.97 million to 20,657,317.66 million in 2007 an 89.06% increase in GDP. The non-oil export valued showed a lot of fluctuations during the year period There were both

Increase and decreases in the non-oil goods exported to other countries but Nigeria experienced a steady increase in 2000 from 24,822.9 million to 199,251.9 million in 2007. The oil export value was in 2007 with 8,110,500.4 million and the lowest oil export value was in 1993 with 683,869.79 million. Non-oil import value also had fluctuation during the time period but came to a steady increase in 2005 with 2,003,557.4 million to 3,143,725.8 million in 2007. It fell slightly to 313,114.7 million in 2004, which increased rapidly in 2005 with 793,298.9 million.

4.4.3 CUMMULATIVE FOREIGN DIRECT INVESTMENT IN NIGERIA, ANALYSED BY THE TYPE OF ACTIVITY (# MILLION), DURING SANNI ABACHA'S REGIME.

YEAR	MINING AND QUARRYING	MANUFACTURING AND PROCESNG	AGRICULTURE ,sFORESTRY AND FISHERIES	TRANSPORT AND COMMUNICATION	BUILDING AND CONSTRUCTION	TRANSPORT AND BUSINESS SERVICES	MISCELLANE OUSERVICE	TOTAL CUMULATIVE INVESTMENT
1993	51.7	24.1	2.3	0.0	0.1	3.5	17.5	55,307.0
1994	37.7	19.9	1.7	0.6	2.4	3.2	34.5	70,714.6
1995	47.5	23.2	1.0	0.3	1.3	2.5	24.2	119,391.6
1996	46.3	24.3	1.0	0.4	1.5	3.5	23.5	122,600.9
1997	46.1	22.6	0.7	0.5	1.0	3.0	24.3	128.331.9
1998	39.3	23.5	0.8	0.5	2.6	2.8	27.4	152,410.9

Sources: UNCTAD, FDI/TNC DATA BASE (www.unctad.org)

4.4.4 CUMMULATIVE FOREIGN DIRECT INVESTMENT IN NIGERIA, ANALYSED BY THE TYPE OF ACTIVITY (# MILLION), DURING OLUSEGUN OBASANJO'S ADMINISTRATION

YEAR	MINING AND QUARRYING	MANUFACTURING AND PROCESNG	AGRICULTURE ,FORESTRY AND FISHERIES	TRANSPORT AND COMMUNICATION	BUILDING AND CONSTRUCTION	TRANSPORT AND BUSINESS SERVICES	MISCELLANE OUS SERVICE	TOTAL CUMULATIVE INVESTMENT

1999	38.2	23.5	0.8	0.5	2.6	7.1	27.3	134,489.9
2000	38.5	23.7	0.8	0.5	2.5	7.1	26.8	157,536.8
2001	38.3	23.5	0.8	0.6	2.6	7.5	27.1	160.892.3
2002	27.0	24.0	0.7	1.0	2.6	7.4	27.3	166,631.6
2004	24.9	41.3	0.7	1.7	2.1	8.1	21.1	249,220.6
2005	24.8	44.1	0.5	1.7	2.1	8.1	21.4	324,656.7
2006	22.0	44.2	0.0	1.7	2.2	8.6	21.4	481,239.1

Sources: UNCTAD, FDI/TNC DATA BASE (www.unctad.org)

4.4.5 NIGERIA'S FOREIGN DIRECT INVESTMENT INFLOW AND OUTFLOWS (USS MILLION) DURING ABACHA REGIME

YEAR	INFLOW	OUTFLOW	NET INFLOW	NET INFLOW/GDP (%)
1993	1,878.1	532.7	1,345.2	2.62
1994	2,2897.4	328.2	1,959.2	2.94
1995	1,271.1	191.8	1,079.3	0.79
1996	2,190.7	597.2	1,593.5	0.84
1997	1,642.5	103.0	1,539.5	0.78
1998	1,210.1	158.8	1,051.3	0.56

Sources: UNCTAD, FDI/TNC DATA BASE (www.unctad.org)

4.4.6: NIGERIA'S FOREIGN DIRECT INVESTMENT INFLOW AND OUTFLOWS (USS MILLION) DURING OBASANJO ADMINISTRATION

YEAR	INFLOW	OUTFLOW	NET INFLOW	NET INFLOW/GDP (%)
1999	1,177.7	172.8	1,004.9	1.94

2000	1,307.7	168.9	1,138.8	1.70
2001	1,277.4	93.9	1,183.5	1.88
2002	2,040.2	172.2	1,868.0	2.83
2003	1,171.4	167.3	2,004.1	2.56
2004	2,127.1	260.8	1,866.3	2.13
2005	3,403.3	200.1	3,203.2	2.90
2006	5,445.3	277.6	5,167.7	3.58

Sources: UNCTAD, FDI/TNC DATA BASE (www.unctad.org)

The notable features of FDI flows to Nigeria are as follows:

Inflow of foreign direct investment averaged only 2.3 percent of the GDP over the period. However, inflows showed an upward trend under SAP (structural adjustment programme) because of factors such as sharp depreciation of the naira, favourable investment policies, privatization and commercialization programme as well as deregulation and liberalization policies. FDI outflows were generally less than inflows except for two years, 1989 and 1990, implying a positive net FDI inflow each year excepting those two years. It rose to N8,269.2 million or 1.5 per cent of GDP in 1992. However, net investment inflow in relation to GDP performed very poorly from the mid 1990s, being 0.1 and 0.3 per cent in 2002 and 2004, respectively. On average, net FDI inf10w was only 1.05 per cent over the period, 2004. However, data from UNCTAD sources, and expressed in US dollar, show a slightly different picture with net FDI inflow improving substantia1ly in the period, 2000 - 2006). Over this period, FDI, as a proportion of GDP, increased from 1.7 per cent in 2000 to 3.58 per cent in 2006. Over the entire period, 1993-2006, the percentage averaged 1.43. Countries of Western Europe origin contributed most to the observed positive net FDI in Countries of Western Europe origin contributed most to the observed positive net FDI in 1993, accounting for 68.4 percent. The cumulative foreign private investment in the country has generally shown upward trend over the years. It rose to N249,220.6 million in 2004 and N481,239.1million in 2006.

The increased magnitude, especially from the SAP era is due to the substantial exchange rate adjustment, in terms of depreciation. A consideration of cumulative foreign investment by type of economic activity reveals that such investment is concentrated mainly in mining and quarrying, manufacturing and processing and, to a lesser extent, in trading and business services sectors. Over the 2006 period, the average shares-of the sectors in cumulative FDI in Nigeria are as follows: mining and quarrying (28.6%); manufacturing and processing (34.0%); trading and business services (16.6%); building and construction (44%); agriculture (1.5%); transport and communication (1.2%); and others (14.2%). Besides, UNCTAD investment data on the sectorial distribution of FDI inflows into Nigeria shows that over the 2005 period, inflow into the primary sector accounted for an average of 72.7 per cent. This inflow essentially went into the petroleum related industries. All the other industries categorized as “Unspecified" accounted for just 27.3 per cent. As FDI has largely been driven by investment into natural resource exploitation in a limited number of projects, as in many other African countries, the volatility of Foreign direct Investment is rather high as indicated by coefficients of variation (UN-ECA, 2007).Besides the phenomenon of volatility, the heavy concentration of FDI in extractive industries raises concerns with regard to impact on employment and poverty reduction as well as the potential effect on the environment. Given that production technology in these sectors is highly capital intensive, investment is generally accompanied by little job creation. Also, production in these sectors carries insufficient spillover effects on the rest of the economy as output is exported with little value added. Investment in extractive industries, especially oil, tends to create environmental hazards with detrimental effect on the well-being of the population. This has been the case in Nigeria. (UNCTAD2010)

Appropriate regulations were required to redress the adverse effects to the economy environment and society. Within the mining and quarrying sector, the oil and gas sub-sector is the most preferred destination of foreign investment. But there is relatively less investment in agriculture, forestry and fishing, transport and communications, and building and construction sectors. Agriculture has not been attractive to foreign capital, perhaps, because of its long gestation period, relatively low rate of return, low technology, etc. The data on the sources of cumulative foreign private investment by country or region of origin show that up till 1993, the United Kingdom (UK) was the most important source of foreign investment in Nigeria. Western Europe as a region is the second largest source of foreign investment with an average share of 23.1 per cent, but in the last eight years. i e, the period, 2000 -2006, it became the most significant source of foreign direct investment with an average share of 45.9 per cent. (UNCTAD2010)

The United States of America with an average percentage share of 1 l 5 over the same period is the third major source of FDI into the country. Finally, it must be noted that although capital inflows into a developing country may be beneficial under certain circumstances, serious problems arise when the return flows of interest, profits and dividends on the accumulated investments and repatriation of capital put pressure on the developing country's balance of payments. Indeed, the position of dependency on foreign investment may create a situation where the real net export proceeds or real net import savings are low (or even negative) and grossly insufficient after allowing for remittances of profits, dividends, management fees, salaries of expatriates, etc (Akinboye, 2005)

Remittances may become so substantial relative to capital inflow that direct foreign investment ends up in net capital outflow rather than inflow for a developing country. Under such circumstances, the benefit of direct investment becomes dubious. As at 2004, remittances stood at N793.7 million or 17.2 per cent of export or 35.2 per cent of external reserves. The ratios became staggering in being as high as 11,9380 per cent in 2000 when net direct investment inflow was relatively low. it rise to 21.2 per cent in 1995. It is thus quite clear that the repatriation of foreign direct investment income from Nigeria has been quite high both in absolute magnitude, particularly in recent years, and in relation to various economic indicators. 1n the light of these significant remittances, the contribution of foreign direct investment to the economic development of Nigeria becomes significantly reduced below whatever it would have been. While foreign investment might have aided the growth of industrial production in the country, part of this growth has become illusory because of the liabilities of repatriating earnings.

Thus, according to Alao (2011) foreign investment seems far from being a means of developing underdeveloped countries, is a most efficient device for transferring wealth from poor to richer countries while at the same time enabling the richer to expand their control over the economies of the poorer. There is, therefore, the dire need to ensure that foreign direct investment is an important stimulus to economic growth and social development in developing countries without being counterproductive. Although there has been some diversification into manufacturing sector in recent years foreign direct investment has traditionally been concentrated in the extractive industries composition of FDI in Nigeria from 1993-2007.

4.5 Olusegun Obasanjo leadership traits and an assessment of his Foreign Policy

Prior to his becoming a democratic leader of Nigeria, Olusegun Obasanjo had carved for himself the niche of a reputable world class statesman, with towering image and international kudos. As President of Nigeria in the Fourth Republicwhile giving his inaugural speech as President, he outlined the massive tasks he needed to accomplish. The task of the administration included restoring the nation's dignity, revitalizing the political institutions, reinvigorating the economy through foreign direct investment and economic integration, combating crime and corruption, debt reduction, cooperation with the Far East and strengthening the rule of law (Obadan, 2004).In office, he was oriented and productivity inclined, prompt in decision making, creativity, sensitive, discerning, insightful and analytical. Being interested in reforms, he understood that a new approach had to be used so as to address the issues Nigeria faced and achieve the targeted goals.

He adopted a personality-styled approach towards foreign policy since he was already a statesman of global prestige and driven by the urge to achieve results (Fawole, 2004). Between 1999 and 2007 he performed the functions of the executive president, commander-in-chief of the armed forces of Nigeria simultaneously with the functions of the Ministers of Petroleum and Energy Resources and Foreign Affairs. Within the first three years as president, he had travelled toabout90 countries of the world on diplomatic assignments. Put differently, his legendary penchant for rebuilding Nigeria’s image and improving her foreign policy made him actively involved in running of the country’s foreign affairs which in the long-run had positive effects on Nigeria’s image in the international system .

Although he broke the protocol of operations in the Ministry of Foreign Affairs but it can be excusable if his passion for change, success and development is understood. This inclination empowered him to make decisions and tackle problems promptly. Between I999 and 2007, he had rebuilt Nigeria’s international image with strategies such as repackaging of the country’s image and debt cancellation and relief, foreign direct investment as well as strengthening the domestic environment of her foreign policy (Durotoye, 2000). Other strategies include the use of shuttle diplomacy, conflict management in Africa, the formation of New Partnership for African Development (NEPAD), the African Peer Review Mechanism (APRM), re-christened OAU to African Union (AU), hosted international events like Commonwealth and all African Games (Hassan, 2006), he pursued a very extensive regional integration. Adebajo (2008) illuminated this with the explanation that he presented himself as a peacekeeper and had strong affection for economic integration and international institutions.

The fact that he represented his country as the foreign affairs minister instead of sending someone else gave a sense of seriousness to the issues of national transformation, economic reinvigoration and international prestige that he was all out to address Taking responsibility to do things himself rather than delegating them earned him speedy accomplishment as already mentioned. For instance, the energy sector is a major section of the Nigerian economy that needed to be controlled by a firm no nonsense person. Corruption was rampant and the infrastructural decadence in the sector was huge. It might be believed that these were the major reasons for not appointing a petroleum minister. President Obasanjo had to be in charge of the sector as a strategy of reviving it. This resulted in some policies reforms for national transformation.

Domestically, he also tried to address issues like corruption. He did this through the use of the anti-corruption bill, Independent Corrupt Practices and Other Related Offences Commission (ICPC) and the Economic and Financial Crimes Commission (EFCC) created in 2002. National Agency for Food and Drug (NAFDAC) was also created to address and correct Nigeria's image of being a dumping ground of fake drugs (Adebajo 2008).Some prominent individuals like Diepreye Alameiyeseigha, former Bayelsa State Governor and Professor Fabian Osuji, former Minister of Education, and others that fell short of the laws were apprehended. In addition to these, he also put in place some modalities to encourage foreign direct investments and reintegrate Nigeria into the global economy. He invested in restoring infrastructures like roads, telecommunications, energy amongst others that would all work together to form an enabling environment for the proper running of the prospective investors. In the aspect of ensuring that Nigeria is safe for the investors to invest in, he took practical steps in ensuring that security of lives and property is enhanced Adeniji (2005) added that policies of reviving bilateral joint commission with nations that were identified as exporters of capital, Investment Promotion and Protection Agreement (IPPA) and the Multilateral Investment Guarantee Agreement were signed.

According to Alao (2011), these actions were able to earn Nigeria a better image in the international system. As a result of the efforts geared towards national development and positive image building, sanctions imposed on Nigeria prior to the Fourth Republic were removed. She earned the position of the 6th most corrupt country in the world as against the former rating of 2^{nd}, Paris club granted Nigeria debt relief in 2005 as a reward of the efforts at reducing corruption. Also, she attracted Foreign Direct Investment (FDI). MNCs like Chevron and Mobile Telecommunication Network (MTN) brought in capital to Nigeria.

There have been mixed feelings about Obasanjo's personality and foreign policy style. Contrary to the positive opinions about his leadership, there are also negative opinions. For example, the personalistic tendencies have been linked to authoritarian tendencies (Bemde 2002). Authoritarian tendencies of the military were noticeable characteristics of his rule having been in the force for some time. The syndrome manifested as oppressive behaviours which are anti-democratic and against the ethics of the rule of law. He had several face offs with the National Assembly when his excesses on domestic and foreign policies could not be checkmated by the Assembly. He rarely listened to the advice of experts even on military issues. Adelegan (2000) described Obasanjo as a man full of contradictions. He states that:

He is at times thoughtful and methodical but can also be stubbornly unconcerned with the finer points of legality and propriety of virtue. He is earthy and humble but acutely sensitive about slights. He says he is intolerant of "thoughtlessness and uninformed criticisms" but General Obasanjo has often responded aggressively to attacks on his actions. This sort of attitude leaves people with the impression that Obasanjo is an infallible leader. He has been known to hang up the telephone on a caller, or to dismiss rudely or physically chase away those with whom he disagrees. He has a soldier's, sternness and dictatorial impulse... One of the most amazing things about Obasanjo is the ease with which he swings from one extreme to the other. He could exude a rare warmth and kindness in one brief moment only to display shortly after an appalling meanness and ruthlessness especially if he thinks he is being taken for a fool (Ekpu, 2003).

Despite his weaknesses, his personality as displayed in his foreign policy pursuit should be applauded and the dynamism of his leadership style emulated. He was able to facilitate investment drive to Africa and mentored attainment towards social progress, poverty alleviation, the anti-corruption crusade, reforms and transformation, development and growth, democracy as well as democratic governance, agriculture and food security. He was nominated by the Commonwealth as a co-chairman of the Eminent Persons Group, EPG (Ekpu, 2003) and Special Envoy on Great Lakes region to assist the Governments of the sub region to address the challenges to peace and security. President Olusegun Obasanjo remains an enigma in international affairs that can be learnt from.

CHAPTER FIVE

FINDING, SUMMARY, CONCLUSION AND RECOMMENDATIONS

5.1 Findings from the Study

Since 1995, Nigeria's macroeconomic and trade policies have evolved in a generally positive manner, although implementation has been uneven. In the face of persistent political and institutional uncertainty, the growing international confidence in Nigeria's economy noted in the first Trade Policy Review of Nigeria in 1991 has ebbed. Attempts to use the country's large oil revenue to expand the economic base have been mostly unsuccessful; the economy remains highly vulnerable to fluctuations in oil prices. The military government gave priority to improving macroeconomic management, and launched efforts to liberalize the foreign exchange and investment regimes. Steps were taken to streamline Nigeria's trade regime and establish a long-term, predictable tariff structure. A wide array of export incentive schemes has failed to offset the anti-export bias resulting from the import regime, cumbersome export procedures, and failing infrastructure.

Economic Environment

Nigeria is Africa's most populous nation, endowed with abundant hydrocarbon resources and offering large potential opportunities for international trade and investment. During the 1990s, the commitment to structural reforms weakened and economic growth slowed to an average of 2.5% a year in 1991-94 from 5.3% during 1986-90. After a period of stagflation up to 1994, growth increased and inflation declined, helped by a sound macro-economic policy stance and an increase in world oil prices until 1997.

Although fiscal policy has been tightened, resulting in budget surpluses in 1996 and 1997, the Government's heavy relied on oil revenue. Crude petroleum represents over 95% of export receipts and over three quarters of government revenue. Effort was made to maintain both economic growth and the fiscal balance. The high level of external public debt and the continuing accumulation of arrears became a major obstacle to foreign investment outside the oil sector, notably in infrastructure. Since 1995, access to foreign exchange at close market rate and the lifting of most restrictions on capital transfers significantly improved the trade and investment environment.

In 1996, Nigeria was the 34th largest exporter and 43rd largest importer worldwide. Furthermore, it is the third largest trading nation in Africa. The long-term decline (since

1980) in its share of Africa‘s exports continued during the period 1991-96. Crude oil is the only significant recorded export, shipped mostly to the Americas and Western Europe. Nigeria appears to be also a sizeable exporter of refined oil products according to partners import data. Among other exports, only cocoa beans, rubber, and cotton exceeded US$10 million in 1996.

Between 1990 and 1996, Nigeria's import structure changed significantly, with the share of food and petroleum products returning to its level of the early 1980s. Petroleum products constitute a major import. The greatest falls in imports have been recorded in machinery, notably transport equipment, and clothing. The United States, the United Kingdom and Germany remained the three most important recorded sources of imports. This recorded trade, however, excludes prolific informal commerce with neighbouring countries.

Trade Policies and Trading Partners

Nigeria is at a crossroads in its economic and trade policies. Several steps have been taken recently towards closer integration in the world economy, including trade and investment liberalization as well as macroeconomic stabilization. However, policy priorities remain divided between dependence on the public sector and import substitution strategies and greater reliance on the private sector and market-based. Moreover, recent steps to increase transparency and accountability in government, and thus combat allegations of fraud and corruption, must be pursued if international confidence in Nigeria's economy is to be regained. In this respect, a rapid implementation of the WTO Agreements and hill compliance with multilateral principles would signal Nigeria's commitment to a rules-based market economy.

Findings on Obasanjo’s Economic Policy.

The Economic Policy of Obasanjo Regime (1999-2003) ushered in some active moments on Nigeria’s economic restructuring landscape. From 2004, this was christened the National Economic Empowerment and Development Strategy (NEEDS). This medium term economic framework (2003 -2007) whose primary goals are poverty reduction, wealth creation, employment generation and value re-orientation, is anchored on a tripod: creating enabling environment for business to thrive, empowering the people to take advantage of new opportunities, and ensuring value for money in public service delivery.

The first leg of the tripod is geared towards promoting private enterprise as the engine of growth of the economy. Government is only to serve as an enabler, a facilitator and a regulator. This is to be achieved by reducing the size of government, diversifying and deregulating the economy, infrastructural development, and promoting local resources and technology-based small and medium scale industrial base. The second tripod is empowering the people. To do this, government intends to invest in the people through education and better health with a view to increasing productivity, promoting the synergy of education, health services rural development in national development. The third leg of the tripod preaches a new orientation to the conduct of government business in the country. Institutionalizing value for money in public service delivery presupposes smaller, stronger, better skilled, and more efficient workforce. This underscores the need to operate transparent and accountable governance with the aim of taming the menace of corruption This is to be achieved through intensification of privatization efforts; institutionalizing best practices in procurement process; making anticorruption campaigns more proactive and making anticorruption institutions more pragmatic and effective; reforming the public service; and promoting budget discipline and disclosure.

Fiscal, Monetary, Incomes, Trade and Debts Policies during Obasanjo's Administration.

These policies are the potent instruments for the pursuit of the Administration's economic goals. It is also important to stress that policy consistency shall be the guiding principle of economic efforts during the period of this Administration. The policies shall be employed in a non-distortionary manner that should lead to the effective achievement of goals and the promotion of competition in economic activities. The policies shall, inevitably, ensure the prevalence of the right macroeconomic environment for sustained economic development and growth.

Government's expenditure will be prudent, transparent, accountable and void of inflationary tendencies, hence deficits will not exceed 3.0% of the GDP Efficiency in the use of resource by effective prioritization, rationalization, elimination of wasteful expenditures and the proper channeling of scarce resources to the most rewarding areas of the economy shall be the practice. Taxation shall be adopted as an instrument for promoting economic development and shall be neither distortionary nor retrogressive. An efficient tax system, devoid of multiplicity of taxes, shall be evolved and applied.

Monetary policy shall rely on indirect instruments of control that promote growth, optimal liquidity in the system and financial intermediation. Economic policies shall also ensure a stable single exchange rate and a strong naira that will become a convertible currency in the medium-term period. Incomes policy will aim at promoting increased productivity of labour and will remain deregulated. Trade policy will aim at maximizing the benefits from globalization, promotion of domestic industries and value added exports. The potential of the African market shall be maximally explored to boost exports. Overall, economic policies will aim at steering the balance-of-payments away from predominant dependence on crude oil exports to a more diversified export base and a more mature balance-of-payments structure. While initial efforts aim at debt reduction through various measures, future strategy shall aim at prompt debt settlement as and when due.

OBJECTIVE 1: Examine the main foreign policy thrust of both Abacha regime and Obasanjo's administration on trade and investment.

Following the annulment of June 12 presidential election in 1993, the interim government which was put in place by General Babangida on 26th, August, 1993 did not enjoy the support of a wide range of Nigerians. General Sani Abacha's intervention on 17th November, 1993 was therefore very timely and inevitable given Nigeria's drift towards anarchy and disintegration During the Abacha regime, development between China and Nigeria was one of the most prominent aspects of the shift in Nigeria's foreign policy. At this time Nigeria and China entered into different agreements, which allowed China to become involved in oil production, refurbishment of the long neglected Nigeria Railway Corporation, the dredging of seaports at Calabar and Warri and the development of Mass - housing projects. Abacha' foreign policy thrust shifted to Asia, failing to realize that in a globalized world, aligning Nigeria with Asia alone is inadequate. The political heat from both home and abroad continued until Abacha died on 8th June, 1998. Following the death of Abacha, General Abubakar Abdulsalam (rtd) took over as the Head of State of the Federal Republic of Nigeria. He succeeded in conducting a peaceful, free and fair election that finally brought Olusegun Obasanjo as the President and Commander-in-Chief of the Nigerian Armed Forces on May 29, I999 Obasanjo's foreign policy under democratic rule has been underlined by Nigeria's return to a place of prestige in the International Community Particularly of interest in this research is the influence of domestic politics on Nigeria's foreign policy under Obasanjo's Civilian administration (I999 2007). The General Olusegun Obasanjo government that was inaugurated in May 1999 has its hands full. It has inherited a rundown economy, a culture of corruption, factionalized social formations, and a restless civil society. As well, the country is heavily in debt and Obasanjo's government is saddled with several elements that had been part of the construction of the centralization of power. Most of them have been apostles of military dictatorship even openly campaigning for the misguided self-succession bid of the late General Sani Abacha. It will take a long time to wear out the culture of corruption, sycophancy, Opportunism, violence, and insensitivity to the plight of disadvantaged and marginalized communities". With the above background, the regime had to focus on the core issue in contemporary international relations which is economic.

Some of the directional changes in foreign policy focus are as follows:

To reintegrate Nigeria into the mainstream of the international community;

To shore up Nigeria's image abroad;

To attract foreign investment;

To recover stolen public funds stashed abroad;

To secure debt relief or if possible outright debt cancellation for the country; and

To reduce to the barest minimum Nigeria's international financial commitment especially in Africa; (Jacob 2014)

To strengthen Nigeria's bilateral and multilateral cooperation with other countries for the purpose of reaping economic benefits, hence, Nigeria's purely Afro centric foreign policy between 1976 and 1979 gave way to a more universal and economic oriented foreign policy as Obasanjo took over in 1999. This new foreign policy thrust was implemented as follows: Nigeria's troop in Sierra-Leone was removed and a quick peace accord was facilitated by Nigeria to end the civil war in the country, a move believed to have saved Nigeria about $1 million per day, Shuttle diplomacy by president Obasanjo to campaign for foreign investment and debt relief. a move which yielded results with the inflow of foreign investment especially in the telecommunication sector, as well as debt relief to the tune of about $18 billion from the Paris club of creditors. (Jacob 2014)

Prevention of conflicts in African countries such as The Gambia, Togo, Cote d'voire, Sao Tome and Principe through personal diplomacy. Leadership of the African Union on two occasions to push for an African reform agenda tagged NEPAD, Assist in restoration of democracy to Liberia by granting asylum to Charles Taylor, Hosting the secretariat of

ECOWAS parliament and hosting of the Commonwealth Heads of State and Government meeting. At this juncture, we will look in closer details the internal and external environments that determined the foreign policies of the two periods. Nigeria's debt burden was a major challenge to her foreign policy implementation right from 1999. The Obasanjo administration took the crusade for debt relief seriously using both bilateral and multilateral platforms to demand for debt cancellation from creditors, so as to free resources for improving the material condition of the people. This diverted a lot of attention and energy away from other policy objectives. Negotiating the debt relief on a largely bilateral level meant that Nigeria had to be sensitive to the interests of her creditors. "Part of the consequences of our diplomacy for debt cancellation was that the country had to also be sympathetic or at least not be out rightly antagonistic to the foreign interest of the creditor countries" (Obadan, 2004).

A second challenge "as that Nigeria had to engage the leading global financial institutions such as the World Bank and the IMF with the consequence that she has to entrench free market economy which brought about a "confused agenda" between what the government wished to do to alleviate the suffering of the populace and what it had to do to please her creditors. (Durotoye, 2000). Unfortunately absolute free market model is not always successful in bringing direct tangible benefits to the ordinary people. In addition, to restore confidence in the economy and attract direct foreign investment, the Obasanjo government had to put in place a sound economic management system and institute reforms that would eliminate corruption.

OBJECTIVE 2: Examine the nexus between FDI and economic growth in Nigeria.

This study examines the nexus between foreign direct investments in Nigeria. The low level of existing human capital suggesting that labor available in Nigeria is not FDI inducing, export, labor and human capital are positively related to economic growth in Nigeria. Foreign capital has a small and not statistically significant effect on economic growth in Nigeria. FBI is pro consumption and pro-importation and negatively related to Gross Domestic Investment. Ayanwale (2007) investigated the empirical relationship between non-extractive FDI and economic growth in Nigeria. Using Ordinary Least Square estimates, he found that FBI has a positive link with economic growth but cautioned that the overall effects of FDI as economic growth may not be significant.

OBJECTIVE THREE:

Examine the implications of military rule on Nigeria's foreign policy Abacha regime and Obasnnjo administration on Nigeria's foreign policy on trade and foreign direct investment.

The military rule under Abacha regime and Obasanjo administration on Nigeria's foreign policy on trade and foreign direct investment has serious implication on Nigeria FDI because of it poor investment climate, reflected in governance problems (corruption, political uncertainty, etc), insufficient market size, poor infrastructure, and perceived inappropriate policy regimes towards foreign investment. But Nigeria has a large market and is richly endowed with natural resources. Thus, other factors must have been at work. Indeed, a country's underlying attractiveness as an investment destination is important since this affects its relative bargaining strength vis-a-vis potential direct investors. And where a country is unattractive because it has a small market, few natural resources, a relatively underdeveloped infrastructure, limited possibility for manufactured exports along with governance problems, it may not be able to attract substantial FDI, even with liberal regulations and generous incentives. Stem (2005) has stressed this point to the effect that open trade and investment policies generate little or no benefits if other institutions and policies (embodied in the investment climate) are not in place or are bad; The investment climate is affected by several factors, among which are: macroeconomic stability and macroeconomic policies; the degree of bureaucratic harassment, especially in the administration of regulations and taxes; the strength of financial institutions; the rule of law including law enforcement; the incidence of corruption and crime; the quality of infrastructure, including power and telecommunication; the effectiveness of the government in providing sound regulatory structures for the private sector; the effectiveness in the provision of public services or the framework for such services and the quality of the labour force which includes the level of skills, the prevailing work culture and the state of labour relations.

In the light of these, as Stem (2005) has stressed, "if you have an unreliable power supply, no financial depth, lots of harassment from government officials, a high level of corruption, and a very low skills base, then more open and investment policies, beneficial though they are likely to be, are unlikely to generate increases in productive investment and employment". In the case of Nigeria, an enabling environment or an appropriate investment climate has apparently been lacking. The investment climate has been characterized by the following unsatisfactory macroeconomic environment, Policy instability, Unsatisfactory institutional and regulatory framework, Poor port management, Infrastructural deficiencies physical and financial infrastructure, Poor business image, Political instability, Internal insecurity, Crisis in the educational system, Issues of corruption, Adverse media exposure, Problems caused by negative image abroad, Effect of heavy external debt burden. What has become clear then is that for Nigeria to attract a fair share of international investment capital flows, it is necessary to improve the investment climate and investment image. A good investment climate that is alluring to foreign investors should have the following elements: Good economic governance, Macroeconomic stability and consistent policies, Transparent rules and regulations Well-functioning bureaucracies and regulations,Political stability, Provision of adequate infrastructure, Control of corruption, Security of life and property Contract enforcement, Improved education and skill base, Protection of property rights, Development of investor orientation, etc. These elements are vital for high levels of investment, growth and poverty reduction. In such an environment, firms, particularly small domestic firms, can start up, expand and prosper.

5.2 Summary

This research focused on the comparative assessment of the Abacha and Obasanjo's regimes on foreign policy Objectives while both were in political power. The regime of Sanni Abacha was found to have been characterized by bad governance, especially in the areas of human right denial and subversion of democratic governance. The government was confirmed to have become a weapon of punishment, harassment, impoverishment, oppression and intimidation within the domestic and international domains. This situation generated stiff and consistent oppositions from the international community who diverted many of its trading and investment opportunities from Nigeria and also imposed trade and economic sanctions on the country.

On the contrary, Olusegun Obasanjo's administration was discovered to have restored Nigeria's local and foreign images, as prelude to attracting international interest the country in the area of trade and investment. Further findings were that the Abacha administration came to power through military coup and the circumstances of his assumption of office increased stiff local and international opposition to his regime in the areas of trade and investment as many developed countries imposed economic sanctions on the regime, The Obasanjo regime came to the office as a democratically elected government and this gesture relaxed lots of international sanctions on Nigeria in the area of trade and investment thus, providing better investment opportunities and climate, which increased the investment portfolio in Nigeria, While Abacha regime did not achieve much in the area of economic development, the Obasanjo regime achieved better result, including the cancellation of huge debt for Nigeria. While the Abacha's regime left the Information and Telecommunication facilities in Nigeria in a comatose state, the Obasanjo regime improved the ICTs facilities in Nigeria, with the introduction of GSM communications, which ultimately increased the tempo and volumes of business activities on trade and investments in the country. The international community halted economic and military aid, and cut off Nigeria's access to major trade credits and guarantees under the Abacha regime while trade credits from the international community became more accessible under the civilian regime of Olusegun Obasanjo.

5.3 Conclusion

This study focused on the pattern of Nigeria's external trade and foreign direct investments under the Abacha and Obasanjo administrations With the Nigerian economy suffering severe blow during the prolonged years of military rule of Abacha regime where life became miserable, while opportunism and greed thrived in the socio-political and economic environment of the country. The economy was battered and at the verge of collapse as social policy, economic and political institutions were undermined. The policy errors of the Abacha regimes seriously affected the position of the Nigerian economy while political and policy instability discouraged foreign investment during the Abacha regime despite the huge domestic market and the strategic location of the nation.

However, the Obasanjo's administration took certain decisive steps to put in place an enabling environment for the thriving of democracy, regaining international respectability and credibility and putting the economy on the path of sustainable growth and development. It is noteworthy that some of the measures taken by the administration which included the inauguration of Anti-corruption bill; monitoring domestic and international campaign to recover looted public assets; introduction of Universal Basic Education, addressing the energy crisis, establishment of 21 Poverty Alleviation Programmes, the upward review of the minimum wage among other things are good steps in the right direction, which directly and indirectly boost foreign trade. The administration also promoted private sector investment in order to achieve rapid economic growth and development. Also, One of the government‘s biggest macroeconomic achievements of Obasanjo’s shuttle diplomacy has been the sharp reduction in its external debt, which declined from 36% of GDP in 2004 to less than 4% of GDP in 2007.The study concluded that the Obasanjo administration has achieved better in the area of trade and foreign direct investment than that of Abacha because of its record of upholding constitutional governance unlike the Abacha regime which came through military coup and draconian brutality of the opposition and also Nigeria is currently at a crossroads in its economic and trade policies. While steps have been taken toward trade and investment liberalization and macroeconomic stabilization, policy priorities remain divided between dependence on the public sector and import substitution strategies on the one hand, and greater reliance on the private sector and market-based reform on the other. Moreover, recent steps to increase transparency and accountability in government, and thus combat allegations of fraud and corruption, must be pursued if international confidence in Nigeria‘s economy is to be regained.

Finally, what has become clear is that macroeconomic reforms and liberalization are not enough to entice FDI inflows. The investment climate is equally important. This needs to be substantially improved so that the country can attract from Nigerian citizens and foreign investors efficient investment that produces employment, higher incomes, and poverty reduction. There is need for policy to focus, in particular, on power supply, security of life and property, and macroeconomic stability. In recent times, inflation has, once again, become a destabilizing factor very importantly, in the light of the positive effects of FDI and the associated costs/ concerns, a major objective of development policy is to maximize the positive aspects while minimizing the negative aspects so that on balance, there will be a net benefit, Not only must the country determine the appropriate level of foreign participation in particular sectors, it must design an appropriate set of policies not only to attract FDI but also to significantly increase the benefits of FDI in relation to the costs. This means that Nigeria must consider strategies and policies that promote its development objectives and national interest in relation to FDI. It is, therefore, important to know that:

Undue reliance on FDI is not advisable. Appropriate policies are thus required to mobilized and retain domestic savings for local investment to which FDI should not all FBI is conducive to development, because some kinds do more harm than good. There is thus the need for the country to have a discerning policy towards FDI in order to attract the right type.

This implies having a selective policy towards FDI. There is need to enhance the trade effects of FDI. This can be accomplished by ensuring that FBI is concentrated in the tradable sector, especially export based activities. The trade effect can also improve if the local content of output is enhanced. Joint ventures can be encouraged to ensure that part of the investment returns accrue to local people and is retained in the economy, with respect to portfolio investment, a careful policy that welcomes serious long term investors but discourages or prohibits the destabilizing short term profit seekers is indispensable.

5.4 Recommendations

The research work recommends the followings:

RECOMMENDATION ON OBJECTIVE 1:

Examine the main foreign policy thrust of both Abacha regime and Obasanjo's administration on trade and investment.

It is recommended that, the Nigerian government should pursue goals of democracy, good governance and respect for human rights at home to ensure that its leadership role is credible abroad, the federal Ministry of Foreign Affairs in conjunction with the Federal Ministry of Information and Communications should urgently mount image and reputation management campaigns in the international media and project the good works, achievements and the humanitarian efforts of the country. The National Rebranding Campaign effort should be pursued with vigour. The Nigerian Institute of Public Relations should help in the crusade for behavioural change among Nigerians through public enlightenment campaign.

The anticorruption agencies such as EFCC and ICPC should be pro-active and sincere and expedite action in fighting corruption. Genuine efforts should be made by the Nigerian Government through relevant authorities at maintaining good governance, re-orienting and educating the populace against nepotism, corrupt practices and mediocrity. There is the need for a holistic revision and redirection of its blind focus on Africa to articulate foreign policy that is clearly focused on the country's national interests among others. Since all foreign policies spring from the economic base of a state, Nigeria's economic base should be re-orientated in such a manner that the country's dependency structure would be removed and a national economy that is capable of sustaining a realistic foreign policy goal he built. Efforts should be made by the Nigerian government to foster peaceful coexistence among the different ethnic groups in the country, among ECOWAS and AU members and the world at large. Nigeria's foreign policy can only be meaningfully conducted in a stable political environment.

There is the imperative need by the relevant authority to evolve a stable polity and a complete transformation of the Nigerian political system. Nigerian government needs to articulate a clear foreign policy that is clearly focused on the country's national interests. Nigeria should maintain political stability and good governance which alone will lay the foundation for solid economic growth. Any rethinking and reforming of foreign policy must begin with an earnest effort to clean up our act domestically, by creating an exportable brand called Nigeria.

RECOMMENTATION ON OBJECTIVE 2:

Examine the nexus between FDI and economic growth in Nigeria.

This indicates that despite the great potential possessed by FDI, it has not contributed meaningfully to the growth of the Nigerian economy. And so, both economic and political players have a great role to play by ensuring that a reasonable volume of FDI is attracted to move the economy in the desired direction. More importantly, a good investment environment should be created for both foreign and domestic investors because domestic investment has more significant impact on the growth of the Nigerian economy and requires serious attention. The most significant factors that make Nigeria a good host for FDI are her abundance in natural resources and large population, indicating a large market. FDI significantly contributed to the nation's economic growth, if well harnessed, it can contribute meaningfully to economic growth in Nigeria.

Recommendations on Objective 3: Examine the implications of military rule under Abacha regime and Obasanjo's Administration on Nigeria's foreign policy objectives on trade and foreign direct investment.

Policy makers need to encourage FDl by providing more incentives to foreign firms and designing other appropriate policies and reforms that would attract foreign firms and designing other appropriate policies and reforms that would attract foreign investment. The encouragement of FDI should focus on export oriented foreign firms. There is the need therefore to encourage strategies that will improve upon the level of infrastructure, human resources and governance and business climate which will import positively on transactions and production casts on one hand and the overall competitiveness of the economy as the other hand.

The Nigerian government should pursue goals of democracy, good governance and respect for human rights at home to ensure that its leadership role is credible abroad.

The federal Ministry of Foreign Affairs in conjunction with the Federal Ministry of information and Communications should continue to mount image and reputation management campaigns in the international media and project the good works, achievements and the humanitarian efforts of the country.

The Nigerian Institute of Public Relations should help in the crusade for behavioural change among Nigerians through public enlightenment campaign.

The anti-corruption agencies such as EFCC and ICPC should be pro-active and sincere and expedite action in fighting corruption to make Nigeria investment friendly.

Genuine efforts should be made by the Nigerian Government through relevant authorities at maintaining good governance, re-orienting and educating the populace against nepotism, corrupt practices and mediocrity to project the image of Nigeria better abroad.

Since all foreign policies spring from the economic base of a state, Nigeria's economic base should be re-orientated in such a manner that the country's dependency structure would be removed and a national economy that is capable of sustaining a realistic foreign policy goal he built.

Efforts should be made by the Nigerian government to foster peaceful coexistence among the different ethnic groups in the country. Nigeria's foreign policy can only be meaningfully conducted in a stable political environment. There is the imperative need by the relevant authority to evolve a stable polity and a complete transformation of the Nigerian political system

Nigerian government needs to articulate a clear foreign policy that is clearly focused on the Country's national interests. Nigeria should maintain political stability and good governance which alone will lay the foundation for solid economic growth.

Any rethinking and reforming of foreign policy must begin with an earnest effort to clean up our act domestically, by creating an exportable brand called Nigeria, free of corruption and nepotism. It is anticipated that Nigeria will attract foreign investors if all the suggestions above are implemented.

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ABBREVIATIONS

AFRICOM - AFRICAN COMMAND

GDP - GROSS DOMESTIC PRODUCT

EPZ - EXPORT PROCESSING ZONE

IDDC - INDUSTRIAL DEVELOPMENT COORDINATING COMMITTEE

CTA - COTONON AGREEMENT TRADE

CET - COMMON EXTERNAL TARIFF

BP - BRITISH PETROLEUM

NEPAD - NEW PARTNERSHIP FOR AFRICA'S DEVELOPMENT

APRM - AFRICAN PEER REVIEW MECHANISM

NEEDS - NATIONAL ECONOMIC EMPOWERMENT AND DEVELOPMENT SCHEME FDIFOREIGN DIRECT INVESTMENT

IPPA - INVESTMENT PROMOTION AND PROTECTION AGREEMENT

CBN - CENTRAL BANK OF NIGERIA

NIPC - NIGERIAN INVESTMENT PROMOTION COMMISSION

UNCTAD - UNITED NATIONS CONFERENCE ON TRADE AND DEVELOPMENT

NEP - NIGERIAN ENTERPRISES PROMOTION

MNC - MULTINATIONAL COOPERATION

ICPC INDEPENDENT CORRUPT PRACTICE COMMISSION INEC INDEPENDENT NATIONAL ELECTORAL COMMISSION

GSM - GLOBAL SYSTEM OF MOBILE COMMISSION

ECOWAS - ECONOMIC COMMUNITY OF WEST AFRICAN STATES

NADECO - NATIONAL DEMOCRATIC COALITION

PRC - PROVISIONAL RULING COUNCIL

ICJ - INTERNATIONAL COURT OF JUSTICE

NLNG - NIGERIA LIQUEFIED NATURAL GAS LIMITED

IFC - INTERNATIONAL FINANCIAL COOPERATION

UN - UNITED NATIONS

UAC - UNITED AFRICAN COMPANY OF NIGERIA

WTO - WORLD TRADE ORGANISATION

GATT - GENERAL AGREEMENT ON TARIFF AND TRADE

TLS - TRADE LIBERALISATION SCHEME

GDP - GROSS DOMESTIC PRODUCT

OPEC - ORGANISATION OF PETROLEUM EXPORTING COUNTRIES

NDDC -NIGER DELTA DEVELOPMENT COMMUNITY

NITEL - NIGERIAN TELECOMMUNICATION LIMITED

CMAG - COMMONWEALTH MIMSTRIAL ACTION GROUP

CHOGM - CONHVIONWEALTH HEADS OF GOVERNMENT MEETING

MPLA - MOVEMENT FOR THE PEOPLE'S LIBERATION OF ANGOLA

OAU - ORGANISATION OF AFRICAN UNION

AU - AFRICAN UNION

OIC - ORGANISATION ISLAMIC CONFERENCE

PRC - PROVISIONAL RULING COUNCIL

INEC - INDEPENDENT NATIONAL ELECTORAL COMMISSION

UN - UNITED NATIONS

NNPC - NIGERIAN NATIONAL PETROLEUM COOPERATION

WDM - WORLD DEVELOPMENT MOVEMENT

ECGM - EXPORT CREDIT GUARANTEE DEVELOPMENT

ECGD - EXPORT CREDIT GUARANTEE DEVELOPMENT.