The Impact of Import Substitution Policy on Import Dependency Reduction in Nigeria

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ABSTRACT

Nigeria's quest for economic self-reliance has kept import substitution policy at the center of its trade strategy. Driven by the need to cut import dependency and promote domestic industrialization, this study evaluates the effectiveness of Nigeria's import substitution policy between 1980 and 2024. The research aims to measure the influence of tariff rates, foreign exchange restrictions, and domestic industrial output on import dependency. Using a quantitative research design, the study analyzes secondary data from the Central Bank of Nigeria, National Bureau of Statistics, and World Bank Development Indicators. Applying multiple linear regression analysis within the framework of Dependency Theory, import dependency (as a percentage of GDP) is modeled against average tariff rates, the number of banned items, and domestic industrial output index. Results show the model explains 79.7% of the variation in import dependency ($R^2 = 0.797$). Tariff increases significantly reduce dependency ($\beta = -0.176$, $p = 0.002$), while foreign exchange restrictions have no measurable effect ($\beta = 0.005$, $p = 0.642$). Notably, higher domestic output is positively associated with import dependency ($\beta = 0.025$, $p = 0.000$), revealing continued reliance on imported intermediate goods. The study provides new evidence that Nigeria's industrial growth paradoxically fuels foreign reliance, highlighting structural weaknesses in import substitution strategies. Policy recommendations include implementing targeted tariff structures, shifting from restrictive forex bans to export promotion policies, and investing in local production of intermediate inputs. This research offers actionable insights for achieving sustainable economic independence in developing economies.

Keywords: Imports, Substitution Policy, Dependency Theory, Tariff Rates, Foreign Exchange

1.0 INTRODUCTION

Global trade has historically served as a catalyst for economic development, enabling countries to address production gaps and optimize resource allocation through cross-border transactions. Since the late 1990s, international trade has become an increasingly important driver of global economic performance, propelled by liberalization, regional integration, and digital globalization. However, between 2012 and 2014, the global economy experienced sluggish growth, with trade volumes expanding more slowly than global GDP. This was followed by a downturn in 2015–2016, largely driven by China's economic slowdown, declining commodity prices, and tightening global financial conditions (World Bank, 2016). A brief recovery in 2017–2018 was interrupted by renewed disruptions, including the 2019 economic deceleration, the COVID-19 pandemic (2020–2021), and the Russia–Ukraine

conflict (2022). Recent geopolitical tensions in the Middle East, particularly between Israel and Iran, have compounded these shocks, ushering in what economists term an era of "global turbulence," marked by persistent uncertainty in trade and growth trajectories (IMF, 2023; Leidong, 2019).

In response to such volatility, high-growth economies such as South Korea, Singapore, Taiwan, and China shifted from import substitution industrialization (ISI) models prevalent in the mid-20th century to export-oriented strategies, leveraging foreign direct investment and technology transfer to become global manufacturing hubs (Adewuyi & Olayiwola, 2021). By contrast, African economies, including Nigeria, have remained heavily reliant on imports, even in sectors with potential for domestic comparative advantage. In Nigeria, import dependence intensified from the 1980s following the oil boom of the 1970s and the structural adjustment reforms of the mid-1980s. Despite abundant natural resources and labor, the country relies significantly on imported refined petroleum products, machinery, and food items. The 2014 global oil price collapse exposed these vulnerabilities, as crude oil accounts for over 90% of Nigeria's foreign exchange earnings and 95% of export revenues (Ezenwa, 2022). Consequently, the government implemented several import substitution measures, including the 2017 Economic Recovery and Growth Plan (ERGP), foreign exchange restrictions on select imports, tariff increases, and temporary border closures (CBN, 2015).

Despite these interventions, empirical evidence suggests mixed outcomes. While certain domestic industries recorded marginal gains, overall import dependency remains high, with Nigeria spending over $45 billion annually on imports (CBN, 2022). Persistent infrastructure deficits, limited access to credit, inadequate power supply, and low technological capacity undermine policy effectiveness (Onyekwena & Ekeruche, 2019). Moreover, mismatches between tariff structures and industrial productivity have led many firms to prefer imported intermediate inputs due to quality and reliability, weakening the competitiveness of local industries.

These realities raise critical policy questions: Have Nigeria's import substitution policies effectively reduced structural import dependence, or are they temporary responses to deeper systemic inefficiencies? Addressing these questions is imperative, given ongoing exchange rate volatility, inflationary pressures, budget deficits, and mounting debt obligations.

Research Questions

i. How do tariff rates affect import dependency reduction in Nigeria?

ii. What is the effect of foreign exchange restrictions on import dependency reduction in Nigeria?

iii. To what extent does domestic industrial output affect import dependency reduction in Nigeria?

2.0 LITERATURE REVIEW

2.1 Import Substitution Policy

The import substitution policy is a government-led industrial and trade strategy that encourages domestic production of goods that a country would otherwise import. The fundamental goal is to reduce dependence on foreign products by promoting local industries, thereby fostering self-sufficiency, creating jobs, conserving foreign exchange, and stimulating national economic growth (Todaro & Smith, 2020). For a country like Nigeria rich in natural resources but historically dependent on imports for even the most basic consumer goods import substitution has long been viewed as a path to sustainable industrialization and reduced external vulnerability. In more recent years, the Nigerian government has reintroduced various forms of import substitution policies through instruments such as the Backward Integration Policy in agriculture, the Executive Order 003 on local content, and the CBN's foreign exchange restriction list, which bars importers of 43 items from accessing foreign exchange through official channels. These policies aim to prioritize domestic production, especially in sectors like rice, cement, sugar, and petroleum refining (CBN, 2021).

2.1.1 Tariff rates

Tariffs, defined as taxes imposed on imported goods and services, have long served as a central tool of trade policy, particularly in developing economies such as Nigeria. As a component of the broader import substitution strategy, tariffs are used to protect domestic industries from foreign competition, stimulate local production, and conserve foreign exchange reserves (Akinboyo & Akinribola, 2019). In Nigeria, the historical reliance on tariffs dates back to the post-independence era, when policymakers sought to foster industrialization by shielding infant industries from external pressures (Egoro & Obah, 2018; Nwankwo & Oye, 2021).

2.1.2 Foreign Exchange Restrictions

Foreign exchange (forex) restrictions refer to administrative or legal controls imposed by a country's central bank or monetary authority to regulate access to foreign currencies. In Nigeria, these restrictions are often adopted to manage balance of payments deficits, protect foreign reserves, stabilize the naira, and curb capital flight (CBN, 2015; Ailemen & Adebayo,

2020). The Central Bank of Nigeria (CBN) has periodically introduced a series of measures such as forex rationing, exchange rate windows, and bans on accessing foreign exchange for certain imports. These controls are usually intended to safeguard national economic interests in times of currency volatility or external shocks (Obadan, 2018; IMF, 2021). The imposition of foreign exchange restrictions in Nigeria has been especially pronounced since the 2015 global oil price crash, which sharply reduced Nigeria's forex earnings. In response, the CBN restricted access to foreign exchange for the importation of 41 items deemed non-essential, including rice, cement, and toothpicks (CBN, 2015; Eze & Okpala, 2020). This list was later expanded and has since formed the core of Nigeria's import management strategy. The justification for such measures was to conserve foreign reserves, encourage local production, and reduce dependence on imported goods (Iwayemi, 2016; Akpan, 2017). However, critics argue that such restrictions distort market mechanisms and exacerbate scarcity in the forex market.

2.1.3 Domestic Industrial Output

Domestic industrial output refers to the total value of goods and services produced by a country's industrial sector, encompassing manufacturing, mining, quarrying, and utilities. In Nigeria, industrial output is a key indicator of economic development and structural transformation, as it reflects the capacity of the nation to reduce import dependency and expand value-added production (Akinlo, 2008; Olayemi & Ehinomen, 2014). Nigeria's industrial sector, once projected to drive post-colonial economic growth, has experienced fluctuating levels of output due to infrastructural deficiencies, poor policy implementation, and over-reliance on oil revenues (Iyoha & Oriakhi, 2008; Adebayo, 2021).

Despite various reforms, the contribution of industry to Nigeria's GDP remains modest when compared to global and regional peers. Several structural constraints inhibit the growth of Nigeria's domestic industrial output. Chief among these are epileptic power supply, inadequate transportation infrastructure, and limited access to affordable credit facilities (Onakoya & Olomola, 2014).

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2.2.1 Dependency Theory

Pioneered by scholars such as Andre Gunder Frank (1969), Samir Amin (1976), and Theotonio Dos Santos (1970), Dependency Theory posits that the global economic system is structurally skewed in favor of developed ("core") countries, to the detriment of underdeveloped or developing ("peripheral") nations. The theory originated in the 1960s and 1970s as a counter-argument to classical and neoclassical economic theories that attributed underdevelopment to internal deficiencies in developing countries (Nwankwo & Oye, 2021.

According to Frank (1969), peripheral economies like Nigeria are integrated into the global capitalist system in a subordinate position supplying raw materials and cheap labor while importing high-value finished goods from industrialized nations. This dependency results in continuous capital outflows, technological stagnation, and underdevelopment. Dos Santos (1970) further argued that this dependency is not merely economic, but also political and institutional, making it difficult for peripheral countries to achieve true economic sovereignty. In Nigeria’s case, despite possessing abundant crude oil, arable land, and a large labor force, the country has remained heavily reliant on imported refined petroleum, food products, and industrial machinery. This reliance deepens its negative trade balance, depletes foreign exchange reserves, and increases vulnerability to external shocks, such as fluctuations in global oil prices or exchange rates (Amin, 1976; Onyekwena & Ekeruche, 2019).

Dependency Theory is directly relevant to this study because it frames Nigeria’s import dependency not as a result of mere policy failure, but as a structural issue rooted in historical and global economic inequalities. It justifies the rationale behind import substitution policy as an attempt to reclaim economic autonomy and address systemic vulnerabilities. The theory also helps explain why such policies have often yielded limited results in Nigeria due to the lack of deep structural reforms, technological investment, and institutional capacity. Therefore, Dependency Theory not only provides a theoretical

justification for the study but also serves as a diagnostic tool for evaluating the effectiveness and limitations of Nigeria's current and past import substitution strategies.

2.3 EMPIRICAL REVIEW

Wasurum et al. (2024) examined the impact of import substitution industrialization strategy (ISIS) on Nigeria's manufacturing performance using an Error Correction Model (ECM) over the period 1981 to 2021. Their findings showed that import substitution policies had a statistically significant negative effect on manufacturing value added (MVA), whereas trade openness (as a proxy for export promotion) exhibited a positive effect. The authors argued that while protectionist policies aim to promote domestic industries, they often fail in contexts like Nigeria where infrastructural and institutional weaknesses persist. The study concluded that Nigeria's current application of ISIS may be counterproductive unless supported by competitive infrastructure and investment in technology.

Unegbu et al. (2022), investigated the long-run and short-run dynamics between import dependence and industrial performance in Nigeria. Employing ARDL bounds testing and an error correction model, the study found that imported capital goods contribute positively to manufacturing growth, suggesting that certain levels of importation are necessary, especially in developing economies with limited domestic capacity. However, the importation of consumer and finished manufactured goods was found to have a crowding-out effect, reducing local production incentives. The authors recommended that Nigeria's import substitution efforts should be carefully calibrated to restrict only non-essential imports while maintaining access to crucial industrial inputs.

Oluikpe (2020) conducted a descriptive and policy-based analysis of Nigeria's import substitution agenda by assessing the outcomes of the Central Bank's 41-item exclusion list introduced in 2021. The study traced the performance of sectors such as rice, cement, and palm oil over a five-year period. While short-term disruptions in supply chains were evident, the policy resulted in gradual improvements in local production, particularly in rice farming and cement manufacturing.

Kassim et al. (2022) carried out a study through a panel data analysis of listed manufacturing firms from 2011 to 2020. The study examined the role of exchange rate volatility on manufacturing output and firm-level earnings, using fixed effect regression models. The findings revealed that exchange rate instability significantly undermined import substitution, as local firms remained heavily reliant on imported machinery and intermediate goods. The authors suggested that without stabilizing the foreign exchange environment and

encouraging local production of critical inputs, the broader objectives of import substitution would remain unachieved.

3.0 METHODOLOGY

This study employed an *ex-post facto* research design, which is particularly appropriate for analyzing economic variables that cannot be directly manipulated by the researcher. The term *ex-post facto*, meaning "after the fact," refers to a research approach that investigates existing data to explore the relationships among variables. In this context, variables such as tariff rates, foreign exchange restrictions, domestic industrial output, and government policies are historical in nature and thus beyond experimental control. Altering such variables would not only be impractical but also ethically inappropriate.

Data collection in this study was based entirely on secondary sources. This approach involves the use of existing, documented records that are both credible and publicly accessible. The relevant macroeconomic data were gathered from reliable institutions, including the Central Bank of Nigeria (CBN) Statistical Bulletin, the National Bureau of Statistics (NBS), and the World Bank's World Development Indicators (WDI). These sources regularly publish comprehensive and verified datasets essential for evaluating economic policies. The data spanned the period from 1980 to 2024, offering a comprehensive timeframe for assessing the impact and effectiveness of Nigeria's import substitution policy. This 45-year timeframe encompassed various economic cycles, including policy reforms, inflationary episodes, exchange rate adjustments, and industrial initiatives. It provides a broad historical context for examining the dynamics of import dependency and the role of policy interventions.

The analysis was conducted using the Ordinary Least Squares (OLS) technique within the framework of Multiple Linear Regression Analysis. This statistical method is suited for estimating the effect of multiple independent variables on a single dependent variable. It enables the study to quantify the degree to which each selected economic indicator influences Nigeria's level of import dependency.

$$IMD = \beta_0 + \beta_1 TAR + \beta_2 FXR + \beta_3 DIO + \varepsilon \quad \text{----------(1)}$$

Where:

IMD = Import Dependency

TAR = Average Tariff on import

FXR = Forex Exchange Restrictions

DIO = Domestic Industrial Output

β_0 = Constant term

β_1–β_3 = Regression coefficients

ε = Error term

***A Priori* Expectation**

Based on economic theory and the import substitution policy framework, the following relationships are expected:

Variables	Tariff rate	Foreign Exchange Restrictions	Domestic Industrial Output
Import Dependency	**-**	**-**	**-**

Source Researchers Computation 2025

4.0 DATA INTERPETATION AND ANALYSIS

Table: 1 Descriptive Statistics

	N	Minimum	Maximum	Mean	Std. Deviation
Import Dependency (% of GDP)	45	5.9000	14.0000	9.1066	2.3508
Average Tariff on Imports (%)	45	8.2200	27.3000	16.8462	6.0823
Forex Restrictions (Banned Items)	45	0	62	32.22	20.025
Industrial Output Index	45	52.5	210.9	122.604	50.5668
Valid N (listwise)	45				

Source: SPSS version 26

The descriptive statistics table provides a snapshot of Nigeria's import dependency, tariff rates, forex restrictions, and industrial output from 1980 to 2024. Import dependency, averaging 9.11% of GDP with a range of 5.9% to 14%, reflects Nigeria's significant but fluctuating reliance on imports. Tariff rates, with a mean of 16.85% and a wide range (8.22% to 27.3%), indicate a protectionist stance with inconsistent application. Forex restrictions, varying from 0 to 62 banned items (mean 32.22), show volatile policy interventions. The industrial output index, averaging 122.6 with a broad range (52.5 to 210.9), highlights growth but also instability in domestic production, underscoring structural challenges in reducing import dependency.

Table 2: Correlations

		Import Dependency (% of GDP)	Average Tariff on Imports (%)	Forex Restrictions (Banned Items)	Industrial Output Index (2010 = 100)
Import Dependency (% of GDP)	Pearson Correlation	1	-.808	-.407	.846
	Sig. (2-tailed)		.000	.006	.000
	N	45	45	45	45
Average Tariff on Imports (%)	Pearson Correlation	-.808	1	.658	-.724
	Sig. (2-tailed)	.000		.000	.000
	N	45	45	45	45
Forex Restrictions (Banned Items)	Pearson Correlation	-.407	.658	1	-.291
	Sig. (2-tailed)	.006	.000		.052
	N	45	45	45	45
Industrial Output Index (2010 = 100)	Pearson Correlation	.846	-.724	-.291	1
	Sig. (2-tailed)	.000	.000	.052	
	N	45	45	45	45

Correlation is significant at the 0.01 level (2-tailed).

Source: SPSS version 26

The correlations table reveals significant relationships between import dependency and its predictors. A strong negative correlation (-0.808) between import dependency and tariff rates suggests that higher tariffs effectively reduce reliance on imports. A moderate negative correlation (-0.407) with forex restrictions indicates a weaker but still significant impact on lowering import dependency. Surprisingly, a strong positive correlation (0.846) with

industrial output suggests that higher domestic production is associated with increased import dependency, likely due to reliance on imported inputs. The positive correlation (0.658) between tariffs and forex restrictions reflects coordinated protectionist policies, while the negative correlation (-0.724) between tariffs and industrial output indicates that high tariffs may hinder industrial productivity.

Table 3: Model Summary

Model	R	R Square	Adjusted R Square	Std. Error of the Estimate
1	.893[a]	.797	.782	1.097166175504801

a. Predictors: (Constant), Industrial Output Index (2010 = 100), Forex Restrictions (Banned Items), Average Tariff on Imports (%)

Source: SPSS version 26

The model summary table indicates that the regression model, with an R of 0.893 and R Square of 0.797, explains 79.7% of the variation in Nigeria's import dependency, demonstrating a strong fit. The adjusted R Square of 0.782 confirms the model's robustness after accounting for the number of predictors. The standard error of the estimate (1.097) suggests that the model's predictions deviate by about 1.1% of GDP, indicating reasonable accuracy. This strong explanatory power underscores the relevance of tariffs, forex restrictions, and industrial output in understanding Nigeria's import dependency dynamics.

Table 4: Analysis of variance

ANOVA[a]

Model		Sum of Squares	df	Mean Square	F	Sig.
1	Regression	193.813	3	64.604	53.668	.000[b]
	Residual	49.355	41	1.204		
	Total	243.168	44			

a. Dependent Variable: Import Dependency (% of GDP)

b. Predictors: (Constant), Industrial Output Index (2010 = 100), Forex Restrictions (Banned Items), Average Tariff on Imports (%)

Source: SPSS version 26

The ANOVA table confirms the overall significance of the regression model with an F statistic of 53.668 (p = 0.000), indicating that at least one predictor significantly influences import dependency. The regression sum of squares (193.813) accounts for a substantial

portion of the total variation (243.168), with a residual of 49.355, reinforcing the model's ability to explain import dependency trends. This statistical significance highlights the collective impact of tariffs, forex restrictions, and industrial output on Nigeria's import reliance, validating the model's relevance for policy analysis.

Table 5: Regression results

Coefficients[a]

Model		Unstandardized Coefficients		Standardized Coefficients		
		B	Std. Error	Beta	T	Sig.
1	(Constant)	8.877	1.253		7.083	.000
	Average Tariff on Imports (%)	-.176	.054	-.456	-3.287	.002
	Forex Restrictions (Banned Items)	.005	.012	.047	.468	.642
	Industrial Output Index (2010 = 100)	.025	.005	.530	4.853	.000

a. Dependent Variable: Import Dependency (% of GDP)

Source: SPSS version 26

The regression results table shows that tariffs (β = -0.176, p = 0.002) significantly reduce import dependency, with a 1% tariff increase lowering it by 0.176% of GDP, supporting the effectiveness of protectionist measures. Forex restrictions (β = 0.005, p = 0.642) have no significant effect, suggesting their limited impact on reducing import reliance. Industrial output (β = 0.025, p = 0.000) unexpectedly increases import dependency, likely due to reliance on imported inputs, highlighting structural weaknesses. The constant (8.877, p = 0.000) sets a baseline import dependency of 8.877% of GDP when predictors are zero, emphasizing the persistent challenge of import reliance.

4.1 TEST OF HYPOTHESIS

Hypothesis 1: Tariff rates have no significant effect on Nigeria's import dependency reduction.

The regression results (Table 5) show that the coefficient for average tariff rates is β_1 = -0.176, with a p-value of 0.002 and a t-statistic of -3.287. Since the p-value (0.002) is less than the significance level (0.05), we reject the null hypothesis (H_{01}). The negative coefficient indicates that a 1% increase in tariff rates reduces import dependency by 0.176% of GDP.

This is supported by the strong negative correlation (-0.808, $p < 0.01$, Table 2), suggesting that higher tariffs discourage imports by increasing their cost, aligning with the import substitution policy's goal. The model's overall significance ($F = 53.668$, $p = 0.000$, Table 4) and high explanatory power ($R^2 = 0.797$, Table 3) reinforce the robustness of this finding.

Hypothesis 2: Foreign exchange restrictions have no significant effect on Nigeria's imports dependence reduction.

The regression results (Table 5) indicate that the coefficient for forex restrictions (measured by the number of banned items) is $\beta_2 = 0.005$, with a p-value of 0.642 and a t-statistic of 0.468. Since the p-value (0.642) is greater than the significance level (0.05), we fail to reject the null hypothesis (H_{02}). The insignificant coefficient suggests that forex restrictions do not meaningfully reduce import dependency. Despite a moderate negative correlation (-0.407, $p = 0.006$, Table 2), the regression result indicates that the effect is negligible when controlling for other variables. The high variability in banned items (0 to 62, Table 1) further suggests policy instability, which may undermine effectiveness.

Hypothesis 3: Domestic industrial output has no significant effect on Nigeria's import dependency reduction.

The regression results (Table 5) show that the coefficient for the industrial output index is $\beta_3 = 0.025$, with a p-value of 0.000 and a t-statistic of 4.853. Since the p-value (0.000) is less than the significance level (0.05), we reject the null hypothesis (H_{03}). The positive coefficient indicates that a one-unit increase in the industrial output index increases import dependency by 0.025% of GDP. This is supported by the strong positive correlation (0.846, $p < 0.01$, Table 2), suggesting that higher industrial output is associated with increased import reliance, likely due to dependence on imported inputs.

4.2 DISCUSSION OF FINDINGS

4.2.1 Effect of Tariff Rates on Import Dependency Reduction in Nigeria

The regression results (Table 5) demonstrate that tariff rates have a statistically significant negative effect on import dependency ($\beta = -0.176$, $p = 0.002$), meaning that a 1% increase in tariffs reduces import dependency by 0.176% of GDP. This finding, corroborated by the strong negative correlation (-0.808, Table 2), suggests that higher tariffs, a cornerstone of Nigeria's import substitution policy, effectively discourage imports by increasing their cost, thereby encouraging domestic production. This aligns with the theoretical rationale of import substitution, as articulated by Dependency Theory, which advocates for protective measures to reduce reliance on foreign goods and foster economic autonomy. The result is consistent

with findings by Oluikpe (2020), who noted that tariffs can stimulate local industries, as seen in sectors like cement and rice.

4.2.2 Effect of Foreign Exchange Restrictions on Import Dependency Reduction in Nigeria

The regression analysis (Table 5) shows that foreign exchange restrictions, measured by the number of banned import items, have no significant impact on import dependency ($\beta = 0.005$, $p = 0.642$). Despite a moderate negative correlation (-0.407, Table 2), the lack of statistical significance indicates that measures like the Central Bank of Nigeria's (CBN) restricted items list (e.g., the 41-item exclusion list introduced in 2015) have not effectively reduced reliance on imported goods. This finding aligns with criticisms from studies like Kassim et al. (2022), which argue that forex restrictions distort market mechanisms and fail to address underlying supply-side constraints..

4.2.3 Effect of Domestic Industrial Output on Import Dependency Reduction in Nigeria

The most surprising finding is the positive and significant relationship between domestic industrial output and import dependency ($\beta = 0.025$, $p = 0.000$, Table 5), with a strong positive correlation (0.846, Table 2). This implies that a one-unit increase in the industrial output index increases import dependency by 0.025% of GDP, contrary to the expectation that higher domestic production would reduce reliance on imports. This paradoxical result suggests that Nigeria's industrial sector heavily depends on imported intermediate inputs and capital goods, as highlighted by Unegbu et al. (2022), who found that imported capital goods positively contribute to manufacturing growth. This finding challenges the core premise of import substitution, which assumes that boosting domestic production will displace imports. Instead, it reveals a structural dependency on imported inputs, consistent with Dependency Theory's argument that peripheral economies like Nigeria remain integrated into global markets in a subordinate role, importing high-value goods while exporting raw materials.

5.0 CONCLUSION AND RECOMMEDATIONS

The study's findings align closely with Dependency Theory, particularly in highlighting Nigeria's structural dependency on imported inputs and the limited success of import substitution policies. The effectiveness of tariffs supports the theory's call for protective measures, while the paradoxical link between industrial output and import dependency underscores the entrenched subordinate role of peripheral economies. The ineffectiveness of forex restrictions reflects the theory's caution about the challenges of implementing effective policies in structurally disadvantaged economies. Thus, the results validate Dependency Theory by demonstrating both the potential and the limitations of import substitution

strategies in addressing Nigeria's import dependency within the context of global economic inequalities.

Based on the findings, the following recommendations were made:

1. While tariffs reduce import dependency, they should be targeted to avoid raising costs for essential inputs. A tiered tariff structure could prioritize protection for consumer goods while allowing access to critical industrial inputs.
2. CBN should shift from restrictive measures to policies that enhance forex earnings through non-oil exports and improve market transparency, such as exchange rate unification.
3. To address the positive link between industrial output and import dependency, Nigeria must invest in local production of intermediate inputs, improve power supply, and enhance logistics to boost industrial competitiveness.

6.0 COMPETING INTERESTS

The authors have declared that they have no known conflicting financial interests, non-financial interests, or personal ties that could have influenced the work presented in this study.

7.0 DISCLOSURE OF AUTHORS' CONTRIBUTION

The individual contribution from each author towards the completion of this study is stated as follows: particularly in areas of conception, design, execution and interpretation of the research. In the area of conception and overall coordination of the research endeavor, Solomon R. Irmiya, as the lead author, was the driving force. He also partnered with Kopsherrah Korbe, Onyekwusi Kingsley Chukwudbem, and Nnaka Chisom Stanley in the area of data sourcing, analysis, interpretation and conclusion. In the area of Literature Review and Methodology Design, it was the combined collaboration of Onuegbu Eucharia Oluchukwu, Igiri Chizoba Rita, Maxwell Sarah Chika, Onyejiji Onyinyechukwu, Iliya Joan Botson and Salihu, Suleiman.

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