

## **Indonesia- Nigeria Foreign Economic Relations: A Partnership for Economic Development**

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Bi-lateral relations between Federal Republic Nigeria and Republic of Indonesia is traced back to 1965, when Indonesia opened its first diplomatic mission in Sub Saharan Africa in Lagos, Nigeria. Nigeria reciprocated in 1976 by opening a diplomatic mission in Jakarta. Since then Nigeria-Indonesia have enjoyed fruitful diplomatic and economic relations. The aim of this paper is to investigate the volume of bilateral economic agreements and trade between both countries. The paper utilizes secondary sources of data. The research finding shows that both countries have enjoyed fruitful bilateral economic relations. In 2001, both countries signed Economic and Technical Cooperation agreement for establishing a Joint commission, with the aim of promoting relations in five areas of mutual interest which are, economy, trade, investment and technical cooperation. Since 2014, Nigeria has been Indonesia's largest trade partner in Africa, with a total trade volume standing at USD 3.9 million. Also, notable is Indonesia's companies in Nigeria includes Sayap Mas Utama, Indorama, Kalbe Farma and Dufil (Indomine) which is the largest producers of noodles in the country. This study shows that Indonesia has significantly invested in industrialization via the non-oil sector. The study thereby concludes that Nigeria can learn from Indonesia by improving its drive for non-oil export towards facilitating economic development.

**Keyword:** Economic Relations, Development, Trade, Indonesia, Nigeria.

### **Introduction**

The discussion on foreign economic relations places emphasis on understanding the importance of foreign direct investments or foreign capitals for nation states and expansion of trade between states in the

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international system (Simons & Zachary, 2004; Milner & Keiko, 2005; Krugman & Obstfeld, 2006; Balaam & Dillman. 2010; Oatley, 2010; V. Jeníček, 2009; Grančay et al., 2014). In the study of international relations, foreign economic relations is understood as important in forging relations between nations states in the international system and to ensure that states experience economic growth and development to enable them to be active participants in global economy (Folarin, Ibietan, Chidozie, 2016; Bello, Othman, Shariffudin, 2017).

In a global and increasingly interconnected world, developing countries have devised a means to survive in this continuous challenging world, usually achieved through multilateral cooperations. This relation between these countries birthed cross-border trades relations between two or more countries, these are usually done to improve economic development and growth of both parties. Bilateral economic relations emphasize the conduct economic, political and cultural relations between states, these sovereign states recognize each other and agree to extend both diplomatic and economic relations between each other. Economic agreements between these states include ASEAN-China Free Trade Area (ACFTA), ASEAN-India Free Trade Area (AIFTA), China-Australia Free Trade Agreement, European Free Trade Association (EFTA), Chile-Mexico Free Trade Agreement, Japan-Mexico Economic Association Agreement. Northern Triangle of Central America economic integration agreement, Trans-pacific Strategic Economic Partnership, Hong Kong-New Zealand Closer Economic Partnership Agreement, European Union-South Korea Free Trade Agreement, Japan-Thailand Economic Partnership Agreement, Central America Free Trade Agreement.

From the context of Nigerian economic relations, scholars have argued that its economic relations have somewhat failed to provide needed goods, especially from the perspective of improvement of the standard of living of populace and balance of trade as equilibrium has not tilted towards the advantage of Nigeria (Akpuru-Aja, 2012; Ayoola, 2013). This is largely attributed to the fact that policy makers have failed to put into consideration one of the most important principles of bilateral and trade and economic relations is situational differentiations. In bilateral economic relations, parties are supposed to ensure that agreements are made based on specific rules. It is common to observe that an influential state usually has an upper hand in partnership with Nigeria during bilateral agreements, these are usually associated with economic terms

especially with regards to surplus and low economic cost. To address these issues there is a need for Nigeria to tailor bilateral agreement with needs of the country to make it beneficial to each party.

Indonesia and Nigeria are geographically distant from each other, however, both countries share some similarities, for example, both countries have experienced colonialism, high rankings in corruption index, military juntas, diverse culture and people, and high population. In terms of economic development, as at the time of her independence Nigeria had higher GDP, however with successive years of bad leaders and the adoption of Structural Adjustment program (SAP) in the mid-1980 its economy took a downward trajectory, while Indonesia's economy has taken an upward trajectory which is evident in Indonesia been among G20-group of 20 major economies in the world (Akinyoade, 2012).

A number of research exist on comparative studies on Indonesia and Nigeria (Cohen, 1971; Diamond, 1982; Akinola, 1988; Bevan, Collier, & Gunning, 1999; Mustapha, 2006; McNicoll, 2011; Akinyoade, 2012; Fuady, 2012). Lewis, (2007) examined the stability in leadership during General Suharto and Nigeria leaders where he argued that *“the stability of Suharto’s regime and his relatively consistent commitments to growth reveal a marked contrast to the sporadic tenure of Nigerian leaders and their strategies of clientelism, distributional politics, and economic predation”* (Lewis, 2007). This argument is evident in the fact that Nigeria experience change in government nine times between 1966 and 1998 coupled with civil war and botched democratic government on two occasions within the period under review. Akinyoade, (2012) examined the ministerial tenure stability between both countries and its effect on countries national development, he concluded that Indonesia ministerial stability allowed for policy formulation and implementation to take longer time which led to socio-economic development in Indonesia, while on the other hand, the ministerial tenure in Nigeria ranges from three months to two year which has ultimate effect on policy formulation and implementation. Fuady (2012) examined the role of elites in the economic development of both countries from mid-1960 to mid-1990’s, he further argued that despite sharing similar political and socioeconomic conditions in the early 1960’s, Indonesia has recorded huge success in its drive for economic development while Nigeria still lagged behind. He posited that this is largely due to both countries ways and manners of designing and

implementing economic policies. From the foregoing literature, studies have not touched on foreign economic relations between both countries.

The objectives of these paper are therefore to evaluate the foreign economic relations between Indonesia and Nigeria to provide recommendations on how Nigeria could partner with Indonesia to fast track the country's development considering the fact that Indonesia is more developed economically than Nigeria.

### **Methodology**

This paper utilized secondary sources of data for the research; this includes journals, relevant books, periodicals, newspapers reports, internet sources, government releases, and pronouncement. Search engine used include Google scholar, with keywords such as Nigeria, Indonesia, trade, economic relations, and foreign policy.

### **Theoretical Thrust**

The research utilized theory of comparative advantage. States in the international system differs in their environmental and natural resources which give them an edge over others when it comes to international trade. David Ricardo (cited in Khorto, 2018), According to him, a country which lacks absolute advantage in the production of some certain goods and services, should create an advantage by specializing in the production of certain goods with lowest absolute disadvantage. Furthermore, when states trade in goods which each country has a comparative advantage in its production, there would be increased in the quantity of goods thereby allowing increase in total consumption. In order words if a country specializes in the production of a good and service in which it is moderately efficient compared to other states or its competitor it will be successful (O'Brien & Williams, 2010).

Situating this theory within the context of the research, Indonesia is a success story in the agriculture sector, as stated in this research, Indonesia and Nigeria signed an MOU for agricultural development in Nigeria. Indonesia is known as world largest exporter palm oil, cinnamon and cloves. Also, it is the second largest producer of cassava, vanilla, nutmeg and coconut oil, and third largest producer of cocoa and rice. All this is largely due to progress in its agricultural sector which Nigeria can learn from Indonesia and become a force to reckon with in the international

system while also provided needed goods for the citizenry. While on the other hand, it is pertinent to state that Indonesia just like Nigeria is an oil producer, currently Indonesia oil production stands at 775,000 bpd of crude oil, while Nigeria produce over 2,000,000 bpd of crude oil. Nigeria has an advantage over Indonesia in crude oil production. This is also evident that Indonesia largest import from Nigeria is crude oil which stood at \$1.5 billion.

#### **A Brief Overview of Indonesia's Economy and Economic Relations**

Indonesia is the largest economy in Southeast Asia, and it operates a mixed economy in which both government and the private sector play a significant role. As at 2017, Indonesia's Gross Domestic Product (GDP) Purchasing Power Parity (PPP) stood at \$3.257 trillion while GDP nominal was \$1.020 trillion, thereby making it the 7<sup>th</sup> largest economy in terms of GDP nominal and in terms of GDP PPP it is currently the 15<sup>th</sup> largest economy in the world. In terms of per capita GDP, PPP is \$12,432 while per capita GDP nominal stood at \$3,895. The country is also G20 member nation. The services sector accounts for 43.3% of the country's GDP, these are followed by manufacturing sector with 42.9% and agricultural sector with 13.7% of GDP respectively. Indonesia is currently regarded as the largest producer of palm oil in the world, as it provides a half of the world needs. In 2017, United Nations Conference on Trade and Development (UNCTAD) stated that Indonesia is now the fourth investment destination in the world behind the United States, China, and India respectively. The country has also received favorable investment ratings from Fitch Ratings, Moody's investor service, and Standard & Poors (World Bank, 2017; Netralnews, 2017).

Indonesia is regarded as a 26<sup>th</sup> largest exporting country and 31<sup>st</sup> largest importing country in the world, as at 2015 total export volume stood at \$161 billion while import at \$139 billion, this meant \$21.7 billion of positive trade balance. Top export destinations include United States, China, Japan, Singapore, and India while its import origin includes China, Singapore, Japan, South Korea and Thailand. Indonesia exports products include coal briquettes, palm oil, petroleum, crude Petroleum, and rubber while its import products include refined petroleum, broadcasting equipment's, vehicle parts, crude petroleum, and telephones. In terms of figures, the top export destination accounted for \$20 billion (US), \$18.5 billion (China), \$18.5 billion (Japan), \$13.6 billion (Singapore), \$12.6 billion (India) among others. With respect to import figures \$34.4 billion

(China), \$27.8 billion (Singapore), \$11.3 billion (Japan), \$7.87 billion (South Korea), \$7.71 billion (Thailand) among others (Patunru & Rahardja, 2015, mit.edu, 2017)

#### **A Brief Overview of Nigeria's Economic and Economic Relations**

With the last rebasing of the Nigerian economy, the country overtook South Africa as the largest economy in Africa in 2013. Nigeria's economy can be described as a middle-income, emerging market and mixed economy with expansion in the country's financial, communication, manufacturing, entertainment, and technology sector. The country is ranked 21<sup>st</sup> largest economy in terms of nominal GDP and 20<sup>th</sup> largest country in terms of Purchasing Power Parity (PPP). The country's GDP is estimated at \$509.9 billion (nominal) and \$1,105.343 billion (PPP), GDP per capita 42,758. And GDP by sector is agriculture 17%, Industry 25.7% and Services 54.6%. The unemployment rate stands at 13.9%. life expectancy for male 53.4 and for females 55.6 years. Nigeria is reputed for its oil as a major exporter of crude oil to countries around the world, government annual budget is usually estimated based on oil revenue projections which badly affect the economy when there is a fall in global oil prices. (CIA World Fact Book, 2017).

The total foreign trade in Nigeria as at end of Q4 in 2016 was 5.29 trillion naira, of the total import of 2.31 trillion naira and 2.98 trillion naira. Major imports partner of Nigeria are as follows for export India ₦ 475,644,091,644.54, Netherlands ₦334,222,632,210.68, United States ₦ 317,210,597,479.15, Spain ₦ 286,779,435,862.68, South Africa ₦ 160,350,684,747.24, France ₦ 158,260,566,454.83, Indonesia ₦ 113,219,360,429.19, Sweden ₦105,014,878,319.00, Singapore ₦ 99,216,784,298.2, Ivory Coast ₦ 81,260,161,635.54, while for import, China ₦404,130,210,499.33, Belgium ₦356,381,371,881.42, Netherlands ₦230,033,905,168.48, United States ₦205,648,529,762.85, India ₦113,890,987,967.49, United Kingdom ₦101,647,365,659.51, Germany ₦78,634,375,321.79, Brazil ₦78,024,954,496.00, France ₦75,091,192,736.96, Russia ₦38,847,210,702.00 (NBS, 2017). Some major agricultural export products include frozen shrimps and prawn, sesame seed, cashew nuts, crude palm kernel and flour and meals of soybean. Other sources of exports are crude oil which amounts to 45.9%, manufactured Goods 22.1%, non-crude oil products 21.8%, raw materials 5.85%, solid minerals 0.3%. (NBS, 2017)

Nigeria has experienced slow economic growth since 2015. It went from 6.25% in 2014 to 3.0% at the end of 2015, with inflation increase from 7.8% to 9.0%. This is partially attributed to falling global oil prices coupled with inadequate foreign exchange to fund request for the country's imports.

The table below compares socio economic condition in both Indonesia and Nigeria.

**Table 1:** Socio economic conditions in Indonesia and Nigeria

		<b>Indonesia</b>	<b>Nigeria</b>
<b>Region</b>		<b>East Asia &amp; Pacific</b>	<b>Africa</b>
Land Mass		1,904,569 km <sup>2</sup>	932,768 km <sup>2</sup>
Population		261,115.456 million	185,989,640
GDP (PPP)	Total	\$3.257 trillion	\$1,125 trillion
	Per Capita	\$12, 434	\$5,960
GDP (Nominal)	Total	\$1.020 trillion	\$400.621 billion
	Per Capita	\$3,895	\$2,123
Life Expectancy		70.8	53.05
Poverty Rate		11.13% (28.51 million)	60.9% (112 million)
Currency		Indonesia Rupiah	Naira

### **Indonesia-Nigeria Relations**

Indonesia-Nigeria relations is better understood within the context of South-South relations; which argues for the need for developing countries to work together for a common goal to foster development. Bi-lateral relations between Federal Republic Nigeria and Republic of Indonesia is traced to 1965 when Indonesia opened its first diplomatic mission in Sub Saharan Africa in Lagos Nigeria. Nigeria reciprocated in 1976 by opening a diplomatic mission in Jakarta. Since then Nigeria-Indonesia has enjoyed fruitful diplomatic and economic relations. Both countries are members of Developing 8 Countries, World Trade Organization, Non-Aligned movement.

To foster diplomatic and economic relations between both states, there have been several state's visit by Head of States of both countries, the first of which was in 2001, when Abdulrahman Wahid the Indonesian leader visited Nigeria in 2001, this was reciprocated by Olusegun Obasanjo the former Nigerian president who visited Indonesia in 2001, 2005 and 2006. The next high-level meeting between both countries was in New York in

2007 between President Susilo Yudhoyono of Indonesia and Nigerian leader Umar Musa Yar'Adua. Susilo Yudhoyono followed the New York meeting up with another meeting with Nigeria new president Goodluck Jonathan between February 2 & 3, 2013 (Bergstresser, 2007, 2017).

During the meeting, the both leaders agreed to improve relations between both countries especially with regards to improving Asia-Africa partnership because Nigeria is key to Africa. Both leaders also agreed to work on the achievement of Post-2015 Development Agenda as members of UN Secretary General High-Level Panel of Eminent Person. There were also agreements on improving cooperation in areas of Security and Defense sector especially with regards to the development of strategic industries, also it was agreed that there should be an exchange of information to counter insurgency and terrorism. Both presidents signed a Memorandum of Understanding on combating trafficking of illicit drugs, psychotropic substances, drug abuses and chemical used in making of these drugs. Indonesian president also invited Nigerian students to take part in scholarships provided for international students by the Indonesian government. With regards to sports, it was agreed that Nigeria would assist Indonesia in the development of football sector while Indonesia would assist Nigeria to improve on Badminton. Both leaders also agreed to support the Nigeria's candidate for International Fund for Agricultural Development while Indonesia's candidate for Director General of World Trade Organization 2013-2017 period also got the Nigeria support. Both leaders also agreed to reciprocal support their countries bid for a non-permanent seat at the United Nations Security Council (Nigeria 2014-2015) while Indonesia (2019-2020). This State visit between both countries has been usually followed by high-level meetings between Ministers of foreign affairs (Indonesia Ministry of Foreign Affairs, 2013).

To strengthen relations between both countries, it was agreed that a Bilateral Indonesia Nigeria Joint Commission be established to follow up the agreement during the meeting. This is to foster cooperation in global peace and security, democratization, agriculture, women empowerment, investment, social culture, good governance, mining among others. Both countries have also partnered in the areas of science and technology, staffs of National Infrastructure Science and Engineering Agency of Nigeria (NASENI) in 2013 and 2014 received training at HYCON in Badung, Indonesia as part of cooperation in the areas of science and technology. Indonesia has also worked to improve its ties with Nigeria through various



cultural diplomacy initiative such as the building of schools and donations to education facilities, organizing of cultural programs aims at showcasing Indonesia (Budaliksono, 2013).

In 2007, Indonesia's Corruption Eradication Commission (KPK) and Nigeria's Economic and Financial Crime Commission (EFCC) signed an MOU to foster cooperation in areas of fighting corruption. The importance of Nigeria to Indonesia relations is very important, being the largest country in Africa, Indonesia embassy in Nigeria is also accredited to Ghana, Gabon, Liberia, Benin, Cameroon, Burkina Faso, Sao Tome and Principe, Niger, Togo, Congo, and ECOWAS.

#### **Economic Relations Between Indonesia and Nigeria**

To cement their relationship and improve their economic relations, Indonesia and Nigeria signed Economic and Technical Cooperation agreement in 2001, which served as a precursor to the establishment of a Joint Commission in 2007, while the MOU was finally signed in 2010, these were done to promote relations between both countries especially with respect to import and export which is central to economic development. It is also noteworthy that in 2013, both countries signed a contract for the maintenance of airlines and aircraft. The Nigeria side was represented by Service Air Ltd, Kabo Air, Max Air, Silverback Africa and Hak Air, the \$2.2billion contract provided these companies an opportunity for their fleet to be maintained by Garuda Maintenance facility in Indonesia. The agreement was also signed between Chamber of Commerce and Industry Indonesia and Chamber of Commerce, Industry, Mines and Agriculture Nigeria, this was meant to improve bilateral economic relations between both countries private sector. Agreement on Preferential Trade Agreement on Tarif Reduction. There are also MOU on Fisheries and Marines, MOU for the improvement of agricultural products such as palm oil, cocoa, rubber plantation, and groundnut in Nigeria. Other bilateral agreements between both countries include cooperation in the protection of investments, reciprocal promotion, trade, agriculture, illicit drugs, and gas. This was evident in the agreement for the construction of \$2.5billion gas methanol and fertilizer plant. In 2017, during the Indonesia-Nigeria business forum Garuda Maintenance Facility and Max Air signed a \$3.4 million dollars on-site support operation. Indonesia's major exports to Nigeria includes palm oil, automotive parts, pharmaceuticals products, electronic products, paper products and soaps, while Nigeria mainly exports mainly leather raw

materials, cotton, fuel, consumer goods, textile and clothing, woods among other goods (Anozie, 2013; Echono, 2017). There are a few bodies that promote bilateral trade between both countries they include Nigeria-Indonesia Chamber of Commerce and the recently formed Nigeria-Indonesia Commercial Association, it was formed in 2014 in the aftermath of the visit of Indonesian president to Nigeria in 2013.

Trade relations between both countries have been fluctuating since 2014, in 2014 trade relations account for almost \$4 billion dollars (\$3.9billion), however, there have been declines since then to \$1.75 billion in 2015 and \$1.6billion in 2016. This meant between 2014 and 2015 trade volume dropped by 56%. This was largely attributed to falling in prices of crude oil in the global market, coupled with the fact that Indonesia buys crude from third parties not directly from Nigeria government, Direct trade between both countries is bound to improve trade volumes and strengthen relations between both countries (Salau, 2017). The decline in trade relations between both countries has been an issue of concern as both countries have continued high-level meetings to improve trade relations, these was evident in the visit of Indonesia's Foreign Minister and Minister of Trade and Investments visit to Nigeria in July 2017, who led a delegation of business interest from Indonesia to Nigeria to attend the Indonesia-Nigeria Business Forum, this was followed up with a meeting between Nigeria's Minister of National Planning and Indonesia's Ambassador to Nigeria.

**Table 2:** Indonesia–Nigeria trade between 2011 and 2015 (in million USD)

S/N	Year	Export	Import	Total Trade Value
1	2011	465.99	1626.87	2092.86
2	2012	413.08	2770.66	3183.74
3	2013	558.17	3122.45	3680.62
4	2014	648.61	3306.30	3953.91
5	2015	445.74	1288.15	1733.90
6	2016	310.82	1287.96	1598.78

Source Indonesia Ministry of Trade (2016) and Tarrósy (2016)

There are currently 15 major Indonesian companies operating in Nigeria, they include Indoroma, Kalbe Farma, Indofood, Sayap Mas Utama, Wings group among others. Indofood is currently the largest producer of instant noodles in Nigeria and Africa, it established a factory in Nigeria

in 1995, and it has grown to be the most widely consumed and popular noodles in the country. Recently the Nigerian acting President commissioned a fertilizer plant worth \$1.5 billion dollars built by Indorama Eleme Fertilizer company, the plant which has a capacity of 1.5 million metric tons of fertilizer will provide some opportunity, Nigerian farmers, to get fertilizers to boost yields and in the long run reduce Nigeria's dependent on imported food products. To foster agricultural cooperation between countries, Indonesia recently invited Nigeria to the Council of Palm Oil Producing Countries (CPOPC) for stabilization of palm oil prices and derivatives from palm oil. Both countries also have agreements on agriculture, in March 2011, Nigerian Minister of Agriculture and Rural Development and Minister of Agriculture of Indonesia signed an MOU on Agricultura Cooperation between both countries, these was to provide Nigeria an opportunity to get machinery, equipment products, training for farmers and other agricultural appliances which could benefit Nigerians (Indonesia Ministry of Foreign Affairs, 2012).

In order to better understand the foreign economic relations between Nigeria and Indonesia, table 3 and 4 provides the volume of import and export between both countries in the year 2017.

**Table 3:** Major Indonesia imports from Nigeria in 2017

<b>Goods</b>	<b>Value</b>	<b>Year</b>
Mineral fuels, oils, distillation products	\$1.55B	2017
Cocoa and Cocoa preparations	\$30.5M	2017
Cotton	\$1.25M	2017
Raw hides, Skins and Leather	\$756.18k	2017
Machinery, Nuclear Reactors and Boilers	\$718.10k	2017
Aluminum	\$456.54k	2017
Oil Seed, Oleagic fruit, grain, seed, fruit	\$351.59k	2017
Lead	\$175.48k	2017
Manmade stable fibers	\$161.44k	2017
Coffee, tea, mate and spices	\$40.75k	2017

Source: UN Comtrade

**Table 4:** Major Nigeria imports from Indonesia in 2017

<b>Goods</b>	<b>Value</b>	<b>Year</b>
Animal, vegetable fats and oil products	\$99.10M	2017
Paper and paperboard, articles of pulp, paper and board	\$91.04M	2017
Mineral fuels, oils, distillation products	\$35.53M	2017
Miscellaneous edible preparations	\$32.96M	2017
Organic chemicals	\$28.06M	2017
Essential oils, perfumes, cosmetics, toiletries	\$16.13M	2017
Machinery & Nuclear Reactors	\$13.69M	2017
Plastics	\$13.08M	2017
Miscellaneous chemical products	\$11.06M	2017
Soaps, lubricants, waxes, candles, modelling pastes	\$10.95M	2017
Inorganic Chemicals, precious metal compound	\$7.74M	2017
Ships, boats, and other floating structures	\$1.52M	2017
Aircraft, Spacecraft	\$37.39K	2017

Source: UN Comtrade

#### **Partnership for Economic Development**

From this research, it was observed that trade relations between Indonesia and Nigeria has been on the decline due to the inability of both states to improve its relations and work out modalities on improving partnership between both countries, It is pertinent to note that Indonesia is currently the largest producer and exporter of palm oil in the world, proceeds from the exports account for Indonesia's second largest export and it stood at \$12.3 billion, despite been one of the pioneer palm oil producers the contribution of palm to foreign income of the country is insignificant. Nigeria could improve its bilateral relations in areas of agriculture to benefit from palm oil and other agricultural products which are abundant in the country, Indonesia could assist Nigeria with the needed expertise to improve its palm oil and other agricultural products industry. Nigeria can partner with Indonesia to improve its agriculture sector which could serve as an important avenue for foreign exchange earnings and help the country improve the economy in general.

It is also important to note that Indonesia is more of an export country, unlike Nigeria which is import dependent economy, the total export 2015 volume stood at \$161 billion while import at \$139 billion, this meant

\$21.7 billion of positive trade balance, while Nigeria total export bill was \$47.8 billion and import bill of \$39.5 billion in 2015, these shows that Nigeria experience a minimal trade balance of just \$8.26 billion compared to Indonesia's \$21.7 billion. This is largely due to industrialized nature of Indonesia which has made it possible for the country to experience a positive trade balance which will, in turn, improves its country economic standings. Nigeria has also blessed abundantly with natural resources which could help facilitate the countries drive for industrialization and dependency in the global economy.

### **Conclusion**

The paper was able to access Indonesia-Nigeria relations within the context of trade and economic relations. Indonesia been one of the G20 countries has been able to record some success with regards to industrialization and development, which provides an opportunity for Nigeria to learn from. It is also pertinent to point out that more than 70% of Indonesia economy was formerly based and dependent on agriculture, it has been reduced to only 40%. Nigeria needs to also reduce its dependence on oil sector towards non-oil sector. The research also reveals that 2014 was the peak of Indonesia-Nigeria relations as trade volume was about \$4 billion dollars however since then both countries have recorded decline in their trade, this was largely attributed to falling in oil prices and lack of proper coordination between both countries to explore other areas of interest outside crude oil trade. Using the theory of comparative advantage, the research deduced that Indonesia has a comparative advantage in the agricultural sector which has made it the largest producer of some goods. This is evident that top of Nigeria import from Indonesia are agricultural products such as animal, vegetable fats and oils products which amount to about a hundred million dollars. The paper also concludes that Nigeria can learn from Indonesia determination to improve its agricultural sector especially the palm oil (seedling) which was gotten from Nigeria, also Nigeria can also learn from Indonesia for it to diversify its export to get more source revenue.

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