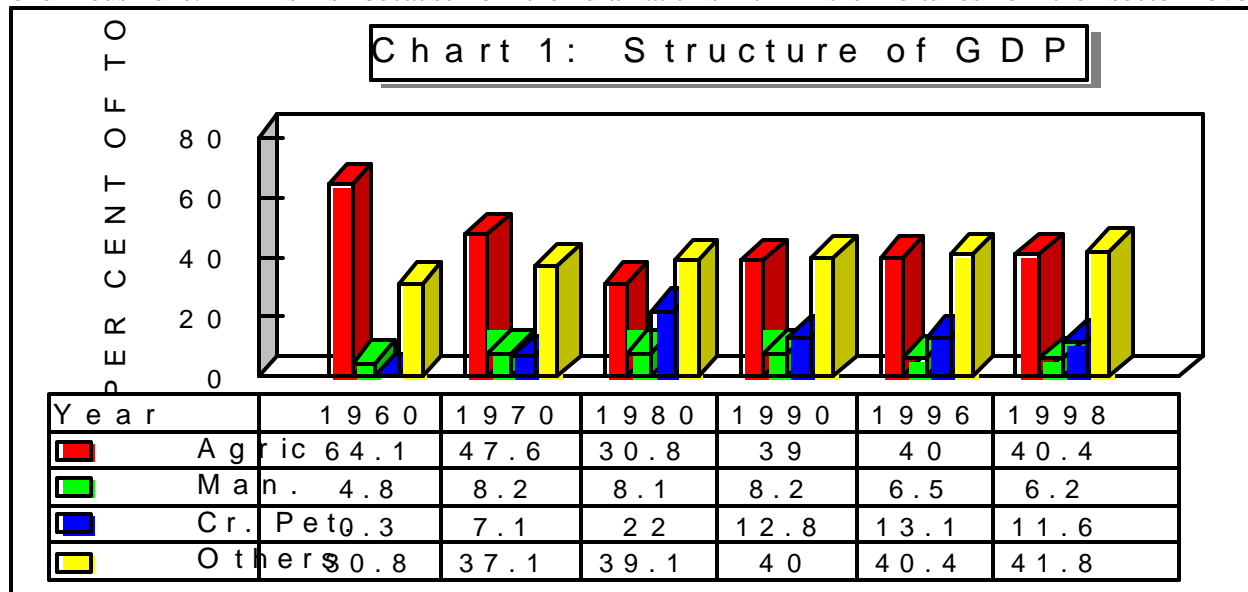


RESUSCITATING AGRICULTURAL PRODUCTION FOR EXPORTS. E. D. Balogun

1. Introduction

The challenge of resuscitating agricultural production for exports in Nigeria is an enormous one. This is because of the dramatic shift in the fortunes of the sector over



the years: from the dominant sector of the economy (contributed 64.1 per cent to GDP) and supplier of food, income, foreign exchange and employment in the 1960s to a net importer of food contributing less than 5 per cent to total foreign exchange earnings in 2000.

Many policy analysts attribute this to the sector's neglect following the discovery of petroleum resources beginning from the early 1970s and the accompanying foreign exchange fortunes. Farming was not only abandoned, the structure of domestic demand for food and agricultural products was altered in favour of imports of grains, beverages and vegetable oils and fibres which Nigeria was once reputed as a leading world producer.

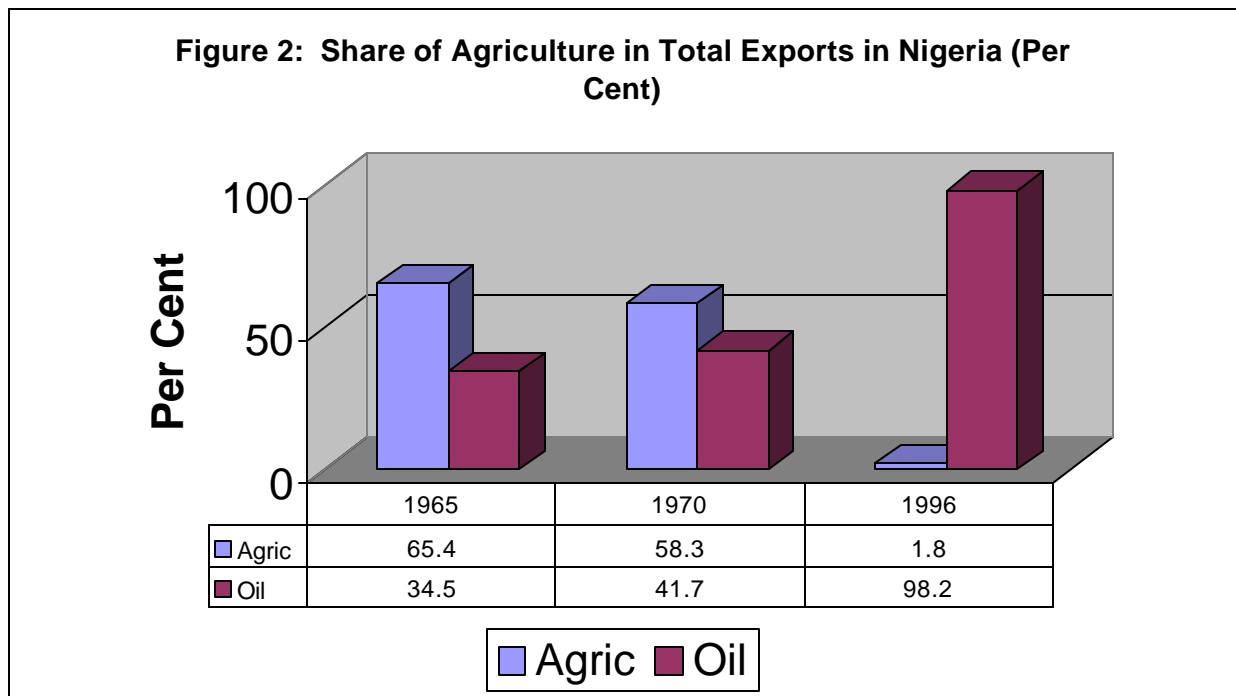
The task of resuscitating agricultural production for exports is therefore very daunting. This would require stepping up production to meet and bridge the import gap, provide for strategic food reserves and generate surplus for exports to earn income and sustain farming enterprise in general. It goes beyond resuscitation of traditional exports to conscious effort at developing and promoting new commodities for exports.

This brief presentation therefore:

- Reviews the trends in Nigeria's agricultural exports since 1960s to date
- X-ray the major underlying factors behind the trends
- Identifies the potential sources of growth
- Articulates an agenda for an export-led agricultural growth.

2. Trend in Agricultural Exports

In the 1960s agriculture accounted for about 65-70 per cent of total exports and declined to about 40 per cent in 1970 prior to the oil boom. By 1996 agricultural export accounted for less than 2 per cent of exports. Agricultural exports not only shrank from the traditional baskets of about 12 to 15 commodities in the 1960s, when Nigeria was known to be among leading producers of cocoa, palm produce, rubber, cotton and



groundnut, it actually became a net importer of these commodities. For instance, it is a well known fact that Malaysia got the oil palm seed from Nigeria but has become a leading producer, while Nigeria's output not only stagnated but now import large quantity of vegetable oils.

Also, the market for Nigeria's agricultural export did not change appreciably as roughly all of it still go to the European Community, and almost in its primary form without any appreciable value added.

3. Factors Behind the Poor Agricultural Export Performance

The poor performance of agricultural production for export has been blamed on three main factors viz.: decline in world commodity price (shocks) that have been persistent, poor management of public resources and inappropriate incentives and more fundamentally structural factors especially technological constraints.

3.1 Unfavourable Terms of Trade

Persistent decline in commodity prices resulted in unfavourable terms of trade for traditional exports such as cocoa, rubber and palm oil beginning from the mid-1980s to date. This was at a time when the country had recourse to import competing grains to augment domestic supplies, a situation that was strained further by the oil shock of the 1980s.

3.2 Lack of Appropriate Public Sector Programme and Incentives For Agricultural Export Promotion

Lack of appropriate export development programme and incentives are two major factors behind the poor performance. Firstly, in spite of the fact that agricultural exports was the backbone of the Nigeria economy prior to the advent of oil fortunes, there was no concrete plan for its development within our economic development framework. Instead, the focus was on industrialization through the adoption of import-substitution strategy. Worse still was that even when such industries were agro-allied, they depended upon imported grains and commodities for their source of raw materials and inputs. Indeed, efforts at developing agriculture did not target commodities in which Nigeria had comparative advantage, but promoted use of modern inputs indiscriminately. Rather than embarking on replanting and resuscitating abandoned plantations that produce mainly for exports, the concern over satisfying domestic food demand led to undue emphasis on public sector interventions in favour of non-exportable.

Related to this is the pursuit of inappropriate structure of incentives for agricultural production for exports in general. Large state monopolies controlled prices and most of the time pay farmers below world market prices, which represented implicit taxation of farm incomes. Others were credit and foreign exchange allocations that did not reach the intended farming sector beneficiaries. The net result was that farming and production for export was unprofitable because of the implicit bias against it inherent in the industrial incentives structure.

3.3 Structural or Supply-Side Problems

The major constraints to resuscitating agricultural exports are the enormity of the supply-side problems. Among them are:

- Undue dominance of primitive farming system whose productivity is low and characterized by use of traditional tools such as hoes and cutlasses; very small size of holdings and seldom use of modern inputs such as agro-chemicals and improved seeds. Unfortunately this sector accounts for more than 90 per cent of agricultural output
- Lack of appropriate intermediate technology. Efforts at modernizing the farming system had stressed the use of modern technologies such as fertilizers, tractors, modern road transports often outside the reach of the dominant traditional farming sector. Yet affordable intermediate technologies are scarce. There seem to be a “missing middle” which impedes progress towards revamping agriculture in general.
- Deficient rural infrastructure. The setback to predominantly subsistence farming was the deficiency of rural infrastructure. Better market incentives are often blunted if the physical barriers and economic costs of transporting goods to and fro rural markets are high. Also poor storage facilities and lack of power impedes the efficiency of post-harvest handling.
- Land tenure problems which leads to fragmentation

- Environmental degradation, which manifest in deforestation, bush burning, overgrazing and the removal or weakening of vegetative cover that expose the soil to rain and wind erosion.
- Weak capacities to respond to good enabling environment. This is reflected in lack of adequate capital and human capacities to manage land rights, procure inputs, access credit and market products efficiently given the limitation imposed by the scale and method of farming.

4.0 Major Sources of Agricultural Export Growth

There is great potential in Nigeria to resuscitate and expand production of traditional agricultural exports as well as new ones given the current level of resource endowments and the new market potential offered by regional integration.

Available data show that of the total land area of 91,077 thousand hectares, about 35 per cent or less is currently crop land, about 23 per cent is pasture land while about 15 per cent is forest. The land mass can also be classified into three main vegetations: swamps/rain forest, savanna and semi-arid savanna. This suggests that about 73-75 per cent of Nigeria's land mass is amenable to farming and can support a wide range of tree and staple food crops, livestock and forestry production. Also blessed with a long marine coastline and numerous rivers and lakes, it can boast of fishing and aquaculture.

The potential therefore exists to resuscitate traditional export crops such as cocoa, rubber, palm produce, coffee through replanting of aged plantation and in some cases cleaning up abandoned ones. There is also potential to corner exports of staple crops such as cassava and yam that Nigeria is renowned as a major producer while the savanna zones support a wide range of traditional grains such as sorghum, maize, beans and oil seeds. Indeed, our land resources are one that can guaranty that the nation is self-sufficient in the production of a wide variety of food crops and livestock. The greatest supply side challenge would therefore to strive to raise productivity through technological change (use of intensive chemicals, fertilizers, integration of livestock into farming systems, better irrigation methods, hand-tools and storage methods and improved animal and crop husbandry

The large domestic market provided by agro-allied industries especially the food and beverage industries offer opportunity to add value to traditional non-export grains such as sorghum and cassava mainly to target ECOWAS market. This would represent a major dividend of the current regional integration effort. Opportunities also exist to substitute traditional grains for imported ones by industries such as sorghum and maize for malted barley in the brewery industry, cassava and other grains in the flour and feed industry instead of wheat and a host of others. These are immense opportunities for resuscitating and inducing agro-allied exports. There is also great potential for piggery and other livestock production targeted mainly at export markets.

One area of comparative advantage that has been relatively unexploited is cultivation of fresh fruits, vegetables and horticulture for export. Almost all flora and fauna can grow in Nigeria with very little effort. The major challenge lies with post harvest handling and market opportunities.

5. Towards an Agenda for Resuscitating Agricultural Exports

Getting incentives right for farming in general and in particular for export crops production holds the key to resuscitation of exports. The focus should not be mainly on reviving the dwindled fortunes of traditional export commodities, but also to target new commodities, add value to traditional ones and new markets through appropriate pricing and marketing incentives and through the provision of an enabling environment that can spur agricultural development. Among the principal policy measures required are the need to:

- Mobilize the private sector through appropriate pricing and market incentives for all classes of farmers, fostering rural savings and credit schemes and through improving rural infrastructure so as to stem the rising rural-urban drift and market transaction costs. Market incentives could include price support schemes at the onset as a veritable instrument of spurring production beyond domestic markets.
- Harnessing technology through the search for higher-yielding varieties, expanding fertilizer use, controlling pest and diseases, irrigation water availability and control, agricultural equipment, livestock, measures to promote fisheries, better agricultural research, improving agricultural extension and the supply of inputs and reorienting agricultural education. In particular, effort should be made to bridge the missing middle in technology as well as shift away from undue emphasis on mechanical technologies to biological and chemical ones that are scale neutral and have extensive application scope.
- Protect the rural environment through reforestation schemes, avoiding cultural practices that results in land degradation but stresses soil and water conservation
- Providing rural infrastructure: roads, water, electricity and cheap source of mechanical energy. These are important for curtailing production and transactions costs as well as fostering appropriate link with urban markets for sales of produce and purchase of necessary inputs.
- Developing farmers' associations and recognizing the role of women. These would empower the people to collectively take advantage of capital and other intensive resources required for production.
- Redefining land rights to grant access to new investors, women and make the current traditional system amenable to modernization.

In conclusion, the key to resuscitation of agricultural exports is to make the farm sector more productive through better policies and stronger institutions, and most of all, developing and empowering the people.

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