

THE IMPACT OF RICE PRODUCTION, CONSUMPTION AND IMPORTATION IN NIGERIA: THE POLITICAL ECONOMY PERSPECTIVES

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ABSTRACT

Nigeria's population is estimated at 174, 507,539 with the annual growth rate of 2.54%. The country is endowed with enormous mineral and natural resources with vast land adjudged to be the most fertile and suitable for agriculture. Rice demand and consumption is high among its people irrespective of their region or culture. This paper attempts to investigate the level of the country's production, consumption and importation of rice, with a view to establishing its impact on its economy and development. The methods adopted for obtaining data for the study were purely empirical and secondary. It was found amongst others that, while the level of production of rice is low, the consumption is high and its importation is highly inelastic. It was recommended that, deliberate attempts must be made by government in terms of policy to improve its agricultural base particularly in rice production not only as a substitute for its importation and domestic use, but export as well. This will go a long way in increasing foreign earnings, which can be replicated, and serve to complement the country's economic growth and development.

Keywords: Rice production, Rice consumption, Rice exports, Rice importation, Nigeria, Political economy.

Contribution/ Originality

- i. This study contributes to the existing literatures on rice production and consumption in Nigeria on its development.
- ii. It also contributes in unveiling the lopsidedness in Nigeria's level of rice production with its domestic consumption and the high level of her dependency on rice importation as against export.

1. INTRODUCTION

The rice sector in Nigeria is one of the most important remarkable agricultural developments over the decades. It is the most consumed staple food by Nigeria's over 174 million people across

states and geo-political zones. There is lopsidedness in the level of production of rice in Nigeria as compared to its consumption pattern. The implication is that, to meet up with the high demand for its consumption, the rice has to be imported and these have been on the high side and it is inelastic. In the light of this, [Frederic et al. \(2003\)](#) observed that, with rice now being the structural component of the Nigerian diet, and rice imports making up an important share of Nigeria's agricultural imports, there is considerable political interest in increasing the consumption of local rice. This has made rice a highly political commodity.

[Akpokodje et al. \(2001\)](#) maintained that, a comprehensive and up to date picture of rice sector in Nigeria in general and rice production, processing and consumption in particular is lacking. It can be seemingly noticed that, despite its agricultural potentials, Nigeria is yet to harness its vast land resources suitable for agriculture, to not only improve its export on rice, but even to cater for its domestic consumption which will invariably serve for sufficient food security. This is evident from the fact that, rice consumption in Nigeria increases over decades and in alarming rates. Although, the total rice production is increasing recently due to high demands; the recorded increase however, have not been sufficient to meet the increasing demand from the rapidly growing population; estimated at over 174 million people.

[Osagie \(2014\)](#) observed that Nigeria currently spends about a billion Naira daily importing rice, a development which the Minister of agriculture and rural development (Mr. Adesina), says is helping to put farmers to work in countries like USA, India, and Thailand; (countries where Nigeria mostly imports rice); while putting farmers out of work in Nigeria.

The Nigerian government recently came up with a policy decision to ban rice importation completely by 2015. The question is how prepared is the Nigerian government towards ensuring that, this policy intentions are actualized? Considering the fact that, the United States Department of Agriculture reveals that, Nigeria's rice imports in 2012 to 2013 alone were estimated to reach about 3 million tones. This is mainly because, the projected increase in rice production in 2012 to 2013 falls short of consumption requirements.

This paper investigates the level of Nigeria's rice production, consumption, exports and importation with a view to finding its political and economic impacts as it affects development. Secondary sources of data were obtained from literatures and previous researches on rice and also, empirical data were sourced from [Index Mundi \(2014\)](#) of the United States Department of Agriculture for analysis.

2. CONCEPTUAL AND EMPIRICAL REVIEW

The policies that were introduced in the past on rice importation in Nigeria by the government in 1995 as engineered by the World Bank and IMF brought a great down fall on rice production in Nigeria, when the ban on rice importation was lifted. "Between the periods of 1986-1995, there was ban on the importation of rice in the country which made it illegal for one to import rice into the country" [Emodi and Madukwe \(2008\)](#). This brought about so much

dependence on rice importation into the country rather than concentrating on domestic production which will yield more result for the economy of the country in relation to its foreign income and food security.

Emodi and Dimelu (2011) observed that, “there will be an encouragement of the local producers of rice when a ban is put in place on the importation of rice in Nigeria. In as much as there are other challenges on the production of rice in Nigeria, looking up for adequate solutions for this purpose requires majors steps to be taken by the government to ban the importation of rice and rather create an avenue for the foreign investors to come and invest in Nigeria where rice can be produced locally”. Among other things, destoner mills should be established as well as provision of technology which will do the drying and milling of the local rice.

Kebbeh *et al.* (2003) relates a decline in rice production in Nigeria, to the introduction of the Structural Adjustment Programme (SAP), that bedeviled the Sub-Saharan African countries where subsidies were eliminated. The subsidies were known as key support to the farmers. With the aid of the subsidies, the farmers were enabled to acquire the needed support through provision of fertilizers at low costs as well as other inputs for the purpose of domestic rice production. In the area of irrigated rice production which is majorly practiced in the northern part of the country, it became very difficult to purchase the needed inputs since this type of farming requires much money to start the farming system known as irrigation. The problem of irrigated rice production is largely faced by the poor farmers who are in the production sector. This is because access to credit facilities becomes difficult and therefore, there arises a need for the government through a functional system that is decentralized as a mechanism for the purpose of obtaining credit facilities *Kebbeh et al.* (2003). The work identified the problems that limit the production of rice locally but there is limited knowledge on rice consumption and empirical data on rice importation, thereby leaving gaps to be filled in this research paper. Emodi and Madukwe (2008) focused on the needed initiatives in rice innovation system, rice production, and the identified gaps that exist in rice policies. However, their studies failed to identify the impact of such policies and innovation on rice consumption and rice importation as it relates to Nigeria’s political and economic development. The gap this paper covered. Emodi and Dimelu (2011) also, in their paper focuses on the strategies that will enhance rice innovation system but made limited contribution regarding the rice consumption and rice importation which this will focus on. Akaeze (2010) maintained that, Nigeria is the highest consumer of rice within the West African sub-region. He further argued that, the quality of production of rice which is mostly imported in Nigeria is far better than the locally produced rice. That its consumption to some individuals is a habit; while to others is quality preference over the locally produced rice. The Nigerian population is by far greater than the rest of the West African countries; most homes depend on rice consumption and having it as an everyday meal. Rahji and Adewumi (2008) found that, Nigerian economy depends on the Agricultural sector where food and raw materials were produced for both the industrial sector and for consumption purposes in the early 1960’s. Regrettably, in the 1970’s, there was a

decline; due to the discovery of oil which led to the reduction of farming activities. These became an issue that affects the demand for food; as the gaps between supply-demand widened, the demand for rice increased and the local supply became inadequate; which resulted to a great demand for foreign rice. However, when the local rice output was estimated to three million tons, five million tons was the estimated amount demanded. The issue of local rice production in Nigeria is now an important goal in order for the government to resolve the demand for rice through self-sufficiency. Since the consumption level is very high, there is need for political-economic impact to be made as taking responsibility on the side of the government as a strategy (Rahji and Adewumi, 2008; Africa Research Bulletin, 2010). According to Akpokodje *et al.* (2001) there are many consumers of rice in Nigeria. Demands are made from many quarters ranging from universities, the military, colleges, polytechnics, hospitals, hostels, and individuals as well as from families. In 1976, the government established an agency with the responsibility of importing rice and other foods, distributing and selling them at equal price to consumers, wholesale and retailers, known as the Nigerian National Supply Company (NNSC). In 1986, there was a ban on rice importation by the government of Nigeria. This does not significantly improve the local production. The ban was later lifted. It is in this line that, Rahji and Adewumi (2008) assert that, in 1995 the ban on rice importation was lifted even though during the period of the ban, there was still imported rice in the country due to Nigeria's porous borders.

Table-1. Nigeria Milled Rice Production by Year from 1999-2013

Market Year	Production	Unit of Measure	Growth Rate
1999	1966	(1000 MT)	0.05 %
2000	1979	(1000 MT)	0.66 %
2001	1651	(1000 MT)	-16.57 %
2002	1757	(1000 MT)	6.42 %
2003	1870	(1000 MT)	6.43 %
2004	2000	(1000 MT)	6.95 %
2005	2140	(1000 MT)	7.00 %
2006	2546	(1000 MT)	18.97 %
2007	2008	(1000 MT)	-21.13 %
2008	2632	(1000 MT)	31.08 %
2009	2234	(1000 MT)	-15.12 %
2010	2818	(1000 MT)	26.14 %
2011	2877	(1000 MT)	2.09 %
2012	2370	(1000 MT)	-17.62 %
2013	2772	(1000 MT)	16.96 %

Source: Index Mundi (2014), adapted from the United States Department of Agriculture <http://www.indexmundi.com/agriculture/?country=ng&commodity=milledrice&graph=production>.

The above table 1 shows the level of Nigeria’s milled rice production from 1999 during the returns of democracy all through to 2013. In 1999 the country produced only 0.05% for its market capacity and by 2013 only 16.96% was recorded. This did not add significantly to meeting the high demands and consumption of rice in the country.

Table- 2. Nigeria Milled Rice Imports by Year from 1999-2013

Market Year	Imports	Unit of Measure	Growth Rate
1999	950	(1000 MT)	5.56 %
2000	1250	(1000 MT)	31.58 %
2001	1906	(1000 MT)	52.48 %
2002	1897	(1000 MT)	-0.47 %
2003	1448	(1000 MT)	-23.67 %
2004	1369	(1000 MT)	-5.46 %
2005	1650	(1000 MT)	20.53 %
2006	1500	(1000 MT)	-9.09 %
2007	1800	(1000 MT)	20.00 %
2008	1750	(1000 MT)	-2.78 %
2009	1750	(1000 MT)	0.00 %
2010	2400	(1000 MT)	37.14 %
2011	3200	(1000 MT)	33.33 %
2012	2800	(1000 MT)	-12.50 %
2013	3000	(1000 MT)	7.14 %

Source: Index Mundi (2014), adapted from the United States Department of Agriculture [http://www.indexmundi.com/agriculture/?country=ng&commodity=milledrice& graph=imports](http://www.indexmundi.com/agriculture/?country=ng&commodity=milledrice&graph=imports).

The above table 2 shows the level of importation of milled rice in Nigeria during the period under review. As shown in the table in 1999, only 950 thousand metric tonnes were imported which was recorded at 5.56%, but this continues to increase year by year and in 2013 about 3 million metric tonnes were recorded at 7.14% which is quite alarming and highly inelastic

Table-3. Nigeria Milled Rice Exports by Year from 1999-2013

Market Year	Exports	Unit of Measure	Growth Rate
1999	0	(1000 MT)	NA
2000	0	(1000 MT)	NA
2001	0	(1000 MT)	NA
2002	0	(1000 MT)	NA
2003	0	(1000 MT)	NA
2004	0	(1000 MT)	NA
2005	0	(1000 MT)	NA
2006	0	(1000 MT)	NA
2007	0	(1000 MT)	NA
2008	0	(1000 MT)	NA
2009	0	(1000 MT)	NA
2010	0	(1000 MT)	NA
2011	0	(1000 MT)	NA
2012	0	(1000 MT)	NA
2013	0	(1000 MT)	NA

Source: Index Mundi (2014), adapted from the United States Department of Agriculture <http://www.indexmundi.com/agriculture/?country=ng&commodity=milledrice&graph=exports>

Table-4. Nigeria Milled Rice Domestic Consumption by Year from 1999-2013

Market Year	Domestic Consumption	Unit of Measure	Growth Rate
1999	2866	(1000 MT)	1.81 %
2000	3029	(1000 MT)	5.69 %
2001	3051	(1000 MT)	0.73 %
2002	3307	(1000 MT)	8.39 %
2003	3670	(1000 MT)	10.98 %
2004	3750	(1000 MT)	2.18 %
2005	3800	(1000 MT)	1.33 %
2006	4040	(1000 MT)	6.32 %
2007	4100	(1000 MT)	1.49 %
2008	4220	(1000 MT)	2.93 %
2009	4350	(1000 MT)	3.08 %
2010	4800	(1000 MT)	10.34 %
2011	5600	(1000 MT)	16.67 %
2012	5300	(1000 MT)	-5.36 %
2013	6000	(1000 MT)	13.21 %

Source: Index Mundi (2014), adapted from the United States Department of Agriculture <http://www.indexmundi.com/agriculture/?country=ng&commodity=milledrice&graph=domestic-consumption>

The above table 3 shows the disturbing revelation of Nigeria's inability to export a single unit of milled rice since its return to democracy in 1999. Yet, the country's importation of the product is always on the high side as shown in table two above.

The above table 4 shows the increasing level of demands and consumption of milled rice in Nigeria. In 1999, about 2.8 million metric tonnes representing 1.81% were consumed domestically, but this skyrocketed to 6 million metric tonnes representing 13.21% in 2013. But the disturbing revelation from here is that, as the consumption pattern of milled rice is becoming higher and higher, the production is either stagnant or insignificantly improved to cater for the teeming population. Yet, the importation is at the increase to meet the high demand of the product.

3. THE POLICY AND POLITICAL ECONOMY OF RICE PRODUCTION, CONSUMPTION AND IMPORTATION IN NIGERIA

Rice remains politically and economically central to Nigeria's life. It also, remains the main diet of typical Nigerians as well as the main livelihood of majority of local farmers in the country. It therefore becomes an important agricultural commodity that needs to draw the attention of government and policy makers to its impacts on both domestic and international market for the wellbeing and development of the nation.

The rice production in Nigeria in spite of its improvement over time is nothing to write home about in meeting the domestic needs, not to talk of export. Since the introduction of Structural Adjustment Programme (SAP) in 1986, when subsidies on agriculture and other important sectors of the economy were removed and government policy deemphasized on improving and supporting farmers; the agricultural sector in Nigeria continued deteriorating. In fact, the country's policy on rice over the years had been inconsistent and has oscillated between import tariff and imports restrictions. For example [Emodi and Madukwe \(2008\)](#) capture this scenario when they said "during the SAP in 1986, ban on rice imports were put in place. It was illegal to import rice into the country but for the porous nature of Nigerian borders made it ineffective. While between 1995 all through to 2013, these official restrictions on rice importation were lifted, with more liberal policy put in place. However, in 2013 the Nigerian government announced that, they will place ban on the importation of rice with effect from 2015. The minister of agriculture and rural development said "we want to discourage those who import rice as traders. We want those who are going to go in and have commercial farmers, produce rice, buy domestic paddy rice and mill it for us" the government is looking at the tariff policy to discourage importers of rice, while encouraging those going into local production, processing and milling of rice ([Udo, 2014](#)).

Whatever the policy decision government may come out with, it is imperative to note that, rice remains an important inevitable diet for domestic consumption in Nigeria and more importantly, one of the food commodities consumed globally. Therefore, rice may affect the political and economic development of Nigeria in a number of ways.

Firstly on food security, if the country produces significantly to cater for its domestic consumption and perhaps even exports, the food crisis particularly bedeviling the Nigerian state would be solved.

Secondly on employment generation, mass rice production cannot only provide food security of the nation but will equally bring about employment generation. The high level of importation of milled rice products in Nigeria gets many farmers out of work and creates significant number of jobs to the exporting countries; the likes of USA, Thailand and India for example at the expense of Nigerian farmers.

Foreign exchange earnings; if Nigeria harnesses fully its agricultural potentials and produce rice significantly, not only for domestic consumption but for exports as well, the country will earn a lot from the exports of such commodity and develop its economy. This will also complement other earnings accrued from the country's petroleum products; that only remains as the major income earnings.

General development; mass rice production will not only serve as food security to Nigeria, create employment or add to its foreign earnings, but it will as well bring about the general development of the nation. This is in the sense that, the monies realized will be injected into the economy for desired transformations and development touching other important sectors of the economy.

4. CONCLUSION

In conclusion, this paper establishes the importance of rice to the lives of average Nigerians and its political-economic structures. This cannot be over-emphasized; as it remains one of the most celebrated diets of its people, yet experiencing decline in its production to cater for even domestic consumption, relying heavily on imports and completely with no earnings from exports. This is in spite of the country's potential in terms of agriculture that if fully harnessed, will not only provide for local needs but competitive international markets. The paper concludes that, deliberate attempts must be made by government in terms of policy to improve its agricultural base and subsidies should be provided particularly in rice production not only as a substitute for its importation and domestic use, but export as well. This will go a long way in increasing foreign earnings, which can be replicated, and to complement the country's economic growth and development.

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