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The Institute of Food Security at the The University of Agriculture Makurdi and the Nigeria Strategy Support Program of the International Food Policy Research Institute Present:

Research Seminar

The Rice Economy in Nigeria

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International Food Policy Research Institute

Monday, April 15, 11:00am-1:00pm

University of Agriculture Makurdi

Lecture Theatre of Agric Economics and Extension Services

Abstract:

As part of the Agricultural Transformation Agenda, the government of Nigeria has embarked on an ambitious plan to make the country self-sufficient in rice production by 2015. The plan is in response to the perceived threat that increasing volumes of milled rice imports into Nigeria are displacing local production potential. To reverse the growing trend in rice imports, the Nigerian government has introduced a number of key policies and investment strategies. At the macro level, rice import tariffs are being increased until there is a complete embargo by 2015 when the goal of rice self-sufficiency is supposed to be met. The tariffs are intended to protect the domestic rice sector while it undergoes improvements in paddy production, processing, and marketing with support of public sector reforms and fiscal investments. The reforms include the deregulation of seed and fertilizer markets and the setup of private sector marketing corporations to help coordinate the market and set grades and standards. Innovative financing mechanisms for supplying credit are also being pursued while significant fiscal investments are being poured into establishing staple crop processing zones (SCPZs) that are intended to encourage the clustering of food processing industries in proximity to raw materials and end markets.

The principal objective of this paper is to review and assess two of the key strategies adopted by the government with regard to their potential to succeed and their long run welfare implications for contributing to the goal of self-sufficiency. The first is the introduction of import tariffs in order to make domestic rice more competitive on price alone. The second concerns expanding paddy production and processing of premium quality rice in order to adequately replace imports over the long run. In the process, a number of key policy questions arise and for which we will address, such as: Is there potential for domestic rice production to grow and achieve self-sufficiency in the short to medium term? Is there potential to improve quality and competitiveness of domestic rice product in domestic markets? Are there differential abilities and efficiencies among existing mill types (small to large) for improving quality and meeting demand? Are there lessons that can be drawn from elsewhere in West Africa and Asia? Are the policies being considered by the current ATA sufficient? Will they ultimately lead to displacing imports? What are the alternatives given this knowledge?