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**COMPARATIVE ANALYSIS OF THE TREND IN PRODUCTION, EXPORT
AND CREDIT FACILITY OF NATURAL RUBBER AND COCOA IN NIGERIA**

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ABSTRACT

The study analyzed the trend in production, export and credit facility for cocoa and natural rubber in Nigeria. Secondary data of 24 years old were obtained. The data were however analyzed using descriptive statistics to explain the trend in production, export and credit facility. Data showed increasingly and decreasingly fluctuating pattern for Cocoa and natural rubber, respectively. This may be attributed to Government Policies such as the Structural Adjustment Programme and the Presidential Initiatives on cocoa and natural rubber; low market price and low output. Effort to boost Nigeria's cocoa and rubber production with consequent increase in export will need to incorporate sustainability in policy implementation, control indiscriminate felling of productive rubber trees and rehabilitating old plantations.

Keyword: Comparative, Trend, Production, Export, Credit.

INTRODUCTION

Prior to the 1970s, Nigeria produced enough cash and food crops to sustain her populace and even exported surpluses to earn Foreign exchange before the discovery of Crude Oil. The nation used to produce about 15% of world cocoa and was second largest producer of the Crop in the world in the 60s (Utamakili and Abolagba, 1996). Today, the country is far behind the new world major producers; between 1963 and 1970, the country exported over 1 million tonnes of groundnut yearly, later the export fell gradually to 82,000 tonnes in 1995/96 and thereafter no exports were made. Instead, the nation is now importing groundnut oil. The story is similar for cotton and rubber (Utamakili and Abolagba, 1996).

Prior to liberalization, the overall objectives of trade policy in Nigeria included a Marketing Board Policy (1960 – 1977) through which all exportable agricultural products were purchased by the Government at prices far lower than world prices, and incentives were given to farmers to increase their acreage and adopt some imported technologies (Okuneye, 1995). The Structural Adjustment Programme

(SAP) period 1986 – 1993, especially trade liberalization, enhanced export prices partly due to the devaluation of the Nigerian Currency. This led to higher levels of output of many crops primarily destined for the export market, (Osuntogun *et al*, 1993).

In Nigeria, agricultural exports have played a prominent role in economic development by providing the needed foreign exchange for other capital development projects. From the initial trade in palm oil, Nigeria's agricultural exports have enlarged to include cocoa beans, palm produce (oil and kernel). Available statistics indicate that agricultural export commodities contributed well over 75% total annual merchandise exports (Ekpo and Egwaikhide, 1994).

However, the introduction of Petroleum in the mid 1960s into the nation's export scene changed the composition and structure of the export trade. At present Nigeria has lost her role as one of the world's leading exporters of agricultural commodities. In addition, the country is currently suffering from a declining as well as a fluctuating income from its heavy dependence on oil exports. With the present situation in the oil market, it has become necessary for the country to reconsider its agricultural commodity export position. The previous policy on Structural Adjustment Programme and the recent intervention of the Federal Government with regards to the Presidential Initiative on Cocoa and Natural Rubber provides opportunity for this article to assess the impact of these policies on the Production, export and possible Credit facility on these important cash Crops. Apart from the foregoing the study was mainly designed to have a comparative analysis of the trend in Production, Export and Credit Facility of natural rubber and cocoa in Nigeria between 1981 and 2004.

METHODOLOGY

The study looked at the trend in Production, Export and Credit Facility for natural rubber and Cocoa as agricultural export commodities from 1981 to 2004. The data for this study was obtained from a Secondary source. This is the Central Bank of Nigeria (CBN) Statistical Bulletin and Statistical Bulletin from the Food and Agricultural Organization (FAO). The descriptive analysis was used to capture and explain the trend in Nigeria rubber and Cocoa Production Output, Export and credit facility.

RESULT AND DISCUSSION

On production, the total volume of natural rubber output in 1981 was 60,000 tonnes in Table I. However, there was an increase of 290 percent in the volume of production for 1985. This increase can be attributed to the introduction of the SAP policy into the Nigerian economy. After 1985, the downward fluctuation continued to 1989, after which a steady and fair increase ensued. The reason for the downward fluctuation is that rubber farmers intensively tapped (Slaughter-tapped) during the beginning of the SAP period in order to obtain the highest return consequently to improved prices and hence replanting took place to replace the harvested old trees.

The pre-SAP period as a whole (1981-1985) had an annual average of 88,400 tonnes while the post SAP period (1986-2004) had an average of 239,368 tonnes. The increase in output observed during the post SAP period can be attributed to the macro-economic policy reforms, which aimed at boosting production especially in the agricultural sector.

Production for cocoa in 1981 according to Table I was 174,000 tonnes. There was a decreasingly fluctuating pattern from 1982 to 1987. There was an increase in 1988 with a value of 253,000 tonnes. The increase was sustained until 1995 when there was a slump; beyond 1995 there was a steady increase from 1996 to 1998, after which there was a drop to 166,000 tonnes in 1999. However there has been a steady increase since the year 2000. The pre-SAP period as a whole (1981-1985) had an annual average of 153,400 tonnes while the post SAP (1986-2004) had an average of 234,947 tonnes. In contrast to rubber, there was a higher annual average of output for cocoa in the pre-SAP period. Possible reasons could be that while rubber farmers abandoned their plantations for white collar jobs, low yield from old plantation and also the discouragement having to wait for 7 years for rubber to come into maturity; cocoa has a short gestation period of 5 years. Despite negative effects of government policy, cocoa remains the highest foreign exchange earner of all agricultural export crops (which the Structural Adjustment Programme (SAP) sought to promote as a development policy objective) in Nigeria. (Tijani *et al*, 2001).

For export, the total volume of rubber exported according to Table 2 had increasingly fluctuating pattern. About 23,600 tonnes was exported in 1981. The steady increase was maintained until there was a drop in export value in 1989. The low quantity exported in 1981 could be attributed to the low world price, low output / production and general recession in the world economy. The largest quantity of rubber export during the period was recorded in 1996. This could be attributed to the Structural Adjustment Programme (SAP) that was established by the Nigerian government in 1985. The Structural change accounted for the rise in quantity exported from 1985 to 1996. The increase in export quantity was not however maintained after 1996, as there was a steady decline in the quantity of rubber export since then.

For cocoa, the export value according to Table 2 was 164,000 tonnes in 1981, there was an increasingly fluctuating pattern leading to 212,000 tonnes in 1988. However, there was a decrease in 1989; since then a steady increase though fluctuating continued to 2004 with a value of 197,000 tonnes. The increase that was observed in 1988, may largely be attributed to the Structural Adjustment Programme. The steady increase in export since 2001 may be attributed to the Presidential Initiative on Cocoa. With regards to credit facility, according to Table 3, the credit facility at the disposal of rubber farmers as at 1981 was N63, 700.00. There was an increase of N1,000,000.00 in 1986; thereafter there was a decreasingly fluctuating pattern. However, there was an increase in 2003. For cocoa, it was N20, 300.00 as at 1981. According to table 3, there was a steady increase that led to N2, 676,500.00 in 1989. Thereafter it was fluctuating in a decreasingly fluctuating pattern up to 1996 with a value of N2, 425,000.00. The decrease continued from 1998 to the year 2000. However, a steady increase started from 2001 to 2004.

The increase in credit facility for cocoa may be attributed to the Presidential Initiative on Cocoa which makes provision of credit facility for farmers to expand their production, rehabilitate their old cocoa farms. However, credit facility for rubber production has not been very impressive, probably due to the long gestation period of about 7 years for natural rubber. It is however expected that the Presidential Initiative on natural rubber which kicked off on the 18th of October, 2005 will attract credit to the rubber industry.

CONCLUSION AND RECOMMENDATION

It could be concluded that the trend in production, export and credit facility of natural rubber and cocoa are characterized by yearly fluctuations and therefore vulnerable to adverse changes in factors like Government Policies (the Structural Adjustment Programme and the Presidential Initiatives on Cocoa and natural rubber), low output / production and the world market price. This gave rise to the fluctuating pattern between 1981 and 2004.

The result of the study showed that policy reforms under SAP and the initiative on cocoa by the Federal Government have been able to significantly boost the supply of rubber and cocoa export. In order to mitigate identified impacts, the following steps are necessary; conservation and rehabilitation programmes should be organized in areas where degradative processes are about to set in. The relevant authority should ensure the sustainability and full implementation of policies. Also, uncontrolled felling of trees as in the case of rubber should be checked and farmers encouraged, through appropriate pricing mechanisms, to replant the cleared and rehabilitate old plantation.

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Table 1: Rubber and Cocoa Production output ('000 tonnes).

Year	Natural Rubber Quantity	Cocoa Quantity
1981	60	174
1982	50	153
1983	48	140
1984	58	140
1985	226	160
1986	190	148
1987	180	100
1988	211	253
1989	132	256
1990	147	244
1991	215	268
1992	320	292
1993	225	306
1994	230	323
1995	255	203
1996	245	323
1997	250	325
1998	255	345
1999	265	166
2000	275	170
2001	279	171
2002	284	178
2003	290	190
2004	300	203

Source: CBN Statistical Bulletin, 2004.

Table 2: Natural Rubber and Cocoa Export Volume ('000 tonnes)

Year	Natural Rubber Quantity	Cocoa Quantity
1981	23.6	164
1982	26.8	137
1983	28.6	120
1984	28.8	131
1985	29.1	93
1986	33.8	145
1987	36.5	80
1988	55.3	212
1989	49.3	139
1990	61.5	148
1991	38.8	156
1992	66.2	108
1993	82.8	152
1994	76.0	142
1995	99.7	133
1996	113.0	170
1997	86.6	140
1998	74.0	128
1999	38.0	150
2000	36.0	139
2001	30.0	160
2002	24.0	170
2003	17.2	185
2004	20.5	197

Source: FAO Statistical Bulletin, 2005.

Table 3: Credit Facility for Natural Rubber and Cocoa (N'000).

Year	Natural Rubber Quantity	Cocoa Quantity
1981	63.7	20.3
1982	n. a	7.0
1983	n.a	92.6
1984	18.0	83.1
1985	775.0	38.2
1986	1,000.0	29.5
1987	64.0	1,206.6
1988	8.1	1,282.7
1989	30.0	2,676.5
1990	n.a	575.3
1991	3.7	578.5
1992	45.0	902.0
1993	5.5	578.0
1994	n.a	220.3
1995	n.a	708.0
1996	248.0	2,425.0
1997	n.a	1,510.0
1998	1.0	502.0
1999	n.a	770.3
2000	n.a	435.0
2001	80.0	1,579.0
2002	200.0	1,100.0
2003	940.0	1,971.0
2004	n.a	2,960.0

Source: CBN Statistical Bulletin, 2004.

n.a: Not available.