

DEVELOPMENTS IN THE AGRICULTURAL SECTOR DURING THE SECOND QUARTER OF 1990

Predominant Agricultural Activities

In contrast to a near-drought situation in the first quarter of 1990, available data showed that at 143.7mm, (see Table 9), average monthly rainfall during the second quarter was adequate to support intense farming activities throughout the country. In the southern states, farmers were mainly pre-occupied with the completion of planting of maize, melons and rice. This was also a period for the budding and grafting of citrus and mango stocks in nurseries. In addition, legumes such as beans vegetables were harvested. Husbandry activities undertaken included application of fertilizers, staking of yams and weeding. The predominant farming activities in the northern part of the country consisted of harvesting of wheat in some states and preparation of land for the cultivation of other crops such as groundnuts, millet, cowpeas and sorghum. It was estimated that 276,645 hectares of wheat farms were harvested in Borno, Kano, Kaduna, Katsina and Niger states.

There was a noticeable improvement in the supply of fertilizer. A total of 725,448 tonnes of fertilizer were distributed by the Fertilizer Procurement and Distribution Department during the quarter. This brought the total supply for the half year to 856,375 as against 379,972.0 tonnes supplied for the corresponding period of 1989, representing 125.4 per cent increase. Moreover, it is generally believed that in terms of timeliness and spread, farmers had better access to fertiliser supply in the second quarter of 1990 than in the corresponding period of 1989. However, there were complaints of shortage and/or inadequate supply of other farm inputs such as seeds, pesticides and herbicides. In addition, tractor hiring services were reported lacking in most states, while the available tools such as hoes and cutlass were very expensive. In spite of these constraints, hecterage expansion and good husbandry practices, in anticipation of higher producer prices, were observed for most grains and tubers, while farmers were less involved in rehabilitation and maintenance of tree crops such as cocoa and rubber as a result of depressed domestic market for them.

Overall, crops output was estimated to have risen by 4.2 per cent for the first half of the year, as against 3.8 per cent recorded in the corresponding period of 1989. This moderate output increase was attributed mainly to the improvements in weather, fewer occurrence of pest infestation and increased storage facilities for grains.

The performance of the livestock subsector improved marginally during the quarter. This was largely associated with improvements in feed supply. Forage became available to ruminants in the north following the advent of the rains, while the initial harvests of grains coupled with the rise in supply of bran and wheat offals, improved the feed supply situation for poultry and piggery farmers. Artisanal fishing was prominent during the quarter in inland rivers and lakes, while fish trawling in coastal waters was limited by the poor state of repairs and maintenance of vessels. Vessel operators complained of high cost of maintenance and operations, due in part, to the discriminatory fuel rate and other tariffs imposed on them. The afforestation schemes received a boost, with the intensification of campaigns to check the depletion of our forest resources and increased supply of seedlings.

Commodity Markets

The domestic markets for both food and cash crops exhibited mixed trends during the quarter. Available data showed that retail prices of most grains declined during the quarter when compared to the preceding and corresponding quarter of 1989. Rice, millet, sorghum maize and gari fell by 5.4, 12.3, 24.7, 3.6 and 20.9 per cent, respectively from their corresponding levels in 1989. The price declines, were attributed to good harvests and the resultant seasonal oversupply of these food items. However, the price of yam, brown beans and palm oil rose by 10.3, 10.4 and 11.1 per cent, respectively as new yams were not yet available in sufficient quantities and the demand for the other food stuffs was strong.

The producer and farm gate prices of most cash crops declined during the quarter. Groundnut, wheat, benniseed and soyabeans prices fell by 3.9, 14.9, and 15.2 per cent respectively from their levels in the corresponding quarter of 1989. The producer price of cocoa continued to decline, a situation generally associated with the impending ban on the export of cocoa beans.

The world commodity market was relatively unstable during the second quarter of 1990. At 103.2 (1975 = 100), the aggregate world agricultural commodities price index rose, in dollar terms, by 3.5 per cent and 4.2 per cent over its levels in the preceding and corresponding quarters of 1989. The prices of all the commodities monitored, except those for cocoa, coffee and soyabean, exhibited declines from their levels in the preceding quarter. These ranged from 2.3 per cent for groundnut to 11.8 per cent for palm kernel (See Table 1). The recovery in cocoa price was attributed mainly to shortfall in world supply as a result of political unrest in Cote d'Ivoire, the largest cocoa producing country. The extension of existing cocoa agreement for two years (starting September 1990) also contributed to the observed recovery in world cocoa price. On the other hand, the unabated deterioration of the world coffee market was traceable mainly to the collapse of the International Coffee Agreement since 1989 and the decision by Brazil (a major producer) to completely liberalise coffee trade, and action which accentuated the excess world supply situations and the depression of coffee price.

Except for a 10.1 per cent recovery in soyabean price, the depression which characterised the world market for vegetable oil and oilseeds continued during the quarter. The prices of copra, palm kernel and palm oil fell by 11.4, 11.8 and 3.6 per cent, respectively. The decline in vegetable oil prices was mainly attributed to persistent glut in the market. Papua New Guinea deliberately halted production in an attempt to check the slide in vegetable oil prices.

The world grains' market was relatively stable during the quarter. While maize price rose by 7.5 per cent over the level in the first quarter, the price of wheat declined by 5.0 per cent during the same period (See Table 3). The improvement observed for the price of maize was attributed partly to increased demand by some Eastern European countries and to the curtailment of output in the United States. The fall in the price of wheat, albeit at a slower rate, was explained by increased output in major producing countries owing to favourable weather. World sugar price fell marginally by 0.8 percentage point from the level in the preceding quarter. The shortfall in output which kept sugar price on the upward trend was largely mitigated by improved production in India.

Agricultural Credit

Total loans and advances outstanding to agriculture by the commercial banks during the quarter amounted to N3,805.8 million. This represented increases of 4.4 and 22.1 per cent over the levels in the preceding and corresponding quarters of 1989, respectively. The structure of the commercial bank credit to agriculture showed that allocation to foodcrops, cash crops, poultry, fishery and forestry consisted of 34.2, 14.3, 12.0, 8.8 and 3.7 per cent of total loans, respectively. The share of agriculture in total commercial banks' credit outstanding to the economy was 16.1 per cent. This represented a positive deviation from the prescribed minimum allocation of 15 per cent.

Merchant banks' total loans and advances to agriculture during the period under review stood at N919.6 million, representing 5.1 and 20.8 per cent increase over the levels in the preceding and the corresponding quarter of 1989, respectively. A break down of the loans by sub-sectors showed that 17.9, 12.6 and 16.2 per cent of all loans went to food crops, cash crops and fishery, respectively.

A total of N25.9 million was granted under the Agricultural Credit Guarantee Scheme (ACCS). This not only represented a substantial increase of 156.3 per cent over the amount granted in the preceding quarter but also a significant decline of 39.1 per cent below the amount granted in the corresponding period of 1989 (See Table 7). A sub-sectoral breakdown revealed that foodcrops attracted the largest amount of N20.1 million or 77.6 per cent. The fishery sub-sector took a share of N2.25 million or 8.7 per cent of all loans. The livestock sub-sector followed with N1.72 million or 6.6 per cent of total loans granted.

A state-by-state break-down revealed that Niger state received the highest amount of loans during the quarter with N4.4 million or 17.0 per cent granted (See Table 8). Anambra state followed with N3.37 million or 13.0 per cent of the total. Rivers state came third with N2.23 million or 8.6 per cent of all loans allocated to it. The balance of N15.9 million or 64.4 per cent of the total loans granted was shared among the remaining 17 states and Abuja.

Institutional Developments

Agricultural Development Projects (ADPs)

The activities of the ADPs showed some improvements in their financing as at the end of June, 1990. A total of N317.95 million was received as grants from the World Bank, federal and state governments and from "other" sources. This was about 28.7 per cent higher than the amount received during the corresponding period of 1989.

The major activities of the ADPs included the carrying out of extension services and distribution of inputs to farmers. Their investments in basic production infrastructures such as

land development, roads, dams boreholes, farm service centres and irrigation declined. Fertiliser supply to farmers during the first half of 1990 increased by about 1.0 per cent to 192,308 tonnes from 191,096 tonnes in the corresponding period of 1989. While there was an improvement in the supply of livestock vaccines, there was a decline in the sale and distribution of herbicides, sprayers and ploughs due to rising costs. A total of about 4.617 million farming families were reached with extension services. However, farm visits, staff training and demonstration in plots were reported to have declined due to financial constraints.

(b) River Basin Development Authorities (RBDAs)

The RBDAs received a total of N21.2 million during the first half of the year. This was about 27.3 per cent less than the amount received in the corresponding period of 1989. Some of their major activities as at end-June 1990 were the construction of irrigation facilities, the digging of boreholes and the development of agricultural land. The total land area irrigated was reduced by 16.1 per cent to 4,146 hectares from 4,813.5 hectares in the corresponding period of 1989. Similarly, agricultural land areas developed fell by 14.6 per cent to 11,645 hectares from 13,345 hectares during the second quarter of 1989. A total of 31 boreholes were sunk compared with 92 in the corresponding period of 1989, representing a 66.3 per cent reduction. Among the most prominent constraints the RBDAs faced were scarcity of spare parts, rising cost of repairs, and increasing inability to charge commensurate fees for water used for irrigation.

(c) Agricultural Research Institutes:

Funds disbursed to Research Institutes as at June 1990 fell by 46.0 per cent to N37.4 million from N69.3 million in the corresponding period of 1989. The reduced level of funding notwithstanding, some Institutions reported certain technological break-throughs during the quarter. Among such Institutions were the National Horticultural Research Institute which developed and blended a highly proteinous breakfast cereal from amaranthus and maize and the National Cereal Research Institutes which developed a modified method for soya milk extraction that is odour-free and non-coagulating. They also developed seven high-yielding and improved varieties of rice which are resistant to blast and iron toxicity. The Project Development Agency (PRODA) in Enugu reported a break through in the design and fabrication of soyabeans and rice processing plants.

AGRICULTURAL STUDIES OFFICE
REAL SECTOR DIVISION

TABLE 1

INDICES OF AVERAGE WORLD PRICES (C.I.F.) IN LONDON (DOLAR PER TONNE) OF NIGERIA'S MAJOR AGRICULTURAL COMMODITIES IN THE SECOND QUARTER OF 1990 (1975 = 100)

COMMODITIES	2ND QUARTER 1989 (1)	1ST QUARTER 1990 (2)	2ND QUARTER 1990 (3)	PERCENTAGE CHANGE BETWEEN	
				(1) & (3)	(2) & (3)
ALL COMMODITIES	99.0	99.7	103.2	4.2	3.5
COCOA	72.1	58.1	77.2	7.1	32.9
COFFEE	192.3	115.3	124.8	-35.1	8.2
COPRA	149.8	108.2	95.9	-36.0	-11.4
COTTON	116.8	150.5	144.1	23.4	-4.3
GROUNDNUT	—	—	—	—	—
GROUNDNUT OIL	83.3	102.3	100.0	20.1	-2.3
PALM OIL	90.0	61.9	59.7	-33.7	-3.6
PALM KERNEL	123.4	107.9	95.2	-22.9	-11.8
SOYABEAN	158.5	112.5	123.9	-21.8	10.1
GINGER	48.7	62.4	59.9	23.0	-4.0
RUBBER	120.9	114.7	—	—	—

SOURCE: PUBLIC LEDGER

TABLE 2

INDICES OF AVERAGE WORLD PRICES (C.I.F.) IN LONDON (NAIRA PER TONNE) OF NIGERIA'S MAJOR AGRICULTURAL COMMODITIES IN THE SECOND QUARTER OF 1990 (1975 = 100)

COMMODITIES	2ND QUARTER 1989 (1)	1ST QUARTER 1990 (2)	2ND QUARTER 1990 (3)	PERCENTAGE CHANGE BETWEEN	
				(1) & (3)	(2) & (3)
ALL COMMODITIES	1,194.0	1,279.5	1,331.0	11.5	4.0
COCOA	875.1	745.8	995.6	13.8	33.5
COFFEE	2,336.5	1,479.0	1,609.4	-31.1	8.8
COPRA	1,819.2	1,387.0	1,237.3	-32.0	-10.8
COTTON	1,418.6	1,930.5	1,858.9	31.0	-3.7
GROUNDNUT	—	—	—	—	—
GROUNDNUT OIL	1,010.5	1,315.5	1,287.4	27.4	-2.1
PALM OIL	1,093.8	794.1	771.6	-29.5	-2.8
PALM KERNEL	1,511.5	1,384.5	1,228.4	-18.7	-11.3
SOYABEAN	1,926.2	1,492.2	1,594.3	17.2	6.8
GINER	591.9	800.7	772.2	30.5	-3.6
RUBBER	1,468.3	1,465.0	—	—	—

SOURCE: PUBLIC LEDGER

TABLE 3

AVERAGE PRICES OF GRAINS, SUGAR AND GUM ARABIC IN \$/TONNE IN THE SECOND QUARTER OF 1990

COMMODITIES	2ND QUARTER 1989 (1)	1ST QUARTER 1990 (2)	2ND QUARTER 1990 (3)	PERCENTAGE CHANGE BETWEEN	
				(1) & (3)	(2) & (3)
RICE	305.1	—	—	—	—
MAIZE	138.1	126.8	136.3	-1.3	7.5
SUGAR	488.6	547.3	542.9	11.1	-0.8
WHEAT	305.2	188.0	178.7	-41.5	-5.0
GUM ARABIC	2,546.0	2,200.0	2,100.0	-17.5	-4.6

SOURCE: PUBLIC LEDGER

TABLE 4

**AVERAGE PRICES OF GRAINS, SUGAR AND GUM ARABIC IN N/TONNE
IN THE SECOND QUARTER OF 1990**

COMMODITIES	2ND QUARTER 1989 (1)	1ST QUARTER 1990 (2)	2ND QUARTER 1990 (3)	PERCENTAGE CHANGE BETWEEN	
				(1) & (3)	(2) & (3)
RICE	2,279.0	—	—	—	—
MAIZE	1,032.5	1,001.7	1,083.5	4.9	8.2
SUGAR	3,654.4	4,323.9	4,311.7	18.0	-0.3
WHEAT	2,285.2	1,485.0	1,418.5	-37.9	-4.5
GUM ARABIC	18,911.6	17,175.9	16,675.7	-11.8	-4.0

SOURCE: PUBLIC LEDGER

Table 5

**ANALYSIS OF COMMERCIAL BANKS LOANS AND ADVANCES TO AGRICULTURAL SECTOR 1990
SECOND QUARTER, 1990
(N' million)**

	2ND QUARTER 1989	1ST QUARTER 1990	2ND QUARTER 1990	SHARE
Agriculture	3,117,789.3	3,646,043	3,805,800.7	
Food Crops	1,040,970	1,254,937.3	1,305,836.7	34.3
Other Food Crops	287,089	338,675.7	317,939.3	8.4
Cash Crops	425,334	523,230.7	544,621.7	14.3
Poultry	411,157	436,645.7	456,287	12.0
Other Livestock	159,750	189,398.3	194,789	5.1
Forestry	111,583.7	114,360	139,406.7	3.7
Fishing	295,278.3	308,475.3	333,369.7	8.8
Others	386,627	480,320	513,550.7	13.2
Total Loans and Advances	20,540,180.7	22,906,624.7	23,624,192.3	

Table 6

**ANALYSIS OF MERCHANT BANKS LOANS AND ADVANCES TO AGRIC. SECTOR 1990
SECOND QUARTER, 1990
(N' million)**

	2ND QUARTER 1989	1ST QUARTER 1990	2ND QUARTER 1990	
Agriculture	761,553	874,750.3	919,640.7	
Food Crops	148,678.3	134,442.3	164,711	17.9
Other Food Crops	74,030	111,479.3	126,031	13.7
Cash Crops	60,936	100,442.7	116,200.3	12.6
Poultry	109,436	97,884.3	95,222.3	10.4
Other Livestock	29,223.7	42,662	31,954	3.5
Forestry	8,276.7	23,734.3	29,791.3	3.2
Fishing	145,155.7	136,571.3	148,815.3	16.2
Others	185,816.3	227,534.3	206,915	22.5
Total Loans and Advances	4,558,611.7	5,563,048	5,701,700.3	

Table 7

GUARANTEED LOANS BY PURPOSE SECOND QUARTER, 1990
(N' 000)

PURPOSE	2ND QUARTER, 1989		1ST QUARTER, 1990		2ND QUARTER, 1990	
	No.	Amount	No.	Amount	No.	Amount
LIVESTOCK	175	1,664.5	-	-	139	1,717.1
Poultry	68	918.8	19	289.7	37	1,074.6
Cattle	42	316.4	30	302.5	56	532.5
Sheep	36	124.2	4	14.0	18	58.5
Fishery	147	1,488.1	181	742	446	2,250.7
Other L/S	29	305.1	12	108	28	51.5
MIXED FARMING	-	-	-	1,000.0	-	-
FOOD CROPS	10,348	34,208.3	-	-	5,353	20,122.3
Grains	6,044	19,237.9	983	3,299.6	4,142	11,975
Root & Tubers	4,304	14,970.4	1,215	4,146.6	2,241	8,147.3
CASH CROPS	1,375	4,022.9	-	-	238	748.8
Oil Palm	11	45.0	-	-	-	55
Rubber	-	-	-	-	-	-
Cocoa	673	2,000.7	1	2.5	29	125.3
Cotton	214	976.9	-	-	5	101.0
Groundnut	477	1,000.3	-	-	204	467.5
OTHERS	332	1,028.2	45	204.6	467	1,075.6
TOTAL	12,380	42,547.2	2,491	10,109.7	7,673	25,914.5

Table 8

GUARANTEED LOANS BY STATES SECOND QUARTER, 1990
(N' 000)

STATE	2ND QUARTER, 1989		1ST QUARTER, 1990		2ND QUARTER, 1990	
	No.	Amount	No.	Amount	No.	Amount
AKWA-IBOM	-	-	6	25.2	64	786.9
ANAMBRA	324	1,472	828	2,889.3	699	3,369.6
BAUCHI	357	994	413	1,323.9	192	503.5
BENDEL	1,139	4,306	77	409.9	671	1,039
BENUE	967	2,581.2	8	23.2	535	847.9
BORNO	1,133	2,692.9	40	82.2	658	1,127.8
CROSS RIVER	576	1,836.2	24	83.9	576	1,189.3
GONGOLA	294	961.5	24	363	224	603.7
IMO	567	2,510.4	320	883.7	205	1,509.3
KADUNA	253	737.3	13	37.5	401	952.8
KANO	262	823.6	137	518.6	254	733.2
KATSINA	77	544.7	9	45.0	23	187.0
KWARA	817	2,829.9	16	115	342	427.9
LAGOS	138	834.5	53	1,283	92	260
NIGER	1,803	4,425.4	152	527	1,924	4,398.4
OGUN	460	2,722.4	5	130	242	1,070.5
ONDO	1,233	5,089.9	50	201.5	827	1,153.9
OYO	686	2,636	12	217.5	395	2,211.5
PLATEAU	261	1,136.7	26	130.4	269	628
RIVERS	413	1,538.2	151	465.8	431	2,225.6
SOKOTO	620	1,866.5	135	384.7	352	688.7
TOTAL	12,380	42,380	2,491	10,109.7	9,376	25,914.5

QUARTERLY AVERAGE RAINFALL STATISTICS ANALYSED BY STATES

(MM)

STATES	SECOND QUARTER 1989 (1)	FIRST QUARTER 1990 (2)	SECOND QUARTER 1990 (3)	PERCENTAGE CHANGE BETWEEN	
				(1) & (3)	(2) & (3)
ABUJA	NA	2.3	153.1	-	6,556.5
AKWA-IBOM	234.9	13.9	304.8	29.8	2,092.8
ANAMBRA	199.1	1.0	201.1	1	2,000.0
BAUCHI	68.1	0	71.5	5	-
BENDEL	151	33.4	208.3	37.9	523.7
BENUE	151.3	0	110.6	-26.9	-
BORNO	13	0	8.8	-32.3	-
CROSS RIVER	331.3	19.1	228.1	-31.2	1,094.2
GONGOLA	93.5	0	121.9	30.4	-
IMO	265.1	0	190.2	-28.4	-
KADUNA	72.2	0	81.3	12.6	-
KANO	NA	0	40.8	-	-
KATSINA	NA	0	NA	-	-
KWARA	185.6	1.8	117.3	-36.8	6,416.7
LAGOS	182.3	4.2	232.4	27.5	5,433
NIGER	130	3	136.4	4.9	4,446.7
OGUN	170.5	18.9	168.4	-1.2	791.0
ONDO	185.3	5.5	137.1	-26.0	2,392.7
OYO	172.2	16	145.2	-15.7	807.5
PLATEAU	NA	0	166.4	-	-
RIVERS	223.9	32.6	139.3	-37.8	327.3
SOKOTO	16.1	0	55.4	244.1	-
NATIONAL AVE.	158.1	6.9	143.7		

Source: Federal Department of Meteorology