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Impact of import restriction on rice production in Nigeria

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Statement of the Problem: Food security through adequate supply and the concordant protection of domestic production in Nigeria especially for a staple food like rice is a major issue. Earlier in the 90's a total ban on rice importation was introduced which was later lifted, since then there have also been irregular stints of such import policy. Did the import restriction boost rice domestic production? What are the macroeconomic determining factors of the Gross Domestic Rice Product (GDRP)? The purpose of this study is to find and proffer valid solutions to the age long problem of rice self-sufficiency through a better understanding of policy measures used then.

Methodology & Theoretical Orientation: Analysis was done using Cointegration, Vector Error Correction Model (VECM), Impulse Response Function (IRF) and Granger Causality Test (GCT) for time series dataset of the variables; GDRP, Gross Fixed Capital Formation (GFCF), average foreign rice producer's prices (PPF), domestic producer's prices (PPN) and the labour force (LABF), import restriction dummy variable, POL1.

Findings: In the short-run error correction specification for GDRP, a percentage (1%) deviation away from the long-run equilibrium in current quarter is only corrected by 0.14% in subsequent quarter, the rice import restriction policy had no significant effect on the GDRP, and policy period had effects on the PPN and LABF. Variables employed are valid macroeconomic factors that explain the GDRP of Nigeria, as adduced from the IRF and GCT, and in the long-run.

Policy Recommendations: Suggestions on the import restriction is not totally dismissed as a veritable tool for improving domestic rice production, rather better enforcement procedures and strict adherence to the policy dictates is needed, accompanying policies which drives public and private capital investment and accumulation must be introduced. Employment and labour substitution in the agricultural sector should not be distorted; rather its welfare and efficiency be supported.

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