

Impact of Import Restriction on Rice Production in Nigeria

Authors : C. O. Igberi, M. U. Amadi

Abstract : This research paper on the impact of import restriction on rice production in Nigeria is aimed at finding/proffering valid solutions to the age long problem of rice self-sufficiency, through a better understanding of policy measures used in the past, in this case, the effectiveness of rice import restriction of the early 90's. It tries to answer the questions of; import restriction boosting domestic rice production and the macroeconomic determining factors of Gross Domestic Rice Product (GDRP). The research probe is investigated through literature and analytical frameworks, such that time series data on the GDRP, Gross Fixed Capital Formation (GFCF), average foreign rice producers' prices (PPF), domestic producers' prices (PPN) and the labour force (LABF) are collated for analysis (with an import restriction dummy variable, POL1). The research objectives/hypothesis are analysed using; Cointegration, Vector Error Correction Model (VECM), Impulse Response Function (IRF) and Granger Causality Test (GCT) methodologies. Results show that in the short-run error correction specification for GDRP, a percentage (1%) deviation away from the long-run equilibrium in a current quarter is only corrected by 0.14% in the subsequent quarter. Also, the rice import restriction policy had no significant effect on the GDRP at this time. Other findings show that the policy period has, in fact, had effects on the PPN and LABF. The choice variables used are valid macroeconomic factors that explain the GDRP of Nigeria, as adduced from the IRF and GCT, and in the long-run. Policy recommendations suggest that the import restriction is not disqualified as a veritable tool for improving domestic rice production, rather better enforcement procedures and strict adherence to the policy dictates is needed. Furthermore, accompanying policies which drive public and private capital investment and accumulation must be introduced. Also, employment rate and labour substitution in the agricultural sector should not be drastically changed, rather its welfare and efficiency be improved.

Keywords : import restriction, gross domestic rice production, cointegration, VECM, Granger causality, impulse response function

Conference Title : ICEAE 2017 : International Conference on Environmental and Agricultural Economics

Conference Location : Rome, Italy

Conference Dates : September 18-19, 2017