COMPARATIVE AGRO-EXPORT PERFORMANCE IN NIGERIA AND CAMEROUN

Fakayode, Segun Bamidele
Federal University Oye-ekiti, Nigeria

and

Urbain, Thierry Yogo
University of Yaounde, Cameroun

Outline

Ⅰ. Background and Research Issue

Ⅱ. Objectives

Ⅲ. Review of Literature

Ⅳ. Methodology

Ⅳ. Expected results

Background and Research Issue

Over the years, Agriculture has become the main stay in most of the Sub-saharan countries. The region has more variety of grains than anywhere in the world

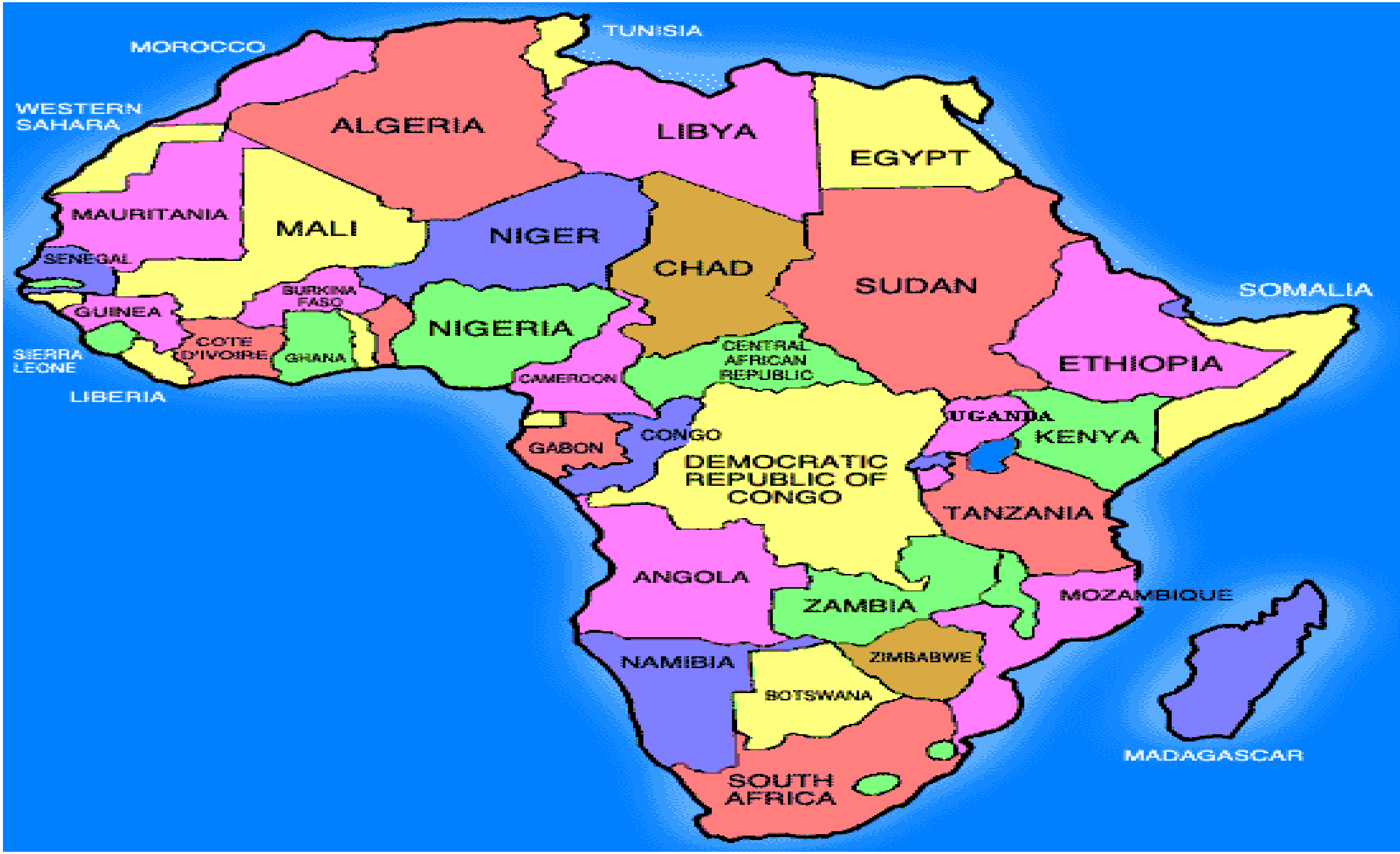
Agriculture employs 65 percent of Africa's labour force, which accounts for 32 percent of gross domestic product and 50 percent of exports (World Bank, 2013).

Cash crops are a major source of export revenue for much of sub-Saharan Africa, providing the livelihood for millions of rural households

- Investment in the regions agro-exports sub-sectors is long overdue

- Most sub-saharan nation’s now driving towards diversifying their economic base from being mono-commodity to the primary agricultural sector

- Nigeria and Cameroun


MOROCCO
TUNISIA
WESTERN SAHARA
ALGERIA
LIBYA
EGYPT
MAURITANIA
MALI
NIGER
CHAD
SUDAN
SOMALIA
SENEGAL
BURKINA FASO
GUINEA
NIGERIA
ETHIOPIA
SIERRA LEONE
COTE D'IVOIRE
GHANA
CENTRAL AFRICAN REPUBLIC
CAMEROON
LIBERIA
UGANDA
KENYA
GABON
CONGO
DEMOCRATIC REPUBLIC OF CONGO
TANZANIA
ANGOLA
ZAMBIA
MOZAMBIQUE
NAMIBIA
ZIMBABWE
BOTSWANA
MADAGASCAR
SOUTH AFRICA

Statistics on Agro-exports in Nigeria and Cameroun
Nigeria

- Agricultural export accounts for over 70% of the non-oil exports and provides over 80% of the food needs of Nigeria (Adegboye, 2004, Philip *et al*., 2008).

- Despite liberalization, devaluation as well as establishment of various export banks, performance in the agricultural export sub-sector has not so far demonstrated a significant improvement.

- Nigeria is currently suffering from a declining as well as fluctuating income from its oil exports

- *Potential annual export revenues assuming Nigeria maintained its 1961 market share is US$10 Billion (1.6 Trillion Naira) annual export opportunity from four agricultural commodities alone*

Statistics on Agro-exports in Nigeria and Cameroun Cameroun

- Agriculture remains the backbone of Cameroon's economy, employing almost 50 percent of her workforce, while providing 21.7 percent of its GDP and 8.1% of the total exports (National Institute of Statistics, 2011; Djomo et Atangana ,2012).

- value added by the sector grew at 4% over the years 2008-2009. However Cameroon has experienced dramatic decrease in agricultural export growth compared to the performance witnessed before the 1985-1995 crisis (Ngouhouo and Makolle, 2013).

- Cameroon export mainly five commodities: Cocoa (49.4% of growth in 2009), coffee (146% of growth in 2009), Rubber(144%), cotton (66%) and Banana (-12.4%)

Knowledge Gap

- Most literature focus is on sub-saharan food security issues with less emphasis on the role of agro-exports development

- Little systematic empirical evidence of Comparison of agricultural exports policies and activities across countries in sub-saharah Africa

- Few existing studies devoted to the specific case of sub-Saharan African countries.

- Few papers accounting for tariff regimes and not internal policy arrangements in these countries

developmental concerns

- What are the trend patterns for major agricultural exports in the sub-saharan countries?

- Which commodities does the regions countries possess comparative advantage?

- What policies and other factors determine performance of the sub-saharan countries' agro-export activities?

Objectives

Main objective

- examine the opportunities and constraints to agro-exports in the sub-Saharan region, base on a comparative case study of Nigeria and Cameroun

- Examine the trends of agro-exports in these countries

- Estimate economic/comparative advantage of countries agro-exports

- Investigate policy regimes and other factors that determine their agro-export performance

Review of Literature

- emphasis on agro-exports

1) the argument related to the weak elasticity of income from foodstuffs is no more relevant as there are growth prospects associated with lifestyle changes (Aloui and Kenny, 2004).

(2) The percentage of African working in agriculture remains higher compared to other developing regions.

(3) With the increasing globalization, the inward-oriented development is no longer an option (Kamgnia, 2009).

(4) The risks associated with agricultural exports can be easily covered nowadays than it was several years ago (Aloui and Kenny, 2004).

- while historically Africa has accounted for only 2 per cent of global agricultural trade, shift in global demand for agricultural products now present a tipping opportunities for African countries.

- This is as a result of rising population, steady income growth, demand for high value crops, dairy products, fruits and vegetables and rising demand for processed and semi processed foods. (Agbato, 2010)

Review of Literature continued

- Using a gravity model and Egyptian data, Hatab et al, (2010) found that GDP growth and high transportation costs leads to reduced exports while the latter is positively affected by the volatility of exchange rate

- Using data over the period 1970-2008, Ngouhouo and Makolle (2013) show that exchange rate, trade openness and export lag one period are the main determinants of agricultural exports in Cameroun

- For Nigeria, Abolagba et al (2010) found that agricultural exports are positively influenced by producer price, exchange rate and domestic consumption.

- Isardi (2010) in the case of South Africa found that agricultural trade flows are affected by the economic market size, the supply capacity and the physical market size.

Methodology

Study Area: Nigeria and Cameroun.

✓Both countries are based in the tropical West African sub-Saharan region and considered as Middle and low-income countries respectively.

✓differ in terms of size, language, agro-exports and agro-export policy regimes.

✓Both countries economies were mainly cash crop/agriculture based before crude oil was discovered in them.

Data Analysis

- Descriptive
- Inferential statistics
- Revealed comparative Advantage (RCA)
- Panel data Model

Revealed Comparative Advantage (RCA)

The Revealed Comparative Advantage (RCA) model developed by Balassa (1965) compares a country's share of the world market in one commodity relative to its share of all traded goods.

$$\boldsymbol{\beta = (X_{ij}/X_{it})/(X_{nj}/X_{nt})} \ldots\ldots\ldots\ldots\ldots\ldots\ldots\ldots\ldots\ldots\ldots\ldots \mathbf{(1)}$$

(Esterhuizen, 2005).

Where χ represents exports, *i* is the country, and j is the commodity, *t* is a set of commodities and *n* is a set of countries. β is based on observed trade patterns; it measures a country's exports of a commodity relative to its total exports and to the corresponding export performance of a set of countries.

If β is greater than 1, then a comparative advantage is revealed.

Panel data model

Based on Isardi (2010) and Abolagba et al (2010)

$$exp_{it}=\alpha+ X^{i}_{it}+\beta+c_{i}+c_{t}+\varepsilon_{it\ldots}\ldots\ldots\ldots\ldots\ldots\ldots\ldots\ldots\ldots(2)$$

- Where exp is the value of agro export for country i at time t. The vector X is a set of explanatory variables including the GDP growth, exchange rate, food price index, a dummy variable which capture the membership to WTO, the rural population as a proxy of the market size, a measure of the supply capacity.

- To control for the unobserved heterogeneity, both individual and time effects are added to the model

- Equation (2) will be estimated using both fixed and random effect framework.

- The Hausman test will be carried out in order to discriminate between the two models.

- regression country by country will be run while including a structural break based on the year marking the beginning of oil exploitation. Standard tests such as unit root test will be carried out to tackle the issue of stationarity.

Expected Results

- comparison of agricultural exports across a Anglophone (Nigeria) and francophone (Cameroun) countries will reveal better understanding of the diverse policy environments in these countries

- Study stands to provide better knowledge on the agricultural exports for the most African countries who are mostly Anglophone and francophone countries

- Crops for which countries have comparative advantage

- Study will also picture the various factors that play in the sector and the areas/variables that require amendments for better performance

- Lessons for the development of agro-export in sub-saharan Africa

Merci

Thank you