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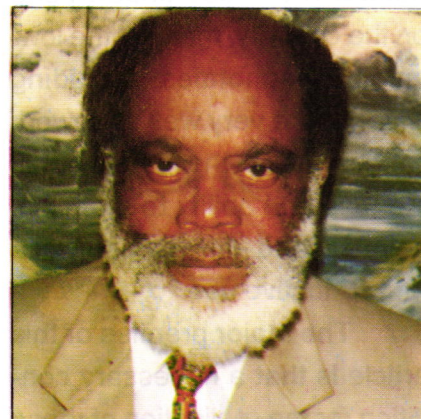
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INTERSTATE TRADE AND ECONOMIC DEVELOPMENT IN NIGERIA

1. Introduction: On Trade and Development

We live in a very unequal world. Table 1 highlights the Nigerian Condition by comparing its performance on selected development indicators with those of the world as a whole, the

high-income economies, the middle-income economies, and the low-income economies. It is clear that Nigeria ranks very low, even among the low-income economies.



Prof. Ukwu I. Ukwu

Table 1:

NIGERIA IN WORLD DEVELOPMENT, 1994

INDICATOR	WORLD	HIGH INCOME COUNTRIES	MIDDLE INCOME COUNTRIES	LOW INCOME COUNTRIES	NIGERIA
Area (sq km)	133478	31824	61263	40391	924
Population (m) 1994	5601	850	1570	2182	108
GDP (\$m) 1994	25223462	20120240	4069532	1208422	35200
Commercial Energy Use (000metric tonnes oil equivalent)	8035058	4392058	2501145	2306666	17503
World Exports (\$m) 1994	4326096	3291137	826822	202239	9378
World Imports (\$m) 1994	4391666	3307266	890818	218966	6511
Population %	100.000	15.176	28.031	38.957	1.928
GDP %	100.000	79.768	16.134	4.791	0.140
Energy Use %	100.000	54.661	31.128	28.708	0.218
Exports %	100.000	76.076	19.112	4.675	0.217
Imports %	100.000	75.308	20.284	4.986	0.148
GNP per capita (\$)	4470	23420	2520	380	280
Life Expectancy	67	77	67	63	52
Labour Force in Agriculture (%)	49	5	31	69	43
Labour Force in Industry (%)	20	31	27	15	7

SOURCE: World Development Report 1996

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The great disparity between the high-income and the low-income economies lies not in any perceived inequalities in natural resources endowment: on the contrary, many of the low-income economies, including Nigeria, are very well endowed. Rather it lies in their relative willingness and ability to mobilise, develop and utilise resources for productive use.

The major premise of this article is that a necessary condition for the realisation of these objectives is the proper development of domestic trade.

The critical linkage between trade and development is captured in Adam Smith's dictum that the degree of specialization in an economy depends on the size of the market. Inexorably, the evolution of the global economy has led to the establishment of a market-driven global system based on increasingly complex and ever-changing patterns of specialization and trade. However, the gains and pains of international trade have not been the same for all countries. The low-income countries have very small domestic markets and contribute very little to world trade. They are more pawns than players in the global market place.

Yet much of the development effort of low-income countries is directed toward the promotion of external trade, particularly, exports, as the engine of

growth. This strategy has not always worked. Thus in Nigeria, in spite of the heroic efforts at non-oil export promotion by government over the years, non-oil exports currently account for less than 5 per cent of export earnings.

The poor performance of non-oil export earnings in Nigeria is a true indicator of the weakness of our domestic economy. We cannot effectively trade internationally what we produce competitively. And we cannot produce competitively abroad when our home market is small, fragmented and inefficient. It is my argument that our poor export performance is the effect, not the cause of our weak economy. If we take the trouble to promote and expand our domestic market, we will enlarge and strengthen our domestic economy and equip it to deal more autonomously, more competitively and more productively in the global market.

Accordingly, in this article I will attempt an analysis of the present size and structure of the Nigerian domestic market, examine the patterns of trade among states and zones, and consider what needs to be done to improve the domestic trade system and enable it play its appropriate role in the overdue transformation of the Nigerian economy.

2. The Nigerian Domestic Market

Size and Composition

Although there has been no detailed study of the size and composition of the Nigerian market, information available from various sources enable us to outline the broad picture. Commodities entering the Nigerian economy are either locally produced or imported and destined either for domestic use or for export. Thus on the basis of analysis of published national income statistics, a summary of the commodity structure of the Nigerian market in 1993 is presented on Table 2. The estimated total value of commodities handled in the economy was N879.5 billion. Imports accounted for 18.8 per cent of supplies, domestic production for 81.2 per cent. Exports amounted to 24.9 per cent of supplies.

The food sector is the largest in the Nigerian products market, in 1994 accounting for 39 per cent of total supplies and 45.7 per cent of domestic consumption. More than 95 per cent of the supplies are domestically produced, imports accounting for less than 5 per cent. Only 0.3 per cent of the total supplies are exported; the export crop economy is now a ghost of its former self.

Table 2:

COMMODITY STRUCTURE OF THE NIGERIAN PRODUCTS MARKET 1993

DESCRIPTION	MILLIONS OF NAIRA				PERCENTAGES				DOMESTIC PRODUCTION AS % OF CONSUMPTION
	TOTAL SUPPLY	DOMESTIC PRODUCTION	IMPORTS	DOMESTIC CONSUMPTION	TOTAL SUPPLY	DOMESTIC PRODUCTION	IMPORTS	DOMESTIC CONSUMPTION	
Food, Beverages & Tobacco	341814	326080	15735	341805	38.87	45.68	9.50	38.87	95.40
Inedible Crude Materials (c)	10100	5794	4306	10097	1.15	0.81	2.60	1.15	57.38
Mineral Fuels and Related Material	267993	267165	828	267993	30.47	37.43	0.50	30.48	99.69
Chemicals and Plastics	74547	46224	28323	74530	8.48	6.48	17.10	8.48	62.02
Goods Classified By Material	90287	50536	39751	90263	10.27	7.08	24.00	10.26	55.99
Fabricated Metal Machinery & Eqpt	87544	17317	70227	87501	9.95	2.43	42.40	9.95	19.79
Other Manufacturing	7198	738	6460	7194	0.82	0.10	3.90	0.82	10.26
TOTAL	879482	713853	165629	879382	100	100	100	100	81.18

SOURCES:

DOMESTIC PRODUCTION: Calculated from as statistics for Gross Domestic Output and Gross Output of Manufacturing adjusted for SITC Commodity Groups

IMPORTS AND EXPORTS: FOS Annual abstract on Statistics 1997 Edition

The bulk of crude materials are domestically produced and consumed, in contrast to mineral fuels most of which are exported. The domestic consumption of N268 billion worth of mineral fuels in 1993 is indicative of a trend which will be accelerated as the Nigeria economy grows.

The market for non-food manufactured goods is still dominated by imports, which in

1993 contributed 56 per cent of supplies. For the machinery and transport equipment sector the share of imports was 80 per cent, but for consumer goods it was 44 per cent. The underdevelopment of the industrial sector is reflected in the very small contribution of the inedible crude minerals sector (1.2 per cent) to the product market. Even so, a significant proportion of this (43 per cent) is imported.

The oil and gas sector is basically export-oriented (79.8 per cent), but the rise of domestic consumption to more than 20 per cent reflects the increasing energy demand in Nigeria as well as the use of oil and gas as industrial raw material. While Nigeria has achieved some measure of self-reliance in Chemical and Paints (62 per cent) and in general household and personal goods (53 percent)

the market for fabricated metal goods, machinery and equipment is heavily import-dependent (80 per cent).

Supply Patterns

Another useful way of looking at the Nigerian market is to consider the structure of supplies. We may distinguish four categories of suppliers:

1. Agricultural Producers
2. Extractive Industries
3. Manufacturers
4. Importers

Tables 3, 4 and 5 summarise the spatial pattern of production of the major staple foods, livestock and fishery products, mining operations and major industrial establishments respectively.

The bulk of agricultural produce comes from the enterprises of millions of small-scale farmers, animal rearers and fishermen. Small-scale agricultural production is unspecialised and most farmers produce the range of crops and animal products suitable for the ecological zone. For historical reasons, involvement in export crop production is very restricted, the bulk of the groundnuts, cocoa, palm produce, etc. coming from a few favoured districts in the producing states.

Plantation agriculture accounts for less than one per cent of agricultural output, but is an area in which increasing public and private investment is being made.

Although large-scale mineral extraction looms so large in

Nigeria's economy, its role in internal marketing is marginal, its output being sold directly on the world market with minimal handling in Nigerian territory, especially in the case of crude oil. Considerable attention is now being paid to solid minerals, but the distribution of mining operations is still highly concentrated.

Table 6 summarises the distribution of mining operations in 1995. Most of the abundant solid mineral resources in most states of the Federation remain unutilized, undeveloped or unexplored.¹

Nigeria remains one of the least industrialised countries in the world, with only 7 per cent of its labour force engaged in industrial production, compared with an average of 15 per cent for low income countries, 27 per cent for middle income countries and 31 for high income countries. (DR 1996). The distribution of modern industries is very uneven, being heavily concentrated in a few zones, a few states and a few cities.

There are also hundreds of thousands of small-scale industrial establishments. Some, like weavers and brewers, are reliers of a once vigorous indigenous industries; others, like printers and furniture-makers, are more dependent in new technology and materials as well as new demands. While most of them are based in the large towns, significant number are to be found in most towns and rural centres. They are of special

importance in providing the needs of the lower-income groups for whom the 'superior' imported factory produced goods are often too costly.

The importation of goods for the Nigerian market used to be dominated by a few large firms with traditional connection with Western multinational corporations. In the last twenty years, however, indigenous importers have become very active particularly in the importation of food and other essential commodities under government patronage, as well as developing new connections with Japan, Eastern Europe and Third World Countries. Importers are heavily concentrated in the major ports and regional trade centres.

Demand Patterns

We may distinguish four categories of consumers:

1. Households
2. Firms
3. Government
4. Export Market

With private consumption expenditure accounting for per cent of gross domestic expenditure in 1996, household demand is a major factor in the character size and performance of the Nigerian products market. The most critical determinant of household demand patterns is income, the income level of the household affecting not only the level of expenditure but its distribution among different categories of goods. There are also significant differences between

urban and rural areas as well as among zones and states in consumption patterns.

Consumption by firms is mainly by way of intermediate consumption, which in 1993 amounted to 26.7% of gross output. Analysis of the detailed national input-output tables for 1993 gives further insight into the size and pattern of commodity flow among firms. (Table 8). Intermediate consumption is dominated by a few activity sectors: Manufacturing (27.0%), Agriculture (20.6%), Wholesale and Retail Trade (20.3%), Mining and Quarrying and Trans-

port 5.7%). Government expenditure has special significance for the development of the Nigerian market. Not only does Government Final Expenditure accounts for a significant proportion of Gross Domestic Expenditure (11.9% in 1996). Government in Nigeria has traditionally been the prime mover of gross capital formation and capital investment. Other aspects of government expenditure patterns also have considerable significance for the overall structure of the market. Government expenditure, particu-

larly capital expenditure, tends to be lumpy, a few major projects account for the bulk of the budget. The size and direction of government contracts and purchases have significant impact on the performance of many segments of the Nigerian market.

We have already remarked on the weakness of the Nigerian export market. Essentially it is a one-commodity market controlled by others, OPEC on the one hand, the consumers in industrialised countries on the other.

Table 3:

MAJOR LIVESTOCK AND FISHERY PRODUCTS (PERCENTAGE SHARES)

	STATE	POULTRY	GOATS	SHEEP	CATTLE	FISH
NC	Benue	8.13	2.06	1.57	0.00	0.69
NC	FCT	0.02	0.02	0.01	0.00	0.01
NC	Kwara	1.77	1.45	0.83	0.92	0.10
NC	Niger	1.10	1.14	0.86	2.01	0.51
NC	Plateau	10.16	8.36	5.53	10.19	0.19
NE	Bauchi	8.81	12.27	13.69	22.04	0.05
NE	Borno	2.19	5.40	5.99	6.49	24.75
NE	Gongola	5.09	6.19	3.49	10.31	3.93
NW	Kaduna	12.39	7.83	7.75	7.45	0.36
NW	Kano	14.44	20.11	29.74	15.02	0.35
MW	Katsina	5.75	9.86	12.56	10.44	0.10
NW	Sokoto	8.20	10.44	12.94	13.16	10.52
SE	Anambra	7.51	5.25	2.72	0.94	0.65
SE	Imo	7.21	3.76	1.70	0.20	0.45
SS	Akwa Ibom	1.20	1.56	0.39	0.00	9.73
SS	Bendel	1.30	0.85	0.28	0.68	16.82
SS	Cross River	0.81	1.14	0.24	0.00	3.45
SS	Rivers	1.00	0.43	0.33	0.00	19.96
SW	Lagos	0.01	0.00	0.00	0.00	6.45
SW	Ogun	0.39	0.13	0.08	0.00	0.82
SW	Ondo	0.75	0.27	0.12	0.16	4.97
SW	Oyo	2.09	1.48	0.86	0.00	0.09
	NIGERIA	100.00	100.00	100.00	100.00	100.00
	NORTH CENTRAL ZONE	21.17	13.02	8.79	13.12	1.45
	NORTH EAST ZONE	16.10	23.86	23.17	38.83	28.73
	NORTH WEST ZONE	40.78	48.25	62.98	46.07	11.33
	SOUTH EAST ZONE	14.72	9.01	4.42	1.13	10.83
	SOUTH SOUTH ZONE	4.31	3.98	1.25	0.68	40.23
	SOUTH WEST ZONE	3.23	1.88	1.06	0.16	12.33

DATA SOURCE: Federal Office of Statistics

Table 3: AGRICULTURAL PRODUCTION: STAPLE FOODS - STATES AND ZONES (MILLION NAIRA)

ZONE	STATE	MILLET	GUINEA CORN	GROUNDNUT	BEANS	YAMS	MAIZE	CAS-SAVA	RICE	COCOSYAM	MELON	TOTAL	PER CENT
NC	Benue	14.4	57.6	28.2	3.3	1232.5	87.8	250.5	89.2	1.1	7.1	1771.6	7.35
NC	Kwara	30.4	82.8	26.9	8.2	562.5	54.0	86.9	66.0	0.6	15.5	933.6	3.87
NC	Niger	13.6	61.8	24.3	3.3	454.3	23.0	24.2	8.7	0.0	59.2	672.5	2.79
NC	Plateau	103.2	198.0	49.9	96.2	911.8	124.6	259.6	17.5	0.0	43.7	1804.4	7.48
NE	Bauchi	484.8	204.0	230.4	422.2	0.0	104.4	0.0	0.0	0.0	0.0	1445.8	5.99
NE	Borno	387.2	293.4	37.1	244.5	0.0	47.5	0.0	0.0	0.0	1.4	1011.2	4.19
NE	Gongola	28.8	218.4	76.8	8.2	586.3	48.2	33.3	11.6	0.0	1.4	1013.1	4.20
NW	Kaduna	227.2	414.0	62.7	132.0	593.7	314.6	55.6	5.8	10.1	33.8	1849.6	7.67
NW	Kano	668.8	343.2	81.9	233.1	0.0	33.8	0.0	0.1	0.0	1.4	1362.4	5.65
NW	Sokoto	1241.6	1378.8	263.7	953.6	0.0	24.5	0.0	1.9	0.0	0.0	3864.1	16.02
SE	Anambra	0.0	0.0	5.1	3.3	692.9	67.0	257.6	211.5	104.2	24.0	1365.4	5.66
SE	Imo	0.0	0.0	0.1	0.0	820.0	69.1	399.0	103.8	65.0	64.9	1521.8	6.31
SS	Bendel	0.0	0.0	0.0	0.0	2049.2	172.8	1006.0	0.0	19.0	104.3	3351.3	13.90
SS	Cross River	0.0	0.0	0.0	0.0	294.4	13.0	176.8	0.0	129.4	24.0	637.4	2.64
SS	Rivers	0.0	0.0	0.0	0.0	95.9	6.5	221.2	0.0	0.0	0.0	323.6	1.34
SW	Lagos	0.0	0.0	0.0	0.0	0.2	1.4	6.1	0.0	0.0	0.0	7.7	0.03
SW	Ogun	0.0	0.0	0.3	0.3	2.5	5.0	2.0	1.0	0.0	0.1	11.2	0.05
SW	Ondo	0.0	0.0	1.3	3.3	223.0	4.3	60.6	7.8	2.2	1.4	303.9	1.26
SW	Oyo	0.0	3.0	2.6	0.0	433.0	47.5	343.4	0.0	7.8	12.7	850.0	3.52
% SHARES: NIGERIA		100.00	100.00	100.00	100.00	100.00	100.00	100.00	100.00	100.00	100.00	100.00	100.00
NORTH-CENTRAL		5.05	12.29	14.51	5.25	35.31	23.17	19.52	34.57	0.47	31.79	21.49	21.49
NORTH-EAST		28.14	21.99	38.65	31.97	6.55	16.02	1.05	2.22	0.00	0.71	14.39	14.39
NORTH-WEST		66.78	65.62	45.83	62.47	6.63	29.86	1.75	1.50	2.83	8.93	29.34	29.34
SOUTH-EAST		0.00	0.00	0.59	0.15	16.90	10.89	20.63	60.07	47.41	22.50	11.97	11.97
SOUTH-SOUTH		0.00	0.00	0.00	0.00	27.25	15.39	44.11	0.00	41.60	32.50	17.88	17.88
SOUTH-WEST		0.00	0.09	0.46	0.17	7.36	4.67	12.95	1.66	2.83	3.61	4.86	4.86
% SHARES: NIGERIA		13.27	13.50	3.69	8.75	37.12	5.18	13.20	2.18	1.48	1.64	100.00	100.00
NORTH-CENTRAL		3.12	7.72	2.49	2.14	61.00	5.59	11.99	3.50	0.03	2.42	100.00	100.00
NORTH-EAST		25.96	20.63	9.92	19.45	16.90	5.77	0.96	0.34	0.00	0.08	100.00	100.00
NORTH-WEST		30.21	30.19	5.77	18.64	8.39	5.27	0.79	0.11	0.14	0.50	100.00	100.00
SOUTH-EAST		0.00	0.00	0.18	0.11	52.40	4.71	22.74	10.92	5.86	3.08	100.00	100.00
SOUTH-SOUTH		0.00	0.00	0.00	0.00	56.57	4.46	32.56	0.00	3.44	2.98	100.00	100.00
SOUTH-WEST		0.00	0.26	0.35	0.31	56.16	4.97	35.14	0.74	0.86	1.21	100.00	100.00

Table 4: DISTRIBUTION OF MINING OPERATIONS BY TYPE, STATE AND ZONE 1995

	A/Ash	Amethyst	Black	Black Brite	Barytes	Basalt	Bentonite	Columbite	Chamokite	Clay	Coal	Cassiterite	Dolomite	Diorite	Fibrolite	Feldspar	Gold	Gatapa	Galena	Gemstone	Gypsum	Iron Ore	Iron Stone	Kaolin	Limestone	Lead&Zinc	Marble	Mica	Pb	Salt	Shale	Silica Sand	Sphalerite	Talc	Tin	Topaz	Tantalite	Zn	TOTAL	PERCENT
ALL	1	1	14	1	40	2	1	6	7	14	1	9	2	13	2	10	38	1	2	2	5	1	2	31	18	13	24	2	2	1	3	1	2	3	1	1	4	2	285	100.0
NC	1	1	14	1	6	2	1	6	7	14	1	9	2	13	2	10	38	1	2	2	5	1	2	31	18	13	24	2	2	1	3	1	2	3	1	1	4	2	10	3.5
NC					6							1	1		1								1	2	1	7										1		13	4.6	
NC					1																		1	1	4													5	1.8	
NC																5							1	1	4													10	3.5	
NC	1	1	1	1	33	1	1	5	1	1	9	9	2	13	2	2	2	1	2	2	4			11	3	5	2	2	1	1	2			1	2	2	95	33.3		
NE												1	1								1																3	1.1		
NW																																1						1	0.4	
SE										1														1														2	0.7	
SE																							2	1	4	13												3	1.1	
SE			14											12									2	4	4	13				1								45	15.8	
SE										3			1										4	4													8	2.8		
SS																							1	1														1	0.4	
SS																								1														1	0.4	
SS																							1	1	3												4	1.4		
SW									7	6					1								2	2	2						1							19	6.7	
SW															4								4	5														15	5.3	
SW																2	33						2	2									2	1	1		42	14.7		
SW								1															1	1									1				8	2.8		
NC	1	1	0	1	40	0	1	5	0	1	1	9	1	0	0	3	5	1	2	2	4	1	0	16	4	0	20	2	2	0	1	2	0	0	1	3	2	133	46.7	
NE	0	0	0	0	0	1	0	0	0	0	0	0	1	0	0	0	0	0	0	0	1	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	3	1.05	
NW	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	1	0.35	
SE	0	0	14	0	0	1	0	0	0	4	0	0	0	13	0	0	0	0	0	0	0	0	2	5	5	13	0	0	0	0	0	0	0	0	0	0	0	58	20.4	
SS	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	1	2	0	3	0	0	0	0	0	0	0	0	0	0	6	2.11		
SW	0	0	0	0	0	0	0	1	7	9	0	0	0	2	7	33	0	0	0	0	0	0	0	9	7	0	1	0	0	2	0	1	3	1	0	1	0	84	29.5	

**Table 5: PERCENTAGE DISTRIBUTION OF INDUSTRIAL ESTABLISHMENTS,
BY TYPE AND STATE, 1995**

ZONE	STATE	TYPE OF INDUSTRY									TOTAL
		Food, Beverages and Tobacco	Textiles, Wearing Apparel & Leather	Wood, Products & Furniture	Paper and Paper Products, Printing & Chemical Products, Petroleum, Rubber & Plastics	Non-metallic Mineral Products	Basic Metal Industries	Fabricated Metal Products, Machinery & Equipment	Other Manufacturing Industries		
NC	BENUE	0.82	0.25	1.42	0.51	0.00	0.85	0.00	0.17	0.00	0.53
	FCT	0.41	0.99	0.63	0.00	0.00	1.42	0.00	0.00	1.61	0.55
	KWARA	2.87	1.07	2.52	2.78	1.51	3.40	13.04	0.83	0.00	1.96
	NIGER	0.96	1.89	3.15	0.25	0.19	1.13	0.00	1.32	1.61	1.43
	PLATEAU	2.05	0.41	1.10	0.76	0.57	1.98	0.00	0.33	4.84	0.99
NE	BAUCHI	3.42	1.23	2.52	1.27	0.19	2.55	0.00	0.83	0.00	1.67
	BORNO	2.46	1.15	1.74	0.76	0.57	5.10	0.00	1.65	1.61	1.71
	GONGOLA	8.61	0.90	3.15	2.03	0.00	5.10	0.00	1.16	0.00	2.79
NW	KADUNA	2.73	2.96	2.84	5.57	0.76	5.10	0.00	4.96	4.84	3.32
	KANO	10.25	2.55	1.42	4.30	6.05	12.46	8.70	3.64	1.61	5.12
	KATSINA	1.50	0.16	0.63	0.76	0.19	2.83	4.35	0.33	0.00	0.75
	SOKOTO	1.50	1.56	1.10	0.51	0.00	2.83	0.00	2.48	0.00	1.41
SE	ANAMBRA	7.79	11.43	5.68	10.38	9.83	10.76	0.00	9.59	4.84	9.32
	IMO	12.16	11.43	4.26	5.57	7.18	8.78	4.35	7.11	1.61	8.60
SS	AKWA-IBOM	1.78	0.74	1.58	3.54	1.70	0.57	0.00	2.31	1.61	1.58
	BENDEL	3.42	18.09	15.14	5.82	1.89	3.68	4.35	1.82	1.61	8.79
	CROSS RIVER	0.82	0.66	2.05	2.03	0.19	0.57	0.00	0.66	0.00	0.92
	RIVERS	9.97	0.99	3.00	2.53	2.27	3.40	0.00	3.14	1.61	3.47
SW	LAGOS	19.81	28.95	18.61	35.44	58.98	17.28	56.52	48.10	61.29	32.31
	OGUN	2.05	2.55	3.47	4.56	5.86	2.83	8.70	5.29	4.84	3.61
	ONDO	0.55	1.32	11.67	1.27	0.38	1.98	0.00	1.49	0.00	2.57
	OYO	4.10	8.72	12.30	9.37	1.70	5.38	0.00	2.81	6.45	6.59
TOTALS		100.00	100.00	100.00	100.00	100.00	100.00	100.00	100.00	100.00	100.00
NORTH-CENTRAL		7.10	4.61	8.83	4.30	2.27	8.78	13.04	2.64	8.06	5.45
NORTH-EAST		14.48	3.29	7.41	4.05	0.76	12.75	0.00	3.64	1.61	6.18
NORTH-WEST		15.98	7.24	5.99	11.14	6.99	23.23	13.04	11.40	6.45	10.60
SOUTH-EAST		19.95	22.86	9.94	15.95	17.01	19.55	4.35	16.69	6.45	17.92
SOUTH-SOUTH		15.98	20.48	21.77	13.92	6.05	8.22	4.35	7.93	4.84	14.77
SOUTH-WEST		26.50	41.53	46.06	50.63	66.92	27.48	65.22	57.69	72.58	45.09

Source: Federal Republic of Nigeria Industrial Directory 1995

Abuja, FMI

Table 7 summarises the relationships with regard to the dominant commodity categories, domestic agricultural produce and manufactures. The

pattern of inter-regional foodstuff shipments in 1964, as revealed in a study by Hay and Smith (1970) is presented in Table 10. Analysis of data from

a Ministry of Transport survey highlighting the shipment patterns of manufactures and imported goods is presented in Table 11.

Table 7:

INTER-ZONAL COMMODITY BALANCES						
	North Central	North East	North West	South East	South South	South West
Population %	14.1	13.4	25.7	12.1	15.1	19.6
Major Staple by Value	21.5	10.2	29.3	16.2	17.9	4.9
Industrial Output by Value	5.0	0.4	17.2	3.7	5.6	68.0
Balance on Staples	16.5	-3.4	3.6	4.1	2.9	-14.7
Balance on Manufactures	-9.1	-13.0	-12.1	-8.3	-9.5	48.4

TABLE 8:

ESTIMATED INTER-REGIONAL LOCAL FOODSTUFFS SHIPMENTS IN 1964 (UNITS PER THOUSAND OF TOTAL SHIPMENTS)						
TO FROM	LAGOS	WEST	MID- WEST	EAST	NORTH	DESTINA- TION
LAGOS	X				2	
WEST	36	X			12	
MID-WEST	16		X	8		26
EAST	112	10		X	108	
NORTH	160	331		206	X	
ORIGINS	323	341		214	122	

SOURCE: Ukwu 1983

TABLE 9:

INTER-REGIONAL FREIGHT FLOWS IN MANUFACTURED AND IMPORTED GOODS, 1981					
	TOTAL	NORTH	MIDDLE BELT	SOUTH WEST	SOUTH- EAST
TOTAL	100	14.8	7.9	31.8	25.6
NORTH	16.3	7.2	2.1	5.8	1.2
MIDDLE-BELT	11.9	3.0	1.5	5.9	1.5
SOUTH-WEST	42.6	3.6	2.5	33.9	2.6
SOUTH-EAST	29.1	1.0	1.8	6.2	20.3

SOURCE: Ukwu 1983

3. Improving Distribution

Distribution plays a central role in connecting the producer/importers/sellers of goods and services at one end and the consumer/importer/buyer at the other. The role is unavoidable; it has to be played. But it does make a difference who plays it, what institutions are involved and how they relate to both the production and the consumption ends. It matters what types and levels of distribution services are offered and at what costs. These factors often decide the availability or non-availability of goods at the prices some people can afford.

On the other hand distribution is not an independent variable, not the unchanged changer in the economy. Rather, the distribution system derives its structure, organisation and behaviour from the structure and organisation of the economy itself, the general marketing environment, the state of technology and the economics of supply and demand for specific goods.

Distribution has always been one of the largest sector of the Nigerian economy. Up till the early seventies it came second in size after agriculture. The spurt in oil prices pushed mining to first place by 1974 while agriculture declined to second place. With the peaking and decline of oil revenues, distribution is now, in terms of output, the largest sector in the economy, accounting for 24% of gross domestic product. With

15% of the population, it is the third largest employer after agriculture and manufacturing.

The distributive system, fully shares the weaknesses of the Nigerian economy. If it is to play an active role in our recovery and sustained health, we need to look into what can be done to correct its weakness, reinforce its strengths and enlarge its potential for stimulating productivity.

Probably because the distribution sector has always been more able to look after itself, seems to prefer to be left alone and is in any case too large and too diffuse to be amenable to simple categorisation, direction and control, government has not paid it much attention. In our development plans it is not even accorded the dignity of its own sectoral classification. When it features, it is usually in association with finance, and then only in connection with government investment in trading parastatals and companies, export promotion and price control activities. Except regarding indigenization there has been no articulation of a comprehensive national policy on the distributive sector. Yet the sector plays so central a role in the economy that even a slight improvement in its performance can have a significant impact on national productivity. Through appropriate policies and measures government can affect the structure and environment of distribution enabling it to improve its performance.

One area where a small investment can reap a large benefit is that of market and price information, by enabling traders and consumers to identify the best sources of their requirements thus reducing the scope for exploitation². This service would contribute towards the closer integration of the national market by linking producers, traders and consumers closer together. It would be most critical for the centres and rural areas more remote from the commercial centres. A related measure would be the control of advertising to ensure truth in advertising, with full disclosure of price and quality information, for the protector of the consumer. Government can also do a lot directly by improving transport and communications in the rural and remote areas thus reducing the cost of access.

In the area of agricultural marketing, government has already taken the strategic decision of creating commodity boards³. But owing partly to under capitalisation and partly to unrealistic pricing and operational policies, the potential of the system has not been tapped. Another area of potential benefit is the support of marketing co-operatives, effective marketing co-operatives not merely organisations for the acquisition and distribution of "essential commodities".

Turning to the private sector, we insist the established trading houses have a respon-

sibility to the nation to see that their resources and channels are redirected towards stimulating and sustaining local production rather than distributing imports. Already serving as financiers and marketing outlets for manufacturing industries they are in a position to establish their requirements of dependence and its attendant vulnerability. They are also in a position to expand bulk warehousing facilities at the major centres to ease the problems of the smaller traders. In this regard there would seem to be a need for functional specialisation among the larger firms so that each can acquire a special competence in servicing particular sectors of the market. As a major stakeholder in the state of the distribution system government can initiate and encourage corporate policies more relevant to national needs.

Of the auxiliary services necessary to the development of the distribution system, transportation and finance deserve special mention. The high cost of transport is a serious limitation of the size of the Nigerian market. It is a function both of the over-reliance on road transport and of the state of the roads. The recent government decision to implement the long-overdue programme for a modern railway grid to inter-connect the various zones, states and economic centres systematically is very welcome indeed and should be pursued with despatch and vigour.

On finance, the on-going transformation of the financial sector augurs well for the evolution of the financial institutions and products more effectively targeted at the distribution sector.

Finally, if government is to play its proper role in the promotion of domestic marketing, it must seek to understand the marketing system. There is need for proper background and benchmark studies at federal, state and local government levels. State and local government should regard themselves as the chief marketing promotion agencies for their people. They should set up appropriate institutions for collecting and disseminating relevant market information, promote linkages and bring together all the stakeholders in their areas for the development of a more effective marketing system.

¹ See Skoup (1991) and FMPMR (1993) for details of the size, variety and location of Nigeria's solid mineral wealth.

² Eyo (1997) has stressed the need to develop effective price information systems for the agricultural sector.

³ See Ojo (1995) on the proper role of commodity boards.

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