



NECESSITATING FACTORS TO NIGERIAN FAILURE ON PALM OIL

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Abstract

The oil palm tree, is originally a native crop of the tropical forest of West Africa. Palm oil trade emerged during the British Industrial Revolution, whereby it was used for machines lubrication. Nigeria is among the few places where the fruit was first discovered before the 14th century. Palm oil serves as the main vegetable oil produced globally, generating almost 60% of international trade in vegetable oils. In 1960s, Nigeria was the largest palm oil-producing and exporting country in the world. This accounted for forty-three percent of entire palm oil global production, but the production entirely declined as a result of other factors that caused slow growth in palm oil production, while the domestic consumption has increased. Now it produces a meagre 1.7 percent of total world production which is insufficient for local consumption. Nigeria lost its position to Malaysia and Indonesia. Nigeria currently does not export palm oil, but it imports it from Malaysia and Indonesia due to the local shortfall. The objective of this paper, explores the necessitating factors to Nigerian failure on palm oil, the paper is a qualitative research, it has adopted document analysis, the findings of the paper are the necessitating factors that led to the Nigerian failure on palm oil which include; oil boom and decline in agriculture, civil war, traditional system of palm oil production, in conclusion, these factors are the failure to Nigerian palm oil production.

Keywords: Nigerian Background, Oil Palm, Palm Oil, Necessitating Factors

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INTRODUCTION

Oil palm has been considered as the most significant crop and valuable fruit. Palm oil is being removed from this oil palm. The palm oil removed from it, has gained a global recognition as the most valued vegetable oil being used and applied in food and non-food products in the world. It is the most imported and exported vegetable oil in the world, and it dominated sixty percent of international trade in vegetable oils. It makes oil available for one out of three of the global vegetable oils being consumed in food. From the palms, oil is being removed, is used for making numerous products globally such as detergents, cosmetics, margarine, sweets and baked goods (World Bank, 2010). Globally, oil palm has been regarded as a crop which is valuable and suitable for bio-diesel. Oil palm is rated as the most productive and profitable oil, it is crop found in tropical area, and is produced for bio-fuel. Breeding programs developed oil palm to high-yielding varieties that produce annually over twenty tonnes of fresh fruit bunches of palm oil (FAO, 2010).

Palm oil is removed vegetable oil from the fruit of the oil palm tree, it is useful for food consumption, and is being consumed in the majority of products in the supermarket such as chocolate etc. Indonesia and Malaysia are the major global palm oil producing and exporting countries with estimate of forty-five million tonnes. In the vegetable oils market globally, the contribution of the palm oil industry became a significant and valued, in recent years, it achieved growth rapidly (WG, 2011). Oil palm is important to Nigerian economy. It is produced in food for consumption, income to farmers, employment to nation and raw materials for industries. An estimated seventy-four percent of global palm oil usage is for food products and twenty-four percent is for industrial purposes (USDA, 2010). Since the 1990s, the area employed by oil palm farming has extended globally nearby forty-three percent, the high demand is from India, China and the European Union (RSPO, 2011).

The geographical location of Nigeria is situated on Guinea Gulf in West Africa. It bordered with Cameroon in the East and Benin Republic in the West, while in the Northern area, it is bordered with Niger and Chad (Douglas, 2004). The Niger River lower course flows from South-eastern Nigeria into the Guinea Gulf. These low lands are plains in the North and mountainous in the Southeast. The low land of the Southern part, made up of mangrove forests and swamps on the coastal area of the South. Hardwood forests are available in the inland territory (Achebe, 2000). Nigeria has the area of 923,768 square km, about 13,000 square kms is covered by water bodies. It has regions which are the major five geographical areas. Along the Guinea Gulf, there is the first region which is low coastal zone. The second, is located at the zone of hills and plateaus North of the coastal zone. The third is the Niger-Benue river valley. The fourth region is a broad plateau to the Northern border exceeding 1200 meters. The fifth region is a mountainous zone (Nigeria Fact Sheet, 2001).

In 1960s, Nigeria was the largest palm oil producing and exporting country in the world. The local consumption of palm oil was exceeded by production, while the remaining was supplied to the international market, but the production entirely declined as a result of other factors that caused slow growth in palm oil production, while the domestic consumption has increased. Nigeria lost its position to Malaysia (PIND, 2011). In early 1901, Nigeria was a palm oil dominant producer and supplied it globally.

Palm oil served as its major foreign exchange source till 1960s. whereby it became the largest palm oil producing country which accounted for forty-three percent of the entire production of palm oil globally. As a result of other factors, then Nigeria failed to meet up the global need of palm oil (Olagunju, 2008 cited in Ayodele & Eshalomi, 2010). Then Nigeria lost its position in agricultural exports even in palm oil area which it once

dominated. Now it produces a meagre 1.7 percent of total world production which is insufficient for local consumption (Palm Oil World Supply and Distribution, 2010). This paper tries to add to the body of knowledge so as to explore the factors that necessitated to Nigerian failure on palm oil.

METHODOLOGY

This part explains the research methodology used to obtain data, and how the data were analysed. According to Creswell, research is generally conducted to develop appropriate and accurate assertions that can aid to explain the situation (Creswell, 2012). This study employs qualitative research method to understand the research problem. Qualitative research method of data analysis is to systematically research into the nature by using explanatory and realistic approaches (Zhang & Wildemuth, 2009). It used qualitative document analysis which largely relies on how clearly explain, analyse and make a good conclusion (Manheim et al., 2002). This research paper relied on secondary data, whereby the secondary data was collected from books, journals, dissertations, newspapers, magazines, seminar papers, and articles.

RESULT AND DISCUSSION

Necessitating Factors to Nigerian Failure on Palm Oil

Oil Boom in 1970s

Nigeria received almost two hundred and fifty million dollars as revenue from oil in 1964 (Myers, 1990). Although, during the early 1970, the growth of the petroleum industry has transformed the Nigerian economy. In 1973, the enormous development in revenue from oil allowed the rebuilding of the economy, which is shattered by war and brought resources that centralised state and federal level. The states creation extended economic dependency on revenue from oil by local and state government. The revenue from oil used to fluctuate due to the prices of the oil and the Nigerian oil demand for the global economy (Watts, 1983). According to Michael Watts and Paul Lubeck (1983), Nigeria extended and enlarged production. The advent of oil allowed a size of self-sufficiency from collecting foreign aid and the beginning of a great bureaucracy to be centralised. The oil boom fetched different chances, prosperity was produced by the petroleum and prepared individuals prosperous as well as the state. However, 1980s became similarly an inconsistent era, and resulting disparity in price rises which created economic destruction and generated poverty in urban and rural area. In 1970s, there was a quick growth in the petroleum industry which augmented the nation state revenue separate from the agriculture. The domestic mixture with global activities, caused the Organization of Petroleum Exporting Countries (OPEC) to be created, and directed in rises the petroleum prices from 1971 to 1980 (Watts and Lubeck, 1983).

Moreover, the 1973 Arab-Israeli war that banned petroleum supply to Israeli alliance, in particular Western countries which buttressed Israel, this activated the prices of petroleum to rise intensively. The 1979 Iranian Revolt caused over 130% additional increase of price of oil. The periodic dividend sustained into the 1990s. Nigeria generated huge amount of revenue from the two crises. The increase of price of oil in October 1973 to early 1974, from \$3.78 per barrel to \$14.69 per barrel (Okolie, 1995). In 1970s to early 1980s, the boom in export caused the GDP to annually increase with almost 10% (Kolko, 1988). In 1970, there was an increase in revenue from 411 million dollars to 1980 sum of 26.62 billion dollars (International Financial Statistics, 1980). This 1970 to 1974 Second National Development Plan was corresponded by this intense increase of international prices of oil. The

GDP was planned to have additional 44.2 %, 13.4% and 12.4 % from agriculture, mining and manufacture. Mining 45.1%, agriculture 24.7% and manufacturing 4.8% are the real support to GDP. The crude oil significance to the Nigerian economy caused rise in export and contributed to national revenue.

Oil Boom and Decline in Agriculture

The overall viewpoint of oil boom, was one of the resultant of reduction in food and agricultural production. The Nigerian government interests in agriculture was identified insignificant due to shift to petroleum which is more profitable. This modification in revenue coming to government from agricultural production, caused the agricultural decline and more dependence on import from abroad (Watts and Lubeck, 1983). During the 1974, the food imports bill of Nigeria multiplied three times, then in 1980 it rose again. During the 1980s ending, the food imports of Nigeria rose from N509.79 million in 1964 to N9,658.10million. In addition, there was a decline annually from 1973 to 1980 in terms of productivity of agriculture, and the rate of growth in GDP shared more. At the similar period, revenue fell in 1981 to 1982 to 13.1 billion dollars. In 1988, the revenue diminished to seven billion dollars (Morgan and Solarz, 1994).

The agricultural crisis in the past three decades is associated to the economy of Nigeria transformation as well as 1970s dependency on oil revenue. The devastating inflation went together with the oil wealth that reproduced farmers' incapability for living on their production. By means of subsistence farming drastically weakened by the oil, farmers as well as village dwellers were suffering terribly. Equally Watts noted that, from the oil boom other people enjoyed significantly, then inflation quickly windswept the most of the poor rural-urban hard-won gains (Watts, 1983).

Civil War

In 1966, Nigeria faced crisis from political arena that has broken into the 1967 civil war of Nigeria-Biafra. As a result of conflict from political aspect, it became a civil war caused by the government of colonial administration, whereby Fredrick Lugard amalgamated the three regions into one Nigeria in 1914. The 1954 constitution complicated the issue in Nigeria through the introduction of regionalism. The country has been split into three provinces that are: Northern, Eastern and Western provinces which brought into regional and ethnic provincialism, which led to a coup by military in 1966. There was a competition for economic and political development among the regions. Michael Watts contends that, the war occurrence was related to the opposing the central forces that caused by the regional economic breakdown and oil exploration and production (Watts, 1983). The Igbos aggressive nature was hated by most of Nigerians. A political circumstance which is peaceful, assured chance for commercial deeds, as well as migration of Igbo community to all over the Nigeria. All over the country, before the 1966 coups, Igbo community were accepted with tolerance due to their aggressive behaviour. Col. Odumegwu Ojukwu on 30 May 1967, as military governor in the Eastern region, made a declaration of Biafra as the independent Republic. The civil war grew to be a significant cause of transformation in the region. The Eastern region previously was insecure in terms of food. The social and economic system changed by the civil war and involved into agriculture.

In the middle of 1960 and 1966, the production of oil palm stayed reasonably huge. The incomes earned by the farmers were sufficient to invest in transport and trade. The roads construction and lorries penetration into remote villages increased trade and induced migration to urban centre. As sources of income, significance of cassava, yam and other agricultural crops, similarly enlarged urban development. This decreased rural dependency on export, even though oil palm sustained as an essential source of money. On the other hand, the inconsistencies

in the estate scheme and the negligence of farmers' wellbeing linked with environmental and demographic issues drive farmers away from their land. This affected farmers' food and other financial needs (Korieh, 2018). As a result of the civil war from 1967 to 1970, different problems impacted on the capability of farmers and the regional governments to improve agricultural production. The war influenced the Eastern region agricultural economy, and the war political occurrences affected the rural area. The petroleum industry enlargement created conflicts in the economy rural agriculture. Generally, for safeguarding food security, farmers from rural areas replied to the disaster facing agriculture by accepting policies which are new. However, the general public traditionally engaged into the existing policies. The existing policies sustained by influencing social, cultural, and local schemes and a very solid structure (Korieh, 2018).

Low Agricultural Productivity and Food Insecurity

The production declined in this region as a result of political activities of the Nigerian government and factors outside the local farmers control, whereby food has been used as a war weapon by the Nigerian government to control the eastern region. The strategy was applied to starve the secessionists so that the Nigerian government would quickly defeat the Biafrans and bring them back to order. The central government blocked the eastern region and enforced the Biafrans to retreat and surrender to one Nigeria for their survival. This tactic of starvation was adopted by Nigerian government as a legitimate weapon of war. The other tactics incorporated the blocking Biafran access to food outside the region and behind federal outlines, the halting of international relief, the central authority gunshot an airplane owned by the Red Cross carrying foodstuff to the surrounded Biafrans. This organization served as main aid action in the region, but it lost its plain and was not able to fly again for humanitarian aid. Lack of this aid, half of food supply in Biafra was lost. Due to this blockage, Biafrans encountered crisis of food which caused the loss of more than one million people in eastern region (Korieh, 2018).

Environmental Degradation

The general public of Eastern Nigeria have replied in several techniques to the environmental impacts on people in general as well as agriculture. Cleveland witnessed, the argument related to environment and agriculture as defined by optimists that understand the reason for agricultural alterations, is due to the population growth, that increased the booming size, and the pessimists who understand the growing population as decreasing to human booming size. Though, this macro demographic theory oversees how structural alterations and local control encouraged by war trouble as control mechanisms in a short period (Cleveland, 1998).

Traditional Palm Oil Production

The traditional palm oil production in Nigeria, oil palm tree became a long standing resource which is natural grove, whereby due to agricultural activities, clearance of forest was done. Some spaces were provided for oil palm trees to be planted. In addition, oil palm trees are implanted as family or community system of agroforestry farming. The fruits of oil palm collection were traditionally done, the processing of palm oil into red one was locally and manually made. At times, some consist of mechanical press, while others manually operate. Soap and other produces were manually made from palm kernels, and palm wine is produced from tree sap (PIND, 2011).

Traditionally, the trees ages of oil palm estates existing in Nigeria, it is more than thirty years and is facing production decline. It imposes danger on sufficient and available fresh fruit bunches (FFB) quality and quantity to be processed. Majority of the palm nuts originated from the wild groves and collected to be processed. The variety of Dura existed in the wild trees, it yields low and is old. Majority of the palm trees, is individual possession, instead of someone that would harvest it. The productivity activity is local without the fertilizer use, and the

weeding is inadequate. In addition, the processors use traditional techniques such as mortar and pestles to process twenty liters daily. This yields 9% which is below the oil half of fruit content. Most of the commercial farmers purchased modern and small techniques that could extract 12% and per hour could process 250 kg of oil (PIND, 2011).

CONCLUSION

In conclusion, this paper discoursed on the brief historical background of Nigeria and the factors that led to the Nigerian failure on oil palm production, the factors are: oil boom, Nigerian civil war, and traditional system of oil palm production. These factors have crippled the oil palm production. Nigeria have to learn from Malaysia and Indonesia in order to solve its problems on oil palm production and revive its past glory on oil palm production. In reality, Nigeria have to learn from Malaysian sustainability on palm oil bit by bit such as: environmental consciousness, economic escalation and social commitment as well as other Malaysian policies on palm oil that led to its sustainability. Malaysia was a country that Nigeria assisted with the oil palm seedlings, but it utilized it and used the golden opportunity and developed as the major palm oil producer and exporter in the world, while Nigeria still serves as the net importer of palm oil and produce a meager of 1.7 which is not enough for local consumption.

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