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MASTER THESIS

on the topic

« Foreign trade in agri-food products between Ukraine and Nigeria »

Specialty 073 "Management"
Educational program "Management of foreign economic activity"
Orientation of the educational program is educational-professional

Guarantor of the educational program
Ph.D., Associate Professor _____ **Dibrova L.V.**

Supervisor of master's thesis
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(scientific degree and academic title)

Student _____ **Fadoju Oluwatobiloba Ruth**
(signature) (student's name)

KYIV - 2021

NATIONAL UNIVERSITY OF LIFE AND ENVIRONMENTAL SCIENCES OF UKRAINE

FACULTY OF AGRICULTURAL MANAGEMENT

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Head of
administrative management and
foreign economic activity department
Doctor of Economics, Prof. _____ V.V. Lutsiak
"18" 03 2021

TASK
BEFORE PERFORMING THE STUDENT'S MASTER'S THESIS
Fadoju Oluwatobiloba Ruth
(Full Name)

Specialty 073 "Management"

Educational program "Management of foreign economic activity"

Orientation of the educational program is educational-professional
Theme of master's work: " Foreign trade in agri-food products between Ukraine and Nigeria» approved by the order of the Rector of NULES of Ukraine dated 16.03.2021 № 466 "C"

The deadline for the student to submit a master's thesis is _____ 2021.
Initial data for the master's thesis - laws of Nigeria, decrees of the President of Nigeria, materials of the Federal ministry of agriculture, water resources and rural development of Nigeria, statistical information of the FAO and the US Department of Agriculture (USDA), the author's own observations.
List of issues to be studied:

1. THEORETICAL FUNDAMENTALS AND ESTIMATION METHODS OF FOREIGN TRADE WITH AGRI-FOOD PRODUCTS
2. ANALYSIS OF FOREIGN TRADE WITH AGRI-FOOD PRODUCTS BETWEEN UKRAINE AND NIGERIA
3. PERSPECTIVES OF BILATERAL TRADE WITH AGRI-FOOD PRODUCTS BETWEEN UKRAINE AND NIGERIA

List of graphic material (if necessary):__ tables, __ figures

Date of issue of the task 18 03 2021р.

Supervisor of the master's thesis _____ (signature) Faichuk O.M. (surname and initials)

Accepted the task _____ (signature) Fadoju Oluwatobiloba Ruth (surname and initials of the student)

ABSTRACT

Master's thesis on "Foreign trade in agri-food products between Ukraine and Nigeria" is presented on 47 sheets of printed text, and includes: assignments, content, introduction, 3 chapters, 8 sections, conclusions, references. The work is based on statistics from FAO, WTO, and Statistics of Nigeria.

The purpose of the master's thesis is to substantiate the perspectives of agri-food products between Ukraine and Nigeria. Both countries Ukraine and Nigeria, happen to have agriculture as their major sector that boost the total revenue generated from their international trade. Furthermore, it is safe to say agriculture also plays a major role in the employment rate of both countries. According to the World Bank collection of development indicators, employment in agriculture in Nigeria for 2020 is recorded at 34.4% while that of Ukraine is reported at 14.11%.

The object of research is the process of international trade in agricultural products. The subject of the study is a set of theoretical, methodical, and applied aspects of foreign trade in agri-food products between Ukraine and Nigeria.

Research methods. The master's thesis used methods of theoretical generalization, economic analysis, comparison method and graphical method.

The results were presented at the IV International scientific-practical online conference of students, graduate students, and young scientists "New challenges for the agricultural sector of Ukraine in the context of globalization" (October 26-27, 2021)

Publications. Abstracts were published at the IV International scientific-practical online conference of students, graduate students, and young scientists "New challenges for the agricultural sector of Ukraine in the context of globalization" in a collection of abstracts on «Foreign trade between Ukraine and Nigeria»(https://nubip.edu.ua/sites/default/files/u326/zbirnik_te_mizhn_stud_konf_26-27.10.2021.pdf).

Keywords: foreign trade, export, import, trade balance, agricultural products, Nigeria, Ukraine.

CONTENT

INTRODUCTION

Foreign trade is known as one of the major forces that drives economic development. Foreign trade occurs between residents of different countries, exchanging goods and services.

Nigeria a country in western part of the continent of Africa with a population of over two hundred and six (206) million, and Ukraine a country in the eastern part of Europe with a population more than forty-four (44) million, both have political and economic relations. Trade between both countries have existed for over twenty-nine years and still counting.

Both countries Ukraine and Nigeria, happen to have agriculture as their major sector that boost the total revenue generated from their international trade. Furthermore, it is safe to say agriculture also plays a major role in the employment rate of both countries. According to the World Bank collection of development indicators, employment in agriculture in Nigeria for 2020 is recorded at 34.4% while that of Ukraine is reported at 14.11%.

With these similarities between Ukraine and Nigeria, we examine the trade of Agri-food products between both countries. It should be noted that both countries have trade relations that exceed beyond agricultural products.

A general classification of items of export for Ukraine and Nigeria to other countries are oil and fat, Animal products, textile, office machinery, motor vehicles, Apparel, Mining and metal ores, Tobacco, Beverages, Non-metallic minerals, Chemicals, Food products, Basic metals, Rubber and plastics, communication equipment, metal products, machinery various, wood production/furniture, paper production publishing, Rubber/plastics, communication equipment, precision instrument, electric machinery.

This paper also examines the threats to trade between Ukraine and Nigeria. Even though foreign trade has seen a major increase as compared to centuries before, and there as also been the establishment of bodies such as World Trade Organization WTO which ensures trade relations are carried out smoothly, still we cannot overlook the fact that there are still threats to foreign trade, some of threats are

specific to countries, and this paper will examine some threats if any that affects trade relations negatively with Ukraine and Nigeria.

The purpose of the master's thesis is to substantiate the perspectives of agri-food products between Ukraine and Nigeria.

To achieve this goal, the following tasks were set:

- to clarify the essence of the concept of "foreign trade";
- to consider the peculiarities of foreign trade in agricultural products ;
- to generalize methodical approaches to assessing the effectiveness and efficiency of foreign trade in goods ;
- to analyse general trends of Nigerian agricultural development ;
- to define the place of Nigeria in the international trade by food ;
- to estimate of bilateral trade with agricultural products between Nigeria and Ukraine ;
- to make the forecast of the Nigerian agriculture development ;
- to identify and substantiate the directions of increasing the foreign trade with agri-food products between Nigeria and Ukraine.

The object of research is the process of international trade in agricultural products. *The subject of the study* is a set of theoretical, methodical, and applied aspects of foreign trade in agri-food products between Ukraine and Nigeria.

Research methods. The master's thesis used methods of theoretical generalization, economic analysis, comparison method and graphical method.

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Master's thesis is presented on 47 sheets of printed text, and includes: assignments, content, introduction, 3 chapters, 8 sections, conclusions, references – 45 sources.

CHAPTER 1
THEORETICAL FUNDAMENTALS AND ESTIMATION METHODS OF FOREIGN TRADE WITH AGRI-FOOD PRODUCTS

1.1 The economic essence of foreign trade, its components

Basic economics explains that the transaction that involves buying and selling of goods and services is trade. When this exchange of goods and services cuts across borders/ countries, it is known as foreign trade or international trade. Therefore, International trade and foreign trade will be used at intervals in this paper

The existence of foreign trade cannot be pinpointed to a particular date. There are theorists of the opinion that the advent of international trade is as of the 17th century when Liberalism began, and civilization started. While some others are of the school of thought that international trade has been ages before the 17th century. Though there isn't a consensus to the time that foreign trade came into being, many theorists however agree that the barter system of trade is the bedrock for international trade.

The barter system of trade involves the exchange of goods and services by two or more parties with no monetary medium involved.

David Hume 1752 work "of the balance of trade" which is known as one of the many early writings about trade and international trade. He recounts of the Prohibition by the Athens, the Athens had restricted the exportation of one of their fruits, a specie of the fig, which they deemed rather too precious and excellent to be shared with foreigner, furthermore during the reign of Edward III in France, France restricted their corn from other countries, claiming it was reserved for times of farming.

The importance of international trade was recognized early on by political economists such as Adam Smith and David Ricardo. *International trade* is the exchange of goods and services between countries. *International trade* allows countries to expand their markets and access goods and services that otherwise may

not have been available domestically. As a result of international trade, the market is more competitive. This ultimately results in more competitive pricing and brings a cheaper product home to the consumer. A product that is sold to the global market is called an export, and a product that is bought from the global market is an import. Imports and exports are accounted for in the current account section in a country's balance of payments. Global trade allows wealthy countries to use their resources—for example, labor, technology, or capital—more efficiently. Different countries are endowed with different assets and natural resources: land, labor, capital, and technology, etc. This allows some countries to produce the same good more efficiently—in other words, more quickly and at lower cost. Therefore, they may sell it more cheaply than other countries. If a country cannot efficiently produce an item, it can obtain it by trading with another country that can. This is known as specialization in international trade. For example, England and Portugal have historically both benefited by specializing and trading according to their comparative advantages. Portugal has plentiful vineyards and can make wine at a low cost, while England is able to more cheaply manufacture cloth given its pastures are full of sheep. Each country would eventually recognize these facts and stop attempting to make the product that was more costly to generate domestically in favor of engaging in trade. Indeed, over time, England stopped producing wine, and Portugal stopped manufacturing cloth. Both countries saw that it was to their advantage to stop their efforts at producing these items at home and, instead, to trade with each other in order to acquire them [1]

In turn, *foreign trade* is the exchange of goods across national boundaries. Prof. J.L. Hanson said, "An exchange of various specialized commodities and services rendered among the corresponding countries is known as foreign trade." *Foreign trade* is, in principle, not different from domestic trade as the motivation and the behavior of parties involved in a trade does not change fundamentally depending on whether a trade is across a border or not. The main difference is that international trade is typically more costly than domestic trade. The reason is that a border typically imposes additional costs such as tariffs, time costs due to border

delays, and costs associated with country differences such as language, the legal system, or a different culture. *Foreign trade* is all about imports and exports. The backbone of any foreign trade between nations is those products and services which are being traded to some other location outside a particular country's borders. Some nations are adept at producing certain products at a cost-effective price. Perhaps it is because they have the labor supply or abundant natural resources which make up the raw materials needed. No matter what the reason, the ability of some nations to produce what other nations want is what makes foreign trade work [2].

Foreign trade is exchange of capital, goods, and services across international borders or territories. In most countries, it represents a significant share of gross domestic product (GDP). While international trade has been present throughout much of history, its economic, social, and political importance has been on the rise in recent centuries. All countries need goods and services to satisfy wants of their people. Production of goods and services requires resources. Every country has only limited resources. No country can produce all the goods and services that it requires. It must buy from other countries what it cannot produce or can produce less than its requirements. Similarly, it sells to other countries the goods which it has in surplus quantities. India too, buys from and sells to other countries various types of goods and services. Generally, no country is self-sufficient. It must depend upon other countries for importing the goods which are either non-available with it or are available in insufficient quantities. Similarly, it can export goods, which are in excess quantity with it and are in high demand outside [3].

Foreign trade is the mutual exchange of services or goods between international regions and borders [4].

There are the main components of foreign trade [2]:

1) *import*. Importing is the purchasing of goods or services made in another country. For example, importing edible oil from Chinese producers to sell in Africa;

2) *export*. Exporting is selling domestic-made goods in another country. For example, Hameem Garments exports Readymade Garments (RMG) products to Western Countries;

3) *re-export*. When goods are imported from a foreign country and are re-exported to buyers in some other foreign countries, it is called re-export. For example, Firm Readymade Garments located at EPZs imports raw materials (cotton) from Korea and produces Readymade Garments products by Thai cotton and then those products to Canada.

Over the last couple of centuries the world economy has experienced sustained positive economic growth, and over the same period, this process of economic growth has been accompanied by even faster growth in global trade.

In a similar way, if we look at country-level data from the last half century we find that there is also a correlation between economic growth and trade: countries with higher rates of GDP growth also tend to have higher rates of growth in trade as a share of output. This basic correlation is shown in the chart here, where we plot average annual change in real GDP per capita, against growth in trade (average annual change in value of exports as a share of GDP) (Figure 1.1).

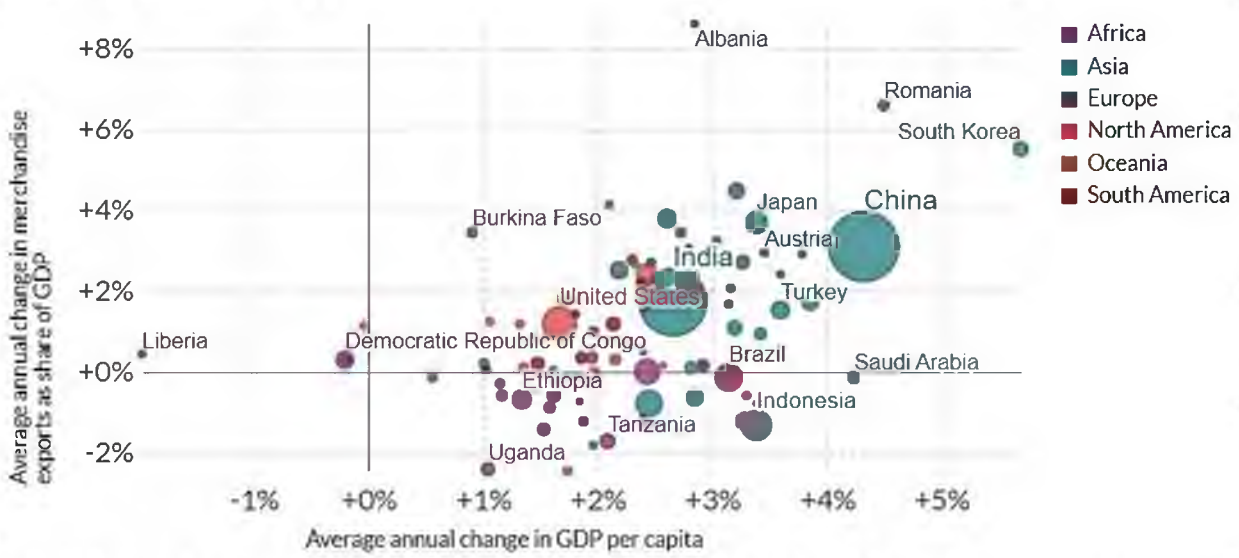

Figure 1.1. Growth of GDP and trade, 1945 to 2014
Source: [5].

1.2 Peculiarities of foreign trade with agricultural products

Today, almost 25 years after the creation of the WTO, many may have forgotten the state of the trading environment facing agriculture in the 1980s. D. Gale Johnson, a prominent University of Chicago economist, referred to it as a "world in disarray." Many markets were highly protected through high tariffs, limited quotas, or outright bans on imports. Variable levies were in place in many countries, which allowed countries to adjust tariff levels to protect domestic markets as world prices fell or rose. Domestic support to agriculture, particularly among the rich developed members such as the US, Japan, and the EU, was large and growing. Producers in those countries made production decisions largely insulated from the world market. Governments propped up domestic prices by storing production in large public stockpiles, by maintaining high tariff barriers, or both. Governments dumped surplus production on export markets, using export subsidies and restitutions. These further distorted markets and harmed other exporters, often developing countries that had little or no means with which to protect their own producers and limited recourse within the General Agreement on Tariffs and Trade (GATT) to redress trade disputes.

The Uruguay Round Agreement on Agriculture brought substantial discipline to the areas of market access, domestic support, and export competition. Under the Uruguay Round Agreement on Agriculture, members agreed to convert non-tariff barriers to tariff equivalents and, where necessary, to guarantee minimum access to domestic markets through the creation of tariff-rate quotas (TRQs). Developed countries were required to cut tariffs (the higher out-of-quota rates in the case of tariff quotas) by an average of 36 percent in equal steps over six years. Developing countries were required to cut tariffs by an average of 24 percent over 10 years. Several developing countries also used the option of offering tariff ceilings in cases in which duties were not "bound" (that is, committed under GATT or WTO regulations) before the Uruguay Round.

In the area of export competition, export subsidies were capped and then reduced in both value and volume. In Nairobi in 2015, WTO members agreed that

developed countries would immediately remove export subsidies except for a handful of agriculture products and that developing countries would do so by 2018 (with a longer time frame in some limited cases). Finally, under the Uruguay Round Agreement on Agriculture, domestic support levels were bound and subject to reduction commitments (20 percent reduction over six years for developed countries and 13 percent cuts over 10 years for developing countries). Countries were encouraged to adopt support policies that had minimal production- and trade-distorting effects and that were exempt from reduction commitments (so-called green box policies).

Global agricultural exports have more than tripled in value and more than doubled in volume since 1995, exceeding US $1.8 trillion in 2018 (Figure 1.2) [6].

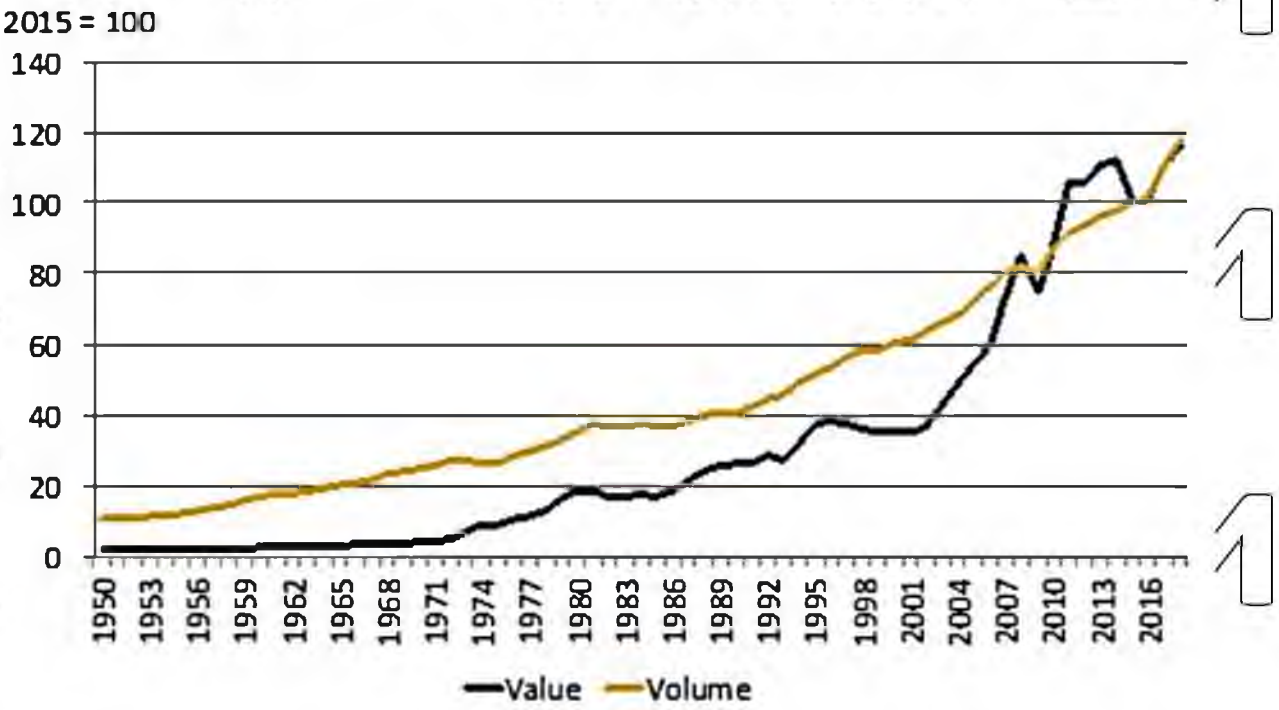

Figure 1.2 World agricultural exports, 1950-2018
Source: WTO, World Trade Statistical Review, 2019

Rapid growth over the period 2000-2010 was due largely to increases in commodity prices, reflecting the impact of several factors on agricultural commodity markets. These included a substantial expansion in biofuel consumption, higher energy prices, relative price effects associated with a weaker US dollar, and shifts in consumption patterns in emerging economies such as China that favored meat, dairy

and other high value products. Since 2013, large global harvests and a slowdown in the demand for biofuels have caused cereal and oilseed prices to decline from peaks reached in 2012-13. Yet while agricultural prices have declined somewhat since 2014, trade values and volumes have continued to climb. And while the coronavirus pandemic is expected to sharply curtail overall trade in manufactured goods, food exports will likely be less affected for the simple reason that people must eat [6].

At the 2013 Ministerial Conference in Bali, Indonesia, ministers agreed on a package, including four decisions on agriculture [7]:

1. The Ministers reached an agreement to negotiate a permanent solution to public stockholding for food security purposes. Until the permanent solution is reached, members are directed to refrain from using the WTO Dispute Settlement Mechanism to challenge a developing member's compliance of its obligations in relation to trade. For example, members shall refrain from challenging breaches of domestic support commitments resulting from developing countries' public stockholding programs for food security provided certain conditions are met.
2. The package also called for more transparency in tariff (or tariff-rate) quota administration to prevent governments from creating trade barriers by changing how they distribute quotas among importers.
3. The Package instituted an expansion of the list of "General Services" that qualify for Green Box support. These services now include spending on land use, land reform, water management, and other poverty-reduction programs.
4. Finally, the Package established a declaration to reduce all forms of export subsidies and to enhance transparency and monitoring.

In turn, *Nairobi Package*: At the 2015 WTO Nairobi Ministerial Conference, WTO members reached many decisions:

1. First, members decided to eliminate agricultural export subsidies and set disciplines on export measures that have and equivalent impact on trade. Developed countries are required to eliminate export subsidies as soon as possible, except for a few agriculture products. Developing countries were

given a longer time but are also required to eliminate export subsidies. This decision was aimed at achieving the sustainable Development Goal on Zero Hunger.

2. Additionally, WOT members agreed to find a permanent solution to developing countries' use of public stockholding programs for food security purposes.
3. Under this Package, Ministers also agreed to continue negotiations on a special safeguard mechanism that would allow developing countries to temporarily raise tariffs on agriculture products in cases of import surges or price falls.
4. Cotton played an especially important role, with the Nairobi Ministerial Decision on Cotton including provisions on improving market access for least-developed countries, reforming domestic support, and eliminating export subsidies.

Over the past decade, international agricultural and food markets have witnessed several changes, which have brought domestic and international markets closer together. Since 2000, trade in agro-food products has grown strongly – more strongly than in the preceding decade at close to 8% in real terms annually between 2001 and 2014 compared to 2% between 1990 and 2000 – as world markets responded to a more rules-based trading environment, falling tariffs, and reductions in trade-distorting producer support. Global agricultural production has also continued to increase, driven by rapid growth in several developing regions, in particular those of Asia and South America. But agro-food trade isn't just increasing, it's becoming 'global'. The food and clothing that consumers find in their local stores are increasingly made from a wider range of products, produced in a wider range of locations across the globe. Among the changes seen in agro-food markets, there has been a significant increase in trade among emerging and developing countries, which are increasing in importance, both as suppliers and markets for agro-food products. Increasing trade has also been accompanied by deeper integration of the world's food system. A growing share of agro-food trade is taking

place in global value chains (GVCs) – agricultural and food processing value chains that are spread over several countries – linking agro-food sectors and other sectors of the economy from across the world.

While international agro-food markets have evolved, most countries continue to provide support and impose barriers through measures that distort trade and limit the benefits that international agro-food markets can deliver for consumers. These measures continue to have significant and negative effects on the welfare, resilience and food security of consumers and producers, as well as on agricultural sustainability, and reduce agricultural and food trade volumes. And while an objective of many trade and domestic support policies is to increase food production, there is little evidence that they achieve this goal: global agricultural and food production would be higher if distorting support was removed.

New and closer linkages between agricultural and food sectors, and between these and other sectors of the economy, mean that the impacts of trade and domestic support measures are transmitted more widely. Globally, around 24% of agro-food export value comes from imported inputs: industrial inputs (machinery and fertiliser) and services, as well agriculture and food. Trade policies that act as barriers to imports directly reduce the competitiveness of a country's own agro-food exports by raising input costs.

Other measures that affect the flow of agro-food products across borders can also reduce trade. Non-tariff measures (NTMs) – those related to laws, regulations, and requirements such as sanitary and phyto-sanitary measures (SPS), technical barriers to trade (TBT) and customs procedures – can increase trade costs. Since agro-food products in GVCs may cross borders, multiple times before reaching final consumers, those trade costs can have significant ripple effects and are most problematic for smaller businesses. While NTMs are in place to achieve legitimate regulatory goals, they can restrict trade depending on how they are designed and enforced [8]

1.3 The estimation methods of foreign trade with agri-food products

In the conditions of internationalization of business and instability of economic growth successful development of foreign economic activity of the enterprise is defined by the decision of problems of an exact estimation of efficiency of such activity and increase of its efficiency.

The efficiency of the planned foreign trade operations acquires special significance in establishing the optimal structure of the enterprise's exports and making sound decisions in the field of foreign trade management of the enterprise.

Efficiency is a criterion that characterizes the potential and level of achievement of the goals of the enterprise. Thus, the process of efficiency research involves two areas:

- comparison of the state of the enterprise in time at different stages of its activity;
- assessment of the competitive advantages of the enterprise in comparison with other market participants.

Foreign economic activity includes: foreign trade, economic, scientific and technical cooperation; specialization and cooperation in the field of production, science and technology; economic relations in the field of construction, transport, forwarding, insurance, settlement, credit and other banking operations; providing various services in the foreign market [9-12].

The assessment of the effectiveness of foreign trade operations is given due attention in the economic literature, which is represented by a detailed system of analysis of financial and economic activities of the enterprise in the foreign economic sphere. But there is no single generally accepted approach to assessing the effectiveness of foreign economic activity of the enterprise.

In the domestic literature the classification of approaches to an estimation of efficiency of foreign economic activity of the enterprise on three signs is offered [13]:

- by types of foreign economic activity: efficiency of exports, re-exports;

import, re-import;

• by the degree of volume of the object of study: integrated efficiency; local efficiency;

• by evaluation methods: absolute efficiency; relative efficiency.

The total efficiency of exports (EP) characterizes the efficiency of production and sales of export products and is determined by the ratio of foreign exchange earnings for export products (Be) to the cost of its production (PC)

$$EP = Be / PC \quad (1.1)$$

The indicator reflects how many monetary units of foreign exchange earnings per unit of expenditure.

Economic efficiency of exports (EE), ie the efficiency of export production, is the ratio between the value of export products in domestic prices and the cost of production of export products:

$$EE = VE / PC \quad (1.2)$$

The currency efficiency of imports is determined by the ratio of revenue from the sale of imports in the country (Vi) to the cost of its acquisition (Pi) or the ratio of the necessary costs of production of imports in the country to the cost of imports:

$$Ei = Vi / Pi \quad (1.3)$$

According to the criterion of the effectiveness of foreign trade of foreign trade entities allocate the balance of trade balance of foreign trade entities. This is the ratio of the value of exports and imports of goods over a period of time (usually a month, quarter, year). The specific value of the trade balance of foreign trade entities is the difference between the value of their exports and imports.

$$E - I = Balance \quad (1.4)$$

In this regard, there are:

- positive balance of trade balance of FEA subjects. This means that the value of exports exceeds the value of imports;

- negative trade balance of foreign trade entities - the value of imports exceeds the value of exports [10-11].

From the point of view of the analysis of prospects of integration processes and development of industrial cooperation vertical intra-branch trade acquires greater value. Exports and imports, in this case, are products of different stages of the technological process - is the exchange of parts and components or raw materials within one industry or the exchange of parts, components or raw materials for finished products in the same industry. Such trade takes place in case of differences in the provision of trading partners with factors of production. The driving forces for the growth and development of this type of intra-industry trade are mainly supply factors. The basis of vertical intra-industry trade is detailed, and sometimes technological specialization, which allows you to take full advantage of economies of scale. Integration processes create additional incentives to deepen the interstate division of labor within the group: reduction or removal of customs barriers and, consequently, lower prices within the integration group leads to specialization of the industry in the production of certain products and increase the range of goods consumed in the markets partner countries. A necessary condition for the development of intra-industry trade is a capacious market, the existence of which ensures economic integration. Thus, the share of intra-industry trade is often used as one of the characteristics of the intensity of integration processes in the region.

There are several indicators measuring intra-industry trade (Balassa index), but the most used indicator proposed by G. Grubel and P. Lloyd (1975). From the point of view of this approach, intra-industry trade is defined as the value of exports of any industry, which is exactly equal to imports within the same industry:

$$G\text{-}LI = (Xi + Mi) - |Xi - Mi|, \quad (1.5)$$

where Xi is the value of exports of sector i, and Mi is the value of imports of sector i.

Intra-industry trade is the value of aggregate trade less net exports or imports of goods in that industry. The formula of the intra-industry trade index, which has been widely used in economic research of international trade relations, is as follows:

$$I = 1 - (\sum |Xk - Mк|)/[(\sum |Xk + Mк|], \quad (1.6)$$

The formula allows us to estimate the share of intra-industry trade in the total

trade of a country with other countries, a group of countries or with all other countries. If the goods of industry k are only exported or only imported, then the Grubel - Lloyd's index is zero, which means the complete absence of intra-industry trade. When countries export and import the same amount of the same goods, the index is one: this means that all trade is intra-industry. The technical factor that affects the value of the indicator is the level of detail of the data: the higher it is, the higher will be the obtained value of the index [10-12].

CHAPTER 2
ANALYSIS OF FOREIGN TRADE WITH AGRI-FOOD PRODUCTS BETWEEN UKRAINE AND NIGERIA

2.1. General trends of Nigerian agricultural development

Nigeria, a country in the Western parts of Africa, borders Benin, Cameroon and the Gulf of Guinea. Fondly known as the giant of Africa, Nigeria also happens to be the most populous country in Africa, with a growing population of 219,463,862 as of 2021 data statistics. The geographical area is a total of 923 768sq km, where land is 910 768 sq km and water occupies an area of 13000sq km. The structure of the land is Arable 37.3%, permanent crops 7.4%, permanent pasture 33.3%, forest is at 9.5%, and others 12.5%. Geographical agricultural landscape is 70.8 million hectares, part of which arable is 34milion hectares,6.5million hectares for permanent crops and 30.3 million hectares on meadows and pastures.

Nigeria is endowed with many national resources such as crude petroleum, which is a major source of exportation revenue for Nigeria. Other natural resources found in Nigeria include the likes of crude oil, columbite, tin, iron ore, natural gas, coal, limestone, niobium, lead, zinc.

Before the decade of the 1960s, the dominant role of agriculture in Nigeria's economy was taken for granted. With very little support from government, Nigerian agriculture was able to grow at a sufficient rate to provide adequate food for an increasing population, raw materials for a budding industrial sector, increasing public revenue and foreign exchange for government and employment opportunities for an expanding labour force. The little support provided by government for agricultural development was concentrated on export crops like cocoa, groundnut, palm produce, rubber and cotton as self-sufficiency in food production seemed not to pose any problem worthy of public attention.

Indications of problems in the Nigerian agriculture, however, started to emerge as from the first decade of the country's independence (1960-69). These

indications were clear from increasing food supply shortfalls, rising food prices and declining foreign exchange earnings from agricultural exports. However, not much rational concern was shown because the problems were thought to be the temporary effects of a series of crises which eventually culminated in the civil war (1967-70).

The second decade of Nigeria's independence (1970-79) witnessed a rapid deterioration in the country's agricultural situation. Not only were there widening food supply-demand gaps and rising food import bills, there were also rapid declines in government revenue from agriculture, in foreign exchange earnings from agricultural exports and in the labour force required in agriculture. The situation was further compounded by the residual effects of the civil war, severe droughts in some parts of the country, government fiscal and monetary policies and above all, an "oil boom" which created serious distortions in the economy and accelerated the rate of migration of labour from agriculture.

To tackle these serious problems, government initiated a number of agricultural policies, programmes and projects, largely within the framework of three successive rational development plans from 1970 to 1974, from 1975 to 1980 and from 1981 to 1985. Experience from these policies, programmes and projects have however, convinced the government and all those concerned with agricultural development efforts in Nigeria that there is no alternative to well-designed and articulate agricultural policies as instruments for promoting agricultural growth and development in Nigeria. It is therefore, in realization of this fact that the government has adopted a comprehensive package of policy instruments to further develop and improve the performance of the country's agricultural sector. These policy instruments are expected to remain valid for about fifteen years that is up to year 2000 A.D. [14].

Moreover, agriculture has traditionally been characterized as the "mainstay" of the Nigerian economy with many assigned roles to perform in the course of the country's economic development. Among the roles conventionally ascribed to the agricultural sector in a growing economy are those of:

— Providing adequate food for an increasing population

- Supplying adequate raw materials to a growing industrial sector
- Constituting the major source of employment
- Constituting a major source of foreign exchange earnings
- Providing a market for the products of the industrial sector

The evaluation of the performance of the Nigerian agricultural sector should therefore be based on the extent to which these above-named roles have been satisfactorily performed. In addition, the overall importance of agriculture in the economy as indicated by the agricultural sector's share of the Gross domestic Product (GDP), should be critically examined [14].

The role agriculture plays in Nigeria is a major one, looking at the value added to the country yearly through agriculture. In just 2020, agricultural value added is at 104.37 billion U.S. dollars (Figure 2.1)

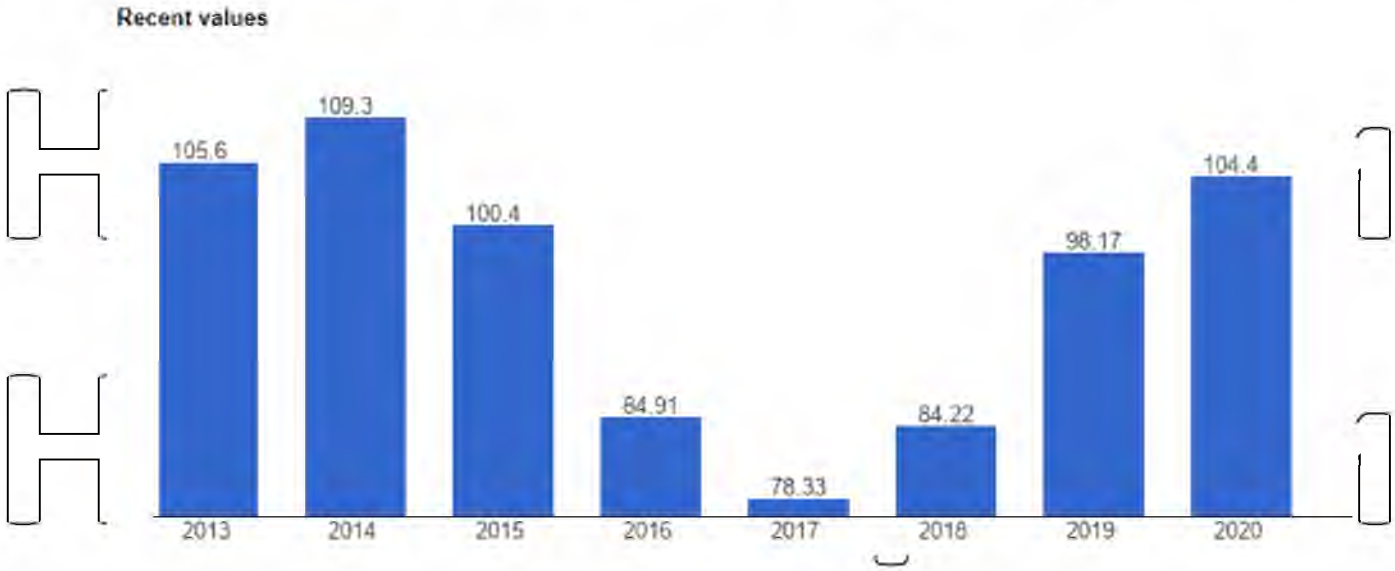

Figure 2.1 Agricultural value added in billions U.S dollars for the year 2013-2020.

Source: [15]

37.3% of its land is arable, Nigeria agriculture is a branch that contributes richly to the economy of Nigeria. Even though many are only familiar with Nigeria due to its natural resource, crude oil, petroleum exported to many countries, still the Nigeria also happens to be one of the largest exporter of some major agricultural produce to the rest of the world.

Nigeria's agricultural sector contributes to a significant part of the country's

GDP. Between July and September 2021, the agriculture contributed to almost 30 percent of the total GDP, an increase by about six percentage point compared to the previous quarter [16].

As of 2020 statistics, agriculture in Nigeria is said to provide employment for about 35% of the countries population. Agriculture is a key activity for Nigeria's economy after oil. Nevertheless, agricultural activities provide livelihood for many Nigerians, whereas the wealth generated by oil reach a restricted share of people (Figure 2.2 and Figure 2.3).

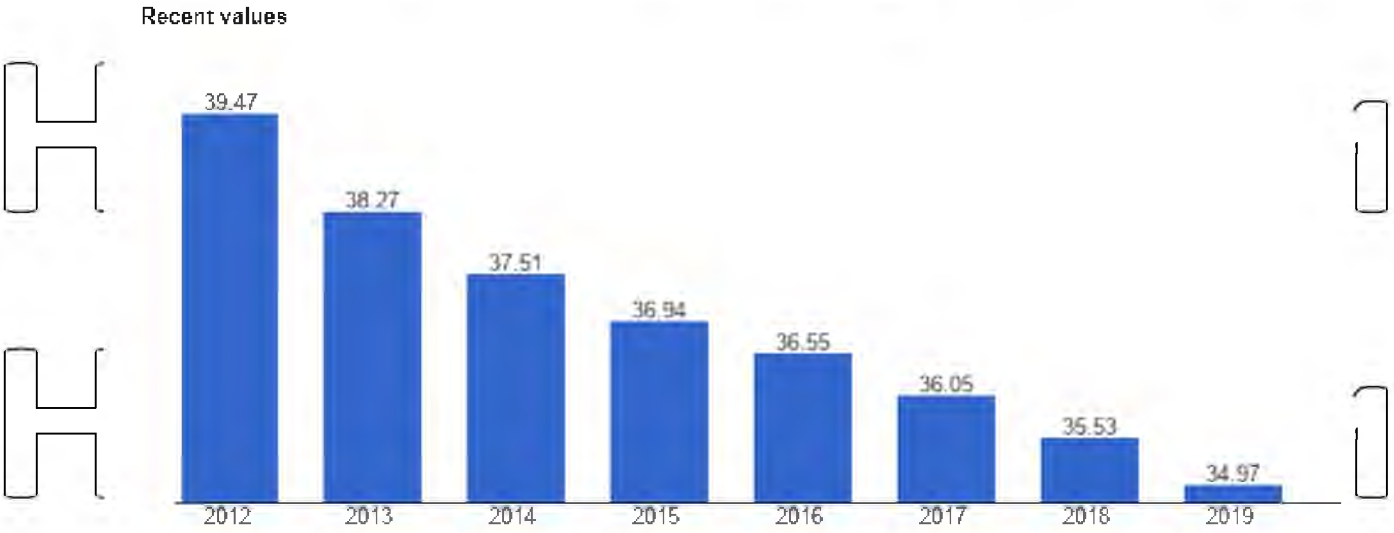

Figure 2.2. The percentage of employment in agriculture from the year 2012-2019
Source: [15]

Agriculture provides employment for 35% of the Nigerian economy. Employment according to international Labour Organization (ILO), an employed person is a person aged 15 years or older who have worked (for pay or profit for at least one hour during a given week or having a job from which being absent under conditions on the reason of absence (holidays, sick leave, maternity leave, etc.) or duration. Employment in agriculture comprises four sectors, crop production, livestock, forestry and fishing.

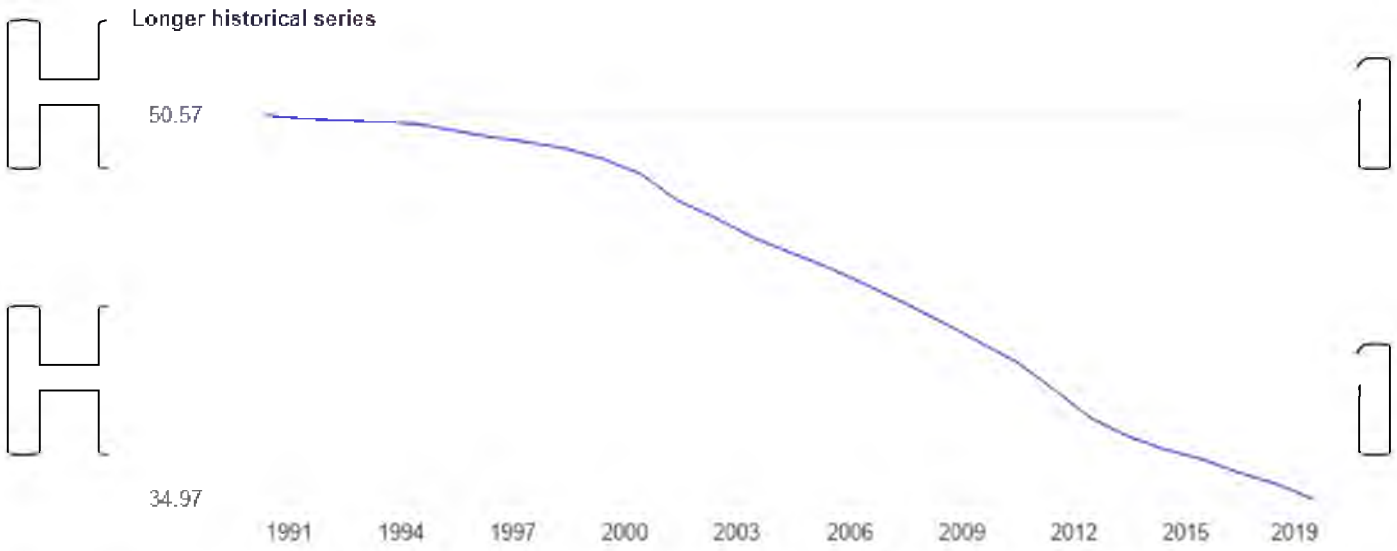

Figure 2.3. The percentage of employment in agriculture from the year 1991 till 2019

Source: [15]

By a look at previous year datas, it is seen that there has been a decline in the employment that agriculture provides for the population of Nigeria. There are many factors responsible for this decline and part of these factors is that food import is on the rise and also the high cost of farm inputs. These and many other factors cause a decline in employment created by agriculture.

Nigeria agricultural products can be divided into two groups, first is the food crops that are produced and consumed at home and the second are the cash crops exported as trade to other countries for profit.

The major crops grown in Nigeria are maize, cassava, millets, palm kernels , palm oil, rice, rubber, sorghum, kola nuts, guinea corn, yam, beans sesame, cashew , nuts, cassava, cocoa beans, groundnuts, plantain, gum arabic, soybeans, banana, yams.

Nigeria has 70.8 million hectares of agriculture land area with maize, cassava, guinea corn, yam beans, millet and rice being the major crops. Nigeria's rice production rose from 3.7 million metric tons in 2017 to 4.0 million metric tons in 2018. Inspite of this, only 57percent of the 6.7 million metric tons of rice consumed in Nigeria annually is locally produced leading to a deficit of about 3 million metric

tons, which is either imported or smuggled into the country illegally. To stimulate local production, the Government banned importation of rice in 2019.

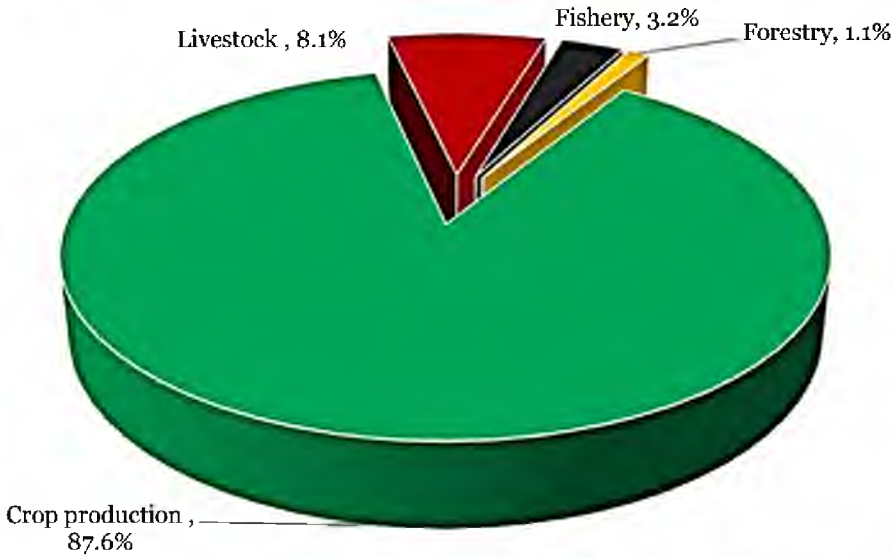

Figure 2.4. Size of the different segment of the agricultural sector of Nigeria

Source: [18]

As for cassava, Nigeria produced 59 million tons in 2017, making it the world's largest producer (approximately 20 percent of global production). The economic potentials are enormous, with high revenue yields from both domestic value addition and derived income as well as revenues for the government. With improved varieties and production techniques, production is anticipated to increase [17].

Animal production has remained underexploited. Livestock mostly reared by farm families in Nigeria are the small ruminants like goats (76 million), sheep (43.4million), and cattle (18.4 million). The ecology in the northern part of the country makes it famous for livestock keeping. In addition to small and large ruminants, poultry population stands at 180 million poultry (FMARD, 2017). Here too domestic demand outweighs production despite several interventions by development partners to improve production and safeguard against diseases including transboundary animal diseases.

Nigeria is the largest fish consumer in Africa and among the largest fish

consumers in the world with about 3.2 million metric tons of fish consumed annually. Its fisheries and aquaculture are among the fastest growing subsectors in the country. With a coastline of 853km and over 14 million hectares of inland waters, total fish production per year is close to 1 million metric tons (313,231 metric tons from aquaculture and 759,828 metric tons from fisheries). Fishing is a vital livelihood for the poor as well as an important protein source at the household level in Nigeria. The aquaculture sub-sector is considered a very viable alternative to meeting the nation's need for self-sufficiency in fish production and nutritional needs [17].

2.2. The place of Nigeria in the international trade by food

International trade has been in existence for centuries, but not all countries have been able to be active players in the global trade market. Over the years international trade has increased rapidly, with the advent of better technologies, easier communication, more secured means of transportation, more countries are able to participate in the international market.

Verta (2017) explains the struggles and obstacles African nations face to be able to compete in international trade. One of these struggles is development, as mentioned earlier, no two countries are the same, all countries experience development at different pace and at different times, therefore some countries are referred to as "developed", while some others are "developing", and some "underdeveloped".

Furthermore, it must be noted that some of these challenges have been combated by trade agreements, and trade policies made by the likes of WTO which ensures that trade 'flows as smoothly, predictably and freely as possible'

In comparison with countries like China, The United States, which are at the peak of international trade, Nigeria does not hold a high place in the international market, however in comparison to all countries of the world and countries in the continent of Africa, Nigeria is a top trading member.

In 2019 Nigeria ranked the 50th place trade destination in the world. Nigeria often ranks one of the top twenty Africa countries with high international trade volume. In the first quarter of 2021 Nigeria ranked the UK 46th largest trading partner.

Figure 2.5. Top trading partners of Nigeria

Source: World Trade Organization (WTO) website

In four years (2016–2019), Nigeria's cumulative agricultural imports between 2016 and 2019 stood at N3.35 trillion, four times higher than the agricultural export of N803 billion within the same period (Figure 2.6). Nigeria relies on $10 billion of imports to meet its food and agricultural production shortfalls (mostly wheat, rice, poultry, fish, food services, and consumer-oriented foods). Europe, Asia, the United States, South America, and South Africa are major sources for agricultural imports [19].

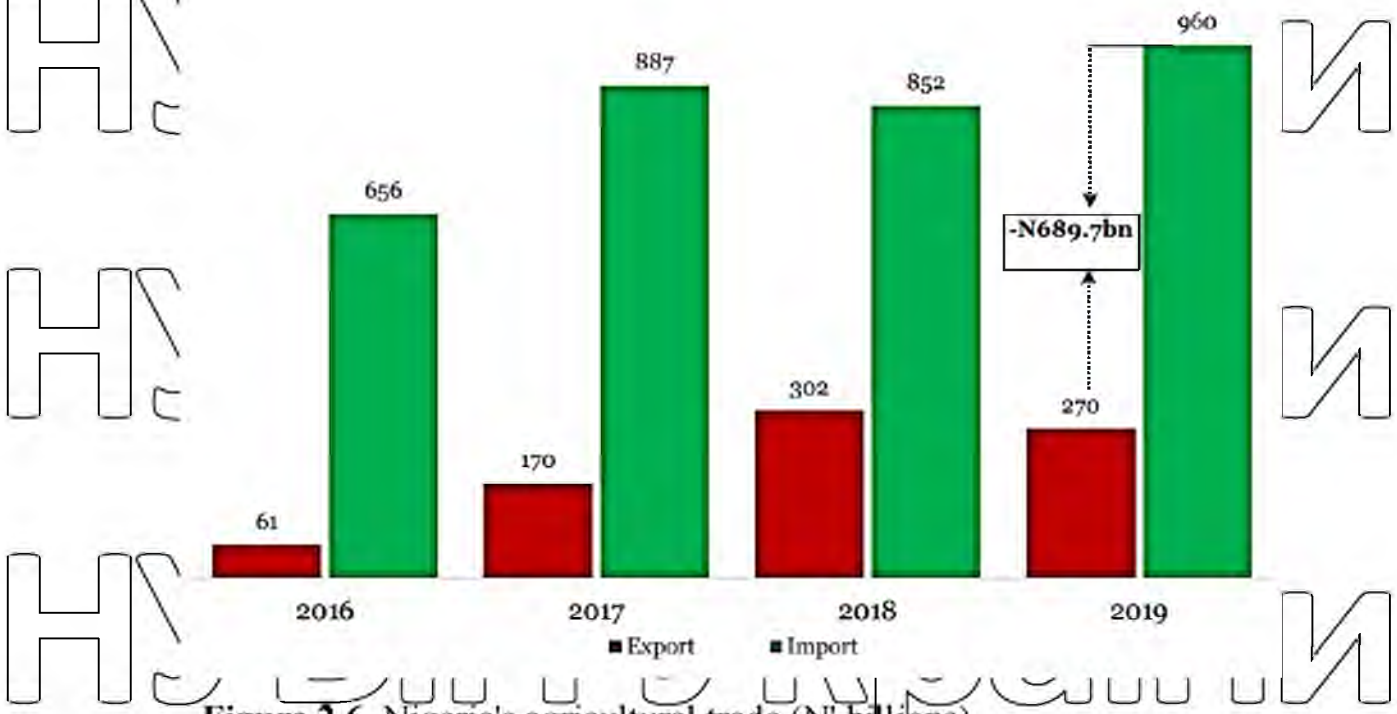

Figure 2.6. Nigeria's agricultural trade (N' billions)

Source: [18].

The share of agriculture in Nigeria's total export earnings remains small compared to crude oil exports. For instance in 2019, agriculture accounted for less than 2% of total exports relative to crude oil (76.5%). Nigeria's major agricultural imports include wheat, sugar, fish and milk, while the main agricultural exports include sesame seeds, cashew nuts, cocoa beans, ginger, frozen shrimp and cotton. Sesame, cashew nuts and cocoa account for more than half of the nation's agricultural exports. While wheat dominates agricultural imports. Agricultural export declined by about 11% from N302.2 billion in 2018 to N269.8 billion in 2019. Nigeria's agricultural imports rose by 12.7% from N851.6 billion to N959.5 billion during the same period, the highest value ever recorded in the country. Nigeria remains a net food importer - the agricultural trade deficit has widened with imports exceeding exports by N689.7 billion in 2019 compared to N549.3 billion in 2018 [18].

2.3. The estimation of bilateral trade with agricultural products between Nigeria and Ukraine

Nigeria has bilateral investment with 31 countries, 15 of which are in force. The countries also have double tax treaties with 13 countries and is a signatory to 21 investment related instruments and nine memorandum of understanding agreement

Nigeria Trade agreement can be examined in two ways, first by regional trade agreement and the second by international trade agreement.

At region level Nigeria, Nigeria is a member of African Continent Free Trade Area Agreement (AfCFTA). This membership was signed in July 2019. Its implementation allows member countries to have free access to goods and services across the continent of Africa, due to the 90% tariff being removed for members of AfCFTA.

Furthermore, at the region level Nigeria is a member of both the Economic Community of West African States (ECOWAS) and also African Union (AU). It should be noted that Nigeria happens to be founding members of both ECOWAS and AU.

At the international level Nigeria has agreement with the follow:

1.World Trade Organization (WTO)

2.African Growth and Opportunity Act (AGOA)

3.European Free Trade Area (EETA)

4. Trade and Investment Framework Agreement (TIFA)

In 2020 Ukraine exports to Nigeria equalled US$69,3 million. Almost ¾ of total export was iron and steel (US$ 52,9 million). Also, Ukraine exported to Nigeria the following goods: articles of iron or steel - $ 4.92 million; sugars and sugar confectionery - $3.02 million, miscellaneous edible preparations - $2.12 million; dairy products, eggs, honey, edible products - $2.00 million; beverages, spirits and vinegar - $1.36 million, electrical, electronic equipment- $671.13 thousand; wadding, felt, nonwovens, yarns, twine, cordage- $485.42 thousand; meat, fish and seafood preparations - $470.76 thousand; mineral fuels, oils, distillation

products - $240.85 thousand.

In turn, Nigeria exported to Ukraine commodities at value – US$3,46 million in 2020. The biggest share had rubbers – 35% (US$1.2 million). Also, Ukraine imported from Nigeria the following goods: oil seed, oleagic fruits, grain, seed, fruits - $892.05 thousand, plastics - $835.09 thousand, Edible fruits, nuts, peel of citrus fruit, melons - $212.00 thousand, Coffee, tea, mate and spices - $144.35 thousand and others [20].

Among the agri-food products mostly Nigeria exports to Ukraine Locust Beans, Seaweed, Sugar Beet, Cane, for food – 59% while total Nigerian export to Ukraine was approximately US$1 million (Table 2.1)

Table 2.1

Agri-food export from Nigeria to Ukraine

№	Agricultural product	thousands $	Share in total export from Nigeria export to Ukraine, **%**
	Vegetable products:		
1	Locust Beans, Seaweed, Sugar Beet, Cane, for food	546,36	58,9
	Perfume plants	131,88	14,2
	Spices	89,49	9,6
	Cut flowers	42,39	4,6
	Grounds Nuts	24,49	2,6
	Foodstuffs:		
	Cocoa Shells	87,61	9,4
	Other Edible Preparations	4,99	0,5
	Total, agri-food	927,21	100

Source: folded by author [21].

CHAPTER 3
PERSPECTIVES OF BILATERAL TRADE WITH AGRI-FOOD PRODUCTS BETWEEN UKRAINE AND NIGERIA

3.1 Forecast of the Nigerian agriculture development

Nigeria Food and supply continues to meet a decline opening up a vacuum that seems to be only filled by importation of goods and services from other countries. Before the Nigeria civil war (1967-1970) Nigeria was known as a self sufficient nation.

Many are still of the view that Nigeria can once again be a self-sufficient nation requiring no aid and imports from other countries. Nigeria with arable land capacity of 37.3% can improve its agriculture. And the government believes this, Different government regimes have had different agenda to increase agriculture produce. Many of these created schemes at states and federal levels such as listed below :

1.National Accelerated Food Production Program (NAFPP)

2.Operation Feed the Nation (OFN)

3. Green Revolution

4. Back to Land Program

5. Family Support Programme (FSP)

6.Directorate of Foods,Roads and Rural Infrastructure (DFRRI).

It should be noted that not many of these schemes recorded a success as it seems that there is still a growing rate to the country's export and not increase in the agriculture sector.

The Nigeria agricultural sector can grow in leaps and bounds, Nigeria can again be a self sufficient state but, first the threats to agriculture has to be solved.

The first major challenge / threat to Nigeria's Agricultural growth is this issue of security. The security issue in Nigeria has become rather alarming. Due to the operation of a group of terrorists known as Boko Haram(Islamic State of Iraq and

ash-Sham – West Africa; Jama'atu Ansarul Muslimina Fi Biladis-Sudan (Ansaru)) the nation lives in fright and terror. Many have stopped their farming activities because many farmers and farm workers are continually being kidnapped and killed and at times are demanded to pay enormous ransom. According to the United Nation, over 2 million people are displaced and 8.7 million food insecure in Nigeria and this as a result of the terrorist attacks on Nigeria.

This terrorist group are most active in the northeastern part of Nigeria. These are the parts known for the agricultural products such as millets, tomatoes, cotton, sorghum, cowpea, groundnut, sesame.

Besides security issues that Nigeria faces, Nigeria will also have to combat the low level of irrigation development. Unlike many other countries.

Nigeria agriculture still faces low productivity as compared to the high potential it has. Nigeria has a present population of ..... and this number keeps increasing because Nigeria has a growing population. The growth in populations creates the need for more amenities, food shelter, infrastructure, and security. There are initiatives created by government, individuals, ngo, geared towards meeting the demands of food in Nigeria, such as "feed the future" which creates opportunities of employment and empowerment for youths and women.

Nigeria has a bright agricultural future if they act. Presently Nigeria has a large expanse of arable land that is not in use. Experts say Nigeria makes use of only about 41% of it's arable land. The bright future for Nigeria will come about if it can embrace and give as much as required effort to her agricultural sector.

There are countries who do not have half as much arable land as Nigeria has, and are making great strides in the agricultural sector. The United States, Neatherland, Germany, France, Brazil, does not have as much arable land as Nigeria, but these countries are top exporters of agricultural products in the global market.

As of present Nigeria imports $10billion worth of agricultural products to meet needs. In the earlier years of 1962-1968, Nigeria had high agricultural exports,and many referred to the Agricultural export trade of Nigeria as "promising' but after when Nigeria began to focus more on it's crude oil, the agricultural sector

decreased export. Nigeria Crude oil has in many years been a source of foreign export for the country, but in recent years the revenue from crude oil isn't as much as that generated from the agricultural sector.

Nigeria has a bright agriculture future as it has begun to implement and leverage technology in agriculture.

Also Nigeria's implementation of prioritising it's own agricultural produce is another factor worth considering, that shows that the future of Nigeria agriculture is bright. Nigeria closed its borders to the importation of some agricultural products, this is mainly food products like rice and cereals. Even though this seems as an unfair policy for Nigeria trade partners in times of Agricultural products, many will argue that it was what the economy needed. To prioritise its own domestically produced agricultural products over the several imported into the country.

Furthermore it is important to note that the Nigeria agricultural sector has a bright future because as many developed countries it is also that Nigeria coming to terms with the role of technology in agriculture and embracing technology. There are agricultural startups that are making the Agricultural sector of Nigeria rise and known globally.

The top agricultural startups in Nigeria are Kereksuk Rice, Kerekush rice with over 45000 hectares of land, it happens to be the 2nd largest rice farm in Africa. The second startup is Farm Crowdy. Besides the continuous encouragement that the startup provides for more people to get into farming. Farm crowdy helps farmers by providing easy access to funds to help improve produce. Farm crody happens to be Nigeria's first digital agricultural platform, which connectes sponsors with farmers in order to increase agricultural production.

The third agricultural startup that should be noted is Thrive Africa. Thrive Africa with the goal to create self-sufficient Africa that feeds itself and the world, they achieve this by linking African farmers to capital data driven best practices and also access to local and global markets for their commodities. The fourth is the Verdant Agritech, with the sole aim of helping farmers gain more productivity and value out of farming, and in turn guarantee food security and improve living

standards. The fifth is Psaltry International whose goal is to "bridge the gap by leveraging on technology to organise , monitor and empower farmers to cultivate crops that will meet the needs of local processing companies , so that they would not have to depend on imported farm produce". The sixth agricultural startup to be noted is Fresh Direct, with a mission to transform agriculture by making it easy and fun for young people, Fresh direct aims to "bring sustainable food production technology to Nigeria at a time when food security, poverty and migration are persistent issues. Furthermore, more agricultural startups worth mentioning are Simply Green, Farmfield Agro-Allied Service, Honeysuckles PTL ventures and Releaf. Simply Green is the leading cold pressed juice brand in Nigeria, which specializes in growing fresh and healthy vegetables making use of organic and harvested practices. Farm Fields Afro-Allied Services aims to bridge the widen gap in providing agricultural extension services to farmers by helping farmers and agricultural investors. Lastly, Releaf is a Nigeria agritech startup that is industrializing food processing in Africa, by building proprietary hardware and software solutions.

The operations of these many agricultural startups and agritechs is a bright hope for Nigeria Agricultural sector because we are guaranteed of many more startups to put the Nigeria Agricultural sector into limelight.

3.2 Directions of increasing the foreign trade with agri-food products between Nigeria and Ukraine

Nigeria and Ukraine have had diplomatic relations for almost thirty (30) years, twenty-nine (29) years to be specific. In May 2017, At the 25th celebration of diplomatic relations with Nigeria, the Ukrainian Ambassador to Nigeria, as at this time, Dr. Valerii Aleksandruk, referred to Nigeria as Ukraine's biggest business partner in Africa.

Ukraine is a country located in Eastern Europe bordering the Black Sea between Poland, Romania, and Moldova in the west and Russia in the east.

According to CIA data, Ukraine has a population of 43,7 million humans (2021), agricultural land: 71.2%, arable land: 56.1% , permanent crops: 1.5% ,permanent pasture: 13.6%, forest: 16.8% , other: 12% .

Ukraine top export partners Russia 9%, China 8%, Germany 6%, Poland 6%, Italy 5%, Turkey 5%, top export commodities , sunflower seed oils, wheat, rapeseed, insulated wiring corn, iron and iron products. Ukraine top import partners China 13%, Germany 10%, Russia 12%, Belarus 7% , Poland 9% (2019) and the top import commodities are cars, natural gas, refined petroleum, coal, packaged medicines (2019) [32-47].

Blessed with natural resources such as, manganese, natural gas, coal, oil, sulfur, graphite, titanium, salt, magnesium, nickel, timber, arable land, iron ore, kaolin, mercury Nigeria and Ukraine have two agreements, one in the sphere of science and education and the other is mutual recognition of

The minister of foreign affairs of Ukraine with the Minister of the Federal Republic of Nigeria Geoffrey Onyema had a phone conversation on the 18th of July 2021. The discussion was aimed at ways to enhance relations with Ukraine and Nigeria.

He makes mention that Ukraine and Nigeria are both countries which are gaining richly from their large agricultural export industry. Though one has more export revenue than the other, still it is important to mention that both country's agricultural sector provides revenue and employment for many of its citizens.

Nigeria relies on $10 billion of imports to meet its food and agricultural production shortfalls (mostly wheat, rice, poultry, fish, food services, and consumer-oriented foods). Europe, Asia, the United States, South America, and South Africa are major sources for agricultural imports.

The Government of Nigeria (GON) has initiated agricultural programs such as the Anchor Borrowers Program (ABP) to diversify its economy away from oil. GON at the Council on Agriculture and Rural Development Regular meeting, approved the implementation of new Agricultural policy named "National Agricultural Technology and Innovation Plan" (NATIP). The four-year blueprint

designed to help Nigeria's COVID-19 economic recovery. This policy will replace the Agriculture Promotion Policy (APP) that was launched in 2016 but terminated in December 2020.

Nigeria's agricultural sector has been hurt by several shocks: sporadic flooding, Boko Haram (BH) insurgencies, and conflicts between herdsmen and local farmers. Food processing continues to suffer from a lack of financing and infrastructure.

Food inflation rose to 22.95% in Q1, 2021. There were wide-ranging price increases across items such as cereals, yam, meat, fish, and fruits. Causes of the food inflation include worsening conflict between farmers and herders, banditry, kidnapping, and insurgency in Nigeria's agriculture belt that GON is struggling to suppress. Additional upward pressure is caused by devaluation of the local currency (naira) which has been devalued multiple times in 2021. Also, higher fuel prices have also contributed to rising food prices.

It should be noted that Ukrainian agri-food products with the most export potential to Nigeria is wheat (Table 2.2).

Local wheat production meets an insignificant portion of Nigeria's wheat consumption demand. Overall demand is significantly augmented by imports, which are estimated at $2.1 billion in 2020 and projected to be $2.5 billion in 2021. With the country's wheat milling capacity at more than 8.2 million metric tons (MMT), Nigeria is the fifth largest U.S. wheat importer in the world. Bread, semolina, and pasta are staples in Nigeria and the demand for these products continues to increase. Currently, the shares of wheat flour for bread, semolina, pasta and others, remains at 60%, 20%, 10% and 10%, respectively.

Nigeria has seen prices of all locally grown staple foods spike in 2021 weakening consumer purchasing power which is forcing consumers to resort to cheaper commodities. The first quarter of 2021 experienced 47% increase in wheat importation. The increment was because of spike in the price of rice and garri that are Nigerians' staple foods, making consumption of semolina, pasta, and noodles more predominant [19].

Table 2.2

Ukrainian potential of wheat export to Nigeria, US$ millions

Indicator	2018	2019	2020	2022 (projected)
Total market size	16	17	15	15
Total local production	0,4	0,4	0,3	0,4
Total Exports	1434	1782	2084	2480
Total imports	193	640	312	530

Total Market Size = (Total Local Production + Total Imports) – (Total Exports)

Data Sources: USDA/BICO; Nigeria's Wheat Millers Association; Master Bakers' Association, Federal Ministry of Agriculture, and Nigerian Customs Service

Source:compiled by author

Nigerian wheat production is insufficient to meet domestic demand and is relatively expensive. Consumers demand higher quality wheat flour-based products. Local importers consider the Ukrainian wheat as a relatively high-quality product and suppliers are viewed as consistent, reliable suppliers.

Nigeria is Africa's largest producer of rice and is among the top 15 producers globally. GON had announced that the country would be self-sufficient in rice production by 2018 but the target was not attained. However, the high cost of rough paddy rice as well as high operational costs continue to hamper large-scale, integrated rice mills from producing at competitive prices. Imports continue to meet approximately half of the country's rice demand. Parboiled rice (also known as converted rice and easy-cook rice) account for the bulk of imports. Thailand- and India-origin rice (long-grain varieties) dominate imports. Nigeria remains one of the world's largest markets for parboiled rice — consuming on average $4.0 billion worth of parboiled rice each year. GON's Anchor Borrowers Program, initiated over the last three years, has contributed to increased domestic production. However, paddy production and milling costs remain high. Rice is one of the products listed,

by the Central Bank of Nigeria as not valid for foreign exchange at the Nigerian foreign exchange window [19].

Thailand-origin rice accounts for 65% of all rice imports followed by India at 20%. Other origins include Brazil and China. Imported rice enters the market informally through Nigeria's porous borders. Usually, shipments are destined for seaports located in neighboring countries and transported to Nigerian markets through land border routes (Table 2.2).

Table 2.2

Ukrainian potential of rice export to Nigeria, US$ millions

Indicator	2018	2019	2020	2022 (projected)
Total market size	5161	3631	3090	3530
Total local production	2441	2481	2110	2300
Total Exports	0	0	0	0
Total imports	2720	1150	980	1230

Total Market Size = (Total Local Production + Total Imports) – (Total Exports)

Data Sources: Nigeria's Rice Importers; Rice Farmers Association of Nigeria (RIFAN); National Bureau of Statistics; Federal Ministry of Agriculture; Nigerian Customs Service.

Source: compiled by author

However, Nigeria still depends on approximately 1.7 million tonnes of imported parboiled rice to meet its domestic rice consumption demand.

The size of Nigeria's dairy market in 2019 was $1.6 billion, with over 87% of demand met through imports. The country's dairy market is potentially as large as $6.5 billion. Nigeria has the 4th largest cattle population in Africa, estimated at 20 million cattle, including 2.35 million cows used for dairy production.

Despite its size, the Nigerian dairy sector is largely fragmented, unproductive, and inefficient. Though smallholder dairy households (i.e., pastoralists) produce most of the raw milk in Nigeria, the end market is controlled by large multinationals

that use imported milk in over 97% of products consumed. Local dairy processors rely on combining and reconstituting milk powder imported mostly from the European Union. The reconstituted milk is mostly packaged and sold as powdered, evaporated, and condensed milk and packaged in metal cans and sachets of different weights.

Ice cream, chocolate milk, yogurt, and shelf-stable milk production is from reconstituted imported milk powder. Infant formula, cheese, butter, as well as some ice cream, are mostly imported. Demand for these products continues to grow, with the consumption of flavored milk drinks (mostly consumed by school age children) increasingly in demand.

Beginning February 2020, the Central Bank of Nigeria (CBN) launched a program to conserve foreign exchange and encourage local production of milk and dairy products. The program introduced foreign exchange restrictions on the importation of milk and milk derivatives into the country. Following this policy, the CBN exempted and approved six Nigerian companies (i.e., to import milk and dairy products) that had keyed into Nigeria's backward integration program as the solution to increase dairy productivity. These companies are: Friesland Campina WAMCO Nigeria, Chi Limited, TG Arla Dairy Products Limited, Promasidor Nigeria Limited, Nestle Nigeria Plc, and Integrated Dairies Limited.

To curtail the recurrent clashes between herders and farmers in Nigeria, the National Economic Council approved the National Livestock Transformation Plan (NLTP) in 2019. The program aims to improve the performance and sustainability of the livestock sector, including meat and dairy production, through partnerships with state governments and the private sector.

Promasidor and Ekiti state government jointly collaborated to resuscitate the moribund Ikun Dairy Farm in Ekiti State. Ikun Dairy Farm sourced about 300 jersey cows from the US early in the year and the cow performance is encouraging. The lactating cows are producing an average of 25 liters of milk per day per cow. The farm is presently supplying about 600 liters of fresh milk daily to Promasidor factory for further processing into different products.

Nigeria's dairy processors rely on combining and reconstituting imported milk. The Nigerian dairy market is growing at 5% per year fueled by a growing, increasingly urbanized population demanding more dairy-based products. Domestic milk production is underdeveloped. On average, a cow in Nigeria produces one kilogram of milk per day [19]

Table 2.3

Ukrainian potential of dairy export to Nigeria, US$ millions

Indicator	2018	2019	2020	2022 (projected)
Total market size	1490	1634	1094	1755
TotalMocal production	210	220	179	415
Total Exports	0	0	0	0
Total imports	1280	1414	915	1225

Total Market Size = (Total Local Production + Total Imports) - (Total Exports)

Data Sources: USDA/BICO; Nigeria's Wheat Millers Association; Master Bakers' Association, Federal Ministry of Agriculture, and Nigerian Customs Service

Source: compiled by author

CONCLUSIONS

1. Ukraine and Nigeria can cooperate better in times of growth towards the economy, And the first thing both countries need to realise is less talk and more actions. There have been several meetings, calls , conferences, deliberations on how to foster better relationships between both countries, but all these are just "talks". We still await the implementation of many of the results of these talks.
2. Ukraine has a very powerful agricultural sector. Not only crops and agricultural produce of Ukraine are imported to other countries, but countries; like also import the soils found in Ukraine due to its
3. Ukraine, which happens to be the world's largest exporter of sunflower oil and also the fifth largest exporter of wheat, has at its disposal very fertile black soil. It is said that the percentage of black soil in Ukraine in comparison to the world is about 25%. And this has made the agricultural sector of Ukraine very successful.
4. Ukraine can purchase more seed crops from Nigeria, with the quality of the soils, there are some vegetables that are common in Africa that will and weather. In turn, Ukraine has an opportunity to export wheat, rice, and dairy to Nigeria in future.
5. An intensive look at the export and import relations between Ukraine shows one import information.
6. The years with low exports from Ukraine are the years in which Nigeria was in recession. As of 2020 Nigeria has announced to be out of recession, and there is a show of increase with its trade relations with Ukraine. Therefore, trade success is also possible when a country is in a good economic state.
7. In times of Agriculture, it is obvious that there is so little Nigeria can do for Ukraine, since Ukraine happens to be the largest export industry. Nigeria's agricultural sector must develop a value-added chain.

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