Parallel Trade and Powerless Places: Research Traditions and Local Realities in Rural Northern Nigeria

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Résumé: *Le contexte des programmes d'ajustement structurel (PAS) et l'intérêt renouvelé pour l'intégration africaine, expliquent le choix populaire porté sur le commerce parallèle transfrontière des produit agricoles pour la libéralisation et l'intégration des marchés. Le cas du nord du Nigéria atteste de l'existence d'une contradiction de plus en plus grande entre les perspectives actuelles de recherche sur le commerce transfrontière de produits agricoles — surtout celles concernant les pays francophones — et les réalités de son impact sur les capacités de production rurales à l'intérieur du Nigéria. Pour l'auteur, le développement du commerce parallèle limite les capacités de production des «petits» paysans et creuse la différentiation rurale. Les exemples sont tirés d'études menées entre 1990 et 1994 dans 3 villages du nord du Nigéria représentatifs des systèmes agraires et zones agro-écologiques.*

Introduction

In the past decade, parallel trade in West Africa has become a subject of increasingly feverish research efforts. Two developments have contributed to the urgency of the issue. The first is the intensification of parallel activities in the context of structural adjustment programmes. The second is the revival of interest in African integration in response to the formation of large trading blocs in other parts of the world. Within the context of the New World Order, parallel trade in West Africa is increasingly seen as a force for liberalisation and market integration. Particular attention has been focused on parallel trade in agricultural commodities, which is believed to have important implications for agricultural development and the transformation of rural society. Unfortunately, questions concerning the actual impact of parallel activity on rural society have been decided more by the ideological orientation of the researcher than by hard empirical evidence.

The main argument of much of the existing literature is that parallel trade contributes to the development of rural society by raising producer incomes and encouraging agricultural investment. Parallel trade is represented as an activity carried out by local producers and traders attempting to evade the distortions of official economies and artificial national borders — a form of structural adjustment and regional integration from below. The accompanying policy recommendations involve the

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liberalisation of agricultural markets and the reduction of obstacles to trade across borders — recommendations that are in line with the aims of structural adjustment programmes already in force in the majority of African countries.

The aim of this paper is to identify the gap between the research agendas of current work on parallel trade in northern Nigeria and the realities of its impact on rural productive capacity. The paper will begin by reviewing the existing traditions of agricultural parallel trade research in northern Nigeria. This will be followed by a brief analysis of the impact of parallel trade on northern Nigeria farmers. Evidence will be drawn from studies carried out between 1990 and 1994 in three villages selected to represent a range of agro-ecological zones and farming systems. The analysis will focus on the effect of regional and class differences on the ability of farmers to benefit from parallel markets.

Before proceeding, a brief comment on the use of the term 'parallel trade'. 'Parallel trade' is conventionally used to refer to the movement of legal goods through illegal or unofficial channels (Lindauer 1989:1874). While this definition of parallel trade includes both illegal cross-border trade and illegal channels of trade operating only inside a given country, internal parallel trade in agricultural commodities has largely ceased to exist in Nigeria since the abolition of the marketing boards in 1987. Even prior to the abolition of the marketing boards, there was little regulation of internal trade in grain which has, since the mid-1970s, been the main cash crop of northern Nigeria. The trade of grain across borders has remained clandestine. In the context of this paper, therefore, parallel trade will be used interchangeably with cross-border trade, referring to the illegal trade of agricultural commodities across national boundaries.

Traditions of Parallel Trade Research in Northern Nigeria

One of the peculiarities of research on parallel trade in northern Nigeria is that the bulk of this work has taken place outside the Nigerian intellectual community. The most obvious reason for this is that cross-border movements of most of the commodities involved are illegal on the Nigerian side of the border, though in many cases, not on the other side. This makes research on parallel trade more difficult in Nigeria than in adjoining Francophone countries.

A second reason appears to be related to the nature of the prevailing traditions of rural research in northern Nigeria. The market-oriented structure-conduct-performance approach which dominated agricultural marketing research in the 1970s and 1980s focused largely on establishing the efficiency of indigenous marketing structures as an alternative to marketing boards. Research concentrated on rural-urban marketing chains within Nigeria, and avoided acknowledging more politically dubious

marketing flows except as examples of the distortions created by marketing boards and price controls (Hays 1973; Jones 1972). The more critical political economy tradition tended to focus on the forces of rural class formation, a process which parallel activity tends to blur rather than clarify. The few notable studies of the role of indigenous marketing structures in class formation perpetuated the focus on rural-urban crop marketing, with only passing references to the influence of cross-border trading opportunities (Clough 1981; Clough and Williams 1987).

The emergence of a research interest in parallel activity emanates from a very different source. Economists rather than rural researchers began to take interest in the issue in the early 1970s when cross border flows, always a feature of trade in the region, began to accelerate in response to increasing economic distortions in Nigeria. Most of the 'findings' in the domain of agriculture, however, were either deduced from macro-economic data, or based on anecdotal evidence or ideological conjecture. The general argument is that parallel trade in agricultural commodities raises rural incomes and is indicative of the need for economic liberalisation (World Bank 1981).

At about the same time, a more empirically-based approach to parallel trade research was emerging on the other side of Nigeria's borders. This study, which grew largely out of the disciplines of anthropology and geography, was conducted by French and Francophone African scholars interested in issues of indigenous economic organisation and regional integration. (Amselle and Gregoire 1988; Egg and Igue 1993; Gregoire 1993; Igue 1977; Igue 1985).

The Francophone research is essentially in line with the free market perspective; parallel trade is regarded as an activity that directs resources toward the rural areas and promotes agricultural investment. On a more ideological level, parallel activity is portrayed as a reassertion of African solidarity against artificial colonial borders and urban-biased forms of economic organisation.

More recently, Western political economists and anthropologists appear to have picked up the issue from a post-Fordist perspective. Research from these sources focuses on globalisation and the changing context of ethnic and political identities (Watts 1992).

Despite the range of approaches devoted to studying the issue, an understanding of the organisation and impact of parallel trade in northern Nigeria remains elusive. The main reason is that none of the research traditions identified involve any significant empirical research on parallel trade within Nigeria. In all cases, research is either highly theoretical, conjectural, or is conducted from the other side of the border. As a result, much of the available material is seriously at odds with the Nigerian realities, particularly in terms of the impact of parallel trade on agriculture and other productive sectors.

In the current context of increasing parallel activity, the general contention that agriculture should flourish and rural accumulation should increase does not appear to reflect the actual processes underway in rural northern Nigeria. Information gathered from Nigerian official and media reports links parallel trade with rising production costs, food scarcity and run-away consumer inflation, in the rural as well as the urban areas (NAERLS 1990; *National Concord* 10/6/91; Wedderburn 1988). Predictions speak of famine and unmanageable production costs in agriculture and agro-industry if parallel activity is not brought under control.

This apparent research gap between theoretical perspectives and local perceptions, combined with the re-emergence of African integration as a burning development issue, has generated a growing demand for Nigerian-based parallel trade research. Much of the demand emanates from foreign sources, predominantly the international financial institutions and a Francophone consortium including the Club du Sahel, CILSS, French Agricultural Research Institutes and some local West African NGOs. While the international financial institutions are generally interested in promoting the widening and liberalisation of markets, the Francophone consortium concentrate more on the issue of finding regional solutions to the problems of economic crisis and Sahelian food security, and have initiated a number of research programmes in various parts of West Africa. In northern Nigeria, parallel trade research networks are being set up in the Institute of Agricultural Research in Zaria, and in Maiduguri. These research nodes are linked with similar programmes in western and eastern Nigeria.

While these initiatives appear to have succeeded in bringing Nigerian scholars into parallel trade research, the research agenda they bring with them involve some rather fixed, and in some cases inappropriate, notions of the impact and development potential of parallel trade. Aside from their pro-market bias, the Francophone perspective tends to generalise from the experience of French West African countries, which have derived a number of benefits from parallel trade over the past two decades. In particular, the tendency of an internationally convertible Communauté Française Africaine (CFA) Franc to attract inflows of food crops from neighbouring countries with weaker currencies has tended to improve food security and limit inflation triggered by structural adjustment programmes. The Nigerian experience of parallel trade has been quite different, and cannot be successfully extrapolated by the application of a free-market logic. An adequate understanding of the impact of parallel trade on Nigerian rural society requires close empirical research from inside the country, combined with an infusion of the hard-bitten political economy perspective characteristic of the best of northern Nigerian rural research.

Parallel Trade and Rural Realities

A close look at rural realities in Nigeria calls into question the positive vision of parallel trade painted by much of the existing research. Evidence from studies conducted within Nigeria suggests that, far from redistributing wealth in favour of the rural areas, parallel trade has tended to undermine agricultural production and contribute to the increasing marginalization of small-scale farmers. It is important to recognise, however, that the effects of parallel trade on rural society are uneven. Regional and class differences within rural society exert a significant influence on the ability of farmers to capture the benefits of high parallel market prices.

The differential impact of parallel trade within the context of structural adjustment will be examined using evidence from three northern Nigerian villages. The first, studied in 1990-91, is the village of Danyashe, located north of Daura, about 7 km from the Niger border. This is a grain deficit region characterised by low and unreliable rainfall and recurrent drought. The other two villages, Rogo and Unguwan Dinya, were both studied in 1993, and are located in the central grain surplus zone of northern Nigeria. Rogo is located in south-western Kano State. Production in the area depends largely on rainfed agriculture, with some small-scale valley bottom irrigated farming (fadama). Unguwan Dinya relies more on irrigated, input intensive agriculture. It is located within the Bakori Dam irrigation system in southern Katsina State, as well as being within an the area actively served by the Funtua Agricultural Development Project.

Historical Background

The cross-border marketing of agricultural commodities between Nigeria and Niger has been a significant feature of the regional economy since pre-colonial times. Over the years, the direction, volume and composition of trade flows have shifted significantly with changes in the policy regimes and economic conditions on both sides of the Nigeria-Niger border. Since the collapse of groundnut production in the mid-1970s, parallel trade flows of agricultural commodities have centred on food crops rather than what are conventionally known as 'export crops'. Currently, the trade involves outflows of grain and subsidised agricultural inputs from Nigeria, and inflows of cattle, small livestock, cowpeas and *aya* from Niger (Egg and Igue 1993). In the case of northern Nigeria, grain is not only the principal agricultural export on the parallel market, but also the region's main cash crop and main food crop.

Historical evidence indicates that, for the bulk of northern Nigerian farmers, parallel trade has consistently failed to improve production incentives (Meagher and Ogunwale 1994). Despite the context of high grain prices and expanding agricultural markets, production incentives have been

weighed down by disadvantageous agricultural policies and the high transaction costs of participation in parallel markets. In particular, rising production costs and high levels of consumer inflation have eroded any improvements in grain and other crop prices. In addition, the bulk of farmers have found themselves unable to afford the cost of trading crops to bulking and border markets where prices are higher. Relatively large-scale farmer-traders have been the principal beneficiaries of parallel market prices, but evidence suggests that their profits were used more for diversification out of agriculture than for increased agricultural investment (Clough 1981; Clough and Williams 1987; Amselle and Gregoire 1988).

SAP and the Struggle with Terms of Trade

Structural adjustment policies, introduced in 1986, were expected to remedy this situation through a regime of currency devaluation and liberalisation of markets and prices. These measures were designed to shift resources in favour of agriculture and to increase the competitiveness and efficiency of agricultural marketing — reforms that could be expected to encourage a productive response to the opportunities offered by wider regional markets.

Instead of remedying the situation, structural adjustment has tended to exacerbate the constraints that have prevented parallel markets from stimulating significant increases in agricultural production. Far from improving the terms of trade faced by agricultural producers, structural adjustment has, on the balance, worsened them. Despite the boost given to grain prices by high parallel market demand and the devaluation of the naira against the CFA franc, production costs have been rising faster than output prices. The impact of devaluation on agricultural inputs, most of which are imported or have high import content, has been compounded by the progressive removal of subsidies on these items.

Although the index of Nigerian grain prices rose to 536 between 1985 and 1992, the price of fertiliser distributed on the open market (the main input used by northern Nigerian farmers) rose to 767 over the same period (Table 1). Labour costs have also skyrocketed; in Kano State the index for casual agricultural labour jumped to 600 between 1986 and 1992. Similar difficulties have arisen in the case of cowpeas, the major cash crop of the extreme north. In Katsina State, the cowpea price index rose to 412 between 1985 and 1992, while the price index for pesticide, the main input used for cowpeas, reached 502 over the same period. Crop prices have not fared much better against the cost of living, only managing intermittently to rise above the rural CPI.

At the same time, CFA-denominated grain prices in Niger have remained quite stable. Using the parallel exchange rate of the Naira against the CFA Franc as a proxy, it is clear that until recently the Naira value of grain sold in Niger has been able to keep pace with the rising cost of inputs and

consumer necessities in Nigeria. The devaluation of the CFA Franc in January 1994, combined with increased vigilance from the Nigerian side of the border, has altered the situation, causing a collapse of cross-border grain flows and a sharp decline in grain prices within Nigeria.

Different categories of farmers have reacted in various ways to these pressures. In villages such as Rogo and Danyashe, which are dependent on rainfed agriculture and inputs procured on the open market, the majority of small-scale farmers have responded by cutting back on the use of improved inputs and hired labour, and withdrawing from the production of crops that require high levels of such inputs, especially maize and cowpeas. In Rogo, average maize production among small-scale farmers declined by 40 percent between 1989-1992, and the production of improved cowpeas is also declining. Maize is not grown in Danyashe, but small farmers' production of cowpeas, the main cash crop in the area, declined by 20 percent between 1989 and 1990.

Table 1: Selected Producer and Consumer Price Indices in Northern Nigeria

Year	Fertiliser (Market Price)	Grain	Rural CPI	Parallel Market Value of F CFA
1986	128	53	-	100
1987	-	61	-	167
1988	194	173	182	227
1989	306	179	273	313
1990	256	174	293	351
1991	-	330	328	417
1992	767	536	471	800

Sources: APMEU unpublished grain price data; Central Bank of Nigeria Annual Report and Statement of Accounts 1988-92; Egg and Igue 1993; KTARDA Quarterly and Annual Reports 1990-92; Meagher 1991.

Owing to their location on an irrigation scheme and near the headquarters of an agricultural development project (ADP), small-scale farmers in Unguwan Dinya have privileged access to subsidised fertiliser and other forms of production assistance. In this context, maize remains a profitable option; in 1992, Dinya small-scale farmers produced approximately 10 times as much maize as small-scale farmers in Rogo.

Large-scale farmers have tended toward a strategy of beating high production costs by selling their crops in high value markets, such as agro-industrial, urban or border markets, or by delaying sales until much

later in the season when prices are higher. CFA Franc-denominated grain prices in Niger have more than kept pace with the rise in Nigerian production costs, increasing the attractiveness of border markets and cross-border trade for those with the necessary resources and connections.

These more profitable marketing options have encouraged large-scale farmers to increase production, despite the dramatic increase in production costs. Between 1989 and 1992, large-scale farmers in Rogo have increased maize production by 103 percent. In Dinya, maize production among large-scale farmers is even more buoyant than in Rogo; in 1992, the upper stratum of Dinya farmer produced 47 percent more maize than their Rogo counterparts. Cowpea production also appears to be on the increase among large-scale farmers in Danyashe, though parallel markets cannot be said to have contributed to this trend, since prices for cowpeas are lower in Niger than in Nigeria.

The overall effect of these forces on maize production and marketing provides a striking example of the paradoxical effect of parallel trade and structural adjustment on Nigerian agriculture. Within Nigeria, the evidence suggests an overall decline in maize production in response to the high cost of fertiliser (NAERLS 1991; IAR 1990; KTARDA 1993). At the same time, the supply of maize in border and parallel markets is increasing, as better-off farmers and traders struggle to keep ahead of production costs and consumer inflation (Hamadou 1993; Meagher and Ogunwale 1994; Soule 1993).

Not by Grain Alone

Apart from the problem of rising input costs, high parallel market grain prices can only encourage production to the extent that farmers derive a significant proportion of their income from the marketing of grain. While this may be true in the case of large-scale farmers in grain surplus area of northern Nigeria, it is far less true of small-scale farmers and farmers from the grain deficit areas of the north. These categories of farmers consume a greater proportion of the grain they produce, and are more constrained to participate in non-farm activities in order to purchase food and inputs.

As indicated in Table 2, farmers in grain deficit areas such as Danyashe derive a negligible proportion of income from grain sales. In fact, grain sales in this area are more a reflection of distress than prosperity, as is indicated by the fact that it is small-scale rather than large-scale farmers in the village who derive some income from that source, of only 2 percent of their total income. In Rogo, the share of grain sales in the incomes of small-scale farmers remains extremely low, despite the importance of grain as a cash crop in that part of Kano State. Small-scale farmers in Rogo derive only 6 percent of their income from grain sales, while the same source contributes 20 percent to the incomes of large-scale farmers in the village. In Dinya, high prices and easier access to fertiliser have encouraged an even greater

dependence on grain sales among both small-scale and large-scale farmers, who derive 16 percent and 23 percent of their incomes from this source, respectively.

This data indicate that even spectacular improvements in grain prices are unlikely to contribute significantly to the incomes of small-scale non-project farmers. As a number of studies have pointed out, liberalisation and parallel trade have tended to improve the price of crops that are least important in the incomes of poorer farmers (Gibbon 1993; Meagher 1991; Weber *et al.* 1988).

Worse still, parallel trade has tended to depress the price of agricultural commodities most important to the incomes of poorer farmers. As regards agricultural trade, the dominant parallel exports from Niger into Nigeria are livestock, cowpeas and irrigated vegetables, which are also the main products marketed by farmers in the extreme north of Nigeria. Parallel inflows of these commodities from Niger diminish the prices available in Nigeria. As one farmer from Danyashe commented, parallel trade hurts farmers in the Nigerian border regions both ways: it increases the price of grain which they buy, and depresses the price of the commodities they sell.

Table 2: Percentage of Total Income Derived from Crop and Grain Sales

	Non-Farm Income	Crop Sales	Grain Sales
Danyashe			
Small-scale	65	35	2
Large-scale	73	27	0
Rogo			
Small-scale	74	26	6
Large-scale	50	50	20
Unguwan			
Small-scale	40	60	16
Large-scale	44	56	23

Source: Compiled by author.

The Forgotten Majority: Marginal and Grain Deficit Producers

The plight of grain deficit producers — farmers who do not produce enough grain to meet their consumption needs — is an issue that is almost invariably ignored in studies of the developmental potential of parallel trade. High grain prices are only an asset for grain surplus producers, who constitute a much smaller proportion of the farming population than is often assumed. For the majority of northern Nigerian farmers, high grain prices are more of a problem than an incentive. This is especially true of the border regions, which market-oriented thinkers present as the principal beneficiaries of high parallel market prices (Igue 1985). As mentioned above, the border regions of northern Nigeria suffer from a chronic grain deficit, with household production lasting an average of 5 to 6 months of the year. The upward pressure on grain prices caused by demand from Niger is a source of great hardship for the farmers of this area.

Even in the core grain surplus regions of northern Kaduna and southern Kano, Katsina and Sokoto States, studies indicate that the incomes of 10-20 percent of farmers are reduced by increases in the price of grain (Matlon 1977; Meagher 1991). An even larger proportion experience a precarious self-sufficiency that is easily undermined by adverse weather conditions, or disadvantageous shifts in production costs or the cost of living.

Table 3 shows the levels of grain deficit production in the three villages under study. In Danyashe, all of the small farming households were unable to produce enough grain to meet their household needs during the period of the study, and 75 percent of the large-scale households were in the same position. Net purchases of grain amounted to 44 percent of grain production among small-scale farmers, and 18 percent among large-scale farmers. In Rogo, located in the heart of Kano's grain surplus zone, 52 percent of small-scale farmers were grain deficit producers, and net purchases amounted to 48 percent of total grain production during the period of the study. The latter figure may be somewhat inflated by the increasingly common strategy in the area of buying grain for future consumption whenever one has money, since prices appear to be rising uncontrollably.

Large-scale farmers in Rogo, and both large and small-scale farmers in Dinya are comfortable net sellers of grain. Net grain sales average 50 percent of grain production for Rogo large-scale farmers, and 33 percent and 13 percent for Dinya large-scale and small-scale farmers respectively.

Time series data from Rogo suggests that, among small-scale farmers, the inability to meet consumption needs has been increasing under structural adjustment. Between 1990 and 1993, net grain sales declined by 71 percent among Rogo small-scale farmers, but increased by 62 percent among large-scale farmers.

Tables 3: Levels of Grain Deficit

	Consumption Purchases (Bgs)	Purchases as % of Grain Production	Net Grain Sales (Bgs)	% Grain Deficit Households
Danyashe				
Small-scale	4.8	44.4	- 4.5	100.0
Large-scale	2.4	18.0	- 2.4	75.0
Rogo				
Small-scale	6.2	48.4	- 1.9	52.6
Large-scale	0.7	0.7	50.1	8.7
Unguwan				
Small-scale	1.9	5.4	13.4	10.7
Large-scale	0.6	0.6	32.9	0.0

Source: Compiled by author.

Rising grain prices pose problems, not only at the level of consumption, but at the level of production as well. Grain deficit households are forced to divert income and assets from investment in production in order to purchase sufficient food. In some instances, this is leading to de-capitalisation, as in the case of the farmer in Danyashe who sold his plough to buy grain for the household.

It has been argued in some of the Francophone literature that the parallel grain trade represents too small a proportion of Nigeria's total production to be blamed for high grain prices. It is estimated that between 100,000 and 250,000 tonnes of grain are traded into Niger annually, depending on the adequacy of the harvest on either side of the border (de Coninck 1989; Soule 1993).

Although this is less that 2 percent of Nigeria's annual grain production, it is approximately 10 percent of the nation's marketed 'surplus', which is enough to constitute a significant stress on local grain prices (World Bank 1991).

Local Realities and Policy Attitudes

The economic realities faced by farmers in each of the different villages are fairly closely mirrored by local policy attitudes (Table 4). Two policy issues were discussed with farmers: the possibility of liberalising the parallel grain trade and the appropriate level of government intervention in agriculture.

As regards the liberalisation of cross-border trade, the general level of village food security appears to be the major determinant of local attitudes. In the case of Danyashe, there was unanimous opposition to liberalising parallel trade. One farmer even insisted that those who engage in the trade

should be shot. In Rogo as well, opposition to the liberalisation of the parallel grain trade was high, hovering just below 80 percent for both large-scale and small-scale farmers. In Dinya, on the contrary, barely one-third of farmers in both strata expressed opposition to liberalisation.

Table 4: Farmers' Policy Attitudes Towards Liberalisation of Borders and Government Intervention in Agriculture (Percent)

	Opposed to Liberalisation of Borders	In favour of Government Intervention
Danyashe		
Small-scale	100	n.a.
Large-scale	100	n.a.
Rogo		
Small-scale	79	87
large-scale	89	85
Unguwan Dinya		
Small-scale	36	96
Large-scale	35	97

Source: Compiled by author.

Interestingly, in each village there is little difference between the attitudes of small-scale and large-scale farmers on the issue, despite the fact that the economic impact of liberalisation varies considerably across economic strata. The policy attitudes expressed appear to reflect the importance of communal food security in local economic ethics. In villages where food security is problematic, even large-scale farmers who admit to profiting from high grain prices are loathe to express a preference for liberalisation, either out of genuine communal sentiment or out of a desire to appear to defend community food security interests.

On the issue of government intervention in agriculture, farmers expressed an overwhelming desire for increased intervention, despite the perennial problems of economic efficiency and distribution. In Rogo and Dinya, the majority of farmers in both strata believed high input costs rather than smuggling to be the major cause of high grain prices, and the central impediment to increased production. Particularly among small-scale farmers, capital constraints and lack of access to inputs are currently a more serious disincentive to production than low output prices. The restoration of input subsidies and improved input supplies was perceived by small and large-scale farmers alike as a better means of improving production incentives than high grain prices.

In Danyashe, farmers in all categories made little use of improved inputs, and were much more directly affected by the upward pressure of parallel

trade on grain prices. They were therefore more sensitive to parallel trade as a cause of high grain prices, but incapable of deriving any benefit from that policy direction. Despite their marginal access to and use of improved inputs, Danyashe farmers were also in favour of increased input subsidies and improved supplies through government rather than market channels.

Conclusions

There is little in the evidence presented to support the contention that liberalisation of internal or external agricultural markets contributes to the economic or political empowerment of powerless rural groups. On the contrary, liberalisation appears to raise the stakes of economic participation, and even of subsistence, further disenfranchising poorer farmers and those from marginal areas. In the context of northern Nigeria, it is clear that in grain surplus as well as border areas, small-scale and marginal farmers have been unable to benefit from structural adjustment or from the intensification of parallel grain trading, except for those on development projects with privileged access to subsidised inputs.

As structuralists have been pointing out for decades, the poverty and powerlessness of the rural poor is not simply a product of macro-economic distortions. Small and marginal farmers are bound into their situation by a complex array of structural features, including severe capital constraints, a high susceptibility to food deficits, dependence on marginal non-agricultural sources of income and a lack of connections which would enable them to lower the transaction costs of access to inputs and high value output markets.

These structural features severely limit the ability of poorer farmers in northern Nigeria to derive benefits from parallel trade, even under liberalised conditions. Not only are they least equipped to compete effectively in input and output markets, but their precarious levels of agricultural production leave them least able to benefit from, and more likely to be hurt by, high output prices. This is particularly evident in the border regions, where not only incomes, but the barest food security, have been reduced rather than improved by parallel trade. On the other hand, large-scale and project farmers, who were most privileged in the pre-SAP era, have been the most successful in seizing the economic opportunities created by parallel trade and market liberalisation.

This gap between northern Nigerian realities and the prevailing view of parallel trade brings us back to the question of research agenda. The dominance of external research agenda has tended to bias parallel trade research in favour of conclusions which support the liberalisation of cross-border trade. In the case of Nigeria, the productive consequences of this agenda have not been given adequate attention. It is hoped that the development of a local interest in parallel trade research will increase

attention to its actual impact on agricultural production, and, in time, move on to the more vital, but less fundable issue of alternative solutions to the crisis of regional production and food security.

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