

## ECONOMIC REPORT FOR THE MONTH OF AUGUST 2002

### 1.0 SUMMARY

Provisional data showed further acceleration in monetary aggregates in August 2002. Broad money stock ( $M_2$ ) and narrow money ( $M_1$ ) expanded by 1.7 and 1.1 per cent over the levels in the preceding month and grew by 16.1 and 8.3 per cent, respectively, in the eight-month period, compared with the maximum growth targets of 15.3 and 12.4 per cent for fiscal 2002. The rise in the review month was traceable to the increases in aggregate bank credit to the domestic economy and other assets (net) of the banking system. Aggregate banking system's credit to the domestic economy rose by 0.8 per cent, during the month and increased substantially during the first eight months of the year by 36.3 per cent, compared with the target of 57.9 per cent for the whole year.

Banks' interest rates trended downward during the month. The spread between banks' weighted average deposit and maximum-lending rates was 17.2 percentage points, while the margin between the average savings deposit and maximum lending rates was 27.7 percentage points. The average inter-bank call rate fell to 23.3 per cent from 23.8 per cent in July 2002.

The value of money market assets outstanding at end-August 2002 declined by 1.8 per cent from its level in the preceding month. The fall was traceable to the decline in Commercial Papers (CPs) by 30.3 per cent. No new issue of Nigerian Treasury Bills (NTBs) was made during the month, but matured ones worth ₦98.8 billion were rolled over. Developments on the Nigerian Stock Exchange (NSE) were mixed during the month as the volume and value of traded securities as well as the market

capitalization increased, while the value index declined.

Agricultural activities during the month were mainly harvesting of tuber crops and the processing of dry grains in the southern and middle belt states, while the harvesting of early crops such as cowpea and millet dominated in the northern states. Estimated crude oil output, including condensates and natural gas, was 1.8 million barrels per day (mbd) or 55.80 million barrel for the month, indicating an increase of 5.3 per cent over the preceding month's level. Crude oil exports represented 75.0 per cent of the total output, while deliveries of crude oil to refineries for domestic consumption remained at 0.45 mbd or 13.95 million barrels per month. The average price for Nigeria's reference crude, Bonny Light (37°API), rose by 3.4 per cent over its level in July, 2002. Similarly, the index of Nigeria's major agricultural commodities at the London Commodity Market increased by 5.4 and 69.5 per cent over their levels in the preceding and corresponding months of 2001, respectively. The inflation rate was estimated at 15.5 per cent in August, compared with 16.2 per cent in July, 2002.

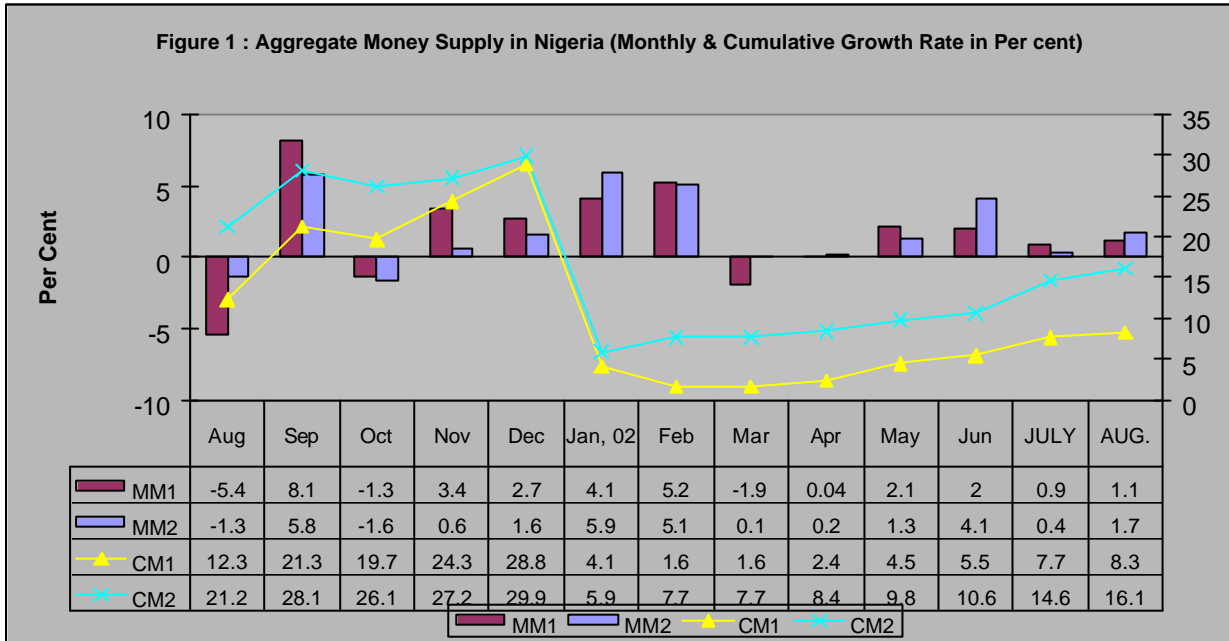
Data on foreign exchange flows through the Central Bank of Nigeria (CBN) during the month indicated an inflow of US\$585.7 million and outflow of US\$1,020.0 million, resulting in a net outflow of US\$434.3 million. Sales of foreign exchange in the official segment of the foreign exchange market amounted to US\$609.6 million, compared with US\$872.1 million in the preceding month. The average marginal exchange rate of the naira vis-à-vis the US dollar at the Dutch Action System (DAS) remained unchanged at the preceding month's level of ₦126.00 per US\$1.00. In

the parallel market and the bureaux the change, the naira, however, depreciated by 1.7 per cent each. Nigeria's gross external reserves fell further by 0.9 per cent from its level in the preceding month to US\$7,697.1 million as at end-August, 2002.

On the international scene, world crude oil output declined further by 0.4 per

## 2.0 FINANCIAL SECTOR DEVELOPMENTS

Monetary aggregates accelerated further in August 2002, while banks' interest rates trended downward. Activities on the Nigerian Stock Exchange (NSE) were mixed. The developments in the money market were influenced by the state of



cent, while estimated demand exceeded supply by 0.60 million barrels per day (mbd) compared with an excess demand of 0.03 mbd recorded in the preceding month. Other major international economic developments of relevance to the domestic economy during the month included: the 2<sup>nd</sup> session of the Nigeria/Jamaica Joint Commission held in Kingston, Jamaica in August, 2002 during the state visit by President Olusegun Obasanjo. Also, the World Bank's Vice President, at the recently concluded Earth Summit in South Africa called on industrialized countries to develop long-term strategy for reducing global poverty without destroying the environment.

banks' liquidity during the month.

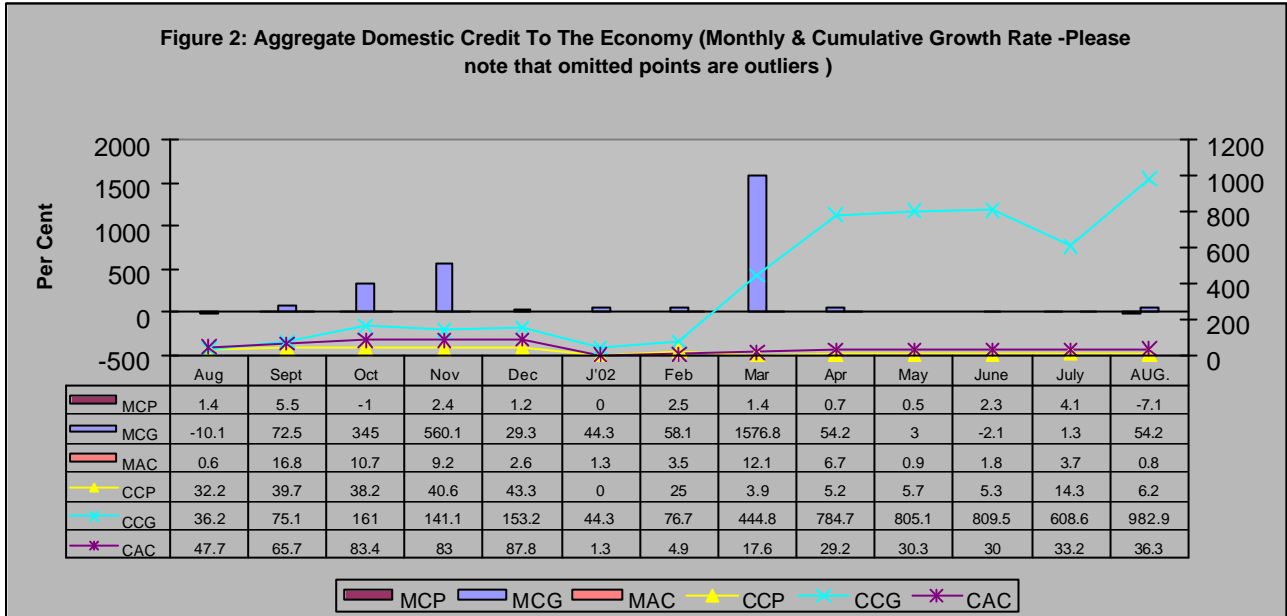
### 2.1 Monetary and Credit Developments

Provisional data indicated that broad money supply ( $M_2$ ) rose further in August, 2002 by 1.7 per cent to ₦1,528.4 billion, compared with the increase of 0.4 per cent in the preceding month. Similarly, narrow money supply ( $M_1$ ) rose by 1.1 per cent, compared with the increase of 0.9 per cent in July, 2002. The rise in  $M_1$  in the review month reflected the significant increases in aggregate bank credit to the domestic economy and other assets (net) of the banking system. During the first eight months of the year,  $M_2$  and  $M_1$  grew by 16.1 and 8.3 per cent, respectively, compared

with the growth targets of 15.3 and 12.4 per cent for fiscal 2002.

Aggregate bank credit to the domestic economy rose by ₦ 9.1 billion or

Credit to the private sector fell by ₦69.1 billion or 7.1 per cent in August 2002, reflecting largely the decline in deposit money banks' claim on the sector.



0.8 per cent to ₦ 1,130.9 billion in August 2002, compared with the increase of 5.2 per cent in the preceding month. The rise during the review month reflected entirely the increase in banking system's net claims on the Federal Government. In the eight-month period, aggregate bank claim on the domestic economy rose substantially by ₦337.1 billion or 36.3 per cent, compared with the growth target of 57.9 per cent for the whole year.

Banking system's credit to the Federal Government rose by ₦78.2 billion or 54.2 per cent, compared with the increase of ₦17.8 billion or 14.1 per cent in the preceding month. The rise in the review month was accounted for by both the Central Bank and the deposit money banks (DMBs). In the first eight months of the year, the Federal Government drew down on its deposits with the CBN, implying further injection of liquidity into the banking system.

During the first eight months of the year, however, the system's claim on the sector increased by 6.2 per cent, compared with the growth target of 34.9 per cent for fiscal 2002.

At ₦1,113.6 billion, foreign assets (net) of the banking system fell sharply by ₦231.4 billion or 17.2 per cent, compared with the decline of ₦16.8 billion or 1.2 per cent in the preceding month. The fall was attributable mainly to the drop in Central Bank's holding. Consequently, the foreign assets (net) of the banking system fell by ₦319.4 billion or 22.3 percent in the first eight months of the year, in contrast to the increase of 9.0 per cent recorded in the corresponding period of 2001.

Quasi-money rose by ₦15.0 billion or 2.4 per cent to ₦643.7 billion in the review month, in contrast to the decline of 0.2 per cent in the preceding month. The rise reflected the increases in deposit money

banks' time, savings and foreign currency deposits during the period. In the first eight months of the year, quasi-money increased sharply by ₦144.5 billion or 28.9 per cent.

Other Assets (net) of the banking system rose by ₦247.3 billion or 25.7 per cent in the review month, as against the decline of ₦37.8 billion or 4.1 per cent recorded in the preceding month. The rise was traceable to the increase in CBN's unclassified assets, declines in banks' deposits and capital accounts as well as the increase in deposit money banks' unclassified assets, and declines in both capital accounts and credit from the CBN during the month.

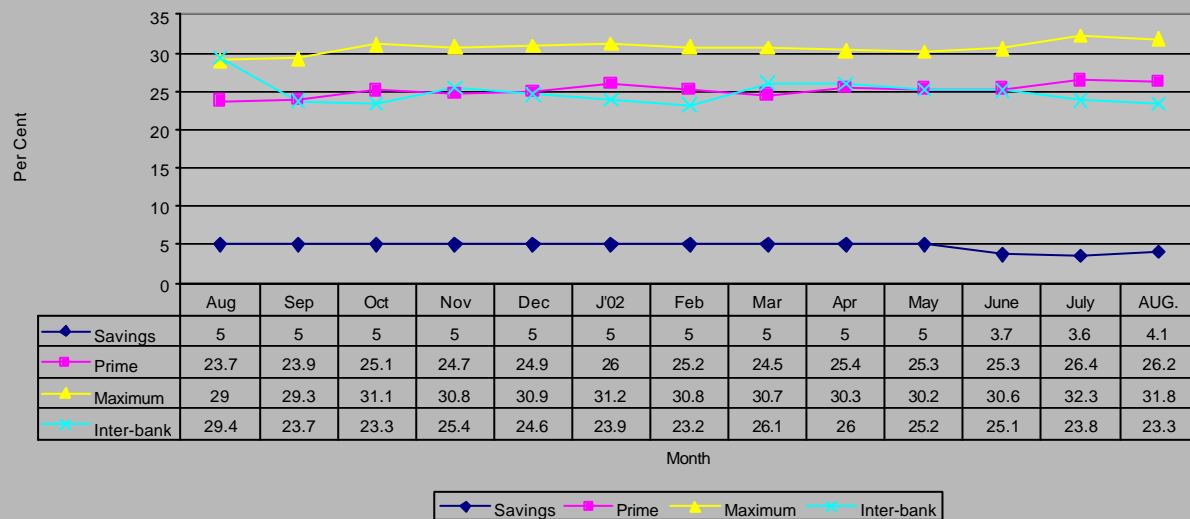
## 2.2 Currency-in-circulation and Deposits at CBN

At ₦356.5 billion, currency in circulation in August, 2002 increased by ₦1.4 billion or 0.4 per cent and ₦12.6

billion in July, 2002 to ₦356.5 billion in August. This was, however, moderated by a fall in vault cash, a component of currency in circulation, which declined from ₦73.9 billion in July to ₦62.0 billion in August, indicating a drop of ₦11.9 billion or 16.1 per cent.

Total deposits at the CBN amounted to ₦852.1 billion, showing declines of ₦90.7 billion or 9.6 per cent and ₦175.0 billion or 17.0 per cent from the levels in the preceding month and corresponding period a year earlier. The development during the month was attributable to the declines of 11.7, 2.2 and 31.2 per cent in deposits by banks, Federal Government and the private sector, respectively. The shares of the Federal Government, bankers and "others" in total deposits at the CBN were 61.4, 25.7 and 12.9 per cent, respectively, compared with 56.7, 26.3 and 16.9 per cent in July, 2002.

Figure 3: Selected Banks' Interest Rates (Per Cent, Monthly Average)



billion or 3.7 per cent over the levels in the preceding month and corresponding month of 2001, respectively. The rise was traceable to currency outside the banking system, which rose by 4.7 per cent from ₦355.1

## 2.3 Interest Rate Developments

Available data indicated that interest rate movements in August trended downward. With the exception of the

average savings deposit rate and the rates on deposits of over 12 months maturity, which increased from 3.6 and 14.5 per cent in July to 4.1 and 15.9 per cent, respectively, all other rates on deposits of various maturities which ranged from 10.3-17.1 per cent in July, declined to 10.2-16.1 per cent in August, 2002. Banks' average prime and lending rates also declined by 0.2 and 0.5 percentage point each to 26.2 and 31.8 per cent, respectively. Thus, the spread between banks' weighted average deposit and maximum lending rates stood at 17.2 percentage points, while the margin between the average savings deposit and maximum lending rates was 27.7 percentage points.

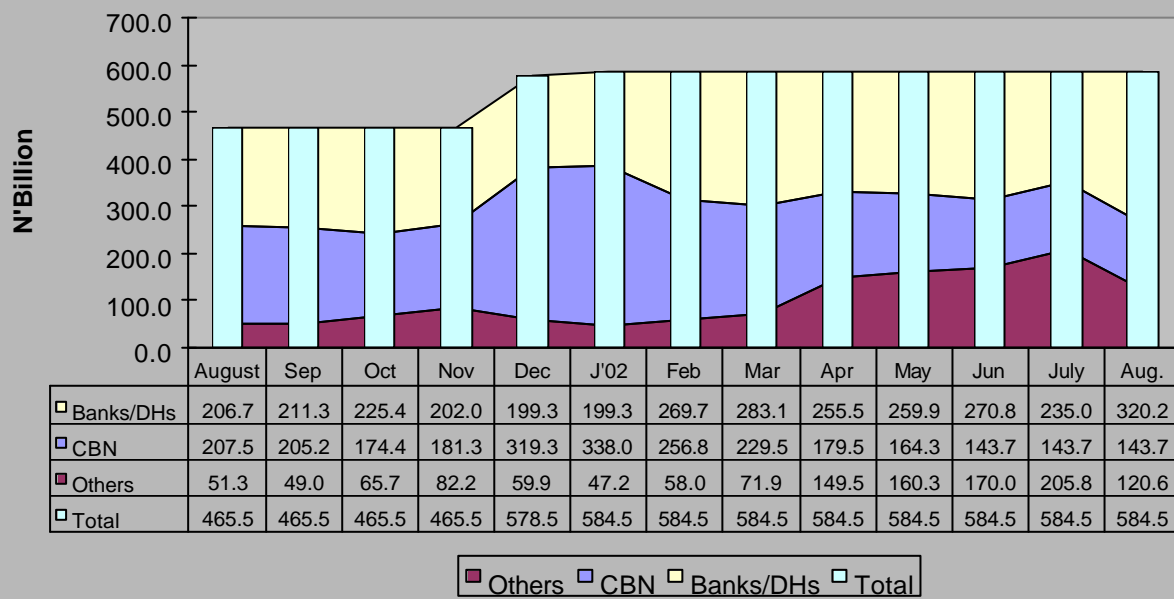
The average inter-bank call rate which stood at 23.8 per cent in July, 2002 declined

## 2.4 Money Market Developments

Provisional data indicated that the value of money market assets outstanding as at end-August, 2002 declined by ₦11.6 billion or 1.8 per cent to ₦650.8 billion, in contrast to an increase of ₦5.5 billion, or 0.8 per cent in the preceding month. The fall reflected largely the decline in Commercial Papers (CPs) by 30.3 per cent, during the review period. The level of Bankers Acceptances (BAs), however, increased by ₦0.9 billion or 2.6 per cent, while treasury bills and Eligible Development Stocks (EDS) outstanding remained unchanged at the preceding month's levels of ₦584.5 billion and ₦2.4 billion, respectively.

Treasury bills worth ₦98.8 billion

**Figure 4: Treasury Bills' Holdings (N'Billion)**



to 23.3 per cent at end-August 2002, reflecting the positive impact of the recent CBN's monetary policy action on interest rates.

were re-issued to replace matured bills of the same value, compared with ₦278.1 billion re-issued in July, 2002. A breakdown of the total amount rolled over during the month indicated that deposit money banks (DMBs) and discount houses subscribed ₦68.2 billion, representing 69.0 per cent of

the total subscription for the month, while “ other ” investors accounted for ₦12.6 billion or 12.8 per cent. The balance of ₦18.0 billion or 18.2 per cent was absorbed by the CBN.

Analysis of outstanding treasury bill holdings showed that deposit money banks and discount houses together accounted for ₦320.2 billion or 54.8 per cent of the total, while holdings by “other” investors stood at ₦120.6 billion or 20.6 per cent, compared with ₦205.8 billion in the preceding month. Central Bank’s total holding during the month remained unchanged at the preceding month’s level of ₦143.7 billion, constituting 24.6 per cent of the total.

## 2.5 Capital Market Developments

Developments on the Nigerian Stock Exchange (NSE) were mixed in August 2002. The volume and value of shares traded as well as the market capitalization showed upward trends, while the value index recorded a decline.

At 948.1 million and ₦12.6 billion, the number and value of shares traded rose by 49.7 and 75.9 per cent, respectively, from their respective levels of 633.3 million and ₦7.2 billion in the preceding month. The breakdown of the transactions indicated that the banking sub-sector remained the most active in the market during the month.

Market capitalization rose by 1.0 per cent from ₦751.4 billion in July 2002, to close at ₦758.7 billion, while value index fell by 1.0 per cent from 12,458.3 recorded in the preceding month to 12,327.9 in August, 2002. Investors continued confidence in the market contributed to the observed increase in market capitalization in the month under review.

## 2.6 Deposit Money Banks’ Activities

Total assets/liabilities of deposit money banks (DMBs) amounted to ₦2,469.6 billion in August, 2002, representing an increase of ₦81.9 billion or 3.4 per cent and ₦302.4 billion or 14.0 per cent over the preceding month’s level and the level at end-December, 2001. Funds were sourced mainly from the increases in demand deposits, draw down on reserves and unclassified liabilities, while major uses of funds included: acquisition of unclassified assets, increases in foreign assets and claims on both the public and the private sectors of the economy, among others.

Aggregate credit to the domestic economy by Deposit Money Banks (DMBs) at end-August, 2002 amounted to ₦1,160.3 billion, representing increases of ₦4.4 billion or 0.4 per cent and ₦162.0 billion or 16.2 per cent over the preceding months’ level and the level at end-December, 2001, respectively. The breakdown showed that credit to the private sector declined by ₦69.1 billion or 7.1 per cent, while claims on the Central government rose by ₦73.5 billion or 39.2 per cent, reflecting largely the significant increase in banks’ holdings of treasury bills during the period under review.

Central Bank’s credits to the Deposit Money Banks (DMBs) amounted to ₦12.6 billion, representing declines of ₦10.4 billion or 45.4 per cent and ₦2.0 billion or 13.7 per cent from the levels in preceding month and end-December, 2001 respectively, reflecting largely the fall in CBN’s overdraft facilities to the banks during the review month.

Total specified liquid assets of deposit money banks stood at ₦1,006.7 billion or 78.6 per cent of their total deposit liabilities.



This level of assets was 32.0 and 38.6 percentage points above the preceding month's level and the stipulated minimum ratio of 40.0 per cent for fiscal 2002, respectively.

## 2.7 Discount Houses

Total assets/liabilities of the discount houses amounted to ₦45.7 billion in August 2002, indicating increases of ₦13.3 billion or 41.2 per cent and ₦26.5 billion or 138.4 per cent over the levels in the preceding month and corresponding month of 2001.

Discount houses' investments in the Federal Government securities of less than 91 days maturity was ₦23.8 billion, representing 77.0 per cent of their total deposits liabilities. This was 4.3 percentage points below the level in the preceding month, but 17.0 percentage points increase above the prescribed minimum level of 60.0 per cent.

Total borrowings by discount houses stood at ₦10.8 billion, while their capital and reserves amounted to ₦6.1 billion, resulting in a gearing ratio of 1.8: 1, compared with the stipulated maximum target of 50:1.

## 3.0 DOMESTIC ECONOMIC CONDITIONS

The main agricultural activities during the month were harvesting of tubers, processing of dry grains, land preparation for planting of various crops as well as development of nurseries for citrus, tomatoes and pepper in various parts of the country. Crude oil output increased by 5.3 per cent over the preceding month's level, while inflation rate was estimated at 15.5 per cent, down from 16.2 per cent in July.

## 3.1 Agricultural Sector

In August 2002, agricultural production was further boosted nation wide, following the steady and even distribution of rainfall witnessed in all parts of the country. Harvesting of tuber crops such as yams, sweet potatoes, cocoyams and cassava; and processing of dry maize, rice and groundnuts were at their peak in the southern and middle belt states, while harvesting of early crops such as cowpea and millet were carried out in the northern states. Land preparation for planting various crops and development of nurseries for citrus, tomatoes and pepper also took place in the southern states during the month. In the livestock sub-sector, due to availability of abundant forage induced by the steady rains, farmers intensified breeding and production of livestock.

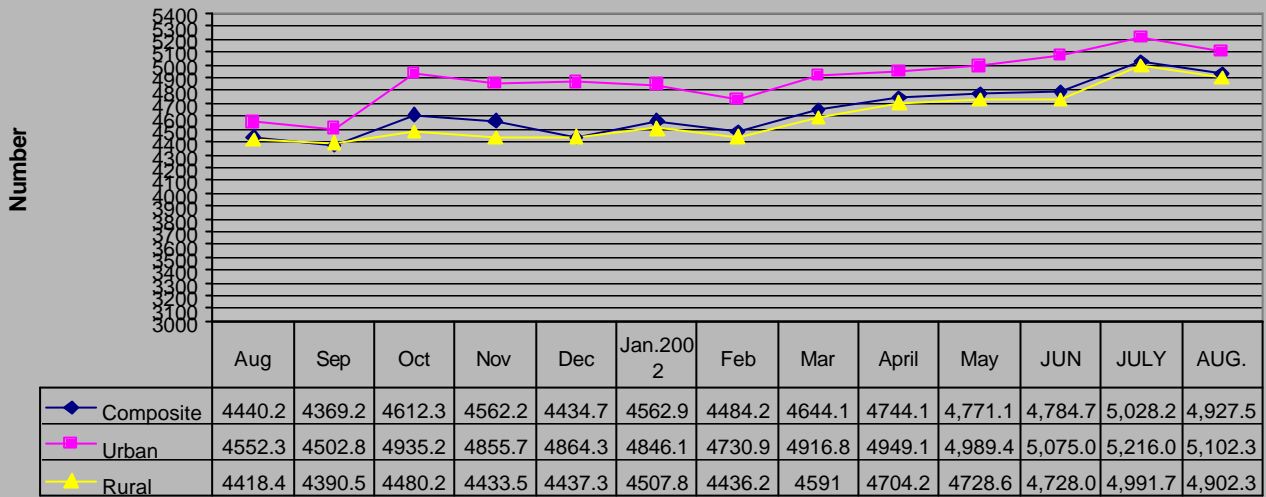
The prices of Nigeria's major agricultural commodities at the London Commodity Market rose during the month. At 96.3 (1985=100), the all-commodities price index, in dollar terms, increased by 5.4 and 69.5 per cent over their levels in the preceding month and corresponding month of 2001, respectively. In naira terms, the index, at 10,971.5 (1985=100), also rose by 8.4 per cent over the level in July. The observed rise in prices was attributable to reduction in supply relative to demand during review period.

Of the six commodities monitored during month, cocoa, copra, cotton, palm-oil and soya bean in dollar terms, recorded price increases of 5.6, 0.7, 5.8, 4.1 and 5.1 per cent, respectively, over their levels in the preceding month, while coffee recorded price decline of 5.5 per cent. When compared with their levels a year earlier, all the commodities recorded varying degrees of price increases except coffee.

In naira terms, cocoa, copra, cotton, palm-oil and soya bean recorded price

month, representing an increase of 7.1 per cent over the level in July, 2002.

Figure 5 : Monthly Consumer Price Indices in Nigeria (1985 = 100)



Source: Federal Office of Statistics (FOS), Lagos

Composite Urban Rural

increases of 8.9, 2.8, 5.4, 6.0 and 3.9 per cent, respectively, over their levels in the preceding month, while coffee recorded price decline of 2.8 per cent. When compared with their levels in the corresponding month of 2001, all the commodities recorded varying degrees of price increases.

### 3.2 Petroleum Sector

Nigeria's crude oil production, including condensate and natural gas liquids, was estimated at 1.80 million barrels per day (mbd) or 55.80 million barrels for the month, indicating an increase of 5.3 per cent over the level in the preceding month. The rise in output was attributable mainly to the commencement of new oil production wells during the month. The share of the country's production in total OPEC's output was 6.4 per cent, compared with 6.1 per cent in the preceding month. Crude oil exports were estimated at 1.35 million barrels per day (mbd) or 41.85 million barrels for the

Crude oil exports accounted for 75.0 per cent of total output, compared with 73.7 per cent recorded in the preceding month, while deliveries of crude oil to refineries for domestic consumption remained at 0.45 mbd or 13.95 million barrels per month.

Crude oil prices recorded increases over the levels in the preceding month, following increased demand for gasoline during the summer motoring season in the western hemisphere, OPEC's reduction in output as well as the expected U.S. attack on Iraq. Consequently, the average price of Nigeria's reference crude, the Bonny Light (37<sup>0</sup>API), at \$26.80 a barrel, showed an increase of \$0.88 a barrel or 3.4 per cent over its level in July, 2002 in the spot market. Similarly, the average prices of other competing brands of crude, namely the Forcados, UK Brent, Arab Light and the West Texas Intermediate (WTI) rose to \$26.73, \$26.80, \$24.71 and \$28.13 a barrel, from their respective levels of \$25.78, \$25.77, \$23.86 and \$26.84 a barrel, recorded

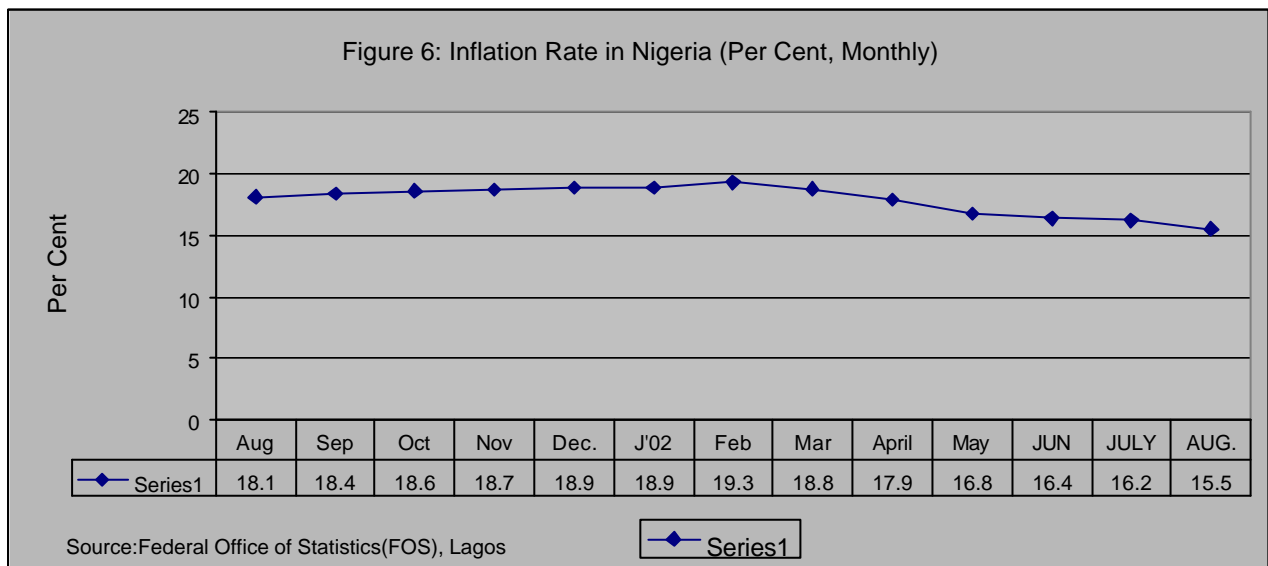


in the preceding month. In the net-back market, the Bonny Light and UK Brent were sold at \$30.45 and \$29.57 a barrel, representing increases of 1.3 and 0.9 per cent, over their levels in July, 2002. Similarly, the Arab Light and the WTI were sold at \$28.63 and \$30.13 a barrel, respectively, as against \$28.39 and \$29.67 a barrel in the preceding month.

### 3.3 Consumer Prices

Data from the Federal Office of Statistics (FOS) indicated that the all-items composite Consumer Price Index (CPI) in August, 2002 was estimated at 4,927.5 (1985 = 100), representing a decline of 2.0

compared with their levels in the corresponding month a year earlier, all the component items recorded price declines except drinks, tobacco and kola; clothing & footwear; accommodation, fuel & light; and other services whose indices recorded price increases of 1.9, 0.2, 5.4 and 7.6 per cent, respectively. The urban all- items CPI was estimated at 5,102.3 (1985=100), in August, 2002, showing a decline of 2.2 per cent from the level in the preceding month, but an increase of 12.1 per cent over the level in the corresponding period, a year earlier. Similarly, the rural all-items CPI, estimated at 4,902.3 (1985=100), indicated the same trend as observed in the urban centres when compared with the preceding month and



per cent from the preceding month's level, but an increase of 11.0 per cent in the corresponding period of 2001. The decline during the month was traceable to the indices of food; household goods; medical care and health expenses; transportation; and recreation, entertainment, education and cultural services whose indices fell by 6.8, 3.3, 6.7, 5.0 and 6.3 per cent, respectively, while the indices of other component items recorded increases ranging from 0.2 per cent for clothing and footwear to 5.4 per cent for accommodation, fuel and light. When

compared with their levels in the corresponding month of 2001, though at slightly lower rates.

The inflation rate for the twelve-month period ended August, 2002 was estimated at 15.5 per cent, down from 16.2 and 18.1 per cent recorded in the preceding month and corresponding period of 2001 respectively. The observed moderation in prices reflected the impact of monetary policy action and dampening effect of good harvests on food prices.

## 4.0 EXTERNAL SECTOR DEVELOPMENTS

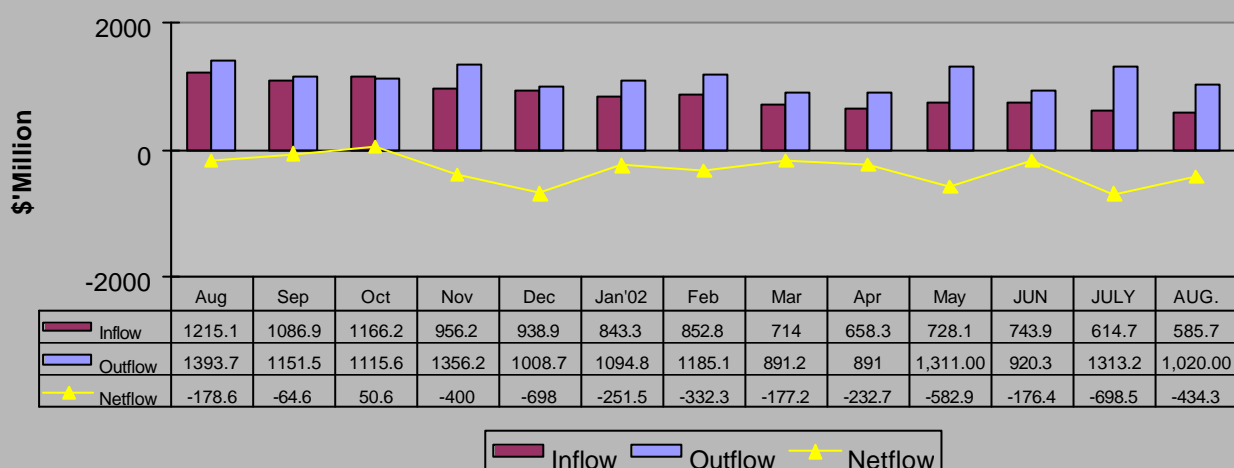
### 4.1 Foreign Exchange Flows

In August 2002, foreign exchange inflow and outflow through the Central Bank of Nigeria (CBN) amounted to US\$585.7 million and US\$1,020.0 million, respectively, resulting in a net outflow of US\$434.3 million. When compared with the levels of US\$614.7 million and US\$1,311.9

cent, from their levels in the corresponding period, a year earlier.

Provisional data on foreign exchange flows through the economy in August, 2002 indicated that total inflow amounted to US\$1,077.9 million, down from US\$1,088.3 million in July, 2002. A breakdown in the total inflow showed that receipts from the oil sector stood at US\$240.2 million and constituted 22.3 per cent of the total during the month, while non-oil public sector

**Figure 7: Foreign Exchange Flows Through the CBN (\$'Million)**



million recorded in July 2002, inflow and outflow indicated declines of 4.7 and 22.3 per cent, respectively. The drop in inflow in the review month was attributable to a fall in oil receipts, while the decline in outflow was traceable to the sharp falls in disbursements for foreign exchange market utilization under the Dutch Auction System (DAS) and “other official payments” particularly the NNPC/JVC cash calls from US\$935.4 million and US\$144.8 million to US\$742.2 million and US\$0.0 million in August, 2002 respectively. Cumulative inflow and outflow through the CBN for the eight-month period amounted to US\$5,740.6 million and US\$8,625.3 million, respectively, representing declines of 50.4 and 14.6 per

receipts amounted to \$345.5 million. Inflow through autonomous sources was estimated at US\$492.2 million for the month. At US\$1,070.1 million, foreign exchange outflow from the economy showed a decline of 21.2 per cent from its level in July, 2002. The fall was traceable to the declines in the funding of the foreign exchange market and disbursements in respect of “Other Official Payments”, particularly NNPC/JVC cash calls, which fell from US\$935.4 million and US\$144.8 million in July to US\$742.2 million and US\$0.0 million, respectively, in the review period. These, however, were moderated by the increases in External Debt Service payments and National Priority Projects which rose from US\$84.4 million and US\$69.7 million in July to US\$115.1

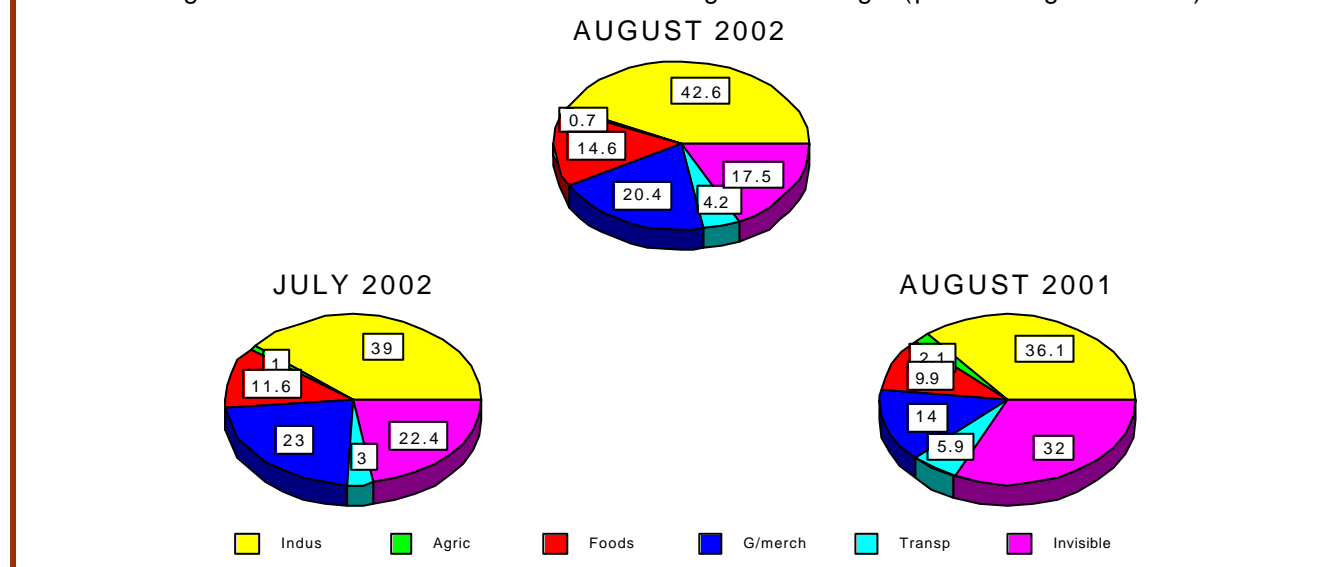
million and US\$101.0 million, respectively, in August, 2002. During the eight month period, cumulative inflow and outflow through the economy were US\$9,140.7 million and US\$9,023.6 million, respectively, compared with US\$13,793.8 million and US\$10,763.7 million in the corresponding period of 2001.

#### 4.2 Sectoral Utilisation of Foreign Exchange

The industrial sector accounted for the bulk (42.6 per cent) of total foreign exchange disbursed in August 2002. Other beneficiary sectors, in a descending order of importance, included: general merchandise, invisibles, food, transportation and agricultural products (fig.8).

(DAS) on July 22, 2002. A total of US\$609.6 million was sold to authorized dealers during the review period, compared with US\$872.1 million in the preceding month. The CBN did not purchase any foreign exchange from the market during the month. The average marginal exchange rate of the naira vis-à-vis the U.S dollar at the market remained unchanged at the preceding month's level of ₦126.00 per US\$1.00. In the parallel market and the bureaux de change, the naira, however, depreciated from ₦135.28 and ₦135.80 per dollar in July to ₦137.57 and ₦138.1 per dollar, respectively, in August, 2002. Overall, the premium between the official and the parallel market rates widened to 9.2 per cent in August, from 7.4 per cent in July, 2002.

Figure 8: Sectoral Utilization of Foreign Exchange (percentage of total)



#### 4.4 External Reserves

#### 4.3 Foreign Exchange Market Developments

The demand pressure in the Foreign Exchange Market (FEM) moderated further in August, 2002, following the re-introduction of the Dutch Auction System

Nigeria's gross external reserves at end-August, 2002 amounted to US\$7,697.1 million, indicating a further decline of 0.9 per cent from the preceding month's level of US\$7,765.0 million. At current foreign exchange commitments, the reserves could

finance about 6.8 months of imports the same as the level in the preceding month.

## **5.0 OTHER INTERNATIONAL ECONOMIC DEVELOPMENTS**

World crude oil output, at 75.70 mbd in August 2002, fell by 0.4 per cent from the preceding month's level of 75.97 mbd, while estimated demand exceeded supply by 0.60 mbd, compared with an excess demand of 0.03 mbd recorded in July.

Other major international economic developments of relevance to the domestic economy during the month included: the 2<sup>nd</sup> session of the Nigeria/Jamaica Joint Commission held in Kingston, Jamaica in August, 2002 during the state visit of President Olusegun Obasanjo, which coincided with the 40<sup>th</sup> Anniversary celebration of Jamaica's independence. The trade-related areas of possible co-operation identified by the commission were: reciprocal participation in trade fairs organized by both countries; exchange of trade missions; co-operation between the two countries export promotion agencies; and the establishment of bilateral chamber of commerce. The commission also advocated the need for banks in both countries to have correspondent banking relationship as well as co-operation between the apex banking institutions in both countries in order to facilitate bilateral trade.

Also, the World Bank's Vice President, at the recently concluded Earth Summit in South Africa called on industrialized countries to develop long-term strategy for reducing global poverty without destroying the environment. He acknowledged that the World Bank needed to have protested against agricultural subsidies adopted by the rich nations much earlier, but regretted that the Bank was not an official negotiator and could only bring moral suasion to bear on

the parties involved, based on adequate findings, to influence multilateral negotiations. He therefore, emphasized the need for Africa to adopt "Smart" agricultural revolution to feed its people without depleting fresh water and soil or destroying forests which could induce desertification.

