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Nigeria

Grain and Feed

Update

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Report Highlights:

Nigeria is maintaining its position as the leading export destination for U.S. hard red winter wheat and the third overall largest importer of U.S. wheat. The harvest of most grains for the 2003/04 season has been completed. Overall, Nigeria achieved a five percent increase in output over a year earlier due to generally favorable weather conditions. The output of rice and corn, however, fell due to severe scarcity of organic fertilizers. Although corn is allowed for imports, the GON discourages imports. For rice, the U.S. continues to supply a niche market in Nigeria.

Includes PSD Changes: No

Includes Trade Matrix: No

Unscheduled Report

Lagos [NI1]

[NI]

Executive Summary

The harvest of most grains for MY2003/04 season has been completed except for sorghum, which is a late crop in Nigeria. Overall grain output increased five percent due to favorable weather conditions throughout the grains belt. The volume of rainfall received during the cropping season was well above the ten-year average and was evenly distributed for a good crop. Post's field visits revealed that, the country could have achieved a bumper crop, if not for the heavy rainfall and flooding of some rice and cornfields.

Local sources also attribute the growth in output to President Obasanjo's new initiative of promoting increased food production through its "Agriculture and Rural Transformation Program." In March 2003, the government in collaboration with the Food and Agricultural Organization embarked on a new initiative called the "National Special Program for Food Security." The program focuses on new approaches to soil conservation and fertility improvement and water use for crop production, crop intensification and diversification to attain food security and alleviate poverty. Primarily, the program aims at improving farmers' productivity and income.

However, corn and rice output declined due to a severe shortage of organic fertilizer products and flooding in some areas. The shortage in fertilizer supplies was due to distortions caused by GON's subsidy program. Importers, unsure of the operational modalities of the subsidy program, suspended import operations, while supplies under the subsidy program were grossly inadequate. The retail price of a 50-kilogram bag of NPK increased to a record level of 4,000 naira, up from an average of 2,000 naira last year.

Exchange Rate: US\$1 = 145 naira

Wheat

PSD Table							
Country	Nigeria						
Commodity	Wheat				(1000 HA)(1000 MT)		
	2001	Revised	2002	Estimate	2003	Forecast	UOM
	USDA Official [Old]	Post Estimate [New]	USDA Official [Old]	Post Estimate [New]	USDA Official [Old]	Post Estimate [New]	
Market Year Begin		07/2001		07/2002		07/2003	MM/YYYY
Area Harvested	35	35	35	35	35	35	(1000 HA)
Beginning Stocks	200	200	200	200	200	200	(1000 MT)
Production	50	50	50	50	55	55	(1000 MT)
TOTAL Mkt. Yr. Imports	2446	2446	2304	2304	2300	2400	(1000 MT)
Jul-Jun Imports	2446	2446	2304	2304	2300	2400	(1000 MT)
Jul-Jun Import U.S.	1893	1893	1688	1688	0	2200	(1000 MT)
TOTAL SUPPLY	2696	2696	2554	2554	2555	2655	(1000 MT)
TOTAL Mkt. Yr. Exports	0	0	0	0	0	0	(1000 MT)
Jul-Jun Exports	0	0	0	0	0	0	(1000 MT)
Feed Dom. Consumption	0	20	0	10	0	0	(1000 MT)
TOTAL Dom. Consumption	2496	2496	2354	2354	2355	2455	(1000 MT)
Ending Stocks	200	200	200	200	200	200	(1000 MT)
TOTAL DISTRIBUTION	2696	2696	2554	2554	2555	2655	(1000 MT)

Nigeria depends almost exclusively on wheat imports to satisfy local demand because local climatic conditions are not suitable for profitable commercial wheat production. Available trade data indicate that US wheat exports to Nigeria in the first five months of MY2003/04 are up 20 percent over the corresponding period of MY2002/03. This largely reflects increasing milling capacity and steadily increasing consumer demand for wheat-based products. Nigeria remains a consistent buyer and leading export destination for U.S. wheat. Demand for soft wheat is increasing to satisfy a growing demand by biscuits, crackers, and spaghetti manufacturers.

Despite increases in freight cost and the devaluation in the local currency in recent months, the retail price of wheat flour has been stable at an average of 2,400 naira per 50-kilogram bag. This is due to intense competition among the millers. The larger mills are able to take advantage of economy of scale by reducing profit margins to the bare minimum to boost sales. Some of the smaller mills are finding it difficult to compete and have limited their production or are contract milling. Industry sources predict that flour prices will likely rise ten percent in early 2004. Based

on industry estimates, Agoffice anticipates that the U.S. share of Nigeria's wheat imports will increase to 90 percent, up from 85 percent last year due to limited supplies from non-traditional exporters.

Corn

PSD Table						
Country	Nigeria					
Commodity	Corn					(1000 HA)(1000 MT)
	2001	Revised	2002	Estimate	2003	Forecast
	USDA Official [Old]	Post Estimate [New]	USDA Official [Old]	Post Estimate [New]	USDA Official [Old]	Post Estimate [New]
Market Year Begin		10/2001		10/2002		10/2003
Area Harvested	3400	3400	3500	3500	3600	3700
Beginning Stocks	100	100	111	111	111	111
Production	5000	5000	5200	5200	5300	5150
TOTAL Mkt. Yr. Imports	41	41	50	50	50	50
Oct-Sep Imports	41	41	50	50	50	50
Oct-Sep Import U.S.	30	30	0	0	0	30
TOTAL SUPPLY	5141	5141	5361	5361	5461	5311
TOTAL Mkt. Yr. Exports	0	0	0	0	0	0
Oct-Sep Exports	0	0	0	0	0	0
Feed Dom. Consumption	280	280	300	300	350	400
TOTAL Dom. Consumption	5030	5030	5250	5250	5300	5211
Ending Stocks	111	111	111	111	161	100
TOTAL DISTRIBUTION	5141	5141	5361	5361	5461	5311

Nigeria's corn output reportedly fell by about four percent reflecting the impact of the scarcity of fertilizer products. Most corn growers switched from corn to the less fertilizer-dependent soybean and sorghum. Agoffice has accordingly revised downwards the forecast of Nigeria's corn output for 2003/04 to 5.15 million tons, down from 5.2 tons last year. The impact of the lower corn crop is already being felt. Corn is currently sold for \$180 per ton compared to \$140 per ton this time last year. Trade sources indicate that supply from the local crop may run out by March 2004, at which time Nigeria will have to turn to imports to satisfy a growing demand by the local poultry and beer brewing industries. The import duty on corn is 70 percent. The high duty was imposed largely to protect local corn growers.

Rice

PSD Table						
Country	Nigeria					
Commodity	Rice, Milled				(1000 HA)(1000 MT)	
	2001	Revised	2002	Estimate	2003	Forecast
	USDA Official [Old]	Post Estimate [New]	USDA Official [Old]	Post Estimate [New]	USDA Official [Old]	Post Estimate [New]
Market Year Begin		01/2001		01/2002		01/2003
Area Harvested	1650	1650	1660	1660	1700	1800
Beginning Stocks	1024	1024	680	680	610	610
Milled Production	2100	2100	2200	2200	2300	2200
Rough Production	3500	3500	3667	3667	3833	3667
MILLING RATE (.9999)	6000	6000	6000	6000	6000	6000
TOTAL Imports	1906	1906	1822	1822	1250	1250
Jan-Dec Imports	1822	1822	1250	1250	1250	1000
Jan-Dec Import U.S.	18	18	0	5	0	13
TOTAL SUPPLY	5030	5030	4702	4702	4160	4060
TOTAL Exports	0	0	0	0	0	0
Jan-Dec Exports	0	0	0	0	0	0
TOTAL Dom. Consumption	4350	4350	4092	4092	3560	3460
Ending Stocks	680	680	610	610	600	600
TOTAL DISTRIBUTION	5030	5030	4702	4702	4160	4060

Forecast of Nigeria's rice output in MY2003/04 has been revised downwards to 5.1 million tons. The decline in output is attributed to the combined impact of fertilizer shortage and flooding of several rice fields. The GON is promoting self-sufficiency in rice production through a subsidy program of basic inputs to farmers, especially improved rice varieties. Despite this policy, however, Nigeria will likely not be able to attain self-sufficiency in rice production for at least six to ten years. Nigeria will continue to depend on imports to satisfy consumer demand.

Over the past year, the retail price of rice increased on average by about 30 percent reflecting the increase in the import duty and a devaluation of the local currency. Consumption estimates have been revised slightly downwards. However, rice remains a

regular item in the diet of most Nigerians, largely because of the convenience and the variety of ways it can be prepared. In Nigeria rice is served as the main dish, not as a side food as in most other countries. Nigeria's per capita rice consumption is estimated at 30 kilogram.

Sorghum

Sorghum production in 2003/04 is estimated at 8.0 MMT, up from 7.85 MMT last year. The increase in output is a result of favorable weather conditions and a two percent increase in area planted. As stated previously, farmers reportedly switched from fertilizer dependent crop such as corn to sorghum because of its low fertilizer requirement.

Sorghum enjoys a large and growing domestic demand because of its extensive use as food in virtually all parts of northern Nigeria. Sorghum also is used extensively in brewing homemade local beer. Industrial demand for sorghum by beer manufacturers is rising steadily, in step with rising demand for their products. Some brewing factories in Nigeria produce beer exclusively from corn and sorghum.

PSD Table								
Country	Nigeria							
Commodity	Sorghum							
	2001	Revised	2002	Estimate	(1000 HA)(1000 MT)	2003	Forecast	UOM
	USDA Official [Old]	Post Estimate [New]	USDA Official [Old]	Post Estimate [New]	USDA Official [Old]	Post Estimate [New]		
Market Year Begin		10/2001		10/2002		10/2003	MM/YYYY	
Area Harvested	6750	6750	6750	6770	6800	6800	(1000 HA)	
Beginning Stocks	200	200	200	200	200	200	(1000 MT)	
Production	7800	7800	7850	7850	8000	8000	(1000 MT)	
TOTAL Mkt. Yr. Imports	0	0	0	0	0	0	(1000 MT)	
Oct-Sep Imports	0	0	0	0	0	0	(1000 MT)	
Oct-Sep Import U.S.	0	0	0	0	0	0	(1000 MT)	
TOTAL SUPPLY	8000	8000	8050	8050	8200	8200	(1000 MT)	
TOTAL Mkt. Yr. Exports	50	50	50	50	50	50	(1000 MT)	
Oct-Sep Exports	50	50	50	50	50	50	(1000 MT)	
Feed Dom. Consumption	250	250	125	130	150	150	(1000 MT)	
TOTAL Dom. Consumption	7750	7750	7800	7800	7950	7950	(1000 MT)	
Ending Stocks	200	200	200	200	200	200	(1000 MT)	