



USDA Foreign Agricultural Service

GAIN Report

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Nigeria

Grain and Feed

Rice Imports

2006

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Report Highlights:

Forecast of Nigeria's rice imports is unchanged at 1.8 million tons. Smuggling of rice through land borders has increased considerably. Import figures used in this report include estimates of unofficial imports. President Obasanjo is spearheading a campaign to increase local product to reduce dependence on imports.

Includes PSD Changes: Yes
Includes Trade Matrix: No
Trade Report
Lagos [N1]
[N1]

Executive Summary

Forecast of Nigeria's overall rice imports in 2006 is unchanged at 1.8 million tons. Of this amount, local trade sources indicate that about 1.1 million tons would be legal imports, while the remaining 700,000 tons would be smuggled products through Nigeria's porous land borders. In January 2006, the GON reduced the import duty on rice from 118 percent to 105 percent. However, the benchmark price used for import duty calculation was increased from a minimum of 265 dollars per ton to 365 dollars per ton. In actuality, the duty paid on rice was increased from 313 dollars per ton to 385 dollars per ton. The high duty on rice is encouraging large-scale cross border smuggling.

The GON is making a determined effort to increase local production of rice and to eliminate the need for imports. President Obasanjo is spearheading an aggressive pursuit for self-sufficiency that includes subsidy on basic farm inputs and improved varieties. The GON is promoting the adoption of new hybrid rice varieties to help boost production. These new varieties are high yielding, early maturing, disease resistant and high in protein. The GON aims to have three million hectares under rice cultivation by 2007. Although domestic rice production is steadily increasing, it continues to lag behind demand. It is very unlikely that the GON will ban rice imports in the near term as it is being currently canvassed because of the large domestic supply deficit.

A recent study by the GON on the Nigerian rice sector revealed that since the 1970s, rice consumption in the country has risen considerably, at about 10 percent per annum due to changing consumer preferences. Per capita consumption has risen steadily from 12 kilograms in the 1970s, to 22 kilograms in the 1990s and about 30 kilograms currently. The most important cause of the shift in consumer preferences towards rice in Nigeria is urbanization. Rice is easy to prepare and fitting more easily in the urban lifestyles of rich and poor alike. Rice is no longer a luxury food, it has become a major source of calories for the average Nigerian. Rice has become a strategic commodity in the Nigeria economy. Available government figures estimates Nigeria's rice import bill at more than \$500 million a year.

PSD Table: Milled Rice

Nigeria Rice, Milled							
	2004	Revised	2005	Estimate	2006	Forecast	UOM
	USDA Official [Old]	Post Estimate [New]	USDA Official [Old]	Post Estimate [New]	USDA Official [Old]	Post Estimate New]	
Market Year Begin		01/2004		01/2005		01/2006	MM/YYYY
Area Harvested	1850	1850	2000	2000	2050	2050	(1000 HA)
Beginning Stocks	1001	1001	420	420	570	570	(1000 MT)
Milled Production	2300	2300	2700	2700	2800	2800	(1000 MT)
Rough Production	3833	3833	4500	4500	4667	4667	(1000 MT)
MILLING RATE (.9999)	6000	6000	6000	6000	6000	6000	(1000 MT)
TOTAL Imports	1369	1369	1800	1800	1700	1800	(1000 MT)
Jan-Dec Imports	1777	1777	1700	1700	1700	1700	(1000 MT)
Jan-Dec Import U.S.	7	7	0	10	0	7	(1000 MT)
TOTAL SUPPLY	4670	4670	4920	4920	5070	5170	(1000 MT)
TOTAL Exports	0	0	0	0	0	0	(1000 MT)
Jan-Dec Exports	0	0	0	0	0	0	(1000 MT)
TOTAL Dom. Consumption	4250	4250	4350	4350	4450	4600	(1000 MT)
Ending Stocks	420	420	570	570	620	570	(1000 MT)
TOTAL DISTRIBUTION	4670	4670	4920	4920	5070	5170	(1000 MT)