



USDA Foreign Agricultural Service

GAIN Report

Global Agriculture Information Network

Template Version 2.09

Required Report - public distribution

Date: 2/28/2007

GAIN Report Number: NI7004

Nigeria

Grain and Feed

Rice Update

2007

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Report Highlights:

In line with GON's policy to increase local rice production, leading importers in the country are making huge investments in milling capacities. They hope to obtain duty concession from the GON to import brown rice initially until local production improves. About half of Nigeria's two million tons rice imports are smuggled into the country.

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

Executive Summary

From available government statistics, Nigeria produces approximately two million tons of rice per annum. The GON is promoting self-sufficiency in rice production through a subsidy program of basic inputs to farmers, especially improved rice varieties. Additionally, the major rice importers in Nigeria have made significant investment in milling capacities in support of government efforts. Examples of these private sector initiatives are: Veetee Rice in Ogun State, Olam in Benue, Nasarawa and Kwara states, and Stallion in Lagos. As part of the backward integration program, these companies are at various stages of developing nucleus estates that would use local farmers as out growers. These companies have made the investment on the understanding that the GON will initially grant duty concession to import brown rice. However, similar concessions were granted to two companies in 2005 to import brown rice at a reduced duty of 50 percent. The GON refused to renew the license after one year.

Despite these efforts, Nigeria will continue to depend on imports to satisfy the growing demand of its 140 million inhabitants. Trade sources estimate Nigeria's rice imports in 2006 at two million tons (estimates unchanged from previous PSD submission). Of this amount, trade sources estimate that about 750,000 tons entered the country as through illegal channels. Nigeria's import profile is expected to remain at the same level in 2007. Post understands that Nigeria's neighbors are competing for a larger share of these informal imports by reducing their duty on rice. Smuggling is fueled by Nigeria's high duty of 109 percent and the use of arbitrary reference prices for customs purposes. According to importers, the following reference prices are maintained by customs for tariff rate assessment regardless of declared value: \$335, \$365 and \$450 per ton for Indian, Thailand, and American rice, respectively.