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Nigeria

Grain and Feed

Rice Import Situation

2007

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Report Highlights:

Local trade sources have reported a dislocation to Nigeria's rice trade caused by the importation of 105,000 tons of Thai rice by a State Government at zero duty. Smuggling of rice through Nigeria's land borders continues to increase due to GON's high import duty of 110 percent.

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

Executive Summary

The major rice importers in Nigeria have made significant investment in milling capacities in support of government efforts towards self-sufficiency. Examples of these private sector initiatives are: Veetee Rice in Ogun State, Olam in Benue, Niger, 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. Post understands that only one company has received approval to import brown rice, while the others will soon enter discussion with the new government of President Umaru Yara'dua to obtain approval. Some of the companies have indicated interest in importing U.S. brown rice when the concession is granted. In 2005/06, the GON granted concessions to two companies to import brown rice at a reduced duty of 50 percent. The concession was not renewed after a year.

Import forecasts are unchanged from previous PSD submission of 1.7 million tons. Of this amount, trade sources estimate that about 800,000 tons will enter the country through illegal channels. Smuggling is fueled by Nigeria's high duty of 110 percent and the use of arbitrary reference prices for customs purposes. For the purpose of import tariff assessment, The Nigeria Custom Service maintains reference prices of \$335, \$365 and \$450 per ton for Indian, Thailand, and American rice, respectively regardless of the declared value. Trade sources also reported that the GON granted a state government approval to import 105,000 tons of Thai rice at zero duty. This caused market dislocation for rice importers. Other factors affecting imports of Asian rice include the recent appreciation of the Indian Rupee against other major currencies and the significantly higher freight rates from Thailand. Some of the importers have suspended operations because of the stiff competition.