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Nigeria

Grain and Feed

Rice Imports Quarterly

2008

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Report Highlights:

Nigeria's rice imports remained firm all through 2007 despite the record high international market prices and freight rates. This is due to inadequate local production and considerably higher prices for other commodities, especially wheat and corn. Rice importers who invested in milling facilities are unable to obtain paddy from local sources and the GON's promise to allow paddy imports at a reduced duty is yet to be fulfilled.

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

Executive Summary

Import estimates for MY2007 are lowered slightly to 1.6 million tons from previous PSD submissions. According to local trade sources, more than half of this amount will enter the country through illegal channels, primarily from Benin Republic. The high duty of 109 percent, creates the incentive for tariff avoidance and smuggling. Local rice importers have explained that demand for their rice is continuing to weaken because of the much higher price compared to the smuggled supplies. Smuggled rice is currently sold at about \$7 discount per 50 kilogram bag. Trade figures clearly illustrate the effect of this smuggling, as declared Thai rice shipments to Benin have risen sharply while those to Nigeria have fallen (see chart below).

International rice prices remained on the rise for most of 2007. On average, prices for 2007 were 16 percent higher than the corresponding period of 2006. Prices are unlikely to weaken much, especially because of India's indefinite ban on non-basmati rice exports (later replaced by the application of a minimum export price of \$425 per ton). Freight rates have also risen considerably during the period. Notwithstanding, Nigeria's import demand has remained firm because local production is insufficient and the prices of other agricultural commodities, especially wheat and corn have soared to unprecedented levels.

The Government of Nigeria (GON) continues to pursue a policy to boost domestic rice production under its Presidential Rice Initiative. Under the initiative, the GON provides improved seeds to farmers at subsidized rates. In addition, the GON is also encouraging the major rice importers to establish nucleus farms and milling facilities to support growth in local production. A number of the milling facilities have been established but are currently finding it difficult to obtain paddy to mill. These companies made the investments on the understanding that the GON would initially grant duty concession of 50 percent to import brown rice. At present, the GON has suspended all import concessions and waivers.

