



USDA Foreign Agricultural Service

# GAIN Report

Global Agriculture Information Network

Template Version 2.09

Voluntary Report - Public distribution

**Date:** 1/12/2009

**GAIN Report Number:** NI9001

## Nigeria

### Product Brief

## Nigeria's Fruit Juice Concentrate Market

### 2009

**Approved by:**

Ali A. Abdi, Agricultural Attache  
U.S. Consulate, Lagos

**Prepared by:**

Levin Flake, Asst. Agricultural Attache & Uche Nzeka, Agricultural Marketing Specialist

---

**Report Highlights:**

The Nigerian market provides huge export market opportunities for U.S. exporters of fruit juice concentrate. Nigeria's fruit juice market has grown 60 percent over the last five years and this growth is due to increasing incomes of Nigerian consumers, an expanding middle class, and greater health-consciousness of consumers. In 2002, the GON placed an import ban on fruit juice in consumer packs and lowered the tariff on concentrate to 5 percent. With local fruit production remaining low, processors have continued to depend on imported concentrates. The market for fruit concentrate, pre-mix and syrup (concentrates) has thus risen from 1.5 million kg in 2002 to about 30 million kg in 2007.

---

Includes PSD Changes: No  
Includes Trade Matrix: No  
Trade Report  
Lagos [NI1]  
[NI]

**TABLE OF CONTENTS**

<b>SECTION I: MARKET OVERVIEW</b> .....	<b>3</b>
Advantages and Challenges: .....	4
<b>SECTION II: MARKET SECTOR OPPORTUNITIES AND THREATS</b> .....	<b>5</b>
Imports and Distribution Pattern: .....	5
Market Structure & Profiles: .....	6
<b>SECTION III: COSTS AND PRICES</b> .....	<b>8</b>
FOB Prices: .....	8
Freight Cost: .....	8
Clearing Cost:.....	9
Storage/Warehousing/Distribution Costs: .....	9
Distribution Channel Mark-ups: .....	9
<b>SECTION III: MARKET ACCESS</b> .....	<b>9</b>
Regulations: .....	9
<b>SECTION IV: POST CONTACT AND FURTHER INFORMATION:</b> .....	<b>10</b>
<b>APPENDIX I: NIGERIA'S ECONOMIC STRUCTURE (ANNUAL INDICATORS)</b> .....	<b>11</b>

**SECTION I: MARKET OVERVIEW**

Nigeria is the largest market in sub-Saharan Africa, with a population nearing 150 million people and growing at three percent annually. Despite a huge number of consumers, Nigeria's agricultural sector is under-developed and the country remains a major importer of food and agricultural products, including fruit juice concentrates and premix. (For more information, please see "Exporter Guide Annual" report number NI8024 at the following website: <http://www.fas.usda.gov/gainfiles/200809/146295903.doc>). Demand for fruit juice in Nigeria has grown rapidly over the past decade and this growth is expected to continue to climb. However, even with this growth Nigeria's per capita consumption of fruit juice concentrate/premix remains far below world average levels. With such a large population base, an expanding middle-class and rising incomes, Nigeria has the potential to be a huge market for juice and juice concentrate. More Nigerians can now afford to take fruit juice as part of their menu while many more (even from among the dominant low-income group) are recognizing the nutritional values of fruits and are trying to eat healthier. Also, the trend toward greater establishment of hotels, restaurants and institutional (HRI) firms is also boosting demand.

Nigeria has shifted from being a market for consumer pack fruit juice to almost entirely importing large amounts of juice concentrate. In 2002, Nigeria's imports of consumer pack fruit juice reached 200 million liters valued at \$250 million. This represented about 90 percent of total fruit juice consumption that year. However, that same year the government of Nigeria (GON) initiated a ban on all imports of fruit juice in consumer packs and reduced the tariff on fruit juice concentrate/pre-mix to 5 percent. In addition, the GON initiated a 40 percent rebate for exported fruit juice products. These actions were introduced in order to promote greater local production/processing/packaging. As a result of the import ban, investment in local fruit juice processing increased and the number of fruit juice processing firms in the formal sector rose from 5 in 2002 to 12 in 2007. Local fruit production remains severely underdeveloped in Nigeria and is unable to meet demand from domestic processors. As a result, imports of fruit juice concentrate and premix have soared from just 1.5 million kg in 2002 to about 30 million kg in 2007. Although on September 25, 2008, the GON reviewed its import tariff book and eliminated some of the major agricultural import bans, the import ban on consumer pack fruit juice remains in place, and the tariff on fruit juice concentrate remains at 5 percent.

The key fruit juice concentrates/pre-mixes imported in Nigeria are orange, pineapple, mixed fruit, apple, grape and mango and key suppliers of these products include South Africa, EU, and South America. Although U.S. market share is currently low, local processors perceive U.S. suppliers as reliable and of high quality and they continue to seek partnering with U.S. suppliers for concentrates and ingredients/additives. U.S. exporters are advised to explore entering Nigeria's expanding market for concentrate and interested U.S. firms can seek assistance from the USDA/FAS office in Nigeria to develop business relationships with local firms.

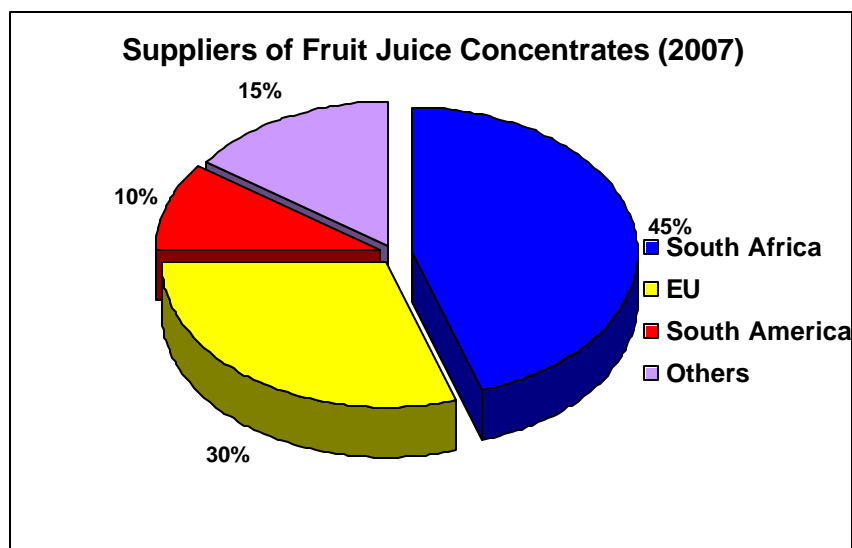
**Advantages and Challenges:**

<b>Advantages</b>	<b>Challenges</b>
Nigeria has a very large population (about 150 million) and has an expanding middle-class.	Per capita income remains low at an estimated \$1,000.
Nigeria's upper- and middle-class continue to demand juices with excellent taste and of high quality. Also, increased urbanization, and increasing incomes are boosting demand for juice.	Slow pace of Nigeria's trade liberalization and GON's import policies can change suddenly.
Tetra Pak has expanded its Nigerian operations and is offering Nigerian investors technical assistance needed for procuring and running fruit juice processing and packaging lines.	Many U.S. Agribusinesses have limited knowledge about export opportunities in Nigeria and about the country's local practices.
Households are beginning to drink more juice as a healthy alternative to other beverages.	There are sometimes negative perceptions about Nigerian businesses among U.S. exporters and a reluctance to do business in Nigeria.
Nigeria's fruit production is underdeveloped and cannot meet local processors' commercial demand. It is estimated that more than 70 percent of Nigeria's fruit harvests are lost due to continued decaying infrastructure and storage.	Nigeria has underdeveloped infrastructure and very high cost of food processing.
Nigerians perceive all U.S. consumer-oriented and intermediate foods (including fruit juice concentrates/pre-mix) as being of high quality and are willing to pay a premium for these products.	The U.S. share of the total market remains small despite a general local consumer perception of U.S. higher quality.
The United States has superior production systems and technologies for more efficient food processing.	Competition from Asian and EU suppliers remains strong due to traditional trade links.
The GON recognizes USG's superior expertise in handling science and technology-based issues/problems.	The EU enjoys comparative freight advantage because of its proximity.
There is a willingness by the GON and Nigerian companies to collaborate with USG on issues such as HACCP for fruit juice drinks processing/packaging.	Chinese presence and investment in Nigeria is expanding rapidly.

## SECTION II: MARKET SECTOR OPPORTUNITIES AND THREATS

### Imports and Distribution Pattern:

Nigeria's demand for consumer-pack fruit juice was estimated at more than 200 million liters (over 95 percent of which was imported) prior to the establishment of GON's import ban on consumer-pack fruit juice in 2002. Since the ban, consumption has increased by approximately 10 percent per year and has grown from 200 million liters in 2002 to 320 million liters (valued about \$480 million) in 2007. Nearly all (95 percent) of this juice is made from imported concentrate, and imports reached nearly 30 million kg in 2007 (valued at \$85 million). Firms in the EU, South America, Asia, and South Africa were among the major suppliers of fruit juice and concentrates to this market (see chart below).



Source: Industry Estimates

With the GON import ban on consumer-pack fruit juice/drinks in 2002, investment in Nigeria's fruit juice processing activities increased rapidly in order to meet domestic demand. This included some large Nigerian food-processing companies investing in Tetra Pak facilities for fruit juice packaging. In 2002, Coca-Cola invested over \$200 million for a fruit juice processing and packaging plant, a concentrate plant and citrus/ pineapple farms for their "Five Alive" Brand. Dangote Group (one of Nigeria's largest food processing conglomerate) established a subsidiary firm (Dansa Foods Ltd) and began producing fruit juice under "Dansa" brand in 2006. Reportedly, Dansa Foods plans to increase its investments in fruit juice drink production from the current \$2.5 million to more than \$7.5 million by 2009. Another Nigerian conglomerate, SCOA Nigeria, formally entered Nigeria's fruit juice market through its subsidiary (SCOA Foods) and recently commissioned a \$8.5 million fruit juice processing plant in Lagos. Nutricima, a global food processing conglomerate, is partnering with PZ Cussons in Nigeria, to establish a fruit juice consumption concept branded "Boost Fruit Bar", for marketing fresh, squeezed fruit juice mostly for sale to the growing number of more health conscious local consumers. Other companies have developed or increased capacity for local raw fruit juice production, although output of this type remains very small due to lack of domestic production of high-quality fruits for juicing and infrastructure obstacles.

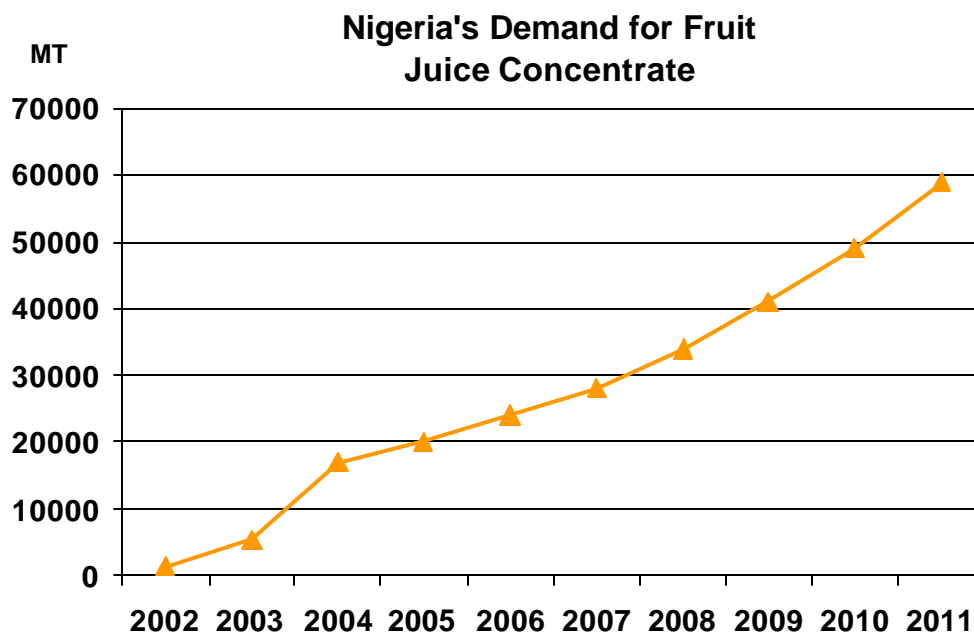
Most fruit juice is packaged in one-liter, 500 ml and 250 ml "Tetra Pak" (TBA/8 and 'TBA/3) packs and flexible packs of 50 centiliters (cl), 33 cl and 25 cl. Consumption of instant fruit juice products and flavors in dry powdered form packed in transparent plastic containers is

also growing especially among children. A number of small- and medium-scale manufacturers have also invested in fruit juice recently in PET and plastic bottles. According to the industry, processed fruit juice products packed in 'Tetra Pak' boxes (screw lids) are considered premium products and priced relatively higher.

Because of the added cost of one-time use packaging, the price of fruit juice is often above that which can be afforded by mass market Nigerian consumers. Industry sources indicate that fruit juice could be made more readily available at a lower price if packaged in reusable glass bottles (such as are already used for Coke and Pepsi soda beverages). However, the major obstacle to this is the high cost and limited availability of glass bottles in Nigeria. The GON has a ban on imports of "hollow glass bottles of a capacity exceeding 150mls (0.15 litres) of all kind used for packaging of beverages by Breweries and other beverages and drinks company." As a result of this ban, insufficient domestic bottle production, and very high domestic production costs, glass bottles in Nigeria cost several times more to produce than those in other parts of the world and also are limited in supply. As a result, sources from major beverage companies indicate that they must dedicate all of their supply of bottles for soda, as margins for this product are typically higher than for fruit juice.

### Market Structure & Profiles:

Compared to an estimated 15 million consumers of fruit juice in 2002, market size has more than tripled to an estimated at 55 million (approximately 37 percent of the population) in 2007. With demand continuing to increase, industry sources speculate that imports of fruit juice concentrate and premix could double in the next few years as shown below:

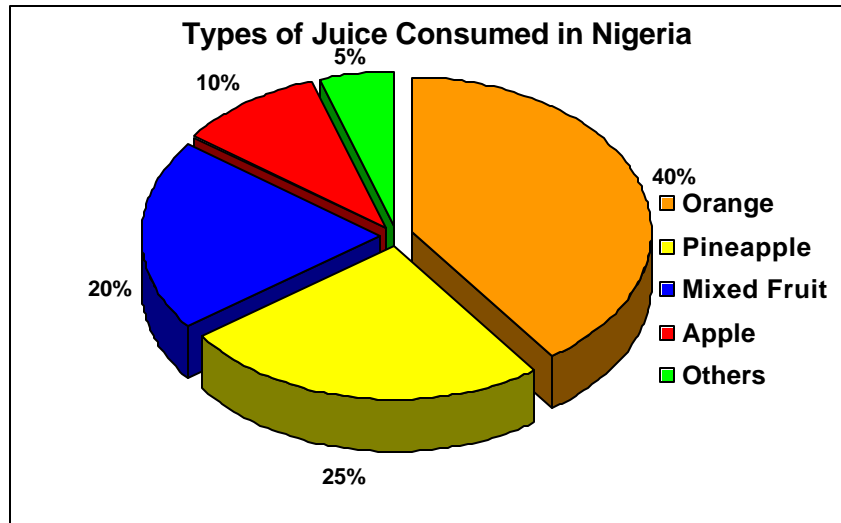


Source: Industry Estimates

Nigeria's fruit juice products can be processed from concentrate at application ratios ranging from five to 100 percent and are labeled according to the amount of juice contained. The classifications are:

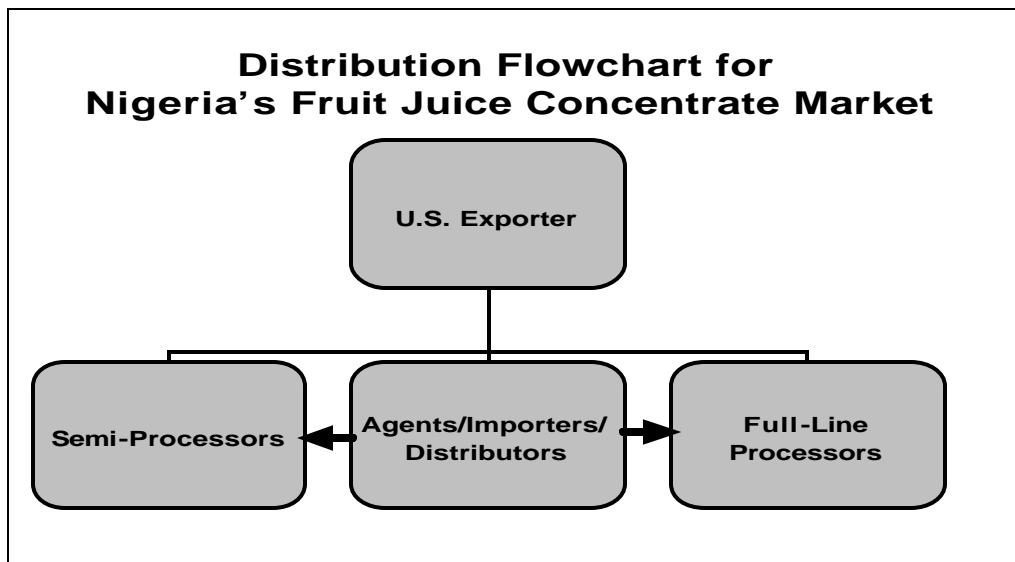
1. Fruit Drinks – contains between 5-25% juice
2. Nectar – contains between 25-50% juice
3. Fruit Juice – contains more than 50% juice

Local processors mostly produce the more affordable “fruit drinks”, and “nectar” products rather than “fruit juice”. Orange, pineapple, mixed fruit, grape, apple and mango/others (unfermented, not containing added spirit; H.S. Code #: 2009.1100-9000) are the major fruit juice products consumed in Nigeria and their market shares are as shown in the chart below:

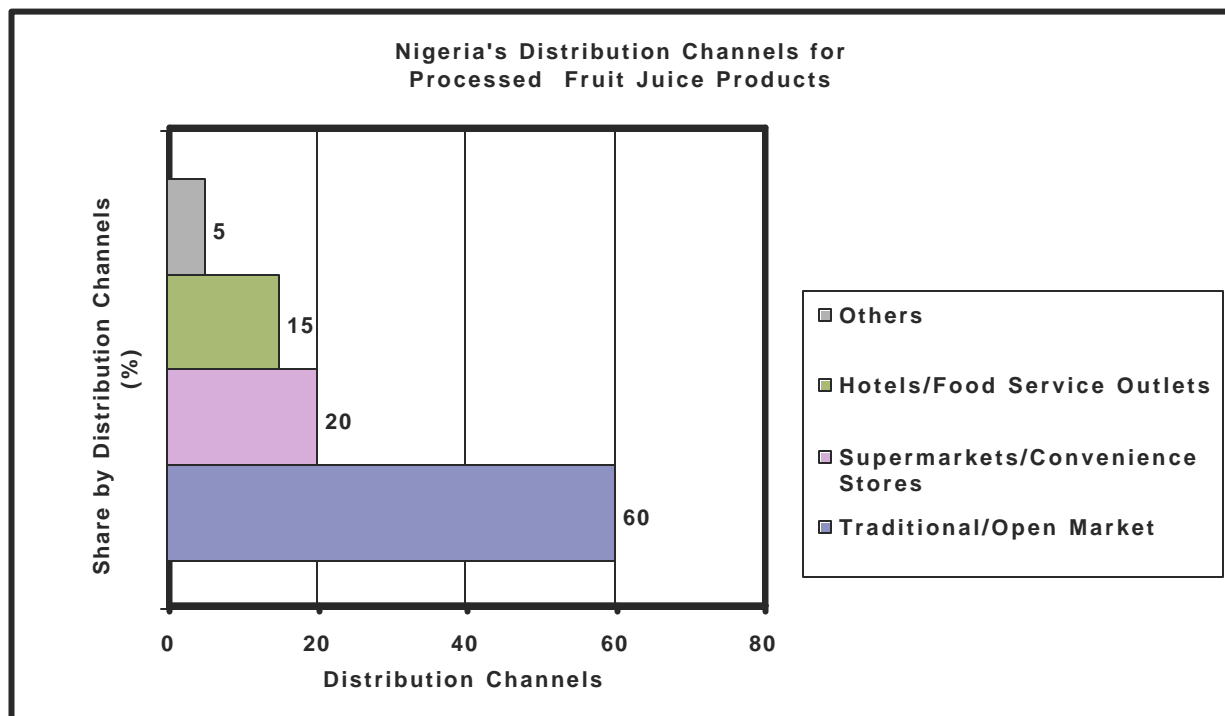


Source: Industry Estimates

Processors typically source their concentrates directly from foreign suppliers, although sometimes they also buy from local agents who are local representatives of foreign suppliers. Large-scale processors often own their own packaging facilities, and in addition to packaging their own brands they often undertake contract or private label packing for other smaller local firms (semi-processors). These semi-processors may import their own concentrate and own their own distribution facilities but rely on larger processors to do the processing/packaging. These semi-processors usually handle the storage and formulation of concentrate and directly supervise production of own brands at processors’ plants. Local processors prefer fruit concentrate contained in aseptic packs. Shipped frozen fruit concentrates are stored in cold storage facilities at temperature of not less than [(-18) degrees Centigrade]. Chart below illustrates distribution channels for concentrates in Nigeria:



Local distribution channels for processed fruit juice products are mostly through the traditional/open markets as shown in the chart below:



Source: Industry/AgOffice

Local processors perceive U.S. suppliers as reliable and of high quality and they continue to seek partnering with U.S. suppliers for concentrates and ingredients/additives. U.S. exporters are advised to explore entering Nigeria's expanding market for concentrate and interested U.S. firms can seek assistance from the USDA/FAS office in Nigeria to develop business relationships with local firms.

**SECTION III: COSTS AND PRICES**

**FOB Prices:**

- FOB prices for frozen fruit juice concentrate and premix vary widely depending on product's type, grade and application ratio. FOB prices (per MT) for concentrate and premix range from approximately \$700-\$1,100 and \$1,500-\$2,000, respectively. Product samples and sales catalogues are helpful tools for price negotiation.
- One 20-foot container carries an average of 17 MT of product.

**Freight Cost:**

Freight Cost Estimates for Fruit Juice Concentrates:

United States	\$400/MT
South America (Brazil/Paraguay/Uruguay, etc)	\$400/MT
EU	\$300/MT
South Africa	\$260/MT

Average Freight Rates per MT (Industry source)



**Clearing Cost:**

- Average clearing (including 5 percent customs duty), port inspections charges and land haulage (to warehouse) costs for one 20-ft container is estimated at \$10,000. (Industry source).

**Storage/Warehousing/Distribution Costs:**

- Average warehousing, processing and marketing/distribution costs for concentrate total \$5,000/MT.
- Average retail price is \$1.60 per liter pack.

**Distribution Channel Mark-ups:**

Average Distribution Channel Mark-ups (November 2008):

	<b>Processor</b>	<b>Wholesale Distributor</b>	<b>Retailer</b>
% Average mark-up on total cost of processed fruit juice	20	8	25

Industry sources

**SECTION III: MARKET ACCESS****Regulations:**

NAFDAC (Nigeria's food and drug regulatory agency) inspects and approves imported fruit juice concentrate prior to delivery to processors' or importers' facilities for storage and processing. NAFDAC also inspects the storage and processing of the concentrate and issues approval for marketing and consumption of the processed fruit juice products. Please refer to the following reports for details:

<http://www.fas.usda.gov/gainfiles/200809/146295903.doc>;

<http://www.fas.usda.gov/gainfiles/200807/146295278.doc>;

As of January 2006, GON also replaced Pre-shipment Inspection (PSI) with Destination Inspection (DI). Fruit juice concentrate imports, like all products, are inspected at the point of entry rather than the point of shipment. Nigeria Customs Service (NCS) remains responsible for duty valuation, classification, collection and release. The GON-appointed private firms to function as Destination Inspection service providers and provide x-ray cargo scanning services at entry ports. They also review importers' documents and issue a Risk Assessment Report (RAR) to guide NCS on the risk, classification and value for customs purposes. Also, see Post's FAIRS report #: NI8019 at website-  
<http://www.fas.usda.gov/gainfiles/200807/146295278.doc>, for further details.

The tariff on imported fruit juice concentrate is 5 percent. The Nigerian Customs Service is GON's agency for import duty collection. Total tariff payable are assessed on CIF value plus (+) import duty (+) a port surcharge assessed at 7 percent of import duty (+) a Customs Service inspection charge of 1 percent of import duty.

**SECTION IV: POST CONTACT AND FURTHER INFORMATION:****1. Agricultural Affairs Office (USDA/FAS)**

American Consulate General  
#2, Walter Carrington Crescent  
Victoria Island, Lagos-Nigeria  
Tel/Fax: 234 -1 - 261-3926, 775-0830  
E-mail: [aglagos@usda.gov](mailto:aglagos@usda.gov)  
Website: <http://www.fas.usda.gov>

**2. National Agency for Food & Drug Administration & Control (NAFDAC)**

Plot 1057, OFF Moshood Abiola Road  
By Oyo Road, Area 2  
Garki, Abuja-Nigeria  
Tel: 234-9-2346380-3  
Website: [www.NAFDAC.org](http://www.NAFDAC.org)

**3. Nigeria Customs Service**

Customs Headquarters  
3-7, Abidjan Street  
Off Sultan Abubakar Way  
Wuse Zone 3  
Garki-Abuja, Nigeria  
Tel: 234-9-5236394, 2534680  
Fax: 234-9-5236394, 5234690

**APPENDIX I: NIGERIA'S ECONOMIC STRUCTURE (ANNUAL INDICATORS)**

	2003*	2004**	2005**	2006**	2007
GDP (US\$ bn)	58.4	74.0	95.3	116.6	142.4
Real GDP growth (%)	10.2	6.1***	4.8	5.6**	5.0^
Consumer price inflation (av; %)	14.1	15.0	17.9	7.5	9.1^
Population (m)	133.2**	136.5	139.8	144.0	146.2*
Exports of goods fob (US \$ m)	27,250	37,326	51,897	58,872	61,810^
Imports of goods fob (US\$ m)	-17,193	-19,133	-25,995	-27,402	-38,350^
Current account balance (US\$ m)	-1,569	3,606	7,112	15,810	3,538^
Foreign exchange reserves excluding gold (US\$ m)	7,128	16,956	28,280	42,277	59,700^
Total external debt (US\$ bn)	35.0	37.9	22.2	6.5	8^
Debt-service ratio, paid (%)	5.5	4.2	16.1	1.8	3.4
Exchange rate (av.) N: US\$	129.22	132.89	131.20	127.38	125.00

**Notes:** \*Actual. \*\* Economic Intelligence Unit estimates. \*\*\* Official Estimates.  
'N', represents Naira (Nigeria's currency). ^ Industry estimates.

**Source:** Economist Intelligence Unit, Country Report (Nigeria)—Nov. 2007.