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Report Highlights:

Rice import for MY 2023/24 is forecast to increase by 4 percent as flooding curbs domestic production and increases imports. Wheat imports are expected to decrease marginally due to surging global wheat prices and the government's attempts at wheat self-sufficiency. Wheat production is forecast to increase by 42 percent due to an MOU guaranteeing an agreed price that millers pay wheat farmers. Corn and rice production are forecast to decline marginally due to insecurity and high production costs. Total consumption of sorghum is estimated to increase by 3 percent due to low prices relative to wheat.

MARKET OVERVIEW

Economic growth in Nigeria, Africa's biggest economy, is driven by oil production and services. According to data released by the National Bureau of Statistics (NBS), agriculture was one of the primary drivers of the non-oil sector, with a total contribution to real GDP of 25.58 percent in 2022. The overall growth rate of the agricultural sector in 2022 stood at 1.88 percent, lower than the 2.13 percent reported in 2021. The low performance was due to severe incidences of flood experienced across the country, the high cost of agricultural inputs, insecurity, and the Russia-Ukraine crises, to mention a few.

In late 2022, widespread floods across Nigeria destroyed about N700 billion (\$1.5 billion) worth of investment in the agricultural sector, according to the National Agricultural Extension and Liaison Services (NAERLS). In addition, in November 2022, floods displaced over 2.4 million people and destroyed 656,000 farms, according to the National Emergency Management Agency. This situation led to disruption in agricultural activities - causing agricultural production to fall below average.

In February 2023, the country's headline inflation rose to 21.91 percent, a historic high level compared with an average of 10.6 percent for emerging and developing economies and 8.8 percent for the world. Rising food prices cause spiraling inflation - more importantly, food inflation constitutes a significant percentage of the inflation rate. Food prices remain high across the country, caused by increased demand, low supply, high fuel prices, and poor macroeconomic conditions.

Following the scarcity of the naira across the country, the demand for goods and services reduced, leaving critical sectors such as agriculture, which are heavily cash-reliant, vulnerable. A general uptick in political violence was associated with the 2023 general elections. Insecurity and violence by armed groups persist – further limiting agricultural productivity.

Nigeria, with a population of about 217 million people, has the largest market in Africa. Despite its substantial arable land area, the country relies on imports to meet its food and agricultural product needs. As a result, the ongoing crisis in Ukraine causes significant supply disruptions leading to rising prices for several commodities. To boost domestic production, the Central Bank of Nigeria (CBN) imposed restrictions on using the official foreign exchange to import several agricultural products. In recent years, the naira's steep depreciation has produced a significant gap between the official and unofficial rates – this problematic situation makes it less profitable for importers to use the unofficial rate.

WHEAT

Wheat Production, Supply and Distribution Table

Wheat Market Year Begins Nigeria	2021/2022		2022/2023		2023/2024	
	Jul 2021		Jul 2022		Jul 2023	
	USDA Official	New Post	USDA Official	New Post	USDA Official	New Post
Area Harvested (1000 HA)	80	80	100	100	0	130
Beginning Stocks (1000 MT)	789	789	616	616	0	326
Production (1000 MT)	90	90	110	110	0	156
MY Imports (1000 MT)	6187	6187	5500	5500	0	5450
TY Imports (1000 MT)	6187	6187	5500	5500	0	5450
TY Imp. from U.S. (1000 MT)	1509	1509	0	0	0	0
Total Supply (1000 MT)	7066	7066	6226	6226	0	5932
MY Exports (1000 MT)	600	600	600	600	0	600
TY Exports (1000 MT)	600	600	600	600	0	600
Feed and Residual (1000 MT)	50	50	0	0	0	0
FSI Consumption (1000 MT)	5800	5800	5300	5300	0	5000
Total Consumption (1000 MT)	5850	5850	5300	5300	0	5000
Ending Stocks (1000 MT)	616	616	326	326	0	332
Total Distribution (1000 MT)	7066	7066	6226	6226	0	5932
Yield (MT/HA)	1.125	1.125	1.1	1.1	0	1.2

(1000 HA), (1000 MT), (MT/HA)
 MY = Marketing Year, begins with the month listed at the top of each column
 TY = Trade Year, which for Wheat begins in July for all countries. TY 2023/2024 = July 2023 - June 2024

PRODUCTION

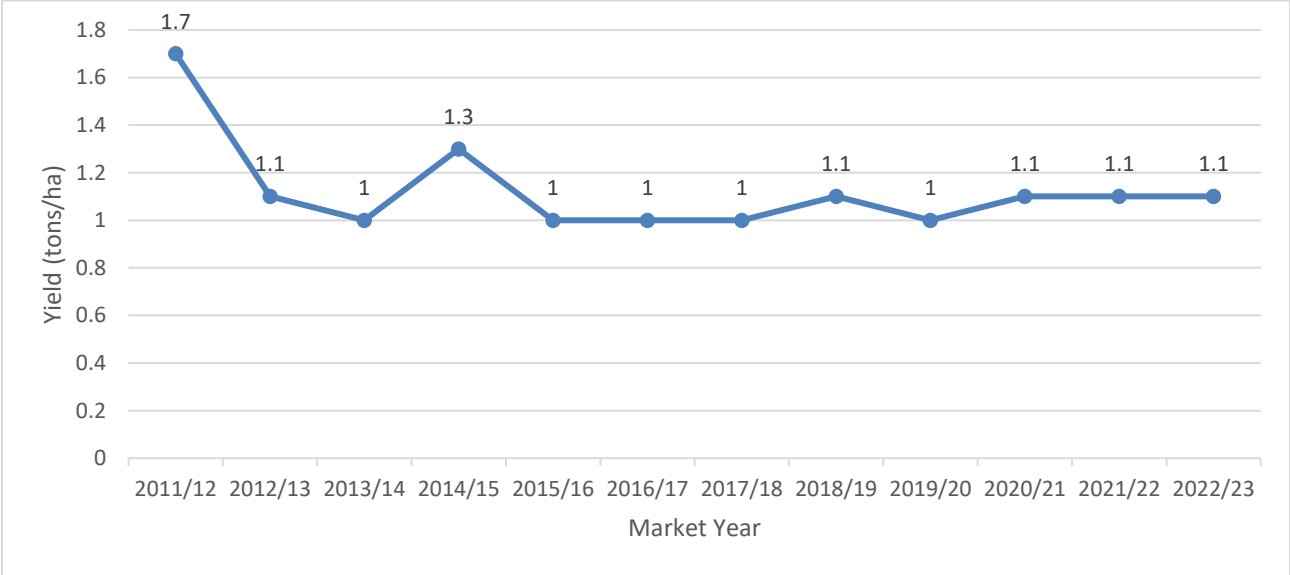
Area harvested and production estimates in Market Year (MY) 2023/24 are forecast to increase by 30 and 42 percent, respectively from the previous year. The Flour Millers Association of Nigeria (FMAN) signed a memorandum of understanding (MOU) with the Wheat Farmers Association of Nigeria (WFAN) to purchase wheat at a competitive price. FMAN and WFAN will arrive at the determining price, by an agreed markup plus the cost of production. The FMAN-guaranteed price will change depending on the average cost of production and average yield per hectare. The MOU assures a ready market for wheat. On the other hand, the MOU also encourages millers to boost wheat flour production. In addition, FMAN aims to engage six certified seed companies to produce sufficient improved wheat seeds to plant 10,000 hectares (ha) in both the dry and wet seasons in MY 2023/24. The project will also provide input loans to cover 4,300 farmers in seven wheat-producing states: Kano, Jigawa, Sokoto, Kebbi, Zamfara, Bauchi, and Kaduna.

Meanwhile, the Federal Ministry of Agriculture considers intercropping an effective system for increasing wheat production. As a result, farmers are increasingly adopting the rice-wheat intercrop system in northern Nigeria as traditional dry-season rice farmers switch to cultivating wheat and rice on the same plot of land. With financial support and outreach opportunities, the federal government envisions the intercropping system will increase wheat production in the short term.

As part of its wheat self-sufficiency drive, the government aims to cultivate 250,000 ha of wheat during the 2023/24 cropping season. Federal Ministry of Agriculture distributed 280 MT of a high-yielding wheat seed variety, agrochemicals, and farm equipment to 5600 wheat farmers in December 2022. Similarly, the African Development Bank (AfDB) supports the Nigerian government’s efforts in producing locally improved wheat seeds. These efficient inputs, including better seeds, will increase acreage and yield. Yield per hectare in MY 2023/24 is forecast at 1.2 MT/ha, increasing 9 percent from the previous year.

The government’s modest wheat self-sufficiency gains are visible in the short term. In the long term, the challenges outweigh the opportunities. Security challenges across the wheat producing region restrict farmers’ access to fields. In addition, high production costs, stem borer infestation, and a weak financial support system will adversely affect wheat production in MY 2023/24.

Figure 1: Nigeria Wheat Yields



Source: International Production Assessment Division (IPAD)

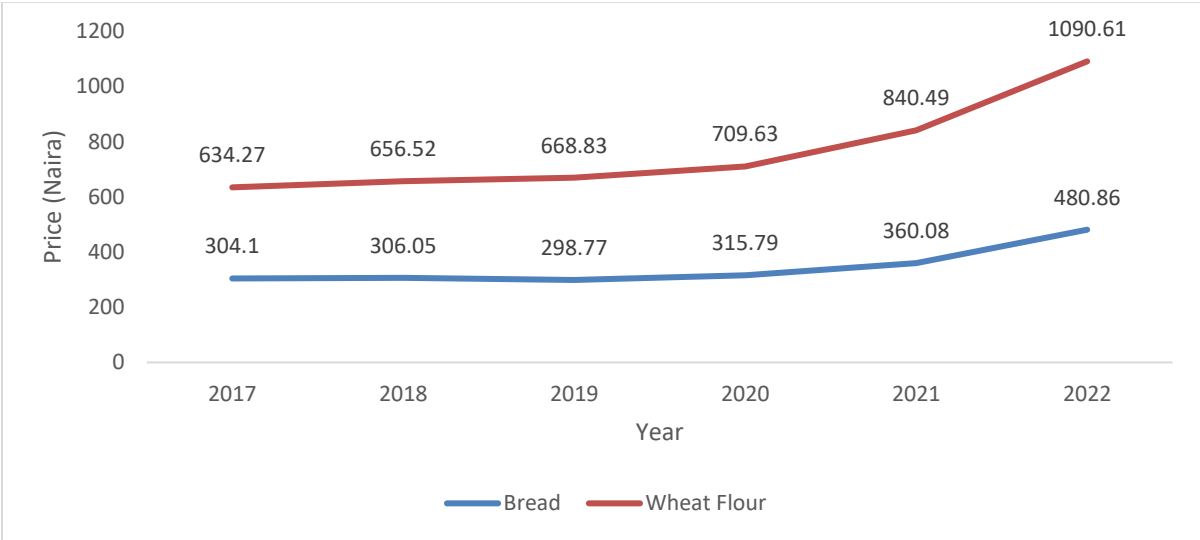
CONSUMPTION

Post projects Nigeria’s wheat consumption in MY 2023/24 to reduce by 6 percent from the MY 2022/23. Wheat flour constitute over 90 percent of the wheat supply in Nigeria. Furthermore, wheat flour is the main ingredient in wheat-based foods such as bread, pasta, and noodles. In addition to the high inflation and supply chain disruptions caused by the Russia-Ukraine war, wheat millers across Nigeria are operating below capacity because of deteriorating macroeconomic conditions, high cost of production and distribution, and reduced sales caused by eroding consumer purchasing power. Nigerian consumers are price sensitive and are shifting slightly from wheat-based products (e.g., bread) to more affordable alternatives – particularly starchy food like yam, cassava, plantain, and beans.

Meanwhile, to reduce overhead costs and control rising bread prices, bakers are increasingly using composite blends and increasing alternative flour (e.g., rice, cassava, and sorghum) percentages from 10 percent to about 20 - 30 percent. Figure 2 below illustrates how wheat flour prices are rising, but bread prices are not rising quite as fast. This situation increases the use of wheat alternatives in composite blends by bakers.

In general, commercial bakeries refrain from using domestic wheat. However, recent milling innovations and new varieties are gradually changing the narrative.

Figure 2: Wheat Flour and Bread Price Trend (2017 - 2022)



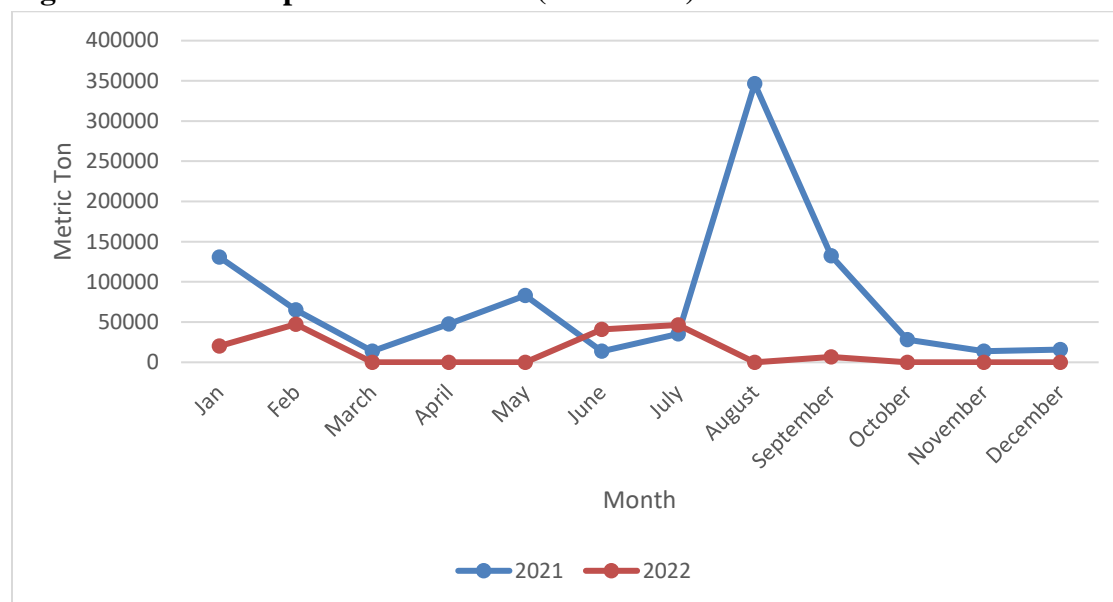
Source: National Bureau of Statistics (NBS)

TRADE

Imports

FAS Lagos forecasts MY2023/24 wheat imports at 5.45 million metric tons (MMT), a 1 percent decrease from the previous year. The rising global wheat prices cause a reduction in wheat imports and slightly larger domestic production. Currently, Nigeria is spending more on wheat imports amid high global wheat prices brought about by declining Black Sea shipments caused by the Russia-Ukraine war. This situation has negatively impacted Nigeria’s wheat supply value chain. More importantly, official records showed a drastic reduction in durum wheat imports from Russia in 2022 – Russia was one of the country’s primary sources of cheap wheat. Meanwhile, domestic banking sources note that the current difficulties in getting letters of credit (i.e., LCs) from Nigerian banks for Russian wheat are worrisome - negatively impacting imports. At the same time, there are severe challenges in getting vessels to deliver Russian wheat - leading to declining Russian wheat purchases by Nigerian wheat importers - shown in Figure 3.

Figure 3: Wheat Imports from Russia (2021-2022)



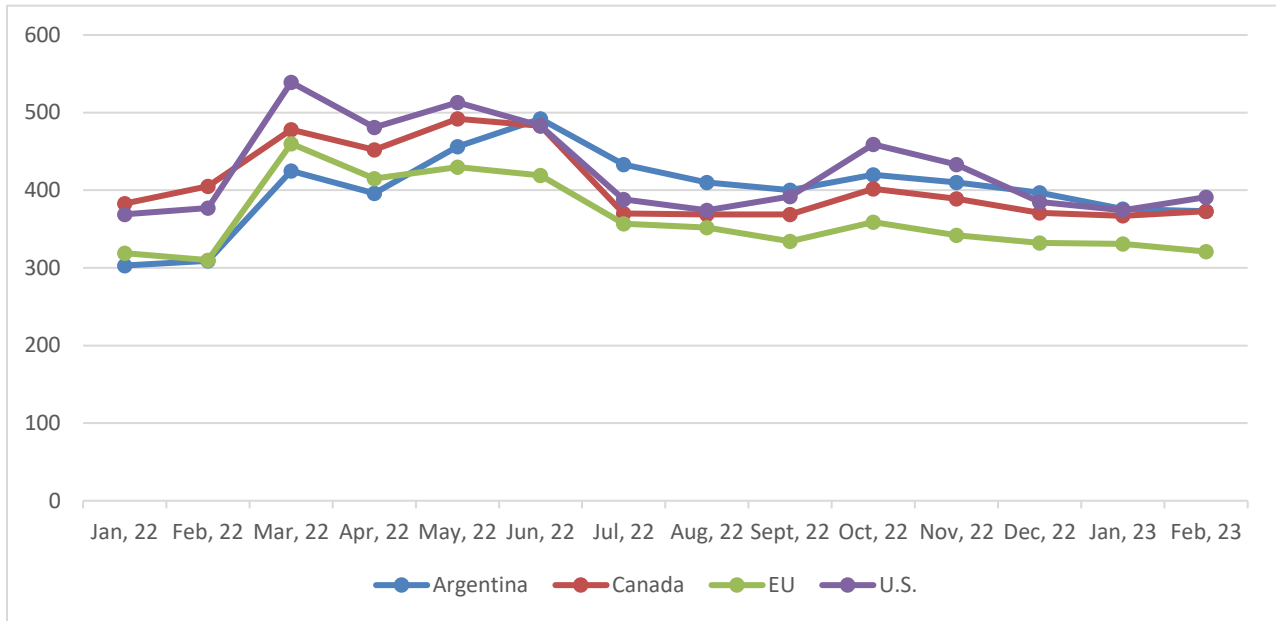
Source: National Bureau of Statistics (NBS)

In a recent development, the Government of Ukraine unveiled its plans to set up grain hubs in Nigeria under the initiative called ‘Grains from Ukraine,’ which has also donated 25,000 tons of grains. The UN-supported initiative would bring Ukrainian wheat closer to the market at lower prices – possibly affecting the market share of U.S. wheat, which has recorded high future prices.

In addition, the changing structure of the Nigerian flour milling industry could also affect the U.S. wheat market share. The flour milling industry is consolidating into large, primarily foreign owned mills. The new companies and their subsidiaries control about 80 percent of the flour milling market. The consolidation wave has produced flour milling companies with a global procurement footprint - wheat imports are primarily from non-U.S. wheat producers.

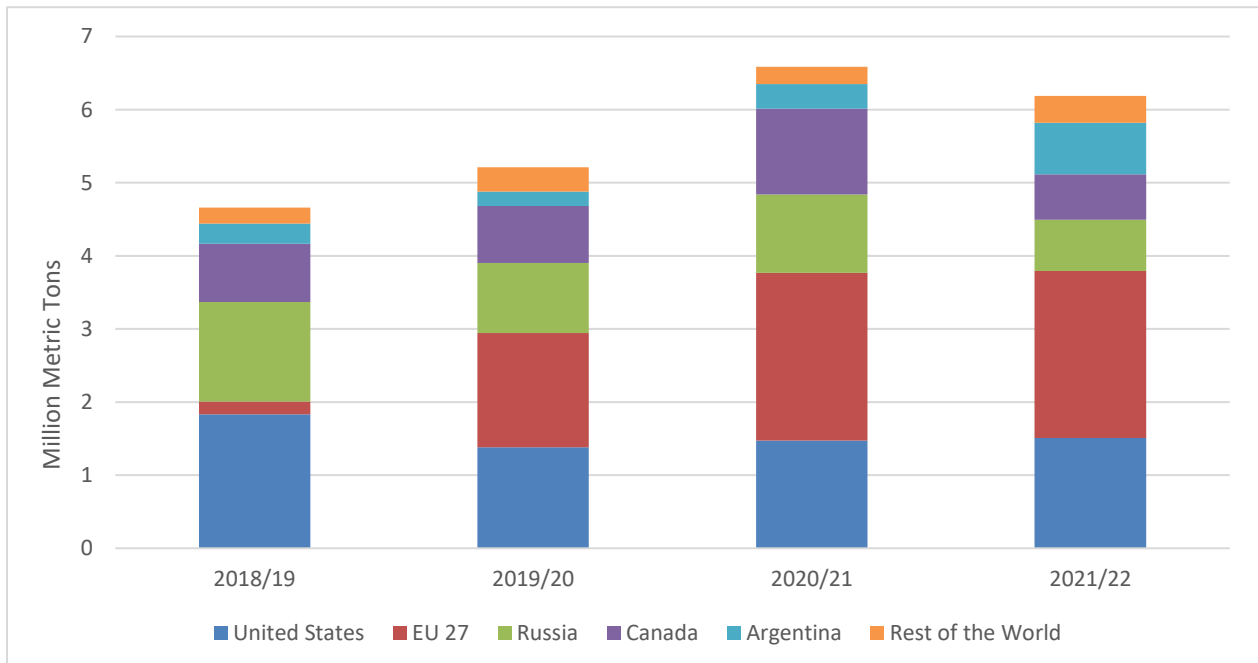
Meanwhile, tighter margins in the flour milling industry are increasing the trend for millers and wheat importers to switch to South America for cheaper wheat. Overall, flour millers face rising interest rates and production costs – especially surging diesel prices. Flour milling companies are focusing on economies of scale to survive – reducing the cost of production and keeping prices of wheat products at competitive levels. The low-quality wheat from the Black Sea and South America is blended with high-quality wheat from the U.S. to improve the quality of the dough.

Figure 4: Free on Board (FOB) Prices (\$) of Wheat for Major Exporting Countries (Jan. 2022 to Feb. 2023)



Source: USDA Global Markets and Trade

Figure 5 – Volume of Exports to Nigeria from top 5 Suppliers (2018/19 – 2021/22)



Source: Trade Data Monitor, LLC

Exports

Export in MY 2023/24 is forecast to remain flat at 600,000 MT as the previous year. The new naira scarcity is leading to a fall in food prices across Nigeria. This situation boosts informal trade outflows of Nigerian wheat flour through northern Nigeria borders into landlocked neighboring Sahel countries.

POLICY

In August 2022, the Nigerian government unveiled a National Wheat Strategy – a policy framework designed to strengthen the wheat value chain while increasing the incomes and competitiveness of smallholder wheat farmers – the policy rollout starts the 2023/2024 cropping season.

The strategy aims to bridge the 5.5 MMT wheat supply gap in the country by boosting domestic production. In September 2022, the government announced that Seeds for the Future Initiative achieved its first-year goal of producing 10 kilograms of pre-multiplication wheat seed varieties, which are suitable to Nigeria's climate and topography. The initiative is in line with the government's efforts to improve access and availability of improved seeds.

The Olam-led initiative will increase pre-multiplication varieties during the 2023/2024 wet season. Other key stakeholders involved in the initiative include the Lake Chad Research Institute (LCRI) and the International Center for Agricultural Research in Dry Areas (ICARDA) in Morocco.

Nigeria's taxes increase the cost of wheat imports. The country imposes a 5 percent tariff on wheat imports, plus an additional 15 percent levy (earmarked for the national wheat development program) for a total 20 percent duty.

STOCKS

FAS Lagos forecasts MY2023/24 stocks at 326,000 MT and 332,000 MT for beginning and ending stocks, respectively. FAS Lagos expects millers to drawdown stocks fueled by a depreciating naira and soaring import costs amid an acute scarcity of foreign exchange at official rates.

CORN

Corn Production, Supply and Distribution Table

Corn Market Year Begins Nigeria	2021/2022		2022/2023		2023/2024	
	Oct 2021		Oct 2022		Oct 2023	
	USDA Official	New Post	USDA Official	New Post	USDA Official	New Post
Area Harvested (1000 HA)	6000	6000	5800	5800	0	5700
Beginning Stocks (1000 MT)	1222	1222	1517	1517	0	947
Production (1000 MT)	12745	12745	12180	12180	0	11970
MY Imports (1000 MT)	200	200	100	100	0	100
TY Imports (1000 MT)	200	200	100	100	0	100
TY Imp. from U.S. (1000 MT)	0	0	0	0	0	0
Total Supply (1000 MT)	14167	14167	13797	13797	0	13017
MY Exports (1000 MT)	50	50	50	50	0	50
TY Exports (1000 MT)	50	50	50	50	0	50
Feed and Residual (1000 MT)	2600	2600	2800	2800	0	2600
FSI Consumption (1000 MT)	10000	10000	10000	10000	0	9800
Total Consumption (1000 MT)	12600	12600	12800	12800	0	12400
Ending Stocks (1000 MT)	1517	1517	947	947	0	567
Total Distribution (1000 MT)	14167	14167	13797	13797	0	13017
Yield (MT/HA)	2.1242	2.1242	2.1	2.1	0	2.1

(1000 HA), (1000 MT), (MT/HA)
 MY = Marketing Year, begins with the month listed at the top of each column
 TY = Trade Year, which for Corn begins in October for all countries. TY 2023/2024 = October 2023 - September 2024

PRODUCTION

FAS Lagos forecasts Nigeria's MY 2023/24 at 11.9 million tons to decrease by 2 percent compared to 12.1 million tons for the last year forecast by USDA. The marginal decrease is due to insecurity, high production costs, and climate change. Nigeria's corn production areas are in the North - Northwest, Northeast, and Northcentral states. Despite the reduction in the number of violent attacks in the Northeast, insecurity continues to escalate in the Northwest (e.g., Katsina, Sokoto, and Kaduna and the Northcentral states (e.g., Benue and Niger). Violent attacks and threats to farming communities restrict farmers' access to fields and disrupts agricultural activities – causing crops to fail and limiting the extent of planted area and yield. In addition, communal conflicts and farmer/herder clashes are normal incidences in the Northcentral states, causing a decrease in the number of farmers cultivating land – leading to a decline in corn production.

Global developments have caused increases in fertilizer prices across Nigeria – particularly the high cost of Muriate of Potash (MOP), which is one of the commonly used compounds in producing fertilizers suitable for corn production. Russia is a primary MOP producer. Since the Russia-Ukraine war, Nigerian corn farmers have faced input prices and high fuel prices. As a result, farmers cannot purchase inputs – forcing farmers to use less amounts of fertilizers. Corn has been adversely affected because the crop needs a high quantity of nitrogen to thrive.

Meanwhile, the Nigerian Meteorological Agency (NiMet) forecasted earlier than normal onset and cessation of rainfall in most parts of the country in 2023. NiMet forecast also indicated sporadic dry spells across the corn-producing belt. The government advises farmers to use early maturing and/or drought-resistant corn seed varieties as a remedy.

MY 2023/24 area harvested is forecast at 5.7 million hectares, about a 2 percent fall compared with the 5.8 million hectares in 2022/23 by USDA. Currently, the scarcity of currency notes has caused a fall in corn prices. This situation is expected to affect production in MY 2023/24. Area harvested is expected to fall by about 2 percent to 5.7 million hectares.

MY 2023/24 yield per hectare is estimated at 2.1 metric tons per hectare (MT/HA). The increasing number of extension workers in the corn-producing state helps to optimize corn yield potential – primarily through row-spacing training.

CONSUMPTION

MY2023/24 total consumption is projected at 12.4 million metric tons (MMT), about a 3 percent decrease compared to the USDA's figure of 12.8 million in the previous year.

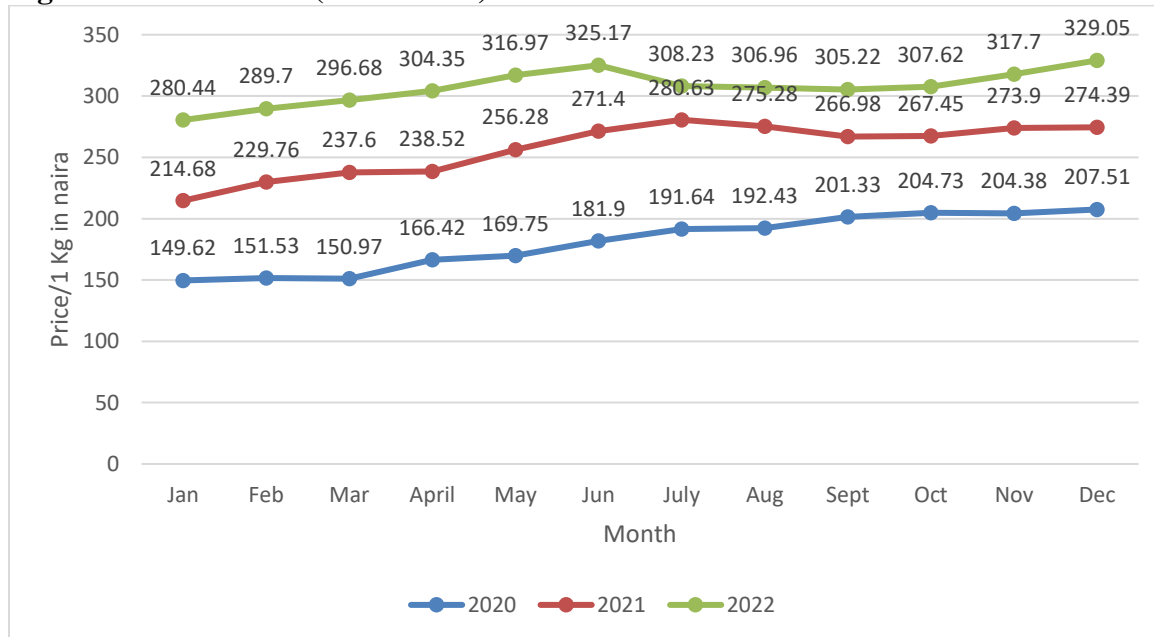
Corn is an essential part of many families' diets in Nigeria. Household consumption accounts for 10-15 percent of total consumption. About 20 percent of Nigeria's corn production goes into animal feed, particularly poultry feed. The food and beverage industry uses the remainder as critical input. However, high corn prices pose a significant threat to corn consumption in Nigeria.

In poultry feed formulation, feedstock comprises of 60-65 percent of corn. As a result, surging corn prices are challenges for poultry farmers and processors. Nigerian poultry operator face increasing operating cost. Many poultry farmers have abandoned their businesses amid the persistent rise in feed prices. Prices of poultry feeds rose due to insecurity issues hampering corn production, the high cost of fuel and logistics, inflationary trends, and high exchange rates. In addition, the poultry operators are undergoing a significant cash crunch caused by the naira redesign policy forcing businesses to sell their perishable poultry products at 30 – 40 percent below production costs due inadequate proper storage facilities. The worsening business situation for many operators leads to bankruptcies.

Avian influenza, popularly known as bird flu, adversely affected poultry businesses too. In early January 2023, the Federal Government confirmed an avian influenza outbreak in 28 states and the Federal Capital Territory (FCT). The Federal Ministry of Agriculture depopulated more than one million birds (i.e., out of over 180 million birds – total population -FMARD, 2023) and destroyed more than 110,000 crates of eggs. With fewer birds, the demand for feed is expected to reduce, which will reduce corn consumption in MY2023/24.

Meanwhile, there is a growing awareness of the benefits of distiller's dried grains with soluble (DDGS) among Nigerian feed millers – especially as an efficient alternative to corn and soybean in poultry and aquaculture feed formulation.

Figure 6 – Corn Price (2020 - 2022)



Source: National Bureau of Statistics

TRADE

Imports

Post forecast imports for MY2023/24 at 100,000 metric tons (MT), same as the previous year. In general, the Central Bank of Nigeria (CBN) still has corn on the list of restricted products – prohibiting banks from issuing import form (Form M) to importers. However, the CBN has the option to issue limited waivers to allow corn imports. Despite the decline in 2022 production volumes, it is unlikely the government will issue waivers for corn imports this year.

Exports

FAS Lagos forecasts MY2023/24 corn exports at 50,000 MT same as the USDA figure for the previous year. The Nigeria Customs Service prohibits export of corn. However, Nigeria’s corn exports to the Sahel region and its neighboring West Africa countries occur through local markets in border communities which are unrecorded by appropriate authorities.

POLICY

The varietal release of at least three genetically engineered (GE) TELA maize hybrids is expected to occur in December 2023. Currently, multiplication trials are on-going in 10 locations. TELA maize is engineered to resist the fall armyworm and stem-borer, and to withstand mild drought.

Meanwhile, the USAID-funded West Africa Trade and Investment Hub (Trade Hub) awarded about \$ 1.2 million in co-investment grants to Golden Agri Inputs Limited (GAIL), a wholly owned subsidiary of Flour Mills, of Nigeria Plc (FMN). Through this partnership, GAIL is expected to engage smallholder farmers in an out-grower program to increase corn productivity.

STOCK

Post estimates MY2023/24 beginning and ending stocks at 947,000 MT and 567,000 MT, respectively. Since it's unlikely the government will issue waivers to allow corn imports, FAS Lagos expects producers to drawdown stocks amid rising corn prices and reduced domestic production.

RICE

Rice Production, Supply and Distribution Table

Rice, Milled Market Year Begins Nigeria	2021/2022		2022/2023		2023/2024	
	Oct 2021		Oct 2022		Oct 2023	
	USDA Official	New Post	USDA Official	New Post	USDA Official	New Post
Area Harvested (1000 HA)	3650	3650	3500	3500	0	3500
Beginning Stocks (1000 MT)	1690	1690	2045	2045	0	1935
Milled Production (1000 MT)	5255	5255	5040	5040	0	4977
Rough Production (1000 MT)	8341	8341	8000	8000	0	7900
Milling Rate (.9999) (1000 MT)	6300	6300	6300	6300	0	6300
MY Imports (1000 MT)	2450	2450	2300	2300	0	2400
TY Imports (1000 MT)	2400	2400	2300	2300	0	2400
TY Imp. from U.S. (1000 MT)	0	0	0	0	0	0
Total Supply (1000 MT)	9395	9395	9385	9385	0	9312
MY Exports (1000 MT)	0	0	0	0	0	0
TY Exports (1000 MT)	0	0	0	0	0	0
Consumption and Residual (1000 MT)	7350	7350	7450	7450	0	7300
Ending Stocks (1000 MT)	2045	2045	1935	1935	0	2012
Total Distribution (1000 MT)	9395	9395	9385	9385	0	9312
Yield (Rough) (MT/HA)	2.2852	2.2852	2.2857	2.2857	0	2.2571

(1000 HA), (1000 MT), (MT/HA)
 MY = Marketing Year, begins with the month listed at the top of each column
 TY = Trade Year, which for Rice, Milled begins in January for all countries. TY 2023/2024 = January 2024 - December 2024

PRODUCTION

Rough rice production estimate in Market Year (MY) 2023/24 is forecast to decrease slightly by about 1 percent from the previous year. The low production is due to high fertilizer prices, inadequate mechanization, low household purchasing power, reduced access to farmlands in conflict-prone areas, and climate change. Fertilizer prices reduced slightly compared to last year but are still not easily affordable.

NiMet predicted earlier than the normal cessation of rainfall in Jigawa and Kano states - significant rice-producing states. In addition, NiMet and the Nigeria Hydrological Services Agency (NIHSA) also indicated severe flooding this year. The country is likely to experience excessive floods during the upcoming rainy season – similar to 2022. The floods would hit large swath of country's rice-producing areas – causing a production shortfall of rain-fed rice.

MY2023/24 area harvested is forecast to remain the same as the previous year, while the yield is expected to reduce marginally by about 1 percent. The reduction in fertilizer uses and the impact of the 2022 floods that contaminated paddy fields are expected to cause a decrease in yield.

However, early flood warnings issued by NiMet and NIHSA could help mitigate the impact of flooding to an extent in MY 2023/24. The National Cereals Research Institute (NCRI) has released two new flood-resistant, submergence varieties. The varieties are Faro 67 and Faro 68. To increase dry season production, GON inaugurated the 5700 hectares (ha) Hadejia Valley Irrigation Scheme for rice farming in Jigawa state in January 2023. The project is supported by the World Bank and implemented through the Transforming Irrigation Management in Nigeria (TRIMING).

CONSUMPTION

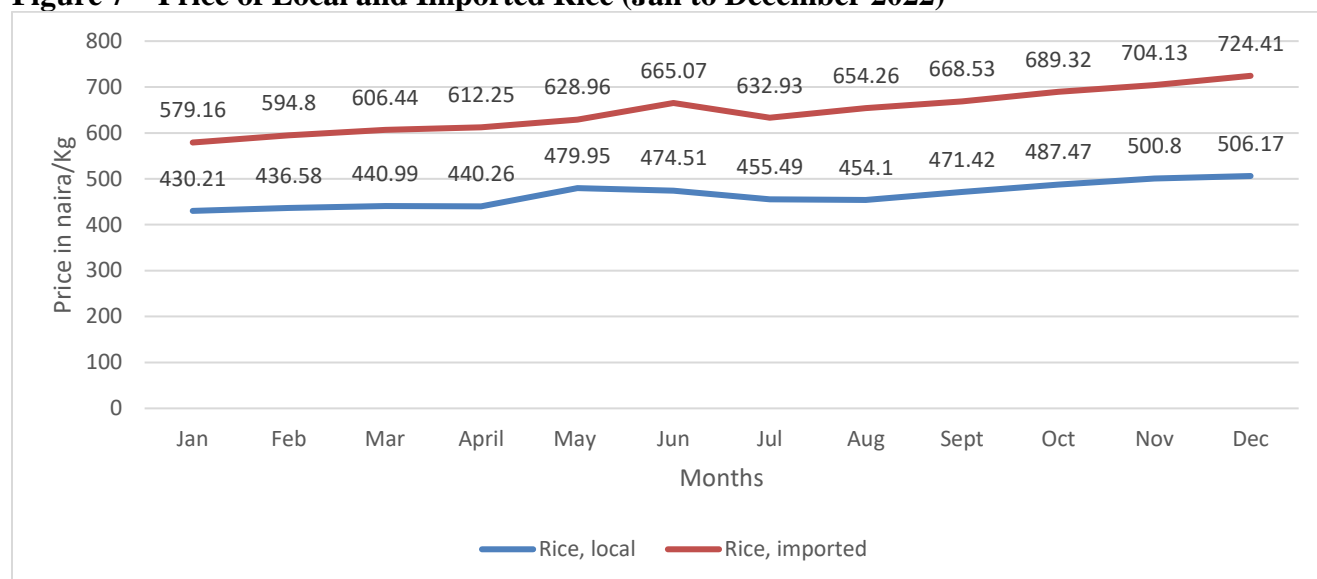
Post forecasts MY2023/24 rice consumption at 7.3 MMT, a 2 percent decrease from the previous year. Market sources attribute this decline to low consumer purchasing power and the high price of rice. The price of rice has remained persistently high, fueled by recent Nigeria's cash crisis brought about by the CBN's naira redesign policy. Late last year, the central bank announced redesigning 200-, 500-, and 1,000-naira notes. The bank also planned to end the use of old 200-, 500-, and 1,000-naira notes by January 31, 2023. The redesign policy has caused a protracted cash shortage across the country – threatening the survival of many businesses. Post spoke with a major bulk rice seller in Lagos, and she underscored decreased consumer demand in tandem with rice prices reaching an all-time high.

The quality of most locally produced rice brands is low – due to many impurities such as rocks, dirt, and rice husks. As a result, Nigerian consumers choose imported brands from Thailand, Vietnam, and India, among others. Local rice is cheaper than imported rice, as shown in Figure 7 (i.e., foreign rice), but the price margin is not significant enough to compensate for the difference in quality. The prices for imported rice (as shown in Figure 7) is both for rice entering the country officially and unofficially.

Nigerians generally prefer long-grain- parboiled rice. Meanwhile, market sources in urban areas indicate an increasing shift in consumer preference by the middle class toward basmati rice.

Nigeria rice mills operate at lower capacity due to high operating costs – primarily high fuel costs. Meanwhile, mills face additional constraints - paddy scarcity and the destruction of rice milling equipment by the 2022. To support consumption, the government intensified efforts toward the completion of large-scale rice mills with a combined minimum capacity of 320 MT per day in 10 states. In January 2023, the Lagos State Government commissioned the 32 MT per hour Imota Rice Mill., which is estimated to have an annual paddy requirement of over 240,000 MT and a production capacity of about 2.5 million bags of 50 kg rice in a year. The government believes upgrading rice milling services will lower the price of rice.

Figure 7 – Price of Local and Imported Rice (Jan to December 2022)



Source: National Bureau of Statistics 2022

TRADE

Imports

Post estimates MY2023/24 imports at 2.4 MMT, about a 4 percent increase from the 2.3 MMT projected for the previous year. Extreme floods washed away rice fields last November/December. This situation favors rice imports. In addition, increasing demand for foreign rice coupled with high production costs has made local rice uncompetitive – especially in terms of quality. The widespread demand for higher- quality rice will continue to sustain influx of parboiled long grain rice into Nigeria through unofficial channels, which are preferred by importers. In general, a high-duty curbs foreign rice imports through official channels into Nigeria – a 70 percent import duty is in place currently.

In 2015, the CBN imposed a series of restrictions that prohibited the use of official foreign exchange to import 41 product categories, including rice. The policy focus was to curb imports and support domestic production. For importing paddy, the government imposes a 10 percent import duty and a 50 percent levy. However, an integrated rice miller with a confirmed backward integration program is eligible to pay 10 percent import duty and a 20 percent levy, respectively. Regarding milled rice, Nigeria imports sizeable volumes, which come through neighboring countries.

POLICY

The government intervenes in the domestic rice market through the National Rice Development Strategy II (NRDS II) and the Competitive Rice Platform (CARP) - to scale up paddy production to 40 MMT by 2030. The NRDS II is a ten-year plan which aims to achieve the government's rice self-sufficiency goals. Furthermore, NRDS II aims to scale up rice area under irrigation from less than 1 million hectares to 2.7 million hectares, particularly areas under supplementary water supply - to attain two production seasons per year. In addition, the government continues highlighting the success of the Anchor Borrowers Program (ABP) – especially regarding average yield per hectare increases.

The Economic Community of West African States (ECOWAS) is an active stakeholder in rice production across the region. ECOWAS aims to strengthen regional cohesion and trade while emphasizing food (e.g., rice) self-sufficiency. However, the region currently depends on rice imports to meet expanding demand.

SORGHUM

Sorghum Production, Supply and Distribution Table

Sorghum Market Year Begins Nigeria	2021/2022		2022/2023		2023/2024	
	Oct 2021		Oct 2022		Oct 2023	
	USDA Official	New Post	USDA Official	New Post	USDA Official	New Post
Area Harvested (1000 HA)	5700	5700	5700	5700	0	5800
Beginning Stocks (1000 MT)	107	107	132	132	0	282
Production (1000 MT)	6725	6725	7000	7000	0	7000
MY Imports (1000 MT)	0	0	0	0	0	0
TY Imports (1000 MT)	0	0	0	0	0	0
TY Imp. from U.S. (1000 MT)	0	0	0	0	0	0
Total Supply (1000 MT)	6832	6832	7132	7132	0	7282
MY Exports (1000 MT)	50	50	50	50	0	50
TY Exports (1000 MT)	50	50	50	50	0	50
Feed and Residual (1000 MT)	150	150	200	200	0	200
FSI Consumption (1000 MT)	6500	6500	6600	6600	0	6800
Total Consumption (1000 MT)	6650	6650	6800	6800	0	7000
Ending Stocks (1000 MT)	132	132	282	282	0	232
Total Distribution (1000 MT)	6832	6832	7132	7132	0	7282
Yield (MT/HA)	1.1798	1.1798	1.2281	1.2281	0	1.2069
(1000 HA) (1000 MT) (MT/HA) MY = Marketing Year, begins with the month listed at the top of each column TY = Trade Year, which for Sorghum begins in October for all countries. TY 2023/2024 = October 2023 - September 2024						

PRODUCTION

Post forecasts Nigeria's sorghum production in MY 2023/24 at 7 million metric tons (MMT), the same as the previous year. Area harvested in MY2023/24 is forecast at 5.8 million hectares, about a 2 percent increase from the previous year. This situation is due to security improvements in Northeastern Nigeria, where sorghum is largely cultivated. Internally Displaced Persons (IDP) camps continue to close in the Northeast, particularly in Borno state, where 10 camps have closed between May 2021 and December 2022. The camp closures have resulted in about 150,000 households resettling across the state leading to an increase in number of farmers accessing their lands.

[Nigeria - Key Message Update: Mon, 2022-12-19 | Famine Early Warning Systems Network \(fews.net\)](#)

Post estimates MY2023/24 yield per hectare at about 1.21 tons, a marginal decrease of about 2 percent compared to the previous year's forecast. The slight decrease in yield is due to lower fertilizer use and farmers' preference for using unimproved farm-saved seeds due to elevated input prices across the country.

CONSUMPTION

Post estimates Nigeria's total sorghum consumption (including food, feed, and industrial usage/FSI) in MY 2023/24 at 7 million metric tons (MMT), an increment of about 3 percent compared to the 6.8 million metric tons (MMT) recorded in MY 2022/23. This situation is due to the increasing awareness of using sorghum as an excellent substitute for wheat - given the low price of sorghum compared to wheat. In Northern Nigeria, consumers eat sorghum in various forms,

either as flour-based products, fermented pancakes, or snacks. Traditionally, Nigerians use fermented sorghum grain for malting and in making local brewing products.

In the wake of recent global events, industrial end users are increasingly utilizing the less expensive sorghum-based intermediate products to lower costs. In food processing, companies use sorghum in many products - beverages, cereals, and confectioneries. In recent years, an increasing amount of the grain has found its way into animal feed - as an alternative energy source.

TRADE

Post estimates MY2023/24 exports to remain flat at 50,000 MT, the same as the previous year. Nigeria is self-sufficient in local demand for sorghum. Nigeria is yet to strengthen sorghum production for large-scale exports. Meanwhile, market sources confirmed the prospect of growing opportunity for exports to China. However, the country primarily exports sorghum to its neighbors (especially Niger, Chad, and Cameroon) mostly through informal channels.

Attachments:

No Attachments