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Nigeria

Nigeria's Oilseeds and Products Annual 2019

Report Categories:

Oilseeds and Products

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Report Highlights:

In June 2019, the Nigerian government formulated a new policy to invest some \$500 million in expanded palm oil production. The policy aims to increase palm oil production by 700 percent over the next eight years (i.e., 2019-27), boosting annual local production to 5.0 million metric tons (MMT), up significantly from the marketing year (MY) 2018/19 estimate of 1.0 million metric tons. FAS Lagos forecasts Nigeria's MY 2019/20 palm oil production to reach 1.14 MMT, up 12 percent compared to the previous year. Nigeria has the potential to become a significant market for oilseeds, oil meals, and oils for domestic and industrial consumption.

OILSEEDS:

OILSEED, PALM KERNEL

Production, Supply and Demand Data Statistics:

Oilseed, Palm Kernel	2017/2018		2018/2019		2019/2020	
Market Begin Year	Jan 2018		Jan 2019		Jan 2020	
Nigeria	USDA Official	New Post	USDA Official	New Post	USDA Official	New Post
Area Planted	0	0	0	0	0	0
Area Harvested	2500	2500	2500	2500	2500	3014
Trees	0	0	0	0	0	0
Beginning Stocks	5	5	5	5	5	5
Production	730	730	730	0	730	880
MY Imports	15	15	15	0	15	34
Total Supply	750	750	750	5	750	919
MY Exports	2	2	0	0	0	0
Crush	730	730	730	0	730	880
Food Use Dom. Cons.	0	0	0	0	0	0
Feed Waste Dom. Cons.	13	13	15	0	15	0
Total Dom. Cons.	743	743	745	0	745	880
Ending Stocks	5	5	5	5	5	39
Total Distribution	750	750	750	5	750	919
Yield	0.292	0.292	0.292	0	0.292	0.292
(1000 HA) ,(1000 TREES) ,(1000 MT) ,(MT/HA)						

PRODUCTION:

FAS Lagos (Post) forecasts Nigeria's palm kernel oilseed production in marketing year (MY) 2019/20 (January-December) to reach 880,000 metric tons (MT), up 20.5 percent, an increase of some 150,000 MT beyond the U.S. Department of Agriculture (USDA) official MY 2018/19 estimate of 730,000 metric tons.

Area harvested in MY 2019/20 at slightly over 3.0 million hectares, is up 20.5 percent or 514,000 hectares greater than the USDA official MY 2018/19 estimate of 2.5 million hectares. Post attributes the uptick to an expansion in area planted driven by increasing domestic demand for palm kernel oil in food manufacturing. Reportedly there is growing private sector investment in palm kernel (for oil) plantations, with a greater utilization of modern harvesting tools and farm equipment; harvesting efficiency is increasing. Post sees average yields in MY 2019/20 of 0.29 MT/hectare, largely unchanged from those of the previous year.

Food manufacturers are increasing the use of palm kernel oil in their processes. To ensure ready, affordable supplies of palm kernel, manufacturers like [DUFIL](#) (a leading cooking oil refiner, and a major noodle maker), and [PZ Wilmar](#) (Singapore-based palm oil producer), partner with local growers forming massive palm kernel plantations in Nigeria's [Cross River State](#).

CONSUMPTION:

FAS Lagos forecasts Nigeria's palm kernel consumption in MY 2019/20 to reach 880,000 MT, up over

18 percent, an increase of 135,000 MT beyond the USDA official MY 2018/19 estimate of 745,000 metric tons.

Nigeria is increasing its production of manufactured, consumer-oriented processed food products utilizing palm kernel component for both domestic consumption and for export. Reportedly rising income-levels in Asian countries is resulting in increased demand for packaged foods with high palm and palm kernel oil content. Nigerian traders of manufactured food products are increasing exports to these and neighboring country markets.

Nigeria's population accounts for nearly half of West Africa's population. More than half of the country's population (estimated at 203.4 million – Central Intelligence Agency, July 2018) live in urban areas (urbanization is growing at a rate of 4.23 percent annually). It is also Africa's largest oil and gas exporter. Petroleum and natural gas exports account for about 11 percent of the national gross domestic product (GDP), 95 percent of its total export earnings, and about 85 percent of the federal government revenue. Nigeria is Africa's second largest economy.

TRADE:

FAS Lagos forecasts Nigeria's imports of palm kernel in MY 2019/20 at 34,000 MT, up nearly 127 percent or an increase of around 19,000 MT beyond the USDA official MY 2018/19 estimate of 15,000 metric tons. Nigeria imports palm kernel from Malaysia, Ghana, Indonesia, and Cote D'Ivoire. Nigeria is an insignificant exporter of palm kernel; no major exports are foreseeable in the near future.

STOCKS:

FAS Lagos forecasts Nigeria's palm kernel stocks in MY 2019/20 at no greater than 5,000 MT, largely unchanged from the USDA official MY 2018/19 estimate.

OILSEED, SOYBEANS

Production, Supply and Demand Data Statistics:

Oilseed, Soybean	2017/2018		2018/2019		2019/2020	
Market Begin Year	Oct 2017		Oct 2018		Oct 2019	
Nigeria	USDA Official	New Post	USDA Official	New Post	USDA Official	New Post
Area Planted	1000	1000	1000	1000	1000	1040
Area Harvested	1000	1000	1000	1000	1000	1040
Beginning Stocks	344	344	288	288	250	240
Production	994	994	1054	1054	1100	1150
MY Imports	42	42	65	65	70	85
Total Supply	1380	1380	1407	1407	1420	1475
MY Exports	28	28	30	30	30	38
MY Exp. to EU	27	27	30	30	30	38
Crush	594	594	650	660	660	700
Food Use Dom. Cons.	330	330	340	340	340	317
Feed Waste Dom. Cons.	140	140	137	137	147	170
Total Dom. Cons.	1064	1064	1127	1137	1147	1187
Ending Stocks	288	288	250	240	243	250
Total Distribution	1380	1380	1407	1407	1420	1475
CY Imports	42	42	15	15	20	20
CY Exports	28	28	30	30	30	20
Yield	0.994	0.994	1.054	1.054	1.1	1.1058

(1000 HA) ,(1000 MT) ,(MT/HA)

PRODUCTION:

FAS Lagos forecasts Nigeria's soybean production in MY 2019/20 (October-September) to reach 1.15 million metric tons (MMT), up nine percent or some 96,000 MT above the USDA official MY 2018/19 estimate of 1.05 million metric tons.

Area harvested at 1.04 million hectares, is up four percent, or 40,000 hectares compared to the USDA official MY 2018/19 estimate. Post attributes the increase in area harvested to expanding demand for soybeans for food and feed use. Due to security challenges, resulting from Boko Haram activities as well as conflict between pastoralists and farmers in Nigeria's traditional soybean growing areas in the northern region, there is a growing shift for farmers in the south of the country to increase their own production levels.

Yields are set to climb to 1.1058 MT/hectare, up almost five percent from MY 2018/19's estimate of 1.054 MT per hectare. Expanded yields are due to private sector investors putting money and resources into increasing crop output to meet the growing needs of local feed millers and poultry farmers. Investors (often the feed millers themselves and the poultry sector) are initiating on-farm trainings and incentives to assist farmers improve their farm management techniques while increasing productivity.

CONSUMPTION:

FAS Lagos forecasts Nigeria's soybean consumption in MY 2019/20 to reach 1.18 MMT, up nearly 5.5 percent or some 60,000 MT compared to the USDA official MY 2018/19 estimate. Consumption is growing in response to greater demand in food manufacturing and feed use.

TRADE:

FAS Lagos forecasts Nigeria's soybean imports in MY 2019/20 to reach 85,000 MT, up nearly 31 percent or some 20,000 MT greater than the USDA official MY 2018/19 estimate of 65,000 metric tons. In calendar year (CY) 2018, Nigeria's soybean imports originate mainly from the United States, India, United Kingdom, and Thailand.

Post forecasts Nigeria's soybean exports in MY 2019/20 to reach some 38,000 MT, up 27 percent compared to the MY 2018/19 estimate of 30,000 metric tons. Nigeria's currency devaluations over the last 2-3 years has encouraged local producers to sell more profitably at markets in the Sahel region (i.e., the eco-climatic and biogeographic zone between the Sahara to the north and the Sudan Savanna to the south). However, much of the export sales to neighboring countries pass through informal channels. Despite this, local soybean production remains uncompetitive in major international markets, resulting in it being largely traded domestically for food and feed use.

STOCKS:

FAS Lagos forecasts Nigeria's soybean beginning stocks in MY 2019/20 at 240,000 MT, down by almost 17 percent compared to the USDA official MY 2018/19 estimate of 288,000 metric tons. Post attributes the drop to earlier market uncertainties resulting from Nigeria's national elections (February

to March 2019); causing a reduction to stocks earlier in the marketing year.

OILSEED, PEANUT

Production, Supply and Demand Data Statistics:

Oilseed, Peanut	2017/2018		2018/2019		2019/2020	
Market Begin Year	May 2017		May 2018		May 2019	
Nigeria	USDA Official	New Post	USDA Official	New Post	USDA Official	New Post
Area Planted	0	0	0	0	0	0
Area Harvested	2820	2820	2820	2820	2800	3130
Beginning Stocks	181	181	473	473	773	773
Production	4248	4248	4422	4422	3500	4720
MY Imports	4	4	3	3	5	5
Total Supply	4433	4433	4898	4898	4278	5498
MY Exports	0	0	0	0	0	0
MY Exp. to EU	0	0	0	0	0	0
Crush	750	750	750	750	750	910
Food Use Dom. Cons.	2250	2250	2275	2275	2300	2630
Feed Waste Dom. Cons.	960	960	1100	1100	833	1571
Total Dom. Cons.	3960	3960	4125	4125	3883	5111
Ending Stocks	473	473	773	773	395	387
Total Distribution	4433	4433	4898	4898	4278	5498
CY Imports	4	4	4	4	4	4
CY Exports	0	0	0	0	0	0
Yield	1.5064	1.5064	1.5681	1.5681	1.25	1.508
(1000 HA) ,(1000 MT) ,(MT/HA)						

PRODUCTION:

FAS Lagos forecasts Nigeria's peanut production in MY 2019/20 (May-April) at 4.7 MMT, up nearly seven percent or some 298,000 MT from the USDA official MY 2018/19 estimate of 4.4 million metric tons.

Area harvested at 3.1 million hectares in MY 2019/20 is up by 11 percent compared to the USDA official MY 2018/19 estimate of 2.8 million hectares. Post sees farmers in the less conflict prone states in southern Nigeria expanding plantings to take advantage of growing demand, and prices paid, by food processors and animal feed manufacturers.

Notwithstanding the expansion in area harvested, Post is seeing yields drop by close to four percent to 1.50 MT/hectare in MY 2019/20 compared to MY 2018/19's yield of 1.57 MT per hectare. Farmers in the country's Middle Belt (i.e., the transition zone between northern and southern Nigeria that lacks a clear ethnic majority group) and northern peanut producing states are reducing the frequency of visits to their farms out of security concerns.

CONSUMPTION:

FAS Lagos forecasts Nigeria's peanut total consumption in MY 2019/20 to reach over 5.11 MMT, up nearly 24 percent or some 986,000 MT more compared to the USDA official MY 2018/19 estimate of 4.1 million metric tons.

Post foresees Nigeria's food use domestic consumption in MY 2019/20 at around 2.63 MMT; an

increase of over 15.5 percent increase compared to the MY 2018/19 estimate of 2.27 million metric tons. Post is seeing that roasted, whole peanut consumption along with that of peanut-based snacks and peanut butter is expanding in Nigeria's urban areas.

FAS Lagos foresees Nigeria's peanut feed waste consumption in MY 2019/20 to reach 1.57 MMT, up by 43 percent or growing by 471,000 MT compared to the USDA official MY 2018/19 estimate of 1.1 million metric tons. The increase is attributable to the growth in the number of domestic ranching operations; these are using peanut waste as an affordable feed input.

Poultry and aquaculture feed millers are also experimenting with feed formulations incorporating peanut cake to reduce production costs. Peanut shells also serve as a fuel source in some local oil factories, as well as spread on fields for soil enrichment.

TRADE:

FAS Lagos forecasts Nigeria's peanut imports in MY 2019/20 to reach some 5,000 MT, up nearly 67 percent or some 2,000 MT greater than the USDA official MY 2018/19 estimate of 3,000 metric tons.

Trade in Nigeria's peanut production is mainly locally. There is however some informal regional trade that occurs between Nigeria and the neighboring Sahel region countries (i.e., Niger, Chad, and Cameroon), where Nigerian peanuts command high prices.

Nigeria is the largest groundnut producer in Africa, accounting for 30 percent of Africa's total peanut production, and third in the world after China and India. The country's poorer farmers, largely under rain-fed conditions, produce peanuts. Around 30 percent of the crop exceeds most countries, as well as Nigeria's own, aflatoxin permissible levels. In order to reenter the global market, Nigeria needs to address the aflatoxin in peanuts issue.

STOCKS:

FAS Lagos forecast Nigeria's peanut beginning stocks in MY 2019/20 at 773,000 MT, up 63 percent or some 300,000 MT more compared to the USDA official MY 2018/19 estimate of 473,000 metric tons. Post foresees farmers speculating that the local peanut crush will expand to meet demand for peanut meals and oils geared to supplying food and feed manufacturing.

MEALS:

MEAL, PALM KERNEL

Production, Supply and Demand Data Statistics:

Meal, Palm Kernel	2017/2018		2018/2019		2019/2020	
Market Begin Year	Jan 2018		Jan 2019		Jan 2020	
Nigeria	USDA Official	New Post	USDA Official	New Post	USDA Official	New Post
Crush	730	730	730	0	730	880
Extr. Rate, 999.9999	0.5479	0	0.5479	0	0.5479	0.5568
Beginning Stocks	0	0	0	0	0	0
Production	400	0	400	400	400	490
MY Imports	0	0	0	0	0	0
Total Supply	400	0	400	400	400	490
MY Exports	75	0	75	75	75	90
MY Exp. to EU	35	0	35	35	35	50
Industrial Dom. Cons.	0	0	0	0	0	0
Food Use Dom. Cons.	0	0	0	0	0	0
Feed Waste Dom. Cons.	325	0	325	325	325	355
Total Dom. Cons.	325	0	325	325	325	355
Ending Stocks	0	0	0	0	0	45
Total Distribution	400	0	400	400	400	490

(1000 MT) ,(PERCENT)

PRODUCTION:

FAS Lagos forecasts Nigeria's palm kernel meal production in MY 2019/20 at 490,000 MT, up 22.5 percent or 90,000 MT above the USDA official MY 2018/19 estimate of 400,000 metric tons. Increasing demand for industrial use is resulting in greater investment in crushing/ processing facilities, which will likely grow at an annual average of ten percent over five years. Private sector investment will result in improved processing methods and better marketing.

CONSUMPTION:

FAS Lagos forecasts Nigeria's palm kernel meal total consumption in MY 2019/20 at 355,000 MT, up nine percent or 30,000 MT above the USDA official MY 2018/19 estimate of 325,000 metric tons. Demand for refined and bleached palm oil (catering to the needs of industrial processors) continues to grow. Feed millers also seek to drop production costs by increasing feed waste input from palm kernel cakes. Over the last decade small-scale palm kernel crushing facilities have come online to meet growing demand for palm kernel cakes by poultry feed manufacturers.

TRADE:

FAS Lagos does not foresee Nigeria importing any significant amounts of palm kernel meal in marketing year 2019/20. Post however forecasts Nigeria's exports of palm kernel meal reaching 90,000 MT, up 20 percent or 15,000 MT above the USDA official 2018/19 estimate of 75,000 metric tons. Industry sources indicate that palm kernel meal produced in Nigeria has a generally preferred flavor, which is lacking in imported palm kernel meal. With Nigeria's lowered consumer income over the last three years, palm kernel meal producers obtain higher prices by exporting informally to oil refiners and feed millers operating in neighboring countries. This will contribute to increasing Nigeria's palm kernel meal exports over time.

MEAL, SOYBEAN

Production, Supply and Demand Data Statistics:

Meal, Soybean	2017/2018		2018/2019		2019/2020	
Market Begin Year	Oct 2017		Oct 2018		Oct 2019	
Nigeria	USDA Official	New Post	USDA Official	New Post	USDA Official	New Post
Crush	594	594	650	650	660	700
Extr. Rate, 999.9999	0.7828	0.7828	0.7846	0.7846	0.7864	0.7929
Beginning Stocks	65	65	66	66	81	81
Production	465	465	510	510	519	555
MY Imports	0	0	0	0	0	0
Total Supply	530	530	576	576	600	636
MY Exports	49	49	50	50	50	66
Industrial Dom. Cons.	0	0	0	0	0	0
Food Use Dom. Cons.	0	0	0	0	0	0
Feed Waste Dom. Cons.	415	415	445	445	475	478
Total Dom. Cons.	415	415	445	445	475	478
Ending Stocks	66	66	81	81	75	92
Total Distribution	530	530	576	576	600	636
(1000 MT) ,(PERCENT)						

PRODUCTION:

FAS Lagos forecasts Nigeria's soybean meal production in MY 2019/20 at 555,000 MT, up nearly nine percent or some 45,000 MT above the USDA official MY 2018/19 estimate of 510,000 metric tons.

Post forecasts Nigeria's soybean crush in MY 2019/20 at 700,000 MT, almost an eight percent increase or up 50,000 MT compared to the USDA official MY 2018/19 estimate of 650,000 metric tons.

Increasing demand for crush is attributable to favorable grower prices and sustained high demand for soybean meal for poultry and fish feeds. Nigerian feed millers are also increasingly demanding soybean cake as a high-protein animal feed input.

CONSUMPTION:

FAS Lagos forecasts Nigeria's domestic consumption at 478,000 MT, up over seven percent or some 33,000 MT more compared to the MY 2018/19 estimate of 445,000 metric tons. Local soybean meal is going into food formulations to boost protein content, it is substituting meat and fish protein in feeding malnourished populations. Soybean meal also remains a vital and preferred source of protein in compound feed by the Nigerian poultry industry. Demand for "low" and "cholesterol free" vegetable oil products is increasing and more small-to- medium-scale crushing facilities are being established to meet increasing demand for soybean meal, cakes, and oil.

TRADE:

FAS Lagos forecasts Nigeria's soybean meal imports in MY 2019/20 to remain at zero, unchanged from previous marketing years. Exports are forecast to reach 66,000 MT, up by 32 percent or some 16,000 MT from the USDA official MY 2018/19 estimate of 50,000 metric tons.

Nigeria further processes soybean meal to obtain oil for food and non-food uses, leftover cake goes to

animal feed production. Based upon industry sources, local soybean oil faces competition from the less expensive imported soybean oil entering through cross-border gray channels. This makes the import of soybean meal for animal feed cakes not economically viable. The import duty on soybean meal for animal feed is 15 percent.

STOCKS:

FAS Lagos forecast Nigeria's soybean meal beginning stocks in MY 2019/20 at 81,000 MT, up almost 23 percent or 15,000 MT above the USDA official MY 2018/19 estimate of 66,000 metric tons. Soybean processors expect increased consumption for soybean oil and poultry and fish feeds in marketing year 2019/20. Processors reportedly will retain higher stocks than in previous years in order to meet projected increased demand.

MEAL, PEANUT

Production, Supply and Demand Data Statistics:

Meal, Peanut	2017/2018		2018/2019		2019/2020	
Market Begin Year	Oct 2017		Oct 2018		Oct 2019	
Nigeria	USDA Official	New Post	USDA Official	New Post	USDA Official	New Post
Crush	750	750	750	750	750	910
Extr. Rate, 999.9999	0.3267	0	0.3267	0	0.3267	0.3352
Beginning Stocks	0	0	0	0	0	0
Production	245	0	245	0	245	305
MY Imports	0	0	0	0	0	0
Total Supply	245	0	245	0	245	305
MY Exports	0	0	0	0	0	0
Industrial Dom. Cons.	0	0	0	0	0	0
Food Use Dom. Cons.	0	0	0	0	0	0
Feed Waste Dom. Cons.	245	0	245	0	245	305
Total Dom. Cons.	245	0	245	0	245	305
Ending Stocks	0	0	0	0	0	0
Total Distribution	245	0	245	0	245	305

(1000 MT) ,(PERCENT)

PRODUCTION:

FAS Lagos forecasts Nigeria's peanut meal production in MY 2019/20 at 305,000 MT, up 24.5 percent or 60,000 MT above the USDA official 2018/19 estimate of 245,000 metric tons.

Post forecasts Nigeria's peanut crush in MY 2019/20 at 910,000 MT, up 21 percent from the USDA official MY 2018/19 estimate of 750,000 metric tons. Local farmers chasing higher crop prices paid by feed millers are increasing peanut production. Crush is going up to meet the growing demand for peanut meal for feed consumption. Ranching operations are also increasing across the country and demanding increased peanut waste as inputs for feed. Poultry and aquaculture feed millers are also trying formulations with peanut cake to reduce feed production costs.

CONSUMPTION:

FAS Lagos forecasts Nigeria's peanut meal consumption in MY 2019/20 at 305,000 MT, up 24.5 percent or 60,000 MT above the USDA official 2018/19 estimate of 245,000 metric tons. The entirety of domestic peanut meal production is consumed as feed waste domestic consumption. Feed millers are increasing the use of peanut meal and haulms as ingredients in livestock feed.

TRADE:

FAS Lagos forecasts Nigeria's peanut meal imports in MY 2019/20 to remain at zero, unchanged from previous marketing years. Post similarly does not foresee any significant peanut meal exports in the near future, as Nigeria's peanuts contain varying degrees of aflatoxins exceeding permissible levels for many countries. Nigeria will have to address the country's challenge with aflatoxins in peanuts in order to re-enter the global market.

STOCKS:

FAS Lagos forecast Nigeria's peanut meal stocks to remain at zero. The entirety of domestic peanut meal production is consumed as feed waste domestic consumption. While crush capacity is increasing, it is far below growing domestic peanut meal demand for poultry and animal feed consumption. Crushers likely will sell much of their meal in order to take advantage of increasing domestic prices.

OILS:

OIL, PALM KERNEL

Production, Supply and Demand Data Statistics:

Oil, Palm Kernel	2017/2018		2018/2019		2019/2020	
Market Begin Year	Jan 2018		Jan 2019		Jan 2020	
Nigeria	USDA Official	New Post	USDA Official	New Post	USDA Official	New Post
Crush	730	730	730	730	730	880
Extr. Rate, 999.9999	0.4589	0.4589	0.4521	0.4521	0.4521	0.4773
Beginning Stocks	0	0	0	0	0	0
Production	335	335	330	330	330	420
MY Imports	15	15	15	15	15	28
Total Supply	350	350	345	345	345	448
MY Exports	5	5	5	5	5	10
Industrial Dom. Cons.	95	95	95	95	95	108
Food Use Dom. Cons.	250	250	245	245	245	330
Feed Waste Dom. Cons.	0	0	0	0	0	0
Total Dom. Cons.	345	345	340	340	340	438
Ending Stocks	0	0	0	0	0	0
Total Distribution	350	350	345	345	345	448
(1000 MT) ,(PERCENT)						

PRODUCTION:

FAS Lagos forecasts Nigeria's palm kernel oil production in MY 2019/20 at 420,000 MT, up 27 percent or some 90,000 MT above the USDA official MY 2018/19 estimate of 330,000 metric tons.

Post forecasts Nigeria's palm kernel crush in MY 2019/20 at 880,000 MT, up 20.5 percent or some 150,000 MT from the USDA official MY 2018/19 estimate of 730,000 metric tons. The extraction rate in MY 2019/20 will increase more than five percent to 0.4773, compared to the MY 2018/19 extraction rate of 0.4521 per metric ton. This is attributable to private sector investors improving oil extraction efficiency by upgrading to more modern crushing and extraction equipment and machinery.

CONSUMPTION:

FAS Lagos forecasts Nigeria's palm kernel oil consumption in MY 2019/20 at 438,000 MT, up almost 29 percent or some 98,000 MT compared to the USDA official 2018/19 estimate of 340,000 metric tons. Food use consumption is approximately 330,000 MT, up almost 35 percent or some 85,000 MT compared to the previous marketing year's volume of 245,000 metric tons. About a third of the production will go towards industrial use, where it serves as a fuel for biomass plants. Insecurity in palm kernel production areas (i.e., northern Nigeria) limits production of edible oil, putting pressure on palm kernel oil for domestic and industrial consumption.

TRADE:

FAS Lagos forecasts Nigeria's palm kernel oil imports in MY 2019/20 to reach 28,000 MT, up over 86 percent or some 13,000 MT greater than the USDA official MY 2018/19 estimate of 15,000 metric tons. Post forecasts palm kernel oil exports in MY 2019/20 to double to 10,000 MT, from the USDA official MY 2018/19 estimate of 5,000 metric tons.

According to market sources, palm kernel oil imports have increased at an average of 20 percent over the past 10 years. These imports are usually refined further, catering to the growing input needs of food

processors and non-food industrial manufacturers. Higher prices in the neighboring countries will prompt palm kernel oil processors to increase exports.

STOCKS:

FAS Lagos forecast Nigeria's palm kernel oil beginning stocks in MY 2019/20 at zero, unchanged from the USDA official MY 2018/19 estimate. Processors expect some increases in demand/price for palm kernel oil, especially for industrial uses (including usage as bio-fuel), in the upcoming marketing year. Global future demand for palm kernel oil (for both food and non-food uses), is also expected to hike as more countries embrace renewable energy to fuel plants and automobiles.

OIL, PALM

Production, Supply and Demand Data Statistics:

Oil, Palm	2017/2018		2018/2019		2019/2020	
Market Begin Year	Oct 2017		Oct 2018		Oct 2019	
Nigeria	USDA Official	New Post	USDA Official	New Post	USDA Official	New Post
Area Planted	0	0	0	0	0	0
Area Harvested	2500	2500	2500	2500	2500	2700
Trees	0	0	0	0	0	0
Beginning Stocks	78	78	97	97	84	84
Production	1025	1025	1015	1015	1015	1140
MY Imports	302	302	330	330	350	400
Total Supply	1405	1405	1442	1442	1449	1624
MY Exports	18	18	18	18	18	20
MY Exp. to EU	0	0	0	0	0	0
Industrial Dom. Cons.	240	240	240	240	240	280
Food Use Dom. Cons.	1050	1050	1100	1100	1150	1265
Feed Waste Dom. Cons.	0	0	0	0	0	0
Total Dom. Cons.	1290	1290	1340	1340	1390	1545
Ending Stocks	97	97	84	84	41	59
Total Distribution	1405	1405	1442	1442	1449	1624
CY Imports	300	300	330	650	350	385
CY Exports	18	18	18	35	18	30
Yield	0.41	0.41	0.406	0.406	0.406	0.4222
(1000 HA) ,(1000 TREES) ,(1000 MT) ,(MT/HA)						

PRODUCTION:

FAS Lagos forecasts Nigeria's palm oil production in MY 2019/20 to reach 1.14 million MT, up about 12 percent or some 125,000 MT greater than the USDA official MY 2018/19 estimate of roughly 1.0 million metric tons.

The increase in projected MY 2019/20 production numbers is attributable to an increase in private sector investment. Insufficient domestic supplies have caused noodles, pasta, and some major industrial palm oil users to enter into partnerships with oil mills in order to increase domestic supply of their palm oil input. The Nigerian Institute for Oil Palm Research (NIFOR) has increased the production of higher yield oil palm seeds for the country. Previously the Nigerian government's Agricultural Transformation Agenda (ATA) policies had assisted some farmers with subsidized hybrid seedlings to replace the low-yielding and older trees.

Two major Nigerian palm oil companies — [Okomu Oil Palm Plc](#) (OKOMUOIL) and [PRESCO Plc](#) — are expanding their production. PRESCO aims to commission its 500 MT capacity refinery during the first quarter of 2020, with an additional increase of its milling capacity from 60 MT/hour to 90 MT/hour by January 2020. By 2022, the company expects to push capacity to 210 MT/hour, with an additional 60 MT/hour in milling facilities.

TABLE 1: Nigeria’s Vegetable Oil Production, MY 2018/19 – MY 2019/20

Oil Type	MY2018/2019 Estimate (‘000 MT)	MY2018/19 Contribution to NCR (%)	MY2019/20 Projected (‘000 MT)	MY2019/20 Contribution to NCR (%)
Palm	1.000	39	1.100	41
Palm Kernel	0.345	14	0.448	17
Soybeans	0.115	4	0.120	4
Peanut	0.750	29	0.910	34
Others	0.364	14	0.122	4
TOTAL	2.6	100	2.7	100

OBS: “Others” include cottonseed, coconut/copra, sesame seeds, rapeseeds, mustard seeds, castor seed, sunflower seed, and linseed. Source: FAS Lagos office research.

CONSUMPTION:

FAS Lagos forecasts Nigeria’s palm oil consumption in MY 2019/20 to reach nearly 1.54 MMT, up about 15 percent or some 250,000 MT greater than the USDA official MY 2018/19 estimate of 1.34 million metric tons.

Sources indicate that in MY 2018/19, Nigeria’s per capita consumption of edible oils stood at 12.5 kilograms compared to world average of 20 kilograms. Nigeria has the potential to become a significant market for oilseeds, oil meals, and oils for domestic and industrial consumption.

TRADE:

FAS Lagos forecasts Nigeria’s palm oil imports in MY 2019/20 to reach 400,000 MT, up nearly 21 percent or some 70,000 MT greater than the USDA official MY 2018/19 estimate of 330,000 metric tons.

Malaysia, Indonesia, Cote D’Ivoire, and Ghana origin imports will fill Nigeria’s palm and palm kernel oil deficit of 380,000 metric tons. Significant quantities of unrecorded palm oil products also enter Nigeria’s market through cross-border gray channels in neighboring countries (i.e., Benin, Togo, and Cameroon). Importers actively engage in this cross-border trade to evade the more than 35 percent import duty and over 15 percent taxes/fees imposed on palm oil imports.

STOCKS:

FAS Lagos forecast Nigeria’s palm oil beginning stocks in MY 2019/20 at 84,000 MT, down nearly 13.5 percent or some 13,000 MT lower compared to the USDA official MY 2018/19 estimate of 97,000

metric tons.

The drop in stocks is attributable to political uncertainties following Nigeria's last national elections (February-March 2019), combined with concerns over the government's post-election agricultural policy and its implementation. Many operators in the palm oil value chain also prefer taking advantage of increasing prices and are minimizing stocks held until they are able to better assess the new government's direction.

POLICY:

In June 2019, the Nigerian government formulated a new policy that plans to invest some \$500 million in oil palm production beginning this year. It aims to increase domestic palm oil production by 700 percent over the next eight years (i.e., between 2019 and 2027), meet 100 percent of local crude palm oil demand, and increase revenue from import duties.

The Nigerian government's policy objective related to palm oil is to meet the domestic demand while reducing imports. It also seeks to make Nigeria's palm oil sector more competitive on the international market. In order to achieve these goals, the government has sought to pursue national policies that encourage the involvement of private sector in boosting palm oil production since 2003 (see [GAIN-NIGERIA \(June 2014\) – Nigeria Provides Export Market for Oilseeds and Products](#)).

Starting in 2015, the Central Bank of Nigeria (CBN) included palm oil on the list of 42 items for which no foreign exchange would be issued for import purchases. This led to a surge in palm oil prices as local demand for crude palm oil (CPO) soared, while imports and total industry supply tapered.

Since 2008, the Nigerian government began to allow into the market crude vegetable oil for local refining and packaging, but maintained the import ban on vegetable oil in retail packs. However, local vegetable oil refining companies face high cost production and are non-competitive on the international market. Vegetable oil in retail packs continue to enter the Nigerian market through cross-border gray channels.

OIL, SOYBEAN

Production, Supply and Demand Data Statistics:

Oil, Soybean	2017/2018		2018/2019		2019/2020	
Market Begin Year	Oct 2017		Oct 2018		Oct 2019	
Nigeria	USDA Official	New Post	USDA Official	New Post	USDA Official	New Post
Crush	594	594	650	650	660	700

Extr. Rate, 999.9999	0.1785	0.1785	0.1769	0.1769	0.1773	0.1714
Beginning Stocks	17	17	18	18	20	20
Production	106	106	115	115	117	120
MY Imports	1	1	1	1	1	33
Total Supply	124	124	134	134	138	173
MY Exports	0	0	0	0	0	0
Industrial Dom. Cons.	0	0	0	0	0	0
Food Use Dom. Cons.	106	106	114	114	120	148
Feed Waste Dom. Cons.	0	0	0	0	0	0
Total Dom. Cons.	106	106	114	114	120	148
Ending Stocks	18	18	20	20	18	25
Total Distribution	124	124	134	134	138	173
(1000 MT) ,(PERCENT)						

PRODUCTION:

FAS Lagos forecasts Nigeria's soybean oil production in MY 2019/20 to reach 120,000 MT, up over four percent or some 5,000 MT more than the USDA official MY 2018/19 estimate of 115,000 metric tons. The production increase is attributable to favorable grower prices and sustained high demand for soy meal by the poultry sector.

CONSUMPTION:

FAS Lagos forecasts Nigeria's soybean oil consumption in MY 2019/20 to reach 148,000 MT, up nearly 30 percent or some 34,000 MT greater than the USDA official MY 2018/19 estimate of 114,000 MT.

Nigerian consumer demand for soybean oil as a preferred choice of vegetable oil has helped to sustain demand. The demand for "low" and "cholesterol free" vegetable oil products continues to increase. Small-scale oil seed crushing facilities are coming online to meet growing demand for soybean oil, cakes, and meals.

[Grand Cereal & Oils Ltd](#) and Affcott Ltd are the major local processors producing approximately 60 percent and 20 percent, respectively. Nigerians increasingly perceive soybean oil as being of higher quality and having more health benefits than other vegetable oils.

TRADE:

FAS Lagos forecasts Nigeria's soybean oil imports in MY 2019/20 to reach 33,000 MT, up nearly 3,200 percent or growing by more than 32,000 MT compared to the USDA official MY 2018/19 estimate of 1,000 metric tons.

STOCKS:

FAS Lagos forecast Nigeria's soybean oil beginning stocks in MY 2019/20 at 20,000 MT, up nearly 11 percent or some 2,000 MT more compared to the USDA official MY 2018/19 estimate of 18,000 metric tons. Industry sources indicate that growers and crushers are expecting price increases for soybean oil, leading many to hold back product anticipating better prices in marketing year 2019/20.

OIL, PEANUT

Production, Supply and Demand Data Statistics:

Oil, Peanut	2017/2018		2018/2019		2019/2020	
Market Begin Year	May 2017		May 2018		May 2019	
Nigeria	USDA Official	New Post	USDA Official	New Post	USDA Official	New Post
Crush	750	750	750	750	750	910
Extr. Rate, 999.9999	0.3533	0.3533	0.3533	0.3533	0.3533	0.3538
Beginning Stocks	0	0	0	0	0	0
Production	265	265	265	265	265	322
MY Imports	1	1	1	1	1	1
Total Supply	266	266	266	266	266	323
MY Exports	3	3	3	3	3	3
Industrial Dom. Cons.	0	0	0	0	0	0
Food Use Dom. Cons.	263	263	263	263	263	320
Feed Waste Dom. Cons.	0	0	0	0	0	0
Total Dom. Cons.	263	263	263	263	263	320
Ending Stocks	0	0	0	0	0	0
Total Distribution	266	266	266	266	266	323
(1000 MT) ,(PERCENT)						

PRODUCTION:

FAS Lagos forecasts Nigeria's peanut oil production in MY 2019/20 to reach 322,000 MT, up nearly 21.5 percent or some 57,000 MT greater than the USDA official MY 2018/19 estimate of 265,000 metric tons.

CONSUMPTION:

FAS Lagos forecasts Nigeria's peanut oil consumption in MY 2019/20 to reach 320,000 MT, up nearly 22 percent or some 57,000 MT greater than the USDA official MY 2018/19 estimate of 263,000 MT. Peanut oil is stable and preferred by many processors for deep-frying confectionery foods. Increased consumption of these foods, especially in the urban centers, is resulting in increased demand for peanut oil.

TRADE:

FAS Lagos forecasts Nigeria's peanut oil imports in MY 2019/20 to remain unchanged at 1,000 MT, same as the USDA official MY 2018/19 estimate. In 2008, Nigeria began to allow crude peanut oil into the market for local refining and packaging, while maintaining an import ban on vegetable oil in retail packs. Local peanut oil refining companies however continue to face high production costs, making them non-competitive in the international market. Peanut oil in retail packs continues to enter the Nigerian market through cross-border gray channels.

STOCKS:

FAS Lagos forecasts Nigeria's peanut oil beginning stocks in MY 2019/20 to remain unchanged at zero, similar to the USDA official MY 2018/19 estimate. Crushers and refiners are unwilling to keep stocks due to high production costs. Market prices are not competitive compared to foreign products entering

the market through cross-border gray channels.