

**Required Report:** Required - Public Distribution

**Date:** June 24, 2021

**Report Number:** NI2021-0004

**Report Name:** Oilseeds and Products Annual

**Country:** Nigeria

**Post:** Lagos

**Report Category:** Oilseeds and Products

**Prepared By:** Ebenezer Boluwade, Agricultural Specialist

**Approved By:** Gerald Smith

**Report Highlights:**

Nigeria's oil palm sector contributes to economic development at all levels – national and state. The country's Oil Palm Development Plan includes a greater focus on increasing the national production average from below 1 million metric tons (MMT) of oil palm to 5 million metric tons (MMT) by 2027. Currently, Nigeria's demand for palm oil outweighs its supply.

## Executive Summary

Nigeria population is estimated to be around 219 million in July 2021 (CIA.gov). Structurally, 60% of this population is between age 24 and below. According to the National Bureau of Statistics (NBS), Nigerian households spent N40.2 Trillion (\$98.7bn @N405/\$) on consumption in 2019.

Nigeria's oil seeds and products markets are changing rapidly as demographic changes occur due to the country's youth and middle-class population growth. The three major utilization channels (Food consumption, industrial use, and feed usage) are undergoing robust growth rates.

Nigeria's oil palm production sector is expanding due to Central Bank of Nigeria (CBN) actions and private sector investment. Several CBN initiatives targeting oil palm production across southern states are expected to increase the country's palm oil market share from below 2% to 5% within the next 5 years. Private companies are developing new estates with early and high yielding oil palm seedlings varieties. Additionally, these companies are also investing in technology to boost extracting and crushing processes.

In May 2021, FAS Lagos's visit to Edo State of Nigeria revealed the dynamics of a robust oil palm sector – especially the state's policy to attract foreign investment into the oil palm sector. The state is making inroads in embracing Roundtable on Sustainable Palm Oil (RSPO) codes. The state works with Pro forest organization and others to ensure positive social and environmental outcomes for people and the planet. Investors in oil palm sector in the state are required to nurture and develop 1,000 ha as natural forest for every 4,000 ha of land devoted to oil palm production.

Currently, oilseeds research and development work across Nigeria is leading to increase productivity and efficiency of oil seeds processing –soybean and peanut particularly. FAS Lagos' estimates and projections for all the categories of oil seeds and products for 2021/22 are higher than the USDA estimates of previous year. On the other hand, persistent insecurity issues (insurgency, banditry, clashes between farmers and herders) are impacting communities that are cultivating oilseeds crops across the country.

## OILSEEDS

### OILSEED, PALM KERNEL

#### Production, Supply and Demand Data Statistics:

Oilseed, Palm Kernel	2019/2020		2020/2021		2021/2022	
Market Begin Year	Jan 2020		Jan 2021		Jan 2022	
Nigeria	USDA Official	New Post	USDA Official	New Post	USDA Official	New Post
Area Planted	0	0	0	0	0	0
Area Harvested	2500	3014	2500	2800	2500	3000
Trees	0	0	0	0	0	0
Beginning Stocks	5	5	5	5	5	5
Production	730	880	730	815	730	900
MY Imports	15	15	15	15	15	20
MY Imp. from U.S.	0	0	0	0	0	0
MY Imp. from EU	0	0	0	0	0	0
Total Supply	750	900	750	835	750	925
MY Exports	0	0	0	0	0	0
MY Exp. to EU	0	0	0	0	0	0
Crush	730	880	730	815	730	900
Food Use Dom. Cons.	0	0	0	0	0	0
Feed Waste Dom. Cons.	15	15	15	15	15	20
Total Dom. Cons.	745	895	745	830	745	920
Ending Stocks	5	5	5	5	5	5
Total Distribution	750	900	750	835	750	925
Yield	0.292	0.292	0.292	0.292	0.292	0.3
(1000HA), (1000 TREES), (1000MT), (MT/HA)						

#### PRODUCTION

FAS Lagos (Post) forecasts Nigeria's palm kernel oilseed production in marketing year (MY) 2021/22 (January-December) to reach 900,000 metric tons (MT), up by 23 percent beyond the (USDA) official MY 2020/21 estimate of 730,000 metric tons.

Area harvested in MY 2021/22 is forecast to be 3.0 million hectares, up by 20 percent or 500,000 hectares greater than the USDA official MY 2020/21 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 processing. Currently, there is growing private sector investment in palm kernel (for oil) plantations. The increase flow of investment is leading to a greater utilization of modern harvesting tools and farm equipment – to boost harvesting efficiency. Post sees average yields in MY 2021/22 of

0.3 MT/hectare, largely due to maturing of new variety of oil palm that is replacing the wild groves, but the effect is marginal due to the presence of high wild groves variety.

The demand for palm kernel oil has risen over the years following its diverse use in manufacturing artificial cream fillings, soap, cosmetic and personal care products. Food processors are increasing the use of palm kernel oil. 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 Edo and Cross River State.

## **CONSUMPTION**

FAS Lagos forecasts Nigeria's palm kernel consumption in MY 2021/22 to reach 920,000 metric tons (MT), up over 23 percent, an increase of 175,000 MT beyond the USDA official MY 2020/21 estimate of 745,000 metric tons.

Nigeria is increasing its production of consumer-oriented processed food products by 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 markets in Asia and neighboring countries.

Nigeria's population and income level have a significant impact on palm kernel consumption. Nigeria's population accounts for nearly half of West Africa's population. More than half of the country's population live in urban areas (urbanization is growing at a rate of 4.23 percent annually). Currently, half of Nigeria's population is under 19 years. Fast food consumption and snacks occupy a critical part of their diet.

## **TRADE**

FAS Lagos forecasts Nigeria's imports of palm kernel in MY 2021/22 at 20,000 MT, up nearly 33 percent or an increase of around 5,000 MT beyond the USDA official MY 2020/21 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 soon.

## **STOCKS**

FAS Lagos forecasts Nigeria's palm kernel stocks in MY 2022/21 at no greater than 5,000 MT, largely unchanged from the USDA official MY 2020/21 estimate.

**OILSEED, SOYBEANS****Production, Supply and Demand Data Statistics:**

Oilseed, Soybean	2019/2020		2020/2021		2021/2022	
Market Begin Year	Oct 2019		Oct 2020		Oct 2021	
Nigeria	USDA Official	New Post	USDA Official	New Post	USDA Official	New Post
Area Planted	1000	1040	1000	1100	1000	1200
Area Harvested	1000	1040	1000	1100	1000	1200
Beginning Stocks	151	151	159	161	127	120
Production	875	1150	875	1050	875	1250
MY Imports	52	85	20	50	20	100
MY Imp. from U.S.	0	0	0	0	0	0
MY Imp. from EU	0	0	0	0	0	0
Total Supply	1078	1386	1054	1261	1022	1470
MY Exports	7	38	7	21	7	15
MY Exp. to EU	0	38	0	0	0	0
Crush	600	700	600	700	600	800
Food Use Dom. Cons.	200	317	200	220	200	250
Feed Waste Dom. Cons.	112	170	120	200	120	225
Total Dom. Cons.	912	1187	920	1120	920	1225
Ending Stocks	159	161	127	120	95	180
Total Distribution	1078	1386	1054	1261	1022	1470
CY Imports	52	20	20	20	20	20
CY Imp. from U.S.	0	0	0	0	0	0
CY Exports	7	20	7	7	7	10
CY Exp. to U.S.	0	0	0	0	0	0
Yield	0.875	1.1058	0.875	0.955	0.875	1.0417
(1000 HA), (1000MT), (MT/HA)						

**PRODUCTION**

FAS Lagos forecasts Nigeria's soybean production in MY 2021/22 (October-September) to reach 1.25 million metric tons (MMT), up 43 percent or some 375,000 metric tons (MT) above the USDA official MY 2020/21 estimate of 875,000 metric tons (MT).

Area harvested at 1.2 million hectares, is up 20 percent, or 200,000 hectares compared to the USDA official MY 2020/21 estimate. Post attributes the increase in area harvested to expanding demand for soybeans for food and feed use. Although soybean production, is mostly cultivated in the northern parts of the country. Nigeria's northern states are experiencing security challenges, resulting from Boko Haram activities as well as conflict between pastoralists and farmers. As a result, there is a growing shift by farmers in the south of the country to increase soybean production levels. Soybean production across Nigeria's south is largely due to the efforts of the International Institute for Tropical Agriculture (IITA) and other international research institutes.

Yields are set to average 1MT/hectare from 0.875Mt/Ha USDA estimate for MY 2021/22. IITA in conjunction with Soybean Innovation Lab and Bayer are jointly working to upscale soybean breeding program, technical assistance to improve the pace, scale, and output of varietal development efforts, germplasm introduction to improve the diversity of breeding population and critical guidance and mentorship. 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.

The USAID funded West Africa Trade and Investment Hub (Trade Hub) has also launched a co-investment partnership with IITA through its Business Incubation Platform (IITA BIP) to boost the soybean value chain in Nigeria. Additionally in 2020, US Soybean Export Council (USSEC) opened a Soy Excellence Center to increase yields of smallholder soybean farmers.

## **CONSUMPTION**

FAS Lagos forecasts Nigeria's soybean consumption in MY 2021/22 to reach 1.275 million metric tons (MMT), up 38 percent compared to the USDA official MY 2020/21 estimate. Consumption is growing in response to greater demand in food processing and feed use.

The consumption of soybean has increased, driven by the poultry industry's expansion over the past decade. The Poultry Association of Nigeria (PAN) is seriously concerned about the ongoing shortage of soybean and soybean meal - the sector may suffer a serious economic damage.

To help alleviate the soybean shortage, the central bank through its Anchor Borrowers Program (ABP) is facilitating smallholder outgrowers projects, which are helping farmers to plant and sell the produce after harvest. The outgrowers projects that ensure right seeds are purchased from IITA and other identified seed companies including essential inputs like nodumax – an inoculant developed by IITA, which captures nitrogen from the air and helps increase the yield of soybean between 30 to 40 percent.

## **TRADE**

FAS Lagos forecasts Nigeria's soybean imports in MY 2021/22 to reach 100,000 metric tons (MT), up nearly 100 percent greater than the Post official MY 2020/21 estimate of 50,000 metric tons (MT).

Post forecasts Nigeria's soybean exports in MY 2021/22 to reach some 15,000 MT, compared to the USDA MY 2020/21 estimate of 7,000 metric tons. Nigeria's currency devaluations in the past 12 months have encouraged local producers to sell soybean 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 go through informal channels.

Although there is a small regional market, local soybean production remains uncompetitive in major international markets, resulting in it being largely used domestically for food and feed use. Additionally, niche market such as non-GE and identity preserved soybean are providing opportunities for smallholder soybean farmers across the country.

## STOCKS

FAS Lagos forecasts Nigeria's soybean beginning stocks in MY 2021/22 at 120,000 MT, down by almost 32 percent compared to the USDA official MY 2020/21 estimate of 159,000 metric tons (MT). Post attributes the drop to the looting of government-owned warehouses and strategic reserves during widespread social protest police brutality in 2020. Additionally, stocks are low because the government distributed consignment to poultry stakeholders.

## OILSEED, PEANUT

### Production, Supply and Demand Data Statistics:

Oilseed, Peanut	2019/2020		2020/2021		2021/2022	
Market Begin Year	May 2019		May 2020		May 2021	
Nigeria	USDA Official	New Post	USDA Official	New Post	USDA Official	New Post
Area Planted	0	0	0	0	0	0
Area Harvested	3200	3130	3200	3250	3200	3500
Beginning Stocks	403	403	370	328	325	328
Production	4400	4720	4400	4450	4400	4800
MY Imports	5	5	5	15	5	5
MY Imp. from U.S.	0	0	0	0	0	0
MY Imp. from EU	0	0	0	0	0	0
Total Supply	4808	5128	4775	4793	4730	5133
MY Exports	0	0	0	0	0	10
MY Exp. to EU	0	0	0	0	0	0
Crush	750	910	750	760	750	800
Food Use Dom. Cons.	2650	2630	2650	2655	2650	2800
Feed Waste Dom. Cons.	1038	1571	1050	1050	1000	1200
Total Dom. Cons.	4438	4800	4450	4465	4400	4800
Ending Stocks	370	328	325	328	330	323
Total Distribution	4808	5128	4775	4793	4730	5133
CY Imports	4	4	5	5	5	5
CY Imp. from U.S.	0	0	0	0	0	0
CY Exports	0	0	0	0	0	0
CY Exp. to U.S.	0	0	0	0	0	0
Yield	1.375	1.508	1.375	1.369	1.375	1.3714
(1000 HA), (1000 MT), (MT/HA)						

## PRODUCTION

FAS Lagos forecasts Nigeria's peanut production in MY 2021/22 (May-April) at 4.8million metric tons (MMT), up nearly by 9 percent or some 400,000 metric tons (MT) from the USDA official MY 2020/21 estimate of 4.4 million metric tons (MMT).

Area harvested at 3.5 million hectares (MMT) in MY 2021/22 is up by 9 percent compared to the USDA official MY 2020/21 estimate of 3.2 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.

Nigeria is the largest producer of peanut in sub-Saharan Africa and third in the world. Prior to persistent insurgency in the northern part of the country, groundnut pyramids were common across northern Nigeria. Groundnut pyramids were pyramid-like structures made from groundnut sacks. In tandem with the insurgency, a combination of drought, and diseases are limiting bumper production in the north.

Efforts by International Crops Research Institute for the Semi-Arid Tropics (ICRISAT), Institute for Agricultural Research (IAR) and partners have produced and released new improved high-yielding varieties with combined resistance to major biotic stresses.

## **CONSUMPTION**

FAS Lagos forecasts Nigeria's peanut total consumption in MY 2021/22 to reach over 4.8 million metric tons (MMT), up by nearly 8 percent compared to the USDA official MY 2020/21 estimate of 4.45 million metric tons (MMT).

Post expects Nigeria's food use domestic consumption in MY 2021/22 at around 2.8 million metric tons (MMT) an uptick of 6 percent increase compared to the USDA MY 2020/21 estimate of 2.65 million metric tons (MMT). Post sees increasing consumption of roasted, whole peanut consumption along with peanut-based snacks and peanut butter in Nigeria's urban areas.

FAS Lagos expects Nigeria's peanut feed waste consumption in MY 2021/22 to reach 1.2 million metric tons (MMT), up by 14 percent or growing by 150,000 metric tons (MT) compared to the USDA official MY 2020/21 estimate of 1.05 million metric tons (MMT). The increase is due 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 by 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 2021/22 to remain same with what the USDA estimated in the previous year.

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 peanut 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 produce peanut largely under rain-fed conditions. Around 30 percent of the crop exceeds permissible aflatoxin levels for most countries including Nigeria. To reenter the global market, Nigeria needs to address the aflatoxin in peanuts issue. A few years ago, IITA developed aflasafe, which is a biocontrol solution to reduce aflatoxin in soybean and peanut. Currently, the adoption rate of aflasafe is low among the smallholder farmers – but growing due to extension programs.



**STOCKS**

FAS Lagos forecast Nigeria's peanut beginning stocks in MY 2021/22 at 328,000 metric tons (MT) almost flat with the USDA estimation of 325,000 metric tons (MT) for previous year. 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:**

<b>Meal, Palm Kernel</b>	<b>2019/2020</b>		<b>2020/2021</b>		<b>2021/2022</b>	
<b>Market Begin Year</b>	<b>Jan 2020</b>		<b>Jan 2021</b>		<b>Jan 2022</b>	
<b>Nigeria</b>	<b>USDA Official</b>	<b>New Post</b>	<b>USDA Official</b>	<b>New Post</b>	<b>USDA Official</b>	<b>New Post</b>
Crush	730	880	730	815	730	900
Extr. Rate, 999.9999	0.5479	0.5568	0.5479	0.5452	0.5479	0.5479
Beginning Stocks	0	0	0	45	0	45
Production	400	490	400	450	400	493
MY Imports	0	0	0	0	0	0
MY Imp. from U.S.	0	0	0	0	0	0
MY Imp. from EU	0	0	0	0	0	0
Total Supply	400	490	400	495	400	538
MY Exports	0	90	0	0	0	0
MY Exp. to EU	0	50	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.	400	355	400	450	400	538
Total Dom. Cons.	400	355	400	450	400	538
Ending Stocks	0	45	0	45	0	50
Total Distribution	400	490	400	495	400	538
CY Imports	0	0	0	0	0	0
CY Imp. from U.S.	0	0	0	0	0	0
CY Exports	0	90	0	0	0	0
CY Exp. to U.S.	0	0	0	0	0	0
SME	142.28	126.2735	142.28	160.065	142.28	191.3666
(1000 MT), (PERCENT)						

## **PRODUCTION**

FAS Lagos forecasts Nigeria's palm kernel meal production in MY 2021/22 at 493,000 metric tons (MT), up 23 percent or 93,000 MT above the USDA official MY 2020/21 estimate of 400,000 metric tons (MT). 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. Industrial millers like Presco and Okomu Plc are producing in large quantities for the teeming livestock farmers and feed producers.

## **CONSUMPTION**

FAS Lagos forecasts Nigeria's palm kernel meal total consumption in MY 2021/22 at 538,000 metric tons (MT), up 34 percent above the USDA official MY 2020/21 estimate of 400,000 metric tons. Demand for refined and bleached palm oil (catering to the needs of industrial processors) continues to grow.

Palm kernel cake (PKC), a by-product of oil extracted from palm nuts through expeller press or solvent extraction procedures is one of the highest quantities of locally available and potentially inexpensive agricultural product. PKC provides approximately 14–18% of crude protein (CP), 12–20% crude fiber (CF), 3–9% ether extract (EE), and different amounts of various minerals that feasible to be used as a partial substitute of soybean meal (SBM) and corn in poultry nutrition.

Palm kernel cake is an alternative ingredient for raw materials such as corn and soybean meal especially during the COVID-19 lockdown and right now during the feed crisis facing the poultry industry. Consequently, palm kernel cake has been proposed as an alternative raw material for animal feeds to reduce the country's reliance of poultry feed imports. Furthermore, feed millers also seek to reduce production costs by increasing feed waste input from palm kernel cakes.

## **TRADE**

FAS Lagos does not foresee Nigeria importing any significant amounts of palm kernel meal in marketing year 2021/22. Post however forecasts Nigeria's exports of palm kernel meal reaching 50,000 metric tons (MT), in the marketing year. Industry sources indicate that palm kernel meal produced in Nigeria has a generally preferred flavor, which is lacking in imported palm kernel meal. As a result, palm kernel meal producers obtain higher prices by exporting informally to oil refiners and feed millers operating in neighboring countries. This export market trend is likely to stay consistent over time.

**MEAL, SOYBEAN****Production, Supply and Demand Data Statistics:**

Meal, Soybean	2019/2020		2020/2021		2021/2022	
Market Begin Year	Oct 2019		Oct 2020		Oct 2021	
Nigeria	USDA Official	New Post	USDA Official	New Post	USDA Official	New Post
Crush	600	700	600	700	600	800
Extr. Rate, 999.9999	0.7783	0.7929	0.7783	0.7783	0.7783	0.7783
Beginning Stocks	8	8	10	19	17	19
Production	467	555	467	545	467	623
MY Imports	0	0	0	0	0	50
MY Imp. from U.S.	0	0	0	0	0	0
MY Imp. from EU	0	0	0	0	0	0
Total Supply	475	563	477	564	484	692
MY Exports	100	66	50	50	50	50
MY Exp. to EU	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.	365	478	410	495	415	617
Total Dom. Cons.	365	478	410	495	415	617
Ending Stocks	10	19	17	19	19	25
Total Distribution	475	563	477	564	484	692
CY Imports	0	0	0	0	0	0
CY Imp. from U.S.	0	0	0	0	0	0
CY Exports	140	0	50	50	50	0
CY Exp. to U.S.	0	0	0	0	0	0
SME	365	478	410	495	415	617
(1000 MT), (PERCENT)						

**PRODUCTION**

FAS Lagos forecasts Nigeria's soybean meal production in MY 2021/22 at 623,000 metric tons (MT), up nearly 33 percent above the USDA official MY 2020/21 estimate of 467,000 metric tons (MT).

Post forecasts Nigeria's soybean crush in MY 2021/22 at 800,000 MT, almost 33 percent increase or up 200,000 MT compared to the USDA official MY 2020/21 estimate of 600,000 metric tons. Many large-scale soybean refineries are springing up in the country and existing facilities are maximizing their capacities due to an increased demand. Increasing demand for crush also is attributable to favorable grower prices and sustained high demand for soymeal 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 617,000 metric tons MT, up over 48 percent compared to the MY 2020/21 estimate of 415,000 metric tons (MT). 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. In Nigeria, popular substitutes for soybeans include groundnut cake, cotton-seed cake, and palm kernel cake, however, soybeans are the most preferred because of their high digestibility quality. Nigeria's animal feed sector remains underdeveloped, largely due to high production costs. Seventy percent of the operational cost of most poultry, aquaculture, and other livestock operations go to feed. The animal feed sector is estimated at more than \$2 billion. Large scale feed mill operations continue to attract significant local and foreign investment. 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 2021/22 to go up to 50,000 metric tons (MT) as the exorbitant price of local soybean meal is alarming. Meanwhile, the lack of foreign exchange is a challenge for soybean meal imports. Exports are forecast to reach same 50,000 metric tons as forecast by the USDA official MY 2020/21 estimate.

Nigeria further processes soybean meal to obtain oil for food and non-food uses, leftover cake goes to animal feed production. According to 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 20 percent.

## **STOCKS**

FAS Lagos forecast Nigeria's soybean meal beginning stocks in MY 2021/22 at 19,000 metric tons (MT) to 10,000 metric tons (MT) estimate by the USDA official for MY 2020/21. Soybean processors expect increased consumption for soybean oil and poultry and fish feeds in marketing year 2020/21. Processors reportedly will retain higher stocks than in previous years to meet projected increased demand.

**MEAL, PEANUT****Production, Supply and Demand Data Statistics:**

Meal, Peanut	2019/2020		2020/2021		2021/2022	
Market Begin Year	May 2019		May 2020		May 2021	
Nigeria	USDA Official	New Post	USDA Official	New Post	USDA Official	New Post
Crush	750	910	750	760	750	800
Extr. Rate, 999.9999	0.3267	0.3352	0.3267	0.3287	0.3267	0.325
Beginning Stocks	0	0	0	0	0	0
Production	245	305	245	250	245	260
MY Imports	0	0	0	0	0	0
MY Imp. from U.S.	0	0	0	0	0	0
MY Imp. from EU	0	0	0	0	0	0
Total Supply	245	305	245	250	245	260
MY Exports	0	0	0	0	0	0
MY Exp. to EU	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	305	245	250	245	260
Total Dom. Cons.	245	305	245	250	245	260
Ending Stocks	0	0	0	0	0	0
Total Distribution	245	305	245	250	245	260
CY Imports	0	0	0	0	0	0
CY Imp. from U.S.	0	0	0	0	0	0
CY Exports	0	0	0	0	0	0
CY Exp. to U.S.	0	0	0	0	0	0
SME	275.38	342.82	275.38	281	275.38	292.24
(1000 MT), (PERCENT)						

**PRODUCTION**

FAS Lagos forecasts Nigeria's peanut meal production in MY 2021/22 at 260,000 metric tons (MT), up by 6 percent above the USDA official 2020/21 estimate of 245,000 metric tons (MT).

Post forecasts Nigeria's peanut crush in MY 2021/22 at 800,000 MT, up by 7 percent from the USDA official MY 2020/21 estimate of 750,000 metric tons. Local farmers chasing higher crop prices paid by feed millers are increasing peanut production. Crush is increasing to meet the growing demand for peanut meal for feed consumption. The newly launched National Livestock Transformation Plan (NLTP) is encouraging ranching operations to prevent the frequent clashes between farmers and herders. Currently, state governments across the southern part of the country have banned open grazing.

Ranching and feedlots operations are 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 2021/22 at 260,000 metric tons (MT), up 6 percent or 15,000 MT above the USDA official 2020/21 estimate of 245,000 metric tons. The entire domestic peanut meal production is consumed as feed. 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 2021/22 to remain at zero, unchanged from previous marketing years. Post similarly does not foresee any significant peanut meal exports soon, as Nigeria's peanuts contain varying degrees of aflatoxins exceeding permissible levels for many countries. Nigeria is addressing the challenge with aflatoxins in peanuts to re-enter the global market. IITA developed Aflasafe to prevent aflatoxins is gradually getting accepted among the small holder farmers especially those under different outgrower schemes.

**STOCKS**

FAS Lagos forecast Nigeria's peanut meal stocks to remain at zero. The entire domestic peanut meal production is consumed as feed waste. 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 to take advantage of increasing domestic prices.

**OILS****OIL, PALM KERNEL****Production, Supply and Demand Data Statistics**

Oil, Palm Kernel	2019/2020		2020/2021		2021/2022	
Market Begin Year	Jan 2020		Jan 2021		Jan 2022	
Nigeria	USDA Official	New Post	USDA Official	New Post	USDA Official	New Post
Crush	730	880	730	815	730	900
Extr. Rate, 999.9999	0.4521	0.4773	0.4521	0.4600	0.4521	0.488
Beginning Stocks	3	3	3	3	3	3
Production	330	420	330	375	330	440
MY Imports	15	28	15	15	15	20
MY Imp. from U.S.	0	0	0	0	0	0
MY Imp. from EU	0	0	0	0	0	0
Total Supply	348	451	348	393	348	463
MY Exports	5	10	5	15	5	18
MY Exp. to EU	0	0	0	0	0	0
Industrial Dom. Cons.	95	108	90	100	90	120
Food Use Dom. Cons.	245	330	250	275	250	320
Feed Waste Dom. Cons.	0	0	0	0	0	0
Total Dom. Cons.	340	438	340	375	340	440
Ending Stocks	3	3	3	3	3	5
Total Distribution	348	451	348	393	348	463
CY Imports	0	0	0	0	0	0
CY Imp. from U.S.	15	0	15	15	15	0
CY Exports	0	0	0	0	0	0
CY Exp. to U.S.	5	0	5	0	5	0

(1000 MT), (PERCENT)

**PRODUCTION**

FAS Lagos forecasts Nigeria's palm kernel oil production in MY 2021/22 at 440,000 metric tons MT, up over 33 percent or some 110,000 metric MT above the USDA official MY 2020/21 estimate of 330,000 metric tons (MT).

Post forecasts Nigeria's palm kernel crush in MY 2021/22 at 900,000 metric tons MT, up 23 percent or some 170,000 MT from the USDA official MY 2020/21 estimate of 730,000 metric tons. The extraction rate in MY 2021/22 will increase more than 8 percent to 0.488, compared to the MY 2020/21 extraction rate of 0.452 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 2021/22 at 440,000 metric tons (MT), up almost 29 percent or some 100,000 metric tons MT compared to the USDA official 2020/21 estimate of 340,000 metric tons. Food use consumption is approximately 320,000 MT, up almost 28 percent compared to the previous marketing year's volume of 250,000 metric tons. About a third of the production will go towards industrial use, where it serves as a fuel for biomass plants.

**TRADE**

FAS Lagos forecasts Nigeria's palm kernel oil imports in MY 2021/22 to reach 20,000 MT, up over 33 percent greater than the USDA official MY 2020/21 estimate of 15,000 metric tons. Post forecasts palm kernel oil exports in MY 2021/22 to increase to 18,000 MT, from the USDA official MY 2020/21 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, satisfying the growing input needs of food processors and non-food industrial manufacturers. Currently, higher prices in neighboring countries are influencing palm kernel oil processors to increase exports.

**STOCKS**

FAS Lagos forecast Nigeria's palm kernel oil beginning stocks in MY 2021/22 at 3,000 metric tons (MT) unchanged from the USDA official MY 2020/21 estimate. Processors expect some increases in demand/price for palm kernel oil, especially for industrial uses (including usage as biofuel), in the upcoming marketing year. Global future demand for palm kernel oil (for both food and non-food uses), is also expected to increase as more countries embrace renewable energy to fuel plants and automobiles.



**OIL, PALM****Production, Supply and Demand Data Statistics:**

<b>Oil, Palm</b>	<b>2019/2020</b>		<b>2020/2021</b>		<b>2021/2022</b>	
<b>Market Begin Year</b>	<b>Oct 2019</b>		<b>Oct 2020</b>		<b>Oct 2021</b>	
<b>Nigeria</b>	<b>USDA Official</b>	<b>New Post</b>	<b>USDA Official</b>	<b>New Post</b>	<b>USDA Official</b>	<b>New Post</b>
Area Planted	0	0	0	0	0	0
Area Harvested	2500	2700	2500	2800	2500	3000
Trees	0	0	0	0	0	0
Beginning Stocks	64	64	111	59	138	59
Production	1220	1140	1280	1275	1280	1400
MY Imports	435	420	430	450	450	500
MY Imp. from U.S.	0	0	0	0	0	0
MY Imp. from EU	0	0	0	0	0	0
Total Supply	1719	1624	1821	1784	1868	1959
MY Exports	18	20	18	20	18	29
MY Exp. to EU	0	0	0	0	0	0
Industrial Dom. Cons.	240	280	240	240	240	270
Food Use Dom. Cons.	1350	1265	1425	1465	1500	1600
Feed Waste Dom. Cons.	0	0	0	0	0	0
Total Dom. Cons.	1590	1545	1665	1705	1740	1870
Ending Stocks	111	59	138	59	110	60
Total Distribution	1719	1624	1821	1784	1868	1959
CY Imports	428	385	440	390	450	400
CY Imp. from U.S.	0	0	0	0	0	0
CY Exports	18	30	18	10	18	10
CY Exp. to U.S.	0	0	0	0	0	0
Yield	0.488	0.422	0.512	0.455	0.512	0.466
(1000 HA), (1000 TREES), (1000 MT) (MT/HA)						

**PRODUCTION**

FAS Lagos forecasts Nigeria's palm oil production in MY 2021/22 to reach 1.4 million metric tons (MMT), up about 9 percent greater than the USDA official MY 2020/21 estimate of roughly 1.28 million metric tons (MMT).

The projected increase in MY 2021/22 production numbers is attributable to an increase in private sector investment. The government has plans to increase production to 5 million metric tons (MMT) in the next 6 years. Meanwhile, the CBN is providing 10 years long term funding with 3 years moratorium for large-scale production. Additionally, Edo State is currently implementing the most ambitious cultivation program under the Edo State Oil Palm Production (ESOP). The state government allocated 120,000 hectares from its forest reserve to companies for cultivating palm oil. The area is expected to be fully planted by 2030. At full maturity, the 100,000 hectares will add about 400,000 tons of palm oil to the domestic production, which is still short of demand-supply deficit.

Insufficient domestic supplies have caused noodles, pasta, and some major industrial palm oil users to enter partnerships with oil mills 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.

Two major Nigerian palm oil companies — [Okomu Oil Palm Plc](#) (OKOMUOIL) and [PRESCO Plc](#) — are expanding their production. PRESCO recently commissioned 500 MT capacity refinery that is presently running at 70% installed capacity.

## **CONSUMPTION**

FAS Lagos forecasts Nigeria's palm oil consumption in MY 2021/22 to reach nearly 1.87 million metric tons (MMT) up about 12 percent greater than the USDA official MY 2020/21 estimate of 1.6 million metric tons.

Sources indicate that in MY 2020/21, Nigeria's per capita consumption of edible oils stood at 12.5 kilograms compared to world average of 20 kilograms. The widening between soybean oil and palm oil prices globally is expanding the demand for palm oil in Nigeria. The country 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 2021/22 to reach 500,000 MT, up nearly 16 percent greater than the USDA official MY 2020/21 estimate of 430,000 metric tons.

Malaysia, Indonesia, Cote D'Ivoire, and Ghana origin imports fill Nigeria's palm oil deficit. 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 imposed on palm oil imports.

Nigeria export transaction is forecast to double from the USDA Official MY 2020/21 estimate of 18,000 metric tons (MT) to 29,000 metric tons for MY 2021/22. Several exports transaction take place with West and Sahel countries.

## **STOCKS**

FAS Lagos forecast Nigeria's palm oil beginning stocks in MY 2021/22 at 59,000 MT, down by massive 88 percent compared to the USDA official MY 2020/21 estimate of 111,000 metric tons.

## **POLICY**

In June 2019, the Nigerian government formulated a new policy that plans to invest some \$500 million in oil palm production. The policy aims to increase domestic palm oil production by 700 percent by 2027 while meeting 100 percent of local crude palm oil demand and increasing revenue from import duties.

The key objective of the government's palm oil policy is to meet the domestic demand while reducing imports. Furthermore, the policy also seeks to make Nigeria's palm oil sector more competitive on the

international market. To achieve these objectives, the government is encouraging private sector resources and investment – to boost palm oil production

Starting in 2015, the CBN included palm oil on the list of 42 items for which no foreign exchange would be allocated 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. The CBN is also encouraging individuals, corporate bodies, SMEs, and smallholders' farmers to capitalize on various financing windows available to upscale palm plantation – especially charging a single digit interest rate on loans.

Since 2008, the Nigerian government has allowed 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 uncompetitive. Subsequently, 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	2019/2020		2020/2021		2021/2022	
Market Begin Year	Oct 2019		Oct 2020		Oct 2021	
Nigeria	USDA Official	New Post	USDA Official	New Post	USDA Official	New Post
Crush	600	700	600	700	600	800
Extr. Rate, 999.9999	0.1833	0.1714	0.1833	0.1857	0.1833	0.1933
Beginning Stocks	13	13	12	25	11	25
Production	110	120	110	130	110	155
MY Imports	1	33	1	15	1	10
MY Imp. from U.S.	0	0	0	0	0	0
MY Imp. from EU	0	0	0	0	0	0
Total Supply	124	166	123	170	122	190
MY Exports	0	0	0	0	0	0
MY Exp. to EU	0	0	0	0	0	0
Industrial Dom. Cons.	0	0	0	0	0	0
Food Use Dom. Cons.	112	148	112	145	112	170
Feed Waste Dom. Cons.	0	0	0	0	0	0
Total Dom. Cons.	112	148	112	145	112	170
Ending Stocks	12	25	11	25	10	20
Total Distribution	124	173	123	170	122	190
CY Imports	1	33	1	1	1	1
(1000 MT), (PERCENT)						

## PRODUCTION

FAS Lagos forecasts Nigeria's soybean oil production in MY 2021/22 to reach 155,000 metric tons (MT), up over 40 percent more than the USDA official MY 2020/21 estimate of 110,000 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 2021/22 to reach 170,000 metric tons (MT), up nearly 58 percent greater than the USDA official MY 2020/21 estimate of 112,000 metric tons (MT).

Over the past several years, soybean oil has become the preferred choice for Nigerian consumers. This trend has helped to sustain demand. The demand for "low" and "cholesterol free" vegetable oil products continue to increase. Small-scale oil seed crushing facilities are coming onboard to meet growing demand for soybean oil, cakes, and meals.

Grand Cereals Ltd and Affcott Ltd are two major local processors that control 60 percent of the entire market. Karma Milk Ltd is a soybean crushing mill that started operations few years ago. The company is already positioned to grab substantial market share especially in the south west part of the country. Currently, soybean oil is recognized as alternative to palm oil by various manufacturing industries. There is a growing trend in soybean consumption as it is the second most consumed vegetable oil after palm oil. Nigerian consumers give soybean oil high marks for health and quality benefits – compared with other vegetable oils.

## **TRADE**

FAS Lagos forecasts Nigeria's soybean oil imports in MY 2021/22 to reach 10,000 metric tons (MT), growing by more than 9,000 metric tons (MT) compared to the USDA official MY 2020/21 estimate of 1,000 metric tons.

## **STOCKS**

FAS Lagos forecast Nigeria's soybean oil beginning stocks in MY 2021/22 at 25,000 metric tons (MT) and ending stock of 20,000 metric tons (MT). Industry sources indicate that growers and crushers are expecting price increases for soybean oil, leading many to hold back product while anticipating better prices.

**OIL, PEANUT****Production, Supply and Demand Data Statistics**

Oil, Peanut	2019/2020		2020/2021		2021/2022	
Market Begin Year	May 2019		May 2020		May 2021	
Nigeria	USDA Official	New Post	USDA Official	New Post	USDA Official	New Post
Crush	750	910	750	760	750	800
Extr. Rate, 999.9999	0.3533	0.3538	0.3533	0.3620	0.3533	0.3743
Beginning Stocks	0	0	0	0	0	0
Production	265	322	265	275	265	300
MY Imports	1	1	1	1	1	2
MY Imp. from U.S.	0	0	0	0	0	0
MY Imp. from EU	0	0	0	0	0	0
Total Supply	266	323	266	276	266	301
MY Exports	3	3	3	3	3	12
MY Exp. to EU	0	0	0	0	0	0
Industrial Dom. Cons.	0	0	0	0	0	0
Food Use Dom. Cons.	263	320	263	273	263	290
Feed Waste Dom. Cons.	0	0	0	0	0	0
Total Dom. Cons.	263	320	263	273	263	290
Ending Stocks	0	0	0	0	0	0
Total Distribution	266	323	266	276	266	302
CY Imports	1	1	1	0	1	1
CY Imp. from U.S.	0	0	0	0	0	0
CY Exports	3	0	3	0	3	0
(1000 MT), (PERCENT)						

**PRODUCTION**

FAS Lagos forecasts Nigeria's peanut oil production in MY 2021/22 to reach 300,000 metric tons (MT), up by nearly 13 percent greater than the USDA official MY 2020/21 estimate of 265,000 metric tons (MT).

**CONSUMPTION**

FAS Lagos forecasts Nigeria's peanut oil consumption in MY 2021/22 to reach 290,000 metric tons (MT), up by nearly 10 percent greater than the USDA official MY 2020/21 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 to reach 2,000 metric tons in MY 2021/22 – increasing a bit from 1,000 metric tons (MT), the USDA official MY 2020/21. In 2008, Nigeria began allowing crude peanut oil into the market for local refining and packaging, while maintaining an import

ban on vegetable oil in retail packs. However, peanut oil in retail packs continues to enter the Nigerian market through cross border gray channels. Meanwhile, export of peanut to Sahel countries. Nigeria is the largest producer of peanut in Africa. The Sahel countries depend on imports from Nigeria - especially during Muslim festivals.

## **STOCKS**

FAS Lagos forecasts Nigeria's peanut oil beginning stocks in MY 2021/22 to remain unchanged at zero, like the USDA official MY 2020/21 estimate. Crushers and refiners are unwilling to keep stocks due to high production costs. Furthermore, domestic prices are high compared to cheap peanut oil products entering the country through cross border gray channels.

## **Attachments:**

No Attachments