



Foreign Agricultural Service

GAIN Report

Global Agriculture Information Network

Scheduled Report - public distribution

Date: 2/1/1999

GAIN Report #NI9002

Nigeria

Oilseeds and Products

Oilseeds Annual Report

1999

Prepared by:

Fred Kessel

U.S. Embassy

Drafted by:

Ali Michael David

Report Highlights:

Nigeria's oilseed production is steadily increasing but is still inadequate for the rapidly increasing industrial and household consumption requirement. The Nigerian government in its 1999 budget announced the liberalization trade in vegetable oils after 12 years of import ban. This has created opportunities for the imports of about 200,000 tons of vegetable oil per year.

Includes PSD changes: Yes

Includes Trade Matrix: No

Annual Report

, NI

<< Table of Contents will generate here >>

Production

Palm oil production is slowly expanding due to price incentives which have fostered investment in oil palm plantations and crushing plants. More people are becoming aware of the potential in the palm and therefore, more farms are being planted or developed. Nigeria's oil palm production is forecast to increase by 6 percent from the revised 1998 estimate of 760,000 tons. Post has revised upwards previous years' data based on more reliable data available from the Oilseed Association of Nigeria (OSAN). The increased production is predicated on improved management of the now privatized state owned estates.

A larger part Nigeria's palm oil production is processed from the low yielding traditional dura variety found in wild groves. The improved tenera variety which can only be found in the organized farms has at least twice the fresh fruit bunch yield per hectare as the dura. The key to stimulating growth in palm oil production, in the near term to meet demand is increased exploitation of existing wild groves which constitute the bulk of Nigeria's palm oil production. Long term, improved and expanded estate management is a crucial factor.

Despite the existing attractive price incentives, Nigeria's productive capacity is constrained by low yields even on the organized estates as well as the under exploitation of the wild groves because of harvesting problems. Under the best cultural practices Nigerian estates can achieve 13 tons fresh fruit bunches(ffb) per hectare. But average yields on the estates is 9 tons per hectare. This is low compared to yields of 25 tons obtainable in Malaysia. The low yield is due largely to water deficits in Nigeria because of its distinct wet and dry seasons, which do not allow the trees to bear fruit continuously. In addition, high cost and in some cases scarcities of required fertilizers limit their usage to boost yields.

Meanwhile, the government-sponsored National Accelerated Industrial Cash Crop Program has continued to encourage smallholder palm production. The program, which is supported by the World Bank, is designed to encourage increased small holder planting of improved varieties. In recent times the Petroleum Trust Fund (PTF) joined the campaign by subsidizing seedlings for smallholder farmers.

Consumption

An independent survey conducted by OSAN has estimated Per capita consumption of all oil in Nigeria at 20.5 kg for Nigeria's 107 million people, which is about the highest in the subregion. Domestic production of palm oil and palm kernel oil continues to lag behind the domestic consumption requirement by an estimated 200,000 and tons annually. The shortfall coupled with an import ban on all oilseeds and oils pushed prices of all grades of vegetable oils up significantly.

However the Government (GON) in its 1999 budget announced the lifting of the import ban on vegetable oil which had been in effect since 1986. It is expected that the liberalization of vegetable oil trade will have a moderating effect on prices, as some formal imports especially of

palm oil are expected during the year to offset the domestic production shortfall. Palm oil and palm kernels were once very vital to Nigeria's export trade and today still makes up more than 60 percent of domestic oilseed consumption. Beginning in 1985 however, Nigeria became a net importer of palm oil and other vegetable oils.

The combined milling capacity of oil palm mills in Nigeria is estimated at 2,897 tons ffb per hour. Field investigations indicate that most mills are operating under capacity largely because they are unevenly distributed in the palm belt and are grossly inadequate to process palm fruits available from the vast wild groves. The bulk of the fresh fruit bunches is often processed in cottage style industry exhibiting low oil extraction efficiencies.

Ironically, while palm oil processing capacities are inadequate, down stream palm kernel crushing and oil refining enjoy surplus capacities because of low risk and perceived quick returns on investment. The current installed palm kernel crushing and refining capacity are in excess of 600,000 tons, which far exceeds total domestic production, estimated at 350,000. Competition among palm kernel crushers is keen and capacity utilization is low at 55 percent. Soybeans which provide a ready substitute for the crushers were in short supply during the last season because of reduced production. Anecdotal reports suggest that the refineries will import some palm oil to increase capacity utilization to meet domestic demand.

Trade

Nigeria's liberalized pricing of palm oil, thriving demand and supply shortfalls have ensured a steady increase in prices of palm oil. Palm oil producers have since 1985 enjoyed non-price incentives from an import ban on oilseeds and oils, which created a thriving local market with favorable prices. Refined palm olein currently sells at 106,000 Naira(\$1,200) per metric ton.

Other incentives to palm production include: concessionary duties on imported agricultural machinery, availability of palm seedlings at subsidized rates and the provision of extension services to small-holders.

Marketing

Despite the recognized shortfall in vegetable oil production, the GON maintained an import ban on all oils. The liberalization of trade vegetable oil trade after almost twelve years has created opportunities for the importation of about 200,000 tons to make up for the short fall in domestic production.

Exchange rates: US\$1 = 86 Naira

PSD Table							
Country:		Nigeria					
Commodity:		Oil, Palm					
		1997		1998		1999	UO
	Old	New	Old	New	Old	New	
Market Year Begin		10/1997		10/1998		10/1999	(MONT
Area Planted		2605	2610	0	2610	0	2610 (1000 H
Area Harvested		2600	2605	0	2605	0	2605 (1000 H
Trees		260000	260000	260000	260000	0	260000 (1000 T
Beginning Stocks		20	20	20	20	20	20 (1000 M
Production		600	650	590	760	0	800 (1000 M
MY Imports		200	120	210	120	0	160 (1000 M
MY Imp. from U.S.		0	0	0	0	0	0 (1000 M
MY Imp. from the EC		0	0	0	0	0	0 (1000 M
TOTAL SUPPLY		820	790	820	900	20	980 (1000 M
MY Exports		0	20	0	0	0	0 (1000 M
MY Exp. to the EC		0	20	0	0	0	0 (1000 M
Industrial Dom. Consum.		190	160	200	180	0	200 (1000 M
Food Use Dom. Consump.		610	590	600	700	0	760 (1000 M
Feed Seed Waste Dm.Cn.		0	0	0	0	0	0 (1000 M
Total Dom. Consumption		800	750	800	880	0	960 (1000 M
Ending Stocks		20	20	20	20	0	20 (1000 M
TOTAL DISTRIBUTION		820	790	820	900	0	980 (1000 M
Calendar Year Imports		0	0	0	0	0	0 (1000 M
Calendar Yr Imp. U.S.		0	0	0	0	0	0 (1000 M
Calendar Year Exports		0	0	0	0	0	0 (1000 M
Calndr Yr Exp. to U.S.		0	0	0	0	0	0 (1000 M
					TS<>TD		
					20		
Export Trade Matrix							
Country:	Nigeria	Units:	Tons				
Commodity:	Oil, Palm						
Time period:							
Exports for	1997		1998				
U.S.	0	U.S.	0				
Others		Others					
N/A							

[illegible]

[illegible]

PSD Table							
Country:	Nigeria						
Commodity:	Palm Kernel						
		1997		1998		1999	UOM
	Old	New	Old	New	Old	New	
Market Year Begin		10/1997		10/1998		10/1999	(MONTH)
Area Planted	2610	2610	2610	2610	0	2610	(1000 HA)
Area Harvested	2605	2605	2605	2605	0	2605	(1000 HA)
Trees	260000	260000	260000	260000	0	260000	(1000 TR)
Beginning Stocks	10	10	10	10	10	10	(1000 MT)
Production	250	330	250	350	0	350	(1000 MT)
MY Imports	0	0	0	0	0	0	(1000 MT)
MY Imp. from U.S.	0	0	0	0	0	0	(1000 MT)
MY Imp. from the EC	0	0	0	0	0	0	(1000 MT)
TOTAL SUPPLY	260	340	260	360	10	360	(1000 MT)
MY Exports	0	0	0	0	0	0	(1000 MT)
MY Exp. to the EC	0	0	0	0	0	0	(1000 MT)
Crush Dom. Consumption	250	330	250	350	0	350	(1000 MT)
Food Use Dom. Consump.	0	0	0	0	0	0	(1000 MT)
Feed Seed Waste Dm.Cn.	0	0	0	0	0	0	(1000 MT)
Total Dom. Consumption	250	330	250	350	0	350	(1000 MT)
Ending Stocks	10	10	10	10	0	10	(1000 MT)
TOTAL DISTRIBUTION	260	340	260	360	0	360	(1000 MT)
Calendar Year Imports	0	0	0	0	0	0	(1000 MT)
Calendar Yr Imp. U.S.	0	0	0	0	0	0	(1000 MT)
Calendar Year Exports	0	0	0	0	0	0	(1000 MT)
Calndr Yr Exp. to U.S.	0	0	0	0	0	0	(1000 MT)
					TS<>TD		
					10		

PSD Table							
Country:	Nigeria						
Commodity:							
		1997		1998		1999	
	Old	New	Old	New	Old	New	
Market Year Begin		10/1997		10/1998		10/1999	(M)
Crush	250	330	250	350	0	350	(1000 MT)
Extr. Rate, 999.9999	0.576	0.4848485	0.56	0.4714286	ERR	0.4857143	
Beginning Stocks	20	20	20	20	10	20	(1000 MT)

Production	144	160	140	165	0	170	(1
MY Imports	0	0	0	0	0	0	(1
MY Imp. from U.S.	0	0	0	0	0	0	(1
MY Imp. from the EC	0	0	0	0	0	0	(1
TOTAL SUPPLY	164	180	160	185	10	190	(1
MY Exports	134	145	140	150	0	155	(1
MY Exp. to the EC	134	145	140	150	0	155	(1
Industrial Dom. Consum	0	0	0	0	0	0	(1
Food Use Dom. Consump.	0	0	0	0	0	0	(1
Feed Waste Dom.Consum.	10	15	10	15	0	15	(1
Total Dom. Consumption	10	15	10	15	0	15	(1
Ending Stocks	20	20	10	20	0	20	(1
TOTAL DISTRIBUTION	164	180	160	185	0	190	(1
Calendar Year Imports	0	0	0	0	0	0	(1
Calendar Yr Imp. U.S.	0	0	0	0	0	0	(1
Calendar Year Exports	0	0	0	0	0	0	(1
Calndr Yr Exp. to U.S.	0	0	0	0	0	0	(1
					TS<>TD		
					10		
PSD Table							
Country:	Nigeria						
Commodity:							
		1997		1998		1999	
	Old	New	Old	New	Old	New	
Market Year Begin		10/1997		10/1998		10/1999	(M
Crush	250	330	250	350	0	350	(1
Extr. Rate, 999.9999	0.48	0.4242424	0.456	0.4	ERR	0.4285714	
Beginning Stocks	10	10	10	10	10	10	(1
Production	120	140	114	140	0	150	(1
MY Imports	0	0	0	0	0	0	(1
MY Imp. from U.S.	0	0	0	0	0	0	(1
MY Imp. from the EC	0	0	0	0	0	0	(1
TOTAL SUPPLY	130	150	124	150	10	160	(1
MY Exports	0	0	0	0	0	0	(1
MY Exp. to the EC	0	0	0	0	0	0	(1
Industrial Dom. Consum	50	45	25	42	0	45	(1
Food Use Dom. Consump.	70	95	89	98	0	105	(1

Feed Waste Dom.Consum.	0	0	0	0	0	0	(1
Total Dom. Consumption	120	140	114	140	0	150	(1
Ending Stocks	10	10	10	10	0	10	(1
TOTAL DISTRIBUTION	130	150	124	150	0	160	(1
Calendar Year Imports	6	0	6	0	0	0	(1
Calendar Yr Imp. U.S.	0	0	0	0	0	0	(1
Calendar Year Exports	0	0	0	0	0	0	(1
Calndr Yr Exp. to U.S.	0	0	0	0	0	0	(1
					TS<TD		
					10		

Export Trade Matrix							
Country:	Nigeria	Units:	Tons				
Commodity:	Palm Kernel						
Time period:	1998						
Exports for	1997		1998				
U.S.		U.S.					
Others		Others					
No Exports							
Total for Others	0		0				
Others not listed							
Grand Total	0		0				

Prices Table							
Country:	Nigeria						
Commodity:	Palm Kernel						
Year:	1998						

Prices in (currency)	Naira	per (uom)	Ton				
Year	1997	1998	% Change				
Jan	16,000	27,000	68.8%				
Feb	17,000	21,500	26.5%				
Mar	16,500	22,500	36.4%				
Apr	17,500	21,500	22.9%				
May	18,000	21,000	16.7%				
Jun	16,500	21,500	30.3%				
Jul	18,400	23,500	27.7%				
Aug	21,100	26,200	24.2%				
Sep	21,500	25,900	20.5%				
Oct	25,300	28,600	13.0%				
Nov	30,000	31,300	4.3%				
Dec	24,300	32,300	32.9%				
Exchange Rate	86/1	(Local currency/US \$)					
Date of Quote	02-Feb-99	(MM/DD/YY)					
Please do not modify this page							
Country							
Commodity:	2232000	0813800	4244000				
HS Code:							

[illegible]