

**Voluntary Report** – Voluntary - Public Distribution

**Date:** June 03, 2025

**Report Number:** NI2025-0012

**Report Name:** Overview of the Dairy Market and US Export Opportunities

**Country:** Nigeria

**Post:** Lagos

**Report Category:** Dairy and Products, Market Development Reports

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**Report Highlights:**

While Nigeria has a long history of subsistence-based milk production, urbanization is driving increased consumption of non-traditional dairy products. In 2024, most of the \$267 million in dairy product imports entered as powdered milk and cream, which are then reconstituted into diverse dairy products. The market is price-sensitive, so importers prefer fat-filled (i.e., blended with vegetable fats) milk powder due to its favorable retail price. U.S. exporters may find opportunities to supply powdered milk, infant formula, whey protein, lactose, and other specialty dairy ingredients to food processors. This report provides an overview of Nigeria's dairy industry and describes market opportunities for U.S. exporters.

## **Industry Structure**

Nigeria's dairy sector is dominated by a large informal sub-sector of pastoralists and a smaller but expanding formal sub-sector driven by local processors and multinational companies. The informal sector involves traditional systems of production, processing, and marketing. Pastoralists, usually from the Fulani tribe of northern Nigeria, control at least 95% of the dairy cow population. Pastoralists are usually nomadic herdsman who lead their cattle to pasture and water. Milk output for cattle in this system typically ranges from 0.5 to 1 liter per cow per day, which can be higher during the rainy season when pasture and water are more available. Milk produced within this traditional system usually undergoes local processing into sour milk, sour yogurt, local butter, and soft cheese, and is sold mostly around Fulani settlements.

While smaller overall, the formal sector consists of local and multinational companies who typically combine local milk collection and imports to process dairy products. It is estimated that these commercial enterprises manage just 5% of Nigeria's dairy cow population. Dairy processing facilities exist throughout the country, most of which are urban-based and collect milk from Fulani clusters or settlements for processing. Dairy processors access raw milk through a commercial milk production operation and/or access to local cooperatives or independent aggregators. Importers who reconstitute milk products have their processing facilities in or around Lagos due to proximity to seaports.

According to [Nigeria's latest Dairy Development Policy](#), milk is the most popular dairy product consumed, accounting for 61% of turnover. Other products include yogurt, cheese, and butter. Nigerian cattle contribute approximately 570 million liters to annual milk supply out of the estimated 1.6 billion liters required to meet demand. The [Policy](#) estimated that 60% of dairy products are imported to fill this supply deficit.

### *Backward Integration Policy*

Like many commodities, the government of Nigeria has encouraged dairy importers to implement backward integration plans whereby the company commits to processing locally produced milk and in exchange the government does not constrain them from importing. [The 2023-2028 Dairy Development Policy](#) called for powdered milk importers to introduce 5% local content annually to ensure at least 50% local content sourcing would be achieved within 10 years as part of the government's objective to "encourage aggressive import substitution." Plans can take different forms and are rarely made public, however typically dairy companies might commit to setting up local dairy farms or collection centers, provide training for small producers, or invest in milk processing infrastructure. The government rarely forces companies to strictly adhere to its backward implementation plans, and industry contacts note that the impact on trade is less than envisioned. However, OAA-Lagos notes that policy uncertainty can act

as an entry barrier<sup>1</sup> favoring the few larger integrated dairy companies who have the financial resources to combine importation with domestic production.

### Dairy Market Trends

Processors and reconstituted milk producers usually serve as the major dairy importers. In urban markets, the most popular imported products are powdered milk, baby formula, packaged liquid milk, yogurt, ice cream, cheese and butter.

Powdered milk is widely consumed due to its shelf stability and convenience. Inadequate cold chain and intermittent household power supply are the two main factors driving greater consumption in powdered milk compared to fresh milk. Milk powder blended with vegetable fats, also known as fat-filled milk powder, dominates powdered milk retail. Importers (Table 1) prefer fat-filled milk powder due to its favorable retail price compared to skim and whole milk powder. This dynamic is driven by weak consumer purchasing power and a lack of consumer awareness of the difference between fat-filled and pure milk powders. Yogurts and flavored milk drinks are popular in urban areas. Infant formulas remain essential, given the country's high birth rate. Whey protein and lactose are mostly used by processors for infant formulas and nutritional beverages. Cheese and butter, though still niche, are used mainly in the hospitality and fast-food sectors.

**Table 1. Popular Dairy Brands in Nigeria**

Company	Popular Brand(s)	Likely Import Interest(s)
FrieslandCampina WAMCO	Peak and Three Crowns milk	Powdered milk, condensed milk, whey, lactose, butter milk, and yogurt
Arla Foods	Dano milk	Powdered milk, condensed milk, butter, cheese
Promasidor Nigeria	Cowbell and Loya milk	Powdered milk
Danone	Fan Milk	Powdered milk, flavored milk, butter milk, cheese, and yogurt
Nestle	Nido	Powdered milk and whey
CHI Ltd	Hollandia	Powdered and evaporated milk, and yogurt
Integrated Dairies	Farmfresh	Powdered milk and yogurt

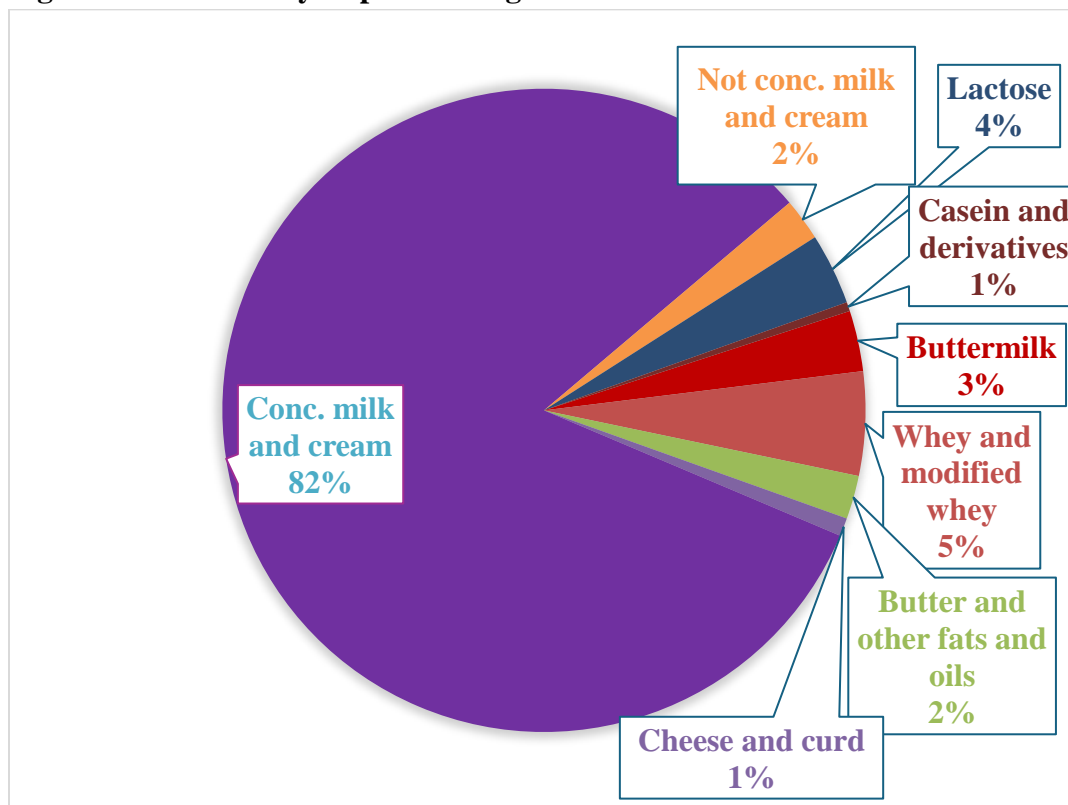
*Source: FAS-Lagos*

<sup>1</sup> An example of previously imposed market barriers: Between 2020 and 2024, Nigeria restricted the allocation of foreign exchange from official sources to import dairy products to only six companies. On March 12, 2024, the Central Bank of Nigeria (CBN) published a circular that superseded three previous CBN circulars, including one from February 2020 limiting the allocation of foreign exchange from official sources to import dairy products to only six companies. For more information about this obsolete policy, [see report NI2024-0003](#).

## Imports

Dairy imports are mostly concentrated milk and cream (including those containing vegetable oils and sweeteners), whey and modified whey, lactose, buttermilk, butter, and other fats and oils. Others include fluid milk and cream (without added sweeteners), cheese and curd, casein and casein derivatives (Figure 1).

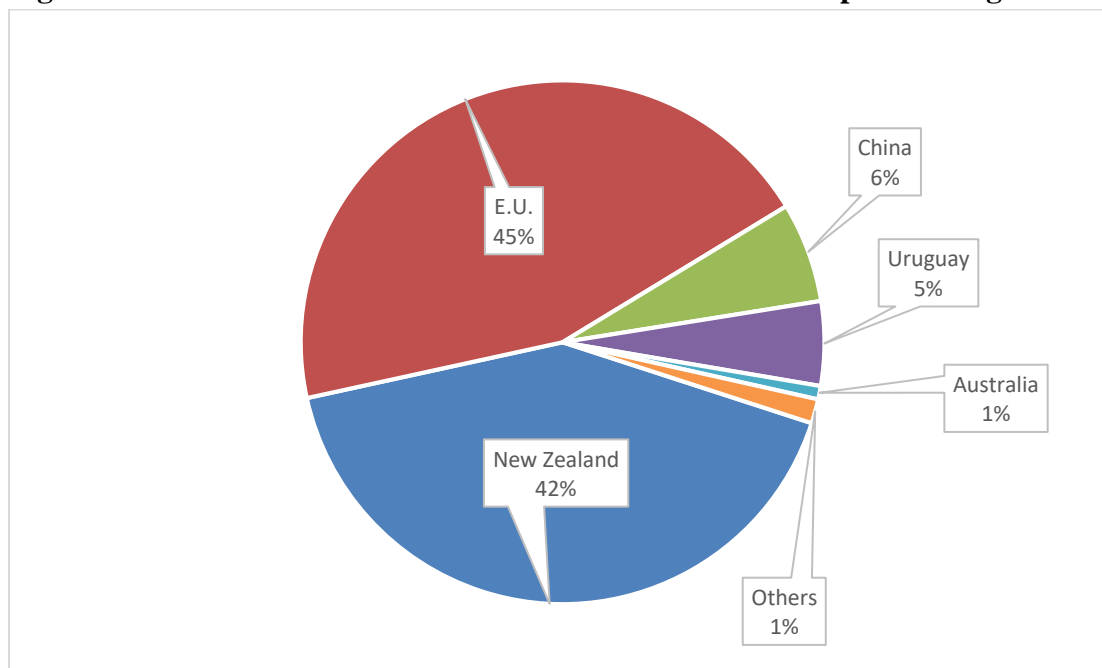
**Figure 1. World Dairy Exports to Nigeria in 2024**



*Source: Trade Data Monitor, Inc.*

The majority (about \$267 million) of dairy imports in 2024 were concentrated or sweetened milk and cream. Concentrated milk and cream in powder, granules, or other solid forms were mostly imported. These powdered or milk solids are then reconstituted into diverse dairy products. Sometimes the powder is mixed with water and branded liquid milk. The European Union (EU) and New Zealand are the largest suppliers of concentrated milk and cream to the market (Figure 2). This is attributed to price competitiveness of their offerings in addition to strong attachment of the major importers having corporate ties to the EU. According to contacts, some of the largest importers have dairy production channels in the EU from where they export to their facilities in Nigeria. The value of U.S. exports of concentrated milk and cream was about \$800,000, less than 0.5% of world exports.

**Figure 2. Market Share of Concentrated Milk and Cream Exports to Nigeria in 2024**



*Source: Trade Data Monitor, Inc.*

Whey and modified whey valued at about \$17 million was exported to Nigeria in 2024, a 200% increase compared to 2023. The United States exported whey valued at about \$3 million, or 20% of total exports in 2024. Lactose in solid form and lactose syrup valued at about \$7 million was exported to Nigeria in 2024, a 48% increase compared to 2023. Buttermilk in powder valued at about \$9 million was exported to the country in 2024, a 68% increase compared to the previous year. Increasing demand for whey, lactose, and buttermilk in food processing and beverage industries is being driven by western-style quick service restaurants and consumer demand for healthier meal replacement products.

### **Opportunities for U.S. Exporters**

U.S. exporters can take advantage of increasing dairy consumption to export powdered milk and infant formula. In addition, there is strong potential for U.S. exporters to supply whey protein for local production, lactose, and other specialty ingredients for infant food, sports nutrition, and bakery industries. There could be opportunities for cheese varieties (e.g., mozzarella) tailored for quick service restaurants, and hotels. Most yogurt processors usually source their yogurt and other sour milk products locally, while some import yogurt culture.

U.S. exporters may consider food processors who require dairy ingredients as raw materials and indigenous dairy processors as the best prospects. Some multinationals in Table 1 have strong corporate attachments to the EU, and might consider U.S. exports only for specialty ingredients and when U.S. exports offer a compelling price advantage over EU products. U.S. exporters may meet Nigerian

business contacts at the [Global Dairy Congress Africa](#) and trade shows such as Gulfood Dubai, Anuga in Germany, and SIAL in France or China. For more information about Nigeria's dairy sector and export opportunities, U.S. exporters may contact the [Office of Agricultural Affairs in the U.S. Consulate Lagos](#).

**Attachments:**

No Attachments.