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## **Report Name:** Grain and Feed Annual

**Country:** Nigeria

**Post:** Lagos

**Report Category:** Grain and Feed

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### **Report Highlights:**

Rice import for MY 2022/23 is forecast to increase by 12 percent as political campaigns and electoral activities leading up to the general election in 2023 gear up. A 4 percent marginal increase in wheat imports is envisioned as the Russia/Ukraine crisis prolongs. High flour mill operating costs will negatively impact the price of flour. Nigerians are price sensitive especially regarding inelastic consumer products such as bread. Multiple stakeholder partnerships are making inroads into wheat production in Nigeria. However, these partnerships face serious yield and yield stability challenges. Meanwhile, resettlement programs for internally displaced people in the northeast are projected to positively influence increase in rice, corn, and sorghum cultivation while farmers access to their fields improve slowly.

## MARKET OVERVIEW

Nigeria is Africa's largest economy and a major oil producer. Oil and gas exports account for about 11 percent of the national Gross Domestic Product (GDP), 95 percent of total export earnings, and about 85 percent of the country's total revenue. (GDP grew by 4.2 percent, year-on-year, in the third quarter according to the National Bureau of Statistics (NBS). In January 2022, the World Bank pointed out that the economy is slowly transitioning to full recovery - largely attributed to the full resumption of economic activities after the end of COVID-19 restrictions. Furthermore, the World Bank noted that the economy is projected to grow by 2.5 percent in 2022 and 2.8 percent in 2023. Nigeria has a predominantly youth population, but the country is on the cusp of a growing elderly population – the latter is due to longer life expectancy.

In December 2021, the Government of Nigeria (GON) launched the National Development Plan (2021-2025). The plan was formulated specifically to tackle existing development challenges confronting the country – especially addressing farmers' need in the short, medium, and long terms. The plan sets targets and identifies priority areas - especially addressing gaps in infrastructure, macroeconomic stability, social investment, and adaptation to climate change. The plan recognizes lessons learned and builds on the foundation developed in previous plans – for example, Vision 20:2020, the Economic Recovery and Growth Plan (ERGP) and the Economic Sustainability Plan (ESP).

The plan also outlines the central role that food security plays in the country's growth and development. The government and various stakeholders have identified food insecurity as a major challenge – especially the fragile state of cereal production. Food security is a prerequisite for development, but the global experience confirms that sufficient food supply alone is not enough. Dietary diversity, food quality, maternal knowledge, caring practices for young children, access to health services, water and sanitation and other public health measures have proven to be indispensable.

The agriculture sector's growth declined slightly to 1.6 percent in the first nine months 2021 - from 1.7 percent during the same period in 2020. The agriculture sector's declining growth is due to low productivity, unavailability, and high cost of inputs, heightened post-harvest losses due to poor logistics and insecurity across the country. Currently, the security situation is improving in the northeastern part of the country with declining cases of violence against farmers. A network of militias and local farmers continue to limit the insurgents to the fringe of Lake Chad and attacks on soft targets. The improvement in security is revitalizing food production especially grains. The State Governors are clearing lands for the farmers to increase production - especially households that are returning to their communities from camps for internally displaced people (IDP).

On the international front, the conflict in Ukraine could threaten Nigeria's food security posture. Nigeria imports low quality wheat from Russia and other surrounding Black Sea countries. The escalation of the crisis could lead to increase in wheat import prices, which could have a multiplier effect on the price wheat-based products – most importantly breads, noodles, and biscuits. The Foreign Trade Data Publication released by the National Bureau of Statistics (NBS) stated that Nigeria imported \$2.45 billion worth of wheat as of 2021. According to the NBS. The top sources of wheat to Nigeria in 2021 include - USA - \$588.6 million; Canada - \$432.09 million, UAE – \$421.19 million, Lithuania - \$397.5 million; Russia - \$298.7 million, Latvia - \$279.2 million and Estonia - \$61.2 million.

## WHEAT

### Production, Supply and Distribution Table

Wheat Market Year Begins Nigeria	2020/2021		2021/2022		2022/2023	
	Jul 2020		Jul 2021		Jul 2022	
	USDA Official	New Post	USDA Official	New Post	USDA Official	New Post
Area Harvested (1000 HA)	50	50	80	80	0	120
Beginning Stocks (1000 MT)	298	298	789	789	0	629
Production (1000 MT)	55	55	90	90	0	160
MY Imports (1000 MT)	6586	6586	6200	6200	0	6500
TY Imports (1000 MT)	6586	6586	6200	6200	0	6500
TY Imp. from U.S. (1000 MT)	1474	1474	0	1600	0	2200
Total Supply (1000 MT)	6939	6939	7079	7079	0	7289
MY Exports (1000 MT)	600	600	600	600	0	700
TY Exports (1000 MT)	600	600	600	600	0	700
Feed and Residual (1000 MT)	50	50	50	50	0	60
FSI Consumption (1000 MT)	5500	5500	5800	5800	0	6000
Total Consumption (1000 MT)	5550	5550	5850	5850	0	6060
Ending Stocks (1000 MT)	789	789	629	629	0	529
Total Distribution (1000 MT)	6939	6939	7079	7079	0	7289
Yield (MT/HA)	1.1	1.1	1.125	1.125	0	1.3333

(1000 HA) ,(1000 MT) ,(MT/HA)  
 MY = Marketing Year, begins with the month listed at the top of each column  
 TY = Trade Year, which for Wheat begins in July for all countries. TY 2022/2023 = July 2022 - June 2023

### PRODUCTION

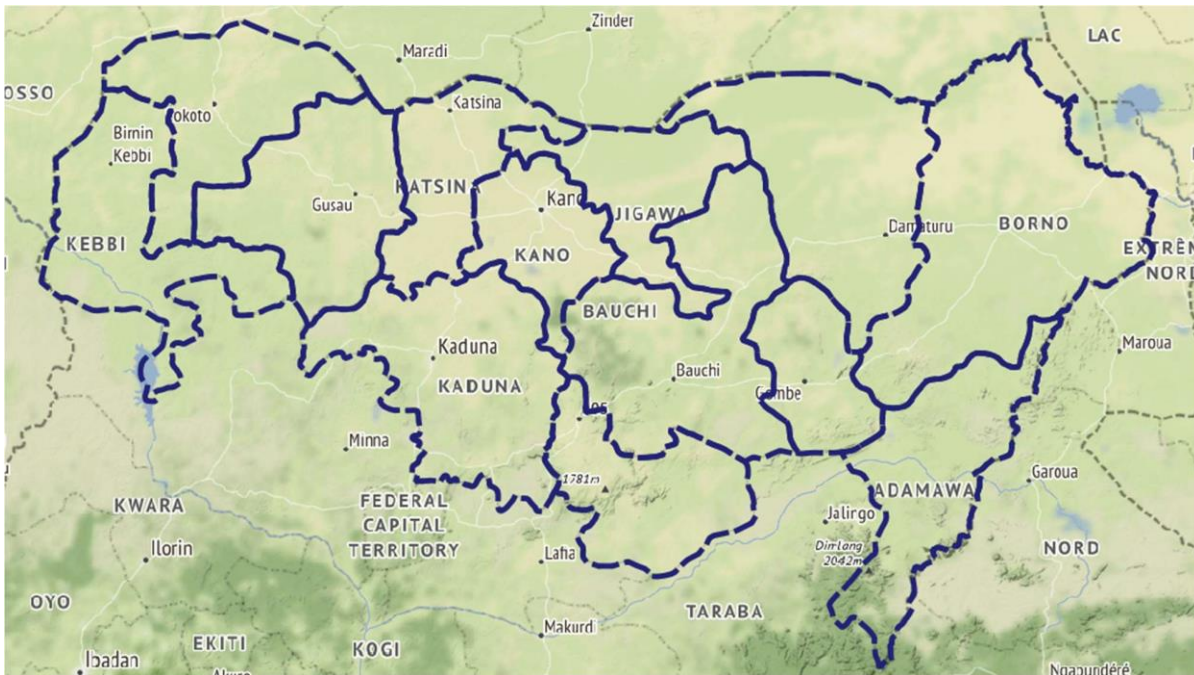
FAS Lagos (Post) forecasts an uptick of more than 70 percent in wheat production for MY 2022/23. The area harvested during the marketing year is expected to increase by 50 percent compared to MY2021/22. These figures (area harvested and production) will include the addition of both dry and wet season wheat farming. Rainfed wheat has been successfully grown in Nigeria's three highlands - Gembu (Taraba State), Jos (Plateau State) and Obudu (Cross River State). Wheat production in Nigeria is experiencing renewed attention from the government, the African Development Bank, and researchers. These efforts are paving the way for Nigeria to achieve self-sufficiency in wheat production. The Central Bank of Nigeria through its Anchor Borrowers Program (ABP) is collaborating with the Wheat Farmers Association of Nigeria (WFAN) to extend wheat production from 5 states to 15 states. The bank provides loans to support the farmers and gives seeds (with short gestation period) imported from Mexico to assist the farmers. The heat resistant seeds (13,000 metric tons) imported last year by CBN have undergone multiplication in Jos, Plateau State and ready to be distributed to the farmers. Yield per hectare is forecast to improve by 18 percent (1.3mt/ha) as compared to (1.125mt/ha) reported for MY2021/22.

Similarly, the Federal Ministry of Agriculture released 1,035 metric tons (MT) of seeds and other inputs to farmers in the northern states in late December 2021. The Ministry acknowledges that the high cost of wheat production placed Nigerian wheat at a disadvantaged position when compared to imported wheat. The variety distributed (Atila) by the government is very common among the farmers and it's well accepted by wheat millers.

Private companies including Olam Flour Mills in tandem with other research institutes such as the Lake Chad Research Institute (LCRI), and International Center for Agricultural Research in the Dry Areas (ICARDA) have set up a N300 million (US \$720,000) 10-year community seed project (heat tolerant variety) for Nigerian farmers to increase production of wheat and to strengthen agricultural production in northern Nigeria's wheat farming belt.

In February 2023, the Minister of Agriculture along with senior officials from the Africa Development Bank (AfDB) visited Ethiopia and Sudan - to assess the performance of a wheat project being financed by AfDB under the Technologies for African Agricultural Transformation (TAAT). The Government of Nigeria is considering setting up a technical team to replicate this project in Nigeria. However, consistent government support and policy implementation could pose serious challenges for such a project - the current administration has a year left in office.

**Figure 1: Wheat Producing Areas**



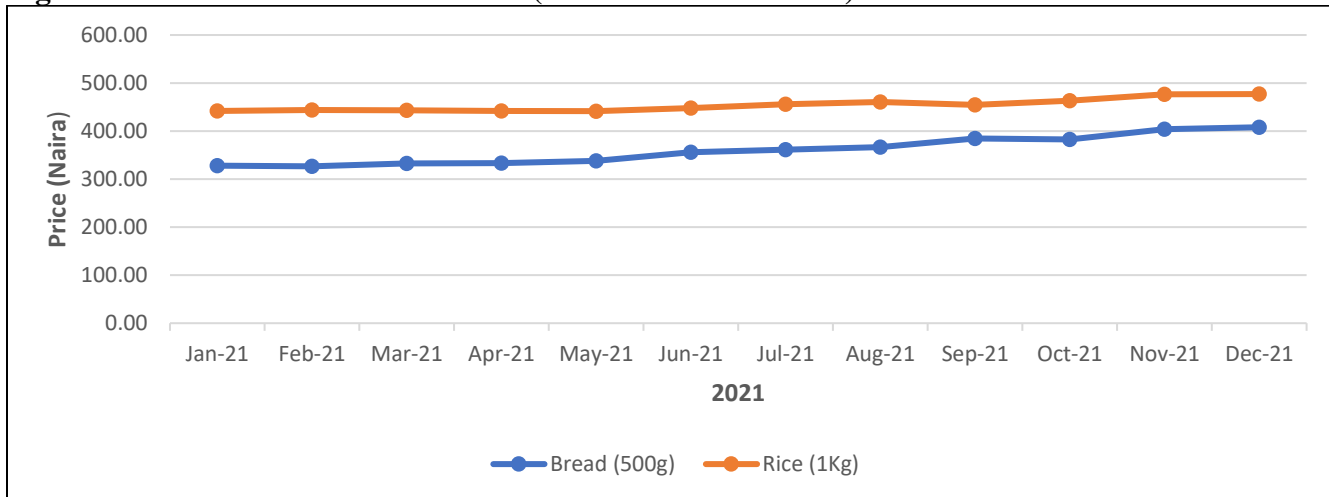
Source: National Bureau of Statistics (NBS)

## CONSUMPTION

Nigeria's wheat consumption is projected to increase by 3.5 percent in MY2022/23. Wheat is the third most consumed grain in Nigeria after corn and rice. The country's population growth is driving consumption. Currently, Nigeria's population is strongly skewed toward youth and urban areas. Nigeria's urban population has grown steadily from 18.2 to 52 percent of the total population over the past 50 years.

Over the past two years, Nigerian households have paid more for a range of staples – rice, varied forms garri products, yam, noodles, and bread. However, bread price hikes have been lower than overall food inflation. As a result, in June 2021, the Association of Master Bakers and Caterers of Nigeria (AMBCN) ordered its members to increase prices of bread and other products by 30 per cent due to the prevailing economic situation in the country. Meanwhile, a prolonged crisis in Ukraine will further put bread out of reach of the masses and will force more bakeries to go out of business due to high operational costs – amid low consumer purchasing power.

**Figure 2: Bread and Rice Price Trend (Jan to December 2021)**



**Source: National Bureau of Statistics (NBS)**

In 2021, the flour milling sector experienced a major consolidation. The largest flour milling company – Flour Mills of Nigeria Plc acquired majority shareholding stake in its major competitor – Honeywell Flour Mills Plc. Flour Mills of Nigeria Plc is the largest flour milling company in Nigeria. The deal helped Flour Mills of Nigeria get bigger to reduce cost and reach more consumers. Currently, the company has an installed flour milling capacity of about 12,000 metric tons per day. It has the largest single-site flour mill located near Nigeria’s biggest Port. Honeywell Flour Mills Plc has about 2,500 metric tons per day flour milling capacity. The two companies offer similar products and have a combined market share of 70 percent.

In general, the large flour mills owned by FMN, Honeywell, BUA and Olam are highly integrated – efficient purchasing, transporting, and processing systems strengthen their competitive advantages. FMN, Honeywell and BUA are consistent buyers of high-quality U.S. wheat.

## TRADE

### *Imports*

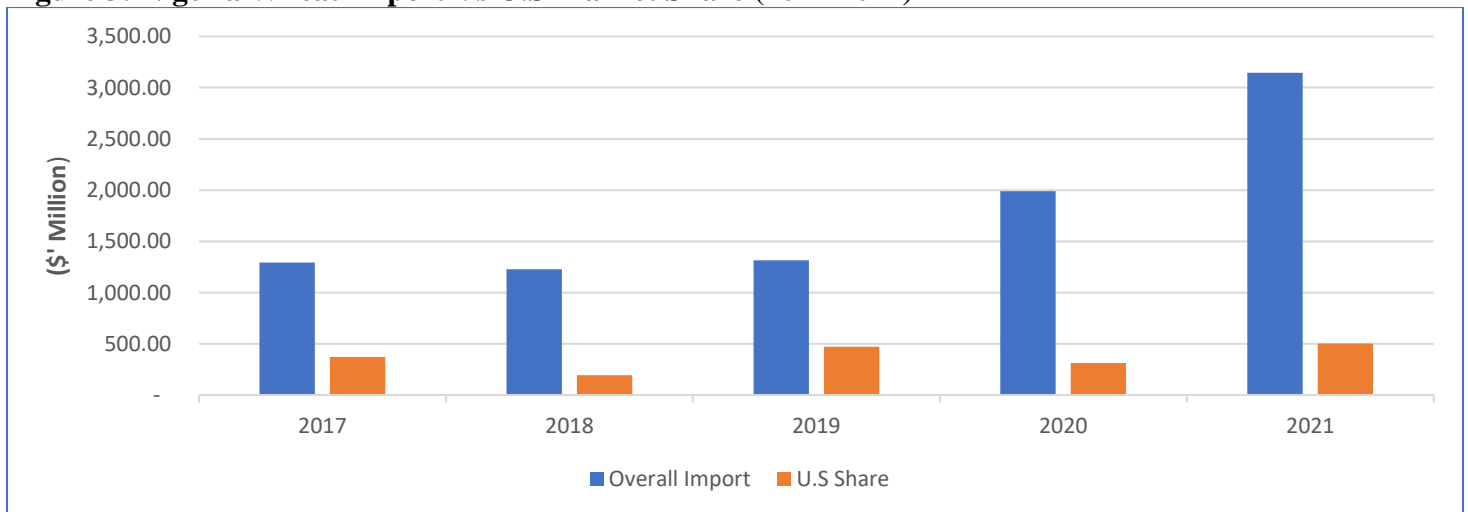
FAS Lagos forecast MY2022/23 wheat imports at 6.5 million metric tons (MMT), a 5 percent increase compared to MY2021/22 USDA figure. Currently, bakers identify the scarcity of foreign exchange as the primary reason for the high cost of flour. Many wheat importers are sourcing their foreign exchange especially dollars from the parallel market – about 30-35 percent more than the official rate.

The conflict in Ukraine has resulted in surging global wheat prices. Senior executives at several Nigerian wheat milling companies report increase prices already. Nigeria imports more than 50% of its wheat requirement from Russia and other black sea countries. To reduce the domestic price of wheat flour and sustain profitability, most Nigerian flour mills buy cheaper wheat from Russia, Latvia, and Lithuania. Mills are enhancing their practices of blending cheaper, low-quality wheat with more expensive high-quality Hard Red Winter from the United States.

Amid the current global wheat situation, the Nigerian government is pushing the self-sufficiency narrative. The government points out that the country faces two choices - to either invest massively in backward integration in the wheat production and boost wheat self-sufficiency, or – to look at alternative import sources - away from Russia, Ukraine, and the Black Sea region. The former will take time as population growth and consumption outpaces production. The latter is feasible, but it will lead to high cost of wheat derivatives especially bread, which is an important staple food in Nigeria

FAS Lagos forecasts wheat importation from the United States to increase by more than 30 percent for MY2022/23 figure. With the crisis in Ukraine and distortions in the global supply chain, Nigerian millers might likely turn to the United States and possibly Canada for wheat supply. Meanwhile, a protracted Ukraine crisis could increase the likelihood of transshipment through UAE.

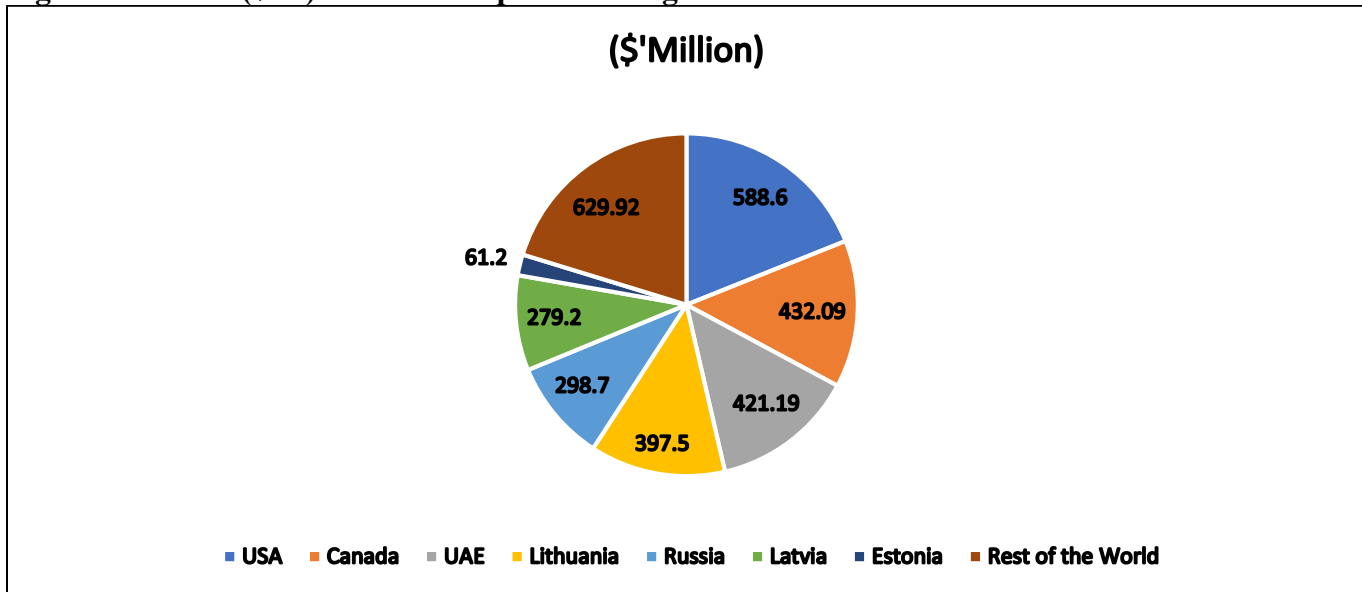
**Figure 3: Nigeria Wheat Import Vs U.S Market Share (2017-2021)**



**Source: National Bureau of Statistics (NBS)**

**Exchange rate: 2017-2019 (\$ = N305), 2020 (\$ = N380) and, 2021 (\$ =N410)**

**Reporting Period – Calendar year**

**Figure 4 – Value (\$'m) of Wheat Imported to Nigeria in 2021**

**Source: National Bureau of Statistics.**

**\*UAE = Transshipments**

**Reporting Period – Calendar year**

## Exports

Currently, Nigeria does not export wheat, even with increased production growth this year. However, there are informal sale outflows of Nigerian wheat flour through major trade centers in northern Nigeria into landlocked neighboring Sahel countries. This practice has increased amid Nigeria's currency devaluation, which is resulting in attractive prices. Nigeria's locally planted durum wheat has coarse texture - usually not preferred by commercial bakers. Flour millers usually sell domestic wheat flour to locals who use it to make staple foods such as Taliya and Gurasa. Wheat consumption is very common in Nigeria's northern region – including areas extending into Chad, Niger, and Cameroon.

## POLICY

Nigeria is a net importer of wheat. The country imposes a 5 percent tariff on wheat imports, plus an additional 15 percent levy (earmarked for the national wheat development program) for a total 20 percent duty. Despite the preferences of Nigerian millers for imported wheat, there is a constant government focus on reducing wheat imports by 50 percent. Notably, the Ministry of Agriculture and the central bank have underscored their commitments to reduce wheat imports, enhance food security, and conserve foreign exchange. The central bank is working closely with flour millers on backward integration projects to enhance wheat self-sufficiency.

In Nigeria, central bank policies are used to curb food imports. In October 2021, the central bank hinted that wheat importers might be restricted from accessing foreign exchange. Meanwhile, the Flour Milling Association of Nigeria (FMAN) and Wheat Farmers Association of Nigeria (WFAN) continue to express their solidarity with the government's backward integration projects. Flour milling companies are investing in backward integration as a business diversifying strategy. Furthermore, the

government's backward integration strategy is also targeting farmers through outreach support to increase wheat yields.

In addition, last year, to support domestic wheat production, the central bank imported heat-tolerant, early maturing and high yielding wheat varieties. At the same time, the CBN partnered with FMAN in developing off-taking arrangements and seed multiplication projects,

## **STOCKS**

FAS Lagos forecasts MY2022/23 ending stocks at 529,000 metric tons (MT). Moreover, flour millers are only getting tranches of their foreign exchange transactions settled by the CBN. This situation has hampered milling companies' ability to maintain a high inventory of raw materials and finished products. The constant devaluation of local currency is affecting stocks daily as the gap between official exchange rate and parallel market is too wide. The central bank, which is the primary supplier of forex, has maintained a firm grip on dollars and has failed to narrow the approximately 30-40 percent spread between the official and parallel exchange rates.



## CORN

### Production, Supply and Distribution Table

Corn Market Year Begins Nigeria	2020/2021		2021/2022		2022/2023	
	Oct 2020		Oct 2021		Oct 2022	
	USDA Official	New Post	USDA Official	New Post	USDA Official	New Post
Area Harvested (1000 HA)	5500	5500	6000	6000	0	6250
Beginning Stocks (1000 MT)	222	222	122	122	0	272
Production (1000 MT)	10000	10000	11600	11600	0	12500
MY Imports (1000 MT)	300	300	200	200	0	100
TY Imports (1000 MT)	300	300	200	200	0	100
TY Imp. from U.S. (1000 MT)	1	1	0	0	0	0
Total Supply (1000 MT)	10522	10522	11922	11922	0	12872
MY Exports (1000 MT)	50	50	50	50	0	50
TY Exports (1000 MT)	50	50	50	50	0	50
Feed and Residual (1000 MT)	1650	1650	2000	2000	0	2500
FSI Consumption (1000 MT)	8700	8700	9600	9600	0	10000
Total Consumption (1000 MT)	10350	10350	11600	11600	0	12500
Ending Stocks (1000 MT)	122	122	272	272	0	322
Total Distribution (1000 MT)	10522	10522	11922	11922	0	12872
Yield (MT/HA)	1.8182	1.8182	1.9333	1.9333	0	2

(1000 HA) ,(1000 MT) ,(MT/HA)  
 MY = Marketing Year, begins with the month listed at the top of each column  
 TY = Trade Year, which for Corn begins in October for all countries. TY 2022/2023 = October 2022 - September 2023

### PRODUCTION

Corn accounts for the majority share of Nigeria's coarse grain production. FAS Lagos forecasts Nigeria's MY2022/23 corn production at 12.5 million metric tons (MMT), a roughly 8 percent increase compared to 11.6 million tons (MMT) MY2021/22. The Federal Ministry of Agriculture and Rural Development (FMARD) is driving corn production through its Agriculture for Food and Job Plan (AFJP), which is a component of the National Economic Sustainability Plan (NESP). The AFJP is geared towards creating 5 to 10 million jobs in agriculture through the provision of training (good agronomic practices) and loans at zero interest rate to the beneficiaries. In 2021, the scheme was able to support about 1.2 million farmers across the country. The bulk of farmers are into grain cultivation – corn, rice, and sorghum. FMARD is poised to increase the number of beneficiaries to 5 million by the end of 2022.

According to Nigerian Meteorological Agency (NiMet), rainfall characteristics (onset and cessation dates, length of season, rainfall amount) in 2022 are anticipated to be normal or near normal in most part of the country. These are pointers to good harvest in 2022. In Nigeria, corn production is rain-fed, and the planting season starts in mid-March through mid-June annually - March/April in the South and May/June in the North. The crop matures within 3 months of planting. Government military actions against the bandits and terrorists in both northwest and northeast continue and are helping farmers return to their fields. In August 2021, 1.75million internally displaced persons returnees in the northeast returned to their communities. The government is making land accessibility possible to attract previously displaced farmers back to farming – to actively engaged in crop production. The availability of early maturing corn has made it possible for farmers especially in the south and north central to plant two crop per year - early and late corn.

MY2022/23 area harvested is forecast to increase to 6.25 million hectares (MH), up by about 4 percent compared to 6.0 million hectares (MH) in MY2020/21. The high price of corn in the market is a motivating factor for farmers to increase production. MY2022/23 yield per hectare increased to 2 tons per hectare from approximately 1.93 tons per hectare recorded the previous years by USDA. FAS Lagos attributes the increased yields to the five years of GON's increased collaboration with National Agricultural Seeds Council, National Biotechnology Development Agency, agricultural research institutes, and reputable seed companies. This collaboration has focused on developing and introducing improved seeds to farmers. The seeds and seedlings are also resistant to the crop-destroying Fall Army Worm (*Spodoptera exempta*), which has constrained corn productivity across Nigeria and the entire West African region for more than five years. In addition, market sources report an increasing use of hybrid corn. The recently signed Plant Variety Protection (PVP) Law will allow the flow of new and improved varieties of seeds to the sector.

## CONSUMPTION

Post forecasts MY2022/23 consumption estimate at roughly 12.5 million metric tons (MMT), an estimated 7.8 percent increase compared to USDA's figure of 11.6 million metric tons (MMT) figure for MY2021/22.

Corn constitutes the staple meal for a significant number of Nigerians and is the most critical ingredient in producing animal and aquaculture feed. Nigeria's corn consumption occurs in the form of corn flour, confectionery, roasted corn, boiled, or prepared as porridge. Green (fresh) corn is also boiled or roasted on its cob and served as a snack. Household consumption accounts for 10-15 percent of total consumption, while the remainder goes towards food manufacturing. Over 20 percent of Nigeria's corn production goes into animal feed, especially for poultry feed. Nigeria's expanding poultry sector is expected to boost corn production and consumption. On the other hand, high domestic corn prices threaten Nigeria's poultry sector as consumers resist any increase in poultry product prices.

Prevailing higher corn prices are making it difficult for poultry farmers to survive in business. Poultry feed comprises about 60-65% of corn. High domestic corn prices are causing ripples across the poultry sector. Many small-scale poultry farmers are thinning out of production due to high feed price. According to the Poultry Association of Nigeria (PAN), poultry farmers who continue to operate are now concentrating on broiler production (meat) because of its short gestation period unlike egg production that takes longer period.

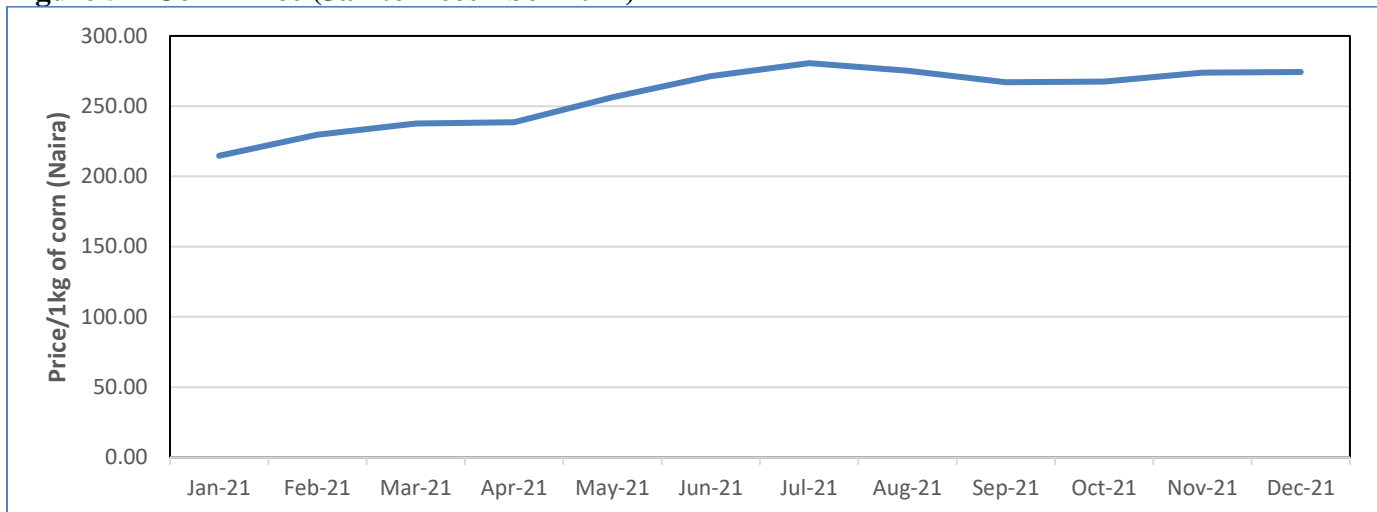
In addition, the USAID Feed the Future Nigeria collaborated with Nestle Nigeria Plc under the Nestle Maize Quality Partnership with the aim to enhance quality, safety, and transparency in Nigeria's grain supply chain through a whole-of-supply-chain approach. Nestle is extending this partnership/collaboration to other stakeholders that are involved in developing small holders' farmers capacity in corn production.

Meanwhile, the central bank continues its inroads into corn production - mopping up grains during the harvest from the farmers financed through the Anchor Borrowers Program (ABP) and from major grains' dealers in open markets. The central bank believes that its interventions in commodity trading at the farm gate is necessary to cut down unwholesome arbitrage opportunities by private companies. According to the CBN these arrangements are causing rising food inflation across the country. In early 2021, CBN received the government's approval to restructure the Nigeria Commodity Exchange (NCX)

by injecting N50 billion (\$120 million) into the moribund institution. The commodity exchange is up and running with new recently commissioned Board – with a senior CBN official serving as the head of the Board.

Likewise, the GON made the use of silos for proper grain storage a top priority - to reduce high post-harvest losses. The National Development Plan (2021-2025) outlined strategies to be deployed in advancing the silo plan. Managing the silo complexes at Lafia, Minna, Gusau, Dutsinma, Yola, Akure, and Ilesha and the National Reserve mechanism will be revamped to ensure efficiency, effectiveness, and transparency. In addition, the government will provide financial support to value chain actors to reduce post-harvest losses via efficient storage while strengthening logistics, and market linkages. The GON has invested substantially in developing silo complexes across the country under the Strategic Grain Reserve Program. The storage capacity of the silo complexes ranges from 11,000 to 100,000 metric tons with a total combined storage capacity of 1.3 million metric tons. In 2018, the government leased 19 out of 33 silos to private companies to improve storage efficiency and grain quality.

**Figure 5 – Corn Price (Jan to December 2021)**



**Source: National Bureau of Statistics 2021**

## TRADE

### *Imports*

Post forecasts imports for MY2022/23 at 100,000 metric tons (MT), a reduction from 200,000 metric tons (MT) recorded last marketing year by Post. It is highly unlikely that the government will approve corn imports this year. The few imports that might occur during the current marketing year will come from private companies like Olam, and Flour Mill of Nigeria. These major flour millers have other sources to generate forex to pay for imports amid the CBN restriction on official forex for corn imports.

## **Exports**

FAS Lagos forecasts MY2022/23 corn exports at 50,000 metric tons (MT) same with USDA figure in the previous year. Nigeria bans the export of corn. However, informal trade exchanges between Nigeria and Sahel countries occurs routinely. Despite constraining factors such as high transportation costs and insecurity, traders are capitalizing on exports. The prices of the latter are considerably higher than domestic prices due to Nigeria's dual currency devaluations. However, market sources indicated that Nigeria's corn exports are mostly informal across countries in the Sahel region and West Africa neighbors. International trade activities are ongoing across the border towns and villages due to the lower value of the local currency. Trade flows are limited in areas that are inaccessible due to conflict and insecurity.

## **POLICY**

Nigeria has maintained a 5 percent tariff on imported corn for more than a decade and implements stringent import permit requirements. Through the CBN's ABP, low interest loans are offered to farmers to boost production. Furthermore, the government supported the Maize Growers Association of Nigeria in its efforts to cultivate 500,000 hectares of land in 2021.

Currently, the government is also supporting GE corn confined field trials in Kaduna, which is in Northern Nigeria. These confined field trials highlight the superior insect protection qualities of transgenic corn compared to non-GE varieties. After the field trials are concluded, research data will be presented to National Biosafety Management Agency (NBMA) for review and approval.

## **STOCKS**

Post estimates MY2022/23 opening and closing stocks at 272,000 metric tons (MT) and 322,000 metric tons (MT) respectively.

## RICE

### Rice Production, Supply and Demand Data Statistics

Rice, Milled Market Year Begins	2020/2021		2021/2022		2022/2023	
	Oct 2020		Oct 2021		Oct 2022	
	USDA Official	New Post	USDA Official	New Post	USDA Official	New Post
<b>Nigeria</b>						
<b>Area Harvested</b> (1000 HA)	3600	3600	3650	3650	0	3800
<b>Beginning Stocks</b> (1000 MT)	812	812	802	802	0	802
<b>Milled Production</b> (1000 MT)	4890	4890	5000	5000	0	5500
<b>Rough Production</b> (1000 MT)	7762	7762	7937	7937	0	8730
<b>Milling Rate (.9999)</b> (1000 MT)	6300	6300	6300	6300	0	6300
<b>MY Imports</b> (1000 MT)	2200	2200	2200	2200	0	2500
<b>TY Imports</b> (1000 MT)	2100	2100	2200	2200	0	2500
<b>TY Imp. from U.S.</b> (1000 MT)	1	1	0	0	0	0
<b>Total Supply</b> (1000 MT)	7902	7902	8002	8002	0	8802
<b>MY Exports</b> (1000 MT)	0	0	0	0	0	0
<b>TY Exports</b> (1000 MT)	0	0	0	0	0	0
<b>Consumption and Residual</b> (1000 MT)	7100	7100	7200	7200	0	8250
<b>Ending Stocks</b> (1000 MT)	802	802	802	802	0	552
<b>Total Distribution</b> (1000 MT)	7902	7902	8002	8002	0	8802
<b>Yield (Rough)</b> (MT/HA)	2.1561	2.1561	2.1745	2.1745	0	2.2974

(1000 HA),(1000 MT) ,(MT/HA)  
 MY = Marketing Year, begins with the month listed at the top of each column  
 TY = Trade Year, which for Rice, Milled begins in January for all countries. TY 2022/2023 = January 2023 - December 2023

## PRODUCTION

Post forecasts MY 2022/23 rough rice production at 8.7 million metric tons (MMT), a 9 percent increase compared to the previous year. Nigerian farmers are increasingly moving from a singular seasonal rice farming to two crops per season. Dry season farming thrives better than wet season because production variables can easily be controlled using irrigation techniques unlike wet season where flood or protracted drought can wreak havoc on production.

The Rice Farmers Association of Nigeria and the central bank are driving rice sufficiency projects across the country. More farmers are being enrolled annually to benefit from these rice projects. Earlier in the year, Nigeria's President commissioned rice pyramids in Abuja – several thousand bags of paddy were arranged in pyramids to highlight Nigeria's capacity to produce domestic rice. The rice pyramids are intended to showcase the Central Bank of Nigeria (CBN)'s success story in supporting rice production.

MY2022/23 area harvested is forecast to increase by 4 percent compared to the previous year because of the government's effort to promote rice production in the southern part of the country. Yield forecast in MY2022/23 will increase by 5 percent due to anticipated good weather and improved management practices. Rice varieties such as Faro 44 and 45, which are hybrid between local African rice and Taiwan rice are increasingly performing quite well – especially in the Niger Delta region. Extension

workers are also helping farmers in implementing good agricultural practices to improve the yield per hectare.

**Figure 6: Rice Pyramid made by Nigeria Farmers**



**Source: Rice Farmers Association of Nigeria (RIFAN)**

## CONSUMPTION

Post forecasts MY2022/23 rice consumption at 8.25 million metric tons (MMT), a 15 percent increase from last year. Rice is a staple food in Nigeria with per capita consumption nearing 50 kg. In Nigeria, rice consumption increases with population growth. More importantly, rice is a popular gift that politicians use to campaign during elections. Nigeria's general election is scheduled to place in 2023. Already, political campaigns have started, and rice is a major branding item that is conspicuously distributed by political parties to voters.

Nigerian rice milling capacity increased from 350,000 metric tons per annum in 2015 to more than 3 million metric tons per annum in 2021. The number of integrated rice mills jumped up from 10 to above 60 mills during same period. Dangote Rice industries is set to commission its flagship rice mill plant in Jigawa State later in the year. The rice mill has capacity to produce 70,000 metric tons per year. In addition, Dangote Rice is also installing processing mills in several states, including Kebbi, Sokoto, Zamfara, Kano and Niger States. These mills are forecast to jointly produce 700,000 metric tons of rice annually. The scarcity of rice paddy is a major challenge for rice milling companies across the country as most of these mills operate below 50% milling capacity. Another challenge for Nigeria rice milling industry is the large number of small-scale rice mills that are scattered throughout the rice growing regions.

The GON through the MicroNutrition Deficiency Unit at the Federal Ministry of Health notified that rice has been included on the list of foods that require fortified micronutrients to reduce malnutrition. Furthermore, the government has a broad-based program on food fortification in the newly launched National Development Plan (2021-2025).

Other uses for rice and rice products are being developed in Nigeria. Broken rice consumption is gaining traction as Nigerians continue to create food recipes by using value addition products like rice flour. Notably, rice consumption is increasing in the north. An energy efficient rice cooking cylinder that predominantly uses rice husks is being developed for rural families in the northern part of the country. This appliance is enhancing rice preparation while also helping to reduce deforestation, since currently most rural households use firewood, which is made from burning trees.

A rising population estimated at 3 percent annually will influence the future consumption of rice in Nigeria.

## TRADE

### Imports

FAS Lagos forecasts MY2022/23 imports to be 2.5 million metric tons (MMT) compared to USDA's 2.2 million metric tons (MMT) projection for last year. Growth in consumption is partially satisfied by a larger domestic crop. Currently, Nigerian rice consumers still prefer parboiled long grain rice from Thailand and India, which continues to enter the Nigerian market through grey channels (unofficial routes) and are freely sold in the dominant traditional open-air markets and street/corner shops. Recently, an industry source informed Post that Nigeria rice millers do source paddy rice from Benin and Burkina Faso.

A small but growing cross-border paddy trade is emerging. Post has received intel that rice millers are sourcing paddy from several neighboring countries to enable mills to operate at optimal capacity. Meanwhile, political campaigns and electoral activities leading up to the general election in 2023 will drive rice imports into Nigeria. In Nigeria, politics and rice are very closely connected.

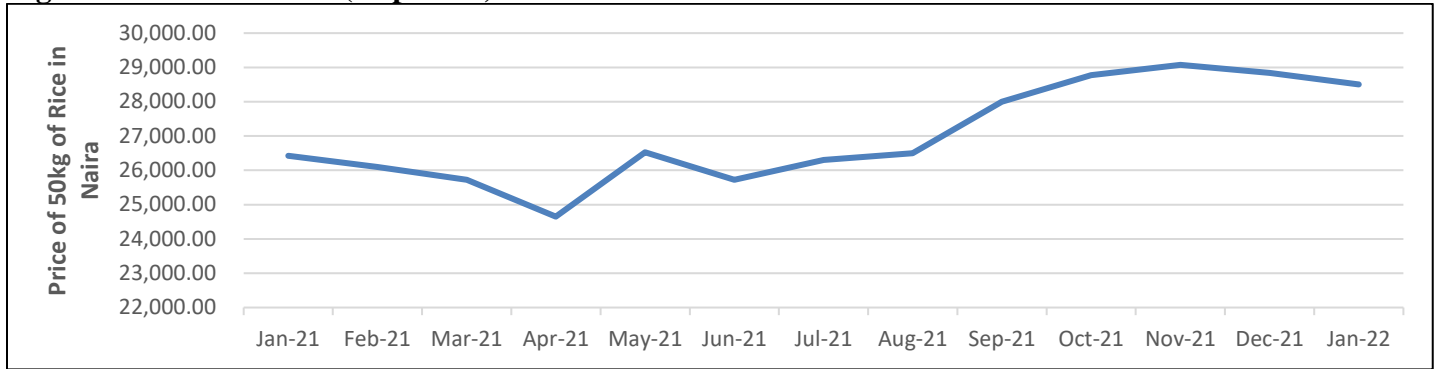
The current import tariff varies according to the stage the importer is situated in the value chain. A rice trader will pay import duty of 10% and levy of 50% while an integrated miller with verified backward integration program will pay import duty of 10% and levy of 20% for importing rice paddy. There is an ECOWAS Common External Tariff (CET) for all 15 signatory countries. However, most trade in rice and varied agricultural commodities are done informally on a retail basis across the region.

## POLICY

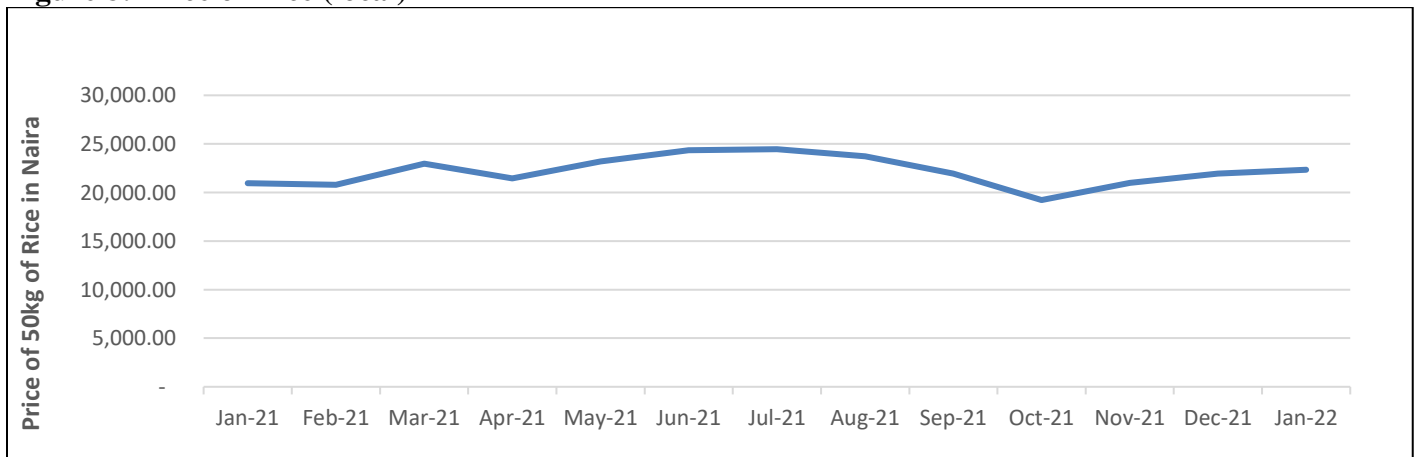
Nigeria continues to pursue a rice self-sufficiency policy. On several occasions and at different local and international fora, GON representatives continue to express the success of ABP, and the forex bans as successful policies in reducing rice imports. In addition, the government views the border closure (August 19, 2019, through December 16, 2020) as another critical factor that helped the country reach rice self-sufficiency.

## STOCKS

Recently, the CBN resuscitated the Nigeria Commodity Exchange to handle grain storing and buying back grains from farmers. The CBN believes that bulk commodity buyers especially foreign buyers are distorting the food market ecosystem by conducting business directly with farmers. In 2021 for example, the CBN intervened in rice paddy markets by releasing stored grains directly to selected rice millers. The release negatively impacted local rice price during the month of October 2021 (see Fig.8).

**Figure 7 – Price of Rice (Imported)**

Source: FAO Food Prices Monitoring tool (Jan 2021 to Jan 2022)

**Figure 8: Price of Rice (local)**

Source: FAO Food Prices Monitoring tool (Jan 2021 to Jan 2022)



## SORGHUM

### Production, Supply and Distribution Table

Sorghum Market Year Begins Nigeria	2020/2021		2021/2022		2022/2023	
	Oct 2020		Oct 2021		Oct 2022	
	USDA Official	New Post	USDA Official	New Post	USDA Official	New Post
Area Harvested (1000 HA)	5600	5600	5700	5700	0	5800
Beginning Stocks (1000 MT)	117	117	87	87	0	187
Production (1000 MT)	6570	6570	6800	6800	0	7000
MY Imports (1000 MT)	0	0	0	0	0	0
TY Imports (1000 MT)	0	0	0	0	0	0
TY Imp. from U.S. (1000 MT)	0	0	0	0	0	0
Total Supply (1000 MT)	6687	6687	6887	6887	0	7187
MY Exports (1000 MT)	50	50	50	50	0	50
TY Exports (1000 MT)	50	50	50	50	0	50
Feed and Residual (1000 MT)	150	150	150	150	0	200
FSI Consumption (1000 MT)	6400	6400	6500	6500	0	6800
Total Consumption (1000 MT)	6550	6550	6650	6650	0	7000
Ending Stocks (1000 MT)	87	87	187	187	0	137
Total Distribution (1000 MT)	6687	6687	6887	6887	0	7187
Yield (MT/HA)	1.1732	1.1732	1.193	1.193	0	1.2069

(1000 HA) ,(1000 MT) ,(MT/HA)  
 MY = Marketing Year, begins with the month listed at the top of each column  
 TY = Trade Year, which for Sorghum begins in October for all countries. TY 2022/2023 = October 2022 - September 2023

### PRODUCTION

In recent years, smallholder farmers have witnessed increased profitability in sorghum production. FAS Lagos forecasts Nigeria's sorghum production in MY 2022/23 (October-September) at 7 million metric tons (MMT), up slightly from the last marketing year. Post estimates MY2022/23 area harvested at approximately 5.8 million hectares (MH) compared to 5.7 million hectares (MH) forecast USDA official figure recorded the previous year. Post estimates MY2022/23 yield per hectare at roughly 1.20 tons; a marginal increase compared to last year forecast of roughly 1.19 tons for MY2021/22. The slight increase in production and harvested area is due to effective current military actions against insecurity in the northern part of Nigeria.

The government is reforming its support policy for sorghum cultivation. Recently, the government launched a technical committee with the mandates to boost sorghum production while addressing local consumption and industrial needs. The committee will harness the breeding high-yielding varieties and cultivars – to increase sorghum production and productivity. Currently, the guinea sorghum is the most widely cultivated and adaptable grain across Nigeria's savannas ecological zone. An early maturing variety is gaining prominence due to the unspotted color of the grain during harvest.

### CONSUMPTION

FAS Lagos estimates Nigeria's total sorghum consumption (including food, feed, and industrial usage/ FSI) in MY 2022/23 at 7 million metric tons (MMT), an increment of 5 percent compared to approximately 6.6 million metric tons (MMT) recorded the previous year by USDA. Sorghum is widely consumed by most households, especially in the north, and is widely used by various industries. In

addition, sorghum is proving its worth as a valuable source of food assistance – as a suitable food ration for internally displaced people across the northern part of the country.

Industrial end users are predominantly companies producing beverages, cereals, and confectionery. Increasingly, a small percentage of the grain is also used for animal feeds. Industrial demand for sorghum by beverage, cereal, and confectionery producers is the major driver in the sorghum market. Industrial sorghum users are increasingly utilizing the less expensive sorghum-based intermediate products to lower costs.

The crop has varied industrial uses. For example, many multinational companies, especially breweries now use sorghum grits as adjuncts (up to 40%) to barley base (mash) for making alcohol and non-alcoholic beverages. Currently, sorghum's non-food industrial use has also gained interest – used in solid metal refining, animal feeds, building materials and foundry binders.

## **TRADE**

Nigeria does not import sorghum but imposes a five percent tariff on sorghum imports (HS Code: 100700). Post estimates MY2022/23 exports to remain flat at 50,000 tons (MT). Currency devaluation results in competitive prices of Nigeria's sorghum in the Sahel region (especially, to Niger and Chad) where the sorghum is also a widely consumed staple.

Though Nigeria is the second largest producer of sorghum in the world after the USA, the country is unable to generate significant earnings in the export market, which is dominated by the U.S, followed by Argentina.

Weak market information is hampering the development of Nigeria's sorghum industry and its relevant value chains. In 2020, sorghum failed to make the list of Nigeria's top agricultural commodities according to the National Bureau of Statistics (NBS).

## **Attachments:**

No Attachments