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Nigeria

Rice Trade - Quarterly

Nigerian Rice Smuggling Eases

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Report Highlights:

The recent sustained increase in rice exports from the U.S. to Nigeria is now threatened by the increasing price premium of U.S. product over the competition. Additionally, the Nigerian Custom Service is reportedly classifying brown rice as finished product and this could affect U.S. exports as brown rice should carry a lower duty (5 percent) compared to fully milled rice (30 percent). Total Nigerian rice imports are steady year on year and undocumented cross-border trade has reduced, although still remains large.

Post: Lagos

Executive Summary:

There has been relative calm in the Nigerian rice import market with total imports remaining steady year on year. Cross-border smuggling has abated somewhat as the Nigeria Custom Service has started to enforce uniform duty collection at some of the major border posts following protests by local rice importers. This has especially resulted in a slowdown in smuggling at the main Seme border crossing between Benin and Nigeria. Although smugglers have shifted to other, smaller border crossings, due to the greater traveling distances and poor road infrastructure at these crossings, the increased customs enforcement appears to have reduced rice smuggling volumes by about 30 percent.

The recent increase in U.S. rice exports to Nigeria is threatened by the widening price premium of U.S. product over the competition, especially Thailand, as Nigeria is a price sensitive market. Post also continues to observe increased presence of Brazilian and Chinese rice in the Nigerian market. U.S. brown rice exports (Nigeria was the largest long grain brown rice market for the U.S.) are also in danger as the local trade has reported that the Nigeria Custom Service is not allowing brown rice imports at the reduced duty rate. According to the current Tariff Book, paddy and brown rice imports are suppose to attract a 5 percent duty while fully milled rice attracts a 30 percent duty. A number of importers have stated they will be unable to purchase brown rice until this issue is resolved.