



USDA Foreign Agricultural Service

GAIN Report

Global Agriculture Information Network

Template Version 2.09

Required Report - public distribution

Date: 5/25/2004

GAIN Report Number: NI4012

Nigeria

Product Brief

The Nigerian Seafood Brief (Update)

2004

Approved by:

Jamie Rothschild, Agricultural Attache
U.S. Consulate, Lagos

Prepared by:

Uche Nzeka, Agricultural Marketing Specialist

Report Highlights:

Total Nigerian seafood imports increased 33 percent from 600,000 MT in 2002 to 800,000 MT (valued \$570 million) in 2003 [Industry/AgOffice estimates]. A 30-35 percent increase is anticipated by end of 2004. Export sales of U.S. seafood (especially frozen mackerel, herring and croaker) to Nigeria nearly doubled in 2003 although market share remains negligible. If brokers consolidating these seafood products can be found in the U.S., Nigerian importers would consider large-volume purchasing for shipment in larger river vessels to reduce average freight costs. Sections I & II have been updated.

Includes PSD Changes: No
Includes Trade Matrix: No
Unscheduled Report
Lagos [N1]
[N1]

Table of Contents

Market Overview.....3
 Advantages & Challenges4
Market Sector Opportunities And Threats.....4
Costs And Prices.....7
Market Access.....8
Post Contact And Further Information.....9
Appendix I: Table Annual Indicators of Nigeria’s Economic Structure.....10
Appendix II: Nigeria’s Seafood Classifications & Codes.....11

SECTION I. MARKET OVERVIEW

- ❑ With the GON's tariff reduction on all fishery products (including fin fish and invertebrates) from 25 percent to 5 percent in 2001, Nigeria has become a major destination for imported seafood.
- ❑ Industry sources and AgOffice anticipate that Nigeria's total market supply will grow to more than one million tons by end of calendar year 2004.
- ❑ Mackerel, herring and croaker are the major species imported into Nigeria. Some canned products are also imported. Tilapia and catfish are the major species farmed by local fish farmers.
- ❑ Fish are affordable for much of the local population. Deep-sea shrimp are mostly sold to overseas markets although some remain for the restaurant/hotel sector and retail trade for high-income households.
- ❑ More local traders of fishery products are interested in importing the above major seafood species from the U.S.
- ❑ Approximately 96 percent of these frozen fish are sold at the traditional (open stalls) markets. Wholesales or retailers are located at these markets but they purchase from importers/distributors cold storage facilities. Those owning usually, small cold store located within the market area, have the product delivered directly to them.
- ❑ The EU is the dominant supplier of frozen seafood products with more than 70 percent of market share.
- ❑ Brokers in the EU countries buy frozen seafood products from different suppliers around the world and are therefore, able to sell larger quantities shipped in large river vessels of 3,500-4,000 MT, which reduces ocean freight costs significantly.
- ❑ Although U.S. total export sales to Nigeria increased from \$3.5 million in 2002 to \$6.9 million in 2003 (BICO Report), U.S. share of the total market remains negligible.
- ❑ Nigerian buyers report that individual U.S. quantities are usually not adequate for economic shipment in large river vessels. Only a few brokers offer consolidation services for their volume requirements of seafood products.
- ❑ AgOffice in Lagos had facilitated a U.S. seafood mission to Nigeria in September 2003, which resulted in export sales. Local importers were also recruited to attend the Boston International Seafood Show in 2003 and 2004 respectively.
- ❑ USDA/FAS office in Lagos-Nigeria will assist new-to-market U.S. fish exporters to establish contacts with Nigerian importers.

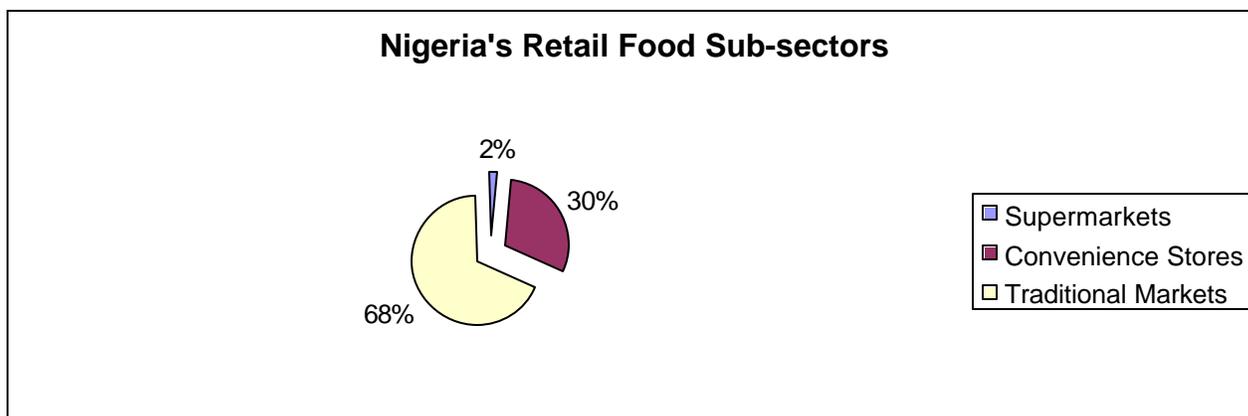
Advantages and Challenges:

Advantages	Challenges
Nigeria's large population of more than 130 million grows at 3 percent per annum.	Average per capita income is estimated at \$350.
Fish consumption accounts for about 25 percent source of animal protein in Nigeria.	Supply of U.S. seafood though growing, is not readily available in Nigeria, are relatively unknown to local trade and consumers.
Nigeria's domestic fishing activities contributed only 13 percent of total market supply in 2003. The Nigerian consumer's have favorable perception for U.S. food.	The U.S. share of the total market is negligible despite a general local consumer perception of higher quality U.S. offers.
Tourism, expatriate community & rural to urban migration is increasing—this is also, increasing frozen food consumption.	Direct US-West Africa shipping routes are not frequent.
GON's ban on imported frozen poultry products, which was a major substitute for animal protein needs in Nigeria.	Higher shipment freights from the U.S.
GON's tariff reduction on all fishery products (including fin fish and invertebrates) to 5 percent from 25 percent in 2001.	To compete, consolidated shipments are required so that large vessels can be used to leverage high freight cost.
The availability of Supplier Credit Guarantee Program to Nigeria since 1999.	Negative perceptions about Nigerian businesses among U.S. exporters.
Lower export prices of higher quality U.S. fish products.	Transactions are frequently on a cash basis, as banks require large deposits for I/c sales.

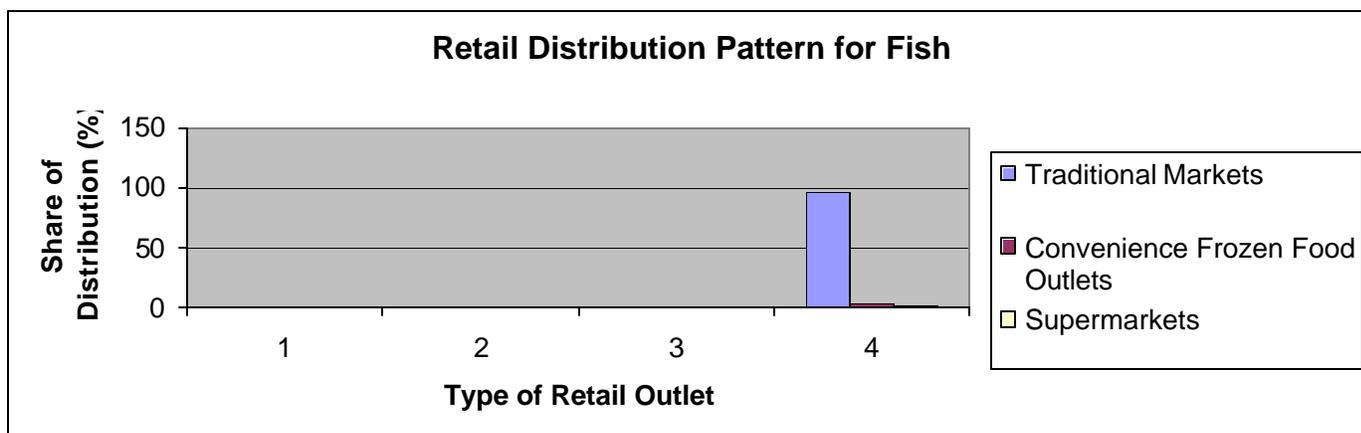
SECTION II. MARKET SECTOR OPPORTUNITIES AND THREATS

Imports and Distribution Pattern:

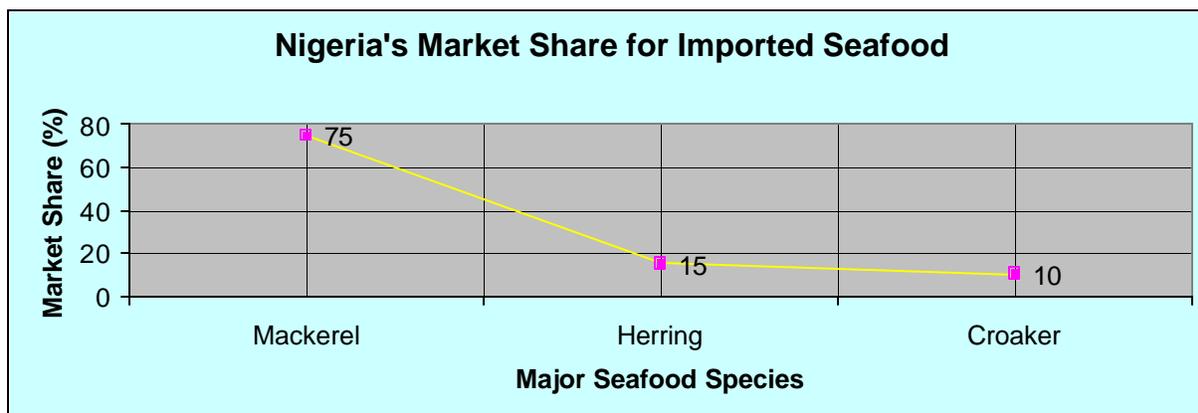
- ❑ Nigeria's seafood market provides the most sales opportunities in the retail food sector.
- ❑ Nigeria's conventional retail food sector consists of large supermarkets, convenience stores and small groceries, and traditional (open air) markets. These sub-groupings usually account for 2 percent, 30 percent and 68 percent respectively, of total retail food sales.



- ❑ However, for imported fish, 96 percent of the total is sold in the traditional market, about one percent via supermarkets, and three percent at the "Frozen Food Stores" (convenience stores).



- ❑ Frozen fish such as mackerel, herring and croaker are the major species imported into Nigeria
- ❑ Imports fill the domestic fishery products supply gap in Nigeria. In 2003, we estimated Nigeria's fish imports at 800,000 MT (valued more than \$570 million) and an increase by 33 percent compared to 2002. A 30-35 percent demand increase for these species is anticipated for 2004.



- ❑ Croaker are preferable but are considered relatively expensive for many consumers. Some croaker is produced locally.
- ❑ The EU countries, especially the Netherlands, are the dominant suppliers.
- ❑ Other supplying countries include: China, Korea, Brazil, Paraguay, Uruguay, USA & Gambia, Mauritania, Namibia, Angola, Morocco, etc.

- ❑ Local distributors comment that the packaging of fish products from the Netherlands is "distributor-friendly" and therefore profitable.
- ❑ Industry sources claim that some seafood imports from the Netherlands may be repackaged products from other origins. Major fish exporters in the Netherlands reportedly have huge investments in trawling and fishing activities in other fish-producing countries, especially African countries.
- ❑ Imported frozen seafood is usually shipped to Apapa-Lagos, Port Harcourt and Warri and are inspected, passed through custom clearance. After clearance the products are transported in refrigerated trucks to cold storage warehouses located within Lagos and other urban centers. Wholesalers, usually have their cold storage facilities and purchase as the product is offloaded or take stock from importers' cold stores.
- ❑ For health reasons, the GON classifies port clearance for fish landings at Nigeria's ports as "Priority". Importers are allowed to transport their consignments to their warehouses even upon a partial payment of duty and port charges (usually 80 percent)--the remainder to be paid later at an agreed time.
- ❑ Imported seafood products are shipped in branded boxed packages of 16kg, 20kg and 25 kg and the number of fish per box varies with fish sizes - small, medium or large, which range from 80 to 120 units.
- ❑ Frozen seafood imports are widely distributed in the country, through a network of privately-owned cold stores located in major cities. The seafood is available frozen in city markets, and also smoked for rural village markets.

Entry Strategy:

New-to-market U.S. seafood product exporters should adopt strategies and tactics, which are effective for selling to the traditional market:

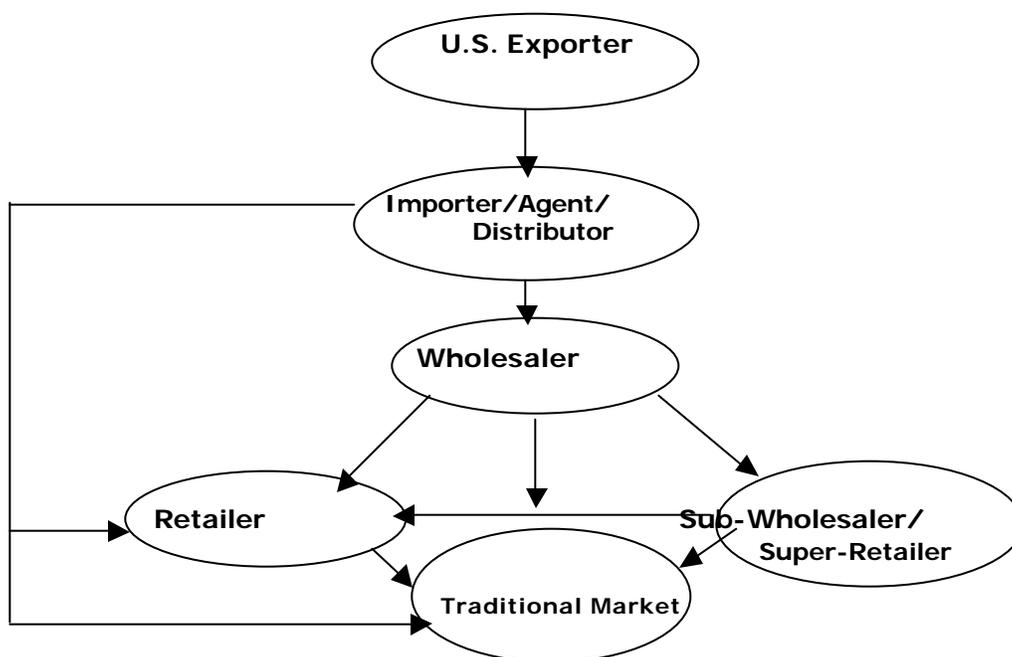
- ❑ Contact the Agricultural Attache, American Consulate, Lagos-Nigeria for assistance in selecting a local distributor/agent.
- ❑ Appoint and motivate local distributors/agents in Nigeria to process certifications with the GON regulatory bodies, introduce the product, and develop consumer demand.

Exhibit at Boston Seafood Show, which is attended by Nigerian seafood product importers and where follow-up contacts could be made.

Market Structure & Profiles of Nigeria's Traditional Market:

- ❑ Nigeria's traditional markets consist of small stalls clustered in a large grouping under a single roof or open-air venue.
- ❑ Consumers often buy units usually for one-time use from the retailers and sometimes, from the sub-wholesalers.

Distribution Flow Chart for Traditional Market



- ❑ Sub-wholesalers or Super-retailers always buy from wholesalers to break bulk further except for promotional sales.
- ❑ The wholesaler is the nucleus of distribution channels in Nigeria’s retail sector and serves nearly every member in the distribution channel.
- ❑ Wholesalers often site their cold storage facilities in the traditional markets.
- ❑ More than 80 percent of distribution channel members in Nigeria’s traditional market are retailers.
- ❑ Product prices are about 20-30 percent lower in the traditional markets than in convenience stores and supermarkets.
- ❑ Pricing in Nigeria’s traditional markets is usually negotiated on the spot.

SECTION III. COSTS AND PRICES

- ❑ Average C&F Lagos for:

Croaker (mostly from South America)	\$910 per ton
Mackerel (mostly from the Netherlands)	\$600 - \$900 per ton for small-large sized
Herring	\$430 per ton

- ❑ Average Freight for fish shipments from:

United States	\$150 per ton
South America (Brazil/Paraguay/Uruguay, etc)	\$115 per ton
EU countries	\$90 per ton
Mauritania	\$90 per ton

*** Industry sources

- ❑ Clearing and Land Transportation Costs charged by the local clearing agents average 3-5 percent on cost.
- ❑ Average warehousing & distribution costs are 5 to 7 percent of C&F.
- ❑ Local pricing is both fluctuating and competitive--local importer-distributors try hard to mark up 2-3 percent on C&F.
- ❑ Prices have not significantly changed due to high-level competition in this sector.
- ❑ Pricing analysis in Nigeria's retail fish businesses are explained as follows:

	Products from Domestic Sources	Imported Products From Other Countries	Imported Products From USA
Average Price Ratio (/100)	1	0.63	0.75

	Super-markets	Convenience Shops	Traditional Markets
Retail mark-up for imports (%)	30	15	5
Retail mark-up for domestic products (%)	10	7	3

	Importer	Wholesaler	Retailer
Average mark-up for distribution channel members (%)	3	10	20

SECTION III. MARKET ACCESS

Regulations:

- ❑ The Federal Fisheries Unit of the Federal Ministry of Agriculture and Natural Resources (Nigeria's Department of Agriculture) regulates Seafood imports.
- ❑ The Federal Fisheries Unit issues import licence to local firms applying to import after due certifications.
- ❑ Certification requirements include: 1) Certificate of Origin and Hygiene 2) Proof of

ownership of efficient cold storage and trucking facilities.

- ❑ Licenses are issued per import purchase and shipment.
- ❑ Labeling requirements include: 1) consignee's mark and port mark 2) containers must be numbered to correspond with numbers on invoices.
- ❑ Fish imports, like all products, are subject to a duplicate inspection: 1) a pre-shipment inspection by an appointed GON agent at the country of shipment and, 2) a 100 percent destination inspection at Nigeria's port by the Federal Fisheries and by NAFDAC, Nigeria's food regulatory agency.
- ❑ These GON agencies must inspect and clear any imported fish consignments prior to their release to the importers.
- ❑ Tariff: The Nigerian Customs Service is GON's agency for import duty collection. Tariff on all fishery products (including fin fish and invertebrates) is 5 percent since 2001. Tariffs are assessed at 5 percent Value Added Tax (VAT). The 5 percent VAT is charged on CIF value plus (+) import duty (+) a port surcharge assessed at 7 percent of import duty (+) 1 percent of import duty (called Customs Service inspection charge).

SECTION IV: POST CONTACT AND FURTHER INFORMATION:

1. Agricultural Affairs Office (USDA/FAS)

American Consulate General
#2, Walter Carrington Crescent
Victoria Island, Lagos-Nigeria
Tel/Fax: 234 -1 - 261-3926, 775-0830
e-mail: - aglagos@usda.gov
Website: - <http://www.fas.usda.gov>

2. National Agency for Food & Drug Administration & Control (HVP)

Plot 1057, OFF Moshood Abiola Road
By Oyo Road, Area 2
Garki, Abuja-Nigeria
Tel: 234-9-2346380-3
Website: www.NAFDAC.org

3. Nigeria Customs Service

Customs Headquarters
3-7, Abidjan Street
Off Sultan Abubakar Way, Wuse Zone 3
Garki-Abuja-Nigeria
Tel: 234-9-5236394, 2534680
Fax: 234-9-5236394, 5234690

4. Federal Ministry of Agriculture & Rural Development

Block A, FCDA Secretariat Complex
AREA 11, Garki, Abuja-Nigeria
Tel: 234-9-314-2622, 314-314-6509, 314-2914

Appendix I

Nigeria's Economic Structure: Annual Indicators are tabulated below:

	1998*	1999*	2000**	2001**	2002**	2003
GDP at market prices (N bn)	2.8	3.2	4.2	4.5	4.9	N/A
GDP (US\$ bn)	33.2***	34.8***	41.4*	40.9	40.7	N/A
Real GDP growth (%)	1.9	1.1	3.8*	3.8****	2.9	N/A
Consumer price inflation (av; %)	10.0	6.6	6.9*	18.2	14.2	N/A
Population (m)	116.8**	120.1**	123.3	126.6	129.9	132
Exports of goods fob (US \$ m)	10,114**	11,927**	21,395	17,949	17,256	N/A
Imports of goods fob (US\$ m)	9,276**	9,478**	11,068	12,303	13,650	N/A
Current account balance (US\$ m)	-3,085**	-1,755**	4,187	1,124	-1,225	N/A
Foreign exchange reserves excluding gold (US\$ m)	7,101	5,450	9,911*	10,457*	7,452	N/A
Total external debt (US\$ bn)	30.3	29.2	29.2	28.8	29.7	N/A
Debt service ratio, paid (%)	10.2**	7.3**	4.2	6.0	4.3	N/A
Exchange rate (av.) N: US\$	85.25	92.34	101.70*	111.23*	120.79	135

* Actual. ** Economic Intelligence Unit estimates. *** Converted at the autonomous rate from 1995 to 1999. **** Official Estimates. N represents Naira (Nigeria's currency). Average Current Exchange Rate, N135:US\$)

Source: Economist Intelligence Unit, Country Report (Nigeria)--February 2003, p.5

Appendix II

Nigeria's Seafood Categories

Seafood products prevalent to the Nigerian market and covered by GON's Customs & Excise tariff coding are tabulated as follows:

Tariff Code	Seafood Category
03.01	Live Fish
03.02	Fish, fresh or chilled, excluding fish fillets and other fish meat under heading 03.04
03.03	Fish, frozen, excluding fish fillets and other fish meat under heading 03.04
03.04	Fish fillets and other fish (whether or not minced), fresh, chilled or frozen
03.05	Fish, dried, salted or in brine; smoked fish, whether or not cooked before or during the smoking process; flours, meal and pellets of fish fit for human consumption
03.06	Crustaceans, whether in shell or not, live, fresh, chilled, frozen, dried, salted or in brine; Crustaceans, in shell, cooked by steaming or not chilled, frozen, dried, salted or in brine, flours, meals & pellets of crustaceans, fit for human consumption.
03.07	Molluscs, whether in shell or not, live, fresh, chilled, frozen, dried, salted or in brine; aquatic invertebrates other than crustaceans and molluscs, frozen, dried, salted or in brine, flours, meals and pellets of aquatic invertebrates other than crustaceans, fit for human consumption.

***Tariff on the above seafood product categories (vertebrates & invertebrates) was reduced from 25 percent to 5 percent in 2001.

Source: Nigeria Customs & Excise Tariff Book, 1995-2001.