



USDA Foreign Agricultural Service

# GAIN Report

Global Agriculture Information Network

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## Nigeria

### Grain and Feed

### Rice Import Situation

### 2009

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**Report Highlights:**

Nigeria's rice imports have declined considerably since November 2008. Importers had stockpiled rice in anticipation of the reinstatement of the GON's import duty which was suspended from May-October, 2008. Retail prices of rice have remained stable largely because supply is sufficient and steady. After about a three year break in U.S. rice shipments, a local trader imported 1,000 tons of premium quality U.S. parboiled rice in the last quarter of 2008.

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

### Executive Summary

Between May and October, 2008, the Government of Nigeria (GON) suspended all levies and duties on rice imports to cushion the impact of rising food prices. On November 1, 2008, the GON reinstated the duty albeit at a lower rate (30 percent for milled rice and 5 percent for brown/paddy rice compared to 109 percent previously).

Available trade data indicates that Nigeria's rice imports have since then dropped to a negligible level. Importers attribute the sharp decline in imports to the massive stockpile of inventory prior to the reinstatement of the duty. Local trade sources indicate that the existing inventory could last until March 2009 before new imports would be required. In the mean time, retail prices have remained stable and cross-border smuggling has reduced significantly.

Following the decision of the GON to apply a lower duty on paddy and brown rice, importers with milling facilities have commenced the importation of brown rice from Thailand. Under the new tariff regime introduced in September 2008, paddy and brown rice attracts a lower duty of five percent, while fully milled rice attracts a duty of 30 percent. The GON introduced the lower duty to encourage local value addition and to increase domestic milling capacity. Local importers have indicated interest in importing U.S. brown rice if the price is competitive. U.S. exporters desiring to explore this emerging market opportunity may contact FAS Lagos for assistance.

Currently, U.S. milled parboiled rice can only compete for a share of the top niche segment of the Nigerian market because of its price premium. In the last quarter of 2008, a local trader imported 1,000 tons of U.S. rice to test market. The intrinsic quality of the rice is appreciated by the middle to high income Nigerian consumers. Despite the initial market resistance to the higher price, the importer has indicated commitment to developing a niche market for this high quality U.S. rice. Given the right packaging and appropriate marketing support, U.S. rice exports to Nigeria could increase substantially in the near term.

