

NIGERIA



OVERVIEW OF RICE PRODUCTION

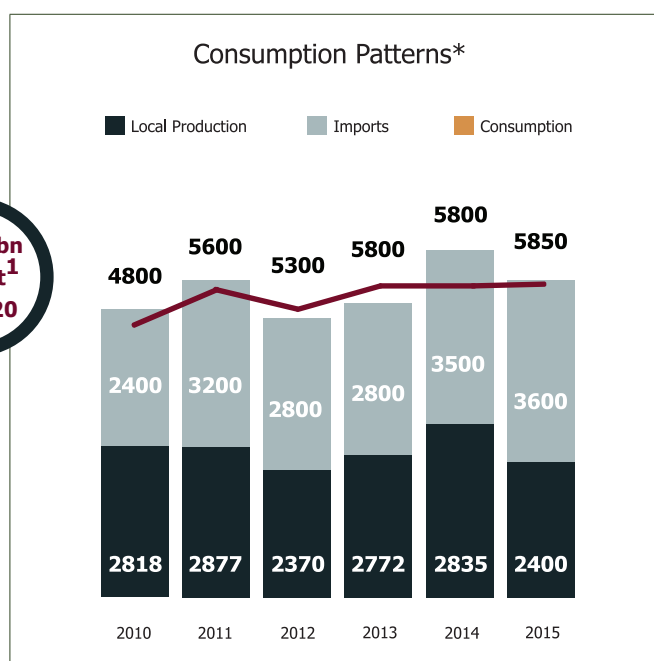
Nigeria is the world’s second and Africa’s largest importer of rice. Over the years, the country has depended on imports to fill the local supply gap which arose due to inability of local producers to meet demand. Though rice is a staple food for Nigerians, transitional government policies on importation and high processing costs due to infrastructure challenges have failed to foster a conducive environment for local rice production.

5.9 million MT annual rice demand	2.4 million MT local domestic production
3.6 million MT annual rice imports	27kg per capita consumption
49% self sufficiency ratio	~\$460/MT price per tonne ¹

\$3.5-4bn market¹ by 2020

CONSUMPTION PATTERNS

Consumption has grown rapidly over the past decade and is currently at an all-time high of 5.9 million MT. Rice represents a staple food across all social strata. Preferred variety is parboiled which is mostly sourced from imports. Rice consumption forecast to grow at min. 5%pa.



SOURCE: FAOSTAT, USDA FAS GAIN Report, Team analysis

¹ Trading price including est. 32% import duties and charges in 2015

OVERVIEW OF RICE PRODUCTION

INDUSTRY CHALLENGES

- **Government policies** focus on prohibition of imports to encourage local production, though terms have been in flux over past few years
- **Currency fluctuations** and forex unavailability expected to increase import prices and increase supply gap
- **Informal trade** across borders of neighboring countries compete with local production
- **Poor infrastructure – roads and energy –** increases logistics costs and squeezes margins

LOCAL PRODUCTION AND IMPORT SOURCES

Since 2011, imports have exceeded local production making up over 50% of consumption. Informal cross-border imports from Benin Republic not captured in formal imports estimates.

Within local production, 6 of 36 Nigerian states produce over 50% local production: Benue, Kaduna, Kano, Nasarawa, Niger, Taraba.

Major Import sources are:

- Brazil
- Thailand
- India
- USA

VALUE CHAIN ANALYSIS

PRODUCTION	PROCESSING	END USE
<ul style="list-style-type: none">● Inadequate irrigation leads to highly volatile productivity levels● Low levels of farming technologies– mostly rudimentary, for subsistence● Yields hampered by inability to mitigate impact of weeds, insects, and birds	<ul style="list-style-type: none">● Limited processing capacity exists● Mill processors generate substandard output due to poor quality control practices● Poor drying and sorting techniques● Power failures lead to high cost of production	<ul style="list-style-type: none">● Local produce passes through several middlemen, squeezing margins for retailers● Perceived high quality of imports leads consumers to shun local produce● Open market most dominant retail channel

SOURCE: FAOSTAT, USDA FAS GAIN Report, Team analysis

OPPORTUNITIES FOR VALUE CREATION

Production	<ul style="list-style-type: none">• Improve productivity of farming: Investment in high-yielding, disease resistant, short-duration varieties.• Enhance farming skills: Investment in agronomy training and extension services for farmers.
Processing	<ul style="list-style-type: none">• Invest in productivity enhancements: Investment in scalable milling, scaling, threshing technologies in processing.• Invest in irrigation facilities (currently <5% of farmland) to reduce dependence on rain-fed farmland.• Invest in scalable technologies for land clearing, harvesting, planting.• Explore solar energy driven processing to drive down production cost and leapfrog infrastructure challenges.
Distribution	<ul style="list-style-type: none">• Invest in high-technology storage facilities across different regions to facilitate efficiency of distribution and logistics.
Marketing	<ul style="list-style-type: none">• Enhance public perception of locally produced rice by highlighting nutritional benefits and quality of eating unpolished rice.

SOURCE: FAOSTAT, USDA FAS GAIN Report, Team analysis

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