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### **Report Highlights:**

Nigeria is the most populous country in Africa, and has the largest economy on the continent. Demographically, its population is relatively young and urbanizing. While there are clear food and agricultural export opportunities in Africa's largest consumer market, 2023 has been a challenging year. Consumers have contended with the national currency's devaluation, food price inflation, and the ending of the national fuel subsidy, all of which has hurt purchasing power. However, consumers, especially in cities, have favorable views of imported food and agricultural products, and domestic food processors seek stable supplies of food ingredients to bridge domestic production gaps. This report serves as a guide for U.S. exporters seeking to export U.S. food, beverages, and agricultural products to Nigeria. It provides an overview of the market potential, import food standards & regulations, import procedures, market trends, and useful contacts.

# Market Fact Sheet: Nigeria

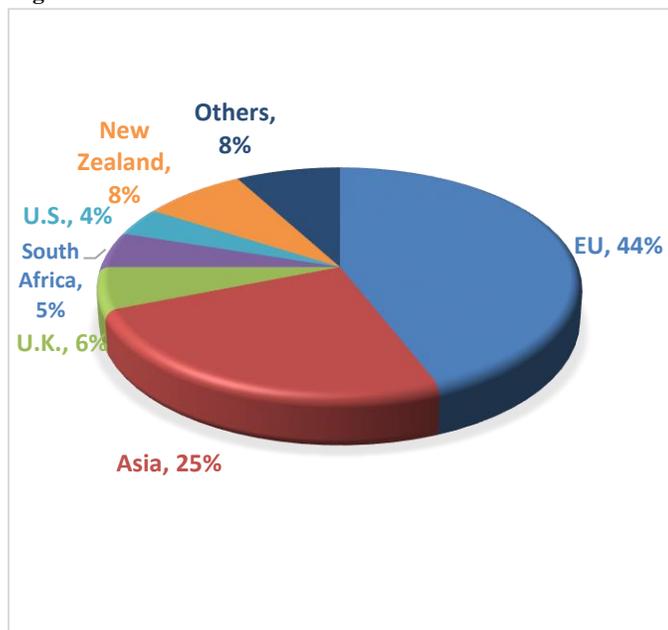
## Executive Summary

Nigeria has the largest economy, and is the most populous country, in Africa. Its large consumer base and growing population is expected to remain an important market for food and agricultural exporters. However, persistent macroeconomic, political, security, and consumer purchasing power challenges may also stifle export prospects. The value of imported food and agricultural products was estimated to be \$8 billion in 2022. In the same year, U.S. food and agricultural exports amounted to \$631 million, a decrease of 15 percent compared to the \$724 million in 2021. Expanding U.S. food and agricultural exports face strong competition from the European Union (EU), Asian, and South African suppliers. U.S. exports must also contend with higher freight costs, a strong dollar, and relatively weak consumer purchasing power.

## Consumer-Oriented Food Products

In 2022, consumer-oriented food exports to Nigeria amounted to \$1.8 billion, with the United States accounting for 4 percent or about \$67 million (Figure 1). Nigeria’s large consumer base and growing population is expected to remain an important market for consumer-oriented food exporters, however ineffective macroeconomic policies, weak transportation and cold chain infrastructure, insecurity, and the lack of foreign exchange could continue to temper import demand.

Figure 1. Market Share of Consumer-Oriented Exports to Nigeria in 2022



Source: Trade Data Monitor, LLC

## Composition of Food Market Sector

**Retail Food:** The retail food sector is fragmented and relies majorly on informal sales channels. It is estimated that 80 percent of food shopping is conducted in traditional open markets. However, more consumers are shifting to supermarkets and food stores.

**Food Processing:** The sector is dominated by small and medium enterprises (SMEs). Most multinational food processing companies use third party distributors due to the difficulty of doing business in Nigeria. Real GDP growth in 2022 for the food processing sector declined by 48 percent compared to 2021.

**Food Service:** The quick service restaurants (QSRs) sub-sector grew at an annual average of 25 percent. Snack and fast-food consumption are estimated at more than \$250 million and growing 20 percent annually.

### Quick Facts 2023

#### Top 10 Consumer-oriented Products Based on Growth Trends

- + Prepared foods
- + Distilled spirits
- + Non-Alcoholic beverages
- + Processed vegetables
- + Condiments and sauces
- + Wine and related products
- + Dairy products
- + Breakfast cereals
- + Pet foods
- + Meat products

#### Leading Retail Stores

- |               |                    |
|---------------|--------------------|
| ShopRite      | Game Stores        |
| SPAR          | HubMart            |
| Prince Ebeano | NextCash and Carry |
| Grand Square  | Genesis            |
| Market Square | Addie              |

Strengths	Weaknesses
<ul style="list-style-type: none"> <li>➤ Africa’s largest consumer market.</li> <li>➤ Familiarity with U.S./European foods; English language used.</li> <li>➤ Favorable view of the United States.</li> </ul>	<ul style="list-style-type: none"> <li>➤ Weak consumer purchasing power.</li> <li>➤ Volatile currency; foreign exchange shortages.</li> <li>➤ Banking, credit, and finance challenges.</li> </ul>
Opportunities	Threats
<ul style="list-style-type: none"> <li>➤ Increasing urbanization.</li> <li>➤ Lifting of government-imposed forex restrictions.</li> <li>➤ Strong market for food and beverage imports.</li> </ul>	<ul style="list-style-type: none"> <li>➤ Insecurity and weak infrastructure.</li> <li>➤ Cold chain, logistics, and distribution limit export growth outside of Lagos and Abuja.</li> <li>➤ Government maintains import bans on selected food items.</li> </ul>

## SECTION I. MARKET OVERVIEW

### Population and Key Demographic Trends

The country's population of over 218 million accounts for about 50 percent of West Africa's estimated 430 million people. Nigeria's population is estimated to reach 400 million by 2050, which could make it one of the five most populous countries in the world. Over half of the population resides in urban areas, with urbanization growing at about 4 percent annually. The country is relatively young with about 20 percent aged 15-24 years and the national median age of just 18.4 years. In 2022, rising prices of goods and services weakened household consumption. The [National Bureau of Statistics](#) (NBS) reported negative household final consumption growth (-4.07 percent) in 2022 compared to the 25.65 percent in 2021.

### Size of the Economy

Nigeria's economy has long depended on oil production and energy exports as its major driver of revenue. The government has sought to diversify the economy away from energy production with mixed results. However, the NBS reported an oil sector contribution of 5.67 percent to the total real gross domestic product (GDP) in 2022, a decrease of about 22 percent compared to the previous year indicating a corresponding increase in the non-oil sector. Overall, the annual GDP growth rate in 2022 stood at 3.10 percent, slightly higher than the world average of 3.08 percent. In October 2023, food inflation reached an all-time high of 31.52 percent, due to several factors including the ending of the national fuel subsidy, the weakening of the naira relative to other trading currencies, high electricity costs, and insecurity. These factors have decreased private sector investment and production, and weakened household earnings and spending.

### Overall Business Climate

In a [report](#) by the World Bank, Nigeria was ranked 131 out of 190 economies on the ease of doing business. The country continues to suffer from a myriad of institutional challenges preventing greater foreign direct investment and domestic production. Several parts of the country suffer from insecurity and high crime rates. Public institutions are perceived by many to be corrupt and inefficient. The government has frequently enacted, modified, and annulled economic and trade policies with little notice or public input. The country has not made necessary infrastructure investments to foster business development, including strengthening the power grid, road transportation, and cold chain networks. A depreciating naira and the lack of foreign exchange prevents businesses from importing necessary materials for domestic manufacturing.

### Agricultural Sector

Despite abundant arable land, the country relies on food imports to meet basic domestic production shortfalls. The agricultural sector's low performance is due to continued insecurity in farming areas, weak public and market infrastructure, inadequate access to credit, unfavorable government policies, low adoption of technology and innovation, and climate change. Over decades, government policies to boost domestic agriculture and food processing have been largely unsuccessful. To increase domestic food production, the government has implemented several trade protectionist measures including import bans and foreign exchange restrictions. The Tinubu administration has shown some renewed interest in the sector by declaring emergency on food security. The Tinubu administration is also viewed by many to be

more pragmatic and open to international trade than the previous Buhari administration.

### **Foreign Exchange Restrictions Lifted; No Change to Import Prohibitions**

On October 12, 2023, the Central Bank of Nigeria (CBN) [lifted restrictions on sourcing foreign exchange](#) at the official rate for the importation of 43 items, including several food and agricultural products. The restriction was originally imposed on 41 items in 2015. In 2020, the CBN added milk and dairy products, and maize to the foreign exchange restriction list. According to post contacts, the lifting of foreign exchange restrictions may eventually lead to a more stable fiscal environment and increased food and agricultural imports. However in the short-term, the scarcity of foreign exchange available at the Nigerian Foreign Exchange Market (NFEM) rate is expected to worsen. Importers noted insufficient foreign exchange liquidity from NFEM sources, and thus expect to patronize the parallel market. At the same time, if the naira continues to devalue in the parallel (unofficial) market, they note import demand is expected to slide further as imports become relatively pricier for importers and consumers.

The government did not announce changes to its list of import prohibitions, which include frozen and live poultry, beef, pork, table eggs, hatching eggs, refined vegetable oils and fats, cane and beet sugar, cocoa butter, spaghetti/noodles, fruit juice in retail packs, and water with added sugar, beer, and tomato paste or concentrate for retail sale. The full list of prohibited items by harmonized system (HS) code can be found on [Nigeria’s Customs Service website](#).

### **Advantages and Challenges**

Advantages	Challenges
Large domestic market of more than 218 million and the additional regional West African market of about 212 million.	Limited physical presence of U.S. agricultural companies; limited U.S. exporter knowledge of the market.
Increasing urbanization and rising levels of female employment support demand for retail food shopping.	U.S. food products have shorter shelf life; long transit/clearing times; seldom carry readable “Best Before” dates as required by Nigeria’s food regulations.
Western-style retail sector, and a trend toward greater demand for healthy foods are creating market similarity and easing transactions.	U.S. products are generally higher priced compared to competitors; traditional trade links with Europe remain strong.
Consumers are increasingly demanding higher quality foods; food processors perceive imported food ingredients as high quality.	High tariffs, levies, quotas, and permitting are restrict imports; import prohibitions on poultry, beef, and pork, and other products.
Given weak domestic production, SMEs seek imported ingredients to package shelf-stable foods for a growing population.	Difficult for exporters to utilize GSM-102.
Nigerian buyers attend trade shows in the United	Lack of foreign exchange availability; strong dollar

States, and those with USA Pavilions.	relative to the naira.
FAS/Lagos has good working relationship with GON policy officials and representatives of the key private sector trade and industry associations. FAS provides first-hand market intelligence for U.S. interests.	Bureaucratic inefficiencies; multiple port inspection agencies and poor infrastructure delay custom clearances.

## SECTION II. EXPORTER BUSINESS TIPS

- The National Agency for Food and Drug Administration and Control (NAFDAC) is the lead agency for registering and regulating processed food and agricultural products. The Customs Service inspects all goods at the point of entry and collects duties.
- Clearing procedures are not always followed as written. Prior to exporting, U.S. exporters should partner with local firms to facilitate export documentation, approvals, inspections, and consignment clearance. Exporters can face unclear, bureaucratic, and unusual practices when dealing with officials.
- Nigerians have embraced smartphones and e-commerce. Online purchasing and home delivery services are gradually becoming mainstream. Exporters should consider e-commerce and technology platforms to market products and conduct consumer research.
- Due to the diversified nature of food imports, exporters should explore consolidated shipping of mixed containers rather than requiring importers to order in large volumes.
- Those seeking to export products derived from genetic engineering must ensure they first apply for a biosafety permit and receive approval prior to shipping.

## SECTION III: IMPORT FOOD STANDARDS & REGULATIONS AND IMPORT PROCEDURES

### Customs Clearance

U.S. exporters should reference the most recent [FAIRS Annual Country Report](#) and [FAIRS Export Certificate report](#) or [contact the FAS-Lagos office](#) regarding export document concerns.

### Documents Generally Required by the Country Authority for Imported Food

[Import documents](#) required to receive clearance for goods imported into the country are a bill of lading, commercial invoice, exit note, Form ‘M’ entry declaration, packing list, single goods declaration, product certificate, and certificate of origin.

All processed food and semi-processed food items and beverages for import shall acquire [NAFDAC](#) certificate of registration. Importers are required to obtain permits for mixed container loads of high value products under [NAFDAC’s global listing for supermarket items](#). [Animal feed and pet products](#) shall be registered with the Veterinary Medicines and Allied Products Directorate of NAFDAC and obtain a marketing authorization number before import and sale. No importer is permitted to import [feed supplements, feed concentrates, feed additives, premixes, and fish meal](#) without authorization from NAFDAC.

Importers of [plant products](#) shall obtain a quarantine permit of entry from the Nigeria Agricultural Quarantine Service (NAQS). Importers of [animal and animal products](#) shall obtain an import permit from the Chief Veterinary Officer, Federal Department of Veterinary and Pest Control Services and notify NAQS of the import permit details. Importers of genetically engineered products (GE) shall acquire a [biosafety permit from the National Biosafety Management Agency \(NBMA\)](#).

### **Country Language Labeling Requirements**

The labeling of pre-packaged food manufactured, imported, exported, sold, distributed, or consumed in Nigeria are regulated under [NAFDAC's Pre-Packaged Food \(Labeling\) Regulations of 2022](#). Food products are to be labeled in English and may include any other language, and shall carry "best-before" or expiry dates where applicable. Please refer to the [2023 FAIRS Annual Country Report for further details](#).

### **Tariffs and Free Trade Agreements**

The tariff schedule has five bands: 0 percent duty on capital goods and essential drugs, 5 percent duty on raw materials, 10 percent on intermediate goods, 20 percent on finished goods, and 35 percent on imports into strategic sectors. However, Nigeria maintains several supplementary levies, excise, and Value-added Taxes (VAT) on imports of certain goods, which significantly raises the import duty paid by importers. There are about 156 tariff lines with a combined effective duty (tariff plus levy) of not less than 50 percent. These include 15 tariff lines on which the combined effective duty exceeds the 70 percent limit set by the Economic Community of West African State (ECOWAS). In addition, GON usually manipulates import duties to increase revenue, discourage consumption, or protect local industries by discouraging imports. Average tariff on agricultural products is around 16 percent. Tariffs on products imported into the country can be found on [Nigeria's Customs Service tariff schedule](#).

Nigeria is a signatory to the ECOWAS Trade Liberalization Scheme and African Continental Free Trade Agreement (AfCFTA) whose primary objective is to remove trade barriers and restrictions among member African states. Nigeria is a member of the World Trade Organization (WTO). The country is eligible for preferential trade benefits under the African Growth and Opportunity Act (AGOA). AGOA was established to strengthen trade relationships between the United States and selected sub-Saharan African countries. The U.S – Nigeria Trade and Investment Framework Agreement (TIFA) serves as the main bilateral forum on trade and investment issues.

### **Trademarks and Patents**

The Trademarks Registry of the Federal Ministry of Industry, Trade and Investment is responsible for issuing patents, trademarks, and copyrights. Once conferred, a patent conveys the exclusive right to make, import, sell, use a product, or to apply a patented process. Nigeria has legislation to check copyright and trademark violations and enforce international best practices, but infringement and violation of intellectual property rights in the form of counterfeiting and piracy continues to be a concern. For further details, refer to the [2023 FAIRS Annual Country Report](#).

## **SECTION IV: MARKET SECTOR STRUCTURE AND TRENDS**

### **Market Structure**

The food market structure comprises the retail food, food processing, and hotel, restaurant, and institutional (HRI) sectors.

In the early 2000s, investment spurred optimistic shopping malls plans which proliferated in major cities. International supermarkets such as ShopRite, SPAR, and GAME expanded operations across the country. Since 2015, Nigeria experienced fiscal policy volatility, supply chain challenges, currency depreciation, high operating costs, and eroding consumer purchasing power. These challenges are partly responsible for the trend towards smaller-sized operations serving neighborhoods and the growing number of shopping kiosks and street shops.

Nigeria's retail food sector consists of supermarkets, convenience stores and small grocery stores, and traditional open-air markets, accounting for 2 percent, 25 percent, and 73 percent of total retail food sales, respectively.

SMEs dominate the domestic food processing industry. The sector also has some large international companies operating inside Nigeria, including Tolaram's joint venture with Kellogg's to produce snacks and breakfast cereals. However, in 2023, several non-food consumer-oriented international companies announced plans to divest operations in Nigeria due to unfavorable macroeconomic conditions. It is difficult for the local food processing industry to compete with imported brands due to weak infrastructure, scarcity of raw materials, and high operating costs. International brands are perceived as higher quality and are frequently cheaper than domestically produced processed foods. Processed foods from large multinationals are usually imported and distributed by domestic franchisees and distributors. FAS-Lagos estimates that about 80 percent of the larger food processing, intermediate foods, and ingredient companies are headquartered in Lagos.

Food service operations can generally be categorized as either standardized and regulated or traditional unregulated operations. The standardized operations are formalized with business names and organized structures, whose operations are usually in the urban areas, large-scale, and certified by authorities. These can be single-branch eateries or QSR chains that provide minimal table service to customers.

- Major food service operators in Nigeria are seeking franchise opportunities to represent U.S. companies in Nigeria, especially in the QSR sector.
- The country has national brands; there are also international QSR brands including KFC, Pizza Hut, Krispy Kreme, Burger King, and Cold Stone Creamery.
- The HRI sector faces insecurity challenges. Many HRI establishments are attached to budget hotels, which are operated by Nigerians and South African investors.
- Upscale restaurants serving continental or ethnic (e.g., steak houses, Asian, Tex-Mex, Lebanese, etc.) cuisine are frequently associated with boutique hotels.

## **Distribution Channels**

An importer may serve as the U.S. exporter's appointed agent and sole representative, or they may import consolidated containers from various consumer-oriented food exporters.

- Retailers purchase more than 80 percent of consumer-oriented foods from importers and wholesalers located in traditional open markets.
- There are growing instances where wholesalers/agents are bypassed by end-users who deal directly with exporters.
- Increase in the range of in-store offerings for consumers such as fresh foods (including local foodstuff, fruits, and vegetables), take-away food service, bakery, and confectioners' corners, etc. Many supermarket outlets are also dedicating corners for these new offerings, and in most cases, supply of local foodstuff, fresh fruits and vegetables are contracted to local producers.
- Street stores and kiosks offer low prices to attract more consumers.
- Online retailing is an emerging trend. Consumers (especially the young) in urban areas are utilizing mobile payments, restaurant and grocery delivery applications, and e-commerce.

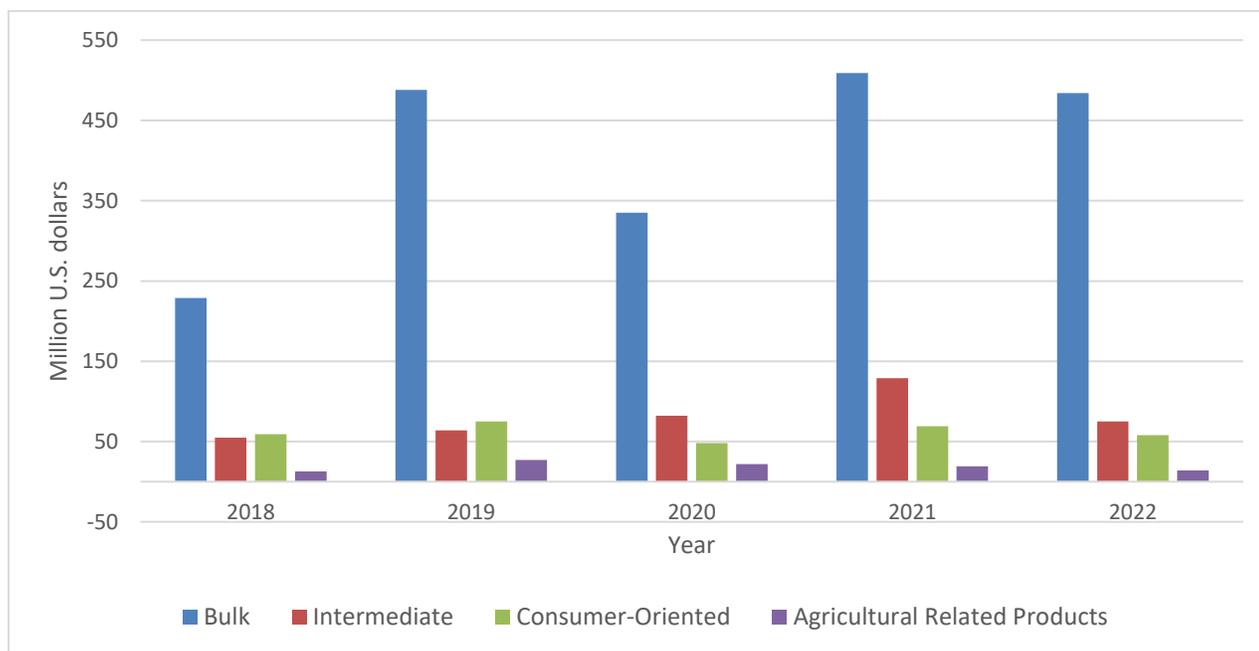
## **Market Trends**

The COVID-19 pandemic increased the adoption of digital innovation in the food industry. Food retail, food processing, and food service businesses are expanding their online channels, embracing large e-commerce platforms such as Glovo and Chowdeck, and coordinating with delivery service providers to meet online shopping demand. In December 2023, Jumia announced it was suspending its food delivery services in Nigeria. Increasing digital consciousness, rapid urbanization, and proliferation of smart phones are anticipated to influence this growth.

The Information and Communication Sector is a major contributor to the economy. Processed food, beverages, condiments and sauces, and tree nuts are among the top consumer-oriented products sold online. These items continue to extend their presence on e-commerce platforms in 2023 due to their convenience and shelf-life. Meanwhile, perishable products including fresh vegetables and fruits, and dairy products are mostly distributed through offline channels, however some e-commerce service providers are now providing fresh grocery delivery services.

## SECTION V: AGRICULTURAL AND FOOD IMPORTS

**Figure 2: U.S. Food & Agricultural Exports to Nigeria**



Source: USDA Global Agricultural Trade System

### U.S. Exports to Nigeria in 2022

U.S. food, agricultural, and related exports to Nigeria reached \$631 million in 2022, down by 13 percent compared to \$724 million in 2021. Wheat accounted for 76 percent of the country's total agricultural and related imports from the United States. In 2022, global exports of consumer-oriented food exports to the country amounted to \$1.8 billion, with the United States accounting for about 4 percent of this amount. Industry sources estimated global consumer-oriented product and other food exports to be higher than the recorded value as some imported products enter the market unrecorded, undervalued, or concealed through informal trade channels. Informal entry is high due to the country's porous borders, high tariffs, import prohibitions, and protectionist trade measures.

**Table 1: Selected Consumer-Oriented, and Seafood Exports to Nigeria**

Values in million U.S. dollars	World Exports			U.S. Exports			U.S. Market Share		
	2020	2021	2022	2020	2021	2022	2020	2021	2022
<b>Consumer-oriented products</b>									
Dairy Products	766	840	759	6	5	2	1%	1%	0%
Soup and Other Preparations	141	204	194	17	32	23	12%	16%	12%
Processed Vegetables	82	103	123	1	1	1	1%	1%	1%
Fresh Vegetables	9	23	95	-	-	-	0%	0%	0%
Processed Fruit	9	35	82	-	-	-	0%	0%	0%
Fresh Fruit	41	51	79	-	-	-	0%	0%	0%

Bakery Goods, Cereals & Pasta	29	32	77	1	1	1	3%	3%	1%
Condiments & Sauces	61	68	58	3	1	-	5%	1%	0%
Spices	15	26	44	-	-	-	0%	0%	0%
Non-Alcoholic Bev. (ex. Juices, coffee & tea)	34	35	40	2	3	2	6%	9%	5%
Distilled Spirits	18	43	39	2	4	6	11%	9%	15%
Fruit & Vegetable Juices	36	41	32	1	-	-	3%	0%	0%
Chocolate & Cocoa Products	13	16	29	-	-	-	0%	0%	0%
Tree Nuts	3	3	28	-	-	-	0%	0%	0%
Coffee, Roasted & Extracts	19	20	27	-	-	-	0%	0%	0%
Mfg. Tobacco	12	18	23	-	-	-	0%	0%	0%
Tea	20	24	19	-	-	-	0%	0%	0%
Wine & Related Products	9	14	15	3	7	5	33%	50%	33%
Chewing gum & Candy	6	7	8	-	-	-	0%	0%	0%
Dog & Cat Food	2	4	6	-	-	1	0%	0%	17%
Meat Products NESOI	2	3	3	-	1	-	0%	33%	0%
<b>Agricultural Related Products</b>									
Seafood Products	734	891	885	21	17	13	3%	2%	1%

Source: Trade Data Monitor LLC and USDA Global Agricultural Trade System (GATS)

## SECTION VI: KEY CONTACTS AND FURTHER INFORMATION

### 1) FAS Lagos, Nigeria

Office of Agricultural Affairs,  
U.S. Consulate, 2 Walter Carrington Crescent  
Victoria Island, Lagos, Nigeria  
Tel: 234 01 460 3485  
[AgLagos@usda.gov](mailto:AgLagos@usda.gov)

### 2) American Business Council in Nigeria

The [American Business Council](#) in Nigeria serve as the point of contact for members of the American business community. They provide sector specific market and insights on Nigeria's business environment.

### 3) Key Government Contacts

- [National Agency for Food and Drug Administration and Control](#)
- [Nigeria Agricultural Quarantine Service](#)
- [Federal Government of Nigeria single window for trade](#)

- [Department of Veterinary and Pest Control Services, Federal Ministry of Agriculture and Food Security](#)
- [National Biosafety Management Agency](#)

**Attachments:**

No Attachments