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Date: 5/20/2019

GAIN Report Number: NG-19005

Nigeria

Post: Lagos

Nigeria Animal Feed Sector Snapshot – 2019

Report Categories:

Agricultural Situation, Agriculture in the Economy, Agriculture in the News, Fishery Products, Grain and Feed, Livestock and Products, Oilseeds and Products, Poultry and Products, SP1 - Expand International Marketing Opportunities

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Report Highlights:

Nigeria's animal feed sector remains underdeveloped, largely due to high production costs. Seventy percent of the operational costs of most poultry, aquaculture, and other livestock operations go to feed. The animal feed sector is estimated at more than \$2 billion, continuing to attract significant local and foreign investment in large-scale feed mill operations.

GENERAL INFORMATION:

NIGERIA COUNTRY SNAPSHOT

Nigeria with an estimated nominal gross domestic product (GDP) of \$444 billion in calendar year (CY) 2019 (January-December) is Africa's largest economy. It is a major petroleum producer, with a population of 203.5 million (Central Intelligence Agency – July 2018, estimate) growing at 2.54 percent per annum.

Nigeria's population will grow from more than 186 million people in 2016 to 392 million in 2050, becoming the world's fourth most populous country. Nigeria's sustained high population growth rate will continue for the near future because of population momentum and its high birth rate. Nearly 20 percent of the population falls within the 15-24 years cohort; the national median age is 18.3 years. With the overall demographics of a young population and an increasing middle class, demand for animal protein should rise significantly over time.

Nigeria's GDP has averaged at ~\$500 billion over the last five years. Earnings from crude oil and gas exports contribute more than 80 percent of the country's total revenue. The agricultural sector however is underdeveloped, accounting for around 20 percent of GDP while employing roughly 70 percent of the population.

NIGERIA ANIMAL FEED SECTOR OVERVIEW

Nigeria's animal feed sector remains underdeveloped, largely due to high production costs. Seventy percent of the operational costs of most poultry, aquaculture, and other livestock operations go to feed. The animal feed sector at over \$2 billion continues to attract significant local and foreign investment in large-scale feed mill operations.

In late 2016, OLAM International (Singapore-based) commissioned a new 720,000 metric ton (MT) per annum feed milling operation that produces heat-treated mash and pelleted feeds. Its ultra-modern hatchery is producing day-old chicks, both layers and broilers at affordable prices for farmers. The firm also owns a fish feed manufacturing facility. Higher operational efficiency in these large-scale and modern feed mills in Nigeria will reduce feed production cost.

Growth in the poultry feed sector has nonetheless slowed in the last 2-3 years due to reduced consumer income following Nigeria's economic recession and subsequent major currency devaluation in 2016. Poultry meat and egg consumption has declined substantially, but will rebound over time.

Poultry Production and Consumption: Projections (assuming moderate feed costs) put Nigerian poultry and meat consumption increasing tenfold by 2040. Estimates put yearly Nigerian per capita egg and poultry meat consumption at around 30 kilograms and 1.7 kilograms, low compared to U.S. consumption of 279 kilograms eggs/capita/year and 100 kilograms poultry meat/capita/year.

Fish Production and Consumption: Nigeria is the largest aquaculture producer in sub-Saharan Africa. Nigeria's annual fish consumption is about 2 million metric tons, with just under 20 percent supplied

through land-based aquaculture production. Fish is an important dietary element in Nigerian households, contributing about seven percent of the total consumption of animal protein per capita per day.

COMMODITIES

The major commodities utilized in Nigeria for feed manufacture include maize (corn), soybeans, wheat, and cassava. Roughly, 60 percent of production goes to animal feed, especially for poultry. Other commodities utilized in lesser amounts in feed manufacture include groundnut, sorghum, other cereals, and fats and oils.

Soybean Production and Consumption: Nigeria is West Africa's largest producer of soybeans. In marketing year 2018/19 (October-September), Nigeria will produce an estimated 1 million metric tons of soybeans, with yields of about 1.05 MT per hectare. Cultivation is largely located in the country's green middle belt (65-70 percent of production), in the states of Kaduna, Niger, Kebbi, Nasarawa, Kwara, Oyo, Jigawa, Taraba, Borno, Benue, Bauchi, Lagos, Sokoto, Plateau, Zamfara, and the Abuja Federal Capital Territory. Domestic production is consumed locally mainly in the form of soymilk and specially formulated foods to help malnourished population groups.

Soybean Cake and Meal: A by-product from the soy oil production, Nigerian farmers use soybean cake as a high-protein animal feed. Soybeans are an important high quality, affordable source of protein. It consists of more than 36 percent protein, 30 percent carbohydrates, and is an excellent source of dietary fiber, vitamins, and minerals. Soybean meal counts with a protein digestibility in poultry of approximately 85 percent.