

USDA Foreign Agricultural Service

# GAIN Report

Global Agricultural Information Network

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## **Nigeria**

### **Sugar Annual**

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**Report Highlights:**

MY2016/17 sugar production is expected to remain relatively flat at 70,000 tons, which signals limited progress of Nigeria's backward integration plans for sugar production. MY2016/17 raw sugar imports are estimated to decline marginally by three percent, largely due to limited availability of foreign exchange used for food and agricultural imports.

## Economic Overview

**Foreign Exchange Access:** Declining oil prices continue to restrain Nigeria's revenues (in U.S. dollars), adding surmountable pressure on repaying its financial obligations. To help secure supplies of foreign currency, on June 23, 2015, President Buhari imposed a monetary policy to restrict foreign exchange access for 41 imported goods and services.

Sugar is not among the food products affected by this import restriction. Importers report that they can obtain only 20 – 30 percent of their foreign exchange demand from official sources; however, for the remaining 70 – 80 percent, they rely on the high-cost parallel market. Foreign exchange is available at various rates: currently, the official GON rate is at about 200 Naira to 1 USD; and the parallel market rate fluctuates between 300 and 340 Naira to 1 USD.

[Note: Government sources note that foreign exchange is more readily available for improving infrastructural development and services.]

**Security:** The Boko Haram and migrant herdsmen insurgencies in the Northeast sugar consuming region have dislodged the population with majority settled in camps as internally displaced persons and are living on donated food items.

**Slow Implementation of Agricultural Policies:** Sources note that the new government has yet to provide funding support for sugar and other agricultural development policies.

## Production, Supply and Demand Data Statistics:

Sugar, Centrifugal Market Begin Year Nigeria	2014/2015		2015/2016		2016/2017	
	May 2014		May 2015		May 2016	
	USDA Official	New Post	USDA Official	New Post	USDA Official	New Post
Beginning Stocks	100	100	100	100	0	100
Beet Sugar Production	0	0	0	0	0	0
Cane Sugar Production	75	75	70	70	0	70
<b>Total Sugar Production</b>	75	75	70	70	0	70
Raw Imports	1340	1340	1345	1345	0	1310
Refined Imp.(Raw Val)	125	125	125	125	0	120
<b>Total Imports</b>	1465	1465	1470	1470	0	1430
<b>Total Supply</b>	1640	1640	1640	1640	0	1600
Raw Exports	0	0	0	0	0	0
Refined Exp.(Raw Val)	200	200	200	200	0	200
<b>Total Exports</b>	200	200	200	200	0	200
<b>Human Dom. Consumption</b>	1295	1295	1290	1290	0	1250
<b>Other Disappearance</b>	45	45	50	50	0	50
<b>Total Use</b>	1340	1340	1340	1340	0	1300
Ending Stocks	100	100	100	100	0	100
<b>Total Distribution</b>	1640	1640	1640	1640	0	1600

(1000 MT)

**Production:**

MY2016/17 domestic sugar production remains relatively flat at 70,000 tons (raw value). Sugar production is trending downward, mainly due to poor infrastructure, limited government support, and high-cost domestic production compared to imported brown sugar. Sources note that the average yield of refined sugar (per ton of sugar cane) continues to be estimated at approximately 10 percent.

Nigeria's three main sugar players are Flour Mills of Nigeria, BUA Group, and Dangote Group. However, Dangote Sugar remains the largest sugar producer with its 70 percent market share and continues to invest in its operations.

**Policy:**

The National Sugar Master Plan (NSMP) is a backward integration program with projections for the development of local sugarcane plantation and sugar production over a 10-year period. Sources note that the National Sugar Development Council Act was amended in June 2015 to further support the Nigeria Sugar Master Plan. The effectiveness of those amendments are still being monitored as the Government of Nigeria has reportedly not provided adequate funds to support to the development of Nigeria's sugar industry.

**Consumption:**

Sources note that this year's Nigeria per capita sugar consumption is currently estimated at 9.7 kilograms, which is drastically lower than the global average of 34 kilograms.

MY 2016/17 consumption is expected to drop slightly by three percent to 1.25 million tons. Nigeria's sugar demand is growing partially due to Nigeria's bottled soda industry; however, overall consumption is down by three percent because of lowering consumer purchasing power. Moreover, the Boko Haram and migrant herdsmen insurgencies in the Northeastern sugar consuming region have dislodged the population with majority settled in camps as internally displaced persons and are living on donated food items.

**Trade:***Imports*

## Raw Sugar

OAA/Lagos anticipates that Nigeria's MY2016/17 raw sugar imports will decline marginally by three percent, largely due to challenges with obtaining foreign exchange. Sources note that Brazil is the largest raw sugar supplier to Nigeria, dominating over 75 percent of market share.

## Refined Sugar Capacity

As previous reports noted, Nigeria's sugar requirements are mainly met through imports of raw sugar that is refined locally. Annual sugar refining capacity remains at 2.9 million tons, exceeding national consumption demand of over 1.6 million tons per year.

For information on Nigeria's sugar tariff structure, please review the following report: [http://gain.fas.usda.gov/Recent%20GAIN%20Publications/Sugar%20Annual Lagos Nigeria 6-4-2015.pdf](http://gain.fas.usda.gov/Recent%20GAIN%20Publications/Sugar%20Annual%20Lagos%20Nigeria%206-4-2015.pdf)

### *Exports*

Similar to previous years, MY2016/17 exports remain at 200,000 tons. Informal trade of refined sugar products remains consistent to neighboring West and Central African countries.

### **Stocks:**

Declines in both supplies and consumption prompts Post to maintain its MY2016/17 stock estimate at 100,000 tons.