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Report Highlights:

FAS-Lagos forecasts a 6 percent decrease in raw sugar imports in marketing year (MY) 2024/25 due to the scarcity of foreign exchange and the projected decrease in consumption. Domestic cane production is expected to increase by about a 7 percent in MY 2024/25 to 80,000 metric tons (MT). This is due to maturing investments in production. Meanwhile, increased demand for refined sugar across West Africa and other Sub-Saharan African countries is expected to lead to a 6 percent increase in refined sugar exports in MY 2024/25.

SECTOR OUTLOOK AND POLICY SUMMARY

Nigeria is the second largest sugar importer in Sub-Saharan Africa, behind South Africa. Sugar consumption decreased in 2023 and the first half of 2024 due to the weakened purchasing power of consumers, brought upon by high food inflation, removal of the fuel subsidy, a weakened naira, and foreign exchange shortages. The high cost of sugar led to decreased production in bakeries and increased bakery good prices, leading many consumers to forgo traditional sweetened breads.

Raw sugar imports are expected to decrease by about 6 percent in MY 2024/25 to 1.7 million metric tons (MMT) compared to the 1.8 MMT estimate in MY 2023/24. This is attributed to the scarcity of foreign exchange and the projected decrease in consumption. Refined sugar exports to West Africa and other African countries are expected to increase in MY 2024/25 by about a 6 percent to 375,000 MT. Due to the decrease in domestic consumption, Nigerian sugar exports are expected to become a relatively cheaper alternative for other African countries, amid high import costs and a decrease in Brazilian production.

[Nigeria's Sugar Master Plan \(NSMP\)](#) is still enforcing domestic companies to increase investments in sugarcane production and processing. Dangote Sugar, BUA Foods, and Golden Sugar have made significant investments since NSMP enforcement began. The government restricts sugar imports; the President must approve all imports based on the Minister of Industry, Trade, and Investment's recommendations. Refined sugar in retail packs imports are prohibited, but refinery operators undertaking backward integration plans can import specific quantities of raw sugar through the quota system.

SUGARCANE

Table 1: Sugarcane Production, Supply and Distribution

Sugar Cane for Centrifugal Market Year Begins	2022/2023		2023/2024		2024/2025	
	Nov 2022		Nov 2023		Nov 2024	
Nigeria	USDA Official	New Post	USDA Official	New Post	USDA Official	New Post
Area Planted (1000 HA)	120	120	130	130	0	130
Area Harvested (1000 HA)	90	90	95	95	0	95
Production (1000 MT)	1620	1620	1750	1750	0	1750
Total Supply (1000 MT)	1620	1620	1750	1750	0	1750
Utilization for Sugar (1000 MT)	1620	1620	1750	1750	0	1750
Utilization for Alcohol (1000 MT)	0	0	0	0	0	0
Total Utilization (1000 MT)	1620	1620	1750	1750	0	1750
(1000 HA) ,(1000 MT)						

PRODUCTION

Post forecasts sugarcane production in MY 2024/25 to remain unchanged at 1.75 MMT as there have been no new government interventions to support increased domestic production (Table 1). Furthermore, due to the economic downturn and currency inflation, investors are challenged to source financing to expand production.

Furthermore, insecurity in producing states, communal hostilities, and land ownership disputes between host communities and operators are challenging the backward integration plans of major producers. The six sugar plantation beneficiaries of the backward integration plan are Numan in Adamawa state, Sunti in Niger state, Lafiagi and Bacita in Kwara state, Toyo and Tunga in Nassarawa state. The intervention plan is valued at \$73 million. The NSMP second phase allocates sugar import quotas based on the level of backward integration plan performance the prior year, rather than refining capacities of the beneficiaries.

Key players in the sector includes Dangote Sugar Refinery, BUA Sugar Refinery, Golden Sugar Refinery and Kia Africa Group. Dangote will cultivate about 24,200 hectares (ha) in its Numan sugar plantation within the next seven years. Post forecasts area planted in MY 2024/25 to remain unchanged at 130,000 hectares. Potentially arable lands that could support production is over 800,000 ha particularly along the entire length and breadth of the Niger and Benue Rivers.

CANE SUGAR

Table 2: Sugar Production, Supply and Distribution

Sugar, Centrifugal Market Year Begins	2022/2023		2023/2024		2024/2025	
	May 2022		May 2023		May 2024	
	USDA Official	New Post	USDA Official	New Post	USDA Official	New Post
Nigeria						
Beginning Stocks (1000 MT)	100	100	100	100	0	100
Beet Sugar Production (1000 MT)	0	0	0	0	0	0
Cane Sugar Production (1000 MT)	70	70	75	75	0	80
Total Sugar Production (1000 MT)	70	70	75	75	0	80
Raw Imports (1000 MT)	1800	1800	1800	1800	0	1700
Refined Imp.(Raw Val) (1000 MT)	150	150	130	130	0	120
Total Imports (1000 MT)	1950	1950	1930	1930	0	1820
Total Supply (1000 MT)	2120	2120	2105	2105	0	2000
Raw Exports (1000 MT)	0	0	0	0	0	0

Refined Exp.(Raw Val) (1000 MT)	350	350	355	355	0	375
Total Exports (1000 MT)	350	350	355	355	0	375
Human Dom. Consumption (1000 MT)	1620	1620	1600	1600	0	1500
Other Disappearance (1000 MT)	50	50	50	50	0	50
Total Use (1000 MT)	1670	1670	1650	1650	0	1550
Ending Stocks (1000 MT)	100	100	100	100	0	75
Total Distribution (1000 MT)	2120	2120	2105	2105	0	2000
(1000 MT)						

POLICY

Efforts to protect domestic production involve the continued employment of trade restrictive measures such as high tariffs and import bans. The current domestic supply has not kept pace with increasing demand, despite the government incentives to boost local production. The government authorized a three-year concessionary import duty tariff of 5 percent, with a 5 percent levy, on imported raw sugar, for those refineries that participate in its backward integration program.

Nigeria’s National Sugar Master Plan: In September 2022, the Federal Executive Council approved the NSMP’s extension by 10 years, through 2033. The second phase of the NSMP aims to produce around 1.7 to 1.8 MMT of sugar a year, providing 300,000 ha of irrigated land in nine states, and onboarding new sugar mills and refineries. The nine states where these facilities are planned to operate are in Nasarawa, Kwara, Adamawa, Oyo, Niger, Taraba, Ondo, Sokoto, and Bauchi.

Sugar Tax: On June 1, 2022, the government imposed of a tax on sugar-sweetened beverages. The tax rate of N10 per liter applies to all sugar-sweetened non-alcoholic and carbonated drinks produced, imported, distributed, and sold in the country. According to the government, the tax aims to curb the prevalence of obesity, diabetes, and other diet-related diseases and to broadly discourage excessive consumption of sugar.

PRODUCTION

FAS-Lagos forecasts domestic cane production in MY 2024/25 to increase by about 7 percent to 80,000 MT (Table 2). This increase is due to maturing investments and the high cost of sugar in MY 2023/24. Existing demand potential for refined sugar across West Africa also encourages investment in cane production.

Dangote Sugar Refinery has continued to expand its production capacity and making investments in expanding its Numan sugar refining capacity. Meanwhile, BUA is also developing its own subsidiary, Lafiagi Sugar Company. This is an integrated milling facility with 10,000 MT cane milling capacity per day and a refining capacity of 220,000 MT per year. Additionally, Golden Sugar Company is developing

their sugar estate and investing in refining capacity expansion. The ongoing infrastructural development of the Nigeria’s Sugar Company Bacita by KIA Group Limited is also expected to contribute to the increase in milling and refining capacity in MY 2024/25. The company’s target is to reach 176,000 MT of milled sugar by 2025.

Sugar accounts for key revenues for several large Nigerian food processing conglomerates (Table 3) and are major investors in the sector. These companies are able to increase investments and satisfy market demand, however there has been difficulty in securing foreign exchange to import. In addition, inadequate community infrastructure, and long gestion period of sugar investments impede investment flows into the sector.

Table 3: Key Sugar Companies

NAME	LAND DEVELOPED (Ha)	MILL CAPACITY (TCD*)
Large-scale		
Savannah Sugar Company, owned by Dangote Sugar	10,500	6,000
Sunti Golden Sugar Estate Ltd, owned by Nigeria Flour Mills	3,455	3500
BUA Sugar Company Lafiagi,	6,500	10,000
Small-scale		
Oyo Sugar Processors Ltd, Iseyin, Oyo state	N/A	300
Goronyo Sugar Company, Goronyo, Sokoto state	N/A	600
Dangote Nasarawa Sugar Project, Tunga, Nasarawa state	660	N/A
Great Northern Agribusiness Ltd, Gagarawa, Jigawa state	300	N/A

Source: Nigeria Sugar Development Council; *tons of cane per day (TCD)

Key players in the sector own farms across the country to supply their refineries with raw sugar. Meanwhile, the government distributes annual raw sugar import permits based on company compliance with the backward integration plan:

- Dangote Sugar operates three plantations: Savannah in Adamawa State, Lau Tau in Taraba State, and Tunga in Nasarawa State. Products from these farms are processed at a refinery located in Adamawa, while the Lagos State refinery processes imports raw sugar.
- Golden Sugar operates a sugar estate in Sunti, Niger State, with one refinery in Lagos State. The refinery has a production capacity of 750,000 MT per year.

- BUA Group owns two plantations, LASUCO in Kwara State and Bassa in Kogi. The company's two refineries are in Lagos and Port Harcourt with a combined installed capacity of 1.5 MMT per year. BUA Port Harcourt Refinery (850,000MT) is in Bundu Free Zone in Port Harcourt, Rivers State.

In addition, other ongoing sugar projects under the NSMP include the Gagarawa Sugar Project in Gagarawa, Jigawa State, the Contec Global Project in Isanlu Esa, Kogi State, Gummi Sugar Project in Zamfara State, Sean-Zara Sugar Project in Kwara State, Crystal Sugar Project in Jigawa State, Oyo State Sugar Processors Ltd, Iseyin, Oyo State, Goronyo Sugar Project in Goronyo, Sokoto State and Cocaset Sugar, Ondo State.

The government encourages small-scale farmers to produce sugarcane for mills. However, two leading outgrower associations contribute only a small portion of domestic sugar cane; Savannah Sugar and Oyo Sugarcane Processors. These associations include independent small-scale farmers who sell their products to key players. Packaging companies are Golden Sugar Company Limited, Dogan's Sugar Company, and McNichols Cubing Company.

CONSUMPTION

FAS-Lagos forecasts sugar consumption in MY 2024/25 at 1.5 MMT, a 7 percent decrease compared to the forecast for MY 2023/24 at 1.6 MMT. This is attributed to high inflation, weak consumer purchasing power, and the challenging business environment for bakeries and other industrial sugar utilizers.

The National Sugar Development Council (NSDC) indicated that household consumption of sugar accounts for less than 20 percent, while industrial consumption by the beverage, food processing, the bakery and confectionary, and pharmaceutical and dairy sectors, account for the other 80 percent. According to the Council, companies such as Cadbury, Dangote, and BUA are major buyers of sugar. The recent introduction of a 'sugar tax' on all non-alcoholic and carbonated sugar-sweetened beverages increased retail prices of most sugar-sweetened drinks. As a result, the consumer-oriented beverages market is expected to experience a marginal reduction in sugar consumption in MY 2024/25.

TRADE

Imports

FAS-Lagos forecasts raw sugar imports in MY 2024/25 at 1.7 MMT, a 6 percent decrease compared to the forecast for MY 2023/24 at 1.8 MMT. This is attributed to the scarcity of foreign exchange through official window to import raw sugar and the forecasted decrease in consumption.

Nigeria imports raw sugar but stopped refined sugar imports to protect the sugar industry and boost local production. However, the country has the refining capacity for some part of domestic sugar requirements. According to the government, the backward integration plan aimed to discourage the indiscriminate importation of sugar. [In 2021, the CBN issued a circular that only sugar refining](#)

companies with reasonable progress in complying with an agreed backward integration plan would be allowed to source foreign exchange from the official window to import sugar.

Brazil is the largest supplier of raw sugar to Nigeria with over a 97 percent market share. Post analysis of Nigeria's Bureau of Statistics data showed that the percentage import share of cane sugar imported from Brazil in 2023 decreased by 33 percent year-on-year. FAS-Lagos forecasts refined sugar imports in MY 2024/25 at 120,000 MT, about an 8 percent decrease from the MY 2023/24 at 130,000 MT.

The government stopped refined sugar imports into the country. As a result, local sugar packaging and cubing companies source their refined sugar domestically unless there is a justifiable reason to import. In that case, the government requires companies to submit their 3-5 years projected sugar needs and other requirements. In addition, high global sugar prices and persistent insecurity along the Northern border communities hinders unofficial trade.

Approved Guidelines for Raw Sugar Importation

NSDC requires refineries importing raw sugar for their operations to comply with the following:

- Companies wishing to import must formally apply for the quantity of the raw sugar required.
- Sugar import approvals are valid for one year and are not transferable.
- Companies granted approval to import sugar must commence or already have investment in a backward integration plan on local sugar production.
- No refinery importing raw sugar is allowed to expand its capacity without government approval.
- A body comprising of SURMIC Monitoring Unit and Local Sugar Manufacturers are to jointly monitor and evaluate compliance with these guidelines and have the authority to recommend revocation of approval.
- Recommendation on import quota allocation to refineries "shall" be through a transparent process involving the applicants.

Duties and Levies

The NSDC through the NSMP has pushed through a measure that allows raw sugar imports starting in 2019 through 2023. Raw sugar imports face a 10 percent duty, plus an additional 30 percent levy. The high tariff structure, according to the NSMP, aimed to promote local production, prevent dumping of cheap sugar, and send a clear message to sugar refiners/importers to develop a backward integration plan.

Exports

FAS-Lagos forecasts about a 6 percent increase in refined sugar exports in MY 2024/25 at 375,000 MT. This is due to an increased demand for refined sugar across West African and other Sub-Saharan African countries, as imports from Nigeria become a cheaper alternative amid an expected decrease in Brazilian sugar production. BUA recently contracted a shipping vessel, MV Bundu, to facilitate its sugar export expansion plans.

STOCKS

FAS-Lagos forecasts sugar ending stocks in MY 2024/25 at 85,000 MT, a 25 percent decrease in volume compared to the MY 2023/24 estimate. This is attributed to the projected increase in exports. The government's sugar policies have not yet led to significant production increases; Post does not anticipate substantial changes to stocks.

Attachments:

No Attachments