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## **Nigeria**

### **Rice Trade - Quarterly**

#### **U.S. Rice Exports to Nigeria Increases**

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**Report Highlights:**

U.S. rice is presented to the high income Nigerian consumers as a higher quality product, largely because of its price premium over imports from Thailand. However, in September 2010 there was a sharp increase in U.S. rice exports to Nigeria due largely to price convergence with Thai rice. The increase in imports may not be sustained following the increasing price premium of U.S. product over the competition. Total Nigerian rice imports are steady year on year and undocumented cross-border trade has slowed down somewhat.

**Post:**  
Lagos

**Executive Summary:**

In September 2010, there was a sharp increase in Nigeria's rice imports from the US, due largely to the convergence in the price of US and Thai rice during August/September. This goes to show that, minus the perennial price premium of U.S. rice over competition, the average Nigerian consumer prefers high quality U.S. rice. Because of low income levels, Nigeria is price sensitive. It is unlikely that the increase in imports from the US will be sustained with the resumption of the premium pricing of U.S. rice. However, one of the leading importers informed AgLagos that they are expecting two shipments of U.S. rice, with a combined volume of 35,000 tons in December 2010. It is very likely that the company did a forward purchase when the price of U.S. rice was competitive.

Trade sources indicate that Nigeria's overall imports in CY2010 will remain within the 1.6 – 1.7 million tons range seen in recent years. Cross-border smuggling has slowed down somewhat as the Nigeria Custom Service is reported to be enforcing uniform duty collection at some of the major border posts. Smugglers have shifted to other, smaller border crossings but the volume has slowed down

In the meantime, heavy rainfall in rice growing northern states of Sokoto, Zamfara and Kebbi resulted in the flooding of low-land rice fields. However, local sources have indicated that the effect on Nigeria's food security situation is minimal because of the good crop from the other rice producing areas of the country.

**Author Defined:**