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# Nigeria

# Rice Trade - Quarterly

# GON Bans Rice Imports Through Land Borders

**Approved By:**
Marcela Rondon, Regional Agricultural Attaché

**Prepared By:**
Michael David,
Agricultural Specialist

**Report Highlights:**
The Government of Nigeria (GON) has banned rice imports through its land borders. With this decision, the GON intends to reduce smuggling and evasion of import duty payments. Trade sources indicated that rice imports in the last quarter of 2010 increased sharply because an import duty waiver was granted to an importer. The GON set a benchmark price at $560 per ton to calculate the import duty for all types of imported rice from all origins during the first quarter of 2011.

**Post:**
Lagos

**Executive Summary:**

Nigeria rice imports in CY2010 increased to over 2 million tons. Local trade sources attribute the increase to the duty waiver granted by the GON to one trader to import 500,000 tons. In December 2010, there was a sharp increase in Nigeria's rice imports as the importer took advantage of the waiver as quickly as possible.

In January 2011, the GON issued a circular announcing a new benchmark price of $560 for all types of imported rice and from all origins during the first quarter of 2011, down from $640 in the last quarter of 2010. The duty on all rice imports is calculated based on the benchmark price, regardless of the actual FOB price. The GON stated that the price was arrived at on the advice of the inter-Ministerial/Agency Committee, comprising of the Presidential Committee on Trade Malpractices, Federal Ministry of Agriculture, Federal Ministry of Commerce and Industry, Nigeria Custom Service, Federal Ministry of Finance and Rice millers, Importers and distributors of Nigeria. The price is inclusive of freight costs.

Following recent rumors that some importers were importing wholly milled rice and declaring it as brown rice, which attracts a lower duty, the GON issued another circular clarifying the appropriate classification of brown rice. The circular dated January 28, 2011 states that "husked brown rice as described by the nomenclature is that which although de-husked, is still enclosed in the pericarp." Since husked brown rice almost always contains a small quantity of paddy it attracts a lower duty of 5 percent with no levy under HS Code 1006.2000.00. Any rice which does not conform to the above description would be treated as either semi-milled or wholly milled rice and classified under HS Code 1006.3010 at 10 percent duty rate and 20 percent levy.

Furthermore, the circular states that "importation of rice is restricted to the sea ports and importation of rice through the land borders is prohibited." The GON took this decision in order to reduce smuggling and evasion of duty payments. The GON believes that this is the most viable way to ensure that the commodity continues to come into the country without anybody having the unfair advantage of not paying the required import duty.

In 2010, Nigeria imported 2.0 million tons of rice mainly from Thailand. In CY2010, Nigeria imported more than 73,000 tons of US parboiled rice, the highest level in several years. However, the recent increase in the price of U.S. rice ($700/ton compared to $540 for Thai rice) may mean that the increase in U.S. rice exports to Nigeria may not be sustained.