

Required Report: Required - Public Distribution

Date: June 24, 2022

Report Number: NI2022-0007

Report Name: Oilseeds and Products Annual

Country: Nigeria

Post: Lagos

Report Category: Oilseeds and Products

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Report Highlights:

Nigeria continues to strive for self-sufficiency in oil palm production. Currently, production remains stable. Meanwhile, demand for palm oil outweighs supply. Nigeria meets the supply gap in oil palm through imports from Malaysia, China, and Côte d'Ivoire. In MY 2022/23 FAS Lagos forecast that Nigeria will require 450,000 MT to fill the consumption gap. On the soybean front, non-GE soybean is being planted to meet a niche demand in global markets. This is affecting domestic supply. As a result, the poultry sector is facing high feed costs.

Executive Summary

This report contains oil palm, palm kernel, soybean, and peanut oil seeds information from Nigeria.

Nigeria is the largest economy in sub-Saharan Africa, with an estimated population of 210 million (2021). The country is the largest consumer of palm oil in sub-Saharan Africa. Currently, the country is a net importer of palm oil.

In 2016, the Central Bank of Nigeria (CBN) introduced foreign exchange restrictions on palm oil imports to encourage domestic production. The government's neglect of the palm oil sector consists of inadequate infrastructure and ineffective policies continue – both negatively impact production.

In 2021, the Government of Nigeria (GON) through the CBN launched a \$500 million loan oil palm producer (i.e., including smallholders and big plantations) program with low interest rates. The aim is to increase local production by 700 percent by 2027. Private companies are developing new estates with early and high yielding oil palm seedlings varieties. These companies are also investing in technology to boost extracting and crushing processes.

Currently, the government's backward integration policy that emphasizes local sourcing of raw materials is working effectively. All the major fast moving consumer goods companies actively adhere to the policy. Companies that previously refined palm oil (PZ Wilmar, Dufil Pharma Foods, Agri Palm Limited) are currently investing massively in developing large plantations. Also, existing players like Okomu Oil Palm Plc and Presco Oil Palm Plc have doubled their plantations - production has increased by 100 percent over the past five years. Consumer demand is driving oil palm cultivation across the country.

Nigeria's oil and seeds products markets are changing rapidly as demographic changes – especially the country's youthful population. The three major utilization channels (Food consumption, industrial use, and feed usage) are undergoing robust growth rates.

Oilseeds research and development work across Nigeria is leading to increased productivity and efficiency in processing – mainly soybean and peanut. Post estimates and projections for all the categories of oilseeds and products for 2022/23 are higher than the USDA estimates of the previous year. Food processing and animal feed requirements are major drivers of increment in oilseeds forecast.

OILSEEDS

OILSEED, PALM KERNEL

Table 1.
Production, Supply and Distribution:

Oilseed, Palm Kernel Market Year Begins	2020/2021		2021/2022		2022/2023	
	Jan 2021		Jan 2022		Jan 2023	
Nigeria	USDA Official	New Post	USDA Official	New Post	USDA Official	New Post
Area Planted (1000 HA)	0	0	0	0	0	0
Area Harvested (1000 HA)	2800	2800	3000	3000	3000	3100
Trees (1000 TREES)	0	0	0	0	0	0
Beginning Stocks (1000 MT)	5	5	5	5	5	5
Production (1000 MT)	815	815	900	900	900	1000
MY Imports (1000 MT)	3	3	3	3	4	3
MY Imp. from U.S. (1000 MT)	0	0	0	0	0	0
MY Imp. from EU (1000 MT)	0	0	0	0	0	0
Total Supply (1000 MT)	835	835	920	920	909	1008
MY Exports (1000 MT)	0	0	0	0	0	0
MY Exp. to EU (1000 MT)	0	0	0	0	0	0
Crush (1000 MT)	815	815	900	900	900	1000
Food Use Dom. Cons. (1000 MT)	0	0	0	0	0	0
Feed Waste Dom. Cons. (1000 MT)	3	3	4	4	4	3
Total Dom. Cons. (1000 MT)	830	830	915	915	904	1003
Ending Stocks (1000 MT)	5	5	5	5	5	5
Total Distribution (1000 MT)	835	835	920	920	909	1008
CY Imports (1000 MT)	3	3	4	4	4	4
CY Imp. from U.S. (1000 MT)	0	0	0	0	0	0
CY Exports (1000 MT)	0	0	0	0	0	0
CY Exp. to U.S. (1000 MT)	0	0	0	0	0	0
Yield (MT/HA)	0.2911	0.2911	0.3	0.3	0.3000	0.3226

(1000 HA), (1000 TREES), (1000 MT), (MT/HA)

PRODUCTION

FAS Lagos (Post) forecasts Nigeria's palm kernel oilseed production in marketing year (MY) 2022/23 (January-December) to reach 1 million metric tons (MMT), up by 11 percent compared to the USDA official MY 2021/22 estimate of 900,000 MT.

Area harvested in MY 2022/23 is forecast to reach 3.1 million hectares, up by 3 percent than the USDA official MY 2021/22 estimate of 3 million hectares. Post attributes the expansion in area planted driven by increasing domestic demand for palm kernel oil in food processing. There is growing private sector investment in palm kernel (for oil) plantations. Increased flow of investment is leading to greater use of modern machines and farm equipment to boost harvesting efficiency. Post estimates average yields in MY 2022/23 of 0.3226 MT/hectare due to improved crop varieties replacing wild groves.

The demand for palm kernel oil has risen over the years following its diverse use in manufacturing artificial cream fillings, soap, cosmetic, and personal care products. Food processing companies are increasing the use of palm kernel oil in food production.

CONSUMPTION

FAS Lagos forecasts Nigeria's palm kernel consumption in MY 2022/23 to reach about 1 million metric tons (MMT), up 11 percent – compared to the USDA official MY 2021/22 estimate of 903,000 metric tons.

Nigeria is increasing consumer-oriented processed food products by utilizing palm kernel extracts in new products, especially in confectionary and bakery products. More importantly, urbanization and rising income levels are increasing the demand for packaged foods with high palm and palm kernel oil content.

The country's population and income level significantly impact palm kernel consumption. Nigeria's population accounts for half of West Africa's population. More than half of the country's population lives in urban areas (urbanization is growing at a rate of 4.23 percent annually). Currently, half of Nigeria's population is under 19 years old. Fast foods, street foods, and snacks are common in the diet of young Nigerians. In addition, consuming bakery products is seeing robust growth in cities across the country.

Currently, companies explore using locally produced palm kernel oil (PKO) as alternative sources of diesel fuel amid efforts to implement a national renewable energy master plan. Palm kernel oil as food is a source of concentrated energy. Generally, vegetable oils enhance the taste of foods. In addition, palm kernel oil is a key ingredient in processing varied non-food consumer products – soaps, cosmetics, detergents, and candles. More importantly, when boiled with alkali, lauric acid, from the oil makes hard soap bars with superior lathering characteristics. Furthermore, the oil is a lubricant and emulsifier. The latter is a vital ingredient in making paint and in the manufacture of candles.

TRADE

FAS Lagos forecasts Nigeria's palm kernel imports in MY 2022/23 to stay the same as the MY 2021/22 estimate of 3,000 metric tons. Nigeria imports palm kernels from Malaysia, Ghana, Indonesia, and Cote D'Ivoire. The country is an insignificant palm kernel oil exporter and will continue to be for the near future. However, the government has identified the palm oil sector as a growth area, and efforts are underway to boost output for domestic use and export. Currently, central and state governments provide incentives in terms of funding and land donations to boost production and exports.

STOCKS

FAS Lagos forecasts Nigeria's palm kernel stocks in MY 2022/23 at no greater than 5,000 MT, unchanged from the USDA official MY 2021/22 estimate.

OILSEED, SOYBEANS

Table 2.

Production, Supply and Distribution:

Oilseed, Soybean Market Year Begins Nigeria	2020/2021		2021/2022		2022/2023	
	Oct 2020		Oct 2021		Oct 2022	
	USDA Official	New Post	USDA Official	New Post	USDA Official	New Post
Area Planted (1000 HA)	1100	1100	1200	1200	1200	1250
Area Harvested (1000 HA)	1100	1100	1200	1200	1200	1250
Beginning Stocks (1000 MT)	200	200	139	139	97	97
Production (1000 MT)	1106	1106	1117	1117	1250	1350
MY Imports (1000 MT)	1	1	1	1	1	5
MY Imp. from U.S. (1000 MT)	0	0	0	0	0	0
MY Imp. from EU (1000 MT)	0	0	0	0	0	0
Total Supply (1000 MT)	1307	1307	1257	1257	1348	1452
MY Exports (1000 MT)	5	5	5	5	5	10
MY Exp. to EU (1000 MT)	0	0	0	0	0	0
Crush (1000 MT)	833	833	825	825	875	900
Food Use Dom. Cons. (1000 MT)	200	200	205	205	210	250
Feed Waste Dom. Cons. (1000 MT)	130	130	125	125	145	155
Total Dom. Cons. (1000 MT)	1163	1163	1155	1155	1230	1305
Ending Stocks (1000 MT)	139	139	97	97	113	137
Total Distribution (1000 MT)	1307	1307	1257	1257	1348	1452
CY Imports (1000 MT)	1	1	1	1	1	1
CY Imp. from U.S. (1000 MT)	0	0	0	0	0	0
CY Exports (1000 MT)	5	5	5	5	5	5
CY Exp. to U.S. (1000 MT)	0	0	0	0	0	0
Yield (MT/HA)	1.0055	1.0055	0.9308	0.9308	1.0417	1.08
(1000 HA), (1000 MT), (MT/HA)						

PRODUCTION

FAS Lagos forecasts Nigeria's soybean production in MY 2022/23 (October-September) to reach 1.35 MMT, up 20 percent above the USDA official MY 2021/22 estimate of 1.117 MMT.

Farmers are expressing a growing interest and enthusiasm to cultivate soybean in selected states due to upward price movement over the past five years. Farmers benefit from education campaigns that introduce new yield-enhancing varieties and soil fertility-improving technologies. Area harvested at 1.25 million hectares, is up 4 percent, compared to the USDA official MY 2021/22 estimate. Post attributes the increase in area harvested to increasing demand for soybeans for food and feed use.

Soybean is a crop well suited to Nigeria's topography and ecological conditions. The county's Northwest and Central regions are primary areas for soybean production. However, there is a growing trend by farmers in the south to increase soybean production levels. Soybean production across Nigeria's south is due to the efforts of the International Institute for Tropical Agriculture (IITA) and other international research institutes.

Yields are set to average 1.1MT/hectare from 1MT/hectare according to USDA estimate for MY 2021/22. IITA, in conjunction with the Soybean Innovation Lab and Bayer, are working jointly to improve soybean breeding programs by providing technical assistance to improve the pace, scale, and output of varietal development efforts. In addition, introducing germplasm to improve the diversity of

breeding enhances domestic production. Expanded yields are also due to private sector investors putting money and resources into increasing crop output to meet the growing needs of local feed millers and poultry farmers. Investors (i.e., feed millers and poultry processors) are initiating on-farm training programs and providing incentives to assist farmers in improving their farm management techniques while increasing productivity.

Olam Nigeria partnered with IITA to promote varied commercial soybean varieties suitable for the different agro-climate conditions across Nigeria. Currently, the company collaborates with public and private sector partners to enhance best agronomic practices among soybean farmers.

The US Soybean Export Council (USSEC), through its Soy Excellence Center located within the IITA premises, is facilitating farmers' access to viable seeds. In addition, USSEC capacity building efforts are also ensuring good agricultural practices. As of March 2022, USSEC has trained more than 300 farmers in best agronomic practices.

In addition, the USAID-funded West Africa Trade, and Investment Hub (Trade Hub) has also launched a co-investment partnership with IITA through its business incubation platform (IITA BIP) to boost the soybean value chain in Nigeria.

CONSUMPTION

FAS Lagos forecasts Nigeria's soybean consumption in MY 2022/23 to reach 1.305 million metric tons (MMT), up 12 percent compared to the USDA official MY 2021/22 estimate. Consumption is strong due to growing demand in the food processing and feed use sectors. Food processors use soybeans to produce soymilk, soy cake, soy yogurt, and to fortify local carbohydrate-based Nigerian food staples (e.g., garri and rice)

Soybean consumption is growing due to the poultry industry's expansion over the past decade. The Poultry Association of Nigeria (PAN) is seriously concerned about the ongoing soybean and soybean meal shortage. Currently, the sector is under severe economic pressure due to soaring prices for poultry feed ingredients – especially soybean.

TRADE

FAS Lagos forecasts Nigeria's soybean imports in MY 2022/23 to reach 5,000 metric tons (MT), up 4,000 metric tons (MT) greater than the Post official MY 2021/22 estimate of 1,000 metric tons (MT).

Post forecasts Nigeria's soybean exports in MY 2022/23 to reach 10,000 MT, compared to the USDA MY 2021/22 estimate of 5,000 metric tons. Nigeria's currency devaluations in the past 12 months have encouraged local producers to sell soybean more profitably at markets in the Sahel region (i.e., the eco-climatic and biogeographic zone between the Sahara to the north and the Sudan Savanna to the south). However, the largest share of export goes through informal channels.

Although there is a small regional market, local soybean production remains uncompetitive in major international markets. As a result, local soybean is a key ingredient for processing food and feed product across the country. In addition, niche markets for non-GE and identity-preserved soybean are

providing opportunities for smallholder soybean farmers across the country.

STOCKS

FAS Lagos forecasts Nigeria's soybean beginning stocks in MY 2022/23 at 97,000 MT and closing stock at 137,000 MT. Soybean crushing companies stock up on the commodity during the harvest period when the price is low.

OILSEED, PEANUT

Table 3.

Production, Supply and Distribution:

Oilseed, Peanut Market Year Begins Nigeria	2020/2021		2021/2022		2022/2023	
	May 2020		May 2021		May 2022	
	USDA Official	New Post	USDA Official	New Post	USDA Official	New Post
Area Planted (1000 HA)	0	0	0	0	0	0
Area Harvested (1000 HA)	3250	3250	3500	3500	3400	3600
Beginning Stocks (1000 MT)	421	421	420	420	428	428
Production (1000 MT)	4231	4231	4228	4228	4500	5000
MY Imports (1000 MT)	5	5	5	5	5	5
MY Imp. from U.S. (1000 MT)	0	0	0	0	0	0
MY Imp. from EU (1000 MT)	0	0	0	0	0	0
Total Supply (1000 MT)	4657	4657	4653	4653	4933	5433
MY Exports (1000 MT)	0	0	0	0	0	0
MY Exp. to EU (1000 MT)	0	0	0	0	0	0
Crush (1000 MT)	750	750	750	750	750	800
Food Use Dom. Cons. (1000 MT)	2650	2650	2675	2675	2700	3000
Feed Waste Dom. Cons. (1000 MT)	837	837	800	800	1033	1200
Total Dom. Cons. (1000 MT)	4237	4237	4225	4225	4483	5000
Ending Stocks (1000 MT)	420	420	428	428	450	433
Total Distribution (1000 MT)	4657	4657	4653	4653	4933	5433
CY Imports (1000 MT)	5	5	5	5	5	5
CY Imp. from U.S. (1000 MT)	0	0	0	0	0	0
CY Exports (1000 MT)	0	0	0	0	0	0
CY Exp. to U.S. (1000 MT)	0	0	0	0	0	0
Yield (MT/HA)	1.3018	1.3018	1.208	1.208	1.3235	1.3889

PRODUCTION

FAS Lagos forecasts Nigeria's peanut production in MY 2022/23 (May-April) at 5 million metric tons (MMT), up 18 percent from the USDA official MY 2021/22 estimate of 4.2 million metric tons (MMT).

Area harvested at 3.6 million hectares (MMT) in MY 2022/23 is up by 3 percent compared to the USDA official MY 2021/22 estimate of 3.5 million hectares. FAS Post sees farmers in the less conflict-prone states in northern and southern Nigeria expanding plantings to take advantage of growing demand and soaring prices paid by food processors and animal feed manufacturers.

Nigeria is the largest producer of peanuts in sub-Saharan Africa and third in the world. Before the persistent insurgency in the northern part of the country, "groundnut pyramids" were common sites across northern Nigeria. Groundnut pyramids are pyramid-like structures made from groundnut sacks.

In tandem with the insurgency, long droughts, and diseases limit bumper production in the north.

Efforts by International Crops Research Institute for the Semi-Arid Tropics (ICRISAT), Institute for Agricultural Research (IAR), and partners have produced and released new improved high-yielding varieties (SAMNUT 24, SAMNUT 25 and SAMNUT 26) with combined resistance to major biotic stresses.

CONSUMPTION

FAS Lagos forecasts Nigeria's total peanut consumption in MY 2022/23 to reach over 5 million metric tons (MMT), up by 18 percent compared to the USDA official MY 2021/22 estimate of 4.2 million metric tons (MMT).

Post expects Nigeria's food use domestic consumption in MY 2022/23 at around 3 million metric tons (MMT) an uptick of 12 percent - compared to the USDA MY 2021/22 estimate of 2.675 million metric tons (MMT). Post sees increasing consumption of whole roasted peanut along with peanut-based snacks and peanut butter in Nigeria's urban areas.

FAS Lagos expects Nigeria's peanut feed waste consumption in MY 2022/23 to reach 1.2 million metric tons (MMT), up by 50 percent compared to the USDA official MY 2021/22 estimate of 800,000 metric tons (MMT). The increase is due to the growth in the number of domestic ranching operations, which use peanut waste as an affordable feed input. Peanut shells also serve as a fuel source in local oil factories, as well as a spread on fields to enrich the soil. Meanwhile, poultry and aquaculture feed millers also experiment with feed formulations by incorporating peanut cake to reduce production costs.

TRADE

FAS Lagos forecasts Nigeria's peanut imports in MY 2022/23 to stay the same as the USDA estimated amount in the previous year.

The trade in Nigeria's peanut production is local. However informal regional trade occurs between Nigeria and the neighboring Sahel region countries (i.e., Niger, Chad, and Cameroon), where consumers are willing to pay higher prices Nigerian peanuts.

Nigeria is the largest peanut producer in Africa, accounting for 30 percent of Africa's total peanut production, and third in the world after China and India. The country's smallholder farmers produce peanuts under rain-fed conditions. Around 30 percent of the crop exceeds permissible aflatoxin levels for most countries, including Nigeria. Currently, the IITA-developed Aflasafe product is making a difference. The product is a biocontrol solution, which effectively reduces aflatoxin in soybean and peanut. However, despite the product's quick success, adoption is low among the smallholder farmers – but growing due to USDA support.

With the improved quality of its peanuts and processing facilities, Nigeria could become a major peanut exporter. However, export markets are highly concentrated. This market concentration makes the opportunities for Nigerian peanuts very volatile, as the price of peanut exports depends on demand

in those few markets.

STOCKS

FAS Lagos forecasts Nigeria's peanut beginning stocks in MY 2022/23 at 428,000 metric tons (MT). Post foresees farmers to are speculate that the local peanut crush will expand to meet the demand for peanut meals and oils geared to supplying food and feed manufacturing.

MEALS

MEAL, PALM KERNEL

Table 4.
Production, Supply and Distribution:

Meal, Palm Kernel Market Year Begins	2020/2021		2021/2022		2022/2023	
	Jan 2021		Jan 2022		Jan 2023	
Nigeria	USDA Official	New Post	USDA Official	New Post	USDA Official	New Post
Crush (1000 MT)	815	815	900	900	900	1000
Extr. Rate, 999.9999 (PERCENT)	0.5252	0.5252	0.5244	0.5244	0.5244	0.5544
Beginning Stocks (1000 MT)	0	0	0	0	0	0
Production (1000 MT)	428	428	472	472	472	554
MY Imports (1000 MT)	0	0	0	0	0	0
MY Imp. from U.S. (1000 MT)	0	0	0	0	0	0
MY Imp. from EU (1000 MT)	0	0	0	0	0	0
Total Supply (1000 MT)	428	428	472	472	472	554
MY Exports (1000 MT)	15	15	15	15	15	20
MY Exp. to EU (1000 MT)	0	0	0	0	0	0
Industrial Dom. Cons. (1000 MT)	0	0	0	0	0	0
Food Use Dom. Cons. (1000 MT)	0	0	0	0	0	0
Feed Waste Dom. Cons. (1000 MT)	413	413	457	457	457	534
Total Dom. Cons. (1000 MT)	413	413	457	457	457	534
Ending Stocks (1000 MT)	0	0	0	0	0	0
Total Distribution (1000 MT)	428	428	472	472	472	554

PRODUCTION

FAS Lagos forecasts Nigeria's palm kernel meal production in MY 2022/23 at 554,000 metric tons (MT), up 17 percent compared to USDA's official MY 2021/22 estimate of 472,000 metric tons (MT). Increasing demand for industrial use is resulting in greater investment in crushing/ processing facilities, which are likely to grow at an annual average of ten percent over five years. Private sector investment is resulting in improved processing methods and better marketing. Industrial millers like Presco and Okomu Plc produce considerable quantities for the growing livestock and feed sectors.

CONSUMPTION

FAS Lagos forecasts Nigeria's total palm kernel meal consumption in MY 2022/23 at 554,000 metric tons (MT), up by 17 percent above the USDA official MY 2021/22 estimate of 472,000 metric tons. Demand for refined and bleached palm oil continues to grow – to meet the needs of industrial processors.

Palm kernel cake (PKC) is an alternative ingredient for raw materials such as corn and soybean meal in producing poultry feed. Including PKC in poultry diet benefits poultry farmers - especially during the ongoing feed crisis facing the poultry industry. Consequently, the government endorsed PKC as an alternative raw material for animal feeds to reduce the country's reliance of poultry feed imports. Overall, feed millers also seek to reduce production costs by increasing PKC use.

TRADE

FAS Lagos does not foresee Nigeria importing significant amounts of palm kernel meal in marketing year 2022/23. Post forecasts Nigeria's palm kernel meal exports will happen across West Africa in the marketing year. Industry sources indicate that palm kernel meal produced in Nigeria has a preferred flavor, which is lacking in imported palm kernel meal. As a result, palm kernel meal producers obtain higher prices by exporting informally to oil refiners and feed millers operating in neighboring countries. This export market trend is likely to stay consistent over time.

MEAL, SOYBEAN

Table 5.

Production, Supply and Distribution:

Meal, Soybean Market Year Begins Nigeria	2020/2021		2021/2022		2022/2023	
	Oct 2020		Oct 2021		Oct 2022	
	USDA Official	New Post	USDA Official	New Post	USDA Official	New Post
Crush (1000 MT)	833	833	825	825	872	900
Extr. Rate, 999.9999 (PERCENT)	0.7767	0.7767	0.777	0.777	0.7771	0.7885
Beginning Stocks (1000 MT)	1	1	23	23	9	9
Production (1000 MT)	647	647	641	641	680	750
MY Imports (1000 MT)	0	0	0	0	0	5
MY Imp. from U.S. (1000 MT)	0	0	0	0	0	0
MY Imp. from EU (1000 MT)	0	0	0	0	0	0
Total Supply (1000 MT)	648	648	664	664	689	764
MY Exports (1000 MT)	75	75	75	75	75	75
MY Exp. to EU (1000 MT)	0	0	0	0	0	0
Industrial Dom. Cons. (1000 MT)	0	0	0	0	0	0
Food Use Dom. Cons. (1000 MT)	0	0	0	0	0	0
Feed Waste Dom. Cons. (1000 MT)	550	550	580	580	600	660
Total Dom. Cons. (1000 MT)	550	550	580	580	600	660
Ending Stocks (1000 MT)	23	23	9	9	14	29
Total Distribution (1000 MT)	648	648	664	664	689	764

PRODUCTION

FAS Lagos forecasts Nigeria's soybean meal production in MY 2022/23 at 750,000 metric tons (MT), up 17 percent above the USDA official MY 2021/22 estimate of 641,000 metric tons (MT).

Post forecasts Nigeria's soybean crush in MY 2022/23 at 900,000 MT, an almost 9 percent increase compared to the USDA official MY 2021/22 estimate of 825,000 metric tons. Large-scale soybean refineries are springing up in the country and existing facilities are maximizing their capacities due to increased demand. Increasing demand for crush also is attributable to favorable grower prices and sustained high demand for soymeal for poultry and fish feeds. Nigerian feed millers also increasingly demand soybean cake as a high-protein animal feed input.

CONSUMPTION

FAS Lagos forecasts Nigeria's domestic consumption at 660,000 metric tons (MT), up over 13 percent compared to the MY 2021/22 estimate. Local soybean meal is going into feed formulations to boost protein content. Soybean meal remains a vital and preferred source of protein in compound feed by the poultry industry. Poultry farmers have a strong preference for soybean meal because of its high digestibility quality. At the same time, popular soybean meal substitutes include groundnut cake, cotton-seed cake, and palm kernel cake.

Currently, Nigeria's animal feed sector is underperforming primarily due to high production costs. Seventy percent of the operational cost of most poultry, aquaculture, and other livestock operations go to feed. The animal feed sector is worth more than \$2 billion. Large-scale feed mill operations continue to attract significant local and foreign investment. Demand is increasing for "low" and "cholesterol-free" vegetable oil products. As a result, small-to-medium-scale crushing facilities are coming online to meet the increasing demand for soybean meal, cakes, and oil.

TRADE

FAS Lagos forecasts Nigeria's soybean meal imports in MY 2022/23 to be 5,000 metric tons (MT) amid the high price of local soybean meal. Meanwhile, the lack of foreign exchange poses a challenge for soybean meal imports. Post forecast exports to reach 75,000 metric tons – to meet poultry and aquaculture sector demand in neighboring West African countries.

Nigeria further processes soybean meal to obtain oil for food and non-food uses. Leftover cake goes to animal feed production. According to industry sources, local soybean oil faces competition from the less expensive imported soybean oil entering through cross-border gray channels. This situation makes importing soybean meal for animal feed cakes not economically viable. In addition, the import duty on soybean meal for animal feed is 20 percent.

STOCKS

FAS Lagos forecasts Nigeria's soybean meal beginning stocks in MY 2022/23 at 9,000 metric tons (MT). Soybean processors expect increased soybean oil and poultry and fish feeds consumption in marketing year 2022/23. Processors will retain higher stocks than in previous years to meet projected increased demand.

MEAL, PEANUT

Table 6

Production, Supply and Distribution:

Meal, Peanut Market Year Begins Nigeria	2020/2021		2021/2022		2022/2023	
	May 2020		May 2021		May 2022	
	USDA Official	New Post	USDA Official	New Post	USDA Official	New Post
Crush (1000 MT)	750	750	750	750	750	800
Extr. Rate, 999.9999 (PERCENT)	0.3267	0.3267	0.3267	0.3267	0.3267	0.3267
Beginning Stocks (1000 MT)	0	0	0	0	0	0
Production (1000 MT)	245	245	245	245	245	260
MY Imports (1000 MT)	0	0	0	0	0	0
MY Imp. from U.S. (1000 MT)	0	0	0	0	0	0
MY Imp. from EU (1000 MT)	0	0	0	0	0	0
Total Supply (1000 MT)	245	245	245	245	245	260
MY Exports (1000 MT)	0	0	0	0	0	0
MY Exp. to EU (1000 MT)	0	0	0	0	0	0
Industrial Dom. Cons. (1000 MT)	0	0	0	0	0	0
Food Use Dom. Cons. (1000 MT)	0	0	0	0	0	0
Feed Waste Dom. Cons. (1000 MT)	245	245	245	245	245	260
Total Dom. Cons. (1000 MT)	245	245	245	245	245	260
Ending Stocks (1000 MT)	0	0	0	0	0	0
Total Distribution (1000 MT)	245	245	245	245	245	260

PRODUCTION

FAS Lagos forecasts Nigeria's peanut meal production in MY 2022/23 at 260,000 metric tons (MT), up by 6 percent above the USDA official 2021/22 estimate of 245,000 metric tons (MT).

Post forecasts Nigeria's peanut crush in MY 2022/23 at 800,000 MT, up by 6 percent from the USDA official MY 2021/22 estimate of 750,000 metric tons. Local farmers chasing higher crop prices paid by feed millers are increasing peanut production. Crushing capacities are expanding to meet the growing demand for peanut meal for feed consumption. The newly launched National Livestock Transformation Plan (NLTP) encourages ranching operations to prevent the frequent clashes between farmers and herders. State governments across the southern part of the country have banned open grazing.

CONSUMPTION

FAS Lagos forecasts Nigeria's peanut meal consumption in MY 2022/23 at 260,000 metric tons (MT), up 6 percent above the USDA official 2021/22 estimate of 245,000 metric tons. Feed consumes the entire domestic peanut meal production. Feed millers are increasing the use of peanut meal and haulms as ingredients in livestock feed.

TRADE

FAS Lagos forecasts Nigeria's peanut meal imports in MY 2022/23 to remain at zero, unchanged from previous marketing years. Similarly, Post does not foresee any significant peanut meal exports soon, as

Nigeria's peanuts contain varying degrees of aflatoxins exceeding permissible levels for many countries. Nigeria is addressing aflatoxins' presence in peanuts to re-enter the global market. Gradually, smallholder farmers use the IITA-developed Aflasafe - especially those under growing outgrower or contract farming operations.

STOCKS

FAS Lagos forecasts Nigeria's peanut meal stocks to remain at zero. Feed consumes the entire domestic peanut meal production. While crush capacity is increasing, it is far below the growing domestic peanut meal demand for poultry and animal feed consumption. Crushers will sell much of their meal to take advantage of increasing domestic prices.

OILS

OIL, PALM KERNEL

Table 7.

Production, Supply and Distribution:

Oil, Palm Kernel Market Year Begins Nigeria	2020/2021		2021/2022		2022/2023	
	Jan 2021		Jan 2022		Jan 2023	
	USDA Official	New Post	USDA Official	New Post	USDA Official	New Post
Crush (1000 MT)	815	815	900	900	900	1000
Extr. Rate, 999.9999 (PERCENT)	0.4368	0.4368	0.4367	0.4367	0.4367	0.4385
Beginning Stocks (1000 MT)	26	26	7	7	11	11
Production (1000 MT)	356	356	393	393	393	439
MY Imports (1000 MT)	0	0	0	0	0	0
MY Imp. from U.S. (1000 MT)	0	0	0	0	0	0
MY Imp. from EU (1000 MT)	0	0	0	0	0	0
Total Supply (1000 MT)	382	382	400	400	404	450
MY Exports (1000 MT)	13	13	13	13	13	13
MY Exp. to EU (1000 MT)	0	0	0	0	0	0
Industrial Dom. Cons. (1000 MT)	107	107	108	108	109	110
Food Use Dom. Cons. (1000 MT)	255	255	268	268	272	315
Feed Waste Dom. Cons. (1000 MT)	0	0	0	0	0	0
Total Dom. Cons. (1000 MT)	362	362	376	376	381	437
Ending Stocks (1000 MT)	7	7	11	11	10	13
Total Distribution (1000 MT)	382	382	400	400	404	450

PRODUCTION:

FAS Lagos forecasts Nigeria's palm kernel oil production in MY 2022/23 at about 440,000 metric tons MT, up over 12 percent above the USDA official MY 2021/22 estimate of 393,000 metric tons (MT).

Post forecasts Nigeria's palm kernel crush in MY 2022/23 at 1 million metric tons MT, up 11 percent from the USDA official MY 2021/22 estimate of 900,000 metric tons. The extraction rate in MY 2021/22 will increase marginally to 0.4385 per metric ton. This situation is due to private sector investors improving oil extraction efficiency by upgrading to more modern crushing and extraction equipment and machinery.

CONSUMPTION

FAS Lagos forecasts Nigeria's palm kernel oil consumption in MY 2022/23 at 437,000 metric tons (MT), up almost 16 percent compared to the USDA official 2021/22 figure of 376,000 metric tons. Food use consumption is approximately 315,000 MT, up 18 percent compared to the previous marketing year's volume of 268,000 metric tons. About a third of the production will go towards industrial use – serving as a fuel for biomass plants.

TRADE

Post forecasts that palm kernel oil exports in MY 2021/22 will be flat at 13,000 MT. Higher prices in

neighboring countries are influencing palm kernel oil processors to increase exports.

STOCKS:

FAS Lagos forecasts Nigeria's palm kernel oil beginning stocks in MY 2022/23 at 11,000 metric tons. Processors minimal increases in demand/price for palm kernel oil, especially for industrial uses (including biofuel), in the upcoming marketing year. Global future demand for palm kernel oil (for use in both food and non-food), will increase as more countries embrace renewable energy to fuel plants and automobiles.

OIL, PALM

Table 8.

Production, Supply and Distribution:

Oil, Palm Market Year Begins Nigeria	2020/2021		2021/2022		2022/2023	
	Oct 2020		Oct 2021		Oct 2022	
	USDA Official	New Post	USDA Official	New Post	USDA Official	New Post
Area Planted (1000 HA)	0	0	0	0	0	0
Area Harvested (1000 HA)	2800	2800	3000	3000	3000	3100
Trees (1000 TREES)	0	0	0	0	0	0
Beginning Stocks (1000 MT)	81	81	97	97	164	164
Production (1000 MT)	1275	1275	1400	1400	1400	1500
MY Imports (1000 MT)	424	424	450	450	475	450
MY Imp. from U.S. (1000 MT)	0	0	0	0	0	0
MY Imp. from EU (1000 MT)	0	0	0	0	0	0
Total Supply (1000 MT)	1780	1780	1947	1947	2039	2114
MY Exports (1000 MT)	18	18	18	18	18	20
MY Exp. to EU (1000 MT)	0	0	0	0	0	0
Industrial Dom. Cons. (1000 MT)	240	240	240	240	240	250
Food Use Dom. Cons. (1000 MT)	1425	1425	1525	1525	1600	1700
Feed Waste Dom. Cons. (1000 MT)	0	0	0	0	0	0
Total Dom. Cons. (1000 MT)	1665	1665	1765	1765	1840	1950
Ending Stocks (1000 MT)	97	97	164	164	181	144
Total Distribution (1000 MT)	1780	1780	1947	1947	2039	2114
CY Imports (1000 MT)	440	440	450	450	450	450
CY Imp. from U.S. (1000 MT)	0	0	0	0	0	0
CY Exports (1000 MT)	18	18	18	18	18	20
CY Exp. to U.S. (1000 MT)	0	0	0	0	0	0
Yield (MT/HA)	0.4554	0.4554	0.4667	0.4667	0.4667	0.4839

(1000 HA), (1000 TREES), (1000 MT), (MT/HA)

PRODUCTION

FAS Lagos forecasts Nigeria's palm oil production in MY 2022/23 to reach 1.5 million metric tons (MMT), up about 7 percent greater than the USDA official MY 2021/22 figure.

The projected increase in MY 2022/23 production numbers is attributable to a rise in private sector investment. New plantations set up by private entities have started producing in commercial quantities. In March 2022, Presco Oil Palm Plc acquired a majority stake in SIAT Nigeria Limited (SNL), for N21 billion (\$50 million) cash. SNL recently bought Risonpalm, which owns 16,000 hectares of old palm plantations - including the Cross River State Government's industrial oil palm complex. SNL has

additional planting sites of 15,215 hectares, with 51% of plantings completed over the past 5 years.

The government plans to increase production to 5 million metric tons (MMT) over the next 6 years. Meanwhile, the CBN provided 10 years long-term funding with 3 years moratorium for large-scale production. Oil palm producing states are vital to a national strategy to ensure oil palm self-sufficiency.

Insufficient domestic supplies have caused noodles, pasta, and major industrial palm oil users to enter partnerships with oil mills to increase the domestic supply of palm oil input. The Nigerian Institute for Oil Palm Research (NIFOR) supplies farmers with high-yielding oil palm seeds to increase production.

CONSUMPTION:

FAS Lagos forecasts Nigeria's palm oil consumption in MY 2022/23 to reach 1.95 million metric tons (MMT), up about 10 percent greater than the USDA official MY 2021/22 figure of 1.7 million metric tons. Nigeria has a growing population, and the country also serves as a gateway to the landlocked Sahel countries – both factors are increasing palm oil consumption.

Nigeria's per capita consumption of edible oils stands at 12.5 kilograms compared to the world average of 20 kilograms. In international markets, the widening between soybean oil and palm oil prices is expanding the demand for palm oil in Nigeria. The country has the potential to become a significant market for oilseeds, oil meals, and oils for domestic and industrial consumption.

TRADE:

FAS Lagos forecasts Nigeria's palm oil imports in MY 2022/23 at 450,000 MT. The oil palm producer's association anticipates that current price and production trends worldwide will discourage imports.

Imports from Malaysia, Indonesia, Cote D'Ivoire, and Ghana help fill Nigeria's palm oil deficit. Meanwhile, significant quantities of unrecorded palm oil products also enter Nigeria's market through cross-border gray channels in neighboring countries (i.e., Benin, Togo, and Cameroon). Importers actively engage in this cross-border trade to evade the more than 35 percent import duty imposed on palm oil imports.

In MY 2022/23, Nigeria's export is forecast at around 20,000 metric tons (MT), 11 percent higher than MY 2021/22 figure. Exports opportunities will take place with West African and Sahel countries.

STOCKS:

FAS Lagos forecast Nigeria's palm oil beginning stocks in MY 2022/23 at 164,000 MT and closing stocks of 144,000 MT.

OIL PALM POLICY:

In June 2019, the Nigerian government formulated a new policy that proposes to invest over \$500 million in oil palm production. The policy aims to increase domestic palm oil production by 700 percent by 2027 while meeting 100 percent of local crude palm oil demand and increasing revenue

from import duties.

The key objective of the government's palm oil policy is to meet domestic demand while reducing imports. Furthermore, the policy seeks to make Nigeria's palm oil sector more competitive internationally. The government encourages private sector resources and investment to boost palm oil production

OIL, SOYBEAN

Table 9.

Production, Supply and Distribution:

Oil, Soybean Market Year Begins Nigeria	2020/2021		2021/2022		2022/2023	
	Oct 2020		Oct 2021		Oct 2022	
	USDA Official	New Post	USDA Official	New Post	USDA Official	New Post
Crush (1000 MT)	833	833	825	825	875	900
Extr. Rate, 999.9999 (PERCENT)	0.1801	0.1801	0.1806	0.1806	0.1806	0.18
Beginning Stocks (1000 MT)	6	6	7	7	2	2
Production (1000 MT)	150	150	149	149	158	162
MY Imports (1000 MT)	1	1	1	1	1	1
MY Imp. from U.S. (1000 MT)	0	0	0	0	0	0
MY Imp. from EU (1000 MT)	0	0	0	0	0	0
Total Supply (1000 MT)	157	157	157	157	161	165
MY Exports (1000 MT)	0	0	0	0	0	0
MY Exp. to EU (1000 MT)	0	0	0	0	0	0
Industrial Dom. Cons. (1000 MT)	0	0	0	0	0	0
Food Use Dom. Cons. (1000 MT)	150	150	155	155	160	160
Feed Waste Dom. Cons. (1000 MT)	0	0	0	0	0	0
Total Dom. Cons. (1000 MT)	150	150	155	155	160	160
Ending Stocks (1000 MT)	7	7	2	2	1	5
Total Distribution (1000 MT)	157	157	157	157	161	165

PRODUCTION:

FAS Lagos forecasts Nigeria's soybean oil production in MY 2022/23 to reach 162,000 metric tons (MT), up over 9 percent more than the USDA official MY 2021/22 estimate of 149,000 metric tons. The production increase is attributable to favorable grower prices and sustained high demand for soy meal by the poultry sector.

CONSUMPTION:

FAS Lagos forecasts Nigeria's soybean oil consumption in MY 2022/23 to reach 160,000 metric tons (MT), up 3 percent greater than the USDA official MY 2021/22 estimate of 155,000 metric tons (MT).

Over the past decade, soybean oil has become the preferred choice for Nigerian consumers. This trend has helped to sustain demand. The demand for "low" and "cholesterol-free" vegetable oil products continue to increase. New processing facilities are operating to meet the growing demand for soybean oil, cakes, and meals.

TRADE:

FAS Lagos forecasts Nigeria's soybean oil imports in MY 2022/23 at 1,000 metric tons (MT) – the same as the last marketing year estimate.

STOCKS:

FAS Lagos forecasts Nigeria's soybean oil beginning stocks in MY 2022/23 at 2,000 metric tons (MT) and ending stock of 5,000 metric tons (MT).

OIL, PEANUT

Table 10.

Production, Supply Distribution:

Oil, Peanut Market Year Begins Nigeria	2020/2021		2021/2022		2022/2023	
	May 2020		May 2021		May 2022	
	USDA Official	New Post	USDA Official	New Post	USDA Official	New Post
Crush (1000 MT)	750	750	750	750	750	800
Extr. Rate, 999.9999 (PERCENT)	0.3533	0.3533	0.3533	0.3533	0.3533	0.3533
Beginning Stocks (1000 MT)	0	0	0	0	0	0
Production (1000 MT)	265	265	265	265	265	282
MY Imports (1000 MT)	1	1	1	1	1	1
MY Imp. from U.S. (1000 MT)	0	0	0	0	0	0
MY Imp. from EU (1000 MT)	0	0	0	0	0	0
Total Supply (1000 MT)	266	266	266	266	266	283
MY Exports (1000 MT)	3	3	3	3	3	3
MY Exp. to EU (1000 MT)	0	0	0	0	0	0
Industrial Dom. Cons. (1000 MT)	0	0	0	0	0	0
Food Use Dom. Cons. (1000 MT)	263	263	263	263	263	280
Feed Waste Dom. Cons. (1000 MT)	0	0	0	0	0	0
Total Dom. Cons. (1000 MT)	263	263	263	263	263	280
Ending Stocks (1000 MT)	0	0	0	0	0	0
Total Distribution (1000 MT)	266	266	266	266	266	283

PRODUCTION:

FAS Lagos forecasts Nigeria's peanut oil production in MY 2022/23 to reach 282,000 metric tons (MT), up 6 percent than the USDA official MY 2021/22 estimate of 265,000 metric tons (MT). Farmers are planting high-yielding peanut varieties that generate more oil content.

CONSUMPTION:

FAS Lagos forecasts Nigeria's peanut oil consumption in MY 2022/23 to reach 280,000 metric tons (MT), up 6 percent than the USDA official MY 2021/22 estimate of 263,000 MT. Food processors prefer peanut oil because it is ideal for deep-frying confectionery foods. Increased consumption of these foods, especially in the urban centers, increases the demand for peanut oil.

TRADE:

FAS Lagos forecasts Nigeria's peanut oil imports to be flat at 1,000 metric tons in MY 2022/23. In 2008, Nigeria began allowing crude peanut oil into the market for local processors to refine and

package varied products. At the same time, the government maintained an import ban on vegetable oil in retail packages. However, peanut oil in retail packs continues to enter the Nigerian market through cross-border gray channels. Meanwhile, the export of peanuts to Sahel countries continues. Nigeria is the largest producer of peanuts in Africa. The Sahel countries depend on imports from Nigeria - especially during Muslim festivals.

STOCKS:

FAS Lagos forecasts Nigeria's peanut oil beginning stocks in MY 2022/23 to remain unchanged at zero – the same as the USDA official MY 2021/22 estimate. Crushers and refiners are unwilling to keep stocks due to high production costs. Furthermore, domestic peanut oil prices are high than cheap peanut oil products, which enter Nigeria through cross-border gray channels.

Attachments:

No Attachments