

# Market-Status Nigeria

Summer 2014

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Tórshavn  
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# Consultancy Scope

- En beskrivelse av status for markedet i Nigeria for pelagisk og tørret fisk. Dette er den første fase av en videre analyse av det afrikanske marked for for fisk. Her i den først fase bliver kun markedet for pelagisk fiosk beskrevet.
- Nigeria har sat i kraft restriksjoner for import av fisk. Hensikten er politisk at støtte egen fangst og opdræt. En stor del av verdens produktion av pelagisk fisk og tørrede produkter bliver konsumert i Afrika. Det meste av handelsflowet går igennem Nigeria hvorfra det bliver styret videre til de andre lande. Norwegian Seafood Council vil undersøke hva det er som skjer og hva der kan forventes at skje av ændringer i Afrika, samt at vurdere hvordan det kan påvirke norsk eksport av pelagisk og tørret fisk. I den første fase bliver kun handelen til Nigeria beskrevet.
- Norwegian Seafood Council vil derfor lave en hurtig beskrivelse av situationen. Beskrivelsen skal være grundlag for en mulig dybere analyse av det afrikanske marked for fiskeprodukter, med særlig henblik på hvordan mulige ændringer vil påvirke Norge.
- Status av situationen i Nigeria juni 2014
  - Hva er den politiske hensikt?
  - Importkvoter av fisk m.m. (forventede ændringer pr 1. juli)
  - Hvilke lande har adgang og hvilke er ramt av kvoter og andre restiksioner
  - Er handel med pelagisk og med tørrfisk identisk?
- En beskrivelse av aktørene på markedet.
  - Importører, wholesalers, lokale agenter
  - En beskrivelse av distributionsmønsteret og logistikken
  - Eksterne aktører. En beskrivelse af agenter, representanter og brokere i Europa, Indien, Rusland, Asia og Sydamerika med interesser i handel med fisk til Afrika.
  - Hvordan er relationerne imellem de lokale og de eksterne aktører
  - En vurdering av om norske aktører kan sælge direkte til Nigeria, eller om de må bruke «mellemmænd».
- En beskrivelse av hvor fisken til Nigeria kommer fra (bliver behandlet senere)
- Statistik.bTilførsel, FAO statistic, Egen fangst og opdræt, Import fordelt på lande, Europa, Rusland, Sydamerika, Asien (Eks En beskrivelse av handelen med fisk fra skibe under Bekvæmilighedsflag (bliver behandlet senere)

# Status Nigeria June 2014

## Nigeria's restrictions on fish imports

1. Total import pelagic fish 2013: 1.000 MT (+/-)
2. Import licenses Jan-Jul 2014 150 MT Undercurrent news, (Daily Trust said 180 MT) Nobody in the business know how much quota has been given)
3. Prices: +50% (+/-)
4. Consumers are in shortage of proteins
5. "five or six players accounting for around 90% of the import" (Daily Trust)
6. No restrictions on stock-fish and other dried products
7. Nobody (I have spoken to) knows how much the quotas will be in July and how the quotas will be distributed.

# **POLITICAL REALITY IN NIGERIA**



# The political intention

Mr. Adesina, Minister, Agriculture and Rural Development:

1. "The value chains are to create an Enabling environment for increased and sustainable production of over one million tonnes within the next four years, generate employment and pursue gradual reduction of fish imports"
2. "... also produce 400,000 tonnes of fish feed, generate additional 250,000 tonnes of table fish and 100,000 tonnes of Value Added fish products
3. "Under the scheme, inputs such as fish and other sea foods would be distributed to many Nigerian fish farmers".
4. Nigeria had no business importing fish given its huge natural and renewable resources

<http://www.premiumtimesng.com>, Published: August 27,2013

# Political intention II

<http://www.thisdaylive.com/articles/fg-advised-on-ban-on-fish-importation/151566/> 26 Jun 2013

The Ministry of Agriculture, .... **Nigeria produces only 30 percent of the country's requirements.** "Nigeria requires 2.66 million tons of fish annually to satisfy the dietary needs of its citizens. The demand is growing with the population growth and increasing purchasing power. Out of this, only a paltry 700,000 tons are produced locally – this includes only 200,000 tons from aqua culture.

"Further, in case of locally farmed fish, the fish feed accounts for 70 per cent of the cost of production, which is imported, draining valuable foreign exchange," he explained. Buttressing his argument for a phased import prohibition, the fish farmer referred to a March report in Oyo State where the state Director for Agriculture said the Agriculture Ministry **hopes to increase table fish production by 250,000 tons per annum** while production of value added fish and fisheries would be increased by 100,000 tons per annum.

"An outright ban of fish imports under the circumstances will have profound consequences on the people who will be denied their sole source of protein," he affirmed. Usman agreed with federal government that it was important to limit and eventually ban importation of fish, but "it is pertinent to note that the imported fish is available to the people at hugely lower prices compared to consumers in other countries."

"For instance, the imported frozen fish is available to the people at an average of N 150-250 per kilogram, whereas the locally farmed catfish sells for a whopping N500 per kilogram. The prices of meat and chicken are N 1,000 per kilogram and N 700 per kilogram respectively, making the imported fish the most affordable product. **Given this low price for imported fish, Nigerians even from the lowest thresholds of income are still able to buy fish on a daily basis, meeting the protein needs of themselves and their children.**

# Political Intention III

<http://www.ventures-africa.com/2013/01/agriculture-to-create-3-5-million-jobs-in-nigeria-by-2015/> January 23 2013

Agriculture To Create 3.5 Million Jobs In Nigeria By 2015

VENTURES AFRICA – Nigeria’s President Goodluck Jonathan has announced that the country expects about 3.5 million jobs created in agriculture and allied industries by the end of 2015 via policy and institutional reforms.

...

The newly formed EPG Group includes influential global leaders that are expected to advise the President on actions to help achieve Nigeria’s Agricultural Transformation Agenda. They will also provide a global platform to encourage investment in the country’s agricultural sector.

Members of the EPG include the co-Chairman of the Bill & Melinda Gates Foundation, Bill Gates; Chair of the Alliance for a Green Revolution in Africa (AGRA), Kofi A. Annan; President of the African Development Bank (AfDB), Donald Kaberuka; President of the International Fund for Agriculture Development (IFAD), Kanayo Nwanze and Chairman and Chief Executive Officer of Fresh Del Monte Produce Inc, Mohammed Abu-Ghazaleh.

The group was joined at the Geneva meeting by the Minister for Agriculture and Rural Development Akinwumi Adesina; Coordinating Minister for the Economy and Minister of Finance, Ngozi Okonjo-Iweala and other chief executive officers of global multinational and Nigerian corporations.

... the President saying that **“Nigeria is undergoing rapid changes in its agriculture sector. We have stopped viewing agriculture as a development programme, but now as a business that can assure food security, create wealth and generate jobs.”**

“Private sector investments are rising significantly as a result of our bold policy reforms. I am confident that with the support of the private sector and the donor community, Nigeria’s agriculture will further drive economic growth and unlock new opportunities for millions of our farmers and agribusinesses,” he added.

# Political Reality I

<http://www.undercurrentnews.com/2014/01/29/newspaper-warns-of-consequences-of-nigeria-fish-embargo/>

January 29 2014

## **Newspaper warns of consequences of Nigeria fish embargo**

Nigeria's restrictions on fish imports could cause "serious social and economic crises", warned a Nigerian newspaper.

Nigerian fish prices have soared by about 50% as a result of a government embargo on fish imports, reported the *Daily Trust*. Only 180,000 metric tons of import quotas have been allocated so far for the first half of the year, said the newspaper.

Earlier this month, *Undercurrent News* reported that only 150,000t in quotas had been allocated for Nigerian fish imports for the first half of the year — a much lower amount than the official 25% cut announced by the government. Although importers said they were hopeful of more quotas being given, this has not happened yet, said sources.

In 2012, the country imported approximately 900,000t of frozen fish, with just five or six players accounting for around 90%, said the *Daily Trust*.

According to the newspaper, the usual five to six 'big players' — led by Stallion, Seafood Products and CIC — got 48%, while 52% was allotted to a number of local companies, comprising of importers who were earlier importing altogether less than 10%, and numerous newcomers, most of them getting sizable allotments even while they lack the transportation, storage and financial capacities.

The *Daily Trust* said there is no clarity as to the basis on which these quantities have been calculated.

The total quantity allotted is much lower than the actual market requirements and, if not rectified at the earliest, would result in serious social and economic crises in the election year, it said.

"According to the ministry's publication 'Action Plan for Aquaculture', demand for fish in the year 2015 is expected to be around 2,175,000t, whereas local production will be about 730,250t, thus leaving a shortfall of over 1.4 million, which is rather alarming, and requires an earliest positive plan of action," said the newspaper columnist.

Furthermore, because these new allottees are busy offering their quotas for sale to those with sufficient cold storage/financial capacity, prices have gone up by about 50% in just a few months.

According to *Undercurrent* sources, the largest fish importer to Nigeria is Stallion (which owns Premium Seafoods), followed by Seafood Products Nigeria (linked to Bharat Ventures) and CIC Limited (linked to POF Nigeria and Lebanon-based Sicom).

Other large importers include Admiral Overseas, which is Israeli-owned and said to source from Parvlevliet & van der Plas and J. 8 Marr Seafoods, part of UK-based Andrew Marr International. There is also African Fish, owned by the Dutch pelagic group W. van der Zwan.



# Political Reality I cont.

## **Nigeria sets low import quotas, but importers believe final word not yet set**

<http://www.undercurrentnews.com/2014/01/09/nigeria-sets-low-import-quotas-but-importers-believe-final-word-not-yet-set/> January 9, 2014

According to one larger and well-informed European trader, the fisheries ministry told importers this week that quotas for fish imports have been set at just **150,000 metric tons** for the first half of the year.

This would represent just 30% of past import volumes, said this source, adding the news was a “big shock” for everyone. Nigeria imports around 780,000t of fish every year, according to its own official figures.

However, an executive at a large Nigerian fish importer told *Undercurrent News* these figures are misleading. These quotas are not final, and the government is expected to hand out more quotas in the coming days, he said.

“There is a lot of confusion going on,” said this executive, who asked not to be quoted by name. “We are still waiting for clarification. So far, they have issued very little... But there are more changes coming up. Things will change, you can be sure of that.”

According to him, there will be a reduction in allowed imports this year, but the drop will be in line with what the government has announced — ie, around 10%, or 25%.

The larger trader told a similar story. “According to two importers, it is expected that the above will not be the ‘last word’ and negotiations are continuing,” he said.

However, individual importers could face steeper cuts than the final figure. Current allocations show individual quotas for companies have been slashed by more than 70%, as many quotas are allocated to new players, said the European trader. According to his information, two large importers have seen their quotas reduced to 23,000t and 20,000t each, representing approximately 15-20% of their usual import volumes.

“Many quotas are allocated to new players who have not been importing before, but [who were] just owners of cold store facilities usually rented out to the big importers,” this source told *Undercurrent*.

Another trader said he had received the same information on individual quotas, but had heard that total quotas could be as low as “a little over 100,000t”, [as reported earlier this week](#).

A Norwegian exporter also said he had heard of low quotas being set, and said one importer had seen its quota reduced to as low as 10,000t.

Although Nigeria’s unofficial ban on imports was lifted on Jan. 1, the country announced that it would take measures to [start a structured embargo on fish imports](#), as part of plans to make the country self-sufficient in seafood.

# Political Reality I

<http://www.undercurrentnews.com/2014/01/09/nigeria-sets-low-import-quotas-but-importers-believe-final-word-not-yet-set/> January 9, 2014

Such low quotas were not unexpected — not least as the government had said plans were to reduce imports by 'just' 25% in the first year. Exporters canvassed by *Undercurrent* last year all expected a resolution to the ban by the start of the year. All the importers are "extremely shocked, especially after all very promising discussions and pre-arrangements made with the ministry still before Christmas", said the larger trader.

"The question is whether this import quota rules will hold," said the source with the smaller trader. "The locals are complaining already about the sharply increased prices and more pressure will be on the government to be more flexible with regards to imports."

## **Impact on European pelagic exports**

If the restrictions were to hold, they could impact pelagic exports from Norway, the Netherlands and Scotland, said sources. "In view of the extremely low quotas, all importers are going to be very selective on any fish imports," said the source with the larger trader.

Nigeria's largest importer is Stallion Group, an Indian-owned company headquartered in Dubai, UAE, which also owns Premium Seafoods.

The next largest ones are Seafood Products Nigeria (linked to Bharat Ventures) and CIC Limited (linked to POF Nigeria and Lebanon-based Sicom), which are "competing neck to neck", according to one industry player.

The Norway-based source said the news would mean lower imports from Norway.

"Several of the companies that import [to Nigeria] are tied to for instance Dutch companies, which have their own large production. In this case, Norway will be de-prioritized, since these produce substantially more than what is covered by their partners' import quotas," he said.

"In general it will affect most of the pelagic industry, the Dutch shipowners, the Norwegians and the Scottish/Shetland industry," said the smaller European trader.

"Norway will have a tough time, especially now some of the producers there are banned for export to Russia as well," he said.

Nigeria used to be the biggest outlet for the Dutch pelagic industry, he told *Undercurrent*. According to him, even if cargo is smuggled into Nigeria via surrounding countries, it will not be in the quantities they used to import.

Other large importers include Admiral Overseas, which is Israeli-owned and said to source from Parvlevliet & van der Plas and J. Marr Seafoods, part of UK-based Andrew Marr International. There is also African Fish, owned by the Dutch pelagic group W. van der Zwan.

A list of fish imports to Nigeria seen by *Undercurrent* shows products arrive to Nigeria from Aalesund and Maaloy in Norway, Antwerp and Rotterdam in the Netherlands, Bremerhaven in Germany, Busan in South Korea, Hong Kong, Shanghai, Jiangyin, Dalian, Chiwan and Qingdao in China, Dublin in Ireland, Halifax in Scotland (UK), and Walvis Bay in Namibia.

# Political Reality II

## Stallion Group's Unwholesome Fish Stockpile Destroyed by FDF

In a series of coordinated operations over the Easter break, the Federal Department of Fisheries embarked on a massive destruction of expired and unwholesome fish at two cold rooms, Premium Foods Limited and Bexolac Sea foods both belonging to Stallion Group.

....

A total of 3,135 cartons of unwholesome fish (about 62.9 tons) worth ₦25.6 million was destroyed at Premium Foods Limited while 1,648 cartons of unwholesome fish (about 32.96 metric tons) worth ₦11.98 was destroyed at Bexolac Foods, amounting to a total of 4,783 cartons containing Herring, Mackerel and Alaska Pollock.

[agronigeria.com.ng/April 24, 2014](http://agronigeria.com.ng/April%2024,%202014)



# **BUSINESS STRUCTURE NIGERIA**

# “The big three”

## **Importers and distributors**

1. Stallion Group (India, based in Dubai)
  2. Seafood Products Ltd (Bharat Ventures Limited, India, based in Dubai)
  3. CIC (POF Nigeria Ltd) (linked to POF Nigeria and Lebanon-based Sicom)
- 
- Supply from all the big international suppliers in NL, China, Russia, UK, Norway, Faroes, Iceland, Denmark'
  - The “three big”: 48% of import quota Jan-Jun 2014. In 2013 the had 80-85% of the total import
  - All three do have the same business structure, although they do have different arrangements with different shipowners, producers and and traders
  - On the website they present pictures of Dutch vessels

# 1. Stallion Group

1. <http://stalliongroup.com>
2. Market leader, marketshare +/- 45% has the widest located infrastructure in form of cold rooms, transport and staffing
3. Through its long standing relationships with suppliers from the EU particularly from The Netherlands, UK, Ireland, Mauritania etc.
4. Cold storage capacity: Owns +/-100.000 tonnes of cold storage capacity in key Nigerian locations. Moreover, Stallion's presence in the regional African markets provides them the ability to commit large quantities with the suppliers and achieve economies of scale. By controlling the coldstores, Stallion are controlling the market for frozen fish as well.
5. Stallion is owned by the Vaswani Brothers, Sunil, Haresh and Mahesh, they have established a total dominance of the market in Nigeria over the years.
6. Stallion is also a market leader in a majority of other business/manufacturing sectors including automobiles, commodities, textiles, plastics, agriculture/rice milling, chemicals, fertilizers, building materials, construction, real estate, banking, insurance, shipping, etc., in Nigeria and other West African countries like Ghana, Ivory Coast, Senegal, Cameroon and Angola.
7. Stallion Group do have their own shipping company arranging the logistic of the fish

# Stallion Business Units

1. **Commodities:** Rice, Sugar, Edible Oil, Fertilizers, Chemicals, Steel, Building Materials, Construction Equipment, and a wide variety of other products of mass consumption.

2. **Food:**

Frozen fish

Meat

Other Food: Tomato paste, Condensed Milk, Canned Fish, French Fries, Frozen Vegetables, Fish Fillet, Turkey Parts, Candles Poultry, Edible Oil etc

3. **Agri Business** – rice etc

4. Automobiles

Sales and servicing

Automobile Assembly

Automobiles Accessories (tyres, oils etc.)



5. Industries

Rice Milling, Milling of rice and their packaging, Plastics, Production of industrial & domestic plastic products, Motorcycle assembly, Assembly and distribution of motorcycles, Polypropylene Packaging, Manufacture of bags for commodities, Flexible Packaging, Production of packaging media, Commercial vehicle assembly, Assembly of Buses, Pickups & trucks

6. Services

Banking, insurarnces, telecom solutions, home/office automation, shipping, vehicle leasing and banking.

# Stallion Group locations

Headquarter: Dubai





## 2. Seafood Products Ltd

- <http://www.nbv.in/>
- Owners: Multinational Indian company, Bharat Ventures Limited.
- Part of the multinational Triton GROUP
- Seafood Products Ltd is the second largest player in Nigeria, estimated market share 25%
- Cold storage capacity, about 20,000 tonnes
- Source fish from The Netherlands, UK and Mauritania, the entire range of species.

### 3. CIC (POF Nigeria Ltd)

- The third largest is POF Nigeria Ltd., although their market focus is primarily in the city of Lagos
- Owners, from Lebanon
- Estimated market share +/-15%
- Cold storage capacity, about +/- 20,000 tonnes

## 4. Other importers and distributors

Market Followers or challengers

1. Agri Ventures (local)
2. Admiral Overseas, (Israeli-owned)
3. African Fish (owned by the Dutch pelagic group W. van der Zwan)
4. Agro Allied
5. Magulf
6. Primlax Nigeria
7. Onward Fisheries (small)
8. + many new and small locals

These "Other" do have 52% of import quota Jan-Jun 2014

# Agents

Many of the big international pelagic (maybe all of them) operates in Nigeria. They represent, or buy, the fish from shipowner or land-producers. This trade has been going on for centuries.

The best known pelagic trader is J. Marr (Seafoods) Ltd. In UK.

In general there are some big pelagic traders representing Icelandic, Norwegian, Danish, Faroes, Russian, South Korean, Japanese, Irish producers. Some of these agents do have close relations to one or some of the big importers.

# Business reality

- Population 140 millions people
- Establishment difficult in West Africa.  
political instability, economic imbalances, infrastructural problems and epileptic power supply.
- The cold-store business is challenging, few companies have succeed

About only ten frozen foods importers in Nigeria

unstable electricity supply, have to face constant power failure, huge costs of procuring fuel and other social problems related.

Has to rely on the use of alternative sources of electricity.

These make the business very uncompetitive, almost monopolist and very profitable. In other words, the surviving operators have good returns on capital invested

- Long queues of prospective buyers are constant spectacles at cold room operators' bases and exorbitant pricing by operators are order of the day.

Read more: <http://www.ukessays.com/essays/marketing/cold-room-business-in-ogba-lagos-state-nigeria-marketing-essay.php#ixzz34ui8VQ8Y>

<http://www.ukessays.com/essays/marketing/cold-room-business-in-ogba-lagos-state-nigeria-marketing-essay.php>

# Business reality II

- 70% of frozen seafood products imported to Nigeria originate from Europe while the remaining 30% come from China, USA, Korea, Brazil and neighbouring African countries like Morocco, Gambia, Angola, Mauritania and Namibia (general)
- Frozen seafood products are widely distributed in Nigeria through the networks of privately-owned cold room operators located in the major cities. The seafood is available frozen in city markets, and also smoked for rural village markets. Sub-wholesalers buy from major distributors, who purchase directly from the importers to break bulk further except for promotional sales. The major importers' distributors are the nucleus of distribution channels in Nigeria's retail sector and serve nearly every member in the distribution channel. They offer credit facilities to sub-wholesalers as well as retailers and provide cold storage facilities usually located very near the traditional markets.
- Transportations of products are often times done on open and non-refrigerated trucks which expose products to unfavorable storing conditions. In this case, if adequate care is not taken in the handling of haulage and discharging time, loss could amount to 50% of cost values of products.

# **TRADESTRUCTURE FOR FISH INTO AFRICA**

# Species imported into Nigeria

- Herring,
- Horse Mackerel, (Kote, local name)
- Mackerel, (Titus local name)
- Croaker
- Sardinella
- Blue Whiting etc.
- Tilapia and catfish farmed by local fish farmers.



# Market

- The total fish demand in Nigeria more than one million tonnes per annum
- Nigeria the largest market in West Africa.
- Fish remains the main product consumed in terms of animal protein in Nigeria.
- The major portion of frozen fish is sold at traditional open markets.
- Wholesalers or retailers are located at these open markets- They purchase from importers/distributors or buy the fish at cold storage facilities.
- The EU is the dominant supplier of frozen seafood products with more than 70% of market share in the country. Other supplying countries include China, Korea, Brazil, Paraguay, Uruguay, USA & Gambia, Mauritania, Namibia, Angola, Morocco, etc.

(source [www.Nigeria.org](http://www.Nigeria.org))

# Market and logistic in Nigeria

- Suppliers in the EU countries arrange frozen seafood products from different loading ports around the world and are therefore, able to sell larger quantities shipped in large river vessels of 3,500-4,000 and even up to 6,-7,000 MT reducing ocean freight costs significantly. It means there are only big buyers able to import full loaded cargos
- Imported frozen seafood is usually shipped to Apapa-Lagos, Port Harcourt and Warri.
- After clearance the products are transported in trucks to cold storage warehouses located within Lagos and other urban centers.
- Wholesalers, usually have their own cold storage facilities and purchase as the product is offloaded or take stock from importers' cold stores.
- Frozen seafood imports are widely distributed in the country, through a network of privately-owned cold stores located in major cities.
- The seafood is available frozen in city markets, and also smoked for rural village markets. Sub-wholesalers or Super-retailers always buy from wholesalers to break bulk further.
- The wholesaler is the nucleus of distribution channels in Nigeria's retail sector and serves nearly every member in the distribution channel.
- More than 80 percent of distribution channel members in Nigeria's traditional market are retailers.
- Product prices are about 20-30 percent lower in the traditional markets than in convenience stores and supermarkets. Pricing in Nigeria's traditional markets is usually negotiated on the spot.
- The Federal Fisheries Unit of the Federal Ministry of Agriculture and Natural Resources (Nigeria's Department of Agriculture) regulate Seafood imports. The Federal Fisheries Unit issues import license to local firms applying to import after due certifications. The Nigerian Customs Service is the government agency for import duty collection.
- In Nigeria, mostly frozen fish is transported in covered / open trucks but without refrigeration. Hence, one should be careful about the time it takes, to load, transport and off – load the fish within a reasonable time frame. If by any chance the fish is not offloaded on the same day and left outside the cold- stores overnight, the recovery from that fish will be less than 50% of the cost value.