



# NIGERIA-BRAZIL TRADE & INVESTMENT OUTLOOK

**Tariffs, Imports, Exports & Agri-business**



# Introduction

This document is not intended to be a comprehensive report but rather an informative overview, providing a high-level insight into Nigeria's trade and investment landscape, particularly for Brazilian entrants. It serves as an introductory guide, offering broad insights on key considerations. It also provides an introduction into the legal frameworks governing agricultural investment and trade.

Nigeria is currently undergoing significant economic reforms aimed at repositioning its economy for sustainable growth. These reforms include monetary policy adjustments, subsidy removals, fiscal deficit reduction, and market-driven mechanisms to enhance global competitiveness. The government is making strategic investments in infrastructure, tax reforms, and the power sector, signaling the dawn of a new economic era.

At the macroeconomic level, Nigeria is implementing policies such as foreign exchange unification, electricity tariff adjustments, and measures to curb inflation. The focus is on fostering inclusive growth driven by investment rather than consumption and debt. In this context, Foreign Direct Investment (FDI) in the agri-food value chain is particularly critical, as it holds the potential to address unemployment, boost GDP per capita, and provide essential raw materials for industrial processing - ultimately driving Nigeria's path toward industrialization.



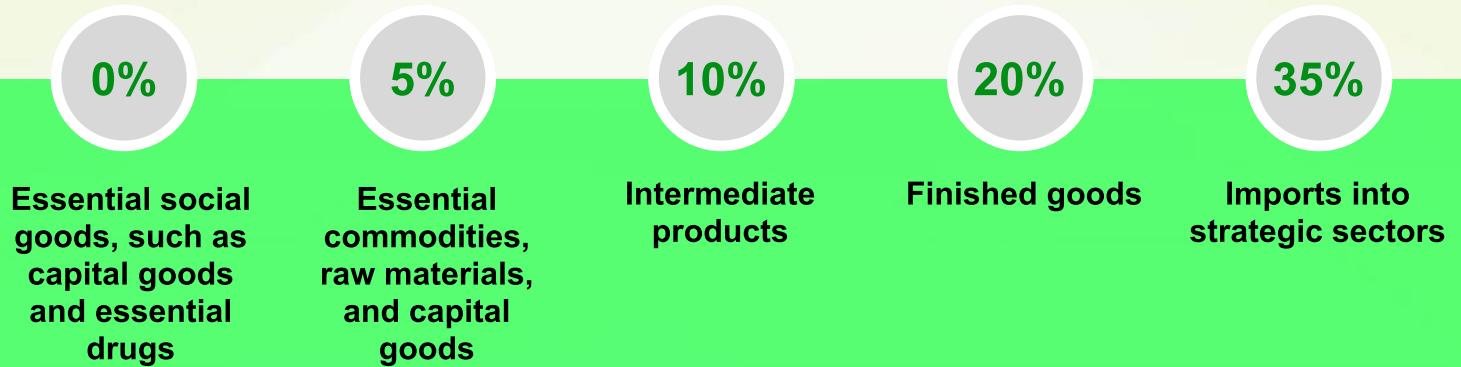
This short report is structured into seven key sections, each providing insights into Nigeria-Brazil trade dynamics within the agri-business sector:

- 1 Tariff Structures for Agricultural Commodities
- 2 Importing Agricultural Commodities from Brazil to Nigeria
- 3 Exporting Agricultural Commodities from Nigeria to Brazil
- 4 Comparative Analysis: Domestic Production vs. Import – Soybean Meal
- 5 Opportunities Across the Livestock Value Chain
- 6 Legal Frameworks Governing Agricultural Investment and Trade
- 7 Sourcing Framework of Retail outlets – Shoprite Nigeria

# Tariff Structures for Agricultural Commodities

Nigeria's tariff structure is based on the ECOWAS Common External Tariff (CET), which is a set of customs duties, quotas, and preferences applied to goods entering the region. The CET has five tariff bands, with rates ranging from 0% to 35%.

## Tariff bands



## Additional measures

### Levies

Additional protection measures that can range from 5% to 100%. These are applied to items like rice, wheat flour, sugar, alcohol, tobacco, textiles, iron, and steel.

### Import bans

Outright bans on certain imports.

### Supplemental tariffs

High effective duty rates on imports into strategic sectors to boost local industries. For example, Nigeria has high supplemental tariffs on wheat, sugar, rice, and tomato paste.



To provide a high-level overview of selected agricultural commodities and their relationship to Nigeria's tariff structure, this section focuses on Brazil's top agro-export commodities. This approach highlights products where Brazil holds a comparative advantage and examines the implications of importing these goods into Nigeria.

Rather than presenting an exhaustive list, this selective approach ensures relevance by focusing on commodities that align with Brazil's current export strengths. By doing so, it provides a more targeted and practical analysis of trade opportunities and potential challenges within Nigeria's tariff framework.

**Table 1:** Top Agricultural Commodities Exported from Brazil, 2022

Product	Export Value (US\$ billion)	Percentage of Total Brazilian Export
Soybean	47.2	13.8 %
Corn	12.4	3.63 %
Coffee	8.86	2.69 %
Raw Sugar	11.5	3.38 %
Soybean Meal	10.4	3.05 %
Frozen Bovine Meat	11	3.21 %
Poultry Meat	8.95	2.63 %
Pig Meat	2.44	0.72 %

**Source:** W2A Research, The Observatory of Economic Complexity



**Table 2:** Import Duty of selected items

Heading	TSN	Commodity Description	SU	ID	VAT	IAT	EXC
02.02		<b>Meat of bovine animals, frozen</b>					
	0202.10.00.00	Carcasses and half-carcasses	Kg	35	0	0	0
12.08		<b>Flours and meals of oil seeds or oleaginous fruits, other than those of mustard</b>					
	208.10.00.00	Of soya beans	kg	10	7.5	0	0
10.05		<b>Maize (corn)</b>					
10.05	1005.10.00.00	Seed	kg	5	0	0	0
02.07		<b>Meat and edible offal, of the poultry of heading 01.05, fresh, chilled or frozen.</b>					
	0207.11.00.00	Not cut in pieces, fresh or chilled	kg	35	0	0	0
		<b>Pig fat, free of lean meat, and poultry fat, not rendered or otherwise extracted, fresh, chilled, frozen, salted, in brine, dried or smoked.</b>					
	0209.10.00.00	Of pigs	kg	20	0	0	0

Where SU= Standard Unit, ID= Import Duty, VAT= Value Added Tax, IAT= Import Adjustment Tax (or Levy)  
EXC= Excise

Heading	TSN	Commodity Description	SU	ID	VAT	IAT	EXC
	0209.90.00.00	Other	kg	20	0	0	0
		<b>Coffee, whether or not roasted or decaffeinated; coffee husks and skins; coffee substitutes containing coffee in any proportion.</b>					
	0901.11.11.00	Cherry-red	Kg	10			
	0901.11.12.00	Extra-prima, prima, superior	kg	10			
04.02		<b>Milk and cream, concentrated or containing added sugar or other sweetening matter.</b>	kg	10	7.5	0	0
	0402.10.10.00	In packings of 25 kg or more	kg	5	0	0	0
11.07		<b>Malt, whether or not roasted.</b>	kg	5	0	0	0
	1107.10.00.00	Not roasted	kg	5	0	0	0
	1107.20.00.00	Roasted	kg	5	0	0	0
3.03		<b>Fish, frozen, excluding fish fillets and other fish meat of heading</b>					
	0303.11.00.00	Sockeye salmon (red salmon) ( <i>Oncorhynchus nerka</i> )	kg	10	0	0	0
0.702	0702.00.00.00	<b>Tomatoes, fresh or chilled.</b>	kg	20	0	0	0

Heading	TSN	Commodity Description	SU	ID	VAT	IAT	EXC
12.12		<b>Locust beans, seaweeds and other algae, sugar beet and sugar cane, fresh, chilled, frozen or dried, whether or not ground; fruit stones and kernels and other vegetable products (including unroasted chicory roots of the variety <i>Cichorium intybus sativum</i>) of a kind used primarily for human consumption, not elsewhere specified or included.</b>					
	1212.93.00.00	Sugar cane	Kg	5	7.5	0	0
10. 06		<b>Rice</b>	kg	10			
	1006.10.10.00	Seed	kg	5	0	0	0
	1005.90.00.00	Other	kg	5	0	0	0
11.07	1006.20.00.00	Husked (brown) rice	kg	5	0	0	0
10.01		<b>Wheat and meslin:</b>					
	1107.20.00.00	Durum wheat	kg	5	0	0	0
	1001.11.00.00	Seed	kg	5	0	0	0
	1001.19.00.00	Other	kg	5	0	15	0
		Other:	kg	20	0	0	0
		Seed	kg	5	0	0	0
		Other	kg	5	0	15	0

# Importing Agricultural Commodities from Brazil to Nigeria

To identify the agricultural commodities best suited for import from Brazil to Nigeria, it is essential to first understand the broader trade landscape. A key aspect of this analysis is identifying items currently restricted or banned from importation into Nigeria.

By cross-referencing Nigeria's list of restricted imports with the country's existing food import needs and Brazil's agricultural export strengths, a clear picture emerges. This approach helps pinpoint crops that are not subject to import bans, are in demand within Nigeria, and can be competitively supplied by Brazil - thereby presenting viable trade opportunities.



**Table 3:** List of Banned Agricultural & Livestock Products for Import into Nigeria

S/N	Product Description	HS Codes
1	Live or Dead Birds including Frozen Poultry	0105.1100 – 0105.9900, 0106.3100 – 0106.3900, 0207.1100 – 0207.3600, 0210.9900
2	Pork, Beef	0201.1000 – 0204.5000, 0206.1000 – 0206.9000, 0210.1000 – 0210.2000
3	Birds Eggs (excluding hatching eggs)	0407.0000
4	Refined Vegetable Oils and Fats (excluding refined Linseed, Castor, and Olive oils. Crude vegetable oil is NOT banned)	1507.1000.00 – 1516.2000.29
5	Cane or Beet Sugar and Chemically Pure Sucrose, in solid form containing added flavouring or colouring matter (in retail packs)	1701.91.1000 – 1701.99.9000
6	Cocoa Butter, Powder, and Cakes	1802.00.0000 – 1803.20000, 1805.001000 – 1805.00.9000, 1806.10.0000 – 1806.20.0000, 1804.00.0000
7	Spaghetti/Noodles	1902.1100 – 1902.30.0000
8	Fruit Juice in Retail Packs	2009.11.0012 – 2009.11.0013 – 2009.9000.99

**Source:** W2A Research, The Observatory of Economic Complexity



## Opportunities and Challenges in Agricultural Trade Between Brazil and Nigeria

Despite Brazil's strength in livestock production and its significant exports of frozen bovine meat, poultry meat, and pig meat, these products are either banned from importation into Nigeria or subject to extremely high import duties of 35% under the ECOWAS Common External Tariff (CET). As a result, direct livestock imports in these forms would not be a viable approach.



Bovine meat



Poultry meat



Pig meat



## Wheat Importation

Nigeria imports a significant amount of wheat due to its inability to produce the crop efficiently. Although Brazil exports a moderate quantity of wheat, Nigeria imposes a tariff on wheat imports as part of its strategic efforts to achieve self-sufficiency in wheat production. However, it is becoming increasingly evident that this policy may not be optimal. Nigeria lacks a comparative advantage in wheat production due to unfavorable climatic conditions, limited historical expertise, and structural inefficiencies. Given these constraints, there is a possibility that this policy could be reassessed in the short to medium term.

While wheat trade between Brazil and Nigeria appears viable on the surface, the current tariff structure poses a minor challenge. Any potential opportunities in this sector would largely depend on future policy adjustments.



## Raw Sugar Importation



Nigeria is a high importer of raw sugar, but its sugar importation policy is governed by the Nigerian Sugar Master Plan (NSMP), which aims to boost local sugar production and reduce dependency on imports. Under this policy, sugar imports are regulated through annual import permits, tariffs, and restrictions on eligible importers. Only entities that have invested in Nigeria's sugar value chain, particularly in backward integration initiatives, are permitted to import raw sugar.

Despite these hurdles, significant investment opportunities remain due to Nigeria's high import demand and Brazil's strong comparative advantage in sugar production. Key opportunities include:

### Foreign Direct Investment (FDI) in the Sugar Value Chain

- End-to-end investment in sugar cultivation and processing, leveraging Brazil's expertise in high-yield sugarcane farming.
- Establishing large-scale commercial farms or partnering with smallholder farmers through an outgrower model.
- This approach could potentially grant access to import permits for raw sugar while simultaneously building local capacity and integrating the value chain.



The above represents just one example of a potentially viable opportunity that aligns with Nigeria's import profile and Brazil's export strengths and comparative advantage. It highlights a mutually beneficial scenario where available demand, specialized expertise, and sustainability converge to create a win-win outcome for both countries.

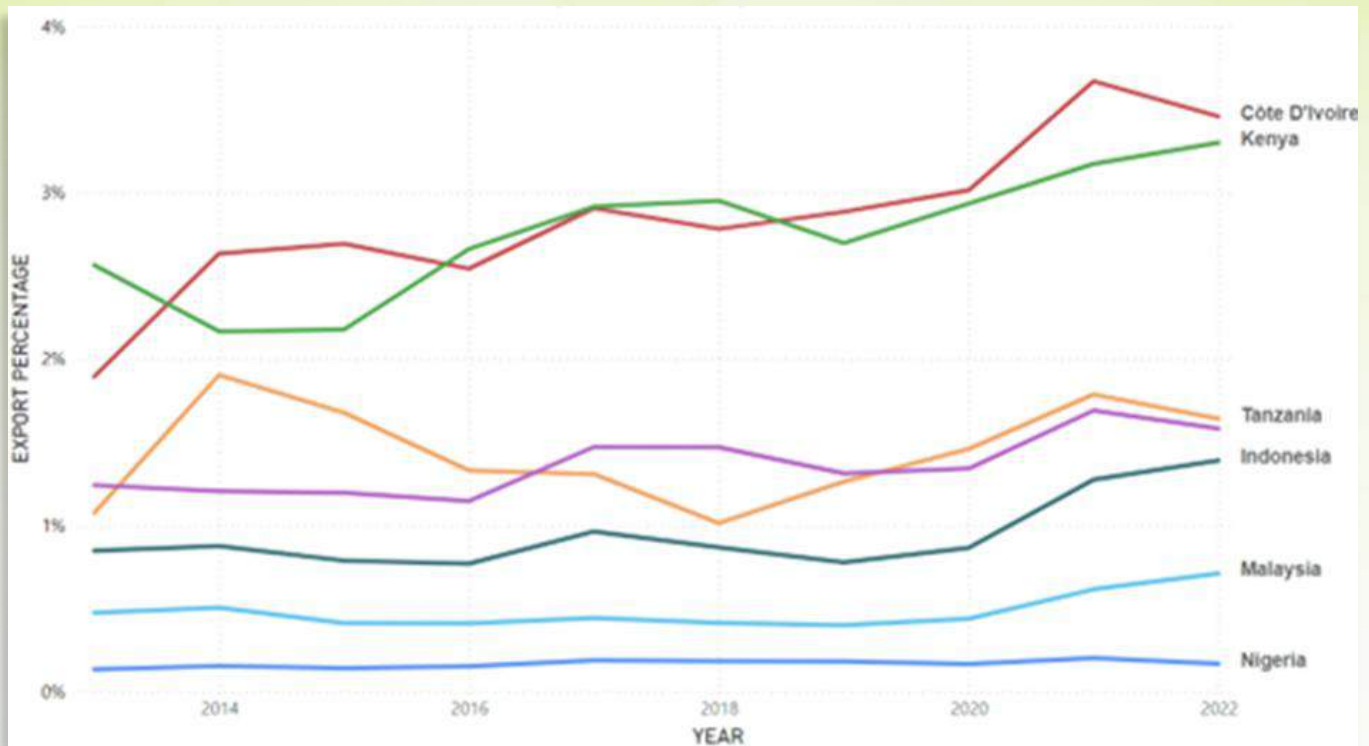
## Exporting Agricultural Commodities from Nigeria to Brazil

Nigeria's food exports, as a proportion of its total exports, is significantly lower than countries with similar socio-economic indices, such as Kenya and Côte d'Ivoire. Additionally, its food export performance lags behind East African Community (EAC) countries like Tanzania and aspirational peers such as Malaysia and Indonesia. This highlights a critical gap in Nigeria's agricultural trade competitiveness on both the regional and global scale.

Currently, food exports constitute only about 2.5% of Nigeria's total exports, highlighting the urgent need to elevate this figure into double digits. Such efforts would not only diversify Nigeria's export portfolio but also enhance its integration into global food markets, contributing to economic growth and resilience



**Figure 1:** Food exports as a percentage of total exports



**Source:** W2A Research, FAOSTAT, The Observatory of Economic Complexity

Figure 1: Food exports as a percentage of total exports

To identify specific agricultural commodities that Nigeria should focus on exporting, it is important to assess the value chains where Nigeria has a comparative advantage. This involves analyzing factors such as primary production capacity, quality, yield, cost efficiency, and market demand.

**Table 4:** Nigeria's production rankings & Yield

Crop	Production Ranking	Avg Yield in Nigeria (tons/ hectare)	Global Avg Yield (tons/hectare)
Cassava	1	6.1	11
Yams	1	8.2	10
Sorghum	1	1.1	1.5 - 2
Rice	13	1.8	4.5
Palm oil	5	0.5	-
Maize	12	2.2	6
Cowpea	1	0.8	1
Wheat	69	1.1	3.5 - 4

**Source:** W2A Research, FAOSTAT, The Observatory of Economic Complexity

**Cassava**



**Yams**



**Sorghum**



**Rice**



**Palm Oil**



**Maize**



**Cowpea**



**Wheat**

From Table 4, it can be seen that Nigeria leads globally in the production of crops such as cassava, yams, sorghum, and cowpea. Whilst ranking in the top five for palm oil and among the top 15 for maize and rice. However, Nigeria ranks a distant 69th in wheat production.



Despite its production leadership in several crops, Nigeria's yields fall below global averages, indicating significant potential to improve productivity. This demonstrates the need for enhancing agricultural efficiency in crops where Nigeria already has a production advantage. For wheat, however, the data shows that Nigeria does not have either a production or climatic advantage. This aligns with economic theories such as Ricardo's comparative advantage, which suggest that resources should be allocated to areas where efficiency and competitive benefits exist.

Nigeria should enable and encourage the importation of wheat to avoid inefficient domestic production, while redirecting investments toward crops like cassava, yams, and sorghum where it can optimize value chains and boost exports.

Nigeria is currently net importer of palm oil. However, it has the potential to become a net exporter. Investments in modern farming techniques, processing facilities, and yield improvement are crucial for this transition. Similarly, crops like maize and rice offer opportunities for quick gains through better farming practices and inputs, representing low-hanging fruits for enhanced productivity.

By focusing on these strengths and shifting resources from less competitive crops like wheat, Nigeria can maximize its agricultural potential, improve trade balance, and strengthen its position in regional & global markets.

For Nigerian exports to be economically viable, the products must be globally cost-competitive. Otherwise, there would be little incentive for countries like Brazil to source from Nigeria.

Therefore, the focus should be on leveraging already competitive value chains or investing in high-potential sectors where Nigeria has a comparative advantage. This strategic approach ensures that Nigerian exports can compete effectively in international markets while maximizing the country's economic potential

## Comparative Analysis: Domestic Production vs. Import – Soybean Meal



Given the various tariff structures, it is essential to analyze and assess which value chains are more economically viable through importation versus local production. To illustrate this numerically and provide a high-level perspective through back-of-the-envelope calculations, soybean meal was selected as the case study.

While several other commodities could have been chosen, soybean meal is particularly significant due to its critical role in feed production and its importance as a key input in the livestock sector. As such, this use case serves as a valuable reference for understanding broader economic implications in similar industries.



It is important to note that the cost of soybean meal is influenced by several factors, such as residual oil content, quality, and market conditions. Therefore, the figures provided below reflect prevailing market rates for the week commencing February 10, 2025.

### Factors affecting the cost of Soybean



Residual oil content



Quality



Market Conditions

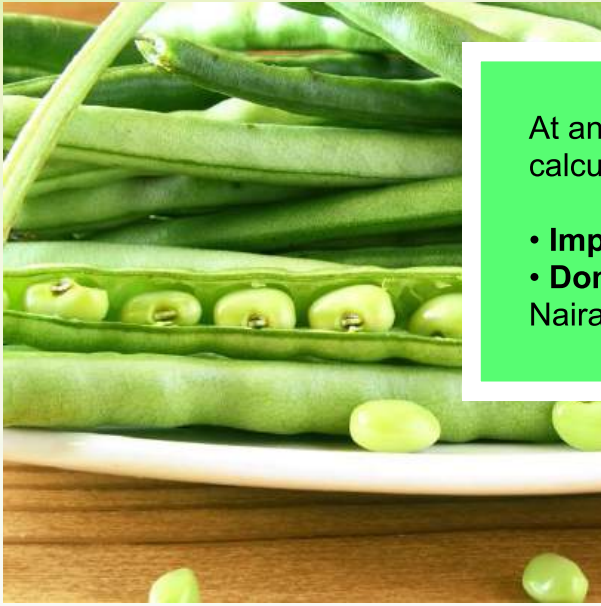
## Breakdown of cost structure of importing soybean meal from Brazil

	Description	Cost (\$/ton)
<b>A</b>	<b>Product Cost (FOB – Free on Board)</b>	
	Soybean meal price per ton	300
<b>B</b>	<b>Logistics &amp; Freight</b>	
	Ocean freight cost (Brazil to Lagos, Nigeria)	28
	Insurance (covering cargo loss/damage)	2
	Handling charges (loading & unloading at port)	-
<b>C</b>	<b>Import Duties &amp; Taxes</b>	
	Import duty (10%) on CIF (Cost, Insurance & Freight) value	33
	<b>VAT (7.5%)</b> on CIF + duty value	
	Port charges & terminal handling fees	
	Customs clearing agent fees	
<b>D</b>	<b>Inland Transport &amp; Distribution</b>	
	Transport from Lagos port to warehouses/factories	33
	Storage & warehousing costs	3
	Distribution costs to customers	33
<b>D</b>	<b>Other Costs</b>	33
	Currency exchange fluctuations	-
	Bank transaction fees (LC, TT, etc.)	-
	Regulatory & compliance fees (e.g., NAFDAC, SONCAP)	-
	<b>TOTAL COST</b>	<b>457</b>

## Producing Soybean Meal domestically in Nigeria

	Description	Cost (\$/ton)
<b>A</b>	<b>Raw Material Costs</b>	
	Cost of soybeans per ton (domestic market price)	586
<b>B</b>	<b>Processing Costs</b>	
	Machinery & equipment costs (crushers, expellers, separators)	5
	Labor costs (wages for plant workers)	3
	Utilities (power, water, fuel, etc.)	4
	Maintenance & depreciation of machinery	2
<b>C</b>	<b>Regulatory &amp; Compliance Costs</b>	
	Local government permits & licenses	-
	Environmental & safety compliance fees	-
<b>D</b>	<b>Storage &amp; Distribution</b>	
	Warehousing costs	3
	Transport & logistics to market	33
	Distribution costs to customers	33
	<b>TOTAL COST</b>	<b>636</b>





At an exchange rate of **1 USD = 1,500 Naira**, the following calculations are obtained:

- **Imported Soybean Meal:**  $\$457 \times 1,500 = 685,000$  Naira per ton
- **Domestically Produced Soybean Meal:**  $\$636 \times 1,500 = 954,000$  Naira per ton

From this analysis, it is evident that importing soybean meal is currently cheaper than domestic production, even before factoring in profit margins. However, a key driver of domestic soybean meal costs is the price of raw soybeans in the Nigerian market, which fluctuates throughout the year.

For instance, if this same analysis is conducted when soybean prices drop to around \$380 per ton, the corresponding soybean meal cost would be approximately \$425 per ton.

- **Domestic Soybean Meal at \$425 per ton:**  $\$425 \times 1,500 = 637,500$  Naira per ton

This price is even lower than the cost of imported soybean meal, highlighting the importance of timing and market conditions when making procurement decisions.

## Key Factors to Consider in Decision-Making



### Timing of Soybean Purchase

Prices fluctuate throughout the year, impacting production costs.



### Productivity and Yield of Primary Production

Investing in backward integration (e.g. owning farms) can reduce costs.



### Tariff Structures

Import duties and VAT significantly affect final landed costs.



### Logistics Costs

Freight, storage, and distribution expenses must be factored into overall cost efficiency.



This comparative analysis underscores that the economic viability of importing versus local production is highly dependent on market dynamics, agricultural productivity, and supply chain efficiencies.

## Opportunities Across the Livestock Value Chain

Following the recent Memorandum of Understanding (MoU) between Brazilian meatpacking giant JBS and the Nigerian government for a \$2.5 billion investment plan, the country's meat processing sector is set for significant expansion. This agreement includes the construction of six new meat processing plants, marking a major step toward modernizing Nigeria's livestock industry. In addition, the establishment of the Ministry of Livestock underscores the government's renewed focus on livestock development, creating emerging opportunities across the sector. Key areas of potential investment and growth include:



- 1 **Genetic Breeding for Productivity Improvement:** Enhancing cattle and dairy productivity through advanced breeding techniques and genetic improvements.
- 2 **Meat Processing and Veterinary Services:** Expanding meat processing infrastructure and veterinary healthcare to improve livestock health and meat quality.
- 3 **Commercial Pasture Development and Feed Production:** Increasing local feed production and developing high-quality pastures to support sustainable livestock farming.
- 4 **Dairy Production and Processing:** Investing in large-scale dairy farms, processing facilities, and value-added dairy products to reduce Nigeria's reliance on dairy imports.
- 5 **Cold Chain Logistics and Storage:** Strengthening cold storage and transportation networks to ensure the quality and safety of perishable livestock products.
- 6 **Livestock Farming Technology and Infrastructure:** Deploying modern livestock farming technologies, including automated feeding systems, disease monitoring, and digital tracking solutions.
- 7 **Leather and Hide Processing:** Developing value-added industries such as tanneries and leather processing plants to boost exports and create local employment.
- 8 **Sustainable and Climate-Resilient Livestock Farming:** Implementing climate-smart livestock farming practices, such as rotational grazing and water conservation strategies, to enhance sustainability.

These opportunities align with Nigeria's increasing demand for livestock products while leveraging **Brazil's expertise** in large-scale livestock management, feed production, and meat processing technologies. The sector's expansion is expected to drive economic growth, enhance food security, and create new investment opportunities for both local and international stakeholders.

# Legal Frameworks Governing Agricultural Investment and Trade



In Nigeria, the legal framework governing agricultural investment and trade is crucial for Brazilian entrants looking to engage in business activities within the country. The primary legislation that oversees agricultural investment is the Nigerian Investment Promotion Commission Act, which encourages and regulates foreign investment in Nigeria. This act provides a favorable environment for foreign investors by offering incentives and protections for investments in various sectors, including agriculture.

Additionally, the Nigerian Export Processing Zones Authority Act establishes export processing zones where certain incentives and benefits are provided to investors, such as tax holidays, duty-free imports, and simplified regulatory procedures. Brazilian entrants interested in agricultural trade can leverage these zones for their operations, potentially increasing their competitiveness in the Nigerian market.

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Furthermore, the National Agricultural Seeds Council Act regulates the production, marketing, and quality control of agricultural seeds in Nigeria. This law ensures that agricultural investments in the seed sector meet required standards, promoting quality and boosting investor confidence. Brazilian investors looking to invest in agricultural seed production or trade must comply with the provisions of this act to operate legally within the Nigerian market.

Importantly, the Plant Variety Protection Act safeguards the intellectual property rights of plant breeders and encourages innovation in agriculture. Brazilian entrants involved in seed research and development can benefit from this legislation by protecting their proprietary plant varieties and breeding technologies. Understanding and complying with these legal frameworks will be essential for Brazilian entrants seeking to navigate Nigeria's agricultural investment and trade landscape successfully.



## Sourcing Framework of Retail outlets – Shoprite Nigeria



Major retail outlets in Nigeria have domestic supply chain and procurement departments. However, the size and volume of supply often determine procurement strategies. Suppliers are typically categorized into three groups—small, medium, and large—based on their annual revenue.

### Shoprite Nigeria and Its Ownership Structure

Ketron Investment Limited, a Nigerian company, owns Shoprite Nigeria. Ketron is a subsidiary of Persianas Investment.

In June 2021, South African retailer Shoprite Holdings sold its Nigerian operations to Ketron Investment Limited. The acquisition included a franchise agreement, allowing Shoprite Nigeria to continue operating under the Shoprite brand. Under Ketron's ownership, there is a stronger focus on maintaining store operations and increasing the presence of locally made products.

Given that Shoprite Nigeria is now under Nigerian ownership, all major decision-making takes place within the country. As a result, engaging with the leadership of these entities is a crucial first step toward establishing a long-term distribution partnership across their outlets nationwide.

Beyond Shoprite, several other supermarket chains have significant distribution networks. However, their reach varies by region. In Lagos, notable franchise supermarkets include:

- Addide Supermarket
- Prince Ebeano Supermarket
- Grand Square
- Market Square
- Hubmart Stores
- Justrite Superstore
- Mallmart Supermarket



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