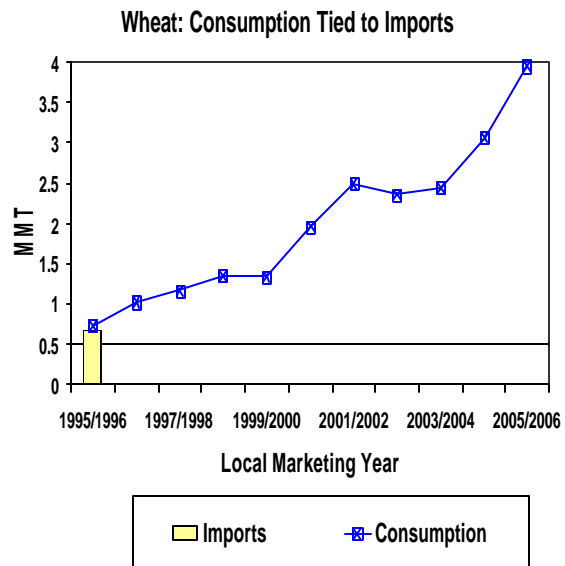
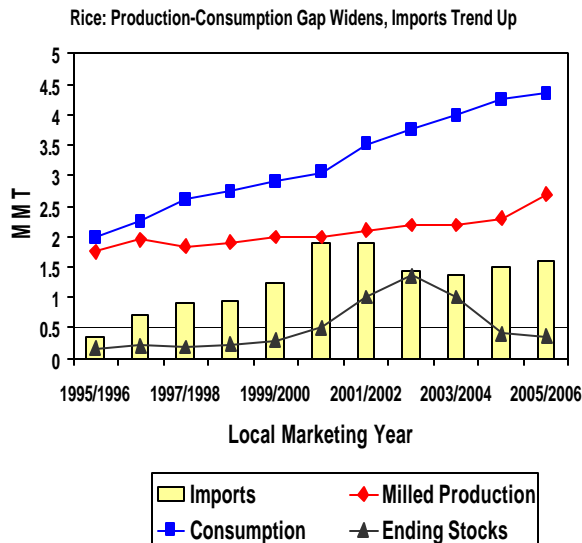
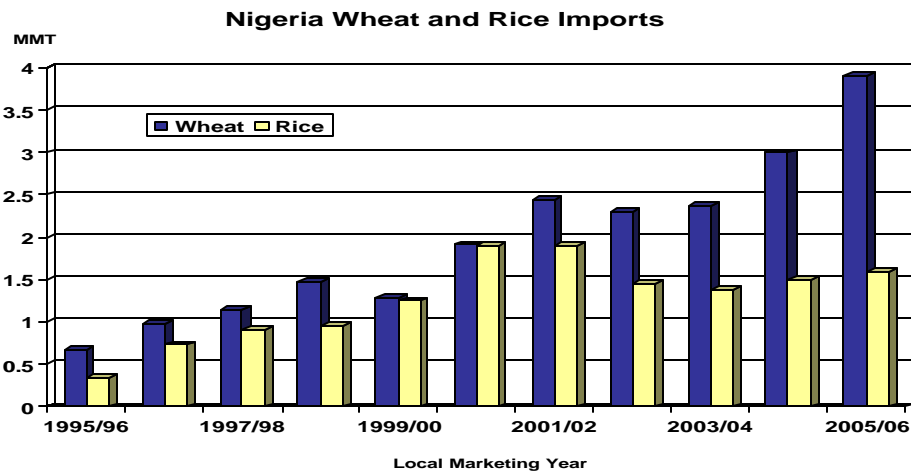




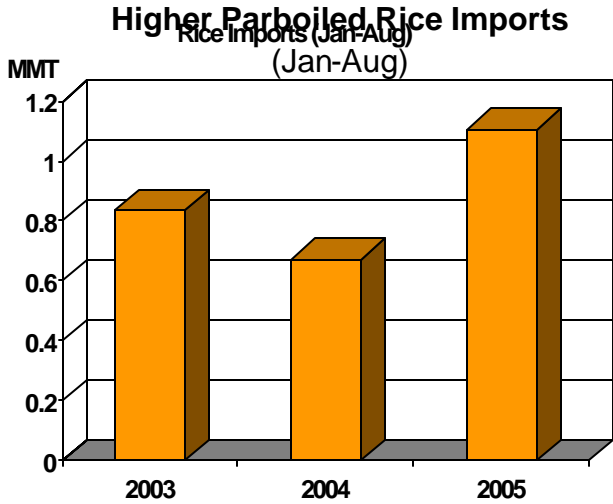
# INTERNATIONAL MARKET ANALYSIS

## Nigeria: A Growing Market for Wheat and Rice

Despite higher production, a grain shortage, as reflected in soaring prices, has prompted a boost in Nigerian imports of wheat and parboiled rice, staples in the local diet. The shortage is mostly the result of demand growth, but there are also some coarse grain exports to neighboring Niger, which is experiencing a famine.



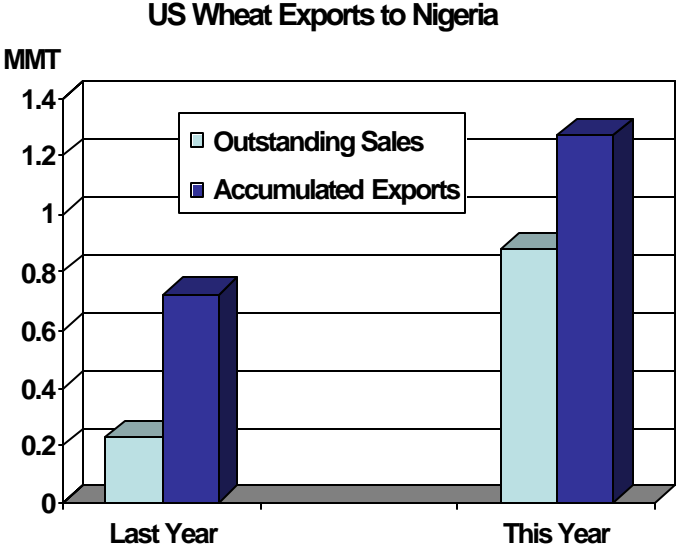
Since Nigeria produces virtually no wheat, imports are essential to satisfy growing demand. However, in the case of rice, imports are rising because expanding production and shrinking stocks are not able to meet rising consumption.



This year, Nigerian rice imports are on the rise despite increased production and a higher duty. First and second quarter imports were higher than usual as the trade correctly anticipated the late-March duty hike. The imposition of a higher duty has also resulted in substantial quantities of undocumented imports, particularly from neighboring Benin, which has a lower import duty. Thailand and India have been the major suppliers although the United States has exported about 7,000 tons to Nigeria, formerly a leading export market for U.S. parboiled rice.

The government, as it struggles to promote self-sufficiency in rice, has reported that it may impose an import ban in January 2006. However, an outright ban is unlikely given Nigeria's domestic grain shortage and the regional food crisis that it is attempting to address.

So far this year, Nigeria has superseded Japan as the top market for U.S. wheat. Although, in the past, it has consistently been the top market for Hard Red Winter wheat, there is now increased demand for soft and durum wheats. Total demand is booming due to favorable prices and greater milling capacity. Currently, wheat is far more price competitive than other grains and food products and it is charged a smaller duty than other grains. Additionally, with local corn prices soaring, there is even some wheat being fed. The United States has the lion's share of this West African market.



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