NATIONAL SUGAR DEVELOPMENT COUNCIL

REPORT OF THE NATIONAL SURVEY ON INDUSTRIAL SUGAR CONSUMPTION AND MARKET PRICE SURVEY IN NIGERIA

(2011)

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TABLE OF CONTENT

List of Tables

Lists of Figures

EXECUTIVE SUMMARY

A national survey on industrial consumption and market price of sugar was carried out in thirty-two (32) states of the Federation including the FCT Abuja. The market price survey covered only Abuja, Kano Port Harcourt and Lagos. The major objective of the survey was to provide the much needed information for effective management decision making in the process of policy formulation that will guide government intervention in the sugar sub-sector of the Nigerian economy. Data gathering/collection involves the administration of well structured questionnaires. Some of the major findings from the analysis of the survey are summarized as follows:

1. During the period under review, the trend of industrial sugar consumption shows that Soft Drinks sector was the largest consumer of industrial sugar using 359,663 metric tonnes. This figure represents about 39% of total sugar consumption by industries in 2011.

   The Bakery and Confectionery Sector came second with a consumption figure of 207,328 metric tonnes representing about 22% of total industrial sugar consumed by industries during the period of the survey.

   The Pharmaceutical and Food and Beverages sub-sectors recorded modest consumption figure of 159,123 metric tonness and 167,453 accounting for17% and 18% of total industrial sugar consumption respectively while the least industrial user is the Dairy sub-sector which consumed 39,404 metric tonnes representing just about 4% of total industrial sugar consumption during the period of the survey.

2. The data analysis also revealed that all States covered by the survey including FCT have data on sugar consumption for Bakery and

Confectionery sector. It means that this industrial sector is widely spread throughout the country while other sectors such as Pharmaceuticals, Food and Beverages as well as Soft Drinks are mostly sited in industrialized States like Lagos, Ogun, Oyo, Kano, Kaduna and Anambra etc. due perhaps to the existence of fairly good state of infrastructure – roads, electricity, water etc. as well as high population in these areas which offers market for their products. This result is indicative of the fact that industrial activities are more concentrated in the urban than in the rural areas.

3. The result also reveals that three top most industrial sugar consuming States are Lagos, Ogun and Oyo States while three lowest industrial sugar consuming States are Ekiti, Bayelsa and Gombe States respectively.

4. In the year under review, the average global sugar prices of both raw and refined sugar followed a gentle rising and falling trend. For instance, the cost of raw sugar was USD709/ton in January, and in February, this rose to USD724/ton, then fell to USD485/ton in May and again rose in the months of June and July respectively. From September, 2011, global raw sugar price went down and closed the year with an average price of USD508/ton in December.

   The result of the local market price survey also revealed that the prices of sugar witnessed an upward movement in the first quarter of the year. Sugar price started with N10, 262/50kg bag of sugar in January and rose, reaching its peak with wholesale price of ₦11, 558 in March, and started declining again from N10, 967/50kg bag in April. The average wholesale price in the remaining months of the year was N9, 800. This represents about 27% decrease in the local prices of sugar during the period under consideration.

5. The result obtained from the local market price survey of refined sugar carried out during the period under review was also compared with that of the international market. As revealed, there is a wide gap between the prices of refined sugar in the Nigerian market and the international market. For instance, in March 2011, the price of refined sugar was $1,445/MT in Nigeria, while at the international market it was sold at $721/MT, a difference of $724/MT or 100.4% between the local and international market price! Similarly, in December 2011, the price of refined sugar was $1,225/MT at the domestic market while international price stood at $604/MT - a disparity of $621 or 103%. On the average, prices stood at $1,279/MT and $698/MT for local refined and international refined sugar respectively- a disparity of 83%. No doubt, sugar business is lucrative in Nigeria!

6. The large variance between the local and international prices of sugar is a clear indication of good profit margin being made by importers of sugar even when cost of importation and other associated charges are factored into it. This may also be the reason why most investors are mainly interested in importation rather than direct production from sugarcane.

7. From the results, all the companies covered in the survey, obtained their sugar supply locally.

NATIONAL SUGAR DEVELOPMENT COUNCIL,
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1.0 INTRODUCTION

As a full-fledged member of the International Sugar Organization (ISO) and also a focal agency for the sugar sub-sector, one of the cardinal responsibilities of the National Sugar Development Council is to provide reliable data on sugar and sugar related matters to potential investors to aid them in their investment planning and decisions as well as forecasting the future trend of sugar consumption with some degrees of certainty.

It is in this regard that the Planning Department of the National Sugar Development Council usually embarks on annual nationwide survey on industrial sugar consumption in Nigeria. The Council also routinely tracks both domestic and international market prices in order to ascertain their trends and understand the underlying dynamics of sugar price variations.

2.0 SURVEY OBJECTIVES

The main objectives of the surveys are:

1. To generate reliable statistical data on both sugar prices and consumption by different categories of industries as stated below:
   - Details of sugar consumption by major industrial users in major sectors – Pharmaceuticals, Food and Beverages, Bakery and Confectioneries, Soft Drinks and Dairy among others;
   - Details of quantity of sugar consumed by industries in the different zones and states across the country;
   - Average prices at which Nigerian industries buy sugar within the period covered by the survey;
   - Average international prices for both raw and refined sugar;

- Average domestic prices of white refined sugar (wholesale and retail);
- Sources of sugar used whether local or imported as well as major suppliers of sugar in Nigeria;
- Use of sugar by- products by industries in Nigeria, and
- Quantity of ethanol used or otherwise by industries in the different zones and states across the country.

2. To enable Council meet up with the annual responsibility and obligation of providing credible information on the Nigerian sugar industries as requested by local and international agencies such as International Sugar Organization (ISO), USAID, F. O. Licht, Federal, States and Local Government Agencies, Private Individuals etc.

3. To provide the much needed information for effective management decision making in the process of policy formulation that will guide government intervention in the sugar sub-sector of the Nigerian economy.

3.0 SURVEY METHODOLOGY

3.1 **Coverage**

The industrial sugar consumption survey covered only thirty two (32) states of the federation including the Federal Capital Territory (FCT), Abuja. Four States namely: Plateau, Bauchi, Yobe and Borno were not covered due to persistent crises lingering in these states. The market price survey covered major markets in Abuja, Kano, Port Harcourt and Lagos only.

3.2 Sample Design

In order to cover major urban cities in the above stated States of the Federation including the FCT where most of the industrial activities are concentrated, the country was divided into two major zones namely:

- Southern zone; and
- Northern zone.

Due to localization/or high concentration of industries in Lagos, the State was further divided into eight areas for more effective coverage. The remaining (15) Southern states were grouped into eight sub-zones where each was covered by a Planning Officer of the Council. Similarly, Northern zone was sub divided into eight parts depending on the numbers of major urban cities as well as number of industries to be covered in the State.

3.3 Survey Instrument

Principally, the survey instrument adopted in this survey was a well structured questionnaire which captures all the essential data to be collected for analysis. Planning Officers of the Council were sent out as field enumerators to cover various companies that make use of sugar as raw materials in their production processes in major urban cities to administer and retrieve the questionnaires.

3.4 Data Collection

In the survey questionnaires, respondents (companies) were to indicate the sector they operate, the nature of business and type of products they produce, the source of sugar they use for their operation, whether directly imported or locally sourced, etc.

Respondents were also required to indicate whether there are specific periods within the year that their industries needed higher quantities of sugar more than others, and whether they make use of glucose as raw materials in their production processes. In order to meet up with the data requirement of both the Local and International Organizations especially the International Sugar Organization (ISO), the following sectors were covered;

- Bakery and Confectionery;
- Food and Beverages;
- Soft Drinks;
- Pharmaceuticals and
- Dairy amongst others.

Given the fact that not all the companies using sugar could be listed and covered and in order to take care of possible under-declaration of sugar utilized by the companies covered, a 10 per cent margin of error was adopted. Subsequently, the data obtained were processed and analyzed while relevant tables and charts were generated to facilitate proper understanding and dissemination of the information.

3.5 Sugar Price Survey

For the price survey, four (4) major local markets each at Lagos, Port Harcourt, Kano and Abuja were picked and five (5) wholesalers and ten (10) retailers in each market were visited on a weekly basis to obtain sugar prices. For the international price, the Council has a number of sources at which it tracks prices. These sources include the Public Ledger, ISA Daily Price and Monthly Market Reports and Statistical Bulletin from the International Sugar Organization. The data collected were collated, analyzed and presented in the following tables and charts.

4. DATA PRESENTATION IN TABLES

TABLE 4.1 SUGAR CONSUMPTION BY DIFFERENT INDUSTRIAL SECTORS AT THE STATES

			QUANTITY USED IN METRIC TONNES
S/NO	**STATE**	**SECTOR**	**2011**
1	ABIA	PHARMACEUTICALS	734
		FOOD & BEVERAGES	1,240
		BAKERY & CONFECTIONERY	2,750
		SOFT DRINKS	1,007
		DAIRY AND OTHERS	98
		SUB-TOTAL	**5,829**
2	ADAMAWA	PHARMACEUTICALS	0
		FOOD & BEVERAGES	3,912
		BAKERY & CONFECTIONERY	4,091
		SOFT DRINKS	0
		DAIRY AND OTHERS	1,201
		SUB-TOTAL	**9,204**
3	AKWA IBOM	PHARMACEUTICALS	0
		FOOD & BEVERAGES	1,254
		BAKERY & CONFECTIONERY	928
		SOFT DRINKS	138
		DAIRY AND OTHERS	27
		SUB-TOTAL	**2,347**
4	ANAMBRA	PHARMACEUTICALS	9,701
		FOOD & BEVERAGES	2,820
		BAKERY & CONFECTIONERY	3,017
		SOFT DRINKS	4,882
		DAIRY AND OTHERS	281
		SUB-TOTAL	**20,701**
5	BAUCHI	PHARMACEUTICALS	0
		FOOD & BEVERAGES	1,287
		BAKERY & CONFECTIONERY	2,982
		SOFT DRINKS	0
		DAIRY AND OTHERS	306
		SUB-TOTAL	**4,575**

S/N	STATE	SECTOR	2011
6	BAYELSA	PHARMACEUTICALS	0
		FOOD & BEVERAGES	165
		BAKERY & CONFECTIONERY	910
		SOFT DRINKS	0
		DAIRY AND OTHERS	97
		SUB-TOTAL	**1,172**
7	BENUE	PHARMACEUTICALS	0
		FOOD & BEVERAGES	3,901
		BAKERY & CONFECTIONERY	3,431
		SOFT DRINKS	0
		DAIRY AND OTHERS	184
		SUB-TOTAL	**7,516**
8	BORNO	PHARMACEUTICALS	NA
		FOOD & BEVERAGES	“
		BAKERY & CONFECTIONERY	‘’
		SOFT DRINKS	“
		DAIRY AND OTHERS	‘’
		SUB-TOTAL	**‘’**
9	CROSS RIVER	PHARMACEUTICALS	0
		FOOD & BEVERAGES	171
		BAKERY & CONFECTIONERY	1,660
		SOFT DRINKS	670
		DAIRY AND OTHERS	40
		SUB-TOTAL	**2,541**
10	DELTA	PHARMACEUTICALS	201
		FOOD & BEVERAGES	805
		BAKERY & CONFECTIONERY	819
		SOFT DRINKS	1,641
		DAIRY AND OTHERS	50
		SUB-TOTAL	**3,516**

			QUANTITY USED IN METRIC TONNES
S/N	**STATE**	**SECTOR**	**2011**
11	EBONYI	PHARMACEUTICALS	190
		FOOD & BEVERAGES	860
		BAKERY & CONFECTIONERY	506
		SOFT DRINKS	0
		DAIRY AND OTHERS	47
		SUB-TOTAL	**1,603**
12	EDO	PHARMACEUTICALS	0
		FOOD & BEVERAGES	698
		BAKERY & CONFECTIONERY	1,121
		SOFT DRINKS	0
		DAIRY AND OTHERS	0
		SUB-TOTAL	**1,819**
13	EKITI	PHARMACEUTICALS	0
		FOOD & BEVERAGES	0
		BAKERY & CONFECTIONERY	896
		SOFT DRINKS	0
		DAIRY AND OTHERS	108
		SUB-TOTAL	**1,004**
14	ENUGU	PHARMACEUTICALS	319
		FOOD & BEVERAGES	928
		BAKERY & CONFECTIONERY	3,916
		SOFT DRINKS	4,817
		DAIRY AND OTHERS	0
		SUB-TOTAL	**9,980**
15	GOMBE	PHARMACEUTICALS	0
		FOOD & BEVERAGES	272
		BAKERY & CONFECTIONERY	928
		SOFT DRINKS	0
		DAIRY AND OTHERS	180
		SUB-TOTAL	**1,380**

S/N	STATE	SECTOR	QUANTITY USED IN METRIC TONNES 2011
16	IMO	PHARMACEUTICALS	389
		FOOD & BEVERAGES	830
		BAKERY & CONFECTIONERY	2,761
		SOFT DRINKS	8,886
		DAIRY AND OTHERS	107
		SUB-TOTAL	**12,973**
17	JIGAWA	PHARMACEUTICALS	0
		FOOD & BEVERAGES	202
		BAKERY & CONFECTIONERY	1,510
		SOFT DRINKS	0
		DAIRY AND OTHERS	111
		SUB-TOTAL	**1,823**
18	KADUNA	PHARMACEUTICALS	411
		FOOD & BEVERAGES	1,235
		BAKERY & CONFECTIONERY	4,919
		SOFT DRINKS	4,199
		DAIRY AND OTHERS	871
		SUB-TOTAL	**11,635**
19	KANO	PHARMACEUTICALS	434
		FOOD & BEVERAGES	1,978
		BAKERY & CONFECTIONERY	3,435
		SOFT DRINKS	5,981
		DAIRY AND OTHERS	934
		SUB-TOTAL	**12,726**
20	KATSINA	PHARMACEUTICALS	0
		FOOD & BEVERAGES	126
		BAKERY & CONFECTIONERY	1,411
		SOFT DRINKS	0
		DAIRY AND OTHERS	194
		SUB-TOTAL	**1,731**

			QUANTITY USED IN METRIC TONNES
S/N	**STATE**	**SECTOR**	**2011**
21	KEBBI	PHARMACEUTICALS	0
		FOOD & BEVERAGES	0
		BAKERY & CONFECTIONERY	1,715
		SOFT DRINKS	0
		DAIRY AND OTHERS	140
		SUB-TOTAL	**1,855**
22	KOGI	PHARMACEUTICALS	0
		FOOD & BEVERAGES	122
		BAKERY & CONFECTIONERY	2,823
		SOFT DRINKS	0
		DAIRY AND OTHERS	132
		SUB-TOTAL	**3,077**
23	KWARA	PHARMACEUTICALS	144
		FOOD & BEVERAGES	870
		BAKERY & CONFECTIONERY	2,601
		SOFT DRINKS	1,114
		DAIRY AND OTHERS	434
		SUB-TOTAL	**5,163**
24	LAGOS	PHARMACEUTICALS	117,861
		FOOD & BEVERAGES	134,947
		BAKERY & CONFECTIONERY	139,755
		SOFT DRINKS	256,243
		DAIRY AND OTHERS	29,707
		SUB-TOTAL	**678,613**
25	NASARAWA	PHARMACEUTICALS	0
		FOOD & BEVERAGES	0
		BAKERY & CONFECTIONERY	1,892
		SOFT DRINKS	0
		DAIRY AND OTHERS	124
		SUB-TOTAL	**2,016**

S/N	STATE	SECTOR	QUANTITY USED IN METRIC TONNES 2011
26	NIGER	PHARMACEUTICALS	0
		FOOD & BEVERAGES	0
		BAKERY & CONFECTIONERY	1,567
		SOFT DRINKS	0
		DAIRY AND OTHERS	221
		SUB-TOTAL	**1,788**
27	OGUN	PHARMACEUTICALS	19,224
		FOOD & BEVERAGES	4,786
		BAKERY & CONFECTIONERY	5,979
		SOFT DRINKS	54,870
		DAIRY AND OTHERS	2,476
		SUB-TOTAL	**87,335**
28	ONDO	PHARMACEUTICALS	0
		FOOD & BEVERAGES	391
		BAKERY & CONFECTIONERY	1,990
		SOFT DRINKS	0
		DAIRY AND OTHERS	178
		SUB-TOTAL	**2,559**
29	OSUN	PHARMACEUTICALS	0
		FOOD & BEVERAGES	0
		BAKERY & CONFECTIONERY	1,724
		SOFT DRINKS	0
		DAIRY AND OTHERS	146
		SUB-TOTAL	**1,870**
30	OYO	PHARMACEUTICALS	9,989
		FOOD & BEVERAGES	8,801
		BAKERY & CONFECTIONERY	7,234
		SOFT DRINKS	12,160
		DAIRY AND OTHERS	321
		SUB-TOTAL	**38,505**

			QUANTITY USED IN METRIC TONNES
S/N	**STATE**	**SECTOR**	**2011**
31	PLATEAU	PHARMACEUTICALS	NA
		FOOD & BEVERAGES	"
		BAKERY & CONFECTIONERY	"
		SOFT DRINKS	"
		DAIRY AND OTHERS	"
		SUB-TOTAL	**"**
32	RIVERS	PHARMACEUTICALS	260
		FOOD & BEVERAGES	1,176
		BAKERY & CONFECTIONERY	2,286
		SOFT DRINKS	4,200
		DAIRY AND OTHERS	550
		SUB-TOTAL	**8,472**
33	SOKOTO	PHARMACEUTICALS	0
		FOOD & BEVERAGES	0
		BAKERY & CONFECTIONERY	1,460
		SOFT DRINKS	0
		DAIRY AND OTHERS	197
		SUB-TOTAL	**1,657**
34	TARABA	PHARMACEUTICALS	0
		FOOD & BEVERAGES	0
		BAKERY & CONFECTIONERY	1,340
		SOFT DRINKS	0
		DAIRY AND OTHERS	770
		SUB-TOTAL	**2,110**
35	YOBE	PHARMACEUTICALS	-NA
		FOOD & BEVERAGES	"
		BAKERY & CONFECTIONERY	"
		SOFT DRINKS	"
		DAIRY AND OTHERS	"
		SUB-TOTAL	**"**

			QUANTITY USED IN METRIC TONNES
S/N	**STATE**	**SECTOR**	**2011**
36	ZAMFARA	PHARMACEUTICALS	0
		FOOD & BEVERAGES	0
		BAKERY & CONFECTIONERY	1,296
		SOFT DRINKS	0
		DAIRY AND OTHERS	330
		SUB-TOTAL	**1,626**
37	ABUJA FCT	PHARMACEUTICALS	0
		FOOD & BEVERAGES	1,369
		BAKERY & CONFECTIONERY	2,326
		SOFT DRINKS	0
		DAIRY AND OTHERS	507
		SUB-TOTAL	**4,202**
		GRAND TOTAL	**932,971**

Table 4.1shows the total quantity of sugar consumed in each state on sectoral basis. Table 4.2 represents the quantity of sugar used on State by State basis. All the thirty-two (32) States of the Federation including the Federal Capital Territory, Abuja that were covered in the survey are presented in alphabetical order. Table 4.3 represents the ranking of total industrial sugar usage in every State. Lagos State as usual, recorded the highest annual industrial sugar consumption with 678,513 metric tonnes during the period under review. This is followed by Ogun, Oyo, Anambra, Kano and Imo States with 87,335; 38,505; 20,701; 13,762 and 12,973metric tonnes respectively. The three least sugar consuming States as revealed by this survey were Ekiti with 1,004, Bayelsa with 1,172 and Gombe States with 1,380 metric tonnes respectively. This result in most cases indicates the level of industrialization of the States concerned. For instance, Lagos State which posted the highest quantity of sugar consumption is still indisputably, the most industrialized State in Nigeria. Four States namely: Plateau, Bauchi, Yobe and Borno were not covered due to persistent crises lingering in these States.

TABLE 4.2 INDUSTRIAL SUGAR CONSUMPTION IN NIGERIA BY STATES (2011)

S/NO	STATE	2011(MT)
1	ABIA	5,829
2	ADAMAWA	9,204
3	AKWA IBOM	2,347
4	ANAMBRA	20,701
5	BAUCHI	0
6	BAYELSA	1,172
7	BENUE	7,516
8	BORNO	0
9	CROSS RIVER	2,541
10	DELTA	3,516
11	EBONYI	1,603
12	EDO	1,886
13	EKITI	1,004
14	ENUGU	9,080
15	GOMBE	1,380
16	IMO	12,973
17	JIGAWA	1,823
18	KADUNA	11,635
19	KANO	13,762
20	KATSINA	1,731
21	KEBBI	1,855
22	KOGI	3,077
23	KWARA	5,063
24	LAGOS	678,513
25	NASSARAWA	2,016
26	NIGER	1,788
27	OGUN	87,335
28	ONDO	2,559
29	OSUN	1,870
30	OYO	38,505
31	PLATEAU	0
32	RIVERS	8,475
33	SOKOTO	1,657
34	TARABA	2,110
35	YOBE	0
36	ZAMFARA	1,626
37	FCT ABUJA	4,202
	TOTAL	**932,971**

TABLE 4.3 RANKING OF STATES BY INDUSTRIAL SUGAR USAGE (2011)

		2011
S/No	**State**	**QUANTITY (METRIC TONNES)**
1	LAGOS	678,513
2	OGUN	87,335
3	OYO	38,505
4	ANAMBRA	20,701
5	KANO	13,762
6	IMO	12,973
7	KADUNA	11,635
8	ADAMAWA	9,204
9	ENUGU	9,080
10	RIVERS	8,472
11	BENUE	7,516
12	ABIA	5,826
13	KWARA	5,063
14	FCT ABUJA	4,202
15	DELTA	3,516
16	KOGI	3,077
17	ONDO	2,559
18	CROSS RIVER	2,541
19	AKWA IBOM	2,347
20	TARABA	2,110
21	NASSARAWA	2,016
22	EDO	1,886
23	OSUN	1,870
24	KEBBI	1,885
25	JIGAWA	1,823
26	NIGER	1,788
27	KATSINA	1,731
28	SOKOTO	1,657
29	ZAMFARA	1,626
30	EBONYI	1,603
31	GOMBE	1,380
32	BAYELSA	1,172
33	EKITI	1,004
34	BAUCHI	NA
35	BORNO	NA
36	PLATEAU	NA
37	YOBE	NA
	TOTAL	**932,971**

TBLE 4.4

SECTORAL INDUSTRIAL SUGAR CONSUMPTION BY STATES (2011)

S/NO	STATE	PHARM.	FOOD & BEVERAGES	BAKERY & CONF.	SOFT DRINKS	DAIRY	TOTAL
1	ABIA	734	1,240	2,750	1,007	98	5,829
2	ADAMAWA	0	3,912	4,091	0	1,201	9,204
3	AKWA IBOM	0	1,254	928	138	27	2,347
4	ANAMBRA	9,701	2,820	3,017	4,882	281	20,701
5	BAUCHI	0	1,287	2,982	0	306	0
6	BAYELSA	0	165	910	0	97	1,172
7	BENUE	0	3,901	3,431	0	184	7,516
8	BORNO	0	0	0	0	0	0
9	C/RIVER	0	171	1,660	670	40	2,541
10	DELTA	201	805	819	1,641	50	3,516
11	EBONYI	190	860	506	0	47	1,603
12	EDO	0	698	1,121	0	67	1,886
13	EKITI	0	0	896	0	108	1,004
14	ENUGU	319	928	3,016	4,817	0	9,080
15	GOMBE	0	272	928	0	180	1,380
16	IMO	389	830	2,761	8,886	107	12,973
17	JIGAWA	0	202	1,510	0	111	1,823
18	KADUNA	411	1,235	4,919	4,199	871	11,635
19	KANO	434	1,978	4,435	5,981	934	13,762
20	KATSINA	0	126	1,411	0	194	1,731
21	KEBBI	0	0	1,715	0	140	1,855
22	KOGI	0	122	2,823	0	132	3,077
23	KWARA	144	870	2,601	1,114	334	5,063
24	LAGOS	117,861	134,947	139,755	256,243	29,707	678,513
25	NASSARAWA	0	0	1,892	0	124	2,016
26	NIGER	0	0	1,567	0	221	1,788
27	OGUN	19,224	4,786	5,979	54,870	2,476	87,335
28	ONDO	0	391	1,990	0	178	2,559
29	OSUN	0	0	1,724	0	146	1,870
30	OYO	9,989	8,801	7,234	12,160	321	38,505
31	PLATEAU	0	0	0	0	0	0
32	RIVERS	260	1,176	2,286	4,200	197	8,475
33	SOKOTO	0	0	1,460	0	197	1,657
34	TARABA	0	0	1,340	0	770	2,110
35	YOBE	0	0	0	0	0	0
36	ZAMFARA	0	0	1,296	0	330	1,626
37	FCT ABUJA	0	1,369	2,326	0	507	4,202
	TOTAL	**159,123**	**167,453**	**207,328**	**359,663**	**39,404**	**932,971**

Table 4.5 **NATIONAL INDUSTRIAL SUGAR CONSUMPTION BY SECTORS (2011)**

S/NO	SECTOR	2011 (MT)	AS % OF TOTAL
1	PHARMACEUTICAL	159,123	17
2	FOOD AND BEVERAGES	167,453	18
3	BAKERY AND CONFECTIONERY	207,328	22
4	SOFT DRINKS	359,663	39
5	DAIRY AMONG OTHERS	39,404	4
	GRAND TOTAL	**932,971**	**100**

FIG. 5.1 INDUSTRIAL SUGAR CONSUMPTION PATTERN BY VARIOUS SECTORS (2011)

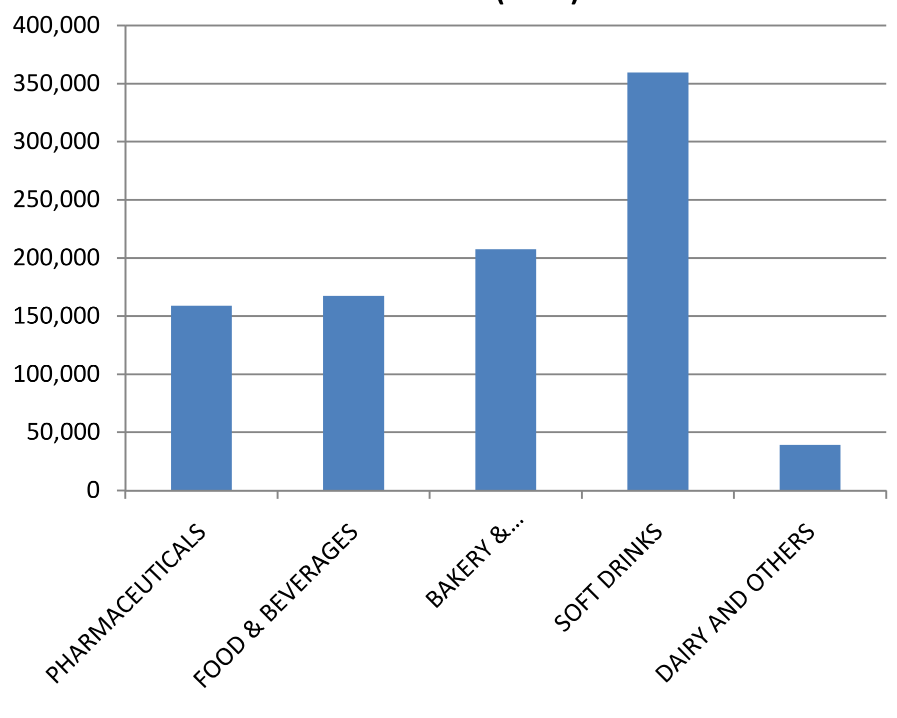


Fig. 5.2 TOTAL INDUSTRIAL SUGAR CONSUMPTIO BY SUB SECTORS (2011)

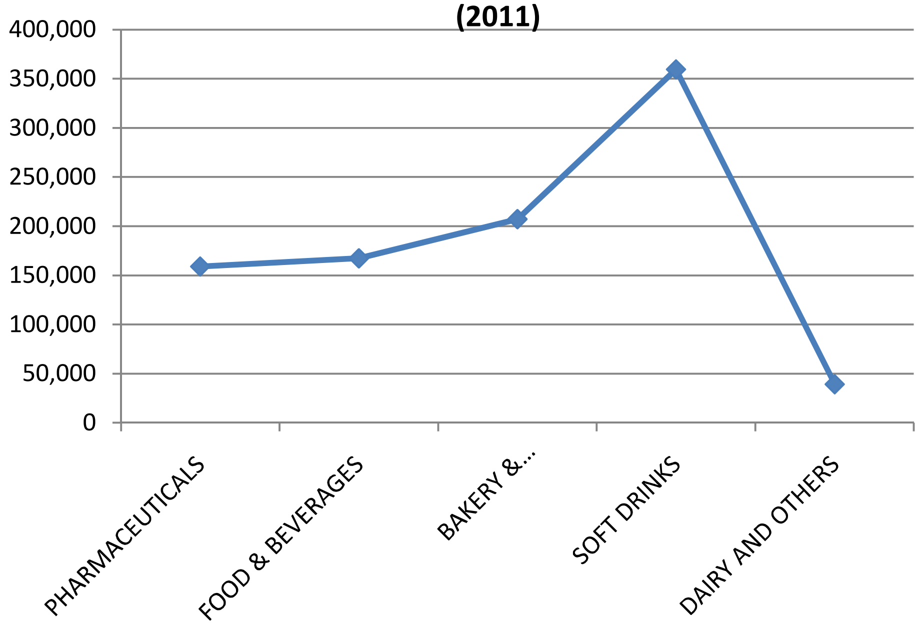
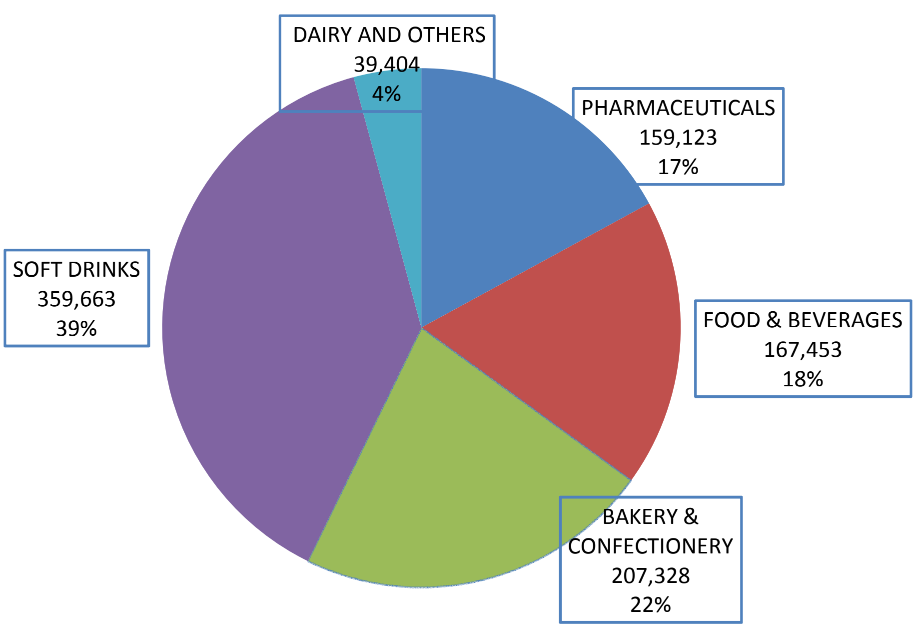


FIG.5.3 TOTAL SUGAR CONSUMPTIOM BY SUB-SECTORS IN PERCENTAGES (2011)



6.0 MARKET SUGAR PRICE SURVEY

During the period under review, market price survey was conducted in four (4) major local markets at Lagos, Port Harcourt, Kano and Abuja. Enumerators visited five (5) wholesalers and ten (10) retailers in each market to obtain sugar prices. The summary at the end of each week, month, quarter, half year and annual data were compiled, analyzed and tabulated as shown below.

TABLE 6.1

INTERNATIONAL MONTHLYAVERAGE SUGAR PRICES IN US$(2011)

MONTH	RAW SUGAR $/TONNE	REFINED SUGAR $/TONNE
JANUARY	709	778
FEBRUARY	724	769
MARCH	638	721
APRIL	563	666
MAY	485	617
JUNE	552	707
JULY	622	770
AUGUST	612	736
SEPTEMBER	588	695
OCTOBER	561	677
NOVEMBER	553	636
DECEMBER	508	604
ANNUAL AVERAGE	**594**	**698**

In year 2011, the average global sugar prices of both raw and refined shows a gentle rising and falling trend, starting from raw sugar at the cost of USD709/Tonne in January, 2011 and in February rose to USD724/Tonne, then falling to USD485/Tonne in May and again rising in the months of June and July respectively. From August, 2011, global raw sugar price follows a downward trend starting from USA$612 and closing the year with an average price of USD508/ton in December ie 20% differentials.

The sugar market price trend was influenced mostly by changes in macroeconomic factors such as currency movements and prices of other agricultural commodities. In addition, the United State dollars weakened while the currencies of major sugar players such as Brazil and Australia appreciated resulting in lower demand for sugar in those countries.

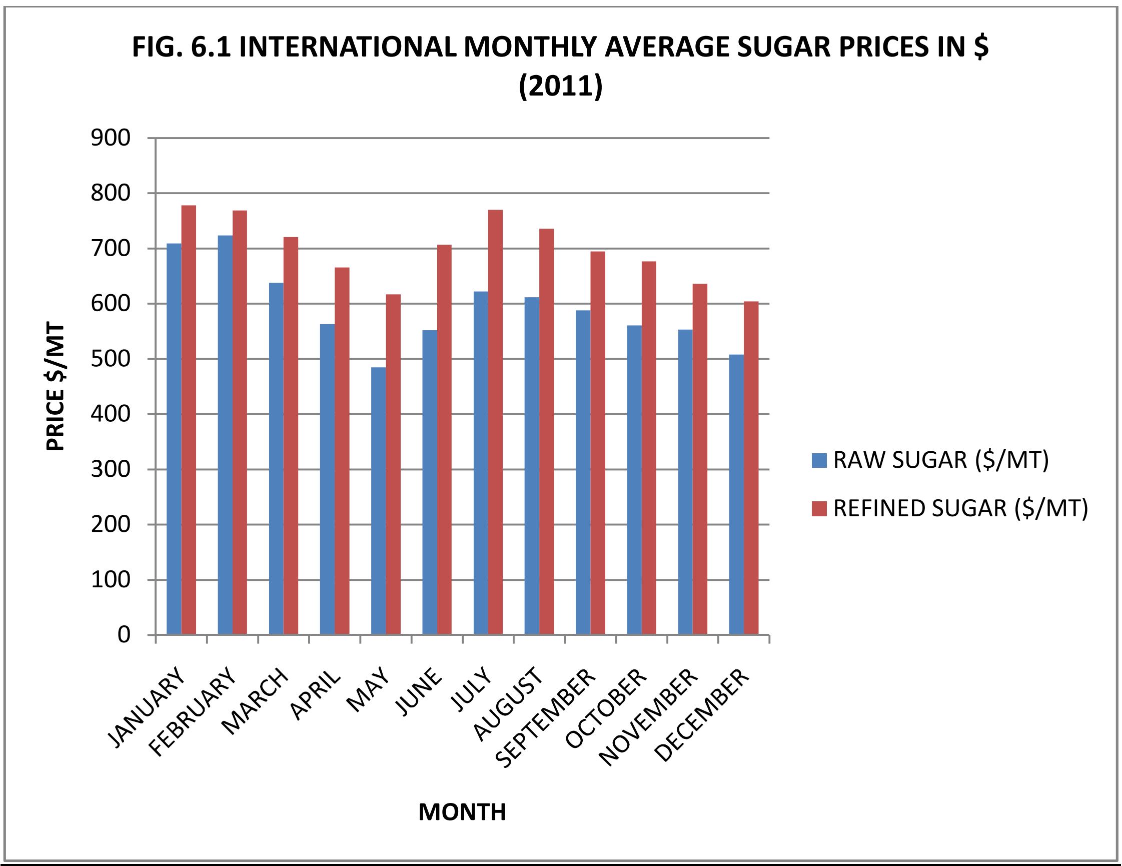
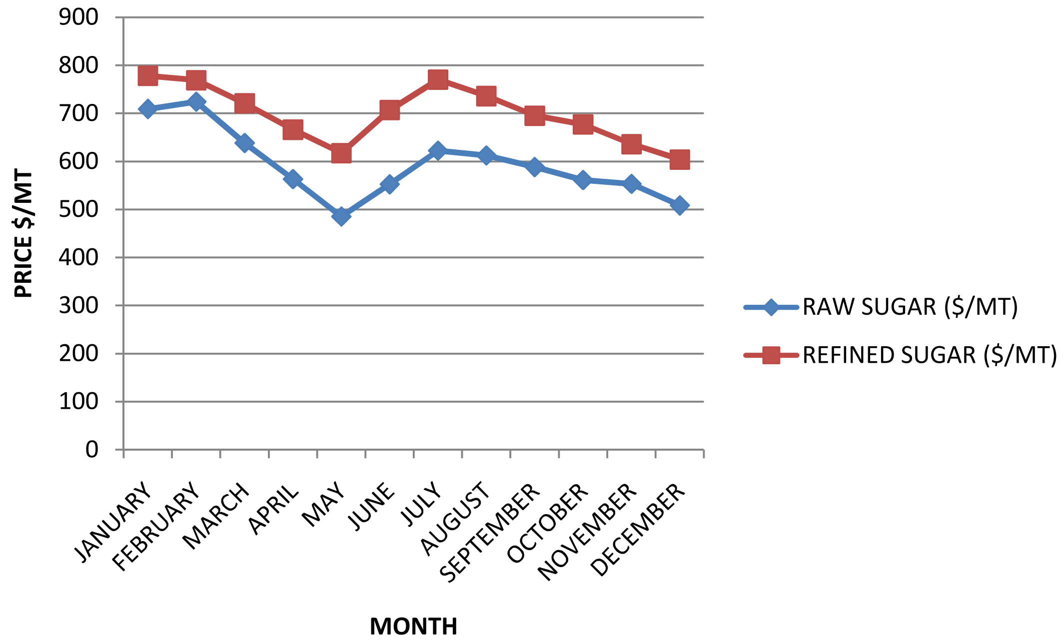


FIG.6.2 INTERNATIONAL MONTHLY AVERAGE PRICES FOR RAW AND REFINED SUGAR IN $(2011)

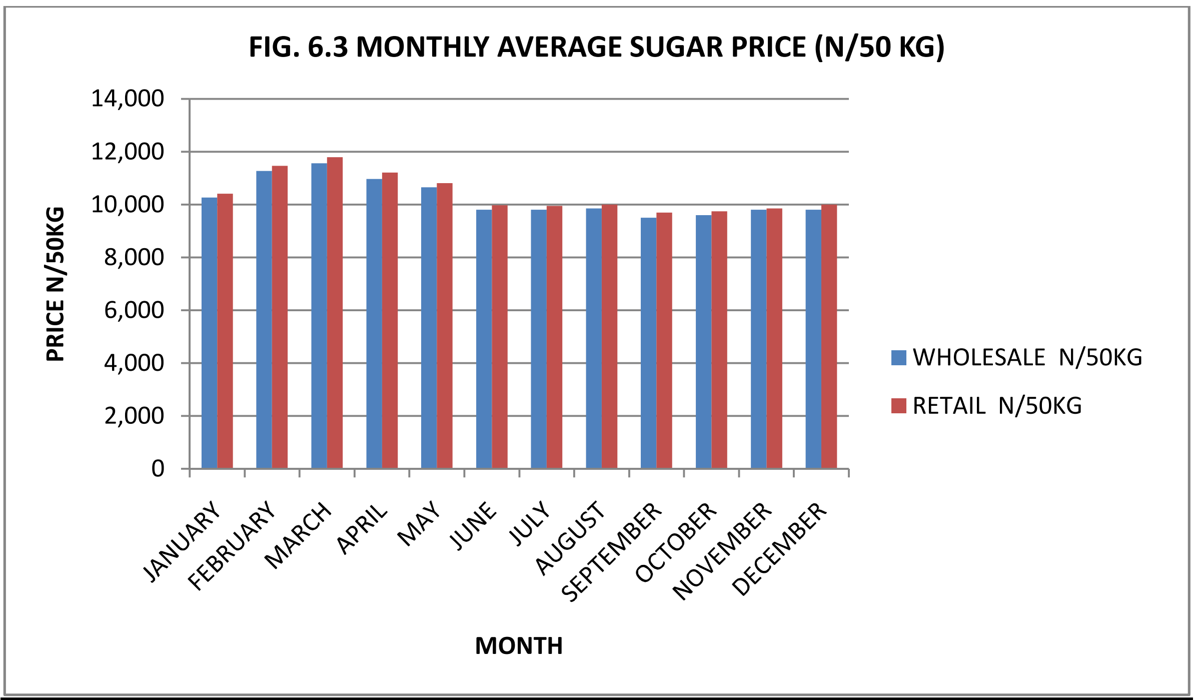


The result of the local market price survey also reveals that the prices of sugar witnessed an upward movement in the first quarter of the year. Sugar price started with N10,262/50kg bag of sugar in January and rise, reaching its peak with wholesale price of ₦11,558 in March, and started to decline from N10,967/50kg bag in April and finally settles at an average wholesale price of N9,800 in the remaining months of the year. This represents about 27% decrease in the local prices of sugar during the period under consideration. Table 6.2 below shows the annual wholesale and retail prices of sugar in Nigeria. The trends are also illustrated in the subsequent graphs and charts. (ie from Fig.6.4 – Fig.6.7B)

TABLE 6.2

NATIONAL AVERAGE MONTHLY SUGAR PRICE (N/50KG)

MONTH	WHOLESALE PRICE ₦/50KG	RETAIL PRICE ₦/50KG	PRICE VARIATION
JANUARY	10,262	10,408	146
FEBRUARY	11,267	11,471	204
MARCH	11,558	11,800	242
APRIL	10,967	11,207	240
MAY	10,650	10,817	167
JUNE	9,800	9,975	175
JULY	9,800	9,950	175
AUGUST	9,850	10,000	150
SEPTEMBER	9,500	9,700	200
OCTOBER	9,600	9,750	150
NOVEMBER	9,800	9,850	150
DECEMBER	9,800	10,000	200
YEAR AVERAGE	**10,238**	**10,411**	**183.25**



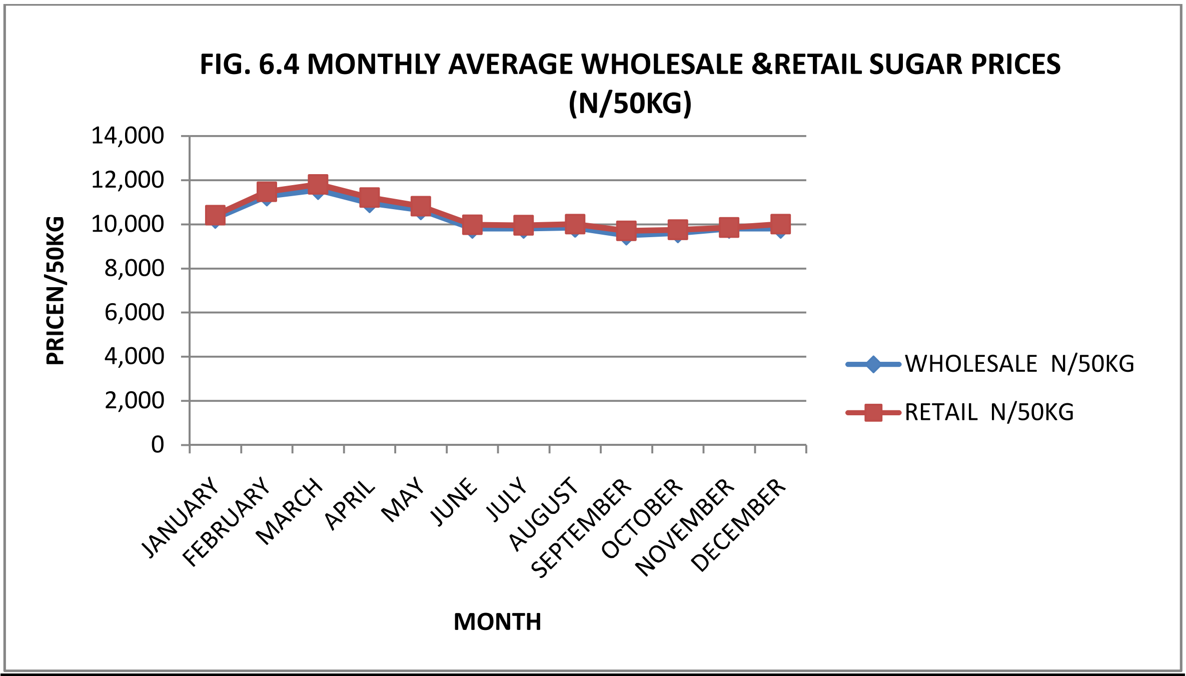


FIG. 6.4 MONTHLY AVERAGE WHOLESALE &RETAIL SUGAR PRICES (N/50KG)
PRICEN/50KG
14,000
12,000
10,000
8,000
6,000
4,000
2,000
0
JANUARY
FEBRUARY
MARCH
APRIL
MAY
JUNE
JULY
AUGUST
SEPTEMBER
OCTOBER
NOVEMBER
DECEMBER
MONTH
WHOLESALE N/50KG
RETAIL N/50KG

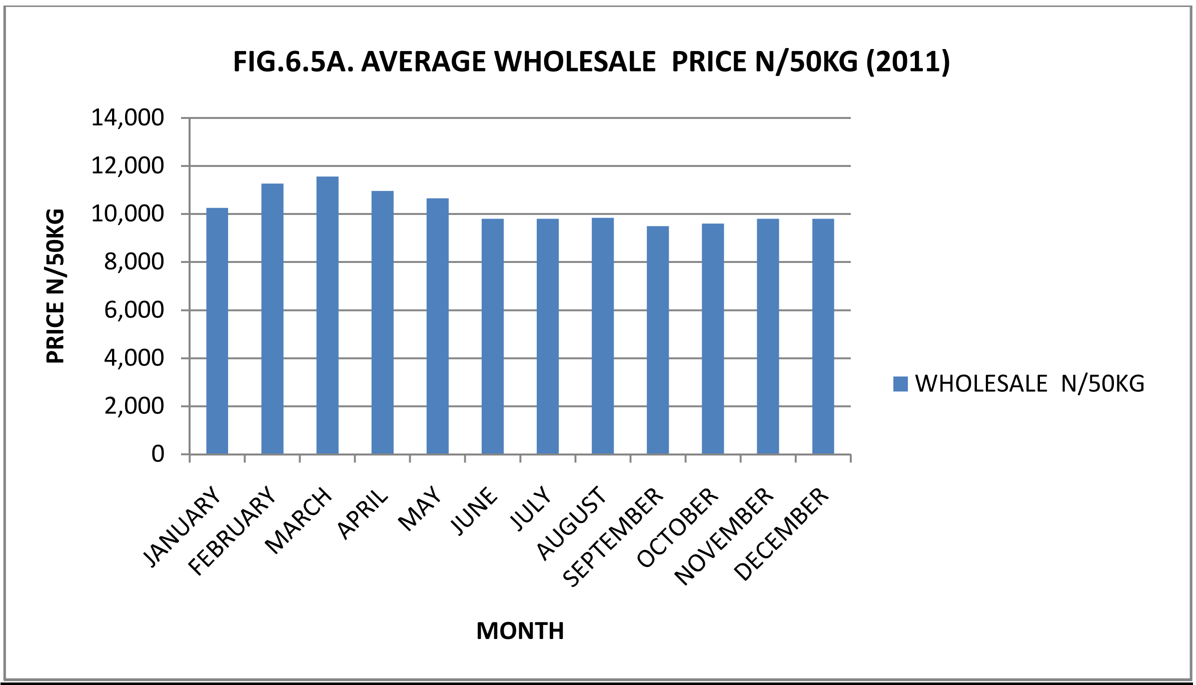


FIG.6.5A. AVERAGE WHOLESALE PRICE N/50KG (2011)
PRICE N/50KG
14,000
12,000
10,000
8,000
6,000
4,000
2,000
0
JANUARY
FEBRUARY
MARCH
APRIL
MAY
JUNE
JULY
AUGUST
SEPTEMBER
OCTOBER
NOVEMBER
DECEMBER
MONTH
WHOLESALE N/50KG

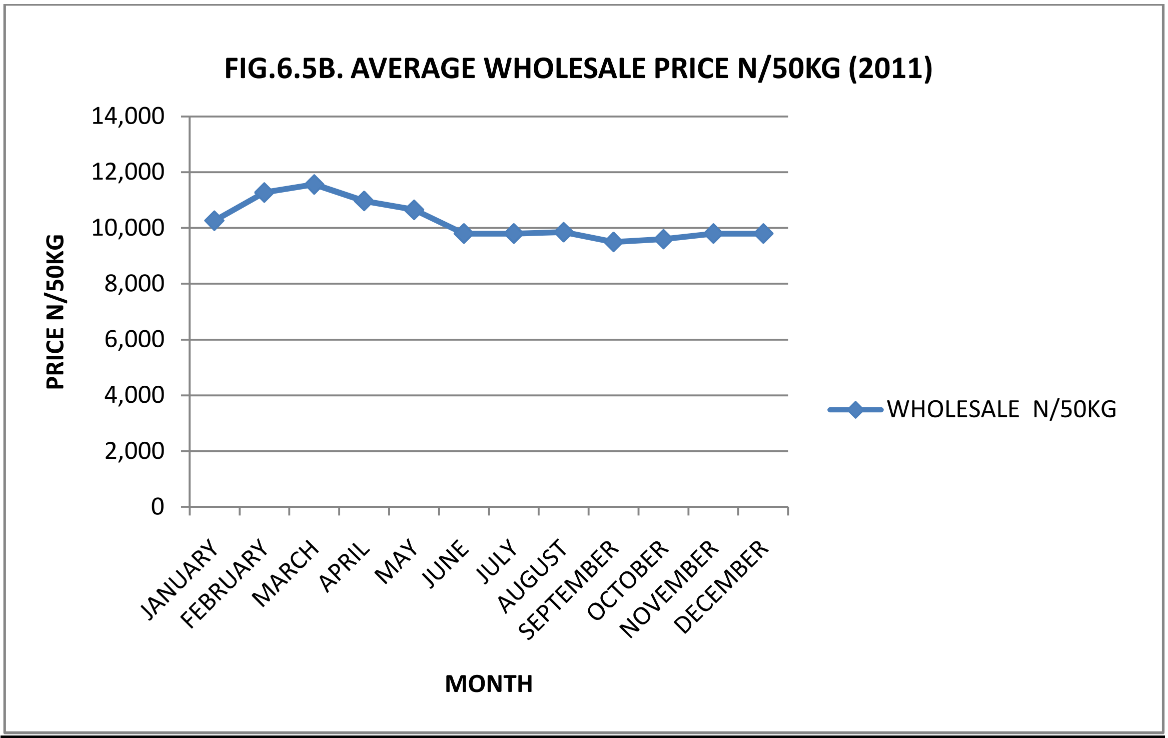


FIG.6.5B. AVERAGE WHOLESALE PRICE N/50KG (2011)
PRICE N/50KG
14,000
12,000
10,000
8,000
6,000
4,000
2,000
0
JANUARY
FEBRUARY
MARCH
APRIL
MAY
JUNE
JULY
AUGUST
SEPTEMBER
OCTOBER
NOVEMBER
DECEMBER
MONTH
WHOLESALE N/50KG

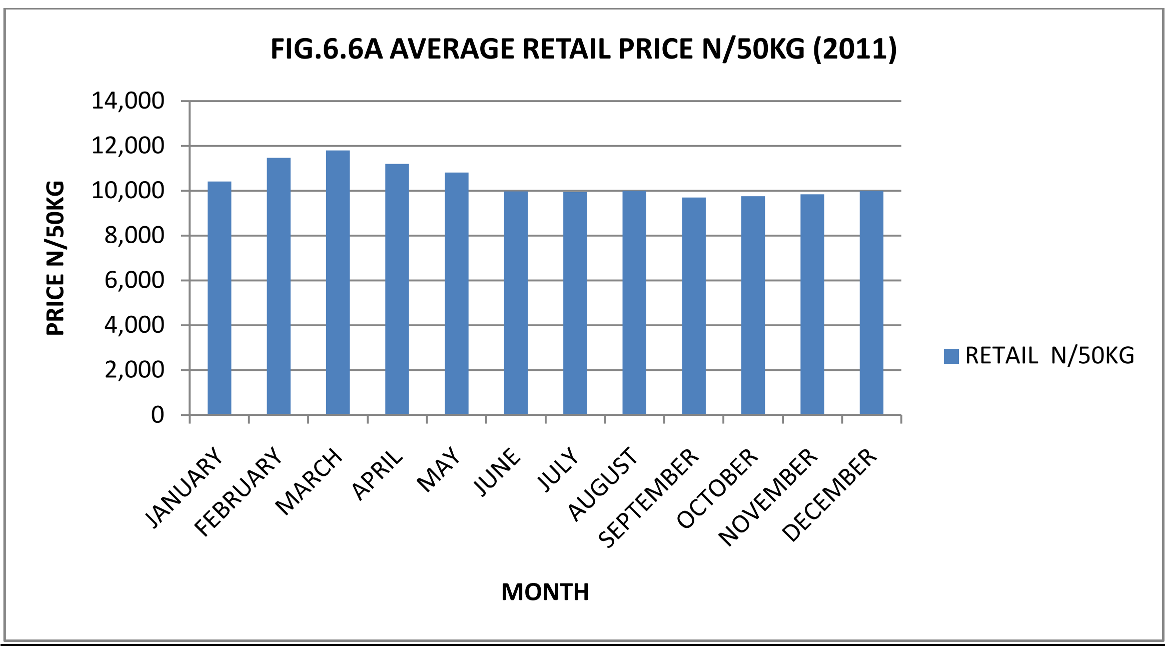


FIG.6.6A AVERAGE RETAIL PRICE N/50KG (2011)
PRICE N/50KG
14,000
12,000
10,000
8,000
6,000
4,000
2,000
0
JANUARY
FEBRUARY
MARCH
APRIL
MAY
JUNE
JULY
AUGUST
SEPTEMBER
OCTOBER
NOVEMBER
DECEMBER
MONTH
RETAIL N/50KG

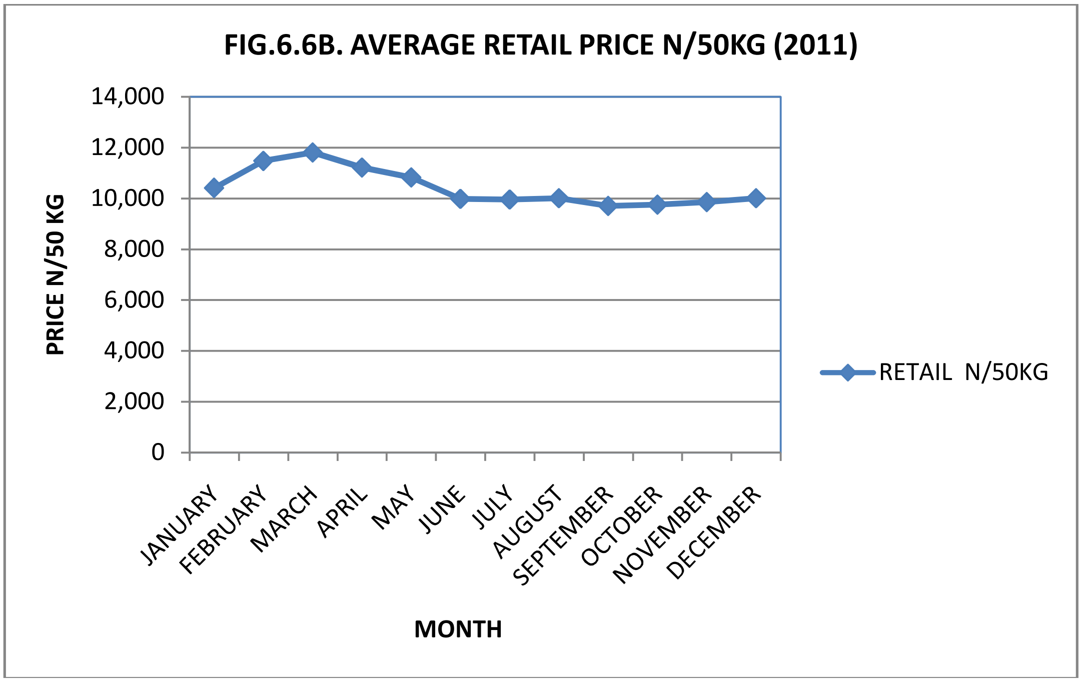


TABLE 6.3

COMPARISON OF THE LOCAL AND INTERNATIONAL MONTHLY AVERAGE PRICES OF REFINED SUGAR (2011)

MONTH	LOCAL REFINED SUGAR PRICES ($/MT)	INTERNATIONAL REFINED SUGAR PRICES ($/MT)	VARIANCE
JAN	1,283	778	505
FEB	1,408	769	639
MAR	1,445	721	724
APRIL	1,371	666	705
MAY	1,332	617	715
JUNE	1,225	707	518
JULY	1,225	770	450
AUG	1,231	736	495
SEPT	1,188	695	4,93
OCT	1,200	677	523
NOV	1,225	636	589
DEC	1,225	604	621
AVERAGE	**1,279**	**698**	**581**

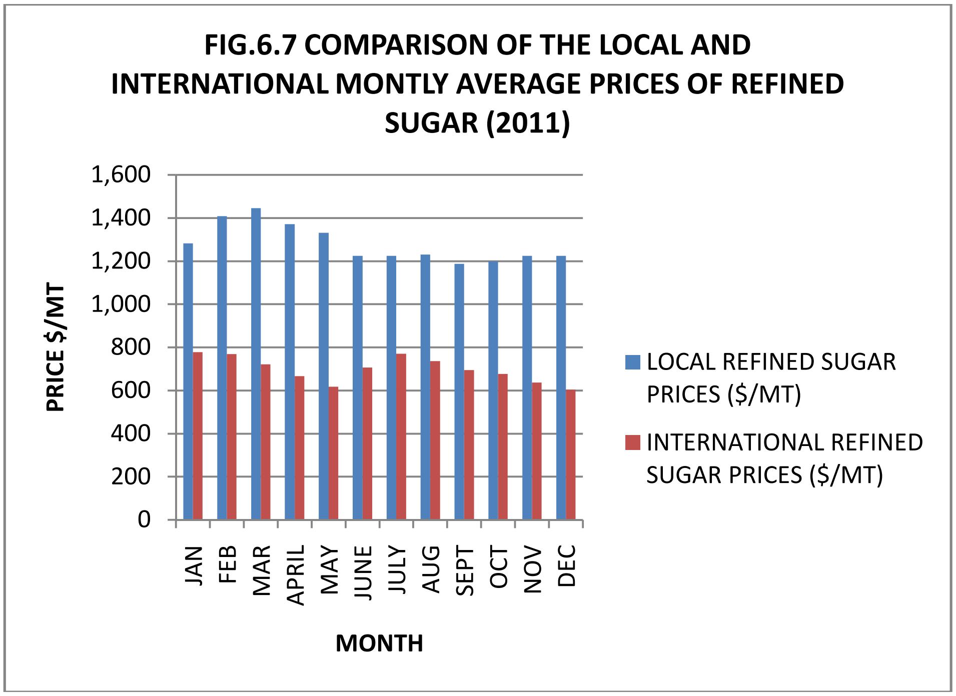


FIG.6.7 COMPARISON OF THE LOCAL AND INTERNATIONAL MONTLY AVERAGE PRICES OF REFINED SUGAR (2011)
PRICE $/MT
1,600
1,400
1,200
1,000
800
600
400
200
0
JAN
FEB
MAR
APRIL
MAY
JUNE
JULY
AUG
SEPT
OCT
NOV
DEC
MONTH
LOCAL REFINED SUGAR PRICES ($/MT)
INTERNATIONAL REFINED SUGAR PRICES ($/MT)

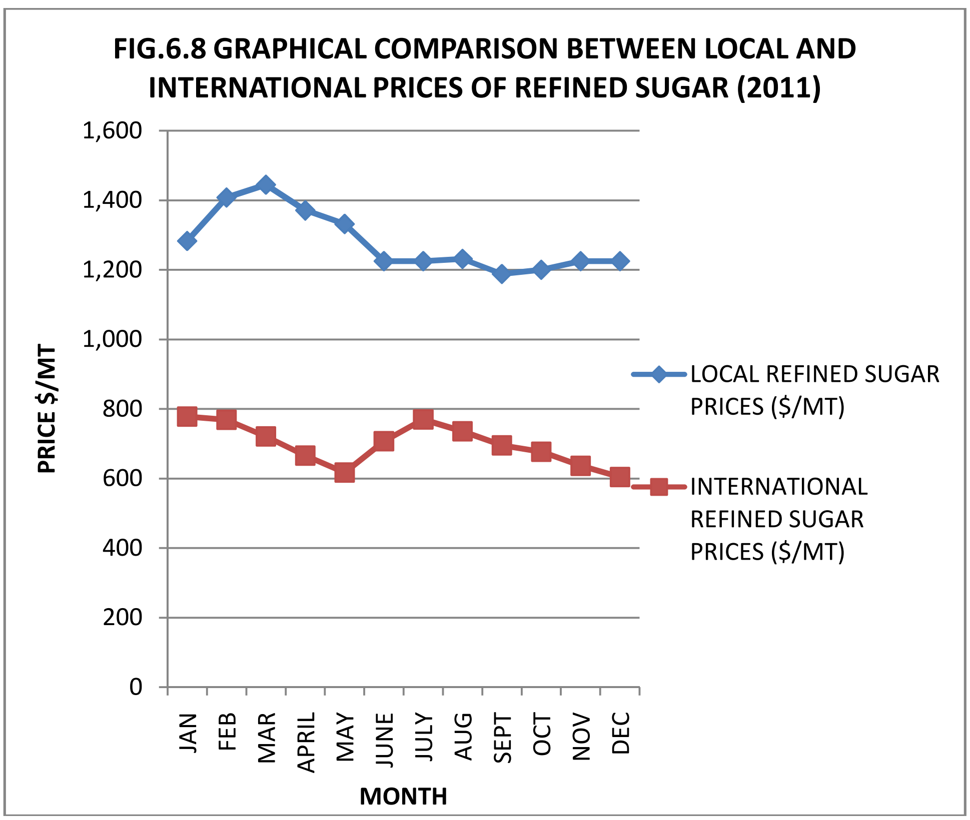


FIG.6.8 GRAPHICAL COMPARISON BETWEEN LOCAL AND INTERNATIONAL PRICES OF REFINED SUGAR (2011)
PRICE $/MT
1,600
1,400
1,200
1,000
800
600
400
200
0
JAN
FEB
MAR
APRIL
MAY
JUNE
JULY
AUG
SEPT
OCT
NOV
DEC
MONTH
LOCAL REFINED SUGAR PRICES ($/MT)
INTERNATIONAL REFINED SUGAR PRICES ($/MT)

The result obtained from the local market price survey carried out during the period under review was also compared with the prices of refined sugar in the international market. The comparative analysis is illustrated in table 6.3 as well as fig.6.7 and fig.6.8 respectively. The comparison reveals that there is a wide gap between the prices of refined sugar sold in the Nigerian markets and that in the international market. For instance, in March 2011, the price of refined sugar was $1,445/MT in Nigeria, while at the international market it was sold at $721/MT- a difference of $724/MT or 100.4% between the local and international market price. Similarly, in December 2011, the price of local refined sugar was $1,225/MT, while the international market price was $604/MT- a disparity of $621 or 103%. On the average, prices stood at $1,279/MT and $698/MT for both local refined and international refined sugar respectively in 2011- a disparity of 83%. No doubt sugar business is lucrative in Nigeria!

The large variance between the local and international prices of sugar is a clear indication of profit margin being made by importers of sugar even when cost of importation and other associated charges are factored into it. This may also be the reason why most investors are mainly interested in importation rather than direct production from sugarcane. However, the unbridled importation has its negative impact on the economy in terms of employment and wealth creation and other deliverables accruable from local production.

7. CONCLUSION

With the successful completion of the 2011 surveys on industrial consumption of and prices of sugar on Nigeria, prospective users, such as industrialists, academia, media etc could access relevant data from the Council's databank as may be desired. NSDC is also in a good position to meet its obligation of providing information or data on sugar to both local and international organizations and agencies which normally requests for this periodically.

We wish to express gratitude to the Executive Secretary and Management for approving the necessary funds for the execution of the survey.

Finally, we wish to express the Council's appreciation to all sugar consuming organizations, traders, companies, organizations, and associations that responded to our questionnaires. Without their inputs, this exercise would have been impossible. National Sugar Development Council (NSDC) also looks forward to a more rewarding collaboration in future.

POLICY, PLANNING, RESEARCH AND STATISTICS DEPARTMENT
AUGUST, 2012.