



# Fast-moving Consumer Goods Sector: Quarterly Insights for Q2 2025



# Introduction

The SBP Fast-Moving Consumer Goods (FMCG) Quarterly Insights provides a concise yet in-depth overview of key developments shaping the FMCG sector within the quarter under review, with a focused lens on Nigeria. This edition highlights regulatory changes, market trends, and emerging opportunities that stakeholders must

navigate to maintain competitiveness and compliance in one of Africa's most dynamic consumer markets. As the industry continues to evolve under the pressures of sustainability, digital innovation, and regulatory enforcement, this report offers strategic insights to support informed decision-making.

# Lagos State Implements Ban on Single-Use Plastics

On 1st July 2025, Lagos State commenced the strict enforcement of its ban on single-use plastics (SUPs) with a thickness below 40 microns. This move marks the official end to the 18-month transitional period following the initial policy announcement in January 2024. Affected items include lightweight nylon bags, disposable cups, plastic straws, cutlery, and Styrofoam food containers.

The enforcement regime empowers regulatory agencies to seal retail outlets and commercial establishments that continue to stock or distribute banned items. Sanctions are being administered under existing state environmental laws, and compliance is being monitored through routine inspections across markets and urban centres.

The ban is underpinned by pressing environmental concerns, particularly Lagos's vulnerability to coastal pollution, blocked drainage systems, and increasing flood incidents. As Nigeria's most densely populated and low-lying state, the ecological stakes are high. In addressing these concerns, the Honourable Commissioner for the Environment and Water Resources, Mr. Tokunbo Wahab, emphasised a "transition-

focused" approach, encouraging manufacturers and distributors to pivot to sustainable alternatives rather than face operational shutdowns or relocation.

Environmental stakeholders have largely endorsed the initiative, citing its necessity in tackling longstanding pollution challenges. However, many have stressed the importance of complementary frameworks, including inclusive stakeholder engagement, Extended Producer Responsibility (EPR) schemes, infrastructure development for eco-friendly alternatives, and robust enforcement mechanisms. Critics also point out that managing the existing backlog of plastic waste remains a critical task that must run parallel to the ban's implementation.

The implications for the FMCG sector are significant. Businesses operating within Lagos must urgently reassess their packaging and distribution models, invest in biodegradable or reusable alternatives, and adapt to changing consumer expectations around sustainability. Supply chain adjustments, pricing strategies, and regulatory compliance efforts will define competitive advantage in this new phase of environmental regulation.



# Nigeria's \$200 Billion Free Trade Zones Face Trade Abuse Allegations

Nigeria's Free Trade Zones (FTZs), initially established to stimulate industrialisation, attract foreign direct investment (FDI), and diversify the economy, are now facing increasing scrutiny from domestic manufacturers and policymakers. With over \$200 billion in foreign investments and approximately ₦900 billion in local investments, zones such as Lagos Free Zone, Lekki Free Zone, and Alaro City have become vital to the country's economic agenda.

However, concerns have been raised regarding regulatory loopholes that allegedly permit trade abuses. Local manufacturers and industry stakeholders argue that the current regulatory framework provides FTZ-based companies with significant competitive advantages, most notably, the ability to sell 100% of their goods into Nigeria's customs territory without being subjected to the same tax and compliance obligations imposed on non-FTZ entities.

According to data from the Nigeria Export Processing Zones Authority (NEPZA), the country currently has 46 licensed FTZs, though fewer than half are fully operational. High-performing zones like Lagos Free Zone, Alaro City, and Lekki Free Zone continue to attract significant investment across manufacturing, logistics, and consumer goods. Lagos Free Zone alone has secured over \$2.75 billion in FDI year-to-date, with projections reaching \$12 billion by 2032. The zone is home to major multinational and indigenous FMCG players, including Power Oil, Kellogg's, Colgate, and Dano.

The implications for the FMCG sector are profound. While FTZs offer tax and logistical advantages for FMCG companies operating within them, regulatory reviews and potential fiscal policy changes, such as the proposed CIT and other reforms under the new Tax Reform Bills, could increase operational and supply chain costs. These developments are likely to influence strategic decisions around production, distribution, and investment in the sector going forward.



# FMCG Firms Eye Sustained Recovery from FX Losses in H2

Nigeria's leading FMCG companies are positioning for a stronger second half of 2025, building on the momentum gained in the first two quarters. The easing of foreign exchange (FX) volatility and a notable moderation in inflationary trends have contributed to a more stable business environment.

Following significant setbacks in 2024 due to FX-induced losses and spiralling input costs, the sector witnessed a robust turnaround in Q1 2025. This recovery is now gaining traction. Five prominent industry players, Cadbury Nigeria Plc, Champion Breweries Plc, International Breweries Plc, Nestlé Nigeria Plc, and Nigerian Breweries Plc, reported a combined after-tax profit of ₦110.9 billion in Q1 2025. This marks a substantial recovery from the ₦262.3 billion cumulative loss recorded during the same period in 2024.

**Market analysts forecast a continuation of this positive trajectory throughout H2, contingent upon the Central Bank's policy consistency, fiscal discipline, and further improvement in supply chain efficiencies.**

# About SBP

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Stren & Blan Partners is a full-service commercial Law Firm that provides legal services to diverse local and multinational corporations. We have developed a clear vision for anticipating our clients' business needs and surpassing their expectations, and we do this with an uncompromising commitment to Client service and legal excellence.

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