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Report Highlights:

Although Senegal's domestic market is relatively small by U.S. standards, Senegal is increasingly becoming an alternative trade hub for companies interested in doing business with landlocked West African countries. Because of its geographic location vis-à-vis the U.S. east and gulf coasts, its modern communication infrastructure and its open regional-oriented trade policy, Senegal offers opportunities for growth in U.S. market share of intermediate and HVP consumer products in West Africa.

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Dakar [SG1]
[SG]

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SECTION I. MARKET OVERVIEW

Senegal's economy has been growing steadily at rates close to 5 percent since the mid-1990s, but due to a poor agricultural harvest in 2002, growth fell to 2.4 percent down from 5.6 percent in 2001. With good rains in 2003, growth reached 6.5 percent. In 2004 and 2005 real GDP growth stood at about 6 percent. The steady growth gained over the last two years is expected to drop to 3-4% in 2006 as the result of the tremendous slow down in the industry sector and an acute crisis in the energy sector. A large Senegalese expatriate community also returns important amounts of foreign exchange to Senegal in the form of remittances, estimated at USD 643 million in 2006. Senegal benefits from the AGOA initiative with its ambitious MCA infrastructure proposal, which has the potential to boost annual GDP growth even further.

Senegal's commercial policies are primarily oriented towards regional integration as the country is an active member of WAEMU (West African Economic and Monetary Union), along with other 8 countries: Benin, Burkina Faso, Cote d'Ivoire, Guinea-Bissau, Mali, Togo, and Niger. WAEMU is a union based on free markets and reliance on a common commercial policy (harmonized customs), and is becoming a dynamic regional financial market. Senegal is also member of the Economic Community of West African States (ECOWAS), which is a market of 200 million consumers from 15 countries.

The Dakar International airport is ranked first in the ECOWAS zone in terms of its flow of passengers. The airport and the port of Dakar enjoy a favorable geographical location, because it is located at the foremost end of the West African coast and is a crossroads for several maritime roads between Europe, North America, Latin America and the African continent. The port is over 3,260,000 square meters large and hosts mainly container-carriers, cargo vessels, roll-on roll-off vessels, tankers, and fishing boats. The port also includes infrastructure for transit to inland countries such as Mali and Burkina Faso. The port is also connected to the national and international railway network.

Imports of agricultural commodities and packaged foods offer increasing potential as Senegal remains a food deficit country for cereal staples such as wheat and rice. It is the second largest African importer of rice after Nigeria. Rice imports represent about 34 to 39 percent of all imported food products, drinks and tobacco, and a good portion of rice imported is re-shipped to neighboring countries. Population growth, urbanization and evolving diets have led to impressive growth in wheat imports in Senegal and throughout West Africa. Flour consumption is increasing at an annual rate of approximately 4 percent, outpacing population growth of 2.75 percent. Senegal will import approximately 366,000 MT of wheat and wheat flour in 2006 (Post estimates).

The import market for food and agricultural products is dominated by European, Asian and African suppliers. France dominates the market for wheat and high value processed products. Thailand is the leading rice exporter, and Brazil, Argentina and Uruguay have entered the market of agricultural commodities in recent years. Market potential exists, however, for new entrants in the market for bulk, intermediate and consumer products. Senegal applies a ban on the imports of frozen chicken since October 2005 and from all origins.

U.S. exports to Senegal decreased from \$12.7 million in 2004 to \$ 9.1 million in 2005. Although Senegal's domestic market is relatively small by U.S. standards (population about 12 million), its increasing openness to foreign trade and investment, its geographic location and market forces constitute significant opportunities for exports. Because of the political instability in Cote d'Ivoire, Senegal is increasingly an alternative gateway for companies

interested in doing business with other countries in the region. An American Chamber of Commerce has been opened in Dakar in 2005 to assist U.S. and local companies increase investments and trade between the two countries. Senegal's ambitious MCA infrastructure proposal has the potential to raise annual GDP growth to nearly eight percent.

The population of higher-income consumers has increased significantly over the last five years as the result of the relocation of an increasing number of expatriates from Cote d'Ivoire. This has contributed in increasing the demand for high value products (HVP). The relatively high population growth (2.7 percent) and urbanization (3%) indicate that this trend will continue.

The population of Senegal is estimated at 11.7 million people, with 41% living in urban areas (Dakar, the capital city hosting 25% of the total population). The other highly populated area is the Peanuts Belt (centre of the country), which accounts for more than 35% of the population. The population is quite young; 55% are less than 55 year old. Rural farmers involved in rain-fed agriculture account for 70% of the workforce. Foreigners represent about 2% of the population. They are mainly based in Dakar, where they are involved in business activities, and also in the industrial and services sector, as well as in international organizations. Some also live in the northern and southern part of the country, namely nationals from the neighboring countries.

The table below shows some U.S. comparative advantages and challenges and puts the opportunities in perspective:

Advantages	Challenges
Senegal's status as a major commercial hub in West Africa; sophistication of higher-income consumers.	Lack of U.S. interest due to the relatively small market size. French and Asian domination of the market as well as some competition from cheaper and lower quality food products from Asia and Turkey.
Regular liner shipping from U.S. Gulf and East coast ports; Regular airliners from East Coast airports, including U.S. airliners.	Higher freight rates and longer transit times from the U.S. than from EU, Asia or South Africa.
Senegal's Population of 12 million is growing at an annual rate of 2.7 percent per annum. GDP growth of 5.7% in 2005; Tertiary sectors (including trade) representing 60% of the GDP.	The average per capita income is estimated at \$710. Cases of poor governance and administrative hurdles have reduced foreign and domestic investment in the economy.
Opportunities exist for U.S. products targeting niche markets	U.S. exporters have incomplete knowledge about the Senegalese market
Common external tariffs for imports and elimination of tariffs among the 7 countries of the WAEMU (the francophone West African Economic and Monetary Union).	High business costs relative to neighboring African countries such as port processing and Customs duties. WAEMU recommended value added tax (VAT) may apply on some imported

	agricultural and food commodities at the port of entry as a duty.
The Senegalese consumer perceives U.S. products as being of high quality standards, thus accepts U.S. food products.	U.S. products are not always price-competitive due to the freight costs for products shipped from the U.S. Financing packages such as supplier credit, made available by European competitors have disadvantaged U.S. companies

SECTION II. EXPORTER BUSINESS TIPS

The following is a list of directions and tips on exporting food and other agricultural commodities to Senegal. These thoughts might be obvious to some exporters, but some would never be considered. They are grouped into two main subjects; *'Marketing and Communication'* and *'Exporting'*.

Marketing and Communication

- Senegal operates at GMT. Dates are written in day/month/year format. For instance 4/11/2007 means November 4, 2007. Make sure your correspondence and contacts with your local partners and facilitators take these differences into consideration.
- The official language is French, which is used everywhere in the administrations and is spoken by most educated Senegalese. Wolof is the most widely spread among the six national languages (it is spoken by 80% of the Senegalese); the other national languages are Diola, Serere, Pulaar, Soninke and Mandingo. Try to learn a few words of Wolof, at least social greetings. Senegalese usually socialize first before getting down to real business.
- Be patient and be prepared to be invited for non business related meetings such as diner or lunch. When invited for lunch or diner at home, do not bring any food with you, but do not hesitate to say politely what you do not eat.
- As a westerner, Senegalese who are not yet acquainted with you will call you by using Mr. or Mrs. followed by your family name.
- Although you may start with direct informal contacts with your local partner, Senegal's administrative system is very much influenced by the French system and requires that you write formally to your contacts to introduce yourself and your export project.
- Foreign businesses are highly recommended to hire a representative or agent (s) with strong connections and who has an extensive knowledge of the local economy and the government regulations and institutions involved in trade as several government bodies still regulate and are assigned to approve commercial initiatives. Good connections with government officials can speed up administrative procedures related to your business. However, set a mechanism to monitor closely your agent against agree performance.
- There are several companies and private consultant firms providing information and guidance to exporters to Senegal and other WAEMU countries. To find out about the various assistance services available, visit: <http://www.gouv.sn/investir/structures.html>, <http://www.investinsenegal.com>, and the website of Trade Point Senegal (<http://www.tpsnet.org>).

Exporting

- First of all, conduct market research, especially for product testing, price comparisons, identifying your competitors, and reviewing export statistics of the 5 previous years to determine the size of the market. Be patient and take the necessary time to understand the dynamics of the market and consumers' preferences.
- Be cognizant also of the fact that good market data may not exist. The supply of imported goods is erratic and there may very well be pent-up demand for your product. The best approach is to contact the importers – they will know the customers tastes and needs as well as feasible quantities.
- Senegal organizes an international trade fair every two years in Dakar. Plan to participate to at least one event to advertise your products and make business contacts including with companies located in other West African countries.
- Make sure your local partner (importer or agent) has the capacity to process the administrative requirements for the entrance of your products in Senegal. Several services are involved in the processing of import authorizations.
- Commercial food commodities that enter the port of Dakar are submitted to phytosanitary inspections by DPV (Directorate of Plant Protection). These tests are conducted on samples selected from the shipment, but they do not preclude your agent from pursuing the registration approval process. Prior to shipping your products make sure your agent or importer has received the bill of lading and the phytosanitary clearance documents.
- Exporting documents required in Senegal include the following:

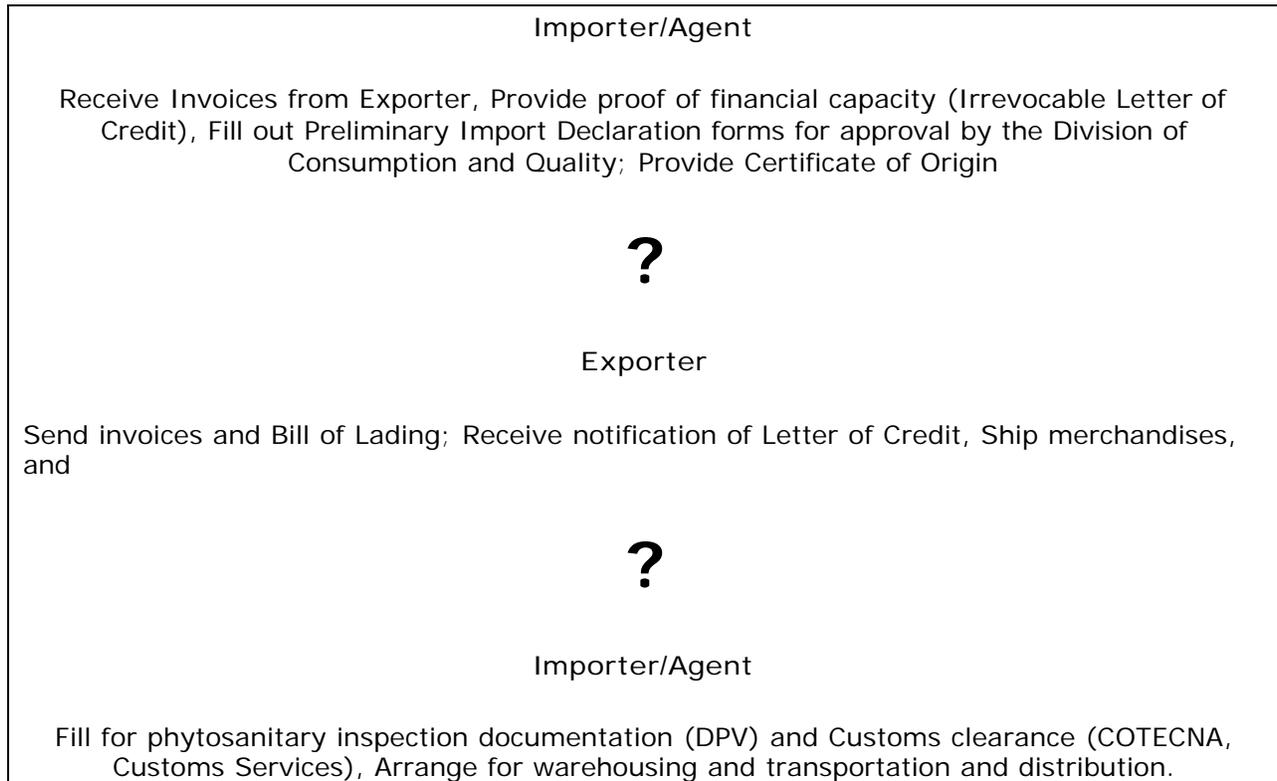
1. Two copies of the commercial invoices, which indicate the identity and contacts of exporter and the importer; a complete description of the merchandise, its weight and quantity, and CIF value; and a complete description of the merchandise. The invoice should be done in French or issued with a certified French translation.
2. A Pro Forma Invoice containing the aforementioned information
3. A Certificate of Origin provided by the importer, specifying the quantity, quality and prices of the products subject to customs duties. COTECNA, a Swiss private company, is assigned to determine the value of the shipment, on the basis of which customs fees are determined. U.S. exporters are urged to contact COTECNA's U.S. office at www.cotecna.com for further information.

Import procedures include the following:

1. Importers must deposit a Preliminary Import Declaration seven days before shipping imported goods having a value equal to or greater than \$2,000.
2. Automatic approval of the Preliminary Import Declaration is obtained from The Division of Consumption and Quality of the Ministry of Commerce by submitting three copies of the Pro Forma Bills of Lading with the declaration. The Preliminary Import Declaration is valid for six months and can be extended for three months. This must be canceled and reissued if there is a change in supplier, an increase in the value of the order of more than ten percent, or a modification in the quantity of the order.
3. Any FOB import value equal to or greater in value than CFA three million (\$6,000) must be inspected by a U.S. pre-shipment inspection company before the shipment. This company must present a clear report of findings; and issue a Pre-Shipment Inspection Certificate (PSI). Note that PSI is not required for the following products:
 - Live animals

- Perishable goods for human consumption neither frozen, nor deep frozen (meat, fish, vegetables and fruit)
- Plants and flowers
- Cereals (HS chapter 10) imported by the public sector or approved by the public sector
- Imports with a total order FOB value equal to or below CFA 3 million

The following chart describes the documentation flow for imports:



- Make sure your product is packed and shipped for a tropical climate and provide clear storage instructions (preferably in French). This is particularly important as few cold storage or air-conditioned facilities and delivery trucks exist. Consider investing in promotion and advertisement, especially when introducing a new product or brand. Most local distributors of imported products will expect their suppliers to provide or participate in advertising and promotional support. Sales promotion material and technical documentation should be also in French.
- Payment in Senegal can be made by cash, cheque, wire transfer or any other legal and accepted methods. The majority of suppliers demand a 50% down payment at the time of order and the remaining half after delivery. Some require advance payment. Be aware of government and parastatal clients whose payment may be delayed. Normally, payments are made within 30 to 60 days. 4. Any payment for imported goods greater in value than CFA one million (\$2,000) must be made through an approved Senegalese bank or financial institution.
- There are several private customs and transit consultant firms that can assist your agent or importer speed up these procedures and thereby reduce cost related to administrative authorizations.

- Study the most recent GAIN reports for Senegal and West Africa produced by the Foreign Agricultural Service. These reports are available in the internet at <http://www.fas.usda.gov/>. You may also need to visit the U.S. Embassy Dakar website to read the Country Commercial Guide for Senegal for further trade and guidance.
- Contact the Foreign Agricultural Service in the U.S. Embassy, Dakar (Agdakar@fas.usda.gov) for any issues such as standards, tariffs, regulations, labeling, and other concerns.

SECTION III. MARKET SECTOR STRUCTURE AND TRENDS

- Distribution Channels

The distribution network in Senegal can be subdivided into the following categories: Importers-wholesalers; semi-wholesalers; and retailers. Most importers have storage facilities and therefore are wholesalers. Their clients are semi-wholesalers, who sell to retailers and directly to customers,

Senegal's food market is made up of various levels of distribution channels. A modern distribution sector including supermarkets and modern convenience stores is dominated by a few French and Lebanese owners although some Senegalese investors have entered this market niche in recent years. The main modern supermarkets are Score (recently sold out and renamed Casino), Pridoux, and Filfilli. These companies import and retail their products with limited intervention of other actors. They are mostly supplied directly by European, American and Asian suppliers. Most of these stores are located in Dakar (the main trade hub of the country with nearly 5 million people) and their main customers are upper and middle class workers and the expatriate community. The modern distribution sector includes also very competitive traders in the wholesale and retail distribution channels of various consumer foodstuffs. These include gas station convenience stores.

The retail food sector is essentially made up of independent shops called "boutique" selling primarily food products. They account for the largest portion of the food distribution sector since they cater to the largest population, especially those with lower purchasing power. These are small convenience stores located in residential areas; close the consumers and selling very diverse food items. Their share in the food market is very difficult to quantify because most of them are informal. The informal food distribution sector also includes small retailers of fruit, vegetables, fish, meat, and beverages located in street or municipal markets.

Senegal hosts nearly 500 registered hotels and resort. Some of them are of European or American standards, and thousands of restaurants, bars and catering services. Most of these HVP consumers and food service providers are located in Dakar, Mbour, Saint Louis and Ziguinchor, the most important tourism cities. In average, Senegal hosts 530,000 tourists each year including 50% from France, and nearly 2.3 from the United States¹. The number of fast food restaurants, modern bakeries and cultural foreign restaurants (Indian, Vietnamese, Italian, etc.) has also increased noticeably in recent years. Although, these are relatively small consumers of HVP products, the increasing urban and middle class population, the increasing number of expatriates due to instability in neighboring countries (especially Cote d'Ivoire and Guinea), and the growing tourism industry, offer sales opportunities for U.S. HVP food and food services.

¹ www.ausenegal.com

The domestic food processing industry is dominated by the wheat, sugar, fish and tomato paste industries. Most HVP food and beverages are imported from Europe and Asia. U.S brands are increasingly entering the market since 2000 with the freeing of the import markets. Senegal processing capacity of HVP is very limited due to under-developed industrial infrastructure. Most locally produced HVP products are of lower quality (particularly cereals and beverages) and do not meet HVP consumers.

SECTION IV. BEST CONSUMER ORIENTED PRODUCT PROSPECTS

Best Agricultural Product Prospects²:

1. Rice
2. Wheat
3. Corn
4. Vegetable oil
5. Soybeans/soybean meal

Best HVP product prospects:

6. Milk (Liquid milk, Skimmed and whole powdered milk)³
7. Canned fruits and vegetables⁴
8. Tomato puree/ketchup
9. Bottled vegetable Cooking oil
10. Fruit preparations and juices
11. Spices and sauces including soy sauce
12. Mixed seasoning
13. Condiments
14. Breakfast cereals
15. Margarine/butter
16. Pasta products
17. Snack foods (biscuits, cakes etc)
18. Confectionery products (candies, gums etc)
19. Ice cream
20. Spirits, liqueurs
21. Beers and Wines
22. Non alcoholic beverages (Tea, coffee, fruit drink)
23. Bakery and other food Ingredients (Yeast & Baking powder)
24. Mayonnaise and Salad Dressing
25. Baby Foods
26. Canned soups/powdered soups
27. Health food products

² Refer to recent GAIN reports on Rice, Wheat

³ \$103 million import in 2006 (Post estimate)

⁴ \$ 12 million imports in 2006 (Post estimate)

SECTION V. POST CONTACTS AND FURTHER INFORMATION

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APPENDIX: STATISTICS

TABLE A: KEY TRADE & DEMOGRAPHIC INFORMATION

	2004	2005	2006
Agricultural Imports From All Countries (\$Mil) / U.S. Market Share (%)	2,839 / 0.5	3,498 / 0.3	3,671/0.3
Consumer Food Imports From All Countries (\$Mil) / U.S. Market Share (%)	525 /0.6	710 /0.4	565/0.6
Edible Fishery Imports From All Countries (\$Mil) / U.S. Market Share (%)	1.3/ 0	0.5 / 0.03	0.3/0.3
Total Population (Millions) / Annual Growth Rate (%)	10.8 / 2.4	11.0 / 2.4	11.7 / 2.4
Urban Population (Millions) / Annual Growth Rate (%)	4.4 /2.7	4.5/ 2.7	4.7/ 2.7
Number of Major Metropolitan Areas	1	1	1
Size of the Middle Class (Millions) / Growth Rate (%)	N/A	N/A	N/A
Per Capita Gross Domestic Product (U.S. Dollars)	504	794	817
Unemployment Rate (%)	N/A	N/A	48
Per Capita Food Expenditures (U.S. Dollars)	N/A	N/A	N/A
Percent of Female Population Employed	N/A	N/A	N/A
Exchange Rate (US\$1 CFA BECEAO Franc)			507

TABLE B: CONSUMER FOOD & EDIBLE FISHERY PRODUCT IMPORTS

Senegal Imports (in thousands of Dollars)	Imports from the World			Imports from the U.S.			U.S. Market Share %		
	2003	2004	2005	2003	2004	2005	2003	2004	2005
CONSUMER-ORIENTED⁵ AGRICULTURAL TOTAL	451,557	530,937	696,228	1,485	2,703	1,629	0.3	0.5	0.2
Red meats, fresh, chilled or frozen	22,466	31,780	31,697	82	458	243	0.4	1.4	1
Red meats prepared or preserved	761	863	1,085	0	0	12	0	0	1
Dairy Products	63,653	81,565	97,790	0	30	0	0	0.04	0
Eggs & products	1,202	1,664	2,194	0	0	8	0	0	0.4
Cereal preparations	52,684	78,352	68,344	0	0	0	0	0	0
Fresh fruits & Vegetables	230,574	255,591	385,439	2	37	4	0	0.01	0
Processed Fruit & vegetables	7,720	9,933	9,983	423	423	525	5.5	4.2	5.3
Fruit & vegetable juices,	6,582	5,639	8,071	73	13	0	1.1	0.2	0
Feeding stuff for animals	16,881	9,400	30,704	0	6	9	0	1	0
Other consumer-oriented products	49,034	56,150	60,921	907	1,736	828	2	3	1.4
FISH & SEAFOOD PRODUCTS	678	1,490	2,185	17	19	0	2.5	1.3	0
Fish & seafood, Canned	156	863	965	0	0	0	0	0	0
Other Edible fish & seafood	522	627	1,260	17	19	0	3.3	3	0

Source: UN Commodity Trade Database; FAS/USDA reporting U.S Bureau of the Census Trade Data.

⁵ There is a ban on poultry imports of frozen chicken since October 2005