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Senegal

Market Development Reports

Best Market Prospects

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Report Highlights:

Senegal's status as a major trade hub in West Africa and the common tariffs applied on imported products throughout the WAEMU countries, offer U.S exporters growing market opportunities for bulk, intermediate and consumer-oriented products. This report is an overview of what Post considers as the best prospects for U.S exports. While this report is written for Senegal, the same market opportunities exist for the same commodity groups in Cote d'Ivoire.

Includes PSD Changes: No
Includes Trade Matrix: No
Annual Report
Dakar [SG1]
[SG]

Executive Summary

Senegal remains a food deficit country for cereal staples such as rice and wheat, while higher-income consumers have created a significant market for high value products (HVP). The relatively high population growth (2.7 percent) and urbanization indicate that this trend will continue. Although the prices of major consumer products such as rice, sugar, dairy products and meat increase steadily, the imports of these products continue to grow over the last two years. The import market for food and agricultural products is dominated by European, Asian and African suppliers. France is leading export country for wheat and high value processed products.

Potential exists for U.S. exporters in the market for bulk, intermediate and consumer products. The Senegalese consumer perceives U.S. products as being of high quality standards, thus accepts U.S. food products. The sophistication of higher-income consumers; the existence of regular liners shipping from U.S. Gulf and East coast ports are important advantages for U.S. export products. Senegal's status as a major commercial hub in sub-Saharan Africa and the common external tariffs for imports and the elimination of tariffs among the 7 countries of the WAEMU (the francophone West African Economic and Monetary Union) are favorable conditions for the U.S. export of agricultural products in the region.

However, the major challenges to U.S. exports to Senegal could be the higher freight rates and longer transit times from the U.S. than from Europe or the Middle East; and the relatively high business costs related to port processing and customs duties.

Best Agricultural Product Prospects

1. **Rice:** Senegal is the second largest rice importer in Africa, behind Nigeria and ahead of Cote d'Ivoire. Senegal imported 1,113,000 MT of rice in 2005, and 796,487 MT in 2006. During the first half of 2007, rice imports reached 487,741 MT and this trend will likely continue over the next years as local production covers only 20% of local consumption needs and local milling units have very limited capacity to process any increase in production. Per capita rice consumption is estimated at 70 to 75 kilograms and is increasing with urbanization. Most consumers prefer 100 percent broken rice which is mainly shipped by Thailand, India, Brazil, Uruguay and Argentina. The imports of U.S. rice are limited to food aid shipments and totaled 3,102 MT of semi-milled rice in 2006. This rice grade is mainly purchased by the HRI sector and consumers with higher income.

The tariffs on rice vary according to the grades. The customs duties are set at 10% for all grades. However, there is no surtax on broken rice, which fixes its maximum tariff at 12.7%. This tariff rate is 27.7% for brown rice and 32.7% for semi-milled rice. There is no VAT applied to these tariffs. (See [GAIN SG7012](#) and [GAIN SG7003](#) for further details).

2. **Wheat:** The demand for wheat and wheat flour is increasing as the demand for bread and other bakery products increases along with population growth, increasing income and changes in consumption habits. Senegal imported 326,287 MT of wheat in 2005 and nearly 357,000 MT in 2006. During the first half of 2007, wheat imports totaled about 186,000 MT. U.S. wheat has been imported by NMA, the most recent milling company since 2004, making the U.S. the third largest supplier after France and Argentina. Due to tight wheat supplies around the world, Senegal and Cote d'Ivoire are expected to import over 120,000 tons of U.S. wheat in 2007. U.S. wheat is used for blending with soft wheat originating from the other export countries. Despite significant increases in the price of wheat in the international markets, the Senegalese government continues to freeze flour and bread prices.

No VAT is applied on imported wheat and the cumulative tariff rate is 7.7% for all types. Customs duties are set at 5% for the coarse wheat and the cumulative maximum tariff rate is 7.7%. An 18% VAT is applied on imported wheat flour and the total tariff is set at 44.48%. (See [GAIN SG7002](#) for further details)

3. **Corn:** Senegal imported nearly 100,000 MT of corn in 2006 to complement its local production. The local poultry sector is among the biggest consumer of corn as it represents nearly 60% of the ingredients used for poultry feed. Senegal imports most of its corn from Argentina, Brazil and Mali. However, with a reported deficit in Mali and increase in demand, importers, especially the poultry feed industry, are exploring other sources including the U.S.

No VAT is applied on imported corn. Customs duties are set at 5% and the cumulative maximum tariff rate is 7.7%. (See [GAIN SG7003](#) for further details)

4. **Vegetable oil.** Although Senegal is among the leading producer of peanut oil, its local market is dominated by soybean oil processed locally from imported non-refined oil. Other imported edible vegetable oils such as sunflower oil are also present in the market. SUNEOR, the main vegetable company imports non-refined soybean oil mainly from Brazil, Argentina and France. Imports of soybean oil were estimated at \$10 million in 2006.

The custom duties on soybean oil are 10% for de-gummed soybean oil and 20% for refined oil. A VAT of 18% applies. The maximum tariffs on vegetable oils are 39.23% for de-gummed and 65.9% for refined soybean oil. (See [GAIN SG7010](#) for further details)

5. **Soybeans/soybean meal.** The imports of soybeans/soybean meals are not high in Senegal for now, although there is an increasing demand from the animal feed industry as a source of protein to supplement local supplies of fish meal and peanut meal. Post has been approached by animal feed producers seeking contacts of U.S. exporters of soybeans/soybean meals. A few imports of U.S soybean meals were reported over the last five years by food aid/school feeding programs where U.S soybean meals are very popular.

Best HVP product prospects

Senegal is a major trade hub in West and the host of the regional and national representations of most international organizations since the political crisis in Cote d'Ivoire. Thus the expatriate community is fairly large and the HRI and food service sectors are developing rapidly and Senegal is experiencing significant increase in consumer-oriented food products. Best HVP include:

6. **Milk** (Liquid milk, Skimmed and whole powdered milk)

Senegal's milk industry is primarily dependent on imported milk powder. Despite relatively high tariffs on milk powder (26.78%), Senegal imports nearly 20,000 tons of milk powder each year, primarily from Europe. Imports of dairy products totaled \$110 million in 2006. The most consumed dairy products in the market are milk powder (in bulk or packaged small bags), sweet concentrate milk, and unsweetened concentrated milk. A growing number of local companies produce yogurt from imported milk powder.

Customs duties on milk vary from 5% for milk powder to 20% for other processed milk products (liquid milk, skimmed, yoghurt). A VAT of 18% applies to all types except nursing

milk products sold in pharmacies. Maximum cumulative tariffs on milk products range from 7.7% for nursing milk to 26.78% for milk powder and 44.48% for skimmed milk. (See [GAIN SG7001](#) and [GAIN SG7016](#) for further details)

7. **Meat** (beef and poultry)

Senegal continues to improve frozen meat products from Brazil and EU with relatively smaller quantities from the U.S. In the past, the Senegalese import market for poultry products was estimated at up to 15,000 tons per year. Senegal imported relatively large quantities of chicken parts from the United States, Brazil and Europe. U.S poultry products were very competitive in terms of quality - nearly 87% of poultry products imported from the U.S. and Brazil in 2005. Imports of frozen broilers and day-old-chicks used for meat production were banned since November 2005 in prevention of avian influenza. FAS and APHIS continue to work with Senegalese officials on lifting this ban.

Other HVP products include:

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

APPENDIX I. POST CONTACT AND FURTHER INFORMATION

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