

## **West Africa: Prospects for U.S. Exporters**

The West African nations of Côte d'Ivoire, The Gambia, Ghana, Nigeria, and Senegal are home to some of the largest cities in the region, including Lagos, Abidjan, and Accra, while also holding prime trade positioning on the Atlantic coast. Compared to global averages, these nations are demonstrating consistently high economic growth rates and other favorable macroeconomic trends. As they continue this development, these countries will continue to depend on trade to help support their growing populations. In 2018, the five countries imported \$10.8 billion of agricultural and related products, of which \$516 million came from the United States. Certain agricultural sectors in the region are unable to meet changing consumer demand, leaving plenty of opportunities for U.S. exporters.

### **Ghana**

Ghana is a well-established market with increasing levels of consumer spending and high-value exports, chiefly oil, cocoa, and gold. A young labor force, annual increases in labor productivity, high rates of urbanization, and recent increases in employment are driving demand for modern products and new foods. However, the nation simultaneously experienced a period of heightened inflation, corresponding depreciation, and unfavorable fiscal policy. The current administration aims to curb these macroeconomic issues through currency stabilization, restructuring national debt, and targeting desirable inflationary levels.

Euromonitor estimates 5.4 percent growth in real Gross Domestic Product (GDP) in 2020, following estimated 6.0 percent growth in 2019. Like other developing countries in West Africa, Ghana's agricultural sector employs a large portion of its labor force, 44.7 percent, and provides 18.3 percent of the nation's GDP. Over the past three years, on average Ghana imported nearly \$2 billion in agricultural and related products, particularly from the European Union (EU), China, Brazil, and Southeast Asia. The United States is the country's sixth-largest import supplier but holds only a 4.9 percent market share of Ghanaian agricultural imports. Ghana maintains an open trade environment towards U.S. agricultural imports and market preferences appear favorable for increasing trade volume.

Top U.S. Agricultural and Related Product Exports to Ghana						
Product	Value (Million USD)					U.S. Market Share 2018
	2014	2015	2016	2017	2018	
Poultry Meat & Prods. (ex. eggs)	68.8	40.8	41.9	53.0	44.9	22%
Wheat	21.4	5.3	0.0	23.1	13.1	8%
Fish Products	0.7	0.7	0.6	7.9	7.2	3%
Food Preps. & Misc. Bev	2.6	4.1	4.6	5.5	6.7	4%
Forest Products	20.6	13.1	5.6	6.2	5.7	15%
Ethanol	0.0	0.1	2.9	2.4	5.5	17%
<b>Total U.S. Exports</b>	<b>150.7</b>	<b>89.4</b>	<b>78.0</b>	<b>119.5</b>	<b>101.0</b>	<b>4.9%</b>

*Source: U.S. Census Bureau Trade Data, BICO HS-6; Trade Data Monitor LLC, BICO HS-6 for market share*

## Key Agricultural Trade Prospects

**Food Preparations and Miscellaneous Beverages:** As Ghana’s middle class increases over the next few years, consumers are expected to demand more readymade meals and fast food services. Like in other developing economies, demand for prepared foodstuffs, canned goods, bottled drinks, and sauces is on the rise. In 2014, U.S. exports from the “Food Preps. & Miscellaneous Beverages” category totaled only \$2.62 million. Over the last decade, the category nearly tripled to \$6.75 million, validating this expected change in consumer preference and the prospect for new suppliers.

**Snack Foods:** Similarly, global snack food imports by Ghana are expected to increase as Ghanaian households desire more readily-accessible food products. However, other countries pose increased competition for the United States in the snack foods category, particularly China, India, and Thailand. In 2018, these three countries exported approximately \$39 million of snack foods, while the United States’ exports were negligible.

**Meat Products:** Ghana’s economy has boosted real income for average households. This rise in disposable income has increased demand for Western goods, especially protein-rich products. Ghanaian agricultural production is too small to satisfy this demand for meat, requiring Ghana to import more meat products annually, as seen in the rise of poultry imports. Still, the Ghanaian government continues to use a non-transparent import licensing regime that limits imported poultry products as a means of protecting domestic poultry producers. In 2018, the United States exported \$44.9 million in poultry to Ghana. In addition, beef consumption is growing and while pork demand remains low, there is growing interest. Global beef imports jumped from \$49 million to \$54 million between 2017 to 2018, and the United States contributed \$437,000 of that value, leaving room for increased exports.

**Notable Mentions:** Wheat demand has grown steadily, though producers will face established competition from Canada and Russia. The United States remains the third-largest supplier of ethanol at \$5.5 million in 2018, behind India and Canada. That is almost 300 times more than in 2014, when U.S. ethanol exports to Ghana totaled \$19,000. Tree nut imports are also increasing, but the United States remains a distant second behind the largest supplier Côte d’Ivoire. However, from 2014 to 2018, the import market increased from \$191,000 to \$5.6 million.

## Nigeria

Nigeria is Africa’s most populous country accounting for more than half of West Africa’s population. As Africa’s largest oil and gas exporter, the country relies heavily on oil as its primary source of international revenue. In 2018, Nigeria was Africa’s largest economy. Between 2006 and 2016, Nigeria’s GDP grew at an average annual rate of 5.7 percent. In 2018, Nigeria’s real GDP growth was 1.9 percent, and its real GDP growth is forecasted to stay above 2 percent in 2019. This constrained growth stems from reduced consumer demand and relatively high inflation, due largely to uncertainties from the nation’s elections, which limited business activities. In 2018, U.S. agricultural and agricultural related exports to Nigeria totaled \$354 million. U.S. market share was 8 percent of the \$4.6 billion of agricultural and related products that Nigeria imported from the world.

There are several challenges exporters face when doing business in Nigeria. Since 2005, Nigeria has maintained import bans on several agricultural products from all countries, including beef, pork, and poultry. In addition, in 2015 the Central Bank of Nigeria (CBN) identified 41 products for which no foreign currency will be issued, including rice, processed meat products, tomato products, vegetables, and vegetable oils. In August 2019, the CBN announced it is considering adding new products to the list of items ineligible for foreign exchange. Despite these challenges, export opportunities to Nigeria are still promising as increased urbanization and a rising middle class lead to greater demand for imported foods. The country’s growing population and middle class are steadily changing consumption patterns from traditional, in-home and time-consuming meals, to favoring more convenient foods served in chain and fast food restaurants.

<b>Top U.S. Agricultural and Related Product Exports to Nigeria</b>						
<b>Product</b>	<b>Value (Million USD)</b>					<b>U.S. Market Share 2018</b>
	<b>2014</b>	<b>2015</b>	<b>2016</b>	<b>2017</b>	<b>2018</b>	
Wheat	699.1	524.3	265.0	372.2	193.3	18%
Ethanol	36.6	10.9	34.4	46.3	33.0	48%
Food Preps. & Misc. Bev	19.5	15.8	13.9	13.8	22	6%
Soybeans	0.0	15.2	0.0	0.0	15.5	>99%
Wine	21.2	24.3	3.8	3.9	14.9	20%
Corn	7.0	0.0	26.1	32.8	13.3	63%
<b>Total U.S. Exports</b>	<b>888.7</b>	<b>694.9</b>	<b>404.5</b>	<b>552.9</b>	<b>353.7</b>	<b>8%</b>

*Source: U.S. Census Bureau Trade Data, BICO HS-6; Trade Data Monitor LLC, BICO HS-6 for market share*

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**Ethanol:** The United States accounts for nearly 48 percent of Nigeria's ethanol imports. Nigeria is the 15<sup>th</sup> largest market for the United States, which also supplied 98 percent of Nigeria's denatured ethanol market in 2018. Nigeria does produce industrial use ethanol, mainly from cassava, but domestic production is insufficient. Nigeria is very reliant on imported gasoline, mostly from the EU. As the auto fleet expands and demand for clean fuel increases, the market for U.S. ethanol is expected to grow.

**Wheat:** Wheat is the United States' largest export to Nigeria, with over \$193 million in 2018, accounting for 55 percent of total U.S. agricultural and agricultural related exports to the country. Prior to 2018, the United States was Nigeria's top wheat exporter. Then in 2018, Russia and Canada expanded their market presence by offering lower priced wheat and were able to export more wheat to Nigeria than the United States. The United States ended the year with an 18-percent market share for wheat, while Russia and Canada accounted for 39 percent and 21 percent, respectively. Competition is likely to remain fierce in this market, but the United States may benefit from additional trade to Nigeria during years when the weather hampers wheat production in competing countries.

**Wine:** Due to unfavorable economic conditions in Nigeria, wine demand and sales declined from 2015 through 2017. The United States exported \$14.9 million of wine in 2018, a 30-percent decrease from 2014 and Nigeria's overall wine imports in 2018 totaled \$76 million, a 31-percent decrease from 2014. However, Euromonitor forecasts increased wine consumption in the country in coming years. In 2018, wine consumption in Nigeria increased 6 percent and wine is expected to perform well in the 2019-2023 period thanks to rising urbanization, middle class expansion, and more people in professional employment, especially women. Top U.S. competitors in Nigeria's wine market are the EU, South Africa, and Chile, with the United States ranking second after the EU.

## Senegal

Senegal is one of the strongest economies in West Africa, with an annual GDP growth rate exceeding 6 percent over the last three years. Senegal imports approximately 70 percent of its food. Population growth, urbanization, and evolving diets have led to increased and diversified food imports. Although representing about 10 percent of the population, a growing middle- to upper-class is slowly changing its buying habits and food preferences, which is leading to increased demand for high-value imported foods. Senegalese consumer perception of U.S. food quality is very positive. On average, Senegalese consumers currently spend 58 percent of their disposable income on food and beverages.

Senegal imported \$1.7 billion of agricultural and related products in 2018. U.S. agricultural and related exports to Senegal in last year totaled \$12.2 million, a 44 percent decrease from 2014, a year of extremely high commodity prices. Major U.S. exports were soybean oil, prepared food,

and feed and fodder (feed supplements). Top U.S. competitors in the Senegalese market are the EU, India, and China. Since 2005, Senegal has implemented a ban on imports of uncooked poultry and poultry product. Senegal imported around \$1.1 million of cooked/processed poultry and poultry products (excluding eggs) in 2018, none from the United States. Likewise, Senegal has not approved imports of genetically engineered (GE) products or foods derived from GE commodities, which means no GE commodities or derived foods can currently be imported.

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**Soybean Oil:** Soybean oil accounted for 64 percent of U.S. agricultural and related exports to Senegal in 2018. The United States exported \$7.3 million of soybean oil in 2018, an 84-percent increase from 2014. The United States was the largest exporter of soybean oil in the \$8 million Senegalese soybean oil market in 2018. U.S. competitors are Morocco and the EU. Palm oil is a cheaper alternative to soybean oil for Senegalese consumers and the country imported \$126 million of palm oil in 2018.

**Feeds and Fodders:** Feed supplements was one of the largest U.S. product group exports to Senegal in 2018. The United States exported \$883,000 of feed supplements to Senegal in 2018, which was a 2400-percent increase from 2014. However, that only covered 6 percent of Senegal's \$15.7 million feed supplements import market. The United States was absent from the Senegalese feeds supplement market in 2015 and 2016. Top U.S. competitors in the market are the EU and Côte d'Ivoire.

**Fresh Vegetables:** Senegal imports many fresh vegetables such as onions, shallots, potatoes, garlic, carrots, and turnips. Senegal imported roughly \$118 million of fresh vegetables in 2018. Onions, shallots, leeks, and garlic alone accounted for \$87 million. There was an 80 percent increase of onion and shallots imports from 2014 to 2018. The EU, China, and Morocco are the largest competitors in the Senegalese fresh vegetable market.

**Beef and Beef Products:** The Senegalese enjoy beef as a source of protein, and it ranks as their second-largest protein source after fish. Senegal imported \$18 million of beef in 2018. U.S. beef is generally more expensive than the competition making it difficult to compete in this price sensitive market. India is the largest competitor, supplying 57 percent of Senegal's beef imports. Some restaurants and hotels catering to middle- and upper-income level consumers however have shown great interest in buying U.S. beef.

## **Côte d'Ivoire**

Beginning in 2000, Côte d'Ivoire experienced various complications within its political system and economic institutions. These challenges spanned a decade and after a period of civil unrest, Côte d'Ivoire once again began to stabilize with the help of substantial foreign investment and loans from international agencies. In 2018, Côte d'Ivoire boasted a strong 7.8 percent real GDP growth rate, following several years of consistent expansion. The country also experienced

increased productivity, household consumption, and real income. In part, this progress stems from a young, burgeoning population, of which 59.5 percent are under the age of 25. Still in its early development stages, Côte d'Ivoire depends heavily on its agricultural sector for food production and economic growth. This sector provides 20.1 percent of the country's GDP and employs 64.3 percent of the population. However, this segment is deeply reliant on certain exports, especially cocoa beans. As the world's largest supplier of cocoa beans, Côte d'Ivoire is extremely vulnerable to international price volatility, along with having the fluctuating CFA Franc as its currency.

Côte d'Ivoire imported \$1.9 billion of agricultural goods last year, with the EU, China, India, and Thailand as its largest suppliers. The United States is established in multiple commodity markets in Côte d'Ivoire. In 2018, the United States exported, \$10.1 million in rice to the country, along with \$8.69 million in condiments and sauces, and \$1.44 million in processed vegetables. Côte d'Ivoire currently restricts trade of GE products and a working group to examine biosafety of these products is looking to establish regulations and improve inspection standards.

## **Key Agricultural Trade Prospects**

**Dairy Products:** Côte d'Ivoire dairy product imports rose significantly over the past decade. The country bought \$361,500 in U.S. dairy products in 2018, compared to only \$109,000 in 2014. The United States mainly competes with New Zealand and the EU, namely France, the Netherlands, and the United Kingdom. In terms of specific dairy products, U.S. exporters should pay special attention to butter, formula milk, milk powders, buttermilk, and cheese. From 2014 to 2018, total butter imports doubled from \$2.8 million to \$4.7 million.

**Fresh Fruits and Vegetables:** The United States has no significant history of fresh fruit and vegetable exports to Côte d'Ivoire. However, demand has risen tremendously over the past few years and fresh fruit imports doubled over the last decade. The country's appetite has especially increased for apples, grapes, and citrus. Likewise, between 2014 and 2018 the fresh vegetable market expanded from \$28 million to nearly \$50 million. Côte d'Ivoire's demand rose for fresh vegetables like carrots, turnips, garlic, onions, and shallots.

**Poultry and Eggs:** Rising disposable incomes in Côte d'Ivoire is allowing consumers to demand more protein-rich foods, as seen in Ghana. However, unlike Ghana, consumers in Côte d'Ivoire have preferences for all meat products, including poultry. Poultry is the fastest growing opportunity for U.S. exporters. Within the last decade, the market for poultry products has tripled. Consumers desire frozen poultry cuts, which grew exponentially from thousand-dollar to million-dollar values during this period. Following the same trend, egg and egg product imports from the world reached \$9.74 million in 2018, up from \$2.5 million in 2014.

**Alcoholic Beverages:** Côte d'Ivoire's market for alcoholic beverages is steadily expanding. Wine imports totaled nearly \$51 million in 2018, and another \$13 million in malt beer imports, with the EU as the leading supplier. Distilled spirit imports also increased between 2014 to 2018,

from approximately \$7 million to \$21.8 million. Consumers seem largely inclined to liqueurs and whiskeys. The United States did not contribute to the wine and beer market over the last two years and only exported \$8,500 of distilled spirits in 2018. Still, demand for Western spirits and other alcoholic drinks appears favorable for new exporters thanks to increases in disposable household income. In addition, the presence of U.S. products in Côte d'Ivoire's alcoholic beverage sector is likely underestimated due to transshipments from European countries.

**Tree Nuts:** Though not advancing at the same million-dollar rate as the aforementioned commodities, tree nuts are worth noting. Côte d'Ivoire imported \$450,000 in 2018, up from approximately \$243,000 in 2014. Of that 2018 value, U.S. producers supplied \$241,000. This is especially important since the United States did not export tree nut products to Côte d'Ivoire over the preceding decade. Producers should especially explore opportunities exporting almonds.

## **The Gambia**

Surrounded by Senegal, the relatively small country of The Gambia hosts a population of 2.1 million people. Under the Barrow administration, The Gambia restructured its political and economic systems following several decades of unpredictable authoritarianism. Like the other four countries, The Gambia depends on the agricultural sector for much of its income. Agriculture provides 20.4 percent of GDP and 75 percent of employment. Even so, the economy has grown steadily and reached 6.6 percent real GDP growth in 2018, primarily driven by private consumption and agricultural exports.

Though an agriculturally-driven economy, The Gambia continues to import high levels of agriculture-related goods and offers several areas for increased sales. Last year, the United States supplied \$20.2 million out of the \$390.8 million in agricultural and related products imported by The Gambia. According to Government of The Gambia data, tourism is the fastest growing sector, representing 8-9 percent of GDP.

## **Key Agricultural Trade Prospects**

**Poultry Meat and Products (excluding eggs):** The Gambia imported \$24.7 million of poultry meat in 2018, an increase of \$8 million from 2014. The United States accounted for \$11.6 million of the country's poultry meat imports last year. Since 2014, the United States increased its poultry exports by 62 percent and is now the top supplier of poultry meat and products in The Gambia. Ukraine and Brazil are the United States' top competitors.

**Condiments and Sauces:** Condiments and sauces is one of The Gambia's top import product groups. The Gambia imported nearly \$19.5 million of condiments and sauces in 2018. The United States was the second top exporter at \$7.9 million in 2018, with mayonnaise accounting for \$7.6 million of the exports. The EU exported \$9.6 million in 2018 and is the United States' top competitor in The Gambian market.

## Free Trade Agreements and the Future of Trade in the Region

These five countries are signatories to many free trade agreements. All five signed the Economic Community of West African States (ECOWAS), which has the goal of increasing regional economic integration among the 15 countries in the region. Other ECOWAS member states include: Benin, Burkina Faso, Cabo Verde, Guinea, Guinea-Bissau, Liberia, Mali, Niger, Sierra Leone, and Togo. Likewise, Senegal and Côte d'Ivoire have ties to the analogous, but smaller, West African Economic and Monetary Union (WAEMU). The eight states in this monetary union use the CFA Franc. Internationally, Nigeria and Ghana are also a part of the Global System of Trade Preferences among Developing Countries, whose preferential trade among developing economies reaches beyond Africa.

The United States has formal agreements with most of these partnerships, particularly the Trade and Investment Framework Agreement (TIFA) with ECOWAS and a TIFA with the WAEMU. The United States also established the African Growth and Opportunity Act in 2000, which promotes development investment and free trade across the continent. Each country has similar preferential trade agreements with other nations, most notably with the EU.

In addition, in 2018 the U.S. Government announced Prosper Africa, a new initiative with the goal of substantially increasing two-way trade and investment between the United States and Africa. This initiative brings together more than 15 U.S. Government Departments and Agencies who are working towards opening new business opportunities in Africa to benefit companies, investors, and workers in both Africa and the United States. USDA's Foreign Agricultural Service is taking an active role in the Prosper Africa initiative helping increase opportunities for U.S. agriculture and agricultural-related businesses to Africa.

Through these various trade agreements, the Prosper Africa initiative, and the documented trade history, the United States has a well-established rapport with the West African region and an opportunity to strengthen these relationships through expanded agricultural trade. With increases in disposable income and growing middle classes, these countries are expressing more interest in high-quality U.S. food and farm products. Their geographic location also provides a major commercial hub in West Africa. Of course, challenges and trade barriers do exist in the region, including bans on poultry products and restrictions on GE products. Despite these challenges, continuing to build relationships with these western African countries will help the United States better compete in their markets and potentially pave the way for increasing U.S. agricultural exports to other African regions.

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Market share and global sales information is from Trade Data Monitor, LLC unless otherwise indicated.