Africa's Market Overview for Food and Agro-based Products

Email: Brooke@wusata.org
Web: www.wusata.org
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Africa Representative Office: Zurcom International
Director: Richard Zurba
Tel: +27 12 993 0352
E-mail: smhaka@zurcom.net Website: www.zurcom.net

Executive Summary

The demand for imported foods in Africa has been increasing due to increasing income, changing lifestyles, urbanization and limited domestic production. The largest import share of food products by Sub-Saharan Africa (SSA) is from the European Union and Central Asia countries, Brazil, United States of America (US). The proportion of food imports from the world to SSA has been on an upward trend.

The potential market for the region's five economic trade regions namely ECOWAS, SADC, EAC, Maghreb, ECCAS and COMESA market was discussed in this report guided by secondary data from the COMESA, Trade maps and the WITS databases. Each market has its own unique and different characteristics that should be considered when developing a market entry strategy. The key highlights for each region are as below;

- **Economic Community of West African States (ECOWAS):** Nigeria is a member state of the ECOWAS region and has the largest economy in Africa. The country imports a wide range of food products from the US. In 2021, the region imported food and agro-based products worth $5.9 billion from the US. The region as a whole has a huge population which is projected to continue to grow. This, therefore, presents an opportunity for WUSATA food producers and exporters to meet the increasing demand for food.
- **Southern African Development Community (SADC)**: In SADC, South Africa also has one of the largest economies in Africa. In 2021, the region imported processed food products and agro-based products worth about $8.8 billion from the US. Both SADC and ECOWAS represent large and growing markets for processed food and agro-based products.
- **Eastern African Community (EAC)**: Between 2019 and 2021, the market for processed food and agro-based products has been growing in the EAC region. The region has an estimated population size of 195 million which also presents a significant market potential.
- **The Arab Maghreb Union (UMA)/(Maghreb):** Despite the region's small size, it has been registering a growing demand for imported and processed products. The region could be a potentially lucrative market for US food exporters. However, approaching the region with a comprehensive understanding of the local market and regulatory landscape is paramount.
- **Common Market for Eastern and Southern Africa (COMESA) and Other:** The COMESA and other regions included Djibouti, Egypt, Eritrea, Ethiopia and Somalia. From the mirror data available on the region's import of processed food of agro-based products, there is a growing trend. The countries therefore also present another market opportunity for WUSATA food exporters.
- **Economic Community of Central African State (ECCAS):** Using the total value of processed food and agro-based products from the US as a proxy for demand, the region has the lowest demand in comparison to other regions. Furthermore, the demand has been declining in the past three years.

There are potential markets that the WUSATA food producers and exporters can explore in every region of the African continent. Though there are trade agreements in the region that have been operationalized to promote intra-regional trade, there are still vast opportunities for imported food products in Africa as evidenced by the huge bill on food imports. In 2020, the Sub-Saharan region spent an estimated total of $40 billion on food imports from the rest of the world. Moreover, except for the ECCAS region, each region spent at least $1 billion on processed food and agro-based products from the US alone.

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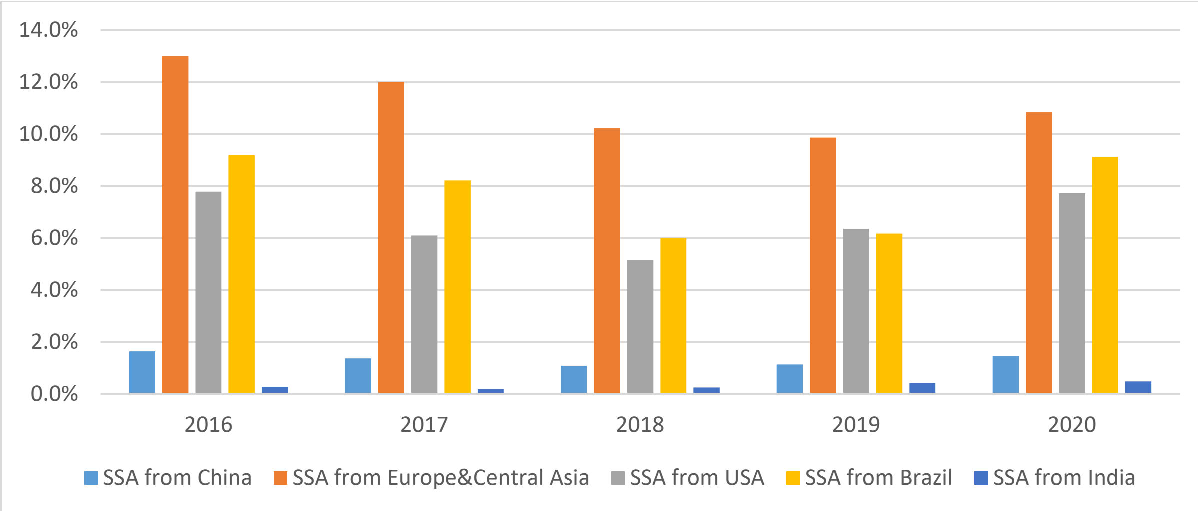
Agriculture Market Overview

Supply- Chain in Africa

The agricultural market in Africa is currently experiencing significant changes driven by various trends shaping the sector resulting in changes in the demand and supply of food. From the supply side, among other challenges, climate change is resulting in unpredictable weather patterns, reduced crop yields and increased pests and disease outbreaks. About a third of the world's droughts are reported to be occurring in Africa. In the 2021/2022 cropping season, the entire Sub-Saharan continent experienced reduced maize and wheat yields which are the staple crops for the Sub- Saharan continent (Omarjee, 2022). Climate change has been reported to be causing induced pest dispersal across the continent. In 2022, the largest locust invasion was experienced in the Eastern Cape province of South Africa causing a loss of approximately 19 305m^2 of grazing land and in 2020 East Africa also experienced a locust invasion causing approximately 356 286mt of cereal in Ethiopia. On the other hand, South Africa has been experiencing ongoing power outages which have seriously disrupted farming operations, especially the activities that depend on the power supply. The power outages have resulted in financial losses due to losses in production, machinery damages and disrupting the cold chain for vegetables, meat and other perishable products. Between January 2022 and September 2022, the entire agriculture sector of South Africa registered a loss of about $1,2 billion due to crop failure and reduced productivity and the losses are projected to increase (Sihlobo, 2023).

Drivers for Demand

From the demand side, domestic production in Africa is not meeting the domestic demand following the various challenges that have been confronting the sector. The latest figures show that the Sub-Saharan region imported food products and vegetables aggregately valued at $40 billion in 2020 (Trademap, 2023). Along with the rest of the world, the preferences of consumers in Africa have been shifting. As income rises and lifestyles change, consumers increasingly seek out a wider variety of food products including imported foods that may be deemed as exotic and of higher quality than locally produced food. The bulk of the young population in Africa is migrating to urban areas causing the rapid growth of urban areas. Since 1990 to date the number of cities in Africa has doubled from 3300 to 7600 (AFDB, 2022). Urbanisation is therefore contributing to increasing the demand for processed and convenience foods which are often imported. In 2021, the total processed food products that Africa imported from the rest of the world were valued at about $621 billion (Trade maps, 2023). According to the Comtrade database, the top 10 countries that import food products to Africa include China, the European Union and Central Asia, the United States of America (US), Brazil, India, Thailand, Argentina, Malaysia, Indonesia and Turkey. The proportion of food imports from the world to the Sub-Saharan African (SSA) region has been showing a general increasing trend. The figure shows the total share of food imports by Sub-Saharan countries as a proportion of the total imports.



Source: Comtrade, 2023

Figure 1: Proportion of food imports by the Sub-Sahara African region

The largest import share for food products by SSA is from the countries under the European Union and Central Asia countries because this is a group of countries. The two countries that export the most food to Africa are Brazil and the United States of America (US), as shown in the figure above. The import share of food products from the US has been steadily increasing. Brazil imports more food products than the US due to its proximity to Africa making transport and logistics relatively cheaper than China.

Though China is Africa's largest trading partner for all goods, it is lagging behind the US when it comes to food products. According to the latest figures, China's market share for food in SSA is about 1.5% whereas the US' market share is about 7.7% (WITS, 2023). African consumers might perceive food from the US as of higher quality and safety than those from China. China has higher food fraud food incidences than the US and has limited coverage for processed foods than the US. Moreover, in 2021 China applied for a loan to improve food safety from the World Bank whilst the US invested more than $4 Billion more to improve safety. This implies that China is still relatively behind with quality and safety standards in comparison to the US (Food Safety, 2022). African consumers are also more familiar with certain food types that are produced in the US such as wheat, soybeans and poultry than in China. Moreover, just 500 000 Sub-Saharan immigrants reside in China, compared to an estimated 2.1 million in the US (Migration Policy Institute, 2022). African food preferences are therefore more inclined towards the American (US) diet than the Chinese diet as migrants are agents of change in dietary patterns and the formation of social and cultural ties. This suggests that the US can continue to maximize the market share it has for food products in Africa over China.

Nigeria, Angola, the Democratic Republic of the Congo, and Somalia account for the majority of the SSA's net agricultural import position, according to Fox and Jayne (2020). The top five food-importing countries in Africa include; Nigeria, Egypt, South Africa, Algeria and Morocco. The products that are imported by the countries in significant proportion are as follows;

- **Nigeria**:   wheat, rice and sugar,
- **South Africa**: wheat, rice and poultry;
- **Egypt**: wheat, oils and meat products;

- **Algeria**: wheat, dairy products and sugar
- **Morocco**: wheat, vegetable oils and sugar (Comtrade, 2023)

Therefore, the most commonly imported commodities in Africa are meat, dairy products, vegetable oils, wheat and rice but there are also a wide variety of food products that are imported both processed and unprocessed by African countries. The products volume of the products varies from country to country and region to region.

Market Size

Regional Economic Organizations

There are about 8 main economic trade regions in Africa COMESA, SADC, ECOWAS, ECA, ECCAS, the Intergovernmental Authority on Development (IGAD), Community of Sahel-Sahara States (CEN-SAD) and the Maghreb also known as the UMA. Some countries are members of more than one economic trade region and for this reason, this report has only focused on the COMESA, SADC, ECOWAS, ECA, ECCAS and Maghreb regions. The figure below gives a representation of the economic bodies.

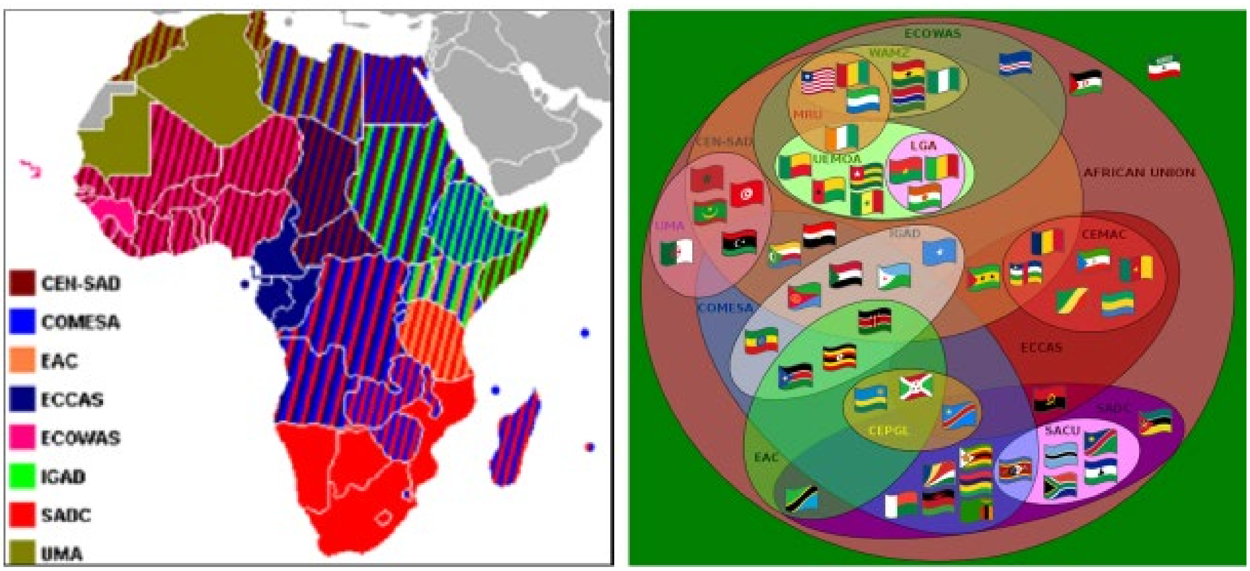
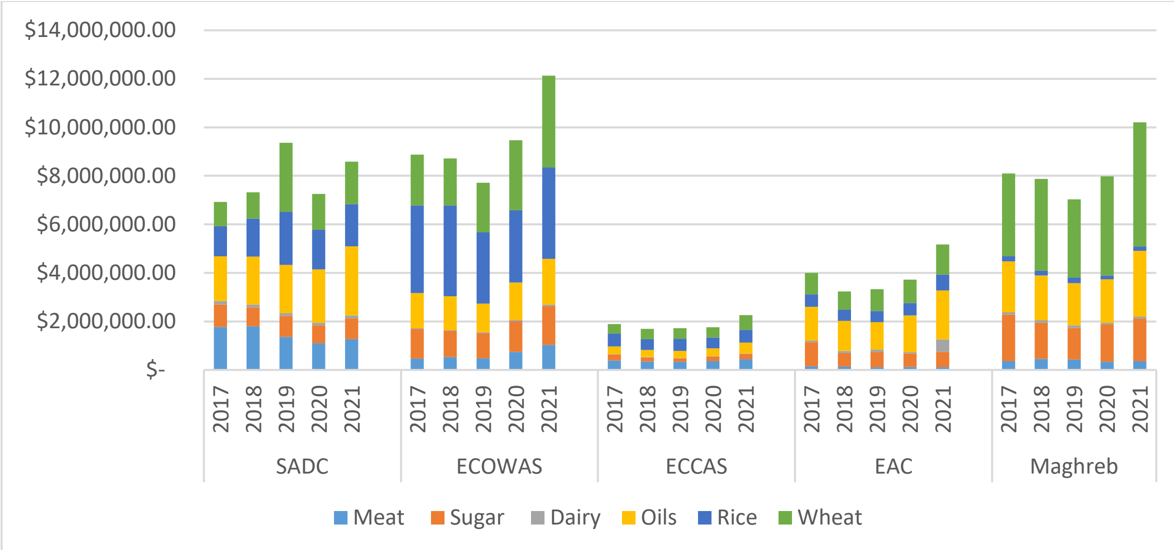


Figure 2: Economic Trade Regions

Considering the five common commodities, the figure below shows the total food imports from the rest of the world by five regional economic organizations in Africa in the past five years using the total value of the products imported.



Source: Trademap, 2023

Figure 3: Value of food imports by region

Using the total value of the food imports, the ECOWAS region imported the most food products from the world as shown in the figure above. The SADC region also imports a significant volume of food products from the world with the main products being wheat, rice, oils and meat and meat products. The Maghreb region also imports a substantial volume of wheat, oils and sugar from the rest of the world. Both the EAC and ECCAS regions import relatively lower quantities of the selected commodities (meat, sugar, dairy, oils, rice and wheat) than the other regions. The ECCAS region's main imported product is wheat followed by meat. The EAC region largely imports wheat, oils and sugar. The section below further explores the expenditure of the different regions in food and agro-based products from the US.

Economic Community of West African States (ECOWAS)

The commodities mostly imported by ECOWAS are meat products, followed by wheat and oils. The ECOWAS region has 15 member states which include Benin, Burkina Faso, Ghana, Guinea, Guinea Bissau, Liberia, Mali, Niger, Nigeria, Senegal, Sierra Leone, Togo, Gambia, Cape Verde and Cote d'Ivoire. As shown in Table 1 below, the region imported processed food and agro-based products with an estimated value of $5.9 billion from the US. The estimated population of the ECOWAS region is about 434 million. Using the population size as a proxy for the magnitude of the market, the ECOWAS region has the largest market potential in Africa.

Table 1: Processed Food and agro-products imports value per region

Region	Member States	Population	Total value 2019	Total Value 2020	Total Value 2021
ECOWAS	Benin, Burkina Faso, Ghana, Guinea, Guinea Bissau, Liberia, Mali, Niger, Nigeria, Senegal, Sierra Leone, Togo, Gambia, Cape Verde and Cote d'Ivoire	433.5million	$7.4 Billion	$7.3 billion	$5.9 billion
SADC[1]	Angola, Botswana, Comoros, Eswatini, Lesotho, Madagascar, Malawi, Mauritius, Mozambique, Namibia, Seychelles, South Africa, Zambia, Zimbabwe	213.8million	$7.4 billion	$5.8 billion	$8.1 billion
ECCAS[2]	Chad, Central Africa Republic, Cameroon, DRCongo, Equatorial Guinea, Gabon, Sao Tome and Principe, Republic of the Congo, Rwanda	145.1million	$2.9 billion	$1.9 billion	$961.5million
EAC[3]	Kenya, Uganda, Rwanda, Tanzania, South Sudan, Burundi	$194 million	$1.1 billion	$1 billion	$1.3 billion
Maghreb	Algeria, Libya, Mauritania, Morocco, Tunisia	102 million	$6 billion	$4.4 billion	$5.5 billion
COMESA [4]&Other	Djibouti, Egypt, Eritrea, Ethiopia, Somalia	240 million	$6.2 billion	$4.8 billion	$6.3 billion

Sources: Trade map; World Population review; ISS; Statista

[1] SADC- DRCongo and Tanzania are also part of ECCAS (DRCongo) and EAC (Tanzania) therefore excluded from the SADC group of countries.
[2] ECCAS- Angola, Burundi and Rwanda are also member states for SADC(Angola)and EAC (Burundi and Rwanda) hence excluded from the ECCAS group of countries.
[3] EAC- The DR Congo is also a member state of the EAC and ECCAS so it was excluded from the EAC group of countries.
[4] COMESA and Other- COMESA has 21 member states but only the states which were not represented in any of the regional economic organizations were included. However, Somalia is not part of the COMESA.

Southern African Development Community (SADC)

The SADC region has 16 member states which include Angola, Botswana, Comoros, DRCongo, Eswatini, Lesotho, Madagascar, Malawi, Mauritius, Mozambique, Namibia, Seychelles, South Africa, Tanzania, Zambia and Zimbabwe. With the exception of Tanzania and the DRCongo, the region has an estimated population of 213, 881 million as shown in Table 1 above. The latest statistic shows that the region spent approximately $8 billion on processed food and agro-based products in 2021. In total, the region spent about $2.1 billion more than the ECOWAS region though it has a relatively smaller population size. Considering the total value of processed food imports and agro-based products, the region represents the largest market in the region. Moreover, the value of imports by the region has been generally increasing, it rose from $7.4 billion in 2019 to $ 8.08 billion in 2021 which is about a 7.9% increase *ceteris paribus*. This, therefore suggests that the SADC market is a growing market with potential extensive market opportunities.

Economic Community of Central African States (ECCAS)

The ECCAS region has 11 member states which include, Angola, Burundi, Cameroon, Central Africa Republic, Chad, DRCongo, Equatorial Guinea, Gabon, Republic of the Congo, Rwanda and Sao Tome and Principe. The population size for the ECCAS is approximately 200,818 million and 145,118 million excluding Rwanda and Angola. In 2021, the region spent approximately

$961,477 million on processed food and agro-based products in the region. Over the past three years, the total value of imports for processed food and agro-based products has been declining as shown in Table 1 above.

East African Community (EAC)

The EAC region has eight member states which include Kenya, Uganda, Rwanda, Tanzania, DRCongo, South Sudan and Burundi. The region has an estimated population size of 194,839 million excluding the DRCongo. The region spent approximately $1.3 billion in processed foods and agro-based products by the US. The regions spending on food imports by the US has been increasing in the past three years as shown in Table 1. In 2019, the region spent $1.15 billion and $ 1.32 billion on 2021 representing an 18.7% increase. Although relatively small in size, the EAC is a promising market for processed food and agro-based products for the US export market.

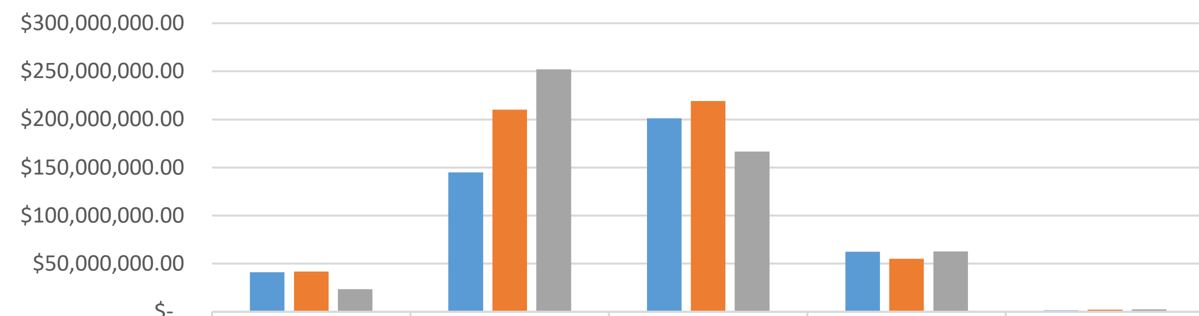
The Arab Maghreb (Maghreb)

The Maghreb region has five member states which include Algeria, Libya, Mauritania, Morocco and Tunisia. The region is popular for its different and cultural differences that may affect trade. It has an estimated population size of about 102, 49 million. The region imported processed food and agro-based products from the US with an estimated value of $5.4 billion. Although small in population size, the region is importing more products than the EAC and the ECCAS region. The Maghreb region therefore another promising market for the US processed food products and agro-based products.

Common Market for Eastern and Southern Africa (COMESA) and Other

The COMESA region has 21 member states which include Burundi, Comoros, DRCongo, Djibouti, Egypt, Eritrea, Ethiopia, Kenya, Libya, Madagascar, Malawi, Mauritius, Rwanda, Libya, Tunisia, Seychelles, Sudan, Eswatini, Uganda, Zambia Zimbabwe. By only including, Djibouti, Egypt, Eritrea and Ethiopia which are not represented by any other regional economic organizations discussed above as well as Somalia, the population size is about 240,3 million. It is reported that the total value of processed food and agro-based products that could have been imported by the US is about $ 6.3 billion. The $6.3 billion does include Djibouti and Eritrea for the data for the past three years has not been reported. There is potential demand for US processed food by considering the expenditure of Egypt, Ethiopia and Somalia.

To provide some more insights on the food and agro-based products shown in Table 1, figure 1 below shows the total value of some selected products from the list imported across Africa.



	Seafood	Fruits	Beverages	Wood & Articles	Spices
2019	$41,021,000.00	$144,952,000.00	$201,218,000.00	$62,322,000.00	$1,531,000.00
2020	$41,956,000.00	$210,145,000.00	$218,987,000.00	$55,116,000.00	$2,346,000.00
2021	$23,449,000.00	$252,119,000.00	$166,536,000.00	$62,873,000.00	$2,493,000.00

Source: Trademap, 2023

Figure 4: Total value from the US by Africa

From figure 4 above, it is apparent that Africa has been importing substantial volumes of fruits and beverages from the US with the continent spending at least $ 150 million on the imports of both products. Even during the covid-19 pandemic hard lockdown, fruit imports remained increasing. In 2021, the US exported $ 252 million worth of fruits to Africa. And $166 million on beverages. Though relatively small, the continent has been gradually providing a market for US spices. Between 2019 and 2021, the total value of spices that were imported by the US increased from $1.5 million to $2.5 million which is about a 67% increase. The African continent also imports wood and articles of wood and wood charcoal from the US. From figure 4 above, the market for wood and articles of wood and wood charcoal, in Africa has been growing.

Phytosanitary Requirements

The phytosanitary requirements and regulations vary from country to country. However, there are some requirements that are common in every country.

i. Phytosanitary certificates: Importers are generally required to obtain phytosanitary certificates from the exporting countries which show that the products have been inspected and are free from pests and diseases.
ii. Pest risk assessments: Importers are expected to conduct a pest and risk assessment which evaluates the likelihood that pests or diseases can be introduced through the importation of the products
iii. Packaging and labelling requirements: There may be specifications for packaging and labelling of products.
iv. Inspection requirements: Imported products may be subject to inspection by certified laboratories and phytosanitary officials to ensure that they need the necessary requirements.

The table below provides the links for regulation in the top food-importing countries in the Africa. The countries in the table are South Africa (SADC), Nigeria (ECOWAS), Kenya (EAC), DR Congo (ECCAS) and Egypt (COMESA and other regions.

Table 2: Import Regulations

Region	Country	Link
SADC	South Africa	Customs, import and export regulations of South Africa | InterGest
ECOWAS	Nigeria	Food Import & Exports – NAFDAC
EAC	Kenya	InfoTradeKenya
ECCAS	DR Congo	CONGO (Rep Democratic of) Datasheet EN Rev 23_Draft (bureauveritas.com)
COMESA and Other	Egypt	www.intertek.com/WorkArea/DownloadAsset.aspx?id=34359820505
N.B: The USDA also has import requirements and regulations on their website; **Home | USDA Foreign Agricultural Service**		

Trade Shows

This section shows some of the Food and Beverage Trade shows in Africa in 2023. The is not exhaustive, but will be updated on a monthly basis.

East Africa Food Park Pro	**Date:** 26-28 April, 2023 **Venue**: Sarit Expo Centre, Nairobi, Kenya **Website:** www.10times.com/kenya-food-expo

Africa Food Manufacturing	**Date:** 28-30 May, 2023 **Venue**: Egypt International Exhibition Centre, Cairo, Egypt **Website:** www.10times.com/afro-packing

East Africa Bakery and Pastry Expo	**Date:** 28-30 June, 2023 **Venue**: Sarit Centre Westland, Nairobi, Kenya **Website:** www.foodfocus.co.za

The Plant Powdered Show	**Date:** 4- 6 August, 2023 **Venue:** Kyalami Grand Prix Circuit, Midrand, South Africa **Website:** www.plantpoweredshow.com

Foodpro Expo	**Date**: 24-26 October, 2023 **Venue:** Cape Town International Convention Centre, Cape Town, South Africa **Website**: www.10times.com/foodpro-expo-cape-town

Food-Beverages &Kitchen East Africa	**Date:** 27-29 October, 2023 **Venue**: Sarit Expo Centre, Nairobi, Kenya **Website:** www.10times.com/hostex-gauteng-johannesburg

Food Beverages &Kitchen East Africa	**Date:** 27-29 October, 2023 **Venue**: Sarit Expo Centre, Nairobi , Kenya **Email**: info@mxmexhibition.com **Contact:** +971 150 8874 723/ +9714 454 9868

Agrena Middle East	**Date:** 12-14 October, 2023 **Venue**: Egypt International Exhibition Center, Cairo, Egypt **Website:** www.10times.com/agrena-middleeast-northafrica

Agrofood West Africa	**Date:** 21-23 November, 2023

	Venue: Accra, Ghana **Website:** www.10times.com/events?kw=ghana

Food Africa	**Date**: 12-14 December, 2023 **Venue:** Egypt International Exhibition Center, Cairo Egypt **Email**: info@ifpegypt.com **Contact**: +20 2 2528 3101 / +49 211 4560 417 **Website**: www.Foodafrica-expo.com

Conclusion

The demand for US food products in Africa is influenced by a number of variables which *inter alia* includes changing dietary patterns, increasing demand for imported products and insufficient domestic supply to meet local demand due increasing population. Over time, the US has established a reputation for having high standards for both quality and safety. African customers are expecting transparency and high-quality, safe food as global food systems and dietary habits change. Consumers in Africa seeking diverse and different foods are drawn to the broad selection of processed foods and snacks that the US offers. Because they are frequently well-marketed and promoted through a variety of means, including TV, social media, and African immigrants in the US, US food products are highly visible throughout Africa. There are therefore market opportunities for various food products in Africa that can be explored.

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