

# Seafood Packaging in The Gambia



## WHY THE GAMBIA?

Situated on the Atlantic coast and with a navigable river that flows more than 1,100km inland, The Gambia is the ideal entry and exit point for West Africa and the Economic Community Of West African States (ECOWAS).

This document outlines:

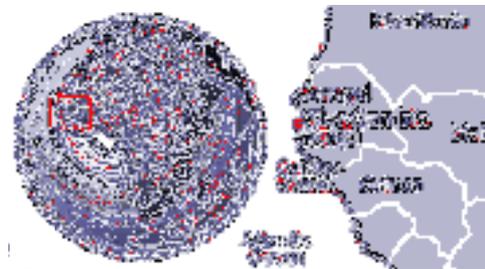
- 1. The market opportunity for investment in packaging operations**
- 2. The favourable conditions available to investors**
- 3. The support investors can expect to receive**
- 4. Project risk and sustainability factors to be considered**

The best Institutions  
quality in West Africa<sup>1</sup>

Significant demand  
and market gap for  
packaging

3<sup>rd</sup> Sub-Saharan  
country for ease of  
trade across border<sup>2</sup>

West Africa's most  
efficient labour  
market<sup>1</sup>



Source: British Foreign & Commonwealth Office website

<sup>1</sup> World Economic Forum.

<sup>2</sup> Doing Business 2015.

## ECONOMIC INDICATORS

<b>GDP<sup>4</sup></b>	US\$807mn in 2014	
<b>GDP growth<sup>4</sup></b>	1.5% in 2014	
<b>Country risk</b>	2 <sup>nd</sup> lower risk score among West African countries after Ghana	
<b>CPI Inflation (2014)<sup>4</sup></b>	5.4%	
<b>Exports / Imports value (2013)<sup>4</sup></b>	Exports: \$106mn Imports: \$350mn	
<b>Labour force (2013)<sup>3</sup></b>	774,000	
<b>FDI stock and inflows (2013)<sup>4</sup></b>	\$754mn stock / \$25mn inflows	
<b>Currency exchange Rates 2015</b>	GMD/USD: 0.0239 (S) / 0.0257 (S) GMD/GBP: 0.0162 (S) / 0.0107 (S)	
<b>Buy (B) and Sell (S)<sup>4</sup></b>	GMD/EUR: 0.0214 (S) / 0.0230 (S)	

## COMPETITIVE OPERATIONAL COSTS

The Gambia has by far the most efficient labour market in West Africa<sup>5</sup> and average daily wages are competitive when compared to major African competitors.

Labour cost unit in fisheries (US\$ per year), including social security								
	The Gambia	Egypt	Kenya	Tunisia	Morocco	South Africa	Senegal	Nigeria
<b>Unskilled</b>	1,165	2,138	2,432	3,453	5,071	4,987	1,617	5,200
<b>Semi-skilled</b>	1,747	6,632	7,056	8,192	12,377	16,006	4,248	10,400
<b>Skilled</b>	3,106	12,824	13,488	15,575	25,408	31,680	9,716	26,000
<b>Highly skilled</b>	15,530	63,720	67,020	49,927	94,291	87,246	46,637	93,668

<sup>3</sup> Gambia Bureau of Statistics (GBOS)

<sup>4</sup> UNCTAD stat.

<sup>5</sup> World Economic Forum Global Competitiveness Report 2014-15

<b>Social security rate</b>	
South Africa	1%
Kenya	5%
Nigeria	7.50%
The Gambia	10%
Morocco	20.10%
Egypt	26%
Tunisia	26.57%

The Gambia's social security rate compares reasonably well amongst its competitor locations.

Utility costs in the Gambia are higher compared to costs applied in the more developed economies. However, with the exception of electricity, Gambia's utility costs are inferior to other non-oil producer low income economies (Senegal and Kenya).

<b>Utility cost (US\$)</b>							
	The Gambia	Egypt	Kenya	Tunisia	Morocco	South Africa	Nigeria
Electricity per kWh	0.27	0.04	0.06	0.09	0.15	0.22	0.10
Telecoms per min	0.07	0.96	0.06	0.68	0.44	0.15	0.09
Water per m <sup>3</sup>	0.63	0.07	1.26	0.30	0.75	1.08	0.24
Industrial gas per m <sup>3</sup>	0.71	0.09	1.90	0.01	0.36	0.47	0.22

## SEAFOOD PACKAGING IN THE GAMBIA

- The Gambia produces a significant and diverse set of seafood products for domestic and international consumption, yet the country's export potential is untapped.
- A lack of packaging and labelling facilities is partly responsible for hindering this potential.
- The Gambia is also heavily reliant on imports of seafood products. Here, there is a limited number of suppliers and facilities to repackage bulk imports and redistribute within The Gambia and wider ECOWAS markets.
- Imported packaging can consequently represent 50% of the price of the end-product for sale.

### KEY FACTS:

- Recorded yearly average trade volumes of fish, crustaceans, molluscs<sup>6</sup>:
  - Exports 2009-2011: 2.2 thousand tonnes

<sup>6</sup> FAO , Food balance sheet statistics.

- Exports 2012-2014: 1.3 thousand tonnes
- Recorded yearly average production/captures<sup>7</sup>:
  - Production 2008-2010: 45.1 thousand tonnes
  - Production 2011-2013: 40.4 thousand tonnes
- Around 30,000 Gambians are employed in the aquaculture and fisheries sector
- Fisheries Department estimates that the sector contributed about 5% of GDP in 2014
- Artisanal activity accounted for 90% of all aquaculture and fisheries outputs in 2013-14
- J. 22nd Business Park, located at Banjul International Airport, is a fully serviced facility with 8.8 hectares

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<sup>7</sup> Gambian Bureau of Statistics.

<sup>8</sup> FAO, Food balance sheet statistics

<sup>9</sup> Gambia Bureau of Statistics (GBOS)

<sup>10</sup> UNCTAD. The fisheries sector in The Gambia: trade, value addition and social inclusiveness, with a focus on

## WHAT CAN BE PACKAGED AND LABELLED?

There is an unfulfilled need for a vast range of seafood products to be packaged and labelled in The Gambia – whether domestic products for local consumption and exports, or bulk imports for repackaging and selling in The Gambia and other ECOWAS markets.

Here are a selection of products:

Fish fillet

Fish fingers

Oyster

Shrimp

Smoked fish

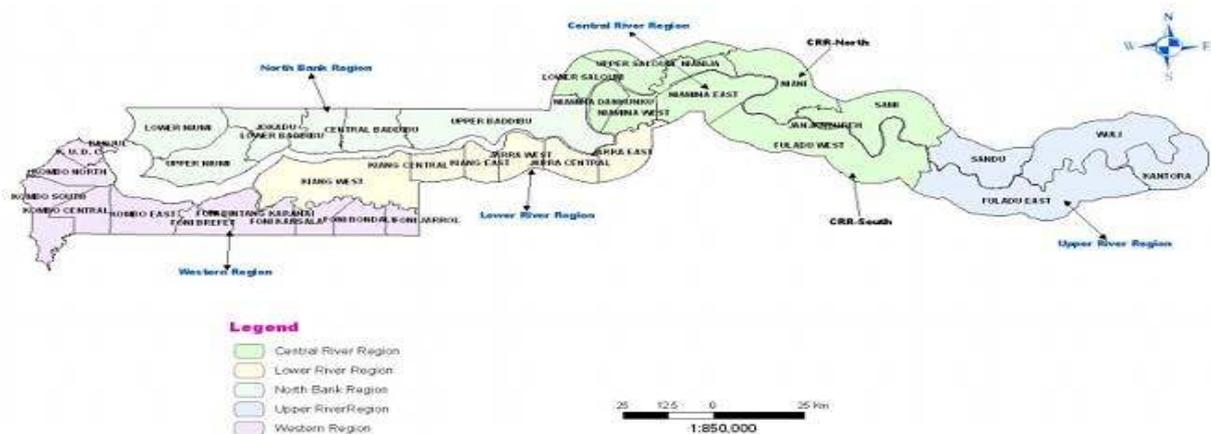
Lobster

## LOCATIONS

Boats with a draught of up to 6 metres can go as far as 300km up the River Gambia, while the north- and south-bank roads along the river ensure easy access throughout the country.

Goods can therefore easily be packaged, labelled and transported at various points throughout the country. Existing packaging operations are found in Serrekunda and the coastal region, although these are currently very limited.

Banjul Port is conveniently located at the mouth of the River Gambia, making it easily accessible to trawlers and other boats navigating the coast as well as the river and its tributaries.



## INFRASTRUCTURE

- A dedicated fisheries facility commenced operation at the port in December 2012.<sup>8</sup>
- Inauguration of the new Banjul fisheries Jetty in July 2013 (US\$14mn project).<sup>9</sup>
- Banjul port's handling capacity
  - 48 metric tonnes of bulk cargo per hour
  - 17 container moves (discharging and loading) per hour
- Banjul Airport has undergone a US\$21 million modernisation and the Government is continuing to upgrade the infrastructure.



Other new infrastructure / upgrades in development:

- The Trans-Gambia bridge (completion due 2017)
- Improved cross-border trunk roads with Senegal
- Ports Expansion Programme underway – Gambia Ports Authority planning to build a second port on the Atlantic coast
- Ongoing infrastructure upgrades at Banjul International Airport

## THE GAMBIA'S SEAFOOD-PROCESSING AND PACKAGING COMMUNITY

The Gambia is home to a developed community of stakeholders in the seafood industry (including businesses, industry associations and representative groups) that require packaging and labelling supplies. There is currently a gap – and therefore potential market opportunity – in the supply of domestic packaging services, including cardboard, plastic and glass.

The presence of organisations such as these demonstrates The Gambia's attractiveness and potential for investment in the manufacture and supply of

<sup>8</sup> Gambia Ports Authority. Interviewed:

<sup>9</sup> State house webpage: [http://www.statehouse.gm/inaug-banjul-fisheries-jetty\\_31072013.html](http://www.statehouse.gm/inaug-banjul-fisheries-jetty_31072013.html)



packaging and labelling. A few examples of organisations that require or could support domestic packaging operations are provided below:

**EXAMPLES OF ORGANISATIONS:**

Food Processors Association	Barra Shrimp Farm Gambia Ltd.	International Pelican Seafood (IPS)
Rosamond Trade (exporting cured fish)	Atlantic Seafood Company	Gambia Artisanal Fisheries Development Association (GAMFIDA)

## EXPORT AGREEMENTS

Seafood and other Gambian products can be exported at preferential duty rates and quota free to:

- ECOWAS markets under the ECOWAS Trade Liberalization Scheme (ETLS)
- EU market under the Everything But Arms (EBA) Initiative offered by the European Union
- India, Brazil and South Korea under preferential duty rates for products from Least-Developed Countries (LDCs)



## AVAILABILITY OF INCENTIVES

Packaging is one of the priority sectors for investment and a host of incentives are available to investors in packaging and labelling, provided certain criteria relating to investment value and job creation are met.<sup>10</sup> These incentives include:

- **Tax Holiday:** tax breaks on corporate and turnover tax, withholding tax on dividends and for a period of 5-8 years, depending on the project's location
- **Import Tax Incentives:** Exemption from payment of import tax on direct inputs for the project (e.g. machinery)
- **Export Incentives:** Exemptions / reductions on corporate and turnover tax, exemption from Excise Duty and Sales Tax on goods produced or imported within the Export Processing Zone (EPZ) for processing and export – depending on proportion of goods exported

## OPERATING COSTS

- The Gambia has by far the most efficient labour market in West Africa<sup>11</sup> and offers competitive costs in key areas such as labour

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<sup>10</sup> To access incentives, a new investment must be worth at least US\$250,000 and lead to the creation of at least five jobs in the agriculture sector and six jobs in the manufacturing sector. Source: GIEPA Regulations 2012. More information on criteria available from GIEPA.

<sup>11</sup> World Economic Forum Global Competitiveness Report 2014-15

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- Competitive rates for key utilities such as energy and water are offered to operators in the manufacturing and packaging sectors

### INDICATIVE KEY COSTS:

- Average daily wages for unskilled labour hover between US\$2.5-US\$4 a day<sup>13</sup>
  - Unskilled processor<sup>14</sup>: 100 GMD / day
  - Controller / Supervisor: 4,500 GMD / month
  - Manager : 10,000 GMD / month
- Electricity: 9.70 GMD / kWh (commercial tariff)<sup>15</sup>
- Water: 22.48 GMD / cubic metre (commercial tariff)<sup>15</sup>
- Fuel<sup>16</sup>:
  - Petrol: US\$1.46 per litre
  - Diesel: US\$1.41 per litre
- Telecoms<sup>15</sup>:
  - Landline: from 0.73 GMD / min
  - Mobile: from 2.47 GMD / min
  - Internet: from 2,000 GMD / month (128kbps)

<sup>12</sup> World Economic Forum Global Competitiveness Report 2014-15

<sup>13</sup> Program for Accelerated Growth and Employment 2012-15

<sup>14</sup> Private investor interviews, average salaries,

<sup>15</sup> Program for Accelerated Growth and Employment 2012 - 15

<sup>16</sup> [www.accessgambia.com](http://www.accessgambia.com)

- Key taxes
  - Corporate: 31% (exemption possible)
  - Income: up to 35%
  - VAT: 15%

## GOVERNMENT POLICY POSITION

The Gambian Government recognizes the importance of private sector participation in the economy, both as an engine of growth and as a source of knowledge transfer. A key objective of The Gambia's National Export Strategy (NES) is to promote the development of packaging and labelling to meet international market requirements.<sup>17</sup>

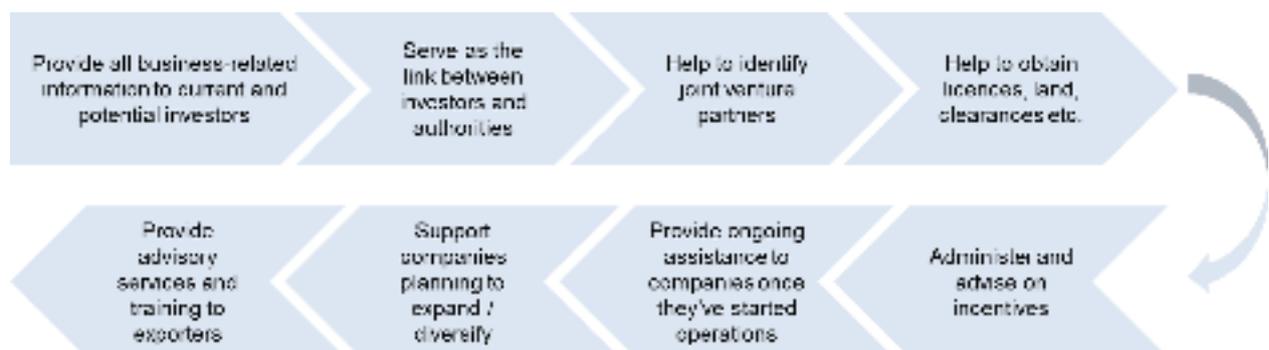
The Gambia Investment and Export Promotion Agency (GIEPA) has identified labelling, packaging and repackaging as one of the core activities to be pursued at the J. 22nd Business Park.

## A HELPING HAND – EVERY STEP OF THE WAY

The Gambia Investment and Export Promotion Agency (GIEPA) is the Government Agency mandated to support companies with their investment, business and export development as well as support to MSMEs.

From the initial provision of information right through to supporting the establishment, growth and development of an investment project, GIEPA is your supporting partner for doing business in The Gambia – every step of the way.

Here are just a few of the ways in which GIEPA can support your business:



<sup>17</sup> Ministry of Trade, Industry, Regional Integration and Employment: Medium Term Programme 2013-2016

## FOUR GOOD REASONS TO CHOOSE THE GAMBIA

1

### **STRONG DEMAND, PRODUCTION LEVELS AND POTENTIAL:**

- The already high demand for seafood is set to rise (FAO)
- The increase of fish exports to western and sub-region markets is supporting a growing need in packaging operations

2

### **COMPETITIVE INVESTMENT ENVIRONMENT:**

- The best Institutions quality in West Africa (WEF 2014)
- West Africa's most efficient labour market (WEF 2014)
- 5<sup>th</sup> lowest political risk level in the sub-Saharan Africa (AON)

3

### **STRONG AND IMPROVING INFRASTRUCTURE:**

- Efficient port with dedicated fishing piers and competitive costs
- New and upgrade projects underway, including new Atlantic port, Banjul International Airport upgrades and improved transport links with ECOWAS markets

4

### **ATTRACTIVE INCENTIVES, COMPETITIVE COSTS:**

- Generous incentives for shrimp and crayfish farming
- Competitive costs
- Strong political support for packaging and labelling
- Comprehensive guidance and support from GIEPA

## PROJECT RISK AND SUSTAINABILITY FACTORS

Issues		Impact rating	Description
Socio-political	Dependence on artisanal catches	high	Seafood processing plants are highly dependent on unreliable artisanal production. Consequently, it is the profitability of the whole fisheries sector chain which would be impacted in a scenario of supply shortage.
	Red tape and tax burden	medium	Ease of paying taxes is improving but the investor will still face high tax burden and red tape.
	Political instability	low	Even considered as a relatively stable country in the west African region, the risk of political instability remains.
Macro-economics	Utility Costs	high	Utility costs are generally high and businesses are affected by recurrent electricity shortage. The frequent use of fuel generator is highly reducing the profitability. Investment in solar panel has partly helped some companies to overcome the problem.
	Dependence on packaging materials imports	medium	The Gambia imports all its packaging materials. The total dependence on imports represents a certain risk due to exchange rate volatility, possible disruption in the supply etc...
	Informal market/corruption	medium	The informal sector has a negative impact on the middle/long term profitability of legal businesses which depend on sustainable supply of fish resources.
	Access to bank loans	medium	Bank loans in The Gambia are hard to obtain and interest rates are often too high to be a feasible option for businesses
	Increasing wages	low	The Gambia is currently in a position to use low labour costs as a major pull in attracting foreign investment. However, Increasing success will inevitably push up these costs and businesses need to be certain that increasing costs can be covered.
Infrastructure	Poor road infrastructure	low	Many of the country's roads are in poor condition making travel throughout the country difficult and even impossible at times.
	Poor landing sites facilities	low	Landing sites lack modern facilities (cold storage rooms, ice plants...) and access to them are often difficult. However works are ongoing to improve the situation.



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