

# Fish By-Products in The Gambia



## WHY THE GAMBIA?

Situated on the Atlantic coast and with a navigable river and tributaries that flow 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 short document outlines:

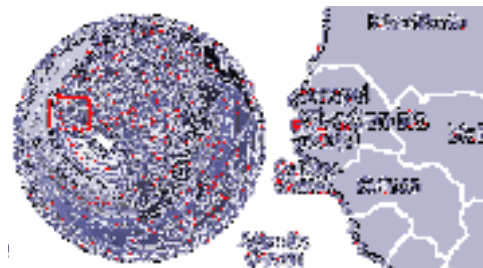
- 1. The market opportunity for investment in the production of value-added fish by-products**
- 2. The favourable conditions available to investors**
- 3. The support investors can expect to receive**
- 4. The risk and sustainability factors to be considered**

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

**80 kilometres of  
coastline<sup>2</sup>**

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

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



*Source: British Foreign & Commonwealth Office website*

<sup>1</sup> World Economic Forum- Global Competitiveness ranking, 2014

<sup>2</sup> GIEPA Fisheries Investment Brochure 2014

<sup>3</sup> Doing Business 2015.

## ECONOMIC INDICATORS

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

Gambia Bureau of Statistics (GBOS)

<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 is situated in the average.

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

<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

## **FISHING INDUSTRY AND BY-PRODUCTS IN THE GAMBIA**

With 80km of coastline and a continental shelf area of 4,000km<sup>2</sup>, The Gambia is home of a rising industrial fishing industry and aquaculture farming. The increasing number of catches and export volumes of fresh and processed fish have created large opportunities in the production of fish low and high added value by-products from fish waste, including fish oil, fish feed, fish leather, fish heads and bones.

The Gambia's fish processing industry is a growing sector currently dominated by 11 companies<sup>8</sup> that process themselves fishes in low value added products (whole fish, fish fillet...). The accelerating development of the industry as left untapped opportunities in the production of value added by-products from fish waste.

Only about 36-43% of the total body weight of a pelagic fish ends up being consumed by humans, leaving around 60% as a high volume available for the production of valued added by-products.

Also, with further population growth, increasing urbanisation and high cost of other animal proteins the already high demand for fish is set to rise.<sup>6</sup>

#### **KEY FACTS:**

- Recorded yearly average trade volumes of fish, crustaceans, molluscs<sup>7</sup>:
  - Exports 2012-2014: 1.3 thousand tonnes
  - Exports 2009-2011: 2.2 thousand tonnes
- Recorded yearly average production/captures<sup>13</sup>:
  - Production 2011-2013: 40.4 thousand tonnes
  - Production 2008-2010: 45.1 thousand tonnes
- Exclusive Economic Zone: 19,500 km<sup>2</sup>, yielding an estimated 75,000 tonnes of fish per year<sup>15</sup>
- 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<sup>15</sup>
- Artisanal activity accounted for 90% of all aquaculture and fisheries outputs in 2013-2014<sup>11</sup>

<sup>11</sup> FAO, Gambia Fishery Country Profile, December 2007.

<sup>12</sup> FAO, Food balance sheet statistics.

<sup>31</sup> Gambia Bureau of Statistics.

<sup>14</sup> [www.pura.gm](http://www.pura.gm)

<sup>15</sup> UNCTAD – The fisheries sector in The Gambia: trade, value addition and social inclusiveness, with a focus on Women 2014

## LOCATIONS

The Gambia's 80km coastline provides an ideal location for the fish industry and the export and re-export of fish by-products to western and the sub-region markets.

The River Gambia has saltwater as far as 150km upstream and 4,000 sq km of continental shelf, which offers great locations for aquaculture farming.

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



Source: Access Gambia. Accessed:14/10/14

The navigable river Gambia and tributaries flow more than 1,100km inland, by-products 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.

## FISH SPECIES IN GAMBIAN WATERS<sup>8</sup>

### DEMERSAL SPECIES:

- Sole
- Grunts
- Sea-breems
- Carangids
- Cephalopods



### PELAGIC SPECIES:

- Bonga
- Sardinella
- Red Mullet
- Shads
- Catfish
- Jacks
- Snappers

### INFRASTRUCTURE

- A dedicated fisheries facility commenced operation at the port in December 2012<sup>9</sup>
- Inauguration of the new Banjul fisheries Jetty in July 2013 (US\$14mn project)<sup>10</sup>
- Banjul port's handling capacity<sup>9</sup> :
  - 48 metric tonnes of bulk cargo per hour
  - 17 container moves (discharging and loading) per hour
- 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



<sup>9</sup> Gambia Ports Authority. Interviewed:

<sup>10</sup> State house webpage: [http://www.statehouse.gm/inaug-banjul-fisheries-jetty\\_31072013.html](http://www.statehouse.gm/inaug-banjul-fisheries-jetty_31072013.html)



## THE GAMBIA'S FISHERIES COMMUNITY

The Gambia is already home to a developed community of stakeholders in the fisheries industry (including businesses, industry associations and representative groups) – a few examples of these organisations are displayed below.

The presence of these groups demonstrates The Gambia's attractiveness and potential as a prime location in West Africa for industrial fishing.

### EXAMPLES OF ORGANISATIONS:

West African Aquaculture	Association of Industrial Fishing Companies	Rosamond Trade Gambia Co. Ltd.
International Pelican Seafood Gambia Ltd.	TRY Oyster Women's Association	Barra Shrimp Farm Gambia Ltd.

## 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

A host of incentives are available to investors in the aquaculture sector, provided certain criteria relating to investment value and job creation are met<sup>11</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
- **Export Incentives:** available for export oriented enterprises (exports of 30% of output minimum). Exporters can apply for a tax holiday in respect of its corporate or turnover tax and support for its investment activities (e.g. export planning advice and export market research).
- For licenced operations in **Export Processing Zones**, tax holidays are for 10 years
- **Import Tax Incentives:** Exemption from payment of import sales tax on direct inputs for the project, or customs duty and import sales tax if the investment is located in a zone

## GAMBIA OPERATING COSTS

The detailed table of sector's specific costs reveals the low level of all key operational costs, at the exception of internet and electricity.

### INDICATIVE KEY COSTS:

- License fee for local fishing vessel.
  - Trawler (fish and cephalopods): \$40 / year (per GRT)
  - Shrimp trawler: \$65 / year (per GRT)
  - Trawler for small pelagic: \$19 / year (per GRT)
  - Processing vessel: \$50 / year (per GRT)
  - Tuna vessel: \$30 / ton of tuna
- Average daily wages for unskilled labour hover between US\$2.5-US\$4 a day<sup>12</sup>
  - Unskilled processor<sup>13</sup>: 100 GMD / day

<sup>11</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 aquaculture sector. Source: GIEPA Regulations 2012. More information on criteria available from GIEPA.

<sup>12</sup> Program for Accelerated Growth and Employment 2012-15



- Skilled processor<sup>13</sup> : 4,500 GMD / month
- Supervisor<sup>13</sup> : 10,000 GMD / month
- Electricity: 9.70 GMD / kWh (commercial tariff)
- Ice: 10 GMD / Kg (average market price)<sup>14</sup>
- Water: 22.48 GMD / cubic metre (commercial tariff)
- Fuel<sup>8</sup>:
  - Petrol: US\$1.46 per litre
  - Diesel: US\$1.41 per litre
- Telecoms
  - Landline: from 0.73 GMD / min
  - Mobile: from 2.47 GMD / min
  - Internet: from 2,000 GMD / month (128kbps)
- 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.

Regulations for those investing in the fisheries sector are stipulated in The Fisheries Act, 2007. The Fisheries Act is designed to ensure profitable but environmentally-sustainable operations.

For all businesses operating in fishing, vessels must be registered and a fishing license obtained. Businesses in the fishing industry must also employ at least 20% of the crew and one inspector from The Gambia, as well as have at least 20% of the catch land on Gambian shores for local consumption.

The Government also plans to:

- Increase the number of accredited laboratories – supported by the EU-funded West African Quality Programme

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<sup>13</sup> Average salaries based on private investors' interviews,

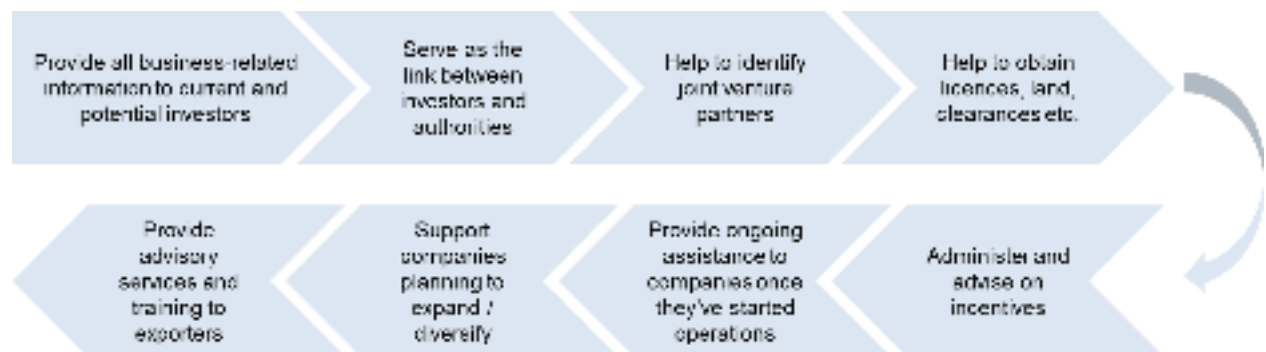
<sup>14</sup> Landing site, Interview with Ministry of Fisheries Representative.

## 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:



## FOUR GOOD REASONS TO CHOOSE THE GAMBIA

1

### **STRONG DEMAND AND FISH BY-PRODUCTS POTENTIAL:**

- New markets for by-products are already opening up: growing demand for fish heads in some Asian and African markets, rising global demand for fish oil and mineral supplements (FAO)
- As greater quantities of fish are processed, more by-products can potentially be turned into valuable products (FAO)

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:**

- River Gambia - easily accessible to ocean- going shipping
- Efficient port with dedicated fishing piers and competitive costs
- New and upgrade projects underway, including new Atlantic port and improved transport links with ECOWAS markets

4

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

- Generous incentives for industrial fishing
- Competitive costs and fees
- Strong political support for investment in fisheries
- Comprehensive guidance and support from GIEPA

## PROJECT RISK AND SUSTAINABILITY FACTORS

Issues		Impact rating	Description
Socio-political	High dependence on artisanal catches	high	Seafood processing plants are highly dependent on unreliable artisanal production. The investor has to assess the need of acquiring its own trawler (possibly through a JV) if the situation doesn't improve.
	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	Informal market/corruption	high	The informal sector has a negative impact on the middle/long term profitability of legal businesses which depend on sustainable supply of fish resources.
	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.
	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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