

Packaging Operations in The Gambia

Project Profile

April 2013



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**

The most competitive country in West Africa¹

Significant demand and market gap for packaging

Home to the only West African river easily accessible to ocean-going shipping²

West Africa's most efficient labour market¹



1. World Economic Forum Global Competitiveness Report 2012-13

2. Encyclopaedia Britannica. Accessed: 2/3/13

Economic indicators

- **GDP:** US\$752mn in 2011 – predicted rise to \$941mn by 2015 ¹
- **GDP growth:** 3.3% in 2011 – predicted annual growth average of 5.9% between 2012-2015 ¹
- **Country risk:** Lower risk level (yellow) than all neighbouring countries and in the same category as Sierra Leone, Ghana, Togo and Benin ²
- **CPI Inflation (2011):** 4.4% ³
- **Exports / Imports value (2011) :** - Exports: \$94.7mn ⁴
- Imports: \$343.69mn
- **Labour force (2008) :** 400,000 ³
- **FDI stock and inflows (2011):** \$703mn stock / \$36mn inflows ⁵
- **Currency exchange rates 2012 – highs (H) and lows (L):** ⁶
 - GMD/USD: 0.033 (H) / 0.029 (L) GMD/GBP: 0.021 (H) / 0.018 (L)
 - GMD/EUR: 0.028 (H) / 0.022 (L)



1. IMF World Economic Outlook. Real GDP (constant prices). Accessed: 8/2/13
 2. Maplecroft Political Risk 2012. Accessed: 8/2/13
 3. Access Gambia. Accessed: 8/2/13

4. UN Comtrade. Accessed: 11/2/13
 5. UNCTAD Stat. Accessed: 11/2/13
 6. Oanda.com. Accessed: 9/4/13

Packaging in The Gambia

- The Gambia produces a significant and diverse set of agricultural and horticultural products for domestic and international consumption, yet the country's export potential is far from reached
- A lack of packaging and labelling facilities is partly responsible for hindering this potential
- The Gambia is also heavily reliant on imports of agricultural 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 sale¹

KEY FACTS:

- Agriculture employs 78.6% of the labour force and accounts for 30% of GDP²
- 558,000 hectares of arable land, of which nearly 60% is cultivated annually³
- Average Crop Production one of the highest in West Africa⁴
- J. 22nd Business Park, located at Banjul International Airport, is a fully serviced facility with 8.8 hectares

1. Mr Momodu Ceesay, President, Gambia Horticulture Enterprises Ltd. Interviewed: 30/11/12

2. GiEPA Agriculture Investment Brochure 2012

3. Gambia National Agricultural Investment Programme 2011-2015

4. Average Crop Production in the Gambia relative to the 2004-6 base period has been one of the highest in West Africa, according to the World Bank's latest data (2008-10). Accessed: 21/11/12.

What can be packaged and labelled?

- There is an unfulfilled need for a vast range of agri-processing 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 just a few examples of products:

Juices

Nuts

Seeds

Fruit & vegetables

Dried fruit

Fertilisers

Meat & fish

Rice

Pesticides

Infrastructure

- Banjul port has a handling capacity of:
 - 48 metric tonnes of bulk cargo per hour
 - 17 container moves (discharging and loading) per hour ¹
- Banjul Airport has undergone a US\$21 million modernisation ² and the Government is continuing to upgrade the infrastructure ³
- 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
 - Gambia Ports Authority is assessing the potential establishment of an inland port to facilitate shipping to inland locations across the region



1. Gambia Ports Authority. Interviewed: 20/11/12
2. GiEPA Investment Guide 2011
3. The Gambia Trade Policy 2011

The Gambia's agri-processing and packaging community

- The Gambia is home to a developed community of agricultural, horticultural, fish and other FMCG ¹ businesses 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
- A few examples of organisations that require or could support domestic packaging operations are provided below
- The presence of organisations such as these demonstrates The Gambia's attractiveness and potential for investment in the manufacture and supply of packaging and labelling

EXAMPLES OF ORGANISATIONS:

Food Processors Association	MAK Farm Foods	Gambia Horticultural Enterprises Ltd. (GHE)
National Cashew Growers and Traders Corp	Gambia Farmers Platform	Atlantic Seafood Company



1. Fast-moving consumer goods.

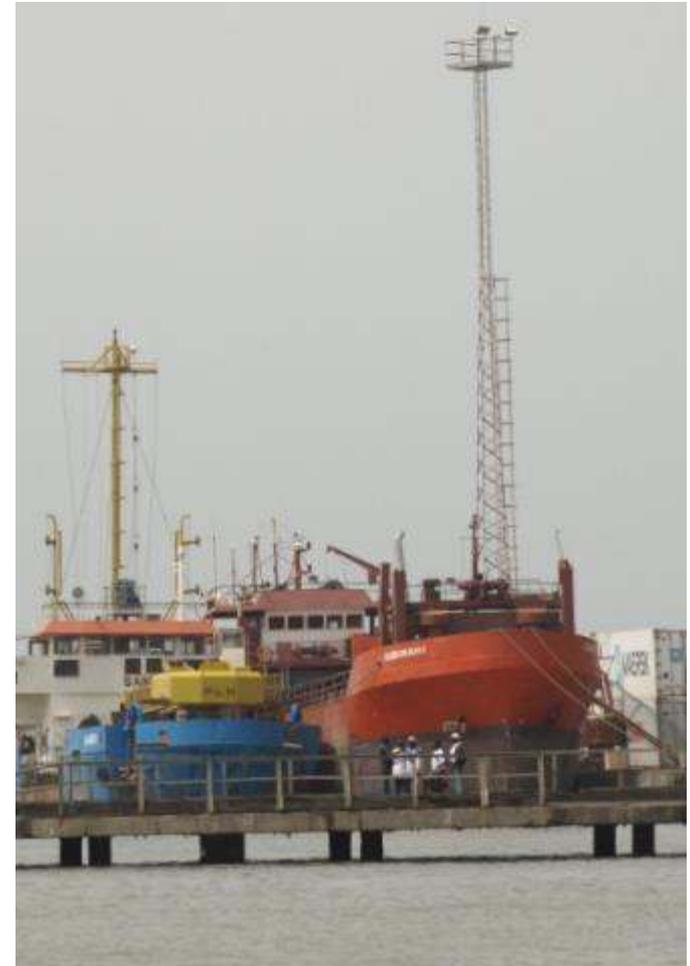
Availability of incentives

- 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.¹ 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
 - **No export tax on agricultural products**

1. 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.

Export agreements

- Almost all Gambian products (including its main agricultural and horticultural 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
 - US market under the African Growth and Opportunity Act (AGOA)
 - India, Brazil and South Korea under preferential duty rates for products from Least-Developed Countries (LDCs)



Operating costs

- The Gambia has by far the most efficient labour market in West Africa¹ and offers competitive costs in key areas such as labour
- 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\$2-4 a day²
- Energy: 10.40 GMD / kWh: (industrial tariff)³
- Water: 31.39 GMD / cubic metre (industrial tariff)³
- Telecoms: From 0.73 GMD / min³
- Key taxes³ :- Corporate: 32% (exemption possible)
 - Income: up to 30%
 - VAT: 15%

1. World Economic Forum Global Competitiveness Report 2012-13

2. Program for Accelerated Growth and Employment 2012-15

3. GIEPA Investment Guide 2012

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 requirements¹
- The Gambia's Growth and Competitiveness Project has identified packaging of agri-produce for hotels as a key opportunity for investment.² 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
- The Government also plans to establish the Gambia Food Safety and Quality Agency (GFSQA), following the passing of the GFSQA Act in 2011



1. Ministry of Trade, Industry, Regional Integration and Employment: Medium Term Programme 2013-2016
2. Mr Tamsir Manga, Coordinator at The Gambia Growth and Competitiveness Project (an initiative of the Ministry of Trade, Industry, Regional Integration and Employment). Interviewed: 22/11/12

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:

Provide all business-related information to current and potential investors

Serve as the link between investors and authorities

Help to identify joint venture partners

Help to obtain licences, land, clearances etc.

Provide advisory services and training to exporters

Support companies planning to expand / diversify

Provide ongoing assistance to companies once they've started operations

Administer and advise on incentives



Four Good Reasons to Choose The Gambia

1

STRONG DEMAND, PRODUCTION LEVELS AND POTENTIAL:

- One of West Africa's leaders in the Crop Production Index (World Bank)
- Increased production and exports of cashews and groundnuts
- Imported packaging up to 50% of the end product's sale price

2

COMPETITIVE INVESTMENT ENVIRONMENT:

- Best agricultural policy framework and the most competitive economy in West Africa (WEF 2012)
- West Africa's most efficient labour market (WEF 2012)
- Lower political risk than neighbouring countries (Maplecroft)

3

STRONG AND IMPROVING INFRASTRUCTURE:

- River Gambia - easily accessible to ocean-going shipping
- Efficient port with competitive costs (fixed unit tariff system)
- New and upgrade projects underway, improving transport links with ECOWAS markets

4

ATTRACTIVE INCENTIVES, COMPETITIVE COSTS

- Generous incentives for packaging and labelling operations
- Competitive costs
- Strong political support for packaging and labelling
- Comprehensive guidance and support from GiEPA



For further information, contact:

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