Food & Agri-Business Specialists

EAST AFRICA'S ROLE IN GCC FOOD & AGRIBUSINESS AND FUTURE PROSPECTS

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Agenda

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OVERVIEW OF EAST AFRICAN ECONOMY

East Africa's Economy is Continuing to Expand…

Growing at almost double the average rate of other African countries

East Africa Region by 2024

GDP (CURRENT)

650 USD Bn

Expected to grow at CAGR 7% from 2017

POPULATION

495 Mn

Expected to grow at CAGR 7% from 2017

AGRI GDP

160 USD Bn

Anticipated based on historic trends

Source: World bank

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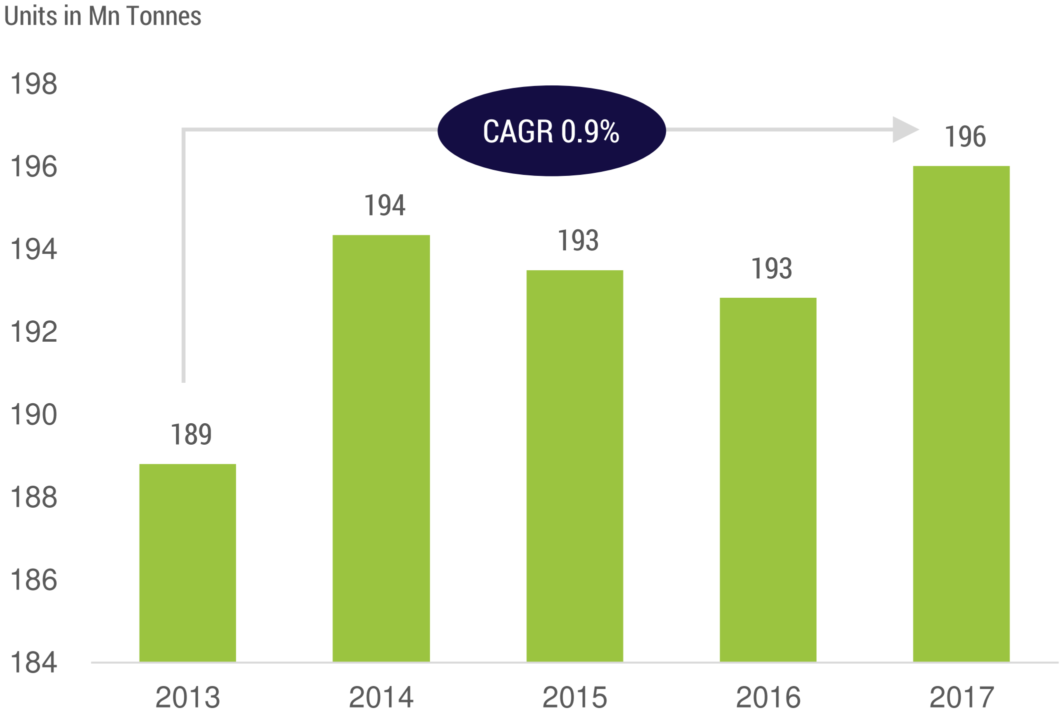
...However, Agri Production is Slower than Population Growth

The region is mostly self sufficient

AGRI PRODUCTION, 2013-17

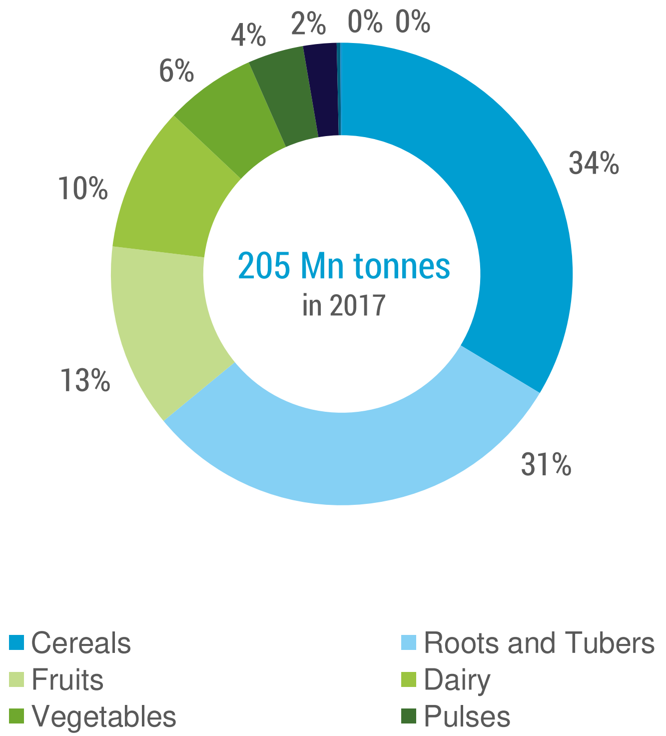
Production grew by half the rate of population in the region



Source: FAO

NET DEMAND BY AGRI PRODUCTS, 2017

Cereals, Roots and Tubers, Fruits and Dairy accounts for 87% of total demand



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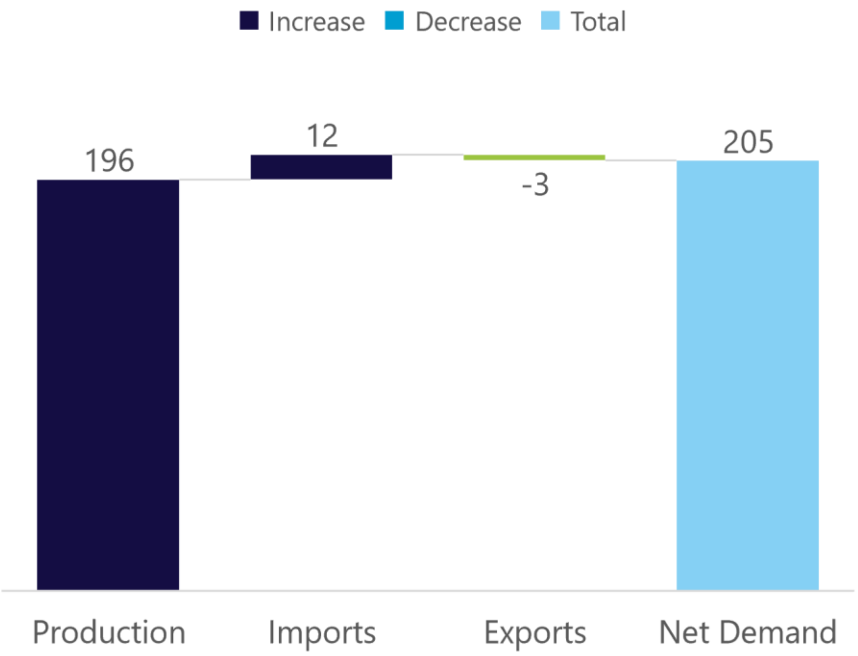
Select Products are Exported

Cereals dominate imports while nuts, pulses, fruits and vegetables are exported

AGRI PRODUCTS DEMAND OVERVIEW, 2017

Units in Mn Tonnes



Source: FAO

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Under Developed Supply Chains

Lack of appropriate funding is hindering supply chain development in Africa

FUNDING SOURCES

- Development Finance Institutions
- Private Equity
- Local Banks
- Government Programs

PROJECTS

✓
- Developed / Cash Positive Projects
- Smallholder Farmers
- Agro-processing

✗
- Greenfield / Brownfield Projects
- Primary Production

IMPLICATION

- Limits Scaling
- Increases production costs
- Limits technology application
- Hinders integration

AGRI-FOOD PRODUCTION & TRADE

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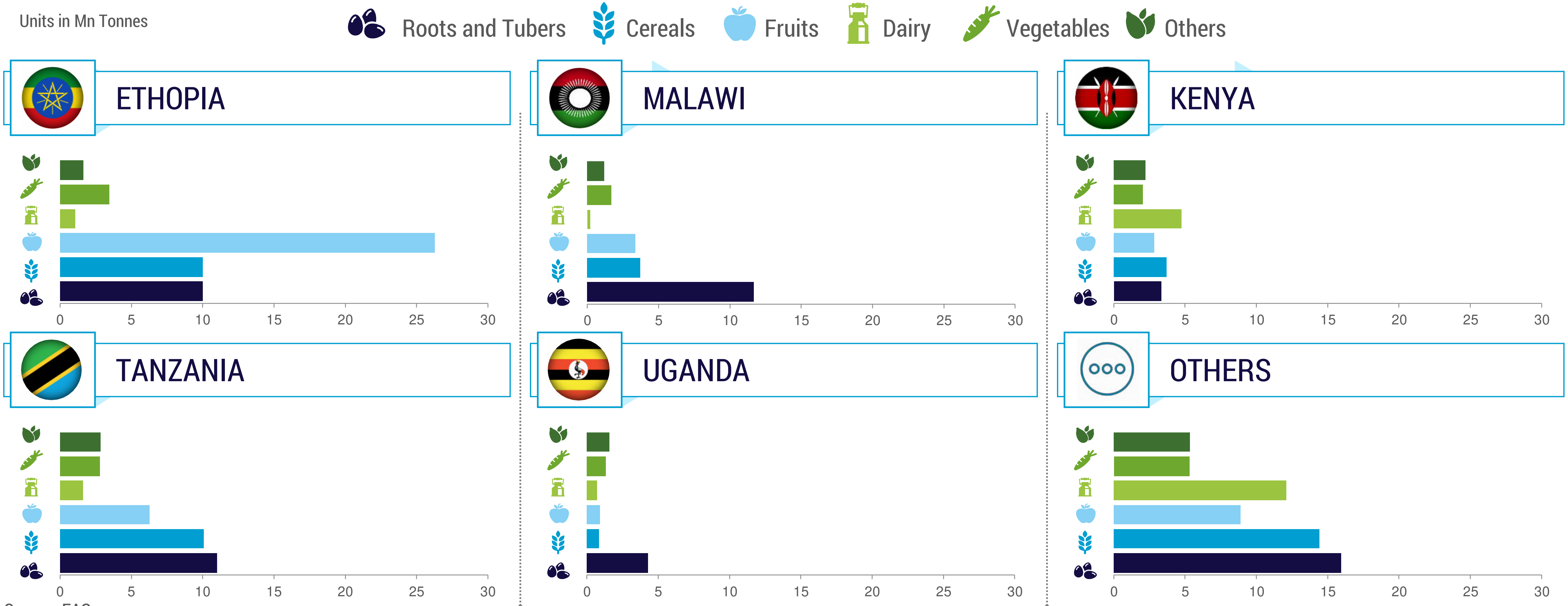
Ethiopia, Tanzania, Malawi, Kenya and Uganda accounts 70% of the Production …

Cereals, roots and tubers are the main stream products accounting for 50-80% among all countries

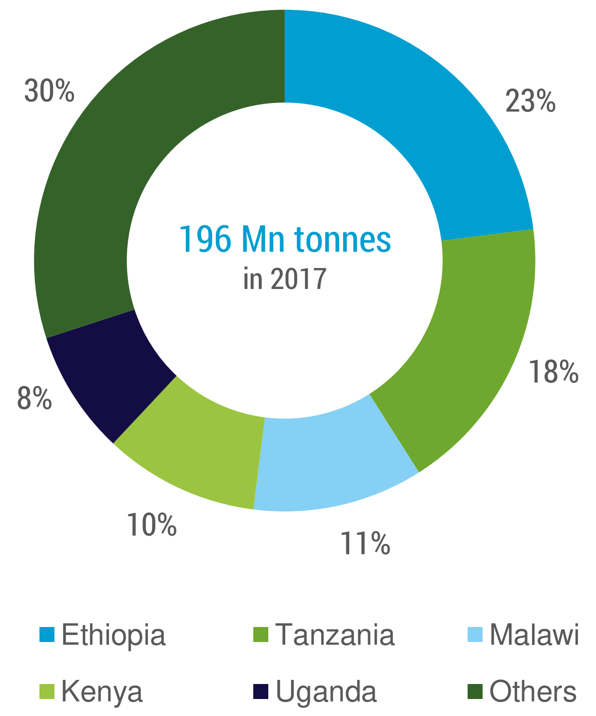


Source: FAO

… But Production is Concentrated

Ethiopia and Tanzania are by far the largest producers

PRODUCTION BY COUNTRIES, 2017



Source: FAO

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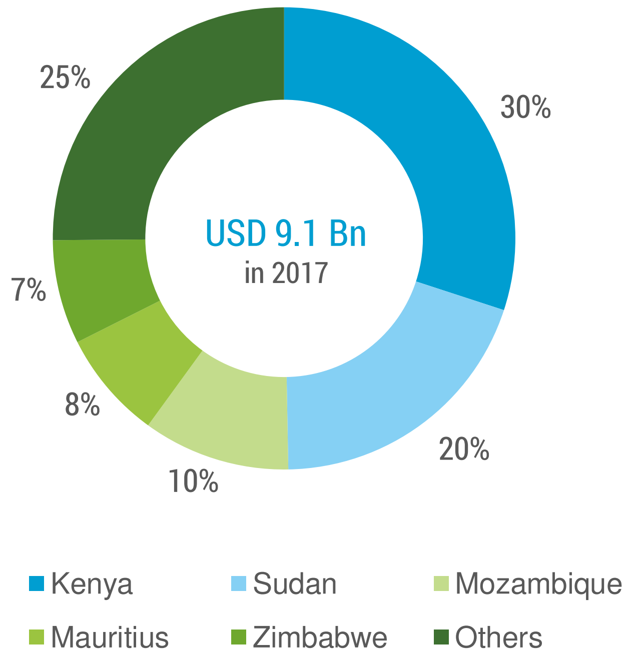
Import of Agri Products

Wheat and rice account for 60% of total imports

IMPORTS BY COUNTRIES, 2017

Kenya, Sudan and Mozambique accounts 60% imports

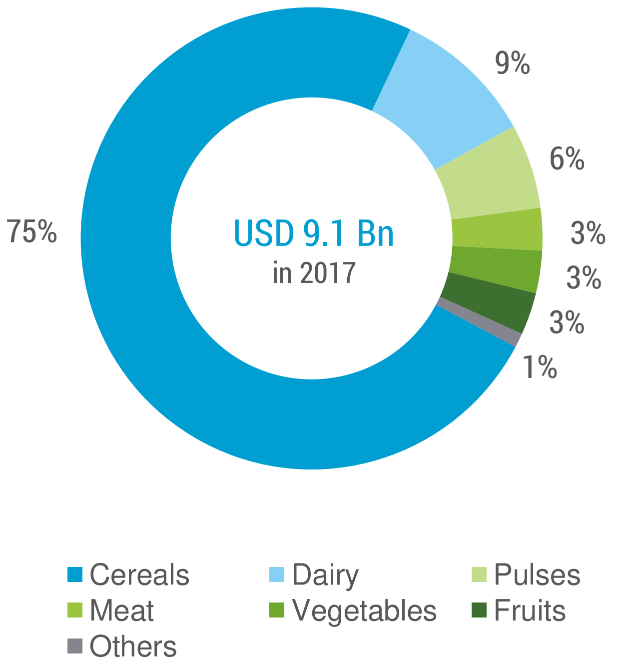


Others include Madagascar, Uganda, Tanzania among others

Source: UN Comtrade

IMPORTS BY CROPS, 2017

Imports are mostly limited to Cereals which account 75% share



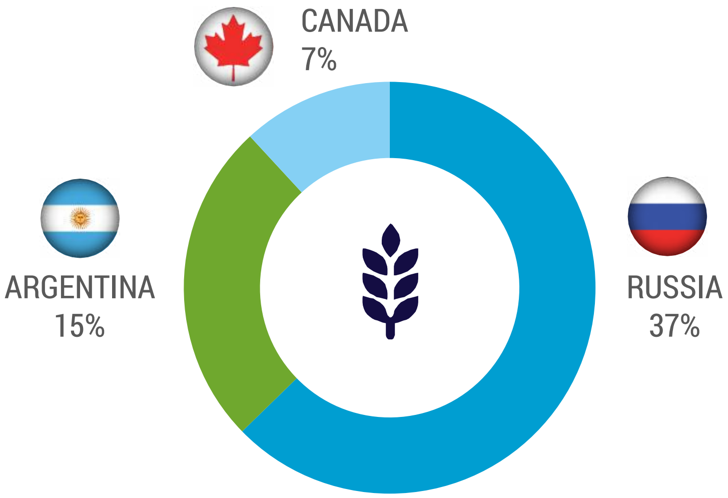
Others include Roots and Tubers, Meat, Eggs, Treenuts

Agri Import Trade Partners for Cereals

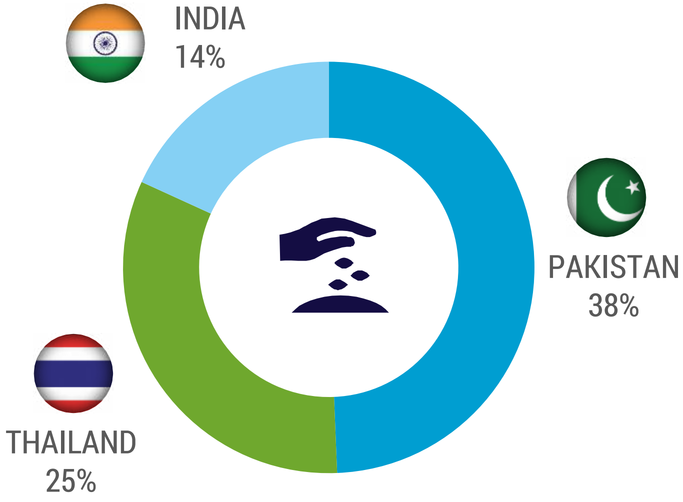
Russia, Pakistan and Argentina as key trade partners

TRADE PARTNERS FOR CEREALS, 2017

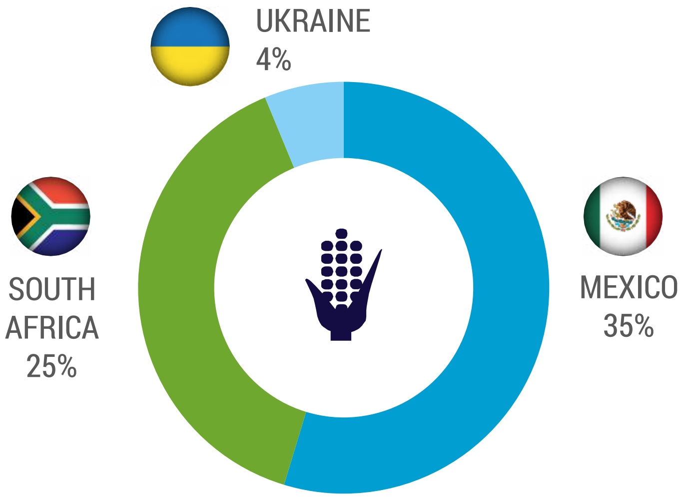
WHEAT



RICE



MAIZE



Source: UN Comtrade

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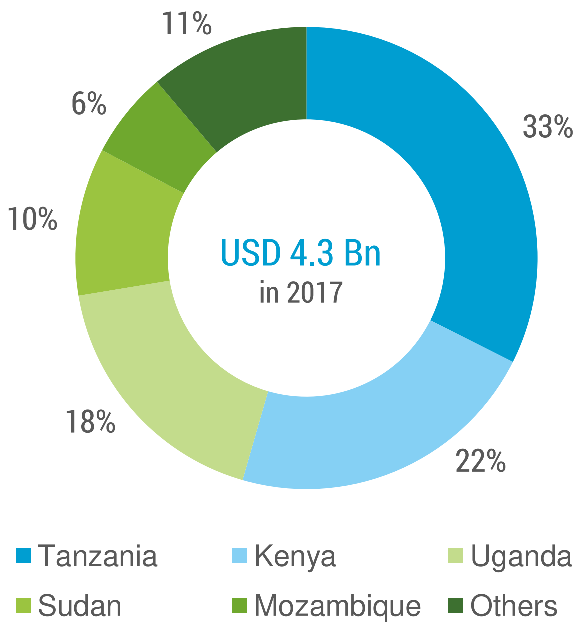
Export of Agri Products

Nuts and Pulses are the major products exported

EXPORTS BY COUNTRIES, 2017

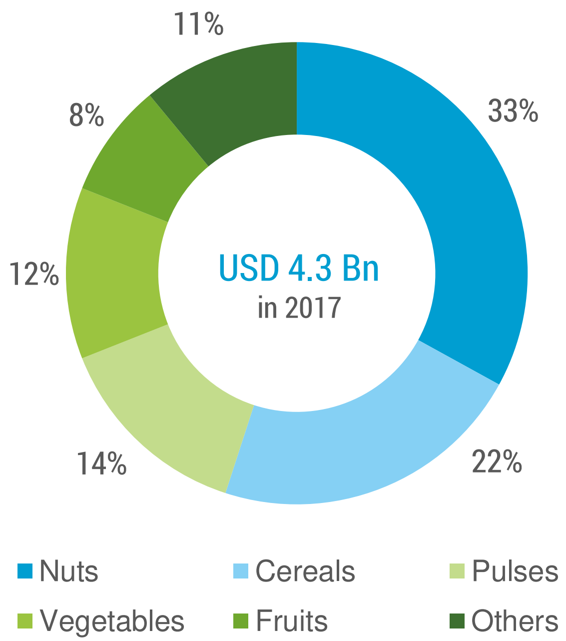
Tanzania, Kenya and Uganda accounts near 65% exports



Others include Madagascar, Uganda, Tanzania among others

EXPORTS BY CROPS, 2017

Cashew nut and Pulses exports from Tanzania accounts 30% of the total exports



Others include Meat, Dairy, Eggs, Roots and Tubers

Source: UN Comtrade

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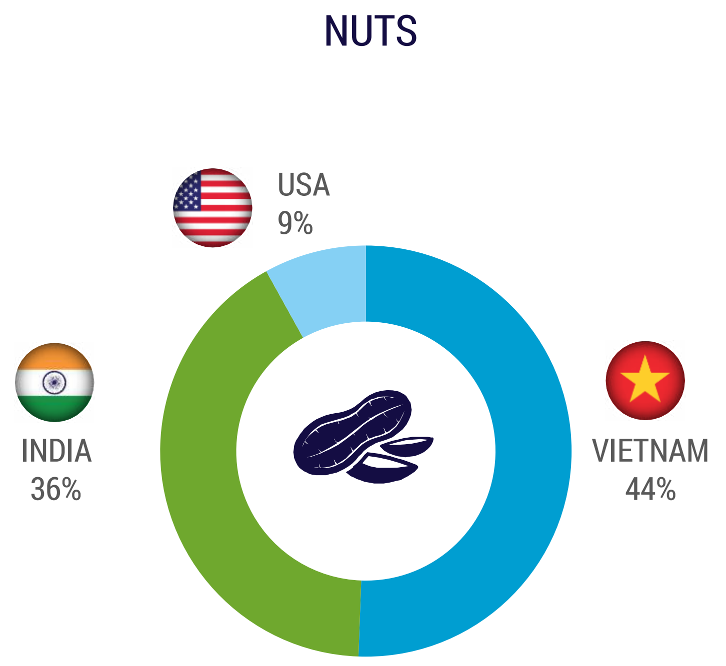
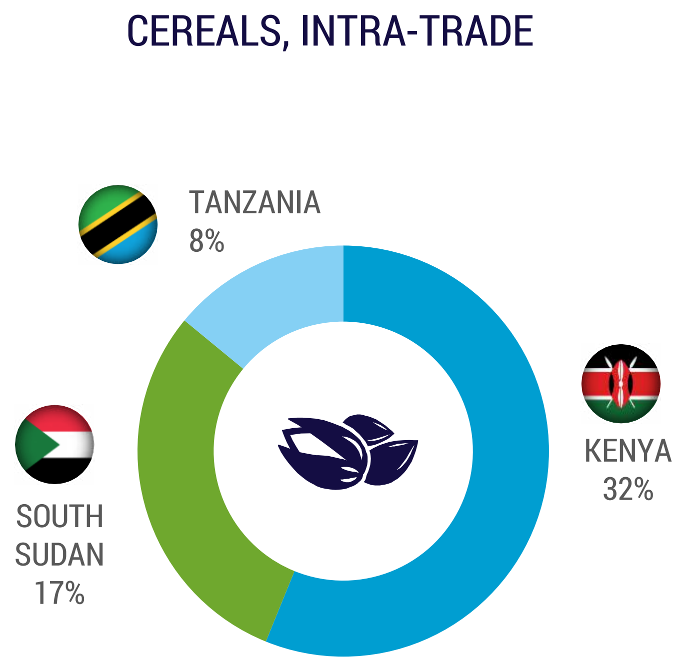
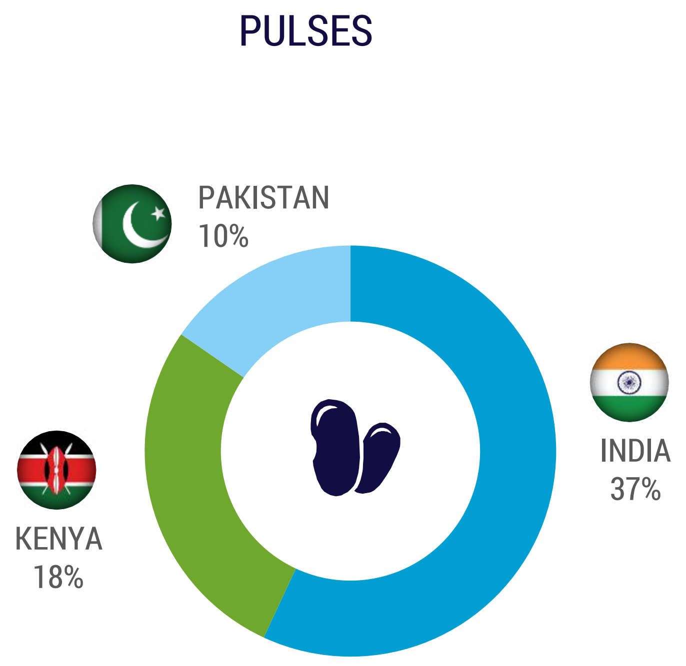
Agri Export Trade Partners

India and Vietnam are key trade partners

Trade Partners for Exports, 2017







Source: UN Comtrade

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AGRI-FOOD TRADE POTENTIAL

...Strong Export Product Mix from Tanzania and Kenya

Cashew Nuts, Avocadoes and Pigeon Peas are promising products considering global market dynamics

	IMPORTS		EXPORTS			
	Cereals	Dairy	Nuts	Pulses	Vegetables	Fruit
Tanzania			Cashew nuts	Dried Pigeon Peas		
Kenya	Wheat, grain & rice	Milk powder & cream			Fresh Beans and Peas	Avocado & Mango
Sudan	Wheat	Milk powder & cream				Banana
Mozambique	Rice & wheat					
Uganda				Dried Green Gram & Pigeon Peas		
Mauritius		Milk Powder, Cream, Cheese and Curd				

Scale within the Product: High | Medium | Low

Source: UN Comtrade, FAQ, Farrelly & Mitchell

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...Further Scope for Global Market Penetration

Target Asia for cashew nuts and pulses - Europe and NA for fresh produce

Product	Global Trade, USD Mn, 2017	Tanzania's Share	Kenya's Share	Imports share by Region	Key Importers
Cashew	USD 8.7 Bn	7%	--	Asia 50% NA 20% EU 20%	Vietnam – 30% USA – 18% India – 17%
Avocadoes	USD 6 Bn	--	1%	Asia NA 48% EU 40%	USA – 45% Netherlands – 9% France – 7.3%
Mangoes	USD 2 Bn	--	<1%	Asia 22% NA 38% EU 28%	USA – 24% Vietnam – 8% Netherlands – 8%
Pulses – Dried Pigeon Peas and Green Gram	USD 1.3 Bn	4%	<1%	Asia 82% NA 6% EU 3%	India – 50% Japan – 9% Indonesia – 6%
Vegetables – Fresh Beans & Peas	USD 1 Bn	--	4%	Asia 2% NA 25% EU 70%	USA – 15% Spain – 13% France – 12%

Source: UN Comtrade, FAQ, Farrelly & Mitchell

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GCC MARKET POTENTIAL

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Demographics trends

One of the fastest growing regions and youngest demographics in the world….

	GCC	EU
Population growth (CAGR 2010-2015)	3.3%	0.2%
Average Age 2015	29 Years	42.6 Years
GDP / Capita 2015 (USD)	26,666	35,100
Consumer Spending / Capita 2015 (USD)	11,307	17,585
Protein Consumption per Capita 2013	90g / capita / day	104g / capita / day

Source: UN Population Division, World Bank, IMF, National Statistics Authorities, Farrelly & Mitchell

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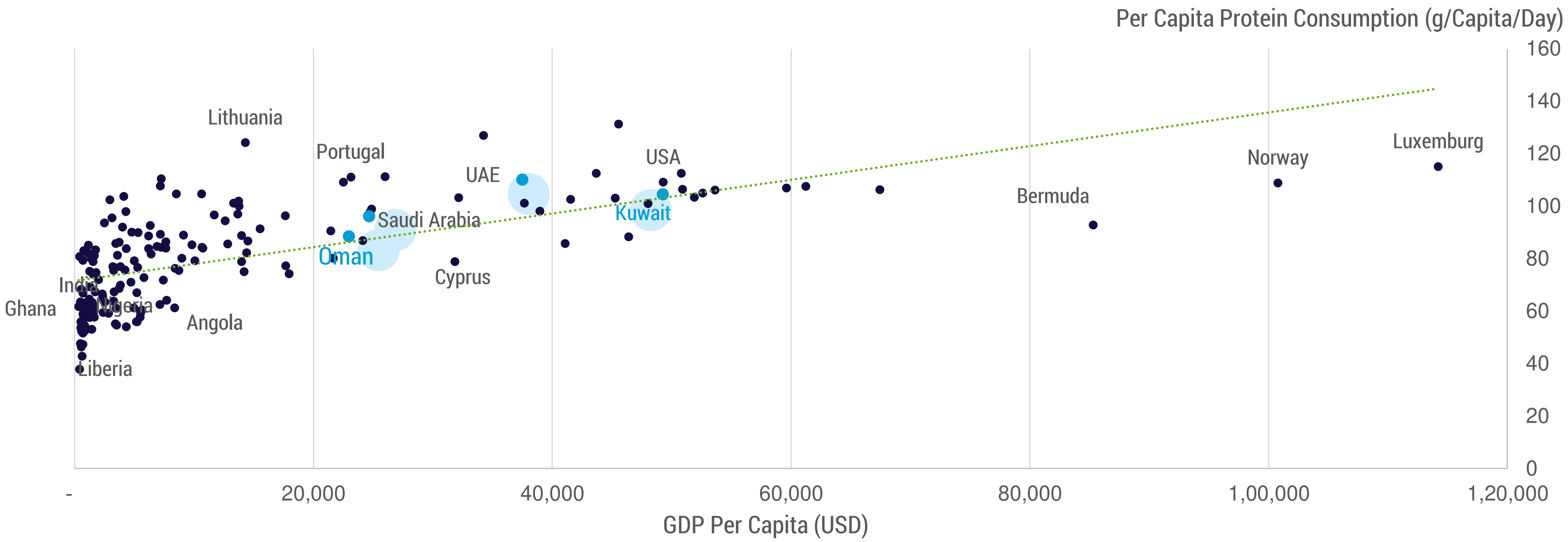
An increasing shift towards protein

STRONG RELATIONSHIP BETWEEN RISING INCOME AND DEMAND FOR PROTEIN



Source: IMF, FAO, Farrelly & Mitchell (2013 data)

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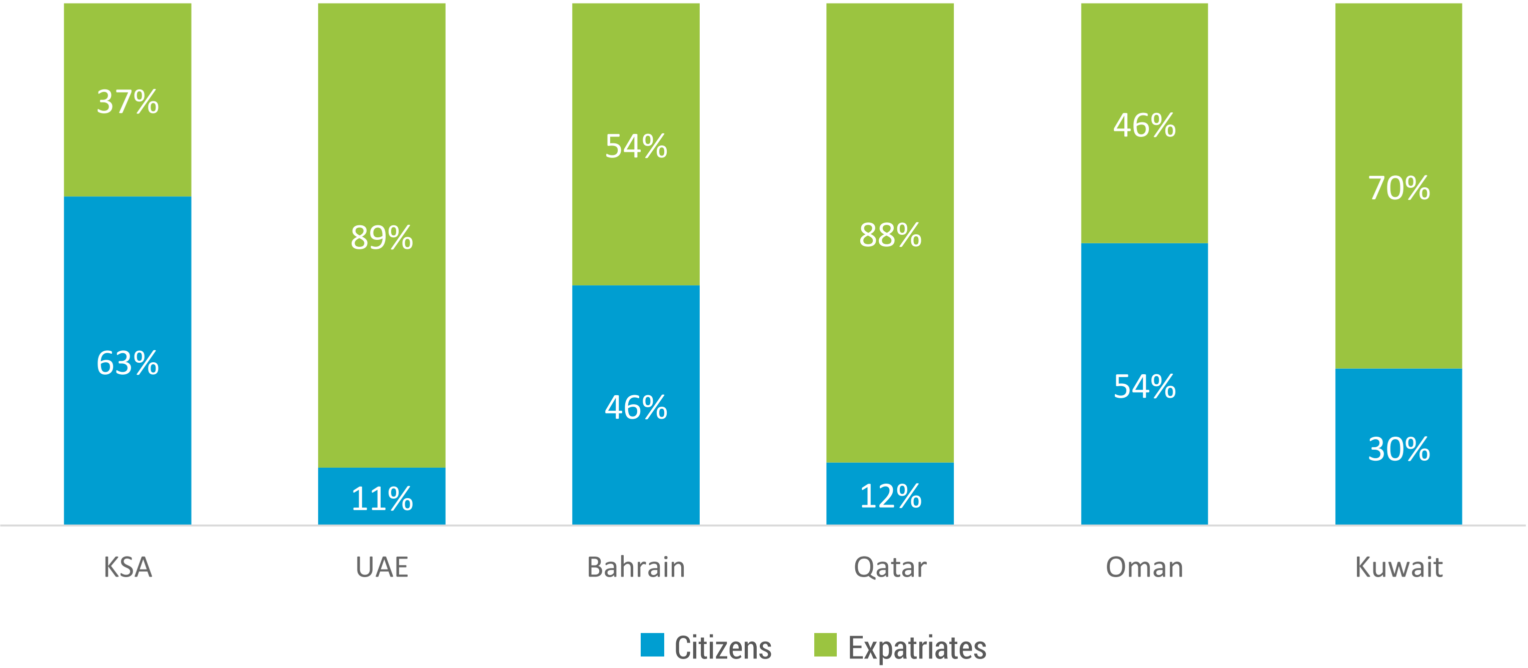
Important to understand that demand is not homogenous

Significant expatriate population provides number of niche opportunities

BREAKDOWN OF GCC POPULATION BY NATIONALITY 2016

Population by Nationality (%)



Source: National Statistics Authorities

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Economic reforms are also opening doors for in-country partnerships and joint ventures

GCC members plan to invest **USD 968 billion** over the next 10 years

This investment includes **1,638 projects**

The oil-rich countries plan to direct from 2011 to 2020, **USD 79 billion** for rail, including trains, subways and trams

The most ambitious project, valued at USD 30 billion, is the **railroad** that will connect all the countries of the GCC

For **roads construction,** investments are put at $18 billion

ADDRESSING THE OPPORTUNITY

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GCC Market Entry: Checklist

An extensive market needs analysis to be undertaken to fully understand market dynamics and opportunity .....

01 Clear strategy

02 Market contacts & cultural understanding

03 Formal contacts established

04 Halal registration & certification

05 Distributor in place

06 Localised product range

What should companies address to capitalise on the opportunity?

Certifications and securing buyers are important pillars to develop sustainable business

01. Certifications
- Halal
- Global GAP
- BRC
- IFS
- FSSC22000
- SQF

02. Differentiators
- Organic
- Social and Environment compliance (GRASP and SIFAV certification)

03. Value Chain
- Secure buyers
- Partner with global buyers and processors
- Strengthen cooperatives

04. Essentials
- Quality
- Packaging
- Labelling

05. Promote
Develop campaigns in international market

Source: Farrelly & Mitchell Research

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