

TILAPIA MARKETS IN SUB-SAHARAN AFRICA

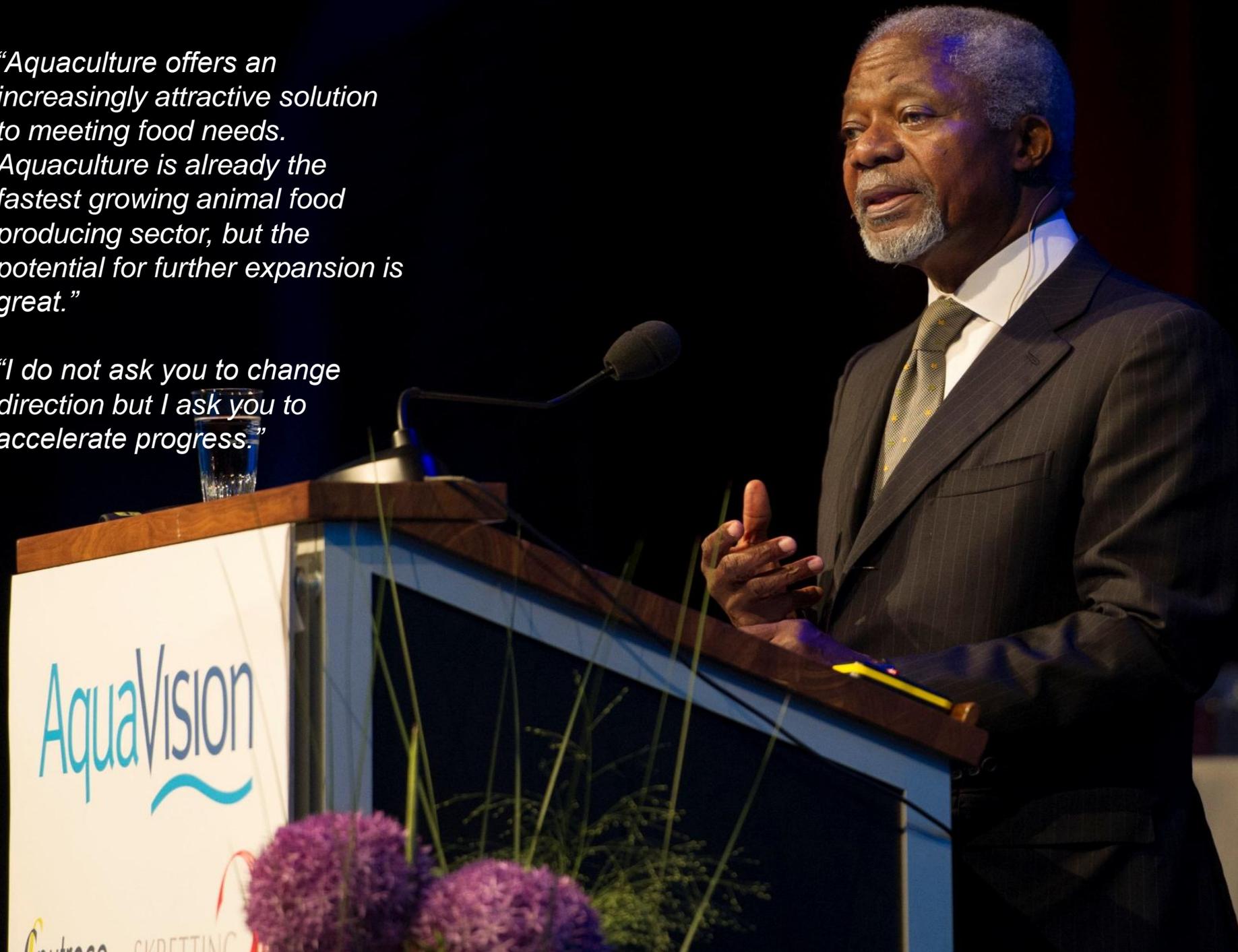
**INFOFISH 4th International Trade and Technical Conference and Exposition on Tilapia
Kuala Lumpur, April 2015**



**Blessing Mapfumo
FAO South Africa**

“Aquaculture offers an increasingly attractive solution to meeting food needs. Aquaculture is already the fastest growing animal food producing sector, but the potential for further expansion is great.”

“I do not ask you to change direction but I ask you to accelerate progress.”



OUTLINE

- ❑ The market potential for Sub-Saharan Africa (SSA)**
- ❑ Brief overview of capture fisheries and aquaculture production in SSA**
- ❑ Brief overview of tilapia production in SSA**
- ❑ Overview of tilapia markets**
- ❑ Country tilapia market situation (case of 9 key African countries)**
- ❑ Market opportunities in SSA**
- ❑ Market challenges**
- ❑ Recent developments affecting tilapia marketing in Africa**
- ❑ Success story on tilapia marketing**
- ❑ Conclusion**



AFRICA IS RISING!

- **54 countries in total. Sub-Saharan Africa has 48**
- **The world's second-fastest-growing region, topped only by emerging Asia**
- **Economic growth in Sub-Saharan Africa (SSA) continues to rise from 4.7 percent in 2013 to a forecasted 5.2 percent in 2014. This performance is boosted by rising investment in natural resources and infrastructure, and strong household spending (World Bank)**

- **Population growth from current 1.1 billion to 2.4 billion by 2050**
- **Rising incomes in many countries**
- **Rapid urbanization interlinked to the growing modern distribution channels**
- **Several African countries halted their deadly hostilities, creating the political stability necessary to enhance economic growth.**
- **African governments increasingly adopting policies to energize markets**
- **Expanding intra-African trade will be key to the future**



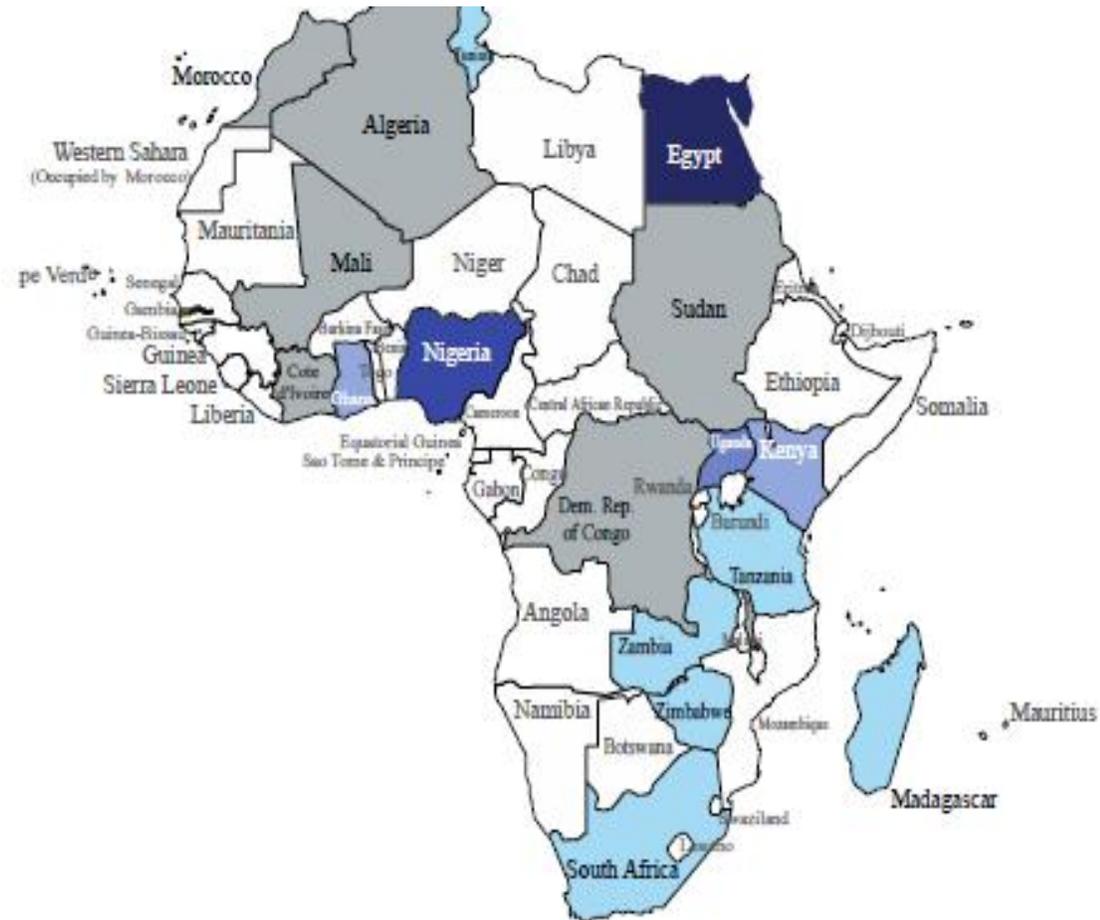
- **Fish consumption rate is estimated at 8.9kg per person per year - largely due to limited supplies.**
- **World average stands at 18.9kg**

The rise of the African consumer

A report from McKinsey's Africa Consumer Insights Center

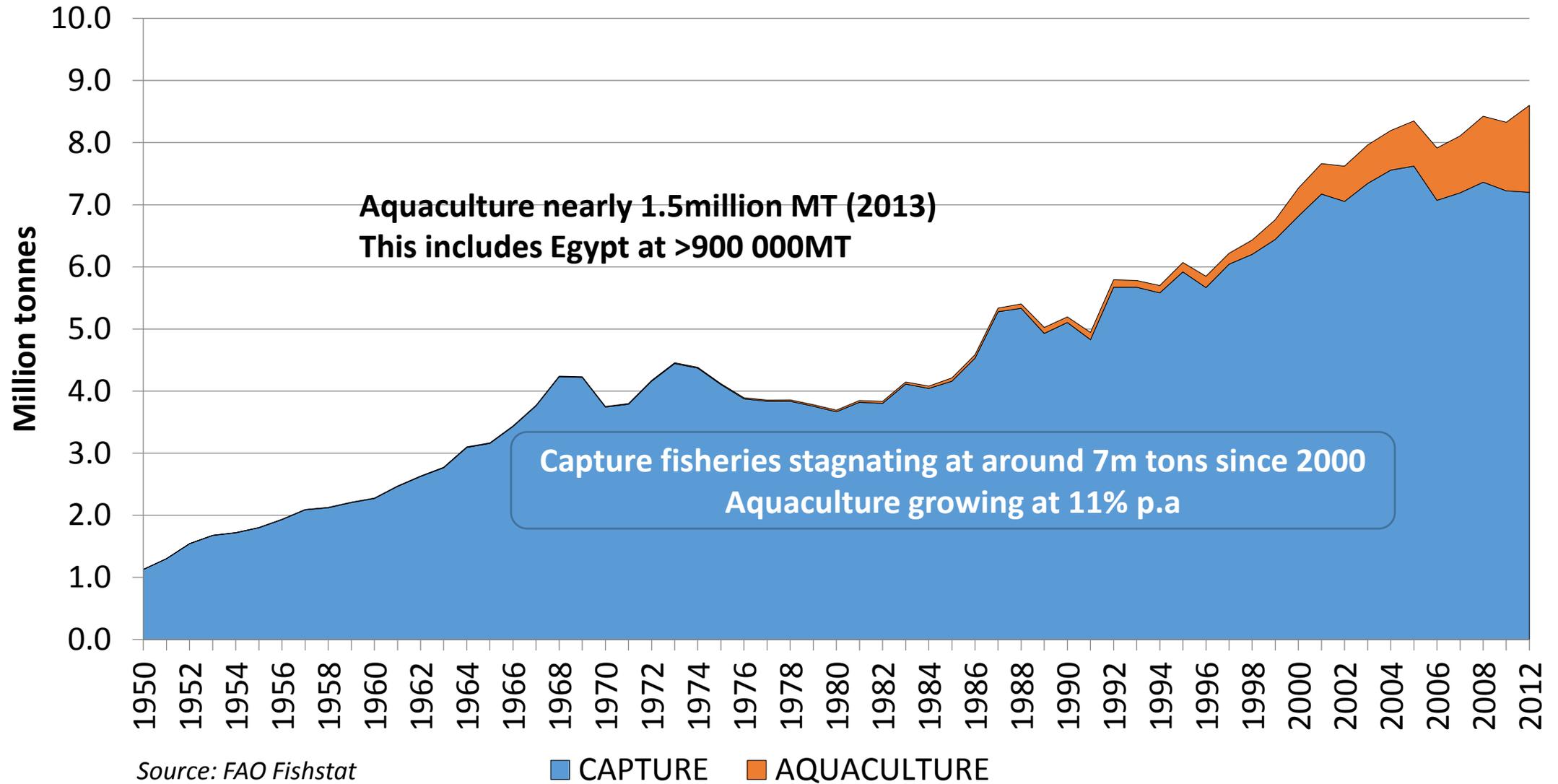
AQUACULTURE IN AFRICA

- **Contributes negligibly to total fish supplies but growing at 10% p.a**
- **Practised by small holder to large, industrial scale ventures**
- **African governments have recognised the importance of the sector to national economies and are prioritizing its development - cognisant of the fact that nearly half of all seafood produced by the world now comes from aquaculture.**
- **By far Egypt is the biggest producer (excluded from SSA)**





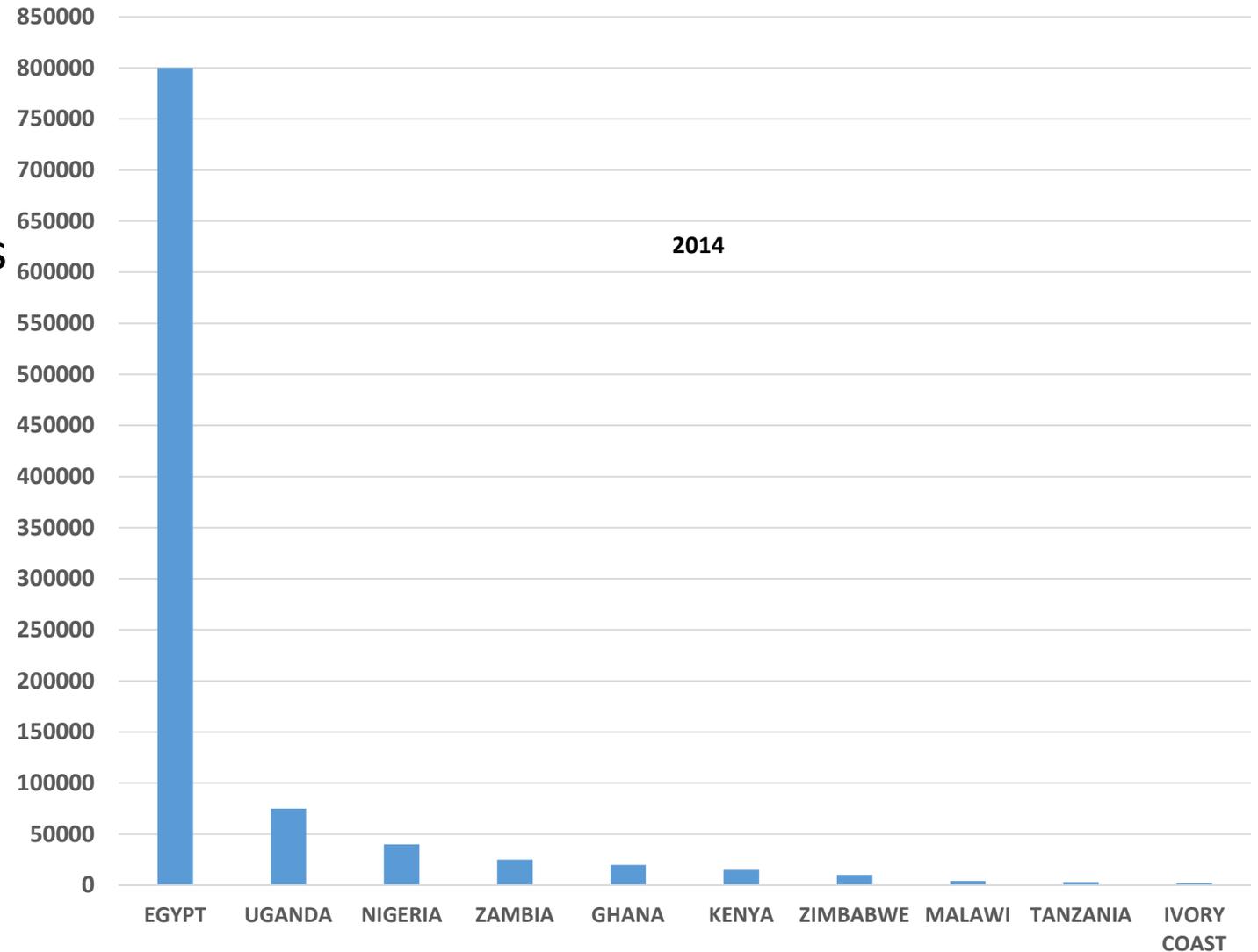
AQUACULTURE vs. CAPTURE FISHERIES



Source: FAO Fishstat

TILAPIA FARMING IN AFRICA

- 3 facets
 - Subsistence
 - Small-scale commercial
 - Large industrial scale operations



CAPTURE FISHERIES OF TILAPIA



- Still high and important but have generally stagnated.
- Issues eg fish bans, closed seasons, illegal fishing, quotas etc
- Still support livelihoods of many communities along water bodies. However many fishermen now recognise that there isn't much future to it.
- Situation is precarious eg in countries like Malawi where many livelihoods are at stake
- Sustainability issues being taken up by large retail chains

TILAPIA MARKETS OVERVIEW

- The average annual per capita fish consumption in Sub-Saharan Africa is approximately 8.9kg
- Almost all tilapia produced in the region is locally consumed, with very limited exports
- Tilapia is a traditional and favourite dish in almost all countries of SSA
- Prices vary from country to country, with countries such as Angola, DRC, Ghana, Nigeria, Zambia etc recording more attractive prices and volumes
- The markets are diverse – ranging from small scale/simple-rural based to more sophisticated commercial distribution chains – small to large retail chains

TILAPIA MARKETS



- **Small-scale localised (farm gate/catch site)**
- **Sometimes informal**
- **But important to livelihoods (especially women traders)**
- **Important to rural economies**





TILAPIA MARKETS



- Emergence of formal distribution networks eg fish depots in Zimbabwe, Zambia, Ghana, Uganda etc
- Small-scale traders (especially women) have become more important in the fish distribution chain
- Large retail supermarkets are increasingly becoming important – such depots ensures consistent supply of quality product as demanded by large retail chains



ANGOLA

- **One of the biggest seafood importers in Southern African region.**
- **Demand for fish is higher than the domestic industry can supply. Fish is the main part of the cuisine in Angola and is appreciated as food by all sectors of the population.**
- **Rapid increase in population from 13.8 million in 2001 to 20.8 million in 2012**
- **Per caput consumption of fish was 16.3 kg in 2011**
- **From outside Africa, Angola imports fish and seafood mostly from Portugal, Indonesia, China, Norway, and Thailand**
- **A large number of Angolans moved to urban areas after the civil war and this has increased demand for seafood in urban centres.**
- **In January 2015, the World Bank has classified Angola as an upper middle income state (per capita income over US\$4000).**
- **Another notable trend has been an increase in immigrant populations to Angola, mostly for business opportunities following an economic boom in recent years. For instance, estimates put the population of Chinese people in Angola to 260 000.**
- **Tilapia is a favourite dish in Angola**
- **Country believed to have shortfall of >10 000 MT tilapia.**
- **Tilapia Imports were approx. 5000 in 2013, mainly from China**
- **Perhaps the place in the world where you find one the highest retail price of Tilapia over US\$15/kilo (whole gutted)!!**
- **All product types seem to sell very well in Angola: Dried, Frozen, Fresh, Fillets etc**
- **Cost of Doing Business in very high in Angola. An investor has to do careful homework and assessments**
- **Clearing imports through the ports of entry and customs in Angola is still sometimes a slow, complicated, expensive and uncertain process (but is changing)**



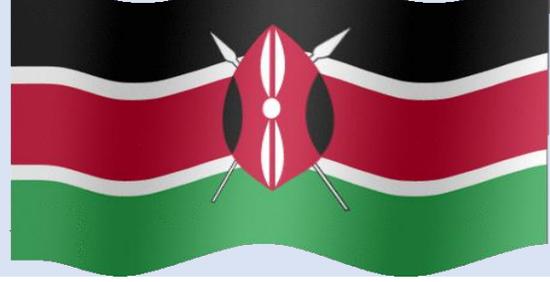
DEMOCRATIC REPUBLIC OF CONGO (DRC)

- One of the biggest seafood importers in African continent.
- Demand for fish is higher than the domestic industry can supply. Fish provide approximately 25 to 50 per cent of the country's protein requirements.
- Aquaculture production is very low. Country relies on fish imports mainly from other African countries and also from China
- Huge population of about 70 million
- Huge immigrant population from China in Eastern DRC has become an important new market for imported fish and fishery products as the Chinese have a strong tradition of eating fish
- Tilapia is a favourite dish in DRC
- Country believed to have shortfall of >30 000 MT of tilapia.
- Competition with dried, non tilapia products in some parts of the country especially pricewise
- Tilapia Imports were over 5 000 in 2013, mainly from China. **Difficult to get actual data**
- Growth has benefited from the improvement of the business environment, the reconstruction of infrastructure and strong demand
- Prices are good. Retail prices of Tilapia over US\$5/kilo (frozen)
- Volumes of dried and frozen product seem to move very well in DRC
- The existence of poor infrastructure (roads, cold chain systems for food preservation etc.) imposes serious limitations on market distribution
- Some areas of the country are conflict zones hence very difficult to move commodities
- Cost of Doing Business is high in DRC. Conditions are sometimes difficult. Need to create partnerships with local entrepreneurs. An investor has to do careful homework and assessments



GHANA

- **The biggest tilapia producer country in Sub-saharan Africa.**
- **One of the biggest consumer country of tilapia. Demand for fish is higher than the domestic industry can supply hence a surge in commercial aquaculture production of tilapia.**
- **Tilapia is a top favourite dish in Ghana**
- **Country believed to have shortfall of >20 000 MT of tilapia.**
- **Tilapia Imports were significant until recently, when the country imposed a ban to allow its local industry to grow**
- **Prices are good. Average retail prices of Tilapia over US\$3-4/kilo (fresh whole round & some gutted)**
- **Volumes of fresh product seem to move very well in Ghana**
- **Generally well developed fish distribution systems and infrastructure**
- **Country has witnessed an economic boom recently – hence a fast growing middle income country in recent years**
- **But has begun experiencing some economic downturn that are affecting aquaculture operations there**



KENYA

- **The champion, number 3 in global economic growth in 2015 (after China & Philippines) @ 6.5% GDP growth in 2014**
- **One of the fastest aquaculture producers in Africa (>5000 MT in 2008) and now over 22 000 MT (2013), mainly tilapias and catfish – driven by strong demand & government promotion.**
- **Tilapia is a favourite dish in Kenya**
- **Country believed to have shortfall of >10 000 MT of tilapia.**
- **Tilapia Imports are growing in supermarkets (fillets, frozen whole)**
- **Need to do careful homework on prices, as there is still competition from wild stocks**
- **Generally well developed fish distribution systems and infrastructure as well as rated good in Doing Business**



MALAWI

- **One of the biggest countries affected by shortage of fish in Africa due to decline in wild stocks (Catches from Lake Malawi have declined by over 90% in recent years).**
- **In just over 12 years the population has increased from approximately 10 million people in 1998 to current 15.9 million in 2012 and at the current growth rate, is projected to reach over 26 million by 2030.**
- **Demand for fish is higher than the domestic industry can supply. Fish provide nearly 30% of the country's protein requirements.**
- **Demand-Supply dynamics where price of fish is going up, currently retail US\$3/kilo whole gutted, but for their locally scarce tilapia (Chambo), can go as high as US\$10/kilo**
- **Generally well established fish distribution network**
- **Government and people of Malawi are trying to develop aquaculture, which is still in its infancy. Problem is their favourite "Chambo" doesn't grow to commercially viable standards**
- **Country believed to have shortfall of >10 000 MT of tilapia.**
- **An important future market to watch**



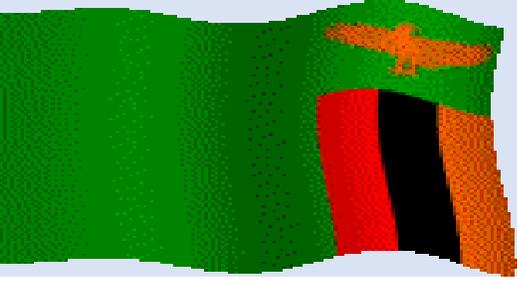
NIGERIA

- **The biggest economy in Africa at the moment and no 6. in the world in 2014 with GDP growth of nearly 5%**
- **The biggest aquaculture producer in Sub-saharan Africa with over 200 000 MT largely catfish (80%) but fast growing tilapia (20%) volumes as well.**
- **With population of over 170 million people, its perhaps the biggest market for food commodities in Africa.**
- **In recent years, country spends about US\$500m importing fish annually**
- **Tilapia Imports have been growing significantly in recent years, but the country has recently imposed import tariffs to protects is growing aquaculture industry**
- **Country has recently attracted quite some investments in aquaculture inputs (feed, technologies etc)**
- **Retail prices of Tilapia are over US\$2.50/kilo (fresh)**
- **Generally well developed fish distribution systems and infrastructure**
- **Cost of Doing Business can be quite high in Nigeria. Need proper homework**
- **There has been some recent conflicts in North-Eastern parts of Nigeria and this could affect nationwide distribution of commodities**



UGANDA

- **One of the fastest aquaculture producers in Africa. A big tilapia producer (wild caught & aquaculture)**
- **Still have significant, but dwindling wild caught tilapia, some of which small volumes are processed & exported to the EU**
- **Fish consumption is 13.6 per capita, tilapia is a traditional dish in Uganda**
- **Population is 38 million**
- **Economy is growing fast.**
- **Investments in aquaculture (of Nile tilapia) especially along its main Lake Victoria (and other small bodies) –large scale to SMEs.**
- **One needs to be wary of prices (US\$2.50 whole) and fish sizes**
- **Country is well positioned in the East African region, bordered by strong fish eating nations (DRC, South Sudan, Kenya, Tanzania and Rwanda)**
- **Well established fish distribution networks (including informal)**



ZAMBIA

- **Has been one of the world fastest growing economies in recent years**
- **One of the fastest growing tilapia producers and importers in Africa**
- **Significantly affected by decline in catches, overfishing is imposing some fishing bans from Dec-Mar as a fishery resource management measure**
- **Has witnessed rapid increase in volumes in aquaculture production, less than 8 000 MT in 2010 to over 20 000MT in 2013, mainly tilapia.**
- **Several commercial aquaculture investments being established in the country's lakes**
- **Demand for fish is very high, a recent studies put per capita consumption at over 25kg**
- **Official estimates put current fish deficit at more than 50 000MT**
- **Big importer of frozen tilapia – a distribution industry has emerged, importing nearly 500MT of frozen whole gutted tilapia monthly (unofficial estimates)**
- **Local producers face strong competition from this frozen product from China, which lands at US\$1/kilo. However, fresh product is preferred and sells fast.**
- **Based on data from the census in Zambia, there are approximately 100 000 Chinese people in Zambia (mining & infrastructure development)**
- **Retail prices are over \$3/kilo (whole fresh/frozen).**
- **Zambia has become a principal export market for Lake Harvest Aquaculture of Zimbabwe (next door)**



SOUTH AFRICA

- **Africa's most advanced economic powerhouse**
- **South Africa is in BRICS (a new emerging market/economic block) and is an advanced gateway to Africa**
- **One of the biggest seafood producers, importers, exporters, distributors in the continent with well established distribution networks.**
- **Relatively good, advanced country on Doing Business Index, according to the World Bank**
- **Population is 54 million. Middle income believed to be around 10-15%. And growing fast, fuelling the demand for high quality goods.**
- **Country has also witnessed a rapid urbanisation and a rapid growth in immigrant population, most of whom come from strong fish consuming nations**
- **Aquaculture production of tilapia is still very low, but growing modestly. Tilapia aquaculture is less than 1000MT.**
- **Country believed to have shortfall of >10 000 MT tilapia, but this needs to be further analysed as the majority of South Africans are still attached to marine fishes (perhaps due to limited supplies of freshwater fish locally). Besides this, competition comes on prices**
- **Country is an important conduit of frozen tilapia imports, destined for other countries of the Southern African region eg Angola, Zambia etc. In 2013, an average of 500 MT per month landed in South Africa, mainly from China and India coming up fast**
- **Country has witnessed a fast growing trend in seafood restaurants which have become very popular among South Africans. Fillets are selling generally well on the market.**
- **Amongst the country's biggest import sources are India, Thailand and China. SA has trade agreements with these countries**
- **Country has recently witnessed a new wave of sustainable seafood sourcing on domestic markets (retail market driven & NGOs) – buy-in by large retail chains**

SOUTH AFRICAN RETAILERS AND SUSTAINABLE FISHERIES – RECENT BUT KEY DEVELOPMENT

***“.....We remain deeply committed to procuring all our seafood from sustainable fisheries and responsible farming operations and are working with local and international seafood sustainability awareness and certification programmes, including the Marine Stewardship Council (MSC), the WWF-SA’s Southern African Sustainable Seafood Initiative (WWF-SASSI) and the Aquaculture Stewardship Council (ASC) to ensure that all our seafood is responsibly sourced and traceable back to the ship that caught it or the farm that raised it. We are continually working to raise awareness of the issues and help our customers make informed choices.....”* WOOLWORTHS (LARGE UPPER CLASS RETAIL SUPERMARKET)**





GREEN - BEST CHOICE



Always look for MSC eco-labelled products, such as the South African offshore trawled Hake, for the best choice in wild capture products.

- Anchovy
- Calamari (Squid)
- Horse Mackerel/ Maasbanker (midwater trawl)*
- Hottentot (line caught)*
- Kob (farmed in SA on land)*
- Monk
- Mussels
- Oysters
- Rainbow Trout (farmed in SA)*
- Sardines (South African)
- Snoek (South African)
- Tuna (pole caught ONLY)*
- Yellowtail

*See www.wwf.org.za/sassi for details



ORANGE - THINK TWICE

- Abalone (farmed)*
- African Sharptooth
- Catfish (farmed)*
- Carpenter (line caught)*
- East Coast Spiny Lobster
- Geelbek/Cape Salmon (line caught)*
- Hake (SA longline)*
- Kingklip
- Kob (farmed at sea or line caught)*
- Ling (New Zealand Kingklip)
- Panga (line caught)*
- Pangasius/Basa (farmed)*
- Prawns
- Red Roman
- Sole (East Coast)
- Tuna (local longline)*
- West Coast Rock Lobster
- White Stumpnose (line caught)*
- Yellowtail (locally farmed)*

*See www.wwf.org.za/sassi for details



RED - DON'T BUY

- Black Musselcracker/ Poenskop
- Dageraad
- Kob (trawl caught)*
- Red Stumpnose/ Miss Lucy
- Sharks (trawl caught)*
- Skates and Rays*
- Tuna (imported longline)*
- Cape Stumpnose
- Galjoen
- Garrick
- King Fish
- Knife Jaw
- Natal Stumpnose
- Natal Wrasse
- Potato Bass
- Red Steenbras
- River Snapper
- Seventy-four
- Spotted Grunter
- West Coast Steenbras
- White Musselcracker
- White Steenbras

NO SALE SPECIES

- Baardman/Belman
- Blacktail/Dassie
- Brindle Bass
- Bronze Bream

*See www.wwf.org.za/sassi for details

PRODUCT FORMS – FRESH



- The bulk of tilapia is sold fresh (whole round or gutted) at farm gate, landing sites etc
- Chilled
- Preferred product by most consumers
- Producers favour this as fast moving, as no extra cost incurred in freezing/storage of product
- Well established depots selling fresh product
- Quality issues



PRODUCT FORMS - FROZEN



- **Whole gutted and frozen**
- **Frozen product sold at distant markets**
- **Frozen product facing stiff competition from imports**

PRODUCT FORMS – FILLETS



- An opportunity yet to be fully explored in Africa
- Still limited product form in Africa
- Has traditionally been an exported product, mainly to EU (fresh fillet), by those certified to do exports
- An opportunity for the growing African market – large supermarket chains for frozen fillets
- Higher margins
- Now competition from frozen fillets from China



DRIED/SALTED PRODUCT



- Largely from wild caught tilapia
- Strong market in Central and West Africa regions
- Informal trade
- Important to livelihoods of thousands
- Issues of quality standards



TILAPIA PRICES

❖ This depends on :

- General price consumers are willing to pay
- country, location
- Imported vs domestic product
- Product forms

Indicative retail

- Fresh whole round Avg US\$2.75/kg
- Frozen whole gutted Avg US\$3.00/kg
- Fillets (skin on/off) Avg US\$9-12/kg
- Dried product Avg US\$5/kg

MARKET OPPORTUNITIES

- **Tilapia is by far the favourite fish in most parts of Africa**
- **Population growth dynamics in SSA (Urban populations, immigrant populations etc)**
- **Strong country economies mean strong/better purchasing power**
- **Public understanding of aquaculture as future supply of fish**
- **Market/distribution channels traditional used by capture fishery eg in Uganda (Nile Perch factories)**
- **Import replacement (superior quality/fresher product)**
- **Aquaculture clustering (especially by small scale producers)**
- **Regional trade blocks eg ECOWAS, COMESA, SADC etc. Trade policies**
- **Value added products for the growing affluent eg fillets**

CHALLENGES

- **Traditional sources have indeed declined in most fishery resources, yet on this day, aquaculture hasn't grown meaningfully to bridge the gap**
- **What the market wants is a constant supply of fish all year round**
- **Imports. Emerging aquaculture producers in SADC, who are predominantly tilapia producers are getting more and more concerned of their future competitiveness and have recently voiced their concerns to governments. However, some producers are even devising market innovative ways to counter this competition.**
- **Economic volatility of African states**
- **Information/data. very often official reliable data is scanty in many countries of the region**
- **High cost of production in African countries**
- **Quality issues. Inadequate technology resulting in high losses**
- **Cost of doing business high in some countries**
- **Infrastructure constraints – electricity supply, transport network, port access**

RECENT DEVELOPMENTS IN TILAPIA MARKETS IN AFRICA

- Rise in vertically integrated tilapia farms and rise in fish distribution businesses
- **Improved public understanding of tilapia, particularly as a farmed fish**
- Import bans or increase in import tariffs
- **Certification/ecolabelling on the rise and a move to sustainable seafood**
- Fish standards development (especially for tilapia)
- Cost effective means of fish production
- Improved, strong promotion of intra-Africa trade
- **National policy and plans, enablers, access to land and water for aquaculture value chains**
- Public-private bi-lateral arrangements (Norway-Africa), China-Africa etc
- Improved access to market information/data

COMMERCIAL SUCCESS STORY - TILAPIA MARKETING

LAKE HARVEST AQUACULTURE - (LHA ZIMBABWE) - AFRICAN CENTURY FOODS

- **Still largest freshwater aquaculture producer in Africa producing Nile tilapia**
- **Expanded operations to Uganda (SON) and Zambia (Kariba Harvest)**
- **Company is a vertically integrated business model: from farm production and fish feed production through to fish distribution**
- **About 2 200MT production in 2009 which has increased to just over 10 000 MT in 2014**
- **Targeting to reach 30 000 MT by 2030 on its Zimbabwean, Zambian and Ugandan operations**
- **Products are sold primarily to Zimbabwe, Zambia and other regional African markets with a little exports of fresh fillets to UK.**
- **The bulk of products sold through their own distribution network or at farm gate**

- **LHA has recently set up to 20 distribution outlets across 4 countries; 10 opened in 2014**
- **Depots are a mix of wholesale and retail, 70% of LHA's production is sold through own depots**
- **LHA was the first African fish farm to obtain Global GAP (Good Agricultural Practices) Certification**
- **Although facing strong competition in Zambian market from Chinese frozen whole tilapia imports, company counters the competition thru differentiation ie marketing product as fresh whole round, which is preferred by the market**
- **It is indeed the single biggest supplier of high quality tilapia in Southern Africa**

CONCLUSION

- Both capture and aquaculture production are NOT meeting demand
- All pointers are indicating a growth in aquaculture production of tilapia in many African countries, driven by strong demand. We will continue to see tilapia re-affirming itself as contributing to national food security in many countries
- The continent population will continue to rise from current approx. 1 billion and such an increase will mean more food fish
- Capture fisheries will remain important, there may be some slight improvements following recently applied fishery management measures, but the bottom line is not a huge change from the current declining nature
- Tilapia imports will continue increasing in more liberal markets eg Angola, DRC and others
- However importers may face strong import tariffs as countries try to protect their local aquaculture industry. This has begun happening in Ghana, Nigeria and soon Zimbabwe
- Issues of certification will increasingly come into play
- **WORD OF ADVISE: One needs to apply some marketing intelligence to formulate a winning business model. Develop locally relevant but quality products. Understand what quality means for African customers and know their preferences, lifestyles, and daily needs.**
- **Yes Africa presents a solid opportunity for producers and retailers of fast-moving food fish but requires tailored strategies. Understanding market-by-market to account for different rates of economic growth and local consumer needs and preferences.**



THANK YOU