MARKET PROFILE

Market profile

of the processed tomato
in Senegal

COLEACP

Study goal:	Tomatoes processed for the local, regional and international market
Date:	June 2021

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COLEACP's mission is to develop an inclusive and sustainable trade in fruit and vegetables and food products, focusing on ACP countries' trade with each other and with the European Union.

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I. SUMMARY

The goal of this market profile is to determine the market opportunities for processed tomato products on the Senegalese, West African and international (European) markets.

Some of the stakeholders of the processed tomato market are mentioned below. More details on the main stakeholders within the local market can be requested from COLEACP.

Overall, the double concentrated tomato paste market does not appear to represent an opportunity for new stakeholders, as the sector is marked by strong international and, to a lesser extent, Senegalese competition.

The market for African tomato-based sauces, and possibly the market for ketchup, offer more potential. These processed products have an attractive added value. Ketchup is mainly earmarked for consumers with a high purchasing power (in urban areas), and therefore has relatively limited short- and medium-term development potential. In contrast, African sauces are consumed by the entire local and regional population and therefore constitute a very promising market segment.

II. SUPPLY

a. Processed tomato products

i. Double concentrated tomato paste

The main processed tomato product in West African countries is double concentrated tomato paste. Its production must comply with the Senegalese standard NS 03 036, which "prohibits the addition of any colouring agents, thickeners, flavouring agents, sweeteners or preservatives" to the tomato paste.

The tomato paste sector is only **partially liberalised** in that only **imports** are liberalised. The Senegalese government sets the selling price of this product on an ad hoc basis as it seeks to ensure a sufficient and regular supply of tomato paste while protecting the Senegalese processing industry.

ii. African sauces

The composition of African sauces often includes a tomato base, which can account for up to 45% in some sauces.

iii. Ketchup

About a quarter of the world's tomato production for processing is used to make ketchup. Ketchup is traditionally made from tomato sauce, vinegar, salt, sugar and spices. The vinegar and sugar are used to preserve the product without adding more preservatives. The red colour of the product comes from the use of tomatoes, making the use of colouring unnecessary.

Ketchup can be made using one of two processes. One is to produce so-called "conventional" ketchup, which is made from tomato paste that is homogenised under heat after being pasteurised. The type of tomato paste used is then called "hot break". The major (American) producers mainly produce this type of ketchup.

So-called "textured" ketchup is also made from tomato paste, but to which texturising agents such as modified starch, guar gum, xanthan gum or carob are added. These additions are made cold, hence the name "cold break" tomato paste. This type of ketchup has a more concentrated tomato flavour and a lower viscosity than conventional ketchup.

b. Local production of so-called "industrial" tomatoes

Industrial tomatoes intended for processing are grown in Senegal from December to July, the crops benefiting from several factors. On the one hand, the quality of the soils and the stable climate of this country (with daily temperatures between 25°C and 30°C in winter) are favourable to this crop. On the other hand, Senegalese producers have access to tomato processing markets in Senegal, Nigeria and Ghana. Furthermore, Senegal's political stability is an advantage for this country compared to other ECOWAS members because this security reassures investors.

Industrial tomatoes are one of the main horticultural crops in the Senegal River Valley. It is the activity of more than 15,000 producers in the regional subdivisions of Dagana and Podor, near the border with Mauritania.

However, the producers' difficulties in following crop production protocols and cropping calendars, combined with constraints related to the collection and transport of harvests, are hampering the development of the industry. The average yield is less than 23 tonnes per hectare.

Overall, **the industrial tomato produced in Senegal is struggling to compete with imports,** particularly from Asia (mainly China) and Europe (mainly Italy). This low competitiveness can be explained by the fact that the local production model:

- is **not very intensive,** with a maximum production of 20 to 25 tonnes per hectare;
- is based on **limited use of inputs, many small producers,** sometimes **high transport costs** and the difficulty, if not inability, of producing the right industrial tomato varieties throughout the year. Pest pressure, particularly *Tuta absoluta,* also endangers production;

This is illustrated by the fact that other producing countries, based on intensive models, reach productivities of 60 to 70 tonnes per hectare.

In recent years, the Senegalese industrial tomato sector has witnessed a **loss of interest,** with producers preferring to turn to more profitable and simpler crops. In 2016, the turnover per hectare per year was only 1.5 billion CFA francs (XOF) for a gross margin per producer of around 550,000 CFA francs (XOF) (around 838 euros).

c. Senegal's main producers and exporters

Senegalese production volumes of processed tomato products have been stabilising since 2015. This is the result of the entry of new producers of double concentrated tomato paste on the Senegalese market at the beginning of 2000 and the increase in imports of tomato-based products to Senegal.

For double concentrated tomato paste, SOCAS (*Société de Conserves Alimentaires au Sénégal*), a subsidiary of the Sentenac group, has become the traditional industrial producer in Senegal. It sets out to satisfy the entire Senegalese demand for tomato paste from tomatoes produced in the country, as well as to export the production throughout the region. Following the purchase of its competitor, the *Société nationale de tomates industrielles (SNTI),* and the conclusion of an agreement with the Senegalese government, SOCAS held a monopoly on the sale of tomato paste on the Senegalese market from 1987 to 2004.

SOCAS buys most of its tomatoes from about 12,000 independent Senegalese contract growers, providing them with inputs on credit. However, the company has recently started to use tomatoes (triple concentrated) imported from China and Iran, as these are cheaper than Senegalese tomatoes and allow SOCAS to remain competitive in the face of the (new) players on the tomato paste market.

The arrival of two new national tomato paste companies, AGROLINE in 2004 and *Takamoul Foods* in 2009, put an end to SOCAS' monopoly. The opening of the market to competition has not only been positive, however, as it has led to a drop in the volume of locally produced tomatoes. The supply of industrial tomatoes produced in Senegal did not initially meet the demand of the three industrialists and was therefore supplemented by imports. Imports have since continued to increase, leading to a reduction in demand for locally produced tomatoes. The reality of the situation is that it is cheaper to produce double concentrated tomato paste (as demanded in the region) from imported tomatoes or triple concentrated tomato paste, especially from Asia, than from locally produced tomatoes.

2017 also marked the arrival of a new manufacturer in Senegal, Kagome Senegal Sarl, a subsidiary of Japanese tomato-based food manufacturer and distributor Kagome Co. Ltd. The Senegalese industry benefits from the Kagome Group's agricultural technology resources, such as seeds and growing techniques. It can thus create new production areas in Senegal and contribute to the development of the market for tomatoes for processing in West Africa, particularly in Ghana and Nigeria.

The three main producers of ketchup worldwide are Del Monte Foods, Inc, The Kraft Heinz Company, and Conagra Brands, Inc. Senegalese companies such as SOCAS and Takamoul have also been producing ketchup recently.

Processing industrial tomatoes into ketchup makes sense, as it makes it possible to avoid wasting tomatoes, which are highly perishable and have a limited production season.

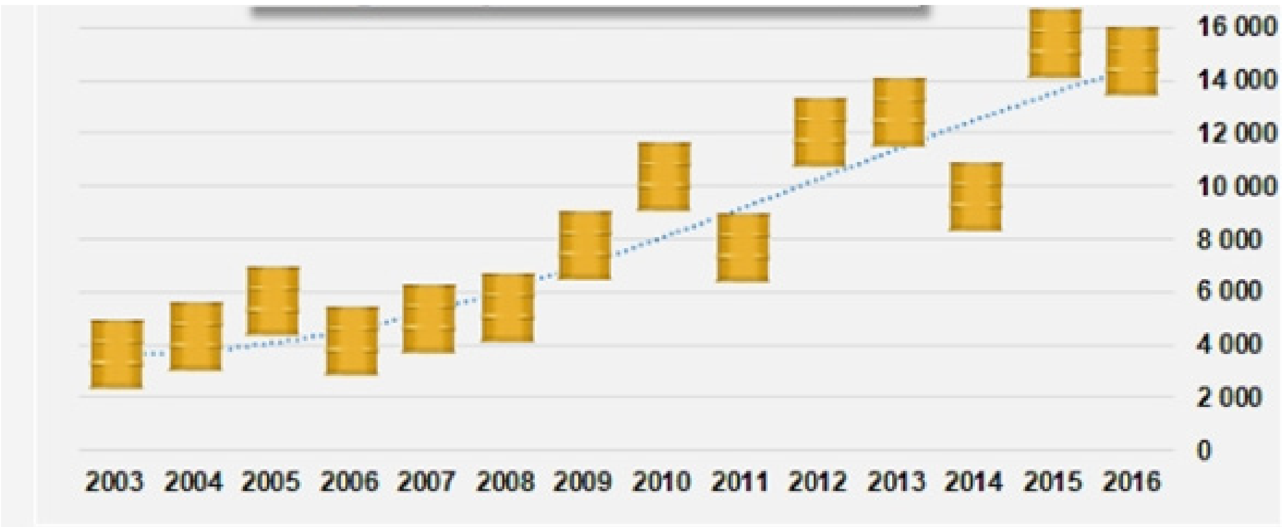

Figure 1: Tomato paste import volumes by Senegal (in tonnes).
Source: *Tomato News - Senegal: a sector in great difficulty*

d. The domination of imports on the Senegalese market

A characteristic of the Senegalese market is that, despite local production, almost all tomato-based products consumed locally are imported. Imports are between 3 and 10 times higher than exports, depending on the year.

In 2019, 72% of processed tomato products were imported from China. Other suppliers were Italy (10.4%), the United States (8.6%), Chile (4.48%), Spain (1.91%), the United Arab Emirates (1.26%) and France (1.04%).

Over the period 2014 to 2018, the origin of imports was more varied, with processed tomato products coming mainly from China, but also from the US and Italy.

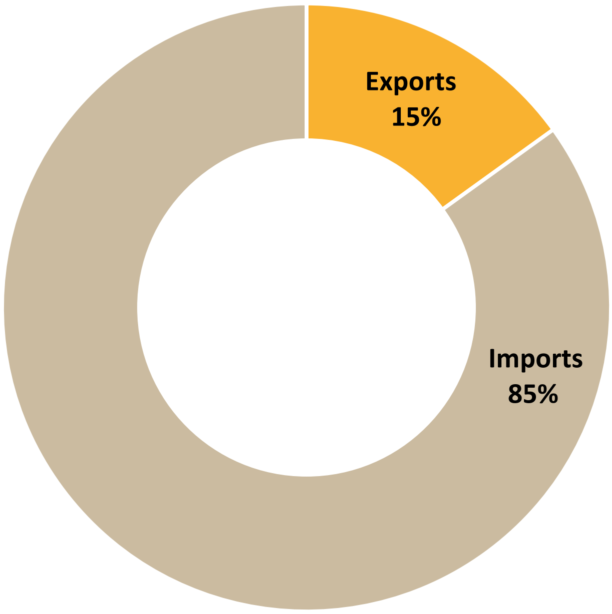

Figure 2: Ratio between imports and exports of processed tomato products by Senegal between 2014-2018 (combined shares): COLEACP from own data and data based on UN-COMTRADE, IFPRI, EUROSTAT, FAOSTAT and national statistics

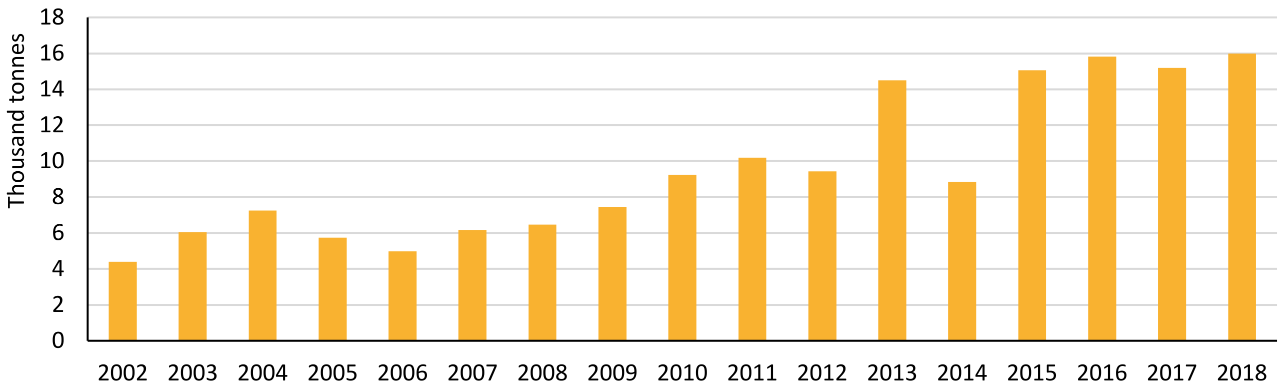

Figure 3: Evolution of imports of processed tomato products (except juice, whole or in pieces) by Senegal (in thousands of tonnes). *Source: COLEACP from other sources (see Figure 2)*

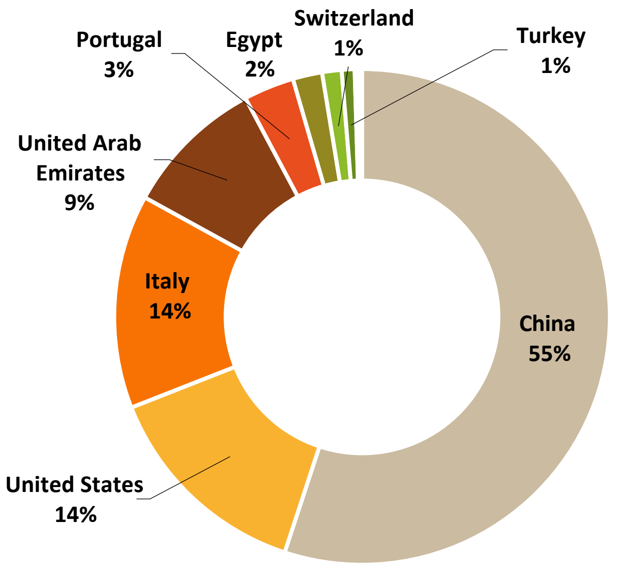

Figure 4: Main origins of imports of processed tomato products (except juice, whole or in pieces) by Senegal between 2014-2018 (combined shares). *Source: COLEACP from other sources (see Figure 2)*

The volume of imports of processed tomato products from the EU has stabilised over the last decade:

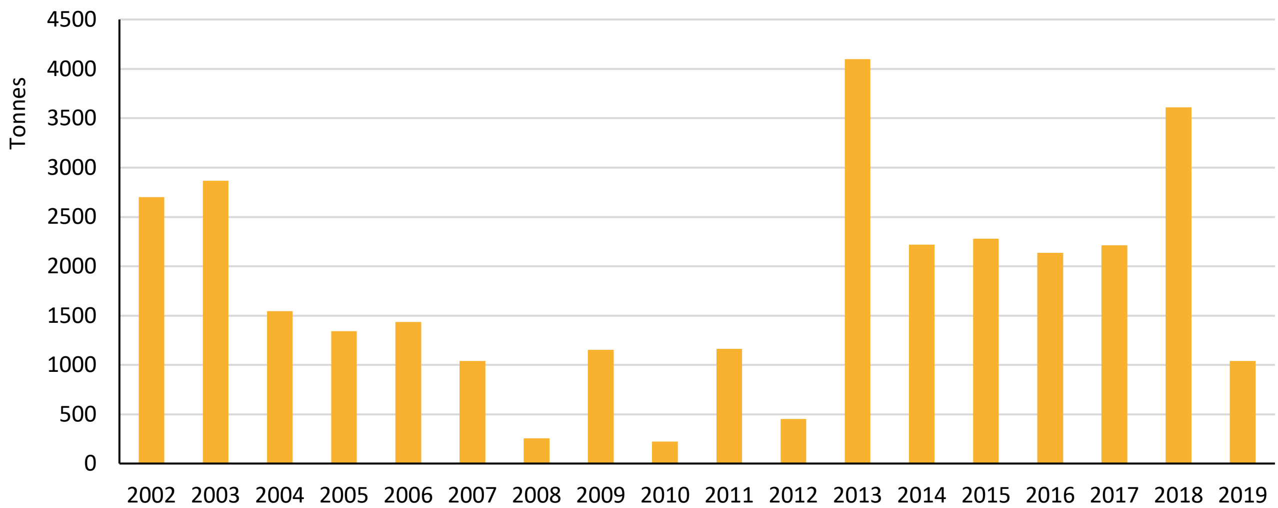

Figure 5: Evolution of imports of processed tomato products (except juice, whole or in pieces) by Senegal from the EU28 (in tonnes). *Source: COLEACP from other sources (see Figure 2)*

This tendency to import processed tomato products is placing the Senegalese tomato processing sector in great difficulty. While more than 93,000 tonnes of tomatoes were processed between 2009/2010 and 2011/2012, their volume dropped to 53,000 tonnes for the period 2012/2013 to 2014/2015. The downturn continued between 2015/2016 and 2017/2018 with less than 37,000 tonnes of tomatoes processed.

Since 2013, the import of triple concentrated tomato paste is only allowed if processors also buy local industrial tomatoes. With little compliance with this measure, imports of processed tomato products have continued to increase, reducing demand for locally processed tomato products whose production volumes are consequently decreasing. The processed tomato market is therefore mainly based on **imported raw material** that is processed locally by agri-food companies before being distributed locally.

This is due to the strong competition among local industrialists, as well as the unsatisfactory quality and quantity of Senegalese industrial tomatoes, notably because of their immature harvest (for fear of crop contamination by diseases and pests).

III. DEMAND

a. Local market (Senegal)

Double concentrated tomato paste is an essential seasoning in West African cuisine, particularly in Senegal. The preparation of the Senegalese national dish (Thieboudienne) usually requires tomato paste to colour the rice. The paste must have a particularly strong colour, which leads some manufacturers to add colouring.

In addition, **urbanisation** and **changing culinary practices** are diversifying and fuelling the demand for processed products. In addition to tomato paste, **ketchup** and mainly **African sauces** are increasingly in demand.

The demand for ketchup is developing mainly in cities, particularly in the restaurant industry (fast food, tourism). Ketchup has a luxury image and is used as a seasoning by the Senegalese middle and upper classes.

The volume of food demand varies according to the season. Muslim religious holidays and Ramadan in particular are consumption peaks on the Senegalese market.

There are three main **types of packaging** on the Senegalese market, which are used in particular for tomato paste and African sauces:

- 2 kg cans,
- 800 gr cans,
- 70 gr bags.

A large proportion of tomato paste products are marketed in West Africa using **marketing** codes inspired by **Italian products.** For example, the **packaging** of the products uses the colours of Italy and Italian brand names (Gino, Pomo, in particular). It is important to point out, however, that this Italian inspiration is independent of the origin of the tomato base, which generally comes from China.

Competition between the different products is relatively strong and competing brands are generally promoted through advertising campaigns (posters, commercials, etc.).

b. Regional market (West Africa)

Foreign demand for Senegalese processed tomato products comes mainly from neighbouring countries (98%). It is estimated that, in 2019, the main export destinations were Guinea (31%), Mali (26%), Gambia (21%), Mauritania (7.79%), Guinea-Bissau (7.33%) and France (4.48%). The breakdown per export market may vary in reality, however, as exports to neighbouring African countries are not (all) recorded. However, the volume of processed tomato exports from Senegal remains relatively low and erratic.

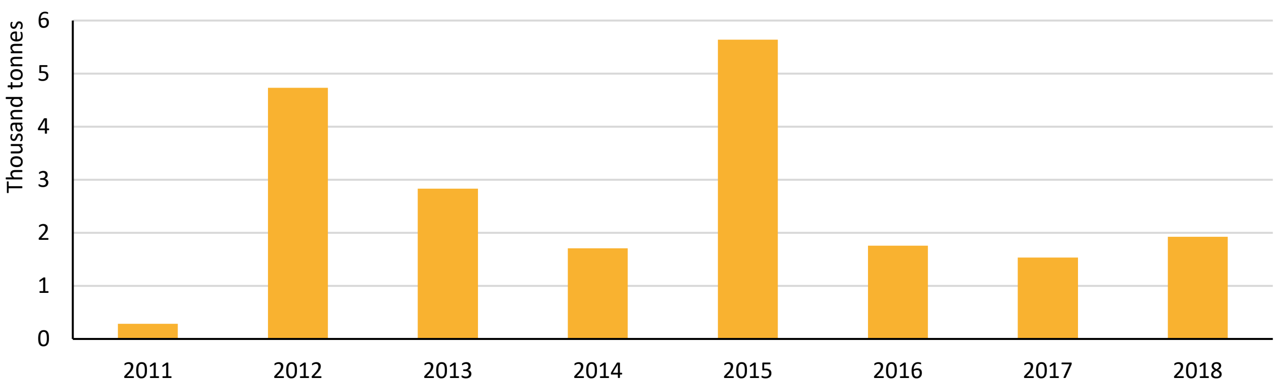

Figure 6: Evolution of foreign demand for Senegalese processed tomato products (except juice, whole or in pieces) (in thousands of tonnes). *Source: COLEACP from other sources (see Figure 2)*

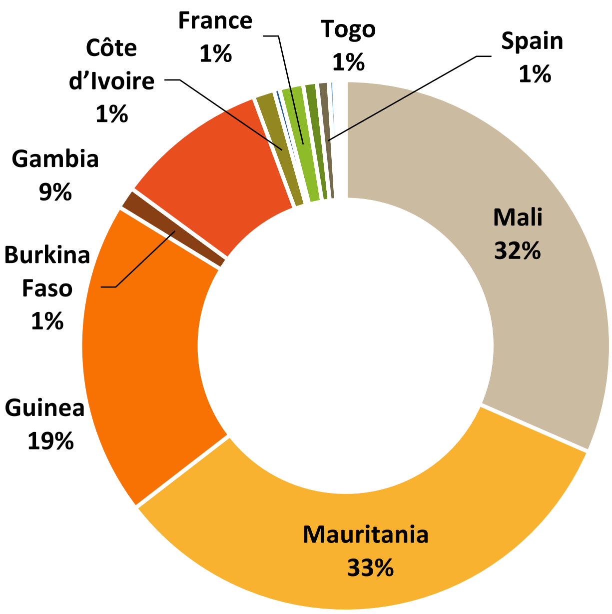

Figure 7: Breakdown of the foreign demand for Senegalese processed tomato products (except juice, whole or in pieces) between 2014-2018 (accumulated volumes). *Source: COLEACP from other sources (see Figure 2)*

There is little data on food, regulatory or marketing mix requirements in West African markets. Information on local market demand in Senegal can be used to steer the marketing of tomato-based products in regional markets: for example, several types of stakeholders can be identified:

- West African companies producing tomato-based products (pastes, ketchups, or sauces) on an industrial scale: for example, the company Nutrifood in Côte d'Ivoire.

- Smaller West African companies that meet the urban demand for African culinary sauces: for example Les marinades et piment de Mamie Souadou (Abidjan) or Alloco Piment (Abidjan).

c. International, European market:

Only 3% of Senegalese processed tomato products are exported to the European market. These limited exports (in value and weight) fluctuate and there is no recognisable trend.

Exports of double concentrated tomato paste produced in Senegal to Europe are mainly aimed at the Senegalese diaspora, living in the Netherlands, France or Spain.

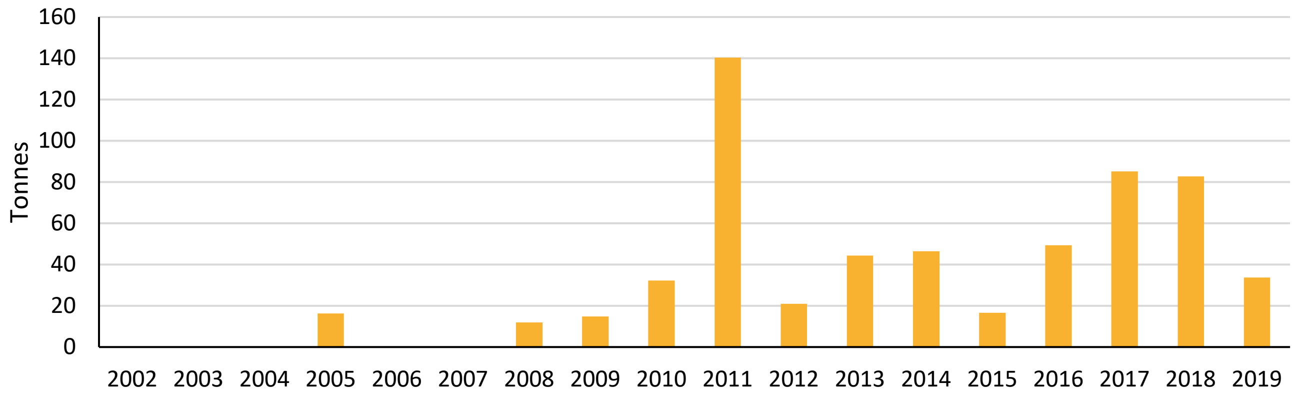

Figure 8: Evolution of European demand for Senegalese processed tomato products (except juice, whole or in pieces) (in tonnes). *Source: COLEACP from other sources (see Figure 2)*

IV. MARKET

a. Industry organisation

The organisation of the processed tomato product chain in Senegal mainly follows the following pattern:

IMPORTERS → WHOLESALERS → SHOPS

Local production processed on site and earmarked for the local market is part of a chain organised as follows:

PRODUCERS (HARVESTING) → PROCESSORS → (IMPORTERS) → (WHOLESALERS) → SHOPS

b. Opportunities

i. On the local and regional market

Local processing of industrial tomatoes faces **competition from imported double or triple concentrated paste.** Consumers are not very aware of the origin of double concentrated tomato paste. Product differentiation highlighting the "Senegalese origin" of the tomatoes requires a long-term communication and marketing effort that would limit the appeal of this development.

Conversely, an attractive opportunity for differentiation lies in the development of **sauces** for local and regional markets, tailored to the **tastes and expectations of West African consumers**. This opportunity can be explored further.

It may be worthwhile to invest in the **ketchup** market in Senegal, but its development opportunity is more limited than that of tomato-based sauces adapted to local tastes.

Tomato juice could be an interesting alternative tomato-based product. But its marketing in Senegal is questionable, as local consumption of this product is not supported by data or direct observations. The same applies to dried tomatoes.

Tomato powder processing, on the other hand, has proven to be a successful alternative in other countries in the Sahel region. An example to follow could be Yabe Production, a company in Niger that manufactures and markets tomato powder. However, this is again a little known product in local and regional markets.

ii. On the European market

Exports of fresh industrial tomatoes to European markets are not competitive and do not represent an opportunity, as they are subject to too many commercial, logistical and competitive constraints. For example, fresh tomatoes produced in Senegal for processing do not comply with the sizing standards of the European market. In addition, their short shelf life precludes their transport by sea. The problem is that the so-called "industrial" tomato varieties keep for about 2 days, while the tomato varieties intended for consumption keep for about 21 days. However, air transport is not an option, as the value of industrial tomatoes is too low, unlike that of Senegalese cherry tomatoes.

Conversely, the export of processed tomato products avoids some of these constraints. However, European production mainly meets European demand for processed tomato products and is supplemented by imports from Turkey, Ukraine and the USA. Therefore, in the short term, it is not feasible for Senegal to position itself as one of the EU's suppliers of processed tomato products.

As for the export of **double concentrated tomato paste,** this is an export market that is not very competitive, but whose attractiveness has not been established.

V. CONCLUSION

Although there is a strong demand in Senegal and West Africa for processed tomato products, local production is still very limited and cannot meet it. This concerns in particular the demand for double concentrated tomato paste, which is very high locally and regionally. It is not satisfied by local production because of structural problems and low competitiveness in the face of imports.

On the other hand, the development of sauces for local and regional markets, adapted to the tastes and requirements of West African consumers, is an opportunity to be explored further. The production of ketchup could also be worth considering but requires more investment in terms of marketing. This would make it necessary for Senegalese producers of tomato-based products to distinguish themselves from competing international producers by promoting the local and artisanal origin of their production. Local production can be a selling point that can even encourage the local and regional population to buy Senegalese products, which are more expensive than imported products. Local and regional supermarkets are increasingly promoting local producers in their in-store communication. There are probably marketing synergies to be developed within the chain.

In general, to be competitive, the local industrial tomato processing chain would need to:

- transport fresh industrial tomatoes to the processing site in time, or even create industrial processing sites closer to the place where the tomatoes are harvested,
- increase the yield of Senegalese tomato production and the productivity of processing,
- advocate a more stringent or broader application of taxes on the import of double concentrated tomato paste.

Thus, the possibility of exploiting the strong local and regional market demand, coupled with the structural difficulties of exporting, should lead the industry to favour trade within West Africa.

DATA SOURCES

The quantitative and qualitative data mentioned in this market profile have been obtained from the following sources:

- **EU Fruit And Vegetables Market Observatory - Sub-Group for Tomatoes**
  - "The tomato market in the EU: Vol. 3b: Trade on processed products", 2020
- **Jeune Afrique**
  - "Au Sénégal, la colère rouge tomate de la Socas", 2015
- **Netherlands Enterprise Agency**
  - "Etude de marché Sur le secteur alimentaire au Sénégal", 2016
- **Republic of Senegal - Ministry for the Economy and Finance, department in charge of Private Sector Support**
  - "Créneaux porteurs du secteur secondaire – Créneau porteur : Fabrication de Ketchup"
- **Tomato News**
  - "Processed tomato: EU expects a slight increase in quantities", 2019
  - "Sénégal : une filière en grande difficulté", 2018
- **COLEACP, testimonies and own and external database.**

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