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Programs and Opportunities

The Agricultural Economy of Senegal

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Located in the drought-prone Sahel region of West Africa, Senegal is a country where subsistence agriculture remains prevalent. Despite a relatively wide variety in its agricultural production, Senegal remains a food deficit country and must import many basic commodities such as rice, wheat, and dairy products, and is still highly dependent on foreign aid. Only about 5 percent of the land is irrigated, rainfall is irregular, and soils are generally poor. Fishing is Senegal's primary economic resource and the source of its major exports. The main agricultural cash crops are peanuts, cotton, gum arabic, fruits, and vegetables.

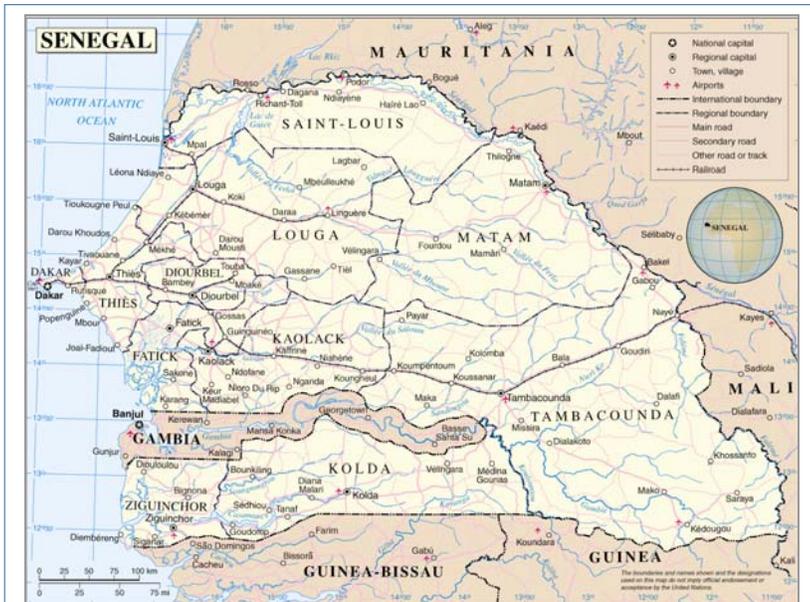
Peanuts

Peanuts are the engine of the rural economy, accounting for about 40 percent of the cultivated land, employing as many as 1 million people and constituting the main cash crop for many Senegalese farmers. Peanuts are processed locally. Prices for processed peanut oil and other peanut products are set by a government-controlled commission.

Unshelled peanut production varies widely because of periodic droughts and production is frequently underreported because of unauthorized sales to processors in neighboring countries. Total production was estimated at 850,000 metric tons in 2005 with exports reaching \$30 million, mostly as peanut oil going to the EU (European Union) and, more recently, the United States. Peanut meal is predominantly sold in the local market as animal feed.

Cotton

Cotton is grown in every region and covers almost one-third of cultivated acreage. However, production is concentrated in the southeastern part of the country. Cotton accounts for about 3 percent of total Senegalese exports, amounting to \$23 million in calendar year 2005. Most lint cotton is exported and ginning capacity is not fully utilized. As a result of the AGOA (African Growth and Opportunity Act) meeting in Dakar, Senegal, in July



Senegal, No. 4174 Rev. 3

Map courtesy of the United Nations Cartographic Section, used by permission

Senegal is participating in a U.S.-funded West Africa Cotton Improvement Program in support of crop diversification and value-added processing in cotton producing regions.

Grains

Rice, millet, and sorghum are the main subsistence food crops for Senegal's rural population. Corn is also an important cereal crop. However, production of these food grains does not meet the country's needs. For example, rice production only meets about 20 percent of domestic demand. Senegal is the second largest rice importer in Africa, ahead of Côte d'Ivoire and behind Nigeria. Consumers prefer 100 percent broken rice originating from Asia, mainly Thailand and India, and recently from Brazil, Uruguay, and Argentina.

Senegal is also a large wheat importer. The demand for wheat flour is increasing with population growth and the rise in the popularity of breads. Some 90 percent of the wheat imports come from France. Senegal imported U.S. wheat, most recently in 2004 and again in 2006. U.S. wheat is used for blending because of its high protein content.

Horticultural Products and Sugar

Senegal's exports of fruits and vegetables are growing steadily, but still remain low. Europe is the main market, particularly for Senegal's green beans, cherry tomatoes, mangos, and melons.

Under AGOA, Senegal's horticultural sector is making efforts to enter the U.S. market. However, in order for Senegal to benefit from these opportunities, the country needs to address phytosanitary concerns and improve packing, distribution and transportation capabilities.

The potential for growing industrial tomatoes along Senegal's river valley is high, but current production does not meet domestic processor demand. More than half of all tomato paste consumed is imported. Farm-gate tomato prices and incentives will have to improve for Senegal to produce more of its paste from local tomatoes. Local processors face stiff competition from imports of products such as paste, tomato sauces, juice, and ketchup.

Sugar production in Senegal started in 1972, but imports are still necessary to meet domestic needs.

The overall potential of the horticultural sector is limited by the presence of various pests such as fruit flies and white flies. The country needs technical assistance to develop capabilities to meet international standards and to increase the efficiency of surveillance and compliance. Senegal also needs to work with its regional partners to harmonize phytosanitary standards to overcome regulatory bottlenecks to trade.



Rice paddy irrigation
Photos courtesy of USDA/FAS Office of Agricultural Affairs, Dakar, Senegal



Rice milling



Cherry tomato line



Cherry tomato sorting

Livestock, Dairy, and Poultry

Most cattle breeding systems are nomadic, and herders move throughout the country in search of pasture. There are very few cattle raised in feed lots. Senegal remains a net importer of live animals and meat.

With milk production far below domestic needs, the country's dairy industry depends on imported milk powder. Imports are twice the level of domestic milk production. The main products available in the market are sweetened and

unsweetened concentrated milk and milk powder.

Domestic poultry production is on the rise since a 2005 ban on imports of chicken meat. The import ban went into effect after regional outbreaks of avian influenza and remains in place to protect domestic producers who can not compete with cheaper chicken parts from Europe, the United States, and Brazil.

Fish and Forest Products

Because of its long coastline and productive continental shelf, Senegal harvests and exports an impressive array of seafood, including sardines, tuna, shrimp, mullet, and cuttlefish. In 2005, seafood represented 22 percent of Senegal's total exports, generating more than \$366 million in national income from an annual catch of some 400,000 tons. At the domestic level, thousands of families depend on fish as a nutritional staple.

The forest products industry is undeveloped. However, many rural families make 50 percent of their income from selling forest resources. Gum arabic has emerged as a major source of income and export revenue in recent years.

Developing U.S.-African Cooperation

Senegal has significant agricultural potential, but crucial development is needed. In addition, recent migration from rural to urban areas is threatening the agriculture that does exist. In response, the government recently launched a plan called "Return to Agriculture" to improve the rural infrastructure with roads, improved wells, and electricity. The program is envisioned to provide training as well as production tools and equipment.

Since the inception of AGOA in 2000, there are increased opportunities for U.S. agricultural interests in both the public and private sectors to become involved in Senegal. Trade capacity building and technical assistance are essential to creating a dynamic environment of economic growth. Increased trade offers potential for U.S. and Senegalese producers in each others' markets.

To unlock this potential, in September 2006, USDA opened a U.S. Agricultural Affairs Office at the U.S. Embassy in



Green bean harvest



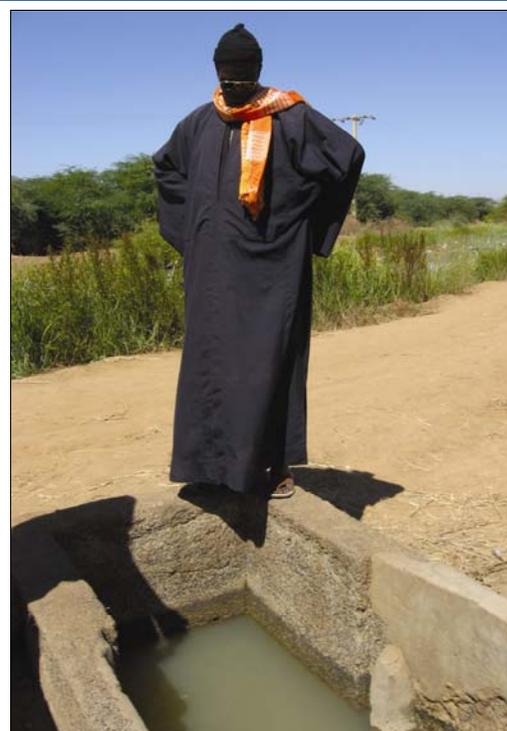
Green beans for export

Dakar to expand two-way trade, promote private-sector investment, foster sustainable development, and create economic growth.

FAS (the Foreign Agricultural Service) joins USDA's Animal Plant Health Inspection Service in Dakar in helping Senegal and other countries in the region improve their capacity to more effectively participate in regional and world agricultural markets. The FAS office in Dakar works with several U.S. government agencies including the U.S. Department of Commerce's Foreign Commercial Service and USAID (the U.S. Agency for International Development) to support key aspects of AGOA. The FAS office also provides regional coverage for Mali, Burkina Faso, Chad, and Benin.

The United States is providing assistance to Senegal to help it develop its private sector, stimulate economic growth, improve its regulatory structure, strengthen democracy, and improve health and education. For example, FAS' Cochran Fellowship Program has provided short-term agricultural training in the United States to 45 Senegalese participants since 1997. Senegal is also a recipient of USDA's Food for Progress and McGovern-Dole Food for Education and Child Nutrition programs. In 2005, because of its significant economic and political progress over the past decade, Senegal became eligible for a grant through the Millennium Challenge Corporation.

Agricultural trade between the United States and Senegal is rapidly expanding. For example, U.S. imports of agricultural, fish, and forest products from Senegal totaled \$7.8 million in fiscal 2006 and have already reached a new record of more than \$8 million so far in 2007, with peanut oil leading the way. In 2006, U.S.



Food for Progress irrigation project

exports to Senegal topped \$10 million led by rice, processed fruits and vegetables, and vegetable oil.

Senegal is extremely interested in facilitating U.S. investment and involvement in its agricultural sector. In addition, high-quality bulk and consumer-oriented products are needed to boost domestic agricultural efficiency and meet consumer demand. Direct marketing or cooperation with local

distributors will give U.S. agribusiness the necessary exposure. ■

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