



## **Prospects for U.S. Sips & Snacks in Sub-Sahara Africa**

“Sips” (such as wine, beer, and spirits) and snacks (including potato chips, baked foods, fruit and nut mixes, and peanuts/peanut butter) are growing segments of sub-Saharan Africa’s food and beverage industry, particularly in Ghana, Nigeria, Kenya, and South Africa. Despite relatively subdued economic growth due to COVID-19 and associated lockdown restrictions, continued momentum in the region’s alcoholic beverage and snack food markets points to enormous potential for U.S. exporters.

The region’s emerging and informed middle class is helping create a burgeoning market for the wine, beer, and spirits industry. Consumer preference is shifting away from locally brewed beverages towards branded, imported, higher-quality alcoholic drinks. This emerging consumer group is also becoming more aspirational and brand conscious, paying closer attention to packaging and product details as opposed to focusing only on low pricing. This change in consumer behavior is reflected in shoppers’ preference for quality over quantity and their willingness to pay a premium for alcohol products that offer an authentic experience.

The potential for future growth in the alcoholic beverage segment is promising, presenting opportunities for U.S. producers and suppliers. Other essential drivers of increased demand for wine, beer, and spirits in the region include population growth, an increasing number of expatriates, rising urbanization, a growing number of women drinkers, and expansion in the hospitality/tourism industry. Further, changes in social and cultural conditions together with increasing marketing efforts, are expected to support continued growth in consumption and sales of wine, beer, and spirits.

The market for indulgence categories such as sweet biscuits, snack bars, fruit snacks, and savory snacks is also growing in the region. Rising sedentary lifestyles among urban-dwellers and hectic schedules among working professionals are driving demand for ready-to-eat, convenient foods. Additionally, growth in the number of white-collar workers means more middle- and high-income consumers can afford the convenience of easy-to-prepare packaged foods and ready-to-eat snacks to fit their busy lifestyles.

In addition to growing regional demand for sips and snacks, South Africa is a major producer and exporter of processed food products making it an ideal market for a wide range of food ingredients and additives not produced locally. Likewise, in Ghana, Kenya, and Nigeria, food processing is at the top of the government’s development and business initiatives, fueling steady growth of the industry in the last few years. The growth of the food processing sector in these countries provides export opportunities for U.S. suppliers, as most of them rely heavily on

imported raw materials and food ingredients such as food flavors, thickeners, and protein concentrate.

## Beer

Beer is the most consumed alcoholic beverage in Ghana, Nigeria, Kenya, and South Africa. According to data from Euromonitor, beer sales in 2019 were valued at \$734 million in Ghana, \$2.6 billion in Kenya, \$3.3 billion in Nigeria, and \$10.3 billion in South Africa. Domestic varieties are the most consumed, however, domestic production has been influenced by an increasing number of international brands, such as Diageo and Anheuser-Busch InBev, who are expanding their market presence through investments in local subsidiaries. As a result, localization is gradually becoming a new reality in the beer industry, putting downward pressure on global beer exports, especially to Ghana and Nigeria.

U.S. Beer Exports to Sub-Saharan Africa							
Country	Values in '000 USD					U.S. Market Share 2019	U.S. Rank Among Suppliers
	2015	2016	2017	2018	2019		
Sub-Saharan Africa	209	114	790	1,447	1,501		
Nigeria	0	0	0	12	6	3.6%	2
South Africa	3	0.1	608	1,334	1,384	0.6%	4
Ghana	0	0	0	29	13	0.3%	2
Kenya	21	13	44	14	0.01	0.01%	11

Source: U.S. Census Bureau Trade Data, -BICO HS-10; market share data derived from Trade Data Monitor, LLC

Despite the growing trend toward local brews, consumers, particularly in South Africa and Kenya, have an increasing desire for premium beer. The popularity of premium beer is especially strong among younger generations and the rising affluent class. Interest in alcohol-free and lower-calorie craft beer is also gaining traction as a result of rising health awareness, higher disposable incomes, and changing consumer tastes. The future growth expected in the premium or craft beer market in these countries provides a major opportunity for U.S. suppliers. For example, in 2018 the first craft brewery in West Africa emerged in Ghana demonstrating a small but growing segment of the market in search of premium options.

The European Union (EU) is the top exporter of beer across the region. Proximity and lower transportation costs keep EU products in demand. However, South Africa, despite its free trade agreement with the EU, has displayed a preference for U.S. beer with a compound annual growth rate (CAGR) of more than 780 percent in value between 2015 and 2019. In Ghana and Nigeria, U.S. exports were largely non-existent in the last few years, but shipments started to pick up in 2018. This uptrend is expected to continue thanks to a favorable economic outlook and an increasing demand for more sophisticated and superior quality beers.

## Wine

South Africa is the largest wine market in sub-Saharan Africa with a market value of \$3.5 billion in 2019, the majority of which is locally produced. Following behind are Kenya and Nigeria with

market values of \$908 million and \$414 million, respectively. The size of Ghana’s wine market was valued at \$222 million in 2019 according to Euromonitor. Kenya is the fastest growing wine market with a CAGR of 9.7 percent between 2015 and 2019, followed closely by Ghana with a CAGR of 8 percent and South Africa at 6.7 percent over the same period.

U.S. Wine Exports to Sub-Saharan Africa							
Country	Values in '000 USD					U.S. Market Share 2019	U.S. Rank Among Suppliers
	2015	2016	2017	2018	2019		
Sub-Saharan Africa	29,310	7,441	7,609	25,248	27,646		
Nigeria	24,257	3,760	3,866	14,918	22,782	24.7%	2
South Africa	769	385	267	198	214	0.6%	5
Ghana	539	782	282	136	184	1.1%	3
Kenya	211	105	64	333	43	0.2%	14

Source: U.S. Census Bureau Trade Data, -BICO HS-10; market share data derived from Trade Data Monitor, LLC

When it comes to wine imports, Nigeria’s imported wine sales grew at a faster pace (6 percent per annum) than total sales (1.4 percent per annum) between 2015 and 2019, making it not only the fastest growing market for imported wine but also the largest in sub-Saharan Africa. Global wine exports (in value terms) to Kenya grew at a CAGR of 5.7 percent and in South Africa 0.43 percent, while Ghana experienced a slight decline of 0.8 percent between 2015 and 2019. Nevertheless, projected future growth in total wine sales is promising thanks to the rising middle-income consumer base and changing tastes and preferences for premium wines.

While South Africa’s wine consumption is primarily from domestic production, in Ghana, Kenya, and Nigeria, consumption is entirely from imports. The EU is the major supplier of imported wine to the region, with 87 percent market share in South Africa, 84 percent in Ghana, 67 percent in Nigeria, and 29 percent in Kenya. In terms of U.S. wine exports to the region, Nigeria is the number one destination accounting for 82 percent of U.S. export sales to the region in 2019. Growing at 13.3 percent between 2015 and 2019, the long-term prospects for U.S. wine sales in Nigeria remain very strong. Despite declining growth in Ghana, Kenya, and South Africa over the same period, U.S. wine has an opportunity to gain traction in these countries with its distinct wine varietals and flavors. Health consciousness is also on the rise and international imports of healthier low-calorie options are growing in popularity.

## Spirits

The market for spirits has witnessed significant growth over the past five years (2015 to 2019), recording a CAGR of 8.6 percent in Ghana, 15.9 percent in Kenya, 9.3 percent in South Africa, and 1.7 percent in Nigeria. These numbers point to a far more promising growth in total sales among all alcoholic beverages. Ghana leads the pack in terms of market size with total sales of \$5.3 billion in 2019, while South Africa, Nigeria, and Kenya recorded sales of \$4.1 billion, \$1.8 billion, and \$558 million, respectively.

Continuous expansion and penetration of international brands in domestic spirits production has led to the dominance of local supply in meeting demand. However, imports

occupy a rapidly growing segment of the spirits' market. Middle- and upper-income consumers in Ghana, Kenya, and Nigeria are moving away from standard, local, unpackaged, artisanal spirits and seeking more exotic and imported premium brands such as Bourbon and other U.S. whiskey, tequila (and mezcal), vodka, flavored brandy, and cognac. For instance, whiskey-based cocktails are becoming an aspirational symbol of affluence in lounges across Lagos, Nigeria. Consumers there demonstrate a preference for sophisticated and imported spirits.

U.S. Spirits Exports to Sub-Saharan Africa							
Country	Values in '000 USD					U.S. Market Share 2019	U.S. Rank Among Suppliers
	2015	2016	2017	2018	2019		
Sub-Saharan Africa	20,307	16,584	16,268	17,021	18,151		
Nigeria	447	184	2,368	264	1,862	1.6%	4
South Africa	15,648	12,945	12,232	16,047	15,758	4.8%	2
Ghana	73	25	5	9	4	0.01%	9
Kenya	80	37	6	20	9	0.03%	13

Source: U.S. Census Bureau Trade Data, -BICO HS-10; market share data derived from Trade Data Monitor, LLC

U.S. spirits continue to experience significant growth in the Nigerian market (37.9 percent CAGR over 2015 to 2019) and modest growth in the South African market (2.3 percent CAGR) despite strong competition from the EU. U.S. spirits exports to Ghana and Kenya, on the other hand, slowed over the same period, registering a per annum decline of 48.6 percent and 40 percent, respectively. Long-term prospects for U.S. spirit sales in these markets, however, remain very strong. It is noteworthy that U.S. spirits are widely available on the Ghanaian market, particularly bourbon whiskies and vodka, but they are largely transshipped through Europe and thus not reflected in U.S. trade data. With current economic conditions expected to improve, and more consumers trading up to higher-value products, U.S. spirits are positioned to be more competitive in these markets in the near future. Therefore, suppliers who can strategically consolidate the fragmented and low volume demands from these markets could reduce their transaction costs and ultimately be able to compete.

## Snacks

For snack foods, total consumption in 2019 was valued at \$1.8 billion in South Africa, \$1.1 billion in Nigeria, \$205 million in Ghana, and \$165 million in Kenya. These figures represent an annual growth of 8.9 percent, -7.9 percent, 11.5 percent, and 14.3 percent, respectively, between 2015 and 2019. Even though Nigeria was the only market with negative growth in total snack sales among the four countries, it is projected by Euromonitor to have the largest snack sales increase into 2024 at 17.9 percent per annum. Projected annual growth in total sales for Ghana, South Africa, and Kenya is rather modest and estimated at 3.8 percent, 4.7 percent, and 5.5 percent, respectively, by 2024.

U.S. Snack Food Exports to Sub-Saharan Africa							
Country	Values in '000 USD					U.S. Market Share 2019	U.S. Rank Among Suppliers
	2015	2016	2017	2018	2019		
Sub-Saharan Africa	31,853	21,070	10,759	11,793	7,300		
Nigeria	13,600	10,672	3,438	5,323	492	0.8%	11
South Africa	6439	4634	4761	4315	5218	4.8%	6
Ghana	810	324	288	87	234	1%	11
Kenya	622	401	250	366	53	0.5%	12

Source: U.S. Census Bureau Trade Data, -BICO HS-10; market share data derived from Trade Data Monitor, LLC

Among the largest snack categories are potato chips, cookies, and plain biscuits. However, consumers are increasingly concerned about their health, and this trend extends to their choice of snacks. The focus on fitness and physical wellbeing has led to health-conscious consumers increasingly shifting towards healthier snack alternatives such as low-fat savory snacks, which indicates strong market potential. In South Africa, for instance, imports of nuts and dried fruits continue to rise, growing from \$2.8 million in 2015 to \$9.2 million in 2018.

In terms of exports, the EU holds the largest market share in Ghana, Nigeria, and South Africa, while India has taken over the number one spot as top global snack exporter to Kenya. U.S. snack exports have slowed considerably in the last five years, reducing its market share in all four countries. However, considering the growth opportunities existing in the region, as well as the high-quality image of U.S. products, U.S. snacks are positioned to be competitive in these markets soon.

## Food Ingredients

U.S. Food Ingredient Exports to Sub-Saharan Africa							
Country	Values in '000 USD					U.S. Market Share 2019	U.S. Rank Among Suppliers
	2015	2016	2017	2018	2019		
Sub-Saharan Africa	146,894	129,186	154,293	145,485	204,342		
Nigeria	17,105	15,231	20,716	23,885	39,067	10.5%	3
South Africa	28,312	29,453	31,191	29,860	31,795	15.1%	2
Ghana	6,572	6,839	6,410	9,074	5,713	8.4%	6
Kenya	11,295	5,290	4,663	1,469	2,951	6.4%	7

Source: U.S. Census Bureau Trade Data, -BICO HS-10; market share data derived from Trade Data Monitor, LLC

Food ingredients such as baking mixes and dough, flavoring extracts, protein concentrates, and thickeners are used for baking and making confectionery as well as in the manufacturing of other foods and beverages. As populations increase at a faster pace in sub-Saharan Africa than most parts of the world, and consumer preference towards convenience and ready-to-eat meals keeps rising, the food and beverage processing industry is a business experiencing constant growth. In

addition, increasing participation of women in the workforce and reduced time for preparing home-cooked meals are contributing towards increased sales of packaged foods.

Continued demand for food and beverages thereby expands the market opportunity for food ingredients in food and beverage production, which is poised to increase significantly to meet growing consumption. A growing number of retailers and retail outlets are increasing consumer access to processed and convenience foods, further expanding demand for food ingredients by the food and beverage industry. However, nearly all the food ingredients used in the sector are imported.

The EU has the highest market share in food ingredient exports, accounting for at least more than 60 percent in each of the four markets. The United States also held a steady position as a major supplier of food ingredients to all four countries over the past five years with promising growth of 2.5 percent in South Africa, 23.4 percent in Nigeria, and 0.2 percent in Ghana between 2015 and 2019. Future market opportunities for U.S. food ingredients to these countries continues to expand, as medium and large-scale commercial food processors and bakeries demonstrate a preference for imported ingredients and products.

### **Tariff Issues**

The EU enjoys duty free access to the South African market for most products including wine, beer, and spirits, as well as snacks and food ingredients. Imports from the United States, however, are subject to high import tariffs of up to 25 percent for wines, 5 percent for beer, 2 percent for spirits, 17 percent for snacks, and 11.3 percent for food ingredients. In Kenya, alcoholic wines, beer, and spirits are subject to a 25-percent import tariff rate in line with the East African Community Common External Tariff (CET). In Ghana and Nigeria, wines and spirits are subject to a 20-percent import tariff rate in line with the Economic Community of West African States CET. However, imported beer is subject to a higher tariff rate of up to 50 percent. Snacks and food ingredients are assessed the Most Favored Nations (MFN) rate of nearly 24 percent and 12 percent, respectively, for both the U.S. and EU in Ghana and Nigeria.

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*For more information about specific regulatory and market access considerations, please refer to the following GAIN reports: [Market Overview - Wine and Other Alcoholic Beverages \(Ghana\)](#); [Food and Agricultural Import Regulations and Standards Country Report \(Ghana\)](#); [South Africa Food Processing Ingredients Report](#); [Growth Potential for United States Wine Exports to South Africa](#); [Prospects for U.S. Exports of Craft Beer Ingredients to South Africa](#); [Food and Agricultural Import Regulations and Standards Country Report \(South Africa\)](#).*