Birguid

SUB-SAHARAN AFRICA FERTILISER EXPORT MARKET ANALYSIS

EXECUTIVE SUMMARY

December 2023

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EXECUTIVE SUMMARY

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EXECUTIVE SUMMARY | CONTEXT

SSA's fertiliser exports expected to reach US$7.8 billion in 2023, due to increased demand from Latin America and the Caribbean and the rest of the sub-region

OVERALL RESEARCH PHILOSOPHY

- This study focuses on the Sub-Saharan African export fertiliser market, specifically examining the factors that are driving growth.
  - The study focuses on understanding market dynamics, current trends and industry prospects.
  - This involved a comprehensive exploration of the key drivers that contribute to the expansion and development of the fertiliser industry and identifying opportunities for growth and development.

MARKET UNDERSTANDING

- The report considers the position of the Sub-Saharan African export fertiliser market and how it can leverage its unique offering to grow its regional and global market share.
  - It uncovers the challenges encountered by industry participants and how they manage the impact caused by these challenges.
  - It also aims to highlight the potential of fertiliser exports market over the next few years.

RECOMMENDATIONS

- Recommendations for industry participants include;
  - Strategic partnerships and collaborations within the industry.
  - Investment in research and development.
  - Complying with all relevant regulations and standards.
  - Investment in quality and consistency.

Source: Birguid

EXECUTIVE SUMMARY | VALUE CHAIN ANALYSIS

Fertilisers play a crucial role in enhancing the yield potential of crops worldwide, contributing to global food production and bolstering global food security

FERTILISER MARKET VALUE CHAIN

Manufacturing

- Raw material supply
- Fertiliser production

Import

- Import of feedstock
- Import of processed fertiliser

Key sources of imports by country:

Distribution

- Transportation (local and export)
- Warehousing storage

Wholesale & retail

- Sale of bulk products through wholesale (local and export)
- Sale of broken-down products through retail

Consumption

- Public sector (subsidy programmes)
- Commercial (commercial farmers)
- Individuals (smallholder farmers)

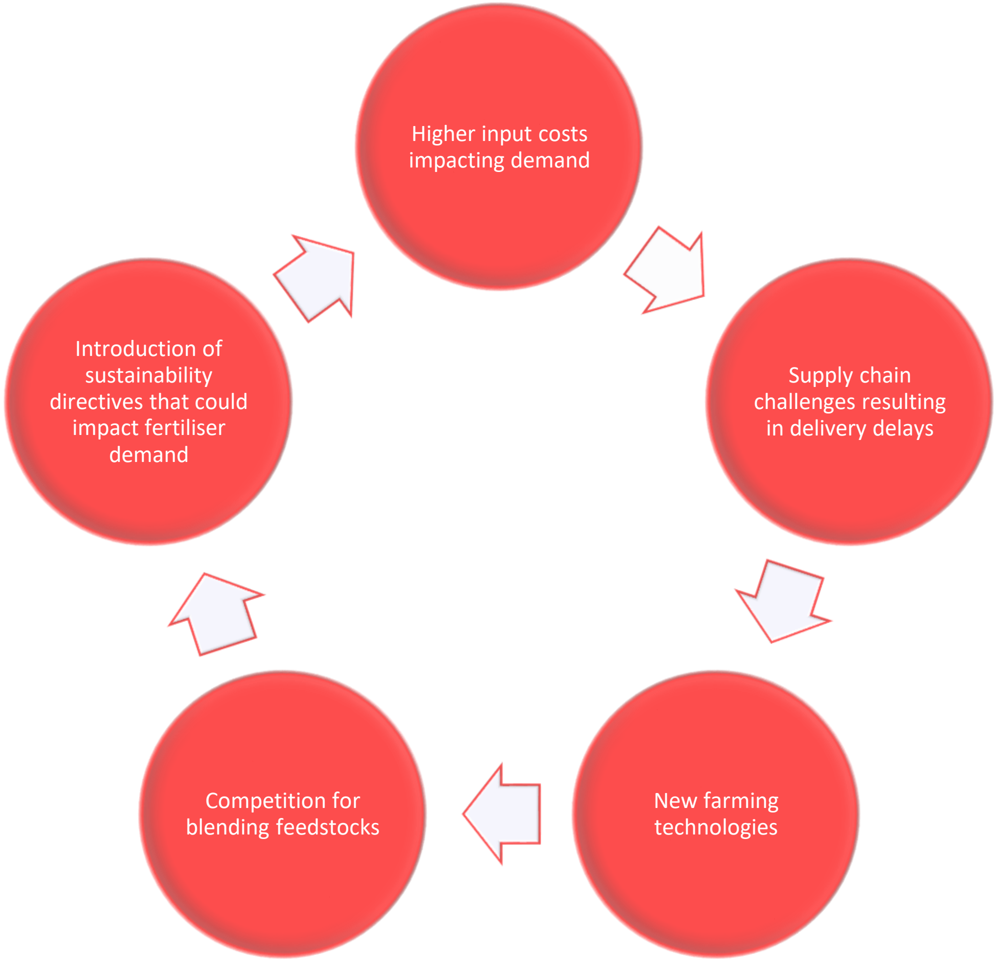
Notes: (1) Logos are illustrative and not exhaustive of all industry participants.
Source: International Fertiliser Association

EXECUTIVE SUMMARY | MARKET DYNAMICS

Understanding key market drivers and challenges is essential for businesses to position themselves proactively for growth

SSA fertiliser export market drivers (2024-2029)

SSA fertiliser export market challenges (2024-2029)



Source: Birguid

EXECUTIVE SUMMARY | COMPETITIVE FACTORS

Providing high-quality fertilisers that are affordable and aid in adherence to sustainability directives is essential for improving competitiveness within key export markets (regional – rest of Africa & international – LAC)

1 PRICE

- Pricing fertiliser products right is a major driver in the fertiliser market which is extremely price sensitive (i.e., prices are largely influenced by economic trends, oil price changes and exchange rate fluctuations).
  - Value based pricing should be prioritised over margin-based pricing with value derived from aspects such as sourcing inputs at the lowest cost (without impacting quality) and reducing transport and distribution costs.

2 PRODUCT

- The use of organic fertiliser (such as manure) in Sub-Saharan Africa is expected to increase over the long term as commercial farmers transition to sustainable farming practices.
  - Priorities include developing products that deliver on improving crop yields with minimal to no impact on the environment.
  - Examples include vegetable (kelp) and animal (droppings and waste) fertilisers.

3 RELATIONSHIPS

- Backward and forward integration to improve offering and market reach.
  - For example, Singapore-based chemicals and fertiliser company Indorama acquired a 51% stake in Nigerian fertiliser company TAK Agro & Chemicals in June 2023. TAK is a major player in Nigeria's NPK fertiliser industry, operating six blending plants across the country. With this deal, Indorama gains direct access to the NPK fertiliser market within Nigeria.

4 SUPPLY CHAIN

- Linking innovation to reducing operational/distribution costs for end user markets.
  - Examples extend to the development of water soluble and dispersible fertiliser solutions which are more affordable to transport when compared to liquid bulk fertilisers.

Source: Birguid

EXECUTIVE SUMMARY | CONCLUSION

ITEM	MEASURE
2023E SSA fertiliser exports	• Nigeria: US$1.96 billion • SA: US$680 million
2029F SSA fertiliser exports	• Nigeria: CAGR 12.2% • SA: CAGR 3.9%
Key markets	• Sub-Saharan Africa • Latin America and the Caribbean • North Africa
Key end-user markets	• Larger scale commercial farmers (>20 Ha) • Small scale commercial farmers (2-19 Ha) • Small scale subsistence farmers (<2 Ha; 5-10 Ha max)
Key product markets	• Nitrogenous • Mineral/chemical • Potassic
Key competitive factors	• Price (affordability) • Product (quality, innovation & sustainability) • Distribution & supply chain (innovating around reduced costs) • Partnerships to enhance market reach and product offering

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- Nigeria is one of the leading fertiliser producers and exporters in Sub-Saharan Africa. The country maintains this position through continued investment in expanding local production capacity, which contributes to improving its global export prospects.

Fertiliser Association of South Africa (FERTASA)

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Source: Birguid

ABOUT BIRGUID

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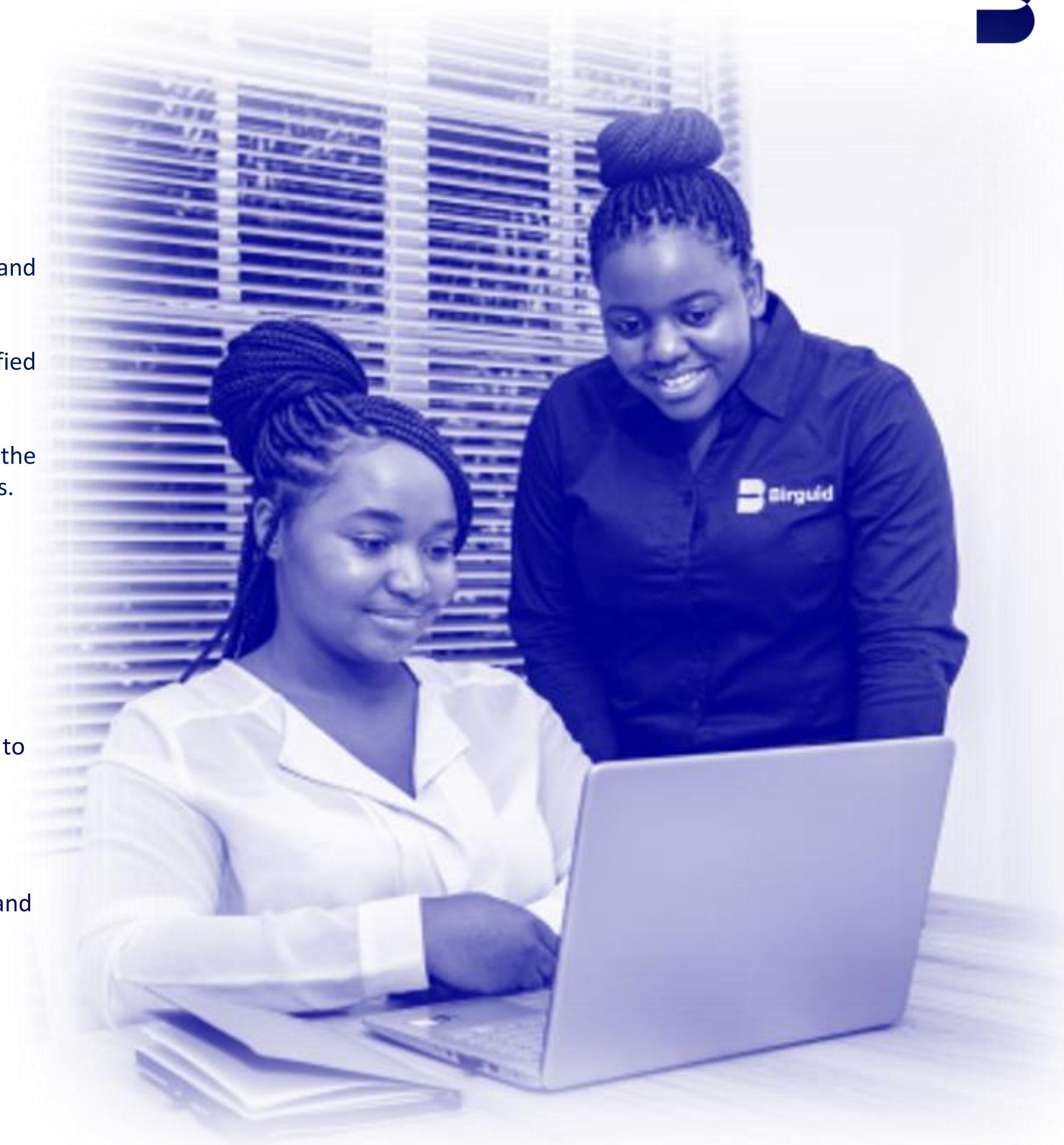
WHO BIRGUID IS

ABOUT US

Founded in 2015, Birguid is a challenger consultancy that offers integrated strategic research and advisory services.

We identify opportunities through robust research, build strategies to take advantage of identified opportunities, and support our partners to roll out these strategies.

We are curious about the past. We're intrigued by the future. We're excited about ideas. Leveraging the past and the future, we work with our partners to turn ideas into viable and sustainable opportunities.



OUR ETHOS

Organisations don't need researchers or consultants.
They need Partners. Partners who Help. Learn their business with them. Understand their ecosystem to Build, Take Risks, and Succeed with them.

At BIRGUID we're Entrepreneurs first.

We believe in Strategic Simplicity. Leveraging our research expertise and practical approach to build and progress businesses through actionable strategies.
Context is important for the strategies we co-create. We exist at your coal face to build iteratively, through continuous collaboration, empathy and forward thinking.

We journey with you EVERY STEP OF THE WAY, co-accounting for your businesses' successes and challenges, to eventually deliver lasting value, together.

BIRGUID'S CLIENTS TO-DATE

BIRGUID'S OFF-THE-SHELF RESEARCH PORTFOLIO TO-DATE

Company website: birguid.co.za/page/reports/

2023

1) South African export agriculture industry Analysis
2) South African heavy commercial vehicle market analysis
3) Sub-Saharan Africa fertiliser export market analysis

2022

1) South African waste-to-energy market analysis

2021

1) Southern African cannabis industry analysis
2) Southern African solar industry analysis

2020

1) Unpacking the Africa continental free trade area agreement (ACFTA)
2) Southern African cannabis industry analysis
3) Sub-Saharan Africa (SSA) agriculture market analysis
4) Southern African tourism industry analysis
5) South African EdTech industry analysis

2019

1) Rwandan macro-economic review
2) Tanzanian macro-economic review
3) Ethiopian macro-economic review
4) South Africa liquified petroleum gas (LPG) market analysis

2018

1) South African microfinance market analysis
2) South African fintech market analysis
3) South African craft beer market analysis

THANK YOU

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