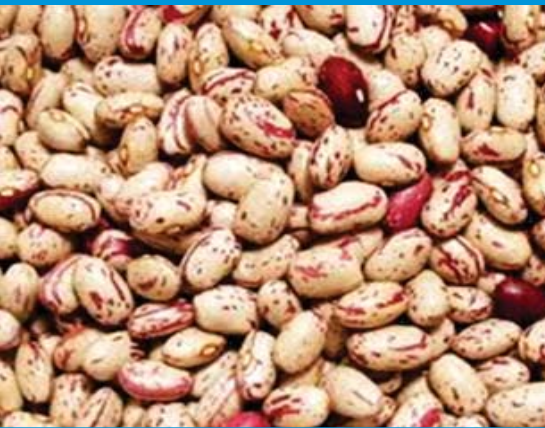




Ministry of Economic Affairs

# Horticulture and Potato Market Study in Mozambique





## Foreword

---

Mozambique has a long standing agricultural tradition and offers many opportunities for expansion and diversification of food production and access to domestic and foreign consumer markets. This market survey highlights developments and opportunities in the local horticulture and potato value chains.

Modernization of agriculture practices and establishing good connections to consumer markets are key issues for farmers in Mozambique. Dutch agricultural technology can help farmers and food industries to achieve higher yields with less inputs, better quality of products, and strengthen the value chain as a whole. In that way the Mozambican agribusiness can become more competitive and attract the interest of a broad range of consumers in Mozambique and beyond.

The survey highlights a variety of subsectors within the horticulture and potato value chains, including horticulture seeds, seed potatoes, production technologies, processing industry and marketing.

I believe this survey is a useful source of information for Dutch companies in the field of agricultural technology and investments to assess their opportunities. Mozambique offers a promising agricultural market and I trust this survey may lead to beneficial cooperation for both countries.

April 2014

Niek Schelling - Agricultural Counsellor for Mozambique, Angola and South Africa  
Embassy of the Kingdom of the Netherlands - Pretoria, South Africa



P.S. Other market reports on agribusiness in our region can be consulted and ordered at the website of the Netherlands Embassy in Pretoria: <http://southafrica.nlembassy.org/>



# Table of Contents

---

Foreword	1
Table of Contents	3
Challenges - Executive Summary	5
Acronyms	6
1. Introduction of the country	7
1.1. General Introduction	7
1.2. Most important economic trends	7
1.3. The image one has of the Netherlands	9
1.4. (Historical) ties with the Netherlands	9
1.5. Land ownership	9
2. Description of the horticulture production chain	10
2.1. Organization of the Horticulture chain	10
2.1.1. Structure of the Horticulture Value Chain	10
2.1.2. Input Supply - Horticulture Seed	11
2.1.3. Horticulture Production	11
2.1.4. Vegetable Processing	13
2.1.5. Public authorities involved in the horticulture chain	14
2.1.6. Links where Dutch businesses have the most opportunities in the horticulture chain	14
3. Description of the potato production chain	15
3.1. Organization of the Potato chain	15
3.1.1. Structure of the Potato Value Chain	15
3.1.2. Research and Development (R & D)	15
3.1.3. Input Supply - Seed Potato	15
3.1.3.1. Seed potato imports	16
3.1.3.2. Origin of imported seed potato	16
3.1.3.3. Seed potato needs	17
3.1.3.4. Mozambique seed potato importers	17
3.1.3.5. Local seed potato production	18
3.1.4. Potato Production	18
3.1.4.1. Potato production profitability – Gross Margin Analysis	19
3.1.5. Potato Processing	20
3.1.6. Distribution and Commercialization of Potatoes	20
3.1.7. Public authorities involved in the potato chain	21
3.1.8. Links where Dutch businesses have the most opportunities in the potato chain	21
4. Developments in the links of the chain	22
4.1. SWOT Analysis	22
4.2. Market description	23
4.2.1. Marketing chains	23
4.2.2. Potato Demand Estimate in Mozambique	24
4.2.3. Current Potato Pricing	24
4.2.4. Maputo Horticulture Market	25
4.2.5. Maputo city vegetable market overview	26
4.2.6. Maputo city formal and informal markets	26
4.2.7. Main Horticultural Crops	26
4.2.8. Maputo Market attractiveness	27
4.2.9. Critical Success Factors	27
4.2.10. Constraints in Horticulture Production	27
4.3. Sensitivities	28

4.4.	Funding opportunities	29
4.5.	Concrete project leads for bilateral cooperation between Dutch and Mozambican partners	30
5.	Conclusions	32
6.	Annex 1 – Figures and Tables	34
7.	Annex 2 – Methodology and Limitations	39
7.1.	Methodology	39
7.2.	Limitations	39
8.	Annex 3 – References	40
9.	Annex 4 – Contacts & Meetings Held	41
	Disclaimer	44
	Acknowledgements	44



## Challenges - Executive Summary

---

1. Agriculture is the mainstay of the economy and the country has a great potential for growth in the sector. In 2012, agriculture contributed 31.9 percent of the GDP. The horticulture and potato subsectors still pose a lot of possible investment opportunities in Mozambique throughout the various value chain processes.
2. **Vegetable seed production**
  - No local production of vegetable seed. Use of open pollinated seed supplemented by imported hybrid seed.
3. **Production and Outgrowing of vegetables and fruit**
  - Huge demand - USD1 million worth fresh vegetable imports per month according to Customs Office data, September 2013.
  - There is clearly an opportunity to engage in hot-season production of current crops, and to evaluate the possibility of increased crop diversification. The introduction of shade netting could be crucial to mitigate the unpredictably hot weather in the summer season, especially in the Maputo corridor.
  - The lack of a vegetable processing unit in Maputo leaves the producers having to sell on-farm at low prices even for good quality produce (no processing industry because a) too little potato production, b) production only during certain periods, c) no economies of scale).
4. **Horticulture Processing**
  - There exists only 1 major horticulture processing factory in the country - *Companhia de Vanduzi* open for strategic partnerships. Currently the level of processing mainly includes only packing of fresh produce.
  - Bulk of the horticulture produce sold informally by traders with rudimentary processing.
5. **Horticulture Marketing**
  - Bulk of the horticulture products sourcing and marketing still done by informal traders with few dedicated quality stores and super markets).
6. **Seed potato production**
  - Only 4% satisfaction of certified seed potato of which a meagre 1% is produced by a local seed potato producer.
  - 96% seed potato deficit in the country can be bridged through partnership with Dutch or other investors willing to harness the seed potato supply sector. Potential seed potato production conducive areas include Tsangano and Angonia districts of Tete province, Barue (Serra Choa administrative post) and Sussundenga (Tsetere & Mussapa administrative post highlands) of Manica Province.
  - From 2008-2013, Netherlands contribution to the Mozambique seed potato import was 3%, fourth after South Africa, France and Portugal. Given the Netherlands as one of the world wide leading potato producers and room for seed potato imports, given high demand level, investors need to capture seed potato supply as an opportunity.
  - Technology and knowledge transfer in seed potato production is also essential in partnership with some of the seed potato importers in the country in the bid to reduce the seed potato supply gap.
7. **Production and Outgrowing of potatoes**
  - A business opportunity for an investor could be potato production contract farming in high production areas like Tsangano and Angonia in Tete Province (and other pockets in the country) for bulking and using economies of scale to distribute to the rest of the country, starting with the booming mining industry in Tete, Cabo Delgado.
8. **Potato Processing:** There is no developed potato processing industry in Mozambique and potential industries include:
  - **Fresh:** The current potato production levels are not sufficient to meet the country's needs, the reason why there are still high levels of imports, especially to supply the Maputo corridor market. Given the increasing population in the country the demand for fresh potatoes is projected to increase.
  - **Frozen:** With increasing number of fast food outlets and restaurants in Mozambique the market for frozen potatoes (French fries/chips) is increasing.
  - **Dehydrated:** Potato flour and dehydrated potato products used in various food industry derivatives – eg thickener for sauces, stews, binding agent in cake mixes, dough, biscuits, ice cream.
9. Feasibility study for a potato processing in Angonia/Tsangano given that the two districts are producing over 70% of the potatoes in the country.
10. **Marketing**
  - Cold Chain Storage facilities in production and marketing areas will reduce post harvest losses and conservation of potatoes.



The Office of the Agricultural Counsellor  
Embassy of the Kingdom of the Netherlands

210 Florence Ribeiro / Queen Wilhelmina Avenue  
New Muckleneuk 0181  
Pretoria South Africa

Tel: +27 12 425 4570  
Fax: +27 12 425 4571  
Email: [pre-Inv@minbuza.nl](mailto:pre-Inv@minbuza.nl)  
[www.dutchembassy.co.za](http://www.dutchembassy.co.za)