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## Ghana

### Grain and Feed

### Update

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**Report Highlights:**

Ghanaian consumers are currently facing shortages and high prices of basic food products, especially grains. This is due in part to reduced supplies as a result of the devastation of farmlands by flooding in the northern parts of the country. This is expected to boost both rice and corn imports in MY 2007/08. Meanwhile, wheat imports are expected to be slightly lower as a result of very high international prices.

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Includes PSD Changes: No  
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Annual Report  
Accra [GH1]  
[GH]

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### Executive Summary

Rainfall patterns during the 2007 growing season in the three northern regions of Ghana (Northern, Upper East, Upper West) were very erratic, beginning with below average rainfall from May to mid-July. This prolonged dryness was then followed by intense rainfall (above 300 millimeters) in August/September. This heavy rain, coupled with large amounts of spillage from the Bagre Dam in Burkina Faso (where flood gates were opened on August 27, 2007), resulted in severe flooding. This led President Kufuor to declare all three northern regions disaster zones and has caused a humanitarian situation, the scale of which the country has not witnessed in a number of years.

A Ministry of Food and Agriculture/United Nations Joint Preliminary Assessment Report (September 2007) suggested that the drought and floods destroyed about 70,500 hectares of farm land, with an estimated loss of 160,000 metric tons of crops, including corn, sorghum, millet, peanuts, cowpea, yams, cassava and rice. A second Ghana Crop Assessment Report (November 24, 2007) by CILSS/FEWS NET estimated a 7 percent decline in the national harvest, primarily due to a drop of approximately 15 percent in drought/flood-affected northern regions.

As a result of the flood damage, government officials are warning of serious food shortages in the three northern regions, especially of rice, millet, corn, sorghum, cowpea, peanuts, and yams. Prices of basic food products such as cereals have increased considerably and some traders estimate that by March of 2008, the price of corn could be double last year's level.

#### Price Table

Commodity (MT)	Price 2006 (GH¢)	Price 2007 (GH¢)	Percentage change
Corn	280	400	43
Millet	350	400	14
Sorghum	340	380	12
Rice	500	600	20
Cowpea	470	530	13

Corn is the mainstay of the diet of the majority of Ghanaians, and accounts for 62 percent of grain output, with rice at 16 percent, sorghum at 14 percent and millet at 8 percent. Despite growing demand, Ghana's annual corn production has remained stagnant at around one million metric tons for several years. In Ghana agriculture production is primarily subsistence-based, with minimal mechanization, low fertilizer application, and subsequently low productivity and high post-harvest losses. Farmers rarely use certified improved seeds. Post forecasts that as a result of the shortfall and high prices, in the 2007/08 marketing year, as much as 300,000 metric tons of corn could be imported. Corn imports (white and yellow) would help to mitigate scarcity and rising prices expected to occur during the coming year.

In addition to high domestic grain prices, Ghanaian consumers are also being hit by increases in flour (and thus bread) as a result of rising prices of hard wheat in the world market.

Exchange Rate: **US \$1 = GH¢ 1.00**

## RICE

Ghana Commodity Rice, Milled										
	2005	Revised		2006	Estimate		2007	Forecast		UOM
	USDA Official	Post Estimate	Post Estimate New	USDA Official	Post Estimate	Post Estimate New	USDA Official	Post Estimate	Post Estimate New	
Market Year Begin		01/2006	01/2006		01/2007	01/2007		01/2008	01/2008	MM/YYYY
Area Harvested	120	0	125	120	0	125	120	0	100	(1000HA)
Beginning Stocks	321	0	90	271	0	100	246	0	10	(1000MT)
Milled Production	150	0	150	150	0	150	150	0	100	(1000MT)
Rough Production	250	0	250	250	0	250	250	0	167	(1000MT)
Milling Rate (.9999)	6000	0	6000	6000	0	6000	6000	0	6000	(1000MT)
MY Imports	400	0	440	450	0	340	450	0	480	(1000MT)
TY Imports	400	0	440	450	0	340	450	0	480	(1000MT)
TY Imp. from U.S.	0	0	145	0	0	100	0	0	120	(1000MT)
Total Supply	871	0	680	871	0	590	846	0	590	(1000MT)
MY Exports	0	0	0	0	0	0	0	0	0	(1000MT)
TY Exports	0	0	0	0	0	0	0	0	0	(1000MT)
Total Consumption	600	0	580	625	0	580	610	0	580	(1000MT)
Ending Stocks	271	0	100	246	0	10	236	0	10	(1000MT)
Total Distribution	871	0	680	871	0	590	846	0	590	(1000MT)
Yield (Rough)	2.083333	0	2	2.083333	0	2	2.083333	0	1.67	(MT/HA)

Source: Ministry of Food and Agriculture, Rice industry

### Production

Post's forecast for Ghana domestic rice production in MY 2007/08 is 100,000 MT, down from 150,000 MT in MY 2006/07. This decline is due to the devastation of rice fields in the three northern regions (Northern, Upper East and Upper West regions) and the Western region of Ghana as dry conditions were followed by a devastating flooding.

The Government of Ghana (GOG) is committed to increasing domestic rice production to 250,000 MT per year, and has pledged in the next season to provide farmers with an improved high yielding and disease resistant rice variety, the 'Nerica' (New Rice for Africa). The GOG is also trying to boost domestic rice quality in order to stimulate demand for locally produced rice. Nevertheless, it is unlikely that in the short term the production targets will be realized as rice production remains dominated by subsistence farmers employing traditional methods with limited irrigation and mechanization. This results in the average yield of domestic rice production being low at only about 2.3 tons/ha of paddy.

### Consumption

Rice consumption in MY 2007/2008 is estimated to remain at 580,000 metric tons. Although rice consumption has stabilized in recent years, rice continues to be part of the main meal in most Ghanaian homes. This year, the food shortages of other staples in the north could also shift consumption towards rice. Imported rice is preferred by the Ghanaian urban consumers because of its higher quality. Information from the Ministry of Food and Agriculture (MOFA) indicates that only 20 percent of locally grown rice is consumed in urban areas, with 80 percent consumed in rural areas. Ghanaians prefer U.S. long grain rice, despite the fact that it is often one of the highest priced on the market, because of its high quality and taste.

**Trade**

Post forecast for Ghana rice imports in MY 2007/08 is 480,000 MT up from 340,000 MT in MY 2006/07. This is due to increases in demand for rice and the shortfall in domestic production. According to the Government of Ghana (GOG) sources, domestic rice production in Ghana can only satisfy 35 percent of demand, hence the need for large rice imports. The countries that supply the bulk of the rice to Ghana are the United States, Thailand, Vietnam, China, Pakistan, India, and Korea. Different grades of rice are imported into Ghana ranging from the more expensive fragrant (Thai) rice, U.S. rice, and Chinese parboiled rice to cheaper 70 percent broken rice. The United States is a primary supplier, with about 30 percent market share, and Ghana is the largest market for U.S. rice in Africa.

In Ghana both imported and domestic rice are sold on the same market in the urban markets. The local rice (the parboiled, white and brown rice) has peculiar flavor and perceived nutritional qualities, and has a market niche but is considered low quality substitutes for imported rice. Industry sources indicate that due to the high quality of U.S. rice, sales have been consistent even though it is relatively expensive. In addition, U.S. rice is publicized through effective advertising on television, radio and print media in Ghana. This year, the price of imported rice has not been affected by the recent food shortages in the north of Ghana, making it even more attractive compared to local supplies.

A major concern for rice importers is the high rate of rice "smuggled" into Ghana from neighboring countries (Togo, Benin, Cote D'Ivoire). Rice importers indicate that one of the reasons for the prevalence of smuggling is the higher duty on rice imports into Ghana (20 percent), compared to Cote d'Ivoire (12.5 percent), Togo and Benin, (14 percent).

**Policy**

Rice imports attract an import duty of 20 percent, VAT 12.5 percent, NHIL 2.5 percent, ECOWAS levy 0.5 percent, EDIF levy 0.5 percent, inspection fee 1.0 percent and GCNET 0.4 percent on the CIF value. Brown rice attracts 20% Duty.

## CORN

Ghana Commodity Corn										
	2005	Revised		2006	Estimate		2007	Forecast		UOM
	USDA Official	Post Estimate	Post Estimate New	USDA Official	Post Estimate	Post Estimate New	USDA Official	Post Estimate	Post Estimate New	
Market Year Begin		07/2006	07/2006		07/2007	07/2007		07/2008	07/2008	MM/YYYY
Area Harvested	750	0	720	750	0	750	750	0	720	(1000HA)
Beginning Stocks	186	0	0	186	0	20	111	0	50	(1000MT)
Production	1100	0	1000	1100	0	1000	1100	0	900	(1000MT)
MY Imports	100	0	220	25	0	30	25	0	300	(1000MT)
TY Imports	10	0	220	25	0	30	25	0	300	(1000MT)
TY Imp. from U.S.	6	0	0	0	0	0	0	0	0	(1000MT)
Total Supply	1386	0	1220	1311	0	1150	1236	0	1250	(1000MT)
MY Exports	0	0	0	0	0	0	0	0	0	(1000MT)
TY Exports	0	0	0	0	0	0	0	0	0	(1000MT)
Feed Consumption	100	0	100	100	0	100	100	0	100	(1000MT)
FSI Consumption	1100	0	1000	1100	0	1000	1100	0	1100	(1000MT)
Total Consumption	1200	0	1100	1200	0	1100	1200	0	1200	(1000MT)
Ending Stocks	186	0	20	111	0	50	36	0	50	(1000MT)
Total Distribution	1386	0	1220	1311	0	1150	1236	0	1250	(1000MT)
Yield	1.466667	0	1.388889	1.466667	0	1.6	1.466667	0	1.25	(MT/HA)

**Source:** Ministry of Food and Agriculture, Feed millers, Corn Traders.

### Production

In MY 2007/08, Post forecasts corn production at 900,000 MT, down from 1,000,000 in MY 2006/2007. While the major growing season corn crop (April/May to August/September) in the southern part of Ghana was large, the cropping season in the north (July/August to October/November) coincided with the torrential rains completely destroying the grains in the fields (corn, millet and sorghum).

The three Northern regions typically account for about 13 percent of total maize production. Because the northern crop is harvested later in the year, it usually puts pressure on prices during the harvest period between August and November. This year, however, the lack of supplies from the north has resulted in rising prices during this time. The MOFA expects scarcity of corn during the year and the GOG is making efforts to ensure that farmers receive and use improved certified seeds during the next planting season to boost production.

### Consumption

Post forecasts corn consumption to rise this year and MOFA sources indicate that consumption could increase above 1,000,000 MT due to the food shortage in the northern part of Ghana. Corn is a major source of carbohydrate for the majority of Ghanaians and is the base for several food preparations. In the north, millet and sorghum are the main cereals produced and consumed but in times of scarcity corn is substituted for these grains. With traders moving corn to northern markets, corn prices throughout the country have risen. In

the southern markets the average wholesale price of a 100 kg bag of white corn in November 2007 was GH¢40.00 up from GH¢28.00 at the same period in 2006.

Corn is also the main foodstuff for poultry and other livestock feed, although these industries remain small. It is estimated that 90 percent of all corn grown in Ghana goes into human consumption while the animal feed sector (mainly poultry) accounts for only 10 percent. Data obtained from major feed mills in Ghana indicates that average corn used in poultry feed production is 100,000 MT annually.

#### **Trade**

Post forecasts for MY 2007/08 imports of corn as high as 300,000 MT, up from only 30,000 MT in MY 2006/07. This is due to an expected shortage of corn (April-July) as a result of the devastation of crop fields in the three northern regions of Ghana. Both white and yellow corn (for animal feed) is expected to be imported. This offers opportunity for US exports of corn (yellow and white) to Ghana. In the past corn has mostly been imported from Argentina and very small quantities from the US. As of November 2007 the wholesale price of white corn in Ghana was \$400 per MT up from \$300 per MT in November 2006.

## Wheat

Commodity Wheat										
	2005	Revised		2006	Estimate		2007	Forecast		UOM
	USDA Official	Post Estimate	Post Estimate New	USDA Official	Post Estimate	Post Estimate New	USDA Official	Post Estimate	Post Estimate New	
Market Year Begin		07/2005	07/2005		07/2006	07/2006		07/2007	07/2007	MM/YYYY
Area Harvested	0	0	0	0	0	0	0	0	0	(1000HA)
Beginning Stocks	0	0	10	0	0	30	0	0	40	(1000MT)
Production	0	0	0	0	0	0	0	0	0	(1000MT)
MY Imports	412	0	300	307	0	290	300	0	280	(1000MT)
TY Imports	412	0	300	307	0	290	300	0	280	(1000MT)
TY Imp. from U.S.	92	0	100	51	0	90	0	0	90	(1000MT)
Total Supply	412	0	310	307	0	320	300	0	320	(1000MT)
MY Exports	0	0	0	0	0	0	0	0	0	(1000MT)
TY Exports	0	0	0	0	0	0	0	0	0	(1000MT)
Feed Consumption	0	0	0	0	0	0	0	0	0	(1000MT)
FSI Consumption	412	0	280	307	0	280	300	0	280	(1000MT)
Total Consumption	412	0	280	307	0	280	300	0	280	(1000MT)
Ending Stocks	0	0	30	0	0	40	0	0	40	(1000MT)
Total Distribution	412	0	310	307	0	320	300	0	320	(1000MT)
Yield	0	0	0	0	0	0	0	0	0	(MT/HA)

Source: Ministry of Food and Agriculture, Wheat industry

### Production

As wheat is not produced locally, Ghana relies entirely on imports, with the United States, Canada, Argentina and the European Union (EU) being the major suppliers. The United States has about a 40 percent share of the Ghanaian market with Canada having a similar share.

### Consumption

According to official GOG sources, the estimated per capita consumption of wheat in Ghana is 13.4 kg. With a total population of 21 million, Ghana's wheat consumption is estimated to be approximately 280,000 MT. Almost 80 percent of wheat flour in Ghana is used in making bread, while the remaining 20 percent is used for cakes and other pastries. The Ghanaian consumer prefers high quality hard flour which produces a desired high-topped loaf and fluffy bread. Flour prices have been rising in Ghana as a result of the much higher cost of imported wheat this year, and as a result the price of bread has also climbed. For instance the cost of a 500 gm loaf of bread in late-2007 was GH¢1, double the price of GH¢0.50 in 2006. According to millers, flour prices may go up again as the cost of wheat continues to rise.

Ghana has four wheat-milling companies, and the total installed capacity is 1,800 tons per day. According to industry sources, millers operated last year at well below capacity due to the prolonged energy crisis (November 2006-September 2007). Most of the factories had to use generators which added cost to production. Stagnant demand for flour is also resulting in underutilization of existing capacity.

**Trade**

Post forecasts wheat imports in MY 2007/08 at 280,000 MT, down slightly from 290,000 MT in MY 2006/2007. This decline is a result of the high cost of hard wheat this year and larger carry in stocks from 2006/07. About 70 percent of Ghana's wheat imports are of hard wheat classes, including US Dark Northern Spring (DNS) and its equivalent the Canadian Western Red Spring (CWRS). The remaining 30 percent is soft wheat, imported primarily from the EU and Argentina. The soft wheat is primarily used for the production of cakes and pastries. Due to the high cost of hard wheat most of the millers blend the hard wheat with soft wheat at varying percentages to reduce cost of the flour. However, care is taken not to reduce the quality of the flour, which can be rejected by Ghanaian bakers and subsequently the consumer.

There is growing demand for flour from soft wheat by biscuit factories and pastry makers and as a result millers may shift to milling more of this type. However, the milling industry faces competition from soft wheat flour that is imported by the biscuit factories. The biscuit industries negotiated with GOG for a reduction of tariff on imported flour and thus flour imports attract a lower tariff of 10 percent compared to a 20 percent tariff plus VAT on bulk wheat imports. The imported flour is to be used solely by the biscuit factories but some are smuggled and sold in the open market. As a result, imported flour often costs less than locally milled flour. In MY 06/07, according to the industry contacts, biscuit manufacturers imported over 100,000 metric tons of soft flour.

**Policy**

Wheat imports attract import Duty of 20 percent, VAT 12.5 percent, ECOWAS levy 0.5 percent, EDIF levy 0.5 percent, Inspection fee 1.0 percent and GCNET 0.4 percent of CIF value. In addition, the GOG has included National Health Insurance Levy (NHIL) of 2.5 percent to be collected by the VAT Secretariat. Direct flour imports for use by biscuit factories attract only a 10 percent duty and other charges.

Ghana has amended its food law for all wheat flour products to be fortified with micronutrients (Vitamin A, B1, B2 B6, Nacin, Folic Acid, Iron and zinc) but the law is yet to be passed. In June 2007 some wheat millers had received three months free supply of nutrients for fortification of flour from the GOG and are already fortifying their products for public use. The industry believes that the fortification program would also add cost to the flour when fully implemented.