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Exporter Guide

Exporter Guide Annual

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Report Highlights:

The Ghanaian market continues to offer good opportunities for US exporters of consumer-oriented food products, reflecting its role as key trade hub for West Africa.

Includes PSD Changes: No
Includes Trade Matrix: No
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Table of Contents	
Section I	Market Overview 3
Advantages and Challenges	4
Section II	Exporter Business Tips 5
Section III	Market Sector Structure and trends 7
Section IV	Best High-Value Product Prospects 10
Best HVP product prospects:	10
Product types that offer the most sales potential in Ghana:	11
Section V. Post Contact and Further Information 11
APPENDIX I. STATISTICS 12	
Table A. KEY TRADE AND DEMOGRAPHIC INFORMATION 12

Section I Market Overview

Ghana has a population of 20 million, which is growing at approximately 3% per annum. Ghana, projected as the gateway to West Africa by the Government of Ghana (GOG), offers US exporters access to an overall market of about 250 million people in West African region. Therefore, there is an excellent potential for sale of US high-value consumer-ready food products in Ghana.

Retail food sales in Ghana for CY 2005 was estimated at approximately \$ 1 billion as follows:

Type of Food product form	%	\$Million
Imported High-value Food Products (HVP)	32	320
Partly processed and packaged in Ghana	8	80
Totally processed in Ghana	15	150
Locally produced foodstuffs, including fresh fruits and vegetables, meat and fish	45	450
Total	100	1000

Source: Industry Sources (Importers), Ministry of Trade

- Out of the total food and agricultural imports into Ghana 32 percent (\$ 320 million) were high-value food products (industry sources). This represents an increase to 10 percent in 2005 compared to 2004. Higher growth rates are projected for 2006 and subsequent years because of:
 1. a growing population
 2. improving income levels due to an expanding private sector
 3. a relatively large and growing expatriate community
 4. a growing middle class where both parents work outside the home
 5. the trend towards eating outside the home during lunch hours and weekends
 6. a rapidly growing tourism sector (more hotels, more fast food joints)
 7. the trend towards lower tariffs and relaxed customs policies
- High-value consumer-ready products from the EU, Asia and South Africa dominate the market in Ghana. Although the US share of HVP market in Ghana is growing, it remains small.
- Since the government is projecting Ghana as the gateway to the West African sub-region, opportunities exist for increased sales of US food products in Ghana. The imported HVP could be re-exported from Ghana into the West African sub-region.
- US food exporters interested in doing business in Ghana can contact FAS Accra for additional information.

Advantages and Challenges

Advantages	Disadvantages
Ghana's Population of 20 million is growing at an annual rate of 2.7 percent per annum	The average per capita income in Ghana is estimated at \$300.
There is a continued high growth in rural-urban migration increasing demand for HVP	The monthly minimum wage in Ghana is approximately \$ 30.
Ghana has a very active and a very entrepreneurial middle class with a fast growing private sector.	Ghanaian importers complain that US exporters are not responsive to importer requests regarding price quotations, packaging and documentation as their EU and Asian competitors
The Ghanaian consumer perceives US HVP as being of high quality standards, thus accepts US food products.	The freight costs for products shipped from the US are higher than those from the EU, Asia or South Africa
Ghanaian consumers readily accept snacks and convenience-type foods from the US and readily acquire taste for these products.	US HVP are not readily available in Ghana; HVP from EU, South Africa and Asia are more available
Ghanaian consumers patronize supermarkets and convenience stores due to cleanliness, orderliness and time saving, making shopping enjoyable.	Lack of direct US to West Africa shipping routes, transshipments through Europe, resulting in added costs, longer shipping periods and pilfering of goods.
The GOG in line with its WTO obligations has liberalized trade in Ghana	The tropical climate in Ghana is not ideal for displaying imported food products in traditional open markets (prevalent in Ghana).
Increase in female workers and children attending schools. The middle and high-income groups are growing in size.	Most retail food outlets in Ghana are family owned. They lack the expertise and the capital needs for expansion and the training to meet the demands of the expanding retail market in Ghana.
US grocery items entering Ghana enjoy a bonus market of about 250 million from other neighboring West African countries.	US firms view the Ghanaian market as a small market. There are a few freight consolidators in the US who are willing to meet ordering and shipping requirements of Ghanaian importers.
Ghanaians will continue to import HVP items since most are not produced domestically in Ghana. Ghana's domestic food processing capacity is under developed	The infrastructure for processing, storage and distribution of HVP and other perishable products are limited in Ghana.

Section II Exporter Business Tips

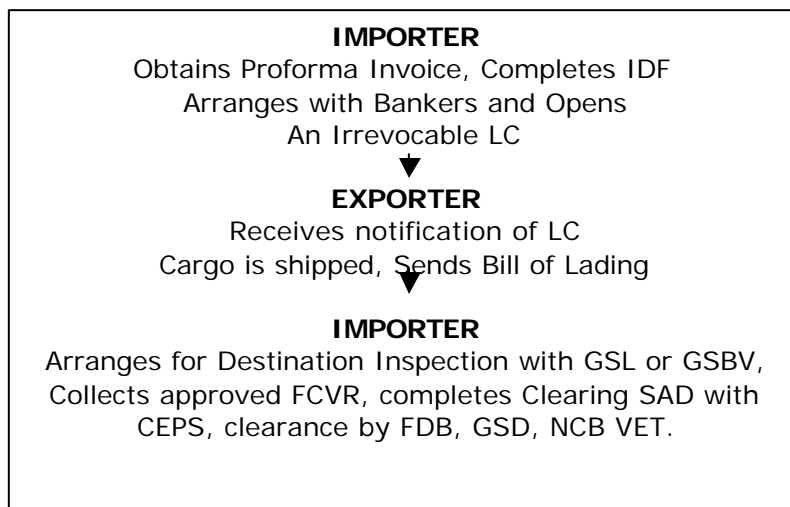
- The Ghanaian market prefers high-value consumer-ready products with the following characteristics:
 1. Relatively small-sized products prepared and packaged for one-time use.
 2. Bulk, intermediate products and ingredients that can easily be re-packaged in Ghana, without additional production costs.
 3. Perishable food products processed and packaged for long shelf-life, without much refrigeration.
 4. Mixed containers of high-value products and brands
- Imported HVP must be registered with the Food and Drugs Board (FDB), Ghana, prior to being exported to Ghana. The FDB is the GOG regulatory body for food product manufacturing, importation, advertisement and distribution in Ghana.
 1. The manufacturer must apply for the registration of the regulated product.
 2. A Ghanaian agent (though not required) with a registered company or business with the capacity to affect a product recall if necessary may represent exporters.
 3. The FDB regards the local Agent/Importer to be acting as a representative of the foreign manufacturer
 4. The local agent/representative coordinates all the registration processes for the imported food products with FDB
 5. FDB increased the registration fees on imported HVP from approximately \$10 in 2002 to \$60 in 2004 per product item.
- Please, see FAIRS Report No: 5001 (Section VI Import regulations) for details
- Customs, Excise and Preventive Service (CEPS), is Government of Ghana (GOG) agent for the collection of import duty.

The standard rate of duty for HVP food products is 20% of the C&F value

 1. All HVP imports are assessed at 12.5% Value Added Tax (VAT)
 2. National Health Insurance Levy (NHIL) of 2.5% to be collected by the VAT Secretariat
 3. Export Development and Investment Fund Levy (EDIF) is 0.5%
 4. ECOWAS Levy 0.5%
 5. Ghana Customs Network (GCNET) of 0.4%
 6. A general exemption from payment on the import duty can be granted on items such as ingredients for the manufacture of poultry feeds if certified as such by the Ministry of Food and Agriculture.
- Goods exported to Ghana are now subjected to **Destination Inspection** at the port of entry in Ghana. HVP exported to Ghana are no longer subjected to Pre-shipment inspection (PSI) effective April 2000.
 1. The Gateway Services Ltd (GSL), a joint venture between the Ghana harbors Authority and CEPS inspects goods arriving at the Ghana seaport.
 2. The Ghana Standards Board and Bureau Veritas of France (GSBV) inspect goods arriving in Ghana by air.
 3. The importer pays an inspection fee of 1% of the C&F value to the Inspection Agency
 4. For fast clearance of imported goods from the ports and other entry points, importers in Ghana are to submit to the appropriate inspection agency (GSL or GSBV) Import Declaration Forms (IDF), Proforma Invoice and

- Supplementary Information Documents **twenty-two days** prior to the arrival of the goods.
5. Importers are also to submit the Final Invoice, Bill of Lading and the Packing List **ten days** prior to the arrival of the goods. The early submission of the correct and genuine documents leads to the fast clearance of the imported goods.
 6. The gateway Services Ltd has installed a container Mobile X-Ray Scanning machine at the Tema port to facilitate trade and provide efficient verification of imports. This will reduce the dwell time of containers at the ports, making the ports in Ghana less expensive.
- Legal barriers do not fully affect the availability of food products on the Ghanaian market.
 1. Importers and distributors of HVP in Ghana often purchase some HVP that have been smuggled into Ghana from neighboring countries.
 2. A large proportion of HVP exported to Ghana are re-exported to other neighboring countries. Ghana only acts as a transit point for the HVP destined for the other countries.
 3. Importers also manipulate documentation (under invoicing) to reduce or avoid the payment of duty to GOG.
 4. Goods that are legally prohibited from entering Ghana are often seen on the Ghanaian market. They are smuggled into Ghana from the neighboring countries.
 - Following are documentation procedures for all imports:

Flow Chart: Import Documentation Procedures



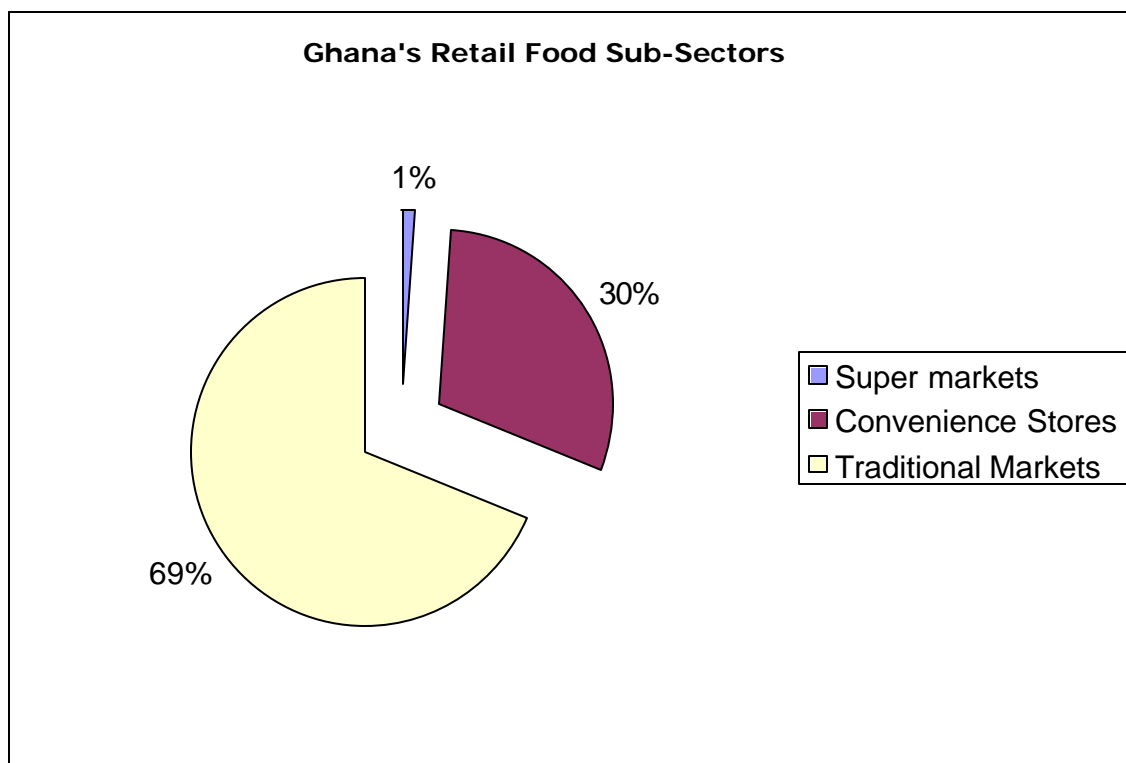
1. The Importer obtains proformer invoice (attested), completes Import Declaration forms (IDF), obtains insurance policy on goods and contacts and applies for an irrevocable Letters of credit (LC) with the local bank. (Two weeks).
2. The Exporter receives notification of the LC, ships the cargo and sends the bill of lading/Airway bill to the importer

3. The Importer arranges for Destination Inspection with the Gateway Services (GSL) for goods by air or Ghana Standards Board and Bureau Veritas (GSBV) for goods by Sea. The importer collects the approved Final Valuation Report (FCVR), completes clearing the Single Administrative Document (SAD) with Customs, Excise and Preventive Service (CEPS) and pays to CEPS the total duties and taxes of CIF value of the goods. The importer ensures clearance by the foods and Drugs Board (FDB), the Ghana Narcotic Board (NCD), Veterinary Services (VET), and other agencies stationed at the ports.
- Opening of Letters of Credit (LC) in Ghana is often time consuming and expensive.
 1. Most Ghanaian importers utilize inter-bank wire transfer for the payment of their imported food items.
 2. The importer simply ships the items to the importer upon receipt of his bank transfer payments.
 3. To issue an LC, the banks may ask for 100% collateral from the importer making LC very expensive in Ghana.

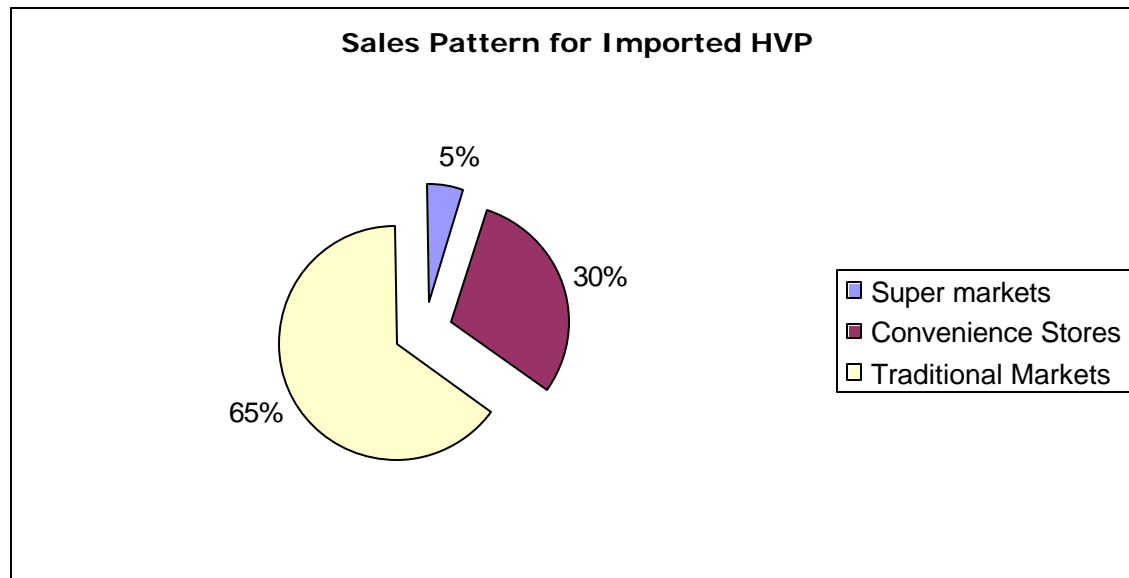
Section III Market Sector Structure and trends

- The retail food sector in Ghana consists of three main sub-sectors
 - Super Markets
 - Convenience stores and small groceries
 - Traditional open-air markets

These account for approximately 1, 30 and 69 percent respectively, of total retail food sub-sector.

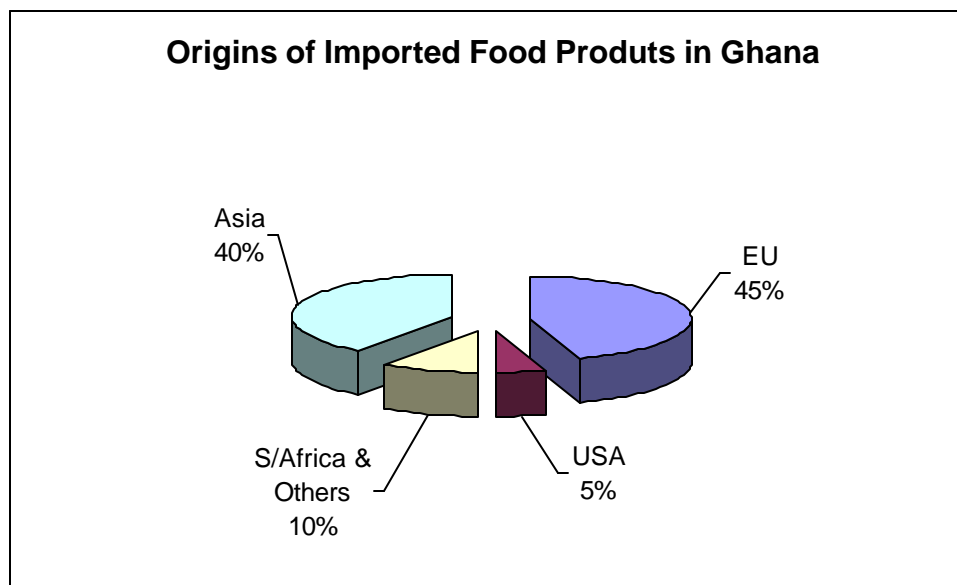


- A. Industry estimates that retail sales of imported High-value food products handled by the Super Markets, Convenience Stores/Groceries and Traditional markets is about 5, 30 and 65%.



- The major players in Ghana for merchandising imported HVP are:
 - Importers/Distributors
 - Agents/Sole Representatives
 - Wholesalers
 - Sub-wholesalers/Supermarket Retailers
 - Retailers
- New hotels, restaurants, fast food joints and food catering services are springing up in Accra (Capital) and other regional urban centers (notably Kumasi, Takoradi, Tema). These represent small but growing outlets for imported HVP consumption and offer sales opportunity for US intermediate foods and ingredients.
- Good market potential in HRI sector exist due to:
 1. Increase in tourism, large numbers of tourists arrive in Ghana frequently from the US and other countries and they regularly patronize these places for their meals.
 2. An increasing number of Ghanaian middle class, senior executives and other professionals frequently meet their business partners and contacts in hotels and restaurants.
 3. A growing number of restaurants in Ghana offering food products and services tailored to the tastes and preferences of their patrons.
 4. An increasing number of caterers are offering mobile food services in homes, offices, schools and social gatherings.
 5. Many Ghanaians, returning home after their long sojourn abroad, have acquired the taste and preferences for HVP, and are demanding these products.
 6. The most suitable cities in Ghana for focusing efforts to the HRI sector are Accra, Kumasi, Tema and Takoradi.

- Domestic food processing capacity is under-developed in Ghana.
 1. Capacity utilization within this sector averages not more than 15%.
 2. Locally produced HVP are mostly lower quality items and do not meet the requirements of a growing and sophisticated Ghanaian consumer.
 3. Poor infrastructure have impeded the growth of domestic food processing sector in Ghana.
- The origin and supply of imported consumer-ready food products is as follows: US 5 percent, Asia 40 percent, EU 45 percent, South Africa/Others 10 percent.



- The low US market share is attributed to the following reasons:
 1. Higher freight costs from the US to Ghana making non-US food products less price competitive in Ghana
 2. US exporters regard the Ghanaian market as a small and unattractive market not worth the marketing costs and time.
- Importers (small scale) from Ghana are secretive and protective of their activities and reluctant in teaming up with other small importers to purchase goods collectively. They thus incur higher operational costs, that adds up to make imports from the US unattractive to the Ghanaian small-scale operator.
- Ghanaian importers:
 1. Seek exclusive distribution agreements from exporters
 2. Prefer purchasing mixed containers of HVP
 3. Want to minimize shipping costs, and therefore seek the services of the freight consolidators in the US to handle their ordering and shipment needs.
 4. Anticipate that their foreign suppliers will meet their desire to under-invoice their imports in order to reduce import duty payments.

- New-to-market exporters from the US should consider the following market entry strategies and tactics:
 1. Contact the Agricultural Attache/Agricultural Specialist, US Embassy, Accra, Ghana, for assistance in selecting a local agent/distributor.
 2. Appoint a local agent/distributor in Ghana to register their products with the appropriate GOG regulatory bodies, to introduce their products, and to develop consumer demand
 3. Identify and sell through consolidators based in the US who are already serving the West African region.
 4. Exhibit at trade shows in the US, especially at the FMI Food/Supermarket Show in Chicago, Illinois, which is attended by Ghanaian importers, to make follow up contacts easier.
 5. Offer food product shipments in mixed lot containers.
 6. Offer flexible shipping volumes.
 7. Support activities for in-store, and point-of-sale promotions in numerous small-sized outlets.
 8. Adopt a pricing strategy, which encourages importers to initiate buying activity with US suppliers.
 9. Send sample products and sales catalogs to prospective local buyers.
 10. Contact the Embassy of the United States of America, Accra, Ghana, to engage the services of an attorney to deal with any legal matter that may arise.

Section IV Best High-Value Product Prospects

Best HVP product prospects:

1. Canned fruits and vegetables
2. Tomato puree/ketch-up
3. Bottled vegetable Cooking oil
4. Frozen Poultry and Fish products
5. Fruit preparations and juices
6. Milk (Liquid milk, Skimmed and whole powdered milk)
7. Spices and sauces including soy sauce
8. Mixed seasoning
9. Condiments
10. Breakfast cereals
11. Margarine/butter
12. Pasta products
13. Snack foods (biscuits, cakes etc)
14. Confectionery products (candies, gums etc)
15. Ice cream
16. Spirits, liqueurs
17. Beers and Wines
18. Non alcoholic beverages (Tea, coffee, fruit drink)
19. Bakery and other food Ingredients (Yeast & Baking powder)
20. Mayonnaise and Salad Dressing
21. Baby Foods
22. Canned soups/powdered soups
23. Health food products

Product types that offer the most sales potential in Ghana:

11. Frozen poultry and seafood
12. Bakery, confectionery and food ingredients
13. Fast food and HRI ingredients including, non-alcoholic beverages (Tea, Coffee), ice cream and yoghurt concentrates
14. Tomato puree.
15. Industrial processed foods and Beverages especially fruit juice Concentrates for local reprocessing and packaging
16. Specialized food ingredients such as additives, preservatives and flavorings

Section V. Post Contact and Further Information

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APPENDIX I. STATISTICS

Table A. KEY TRADE AND DEMOGRAPHIC INFORMATION

Agricultural Imports from All Countries (\$Million)/US Market Share (%) *1	900/15
Consumer Food Imports From All Countries (\$Million)/US Market Share (%) *1	384/5
Edible Fishery Imports From All Countries (\$Million)/US Market Share (%) *1	N/A
Total Population (Million) /Annual Growth Rate (%)	20/2.7
Urban Population (Mil)/ Annual growth Rate (%)	6.65/3.0
Number of Major Metropolitan Areas *2	4
Size of the Middle Class (Millions)/ Annual Growth Rate (%) *3	3.5/2
Per Capita Gross Domestic Product (US Dollars)	300
Unemployment Rate (%)	20
Per Capita Food Expenditure (US Dollars)	195
Percent of Female Population Employed *4	3.3
Exchange Rate (US\$ 1=9,040 local currency (cedis)	9,040

Footnotes

*1/Ministry of Food and Agriculture/Ministry of Trade and Industry, Ghana

*2/Population in excess of 1,000,000

*3/Middle Class is the proportion of the Population earning an average annual income of \$600 to \$2000

*4/Per cent against total number of women (15 years old or above)

*5/Note, if necessary, any significant exchange rate movements since the previous year.

NOTE: This report does not include tables B and C since the FAS web-enabled UN TRADE Database does not contain statistics for Ghana.