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GAIN Report

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Exporter Guide

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Approved by:

David Rosenbloom, Agricultural Counselor

U.S. Embassy, Lagos

Prepared by:

Yaw Asante-Kwabiah, Agricultural Specialist

Report Highlights:

The Ghanaian market offers sales opportunities for U.S. exporters of consumer-ready food products reflecting its role as a key entry point for the West African sub-region. U.S. processed foods shipped to Ghana often are destined for consumption in neighboring countries. This routing allows importers to avoid high tariffs, cumbersome customs procedures, and delays in port clearance associated with direct shipment to other West African countries.

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SECTION I. MARKET OVERVIEW

- ' Ghana has a population of about 19 million which is growing at approximately 3.2 percent per annum. Ghana, however, also serves as an entry point for U.S. exporters to an overall market of about 250 million in the West African sub-region. Regional importers often find it advantageous to receive their food shipments through neighboring countries as a means of avoiding duty payment and other regulatory measures. The reduction in U.S. export value for processed foods to Ghana in recent months, resulting from a marked devaluation of the local currency, has been tempered by intra -regional movement of imported food.
- ' The value of retail food sales in Ghana in 1999 was estimated at approximately \$1.2 billion consisting of:

Type of Food Product	%
Imported High-Value Food Products (HVP)	32
Partly processed and packaged in Ghana	8
Totally processed in Ghana	15
Locally produced foodstuffs, including: fresh fruits and vegetables, meat, and fish	45
Total	100

- ' HVP sales grew 10 percent in 1999. Higher future growth rates are projected because of:
 - A rapidly growing population.
 - Improved income levels due to an expanding private sector.
 - A relatively large and growing expatriate community.
 - A rapidly growing middle class which increasingly have both parents working outside the home.
 - The trend toward lower import tariffs and relaxed customs policies.
 - A growing tourism sector.
 - A trend towards increased eating outside the home.
 - An expectation that the local Ghanaian food processing sector will remain inefficient and relatively modest in scale.
- ' European, Asian and South African products dominate the imported HVP business in Ghana. Although the U.S. share of the import market is growing, it remains low.
- ' Opportunities exist for increased sales of U.S. food products in Ghana. U.S. exporters are encouraged to express a heightened interest in the Ghanaian market. U.S. exporters should overcome the idea that the Ghanaian market is a small market that offers only limited sales opportunities because of a population of less than 20 million.

U.S. exporters are urged to consult with USDA/FAS/Accra before initiating a business relationship with potential importers in Ghana in order to confirm importer reliability and background.

Advantages and Challenges:

Advantages	Challenges
Ghana's population of 19 million is growing at an annual rate of 3.2 percent. Continued urbanization is increasing the demand for imported HVP.	Average per capita income is estimated at \$440. The monthly minimum legal wage in Ghana is approximately \$30.
An active middle-class, a growing private sector, World Bank-sponsored economic reforms, and a stable democratically-elected Government in Ghana.	U.S. food products are not readily available in Ghana. Imports are not purchased with concessional credit.
The average Ghanaian consumer views U.S. food products as high-quality items.	Freight costs for U.S. products exceed those shipped from Europe, Asia and South Africa.
Ghanaian consumers readily adopt U.S. tastes and preferences for snacks and convenience-type foods.	Importers often comment that U.S. exporters are not as responsive as European, Asian and South African exporters to local requests regarding price quotations, packaging and documentation.
Consumers increasingly view shopping in supermarkets and convenience stores as cleaner, more enjoyable and time saving.	Limited direct U.S. to West Africa shipping routes. Transshipments via Europe result in added costs, longer shipping periods and sometimes pilfering of goods.
The Government of Ghana (GOG) continues to move toward a liberalized trade regime in line with its WTO obligations.	Ghana's climate is tropical and traditional open markets often are not ideal for merchandizing imported food products .
There is an increase in female employment and children attending schools. Middle and high-income groups are being exposed to commercial advertising for imported food through international broadcasting, print media, and the internet.	Many retail food outlets in Ghana are family-owned and lack adequate capital for expansion and training.
The domestic food processing sector is underdeveloped.	A negative view of Ghana by U.S. firms as a small market.

U.S. grocery items shipped to Ghana enjoy a bonus market of about 250 million from other neighboring West African countries.	Lack of freight consolidators in the U.S. to handle Ghanaian importer ordering and shipping requirements.
Many imported products are not produced domestically in Ghana	Infrastructure for storage and distribution of perishable food products is limited in Ghana.

SECTION II. EXPORTER BUSINESS TIPS:

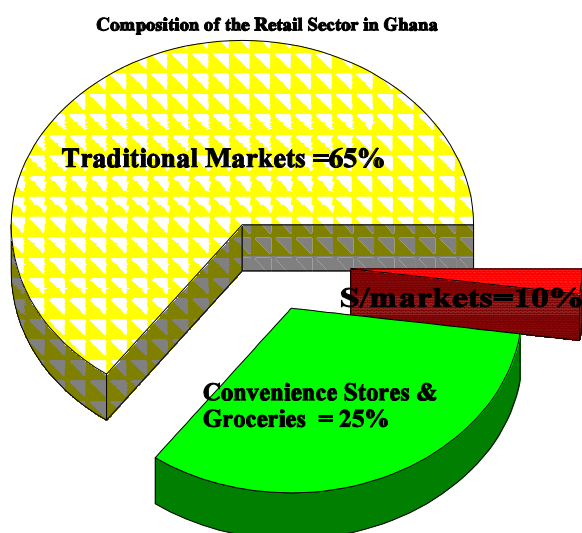
- ' Importer preference is evident for HVP with the following characteristics:
 - Relatively small-sized products, prepared and packaged for one-time use.
 - Bulk products that can be re-packaged locally
 - Perishable food products processed and packaged for long shelf life without requiring refrigeration.
- ' All imported HVP must be registered with the Food and Drugs Board prior to shipment to Ghana. The Food and Drugs Board is the GOG regulatory body governing the local manufacture, importation, advertisement and distribution of processed foods in Ghana.
- ' The Ghanaian Customs, Excise and Preventive Service (CEPS) is the GOG's agent for import duty collection.
 - Import duty rates for HVP range from 20 to 100 percent, with many falling below 35 percent
 - There is a special tax of 20 percent on some selected goods produced in Ghana and a special tax of 100 percent on luxury imported goods such as whisky, brandy and wine.
 - All HVP imports are assessed a 10 percent Value Added Tax (VAT).
 - There is an ECOWAS levy of 0.5 percent on imports whose origin is outside the ECOWAS sub-region.
- ' HVP exported to Ghana are no longer subjected to Pre-Shipment Inspection (PSI).
 - Goods exported to Ghana are now subject to Destination Inspection at the Ghanaian port of entry.
 - All goods arriving at local seaports are inspected by Gateway Services Limited (GSL), a joint venture of the Ghana Ports and Harbors Authority, CEPS, and Cotecna.
 - Goods arriving by air are inspected by GSVB, a joint venture of the Ghana Standards Board and Bureau Veritas of France.
 - The importer pays an inspection fee of 1 percent of the C&F value to the inspection agency.
 - The importer may elect to arrange for commercial inspection by SGS for goods arriving from the United States.
- ' The Ghanaian importer arranges for his foreign exchange requirements through his local bank.

- The local bank usually pays the exporter through a wire-transfer, using foreign exchange obtained from local forex bureaus and other informal sources.
- The bank may issue an L/C in favor of the exporter.
- To issue an L/C, the local bank usually demands 100 percent collateral from the importer. L/C's are, therefore, very expensive in Ghana.

- ' Legal barriers often do not fully affect the availability of food products in the Ghanaian market.
 - Local distributors often purchase HVP that enter Ghana illegally. Goods that are legally prohibited from entering Ghana are often available to consumers after being smuggled into Ghana from neighboring countries.
 - A large proportion of HVP exported to Ghana is re-exported to neighboring countries. This routing avoids import bans in 3rd countries or high tariff rates.
 - Importers sometimes submit less than fully accurate documentation to reduce or avoid the payment of duties to the GOG.

SECTION III. MARKET SECTOR STRUCTURE AND TRENDS

- ' The retail food sector in Ghana consists of large supermarkets, convenience stores and small groceries, and traditional open-air markets. These groups account for 10%, 25% and 65% respectively, of total retail food sales.
- ' About 35 percent of all retail sales of imported consumer-ready food products in 1999 were handled by Supermarkets. Traditional open-air markets merchandised



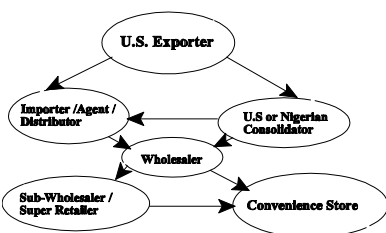
approximately 40 percent of the total value of imported processed foods, with convenience shops accounting for the remaining 25 percent.

- ' The major players in Ghana for merchandising imported HVP are:
 - Importers
 - Agents
 - Representatives

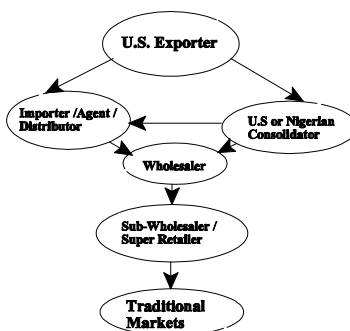
- Consolidators
- Wholesalers
- Sub-wholesalers/Super Retailers
- Retailers

The following illustrates the inter-relationship of the players in merchandizing imported HVP in Ghana.

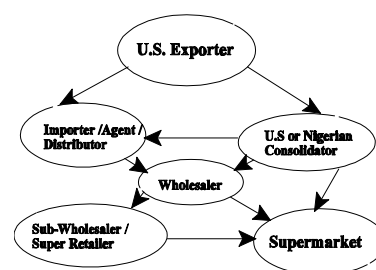
Distribution Flowchart for Convenience Stores



Distribution Flowchart for Traditional Markets



Distribution Flowchart for Supermarkets



s, restaurants, and food catering services represent a small but growing outlet for imported HVP.

- Sales potential in this area is expected to improve as the economic reforms embarked upon by the GOG generate an improved environment for business and tourism in Ghana.
- The Ghanaian middle-class, senior business executives, and other professionals increasingly prefer to meet their business contacts in hotels and restaurants.
- Many restaurants in Ghana offer imported food products and services demanded by these affluent consumers.
- A growing number of food caterers are offering mobile services to homes, offices and schools for business and social gatherings (engagements, weddings, child-naming ceremonies and funerals).
- Many Ghanaians, returning home after traveling abroad, have acquired a preference for imported HVP, and are demanding these products.
- Fast food and full service restaurants and hotels offer the greatest opportunity for sales growth.
- Tourism is on the increase in Ghana
- Accra, Kumasi, Tema and Takoradi are the most suitable cities in Ghana for focusing sales efforts to the HRI sector.

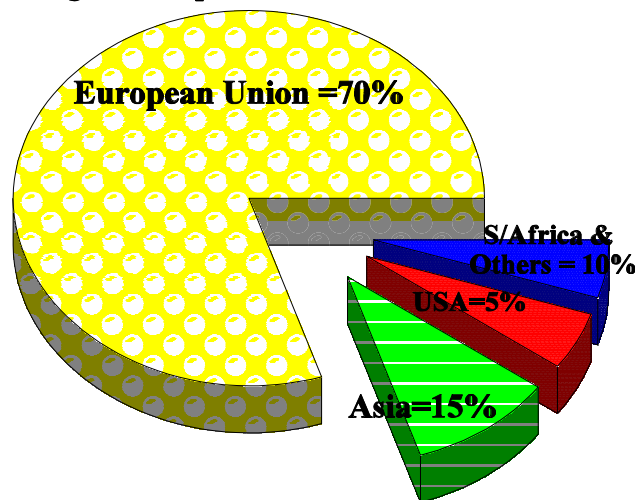
Domestic food processing is under-developed in Ghana

- Obsolete and decaying infrastructure, factory equipment, and inappropriate

economic policies of the GOG have impeded the growth of the domestic food processing sector in Ghana.

- Capacity utilization within this sector is low, averaging no more than 15 percent.

Origins of Imported Food Products in Ghana



- ' The origin and supply of imported consumer-ready food products is as follows:
Europe 70%, Asia 15%, U.S. 5% and South Africa/Others 10%.
- ' The low U.S. market share is attributed largely to higher freight costs which make competing non-U.S. products lower priced in Ghana. Local importers often comment that U.S. exporters tend to view the Ghanaian market as a small and, therefore, unattractive market.
- ' Ghanaian importers usually are reluctant to purchase collectively which could achieve economies of scale. The higher operational costs incurred from the individual buying pattern tends to make import purchasing from the United States less attractive to the small-scale Ghanaian operator.
- ' Ghanaian importers:
 - Seek exclusive distribution agreements from exporters
 - Prefer purchasing mixed containers of HVP
 - Seek the services of freight consolidators in the United States to handle their ordering and shipment needs.
 - Often anticipate that their foreign suppliers will meet their desire to under-invoice in order to reduce import duty payments.
- ' New-to-market exporters should consider the following market entry strategies and tactics:

- Contact the FAS Office in the U.S. Embassy in Accra, Ghana for assistance in selecting a local distributor/agent.
- Appoint a local distributor/agent in Ghana to register imported products with appropriate GOG regulatory bodies, to introduce their products into the market, and to develop consumer demand.
- Identify and sell through consolidators based in the United States who already already serve the West African region.
- Exhibit at the FMI Food/Supermarket Show in Chicago which is well attended by Ghanaian importers and where follow-up contacts can be easily made.
- Offer food product shipments in mixed-lot containers.
- Offer flexible shipping volumes
- Support activities for in-store and point-of-sale promotions in numerous small-sized outlets.
- Adopt a pricing strategy which encourages importers to initiate buying activity.

SECTION IV. BEST HIGH-VALUE PRODUCT PROSPECTS

Frozen poultry and Fish Products (Aaa)	Pasta Products (A)	Snack foods (Aaa)	Breakfast cereals (Aaa)
Alcoholic beverages (Aa)	Fruit preparations and Juices (Aaa)	Ice Cream (Aaa)	Non-alcoholic beverages (Aa)
Canned Vegetables (A)	Liquid milk (Aaa)	Spices (Aa)	Bakery and other food preparation ingredients (Aaa)
Cooking oil (Aa)	Beer (Aa)	Candy (Aa)	Powdered beverages (A)
Tomato purees (A)	Skimmed and whole milk powder (Aaa)	Margarine (A)	Wine (Aaa)

Aaaa = Highest demand

Aaa = Higher demand

Aa = High demand

A = Demand

SECTION V. POST CONTACT AND FURTHER INFORMATION:

Agricultural Affairs Office
Embassy of the United States of America
Ring Road East, P.O. Box GP 194
Accra, Ghana
Telephone: 233-21-775348
Tele/Fax : 233-21-778033
Fax : 233-21-776008
e-mail : kwabiahay@accrab.us-state.gov

EXPORTER GUIDE
APPENDIX 1. STATISTICS

TABLE A. KEY TRADE & DEMOGRAPHIC INFORMATION

Agricultural Imports from all countries (\$Million)/U.S. market share (%)	900/15
Consumer food Imports from all countries (\$ Million)/U.S. market share (%)	384/5
Edible Fishery Imports from all countries (\$Million)/U.S. market share (%)	N/A
Total population (Million)/Annual growth rate (%)	19/3.2
Urban population (Million)/Annual growth rate (%)	6.65/3.0
Number of major metropolitan areas 2/	4
Size of Middle class (Millions)/Annual growth rate (%) 3/	3.5/2
Per capita Gross Domestic Product (U.S. Dollars)	390
Unemployment rate (%)	20
Per capita food expenditures (U.S. Dollars)	195
Percent of female population employed 4/	3.3
Exchange Rate (U.S. \$1.00 = X.X Local Currency)	1 = 6,700

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.