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Report Highlights:

Post predicts Ghana's MY 2020/21 wheat and rice imports at 990,000 and 950,000 metric tons (MT), respectively. Rice production is forecast at 500,000 MT for MY 2020/21, up six percent from a year prior. While both wheat and rice imports continue to trend upwards, the impact of the COVID-19 pandemic begins to be realized as rice shipments to Ghanaian importers are cancelled by suppliers from Vietnam, leaving the importers to contemplate other sources of supply.

Commodities:

Wheat

Production:

Wheat is not grown locally in Ghana so all wheat available on the Ghanaian market is imported.

Consumption:

MY2020/21 total wheat consumption has been forecast at 825,000 MT by Post, marginally up by about two percent with respect to Post's 2019/20 estimate of 810,000 MT. This increase is due to increasing population, urbanization and its attendant changing dietary habits as well as the growing middle class. Ghana boasts of a robust economy in recent years. The hotel, restaurants and catering service industries in Ghana continue growing. Wheat based products are a central product offering to an expanding clientele. A common development in recent times is the introduction of in-house bakery by most of the leading supermarkets.

Notwithstanding the high cost of hard wheat, which is the preference of the Ghanaian consumer, consumption is expected to continue an upward trajectory due to the growing demand of wheat flour products like pizza, pasta, spaghetti and noodles in recent times, along with the usual consumption of bread as a staple for most urban dwelling Ghanaians. The estimated per capita consumption of wheat has increased from about 20kg to about 24 kg per year. Nearly 85 percent of wheat flour is used for bread making, while the remaining 15 percent is used for cakes and other pastries. The Ghanaian consumer prefers high quality hard wheat flour which produces a desired high-topped loaf and fluffy bread.

Local mills produce hard flour and soft flour for making bread and pastries respectively. The addition of pastry flour to their product mix was in response to the growth in domestic demand for the product that came with an expansion in the number and capacity of Ghana's biscuit factories and the entry of a large number of domestic pastry producers. Currently, there are four major wheat-milling companies in Ghana with a total installed capacity of about 1,500 tons per day, but they operate at 80 percent due to the market size, according to industry sources.

Trade:

MY2020/21 imports are forecast at 990,000 MT, a slight increase of about four percent from the MY 2019/20 estimate of 950,000 MT. Importers remain confident that supply will not be disrupted by the COVID-19 pandemic, and anticipate a slight increase in demand resulting from increased population, urbanization and a growing middle-class. Increased imports are thus anticipated. Post estimates wheat imports in MY 2018/19 at 905,000 MT, same as USDA's official estimate for the same period. Major suppliers of wheat to Ghana include Canada, Russia, the United States, and France, with Canada typically accounting for over half of the market share. Hard wheat classes comprise about 70 percent of Ghana's imports and the remaining 30 percent is soft wheat.

Wheat imports attract Import Duty of 5.0 percent VAT - 15.0 percent, ECOWAS levy - 0.5 percent, EDIF levy - 0.5 percent, Inspection fee - 1.0 percent and GCNET - 0.4% of CIF value. In addition,

effective August 1, 2004, the Government of Ghana (GOG) included a 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 20 percent duty, 15 percent VAT and other charges.

Forecast of exports in MY2020/21 is retained at 150,000MT, same as the current year's estimate. Exports are mainly done informally and to landlocked countries close to Ghana.

Stocks:

Ending Stocks are forecast at 210,000MT in MY2020/21, up by about eight percent from the MY2019/20 estimate of 195,000MT. This is because the increase in imports is more than proportionate to the increase in domestic use.

Policy:

Discussion about the introduction of a policy that seeks to require the inclusion of cassava flour by certain percentage to wheat flour continues to be far from a reality. This proposal has been restrained by the acknowledgement that the Ghanaian food market is very sensitive to changes in taste.

Marketing:

Millers blend hard wheat with soft wheat at varying percentages to reduce cost due to the higher cost of hard wheat. However, care is taken not to reduce the quality of the flour, which can be rejected by the Ghanaian bread baker. There is increasing demand for soft wheat flour by biscuit factories and pastry makers. The less common soft wheat flour is primarily used for the production of cakes and pastries. For making the desired fluffy and soft bread, Ghanaians prefer flour produced from hard wheat.

Ghana passed a food fortification law in November 2009 that became effective February 1, 2010, making it mandatory for all wheat flour products to be fortified with micronutrients (Vitamin A, B1, B2 B6, Niacin, Folic Acid, Iron and zinc).

Flour prices have risen in Ghana as a result of higher cost of imported wheat. For example, a 50kg bag of flour is sold at an ex-factory price of GHS138.57 in MY 2019/20, up by eight percent from GHS128.31 in MY 2018/19. As a result, the price of bread has also gone up. The cost of a 0.5 kg loaf of bread in 2019/20 is GHS7.50, up from GHS7.00 the previous year. Bread continues to be one of Ghana's staple foods, mainly eaten at breakfast and as a convenient food/snack during the day.

The wheat flour is packaged into 50 kg, 25 kg, 10 kg, 5 kg and 2 kg bags with brand names labeled on the bags. The millers have varying ways of distributing their flour either (i) by contract where the wheat is milled on order by a trader, wholesaler or baker; (ii) by direct sales to traders at factory premises; or (iii) through wholesale outlets. The pricing of flour is determined by the cost of production and type of flour product (hard wheat and soft wheat mixtures) and thus the four millers do not have a uniform price. According to industry sources, loaf prices are unlikely to change for the rest of 2020 but loaf weight could change to compensate for an unstable exchange rate (Average Exchange Rate: USD1.00=GHS 5.44).

Production, Supply and Demand Data Statistics:

| Wheat | 2018/2019 | | 2019/2020 | | 2020/2021 | |
|-------------------------------|---------------|----------|---------------|----------|---------------|----------|
| Market Begin Year | Jul 2018 | | Jul 2019 | | Jul 2020 | |
| Ghana | USDA Official | New Post | USDA Official | New Post | USDA Official | New Post |
| Area Harvested | 0 | 0 | 0 | 0 | 0 | 0 |
| Beginning Stocks | 210 | 210 | 208 | 205 | 0 | 195 |
| Production | 0 | 0 | 0 | 0 | 0 | 0 |
| MY Imports | 905 | 905 | 925 | 950 | 0 | 990 |
| TY Imports | 905 | 905 | 925 | 950 | 0 | 990 |
| TY Imp. from U.S. | 64 | 0 | 0 | 0 | 0 | 0 |
| Total Supply | 1115 | 1115 | 1133 | 1155 | 0 | 1185 |
| MY Exports | 147 | 150 | 150 | 150 | 0 | 150 |
| TY Exports | 147 | 150 | 150 | 150 | 0 | 150 |
| Feed and Residual | 10 | 10 | 10 | 10 | 0 | 10 |
| FSI Consumption | 750 | 750 | 780 | 800 | 0 | 815 |
| Total Consumption | 760 | 760 | 790 | 810 | 0 | 825 |
| Ending Stocks | 208 | 205 | 193 | 195 | 0 | 210 |
| Total Distribution | 1115 | 1115 | 1133 | 1155 | 0 | 1185 |
| Yield | 0 | 0 | 0 | 0 | 0 | 0 |
| | | | | | | |
| (1000 HA) ,(1000 MT) ,(MT/HA) | | | | | | |

Commodities:

Rice, Milled

Production:

Ghana's domestic rice production for MY2020/21 is forecast at 500,000 MT, representing an upward adjustment of about six percent over the MY2019/20 estimate of 470,000MT. Depicting strong growth in the domestic rice sector and continuing Ghana's upward production trajectory in recent years. The country has the potential to realize higher production levels of rice but this has been constrained by the use of less improved seeds, inadequate fertilizer usage and reliance on rainfall by the majority of rice farmers. The potential yield is reported to be above 6 MT/HA but the national average is 2.96 MT/HA. GOG envisages an increase in production of rice by 49 percent over the recorded 2016 production level within a period of five years. This would be achieved through the use of improved high yielding and disease resistant rice seeds by farmers and the adoption of low cost water management practices. Domestic rice production in Ghana is expected to increase in the coming years, and GOG appears intent on supporting it and other sectors deemed vital to food security through its Planting for Food and Jobs (PFJ) campaign. The current year's crop has been reported as better than that of the past year but demand for imported rice will not be affected considerably.

In 2017, GOG introduced a 50 percent subsidy on rice seed and fertilizer under the new government's flagship PFJ campaign, making it affordable for producers to increase rice production. Under the program, about 10 percent of the rice seeds were imported by licensed agrochemical companies and the rest supplied by local seed growers. The subsidized price of a 20kg bag of rice seed is GHS 50; the cost of 50kg fertilizers such as NPK 15:15:15, Sulphate of Ammonia and Urea are GHS 57.50, GHS 60 and 47.50 respectively. During field visits it was observed that bags of rice seeds had been left undistributed because rice farmers did not procure these even at the subsidized price. Sources anticipate this trend to continue, with some of the targeted rice farmers still resorting to the use of less improved seeds resulting in the lower than expected yields. Although an increase in rice production is expected in MY2020/21 because there are reports of a lot more farmers getting registered to benefit from the PFJ, it must be tempered because rice continues to be grown at the subsistence level under primarily rain fed conditions in valley bottoms/low lying areas, and employs traditional methods with limited irrigation and mechanization. The majority of domestically produced rice remains on farm or in the immediate communities for consumption.

Rice is grown throughout all regions of the country. However, the top five production Regions are the Volta, Northern, Upper East, Ashanti, and Western in descending order. In most cases, rice is grown once per year, but in rare instances that irrigation is available, producers may plant two crops per year. The primary growing seasons are April/May planting and July/August harvest for Volta, Ashanti and Eastern Regions. In the Northern and Upper East, producers will typically plant in July/August and harvest in October/November.

Consumption:

In Ghana, rice is the second most important cereal after corn, and has become a major staple food. MY2020/21 consumption has been forecast at 1.42 million MT, up by one percent from Post's MY 2019/20 estimate of 1.4 million MT. The per capita rice consumption is estimated at about 48kg/year, and with Ghana's population now estimated by the Ghana Statistical Service at over 30 million in 2020, rice consumption is expected to increase accordingly. Rice consumption in Ghana has increased along with population growth, and rice is increasingly a main part of the diet in many Ghanaian homes due to its relative convenience in preparation and palatable recipes. Increasing urbanization, a large and growing expatriate community, a growing entrepreneurial middle-class, a rapidly growing tourism sector, and an increase in families with both partners working outside the home are all responsible for the increase in rice demand. The demand for rice could have been more than forecast but for the fact that prices of other crops like maize that have been given production support by the government continues to be kept low, making these very affordable and hence serving as alternatives for some consumers.

Additionally, the increasing number of restaurants and fast food vendors in major cities and towns has increased the demand for rice. Urban consumers, who represent 55 percent of Ghana's population, account for 76 percent of total imported rice consumption. Ghanaian urban consumers prefer imported rice due to its higher quality. There is increasing demand for high quality rice and consumer preferences are changing towards fragrant and long-grain white rice.

Only 20 percent of domestically produced rice is consumed in urban areas due to its poor quality and higher concentration of debris and stones.

Trade:

Ghana's 2020/21 rice imports are forecast at 950,000 MT, up slightly from Post's MY2019/20 estimate of 900,000MT. Ghana's rice imports are expected to grow less rapidly and possibly stabilize in the coming years owing to an aggressive domestic effort at increasing production and also improving processing quality. Major importers revealed that until the COVID-19 pandemic, sales had slowed lately necessitating a slight reduction in prices in order to clear out old stocks. There are no supply chain concerns with regards to rice in the immediate future. Rice imports are largely driven by the increase in population and urbanization as well as rapid growth of the hotel, restaurants and catering service industries. There continues to be upsurge in fast-food vendor operations/activities in the cities and major towns of Ghana. The countries that supply the bulk of the rice to Ghana are Vietnam, Thailand, India and Pakistan. Different grades of rice are imported into Ghana ranging from the fragrant Vietnamese and Thai rice, U.S. long grain rice, to cheaper 70 percent broken rice from other sources such as Cote d'Ivoire. The market share of the United States has shown some signs of recovery lately, after plummeting drastically to one percent in 2015.

Traders perceive the United States as a reliable supplier of premium quality rice but they have increasingly turned to Asian rice, particularly the Viet and Thai jasmine rice, whose quality image has improved substantially and is highly prized by consumers. There is also increased promotional activity of Viet and Thai origin brands of rice on Radio, TV and billboards. The aromatic rice is becoming the preferred rice of those shopping in the "quality" segment of the market, chosen for its special taste (60 percent of consumers buy aromatic rice because of its taste). High-end restaurants and eateries rely heavily on aromatic rice to deliver quality and taste to their customers.

In Ghana, both imported and domestic rice are sold on the same market in the urban centers, but local supply can be irregular and is mostly consumed and sold in close proximity to where it is produced. About 70 percent of rice sold through retail outlets in Ghana is imported. Importers prefer to buy rice in bulk and re-bag locally into 50kg, 25kg, and 5kg, to accommodate consumer preferences and to maximize their profits. Rice importers sell to wholesalers, retailers, and directly to consumers. The traders then retail the rice on the open market. The imported rice sold in 5kg bags is the most commonly preferred by the customers and is convenient to carry. Several smaller-sized private companies, however, actively import packaged rice of 2kg, and 1kg bags of various types, brands and qualities.

Stocks:

Ending Stocks for MY2020/21 is forecast at 102,000MT, up by about 42 percent over Post's MY2019/20 estimate of 72,000MT, mainly due to a less than proportionate increase in consumption demand. Panic buying induced by the anticipated announcement of lockdown of some parts of the country hit by the COVID-19 pandemic and the cancelation of ordered shipments from Vietnam (>70 percent source of rice supply) are expected to deplete the current market year's stocks to 72,000MT.

Policy:

Rice remains a very political topic in Ghana. The government continues to actively use the media to draw consumer attention to the availability of local rice and encourage its use. The GOG is determined to raise rice production by about 50 percent through the PFJ campaign. However, it is unlikely that imports will be reduced if rice continues to be grown at the subsistence level under rain fed conditions in valley bottoms/low lying areas, employing only traditional methods with limited irrigation and mechanization.

Marketing:

Although U.S. long grain rice is preferred by Ghanaians due to its high quality and better taste, it has lost market share to Asian sourced rice due to reduction in quality and higher pricing of U.S. rice that is made available on the Ghanaian market. As such, fragrant long-grain, white rice from Asia (mainly Vietnam and Thailand) has displaced U.S. rice. Overall, rice imports primarily from Vietnam, Thailand and India have risen considerably to fulfill Ghana's increasing demand. Currently the retail price of a 25 kg bag of U.S. rice averages GHS160.00 (about USD 29.41); Thai rice of same weight averages GHS202.50 (USD 37.22); Vietnamese rice of 25kg averages GHS150.00 (USD27.57). Imported rice as a whole provides greater variety at more affordable prices than domestically produced varieties. The local rice (parboiled, white and brown) is perceived to have higher nutritional qualities, but is less preferred by most consumers due to perceived poor quality. Nonetheless, the GOG has created demand for the envisaged increase in domestic rice production by linking it to the feeding program of the public second cycle institutions nationwide through the guaranteed purchases by the reinvigorated National Food Buffer Stock Company (NAFCO).

Production, Supply and Demand Data Statistics:

| Rice, Milled | 2018/2019 | | 2019/2020 | | 2020/2021 | |
|---------------------------------|----------------------|-----------------|----------------------|-----------------|----------------------|-----------------|
| Market Begin Year | Oct 2018 | | Oct 2019 | | Oct 2020 | |
| Ghana | USDA Official | New Post | USDA Official | New Post | USDA Official | New Post |
| Area Harvested | 260 | 265 | 260 | 260 | 0 | 265 |
| Beginning Stocks | 131 | 131 | 134 | 102 | 0 | 72 |
| Milled Production | 453 | 460 | 470 | 470 | 0 | 500 |
| Rough Production | 755 | 767 | 783 | 783 | 0 | 833 |
| Milling Rate (.9999) | 6000 | 6000 | 6000 | 6000 | 0 | 6000 |
| MY Imports | 900 | 861 | 950 | 900 | 0 | 950 |
| TY Imports | 900 | 861 | 950 | 900 | 0 | 950 |
| TY Imp. from U.S. | 5 | 0 | 0 | 0 | 0 | 0 |
| Total Supply | 1484 | 1452 | 1554 | 1472 | 0 | 1522 |
| MY Exports | 0 | 0 | 0 | 0 | 0 | 0 |
| TY Exports | 0 | 0 | 0 | 0 | 0 | 0 |
| Consumption and Residual | 1350 | 1350 | 1450 | 1400 | 0 | 1420 |
| Ending Stocks | 134 | 102 | 104 | 72 | 0 | 102 |
| Total Distribution | 1484 | 1452 | 1554 | 1472 | 0 | 1522 |
| Yield (Rough) | 2.9038 | 2.8943 | 3.0115 | 3.0115 | 0 | 3.1434 |
| | | | | | | |

(1000 HA) ,(1000 MT) ,(MT/HA)

Attachments:

No Attachments