

Required Report: Required - Public Distribution

Date: April 07, 2021

Report Number: GH2021-0003

Report Name: Grain and Feed Annual

Country: Ghana

Post: Accra

Report Category: Grain and Feed

Prepared By: Josh Taylor

Approved By: Daniel Archibald

Report Highlights:

Post projects milled rice production for market year (MY) 2021/22 at 600,000 metric tons (MT); a five percent increase from the prior year estimate. MY2021/22 imports of milled rice and wheat are projected at 950,000 MT and 1.0 million metric tons (MMT), respectively. Imports of rice are expected to stabilize in view of increasing domestic production. Bakeries are proliferating in the country, and imports of pre-bagged wheat flour is introduced into the mix as prices of flour and flour products soar.

Commodities:

Wheat

Production:

Wheat is not grown in Ghana thus all wheat on the Ghanaian market is imported.

Consumption:

MY2021/22 total wheat consumption is forecast at 832,000 MT by Post, which indicates a marginal increase of less than one percent with respect to Post's 2020/21 estimate of 827,000 MT. This increase is due to increasing population, urbanization and its attendant changing dietary habits as well as the growing middle class that consumes various wheat flour products with greater regularity. Also, the aquaculture and piggery sectors are growing, increasing the demand for animal feed, which hitherto had been the preserve of the poultry industry. More supermarkets continue to follow the trend of having an in-house bakery.

Unlike other sections of the food industry, demand for some wheat flour products, particularly bread during the early stages of the Covid-19 pandemic was high. This was partly due to the imposed restrictions of movement and the encouragement of the general public to stay home. Bread is usually eaten at home so its demand increased during this period. On the other hand, other wheat flour products like locally manufactured biscuits and cookies witnessed a drop in demand, according to manufacturers. This drop in demand, however, was not large enough to offset the increase in demand for bread. Hard wheat flour remains the preference of the Ghanaian miller and consumer, but there has been appreciable growth in the use of soft wheat flour lately. Currently, about 80 percent of wheat flour is used to make bread, while the remaining 20 percent is used for cakes and other pastries. Ghanaian consumers prefer high quality hard wheat flour which produces the desired high-top loaf and fluffy bread. The estimated per capita consumption of wheat in Ghana is about 24 kg per year. Bread is considered a staple by urban dwellers in Ghana and as such, wheat consumption will continue to increase in line with urbanization. Also, the growing middle-class increasingly seeks out other wheat flour products like pizza, croissants, cakes and the rest.

Local mills produce hard flour and soft flour to make bread and pastries respectively. The addition of pastry flour to their product mix is in response to the growth in domestic demand for pastries. This is directly related to the expansion in the number and capacity of Ghana's biscuit factories as well as 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 according to industry sources they operate at 80 percent due to the market size.

Trade:

MY2021/22 imports are forecast at 1.0 MMT, a marginal increase of about two percent over the MY2020/21 estimate of 980,000 MT. Importers remain optimistic that there will be sustained demand, mainly due to increased population, urbanization and a growing middle-class despite recent rapid increases in prices of wheat flour. Increased imports are thus anticipated. Post estimates wheat imports in MY2019/20 at 979,000 MT, about two percent lower than 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. Turkey has now joined the suppliers and

currently ranks second, with significant supply of pre-bagged hard wheat flour. Hard wheat classes comprise about 70 percent of Ghana's imports and the remaining 30 percent is soft wheat.

Wheat imports attract an 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 ICUMS - 0.75% of FOB value. In addition, the Government of Ghana (GOG) includes a National Health Insurance Levy of 2.5 percent to be collected by the VAT Secretariat. The forecast for exports in MY2021/22 is increased by about seven percent to 160,000 MT from the current year's estimate of 150,000 MT. Exports to neighboring countries (Benin, Burkina Faso, Niger, and Togo) by haulage trucks is growing and now very noticeable.

Stocks:

Ending stocks are forecast at 228,000 MT in MY2021/22, up by about four percent from the MY2020/21 forecast of 220,000 MT. This is due to the increase in imports, which is more than the proportionate increases in domestic use and exports.

Policy:

Discussion about the introduction of a policy that seeks to require the inclusion of a percentage of cassava flour to wheat flour continues to be far from 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 popular soft wheat flour is primarily used for the production of cakes and pastries. Ghanaians prefer flour produced from hard wheat to achieve the desired fluffy and soft bread. In Ghana it is 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 the higher cost of imported wheat. For example, a 50kg bag of flour is sold at an ex-factory price of about GHS170.00 (USD29.46) in MY2020/21, up by about 23 percent from GHS139.00 (USD24.09) in MY2019/20. As a result, the price of bread has increased. The cost of a 0.5 kg loaf of bread in 2020/21 is GHS9.00 (USD1.56), up from GHS7.00 (USD1.21) the previous year, an increase of about 29 percent. Bread continues to be one of Ghana's staple foods, mainly eaten at breakfast and as a convenient 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 methods of distribution; (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 price of flour is determined by the cost of production and type of flour (hard wheat and soft wheat mixtures) and thus the four millers do not have a uniform price. Industry sources reveal that another wheat flour price increase is imminent. (Average Exchange Rate: USD1.00=GHS 5.77).

Production, Supply and Demand Data Statistics:

Wheat Market Year Begins	2019/2020		2020/2021		2021/2022	
	Jul 2019		Jul 2020		Jul 2021	
Ghana	USDA Official	New Post	USDA Official	New Post	USDA Official	New Post
Area Harvested (1000 HA)	0	0	0	0	0	0
Beginning Stocks (1000 MT)	208	208	266	217	0	220
Production (1000 MT)	0	0	0	0	0	0
MY Imports (1000 MT)	998	979	980	980	0	1000
TY Imports (1000 MT)	998	979	980	980	0	1000
TY Imp. from U.S. (1000 MT)	20	20	0	0	0	0
Total Supply (1000 MT)	1206	1187	1246	1197	0	1220
MY Exports (1000 MT)	120	150	150	150	0	160
TY Exports (1000 MT)	120	150	150	150	0	160
Feed and Residual (1000 MT)	10	10	10	12	0	12
FSI Consumption (1000 MT)	810	810	815	815	0	820
Total Consumption (1000 MT)	820	820	825	827	0	832
Ending Stocks (1000 MT)	266	217	271	220	0	228
Total Distribution (1000 MT)	1206	1187	1246	1197	0	1220
Yield (MT/HA)	0	0	0	0	0	0

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

MY = Marketing Year, begins with the month listed at the top of each column

TY = Trade Year, which for Wheat begins in July for all countries. TY 2021/2022 = July 2021 - June 2022

Commodities:

Rice, Milled

Production:

Domestic rice production for MY2021/22 is forecast at 600,000 MT, an increase of about five percent above the MY2020/21 estimate of 570,000 MT. With renewed vigor to realize increased rice production, which is indicated by the increased cropping area under rice production, Ghana remains focused on the attainment of self-sufficiency with regard to rice. The potential yield is reported to be above 6.00 MT per hectare (HA) but the national average for 2020/21 is forecast at 3.34 MT/HA by the Ministry of Food and Agriculture. Despite delays in making subsidized inputs like fertilizer available to all registered rice farmers across the country, partly due to the current situation of still trying to manage the Covid-19 outbreak, domestic rice production in Ghana is expected to increase in the coming years. The current year's crop has been reported as better than that of the past year. Appreciable gains are being made in the quest to increase production to meet the domestic demand so as to be able to reduce and eventually eliminate rice importation but it will still take some years of sustained efforts and corresponding results to achieve this target of the GOG.

In 2017, the GOG introduced a 50 percent subsidy on rice seed and fertilizer under the current government's flagship project, 'Planting for Food and Jobs' (PFJ) campaign, to make 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 remainder supplied by local seed growers. The PFJ agenda is still being pursued by the GOG, and expected to be the pivot for realizing the target of rice self-sufficiency.

Rice is grown throughout all regions of Ghana. However, the top five production areas 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 where irrigation is available, producers may plant two crops per year. The primary growing seasons are April/May (planting) and July/August (harvesting) 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:

Rice is the second most important cereal after corn in Ghana, and has become a major staple food. MY2021/22 consumption has been forecast at 1.58 MMT, up by almost two percent from Post's MY2020/21 estimate of 1.55 MMT. The per capita rice consumption is estimated at about 48kg/year, and with Ghana's population now estimated at over 31 million in 2021, and growth rate of 2.12%, rice consumption is expected to increase accordingly. Rice is increasingly a main part of the diet in many Ghanaian homes due to its relative ease of 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 women working outside the home are all responsible for the increase in rice demand. Admittedly, increased demand for rice, which was driven by the increasing number of restaurants and fast food vendors in major cities and towns prior to the Covid-19 outbreak has dropped but the increase in households' demand more than offsets the decrease.

Urban consumers, who represent 55 percent of Ghana's population, account for about 80 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. A lesser proportion of domestically produced rice that gets processed to meet the quality standard of imported rice earns the patronage of urban dwellers.

Trade:

Ghana's MY2021/22 rice imports are forecast at 950,000 MT, unchanged from MY2020/21. This trend of stabilization and potentially an eventual dip in rice imports is expected in the coming years a result of aggressive domestic efforts to increase production and also improve processing quality. Major importers revealed that the Covid-19 pandemic did not affect sales as was anticipated. Rice imports are largely driven by the increase in population and urbanization as well as rapid growth of the hotel, restaurants and catering service industry. Vietnam, Thailand, India and Pakistan are the major rice suppliers. Different grades of rice are imported 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. United States market share has shown some signs of recovery lately, after plummeting drastically to one percent in 2015. Currently only one major importer handles U.S. rice.

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. 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. It must be pointed out that the lost market share of the U.S. rice is also partly due to its being relatively expensive in comparison to other origins.

In Ghana, both imported and domestic rice are sold on the same market in the urban centers, but local supply can be irregular. 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 preferred by customers and is convenient to carry. Several smaller private companies, however, actively import packaged rice in 1kg and 2kg bags of various types, brands and qualities.

Stocks:

Ending Stocks for MY2021/22 is forecast at 189,000 MT, a decrease of about 14 percent compared to Post’s MY2020/21 estimate of 219,000 MT, mainly due to increase in consumption demand over the past year. Part of the government’s proposed response to mitigate and recover from the Covid-19 pandemic is a more strategic and coordinated approach to national grain stocks, and significant expansion of storage capacity.

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 reduce rice importation by raising domestic production 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 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 27.73); Thai rice of same weight averages GHS228.00 (USD 39.51); Vietnamese rice of 25kg averages GHS158.00 (USD27.38). 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. (Average Exchange Rate: USD1.00=GHS 5.77).

Production, Supply and Demand Data Statistics:

Rice, Milled Market Year Begins Ghana	2019/2020		2020/2021		2021/2022	
	Oct 2019		Oct 2020		Oct 2021	
	USDA Official	New Post	USDA Official	New Post	USDA Official	New Post
Area Harvested (1000 HA)	265	270	265	260	0	275
Beginning Stocks (1000 MT)	267	267	257	249	0	219
Milled Production (1000 MT)	540	510	575	570	0	600
Rough Production (1000 MT)	783	739	833	826	0	870
Milling Rate (.9999) (1000 MT)	6900	6900	6900	6900	0	6900
MY Imports (1000 MT)	900	972	950	950	0	950
TY Imports (1000 MT)	850	847	950	950	0	950
TY Imp. from U.S. (1000 MT)	3	3	0	0	0	0
Total Supply (1000 MT)	1707	1749	1782	1769	0	1769
MY Exports (1000 MT)	0	0	0	0	0	0
TY Exports (1000 MT)	0	0	0	0	0	0
Consumption and Residual (1000 MT)	1450	1500	1550	1550	0	1580
Ending Stocks (1000 MT)	257	249	232	219	0	189
Total Distribution (1000 MT)	1707	1749	1782	1769	0	1769
Yield (Rough) (MT/HA)	2.9547	2.737	3.1434	3.1769	0	3.1636

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

MY = Marketing Year, begins with the month listed at the top of each column

TY = Trade Year, which for Rice, Milled begins in January for all countries. TY 2021/2022 = January 2022 - December 2022

Attachments:

No Attachments