

Voluntary Report – Voluntary - Public Distribution

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Report Name: Poultry Voluntary Report

Country: Ghana

Post: Accra

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Report Highlights:

High feed costs continue to stifle attempts at reviving Ghana's broiler industry. Domestic broiler production is estimated to meet only about two percent of total demand for chicken meat. The Government of Ghana (GOG) announced plans for a U.S. \$87 million loan facility over a three-year period for actors across the domestic chicken meat value chain at an interest rate of less than 10 percent. Import permits are still a requirement but major trade disruptions are not anticipated in the foreseeable future.

THIS REPORT CONTAINS ASSESSMENTS OF COMMODITY AND TRADE ISSUES MADE BY USDA STAFF
AND NOT NECESSARILY STATEMENTS OF OFFICIAL U.S. GOVERNMENT POLICY

SENSITIVE BUT UNCLASSIFIED

1. Production

Table 1.1 Ghana's Chicken Meat Production, Supply and Distribution Table

| Meat, Chicken | 2020 | | 2021 | | 2022 | |
|----------------------------------|---------------|----------|---------------|----------|---------------|----------|
| | Jan 2020 | | Jan 2021 | | Jan 2022 | |
| | USDA Official | New Post | USDA Official | New Post | USDA Official | New Post |
| Market Year Begins | | | | | | |
| Ghana | | | | | | |
| Beginning Stocks (1000 MT) | 0 | 0 | 0 | 0 | 0 | 0 |
| Production (1000 MT) | 59 | 58 | 59 | 50 | 59 | 60 |
| Total Imports (1000 MT) | 295 | 295 | 340 | 350 | 350 | 400 |
| Total Supply (1000 MT) | 354 | 353 | 399 | 400 | 409 | 460 |
| Total Exports (1000 MT) | 0 | 0 | 0 | 0 | 0 | 0 |
| Human Consumption (1000 MT) | 354 | 353 | 399 | 400 | 409 | 460 |
| Other Use, Losses (1000 MT) | 0 | 0 | 0 | 0 | 0 | 0 |
| Total Dom. Consumption (1000 MT) | 354 | 353 | 399 | 400 | 409 | 460 |
| Total Use (1000 MT) | 354 | 353 | 399 | 400 | 409 | 460 |
| Ending Stocks (1000 MT) | 0 | 0 | 0 | 0 | 0 | 0 |
| Total Distribution (1000 MT) | 354 | 353 | 399 | 400 | 409 | 460 |
| | | | | | | |
| (1000 MT) | | | | | | |

NB: Not Official USDA Statistics

Domestic broiler production for MY2022 is forecast at 60,000MT, a 20 percent increase over the preceding year's volume. This is due to a decrease in the price of corn following the recent harvests of 2021, which started in August, and will continue through January 2022. Increased demand for live birds during the Christmas season is expected to drive the price up and make domestic production attractive again. Post estimates Ghana's MY2021 domestic chicken meat production to be 50,000MT, a decrease

of about 14 percent compared to the previous year. Industry sources assert that total production of chicken meat (broilers and spent layers) in MY2020 was 58,000MT. Spent layers constitute a higher proportion (more than 90 percent) of domestically produced chicken meat, while domestic broiler production is believed to meet only two percent of demand in the country. The decline in domestic broiler production in 2021 is mainly due to the rising costs of production, especially feed costs. Another factor responsible for the decrease in domestic broiler production in MY2021 is the recorded incidences of high path Avian Influenza (AI), which hit nine out of the 16 administrative regions of Ghana. The first reported case of AI occurred on July 8, 2021. The outbreak resulted in the culling of a significant number of birds on affected farms.

Feeding cost is estimated to account for almost 80 percent of the total cost of production. There has been a sharp increase in feeding cost within the last two years due to unforeseen shortages of corn, the primary feed ingredient. Industry analysts noted that unusually high purchases of corn were made by aggregators from neighboring countries in 2020. This, combined with increased industrial demand for corn (especially by breweries) and increased demand for human consumption, pushed the price of the commodity up in 2021. Similarly, prepared feeds recorded price increases of between 49 and 82 percent in 2021 compared to 2019.

Table 1.2 Price (GHS/50kg) Trends of some Feed and Primary Ingredients

| <i>Feed/Ingredient</i> | <i>2019</i> | <i>2020</i> | <i>2021</i> |
|--------------------------|-------------|-------------|-------------|
| Broiler Pre-Starter Mash | 230 | 250 | 292 |
| Broiler Starter Mash | 110 | 135 | 175 |
| Broiler Grower Mash | 110 | 130 | 173 |
| Corn | 50 | 95 | 160 |
| Soybean Meal | 135 | 160 | 215 |

Source: Field Data, 2021

2. Consumption

Chicken meat continues to be the most popular source of animal protein among the Ghanaian populace, with consumption per capita reaching about 13kg in 2021. Post forecasts Ghana’s MY2022 chicken meat consumption at 460,000MT, an increase of 15 percent over Post’s MY2021 consumption estimate of 400,000MT. Population increase, a growing middle-class, and a resurging economy are drivers for the increase in consumption. The easing of restrictions on human movement, imposed by the GOG as a measure of managing the COVID-19 pandemic has revived the operations of food service providers in the hospitality industry, and is also expected to contribute to the increase in chicken meat consumption.

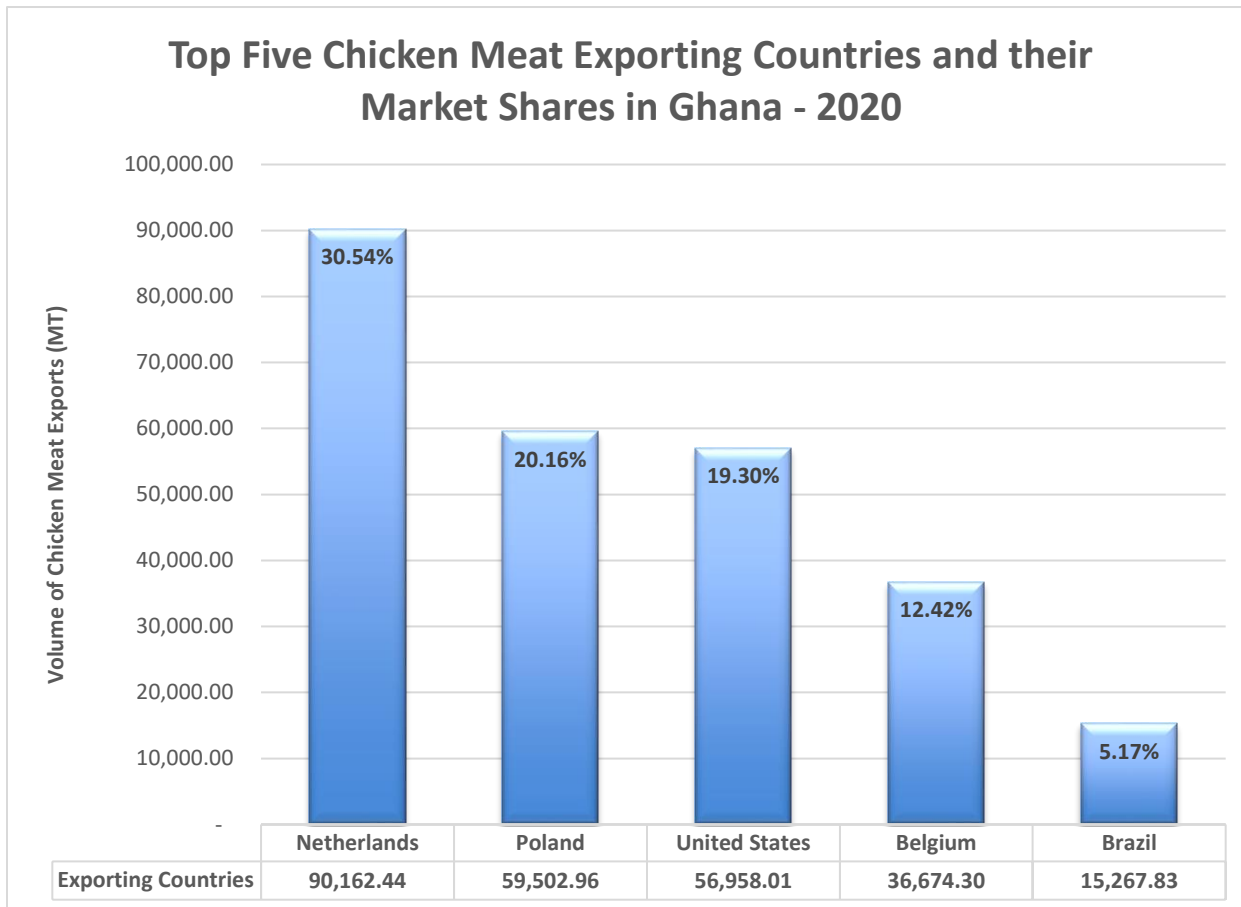
3. Trade

Post estimates Ghana’s MY2021 chicken meat imports at 350,000MT, nearly 19 percent increase over the 2020 volume of imports (295,000MT). It is forecast that the MY2022 chicken meat imports will total 400,000MT, which represents growth of about 14 percent over the preceding year’s value. The increasing volumes of imported chicken meat reflects the widening gap between the consumption needs of the population and the insufficient domestic supply. Annual consumption continues to outstrip the domestic supply.

Chicken meat is imported from The Netherlands, Poland, United States, Belgium and Brazil. Other exporting countries are United Kingdom, Turkey, Germany, Canada and Ukraine.

The chart below shows the market shares of the top five exporting countries of chicken meat to Ghana in 2020.

Figure 3.1 Percentage Market Share of Top Five Exporters of Chicken Meat to Ghana



Source: Trade Data Monitor LLC, 2021

4. Policy

Ghana regulates poultry imports through a non-transparent method of issuing import permits and a high import tariff of 35 percent import duty. Additional taxes and levies are as follows:

VAT - 15.0 percent

ECOWAS levy - 0.5 percent

EDIF levy - 0.5 percent

Inspection fee - 1.0 percent

ICUMS - 0.75% of FOB value.

National Health Insurance Levy - 2.5 percent, to be collected by the VAT Secretariat.

Revamping the Poultry Sector in Ghana

Livestock production is considered an important feature of the country's agriculture sector, and accounts for 14 percent of agricultural GDP. It is a major source of income for farmers in the country. Its socio-economic importance in the reduction of rural poverty is also recognized.

The national demand for poultry meat alone was estimated at about 400,000MT in 2020, with local production at just about 57,871MT. Broiler meat imports constitute over 80% of total meat imports into the country, while domestic broiler production has been identified by the GOG as the fastest means of reducing meat imports.

To achieve this, the GOG launched the Rearing for Food and Jobs (RFJ) initiative in 2019 under the theme "Self-Sufficiency in Meat Production - a Must."

The main objective for the RFJ initiative is to modernize and transform agriculture for food, jobs, and foreign exchange through the rearing of livestock such as poultry, cattle, sheep, and goats. The stated target for the poultry sector was to initially produce 40,000MT of broiler meat (20,000,000 birds) on a pilot basis in 2020 and scale up production in subsequent years. In total, 247,480 MT is expected to be produced within 5 years.

Getting the Rearing for Food and Jobs to work

The GOG is counting on the success of its flagship program, Planting for Food and Jobs (PFJ), which in the view of the government has yielded lots of primary feed ingredients such as soybeans and corn for the successful implementation of the RFJ, especially regarding poultry.

- ***Agricultural Development Bank (ADB) Ghana announces intervention for Poultry Sector***

The GOG, through the Agricultural Development Bank Ghana, announced a U.S. \$87 million loan facility in support of the government’s “Broiler Revitalization Programme,” which aims to increase domestic production of chicken. This loan facility would be made available between 2020 and 2022 at an interest rate of below 10 percent.

- ***Government Subsidy through Ministry of Food and Agriculture (MOFA)***

The sector minister has indicated that, the RFJ program will benefit from a 40 percent subsidy from the GOG for a period to attract farmers into the failing broiler production sub-sector. The GOG, through the Ministry of Food and Agriculture (MOFA) will subsidize the cost of 1,000 – 2,000-day old chicks, vaccines, and feed for the first two weeks of production by 50 percent.

- ***Processing and Marketing***

The GOG plans to bring in processing plants, which will consist of slaughtering, and packaging units, cold vans and refrigerated kiosks (mobile slaughtering plants) with a capacity of 300 birds per hour per truck.

5. Marketing

Most imported chicken meat on the Ghanaian market is sold frozen, cut into various parts, and packed into 10kg cardboard boxes. Frozen dressed whole chicken meat is also imported and is available on the market.

Domestically produced chickens are usually sold as live birds on the Ghanaian market at an average price of GHS55.00, which weigh 2.5kg on average. The bird can also be slaughtered at the market for an extra charge of GHS3.00. Freshly dressed birds offered for sale on the market are usually sold as whole and not cut into parts like imports. This makes the imported chicken meat affordable to most Ghanaian buyers who tend to be price sensitive and resort to buying smaller portions.

Average unit price of imported chicken meat is cheaper than domestically produced owing to the high cost of domestic production. Currently (2021), a kilogram of leg quarter costs GHS15.00 and GHS40.00 for a freshly dressed domestically produced chicken. (***Average Exchange Rate: U.S. \$1.00=GHS 6.00***)

Frozen chicken is widely distributed across the entire country through a network of privately-owned cold stores. Restaurants and hotels mostly prefer leg quarters that are smaller in size whereas some fast-food operators and household consumers prefer larger chicken leg quarters, which can be cut up into more pieces.

Table 5.1 Leg Quarter Retail Price (GHS/1kg) Trend over three years

| <i>Type of Chicken Meat</i> | <i>Year</i> | | |
|-----------------------------|-------------|-------------|-------------|
| | <i>2019</i> | <i>2020</i> | <i>2021</i> |
| Imported Chicken | 13 | 12 | 15 |
| Domestic Chicken | 35 | 30 | 40 |

Source: Field Data, 2021

End of Report

Attachments:

No Attachments.