

USDA Foreign Agricultural Service

GAIN Report

Global Agricultural Information Network

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POLICY

Voluntary Public

Date: 11/2/2012

GAIN Report Number:

Ghana

Post: Accra

Ghana Exporter Guide 2012

Report Categories:

Exporter Guide

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Report Highlights:

Ghana's total food and agricultural imports in 2012 is estimated to reach \$1.2 billion from \$1 billion in 2011. The Ghanaian market continues to offer many opportunities for U.S. exporters of bulk and consumer-ready food products and remains a key access point for entry into the West Africa region market. Demand for these products is expanding rapidly in Ghana and the U.S. share has remained at 5 percent. U.S. exports of agricultural products such as rice, poultry, wheat and consumer ready products are significant. This report presents background information and tips for exporters interested in entering this market.

Executive Summary:

General Information:

SECTION I: MARKET OVERVIEW

Ghana is an important U.S. agricultural export market and offers expanding market opportunities due to its remarkable record of economic growth as well as its liberal import policies. Ghana's estimated population of 24.8 million for 2012 is estimated to be growing at approximately 1.787 percent (2012 estimate.) Also, the Government of Ghana (GOG) is positioning Ghana as the gateway to the larger West African market (over 260 million people). There was growth in Ghana's GDP from 4.4 percent in 2009, 7.7 percent in 2010 and 13.6 percent in 2011 due to high prices of gold and cocoa with a sound macro-economic management.

Ghana's agricultural sector is largely subsistence-based, and employs over 60 percent of the population and contributes about 28 percent of GDP. The estimated agricultural sector growth for 2011 dropped to 2.8 percent, as compared to 5.3 percent in 2010, due to low and erratic rainfall with consequent low crop yields. Ghana's agriculture consists of 85 percent staple crop production, with livestock, poultry and fishery production accounting for 10 percent, and forestry, less than 1 percent. Major agricultural commodities produced in Ghana are cocoa, oil-palm, cereals, (corn, rice, millet, sorghum), tubers (cassava, yam), cashew, rubber, fruits (pineapples, pawpaw), and vegetables, cattle, ruminants (sheep & goats), poultry and eggs, fish and timber.

Ghana remains a major net importer of agricultural food products, with imports of approximately 1 billion and exports of about \$100 million in 2011. Ghana imports mostly bulk/intermediate and consumer-ready commodities such as rice, wheat, sugar and poultry. US export of agricultural products to Ghana in 2011 is a record high at approximately \$110 million. Although US export to Ghana are mostly rice, poultry and wheat, exports of US value added and consumer-ready food products have also been increasing in recent years. The leading suppliers of intermediate and processed products to Ghana are the European Union, Asia(China, Thailand, Vietnam, India), and South Africa. Trade between Ghana and the European Union continue to remain strong with EU accounting for about 35 percent of agricultural exports to Ghana. Imports from Asia and South Africa have also grown in recent years. Additionally, investments from China in all sectors of the Ghana economy have experienced growth. There is a high demand for imported food products, especially consumer ready products, due to limited selection of products provided by the underdeveloped domestic agricultural and food processing sector in Ghana.

Ghana operates a relatively free market, and most tariffs are low. The Ghana tariff system has four ad valorem import duty rates (0%, 5%, 10% and 20%), which became effective in January 2000. In 2005, the GOG along with other ECOWAS countries adopted the ECOWAS Common External Tariff (CET) that requires members to simplify and harmonize ad valorem tariff rates which is similar to the four tariff bands that Ghana is operating. Although Ghana has been slow to take full advantage of the enhanced market access offered under the African Growth and Opportunity Act (AGOA), it is increasing efforts in this area. Ghana was the second country (after the Ivory Coast), to sign a bilateral EPA-light with the EU in 2008. The implementation of this agreement would eliminate tariffs on virtually all of Ghana's exports to Europe and on 80 percent of imports from the EU over the next 15

years.

U.S. exporters are advised to explore the expanding Ghanaian market with an attested and improved democracy that continues to offer market opportunities. U.S. agribusiness firms interested in doing business in Ghana can seek assistance of the USDA/FAS office in Accra to develop business relationships with local companies, importers, and agents.

Advantages and Challenges

Advantages	Disadvantages
Ghana's population of 24.8 million is growing at an annual rate of nearly 1.7 percent per annum, provides US exporter with a growing market for trade.	US agribusiness presence in Ghana is very small.
The Government of Ghana (GOG), in line with its WTO obligations, has liberalized trade.	Some freight consolidators in the United States are unwilling or unable to meet ordering and shipping requirements of Ghanaian importers.
Ghana has an active and entrepreneurial middle class and a fast growing private sector.	U.S. consumer ready foods are not readily available in Ghana, while products from EU, South Africa, and Asia are in greater supply.
Increasing awareness of U.S. processed/intermediate foods in Ghana; the perception of U.S. foods among Ghanaians consumers is high.	Although middleclass is expanding Ghanaian dominant and mass market are price sensitive and this limits volume of US exports
The HRI sector is expanding and is requiring more consumer ready products and food ingredients.	Some U.S. firms view Ghana as too small a market for entry.
Ghanaian consumption patterns have changed towards Western foods as result of urbanization, women working outside the home and shift in lifestyles of the large youth population.	U.S. consumer ready foods typically have shorter shelf life labeling and longer transit times, thereby reducing shelf life of U.S. products in Ghana.
Middle-class incomes are rising and there is higher demand for healthy foods. The retail sector is shifting to more western style shops and convenience stores.	Infrastructure in Ghana is poor, energy and production costs are increasing. The infrastructure for processing, storage and distribution of consumer ready foods and other perishable products is limited in Ghana.
Incomes in Ghana are rising with estimated average per capita income increased by over 100 percent to \$1200 in the last few years.	Shipment freight from the US is over 40 percent higher than from the EU.
USDA's GSM 102 credit program can provide a competitive tool for penetrating the Ghana price sensitive market.	The Ghana banks and financial institutions still have some bottlenecks impeding easy access to the USDA's GSM -102 program by local buyers.
U.S. grocery items entering Ghana can be re-exported to neighboring West African countries (a market of over 260 million people).	The tropical climate is not conducive to displaying many imported food products in the traditional open air-markets which still

	remain prevalent in Ghana.
Ghana will continue to import consumer-ready and intermediate products as most are not produced domestically. Ghana's domestic food processing capacity is still under-developed.	Most retail food outlets lack the expertise and capital needed to modernize and expand to meet the demands of the increasing retail market in Ghana.
Increasing rural to urban migration is raising demand for consumer ready foods. Ghanaian consumers perceive U.S. consumer ready foods as being of high-quality and demand for these is growing.	Some U.S. exporters are not as responsive to importer requests regarding price quotations, packaging and documentation as their EU and Asian competitors.
The U.S. has a Trade and Investment Framework Agreement (TIFA) with Ghana where both countries discuss bilateral trade policy issues.	The US has no Free Trade Agreements and bilateral investment treaty with Ghana.

SECTION II: EXPORTER GUIDE

General and Agricultural Trade Situation

Ghana's agricultural sector is largely subsistence-based, accounting for 28 percent of GDP, and provides employment, both formal and informal sectors for over 60 percent of the population. The estimated agricultural sector growth for 2011 dropped to 2.8 percent, compared to 5.3 percent in 2010 due to low and erratic rainfall with a consequent low crop yields. Crop production contributes over 85 percent of agricultural activities with livestock, poultry and fishery accounting for 10 percent, and less than one percent in forestry.

Major agricultural commodities produced in Ghana are cocoa, palm-oil, cereals, (corn, rice, millet, sorghum), tubers (cassava, yam), cashew, fruits (pineapples, pawpaw), and vegetables, cattle, poultry and eggs, fish, timber and rubber. However, in CY 2011 Ghana's agricultural exports to the US was a record high at \$317.8 million up from \$196.5 million in 2010 due largely to dry cocoa bean, cocoa paste and cocoa butter exports.

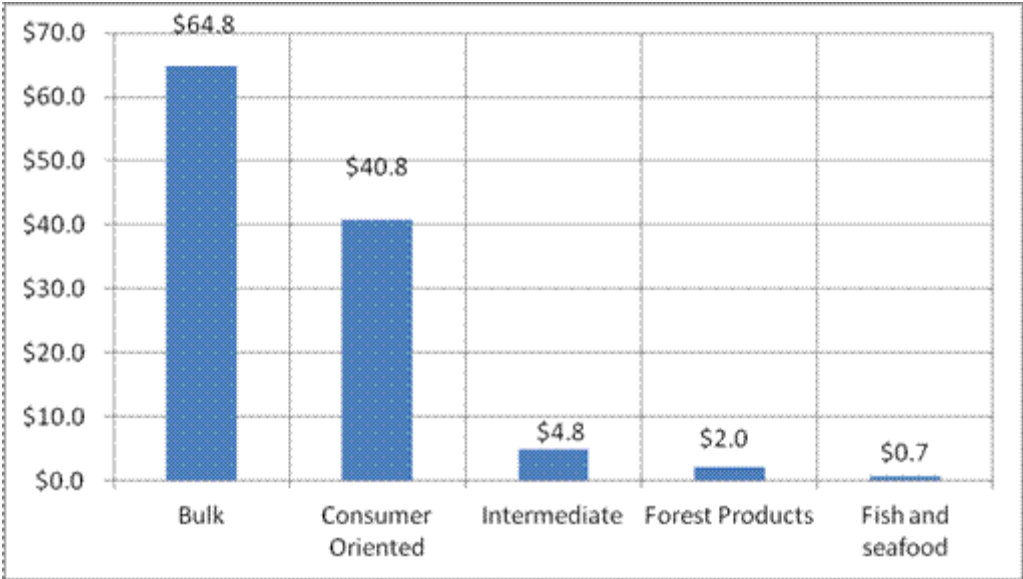
Although Ghana's agriculture has shown some growth in the past few years, the country remains a major net importer of agricultural food products. Ghana imported approximately \$1 billion of agricultural products in 2011. US export to Ghana of value added and consumer-ready food products have also been rising in recent years. US export to Ghana is mostly bulk/consumer-ready commodities such as rice (\$52 million), poultry (\$34 million) and processed fruits, processed vegetables, wines and dairy products. Other large imports into Ghana included sugar, mainly sourced from China and Brazil. There is a large market for frozen fish (especially mackerel, sardines) mostly sourced from the EU and some African countries (Angola, Mauritania, Morocco, Namibia and Senegal). The leading suppliers of intermediate and processed products to Ghana are European Union, Asia (China, Thailand, Vietnam and India) and South Africa. Ghana's export of agricultural, fish and forestry products to the United States has been growing from \$115 in 2009 to \$317 in 2011 primarily due to larger dry cocoa bean shipments, cocoa paste and cocoa butter exports.

US Agriculture Exports to Ghana

Total U.S. agricultural, fish and forestry products export to Ghana in 2011 were a record high at \$118.3 million, up from \$76.2 million in 2010. Rice (48%) and poultry (28%) of this total make up the largest portion of US exports. US wheat exports to Ghana is growing at \$12 million in 2011 million after sales dropped to zero in the last few years. US exports of value-added food products are also increasing. The chart below shows a breakdown of US food and agricultural product exports to Ghana in 2011.

US Agricultural Export to Ghana CY 2011

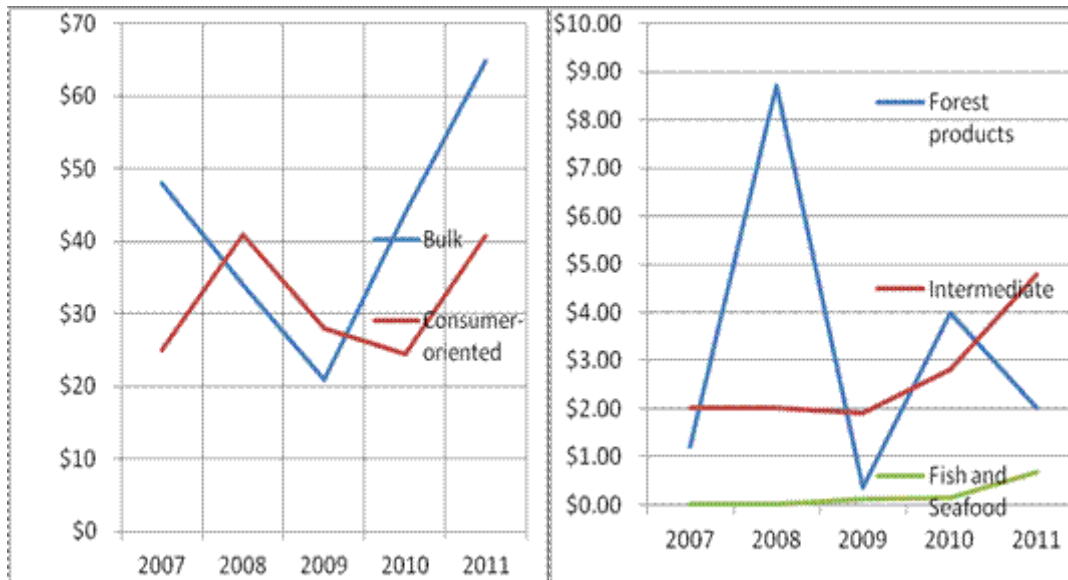
\$ Million



Source: FAS BICO Report: (<http://www.fas.usda./gats/BicoReport.aspx?type=country>)

Trends of US Agricultural Export to Ghana CY2007-2011

\$Million



Source: FAS BICO Report: (<http://www.fas.usda./gats/BicoReport.aspx?type=country>)

Ghana continues to maintain strong trade link with Europe which has 35 percent share of the Ghana market. Other major competitors for the Ghana market are Asia and South Africa. In recent years, imports from Asia especially China and India have grown rapidly. Additionally, Chinese investment in all sectors of the economy has also grown markedly.

The Ghana Export Promotion Council in close collaboration with the Ministry of Trade and Industry administers export incentive schemes for exporters such as tax concessions and foreign currency retention schemes. The three types of tax concessions include: (1) corporate tax rebate, which allows any manufacturer of agricultural products, (exporting part or all of his production), to claim tax rebate between 40-75 percent of his tax liability; (2) custom duty drawback that allows exporters to draw back up to 100 percent of duties paid on material imported to produce goods for export; (3) up - front duty exemption, which operates alongside the duty drawback system, enables exporters, enjoy 100 percent duty exemption on imports intended to go into production for export.

Ghana's domestic food processing capacity is reducing to about 20 percent in 2011 down from 30 percent in 2010 (industry sources). This fall is mainly due to the high cost of electricity, poor infrastructure, high cost and lack of raw material, an increased cost of capital and high taxes. The low level of domestic agriculture production and food processing currently provides consumers with a limited selection of food products. Thus creating a situation in which Ghana relies greatly on imports.

Ghana operates a relatively free market, and most tariffs are low. In 2005, the GOG along with other ECOWAS countries adopted the ECOWAS Common External Tariff (CET) that requires members to simplify and harmonize ad valorem tariff rates (0%, 5%, 10% and 20%) which is similar to the four tariff bands that Ghana has been operating since 2000.

Ghana has no Free Trade Agreement and bilateral agreement with the United States. However, in February 1999 Ghana and the United States signed a Trade and Investment Framework Agreement (TIFA).

Ghana signed an interim Economic Partnership Agreement-light (EPA-light) with the EU (Brussels, 13 December 2007) which is a new trade arrangement known as the EPA with developing countries. Ghana

was the second country (after Cote d'Ivoire), to sign a bilateral EPA-light with the EU. The EPA is a free trade agreement, which seeks drastic reduction and eventually, total removal of duties on goods imported and exported between the EU countries and Africa, the Caribbean and the Pacific (ACP) countries. The implementation of this agreement would eliminate tariffs on virtually all of Ghana's exports to Europe and on 80 percent of imports from the EU over the next 15 years. According to the GOG the move is to secure access for Ghanaian exports to EU markets and remove the risk of trade disruption on 1 January 2008.

SPS and Regulatory Systems

The Plant Protection and Regulatory Service and the Veterinary Service, both of the Ministry of Food and Agriculture have statutory responsibilities for plant and animal health inspection respectively. The Food and Drugs Board (FDB), under the Ministry of Health is the Government of Ghana (GOG) regulatory body responsible for the registration of imported food products, advertisement and internal distribution. The FDB is very active and stringent in enforcing existing food laws, in its effort to protect and promote public health by ensuring that food and drugs consumed in Ghana are wholesome and safe. The main strategy employed by the FDB is product registration. Additionally the FDB makes internal routine inspections and analysis of imported foods at the port of entry and at the retail level to ensure that food products are safe. However these regulatory agencies have limited capacity for scientific risk assessment and lack basic infrastructure. Sanitary or health certificates indicating that the products are disease free are required for plants and seeds, live animals, poultry (including eggs and day old chicks), and meat. SPS requirements are not used as non-tariff trade barriers. In Ghana all food products are required to carry expiry dates and/or shelf life and expired agricultural products on the market are subject to being removed and destroyed. The FDB regulation states that the expiry date should be "at least half the shelf life of the food product, as at the time of inspection at the port of entry."

FAS Cooperators and Other Stakeholders

The USDA stakeholders especially in the bulk, intermediary and Consumer ready products are increasing their presence in Ghana namely:

- The USA Rice Federation has been very active in Ghana in providing trade facilitation and promotional programs in the country.
- U.S. Poultry and Egg Export Council, has been visiting Ghana frequently, providing trade facilitation and promotional programs. They also organized trade missions for US poultry exporters and producers to visit Ghana in an effort to study the Ghana poultry market. During their visit they met with prospective poultry buyers/retailers, government officials and visited some of the frozen poultry markets.
- U.S. Wheat Associates stepped up its trade facilitation programs last year and got some millers to import US wheat.
- In recent times the American Soybean Association under its World Initiative for Soy in Human Health (WISHH) has become active in Ghana as well. They have used the Quality Samples Program and the Emerging Market Program to organize seminars to encourage the use of US soybean products.
- The US Grains Council in recent times is making efforts to establish market presence in Ghana.

The USAID, World Bank, FAO and other agencies are very active in assisting to achieve the Millennium Development Goals and to reduce poverty.

Ghana's import of food and agriculture is estimated to reach \$1.2 billion in 2012 and the products are mostly bulk/consumer-ready commodities such as rice, poultry and sugar. Food and agricultural imports would continue to grow as Ghana's inadequate food processing is unable to meet increasing demand. Ghana's relatively liberalized trade policy creates an opportunity for more formal trade between Ghana and the US. US exporters are encouraged to investigate the expanding Ghana market. US firms interested in doing business in Ghana should contact the USDA office at the US Embassy in Accra, Ghana.

Buyers' Preferences and Regulations

Importers in Ghana prefer consumer-ready products with the following characteristics:

- Relatively small-sized prepared and packaged products for one-time use.
- Bulk, intermediate products and ingredients that can easily be re-packaged in Ghana without large additional production costs.
- Perishable food products processed and packaged for long shelf-life, and not requiring much refrigeration (such as milk powder, instant beverage drinks, etc).
- Mixed containers of high-value products and brands.
- Food products packaged with longer 'Best Before' dates.

Product Registration and Regulations

All processed food products must be registered with the Food and Drugs Board (FDB), Ghana, prior to being exported to Ghana. The importer typically pays for the cost of the product registration unless the exporter agrees to pay this cost. U.S. exporters are advised to contact the FAS/Accra office in Ghana when importers make such requests from them. The FDB is the GOG regulatory body for food product manufacturing, importation, advertisement and distribution in Ghana.

Animal Food Regulations

According to the Food and Drugs Board (FDB), Ghana's food regulatory agency (US FDA equivalent) there is no national standard for regulating pet (eg dog) or animal food in Ghana. However the FDB regulates pet foods of any kind the same way as human foods and applies the codex standards for regulating animal foods. An exporter is required to provide proof of test of melamine if the pet food is from China.

Import Duties and Collections

The Customs Division of the Ghana Revenue Authority is the GOG institution responsible for the collection of import duty. In 2001 the Ghana TradeNet was established to provide a fully integrated customs management software connected over a network to various operators who interact with Customs in the processing of import and export transactions to and from Ghana. Some of these operators include the banks, shipping companies, certification and licensing agencies as well as users of trade information.

The Ghana TradeNet is made up of two main components:

1. **The Ghana Customs Management System (GCMS)**, which provides the Customs Division with a fully integrated computerized system for the processing and management of Customs Declarations and related activities. This system is designed to work in an Electronic Data Interchange (EDI) environment, where Manifests and Single Administrative Documents (SAD) are electronically received and automatically processed. In 2003 Ghana moved away from the use of ASYCUDA in processing Customs Declarations. Instead Ghana adopted and modified a Direct Trader Input system (DTI) that provides for online submission of custom documents and duty payments.
1. **Ghana Community Network (GCNet)** is a platform enabling GCMS to share data and other relevant information with all the parties involved in the processing of trade documents and customs clearances. The GCNet operates a seamless electronic system that links all trade operators, revenue agencies, and regulatory bodies through a "Single Window" system. The current set up contrasts sharply with the pre-GCNet situation, when trade operators had to shuttle from one agency to the other, to process their trade and Customs transactions causing delays.

Utilizing GCNet/GCSM, consignments are being cleared within a week as opposed to an average of 2-3 weeks clearance time in the past.

The standard rate of duty for most food products is 20% (e.g. milled rice). Raw materials for further processing, however, are levied a duty of 10% (e.g. wheat). 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 Agriculture. Other taxes are: Value Added Tax (VAT) is 12.5%; National Health Insurance Levy (NHIL) is 2.5% to be collected by the VAT Secretariat; Export Development and Investment Fund Levy (EDIF) is 0.5%; Inspection fee of 1%; ECOWAS Levy 0.5%; Ghana Customs Network (GCNET) of 0.4%.

Port Concessions and Destination Inspection Scheme

In March 2002, Ghana adopted a port concession by transferring port operations to private sector operators with the aim to significantly increase Ghana's cargo reception, storage, bonded warehousing and clearance capabilities, as well as providing consumers with a broader commercial choice. As such Ghana has become a cargo hub and transit route to land-locked Africa, attracting more external business through Ghanaian ports and borders.

Ghana abolished Pre-shipment Inspection effective, April, 1, 2000, and replaced it with the Destination Inspection Scheme [DIS] backed by computerized risk management, X-ray scanning and physical inspection. Now all exports to Ghana are subject to Destination Inspection unless specifically exempted by the Ministry of Trade and Industry. There are no threshold exemptions hence all imports are subject to inspection, regardless of their value. Inspection charges are currently pegged at 1% CIF value. The GOG has appointed two companies to provide destination inspection in Ghana: Gateway Services Limited (GSL) is responsible for sea freight and Ghana Standards Board and Bureau Veritas (GSBV) is responsible for shipments arriving by air and land. In addition, depending on the imported goods, clearances may require the approval of FDB, Ghana Standards Board, National Drug and Narcotics Board and other agencies at the ports of Ghana.

Documentations, Export and Customs Clearing

Import Procedures:

The following import requirements are for general guidance. Importers are required to:

- Obtain original Bill of Lading/Airway Bill from the supplier;
- Obtain attested proforma invoice from the supplier;
- Obtain letters of credit from Bankers/arrange for Wire transfer of funds
- Obtain a Parking List;
- Final Classification and Valuation Report (FCVR) from the Gateway Services (GSL) or Ghana Standards Board and Bureau Veritas (GSBV);
- Obtain an Import Declaration Form (IDF) from the Ministry of Trade and Industry;
- Tax Clearance Certificate from the Domestic Tax revenue Division issued in the name of the importer or 1% CIF fee;
- Obtain Tax Identification Number (TIN) from the Ghana Revenue Authority, (for first time importer);
- Permit or License from the appropriate Ministry/Agency Department as applicable for restricted goods;
- Appropriate letter of Exemption from payment of Duty and /or taxes as applicable.

Customs clearance procedural steps:

Importers must engage the services of licensed Customs House Agent/clearing agent according to Legislative Instrument 1178 (Customs House Agent Licensing Regulation) of 1978 with a credible reputation for the clearance of cargo at any freight station in Ghana.

There are various stages in the customs clearance processes of cargo from the ports of Ghana. The clearance process starts with the valuation of the cargo, declaration of cargo data on to the GCNET, payment of duty and other relevant cargos, verification at the Compliance Section of CEPS, release by the Shipping Agent, delivery by Ghana Ports and Harbors Authority (GPHA) and CEPS physical examination or scanning of cargo before cargo is allowed to exit the port. **Visit: Food and Agriculture Import Regulations and Standards-Narrative_Accra_Ghana_5-16-2012;** www.ghanashippersauthority.org for details.

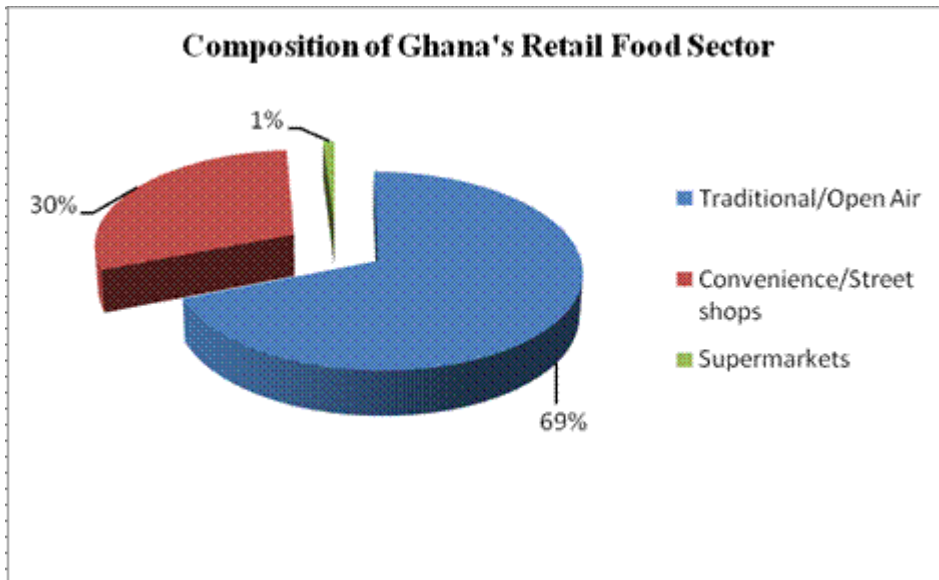
SECTION III: MARKET SECTOR STRUCTURE AND TRENDS

Retail Food Sector

The retail food sector in Ghana consists of supermarkets (accounting for 1 percent of total retail sales), convenience stores/small grocery stores (30 percent) and traditional open air markets (69 percent).

According to trade sources, retail food sales have grown about 10 percent annually in the last ten years.

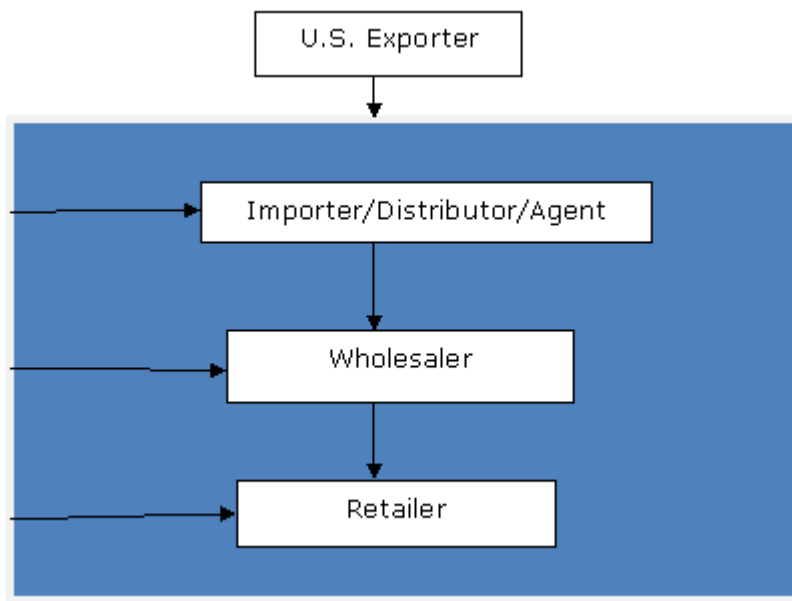
The relative stability of Ghana is encouraging the growth of the expatriate population and increased growth in retail sales. In addition, increasing income and the growing middleclass in Ghana has led to growth in retail sales. Ghana is also considered the gateway to other West African countries (population of over 260 million).



In recent times the retail sector in Ghana is attracting multi-national super markets such as, Shoprite, a firm from South Africa which has been operating in Ghana for over 5 years. Majority of consumers in Ghana continue to purchase food products at the traditional open air market. However, consumer food purchases are gradually but steadily shifting towards super markets and convenience stores, in the last few years.

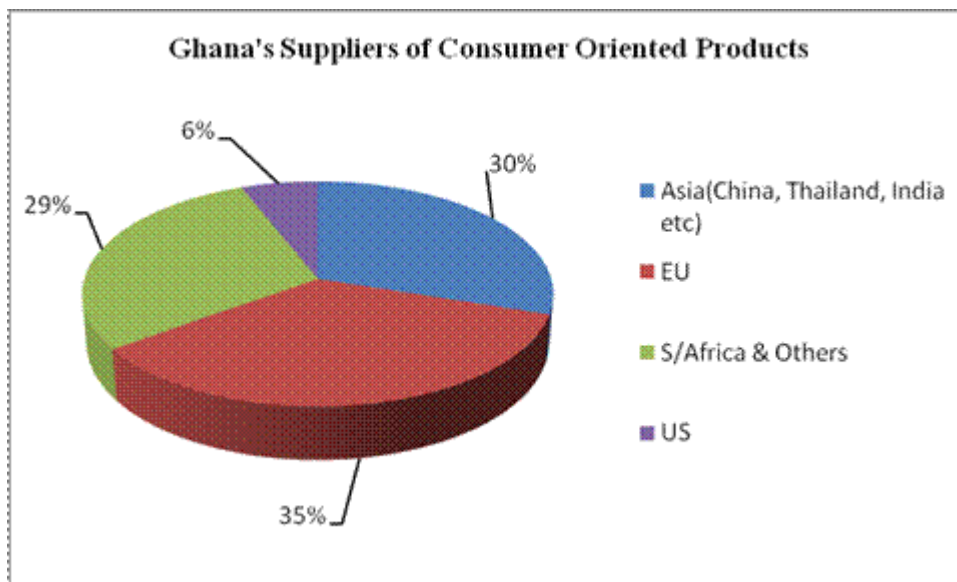
The major players involved in the distribution of imported consumer oriented foods in Ghana are importers/distributors, wholesalers and retailers. Domestic food manufacturers/processors continue to sell their food products to both wholesalers/agents and directly to retail food outlets.

Distribution Channel in Ghana's Retail Food Sector



An importer may be the US exporter's appointed agent and sole representative or he may be procuring mixed-grocery containers from food exporters and wholesale/retail outlets around the globe. In Ghana most importers also operate as wholesalers/distributors as well as retailers. The wholesaler sells to retailers in large quantities and at discounted prices. Retailers purchase more than 40 percent of their stock of consumer-oriented foods from importers/wholesalers at warehouses, and distribution points. About 60 percent of stocks are purchased by retailers from wholesalers located in the traditional, open markets. In 2012, consumer ready food imports are estimated at \$300 million and forecast by industry sources indicate an increase of 10 percent.

Industry estimates of origin of imported consumer ready food products in 2011



Source: Ministry of Trade, Ghana Statistical Service and Industry sources

U.S. export of consumer-oriented food products is increasing although it is low compared to the EU, Asian and South Africa and other suppliers. The low U.S. market share is mostly due to:

- Higher freight charges for shipments from the United States to Ghana. There are few direct sea routes from the United States and most U.S. goods are transshipped through Europe, adding to shipping costs.
- Lack of expiry dates/best before labels on some U.S. products creating difficulty for the Ghanaian importer during clearing process and in marketing products.
- Some U.S. exporters are unwilling to meet Ghanaian importer demands especially on product specification and documentation.
- Insufficient contact between U.S. exporters of consumer oriented products and Ghanaian importers.
- Strong competition from traditional suppliers such as Asia, South Africa, and the EU.

The USDA's BICO report indicates that the value of U.S. consumer oriented food exports to Ghana increased by 39 percent in 2011 at \$40.8 million up from \$24.5 million in 2010. Poultry meat, breakfast cereals, dairy products, processed fruits and vegetables, fruit and vegetable juices, pet food, wines and beer and mixed consumer ready products make up most of these imports.

There is growth in Ghana's middle class and incomes have continued to increase for over a decade. The expatriate community is also expanding. The relative stability of Ghana's democracy and economy are providing safe and comfortable environment to increase competition and advance sales growth. Ghana's liberalized trade is promoting imports. Food exports from the US are forecast to continue to increase due to the recent commencement of a direct shipping route from the US to Ghana. Most Ghanaian mixed container importers require the services of freight consolidators based in the United States.

Wine and Spirits

Due to the liberal import policies, Ghana has become an important U.S. agricultural export market, offering expanding market opportunities. Alcoholic wines and spirits attract 20 percent import tariff rate in line with the ECOWAS Common External Tariff (CET). Wines and spirits like all food products must be registered with the Food and Drugs Board (FDB), in order to be legally imported, exported, sold and consumed in Ghana.

The grape (red and white) wine category leads the market, accounting for more than 70 percent of the total wine market in Ghana. Average wine consumption per capita rose from 0.3 liters to about 0.5 liters in 2006-2011. Increasing demand results largely from:

- Ghana's population of 24.8 million with a population growth of 1.7 percent creates an increasing consumer base.
- Local wine processing is underdeveloped and costly, provides an increasing market opportunity for alcoholic beverages estimated at \$600 million.
- Wine export to Ghana is growing due to increasing social trends and the perception that wines are healthier than competing beverages, such as, spirits, beer, sodas and others that are consumed mostly at social functions, bars and homes.
- Ghana's wine market continues to show some growth due to the growing middleclass, high income, expatriate community and tourists. The relative stability of Ghana's democracy and economy is providing increased consumer base, spending and growth in sales.
- Export of U.S. wine to Ghana is growing from \$328,000 to \$515,000 between 2008 and 2011(BICO report) and the market share remains very small. The increasing demand for wine offers an opportunity for U.S. exporters to increase consumer food exports to Ghana.

Ghana is an important U.S. agricultural export market and offers expanding market opportunities due to its liberal import policies and remarkable record of economic growth.

Market Structure for Wine and Spirits

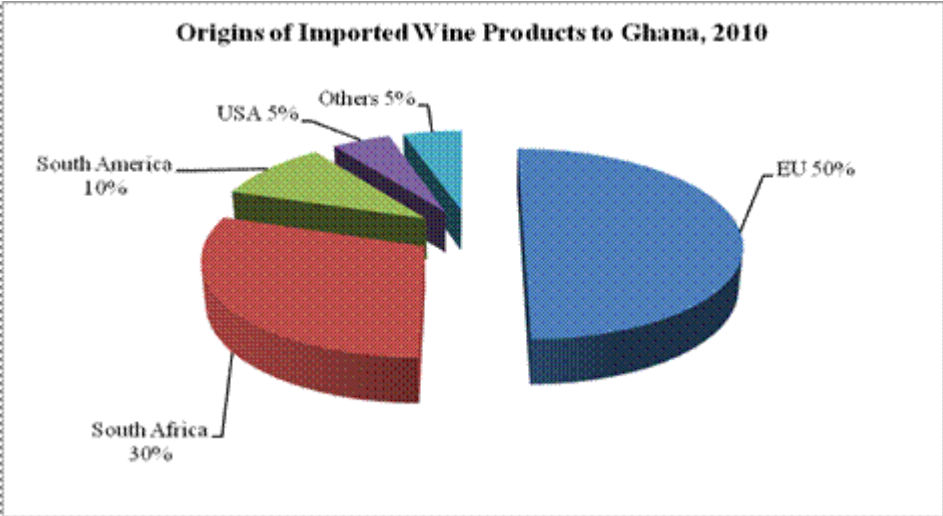
The demand for wine and spirits in Ghana is mostly dependent on product prices, tastes and higher alcoholic contents. It is not driven by product quality. Ghanaians have preference for sweet wines. The bulk of wine in Ghana is sold through supermarkets, specialty stores, convenience stores and HRI (hotels, clubs, bars and restaurants). The middle class and high income consumers also patronize wine.

Although the shift from beer to wine consumption is increasing in recent times, this has not affected distribution channels. The importer-distributors supply over 90 percent of imported wine and spirits to the market. Some wine and spirits are sold to consumers and retailers through wholesalers located in the traditional open wet markets (mostly patronized by lower income consumers). Sales through these traditional markets account for about 10 percent. Wine consumption at hotels, bars and other food

service outlets (HRI) is small at less than 10 percent of the total. Sales of wine and spirits through supermarkets, convenience stores and side shops account for about 65 percent of the total. Specialized retail sales outlets of imported wine and spirits are increasing with sales accounting for about 15 percent. Some of these specialty stores stock mostly selections of the more expensive premium brands and others sell brands from specific origins.

Competition

The major wine suppliers to Ghana are the EU countries (Spain, Italy, France, etc) and South Africa which are traditional wine brands. However, Ghanaians mostly import from South Africa, Chile, Argentina, US (California) and other sources whose wine products are perceived to be good quality and prices are affordable.



Source: Ministry of Trade, Ghana Statistical Service and Industry sources

Export of U.S. wine to Ghana is growing from \$328,000 in 2008 to \$515,000 in 2011 (BICO report) but the market share remains very small. The increasing demand for wine offers an opportunity for U.S. exporters to increase consumer food exports to Ghana. U.S. wine and spirits export to Ghana has been growing at \$515,000 in 2011 up from \$499,000 in 2010.

US WINE EXPORTS TO GHANA (Flow chart)



Source: BICO data: (<http://www.fas.usda./gats/BicoReport.aspx?type=country>)

Food Service (HRI)

Ghana's food service sector consists of hotels, restaurants and institutional contracts (HRI). The HRI sector is valued above \$4 billion and has been expanding rapidly over the past five years. The quick service restaurants (QSR) are the largest and fastest growing sub-sector of the HRI sector. The QSR segment represents a growing market for imported food ingredients. Growth in the HRI sector is driven by economic growth, changing consumption patterns, and an expanding tourism sector. Increasing urbanization, more women working outside the home and changing lifestyle of the large youth population have led to greater consumption of western style convenience foods. The QSR segment is expected to continue to experience strong growth as convenience QSRs become more and more important in the Ghanaian way of life. In the hotel segment, major international hotels are being built or renovated in Ghana including the Movenpick Ambassador hotel (completed and operational), Marriot, Sheraton, Hilton, and others are still under construction.

As a result this growth there is increased demand from the HRI sector for high-quality food ingredients. U.S. products with best market prospects include potato chips, sauces, seasonings, pastry mixes, canned food, wine, beer, ice cream mixes, and fruit juices/concentrates. The import duty on these products is 20 percent.

Seafood/Frozen Fish

Seafood is a cheaper and preferred source of animal protein in Ghana. As a result of the declining domestic fish catches and low aquaculture production, Ghana continues to depend on seafood imports. On the average fish production in Ghana has remained close to 300,000 MT since 2009. While the national average fish requirement is approximately 800,000 MT annually, the domestic fish catch (production) and imports only provide over half of this requirement. Ghana is thus a large net importer of seafood.

US seafood export to Ghana has been increasing and in 2011 it was at record high at \$672,000 up from \$140,000 in 2010. Ghanaians perceive U.S. seafood to be of a higher quality than other supplies, although high freight rates often make imports from the U.S. uncompetitive. Ghana's seafood imports are mostly from the African region (Mauritania, Angola, Morocco, Namibia and Senegal). The EU

especially Holland also supplies seafood to Ghana. However Ghana exports some fresh tuna and processed canned tuna.

Aquaculture/Fish Seed Market

Total domestic fish production in Ghana is low about 383,500MT out of which 10,200MT is from aquaculture. There is some growth in aquaculture production but it remains small and has not kept pace with the consumer demand for fish in Ghana. With the growing demand for seafood, and declining fish stocks, aquaculture has been identified by the Government of Ghana (GOG) as a means of increasing fish supply.

Aquaculture feedstuff constitutes over 40 percent of production cost and this limits investments in the sector. Expansion of the aquaculture sector is limited by the lack of feed mills producing fish feed. Currently only one company produces pelletized fish feed which is mostly purchased by the commercial fish farmers. This opens export market opportunity for U.S. aquaculture feedstuffs, feed ingredients and technology into Ghana. However, most domestic fish feed are produced informally by local fish producers for use in their fish farms—these are inexpensive but they do not meet the requirements for the desired fish yield. Also the essential feed ingredients and raw materials necessary to produce such nutritionally balanced feeds are also limited. Fish feed imported into Ghana is about 15,000 MT (Tilapia and catfish production) valued at about \$22 million. The fish feed imported into Ghana are the floating types, packaged into 15kg and 20kg bags. Average market price is \$1,500 per ton. Most commercial aquaculture operators purchase pelletized fish feed imported from Israel.

Fish feed products are registered by the Food and Drugs Board (FDB), in order to legally market the product. Product registration by FDB gives the local company registering the product an exclusive right to import the product/brand into Ghana.

Food Processing (FP), Intermediate & Ingredients

According to industry sources food processing in Ghana accounts for nearly 50 percent of Ghana's manufacturing sector. Official sources indicate that the manufacturing industry has an estimated 5.0 percent share of the GDP. Due to the liberal import policies, Ghana has become an important U.S. agricultural export market, offering expanding market opportunities. Intermediate and food ingredients attract 20 percent import tariff rate in line with the ECOWAS Common External Tariff (CET). Raw materials for further processing, however, are levied a duty of 10% (e.g. wheat). Intermediate and Food Ingredients like all food products must be registered with the Food and Drugs Board (FDB), in order to be legally imported, exported, sold and consumed in Ghana.

Majority of Ghanaians are mass market consumers, with low income, and a high carbohydrate diet. As such, processed food products are packaged and sold in affordable small units for one-time use in order to boost sales and increase market share. However, increasing incomes and expanding middle-class stimulate increased demand for low carbohydrate, low-fat and sugar-free food and beverages. In addition, Ghanaian consumers' concern with regard to food safety and healthy diets is growing and this is also increasing demand for higher quality products. As a result, domestic processors are developing and improving food products that will meet the needs of this niche market.

According to industry sources, the market size for imported ingredients and intermediate foods (flavors, colors, nutrients, vitamins, etc) that are used in domestic food processing, was estimated at \$500 million in 2011 and about \$200 million of this is imported. Ghana's imported processed food products contribute about 5 percent of Ghana's total food supply whilst the domestic semi-processed and

unprocessed foods contribute about 65 percent (Industry sources).

Ghana's food processing sector will increase to over 20 percent and demand for intermediate foods and ingredients can exceed \$700 million in 2012 (industry estimates). The increase will be due to the following:

- The increasing demand for better quality food products by consumers.
- US intermediate food products/ingredients are perceived as the highest quality products by domestic food processors.
- Ghanaian firms would prefer to investigate food ingredients from US sources to differentiate their local products.
- The GOG continuous commitment towards improving domestic infrastructure- roads, water, electricity etc.
- Increasing urbanization and income in Ghana is causing a shift from the consumption of traditional diets to seeking convenience-type foods such as potato chips, cereal snacks, popcorn, tortilla chips, and various other snacks.

In recent times, Ghanaians are shifting towards convenience foods, and this has largely contributed to the increasing number of snack and fast food processors and outlets. On annual basis, the value of snacks consumed in Ghana is estimated at over \$300 million. The consumption of snacks in Ghana grows at approximately 5.0 percent per annum. In the last few years, US snack food exports to Ghana had grown from \$30,000 in CY 2008 to \$197,000 in 2011.

The food service sector in Ghana is worth over \$500 million with the Quick Service Restaurants (QSR) sub-sector growing at an annual average of 20 percent (industry sources). Ghana's domestic firms and food processors perceive processed food and ingredients from the US as higher quality. US suppliers are also perceived to be more reliable, as such domestic firms have continued to seek for US suppliers of processed food ingredients such as colors, spices, seasoning, coatings, flavors and other intermediate products that are used in producing a variety of snacks and other ready-to-eat foods. Leading QSR operators in Ghana are found to demonstrate that they use US exported ingredients in their products and competing firms would like to follow suit.

Potential for increased sales to the Food Processing Sector are presented below:

Bulk	Intermediate	Processed
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Raw Sugar, Refined Sugar, Malt, Wheat, Rice, Edible and inedible Fat, etc	Corn Starch, Dairy Products, Ethanol, Fruit Juice Concentrate, Fruit pre-mixes & syrup, Ice Cream Pre-mixes, Beverage Bases, Minced meats Flavors, Sweeteners, Micro nutrients, other ingredients for food processing, etc.	Sausages, Baking mixes, Yeast & Baking Powder , Jam & Jellies, Mayonnaise, Salad Dressing, Sauces, Spices, Tomato Ketchup, Seasonings, etc
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There has been increased interest shown by suppliers from the EU, Asia, and South Africa in the Ghanaian intermediate/food ingredient sector and these suppliers have been fast in adapting to the requirements of this growing sector. Ghanaian food processors perceive U.S. food ingredient suppliers as reliable in terms of volume, standards, and quality but U.S. exporters are constrained by:

- Limited knowledge of the Ghanaian food ingredient market.
- Strong competition from South Africa, the EU and Asian suppliers.
- Local infrastructure and operational capital are limited and local production costs are high.
- Ghanaian importers lack knowledge of food ingredients available from the U.S.
- Limited contact between Ghanaian businesses and U.S. exporters.

Dairy Sector

The milk industry in Ghana is characterized by near total dependence on bulk milk imports (primarily powdered milk and processed milk products). Total volumes average about 80,000-100,000 tons of milk equivalents per year. Domestic milk production in Ghana is low and is conservatively estimated at 36,000 liters, and only a minute amount of this enters formal marketing channels. Requirements of dairy and dairy products by the major dairy processors in Ghana are approximately estimated to be about 100,000 tons annually. Ghana's dairy processors (including ice cream, baby foods, chocolate milk, confectionary, yoghurt, cereal foods, and long-life milk producers) rely on combining and reconstituting milk powder imported mostly from the European Union (Netherlands, Denmark). Processed infant formula, cheese, butter, as well as high-end ice cream, are also imported. Milk production in Ghana is low and as such there is low per capita milk consumption.

Dairy imports were valued at more than \$100 million in 2011. U.S. dairy products export to Ghana has dropped markedly from \$5.0 million in 2008 to \$342,000 in 2011. Although U.S. market share remains small, Ghanaian consumers perceives US processed dairy products as being of higher quality. U.S. supplies are disadvantaged due to higher freight costs compared to products from the European Union.

Growing population, increasing urbanization, and rising per capita income are expected to stimulate rising demand for dairy based products. Meanwhile, domestic production remains insufficient due to increasing production/processing costs, non-competitiveness of the industry, and the failure to incorporate more advanced technologies.

Additionally, there is export potential for livestock genetics, foddors and dairy-based food processing inputs which will likely increase if local infrastructure is improved and production/processing costs lowered.

SECTION IV: MARKET ENTRY STRATEGY

New-to-market exporters from the United States should consider the following market entry strategies and tactics:

- Appoint a local agent/distributor or representative in Ghana to register the products with the appropriate GOG regulatory bodies, to introduce their products to the market, and to develop consumer demand. For assistance contact the FAS Office, U.S. Embassy, Accra-Ghana.
- Identify and sell through consolidators based in the United States who are already serving the West African region.
- Exhibit at trade shows in the United States, which are attended by Ghanaian importers. This will also make follow-up contacts easier.
- Offer food product shipments in mixed lot containers and 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 activities with U.S. suppliers.

SECTION IV BEST PROSPECTS

Product Types Offering the Most Sales Potential

The following are the consumer-oriented products with the best prospects and most sales potential in the Ghanaian market:

1. Frozen poultry and fish products
2. Fruit preparations and juices
3. Canned fruits and vegetables
4. Tomato puree/ketchup
5. Bottled vegetable cooking oil
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 and yoghurt concentrates
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

SECTION V: POST CONTACT AND FURTHER INFORMATION

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