

USDA Foreign Agricultural Service

# GAIN Report

Global Agricultural Information Network

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## Ghana

### 2018 Grain and Feed Annual

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**Report Highlights:**

Ghana's 2018/19 rice production is forecast at 510,000 MT. Both rice and wheat consumption are expected to continue rising steadily based upon the country's population growth and strong, renewed economic growth after several years of underperformance. MY 2018/19 imports for rice and wheat are projected at 620,000 MT and 820,000 MT, respectively. Ghana is making some gains towards increased rice production through its agricultural policy and investment, but population growth is expected to leave imports fairly stable. U.S. wheat exports to Ghana rebounded in 2016/17 to 61,000 MT after weak sales in 2015/16. Post expects U.S. exports in 2017/18 to maintain this small market share. The United States has exported only small quantities of rice to the region in recent years.

**Commodities:**

Wheat

**Production:**

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

**Consumption:**

MY2018/19 total wheat consumption has been forecast at 725,000 MT by Post, up by almost 10 percent with respect to Post's 2017/18 estimate of 660,000 MT. This increase is due to increasing population, urbanization and its attendant changing dietary habits as well as the growing middle class that savors various wheat flour products. Ghana is also projected to be the fastest growing economy in Sub-Saharan Africa in 2018. The hotel, restaurants and catering service industry in Ghana continues expanding with new entrants owing to growing demand.

Notwithstanding the high cost of hard wheat, which is the preference of the Ghanaian consumer, consumption is expected to assume 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 staple for most urban dwelling Ghanaians. The estimated per capita consumption of wheat is about 20 kg per year. Almost 80 percent of wheat flour is used for bread making, while the remaining 20 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. There are five major wheat-milling companies in Ghana with a total installed capacity of about 1,600 tons per day, but they operate at 80 percent due to the market size, according to industry sources.

**Trade:**

MY2018/19 imports are projected at 820,000 MT, a slight increase from the MY 2017/18 figure of 800,000 MY. Though importers acknowledge that population is increasing and total demand remains fairly stable despite monthly fluctuations, they are not highly optimistic about increased imports. Post estimates wheat imports in MY 2017/18 at 800,000 MT, about 6 percent less than USDA's official estimate of 850,000 MT for the same period. Major suppliers of wheat to Ghana include Canada, Russia, the United States, and the European Union, 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 20 percent VAT - 12.5 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, GOG included 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 10 percent duty and other charges.

Exports in MY2018/19 are forecast at 100,000 MT, indicating a decrease of nine percent to compared to the current year's estimate. This lowering will compensate for the increased domestic use. Exports are mainly informal shipments to landlocked countries close to Ghana.

**Stocks:**

Ending Stocks are forecast at 152,000 MT in MY 2018/19, down by about 23 percent from the MY 2017/18 estimate of 197,000 MT. This is attributed to the combined effects of increased domestic use and a less than proportionate increase in imports.

**Policy:**

Discussion about the introduction of a policy that seeks to require the inclusion of cassava flour by certain percentage to wheat flour has been going on for some time. This has, however, 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 in MY 2017/18 is GHS180, up from GHS170 in MY 2016/17. As a result, the price of bread has also gone up. The cost of a 0.5 kg loaf of bread in 2017/18 is GHS5.00, up from GHS3 the previous year. Bread has become 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 five millers do not have a uniform price. A 50kg bag of hard wheat flour in CY 2017 ranged from GHS165-GHS180, up from GHS160-GHS170 in CY 2016. According to industry sources, prices are expected to remain unchanged for most parts of 2018 owing to a fairly stable exchange rate (Average Exchange Rate: USD1.00=GHS 4.42).

**Production, Supply and Demand Data Statistics:**

Wheat	2016/2017		2017/2018		2018/2019	
Market Begin Year	Jul 2016		Jul 2017		Jul 2018	
Ghana	USDA Official	New Post	USDA Official	New Post	USDA Official	New Post
Area Harvested	0	0	0	0	0	0
Beginning Stocks	180	180	117	117	0	157
Production	0	0	0	0	0	0
MY Imports	641	641	850	800	0	820
TY Imports	641	641	850	800	0	820
TY Imp. from U.S.	62	62	0	0	0	0
Total Supply	821	821	967	917	0	977
MY Exports	94	94	110	100	0	100
TY Exports	94	94	110	100	0	100
Feed and Residual	10	10	10	10	0	10
FSI Consumption	600	600	650	650	0	715
Total Consumption	610	610	660	660	0	725
Ending Stocks	117	117	197	157	0	152
Total Distribution	821	821	967	917	0	977
Yield	0	0	0	0	0	0
(1000 HA) ,(1000 MT) ,(MT/HA)						

**Commodities:**

Rice, Milled

**Production:**

Ghana's domestic rice production for MY 2018/19 is forecast at 510,000 MT, representing 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 use 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 2.75 MT/HA. The Government of Ghana (GOG) envisages an increase in production of rice by 49 percent over the current 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 the current year's crop has been reported as better than average 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 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 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 MY 2017/18 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. As a result, Post has lowered the MY 2017/18 production estimate to 440,000MT.

Rice is grown throughout all regions of the country. However, the primary production zones are found in Volta, Ashanti, Eastern, Upper East, and Northern regions, with Volta the largest producer. 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. MY 2018/19 consumption has been projected at 1.12 million MT, up by one percent from Post's MY 2017/18 estimate. The per capita rice consumption is estimated at about 35kg/year, and with Ghana's population now estimated by the Ghana Statistical Service at 29.6 million, 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. GOG sources indicate that annual per capita rice consumption is expected to reach 40kg by 2020. 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 demand.

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 MY 2018/19 rice imports are forecast at 620,000 MT, down slightly from Post's MY 2017/18 estimate of 640,000 MT. Post still expects growth in rice imports, but at a less rapid pace and with the

possibility of stabilizing in the coming years. Major importers revealed that sales have slowed lately necessitating a slight reduction in prices in order to clear out old stocks. 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. There continues to be upsurge in fast-food vendor operations/activities in the cities and major towns of Ghana. These fast-food vendors mostly serve rice to their customers. The countries that supply the bulk of the rice to Ghana are Vietnam, Thailand and India. 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. 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 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 MY 2018/19 is forecast at 149,000 MT, up by seven percent over Post's MY 2017/18 estimate of 139,000 MT, mainly due to reported slow sales.

#### **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 sources 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 (Thailand, Vietnam) has displaced U.S. rice. Overall, rice imports primarily from Thailand, Vietnam, and India have risen considerably to fulfill Ghana's increasing demand. Currently the retail price of a 25 kg bag of U.S. rice is GHS160.00 (about USD 36.00); Thai rice GHS180.00-225.00 (USD 40.00-51.00); Vietnam

is GHS150.00-160.00 (USD34.00-36.00). 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	2016/2017		2017/2018		2018/2019	
Market Begin Year	Oct 2016		Oct 2017		Oct 2018	
Ghana	USDA Official	New Post	USDA Official	New Post	USDA Official	New Post
Area Harvested	280	230	285	245	0	280
Beginning Stocks	114	114	173	159	0	139
Milled Production	519	390	519	440	0	510
Rough Production	865	650	865	733	0	850
Milling Rate (.9999)	6000	6000	6000	6000	0	6000
MY Imports	590	580	600	640	0	620
TY Imports	600	600	600	650	0	630
TY Imp. from U.S.	17	0	0	0	0	0
Total Supply	1223	1084	1292	1239	0	1269
MY Exports	0	0	0	0	0	0
TY Exports	0	0	0	0	0	0
Consumption and Residual	1050	925	1100	1100	0	1120
Ending Stocks	173	159	192	139	0	149
Total Distribution	1223	1084	1292	1239	0	1269
Yield (Rough)	3.0893	2.8261	3.0351	2.9918	0	3.0357

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