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Report Highlights:

Ghana is a net importer of rice and wheat. Post forecasts rice exports to Ghana in MY 2014/2015 to reach 600,000 MT. Sales of US rice to Ghana in MY 2011/2012 was an all-time high at \$73.7 million but dropped to \$59.4 million in MY 2012/2013 due to the high price of US rice. However, the increasing per capita consumption of rice in Ghana continues to create opportunity for US rice exports to Ghana. Wheat consumption in Ghana will likely remain stagnant due to the relatively high cost of hard wheat. US wheat exports to Ghana has been fluctuating with a drop in sales in MY 2013/2013.

Executive Summary:

Post projects rice exports to Ghana in MY 2014/2015 to reach 600,000 MT. Rice consumption has been increasing over the years with population growth because rice continues to be part of the main diet in most Ghanaian homes due to its relative convenience in preparation and palatable recipes. Rice is now a major competitor of traditional staple foods in Ghana. Additionally, the increasing number of hotels, fast food restaurants and vendors in the major cities has increased the demand for rice. Ghana's average rice production stands at 290,000 MT, about 30 per cent of the total rice requirement. The 70 percent shortfall continues to create opportunities for US rice exports to Ghana. Sales of US rice to Ghana in MY 2011/2012 was an all-time high at \$73.7 million but dropped to \$59.4 million (19 percent decrease) in MY 2012/2013 and has continued to decrease in 2013/2014 to \$16.9 million (71.5 percent decrease) due to the high price of US rice. However, the increasing per capita consumption of rice in Ghana continues to create opportunity for US rice exports to Ghana.

Wheat consumption in Ghana will likely remain stagnant due to the relatively high cost of hard wheat. US wheat exports to Ghana have been fluctuating with sales from \$37 million in MY 2011/2012 to \$14.9 in MY 2013/2013 (59 percent decrease). However, the USDA BICO data indicates that sales of US wheat in 2013/2014 (October-August) has gone up to \$16.7 million. Wheat consumption in Ghana will likely remain stagnant due to the relatively high cost of hard wheat. Currently Ghana imports wheat largely from Canada, Argentina, EU and the USA.

Corn accounts for 62% of total grain output, (rice 16%, sorghum 14% and millet 8%). Corn is the largest staple crop in Ghana and the mainstay of the diet of the majority of Ghanaians. Corn is also an important component of animal feed especially poultry as well as a substitute for the brewing industry. Average annual corn production is about 1.7 million MT in MY 2012/2013.

Fertilizer use in agricultural production, according to GOG sources, is low due to its high cost, resulting in low productivity in cereal production including rice. The GOG thus introduced a fertilizer and certified seed (corn and rice) subsidy program in 2008 to increase the production of cereals but could not sustain it and the program was discontinued in 2014. In addition the GOG effort to reduce post-harvest losses, ensure price stability and establish emergency grain reserves by setting up a National Food Buffer Stock Company (NAFCO) has not been sustained.

Price Table

Commodity (MT)	Price 2012 (GH¢)	Price 2013(GH¢)	Percentage Change
Corn	560	690	18%
Millet	760	1340	43%
Sorghum	630	1020	38%
Rice	1700	3000	43%

Exchange Rate: **US \$1 = GH¢ 3.00**

Rice, Milled Ghana	2012/2013		2013/2014		2014/2015	
	Market Year Begin: Oct 2012		Market Year Begin: Oct 2013		Market Year Begin: Oct 2014	
	USDA Official	New Post	USDA Official	New Post	USDA Official	New Post
Area Harvested	190	189	220	190	200	195
Beginning Stocks	168	0	172	8	149	92
Milled Production	289	289	352	290	330	300
Rough Production	482	482	587	483	550	500
Milling Rate (.9999)	6,000	6,000	6,000	6,000	6,000	6,000
MY Imports	665	509	600	644	620	600
TY Imports	725	509	600	644	620	600
TY Imp. from U.S.	104	110	0	104	0	50
Total Supply	1,122	798	1,124	942	1,099	992
MY Exports	0	0	0	0	0	0
TY Exports	0	0	0	0	0	0
Consumption and Residual	950	790	975	850	1,000	950
Ending Stocks	172	8	149	92	99	42
Total Distribution	1,122	798	1,124	942	1,099	992
1000 HA, 1000 MT, MT/HA						

Source: Ministry of Food and Agriculture, Ministry of Trade and Industry, Rice industry

Production

Post forecasts the domestic rice production in Ghana in MY 2014/2015 at 300,000MT up from 290,000MT in FY 2013/2014. This projected increase is due to adequate and timely rains in all the grain growing areas. Additionally, the GOG commitment to increase rice yields by introducing improved high yielding, disease resistant rice varieties to producers and assisting them to adopt low cost water management practices is expected to improve rice yields. Rice is grown in low lying areas in most parts of Ghana where floods from rivers or streams are used in growing rice. There are very few irrigation facilities for the production of rice. There are over six varieties of rice that are being grown depending on the area. There are several rice varieties but the most commonly grown variety is Jasmine 85, an early maturing and high yielding rice. Jasmine 85 has a high market value due to its fragrance. The average yield of rice is 2.6 tons/ha paddy (GOG sources). Fertilizer application in rice production is very minimal due to its high cost, resulting in low yields. According to agricultural input dealers the price of 45kg bag of certified rice seed has more than doubled from GH¢35 in 2013 to GH¢85 in 2014. As such most farmers with small holdings are not growing certified rice seeds due to the high cost.

Most domestic rice is handled and processed using local processing methods which produces very low quality rice. The few processing mills established by private people are under-utilized because enough rice is not produced.

Consumption

The per capita consumption of rice in 2012-2014 was estimated as 32 kg-35kg. Rice consumption in MY 2014/2015 is estimated at 950,000 MT up from 850,000MT in MY 2013/2014. Rice consumption has been increasing over the years with population growth because rice continues to be part of the main diet in most Ghanaian homes due to its relative convenience in preparation and palatable recipes. Rice is now a major competitor of traditional staple foods in Ghana. Additionally, the increasing number of hotels, fast food restaurants and vendors in the major cities has increased the demand for rice.

Urban market consumers prefer imported rice due to perception of higher quality and the local rice is unable to compete due to its poor quality and it is priced at the level of 100 percent broken.

Consumers' preference for imported rice (long grain aromatic rice) and US rice is evident in urban areas where very little locally produced rice is marketed. According to GOG sources only 20 percent of locally grown rice is consumed in urban areas, with the rest consumed in rural areas. Domestic rice production and supply has not kept pace with the increasing demand for high quality rice and the changing consumer preferences towards fragrant and long-grain white rice.

Perfumed rice in particular is increasingly popular and now accounts for 80% of overall rice imports. Local rice is rarely found in supermarket chains, whose shelves are dominated by imported aromatic rice. According to Ministry of Food and Agriculture Facts and Figures Report (2013), urban markets represent about 76 percent of total rice consumption. Ghanaians prefer U.S. long grain rice, despite the fact that it is often one of the highest priced on the market, because of its high quality and taste. In addition, fragrant long-grain, white rice from Asian sources (Thailand) is strongly competing with US rice but, is mostly preferred by the highest income consumers. As a result, rice imports from the U.S., Thailand, Vietnam, India, China and Pakistan have all risen considerably to fulfill Ghana's increasing demand. The retail price of a 50 kg bag of U.S. rice ranges between GH¢ 200 (\$67) and GH¢ 215 (\$71.67) depending on the grade; Thai rice costs ranges between GH¢190 (\$63) and GH¢220 (\$73.33); and Chinese rice between GH¢180.00 (\$60) and GH¢185(\$61.67).

Trade

Post forecast for Ghana rice imports in MY 2014/2015 is 600,000 MT down from 644,000 in MY 2013/2014. The rice trade in 2014 has dropped to about 6.8 percent due to the high price of rice on the international market coupled with the rapid fall of the Ghana currency against the US dollar, resulting in an increase in the price of rice. However, the demand for rice continues to increase because of the shortfall in domestic production. Sales of US rice to Ghana in MY 2011/2012 was an all-time high at \$73.7 million but dropped to \$59.4 million (19 percent decrease) in MY 2012/2013 and has continued to decrease in 2013/2014 to \$16.9 million (71.5 percent decrease) due to the high price of US rice.

However, the demand for rice is increasing and this creates an opportunity for increased rice imports. Industry sources indicate that due to the high quality of US rice, sales have been consistent even though it is relatively expensive to the other origins. In addition, US rice is publicized through effective advertising on television, radio and print media throughout the country. U.S. rice's major competitors are Vietnam with 46 percent market share and Thailand with 22 percent market share; U.S. market share

is estimated at 18 percent. Other countries that export rice to Ghana are China, Pakistan, India, and Korea. Different grades of rice are imported into Ghana ranging from the more expensive fragrant (Thai) rice, U.S. rice, and Chinese parboiled rice to cheaper 70-80 percent broken rice. Last year the US exported a small quantity of Jasmine fragrant rice to Ghana. Imported rice is sold at average wholesale price of \$1600-\$3000 per MT in 2012-2013. Grade 1 rice accounts for about 6% of total imports while grade 2 holds a share of 51% of total imports. There is no grade 1 rice produced in Ghana, while grade 2 rice represents only 4% of total production. Most of the domestic production (83%) is of grade 5 (USAID, 2009).

In Ghana, both imported and domestic rice are sold on the same market in the urban centers, however, due to the irregularity in supply of local rice, imported rice dominates the market. The local rice (parboiled, white and brown) has a peculiar flavor and is perceived to have nutritional qualities, but is considered a low quality substitute for imported rice. The wholesale price of a 50 kg bag of U.S. rice ranges between GH¢195 (\$65) and GH¢ 200 (\$67) depending on the grade; Thai rice costs ranges between GH¢190 (\$63.33) and GH¢200 (\$67); and Chinese rice between GH¢170.00 (\$56.67) and GH¢180(\$60).

Rice importers sell to wholesalers, retailers, and directly to consumers. In comparison to locally grown rice, imported rice is packaged in smaller packs of 50 kg, 25 kg, 10 kg, 5kg, 2kg and 1kg bags. Marketing of imported rice (in particular rice from the US) is done through television, radio and print media advertisement all over the country. The retailer, in addition to selling the already pre-packaged rice on the open market, also repackages the rice using local measuring containers. US rice is sold under various brand names that are easily identified by retailers and consumers. Grade 1 rice accounts for about 6% of total imports while grade 2 holds a share of 51% of total imports. There is no grade 1 rice produced in Ghana, while grade 2 rice represents only 4% of total production. Most of the domestic production (83%) is of grade 5 (USAID, 2009).

A major concern for rice importers is the high rate of rice “smuggled” into Ghana from neighboring countries especially the Ivory Coast. According to the industry, an estimated 100,000 metric tonnes (about 4 million bags) of rice is smuggled into Ghana from the Ivory Coast every year. Rice smuggling has long been observed to be a regular and lucrative activity along Ghana’s entire western frontier and with the Ivory Coast. The reason for the prevalence of rice smuggling is the higher duty differential between the imports of rice to Ghana (20 percent) and Ivory Coast (12.5 percent). Another concern of the industry is the repackaging of inferior rice in US branded bags. It has been difficult for Post to locate the perpetrators of this unorthodox trade behavior.

Policy

Rice imports attract the following duties and levies:

- ❑ 20 % import duty
- ❑ 17.5 % Value Added Tax (VAT)
- ❑ 2.5% National Health Insurance Levy (NHIL) to be collected by the VAT Secretariat
- ❑ 0.5% Export Development and Investment Fund Levy (EDIF)
- ❑ 1% Inspection fee
- ❑ 0.5% ECOWAS Levy
- ❑ 0.4% Ghana Customs Network (GCNET)

Corn

Corn Ghana	2012/2013		2013/2014		2014/2015	
	Market Year Begin: Jul 2012		Market Year Begin: Jul 2013		Market Year Begin: Jul 2014	
	USDA Official	New Post	USDA Official	New Post	USDA Official	New Post
Area Harvested	1,042	1,042	1,050	1,000	1,000	1,000
Beginning Stocks	289	289	247	88	263	30
Production	1,950	1,300	1,816	1,235	1,800	1,500
MY Imports	10	1	5	10	5	5
TY Imports	10	1	5	10	5	5
TY Imp. from U.S.	0	0	0	0	0	0
Total Supply	2,249	1,590	2,068	1,333	2,068	1,535
MY Exports	2	2	5	3	5	2
TY Exports	3	2	5	3	5	2
Feed and Residual	1,300	200	1,200	200	1,200	300
FSI Consumption	700	1,300	600	1,100	600	1,200
Total Consumption	2,000	1,500	1,800	1,300	1,800	1,500
Ending Stocks	247	88	263	30	263	33
Total Distribution	2,249	1,590	2,068	1,333	2,068	1,535
1000 HA, 1000 MT, MT/HA						

Source: Ministry of Food and Agriculture, Feed millers, Corn Traders.

Production

Corn is planted in April/May and harvested in August/September in Ghana for the major season. It is grown throughout Ghana but the leading producing areas are mainly in the middle-southern part (transitional and forest zones), with an estimated 15% grown in the northern regions of the country. Post forecast for corn production in MY 2014/2015 is 1,500,000 MT, up from 1,235,000 MT in MY 2013/2014. This projected increase is due to adequate and timely rains in the grain growing areas.

Currently, the national average maize yield is estimated at 1.7 MT per hectare according to GOG sources. Commercial farms (over 1000 ha) grow mainly imported certified hybrid seeds Pan 53 (white corn) and Pan 12 (yellow corn). Farmers with small farm holdings of about 5 acres usually grow a

quality Protein Maize hybrid (QPM) commonly called Obaatampa. The price of 45kg bag of certified seed has more than doubled from GH¢45 in 2013 to GH¢100 in 2014. Presently only certified seeds are grown on commercial farms while the smallholders farmers are using corn grain as seed because they are much cheaper.

The GOG introduced a 30 percent subsidy on fertilizer in 2008 to make it affordable, and increase fertilizer use and to ensure a uniform price across the country. The fertilizers mainly used on corn fields are NPK 15:15:15, NPK 23:10:05, Sulfate of Ammonia, and Urea. However, the GOG could not sustain the fertilizer subsidy due to the high indebtedness to fertilizer dealers/suppliers and had to remove the subsidy in the MY 2013/2014. According to GOG sources the removal of the fertilizer subsidy will greatly reduce farmers' use of fertilizer with an ultimate reduction in yields due to the high cost. This year (2014) the cost of 50kg fertilizer is GH¢120 up from GH¢68 in 2013 due to the removal of the GOG subsidy.

Consumption

Corn is a major staple food crop in Ghana and is the base for several food preparations. Corn is also the main component for poultry and livestock feed, although these industries remain small. In addition, corn is becoming a substitute in the malt drink brewing industry. Consumers have a strong preference for dried shelled corn. The corn supply in Ghana has steadily been increasing over the past few years with the average supply at 1.5 million MT. In the north, millet and sorghum are the main cereals produced and consumed, but in times of scarcity corn is used as a substitute for these grains. While there is no reliable data for corn used in animal feed, the GOG estimates that 85 percent of all corn grown in Ghana is destined for human consumption and the remaining 15 percent is used for animal feed sector (mainly poultry). Post estimated data obtained from major feed mills in Ghana indicates that about 150,000 MT of corn is used for poultry feed annually.

Post forecasts corn consumption in MY 2014/2015 at 1,500,000 MT. The local wholesale price of 100kg bag of white corn in 2010-2013 ranged from GH¢56.00- GH¢120.00.

Trade

Corn is the most important cereal crop on the domestic market in Ghana. Consumers have a strong preference for dried shelled corn. The producer usually stays outside the marketing chain but sells to traders, mainly women, who come from city markets to collect the produce from the farm. The corn is then sold in urban wholesale and retail traditional markets. The wholesale price of white corn in 2012-2013 ranged between GH¢274 and GH¢690 per MT.

Wheat

Wheat Ghana	2012/2013		2013/2014		2014/2015	
	Market Year Begin: Jul 2012		Market Year Begin: Jul 2013		Market Year Begin: Jul 2014	
	USDA Official	New Post	USDA Official	New Post	USDA Official	New Post
Area Harvested	0	0	0	0	0	0
Beginning Stocks	57	57	57	77	48	2
Production	0	0	0	0	0	0
MY Imports	568	320	579	225	595	330
TY Imports	568	320	579	225	595	330
TY Imp. from U.S.	66	66	65	10	0	0
Total Supply	625	377	636	302	643	332
MY Exports	13	0	13	0	15	0
TY Exports	13	0	13	0	15	0
Feed and Residual	75	0	75	0	75	5
FSI Consumption	480	300	500	300	520	320
Total Consumption	555	300	575	300	595	325
Ending Stocks	57	77	48	2	33	7
Total Distribution	625	377	636	302	643	332
1000 HA, 1000 MT, MT/HA						

Source: Ministry of Food and Agriculture, Ministry of Trade and Wheat industry

Production

Ghana does not grow wheat locally and thus imports all its wheat needs. Major suppliers of wheat include Canada, Argentina, the European Union (EU), and the US with Canada accounting for over 60 percent of the market share. There are five (5) wheat-milling companies in Ghana with a total installed capacity of about 2,650 tons per day (24 hour). However most of them operate at 70 percent capacity according to industry sources, due to competition from imported cheap flour and the relatively stable

consumption pattern over the past few years.

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, Nacin, Folic Acid, Iron and zinc).

Consumption

Ghana's wheat consumption is estimated to be approximately 325,000 MT in MY 2014/2015 according to official GOG sources. The estimated per capita consumption of wheat in Ghana is about 13 kg. Almost 80 percent of wheat flour produced in Ghana 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. Flour prices have risen in Ghana as a result of the much higher cost of imported wheat this reporting year. For example, a 50kg bag of flour in MY 2013/2014 is GH¢ 400 up from GH¢200 in MY 2012/2013. As a result the price of bread has also climbed. For instance the cost of 500g loaf of bread this year (2014) is GH¢5.00, up from GH¢2.00 in 2013. In Ghana bread is mainly eaten at breakfast and as convenience food/snacks during the day.

Trade

Post forecasts wheat imports in MY 2014/2015 at 330,000 MT, up from 225,000 MT in MY 2013/2014. This increase is to continue to maintain the stable consumption pattern that wheat has experienced over the past few years. Hard wheat classes comprise about 70 percent of Ghana wheat imports and the remainder of 30 percent is soft wheat, imported primarily from the EU and Argentina. The soft wheat class is primarily used for the production of cakes and pastries. Due to the high cost of hard wheat, most of the millers blend hard wheat with soft wheat at varying percentages to reduce cost. According to the millers the hard wheat and soft wheat flour blend produces the Ghanaian preferred bread type.

There is increasing demand for soft wheat flour by biscuit factories and pastry makers.

According to industry sources for MY 2013/2014, biscuit manufacturers imported over 100,000 MT of soft wheat flour. The milling industry faces competition from soft wheat flour that is imported by the biscuit factories. The major concern of the millers is that cheaper imported soft wheat flour (Turkish flour) meant for the biscuit industry is sold in the open market creating undue competition.

Some of the millers export some of their flour to neighboring countries.

Policy

Wheat imports attract the following duties and levies:

- ❑ 10 % Import duty
- ❑ 17.5 % Value Added Tax (VAT)
- ❑ 2.5% National Health Insurance Levy (NHIL) to be collected by the VAT Secretariat
- ❑ 0.5% Export Development and Investment Fund Levy (EDIF)
- ❑ 1% Inspection fee
- ❑ 0.5% ECOWAS Levy
- ❑ 0.4% Ghana Customs Network (GCNET)

SECTION V: POST CONTACT AND FURTHER INFORMATION

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