

USDA Foreign Agricultural Service

# GAIN Report

Global Agricultural Information Network

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## Ghana

### Grain and Feed Annual

### 2019 Annual Report

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**Report Highlights:**

U.S. rice stands to make gains in MY 2019/20 as the Government of Ghana (GoG) announces a fifty percent downward review of import benchmarks at the ports. Post forecasts Ghana's MY 2019/20 rice production at 470,000 metric tons (MT), an increase of nearly four percent over Post's MY 2018/19 estimate. Post projects MY 2019/20 wheat and rice imports at 900,000 MT and 700,000 MT, respectively.

**Commodities:**

Wheat

**Production:**

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

**Consumption:**

Post forecasts MY 2019/20 total wheat consumption at 770,000 MT, a little more than one percent increase with respect to the 2018/19 estimate of 760,000 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's economy continues to attract investors from abroad, with a rapid increase in the number of eateries across its major cities. These serve various pastries made from wheat flour. Pizza for instance continues to be popular among the Ghanaian youth and the middle class. The hotel, restaurants and catering service industry in Ghana continues expanding with new entrants owing to growing demand. These all serve their clients with wheat flour products.

Hard wheat remains the preference of the Ghanaian consumer, and the observed consumption pattern is expected to be sustained. 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. Bread has become one of Ghana's staple foods, which is mainly eaten at breakfast and also serves as a convenient food/snack any time of the day.

Local mills produce hard flour and soft flour for making bread and pastries respectively. The addition of pastry flour to the product line of flour mills was in response to the growth in domestic demand 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 do not operate at full capacity due to the market size, according to industry sources.

**Trade:**

MY 2019/20 imports are projected at 900,000 MT, a decrease of about three percent compared to the MY 2018/19 estimate of 930,000 MT. Though importers acknowledge that population is increasing and total demand remains stable, they are concerned about recent volatility of the local currency against the USD. Major suppliers of wheat to Ghana in recent times include Canada, Russia, the United States, and the European Union, with Canada accounting for nearly 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 an 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 a 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. On April 3, 2019, GoG announced a 50% reduction in import benchmark values at the ports to be effective from April 4, 2019 but major importers say the implementation is sluggish.

Exports in MY 2019/20 are forecast at 150,000 MT, same as the current market year's estimate. This lack of growth in exports is due to the expected increase in domestic use. Exports are mainly informal and to landlocked countries close to Ghana.

**Stocks:**

Ending stocks are forecast at 210,000 MT in MY 2019/20, down by about nine percent from the MY2018/19 estimate of 230,000MT. This is attributed to the combined effects of increased domestic use and reduced imports.

**Policy:**

Discussion about the introduction of a policy that requires the inclusion of cassava flour by certain percentage to wheat flour has been ongoing 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).

Prices of loaves have gone up by about 20 percent lately, following an increase in the price of flour by about five percent. The retail price of a 0.5 kg loaf of bread has increased from GHS5.50 to GHS7.00 since the end of the first quarter of 2019.

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. The price of a 50kg bag of hard wheat flour in CY 2018 averaged GHS185.00. An increase of about five percent over the preceding year's average price of GHS173.00. According to industry sources, prices are expected to go up in 2019 if the exchange rate fluctuates and becomes unfavorable (Average Exchange Rate: USD1.00=GHS5.15).

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

Wheat Market Begin Year	2017/2018		2018/2019		2019/2020	
	Jul 2017		Jul 2018		Jul 2019	
Ghana	USDA Official	New Post	USDA Official	New Post	USDA Official	New Post

<b>Area Harvested</b>	0	0	0	0	0	0
<b>Beginning Stocks</b>	131	131	210	210	0	230
<b>Production</b>	0	0	0	0	0	0
<b>MY Imports</b>	923	923	850	930	0	900
<b>TY Imports</b>	923	923	850	930	0	900
<b>TY Imp. from U.S.</b>	46	0	0	0	0	0
<b>Total Supply</b>	1054	1054	1060	1140	0	1130
<b>MY Exports</b>	114	114	130	150	0	150
<b>TY Exports</b>	114	114	130	150	0	150
<b>Feed and Residual</b>	10	10	10	10	0	10
<b>FSI Consumption</b>	720	720	730	750	0	760
<b>Total Consumption</b>	730	730	740	760	0	770
<b>Ending Stocks</b>	210	210	190	230	0	210
<b>Total Distribution</b>	1054	1054	1060	1140	0	1130
<b>Yield</b>	0	0	0	0	0	0
(1000 HA) ,(1000 MT) ,(MT/HA)						

### Commodities:

Rice, Milled

### Production:

Ghana's domestic rice production for MY 2019/20 is forecast at 470,000 MT, representing an increase in domestic rice production of about four percent over the MY 2018/19 estimate of 450,000 MT, confirming recent resolve towards halving importation of rice by the end of 2019 and becoming self-sufficient by 2025. 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 remains at 2.75 MT/HA.

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. Post expects domestic rice production in Ghana to increase in the coming years. The current year's crop, though affected by the unforeseen heavy rains experienced close to the harvesting time and the flooding of valley fields caused by the spillage of Burkina Faso's Bagre dam, is believed to have recorded a slight increase of two percent over the previous year's production.

Production in MY 2018/19 was affected by early dry spells and prolonged heavy rains. Spillage from the Bagre dam in Burkina Faso, lying north to Ghana, caused the Black and White Volta Rivers to flood

their banks, destroying valley fields. Waterlogged fields also prevented timely harvesting of rice, resulting in further losses. The impact of these unforeseen variables on production was however, mitigated by the expanded area of harvest as the GoG's 'Planting for Food and Jobs' (PFJ) policy continues to boost the morale of existing farmers and draw in new ones. Area of harvest for MY 2019/20 has been forecast at 260,000HA, a decrease of about two percent compared to the MY 2018/19 estimate. Sources anticipate that some farmers who had their fields damaged by the spillage and the heavy rains will be discouraged from maintaining the same size farms in those areas.

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:**

Rice is the second most important cereal after corn in Ghana, and is a major staple food. Forecast for MY 2019/20 consumption is 1.17 million MT (MMT), up slightly from the MY 2018/19 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 about 30 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. Also responsible for the increase in rice consumption is the increase intake of students into the public high schools. These students are benefitting from a government free second cycle education policy, and are fed mainly with produce purchased from the domestic rice farmers.

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 2019/20 rice imports are forecast at 700,000 MT, up slightly by about three percent from Post's MY 2018/19 estimate of 680,000 MT. The predicted increase is based on anticipated response to a recently announced change to the benchmark value of imports at the ports. Some importers have hinted that the announced change bodes well for the regain of some lost market share by U.S. rice as the newly announced rate brings it almost at par with rice from Pakistan. Nonetheless, Ghana's rice imports are expected to grow less rapidly and possibly stabilize in the coming years owing to the expected continuous increase in domestic rice production, stimulated by the GoG's PFJ policy. Major importers

continue to bemoan that sales have slowed lately. 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.

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. With the new benchmark values, however, the prospect remains bright for U.S. rice to make some gains at the expense of the lower quality brands. There is 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 2019/20 is forecast at 124,000 MT, unchanged from Post's MY 2018/19 estimate.

**Policy:**

GoG announced a reduction of import benchmark at the ports by 50 percent on April 3, 2019. (<https://www.graphic.com.gh/business/business-news/ghana-news-import-duties-go-down-today-govt-reduces-benchmark-values-vehicle-30-others-50.html>) This move, the government indicates, will make the ports competitive in the West African sub-region. The GoG's quest to encourage domestic production towards self-sufficiency by 2025 remains on course.

**Marketing:**

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. The average retail price of a 25 kg bag of U.S. rice is GHS170.00 (about USD 33.00); Thai rice averages GHS190.00 (about USD 37.00); Vietnam is GHS155.00 (about USD30.00).

The average price of the domestically produced rice is GHS165.00 per 50kg bag. 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 Market Begin Year	2017/2018		2018/2019		2019/2020	
	Oct 2017		Oct 2018		Oct 2019	
Ghana	USDA Official	New Post	USDA Official	New Post	USDA Official	New Post
Area Harvested	245	0	255	265	0	260
Beginning Stocks	39	39	79	144	0	124
Milled Production	440	440	450	450	0	470
Rough Production	733	733	750	750	0	783
Milling Rate (.9999)	6000	6000	6000	6000	0	6000
MY Imports	700	785	680	680	0	700
TY Imports	700	830	680	680	0	700
TY Imp. from U.S.	5	0	0	0	0	0
Total Supply	1179	1264	1209	1274	0	1294
MY Exports	0	0	0	0	0	0
TY Exports	0	0	0	0	0	0
Consumption and Residual	1100	1120	1125	1150	0	1170
Ending Stocks	79	144	84	124	0	124
Total Distribution	1179	1264	1209	1274	0	1294
Yield (Rough)	2.9918	0	2.9412	2.8302	0	3.0115

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