

**Voluntary Report** – Voluntary - Public Distribution

**Date:** July 21, 2022

**Report Number:** GH2022-0011

**Report Name:** An Overview of Ghana's Dairy Industry

**Country:** Ghana

**Post:** Accra

**Report Category:** Dairy and Products

**Prepared By:** Josh Taylor

**Approved By:** Russell Nicely

**Report Highlights:**

Estimated at a Retail Sale Price (RSP) value of about \$350 million in 2021, Ghana's dairy market presents bright prospects for suppliers of fat filled milk powder (FFMP) despite the recent growth in demand for non-dairy creamers due to their health and wellness tag. Domestic fresh milk production is underdeveloped and represents an insignificant share (less than one percent) of the total dairy market value.

## Introduction

Estimated at a Retail Sale Price (RSP) value of about \$350 million in 2021, Ghana's dairy market presents bright prospects for suppliers of fat filled milk<sup>1</sup> powder (FFMP) despite the recent growth in demand for non-dairy creamers due to their health and wellness tag. Domestic fresh milk production is underdeveloped and represents an insignificant share (less than one percent) of the total dairy market value.

## Dairy Supply

### ❖ Imports

Imports of various dairy products forms virtually the total supply on the Ghanaian market. Among the products imported are:

- milk and cream, not concentrated nor containing added sweetening (HS Code 0401). These include the full cream, semi-skimmed, and skimmed UHT milk;
- milk and cream, concentrated or containing added sweetening (HS Code 0402). These include the nonfat dried milk (NFDM);
- buttermilk, curdled milk and cream, yogurt, kephir etc., whether or not flavored etc. or containing added fruit or cocoa (HS Code 0403).
- whey and other products consisting of natural milk constituents, whether or not concentrated or sweetened, nesoi (HS Code 0404);
- butter and other fats and oils derived from milk (HS Code 0405);
- cheese and curd (HS Code 0406)

The Ghanaian dairy import market was worth \$127 million in 2021, a growth of 30% over the preceding year's value of \$97 million.

### Top 10 Dairy Products Exporters to Ghana (USD)

Trade Partner	2017	2018	2019	2020	2021
<b>Total</b>	<b>84,034,327</b>	<b>72,492,426</b>	<b>94,100,877</b>	<b>97,148,376</b>	<b>126,680,999</b>
New Zealand	23,157,754	13,085,268	21,167,071	22,057,992	17,520,797
Ireland	4,717,157	3,005,170	6,517,925	9,203,177	15,844,652
France	9,711,246	6,805,948	4,971,416	5,827,938	11,523,247
Saudi Arabia	-	-	-	3,950,741	10,407,383
Germany	9,275,700	6,217,597	6,602,601	8,139,881	9,885,690
Netherlands	6,969,602	12,967,814	10,550,984	5,444,023	8,358,934
Poland	5,769,486	3,620,504	6,191,460	2,644,731	8,233,165
Belgium	4,781,545	4,048,905	7,424,800	3,719,739	8,054,838
United Kingdom	5,883,152	4,362,267	5,276,297	4,468,422	6,203,474
United States	1,256,911	2,379,186	4,969,526	10,261,663	5,492,529
Others	12,511,774	15,999,767	20,428,797	21,430,069	25,156,290

**Source:** *Trade Data Monitor LLC, 2022*

<sup>1</sup> Filled milk is any milk, cream, or skim milk that has been reconstituted with fats, usually from plant oils, and sources other than dairy cows.

Some industry analysts hold the view that growth in demand for non-dairy creamers by health-conscious consumers will eventually pose a substantial threat to the market share of powdered milk. However, this assertion is not credible because non-dairy creamers are mostly patronized by coffee and tea drinkers who constitute only a fraction of powdered milk consumers.

Responding to the dictates of the market and seeking to retain and increase their customer base while enhancing the quality and shelf stability of their products, domestic manufacturers of various dairy products are utilizing recipe optimization to meet the changing taste and preference of the Ghanaian dairy market. The preferred FFMP supply is a product with 10% protein.

### ❖ *Domestic Supply*

Domestic supply of dairy products is limited to fresh milk, yoghurt, and locally made cheese called “Wagashi”. Though having a processing capacity of 7,000 liters (L) per day, **Nature Farms Ghana Limited**, the leading supplier of domestically sourced fresh milk is only able to supply less than one-half of this quantity due to limited supplies from the sourcing centers, translating into less than a million liters per year. With the price of a liter of fresh milk sold at about \$1.7, the annual sales value of this processor is only about \$1.5 million. Having identified additional sources of fresh milk supply for the processing plant, plans are underway to expand production capacity to 50,000L per day, starting from a modest target of 10,000L per day by the end of 2022. However, with the average yield of milk from a cow being three liters per day, there is the likelihood of still operating under capacity should the expansion vision materialize. The fat content of the domestically produced fresh milk averages 3.5% but reaches 4% in the dry season. In all, the market size of the domestically sourced and processed milk (both mechanized and artisanal) averages \$2 million annually.

### **Consumption**

Historically, the traditional Ghanaian market, which has mainly comprised of open-air markets, relatively small-sized grocery shops (average size of 12 square meter), and few supermarkets has not been fond of fresh milk. This was partly due to low demand for the product and the lack of reliable supply of safe fresh milk. Even with the limited supply, the issue of cold chain logistics and erratic electricity supply were constraints to fresh milk marketing. Again, relatively few households have refrigerators or freezers. Dairy products available on the market have mainly been derived from reconstituted milk. Fresh milk consumption had been limited to some cattle rearing communities. Recent economic development, depicted in the provision of infrastructure across the major cities of the country has resulted in transformation of the market structure with proliferation of supermarkets and the advent of malls, providing modern market structures with efficient logistics including cold chain.

The observed growth of the expatriate community and a booming tourism industry prior to the COVID-19 pandemic resulted in increasing demand for fresh milk in the major cities. Per capita consumption of milk and other dairy products in 2020 was about 17kg. Among the popular dairy products on the market include FFMP, full range of UHT milk (full cream, semi-skimmed, and skimmed), whey dried milk powder, full cream evaporated milk, unsweetened milk, sweetened condensed milk, tea creamers, infant formulas, flavored milk drinks, yoghurt, ice cream and cheese.

## Major Industry Players

Nestlé, Fan Milk Plc, Promasidor, Freisland Campina, and Arla Foods make up the leading actors in the Ghanaian dairy industry.

**Nestlé Ghana Limited** is the industry leader with various dairy products including popular powdered milk brands on the Ghanaian market namely NIDO and New NIDO FortiGrow; IDEAL Original evaporated full cream milk; and IDEAL Dairy Delight, which is a fortified dairy-based powder with vegetable fat. IDEAL Dairy Delight with NutriStrong© is fortified with iron, vitamin C and other micronutrients. The Carnation filled milk, and Carnation Tea Creamer (an all-purpose evaporated filled milk) are other dairy products of Nestlé Ghana Ltd. In addition to these, Nestlé also handles Infant Formulas on the Ghanaian dairy market, and the company is the largest distributor of Lactogen and Nan Infant Formula.

**Fan Milk Plc** is a manufacturer and retailer of ice cream and frozen dairy products and has a leading position not only in Ghana but in the West African market. The company's milk-based products consist of a range of frozen ice creams, frozen flavoured milk drinks and yoghurt drinks (both frozen and ambient or drinkable). Among the popular brands of Fan Milk Plc are FanYogo, FanChoco, FanIce, GoSlo, FanMaxx, SuperYogo, and FanVanille.

**Promasidor Ghana Limited** is a premier distributor of high-quality dairy products throughout Africa's numerous regions. Promasidor powdered milk products have been improved over the years so that they stay fresh for longer without sacrificing quality. The Promasidor dairy product line has a variety of powdered milk brands that are easy to prepare and available in a range of convenient pack sizes. The list of Promasidor dairy products includes Cowbell Milk powder, Cowbell chocolate, Le Berbère, Loya Forvita Milk, Loya Full cream milk, Miksi fat-filled milk powder, and Mixwell fat-filled milk powder.

**Freisland Campina West Africa Limited** has been a major dairy industry player in Ghana for so many years, and the company's name is overshadowed by their iconic and popular Peak brand, which boasts a range of milk and cream products. From full cream evaporated milk, variants of UHT milk, sweetened condensed milk, to reconstituted powdered milk, the brand enjoys enviable consumer loyalty.

**Arla Foods Limited Ghana** is another major food manufacturing company in the dairy business in Ghana. Their product categories comprise milk (powdered & liquid), butter, and cheese. Among the company's popular brands is the DANO range of UHT milk, which is in demand among the rapidly growing middle class in urban areas. Their supplies also include butter and cheese from value-added brands like Arla® and Lurpak®

## Marketing

In most cases, the major companies distribute through dedicated channels, right from the production facilities to retail outlets, either directly by company owned logistics or through registered individual distributors. Powdered milk is usually packaged in either 400g tin containers or sachets, and the average price across brands is about Gh¢45.50 or \$5.80 (at an exchange rate of \$1.00=Gh¢7.80). Full cream evaporated milk is usually packaged in 160g tin containers and sold at about Gh¢5.00 (\$0.64). The

average price of a liter (1L) UHT milk is Gh¢20.00 (\$2.60). The current price of a liter of the domestically produced fresh milk is Gh¢13.00 (\$1.70).

## **Exports**

Over the past five years (2017-2021), exports of various milk and dairy products from Ghana to other West African countries such as Côte d'Ivoire, Senegal, and Nigeria has increased significantly. There is recorded appreciable supply of dairy products from all the major manufacturers in Ghana to some neighboring countries. In 2021, the value of dairy products exported from Ghana totaled about \$16.4 million, representing about 62% increase over the preceding year's value of \$10 million. The leading category of dairy export from Ghana is Milk and Cream, Concentrated or Containing Added Sweetening (HS Code 0402), with export value of more than \$15 million in 2021. This was nearly 94% of the total value of dairy export in 2021.

## **Policy**

Imports of various dairy products attract import duty ranging from 20% to 50% of the CIF value. In addition to this, imports generally attract additional charges at the ports including: National Health Insurance Levy, Ghana Education Trust Fund, Import Excise Duty, Examination Fee, African Union Levy, ECOWAS Levy, and Processing fee.

Milk and cream, concentrated or containing added sugar or other sweetening matter attracts the least import duty of 20/25% of the CIF value.

There are prohibitions or restrictions on the import of certain milk products by the Ghana Customs. This restriction applies to milk deficient in milk fat. Specifically, the policy refers to; "Milk, condensed or evaporated, containing less than eight per centum by weight of milk fat, and dried milk or milk powder containing less than twenty-six per centum by weight of milk fat." It continues with the statement; "Provided that this prohibition shall not apply to skimmed milk imported in containers clearly marked in such a manner as to be easily distinguished from containers of full milk, and admitted as such by the Commissioner-General." And ends with; "Provided further that the Commissioner-General may admit any particular consignment of condensed or evaporated milk."

End of report.

## **Attachments:**

No Attachments.