USDA Foreign Agricultural Service

GAIN Report

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Ghana Wine Report 2011

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Wine

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Report Highlights:

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 2006-2010. Wine export to Ghana is growing due to increasing social trends and the perception that wines are healthier. Local wine processing is underdeveloped and costly. The leading suppliers of wine in Ghana are South America (Chile, Argentina), European Union and South Africa because they offer good quality and inexpensive wine products. Export of U.S. wine to Ghana is growing from $328,000 to $499,000 between 2008 and 2010 but the market share remains very small. The increasing wine demand offers an opportunity for U.S. exporters to increase U.S. consumer food exports to Ghana.

General Information:

SECTION I: MARKET OVERVIEW

In Ghana, alcoholic beverages are consumed mostly at social functions. Ghana's population of 24 million provides an increasing market for alcoholic beverages estimated at $600 million. 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.

The alcoholic wine market in Ghana is valued at about $30 million (approx. 5 % of total alcoholic beverages), and consists of mostly imported wines. Domestic wines are produced in the formal sector and sold in the market, but their share of the market is insignificant. Traditional spirited beverages are produced locally and widely sold in the informal markets. Ghana's wine market continues to show some growth due to the growing high income middle class, expatriate community and tourists. In addition wine is generally perceived to be a healthier alcoholic beverage so people are gradually shifting from the consumption of beer to wine. This offers export opportunities for U.S. wine exporters.

By comparison, the beer market in Ghana was worth $450 million (about 75% of total alcohol market) in 2010, representing over 2.4 million hectoliters of beer (lager and stout types) brewed locally by multi-national companies (Heineken, Guinness, and South Africa Breweries). The beers are brewed mostly with imported barley, malt and hops.

Advantages and Disadvantages

Advantages	Disadvantages
Ghana's population of 24 million is growing at an annual rate of nearly 2.3 percent per annum.	US agribusinesses presence in Ghana is very small; US traders have limited knowledge about the Ghana market.
The Government of Ghana (GOG), in line with its WTO obligations, has liberalized trade.	U.S. processed agricultural products including wines are not readily available in Ghana, while products from EU, South America, South Africa, and others are in greater supply.
Ghana has an active and entrepreneurial middle class and a fast growing private sector.	Some U.S. exporters lack sufficient information regarding the Ghanaian market – they view Ghana as too small a market for entry.
The average per capita income in Ghana is rising estimated at $1600. The monthly minimum wage in Ghana is $62.	US exporters have negative perceptions about Ghana businesses and are reluctant to do business in Ghana.
Ghanaian consumption patterns are changing towards Western foods as a result of urbanization, women working outside the home and shift in lifestyles of the	Transit times are long, and relatively long port clearance procedures reduce shelf life of U.S. products in Ghana.

large youth population, are expanding potential US food and agricultural products.	
Middle-class incomes are rising in Ghana and there is higher demand for healthy foods. The retail sector is shifting to more western style shops and convenience stores.	Competition from other suppliers, especially South America, EU and South Africa.
Ghanaians perceive U.S. consumer ready foods as being of high-quality and demand for these is growing. Increasing rural to urban migration is raising demand for consumer ready foods.	The Ghanaian market is sensitive to price, low priced agricultural food products are mostly preferred.
US exporters can sell mixed containers of agricultural food products at relatively low price and at low risk	Some freight consolidators in the United States are unwilling or unable to meet ordering and shipping requirements of Ghanaian importers.
The consumer ready sector is expanding, requiring more consumer ready products and ingredients. Ghana's domestic food processing capacity is still under-developed	U.S. consumer ready foods are not readily available in Ghana due to high freight costs.

SECTION II: MARKET SECTOR OPPORTUNITIES AND THREATS

Imports and Market Opportunities:

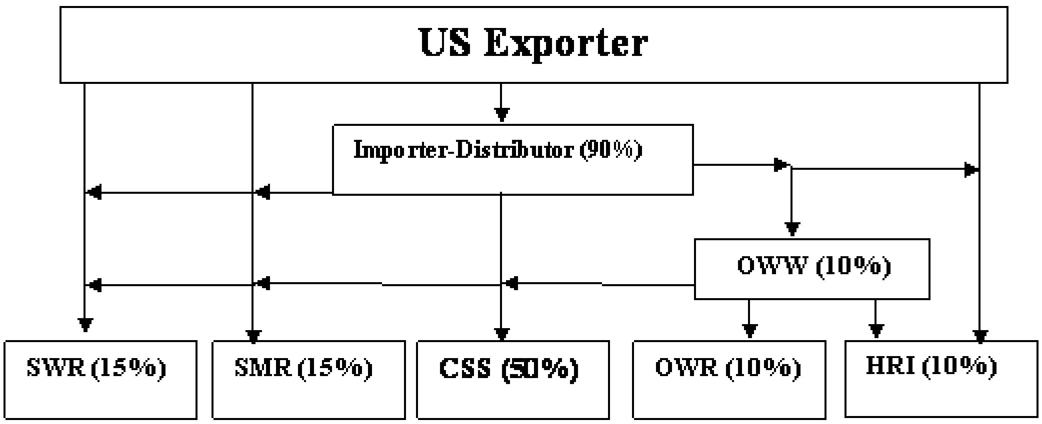
Ghana is an important U.S. agricultural export market and offers expanding market opportunities due to its liberal import policies. Alcoholic wines and spirits attract a 20 percent import tariff rate in line with the ECOWAS Common External Tariff (CET). However, imported beer attracts a higher tariff rate of 50%.

The grape (red and white) wine types lead the market, accounting for more than 70 percent of the wine market. Average wine consumption per capita rose from 0.3 liters to about 0.5 liters in 2006-2010. Wine export to Ghana is growing due to increasing social trends and health consciousness. As a result wines are considered as being healthier than other alcoholic beverages such as, beer, spirits, and others served at homes, hotels, bars and social events. The high income middle-class, expatriate group and tourists have also continued to increase for the past few years and this creates growth prospects for wine exports to Ghana. Local wine processing is underdeveloped and costly and its contribution to the growth in wine supply is insignificant. The relatively free market environment, stable political climate and remarkable record of economic growth are expected to extend the increased growth in sales for the foreseeable future. The entry of new traders and new wine brands in the market will result in increased competition, decreased prices, more aggressive marketing and increased sales.

Market Structure:

The demand for wine is mostly dependent on product prices, tastes and higher alcoholic contents. It is not driven by product quality. Ghanaians have preference for sweet wines. Average prices of the ten top selling wines range from $30 to $75 per carton (of 6 by 750 ml bottles). Wines within the price range of $30 to $50 per carton (of 6 by 750 ml bottles) constitute over 70% of the total market. Imported wine and spirits are 40-50% more expensive than beer and other available alcoholic beverages and were not as widely distributed. The bulk of wine in Ghana is sold through supermarkets, specialty stores, convenience stores and HRI (hotels, clubs, bars and restaurants) and patronized by the middle class and high income consumers.

Distribution Flow Chart for Wine Products

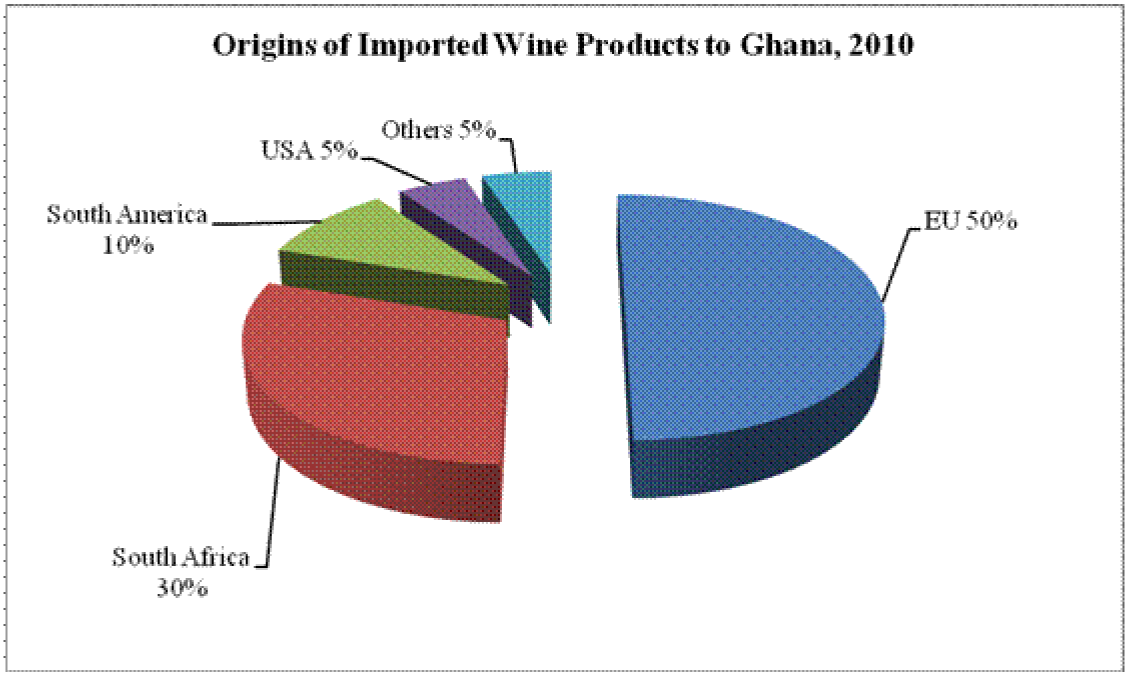


Keys:
OWW (Open Wet Market Wholesalers)
SWR (Specialty Wine Retailer)
SMR (Supermarket Retailer)
CSS (Convenience & Street Stores)
OWR (Open Wet Market Retailer)
HRI (Hotel, Restaurant, Bars, Clubs & Catering Industries)

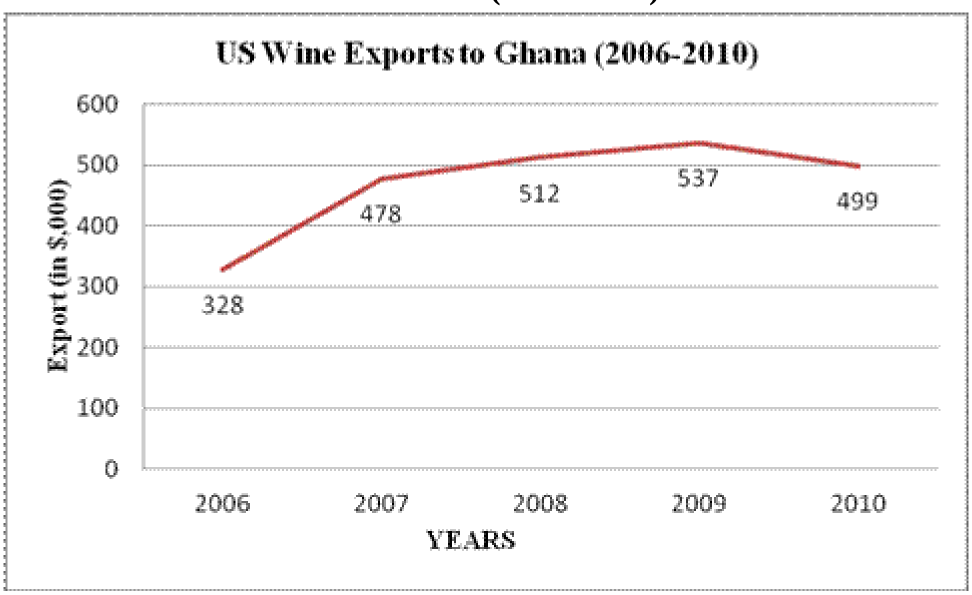
Although the shift from beer to wine consumption is increasing in recent times, this has not affected distribution channels. The importer-distributors supply over 90 percent of imported wine to the market. Some wine is sold to consumers and retailers through wholesalers located in the traditional open 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 through supermarkets, convenience stores and side shops account for about 65 percent of the total. Specialized retail sales outlets of imported wine 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

Ghanaians import wine mostly from South Africa, South America (Chile, Argentina etc) and other sources whose wine products are perceived to be good quality and prices are affordable. However, wine brands from traditional wine countries such as the EU countries (Spain, Italy, France, etc), and US (California) are also exported into Ghana.



US WINE EXPORTS TO GHANA (Flow chart)



Source: BICO data

U.S. wine exports to Ghana have been growing from $328,000 in 2006 to $537,000 in 2009. However, in 2010 US wine exports to Ghana dropped to $499,000 (BICO report) probably due to competition from South Africa and Chile sources.

Market Access:

Due to the liberal import policies, Ghana has become an important U.S. agricultural export market, offering expanding market opportunities. Alcoholic wines attract a 20 percent import tariff rate in line with the ECOWAS Common External Tariff (CET). Wine, like all food products, must be registered with the Food and Drugs Board (FDB), in order to be legally exported, sold and consumed in Ghana. For details, please see [Food and Agricultural Import Regulations and Standards - Narrative_Accra_Ghana_8-40-2010 from GAIN].

Entry Strategy:

U.S. wine exporters interested in entering the Ghana market:

- May contact the Office of Agricultural Affairs, U.S. Embassy in Accra, Ghana for assistance in selecting a local agent or importer-distributor;
- Must appoint local importer-distributors, agents or institution in Ghana to process documentations and certifications with the GOG regulatory bodies, introduce the product, and develop consumer demand;

SECTION III: COSTS AND PRICES

Average Wholesale Selling Prices of Selected Brands of Wines

Average Retail Market Prices (Top 10 Brands in sales ranking)

Brand	**Sales ranking**	**Average Retail Price/carton of (6x75cl bottles) $**	**Country of Supply**
Vina Maipo	1	30.00	Chile
Frontera - Cabernet Sauvignon	2	30.00	Chile
Trivento – Rose	3	32.00	Argentina
*Paul Masson – Rose/White/Burgundy	4	98.00 (12 x 1liter)	USA
Long Mountain	5	36.00	South Africa
George DuBoeuf	6	54.00	France
Mouton Cadet	7	55.00	France
Riversdale	8	55.20	South Africa
Andean	9	60.00	Argentina
Borgo Madgredo	10	73.60	Italian

Note:

- A bottle contains 75centiliters (cl)
- A carton (case) contains 6 bottles
- Per carton (case) prices stated

Average Wholesale Selling Prices of selected Brands of Wines ($)

Brands	Pack x Size	Price ($)
Emelia - Chardonnay	6 x75cl	171.20

Trio - White	6 x75cl	60
Trio – Cabernet Sauvignon	6 x75cl	66
Casillero de Diablo – sparkling Brut	6 x75cl	102
Casillero de Diablo - Chardonnay	6 x75cl	54
Casillero de Diablo – Sauvignon Blanc	6 x75cl	54
Casillero de Diablo - Merlot	6 x75cl	64
Casillero de Diablo - Cabernet Sauvignon	6 x75cl	64
Casillero de Diablo - Cabernet Sauvignon	6 x 1.5 liter	96
Turrunyo - Sauvignon Blanc	6 x75cl	101.20
Turrunyo - Carmenere	6 x75cl	168
Frontera - Blush	6 x75cl	30
Frontera – Late Harvest	6 x75cl	27
Frontera - Sauvignon Blanc	6 x75cl	28
Frontera - Sauvignon Blanc	6 x 1.5 liter	54
Frontera - Cabernet Sauvignon	6 x75cl	30
Frontera - Cabernet Sauvignon	24 x37.5cl	64
Frontera - Cabernet Sauvignon	6 x 1.5liter	58
Frontera - Merlot	6 x75cl	30
Paul Masson –Rose (US California)	12 x 1liter	98
Paul Masson – Burgandy (US California)	12 x 1liter	98
Paul Masson – White (US California)	12 x 1liter	98
Sunrise - Rose	6 x75cl	44
Sunrise - Chardonnay	6 x75cl	38.8
Sunrise - Sauvignon Blanc	6 x75cl	36.67
Sunrise – Cabernet Sauvignon	6 x75cl	46
Sunrise - Carmenere	6 x75cl	40
Sunrise - Merlot	6 x75cl	46
Sunrise – Sweet Sparkling	6 x75cl	56
Sunrise – Sparkling Brut	6 x75cl	56
Mar del Sur - White	6 x75cl	20.8
Mar del Sur -Red	6 x75cl	22
Trivento - Malbec	6 x75cl	38
Trivento - Rose	6 x75cl	32
Trivento - Merlot	6 x75cl	32

Note:
CL: centiliters(10 ml equal 1cl)
L: liters

SECTION V: POST CONTACT AND FURTHER INFORMATION

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Email: info@gra.gov.gh
Website: www.gra.gov.gh

Appendix I: Ghana's Economic Structure (Annual Indicators)

	2007	2008	2009	2010
GDP (US $ bn)	24.8	28.5	26	32
Real GDP growth (%)	6.5	8.4	4	7.7
Consumer Price Inflation (av; %)	12.7	18.1	16.0	8.6
Population (m)	22.3*	22.9*	23.4*	24.8*
Exports of goods Fob (US $ b)	4.2	5.3	5.8	7.9
Imports of goods Fob(US $ b)	8.1	10.3	8.0	10.9
Current account balance (US $ b)	2.15	3.5	1.2	2.4
Foreign exchange reserves excluding gold (US $ m)	2.8	2.0	3.0	4.7
Total external debt (US $ bn)	4.5	4.9	5.7	6.5
Debt service ratio, paid (%)	0.2	0.23	0.23	0.27
Exchange rate (av) GH: US$	0.94	1.06	1.41	1.5

Notes: Actual. *Economist Intelligent Unit Estimates.
Sources: 2007-2009 figures obtained from Economist Intelligent Unit, Country Report (Ghana) October 2011, Ghana Statistical Services (GSS) 2011 data report