

USDA Foreign Agricultural Service

GAIN Report

Global Agricultural Information Network

THIS REPORT CONTAINS ASSESSMENTS OF COMMODITY AND TRADE ISSUES MADE BY
USDA STAFF AND NOT NECESSARILY STATEMENTS OF OFFICIAL U.S. GOVERNMENT
POLICY

Voluntary Public

Date: 4/15/2011

GAIN Report Number:

Ghana

Post: Accra

2011 Grain and Feed Annual

Report Categories:

Grain and Feed

Approved By:

Russ Nicely

Prepared By:

Marcela Rondon and Elmasoeur Ashitey

Report Highlights:

Ghana is a net importer of rice and wheat. Post forecasts rice exports to Ghana in MY 2011/2012 at 330,000 MT up from 320,000 in MY 2010/2011. Wheat consumption in Ghana will likely remain stagnant due to the relatively high cost of hard wheat flour. Since 2009-2010 there has not been any US wheat exports to Ghana. In 2008 the Government of Ghana (GOG) introduced a 50 percent subsidy on fertilizer to make it affordable for producers, increase fertilizer use and increase yields of corn.

Executive Summary:

Post projects rice imports for MY 2011/2012 at 330,000 MT up from 320,000 MT in MY 2010/2011. Ghana's average rice production stands at 300,000 MT, about 30 per cent of the total rice requirement. The 70 percent shortfall continues to create opportunities for US rice exports to Ghana. Since MY 2009-2010 there has not been any US wheat exports to Ghana. Currently Ghana imports wheat largely from Canada, Argentina and the EU.

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 poultry feed and to a lesser extent the livestock feed sector as well as a substitute for the brewing industry. Average annual corn production is 1.5 million MT between MY 2007 and 2010. The GOG introduced a 50 percent subsidy for fertilizer in 2008 to make it affordable for producers and increase fertilizer use. Fertilizer agents are required to sell the fertilizer at a price across country. In March 2010 the GOG set up the National Food Buffer Stock Company (NAFCO), a completely state-owned-enterprise that is intended to buy, preserve, store, sell, and distribute excess grains (including corn) in warehouses across the country. The creation of NAFCO is part of the GOG strategy to reduce post-harvest losses, ensure price stability and establish emergency grain reserves.

Price Table

Commodity (MT)	Price 2009 (GH¢)	Price 2010(GH¢)	Percentage Change
Corn	560	580	3.57%
Millet	760	770	1.29%
Sorghum	630	650	3.17%
Rice	1025	1250	19%

Exchange Rate: US \$1 = GH¢ 1.50

General Information:

Rice, Milled Ghana	2009/2010		2010/2011		2011/2012	
	Market Year Begin: Oct 2009		Market Year Begin: Oct 2010		Market Year Begin: Oct 2011	
	USDA Official	New Post	USDA Official	New Post	USDA Official	New Post
Area Harvested	145	162	155	180		180
Beginning Stocks	65	65	65	84		89
Milled Production	235	235	247	295		310
Rough Production	392	392	412	492		517
Milling Rate (.9999)	6,000	6,000	6,000	6,000		6,000
MY Imports	375	384	320	320		330
TY Imports	320	384	320	320		330
TY Imp. from U.S.	63	100	0	100		120
Total Supply	675	684	632	699		729
MY Exports	0	0	0	0		0
TY Exports	0	0	0	0		0
Consumption and Residual	610	600	567	610		620
Ending Stocks	65	84	65	89		109

Total Distribution	675	684	632	699		729
1000 HA, 1000 MT						

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

Production

Post's forecast for Ghana domestic rice production in MY 2011/2012 is 310,000 MT, up from 295,000 MT in MY 2010/2011. This is due to 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. According to GOG sources, fertilizer use in rice production is low due to its high cost, resulting in low productivity in cereal production including rice. The average yield of rice has been between 1-2 tons/ha paddy and could be higher according to GOG sources. The GOG believes that subsidy will make fertilizers more affordable, thereby increasing application rates which will ultimately increase yields. The GOG intends to improve the quality of locally produced rice in order to stimulate demand for it.

Consumption

Rice consumption in MY 2011/2012 is estimated at 620,000 MT. Per capita consumption of rice in 2010/2012 is estimated as 25.83 kg. 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 fast food restaurants and vendors in the major cities has increased the demand for rice.

Imported rice is preferred by Ghanaian urban consumers because of its higher quality. According to *Ministry of Food and Agriculture Facts and Figures Report (2009/2010)*, 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 Thailand is strongly compete 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 wholesale price of a 50 kg bag of U.S. rice ranges between GH¢80 (\$53.33) and GH¢100 (\$66.66) depending on the grade; Thai rice costs ranges between GH¢120 (\$80) and GH¢150 (\$100); and Chinese rice between GH¢60.00 (\$40) and GH¢70(\$46.6).

Information from the Ministry of Food and Agriculture (MOFA) indicates that 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.

Trade

Post forecast for Ghana rice imports in MY 2011/2012 is 330,000 MT, up from 320,000 MT in MY 2010/2011. This is due to increases in demand for rice and the shortfall in domestic production. To cushion the impact of the global food crisis, in May 2008, the GOG, removed the 20 percent duty on

rice and other products, but restored this duty in January last year. This restoration of the 20 percent duty slowed down rice imports in 2010. However, the demand for rice is increasing and this creates an opportunity for increased rice imports. The countries that supply the bulk of the rice to Ghana are the United States, Thailand, Vietnam, 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 percent broken rice. The United States is a primary supplier, with about 30 percent market share.

In Ghana both imported and domestic rice are sold on the same market in the urban centers. The imported rice is commonly available on the market due to the irregular supply of local rice. 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. Rice importers sell to wholesalers, retailers, and directly to consumers. The traders then retail the rice on the open market, repackaging 50 kg into 25 kg, 10 kg and 5kg bags. This represents 40 percent of the rice in the retail market. US rice is sold under various brand names that are easily identified by retailers and consumers.

Imported rice is sold at average wholesale price of \$1025-\$1,250 per MT in 2009-2010. 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.

Policy

Rice imports attract the following duties and levies:

- 20 % import duty
- 12.5% 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 Ghana	2009/2010		2010/2011		2011/2012	
	Market Year Begin: Jul 2009		Market Year Begin: Jul 2010		Market Year Begin: Jul 2011	
	USDA Official	New Post	USDA Official	New Post	USDA Official	New Post
Area Harvested	900	900	900	900		900
Beginning Stocks	153	153	173	207		157
Production	1,620	1,620	1,676	1,650		1,700
MY Imports	0	34	0	0		0
TY Imports	0	0	0	0		0
TY Imp. from U.S.	0	0	0	0		0
Total Supply	1,773	1,807	1,849	1,857		1,857
MY Exports	0	0	0	0		0
TY Exports	0	0	0	0		0
Feed and Residual	300	200	300	250		250
FSI Consumption	1,300	1,400	1,400	1,450		1,500
Total Consumption	1,600	1,600	1,700	1,700		1,750
Ending Stocks	173	207	149	157		107

Total Distribution	1,773	1,807	1,849	1,857		1,857
1000 HA, 1000 MT						

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 2011/2012 is 1,700,000 MT, up from 1,650,000 MT in MY 2010/2011. This projected increase is due to adequate and timely rains in all the grain growing areas.

Currently, the national average maize yield is estimated at 1.6 tons per hectare according to GOG sources. The GOG introduced a 50 percent subsidy on fertilizer starting 2008 to make it affordable, and increase fertilizer use and to ensure a uniform price across the country. Thus, with the subsidy, a 50kg bag of NPK 15:15:15, NPK 23:10:05, Sulfate of Ammonia, and Urea, sell at GH¢26, GH24, GH¢18, and GH¢26 respectively. In 2010/2011 the GOG made available GH¢37 million to support the fertilizer subsidy program. Furthermore the GOG is providing tractors to producers for mechanized farming. According to the GOG, this direct intervention could increase yields to 2.5 MT in 2011/2012 up from 1.89 MT in 2010.

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 feeding sector. (mainly poultry). Post estimated data obtained from major feed mills in Ghana indicates that about 225,000 MT of corn is used for poultry feed annually.

Post forecasts corn consumption at 1,750,000 MT in MY 2010/2011. The local wholesale prices of 100kg bag of white corn in 2009-2010 ranged from GH¢48.00 to GH¢56.00.

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 2009 to 2010 ranged between GH¢560 and GH¢580 per MT.

According to GOG sources it is likely that Ghana will not import any corn for MY 2011/2012 because there was a good crop during the previous marketing year. In addition, NAFCO is buying corn to store for the off season, to reduce post harvest losses and to keep prices stable.

Wheat Ghana	2009/2010		2010/2011		2011/2012	
	Market Year Begin: Jul 2009		Market Year Begin: Jul 2010		Market Year Begin: Jul 2011	
	USDA Official	New Post	USDA Official	New Post	USDA Official	New Post
Area Harvested	0	0	0	0		0
Beginning Stocks	0	0	0	29		79
Production	0	0	0	0		0
MY Imports	428	329	375	350		300
TY Imports	428	329	375	350		300
TY Imp. from U.S.	0	0	0	0		0
Total Supply	428	329	375	379		379
MY Exports	0	0	0	0		0
TY Exports	0	0	0	0		0
Feed and Residual	0	0	0	0		0
FSI Consumption	428	300	375	300		300
Total Consumption	428	300	375	300		300
Ending Stocks	0	29	0	79		79
Total Distribution	428	329	375	379		379
1000 HA, 1000 MT						

Source: Ministry of Food and Agriculture, Wheat industry

Production

Ghana imports all its wheat needs since it does not grow locally. Major suppliers of include Canada, Argentina, and the European Union (EU), with Canada accounting for 70 percent of market share. Since 2009, there have not been any exports of U.S. wheat to Ghana. There are three major wheat-milling companies in Ghana with a total installed capacity of 1,600 tons per day (24 hour) but, according to industry sources, they operate at 80 percent due to the 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 300,000 MT in MY 2010/2011 according to official GOG sources. The estimated per capita consumption of wheat in Ghana is about 12.5 kg. 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. Flour prices have risen in Ghana as a result of the much higher cost of imported wheat this year. For example, a 50kg bag of flour in MY 2010/2011 is GH¢75, up from GH¢65 in 2009/2010. As a result the price of bread has also climbed. For instance the cost of a 1kg loaf of bread this year (2011) is GH¢1.00, up from GH¢0.75 in 2010. Bread is mainly eaten at breakfast and as convenience food/snacks during the day.

Trade

Post forecasts wheat imports in MY 2011/2012 at 300,000 MT, down from 350,000 MT in MY 2010/2011. This decline is a result of the high cost of hard wheat and the carry over in stocks from

2010/2011. 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. According to industry sources for MY 2010/2011, biscuit manufacturers imported over 100,000 MT of soft wheat flour.

Due to the high cost of hard wheat, most of the millers blend hard wheat with soft wheat at varying percentages to reduce cost. There is increasing demand for soft wheat flour by biscuit factories and pastry makers. The milling industry faces competition from soft wheat flour that is imported by the biscuit factories. Some imported soft wheat flour is smuggled and sold in the open market.

Policy

Wheat imports attract the following duties and levies:

- 20 % Import duty
- 12.5 % 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)