

Country Market Profile: Ghana

Market Overview

Euromonitor reports that the economy in Ghana expanded in real terms in 2022, driven by increasing public and private consumption and external demand. However, global economic slowdown, elevated inflationary pressures and tightening financial conditions are set to undermine business and consumer confidence globally, weighing on the country's economic outlook.

- Following real growth of 3% in 2022, Ghana's economy is expected to expand at an average annual real gross domestic product (GDP) rate of 2% in 2023 and 3.8% in 2024.
- Inflation in Ghana is forecast to slow down to 31.6% in 2023 from 31.8% in 2022.
- While Ghana's merchandise exports increased by 18.9% and imports rose by 11.7% during 2022, the country remained a net exporter of goods.
- Gross fixed capital formation (GFCF) decreased over 2022, accounting for 16.6% of GDP.
- The public debt-to-GDP ratio in Ghana rose to 89.5% in 2022, standing above the regional average of 54.8%.

Over the course of 2022, the global economic outlook deteriorated considerably, as the war in Ukraine exacerbated energy and food supply issues and the price spike triggered in the aftermath of the COVID-19 pandemic. Following an expansion of 5.4% in 2021 supported by the post-pandemic recovery dynamics, real GDP in Ghana slowed down to 3% over 2022. As of 2022, GDP per capita reached US\$2,157 in Ghana, which was higher than the average of US\$1,751 per capita in Sub-Saharan Africa.

During the year, the country's economic performance was supported by elevated private spending and public consumption. In 2023, Ghana's economic development was expected to slow down, with real GDP growing by 2%. The near-term outlook in the country is clouded by slowing domestic and foreign demand, a sharp tightening of global financial conditions, mounting geopolitical tensions and potential energy price shocks. Going forward, the economic slowdown could also reduce the demand for workers and result in slightly increasing unemployment rates, although labor markets are expected to remain relatively tight.

USDA's Office of Agricultural Affairs in Accra Ghana or FAS Post Accra reported that Ghana's economic growth was significantly impacted by the COVID-19 pandemic and the war in Ukraine. Following the pandemic-induced slowdown, economic recovery was expected to grow in 2022 to 5.5% (it was actually 3%). However, recent economic shocks caused the Ghanaian Cedi to depreciate, prompting the Government of Ghana (GOG) to seek assistance from International Monetary Fund (IMF) to restore macroeconomic stability and boost reserves. Despite these setbacks, Ghana remains one of sub-Saharan Africa's fastest-growing economies with a population of about 32

million. In 2021, Ghana imported about \$3.2 billion in agricultural and related products. Imports from the United States totaled \$155.5 million.

Market Opportunities and Key Issues for U.S. Processed Food Exporters in Ghana

Market Opportunities:

- Ghana's growing population of 32 million is youthful with an increasingly fast emerging middle-class.
- 58% of Ghana's population was urban in 2021. Migration to the capital and southern parts of the country were expected to continue in 2022 and beyond, potentially boosting the demand for high-value products (HVPs) and making consumers reachable.
- Middle-class incomes are rising and there is higher demand for healthy foods. The retail sector is shifting to more western style shops and convenience stores.
- Ghanaian consumers perceive U.S. food products to be of high quality and value.
- FAS Post Accra expects significant growth in tourism due to positive coverage by news and travel sites and the Government of Ghana (GOG) initiative "Beyond the Return."
- The GOG, in line with its World Trade Organization (WTO) obligations, has liberalized trade for most food and agricultural products.
- Insufficient domestic production and processing means import demand in Ghana for processed products and inputs will remain high.
- The HRI sector continues to expand and requires more consumer-ready products and food ingredients.
- U.S. grocery items entering Ghana can be re-exported to neighboring West African countries (a market of about 400 million people).

Key Issues:

- Significantly higher cost of freight incurred in getting U.S products onto the Ghanaian market.
- Existence of imitations of U.S. products by unscrupulous businesses who take advantage of the high demand to the detriment of consumers. This affects consumer confidence and invariably impacts future demand for U.S. goods.
- Many U.S. exporters view Ghana as too small a market and there are few U.S. freight consolidators who are willing to meet the requirements of Ghanaian importers.
- Competition is strong from traditional suppliers in Europe, Asia, and South Africa.
- U.S. consumer ready foods are less available in Ghana, compared with products from EU, South Africa, and Asia.
- In select sectors, such as frozen poultry, the GOG continues to take a more negative stance towards imports.
- Most Ghanaian consumers are price sensitive.
- Some Ghanaian retailers prefer products with 13-digits barcode (EAN/IAN) to the 12-digits UPC.

U.S. processed food exports to Ghana reached US\$32.7 million in 2022, ranking it sixth in Sub-Saharan Africa. That represented a growth of 1% from the prior year and a new all-time high. Year to date (YTD) November of 2023 U.S. processed food exports increased 15% to US\$35 million and an all-time record high.

Top U.S. processed food exports to Ghana in 2023 included:

- Food Preparations and Ingredients – up 32%.
- Processed/Prepared Dairy Products – down 67%.
- Alcoholic Beverages – down 46%.
- Spices – up 89%.
- Non-Alcoholic Beverages – down 2%.
- Fats and Oils – up 250%.
- Dog and Cat Food – down 53%.

Retail Sector Highlights:

According to Euromonitor retail sales of packaged food in Ghana was forecasted to reach just over US\$2.8 billion in 2023. That represents growth of 178.1% and a U.S. dollar equivalent of US\$1.8 billion. By 2028, Euromonitor forecasts that retail sales of packaged food in Ghana will reach US\$5.9 billion. This represents growth of 69% and a U.S. dollar equivalent of US\$8.7 billion from 2024.

High growth products in the forecast include:

- Breakfast Cereals
- Savory Snacks
- Edible Oils
- Rice, Pasta, and Noodles
- Baked Goods
- Sweet Biscuits, Snack Bars and Fruit Snacks
- Sauces, Dips and Condiments

FAS Post Accra reports that the Ghanaian market is filled with several twists and turns as well as some interesting dynamics. Although there is a rapid growth in the supermarket industry with Melcom, Shoprite, Palace, Game, Koala, and MaxMart leading the charge, the key decision makers are the importers, distributors, and local suppliers. These players control the market, branding of products, and the market price of products, especially given the fluctuating currency.

Like most countries in Sub-Saharan Africa, Ghana presents exciting opportunities to food retail business, buoyed by fast urbanization, rising household incomes, a growing middle class, and a transformation in eating habits mainly due to changing lifestyles. Consumption patterns for most of the population (especially the urban dwellers) are gradually favoring western foods, leading to the launch of brands like KFC, Pizza Hut, Second Cup, and Burger King. Retailers prefer stocking relatively smaller volumes of consumer-ready food products, prepared, and packaged for one-time or minimal period use only because many consumers do remain price sensitive. Consumer demand for these products is high due to their relative affordability.

Retail sector analysts forecast retail spending to increase from US\$11 billion in 2019 to US\$24 billion by 2023, thanks largely to the growing middle class. This consists of imported High-Value Products (HVPs) (40%), products partially processed and packaged in Ghana (8%), products completely processed in Ghana (11%), and locally, unprocessed foodstuffs and staples including fresh fruits and vegetables, fish, meat, etc. (41%). Ghana's foodservice market has recorded impressive growth in recent years, with the retail stores sector retaining the top position as the most rapidly growing segment. Retail outlets stocking imported high value food products, particularly convenience stores (including gas station shops) and supermarkets continue to proliferate across the cities as eating habits and taste of Ghanaian consumers change towards western foods. This represents sales opportunity for multiple U.S. products.

The European Union, Asia and South Africa are the dominant suppliers of imported consumer ready food products in Ghana. Asian HVP suppliers are achieving increasing market share in Ghana due to their more direct participation in distribution channels as well as promotion of their products. South Africa's market share has been growing as a result of an increased bilateral trade promotion with Ghana.

Best Product Prospects:

FAS Post Accra reports that high value products with good potential in the Ghana retail food sector include noodles and other pasta products, frozen poultry and fish products, tomato puree and tomato puree concentrate, bottled vegetable cooking oil, non-alcoholic beverages (tea, coffee, fruit juice and soft drinks, baby foods, including infant formula, cereal baby foods, and breakfast cereals, including oatmeal.

Foodservice Sector Highlights:

FAS Post Accra reports that the accommodating business environment makes Ghana more attractive as an investment destination relative to many of its neighbors. Several international retailers have expanded their presence in Ghana and take up space in the proliferation of new commercial developments. These include Shoprite, Burger King, KFC, and Pizza Hut, among others. Local chains are also present in these same categories.

Modern retail had been restricted to Accra and Kumasi, but there is a growing presence across all regional capitals now, though a sizable portion of the population still prefers to do their weekly shopping at the traditional markets. This trend is fast changing, however, as the size of the middle class continues to increase. The accommodating business environment makes Ghana more attractive as an investment destination relative to many of its neighbors. Several international retailers have expanded their presence in Ghana and take up space in the proliferation of new commercial developments. These include Shoprite, Burger King, KFC, and Pizza Hut, among others. Local chains are also present in these same categories.

The hotel and restaurant sector has been identified as being the segment with the second most rapid growth after the retail stores. There was a sharp increase in the number of

restaurants during the past five years. The rise in the population of Ghana's middle class and urban dwellers, along with the swelling tourist/business travel have contributed to a surge in patronage of the services of hotels and the teeming restaurant sector, however the effects of COVID-19 pandemic and post-COVID-19 economy led to some restaurants shutting down.

Best Product Prospects:

FAS Post Accra reported that good sales opportunities exist for U.S. seafood products, beef and beef products, pork and pork, dairy products, and condiments and sauces.

Food Processing Sector Highlights:

FAS Post Accra reports that food processing is still underdeveloped, with less than 200 agro-processing firms registered and certified to operate by the Food and Drugs Authority. Even though demand for processed foods continues to grow, inefficient production coupled with inadequate quality of local raw materials preclude the development of a viable processing industry. The local food processing industry accounts for less than 30% of all sourced processed foods on the market. Retail outlets stock lots of processed foods because of growing demand, changing eating habits and diets of the growing urban and middle-class population. This represents an opportunity for U.S. exporters.