



Policy Brief

October, 2021

Dynamics of the Poultry Market in Ghana

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Key messages

- The exponential increase in poultry meat import in Ghana which is attributable to growth in urban population, increase in per capita income, changes in consumer preference over the last three decades are well documented in the literature.
- However, the linkages between global import and local poultry markets are rarely studied.
- This paper discusses the dynamics of the poultry market in Ghana, highlighting the specific products imported, drivers of imports, and the potential for local poultry to substitute for imports.
- The study finds that Ghana imports nearly 80% of poultry meat demand from high income countries such as Belgium, USA, Brazil, Poland and the Netherlands. These imports are in the form of cut-parts that are priced 30% lower than local poultry meat, hindering domestic production.
- The paper recommends development of policies to boost local production through investment in basic facilities for poultry meat processing, cold storing, distribution and marketing.

Background

Demand for poultry meat has more than tripled in the last 30 years, becoming a major source of animal protein in Ghana (FAO, 2020). The high demand is being met by imports. Ghana is ranked the third-largest importer of poultry meat products in Sub-Saharan Africa (Asante-Addo et al. 2020). The high import is attributed to increasing income, growth in population (2.13% per annum), changes in consumer preference, urbanization, high local production cost, production technology inefficiencies, lack of enough processing facilities, as well as cheap import products (MoFA, 2020). This situation has compelled local farmers to call for policy interventions to support domestic production (Sumberg *et al.*, 2016). In response, the Ghanaian government implemented measures to protect local producers by introducing import tariffs of about 35%, reduction of tariffs on inputs (additives, feed, medicines and vaccination drugs), providing efficient veterinary services and delivering subsidized inputs through the rearing for food and job program (Andam *et al.*, 2017). However, these strategies do not seem to yield the required results as the volume of poultry imports keeps increasing astronomically. The ability of local producers to remain competitive requires an in-depth understanding of the dynamics of the poultry market in Ghana.

In this paper, we explore evidence for the growing demand for poultry meat in Ghana, by analyzing the dynamics of poultry meat production, imports, consumption, marketing and how local poultry can substitute for import.

Methodology

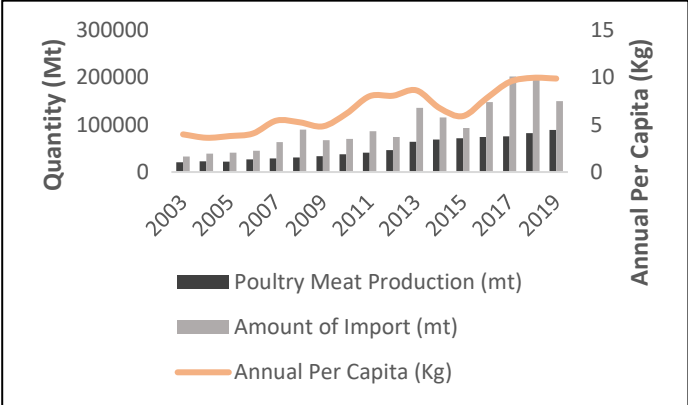
The study used data from both secondary and primary sources. Price and trade data were obtained from Ministry of Food and Agriculture (MoFA) and Ghana Statistical Service (GSS). Information from Food and Agricultural Organization (FAO) on export quantities and per capita consumption were also employed. Data from these multiple sources was validated using survey checks and facts from malls, super markets, cold stores, and open markets on imported and local chicken meat prices in four regions (Greater Accra, Western, Ashanti and Northern).

Growing Demand for Poultry Meat

The Ghanaian market for chicken meat is divided into imported and domestically produced chicken meat. The latter is usually sold at live bird markets, where consumers buy the birds to slaughter at home. Retailers also provide slaughtering and primary processing services and sell them on the local markets. The imported meat is sold frozen and cut into parts, usually consisting of halves or

quarters and well packaged with brands (Asante-Addo *et al.*, 2020). As poultry imports surge ahead of production in Ghana, increasing domestic production becomes a priority. Per capita consumption of chicken meat in Ghana has considerably increased from 3.98 to 9.87kg annually between 2003 and 2019 (Figure1). Ghana's per capita consumption of poultry meat is relatively higher than the average in Africa (6.76) and West Africa (8.0) (FAO, 2020). Additionally, data from FAO revealed that daily consumption of poultry meat in Ghana has risen from 2 calories per day to 20 calories within the last two decades.

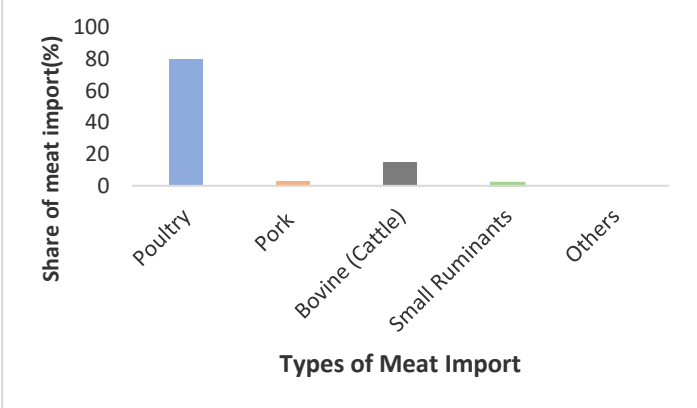
Figure1: Poultry Production and Consumption in Ghana



Source: MoFA, 2020

While substantial investments in national poultry production have been made, production is still not able to keep up with the growing demand. Although local poultry production in recent years has seen 20.8% annual growth from 20,588 metric tons (mt) in 2003 to 89,210 metric tons (mt) in 2019, Ghana still imported about 150,039mt of poultry meat in 2019 (Figure 1). MoFA (2020) noted that poultry meat imports in 2019 accounted for nearly 80% of total quantity of meat imported into the country (Figure 2). This was valued at US\$76million.

Figure 2: Import of Frozen Meat in Ghana



Source: MoFA, 2020

The share of expenditure on poultry products in total food expenditure increased from 3% in 1991/1992, to 8% in 2012/2013. This expenditure share increased to nearly 9% in 2016/2017(GSS, 2018).

While imports constituted only 12% of the total domestic supply of poultry meat in 1961, it increased to 44% in 1990 and had reached about 76% by 2018 (FAO, 2019). However, the share of domestic supply in poultry meat decreased from 80% in 2000 to only 24% in 2018 (FAO, 2019).

Price and non-price factors are believed to be the the main drivers of demand for imported poultry meat in Ghana. Egyir *et al.* (2012) analysed the "poultry made in USA" label and consumer choice in Ghana and revealed that consumers prefer imported chicken meat because of packaging, meat quality and food safety. Their paper also established that consumers who prioritize country of origin as a factor influencing demand for imported poultry meat, do not necessarily choose the US poultry label. Their results further showed that in 2012, about 71% of consumers had preference for domestically produced meat, followed by import from the United States (56%), European Union (48%), and Brazil (40%). Thus, the Ghana poultry label can also be advanced if a reputa for quality and food safety can be gained. This finding agreed with Asante-Addo *et al.* (2020) who also reported that some consumers prefer domestically produced poultry meat to imported chicken and may be willing to pay a premium for it.

Consumers bought imported poultry meat because of its availability, affordability and proximity of access, while domestic poultry meat is preferred for its quality, taste and tenderness, as also noted by Banson *et al.* (2015). Kwadzo *et al.* (2013) found that the price of the meat remains an important attribute influencing consumer preference for purchasing broiler meat in Ghana.

Price Formation

Data from a field survey of selected markets in the four regions of Ghana revealed that in 2021, the mean retail price of imported chicken meat stands at GH26.6/kg, while the mean retail price of domestic chicken is GH34/kg. A price margin for imported chicken ranges between 27.8-30.0%. The data showed that a 10kg of imported chicken (soft) and (hard) are priced GH126 and GH147 respectively in the study area. However, prices at various cold stores are relatively lower than other selling points. For instance, a price of a kg of imported chicken meat on average cost between GH17 to GH20 in the four regional markets surveyed. The average price of local chicken is Gh30.00/kg in Accra, Takoradi and Tamale while it is priced Gh35.00/kg in Kumasi. The imported full chicken meat is priced at GH 26.6, GH18.00, Gh22.00 and Gh16.5 in Accra, Takoradi, Kumasi and Tamale respectively. From the above discussion, the market survey also showed that in 2021 the retail price of imported chicken is lower than retail price of local chicken in all the regions visited.

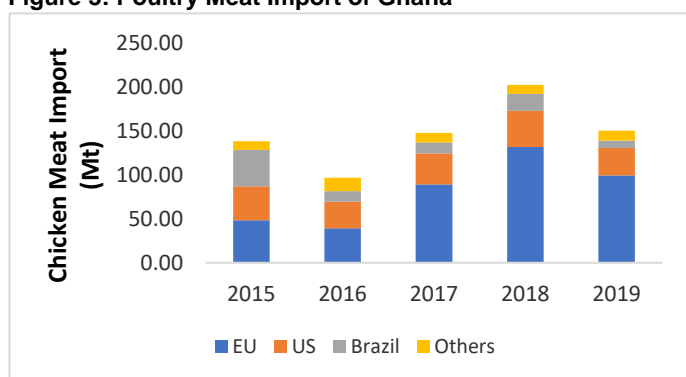
The survey results established that differences in quality and country of origin account for some of the price differences.

While local chicken meat is sold unbranded in all traditional markets surveyed, nearly all of the imported chicken meat are branded and well packaged in 1kg, 2kg, 2.5kg and 10kg and is available in all outlets visited. The branded imported chicken includes Sadia, Golden Dutch, Seara, Nature AI and Perdix from Brazil; Ayekoo and Quickfrozen from USA; while Miki comes from Holland. Ghanaian branded local poultry meat are rarely sold on the market. The survey of major markets, shops, cold stores, and malls in the study area revealed that local chicken meat is not available in these major selling points. For local producers to compete with imports, the domestic poultry meat industry may focus attention on differentiating its product in packaging brands from imported brands with serious advertisements.

Domestic and International Trade

The chicken meat import in Africa stood at 1.75 million tonnes in 2018. South Africa (515,000 tonnes) and Angola (335,000 tonnes) represented the major importers of chicken meat in 2018, accounting for nearly 29.5% and 19% respectively of total imports, whilst Ghana (205,000 tonnes) ranks third in total imports with 11.7% share (FAO, 2020). Figure 3 summarizes the trends of foreign import market shares for chicken meat between 2015 to 2019. Chicken imports into the country has been dominated by products from the EU between 2015 and 2019. The figure revealed that that in 2019, the EU (99,186Mt) contributed as the dominant provider of poultry meat to Ghana, higher than the USA (31,326Mt), with Brazil (8,286Mt) exports in the second and third places (Figure 3).

Figure 3: Poultry Meat Import of Ghana



Source: GSS, 2020

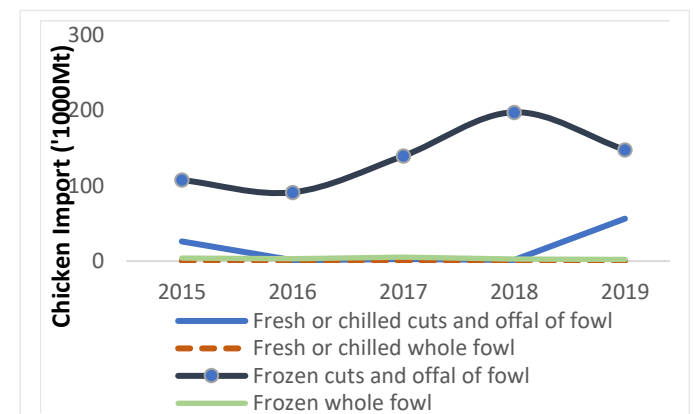
The figure further shows that Brazil and USA reduced their chicken meat exports into the country between 2015 and 2019. The ensuing deficit has been made up by increasing poultry meat exports from EU countries. For example, the USA's share of Ghana's poultry imports declined from 48% in 2002 to 31% in 2012, 27% in 2015 and 21% in 2019 (GSS, 2020). The EU share of chicken meat import

increased from 34.8% in 2015, 40.6% in 2016, 60.6% in 2018 and 66% in 2019.

The decline in poultry exports from the USA may be due to perceived distinguishing attributes of products from other countries, existing non-tariff barriers and the bureaucracy in the process of acquiring licences for poultry meat exports (Ashitey, 2017; Asante-Addo & Weible, 2020). However, US products still enjoys price reward over commodities from Brazil, the EU and other parts of the world, as noted by Zamani *et al.* (2021).

In Ghana, most imported poultry meat comes in the form of frozen chicken, and cut-portions from the European Union (EU), Brazil, USA, and other parts of the world. Figure 4 shows the top four forms in terms of quantity and products from imported countries. The category of forms includes: fresh or child cuts and offal, fresh or chilled whole chicken, frozen cuts and offal, and frozen whole chicken. The imported cut parts includes: chicken backs, necks, rumps, wing and feet, whilst the offal is composed of gizzard, heart and liver. The figure reveals that nearly 98% of chicken meat imports in Ghana are frozen cuts and offal products.

Figure 4: Trends in Poultry Product Imports to Ghana

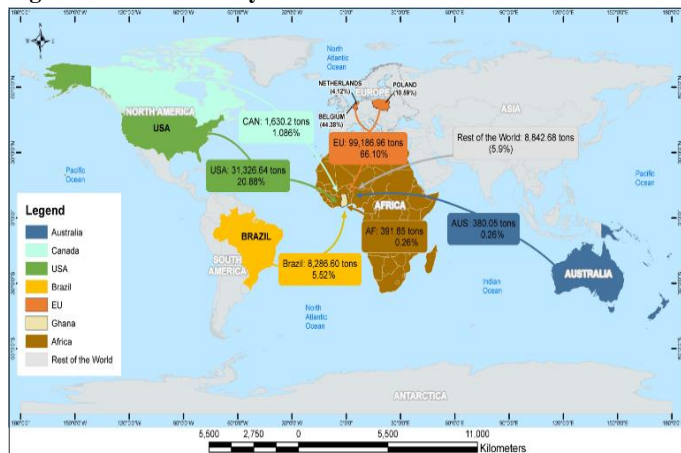


Source: GSS, 2020

In 2019, about 147,806 mt out of 150,044 mt were frozen cuts and offal products. Other products such as fresh chicken fresh whole fowl, and frozen whole fowl constitute 2% of imports. This also reflects the high demand for these products because it is ready to be used by consumers. Further analysis from Figure 5 reveals that nearly 94% of Ghana's chicken meat imports from the EU in 2019 come from three countries consisting of Belgium (71.9%) Netherlands (16.08%), and Poland (6.26%). Similarly, these three EU countries: Belgium (44.38%), Netherlands (10.59%), and Poland (4.12%) make up 59% of all poultry meat exports to Ghana in 2019. Other major countries exporting chicken meat to Ghana are US (20.88%), Brazil (5.52%), Canada (1.08%) and Australia (0.26%). Poultry import from the EU has increased exponentially within the past five years.

In 2019, Ghana imported Chicken meat amounting to 392 million USD of which 61.14% was received from the EU (239 million USD). Chicken import from the US and Brazil was valued at 89 million USD and 28 million USD accounting for 22% and 7.38% of the total import value to Ghana in 2019.

Figure 5: Global Poultry Trade Flows to Ghana in 2019



Source: Authors depiction from GSS Data

Imports from other countries including Canada and Australia are valued at 34 million USD, accounting for 7.49%. Ghana's trade with other African countries including Kenya (0.45Mt), Namibia (50 mt), South Africa (214.2 mt), Togo (74.8mt), and Tanzania (53Mt) account for only 0.26 % of total poultry import to Ghana between 2015 to 2019. Official data from FAO revealed that only 27mt of chicken meat is re-exported from Ghana to other African countries in 2019.

Conclusion

This study confirmed high demand for chicken meat in Ghana, which is currently being met by import (about 80%) from high-income countries including Belgium, US, Brazil, Poland, and the Netherlands. Most of these chicken imports are in the form of cut parts such as rumps, wings, legs, back, and offal, making them cheap and ready to use.

Despite the imposition of about 35% increase in tariffs on imported chicken meat, the study revealed that imported chicken parts tend to be 27-30% cheaper than locally produced chicken. The cheap imported chicken meat has negatively affected the domestic production, making them uncompetitive for profit gains. Findings further showed that though there is some preference for domestic poultry meat, this does not translate into actual purchase decisions due to preference for handier chicken and ready to use products.

Recommendation

The paper recommends that poultry sector development policies to boost local production must prioritize investment in poultry meat processing infrastructure (slaughter, cutting

into parts, packaging), storage (refrigeration systems), and marketing. This will encourage private sector participation in the poultry value chain. It is further recommended that policies meant to reduce chicken meat import volumes that jeopardizes prices of local poultry meat may additionally be focused on other non-tariff measures such as licenses, allotments, trade embargoes, foreign exchange restrictions, and import depositaries.

Additionally, local producers should focus attention on ensuring processing of local meat into parts with branded packaging. However, these interventions must be accompanied by a comprehensive study that aimed at understanding the demand and purchasing pattern of high and middle-income consumers in Ghana.

Further Readings

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