



DRUSSA
Development Research Uptake
in Sub-Saharan Africa



POLICY BRIEF

The Director
CSIR-STEPRI
P. O. Box CT 519
Cantonments- Accra
Tel: 0302 773856,
Fax: 0302 773068
Website: www.csir-stepri.org

**“EFFECT OF POULTRY AND RICE
IMPORTATION ON THE GHANAIAN ECONOMY”**

Conclusion

With population growth rate of less than two percent, there will be increased demand for variety of foods implying more rice and poultry meat needed. Ghana needs more policy actions that will revamp the poultry and rice sub-sectors to boost local production. The current trade policy regime does not encourage fight against dumping. However, policy makers should create the enabling environment to enhance performance of value chain actors.

Recommendations

The following strategies are suggested for the improvement of the local rice sub-sector:

- The 216 decentralized district/municipal/metro assemblies should champion food security and prioritize irrigated rice and support extension services to monitor technology adoption;
- Government should continue and enforce non-tariff and tariff barriers;
- Need more promotion on local rice; there are so many varieties – cross pollination, adopt specific varieties for promotion; and
- Increase private sector participation in the rice industry.

The following strategies are suggested for the improvement of the local poultry sub-sector:

- Utilization of unused capacities;
- Improve backyard poultry production;
- Enhance storage of inputs. National Food and Buffer Stock Company – maize, soya bean, etc. Currently, maize is procured to Burkina Faso, dried and sent back at higher price;
- Promote cassava for maize feed replacer to lower the cost of feed;
- Promote consumption of non-conventional livestock. Poultry does not only refer to chicken and as such equal attention must be given to other species such as guinea fowls, duck, etc. to help minimize the importation of poultry products
- Advocate for dietary diversification and consumer education on quality issues and health implications of imported products; and
- Amend EDIF law in 2012 to include support for poultry industry - EDAIF Fund.

Acknowledgement

We acknowledge the UK's Department for International Development (DFID) and the Association of Commonwealth Universities (ACU) for providing financial assistance and technical support respectively. We also acknowledge Dr Irene Egyir (University of Ghana and Ministry of Finance), Dr Kwame Oppong-Anane (FAO Consultant on Poultry), Dr James Attah Peprah (Lecturer, University of Cape Coast) and Mr John Nortey (Deputy Director, Statistics, Research and Information Directorate – MOFA) whose inputs constitute this policy brief.

Abstract

To contribute to finding solution to the problem of importation of rice and poultry on the Ghanaian economy, a policy symposium was organized by CSIR-STEPRI in collaboration with Ministry of Food and Agriculture (MoFA). Importation of rice and poultry has price, revenue and trade effects. With population growth rate of less than two percent in Ghana, demand for variety of foods including rice and poultry meat will increase. Therefore the 216 decentralized district/municipal/metro assemblies should champion food security and prioritize irrigated rice and small scale poultry production and also support extension services to monitor technology adoption by farmers. Importation cannot be stopped but policy makers should enforce non-tariff and tariff barriers. Policies should be intensified to increase local production of rice and poultry, promote dietary diversification and consumer education on quality and health implications of domestic food consumption.

Introduction

Local rice and poultry production in Ghana has lagged behind domestic demand. In the case of rice, domestic varieties cultivated have not kept up with changing consumer preferences toward aromatic and long-grain white rice. As a result, rice imports from South East Asia and America have grown considerably to fill the increasing demand gap for the preferred rice. Also in the case of poultry and poultry products (eg. frozen chicken), production has not been able to meet local consumption and the gap has always called for importation of frozen poultry products.

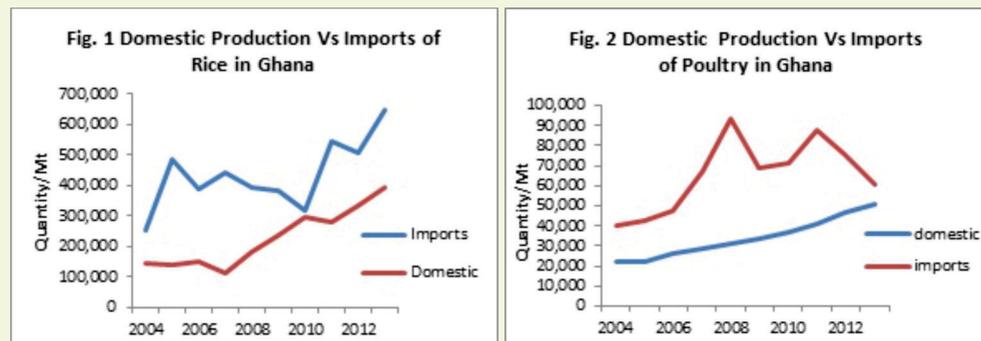
About 90% of the world rice output is produced in Asia (66% in India, Indonesia and China). Although Ghana has the right agronomic conditions for rice production, it is the West Africa's fourth largest importer of rice with per capita consumption of rice estimated at 24 kg per annum (SRID-MoFA, 2012). The per capita consumption of poultry meat was estimated at 6.5 kg in 2013 which was an increase of 54.76% from 2010. Total demand for poultry meat in 2013 was 180,540 MT while total supply from imports and domestic production was 111,771 MT, leaving a gap of 68,765 MT, slightly higher than total domestic production. Ghana cannot ban importation of rice and poultry currently but the increasing trends in importation can be reduced gradually.

To deepen the debate on the effect of importation of rice and poultry on the Ghanaian economy and find solution to the problem, a policy symposium was organized by CSIR-STEPRI in collaboration with Ministry of Food and Agriculture (MoFA). This policy brief synthesizes the proceedings from the policy symposium which provided the platform for a fruitful engagement among the main policy actors, academia and all the relevant stakeholders. The policy symposium is one of the activities under the Development of Research Uptake in the sub-Saharan Africa (DRUSSA) Project funded by DFID. The Association of Commonwealth Universities (ACU) in London has oversight responsibility for the execution of DRUSSA.

The Effects of Importation of Rice and Poultry

The world is a global village and no country can only eat what it grows. Therefore trade is natural and with trade liberalization consumer preference is freely expressed.

Again, with Economic Partnership Agreement (EPA) and limitations on tariff and non-tariff barriers, Ghana cannot ban importation of rice and poultry entirely. For rice, both imports and domestic rice production are increasing. But production is still low compared to imports which are still rising (Figure 1). The price of local rice is fairly stable but the price of imported rice is increasing. Yet urban consumers prefer the imported rice due to its superior quality and taste.



Source: Author's compilation, Data from SRID/MOFA.

The growth of the domestic poultry production (Figure 2) has been slow primarily due to the high cost of production (feed, drugs), inefficient production methods and limited knowledge of modern poultry management among others.

Government of Ghana (GoG) has embarked on a number of projects and policies to improve the poultry sub-sector. These include the Ghana Broiler Revitalisation Project, 40 percent compulsory local purchase by importers, CSIR-ARI ARIBRO Project, Cockerel Project, SADA Guinea Fowl Production Project and CIDA-ARI Guinea Fowl Study. However, there are capacity issues and constraints.

Poultry farmers can be categorized into commercial large, medium and small scale. In terms of domestic poultry production in Ghana, commercial large scale constitutes 5 percent, commercial medium scale 20 percent and commercial small scale constitutes 75 percent. There are about 8 hatcheries producing 60% under capacity due to low demand. The poultry industry in Ghana is constrained by the following:

- High cost of production (chicks, feed, drugs and vaccines),
- Power outages and high cost of utilities;
- Disease outbreaks;
- Inefficient production methods;
- Low extension officer to farmer ratio;
- Lack of processing facilities;
- Poor packaging and storage;
- Lack of finance and insurance; and
- Competition with imported poultry products (30-40% cheaper).

Ghana launched the National Rice Development Strategy (NRDS) for the period 2009-2018 in May 2008. The main objective of the NRDS is to double domestic production by 2018, implying a 10 percent annual production growth rate, and enhancing quality to stimulate demand for locally produced rice. However, rice production in Ghana is still faced with challenges such as lack of standardization; low quality of rice seedlings; inadequate machinery and equipment; inadequate chemicals and fertilizers; and high cost of production attributable mainly to high interest rates charged by commercial banks on loans.

Importation of rice and poultry products has several implications for Ghana including price, revenue and trade effects. The country spends huge amounts of hard earned foreign exchange to import rice and frozen chicken which can be produced locally. It is estimated that Ghana spent over US\$200 million on the importation of frozen chicken in 2012 and US\$ 392 million on importation of rice in 2013. The consequences could be serious for high budget deficits. It also impacts negatively on employment. As local poultry production falls, a lot of direct jobs are lost. Again, other supporting businesses in the value chain like haulage, feed manufacturing, processing, input supplying and marketing are not able to expand to employ more people.

Local producers of rice and poultry produce at relatively high cost compared with foreign producers that produce on large scale. The unit cost of imported rice and poultry are thus lower than those produced locally. Imported poultry products tend to be 30-40 percent cheaper than locally produced chicken. This brings unfair competition which eventually has the potential of collapsing the local industry.

Fiscally, tariffs on rice and poultry importation are sources of government revenue. But from development point of view self-reliance is a pre-condition for sustained economic growth. Thus, Ghana cannot continue to rely on importation of foods since it increases the import bill, negatively affects employment, increases inflation and breeds unfair competition.

Qualitatively, some consumers have switched completely from local to imported rice as a result of taste and quality characteristics. But in the rice growing areas, majority of household members eat only local rice. In the case of poultry many consumers of local chicken have added on the imported chicken but most young household members are unable to differentiate between locally produced and imported poultry. Chicken parts are preferred due to affordability.

Producers of rice have increased production but technology adoption has been slow. Product improvement to mimic quality of foreign rice has also been slow although cooperatives are investing in processing machines. In the case of poultry, small scale farmers increased production and kept trusting while some large scale poultry farmers pooled out. Again the pace of technology adoption and product improvements to mimic foreign packaged poultry products in Ghana has been slow.