

Imported chicken meat in Ghana: A threat for domestic producers and a blessing for consumers?

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1 Introduction

Ghana, as many other African countries, imports large quantities of frozen meat products, such as poultry, from overseas. As this trend rises, together with critical discussions about food security, the role of chicken exports from Europe to African countries has become an intensively discussed topic (e.g., Mari 2015). It is often argued that imported chicken products are lowering or impeding domestic production due to increased competition in Africa. Particularly those parts of slaughtered animals are of concern that are less often consumed in high income economies (e.g., chicken wings and wing tips, or necks) and therefore sold at low prices to African countries. It is further argued that, as a consequence, African countries such as Ghana are highly dependent on poultry meat imported from developed countries. In this context the EU agricultural and trade policies are often criticized.

One important issue that is rarely addressed in discussions on this subject is the situation on demand side and especially the impact on consumer preferences in those developing countries, which import large quantities of meat. In Ghana, poultry meat is the most consumed meat and highly preferred. Since the country experienced a strong economic development and population growth in recent years (USDA 2015a,b), the relevance of meat for consumption is expected to continue. .

Thus, the objective of this paper is twofold: First, the paper aims to give an overview of recent and expected developments in meat production, demand and trade of Ghana. Second, the consumer perceptions and preferences regarding chicken meat and the single product attributes that determine their choices are analyzed.

The paper is organized as follows: Section two provides some background information about the poultry sector in Ghana. Recent developments in production, consumption, trade, and trade policies are described based on statistical database. By applying the MAGNET model, section three shows what trends in meat production and trade can be expected in the coming years. In section four a literature review on consumer preferences for poultry meat and the determinants hereof is provided. Particularly the questions of, “Is imported chicken meat popular among consumers in Ghana? If yes, what are the reasons for the popularity?” are addressed. In addition, a conceptual approach for analyzing the demand for poultry meat is presented in this section. The paper ends with a conclusion .

2 Current situation of the poultry sector in Ghana

2.1 Production

Since the middle of the 1980s Ghanaian production of poultry meat and eggs has grown continuously, except from a drop in production in 2009. At least, around 51,000 tonnes of poultry meat was produced in 2013.

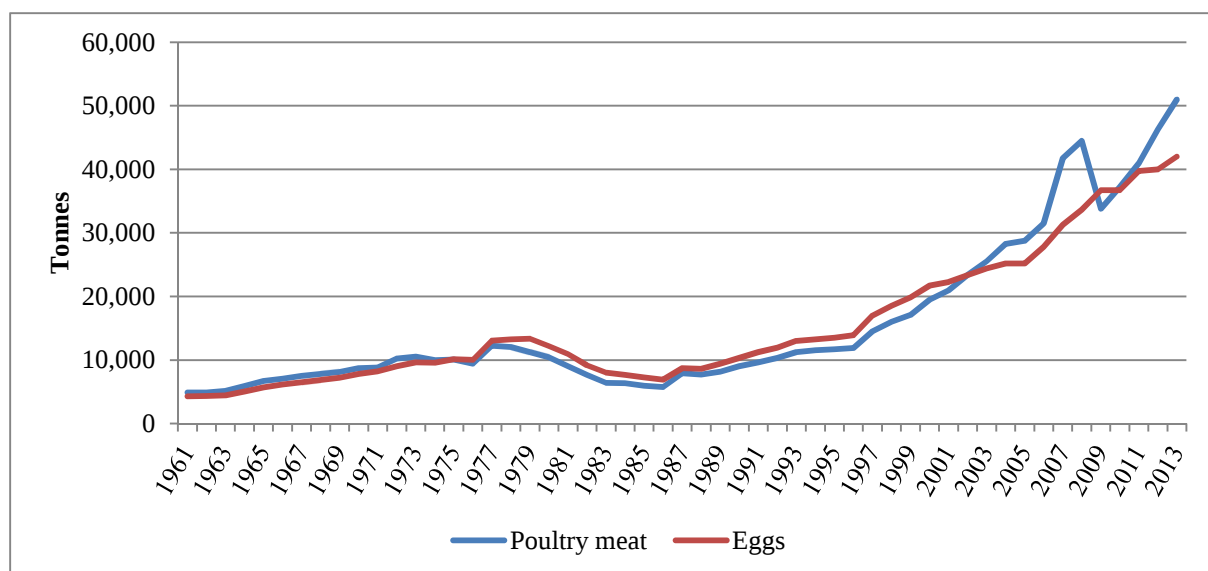


Figure 1: Poultry production of Ghana
Source: Illustration of data from FAOSTAT 2015.

2.2 Trade

As illustrated in Figure 2, poultry imports of Ghana have also risen in recent years. Within the time period considered, this growth was not continuously since imports decreased initially between 2003 and 2005. Afterwards import quantities rose far above the initial level of 2003. Overall, a growth of 102 % within the time period is observed.

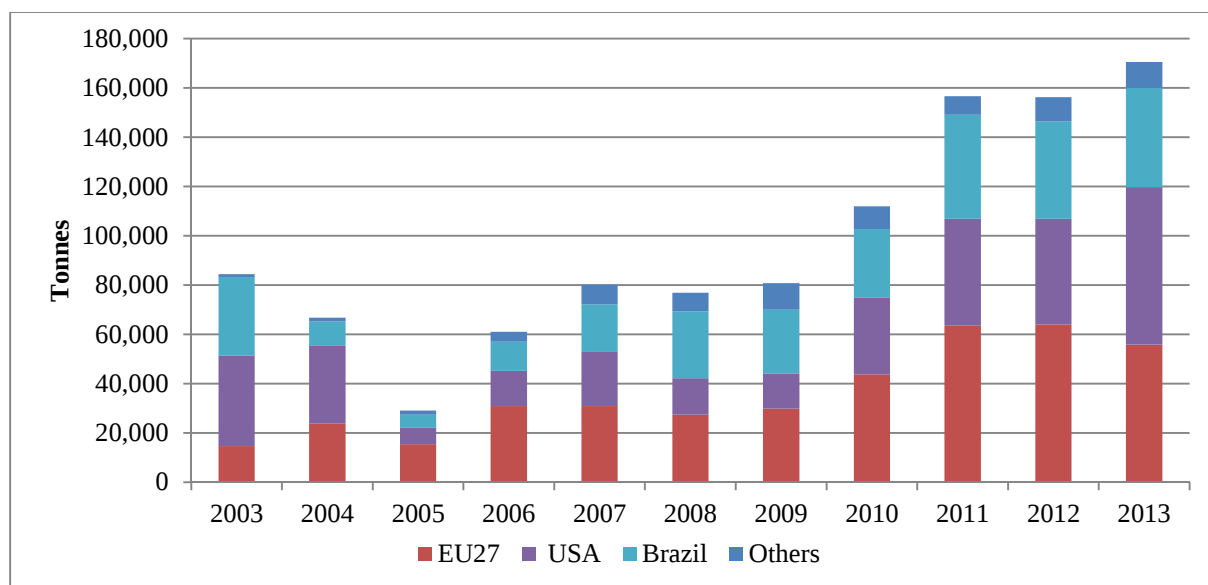


Figure 2: Poultry imports of Ghana
Source: Illustration of data from UN Comtrade 2015.

In 2013, Ghana imported about 170,600 tonnes worldwide, of which 68,800 tonnes go back to the USA, 55,900 tonnes to the European Union and 40,200 tonnes to Brazil. A relatively small share comes from other countries. From the European Union's view, Ghana is one of its top export

destinations in Africa. Higher quantities of poultry meat are only exported to Benin and South Africa. Especially in the last 10 years exports to these countries increase by over 200% (UN Comtrade 2015).

Compared to poultry meat imports, the import of pig meat to Ghana is virtually non-existent. The share of pig meat in poultry and pig imports overall is less than 1 % in regard to the import quantities and values in recent years (UN Comtrade 2015). This is different at the production side. Here, the share of pig meat accounts for a share ranging between 27 and 35 % in recent years (FAOSTAT 2015).

2.3 Commodity balance

Overall, total consumption and imports of poultry meat in Ghana have risen since 2010 by more than domestic production (Figure 3). The self-sufficiency rate was at 23 percent in 2013. The majority of poultry meat available for the Ghanaian population consisted of imports. Exports were marginal in the time period considered. In 2013, imports of poultry meat were three times higher than domestic production.

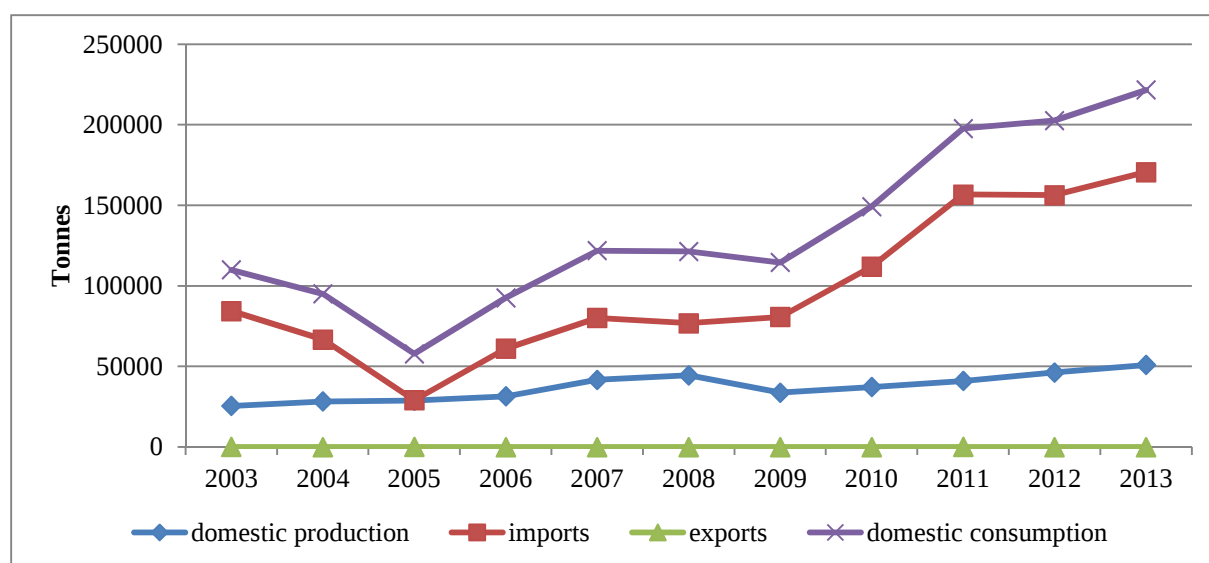


Figure 3: Supply balance for poultry meat in Ghana¹⁾

1) Meat and edible offal of the poultry according to the heading 0207 of the Combined Nomenclature. Source: Illustration of data from FAOSTAT 2015 (domestic production) and UN Comtrade 2015 (imports, exports).

2.4 Trade policies

Ghana applies a tariff of 20% on all imports of poultry products (fresh or chilled). According to WTO rules it would have been possible to increase this tariff to 100% (see Table 1). Compared to other African countries this tariff rate was relatively high. E.g., SSA-countries applied an aggregated tariff on poultry products of 6.7% and LDCs of 15%.

Table 1: Import tariffs on EU28 poultry exports¹⁾

	applied tariff	bound tariff
Ghana	20%	100%
South Africa	1.3%	74%
Benin	20%	60%
Sub Saharan Africa	6.7%	80%
LDC	15%	63%

1) Trade weighted aggregated import tariffs for tariff line HS 0207 (meat and edible offal of poultry, fresh, chilled or frozen).

Source: Own calculation based on ITC tariff data 2011.

Only recently, a new tariff policy for poultry come into force in Ghana since Ghana is part of the Economic Community of West African States (ECOWAS) made up of 15 member countries that are located in the Western African region. A key element of the community's trade policy is the ECOWAS Trade Liberalization Scheme (ETLS), which aims of progressively establishing a customs union. Therefore, on January 1st, 2015, a Common External Tariff (CET) was implemented. All member countries will be collecting a uniform tariff at all borders in the sub-region. The CET covers a fifth band of 35 % for products considered most sensitive such as meat (also including poultry), yoghurt, eggs, processed meat, cocoa powder and chocolate, tomato paste and concentrate, soap and printed fabrics. The member states have a five year window for implementing the agreement (ECOWAS 2015). On February 1, 2016, the Common External Tariff came into force for Ghana (ECOWAS 2015). Since then, poultry imports face a 35 % duty and will be excluded from liberalisation steps in the next years.

In February 2014, West Africa and the European Union also concluded the negotiations for an Economic Partnership Agreement (WA-EU EPA). The EPA covers goods and development cooperation. While the EU opens its market completely from day one, West Africa will remove import tariffs only partially over a 20-year transition period for three out of four categories of products. That means, West Africa has excluded all the products which are considered most sensitive and currently face a 35 % duty under the ECOWAS Common External Tariff (Council of the European Union 2014, European Commission 2015).

3 Consumer preferences for poultry meat

3.1 Literature review

Results of empirical studies conducted among Ghanaians, who regularly purchase poultry meat, contribute to understand those factors that have driven consumers' demand in regard to poultry meat in the last decade. Overall, 7 article are analyzed for this purpose. One study considered within the review relies on revealed preference data. That is, data relate to information of consumer purchases that have actually taken place. All other studies used stated preference data for their analysis. The number of respondents interviewed or questioned range from 50 to 500. It is also worth mentioning that all consumer surveys considered within this review, except for one, had been carried out during the last five years in large cities of Ghana such as Accra and Kumasi or, respectively, in urbanized areas. Sample selection is partly representative for the specific region and partly respondents are randomly chosen. Hence, results presented and discussed in the following reflect not preferences of all consumers in Ghana.

In general, the review of empirical studies show that on consumer side strong preferences for imported chicken meat exist, which is mainly due to its convenience and low prices (Al-Hassan 2014, Banson et al. 2015, Kwadzo et al. 2013). While not all studies indicate that price is the most important factor in purchase decision regarding imported chicken meat (e.g., Woolverton and Frimpong 2013), there is consensus about the importance of the convenience attribute. Chicken parts sold frozen or chilled were seen as most convenient in contrast to chicken sold as dressed whole or live birds.

When consumers have the choice between imported and locally produced poultry meat, different outcomes are observed across the studies considered. In the survey of Woolverton and Frimpong (2013), which was conducted among urban consumers in Accra, 28.3 % of respondents preferred Ghanaian chicken meat. This picture changes somehow, dependent on the type of market considered. Looking only on those consumers, who purchase their poultry at traditional markets, the share of respondents who prefer local meat rises to 48 % (Woolverton and Frimpong 2013). Further, a survey among rural Ghanaians shows, for example, that 76.6 % of respondents prefer local chicken meat over imported ones (Kwakwa 2013). One possible explanation for these large differences detected could be traced back to the differences in respondents' circumstances (e.g., urban vs. rural living, purchase done at traditional vs. modern market) or even to different survey designs (e.g., type of questioning). A further possible explanation might be that the reasons for buying poultry meat strongly differ between imported and domestically produced chicken meat, and that the purchase decisions are rather independent from each other.

Overall, factors that have been analyzed so far to influence consumer preferences for poultry meat are the taste, price or affordability, level of freshness/type of storage, presentation form/package form,

poultry producer, country of origin and the knowledge of origin, patriotism, availability, proximity, expire date, fattiness and tenderness, perceived quality and quantity. By analyzing the reasons for buying poultry meat, it becomes apparent that imported poultry meat is popular for reasons that are completely different to the qualities of domestically produced poultry meat. For instance, results of the consumer survey undertaken by Kwakwa (2013) show that consumers prefer local poultry meat for its quality, taste and tenderness, whereas imported poultry is preferred due to its availability and affordability. Kwadzo (2013) also comes to similar findings by comparing domestic and imported broiler meat attributes within a consumer ranking. Accordingly, local broiler meat is rated higher in regard to the taste attribute than imported meat, whereas imported broiler meat get higher scores in regard to the attributes price, packaging, form of the meat, availability and proximity of access options (Kwadzo 2013). Freshness, taste and origin are the reasons for preferring domestic chicken, whereas imported chicken is preferred for its offering as pre-cut pieces (Banson et al. 2015). Survey respondents, who were asked whether locally produced or imported chicken meat is of higher quality and quantity, assessed imported poultry meat with higher quantity but lower quality compared to local poultry meat (Donkor et al. 2013). The study of Egyir et al. (2012) specifically addresses the role of the country-of-origin information for consumers' preferences regarding poultry meat. Within their consumer survey, respondents had to indicate how likely it is that they will purchase meat from a defined country, whereas six countries were considered overall in the survey. Their findings show a high likelihood for purchasing domestically produced chicken meat as 71 % of respondent's prefer Ghanaian poultry, followed by poultry from the United States (56 %), European Union (48 %) and Brazil (40 %). Less likely is the purchase of meat from China and Korea (Egyir et al. 2012).

A first conclusion is that domestically produced and imported meat is both accepted, and preferences are determined by different product qualities. That is, imported and local poultry meats might be perceived and used as different products by Ghanaian consumers, and consumers might buy one of these products not as a substitute of the other one. Egyir et al. (2012) also mentioned this possibility that domestic and foreign poultry meat is not homogeneous in consumer choice. The popularity of imported chicken meat in Ghana seems to be predominantly determined by its availability as pre-cut parts, which cannot be found at locally produced chicken products to a comparable extent (Banson et al. 2015). This implies that demand is not per se driven by the fact that it is imported. But there might be a growing demand for specific product attributes, which are usually provided by imported poultry meat.

The assumption could be supported by the differences reported for the sales environment of imported and locally produced chicken meat. The local product is mostly purchased as live (Egyir et al. 2012), or as whole-dressed fresh chickens. Imported products are mostly available as frozen parts (Al-Hassan et al. 2014). Further traditional markets are differentiated from modern markets as they are

characterized by the sale of live birds. In contrast, modern markets only sell processed broiler meat products (Woolverton and Frimpong 2013).

4 Conclusion

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