

Food Processing Equipment/Packaging: Market Analysis for Business Opportunities

Trade Mission, 2017



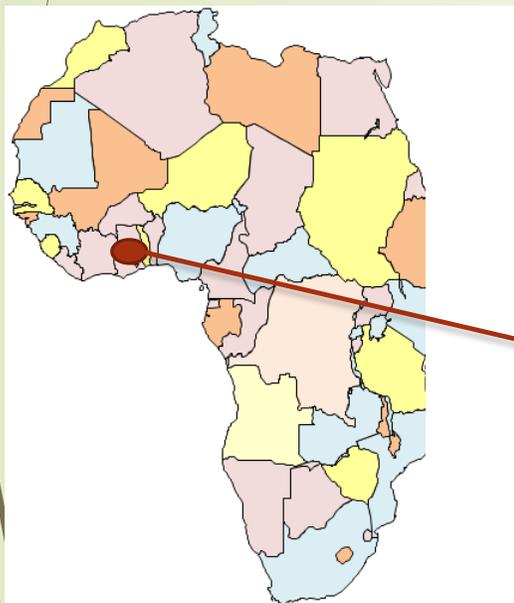
Josephine Ecklu, Policy Officer, Agribusiness
Embassy of the Kingdom of the Netherlands, Ghana
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Menu of my presentation

- **Economy of Ghana-Outlook/ Ghana at a Glance**
- **Why this Mission?**
- **Scope of the Mission**
- **Food & Agriculture Sector /The Food Processing Industry**
- **SWOT Analysis**
- **Competition Analysis & Opportunities**
- **Conclusion/Recommendation**



Economy of Ghana-Outlook/ Ghana at a Glance



Location Capital 10 Administrative regions	West Africa Accra
Population (2015 estimate) Urban Population (% of total)	27.67 million
Official Language	53.2% English
Climate	Tropical
GDP current : million/\$- September 2013 estimate) Agriculture to GDP (2013)	44,154 21.3%
Growth rate (2014)	7.3%
Inflation	13.3% (1 st quarter 2017)
#Total Land Area (T.L.A.) (hectares), Agric. Land Area	23,884,245 55.9%

Why this Mission?

- **Modernization of the agriculture in Ghana by strengthening value chains (i.e. productivity, quality, sustainability and market-oriented agriculture)**
- **Private sector is seen as the lead and financier while government's role is = enabling environment.**

Government's policy:

- **"planting for food and jobs"**
- **"one district one factory" and private sector development**



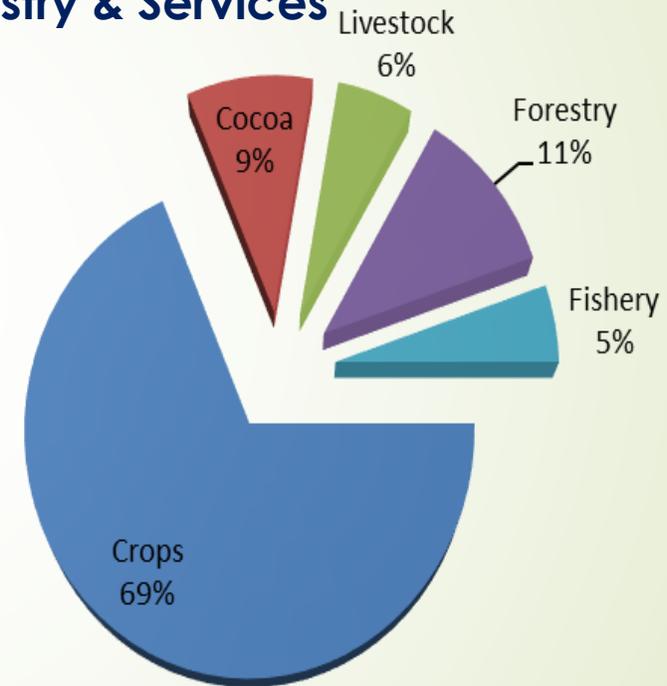
Scope of the Mission

- Aquaculture
- Fruits and Vegetables
- Poultry



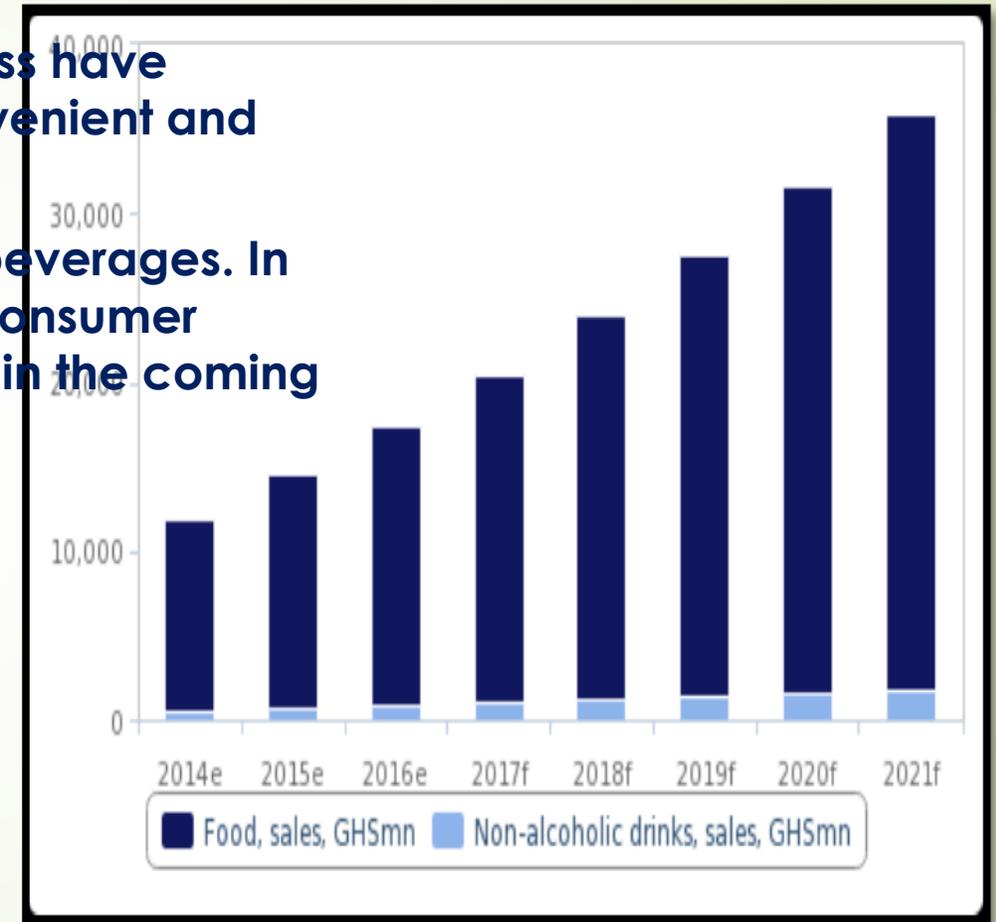
Food & Agriculture Sector /The Food Processing Industry

- **Gross Domestic Products based on Agriculture, Industry & Services**
- **Agriculture : Mainstay of the economy**
- **Employs about 47% of the population**
- **Regulators : Ministry of Food & Agriculture
Ministry of Trade & Industry**



Food & Agriculture Sector /The Food Processing Industry

- Furthermore, rapid urbanisation and an evolving middle class have triggered food consumption pattern and a demand for convenient and quality foods.
- Ghanaian's spend about 41% of their income on food and beverages. In 2013, total sales of packaged foods was US\$ 1,276 million, consumer packaged goods are expected to boost their market value in the coming years by CAGRs of between 13% and 16%.





Changing demographics, rise in disposable income

Increase spending on processed food products, increase urbanization lifestyle

Food Processing equipment demand drivers

rising demand for quality food

increase in modern supermarkets

SWOT Analysis

➤ Strengths

- High domestic consumption market
- Different crops offering potentials for processing
- Competitive labour force
- High demand for high quality foods and convenient foods





➤ Weaknesses

- Low availability of raw materials (all year round) , Increased price of raw materials
- Inadequate infrastructure
- High cost of capital (Interest rates 30-40%)
- quality assurance, Poor packaging
- Low technical skills



SWOT Analysis

➤ Opportunities

- Increase in consumption of convenient foods by Ghanaian consumers which is driving the demand in processed foods
- Increase in middle income earners.
- Government incentives such as tax relief



➤ Threats

- Traditional preference for freshly cooked food especially in rural areas.
- Affordability
- Erratic power supply
- High supply chain cost



Competition Analysis & Opportunities

Overview of the Food Processing Machinery Market/ Competitive landscape and key vendors

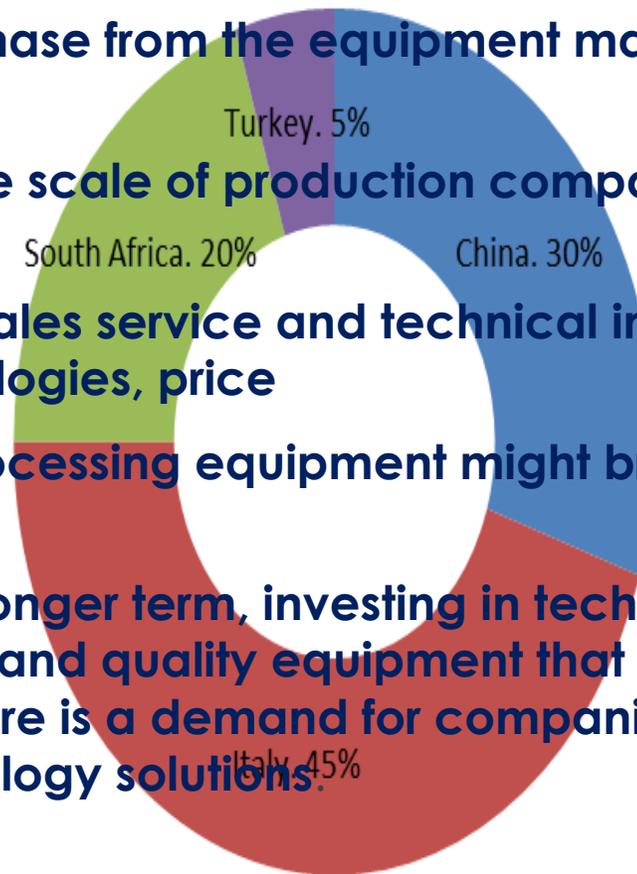
- According to the Index mundi, Ghana industrial growth rate (2015) is estimated at 4.5%,
- total exports stands at \$10.75billion and imports at \$13.42billion.
- Emphasis is being placed on shifting from raw exports to processed products.
- The Food Processing industry is expected to grow by 16.3% between 2015-2020
- The industry operated mainly by Small to Medium Scale enterprises (SMEs) primarily consisting of the following segment: Fruits & Vegetables, Poultry, fish, cereals and grains, nuts & oil seeds, and roots & tubers.
- SMEs: 85% of employment and contribute 70% to Ghana's Gross Domestic Product (GDP) Most food industries are located in Accra and Tema
- Ghana is an Emerging Market

Competition Analysis & Opportunities

- **Essential:**
- **to increase the competitiveness of the food processing industry, in meeting required food quality standards for consumers locally and internationally as well as improving capital efficiency, processors must invest in upgrading of their food processing equipment and as well as invest in innovative packaging**
- **Capital efficiency:**
- **Issues of equipment sizing (dependent on throughput) leading to low return on assets, low capacity utilization.**
- **Appropriate Technology**

Competition Analysis & Opportunities

- Almost all equipment is imported (GRATIS Market Share
- distributed through direct purchase from the equipment manufacturer or agent.
- low pricing and suitability to the scale of production compared to other rival sources.
- Problems; minimal or no after sales service and technical innovation Europe high quality, up to date technologies, price
- Short-term, low quality food processing equipment might bring both cost reductions and some gains.
- To remain competitive on the longer term, investing in technological innovations in food processing and quality equipment that supports the development of the nation. There is a demand for companies who can offer turnkey equipment and technology solutions.



Government Programmes

Export Development and Agriculture EDAIF-EXIM

Investment Fund

Venture Capital Trust Fund VCTF

Microfinance of Small loans centre MASLOC

Ghana agriculture Insurance GAIP

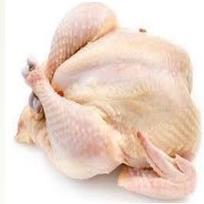
Programme

Rural Development fund DANIDA

Competition Analysis & Opportunities



- Ready-to-Eat (RTE) fruits and vegetable salads,
- 4.8million Litres of juices is produced only about 10% of the total juice market,
- US\$675million , vegetables out of a total of cropsUS\$6.4billion
- fruit and vegetables juice extractors, smoothie makers, washers, cutters, peelers, blanchers, **Cold storage, packaging**



- annual average of about 6% in consumption of chicken
- National demand of 175,000MT as reported in 2013
- imports (from 13,000MT to over 155,000MT between 2000 and 2011) at a cost of US\$169million
- the potential output is estimated at 4.4million birds , current output 2.1 million
- cutting, blending equipment, tenderizing equipment, installation, upgrading and expansion of slaughter houses, filling equipment, egg grading and sorting equipment and smoking equipment, **Cold storage, packaging**



- FAO, Tilapia farm big business globally with almost 4million MT produced in 2011
- aquaculture industry is worth US\$207million
- National per person fish consumption is estimated to average at 23 kg, much higher than the global average of 13 kg
- fish consumption is estimated at 1 million metric tonnes (MT), of which 500,000 MT local production (both marine & aquaculture)
- Minimum Tilapia processing
- gutting equipment, smokers, drying unit, packaging and cold storage, **Cold storage, packaging**

Conclusion

- the Ghanaian food processing industry has a potential sizable impact on its future activities and competitiveness. **But there are challenges!**
- these challenges could be overcome with formulation of policies that are necessary for structural transformation of the sector and introduction of these food companies to new and innovative technologies
- there is a potential market for food processing equipment that could easily be tapped into.

