

Overview: The Chamber Trade Alert is a quarterly article that provides update on Ghana's trade and market intelligence to enable members of the Chamber take advantage thereof. In particular, it focuses on profiling Ghana's competitive products towards increasing awareness and encouraging exports of these products. This article will focus on **shea butter**.

Product Description: Shea butter is a vegetable fat derived from the shea fruit of the shea tree *Vitellaria paradoxa*, which is indigenous to about 21 countries in Africa. The shea tree comes in two types based on their location: *Vitellaria paradoxa* is grown in Western Africa whereas *Vitellaria Nitotica* (a sub-specie of *Vitellaria paradoxa*) is grown in East African countries. Shea butter comes in two colours: ivory (when in its raw state); and dyed yellow.



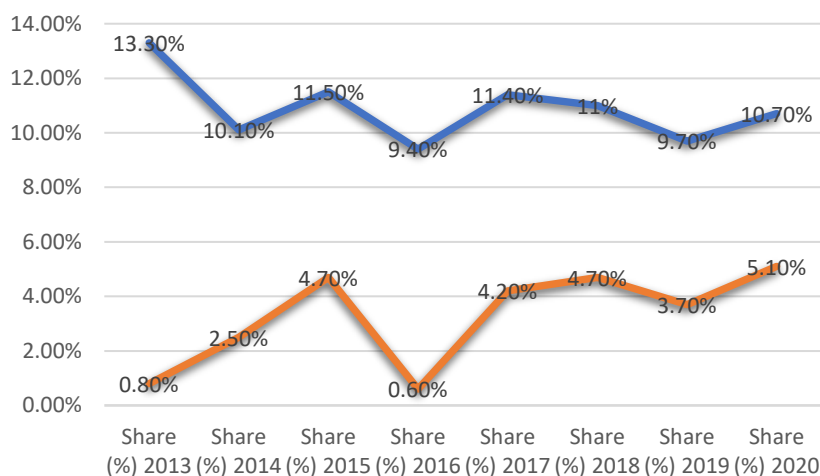
HS Code: Shea butter is traded under two major product categories as a nut or as oil. **HS Code: 151590** – Other fixed vegetable fats and oils and their fractions, whether or not refined, but not chemically modified (excl. soya-bean, groundnut, olive palm, sunflower-seed, safflower, cotton-seed, coconut, palm kernel, babassu, rape, colza and mustard, linseed, maize, castor and sesame oil). **HS Code: 120792** – Shea nuts whether or not broken, but no trade is recorded under this HS code.

Applicable trade agreement: Shea butter enjoys duty-free quota-free status under these trade agreements: Ecowas Trade Liberalisation Scheme (ETLS); Economic Partnership Agreement (EPA); Ghana-UK Partnership Agreement; Africa Continental Free Trade Area (AfCFTA) Agreement; and African Growth and Opportunity Act (AGOA). It may also enjoy reduced tariff-rate under the Generalised System of Preference as applicable in the importing country.

Health and socio-economic benefit: Shea butter is an important ingredient for a number of industrial processes in the confectionery, cosmetics and pharmaceutical industries. It is used for cooking oil, body cream, lamp fuel, medicinal preparations, among others. The fruit is a powerhouse of protein, carbohydrate, ascorbic acid, iron, calcium, vitamins, and sugar. Shea butter production is a major source of livelihood for rural women and youth in Ghana.

Major producing areas: The shea tree is mainly grown in savannah region from West Africa to East Africa. In Ghana, they are mostly found in northern savannah areas, specifically Kawampe, Nyankpala, and Paga. Ghana is currently the largest exporter of shea butter in Africa and 6th worldwide, with annual growth in value of 30 percent between 2019 and 2020.

Trade Analysis: In 2020, the shea butter market size was valued at US\$655.2 million and projected to hit US\$2,408.7 million by 2030 at 14.1 percent CAGR (Allied Market Research).



Ghana's share in global exports of shea butter

Ghana's share in value of world exports of shea butter grew from 0.5 percent in 2013 (US\$ 11.18 million) to 5.1 percent in 2020 (US\$ 113.7 million). The period recorded consistent growth with the exception of 2015 and 2018 which saw a decline, with the former being steeper. Since 2019, Ghana has been contributing almost half of Africa's share in value in world's exports of shea butter (Figure 1).

Ghana's growth in shea butter is largely driven by its increasing use as personal care product because of its high concentration of vitamin A and sterol, high melting point, and low concentration of oleic acid. In addition, there have been initiatives, at the local and international levels, to support shea butter production.

Figure 1: Share in value in world's exports of shea butter

Source: ITC

Ghana's top 5-leading markets for shea butter

Ghana's major trading partners for shea butter are Netherlands, Belgium, Malaysia, Denmark, United States of America, and Switzerland (Table 1 & Figure 2). Between 2012 and 2019, the cumulative export value and export tonnage amounted to US\$ 306.5 million and 263,118 tons respectively. Malaysia holds about a third (31.6%) of Ghana's export value of shea butter followed by Netherlands (28%) and Denmark (16.3%). In terms of exported quantity, Netherlands holds majority (50.5%) tonnage of Ghana's shea butter followed by Malaysia (25.5%) and Denmark (16.9%). The data suggests that Ghana's shea butter is attractive to Europe, Asia, and America with Europe as the lead-market.

Table 1: Ghana's top 5-leading markets for shea butter (export values in US\$ '000)

Lead Markets	2012	2013	2014	2015	2016	2017	2018	2019
Netherlands	\$5,672.00	\$10,371.00	\$12,913.00	\$12,323.00	\$5,278.00	\$16,918.00	\$11,832.00	\$10,665.00
Belgium	\$50.00	\$6.00	\$2,183.00	\$4,189.00	\$13.00	\$10,421.00	\$13,525.00	\$21,776.00
Malaysia	\$0.00	\$0.00	\$4,520.00	\$17,409.00	\$0.00	\$30,024.00	\$31,809.00	\$13,159.00
Denmark	\$0.00	\$0.00	\$6,754.00	\$3,401.00	\$0.00	\$7,830.00	\$23,716.00	\$8,319.00
United States of America	\$459.00	\$389.00	\$989.00	\$973.00	\$972.00	\$929.00	\$985.00	\$3,296.00
Switzerland	\$0.00	\$0.00	\$0.00	\$655.00	\$0.00	\$1,039.00	\$3,201.00	\$7,586.00

Source: ITC

■ Netherlands ■ Belgium ■ Malaysia ■ Denmark ■ USA ■ Switzerland

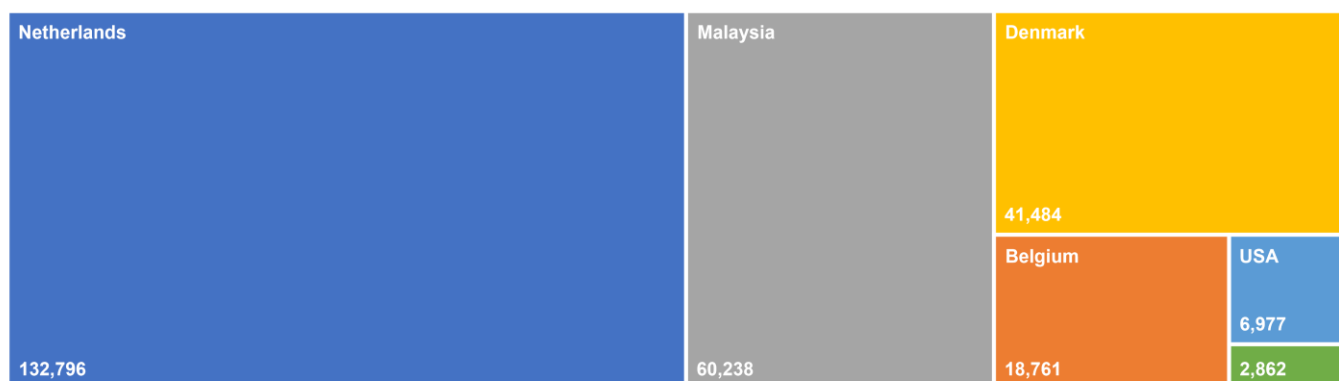


Figure 2: Ghana's top 5-leading markets for shea butter (exported quantity, tons)

Source: ITC

Ghana's top 5-competitors for shea butter

Ghana's major competitors for shea butter are Burkina Faso, Togo, Kenya, Benin, and Côte d'Ivoire with a combined export value of US\$ 46.9 million, accounting for 61.4 percent of Ghana's export value (Figure 3). In particular, Burkina Faso and Togo each holds less than a quarter of Ghana's exports of shea butter. Ghana's untapped potential of shea butter is more than double (59.7%) its five competitors. Similarly, Burkina Faso and Togo each holds less than a quarter of Ghana's exports of shea butter.

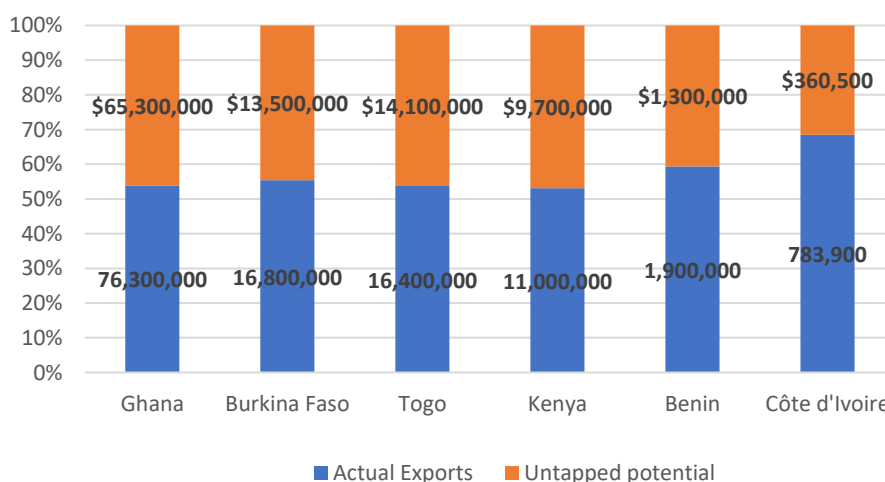


Figure 3: Ghana's top 5 competitors for shea butter

Source: ITC

Shea Butter Processors in Wa, Upper West: The following are shea butter processors who are member-firms of the Wa branch of the Ghana National Chamber of Commerce & Industry:

- HS Mwinbimbo Enterprise
- Sungbawiera Shea Butter Process Association
- Wuoyiri Try and See Co-operative Farmers and Marketing Society
- Yipaala Women Shea Butter Group
- Faisal Mukhtar Enterprise
- Agriaccess Company Limited
- Akoro Shea Butter Process Group

Conclusion

The global Shea butter market will continue to be driven by its domestic and industrial (cosmetic and food) uses. In addition, there is increased health-conscious, leading to a growing demand for plant-based ingredients in the cosmetic industry, coupled with rise in online sales in remote areas. These determinants remain critical to driven growth of the global shea butter market.

Ghana remains the largest exporter of unrefined shea butter and there is need to strengthen its industrial base to increase value addition of the product. This calls for critical investments towards building a resilient and sustainable shea supply chain.

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