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Trade Policy Review Body

TRADE POLICY REVIEW

REPORT BY THE SECRETARIAT

GHANA

This report, prepared for the fourth Trade Policy Review of Ghana, has been drawn up by the WTO Secretariat on its own responsibility. The Secretariat has, as required by the Agreement establishing the Trade Policy Review Mechanism (Annex 3 of the Marrakesh Agreement Establishing the World Trade Organization), sought clarification from Ghana on its trade policies and practices.

Any technical questions arising from this report may be addressed to Jacques Degbelo (tel.: 022 739 5583) and Catherine Hennis-Pierre (tel.: 022 739 5640).

Document WT/TPR/G/298 contains the policy statement submitted by Ghana.

Note: This report is subject to restricted circulation and press embargo until the end of the first session of the meeting of the Trade Policy Review Body on Ghana. This report was drafted in English.

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SUMMARY

1. Since Ghana's last Trade Policy Review (TPR) in May 2008, the country's well-functioning democratic institutions, its rich natural resources, and good governance have helped attract foreign investment and contributed to strong economic growth. Its social policy has focused on health and education and the fight against poverty. These efforts have led to impressive improvements in Ghana's income per capita, to around US$1,600 in 2012, and in its Human Development Index. Nevertheless, over a quarter of the population still lives below the poverty line of US$1.25/day. Thus, the challenge is to maintain the current economic expansion but ensure that greater benefits accrue to the poor so as to reduce inequalities.

2. Ghana's macroeconomic performance has been rather mixed. In recent years, expansionary fiscal and monetary policies have again led to unsustainable budget deficits, followed by a massive currency depreciation and annual inflation exceeding 10%. In particular, Ghana has not met several of the primary convergence criteria for the planned ECOWAS West African Monetary Zone (WAMZ) between six ECOWAS Members that do not participate in the West African Monetary Union; under the WAMZ, the Ghanaian cedi would be tied to a common regional currency. In July 2013, the Government attempted to moderate the growing deficit through tax increases, particularly on trade. The share of taxes on international trade has risen to 4% of GDP and to over a third of fiscal revenue, thus emphasizing the dependence of the Government on international trade taxation for the financing of its budget.

3. Ghana's trade has expanded dynamically. Exports, consisting essentially of three primary commodities (gold, crude oil, and unprocessed cocoa), more than trebled during the review period, to US$14 billion in 2012 under the effect of strong world prices and production increases, whilst imports grew faster still, to US$17 billion. Foreign direct investment soared to US$16 billion in 2012, from less than US$4 billion in 2007. These investments have gone mostly to the gold mining and petroleum sectors. Attracting investments into other sectors of the economy remains a policy challenge, although Ghana has worked successfully to improve its business environment. Achievements include new commercial courts; reformed land administration; and new business registration procedures. Innovative procedures have also been developed to help enforce intellectual property rights.

4. Ghana has made large investments across the country in the information and communication technology, in fibre optic broadband in particular, in order to improve its still low internet connectivity rates. The number of schools with computers continued to rise. The bandwidth price has declined significantly, and the cost of mobile communications in Ghana is among the lowest in Africa. Efforts have been made to improve both the road network and its safety. Ghana has passed laws to facilitate access of small and medium-size enterprises to private credit, which is often listed as a main obstacle to production and trade in sub-Saharan Africa. As a result, the legal rights of borrowers and lenders have both been improved, and transactions made more secure.

5. The 2013 amendment to the investment law raises the minimum capital that foreigners must invest to levels above those specified in Ghana's 1994 GATS horizontal commitments, and excludes new activities from foreign competition. It is likely to affect mainly smaller investors, particularly from the other members of the Economic Community of West African States (ECOWAS), under which free movement of persons and capital has been fully established. In 2013, ECOWAS members concluded the negotiations on a common external tariff (CET) for the region, and those on an Economic Partnership Agreement with the European Union, Ghana's main trade partner. Overall, ECOWAS integration is slow in taking hold.

6. Ghana has modified several features of its transit system since its last TPR. As a result, transit flows have nearly doubled, showing that traders respond rapidly and favourably to appropriate trade facilitation measures. However, considerable efforts are still required for trading across borders, so as to bring import and export procedures into conformity with the standards of a modern economy. Specific issues include: very slow clearance procedures; defective scanners or inefficiencies in their use; multiple destination inspection agencies that duplicate the work of customs officers; and frequent physical inspection of goods. In addition port operations are congested and expensive, resulting in long cargo backlogs and additional port charges, while numerous compliance-checking agencies slow procedures further and add to their costs. These

problems currently constitute a major bottleneck to Ghanaian companies' competitiveness, as witnessed by the relatively slow growth in cargo operations in recent years.

7. The conformity assessment procedures in place at the border for health, safety, and security reasons need to be rationalized, notably those on "high risk goods" (HRGs). The customs classification of HRGs dates from the early 1990s and is problematic, as some products are inspected twice, by both the Food and Drug Authority and by the Ghana Standards Authority. While Ghana's SPS legislation was modernized in 2012, the 1973 Standards Act does not make a clear distinction between voluntary standards and technical regulations: Ghanaian product standards on regulated products are considered as technical regulations and their imports inspected accordingly.

8. Ghana's MFN tariff was modified frequently between 2008 and 2013, when it averaged 12.8%. It consists of zero, 5%, 10%, and 20% bands, the last two applicable to more than 40% of tariff lines. Following Ghana's adoption of the HS 2012 tariff classification, the share of the 2013 tariff that is bound under the GATT/WTO increased from 14.7% to 16.3% of total tariff lines, but it remains rather low. Ghana also bound other duties and charges (ODCs) at zero on non-agricultural and most agricultural goods, but in reality numerous ODCs are applied on all imports, and their number and incidence have increased. Meanwhile, widespread tariff and other import duty exemptions schemes available in Ghana's statutes effectively allow many operators not to pay customs duties, ODCs, VAT or other taxes. About 25% of the otherwise payable import duties is forgone annually in exemptions of various sorts. This reflects inconsistencies between Ghana's economic structure and its tariff regime. The application of the ECOWAS CET could stabilize Ghana's tariff regime and address some of these inconsistencies.

9. Several schemes are in place to promote exports of non-traditional products with a view to diversifying Ghana's export base. Key programmes include market access facilitation for export companies, technical advisory services on export product development, trade information services, and export-related human resources development. The main entity is the Ghana Export Promotion Authority (GEPA), funded mainly by the Export Development and Agricultural Investment Fund, itself funded by a 0.5% levy on all non-petroleum imports. GEPA works in close cooperation with the UNCTAD/WTO International Trade Centre in Geneva to identify and support exports of new products. Meanwhile, claims of export duty drawback take a long time to be paid, if at all; and the fact that exports from export processing zones in 2012 were three times the cumulative levels of imports and production suggests that the regime needs to be revisited.

10. Agriculture has grown sizeably since 2007, underpinned by an appropriate policy environment and growing world prices of cocoa, of which Ghana is the world's second largest producer, with annual exports of over US$2 billion. Cocoa procurement, pricing, and exports are still under a government monopoly, which has yet to be notified to the WTO. Domestic prices of other agricultural products have grown dynamically, boosting nominal farm incomes proportionately. Ghana has met the NEPAD's objective of allocating 10% of government expenditure to its agriculture, and food output has grown accordingly, faster than population growth. The tariff, which averages nearly 16%, is the main trade policy instrument, along with exemptions from the payment of VAT on certain domestic products but not imports.

11. In contrast, growth has been sluggish in the fishing and livestock subsectors, and the performance of forestry and logging has been strongly negative in recent years, particularly in 2011 and 2012 following measures to restrict illegal activities and attempts to stem the rate of deforestation. Ghana is looking to import timber to exploit its idle wood-processing capacity. Large investments are needed to restore growth in the fishing sector, affected by illegal fishing practices, and the absence of vessel registration and a proper licensing framework. In principle, foreign participation in the fishing sector is required in the form of joint ventures with local partners; in practice, most of the fishing industry is foreign-owned.

12. Ghana is also richly endowed with gold, and exports in 2012 were valued at nearly US$5 billion, nearly three times the 2007 level, following strong rises in production and, particularly, world prices. However, in 2013, the price of gold fell by over 25%, highlighting the need for revenue stabilization mechanisms as is the case for the oil sector. The small-scale mining industry employs over 500,000 persons. Although non-Ghanaians are not allowed to engage in small-scale mining, since 2008 there has been large influx of foreign miners to exploit gold mines without licences; hundreds were arrested and expelled from Ghana in May 2013.

13. Ghana's economy has been boosted by the commencement of oil production in 2010, triggering the creation of a fourth national energy regulatory body. Ghana has also set up two sovereign petroleum wealth funds so as to manage petroleum revenues in a responsible, transparent, accountable, and sustainable manner for the benefits of the citizens. A new "Local Content and Local Participation Policy in Petroleum Activities – Policy Framework" requires operators, when advertising employment, to give preference to Ghanaians who have the requisite qualification, competence and experience, in all operations, including the award of oil blocks, oil field licences, drilling, oil-lifting licences, aviation, transportation, and catering. To be involved, foreigners must partner with Ghanaians; the latter should carry at least a 5% equity interest, reviewable at the discretion of the Minister, but that cannot be transferred to non-Ghanaians.

14. The Government also announced in January 2014 that this local participation policy would be extended to the whole energy sub-sector. Meanwhile, production came to a halt in 2013 at the state-owned oil refinery, partly for want of investment and because of low prices imposed by the Government with a view to redistributing income and smoothing out price fluctuations. In response, the Government increased ex-refinery prices of petroleum products and utilities so as to align them with import costs, thereby phasing out its fossil fuel subsidy. The downstream petroleum industry has been further deregulated, including procurement, storage, and bulk distribution of petroleum products. This should increase market efficiency, although fuel shortages still persisted in early 2014. Since 2008, Ghana has become a net and growing electricity exporter, despite frequent domestic power cuts. Total installed generation capacity is about 2,828 MW, up from 1,800 MW in 2004; generation is open to competition, but transmission and distribution are still under monopoly. The regulated price of electricity quadrupled between 2007 and 2013, the largest increase taking place in 2013.

15. Performance in the manufacturing sector has been mixed, with expanding agri-processing industries contrasting with failing aluminium production at Ghana's state-owned smelter. Export bans are in place on scrap metals to ensure inputs for the local steel mills, while import bans are in place to promote local pharmaceutical capacity. Ghana issued a detailed National Industrial Policy in 2011.

16. Few restrictions to market access are in place in the services sector, mainly in certain maritime transport, trading, and certain retail activities. The liberal environment in road transport has helped promote trade and attract investment. Similarly, a liberal regime also prevails in air transport, whereby several routes from Ghana to other countries are served by carriers from third countries, which in no small part explains the dynamism of the subsector. In financial services, a number of new foreign banks have joined the Ghanaian banking industry since 2007, and state participation has been reduced, as has the related incidence of non-performing loans.

17. In conclusion, as a result of its abundant raw materials, good governance, and policy reforms, Ghana stands out as one of the best locations for investment in sub-Saharan Africa. Among the promising sectors are agri-food processing, down-stream oil, gas, and minerals processing, as well as the energy and mining-related services subsectors. Prospects would be enhanced if the authorities undertook to tighten monetary and fiscal policies, and overhaul the import system. The responsiveness of certain activities of the Ghanaian economy to appropriate reforms suggests that other sectors could perform particularly well if the right policies were put in place.

1 ECONOMIC ENVIRONMENT

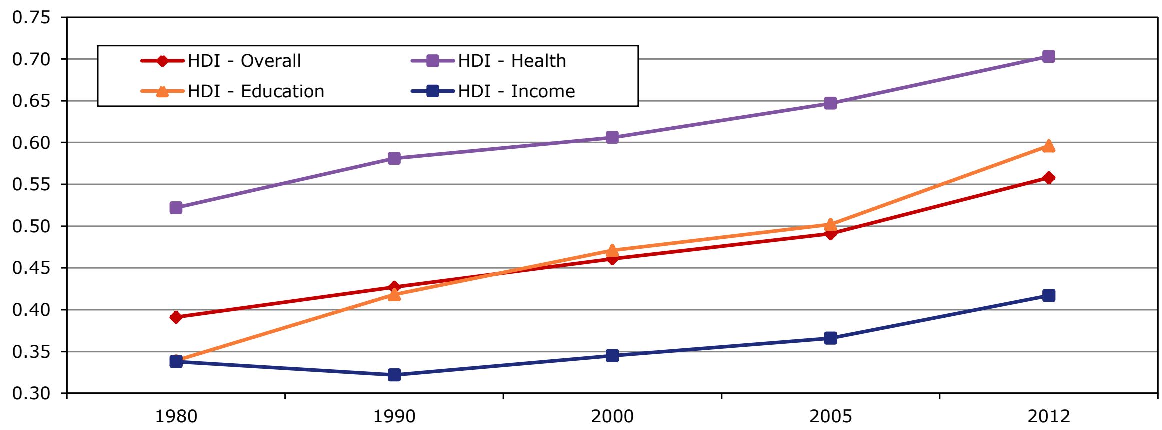
1.1 Major Features of the Economy

1.1. Ghana is located in western Africa on the Gulf of Guinea. It has an area of approximately 239,000 square kilometres, and a population of about 25 million. About 51.5% of the population live in rural communities. The main urban area is the capital city, Accra. Since 1993, the country's strong democratic institutions (section 2.1), rich natural resources and good governance have contributed to attracting foreign investment and strong economic growth.

1.2. These efforts have been followed by impressive improvements in Ghana's income per capita, and in its Human Development Index as access to education and health have also improved (Chart 1.1). Per capita income was around US$1,600 in 2012 (Table 1.1). The United Nations classifies Ghana as one of the few "medium human development" countries in the region, ranking it 135th in the world in its latest Human Development Index Report.[1] The poverty rate fell from 52% in 1991-92 to 40% in 1998-2000, and then to 29% in 2005-06, one of the best records in poverty reduction in sub-Saharan Africa. Nevertheless, over a quarter of the population still live below the poverty line of US$1.25/day.[2]

1.3. The Ghanaian economy relies on two primary sectors: agriculture and mining. Ghana is an important agricultural producer and exporter (section 4.2). It is the world's second largest cocoa producer, after Côte d'Ivoire. Ghana's economic performance therefore partly depends on climatic factors that can adversely affect agricultural output, and on movements in international commodity prices. The country is also richly endowed in gold, of which Ghana is Africa's second largest producer, in petroleum and in other minerals. These activities provide about a third of GDP (Table 1.1). Since 2007, rising gold prices as well as escalating oil prices have sharply increased the country's terms of trade and improved its economic performance. Ghana's manufacturing sector remains underdeveloped and suffers from inefficiency; it has shrunk from about 9% of GDP in 2007 to 7.7% of GDP in 2013. The services sector remains below 50% of GDP (Table 1.1).

Chart 1.1 Ghana's Human Development Index trends, 1980-2012



Source: UNDP. Viewed at: https://data.undp.org/dataset/Table-2-Human-Development-Index-trends/efc4-gjvq.

[1] UNDP (2013).

[2] The poverty rate is defined as the share of the population living on a given amount of money per day, in this case US$1.25. World Bank (2010b).

Table 1.1 Selected macroeconomic indicators, 2007-13

	2007	2008	2009	2010	2011	2012	2013[a]
GDP at current prices (₵ million)	23,154	30,179	36,598	46,042	59,816	73,109	84,776
GDP at current prices (US$ million)	24,758	28,528	25,978	32,174	39,565	40,711	41,571
GDP growth at constant (2006) prices	6.5	8.4	4.0	8.0	15.0	7.9	7.4
GDP per capita at current market price (US$)	1,099	1,234	1,097	1,326	1,594	1,605	..
Population (million)	22.5	23.1	23.7	24.3	24.8	25.4	..
	(% of GDP, unless otherwise indicated)						
GDP at constant (2006) prices by expenditure							
Consumption	92.3	94.6	91.5	93.4	96.1	96.5	..
Private consumption expenditure	81.6	83.4	78.6	79.7	78.3	79.2	..
Government consumption expenditure	10.8	11.2	13.0	13.7	17.8	17.3	..
Gross capital formation	24.1	28.9	22.8	26.2	33.0	36.3	..
Gross fixed capital formation	24.1	28.9	21.8	25.1	30.1	33.7	..
Net exports	-18.6	-23.4	-13.8	-14.5	-24.1	-28.2	..
Exports of goods and non-factor services	28.0	30.1	31.2	35.9	40.7	41.3	..
Imports of goods and non-factor services	46.6	53.5	45.0	50.4	64.7	69.4	..
Statistical discrepancies	2.2	-0.1	-0.5	-5.1	-5.0	-4.6	..
GDP	100.0	100.0	100.0	100.0	100.0	100.0	..
	(Percentage change, unless otherwise indicated)						
GDP at constant (2006) prices by expenditure							
Real GDP	6.5	8.4	4.0	8.0	15.0	7.9	7.4
Consumption	4.7	11.1	0.6	10.2	18.3	8.4	..
Private consumption expenditure	5.1	10.8	-2.0	9.6	12.9	9.2	..
Government consumption expenditure	1.5	13.0	20.0	14.0	49.8	5.1	..
Gross capital formation	18.3	30.1	-17.7	23.8	44.9	18.8	..
Net exports	27.4	36.5	-38.5	12.8	91.5	26.4	..
Exports of goods and non-factor services	18.2	16.7	7.6	24.6	30.1	9.5	..
Imports of goods and non-factor services	21.7	24.6	-12.6	21.0	47.7	15.8	..
Statistical discrepancies	..	-102.7	861.9	989.4	12.5	0.5	..
	(Per cent of GDP, unless otherwise indicated)						
GDP distribution at constant (2006) prices by economic activity							
Agriculture	26.7	26.5	27.3	26.6	23.3	21.9	21.1
Crops	18.8	18.8	19.9	19.4	17.5	16.4	15.7
of which: cocoa	2.5	2.4	2.4	2.8	2.8	2.4	2.3
Livestock	2.3	2.2	2.2	2.2	2.0	1.9	1.9
Forestry and logging	3.5	3.2	3.1	3.1	2.3	2.1	2.0
Fishing	2.1	2.3	2.0	1.9	1.5	1.5	1.5
Industry	19.7	20.9	21.0	20.8	25.7	25.4	25.9
Mining and quarrying	2.7	2.5	2.6	2.8	7.6	7.4	8.1
of which: crude oil	0.0	0.0	0.0	0.3	4.9	5.0	6.4
Manufacturing	9.0	8.7	8.2	8.2	8.3	8.1	7.7
Electricity	0.6	0.7	0.7	0.7	0.6	0.6	0.7
Water and sewerage	1.1	1.1	1.1	1.1	1.0	0.9	0.9
Construction	6.3	8.1	8.5	8.0	8.2	8.4	8.5
Services	47.0	46.8	47.5	48.3	45.9	46.9	47.7
Trade, repair of vehicles, household goods	6.0	6.1	6.2	6.5	6.3	6.1	5.8
Hotels and restaurants	4.6	4.6	4.3	4.1	3.7	3.8	4.1
Transport and storage	12.9	12.4	12.4	12.4	12.0	12.2	12.4
Information and communication	2.5	2.8	2.8	3.2	3.3	3.7	4.3
Financial and insurance activities	2.8	2.9	3.0	3.3	2.9	3.3	3.4
Real estate, professional, administrative & support service activities	4.7	4.4	4.2	4.4	4.4	4.6	4.6
Public Administration & defence; social security	4.8	5.0	5.4	5.2	4.8	4.6	4.5
Education	3.6	3.8	4.1	4.0	3.6	3.5	3.5
Health and social work	1.3	1.3	1.4	1.4	1.3	1.3	1.4
Community, social & personal service activities	3.6	3.6	3.8	3.9	3.8	3.7	3.7
Net indirect taxes	6.5	5.8	4.2	4.3	5.1	5.7	5.3
Prices, interest rates, and exchange rate							
Inflation (CPI, % change)	10.7	16.5	19.3	10.7	8.7	9.2	..
Interest rates (end year rates)							
Central Bank; prime rate[b]	13.5	17.0	18.0	13.5	12.5	15.0	16.0
91-day treasury bills, discount rate[b]	10.3	23.2	22.4	11.9	10.1	21.7	20.5
Interbank rate (weighted average)[b]	12.0	19.0	16.5	11.7	6.6	17.1	17.1
Broad money (M2) growth (annual %)	36.8	39.2	24.7	31.9	34.0	25.1	..
Cedi/US$ (annual average)	0.9	1.1	1.4	1.4	1.5	1.8	2.0
Nominal exchange rate (2005=100)	90.4	77.6	60.9	60.2	54.7	48.4	..
Real effective exchange rate (2005=100)	104.6	99.5	91.6	97.6	92.8	86.8	..
	(Per cent of GDP, unless otherwise indicated)						
External sector							
Current account (incl. official transfers)	-9.6	-11.7	-6.5	-8.6	-9.3	-12.1	-14.0
Current account (excl. official transfers)	-10.4	-12.5	-7.6	-9.2	-9.9	-12.7	-14.1
Merchandise trade (net)	-15.7	-17.5	-8.5	-9.2	-8.0	-10.3	-9.5
Exports (f.o.b.)	16.9	18.5	22.5	24.7	32.3	33.3	32.8
Imports (f.o.b.)	-32.6	-36.0	-31.0	-33.9	-40.4	-43.6	-42.3
Services and income (net)	-2.1	-1.9	-6.0	-6.6	-7.8	-7.6	-9.1
Gross international reserves (US$ billion)	2.8	2.0	3.2	4.7	5.4	5.3	..
Equivalent in months of imports of goods and services	3.1	1.8	3.2	3.7	3.3	3.0	..
Debt service / exports of goods and services (%)	3.5	6.5	4.3	3.7	3.3	3.9	..
Debt service / GDP (%)	0.2	0.5	1.3	0.3	0.3	0.1	..

	2007	2008	2009	2010	2011	2012	2013[a]
Public finance							
Total revenue and grants	19.5	18.6	18.5	19.1	21.5	22.8	24.5
Tax revenue	14.3	14.1	13.0	14.0	16.3	17.1	17.8
of which:							
Taxes on income and property	4.1	4.2	4.7	5.3	6.7	7.6	8.1
International trade	6.7	6.6	5.6	5.8	6.3	6.6	6.8
Non-tax revenue	1.5	1.4	2.4	2.7	3.0	3.9	5.0
SSNIT Contribution		0.3	0.2	0.2	0.1	0.2	0.2
Grants	3.7	2.7	3.0	2.3	2.0	1.6	1.5
Total expenditure and net lending	24.3	26.5	22.8	25.0	22.4	28.6	31.8
Overall balance (commitment basis)	-4.8	-7.9	-4.3	-5.9	-0.9	-5.8	-7.2
Overall balance (cash)	-5.3	-8.5	-5.8	-7.4	-4.1	-11.1	-10.1
Overall balance (incl. divestiture and discrepancy)	-4.9	-6.5	-5.6	-6.5	-4.0	-11.8	-10.5
Total public debt	31.0	33.6	36.0	46.4	43.7	50.2	51.4[c]
External debt	15.0	16.2	19.4	20.1	21.0	21.9	22.5[c]
Domestic debt	16.0	17.4	16.6	26.3	22.8	28.3	29[c]

.. Not available.
a Provisional.
b Rate in September used for 2013 figures.
c Projection.

Note: Percentages may not total 100 due to rounding.

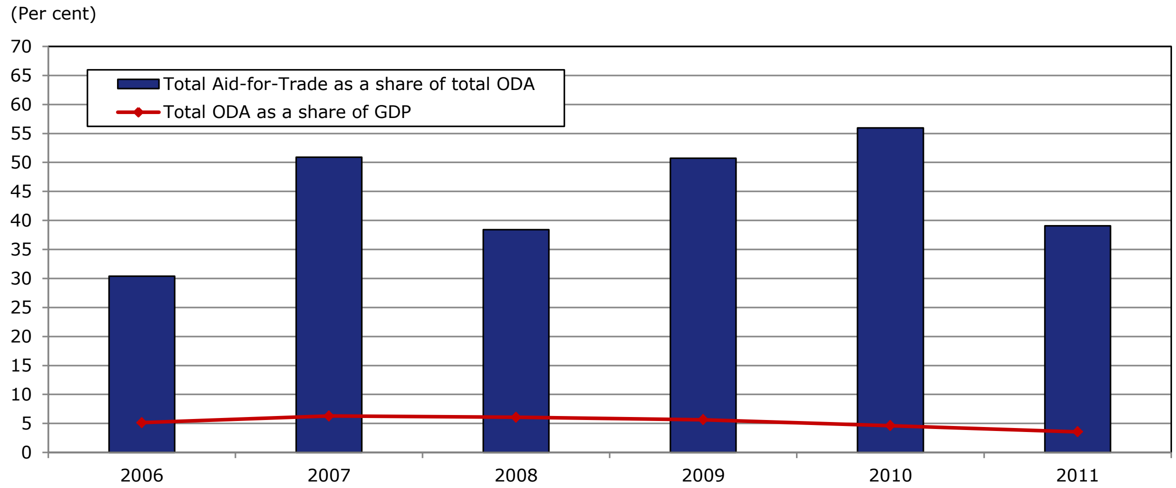
Source: National Accounts Statistics, Ghana Statistical Service (May 2011, April 2012, and April, May, and September 2013); Bank of Ghana Statistical Bulletin (August 2010, June 2011, March, June, and December 2012, and March, June, September, and December 2013); Ghana's Ministry of Finance, Budget Statement and Economic Policy; IMF International Financial Statistics (IFS). Viewed at: http://elibrary-data.imf.org/; and IMF Country Reports Nos 11/128 (June 2011), 12/201 (June 2012), and 13/187 (June 2013); and World Bank's World Development Indicator database. Viewed at: http://databank.worldbank.org/data/views/variableselection/selectvariables.aspx?source=world-development-indicators.

1.4. Private capital inflows represent a vital source of funding, and a growing share of GDP in recent years (Table 1.1). Foreign direct investment has increased massively at US$16 billion in 2012, up from less than US$4 billion in 2007 (section 1.3).[3] In contrast, official development assistance (ODA) amounted to a rather modest level of approximately US$1.8 billion in 2011 (Chart 1.2).[4] However, the share of ODA recorded as aid-for-trade is high in Ghana by regional comparison; Ghana was the world's fifteenth largest recipient of aid-for-trade in 2011, which has been directed towards, *inter alia,* better customs administration (section 3.2.2); and the development of the legal and regulatory frameworks for microfinance (section 4.8.1).

[3] In 2011, Ghana introduced an aid policy, titled Ghana Aid Policy and Strategy, which spans the period 2011 and 2015. The aid policy was developed in "response to available evidence showing that recipient country policies and procedures, human capacity, economic management and institutional arrangements determine to a large extent the optimal allocation of aid and its impact on growth and poverty reduction". The policy was fashioned out of the objectives of the Paris Declaration on Aid Effectiveness, 2005 and the Accra Agenda for Action, 2008. The aim of the aid policy is to ensure that aid is managed and monitored properly, i.e. to ensure effectiveness and coordination by aligning external aid to national development priorities (OECD (2012)).

[4] OECD (2013).

Chart 1.2 Official Development Assistance commitments, 2006-11

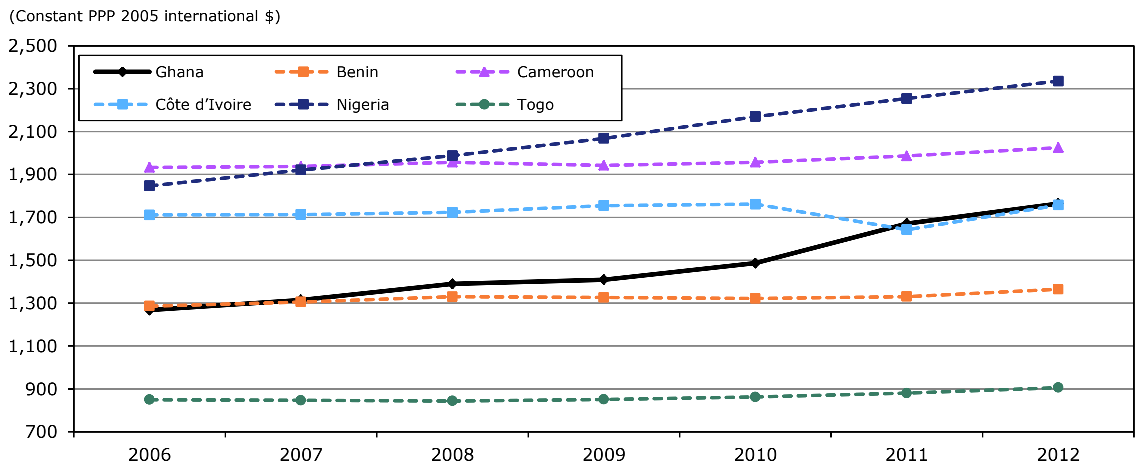


Source: OECD-DAC, Aid Activity Database (CRS).

1.2 Recent Economic Developments

1.5. In accordance with the *Ghana Shared Growth and Development Agenda (GSGDA 2010-2013),* the Government's economic policy has focused on supporting oil and gas development with investments in infrastructure, energy and housing. Its social policy has focused on human development, including health and education and the fight against poverty. The Government has also made a declared priority to achieve more transparent and accountable governance. In response to these efforts, Ghana's economy advanced at a very fast pace during the 2007-13 period (Table 1.1), also helped by rising primary commodity prices, and generally good agricultural production conditions. As a result, Ghana's population has enjoyed high increases in real per capita income (Chart 1.3) compared to neighbouring countries. In particular, the authorities have announced that Ghana is reportedly on track to meet the Millennium Development Goals.[5]

Chart 1.3 GDP per capita in Ghana and neighbouring countries, 2006-12



Source: World Bank, World Development Indicators. Viewed at: http://databank.org/data/views/variableselectionselectvariables.aspx?source=worlddevelopmentindicators.

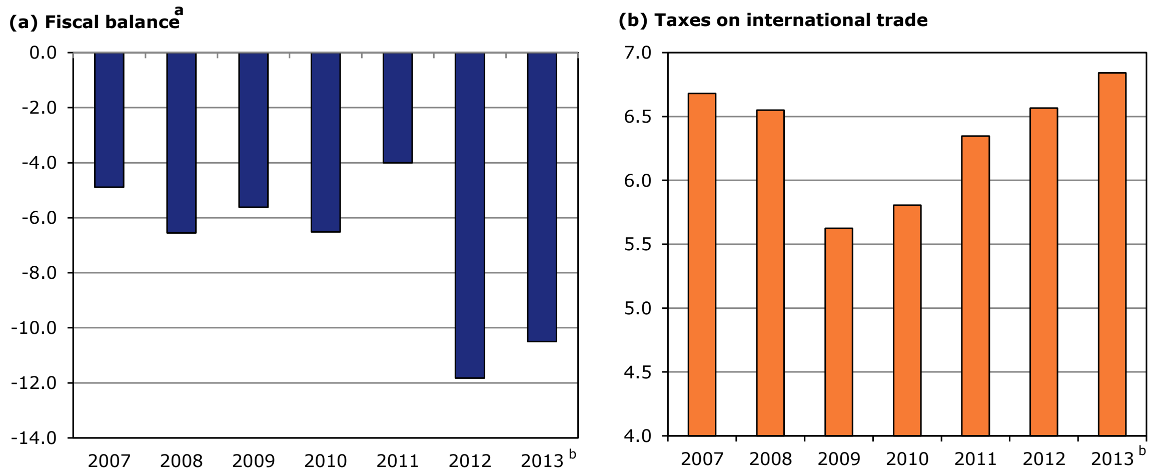
1.6. While Ghana has manifestly done well in improving income and social living conditions, macroeconomic stability has not been met with the same level of success. As has often been the case in Ghana in the past, expansionary fiscal policies have in recent years again led to

[5] Republic of Ghana and UNDP (2010).

unsustainable budget deficits (Table 1.1 and Chart 1.4), and constituted the main challenge to the Government's short term economic policy. In September 2013, Fitch downgraded Ghana's rating from "B+" to "B" on account of its fiscal imbalances.[6]

Chart 1.4 Fiscal deficit and taxes on trade, 2006-13

(Percent of GDP)



a Including divestiture and discrepancy.
b Projection outturn.

Source: Bank of Ghana Statistical Bulletin (August 2010, June 2011, March, June, and December 2012, and March, June, and September 2013); and Ministry of Finance. Viewed at: http://www.mofep.gov.gh/?q=fiscal-data.

1.7. On the revenue side, important efforts to improve fiscal revenue collection have resulted in an increase in the share of direct taxes (on income, profits and capital gains) in GDP. For instance, all revenue collecting agencies were brought together in 2009 to form the Ghana Revenue Authority. Despite these efforts, the fiscal deficit has remained large. In July 2013, the Government responded to the growing deficits with a number of tax increases, notably the increase in the corporate tax on companies to 30% for certain companies (Table 1.2). Also notable was the Special Import Levy Act of 2013 (section 3.2.4.4), which helps to increase the share of taxes on international trade to 4% of GDP (Chart 1.4), and to 32% of fiscal revenue, thus emphasising the dependence of the Ghanaian Government on international trade taxation to finance its activities.[7]

1.8. On the expenditure side, according to the IMF, one of the main causes of excessive government spending has been large public sector wage bills, which alone amounted to 10% of GDP in 2012.[8] The Government also reportedly accumulated net arrears of 2.8% of GDP, of which nearly half was to state-owned enterprises, in part linked to the consumer subsidies on petrol and electricity.[9] Under current rules, the Government may borrow from the banking system, including the Bank of Ghana (BoG), up to 10% of the total revenue collected in the previous fiscal year.[10] In practice, this borrowing has been higher than 10% during the year, but generally recedes to a maximum of 10% at year end.

[6] Fitch Ratings online information. Viewed at: https://www.fitchratings.com/web/en/dynamic/fitch-home.jsp.
[7] These taxes include import and export duties (but not so-called "import exemptions"), VAT and excise levied on imports, see Ministry of Finance (2014).
[8] IMF (2013).
[9] IMF (2013).
[10] Bank of Ghana Act, Article 30, Temporary advances. Bank of Ghana online information. Viewed at: http://www.bog.gov.gh.

Table 1.2 Overview of income tax rates applicable to resident companies, 2013

Resident companies - Corporation tax	Rate (%)
Standard rate, except for the following companies:	25
Banks (excluding rural and community banks)	30
Non-bank financial institutions	30
Insurance companies	30
Telecommunications companies liable to collect and pay the Communications Service Tax under the Communications Service Tax Act, 2008	30
Breweries	30
Inspection and valuation companies	30
Companies providing mining support services	30
Shipping lines, maritime and airport terminals	30
Rate applicable to companies in the hotel industry	20
Rate applicable to companies listed on the Ghana Stock Exchange	22 (1st three years)
Rate applicable to companies engaged in non-traditional exports	8
Rural and community banks and free zone developers and enterprises	8 (after tax holiday period)
Financial institutions in respect of income from financing farming enterprises and leasing companies	20
Agri-processing companies and cocoa by-products companies	0-20 (after tax holiday period)
Petroleum income tax	Not exceeding 50% (subject to rate per Petroleum Agreement)
Capital gains	15
Dividends	8
Royalties	Taxed as ordinary income (residents)
Rent on properties	8

Source: Tax Act, 2000 and National Fiscal Stabilization Levy Act, 2013.

1.9. The BoG[11] formulates monetary policy. The main regulatory and legal framework is the following: The Bank of Ghana Act 2002 (Act 612), which provides for its independence; the Banking Act, 2004 (Act 673); and two new laws designed to facilitate access of small and medium size enterprises to private credit, namely the Non-Bank Financial Institutions Act, 2008 (Act 774) and the Borrowers and Lenders Act (Act 773 and section 4.8.1).

1.10. The BoG announces inflation targets at the end of each financial (and calendar) year. Its policy in early 2014 was to maintain inflation below 10%, in accordance with the West African Monetary Zone (WAMZ) criterion of single-digit inflation, in line with the objective of creating a common single currency for all ECOWAS members (Table 1.3 and section 2.4.2).

Table 1.3 WAMZ Primary convergence criteria by ECOWAS members, 2012 and 2013

Primary criterion	Target	Gambia	Ghana	Guinea	Liberia	Nigeria	Sierra Leone
Inflation rate (end period), 2012	<10%	4.9	8.8	12.8	5.5	12.0	11.4
Inflation rate (end period), 2013	<10%	5.8	11.2	12.0	7.0	8.4	10.8
Fiscal deficit excluding grants/GDP, 2012	<4%	13.5	7.4	5.5	1.8	2.5	8.1
Fiscal deficit excluding grants/GDP, June 2013	<4%	8.1	5.4	6.5	-3.1	1.8	0.8
Central Bank financing of fiscal deficit, June 2012	<10%	0.4	9.4	0.0	0.0	0.0	0.0
Central Bank financing of fiscal deficit, 2013	<10%	17.1	8.8	1.0	0.0	0.0	5.9
Gross external reserves (months of import), 2012	>3 months	4.9	3.4	3.1	2.3	9.5	3.1
Gross external reserves (months of import), June 2013	>3 months	4.8	3.2	3.9	2.5	9.6	3.0

Source: WTO Secretariat based on information provided by WAMI.

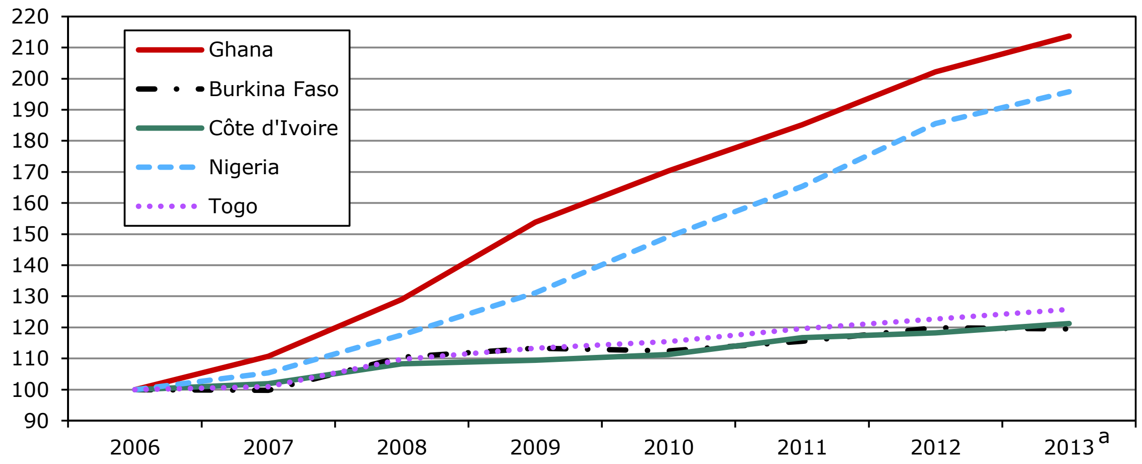
1.11. In reality, monetary policy has generally accommodated expansionary fiscal policy, as witnessed by the sizeable growth of broad money supply (Table 1.1). Controlling and limiting inflation have been a continuing challenge for the Government, with annual rates exceeding 10% throughout the 2006-10 period (Table 1.1), and well exceeding consumer price increases in neighbouring countries (Chart 1.5). After falls in 2011 and 2012, the inflation rate again exceeded

[11] Bank of Ghana online information. Viewed at: http://www.bog.gov.gh/index.php?option=com_content&view=article&id=55&Itemid=117.

10% in 2013; this increase partially resulted from the increase in 2013 of government-set petrol prices.

Chart 1.5 Inflation in Ghana and neighbouring countries, 2006-13

(Consumer price index, 2006=100)



a 2013 Q1.

Source: IMF database. Viewed at: http://elibrary-data.imf.org/.

1.12. After a first tightening in mid-2009 (Table 1.1), monetary policy was tightened again in early 2012 to halt rapid currency depreciation, via increases in the reference Monetary Policy Rate. The BoG increased the MPR from 16% to 18% on 6 February 2014. Starting at below 10% at end-2011, interest rates on 91-day Treasury bills rose to over 21% in the second half of 2012, to about 23% in April 2013, before declining to slightly above 20% in February 2014. The interbank rate stood at around 16% in February 2014.[12] Interest rate increases have raised the cost of credit to the private sector, including the cost of export and import credits.

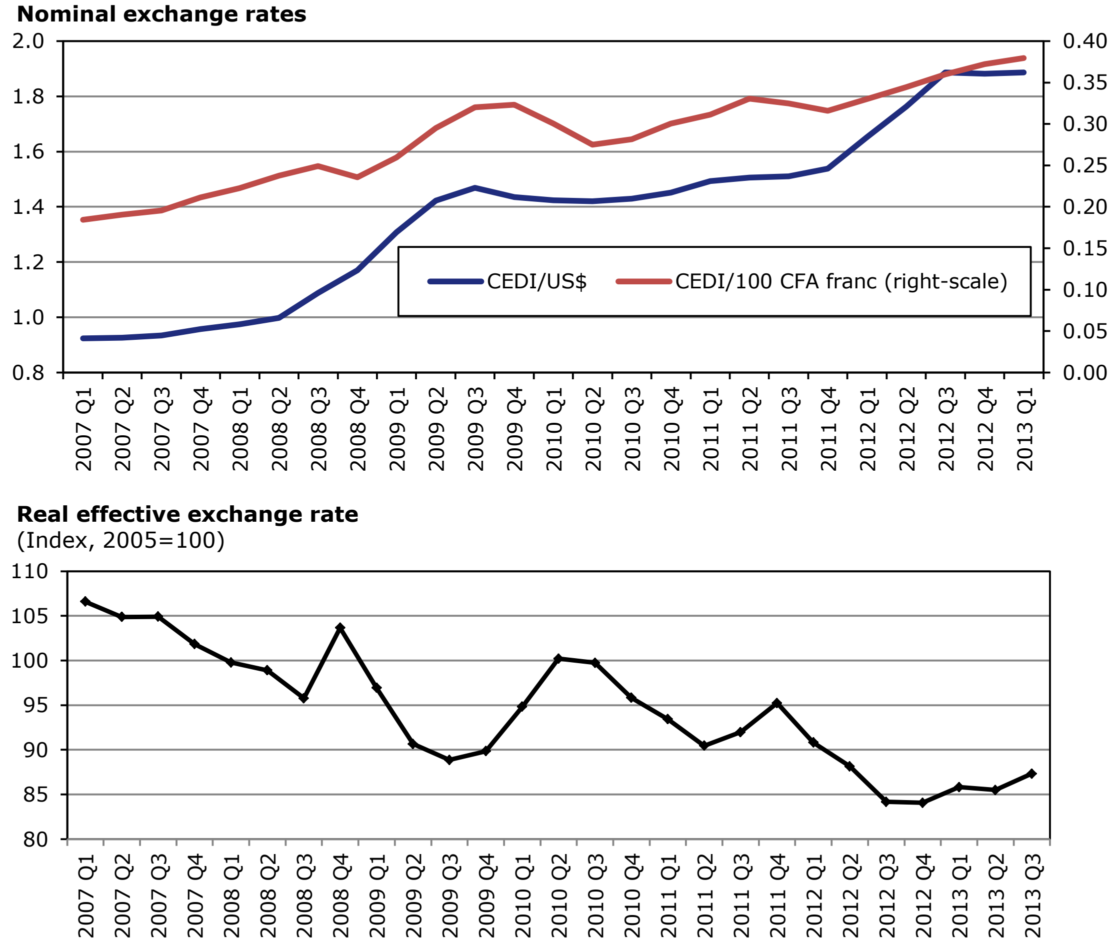
1.13. Ghana has implemented a free floating exchange rate system since 1988. Its national currency, the cedi, has experienced instability over most of this period.[13] In recent years, the economy has experienced a gradual depreciation of its currency which, in the first five months of 2012, accelerated dramatically: when compared to 2007, at the end of 2012 the cedi had lost half of its value relative to the dollar (Chart 1.6), and in February 2014 the cedi's fall was continuing. The nominal depreciation of the cedi resulted from excessive public spending financed by money supply growth (Table 1.1), large merchandise trade deficits, strong capital outflows through profit repatriation, and the dollarization of the economy. Aside from stabilizing Ghana's currency, a critical challenge for the Government is to manage the impact of the oil and gas proceeds on inflation in order to avoid a real effective exchange rate appreciation that would be detrimental to exports, and trigger an increase in the current account deficit.[14]

1.14. Also in February 2014, the BoG announced a series of foreign exchange controls, including restrictions on foreign currency-denominated loans, new rules on the repatriation of export proceeds, and revised operating procedures for foreign-exchange bureaus.

1.15. Under the Foreign Exchange Act 2006 (Act 723), complemented by operational guidelines, all foreign exchange earned through exports must be repatriated and surrendered within 60 days of shipment to a registered Ghanaian bank in Ghana, except cocoa export proceeds which must be surrendered to the BoG. The exception is that, under the Minerals and Mining Act 2006, owners of mining leases may be authorized to retain a portion of the foreign exchange earned abroad. Banks must submit reports of all export receipts to the BoG.

[12] IMF (2013).
[13] Mumuni, Z. and E. Owusu-Afriyie (2006).
[14] IMF (2012).

Chart 1.6 Ghana's exchange rate indicators, 2007-13



Source: IMF database. Viewed at: http://elibrary-data.imf.org/.

1.16. Foreign exchange conversion (into cedis) requirements differ according to products exported and operators. Cocoa export proceeds must be converted entirely into cedis. Since 2006, exporters of other products may retain part of the foreign exchange earned in Foreign Exchange Accounts (FEA) or Foreign Currency Accounts (FCA) at their local banks. These accounts can be credited with foreign exchange earnings not converted into cedi balances. However, in general balances on these accounts cannot be freely transferred without the necessary supporting documentation to back the underlying transaction. Residents are allowed to transfer up to US$10,000 per annum from these accounts to meet payment obligations abroad without documentation. These transfers would appear to have been numerous since 2012, and contributed to the depreciation of the cedi.[15]

1.17. Importers are also allowed to undertake imports through direct transfer from FEAs up to US$25,000 per transaction without initial documentation. As evidence of the receipt and clearance of goods in Ghana, the importer must submit the Customs Entry Form (C12) covering the imports to his bankers not later than three months after the transfer has been effected.

1.18. Since 2006, all residents (and non-residents) are also allowed to maintain FCAs with banks. The accounts may be credited with transfers in foreign currency from abroad or other foreign currency accounts. Balances are freely transferable. They may be debited for payments, for transfers to other foreign accounts, and for purchases of external currencies. Consequently, large dollar deposits have been accumulated in these accounts. Moreover, in large part because of inflation, many companies are invoicing and receiving payments in U.S. dollars. It is expected that

[15] GhanaWeb online information. Viewed at: http://www.ghanaweb.com/GhanaHomePage/NewsArchive/artikel.php?ID=248265 [22 August 2012].

the adoption of a common currency such as is envisaged by the Government within the WAMZ, could certainly help to better control inflation, as witnessed by neighbouring countries in this respect.[16]

1.3 Developments in Trade and Foreign Direct Investment

1.19. Ghana's current account deficit is large and has been growing to an estimated 12% of GDP in both 2012 and 2013, mirroring the excess of gross domestic investment over national savings despite substantial private transfers (Table 1.4). It has been financed since 2008 in large part by substantial foreign direct investment inflows (8% of GDP per annum since 2010). According to UNCTAD's World Investment Report 2011, Ghana ranked as the seventh largest recipient of FDIs in Africa and the third largest in Sub-Saharan Africa at the end of 2010. Official reserves of US$5.3 billion in 2012 covered about three months of projected 2012 imports (Table 1.1).

Table 1.4 Balance of payments, 2007-13

(US$ million)

	2007	2008	2009	2010	2011	2012	2013 [a]
Current account (excl. official transfers)	-2,584	-3,569	-1,977	-2,969	-3,904	-5,169	-5,881
Current account (incl. official transfers)	-2,374	-3,327	-1,688	-2,770	-3,675	-4,911	-5,801
Merchandise trade balance	-3,894	-4,999	-2,207	-2,962	-3,183	-4,211	-3,943
Exports (f.o.b.)	4,172	5,270	5,840	7,960	12,785	13,552	13,655
Cocoa beans & products	1,133	1,487	1,866	2,220	2,871	2,829	2,171
Gold	1,734	2,246	2,551	3,804	4,920	5,643	4,966
Timber & timber products	249	317	180	190	166	131	166
Crude oil	0	0	0	0	2,779	2,976	3,885
Other exports	1,057	1,220	1,243	1,748	2,050	1,973	2,468
Imports (f.o.b.)	-8,066	-10,269	-8,046	-10,922	-15,968	-17,763	-17,599
Non-oil	-5,971	-7,912	-6,557	-8,686	-12,672	-14,433	-14,048
Oil & gas[b]	-2,095	-2,357	-1,489	-2,236	-3,296	-3,331	-3,550
Services and income (net)	-523	-540	-1,559	-2,130	-3,090	-3,105	-3,797
Private transfers (net)	1,834	1,970	1,788	2,123	2,369	2,148	1,859
Official transfers (net)	209	241	290	200	229	258	80
Capital and financial account	4,080	3,297	4,328	4,290	4,479	3,651	4,892
Capital account	188	463	564	338	445	283	20
Financial account	3,909	2,834	3,764	3,952	4,034	3,368	4,873
Net errors and omissions	-1,293	-910	-1,481	-57	-258	49	-257
Overall balance	413	-941	1,159	1,463	547	-1,211	-1,166

a Provisional.
b Gas imports from 2011.

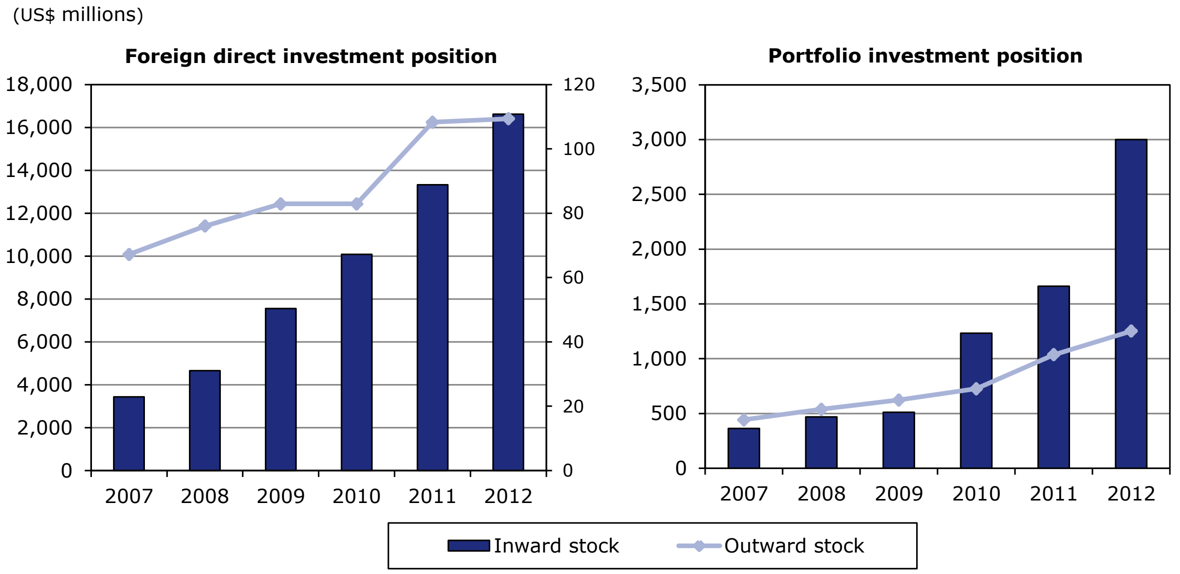
Source: Ghana's Ministry of Finance, 2014 Budget Statement and Economic Policy. Viewed at: http://www.mofep.gov.gh/?q=news/191113/2014-budget-statement-and-economic-policy.

1.20. Ghana has attracted very large amounts of FDI in recent years (Chart 1.7). Most of the FDI is flowing to the oil and gas industries.

1.21. Developments in Ghana's merchandise trade have also been impressive (Chart 1.8). Statistical problems and in particular large discrepancies between data reported to UN Comtrade (Chart 1.8) and balance of payments trade data (Table 1.4) make it hazardous to provide a detailed and representative description of Ghana's merchandise trade. An example of statistical problems is exports of cashew nuts in shell (HS Code 080131), which are reported by Ghana to UN Comtrade as having jumped from US$469 million in 2011 to US$3 billion in 2012, while exported quantities shrunk from 89,834 tonnes to 73,074 tonnes over the same period. Ghana's two markets for cashew nuts are India and Viet Nam. In general, large discrepancies continue to exist between the country's trade data, used by the Ghana Statistical Service for the national accounts and reported to UN Comtrade, and the figures compiled by Customs and reported by the BoG for the balance of payments.

[16] Adenutsi, D. and C. Yartey (2007).

Chart 1.7 Foreign investment, 2007-12



Source: Bank of Ghana.

1.22. The exceptional expansion of exports has partly been due to the inception of oil exports. Another factor of expansion has been the rise in gold prices. As a result, total export value more than tripled between 2009 and 2012, to nearly US$18 billion. Commodity exports remain heavily concentrated on a few primary commodities (gold, cocoa, and oil), which together account for over 85% of Ghana's total exports of goods. Other important exports include chromium ores and concentrates, aluminium, platinum, refined petroleum fuels. Agri-based exports include logs and timber products, such as veneer, which have been receding (section 4.4); and canned tuna.

1.23. According to International Trade Centre (ITC) statistics, Ghana has succeeded in increasing its world market share for most of its exported products between 2008 and 2012. Its exports of precious metals, mainly unwrought gold (HS 7108), are destined mainly to South Africa, followed by the UAE and Switzerland. These exports amounted to over US$5.6 billion in 2012, and accounted for nearly half of total merchandise exports in 2012. Ghana greatly benefitted from the increase in world gold prices, but is also vulnerable to the recent price regression (Chart 1.9).

1.24. Combined exports of crude petroleum and petroleum gas reached US$3.3 billion in 2012, according to balance of payments data. Ghana also exports refined oils (US$215 million in 2012) and electrical energy (US$32 million, mainly to Benin and Togo). Ghana also recorded dynamic export growth in essential oils, perfumes, and cosmetics (HS section 33). It is also a small exporter of coffee and cotton.

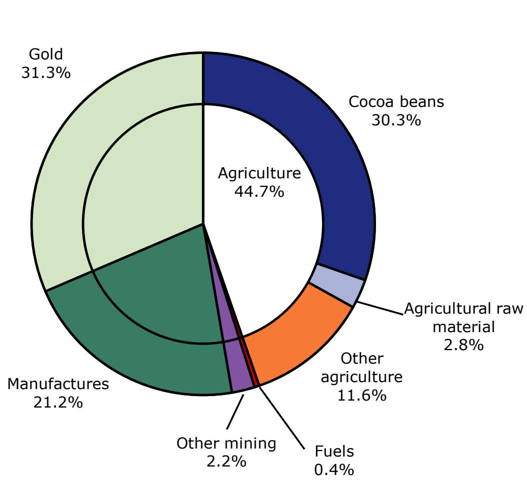
1.25. Capital equipment, machinery, and intermediate goods represented about 70% of total imports in recent years, and explain in large part Ghana's strong import growth. As shown in Chart 1.8, imports of crude petroleum products have declined sizeably as a share of the total, replaced by imports of refined products in the wake of serious production problems at the local refinery (section 4.5.3).

Chart 1.8 Composition of merchandise trade, 2006 and 2012

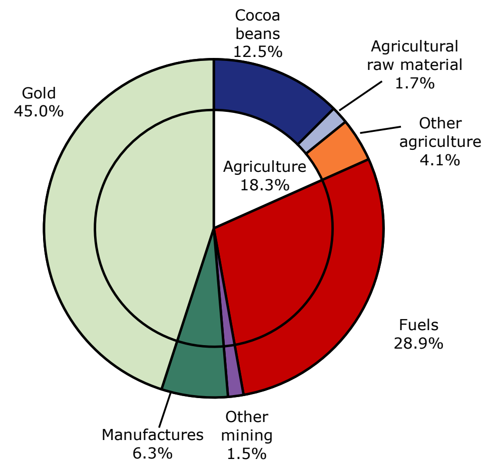
(%)

2006 **2012**

(a) Exports (f.o.b.)

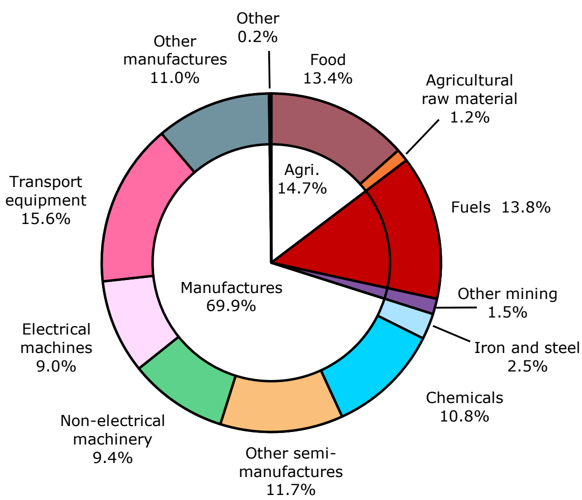


Total: US$3.6 billion

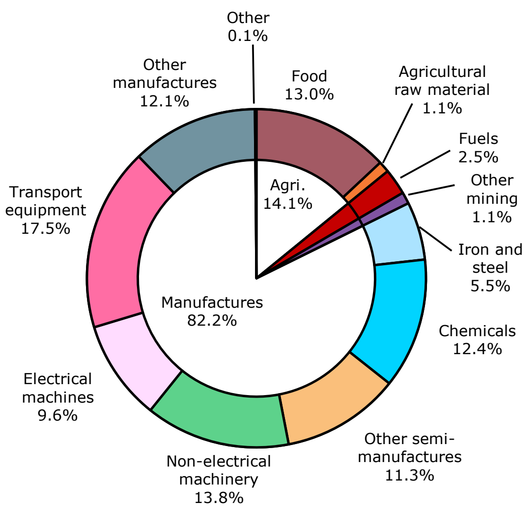


Total: US$15.8 billion
(BoP total: US$13.6 billion)

(b) Imports (c.i.f.)



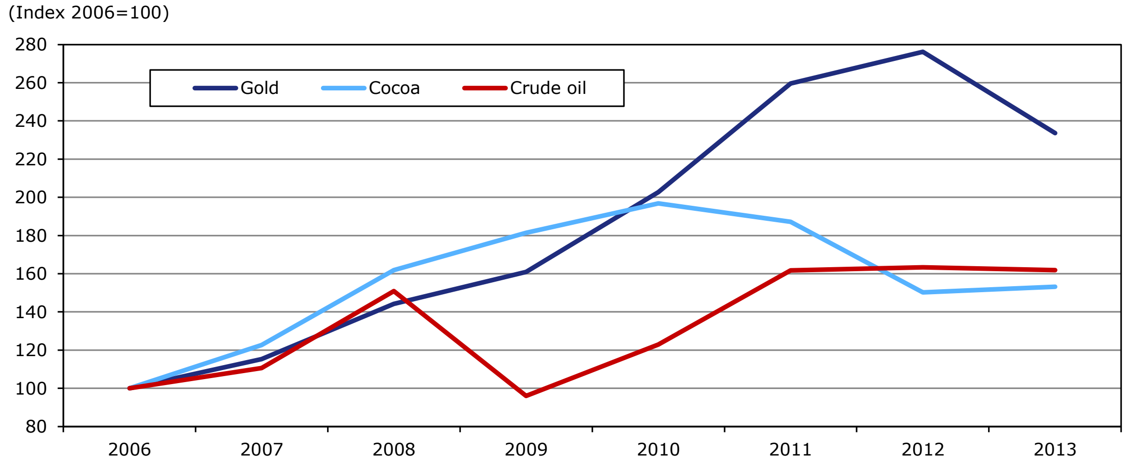
Total: US$5.3 billion



Total: US$14.0 billion
(BoP total: US$17.8 billion)

Source: WTO Secretariat calculations, based on UNSD, Comtrade database (SITC Rev.3); and information provided by the authorities.

Chart 1.9 Prices of gold, cocoa, and crude oil, 2006-13



Source: World Bank Global Economic Monitor (GEM) Commodities. Viewed at: http://databank.worldbank.org/data/views/variableselection/selectvariables.aspx?source=global-economic-monitor-%28gem%29-commodities.

1.26. While Ghana's merchandise exports remain concentrated in Europe, especially within the EU market (Chart 1.10), this share appears to have shrunk. South Africa remains a major export partner, buying a large part of Ghana's gold exports. On the other hand, China has not emerged as a significant market for primary commodity exports, as has been noticed in other sub-Saharan African countries.[17] Once again, however, the data must be interpreted with caution. In general, formally recorded trade with ECOWAS partners has not expanded and remains marginal. The reality is probably quite different.

1.27. On the import side, the main structural change between 2006 and 2012 is the near-doubling of imports from China as a share of the total, the expansion of United States products as a share of total imports, and the large fall in the recorded market share of African trade partners. The EU remains the main source of imports, but its share has decreased (Chart 1.10).

1.28. African suppliers, especially Nigeria and other ECOWAS members, have recorded decreases in market share according to official statistics. Nigeria is no longer Ghana's most important single source, and its share has declined further. A recent World Bank working paper estimates the potential for Ghana's bilateral trade with Nigeria at twice the observed flows; given the amplitude of informal trade, this estimate could be a reality. Ghana and Nigeria are closely linked, with bilateral non-oil trade between the two countries increasing from less than US$15 million before 2000 to more than US$130 million in 2010, according to a recent study using UN COMTRADE data.[18] Real trade flows are probably considerably larger.

1.29. Ghana's imports of services have more than doubled since 2006 (Chart 1.11). They mainly comprise transportation (freight), which accounts for 49% of total imports. Imports of travel services have declined as a share of the total, whilst government services have increased.

1.30. Exports also started to expand strongly in 2012. Further, there was a structural change between 2006 and 2011 in the composition of Ghana's exports of services: travel receipts grew from 7% of service exports in 1994 to 60% in 1998, and 62% in 2006, before declining to 37% of the total in 2011 (Chart 1.11). Freight and other transportation services exports have increased, as have other business services.

1.31. Ghana remains a net importer of services, but the deficit of the services balance started to decrease in 2012 in response to rising services exports.

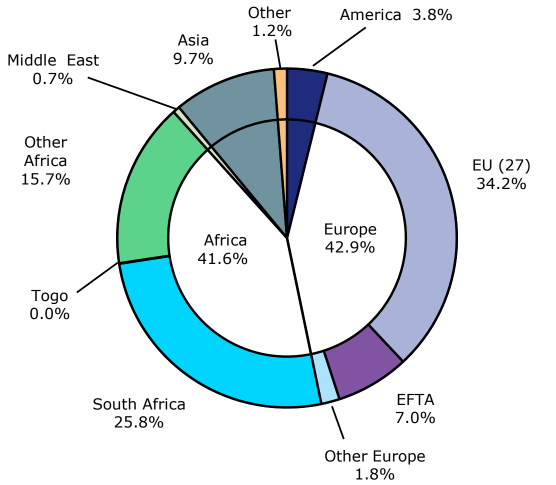
[17] Drummond, P. and E. Xue Liu (2013).
[18] World Bank (2012b).

Chart 1.10 Direction of merchandise trade, 2006 and 2012

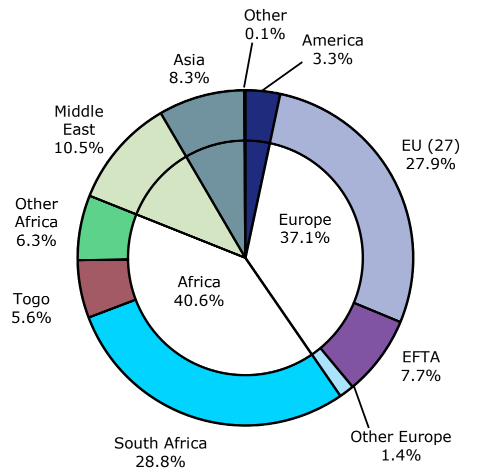
(%)

2006 | **2012**

(a) Exports (f.o.b.)



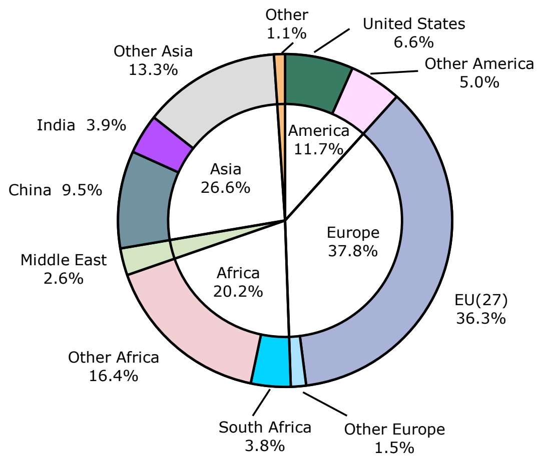
Total: US$3.6 billion



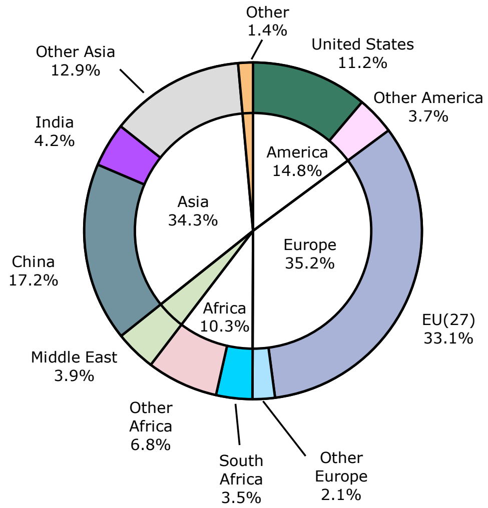
Total: US$15.8 billion

(BoP total: US$13.6 billion)

(b) Imports (c.i.f.)



Total: US$5.3 billion

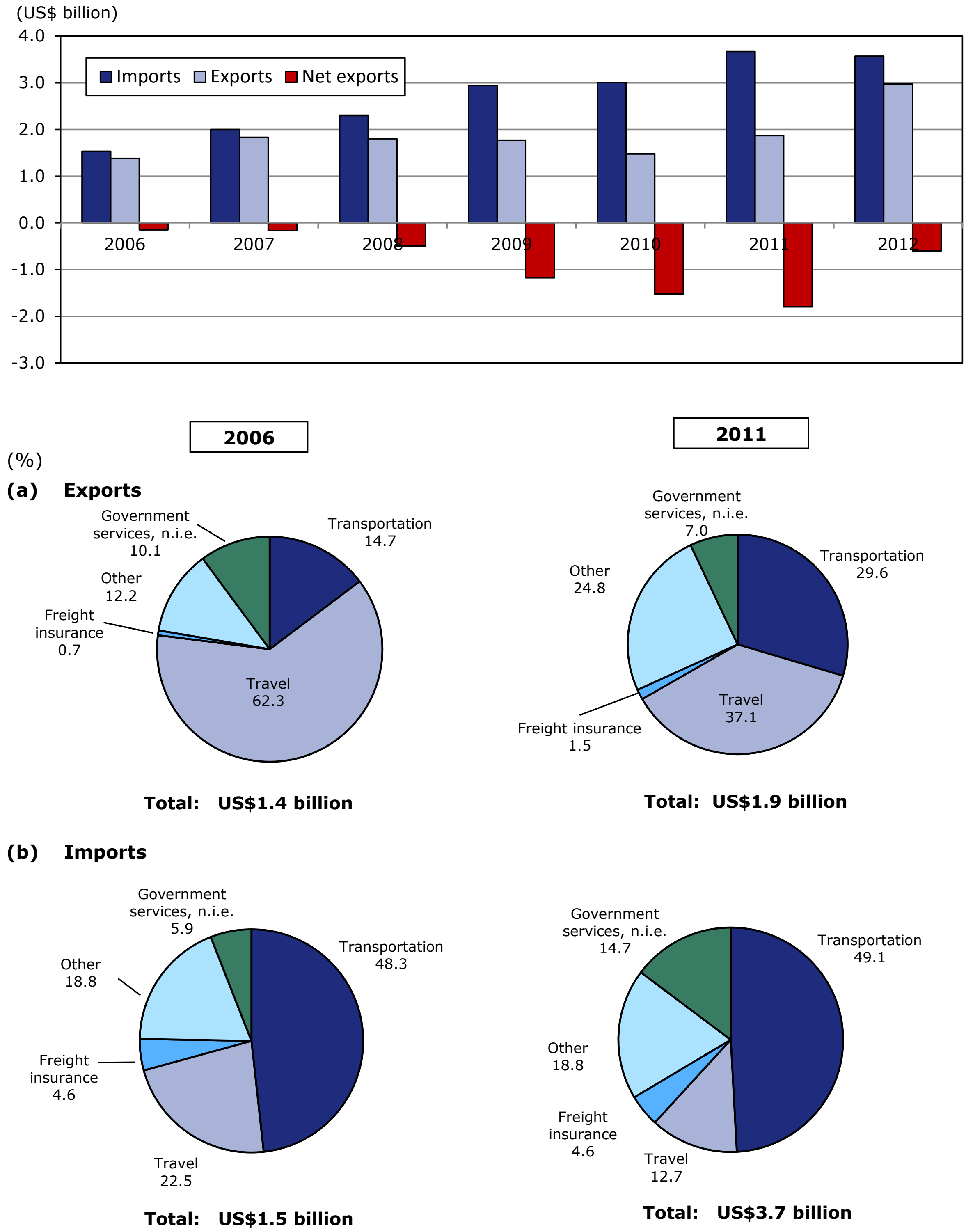


Total: US$14.0 billion

(BoP total: US$17.8 billion)

Source: WTO Secretariat calculations, based on UNSD, Comtrade database; and information provided by the authorities.

Chart 1.11 Trade in services, 2006-12



Note: "Other" covers communications, construction, financial, computer, royalties and licences, personal and cultural, and other business services.

Source: UNCTAD-ITC-WTO Trade in Services database.

1.4 Outlook

1.32. The outlook for the Ghanaian economy is good, as the transport, storage and communication sub-sectors are growing at a fast pace to accompany the development of the oil and gas sectors.[19] The wholesale and retail trade, restaurants and hotels sub-sectors are also developing rapidly. Foreign investments are important, supported by good governance and democratic institutions. Important reforms are already improving access to financing some small and medium size enterprises, thus removing one of the major bottlenecks to growth.

1.33. Achieving a durable macroeconomic equilibrium would certainly further improve the outlook for the Ghanaian economy and the sustainability of its expansion. At the time of writing this report, macroeconomic imbalances reduce incomes through inflation and currency depreciation, and render the economy particularly vulnerable to potential terms of trade shocks as international prices for Ghana's major exports, especially cocoa, oil and gold, weaken. In fact, in 2013 the price of gold fell by over 25%, its largest annual drop since 1981, and should constitute a strong warning. Cautious macroeconomic management is the best means to ensure sustainable economic growth by improving the resilience of the economy to such external shocks.

[19] IMF (2012).

2 TRADE AND INVESTMENT REGIMES

2.1 General Framework

2.1. Ghana is a Republic comprising ten administrative regions and 138 districts.[1] In 2013, the country completed 20 years of uninterrupted democratic rule and political stability, which explains in no small part its remarkable economic and social progression. Its 1992 Constitution separates the powers among the President, Parliament, and an independent judiciary. Legislative authority is vested in a unicameral Parliament, currently comprising 275 members, who are elected by universal suffrage every four years. The next legislative election is planned for December 2016. Executive power is constitutionally vested in the President, who is elected by popular vote every four years, with a maximum of two consecutive terms of office. The next presidential elections are scheduled also for December 2016. The President is the Head of State, head of Government, and Commander-in-Chief of the armed forces; he appoints Ministers, subject to parliamentary approval.

2.2. The body of law consists of the Constitution of 1992[2], laws, ordinances, orders, regulations and customary or traditional law. Domestic law has precedence over treaties and international agreements. Once ratified by Parliament, treaties and international agreements must be incorporated into domestic law before they have standing in Ghanaian courts. The Constitution has been under review since January 2010; issues under review of interest to international trade and investment include ownership of land by foreigners (section 2.4.6) and a recommendation for a review of taxation of mineral resource extraction to achieve better financial returns to the State (section 4.5.2).[3]

2.3. Recent reforms in Ghana's legislation since 2007 have been significant (Table 2.1). These reforms have been driven partly by the need to modernize statutes and bring them into compliance with international practice, but also by autonomous policy initiatives designed to increase local value added, not always in compliance with Ghana's multilateral commitments (e.g. new import taxes (section 2.5).

2.4. As defined under the Constitution of 1992, the judicial system consists of the Supreme Court (the highest court), the Court of Appeal, the High Court of Justice, and the lower courts. There are also circuit and district community courts. A specialized Commercial Court opened its doors in March 2005, comprising six computerized court rooms. Six judges hear disputes of a commercial nature, including banking and finance issues, the restructuring of commercial debt, and intellectual property. The presiding judge acts as the executive and judicial head of the court. In addition to secretaries, a court administrator, a registrar and an accountant, a total of 57 staff assure the daily operations of the court. The six court rooms in Accra are fully computerized, and routinely provide parties with transcripts of proceedings within 72 hours. The jurisdiction of the Court is not restricted territorially, and cases from all over Ghana can be brought before it. The Court is required to conduct mandatory pre-trial conferences within 30 days of written arguments. Mediation is handled by judges who are trained mediators. This reportedly allows a solution about 40% of the cases. The average time to resolve a commercial dispute that has not been settled at the mediation level, is 3-6 months.[4] Other specialized courts currently in operation include the financial, land, labour, human rights and domestic violence courts. The latest addition is the Tax Court, which has been established to cater for tax-related issues.[5]

[1] Each region is headed by a Regional Minister who is the direct representative of the Government. The districts are administered by assemblies of directly elected and appointed members. Each Assembly is headed by a District Chief Executive, appointed by the President and approved by the District Assembly.

[2] The Constitution is available from the Judicial Service of Ghana (also on the Government's e-service website): http://www.judicial.gov.gh/constitution/home.htm.

[3] White Paper On The Report Of The Constitution Review Commission Presented To The President. Viewed at: http://www.ghana.gov.gh/images/documents/crc_report_white_paper.pdf.

[4] International Finance Corporation (2007).

[5] There is no website for Ghana's specialized courts, but judicial-related information can be found on the Judicial Service website http://www.judicial.gov.gh/.

Table 2.1 New trade-related laws and regulations since 2007

Area	Legislation / Regulation
Investment	Ghana Investment Promotion Centre Act, 2013 (Act 865)
Dispute resolution	Alternative Dispute Resolution Act, 2010 (Act 798)
Customs duties and VAT	Customs and Excise (Duties and Other Taxes) Amendment Act, 2013 (Act 863)
Import duty increase	Special Import Levy Act, 2013 (Act 861)
Standards/SPS	Public Health Act, 2012
SPS	Plants and Fertilizer Act, 2010 (Act 803)
	Plant Protection Regulations, 2012 (L.I. 2193)
	Plant and Fertilizer Regulations, 2012 (L.I. 2194)
Export finance	Export Development and Agricultural Investment Fund, 2011 (Act 823)
Free zones	Free Zone Act, 1995, Regulations of 2010
Scrap metal	Ban on Exportation of Ferrous Scrap Metal (L.I. 2201) (2013)
Energy	Electricity Regulations 2008 (L.I. 1937)
	Electricity Transmission (Technical, Operational and Standards of Performance) Rules, 2008 (L.I. 1934)
Mining	Local Content and Local Participation in Petroleum Activities - Policy framework, February 2010 Petroleum Revenue Management Act, 2011 (Act 815)
Financial services	Borrowers and Lenders Act of 2008 (Act 773) Non-Bank Financial Institutions Act (Act 774)
	Non-Bank Financial Institutions Act, 2008 (Act 774)
	Banking (Amendment) Act, 2007 (Act 738)
Communications	Electronic Communications Amendment Act, 2008 (Act 786)
	The National Communications Authority Act, 2008 (Act 769)
	The Electronic Communications Act, 2008 (Act 775)
	The Electronic Transactions Act, 2008 (Act 772)
	The National Information Technology Act (Act 771)
	Communications Service Tax (Amendment) Act, 2013
Transport	Ghana Shipping (Amendment) Act, 2011
	Road Traffic Regulation, 2012 (L.I. 2180)

Source: WTO Secretariat based on information provided by the Ghanaian authorities.

2.5. In addition to the Commercial Court, the Ghana Arbitration Centre, a private initiative established in 1996, also provides a forum for the resolution of disputes. It can handle commercial, corporate, and securities arbitration, but was apparently not intensively used.[6] The Alternative Dispute Resolution Act, 2010 (Act 798) now regulates arbitration in Ghana, and repealed the Arbitration Act, 1961 (Act 38). Though not based on the UNCITRAL Model Law, the ADR Act has adapted and modified some of the key provisions of the Model Law. The Act will apply to all arbitral proceedings of enterprises having their seat in Ghana unless the parties otherwise agree.

2.6. The Government (Cabinet) initiates and formulates most legislative proposals. Acts are passed by Parliament and then given assent by the President. Ministers may also issue administrative regulations in accordance with powers conferred to them under specific legislation. All laws and regulations are published in the *Ghana Gazette*, which is not apparently available through any official Internet website.

2.7. The Ministry of Trade and Industry (MOTI) has overall responsibility for the formulation, implementation, and monitoring of Ghana's trade policies. The Ministry in charge of Finance (MOF) has responsibility for the Customs Division of the Ghana Revenue Authority (formerly the Customs, Excise and Preventive Services (CEPS)). The other key ministries for international trade and investment are those in charge of food and agriculture (sections 3.3.1.4 and 4.2.1); communications (section 4.7.2)[7]; lands and forestry (section 4.3); mines and energy (sections 4.4 and 4.5); tourism and creative arts (section 4.7.4); environment, science and technology; transport (section 4.7.3); and foreign affairs. Ghana's National Development Planning Commission (NDPC) advises the President of the Republic on development planning policy and strategy by providing a national development policy framework.[8]

2.8. A number of other important sector-specific statutory authorities and agencies fulfil trade-related functions. These include the Ghana Export Promotion Authority (section 3.2.1), the

[6] The Centre has a website that does not appear to be updated often and where the new law could not be found: http://www.ghanaarbitration.org/index.html.
[7] Ministry of Communications online information. Viewed at: http://www.moc.gov.gh/.
[8] National Development Planning Commission (NDPC) online information. Viewed at: http://www.ndpc.gov.gh/.

Ghana Free Zones Board (section 3.2.8), the Cocoa Marketing Board (COCOBOD, section 4.1.2), the Ghana Minerals Commission (section 4.5.2), and the Ghana Tourist Board (section 4.7.4). Foreign investment is promoted and monitored by the Ghana Investment Promotion Centre (section 2.4.3). Standards are the responsibility of the Ghana Standards Authority (section 3.3.1.1), food and drugs security is under the responsibility of the Food and Drugs Authority, while sanitary and phytosanitary regulations are handled by the Veterinary Services Directorate and the Plant Protection and Regulatory Services Department respectively (section 3.3.1.4).

2.9. The Government has as a stated priority to establish a genuine dialogue with the private sector on trade and regional integration.[9] It has therefore established a working relationship with private-sector bodies, research bodies, consumer organizations, and other representatives of civil society. Private-sector interests are represented by a number of bodies, including the Association of Ghana Industries (AGI), which comprises 1,200 entities registered to operate in Ghana.[10]

2.2 Trade Policy Objectives

2.10. Trade and investment are both featured prominently in Ghana's overall economic policy, as embedded in the GSGDA (section 1.2). According to a recent Aid-for-Trade case Study on Ghana by the OECD, Ghana's trade policy is mainstreamed, and is recognised as an integral part of overall policy.[11]

2.11. The Government seeks to attract foreign investment and promote exports, whilst at the same time ensuring that selected activities are reserved for Ghanaians.

2.12. The October 2004 Trade Policy, a policy document to provide broad guidelines and objectives for the Government's trade and related policies, has been reviewed in the context of Ghana's long-term strategic vision of achieving middle-income status by 2015 and becoming a leading agro-industrial country in Africa. A new National Export Strategy for the Non-Traditional Export Sector, 2012-16, and a national Export Development Programme provide guidelines for the implementation of Ghana's domestic and international trade agenda. Neither of these documents appears to be posted on the MOTI's website.[12]

2.13. Ghana's trade policy reforms have particularly emphasized improving the competitiveness of exporting companies and helping them to diversify their exports and penetrate new markets. In particular, the Government has successfully focused on removing barriers to trade and investment, on reducing the cost of doing business (section 2.4.1); and on investing in modern infrastructure.

2.3 Trade Agreements and Arrangements

2.14. Ghana is a member of the WTO, of the African Union, of the Economic Community of West African States (ECOWAS).

2.3.1 World Trade Organization

2.15. Ghana is an original Member of the WTO since 1 January 1995. It extends at least MFN treatment to all its trading partners. The WTO Agreements have not been directly incorporated into Ghana's domestic legislation and as such cannot be invoked before national courts. Ghana has signed the Fourth and Fifth Protocols to the GATS. It is not party to the Information Technology Agreement or any of the plurilateral agreements concluded under the WTO.

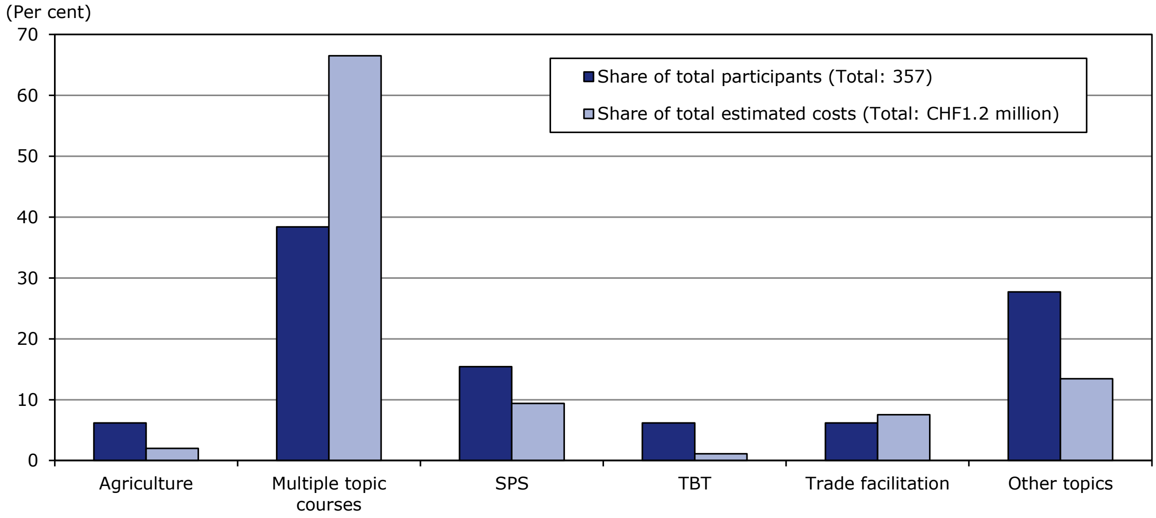
2.16. Between 1 January 2007 and 31 December 2013, Ghana made a rather modest total of nine notifications to the WTO, under respectively the Agreement on Import Licensing (section 3.1.8), the TBT Agreement (section 3.3.1), and the Agreements on Antidumping and on Subsidies and Countervailing Measures (section 3.1.9). Ghana has not been involved in any disputes under the WTO. It has been a third party in one case, relating to the EU's regime for the importation,

[9] IMF (2012).
[10] Association of Ghana Industries (AGI) online information. Viewed at: http://agighana.org/.
[11] OECD (2012).
[12] The website is: http://www.moti.gov.gh/home/index.php/news-a-events.

sale, and distribution of bananas.[13] Ghana participated in the Doha negotiations and shared the views of, *inter alia,* the ACP Group, the African Group, the G-90, and "W52" sponsors (section 3.3.2).

2.17. During the period 2007-13, Ghana continued to be an important beneficiary of the technical assistance and training furnished by the WTO, with 183 participants in 97 activities over the seven years, or an average of 26 participants per year in 14 activities (Chart 2.1).

Chart 2.1 Ghana's participation in WTO TRTA activities, 2007-13



Note: Training and technical assistance activities, including eTraining.

Source: WTO TRTA Database.

2.18. In addition, during the 2007-13 period, 203 Ghanaian residents successfully completed an online course (out of a total of 251 participants). Each of these courses involved 50 to 60 hours of training. The high number of participants in these online courses is perhaps the result of the introduction of a requirement to have successfully completed online training in order to be chosen for other activities. In terms of subjects covered, the topics with the largest participation from Ghanaians (including e-learning) were the multiple-topic courses (e.g. Geneva course, regional trade policy course, internships, etc.), SPS issues, agriculture, TBT issues and trade facilitation.

2.19. As far as infrastructure is concerned, Ghana has five WTO reference centres, all of which are operational, and national enquiry points on sanitary and phytosanitary (SPS) measures, technical barriers to trade (TBT), trade-related aspects of intellectual property rights (TRIPS) and services respectively, with MOTI as the focal point.

2.3.2 ECOWAS

2.20. Ghana is a founding member of the Economic Community of West African States (ECOWAS) since its establishment in May 1975.[14] The ECOWAS institutions are the Authority of Heads of States and Government, the Council of Ministers, the Community Parliament, the Economic and Social Council, the Community Court of Justice, and the Commission based in Abuja.[15] Within the ECOWAS, the Ghanaian Government has focused on the developmental aspects of integration, including infrastructure, and energy.

[13] Dispute DS27. Viewed at: http://www.wto.org/english/tratop_e/dispu_e/cases_e/ds27_e.htm.

[14] The other members of ECOWAS are: Benin, Burkina Faso, Cape Verde, Côte d'Ivoire, the Gambia, Guinea, Guinea-Bissau, Liberia, Mali, Niger, Nigeria, Senegal, Sierra Leone, and Togo.

[15] ECOWAS Commission online information. Viewed at: http://www.ecowas.int.

2.21. ECOWAS was notified to the WTO in 2005 under the Enabling Clause.[16] ECOWAS aims at the establishment of an economic union in West Africa. However, on trade-related issues, progress has been slow.

2.22. A common external tariff was finally adopted in October 2013 and its implementation expected as from January 2015. The removal of non-tariff barriers to intra-ECOWAS trade still constitutes a priority.[17] After more than two decades, the ECOWAS Trade Liberalization Scheme (ETLS) of 1993 still faces a substantial number of challenges and lacks implementation, as reported regularly by the West Africa Trade Hub.[18] Consequently, the share of intra-ECOWAS trade in Ghana's total trade has remained low.

2.23. Under the ETLS, products deemed of Community origin are in principle traded across borders duty-free, and products should not face any quantitative restriction. However, to benefit from the ETLS, both companies, and each of their products, must be registered as meeting the rules of origin specified under the scheme. Registration of products involves a lengthy, two-staged approval process (first by a national committee that forwards the decision to a regional committee) that takes about 4–6 months. Many private sector operators consider this process cumbersome, resulting in a low number of registered products. It has not been possible to determine the number of companies and products registered by Ghana under ECOWAS. A preferred trader system to allow faster border crossing for products from such enterprises has been agreed but has not been implemented.[19]

2.24. While Ghana has made significant progress with respect to its transit procedures (section 3.1.3), better functioning of the 1982 ECOWAS Inter-State Road Transit (ISRT) scheme would allow goods to flow more easily across ECOWAS borders, and thus contribute to raising local incomes. A single ECOWAS logbook and bond are still waiting to be implemented, although they would considerably aid transit flows.

2.25. Ghana has implemented its Axle Load Policy, also inspired by ECOWAS provisions. The cost of overloading on Ghana's transit corridors was estimated by the Ghana Statistical Service at between 1 and 1.5% of GDP, constituting a tremendous burden on Government budget. The Road Traffic Regulation, 2012 (L.I. 2180) was passed in July 2012. Accordingly, the permissible axle load limit for a six-axle articulated truck has been reduced from the current 60 tonnes to 51 tonnes. The policy would also ensure a better organization of stakeholders to comply with the new axle load regulation. WAEMU member countries and Ghana agreed to control axle load in 2005 and agreed to a Road Map in March 2010.

2.26. In order to promote better co-ordination and co-operation between border authorities of ECOWAS Member States, Ghana opened its third border information centre at the Côte d'Ivoire-Ghana Noe-Elubo border in May 2013, with the support of the West Africa Trade Hub and the Ghana Shippers' Authority.[20] The first initiative of this kind was launched in 2011 at the Ghana-Togo border. Border Information Centres have proven to reduce congestion and harassment, mainly by removing some of the unofficial checkpoints. The Noe-Elubo Border Information Centre now welcomes inquiries and requests from traders seeking assistance in crossing the border. Another centre exists at the main Ghana-Burkina Faso border.

2.27. Ghana is also reportedly about to start operating one-stop joint border posts (JBP), in which Customs work together with the border agency of the neighbouring country to streamline border-crossing operations. Each country takes responsibility only for incoming traffic, and sharing of information takes place on a when-needed basis. JBPs are under project at the main borders with Burkina Faso, Côte d'Ivoire, and Togo.

2.28. ECOWAS protocols establish the free movement of persons: ECOWAS citizens with a valid travel document and health certificate may stay for up to 90 days in another ECOWAS member State before being formally required to apply for residency. Such application should be

[16] WTO document WT/COMTD/N/21, 26 September 2005. Viewed at: https://docs.wto.org/dol2fe/Pages/SS/directdoc.aspx?filename=Q:/WT/COMTD/N21.pdf.
[17] IMF (2012).
[18] USAID and West Africa Trade Hub (2012).
[19] World Bank (2012b).
[20] UNCTAD (2013b).

automatically granted. ECOWAS citizens should be treated identically to national citizens in establishing and running a business.

2.29. The ECOWAS' Monetary Cooperation Programme, adopted in 1987, called for the creation of a single monetary zone in the sub-region. As part of their efforts to implement the EMCP, the Heads of States of six ECOWAS Members States who are not members of the West African Economic and Monetary Union (WAEMU) have worked since 2000 to establish a second monetary zone in the sub-region, the West African Monetary Zone (WAMZ). The WAMZ would comprise Ghana, as well as the Gambia, Guinea, Liberia, Nigeria, and Sierra Leone. The long-term strategy is to build enough reserves to cover imports for at least six months to meet the set WAMZ convergence criteria (Table 1.3). The currently foreseen date of creation of WAMZ is 2015.

2.30. The West African Monetary Institute is located in Accra; its role is to undertake technical preparations for the establishment of the West African Central Bank and the introduction of a single currency for the WAMZ.[21]

2.3.3 The Economic Partnership Agreement (EPA) with the European Union (EU)

2.31. Ghana's two-way trade with the EU is sizeable, amounting to US$14 billion in imports (33% of Ghana's total imports) and US$16 billion in exports (27% of Ghana's total exports). Ghana, with Côte d'Ivoire, is the only West-African country to have initialled a bilateral "Stepping Stone Economic Partnership Agreement" with the EU at the end of 2007, pending the completion of a comprehensive EPA with the whole West African region. The declared objective of the EPA was to avoid disrupting trade between ACP countries and the EU on the expiry (on 31 December 2007) of the trade provisions set out in Annex V of the Cotonou Agreement, and the WTO waiver that covered them.

2.32. Following the initialling of this Agreement on 13 December 2007, Ghana was added to the list of countries benefiting from an EPA trade regime established by Council Regulation (EC) No. 1528/2007 (hereinafter referred to as Regulation 1528), adopted on 20 December 2007. This Regulation provides for an advance unilateral application by the EU of the EPA trade regime. This Regulation expires with the entry into force of the EPA (Preamble, paragraph 5), or if the State concerned indicates that it does not intend to ratify the EPA or does not do so within a "reasonable period of time".

2.33. This EPA was supposed to come into force as soon as the ratification, or other internal procedures, had been fulfilled, as provided for in Article 75. According to Article 75.5, it is to be applied provisionally by each of the Parties ten days after receipt of a notification of provisional application. Only the EU sent such a notification, in 2008. In June 2013, the EU requested that Ghana and seven other ACP countries sign their EPA by October 2014 or risk losing the trade preferences granted to them unilaterally by the EU.[22]

2.34. Under Articles 12 and 13 of the EPA, provisionally implemented through Regulation 1528, products originating in Ghana are imported into the EU free of customs duties, except for arms and ammunition, sugar (HS tariff heading 1701), and rice (HS subheading 1006 10 10) which will remain dutiable until the entry into force of the EPA.[23]

2.35. Prior to Regulation 1528, the EU's average un-weighted applied tariff to goods of Ghanaian origin stood at approximately 0.1%. In addition to these preferences, which are preserved under the EPA, the main advance in terms of access to the EU market for Ghanaian products involves 915 tariff lines (9.4% of the total) for all agri-food products, which were not free of customs duties under the Cotonou Agreement, but became duty free on 1 January 2008 under Regulation 1528.

[21] West African Monetary Institute (WAMI (Gulf House, Accra, Ghana)) online information. Viewed at: http://www.wami-imao.org/.

[22] European Commission online information. Viewed at: http://trade.ec.europa.eu/doclib/docs/2009/september/tradoc_144912.pdf.

[23] Sugar would be imported duty-free and licence-free under the EPA, but may be subject to a tariff-rate quota until September 2015, as defined in Annex 1 of the EPA. Thereafter imports of sugar from Ghana would be subject to a specific safeguard regime based on volume, whereby the MFN tariff could be reintroduced if the European Union market price of white sugar fell during two consecutive months below 80% of the European Union market price for white sugar prevailing during the previous marketing year.

2.36. Customs duties on products originating in the EU that are imported into Ghana would be reduced or eliminated according to the tariff dismantling schedule found in Annex 2 of the EPA. Under Article 8, "the Parties recognise the challenge that the elimination or substantial reduction of custom duties provided for in this Agreement can pose to Ghana, and they agree to establish a dialogue and cooperation in this field". Ghana undertook under the EPA to completely liberalize imports listed in a first product group (Group A, covering 15.4% of total tariff lines) at the end of 2012; this would be in addition to the 3.2% that are already duty free on an MFN basis. For Group B, which includes mainly raw material and equipment for existing and infant industries, tariff liberalization was planned to start in January 2012, and should be completed by December 2016. Group C would be liberalized between January 2019 and December 2022. At the end of the transition period, Ghana would have liberalized 80.9% of tariff lines on imports from the EU.

2.37. Products in Annex 2 Group D would not be liberalized by Ghana under the EPA, in order to protect sensitive sectors and safeguard tax receipts. These account for 19.1% of tariff lines and include cotton, pearls and precious stones, textiles, olive oil and table olives, meat, crustaceans, milk and milk products, coffee, cocoa, tobacco, fruits, cement, beauty and make-up products, rubber and its articles, and automobiles. The CET rates applied to these products range from 5 to 20% (section 3.1.4.2). The EDAIF levy (section 3.1.4.4) would be eliminated in January 2018 under the EPA.

2.38. Except under exceptional circumstances, the EPA precludes any new customs duty on exports, or equivalent charges on trade between the Parties, and increases in those currently applied as from the date of entry into force of the Agreement (Article 16). However, under Article 15.2, as part of the finalization of the common external tariff of ECOWAS, Ghana would have the possibility to revise its customs duties on imports originating in the EU insofar as the general incidence of these duties (within the meaning of Article XXIV:5(a) of GATT) was not higher than that resulting from the duties specified in the EPA.

2.39. Imports originating in a Party would not be directly or indirectly subject to internal taxation or other internal charges of any kind exceeding those which are directly or indirectly applicable to like domestic products (national treatment, Article 19). Furthermore, the Parties would refrain under the EPA from applying any other form of taxation or other internal charges with the aim of providing protection to domestic production. National treatment would also apply not only to taxation and charges, but also to the laws, regulations and requirements applicable to the sale, offering for sale, purchase, transportation, distribution or use of imported products on the domestic market; and to any internal regulations relating to the mixing, processing or use of products according to specified quantities or proportions. However, the EPA would not apply to the laws, regulations, procedures or practices relating to public procurement (Article 19.4).

2.40. Article 17 of the EPA (MFN clause for free trade agreements) stipulates that after the Agreement's entry into force, the EU would grant Ghana any more favourable treatment as a result of its accession to a "free trade agreement" with third parties. Ghana would have the same obligation, but only if the third party is a "major trade partner". If the Ghanaian Party obtains, in an agreement with a major trade partner, substantially more favourable treatment than that offered by the EU, the two Parties shall consult each other and decide together on the implementation of such treatment (the EU "MFN" clause).

2.41. The EPA also contains detailed regulatory provisions (for example, on customs and administrative cooperation and technical regulations including SPS). Under Article 75.8, this Agreement "shall be superseded by a global EPA concluded at the regional level on the date of its entry into force. In this case, the Parties shall endeavour to ensure that the global EPA at regional level preserves most of the benefits obtained by Ghana under this Agreement".

2.3.4 Other agreements

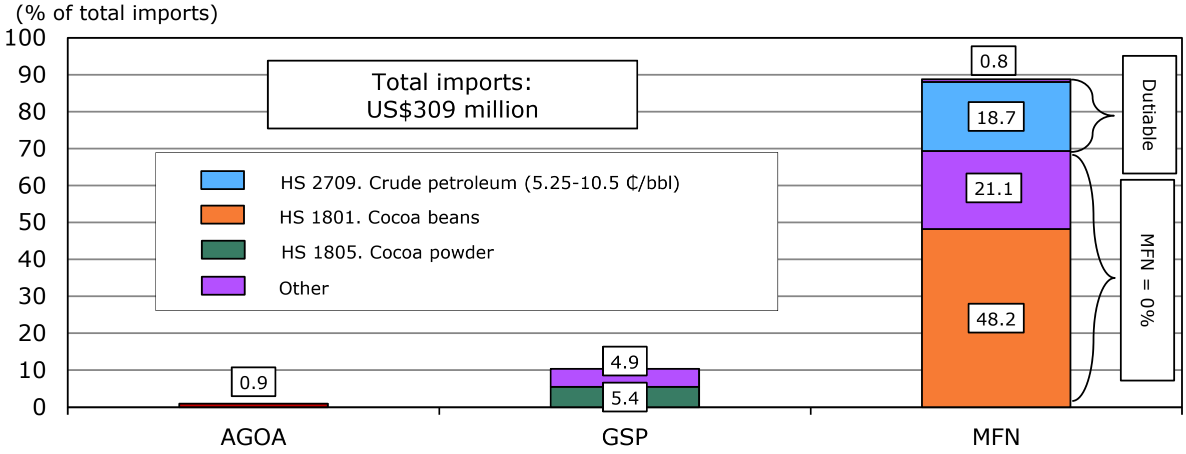
2.42. Ghana was among the 34 countries initially declared eligible for the programme established by the United States under the African Growth and Opportunity Act (AGOA) in October 2000.[24] Eligible countries are granted duty- and quota-free access to the U.S. market until 2015 for a

[24] Viewed at: http://trade.gov/agoa/. The AGOA is covered by a waiver of the United States' GATT obligations (WTO document WT/L/754, 29 May 2009. Viewed at: http://ptadb.wto.org/ptaDocuments.aspx).

range of goods, including selected agricultural and textile products. Also, since 2002 special provisions allow the incorporation by Ghana of third-country fabrics in apparel subsequently exported to the U.S.; another provision concerns handmade (so-called "Category 9") products and articles made from ethnic fabrics.

2.43. U.S. imports from Ghana are modest, at below US$300 million in 2013. More than two-thirds of imports enter MFN-duty-free, and mostly consist of cocoa beans. Some 18.7% of imports are MFN dutiable despite the existence of the AGOA preferences; about 5% enter duty free under GSP tariff treatment (Chart 2.2).

Chart 2.2 U.S. imports from Ghana, 2013



Source: US International Trade Commission. Viewed at: http://dataweb.usitc.gov/.

2.44. According to the authorities, Ghana maintains a number of bilateral trade agreements but none of these agreements (which have not been communicated to the WTO Secretariat) contain any preferential trade provisions.

2.4 Investment Regime

2.4.1 Overview

2.45. Probably in great part thanks to its rich natural resources and relatively favourable business environment, Ghana regularly ranks among the largest recipients of foreign direct investment (FDI) in Africa (section 1.3 and Chart 1.7). Most of these investments, however, go to the mining sector. The challenge facing the Government, therefore, is to incite private investors to channel more of these investment flows to sectors other than extractive industries, such as agriculture, agri-food industries and other manufacturing sectors.

2.46. In order to promote sustainable growth and job creation, notably through investment, the Government has set to improve the business environment facing Ghanaian enterprises, particularly the micro, small and medium-sized agribusinesses that account for the bulk of economic activity. The most recent Doing Business Report 2014 (Table 2.2) reflects the impressive progress in the "ease of doing business" rank achieved since 2007, and Ghana's enviable position in regional comparison. Ghana has been ranked several times amongst the top ten reformers worldwide by the World Bank's Doing Business team.

2.47. Most progress seems to have been made in the area of obtaining credit, an issue often listed as the main obstacle to production and trade in Sub-Saharan Africa. Ghana is among the 10 economies making the fastest progress in facilitating access to credit since 2009, notably under the Non-Bank Financial Institutions Act (section 4.7.1). In 2008, Ghana also began reforming its legal framework and registration mechanism for movable collateral, under the Borrowers and Lenders Act of 2008 (section 4.7.1.1).[25]

Table 2.2 Business environment in Ghana and neighbouring countries, 2007 and 2014

	Ghana		Cameroon		Côte d'Ivoire		Togo		Benin		Nigeria	
	2007	2014	2007	2014	2007	2014	2007	2014	2007	2014	2007	2014
Ease of doing business (rank[a])	**94**	**67**	152	168	141	167	151	157	137	174	108	147
Starting a business												
- Rank[a]	**145**	**128**	152	132	154	115	169	168	126	139	118	122
- Cost[b]	**47.2**	**16**	151	36	134	44	253	121	211	123	52	58
- Number of days	**18**	**14**	45	15	45	8	64	19	31	15	35	28
Trading across borders												
Rank[a]	**61**	**109**	140	159	132	165	64	110	130	119	137	158
Number of export documents	**6**	**6**	9	11	9	9	6	6	7	6	9	9
Time to export (days)	**21**	**19**	27	23	23	25	24	24	34	26	26	22
Cost to export[c]	**624**	**875**	1,032	1,379	1,744	1,990	872	1,015	965	1,030	1,026	1,380
Documents to import (number)	**7**	**7**	9	11	10	10	7	7	8	7	13	13
Time to import (days)	**50**	**42**	33	25	43	34	29	29	38	27	46	33
Cost to import[c]	**842**	**1,360**	1,918	2,167	2,457	2,710	1,040	1,190	1,222	1,520	1,047	1,695
Getting credit	**117**	**28**	117	109	143	130	143	130	117	130	83	13
Registering property												
- Rank	**49**	**49**	159	159	127	127	155	159	85	137	170	185
- Number of procedures	**6**	**5**	5	5	6	6	5	5	4	4	13	13
- Cost[d]	**1.7**	**1.2**	18.9	19.1	14.0	10.8	13.9	11.4	15.9	11.7	212	20.8

a The rankings for 2007 and 2014 are based on 175 and 189 countries and economies, respectively.
b Percentage of income per capita.
c US$ per container.
d Percentage of property value.

Source: World Bank (2006); and World Bank (2014), "Doing Business". Viewed at: http://www.doingbusiness.org/reports/global-reports/doing-business-2014 .

2.48. The cost of registering property is low in Ghana, even by OECD standards. In most OECD countries, the cost of registering property amounts to 5-6% of its value, whilst the proportion has decreased in Ghana to 1.2% of the property value on average. This is also a significant advantage including for exporting or importing companies, particularly in regional comparison. Ghana has also made major progress in terms of reducing the cost of starting a business since 2007, notably with the introduction of a customer services desk at the one-stop shop. Nevertheless, this cost remains high, and Ghana's ranking low, in regional comparison.

2.49. As can be seen from Table 2.2, trading across borders is the area where Ghana does not fare particularly better than its neighbours, and moreover where the situation has deteriorated considerably since 2007. According to the Doing Business Indicators, in particular, customs clearance and scanning procedural inefficiencies add to the time required to import (section 3.1.2).

2.4.2 Legal framework for businesses

2.50. All companies wishing to invest in Ghana, whether locally or foreign-owned, must register with the Registrar General's Department (RGD), in accordance with either the Companies Code of 1963 or the Partnership Act of 1962.[26] According to the authorities, there are no differences in procedures between foreign-owned or locally-owned businesses aside from the minimum investment requirements for foreigners, which have increased substantially (section 2.4.3). According to 2004 data from the Registrar General, 90% of registered companies are micro, small or medium enterprises (i.e. that have less than 99 employees and fixed assets of up to US$1 million).[27]

2.51. As part of the "eGov" project to modernize tax administration, the Ghana Revenue Authority (GRA) and the RGD were in 2013 in the process of re-registering all existing businesses and

[25] Borrowers and Lenders Act, 2008 (Act 773). Viewed at: http://www.bu.edu/bucflp/files/2012/01/Borrowers-and-Lenders-Act-No.-773.pdf.
[26] These Acts were not found on any official website.
[27] Agyapong D. (2010).

taxpayers. In order to conduct business, persons and entities are also required to register once at any office of the Domestic Tax Revenue Division of the GRA to obtain a Tax Identification Number (TIN).

2.4.3 The new Ghana Investment Promotion Centre (GIPC) Act

2.52. Provisions on foreign investment were contained in the Ghana Investment Promotion Centre (GIPC) Act of 1994 (Act 478). This legislation was replaced by the GIPC Act of 2013 (Act 865).[28] One of the purposes of the 2013 GIPC Act was to extend the coverage of the Act to all investments, domestic or foreign.[29] Act 865 therefore eliminates most sectoral exemptions and embraces all sectors, including mining and petroleum enterprises, which were hitherto not covered by Act 478 (however, see section 2.4.6 below). The GIPC is in charge of investment promotion and registration under the Act.[30] However, foreign investors may also be required to register with the Minerals Commission or the Ghana Free Zone Board (section 3.2.8), as the case may be; the same investor can apply for both free zone and GIPC Act status.

2.53. The minimum capital investments that must be made by foreign companies have been substantially increased. The minimum initial investment for a foreign-owned company is US$500,000, up from US$50,000 prior to the passage of Act 865; for a joint-venture, it is US$200,000, up from US$10,000. "Trading" enterprises must invest US$1,000,000 (up from US$300,000 until 2013) and employ 20 skilled Ghanaian staff (section 2.4.5). Act 865 introduces a provision that requires Ghanaian partners in joint ventures to have not less than 10% equity participation, and prohibits the transfer of that equity to a non-Ghanaian in order to avoid the circumvention of the higher foreign capital requirements.

2.54. Any enterprise that is not wholly-Ghanaian owned must register with the GIPC, indicating its activity and the amount of foreign capital invested. The GIPC undertakes to perform the registration within five working days. Registration fees apply in the case of foreign-owned companies; they are described on the GIPC's website, and must be renewed every two years against payment of US$500. Additional fees apply for work permits for foreigners. In addition, foreign investors have to prove the transfer of the required capital, and submit information on the proposed investment project, including equity structure, major activities, employment, and environmental impact.

2.4.4 Incentives granted to investors

2.55. The Act continues to guarantee foreign investors unconditional transferability of dividends or net profits, and remittance of proceeds on sale or liquidation of their enterprises. Provisions under the Act also include guarantees against expropriation, dispute settlement procedures, immigrant quotas that increase in proportion to the foreign paid up capital (Article 30)**,** and transferability of earnings.

2.56. Numerous incentives designed to provide an attractive environment for investors have accumulated over the years, to form a particularly complex web of domestic and border, direct and indirect tax holidays, exemptions, concessions and other measures. These incentives are not specified under the GIPC Act; however, the Act refers to several laws under which the incentives may be granted.

2.57. Investors importing their inputs must apparently apply for the exemptions or privileges on a consignment-by-consignment basis. Requests for duty exemptions must be lodged first with the Ghana Investment Promotion Centre and are subject to a fee that depends on the invoice value; for example, the fee is US$500 for an invoice value of up to US$100,000; for an invoice value greater than US$1million, the fee is US$5,000 (0.5%).[31] The application for the tax exemption must then be submitted physically to the Customs Head Office, but only after arrival of the goods in port. The letter giving the resulting ruling must be released by Customs for delivery to the port

[28] The Act was viewed at the GIPC website: http://www.gipcghana.com/images/docs/laws/GIPC%20Act%202013.pdf.
[29] The Act was viewed at: http://www.ghanatrade.gov.gh/file/gipc%20laws/gipc-act-478.pdf.
[30] GIPC online information. Viewed at: http://www.gipcghana.com/.
[31] GIPC online information. Viewed at: http://www.gipcghana.com/invest-in-ghana/doing-business-in-ghana/starting-a-business.html.

of entry before goods can be cleared at the concessionary rate. This results in additional port and storage charges; it ties up goods in inventory; and the process invites and encourages the payment of unofficial facilitation fees.

2.58. With respect to direct taxation, as at January 2014 investors in the production of non-traditional exported products pay a company tax rate of 8% instead of the general common rate of 25-30%. Most importantly, the new GIPC Act provides for specific incentive packages to be negotiated for "strategic or major investments" on a case-by-case basis (Article 26 (4)). According to the authorities, most FDIs take place under this provision, whereby companies establish a "wish list" of desired exemptions. Nevertheless, these discretionary tax incentives may actually rank rather low in the priorities of investors in making investment decisions.

2.4.5 Restrictions on foreign investment

2.59. The GIPC Act excludes non-Ghanaians, including ECOWAS citizens, from participating in a number of economic sectors, and the list has been made longer in the new Act 865. The excluded sectors include the "sale of anything whatsoever in a market, petty trading, hawking or selling from a kiosk at any place"; operation of taxi and car rental services with fleets of less than 25 vehicles (up from ten until 2013); lotteries; and the operation of beauty and barber salons. Newly excluded sectors as a result of the Act include the production of exercise books and basic stationary, the retail of pharmaceutical products, and the production and marketing of sachet water (Article 27). Another novelty of the July 2013 amendment is that foreign companies are precluded from printing of recharge scratch cards for sale to local subscribers of mobile telecommunication services. The Minister may by legislative instrument amend the list of activities reserved for Ghanaian citizens and enterprises that must be wholly-owned by Ghanaian citizens.

2.60. Special provisions apply to partly or totally foreign-owned "trading enterprises", i.e. involved only in the purchasing and selling of imported goods and services. Such enterprises must invest a minimum foreign equity of US$1 million (up from US$300,000 until 2013) instead of the amount of US$500,000 required in other sectors, and employ 20 skilled Ghanaian staff.

2.61. These foreign investment restrictions have already in the past been considered as running counter to existing ECOWAS treaties and protocols, particularly the ECOWAS Protocol on the Right of Residence and Establishment.[32] The authorities have confirmed, nevertheless, that the new provisions also apply to citizens of ECOWAS Member States.

2.62. Specific rules continue nevertheless to apply to foreign investment under separate statutes in a number of sectors, including fishing (section 4.2), maritime transport (section 4.7.3.2), and postal services sub-sectors (section 4.7.2.4), as well as to companies listed on the Ghana Stock Exchange (section 4.7.1.3). There is compulsory local participation in mineral and oil projects, whereby the Government acquires a 10% equity in ventures, at no cost (sections 4.4 and 4.5). As noted, one of the objectives of the amendment to the GIPC Act was to reunite some of these sector-specific provisions under a single Statute.

2.4.6 Land policy

2.63. Article 266 of the Constitution establishes that foreigners cannot own land in Ghana. However, they may lease residential, commercial, industrial, or agricultural land for renewable periods of up to 50 years. A national land policy and a land administration project, both launched in 1999, seek to capture the problems associated with land ownership, tenure, and development. The Government is attempting to find a framework of co-operation between mainly large and foreign investors on the one hand, and small local landowners on the other. Such a framework would organize leases so as to increase production without evicting local populations in this process.

2.64. In particular, a new Lands Commission Act (Act 787) was enacted in 2008, bringing the then Land Valuation Board, the Survey Department, the Land Title Registry and the Lands Commission under the umbrella of the new Lands Commission as divisions, to provide services to clients in a more cost-effective and efficient manner.

[32] Ghana News Link online information. Viewed at: http://www.ghananewslink.com [7 July 2012].

2.65. The second phase of the Land Administration Project (LAP 2) was launched in 2011 for another 5 years and this is currently ongoing. Two other legislations were at the drafting stage, namely the Land Use Bill (for the Town and Country Planning Department) and a Land Code for the new Lands Commission, attempting to harmonize the numerous legislations pertaining to land administration to ensure that a proper framework is set up for an efficient land administration system both in the formal and the customary set up.

2.66. Objectives include the provision of a directory jointly by MOFA, GIPC and the Lands Commission, as well as the creation of a land bank that would inform on soil fertility, availability of infrastructure, hydrological information, etc. The underlying principle will be that these lands are voluntarily donated by the communities in consultation with inhabitants, and surveyed to cut down on acquisition time and cost by prospective investors. There would be no compulsory acquisition by the State in this regard but the State is at liberty to donate land that had been previously acquired. A model lease agreement has been devised as a guide for both investors and land owners, to create an equitable platform for both investors and land owning communities, in line with international best practice.

2.4.7 International Investment Agreements (IIAs) and dispute settlement

2.67. According to compilations from UNCTAD's database on International Investment Agreements (IIAs), Ghana has signed 26 bilateral investment treaties, eight of which have entered into force.[33] These agreements are essentially intended as a means of promoting foreign inward investment insofar as they protect investors from policy reversals; many of these treaties contain investor-state dispute settlement provisions. Ghana is also a member of the Multilateral Investment Guarantee Agency (MIGA) and the International Centre for the Settlement of Investment Disputes (ICSID).

2.68. Double taxation agreement treaties are in force with Belgium, France, Germany, Italy, the Netherlands, South Africa, Switzerland[34], and the United Kingdom.[35] Finally, Ghana has signed the Convention on Mutual Administrative Assistance in Tax Matters, a multilateral agreement developed jointly by the Council of Europe and the OECD. This Convention, which entered into force in Ghana in October 2013, aims to counter cross-border tax evasion and ensure compliance with national tax laws.[36]

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[33] UNCTAD, Division on investment and enterprise online information. Viewed at: http://www.unctadxi.org/templates/DocSearch.aspx?id=779 and http://unctad.org/Sections/dite_pcbb/docs/bits_ghana.pdf. Agreements have been signed and ratified with: China, Denmark, Germany, Malaysia, the Netherlands, Switzerland, and the United Kingdom. Agreements have been signed, but are not yet ratified with: Benin, Burkina Faso, Côte d'Ivoire, Cuba, Egypt, France, Guinea, India, Mauritania, South Africa, the United States, Yugoslavia, and Zambia.

[34] Double taxation agreement between Switzerland and Ghana (2009). Viewed at: http://www.admin.ch/opc/fr/federal-gazette/2009/1919.pdf.

[35] United Kingdom Ghana Double Taxation Convention of 1993. Viewed at: http://www.hmrc.gov.uk

[36] The Convention was viewed at: http://www.oecd.org/ctp/exchange-of-tax-information/ENG-Amended-Convention.pdf.

3 TRADE POLICIES AND PRACTICES BY MEASURE

3.1 Measures Directly Affecting Imports

3.1.1 Registration requirements

3.1. Ghana has no restrictions on the rights of individuals and entities, including foreign companies, to import goods and services, and there are no special registration requirements for importers. There is however a special registration requirement to set-up as a "trader of imported products", which has been criticized by foreign traders as discriminatory treatment towards foreigners (section 2.4.5).[1]

3.2. As part of the "eGov" project to modernize tax administration, the Ghana Revenue Authority (GRA) and the Registrar General were in 2013 in the process of re-registering all existing businesses and taxpayers, including importers. In order to conduct business, persons and entities including importers are required to register once at any Domestic Tax Revenue Division office to obtain a Tax Identification Number (TIN). Since 2013, this TIN is required as part of the importation and exportation process (section 3.2.2.4).

3.1.2 Customs clearance and other import procedures

3.3. The Government of Ghana has started to make the considerable efforts that are currently required to facilitate import procedures, so as to bring them into accordance with the standards of a modern economy. These efforts are taking place both autonomously and under the WTO. The implementation of the recent Agreement on Trade Facilitation would help. Particular efforts are needed in the following areas which have been most problematic: slow customs clearance, duplication of agencies involved in the importation process, duplication of documentation; antiquated legislation; duplication in technical conformity assessment agencies; and inefficient port clearance processes. As a result, companies complain about cumbersome import processes which frequently take more than the statutory five days, and therefore trigger additional demurrage costs (section 4.7.3.3), which add to the cost of imports.

3.4. The main actors in the import process are the Customs Division of the Ghana Revenue Authority (hereafter "Customs"); the destination inspection companies (DICs); the Ministry of Trade and Industry (MOTI); the Food and Drug Administration (FDA); the Ghana Standards Authority (GSA); and the Ghana Port Authority. In the context of this review, a large number of other fee-collecting entities have been identified with the same task of controlling compliance with import procedures, including a joint revenue task force, a presidential task force and the national security personnel. These would benefit from rationalization as they slow the clearance process and increase its cost.

3.5. Since 2001, the Ghana Community Network (GCNet) system is a public-private partnership that acts as a "single window" platform for Customs, at a cost of 0.4% of the value of imports, payable by the importer.[2] According to Customs, in part because of connectivity problems, manual processing of customs declarations is quite frequent, and the GCNet system needs to be upgraded and updated. Also, there is currently no link between GCNet and the ASYCUDA operated by neighbouring countries. According to the authorities, however, it would be possible to export (and import) data across the two softwares if appropriate legal and administrative mechanisms were put in place.

3.6. Since April 2000, a compulsory Destination Inspection Scheme has replaced pre-shipment inspection, with the result that this inspection is carried out at arrival. In 2013, five different destination inspection companies (DIC) shared the market according to the country of origin of imports: BIVAC, GSL, Ghana LINK, ICS, and WEBB FONTAINE.[3] Inspection is mandatory for all

[1] World Bank (2012b).

[2] GCNet online information. Viewed at: http://www.gcnet.com.gh/home/.

[3] The allocation of business by country is specified in the Customs Guide. Viewed at: http://www.ghanatrade.gov.gh.

imports of US$3,000 and above, unless waived by MOTI.[4] The fee for destination inspection is 1% of the c.i.f. value of goods. The compliance and verification work of the DICs largely duplicates the work of Customs. In its 2012 Budget Statement, the Government announced its intention not to renew the contracts of the DICs when they expire in 2015, and to rely exclusively on Customs to inspect imports.

3.7. The main legislation governing import procedures is the Customs, Excise and Preventive Service (CEPS) Law (Management) (Duties, Rates and Other Taxes) of 1994, and the Export and Import Act 1995 (Act 503). These texts are not apparently available on any official website, nor are they available electronically. According to the authorities, the CEPS law has been under review for some time. In June 2013, in order to improve transparency, Customs published a new book entitled the 2012 Customs Tariff Schedules, based on the new HS2012 classification. This document consolidates most of the border measures that were maintained by Ghana as at end-2012. Neither this document nor Ghana's tariff are available on an official website. No legislation apparently regulates the use of scanners.

3.8. The documents that are currently required overlap each other and, for this reason, deserve to be rationalized so as to speed the import process, thus facilitating trade. The following documents contain duplicate information:

- the Import Declaration Form (IDF);
- the Final Classification and Valuation Report (FCVR);
- the Customs Declaration; and
- the Supplementary Information Document (SID).[5]

3.9. Further, imports must also be accompanied by a tax clearance certificate issued by the Internal Revenue Service on the basis of the importer's TIN; this certificate attests compliance by taxpayers with income tax obligations. Since 2001, a fee of 1% of the c.i.f. value is payable on goods imported in commercial quantities that are not covered by a valid certificate.

3.10. Two parallel import management systems currently operate at Ghana's Customs, one run by Customs, and another operated by the DICs. The two entities are involved in both documentary inspection and in the examination process. This causes duplication as importers or their agents have to re-key the same information in both the FCVR and also into Customs Declarations. Both Customs and the inspection companies may delay clearance because of missing or inaccurate documents, examination of samples, etc.

3.11. The goods to be cleared are directed by the DICs (on the basis of the FCVR) to one of the clearance channels (Green, Yellow, or Red). The yellow channel involves more intensive scrutiny of documents than the Green channel and, in principle, scanning (see below). Goods are directed to the red channel by Customs if they are classified as "high risk goods" (HRGs), defined under the Export and Import Act of 1995, to which special clearing and control procedures apply for health and security reasons (section 3.3.1).

3.12. The outcome of these procedures is that a particularly large share of imports (about 50% of consignments) are still subject to physical inspection of goods, although no statistics were available on this matter in the context of this review; however, Customs have indicated that the aim is to reduce this share to 20%. As the goods have to be moved from one inspecting agency to the other for the examinations to take place, discrepancies in their working hours cause long delays, not to mention divergences between examination results.

3.13. Although scanners have been installed at Tema Port to facilitate examination, the process leading to the scanning needs improvement. Containers, when they are offloaded from ships, are

[4] Below this threshold, an abridged FCVR may be submitted. In addition, a "head load" option for land borders was introduced in October 2007, waiving the destination inspection requirement for imports of single items and of goods in very small quantities.

[5] COTECNA (2012), Ghana Export Guidelines, February. Viewed at: http://www.cotecna.com.

brought out of the Port, to be subsequently returned into the Port for scanning. This not only causes delays but also additional costs to the importer, who has to pay not only for the moving of goods, but also for the Ghana Integrated Cargo Clearance System (GICCS)[6] tracking device, when the goods, are being returned into the Port for scanning.

3.14. As a result of these inefficiencies, customs clearance alone usually takes between one and three days, and may reach a staggering seven days, as witnessed in Aflao.[7] Delays and bottlenecks in the clearance process have thus increased the costs of importing in recent years (Table 2.3). A "Gold Card" form of Authorized Economic Operators was progressively being introduced, which would give some selected importers the opportunity to avoid the intrusive physical examination of goods, and access to a truly paperless transaction system.

3.15. Finally, the authorities also identified a serious weakness in the import process as it stood in early 2014. For example, under the "Premises examination" system, post-clearance verification may be carried out by Customs at the importer's premises. Under the "Clearance on permit" facility, consignments can be removed from the port without applicable duties being paid, pending subsequent parliamentary approval. The use of both facilities was curtailed in 2013, after they had been widely abused, resulting in considerable losses of Customs revenue.

3.16. No statistics were made available on the use of appeals against customs decisions. These are to be lodged with the Commissioner of Customs, and thereafter with the Committee of Appeals in the Ministry of Trade and Industry.

3.17. Ghana has reportedly been implementing the WTO Agreement on Customs Valuation since April 2000, although the underlying legislation has yet to be adopted. It has not been possible to obtain the legislation and applicable regulations under which the DICs operate; according to the authorities, they are contractually responsible for verifying the valuation of imported goods. The DICs maintain databases on reference values and send their import price data to Customs on a regular basis.

3.1.3 Transit

3.18. Aware that cumbersome transit procedures hinder road-based trade and, hence economic development, Ghana has modified several features of its transit system since its last TPR. As a result, transit flows have nearly doubled, showing that traders respond rapidly and favourably to appropriate trade facilitation measures (Chart 3.1). Since September 2007, Customs has used transponders to track transit trucks in real time, operated by the GCNeT. Each transit vehicle pays a fee for this service, a cost that is approximately the same as what was formerly paid for the customs escort, which has been abolished. In addition, cameras installed at Ghana's territorial entry and exit points, as well as inland transit check points, verify the integrity of transit vehicles and their loads.[8] This reform has reportedly cut the time to process and transport goods crossing the country, thereby significantly lowering transport costs.[9]

3.19. Goods in transit are exempt from customs duties. Guarantee bonds are usually issued to ensure that a customs department receives import duties, taxes, and other charges if shipments are unloaded unlawfully during transit. Historically, transit guarantees were granted by several agencies in Ghana. But in 2006 the State Insurance Company was granted a monopoly to do so, and the formula for calculating the guarantee fee was changed from 0.5% of the value of the cargo to 0.5% of the taxes and duties that are due.

3.20. The State Insurance Company is now connected to the GCNeT and has real-time access to the data needed to verify and release transit guarantees. Most transit bonds are now promptly released, and customs staff are being trained to enter all information at border crossings. But these guarantees are currently valid only in Ghana. When leaving Ghana, a transit operator must acquire a transit guarantee for the other country requiring another bureaucratic process and expense. Ghana's guarantee reform was intended to be a first step toward instituting a liberalized

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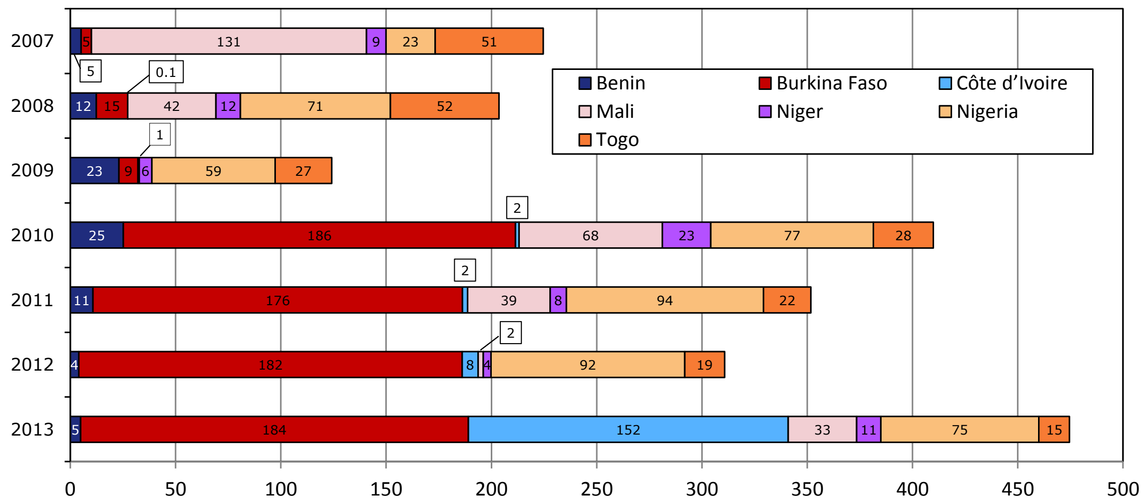
[6] GICCS online information. Viewed at: https://giccs.gcnetghana.com/giccs/jsf/common/NewCargoTrackingLoginPage.jsf.
[7] USAID and West Africa Trade Hub (2012).
[8] World Bank (2010a).
[9] World Bank (2010a).

"chain of guarantors" agreed to at a 2006 conference attended by most transit guarantors in West Africa. Under that agreement the transit fees paid at the beginning of transit journeys would be shared between the guarantors of the countries through which transit vehicles pass.

Chart 3.1 Ghana's trade with ECOWAS partners, 2007-13

(US$ million)



Note: F.o.b. basis.

Source: Information provided by the authorities.

3.21. According to available information, transit times for the 818 kilometres between Tema and Paga, Ghana's border post with Burkina Faso, decreased from 5 days in 2006 to 3.3 days for containerized trucks, and 3.4 days for non-containerized trucks. In 2008 transit times were further reduced to 3 days for both bulk and containerized vehicles.

3.22. Transit guarantees are now released immediately on arrival at a Ghanaian border crossing. Customs have more reliable documentation systems for controlling the start and end of transit procedures. Documents issued by customs authorities at the origin of transit shipments should be verified by customs posts in each transit country, permitting the timely lifting of the guarantee bond attached to the shipment.

3.23. With respect to documentation, the West African Economic and Monetary Union (WAEMU) is spearheading efforts to initiate the ISRT (section 2.3.3), based on electronic sharing and exchange of the appropriate documentation, and has focused on creating such a system in specific corridors rather than across the WAEMU or ECOWAS. The ISRT convention signed between the authorities of Ghana, Mali, and Burkina Faso in May 2006 still needs to be ratified by Ghana's Parliament. Once that is done, the electronic ISRT could become effective as soon as the electronic infrastructure is in place along the trade corridor to ensure that ISRT electronic documents travel seamlessly through the customs management system with full legal validity.

3.24. Non-tariff barriers along road journeys and during the passing through ports, especially the many inspections, document checks, and related bribes have long attracted complaints from operators in the region. This situation creates substantial delays, raises the cost of doing business, and ultimately makes countries and businesses less competitive. Data collected by the West Africa Trade Hub indicates that the costs and delays of these non-tariff barriers have decreased modestly since monitoring began in 2006.[10]

[10] World Bank (2010a).

3.1.4 Tariffs and other charges

3.1.4.1 Overview

3.25. Ghana's import taxation is voted by Parliament through an Act, generally in the context of the annual Budget Law. Tariff Interpretation Orders can be also issued directly by Customs, for example to interpret Budget Law concerning tariffs. Changes in tariffs and other taxes affecting imports have been frequent in recent years, generally for budgetary reasons, pointing to the instability of Ghana's Tariff, particularly by regional comparison.

3.26. As noted in Section 1, the Government's main objective when implementing recent increases in import taxation has been to increase budgetary revenues and decrease the corresponding deficit. Targets have been set annually for revenue collection, and have been met or exceeded in recent years thanks to a strengthening of Ghana's tax administration. According to the Ghana Revenue Authority (GRA), Customs collected nearly a third (32.7%) of all tax revenue in 2012 (Chart 3.2), or over 38% if excise taxes are added (these are levied mainly on imported items). Border taxation of trade thus plays an important role in public sector revenue.

3.27. Fiscal revenue derived from imports is presented in Table 3.1.

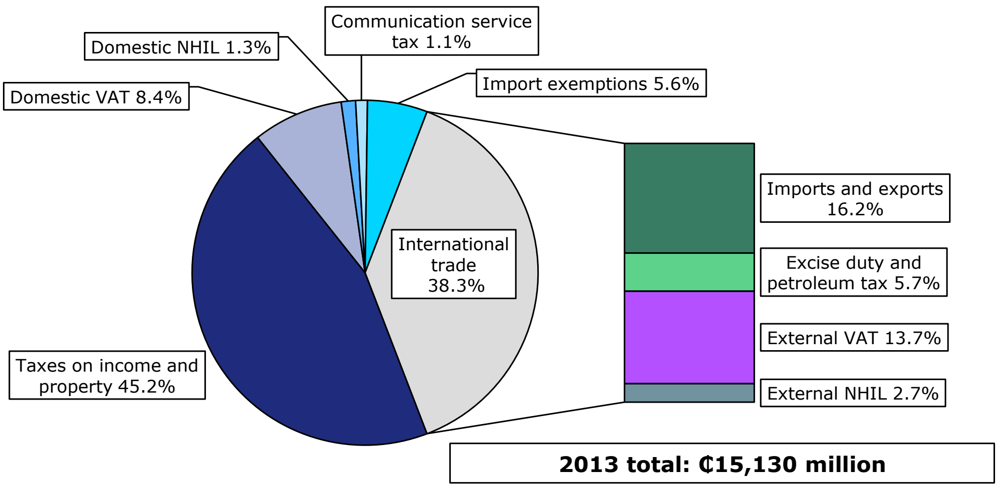
3.28. The Most Favoured Nation (MFN) tariff has been modified frequently between 2007 and 2013. In particular, Ghana has abolished non-*ad valorem* tariffs which applied to petroleum products, and replaced them with *ad valorem* rates. Tariff reductions have occurred for fish livers, roe and flour (from 20% to 0-5%); seeds (from 10-20% to duty-free); clinker and bulk cement (20% to 10%); gasoil and related products (10% to duty-free); fishing yarn and equipment (10% to duty-free); mosquito nets (20% to duty-free); some agricultural equipment (10% to duty-free), contact lenses (10% to duty-free); certain musical instruments (20% to duty-free), and solar lamps and kerosene lanterns (from 20% to 0% and 10% respectively).

3.29. Among the notable increases, tariffs on mobile phones and on line telephone sets with cordless handsets have risen from duty-free to 20%.[11] Those on rough wood have experienced the same increase. Duties on ferrous and non-ferrous metal scrap have increased from 5-10% to 20%. Air coolers, battery charges have recorded increases from 0-5% to 10%.

3.30. The number of other duties and charges (ODCs) and their incidence have also increased since 2007 (section 3.1.4.4).

Chart 3.2 Tax revenue by category, 2013

(% of total tax revenue)



Note: Projection outturn for 2013. NHIL stands for National Health Insurance Levy.

Source: Ghana's Ministry of Finance, 2014 Budget Statement and Economic Policy.

[11] Tariff Interpretation Order No. 2013/001 of 26 July 2013.

Table 3.1 Fiscal revenue derived from imports, 2006, 2010-13

(₵ millions)

	2006	2010	2011	2012	2013[a]
Imports taxes (tariffs and ODCs)	417	1,051	1,511	1,887	2,357
% of imports	6.7%	6.7%	6.3%	5.9%	6.6%
VAT	359	970	1,389	1,716	2,070
% of imports	5.8%	6.2%	5.8%	5.4%	5.8%
NHIL[b]	..	183	285	364	414
% of imports	..	1.2%	1.2%	1.1%	1.2%
Petroleum tax	407	256	439	544	604
% of imports	6.6%	1.6%	1.8%	1.7%	1.7%
Excise duty	71	118	168	186	256
% of imports	1.1%	0.8%	0.7%	0.6%	0.7%
Total	1,254	2,578	3,791	4,697	5,701
Import value	6,189	15,630	24,142	31,899	35,889
Duty collection ratio (total/import value)	20.3%	16.5%	15.7%	14.7%	15.9%
Memo:					
Import exemptions	0.0	386	635	779	848
% of imports	0.0%	2.5%	2.6%	2.4%	2.4%

.. Not available.
a Projection outturn.
b National Health Insurance Levy (NHIL).

Source: WTO Secretariat estimates based on Bank of Ghana Statistical Bulletin (August 2010; June 2011; March, June, and December 2012; and March, June, September, and December 2013); and Ghana's Ministry of Finance, 2014 Budget Statement and Economic Policy.

3.1.4.2 Applied MFN tariffs

3.31. The 2013 applied MFN tariff, based on the HS2012 classification, has 6,062 lines. Tariffs are now all *ad valorem* (Table 3.2). The tariff consists of zero, 5%, 10%, and 20% bands. The 10% and 20% rates are each applicable to more than 40% of tariff lines. Some 12.2% of all tariff lines are duty-free, up from 11.9% in 2007. There are no seasonal or variable tariffs. Tariffs are applied on the c.i.f. value of goods.

3.32. In addition, Ghana has, as of January 2014, converted its specific duties on petroleum products to *ad valorem* rates (Table 3.3).

3.33. As illustrated in the Chart 3.3, some 43.5% of all tariff lines are subject to tariffs of 20%, thus increasing their import price considerably.

3.34. The average unweighted applied MFN tariff in 2013 was 12.8% (Table 3.3), slightly up from 12.7% in 2007. The coefficient of variation of 0.5 indicates moderate tariff dispersion. MFN rates on agricultural products (WTO definition) are generally higher, with an average of 15%, with the highest rates applicable to dairy products and tobacco. Tariffs on non-agricultural products remain lower, with an average of 12%. Using the ISIC (Revision 2) definition of sectors, agriculture remains the most tariff-protected sector, with an average tariff of 15.1%, followed by manufacturing (12.7%), while imports of mining and quarrying products face the lowest tariffs (11.2%).

3.35. Together with other ECOWAS States, Ghana has since 2001 gradually harmonized its Tariff with the WAEMU Common External Tariff (CET). Nevertheless, although Ghana's current tariff is based on the WAEMU four tariff-bands of zero, 5%, 10% and 20%, thousands of lines differ (Table 3.4). For example, in many cases the WAEMU tariff on machinery and other equipment is 5%, whereas Ghana's tariff is duty free.

Table 3.2 Structure of MFN tariffs, 2007 and 2013

(%)

		2007	2013	Final bound[a]
1.	Bound tariff lines (% of all tariff lines)	14.9	16.3	16.3
2.	Simple average tariff rate	12.7	12.8	92.3
	Agricultural products (WTO definition)	17.5	17.3	96.5
	Non-agricultural products (WTO definition)	12.0	12.0	40.3
	Agriculture, hunting, forestry, and fishing (ISIC 1)	15.7	15.1	95.3
	Mining and quarrying (ISIC 2)	11.4	11.2	Unbound
	Manufacturing (ISIC 3)	12.6	12.7	90.8
3.	Duty-free tariff lines (% of all tariff lines)	11.9	12.2	0.0
4.	Simple average rate of dutiable lines only	14.4	14.6	92.3
5.	Tariff quotas (% of all tariff lines)	0.0	0.0	0.0
6.	Non-*ad valorem* tariffs (% of all tariff lines)	0.2	0.0	0.0
7.	Non-*ad valorem* tariffs with no AVEs (% of all tariff lines)	0.2	0.0	0.0
8.	Domestic tariff peaks (% of all tariff lines)[b]	0.0	0.0	0.0
9.	International tariff peaks (% of all tariff lines)[c]	41.9	43.5	100.0
10.	Overall standard deviation of applied rates	6.9	7.0	19.3
11.	Nuisance applied rates (% of all tariff lines)[d]	0.0	0.0	0.0

a Based on 2013 tariff schedule. Calculations are based on bound tariff lines consisting of 989 bound tariff lines, of which 972 are fully bound and 17 partially bound.
b Domestic tariff peaks are defined as those exceeding three times the overall simple average applied rate.
c International tariff peaks are defined as those exceeding 15%.
d Nuisance rates are those greater than zero, but less than or equal to 2%.

Note: The 2007 tariff is based on HS02 nomenclature consisting of 5,943 tariff lines (at 10-digit tariff line level). The 2013 tariff is based on HS12 nomenclature consisting of 6,062 tariff lines (at 10-digit tariff line level).

Source: WTO Secretariat calculations based on tariff information provided by authorities.

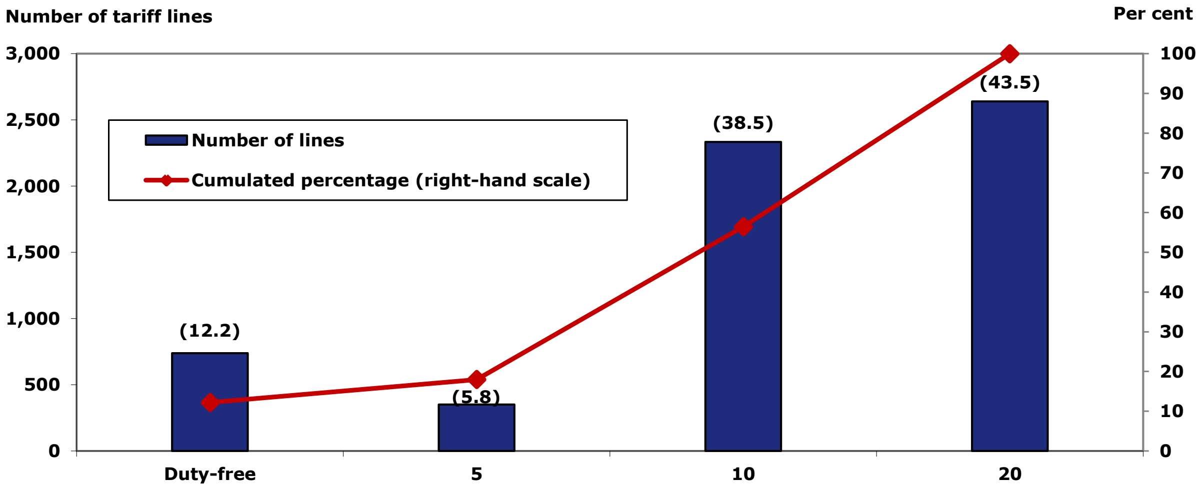
Table 3.3 Non *ad valorem* duties on petroleum products, 2014

HS code	Description	2007 Specific rate (₵/litre)	2014 duty (%)
2710111000	Partially refined oil - white spirit	0.023314	10
2710113100	Light oils, aviation spirit	0.008826	0
2710113200	Light oils, motor spirit, super	0.023314	5.97
2710113300	Light oils, motor spirit, ordinary	0.023314	5.97
2710113900	Light oils – other, n.e.s.	0.023314	..
2710114100	Medium oils, kerosene type jet fuel	0.008826	0.85
2710114200	Medium oils, other kerosene	0.008826	0.85
2710114900	Medium oils – other, n.e.s.	0.008826	..
2710115100	Heavy oils, gas oil	0.017319	3.53
2710115200	Heavy oils, domestic fuel oil	0.005420	3.05
2710115300	Heavy oil, light fuel oil	0.005420	..
2710115400	Heavy oil, heavy fuel oil I	0.023314	..
2710115900	Heavy oil, heavy fuel oil II	0.023314	..

.. Not available.

Source: Ghana Customs tariff.

Chart 3.3 Breakdown of applied MFN tariffs, 2013



Note: Figures in parentheses indicate the share of total lines.

Source: WTO Secretariat calculations based on tariff information provided by authorities.

Table 3.4 Comparative analysis of Ghana's applied MFN tariff, 2007 and 2013

	Ghana 2007[a]	Ghana 2013[b]	WAEMU 2012[c]	ECOWAS 2015[c]
Total	12.7	12.8	12.3	12.3
HS 01-24	17.0	15.9	15.6	16.1
HS 25-97	12.0	12.2	11.6	11.4
By WTO category				
WTO agricultural products	17.5	17.3	14.9	15.6
Animals and products thereof	19.4	19.0	18.5	23.9
Dairy products	20.0	20.0	14.4	16.0
Fruit, vegetables, and plants	18.9	18.3	17.6	17.6
Coffee and tea	20.0	20.0	17.2	12.0
Cereals and preparations	17.8	16.2	12.7	13.5
Oils seeds, fats, oil and their products	14.6	14.6	10.5	14.1
Sugars and confectionary	11.1	11.0	13.3	13.8
Beverages, spirits, and tobacco	19.8	19.8	19.0	17.0
Cotton	10.0	10.0	5.0	5.0
Other agricultural products, n.e.s.	14.4	15.1	9.4	9.5
WTO non-agricultural products	12.0	12.0	11.8	11.7
Fish and fishery products	11.1	9.8	15.5	15.4
Minerals and metals	12.2	12.5	11.8	11.7
Chemicals and photographic supplies	11.9	12.1	7.7	8.0
Wood, pulp, paper, and furniture	16.1	16.8	11.3	11.4
Textiles	16.9	16.8	16.5	16.0
Clothing	20.0	20.0	20.0	20.8
Leather, rubber, footwear, and travel goods	14.3	15.0	14.2	12.9
Non-electric machinery	2.8	3.1	7.3	7.0
Electric machinery	10.3	10.6	11.3	11.2
Transport equipment	6.0	5.5	11.0	10.2
Non-agricultural products, n.e.s.	15.6	15.0	14.3	14.3
Petroleum	9.0	4.3	7.9	7.9

	Ghana 2007[a]	Ghana 2013[b]	WAEMU 2012[c]	ECOWAS 2015[c]
By ISIC sector[d]				
ISIC 1 - Agriculture, hunting and fishing	15.7	15.1	13.0	11.5
ISIC 2 - Mining and quarrying	11.2	11.2	5.0	5.1
ISIC 3 – Manufacturing	12.6	12.7	12.4	12.5
By stage of processing				
First stage of processing	14.1	13.3	11.1	10.2
Semi-processed products	13.0	13.3	10.2	10.0
Fully processed products	12.3	12.5	13.7	14.0

a The 2007 tariff is based on HS02 nomenclature consisting of 5,969 tariff lines (at 10-digit tariff line level).
b The 2013 tariff is based on HS12 nomenclature consisting of 6,062 tariff lines (at 10-digit tariff line level).
c The WAEMU tariff schedule consists of 2012 tariff rates (5,550 tariff lines (at 10-digit tariff line level)) based on the HS 2007 nomenclature. ECOWAS tariff schedule is based on HS 2012 nomenclature consisting of 5,899 tariff lines (at 10-digit tariff line level). For the purpose of comparing duty rates between 2013 applied MFN tariff rates and UEMOA and ECOWAS tariff rates, Ghana's tariff schedule (2013) is used as a basis.
d International Standard Industrial Classification (Rev.2). Electricity, gas and water are excluded (1 tariff line).

Source: WTO Secretariat calculations, based on data provided by the authorities.

3.36. In October 2013, Ghana together with other ECOWAS Member States committed to implement the Common ECOWAS tariff on 1 January 2015.[12] As can be seen from Table 3.5, this would actually imply a lowering of Ghana's unweighted average tariff, both for agricultural and non-agricultural products. The adoption of the ECOWAS Tariff would however bring considerable changes to Ghana's tariff structure. Seven of the WTO tariff categories would record tariff increases, in some cases by a large margin. Perhaps most worryingly, average tariffs on non-electrical machinery and transport equipment would nearly double, with obvious consequences for user industries. Similarly, tariffs on petroleum would also nearly double. The three food products whose average tariffs would increase are animal products, with average duties increasing to 24% on meat products, fish and fishery products, and sugars and confectionary.

3.37. For the fifteen other tariff categories mentioned in Table 3.5, adoption of the ECOWAS Tariff would actually lead to lower tariff averages. Substantial declines would be recorded for such products as coffee and tea, cotton, chemicals, wood, pulp, paper and furniture, and products from the mining and quarrying industries except petroleum.

3.38. For several products important to the food security of Ghana or to the basic needs of its citizens, adoption of the ECOWAS CET could place an upward influence on prices for consumers as a result of the tariff increases. This is the case for cement, unprocessed fish, household cooking palm oil, poultry and sugar. For the latter, raising the duty from the present 10% to the CET rate of 20% would challenge the country's soft drinks industry in particular to adjust to the higher input cost. On the other hand, rice, wheat and maize could become cheaper for consumers as Ghana lowers its present tariffs to the ECOWAS CET rate. On cotton, the lowering of duties to the CET rate of 5% for the least-processed forms of cotton and 10% for the most commonly traded forms of cotton could help lower costs on fabric and textile production dependent on imported inputs in Ghana.

3.1.4.3 Tariff bindings

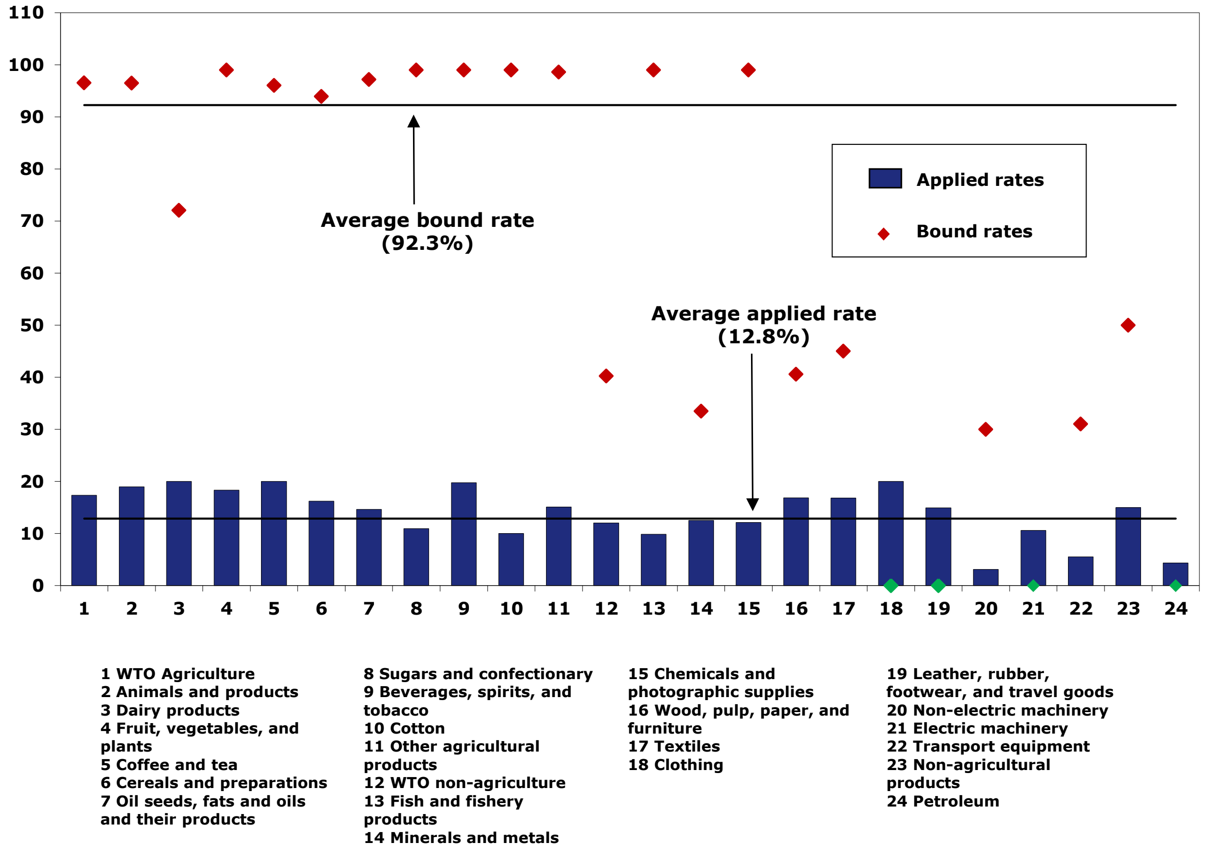
3.39. Ghana bound 14.7% of its tariff lines in the Uruguay Round. However, following the change in tariff classification which occurred in 2012 as a result of Ghana's adoption of the HS 2012 classification, the share of the 2013 tariff that is bound has increased to 16.3% (Table 3.3). In agriculture, all applied tariffs are bound, mainly at a final ceiling rate of 99%; lower bound rates of 40% and 50% were set on a few agricultural products. Products subject to the 40% bound rate include live poultry, milk and cream, wheat, and oil cake; the tariff on tea was bound at 50%. Very few non-agricultural tariffs – 1% of tariff lines – are bound, at ceiling rates of mainly 30% and 40%, but also at 35% and 45%. These bindings are mainly on inputs for agricultural production,

[12] ECOWAS Commission (2013), "Communiqué final", Session extraordinaire de la Conférence des Chefs d'État et de Gouvernement de la CEDEAO, Dakar, 25 October.

such as fertilizers, as well as tools and equipment. In general, there is a considerable discrepancy between bound and applied rates (Chart 3.4).

Chart 3.4 Average MFN tariff rates, by WTO product categories, 2013

(%)



Note: Product categories, clothing (18), leather (19), electric machinery (21), and petroleum (24), are fully unbound.

Source: WTO Secretariat calculations, based on data provided by the authorities.

3.1.4.4 Other duties and charges

3.40. In the GATT/WTO, Ghana bound other duties and charges (ODCs) at zero on non-agricultural and most agricultural goods, and 15% on some agricultural goods, including milk and cream, eggs, tea, wheat, and oil cake. In reality, numerous ODCs are applied on all imports, and their number and incidence have increased. Table 3.5 contains those duties, charges, taxes and fees that are charged on imports in addition to the tariff; in total, they add seven percentage points to the tariff, in addition to domestic indirect taxes (e.g. Value Added Tax (VAT), National Health Insurance Levy, excise).

3.41. In July 2013, Under Tariff Interpretation Order No. 2013/001 of 26 July 2013, the Commissioner of Customs announced a Special Import Levy Act providing for an additional levy of 2% on the c.i.f. value of all imported products, except machinery and equipment listed under Sections 84 and 85 of the Tariff for which the new levy would be only 1%. This Order also specifies a number of exemptions for petroleum products and fertilizers (HS 27.09, 27.10 and HS Chapter 31), which add to the complexity of Ghana's Tariff and increases the cost of compliance with its provisions.

3.42. No import insurance certificate is required by Customs at the time of import. However, Customs levy 0.875% of the f.o.b. value of imported goods that do not carry an insurance certificate.

Table 3.5 Other duties and charges levied on imports, 2013

(%)

Description	Rate (%)	Base
ODC levied on imports only		
GCNet charge	0.4	f.o.b.
ECOWAS levy	0.5	c.i.f.
Export Development and Agricultural Investment Fund (EDAIF)	0.5	c.i.f.
Processing fee (on certain exempted imports)	1	c.i.f.
Destination inspection fee	1	c.i.f.
Special Import Levy Act 2013	1-2	c.i.f.
Total: Charges applied to only imports	**5.4-6.4**	
ODCs levied on imports and domestic consumption:		
Value Added Tax	15	c.i.f. plus import duty
National Health Insurance Levy	2.5	c.i.f. plus import duty
Excise duties	5-140	c.i.f. plus import duty
Withholding tax IRS	1	c.i.f.
Sectoral levies		
IPR protection levy on imported media support	20	c.i.f.
Environmental tax on sales of plastics	15	c.i.f.
Overage penalty on imported vehicles	2.5-50	c.i.f.

Source: WTO Secretariat.

3.43. Under the Customs Overage Penalties Act of 2002, the importation of vehicles older than ten years is subject to the payment of a penalty in addition to tariffs and taxes. The penalty ranges from 2.5% to 50% of the c.i.f. value, depending on the type and age of the vehicle.

3.44. VAT was raised from 12.5% to 15% in December 2013.[13] VAT applies at a standard rate of 15% on all domestic and imported goods and services unless otherwise specified. The zero rate applies to goods and services for export. VAT is levied on the c.i.f. value of imports plus tariff and other border taxes, and on the ex-factory price for locally produced goods. Some 62% of VAT collected in Ghana is levied on imports. The following goods and services are exempt from VAT: agricultural inputs, electricity, transportation, construction, pharmaceuticals, bicycles, books, and machinery and equipment. A 2.5% National Health Insurance Levy applies since 2004 on all goods and services that are subject to VAT.

3.45. Excise duties on tobacco products and beverages are set at 5% on malt drink, 20% on mineral water, 25% on alcoholic beverages (other than beer and malt drink) and on non-alcoholic beverages (other than mineral water), 50% on beer, and 140% on tobacco products. The taxation base is the ex-factory price for locally produced goods and the c.i.f. price for imported goods.

3.1.5 Rules of origin

3.46. As a member of ECOWAS, Ghana offers duty-free tariff treatment to products deemed to originate from other ECOWAS Member States. Under the ECOWAS Protocol, adopted in January 2003, goods are considered as originating in the member State where they have been wholly produced or sufficiently transformed. Sufficient transformation is either a change in tariff subheading, or local content of at least 30%. No statistics are available to indicate the share of imports that enter under ECOWAS rules of origin.

3.47. Ghana's last notification to the WTO Committee on Rules of Origin was made in 2004, when Ghana notified the ECOWAS preferential rules of origin, and the absence of non-preferential rules of origin.[14] According to a recent World Bank analysis, the registration process is particularly cumbersome, and acts as a barrier to duty-free trade, affecting both imports and, particularly, exports from Ghana (section 3.3.1). A lengthy, two-staged approval process starts within a national committee, which subsequently forwards the decision to a regional committee. Registration is needed for every individual product a company intends to export under the scheme.

[13] Value Added Tax Act 2013 (Act 870). Viewed at: http://www.gra.gov.gh/index.php?option=com_content&view=article&id=162:implementation-of-the-value-added-tax-act-2013-act-870&catid=11:latest-news&Itemid=26.

[14] WTO document G/RO/N/44, 6 May 2004. Viewed at: https://docs.wto.org/dol2fe/Pages/SS/directdoc.aspx?filename=Q:/G/RO/N44.pdf.

The approval process takes 4–6 months. Many private sector operators consider this process cumbersome, which explains the low number of registered products.[15] It has not been possible to obtain statistics on approved products and companies under the scheme.

3.1.6 Tariff preferences

3.48. Under ECOWAS, Ghana in principle allows duty-free imports of goods deemed to originate in other ECOWAS countries. However, as noted above, access to these tariff preferences is conditional on meeting stringent rules of origin and, as a result few tariff preferences are actually granted. Instead, there are reports that Ghana sometimes applies the panoply of tariffs and ODCs described above to all imports including from ECOWAS neighbours.[16]

3.1.7 Duty concessions and exemptions

3.49. The thrust of Ghana's trade policy is to promote economic growth. This perhaps explains the authorities' widespread tolerance of tariff and other import duty exemptions. Indeed, one particularity of Ghana's import system is the intensive use by private operators of the multiple import duty exemptions, concessions and other schemes available in the Customs Law, effectively allowing them not to pay customs duties, ODCs, VAT or other taxes as the case may be.

3.50. In order to minimize the loss of revenue that inevitably results from these exemptions, in 2000 the Government introduced a special "processing fee" of 1% levied on certain (but not all) imports that are statutorily exempt from duty, zero-rated or re-exported from warehouses, thus complicating further the administration of import taxation.[17]

3.51. Part of the annual loss of revenue resulting from certain import exemptions is captured by Customs in its "import exemption" statistic, compiled as part of the budget. In 2013, this loss amounted to 5.6% of Ghana's total tax revenue (Chart 3.1 above). The actual revenue foregone is likely to be much higher as the import exemption as it is currently compiled does not include exemptions granted under export processing zone, bonded warehouse, or GIPC provisions (Table 3.6). This highlights an urgent need to streamline and simplify the existing exemptions, which are complex and expensive to administer, cause a substantial shortfall in government revenue every year, and could be contrary to Ghana's WTO commitments.

Table 3.6 Schemes providing for tariff exemptions, 2013

Description / Legislation	Nature of duties waived or reduced
Imports under the Ghana Investment Promotion Centre Act / GIPC Act	Tariffs, ODCs
Imports by hotels and tourism industry (listed items e.g. refrigerators, televisions, etc.)	Reduced tariffs
Imports by restaurants (listed items)	Tariffs
Local film producers (sound recording and other listed apparatus)	Tariffs
Imports by manufacturers approved by the Commissioner / Customs and Excise (Duties and other taxes) Act, 1996 (Act 512)	Tariffs
Raw materials for the manufacture of agricultural and fishing equipment, and of phytosanitary products (e.g. disinfectants, etc.). Raw material for the manufacture of evaporated milk. Raw materials including packaging materials for the manufacture of pharmaceutical products. Raw materials for the manufacture of anti-mosquito products. Raw materials for the manufacture of pipes and tubes of plastics. Materials for processing of timber and related products. Inputs (such as dye stuff, chemicals, grey baft) for the production of textile. Raw material for the manufacture of corrugated roofing sheets. Billets, waste and scrap of iron for the manufacture of iron rods. Inputs for the manufacture of building material. Materials for the manufacture of bicycles and other cycles. Miscellaneous raw materials.	
"Import exemptions" / Tariff Book	
The British Council	Tariffs, VAT
The Head of State of Ghana	Tariffs, VAT
Diplomatic missions	Tariffs, VAT
Technical assistance schemes	Tariffs, VAT
Persons with disability	Tariffs, VAT
Churches and religious bodies	Tariffs
Trade fairs and exhibitions	Tariffs, VAT
The Volta Aluminium Company Limited	Tariffs, VAT
The Volta River Authority	Tariffs, VAT
"General exemptions" / Tariff Book	
Advertising matter	Tariffs, VAT

[15] World Bank (2012b).
[16] FAO (2012).
[17] Customs and Excise (Duties and Other Taxes) Amendment Act 2002 (Act 615).

Description / Legislation	Nature of duties waived or reduced
Aircraft parts and accessories for use by approved airline operators	Tariffs, VAT
Passengers' personal baggage and effects	Tariffs, VAT
West African raw foodstuffs and fish caught by Ghanaian-owned vessels	Tariffs
Educational, cultural, or scientific material	Tariffs
Fishing floats and gear as approved by the Commissioner	Tariffs, VAT
Infants' foods	Tariffs
Machinery, apparatus and spare parts for agricultural purposes	Tariffs, VAT
Chemicals for agricultural purposes, as certified by the Minister of Agriculture	Tariffs, VAT
Jute bags imported by COCOBOD or any of its approved agents	Tariffs, VAT
Gifts of a charitable nature from donors and recognized overseas bodies, as recommended by the Overseas Gifts Committee and approved by the Minister of Finance	Tariffs, VAT
Agricultural and industrial machinery, solar, wind and thermal generating sets, electric generating set of 375 KVA and above, solar cells and panels	Tariffs, ODCs, VAT
Ambulances (HS 8701, 8705, 8703.10.20)	Tariffs, ODCs, VAT
Hearses	Tariffs, ODCs, VAT
Mosquito nets falling within Heading No. 5608. 19.00.10	Tariffs, ODCs, VAT
Imports by hotels and guest houses	Tariffs, ODCs
Tools, implements, cutlery, spoons and forks, of base metal; parts thereof of base metal (HS 82 except 82.08)	Tariffs, ODCs, VAT
Knives and cutting blades (HS 82.08)	Tariffs, ODCs, VAT
Nuclear reactors, boilers, machinery and mechanical appliances; parts thereof (HS 84 except 84.71)	Tariffs, ODCs, VAT
Automatic data processing machines and units thereof (HS 84.71)	Tariffs, ODCs
Electrical machinery and equipment and parts thereof; sound recorders and reproducers, television image and sound recorders and reproducers, and parts and accessories of such articles (HS 85 except 85.02)	Tariffs, ODCs, VAT
Solar, wind, and thermal energy generating sets; electric generating sets of 375 KVA and above (HS 85.02)	Tariffs, ODCs, VAT
Musical instruments; parts and accessories of such articles (HS 92)	Tariffs, ODCs, VAT
Air-conditioners; furnishing, including carpets, bedding, and fixtures; fans and radio sets; refrigerators/deep freezers; television sets; public address systems; and crockery (HS 98.07, 98.08)	Tariffs, ODCs, VAT
Sawn, chipped, sliced or peeled wood (HS 44.07)	Tariffs, ODCs
Aluminium ingots (HS 76.01)	Tariffs, ODCs
Floats for fishing nets of natural corks (HS 45.03)	Tariffs, ODCs
Float cords for fishing nets (HS 58.08)	Tariffs, ODCs
Floats for fishing nets of glass (HS 70.20)	Tariffs, ODCs
Lead weights for fishing nets (HS 78.06)	Tariffs, ODCs
Inputs for the manufacture of fishing nets and fishing ropes (HS 98.02.30)	Tariffs, ODCs
Recording instruments for the music industry (HS 98.10)	Tariffs, ODCs
Imports under Bonded Warehousing provisions / CEPS Law, 1993	Tariffs, ODCs, VAT
Imports under Free Trade Zones provisions / Free Trade Zones statutes	Tariffs, ODCs, VAT
Imports listed under the Mining List (252 items) / Mining List	Tariffs
Metals listed as inputs in mining	
Chemicals listed as inputs in mining	
Electrical equipment listed as inputs in mining	
Machinery listed as inputs in mining	

Source: WTO Secretariat based on information provided by the authorities.

3.52. In Ghana, a large share of imports is cleared into bonded warehouses. The goods can stay there up to four years. Of the goods that are cleared from bonded warehouses to the domestic market, about 25% are exempted from import duties. For example, vehicles and other goods are frequently cleared out of bonded warehouses duty-free, under the "Clearance on permit pending approval" system. In addition, despite the physical controls that are applied, there are many reports of abuse of bonded warehouse facilities. Products such as rice, sugar or consumer electronics are imported into warehouses under temporary exemption; they are subsequently released for re-export to neighbouring countries, but in fact sold in the domestic market without payment of duty or VAT. The application of the bonded warehousing provisions therefore deserves to be reviewed with a view to ensuring equity and increasing revenue. A large share of Ghana's exempt imports also apparently enters under letters granting exemptions from the Ministry of Finance, initiated in other ministries, such as Agriculture, Social Welfare and Employment and Health.

3.53. The users of imported goods brought in under exemption have a market advantage over users of the same goods imported under the statutory tariff rate. In general, these exemptions therefore create an arbitrary differential in protection across firms. They also encourage rent-seeking and corruption, as importers and users of imported goods lobby for exemptions. The wide use of exemptions also creates anomalies in Ghana's tariff structure, reducing tariff protection to producers of exempted goods, and increasing effective protection to the users of exempted raw material inputs.

3.1.8 Import prohibitions, restrictions, and licensing

3.54. Import prohibitions are maintained by the Ghanaian authorities on, *inter alia*, security, technical, sanitary, phytosanitary, and environmental grounds. Ghana also controls or restricts trade under treaties and international conventions to which it is a signatory, such as CITES, the Montreal Protocol, and the Basel Convention on Hazardous Waste. These prohibitions are listed in the Tariff of 2012. Ghana is a member of the Kimberley Process and applies import prohibitions, according to origin, on rough diamonds. Trade and economic sanctions may also be imposed, in accordance with United Nations Security Council resolutions.

3.55. The West Africa Trade Hub highlights that Ghana continues to apply temporary import bans and quotas for selected agricultural commodities.[18]

3.56. The Imports and Exports (Prohibited Goods) Regulations of 1994 prohibit commercial imports of used or second-hand: handkerchiefs; underpants; mattresses; and sanitary ware. Importation of used LPG cylinders, toxic waste, turkey tails, foreign soil, and medical soap containing mercuric iodine is also prohibited. In 2004, the authorities notified the WTO of absence of import licensing procedures.[19] There is however a rather long list of products which reportedly require a permit from the appropriate organization prior to importation (Table 3.1).

3.1.9 Contingency measures

3.57. Since its second TPR in 2001, Ghana has not taken any anti-dumping[20], countervailing[21] or safeguard measures. Ghana does not have any national legislation on such contingency measures.

3.2 Measures Directly Affecting Exports

3.2.1 Export procedures

3.58. The Ghana Export Promotion Authority (GEPA) is the Ministry of Trade and Industry's national focal point for export promotion. The GEPA was established in 1969, and aims to promote exports of non-traditional products with a view to diversifying Ghana's export base.[22] It provides technical assistance and advisory services to Ghanaian companies in order to create an enabling environment for non-traditional export expansion. The GEPA's key programmes include: market access facilitation for export companies, technical advisory services on export product development, trade information services, and export-related human resources development through the Ghana Export School. GEPA has a staff of 76; its activities are funded by the Export Development and Agricultural Investment Fund (EDAIF) (70%) and Government contributions (30%). GEPA works in close cooperation with the UNCTAD/WTO International Trade Centre in Geneva.

3.59. The authorities aim to encourage all exporters to register with GEPA as Ghana's compulsory export gateway. Accordingly, all exporters are to be registered with GEPA and follow a set procedure (Table 3.7). The EDAIF is also active in the same area of export promotion (section 3.2.7).

3.60. As indicated, some exports require specific permits or certificates (Table 3.8). It would appear that in some cases there is duplicate checking by two agencies.

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[18] USAID and West Africa Trade Hub (2010).

[19] WTO document G/LIC/N/3/GHA/3, 21 April 2004. Viewed at: https://docs.wto.org/dol2fe/Pages/SS/directdoc.aspx?filename=Q:/G/LIC/N3GHA3.pdf, confirmed by WTO document G/LIC/N/3/GHA/4, 26 September 2009. Viewed at: https://docs.wto.org/dol2fe/Pages/SS/directdoc.aspx?filename=Q: /G/LIC/N3GHA4.pdf.

[20] WTO document G/ADP/N/193/GHA, 8 April 2011. Viewed at: https://docs.wto.org/dol2fe/Pages/SS/directdoc.aspx?filename=Q:/G/ADP/N193GHA.pdf.

[21] WTO document G/SCM/N/202/GHA, 21 April 2011. Viewed at: https://docs.wto.org/dol2fe/Pages/SS/directdoc.aspx?filename=Q:/G/SCM/N202GHA.pdf.

[22] GEPA online information. Viewed at: http://www.gepaghana.org/.

Table 3.7 Ghana's export procedures, 2014

Agency	Procedures
Ghana Export Promotion Authority (GEPA)	All exporters must fill out new GEPA registration forms. Copy of completed registration forms shall be forwarded to the Permit Issuing Agency (PIA) where required.
Permit Issuing Agency (PIA)	Exporters must contact the PIA where required, to arrange for inspection of premises and production facilities.
PIA and GEPA	PIA to submit an inspection report with recommendations to GEPA and a copy to the exporter. GEPA shall complete the registration process for the exporter when recommended by PIA, and furnish Customs with an update of the list of current exporters.
PIA	PIA shall arrange for inspection of consignment to be exported and samples for testing. Based on the result of the tests and the labels submitted, PIA to issue an Export Consignment Certificate (ECC) to the exporter.
Exporter	Exporter to present all relevant documents, including ECC, to Customs at the point of exit.
Customs	Customs shall ensure that exporter's name is on the current list issued by GEPA, and that exporter has a valid ECC from PIA.

Source: Ghana Standards Authority. Viewed at: http://www.gsa.gov.gh/pdf/Export%20Registration%20Procedure.pdf?phpMyAdmin=2dc4ecf5c1bt1ce2db13.

Table 3.8 Export permit issuing agencies, 2013

Product	Premises inspection and permit issuing body
Antiques	Ghana Museum and Monuments Board. If the items are made from animal parts, obtain permit from Department of Game and Wildlife.
Processed and other foods	Ghana Standards Authority (GSA) / Food and Drugs Authority (FDA)
Fresh / processed fish	GSA
Cocoa, coffee / Sheanut / Cashew nuts	COCOBOD
Raw agricultural products Live plants	Plant Protection and Regulatory Services, MOFA
Timber & wood products	Forestry Commission (Forest Products Inspection Division)
Charcoal	Energy Commission
Rock & rock samples	Geological Survey Department
Mineral ores	Minerals Commission
Wildlife e.g. reptiles, etc.	Department of Game & Wildlife
Chemicals	Environmental Protection Agency (EPA)
Non ferrous scraps metals	Ministry of Trade and Industry

Source: Information provided by the Ghanaian authorities and Ghana Standards Authority. Viewed at: http://www.gsa.gov.gh/pdf/Export%20Registration%20Procedure.pdf?phpMyAdmin=2dc4ecf5c1bt1ce2db13.

3.2.2 Foreign exchange surrender and conversion requirements

3.61. Under the Foreign Exchange Act 2006 (Act 723), complemented by operational guidelines, all foreign exchange earned through exports must be surrendered within 60 days of shipment to a registered Ghanaian bank in Ghana, except for cocoa export proceeds which must be surrendered to the BoG. Banks must submit reports of all export receipts to the BoG.

3.62. With the exception of cocoa, whose export proceeds must be entirely converted into cedis, exporters may retain a portion of the foreign exchange earned in Foreign Exchange Accounts (FEA) at their local banks (section 1.2). These accounts can be credited with foreign exchange earnings not converted into cedi balances. Residents are allowed to transfer up to US$10,000 per annum from these accounts without documentation. Importers are also allowed to undertake imports through direct transfer from FEAs up to US$25,000 per transaction without initial documentation. Subsequently, the importer shall submit the Customs Import Declaration Form no later than three months after the transfer.

3.2.3 Exports under preferential regimes

3.63. Exports under a preferential regime must be accompanied by a certificate of origin. Certificates of origin are issued by Customs for exports under AGOA; and by the Ghana National Chamber of Commerce and Industry for any other of the main preferential schemes: The EUR1 certificate of origin for exports under Regulation 1527 (section 2.4); and the Generalized System of Preferences (GSP) certificate for the United States, Japan, Canada, Switzerland and other countries.

3.64. Companies that wish to benefit from the ECOWAS Trade Liberalization Scheme must also register with the ECOWAS Commission, and register each of the products they wish to ship to other ECOWAS countries duty-free. According to a recent World Bank analysis, the registration procedure is particularly lengthy (four to six months), and restrictive (under a two-staged approval process whereby a national committee forwards the decision to a regional committee), and therefore acts as a barrier to regional exports.[23]

3.2.4 Export taxes, charges, and levies

3.65. Ghana has considerably reduced its reliance on export taxes in past years. Taxes are currently applied on exports of certain wood products (section 4.3) and on exports of certain hydro-carbons (section 4.4.3). In addition, producer prices for cocoa production, most of which is exported, are set below world prices; but these producer prices apply irrespective of whether cocoa is exported in raw form or locally processed (section 4.1.2.1.).

3.2.5 Export prohibitions, restrictions, and licensing

3.66. Aside from prohibitions on exports of round or unprocessed logs, raw rattan cane and bamboo, and parrots, there do not seem to be any specific regulations providing for export restrictions.

3.2.6 Export duty drawback

3.67. Provisions exist in Ghana's statutes for duty drawback.[24] Data was not available on the number and value of drawback applications and actual payments. Any company that uses imported raw materials or other inputs in the manufacture of products that are exported is in principle entitled to claim a duty drawback corresponding to the amount of duty paid on the imported inputs. Customs export documents must be submitted to provide evidence of export, together with evidence from customs authorities in the importing country. Claims must be made within twelve months of the date of export.

3.68. Reimbursement depends on the availability of funds. According to industry observers, drawback payments are extremely slow to be processed, and in many cases almost impossible to obtain. The minimum time required to process a claim is three to four months; but many claims are apparently never realized.

3.2.7 Export subsidies, finance, insurance, and guarantees

3.69. Ghana had notified the WTO Committee on Agriculture in 2001 that it did not maintain any subsidy, including any form of price support, and notified the WTO Committee on Subsidies and Countervailing Measures (SCM) of the absence of any subsidies in 2004.[25] No notification has been received since then from Ghana by these two bodies on this topic. Based on Annex VII paragraph (b), which concerns countries with a per capita annual income of less than US$1,000, the prohibition on export subsidies under Article 3 of the WTO Agreement on SCM does not apply to Ghana.[26]

3.70. Among the agencies designed to support exporters since 2001, a third entity – the Export Development and Agricultural Investment Fund (EDAIF) – provides export credit to companies with majority Ghanaian shareholding, with the objective of stimulating the export sector and supporting

[23] World Bank (2012b).

[24] The provisions for Ghana's duty drawback scheme are laid down in sections 40 to 42 of the Customs, Excise and Preventive Service (Management) Law of 1993.

[25] WTO documents G/SCM/N/95/GHA, 20 April 2004. Viewed at: https://docs.wto.org/dol2fe/Pages/SS/directdoc.aspx?filename=Q:/G/SCM/N95GHA.pdf ; and G/AG/N/GHA/2, 21 August 2001. Viewed at: https://docs.wto.org/dol2fe/Pages/SS/directdoc.aspx?filename=Q:/G/AG/NGHA2.pdf.

[26] For an explanation of the rules on export support under the WTO, see ITC (2009).

trade in general.[27] Following the passage of the Export Development and Agricultural Investment Fund (EDAIF) Act 823 of 25 October 2011, financial resources can also be provided for the promotion of the agri-processing industry. The EDAIF's main source of funding is the statutory 0.5% fee on the c.i.f. value of all non-petroleum imports; according to its 2009 Annual Report, funding from the fee was only ₵42.3 million in 2009, a third of the revenue collected in 2005.

3.71. The EDAIF Credit Facility operates with designated financial institutions (DFIs). The DFIs receive loan applications from prospective borrowers and submit them, together with their appraisal and recommendation, to the EDAIF Board of 13 members, including 5 private sector representatives. The maximum amount one can access under the credit Facility is the cedi equivalent of US$3 million. The DFIs bear the credit risk for approved loans. EDAIF subsidizes the interest rate charged to the borrowers. It lends to the DFIs, and the DFIs lend to the borrower. EDAIF's current lending rate to the DFIs is 12.5%, who in turn lend to the borrower according to the BoG's prime rate (16-18% in 2013).

3.72. The main products financed under EDAIF's credit facility are agri-food products such as shea butter, cocoa powder, canned tuna, vegetable oil, and handicrafts. In 2009, ₵29.4 million (US$13 million) were approved for credit disbursement to 12 companies, i.e. considerably less than in 2005.

3.73. In addition, EDAIF also runs an Export Development Promotion (EDP) Facility, which supports the development and promotion of export products and provision of services to the export sector, but does not subsidize loans. The maximum loan under the EDP is the cedi equivalent of US$100,000. Disbursements of ₵2.2 million (US$1 million) were made under the EDP in 2009.

3.74. Given that many exporters lack the raw materials to process for export, EDAIF's range of activities was modified in 2011 to permit the financing of agri-food processing activities. The Export Development and Agricultural Investment Fund (EDAIF) Act 823 of 25 October 2011 now includes the possibility of providing financial resources to the promotion of agriculture for the agri-processing industry. Under the new EDAIF, ₵119 million (US$53 million) were approved for export credit towards some 150 projects during 2011-12. By way of comparison, Ghana's 2012 exports stood at US$13.5 billion.

3.75. An Export Marketing and Quality Awareness Project supports the agri-food export sector since 2005, with the help of the World Bank and the African Development Bank.[28]

3.2.8 Export processing zones

3.76. Ghana currently has two free ports at Tema and Takoradi, the Kotoka International Airport free zone, and four Export Processing Zones (EPZ): the Tema EPZ, located near the seaport in Tema; the Ashanti EPZ, located close to the inland port of Ghana Boankra; and Sekondi and Shama EPZs, both located near the seaport of Sekondi.[29] Investors can also obtain EPZ status without being located within the designated EPZ, at a free point located anywhere in Ghana. There are currently 252 free points, compared to 150 in 2007, most of them located in the Greater Accra area.

3.77. One particularity of Ghana's free zone scheme is that non-free zone enterprises are allowed to operate in the free zones, so as to benefit from their superior infrastructure, including a dedicated power grid, a large water reservoir; central sewerage system, telecommunication services and secured enclosures. This can encourage positive FDI spill overs on the local economy, as export processing activities will tend to rely more on locally produced inputs available close by.

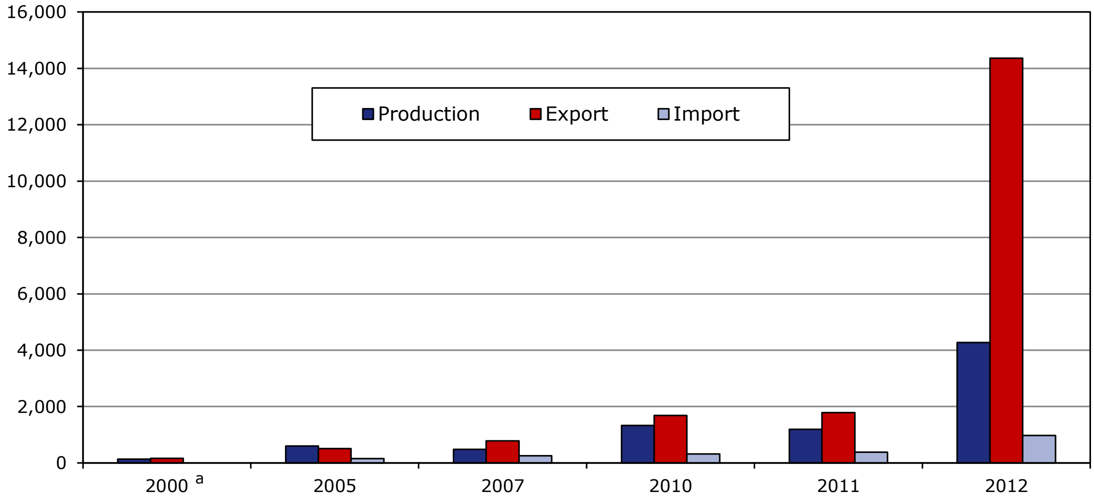
3.78. Ghana's free zone system has been the subject of a recent Aid-for-Trade Case study.[30] The case study shows that since the programme's inception in 1995, the results have been mixed.

[27] The EDIF (now EDAIF) was set up under the Export Development and Investment Fund Act 582 of 2000, and has a website: http://www.edifgh.org.
[28] African Development Bank Group (undated).
[29] The Free Zone Act of 1995 and its Regulations lay down the legal basis for EPZs in Ghana. The Ghana Free Zones Board has a website: http://www.gfzb.gov.gh.
[30] OECD-WTO (undated).

While one of the EPZs was on the brink of collapsing in 2005, it has recovered since then. About 200 enterprises currently operate in a range of activities including agri-processing (cocoa, spices, cashew, fruit) and production of garments, textiles, and plastic products. Exports reported by the Ghana Free Zone Board (GFZB) exceed the sum of imports plus production (Chart 3.5). According to the authorities, this is due to the fact that production data covers only merchandise, while exports cover merchandise services and re-exports.

Chart 3.5 Export processing zones indicators, 2000, 2005, 2007, and 2010-12

(US$ million)



a No import data available for 2000.

Source: Ghana Free Zone Board.

3.79. The GFZB has the mandate to establish free zones in Ghana, as well as to grant licences, attract new investors, monitor the activities of EPZ enterprises, and register data and keep records of economic activities in EPZs. The Board is composed of nine members, including four from the private sector; it is chaired by the Minister of Trade and Industry.

3.80. Enterprises located in an EPZ have the right to produce any type of good or service for export and benefit from generous investment incentives:

- Exemption from all direct or indirect duties (including VAT, excise duties) and levies on all imports for production and exports from free zones;
- Exemption from income tax on profits for ten years, and maximum income tax of 8% after the ten years;
- Exemption from the withholding tax arising from investments in free zones;
- Benefits of double taxation agreements that are in place (section 2.4);
- Speedy customs formalities as goods can be cleared on the premises of the company (clearance on premises, section 3.1.2).

3.81. Licences for investors are granted by the GFZB, which also operates as a one-stop service by assisting applicants to obtain other relevant licences and permits. Licence fees are between US$2,000 and US$5,000, depending on the activity of the company.

3.82. Under the ECOWAS Protocol, exports by EPZ enterprises to other ECOWAS countries are not eligible for preferential treatment, and are thus subject to customs duties. Also, an enterprise located in an EPZ may sell up to 30% of its production on the national market, subject to the payment of regular import duties and taxes. However, there appear to be substantial leakages to the domestic market without payment of such duties and taxes, which has prompted the creation of a monitoring department to reduce these leakages.

3.3 Measures Affecting Production and Trade

3.3.1 Standards and other technical requirements

3.83. As notified to the WTO, "High risk goods" (HRGs) are subject to special conformity assessment procedures, in place for health, safety and security reasons.[31] The Customs classification of HRGs dates from the early 1990s and is problematic; it should be reviewed as some foods are not included and thus are not considered high risk. In parallel the Food and Drug Authority (FDA) registers regulated human and animal foods, drugs and cosmetics (Table 3.9). In several cases, both imported products and importers must be registered and inspected by both bodies, which results in duplication. All imported HRGs must be accompanied by a certificate of conformity, with reference to the applicable Ghanaian standards.

Table 3.9 Imports subject to prior authorization, 2014

Products	Premises inspection and permit-issuing body
1. "High risk goods"	
Food products, cosmetics	GSA, FDA
Alcoholic and non-alcoholic beverages	GSA, FDA
Pharmaceuticals	FDA
Electrical appliances, electrical products, e.g. bulbs, switches, sockets, electrical cables, electronic products, LPG cylinders and accessories. Toys	GSA
Chemical and allied products	Environmental Protection Agency (EPA)
Building materials, used goods, petroleum products, motor vehicle batteries, African textile prints	GSA
Pyrotechnic products	GSA, Minister of Interior
Machetes	Ministry of Agriculture
Vehicle spare parts	Ministry of Trade and Industry
Industrial machinery	Ministry of Trade and Industry/GIPC
2. Other products	
Raw agricultural products (e.g. yam, pineapples, mango). Live plants	Plant Protection and Regulatory Services Division (MOFA)
Timber & wood products	Forestry Commission
Charcoal	Energy Commission
Rock and rock samples	Geological Survey Department Certificate
Petroleum products	National Petroleum Authority
Wildlife e.g. reptiles, etc.	Department of Game & Wildlife
Other animals and pets including snail	Veterinary Services (MOFA)
Communication equipment	National Communication Authority, GSA
Cinematography films	Customs
Goods imitating money; gambling machines; gold coins. Rough or uncut diamonds	Minister of Finance
Arms and ammunitions, handcuffs, machines for duplicating keys	Minister of Interior
Nets and traps for animals	MOFA
Mercury	Ministry of Trade and Industry/Inspector of Mines
3. All products (ad hoc compliance checks)	Presidential Task Forces National Security Personnel Port Health authority

Source: WTO Secretariat based on Ghana Customs, Excise, and Preventive Service (undated), *A Guide for Importers and Exporters, and the Public*, and information provided by the authorities.

[31] WTO document G/TBT/N/GHA/1, 18 January 2005. Viewed at: http://tbtims.wto.org.

3.3.1.1 Ghana Standards Authority (GSA)

3.84. The GSA, previously the Ghana Standards Board (GSB), was established by the Standards Authority Act (also known as the Standards Decree)[32] in 1973. This law has been under review since 2006.[33] The GSA's website has copies of all legislation regarding its operations.[34]

3.85. In principle, the GSA is responsible for the overall management and coordination of standardization issues in Ghana, including metrology, standards, testing, certification and inspection, and the quality assurance of goods and services for the local market, imports and for export. Among its domestic activities, the GSA randomly inspects fuel measuring instruments to ensure their accuracy. In addition, cocoa scales and test weights used in the cocoa industry are regularly verified, as are weighbridges.[35] The GSA elaborates standards for food, drugs, cosmetics, and engineering products, and certifies these products under its certification scheme. It maintains an electronic catalogue of domestic standards on its website.

3.86. Ghana primarily adopts international standards, especially ISO, Codex, or IEC norms. The initiative for the adoption of a standard is usually taken by industry groups, academics, consumers, or the wider public. A Technical Committee, composed of stakeholders such as academics, consumer representatives, and traders, first consults existing international norms for adoption or modification as a Ghana Standard. The Committee is supported by a secretariat provided by the GSA. Once a draft standard has been elaborated, it is sent to the interested public; comments can be provided over a period of three months. Standards enter into force after their publication in the *Government Gazette.* International norms are generally applied unless found unsuitable. Where no international norms exist, standards from other countries are usually used. Ghana also develops its own standards for indigenous products, such as for cassava chips or shea butter. The GSA is mainly government-funded, but also collects fees from its quality assurance and testing activities.

3.87. Ghana currently has 2,485 national standards on, *inter alia,* building materials, food and agricultural products, household products, electrical goods, pharmaceuticals, quality management services and societal standards. The GSA is a full member of ISO and has MoUs with the British Standards Institute, the American Society for Testing and Materials, the South African Bureau of Standards, the Standards Organisation of Nigeria. It is an affiliate of International Electro - Technical Commission (IEC), giving it access to all the standards of these two international standard setting bodies.

3.88. The GSA has observed that, in practice, due to the lapses in the understanding of the National Quality Infrastructure, the roles of the national standardization and certification body and that of the regulators are not very well delineated. This sometimes leads to the promulgation of technical regulations (mandatory standards) by some regulators, without the GSA being involved. The legislative review aims, *inter alia,* to ensure that all regulators work in association with the GSA and have recourse to relevant standards in promulgating technical regulations.

3.89. The Standards Act does not make a clear distinction between voluntary standards and technical regulations. Nevertheless, on high-risk goods, Ghanaian standards are considered as technical regulations and related imports are accordingly inspected. The GSA has inspectors at major customs offices to ensure that imported HRGs comply with established Ghanaian Standards. Imported HRGs must either be accompanied by a certificate of conformity issued by an internationally-recognized laboratory accredited in the home country, or they will be inspected by the GSA. According to the GSA, foreign certificates of conformity and certificates of analysis from laboratories accredited by internationally-recognized accreditation bodies are generally accepted. GSA does not maintain a list of acceptable foreign laboratories, but participates in the IEECE-CB Scheme; test reports are also verified with reference to the International Laboratory Accreditation Cooperation (ILAC).

[32] This law was viewed at: http://www.wipo.int/wipolex/fr/text.jsp?file_id=225588.
[33] GSA online information. Viewed at: http://www.gsa.gov.gh/.
[34] GSA online information. Viewed at: http://www.gsa.gov.gh/standards/index.php.
[35] National Development Planning Commission (2012).

3.90. The GSA is Ghana's enquiry point under the WTO Agreement on Technical Barriers to Trade.[36] No new legislation has been notified to the WTO since the last TPR in 2008. Ghana has accepted the Code of Good Practice for the Preparation, Adoption and Application of Standards.[37] Since October 2006, Ghana has notified five new TBT measures to the WTO Committee on Technical Barriers to Trade, bringing the total to eight notifications: on general hygiene provisions for fish and fishery products; on fishing regulations; on fortification requirements for all wheat flour and vegetable oil locally produced or imported, on household refrigerating appliances; and a prohibition on imports and exports of second-hand handkerchiefs, underpants, mattresses and sanitary ware.[38]

3.91. The GSA represents Ghana in the International Organization for Standardization (ISO), the African Regional Organization for Standardization (ARSO), and the International Organization for Legal Metrology (IOLM); it is also an Associate member of the International Bureau of Weights and Measures (BIPM). Ghana sends bi-annually its Standards Work Programme to ISO as part of the Code of Good Practice. It is the contact point for all Codex Alimentarius issues and is an affiliate member of both the African and the International Electro-Technical Commissions (AFSEC and IEC).

3.3.1.2 Food and Drug Authority (FDA)

3.92. The FDA (previously the Food and Drugs Board), under the Ministry of Health, regulates the manufacture and distribution of food products, tobacco products, pharmaceuticals, and household chemicals and medical devices.[39] The FDA's legal mandate is also found in a new legislation, the Public Health Act, Act 851 of 2012, and in particular its parts relating to tobacco control measures, food and drugs, and clinical trials.[40]

3.93. Food, medicines and all other regulated products must be registered by the FDA before they are placed on the market. The importer must first obtain a registration form and fill it out; then send it to the FDA for registration, together with a copy of the importer's business registration, applicable dossier or documentation, and registration fees. Registration is product-specific and valid for three years. Operational Guidelines and Forms can be obtained from the FDA website. The FDA may conduct laboratory analyses, irrespective of whether the consignments are covered by foreign laboratory tests.

3.3.1.3 Marking, labelling, and packaging

3.94. Ghana's regulations on labelling, packaging and marking of specified products are contained in four main statutes:

- The Public Health Act of 2012, and accompanying Guidelines for the Registration of all regulated products, under the responsibility of the FDA;
- The 1992 Ghana Standards Board (Food, Drugs and Other Goods) General Labelling Rules: under these rules, imported and domestic food and drugs must be labelled in English, identifying attributes such as the type of product, the country of origin, the ingredients or components, net weight, instructions on use, and the expiration date for perishable foods. Similar labelling is required on a range of other specified products, including electrical goods, e.g. televisions, air-conditioners, batteries, lamps and household appliances; cement; paints; pesticides; poultry feed; toiletries; and cosmetics;
- The Standards Act, 1973;
- The Ghana Standards (Certification Mark) Rules, 1970 (L.I. 662), as amended; and

[36] WTO document G/TBT/ENQ/27, 17 February 2006. Viewed at the TBT Information Management System: http://tbtims.wto.org/web/pages/search/notification/BasicSearch.aspx. The authorities indicate that a new Bill specifying the roles and responsibilities of the GSB is before Cabinet.
[37] WTO document G/TBT/CS/N/144, 30 May 2002.
[38] WTO documents G/TBT/N/GHA/4-8. Viewed at the TBT Information Management System.
[39] Viewed at: http://www.eservices.gov.gh/FDB/SitePages/FDB-Home.aspx.
[40] Public Health Act, 2012 (Act 851). Viewed at: http://www.tobaccocontrollaws.org/files/live/Ghana/Ghana%20-%20Pub.%20Health%20Act%202012%20-%20national.pdf.

- Specific standards have been developed for low density polyethylene fill, wrappers and transit containers, for polystyrene boxes, for PVC bottles for oil, for jute sacks, for polypropylene woven sacks, for "blow moulded" containers, and for paper sacks for cement.

3.3.1.4 Sanitary and phytosanitary measures

3.95. Until 2010, domestic SPS legislation was archaic and largely inapplicable. The authorities have explained that in practice the Codex Alimentarius and OIE legislation were used as regulatory guidelines, as Ghana is a member of the three standard-setting bodies explicitly referred to in the WTO Sanitary and Phytosanitary (SPS) Agreement, namely the Codex Alimentarius, OIE and the International Plant Protection Convention (IPPC). New regulations since 2010 have largely filled this legislative gap. Current legislation, which is not available on an official website, and has yet to be notified to the WTO, consists of:

- The Plant and Fertilizer Act, 2010 (Act 803), which replaced the repealed Prevention and Control of Pests and Diseases of Plants Act, 1965 (Act 307);
- The Prevention of Damage by Pests Decree, 1968;
- The Prevention and Control of Pests and Diseases of Plants (Cassava Plant and Plant Products (Prohibition of Importation) regulation, 1974 (L.I. 882);
- The Pesticides Control and Management Act, 1996 (Act 528);
- Plant Protection Regulations, 2012 (L.I. 2193);
- Plant Fertilizer Regulations, 2012 (L.I. 2194); and
- The Public Health Act of 2012 (Act 851).

3.96. SPS measures in Ghana are primarily the responsibility of the Directorates of Plant Protection and Regulatory Services (PPRSD), which is part of the Ministry of Food and Agriculture (MOFA), of the Veterinary Services of the MOFA, while the FDA is responsible for human and animal food safety (non-veterinary issues). The Ministry of Fisheries is responsible for fish products' safety.

3.97. The PPRSD maintains an up-to-date website containing laws and regulations, and serves as the WTO SPS enquiry point.[41] Imports of plants and plant products require a phytosanitary certificate from an authorized body of the exporting country and an import permit issued by the PPRS. Ghana recognizes phytosanitary certificates issued in accordance with IPPC requirements.

3.98. The PPRSD also has statutory responsibilities over plant pest and disease management, pesticide regulation and control, and inspection and certification. An Invasive Alien Species Secretariat (IAS-MOFA) groups experts from PPRSD, the Ministry of Environment Science and Technology, the EPA and other entities.

3.99. A new statute, the Fees and Charges (Amendment) Instrument, 2012 (L.I. 2191), specifies what fees are to be levied on each shipment by each control, and inspection and certification entity. The authorities point out that inspection has not really improved, particularly that of exports through Kotoka International Airport, because of the lack of proper infrastructure and inadequate equipment to conduct phytosanitary and quality inspection and certification. The authorities have stated that import prohibitions for SPS reasons are all based on IPPC standards. (e.g. International Standards for Phytosanitary Measures (ISPM) Nos 1, 11, 21).

3.100. The Veterinary Services Directorate conducts animal quarantine. Imported products of meat and dairy, live animals, as well as veterinary vaccines, drugs, and equipment require a

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[41] Ministry of Food and Agriculture online information. Viewed at: http://mofa.gov.gh/site/?page_id=85.

permit issued by the Veterinary Services Directorate and must be covered by a veterinary health certificate from the exporting country.

3.101. The new Public Health Act regulates sanitation in food processing, vending and distribution. Ghana has not submitted any SPS notifications to the WTO. WTO Members are expected to carry out such notifications in case of a change in their national SPS regulations, unless the new regulations are aligned with international standards. Ghana has not been the target of any specific trade concern expressed by another WTO member.[42] According to the authorities, an SPS Committee is about to become operational in Ghana.

3.102. A draft SPS framework is also being developed by ECOWAS, by and large a translation of WAEMU's framework. The draft ECOWAS Regulation on the Harmonization of the Structural Framework and Operational Rules Pertaining to the Health Safety of Plant, Animals and Foods in the ECOWAS Region was still a "work-in-progress" in 2010.[43] In March 2010, ECOWAS became an *ad hoc* observer to the WTO SPS Committee.

3.3.1.5 Environmental regulations

3.103. Ever since the 1992 National Environmental Policy of Ghana, protecting the environment has been a stated policy objective of the Government. As such environmental protection and sustainable development have featured in several development plans of the country, including the recent Medium-Term National Development Policy Framework, Ghana Shared Growth and Development Agenda: 2010-2013.[44] With respect to environmental standards, the main law is the Environmental Protection Agency Act, 1994 (Act 490) and the Environmental Assessment Regulations, 1999 (L.I. 1652). The Ministry of Environment, Science and Technology is the responsible entity. The Environmental Protection Agency[45] is the leading public body for protecting and improving the environment in Ghana. Environmental policy is formulated by the Ministry of Environment, Science and Technology.[46]

3.104. Since 2005, Ghana has been phasing-out its fossil fuel subsidy, which is one of UNEP's key recommendations. The removal of this fuel subsidy has made it possible to 1) eliminate fees for attending primary and junior secondary schools; 2) allocate extra funds for primary health care in the poorest areas; 3) expand the provision of mass urban transport; and 4) increase funds to a rural electrification scheme.[47]

3.105. In 2013, Customs also announced a reduction of the Environmental Excise Tax from 15% to 10%; this tax is levied on imports and sales of plastics, with exemptions for pharmaceuticals and plastics used for water sachets, as well as for plastics used in the agricultural sector. According to newspaper reports, the tax and the funds generated have been inadequate to help devising appropriate waste-management schemes.

3.3.2 Intellectual property rights (IPR)

3.106. Ghanaian consumers are constantly threatened by the illegal sale of fake products, particularly pharmaceuticals.[48] Most of these potentially dangerous counterfeit products are imported, raising important issues of IPR enforcement at the border. To deal with these issues, Ghana has developed innovative strategies to improve enforcement (see below).

3.107. In 2010, Ghana set out to modernize and strengthen the country's IPR regime. A National Intellectual Property Policy Committee (NIPPC) and Technical Coordination Group has developed a

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[42] SPS Information Management System. Viewed at: http://spsims.wto.org/web/pages/search/stc/Search.aspx.
[43] Viewed at: http://www.standardsfacility.org/.
[44] UNEP online information. Viewed at: http://www.unep.org/greeneconomy/AdvisoryServices/Ghana/tabid/56355/Default.aspx.
[45] UNEP online information. Viewed at: http://www.unep.org/greeneconomy/AdvisoryServices/Ghana/tabid/56355/Default.aspx.
[46] EPA online information. Viewed at: http://www.epa.gov.gh/.
[47] UNEP online information. Viewed at: http://www.unep.org/greeneconomy/AdvisoryServices/Ghana/tabid/56355/Default.aspx.
[48] IMF (2012).

consolidated national IP Policy and Strategy, under both the supervision of MOTI and the Ministry of Justice, and with the support of the Government of Switzerland.[49] The project consists of modernizing the existing IP legislation, defining a national policy, sensitizing the judiciary, and developing a training manual for the judiciary on basic IP issues and a roadmap for the development of a national IP office.

3.3.2.1 Legal and institutional framework

3.108. Ghana is a member of the World Intellectual Property Organization and of the African Regional Industrial Property Organization. It is a signatory to various IPR treaties (Table 3.10).

Table 3.10 Membership in IPR treaties, 2013

Treaty	Entry into force
Berne Convention (Literary and Artistic Works)	11 October 1991
Paris Convention (Industrial Property)	28 September 1976
Patent Cooperation Treaty (PCT)	26 February 1997
WIPO Convention	12 June 1976
The Protocol Relating to the Madrid Agreement Concerning the International Registration of Marks (Madrid Protocol)	16 September 2008
WIPO Copyright Treaty	18 November 2006
The Hague Agreement on the Deposit of International Designs	16 June 2008
Lusaka Agreement	15 February 1978

Source: WTO Secretariat based on information provided by the authorities.

3.109. Ghana notified its main legislation on IPRs to the WTO TRIPS Council, which reviewed it.[50] This legislation was modernized in 2003-05 (see below). Patents, copyrights and related rights, trade marks, industrial designs, geographical indications, layout designs of integrated circuits, and undisclosed information are all legally recognized and protected in Ghana.

3.110. According to the authorities, a review of all IP legislation, except copyrights, began in 2010. A new Plant Breeders' Bill was before Parliament in January 2014.[51]

3.111. Applications for copyright protection are filed at the Ghana Copyright Office under the Ministry of Justice.[52] The Registrar-General is the notified IPR contact point for matters regarding patents, layout designs of integrated circuits, geographical indications, industrial designs, and trade marks.[53]

3.3.2.2 Main areas of intellectual property rights

3.112. Ghana's main IPR laws and their coverage are represented in Table 3.11. Sections 13 and 14 of the Patents Act contain provisions on compulsory licences, but none have been granted since 2005. Where required in the public interest or where the manner of exploitation of a patent is determined to be anti-competitive by a judicial or administrative body, the responsible Minister may designate a third person or a Government agency to exploit the invention. Public interest reasons include national security, nutrition, and health, as well as the development of vital sectors of the economy. Upon request, courts may also grant compulsory licences in the case of non-exploitation of a patent for at least 3 years. In 2005, one compulsory licence had been granted to a Ghanaian company to produce HIV drugs.

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[49] Swiss State Secretariat for Economic Affairs, SECO. Viewed at: http://www.seco-cooperation.admin.ch/laender/05148/05157/index.html?lang=fr.

[50] WTO document IP/N/1/GHA/1, 22 April 2002. Ghana replied to questions posed by Australia, Canada, the European Communities, Japan, Switzerland, and the United States, thereby also referring to its new legislation (WTO documents IP/Q/GHA/1, IP/Q2/GHA/1, IP/Q3/GHA/1, and IP/Q4/GHA/1, 9 February 2004).

[51] See the following link: http://www.upov.int.

[52] Ghana Copyright Office online information. Viewed at: http://www.copyright.gov.gh/.

[53] Registrar General's Department online information. Viewed at: http://rgd.gov.gh/.

Table 3.11 Overview of IPR protection, 2013

Coverage	Duration	Selected exclusions and limitations
Patent Act: http://www.wipo.int/wipolex/en/text.jsp?file_id=223077		
Patents any product or process that is new, involves an inventive step and is susceptible to industrial application **Utility models** product or process that is new and susceptible to industrial application	20 years from the date of application. Seven years for utility models	No patent can be granted for: (1) discoveries, or scientific and mathematical theories; (2) schemes, rules or methods for doing business, performing purely mental acts or playing games; (3) methods for treatment of the human or animal body by surgery or therapy, as well as diagnostic methods practiced on the human or animal body (except for products used in any of these methods); (4) inventions contrary to public order or morality; (5) plants and animals other than micro-organisms; (6) biological processes for the protection of plants or animals other than non-biological and micro-biological processes, and (7) plant varieties.
Industrial Designs Act 2003 (Act 660): http://www.wipo.int/wipolex/fr/text.jsp?file_id=223028		
Industrial designs Any composition of lines or colours or any three-dimensional form, material, or textile design where the composition, form or handicraft gives a special appearance to a product of industry or handicraft and can serve as a pattern for a product of industry or handicraft	5 years from the date of application, renewable for up to 2 consecutive periods of 5 years	Anything in an industrial design serving solely to obtain technical result.
Copyright Act 2005: http://www.parliament.gh/		
Copyright and neighbouring rights Literary, artistic, musical, audio-visual, choreographic, and derivative works; sound recordings; computer software or programs	Moral rights: in perpetuity; Economic rights: the author's life plus 70 years	Ideas, concepts, procedures, methods, or other things of similar nature. Permitted use of work protected by copyright includes reproduction, translation, adaptation for exclusive personal use.
Trade Marks Act 2004: http://www.wipo.int/wipolex/en/text.jsp?file_id=218529		
Trade marks Any sign or combination of signs capable of distinguishing goods or services from others	10 years, renewable indefinitely at 10-year intervals	No trademark protection can be granted to misleading names and names contrary to public order and morals.
Geographical Indications Act 2003: http://www.wipo.int/wipolex/en/text.jsp?file_id=223004		
Geographical indication Any indication that identifies a good as originating in the territory of a country, region, or locality	Indefinite	Indications that are contrary to public order or morality. Indications that are not protected in their country of origin.
Layout Designs of Integrated Circuit Act (2004): http://www.wipo.int/wipolex/fr/text.jsp?file_id=223034		
Layout designs Layout designs of integrated circuits	10 years	
Protection Against Unfair Competition Act (2000): http://www.wipo.int/wipolex/en/text.jsp?file_id=223053		
Undisclosed information Business secrets of commercial value, undisclosed data and tests	No specific term	

Source: WTO Secretariat.

3.113. With respect to the principle of international exhaustion and parallel imports, Ghana's patent and trademark legislation provides for the following:

- The Patent Act, 2003 (Act 657), Section 11 (4a); the rights under the patent shall not extend to acts in respect of articles which have been put on the market in any country by the owner of the patent or with the owner's consent;

- The Trade Marks Act, 2004 (Act 664), Section 9 (6); the rights conferred by registration of a mark shall not extend to acts in respect of articles which have been put on the market in any country by the registered owner or with the consent of the owner.

3.114. Under Article 27 of the Copyright Act, imported blank video and audio cassettes are subject to a levy of 20% collected by Customs. Income derived from the levy is earmarked for activities of the Copyright Office, under the Ministry of Justice. In the Doha negotiations, Ghana shares the views of the "W52" sponsors of a proposal for "modalities" in negotiations on geographical indications (the multilateral register for wines and spirits, and extending the higher level of protection beyond wines and spirits) and "disclosure" (patent applicants to disclose the origin of genetic resources and traditional knowledge used in the inventions).[54]

3.3.2.3 Enforcement

3.115. Rights-holders of infringing goods that are suspected of having been either produced or imported into Ghana may approach the Commercial Crime Unit (CCU) of the Criminal Investigation Department (CID) of the Ghana Police Service.[55] The CCU has a specific IP section. Apparently, most of the CCU's investigations into IP violations originate from tips from either rights-holders or from informants. Under Ghanaian law, there is a reward for information that leads to the discovery of infringing goods and conviction of the infringer; certain enterprising individuals make their living as professional informants. Upon receiving a tip about infringing goods, the CCU will investigate and upon confirmation that the goods are infringing, is empowered to seize the infringing goods and to arrest any persons in possession of infringing goods. The CCU may allow rights-holders to participate in raids.

3.116. The Preventive Unit of CID has a Rapid Response Unit (RRU) that has the capacity to prevent the often quick dissemination of infringing goods. The RRU is used when it is known to a high degree of certainty the location and means by which a shipment of infringing goods or otherwise illicit products are entering the country. A court order is usually required before the RRU will investigate possible IPR violations. Ghana has replied to the WTO checklist of issues on enforcement.[56]

3.117. Other measures taken by the Government to reduce IPR infringements include seminars for small and medium-sized enterprises, workshops for research institutions and universities, training of customs officials, and public awareness campaigns for consumers and manufacturers, e.g. through the installation of billboards on major streets. Furthermore, recently established commercial courts (section 2.1) also deal with IPR infringements.

3.118. Customs is in principle in charge of enforcing IPRs at the border. It frequently works in cooperation with the GSA (for high risk goods subject to technical regulations), and with the FDA (food products, tobacco and medicines). The latter maintains on its websites reports of recent seizures and other interventions.[57] According to certain reports, 30-50% of all drugs sold on the Ghanaian market are substandard or counterfeit.

3.119. A Task Force on Seizure and Disposal of Pirated Ghanaian Textile Prints, and a Vetting Committee on the Importation of African Textile Prints have been set up in Accra, under the MOTI.

3.3.3 Research and development support

3.120. A number of public institutions work to promote research and technological development in Ghana, generally under the supervision of the MOTI and the Ministry of Education, Science and Technology. Several have a particular focus on SMEs:

- The Council for Scientific and Industrial Research (CSIR), established in 1968, is a statutory organization responsible for coordinating scientific and industrial research. It has 13 research institutes and centres under its control, and covers both agricultural and manufacturing research on, *inter alia*, crops, livestock, soil and land use, forestry, food processing, and transportation. The Council is required to generate at least 30% of its operational budget;

[54] WTO document TN/C/W/52, 19 July 2008. Viewed at: https://docs.wto.org/dol2fe/Pages/SS/directdoc.aspx?filename=Q:/TN/C/W52.pdf.
[55] Information Toolkit provided by the U.S. Government. Viewed at: http://iipdigital.usembassy.gov/iipdigital-en/index.html#axzz2xtpkR25y.
[56] WTO document IP/N/6/GHA/1, 4 December 2001.
[57] Food and Drug Authority online information. Viewed at: http://www.fdaghana.gov.gh.

- The Ghana Atomic Energy Commission (GAEC);
- The Development and Application of Intermediate Technology (DAPIT);
- The Rural Enterprise Project (REP);
- The Ghana Regional Appropriate Technology Industrial Service Foundation (GRATIS), under MOTI, provides training and technical assistance to artisans and small and medium-sized enterprises (SMEs);
- The National Board for Small-Scale Industries (NBSSI), established in 1981 and also under MOTI, has the objective of promoting and developing micro- and small-scale enterprises.[58] It organizes business improvement programmes for existing companies and runs a number of district-based business advisory centres to promote entrepreneurship, with a view to creating employment opportunities, increasing income levels of the rural population, and reducing rural-urban migration;
- The Government Loan Guarantee Scheme provides government guarantees for loans to SMEs.

3.121. With a view to promoting regional diversification, manufacturing companies located outside Accra or Tema benefit from a corporate tax rebate set at 25% for companies located in regional capitals, and 50% for companies located elsewhere in Ghana. This policy has not led to significant regional diversification, as most industries are still concentrated in the Greater Accra area.

3.3.4 State-trading and other state-owned enterprises

3.122. Ghana notified the WTO in 2004 that it did not have any state-trading enterprises within the meaning of GATT Article XVII[59], namely, government-owned or non-government-owned companies, including marketing boards, to which exclusive or special rights or privileges have been granted, including legal or constitutional powers through whose exercise, by means of their acts or sales, they affect the level or trend in imports or exports of goods. Table 3.12 provides a list of companies with government holdings, some of which are internationally active. The Cocoa Marketing Company, a subsidiary of the Ghana Cocoa Board, has an export monopoly for cocoa beans, and should be notified to the WTO.

3.123. The 100% state-owned Ghana National Procurement Agency Limited (GNPA Ltd.) is responsible for the "supply of agricultural raw material inputs to local industries under the Rural Enterprises Development Programme, particularly in the area of agri-processing, and undertakes bulk purchases of designated commodities for sale to the local and export markets. Its role also includes the establishment of Export Trade Houses to specialize in export market, where SMEs can enter the international market thereby focusing on production only".[60] GNPA Ltd. does not report to the State Enterprise Commission.

3.124. Ghana's divestiture programme exists since 1988, when more than 300 state-owned enterprises were in operation; most were privatized or liquidated in the 1990s. Privatization is carried out by the Divestiture Implementation Committee. The most common divestiture procedure is the sale of assets through competitive tender. The investor who submits the highest price bid opened is invited for negotiations on the draft sale and purchase agreement and discussion of a business plan. An investor may be asked to submit a bond to the Committee before negotiations start. Some 10% of divestiture proceeds are earmarked for the Export Development and Agricultural Investment Fund, while the remainder goes to the state budget. The Committee and the Commission are two different legal entities with different functions and do not report to each other.

3.125. Currently, state-owned enterprises are particularly important in petroleum refining and distribution, electricity generation and distribution, media, transport, and postal services. The

[58] NBSSI online information. Viewed at: http://www.nbssi.org/.
[59] WTO document G/STR/N/10/GHA, 19 April 2004.
[60] GNPA Ltd. online information. Viewed at: http://www.gnpa-ghana.com/about_gnpa.htm.

State holds a stake in the following companies: Ghana International Airlines (70%), VALCO (90%), Ghana Commercial Bank (34%), Cocoa Processing Company (60%), AngloAshanti Gold (3%), and Ghana Bauxite Company (20%). Furthermore, the State holds a 10% stake in all mining companies.

Table 3.12 Income of enterprises with state ownership, 2007 and 2010-12

(₵ million)

	2007	2010	2011	2012	Growth rates 2007-12 (% p.a.)
Total	**3,870.3**	**7,631.8**	**7,949.3**	**9,160.7**	**18.8**
Share in GDP	**16.7**	**16.6**	**13.3**	**12.5**	**..**
Architectural Engineering Services Ltd.	4.6	5.4	9.8	10.4	17.5
Aviation Social Centre Ltd.	0.5	0.5	0.7	0.8	9.2
Electricity Company of Ghana	623.6	976.5	1,218.2	1,464.4	18.6
Ghana Airports Company Ltd.	36.4	55.5	73.3	94.0	20.9
Ghana Civil Aviation Authority	33.6	36.7	43.3	52.5	9.3
Ghana Cocoa Board	2,025.1	2,930.4	3,951.0	4,252.1	16.0
Ghana Cylinder Manufacturing Company Ltd.	0.6	0.9	2.9	6.6	61.0
Ghana National Petroleum Corporation	10.5	1,738.8	519.9	756.0	135.1
Ghana Ports and Harbours Authority	128.0	177.2	267.5	360.7	23.0
Ghana Post Company Ltd.	19.3	28.1	26.7	29.3	8.8
Ghana Publishing Company Ltd.	2.2	2.9	3.5	3.1	6.6
Ghana Supply Company Ltd.	1.3	0.9	0.7	1.3	0.8
Ghana Trade Fair Company Ltd.	1.7	2.2	3.6	4.4	21.2
Ghana Water Company Ltd.	105.8	148.8	172.6	179.7	11.2
GIHOC Distilleries Company Ltd.	15.1	23.7	26.2	35.9	18.9
GNPA Ltd.	4.0	1.5	0.9	0.3	-38.7
Graphic Communications Group Ltd.	25.8	27.9	30.7	42.6	10.5
Ghana Grid Company Ltd.	..	165.0	235.6	271.8	..
New Times Corporation	5.8	7.7	9.8	11.9	15.3
Precious Minerals Marketing Company	75.1	150.1	148.8	166.3	17.2
State Housing Company Ltd.	3.8	4.9	5.6	2.3	-9.5
Tema Development Corporation	10.6	11.1	15.8	28.9	22.3
Volta Lake Transport Company Ltd.	3.3	4.1	9.1	10.5	26.0
Volta River Authority	724.5	1,114.3	1,159.1	1,353.0	13.3
Ghana Oil Company Ltd.	..	..	..	..	..
Ghana Railway Company Ltd.	..	..	..	..	..
Tema Oil Refinery	..	..	..	..	..
Volta Aluminium Company (VALCO)	..	..	..	..	..
Community Water and Sanitation Agency	..	0.8	0.2	2.4	..
Ghana Broadcasting Corporation	8.5	13.4	11.6	17.1	15.0
Ghana Highway Authority	..	1.6	0.2	0.3	..
Ghana Meteorological Agency	0.0	0.1	0.4	0.7	86.4
Ghana News Agency	0.0	0.0	0.1	0.2	43.2
Grains and Legumes Development Board	0.0	0.1	0.2	0.1	17.3
ICOUR Ghana Limited	0.0	0.1	0.3	0.5	98.7
Irrigation Development Authority	0.0	0.2	0.1	0.1	41.0
National Theatre of Ghana	0.5	0.5	0.6	0.6	3.5

.. Not available.

Source: State Enterprises Commission, Ghana Statistical Service.

3.126. Many state-owned enterprises (SOEs) have performed inadequately over the years. Factors which have contributed to this include over-staffing and excessive bureaucracy; a lack of technical expertise; the absence of commitment and entrepreneurial direction; and inadequate working capital and investment in new plant and machinery, leading to low capacity utilization. Unfortunately, in past years, almost all the divested SOEs have also failed to meet the very reasons that justified their sale. According to industry observers, most if not all divested entities have performed badly.

3.3.5 Competition policy

3.127. The Protection Against Unfair Competition Act of 2000 (Act 589) contains provisions on fraudulent competition, in particular with regard to misleading information on characteristics of a product or service offered, or confusing use of trade marks.[61] Any person who considers they have been injured by an act of unfair competition may bring an action for an injunction to prevent the act and for an award of damages.

3.128. Ghana does not otherwise have legislation on anti-competitive practices, such as abuse of dominant position, price-fixing, or market-sharing. A draft bill has been under consideration for several years, but has not been enacted. The National Communication Authority (section 4.7.2) and the Banking Supervision Department of the Bank of Ghana (section 4.7.1.1) have the mandate, under sector-specific legislation, to monitor competition in telecommunications and banking, respectively.

3.3.6 Local content requirements

3.129. Ghana does not maintain any countertrade or offsetting arrangements, or local-content requirements. However, a new law, the Ghana Shipping (Amendment) Act, 2011 (section 4.7.3.2) and a new policy (section 4.4.2) are intended to increase local participation in the oil and gas industry. It has been questioned whether these new measures potentially run counter to the provisions of the WTO Agreement on Trade-Related Investment Measures (TRIMs Agreement) and the General Agreements on Trade in Services (GATS).[62]

3.3.7 Government procurement

3.130. The Public Procurement Act of 2003 applies to all procurement of goods, works, and services by ministries and other government agencies, public institutions, e.g. universities and hospitals, and state-owned enterprises to the extent that they use public funds. The Public Procurement Act is under review, to include revisions made to the UNCITRAL Model Law on Procurement of Goods, Construction and Services in the areas of sustainable public procurement, improved procurement processes, circumstances for the exclusion or suspension of suppliers or contracts, and provisions to facilitate the implementation of framework contracting[63] and e-procurement. Regulations have not been published, according to the authorities, pending the review of the Act.

3.131. The Public Procurement Authority is the central body for policy formulation, and oversight authority. The Authority must ensure that public procurement is carried out in a fair, transparent, and non-discriminatory manner in order to secure the judicious and efficient use of state resources. It has ten members, appointed by the President, of which three must be from the private sector. Public procurement itself is decentralized, and there are over 1,000 procuring entities; each ministry or public institution must establish a procurement entity responsible for setting procurement plans and carrying out procurement in accordance with the Public Procurement Act. The Authority has developed manuals and training modules, and has elaborated standard tender documents. All invitations to tender must be published in the *Procurement Bulletin* and on the Board's website, which is up-to-date and contains all applicable rules and procedures.[64]

3.132. The Public Procurement Act provides for various procurement methods: international competitive tendering, national competitive tendering, restricted tendering, single-source procurement, request for price quotation; and Low or Minor value procurement.[65] In 2011, national competitive tendering was the preferred procurement method (Chart 3.6), followed by restrictive tendering (31.4% of total tenders). International competitive tendering, which accounted for 3% of the total, must be used for the procurement of works above ₵15 billion, services above ₵20billion, and technical services above ₵2 billion; it must also be used when effective competition can only be obtained through the participation of foreign firms.

[61] The Act was viewed at the following address: http://www.wipo.int/wipolex/en/text.jsp?file_id=223053.

[62] Ventures online information. Viewed at: http://www.ventures-africa.com/2013/06/ghana-cabinet-okays-local-content-policy-for-oil-sector/ [10 June 2013].

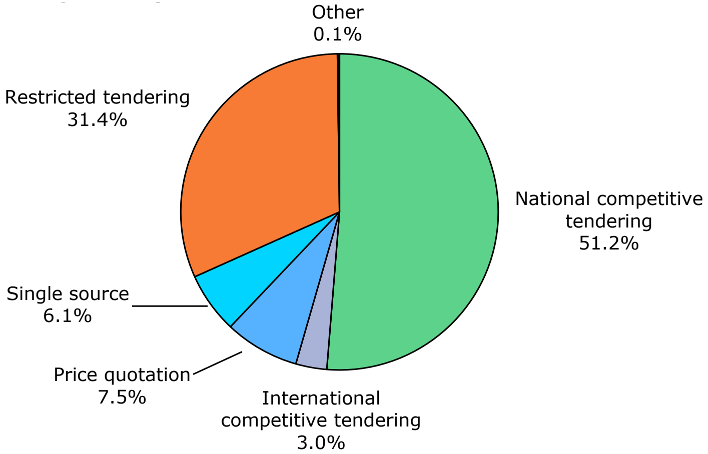
[63] A Framework Agreement (FWA) also known as "blanket purchase agreement" establishes the general terms governing contracts to be awarded during a given period, in particular with regard to price and, where appropriate, the quantity envisaged. The first stage involves establishment of the FWA through the normal tendering process; in the second stage, call-offs of the quantities required are made against the FWA.

[64] Public Procurement Board online information. Viewed at: http://www.ppbghana.org.

[65] Ministers may decide that it is in the national interest to use a different procedure. In this case, the Minister defines and publishes the method of procurement to be followed in the *National Gazette*.

Chart 3.6 Government Procurement, 2011

(Shares of total by tendering method)



Source: Information provided by the authorities.

3.133. A procurement entity may grant a margin of preference for certain suppliers; while the nationality of the supplier is irrelevant, a minimum percentage of national content, specified in the Regulations and varying with the type of good, is crucial. Goods satisfying the local-content conditions attract a margin of preference of up to 20%, depending on the local content. The margin must be approved by the PPA. Statistical data are not available on the share of imports in public procurement in Ghana.

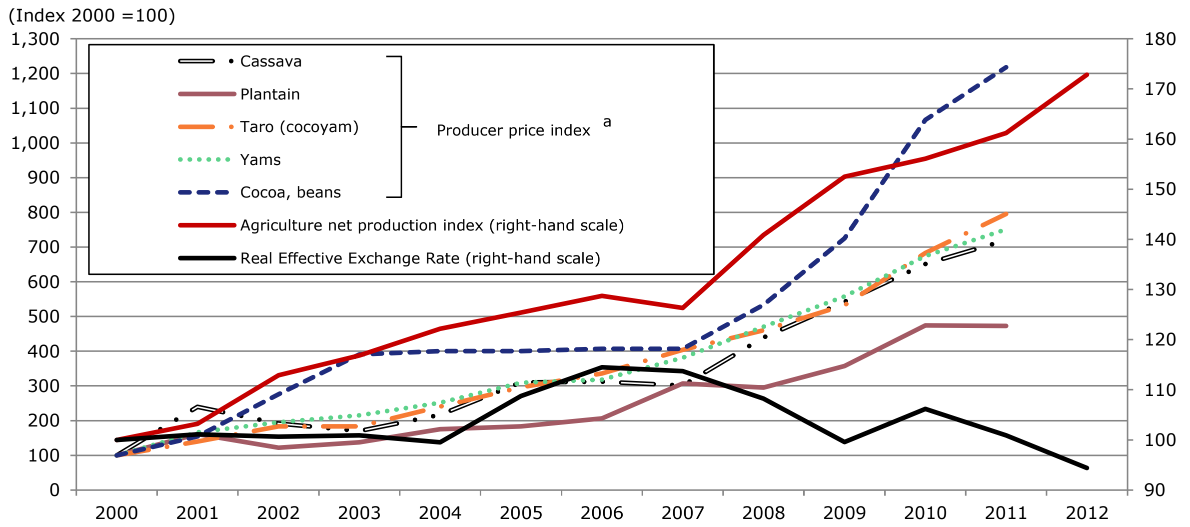
3.134. Any supplier who claims to have suffered loss or injury may, if the contract has not already entered into force, complain in writing to the head of the procurement entity. The Appeals and Complaints Panel of the Authority received, considered, and concluded ten cases in 2011. Ghana is neither a signatory nor an observer to the WTO Agreement on Government Procurement. The state-owned Ghana National Procurement Agency Ltd. has been transformed into an export promotion institution (section 3.2.7 above), and is no longer in charge of public procurement.

4 TRADE POLICIES BY SECTOR

4.1 Agriculture

4.1. Multiple factors have contributed to the good performance of Ghanaian agriculture since 2007. Growing per capita incomes fuelled by the mining sector boosted domestic demand and prices paid for food crops and livestock. Positive trends in world prices of cocoa have helped. Perhaps most importantly however, domestic agricultural prices in local currency of exported commodities have grown dynamically (Chart 4.1) (albeit under the effect of the nominal currency depreciation), thus boosting nominal farm incomes proportionately. Agricultural GDP expanded by 4.6% annually between 2007 and 2012 (Table 1.1). Food output has been increasing significantly faster than population, by 6% per year over 2006-12. However, production growth since 2006 has been driven more by area expansion than by yield improvements.

Chart 4.1 Agricultural production and prices, 2000-12



a No data available for 2012.

Source: FAOSTAT and IMF International Financial Statistics (IFS).

4.2. Ghana's agricultural production is presented in Table 4.1. As shown in the table, the growth in production has come mostly from cassava and yam, whose output expanded by over 7% annually in volume terms. These two products represent the bulk of Ghanaian agricultural output; as can be seen from the Table 4.1, Ghana accounts for a significant share of the world's output of these products. Ghana's main agri-food export, cocoa, has also experienced impressive production advances. In contrast, growth has been sluggish for the fishing and livestock sectors, and strongly negative for forestry.

Table 4.1 Production of 25 main agricultural crops, by value, 2006-12

(Thousand tonnes and value in US$)

Items	Production ('000 tonnes)							2011 share of world (%)	Net production value (constant 2004-06) (million Int. US$)
	2006	2007	2008	2009	2010	2011	2012		
Cassava	9,638	10,218	11,351	12,231	13,504	14,241	14,547	5.6	1,488
Yams	4,288	4,376	4,895	5,778	5,960	6,295	6,639	11.1	1,606
Plantains	2,900	3,234	3,338	3,563	3,538	3,620	..	9.6	747
Oil, palm fruit	2,097	1,685	1,897	2,104	2,004	2,004	1,900	0.9	..
Maize	1,189	1,220	1,470	1,620	1,872	1,684	1,950	0.2	126
Taro (cocoyam)	1,660	1,690	1,688	1,504	1,355	1,300	1,270	13.5	276
Cocoa, beans	734	615	681	711	632	1,024	879	15.2	727
Oranges	470	520	550	560	580	600	..	0.9	116
Groundnuts, with shell	520	302	470	526	531	465	475	1.2	197
Rice, paddy	250	185	302	391	492	464	481	0.1	126
Tomatoes	176	180	284	318	319	321	..	0.2	118
Coconuts	315	316	316	274	292	292	305	0.5	32

Items	Production ('000 tonnes)							2011 share of world (%)	Net production value (constant 2004-06) (million Int. US$)
	2006	2007	2008	2009	2010	2011	2012		
Sorghum	315	155	331	351	324	287	280	0.5	44
Millet	165	113	194	246	219	184	180	0.7	33
Sugar cane	140	145	145	145	145	145	148	0.0	5
Sweet potatoes	98	102	112	122	120	130	135	0.1	10
Oil, palm	121	122	128	130	120	122	122	0.3	53
Onions, dry	43	43	44	90	100	120	..	0.1	25
Beer of barley	138	130	139	142	86	120	..	0.1	..
Chillies and peppers, green	150	110	90	85	90	95	..	0.3	45
Chillies and peppers, dry	78	81	94	94	90	88	..	2.5	96
Mangoes, mangosteens, guavas	7	7	7	75	80	85	..	0.2	51
Bananas	56	58	63	65	70	75	..	0.1	21
Karite nuts (sheanuts)	72	54	68	70	71	72	74	10.0	10
Fruit, fresh n.e.s.	54	61	63	67	66	67	..	0.2	23

.. Not available.
a 25 items are identified by the volume of production in 2011.

Source: FAO Stat. Viewed at: http://faostat3.fao.org/faostat-gateway/go/to/download/Q/*/e [3 October 2013].

4.1.1 Agricultural policy

4.3. The development of the agricultural sector is considered a priority by the Government, under the responsibility of the Ministry of Food and Agriculture (MOFA).[1] Since 2007, the Government has maintained its declared policy of supporting agri-food production and exports, as spelled out in the Ghana Shared Growth and Development Agenda (GSGDA) and in the Revised Food and Agricultural Sector Development Policy (FASDEP II).[2] The current stated priorities are to accelerate agricultural modernization and achieve sustainable natural resource management. Improving efficiency and productivity are also priorities, to increase exports.

4.4. The Medium Agricultural Sector Investment Plan (METASIP) also provides a plan for agricultural modernization.[3] The main areas for policy intervention in the sector, as outlined by FASDEP II are: (i) infrastructure development, in particular through the construction of feeder roads and storage facilities, and the improvement of irrigation; (ii) the provision of appropriate technology through agricultural research and development; and (iii) the provision of public extension services. The Ministry of Agriculture is of the view that efficiencies and agricultural productivity increases cannot be achieved without a renewed focus on research (see below).

4.5. The modernization of the agriculture sector was projected to be an important driver of growth in the medium-term under the GSGDA on the basis of improved productivity (e.g. adoption of high yield varieties, improved seedlings, use of pesticides and spraying technologies, and mass spraying in the cocoa sub-sector) and increased acreage due to factors such as improved irrigation, subsidized inputs, improved mechanization services along the value chain, improved marketing, improved extension services and improved institutional coordination for agricultural development. However, external factors affecting the agricultural sector included flooding, drought experienced in several parts of the country and delays in initiating major irrigation infrastructure facilities.

4.6. Ghana has signed the NEPAD's Comprehensive Africa Agriculture Development Programme (CAADP), which set a target to allocate 10% of government expenditure on agriculture by 2008.[4] In 2009, about 10% of government expenditure was spent on agriculture, and over the last three-year period (2010-12), the average share was higher, at over 11%.

4.7. Main border measures have not changed since the last TPR in 2008. Ghana's last notification to the WTO Committee on Agriculture, submitted in 2001 indicated that it was not granting export subsidies to agricultural products. SPS measures are under the responsibility of the Directorates of

[1] Ministry of Food and Agriculture online information. Viewed at: http://mofa.gov.gh.
[2] National Development Planning Commission (2010).
[3] Ministry of Food and Agriculture (2010).
[4] New Partnership for Africa's Development (NEPAD) online information. Viewed at: http://www.nepad.org/foodsecurity/agriculture/about.

Plant Protection and Regulatory Services, and of Veterinary Services of the MOFA (section 3.3.1.5). Export agreements containing SPS provisions have been signed with Lebanon (as mangoes), and with China (cassava and products).

4.8. The tariff is the main trade policy instrument in the agriculture sector. The average applied MFN tariff on agriculture products (major division 1 of ISIC Rev.2) is 15.7% (Table 3.1). Machinery, plant, apparatus, and spare parts for agricultural purposes are exempt from the payment of import tariffs and VAT; but numerous other import charges remain, as described below. The exemption from the payment of VAT could prove to be a mixed blessing, as this means that VAT paid on inputs cannot be claimed back. Furthermore, animal products " in the raw state", produced in Ghana are exempt from VAT.[5]

4.9. Together with other Members, Ghana submitted a negotiation proposal on agriculture in 2003.[3] The proposal calls for an exemption of tariff reduction commitments for poor and highly indebted (IDA-only) countries, and guaranteed access to a new special safeguard mechanism for all agricultural products to address emergency situations deriving from import surges and steep price drops.

4.1.1.1 Income tax measures

4.10. Tax reductions and holidays are in place to encourage investments in agriculture, in agreement with the GIPC (section 2.4.4 and Table 1.2). As compared to the regular corporate tax of 25% (Table 1.2), agri-processing companies and companies producing cocoa by-products are subject to a reduced tax rate (0-20%). Entrepreneurs planting tree crops are offered a 10-year tax holiday starting from the first harvest; businesses investing in livestock (except cattle), fish and cash crops are entitled to a five-year tax holiday starting the year of commencement of business. Cattle businesses are granted 10-year tax holidays, and three years for agri-processing companies. Agro-industries companies in regional capitals other than Accra or Tema will pay 75% of the regular corporate tax rate, whilst those located elsewhere enjoy a 50% tax relief. For investments of over US$50 million, which are considered strategic, conditions are negotiated on a case-by-case basis.

4.1.1.2 Irrigation

4.11. Less than 2% of agricultural land in Ghana is under irrigation, and there is a quasi-total reliance on rain-fed agriculture. The Ghana Irrigation Development Authority (GIDA) at MOFA is responsible for the development of irrigation.[6]

4.1.1.3 Subsidized farm equipment

4.12. Currently, the tractor-farmer ratio stands at 1:1,500, suggesting that productivity increases in Ghanaian agriculture are potentially huge. In 2010, Ghana had an estimated 11 tractors per 100 square kilometres of arable land, compared to 43 and 25 tractors in South Africa and Kenya, respectively. Since 2007, agricultural mechanization centres have been set up by the Government to provide services to farmers, under the AMSEC Programme. The scheme was being expanded in 2014, with 89 AMSECs in different districts of the country. Import taxes on tractor spare parts are apparently numerous, and merit reviewing (import duty, VAT, NHIS, ECOWAS levy, and EDAIF levy).

4.1.1.4 Fertilizers, insecticides, and fungicides

4.13. Fertilizer application rate in Ghana is one of the lowest in the world, and lower than in neighbouring countries. In an effort to address the low fertilizer usage, in 2010 the Government passed the Plants and Fertilizer Act, 2010 (Act 803), followed by the Plant and Fertilizer Regulations, 2012 (L.I. 2194). Under Act 803, the role of the private sector in the importation process has been increased, whilst a programme subsidizes fertilizers that are imported privately and sold in privately-owned input outlets across the country, as well as insecticides, herbicides and fungicides. The Government provides a subsidy to lower the cost of fertilizers to farmers, which

[5] Tariff Book 2012; see also Table 3.6.
[6] GIDA online information. Viewed at: http://mofa.gov.gh/site/?page_id=2976.

stood at 42% of the retail cost in 2010. About 40% of total imports enter under this programme. Although the Government has waived customs duties for fertilizer, numerous other charges and levies appear to apply to imports and merit reviewing.

4.14. Currently, there are eight major importers and between 35 and 50 major distributors. YARA, the leading fertilizer company, is one of the major importers in Ghana and has a market share of 50-60% of fertilizer imports. Despite the strong participation of the private sector in the market, and the Government support, fertilizer consumption does not yet show signs of increasing from 20-40 kg per hectare. Reported consumption of nitrogen fertilizer is significantly lower, at 6 kg per hectare. As a result of these low rates of fertilizer use, the yields of major crops are very low: 1.7 tonnes per hectare for maize and 2.4 tonnes per hectare for rice according to MOFA data. Distributors of fertilizers must obtain a licence from the EPA.

4.1.1.5 Seeds

4.15. According to recent research, few field-crop farmers have access to improved seeds.[7] Seed supply is constrained by inadequate production of both breeder and foundation seeds. The Plants and Fertilizer Act was passed to address this problem, and opens the door for an increased role for the private sector seeds production and trade. In particular, private companies may import seeds provided that phytosanitary provisions are met. The regulations relating to the Act have yet to be developed.

4.1.1.6 Agricultural research

4.16. Agricultural research is undertaken by various public institutions, including the Animal Research Institute, the Crops Research Institute, the Oil Palm Research Institute, the Savannah Agricultural Research Institute, the Food Research Institute, the Plant Genetic Resources Centre, the Water Research Institute, and the Soil Research Institute. All these institutions are grouped under the Council for Scientific and Industrial Research (CSIR) and are required to generate revenues to cover at least 30% of their operational budget. The Cocoa Research Institute of Ghana (CRIG), established in 1938, carries out research and advises on issues relating to the production of cocoa, coffee, kola, shea nut, and other indigenous oil tree crops. In 2012, the CSIR received ₵233,650 from the government, and ₵4 million from the West Africa Agricultural Productivity Programme (WAAPP) for the implementation of research projects on roots and tubers, in collaboration with the National Agriculture Research Systems (NARS). Other projects such as Root and Tubers Improvement and Marketing Programme (RTIMP) and the Food and Agriculture Budgetary Supports (FABS) also make funds available for research.

4.1.1.7 Rural finance and insurance

4.17. An agricultural weather-index insurance product has been introduced on a pilot basis by MOFA in partnership with Ghana's meteorological services. This product is designed to offer protection against the negative effect of extreme weather events as well as finances to manage drought risk.

4.18. One of the main challenges facing agricultural development is the lack of credit to agriculture. A Rural and Agricultural Finance Programme (RAFiP) aims to improve the rural and agricultural population's access to sustainable financial services. RAFiP, which is implemented by the Ministry of Finance and Economic Planning, was declared effective in April 2011 and is expected to be implemented through 2016.

4.1.1.8 Land tenure

4.19. The Government is attempting to find a framework of co-operation between mainly large and foreign investors on the one hand, and small local landowners on the other. Such a framework would organize leases so as to increase production without evicting local populations in this process. Currently, much of Ghana's agricultural land is "stool land", owned by communal or customary authorities. This may deter small- to medium-scale investments in agricultural land. The Ghana Commercial Agriculture Project being implemented by MOFA and the Lands Commission

[7] World Bank (2012a).

is developing a land directory for investors seeking to acquire land for agriculture purposes. Model lease agreements are also to be prepared taking into consideration the concerns of both the land owners, other stakeholders and investors (see also section 2.4.6).

4.1.2 Key sub-sectors

4.1.2.1 Cocoa

4.20. Cocoa is by far Ghana's most important crop, accounting for 2.4% of GDP, but considerably more if its marketing is taken into account (an estimated 8.5%). About three quarters of output is produced by some 800,000 small-scale farms, but many others are engaged in trade, transportation, and processing of cocoa.[8] Production and exports have been on a rising trend since 2007.

4.21. Ghana's beans trade at a premium on world markets. This quality premium is achieved through a combination of on-farm and downstream interventions. In particular, improved agronomic practices and mass spraying have been key factors in boosting cocoa production, leading to record outputs (Table 4.2). Fluctuations in cocoa output have mainly been caused by irregular rainfalls and, in some cases, plant diseases.

Table 4.2 Production and exports of cocoa, 1999-2013

(Tonnes unless otherwise specified)

	Production	Exports	State revenue from duty on exported beans (₵ million)[a]	F.o.b. export value (US$ million)
1999/00	436,947	360,250	17,881	354.4
2000/01	389,771	306,125	29,961	367.0
2001/02	340,562	290,495	33,527	404.4
2002/03	496,272	357,150	78,390	840.0
2003/04	736,629	596,190	124,720	930.6
2004/05	599,318	524,366	64,119	1,103.0
2005/06	740,458	623,630	61,600	981.4
2006/07	641,000	551,652	92,055	990.8
2007/08	680,781	547,674	46,253	1,157.9
2008/09	710,642	525,536	85,474	1,409.0
2009/10	632,037	566,761	334,334	1,569.2
2010/11	1,024,553	773,388	148,679	2,548.2
2011/12	879,348	713,849	77,679	2,256.9
2012/13	835,466	649,123	..	1,618.5

.. Not available.
a Difference between export revenues, and amount paid to producers.

Source: WTO Secretariat, based on information provided by Ghana Cocoa Board.

4.22. Ghana exports 78% of its production (down from 80% in 2007-08), to more than 25 destinations worldwide, representing over 12% of total merchandise export value. Cocoa procurement and pricing are done by a state marketing board – COCOBOD –, Ghana being one of the only major cocoa producing countries in the world without a privatized marketing system. The COCOBOD, a semi-autonomous institution under the Ministry of Finance with some 7,300 staff, up from 5,700 in 2007 (Table 3.13), is responsible for cocoa research and marketing. Its website contains very little information.

4.23. Located in Accra with an office in London, the Cocoa Marketing Company (CMC) is a wholly-owned subsidiary of COCOBOD with the sole responsibility to market cocoa beans to both local and foreign buyers. CMC has monopoly rights over the export of all cocoa beans from Ghana. Cocoa export revenues must be repatriated and converted into local currency at the BoG (section 1.2).

[8] World Bank (undated).

4.24. The CMC generally sells the country's cocoa production forward on world markets. The producer price of cocoa is set in cedis by the Producer Price Review Committee (PPRC), in October of each year and in principle for the entire season. Little information is available about the pricing mechanism. Membership of the PPRC includes representatives of cocoa farmers, of licensed buying companies (LBCs), of the CMC, of COCOBOD, of the BoG, and the Ministry of Finance. The price is compulsory. A bonus may be paid to farmers, depending on the evolution of the world prices, as has been the case several times in recent years. If the prices are lower than expected, and the Government revenues are below expectations, the Government takes the loss.

4.25. In the view of the authorities, a key factor for the development of production and trade is the stability of domestic producer prices, and a stable and predictable income, despite the reality of sharp fluctuations in both world market prices and in the value of the cedi.[9] According to the authorities, the current arrangements for determining producer prices ensure in principle that cocoa farmers receive more than 70% of the net f.o.b. price; the remaining 30% is spent on support services to farmers or on general budgetary expenditure.

4.26. Only LBCs may engage in internal trade and marketing of cocoa. LBC status is granted by COCOBOD; licences have to be renewed annually and are subject to a nominal fee. There are currently 32 LBCs, up from 19 in 2007. They purchase cocoa directly from farmers on behalf of COCOBOD and bag it for delivery to COCOBOD at designated take-over centres, by private hauliers, on a commission basis. From the LBCs, CMC takes over the cocoa for export or further processing.

4.27. Cocoa farmers and producers are exempt from income tax. The other main subsidies and benefits provided by the State include the following (they are to be paid on revenue from the export taxes levied on cocoa shipments described below):

- Scholarships provided by COCOBOD;
- Seeds and hybrid seedlings provided at subsidized prices by CRIG and SPU;
- Rehabilitation or replanting services by the Cocoa Swollen Shoot Virus Disease Control Unit;
- Mistletoe removal, via CSSVDCU;
- Cocoa roads, via funding from COCOBOD;
- Farmers' housing via funding from COCOBOD; and
- Farmers' pension scheme via COCOBOD funding.

4.28. All processing companies are obliged to purchase their cocoa beans from the COCOBOD, at a negotiated price based on the world market price. The Cocoa Processing Company Limited (CPC) processes cocoa beans for both export and the national market. CPC was partly privatized in 2002, although the Government retains a 60% stake. There are several other privately-owned local and foreign companies engaged in processing cocoa into butter, liquor, cake, and powder. Most are producing in the free zones or under free zone provisions (section 3.2.8). The Government's medium-term objective is to process at least 40% of the cocoa output locally. The EU is the main destination for Ghana's exports of cocoa products; EU Regulation 1528 provides duty-free access to the EU for all Ghanaian cocoa products, currently until October 2014 (section 2.4).

4.29. All exports of cocoa beans require a fumigation and quality assurance issued by COCOBOD's quality control division (QCD). Once quality-graded and fumigated, cocoa may bear the label "Ghana cocoa". Ghana is a member of the International Cocoa Organization.

4.30. In July 2012, a number of WTO members including Ghana recalled a concern raised in October 2011 in the WTO Committee on Agriculture about an EU decision concerning maximum

[9] UNCTAD (2013a).

acceptable levels of cadmium in cacao and chocolate products.[10] The request was that chocolate and cocoa products receive equal treatment as vegetables and cereals, to prevent any unjustified discrimination and unnecessary restrictions to trade. Furthermore, if new cadmium levels were set, these should be based on an appropriate risk assessment, and comply with the WTO principles of proportionality, transparency and consideration of the special needs of developing countries.

4.31. Ghana imposes a 20% import tariff on cocoa and cocoa products. Because of concerns over smuggling, COCOBOD only permits the import of beans by ship, which increases costs compared to road transport.[11] Each year, there are nevertheless significant and mostly unrecorded, flows of cocoa traded across Ghana's borders, essentially between Ghana and Côte d'Ivoire. In particular, the recent depreciation of the cedi has raised the relative value of Ivorian farmgate prices (in cedis) compared with that of Ghana, and discouraged cocoa smuggling out of Côte d'Ivoire into Ghana. In August 2013, farmgate prices in Ghana stood at a 13.1% premium relative to their equivalent in Côte d'Ivoire, compared with 22.3% at the beginning of September 2012. According to the authorities, the Government monitors these price differentials on a regular basis. When cocoa flows from Ghana to Cote d'Ivoire, COCOBOD is unable to market and collect revenues and duties on the tonnage smuggled. In other years, such as in 2010/11 (Table 4.2), Ivorian cocoa flows in the opposite direction, generating supplemental tax revenues for Ghana.

4.32. Recent innovations in organic and fair-trade cocoa production present additional opportunities for niche markets. Fair-trade cocoa accounted for only 0.1% of the market in the mid-2000s but has certainly increased subsequently. Ghana is a major source of fair-trade / organic beans, accounting for 45% of world supply in 2003. For example Kuapa Kokoo is an association of cocoa farmers which also holds a 45% shareholding in Divine Chocolate, the confectionary that is certified as organic and fair-trade compliant. Kuapa Kokoo has established a mechanism with COCOBOD's endorsement in which production is organized by the producer association, with beans evacuated by their own LBC. According to this association, there is a need to formalize arrangements for fair-trade and organic cocoa production so as to attract additional investments in these niche markets.

4.1.2.2 Other agricultural products

4.33. The Government's priority commodities include maize, rice, soya, millet, sorghum and yam, all of which the MOFA is promoting, in order to enable the country to meet its food security needs, whilst hoping to reduce imports – particularly of rice. Average MFN tariffs are relatively high on live plants (20%), while they are lower on oil seeds and oleaginous fruits (9.4%).

4.34. Ghana relies on imports for more than 70% of its rice consumption, and demand continues to grow along with urbanization and increased incomes. Most locally-produced rice is grown by smallholder farmers, and with limited access to modern seeds and inputs, productivity tends to be low. Additionally, the rice mills available to the typical farmer produce a large percentage of broken grains. These factors make it difficult for small farmers to compete with high-quality imports from the Americas and Asia. At the request of Government of Ghana, the Japanese Government supported the preparation of a Master Plan for the promotion of domestic rice industry. The Government of Ghana, as part of the arrangement to implement the study findings, decided to implement one of the recommended systems, namely the Rain-Fed Rice Promotion Programme, under Japanese grant assistance. About 80% of domestic rice is produced semi-intensively in lowlands. In addition, the expectation is that a big impact will be made in reducing poverty by supporting rice farmers who rely on unstable farming systems. The Programme duration is from July 2009 to July 2014.

4.35. In 2012, the Government launched the Ghanaian Yam Strategy for Rural Development, which aims to massively increase the production and commercialization of yams and related crops in Ghana.[12] It is carried out in partnership with the International Trade Centre (ITC) and the International Institute of Tropical Agriculture (IITA), with stakeholder ownership and leadership. While Ghana is the world's second-largest yam producer after Nigeria, only 30,000 tonnes of its total production of seven million tonnes are currently exported. At the moment, yam is exported

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[10] Regulation (EC) No. 1881/2006, WTO document G/SPS/GEN/1173/Rev.1.

[11] World Bank (2012c).

[12] International Trade Center online information. Viewed at: http://www.intracen.org/news/Ghana-producers-and-industry-experts-co-author-yam-sector-strategy/.

fresh. A wide range of products centred on yam are being envisaged to open up new markets in different parts of the world, for example, with noodle buyers in Nigeria, Turkey and Japan.

4.36. A private-public Coordinating Committee, including yam exporters, was established for the strategy's management and implementation. Several workshops were held in Ghana in 2012 bringing together farmers, exporters, local and international buyers, processors, customs officials, donors, bankers, government representatives and research centres. The aim was to identify and prioritize the yam sector's problems, taking into consideration gender aspects, the environment and rural development. Participants set objectives such as making the management of farmer associations more professional, improving commercialization strategies, exploring product diversification possibilities and improving access to finance. The latter is described as one of the biggest obstacles preventing yam growers and traders from reaching their full potential (section 4.7.1 for recent developments regarding access to credit).

4.37. There is also a strong and as yet unmet regional demand for oilseed meals, which constitute the main protein source in the poultry and pig industries. Soya bean production is increasing. Investments in domestic production of good quality fishmeal and oil seed meal may be viable as the poultry and pig industries currently depend mostly on feed imports.

4.38. Many fruit and vegetables are exported from Ghana, mainly to the EU. However, since 2004, this trade has been threatened by the rapid spread of the fruit fly disease. This pest has resulted in a rise in interceptions and destruction of fruit exports destined for the EU market.[13] In 2008, the Standards and Trade Development Facility (STDF) and ECOWAS, in collaboration with the World Bank initiated a coordinated multi-stakeholder approach to control fruit fly, involving all concerned stakeholders. This work resulted in the development of a five-year, €25 million Regional Action Plan to control fruit fly in West Africa. In September 2009, national governments, research institutes, the private sector, donors and other partners endorsed the Regional Action Plan and adopted the Bamako Declaration, a roadmap to operationalize this plan.

4.1.2.3 Dairy, meat, and other animal products

4.39. Almost 70% of meat and dairy consumed in the country is imported. MFN tariffs are set at the maximum rate (20%), and import bans are in place on certain products, raising import costs. Production has not taken off, partly suffers from animal feeding and healthcare issues. Increased poultry production is now a stated Government priority; government strategies to do so include new research into large scale breeding and production of guinea fowls, cattle, sheep, and goats, grass cutter (thryonomis swinderianus), ostrich, etc.; support to large scale cultivation of maize and soya-beans (see above) for the production of animal feed and improved access to watering resources. Another objective is better provision of animal health services, and mass vaccination against Peste de Petit Ruminant (PPR) and against Newcastle disease in poultry.[14] Ghana imports approximately 10 million frozen poultry units annually to bridge the gap between demand and domestic supply.

4.40. The poultry industry in Ghana is seeking investor partnerships to make full use of installed capacities at the hatcheries and for further expansion. Large quantities of beef, pork, and poultry products are imported. Opportunities therefore also exist in processing the increasing meat produced into products such as sausages, ham, bacon, and pickled pork etc.

4.41. The authorities have recognized that legislation in this field is archaic, dating from 1920-30, and explained that in practice the Codex and OIE legislations are used as regulatory guidelines. All imports of live animals are subject to a permit issued by the Veterinary Services Directorate at the MOFA (section 3.2).

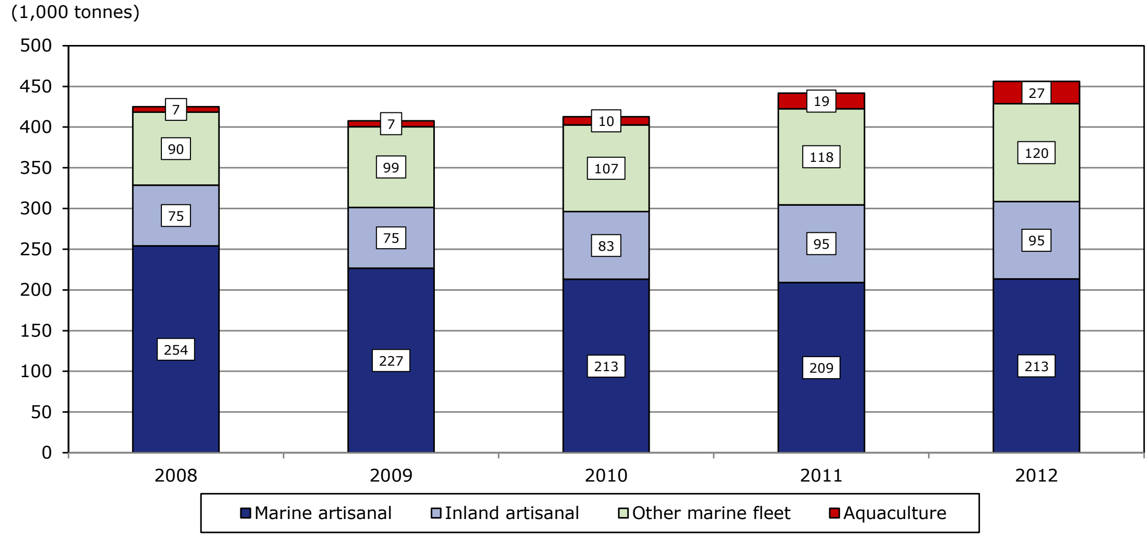
[13] http://www.standardsfacility.org/Files/Briefings/STDF_Briefing_No4_EN_web.pdf.
[14] IMF (2012).

4.2 Fishing and Aquaculture

4.2.1 Overview

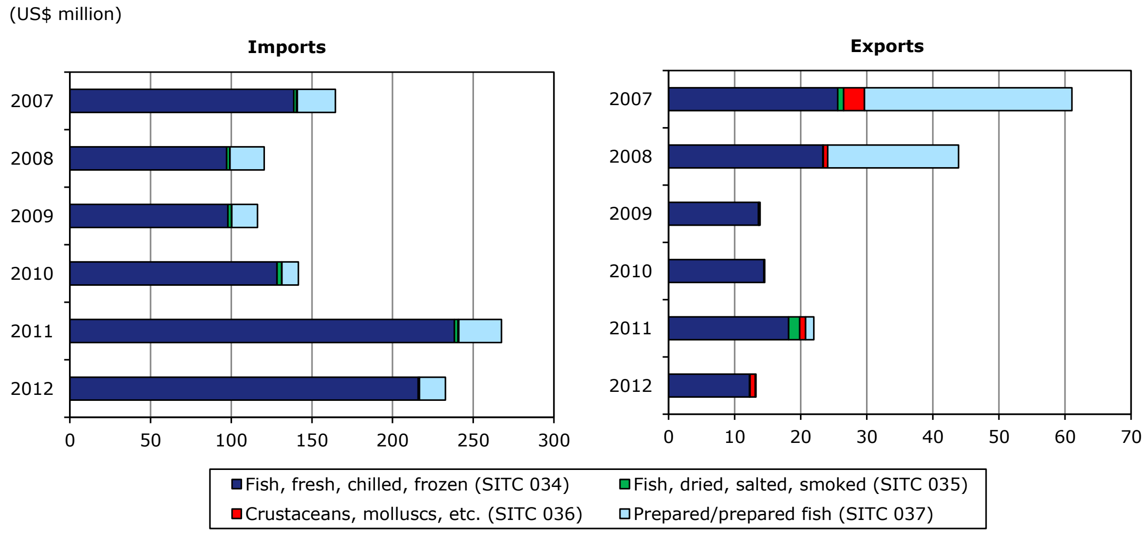
4.42. The fishing sector is based on marine resources; on inland (freshwater) resources; and on aquaculture (about 0.3% of the total annual fish production). Ghana's coastline of 539 km comprises an EEZ of 200 nautical miles (nm), and a territorial sea and contiguous zone of 12 and 24 nm respectively. Unlike many other countries in the region, Ghana derives 27% of its fishing production of close to 500,000 tonnes from inland waters, up from 19% in 2008; artisanal fishing accounts for most employment (Chart 4.2). The Volta Lake (8,442 km^2) is one of the world's 20 largest inland bodies. Fishing plays a major role in the national economy, contributing 7% of GDP and employing about 10% of the economically active population. Fish is a major source of animal protein consumption for Ghanaians. Average annual per capital fish consumption in Ghana is estimated at 20-25 kg, higher than the world average of 13 kg. Its development has encouraged growth of boat construction, boating supplies, and fishing equipment.

Chart 4.2 Production of fish, 2008-12



Source: Information provided by the authorities.

Chart 4.3 Fish trade, 2007-12



Source: UNSD Comtrade database, SITC Rev.3.

4.43. Industrial fish processing mainly consists of tuna canning and tuna fish meal production. Canned tuna is the most important export, but other fish are also exported in frozen or smoked form. Some of the largest companies are local-foreign joint ventures that are major suppliers of processed seafood products to the European markets. Although fishing production has increased since 2008, there has been a collapse in export revenues, mainly due to falls in exports of prepared fish; imports have significantly increased (Chart 4.3).

4.2.2 Policy

4.44. The fisheries sector is under the responsibility of the Fisheries Commission which was established by the Fisheries Act 2002, Act 625 in 2002. The Fisheries Commission is now under the Ministry of Fisheries and Aquaculture Development which was established in January 2013. The Fisheries Act 2002, Act 625 (hereafter "the Act") and the Fisheries Regulations, 2010 (L.I. 1968) are the main legal instruments governing the sub-sector.

4.45. The reform of the fishing sector is a priority for the Government, under the responsibility of the Ministry of Fisheries. Stated priorities are to improve fisheries governance to achieve sustainable fisheries management; modernize fishing fleets to meet SPS requirements in export markets; develop harbours and landing sites to improve fishing handling; reduce post-harvest losses; improve hygiene and sanitation at landing sites; and promote value addition for export to the EU under the Economic Partnership Agreement.

4.46. During the second national Fisheries Governance Dialogue, in late 2012, the Government recognized the need for a radical change in the way fisheries are being managed, and to address non-compliance issues such as fishing with lights; the use of chemicals; the use of banned nets; the absence of vessel registration; and the absence of a licensing framework.[15] One of the main challenges for the fishing sector is the lack of adequate cold storage facilities at landing sites. The existing fish-landing sites and related infrastructure for storage, processing and exports are too small and often do not meet international standards. The fleet of fishing crafts needs to be revamped with modern ones equipped with appropriate storage and processing facilities.

4.47. As established by the Fisheries Act (2002), ownership of artisanal, semi-industrial or industrial fishing operations is restricted to Ghanaian citizens, but foreigners may own up to 50% of Ghanaian vessels engaged in tuna fishing. According to EU data, Ghanaian vessels are the second largest in terms of catches in the area regulated by the International Commission for the Conservation of Atlantic Tunas (ICCAT) (12% of total catches, about 76,000 tonnes in 2012), after the EU. The vessels are Korean-owned.

4.48. All operations must be licensed by the Ministry of Fisheries. The Fishery Product Regulations (2006) lay down general hygiene provisions for fish and fishery products, including requirements for landing and unloading fishery products, quality assurance, and production conditions.[16]

4.49. Fisheries companies registered under the GIPC (section 2.4.4) are eligible for zero-rated customs duties and VAT on fishing nets and fishing ropes. Fishing activities are exempt of VAT. VAT is levied on imported fish.

4.50. Several Ghanaian establishments are authorized to export to the EU under its SPS requirements.[17] In June 2013, the EU indicated that the continuation of duty-free imports of fish from Ghana under Regulation 1528 could cease by October 2014, and the higher GSP tariff rate would apply (see above section 2.3.4).[18]

4.51. Ghana has not entered into any access agreements allowing European vessels to exploit resources within its EEZ.[19] According to the Ghanaian authorities, negotiations are ongoing for an access agreement. In fact, many foreign vessels do intrude into Ghana's EEZ. The monitoring, control and surveillance of the EEZ and the enforcement of the relevant fisheries' laws are weak,

[15] USAID (2012).
[16] WTO document G/TBT/N/GHA/4, 11 February 2007.
[17] Viewed at: https://webgate.ec.europa.eu/sanco/traces/output/GH/FFP_GH_en.pdf.
[18] Http://agritrade.cta.int/en/Fisheries/Topics/Market-access/Deadline-for-ending-free-EU-market-access-for-Cote-d-Ivoire-Ghana-Kenya-and-Namibia.
[19] Http://ec.europa.eu/fisheries/cfp/international/agreements/.

making it difficult to assess the level of illegal fishing and therefore the catch by foreign vessels. Although the level of unlicensed intruders is unknown, it is considered high despite the existence since 2005 of a vessel monitoring system to check illegal fishing in Ghana's EEZ. In July 2013, ten fishing companies were fined by the Fisheries Commission for illegal, unregulated and unreported fishing (IUU) in the country's waters and in breach of Ghana's fishing regulations.

4.3 Forestry

4.52. The performance of the forest and logging sub-sectors has been strongly negative in recent years, particularly in 2011 and 2012 following measures to restrict illegal activities. About 35% of Ghana's land area is covered by forests and woodlands, but this share is declining, with an annual rate of deforestation of 1.37%.[20] Almost all forest land in Ghana is vested in local communities and opened to traditional activities, including the collection of non-timber forest products, hunting, and fuel wood collection, which partly explains the problem.

4.53. Log production has decreased considerably since 2001, while export volumes have declined less strongly (Table 4.3). Some 30 companies out of about 160 are responsible for around 80% of export volumes. The product content of Ghana’s wood exports consists mainly of primary wood products (billets and poles) which account for 2.5% of the total value in 2012; secondary products (lumber, boules, plywood and veneer), 91% of total value in 2012; and tertiary wood products (mouldings, flooring, dowels and profile boards), which contribute 7% to total export value. Nigeria has replaced the EU as the main destination of Ghana's plywood exports.

Table 4.3 Forestry production, 2000, 2005, 2009-13

Year	Log production (m^3)	Share of exports in production (%)	Export (volume)				Export value	Export tax revenue
			Export of timber products (m^3)	Primary	Secondary	Tertiary	(US$ million)	
				Share of total exports (%)				
2000	961,418	51.9	498,843	..	..	..	175.2	..
2005	934,886	49.9	466,156	..	..	..	184.0	..
2009	760,953	56.0	426,222	15.1	80.9	4.0	192.3	2.8
2010	901,155	44.7	403,254	8.8	86.1	5.1	190.2	2.9
2011	769,239	41.6	319,843	8.6	85.8	5.6	163.3	1.8
2012	866,151	29.0	251,246	4.3	90.6	5.1	131.8	1.6
2013	881,017	30.7	270,584	..	..	..	158.8	1.4

.. Not available.
a Provisional.

Source: Information provided by authorities.

4.54. The Ministry of Lands and Natural Resources formulates policies in the forestry sub-sector, while the Forestry Commission of Ghana, established in August 1999 under Act 571, is responsible for the regulation of forest and wildlife resources and the coordination of policies related to them.[21] The Forestry Commission has a website that is kept up-to-date, and contains the main regulations surrounding trade in forestry products, including under the Timber Resources Management Act, (Amendment) Act, 2002 (Act 617), and its Regulations which constitute the main legal instruments in the forestry sub-sector.

4.55. Under Act 617, private (including foreign) companies enter into a contract with the Government to utilize and manage timber resources. Timber rights are allocated through a competitive bidding process organized by the Forestry Commission. Contractors must meet social responsibility requirements, such as support of local communities with schools or clinics, and promote the active involvement of local inhabitants in forest management. A provision also requires contractors to implement reforestation plans following logging.

4.56. Exports of primary products are generally prohibited in order to encourage domestic downstream processing. However, certain species (e.g. teak) may be exported subject to the payment of an export tax of 10-30%. With respect to secondary products, export duties of

[20] National Development Planning Commission (2012).
[21] The Forestry Commission has a website that is kept up-to-date, and contains the main regulations surrounding trade in forestry products: http://www.fcghana.org/.

10-30% are levied on air-dried lumber. The exportation of timber, wood products, and sawn lumber requires a permit issued by the Forestry Commission.[22] In 2013, taxes collected amounted to US$1.4 million out of an export value of US$159 million.

4.57. Restoration of degraded forest, and improved land management are now declared priorities of the Government. The Government has begun to encourage local industries to use Reducing Emissions from Deforestation and Forest Degradation (REDD) concepts. Since 2009, Ghana is implementing the EU's Forest Law Enforcement, Governance and Trade (FLEGT) licensing scheme to ensure that only timber from legal sources is exported to the EU; according to the authorities, FLEGT licences should start to be issued in the last quarter of 2014. The authorities have indicated that existing national laws, policies and programmes that are complementary to the National REDD+ Strategy include the Natural Resources and Environmental Governance Programme (NREG), the goal of which is to reduce illegal logging and integrate environmental considerations into policy formulation and implementation across sectors; the National Forest Plantation Development Programme which aims to arrest and reverse deforestation rates in the country, as well as taking steps to increase the national forest cover; and the Voluntary Partnership Agreement (VPA) with the EU's FLEGT initiative to enhance forest governance and reduce illegal logging.

4.58. Ghana disposes of a large idle sawmills capacity, due to depletion of its traditional timber resources. The Government therefore encourages imports of timber as well as exploitation of non-traditional species; for example, instead of the applied MFN tariff on imports of wood and wood products, which is on average high in regional comparison at 16.8% (Table 3.4), the import duty on import of lumber for domestic processing is 0%. In addition, imports of all wood products, which currently include mainly secondary products (plywood and lumber), from ECOWAS countries are in principle exempt of MFN tariffs.

4.4 Energy Products and Services

4.59. Ghana has been producing and exporting crude oil since December 2010, thus considerably boosting the country's economic growth. It has also increased its electricity exports. Domestic power shortages are common, even in the capital city. Private and foreign operators and their investments are generally welcome in the sector, although Ghana has started to implement a local content policy to increase the share of local companies in the oil and gas business. Pursuant to Article 257(6) of the Constitution, all minerals in their natural state are the property of Ghana; and the Government has the right of pre-emption over all minerals raised. However this right has not been used in practice.

4.4.1 Regulation

4.60. Several public institutions are responsible for regulating the energy sector in Ghana, and there would appear to be room for rationalisation and savings. The Ministry of Energy and Petroleum is responsible for formulating and implementing government policy.[23] It supervises the operations of the Ghana National Petroleum Corporation (GNPC), the Tema Oil Refinery, the Bulk Oil Storage and Transportation Company, the Ghana Oil Company (GOIL), the Volta River Authority (VRA), the Ghana Grid Company (GRIDCO), the Electricity Company of Ghana, and the National Gas Company. All are fully state-owned, except GOIL which was listed on the Ghana Stock Exchange in November 2007, and is therefore no longer fully owned by the Government of Ghana.

4.61. The Energy Commission (EC) is the regulator for most technical aspects of the energy sector; it also grants licences for the transmission, wholesale supply, distribution and sale of electricity and natural gas.[24] The EC is an autonomous statutory body established by the Energy Commission Act, 1997 (Act 541). The Commission consists of seven Commissioners appointed by the President of Ghana, acting in consultation with the Council of State of the Republic.

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[22] The First Schedule of the Trees and Timbers (Amendment) Act, 1994, Act 493 provides for the export levies (in % of f.o.b. values).
[23] Ministry of Energy and Petroleum online information. Viewed at: http://www.energymin.gov.gh/.
[24] The EC's website is: http://www.energycom.gov.gh.

4.62. Also since 1997, the Public Utilities Regulatory Commission (PURC), has been the EC's sister organization: also an autonomous agency, it sets transmission and consumer prices for electricity, gas and water.[25] Since 2005, the National Petroleum Authority (NPA) is charged with the regulation, oversight and monitoring of activities in the petroleum downstream industry, including refining, storage, bulk distribution, marketing and sale of petroleum products, and in particular the administration of the Uniform Petroleum Price Fund.[26]

4.63. Also, under the Petroleum Commission Act 2011 (Act 821), a new Petroleum Commission has charge of the technical and economic regulation of upstream petroleum activities.[27]

4.64. Finally, the EPA (section 3.3.1.6) is responsible for the formulation of environmental policies, including pollution standards and waste discharge.

4.65. Currently, most of the oil is exported unprocessed. The Government seeks further integration of the sector into the Ghanaian economy through downstream manufacturing processing.[28] To achieve this objective, a new "Local Content and Local Participation Policy in Petroleum Activities – Policy Framework"[29] was published. The policy requires operators, when advertising employment, to give preference to Ghanaian citizens who have the requisite qualifications, competence and experience. Priority should also be given to Ghanaians in the granting of licensing and agreements in the petroleum sector in all operations, including the award of oil blocks, oil field licences, drilling, oil lifting licences, aviation, transportation, catering, amongst others. Where foreigners want to be involved they must partner with Ghanaians; the latter should carry at least a 5% equity interest, reviewable at the discretion of the Minister, but that cannot be transferred to non-Ghanaians. The Government also announced in January 2014 that this local participation policy would be extended to the power sub-sector.

4.66. An Enterprise Development Centre was established in Takoradi, jointly by the Ministry of Energy and Petroleum, Tullow Ghana Limited (the main new foreign oil company operating in Ghana) and the Ministry of Trade and Industry. Its purpose is to train SMEs in the oil and gas industry to position themselves take advantage of opportunities in the oil and gas sector.[30]

4.67. Reflecting the fact that oil and natural gas extraction is new to Ghana, policies and regulations applied to these sectors were under review in 2014. For example, the ongoing review of the Constitution includes a recommendation for a review of taxation of mineral resource extraction to achieve better financial returns to the State.[31]

4.4.2 Upstream petroleum and gas activities

4.4.2.1 Crude petroleum

4.68. Until 2010, there was no significant oil and natural gas production. In Ghana, most petroleum products were imported, mainly from Nigeria. Various deep-water discoveries of oil and natural gas have been made in the Gulf of Guinea in recent years, and oil production at Ghana's offshore Jubilee Field began in December 2010; in 2014, production stood at about 115,000 barrels per day. Ghana is an EITI compliant country.[32]

4.69. The commercial partners in the Jubilee Field in January 2014 were Tullow Oil (36.5%), Anadarko Petroleum, Kosmos Energy, the Ghana National Petroleum Corporation (GNPC, 13.75%), and Sabre Oil and Gas. GNPC manages the Government's shares in the petroleum companies.

[25] The PURC has a website: http://www.purc.com.gh/.

[26] National Petroleum Authority Act of 2005 (Act 691). Viewed at the NPA's website: http://www.npa.gov.gh/npa_new/about_Objectives.php.

[27] Act 821 was viewed at the following address: http://www.ghanatrade.gov.gh/file/petroleum%20laws/petroleum_commission.pdf.

[28] IMF (2012).

[29] The Policy was viewed at the following address: http://ghanaoilwatch.org/images/laws/local_content_policy.pdf.

[30] EDC online information. Viewed at: http://www.edcghana.org/.

[31] White Paper On The Report Of The Constitution Review Commission Presented To The President. Viewed at: http://www.ghana.gov.gh/images/documents/crc_report_white_paper.pdf.

[32] Ghana Extractive Industries Transparency Initiative. Viewed at: Welcome to The Ghana Extractive Industry Transparency Initiative.

According to the Ministry's website, in addition to the Jubilee Field's oil exploration agreements are in force with a number of companies.[33]

4.70. The main laws governing the sector remain the Petroleum (Exploration and Production) Law, 1984 (PNDCL 84), which after 30 years still provides for the management of mining rights[34]; and the Petroleum Income Tax Law 1987 (PNDC Law 188). The Petroleum Law allows GNPC to operate in all the country on its own or, as is the case in practice, in association with foreign partners. Under the Petroleum Law, the basic and sole contract between the State, the GNPC and the private companies are the Production Agreements (PA). The State's main sources of income, all of which are negotiated in each PA, are royalties, participations, surface rental payments and corporate taxes.

4.71. In the case of the Jubilee Field, royalties are set at 5% of gross production volume at the Jubilee Field; the "carried interest (10%) and participating (3.75%) interest" are defined as a share of net production (i.e. gross production less the 5% royalty). Corporate taxes are set at the normal standard rate of 35%. However, no such taxes were paid by the companies in 2011, which caused a budget revenue shortfall in 2011 of over ₵600 million. There were no tax receipts in 2012 either. This non-payment of corporate taxes by oil companies reportedly resulted from carry-forward losses, as no limits are specified in the PA on cost recovery through tax.[35]

4.72. The Petroleum Revenue Management Act, 2011 (Act 815) establishes two sovereign petroleum wealth funds, the Ghana Stabilization Fund (GSF) and the Ghana Heritage Fund (GHF), so as to achieve "collection, allocation, and management of petroleum revenue in a responsible, transparent, accountable and sustainable manner for the benefits of the citizens".[36] Under the Act, an initial part of annual oil revenues is allocated by the Government to the GNPC to pay for the equity financing of its stake in the oil company, and for its operational expenses. The remaining "benchmark revenue" (Table 4.4) is shared between the government budget and the two new funds, with the limit that the allocation to the annual budget funding amount cannot exceed 70% of the benchmark revenue (section 18(1) of the Act); its amount is approved by Parliament as part of the budget.

Table 4.4 Allocation of oil export proceeds, 2011-13

Year	Production liftings (million barrels)	Export value (US$ billion)	Benchmark revenue (US$ million)	Annual public budget (US$ million)	GSF (US$ million)	GHF (US$ million)
2011	24.45	2.7	236	167	55	14
2012	26.35	3.0	311	287	17	7
2013[a]	27.06	2.9	521	205	221	95

a Estimates for the first nine months.

Note: A Government reference exchange rate of ₵1.5 per US$ was used in 2011, ₵1.8 per US$ in 2012, and ₵1.9 per US$ in 2013 (first nine months).

Source: Ghana Petroleum Funds Secretariat. Viewed at: http://www.bog.gov.gh/privatecontent/Public_Notices/Semi%20Annual%20ReportFIRST%20HALF%202013.pdf; and 2013 Annual Report on the Petroleum Funds. Viewed at: http://www.mofep.gov.gh/sites/default/files/reports/2013_Annual_Petroleum_Report.pdf.

4.73. Once the annual budget financing need is determined, the Ministry of Finance allocates 30% of the remaining funds to the Ghana Heritage Fund for long-term investments. The Ghana Stabilization Fund is designed to cushion the impact of potential revenue shortfalls, and thus maintain public expenditure capacity, in periods of oil price decreases: it receives the remaining 70%, for short- to medium-term investments. An investment advisory committee provides MOFEP

[33] The Ministry has a website that is regularly updated: http://www.energymin.gov.gh/.
[34] An electronic copy of the law was viewed at: http://www.clientearth.org.
[35] Http://piacghana.org/PIAC%20REPORT_2011%20annual_final%20for%20website.pdf.
[36] The Act was viewed at the following address: http://www.mofep.gov.gh/sites/default/files/reports/Petroleum_Revenue_Management_Act_%202011.PDF.

with investment advice and recommendations which are published. A Public Interest and Accountability Committee provides an audit of activities annually.[37]

4.4.2.2 Natural gas

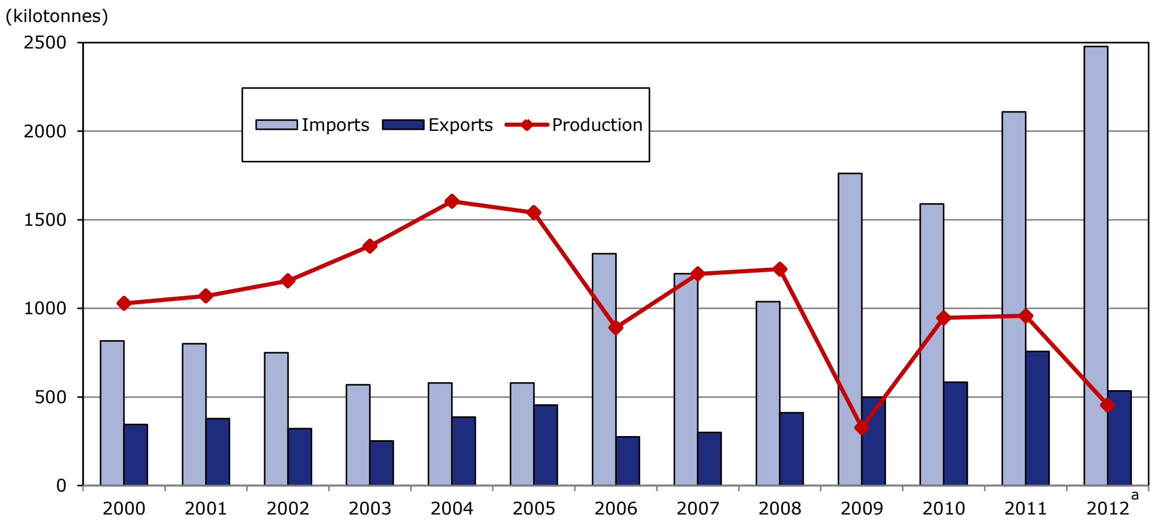
4.74. While discoveries of natural gas have been made locally, exploitation had not begun in early 2014 for want of processing capacity; according to the authorities, gas was being re-injected into the wells for further use when processing plants and pipelines will be available. The new Ghana National Gas Company, a state-owned limited liability company, was established in July 2011 to own, manage and develop a national network of upstream and midstream gas pipeline, treatment and storage facilities. GNGC will also acquire, own, process, market and sell natural gas and related gas products. The natural gas sector is regulated by the Energy Commission, which delivers operating licences, and by the PURC which sets consumer prices.

4.75. Currently, natural gas is being imported from Nigeria through the West African Gas pipeline (see below) for use exclusively in the power processing plants. Imports have varied strongly because of technical problems, increasing from zero until 2008 to 769 thousand tonnes of oil equivalent (KTOE) in 2011 (17% of all imported energy), before declining to 390 KTOE in 2012 (9%). The increase followed the beginning of operations of the West African Gas Pipeline Company (WAPCo) in December 2008, which started to supply natural gas from fields in the Western Delta of Nigeria to Ghana, Benin, and Togo.[38] Ghana's Volta River Authority (VRA), which held a 16.3% share in the project, generates electricity with natural gas from WAGP since April 2009. Other public and private equity owners include Chevron WAGP; Nigerian National Petroleum Corporation (24.9%); Shell Overseas Holdings; Takoradi Power Company; Société togolaise de Gaz and Société BenGaz. WAPCo has its headquarters in Accra.

4.4.3 Refining and other downstream petroleum activities

4.76. The state-owned Tema Oil Refinery continued to use imported crude petroleum from Nigeria to manufacture finished petroleum products (Chart 4.4), until production came to a halt in 2013, for want of investment. Imports of petroleum products have soared, although there were press reports of fuel shortages in early 2014.

Chart 4.4 Production and trade in petroleum products, 2000-12



a Provisional.

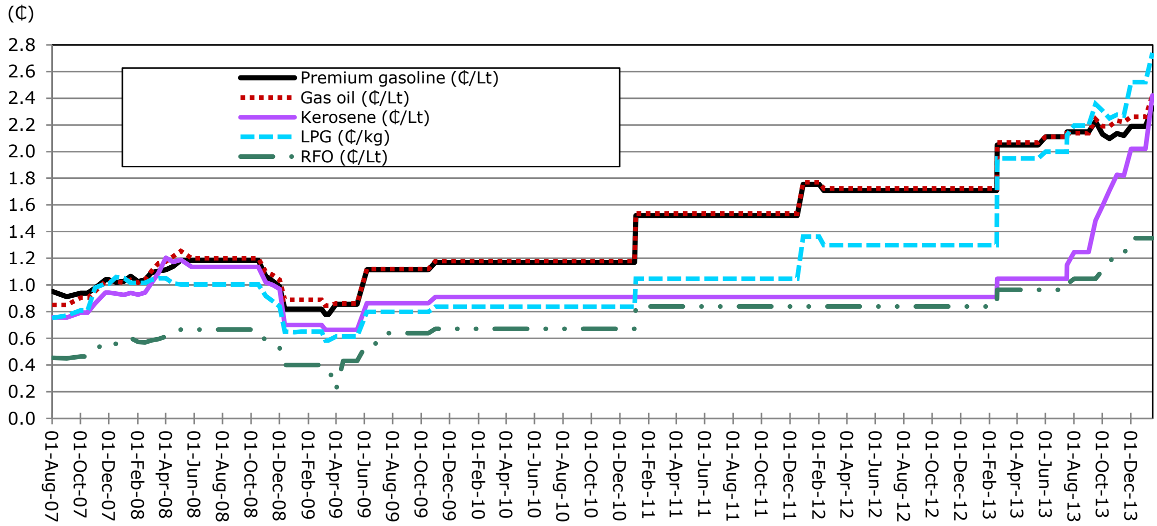
Source: National energy statistics (2000-2012), Energy Commission, Ghana, July 2013.

[37] Report of the Public Interest and Accountability Committee for 2011. Viewed at: http://piacghana.org/PIAC%20REPORT_2011%20annual_final%20for%20website.pdf.

[38] West African Gas Pipeline Company online information. Viewed at: http://www.wagpco.com.

4.77. The Tema Refinery theoretical operating capacity is 45,000 barrels per day. Investment in private refineries is not restricted, but has probably been affected in the past by low petroleum product prices, until the pricing structure was adjusted to reflect world market prices (Chart 4.5). The National Petroleum Authority manages the Uniform Petroleum Price Fund so as to ensure the uniform pricing of petrol, diesel, LPG, kerosene, marine diesel and residual fuel throughout the country.

Chart 4.5 Retail prices of major petroleum products, 2007-13



Note: LPG: Liquefied petroleum gas.
RFO: Residual fuel oil.

Source: WTO Secretariat estimates based on information from the National Petroleum Authority.

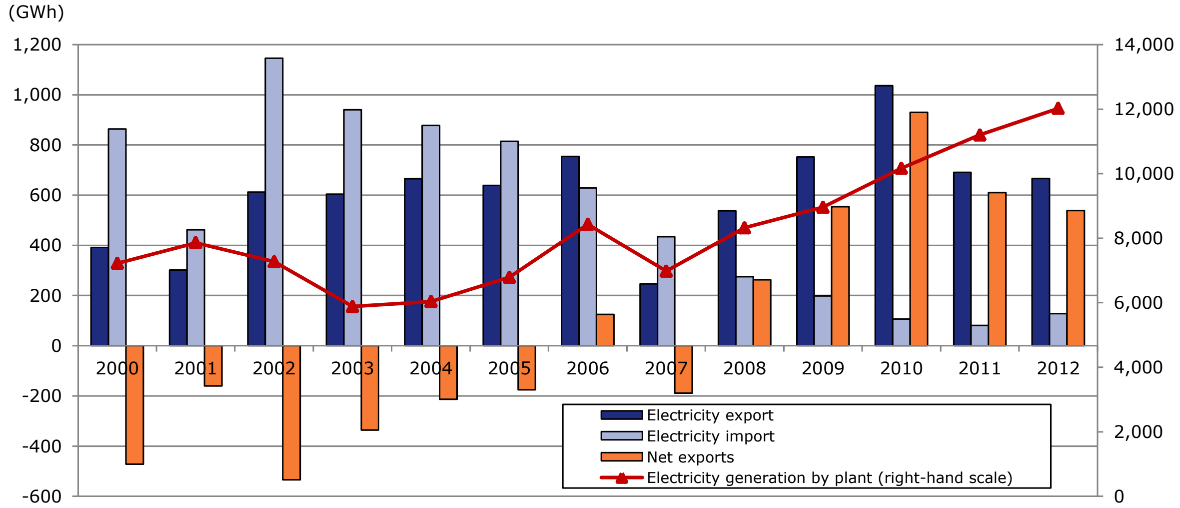
4.78. Indeed, the Government in the past subsidized consumption of fuel products with a view to redistributing income and smoothing-out price fluctuations. In recent years, the Government has been increasing ex-refinery prices of petroleum products so as to align them with import costs, thus reducing the extent of the subsidy considerably. Total petroleum subsidies amounted to less than 0.4% of GDP in 2013. Cross-subsidies are maintained, whereby higher prices of gasoline are charged to finance larger subsidies for kerosene (lighting for rural areas), and for premix (for fishing boats). Hydrocarbons, when sold to foreign airlines or ships, are subject to export taxes of US$0.02 per litre on aviation turbine kerosene, and US$0.02 per litre on marine gas oil, respectively.

4.79. Since Ghana's last TPR, the downstream petroleum sector has been further deregulated. GNPC is no longer solely responsible for procurement, storage and bulk distribution of petroleum products to the oil marketing companies. A dozen bulk distribution companies (BDCs) import petroleum products. Some of the BDCs have their own storage facilities. Those without storage facilities either use the facilities of other BDCs, or use those of the state-owned Bulk Oil Storage and Transportation Company (BOST). The Government holds strategic fuel reserves at the BOST, consisting of a three-week supply of gas oil and gasoline, which are to be used in the event of an interruption in the normal supply of these products. There were 432 private petroleum products transporters in January 2014.

4.4.4 Electricity

4.80. Since 2008, Ghana has become a net and growing electricity exporter (Chart 4.6). The generation of electricity is an important source of foreign exchange earnings through exports of power to the neighbouring countries. Capacity is affected by such factors as low water levels at the Volta Dam, which leads to supply shortages and electricity cuts. In addition, 4.3% of power transmitted is lost (2012), up from 3.5% in 2008.

Chart 4.6 Electricity production and trade, 2000-12



Source: National energy statistics (2000-2012), Energy Commission, Ghana, July 2013.

4.81. Per capita consumption of electrical energy increased from 315 kWh in 2008 to 358 kWh in 2012. About half of electricity production is consumed by households; commercial and industrial consumers account for the rest. According to the authorities, the share of the population that has access to electricity has increased sizeably, from 45% to 72%, but is still only 20% to 25% for the rural population.

4.82. Ghana's total installed generation capacity is about 2,828 MW (2013), up from 1,800 MW in 2004. Hydro generation represents 52% of total capacity. The state-owned Volta River Authority (VRA), which owns the Akosombo and Kpong Dams (160 MW), is the main producer of electrical energy in Ghana. The state-owned Ghana Grid Company (GRIDCO) has been in charge of electricity transmission since 2008, taking over from the VRA.

4.4.4.1 Generation

4.83. Ghana initiated a Power Sector Reform Programme as early as 1995 to ensure adequate electricity supplies and improve management of the sector. Implementation of the reforms has led to dividing the industry into distinct operational segments. A key feature of the reforms is the encouragement of private sector investment and ownership of power generating plants. Generation is thus open to competition, including foreign, and licensed and regulated by the Energy Commission (EC); procedures for licensing are available on the EC's website.[39]

4.84. In addition to the wholesale suppliers (e.g. VRA), since 2008, Independent Power Producers (IPPs) are allowed to build, own and operate power plants in Ghana. IPPs therefore also can supply power to meet the needs of distribution companies, bulk customers, or as part of standing reserves to meet the requirements of the Electricity Transmission Utility (ETU). Under the current law, only one entity can hold the transmission licence at any one time and GRIDCo is the current holder. The other electricity market participants are the distribution companies, bulk customers; and other customers.

4.4.4.2 Transmission and distribution

4.85. Transmission and distribution activities are still under monopoly. Wholesale suppliers are obliged to sell to bilateral contract holders over the grid operated by the grid company. IPPs can produce for their own consumption, or sell, or both. However, they can sell directly to "bulk customers" (currently defined as those purchasing above 3 MW), at negotiated prices without any

[39] The Wholesale Electricity Market is regulated by the Energy Commission Act, 1997 (Act 541), as well as the Electricity Supply and Distribution (Technical and Operational) Rules, 2005, L.I. 1816; the Electricity Transmission (Technical, Operational and Standards of Performance) Rules, 2008, L.I. 1934; the Electricity Regulations, 2008, L.I. 1937; the Grid Code; and the Electricity Market Rules.

pricing control. Alternatively, they can sell to the grid via one of the two state-owned distribution companies: Electricity Company of Ghana (ECG), and Northern Electricity Distribution Company (NEDCo). In addition, one purely private distribution company operates in the Free Zones. Approximately 75% of the market is currently regulated; and another 25% is sold to bulk consumers at negotiated prices.

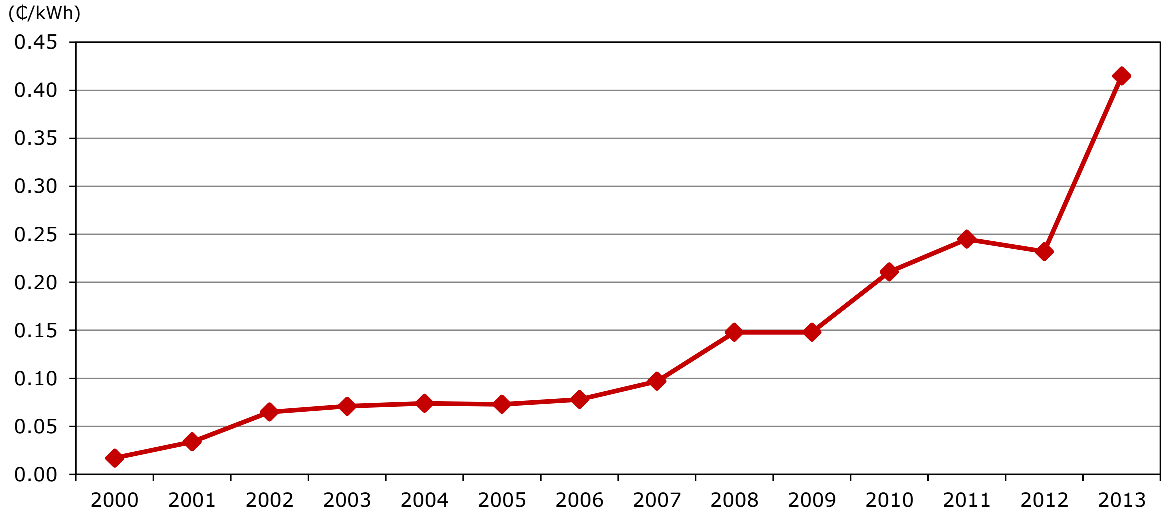
4.4.4.3 Trade

4.86. Ghana's electricity grid is connected to Côte-d'Ivoire, Togo, and Benin through high voltage transmission lines and to Burkina Faso through a low voltage distribution network. A high voltage transmission connection to Burkina Faso is under development. The West African Power Pool (WAPP), an electricity pool, comprising electricity generators in the West African sub-region is being established to enable cross-border exchanges and trade in electricity. It is supervised by the ECOWAS Regional Electricity Regulatory Authority (ERERA).[40]

4.4.4.4 Pricing and taxation

4.87. The PURC is mandated to approve rates charged by distribution companies to consumers for their services (Chart 4.7), and rates charged by the transmission utility for its services. In addition, the PURC has the mandate to investigate the reasonableness of the rate for the electricity produced by wholesale suppliers for supply to distribution utilities.

Chart 4.7 Average electricity end user tariff, 2000-13



Source: National energy statistics (2000-2012), Energy Commission, Ghana, July 2013; Public Utilities Regulatory Commission online information. Viewed at: http://www.energycom.gov.gh/files/approved_electricity_and_water_tariffs_2013.pdf.

4.88. Consumption of electricity by private consumers is exempt from VAT/NHIL, up to a certain level which is prescribed in regulations. Sales of compact fluorescent lamps are also exempt from VAT/NHIL and subject to reduced import duties, so as to meet the Government's objective of increasing electrification, particularly in rural areas; it plans to extend electrification to all communities by 2020. Given the high costs of long-distance transmission lines to serve remote rural communities, achieving this objective will require substantial investment in renewable and off-grid electricity.

4.5 Gold and Other Mining Activities

4.5.1 Overview

4.89. A total area of some 30,000 km^2, equivalent to about 13% of Ghana's land area, is covered by mineral licences. In particular, Ghana is the world's eighth largest gold producer estimated at

[40] ERERA online information. Viewed at: http://www.erera.arrec.org/.

97 tonnes in 2012. Ghana reportedly has the eleventh largest gold reserves worldwide. Silver is also produced as a by-product of gold. Ghana also has large potential for solar salt production, for exports to the West Africa sub-region, for transformation into caustic soda for the planned bauxite/alumina industry, and for the petrochemicals industry. The non-oil mining sector attracted strongly rising foreign direct investments in 2012, from producing, exploration and support services companies. At least two new companies started operations in 2011-12, and there were about ten licensed gold producers at end-2013, plus a large number of small-scale miners.

4.90. In 2013, about 20,000 Ghanaian nationals were directly employed in large-scale mining, and 6,000 others were employed in providing services to the mineral sector. Moreover, it is estimated that some 500,000 people are engaged in small-scale mining. Non-Ghanaians are not allowed to engage in small-scale mining; the minimum investment for foreign companies is US$10 million (Article 79 of the Minerals and Mining Act, see below). Since 2008, there has nevertheless been a large immigration of over 12,000 foreign (Chinese in particular) miners arriving in the Ashanti region to exploit gold mines, without small-scale mining licences (as these are granted only to Ghanaians).[41] In May 2013, hundreds of foreign small-scale miners were arrested and expelled from Ghana.

4.91. As explained in the case of oil and gas above, the Government seeks to transform Ghana's natural resources locally. The key indicators used by the Government to monitor progress towards the attainment of this objective include the employment generated, foreign direct investments, mineral revenue from exports, repatriation of mineral revenue, the number of mineral rights granted, and the number of Ghanaian-owned businesses operating.

4.92. Ghana's production of diamonds by small-scale miners has declined to 215,118 carats in 2012, mainly on account of the high prices of gold that diverted miners away from diamonds towards gold. About 85% of its production is industrial diamonds. The bulk of diamond production is by small- and medium-scale mines. The only large-scale producer, Ghana Consolidated Diamonds, stopped operations in mid-2007. The decline in production of bauxite has been attributed in part, to the collapse of the Western Railway Line, leading to companies resorting to road haulage (Table 4.5).

Table 4.5 Exports of major minerals, 2000, 2005, 2010-12

(US$ million)

	2000	2005	2010	2011	2012
Aluminium ore (SITC 285)	9	15	13	10	34
Diamonds (SITC 2771 and 6672)	11	34	0	16	3
Gold, non-monetary, excluding ores (SITC 9710)	613	864	3,368	4,837	7,107
Manganese ores and concentrates (SITC 2877)	21	40	77	107	105

a Provisional.

Source: WTO Secretariat estimates, based on UNSD Comtrade database, SITC Rev. 3.

4.5.2 Policy and regulations

4.93. The Ministry of Lands and Natural Resources (Mines sub-sector) is responsible for formulating policies, while the Ghana Minerals Commission (MINCOM) is the regulatory and main promotional institution.[42] As noted above, pursuant to the Constitution, all minerals in their natural state are the property of Ghana. The main law governing the sector is the Ghana Minerals and Mining Act 2006 (Act 703).[43] Under the Act, any transfer of mining rights is subject to the approval of the Ministry. The Ghana Chamber of Mines represents the collective interests of some 30 major companies involved in mineral exploration, production, and processing. Royalties vary from 3% to 6% of the total value of minerals produced (Article 25 of the Minerals and Mining Act). Through royalties, corporate taxes, and "pay-as-you-earn payments", the mining sub-sector contributes significantly to government revenue. There is compulsory state participation in the mineral sub-sector, whereby the Government acquires a 10% equity in all companies at no cost (Article 43).

[41] *Le Monde* online information [25 June 2013].
[42] Viewed at: http://www.ghana-mining.org/ghanaims/.
[43] Viewed at: http://www.sdsg.org/wp-content/uploads/2011/06/Ghana-Minerals-Act-2006.pdf.

4.94. Exports of mineral ores require a permit issued by the Minerals Commission. The state-owned Precious Minerals Marketing Corporation (PPMC) buys gold and diamonds from small-scale miners. It also sells jewellery and gold products for export. The Corporation does not enjoy any specific rights, has an annual turnover of about US$30 million.[44] The average applied MFN tariff on mining products (major division 2 of ISIC Rev.2) is 11.4%; the tariff on gold and diamonds is 20%.

4.95. The Mining Development Fund was set-up in 1993 to enable the recycling of mining revenues to communities which host mining operations, and to undertake development projects to mitigate effects of mining on the environment, and support the operating budget of mining sector institutions as well as some specific mineral-related projects. After 17 years of existence, the Fund held ₵35.3 million, and an audit by the Auditor-General found that the funds had not been effectively applied to mitigate the harmful effects of mining.[45]

4.6 Manufactured Products

4.96. Thanks to its efforts to develop the information and communication technology (ICT) sector, to the relatively good access to electrical energy afforded to industries by regional comparison, and to the availability of abundant raw materials, and notwithstanding the country's good governance, Ghana stands out as one of the better locations for manufacturing activities in Sub-Saharan Africa. Among the promising areas are agri-food (cocoa, maize, yam) processing, as well as down-stream oil and gas and minerals processing.

4.97. Ghana has a relatively broad and diverse industrial base, covering aluminium smelting, timber and agricultural processing, brewing, cement manufacture, oil refining, textiles, electronics, and pharmaceuticals. Nonetheless, the contribution of the manufacturing sector to GDP remains modest, and is declining. In 2003, the year of the most recent industrial census, there were some 23,800 manufacturing companies in Ghana, with nearly 117,000 employees.

4.6.1 National industrial policy

4.98. Trade policy in the manufacturing sector is under the responsibility of the MOTI.[46] However, since June 2011 a new National Industrial Policy has been implemented that also involves other government agencies, such as the GIPC (section 2.4), together with the National Board for Small-Scale Industries. A detailed Industrial Sector Support Programme (ISSP), also launched in 2011 and running until 2015, aims to create a modern productive economy, with high levels of value-addition; expand productive employment in the manufacturing sector; expand technological capacity in the manufacturing sector; transform agriculture through agri-based industrial development; provide consumers with fairly-priced, better quality products and services, competitive in both the domestic and international markets; and promote spatial distribution of industrial development in order to achieve reduction in poverty and income inequalities.

4.99. In particular, the Government offers incentives for investment (including by foreigners) in manufacturing activities, including a five-year tax holiday and other corporate tax reductions depending on the location of the industry. The tax reduction is larger if the company exports products that are non-traditional (Table 1.2).

4.100. The average applied MFN tariff on manufactured products is 12.7% (Table 3.2).[47] Average tariffs are particularly high on footwear (20%), apparel (19.9%), furniture (19.5%), and beverages (18.9%); and low on transport equipment (5.9%) and non-electrical machinery (3.2%). High tariffs on imports of agricultural commodities do not favour the objective of promoting agro-industries. Moreover, pronounced tariff escalation, and thereby high effective protection in industries such as food and beverages, textiles and apparel, chemicals, and non-metallic products, negatively affects the international competitiveness of these goods. As a solution to these problems, Ghana allows a large share of imports to enter duty-free under bond, or into export processing zones (section 3.2.8). However, this raises the risk of dualism in the Ghanaian economy, whereby one part of Ghana's industry has access to cheap inputs (because they are

[44] Precious Minerals Marketing Corporation online information. Viewed at: http://pmmcghana.com.
[45] Report by the Auditor-General (2010). Viewed at:http://www.ghaudit.org.
[46] MOTI online information. Viewed at: http://www.moti.gov.gh.
[47] Manufacturing is defined as Major division 3 of ISIC Rev.2.

duty-free), whilst the other continues to suffer from a high taxation and high bureaucracy environment.

4.101. The divestiture programme launched in 1988 significantly reduced the number of state-owned enterprises (Table 3.12). Fully government-owned manufacturing industries include: PSC Tema Shipyard, GIHOC Distilleries, and the aluminium smelter VALCO. In addition, the state holds minority shares of between 10% and 40% in Ghana Textile Printing, Bridal Trust International Paints, and GIHOC Pharmaceuticals.

4.6.2 Pharmaceutical products

4.102. Since 1985, the Government of Ghana has been implementing an industrial policy based on import restrictions in support of its local pharmaceutical manufacturers, designed to reduce the reliance on imports (Box 4.1). Under this system, selected drugs are protected from import competition by means of an import ban on those products that the companies undertake to manufacture locally. The companies are grouped under the Pharmaceutical Manufacturers' Association of Ghana (PMAG).[48]

Box 4.1 Pharmaceutical import bans, 2014

Ban on production and imports

The under-listed drugs are banned in Ghana and cannot be produced or imported into the country:

1. Iodochlorhydroxyquinoline and its derivatives (0.1-0.5%)
2. Methaqualone and its salts
3. Phenylbutazone, its salts and derivatives
4. Secobarbital (quinalbarbitone)
5. All mercury-based products
6. Plain ephedrine tablets
7. Hydroquinones (>2%).

Banned imports

The importation of the finished products of the under-listed items is not permitted. Only raw materials could be imported for local manufacture:

1. Capsules: ampicillin, chloramphenicol, oxytetracycline, chlordiazepoxide, tetracycline and indomethacin
2. Syrups: chloroquine and paracetamol
3. Tablets: aspirin, chloroquine, diazepam, paracetamol, ephedrine, phenobarbitone, prednisolone dexamethasone, folic acid, vitamin B complex, paracetamol/aspirin/caffeine combinations, aspirin/caffeine combinations, paracetamol/caffeine combinations, and paracetamol/codeine combination.

4.103. The prohibition takes the form of a non-certification by the Food and Drug Authority. Pharmaceutical products may be imported only through the Accra Airport and the Tema Port. A second group of locally-produced pharmaceutical products are not duty-free, and their importation subject to the usual (numerous) MFN duties and charges, including the tariff at the 10% rate, VAT, NHIS, etc. Moreover a 20% preference margin for domestically-produced pharmaceutical products and medical devices is provided for in public procurement regulations for national tenders.

4.104. In contrast, a third group of "Programme drugs" can be imported without any of the taxes listed above. These consist mostly of specialized products that local companies could not produce and have no immediate plans to produce. According to some observers, the import restrictions have allowed the companies to survive and diversify into other products. The Federation of East African Pharmaceutical Manufacturers (FEAPM) has developed a position paper in support of the import ban applied in Ghana, noting that the number of manufacturing companies has increased from 9 to 35 in Ghana since 1989.[49] Three companies are listed on the Ghana Stock Exchange. Several companies have partnered with multi-nationals; most of them have at least one major brand that is on the "banned for imports" list of products, which has served as a main source of income for further development of the industry.

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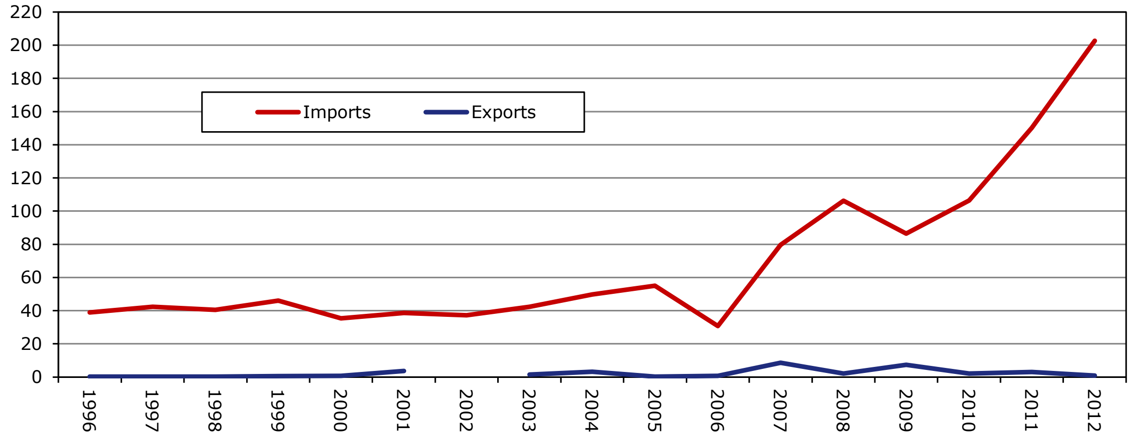
[48] PMAG online information. Viewed at: http://www.pmaghana.org/.

[49] FEAPM Position Paper – Support for Local Pharmaceutical Manufacturing, Proposed Model for the Growth of the East African Pharmaceutical Manufacturing Sector.

4.105. Some other observers, however, consider that the policy has not allowed the protected companies to achieve export quality requirements, and has not prevented the growth of imports (Chart 4.8). It has increased instead the cost of healthcare.

Chart 4.8 Ghana's trade in pharmaceuticals (HS 30), 1996-2012

(US$ million)



Note: Export data are not available in 2002.

Source: UN Comtrade.

4.106. According to the Geneva-based Global Fund, the World Health Organization (WHO) pre-qualification scheme could potentially constitute a powerful export support mechanism if it could include local manufacturers. Indeed, WHO pre-qualified local drug manufacturers can obtain certification and thus supply the Global Fund under its Affordable Medicines Facility for Malaria (AMFm) programme of subsidies.[50] In addition, were Ghanaian manufacturers able to meet pre-qualification standards, their products could also be purchased by the Global Fund for other countries.

4.107. The Global Fund does not directly fund manufacturers. However, depending on price, quality etc., it buys their products if they have been pre-qualified by the WHO or if the Ghanaian FDA, as a stringent regulatory authority, has been recognized by the WHO. The Global Fund buys through the AMFm mechanism, or through its regular grants (the Global Fund expects to buy approximately 29 million artemisinin-combination therapies (ACTs) for malaria treatment in the period June 2013 – February 2015). The AMFm is a public-private partnership and financing mechanism, aimed at expanding access to affordable ACTs in eight developing countries, including Ghana. The first co-paid ACTs were delivered to Ghana on 2 August 2010. The WHO is also developing an assessment tool to help countries determine whether a local drug-making venture is likely to succeed financially. At the moment, no Ghana-based company has been WHO-prequalified to manufacture. Instead, some companies that were producing ACTs have apparently stopped because they did not meet these quality standards.[51]

4.108. From a policy stand point, the Government of Ghana is facing a dilemma. On the one hand, it is promoting the development of local pharmaceutical manufacturing capacity, but on the other hand it participates in a laudable initiative that is increasing access to healthcare but clearly affecting productive capacity of Ghanaian ACT manufacturers. The Government could consider initiating a developmental programme whereby selected local manufacturers would be trained and supported by an already pre-qualified manufacturer, so as to attain the WHO qualification and compete in terms of price, delivery time, etc.

[50] Global Fund (2012).
[51] Global Fund (2012).

4.6.3 Ferrous and non-ferrous metals

4.109. The Volta Aluminium Company (VALCO) smelts alumina to produce aluminium ingots, sows, billets and slabs, at its smelter in Tema. The smelter has a capacity of 200,000 metric tonnes per year of ingots but was shut down between 2007 and 2011. In early 2011 it was operating at about 20% of its capacity, producing 3,000 tonnes per month, mostly for local consumption, with plans to bring monthly production up to 6,000 tonnes. It is wholly-owned by the Government of Ghana, and under the supervision of the Ministry of Energy and Petroleum.[52] VALCO imports its inputs under a number of tax exemptions (see above Table 3.6). Since 2004, the duty on imports of ingots has been set at 5% following VALCO's production problems.[53]

4.110. Restrictions (in the form of a permit requirement) (L.I. 1969, 2010) are in place on exports of non-ferrous scrap metals so as to ensure sufficient supplies for the five local steel mills and the foundries. In addition, since 2013 a ban has been re-introduced on exports of ferrous scrap metals as well (L.I. 2201, 2013). The policy had started in 1988/89, when significant investment had been made to process ferrous scrap metals for the production of metal products, especially for the construction industry. The MOTI was of the view that ferrous scrap metals constituted a key raw material used by the local steel mills and foundries; therefore, its exportation should be restricted by an administrative ban to enhance domestic production of steel billets, which are raw materials for the steel mills.

4.7 Services

4.111. Services constitute around 50% of Ghana's GDP in real terms, the largest sectors being transport and trade services. Their overall contribution decreased slightly between 2007 and 2012 at the inception of the growth of the crude oil sector. But certain sub-sectors have nevertheless continued to expand their shares of GDP, an illustration of their relative strength. The two fastest growing services sectors over the period were information and communication technology services (ICT, +2 percentage points, see below), followed by trade services (+1%).

4.112. Balance-of-payments data indicates that Ghana continues to be a net importer of services, and that the trade in services deficit has widened considerably as enterprises imported the equipment required for the new mining industries. Exports of services have also increased considerably however, from US$1.8 to US$3 billion between 2007 and 2012. In 2011, services export growth was led by the transportation and other business sectors.

4.113. Ghana's specific commitments under the GATS cover a large panoply of sectors in comparison with other West African countries, including financial services (section 4.7.1), communications (section 4.7.2), maritime transport (section 4.7.3.2), construction and related engineering services (section 4.7.5) and secondary and higher education services.[54] Ghana has accepted the Fourth and Fifth Protocols to the GATS. Ghana's "horizontal commitments" on commercial presence, which describe the limitations that affect foreign investment in all sectors, state that market access for foreign-owned, including joint-ventures, companies must satisfy the following minimum capital outlay and foreign equity requirements: a 100% foreign-owned company requires a minimum equity capital outlay of US$200,000, while for a joint-venture this minimum is US$10,000 in cash or kind; however, these minimum capital outlays were increased in 2013 (section 2.4). For presence of natural persons, market access is based on automatic entry and work permits for up to four expatriate senior executives and personnel with specialized skills. Approval is needed for additional expatriate workers. Enterprises must also provide training in higher skills for Ghanaians.

4.114. Under the ECOWAS Treaty (Article 55), Ghana has committed to "the total elimination of all obstacles to the free movement of people, goods, capital and services and the right of entry, residence and establishment". With respect to immigration, "Citizens of the Community shall have the right of entry, residence and establishment and Member States undertake to recognize these

[52] Ministry of Energy and Petroleum online information. Viewed at: http://www.energymin.gov.gh/?page_id=1154.

[53] Customs and Excise (Duties and Other Taxes) (Amendment) Act, 2004 (Act 668).

[54] WTO documents GATS/SC/35, 15 April 1994, GATS/SC/35/Suppl.1, 11 April 1997; and GATS/SC/35/Suppl.2, 26 February 1998. Viewed at: http://www.wto.org/english/tratop_e/serv_e/serv_commitments_e.htm.

rights of Community citizens in their territories in accordance with the provisions of the Protocols relating thereto" (Article 59). They have also undertaken "to maintain within their borders, and between one another, freedom of access for professionals of the communication industry and for information sources" (Article 66).

4.7.1 Banking, finance, and insurance

4.7.1.1 Banking services

4.115. Ghana's GATS commitments on financial services cover various banking services, including acceptance of deposits, credit facilities, and leasing, and do not contain any market-access or national-treatment limitations on cross-border trade and consumption abroad. The only limitation on commercial presence relates to prudential licensing. National treatment is assured, except that the Government may support local financial institutions in rural areas and apply a higher paid-up capital requirement to foreign suppliers.

4.116. The Banking Supervision Department of the BoG regulates and supervises the sub-sector.[55] Rules on the establishment of a bank are laid down in the 2004 Banking Act (Act 673)[56], as amended by the Banking (Amendment) Act, 2007 (Act 738).[57] Two new laws have been enacted to facilitate access of small- and medium-size enterprises to private credit, namely the Non-Bank Financial Institutions Act, 2008 (Act 774)[58] and the Borrowers and Lenders Act (Act 773).

4.117. One of the conditions for the BoG to issue a banking licence is that the applicant must have an initial paid-up capital of not less than US$120 million (up from US$60 million prior to 2014). In the case of foreign ownership[59], at least 60% of the capital must be brought into Ghana in convertible currency. Applications are subject to analysis, according to the authorities "to ensure the feasibility and viability of the project". Fit and proper tests are also conducted on the initial directors and shareholders of the project. Investors wishing to acquire a share of 10% or more in any listed banking stock require prior approval by the BoG.

4.118. A number of new foreign banks have joined the Ghanaian banking industry since 2007, and assets of the banking sector have strongly increased. Five new banks have been licensed since 2008. Of these, three are foreign banks whilst two are domestic banks. During the period (2008-13), two acquisitions were made by external investors and two mergers took place, one between two foreign banks, and another between a domestic and a foreign bank.

4.119. As at December, 2013, 27 "Class 1" banks were operating in Ghana (Table 4.6).[60] Fourteen of these banks are foreign-controlled – constituting 58% of total assets – were subsidiaries of foreign-controlled banks, whilst thirteen which are domestically-controlled constituted 42%. Two banks, accounting for 7% of total banking system assets, have majority state shareholding down from five at the time of the previous review. Ghana, which had one of the world's highest shares of public sector ownership of bank assets (30%), has therefore considerably reduced this share.

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[55] Bank of Ghana online information. Viewed at: http://www.bog.gov.gh.

[56] The Banking Act was viewed at the Bank of Ghana's website: http://www.bog.gov.gh/.

[57] Bank of Ghana (2007), Banking (Amendment) Act, 2007 (Act 738), viewed at the website of the Bank of Ghana: http://www.bog.gov.gh/privatecontent/Banking/Banking_Acts/banking%20amendment%20act%202007%20act%20738.pdf.

[58] The two Acts were viewed at the following: http://www.bu.edu/bucflp/files/2012/01/Borrowers-and-Lenders-Act-No.-773.pdf and http://www.bu.edu/bucflp/files/2012/01/Non-Bank-Financial-Institutions-Act-No.-774.pdf.

[59] Under the Banking Act, a foreign bank means a bank incorporated in Ghana in which not less than 60% of the equity share capital is held by foreigners.

[60] Class 1 banks are allowed to take deposits from the public, as defined in Amendment 738.

Table 4.6 Class 1 banks as at end December 2013

(₵ million)

Bank	Total assets	Deposits	Borrowings	Non-performing loans (share of total)
Foreign controlled				
Ecobank	4,668	3,112	328	..
Standard Chartered	2,977	1,772	212	..
Stanbic Bank	2,931	1,599	857	..
Barclays	2,353	1,593	132	38.1% (2009)
Zenith Bank	1,846	982	537	..
United Bank for Africa	1,595	651	712	48.9% (2009)
SG-SSB	1,218	926	35	..
Access Bank	990	711	30	..
GT Bank	942	688	25	..
Bank of Africa	633	396	109	..
International Commercial Bank	305	165	47	35.2% (2009)
Energy Bank	247	94	70	..
BSIC	209	124	12	..
Bank of Baroda	148	61	..	..
Local controlled				..
Ghana Commercial Bank	3,349	2,629	108	..
Fidelity Bank Limited	1,696	1,290	192	..
Agricultural Development Bank	1,616	1,065	225	..
Cal Bank	1,558	837	382	..
UT Bank	1,343	889	240	..
UNIBANK	1,296	918	216	..
HFC Bank	977	495	84	..
National Investment Bank	873	706	52	46.8% (2009)
Prudential Bank	830	693	20	..
Merchant Bank	755	527	55	..
First Atlantic Bank	426	201	141	..
Royal Bank	277	137	29	..

.. Not available.

Source: Bank of Ghana.

4.120. The state-owned banks have had varying degrees of performance problems, including high non-performing loans (NPLs), solvency, and liquidity.[61] According to the World Development Indicators, the ratio of NPLs in the banks' total gross loan portfolio had fallen to a low of 6.4% in 2007, and 7.7% in 2008. It increased strongly to 16% in 2010, before declining again to 12% in 2013. The sharp increase in NPLs has resulted from a massive downgrading of assets. Also the aftermath of the global financial crisis saw some policy tightening, which led to higher interest rates making credit less affordable and thereby precipitating loan default. However the authorities have pointed out that the solvency of the banking industry, as measured by the capital adequacy ratio, remained high on average in December 2013 (18.39%, well above the statutory threshold of 10.0%). Meanwhile, the spread between deposit and lending bank rates remains considerable; in December 2006, the maximum saving deposit rate was 9%, while lending rates ranged between 15% and 33.5%.

4.121. Ghana also counted 139 rural and community banks at end 2013, and 58 non-bank financial institutions (NBFIs), of which six are foreign controlled. The Non-Bank Financial Institutions Act, 2008 (Act 774) is designed to facilitate the granting of loan, mortgage loan, leasing, transfer and other services to the private sector by allowing deposit-taking and credit-granting by institutions other than banks.[62] Under Act 774, which does not contain any particular provision concerning foreigners, NBFIs are also supervised by the Bank of Ghana. They shall maintain a minimum capital of ₵10 million (leasing companies) and ₵10 million for other companies; observe a capital adequacy ratio of 8%; their borrowings or liabilities cannot exceed eight times their capital; and the single exposure to one obligor is limited to 10%, if the exposure is un-secured, and 25% if it is secured.

[61] IMF (2011).

[62] The Act was viewed at the following: http://www.bu.edu/bucflp/files/2012/01/Non-Bank-Financial-Institutions-Act-No.-774.pdf.

4.122. The Borrowers and Lenders Act (Act 773) was passed in 2008 to promote transparency and a consistent enforcement framework thereby improving access to credit especially by Small-and Medium-Scale Enterprises (SMEs). In fulfilment of its mandate under the Act, the BoG, in February 2010, established the Collateral Registry to principally register charges and collaterals. As at the end of 2013, 63,670 charges (secured loans) valued at US$22.6 billion had been registered. Some 135,112 registered collaterals had been used to secure these loans. Out of the total volume of secured loans registered, 8,991 loans valued at US$6 billion were accessed by SMEs using movable property. The volume of secured loans accessed by individuals using movable property totalled 39,627 valued at US$187 million.

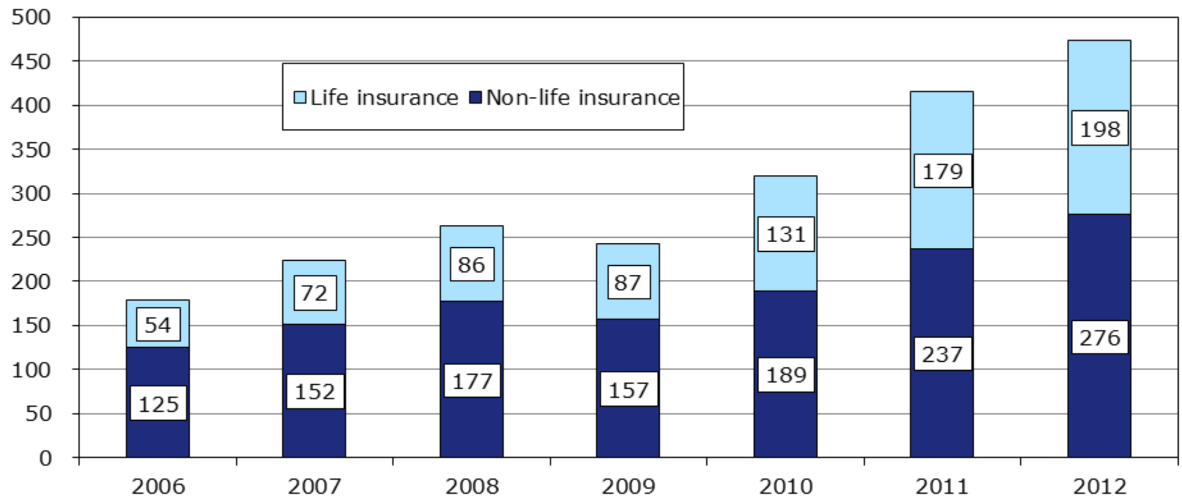
4.123. There are currently three licensed "Credit Bureaus" in Ghana which provide information on firms and individuals, such as payment history, default information, property information and loan guarantor details. Lenders can access information on firms and individuals, such as payment history, default information, property information and loan guarantor details. All financial institutions and insurance companies are required to provide data on loans of all sizes to the credit bureaus. As a result, the legal rights of both borrowers and lenders have been improved; transactions have been made secure; credit information is now shared. Act 773 does not contain any particular provision on foreign presence or trade.

4.7.1.2 Insurance

4.124. Total gross premium income has increased since 2006, particularly in the life insurance segment; it reaches ₵285 billion (US$126 billion) for reinsurance. However, the advances are much smaller when expressed in US dollars (Chart 4.9).

Chart 4.9 Life and non-life insurance, 2006-12

(US$ million)



Source: Information provided by the authorities.

4.125. The insurance industry is regulated by the National Insurance Commission (NIC), under the Insurance Act, 2006 (Act 724).[63] All insurance companies and brokers must be registered with the NIC and be incorporated in Ghana. The 2006 Act abolished ownership limitations for foreigners in the insurance sub-sector. Nonetheless, foreign participation is still *de facto* limited in Ghana's insurance sub-sector. Insurance and reinsurance companies are required to exhaust local capacity before having recourse to foreign-based companies. Ghanaians residing in Ghana may buy insurance abroad only if that type of insurance is not available in Ghana. Insurance companies are not allowed to engage in any other business, including reinsurance. Moreover, the same company cannot supply both life and non-life insurance services. Insurance is compulsory for (i) motor vehicles; (ii) commercial buildings under construction; and (iii) commercial buildings against

[63] The Act was viewed on the National Insurance Commission's website: http://www.nicgh.org/live/en/?pg=146&pp=100.

collapse and natural disasters. The reinsurance arrangements of all direct insurers must be approved by the NIC. Until 2009, all direct insurance companies were obliged to reinsure 20% of their business with the Ghana Reinsurance Company.

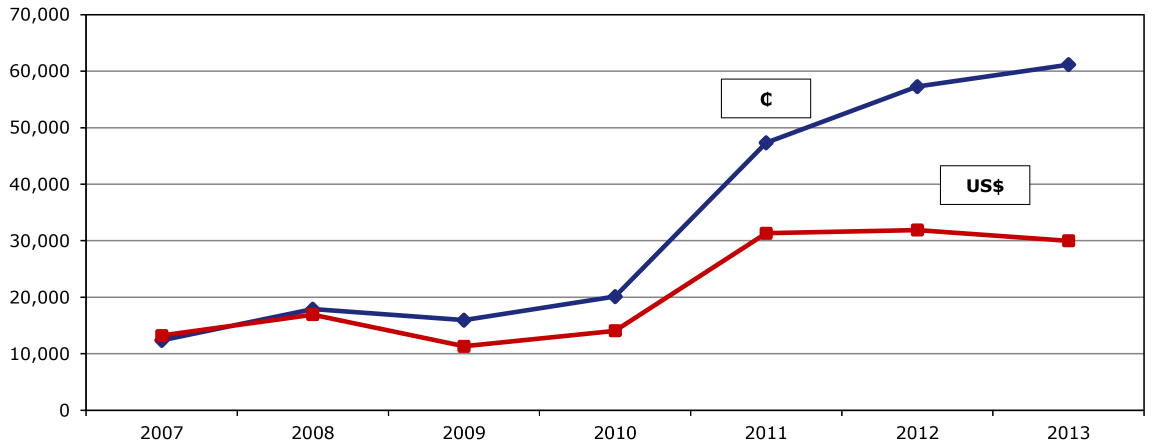
4.126. The minimum capital requirement has been increased from the equivalent of US$1 million to US$5 million, for both life and non-life insurance companies. Premiums on motor vehicles are set by the NIC, while all other premiums are market-determined. All insurance products must be approved by the NIC.[64] As at January 2014, there were 26 non-life insurance companies, 19 life insurance companies, two reinsurance companies, 60 broking companies, one loss adjuster, one reinsurance broker, and 4,537 registered insurance agents. The State Insurance Company (SIC) and the Ghana Reinsurance Company are still partly state-owned. SIC is one of the oldest non-life (general business) insurance companies in Ghana. It was incorporated in February 1962, and converted into a Public Limited Liability Company in 1995. In 2007 the State sold 60% of the company's shares on the Ghana Stock Exchange (GSE, see below), retaining a 40% equity share.

4.7.1.3 Other financial services

4.127. The Ghana Stock Exchange (GSE) began trading in corporate equities, bonds, and government securities in 1990.[65] In January 2014, 35 companies were listed, up from 32 in 2007. Market capitalization at mid-2007 was around ₵12,400 million; it increased modestly when expressed in dollars (Chart 4.10). Many Ghanaian subsidiaries of multinational companies are listed on the GSE.

Chart 4.10 Market capitalization on the Ghana Stock Exchange, 2007-13

(₵ and US$ million)



Source: Ghana Stock Exchange.

4.128. Under the Securities Industry Law of 1993, and the Securities and Exchange Regulations of 2007 (L.I. 728), the Securities and Exchange Commission oversees the GSE, sets listing requirements, and licenses dealers. Its commissioners are appointed by the President of Ghana. Since the Foreign Exchange Act was passed in 2006, share trading by non-resident foreigners is permitted without limits or prior approval.

4.129. Only Ghanaian nationals may apply for a licence to establish a foreign exchange bureau.[66]

[64] A product list is available on the NIC website: http://www.nicgh.org/live/en/?pg=133&pp=97.
[65] Ghana Stock Exchange online information. Viewed at: http://www.gse.com.gh/.
[66] Bank of Ghana, Notice to the Public and Operators of Forex Bureau, No. BG/GOV/SEC/2003/2. Viewed at: http://www.bog.gov.gh/privatecontent/Banking_Supervision/revised%20forex%20bureau%20regulations.pdf.

4.7.2 Information and communication services

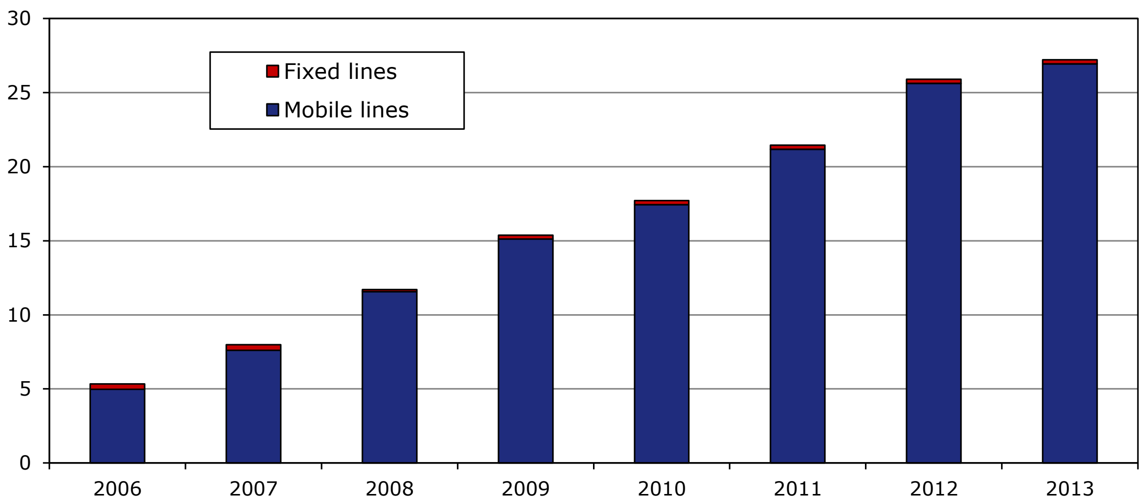
4.7.2.1 Overview

4.130. The information and communication technology (ICT) sector continued to expand with a contribution to GDP growing from 3% in 2010 to 10.5% in 2011, and an estimated 12% of GDP in 2012. The penetration rate of telephones increased in 2011, with the main source of the increases being mobile telephony. The subscribers of internet service continued to increase also. The number of schools with computers continued to record improvements. The bandwidth price which stood at US$4,000 in 2008 declined to US$800 in the second half of 2011. The expansion of Ghana's telecommunication sector, in particular, has been impressive, so much so that Ghana was listed as part of the World's ten most dynamic countries in 2011 in terms of ICT development, according to the ITU's comparative indicators.[67]

4.131. The mobile market has continued to expand strongly (Chart 4.11). As a result, tele-density has risen from over 27% in 2006 to 50% in 2008, 61% in 2009, 67% in 2010, 79% in 2011. By 2013, there were about 27 million mobile phone lines in Ghana, compared to a population of 25 million, with many users holding several lines each.

Chart 4.11 Composition of access lines – mobile & fixed lines, 2006-13

(million)



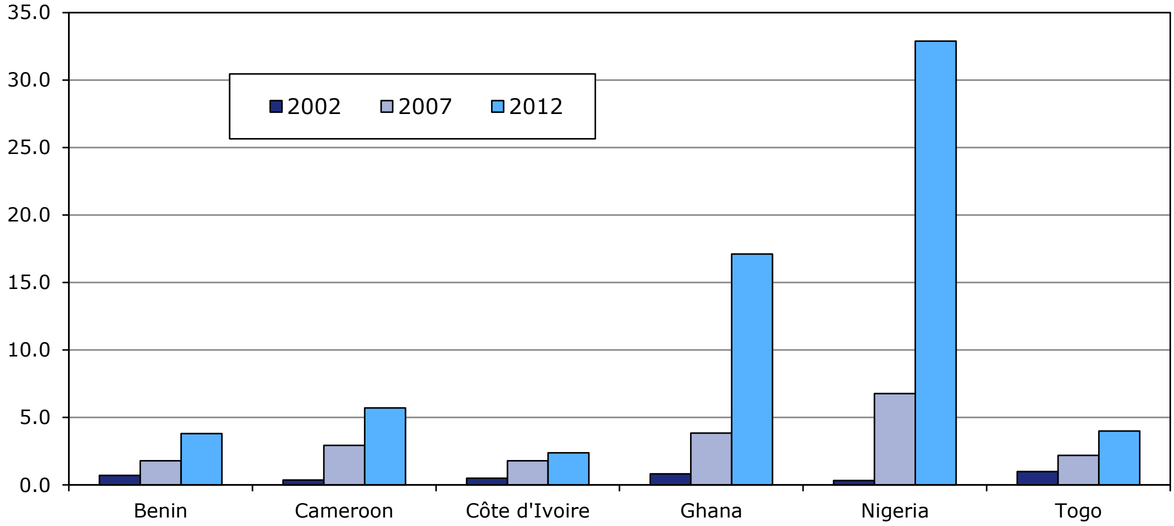
Source: Report to Ministry of Trade and Industry, National Communications Authority, August 2013.

4.132. Two operators of landline telephone services, Vodaphone/Ghana Telecom and Westel/Airtel, deploy respectively 263,310 and 9,826 lines. Ghana Telecom was fully state-owned until 2008, when Vodafone bought a 50% stake, and 20% were sold on the stock exchange, the Government retaining the remaining 30% of the company's share. Westel was fully state-owned until October 2007, when 75% of its shares were sold to a Kuwaiti investor, 25% of the share remaining in public hands via the Ghana National Petroleum Corporation.

4.133. All the six operating mobile telephone networks in Ghana are now owned by foreign multinationals. MTN has a leading market share (nearly 50%), followed by Tigo (21%), Vodafone (18%), Airtel (10%) and Expresso (1%). Telecommunication tariffs have dropped consistently under the effect of competition. According to the ITU, the cost of mobile communications in Ghana is among the lowest in Africa. In particular, Ghana has made large investments across the country in optic fibre broadband infrastructure, in order to improve its still low connectivity rates (Chart 4.12). Total inland fibre capacity is about 8,300 km nationwide, composed of five sub-marine cable systems with a total capacity of over 13 Tera (thousand billion) bits per second (Tbps). The International Connectivity Fibre projects plan to link Ghana's backbone network with that of Burkina Faso and Togo.

[67] International Telecommunication Union (2012).

Chart 4.12 Percentage of individuals using the internet, 2002, 2007, and 2012



Source: International Telecommunication Union.

4.7.2.2 Developments in regulation

4.134. The Ministry of Communications is responsible for formulating telecom policies; it maintains an up-to-date website where laws can be consulted.[68] The National Communication Authority (NCA), established in 1996, is in charge of regulating and monitoring the telecom market and issuing licences to operators.[69] The National Communications Regulations of 2003 constitute the regulatory framework for the telecom sub-sector. The main objectives of the National Telecommunications Policy, published in 2004, were to promote universal access to telephone, internet, and multimedia services by 2010, and to achieve fully open, private, and competitive markets for all telecom services.

4.135. In 2008, a number of laws were passed to modernize the ICT environment:

- The National Communications Authority Act (Act 769);
- The Electronic Communications Act (Act 775), which contains provisions on licensing, interconnection, and universal services;
- The Electronic Transactions Act (Act 772);
- The National Information Technology Act (Act 771).

4.136. In addition, in 2008, the Government passed an Electronic Communications Amendment Act, ACT 786, to establish a minimum rate for international incoming electronic communication traffic together with a tax of 32% of that revenue. This tax generated a revenue of ₵137 million (US$61 million) in 2012.

4.137. All operators in the telecommunication market require a licence issued by the NCA. Imports of communication equipment require a permit, also issued by the NCA. Individual tariffs are set by operators and subject to approval by the NCA; interconnection charges are negotiated between operators and are also subject to approval by the NCA. In case of disagreement, interconnection charges are set by the NCA. In early 2012, the NCA applied a fine totaling ₵1.2 million on five operating telecommunication companies in the country for providing poor quality services during the third quarter of 2011. The key performance indicators that were not met were call setup time; call congestion rate and call drop rate.

[68] MOC online information. Viewed at: http://www.moc.gov.gh.
[69] NCA online information. Viewed at: http://www.nca.org.gh.

4.138. Ghana had taken commitments regarding the telecommunications sector under the GATS, and in addition accepted the Fourth Protocol to the GATS. However, these commitments were limited by the duopoly arrangements that prevailed at the time. In fact, Ghana's current market access and national treatment conditions are very favorable to foreigners, and most of the companies operating are foreign-owned. Specifically, most of the limitations in its Schedule are no longer in force. In 1997, Ghana endorsed the WTO Reference Paper on Regulatory Principles.

4.139. In order to promote universal access to telecommunication services, the Government instituted the Ghana Investment Fund for Telecommunications in 2004, which became the Ghana Investment Fund for Electronic Communications (GIFEC) in 2008.[70] GIFEC's primary responsibility is to facilitate investment in information and communication technology in under-served areas; priority is given to projects that seek to increase basic rural connectivity and access to broadband services. By early 2014, GIFEC has supported the establishment of 114 community information centres and 38 common telecommunication facilities in under-served areas. GIFEC's operations are financed by contributions from operators who must pay 1% of their net profit; additional resources may be allocated by Parliament. Projects identified by GIFEC are announced publicly and allocated by open tender.

4.140. The Ghana Chamber of Telecommunications seeks to advise and influence policy formulation in the telecom industry so as to promote and protect the common interests of operators, and support research and development. According to the Chamber, external factors that impeded the industry's development include electric power outages, theft of diesel from back-up generators, and cable cuts. These are of major concern, and the Chamber is currently working with the Ghana Highways Authority, Department of Urban Roads and road contractors to minimize the occurrence.

4.141. According to the Chamber, the cash flows of mobile telephone companies have encouraged the public sector to see them as a major source of revenue. Mobile phone companies pay the following taxes, totaling about 40% of their revenues: corporate income tax at 30%; withholding taxes on dividends (8%); VAT (15%); NHIL (2.5%); and a 6% Communication Services Tax (CST) on both customer charges and interconnectivity. Operators have complained of double taxation in the interconnectivity charge.

4.7.2.3 Internet access

4.142. Although the number of internet users has increased sizeably, the number of internet services providers decreased from 35 to 20 between 2011 and 2012 as a result of developing and converging technologies. Mobile-broadband penetration is expected to continue growing at double-digit rates over the next few years, reflecting the spread of mobile internet services. Recognising that access to information and to the internet plays a key role in development, as it enhances education, commerce and research, in the second quarter of 2013 the NCA delivered three licences for Broadband Wireless Access. The objective of this measure was to provide internet access without the need for cabling connections and investments to a greater target group at affordable costs. Licensees shall be authorized to develop and operate broadband networks to provide nationwide BWA services, employing any suitable technology of their choice to provide fixed, nomadic or mobile broadband services throughout the country. The duration of the BWA licences shall be for a period of ten years.

4.7.2.4 Postal services

4.143. The state-owned Ghana Post Company (GPC) continues to provide ordinary postal services throughout the country, as per the Postal and Courier Services Regulatory Commission Act of 2003. It has exclusive rights to convey letters, postcards, printed matters, and small packets up to 100 g all other postal services are open to competition. The GPC has the obligation to deliver parcels and letters to any postal address in Ghana within a maximum of three working days (two working days within major urban centres). Its tariffs must be approved by the Postal and Courier Services Regulatory Commission. The GPC competes with private companies for express courier services. There are 62 licensed private courier service providers in Ghana, at least 30 of which are licensed for international business by the Postal and Courier Services Regulatory Commission.

[70] MOC online information. Viewed at: http://www.moc.gov.gh/.

4.7.3 Transport services

4.7.3.1 Land transport services

4.7.3.1.1 Road transport services

4.144. Ghana disposes of some 32,300 kilometres of roads, of which about 6,100 kilometres are paved. The Ghana Highway Authority[71] is responsible for the administration, development and maintenance of trunk roads and related facilities.[72] According to the authorities, Ghana does not maintain restrictions on access to road transport services, including cabotage, and in particular does not maintain bilateral agreements with neighbouring countries that attempt to restrict traffic rights; foreign transport companies that establish themselves as legal entities in Ghana are subject to the same regulations as domestic companies. This more liberal environment in regional comparison, together with political instability in alternative transit corridors, partly explains the strong increase in transit traffic to neighbouring countries, particularly Burkina Faso and Côte d'Ivoire (Chart 3.1). This relatively liberal environment, together with improvements in Ghana's port operations and hinterland connections, as well as faster clearance procedures for goods in transit (section 3.1.3), has boosted transit traffic.

4.7.3.1.2 Rail transport services

4.145. According to its official website, the state-owned Ghana Railway Company Ltd. was established in 2001 under the Companies Code 1963 (Act 179) to provide freight, parcel and passenger services "using available resources".[73] However, according to available information Ghana's rail network, which comprises mainly a triangular 947 km narrow-gauge system linking Kumasi, Takoradi, and Accra Tema is not currently operational. The main cargoes were bauxite and manganese and are now apparently transported by truck. Ghana Railways Corporation is fully state-owned.

4.146. In late 2008, the Railways Act 2008 (Act 779) established the Ghana Railway Development Authority to separate regulation from operations, and meet the following objectives: (1) promote the development of railways and railway services; (2) hold, administer and improve the railway assets and (3) promote the development and management of sub-urban railway. The Government's current strategy is to (re)build, the railways using modern standard gauge, but it is being hampered by the lack of finance to carry out investments.

4.7.3.2 Maritime transport services

4.147. Ghana does not have a significant international cargo fleet, and the foreign-flag share of tonnage transported internationally to and from Ghana's ports is high. Under the GATS, Ghana made market access commitments for maritime freight, for up to 20% of bulk and liner cargo, and with restrictions regarding the establishment of registered fleet operating under Ghanaian flag.

4.148. Since 1981, the Ghana Shippers Authority (renamed in 2010 from Ghana Shippers Council) is an autonomous public-sector body that was established by the Ghana's Shippers Authority Act, 1974 (NRCD[74] 254), with the mandate to promote and protect the interest of importers and exporters (shippers), while "promoting the provision of relevant logistics for the growth and development of shipping in Ghana".[75] Its Chief Executive is named by the Minister of Transport. It has not been possible to obtain the regulations specifying the charges levied on trade by the Authority, the value of its revenues, or the projects and research financed with these revenues. The Authority levies a 2% shipping lines charge on the f.o.b. gross value of all freight entering or leaving Ghana by any means of maritime transport; however, this charge reaches 0.83% of the c.i.f. value of merchandise imports. In turn, it is likely, given the relative lack of competition in this market, that shipping lines pass on most of the extra cost to importers or exporters via the shipping charges. The Authority is part of the GCNet platform.

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[71] The Ghana Highways Authority maintains an up-to-date website: http://www.highways.gov.gh/.

[72] Cabotage by road is the carriage of goods within a country by hauliers whose vehicles are registered in another country.

[73] Ministry of transport online information. Viewed at: http://www.mot.gov.gh.

[74] NRCD: National Redemption Council Decree.

[75] GSA online information. Viewed at: http://shippers.org.gh/.

4.149. Since April 1993, the Shipowner and Agents Association of Ghana (SOAAG) has the aim of providing a conducive business climate for ship-owners and shipping agents.[76] It regroups the largest shipping companies operating in Ghana, led by Mearsk Ghana, Mediterranean Shipping Company (MSC), Hull Blyth Ghana, and Delmas Shipping Ghana.

4.150. The Ghana Maritime Authority (GMA), established in 2004, is responsible for monitoring and regulating activities in the maritime industry, in conformity with the Ghana Shipping Act, 2003 (GSA Act 645).[77] It maintains a shipping register, which contains 298 fishing vessels, 23 cargo vessels, and 43 small craft. Foreigners must form joint-ventures with Ghanaians in order to register under the Ghanaian flag; this registration is compulsory in order to carry-out cabotage and fishing activities (i.e. in Ghanaian waters, both inland and maritime).

4.151. Among recent policy developments, a 2011 amendment to the Ghana Shipping Act, 2003 (GSA Act 645) introduces local participation requirements into the oil and gas development sectors, so as to help Ghanaians to participate in the ship supply services activities relating to the new offshore oil and gas business.[78] The GSA's definition of Ghanaian waters, which was limited to the 12 nautical mile territorial sea, has been extended to include the waters within the 500 metre safety zone around installations in the exclusive economic zone beyond the territorial sea. This amendment would in effect extend the scope of local trade to include the trade from shore to any oil and gas installations that will be established beyond the 12 nautical miles territorial sea such as the Jubilee Field (section 4.4.2), which is approximately 63 nautical miles offshore. However, foreign vessels will be permitted to offer their services in Ghanaian waters in instances where there are no Ghanaian vessels available or capable of providing those services.

4.7.3.3 Port services

4.152. Ghana has two commercial seaports, at Tema and Takoradi. The Port of Tema handles 80% of the nation's import and export cargo. The port has 12 berths besides two others, one dedicated oil berth and the other operated by the Volta Aluminium Company (VALCO). The depths range from 8.0 to 11.5 metres. There are currently six storage sheds within the port, which also includes a 100,000 deadweight tonnes (dwt) dry dock, and slipway facility which is operated by the PSC Tema Shipyard.[79] There is also a dedicated container terminal as well as various off-dock container terminals and car parks run by private operators. According to the authorities, the Tema seaport is ISPS code compliant.

4.153. In June 2012, the Government of Ghana bought back the 60% of Tema Shipyard from its Malaysian partners for US$6.4 million, thus becoming once again its sole owner. This joint-venture had lasted since 1996, but had not met its objective of transforming the shipyard into a modern and well-equipped facility.

4.154. The Port of Takoradi is well connected to its hinterland which makes it the preferred and ideal gateway to the middle and northern parts of Ghana and the Sahelian landlocked countries of Burkina Faso, Niger, and Mali. Leading exports include manganese, bauxite, forest products, and bulk and bagged cocoa beans, and mining equipment; while leading imports include clinker, wheat, petroleum products and containerized cargo. Takoradi is better located to support exploration and production activities at the oil and gas fields. Takoradi is also fully state-owned.

4.155. Since 2007, Ghana's maritime cargo traffic (excluding exports of newly-found crude oil) has not expanded dynamically (Chart 4.13) Total traffic stagnated or even declined from 2007 to 2009 at both commercial seaports of Tema and Takoradi.

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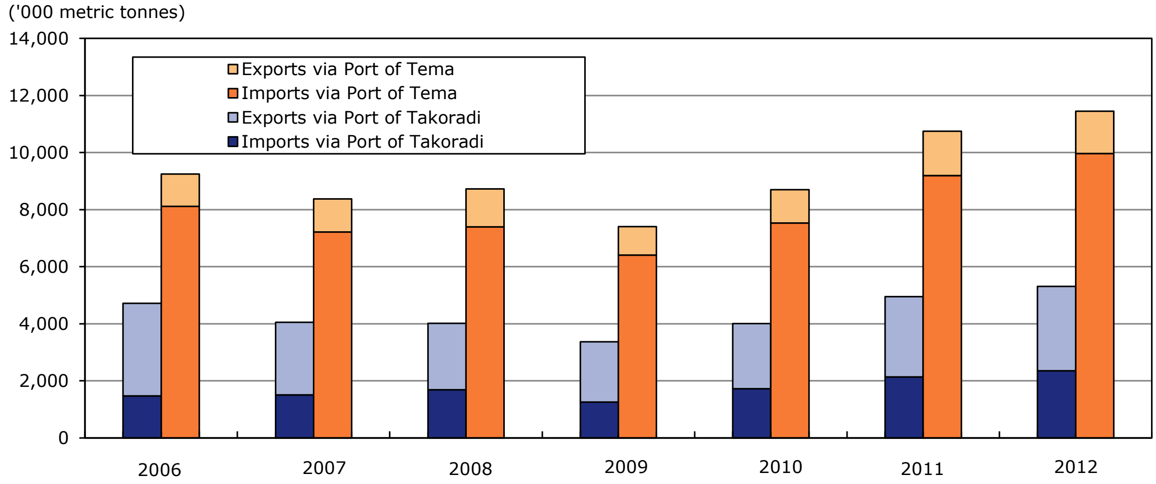
[76] SOAAG online information. Viewed at: http://soaag.org/.

[77] GMA online information. Viewed at: http://www.ghanamaritime.org/ . Act 645 was viewed at the following address: http://faolex.fao.org/docs/pdf/gha93388.pdf.

[78] Ghana Shipping (Amendment) Act, 2011, (Act 826). Viewed at: http://www.ghanamaritime.org/en/about-us/programmes/legislation.php .

[79] PSC Tema Shipyard online information. Viewed at: http://psctemashipyard.com/.

Chart 4.13 Cargo traffic, 2006-12



Source: Ghana Ports and Harbours Authority.

4.156. As noted by numerous observers of African trade, the efficiency and cost of port operations are a central factor of a company's competitiveness on globalized markets. The Ghana Ports and Harbours Authority (GPHA) has been part of the GCNet system since 2001, along with Ghana Customs, and the MOTI (section 3.1). Nevertheless, in the case of Tema and Takoradi, a number of issues have been identified:

- congestion;
- complex and slow clearance procedures; in particular, delays observed in processing and releasing of cargo documents are caused by the multiplicity of agencies intervening in the ports;
- excessive charges; and
- demurrage charges applied to traders because of insufficient clearance period allowance given the long cargo dwell.

4.157. The authorities wish to address these issues, because development of Ghana into a maritime hub and shipping gateway to West Africa remains a major policy objective. Thus, the Government has initiated various projects to enhance the capacity and efficient operation of Ghana's ports. Planned or ongoing activities include: dredging the Port at Tema to 11.5 metres everywhere; upgrading the 80 km route between the Tema Port and Akosombo; and the construction of new bulk, container and multi-purpose berths at the harbour of Takoradi. According to observations, recent upgrades to Ghana's two primary ports at Tema and Takoradi have already facilitated their access.[80]

4.158. The GPHA, a semi-autonomous agency under the Ministry of Transport, owns Tema and Takoradi, as well as various fishing harbours. Port services prices are based on the GPHA's tariff, which must be approved by the Government. Tariffs for port services at Ghana's ports have been increased substantially in recent years[81]; the GPHA's role has shifted from a port operator to a regulator, while the operation of port facilities has increasingly been taken over by private companies licensed by the GPHA; activities such as stevedoring, freight forwarding or cargo clearance are regulated but delivered by the private sector.

4.159. Under the GATS, commitments were made by Ghana for auxiliary services (cargo-handling, storage and warehousing and container station and depots). Ghana made a commitment to make available on reasonable and non-discriminatory conditions: pilotage, towing and tug

[80] World Bank (undated).
[81] Port tariffs, Seaports of Ghana, July 2013. Viewed at: http://shippers.org.gh/wp-content/uploads/2013/10/GPHA-Tariffs-June-1-2013.pdf.

assistance, provisioning, fuelling and watering, garbage collection and ballast waste disposal; port captain's services, navigation aids, and fire-fighting and ambulance services. Dredging is carried out exclusively by the GPHA.

4.7.3.4 Air transport

4.160. All international flights to and from Ghana are handled by Accra's Kotoka Airport, which is served by over 30 passenger and five cargo airlines, including international airlines. New international routes have opened, with Iberia Airlines from Spain and the Gambia Bird flying to Ghana as of 2012. A number of other airlines increased their frequencies.

4.161. According to available information, in 2012 the airport registered 2.3 million passengers, up from 900,000 in 2006. The Government has as a stated objective to improve facilities at the Kotoka International Airport so as to create a West African hub and gateway, with spill-over effects on exports and tourism.[82]

4.162. There are also domestic airports in Kumasi, Tamale, and Sunyani, and various unpaved airstrips. Although domestic air transport carries a small share of total passengers, this share has reportedly advanced sizeably since 2007. A new domestic airline, Africa World Airline, began domestic operations in September 2012, bringing to five the number of domestic airlines operating both domestic and regional routes, resulting in very competitive domestic air fares according to the authorities.

4.163. The state-owned company Ghana Airways was liquidated in 2004. Some of its assets were transferred to Ghana International Airlines (GIA), a joint-venture between the Government, which holds 70%, and a U.S.-based investor. The GIA was founded in October 2004 and began operations in 2005 with two leased aircraft serving London; it went bankrupt in 2010.

4.164. Air transport policies in Ghana are under the responsibility of the Ministry of Transport, and regulation is carried out by the Ghana Civil Aviation Authority (GCAA), a semi-autonomous government agency established in 1986. In accordance with the Civil Aviation Act of 2004, GCAA's regulatory and management functions were split in 2007, transmitting all tasks related to airport management and development to the newly instituted, state-owned, Ghana Airports Company Limited.

4.165. Ghana is a signatory to the Yamoussoukro Declaration Concerning the Liberalization of Access to Air Transport Markets in Africa, which in principle covers the five first freedoms of the air. Ghana is also a party to the Banjul Accord Group Agreement, together with the Gambia, Sierra Leone, and Cape Verde. This Agreement does not contain further market access commitments relative to the Yamoussoukro Declaration. Ghana has signed bilateral air transport agreements with 47 other countries. These agreements normally cover the first four freedoms of the air. In practice, several routes from Ghana to other countries are served by carriers from third countries (seventh and eighth freedoms or consecutive cabotage).

4.166. The provision of ground handling and catering airport services is carried out by private companies.

4.7.4 Tourism

4.167. Tourism is probably the fifth-largest foreign-exchange earner in Ghana after gold, petroleum, cocoa, and remittances. Employment in tourism-related activities, including direct and indirect jobs doubled between 2007 and 2013 (Table 4.7). According to data provided by the authorities, receipts in dollars have expanded annually by over 15% over the period. Tourist arrivals have also increased strongly in recent years.

[82] IMF (2012).

Table 4.7 Tourism basic indicators, 2006-13

	2006	2007	2008	2009	2010	2011	2012	2013
Arrivals ('000)	508	581	672	667	746	828	903	994
Receipts (US$ million)	740	879	1,052	1211	1406	1,634	1,705	1,877
Number of hotels	1,405	1,432	1,595	1,775	1,797	..	..	..
Number of rooms	19,967	20,788	24,410	26,047	28,058	..	..	..
Number of beds	28,006	26,057	29,645	31,702	34,288	..	..	..
Number of employees ('000)	147	163	186	208	231	259	287	319
Contribution of tourism to GDP (%)	..	4.0	3.4	3.3	2.2	2.0	..	..

.. Not available.

Source: World Tourism Organization Compendium of Tourism Statistics, Data 2007-2011, 2013 edition; and information from the Ghana Tourist Board.

4.168. The Ministry of Tourism is in charge of regulation and policy formulation. Since 1973, the Ghana Tourist Board, as implementing agency of the Ministry of Tourism, carries out promotional activities. It is also in charge of touristic enterprises' registration and classification, and follows guidelines issued by ECOWAS. Ghana has made commitments regarding hotels and restaurants (including catering) and travel agencies and tour operators under the GATS; the authorities have indicated the absence of restrictions to market access in the sector.

4.169. Since 1996, the Government's objectives for the tourism sub-sector are spelled out in Strategic Tourism Development Plans. The new National Tourism Development Plan is for 2013-27. It still aims to attract one million tourists each year and to develop Ghana into an internationally competitive tourist destination. The Plan seeks to improve skills in the hospitality industry and to identify opportunities and programme developments necessary for tourism. The Government has divested all of its state-owned hotels; in a few cases, it has kept a minority share. In March 2012, Act 839 amending the Internal Revenue Act 2000 (Act 592) reduced the corporate income tax applicable to companies principally engaged in the hotel industry, from 22% to 20%.

4.7.5 Professional and business services

4.170. Those professions regulated in Ghana are listed in Table 4.8. As trade in professional and business services is largely based on the movement of natural persons, suppliers of professional services are particularly affected by regulations which limit movement in the countries where they are seeking to provide their services (mode 4 according to the GATS terminology). Ghana has not committed on professional services within the WTO. Professions are generally protected against foreign competition; those wishing to engage in a profession must obtain an authorization or accreditation issued by the professional associations. Each professional association has its own rules, regulations and standards for exercising the profession. Although it is not always necessary to be a Ghanaian national in order to join a professional association, many of the texts include requirements on nationality or contain reciprocity provisions. The Professional Bodies Registration Decree, 1973 (NRCD 143) provides for the registration of professional bodies established in Ghana and requires that a register of professional bodies be maintained.

Table 4.8 Information available on selected regulated professions in Ghana, 2014

Profession / Law (national association)	Market access
Tax adviser	..
Certified public accountant Chartered Institute of Certified Tax Accountants - Ghana –, CICTA, http://www.cictagh.com Chartered Accountant Act, 1963 (Act 170)	To become a member of the Institute, a person must pass the qualifying examinations and complete specific practical training. A member of a professional accountancy body whose status the Council by Regulations recognizes to be equivalent to the Institute is eligible to apply to the Institute to be a member of the Institute but cannot use the title of Chartered Accountant (Ghana) until he or she has passed the qualifying exams of the Institute.
Engineer The Engineering Council, http://ghie.org.gh Institute of Mechanical Engineers Ghana Institute of Chemical Engineers The Engineering Council Act, 2011 (Act 819)	A foreign engineer can practice with a foreign degree but is encouraged to be certified by the Engineering Council. Certification is required to tender for government contracts.

Profession / Law (national association)	Market access
Notary Notaries Public Act 1960 (Act 26)	Be a Ghanaian national.
Lawyer Ghana Bar Association, http://www.ghanabar.org Legal Profession Act, 1960 (Act 32) as amended	Compulsory Post-Call Law Courses for Foreign Qualified Students (Ghanaian and Non-Ghanaian) Constitutional Law and Ghana Customary Law. Non-Ghanaian citizens must demonstrate seven years legal experience in a country with a compatible legal system. Applicants must have been enrolled and called to the Bar as a licensed Solicitor or Barrister under a Common Law jurisdiction.
Bailiff	Be a Ghanaian national
Physician and dental surgeon Medical and Dental Council, http://www.mdcghana.org/ Medical and Dental Decree, 1972 (NRCD 91), as amended in 1979	Medical and Dental Council registration, examination for foreign-trained doctors. Specialists from the West African Sub-region holding West Africa Postgraduate College certificates are exempt from the exam.
Pharmacist The Pharmacy Act, 1994 (Act 489)	Having passed the Ghana Pharmacy Professional Qualifying Examination.
Architects Architects Decree, 1969 (N.L.C.D 357)	Passage of qualifying examinations; and residence in Ghana.
Real estate agents	The Ghana Institute of Surveyors has initiated the Real Estate Agency Bill (at final review stage at the Attorney General's Department in early 2014) to establish a board to regulate the qualification, activities and discipline of real estate agents, sales people and firms conducting business as estate agents as well as their training and licensing.
Town planner Ghana Institute of Planners, http://www.ghanainstituteofplanners.com/	..

.. Not available.

Source: WTO Secretariat, based on information provided by the Ghanaian authorities.

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