

GENERAL AGREEMENT ON TARIFFS AND TRADE

RESTRICTED

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Committee on Balance-of-Payments Restrictions

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WITH GHANA

Basic Document for the Consultation¹

1. Legal basis of import restriction

The present system of import regulations in operation in the Republic of Ghana is based on the Import Restriction Order, 1948, which gives the Controller of Imports and Exports the powers to make orders prohibiting or regulating the imports and exports of all goods. The present control of imports was imposed on 1 December 1961, when the Controller of Imports and Exports revoked all the existing Open General Licences and Quota Licences. The control of imports is being maintained for balance-of-payments reasons.

The purpose of the regulations is to restrict the importation of goods where such restriction is deemed necessary in the public interest:

- (a) to assist in promoting and in maintaining the economic and social welfare of the country and the people through the improvement of the country's balance-of-payment situation and encouragement of local and infant industries;
- (b) to enable the Bank of Ghana, pursuant to these regulations, and to the export licence regulations introduced at the same time to fulfil its functions of regulating and controlling the transfer of monies from Ghana and the disposal of foreign exchange derived from the exports of Ghanaian products.

Under the import control regulations the importation of all goods other than those enumerated in Open General Import Licences (i) and (ii) - in paragraph 3(a) below is prohibited except pursuant to a licence. The regulations prevail notwithstanding any authority for the importation of goods granted in accordance with any other provision of the law, nor does the granting of a licence under the regulations with respect to any goods absolve an importer from compliance with any other provision of laws relating to importation of such goods.

¹Prepared by the Government of Ghana.

2. Administrative basis of the restriction

The power to grant licences and to create exemption is vested in the Controller of Imports and Exports who is either the Principal Secretary of the Ministry of Trade or another nominated by the Minister of Trade. The regulations are administered by the Licensing Section of the Ministry of Trade in conjunction with the Customs and Excise Department and the Controller's power to grant licences has been delegated to specified officers of the Licensing Division of the Ministry. Other Government Departments function in a consultative capacity as regards various aspects of the control. The Bank of Ghana advises the Government on policy issues involved. Trade associations are also consulted on occasion. A Foreign Exchange Committee has been set up by the Government which is responsible for preparing an annual foreign exchange budget in which the total amount of the country's foreign exchange to be used for the importation of goods is fixed. The Controller of Imports and Exports therefore issues import licences within this limit.

3. Methods used in restricting imports

The system operates through the prohibition of all imports unless covered by a licence. For this purpose there are three types of licences:

- (a) Open General Licences
- (b) Specific Licences and
- (c) Special Unnumbered Licences

(a) The Open General Imports Licences

Permits an importer to order and bring into Ghana any goods covered by the particular Open General Licence from any country without further written authority from the Controller of Imports and Exports. Effective from 24 February 1964, the following are the Open General Import Licences authorized:

(i) Open General Licence No. 1

This authorizes the importation of the following items:

- (a) bona fide trade samples provided that the quantities are not excessive in relation to the nature of the goods concerned;
- (b) personal or household effects of crews or passengers;
- (c) gifts addressed to individuals provided that they are unsolicited gifts and not imported as merchandise or for sale or that the weight or value does not exceed 22 lb gross or £G25 each.

(ii) Open General Licence No. 2

This authorizes the importation of the following:

- (a) single copies of books, newspapers, magazines and periodicals;
- (b) live animals for domestic pets and not for sale;
- (c) fish fresh, chilled or frozen, caught by Ghanaian owned fishing vessels registered and licensed in Ghana. This does not include foreign vessels chartered by Ghanaians even though they are registered and licensed in Ghana as such.

(b) Specific Licences

All items not permitted under the authority of Open General Licences must be covered by a specific licence save under the conditions specified in paragraph (c) below, before the importation can be allowed. These are issued on application received from the importer. Before the beginning of the trade year, the Controller of Imports and Exports publishes notices in the Ghana Commercial and Industrial Bulletin inviting applications from importers in respect of specified classes of commodities. Applications from importers who had earlier registered with the Ministry of Trade as importers are entertained. Based on the amount of foreign exchange available for each class of commodity, specified amounts are allocated to the various applicants and upon these specific licences are issued. Private individuals who import goods for personal use are also issued with import licences on application, but do not have to register as importers.

(c) Special Unnumbered Licences

Where satisfactory evidence can be produced to the effect that payment for goods which require Specific Import Licences has been made in the country of consignment and therefore no transfer of foreign exchange is required, the goods can be imported under Special Unnumbered Licences which can be obtained on application.

4. Registration and licence fees

All importers who import goods for commercial purposes have to register as importers before they are considered for the issue of import licences. Registration fee is paid, the amount of which depends on the category of the importer. For this purpose importers are classified into four categories according to past performance as follows:

Class 1: Where the value of previous annual imports is £G500,000 and over, registration fee is £G200.

Class 2: Where the value of previous annual imports is less than £G500,000 but more than £G100,000, registration fee is £G150.

Class 3: Where the value of previous annual imports is £G100,000 or less but more than £G10,000, registration fee is £G100.

Class 4: Where the value of previous annual imports is £G10,000 or less or the importer is importing for the first time, registration fee is £G50.

Every person to whom a licence has been issued has to pay a licence fee of 1 per cent on the value of the goods to be imported and specified in the licence. The full amount of the fee is paid even if the importer does not ultimately utilize the full amount of the licence.

5. Treatment of imports from different sources

The system of import control in Ghana does not discriminate between sources of imports. However, in order to enable Ghana to meet her obligations under the bilateral payments agreements entered into with certain countries with centrally planned economies, the Government divides Ghana's foreign exchange which has been earmarked for imports, into two parts; one part to cover imports from the countries with which Ghana has bilateral payment agreements, namely, Albania, Bulgaria, Cuba, Czechoslovakia, The Peoples Republic of China, Hungary, Poland, German Democratic Republic, Rumania, USSR and Yugoslavia, and the other part to cover imports from all other countries. Import licences are, therefore, issued on these two categories. Any licences issued for convertible currency can be used in importing from any country except those enumerated above. Similarly, any licence issued for bilateral payment agreement countries can be used in importing from any of those countries.

The only sources of supply that are discriminated against are South Africa, South West Africa and Portuguese Monetary Area. Imports of goods originating in or consigned from the Portuguese Monetary Area and South Africa are not permitted. This discrimination is purely for political reasons.

6. State trading or government monopoly connected with import trade

There is in existence a State-trading corporation called Ghana National Trading Corporation which is engaged in the import trade. This organization as an importer enjoys monopoly over the importation of only two commodities at present. These are cement and canned fish. The reason for granting Ghana National Trading Corporation the monopoly of import in respect of these commodities is that they are very essential commodities, the former playing an important rôle in the Seven-Year Development Plan and the latter an important item of food for the population. Government, therefore, wish to ensure that their supply in the market is properly regulated to avoid shortage at any time

7. Measures taken since the last consultation in relaxing or otherwise modifying import restrictions

Since the 1962 consultation, there has been no relaxation in the import restriction but there had been certain modifications. As at 23 February 1962, there were seven Open General Licences in force as follows:

Open General Licence 1

Authorized the importation of books, newspapers, magazines and periodicals, stationery including cash books and bank cheque books, sporting goods ordered by educational institutions and sporting organizations for their own use (except sporting guns and ammunition), scientific and laboratory equipment including chemicals for use of educational and national research institutions and chemicals for water works in Ghana.

Open General Licence 2

Authorized the importation of bona fide trade samples, personal or household effects of crews or passengers, gifts addressed to individuals in Ghana, provided that the weight or value does not exceed 22 lbs. gross or £G25; articles for which re-importation certificates have been issued by the proper officer of Customs and Excise.

Open General Licence 3

Authorized the importation of live animals for food and domestic pets and agricultural produce from neighbouring West African countries.

Open General Licence 4

Authorized the importation of cocoa powder, cocoa malted food drink, chocolate, chocolate confectionery, animal feeds, day-old chicks, seeds and cuttings.

Open General Licence 5

Authorized the importation of fish - fresh, chilled or frozen, caught by fishing vessels registered and licensed in Ghana.

Open General Licence 6

Authorized the importation of spare parts including outer tyres, inner tubes for the following:

Locomotives, ships, and airplanes, motor cars and trucks, motor bicycles, tractors, earthmoving equipment; other moving/movable vehicles, machinery of all kinds including household industrial equipment.

Open General Licence 7

Authorized the importation of rice, flour, sugar, milk, common soap, toilet soap, corned beef, sardines and pilchards in tomato sauce.

In 1963, the seven Open General Licences were still in force. In addition, an eighth Open General Licence permitted the free import of certain commodities (various foodstuffs, food grains and soap) from West African countries.

On 4 October 1963, notices to importers were published by which the imports of the following commodities were prohibited:

footwear with outer soles and uppers of rubber or artificial plastic material, plastic utensils, matches, toilet rolls of cellulose paper and wire nails.

On 27 December 1963, all Open General Import Licences were revoked, and the following three Open General Licences were introduced as follows:

Open General Licence 1

Authorized the importation of

- (a) Bona fide trade samples;
- (b) personal or household effects of crews or passengers provided that they are not being imported as merchandise or for sale;
- (c) gifts addressed to individuals provided that they are bona fide unsolicited gifts and not imported as merchandise or for sale, and that the weight or value does not exceed 22 lbs. gross or £G25;
- (d) articles for which re-importation certificate has been issued by the proper officer of customs and excise.

Open General Licence 2

Authorized the importation of

- (a) textbooks and reference books imported by schools, colleges, universities and libraries for their own use;
- (b) novels imported by educational institutions and libraries for their own use;
- (c) single copies of books, newspapers, magazines and periodicals addressed to individuals but not for re-sale;
- (d) sports goods ordered by educational institutions and sporting organizations for their own use;

(e) water treating chemicals imported by, and for use by, public and water works; chemicals and scientific laboratory equipment imported by, and for the use of hospitals, schools, and research institutions;

(f) pharmaceutical and allied products imported by medical and research institutions and registered medical practitioners for their own use not exceeding £G25 in value.

Open General Licence 3

Authorized the importation of

- (a) Live animals for domestic pets not for sale;
- (b) seeds and cuttings;
- (c) day-old chicks;
- (d) fish - fresh, chilled, frozen - caught by Ghanaian-owned fishing vessels registered and licensed in Ghana. This does not include foreign vessels chartered by Ghanaians even though they are registered and licensed in Ghana as such.

In January 1964, six additional Open General Import Licences were introduced as follows:

Open General Licence 4

Authorized the importation of

- (a) exercise books, registers, diaries and catalogues and children's books;
- (b) the following office and stationery supplies:

artist colours, ruled or squared papers, envelopes, writing and typing papers (all kinds), office pins, paper clips, pen nibs, writing and designing ink, date stamps (rubber) including pads, typewriting ribbons and similar ribbons, sealing wax, copying pastes for (duplicators), erasers (rubber), note books, slides for files, pen holders, pencils, crayons, slates (for writing) painting brushes, blotting paper, carbon paper, rulers, cash books, accounts books as analysis memorandum, manuscript, flush, bank cheque books, drawing books, all kinds of files including indexes and backs for files, ring books and refills, perforators and staples, pencil sharpeners (machines), office and school bells, stamping and marking inks, correcting fluids, office glues, stencils for duplicators, signature portfolio, drawing boards, drawing instruments, compass sets, slide rulers, hemp ball twine, coloured twine, desk calendars and refills, ball pens and refills, fountain pens, transparent paper including dispenser, gummed tapes, reference cards, reinforcing washers, rubber banks, letter scales, tracing paper, school chalks, tracing cloth, photo corners, grease proof paper, postage stamp albums.

Open General Licence 5

Authorized the importation of

- (a) animal feeds;
- (b) poultry (chicken) parts;
- (c) margarine;
- (d) baking yeast and baking powder;
- (e) cocoa powder, cocoa malted food, chocolate and chocolate preparations.

Open General Licence 6

Authorized the importation of

- (a) fishing gear, fishing ropes, cords, twine, nets, cork floats, rods and parts and lead;
- (b) grass mats;
- (c) fertilizers;

Open General Licence 7

Authorized the importation of

- (a) nails and railway track construction materials;
- (b) locks, padlocks, hinges and catches;
- (c) needles, pins, hooks and eyes;
- (d) razors and razor blades;
- (e) buttons and slide fasteners.

Open General Licence 8

Authorized the importation of

- (a) disinfectants, insecticides, fungicides and antiseptics;
- (b) orthopaedic appliances, artificial parts of body and fracture appliances;
- (c) medicinal and pharmaceutical products;
- (d) toilet and medicated soaps, cleansing and polishing preparations (excluding common soap).

Open General Licence 9

Authorized the importation of live animals for food except cattle.

On 21 February, all import licences except those covering flour, sugar, milk and rice were revoked. Two Open General Import Licences as listed in paragraph 3(a) above were introduced. It was announced that import licences revoked on 21 February would be re-issued without delay but not necessarily for the same amounts as had been previously allocated. In the re-issue of the licences, priority was given to the imports of machinery and equipment for various development projects, pharmaceuticals, water treating chemicals and essential food items.

The method used in licensing imports from the trade-and-payments agreement countries during 1964 differs radically from that followed in 1963. In 1963 the method used was to endorse a licence to the effect that 20 per cent of the value must be used for imports from the trade-and-payment agreement countries.

On 6 July, the Ministry of Trade issued a press release on which the following changes in the import licensing procedure were announced:

- (a) "In order to ensure a more effective control over the issue and utilization of licences, the register of importers will be reviewed with a view to limiting the number of registered importers to a reasonable size.
- (b) All government departments shall, in future, apply for their import licences through the office of the Planning Commission. After the Planning Commission has endorsed the applications, the licences will be issued in bulk by the Ministry of Trade. In the case of State or semi-State industrial enterprises the applications will be routed through the State enterprises secretariat who shall also endorse the licences for approval where they consider such imports essential. In the case of the State farms corporation, the agricultural wing of the Workers Brigade and the United Ghana Farmers Council Co-operatives, their applications should be channelled through the Ministry of Agriculture to the Ministry of Trade and the former must recommend whether or not the licence should be issued. Industrialists in the private sector must also route their applications through the Ministry of Industries who shall make a recommendation on every application before it is forwarded to the Ministry of Trade. Applications by registered National Trading Corporations shall be forwarded direct to the Ministry of Trade.
- (c) All contracting firms offering pre-financing terms shall route their applications through the Governor of the Bank of Ghana to the Minister of Finance who shall indicate whether the licences should be issued under Special Unnumbered Licences or Specific Import Licences. Thereafter applications shall be forwarded to the Ministry of Trade for the issue of licences accordingly.

(d) At the beginning of each budget year, the Ministry of Trade shall prepare an import and export plan to be sent to Cabinet for approval. The targets of this plan should fall within the targets set out in the Foreign Exchange Budget by the Foreign Exchange Committee. The import and export plan shall lay down clearly the value of imports from convertible as well as from the clearing currency areas and these limits shall be strictly observed and the issue of the licences shall be evenly spread over the year to avoid any shortages. After the import and export plan has received the approval of Cabinet, the Ministry of Trade shall proceed to sign trade protocols with the trade-and-payments agreement countries in order to afford the latter sufficient time to enable them to meet their obligations in respect of delivery dates."

8. Effects of the import restrictions on trade and the general economy

The volume of trade has been affected although the extent has not been very marked so far. The value of imports has been growing steadily between 1958 and 1961 from £84.6 million to £142.8 million; it fell conspicuously to £119.1 million for 1962 - the year in which the restriction became operative. Although there was a temporary rise again to £150.4 million for 1963 it is anticipated that for 1964 it will be held at the 1962 level. The value of export grew from £104.5 million in 1958 to £116.0 million in 1960, thereafter it has been dropping steadily and it reached £108.9 million in 1963.