

GENERAL AGREEMENT ON TARIFFS AND TRADE

RESTRICTED

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Committee on Balance-of-Payments Restrictions

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1966 CONSULTATION UNDER ARTICLE XVIII:12(b) WITH GHANA

Basic Document for the Consultation

1. Legal basis of the import restrictions

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 import and export 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 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-payments position 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 imports of Ghanaian products.

Under the import control regulations the importation of all goods other than those enumerated in Open General Import Licences is not permitted except pursuant to a licence. The granting of a licence under the regulations with respect to any goods does not absolve an importer from compliance with any other provision of laws relating to the importation of such goods.

2. Administrative basis of the restrictions

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 Import Licences

Permit 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 1 January 1967, the following are the Open General 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 lbs. gross or \$60.00 respectively.
- (ii) Open General Licence No. 2 - This authorises 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.

(iii) Open General Licence No. 3 - This authorizes the importation of the following:

Cattle, sheep, goats and other livestock and fish crossing the borders from the neighbouring African countries.

(iv) Open General Licence No. 4 - This authorizes the importation of the following:

Headloads of foodstuffs for personal use or sale.

B. Specific Licences

All items not permitted under the authority of the Open General Licences must be covered by a Specific Licence before the importation can be allowed. These are issued on application received from the importer. Only applications from importers who have registered with the Ministry of Trade as importers will be entertained. Based on the amount of foreign exchange available for each class of commodity, specified amounts will be allocated to the various applicants and upon these, Specific Licences will be issued. Private individuals who import goods for personal use may be issued with import licences on application, but they 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 involved, the goods can be imported under Special Unnumbered Licences which can be obtained on application.

4. Registration and grading of importers

All importers who import goods for commercial purposes have to register before they can be considered for the issue of import licences. The Controller of Imports and Exports has already published Notice to Importers No. 265 in the Commercial and Industrial Bulletin of 8 July 1966 inviting all importers to register. The main purpose of this exercise is to determine the proper classification of each importer. The previous system of classification has been completely revised and importers will now be classified into six categories in

accordance with their past performance as indicated hereunder. A flat registration fee of $\text{¢}60.00$ will be charged irrespective of the category in which an importer is placed:

- Group A - Firms whose imports between January 1961 to December 1965 exceeded $\text{¢}2,400,000.00$ per annum.
- Group B - Firms whose imports between January 1961 and December 1965 were less than $\text{¢}2,400,000.00$ but not less than $\text{¢}1,200,000.00$ per annum.
- Group C - Firms whose imports between January 1961 and December 1965 were less than $\text{¢}1,200,000.00$ but not less than $\text{¢}500,000.00$ per annum.
- Group D - Firms whose imports between January 1961 and December 1965 were less than $\text{¢}600,000.00$ but not less than $\text{¢}240,000.00$ per annum.
- Group E - Firms whose imports between January 1961 and December 1965 were less than $\text{¢}240,000.00$ but not less than $\text{¢}120,000.00$ per annum.
- Group F - Firms whose imports between January 1961 and December 1965 were less than $\text{¢}120,000.00$ but not less than $\text{¢}24,000.00$.

Every person to whom a licence will be issued has to pay a licence fee of 1 per cent on the value of the goods to be imported and specified on 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 payments 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, Portuguese Monetary Area and Southern Rhodesia. 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 connexion with import trade

The monopoly which was granted to the Ghana National Trading Corporation, a State-trading organization for the importation of cement and canned fish has since the last consultation been abolished. In the granting of import licences, therefore, no State-trading corporation or other Government corporation enjoys preferential treatment or monopoly.

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

Since the 1964 consultation, there have been certain modifications to the schedule of items covered in the Open General Licences as at 30 September 1964 but the general incidence of the import restriction or control has not been relaxed.

There were two Open General Licences as at 30 September 1964 namely:

- (i) Open General Licence No. 1 - This authorized the importation of the following items:
 - (a) bona fide trade samples provided that the quantities were 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 were unsolicited gifts and not imported as merchandise or for sale or that the weight or value did not exceed 22 lbs. gross or \$60.00 (£25) each.
- (ii) Open General Licence No. 2 - This authorized the importation of the following items:
 - (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 were registered and licensed in Ghana as such.

On 30 July 1965 by notice to importers No. 258 two additional Open General Licences were introduced as follows:

Open General Import Licence No. 3

This authorized the importation of cattle, sheep, goat and other livestock and fish crossing the borders from neighbouring African countries.

Open General Import Licence No. 4

This authorized the importation of headloads of foodstuffs for personal use or sale.

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

The value of imports continue to grow. Imports for 1964 amounted to \$291,820,774 (£121,591,989) and rose to \$384,060,985 (£160,025,410) in 1965. This is however expected to fall in 1966. The value of exports on the other hand has increased since the last consultation. The value of exports in 1964 amounted to \$275,134,987 (£114,639,577) and in 1965 reached \$272,258,509 (£113,441,070).

