

GENERAL AGREEMENT ON TARIFFS AND TRADE

RESTRICTED

BOP/W/43

6 October 1980

Limited Distribution

Committee on Balance-of-Payments Restrictions

1980 CONSULTATION WITH GHANA

(Simplified Procedures)

Background Paper by the Secretariat

1. This paper has been prepared in accordance with paragraph 7 of the Declaration on Trade Measures Taken for Balance-of-Payments Purposes (L/4904) to assist the Committee on Balance-of-Payments Restrictions in taking the decision referred to in paragraph 8 of this Declaration.

I. Ghana's previous consultations

2. The last full consultation with Ghana took place on 10 March 1971. At this consultation the Committee welcomed the reduction in quantitative restrictions and expressed the hope that balance-of-payments improvement would make possible elimination of the remaining quantitative restrictions and the import surcharge used for balance-of-payments reasons.

3. The last full consultation was followed by three simplified consultations in 1974, 1976 and 1978.

II. The main changes in Ghana's trade policy since the last consultation

4. Both the product coverage and the administration of Ghana's import licensing system, which is used as the main instrument of control over foreign exchange expenditure, have been subject to substantial changes since the last consultation.

5. Under the 1978 Import Programme restrictions on the import of raw materials and spare parts requirements of some major manufacturing establishments were lifted.

6. Ceilings were imposed on the establishment of letters of credit opened in connexion with the issuance of import licences. Licences covering imports financed by foreign exchange held abroad (Special Unnumbered Licences) were suspended in July 1978 in an effort to reduce incentives for illegal exportation.

7. In January 1979, two hundred and thirty items were placed on the restricted list, one hundred items on the list of prohibited imports, and ninety items were declared eligible for import under specific import licences.

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8. The granting of import licences was restricted in January 1980 to essential items only, particularly those for agriculture and the export industries, and limited to established trading companies. Private car imports were prohibited for a two-year period.

9. In June 1980 an import licence tax of 10 per cent was introduced.

III. The main trends in Ghana's foreign trade since the last full consultation

10. 1977 is the last year for which detailed data on Ghana's trade is available. In that year, exports amounted to \$950 million and imports (c.i.f.) to \$1,140 million. Exports of cocoa (beans, butter and paste) accounted for nearly three quarters of total export earnings in 1977. Other exports included aluminium (9 per cent of total exports), wood (8 per cent) and manganese ore. The most weighty items in the country's 1977 import structure were: semi-manufactures (one third of total imports), fuels (16 per cent), industrial machinery (15 per cent), food (9 per cent) and motor vehicles (8 per cent).

11. Available information on Ghana's merchandise trade in the last two years is barely sufficient to put forward a few very tentative estimates. By 1979, the volume of exported (raw and processed) cocoa was about 20 per cent lower than in 1977. As export unit values have meanwhile tended to decline, earnings from cocoa exports in 1979 are estimated not to have exceeded \$450 million, i.e. one third less than in 1977. Aluminium and manganese ore exports apparently also declined during the last two years, but there are no clear indications on Ghana's export performance in wood, diamonds and gold. On the whole, exports in 1979 are estimated at some \$700 million. The most recent information available on imports refers to the country's fuels import bill, which reportedly reached some \$300 million in 1979 (representing a near-doubling in two years).