

GENERAL AGREEMENT ON TARIFFS AND TRADE

RESTRICTED

L/1319
27 October 1960

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EXPANSION OF TRADE - AGRICULTURAL POLICY

Report of Committee II on the Consultation with Ghana

1. In accordance with the Decision adopted by the CONTRACTING PARTIES at their fourteenth session that consultations should be held with individual contracting parties regarding their agricultural policies, the Committee carried out a consultation with Ghana. The Committee had the following documents before it:

- (i) document COM.II/40(e) dated 17 August 1960 which contained a synopsis supplied by the Government of Ghana of non-tariff measures for the protection of agriculture or in support of incomes of agricultural producers; and
- (ii) document COM.II/96 dated 7 October 1960 which contained detailed information and statistics, also supplied by the Government of Ghana, on commodities entering importantly into international trade.

In conducting the consultation, the Committee followed the plan for consultations contained in Annex A to COM.II/5 and adopted by the CONTRACTING PARTIES at their fourteenth session. The consultation was completed on 7 October 1960.

A. General Agricultural Policies

2. In his opening statement, the representative of Ghana referred to the information contained in COM.II/40(e) and called attention to the salient points therein. He explained that his Government's agricultural policies were relatively simple and were designed to encourage, assist and stimulate farmers to adopt improved techniques, materials and equipment. It was the aim of the Government to foster the development of a few basic crops such as rubber, coffee, sugar, tobacco and bananas in an effort to reduce the heavy dependence of the economy on the cocoa crop. A programme was under way to diversify agricultural production so that the raw materials mentioned above would be locally processed or semi-processed in order to eventually provide additional foreign exchange earnings. The basic problem with respect to an expansion of the export trade existed in relation to small producers who were not familiar with marketing techniques. The Government would continue to aim at exercising a certain amount of control over exports to ensure proper grading or to stimulate standardization and efficient marketing procedures.

3. In response to a question, the representative of Ghana advised the Committee that his country was a net exporter with respect to a wide range of agricultural products. One member of the Committee noted that although it was true that Ghana exported more by volume than it imported in the agricultural sector, 68 per cent of these exports consisted of cocoa. If cocoa were disregarded, Ghana would revert to the position of a net importer of agricultural products.

4. Several members of the Committee expressed an interest in progress made by Ghana under its two Five-year Development Plans covering the period 1955 to 1964. The representative of Ghana re-affirmed that the development plans were designed to reduce the dependence of the economy upon one crop. At the same time, due account was taken of the basic importance of cocoa production in the economy: the maintenance of this production had been assured while other branches of agriculture and industries were developed. Definite plans had been formulated with respect to increased cattle breeding, as well as increased production of coffee, sugar, tobacco and bananas. Plans with respect to peanuts and palm oil had not yet been finalized. For most of these commodities, however, co-operatives had already been formed, and within six months of staff training their activities should be well under way. In this connexion, a special unit, namely the agricultural extension division, was being established in the Ministry of Agriculture to assist farmers. The Government of Ghana was at present importing cattle from Nigeria, the Republic of Guinea and from other French territories in Africa, partly for consumption and also for the purpose of crossing them with local cattle in order to develop a new strain which could suit the climatic conditions of his country. It was the intention of the Government to develop the Accra plains as a cattle-raising area, as well as to encourage increased cattle-raising in the north which was the traditional centre of such activities. In this regard, his Government would hope that both technical and financial assistance would be forthcoming under United Nations auspices. The representative of Ghana mentioned that a specific request for such assistance had already been made to the appropriate authorities of the United Nations Special Fund.

5. As regards coffee production, the representative of Ghana explained that the development programme did not envisage the expansion of such production on large plantations or estates; rather it would be cultivated on private holdings of moderate size.

6. Plans had already been formulated for fostering the sugar industry. It was the intention of the Government of Ghana to establish a sugar refinery and also to flood certain portions of Southern Ghana where sugar fields would be developed. In response to a question by one member of the Committee, the representative of Ghana stated that both private and public, domestic and foreign capital would be solicited in respect to this project. The extent of Government participation had not yet been determined.

7. In relation to tobacco production, the representative of Ghana explained that this was at present taking place in all parts of the country, particularly in the north and in the Ashanti regions. However, tobacco production in Ghana was insufficient to meet domestic requirements. Certain quantities of tobacco were imported from the United States. This was blended with locally produced tobacco in the manufacture of cigars and three different brands of cigarettes destined for the internal market. The tobacco factory was well established.
8. With respect to bananas, some quantities were exported to the United Kingdom. The representative of Ghana explained to the Committee that while banana production was extensive and could easily be expanded, exports were at present hampered by the limitations of transport facilities. Government action had been taken with a view to increasing the capacity of shipping equipped to handle the banana transportation.
9. One member of the Committee asked to what extent governmental subsidization was provided to assist the diversification of agricultural production. The reply was that the plans thus far formulated aimed at assisting farmers in establishing co-operatives and providing advice, technical assistance, seeds and basic materials. A member of the Committee observed the measures described in document COM.II/10(e) under the heading "Subsidies" did not appear to be of the type of subsidy designed to assist an exporter in marketing products overseas; the so-called subsidies under discussion would seem to have more a social than an economic connotation. The representative of Ghana confirmed that such was the case.
10. With regard to the actual prices received by the farmer for his cocoa crop, a member of the Committee asked how this compared with the market price. The representative of Ghana estimated that an average taken over the past five years would indicate that the price paid to the farmer was about one-third the world market price. The same member of the Committee stated that in his opinion one-third was a very small return and he expressed the hope that in future it would be possible for the farmer to receive a higher proportion of the world market price. The representative of Ghana assured the Committee that the price was always fixed in consultation with the farmers who, in one instance, agreed to accept a lower price in the interest of the development fund. It was the intention of the Government to increase the price to producers as soon as marketing organizations could save more by increased efficiency. The representative of Ghana went on to explain that approximately one-third of the world market price was deposited with the Cocoa Marketing Board which provided the guaranteed price to the farmers plus many other benefits. The rest of the cocoa profit was taken up in administrative expenses, including the costs of grading, handling, shipping and similar operations.
11. In response to a question by a member of the Committee, the representative of Ghana stated that the Board had not yet been in a position where it was unable to pay the guaranteed price, but in the event that this should happen in future, undoubtedly a loan would be forthcoming from the Government for this purpose,

as the Cocoa Marketing Board itself had on several occasions ~~lent~~ money to the Government. In its operations to date, the Cocoa Marketing Board had always had sufficient reserves in the stabilization fund to pay the guaranteed price to the producers. In the event of a dispute over the price level, something which had thus far not occurred, the Government would ensure that the producers' interests were protected.

12. Various members of the Committee expressed an interest in the operations of the Cocoa Marketing Board. The representative of Ghana explained that the legislation establishing the Board provided that it should be the sole authority responsible for the export of cocoa. It purchased the cocoa from the farmer through authorized agents and then sold it abroad at world market prices. The profits were partly used to provide special grants for social services such as education, hospitals, better housing and roads in the rural areas. The Board operated in consultation with the United Ghana Farmers Council; this provided a substantial representation of farmers on the Board. A member of the Committee asked if an established sum were set aside for the stabilization fund in the budget of the Cocoa Marketing Board. The representative of Ghana replied that this amount was determined on an annual basis, taking into consideration the level of the stabilization fund and the production and price forecasts for the ensuing year.

13. A member of the Committee asked if a premium were paid for better quality cocoa in order to provide an incentive to the producers. The representative of Ghana explained that there were two main grades of cocoa and one sub-grade. The Cocoa Marketing Board purchased the two main grades but there was such little difference between them that no premium was paid. The sub-grade was not exported by the Board but was manufactured locally into cocoa paste, cocoa butter or powder.

State Trading

14. A member of the Committee asked if it were the intention of the Government to reduce its reliance on State trading. The representatives of Ghana explained that the State-trading activities of the Government were not of a nature to encourage trade with any designated country. While admittedly the Agricultural Development Corporation, the Ghana Cocoa Marketing Board and the Timber Marketing Board were types of State trading organizations, producers participated fully in the operations of the Boards; thus, they were rather a type of co-operative enterprise than a State-trading operation in the strict sense of the term. It was not the intention of the Government of Ghana to reduce the authority or the scope of operations of any of these boards, nor did the Government have any immediate plans to establish new boards or extend the scope of the boards already in existence to cover additional products. In response to a question by a member of the Committee, the representative of Ghana confirmed the fact that the Agricultural Development Corporation was the sole exporter of the following products: palm kernels, palm kernel oil, palm oil, copra oil, coconut oil, sheanuts, shea-butter, coffee, groundnuts and bananas. The representative of Ghana confirmed that State-trading operations in Ghana did not apply to imports.

Quantitative Restrictions

15. Members of the Committee warmly congratulated the Government of Ghana on the absence of quantitative restrictions on imports. In response to various questions, the representative of Ghana confirmed the fact that all agricultural imports except tobacco of dollar area origin were completely free from restriction or licensing control from all sources with one exception. He explained that the licensing requirement for dollar tobacco imports was maintained principally for the purpose of keeping a watch on developments, licences being issued automatically. All Ghana residents were free to import any products not under specific licensing procedures. For any products subject to licence, it was the policy of the Government to grant such licences on the basis of past performance. If a new importer were involved, then nominal amounts would be authorized in order to establish his ability to import.

B. Commodities

Cereals

16. A member of the Committee asked for confirmation of his understanding that plans had been formulated to establish a flour mill in Ghana. He wished to know if this would be financed entirely from private capital. The representative of Ghana replied that the mill was to be financed partly by Government funds and partly by private interests.

Fish

17. In reply to a question by a member of the Committee, the representative of Ghana stated that the Fish Market was not a State-trading company but simply an organization established to assist fishermen to improve their methods of selling fish on the domestic market. He added that fish were not exported, but that in an attempt to build up the industry, the Agricultural Development Corporation had granted loans to fishermen in order to enable them to buy new motorized vessels and equipment.

Meat

18. A member of the Committee asked if there were any substantial production of animal products in Ghana. The representative of Ghana replied in the negative but added that it was the intention of the Government to develop such production in the near future. Another member of the Committee requested information on the general eating habits of the population. The representative of Ghana replied that very little meat was consumed; the diet consisted mainly of fish, cereals, yams and plantains. The Food and Nutrition Board had been established for the purpose of informing housewives how to plan nutritionally balanced meals. The consumption and production of meat might increase as a result of the new policies.

Dairy Products

19. In response to a question by a member of the Committee, the representative of Ghana stated that the main dairy product imported was dried milk. The other items were eggs, natural honey and malted milk compounds.

Vegetable Oils

20. A member of the Committee asked what type of vegetable oils were imported into Ghana. The representative of Ghana stated that it was only refined edible oils which were imported, and that these were for domestic rather than for industrial use. In response to a question as to whether or not Ghana had an oil processing industry, the representative of Ghana explained that the country had no large firms engaged in the production of edible oils, and that a considerable quantity of such oils was processed by small producers, or in the household.