



**TRADE POLICY REVIEW**

REPORT BY

GHANA

Pursuant to the Agreement Establishing the Trade Policy Review Mechanism (Annex 3 of the Marrakesh Agreement Establishing the World Trade Organization), the policy statement by Ghana is attached.

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## 1 INTRODUCTION

1.1. Ghana is located on the Gulf of Guinea in West Africa with a population of approximately 31 million people growing at an annual rate of 2.1%. Ghana has a total land surface area of 238,540 square kilometres and lies on the Atlantic with 540 kilometres coastline.

1.2. Ghana joined the General Agreement on Tariffs and Trade (GATT) in October 1957 after attaining independence in March 1957 and became a founding member of the World Trade Organization (WTO) in 1995. Ghana is a firm believer in the tenets of the Multilateral Trading System (MTS) and continues to take steps to implement WTO-consistent policies.

1.3. Far-reaching reform measures, including reforms in the banking sector and strong disinflationary policies undertaken between 2017 and 2019 placed Ghana's economy on a sound footing. The economy recorded strong GDP growth, averaging 7% and driven mainly by the service and industrial sectors, single-digit inflation at 7.9% (in 2019) along with declining interest rates, unwinding fiscal deficits which ended at 4.8% of GDP in 2019 alongside three consecutive years of primary surpluses, enhanced public debt management policies which restructured the debt profile from short to medium-to-longer term instruments to lessen the repayment burden and create some fiscal space for growth enhancing policy initiatives. In addition, the Central Bank had successfully completed comprehensive banking sector reforms in 2019 which resulted in well-capitalized, strong and liquid banks, well-positioned to support the country's growth and development agenda. On the external front, the current account improved substantially with three consecutive years of trade surpluses and lower deficits, as well as strong foreign exchange reserve buffers, boosted by strong Foreign Direct Investment (FDI) inflows and relative stability in the exchange rate.

1.4. Based on these indicators, the year 2020 started with strong optimism to further consolidate the gains achieved over the preceding years. This was founded on strong and complementary monetary and fiscal policies programmed for the year, which included:

- Prudent monetary policies to steer inflation towards the central target of 8%, with stable exchange rate. The successful completion of the financial sector clean-up had improved prudential regulations, strengthened efficiency, and refocused the sector to its intermediary role to finance the growth needs of the country;
- Fiscal Policy was geared towards aggressive tax reforms and pro-growth initiatives in the agriculture and industrial sectors to expand the productive capacity of the economy;
- Other Structural Reforms were initiated to increase efficiency in the public sector, supported by digitization to formalize the economy and improve the ease of doing business.

1.5. As in other countries, the onset of Corona virus pandemic towards the end of 2019 (COVID-19) posed some challenges to the Ghanaian economy in 2020. These include job losses, unanticipated shortfalls in revenue alongside increased public spending geared towards lessening the socio-economic impact of the Covid-19 pandemic, culminating in rising fiscal financing gap and elevated debt levels. The unprecedented impact imposed by the Covid-19 pandemic led to the suspension of the fiscal responsibility rules in accordance with section 3(1) of the Fiscal responsibility Act, 2018 (Act 982).

1.6. Timely policy interventions and measures were put in place to contain the spread of the coronavirus and protect lives and livelihoods, support businesses and preserve jobs that would otherwise have been lost. Recent data shows signs of strong economic recovery in 2021. Inflation, which, at the height of the pandemic, surged to 11.4%, dropped to 7.5% in May 2021 before inching up to 10.6% in September 2021 due to food price pressures. In addition, the local currency, the Ghana cedi has been relatively stable over the past four years, even in the midst of the pandemic year.

1.7. In the medium-term, the Bank of Ghana will continue to implement sound monetary policy to maintain inflation within the target of  $8\pm 2\%$ . In addition, implementation of policies to unwind the COVID-related fiscal excesses and lower the public debt to sustainable levels are underway.

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## 2 MACROECONOMIC ENVIRONMENT AND ECONOMIC PERFORMANCE

### 2.1 Fiscal Policy

2.1. Ghana's overall growth and relatively stable macroeconomic environment facilitated its transition from a low-income economy to a lower-middle-income economy, with a robust services and industry base driving growth.

2.2. The rebasing of the GDP from 2006 base year to 2013 in 2018 led to adjustments in the size of the economy, GDP growth rates, sector contributions and all related economic indicators as a ratio of GDP. The most significant features of the rebasing were the 26% increase in the size of the GDP in the base year 2013, with the services sector as the largest contributor to the GDP. Ghana's rapid growth over the years was halted by the COVID-19 pandemic. The partial lockdown in March 2020 to contain the spread of the virus resulted in the sudden stop in economic activity, amid a sharp decline in commodity exports. The economy had grown at an average of 7% in 2017-19, before the sharp contraction in the second and third quarters of 2020 due to the pandemic. The annual GDP growth was 0.4% in 2020. The principal sectors of the economy – agriculture, services and industry (including oil) – grew by 7.4%, 1.5% and – 3.6% of GDP in 2020, respectively. Ghana had a per capita income of USD 2,213.0 with a GDP value of USD 66.1 billion in 2020, indicating a 1% decline from USD 2,257 per capita income with a GDP value of USD 64.2 billion in 2019.

2.3. Ghana's fiscal policy objectives since 2017 have been in line with the overall macroeconomic goals of stability for accelerated growth and development. In this regard, fiscal policy was geared towards formalizing the economy, aggressive tax reforms and pro-growth initiatives in the agriculture and industrial sectors to expand the productive capacity of the economy.

2.4. The budget deficit, which stood at 7.8% of GDP in 2016, fell to 4.8% in 2019 mainly due to the government's fiscal consolidation measures, as well as adherence to the Fiscal Responsibility Act, which set the annual deficit ceiling at 5% of GDP. In 2020, however, the fiscal deficit increased to 11.7% of GDP, due to the Covid-19 pandemic which resulted in unanticipated shortfalls in revenue and increased spending geared towards moderating the social and economic impact of the pandemic. Total Revenue and Grants for the fiscal year 2020 was GHS 55,132 million, equivalent to 14.4% of GDP, against a revised target of GHS 53,667 million, equivalent to 13.9% of GDP. Higher than expected spending due to Covid-19 pandemic-total Expenditure (including arrears clearance) for the period was GHS 100,053 million, equivalent to 26.1% of GDP, against a target of GHS 97,740 million, equivalent to 25.4% of GDP.

2.5. Over the medium-term, the fiscal policy aims at achieving macro-fiscal prudence that restore economic stability and growth, foster a resilient financial ecosystem and seize the opportunity that the crisis presented to transform the structure of the economy. The 2021 Budget reset the fiscal policy on a consolidation path with the deficit projected to decline to 9.5% of GDP by the end of 2021 and then unwind to 5% by 2024. This would ensure medium-term debt sustainability. The provisional fiscal data for the first half of 2021 show that Total Revenue and Grants amounted to GHS 28.3 billion, equivalent to 6.5% of GDP, against a programmed target of GHS 32.4 billion (or 7.5% of GDP). For the same period, Total Expenditure, including the clearance of arrears, amounted to GHS 50.6 billion, equivalent to 11.7% of GDP, against a programmed target of GHS 55.1 billion (12.7% of GDP). The fiscal deficit for the period was financed from both foreign and domestic sources.

2.6. The Government has put in place the following measures to revitalize the economy in the medium-term:

- The implementation of the Ghana Covid-19 Alleviation and Revitalization of Enterprises Support (Ghana CARES) programme. The programme aims at supporting the private sector to accelerate industrialization, deepen our competitive import substitution and to leverage digitization to raise productivity and create jobs. The Ghana CARES is a two-phased programme to be implemented over three and half years. The Phase I of the programme is the Stabilization Phase, built on the immediate life-saving measures that Government had taken to respond to the pandemic. The Phase II of the programme, which began in 2021, is expected to be completed in 2023 and it focuses on revitalization and transformation of the economy.

- Pursuing medium-term debt strategy that focuses on appropriate financing mix to mitigate the cost and risks that could adversely impact the debt portfolio as well as lengthening the maturity profile of domestic stock to reduce refinancing risk.

2.7. Over the past four years, Government has embarked on several initiatives to drive Ghana's development agenda based on the conviction that leveraging technology improves efficiency, traceability of transactions, delivery of public services, and will considerably bolster the transformation. Some major milestones in formalizing the domestic economy include:

- The implementation of the Integrated Customs Management System, aimed at increasing efficiency at the port, reducing cost and time of doing business at the port and increase tax revenue.
- The development of a digital address system, National ID system, interoperability of payment system and the Ghana.Gov platform. The introduction of the Ghana Card which is linked to Tax Identification Numbers (TIN) has expanded the tax base.
- The introduction of a Universal QR code which enables consumers to make instant payments for goods and services from different sources including bank accounts, mobile wallets and cards.
- Establishment of the Revenue Assurance and Compliance Enforcement (RACE) Initiative to complement the transformative efforts of the Ghana revenue Authority. The RACE initiative is aimed at identifying and eliminating revenue leakages in areas such as petroleum bunkering, gold and mineral exports, port operations, transit goods, warehousing, border controls and free zones operations. It is thus expected to increase domestic revenue mobilization, widen the tax net, and ensure compliance with tax obligations.

## 2.2 Monetary Policy

2.8. Like other countries, monetary policy in Ghana has undergone a number of phases. These are: Control regime; Monetary Targeting and Inflation Targeting.

2.9. The focus of monetary policy since the year 2007 has been on achieving price and exchange rate stability as key elements in creating an environment conducive to the achievement of sustainable economic growth.

2.10. To strengthen the Central Bank in the conduct of monetary policy, Parliament passed into law a Bank of Ghana Act 2002 (Act 612) and amended by Act 918. This Act has:

- refocused the primary objective of monetary policy as "stability in the general level of prices";
- provided for the establishment of the monetary policy committee;
- granted the Central Bank operational independence; and
- the Act also enjoined the Central Bank to promote economic growth and ensure financial stability without prejudice to the price stability objective and independent of instructions from the Government or any other authority.

2.11. Monetary policy under the current inflation targeting regime has played a key role in stabilizing the economy and significantly reducing the level of volatility in inflation and inflationary expectations.

2.12. The statutory mandate of the Central Bank is firmly rooted in a renewal of public interest in economic policy and a heightened aversion for inflation and awareness of how much stability contributes to raising the standard of living of Ghanaians.

2.13. As part of the broader objectives of macroeconomic policy, the thrust of monetary policy in 2021 was to steer inflation towards the medium-term target band of 8.2% following the surge in inflation at onset of the Covid-19 pandemic.

2.14. Growth in broad money supply, including foreign currency deposits (M2+) declined from 42.4% in 2008 to 20.2% in August 2021 compared with 24.8% in August 2020. Growth in M2+ in August 2021 was driven by Net Domestic Assets (NDA) of the banking system, which went up by 28.1% while Net Foreign Assets (NFA) declined 11.2%. This development broadly reflected the supportive monetary and fiscal policies implemented to mitigate the impact of the COVID-19 pandemic.

### **2.3 Inflation Development**

2.15. Headline inflation generally trended downwards after peaking at 19.2% in March 2016, and ended the year 2017 at 11.8%. The Government achieved its medium-term inflation target band from February 2018 to March 2020 as inflation level declined further and broadly stayed below 8% over the period. Inflation however rose abruptly in April 2020 and peaked at 11.4% in July 2020, primarily due to the panic buying linked to the three weeks partial lockdown in Accra and Kumasi to reduce the spread of the Covid-19 infection. Thereafter, inflation dropped sharply from 10.4% in December 2020 to 7.5% in May 2021, on the back of a well-anchored monetary policy stance, exchange rate stability and favorable food base drifts from a year ago. Subsequently, inflation picked up abruptly to 10.6% in September 2021 on account of rising food prices arising partly from delayed harvests, inputs supply bottlenecks and rising world food prices as well as fuel price adjustments.

### **2.4 Interest Rate Development**

2.16. Generally, money market rates have trended downwards over the past three years due to prudent monetary and fiscal measures. However, the fiscal pressures occasioned by the onset of the Covid-19 pandemic led to a slight upward trend in interest rate during the first quarter of 2020. Thereafter, interest rate has resumed its downward trends through to August 2021. The 91-day Treasury bill rate declined from 14.5% in 2018 to 12.5% at the end of August 2020, while the 182-day Treasury bill rate also declined from 14.9% to 13.3% over the same period. The weighted average interbank rate declined from 16.1% to 12.6% over the same period, largely reflecting improved liquidity conditions on the interbank market which had transmitted to lending rates.

### **2.5 Exchange Rate Development**

2.17. Ghana still maintains a flexible exchange rate regime even though the possible impact of any volatility in the foreign exchange market on inflation is carefully monitored. From 2017, the cedi has remained relatively stable even in the pandemic period in light of the prudent monetary and fiscal policies and strong reserves build-up on the back of significant inflows of foreign direct investments (FDIs) and increased earnings of some of Ghana's commodity exports. Over the period, the Ghana cedi moved from a depreciation of 15.7% against the US dollar in 2016 to a depreciation of 3.9% on the interbank market in 2020. The cumulative depreciation of the cedi against the US dollar further slowed down in the first nine months of 2021 to 1.8%.

### **2.6 External Sector Policy**

2.18. Prior to 2020, the country's external sector was characterized by substantial improvement in the current account with three consecutive years of trade surpluses, strong foreign exchange reserve buffers, and relative stability in the exchange rate. The Covid-19 pandemic however posed serious challenges to the country's external sector position. The current account deficit widened slightly to 3.1% of GDP in 2020 as the decline in oil exports was partially offset by higher gold prices, resilient private remittances and weaker imports. The relatively strong performance of the external sector led to an increase in the reserves position to USD 11.4 billion, equivalent to 5.2 months of imports in August 2021, one of the highest on record. This compares with a reserved position of USD 9.2 billion, equivalent to 4.0 months imports cover, in the same period of last year. The strong reserves build-up was linked to significant inflows of foreign direct investments, resilient remittances, successful floatation of Eurobond in 2019 and 2021, and the USD 1 billion post Covid-19 recovery fund from the IMF. But the reserve position continues to be threatened by softening

commodity export prices, especially gold, alongside rising imports as many economies are gradually reopening, as well as sovereign risk concerns on the heels of increasing debt stock.

## 2.7 External and Domestic Debt

2.19. The public debt management was enhanced and restructured prior to 2020, by shifting debt from short to medium-to-longer term instruments to lessen the repayment burden and create some fiscal space for growth enhancing policy initiatives. The advent of the Covid-19 pandemic, however, generated a substantial fiscal financing gap in 2020 owing to unanticipated revenue shortfalls alongside increased spending geared towards containing the social and economic impact of the pandemic. At the end of July 2021, Ghana's external debt stood at USD 28.0 billion, up from USD 24.7 billion at the end of 2020 and from USD 20.3 billion at the end of 2019. This constituted 48.4% of total public debt. The increase in external debt stock was mainly accounted for by the Eurobond issuance in 2019 and 2021, the Covid-19 pandemic effects, and contingent liabilities. The external debt as a percentage of GDP increased from 32.1% in December 2019 to 37.0% in December 2020 and as at end-July 2021.

**Table 2.1 Selected economic indicators**

Selected economic indicators as at the dates indicated						
	2015	2016	2017	2018	2019	2020
Real GDP growth (%)	2.1	3.4	8.1	6.2	6.5	0.4
<b>Inflation</b>						
Year-on-year; end period (%)	17.7	15.4	11.8	5.8	7.8	10.5
Annual average (%)	17.1	17.5	12.4	7.8	7.1	9.9
<b>Exchange rate (end-period transaction rates)</b>						
GHS/USD	3.8	3.9	4.4	4.6	5.2	5.6
GHS/Pound Sterling	5.6	5.2	6.0	6.2	7.3	7.9
GHS/euro	4.2	4.4	5.3	5.5	6.2	7.0
<b>Commodity prices</b>						
Cocoa (USD/tonne)	3,093.1	2,892.0	2,029.4	2,293.8	2,340.8	2,370.0
Gold (USD/fine ounce)	1,159.3	1,248.3	1,257.6	1,269.2	1,392.2	1,771.0
OIL, IPE Brent Crude (USD/barrel)	52.4	44.0	54.4	71.1	63.2	43.9
<b>External sector</b>						
Exports of goods and services (USD million)	10,321.2	11,138.3	13,834.8	14,942.7	15,667.5	14,471.5
Imports of goods and services (USD million)	13,465.1	12,920.1	12,647.8	13,134.1	13,410.7	12,428.6
Current account balance (USD million)	-2,823.60	-2,840.70	-2,003.70	-2,043.90	-1,864.00	-2,134.20
Overall balance of payments (USD million)	15.89	-247.43	-1,091.44	671.52	-1,341.31	367.50
Terms of trade index (2015 = 100)	100.00	99.34	91.36	94.19	95.60	102.58
Gross international reserves (end period, in USD million)	5,884.7	6,161.8	7,554.8	7,024.8	8,418.1	8,624.4
Months of imports of goods and services	3.5	3.5	4.3	3.6	3.9	4.0
External debt (USD million)	15,781.90	16,461.00	17,157.00	17,868.50	20,349.40	24,715.80
<b>Interest rates (%)</b>						
Bank of Ghana prime rate	26.9	26.7	20	17	16	14.5
91-day Treasury bill	21.86	16.14	13.3	14.6	14.7	14.1
182-day Treasury bill	24.4	18.5	10.4	15	15.1	14.1
1-year note	22.7	21.5	15.0	15.5	17.3	15.9
2-year note	23.3	22.5	17.5	19.5	21	18.5
<b>Monetary aggregates growth (year-on-year)</b>						
Reserve money	24.2	29.6	7.0	29.5	34.4	25.0
Total Liquidity (M2+)	22.40	23.38	15.57	15.4	21.7	29.6
Broad money (M2)	22.2	24.4	17.9	15.7	16.1	35.0
Nominal GDP (GHS million)	183,526	219,595	262,798	308,587	356,544	383,486
<b>Government budget (% of GDP)</b>						
Domestic revenue	16.0	14.8	15.2	15.1	14.6	14.1
Grants	0.9	0.5	0.6	0.3	0.3	0.3
Total expenditure	20.3	23.3	19.8	18.9	19.0	25.6
Overall balance (including grants)	-5.1	-6.0	-4.7	-3.8	-4.7	-11.7
Domestic primary balance	3.0	0.4	2.6	2.2	1.8	-3.3

Source: The Bank of Ghana (BOG).

## 3 GHANA'S INTERNATIONAL TRADE RELATIONS

### 3.1 The Multilateral Trading System

3.1. Ghana is interested in the sustenance of a well-functioning multilateral trading system that delivers pro-development outcomes. The recent global pandemic has reinforced the importance of

the WTO and the role it could play in ensuring a faster post-pandemic recovery. Accordingly, Ghana will continue to engage with all Members of the WTO with a view to ensuring that the WTO makes a positive contribution to the global economic recovery efforts including by ensuring that policies adopted by members are development friendly. In line with Target 14.6 of the Sustainable Development Goals (SDGs), members of the WTO are to conclude an agreement on Fisheries Subsidies that seek to reduce overfishing, overcapacity and Illegal, Unreported and Unregulated (IUU) fishing. Ghana commits to continue engaging positively in these negotiations with a view to ensuring that members meet the expectations of Target 14.6 of the SDGs whilst ensuring that Special and Differential Treatment remains a cardinal element of any negotiated outcomes.

3.2. Again, to ensure that the WTO delivers on pro-development outcomes, Ghana will continue to engage with members to ensure that matters pertaining to the reform of the WTO are expedited. To achieve this, a well-functioning two-tier dispute settlement system is a pre-requisite. Further to ensuring that the WTO remains the pre-eminent global organization responsible for the negotiation of global trade rules, with a specific contribution to the post-COVID Agenda, Ghana would support the negotiations and conclusion of a trade and health agreement as a response to the pandemic. Ghana believes that a strengthened multilateral trading system has the potential of delivering new trading opportunities that can help all Members especially, the developing and least-developed amongst them to alleviate poverty and put their economies on the path of sustainable growth and development.

3.3. Ghana is of the considered view that the WTO has to remain the pre-eminent forum for global trade negotiations and would continue to actively engage members to deliver outcomes that are development-oriented:

- i. Non-Agricultural Market Access (NAMA): The NAMA negotiations have hit a snag and members have not been able to agree on making progress. However, its importance to Ghana's industrialization agenda remains a priority. Ghana bound only 1.2% of its industrial tariffs in the Uruguay Round. Ghana is currently implementing a comprehensive Industrial Transformation Agenda which seeks to take advantage of the global market space. To achieve this, restrictive market practices such as tariff escalation and tariff peaks should be properly disciplined within the multilateral trading system. Kick-starting the NAMA negotiations, therefore, holds a lot of promise for Ghana. Should the negotiations commence, Ghana in the spirit of compromise, will be prepared to increase its tariff binding to assure business people and investors of the stability, security, certainty and predictability of its business environment. Since Ghana depends heavily on customs duties as a source of government revenue for development, it would require some policy space for revenue purposes and also for the protection of its infant industries for rapid industrialization and diversification of its industrial base.
- ii. Agriculture: In the Uruguay Round, Ghana bound all its agricultural tariffs. About 99% of its agricultural tariffs were bound at a ceiling level of 99% effective 2004. Lower bound rates of 40% and 50% were set for a few agricultural products to apply from 1995. However, Ghana has for all these years maintained a standard maximum applied rate of 20% on all agricultural products, with lower rates of 0%, 5%, or 10% applying to a quarter of these products. Ghana has now adopted the Economic Community of West African States (ECOWAS) Common External Tariff (CET) which has a five-band tariff structure of 0%, 5%, 10%, 20% and 35%. Ghana does not maintain any export subsidies nor does it maintain any trade-distorting domestic support. However, Ghana is not immune from the deleterious effects of export subsidies and trade-distorting domestic support of some WTO members. Against this backdrop, the complete elimination of export subsidies within the context of the Bali and Nairobi Ministerial Decisions should be fully implemented. Substantial reduction in domestic support by Members also remains a priority to Ghana. Other areas of the agriculture negotiations of special interest to Ghana include the reduction or elimination of tariff peaks and tariff escalation on products of export interest to Ghana, the self-designation of Special Products by developing countries to be treated flexibly in the negotiations, and a Special Safeguard Mechanism (SSM) to deal with import surges. Preference erosion is also a matter of concern to Ghana. It is Ghana's expectation that negotiations on these issues would be concluded in a manner that would give true meaning to the concept of Special and Differential Treatment.

- iii. Rules: Although minimal activity has taken place in this area in the last few years, as a country engaged in the negotiation of Free Trade Agreements with developed countries compatible with Article XXIV of GATT, 1994, Ghana has a profound interest in the amendment of Article XXIV to introduce into it, flexibilities in favour of developing countries concluding Free Trade Agreements (FTA) with developed countries. Ghana, therefore, urges the Group on Rules to seriously and expeditiously address proposals submitted in the last few years by the ACP Group and others on Regional Trade Agreements.
- iv. Services: In the Uruguay Round negotiations on services, Ghana made commitments in basic telecommunications services; financial services (banking and insurance); transport services (maritime transport); educational services (secondary and specialist); construction and related engineering services; and tourism and travel related services.

3.4. These areas were carefully selected because of the desire of the Government to attract investments as well as technological innovations into the sectors to facilitate development. The objective was to allow suppliers of these services to compete more effectively and lower costs to consumers as well as enable efficient development of the other sectors of the economy, which require those services as inputs.

3.5. Should the negotiations gain traction, Ghana will be prepared to make new offers within the context of Special and Differential Treatment. In preparing these offers, as in the past, consideration will be given to those services whose efficient delivery or supply could contribute to the efficient operation of other sectors of the economy. The offers will mostly be improvements on the Uruguay Round offers, reflecting a more liberalized environment. Ghana's primary objective in the services sector is to build and strengthen its domestic supply capacity, efficiency and competitiveness to enable it take better advantage of the market access opportunities in sectors and modes in which it has supply capacity.

3.6. Ghana expects its developed country partners to open up sectors and modes of supply of export interest to developing countries, particularly mode four. Developed country members' offers should take cognizance of Article IV paragraph 1 of GATS. Should the negotiations gain traction, Ghana would like the general architecture of the GATS to be maintained. Ghana, like many other African countries, also favours the maintenance of the "positive list" "bottom up" approach, which enables it to select the sectors and sub-sectors and modes of supply of interest to it.

## **3.2 Regional Integration**

### **3.2.1 African Continental Free Trade Agreement (AfCFTA)**

3.7. Ghana hosts the Secretariat of the African Continental Free Trade Area (AfCFTA). Fifty-four (54)<sup>1</sup> out of the Fifty-five (55) African Union member states are signatories to the AfCFTA. As of December 2021, over 40 member states had ratified the Agreement in preparation for implementation. Official trading under the AfCFTA commenced on 1 January 2021 and has since continued.

3.8. Phase II of the AfCFTA negotiations which is currently ongoing is focused on Investment, Competition, Intellectual Property Rights, Digital Trade; and Women and Youth in Trade.

3.9. A robust Dispute Settlement Body has been established under the AfCFTA to take care of trade disputes and other related matters.

### **3.2.2 Economic Community of West African States (ECOWAS)**

3.10. Ghana is committed to deepening its regional economic cooperation and integration agenda especially as it currently Chairs the Summit of ECOWAS Heads of State and Government. Ghana actively participates in ECOWAS activities at all levels, including the statutory Assembly of Heads of

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<sup>1</sup> Eritrea has so far not signed the Agreement

State and Government; Council of Ministers; Senior Officials meetings and the Community Parliament, *inter alia*.

3.11. With regard to the implementation of ECOWAS protocols, integration programmes and activities to promote trade and investment in the sub-region, Ghana has aligned its policies to the regionally adopted policies and is fully compliant in administering the following:

- i. **Free Movement of Persons:** Ghana has abolished entry visas and permits for ECOWAS nationals, and adopted the ECOWAS community passports for travels and implemented the ECOWAS Brown Card scheme.
- ii. **ECOWAS Trade Liberalization Scheme (ETLS):** Ghana is fully implementing the ECOWAS Trade Liberalization Scheme (ETLS) under which goods from the sub-region enter Ghana duty-free. In line with the harmonization of customs documents by ECOWAS Member States, Ghana has adopted the ECOWAS certificate of origin, customs nomenclature (HS) and the customs declaration form. Ghana is charging the Community levy of 0.5% on imported goods from countries outside the region. To benefit from the from the ETLS, the eligibility criteria for industrial products is based on satisfying ECOWAS rules of origin and other certification conditions.
- iii. **Common External Tariff (CET):** The ECOWAS Common External Tariff was adopted by the Assembly of Heads of State and Government in Dakar, Senegal in October 2013 making ECOWAS a Customs Union. The implementation of the CET started in 2015 and has harmonized the tariff structures of all ECOWAS Member States.

### 3.2.3 Economic Partnership Agreement (EPA) with the EU

3.12. The West African (ECOWAS + Mauritania) – EU negotiations on the EPA were concluded on 30 June 2014 with the initialling of an agreed text by Chief Negotiators. The Heads of State endorsed the Agreement in July 2014 and opened it up for signature by the Member States. To date, 15 out of the 16 West African countries have signed the Agreement, leaving Nigeria as the only country yet to sign. The Agreement would enable West Africa to take full advantage of market access opportunities offered by the EU and integrate into the global economy.

### 3.3 Bilateral Trade

3.13. In our efforts to deepen our trade and investment cooperation, Ghana is embarking on an aggressive programme of establishing Joint Business Councils with its key bilateral trade parties. Its purpose is to deepen our trade and investment cooperation with strategic partners.

3.14. In addition to the above, Ghana has signed Bilateral Agreements and Memorandum of Understanding on Trade and Economic Cooperation to explore opportunities offered in key strategic markets, foster business cooperation and technology transfer, and encourage Foreign Direct Investment (FDI). These include the Ghana – United Kingdom (UK) Trade Partnership Agreement (TPA), as well as the Ghana – Germany and Ghana – Rwanda Agreements.

3.15. On Preferential Trade Arrangements, Ghana benefits from the Generalized System of Preferences (GSP) offered by industrialized countries other than the EU and the United States of America.

#### 3.3.1 Ghana–EU iEPA

3.16. As a precautionary measure to safeguard duty-free market access to the EU against any possible delay to the implementation of the WA EPA, Ghana initialled an interim EPA (iEPA) on 28 July 2016 which was subsequently ratified by Parliament on 3 August 2016. The Ghana – EU iEPA retains the EPA principle of maintaining duty-free access to the EU in exchange for a gradual opening of the Ghanaian market but foregoes the benefits of a harmonized regional agreement. The tariff liberalization under the new regime officially commenced on 1 July 2021 with the issuance of a joint communique by the Government of Ghana and the European Union.

### **3.3.2 Ghana-UK Trade Partnership Agreement**

3.17. Negotiations of the Interim UK-Ghana Trade Partnership Agreement were concluded on 4 February 2021 and the Agreement signed on 2 March 2021. The Agreement, which has now been ratified by the Parliament of Ghana had previously been applied on a provisional basis since 5 March 2021.

### **3.3.3 The African Growth and Opportunity Act (AGOA)**

3.18. The United States offers a number of African countries, including Ghana, special access to its market under the African Growth and Opportunity Act (AGOA). Under AGOA, over 6,000 products from the beneficiary countries enter the USA market duty-free and quota-free. Apparel made from U.S. fabric, yarn or thread also enter the U.S. market duty-free and quota-free.

## **4 GHANA'S SECTORAL POLICY FRAMEWORK**

### **4.1 The Industrial Transformation Agenda**

4.1. Since 2017, Ghana's Sectoral Policy Framework is focused on the implementation of Government's Ten-Point Industrial Transformation Agenda. The Ten-Point Plan is designed to pursue industrialization, harness the benefits of market access opportunities, create job opportunities and ensure prosperity for all Ghanaians. The under listed are the various components of the Agenda:

- i. National Industrial Revitalization Programme
- ii. One District One Factory
- iii. Strategic Anchor Industries
- iv. Industrial Parks and Special Economic Zones
- v. Development of small and medium-scale Enterprises (SMEs)
- vi. Export Development Programme
- vii. Enhancing Domestic Retail Infrastructure
- viii. Business Regulatory Reforms
- ix. Industrial sub-contracting Exchange
- x. Improving Public-Private sector Dialogue

#### **4.1.1 Strategic Anchor Industries**

4.2. Government as part of its comprehensive plan to develop new growth poles for economic transformation has identified a number of Strategic Anchor Initiatives as new pillars of growth for the Ghanaian economy. These include the Vehicle Assembly and Automotive Industry; Garments and Textiles Industry; Pharmaceuticals Industry; Vegetable Oils and Fats; Industrial Starch; Industrial Chemicals (incl. Industrial Salt); Machinery and Equipment Manufacture; Integrated Bauxite and Aluminum; Iron and Steel; and Petrochemical Industry.

#### ***Ghana Automotive Development Policy***

4.3. The Government of Ghana, as part of its transformational agenda has identified Vehicle Assembly and Automotive Components Manufacturing as a strategic anchor industry to be facilitated and supported as part of the Ten-Point Plan for industrial development. Consequently, in 2019, the Ghana Automotive Development Policy outlining was approved by Cabinet as a result of this positive signal, Ghana is attracting investment in vehicle assembly from leading Original Equipment

Manufacturers (OEMs) and investment partners, with positive projections of spill-overs into local manufacturing.

4.4. The Strategic Objectives of the Ghana Automotive Development Policy include:

- To establish a fully integrated and competitive industrial hub for automotive assembling in collaboration with the private sector – global, regional and domestic;
- To generate highly skilled jobs in automotive assembly and the manufacture of components and parts, with spill over effects into other sectors of the economy;
- To establish an asset-based vehicle financing scheme for locally manufactured vehicles to ensure affordability for vehicle buyers;
- To improve balance of payments through competitive import substitution and export market development;
- To improve vehicle safety and environmental standards;

### **National Sugar Policy**

4.5. To provide a predictable and consistent policy and incentive framework for the development an integrated sugar industry in Ghana as part of Government's industrial transformation agenda, the National Sugar Policy was approved in November, 2019. The Policy outlines various incentives to attract investment into Ghana's sugar industry. It also assures sugar producers of a level playing field where their rights and obligations are fully protected and respected. The prescriptions and targeted interventions in the Sugar Policy are designed to achieve the following specific strategic objectives:

- i. To develop and establish a globally competitive and sustainable sugar industry in Ghana that delivers self-sufficiency in sugar production by the year 2025.
- ii. To generate highly skilled, well paid agricultural and industrial jobs (direct and indirect) from extensive private sector investment in modern sugar mills and labour-intensive sugarcane estates.
- iii. To pursue import competition and exports of raw and refined sugar to improve the balance of payments
- iv. viii. To attract additional investments in the development of sub-industries such as fertilizer and animal feed from the by-products of the sugar industry.

#### **4.1.2 One District One Factory**

4.6. The "One District One Factory" (1D1F) initiative is one of the key components of the Ten Point Industrial Transformation Agenda of the Government of Ghana. The initiative is designed to support the establishment of at least one industrial enterprise in each of the 260 districts, and is private sector led but facilitated by the Government.

4.7. The primary goal underpinning the industrial transformation agenda is to produce locally to meet domestic demand, expand export and move Ghana Beyond Aid.

4.8. The intervention seeks to create business opportunities at the district level by harnessing the strengths and resources of the intervention areas using efficient technology and demand driven value chain. The 1D1F programme is geared towards creating an enabling environment and support for the growth and industrialization of the Metropolitan, Municipal and District territories of the country through the provision of investment opportunities which will lead to increased employment and standards of living; remove regional disparities; and promote gender inclusion, income distribution and sustainable development.

### **4.1.3 National MSME and Entrepreneurship Policy**

4.9. To provide the necessary regulatory, institutional, legal and administrative framework for the growth and development of the MSME sector and Entrepreneurship a National MSME and Entrepreneurship Policy was approved.

4.10. The overall objective of this policy is to foster job creation and income generation through promotion of new and existing MSMEs and improving their competitiveness to enhance their participation and contribution to the Ghanaian economy.

4.11. More specifically, it is to:

- i. Facilitate the building and promotion of a dynamic, viable and promising MSME sector that encourages an innovative entrepreneurial culture and supports high growth start-ups;
- ii. Drive the formalization of the informal sector;
- iii. Enhance Local Economic Development by strengthening NBSSI and other relevant institutions towards job creation;
- iv. Promote enterprises with high value addition, export oriented or import substitution focus and encourage the use of local raw materials;
- v. Improve Access to finance.

4.12. To ensure the successful implementation of this Policy and enhance the operations of the National Board for Small Scale Industries, an Act transforming the NBSSI into the Ghana Enterprises Agency was approved.

4.13. The Agency is to among others lead, oversee and coordinate the promotion and development of micro, small and medium enterprise sectors in Ghana. It is also to strengthen the capacity and competitiveness of micro, small and medium enterprises to compete in domestic and international markets.

### **4.2 The National Export Development Strategy (NEDS)**

4.14. In October 2020 the National Export Development Strategy (NEDS) was launched. The Strategy was developed to align with the Government's Ten-Point Industrial Transformation Plan. It is also to build synergies with emphasis on developing the Non-Traditional Export sector to: Promote export diversification; Promote value addition; Enhance job creation opportunities countrywide; Provide a solid and sustainable ground for generating sufficient foreign exchange; Enhance and consolidate Ghana's middle-income status; and support the realization of the vision of a Ghana Beyond Aid (GBA).

4.15. The NEDS is envisaged to consolidate the gains of the One District One Factory Programme, an initiative aimed at establishing at least one medium to large factory in each of the districts of the country to enable government to realize its development objectives of ensuring spatial distribution of industries, job creation, value addition to local raw materials and improving revenue.

4.16. It is also expected to address supply-side constraints and improve the competitiveness of goods and services produced in Ghana to take advantage of the market to be created by AfCFTA.

### **4.3 Business Regulatory Reforms**

4.17. The Business Regulatory Reform Programme (BRR) is an initiative of the Ghana Government coordinated by the Ministry of Trade and Industry, and implemented in partnership with various Ministries, Departments and Agencies as well as stakeholders in the private sector. The initiative consists of seven key components aimed at making Ghana the most transparent and efficiently regulated business environment in Africa.

4.18. The seven components are: (i) Targeted Regulatory Reform Initiatives, (ii) One-stop Electronic Registry of all Business Regulations, (iii) Centralized Public Consultation Portal, (iv) Regulatory Impact Assessment (RIA), (v) Rolling Review of Business Regulations, using Regulatory Guillotine Principles, (vi) Targeted Regulatory Relief, (vii) Permanent Public-Private Dialogue (PPD) mechanisms.

## **5 TRADE-RELATED TECHNICAL ASSISTANCE**

5.1. Ghana very much appreciates the technical assistance it has been receiving from the WTO since its establishment in 1995. A number of trade officers have benefited from the Geneva-based and Regional Trade Policy courses as well as the national and regional workshops and seminars. Another area that Ghana has benefited from is the Netherlands Trainee programme and more recently, the Young Professionals Programme (YPP). The on-line courses have also been beneficial. These have contributed immensely to increased awareness and the understanding of the WTO Agreements and, thus, the capacity-building of officers. More trade-related technical assistance is still needed in the two priority areas of improving institutional capacity for trade policy negotiations and implementation: and supporting the reform of trade-related legislation and regulations.

5.2. It has also been observed that the knowledge and understanding of the WTO Agreements and the acquisition of negotiating skills alone do not necessarily translate into enabling developing countries to overcome their supply-side constraints to be able to take advantage of the market access opportunities offered by the multilateral trading system. There is, therefore, the need to assist developing countries like Ghana with limited competitive supply capacity to address their supply-side constraints through, in particular, the Aid-for-Trade Initiative. In this respect, Ghana would like to appeal to its trading partners to also support the implementation of its National Export Development Strategy (NEDS) and its comprehensive Industrial Transformation Plan.

## **6 CONCLUSION**

6.1. Ghana is committed to adhering to the tenets of the Multilateral Trading System (MTS). Ghana therefore supports freer trade and liberal economic reforms globally. With the business environment improving in the country and its reputation as one of the African continent's most stable democracies, Ghana is now more than ever ready to do business with the rest of the world. Besides the improved economic environment as a result of prudent fiscal policies which was driving growth and development until the advent of the COVID-19 pandemic, Ghana continues to offer various forms of investment incentives, benefits and guarantees. Foreign investors are urged to take advantage of these incentives to invest in Ghana, especially in the areas of agriculture and agro – processing; cotton and textiles; mineral processing; oil and gas; tourism; energy; infrastructure; utilities; and health and other strategic sectors of the economy.

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