

# GENERAL AGREEMENT ON TARIFFS AND TRADE

RESTRICTED

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Limited Distribution

Committee on Balance-of-Payments  
Restrictions

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## 1978 CONSULTATIONS WITH GHANA UNDER ARTICLE XVIII:12(b) OF THE GENERAL AGREEMENT ON TARIFFS AND TRADE

### 1. LEGAL AND ADMINISTRATIVE BASIS OF THE RESTRICTIONS

The current measures for the control of imports are derived from the National Redemption Council Decree (NRCD 260) of 14 June 1974 and regulations made from time to time thereunder. The Decree empowers the Commissioner for Trade and Tourism as the Controller of Imports and Exports to regulate the import of goods in a manner consistent with foreign exchange availability so as to protect the country's balance-of-payments position and to promote industrialization and development.

### 2. METHOD USED IN RESTRICTING IMPORTS

In pursuance of the objectives mentioned above the Government continued to make use of an import programme as the principal instrument of control. The import programme is administered by a system of licensing.

For the purpose of the present Decree all imports are prohibited unless otherwise covered by the following:

- (i) Open general licence
- (ii) Specific licence
- (iii) Special unnumbered licence
- (iv) Such other forms of import licence as the Controller of Imports may prescribe by regulations.

#### A. OPEN GENERAL LICENCE

Goods under any of the following headings can be imported into Ghana without an import licence.

- (1) (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 crew or passengers arriving in Ghana provided the importers are in possession of completed Passenger Unaccompanied Baggage Declaration Forms where appropriate;
  - (c) Gifts addressed to individuals, provided that they are unsolicited gifts and not imported as merchandise or that the weight or value does not exceed 10 kgs. (22 lb.) gross or N¢ 100.00 respectively.
- (2) (a) Single copies of books, newspapers, magazines and periodicals;
- (b) Live animals not more than two imported as domestic pets and not for sale;
- (3) (a) Single headloads of foodstuffs from neighbouring African countries for personal use or for sale;
- (b) Fresh or frozen fish caught by Ghanaian-owned vessels (statistical Nos. 031-011 and 031-190);
- (c) Goods imported under a re-importation certificate issued by the Comptroller of Customs and Excise.

**B. SPECIFIC LICENCE**

A specific licence permits the holder to import into Ghana any goods specified in the licence. The licence also entitles the importer to seek the approval of the Bank of Ghana for foreign exchange to be transferred in payment for the goods.

**C. SPECIAL UNNUMBERED LICENCE**

Until recently, the Special Unnumbered Licence was granted on request for the importation of specified goods where satisfactory evidence was adduced to the effect that there was no transfer of foreign exchange for payment of the goods by the Central Bank.

For a number of reasons, including the rôle assumed to have been played by it in the country's three-digit inflation, the Special Unnumbered Licence was scrapped in July this year.

The policy for the import programme is formulated by an Import Licence Allocation Commission made up of a selected number of Commissioners of State and other key personalities such as the Governor of the Bank of Ghana who are appointed by the Government for this purpose. The Controller of Imports

and Exports is a member of this Commission. The Import Licence Allocation Commission is assisted by a Technical Committee of Experts drawn from departments such as the Ministries of Finance, Trade and Tourism, Economic Planning, Industries and the Bank of Ghana.

Both the Technical Committee and the Import Licence Allocation Commission consider applications for licences on a sectoral basis. Allocations are usually made for the following sectors:

- (i) Agriculture
- (ii) Cocoa
- (iii) Mining
- (iv) Industry
- (v) Health
- (vi) Education
- (vii) Commerce
- (viii) Works and housing
- (ix) Statutory bodies and corporations

Administratively, the Controller of Imports and Exports is assisted by a Director of Import Programme. The Director maintains a register in which importers are registered and classified. The object of this exercise is to ensure proper categorization of importers according to, inter alia the size of their establishment, network of internal distribution and the ability to utilize allocation of foreign exchange.

### 3. TREATMENT OF IMPORTS FROM DIFFERENT SOURCES

In line with her policy of non-alignment, the import licensing machinery is not used in Ghana as a tool for discrimination of imports from different sources of supply. The main determinants of imports into Ghana are price, quality and terms of delivery. However, in keeping with her policy of diversification of sources of supply and export markets as well as in meeting the specific needs of countries pursuing different social and economic policies, Ghana has concluded bilateral trade agreements with a number of countries from the socialist countries of Eastern Europe and Asia.

The countries are the USSR, Hungary, German Democratic Republic, Czechoslovakia, Poland, Bulgaria, Romania, Yugoslavia and the People's Republic of China.

Apart from Romania and the People's Republic of China in the case of which payments for imports are effected on the basis of inconvertible clearing arrangements, importers can freely use their import licence allocation for the importation of goods either from the market-economy countries or the socialist countries of Eastern Europe.

The only sources of supply which are discriminated against are the Republic of South Africa, South West Africa and Southern Rhodesia.

Through periodic publications, the Controller of Imports keeps the general business community officially informed about the licensing procedures to be followed.

#### 4. COMMODITIES AFFECTED BY THE VARIOUS FORMS OF IMPORT RESTRICTIONS

All goods except those prohibited and restricted require a licence before they can be imported into the country. Lists of prohibited and restricted items are published from time to time. Applications for licences are not considered for the importation of restricted items except under special circumstances. Restriction is of a protectionist character in favour of local infant industries. Restricted items may in exceptional cases be imported to supplement local production and the list of restricted items is reviewed from time to time.

#### 5. STATE TRADING OR GOVERNMENT MONOPOLY USED AS A MEASURE TO RESTRICT IMPORTS FOR BALANCE-OF-PAYMENTS REASONS

At the moment no monopolies exist. The Ghana National Trading Corporation (GNTC) which is a corporate body of the State is authorized to engage in trade in the same way as other trade and commercial organizations in Ghana. The GNTC is used mainly as the vehicle for distribution of goods to all parts of Ghana, especially in the remotest towns or rural areas.

In order to ensure efficient utilization of foreign exchange resources, promote competition in the import trade for strategic goods and also as a means of reducing the incidence of over invoicing and other trade malpractices, the Government has, since 1976, established the Ghana National Procurement Agency (GNPA) to import in bulk certain specific commodities for sale through the normal distribution channels in the country. To achieve its objectives the Ghana National Procurement Agency uses the open-tender system as the basis for concluding contracts. The Agency itself does not participate in the local distribution of goods.

6. THE EFFECTS OF THE RESTRICTIONS AND PROSPECTS

Ghana's reversion to restrictions after the import liberalization of 1971 was necessitated by severe balance-of-payments considerations. The re-imposition of restrictions has reduced the severity of the worsening balance-of-payments position. Provisional figures indicate that the current account deficit of N¢ 65.0 million recorded in 1977 was somewhat lower than that of N¢ 85.2 million registered for 1976. The origin of the deficit has mostly been the invisible balances as the visible balances have shown moderate surpluses which could be explained partly by the control of import demand through the import licensing programmes and partly through rising export values, especially for cocoa. Exports rose from N¢ 895.9 million in 1976 to N¢ 1,055.3 million in 1977.

Imports on the other hand increased by N¢ 37.4 million from N¢ 793.8 million in 1976 to N¢ 831.2 million in 1977. The increase was a reflection of rising prices for imports. It was also a reflection of increased volume of imports of essential commodities and industrial raw materials due to the exceptionally unfavourable weather conditions in Ghana in 1976 and 1977.

The 1978 Import Programme was designed to contain imports within tolerable limits in the balance-of-payments position while ensuring at the same time economic growth prospects. The Government continued to recognize exports as a major factor in economic growth and the need to control inflation. Accordingly, on 29 July 1977 the Government in its budget statement for the 1977/78 fiscal year, lifted restrictions on the raw materials and spare parts requirements of some major establishments within the manufacturing sector of the economy. The establishments covered include those in:

- (a) Food processing
- (b) Poultry industry
- (c) Beverages including mineral waters
- (d) Soap and detergents
- (e) Textiles, except cotton
- (f) Agricultural machinery and implements
- (g) Pharmaceuticals - ethical drugs
- (h) Household goods and
- (i) Transportation

The second category of the liberalization measures concerned other establishments in the food processing, tobacco, soap and detergents, construction materials and household goods whose import requirements though liberalized are to be agreed upon as to limits with the appropriate authorities. Depending on developments in the external payments position and the experience gained in the implementation of the above measures the Government contemplates further liberalization measures in the years to come.

#### 7. BALANCE-OF-PAYMENTS PROSPECTS FOR 1978

According to available forecast data the current account balance is expected to switch from the deficit of N $\text{\textasciixchar}{108}$  65.0 million of 1977 into a surplus of N $\text{\textasciixchar}{108}$  182.4 million in 1978. This is expected to result from increases in export receipts, especially cocoa.

Export receipts are expected to amount to N $\text{\textasciixchar}{108}$  1,361.0 million in 1978 compared with N $\text{\textasciixchar}{108}$  976.1 million in 1977. The rise in receipts will be on account of increased volume and improved prices for commodity exports. It is particularly hoped in this regard that the recent 100 per cent increase in the producer price of cocoa paid to the farmers will help reduce the high incidence of smuggling, across the borders, and thus increase the country's cocoa earnings. Imports are expected to rise from the 1977 level of N $\text{\textasciixchar}{108}$  831.2 million to N $\text{\textasciixchar}{108}$  958.8 million in 1978. Imports are still confined to the import programme target which is expected to be enough to stimulate enough growth.

The visible balance is therefore expected to be in a surplus of N $\text{\textasciixchar}{108}$  404.2 million in 1978 compared with N $\text{\textasciixchar}{108}$  222.1 million in 1977. The slight improvement in the invisible deficit in 1978 will be due to lesser payments for services.

The surplus on current account will be used mainly in covering net outflows resulting from transactions in the non-monetary sector and repayment of bank loans. With respect to the capital account, net outflow of about N $\text{\textasciixchar}{108}$  38.3 million is expected for direct investment.

However, long-term loans repayments are expected to cause a net outflow of N $\text{\textasciixchar}{108}$  110.3 million. Total transactions in the non-monetary sector will result in a net transfer of resources of about N $\text{\textasciixchar}{108}$  72.0 million.

Transactions in the monetary sector will result in the net repayment of the central banks short-term loans from banks abroad.