

GENERAL AGREEMENT ON TARIFFS AND TRADE

RESTRICTED

BOP/W/63

16 November 1982

Limited Distribution

Committee on Balance-of-Payments Restrictions

1982 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. At the last full consultation with Ghana, which took place on 10 March 1971, the Committee welcomed the reduction in quantitative restrictions and expressed the hope that balance-of-payments improvement would make it possible to eliminate the remaining restrictions and the import surcharge used for balance-of-payments reasons.

3. The last full consultation was followed by four simplified consultations in 1974, 1976, 1978 and 1980.

II Recent changes in Ghana's trade policy

(a) Import Licensing

4. Most items require a specific import licence. A list of items eligible for specific licences is issued each year in light of the annual import programme. The secretariat has no information on the present import programme.

5. The special licensing facility for selected imports financed by local importers' foreign currency sources abroad was reintroduced in 1980.

(b) Import Prohibitions

6. Imports of some goods, including all textiles and textile products, chocolate and chilled or frozen fish, are prohibited. A list of restricted imports is periodically issued. The present list contains, inter alia, goods produced in Ghana and commodities considered luxury goods. Applications for the importation of items on this list are normally not approved. The present lists of prohibited and restricted imports are not available to the secretariat.

(c) Import Duties and other taxes on imports

7. In August 1981 import duties on the commodities listed in the Annex were raised from 35 and 60 per cent to 60 and 100 per cent, respectively. Ghana has no tariff concessions bound under GATT.

8. There is an import tax assessed on the value of the letters of credit, which was raised from 10 to 20 per cent under the 1981/1982 budget. A special levy of 10 per cent is imposed on all goods imported under special licences for which no official transfer of foreign exchange is required (see paragraph 5 above).

(d) Controls on payments for imports

9. Exchange for payment of approved imports is, in principle, granted freely. However, arrears have occurred with respect to import payments. Most imports are effected with confirmed letters of credit established through Ghana banks. The Bank of Ghana imposes ceilings on the establishment of letters of credit for specific products. The secretariat has no information on the present ceilings and products covered. In the first months of 1982 no letters of credit appear to have been issued.

10. Cash margin deposits against letters of credit which were kept in non-interest bearing accounts in the Bank of Ghana, were abolished as of September 1981.

III. Recent trends in Ghana's economy and foreign trade

11. Since the mid-1970s, Ghana's economy has experienced very slow real growth, high rates of inflation and a progressive decline in import capacity. In 1981, real GDP is reported to have at best stagnated, with falling cocoa production and low activity in the mining sector. The inflation rate, measured by official consumer price increases, accelerated to 116 per cent.

12. In 1978, the latest year for which detailed customs' trade statistics are available, cocoa accounted for three-quarters, and aluminium for 11 per cent, of total exports (valued at nearly \$980 million). The heavy reliance on cocoa exports, coupled with the weakness of cocoa prices, had a dampening effect on the growth of export earnings in 1981, with the dollar value of exports estimated to have declined by 34 per cent. Available estimates indicate a similar reduction in imports for that year.

ANNEXModification of Tariff Rates in accordance with
the Customs and Excise (Amendment) (No. 2) Act, 1981I. Group of commodities for which the tariff rates have been increased to 60 per cent ad valorem

Dairy products, honey, cereals, raw vegetables, dyeing or tanning materials, vegetable plaiting materials, preparations of meat, miscellaneous edible preparations, ceramic products, pearls, precious and semi-precious stones, goldsmiths', silvermiths' and jewellers' sweepings, miscellaneous articles of base metals, mattress and bedding, games.

II. Groups of commodities for which the tariff rates have been increased to 100 percent ad valorem

Vegetables and certain roots and tubers, edible fruit, spices, flours, meals and flakes of potatoes, locust beans, sugars and sugar confectionary, preparations of cereals, vegetables or fruit, petroleum jelly, waters, perfumery cosmetics, articles of furskin, certain articles of wood, fabrics of silk, man-made fibres, metal thread, sheeps or lambs' wool, flax or ramie, carpets, mats, matting and tapestries, pile and chenille fabrics, felt, bonded fibre fabrics, impregnated and coated fabrics, knitted and crocheted fabrics, artificial flowers, articles of human hair, glassware, articles of precious metal, certain radiotelegraphic and radio-telephonic transmission and reception apparatus, musical instruments, sound recorders and reproducers, arms and ammunitions.