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TRADE POLICY REVIEW

GHANA

Sweeping reforms in Ghana's economic policies, undertaken since 1983 to arrest the severe decline in economic performance, have transformed the Ghanaian economy from a highly protectionist one based on an inward-looking trading system towards outward-oriented trade-related policies. According to the GATT Secretariat's report on the trade policies and practices of Ghana, while much more needs to be achieved, a complementary mix of fiscal, monetary, trade and industrial policy reforms has already improved the efficiency of the economy and helped revive the traded-goods sector upon which Ghana heavily relies.

Comprehensive import controls - comprising licensing, prohibitions and foreign exchange rationing - which had been intended to protect both domestic industries and the balance of payments, were dismantled and fully terminated in January 1989. These import-opening measures reflected the Government's recognition that a severe shortage of imported inputs was seriously hindering the country's economic development.

The report points out, however, that special import taxes have been increasingly used, in part to extend temporary protection from foreign competition to sensitive domestic industries adversely affected by trade liberalization. Although these are in principle temporary, they have seldom been eliminated. "Cushioning producers for a prolonged period of time maintains inefficient production and creates the risk of undermining further efforts to liberalize trade," says the report.

A successful outcome to the Uruguay Round is viewed by Ghana as offering the best prospects for a small developing country to share in the

rewards of more liberal world trade. While multilateral market-opening in the European Communities is likely to lead to a loss of Ghana's preferential position under the Lomé Convention, an open and more prosperous world economy would improve Ghana's prospects generally. "It is therefore important," urges the report, "that Ghana's trading partners assume their responsibility for assisting Ghana's autonomous liberalization process by ensuring market access and stable trading conditions for its developing export base."

The GATT Secretariat's report, together with a report prepared by the Government of Ghana, will be discussed, under the Trade Policy Review Mechanism, by the GATT Council on 9-10 March 1992. The Mechanism, launched in December 1989, enables a regular collective evaluation by the Council of trade related policies applied by individual GATT members.

The reports, as well as examining in detail the trade measures in place and the main sectors of the economy affected by these arrangements, cover all aspects of Ghana's trade policies, including domestic laws and regulations; the institutional framework; bilateral, regional and other preferential agreements; and the wider economic and development needs.

Attached are summary extracts from the reports. Journalists may request full reports from the GATT Secretariat.

Publications containing the complete trade policy review of Ghana, including both reports together with a record of the Council's discussions and of the Chairman's summing-up, will be published in June 1992 by the GATT Secretariat, Centre William Rappard, 154 rue de Lausanne, 1211 Geneva 21.

Since December 1989, reviews of the following countries have been completed: Australia (1989), Canada (1990), Chile (1991), Colombia (1990), the European Communities (1991), Hong Kong (1990), Hungary (1991), Indonesia (1991), Japan (1990), Morocco (1989), New Zealand (1990), Nigeria (1991), Norway (1991), Sweden (1990), Switzerland (1991), Thailand (1991), and the United States (1989).

TRADE POLICY REVIEW

GHANA

Report by the GATT Secretariat - Summary Observations

The period since 1983 has seen a major transformation towards outward-oriented trade-related policies in Ghana. From the mid-1970s, the economy had stagnated under a highly protectionist inward-looking trading régime, with increasing Government intervention and a limited role for the private sector. More liberal economic policies, including substantial trade, foreign exchange and investment liberalisation, have been instrumental in improving economic performance since 1983.

Real GDP growth over the past decade has averaged 5 per cent annually, compared with population growth of around 3 per cent. While Ghana's external debt has risen substantially over the period to around US$3 billion, it has recently stabilized in money terms and fallen from some 64 per cent of GDP in 1987 to 53 per cent in 1990. Ghana has been able to meet its repayment obligations and all remaining external arrears were cleared by June 1990. Reductions in the debt service burden, along with export growth, have cut the debt service to exports ratio from around 70 to 40 per cent.

While much more needs to be achieved, a complementary mix of fiscal, monetary, trade and industrial policy reforms has already improved the efficiency of the economy and helped revive the traded-goods sector upon which Ghana heavily relies. Export volumes have grown, on average, by 10 per cent per annum during 1983-90. Cocoa, the main export, has expanded following substantial reductions in export taxes and the replacement of a fixed overvalued exchange rate with a market-determined one. Manufacturing output has increased by 80 per cent in the period as industries have benefited from increased availability of essential imported inputs. By 1990, merchandise exports and imports had grown to 15 and 21 per cent of GDP, respectively, compared with 2 per cent for both in 1983.

Despite a recent slowdown, prospects for the Ghanaian economy remain encouraging. Further reforms, aimed at creating a more welcoming environment for savings and investment, will reinforce the substantial progress to date and help sustain the trade-led recovery.

Ghana in World Trade

Ghana's merchandise exports and imports each amount to 0.03 per cent of the world total. In 1989, it ranked respectively 93rd and 107th among individual exporters and importers. Ghana has improved its world ranking in exports from 100th in 1985, while its import ranking has remained unchanged.

Ghana's trade performance has fluctuated over the past decade. During the early to mid-1980s, the traded goods sector contracted as both exports and imports fell in relation to world levels. Between then and 1987, Ghana's export performance exceeded world trade growth. More recently, deteriorating terms of trade, due primarily to falling world cocoa prices, have dampened Ghana's export growth, such that the current account deficit, including official grants, has increased from 2 per cent in 1987 to more than 4 per cent of GDP in 1990.

This shows the vulnerability of Ghana's continuing high dependence on cocoa, which still accounts for around half of export receipts. Ghana is the world's third largest supplier of cocoa on the international market. Cocoa, minerals (especially gold) and timber products constitute about three-quarters of Ghanaian exports. There has, nevertheless, been some diversification of exports away from cocoa, partly towards non-traditional food exports.

Developed countries are Ghana's major trading partners, currently accounting for well over three-quarters of exports and imports. The European Communities account for around half of Ghana's trade. Ghanaian exports of cocoa and other important agricultural commodities receive preferential access to the EC under the Lomé Convention. During the last decade, Ghana's concentration of trade with EC countries has increased substantially, while the trade share of the United States has declined. Intra-African trade remains, with the exception of significant imports of crude oil from Nigeria, a minor and declining share of Ghanaian trade, especially as a source of imports. Asian developing countries as a group have, however, expanded their share in Ghana's exports and imports.

Institutional Framework

Ghana's trade policy is formulated through equal-ranking laws and decrees issued, since Parliament was dissolved in 1981, by the Provisional National Defence Council (PNDC), the ruling body chaired by the Head of State and Government. Several previous laws covering trade made obsolete by reforms, such as the Imports and Exports Act of 1980, are currently being revised. Responsibility for implementing and administering Government policies rests with the Committee of Secretaries (Ministers) who oversee the regulations issued by the relevant ministries.

The main bodies involved in setting economic policy, including design of trade policy reforms since 1983, are the Ministry of Finance and Economic Planning and the Bank of Ghana. Other ministries involved in trade-related policy formulation and implementation are the Ministries of Trade and Tourism; Agriculture; and Industries, Science and Technology. Informal procedures play an important role in policy formulation.

No separate body exists in Ghana to advise the Government on trade-related policies. However, a special sub-committee of the Committee of Secretaries (the Economic Management Team) chaired by the Prime Minister, has been responsible for reviewing, evaluating and coordinating

policy reforms since its formation in 1983 when the Economic Recovery Programme commenced.

Ghana has no independent statutory body to review the Government's economic policies, including the provision of public assistance to industries. The Government interacts both formally and informally with the private sector in formulating trade and industry policies. Twice-yearly high-level "think tank" meetings, chaired by a PNDC Member, are held with the private sector. A Consultative Committee on Private Sector Development from the Ghana Investments Centre meets regularly with the private sector under the chairmanship of the Prime Minister.

Trade Policy Features and Trends

Ghana succeeded to the GATT in 1957. It has not signed any of the MTN Agreements or Arrangements, but has observer status in the Agreements on Technical Barriers to Trade, Subsidies and Countervailing Measures, Import Licensing, Civil Aircraft and Anti-dumping.

Tariffs are applied on an m.f.n. basis to all imports, with the exception of preferences applied to a few goods since 1990 under the Trade Liberalisation Scheme of the Economic Agreement of West African States (ECOWAS). Preferential tariff margins of 20 per cent are to be raised to 100 per cent over 5 years, and the product coverage of the Scheme extended.

Ghana's participation in the Global System of Trade Preferences (GSTP) is limited to a preferential tariff of 17.5 per cent on imports of herbicides. It is not a signatory to the Protocol relating to Trade Negotiations among Developing Countries of the GATT.

In addition to duty-free access to the EC under the Lomé Convention, Ghana is a beneficiary to all Generalized System of Preference (GSP) Schemes. However, its export structure, still largely based on basic commodities and other agricultural products, limits the extent to which it can benefit in practice from such schemes.

Recent evolution

Sweeping reforms in Ghana's economic policies were undertaken in 1983 to arrest the severe decline in economic performance since the mid-1970s. Deteriorating terms of trade, combined with poor economic management, including a fixed overvalued exchange rate, extensive government intervention through comprehensive price, distribution and import controls, as well as the maintenance of many State-owned enterprises, had harmed the country's productive and export capacity.

The Economic Recovery Programme, launched in 1983 with the assistance of the IMF and the World Bank, reversed the previous inward-looking trade policies. Central to the programme was the restructuring of the economy through trade and exchange liberalization to improve economic efficiency and promote export-led growth. The international competitiveness of Ghana's production, especially cocoa, was boosted by major currency

devaluations and the introduction of a market-based exchange rate system. These have been complemented by fiscal and monetary policies to help control inflation - down from 123 per cent in 1983 to 37 per cent in 1990 - and to consolidate the balance of payments.

The Economic Recovery Programme was followed by a three-phase Structural Adjustment Programme covering 1987-89, 1989-91 and 1991-92. Successive trade reforms have removed many impediments to structural change and enhanced economic efficiency by exposing industries to greater international competition. Maximum tariff rates, initially reduced to 30 per cent, are currently 25 per cent. Progressive liberalization of the foreign exchange system between 1983 and 1990 culminated in the introduction of a market-based régime. At the same time, comprehensive import controls - comprising licensing, prohibitions and foreign exchange rationing - which had been intended to protect both domestic industries and the balance of payments, was dismantled and fully terminated in January 1989.

These import-opening measures reflected the Government's recognition that a severe shortage of imported inputs was seriously hindering the country's economic development. Export-oriented and efficient import-substitution industries were starved of essential foreign raw materials. The reform programme saw the urgent need to restore an incentives structure based on the price mechanism. For example, cocoa growers' returns had been reduced to about one-quarter of the world price through an overvalued exchange rate and burdensome taxation.

Trade reforms initially concentrated on revitalising the cocoa sector. Elsewhere, agriculture reform, proceeding more slowly at first, has accelerated in recent years. Agricultural self-sufficiency is no longer a stated policy objective. Protectionist policies, such as domestic marketing arrangements for major crops are being wound-back and domestic prices brought more into line with international levels. Most subsidies on farm inputs like fertilizers, insecticides and handtools have been eliminated or heavily reduced, and the rôle played by the private sector in their distribution increased.

Despite substantial reductions, tariffs of respectively 20 and 25 per cent on consumer and luxury goods continue to provide relatively high and disparate levels of protection to domestic manufacturers. Moreover, trade liberalization in certain areas experiencing intense import competition has been reversed through the imposition, since 1988, of special additional import taxes of mainly 40 per cent on a range of consumer goods, such as cosmetics, alcoholic beverages and tobacco products. Goods subject to special import taxes account for around one-half of manufacturing value-added.

Trade restrictions have also increased in some areas of primary industry. Export controls on unprocessed forest products have been extended in recent years, as part of a strategy to increase domestic processing of natural resource-based products and help preserve the environment. Export prohibitions are to cover all air-dried sawn timber

from 1994, and roundlogs entirely by 1993. Cocoa exports which, along with coffee and sheanuts, continue to be handled exclusively by a statutory marketing board, COCOBOD, are still taxed at a rate averaging 25 per cent of gross export returns.

Despite the substantial achievements to date in trade reform, wide disparities in assistance levels still prevail, both across broad sectors and between industries. The Ghanaian experience indicates that continued reforms designed to create a lower, more uniform assistance structure would improve economic performance by inducing a more efficient allocation of resources. Such a structure, neutral between sectors, would also reduce the vulnerability of the economy to external pressures by inducing diversification of the production and export base, and help combat inflation by making the economy more flexible and price competitive.

Type and incidence of trade policy instruments

Following the termination of the import licensing system tariffs, including special import taxes, are the principal instrument restricting trade in Ghana. Combined rates, currently averaging 17 per cent (unweighted), are down substantially on the levels existing prior to the 1983 reforms when an essentially uniform tariff of 30 per cent was introduced. Although the tariff average has been reduced subsequently, disparities in the tariff régime widened with the introduction in 1986 of a four-tiered rate structure. Additional special import taxes, as well as a number of arrangements, including certain end-use tariff concessions, enabling various producers to import inputs at concessional tariff rates, contribute further to a more disparate and uncertain structure of tariff - as well as effective - protection.

Substantial tariff escalation is built into the schedule by the four-rate structure. Relatively higher tariffs on consumer and luxury goods - covering almost half of all tariff lines - discriminate against local production of capital goods and raw materials (dutiable at mainly 10 per cent). Special import taxes of mainly 40 per cent, applied to a range of goods already bearing higher tariffs, accentuate the tariff escalation, as does the special customs penalty of from 15 to 150 per cent on imported used motor vehicles older than five years, and the super sales tax of up to 100 per cent on imported "luxury" goods.

Special import taxes have been used in part to extend temporary protection to domestic producers in certain sensitive industries experiencing intense foreign competition following trade liberalisation. Their coverage was extended to light bulbs, car batteries and edible oils in 1990, and tomato and fish preparations in 1991. Although these are in principle temporary, they have seldom been eliminated. Cushioning producers for a prolonged period of time maintains inefficient production and creates the risk of undermining further efforts to liberalise trade.

Exclusive reliance on ad valorem tariffs contributes to the transparency of the Ghanaian tariff. The few remaining specific tariff rates on alcoholic products and tobacco products were replaced by ad

valorem rates of 25 percent in the change-over to the Harmonized System on 1 January 1990.

Ghana has not bound any part of its tariff schedule and has not offered to do so in the Uruguay Round. The absence of tariff bindings substantially diminishes the predictability of the Ghanaian tariff and increase uncertainty for producers and traders.

Minimum import prices are normally applied for customs valuation purposes, especially to shipments below US$5,000 which are not subject to compulsory pre-shipment inspection by a specialized private company, Société Générale de Surveillance (SGS). The apparently arbitrary nature of these arrangements, combined with the use of the notional concept of value contained in the Brussels Definition of Value, provides Customs with considerable discretion to determine import values for duty purposes, thereby reducing the transparency of the system.

Although customs clearance times have been reduced to 1-3 days on average, substantial delays of well over one week are not uncommon. Most delays concern disputes over valuation. Independent legal appeals over all customs disputes are now possible following the recent establishment of a statutory National Tax Tribunal.

The Government continues to be directly involved through State ownership in a number of important mining and manufacturing activities, such as soaps and detergents, boatyards, electrical appliances, paints, canneries and aluminium products. Many of the two hundred or so existing State enterprises have in the past received preferential treatment, such as Government funding to offset trading losses. Although new direct subsidies to offset trading losses of State-owned enterprises have virtually been eliminated, indirect assistance continues to be provided through concessional loans, Government loan guarantees on foreign borrowings, and arrears on taxes and charges for government services. At December 1989, outstanding government debt of State-owned enterprises stood at ¢ 2.9 billion (equivalent to well under 1 per cent of GDP).

A moratorium exists on the establishment of new State-owned enterprises. The Government is also privatizing a number of such enterprises. Progress to date in the divestiture programme, while initially slow, has improved, with some 40 enterprises having been liquidated or divested as at February 1991. Moreover, major State-owned enterprises are being subjected to corporate plans and performance agreements to raise efficiency and financial responsibility.

Imports of cigarettes, stout, asbestos roofing sheets and fibre cement pipes are conditionally prohibited to protect domestic infant industries. Imports are permitted only to meet shortfalls in domestic production. Trade with South Africa is banned. Other bans and/or licensing arrangements apply to imports of uncut diamonds, contaminated food, scandalous literature firearms, ammunition, explosives, certain pharmaceuticals and mercury, mainly for health, safety, security or morality reasons.

Government policy since 1986 has been to conclude countertrade deals on a number of non-traditional products, such as knocked-down furniture, fish products, salt and aluminium products, in exchange mainly for project investments in Ghana. However these arrangements, seen as a means of diversifying Ghana's export base, have met with only limited success. Most countertrade was, until recently, conducted under bilateral counterpurchase agreements with centrally-planned economies, involving the exchange of traditional Ghanaian products like cocoa and timber for manufactured goods. As well as terminating some of these trade agreements as reforms have gone ahead in the former centrally-planned economies, efforts are being made to remove the countertrade provisions to make them more market-oriented.

Income from most service and certain other sectors is taxed at a higher (mainly 50 per cent) company rate than the standard 35 per cent. Moreover, a variety of income tax concessions, such as accelerated depreciation provisions, investment allowances and tax exemptions, are used to encourage investment and development, especially at the regional level. This differential taxation treatment, as well as discriminating against certain activities, erodes Ghana's already narrow taxation base.

Local content is encouraged by income tax rebates which vary among agricultural and manufacturing sectors. To be eligible, companies must use local raw materials or labour in preference to imported machinery. Mining companies are also expected to give similar preferences to local content.

Export levies and prohibitions have been increasingly applied to unprocessed logs in order to promote domestic processing, employment and forest conservation. The Government intends extending export bans entirely to round logs by 1993 and air-dried sawn timber from 1994.

Direct export assistance is provided through income tax rebates to producers exporting a minimum of 5 per cent of their production. The rebate rate rises with the share of production exported to a maximum of 75 per cent if at least one-quarter of production is exported. Firms receiving the maximum rebate, therefore, face a reduced tax rate of 8.75 per cent compared with the standard rate of 35 per cent. Thus, arrangements provide financial incentives for firms to raise export shares. However, the scheme, which is open to all exporting producers of merchandise, discriminates against manufacturers by providing higher rebates below the uniform maximum rate for agricultural exports.

Those exporters of manufactured goods, which are net foreign exchange earners, receive special tax incentives as declared priority areas under the Investment Code. These include duty-free importation of materials and machinery, an investment allowance of 7.5 per cent and accelerated depreciation provisions. Net foreign exchange earners have also benefited in the past by being permitted to hold at least 25 per cent of their foreign receipts in special retention accounts.

Promotion and marketing of non-traditional exports is assisted by the Government through the operations of the Ghana Export Promotion Council. About two-thirds of the Council's expenditure is financed by the

Government; the remainder comes from overseas assistance. The Timber Export Development Board is responsible for promoting the export of timber products. Export finance is provided commercially by the private Export Finance Company which is also hoping to provide limited export insurance and guarantees commencing 1992.

Export procedures have been simplified following the abolition of the export licensing system. The only remaining documentation necessary relates to exchange control, which is now automatic. Non-traditional exporters must be registered with the Export Promotion Council and are usually required to follow minimum price guidelines set by the Council. These price guidelines, which are designed to protect exporters against unfair prices, cover a wide range of products, including numerous foodstuffs such as fresh and dried produce, canned products, nuts and chocolate products, as well as aluminium products, textiles, leather products, jewellery and pottery.

Export permits are required for certain limited products, including live and wild animals, firearms, non-ferrous scrap metals and, except for major exporters, round and sawn timber. Although firms are free to negotiate their own contracts, all mineral exports must be licensed and approved by the relevant authorities.

Temporary measures

Ghana has never taken recourse to GATT Article XIX. Between 1962 and 1989, Ghana used the balance-of-payments provisions of Article XVIII:B to impose a complex and comprehensive system of quantitative import restrictions. These were disinvoked in 1989 when Ghana terminated its import licensing system.

Ghana has no legislative procedures governing the use of anti-dumping and countervailing measures. Dumping is handled through the imposition of special taxes on imports, where these are considered to be causing injury to domestic firms. Arrangements for implementing special import taxes are largely informal, lack public scrutiny, and have no legal appeal procedures available to aggrieved parties, such as consumers and downstream producers. Sunset clauses have rarely been applied.

New initiatives

During the third phase of the Structural Adjustment Programme which runs until the end of 1992, the Government is pursuing the reform of the economy and trading system. A high priority continues to be the removal of impediments to structural change and efficiency associated with Government intervention. Efforts are being directed at promoting an industrial and agricultural base that is internationally competitive without government support and capable of generating increased exports.

With this in mind, the Government has embarked on a Medium Term Agricultural Development Programme that, being primarily funded by external assistance, attempts to establish a market-oriented sector, based on

Ghana's comparative advantage and capable of responding efficiently to international price signals. A large share of expenditure under this programme is to be spent on the provision of essential infrastructure as well as extension services to improve farming techniques.

Similar objectives are to be pursued in manufacturing in an effort to boost industrial investment and historically low capacity utilization rates. The Government is reconsidering the provision of public support to distressed but potentially viable firms. This may include the extension of assistance against dumped goods.

The Government sees a priority need to press ahead with the divestiture and commercialisation of State-owned enterprises, in order to improve efficiency and raise the rôle played by the private sector.

Trade Policies and Foreign Trading Partners

The comprehensive reforms introduced progressively since 1983 have been designed to integrate Ghana more fully into the world economy through the introduction of market-opening measures. The changing price incentives induced by these exchange and trade reforms have boosted traditional exports, especially cocoa, and helped promote a degree of export diversification.

Greater dependence on the world economy has strengthened Ghana's interests in, and reliance on, the multilateral trading system. At the same time, however, the Government wishes to strengthen regional trade ties despite the limited success of previous arrangements. Ghana, as a member of ECOWAS, has supported recent efforts to increase the coverage of the Trade Liberalisation Scheme which commenced on 1 January 1990. Furthermore, the strengthening of regional ties, including ECOWAS, is to receive priority as a first step in the formation of an African Economic Community. According to the Treaty adopted in June by the Organisation of African Unity, of which Ghana is a member, the Community is to be established over a transitional period of not more than 34 years. These developments would need to be outward-looking and structured in such a way as not to impede the non-discriminatory trade reforms that have heavily contributed to the Ghanaian recovery in recent years. The possible trade diversionary effects of regional developments would need to be minimised.

Access to Ghana's expanding market, mainly for capital and intermediate goods, has been provided to foreign suppliers on a largely non-discriminatory basis. Imports of consumer and "luxury" goods, although also benefiting from trade liberalisation measures, are still restricted by higher tariffs. Reductions in the rates on these goods, apart from reducing the misallocation of domestic resources, would help to raise real incomes and provide incentives to wage earners.

Trading partners will be concerned with the trade-distortive effects of Ghana's use of export prohibitions and other restrictions to increase exports of processed natural-resource based products. While such policies can provide short-term benefits to industries which use these products as

inputs - an infant industry argument - they are also likely, by sending the wrong signals to manufacturers about the long-term viability of such industries, to commit Governments to supporting uneconomic production. Moreover, if the long-term viability of these processing industries continues to depend on Government support, these policies will affect the international competitiveness of other domestic industries.

Continuing reforms aimed at creating a less regulated and more open economy should present new opportunities in Ghana for foreign exporters, as well as raising Ghana's export potential in both traditional and non-traditional products. Although major steps have already been taken along these lines, the further adjustment to international prices of industries still enjoying relatively high levels of tariff protection would offer economic benefits for both Ghana's trading partners and - through improved resource allocation - for the domestic economy. Trade, investment and economic growth are closely linked, and increased efforts to remove impediments to international trade and investment can be expected to contribute to Ghana's further development.

A successful outcome to the Uruguay Round is viewed by Ghana as offering the best prospects for a small developing country to share in the rewards of more liberal world trade. While multilateral market-opening in the European Communities is likely to lead to a loss of Ghana's preferred position under the Lomé Convention, an open and more prosperous world economy would improve Ghana's prospects generally. New opportunities for emerging export-growth industries best suited to take advantage of expanding markets would improve Ghana's capacity to attract the foreign investment necessary for sustained development. It is therefore important that Ghana's trading partners assume their responsibility for assisting Ghana's autonomous liberalization process by ensuring market access and stable trading conditions for its developing export base.

TRADE POLICY REVIEW

GHANA

Report by the Government of Ghana - Summary Extracts

Ghana, with an estimated population of 15 million is a sub-Saharan African country with an open economy which depends on a few primary commodity exports of mainly cocoa, timber and minerals. About 70 per cent of the population live in rural areas where they depend directly or indirectly on agricultural and related activities for their livelihood.

At the time of independence in 1957, Ghana operated a liberal import régime which was supported by commodity exports of which cocoa, timber and minerals contributed over 95 per cent of export earnings. With the accelerated development programme placing a high premium on industrialization, the manufacturing sector grew rapidly, increasing its share of GDP from 2 per cent in 1957 to 9 per cent in 1969. This brought heavy pressure on foreign exchange earnings by way of raw material imports together with machinery and equipment. As the disequilibrium in external payments deepened various measures were introduced to restrict imports. These included exchange controls, import licensing, quantitative restrictions and high tariffs.

Attempts were also made in the late 1960s to revamp the export sector through export diversification by setting up the Ghana Export Promotion Council (GEPC) and the Ghana Export Company (GEC). The GEPC was to develop and promote exports, while the GEC was to undertake the physical export of non-traditional products. Exporters were also provided with a number of incentives. Further trade measures introduced in the seventies to combat the balance-of-payments problem included the setting up of a State agency - the Ghana National Procurement Agency (GNPA) to undertake the bulk purchase of specified essential commodities. Countertrade measures which had been initiated with East European countries in the sixties were reinforced and expanded as a means of increasing exports and saving foreign exchange for priority imports. Economic relations established within the framework of Permanent Joint Commissions for Co-operation were also used as a vehicle for expanding non-traditional exports into other African countries.

Thus by 1981 an institutional framework and various measures and incentives had been established in the attempt to address the balance-of-payments problem. In spite of all these measures, the balance-of-payments situation rather worsened. Rapid inflation, low savings and low investment as well as unrealistic exchange rates, led to disincentives for export production, higher propensity to import, acute foreign exchange shortage and therefore general social and economic decline. It was against this background that the Economic Recovery Programme (ERP) was launched in 1983.

Priority objectives of the ERP in the trade sector have focused on the establishment of a buoyant and self-sustaining export sector, efficient and effective import management, as well as the development of a vibrant tourism sector. To this effect, measures that have been adopted include the rehabilitation of the traditional export sector and the development and expansion of non-traditional products; export diversification; adoption of a market-determined exchange rate system; trade liberalization, including removal of licensing and price controls. Other measures are tariff and tax reforms; utilization of foreign exchange earnings in the most efficient and cost effective manner; rehabilitation of port and communications facilities; and tourism infrastructural development.

Even though these measures have led to some modest improvement in the performance of the export sector, the issue of narrow export base still remains. There has therefore been a renewed effort at export development, promotion and diversification. While the market improvement in the economy will certainly enhance the success of this effort, a more liberalized and open multilateral trading system within the framework of an invigorated GATT will no doubt contribute a great deal to the attainment of Ghana's objectives. It is for this reason that Ghana is actively participating in the Uruguay Round and committed to its successful conclusion.

TRADE POLICIES AND PRACTICES

Objectives of trade policies

The Economic Recovery Programme (ERP) which was launched in 1983 aimed essentially at removing market distortions which prevented the price mechanism from allocating resources effectively. It also sought to re-organise the country's productive structure through price incentives. The ERP pursued various monetary, fiscal, incomes and exchange rate policies to achieve its set objectives. These measures and the various incentives have benefited the trade sector of the economy.

Following the adoption of the ERP and the various Structural Adjustment Programmes (SAPs) under it, trade policy has been directed towards the following general objectives:

- Restoring incentives for the production of food, industrial raw materials and export commodities, and thereby increasing their output to realistic levels;

- Increasing the availability of essential consumer goods, machinery and equipment and improving the distribution system; and

- Increasing the overall availability of foreign exchange, improving its allocation mechanism, and channelling it into selected high priority activities.

In line with these objectives, production in the agricultural minerals and wood sectors have been stepped up to increase export earnings. Export

In order to allow the market mechanism to determine the allocation of resources, most quantitative and qualitative restrictions have been removed. Price controls have been eliminated, and restrictions on payments and transfers with regard to international transactions have also been eased.

By and large, therefore, Ghana's trade policy is beginning to reflect a strong belief in international competitiveness, and the recognition that protectionism and import controls can only prevent the levels of economic growth associated internationally with competition-induced structural change. This policy outlook has been reflected in the deregulation of the exchange rate mechanism, the dismantling of the import licensing system, the gradual lowering of general tariff levels, the removal of support for and the privatization of State-owned enterprises.

- Export incentives

As incentives to production, actions that have been taken besides the exchange rate adjustments, include raising cocoa producer prices; eliminating most restrictions on trade; and reforming the tax system. The rate of f.o.b. prices received by cocoa farmers rose from 23 per cent in the 1986/87 crop season to an estimated 47 per cent for the 1990/91 crop season. The increase reflected the adjustment to a more realistic exchange rate, reduction in the high costs of the Ghana Cocoa Board and a decrease in the excessive taxation of farmers. This showed a significant impact on production. Output rose sharply from 228,000 tonnes in 1986/87 to about 300,000 tonnes in 1988/89 and 1989/90, which indicates the virtual cessation of smuggling.

Since 1987 the level of Ghana's import tariffs have been lowered, and quantitative restrictions completely removed. In 1988 import and domestic sales taxes were realigned and the import licensing system abolished in 1989. Currently, Ghana's tariff structure generally ranges from zero to 25 per cent with special protective taxes ranging from 10-40 per cent on some dozen products. As mentioned earlier, super sales taxes on luxury goods introduced in the 1990 fiscal year, and ranging from 75-500 per cent, were lowered from 10-100 per cent during the 1991 fiscal year.

The tax structure has also been reformed. Over the period 1987-1990, consumption taxation (on petroleum and motor vehicles) was expanded; taxes were consolidated and tax administration improved. There was more relief for personal income taxes and some of the loopholes relating to allowances were closed. Tax on cocoa was lowered and corporate taxes reduced (from 55 per cent to 45 per cent for manufacturing, construction, farming and export, and to 50 per cent for all other sectors). There was a further reduction in the 1991 budget from 45 per cent to 35 per cent in the corporate tax rate, in the withholding tax on dividends from 30 per cent to 15 per cent, and the extension of the capital allowance provided under the Investment Code to all enterprises in the manufacturing sector. Wide ranging reliefs have been further granted in personal income tax rates.

As an incentive to the export sector, corporate tax rebates have also been raised from a minimum range of 30 per cent to 40 per cent, to a maximum of 60 per cent to 75 per cent for agriculture, and in the case of manufacturing, from a minimum range of 25 per cent to 30 per cent to a maximum of 60 per cent to 75 per cent, depending on the proportion of output exported. The duty drawback has also been increased from 95 per cent to 100 per cent.

These tax measures are a part of a renewed effort to revitalize the private sector through a stimulation of private savings and investment. The government is aware that these measures will no doubt have some adverse effects on revenues but expects them to spur investments, create employment and thereby compensate for any short-term revenue loss.

- Public resource management

In public resource management there have been considerable improvements in government revenue mobilization and reduction in budget deficits. This has been made possible by drastically streamlining and rationalizing expenditure. A three-year rolling Public Investment Programme (PIP) has been prepared to rehabilitate economic and social infrastructure, including cocoa, timber and the mining sectors, with increased budget support for education and health. Planned public sector investment in 1990 continued to concentrate on infrastructure (58%). Outlays on social sectors accounted for nearly 20 per cent of the programme. Ninety-five per cent of expenditures were from budgetary sources.

Much progress has been made in reforming the pay structure and reducing overstaffing in the Civil Service and the Ghana Education Service. For instance, a total of 13,937 civil servants, primarily surplus unskilled staff were redeployed during 1989. Net redeployment was, however, 10,521 if account is taken of the additional recruitment that took place.

Progress has also been made in the reform of the State-owned enterprises (SOEs). The main objectives of the reform which began in 1987 were to reduce the size of the sector through divestiture and to improve the efficiency of priority enterprises through the monitoring of agreed targets based on corporate plans and associated performance agreements.

As at the end of January 1991, a total of 38 enterprises had been divested, of which 23 were liquidations of negligible, inactive companies and 15 were privatizations (including joint-ventures, management contacts, leases and sales of shares). Capacity to use the corporate plans and performance contracts as an instrument to improve the operations of State enterprises has increased. For instance, eight out of thirteen SOEs with corporate plans increased their profits (after interest and taxes) from 0.5 per cent of GDP in 1988 to 1.5 per cent of GDP in 1989.

- Financial sector reforms

In order to strengthen the financial system to support the adjustment programme, the Government has embarked on financial sector reforms. This

is to enable investors to respond to the improved incentives and enable mobilization of savings. The reforms which began in 1988 comprised, among others, enactment of a new Banking Law (PNDC Law 225) which came into force in August 1989, and established prudential banking provisions; introduced uniform accounting and auditing standards and improved reporting requirements to the Bank of Ghana; a strengthening of the Bank of Ghana's supervisory capacity; and a phased programme of bank restructuring involving the replacement of non-performing assets with performing assets, primarily bonds. The restructuring was completed in early 1991 and the banking sector is now better able to respond to the demands for credit from the private sector.

Major trends in imports and exports

Imports

One of the initial developments in the implementation of the ERP was the use of prudent import management practices as one of the instruments for addressing the balance-of-payments problem. At the same time it was realized that export growth required liberalization of imports. Measures which have influenced imports since 1983, therefore, include:

- the abolition of import licensing;
- liberalization of foreign exchange remittance to facilitate importation of goods from "own resources";
- introduction of the foreign exchange auction system; and
- introduction of the forex bureau system which allows foreign exchange to be freely bought and sold.

From 1983-1985 there was a yearly rise in imports. Between 1986 and 1988, however, following the various incentives for the export sector, including the liberalization measures, exports outstripped imports, with imports again outgrowing exports in 1989, albeit slowly, and rebounding in 1990.

In the future import volume is expected to grow in line with the growth in the economy. Growth in petroleum demand is projected to slow down in response to the higher excise taxes. The implementation of the medium-term Agricultural Development Programme is expected to increase food production and thereby moderate the growth in food imports. As interest obligations to the IMF are expected to ease and as most of the medium-term loans have been paid off, net factor payments are projected to fall.

Exports

The importance of exports in the Ghanaian economy is evident in the relative high proportion of the value of export earnings in Ghana's GNP which accounted for approximately 20 per cent in 1979, 20 per cent in 1985 and 15 per cent in 1986. The main source of Ghana's export earnings has been cocoa, minerals and timber (Table IV).

TABLE IV

Exports (Value, Volume and Unit Price of Exports, 1983-90)

	1983	1984	1985	1986	1987	1988	1989	1990
Cocoa beans ($'M)	242.11	351.69	375.97	469.81	451.02	422.26	381.31	323.82
Volume (metric tonnes)	159,280	149,574	171,747	195,224	197,988	200,904	225,860	247,380
Unit price ($/tonne)	1,520.00	2,351.30	2,189.10	2,406.50	2,278.00	2,101.80	1,490.30	1,309
Cocoa products ($'M)	26.50	30.00	36.02	33.50	44.40	39.78	26.45	36.80
Volume (metric tonnes)	15,000	15,255	15,966	15,645	20,983	20,250.00	14,940	20,756
Unit price ($/tonne)	1,766.70	1,965.30	2,255.20	2,141.30	2,116.00	1,964.60	1,770.40	1,773
Gold ($'M)	114.09	103.27	90.62	106.39	142.50	168.52	159.94	201.65
Volume (fine ounces)	278,000	285,759	285,138	292,211	323,496	382,993	420,096	526,361
Unit price ($/fine ounce)	410.40	361.40	317.80	364.10	440.50	440.00	380.70	383.1
Diamond ($'M)	2.81	2.81	5.50	4.80	3.97	3.52	5.23	16.55
Volume (carat)	439,000	425,035	639,593	564,950	396,720	305,787	262,691	636,371
Unit price ($/carat)	6.40	6.60	8.60	8.50	10.00	11.50	19.90	26.0
Bauxite ($'M)	1.68	0.92	2.74	5.00	5.21	6.90	9.15	9.95
Volume (metric tonnes)	82,000	45,000	124,453	226,461	226,415	299,939	374,646	368,629
Unit price ($/tonne)	20.50	20.50	22.00	22.10	23.00	23.00	24.40	27.0
Manganese ($'M)	3.10	8.30	9.04	8.21	7.76	8.75	11.69	14.22
Volume (metric tonnes)	127,000	247,784	263,441	245,794	235,123	282,337	284,645	255,310
Unit price ($/tonne)	24.40	33.50	34.30	33.40	33.00	31.00	41.10	55.7
Timber ($'M)	14.69	21.20	27.79	44.09	89.82	106.21	80.20	117.99
Volume (cubic metres)	103,303	148,252	246,812	291,382	493,543	545,778	375,826	370,000
Unit price ($/cubic metre)	142.20	143.00	112.60	151.30	182.00	194.60	213.40	318.9
Residual oil ($'M)	21.10	22.60	33.42	17.59	19.11	16.87	19.54	28.64
Volume (metric tonnes)	112,000	124,445	198,837	202,216	169,071	206,019	216,616	227,472
Unit price ($/tonne)	188.40	181.60	168.10	87.00	113.00	81.90	90.20	125.9
Electricity	11.80	20.80	34.50	45.90	49.30	73.60	82.48	88.37
Coffee ($'M)	0.00	1.30	0.69	1.20	1.20	0.92	0.85	0.58
Volume (metric tonnes)		554	280	458	635	600	675	680
Unit price ($/tonne)		2,346.60	2,449.70	2,617.80	1,892.00	1,530.00	1,259.30	853.0
Sheanut ($'M)	0.40	0.17	8.69	8.40	2.91	2.72	0.38	1.32
Volume (metric tonnes)		399	17,000	23,750	9,000	20,000	2,235	4,171
Unit price ($/tonne)		426.00	511.30	353.70	323.00	136.00	170.02	316.0
Other non-traditional	1.00	2.80	7.50	4.40	9.60	30.92	30.92	50.67
Total exports	439.28	565.86	632.48	749.30	826.79	880.97	807.22	890.56

Source: Bank of Ghana

Against this background, an important objective of the ERP in the export sector has been the accelerated expansion and diversification of exports. During the period 1983-1988 export earnings rose from US$460 million to US$869 million (nearly a 90 per cent increase). Earnings in 1989 were US$880 million.

There is now evidence that exports have significantly responded to the exchange rate and various trade policy reforms as well as the incentive schemes. However, exports are still too narrowly based with cocoa and gold accounting for almost 70 per cent of total export earnings. In 1983, 278,000 ounces of gold valued at about US$114 million were produced; by 1990 gold output had almost doubled to about US$201 million. There are indications that by 1995 gold would have achieved rough parity in earnings with cocoa.

There has also been a reasonably strong growth in non-traditional exports. These increased in value from US$24 million in 1986 to US$42 million in 1988, declined to US$35 million in 1989, and are estimated to have increased very significantly to US$62 million in 1990.

Potential exists for expanding the non-traditional exports sector, particularly the agricultural non-traditional exports, such as pineapples, kola nuts, tuna, fish, vegetables and flowers. In the area of semi-processed and manufactured exports, furniture, other wood products and processed fruits hold the best medium-term prospects. while salt and aluminium products have especially good prospects within the West African sub-region.

Prospects

Led primarily by earnings from gold, export earnings are projected to grow at an average annual rate of about 11 per cent compared with the stagnation experienced between 1988 and 1990. The combination of higher production and a modest recovery in international prices is expected to account for the projected growth in export earnings. The share of cocoa in total exports, which has fallen from 51 per cent in 1989 to 41 per cent in 1990, is expected to continue to fall, reaching around 30 per cent by 1995.

The opening-up of new mines and rehabilitation of existing ones are expected to result in an average annual growth rate in gold exports of about 18 per cent between 1990 and 1995.

As a result of policies to protect the environment and preserve Ghana's forests, the growth rates for exports of logs and other timber products are expected to be around 3 per cent per annum. However, with expected shifts to value-added timber products, some improvements in unit price are projected. It is expected, therefore, that the share of timber in total exports will increase gradually from less than 10 per cent in 1989 to about 15 per cent in 1995.

Also, the share of non-traditional exports whose volume increased sharply in 1990 and showed a growth of about 12 per cent, is projected to increase from 4 per cent in 1989 to around 7 per cent in 1993.

Developments in the terms of trade and commodity prices

Even though the external environment was broadly favourable during 1983-86, Ghana's terms of trade deteriorated by 8.3 per cent in 1987, 9.0 per cent in 1988 and by 17.2 per cent and 14.3 per cent in 1989 and 1990, respectively . This was due mainly to declines in world prices for Ghana's cocoa and gold during the period as well as the sharp increase in oil prices in August 1990. The deterioration of 17.5 per cent in 1989 is estimated to have been substantially more than the average for all Sub-Saharan African countries. As a result, export earnings increased at a more moderate rate. Between 1987 and 1990, export earnings increased on average by 2.5 per cent compared with an average increase of about 20 per cent during the three preceding years. New investments and the rehabilitation of existing operations in gold mining resulted in the share of gold earnings increasing from 17 per cent in 1987 to 23 per cent in 1990. Gold earnings would have been even greater but for the falling international prices.

Timber exports picked up markedly in 1990 due to a shift in exports of processed timber. Notwithstanding a cumulative deterioration in the terms of trade by more than 30 per cent during 1988-1990, Ghana's balance of payments continued to strengthen, registering overall surpluses of US$124.6 million in 1988, US$127.4 million in 1989 and US$85.0 million in 1990.

This favourable development was made possible, on the one hand, by a marked recovery of non-cocoa exports resulting from the rehabilitation of several export-oriented sectors and, on the other hand, by a sharp increase in external assistance from bilateral and multilateral sources.

Ghana's terms of trade are projected to improve by about 10 per cent between 1990 and 1995, though this position will still be about 25 per cent worse than in 1986-87. The improvement in the balance-of-payments position is to come from volume increases in exports, changes in composition towards higher value-added products and continued prudent demand management, as well as the maintenance of a competitive exchange rate.

Important trends in the balance of payments, reserves, debt, exchange and interest rates, and other such issues

- Balance of payments

Following the developments in terms of trade mentioned in (b) above, Ghana's balance of payments continued to be weak between 1983 and 1986, and overall balances for each year during the period, except for 1984, was negative (Appendix I). However, surpluses have been registered since 1987 in spite of the adverse terms of trade.

MORE

The balance-of-payments position in 1989 and 1990 was adversely affected by the weakening of the world prices for cocoa. The price per metric ton averaged US$1,372 in 1989-90, as compared with US$2,190 in 1987-88. Cocoa earnings amounted to about US$357.1 million in 1990, down from US$407.8 in 1989. Cocoa output was about the same in the two years, around 280,000 metric tonnes, but the decline in revenue was brought about by a 19 per cent decline in average export price in 1990 relative to 1989. The value of merchandise exports for 1990 is provisionally put at US$825.7 million. This represents a nominal increase of 2.3 per cent over the 1989 figure of US$807.2 million. The slight improvement in the earnings in 1990 relative to 1989 was due mainly to an increase in gold earnings from US$159.9 million in 1989 to US$196.6 million in 1990. Other exports (mainly manganese, residual oil and diamonds) also registered an increase in earnings from US$159.3 million in 1989 to US$186.3 million in 1990.

The current account deficit (including official transfers) widened from US$82.8 million in 1989 to US$258.9 million in 1990, but a positive net capital account position due to increase in external assistance produced an overall surplus of US$85 million in 1990. Although the 1990 surplus was lower than the 1989 surplus of US$127.4 million, it nevertheless enabled the retirement of payments arrears to the tune of US$17.3 million in 1990, such that by the end of June 1990, Ghana had no official payments arrears.

Projections

On the basis of a programmed average annual increase of about 4.7 per cent in the volume of non-oil imports, Ghana's trade deficit is expected to widen further to US$364 million in 1991 and to decline to US$314 by 1993, averaging US$327 million a year during 1991-93.

Over the same period, the services account is projected to register net outflows averaging US$383 million. With external interest payments averaging US$117 million taking into account the recent debt cancellations by some bilateral creditors, partly in response to the more realistic exchange rate, the improved confidence in the banking system, and the improved macro economic environment, inflows of private transfers are projected to an average of US$200 million a year. As a result the current account deficit, excluding net official transfers, is projected to increase to US$514 million in 1991 and to decline to US$491 million by 1993. As a percentage of GNP this implies a progressive narrowing of the current account deficit from 8.3 per cent in 1990 to 6.0 per cent in 1993.

Based on existing pipeline concessional assistance and new commitments, disbursements of official grants and long-term loans from both bilateral and multilateral sources are expected to average about US$630 million a year during 1991-93.

Taking account of amortization due and the other net capital flows, Ghana's balance of payments are projected to record overall surpluses averaging US$90 million a year. This would cover the scheduled repayments

to the Fund, while allowing for a significant accumulation of gross official reserves. The expected improvement in the balance of payments by the end of 1991 would enable Ghana in subsequent years to do without Fund resources and other foreign financing for balance-of-payments support. It would also reduce Ghana's reliance on external concessional assistance over the medium term.

- External debt

Total external debt is estimated to have fallen in absolute terms to US$2.9 billion by end 1989, equivalent to 55 per cent of GDP, reflecting in part the cancellation of outstanding bilateral debt by Canada, Denmark, France, the former Federal Republic of Germany and the United States. External debt rose modestly to an estimated US$3.1 billion by end 1990, but declined further as a ratio of GDP to 53 per cent.

With the declining repurchase obligations to the Fund and lower levels of commercial debt, the debt service ratio fell from 68 per cent in 1988 to 58 per cent in 1989, and an estimated 40 per cent in 1990.

- Rate of inflation

The average rate of inflation which stood at about 123 per cent in 1983 has varied from about 40 per cent in 1984 to 25 per cent in 1989, rising to 37 per cent in 1990. In September 1990, it reached a peak of 41 per cent. This acceleration was partly because of the impact of poor weather on agricultural output; and partly because of the increase in the international price of, and therefore excise taxes on, petroleum. The high levels of excess liquidity in the bank and non-bank public in the first half of 1990 further aggravated the situation. By December 1990, however, it had dropped to 37 per cent, reflecting in part a more forceful and effective implementation of monetary policy.

International macroeconomic situation affecting the external sector

As Ghana's economy is open and highly dependent on commodity exports, especially of cocoa and mineral products, adverse developments in the international economy have invariably had destabilizing effects on the economy.

Recent developments in the world economy and the latest available projections suggest that even though Ghana's average f.o.b. price for cocoa is projected to increase in the medium term, the terms of trade are projected to deteriorate by 4.8 per cent in 1991 following a cumulative loss of 41 per cent during 1987-1990. This is because although export earnings are projected to continue to recover they would still be significantly below (by about 14 per cent) their 1986 levels.

Ghana's most serious concern therefore has been about the uncertainties and slump in commodity prices and the deteriorating terms of trade which have been exacerbated by the suspension of the economic provisions of the International Cocoa Agreement.

Consequently it is expected that better access to markets, particularly for tropical products, and the further strengthening of the GATT-based multilateral trading system by the successful completion of the Uruguay Round would assist Ghana's efforts at diversification away from commodity-based exports and assure it of secure and stable export markets. This explains Ghana's active participation in the Uruguay Round and interest in its successful conclusion.

Problems in external markets

Problems faced by Ghana in external markets apart from the instability and plummeting of commodity prices relate to tariffs and non-tariff measures, including tariff escalation, with regard to tropical products.

In the context of the Uruguay Round, therefore, Ghana has submitted indicative lists of tropical products of export interest to her.

Appendix I

Balance of Payments, 1984-92
(US$ million)

	1984	1985	1986	1987	1988	1989	Prov. 1990	Proj. 1991	Proj. 1992
Exports (f.o.b.)	567	633	749	824	881	807	826	948	1,051
of which cocoa	382	412	503	495	462	408	355	376	412
Imports (f.o.b.)	-616	-671	-734	-934	-991	-1,000	-1,172	-1,312	-1,355
of which oil*	-161	-210	-123	-141	-143	-156	-215	-250	-221
Trade balance	-49	-39	16	-110	-110	-193	-346	-364	-304
Services net	-229	-254	-291	-316	-327	-312	-334	-364	-382
of which interest	-110	-112	-127	-109	-107	-109	-118	-115	-116
Unrequited transfers (net)	203	137	190	324	347	422	422	451	448
Current account	-75	-157	-85	-102	-90	-83	-259	-277	-238
Capital account	93	62	20	256	219	200	347	367	328
Official capital (net)	187	32	124	219	188	170	289	344	326
Long-term loans	83	110	227	268	273	286	323	362	368
Inflows	133	135	257	304	308	322	355	391	397
Amortization	-50	-25	-30	-36	-35	-37	-32	-29	-29
Medium-term loans	105	-71	-92	-37	-72	-105	-30	-18	-42
Inflows	170	153	128	109	102	34	63	54	25
Amortization	-65	-223	-220	-146	-174	-138	-93	-72	-67
Trust fund	-1	-7	-11	-12	-13	-11	-4	0	0
Private Capital (net)	-9	6	7	2	4	12	53	19	6
Short-term capital	-85	25	-110	35	27	19	5	5	-4
Errors and omissions	19	-21	8	-15	-4	10	-3	0	0
Overall balance	37	-116	-57	139	125	127	85	90	90
Monetary movements	-37	116	57	-139	-125	-127	-85	-90	-90
of which IMF (net)	214	122	16	-25	-45	4	-48	86	-65
Arrears reduction	-208	-57	-4	-72	-35	-48	-17	0	0

*Assumes oil prices of US$26.9 per barrel in 1991 and US$22.6 per barrel in 1992.

Source: Minister of Finance and Economic Planning, Bank of Ghana.

END