Ghana Trade Policy Monitoring report Annual

Report Categories:
Trade Policy Monitoring

Approved By:
Kurt Seifarth

Prepared By:
Elmasoer Ashitey and Ryan Scott

Report Highlights:
This report was updated January 6, 2016.
Section I: Executive Summary;
Section II: Trade Barrier Catalog
Section III: Agreement Compliance:-Tariff and Non-Tariff barriers;
Section IV. Other Bilateral Commitments and Trade Agreements with the United States
Executive Summary:
Ghana operates in a relatively free market environment. Trade and investment liberalization has been an integral part of Ghana’s economic reform program. Despite this relatively open market, some tariff and non-tariff barriers remain and pose challenges to the importation of a number of agricultural products. Importers of agricultural food products (poultry, corn, seafood) are required to obtain import permits from the Government of Ghana (GOG) before importation. The issuance of import permits for poultry can be discretionary and restrictive because the quantity and frequency of imports are controlled. At the time the poultry permit is issued, a quantity limit and a domestic purchase requirement is imposed.

On November 17, 2015, Deputy Secretary Krysta Harden of the U.S. Department of Agriculture held a press event in Ghana to announce USDA’s Food-for-Progress Program for Poultry to Ghana, valued at $58 million over the next five years.

The ECOWAS five band common external tariffs (CET) have been passed by the Ghana Parliament awaiting final approval by the President. Expectation is that the CET will be implemented in 2016. Once entered into force, the CET will consist of the following five bands: zero duty on essential social goods such as veterinary drugs; five percent duty on imported foods of primary necessity, raw materials and specific inputs; 10 percent duty on intermediate goods; 20 percent duty on finished goods (final consumption goods); 35 percent on goods in certain sectors that the government seeks to protect such as poultry and rice.

Although Ghana has been slow to take full advantage of enhanced market access offered under the African Growth and Opportunity Act (AGOA), it is increasing its efforts in this area. In August 5 2014, the Government of Ghana signed the second Millennium Challenge Corporation Compact, the largest U.S. Government-funded transaction of President Obama’s Power Africa initiative. The Compact intends to invest up to $498.2 million to support the transformation of Ghana’s electricity sector and stimulate private investment. However the compact has not taken effect yet because both the US government and the GOG are still discussing the implementation details. Ghana is also a focus country under the U.S. Government Feed-the-Future Initiative (FtF).

General Information:
SECTION II: TRADE BARRIER CATALOG

A. Trade Barrier Catalog

There is no trade barrier catalog available.

SECTION II1: AGREEMENT COMPLIANCE

A. Market Access

GOG has progressively implemented a number of import policies to promote greater trade liberalization over the past 10 years. Ghana became a member of the WTO in 1995, and as a founding member, pledged to be in full compliance with its WTO commitments to improve market access. Ghana
generally applies trade policies and measures on a non-discriminatory base to all trading partners. The GOG is also committed to the development of domestic industries that can compete internationally. Although the GOG has made positive strides, there are significant problems that still remain and add to the cost of doing business in Ghana, including a cumbersome bureaucracy.

**Tariffs**

Tariffs remain Ghana’s main trade policy instrument. Ghana, in principal, applies an eight-digit tariff nomenclature according to the Harmonized Commodity Description and Coding System as of 1 January 1990. In practice, the classification coincides very closely to the 6-digit HS code description.

Ghana continues to implement the tariff system with four ad valorem import duty rates (0%, 5 percent, 10 percent and 20 percent) until the ECOWAS CET comes into force in 2016 that would include a fifth band of 35 percent. Presently the highest standard tariff rate of duty is 20 percent (rice, poultry,). The 10 percent tariff is levied on raw materials while the 5 percent tariff rate applies to materials used for manufacturing, timber and other natural products. A general exemption from payment of import duties (0%) can be granted on items such as veterinary drugs for poultry and other livestock, and ingredients for the manufacturing of livestock and poultry feed (certified as such by the Ministry of Food and Agriculture). The import duty relief was part of GOG’s policy to increase the contribution of the livestock sector to the economy. Exemptions to the tariff system are not very clear, and the widespread use of discretionary exemptions is often non-transparent. Domestic producers (poultry and rice) have continuously advocated for protectionist policies and tariff increases in order to protect their industries.

Importers are confronted by a variety of fees and charges in addition to tariffs. Ghana levies a 17.5 percent Value Added Tax (VAT) and a 2.5 percent National Health Insurance levy on the tariff-inclusive value of all imports and locally produced goods, with a few selected exemptions. For example, raw foodstuffs are exempted from VAT. A processing fee of 1% of the C.I.F. value is imposed on goods that are statutorily exempt from the payment of import duties. In addition to tariffs, the GOG levies fees on the value of imported shipments in exchange for inspection, listing and classification. An inspection fee of 1 percent is levied on all imports. An ECOWAS levy of 0.5 percent is charged on all goods originating from non-ECOWAS countries and a 0.5 percent Export Development and Investment Fund (EDIF) levy on all imports were introduced in 2000 and 2001. The Ghana Customs Network fee (GCNET) of 0.4 percent is also charged for computerization, processing and documentation.

**Non-Tariff Barriers**

Ghana applies few formal non-tariff barriers. Certain import prohibitions and controls apply for environmental, health, public safety and security reasons and under international conventions. Ghana applies no trade embargos and has eliminated the requirement of obtaining import licenses before importation in order to improve access to its market. However, importers are required to obtain import permits before importation of some agricultural food products such as poultry, corn and seafood. The issuance of import permits can be discretionary and restrictive because the quantity and frequency of imports are controlled. According to importers, their major concerns are delay in the issuance of these permits, and reduction of import quantities (e.g. poultry). At the time the poultry permit is issued, a quantity limit is imposed and a domestic purchase requirement is also imposed.

Ghanaian port practices continue to present major obstacles to trade, but the Ghana Ports and Harbor Authority (GPHA) is working to modernize both the Ports of Tema and Takoradi. Importers report
erratic application of customs regulations, lengthy clearance procedures, high berthing and unloading costs.

These factors can sometimes contribute to product deterioration and result in significant losses for importers of perishable goods. All imports are inspected on arrival into Ghana causing delays and increased costs. The Government of Ghana (GOG) recognizes that delays in the port significantly increase the cost of doing business in Ghana. In September 2015, Ghana introduced the ’Single Window System’ to integrate the entire import and export logistical process and to automate payments. The new system is designed to bring transparency and reduce the processing time. Under the new system, the Customs Division of the Ghana Revenue Authority has taken the role once occupied by licensed destination inspection companies (DICs), who were believed to be the source of the longest delays in the import clearance process. The single window system allows importers and exporters to electronically file documents, including customs declarations, certificates of origin, track transaction status online, submit electronic payments, and provide links to other regulatory agencies. The Ghana Customs Division’s role includes classification, valuation and physical inspection. This process meant that Ghana customs had the final authority in the determination of duties paid on imported goods.

The ‘Ghana Single Window’ is deployed and supported by Ghana Community Network Systems (GCNet) Limited. (For more information, please review the following link: www.ghanasinglewindow.com.) Users of GCNet, such as importers, exporters, clearing agents and logistics companies, can interact with the various agencies involved in the clearance process at a single location.

In addition, the Customs Division of the Ghana Revenue Authority (GRA) is introducing the ‘Pre-Arrival Assessment Reporting System’ (PAARS), which is a modernized system that has been developed as part of the implementation of the national “Single Window” system to enhance revenue mobilization, improve border security and customs clearance, overcome duplication across regulatory agencies and promote trade facilitation. However the PAARS has not been implemented yet.

Depending on the imported goods, custom clearances may require the approval of the Food and Drugs Authority (FDA), Ghana Standards Authority, National Drug and Narcotics Board, and other agencies at the ports. Price verification and risk-assessment procedures are aimed at preventing duty evasion and under invoicing. On average, it takes approximately seven days for shipments to clear customs.

**Sanitary and Phytosanitary Measures**

Ghana is an important U.S. agricultural export market and is a major buyer of U.S. rice, poultry and high-value food products. Ghana could expand its agricultural trade through the elimination of tariff and non-tariff barriers. Shelf life standards required by GOG are strict and do not recognize quality, safety, packaging and technological differences between producers. All food items entering Ghana are required to have at least 50 percent of their shelf life remaining at the time of inspection. The testing of food products is not clear, uniform or transparent. However, routine inspection and analysis of imported foods at the port of entry and at the retail level are undertaken to ensure that food products are safe. Expired agricultural products are removed from the market and destroyed by FDA.

**Product Specification**

The GOG adheres to food labeling requirements but it does not impose any specific restrictions on
packaging materials. However, packaged foodstuff must be stored and conveyed in such a manner as to preserve its composition, quality, purity and to minimize the dissipation of its nutritive properties from climatic and other deteriorating conditions.

**Labeling Requirements**

The GOG continues to enforce a product-labeling law. All products must clearly identify in English the type of product, the ingredients or components, the country of origin, and establish a date of expiration/best use before for perishables and processed food products. Labels can be printed on the package or be of a permanent adhesive type. Products cannot show more than one date of manufacture or expiration date on the package. Non-complying goods are subject to government seizure. Labels bearing ‘No/low Cholesterol’ or Cholesterol Free’ on edible vegetable oils are still not acceptable. According to the FDA, the declaration of “No/low cholesterol” in the labelling of edible vegetable oils is considered a misleading claim unless it is stated on the label that all vegetable oils are cholesterol free.

**Shelf Life**

In Ghana all products must carry expiration dates and/or shelf life. The active ingredients should be specified on the packaging material where applicable. The GOG requirement is that for food imports the expiration date should be at least half the shelf life at the time of inspection at the port of entry. Expired imported goods are seized at the port of entry and destroyed. The shelf life of a product is calculated from the date of production to the date of completion of all customs procedures and import certification at the port of entry.

**Product Standards**

The Ghana Standards Authority (GSA) issues its own standards, based on the Codex Alimentarius regulations, for most products. The GSA subscribes to accepted international practices for testing of imports for purity and efficacy. Currently the GSA has developed over 500 Ghana Standards and adopted over 2000 International Standards.

The Food and Drugs Authority (FDA) regulates, enforces and certifies food, drugs, cosmetics, and other products that have health implications for the consuming public. FDA officials carry out routine inspection and analysis of imported foods at the port of entry and at the retail level. FDA has the mandate to seize and destroy any product found to be contaminated.

**Certification**

Sanitary or health certificates are required for plants and seeds, live animals, poultry (including eggs and day old chicks), meat and liquor. Under the Disease of Animals Act of 1961 (Act 83), imported animals, carcasses and parts must be free of disease. As such meat and meat products must be accompanied by a health certificate issued by the veterinary department of the country of origin stating that: (i) the animals from which the product is derived were free from infectious and contagious diseases, (ii) the product has been inspected by the veterinary authority and has been passed as wholesome and fit for human consumption, (iii) the animals were slaughtered in an approved slaughter house, and that (iv) the product is free from radioactive contaminants.
Tariff-Rate Quotas

Ghana has no tariff rate quotas.

B. Export Subsidies

Ghana has no export subsidies.

C. Domestic Support

There is no domestic support for agriculture.

SECTION IV: OTHER BILATERAL COMMITMENTS AND TRADE AGREEMENTS WITH THE UNITED STATES

Free Trade Agreements

Presently, Ghana has no free trade agreement with the United States. The GOG has expressed the desire to enter into FTA negotiations with the United States and a number of policy discussions have been held between the two countries some years back.

Ghana is a member of the World Trade Organization (WTO) and the Economic Community of West African States (ECOWAS). In November, 2014 ECOWAS announced that member states in the sub region would from January 1, 2015 adopt a Common External Tariff (CET) for goods coming in from outside the region. The ECOWAS CET when implemented would take over all national tariffs by member states and would help achieve a custom union in the region. The CET would ensure that any goods coming from outside the sub region would attract the same duty while goods from member states attract no duties.

The ECOWAS five band common external tariffs (CET) have been approved by the Ghana parliament awaiting final approval by the president. Expectation is that the ECOWAS CET will be implemented in 2016. Once entered into force the CET will consist of the following five bands: zero duty on essential social goods such as veterinary drugs; 5 percent duty on imported foods of primary necessity, raw materials and specific inputs; 10 percent duty on intermediate goods; 20 percent duty on finished goods (final consumption goods); 35 percent on goods in certain sectors that the government seeks to protect such as poultry and rice.

Trade and Investment Framework Agreement (TIFA)

In February 1999 Ghana and the United States signed a Trade and Investment Framework Agreement (TIFA). The goal of the TIFA is to provide a forum to facilitate increased trade and investment. The agreement provides a mutual bilateral economic relationship between the two countries and seeks to encourage and facilitate private sector contracts between them. The agreement consists of ten articles. The TIFA established the US-Ghana Council on Trade and Investment composed of representatives of both countries. The Council meets regularly to discuss specific trade and investment issues and provides a valuable mechanism for promptly addressing these and other issues that may arise between the US and Ghana.
The sixth US-Ghana Trade and Investment Framework Agreement (TIFA) Council meeting was held in Accra, Ghana in July 2010. The US delegation was led by Florie Liser, Assistant United States Trade Representative, and the Ghana side was led by Hannah Tetter, Minister of Trade and Industry. The United States Ambassador to Ghana Donald Teitelbaum and the Ghanaian Ambassador to the United States, Daniel Ohene Agyekum also participated. The discussions of the meeting were on bilateral trade, Investment Climate, and Development (trade capacity building and technical assistance) as well as the African Growth and Opportunity Act (AGOA), transportation, telecommunications, and intellectual property rights. The Ghanaian delegation identified agriculture and agribusiness as one of seven top priority sectors for increased foreign direct investment. There has not been any TIFA council meeting since 2010.

On November 17, 2015, Deputy Secretary Krysta Harden of the U.S. Department of Agriculture held a press event in Ghana to announce USDA’s Food-for-Progress Program for Poultry to Ghana. This Program is valued at $58 million over the next five years, and its implementing partners are American Soybean Association/World Initiative for Soy in Human Health (ASA/WISHH) and ACDI-VOCA. [ACDI-VOCA is an economic development organization that fosters broad-based economic growth. Its practice areas include, but are not limited to, agribusiness, and food security.]

On August 5, 2014 the Government of Ghana (GOG) signed the second Millennium Challenge Corporation Compact and is the largest U.S. Government-funded transaction of President Obama’s Power Africa initiative. This Second Compact dubbed the Ghana Power Compact seeks to double access to power on the African continent—with the Government of Ghana. The Compact intends to invest up to $498.2 million to support the transformation of Ghana’s electricity sector and stimulate private investment. Present at the signing ceremony was the Secretary of State John Kerry and His Excellency, the President of the Republic of Ghana, John Dramani Mahama, which was held during the U.S.-Africa Leaders’ Summit at the U.S. State Department in Washington, D.C.

The five-year Compact is designed to create a self-sustaining energy sector in Ghana by reforming laws and regulations needed to transform the country’s power sector. The Compact will support improved management of Ghana’s entire power system, providing a more robust framework for private investment as well as a more competitive process for the procurement of power from independent producers. It will address challenges in distribution, generation and access to energy in Ghana. The Government of Ghana will invest $37.4 million of its own funds in the initiative making the Compact a total investment of up to $535.6 million.

Ghana is also a focus country of the U.S. Government’s Feed the Future (FtF) Initiative.