GHANA

TRADE SUMMARY

The U.S. goods trade surplus with Ghana was $217 million in 2007, an increase of $120 million from $97 million in 2006. U.S. goods exports in 2007 were $416 million, up 43.7 percent from the previous year. Corresponding U.S. imports from Ghana were $199 million, up 3.4 percent. Ghana is currently the 95th largest export market for U.S. goods.

The stock of U.S. foreign direct investment in Ghana was $237 million in 2006 (latest data available), down from $239 million in 2005.

IMPORT POLICIES

Tariffs

Ghana is a Member of the World Trade Organization (WTO) and the Economic Community of West African States (ECOWAS). Along with other ECOWAS countries, Ghana adopted a common external tariff (CET) in 2005. The ECOWAS CET requires that members simplify and harmonize *ad valorem* tariff rates into four bands: zero duty on social goods (*e.g.*, medicine, publications); 5 percent on imported raw materials; 10 percent on intermediate goods; and 20 percent on finished goods. Currently, Ghana maintains 190 exceptions to the CET. Tariff rates for the items covered under these exceptions are within the 0 percent to 20 percent range, but will require some increase or decrease to align with the CET. Ghana is currently in a transition period and is negotiating the exceptions with ECOWAS. The deadline for agreement on a comprehensive ECOWAS CET was January 1, 2008, but this deadline was not met.

Nontariff Measures

Importers are confronted by a variety of fees and charges in addition to tariffs. Ghana levies a 12.5 percent value added tax (VAT) plus a 2.5 percent National Health Insurance Levy on the duty inclusive value of all imports and locally produced goods, with a few selected exemptions. In addition, Ghana imposes a 0.5 percent ECOWAS surcharge on all goods originating from non-ECOWAS countries and charges 0.4 percent on the free on board value of goods (including VAT) for the use of the automated clearing system, the Ghana Community Network. Further, under the Export Development and Investment Fund Act, Ghana imposes a 0.5 percent duty on all nonpetroleum products imported in commercial quantities. Ghana also applies a 1 percent processing fee on all duty free imports.

All imports are subject to destination inspection and an inspection fee of 1 percent of cost, insurance and freight (CIF). Importers have indicated that they would prefer a flat fee on each transaction. The destination inspection services are currently provided by four private companies licensed by the Ghanaian government. Importers are lobbying the Ghanaian government to shift the provision of destination services from the four licensed companies to Ghana Customs because of the cost and delays incurred as a result of having outside providers.

In July 2007, an *ad valorem* excise tax on locally produced and imported malt drinks, water, beer, and tobacco products was replaced with specific rates. This is the outcome of a study sponsored by Coca-Cola for the Ghanaian government. The previous *ad valorem* excise tax was between 5 percent and 140 percent for these products. Specific rates are now charged on a liter basis depending on the level of alcohol content. Carbonated soft drinks attract GHC 0.04 (about $0.04) per liter, while malt drinks attract GHC 0.05 per liter excise tax. Tobacco products have a range of GHC 0.01 to GHC 0.03 per stick depending on the quality. An examination fee of 1 percent is applied to imported vehicles. Imported used vehicles that are more than 10 years old incur an additional tax ranging from 5 percent to 50 percent of the CIF value. Ghana Customs maintains a price list of vehicles that it uses to determine the value of used vehicles for tax purposes. There are complaints that this system is nontransparent as the price list is not publicly available.

All communications equipment requires a clearance letter from the National Communications Authority.

Each year, between May and October, there is a temporary ban on the importation of fish, except canned fish, to protect local fishermen during their peak season. Ghana continues to ban imports of U.S. bone–in beef due to concerns about Bovine Spongiform Encephalopathy (BSE). Certificates are required for agricultural, food, cosmetics, and pharmaceutical imports. The procedures are cumbersome. Permits are required for poultry and poultry product imports. The permit process is time consuming, and at the time the permit is issued, a nonstandardized quantity limit is imposed. Ghana prohibits the importation of meat with a fat content by weight greater than 25 percent for beef, 42 percent for pork, 15 percent for poultry, and 35 percent for mutton. Imported turkeys must have their oil glands removed. It also restricts the importation of condensed or evaporated milk with less than 8 percent milk fat by weight, and dried milk or milk powder containing less than 26 percent by weight of milk fat, with the exception of imported skim milk in containers. Effective November 1, 2007, the Ghanaian government imposed a temporary ban on the import of tomato paste and concentrates, citing “unfair trade practices.” Importers are challenging the ruling in court.

STANDARDS, TESTING, LABELING, AND CERTIFICATION

Ghana has issued its own standards for most products under the auspices of its testing authority, the Ghana Standards Board (GSB). The GSB has promulgated more than 250 Ghanaian standards and adopted more than 3,057 international standards for certification purposes. The Food and Drugs Board is responsible for enforcing standards for food, drugs, cosmetics, and health items.

Under Ghana’s “Conformity Assessment Program,” some imports are classified as “high risk goods” (HRG) that must be inspected by GSB officials at the port to ensure they meet Ghanaian standards. The GSB has classified the HRG into 17 broad groups, including food products, electrical appliances and used goods. The classification of HRG is vague and broad, and its scope has raised numerous questions. For example, the category of “alcoholic and nonalcoholic products” could presumably include beverages, pharmaceuticals, and industrial products under the same classification. The process requires prior registration with GSB as an importer of HRG and GSB approval to import HRG. The importer must submit to GSB a sample of the HRG, accompanied by a certificate of analysis or a certificate of conformance from accredited laboratories in the country of export. Most often, the GSB officials conduct a physical examination and check labeling and marking requirements and ensure that goods are released within 48 hours. Currently, the fee for registering each HRG is GHC 100 (about $93.50). There is also a testing fee in addition to the registration fee. The fee is not fixed but based on the number and kinds of parameters tested. The GSB publishes most of its fees on its website. U.S. companies, however, have expressed concern that the standards that the program utilizes are unknown and that independent third party certifications and marks may not be recognized, resulting in costly and redundant testing.

Ghana does not allow cholesterol-free labeling on the grounds that all plant-origin oils are free of cholesterol. Coconut oil, however, contains cholesterol. Ghana also requires that all food products carry expiration dates or shelf life and requires that the expiry date be at least half the shelf life at the time of inspection. Goods that do not have half of their shelf life remaining are seized at the port of entry and destroyed. This requirement appears inconsistent with the Codex Alimentarius Commission General Standard for Labeling of Prepackaged Foods.

Ghana currently has no specific law governing agricultural biotechnology. An enabling regulatory framework for biotechnology is in the early stages of consideration. The draft National Biosafety Framework for Ghana was completed in 2004. The President's Cabinet is currently reviewing a draft Biosafety Bill that establishes the National Biosafety Authority, which will be the administrative body responsible for all issues related to biotechnology in Ghana.

The draft Biosafety Bill provides that all biotechnology products will require a permit, which could be disruptive to trade. The bill includes provisions that would govern procedures for contained work and field trials on biotechnology products, release of these products into the environment, and importation, exportation, and transit of agricultural biotechnology products.

GOVERNMENT PROCUREMENT

Ghana is not a signatory to the WTO Agreement on Government Procurement. In 2003, Parliament enacted a public procurement law that codified guidelines to enhance transparency and efficiency in the procurement process and assigned responsibility for administration of procurement to a central body. In 2004, the government inaugurated the Public Procurement Board. Individual government entities have formed tender committees and tender review boards to conduct their own procurement. Large public procurements are made by open tender and foreign firms are allowed to participate. A draft guideline being applied to current tenders gives a margin of preference of 7.5 percent to 20 percent to domestic suppliers of goods and services in international competitive bidding. Notwithstanding the procurement law, companies cannot expect complete transparency in locally funded contracts. Allegations of corruption in government procurement are fairly common.

EXPORT SUBSIDIES

Agricultural export subsidies were eliminated in the mid-1980s. However, the government uses preferential credits and tax incentives to promote exports. The Export Development Investment Fund provides financing on preferential terms using a 12 percent interest rate, which is below market rates. The Export Processing Zone (EPZ) Law leaves corporate profits untaxed for the first 10 years of business operation in an EPZ, after which the tax rate climbs to 8 percent (the same as for non-EPZ companies). Seventy percent of production in the EPZ zones must be exported. The current corporate tax rate for nonexporting companies is 25 percent.

INTELLECTUAL PROPERTY RIGHTS (IPR) PROTECTION

Ghana is a party to the Berne Convention for the Protection of Literary and Artistic Works, the Paris Convention for the Protection of Industrial Property, the Patent Cooperation Treaty, the World Intellectual Property Organization (WIPO) Copyright Treaty and the African Regional Industrial Property Organization. Ghana has signed the WIPO Performances and Phonograms

Treaty and the Patent Law Treaty. Since December 2003, Parliament has passed six bills designed to bring Ghana into compliance with the WTO TRIPS Agreement. The new laws address copyright, trademarks, patents, layout-designs (topographies) of integrated circuits, geographical indications, and industrial designs. Regulations to define the procedures for IPR protection and enforcement have not been promulgated.

Piracy of copyrighted works is known to take place, although there is no reliable information on the scale of this activity. Holders of intellectual property rights have access to local courts for redress of grievances, although few trademark, patent, and copyright infringement cases have been filed in Ghana in recent years. Government initiated enforcement remains relatively rare but the Copyright Office, which is under the Attorney General's Office, has initiated several raids on pirated works, and the customs service has collaborated with some companies to check import shipments for specific counterfeit products.

SERVICES BARRIERS

The investment code excludes foreign investors from participating in four economic sectors: petty trading, the operation of taxi and car rental services with fleets of fewer than ten vehicles, lotteries (excluding soccer pools), and the operation of beauty salons and barber shops.

Ghana allows foreign telecommunications firms to provide basic services, but requires that these services be provided through joint ventures with Ghanaian nationals. The National Communications Authority (NCA) has yet to become an effective mechanism to resolve complaints alleging that Ghana Telecom, the state owned national telecommunications operator, has engaged in anticompetitive practices.

Ghana allows up to 60 percent foreign ownership in insurance firms. This cap does not apply to auxiliary insurance services, in which 100 percent foreign ownership is permitted. Ghana allows foreign companies to provide a full range of insurance services, as long as they are registered as companies in Ghana.

Foreigners may participate in banking and other noninsurance financial services but there are some conditions relating to nonresident foreigners. Shares held by a single nonresident foreigner and the total number of shares held by all nonresident foreigners in any company listed on the Ghana Stock Exchange may not exceed 10 percent and 74 percent, respectively.

INVESTMENT BARRIERS

Foreign investment projects must be registered with the Ghana Investment Promotion Center (GIPC), a process that is supposed to take no more than five working days but often takes longer. In order to improve its service, the GIPC in 2007, introduced an online registration system http://www.gipc.org.gh/forms_page.aspx.

The following minimum equity requirements apply, in the form of either cash or its equivalent in capital goods, for non-Ghanaians who want to invest in Ghana: $10,000 for joint ventures with a Ghanaian; $50,000 for enterprises wholly owned by a non-Ghanaian; and $300,000 for trading companies (firms that buy/sell finished goods) either wholly or partly owned by non-Ghanaians. The GIPC has proposed increasing the minimum equity for trading companies to $1 million. Trading companies must also employ at least 10 Ghanaians. Work visa quotas for businesses are in effect.

ELECTRONIC COMMERCE

Barriers to electronic commerce are mainly related to inadequate telecommunications and financial infrastructure. The legal framework for electronic transactions has been drafted but has yet to be enacted. The payment system in Ghana is largely cash based. The government plans to establish a national switch that will link banks and financial institutions throughout Ghana and ease the way for expansion of point of sale and other electronic payments tools by March 2008.

OTHER BARRIERS

There are frequent problems related to the complex land tenure system, and establishing clear title can be difficult. Non-Ghanaians can have access to land only on a leasehold basis.

Frequent backlogs of cargo at the port hurt the business climate. The Customs Service phased in an automated customs declaration system to facilitate customs clearance. Although the new system has cut down the number of days for clearing goods through the ports, the desired impact has yet to be realized because complementary services from government agencies, banks, destination inspection companies, and security services have not been established.

The residual effects of a highly regulated economy and lack of transparency in certain government operations create an added element of risk for potential investors. Entrenched local interests sometimes have the ability to derail or delay new entrants, and securing government approvals may depend upon an applicant's local contacts. The political leanings of the Ghanaian partners of foreign investors are often subject to government scrutiny and corruption remains a challenge.