GHANA

TRADE SUMMARY

The U.S. goods trade surplus with Ghana was $414 million in 2011, a decrease of $302 million from 2010. U.S. goods exports in 2011 were $1.2 billion, up 20.5 percent from the previous year. Corresponding U.S. imports from Ghana were $779 million, up 184.9 percent. Ghana is currently the 77th largest export market for U.S. goods.

The stock of U.S. foreign direct investment in Ghana was $974 million in 2006 (latest data available).

IMPORT POLICIES

Tariffs

Ghana is a member of the World Trade Organization (WTO) and the Economic Community of West African States (ECOWAS). According to the WTO, Ghana's average most favored nation (MFN) applied tariff rate in 2010 was 12.8 percent. For agricultural goods, the average applied tariff is 17.4 percent, and for non-agricultural products it is 12.3 percent. In 2008, along with other ECOWAS countries, Ghana adopted a common external tariff (CET) with five bands. The 5 tariff bands are: zero duty on social goods (*e.g.*, medicine, publications); 5 percent duty on imported raw materials; 10 percent duty on intermediate goods; 20 percent duty on finished goods; and 35 percent duty will be charged on goods in certain sectors that the government seeks to protect, such as poultry and rice. Ghana currently maintains 190 exceptions to the CET, and the highest applied tariff is 20 percent.

Ghana has bound all agricultural tariffs in the WTO at an average of 97.2 percent, more than 5 times the average level of its MFN applied rates on agricultural goods. On industrial goods, almost all of Ghana's tariffs are unbound at the WTO, meaning that Ghana could raise tariffs to any rate at any time without violating WTO commitments, contributing to uncertainty for traders.

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 as well as on locally produced goods, with a few selected exemptions. In addition, Ghana imposes a 0.5 percent ECOWAS surcharge on all goods originating in non-ECOWAS countries and charges 0.4 percent of the free on board (FOB) 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 non-petroleum products imported in commercial quantities. Ghana also applies a one percent processing fee on all duty free imports.

Imports are subject to an inspection fee of one percent of cost, insurance, and freight (CIF) of the goods. Importers have reported that the flat fee is not based on the cost of the services rendered. Destination inspection companies (DICs) are licensed by the Ghanaian government. Inspection by the DICs accounts for the longest delays in import clearance.

In December 2009, the Ghanaian government changed Ghana's excise tax regime on certain non-alcoholic beverages, spirits, imported beer, and tobacco products from a specific excise tax to an *ad valorem* excise tax. Although this amendment eliminated the difference in tax treatment of malt drinks and carbonated soft drinks, it did so by increasing the excise tax on carbonated soft drinks. Subsequently, the Ghanaian government reduced the tax rate on non-alcoholic beverages from 20 percent to 17.5 percent of the wholesale price, excluding transportation costs.

An examination fee of one percent is applied to imported vehicles. Imported used vehicles that are more than 10 years old incur an additional tax ranging from 2.5 percent to 50 percent of the CIF value. The Ghana Customs, Excise, and Preventive Service maintains a price list that is used to determine the value of imported used vehicles for tax purposes. There are complaints that this system is not transparent because the price list used for valuation is not publicly available.

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.

Certificates are required for imports of food, cosmetics, and agricultural and pharmaceutical goods. Permits are required for poultry and poultry product imports. At the time the permit is issued, a non-standardized quantity limit is imposed.

All communications equipment imports require a clearance letter from the National Communications Authority. Securing a clearance letter prior to importation can help avoid delays at the port of entry.

EXPORT SUBSIDIES AND OTHER EXPORT PROMOTION PROGRAMS

The government uses preferential credits and tax incentives to promote exports. The Export Development Investment Fund provides financing at below market rates. The Export Processing Zone (EPZ) Law, enacted in 1995, leaves corporate profits untaxed for the first 10 years of business operation in an EPZ, after which the rate climbs to 8 percent (the same rate for non-EPZ companies). Seventy percent of production in the EPZ zones must be exported.

GOVERNMENT PROCUREMENT

Large public procurements are conducted with open tendering and non-domestic firms are allowed to participate in them. A draft guideline that applies 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 public procurement law, companies report that locally funded contracts lack full transparency. Supplier or foreign government subsidized financing arrangements appear in some cases to be a crucial factor in the award of government procurements. Allegations of corruption in the tender process are fairly common.

Ghana is not a signatory to the WTO Agreement on Government Procurement.

INTELLECTUAL PROPERTY RIGHTS PROTECTION

Since December 2003, Ghana’s Parliament has enacted six bills into law designed to implement Ghana’s obligations under the WTO TRIPS Agreement. The new laws pertain to copyright, trademarks, patents, layout-designs (topographies) of integrated circuits, geographical indications, and industrial designs. Ghana is a signatory 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 and ratified the WIPO Performances and Phonograms Treaty, but despite being signed, it has not been entered into force. This issue has been raised in bilateral consultations.

In recent years, intellectual property rights owners have filed very few trademark, patent, or copyright infringement cases in local courts. Companies that do initiate cases report prolonged waits for resolution, a possible factor in discouraging other companies from filing cases.

There is virtually no government-initiated enforcement. However, the Copyright Office, which is under the Attorney General's Office, periodically initiates raids on markets for pirated works. The Customs Service has collaborated with concerned companies to inspect import shipments.

SERVICES BARRIERS

Ghana's 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 10 vehicles; lotteries (excluding soccer pools); and the operation of beauty salons and barber shops.

Foreign investors are required by law to have local partners in the insurance and extractive industries. In the insurance sector, Ghana limits foreign ownership to 60 percent, except for auxiliary insurance services. There is compulsory local participation in the extractive sector. By law, the government of Ghana acquires an automatic 10 percent carried interest of all interests in mining, oil, and gas ventures. The 2006 Minerals and Mining Law also allows the government of Ghana to negotiate any other form of participation.

Ghana offers access to foreign telecommunications providers for most services, but requires that these services be provided through joint ventures with Ghanaian nationals. On December 31, 2009, Ghana enacted legislation requiring a minimum rate of $0.19 per minute for terminating international calls into Ghana, significantly increasing the cost of terminating international calls into the country from approximately $0.07 per minute for fixed networks and $0.13 per minute for mobile networks. All local and international calls are subject to a tax of $0.06 per minute.

INVESTMENT BARRIERS

A highly regulated economy, a politicized business community, and lack of transparency in certain government operations create risks for potential investors. Entrenched local interests can derail or delay new entrants. The political leanings of the Ghanaian partners of foreign investors are often subject to government scrutiny. Resisting demands for bribes in order to ensure compliance with the U.S. Foreign Corrupt Practices Act remains a challenge.

Foreign investment projects must be registered with the Ghana Investment Promotion Center, a process meant to take no more than five business days but that often takes significantly longer. Foreign investments are also subject to the following minimum capital requirements: $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 or sell finished goods) either wholly or partly owned by non-Ghanaians. Trading companies are also required to employ at least 10 Ghanaian nationals.

OTHER BARRIERS

Foreign investors have experienced difficulties and delays in securing required work visas for their non-Ghanaian employees. The process for generating required work permits can be unpredictable and take several months from application to delivery. Foreign investors' access to land can also be challenging. Non-Ghanaians are only permitted to access land on a long-term leasehold basis, while Ghana's complex land tenure system makes establishing clear title on real estate difficult.

Port inefficiencies increase import and export costs. During the last quarter of 2002, Ghana's Customs Service phased in an automated customs declaration system to facilitate customs clearance. Although the new system has reduced the number of days for clearing goods through the ports, inefficiencies remain because complementary services from Ghanaian government agencies, banks, destination inspection companies, and security services have not been effective. Such inefficiencies are a significant contributing factor to the absence of a direct shipping route to Ghana, which in turn has a significant adverse impact on U.S. exports.