GHANA

TRADE SUMMARY

The U.S. goods trade surplus with Ghana was $500 million in 2009, an increase of $113 million from 2008. U.S. goods exports in 2009 were $634 million, up 4.2 percent from the previous year. Corresponding U.S. imports from Ghana were $135 million, down 39.3 percent. Ghana is currently the 85th 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 MFN applied tariff rate is 13 percent. In 2008, along with other ECOWAS countries, Ghana adopted a common external tariff (CET) that requires members to simplify and harmonize *ad valorem* tariff rates into five bands: zero duty on social goods (*e.g.*, medicine, publications); 5 percent on imported raw materials; 10 percent on intermediate goods; 20 percent on finished goods; and 35 percent on goods in certain sectors. Ghana currently maintains 190 exceptions to the CET, and the highest tariff charged is 20 percent. The tariff rates for the items covered under these exceptions will require some changes to align with the CET.

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 tariff-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 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.

All imports are subject to destination inspection and an inspection fee of one percent of cost, insurance and freight (CIF). Importers have indicated that they would prefer a flat fee on each transaction based on the cost of the services rendered. The destination inspection companies (DICs) licensed by the Ghanaian government account for the longest delay in import clearance. In response to importers' concerns, Ghana Customs established a Customs Management System (CMS) to take over the valuation and classification of imported goods from the DICs. The new system is designed to reduce the time for goods clearance through the automation of key steps associated with customs entry processing, payments, and clearance. However, implementation of the CMS has been delayed due to the extension of an agreement with one of the DICs.

In December 2009, the Ghanaian government introduced a bill in Parliament to change Ghana's excise tax regime from the current specific excise tax to an *ad valorem* excise tax on certain non-alcoholic beverages, spirits, imported beer, and tobacco products. This amendment would equalize the difference in tax treatment of malt drinks and carbonated soft drinks. If passed, non-alcoholic beverages would be taxed at 20 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. Ghana Customs 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 (not including canned fish) to protect local fishermen during their peak season.

Certificates are required for agricultural, food, cosmetics, and pharmaceutical imports. Permits are required for the import of poultry and poultry products. At the time the permit is issued, a non-standard 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 products (including chicken, duck, turkey, etc.) and 35 percent for mutton.

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

Ghana uses preferential credits and tax incentives to promote exports. The Export Development Investment Fund administers financing at below market rates. Agricultural export subsidies were eliminated in the mid-1980s. The Export Processing Zone (EPZ) Law, enacted in 1995, allows for corporate profits to be tax-exempt for the first 10 years of business operation in an EPZ, after which the tax rate climbs to 8 percent (the same rate for non-EPZ companies). Seventy percent of production in the EPZ zones must be exported. The corporate tax rate for non-exporting companies is 25 percent.

GOVERNMENT PROCUREMENT

The Public Procurement Authority, established in 2004, administers the public procurement law to enhance transparency and efficiency in the procurement process. 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 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 public procurement law, companies do not experience complete transparency in locally funded contracts. Vendor or foreign-government subsidized financing arrangements appear in some cases to be a crucial factor in some government procurement actions. Allegations of corruption in government procurement are also fairly common.

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

INTELLECTUAL PROPERTY RIGHTS (IPR) PROTECTION

Industry estimates on the scale of counterfeiting and piracy range from 40 percent to 90 percent for certain sectors, such as pharmaceuticals and computer software. Although IPR owners can turn to local courts, they have filed very few trademark, patent, and copyright infringement cases in recent years. Companies that do initiate cases report prolonged timelines for resolution (a possible factor in discouraging other companies from filing cases).

Government-initiated enforcement remains relatively rare, but 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.

Since December 2003, Parliament passed six bills designed to implement provisions of the WTO TRIPS Agreement. These laws pertain to copyright, trademarks, patents, layout-designs (topographies) of integrated circuits, geographical indications, and industrial designs. Ghana has not yet promulgated many IP-related regulations, although it did promulgate copyright regulations in July 2008.

SERVICES BARRIERS

Ghana's investment code precludes 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.

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 has yet to become effective in resolving complaints that Ghana Telecom, the state-owned national telecommunications operator, is engaging in anticompetitive practices.

In the insurance sector, Ghana limits foreign ownership to 60 percent, except for auxiliary insurance services, where 100 percent foreign ownership is permitted. Although foreign investors may participate in Ghana's market for banking and other non-insurance financial services, discriminatory treatment applies to companies owned by non-resident investors. Specifically, under the central bank's new minimum capital requirement for banks, existing banks with Ghanaian majority share ownership (local banks) have until 2012 to fully increase their capital base to GHC 60 million (about $41 million) from GHC 7 million. By contrast, banks with majority foreign ownership need to meet the target by 2009.

INVESTMENT BARRIERS

Foreign investment projects must be registered with the Ghana Investment Promotion Center (GIPC), a process meant to take no more than five business days but that often takes significantly longer. Foreign investments in Ghana are subject to minimum capital contribution requirements as follows: $10,000 for joint ventures with a Ghanaian entity; $50,000 for investment in enterprises wholly-owned by a non-Ghanaian; and $300,000 for investment in trading companies (firms that buy/sell finished goods) either wholly or partly owned by non-Ghanaians. Trading companies must also employ at least 10 Ghanaians.

OTHER BARRIERS

The effects of a highly regulated economy, a politicized business community, 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. The political leanings of the Ghanaian partners of foreign investors are often subject to government scrutiny, and ensuring compliance with the U.S. Foreign Corrupt Practices Act remains a challenge.

Foreign investors have experienced sustained difficulties and delays in securing required work visas for non-Ghanaian employees. Work permits that are generated can unpredictably take several months from application to delivery. At least one company received only a fraction of the total number of work permits required, leading to the cancellation of an infrastructure project worth more than $150 million. Ghana's complex land tenure system creates challenges for establishing clear title on real estate. Non-Ghanaians can have access to land only on a leasehold basis.

Port inefficiencies increase import and export costs. The Customs Service phased in an automated customs declaration system during the last quarter of 2002 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 established.