GHANA

TRADE SUMMARY

U.S. goods exports in 2014 were $1.1 billion, up 14.8 percent from the previous year. Ghana is currently the 78th largest export market for U.S. goods. Corresponding U.S. imports from Ghana were $271 million, down 25.8 percent. The U.S. goods trade surplus with Ghana was $856 million in 2014, an increase of $240 million from 2013.

The stock of U.S. foreign direct investment (FDI) in Ghana was $3.6 billion in 2013 (latest data available), down from $3.6 billion in 2012.

TECHNICAL BARRIERS TO TRADE / SANITARY AND PHYTOSANITARY BARRIERS

Technical Barriers to Trade

Ghana has issued its own standards for most products under the auspices of its testing authority, the Ghana Standards Authority (GSA). The GSA has promulgated more than 444 Ghanaian standards and adopted more than 1,440 international standards for certification purposes. The Food and Drugs Authority is responsible for enforcing standards for food, drugs, cosmetics, and health items.

Some imports are classified as “high risk goods” (HRG) that must be inspected by GSA officials at the port to ensure they meet Ghanaian standards. The GSA has classified the HRG into 20 broad groups, including food products, electrical appliances, and used goods. The HRG classification is vague and confusing, and its unclear scope has raised numerous questions. For example, the category of “alcoholic and nonalcoholic products” could include anything from beverages to pharmaceuticals to industrial products. According to GSA officials, these imports are classified as high risk because of the “potential hazards” they pose, although “potential hazards” remains undefined. The stated target is mainly products from Asia because of concerns about poor quality.

HRG importers must obtain prior registration with GSA and GSA approval to import any listed HRG. The importer must submit to GSA a sample of the HRG, accompanied by a certificate of analysis (COA) or a certificate of conformance (COC) from accredited laboratories in the country of export. Most often, the GSA officials conduct a physical examination and check labeling and marking requirements to ensure that goods are released within 48 hours. Currently, the fee for registering the first three HRGs is GHS 50 (about $16) and GHS 20 (about $8) for each additional product. Any HRG entering Ghana without a COC or COA from an accredited laboratory is detained and subjected to testing by the GSA. The importer is required to pay the testing fee based on the number and kinds of parameters tested. The GSA publishes most fees on its website.

Expiration Date and Fat Content Requirements

The GSA requires that all food products carry expiration or shelf life dates and requires that the expiration date at the time it reaches Ghana should be at least half the shelf life. Goods that do not have half of their shelf life remaining are seized at the port of entry and destroyed. Questions have been raised regarding the consistency of this requirement with the Codex Alimentarius (Codex) Commission General Standard for Labeling of Pre-packaged Foods. The United States has raised this issue with the Ghanaian government in recent years. Ghana’s position is that the expiration date measure is fully consistent with the Codex standard and that it protects exporters from claims of adverse health effects from spoilage.

To address human health risks, Ghana prohibits the importation of meat with a fat content by weight greater than 25 percent for beef, 25 percent for pork, 15 percent for poultry, and 30 percent for mutton. Imported turkeys must have their oil glands removed. Ghana 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.

IMPORT POLICIES

Tariffs

According to the WTO, Ghana's average unweighted most favored nation (MFN) applied tariff rate in 2013 was 12.8 percent. For agricultural goods, the average applied tariff was 17 percent, and for non-agricultural products, it was 12 percent. Starting in the first quarter of 2015, along with other Economic Community of West African States (ECOWAS) countries, Ghana was expected to apply a common external tariff (CET) with five bands. The five 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 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 96.5 percent, more than five 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, such that Ghana could raise tariffs to any rate at any time without violating its WTO commitments, which contributes to uncertainty for traders.

Nontariff Measures

Importers are confronted by a variety of fees and charges in addition to tariffs. Ghana levies a 15 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. Starting in November 2014, Ghana added a 17.5 percent VAT-like tax to all refined petroleum products. 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 value of goods (including VAT) for the use of the Ghana Community Network, an automated clearing system.

Under the Export Development and Agricultural Investment Fund (EDAIF) 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. In July 2013, a Special Import Levy of one percent was imposed on the cost, insurance, and freight (CIF) value of goods under chapters 84 and 85 of the Harmonized System schedule which cover, *inter alia*, boilers and certain types of machinery, electrical machinery, mechanical appliances and recording devices, while the import levy applied to all other imports was set at two percent, except for some petroleum products and fertilizers. The EDAIF Act was amended in December 2013 to expand the scope of exemptions.

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

A separate 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 Customs Division of the Ghana Revenue Authority 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.

Between May and October each year, there is a temporary ban on the importation of fish, except on imports of 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 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.

GOVERNMENT PROCUREMENT

Some large public procurements are conducted with open tendering and allow the participation of non-domestic firms; however, single source procurements are common on many government contracts. A 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

Ghana is not listed in the 2014 Special 301 Report. Ghana maintains laws that pertain to copyrights, 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) Internet Treaties (the WIPO Copyright Treaty and the WIPO Performances and Phonograms Treaty), and the African Regional Industrial Property Organization.

Owners of intellectual property rights have filed very few trademark, patent, or copyright infringement cases in local courts. Companies that initiate cases continue to report prolonged waits for resolution, a possible factor in discouraging other companies from filing cases.

There continues to be virtually no government initiated enforcement of intellectual property rights. However, the Copyright Office, which is under the Attorney General’s Office, periodically initiates raids on physical markets for pirated works. The Customs Service has also collaborated in the past with concerned companies to inspect import shipments.

SERVICES BARRIERS

Ghana requires a minimum rate of $0.19 per minute for terminating international calls into Ghana. All local and international calls are subject to a tax of $0.06 per minute.

INVESTMENT BARRIERS

Ghana's investment code excludes foreign investors from participating in eight economic sectors: petty trading; the operation of taxi and car rental services with fleets of fewer than 25 vehicles; lotteries (excluding soccer pools); the operation of beauty salons and barber shops; printing of recharge scratch cards for subscribers to telecommunications services; production of exercise books and stationery; retail of finished pharmaceutical products; and the production, supply, and retail of sachet water.

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 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.

In November 2013, local content regulations applicable to the oil and gas sector entered into force. The regulations include local ownership and content requirements for equity participation, procurement of supplies and equipment, and provision of services, as well as mandatory local equity participation in upstream activities and a requirement for the Minister of Petroleum's approval of all contracts, sub-contracts, and purchase orders above $100,000. The regulations establish a maximum penalty of a five-year jail sentence for non-compliance, and compliance with the requirements for local equity participation are complicated by a lack of transparency in the selection of equity partners and lack of clarity about the role of the Minister of Petroleum.

The Petroleum Commission applies registration fees and annual renewal fees on foreign oil and gas service providers, which, depending on a company's annual revenues, range from $70,000 to $150,000, compared to fees of between $5,000 and $30,000 for local companies.

Foreign investment projects must be registered with the Ghana Investment Promotion Center. While the registration process is designed to be completed within five business days, the process often takes significantly longer. Foreign investments are also subject to the following minimum capital requirements: $200,000 for joint ventures with a Ghanaian partner; $500,000 for enterprises wholly-owned by a non-Ghanaian; and $1,000,000 for trading companies (firms that buy or sell imported goods or services) wholly owned by non-Ghanaian entities. Trading companies are also required to employ at least 20 skilled Ghanaian nationals.

OTHER BARRIERS

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

Foreign investors in Ghana must contend with a highly regulated economy, a politicized business community, and a lack of transparency in certain government operations. 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. Corruption among government and business figures also remains a concern. Ghanaian law enforcement and judicial bodies have robust legal powers to fight corruption in the country, but the government does not implement anticorruption laws effectively.