GHANA

TRADE SUMMARY

The U.S. goods trade surplus with Ghana was $709 million in 2010, an increase of $128 million from 2009. U.S. goods exports in 2010 were $983 million, up 37.3 percent from the previous year. Corresponding U.S. imports from Ghana were $273 million, up 102.5 percent. Ghana is currently the 78th largest export market for U.S. goods.

The stock of U.S. foreign direct investment (FDI) 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. 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 five tariff bands are: zero duty on social goods (*e.g.,* medicine, publications); five 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.

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 (GCN). 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 destination inspection and an inspection fee of one percent of cost, insurance, and freight (CIF) of the goods. Importers have indicated that they would prefer a flat fee 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 delay 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 1 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. Ghanaian 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, except canned fish, to protect local fishermen during their peak season.

Certificates are required for imports of agricultural, food, cosmetics, 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 administers 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 eight 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

In 2004, the government established the Public Procurement Authority to administer the public procurement law and 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 non-domestic firms are allowed to participate. 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 complete transparency. Vendor or foreign-government subsidized financing arrangements appear in some cases to be a crucial factor in certain government procurement actions. 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 (IPR) PROTECTION

Ghana is a signatory to the Berne Convention for their 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 (WPPT), but despite being signed in 1997, it has not been entered into force. This issue has been raised in bilateral consultations, and in November 2010 Ghana's Copyright Administrator sent a reminder to the Minister for Foreign Affairs regarding this issue. Since December 2003, Parliament has passed six bills designed to implement Ghana's obligations under the TRIPS Agreement. The new laws pertain to copyright, trademarks, patents, layout-designs (topographies) of integrated circuits, geographical indications, and industrial designs.

In recent years, IPR 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 ten vehicles; lotteries (excluding soccer pools); and the operation of beauty salons and barber shops.

Ghana offers access to foreign telecommunications providers for most services but requires that these services be provided through joint ventures with Ghanaian nationals. In May 2010, Ghana announced a floor price of $0.19 per minute for terminating international calls into Ghana, significantly increasing the cost of terminating international calls into the country from about $0.13 per minute. All local and international calls are subject to a tax of $0.06 per minute. In its GATS commitments on basic telecommunications, Ghana has adopted the Reference Paper on Pro-Competitive Regulatory Principles that require it to ensure cost based interconnection with major suppliers.

In the insurance sector, Ghana limits foreign ownership to 60 percent, except for auxiliary insurance services.

INVESTMENT BARRIERS

The effects of a highly regulated economy, a politicized business community, and lack of transparency in certain government operations create elements 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 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 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/sell finished goods) either wholly or partly owned by non-Ghanaians. Trading companies are also required to employ at least ten 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. Ghana’s 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. They are a significant contributing factor to the absence of a direct shipping route to Ghana, which has a significant impact on U.S. exports.