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REPUBLIC OF GHANA

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## **Foreword**

The development of the Trade Policy for Ghana has been accomplished through a comprehensive and inclusive process based on well researched analysis and wide consultation of stakeholders in Ghana.

The exercise was carried out in six sequential phases. First, the key components of the policy, categorised under seven broad thematic areas, were defined in outline by stakeholders at a Round Table in November 2003. This provided the structure and general framework for developing the content of the Trade Policy. The second phase involved a comprehensive review of all studies and reports on trade and competitiveness in Ghana and provided the background material for the third phase of the exercise. In the third phase, a full range of policy options were developed in respect of each component under the policy framework under phase one. These options were developed by experts with proven track record in the various policy thematic areas, based on international best practice, cost-effectiveness, Ghana's past development experience and future aspirations. In all, 167 policy options were developed and presented to stakeholders for consideration at a Second Round Table in April 2004, and this constituted the fourth phase.

Following this, the Ministry of Trade and Industry organised a number of focus group consultations with selected Government Ministries, Public Sector Implementing Agencies, Private Sector, Exporters, Research Bodies, Consumer Representatives and Civil Society. These focus groups further reviewed the recommendations that had emerged out of the Second Round Table in phase four, and added 67 new policy options whilst deselecting some of the policy recommendations made earlier. This constituted the fifth phase of the exercise.

In the sixth and last phase, the Ministry reviewed in detail the recommendations from both the broader stakeholder group as well as from the focus groups and made a final determination in respect of all the policy recommendations. These final recommendations are what have been presented as Trade Policy prescriptions in this Policy document.

On the basis of what has been described above, in respect of the very inclusive consultation process, the expertise utilised and the extensive nature of the final review exercise, one can confidently conclude that this is truly, a broad-base national policy to be embraced by all Ghanaians.

**MR. ALAN KYEREMATEN,**

HON. MINISTER FOR TRADE AND INDUSTRY.

## **Acronyms**

AGOA	African Growth and Opportunity Act
AU	African Union
CEPS	Customs Excise and Preventive Service
ECOWAS	Economic Community of West African States
EPA	Economic Partnership Agreement
EU	European Union
FDI	Foreign Direct Investment
GSP	Generalised System of Preferences
ICT	Information and Communications Technology
MSMEs	Micro, Small and Medium Enterprises
NEPAD	New Partnership for Africa's Development
VAT	Value-Added Tax
WTO	World Trade Organisation

## **Introduction**

This Policy is set within the context of Ghana's long term strategic vision of achieving middle income status by 2012 and becoming a leading agro-industrial country in Africa. The policy provides clear and transparent guidelines for the implementation of Government's domestic and international trade agenda. It is also designed to ensure a consistent and stable policy environment within which the private sector and consumers can operate effectively and with certainty.

The fundamental principle underlying the Trade Policy is that the private sector is the engine of growth, with Government providing a trade enabling environment to actively stimulate private sector initiatives.

This is to be achieved through the full spectrum of trade policy instruments across the following thematic areas:

- Multilateral Trade
- Creating a fair and transparent import-export regime
- Facilitating Trade
- Enhancing Production Capacity for Domestic and Export Markets
- Domestic Trade and Distribution
- Consumer Protection and Fair Trade
- Protection of intellectual property rights

To ensure clarity of presentation, each policy component within the seven thematic areas, has been analysed on the basis of the policy context, policy objective and policy prescriptions. This will ensure that the specific policy prescriptions to be adhered to, are not only clearly identified, but also properly understood within the relevant context.

The Trade Policy presented in this Document provides essentially, broad guidelines for concrete action in the area of trade. The actual implementation will be effected through a Trade Sector Support Programme whose annual Policy Action Statement will specify activities to be undertaken annually. This Programme will be driven primarily by the Ministry of Trade and Industry but will be coordinated through a cross Ministerial Trade Policy Coordinating Committee, in recognition of its cross cutting nature.

## **Development Objectives**

Trade policy is a key tool in achieving the Government's development goals and objectives, particularly as outlined in the Ghana Poverty Reduction Strategy. In view of Ghana's relatively small market, economic growth must necessarily come through increased international trade. But this will also depend primarily on adding value to Ghana's national resources and enhancing the competitiveness of local production which in turn can only be achieved through industrialisation. Hence, the Ministry of Trade and Industry has developed two parallel strategies to contribute to the realization of Government's development objectives, namely:

- An Export-Led Industrialisation Strategy
- A Domestic Market-Led Industrialisation Strategy based on Import Competition

Ghana's Trade Policy will support these two strategies by first, promoting increased competitiveness of local producers in domestic and international markets based on fair and equal competition and secondly, by introducing an import and domestic trade regime which promotes and protects consumer interests. This will enhance industrial and agricultural production with increased employment and wealth for all Ghanaians and provide fair priced, better quality and a broader range of products for all Ghanaian consumers.

## **POLICY THEMATIC AREAS**

### **1 Multilateral Trade**

The Government fully recognises that international trading rules have a direct impact on Ghana's development, especially in the context of globalisation. In this regard, the Government will continue to fully participate in negotiations in multilateral trading fora to ensure Ghana's national interests are secured, and that the trading rules provide the best opportunities for Ghana's development.

This will improve market opportunities and support Ghana's export development, whilst applying disciplines in national regulations that support competitive production, and offer fair priced products for all consumers.

#### **1.1 Participation in the World Trade Organisation**

##### ***Market Access in Industrial and Agricultural Products***

Policy Context: In the global trading environment, WTO negotiations progressively reduce tariffs of all member countries and set the framework within which all member countries must trade. Such commitments are made by all members including Ghana. Agricultural subsidies as well as high tariffs and non-tariff barriers in other countries limit the potential for Ghana to produce and trade in products of interest to Ghana.

Policy Objectives:

- To obtain global reductions in tariffs and the elimination of non-tariff barriers on goods produced in Ghana and improve export opportunities for Ghanaian producers.
- To obtain reductions in subsidies on products which compete with Ghanaian exports.
- To help develop Ghana's agricultural and industrial sectors to compete in global markets.

#### Policy Prescriptions:

1. Government will seek improved access to key export markets whilst retaining sufficient flexibility in its own tariff arrangements to allow development of competitive local industries.
2. In agriculture, the Government will support progressive elimination of export subsidies as well as the substantial reduction of trade-distorting domestic support at WTO.
3. Government will ensure that it retains the right to support its own producers.

#### ***Trade in Services***

Policy Context: The services sector is an important part of the Ghanaian economy in terms of domestic supply and export potential. Imports of cost effective services can act as a catalyst for development.

#### Policy Objectives:

- To support the development of a strong domestic services sector.
- To provide access to foreign services not readily available in Ghana.

#### Policy Prescriptions:

1. Government will engage in successive WTO Services negotiations to obtain improved market access in partner WTO countries in specific service sectors where Ghana has an identifiable opportunity.
2. Government will make selective commitments for liberalisation of its own services market, whilst ensuring



that there are necessary legal and regulatory provisions to support the development of the local services sector and protect consumers from unfair practices.

### ***Other WTO Issues***

Policy Context: Other trade related issues are increasingly being tabled at WTO to be included in trade negotiations. These include trade facilitation, investment, government procurement, competition, environment and labour standards.

Policy Objective:

- To prevent negotiating multilateral trade rules which tend to restrict national policy flexibility and impose onerous obligations on Ghana without conferring commensurate benefits.

Policy Prescription:

1. Government will evaluate the potential benefits vis à vis costs before entering into negotiations on any new issues.

### **1.2 Sub-Regional Integration (ECOWAS)**

Policy Context: The integration of the Economic Community of West African States (ECOWAS) into a full customs union will provide access to a larger market, thereby promoting investment and industrialisation. This will also enable Ghanaian products to compete freely in the regional market and promote exports. Increased regional competition will bring lower prices and a greater range of both imports and local products to the benefit of consumers and producers.

Policy Objectives:

- To facilitate trade between Ghana and other ECOWAS countries.

- To enable Ghanaian products to compete in the regional market freely and thus promote exports.
- To promote industrialisation and investment.

Policy Prescriptions:

1. Government will pursue the establishment of a full customs union in ECOWAS whilst honouring all obligations in respect of existing ECOWAS Protocols.
2. Government will fully support measures aimed at removing obstacles to full ECOWAS integration.

### **1.3 Economic Partnership with the European Union**

Policy Context: Ghana has benefited from non-reciprocal market access to the European Union (EU) since 1975 and the majority of Ghana's exports enter that market duty and quota free. Hence, the EU has become Ghana's largest trading partner. In order to enhance Ghana-EU trade relations, Ghana is expected within the context of the Cotonou Agreement to negotiate a new WTO compliant agreement with the EU taking into consideration Ghana's level of economic development.

Offering enhanced access to European products will reduce government tariff revenue, raise hard currency requirements for increased imports and subject domestic industry to greater competition with EU products. However, consumers and producers in Ghana will benefit from lower priced goods and it will, in the long term, promote competitiveness in Ghana.

Policy Objective:

- To maintain and enhance market access in both goods and services whilst limiting the negative impacts on revenue and local industry.

## Policy Prescriptions:

1. Government will support the Economic Partnership Agreement (EPA) process and negotiate through ECOWAS, the most flexible and asymmetric EPA possible, with a long phasing-in period. This will ensure Ghana maintains and improves market access whilst protecting sensitive industries until such time as they are able to compete with EU producers.
2. Government will seek improved access to the services market of the EU in return for liberalisation of the services market of Ghana in sectors where Ghana has a need for EU services.
3. Government will link any liberalisation to provision of technical assistance and technology transfer from the EU to build domestic supply capacity in goods and services. This will ensure Ghana takes full advantage of the opportunities provided.
4. Government will seek support for its own trade facilitation efforts through the EPA to reduce transaction costs of importing and exporting in Ghana.

### **1.4 Wider African Integration**

Policy Context: Closer ties with other African partners will result in additional opportunities for trade and economic development in Ghana and provide a stronger collective voice on the world stage leading to the shaping of multilateral trading rules that take account of African interests.

#### Policy Objective:

- To mobilise regional resources and investment to support Ghana's economic growth and trade development.

## Policy Prescriptions:

1. Government will participate fully in programmes and projects initiated under the NEPAD framework that are consistent with Ghana's development agenda.
2. Government will intensify efforts aimed at integrating African countries through AU and NEPAD.

### **1.5 Bi-lateral Trade Agreements**

Policy Context: As a complement to multilateral efforts, there is scope to develop improved access to selected markets on bilateral basis. This will lead to increased export opportunities and cheaper imports of inputs for local production.

#### Policy Objective:

- To take advantage of opportunities offered in key strategic markets, foster business cooperation and technology transfer and encourage Foreign Direct Investment (FDI).

#### Policy Prescription:

1. Government will seek improved access to key markets through bi-lateral trade and investment arrangements, including preferential trade, economic, technical, social, cultural and political agreements.

### **1.6 Preferential Market Access**

Policy Context: The majority of developed countries provide Ghana and other developing countries with preferential market access under schemes such as the Generalised System of Preferences (GSP) and African Growth and Opportunity Act (AGOA). There is scope for enhanced utilisation of these opportunities by the Ghanaian private sector.

Policy Objective:

- To take full advantage of all preferential schemes.

Policy Prescription:

1. Government will actively identify, develop and promote products for which Ghana has significant potential under preferential schemes, as part of its overall export promotion agenda.

## **2 Creating a Fair and Transparent Import-Export Regime**

To encourage investment and raise competitiveness in both exports and imports and provide lower prices to consumers, the Government will systematically identify and remove restrictions in Ghana's import-export regime.

### **2.1 Tariff Measures and Duties**

#### ***Import Duties***

Policy Context: Restrictions in the import regime can lead to investment in "protected" sectors rather than sectors for which Ghana can be competitive. This reduces export potential and results in higher prices of both imports and local products.

Policy Objectives:

- To ensure fair prices to consumers especially for the poor and vulnerable sections of the community.
- To encourage competitive production in Ghana.
- To level the playing field in international trade and counteract unfair trade practices such as dumping and subsidies by foreign companies and governments.
- To ensure a predictable tariff regime this reduces business risk and encourages investment in domestic production.

Policy Prescriptions:

1. Government will ensure that import tariffs and charges of equivalent effect, are applied in a simple system of progressive tariff rates for inputs to production, intermediate products and consumer products. These rates will be periodically reviewed.

2. Government will ensure a reasonable level of protection to all domestic producers on a sectoral basis, depending on their ability to compete with imports whilst encouraging improvement in competitiveness and development of export potential over time.
3. Government will use tariffs to check unfair trade practices and provide local producers with a reasonable level of protection.
4. Government will effectively use tariffs to encourage domestic production of strategic commodities.
5. Exemptions from the applied tariffs will only be granted based on a clear and transparent set of criteria such as imports for government, education, environment, health and charitable purposes.

### ***Export Duties and Taxes***

Policy Context: Export duties and taxes tend to increase costs and make Ghanaian exports uncompetitive in global markets.

Policy Objective:

- To ensure export duties and taxes do not increase the cost of exports and make them uncompetitive in international markets.

Policy Prescription:

1. Government will only levy export taxes on selected products at a rate equivalent to the cost of any services provided to that sector, exemption from taxes normally payable and any social costs such as damage to the environment or utilisation of national resources.

## 2.2 Non-Tariff Measures

### ***Import Permits and Prohibitions***

Policy Context: Import controls are sometimes used as non-tariff barriers to trade, which can distort investment decisions to favour uncompetitive sectors.

Policy Objective:

- To prevent the control of imports distorting efficient allocation of domestic resources.

Policy Prescription:

1. Government will ensure that both import prohibitions and import permits are applied on the basis of clear and transparent criteria. These include environmental protection, national security, health, public safety, moral and social welfare and cases of unfair trade practices and dumping.

## 2.3 Rules of Origin

Policy Context: Ghana has plurilateral and bi-lateral trading arrangements, with differing margins of preference, aimed at increased trade and industrialisation.

Policy Objectives:

- To ensure Ghanaian producers take advantage of preferences in partner markets.
- To ensure that the import regime is not distorted by abuse of the system of preferences through misapplication.
- To build capacity for effective negotiation and administration of preferential arrangements.
- To ensure rules of origin are simple and transparent.



Policy Prescriptions:

1. Government will establish a framework for rules of origin to ensure that only those imports which qualify, obtain preferential access to Ghana's market.
2. Government will support producers to take advantage of the export opportunities provided under such preferences.

#### **2.4 Quotas and Tariff Quotas**

Policy Context: Quotas are a mechanism for stabilising prices and protecting domestic production and consumers. However they are relatively inefficient policy instruments and are also difficult to administer.

Policy Objective:

- To stabilise import or export prices in the most efficient manner possible.

Policy Prescription:

1. Quotas and tariff quotas will only be used temporarily when other policy instruments fail to stabilise import or export prices.

#### **2.5 Export Controls**

Policy Context: Excessive control of exports can limit export potential and distort domestic markets.

Policy Objective:

- To prevent the control of exports reducing competitiveness in international markets.

Policy Prescription:

1. Government will ensure that both export prohibitions and regulations are based on clear and transparent criteria such

as maintaining the national reputation for products of a certain standard and quality e.g. cocoa; and preserving the environment, natural resources, cultural heritage, biodiversity and food security.

## 2.6 Incentives

### ***Export Incentives***

Policy Context: Incentives to exporters and producers of export products attract investment to the sector and boost export development.

Policy Objectives:

- To lower the cost of production of exports and make them more competitive on international markets.
- To ensure that administration of the incentive regime eg. duty drawback and VAT refund does not increase the cost of production for export or exporting.

Policy Prescriptions:

1. Government will facilitate access to export credit and provide support such as cash payments, tax rebates and effective WTO compliant subsidies.
2. Government will ensure efficient and effective duty drawback and VAT refund on all imported inputs for export production.
3. Government will exempt key imported inputs from VAT, thus improving competitiveness of producers for both the domestic and international markets.
4. Government will facilitate the establishment of efficient free multi-purpose zones to enable quick and effective movement of imported inputs and finished exports through

the ports, combined with additional fiscal incentives to lower costs and support efficient logistics for exporting.

5. Government will provide a system of inward processing under bond to enable producers to obtain up-front duty and VAT-exempt imported inputs. Producers will pay any duty and VAT due on that proportion of inputs to production sold on the local market.

### ***Import Incentives***

Policy Context: The cashflow cost to traders and producers of holding import inventories increases prices to consumers and producers.

Policy Objective:

- To lower the cashflow burden, and therefore cost, to producers of holding import inventories.

Policy Prescription:

1. Government will facilitate the operation of an efficient computerised bonded warehouse system with effective inventory control, general security and adequate penalties against mal-practice to enable producers to hold stock of imports and only pay applicable taxes when goods are actually used or sold.

2.

### **3 Facilitating Trade**

The Government's twin strategies of export-led industrialisation and domestic market oriented industrialisation based on import competition rely critically on the smooth passage of goods and services across Ghana's borders. In this regard, Government will lower costs and make it easier to trade in and out of Ghana.

#### **3.1 Customs Clearance**

Policy Context: Delays in clearance of goods can severely constrain international trade by raising the costs of imports for consumption and domestic production as well as exports.

Policy Objective:

- To ensure speedy and efficient customs clearance and thus reduce costs.

Policy Prescriptions:

1. Government will simplify procedures and establish a fair fee structure with the view to providing a ceiling fee.
2. Government will ensure inspection companies provide training for Customs Officers in order to ensure that they can undertake the role of valuations, risk management and inspections when returned to CEPS over time.
3. Government will ensure compliance with the WTO Valuation Agreement.

#### **3.2 Airport Services**

Policy Context: The provision of efficient and effective cold chain and cargo storage facilities are vital for perishable products and high value exports.

Policy Objective:

- To provide adequate cold chain and cargo storage facilities to promote the exports of perishable products and high value exports from Ghana.

Policy Prescriptions:

1. Government will encourage private sector investment in constructing and operating storage and cold chain facilities, on commercial basis, from the production point to the airport.
2. Government will promote competition in airport cargo handling services, to ensure efficient and cost effective handling of all goods at the airport.

### **3.3 Port Services**

Policy Context:

Delays at the ports are a serious constraint to competitive production for both local and international markets. Such delays raise the price of imports to consumers, raise the cost of inputs to production and increase the cost of exports.

Policy Objective:

- To ensure the provision of adequate and efficient services and facilities at the ports and thereby reduce the time and cost of doing business.

Policy Prescriptions:

1. Government will facilitate the provision by the private sector of well organised container terminals with security, equipment, effective operators and computerised tracking.
2. Government will withdraw from port operations and act as landlord and regulator to allow the private sector to operate effectively.

### **3.4 Transit Trade**

Policy Context: Ghana is ideally situated to facilitate transit trade to neighbouring countries.

Policy Objective:

- To improve transit facilities, making transfer of goods through Ghana cost-effective, safe and secure and thus making Ghana the hub of West African trade.

Policy Prescriptions:

1. Government will put in place measures that ensure easy transit through Ghana, without leakage into the local economy.
2. Government will create a Free Port.

### **3.5 Technical Barriers, Sanitary and Phyto-Sanitary Measures Applicable To Imports**

Policy Context: Applying standards on imports is vital to ensure that imported products meet the national health, safety, environmental and technical requirements. Application of such standards should not result in undue costs to consumers and producers.

Policy Objectives:

- To enforce national health, safety, environmental and technical standards.
- To ensure enforcement of these standards does not result in undue delays or costs.

Policy Prescription:

1. Government will put in place measures for speedy and cost effective assessment of imports for compliance with national standards within set time limits.

### **3.6 Technical Barriers and Sanitary and Phyto-Sanitary Measures Applicable to Exports**

Policy Context: Ghanaian exporters have an obligation to meet the standards set by other countries if they are to successfully trade in these markets.

Policy Objective:

- To ensure that technical as well as sanitary and phyto-sanitary regulations do not constrain the export potential of Ghana.

Policy Prescriptions:

1. Government will work with exporters to assist them in identifying and complying with international standards required by selected export markets.
2. Government will ensure that adequate inspection facilities are provided at exit points to facilitate exports.
3. Government will systematically identify, for key current and potential export products, any technical barriers and put in place measures to reduce or remove such barriers through strategic market access programmes, multilateral fora and seeking technical assistance as appropriate.
4. Government will actively participate in international standards setting to influence future standards so that such standards do not become barriers to Ghana's exports. This will also provide early warning to exporters in Ghana to enable them prepare and adjust to new standards.

### **3.7 Export Finance**

Policy Context: Export finance facilities such as export credit, export insurance and export guarantees are essential to encourage producers to export and achieve the goal of export-led industrialisation.

Policy Objective:

- To ensure availability of affordable export finance facilities.

Policy Prescription:

1. Government will provide concessionary export finance facilities to the non-traditional export sector to increase access to, and lower the cost of finance for exports.



## **4 Enhancing Production Capacity for Domestic and Export Markets**

Export-led and domestic market-led industrialisation depend primarily on developing supply capacity. It is therefore imperative for Ghana to develop sufficient and competitive production capacity to take advantage of market access opportunities. The Government will identify and target specific sectors for development on the basis of export potential, domestic market requirements, increased employment and income for disadvantaged groups such as women, rural communities and the poor.

### **4.1 Investment Finance**

**Policy Context:** Mobilising domestic and international resources for production, especially for value-added products, is essential to developing national supply capacity.

**Policy Objectives:**

- To encourage both domestic and foreign investment in productive sectors throughout Ghana.
- To increase the size and number of productive enterprises, especially those in value added sectors.
- To enable entrepreneurs with limited or no collateral, but who are low risk investors, to access formal credit for investment and working capital.

**Policy Prescriptions:**

1. Government will provide a macroeconomic environment conducive to productive investment, with price and exchange rate stability and low interest rates.
2. Government will actively encourage and promote both domestic and foreign investment through identification and

promotion of strategic investment projects, especially those with export potential.

3. Government will facilitate the provision of long term concessionary investment finance facilities to groups currently excluded from, or with limited access to, credit. This will include Micro, Small and Medium Enterprises (MSMEs), exporters, women and rural entrepreneurs and will ensure that the benefits of trade are not only enjoyed by the established and urban segments, but all segments of Ghanaian society.
4. Government will facilitate the provision of support to strategic productive sectors based on clear and transparent criteria. This will be private sector led with Government providing the necessary stimulus as required.
5. Government will facilitate and support the establishment of credit reference agencies.

#### **4.2 Inputs to Production**

Policy Context: Access to competitively priced inputs to production is essential for developing supply capacity for both domestic and export markets. Domestic production of inputs at competitive world prices can be an important source of employment and growth.

Policy Objectives:

- To improve competitiveness of products, and increase export potential.
- To encourage value-addition and increase employment and growth throughout the supply chain.
- To prevent enterprises with dominant market positions from colluding or fixing prices of inputs to the detriment of

competitive production, thus limiting productive growth and exports.

Policy Prescriptions:

1. Government will identify and promote opportunities for economically beneficial linkages along production and supply chains in new and existing productive sectors.
2. Government will provide and enforce effective competition rules.

### **4.3 Access to Land**

Policy Context: Land is vital to both domestic and foreign investors as a key factor of production especially for agriculture and industry and as collateral for expansion of existing and new businesses.

Policy Objective:

- To ensure access to secure tenure with established title.
- To ensure land can be effectively used as collateral for finance.

Policy Prescriptions:

1. Government will facilitate and support the establishment of serviced industrial and agricultural estates, outside the free zones, with the necessary infrastructure.
2. Government will establish a land clearing-house system to facilitate the identification and acquisition of land for productive investments. This will simplify procedures and assure investors of security of land tenure so as to encourage investment. These will be implemented through the National Land Policy.

#### **4.4 Productive Infrastructure**

Policy Context: Competitive production requires adequate supply of competitively priced road, water, telecommunications, electricity and other services.

Policy Objectives:

- To ensure adequate and cost-effective infrastructure for producers to encourage investment and improve competitiveness.
- To provide long term cost effective energy and water services to the productive sector.
- To increase energy efficiency that will not only assist sustainable development but lower production costs and increase competitiveness.

Policy Prescriptions:

1. Government will ensure adequate provision of well-maintained and competitively priced road, water, energy and other services throughout the country to encourage investment in all regions of Ghana.
2. Government will promote and support sustainable energy generation and initiate appropriate water conservation practices to preserve national resources and lower long term costs to producers.
3. Government will promote the use of energy efficiency in industrial equipment and electrical machinery through application of international standards.

## 4.5 Productivity Improvement

### ***Management and Training***

Policy Context: Productivity is key to developing a globally competitive export sector in Ghana which will increase industrial and agricultural growth, employment and incomes. Effective management of production systems is important for improving productivity and competitiveness, and will ensure consistency and quality.

Policy Objective:

- To enhance labour productivity and improve management efficiency, making production in Ghana more competitive, increasing value added potential and ensuring long-term welfare for workers.

Policy Prescriptions:

1. Government will commit substantial resources to technical education and training in response to the needs of the private sector.
2. Government will encourage and promote enhanced management training including quality assurance and total quality management schemes.

### ***Technology Improvement***

Policy Context: Technology is an important determinant of productivity. Low or inappropriate technology limits the scope for competitive production.

Policy Objectives:

- To improve the level and appropriate use of technology.
- To improve technologies and production processes to increase competitiveness and export potential in world markets.

#### Policy Prescriptions:

1. Government will encourage technology improvement through fiscal incentives and other forms of direct and indirect support for capital investments in technology upgrades and research and development expenditure.
2. Government will ensure that information relating to technological developments, including patented scientific and technological information from around the world, will be identified and disseminated throughout industry, agriculture, academia and research institutions. This will enable industry to keep up with and improve technology, productivity and competitiveness in Ghana.
3. Government will identify scientific and technological information that has fallen into the public domain and disseminate to all potential users to facilitate technology improvement.

#### **4.6 Trade Support Services**

Policy Context: Export promotion services are critical to support the strategy of export-led industrialisation.

#### Policy Objectives:

- To support and facilitate export growth in existing and new markets.
- To develop new products to increase export potential in world markets.

#### Policy Prescriptions:

1. Government will ensure the provision of a full range of effective export promotion services. These will be well resourced services provided by experienced and professional staff in both Ghana and target markets. These

services will include export management training and provision of trade information as well as product development and marketing support.

2. Government will ensure that adequate research and development facilities are available and dedicated to non-traditional exports.

#### **4.7 Sectoral Development (Agro-processing)**

**Policy Context:** Expansion and diversification of production of goods and services are necessary to develop sufficient trade capacity to take advantage of export market opportunities and satisfy the domestic market requirements. Since agriculture is by far the most important sector of the economy upon which most Ghanaians depend, agro-processing will play a central role in diversification.

**Policy Objective:**

- To support diversification and stimulate productive investment and trade in agro-industry.

**Policy prescription:**

1. Government will specifically target the agricultural sector in terms of agro-processing, provision of basic foodstuffs for the domestic market and improving competitiveness through economies of scale production and improved technology. Such activities will be addressed through effective implementation of the Food and Agricultural Sector Development Policy.

#### **4.8 Sectoral Development - Information and Communications Technology (ICT)**

Policy Context: ICT is a key strategic sector for development in both domestic and international markets.

Policy Objective:

- To support diversification and stimulate trade and productive investment in the ICT sector.

Policy Prescription:

1. Government will initiate measures to support the development of the ICT sector through the effective implementation of the Information and Communications Technology Policy.



## **5 Domestic Trade and Distribution**

An efficiently functioning domestic market is essential for the development and distribution of products for both local consumption and export. It also promotes consumer welfare.

### **5.1 Domestic Prices**

Policy Context:

The majority of both primary producers and consumers in Ghana are vulnerable, so there is a need for an appropriate balance between prices paid by consumers and prices paid to producers, particularly of agricultural products.

Policy Objective:

- To ensure fair return to producers and fair prices to consumers.

Policy Prescriptions:

1. Government will maintain operation of a free market system, with minimum Government intervention.
2. Government will move towards the liberalisation of the petroleum sector within the context of the National Energy Policy.
3. As a last resort, Government will selectively intervene in farm gate prices of strategic products to stabilise prices for consumers and producers who are vulnerable.
4. Government will encourage downstream processing to increase demand for primary production.
5. Government will develop measures to promote all year round production to increase earnings and stabilise supply.

6. Government will support and strengthen farmer based organisations to improve the bargaining position of producers and reduce the potential for exploitation.

## **5.2 Encouraging Domestic Trade**

Policy Context: Considerable proportion of domestic trade are undertaken on an informal basis which limits the scope for growth, development and efficiency gains.

Policy Objective:

- To bring traders into the formal sector, broaden the tax base and enable micro and small traders to access formal institutional support to expand their businesses.

Policy Prescriptions:

1. Government will improve the speed and efficiency of business registration and licensing through computerisation and simplification of procedures.
2. Government will introduce lower tax rates for micro and small traders so that taxation is not a disincentive to formalising business.

## **5.3 Credit for Trade**

Policy Context: Lack of credit, especially in agricultural trade, raises the cost of doing business and limits the scope for growth.

Policy Objective:

- To lower costs through provision of adequate and competitively-priced credit to agricultural traders and producers.

#### Policy Prescriptions:

1. Government will promote credit catalyts and rural service centres where larger traders and associations can access credit and on-lend to small traders and peasant farmers.
2. Government will assist peasant savings and credit unions to become more efficient and effective.
3. Government will provide incentives including reduction in capital-debt ratio, tax rebates, lower reserve requirements, guarantee funds and refinance schemes to banks to increase rural agricultural lending.

#### **5.4 Trade Infrastructure**

Policy Context: Infrastructure and other facilities can greatly affect the cost of distribution and domestic prices. Provision of such facilities improves the speed and efficiency of delivery and sale, and reduces prices.

#### Policy Objectives:

- To facilitate delivery from producers to markets and reduce costs of transport.
- To modernise market places and ensure the existence of necessary facilities appropriate to the goods on sale.

#### Policy Prescriptions:

1. Government will provide an adequate and well maintained road network, including feeder roads.
2. Government will promote and support the development of an effective and efficient railway and inland waterways network.
3. Government will ensure the provision of effective market infrastructure, especially in the major cities.

4. Government will promote and support an efficient and widespread telecommunications network throughout the country.

### **5.5 Promotion of Locally Manufactured Products**

**Policy Context:** Patronage of locally manufactured goods creates the demand that stimulates production, employment and growth. It also provides a critical market for the development of new products and increases export potential. Imports are often perceived as superior to locally produced products. Moreover, local producers and consumers are often unaware of the wide variety of inputs, goods and services produced in Ghana.

**Policy Objectives:**

- To stimulate demand for locally produced goods and services.
- To promote local industry, lower costs and improve competitiveness.
- To encourage national pride in producers and consumers for locally produced goods and services.

**Policy Prescriptions:**

1. Government will facilitate dialogue between producers, consumers, and traders to increase awareness of sources of domestically manufactured goods and services.
2. Government will actively promote Made-in-Ghana Products in domestic and international markets.

## **6 Consumer Protection and Fair Trade**

An environment that affords protection to consumers and promotes fair trade is important for the development of efficiently functioning markets and enhances consumer welfare.

### **6.1 Consumer Protection**

Policy Context: Government has a duty to protect consumers from unfair practices which adversely affect health, safety and economic interests.

Policy Objective:

- To ensure the well-being and rights of consumers.

Policy Prescriptions:

1. Government will develop clear, transparent, comprehensive and consolidated consumer protection rules to facilitate the exercising of consumer rights.
2. Government will establish mechanisms and instruments such as small claims courts to provide speedy remedies which are accessible to all consumers.

### **6.2 Health and Safety of Consumers**

Policy Context: Poor quality, dangerous content and poor handling of products can endanger the health and safety of consumers.

Policy Objective:

- To ensure the health and safety of consumers.

Policy Prescriptions:

1. Government will ensure the enforcement of legislation that prevents the sale of unsafe and poor quality goods on the local market which creates health hazards to consumers.

2. Government will continue pre-market controls and phase-in the more efficient and effective post-market control system as and when both public and private sectors acquire sufficient capacity.

### **6.3 Economic Interests of Consumers**

Policy Context: The presence of defective products, short-weight and unfairly priced goods on the market adversely affects the economic interests of consumers.

Policy Objective:

- To protect the economic interests of consumers so that they are treated fairly and assured that products are fit for the purpose for which they are sold.

Policy Prescription:

1. Government will strengthen the regulatory and enforcement framework for protection of economic rights of consumers. This will include trading standards such as those on weights and measures and use of the metric system, regulations on liability of defective products, competition rules and price marking of all consumer goods.

### **6.4 Access to Adequate Information**

Policy Context: Consumers require accurate and adequate information to make informed purchase choices.

Policy Objectives:

- To ensure that consumers have sufficient information to make informed purchase choices.
- To ensure that consumers are not misled by false or inaccurate information.

Policy Prescriptions:

1. Government will ensure that there are clear and sufficient rules on the labelling of products, including foodstuffs.
2. Government will facilitate the establishment and enforcement of a code of practice on advertising.

## **6.5 Consumption and Environment**

Policy Context: Long term growth in Ghana depends on maintaining a fair balance between economic interest, consumption patterns and environmental protection.

Policy Objective:

- To contribute to sustainable development and long-term growth through the promotion of sustainable consumption patterns.

Policy Prescription:

1. Government will promote environmentally-friendly consumption.

## **6.6 Consumer Representation**

Policy Context: Effective consumer protection depends on the ability of consumers to fully participate in decision-making on consumer issues.

Policy Objective:

- To ensure that the interests of consumers are adequately reflected in decisions and policies on consumer issues.

Policy Prescriptions:

1. Government will develop and implement national consumer awareness programmes.

2. Government will support consumer associations to ensure that they can effectively lobby and represent consumer interests.
3. Government will encourage the formation of consumer associations specialising in sector and geographic areas to ensure coverage of all products and people in Ghana.
4. Government will ensure the representation of consumers on relevant national bodies.

### **6.7 Competition Policy and Government Procurement**

Policy Context: An environment which promotes efficiency, encourages the development of the productive sector and protects the consumer, requires a level playing field for all firms.

Policy Objective:

- To ensure that no individual or group of traders or producers conspire to engage in unfair trade practices to the detriment of either producers or consumers in Ghana.

Policy Prescriptions:

1. Government will establish rules for competition and ensure effective enforcement to rectify any abuse.
2. Government will ensure transparency in the government procurement system to increase competition, resulting in effective and value-for-money public services.
3. Government will promote the use of local products and services in government procurement to support local industry.



## **7 Protection of Intellectual Property Rights**

**Policy Context:** New inventions, innovative ideas, design and creativity contribute to social and economic growth. Protection of intellectual property rights encourages the development of new technologies to increase agricultural and industrial production, promotes domestic and foreign investment, facilitates technology transfer and improves competitiveness.

**Policy Objective:**

- To stimulate innovation and technology development in Ghana.

**Policy Prescriptions:**

1. Government will provide effective rules to protect intellectual property rights and a coordination mechanism to ensure effective administration of copyright and industrial property rights.
2. Government will design and implement a programme of awareness and education on intellectual property rights. This will involve non-governmental organisations, industry representatives, academic institutions and research bodies.

## **Conclusion**

The formulation process for this Trade Policy has been intensely consultative and has taken into account the views of all the major stakeholders in Ghana as well as what constitutes international best practices.

It is intended as a guide to action in the trade sector of Ghana's economy and it provides predictability and consistency of Government policy for the sector.

It provides sufficient direction to our negotiators at international fora, assures our trading partners of our adherence to the rules governing international trade and our commitment to the production of goods and services that meet international quality standards. It also assures our producers and consumers of a level playing field where their rights and obligations are fully respected.

This final product is to be considered a living document that will provide guidance to action across government and offer room for continuous consultation on issues that may come up in the future.