

Working Paper

Ghana's Economic Outlook: Opportunities and Challenges in Trade and Policy

By Nii Ayikwei Quaye

October, 2024

-2024-
IPPG Working Paper
Ghana's Economic Outlook: Opportunities and Challenges
in Trade and Policy

By Nii Ayikwei Quaye

Feedback for Final Publication

We invite comments, feedback, and questions from readers to help refine the ideas and recommendations presented in this working paper. Your insights and feedback will contribute to shaping the final publication and ensure that it is more comprehensive and well-informed. The final publication will also include insights and recommendations from our upcoming roundtable meeting with business, economic, and trade experts on Tuesday, October 8, 2024, to provide deeper analysis and actionable policy strategies on the issues discussed in this publication. All feedback, comments, and questions should be sent to ippg@ippgafrica.org

Acknowledgement

The author is grateful to his colleagues at IPPG for their support and input in guiding the data collection and analysis for this paper.

About Us

The International Perspective for Policy & Governance (IPPG) is an independent foreign affairs and international development think tank focused on enhancing the effectiveness of policy implementation, governance, and sustainable development across the African continent. Our mission is to drive impactful change in Africa by providing policymakers and stakeholders with data-driven insights and actionable policy recommendations.

For further information, please contact:

IPPG

8th Floor, One Airport Square, Airport City-Accra.

Tel: +233 303 980 905

Mob: +233 244 756 145

Email: ippg@ippgafica.org

Website: www.ippgafica.org

Cover & Inner Page Images

Limitless Motivation | Melanin News | Business & Financial Times (B&FT) | State Interest & Governance Authority (SIGA) | Daily Graphic Online

Rights and Permissions

The material in this work is subject to copyright. As IPPG supports disseminating its knowledge, this work maybe reproduced, in whole or in part, for non-commercial purposes, provided full attribution to IPPG is given.

Suggested Citation

Quaye, N. A. (2024). Ghana's economic outlook: Opportunities and Challenges in Trade and Policy. International Perspective for Policy & Governance (IPPG).

Disclaimer

The findings, interpretations, and conclusions expressed in this work is entirely those of the author and do not necessarily reflect the views of IPPG, its affiliate organizations, or any organization that supports it. We regret any errors or omissions that may have been unwittingly made.

Design & Layout

Knockout Concepts (+233-266-272674)

TABLE OF CONTENT

- Abbreviations I
- Tables II
- Figures II

- Executive Summary 1
- SECTION 1: 2
 - 1.1. Introduction 2

- SECTION 2: 3
 - 2.1. Ghana's Political, Economic, and Policy Landscape 3
 - 2.1.1. Political 3
 - 2.1.2. Economic 3
 - 2.2. Recent Policy Programs & Tax Laws affecting Ghana's Business Environment..... 3
 - 2.2.1. The Domestic Debt Exchange Program (DDEP) 3
 - 2.2.2. The Gold for Oil (G4O) Policy 4
 - 2.3. Tax Laws 5
 - 2.3.1. Excise Duty (Amendment) Act, 2023 (Act 1093) 5
 - 2.3.2. Growth and Sustainability Levy Act, 2023 (Act 1095) 6
 - 2.3.3. Income Tax (Amendment) (No. 2) Act 2023 (Act 1094) 7

- SECTION 3: 8
 - 3.1. Key Sectors of the Ghana's Economy 8
 - 3.1.1. Agriculture 8
 - 3.1.2. Agriculture and Trade 9
 - 3.2. Oil and Gas 10
 - 3.2.1. Oil and Gas and Trade 11
 - 3.3. Mining 11
 - 3.3.1. Mining and Trade 12
 - 3.4. Manufacturing 12
 - 3.4.1. Manufacturing and Trade 13



TABLE OF CONTENT

- SECTION 4:
 - 4.1. Ghana's Export and Import Trends14
 - 4.2. Export Trends14
 - 4.2.1. Gold Exports (2022 vs. 2023)14
 - 4.2.2. Mineral Fuels and Oils Exports (2022 vs. 2023)15
 - 4.2.3. Cocoa Exports (2022 vs. 2023)15
 - 4.3. Import Trends15
 - 4.3.1. Mineral Fuels and Oils Imports (2022 vs. 2023)16
 - 4.3.2. Electrical Equipment and Machinery Imports (2022 vs. 2023)16
 - 4.3.3. Chemicals and Other Products Imports (2022 vs. 2023)16

- SECTION 5:17
 - 5.1. Discussion17
 - 5.2. Economic and Policy Challenges17
 - 5.3. Trade Dynamics and Global Pressures (Exports)17
 - 5.4. Trade Dynamics and Global Pressures (Imports)19
 - 5.5. Policy Recommendations and Future Directions20

- SECTION 6:21
 - 6.1. Conclusion21

- REFERENCES22



ABBREVIATIONS

1D1F	One District One Factory
AfDB	African Development Bank
BDC	Bulk Distribution Companies
BoG	Bank of Ghana
BOST	Bulk Oil Storage and Transportation
DDEP	Domestic Debt Exchange Program
DGPP	Domestic Gold Purchase Program
ECOWAS	Economic Community of West African States
GCM	Ghana Chamber of Mines
GDP	Gross Domestic Product
GHS	Ghana Cedis
GNPC	Ghana National Petroleum Corporation
GoG	Government of Ghana
GSL	Growth and Sustainability Levy
GSS	Ghana Statistical Service
IMF	International Monetary Fund
IPPG	International Perspective for Policy and Governance
ITA	International Trade Administration
LPG	Liquefied Petroleum Gas
NDC	National Democratic Congress
NFSL	National Fiscal Stabilization Levy
NPP	New Patriotic Party
OMCs	Oil Marketing Companies
PIAC	Public Interest and Accountability Committee
PMMC	Precious Minerals and Marketing Company
SGN	Sankofa-Gye Nyame
SMEs	Small and Medium Enterprises
TEN	Tweneboa Enyera Ntomme
U.S.	United States

TABLES & FIGURES

Table 1: Ghana's External Trade Volume for 2022 and 2023	2
Table 2: Company Categorization for the Growth and Sustainability Levy Act, 2023 (Act 1095)	6
Table 3: Ghana's Top 10 Food Product Imports	9
Table 4: Annual Crude Oil Production in Ghana (2019-2023)	10
Table 5: Annual Gas Production in Ghana (2014-2023)	10
Table 6: Production and Exports of Minerals in Ghana (2022-2023)	12
Table 7: Top 10 Gold Producers in 2023: Trends in Their Annual Production Since 2018 (Tonnes)	18
Figure 1: Correlation Between Inflation Rate and Petroleum Prices at the Pumps	5
Figure 2: Sectoral Contributions to Ghana's GDP (2013-2022)	8
Figure 3: Composition of Ghana's 2023 Crude Oil Output	10
Figure 4: Manufacturing Sector Contribution to Ghana's GDP (2013-2023)	12
Figure 5: Export Per Continent by Commodity Type (2022 & 2023)	14
Figure 6: Import Per Continent by Commodity Type (2022 & 2023)	16

Executive Summary

This working paper provides an analysis of Ghana's current business environment, focusing on the challenges and opportunities presented by recent economic trends, policies, and trade dynamics. In 2022, Ghana experienced significant macroeconomic challenges due to domestic imbalances and external pressures, including the impacts of the Russia-Ukraine war. These factors led to high inflation, a depreciation of the Ghanaian cedi, and decreased profitability for businesses. Despite these hurdles, Ghana's total trade volume increased by 25.2% from GHS 292.7 billion in 2022 to GHS 366.6 billion in 2023, with mineral fuels, oils, and gold accounting for a substantial portion of exports.

In response to these economic challenges, the Ghanaian government introduced several key policies aimed at stabilizing the economy. The Domestic Debt Exchange Program (DDEP) was implemented to restructure public debt and reduce the debt servicing burden by exchanging existing bonds for new ones with different terms. The Gold for Oil (G4O) policy was also introduced to leverage Ghana's gold reserves to purchase petroleum products with the objective of reducing the country's reliance on foreign currency and stabilizing fuel prices domestically.

While the long-term impact of the government's policy interventions remains to be seen, Ghana's economic landscape continues to be shaped by its major sectors, including agriculture, mining, and manufacturing. These sectors play vital roles in contributing to GDP and employment, despite challenges such as the impacts of climate change, limited financing, and infrastructure deficits. They also remain the backbone of Ghana's trade and export profile, with primary export markets in Europe, Africa, and Asia, and key export commodities including gold, mineral fuels, and oils. Conversely, imports are primarily comprised of refined mineral fuels, electrical equipment, machinery, and food products sourced mainly from Europe and Asia.

Recent amendments to tax laws, including changes to excise duties and the introduction of the Growth and Sustainability Levy, reflect Ghana's efforts to improve fiscal sustainability. These changes will have varying impacts on businesses, influencing production costs, competitiveness, and the overall economic landscape. As Ghana continues to adapt to the evolving global market, the International Perspective for Policy and Governance (IPPG) will convene experts and stakeholders at an upcoming roundtable on Tuesday, October 8, 2024, to explore strategies for fostering a resilient and sustainable business and trade environment in Ghana.

Findings and recommendations from the roundtable will be incorporated into this working paper for a final publication to offer insights and strategies to foster sustainable growth, improve resilience, and support the economic recovery and diversification of Ghana's business and trade outputs.



Section 1

1.1. Introduction

Globalization has accelerated the exchange of ideas, technology, and information which is transforming the way business is conducted worldwide, including in Ghana. As a result, business and trade investment opportunities in the country have grown, although Ghana's current business environment reflects a complex landscape shaped by various factors.

As of June 2024, Ghana's inflation rate stood at 22.4%, a marked improvement from the high of 54.1% in December 2023 (GSS, 2023). In 2022, the country faced significant macroeconomic challenges due to a combination of domestic imbalances and external shocks. Key vulnerabilities such as rising public debt¹, substantial energy sector debt², and low public revenue forced the government to seek relief funding from the International Monetary Fund (IMF) (World Law Group, June 2024).

These economic challenges have reduced the profitability of businesses, with many businesses facing immense pressure from increased costs of production, operations, and access to credit. These challenges also led to a sharp depreciation of the Ghanaian cedi against the U.S. dollar, adversely affecting the competitiveness of Ghanaian businesses on the global market. However, Ghana's total external trade increased by 25.2% from GHS 292.7 billion in 2022 to GHS 366.6 billion in 2023 (see Table 1). This rise indicates substantial growth in both exports and imports, with trade accounting for 43.6% of the GDP in 2023 (GSS, 2024).

Table 1: Ghana's External Trade Volume for 2022 and 2023

Year	Total Imports (GHS)	Total Export (GHS)	Total Trade Volume
2022	148.6 billion	144.1 billion	292.7 billion
2023	180.7 billion	186.0 billion	366.6 billion

Source: IPPG with data from GSS, 2024

In light of these developments, this working paper provides an overview of the current business environment in Ghana, focusing on recent policies and government initiatives shaping Ghana's business landscape. It serves as a precursor to a roundtable discussion organized by the International Perspective for Policy and Governance (IPPG), which will convene experts and representatives from foreign missions and trade organizations in Ghana.

The meeting will explore the challenges and opportunities that Ghana's current business environment presents for foreign trade and investments and will further identify policy strategies and recommendations on how trade relations can be scaled up sustainably, to contribute to the country's socio-economic growth.

¹Ghana's debt stock has reached GH¢ 761.2 billion as of July 2024, representing about 75% of the country's GDP (BoG, 2024)

²Ghana's energy sector debt stands at \$1 billion as of July 2024, according to the GoG. However, according to the CEO of the Independent Power Generators in Ghana, Elikplim Apetorgbor, the actual debt is \$2.2 billion, as the \$1 billion put forward by the government does not fully account for interest on delayed payments, exchange rate losses, and idle capacity charges (Reuters, 2024).

Section 2

2.1. Ghana's Political, Economic, and Policy Landscape

2.1.1. Political

Ghana has emerged as one of the beacons of democracy in Africa, following the country's return to democratic rule in 1992. This has been solidified by the adoption of the 1992 constitution, which establishes a legal framework for governance and outlines the separation of powers between the legislature, executive, and judicial branches of government. Ghana remains one of the most peaceful countries in Africa with the successful transfer of political power between political parties, as witnessed in multiple election cycles since 2000.

The country has further and steadily implemented political decentralization by transferring powers from the central government to local authorities. As the country gears up for its next general elections in December 2024, the political landscape is becoming more competitive, with potential changes in the business and investment environment depending on who emerges victorious. The ruling New Patriotic Party (NPP) and the opposition National Democratic Congress (NDC) are widely seen as the frontrunners, though seven other political parties and four independent presidential candidates will also be on the ballot.

2.1.2. Economic

Ghana's economy has experienced notable fluctuations in recent years. The country recorded a GDP growth rate of 5.36% in 2021, which then declined to 3.08% in 2022 and further to 1.5% in 2023, partly reflecting the global economic impacts of the Russia-Ukraine war. Despite these challenges, Ghana boasts a diversified economy, with key sectors such as banking, communications, and tourism making significant contributions to its GDP.

2.2. Recent Policy Programs & Tax Laws affecting Ghana's Business Environment

In recent years, Ghana has implemented several policy programs and regulatory changes aimed at addressing the country's economic challenges and creating a more sustainable business environment. These measures, spanning fiscal, monetary, and trade policies, have been designed to stabilize the economy, address the country's debt burden, and promote both domestic and foreign investments. This section provides insights into some of the recent policies and explores their key features and implications on Ghana's business environment.

2.2.1. The Domestic Debt Exchange Program (DDEP)

The Domestic Debt Exchange Program (DDEP) is an initiative by the Government of Ghana introduced in December 2022 as part of the government's broader strategy to manage the country's unsustainable public debt and to restore macroeconomic stability. The program was a condition for accessing an IMF bailout to stabilize the economy following years of rising debt and economic challenges as a result of pre-existing imbalances and external shocks.

- **Key Features of the DDEP**

Under the DDEP, the government sought to restructure portions of its domestic debt by swapping existing bonds with new ones with longer maturities and lower interest rates to ensure lower debt servicing costs. The country's "economic fundamentals" had weakened to a point where traditional fiscal consolidation measures, such as expenditure restraint and revenue enhancement, were insufficient, making restructuring essential for restoring fiscal sustainability (Atuahene et al., 2023).

The goal of the DDEP was, therefore, to reduce Ghana's interest payments and make the country's debt more sustainable over time without compromising economic growth and stability while restoring confidence in both local and international investors in the country's fiscal stability.

- [Bonds and Instruments Affected](#)

The DDEP targeted local bonds held by institutional investors including banks, insurance companies, and pension funds. Although retail investors (individual bondholders) were initially not included, they were later added to the program after negotiations.

- [New Terms & Economic Impacts](#)

The new bonds issued had varying maturities ranging from 5 to 15 years, and interest payments were spread out, starting at 0% in 2023, gradually increasing to 5% in 2024, with the goal to eventually reach market levels over time. These new terms were designed to ease the government's debt servicing burden, thereby reducing immediate fiscal pressures. As of December 2023, the DDEP had successfully provided debt relief to the government, estimated at GHS 61.7 billion (Atuahene et al., 2023).

Although it provided fiscal relief by reducing government debt, the DDEP introduced longer-term challenges for sectors reliant on credit, investments, and trade which raises concerns over sustained economic recovery. Notably, the DDEP led to liquidity constraints in the banking sector which limited credit availability to businesses, especially SMEs. This credit crunch hindered growth and contributed to economic stagnation. Additionally, restructuring the bonds reduced investor confidence, which led to higher borrowing costs and a contraction in both domestic investments and consumption (Atuahene et al., 2023; Ahinsah-Wobil, 2023).

[2.2.2. The Gold for Oil \(G4O\) Policy](#)

The Gold for Oil (G4O) policy is an initiative by the Government of Ghana (GoG) to purchase refined petroleum products using gold reserves instead of U.S. dollars. It operates as a cyclical policy which facilitates the exchange of gold for oil, offering a strategic approach to oil import transactions (Monney, 2024). The program was introduced to address two major economic challenges: high fuel prices and the depreciation of the cedi due to pressure on foreign exchange reserves from fuel imports.

- [Key Features of the G4O Policy](#)

The Bank of Ghana (BoG) acquires gold from local mining companies. Large-scale miners are required to provide 20% of their production to the BoG³. Once BoG has accumulated enough gold, it uses it to either barter directly with oil suppliers or sell the gold to acquire foreign currency, which is then used to purchase oil products from the global market upon the certification and approval of the Bulk Oil Storage and Transportation (BOST).

BOST then sells the oil products to Bulk Distribution Companies (BDCs) in cedis, allowing BDCs to obtain products without U.S. dollars. This enables BDCs to also sell to Oil Marketing Companies (OMCs) in cedis which then removes the dollar factor from price calculations. OMCs then sell these products to consumers at the pump, and the revenue generated is deposited in cedis with the Bank of Ghana (BoG), completing the transaction cycle.

³The gold from large scale miners is sourced through the Domestic Gold Purchase Program (DGPP), which was introduced by the government to strengthen the country's gold reserves.

- Economic Impacts

The G4O program allows domestic fuel sellers to import petroleum products without the requirement of U.S. dollars. This also eliminates the U.S. dollar and exchange rate considerations in the pricing of petroleum products, leading to a reduction in ex-pump prices of fuel by about 36% between October 2022 and October 2023 (Monney, 2024).

Figure 1: Correlation Between Inflation Rate and Petroleum Prices



Source: Monney, 2024

It is well established that rising fuel prices lead to increases in the prices and costs of other commodities and services, often triggering higher inflation rates. As seen in Figure 1, when petroleum prices at the pump peaked around February 2023 at GHS 372.00, inflation spiked to about 52.8% around the same period. With the decline of petroleum prices from February 2023, both petroleum prices and inflation steadily declined, with inflation rate reaching lower levels by September 2023.

While a comprehensive assessment of the program is required to ascertain its real impact on Ghana's economy, the G4O, if well implemented can have a positive impact on businesses and the economy as a whole.

2.2. Tax Laws

The Parliament of Ghana in March 2023 approved three tax bills presented by the Minister of Finance in the 2023 Budget Statement as discussed in this section.

2.3.1. Excise Duty (Amendment) Act, 2023 (Act 1093)

The Excise Duty (Amendment) Act, 2023 (Act 1093) amends the Excise Duty Act, 2014 (Act 878) to increase the excise duty on cigarettes and tobacco products, wine, malt drinks, and spirits. The amendment also extends excise duties on sweetened beverages, including fruit juice and on electronic cigarette liquids, electronic cigarettes, and electronic smoking devices. This amendment is part of the government's broader fiscal strategy to boost revenue while discouraging the consumption of so called "harmful products".

The Act could have several impacts on businesses and trade in Ghana. As widely known, increased excise duties may lead to higher production and retail costs, which could reduce demand for these products both domestically and in export markets. This may result in businesses either absorbing higher costs or passing them on to consumers, potentially leading to decreased sales and profit margins. Furthermore, higher excise duties could encourage smuggling and illicit trade as consumers seek cheaper alternatives, which could undercut formal businesses.

On the positive side, the legislation aligns with ECOWAS Protocols, which can improve regional trade harmonization and create new opportunities for compliant businesses, while also contributing to public health efforts by discouraging the consumption of potentially harmful products.

2.3.2. Growth and Sustainability Levy Act, 2023 (Act 1095)

The Growth and Sustainability Levy Act, 2023 (Act 1095) widens the scope of the National Fiscal Stabilization Levy (NFSL)⁴ by introducing the Growth and Sustainability Levy (GSL) to replace the NFSL. The objective of the Act is to raise revenue for the growth and fiscal sustainability of Ghana's economy and the levy is payable with regards to profits before tax or production for the 2023-2025 year of tax assessment. The levy is subject to review by the Minister of Finance in 2025.

The GSL classifies businesses into three main categories, each with different applicable tax rates. Category A institutions are subject to a 5% tax on profit before tax, Category B companies are taxed at 1% of gross production, and Category C companies face a 2.5% tax on profit before tax. Table 2 provides detailed information on companies subject to the tax and their respective categories. The GSL is not deductible for corporate tax purposes and shall be payable by all entities despite any agreement or enactment relating to tax holidays or exemptions from direct and indirect taxes.

The finance minister is empowered by the Act to make regulations to amend the schedule of the Act, revise the rates of the levy, and categorize the companies liable to paying the levy (Tabiri, 2023; EY, 2023; KPMG, 2023).

The Growth and Sustainability Levy Act, 2023 (Act 1095), just as any new tax, is expected to increase the tax burden on businesses in Ghana with a potential impact on operations and profitability which businesses might offset by increasing prices. Companies, especially those in Category C where manufacturing and industrial entities fall, will face higher costs as the levy is imposed on profit before tax and is non-deductible for corporate tax purposes. This could make Ghanaian production and goods less competitive in both domestic and international markets, potentially affecting trade volumes.

Table 2: Company Categorization for the Growth and Sustainability Levy Act, 2023 (Act 1095)

<p>Category A entities will be subject to the levy at 5% of Profit Before Tax.</p> <p>They comprise of:</p> <ul style="list-style-type: none"> ● Banks ● Non-Bank Financial Institutions; ● Insurance Companies ● Telecommunication companies liable to collect and pay Communication Service Tax ● Breweries; ● Inspection and Valuation Companies ● Companies providing Mining Support Services ● Bulk Oil Distributors ● Oil Marketing Companies ● Communication Tower Operators ● Upstream Petroleum Service Providers 	<ul style="list-style-type: none"> ● Companies and Institutions registered by Securities and Exchange Commission ● Specialised Deposit-Taking Institutions ● Electronic Money Issuers and ● Shipping lines, maritime and airport terminals. <p>Category B entities comprise of</p> <ul style="list-style-type: none"> ● Mining companies and upstream oil and gas companies shall be subject to the levy at 1% of Gross Production. <p>Category C entities comprise of</p> <ul style="list-style-type: none"> ● All entities not falling in Category A or B shall be subject to the levy at 2.5% of Profit Before Tax.
--	--

⁴The National Fiscal Stabilization Levy (NFSL) was introduced in 2013 to impose a levy on specified companies and institutions in Ghana in order to raise revenue for fiscal stabilization of the economy and to provide for related matters. Companies and institutions liable to paying the levy includes banks (excluding rural and community banks), non-bank financial institutions, insurance companies, telecommunication companies, and breweries.

2.3.3. Income Tax (Amendment) (No. 2) Act 2023 (Act 1094)

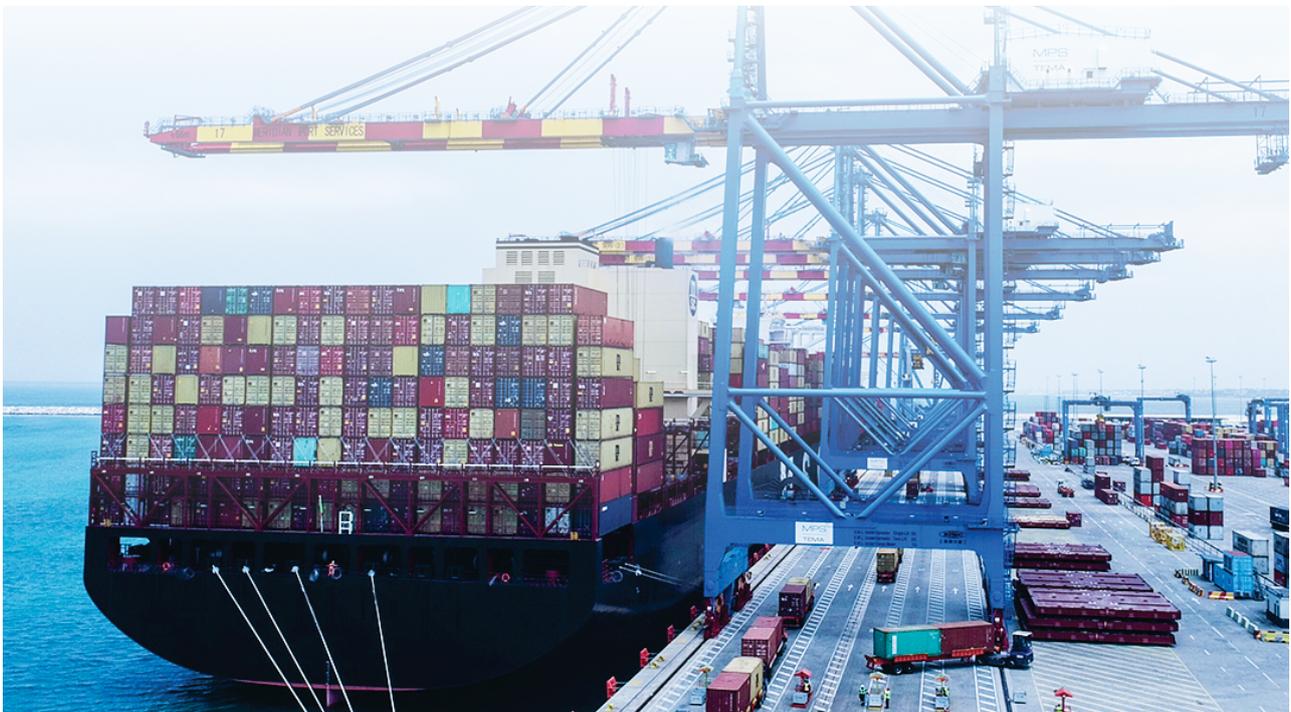
This amendment to the Income Tax Act, 2015 (Act 896) revises income tax rates and bands for resident individuals by introducing a new tax bracket. It also introduces a withholding tax on the realization of assets, liabilities, and lottery winnings. Additionally, it revises the treatment of foreign exchange losses and adjusts the upper limits for quantifying motor vehicle benefits-in-kind.

The Act has several positive impacts on businesses and trade. One key advantage is the ability to carry forward tax losses for five years. This provides relief for companies that have experienced financial losses, particularly those in volatile or capital-intensive industries like manufacturing or mining.

It allows businesses to offset future profits against past losses which can improve cash flow and making it easier for companies to recover from difficult years. In addition, this amendment can encourage long-term investments, as businesses can make strategic decisions with the assurance that they can utilize losses from previous years to reduce tax liabilities during profitable periods.

However, the amendment also introduces challenges for businesses, particularly through the new withholding tax on the realization of assets and liabilities. This could raise the cost of doing business for companies involved in international trade, asset management, or those frequently dealing with the sale of capital assets. Businesses engaged in international trade might also face complications with the rules on the deductibility of foreign exchange losses, as only realized losses are deductible.

These provisions could increase the administrative burden and limit flexibility in managing tax liabilities, which may negatively affect businesses operating across borders or involved in high value transactions such as real estate development companies.



Section 3

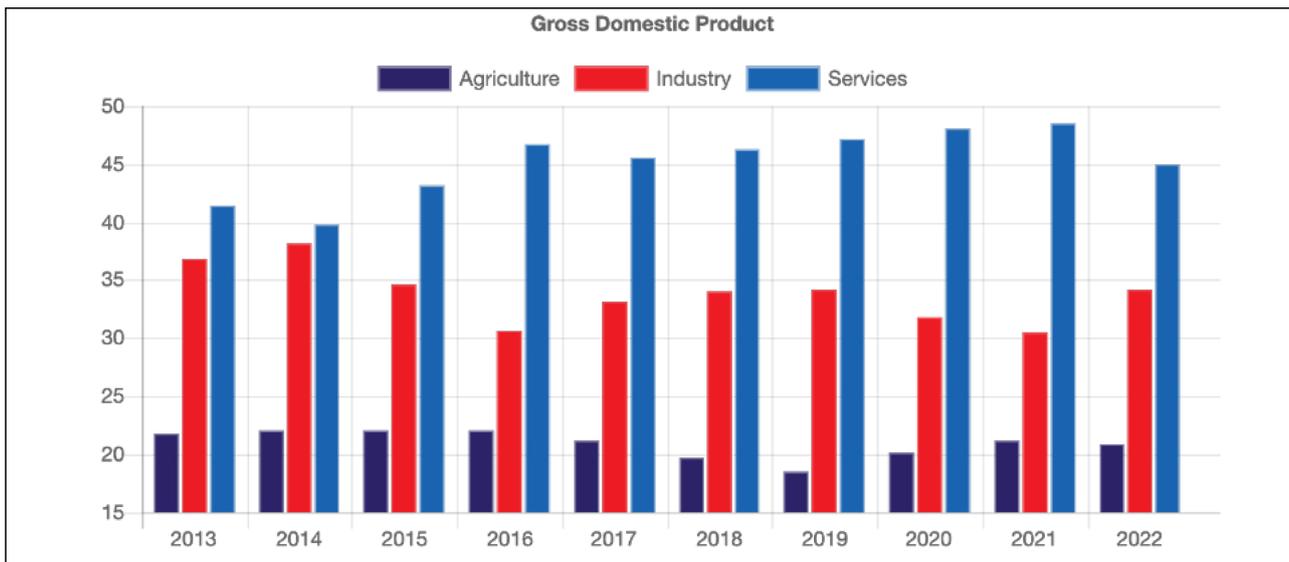
3.1. Key Sectors of the Ghana's Economy

3.1.1. Agriculture

The agriculture sector in Ghana consistently contributes a significant portion to the country's GDP. In recent years, it has maintained a share of around 19-21% since 2019 despite its minor fluctuations in GDP (see Figure 2). Although it accounts for the smallest share of Ghana's GDP, the sector is important to the country's economic growth as it provides food and raw materials and also supports the livelihoods of a large percentage of the population, especially in rural areas. Moreover, the sector remains a key source of foreign exchange, particularly through cocoa exports, and it continues to drive employment, with nearly 39.3% of Ghana's workforce engaged in agricultural activities (GSS, 2024).

The government's focus on agricultural modernization has led to the implementation of initiatives like the Planting for Food and Jobs program, which seeks to boost productivity and ensure food security. Despite these efforts, the sector faces challenges such as climate change, limited access to finance, and infrastructural deficiencies, which hinder its full potential.

Figure 2: Sectoral Contributions to Ghana's GDP (2013-2022)



Source: GSS, 2023

The Ghana Investment Promotion Centre (2022) classifies the country's principal agricultural produce into three key groups:

1. Industrial Crops: These include cocoa, oil palm, coconut, coffee, cotton, kola, rubber, cashew, shea, and soybeans.
2. Starchy Staples, Cereals, and Legumes: Notable crops are cassava, cocoyam, yam, plantain, maize, rice, millet, sorghum, cowpea, and groundnut.
3. Fruits and Vegetables: This group includes pineapple, citrus, banana, pawpaw, mango, tomato, pepper, okra, eggplant, and onion.

3.1.2. Agriculture and Trade

The agricultural sector plays an important role in both exports and imports in Ghana. In terms of exports, cocoa remains Ghana's top agricultural export. Cocoa beans and cocoa paste collectively made up 47% of Ghana's exported food products in 2023, with cocoa beans accounting for 36.1% and cocoa paste 10.9%.

Other key export products include cashew nuts, fruits such as pineapple and mangoes, and vegetables including chili pepper (GSS, 2024). This clearly indicates an opportunity for strategic planning and policy development, particularly in diversifying food exports beyond cocoa, which could further enhance the sector's contribution to the economy and reduce dependency on a single commodity.

On the import side, Ghana imports several food items to meet its domestic food and agricultural demands. The largest food imports include cereal grains, poultry, and sugar (see Table 3). Other notable imports are wheat, rice, and dairy products, an indication of the country's dependence on imports to satisfy local consumption. In 2023, food imports amounted to GHS 26.7 billion, about 14% of total imports. This underscores the need for Ghana to develop policy strategies aimed at enhancing local production and reducing reliance on imported food products to strengthen food security and promote sustainable growth in the agricultural sector. At the same time, countries that trade with Ghana can capitalize on the growing demand for agricultural imports by not only supplying essential food products but also investing in technologies, infrastructure, and agribusiness partnerships that support Ghana's agricultural modernization and sustainability efforts.

Table 3: Ghana's Top 10 Food Product Imports

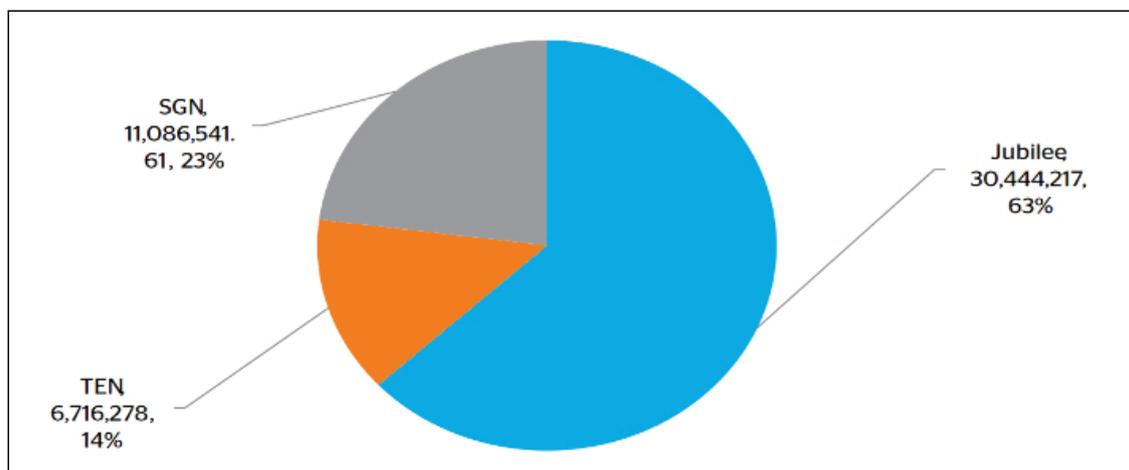
Rank	Product Description	Import Value (Gh¢)	Share of Food Products Imported
1	Cereal grains, (wheat) worked but not rolled or flaked, of other cereal, nes	2,731,537,760	10.2%
2	Rice, semi-milled or wholly milled rice, pack >5kg or bulk	2,025,747,980	7.6%
3	Shea nuts (karate nuts)	2,018,979,619	7.6%
4	Frozen cuts and offal of fowl	1,886,917,257	7.1%
5	Sugar, in powder, crystal or granule form	1,678,957,669	6.3%
6	Guts, bladders and stomachs of animals (excl, fish)	1,359,588,312	5.1%
7	Palm oil and its fractions, whether or not refined, but not chemically modified	1,086,691,950	4.1%
8	Rice, broken	938,590,689	3.5%
9	Fish, frozen, excluding fish fillets and other fish meat of heading 03.04.	867,129,500	3.2%
10	Oil-cake and other solid residues, of soya-bean	489,475,273	1.8%
	All other food products	11,616,788,481	43.5%
	Total Food Products Import	26,700,404,498	100.0%

Source: GSS, 2024

3.2. Oil and Gas

The production of oil and gas in Ghana began in 2010 after the discovery of commercial oil reserves in 2007. The country can boast of three major offshore oil and gas fields, namely Jubilee, Tweneboa Enyera Ntomme (TEN), and Sankofa-Gye Nyame (SGN), with 63% of the crude oil output coming from the Jubilee fields in 2023 (see Figure 3).

Figure 3: Composition of 2023 Crude Oil Output



Source: PIAC, 2023

However, recent oil production in Ghana has been on the decline since 2019 as indicated in Table 4. The decline has been attributed to the natural aging of oil fields, insufficient investment in new discoveries, the impacts of the COVID-19 pandemic, and the global energy transition, which has redirected capital away from oil and gas production (Mitchell and Bowles, 2024). Gas production, on the other hand, in Ghana has been growing steadily since 2017.

Table 4: Annual Crude Oil Production in Ghana (2019-2023)

Year	Production	Year-on-Year Change (%)
2019	71,439,585	NA
2020	66,926,806	-6.32
2021	55,050,391	-17.75
2022	51,756,481	-5.98
2022	48,247,036.61	-6.78

Source: PIAC, 2023

Table 5: Annual Gas Production in Ghana (2014-2023)

Year	Jubilee	TEN	SGN	NAG	TOTAL	
	AG	AG	AG		TOTAL AG	TOTAL AG/NAG
2014	55,758.04	-	-	-	55,758.04	55,758.04
2015	52,545.91	-	-	-	52,545.91	52,545.91
2016	38,420.63	6,531.86	-	-	44,952.49	44,952.49

2017	43,261.35	26,818.33	7214.76	-	77,294.44	77,294.44
2018	44,841.94	39,472.78	7,144.58	-	91,459.30	91,459.30
2019	51,179.67	48,387.34	28,757.80	41,183.80	128,324.81	169,508.61
2020	64,462.41	58,674.67	44,470.04	70,355.70	167,607.12	237,962.82
2021	70,527.21	64,128.87	51,659.30	69,945.66	186,316.38	256,262.04
2022	68,481.76	55,678.63	58,246.78	71,147.88	182,407.17	253,555.05
2023	77,900.05	50,068.90	56,544.28	70,658.74	184,513.23	255,171.97
TOTAL	567,378.97	349,762.38	254,037.54	323,291.78	1,171,178.89	1,494,470.67

Source: PIAC, 2023

3.2.1. Oil and Gas and Trade

In 2023, mineral fuels and oils were Ghana's second-largest export commodity, making up 23.6% of total exports, with crude oil exports valued at GHS 43.9 billion. The primary export destinations for these products included countries like China, Canada, Brazil, and Italy. On the import side, mineral fuels and oils, mainly refined oil constituted 32.1% of total imports, valued at GHS 58.0 billion. These imports came mainly from countries such as the Netherlands, Russia, Belgium, and the United Arab Emirates (UAE).

Although Ghana exports crude oil, the country still imports large quantities of refined petroleum products such as diesel, light oils, and kerosene due to limited local refining capacity. Gas-related imports, such as liquefied petroleum gas (LPG), are also prominent in Ghana's oil and gas import profile. This illustrates the importance and opportunities for further policy development, especially in refining capacity expansion to reduce reliance on imported refined products. Additionally, foreign countries and investors can leverage opportunities for investing in refinery infrastructure and technologies in Ghana to enhance the country's energy sector, create employment, and also support the country's industrialization efforts.

3.3. Mining

Ghana is endowed with mineral resources, with the major ones being gold, diamonds, manganese, and bauxite. Gold remains the dominant mineral, accounting for 95% of mineral revenues (ITA, 2023). Additionally, the country holds unexploited reserves of iron ore, limestone, brown clays, kaolin, mica, columbite-tantalite, feldspar, silica sand, quartz, and salt. Industrial minerals, like brown clays, kaolin, and silica sand, are exploited on a small scale to supply local industries, particularly in ceramic, paint, and glass manufacturing (ITA, 2023; Amankwah and Suglo 2020).

Gold production in Ghana increased from 3.7 million ounces in 2022 to 4 million ounces in 2023, marking an 8.3% rise and representing the highest output since the COVID-19 pandemic (Ghana Chamber of Mines, 2024). Diamond production surged by 146.5%, growing from 82,252 carats in 2022 to 202,507 carats in 2023, also the highest level since 2015, signaling a recovery in the sub-sector. While manganese production declined due to operational issues at Ghana Manganese Company, bauxite production expanded from 773,213 tonnes in 2022 to 959,601 tonnes in 2023, attributed to technological advancements at the Ghana Bauxite Company (Ghana Chamber of Mines, 2024).

Table 6: Ghana's Gold, Diamond, Manganese, and Bauxite Production (2022-2023)

PRODUCER	2022	2023	% CHANGE
Gold (Ounces)			
Large-Scale (Ghana Chamber of Mines Members)	3,044,176	2,859,830	-6.1%
Large-Scale (Non-Members of the Ghana Chamber of Mines)	27,635	60,419	118.6%
Total (Large-Scale)	3,071,811	2,920,249	-4.9%
Small-Scale	655,656	1,118,233	70.6%
National Output	3,727,467	4,038,472	8.3%
Diamonds (Carats)			
Precious Minerals Marketing Company	82,252	202,757	146.5%
Manganese (Tones)			
Ghana Manganese Company Ltd	3,171,722	3,001,736	-5.4%
Bauxite (Tones)			
Ghana Bauxite Company Ltd	773,213	959,601	24.1%

Adapted from GCM, 2024.

3.3.1. Mining and Trade

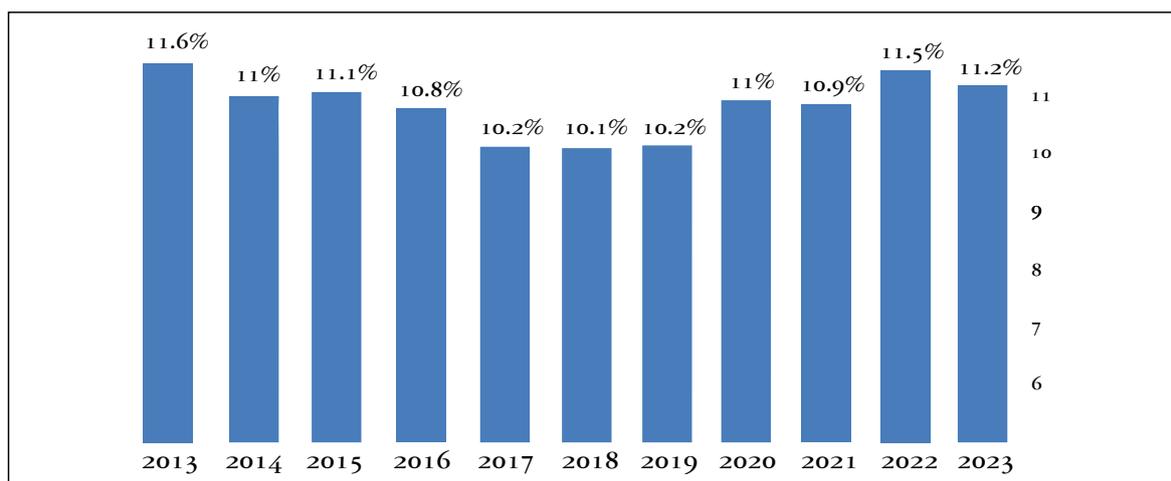
According to the Ghana 2023 Trade Report, minerals including gold, bauxite, and manganese are among Ghana's top export commodities. Gold alone accounted for 45.2% of total exports, with an export value of GH¢84.1 billion in 2023. Other significant mining exports include manganese ores and iron and steel products.

3.4. Manufacturing

Ghana's manufacturing sector is a key part of the country's industrial landscape and contributes meaningfully to GDP and the country's employment base. However, since 2013, the manufacturing sector's contribution to GDP has been stagnant, ranging between 10% and 12% annually (see Figure 4). The sector is to benefit from government initiatives such as the One District, One Factory (1D1F) program, aimed at boosting manufacturing capacity across the country. Key sub-sectors include food processing, beverage production, textiles, and automobile assembly, with notable contributions from agro-processing, cement production, and consumer goods manufacturing to trade and GDP.



Figure 4: Manufacturing Sector Contribution to Ghana's GDP (2013-2023)



Source: World Bank and Trading Economics

3.4.1. Manufacturing and Trade

Data from the Ghana 2023 Trade Report indicate that manufactured goods such as iron and steel, plastics, and processed agro-products were key to Ghana's export economy in 2023. Notably, iron, steel, and other construction products are widely exported to neighboring African countries including Burkina Faso and Togo. Although Ghana's agro-processing sector is in its nascent stages and remains focused primarily on the domestic market, processed cocoa, fruits, and vegetable products were key contributors to the country's export revenue in 2023. The primary export markets for these products included Malaysia, Belgium, and the United States.

In 2023, the consumer goods manufacturing sector also made notable contributions to the country's exports. Textile products, including napkins and napkin liners for babies, were key exports to countries like Côte d'Ivoire and Togo. Exports of these products to Côte d'Ivoire reached GHS 360.2 million, accounting for 13% of Ghana's exports to the country.

On the import side, machinery and electrical equipment, chemical products, iron and steel, and plastics, form a significant portion of Ghana's trade. In 2023, machinery and electrical equipment made up a considerable percentage of imports, with China being the largest source, accounting for 37.7% of these imports. Other major imports include vehicles, automotive parts, and various chemical products coming from China and Europe, among others.



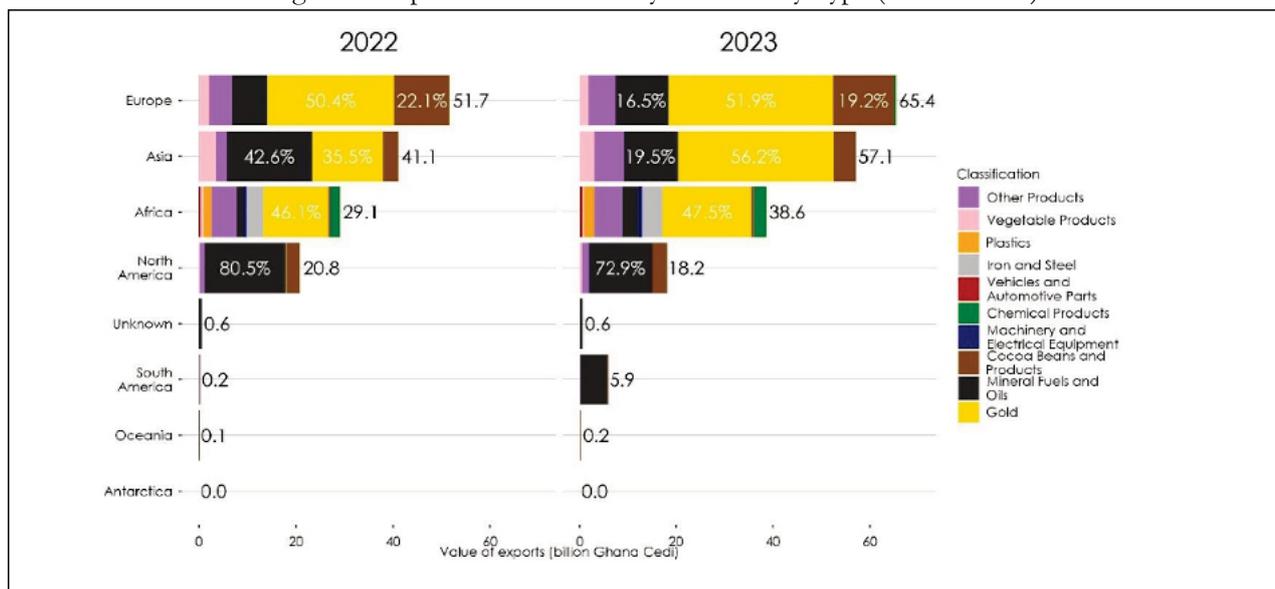
Section 4

4.1. Ghana's Export and Import Trends

Over the past two years, Ghana's exports were driven by key commodities such as gold, mineral fuels and oils, and cocoa, with varying dominance across regions. The total value of exports also fluctuated between 2022 and 2023 which could possibly reflect a sign of changes in demand and market dynamics across the export value chain both in Ghana and across continents.

4.2. Export Trends

Figure 5: Export Per Continent by Commodity Type (2022 & 2023)



Source: GSS, 2024.

4.2.1. Gold Exports (2022 vs. 2023)

Gold remained the top export commodity in both years, dominating trade with Europe, Asia, and Africa. In 2022, Ghana exported GHS 51.7 billion worth of goods to Europe, with 50.4% of this being gold, equivalent to GHS 26.1 billion. In 2023, the total value of exports to Europe increased to GHS 65.4 billion, with 51.9% (GHS 33.9 billion) of that total being gold. Thus, gold exports to Europe increased both in terms of share and export value from 2022 to 2023.

In Asia, gold's share of exports grew between the two years. In 2022, 36.5% of the GHS 41.1 billion in exports to Asia was gold, totaling approximately GHS 15 billion. By 2023, total exports to the region rose to GHS 57.1 billion, with 56.2% (GHS 32.1 billion) consisting of gold. This substantial increase in both percentage and value terms points to growing demand from key Asian countries such as China, India, and the United Arab Emirates, which collectively received over 80% of Ghana's exports to Asia.

Similarly, in Africa, gold continued to dominate, though its share of exports remained relatively stable. In 2022, Ghana exported GHS 29.1 billion to African countries, with 46.1% of this total being gold (GHS 13.4 billion). In 2023, exports to Africa increased to GHS 38.6 billion, with gold making up 47.5% (GHS 18.4 billion) of the total. South Africa remained the largest African trading partner, receiving the majority of Ghana's gold exports.

4.2.2. Mineral Fuels and Oils Exports (2022 vs. 2023)

The export of mineral fuels and oils also saw shifts between 2022 and 2023, particularly in North America. In 2022, mineral fuels and oils accounted for 80.5% of Ghana's GHS 20.8 billion in exports to North America, which equates to GHS 16.7 billion. In 2023, while total export value to the region dropped to GHS 18.2 billion, 72.9% (GHS 13.3 billion) of that still consisted of mineral fuels and oils. The decline in both total export value and the share of mineral fuels indicates a possible reduction in demand for Ghanaian energy products in North America, potentially due to regional shifts in energy sourcing or consumption patterns driven by demand for clean and renewable energy sources.

In Asia, the share of mineral fuels and oils in total exports saw a significant decline in 2023. In 2022, 42.6% of exports to Asia were mineral fuels and oils, which amounted to GHS 17.5 billion. By 2023, this had decreased to 19.5%, equaling GHS 11.1 billion, marking a notable decline of GHS 6.4 billion in export value. The decline could indicate a reduced reliance on Ghanaian oil in the region, likely driven by increased competition from other energy exporters or a pragmatic shift towards renewable energy sources in several Asian markets as in the case of North America.

However, while the share of mineral fuels and oils declined in Asia and North America, there was a weighty increase in South America. In 2022, South America accounted for just GHS 0.2 billion in exports from Ghana, but in 2023, this surged to GHS 5.9 billion, largely driven by mineral fuels and oils. This increase signals growing demand for Ghana's energy products in South America, particularly in countries like Brazil.

4.2.3. Cocoa Exports (2022 vs. 2023)

In both 2022 and 2023, cocoa remained a vital export for Ghana, particularly in its trade with Europe, Asia, and North America. In Europe, Ghana exported GHS 51.7 billion worth of goods in 2022, with 22.1% of this (approximately GHS 11.4 billion) consisting of cocoa products. In 2023, total exports to Europe increased to GHS 65.4 billion, and although the share of cocoa declined slightly to 19.2%, the export value of cocoa actually increased to approximately GHS 12.5 billion. This reflects a modest growth in the value of cocoa exports, even as gold and mineral fuels took a more prominent role.

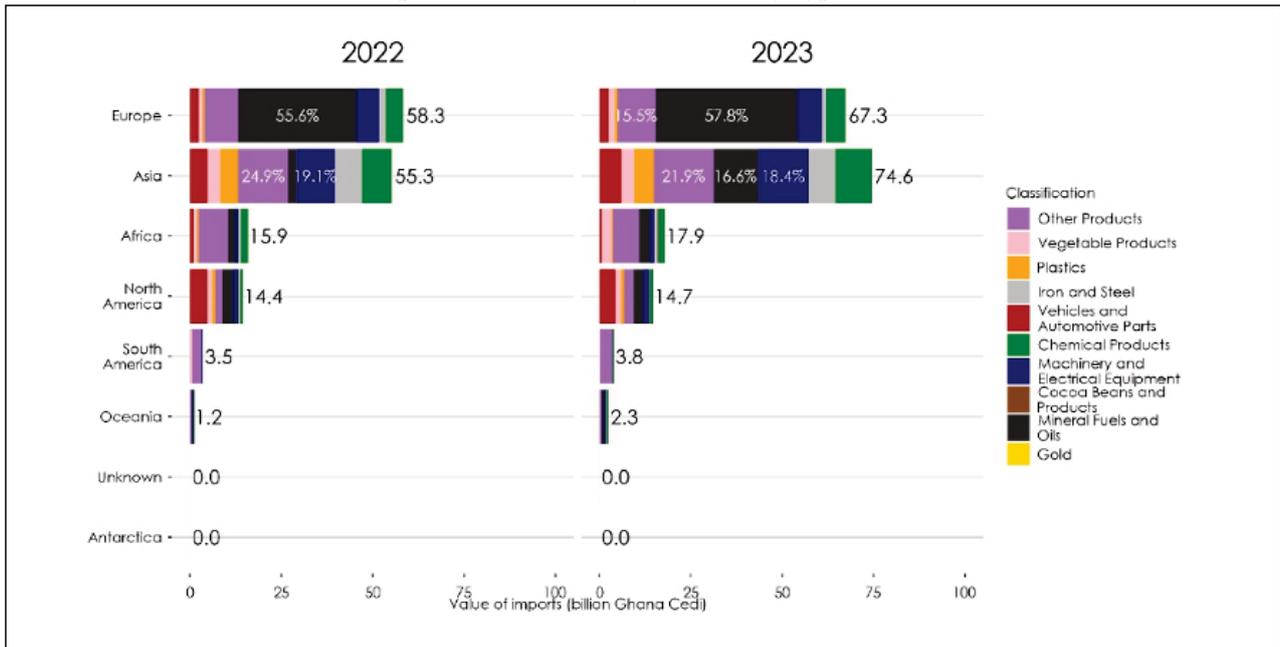
In Asia, cocoa's share of exports remained relatively stable between the two years. In 2022, cocoa made up about 6% of the GHS 41.1 billion in exports to Asia, equaling roughly GHS 2.5 billion. This share increased marginally in 2023, with cocoa accounting for about 6.5% of GHS 57.1 billion, bringing the total cocoa exports to GHS 3.7 billion.

Similarly, in North America, cocoa's share of exports grew marginally despite a decline in total export value. In 2022, about 5% of GHS 20.8 billion worth of exports to North America were cocoa products (approximately GHS 1 billion). In 2023, this rose to about 7% of the GHS 18.2 billion in total exports, equaling GHS 1.3 billion. These trends highlight the continued importance of cocoa in Ghana's export portfolio, even as other commodities like gold and mineral fuels gained more prominence.

4.3. Import Trends

In both 2022 and 2023, Ghana's import patterns were shaped by key commodities such as mineral fuels and oils, electrical equipment, and chemical products, with varying levels of dominance across different regions. The total value of imports fluctuated between the two years, which is likely a reflection of shifts in global market dynamics, industrial needs, and energy demands

Figure 6: Import Per Continent by Commodity Type (2022 & 2023)



Source: GSS, 2024.

4.3.1. Mineral Fuels and Oils Imports (2022 vs. 2023)

In both years, mineral fuels and oils, predominantly refined petroleum products were among the top imported commodities for Ghana, particularly from Europe and Asia. From Europe, mineral fuels and oils made up 55.6% of imports in 2022, equivalent to approximately GHS 37.1 billion, which increased slightly to 57.8% in 2023, reaching about GHS 42.5 billion, a vivid indication of Ghana's dependency on refined energy imports to meet local consumption.

From Asia, the trend showed an exponential increase in mineral fuels and oils imports between 2022 and 2023. In 2022, mineral fuels and oils accounted for a much smaller share of imports from Asia. By 2023, this share grew substantially to 16.6%, increasing the import value to approximately GHS 12.4 billion. This indicates a shift towards higher energy imports from Asia as Ghana's trade with the region also expanded.

4.3.2. Electrical Equipment and Machinery Imports (2022 vs. 2023):

The import of electrical equipment and machinery from Asia exhibited notable trends between 2022 and 2023. In 2022, electrical equipment accounted for 19.1% of imports from Asia, amounting to approximately GHS 10.5 billion. However, in 2023, this share slightly decreased to 18.4%, corresponding to about GHS 13.7 billion, indicating a marginal drop in the share but an overall increase in the import value. This highlights Ghana's growing demand for technological and industrial inputs from Asia, even as other commodities such as mineral fuels also became prominent in the trade mix.

Meanwhile, the import of machinery and electrical equipment from Europe remained an important part of Ghana's import portfolio, though it was overshadowed by the dominance of mineral fuels and oils.

4.3.3. Chemicals and Other Products Imports (2022 vs. 2023)

In 2022 and 2023, chemical products, including pharmaceutical products, fertilizers, tanning, as well as cosmetic and detergent products remained an important part of Ghana's import profile. In both years, Europe and Asia were the primary sources of these imports, with the volume of chemical imports from Europe and Asia showing a slight increase.

In addition to chemical products, mineral fuels, and electrical equipment, Ghana's import profile in 2022 and 2023 included a wide range of other products essential for the country's economic activities. These imports encompassed items such as plastics, vehicles and automotive parts, vegetable products, consumer goods, small-scale manufactured items, and other industrial products that do not fit into more dominant categories. The demand for these products remained steady over the two years, with Europe and Asia serving as the primary trading partners.

Section 5

5.1. Discussion

The current business environment in Ghana presents a unique blend of challenges and opportunities, shaped by both domestic and external factors. The macroeconomic difficulties experienced in 2022, including high inflation, the depreciation of the Ghanaian cedi, and decreased business profitability, indicate the vulnerability of Ghana's economy to global shocks and domestic imbalances. These challenges have prompted the Ghanaian government to introduce key policy interventions, such as the Domestic Debt Exchange Program (DDEP) and the Gold for Oil (G4O) initiative, aimed at stabilizing the economy and reducing reliance on foreign currency reserves.

5.2. Economic and Policy Challenges

Despite efforts to stabilize the economy, any discussion on the efficacy of Ghana's policy interventions must address the long-term implications of the interventions on financial institutions and businesses. For instance, the Gold for Oil (G4O) initiative, while innovative, needs to be assessed for its long-term sustainability and impacts. Though it can reduce the country's reliance on U.S. dollars for petroleum imports and stabilized fuel prices, the broader economic impact on businesses remains to be seen.

The restructuring of domestic debt has relieved some fiscal pressure on the government, but it has also caused liquidity challenges, particularly within the banking sector. The reduced availability of credit and higher borrowing costs have the potential to place a strain on small and medium-sized enterprises (SMEs), which are vital to the country's economic growth. This raises concerns about the ability of businesses to access affordable capital for expansion and operations in Ghana, potentially stifling innovation and entrepreneurship.

In addition, inflation, though gradually declining from a high of over 54%, continues to affect business costs and profitability. The persistence of high operational costs and the unpredictability of global market trends can further complicate the trade and investment landscape in Ghana.

5.3. Trade Dynamics and Global Pressures (Exports)

The increase in Ghana's trade volume in 2023, with a growth of 25.2%, highlights the country's strong export performance, particularly in sectors like mineral fuels, oils, and gold. However, the decline in Ghana's oil production and trade volumes, as highlighted in Section 3.2 of this report, reflects broader global shifts that are reshaping the global energy sector. Ghana's oil output has been falling since 2019, influenced by factors such as the natural aging of oil fields and insufficient investment in new discoveries.

While the country's crude oil production continues to be a key export commodity, accounting for 23.6% of total exports in 2023, the ongoing transition towards renewable energy sources is having a noticeable impact on both production levels and the demand for Ghanaian oil in the international market. The global energy transition, driven by international efforts to reduce carbon emissions and mitigate climate change, has significantly altered investment patterns in the oil and gas industry. As international financial institutions and institutional investors pivot towards funding renewable energy projects, securing future investments in fossil fuel extraction may become increasingly difficult for Ghana, further impacting production levels.

In addition, while Ghana still exports substantial quantities of crude oil, some key markets, particularly in Asia and North America, are experiencing reduced demand for fossil fuels as they begin to embrace alternative energy sources. The decrease in Ghana's crude oil exports to both Asia and North America, as outlined in the report, highlights the shifting energy preferences in these regions, where the transition to alternative energy sources is reducing the demand for fossil fuels. This shift poses a threat to Ghana's long-term reliance on oil exports, which may become less competitive in the global market as more countries prioritize decarbonization.

Gold continues to be one of Ghana's most dependent export commodities, contributing substantially to foreign exchange earnings and maintaining its position as a cornerstone of the national economy. However, the dynamics surrounding global gold trade present both opportunities and challenges that Ghana must navigate. Global demand for gold remains strong due to its perceived value as a hedge against economic uncertainty and inflation. This to a large extent has provided some stability for Ghana's gold exports even as other sectors, such as oil, face increasing pressure from global energy transitions.

While high gold prices benefit the country's income from exports, any decline in global demand or price volatility can result in significant revenue losses. Moreover, Ghana's reliance on raw gold exports, rather than value-added gold products, means that the country does not fully capitalize on the potential of the global gold value chain. Developing a domestic gold processing industry could enable Ghana to capture more value from its gold resources to contribute to greater economic resilience.

The pressures from international competition also pose challenges (see Table 7). As one of the top producers of gold globally, Ghana competes with other leading producers such as China, Russia, the United States, Canada, and South Africa, its main regional competitor. Any shifts in the global supply of gold, including increased output from these competing nations, could influence market prices and demand for Ghanaian gold. Thus, maintaining and increasing production efficiency is essential for Ghana to remain competitive in this global market.

Table 7: Top 10 Gold Producers in 2023: Trends in Their Annual Production Since 2018 (Tonnes)

Country	2018	2019	2020	2021	2022	2023	2023 RANK
China	404.1	383.2	368.3	332.0	375.0	378.2	1st
Russia	295.4	327.2	331.7	330.9	330.0	321.8	2nd
Australia	313.0	325.1	328.0	307.2	306.3	293.8	3rd
Canada	191.9	185.2	173.3	192.9	194.5	191.9	4th
United States	222.6	200.4	193.4	186.8	172.7	166.7	5th
Ghana	149.1	142.4	130.1	124.7	137.2	135.1	6th
Indonesia	153.0	92.3	100.9	108.2	131.8	132.5	7th
Peru	162.6	143.3	101.6	127.3	125.7	128.8	8th
Mexico	118.4	109.0	110.4	124.8	124.0	126.6	9th
Uzbekistan	91.6	93.2	100.2	104.9	110.8	119.6	10th

Source: IPPG with Data from Metals Focus, 2024

Further compounding these challenges are issues related to illegal mining operations, popularly known as "galamsey," in Ghana which continue to plague the sector. Illegal mining does not only reduce the overall output that contributes to official export figures but also undermines environmental sustainability efforts, especially through the contamination of water bodies, as is the case in Ghana currently. This pollution eventually compromises the availability and quality of water supplies, posing a health risks to communities reliant on these resources. The issue of illegal mining has become so pressing in Ghana with several protests from youth groups. It is expected to play a crucial role in determining the outcome of Ghana's 2024 general elections.

5.4. Trade Dynamics and Global Pressures (Imports)

On the import side, Ghana's dependence on imported machinery, electrical equipment, and chemical products, particularly from Europe and Asia, reflects the country's industrial needs, but it also creates vulnerabilities tied to global market fluctuations and exchange rate volatility. First, global market fluctuations, such as changes in supply and demand or global price increases can directly impact Ghana. For example, if the prices of machinery or equipment rise globally, the growing Ghanaian industrial landscape will face higher costs to import and maintain production. Second, since Ghana imports many of these goods in foreign currencies (like U.S. dollars or euros), a weak or fluctuating Ghanaian cedi makes these imports more expensive. This means local industries must pay more to purchase the same equipment or materials, leading to unpredictable production costs.

Despite being a crude oil exporter, Ghana remains heavily dependent on imports of refined petroleum products such as diesel and light oils. This reliance is due to the country's limited local refining capacity, which restricts its ability to fully process its own crude oil domestically. As a result, Ghana must turn to international markets for refined petroleum products, which not only increases costs but also exposes the country to the complexities and vulnerabilities of global trade dynamics.

Since Ghana purchases its refined petroleum on the international market, it is highly susceptible to changes in global oil prices. Disruptions in the global supply chain, such as those caused by geopolitical tensions, natural disasters, or changes in demand from large economies, can lead to sudden increases in the price of refined petroleum products. These price hikes then have a direct effect on the cost of fuel within Ghana, which can ripple through the economy, contributing to higher transportation and production costs, and ultimately, inflation. The country's heavy reliance on these imports makes it difficult to insulate its economy from such external shocks.

Furthermore, Ghana's reliance on imported petroleum products makes it vulnerable to exchange rate fluctuations, although the G4O Policy is being implemented to mitigate this challenge. Since these imports are typically purchased in foreign currencies such as the U.S. dollar or the euro, any depreciation of the Ghanaian cedi increases the cost of these goods. As the cedi weakens, the government is forced to pay more for the same amount of fuel. This puts additional pressure on Ghana's budget, particularly in sectors like transportation, manufacturing, and energy, where fuel is a critical input.

Finally, while the country benefits from crude oil exports, the inability to refine crude oil domestically limits the economic gains that could be achieved through value addition. If Ghana is able to build its refining capacity, the country could not only reduce its dependence on costly imports but also capture a larger share of the petroleum value chain, including the potential to export both crude and refined oil. This would not only reduce foreign exchange pressures but also create jobs and bolster the country's energy security.

However, as already discussed in the report, the ongoing global energy transition is making it increasingly difficult for countries to secure investments for fossil fuel infrastructure. This shift in investment priorities by institutional investors and DFIs could pose challenges for Ghana in securing the necessary funds to build its refining capacity, potentially limiting the country's ability to fully capitalize on its oil resources.

5.5. Policy Recommendations and Future Directions

The challenges identified call for a comprehensive approach to policy formulation that focuses on both short-term real stabilization and long-term economic sustainability. A key policy focus should be the strengthening of the financial sector to support business growth, particularly through improved access to credit for businesses. Furthermore, building local refining capacity for petroleum products could reduce import reliance and provide more stability in fuel pricing, which has a direct impact on inflation.

The government's recent tax reforms, including the Growth and Sustainability Levy, will play an important role in raising revenue for the government, but their potential impact on production costs and competitiveness must be monitored carefully. Increasing tax burdens, especially on industrial players, could harm export performance if not balanced with incentives that encourage growth in strategic sectors.

This further points to the need for Ghana to diversify its export base beyond gold and mineral fuels by leveraging opportunities in agriculture and manufacturing. Investing in value-added processing of agricultural products, improvements in the country's overall agricultural output, and expanding manufacturing capabilities can help Ghana to reduce its dependence on some commodities and enhance its trade relations and economic resilience to external shocks.

Furthermore, while policies such as the DDEP and G4O have shown short-term benefits, their long-term success depends on consistent implementation, regular assessment, and alignment with broader economic goals.

Our roundtable discussion scheduled for Tuesday, October 8, 2024, will delve deeper into the issues raised in this paper, exploring further recommendations on how Ghana can navigate the challenges associated with global trade dynamics, energy transition, and economic resilience. The roundtable will bring together experts and stakeholders to discuss these matters in detail, and the insights gathered from this event will be incorporated into the final version of this paper to provide a comprehensive guide for policy action and strategic development.

Section 6

6.1. Conclusion

Despite an increase in Ghana's trade volume in 2023, the country faced macroeconomic challenges in 2022 driven by domestic imbalances and external factors, including the Russia-Ukraine war. These challenges led to a depreciation of the Ghanaian cedi against the U.S. dollar and impacted business profitability. In response, Ghana implemented policies such as the Domestic Debt Exchange Program (DDEP), which restructures bonds to manage debt, and the Gold for Oil initiative, aimed at reducing dependence on foreign currency by purchasing gold in cedis. Additionally, recent amendments to tax laws are poised to influence the business environment.

Ghana's economy is bolstered by key sectors like agriculture and mining, which significantly contribute to GDP despite their own unique challenges. Major exports such as gold, mineral fuels, and oils primarily serve markets in Europe, Africa, and Asia. Conversely, imports, particularly of refined mineral fuels, oil, electrical equipment, and machinery, originate from regions like Africa, Asia, and Europe.

Moving forward, it will be crucial for the country to build on these efforts, fostering a conducive environment for sustainable growth, diversifying its export base, and ensuring that both public and private sectors can thrive. Our forthcoming roundtable provides an essential platform to explore these themes further, bringing together experts and stakeholders to chart a sustainable path for Ghana's socio-economic development and trade relations.



REFERENCES

1. AfDB. (n.d.). Ghana economic outlook.
2. Ahinsah-Wobil, D. I. (2023). Analyzing the impact of domestic debt restructuring on banks in Ghana: Challenges faced and strategies for resilience. SSRN. <https://ssrn.com/abstract=4433029>
3. Amankwah, R. K., & Suglo, R. (2020). Sustaining the minerals industry of Ghana – A challenge to stakeholders. In Proceedings of the 6th UMA T Biennial International Mining and Mineral Conference, Tarkwa, Ghana (pp. 107-115).
4. Bank of Ghana. (2024). Summary of economic and financial charts. <https://www.bog.gov.gh/wp-content/uploads/2024/09/Summary-of-Economic-and-Financial-Charts-September-2024.pdf>
5. EY. (2023, April). Ghana's new laws introduce new taxes affecting individuals and businesses.
6. Ghana Chamber of Mines. (2024). Performance of the mining industry in 2023. <https://ghanachamberofmines.org/wp-content/uploads/Performance-of-the-Mining-Industry-in-2023.pdf>
7. Ghana Investment Promotion Centre. (2022, November). Ghana's agriculture sector report.
8. Ghana Statistical Service. (2023). Sectoral share of GDP. <https://statsghana.gov.gh/gdpgraph.php?graphindicators=MTE4NzYxMzkxNi45NDI1/gdpgraph/49pp7266p8>
9. Ghana Statistical Service. (2024). Ghana 2023 Trade Report.
10. Ghana Statistical Service. (2024, February). Annual household income and expenditure survey: Quarter 3 bulletin.
11. International Trade Administration. (2023). Mining industry equipment. <https://www.trade.gov/country-commercial-guides/ghana-mining-industry-equipment>
12. KPMG. (2023, April). Tax flash alert. <https://assets.kpmg.com/content/dam/kpmg/gh/pdf/Flash-Alert-New-Taxes-April.pdf>
13. Lima Partners. (2024, April). Updates on new tax acts. Lima Partners. <https://limaghana.com/wp/updates-on-new-tax-acts/>
14. Mitchell, C., & Bowles, A. (2024, March). Falling production, waning investment leave Ghana's oil sector at a crossroads. S & P Global.
15. Monney, G. A. (2024, January). An assessment of the Gold for Oil programme: A position paper.
16. Public Interest Accounts Committee. (2024). 2023 annual report on the management and use of petroleum revenues.
17. Tabiri, P. K. (2023). Understanding Ghana's Growth and Sustainability Levy Act of 2023 (ACT 1095).
18. Trading Economics. (n.d.). Ghana - Manufacturing value added (% of GDP). <https://shorturl.at/LIjq>
19. United States Department of Agriculture Foreign Agricultural Service. (n.d.). U.S. trade with Ghana in 2023. <https://fas.usda.gov/regions/ghana>
20. World Gold Council & Metals Focus. (2024, June). Gold mining production volumes. Global mine production by country. World Gold Council. <https://www.gold.org/goldhub/data/gold-production-by-country#registration-type=google&just-verified=1>
21. World Law Group. (2024). 2024: Doing business in Ghana.
22. Zurek, K. (2023, November). See Ghana's top 10 food imports and exports (LIST). Daily Graphic. <https://www.graphic.com.gh/news/general-news/see-ghanas-top-10-food-imports-and-exports.html>

IPPG INTERNATIONAL PERSPECTIVE
FOR POLICY & GOVERNANCE

EMPIRICAL RESEARCH | POLICY ADVOCACY | KNOWLEDGE SHARING | CAPACITY BUILDING

www.ippgafrica.org