

# EUROPEAN UNION & REPUBLIC OF GHANA

Cooperation that Counts



2ND EDITION



## TRADE AND PRIVATE SECTOR DEVELOPMENT

The relations between Ghana and the European Union (EU) in the area of trade and private sector development can be viewed from three main angles: the importance of bilateral trade, the Economic Partnership Agreement and development cooperation geared

towards creating favourable conditions for private sector development.

## BILATERAL TRADE BETWEEN THE EU AND GHANA

The EU is the most important trade partner for Ghana and the leading destination of Ghana's exports. The bilateral trade with the 28 Member

States of the EU reached over EUR 6 billion in 2012, which constituted 25% of Ghana's total external trade in that year. The relative importance of this trade partnership is even more pronounced if we look at the EU's share in Ghanaian exports which was over 43% in 2012 (see table).





### Ghana, Trade with the EU (2008-2012)

Year	Imports from EU-27 (millions of euro)	EU Share of total Imports to Ghana (%)	Exports to EU-27 (millions of euro)	EU Share of total Exports from Ghana (%)
2008	2,119	25.4	1,137	37.9
2009	1,927	26.4	997	39.6
2010	2,251	23.2	1,317	38.9
2011	2,892	24.0	3,134	51.5
2012	3,487	18.5	2,987	42.5

Source IMF (DoTS)

Ghana's imports from the EU are dominated by machinery, electrical and mechanical appliances, chemical products and vehicles and associated transport equipment. The structure of Ghana's exports to the EU, traditionally predominantly agricultural products, has seen a shift with the advent of commercial oil production in Ghana in 2011, the exports of which constituted a share of around 47% of all Ghanaian exports to the EU in 2011.

For potential trading partners, who need further information, the EU has set up an Export Helpdesk ([www.exporthelp.europa.eu](http://www.exporthelp.europa.eu)). This is an online service that gives practical guidance for importing from or exporting to the EU.

## THE ECONOMIC PARTNERSHIP AGREEMENT (EPA)

In accordance with the provisions of the Cotonou Agreement, the countries of the West African region (ECOWAS and Mauritania) agreed with the EU to negotiate an Economic Partnership Agreement, designed as a tool for development and regional integration.

While negotiations for a regional EPA were still on-going, an interim agreement was initialled in December 2007 by Ghana and the EU. This interim agreement allowed Ghana to avoid any disruption of its exports to the EU after 1 January 2008 -end date of the trade provisions of the Cotonou

agreement - till 1st October 2014. From 1 October 2014, Ghana will continue to benefit from this market access to the EU only on the basis of the ratification of the interim EPA or the entry into force of the regional EPA.

As it is the case for the interim EPA, the regional EPA currently under political validation provides duty-free and quota-free access to the EU market for an unlimited period for all imports originating in Ghana.

In return, Ghana and other West African countries gradually liberalize 75% of their imports from the EU over 20 years. This asymmetric and gradual opening of the Ghanaian market to European goods takes into account the different level of development between Ghana and the EU and affords enough flexibility to protect sensitive sectors as well as to preserve fiscal revenues.

Liberalized imports from the EU are mainly goods which are not produced locally, notably inputs used by local industries, such as agricultural inputs, equipment and machinery. Therefore, the elimination of import tariffs will reduce the production costs of local companies and will also benefit Ghanaian consumers. In order to protect sensitive sectors, a number of agricultural and non-agricultural products, such as chicken, tomatoes, sugar, cereals and flour, frozen fish, tobacco, beer and industrial plastics, have been excluded from liberalization.



In terms of trade volumes, around 35% of EU exports into Ghana are already liberalized or nearly liberalized, de facto leaving only an additional 40% of imports to be liberalized. The reductions of duties will be done gradually over several years to keep the initial revenue loss small and spread the impact over many years.

The EPA also has a chapter on trade defence instruments, which provides for safeguard measures in case of disruption or risk of disruption, a chapter on technical barriers to trade and on sanitary and phyto-sanitary measures to help Ghanaian exporters to comply with international standards, a chapter on trade facilitation, and a dispute settlement mechanism.

Rules of origin in the regional EPA are also very favourable, providing for asymmetry between West Africa and the EU, as well as for very generous cumulation provisions. Further negotiations are also possible on services and trade-related issues.

The development-cooperation dimension of the agreement provides for support aimed at improving the business environment, accelerating regional integration, as well as strengthening and diversifying productive sectors. The agreement also envisages support to address the fiscal impact and related reforms.

In summary, the objectives of the EPA are simple: increase productive investments and job creation in Ghana and West Africa, and intensify



and facilitate trade between Ghana, the region and the EU towards a win-win development relationship.

The EU welcomes the conclusion of negotiations for the regional EPA. Once signed and ratified by all parties, the regional EPA will supersede the interim EPA.

Moreover, the EPA provides a stable and predictable trade partnership attractive to investors. As part of the agreement, EPA institutions will be created, which will be the key forum for dialogue between the two parties, comprising of senior representatives who meet regularly or when required. The regional EPA also contains a joint parliamentary committee and a consultative committee made up of representatives of civil-society and private-sector bodies.

## DEVELOPMENT COOPERATION

Private Sector & Trade features are part of the non-focal areas of cooperation in the Country Strategy Paper (CSP) 2008–13 under the 10th European Development Fund (EDF). In this context, the EU provides support to Ghana in the areas of trade facilitation and regional integration. The wider objective is to promote a trade-enabling environment as well as a sub-regional integration so as to diversify and increase the export base of Ghana to enable the country to take advantage of the regional and global markets. Interventions thus,

have aimed at :

- Supporting the removal of supply-related constraints in Ghana's private sector which limit the country's capacity to respond positively to liberalization and regional integration.
- Ensuring compliance with Sanitary and Phytosanitary (health standards) and quality control requirements so as to facilitate the exploitation of non-traditional export markets identified, with a focus on fresh and processed agricultural products.

### ACTIONS:

- **Banana Accompanying Measures (BAM):**

In line with the Non Traditional Exports promotion objective of the Government, the EU supported the preparation of Ghana's National Adaptation Strategy (NAS) for the Banana Sector. This is in reaction to the erosion of tariff preferences for African banana exporters into the EU market. The EU will support the NAS through the Banana Accompanying Measures (BAM) programme from 2013 until 2016. The overall goal of the BAM programme is to improve the competitiveness of the banana exporting industry while ensuring its environmental and socio-economic sustainability in the long run. An amount of EUR 7.24 Million has been committed by the EU towards a project aimed at

- (1) improving the living conditions

of banana sector workers and their families by providing on-farm housing as well as access to basic commodities and services and

- (2) supporting the improvement of the banana value chain related to the production of high-quality organic composting at the major banana exporting companies.

- **Trade Related Assistance and Quality Enabling Programme (TRAQUE):**

The programme is assisting the Government of Ghana in attaining the objectives of the Private Sector Development Strategy II, adopted by the Ghanaian Cabinet in October 2010. Particularly, TRAQUE is supporting the capacity of the Ministry of Trade and Industry in developing and implementing trade policies and trade agreements (including EPA), and is supporting other trade actors to create an enabling environment for non-traditional Ghanaian exporters to take full advantage of the liberalised trade regime expected under the EPA.

The TRAQUE project of EUR 15 million is also contributing to the implementation of the National Quality Policy by promoting effective institutions and by providing quality infrastructure and equipment in areas such as metrology, accreditation, standardisation, conformity, certification and regulation to control and promote compliance with technical and health safety requirements, therefore enabling access to international markets. Future support is also planned : the creation of an internationally recognised Accreditation Body in Ghana and to the modernization of the Ghana Grains Council's commodity warehouse-systems and equipment with a view to enable the setting-up of a national commodity exchange.

- ***Business Advocacy Challenge Fund (BUSAC):***  
The EU contributes with an amount of EUR 3 Million to this

multi-donor trust fund administered by DANIDA, which supports efforts aiming at improving the business environment at all levels

through advocacy actions as a major precondition for a sound development of the private sector in Ghana.

DELEGATION OF THE EUROPEAN UNION TO GHANA, THE ROUND HOUSE, 81 CANTONMENTS ROAD, P.O. BOX 9505 KIA ACCRA,  
TELEPHONE: (+233-302) 77 40 94, FAX: (+233-302) 77 40 94, [HTTP://EEAS.EUROPA.EU/DELEGATIONS/GHANA](http://EEAS.EUROPA.EU/DELEGATIONS/GHANA)

MINISTRY OF FINANCE AND ECONOMIC PLANNING, ACP-EU UNIT, P.O BOX MB 40,  
TELEPHONE: (+233-302) 686113, 686175, [WWW.MOFEP.GOV.GH](http://WWW.MOFEP.GOV.GH)