

EUROPEAN UNION & REPUBLIC OF GHANA

Cooperation that Counts



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: bilateral trade, Economic Partnership Agreement, and development cooperation.

BILATERAL TRADE BETWEEN THE EU AND GHANA

The European Union continues to be an important trade partner for Ghana. Not only is the EU the leading source of Ghana's imports, it is also a major destination of Ghana's exports. The bilateral trade with the 27 Member

States of the EU reached almost 2.8 billion euros in 2009, which was nearly 30 percent of Ghana's total external trade in that year. The relative importance of this trade partnership is even more pronounced when compared to Europe's share in Ghanaian exports to the world, which was 40 percent in 2009 (see the following table).





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Trade with the EU-27 (2005-2009) Source Eurostat

Year	Imports from EU-27 (million euros)	EU Share of total Imports to Ghana (%)	Exports to EU-27 (million euros)	EU Share of total Exports from Ghana (%)
2005	1,382	29.0	870	45.8
2006	1,607	29.6	1,025	45.2
2007	1,860	28.3	1,040	44.0
2008	2,120	25.5	1,137	38.9
2009	1,923	25.6	995	40.7

Ghana's imports from the EU are dominated by machinery, electrical and mechanical appliances, chemical products and vehicles. Ghana's exports to the EU on the other hand, are predominantly agricultural products.

The Export Helpdesk (www.exporthelp.europa.eu) is an online service that provides practical guidance for importing from or exporting to the EU.

The EU Delegation in Ghana also serves as the country outpost for the rapid alert notification system of the EU's Health and Consumer Safety Unit, and for all communications from the Unit for Maritime Affairs and Fisheries.

THE ECONOMIC PARTNERSHIP AGREEMENT (EPA)

The trade regime of the Cotonou Agreement, providing preferential treatment for ACP countries, expired at the end of 2007 together with the WTO waiver that had enabled its application. In line with the Cotonou Agreement, in which the ACP countries and the EU have agreed to conclude WTO-compatible trading arrangements to replace this regime before its expiry at the end of 2007, Economic Partnership Agreements are currently being negotiated with six ACP regions. (<http://ec.europa.eu/trade/wider-agenda/development/economic-partnerships/>). These regions are based on country formations already engaged in a regional economic integration process. In West Africa,

EPA negotiations are led by Economic Community of West African States (ECOWAS) and cover 16 countries (ECOWAS members plus Mauritania). Negotiations were formally opened in 2003, but have yet to be concluded.

In the meantime, Ghana initialled an interim EPA (iEPA) on the 13th of December 2007, mainly due to the delay in concluding the regional EPA. This initialled agreement has four important cornerstones: partnership, regional integration, development and WTO-compatible trade relations. It offers duty-free, quota-free access to the EU market for all Ghanaian products from day one, while committing Ghana to start opening its market to EU products only in 2013 (in effect a five-year moratorium on import duty dismantling). However, in order to ensure legal certainty for economic operators and provide Ghana with a stable, predictable access to the EU market, the initialled interim EPA agreement needs to be signed.

A signed interim EPA agreement for Ghana would mean:

- A trading relationship between Ghana and the EU compatible with WTO rules;
- Gradual liberalisation of 80% of imports from the EU over 15 years (focusing on poverty reduction-related goods such as pharmaceuticals, intermediate goods and inputs for local industry), only dismantling the first and lowest tariff items (at 5 percent) from 2013;
- Protection of specific items by



excluding them from liberalisation. This exclusion list amounts to 20% of imports from the EU and the items were chosen by Ghana according to its development programme. These products are mostly concentrated in the agricultural and agro-processing sectors and include for example chicken, tomatoes, onions, sugar, tobacco, beer, worn clothes, wheat, frozen fish, and industrial plastics.

- Safeguards allowing to temporarily reintroduce tariffs and a special safeguard to protect infant industries;
- Other provisions for trade facilitation, cooperation on standards and sanitary and phytosanitary measures, improved rules of origin for textiles and clothing, agriculture and fisheries, etc.

As shown in the following table, the direct benefits of the iEPA initialled in 2007 are for those products which have been offered duty free quota free access under the iEPA. Without an iEPA, these exported products, which totalled about 242 million euros in 2009, would have faced about 33 million euros worth of import duties. This, of course, offers Ghana a considerable advantage over other main third world country competitors. Furthermore, it represents not only additional revenues to the country, but also has a positive impact on employment and private sector development in the country.



The negotiations towards a full regional EPA with West Africa continue, and eventually, Ghana's interim EPA will be superseded by a regional agreement following successful conclusion of the negotiations with ECOWAS.

The EU strongly supports the EPA as an instrument for development. Hence, through the EPA Development Programme (EPADP), the EC is particularly committed to supporting competitiveness and the upgrading of productive sectors covered by the EPA. The EC aims to significantly contribute to the absorption of the net fiscal impact resulting from EPA liberalisation in full complementarity with fiscal reforms, and to support accompanying measures linked to the implementation of the rules included in the agreement. The West African negotiators have received a clear commitment from the EC and EU member States on the financing of the EPADP. The EU, together with its member states, estimates that total

funds available for the EPADP from all of its financing instruments over the next five years will amount to at least 6.5 billion euros (for West Africa).

DEVELOPMENT COOPERATION

Private Sector & Trade features as one 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 European Commission (EC) provides support to Ghana in the areas of Trade facilitation, regional integration and the Economic Partnership Agreements. 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 the global markets. Interventions thus, have been aimed at:

- Removing the supply-related constraints in Ghana's private sector, which limit the country's capacity to respond positively to liberalisation and regional integration.
- Ensuring compliance with Sanitary and Phytosanitary (health) standards and quality control requirements so as to facilitate the exploitation of identified non-traditional export markets, with a focus on fresh and processed agricultural produce.
- Using the Economic Partnership Agreement as an instrument to facilitate regional integration and address supply-side and competitiveness constraints.

Actions that have been or are being undertaken to support trade and private sector development include:

The Private Sector and Trade Enabling Programme (2006-2010): this supports the implementation of Government's Private Sector Development Strategy targeting, among others, improvements in Ghana's customs authorities (Customs and Excise and Preventative Services), administration of trade documentation and, in particular, reducing the number of approvals required for clearance of imports and exports.

Support for NAS for the Banana Sector: In line with the Non-Traditional Exports promotion objective of the Government, the EC supported the preparation of Ghana's National Adaptation Strategy for the Banana Sector (NAS). This is in reaction to the erosion of tariff preferences for African banana exporters into the EU market and the EC Banana Accompanying Measures programme. An EC response plan, the Multiannual Support Strategy for the period 2010-2013 is being finalized on the basis of the NAS.

Main categories of products benefiting from the exemption of duties under the EPA	EU imports from Ghana in 2009	Preference value under EPA	preferential margin
	million euros	million euros	%
prepared or preserved tunas and skipjack	59	12	20,5
bananas, fresh (excl. plantains)	26	7	27,5
prepared or preserved tunas and skipjack	17	4	20,5
cocoa butter, fat and oil	76	3	4,2
cocoa paste (excl. defatted)	46	3	6,1
fillets known as 'loins' of tunas or ski	13	3	20,5
prepared or preserved tunas, skipjack or other fish of genus euthynnus (excl. whole or in pieces)	5	1	20,5
Total	242	33	



The trade-related assistance and quality enabling programme (TRAQUE): This will assist government in attaining the objectives of the Private Sector Development Strategy II, adopted by the Ghanaian Cabinet in October 2010. Particularly, TRAQUE will support the capacity of the Ministry of Trade and Industry to develop trade policies, and also support other trade actors to create an environment enabling non-traditional Ghanaian exporters to take full advantage of

the liberalised trade regime under the Economic Partnership Agreement. The TRAQUE funds (9 million euros) will also support the implementation of the National Quality Policy by enhancing effective and efficient quality infrastructure, covering areas such as metrology, accreditation standardisation, conformity, certification and regulation in order to control and promote compliance with technical and health safety requirements, conditioning access to

international markets.

BUSAC: As a major precondition for a sound development of the private sector in Ghana, EC contributes to the multi-donor Business Advocacy Challenge Fund (BUSAC), which supports efforts aiming at improving the business environment at all levels through advocacy actions.

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