



EU Investment in Ghana

How EU Business contributes
to Industrialisation and Development in Ghana



EU AMBASSADOR TO GHANA



As the EU Ambassador to Ghana, I am glad to present the second edition of the survey of EU investment in Ghana, aiming to highlight the impact that European businesses have on Ghana's journey towards industrialisation and sustainable development.

The European Union is consistently a major trade and investment partner for Ghana (worth €6 billion in 2023) with a robust presence of European investors in the country, important annual contributions in corporate tax paid to the public coffers and dozens of thousands of Ghanaians employed in European companies. Moreover, all producers based in Ghana have free access to the European Union market thanks to the Economic Partnership Agreement (EPA), in force since 2016.

Foreign investment and international trade are instrumental in advancing Ghana's infrastructural development. From energy and transportation to healthcare and education, EU contributions have been pivotal in laying the foundation for a more prosperous and sustainable future. These investments are aligned with Ghana's long-term development goals and contribute significantly to the attainment of the United Nations Sustainable Development Goals (SDGs).

This brochure shows in a simple and clear way the diversity of investment, jobs and economic growth that European companies bring to Ghana.

Enjoy the reading!

HE Irchad Razaaly

EU Ambassador to Ghana

FOREWORD EUROCHAM GHANA



The European Chamber of Commerce in Ghana (EuroCham Ghana) plays a significant role in fostering and enhancing the commercial relationships between European businesses and Ghana. As part of our functions are advocacy and representation, business support, legislation and policy guidance, trade and investment promotion, economic, skill and industrial development, and business networks.

EuroCham Ghana acts as a unified voice for the European private sector in Ghana. It represents the interests of European businesses to the Ghanaian government, local authorities, and other stakeholders, ensuring that their concerns and suggestions are heard and addressed. We are dedicated to nurturing and expanding this dynamic relationship. We believe that continued collaboration will not only enhance Ghana's industrialisation efforts but also promote inclusive growth and development.

This brochure displays the important value of European investors in Ghana and the potential for further trade and investment between Ghana and the European Union. We are fully committed to continue and deepen our economic and investment ties with Ghana for more and better jobs and prosperity for the wider parts of the population.

Celestino Alvarez Neira

Board Chairman

European Chamber of Commerce - Ghana (EuroCham-Ghana)



EU-GHANA ECONOMIC OVERVIEW

EUROPEAN UNION

(27 member states)

Population (2022)
 **446,7 million**

GDP (2022)
 **€ 23,2 trillion**

GDP per capita (2022)
 **€ 51.878**



GHANA

Population (2022)
 **33,5 million**

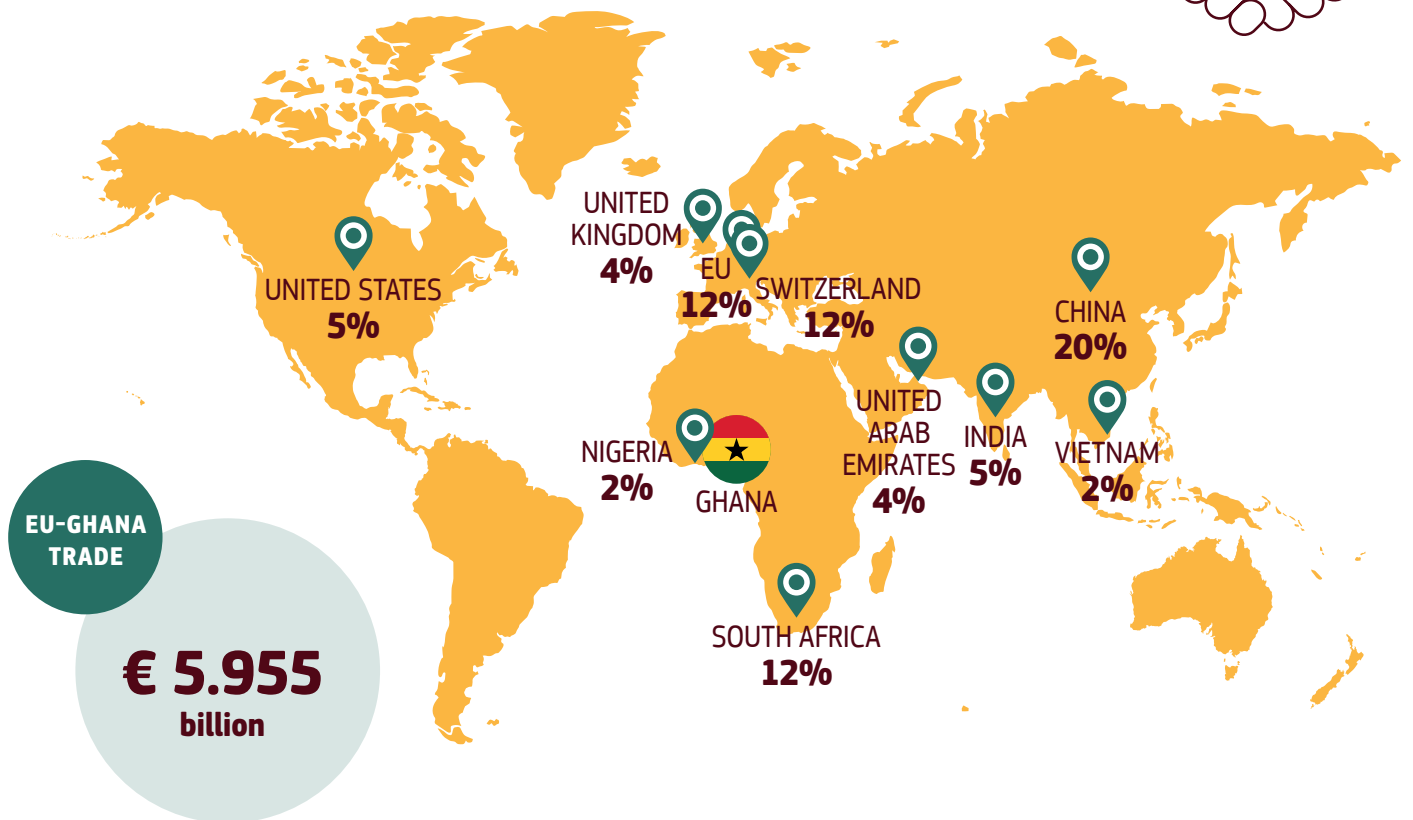
GDP (2022)
 **€ 205,8 billion**

GDP per capita (2022)
 **€ 6.147**



Source: ECB, Eurostat, World Bank

GHANA TRADE WITH THE WORLD IN 2023 (SHARES OF TOTAL TRADE)

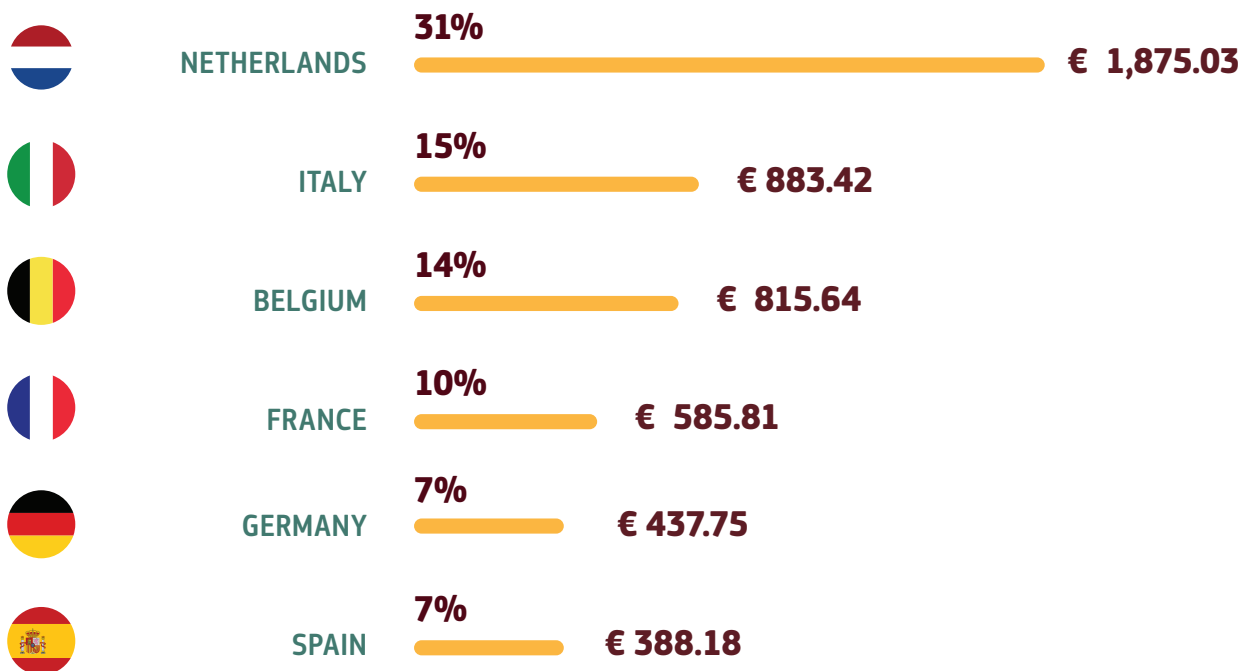


Source: Eurostat, IMF



TOP 6 EU MS IN TRADE WITH GHANA FOR 2023

EU TOTAL TRADE (MILLIONS)



Source: European Commission (DG Trade)

Economic Partnership Agreement

With the entry into force of the landmark Economic Partnership Agreement (EPA) in 2016, Ghana's duty-free and quota-free access to the EU market was legally cemented. The Agreement ensures stability, predictability and legal certainty for economic operators trading between the EU and Ghana and gives enormous opportunities for Ghanaian exporters' access to the EU market (estimated at over €2 trillion, with around 448 million of consumers).

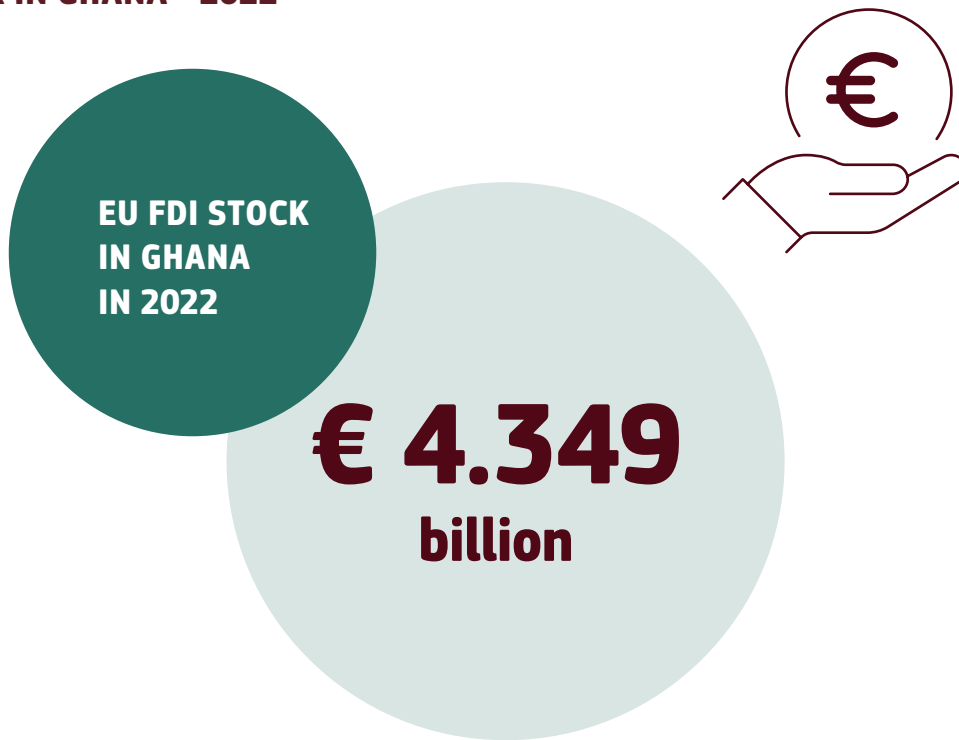
In the last decade, trade flows have increased and gradually are diversifying for Ghana. EU is Ghana's key trade partner (trade flow worth €6 billion in 2023). Since EPA entered into force in 2016, Ghana's total exports to the rest of the world more than doubled, from €9.5 billion to €22.7 billion in 2023. In the same period, Ghana's total export to the EU has increased by 27% totalling €2.6 billion in 2023.

Over the last decade, trade flows have both increased and diversified, from raw materials to increasingly processed products. The potential of this Agreement is unmistakable, and its opportunities are concrete.

Looking at the broader, continental picture, the EPA with the EU also places Ghana in an ideal situation to take advantage of market opportunities on the African continent. It enables Ghanaian businesses to import quality machinery at a cheaper price from Europe to be used for processing products that are Made in Ghana and destined for the African market.

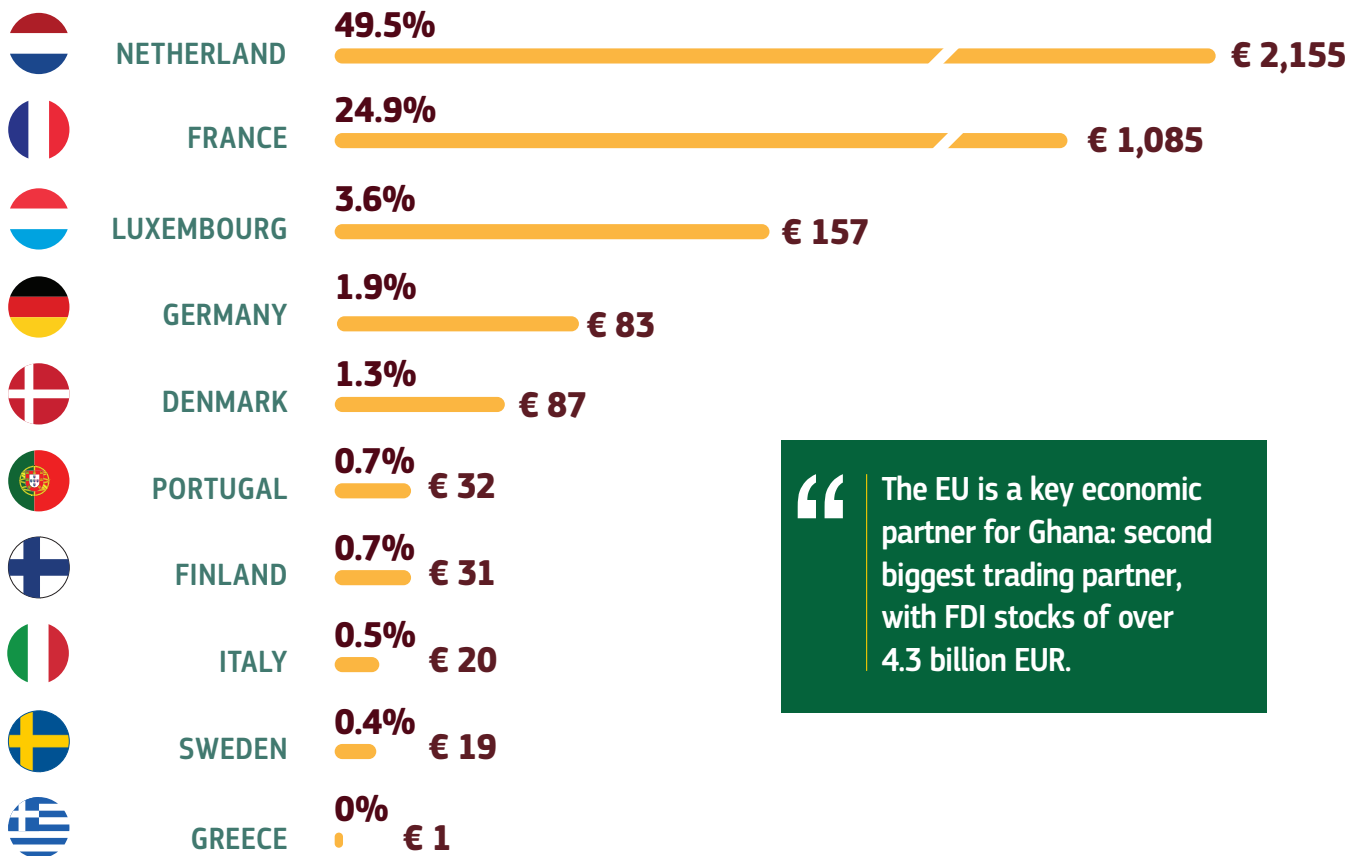
The EPA can therefore be instrumental in furthering Ghana's ambition to become a regional and continental trade hub. With the implementation of the African Continental Free Trade Area (AfCFTA) therefore business opportunities will only intensify.

EU FDI STOCK IN GHANA - 2022



Source: Eurostat

FDI STOCK BY EU MEMBER STATE IN 2022 (MILLIONS)



“ The EU is a key economic partner for Ghana: second biggest trading partner, with FDI stocks of over 4.3 billion EUR.















Source: Eurostat

FEATURES OF THE EU PRIVATE SECTOR IN GHANA



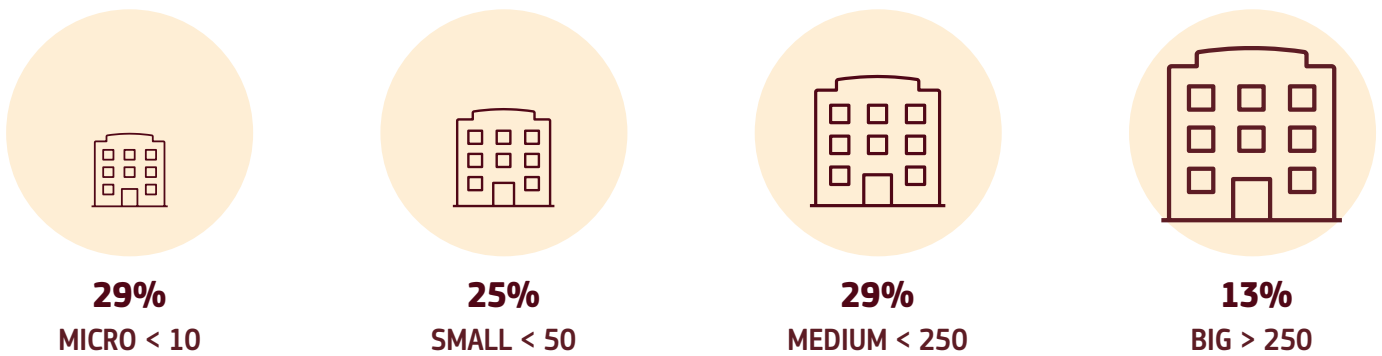
In Ghana, more than 60% of EU businesses surveyed concentrate in 5 sectors, all of them with intense investment requirements.

ECONOMIC SECTORS OF EU INVESTMENT MAPPING RESPONDENTS

	MAIN SECTOR OF ACTIVITY	PERCENTAGE
	Construction and engineering services	18%
	Agribusiness processed products	13%
	Energy and environmental services (green and sustainable economy)	11%
	Oil, gas and raw materials including mining	11%
	Transport and distribution services	11%
	Accountancy, financial and legal services	7%
	Computer, digital and ICT services	7%
	Health and social services	7%
	Agribusiness fresh products	4%
	Construction materials	4%
	Chemicals	2%
	Clothing, yarn, fabrics, textiles or leather	2%
	Communication services	2%
	Miscellaneous manufactured goods (including retail)	2%

*Computer or electronic goods, Education services, Non-electric machinery, Tourism services, Transport equipment and Wood and paper sectors received no responses and are therefore not reflected in the ranking.

SIZE OF EU BUSINESSES SURVEYED BY NUMBER OF DIRECT EMPLOYEE



The EU business presence in Ghana is characterized by an overwhelming presence of MSMEs, with only 13% of respondents declaring to have more than 250 employees.

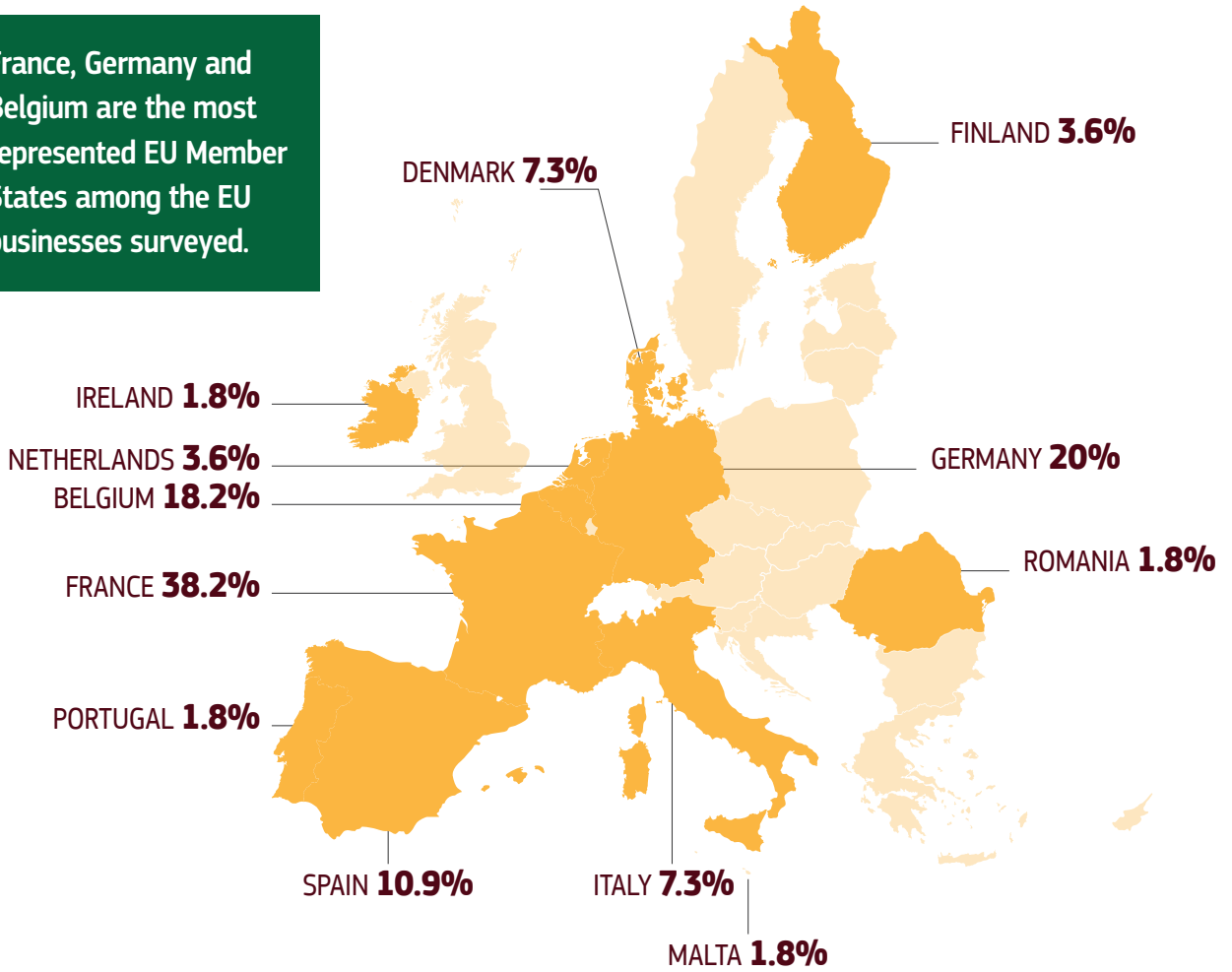
AGE OF EU COMPANY RESPONDENTS



LINKS TO EU MEMBER STATES OF RESPONDENTS

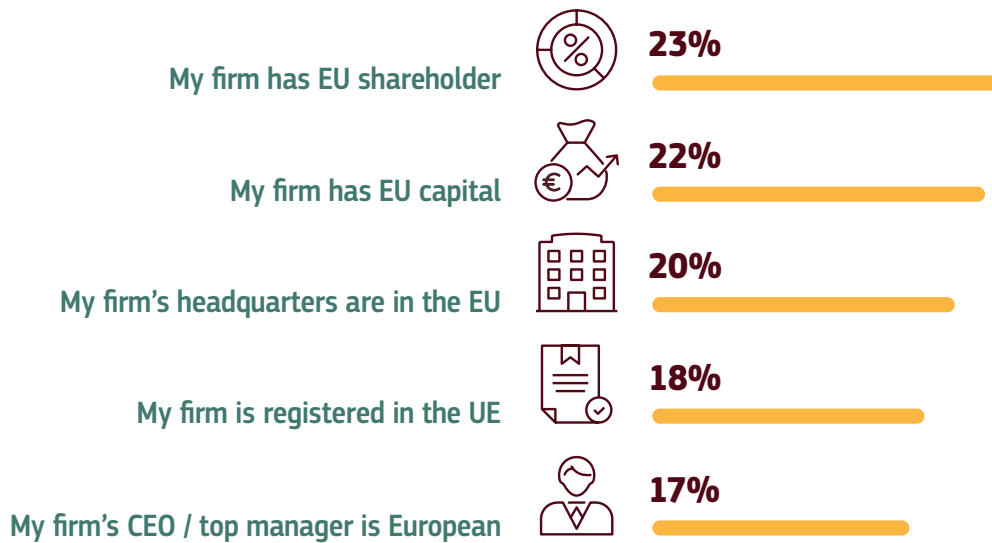


France, Germany and Belgium are the most represented EU Member States among the EU businesses surveyed.



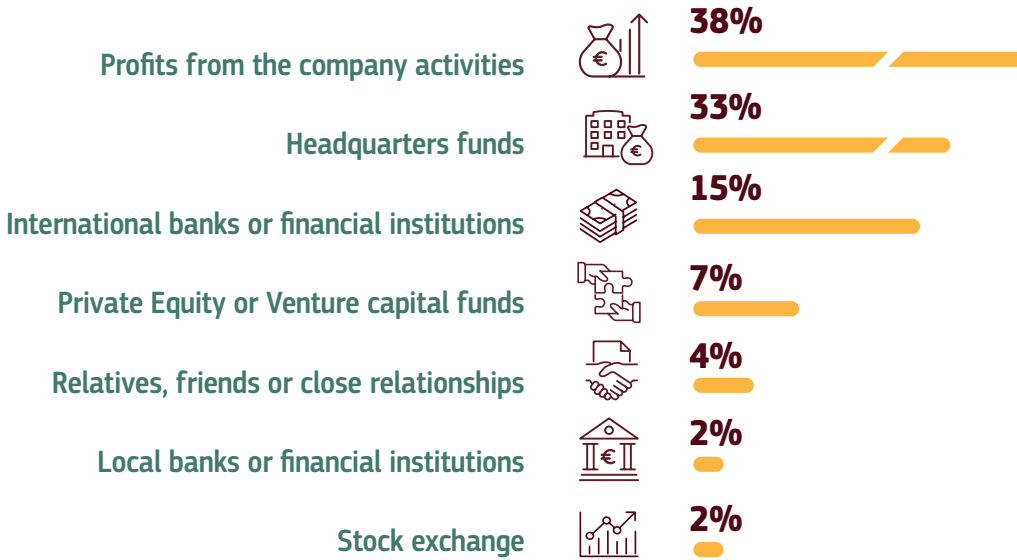
The percentages reflect the number of companies with a link to EU countries, which is assessed on the basis of five criteria (EU shareholders, EU capital, registration in the EU, HQ in the EU, CEO/top manager from the EU). Thus, a firm can be linked to more than one EU Member State, and the addition of the percentages in the graph can exceed 100%

TYPE OF LINK TO THE EU



Four companies have only one type of link to the EU: two companies only have EU shareholders, and two companies only have a CEO or top manager coming from a European Member State.

MAIN SOURCES OF CAPITAL OF EU INVESTMENT MAPPING RESPONDENTS



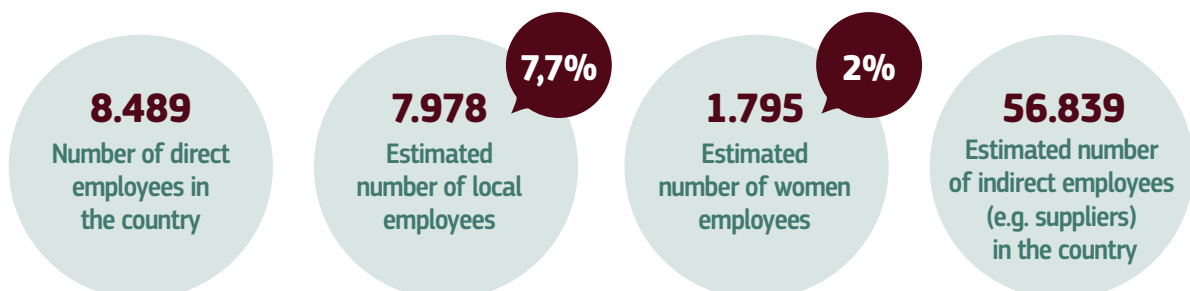
“ Companies rely mainly on the profits from its business activity (38%) and from headquarter funds (33%) to access finance in Ghana. Only 15% and 2% use funds from international and local financial institutions, respectively.

ECONOMIC IMPACT OF SURVEYED EU BUSINESSES IN GHANA



“ EU companies surveyed generate €1.5 billion in annual economic activity in Ghana, having invested more than €650 million in the Ghanaian economy in the past five years and generated, directly and indirectly, more than 60.000 jobs.

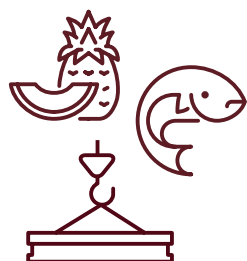
SOCIAL IMPACT OF SURVEYED EU BUSINESSES IN GHANA



EU-GHANA TRADE AND INVESTMENT PERSPECTIVES

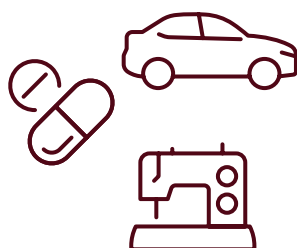
TOP SECTORS WITH THE MOST EXPORT POTENTIAL

Top sectors for exports from Ghana (thousand €)



Agribusiness fresh products	€ 554,143	58%
Oil, gas and raw materials including mining	€ 282,286	29%
Agribusiness processed products	€ 66,319	7%
Wood and paper	€ 25,303	3%
Miscellaneous manufactured goods (including retail)	€ 16,071	2%

Top sectors for exports from EU (thousand €)



Chemicals	€ 403,689	17%
Agribusiness processed products	€ 378,679	16%
Energy and environmental services (green and sustainable economy)	€ 338,416	14%
Transport equipment	€ 303,263	13%
Miscellaneous manufactured goods (including retail)	€ 267,694	11%

Source: International Trade Centre Export Potential Map
ITC Export Potential Map methodology can be found here:
https://umbraco.exportpotential.intracen.org/media/cklh2pi5/epa-methodology_230627.pdf

Currency values reflect the difference between the export potential and the actual exports in EU-Ghana trade per sector. The percentages reflect how much the unrealized potential of a sector represents of the total unrealized potential in bilateral trade.



Agribusiness products (fresh and processed), Oil, gas and raw materials display the highest trade growth potential for Ghanaian exports, while Chemicals, Agribusiness processed products, and Energy and environmental services have the highest potential from the EU to Ghana. These sectors somewhat coincide with those where EU businesses have declared to have important presence.

REASONS TO ENTER THE GHANAIAN MARKET

Invest in country to target the local market



41%



Invest in country to target the regional market



27%



Invest in country to target the international market

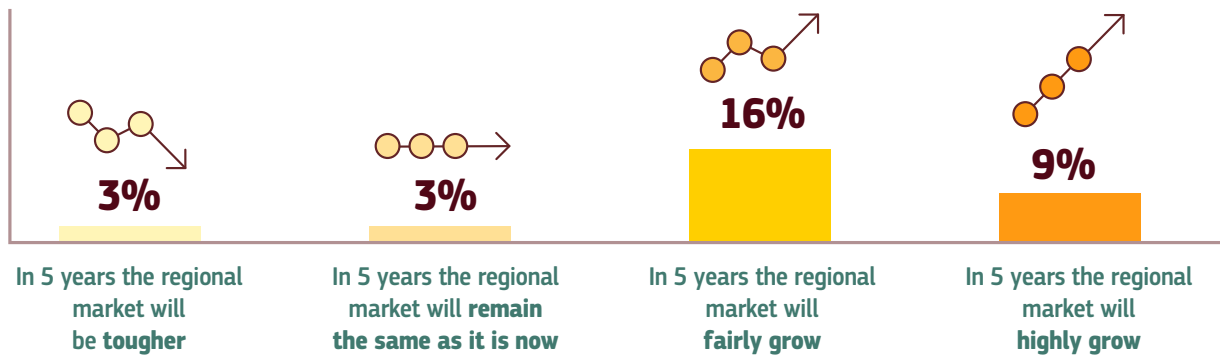


27%

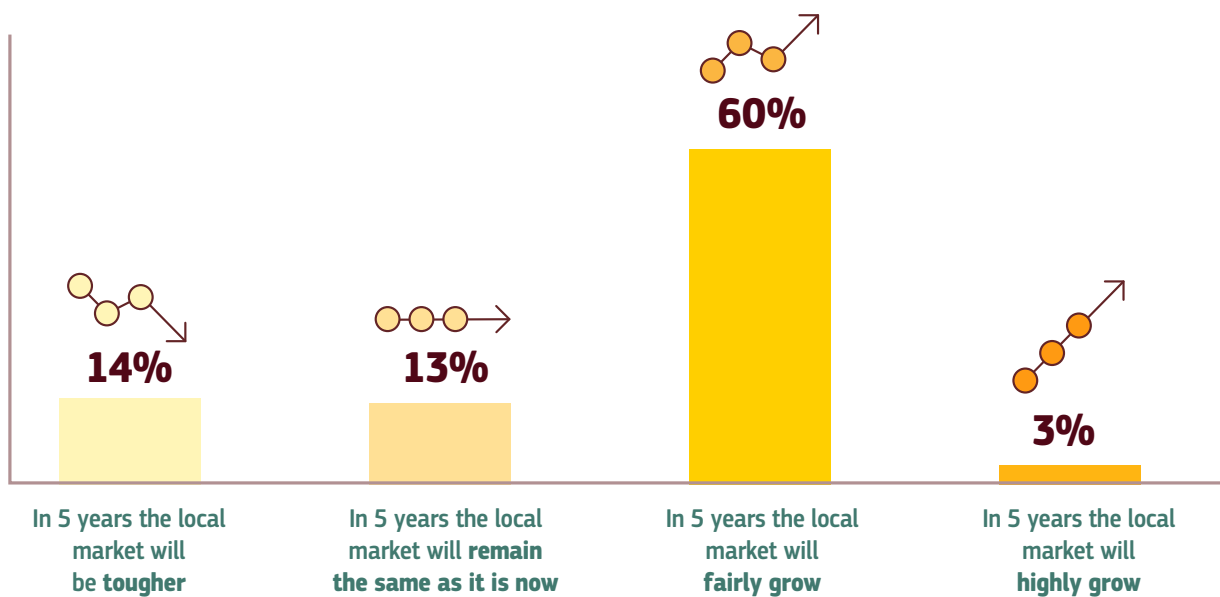


PERSPECTIVES ON THE MARKET OUTLOOK

Regional market outlook (5 years)



Local market outlook (5 years)



EFSD+

The European Fund for Sustainable Development Plus (EFSD+) is one of the financing tools of Global Gateway, promoting sustainable investments in the European Union's (EU) partner countries. Offering a variety of risk-sharing instruments of up to €40 billion, the EFSD+ aims to mobilise up to €135 billion of public and private financing to help partner countries achieve the Sustainable Development Goals (SDGs).

The EFSD+ Guarantee is deployed via a range of eligible development finance institutions, which act as the EU's implementation partners on the ground. The European Investment Bank (EIB) is the largest implementation partner for the EFSD+ Guarantee, alongside the other Team Europe partners. The Team Europe approach is an inclusive process open to all EU Member States, their implementing organisations and financing institutions as well as international financial institutions.

Sustainable Investment Facilitation Agreement

For foreign investors, establishing a presence in an unfamiliar market governed by different standards, rules and practices is challenging. Especially in developing countries, foreign investors often face a difficult investment climate, characterised by a lack of transparency and legal certainty, as well as lengthy and complex administrative procedures. Investment facilitation seeks to directly address these issues.

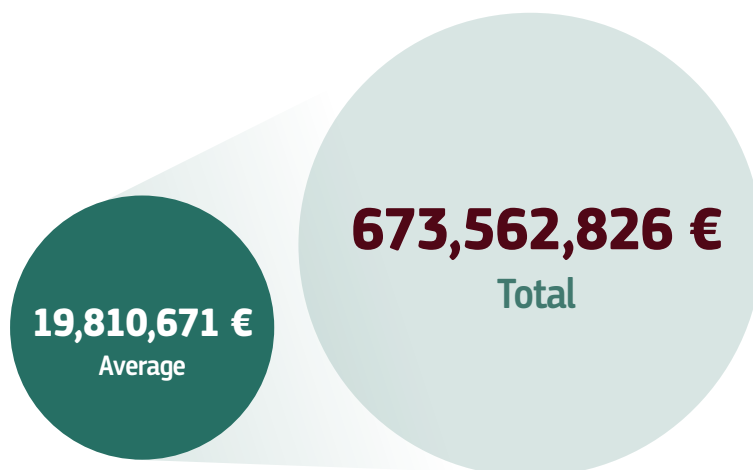
The European Union pursues investment facilitation through Sustainable Investment Facilitation Agreements (SIFAs), which aim to foster more transparent, efficient and predictable investment climates in developing countries. SIFAs focus on practical measures to improve the attraction, expansion and retention of foreign direct investment (FDI), such as increasing the transparency of investment-related measures, and streamlining administrative procedures for foreign investors. By increasing FDI, SIFAs aim to unlock economic potential, foster economic diversification, and promote inclusive and sustainable growth.

Transparency, predictability and administrative efficiency — the core principles of investment facilitation — are consistently rated by international investors as being among the most critical factors in their investment decisions. Investment facilitation is especially needed for small and medium-sized enterprises, which may hesitate to invest in developing countries due to the above-mentioned issues. Besides foreign investors, general improvements in the business climate will benefit local entrepreneurs as well. Moreover, by encouraging the reinforcement of linkages between foreign investors and domestic suppliers, SIFAs support a longer-term presence of foreign investors in partner countries, allowing them to make a more permanent contribution to development.

SIFAs are also a means to address wider policy objectives. They support the implementation of sustainable development commitments to ensure that the investment framework is conducive to sustainable and responsible investments. SIFAs are also aligned with the Global Gateway Strategy, as improvements in the investment climate will help attract investments for Global Gateway projects.

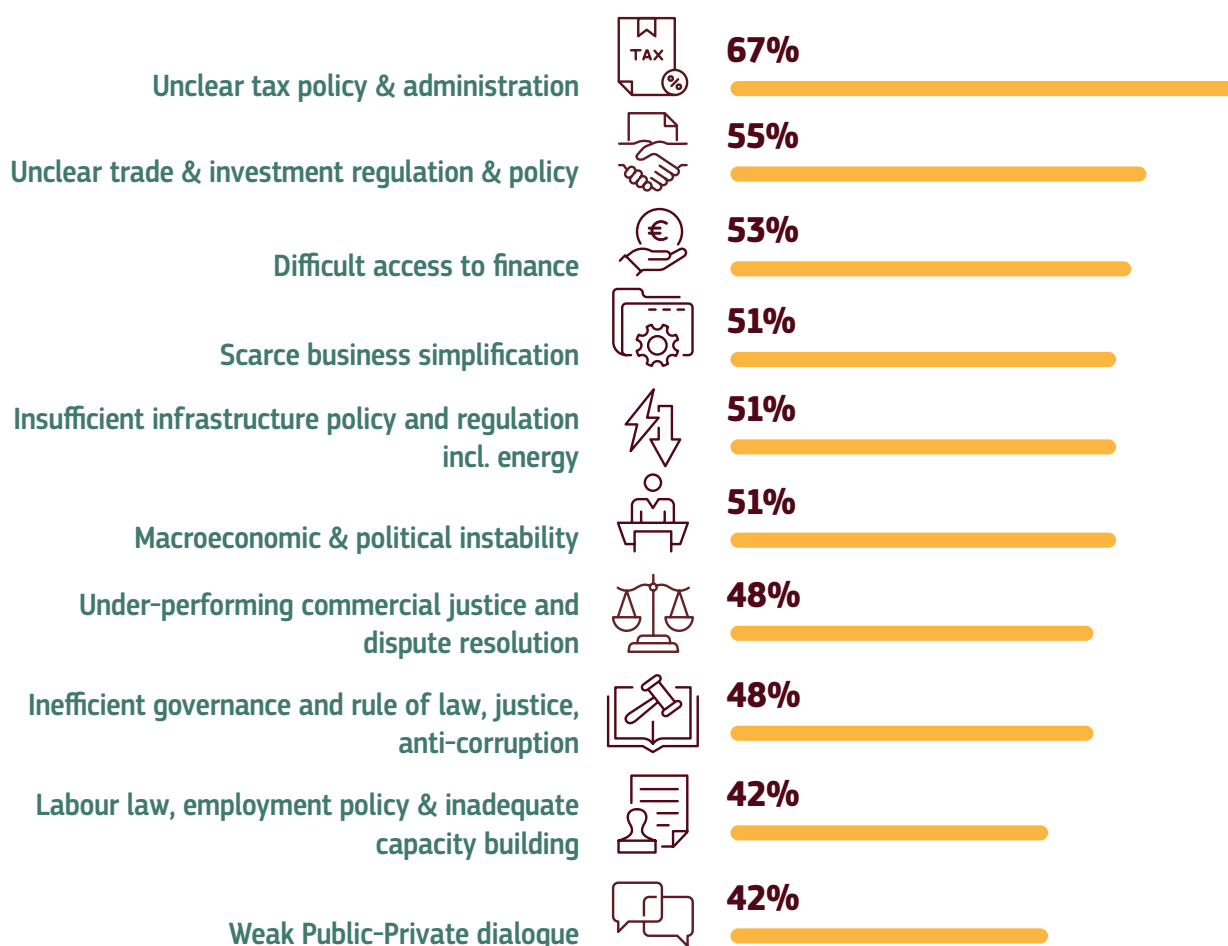
Following the successful conclusion of the first SIFA with Angola in November 2022, the European Commission has explored the possibility of negotiating SIFAs with Ghana, Côte d'Ivoire, and Nigeria. At multilateral level, negotiations on a WTO Investment Facilitation for Development Agreement were concluded on substance in July 2023. Since the 13th WTO Ministerial Conference, discussions have been taking place on the incorporation of the Agreement in the WTO rulebook.

Estimated forecasted investment in the next 5 years



Total and average number of estimated forecasted investment in the next 5 years refers only to the companies who have chosen to disclose their investment figures: 34

TOP INVESTMENT BARRIERS FACED BY EU BUSINESSES SURVEYED



Companies have a relatively positive outlook of the local and regional market, which will lead to a forecasted €673 million in investment. However, the deteriorated business climate due to lack of reforms, unclear tax and trade policy, lack of infrastructures and increasingly difficult access to finance, could hinder future investments

BEST PRACTICES SUGGESTED BY COMPANIES TO IMPROVE THE BUSINESS CLIMATE IN GHANA

EASE OF DOING BUSINESS



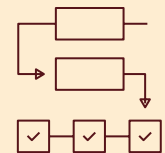
- Address the impact of local content regulations on Foreign Direct Investment
- Simplified approach towards imports or investments
- Dialogue to review the taxation, including the requirements on cross-border repatriation
- Request for easy and cheap visa processes
- Advocate for an improved business environment that addresses corruption, rule of law, transparency, and digitalization

FINANCE



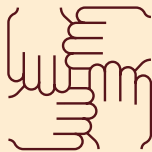
- Advocacy for a stable micro-finance environment
- Create a fund specialized in SMEs with promising potential and the skills to contribute to Ghanaian industrialization

REGULATION



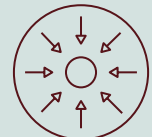
- Advocacy for transparency in regulation
- Support to put in place systems that monitor the implementation of rules and regulations

PROMOTE GHANA-EU INDUSTRY TIES



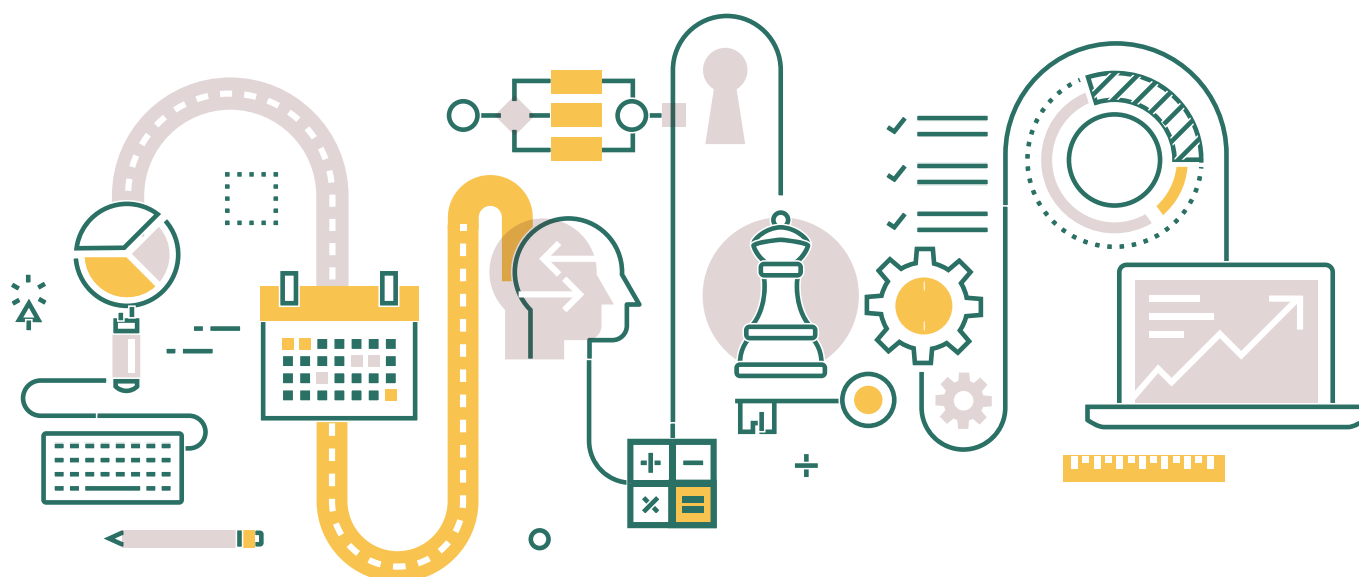
- Connection of farmers to EU companies using raw materials, training in organic farming to support small-holder farmers, thus minimize illegal mining (and the depletion of fertile soil) by supporting the livelihoods of the rural population
- Provide financing to Ghanaian companies with EU shareholders

INFRASTRUCTURE



- Assistance with funding for the Ghanaian road network
- Provide a platform for regular engagement between telecommunication operators and the Ghanaian government

METHODOLOGY



EU Investment Mappings are business intelligence collection exercises that aim to identify the EU business' presence in the partner countries, as well as their impact in the local economy and society, and the barriers they face when doing businesses. EU Investment Mappings are conducted by the European Commission by the request and under the leadership of the local EU Delegation and in collaboration with EU Member States, European Chambers of Commerce, national Chambers of Commerce, and other local stakeholders.

EU Investment Mappings are produced through the launch of a survey. Eligible respondents are those businesses that are present in the EU partner country and with links to any EU Member State in terms of shareholding, capital, headquarters, registration, and/or CEO or top manager.

In the case of Ghana, the EU Investment Mapping corresponding to 2023 has received 55 responses. The figures included in this brochure only reflect the aggregation of the responses received, and no extrapolation is conducted to represent the totality of EU businesses in Ghana.



EU Investment in Ghana



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