

**REPUBLIC OF GHANA**  
**NOVEMBER 2008**

**CREDIT GUARANTEE COUNTRY PROFILE:**

IES/02: ATTACHMENT N

<b>Country Rating</b>	<b>S/T Business Cycle Indicator</b>	<b>S/T Political Indicator</b>	<b>Debt Recovery</b>
3C	→	→	Debt collection is best suited to the use of a good collection agent.

Credit Guarantee Experience

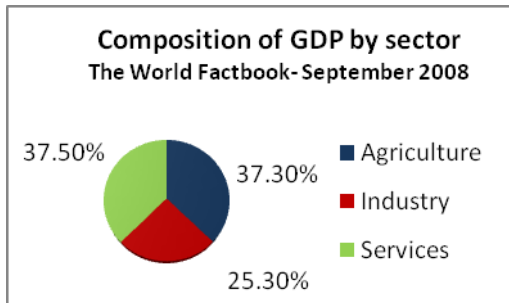
We are open for cover in this market without any restriction where we have a reasonable exposure. This market has previously yielded a large number of claims and it is essential that exporters to this market on an open account basis be aware of the risks involved and as such take adequate measures in protecting themselves against the eventuality of non- payment.

Political Highlights

- ❑ Chief of state of this West African country has been President John Agyekum Kufour since January 2001. The president is elected for a four-year term and the next election is due on the 7<sup>th</sup> of December 2008. The three main presidential candidates have filed in their nomination forms: Nna Addo Danka Akufo-Addo of the ruling New Patriotic Party, Prof John Evas Etta Mills of the National Democratic Congress (NDC) and Paa Kwesi Ndoum of the Convention People’s Party (CPP).
- ❑ Despite being rich in mineral resources and endowed with a good education system and an efficient civil service, Ghana became a victim of corruption and mismanagement soon after independence. It’s now one of the more politically stable countries on the continent.

Recent Economic Highlights

- ❑ Ghana has a population of 24m people with a population growth rate of 1.9% expected in 2008. Ghana has made progress in getting closer to the UNESCO’s target of providing education for all citizens by 2015. Between 2002/3 and the current academic years, the population of the country’s universities increased by over 117% while technical colleges saw an increase of over 55%.



- ❑ Being endowed with natural resources, the country’s per capita income has been boosted to twice that of the poorest countries in its region. However, this has not eliminated Ghana’s need for international and financial assistance.
- ❑ Gold and cocoa production are the main earners of foreign exchange. Sound macro-economic management together with high prices for gold and cocoa helped sustain economic growth in 2007.
- ❑ WACAM and OXFAM America organised a three day workshop aimed at drawing civil society into the drafting of the ECOWAS (Economic Community of West African States) mining code. WACAM revealed that weak environmental standards across the continent has helped mining companies to maximise huge profits. The harmonised mining code will ensure that respective countries maximise the full benefit of their natural resources. Currently Africa produces 25% of the world’s gold; Ghana is the 10<sup>th</sup> largest producer in the world and the second in Africa. Issues that have made mining not beneficial to the country include stability agreements which allow and protect companies for 15 years to reap huge profits as well as low royalty payments at 3% instead of between 3% and 6%. The government of Ghana is expected to lead the crusade to ensure that the code is ratified within the shortest possible time so that the country can maximise its full benefit from the mining industry.
- ❑ Ghana is set to process about 380.000 tons of its cocoa production by the middle of next year, which is more than 50% of the current production level of 700.000 tons. Government’s policy within the last eight years was to attract investments to at least process 40% of the country’s cocoa. The result has been the establishment of a 60.000 tonne-capacity processing plant by Cragill in Tema. It is now testing the plant, which is scheduled for formal inauguration in November and would process cocoa liquor, butter and powder. Since 2001, Ghana’s cocoa production has moved up from an average of 350.000 tons to the current 700.000 tons. In the same period, the producer price has risen by over 400% from 347.5 Ghana cedis to 1,632.00 Ghana cedis per ton. Ghana remains the world’s second-largest cocoa producer.
- ❑ Ghana’s current demand for rice currently stands at 700,000 tons but local production amounts to only 150,000 tons, leaving a deficit of 550,000 tons; imported rice currently constitutes about 80% of local rice consumption needs. To arrest the problem, the Sustainable Social Action for the Reduction of Poverty (SSARP) in collaboration with the Ghana Rice

Inter-Professional Body (GRIB), hopes to educate local rice farmers, millers, processors and marketers on how to improve the capacity for the local farmers to produce more rice.

- ❑ Ghana is looking for investment and partnerships in the District Industrialisation Programme, Free Zone Development and a number of incubating industries as part of efforts to diversify the base of its economy. Government's industrialisation programme is aimed at adding value to raw materials and to turn the country into the manufacturing hub of the West African sub-region. The German private sector has been invited to raise its investment in the country to support Ghana's drive towards a middle-income status. The first ever German European Union 2008 (GEREU) exhibition was opened in Accra to afford German and European business interest in the country and to broaden trade between Ghana and its traditional partner, the EU.
- ❑ Mobile Telecommunications Network (MTN) Ghana is poised to maintain the market lead despite the entrance of big multi-nationals into the local telecom market. MTN was confident it would maintain its lead in Ghana through quality service, innovation, strategic engagements with its subscribers and commitment to national development. In addition to increasing the number of its cell sites across Ghana by over 1,200 in two years, MTN was installing its own fibre optic cables to ensure that it would provide better, faster and cheaper services using a more advanced technology. MTN has a market share of 52% of all telephone subscribers, fixed lines inclusive and recorded 4.9m subscribers representing a 24% increase as at the end of last year. Network infrastructure between January and June 2008 cost the company \$260m.

Trade Developments



- ❑ Main exports: gold, cocoa, timber, tuna, aluminium, manganese ore, diamonds and horticulture.
- ❑ Main imports: capital equipment, petroleum and food.
- ❑ The sixth African Caribbean Pacific (ACP) States Summit has resolved to take a second look at Economic Partnership Agreements (EPAs) with the EU considering to make them more inclusive and foster integration with the group. Under the interim EPAs, 80% of exports from EU into the developing countries would be on duty-free, tariff-free basis in exchange for 100% market access for developing countries exports to the EU.
- ❑ Japan has responded positively to a pledge it made at the Tokyo International Conference on Africa's Development in May this year to double private sector investment on the continent by 2012. A 38-member Japanese trade and investment mission visited Ghana to explore business opportunities in the agriculture, trade, services and manufacturing sectors. In 2006, Ghana exported \$72.6m worth of goods while importing \$121m worth of goods. Japan's private sector investment in Ghana over the last 14 years stands at \$13.9m.
- ❑ A 9-member delegation from Zambia toured Ghana on a study and commended Ghana for the tremendous achievement in the Trade Related Intellectual Property Rights (TRIPS), The delegation was in the country to learn from Ghana's experiences in domesticating the provisions of TRIPS, which is a World Trade Organisation provision that ensures that innovators of essential medicines and other drugs are given recognition and paid what is due to them after their products are given the intellectual property rights.
- ❑ South Korea was urged to stick to its promise to triple its economic assistance to Africa and strive to put Ghana on the agenda by Ghanaian Vice President Alhaji Mahama. He also called for investments from the Asian nation in areas such as oil exploration and the boosting of technical co-operation. He lauded South Korea for playing an active role in the country's oil industry by referring to the country's role in supporting the construction of pipelines to transport petroleum products from the Buipe Bulk Oil Storage and Transportation facility in the northern region to a similar outlet in Bolgatanga in the upper east region.
- ❑ South African exports to Ghana totaled R195m in 2005, R316m in 2006, R1.5bn in 2007 and R37m in the year to March 2008. Imports from Ghana totaled R1.5bn in 2005, R1.7bn in 2006, R2.1bn in 2007 and R495m in the year to March 2008.

*Researched and Compiled by Lily Maharaj, Economic Services - Credit Guarantee Insurance*