

GENERAL AGREEMENT ON TARIFFS AND TRADE

RESTRICTED

BOP/113
17 February 1971

Limited Distribution

Committee on Balance-of-Payments Restrictions

Original: English

1971 CONSULTATION UNDER ARTICLE XVIII:12(b) WITH GHANA

Basic Document for the Consultation¹

1. Legal basis of the import restrictions

There has been no change in the legal basis for the restrictions which remains as described in BOP/85. The system is based on the Import Restrictions Order, 1948, which gives the Controller of Imports and Exports the powers to make orders prohibiting or regulating the import and export of all goods. The present control of imports was imposed on 1 December 1961.

The purpose of the regulations is to restrict the import of goods where such restriction is deemed necessary in the public interest:

- (a) to assist in promoting and maintaining the economic and social welfare of the country and the people through improvement of the country's balance-of-payments position and encouragement of local and infant industries; or
- (b) to enable the Bank of Ghana to fulfil its functions of regulating and controlling the transfer of monies from Ghana and the disposal of foreign exchange derived from the exports of Ghanaian products.

Under the import control regulations the importation of all goods other than those enumerated in Open General Import Licences is not permitted except pursuant to a licence. The granting of a licence under the regulations with respect to any goods does not absolve an importer from compliance with any other provision of laws relating to the importation of such goods.

2. Administrative basis of the restrictions

The power to grant licences and to create exemption is vested in the Controller of Imports and Exports who is either the Principal Secretary of the Ministry of Trade or another person nominated by the Minister of Trade. The regulations are administered by the Licensing Section of the Ministry of Trade in conjunction with the Customs and Excise Department, and the Controller's power to grant licences

¹This paper has been compiled by the secretariat on the basis of available information. It is of a provisional nature and is circulated subject to correction and modification by the Ghanaian authorities.

has been delegated to specified officers of the Licensing Division of the Ministry. Other government departments function in a consultative capacity as regards various aspects of the control. The Bank of Ghana advises the Government on policy issues involved. Trade associations are also consulted on occasion. A Foreign Exchange Committee has been set up by the Government which is responsible for preparing an annual foreign exchange budget in which the total amount of the country's foreign exchange to be used for the importation of goods is fixed. The Controller of Imports and Exports therefore issues import licences within this limit.

3. Methods used in restricting imports

The system operates through the prohibition of all imports unless covered by a licence. For this purpose there are three types of licences:

- (a) Open General Licences,
- (b) Specific Licences, and
- (c) Special Unnumbered Licences.

(A) The Open General Import Licences

There are at present ten Open General Licences which permit any registered importer to import freely from any country the goods specified therein.

(B) Specific Licences

All items not permitted under the authority of the Open General Licences must be covered by a Specific Licence before the importation can be allowed, unless they are imported under a Special Unnumbered Licence. Based on the amount of foreign exchange available for each class of commodity, specified amounts will be allocated to the various applicants, and Specific Licences are issued accordingly. Private individuals who import goods for personal use may also be issued with import licences.

(C) Special Unnumbered Licences

Where satisfactory evidence can be produced to the effect that payment for goods which normally require Specific Import Licences has been made in the country of consignment and therefore no transfer of foreign exchange is involved, the goods can be imported under a Special Unnumbered Licence which can be obtained on application.

All importers who import goods for commercial purposes have to register before they can be considered for the issue of import licences. A registration fee of N/ 50 is charged to each importer each year.

4. Goods subject to the various restrictions

Products covered by the Open General Licences and consequently free of individual licensing include most chemicals, spare parts, fertilizers, certain electric machinery, mineral manufactures, paper and paperboard, certain foodstuffs, pharmaceutical products, books and magazines, etc. The coverage of the Open General Licence lists has been expanded successively since the devaluation of the Ghanaian currency in 1967. As a result, the Open General Licences now cover about 75 per cent of the value of total imports.

Goods not included in the Open General Licence and not imported under the Special Unnumbered Licence procedures can be imported under Specific Licences. Certain products, mainly goods available from domestic production, and goods of a luxury character, are included in a List of Restricted Commodities and their importation is severely restricted.

5. Treatment of imports from different sources

Imports from Rhodesia, South Africa, South-West Africa and the Portuguese Monetary Area are not permitted. Apart from these the system of import control in Ghana does not discriminate between sources of imports. However, in order to enable Ghana to meet her obligations under the bilateral payments agreements entered into with certain countries with centrally-planned economies, the Government divides Ghana's foreign exchange which has been earmarked for imports into two parts: one part to cover imports from the countries with which Ghana has bilateral trade and payments agreements (Bulgaria, Mainland China, Czechoslovakia, Hungary, Poland, Romania, UAR, and USSR) and the other part to cover imports from all other countries. Import licences are, therefore, issued separately for these two categories. Any licences issued for convertible currency area imports can be used in importing from any country except those enumerated above. Similarly, any licence issued for bilateral payment agreement countries can be used in importing from any of those countries.

6. State trading or government monopoly connexion with import trade

No monopolies exist.

7. Measures taken since the last consultation in relaxing or otherwise modifying import restrictions

The coverage of Open General Licences has been gradually expanded. In 1966 there were four Open General Licences in existence. The number was raised to nine by 1968 and to ten in 1969. The products covered by the first eight Open General Licences have been enumerated in the annex to the 1968 document BOP/85. Briefly, the coverage is as follows:

- Open General Licence 1: trade samples, personal effects, gifts;
- Open General Licence 2: books and periodicals and live animals as domestic pets;
- Open General Licence 3: headloads of foodstuffs from neighbouring countries;
- Open General Licence 4: fish caught in Ghanaian vessels or from neighbouring countries livestock;
- Open General Licence 5: medicinal and pharmaceutical products;
- Open General Licence 6: specified materials: coke, dyestuffs, ink, fertilizers, explosives and fuse for mining use, other chemicals;
- Open General Licence 7: transmission belts, various fishing gear, mineral manufactures, pig iron, processed iron and steel, hand and machine tools;
- Open General Licence 8: engines and machines, spare parts and components;
- Open General Licence 9: paper and board, school textbooks, etc.

By Open General Licence 10, the coverage of the system has been expanded to certain chemicals, a wide variety of manufactured articles, some electric and medical apparatus, beet and cane sugar etc.

Formerly, for the import of goods under Open General Licence the importer must first obtain an Open General Licence Commitment Form from the Controller of Imports and Exports. In principle the form was available upon request and its main purpose was to permit the authorities to facilitate the utilization of available foreign funds. After July 1969, this formality was dispensed with for number of products on the Open General Licence list, notably pharmaceuticals, electric machinery, spare parts, books and periodicals, foodstuffs from neighbouring countries, samples, personal effects, etc. This formality was abolished altogether in 1970, so that for goods on any of the Open General Licences, imports can now be made without any formality.

Furthermore, whereas previously the importer of any product under Open General Licence and exempt from the Commitment Form procedure was required to inform the Bank of Ghana at least two weeks before payment for the import due (normally eighty days after the order is placed), no such prior notification is needed as from 1970.

In February 1969 the Government imposed an import surcharge of 5 per cent ad valorem on all products imported under Open General Licences, as a revenue measure. In August 1970, in order effectively to restrain import demand by establishing more realistic prices for imported products, the liberalization measures were accompanied by the introduction of a temporary surcharge on the c.i.f. value of goods representing about 55 per cent of total imports. For

most goods imported under Open General Licences the rates of the surcharges are 5 per cent, 10 per cent, 25 per cent and 40 per cent which apply to four lists of specified goods. For a few other products under Open General Licences, higher rates (75 per cent and 100 per cent) or specific rates (2.5, 5 and 10 new pesewas per lb.) are applied. At the same time upward adjustments were made in the import duty rates.

These measures were announced with the Government Budget for 1970/71 and are embodied in the following laws:

The Temporary Surcharge on Imported Goods Act, 1970 (Act 343)

The Customs and Excise Tariff (Amendment) Act, 1970 (Act 345)

In conjunction with these the Government proceeded to modify the import controls, in order to liberalize the import trade, to cut down monopolistic and oligopolistic tendencies in the market for imported consumer goods, to ensure efficient production, to reduce the cost of living for the consumer, to save foreign exchange and to yield revenue for the Government to enable it to finance necessary expenditures.

There has been a further reduction in the use of bilateral trade and payments agreements. The agreements with Israel and Albania were terminated in 1968. Those with Mali and Yugoslavia were terminated in 1969.

8. Effects of the import restrictions on trade and the economy

In 1969/70 there was a marked improvement in the balance of payments. Apart from a surplus of N/ 32 million in net bilateral account balances, there was a surplus of about N/ 18 million in convertible currency accounts. This, however, barely served to offset the loss of the preceding year. In 1969/70 imports grew by 19 per cent over the previous year, and a rising tendency is seen in 1970. This expansion of imports was partly facilitated by a high rate of credit expansion, but mainly reflected the effects of the liberalization measures mentioned above. The new import policy may be expected to lead to a more rational allocation of foreign exchange resources, and a more adequate supply of raw materials and spare parts as well as consumer goods.

Total imports (f.o.b.) into Ghana in recent years were:

	<u>N/ million</u>
1968	267
1969	306
1969/70 (provisional)	336
1970/71 (estimated)	340-353