



# INDUSTRY PERSPECTIVES

AGI'S QUARTERLY MAGAZINE

THE LEADING VOICE OF THE PRIVATE SECTOR

VOL. 5, QUARTER 2, 2022

**AfCFTA: Catalyzing the Transformation of African Economies Towards Greater Utilization of Technology and Digitization**

**India and Ghana: Forging an Indispensable Industrial Partnership**

**11<sup>th</sup> AGI Ghana Industry and Quality Awards 2022 Launched**

**Tropical Cable and Conductors Celebrates 25 Years of Continued Success**

**Canadian Minister of Environment, Steven Guilbeault, and the High Commissioner in Accra, Kati Csaba, Pay a Courtesy call on the AGI President**

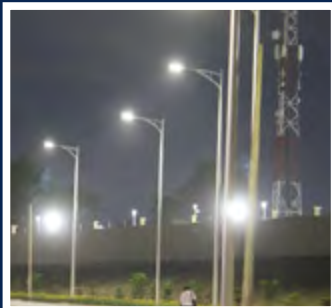
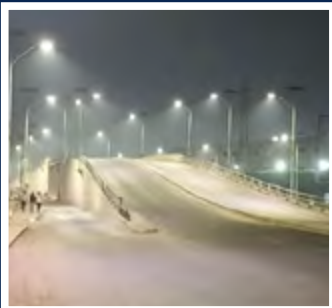




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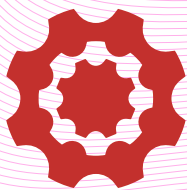
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Ghana Industries

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# Focus on Agriculture to grow Ghana's Economy - AGI President

The Association of Ghana Industries (AGI) has urged the government to focus on agriculture to grow Ghana's economy.

Dr. Humphrey Kwesi Ayim Darke, the President of the AGI has advocated that agriculture is one area that requires serious intervention for economic transformation.

He indicates that there is an urgent need for partnerships in technical cooperation, particularly in the area of agribusiness, particularly regarding value addition and processing.

The AGI president expressed with subtle vehemence the need to place an export tariff on the primary raw agriculture products (non-cash crops) to encourage processing, job creation, value addition, domestic tax generation and structural transformation of the economy, as well as food security for the nation.

The president of AGI made the clarion call when he spoke at the India-Ghana Industrial Summit organized by the AGI together with the Indian High Commission in Accra at Kempinski Hotel Accra. He said, focusing on the agricultural sector was the surest way to accelerate Ghana's economic development.

The call forms part of the AGI's agricultural transformation programme, which is aimed at speeding Ghana's recovery from the COVID-19 pandemic. He stated that AGI would soon provide the blueprint to the government for it to be incorporated into the national development agenda.

According to Dr. Darke, agriculture is a critical area in which the government needs to refocus to improve the economy significantly. He praised the government's One District, One Factory (1D1F) strategy as one of the commendable steps that may help agriculture to expand.

He advocated the prohibition of export of some basic



agro-goods to which the country can add value.

Dr. Darke said exporting raw resources would generate relatively little economic benefit because the importing countries decide the price of such primary products. As a result, he expressed the belief that it was in the country's best interests to give domestic producers first advantage of control of certain raw materials.

He argued that a restriction on the export of paddy rice and cashew, for example, would push their foreign competitors who source raw agro-products locally to build factories in the country, resulting in more jobs.

"Why should it be the case that paddy rice is exported in its raw state while we have factories in Ghana which could add value to it?" he asked.



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Statement by

# **H.E. Dr. Mahamudu Bawumia**

## **Vice President of the Republic of Ghana**

Over the past year, global trade has been under siege. The impetus for this can largely be ascribed to the onset of the COVID 19 pandemic and all its resultant challenges. Trade was a problem further exacerbated for Africa because efforts in creating better intra-African trade structures and systems are still in the early stages of implementation. Although concerns have been raised about the efficacy of such regional integration efforts, the establishment of the African Continental Free Trade Area (AfCFTA), signed in March 2018, is a positive development towards realizing the continent's vision of economic integration.

The creation of a single continental market with the free movement of business, people, and investments will foster regional cooperation, strengthen social and cultural bonds, and most importantly drive massive economic growth in all partner nations. The creation and subsequent adoption of AfCFTA by Heads of State support the vision of the Pan African Movement for regional integration – a vision of one integrated African market.

Despite the devastating effects of COVID-19 on many African economies, the AfCFTA is an auspicious initiative that will be a foundation for the establishment of robust industrial economies for Africa. It will help increase and diversify the continent's productive capacity, and end overreliance on the export of primary commodities. With a combined market of 1.2 billion people and a GDP of about \$3 trillion in Africa, the AfCFTA provides the opportunity Ghana needs: an additional market to leverage our value-addition potential to boost industrialization, increase export earnings, improve infrastructure development, and spur economic growth to contribute to the long-term vision of a Ghana Beyond Aid.

Ghanaian businesses within the industrial community are key beneficiaries of this agreement. Potential advantages to the private sector include increasing economies of scale and access to cheaper raw materials and intermediate inputs; better conditions for regional value chains and integration into global value chains; catalyzing the transformation of African economies towards greater utilization of technology and digitization; facilitating both intra-African and external direct capital flows to African countries and creating a labour market and demand-pull throughout the continent. The AfCFTA signals that Africa is open for business and mutually-beneficial investment to create decent jobs and improve livelihoods for

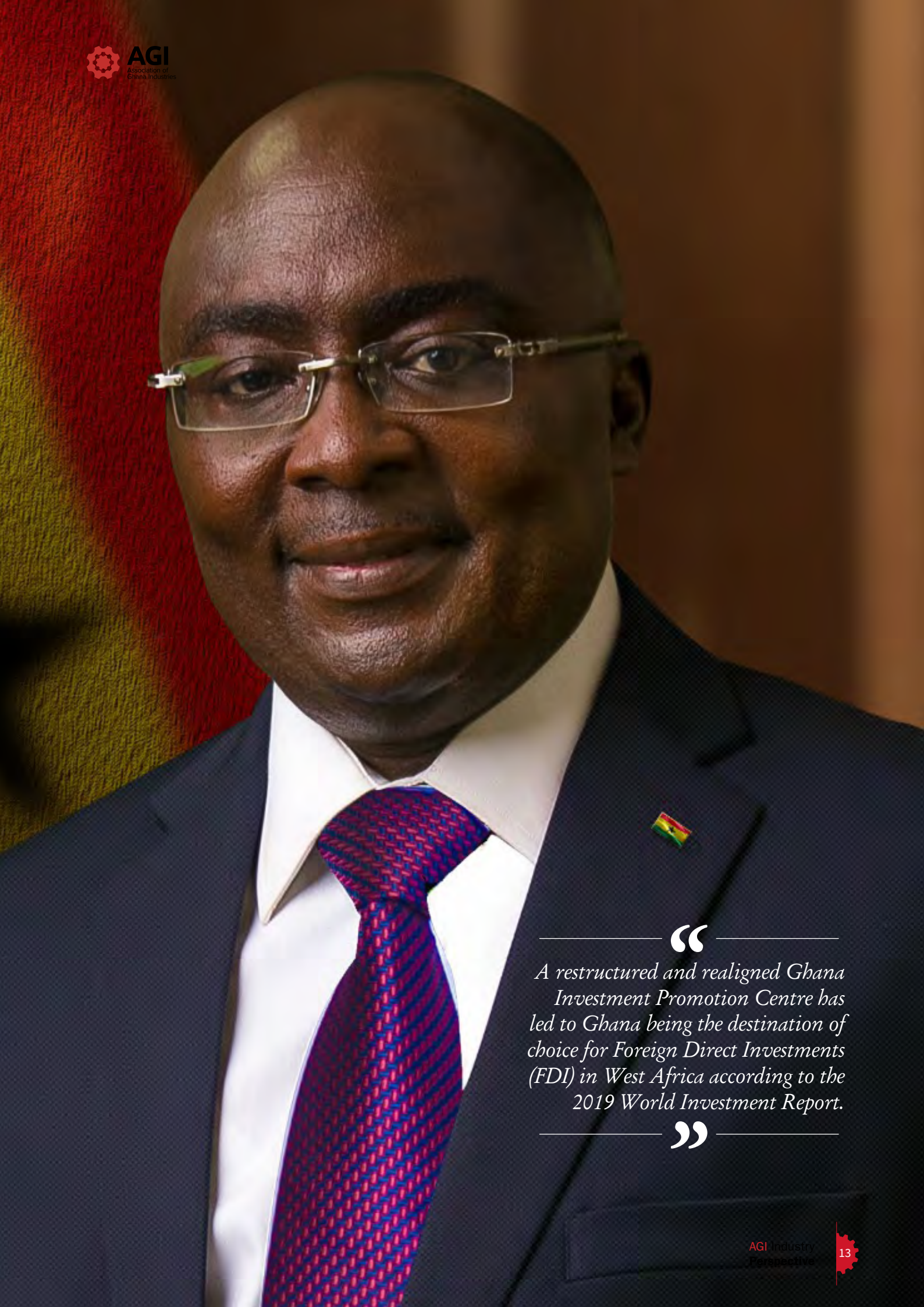
all. It is therefore important to ensure that our business environment and productivity levels support competitive prices. We are confident that this can be achieved, but it will take some further investment.

Government is implementing viable policies to safeguard the efficiency of the industrial community. The implementation of Regulatory Reforms (BRR) will improve the business environment and also reduce costs. An Industrial Sub-Contracting and Partnership Exchange (SPX) is also being implemented as part of our Industrial Policy. Work is in progress on the creation of a digital platform to connect and form a network of SMEs, large companies, the Association of Ghana Industries, Ghana National Chamber of Commerce and Industry, and other business associations for ease of accessing the needed business support. In this regard, there have been numerous and extensive stakeholder engagement leading to a growth in enrolment rates and adoption.

A restructured and realigned Ghana Investment Promotion Centre has led to Ghana being the destination of choice for Foreign Direct Investments (FDI) in West Africa according to the 2019 World Investment Report. Overall macroeconomic stability, reduced average lending rates, reduced energy costs, reduced import costs through the 50% reduction in benchmark values, as well as the abolishment of other various taxes, have helped to reduce the cost of doing business here in Ghana.

As a government, we are fully committed to the AfCFTA flagship project of the AU Agenda 2063 with a collective desire for shared prosperity based on inclusive growth and sustainable development. The AfCFTA is a major milestone towards regional integration and remains a viable vehicle for the industrialization and economic development of our countries. It provides huge potential to boost intra-African trade, stimulates investment and innovation, fosters structural transformation, improves food security, enhances economic growth, and export diversification, and above all, provides the new incentive and dynamism to economic integration in Africa. It is a privilege to have the AfCFTA Secretariat hosted in Ghana and I encourage the industrial community to take advantage of this. As a government, we pledge to keep creating an enabling environment that will assist the Ghanaian industrial community to flourish and grow.

Thank You



“  
*A restructured and realigned Ghana Investment Promotion Centre has led to Ghana being the destination of choice for Foreign Direct Investments (FDI) in West Africa according to the 2019 World Investment Report.*  
”



## AGI Partners Indian High Commission to Organise India-Ghana Industrial Summit

The summit, which was on the theme **“Strengthening India-Ghana Business Relations, Post COVID-19”**, provided a platform for Ghanaian and Indian businesses to network and discuss how to create stronger collaborations for the benefit of their respective countries.

In attendance was the Indian High Commissioner in Accra, Mr. Suganh Rajaram, the Deputy Minister of Foreign Affairs and Regional Integration, Mr. Kwaku Ampratwum-Sarpong, the Deputy Minister of Trade and Industry, Mr. Michael Okyere Baafi, and Mr. Mike Oquaye Junior, CEO of Ghana Free Zones Authority.

Dr. Kwesi Humphrey Ayim Darke, President of the AGI, in his address, advised the audience, which included Indian businessmen and women as well as Ghanaian manufacturers, to take advantage of opportunities along the agricultural value chain, particularly in agro-processing, noting that Ghana had vast and arable land.

“I am sure you will all agree with me on the need to explore bilateral relations that will help increase the value of our exports to offset our trade imbalance.

“We know the expertise and technical know-how of India in respect to agriculture technology, mechanisation and machinery, and Ghana is also an agrarian economy and so with the cooperation of our Ghanaian and Indian Industrialists, we can accelerate

industrialisation and boost the economy.

“We are using this platform to invite the Indian community in Ghana to join the Association to agree on a strategic pathway to advance our industrial efforts. Already, we have Indian industrialist in AGI’s National Executive Council who are contributing to our advocacy”, the AGI President said.

The Indian High Commissioner in Accra, His Excellency Sugandh Rajaram, for his part, recounted the strong industrial historical relationship between India and Ghanaian businesses.

He said he considered AGI as a pivotal industrial group promoting the interest of the private sector and was happy business people from the countries had had





*Mr. Seth Twum-Akwaboah, CEO of AGI (left), Mrs. Kate Quartey-Papafio, CEO of Reroy Cables at the India-Ghana Industrial Summit*

the forum to exchange ideas and find new ways of advancing industrialisation after COVID-19 pandemic.

He argued that rather than focusing on sectors that were no longer relevant, organizations should be able to adapt to deliver new products and services in order to keep up with modern trends. He did say, however, that friendship, mutual respect, trade, and the establishment of shared wealth characterized Ghana-India collaboration.

The Deputy Minister of Trade and Industry, Mr. Michael Okyere Baafi, stated that the Ghana Beyond Aid programme might lead to the country's robust

industrial transformation, transforming the economy from one based on exporting basic commodities like cocoa, lumber, gold, and crude oil to one based on value addition, industrial exports, technology, and innovation.

"While Ghana's exports to India include cocoa, timber, and gold, India's exports to Ghana are pharmaceutical products and agricultural machinery, which are basically value-added or finished products," he said

A ceremonial lamp-lighting ceremony was held at the event to symbolize purity, goodness, good luck, and power between the two countries.



*H.E. Mr. Sugandh Rajaram, the Indian High Commissioner, (second from right), performing the ceremonial lamp-lighting, Dr. Kwesi H. Ayim Darke (extreme right), Hon. Michael Okyere Baafi, Deputy Minister of Trade and Industry (second from left)*



*Participants in the India-Ghana Industrial Summit*





# AGI LAUNCHES 11<sup>TH</sup> GHANA INDUSTRY AND QUALITY AWARDS



The Association of Ghana of Industries (AGI) has launched the 11th AGI Ghana Industry and Quality Awards set to take place in November 2022.

The awards on the theme **“Leveraging Public-Private Collaborations to Facilitate Business Recovery”**, will seek to recognize excellence and innovation displayed by companies in Ghana for the year under review.

AGI Awards Planning Committee Chairperson, Mrs. Nora Bannerman – Abbott, delivered the welcome address and disclosed the awards would have 8 major categories, 22 sector Awards, and 4 regional award categories. She also made it known that an independent body was responsible for the evaluation of nominees against well-defined criteria, leading to the selection of deserving award winners.

The Committee Chairperson also highlighted the essence of this year’s awards ceremony hence the careful choice of the theme of the awards.

She stated, “It is also a time to reflect on what we have been able to achieve during this period. I need hardly say how challenging this year has been but we are thankful to have survived the stormy days we experienced in quarter one of this year. Admittedly, we are not yet out of the woods”.

She added that the goal of the theme was for the business community to explore collaborations with the

government, to alleviate the rise in the cost of doing business among others.

Mr Clifford Frimpong, the Deputy Director General, Conformity Assessment, Ghana Standards Authority (GSA), said Ghanaian businesses needed to be conscious of the combined effects of quality and competitiveness.

He said it was the only way for the economy to remain relevant, adding that the private sector needed to collaborate and be competitive on the AfCFTA market as other countries were bringing goods and services into the Ghanaian market.

“We are joining forces through the public-private collaboration between GSA and AGI to accelerate business growth by increasing our country’s capabilities to become globally competitive through the AGI Ghana Industry and Quality Awards,” he added.

The Deputy Director General said they would use the award scheme to create a global brand that standardizes quality in every Ghanaian business and as well create quality attitude.

The National Treasurer of AGI, Mr. Ralph Ayitey, delivered few remarks on behalf of the AGI President, Dr, Kwesi Humphrey Ayim Darke. He seized the opportunity to commend the AGI Awards Planning Committee as well as the Technical Committee for their dedication to the worthy cause of such an awards in spite of numerous challenges encountered during the year.

He added that “The AGI Ghana Industry and Quality Awards over the years has provided an extraordinary platform for celebrating industrial excellence. Our industries deserve recognition and indeed, this year marks the 11th edition of the awards, which is a milestone worth celebrating”.

The Deputy Minister of Trade and Industry, Mr. Michael Baafi, said Ghana, as part of efforts to ensure strict quality management standards amongst industry, had put in place a National Quality Policy to help create a global brand that epitomised quality in Ghanaian products and services.

“I will want to state that the National Quality Policy, which will streamline activities of national infrastructure and institutions in Ghana was approved by Cabinet last month,” Mr Micheal Baafi said.



He said the Policy together with others, would help the development of modern markets, products and services while demanding standard and quality requirements as the tenets of the fourth industrial revolution and with the African Continental Free Trade Area (AfCFTA) in mind.

The event was held at the Coconut Grove Hotel in Accra, with many stakeholders and sponsors in attendance. Some sponsors were acknowledged with certificates of honour for their loyal support for the upcoming award event.

Acknowledged sponsors included Samartex Co. Ltd,

Nestle Ghana Ltd, Coca-Cola, B5 Plus Company Ltd., Nexans Kabelmetal, Activa Int. Insurance, Olam Agri-Business Ghana, Wilmar Africa, Ghacem, GOIL, Accra Brewery Ltd, Guinness Ghana, Kasapreko, GB Foods, Aqua Safari, GCB Bank, Qualiplast Ltd. Mericom Solutions, Ecobank, Zoomlion and Textiles Ghana.

The 11th Ghana Industries and Quality awards ceremony was officially launched by the Deputy Minister of Trade and Industries. In the meantime, nominations for this year's awards will be opened in a few weeks and AGI is keen on receiving more nominations from regions outside Accra and Tema.

**Presentation of certificates of Appreciation to key sponsors and partners of the AGI Ghana Industry and Quality Awards**





MINISTRY OF  
TRADE AND  
INDUSTRY



PRESENT



# 11<sup>TH</sup> EDITION OF THE AGI GHANA INDUSTRY & QUALITY AWARDS

## CALL FOR NOMINATIONS

The Association of Ghana Industries in collaboration with the Ministry of Trade and Industry, Ghana Standards Authority are calling for nominations for the upcoming AGI Ghana Industry & Quality Awards slated for November this year. The Industry Awards has been instituted to reward and honour companies that have achieved outstanding success in various areas of industry, maintained quality standards in production and service delivery and innovation in the year under review. It is also to motivate and show that their performance is valued & achievement recognized.

### CURRENTLY THERE ARE NINE (9) MAJOR AWARD CATEGORIES

1. Overall Best Industrial Company of the Year
2. Best Corporate Social Responsibility Company of the Year
3. Best Company Employer of the Year
4. Young Enterprise Company (Innovation and Entrepreneurship Award)
5. Fastest Growing Company of the Year
6. Best Practices in Sustainable Manufacturing
7. National Quality Awards
8. Esther Ocloo Award
9. Best Regional Company Award

### 22 SECTORS ARE ALSO EARMARKED FOR AWARDS

1. Agric-Business
2. Automotive & Transport
3. Chemicals
4. Electricals & Electronics
5. Energy
6. Food
7. Beverage
8. Financial
9. Garments, Textiles & Leather
10. Hospitality & Tourism
11. Advertising
12. Metals & Building
13. Construction
14. Rubber and Plastics
15. Oil and Gas
16. Toiletries and Cosmetics
17. Wood Processing
18. Pharmaceutical
19. Printing, Stationery and Packaging
20. Business Promotion & Consultancy
21. Information, Communication & Technology
22. Sanitation & Environmental Services

All nominations must be sent to [agiawards@agighana.org](mailto:agiawards@agighana.org) or [tamensah@agighana.org](mailto:tamensah@agighana.org) by August 31st, 2022. Nomination Forms are available on the AGI website: [www.agighana.org](http://www.agighana.org). You can contact Esther on 024 342 2868 or Theophilus on 024 376 5862 for any additional information. For nominations for the National Best Quality Awards, please contact Emmanuel, Ghana Standards Authority on 024 481 2053 or [ekasare@gsa.gov.gh](mailto:ekasare@gsa.gov.gh) for registration forms, initial self-assessment questionnaire and any additional information.

DEADLINE FOR NOMINATIONS

**31<sup>st</sup> AUGUST  
2022**

For Sponsorship kindly call: 024 342 2868 or 024 376 5862

### SPONSORS



# NATIONAL SERVICE SECRETARIAT CALLS ON AGI TO PARTNER NEW VISION

## - 'DEPLOYMENT FOR EMPLOYMENT'

The National Service Secretariat (NSS) has called on the Association of Ghana Industries (AGI) to collaborate with it on new vision of Deployment for Employment.

The vision seeks to offer more graduates undergoing national service the requisite skills and training to be thoroughly equipped and prepared for the labour market after the compulsory one-year stint with the scheme.

Speaking at a meeting held with the AGI National Council, at the head office of AGI in Accra, the Executive Director of the National Service Scheme (NSS), Mr. Osei Assibey Antwi, said the new policy by his outfit was central to the scheme's goal of improving graduate employability.

As such, he said to realize this new goal, it was incumbent that service personnel be trained in the industrial environment to meet the demands of today's job market and ensure job security right after their national service.

According to the Executive Director of NSS, the new policy is in line with the government's overall goal of reducing the unemployment rate among tertiary graduates. He further revealed that out of the numerous graduates that pass out of the service annually, only 10% were retained and able to secure permanent employment.

He further stated that "throughout the existence of the scheme, about 80% of service personnels are deployed to the public sector, but with the new initiative, the scheme will now heavily rely on the support and collaboration of the private sector to balance the equation. It is in view of this vision that the scheme is entreating AGI to get on board the vision and liaise through collaborative engagements".

As part of efforts in achieving this new objective, the NSS delegation took the occasion to introduce "FLAIR" an online service personnel recruitment platform where industries will be able to readily access a wide range of service personnel at a go for employment.

Technology Consultant with the GNSS Mr. Samuel Korley, led a presentation on how the platform can be assessed and operated effectively by companies seeking to recruit.

According to Mr. Korley, the graduate employability platform will allow companies to readily identify national service personnel with specific areas of specialization that will best meet industry needs



effectively and efficiently.

He further pointed out that the Secretariat was currently in partnership with a number of tertiary institutions as well as corporate organizations, to sign on to the platform to explore the various models and tools of the new system and that AGI member companies could follow suit.

The President of the AGI, Dr. Kwesi Humphrey Ayim Darke, who chaired the meeting expressed his admiration for the new drive of the management of NSS and commended the remarkable initiative and implementation of laudable mechanisms that would ensure the realization of the set objectives of the scheme.

He stated that the new vision of Deployment for Employment would not only alleviate the unemployment rate in the country but would also introduce a new wave of industrialization agenda that the Government was seeking to pursue.

He said AGI had always pushed the idea of promoting entrepreneurship in tertiary institutions to bridge the gap between the academia and industry.

"AGI will be very much interested in working with the NSS to support the vision by creating space within industry to accommodate the teeming youth being produced by the tertiary institutions", he said.

Dr. Darke proposed continuous engagements between AGI and its stakeholders, particularly, the tertiary institutions and youth organizations, "to advance industrialization".

He also opined that the job recruiting platform should be strategically marketed so as to ensure the appropriate partners were carefully selected to fully maximize the promising prospects of the vision.

# AGI LAUNCHES THE 5<sup>TH</sup> GHANA INDUSTRIAL SUMMIT AND EXHIBITION (GISE) 2022

The Association of Ghana of Industries (AGI) has launched the 5th Ghana Industrial Summit and exhibition set to take place on the 16th-18th August 2022 at the Labadi Beach hotel.

This year's business summit will be held on the theme 'Investing in Ghanaian Industries to leverage opportunities in the Single African Market' and will seek to rally the business community and other stakeholders under one umbrella to showcase made-in-Ghana goods and services

The Press Launch, which took place at the AGI Conference Room in Accra, was graced by the presence of premium partners, including representatives of the VRA, EU, NPG, and the Fidelity Bank.

President of the AGI, Dr. Humphrey Ayim Darke, who officially launched GISE 2022, in his keynote address, stressed that the summit was in line with AGI's mission "to create a supportive and competitive business climate which will enable Ghanaian businesses both locally and internationally to be competitive".

According to Dr. Ayim Darke, the summit, since its inception, has made great inroads in shaping the economy by attracting key players from the private sector such as government functionaries, development







partners, and international participants.

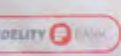
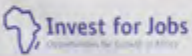




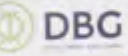


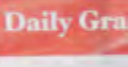
He added that the prospects of companies in the agribusiness and agro-processing sectors were huge with investments but seemed to have stalled due to policy inconsistencies over the period.

As such, "it is important to bring together all stakeholders, including the GIPC, to have a balanced discussion on the investment climate in Ghana within the objective of increasing investments in the form of equity in the agri-business, agro-processing, and general manufacturing sectors of our economy.

## LAUNCH OF Ghana Industrial Summit and Exhibition

THEME: Investing in Ghanaian Industries to leverage opportunities in the Single African Market


 Wednesday 27 July, 2022 | 
  2PM | 
  AGI Conference Room

Mr. Seth Twum-Akwaboah, Chief Executive Officer of AGI (left), Dr. Kwesi H. Darke, President of AGI (middle), Ms Bellona-Gerard Vittor-Quao, Public Affairs Manager of Nuclear Power Ghana (NPG)





He said he was optimistic “that the upcoming summit investment summit will create the right ecosystem for equity investors to engage in businesses in the bid to create value.

Dr. Ayim Darke took the occasion to call for engagements with the government for pragmatic solutions to speed up the recovery of the nation’s economy. The leader of the AGI recommended that as the government approached and engaged the IMF, maximum attention must be given to the industrial and agricultural sectors of the economy.

Mr. Sean M. Duggan, an investment Promotion Expert of AGI’S project partners, under the European Union (EU) on the Investment Promotion and Business Linkages Project, which is a component of the Ghana Employment and Social Protection (GESP), revealed that, Ghana faced a substantial investment gap that required 11 billion dollars’ worth of investment every year for the next 15 years.

He, however, said the EU has worked and partnered with AGI to try to bridge the gap by drawing various investment organisations to provide various investment solutions at the Investment summit. He said the summit was focused to discuss how to improve the investment funding ecosystem to fill the investment gap.



“In partnership with AGI, we will use the Industrial and Investment Summit to mobilize and attract and retain investment. Investment is necessary for industries to gain advantage for the African Continental Free Trade Market. The Summit is calculated to prepare businesses to be ready to access investment and funding to leverage the opportunities that the African single market will present” he added.

The exhibition is anticipated to bring an array of businesses spread across the entire sectors of cosmetics, food and beverages household items, electrical cables and appliances, hospitality industries, medical facilities health products, garments and textiles, construction, real estate, and many more.



# SUNREF Ghana: energy challenges for new opportunities

SUNREF is the tailor-made solution that enables companies to purchase better quality equipment, insulate buildings, reduce energy costs and become more competitive. SUNREF also supports businesses offering goods and services related to energy and environmental management (including waste and water management, pollution abatement).

In partnership with local partner banks, SUNREF Ghana offers private entities competitive loans and assistance for structuring their green investments so they can seize the opportunities of green finance.



# SUNREF Ghana: goals of the programme

**Develop and consolidate** a financing market for Green investments (energy efficiency, renewable energies, environmental services)

**Improve**  
energy  
security

**Develop** a viable market in sustainable energy and environmental services

**Support** the development of eligible, innovative and profitable green projects

**Increase** competitiveness of businesses, especially SMEs, by reducing their energy bill

**Facilitate** access to "green" finance for companies and individuals

**Strengthen** the capacity of local stakeholders (companies, business associations, sustainable energy agencies, ministries, partner banks, etc.)



SUNREF Ghana rallies  
all stakeholders to green finance



# What is **SUNREF** Ghana?

## **SUNREF Ghana includes a unique and innovative financial offer and technical assistance:**

- A credit line of 30 million euro provided to partner banks in Ghana on attractive terms (concessional rate loans for long periods, grace period)
- A 2.5 million euro Investment Grant to make green investments even more attractive. Final beneficiaries can benefit from a grant of approximately 10% of the loan amount upon completion of their project

● Technical assistance for private sector (companies, households) and banks to:

### ● **Identify investment opportunities**

in green energies and environmental services

### ● **Support businesses**

in all economic sectors to develop viable, innovative and profitable green projects

### ● **Assist banks**

in analysing the bankability of projects

### ● **Provide assistance**

tailored to the size and complexity of the project:

#### ***For small-scale projects:***

*(up to 200 000 euros), a wide selection of equipment **prequalified** by the SUNREF technical assistance team and available in a database ("LEME")*

#### ***For larger or more complex projects:***

*Technical Assistance is provided at all project stages (loan application, technical and financial assessment, implementation and verification)*

Thanks to financial support from the European Union, the technical assistance is delivered free of charge, and loans offer more attractive conditions.

SUNREF Ghana currently operates in partnership with Calbank

As a major local actor in the promotion of renewable energy and energy efficiency, the Energy Commission is a key partner in the implementation of the technical assistance programme.



# Key facts

## GHANA

SUNREF Ghana welcomes green investors from all over Ghana, from all 16 regions of the country.

### PRIORITY SECTORS

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# AGI and Catalonia Trade and Investment Partner Hold Packaging Solution Workshop for Industries

A capacity-building workshop on packaging solution was held under the umbrella of the Association of Ghana Industries (AGI) in collaboration with Catalonia Trade and Investment.

The thematic session's goal was to provide a think tank forum on cutting-edge packaging, sustainability, cost-effectiveness, innovative materials, and technology. It served as a platform for establishing contacts with suppliers and technological collaborators to find packaging solutions.

The training session, dubbed "Packaging, Your Footprint to the Market," brought together packaging industry professionals in Accra to educate SMEs and business owners on the value of this growing lucrative sector.

Facilitators were Mrs. Florence Hiard, Director of Catalonia Trade and Investment's Accra Office, and Mr. Tsonam Akpeloo, Chairman of AGI Accra Region.

Other speakers included Mr. Thomas Kwesi Abaidoo, President of the Institute of Packaging, Mr. Kofi Essuman, Immediate Past President of the Institute of Packaging, Mr. Bernard Addo, Technical Manager of Packaging Glamour, and Mrs. Miranisa Wallace-Ollenu, the Marketing Lead for Glovo Ghana.

Members of the Catalonia Contingent who addressed the participants virtually from Barcelona included the Area Manager-Comexi, Mr. Juan-Manuel, Export Manager- Macsa, Mrs. Janine Mc Ewan, and CRO. Bio2Coat Mrs. Farayde Marra.

Chairman, Accra Region of the AGI, in his opening address indicated how glad the AGI was to be in charge of the packaging workshop. Mr. Akpeloo expressed the belief the workshop would conscientize members on the need to understand the process of packaging, the importance of packaging, the regulations, and the ethics guiding the packaging process.

He pointed out that in order to keep up with the competition, SMEs needed to learn the fundamentals and long-term prospects of the packaging industry, given the current trend of excellent and high-quality delivery of goods and services to customers in the face of the insatiable demand for international standards.

"The packaging industry is an important aiding facilitator of manufacturing and the sector is growing very fast as a response to productive activities of the food, beverage, cosmetics, and agro-processing growing sectors," he said.





He added that “Packaging adds value to the product and brings differentiation which is a key component of the modern concept of the marketing mix and the only way your product will stand out on the shelf is through your packaging.”



“Packaging does not only give attraction to your product but helps you use suitable materials to hold your products, improves shelf lives, and contributes to the wholesomeness of the products which will eventually give you a competitive advantage”.

According to Mr. Kofi Essuman, President of the Institute of Packaging, packaging goes beyond merely protecting and preserving goods; it also involves differentiating and positions brands by easing transit, storage, and distribution that engages with customers.

“SMEs in whichever aspect of the value chain they find themselves must be aware of modern trends that affect the marketability of products enabling brands to compete more effectively.

“Platforms such as the AFCFTA allow for packaging to keep up with modern trends by impacting marketability. AFCFTA must



be taken advantage of since it offers a massive 1.2 billion market opportunity,” he stated.

However, Mr. Essuman cautioned that using unique and exclusive packaging was essential to enhance any company’s brand image. As a result, consumer safety must be prioritised through the development of traceable and tracking systems for a product that complies with international standards if local SMEs want to participate in the global market.

The workshop, in the opinion of Mrs. Florence Hiard, Director of the Catalonia Trade and Investment Accra Office, provided a forum for industry participants to discuss their needs, issues, and ideas as well as potential solutions.

Since 2017, the AGI and the Catalonia Trade and Investment Agency have collaborated to strengthen business links between the two nations’ economies.

Among other things, this cooperation would enable Catalan industrial investors to look into business opportunities in Ghana and to support local industries with the finest growth and development strategies.



*Participants in the Packaging Solution Workshop*

# TROPICAL CABLE AND CONDUCTOR LTD (TCCL) CELEBRATES 25 YEARS OF INDUSTRIAL SUCCESS

Indigenous electrical cable manufacturer in Ghana and West Africa, Tropical Cable and Conductor Ltd (TCCL) celebrated its 25th anniversary on June 22 with an event held at the company's premises in Tema Industrial Area. The event commemorated over two decades of manufacturing and industry excellence in the country and beyond.

On the theme “25 Years of Impacting Ghana: New Ideas, New Products, New Markets,” the ceremony witnessed several dignitaries gracing the occasion.

They included Vice President of the Republic of Ghana H.E. Dr. Mahamadu Bawumia, the Deputy Energy Minister, Hon. William Owuraku Aidoo, the Deputy Trade and Industry Minister, Michael Okyere Baafi, the President of the Association of Ghana Industries (AGI), Dr. Kwesi Humphrey Ayim Darke, the CEO of AGI, Mr. Seth Twum-Akwaboah, Traditional Rulers, and several Industry Stakeholders.

The Founder and Executive Chairman of TCCL, Dr. Tony Oteng-Gyasi, who addressed the gathering remarked that TCCL was proud and appreciative of its outstanding accomplishment as a significant participant in the transmission and distribution of energy throughout Africa.

He further acknowledged the dedication and hard work of TCCL's numerous staff members who have worked selflessly with the company since its inception. He said that TCCL possessed some of the best human and material resources for the successful production and distribution of cables and conductors of the highest quality.

Dr. Oteng-Gyasi, who is also a past President of AGI added that “TCCL is willing and able to compete with competitors anywhere in the world on quality and pricing with only one proviso which is that import duties should be readily applied”.

He commended the “One District One Factory” initiative by the Government but advised that for the 1D1F to be sustained, there is the need for a competitive and effective import duty on imports that will allow industries to grow.

Dr. Oteng-Gyasi said “we are committed to impacting Ghana positively by continuously investing in new ideas and new products that will be at the cutting edge of our industry and in related industries. We are convinced that this is the only route to entering into new markets all over the world.”

*From left to right: Hon. William Owuraku Aidoo, the Deputy Minister for Energy, Dr. Tony Oteng-Gyasi, Executive Chairman, TCCL, H.E. Dr. Mahamadu Bawumia, Vice President of the Republic of Ghana, Mrs. Barbara Oteng-Gyasi, Michael Okyere Baafi, Deputy Minister of Trade and Industry, Mr. Martyn Mensah, Managing Director of TCCL*





“With a dominant position in West Africa, we are extremely happy to be a valued partner in the energy transmission and distribution business across Africa”. He stated.

Dr. Mahamadu Bawumia, the keynote speaker expressed his delight about how the indigenous Ghanaian company, which experienced such humble beginning and faced industry challenges, has evolved to be an industry leader both locally and globally.

“Twenty-Five years in the life of any business is certainly worth celebrating but if one appreciates the unique challenges of the manufacturing sector, then the significance of this achievement stands out even more,” Dr. Bawumia said.

“We are gathered here to congratulate and to celebrate you as a company on the attainment of this remarkable milestone. I am sure that, 25 years ago the scale of what we see here today was probably difficult to imagine but diligence, discipline and innovation and

hard work, have paid off and propelled you to sit at the top of your industry, serving power utilities, the real estate and construction sectors, the mining sector, and so on, with internationally certified cables and conductors.”

“As a nation, we are indeed proud to have an indigenous company like Tropical Cable. Its achievements over the years have given meaning to the belief that this nation can produce and sustain industrial excellence.”

H.E. the Vice President used the opportunity to reassure the audience that government is committed to supporting indigenous companies and preparing them for the rise of what he called a “new global architecture”.

“The ongoing global economic crisis, which is the result of the Covid-19 pandemic and the Russia-Ukraine war, will bring about a new global architecture, where countries will have to be more dependent on themselves,” Dr. Bawumia stated.





“If we are going to succeed in this new global architecture, we have to support our local industries to succeed and that is what other countries are going to do.”

“So there has to be a rethinking of the policy environment; what we can do to empower our local industries. We don’t know when this war between Russia and Ukraine will end but it will end, even if it is five years, it will end.”

“But we have to be prepared for the new emerging global architecture and we can only be prepared for it if we are empowering our local industries to produce and to compete globally,” he said.

“At the heart of the One District, One Factory (1D1F) concept lies the government’s firm determination to transform the Ghanaian economy from exporter of raw materials to the international market to one that feeds local value-enhancing entities in the country.”

“This is why our government in 2019 launched the Ghana Beyond Aid program, with the overriding objective of adding value to our raw materials at source.”

The Deputy Trade and Industry Minister, Michael Okyere Baafi also congratulated TCCL for the success achieved in leading the cable manufacturing sector and continuing to remain in business in the face of current global crises such as the Covid-19 pandemic.

The Government is not oblivious to challenges facing the private and through the Ministry of Trade and Industry is implementing the ‘Industrial Transformational Agenda’ which is a private sector-led initiative providing the enabling environment for industrial growth.



“Key among this agenda is the One District One Factory Initiative which provides tax waiver for imported plant and machinery as well as raw materials”

He added that “the Ministry’s Trade Development program presents additional opportunities for growing and promoting businesses under the African Continental Free Trade Area” which is the elimination of import duties and opening up training activities for SMEs across the regional markets”.

At the ceremony, the Vice President unveiled Tropical Cable’s CAT-6 cable, which is the first made-in-Ghana CAT-6 cable to receive certification.

TCCL has over the course of 25 years been a committed member company of the Association of Ghana Industries (AGI). It currently has production capacity to handle over 8,000 tonnes of Aluminium, Copper, and PVC annually.

Leading the pack in its sector, TCCL is the only cable manufacturer that has invested in polyvinyl chloride (PVC) compounding plant which, in addition to supplying its manufacturing process, also sells to other cable manufacturers in Ghana and the rest of Africa.



From left to right: Dr. Kwesi Humphrey Ayim Darke, President of AGI, Dr. Tony Oteng Gyasi, Executive Chairman, TCCL, Mrs. Barbara Oteng Gyasi, former Minister of Tourism and Art and Culture, and Dr. James Asare Adjei, CEO of Asadtek Group and Past President of AGI

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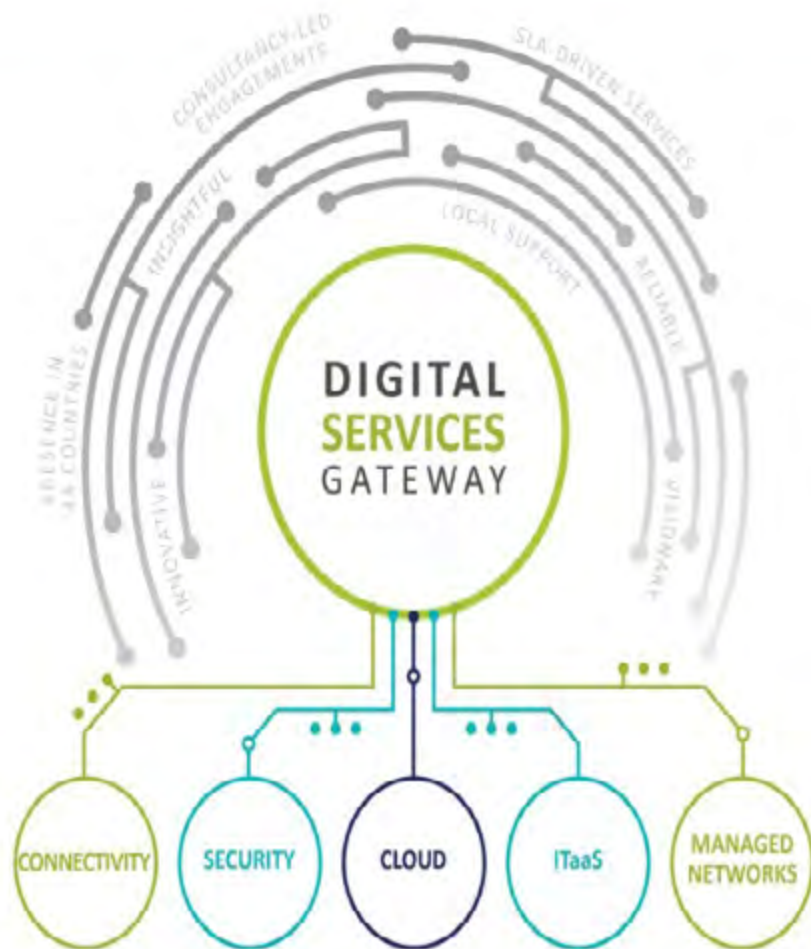
With a lot of users, multiple and collaborative tools, remote access, and mobility, the need for cloud computing is growing. The need for cloud computing is growing. The need for cloud computing is growing. The need for cloud computing is growing.

## Security



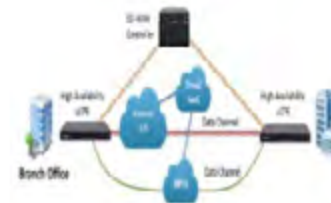
## Security

Data breaches and security threats cause companies millions every year, causing major reputational and operational damage. One of the major challenges facing organisations is the ability to stay ahead of the latest threats and being able to proactively prevent them, not reacting to what has happened. The need for security is growing. The need for security is growing.



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# FAMOUS “FAILURES”:

## THE BANE OF LOCAL ENTREPRENEURS?

*“Quitters never win, and  
Winners never Quit”*

Whenever I watch how some local entrepreneurs’ businesses collapse, causing loss of jobs and reputational damage, I find myself filled with mixed emotions. However, the interesting thing about famous successful personalities who “fail” is, THEY LEARN THEIR LESSONS AND MOVE ON: AFTER ALL, WINNERS NEVER QUIT!

Let us take a look at some famous personalities who went through painful times and bounced back: The following extract is by courtesy of “Mastering Soft skills for Workplace Success”:

### QUESTIONS:

#### CAN YOU NAME....

1. ...a famous person who was defeated seven times while running for political office?
2. ...a cartoonist who was told by the editor of the Kansas City newspaper, “It’s easy to see from these sketches that you have no talent.”
3. ...an author whose first children’s book was rejected by 23 different publishers?
4. ...a famous singer who was fired after his first performance at the Grand Ole Opry?
5. ...a famous actress who dropped out of high school and held a variety of odd jobs, including doing the hair and make-up for corpses, before finally succeeding in show business?
6. ...a famous author who lived on welfare for years in an apartment infested with mice?
7. ...a famous athlete who was cut from the varsity basketball team his sophomore year in high school?
8. ...an inventor who was thrown out of school in the early grades because his teachers thought he couldn’t learn?
9. ...a famous Harvard University drop out?
10. ...an inventor of a fried chicken recipe that was rejected by more than 1000 restaurant owners?

### ANSWERS:

1. **Abraham Lincoln** was defeated in eight different elections. Yet he persisted and succeeded in becoming the 16th, and one of the most respected, presidents of the United States.
2. **Walt Disney** was told he had no talent and fired from a newspaper job. He wound up doing volunteer work for a church in an old run down garage. One day he decided to sketch one of the many mice that were running through the garage. This mouse became the famous “Mickey Mouse.”
3. Twenty-three different publishers rejected **Dr. Seuss’s** first book, while the 24th accepted and sold 6 million copies of it.



*Mrs. Alberta Quarcoopome, Author*





4. **Elvis Presley** was fired after his first performance at the Grand Ole Opry. The manager told him, “You ain’t going nowhere, son. You ought to go back to driving a truck.” He went on to become one of the most famous American singers of the 20th century.
5. **Whoopi Goldberg** dropped out of high school, was on welfare and worked as a bricklayer, bank teller, and licensed cosmetician. After graduating from Beauty College, she took a job at a mortuary fixing the hair of and applying make-up to the corpses.
6. **J.K. Rowling**, author of the Harry Potter series, lived on welfare for years, in an apartment infested with mice, and was rejected by 12 publishers before going on to fame and fortune.
7. **Michael Jordan** was the athlete who was cut from the varsity basketball team in his sophomore year of high school. Angry and embarrassed, he began to get up early each morning to practice with the junior varsity coach. Eventually he not only made the varsity team, but also became one of the most popular athletes in the world. Michael Jordan is quoted as saying, “I have missed more than 9,000 shots in my career. I have lost almost 300 games. On 26 occasions I have been entrusted to take the game winning shot, and I missed. I have failed over and over and over again in my life. And that is why I succeed.”
8. **Thomas Edison** was the inventor who was kicked out of school. Following this, he was homeschooled by his mother. It took him over 700 tries before he got the filament right for the light bulb. Edison is quoted as saying: “I have not failed seven hundred times. I have not failed once. I have succeeded in proving that those seven hundred ways will not work. When I have eliminated the ways that will not work, I will find the way that will work.”
9. **Mark Zuckerberg** dropped out of Harvard University. He went onto become the youngest millionaire (at the age of 26) and is the CEO of Facebook.
10. **Harland David Sanders** (better known as Colonel Sanders) had his fried chicken recipe rejected by more than 1,000 restaurant owners before it was accepted by one. Today, people still eat it at KFCs across the world.

### Resilience

One thing these persons had in common is the refusal to quit. They maintained the belief that they can transform or change a tough situation into something better. They took the difficult situations and found ways to EMPOWER themselves to turn negative thinking into positive thinking. Failing is a part of life. In fact, it accounts for many, many successes – for without failing, success is almost impossible. Learning how

to bounce back from failure is not always easy, but it is necessary. Enthusiasm for goal attainment is a necessary characteristic for success.

### Time for Sober Reflections

I am sure many local entrepreneurs are hurting to see their businesses and hard-won reputation falter. It could have been worse. Sometimes one has to see the opportunities that some of these “failures” generate. This is a time for sober reflections of what went wrong and how one can bounce back again to show the world what winners are made of. Let us look at some of these root causes of failures and opportunities for entrepreneurs:

- Perhaps you placed your friends and family members at the helm of affairs and put absolute trust in them
- In trying to be nice and friendly, perhaps most of the staff are made up of people you know.
- Perhaps you placed square pegs in round holes.
- Perhaps the management team are mostly inexperienced and easily tow to your preference.
- Do you employ at least a part-time accountant to prepare your books?
- Do you have a legal counsel to advice you?
- Entrepreneurial IQ (EIQ) is about holistic understanding of situations. Do you understand the business idea, but not the market that will accept or reject the idea?
- Do you know who your real competitors are?
- Are you a sole proprietor with little managerial training and experience, but not ready to seek assistance from specialists?
- Do you lack sufficient market information since most of the information is designated for the large and well-established businesses?
- Has the change in technology made you close down operations due to the high cost of adopting the new technologies?
- Are there national policies like high taxation rates which have made your business close down since the gap between expenditures and profits is not conducive and suffered losses?
- Are you not getting adequate funding?
- Are your expectations too high and grandiose?
- How do you handle your workers? Are your people skills good or you need to work on it. Owning a company does not mean that workers should not be listened to and respected.

- Are your Partners the right ones or are they just friends and agree with anything that you say?

The list is endless.

### My Final Words to Ghanaian entrepreneurs

Have you ever failed so terribly that you didn't want to get out of bed? Sometimes everything falls apart at the same time leaving you unsure of what to do next. Just remember that the famous failures on the above list had some bumps in the road too. And if they could learn the root causes, re-examine and select better qualified and dedicated staff who are assertive and can advise properly, they can go on to become some of the greatest successes in history.

He may be one of the world's richest man today, but Jeff Bezos has said that he's also made “billions of dollars of failures.” Prior to building Amazon, he built a company called zShops, which eventually sparked the idea for Amazon Marketplace. But even at Amazon, he's created countless failed products However, Bezos' believes in creating a culture at Amazon that embraces failure. He doesn't believe in creating the same products as everyone else. And so being innovative has led to some failure. Today, Jeff Bezos' is worth more than \$150 billion. Amazon continues to grow into an even bigger and more popular ecommerce website.

Famous failures teach you that sometimes painful setbacks help you learn new skills, get new experiences, and begin a different chapter in life. And it also shows you that just because you move towards another direction, it doesn't mean you can't go back.

Don't quit. Press on and prove to the world what stuff you are made of. Keep walking.

### ABOUT THE AUTHOR

Alberta Quarcoopome is a Fellow of the Chartered Institute of Bankers, and CEO of ALKAN Business Consult Ltd. She is the Author of Three books: “The 21st Century Bank Teller: A Strategic Partner” and “My Front Desk Experience: A Young Banker's Story” and “The Modern Branch Manager's Companion”. She has over three decades of banking experience and uses it, in addition to practical case studies, training young professionals in operational risk management, sales, customer service, banking operations, ethics and fraud.

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# Investment guide for the Agriculture Sector in Ghana

The Agriculture Investment Guide has been developed in alignment with the Food and Agriculture Sector Development Policy (FASDEP II). The Guide has been developed with strong emphasis on attracting accelerated investment into the sector to increase productivity, growth and transformation and to create jobs, increase incomes, and ensure food security over the medium to long-term.

Agriculture has been the principal sector for the development and growth of Ghana's economy over the years. The contribution of agriculture to GDP in the five-year period spanning 2010 to 2015 has declined from 29.8% to 20.3%. It remains a major contributor to the economy, providing employment to 44.7% of the total workforce (GLSS6, 2014). For instance, FDI inflows between 2008 and 2016 into agriculture sector recorded was US\$1.3 billion (GIPC, 2016).

Improving Ghana's agribusiness sector would lead to higher incomes and more jobs. Attracting private participation in the sector allows Ghana to compete globally. Such agribusiness development path paves the way for economic growth, structural transformation and improved technical skills which in turn can catalyse economic activities and connect major sectors in the Ghanaian economy.

Modernized agriculture, increased productivity and transformation of the agricultural sector remain parts of a policy goal, as well as promoting and enhancing investment into the sector. Furtherance to this, MoFA established the Agribusiness Unit (ABU) in 2012 with the role of facilitating investment into agriculture and providing technical support to agribusinesses. The Agribusiness Unit of MoFA collaborates closely with the Ghana Investment Promotion Center (GIPC) and Ghana Commercial Agriculture Project (GCAP) in this endeavour.

This Agriculture Investment Guide has been developed

to serve as a reference document for information on institutions, regulations and policies relevant to the agricultural sector. It outlines incentives available to investors in the agriculture sector and provides information on the various procedures required to successfully establish agricultural investments. It is also to ensure that investments are in alignment with national policies and regulations as well as help interested investors in making informed investment decisions.

Government's flagship programme "Planting for Food and Jobs" and other MoFA projects such as the Ghana Commercial Agricultural Project (GCAP) are among some of the interventions the Ministry is implementing to increase private investment into the sector.

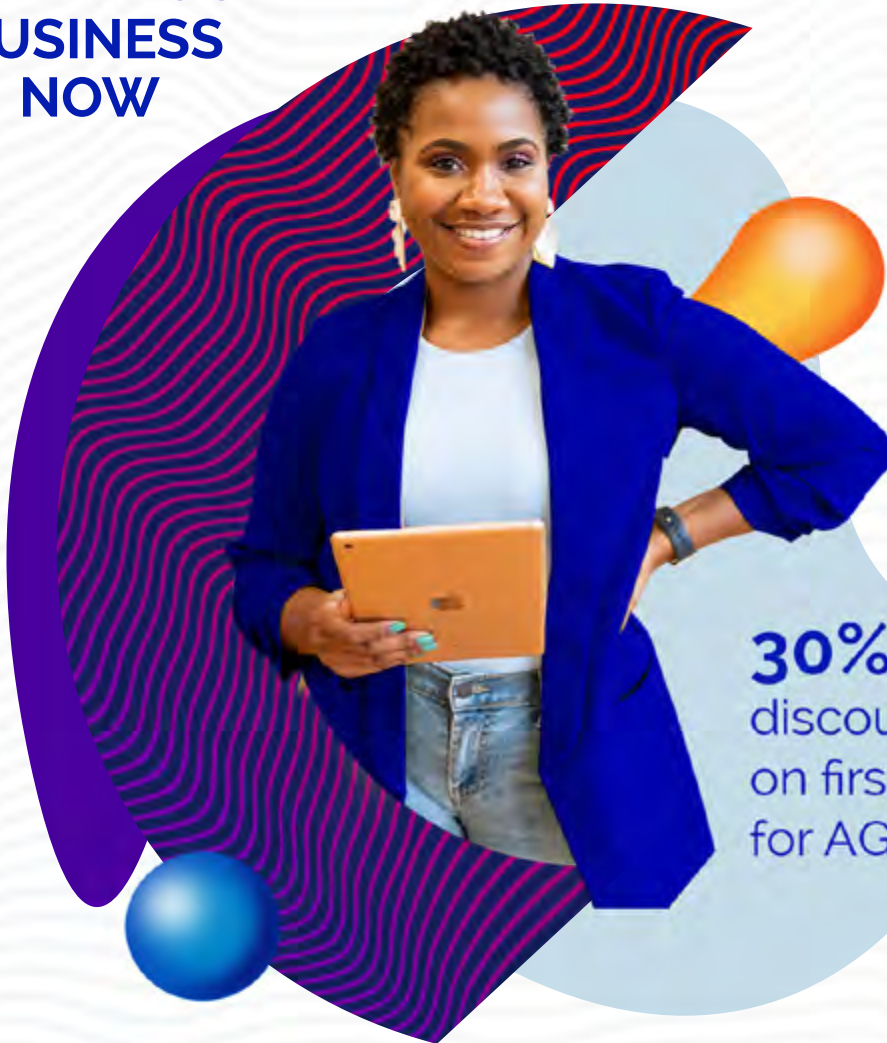
The Agriculture Investment Guide has nine chapters which cover areas of general information on; policies and sub-sector policies prevailing in the agriculture sector; agricultural infrastructure in the sector including irrigation facilities, pack houses, warehouses, cold terminals and other infrastructure and logistics; laws and regulations governing the agriculture sector and their requirement relating to agriculture investment.

Other areas include labour market situation, structure and disaggregated agriculture labour and demographics; land acquisition process and registration for agricultural use and the institutions responsible; financing schemes for agriculture in Ghana; Investment laws and regulations relating to agriculture; various incentives for investing in agriculture and processes of registering and establishing agricultural firms and businesses.

This Guide addresses the information challenge that investors could encounter in establishing agribusinesses in Ghana and also provides the opportunities and incentives, policies and regulations for investors.



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Front row, from left to right: Mr. Ernest Kwamina Yedu Addison, Governor of Bank of Ghana, Hon. Ken Ofori Atta, Minister of Finance, H.E. Nana Addo Dankwa Akufo-Addo, President of the Republic of Ghana, Dr. Yaw Ansu, Executive, Board Chairman of DBG, Mr. Kwame Duker, CEO of DBG, Mrs. Nora Bannerman-Abbot, Mary Boakye, both members of DBG Board

## AGI DBG RELATIONS WILL SUPPORT GHANA'S SMALL AND MEDIUM-SIZE BUSINESSES TO GROW GHANA

Development Bank Ghana (DBG) was launched as a new development finance institution designed to help catalyse growth in the SME sector on 14th June 2022. In attendance were H.E. Nana Addo Dankwa Akufo Addo, President of the Republic of Ghana, government officials, Ghanaian SME representatives, as well as development partners and financial institutions.

DBG is a Development Finance Institution established in 2017 by the Government of Ghana, in accordance with the Development Finance Act, 2020, and received its license from the regulator, the Bank of Ghana (November 11, 2021). The Bank was set up as part of the Government's broader efforts to transform the economy.

DBG's mission is to:

- Foster strong partnerships to finance economic growth, create jobs, and build capacity for SMEs
- Provide long-term financing and de-risking services, underpinned by technology and evidence-based research/insights
- Attract, develop, and retain exceptional people
- Operate as an independent, financially sustainable world-class institution
- Promote ESG excellence within the businesses we support

DBG is designed to help relieve critical bottlenecks that have hindered the availability of long-term, competitively priced loans to critical industry sectors with the potential to transform the economy namely, agribusiness, manufacturing, ICT, and high-valued services. About one to two million SMEs in Ghana contribute significantly to national output and economic resilience. They are estimated to employ more than 80 percent of the workforce and generate about 70 percent of GDP. However, today, access to finance for SMEs remains a challenge to growth. Across the



African continent, the World Bank estimates that 51 percent of the 44 million SMEs located in the region require more funding.

DBG seeks to empower banks and entrepreneurs through financial innovation and other advisory services to strengthen the ecosystem in which businesses operate and promote excellence within the businesses it supports in terms of Environmental, Social, and Governance. The Bank already has about US \$760 million in its coffers, having received funds from the Government of Ghana, World Bank, European Investment Bank, KfW, and the African Development Bank.

DBG lends through participating financial institutions to on-lend to SMEs. This allows them to provide medium to long-term loans, with tenors greater than three years. So far, DBG has onboarded CalBank, CBG, GCB, and Fidelity. Other partners include AGI, GIRSA, GEA, GSE, GAB, and UN Global Compact among others.

DBG is led by an executive team of industry specialists with local and global experience.

These Executives are all closely aligned with DBG's vision of building a world-class development finance institution in Ghana

The Association of Ghana Industries (AGI) and Development Bank Ghana (DBG) have signed a Memorandum of Understanding (MoU) in order to cement their relationship and commitment to promoting the growth of the Small and Medium-sized Enterprises (SME) sector and ultimately improving their contribution towards the development of Ghana's economy.

The AGI, as the national body of industrial entities acknowledges the role of SMEs in the economies of developing countries and is committed to growing Ghana through industries, especially the SME sector.

SMEs form about 80 percent of businesses in Ghana. As such, the AGI considers it critical that it offers structured support for this sector of the economy. Over the years, AGI has remained focused on contributing substantially to the growth and development of the Industry through effective policy advocacy and the provision of business support services.

With the establishment of DBG, the AGI sees a great opportunity to grow strong bonds with the development bank and thereby work together towards improving the support that SMEs receive in Ghana. AGI will pursue its agenda through capacity building of SMEs, training, and networking as its cardinal activities. Furthermore, AGI will continue to engage the government and its agencies to create the enabling environment for the growth of businesses and the creation of jobs.

In line with its objective to grow a strong industrial



base with key sectors that are globally competitive, the AGI also sees the relationship with DBG as an opportunity to strengthen Ghana's industries for international competition, particularly with the introduction of Africa Continental Free Trade Area (AfCFTA). The AGI, therefore, looks forward positively as it works with DBG to build on the support available to the SME sector to position Ghanaian businesses for exports to the region.

*Commenting, the AGI President, Dr. Kwesi Humphrey Ayim Darke said, "AGI and DBG's relations will assist in deploying various interventions to support SMEs for growth. This will be done through capacity building, mentoring, and business advisory services. We will fish out potentially innovative SMEs that we believe are in the growth-oriented sectors of the economy that cuts across the nation. We will identify and support them through the DBG and AGI collaboration. Specifically, AGI will avail the data of its SME members who meet the eligibility, criteria of the participating financial institutions or commercial banks that receive funding from the DBG to lend to SMEs. We will seek to bring to the table further understanding of each sector to assist these financial institutions to be able to structure suitable funding for each sector and business entities."*

Over the years, the business barometer survey and report have indicated that access to funding and the cost of funding has been the biggest challenge for most SMEs. With the introduction of DBG and the collaboration with AGI, there are several expected benefits for members of the Association in the SME bracket. These include access to medium-to-long term funding, and access to competitive rates, that positions these SMEs for potential growth and export of their products as well as job creation which is very critical for the stability of Ghana. AGI will additionally offer mentoring, capacity building, and networking opportunities to assist in succession planning in SME businesses.

The AGI has since 1957 pursued the not-for-profit agenda of promoting industries and indigenous manufacturers in Ghana. This includes providing proactive support services to the industrial sector with the view to contributing substantially to the growth and development of industry in Ghana. The Association has over 1200 members across all the regions of the country and is recognised as the leading voice of the private sector.







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# AGI President Special Meets



*Dr. Kwesi H. Ayim Darke, President of AGI, with Mr. Eric Adams, Mayor of New York City*



*Dr. Kwesi H. Ayim Darke, President of AGI, with Archbishop Nicholas Duncan-Williams, the Presiding Archbishop and General Overseer of the Action Chapel International Ministry*



*Dr. Kwesi H. Ayim Darke, President of AGI, meets with Irchad Ramiandrosoa Razaaly, Ambassador of the European Union to the Republic of Ghana*



*Dr. Kwesi H. Darke, President of AGI (middle), meets with Mr. Carl Cruz, the Unilever West Africa MD (left), and Mr. George Owusu-Ansah, Unilever Ghana MD*



*Dr. Kwesi H. Ayim Darke, President of AGI, with Dr. Ernest Kwamina Yedu Addison, the Governor of Bank of Ghana*



*Dr. Kwesi H. Ayim Darke, President of AGI, with Honourable Henry Quartey, Greater Accra Regional Minister*



*Dr. Kwesi H. Ayim Darke, President of AGI, with Her Excellency Ozlem Ergun Uluesen, Turkish Ambassador to Ghana*



*Dr. Kwesi H. Ayim Darke, President of AGI, with HE Sugandh Rajaram, Indian High Commissioner in Accra*

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- Concrete Bridges, Culverts and Other Structures



# Tax inSight

## E-Levy and its Impact on Businesses

On 17 November 2021, the Minister for Finance, Mr. Ken Ofori Atta presented the 2022 Budget Statement with the theme, “Building a Sustainable Entrepreneurial Nation: Fiscal Consolidation and Job Creation”. One of the proposed tax measures presented by the Minister was the imposition of an Electronic Transaction Levy (E-Levy) of 1.75% on the value of digital transactions. After the pronouncement in Parliament, some stakeholder feedback was considered and some changes were subsequently made by the time the law giving effect to the proposal was passed.

The Parliament of Ghana passed the Electronic Transfer Levy Act, 2022 (Act 1075) (“the Act”) on 29 March 2022 and it was assented to by the President on 31 March 2022. The Ghana Revenue Authority (“GRA”) enforced compliance from 1 May 2022.

After carefully following the conversation and interacting with several of our clients who are charging entities, we have put below our views on how the E-Levy will impact business transactions.

### Scope of E-Levy

The Act imposes a 1.5% levy on the following electronic transfers:

- Mobile money transfers between accounts of the same or different electronic money issuers;
- Transfers from bank accounts to mobile money accounts and vice versa; and
- Bank transfers on an instant pay digital platform or application originating from a bank account belonging to an individual (that is a natural person), which are in excess of a daily threshold of GH¢ 20,000.

### Exemptions/ exclusions

The Act lists six types of transactions which are excluded from the levy, even where they fall within the above scope. These are:

- Cumulative transfers of GH¢100 per day by the same person;

- Transfers between accounts owned by the same person;
- Transfers for payment of taxes, fees and charges on Government of Ghana designated payment systems such as the Ghana.gov system;
- Specified merchant payments;
- Transfers between principal, agent and master-agent accounts; and
- Electronic clearing of cheques.

### Concept of Specified Merchant Payments

Perhaps the most significant of the exclusions to businesses is what has been termed ‘specified merchant payments’ (“SMP”).

The Act defines an SMP as “payments made to merchants through a payment service to a person registered with the Ghana Revenue Authority for the purposes of income tax or value added tax”.

It further defines ‘Merchant’ as “a commercial establishment which has been registered with the Ghana Revenue Authority for income tax or value added tax purposes”.

From the above, practically, payments made to all businesses registered with the Ghana Revenue Authority (“GRA”) qualify as SMPs and are therefore excluded from the scope of E-Levy. The charging entity (entities required to charge e-levy) will however need to satisfy itself that the recipient of funds is a specified merchant in order for this exemption to be effected. It is also important to note that GRA has intentions to check continual tax compliance before certifying businesses as specified merchants.

### Impact of E-Levy on business payments

Payments originating from bank accounts owned by entities (for instance companies) to other bank accounts, whether local or foreign, will not attract E-Levy. Transfers made from an entity’s bank account to a mobile money account attracts E-Levy, except where an exemption kicks in (for instance if the payment is

to a specified merchant). In addition, where an entity owns a mobile money account, transfers from that account to either a bank or another mobile money account will attract E-Levy unless the transaction is exempted as explained above.

Hence outside of making transfers to or from a mobile money account, businesses can expect to not pay E-Levy on their transfers. In addition, where a transfer is made to or from a mobile money account, E-Levy may be exempted.

### **Impact of E-Levy on receipts**

If your business is registered with the GRA for income tax or VAT purposes (or both), payments made to you should qualify as SMPs and will therefore be exempt from E-Levy. This is regardless of whether the payment was by card, bank transfer, mobile money transfer or an instant pay application.

As mentioned above, GRA intends to limit SMP designations to businesses who meet a minimal level of tax compliance such as consistently filing of returns. Therefore, a mere registration with the GRA for income tax and/or value added tax purposes may soon not suffice for a SMP designation in practice.

### **Key Takeaways**

The E-Levy is likely to impact how customers and businesses transact with each other. As a business,

you will need to structure your affairs so that consumer choices do not negatively impact your business. For instance, as the law has made provision for SMP status, you may want to consider taking steps to ensure that payments to your business fall under the SMP category. This would include ensuring your business is tax compliant. You may also take steps to deal with other companies that have SMP status. In addition to saving your business costs, you would also be encouraging other businesses to be tax compliant.

### **How PwC can assist**

In addition to the above, PwC Ghana has built competencies in tax compliance, advisory and payroll services over the years. We can assist your business by conducting a detailed review of your taxes to assess the level of compliance with both direct and indirect taxes and quantify any potential tax liabilities.

PwC also has the capacity to conduct training for your staff on both new and existing grey areas of tax compliance, advisory, payroll and corporate administration (company secretarial) related issues and can train your staff to fully understand the compliance requirements and tax implications of these tax laws to your operations.

Finally, if your business is in Sierra Leone or The Gambia, PwC is happy to partner you in those jurisdictions as your trusted advisor.



# E-Levy





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- Negotiation and monitoring of service standards of shipping service providers.
- Research on emerging issues in Ghana's shipping and logistics industry.
- Management of maritime databank, publication of Maritime Trade and Transport Statistics (Digest) and publication of Shipping Review - a quarterly Shipping Journal.
- Facilitation and promotion of the transit trade along Ghana's transit corridor.
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- Provision of relevant information/data as a contribution to the formulation of shipping and logistics policy in Ghana.



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Front row, from left to right: Dr. Kwesi H. Darke, President of AGI, Hon. Henry Quartey, Greater Accra Regional Minister, Mrs. Kate Quartey-Papafio, CEO of Reroy Cables Ltd.

## NEW FACE OF ACCRA:

# AGI COLLABORATES WITH ARCC TO SET UP ACCRA CITY DEVELOPMENT & INVESTMENT AGENDA

The Association of Ghana Industries (AGI), in conjunction with the Greater Accra Regional Coordinating Council (ARCC), held the Greater Accra Investment Opportunities Conference on Friday, 22 April, 2022 on the theme “The New Face of Greater Accra: Collaborative Cities and Private Sector to Achieve Accelerated Development”.

The forum, which was organized at the AMA Conference Hall, drew foreign investors, Metropolitan, Municipal, and District Chief Executives, City planners, and Captains of Industry to primarily deliberate and brainstorm on Strategic investment areas for the achievement of the Accra City Development Agenda.

Opening the event, the Greater Accra Regional Minister, Hon. Henry Quartey, expressed appreciation to the AGI for the collaboration towards the development of the capital city. He indicated that the private sector is a key part of the “Let’s Make Greater Accra Work Again” agenda his ministry is currently pursuing.

The Minister stressed that the partnership between the AGI and his Ministry in working together will lead to the rebuilding of the country’s capital into an investment hub for the West African sub-region. He



Dr. Kwesi H. Darke, President of AGI

made this known after proposing the redevelopment plan of Accra to stakeholders at the Conference.

The plan as part of many other initiatives will include the building of a modern automobile hub in Afienuya, Shai Osudoku District, to house all Accra-based dealers of vehicle spare parts and other accessories.

Dubbed “West Africa Automotive Hub”, the hub is expected to house vehicle spare parts dealers currently operating in Abossey Okai and other parts of the Greater Accra Region once it is completed.





*Hon. Henry Quartey,  
Greater Accra Regional Minister*



*Dr. Kwesi H. Darke, President of AGI and participants  
in the event visit the Agbogbloshie demolished site*

The automobile village will be part of mechanisms being undertaken by the Government in achieving the “Let’s Make Greater Accra Work Again” initiative which seeks to decongest and modernize Accra.

According to Hon. Quartey, the hub is projected to transform the Greater Accra Region’s economy into one of service excellence and technology innovation.

In his remarks, the President of the AGI, Dr. Kwesi Humphrey Ayim Darke, took to the occasion in pledging unflinching commitment by AGI to support the Government in redeveloping Accra.

He reassured the minister that AGI will mobilize investors to build Accra into a modern status with a clean environment, state-of-the-art infrastructure, and a haven for residents in Accra.

“The AGI acknowledges Government’s efforts to attract and retain investments in Ghana, so we seek to affirm our support for the noble initiative championed by Mr. Quartey. The AGI has also followed with keen interest



the dynamism of the regional minister and his agenda to transform the capital city and we are determined to extend our support to attain these set goals,” the AGI President said.

He added that the vision of the Ministry will require all-hands-on-deck within the private sector, especially the industrialists.



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# DOING BUSINESS IN

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## SETTING UP PROCEDURES

### 1 Registration with Registrar General's Department

Incorporate a company at the Registrar General's Department (RGD) and obtain the following:

- ❖ Certificate of incorporation and TIN number
- ❖ Company Regulation
- ❖ Certificate to commence Business

### 2 Registration with Registrar General's Department

Foreign investors are required to comply with the GIPC Act 2013 (Act 865) regarding minimum equity requirements either in cash or in capital goods relevant to the investment; or a combination of both. By way of equity participation, the breakdown is as follows:

- ❖ US\$200,000 for Joint Venture with Ghanaian partner having not less than 10% equity participation,
- ❖ US\$500,000 for 100% foreign ownership,
- ❖ US\$1,000,000 for Trading Activity with a minimum of 20 skilled Ghanaians employed by such an enterprise.

\*There is no minimum equity requirement for foreigners interested in the following sectors: manufacturing, export trading and portfolio investment.

i. Bank Account – open 2 corporate accounts (foreign and local) with a local bank of your choice.

ii. Bank Transfer – Effect a bank to bank transfer of minimum foreign equity requirement, which will be converted into local currency (Ghana Cedis).

This transaction should be confirmed to the Bank of Ghana by the investor's local authorized dealer bank. Bank of Ghana in turn confirms this transaction to GIPC for the company's registration purposes.

iii. Equity in kind (Capital Goods) – in the case of equity in kind (in the form of imported machinery, equipment and goods) all documents covering such imports should be in the name of the registered company and evidenced by the following, which should be submitted to GIPC for registration purposes:

- a. Bill of lading/ Airway Bill (original)
- b. Destination (Ghana) Inspection Certificate
- c. Custom Bill of Entry (original document)
- d. Import Declaration Form (IDF)
- e. Certified/Final Invoices
- f. Evidence of Capitalization – form 6 from the Registrar General's Department
- g. Original receipt of payment for duty & other fees

### 3 Registration with GIPC

The Investor then registers with the GIPC (after paying the relevant fees) for the process to be completed. This procedure takes five (5) statutory working days to complete, provided the registration forms and all supporting documents are in order.



## INVESTMENT INCENTIVES

### 1 Custom Duty Exemptions for Capital Goods & Equipment

Capital goods (plant, machinery and equipments) are eligible for exemption under the section 26 (2) of the GIPC Act 865.

### 2 Automatic immigrant quotas depending on paid-up capital

All wholly Ghanaian-owned enterprises and enterprises with foreign participation seeking immigrant quota facilities in respect of expatriate personnel (experts) for their businesses should satisfy the relevant minimum capital requirements specified under Section 35 of Act 865. Immigrant quota request is by a letter to GIPC with the following documentation:

- ❖ Cover letter addressed to the CEO (letter to indicate name of expatriate and position in the company)
- ❖ Resume or curriculum vitae of the expatriate
- ❖ Copy of biodata page of passport
- ❖ Copy of employment contract

### Minimum Quota Threshold (US\$)

1 Person(s)	50,000 ≤ paid up capital < 250,000
2 Person(s)	250,000 ≤ paid up capital < 500,000
3 Person (s)	500,000 ≤ paid up capital < 700,000
4 Person (s)	700,000 < paid up capital

### 3 Strategic Investment Incentives

Under Section 26 (4) of the GIPC Act 865, specific incentive packages may be negotiated for, in addition to the incentives and benefits available under various legislations e.g. customs and taxation laws.

### 4 Strategic Investment Incentives

- ❖ Guarantee against Expropriation
- ❖ Repatriation of dividends and profits after tax
- ❖ Payments in respect of servicing of foreign loans
- ❖ Transfer of fees for technology and service agreement
- ❖ Remittance of proceeds in the sale or liquidation of investment  
Bringing in freely convertible currency through authorized dealer banks



*Dr. Kwesi Humphrey Ayim Darke (second right), President of AGI, Hon. Mr. Mahama Asei Seini (fifth right), Deputy Minister of Health, Hani Abu Zaid, second right), President of the Supreme Council for Arab-African Economy, Hajj Mukaila A. Akuamoah, (CEO), Africa-Arab Investments Hub Limited, Hon. Osei Assibey, Executive Director of National Service Secretariat, (extreme right)*

## The Supreme Council of Africa-Arab International Economy Pledges Support to Private Sector Projects in Ghana

The President of the Supreme Council for Arab-African Economy, Hani Abu Zaid, has pledged to mobilize funds of 2.8 billion Euros to support various projects in Ghana with focus on health, education, oil and gas and construction in Ghana.

Abu Zaid revealed this at a programme at Kempinski Hotel in Accra where the Summit took place.

He said the group would consider investing first in the health sector, to build 100 hospitals across all 16 regions in support of Government agenda to improve the health sector.

Abu Zaid also added that as part of the health project, he is considering building a University to train doctors, nurses and health workers in the country. In addition, they will build a smart city, which would create as much as 150,000 jobs in the country.

The Chief Executive Officer (CEO), Africa-Arab Investments Hub Limited, Hajj Mukaila A. Akuamoah commended the President of the Supreme Council for Arab-African Economy, Hani Abu Zaid, and expressed confidence, that such projects in Ghana would not only boost the economy but also create jobs.

He called on other investors to emulate the kind gesture of the President of the Supreme Council for Arab-African Economy.

The Association of Ghana Industries (AGI) pledged support and commitment to the Supreme Council of Africa-Arab International Economy relations at the Arab-African Economy Summit meeting in Accra.

Speaking at the summit, the President of the AGI, Dr. Kwesi Humphrey Ayim Darke, expressed the importance of a strategic collaboration between his outfit and the Arab-Africa Economic alliance.

“Our presence today to be part of this programme shows our commitment to working with the Supreme Council of the Arab-Africa Economy towards a common interest in the space of global industrialization”, Dr. Ayim Darke stated.

He expressed the hope that the strategic partnership would support the growth of business between the two countries, and advance business linkages, technology, as well as innovation exchanges, knowledge sharing, and investment support.

He also revealed that the impact of Arab economic contribution to Africa and Ghana, in particular, was mainly stretched across the Energy, Agricultural, Educational, Transport, and Health sectors, not excluding education, health care, and road construction among others.

The summit which was held at the Kempinski Hotel

in Accra hosted several dignitaries, including the Executive Director of the Supreme Council for Africa-Arab Economy (Ghana) - Haji Mukaila A. Akuamoah, and Chairman/President of the Supreme Council for Africa-Arab Economy - Hani Abu Zaid.

Also in attendance were representatives of companies and stakeholders of various industries such as holders of GEPA, GIPC, GFZA, and the Ghana National Chamber of Commerce and Industry, who gave presentations on the "Investment Benefits in Ghana" as well as operational goals of their respective organizations.





# MOTI LAUNCHES

## BUSINESS RESOURCE CENTRES

The Ministry of Trade and Industry has formally launched the establishment of 67 Business Resource Centres (BRCs) as part of the Government's Industrial Transformation goal under the Rural Enterprises Programme (REP).

With funding from the African Development Bank (AfDB) and the International Fund for Agricultural Development (IFAD), the BRCs has the objective to primarily to support the growth and competitiveness of micro, small and medium enterprises (MSMEs) as well as the One-District, One-Factory (1D1F) companies.

The BRC is a one-stop enterprise support centre at the district level designed to provide business development services including the identification of business opportunities, business plan preparation, facilitation of access to finance and credit as well as business health checks, otherwise known as business diagnostics.

Minister of Trade and Industry, Alan Kyerematen, in his keynote address at the launch stated that the key to Ghana's economic transformation does not just lie in the country's national resource endowment but rather in how it mobilizes human capital and unleashes the entrepreneurial spirit of Ghanaians.

He pointed out that many developed nations had seen economic growth by focusing more on building strong MSMEs that had evolved from family-owned businesses into multinational corporations. "The great nations of this world are not where they are because of their natural resource endowments. If that were the



*Hon. Alan John Kwadwo Kyerematen,  
Minister, Trade and Industry*

case, countries like Singapore, South Korea and Japan would be among some of the poorest countries in the world and indeed Africa would be the richest," he said.

"Those countries are where they are because of their commitment to private enterprises and the development of entrepreneurship. This is why individuals in great countries such as the United States make an annual turnover higher than the Gross Domestic Product of Ghana," he added.

He added that in order to put Ghana on the correct track, three major issues needed to be addressed: employment, low revenue mobilization, and a lack of sustained inflow of foreign exchange resources. "Every year, over 300,000 people graduate from our tertiary institutions. If we add this to those who complete second-cycle institutions and those who do not even make it to the second-cycle or tertiary level, nobody needs to convince us that unless we find a structured solution to deal with unemployment, we





Mr. Kwasi Attah-Antwi, National Director-Rural Enterprises Programme (REP)

will have national security challenges on our hands,” he said.

He asserted that the government must drive the public sector to support MSMEs institutionally and by providing more development services, since doing so would encourage MSMEs to start paying taxes, which would contribute to solving the issue of low revenue mobilization.

“The country needed export revenue to be able to finance the development agenda and also support the local currency, and that could be achieved if MSMEs were supported”, he said.

“Currently, the Trade Ministry, Ghana Enterprises Agency (GEA), and REP have finalized the legal, regulatory, and institutional structures for the operations of the BRCs and also providing the necessary technical backstopping to ensure smooth operations for the BRCs,” he added.

C.E.O – Ghana Enterprises Agency (GEA), Kosi Antwiwaa Yankey-Ayeh, said the launch was a momentous occasion for MSME because it coincided with MSME Day, a day set aside to recognize the importance of



Kosi Antwiwaa Yankey-Ayeh, C.E.O – Ghana Enterprises Agency (GEA)

MSME to sustainable development and the global economy.

“I would like to take this opportunity to celebrate every single business in the world but particularly businesses in Ghana,” she said.

With regard to their anticipated responsibilities and commitment to assume full custody and management of the BRCs under a franchising model, where the facilities would be managed by Private Sector Operators, the REP and the GEA signed a Memorandum of Understanding at the event.

Under the terms of the present agreement, the REP is required to hand over documents comprising all of the assets and details on the finished BRCs to the GEA. In order to guarantee the sustainability of operations and facility upkeep, a franchising agreement between the GEA and operators was also signed on the occasion to that effect.

Currently, there are 30 BRCs under construction and 37 in operation across strategically selected districts in the country.(GEA), and REP have finalized the legal, regulatory, and institutional structures for





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## THEY TRUST US



# The Tema Lube Oil Company launches 30<sup>th</sup> Anniversary Celebration



From left to right: Mr. Amos Donkor, MD, TLOC, Mr. Tsatsa Tsikata, Fist Board Chair, TLOC, Madam Alpha Okaija-Welbeck, Director of Economic Regulation and Planning of NPA Mr. Samuel Anguah, Former MD of TLOC

The Tema Lube Oil Company (TLOC), a lubricant blending factory in Ghana, and active member of the Association of Ghana Industries (AGI), has begun its 30th-anniversary celebrations, which will honour the company’s founding fathers’ efforts and contributions to its success.

The National Petroleum Authority Director of Economic Regulations and Planning, Madam Welbeck, stated that at the 30th Anniversary launch of the Tema Lube Oil Company (TLOC) and indicated that the theme for the celebration “30 years of producing world-class lubricant,” summed up what the company had been up to over the past three decades producing world class lubricant.

“Your hard work and dedication have paid off and to

see that, the company whose establishment was as a result of government’s decision and in line with its policy on privatization, is still on its feet celebrating its 30th anniversary,” she added.

Madam Welbeck praised TLOC for successfully obtaining the International Organization for Standardization (ISOs) certification including ISO 9001: 2015, in Quality Management System, 14001: 2015, Environment Management, and ISO 45001: 2018 in Occupation Health and Safety Management System.

Chairman of the Board of Tema Lube Oil Company, Mr. Alex Josiah Adzew, stated that, although the company had changed over the years there was the need to recognize the founding founders of the organization for





establishing operational mechanisms that have led to current growth and success of the company.

As a modern scientific and technology-based factory, he said, it was a vital entity to invest in and support the government’s ambition of upscaling science teaching and learning in schools, particularly in under-resourced schools.

Mr. Adzew advised the public to buy Tema Lube Oil Company products, such as engine oils, industrial oils, gear oils, hydraulic oils, other machine oils, and other items, so that they can continue to deliver such projects to schools, hospitals, and communities.

The Company’s first Chairman of the Board of Directors Mr. Tsatsu Tsikata, claimed the company was planned to be commercially administered with equity participation from various Oil Marketing Companies from its foundation in 1992.

He said it was the result of that arrangement that

the Ghana National Petroleum Company (GNPC) was encouraged to take all the necessary steps to ensure the establishment of the company.

“There is a calibre of engineering talent in this relatively highly driven company which moved for all these achievements over the period by these small institutions, indeed from the very onset,” he said.

Mr. Tsikata lauded TLOC for its success and continuous improvement in its performance over the past three decades and commended the current Board, Management, and Staff for the increase in plant capacity as well as the financial performance of the company.

Managing Director of the Tema Lube Oil Company, Mr. Amos Donkor, said it had for the past 30 years been producing lubricants to feed the market through the wholesale marketing of its production to oil marketing companies and institutions both locally and internationally.

“Since the inception of the company, we have been adding on to everything we have, the manpower, list of achievement, areas we deal in within to the enthusiasm and dedication for work and responsibility, in our view, we have made the dreams of our forefathers come through.” He stated.

He did say, however, that the introduction of low-cost inferior lubricants into the market had a considerable detrimental influence on volumes, and that the lack of a legalized National Minimum Standard for lubrication was a key contributor to the situation.





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# IEA HOLDS ECONOMIC DISCOURSE

The Covid-19 outbreak and the Russia-Ukraine war are two recent worldwide disasters that have prompted an economic discourse by the Institute of Economic Affairs (IEA), Ghana in response to how best the economy can be stabilized.

Dr. John K. Kwakye, Senior Research Fellow at the IEA, Dr. Kwesi Humphrey Ayim Darke, President of the Association of Ghana Industries (AGI), and Prof. Alexander Bilson Darku, Visiting Scholar at the IEA and Editor of the Ghana Policy Journal (GPJ), were among the prominent economists who addressed that day

Director of Research (IEA) Dr. John K. Kwakye, urged the government to spend a portion of the windfall from the rise in crude oil prices on the world market to help Ghanaians pay less at the pump. He did so through his presentation on the theme, “Rethinking Inflation Management in Ghana in the Wake of COVID-19 and Russia-Ukraine War”

According to the statistical data Dr. Kwakye presented, since the price of petroleum products is one of the key factors contributing to the nation’s inflation, adopting this move will help to manage it and bring it down to sustainable levels.

He reaffirmed that the Bank of Ghana (BoG) and the central government must work together to solve the distinctive, cyclical nature of Ghana’s inflation, adding that the latter must accept ultimate responsibility for the inflation situation.

He added that managers of both monetary and fiscal policy needed to concentrate on an all-encompassing strategy that targeted both the demand and supply drivers of Ghana’s inflation.

He noted that Ghana’s inflation had a strong supply and cost undercurrents management tool for managing inflation.

“Also, in Ghana where wages, incomes, and aggregate demand are low and most people live from hand to mouth, to attempt to squeeze demand further through IT framework can exacerbate economic hardship”, he said.

Referencing the recent statement by US Federal Reserve Chairman Jerome Powell that raising the Fed rate would not directly affect the cost of food and fuel, which are the main determinants of the present inflationary trend, he touched on the prospect of another policy rate hike.





“If food and fuel are drivers of the US inflation and the Fed rate will not have any effect on them, then what is justification for successive increases - and the signal for further increases in the rate, ostensibly to contain inflation?” he asked.

Dr. Ayim Darke underlined the importance of strengthening the country’s agro products value chain. To increase the value of agricultural products, he opined that industries needed to be supported to process more produce grown in the country.

He said Ghana’s reliance on exporting raw materials and importing finished products contributed to the country’s persistent demand for foreign Currencies. The government’s policy of Modernising agriculture, and the One-District-One-Factory should be improved to speed up the process of industrialization.

According to Prof. Bilson Darku, the visiting scholar, the poor and underprivileged in society bear a disproportionate amount of the burden of inflation.

Therefore, he said, the central bank needed to concentrate on finding ways to prevent those people’s standard of life from getting worse.

According to Prof. Darku, for inflation targeting to succeed, it must be reviewed and modified to allow for the unique circumstances faced by the nation.



Since practically every consumer good has been impacted while wages and most earnings have essentially stagnated, Ghanaians are going through unimaginable socioeconomic hardships.

When compared to other countries in Africa and internationally, Ghana’s inflation record reveals high levels of inflation in the past.

The IEA believes it is essential to promote discussions of the global inflation situation and offer solutions to be made available to policymakers for their attention and subsequently drive necessary action since Ghana is facing its fair share of the global inflation crisis.



*Dr. Kwesi H. Darke, President of AGI*



*Professor Alexander Bilson Darku, Editor of Ghana Policy Journal (GPJ)*



*Dr. J. K. Kwakye, Senior Economist at the IEA*



# Refresher Course For

## GARMENT, LEATHER AND TEXTILES SECTOR MEMBERS OF AGI



Mrs. Doris Kessie, (fifth right), Chairperson for AGI Garment, Leather and Textiles Sector, Mr. Della Gadzanku, Regional Chair, AGI, Volta, Eastern and Oti (Extreme left)

Members of the Association of Ghana Industries (AGI) have been advised to participate in capacity-building training programs on a regular basis in order to keep up with modern business trends.

AGI Sector Chairperson for Garment, Textiles, and Leather, Mrs. Doris Kesse, who made the call, noted that low attendance and participation in refresher training programmes had been a major concern to the Association.

She told the media following a round table discussion with Association members in Kumasi that active involvement in training programmes will assist in alleviating most of the challenges that members have in their operations.

Mrs. Kesse pointed out that although the garment, textile, and leather industries, for example, were very profitable, the absence of trained craftsmen had been a major hindrance in the sector.

The problem was more persistent at larger companies, which employed a large number of employees, but few of whom were skilled in the use and repair of machinery.

“If you have a factory but you do not have skilled technicians when the machine gets damaged you have to wait for a mechanic from outside” she explained, emphasizing that such instances curtail work output.

According to the AGI Sector Chairperson, her organization is focusing on frequent training sessions for its members in order to enable their network with skilled technical personnel to assist with the operations of machines and tool repairs.

The workshops, she added, would also ensure that competent technicians were hired to repair sophisticated machines in the garment and textile factories.

Madam Hawa Braimah, Vice-Chairperson of the AGI Ashanti and Brong-Ahafo Chapters, urged that the Association advocate for scholarships for members to update their skills in international business trends.

She explained that the move would encourage beneficiaries to demonstrate their knowledge in the community in order to promote their enterprises.

Following the meeting, members visited the UNIJAY Fashion School in Asokwa, Kumasi.



# AGI PARTNERS GEA ON NORTHERN BUSINESS AND INVESTMENT FAIR 2022



The Association of Ghana Industries (AGI), in collaboration with the Ghana Enterprises Agency (GEA), has organised the Northern Business and Investment Fair 2022 to advance business and investment undertakings in the Northern sector of Ghana.

The four-day event, which commenced on May 31, took place in the Northern region's capital, Tamale, and was held on the theme "Harnessing Business Opportunities for Accelerated Development" with the goal of achieving investment promotions through interactive networks with Northern businesses.

The business and investment fair was primarily create to serve as an enabling platform where stakeholders can come together and deliberate on economic development issues focusing on micro, small, and medium (MSMEs) enterprises in the Northern Region.

The fair was also organized to strategically encourage the youth of Northern Ghana toward innovation and creativity which would aid in overcoming the many challenges confronting them. Businesses within the Northern sector often have to deal with challenges such as an unfavourable business environment and the lack of requisite technical know-how to succeed in their respective business endeavours.

As such, Northern Zone Regional chairman of AGI Alhaji Osman Sahanoon Kulendi in the fair's open speech said it was part of an initiative to grant the Northern Region the opportunity to improve on economic development.

"It is our fervent hope that this business and investment fair if maintained would provide us the needed vehicle for the said purpose", he stated.

The event accommodated various existing and growing businesses to exhibit their products and services to prospective clients within the Northern areas of Ghana.



Alhaji Kulendi highlighted the point that the Northern sector is endowed with numerous potential and opportunities to be untapped.

“The challenges to our Northern businesses are how to position our enterprises through building our capacities and forming the right alliances” he stated.

“I have no doubt we can do better but not without changing the current status quo of weak interbusiness collaboration and partnership building among ourselves”, he added.

In spite of these challenges, he disclosed that the Northern sector branch of AGI AGI had facilitated an amount of GHC1,000,000.00 financial support to members through the Ghana Enterprise Agency under the COVID-19 alleviation program – Business Support Scheme (CAPBUS).

Alhaji Kulendi stated that AGI had also liaised with the World Food Programme and GIZ to establish a common-user agro-processing facility in Wa and Tamale. He added that this will provide small-scale food processors and food entrepreneurs with the opportunity to use modern commercial equipment that met national and international health requirements for agro-processing facilities.

Northern Regional Director of GEA, Mr. Mathew Azoya, said, accessible markets and networks had been a challenge for MSMEs within the Northern sector. He further said GEA had helped MSMEs to digitalize and position them to be able to use digital platforms to market their products globally.

Adding her voice to what had transpired at the fair, Representative and Country Director of the World Food Programme, Ms. Barbara Tulu Clemens, indicated that her outfit would continue to work with AGI to expand the private sector agro-processing centres to produce foods of international standard.

Mrs. Tulu was optimistic that the exportation of good foods will improve the livelihood of the local farmers.

Mr. Sugandh Rajaram, India’s High Commissioner in Accra called, on stakeholders to support the Government to create a platform that would deliberate on economic development of the Northern sector to promote the mass production of foodstuff to improve food security in the country. He gave the assurance that Indian Government would continue to partner Government of Ghana to strengthen the business sector in the Northern Region and the country as a whole.



# 100 SMEs benefit from Invest for Jobs

## Green SME Networking Festival

*From left to right: Mr. Michael Mensah-Baah, Deputy CEO, DBG, Mrs. Kosi Yankey-Ayeh, Chief Executive Officer of the GEA, Mr. John Duti, Team, Leader of Invest for Jobs at GIZ Ghana, Mr. Seth Twum-Akwaboah, CEO of AGI*



More than 100 Small and Medium-sized Enterprises are participating in a three-day Green SME Networking Festival” aimed to help them create decent jobs and improve eco-friendly production and products in Ghana.

Organised by Invest for Jobs, an initiative of the German Federal Ministry for Economic Cooperation and Development (BMZ) and the Ghana Enterprises Agency, was on the theme: “Promoting Green Business Practices for a Sustainable Future.”

The event will bring together a number of representatives of business associations and Government agencies such as Development Bank Ghana, Ghana Export Promotion Authority, Association of Ghana Industries, and the Management Development and Productivity Institute.

The initiative is implemented by the Deutsche Gesellschaft für Internationale Zusammenarbeit (GIZ) GmbH.

The three-day festival will witness the participation of 100 SMEs with an interest in eco-friendly manufacturing, mainly from the agro-processing, fashion & textile, and cosmetics sectors.

The SMEs will partake in a series of business games and workshops on various topics related to eco-friendly and sustainable business practices.

There will be seminars on access to markets through the African Continental Free Trade Area (AfCFTA) and e-commerce offered with the support of the German Alliance for Trade Facilitation and the Pan-African e-Commerce Initiative, both programmes also implemented by GIZ.

Additionally, the participants will be able to engage in business-to-business meetings, network with financial service providers and business associations, pitch business ideas, and participate in product exhibition events.

The main exhibition will take place on Friday, July 29 and is opened to the public to enable them have the opportunity to discover the various products of the 100 SMEs.

Commenting at the launch, Mr. John Duti, Team Leader of Invest for Jobs at GIZ Ghana, explained that promoting the green agenda is one of the key focus areas of Invest for Jobs and its commissioning body, the German Federal Ministry for Economic Cooperation and Development.

He highlighted that SMEs have a key role to play in the green agenda and encouraged them to rethink their business models in an eco-friendly way to ensure sustainable business growth.

Mr Duti said the businesses were selected based on their job creation potential and efforts and interest in innovative and green business approaches.

He said it was important for the businesses to think green because of the challenges with climate change and negative practices, which are endangering lives. "Experts have warned that if we do not undertake urgent steps to stop this global warming by applying green concepts to our businesses, we stand the danger of increasing the number of environmentally

related crises, increased hunger levels, mass migration challenges, as well as other social and economic disasters," he said.

He said the key focus areas of the Invest for Jobs programme was on promoting the green agenda across various spheres. "We believe "green" is the way to go now, and we encourage all to come on board in changing the narrative," he said, adding that SMEs have a key role to play in the green agenda.

"I am very hopeful that this Green SME Networking Festival provides the tools to overcome the challenges that Ghanaian SMEs face. Our ambition is to encourage environmentally friendly business growth and job creation," Mr Duti added.

For her part, Mrs. Kosi Yankey-Ayeh, the Chief Executive of the Ghana Enterprises Agency, lauded the 100 SMEs for their interest in adopting green business concepts and emphasized the need for Ghanaian SMEs to align themselves towards the green agenda.

According to her, "there is an increasing consumer demand for products with decreased negative sustainability impacts, making businesses with these products and business concepts more competitive than others, hence the need to go green."

She said sustainable business practices had become a moral imperative and with the relevant tools and information will also make excellent business sense.

She commended the GIZ for their continuous support to the sustainable growth and giving Micro, Small and Medium (MSME) Sector the financial incentive of genuinely participating in the generational transition to contribute to an entirely new way of powering the world over the years.

"This strategy falls in line with the government's goal to create jobs for our teeming youth on a sustainable basis," she said and urged the participants to take advantage of the opportunity presented at the event.

Following the Accra edition, the Green SME Networking Festival will take place in Kumasi in August and Tamale in October this year.

Source: GNA

# Message By Mrs Yang Yang, Chief Executive Officer, Zonda Tec Ghana

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# AGI EU Holds SME Investor-Readiness Forum



The goal of the event was to raise awareness of impact investments and private equity funding opportunities available in the country. It also sought to build competitiveness among entrepreneurs in becoming investor-ready to enhance business operations.

CEO of AGI, Mr. Seth Twum-Akwaboah in his opening remark said, the Investment Promotion and Business Linkages Project is one of the key projects managed by AGI to ensure investment promotions in the form of equity funding.

“Our quarterly Business Barometer report has consistently pointed out that funding is a major challenge to industries and that is what has informed our engagements with government over the years on developing special development funding for industry and we are glad it has resulted in the creation of the Development Bank of Ghana.”

The Development Bank of Ghana has signed a Memorandum of Understanding with us to support members with finance and capacity building programmes and we urge you to package your companies to apply for the facility.

Mr. Twum-Akwaboah also stated that this forum is very important because it is expected to open the deliberations to various sources of funding available to your companies and it will serve as a precursor to the

The Association of Ghana Industries (AGI), in conjunction European Union (EU), has held an investment forum between the investor community and entrepreneurs of Small and Medium Enterprises (SMEs) on how business owners would best position themselves for investor funding within Ghana.

The event is a component of the Ghana Employment and Social Protection (GESP) Programme under the auspices of the European Union (EU) and was organized on the theme “Impact Investments as a Viable Option for Capital Acquisition” as part of the Investment Promotion and Business Linkages Project.





upcoming Ghana Industrial Summit and Exhibition set for August this year which is focused on investment promotions and funding for business enterprises.

Mr. Johnson Opoku Boateng, AGI's Director of Business Development Services, said the event was primarily intended to increase the competitiveness and capacity of SMEs in the country, allowing them to realize their full potential into becoming global giants.

“But we also realized that there are numerous investors locally who can invest in our enterprises, so we brought them to have a direct interface and deliberations with members” he said. “So, this is the start of a new era in which businesses will be closer to investors. “



He added that “we have realized that the connection between investors and industry has not been there and so, AGI seeks to bridge the gap to ensure that our companies within Ghana will have access to funding from the investor community within Ghana.”

He stated that the event provided an opportunity for impact and private equity investors to connect with the attendees, who were mostly business owners, on how to acquire investment effectively and efficiently.

The event forms part of the overall objective of the Ghana Employment and Social Protection Programme (GESPP) Programme to contribute to inclusive growth in Ghana by strengthening social protection and employment systems in the country.





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# GHANA – TRADE COMPETITIVENESS DIAGNOSTIC:

## Strengthening Ghana's Trade

### Competitiveness in the Context of AfCFTA



#### Executive Summary

1. Trade expansion and integration into the global economy have historically been central to creating new, higher-productivity jobs that facilitate growth through structural transformation. Recent literature on trade and development shows that developing countries have two different but complementary pathways for achieving economic transformation and growth through trade: namely manufacturing-led exports and services-led exports. The East Asian experience of manufacturing -led exports over the past three decades provides empirical evidence of the potential for trade to be an engine of growth and poverty reduction<sup>1</sup>[1]. Historically, experts have been skeptical about the chances of Sub-Saharan Africa countries' ability to follow the development model of the East Asian countries, given the region's weak performance in the manufacturing sector. However, the potential for increased participation in Global Value Chains (GVCs) and deeper regional integration under the Africa Continental Free Trade Agreement (AfCFTA), represents a paradigm shift in exploiting both economies of scale and scope, accessing larger markets, increased avenues for technology diffusion and productivity spillovers.
2. Empirical research has also shown that services trade, especially in the context of a strong digital infrastructure, is increasingly creating opportunities for scale and scope, innovation, and increased productivity. According to recent research findings<sup>2</sup>[2], the digital economy is expanding access to markets and opportunities for innovation in the services sector. Services are also becoming increasingly important as enablers for a wide range of sectors, as is best illustrated by the blurring lines between services and manufacturing. The choice for policy makers is no longer whether to support services or manufacturing, but how to best leverage the potential of the services sector to deliver productivity growth, export growth and job creation. By categorizing the services sector based on the same features that have characterized the manufacturing-led development model: scale and now scope, innovation, spillovers, and job creation for low-skilled labor, it provides a framework for countries to identify policy priorities that can help leverage the potential of the services sector for services trade, jobs and economic transformation.
3. The report focuses on Ghana's export performance in goods and services and examines the possibility of leveraging trade policies to accelerate export diversification and economic transformation. The first part examines Ghana's export performance for both goods and services, over the pre-COVID period (2010-2019). It focuses not only on growth and composition, but also on different performance dimensions, such as diversification, sophistication, and firm dynamics. The second part explores how, going

1 <sup>[1]</sup> See for instance Edwards (1992), Sachs & Warner (1995), Frankel & Romer (1999), Dollar & Kraay (2004), and Romalis (2007).

2 <sup>[2]</sup> Gaurav Nayar, Mary Hallward-Dreimeier and Elwyn Davies (2021) : At your Service-The Promise of Services-led Development

forward, Ghana can promote export diversification and higher value addition by strengthening the country's trade competitiveness, enhancing the regulatory environment of services trade, deeper integration into global value chains (GVCs), and the promotion of intra-Africa trade, as envisaged under the AfCFTA.

4. The main findings of the report are as follows; (i) Ghana's merchandise trade competitiveness has declined over the last decade, resulting in the decline in number of exporting firms and the participation in Global Value Chains (GVCs), (ii) nonetheless, there have been improvements in transport logistics and access to ICT infrastructure, which can be leveraged for more diversified trade and economic transformation. (iii) the impressive performance in services exports, especially in the innovative and dynamic segments of the sector, underscores the potential for leveraging the service sector for economic transformation in Ghana, and (iv) the establishment of AfCFTA offers significant opportunities for increased intra-Africa trade and deeper regional integration.

### Recent Trade Outcomes (2010-2019)

5. In the past decade (2010-2019) Ghana's external trade grew alongside a strong pre-COVID economy, thanks to its extractive sector. Ghana's economy grew by annual average of 6.4 percent of GDP over the period 2010-2019, underpinned by a strong external trade performance. However, the level of concentration of Ghana's merchandise export base has increased over the past decade. In 2019, exports of extractives constituted more than 70 percent of total exports compared to close to 60 percent in 2010. Participation in global value chains declined and remain lower than key comparators such as Kenya and South Africa. Ghana's trade competitiveness declined during the same period. The recent entry into force of the African Continental Free Trade Area (AfCFTA) offers significant opportunities to Ghana to expand and diversify exports, improve productivity through reaping of scale economies, integrating into global value chains and attracting more inflows of foreign direct investments (FDIs).
6. While the economy benefited significantly when primary commodity prices increased, the vulnerability of Ghana's economy to external shocks as was evidenced by the collapse in crude oil prices during the Covid-19 pandemic. The shift of resources to the extractive sector resulted in little progress in improving the sophistication of exports, which remained below that of most comparators by 2019. Diversification of non-fuels goods exports was limited: while Ghanaian

exporters appear to have had some success in capitalizing on entry into new markets to increase the range of their existing export products, the contribution to export growth of new non-fuel products over 2015-19 was minimal. Ghana does not appear to be taking advantage of export opportunities: as a share of the total available markets for its exported products, Ghana's exports are reaching 6.5 times less than South Africa and nearly four times less than the level of Vietnam. The increased importance of hydrocarbons exports also resulted in an increased concentration of exports and a decline in the number of exporters, relative to population and in absolute terms.

7. The good news is that Ghana has strengthened its comparative advantage as a regional business hub, which can be leveraged for more diversified trade and economic transformation. First, Ghana continues to make progress in terms of transport logistics; expansion and improvement of critical infrastructure such as the seaports and air transport services. Second, the potential benefit offered by the AfCFTA (about 0.5% additional GDP growth per annum over ten years) – is very significant and should motivate the Authorities to follow up with the outstanding negotiations and implementation of the AfCFTA protocols. Third, the impressive performance of Ghana's services trade over the last decade, is a good indicator of Ghana's potential for achieving its diversified trade agenda in the medium to long term. This is because improved services trade, particularly in dynamic and innovative subsectors, by itself contributes to structural transformation, trade diversification and export growth. Besides, improved performance of services sector is a critical input toward ensuring efficiency of the manufacturing sector and capacity for upgrading the country's participation in GVCs.
8. Over the period under review, Ghana's trade in services quadrupled in value and more than doubled its contribution to GDP, from 14 percent to 31 percent. Exports of services expanded almost six-fold, increasing from 5 to 15 percent of GDP. Imports of services, on the other hand, increased from 9 to 20 percent of GDP. Services generated nearly half of total export value added,<sup>3</sup> outperforming comparators, such as Kenya, South Africa, Cote D'Ivoire and Nigeria. Since 2015, Ghana's largest exported services were professional services, trade-related services, and other business services, which experienced a significant spike between 2014 and 2015, when it increased 15 times in trade value, due to the increased exports to the EU28. Such increase in the importance of services in Ghana has been

<sup>3</sup> Total export value added comprises direct value added plus forward linkages.

driven by the services that support oil exports, which accounted for one-half of services value added. Over one-third of services added value supports the manufacturing exports (13 percent of total export value added).

### Enhancing Participation in Global Value Chains

9. Ghana's participation in GVCs is lower than comparators. The sum of backward and forward linkages in gross exports fell from 52.7 percent in 2009 to 44 percent in 2018. Moreover, Ghana's participation in GVCs remains mostly in commodities. By contrast, Ghana's aspirational peers Kenya and South Africa have graduated from the commodity group into limited manufacturing group of participants in GVCs. Deepening integration into GVCs, especially in the manufacturing sector, would help to boost incomes by increasing access to markets, improving access to technology and skills, and increasing the domestic value-added in exports.
10. The performance of GVC firms tends to exceed that of non-GVC firms. GVC firms tend to have higher levels of productivity than non-GVC firms do. This reflects the relatively large size of GVC firms, economies of scale and better access to credit. In addition, participation in GVCs can improve access to higher quality and more sophisticated inputs and can increase opportunities for learning and technology transfers. Higher productivity is associated with higher profits and rent sharing, and thus higher wages.
11. GVC firms in Ghana differ significantly by ownership. Sixty percent of GVC firms in Ghana are domestically owned; they tend to be small- and medium-scale enterprises engaged in light manufacturing, while many foreign-owned GVC firms are large-scale enterprises engaged in heavy manufacturing. On average, foreign-owned GVC enterprises are more productive and pay higher wages than domestically owned GVC enterprises do. Domestically owned GVC firms have a higher share of their costs devoted to R&D activities than foreign-owned GVC firms do, perhaps because R&D for the latter is carried out in headquarters. However, foreign-owned GVC firms tend to have a higher share of their turnover in innovations that are new to Ghana.
12. Based on the levels of tariff and non-tariff barriers, Ghana's trade regime in goods was considered more restrictive than that of comparators in 2019. Ghana's trade-weighted MFN tariff rate was 10.57 percent, higher than most comparators except Kenya, which has a trade-weighted MFN of \*\*\*\*. Ghana's trade-weighted MFN rates on agricultural imports (17.04 percent), industrial imports (9.15 percent), consumer goods (14.6 percent) and intermediate goods (9.2 percent) and capital goods (6.4 percent) were higher than those of most comparators. The number of non-tariff measures (NTMs) imposed by Ghana are higher than in Nigeria and Cote d'Ivoire but below levels in Vietnam although further analysis is required as ascertain the extent NTMs are enforced in a discriminatory way.
13. Ghana's transport and logistics operations place it at the forefront of West Africa. Maritime cargo volume increased by 7.6 percent on average per annum over period 2010–2020, with 26.3 million tons handled in 2020. Transit volumes increased faster than overall cargo and were mostly destined for Burkina Faso. Recent investments at the ports of Tema and Takoradi have improved the infrastructure for maritime trade. Initial information suggests improvements in productivity and the strong improvement in UNCTAD's Liner Shipping Connectivity Index (LSCI), indicate increases in connectivity and trade flow. The quality of land transport infrastructure is mixed: 70 percent of the road network is in good or fair condition, and the railway network of three lines is deficient, with only 14 percent of the entire network in operation.
14. Despite progress in the transport and logistics services, additional policy reforms in investment and trade facilitation could further enhance trade flows between Ghana and the sub region. The planned improvement of the motorway (highway) from Tema to Accra should address significant access and congestion issues from the Tema Port. Administrative steps have been taken to reduce clearance times at the port by reducing the number of agencies intervening at the border, introducing the port electronic single window, and developing a comprehensive program for improving customs in conjunction with USAID and DANIDA. Further important administrative/regulatory steps include revising the outdated transshipment regime, reducing port charges, resolving the VAT treatment of transit trade services, and reducing the number of police checkpoints. Infrastructure investments that facilitate shipping through containers would reduce the inefficiencies related to the stripping of containers. Several steps are required to simplify and harmonize import and export procedures, and to overhaul the governance framework of the Port of Tema. Greater cooperation with regional partners, including cooperation on transit trade and compliance with ECOWAS commitments regarding exemption of duties and the Common External Tariff (CET), would support increases in trade.
15. Ghana has embarked on key reforms to improve

### Strengthening Trade Competitiveness

12. Based on the levels of tariff and non-tariff barriers, Ghana's trade regime in goods was considered more restrictive than that of comparators in 2019. Ghana's trade-weighted MFN tariff rate was 10.57 percent, higher than most comparators except Kenya, which has a trade-weighted MFN of \*\*\*\*. Ghana's trade-weighted MFN rates on
15. Ghana has embarked on key reforms to improve

the cost of logistics and business environment, but progress under key competitiveness indices has stagnated. According to the World Bank's Logistics Performance Index (LPI), which measures on-the-ground trade logistics, factoring in: (i) border control efficiency; (ii) quality of trade and transport infrastructure; (iii) international shipment competitiveness; (iv) quality of logistics services, ability to track consignments; and (v) timeliness of deliveries, Ghana's performance has stagnated since 2015. The country has underperformed all comparators<sup>4</sup> except Nigeria and the average for Lower Middle-Income countries. The Global Competitiveness Index (GCI) depicts a similar narrative of Ghana's stagnant and slightly deteriorating performance. Ghana dropped five ranks in the latest (2019) World Economic Forum's Global Competitive Index (GCI) from 106th in 2018 to 111th in 2019 associated with a slight decrease of the score of -0.1 to 51.2. Ghana's subcategories scores that are lagging its average rank of 111th are in infrastructure (category rank is 118th), macroeconomic stability (category rank is 132nd), and financial system (category rank is 116th). This underscores volatility in Ghana's macroeconomic performance over the past decade, the financial sector clean-up that was necessitated in 2018 (and is ongoing), and the relatively low levels of capital expenditure that is insufficient to close the infrastructure gap.

### Streamlining the Regulatory Environment for Trade in Services

16. The assessment of Ghana's regulatory environment for trade in services is based on a recent update of the Services Trade Restrictiveness Database (STRD)<sup>5</sup>. The STRD offers comparable information on services trade policies for 68 economies in 23 subsectors across five broad areas—financial services, telecommunications, distribution, transportation, and professional services, and covering different modes of supply: cross border trade (mode 1), commercial presence (mode 3) and movement of natural persons (mode 4). Ghana has limited commitments (27 percent) under GATS; representing 36 out of the total of 155 non-overlapping services sectors.
17. Recent growth of trade services, as well as the emergence of IT-enabled industries in Ghana point to the strategic importance of streamlining

the regulatory environment to facilitate the trade and more broadly the growth key services sectors. A preliminary analysis of Ghana's trade restrictiveness shows that Ghana's regime is already relatively liberal, but some sectors including the important ICT sector could do better. Trade in services and investments are also important for ensuring deeper integration into GVCs and efficiency of the manufacturing sector.

18. Among the services subsectors that have high labor productivity in Ghana, two categories fall predominantly within the group of 'Global Innovator' services. These are services that are heavily traded and offshored, have high R&D intensity and a high degree of linkages with other areas of the economy. This corresponds to the categories of 'Business Services' and 'Financial Services'. As discussed in Nayyar et al. (2021) these are the categories of services that are likely to yield the greatest development dividends considering their capacity to generate productivity spillovers and facilitate the exploitation of economies of scale through trade in services.
19. The trade in services agreements under the AfCFTA negotiations, could be adjusted to significantly improve the capacity of the services sector as follows; (i) lock-in the existing level of opening for trade in services in Ghana, (ii) significantly increase the level of confidence of services providers by improving regulatory transparency and predictability of remaining barriers to trade and (iii) lock-in future domestic reforms to reducing the level of protectionism for trade in services in the country.

### Potential impact of the AfCFTA

20. The signing of the AfCFTA is expected to have important effects on Ghana's internal and external competitiveness and represents an opportunity to support market opening reforms in the country. Once completed, the AfCFTA will be the largest free trade area in the world in terms of membership and will potentially cover a market of 1.3 billion people with a gross domestic product (GDP) of 3.4 trillion dollars (World Bank, 2020). So far, the AfCFTA Treaty only contains the legal framework for trade in goods, trade in services, institutional set up and State-to-State dispute settlement provisions, while the specific terms of trade liberalization in both goods and

<sup>4</sup> [4] These comparator countries are Kenya, South Africa, Cote d'Ivoire and Nigeria

<sup>5</sup> [5] STRD compilation was undertaken jointly by the World Bank (WBG) and the WTO as part of the support to Ghana's participation in the negotiations of the African Continental Free Trade Agreement (AfCFTA). The STRD, which serves as a basis for the Services Trade Restrictiveness Index (STRI) builds on a database developed by the WBG around a decade ago and draws on a recent Organization for Economic Co-operation and Development (OECD) database. In addition to trade policies, the database contains information on licensing conditions and data restrictions. Policy restrictiveness is quantified following a systematic approach that aggregates the information within a single consistent and transparent framework.



services are still being negotiated. Under the trade components of AfCFTA agreed in Phase I, countries have agreed to progressively eliminate tariffs on at least 90 percent of goods, as well as address non-tariff barriers (NTBs) and restrictions on trade in services. Substantial aspects of the AfCFTA remain to be negotiated, including the investment, competition, and intellectual property rights schedules that make up Phase II.

21. Model simulations indicate a significant impact on incomes, but a more modest impact on poverty reduction from the AfCFTA. The agreement has the potential to boost Ghana's income by 5.7 percent (above the baseline without the AfCFTA) by 2035, under a scenario considering the impact of reductions in intra-AfCFTA tariffs, non-tariff barriers in goods and services, and implementation of trade facilitation measures. Two thirds of AfCFTA gains would come from trade facilitation measures, and most of the rest from reductions in non-tariff barriers. Reduction of tariffs alone would increase income by only 0.2 percent. The simulation shows that 0.2 million people would be lifted out of extreme poverty and 1.8 million from moderate poverty. The gains in poverty reduction would be driven by faster growth in the wages of unskilled workers than of skilled workers. Wages for women also would increase more rapidly than wages for men.
22. The liberalization under AfCFTA would almost double Ghana's trade with regional partners. The share of African countries in Ghana's exports would increase by 6 percentage points, and the share of African countries in imports by 12 percentage points, compared to a baseline forecast without AfCFTA. A significant share of this increased regional trade is manufactures, which would reduce the concentration of exports and open up the potential for greater participation in regional value chains.
23. The AfCFTA also would encourage greater foreign investment in Ghana, to serve the regional market and an expanded domestic market. Simulations incorporating the impact of FDIs (which often arise from preferential agreements) show that Ghana could more than double the FDI it attracts (in part because it starts from a relatively low level). The increase in FDI would be even greater if further progress was made in the AfCFTA agreement on investment policy, competition policy and international property rights.
24. Reaping the benefits of the AfCFTA will however require a concerted effort; including national dialogues with all stakeholders, capacity building to agencies, managing trade policy, and cooperation on improving trade facilitation and connectivity. The success of the AfCFTA process will depend on the depth and breadth of detailed commitments to remove trade barriers, the implementation of these commitments, and complementary initiatives.



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# AGI HOLDS RUBBER AND PLASTICS SECTOR WORKSHOP

The Association of Ghana Industries (AGI) held a Rubber and Plastic sector workshop at the AGI headquarters in Accra to train staff and members on the appropriate use and management of rubber and plastic materials.

The workshop was a two-day event with presentations by Industry experts in June 2022.

The President of the Institute of Packaging - Mr. Kofi Essuman, commenced the training with a presentation on the “Galvanizing Resources to Build a Sustainable Rubber and Plastic Industry in Ghana”

According to Mr. Essuman, the plastic industry has for the last 50 years dominated the packaging sector with about 20 times the number adopted by manufacturers and consumers alike for other packaging materials such as paper and metal.

He added that “the growth of the plastic industry has contributed immensely to the economic development of Ghana. The economic increase has been a result of the role plastic plays in trade through packaging activities among both local and foreign business operations”.

He further detailed that Ghana in particular kept experiencing a significant increasing level in the production of local goods due to the fairly good packaging system available.

The President of IOPG disclosed that although the Plastic industry responded to modern lifestyle requirements like helping in the fight against the Covid-19 pandemic by reducing human contact, more than 80% of raw material was imported for the production of plastic packages leading to a high cost of production, making the sector uncompetitive.

In addition, to these challenges, the plastic economy faces a major drawback of having only 14% of postconsumer plastic packaging collected for recycling while the remaining 86% of the volume is buried and dumped into the natural environment.

It is also important to note that there is a fragmented state of the sector which limits interactions between players, and dwindle our advocacy effort.

Based on these challenges, Mr. Kofi Essuman appealed to stakeholders for collaborations under the umbrella of AGI in developing mechanisms that would



create more interest and change perceptions about the plastic packaging industry in Ghana.

He nevertheless commended AGI for leading engagements in building capacity to close the knowledge gaps by training staff, developing skills, and acquiring expertise. According to him, the Ghana Recycling Initiative by Private Enterprises (GRIFE) project under the auspices of AGI will go a long way through advocacy to integrate sustainable waste management solutions, particularly concerning plastics in the country.

Business Dev. Manager, MR. Edem Anka led the last presentation by focusing on ‘Financial Investment options by IZWE Financial’

He said that his outfit had for the past 5 years supported SMEs and businesses in acquiring loans for their respective business operations. As such IZWE, by way of contributing to improved plastic management practices in the country, would be able to provide businesses with financial assistance in acquiring conversion machines, equipment, and accessories to recycle plastic waste at affordable interest rates.



## NESTLÉ GHANA LTD COMMISSIONS EXPANDED INFANT CEREALS PLANT

Nestlé Ghana Ltd commissioned a new expanded Infant Cereals Plant in its factory at Tema. The expanded plant was commissioned by His Excellency Nana Addo Dankwa Akufo-Addo, President of the Republic of Ghana on Wednesday, 8th June, 2022.

The GHS 175.4 million expansion project will increase the production capacity of CERELAC by 6,700 tons and will make Tema Factory, the primary hub for producing and supplying infant cereals in Ghana and other countries in Central and West Africa. In



a keynote address delivered at the commissioning event, President Akufo-Addo revealed that “This investment by a major multinational company does not only underscore the confidence that Nestlé and its shareholders have in the Ghanaian economy, but it is also a signal to the global business community that the Ghanaian economy is recovering to its pre-COVID-19 levels.”

The Managing Director of Nestlé Ghana Ltd., Mr. Georgios Badaro, in his remarks, noted that the investment was a reaffirmation of Nestlé’s commitment to Ghana, adding that, “The next phase of the plant’s expansion, which will be completed in 2024 at an additional cost of GHS 56 million, will add another 6,700 tons of production capacity through which we will continue to provide the right nutrition for the healthy growth of children in the country and beyond.”



Mr. Mauricio Alarcón, Chief Executive Officer for Nestlé Central and West Africa Region (CWAR), the business entity that oversees Nestlé’s operations in 25 countries across Central and West Africa, also highlighted some benefits of the expansion stating, “With production growing to about 13,700 tons annually, additional income opportunities for local farmers and suppliers in Ghana and the region of Central and West Africa are guaranteed.”

Nestlé Ghana Ltd. will continue to grow and contribute to the economy of Ghana while providing affordable and accessible nutritious foods and beverages in fulfilment of the Nestlé’s purpose of “unlocking the power of food to enhance the quality of life for everyone, today and for generations to come”.





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# Alisa Hotel Opens Tema Branch

Alisa Hotels Group has officially opened the Tema branch as the newest addition to the company's renowned chain of hotels in Ghana.

According to Stephen Mulu Nzavi, General Manager of the Alisa Hotel-Tema branch, the hotel, which is located in Tema's Community 12 neighborhood, is strategically situated to offer residents of Tema and its environs a place for relaxation.

"Over the years, Alisa Hotel brand has grown stronger and recognizes the need to service other economic and vibrant parts of the nation. Tema is undoubtedly a special place in Ghana, being one of the industrial city in Ghana and the main harbour base in the Greater Accra Region and due to its increase in population", he said.

The brand-new hotel boasts 50 guestrooms, including four contemporary suites with the finest amenities, to ensure a higher level of comfort for guests. Additionally, it has an Atlantic all-day restaurant where guests can enjoy the finest of both local and continental cuisine. Visitors to the hotel are also welcome to unwind and enjoy the sunset from our Sky Bar. In addition, the hotel has a Day Spa, a swim-up bar by a lagoon, and a fully equipped gym.

The Member of Parliament for Tema Central, Hon. Yves Hanson-Nortey, expressed his heartfelt gratitude to the Alisa Hotels group for establishing the state-of-

the-art edifice in his constituency. He said the Tema branch hotel should be able to employ some of teeming youth of Tema, to help to lower the constituency's unemployment rate. He, however, urged some of the investors present, who were among the guests, to consider Tema Central as a hub for future investment.

Since its opening in 1999, the Alisa Hotels has established itself as a reputable name that provides the utmost in comfort at distinctively crafted locations.

The hotels provide luxurious accommodation together with stylish conference and banquet halls and unique food and beverage outlets to satisfy all palettes, with over 278 rooms already available and an additional 50 rooms. Alisa Hotels consistently ensures that the expectations of esteemed guests are surpassed with consistent upgrades and intuitive services in all of its outlets.

Pastor John Mensah of the Methodist Church of Ghana, together with other dignitaries, performed a tape-cutting and blessing to formally open the hotel.

Under the direction of the Managing Director, Mr. Kwame Ofori Bamfo, a group of enthusiastic and industrious individuals proudly founded the Alisa

Hotels brand. It is anticipated that Tema's Alisa Hotel Branch will improve hospitality in Ghana's top port city to an international level.







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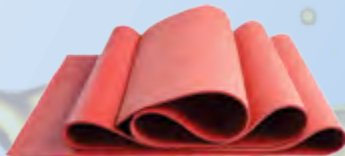
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# The Top Five Issues Facing SMEs And Startups In Ghana's Tech Sector



The future of our economy is in tech startups and small and medium-sized enterprises (SMEs). They have the ability to boost employment, strengthen Ghana's international reputation, and fundamentally alter our entire economy. According to Disrupt Africa, Ghanaian entrepreneurs raised \$60,800,000 in 45 agreements between 2019 and 2021 from companies in the finance, agritech, healthcare, logistics, etc. industries. For Ghanaian startups, that is a step in the right direction. But if we want the tech sector to develop and prosper, we must solve critical problems it faces.

## Inability to access funding

This is a situation where one market segment (customers, small businesses, traders, etc) lacks adequate access to capital at reasonable rates in order to either finance their core business activities or expand their business. Startups and SMEs form part of the significant boosters of growth in our part of the world. Yet, one main challenge that plagues them is their inability to access funding which represents a real hindrance to market growth. Most startups and SME businesses are bootstrapped and once that budget is exhausted, other funding sources become limited. At some point, a bank loan may be the next option but startups fail to secure a loan at that level because they do not have any substantial assets to use as collateral. Another underlying factor is that these banks perceive the startups as high risks businesses since they lack the guarantee that they could repay the loan.

## Hi-tech infrastructure

Hi-tech infrastructure is the backbone of any digital startup. It's crucial that businesses have access to fast and reliable internet connections in order to run their operations smoothly and effectively. However, the lack of hi-tech infrastructure can hamper a tech startup's growth by limiting its ability to reach customers, partners, suppliers, and other stakeholders.

The main challenges faced by Ghanaian businesses when it comes to hi-tech infrastructure include:

- Poor quality data connectivity
- Low bandwidth rates for mobile devices
- Low smartphone penetration in certain areas
- Expensive digital or hi-tech infrastructure

## Difficulty in accessing international markets

There are a number of challenges that affect the ability

of Ghanaian tech startups and SMEs to access international markets. These include:

- Lack of a plan and strategy
- Lack of good team members, including developers, business development executives, product managers, and so on
- Lack of good products or services
- Lack of good marketing strategies

Additionally, tech companies have to contend with distribution challenges as well. According to TechCrunch Africa: "If you don't know how your products are going to be distributed when you launch them on foreign soil...your chances of success will be severely limited."

## Ineffective sales and marketing approaches

Another challenge Ghanaian startups have is their inability to plan effective marketing strategies and account for effective sales. They encounter such because they stop consistent and continuous marketing after a handful of customers trickle in. Another reason is that they fail to establish a unique company image and market positioning that differentiates them.

## Complex governmental regulations

Usually startups confined by complex governmental regulations do not have the ability to innovate, grow, create jobs, and waste limited resources. In Ghana, many complex and counterproductive governmental regulations restrict many SMEs' capabilities to scale. Depending on the sector, specific costs and charges relating to operating SMEs and added layers of bureaucracy take critical resources and time away from the strategic objectives SMEs should focus on.

## Conclusion

It is important to note that all the challenges mentioned above are addressable if we work hard as a nation. The key to successfully overcoming these obstacles is for individuals, groups, and businesses to come together and collaborate on solving them. The future of Ghana's tech startups and SMEs is bright, and we have the resources and talent to make it happen; we need to invest in our entrepreneurs and create an enabling environment for them. So we must promote mentorship, innovation, and creativity to help small businesses and startups succeed in Ghana.

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# Rethinking Inflation Management In Ghana In The Wake Of Covid-19 And Russia-Ukraine War

...A Summary Of A Paper Presented At A

Roundtable On Tuesday, 12th July, 2022

Ghana is experiencing its share of the inflation crisis that has engulfed the whole world as a result of Covid-19 and the Russia-Ukraine. Inflation has risen consistently every month in the past year to reach an 18-year high of 27.6% in May. Almost every consumer item has been affected and, with wages and most incomes being almost stagnant, Ghanaians are experiencing untold economic hardship. So far, the Bank of Ghana (BoG) has responded quite aggressively by raising the Policy Rate (PR) cumulatively by 550 basis points in the past year to 19.0% in May. The strong policy tightening, however, has not been able to contain the inflation.

## 1. Ghana's Inflation Dynamics and Causes

Ghana has a history of high inflation compared to our peers in Africa and elsewhere. In the eighties and nineties, inflation was in the high double digits. Over the last twenty years, however, inflation has declined significantly along with improvement in general macroeconomic performance. But we have not resolved the problem completely. Indeed, all this time, the BoG has been struggling to keep inflation at single digits at a time when inflation had been tamed globally. Empirical evidence identifies over-expansionary fiscal policies, food supply deficits and exchange rate volatilities as some of the key drivers of

Ghana's inflation. Also, occasional oil price shocks, coupled with the multiple taxes and levies in the domestic price build-up, fuel inflation from time to time.

Analysis of the current inflation shows the strong influence of food, fuel, transport and the exchange rate. In May, 4 out of the 13 major divisions of the Consumer Price Index (CPI) recorded much higher rates of inflation than the headline rate 27.6% and those items related to transport, energy and food. In terms of contributions to headline inflation in May, 3 of these very 4 items were dominant, accounting for 75.6%. Indeed, over the 3-year period, May 2020-May 2022, these very items dominated inflation, contributing an average of 76.7% per year. These figures clearly confirm food, fuel and transport as key drivers of Ghana's recent inflation. While the role of food, fuel

and transport is directly discernible from the data, the role of the exchange rate is not. We know, however, that in May, inflation for imported goods was 28.2% as against 27.3% for local goods, with the exchange rate contributing to the difference. Indeed, imported goods inflation has increased almost consistently since May 2020.

### • Inflation Management

The BoG adopted the Inflation Targeting (IT) framework in 2007, which uses the Policy Rate (PR) that it charges on loans to banks to influence interest rates banks charge on various loans to consumers so as to induce them to purchase less goods and services generally and thereby bring down prices in the economy. The snag with the IT, however, is that because Ghana's

financial system is less developed, financial products are limited and financial inclusion is low, the transmission of the PR is constrained, as is its potential to influence consumer behaviour and inflation. IT is further limited in the Ghanaian context by the fact that, as we noted above, our inflation has strong supply and cost undercurrents that are less amenable to the PR, which is essentially a demand-management tool. In view of these limitations, using IT solely to control inflation can be counterproductive as it can inflict harm on the real sector. Also, in Ghana where wages, incomes, and aggregate demand are low, and most people live from hand to mouth, to attempt to squeeze demand further through the IT framework can exacerbate economic hardship.

### • A New Approach for Managing Inflation

A new approach is required for managing inflation in Ghana because of the strong supply and cost undercurrents. More importantly, the new approach requires the BoG and Governments working together rather than in separate silos or pigeon holes. For this purpose, we wish to separate the management of the current inflation, which is like a fire-fighting exercise, from finding a lasting solution to inflation persistence in Ghana.

Mitigating the current inflation calls for interventions in respect of food and fuel, especially. For food, it is

necessary to augment supply, including from accessing the ECOWAS strategic stock, importing some food items and banning exportation of essential items. Further, the Government should consider providing a temporary subsidy on staples like maize, rice and bread to ease the burden on low-income consumers. Even the IMF, which is known not to be a fan of subsidies, has called on Governments to provide food subsidies to their citizens. For fuel, the Government should try to cushion pump prices, including from its own windfall earnings from higher oil prices, the Energy Sector Stabilisation Levy Act (ESLA) fund, or reduction of some of the taxes and levies. Meanwhile, the BoG may still have to keep monetary policy tight, as necessary, to dampen potential demand pressures from fiscal policy impulses as well as counter second-round effects that could emanate from the supply shocks.

To deal with inflation over the long-term, we suggest a mixed or hybrid approach. This is a combination of the IT approach-which, for want of a better name, we call the “macro approach” to the extent that it targets the entire headline inflation-with an approach that directly targets the persistent supply or cost components of the CPI, which we refer to as the “micro-approach.” The following specific policies are recommended in support of the IT framework:

- Ensure adequate food access and affordability, including by: i) promoting production; ii) increasing storage and processing facilities; and iii) ensuring availability of food in all markets all-year round.
- Ensure sustainable supply of fuel and avoid extreme price volatilities, including by: i) resourcing BOST to maintain strategic reserves for cushioning shocks; ii) resuscitating TOR to refine Ghana’s share of crude oil; and iii) mitigating price shocks from Government’s windfall earnings and ESLA fund and reducing taxes and levies, as necessary.

- Improve access and availability of public transport, including by: i) expanding and subsidising intra-city and inter-city transport; and ii) resuscitating the railway system to serve as an alternative means of public transport.
- Reduce exchange rate volatilities, including by: i) increasing foreign exchange earnings from expanded and diversified exports, remittances and natural resources, ii) aggressively producing import substitutes through industrialisation; and iii) building confidence in the economy through credible policies to attract investors.
- Reduce the destabilising effect of fiscal policy by: i) entrenching fiscal discipline through revenue-enhancing and expenditure-rationalisation measures; and ii) reducing borrowing and debt accumulation.

Finally, we wish to emphasise that what we are proposing is a pragmatic rather than an ideological approach to resolving what has become a perennial national problem. What we all want is what works for Ghana. Further, it is important that we refrain from operating in silos or pigeon holes, as that would not work for us. The BoG and Governments should work together to achieve the common national goal of finding a durable solution to Ghana’s inflation persistence. Indeed, with many other central banks equally struggling to contain the current type of inflation-and many considering targeted interventions, including subsidies Covid-19 and the Russia-Ukraine war may have already triggered a rethinking of monetary policy and inflation management not only in Ghana but globally.

For further information or details, please contact Dr. J. K. Kwakye, Director of Research, IEA, via these emails: [jkwakye@yahoo.com](mailto:jkwakye@yahoo.com); [ikwakye@ieagh.org](mailto:ikwakye@ieagh.org)

# INTERNATIONAL NEWS





Source wsj

# China's economy records slowest growth since the start of 2020

China's economy has recorded its worst quarterly performance in over two years, after months of harsh Covid lockdowns wreaked havoc across the country.

Gross domestic product in the world's second largest economy expanded by just 0.4% in the three months to June 30, compared with the same period last year, according to the National Bureau of Statistics (NBS) on Friday.

That was sharply lower than the 4.8% increase it registered in the previous quarter and far below the

1% growth estimated by economists in a Reuters poll. On a quarterly basis, GDP shrank 2.6%.

It was the weakest performance since the first quarter of 2020, when China's economy came to a near standstill as it battled to contain the initial coronavirus outbreak that started in Wuhan. In that quarter, GDP contracted 6.8%.

For the first half of this year, the economy expanded 2.5%, way below the 5.5% annual target set by the government. Beijing admitted Friday that reaching its GDP goals this year would be hard.

"There are challenges to achieve our expected economic growth target for the whole year," said Fu Linghui, a spokesperson for the NBS, at a press conference in Beijing. But he expected the economy to rebound in the second half.

## Mounting challenges

Chinese policymakers face mounting challenges to keep growth steady, as the country contends with a sharp slowdown in activity due to Beijing's stringent zero-Covid policy, a bruising regulatory crackdown on the private sector, and a real estate crisis that is



causing rising bad debts at banks and growing social protests.

Since March, Beijing's uncompromising attitude to stamping out the virus led to months of lockdowns in dozens of cities across the country, including Shanghai, the nation's financial and shipping hub. Millions of residents were confined to their homes, shops and restaurants were closed, and factories were shut, hammering consumer activity and disrupting supply chains.

Authorities began reopening the economy at the start of last month, lifting restrictions in some key cities. The manufacturing and services industries have shown signs of improvement in recent weeks. But Beijing's adherence to the zero-Covid stance has caused huge uncertainty for businesses and dampened investor sentiment. Consumer spending remains weak, while the job market is under significant pressure — youth unemployment hit a new record high of 19.3% in June.

In the press conference on Friday, Fu said that the economy has taken an "unexpected, severe" hit from domestic and external factors.

Higher global commodity prices, especially food and energy prices, have added to imported inflation. Growing stagflation risks around the world also threaten China's economic stability, Fu said.

The poor performance in the second quarter "reflected the significant shocks from the Omicron outbreak and corresponding stringent measures adopted in major cities," said Chaoping Zhu, Shanghai-based global market strategist for JP Morgan Asset Management.

"Looking forward, we expect to see continued economic recovery in the second half of this year, mainly supported by government-led infrastructure investment," he said, adding that if the government eases Covid restrictions further, consumer confidence could bounce back at a faster pace.

But the property sector may still pose a downside risk to growth, Zhu said.

Larry Hu, chief China economist for Macquarie

Group, said latest data imply that GDP growth has to accelerate to more than 7% in the second half to deliver annual growth of 5% for the whole year.

"It is impossible without a significant escalation of policy stimulus from the current level," he said.

### **Property slump drags**

There were some bright spot in Friday's economic data.

Mining and manufacturing recorded growth of 0.9%, compared with the second quarter last year. And retail sales in June grew 3.1% from a year ago, helped by a jump in car sales boosted by pent-up demand and policy support on electric vehicles. Industrial production also rebounded in June, up 3.9% from a year ago.

But the vast real estate sector remains a major drag.

Property investment dropped 9.4% in June from a year ago, after falling 7.8% in May, according to Macquarie Capital calculations based on government data. Property sales by floor areas decreased 18% last month, following a 32% plunge in May.

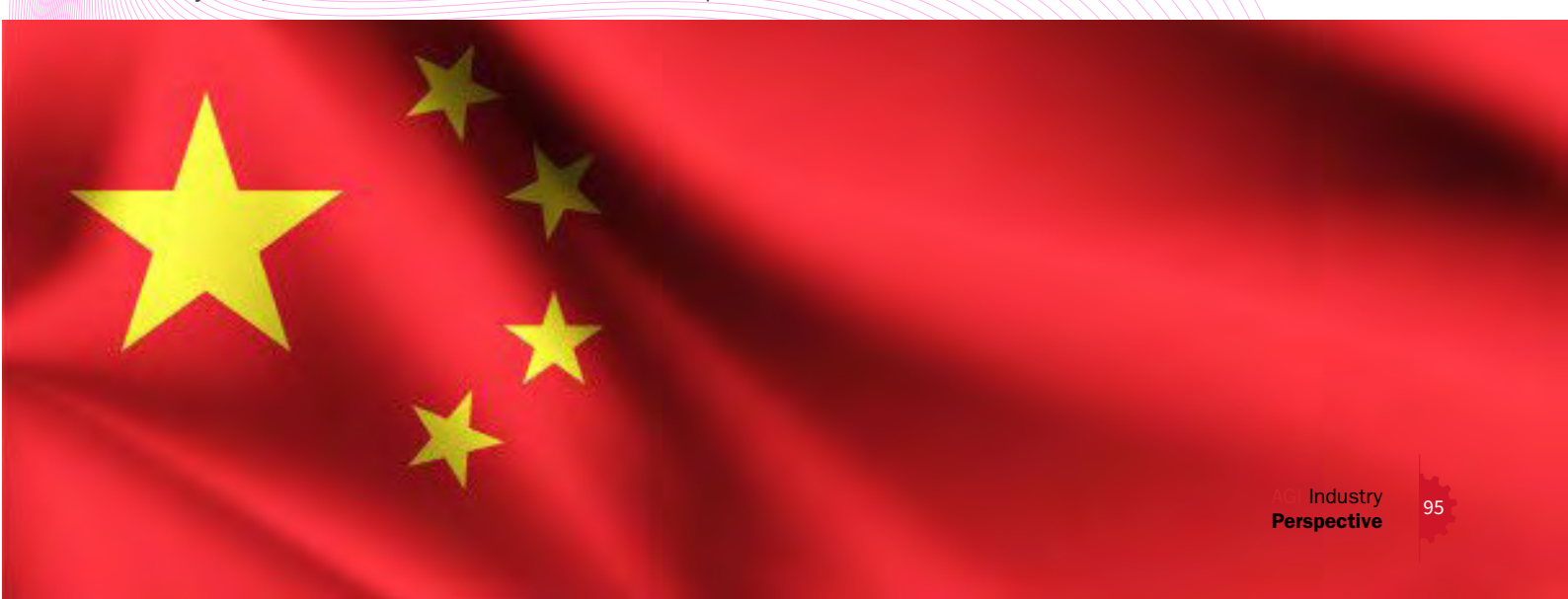
"Plunging sales means that developers are facing a liquidity crunch," Hu said.

"The property woe is causing rising social instability, evidenced by the recent mortgage boycott," he added.

Over the last few days, desperate homebuyers across dozens of cities have refused to pay mortgages on unfinished homes. The payment boycott comes as a growing number of projects have been delayed or stalled by a cash crunch that saw giant developer Evergrande default on its debt last year and several other companies seek protection from creditors.

Zhu from JP Morgan Asset management said that the increasing number of unfinished homes pose a big risk to banks' financial health.

"Decisive and effective regulatory measures must be taken to prevent the mortgage boycott from developing into a systemic risk," he said.



# International Monetary Funds

## IMFBlog: Insight and Analysis on Economics and Finance

By Yan Carrière-Swallow, Pragyan Deb, Davide Furceri, Daniel Jiménez and Jonathan D. Ostry

The sea carries more than 80 percent of the world's traded goods, most of which sail inside 40-foot-long steel containers stacked by the thousands atop some of the largest vessels ever built.

The shock of the pandemic underscored just how crucial the maritime container trade is to the global economy. From Shanghai to Rotterdam to Los Angeles, the coronavirus upended supply chains. Ports lacked workers who were home sick. Truck drivers and ship crews couldn't cross borders because of public health restrictions. Pent-up demand from huge stimulus programs during extended lockdowns overwhelmed the capacity of supply chains. Besides causing delays in getting goods to customers, the cost of getting them there surged.

As the Chart of the Week shows, the result of those challenges was that the cost of shipping a container on the world's transoceanic trade routes increased seven-fold in the 18 months following March 2020, while the cost of shipping bulk commodities spiked even more. Our new research shows that the inflationary impact of those higher costs is poised to keep building through the end of this year. Our analysis predates the war in Ukraine but isn't isolated from it: the conflict will likely exacerbate global inflation.

Most importantly, the effects are quite persistent, peaking after a year and lasting up to 18 months. This implies that the increase in shipping costs observed in 2021 could increase inflation by about 1.5 percentage points in 2022.

While the pass-through to inflation is less than that associated with fuel or food prices—which account for a larger share of consumer purchases—shipping costs are much more volatile. As a result, the contribution in the variation of inflation due to global shipping price changes is quantitatively similar to the variation generated by shocks to global oil and food prices.

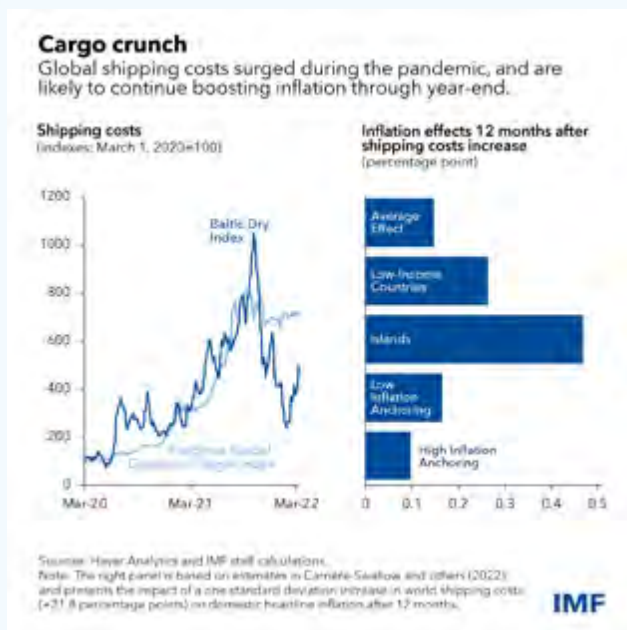
Our findings also reveal some of the mechanisms at work. We show that higher shipping costs hit prices of imported goods at the dock within two months, and quickly pass through to producer prices—many of whom rely on imported inputs to manufacture their goods.

But the impact on the prices consumers pay at the cash register builds up more gradually, hitting its peak after 12 months. This is a much slower process than what is seen after a rise in global oil prices, which drivers feel at the pump within a couple of months.

Rising shipping costs affect inflation in some countries more than others. First, our research shows that the structural characteristics of an economy matter. Countries that import more of what they consume see larger increases in inflation, as do those who are more integrated into global supply chains. Similarly, countries that typically pay higher freight costs—landlocked countries, low-income countries, and especially island states—see more inflation when these rises.

Second, a strong and credible monetary policy framework can play a role in mitigating the second-round effects from import prices and inflation. Our analysis shows that keeping inflation expectations well-anchored is key to containing the effect of soaring shipping costs on consumer prices, particularly core measures that exclude fuel and food.

Our results suggest the inflationary impact of shipping costs will continue to build through the end of 2022. This will create complicated trade-offs for many central bankers facing increasing inflation and still ample slack in economic activity. Moreover, the war in Ukraine is likely to cause further disruptions to supply chains, which could keep global shipping costs—and their inflationary effects—higher for longer.



Studying data from 143 countries over the past 30 years, we find that shipping costs are an important driver of inflation around the world: when freight rates double, inflation picks up by about 0.7 percentage



# How the War in Ukraine May Impact Africa

*This quick take is part of our Crisis Crossroads series, which highlights timely analysis by CSIS scholars on the evolving situation in Ukraine and its security, economic, energy, and humanitarian effects.*

## **Territorial Integrity and Sovereignty**

On February 22, Macky Sall, chair of the African Union, and Moussa Faki Mahamat, chairman of the African Union Commission, called on the Russian Federation to “respect international law, [and] the territorial integrity and national sovereignty of Ukraine.” This position reflects the charter of the African Union, which has upheld and protected the colonial borders of member states since the inception of the organization, then the Organization of African Unity, in 1963. For Africans, Russia’s invasion of Ukraine raises the specter of irredentism and secessionism that caused several conflicts, including the Ogaden War and the partition of Sudan.

## **Food Security**

Beyond territorial integrity and national sovereignty concerns, a protracted war in Ukraine would affect Africa in other ways that can either be disastrous or offer new economic opportunities. For instance, both Russia and Ukraine are major suppliers of food commodities such as wheat, soybeans, and barley to African countries. In 2020, the combined value of this trade was estimated at \$6.9 billion. A disruption of this supply due to the fighting would drive up the prices of commodities and exacerbate food insecurity across Africa.

## **Opportunities for the Oil and Gas Sector**

On the other hand, as the European Union and the United States impose sanctions to deny Russia access to European oil and gas markets, oil-producing African countries could seize on the opportunity.

They could circumvent Organization of the Petroleum Exporting Countries (OPEC) pressures and increase their production, which would increase state revenues. With soaring prices, oil companies might expand prospection operations. Mauritania and Senegal, which have undertaken substantial natural gas prospection, might be encouraged to move to the exploitation phase. However, should Russia manage to sell its oil to China, African suppliers may suffer. China is the main buyer of African oil and would bargain for lower prices.

## **Security in the Sahel**

France built a robust coalition of Western powers and donor countries to support international stabilization efforts in the Sahel, including the Sahel Alliance. The United States is a key contributor to these initiatives. Now, as these countries focus their resources on the war in Ukraine, they may reduce their contributions, which would further destabilize the Sahel.

Mvemba Phezo Dizolele is director and senior fellow of the Africa Program at the Center for Strategic and International Studies in Washington, D.C.

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# Russia-Ukraine war impact: Which industries are worst hit?

## Mini

Just as industries like semiconductor chips, auto and agriculture were inching towards pre-pandemic levels, Putin threw a spanner in the works by declaring war on Ukraine.

As Russia continues its war of aggression in Ukraine, several industries are now facing the prospects of supply chain issues and macroeconomic headwinds.

The two countries are some of the biggest exporters of raw materials in the world. But with the Russians indiscriminately attacking Ukrainian cities, the latter's ports are blocked and the former is facing severe global sanctions.

With many industries still on the road to recovery from the economic effects of the COVID-19 pandemic, these sectors will now have to navigate additional headwinds.

## Automobile industry

The automobile industry has been struggling since the pandemic first started in 2020. With sales still below pre-pandemic levels in India, the automobile industry is going to face higher input costs for steel and fuel.

Increased fuel costs as crude closes into the \$120 a barrel mark means that logistical costs are also going

to see an increase. Prices of other base metals that are also used in the automobile industry, like aluminium and nickel, have also seen a marked increase.

## Semiconductor industry

Russia is one of the world's largest suppliers of rare metals that are used in the semiconductor manufacturing process while Ukraine is the world's leading supplier of rare gases used in industrial lasers that are used to produce semiconductor chips.

With the flow of both materials halted to companies, the semiconductor industry is bracing for another supply-chain shock if the conflict continues for a prolonged period.

## Agriculture sector

Russia and Ukraine together make up around 30 percent of global trade in wheat, 32 percent in barley, and 17 percent for corn. As supplies from the two countries have stopped, the prices have risen up sharply, further driving up prices of pantry essentials like bread, pasta, and other FMCG goods.

Even the countries which are reliant on imports of food goods will see a pinch on their wallets as shorter supplies mean that prices will increase as demand remains inelastic.

With the invasion now in full force, the supply of sunflower oil from the two countries is expected to sharply diminish and cause a huge increase in prices. This will also impact the FMCG industry that relies on food oils which have already been seeing an increase in prices.

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## **Five essential commodities that will be hit by war in Ukraine**

### **Mini**

Many European countries are heavily dependent on Russian energy, particularly gas through several vital pipelines, and this may have colored their approach to the crisis.

The war in Ukraine is threatening further disruption to already stretched supply chains. Ukraine and Russia may only account for a small proportion of the imports of major manufacturing nations like Germany and the US, but they are essential suppliers of raw materials and energy for many crucial supply chains. Though the economic consequences of a war that threatens the lives and livelihoods of many Ukrainians will always be secondary to the looming humanitarian crisis, here are five areas likely to see trouble ahead:

### **Energy**

Many European countries are heavily dependent on Russian energy, particularly gas through several vital pipelines, and this may have colored their approach to the crisis.

Russian gas reliance has been suggested as the reason Europe has been reluctant to remove Russia from the international payments system SWIFT, for example, though it's worth pointing out that the Germans have indefinitely suspended the new Baltic gas pipeline Nord Stream 2. While a complete suspension of Russian gas flows is unlikely at the moment, even small disruptions will have a significant impact. Global gas reserves are low due to the pandemic and energy prices are already rising sharply, impacting consumers and industry.

With gas, an essential input to many supply chains, disruptions to such a fundamental supply will have widespread economic consequences. When gas prices first surged in the autumn of 2021, for instance, fertilizer plants in the UK shut down as high energy costs made production untenable. This led to shortages of carbon dioxide, which is essential for everything from medical procedures to keeping food fresh. Such consequences are likely to magnify with rising oil and gas prices.

### **Food**

Global food prices already rose sharply during 2021 due to everything from higher energy prices to climate change. Food producers are likely to come under further pressure as prices of key inputs rise now.

Russia and Ukraine together account for more than a quarter of global wheat exports, while Ukraine alone makes up almost half of the exports of sunflower oil. Both are key commodities used in many food products. If harvesting and processing is hindered in a war-torn Ukraine, or exports are blocked, importers will struggle to replace supplies. Some countries are particularly dependent on grain from Russia and Ukraine. For example, Turkey and Egypt rely on them for almost 70 percent of their wheat imports. Ukraine is also the top supplier of corn to China.

Stepping up production in other parts of the world could help to reduce the impact of interruptions to food supplies. However, Russia is also the main supplier of key ingredients for fertilizers, so trade sanctions could affect production elsewhere. Meanwhile, we can also expect diversions to trade flows: China has already said it will begin importing Russian wheat, for instance.

### **Transport**

With global transport already severely disrupted in the aftermath of the pandemic, a war could create further problems. The transport modes likely to be affected are ocean shipping and rail freight. Since 2011, regular rail freight links between China and Europe have been established. Recently, the 50,000th train made the journey. While rail carries only a small proportion of the total freight between Asia and Europe, it has played a vital role during recent transport disruptions and is growing steadily.

Trains are now being rerouted away from Ukraine, and rail freight experts are currently optimistic that disruptions will be kept to a minimum. However, countries like Lithuania are expecting to see their rail traffic severely affected by sanctions against Russia. Even prior to the invasion, ship owners started to avoid Black Sea shipping routes, and insurance providers demanded notification of any such voyages. Although container shipping in the Black Sea is a relatively niche market on a global scale, one of the largest container terminals is Odessa.

If this is cut off by Russian forces, the effects on Ukrainian imports and exports could be considerable, with potentially drastic humanitarian consequences. Rising oil prices due to the war are a worry to shipping more generally. Freight rates are already extremely high and could rise even further.

There is also a worry that cyberattacks could target global supply chains. As trade is highly dependent on online information exchange, this could have far-reaching consequences if key shipping lines or infrastructure are targeted. The ripple effects of a supply chain cyber attack can be enormous.

### Metals

Russia and Ukraine lead the global production of metals such as nickel, copper, and iron. They are also largely involved in the export and manufacture of other essential raw materials like neon, palladium, and platinum.

Fears of sanctions on Russia have increased the price of these metals. With palladium, for example, the current trading price of almost \$ 2,700 per ounce, up over 80 percent since mid-December. Palladium is used for everything from automotive exhaust systems and mobile phones to dental fillings. The prices of nickel and copper, which are used in manufacturing and building respectively, have also been soaring. The aerospace industries of the US, Europe, and Britain also depend on supplies of titanium from Russia. Boeing and Airbus have already approached alternative suppliers.

However, the market share and product base of leading Russian supplier VSMPO-AVISMA make it impossible to fully diversify away from it, with some of

the aerospace manufacturers have signed long-term supply contracts up to 2028. For all these materials, we can expect disruptions and potential shortages, threatening to lead to increased prices for many products and services.

### Microchips

Shortages of microchips were a major problem throughout 2021. Some analysts had been predicting that this problem would ease in 2022, but recent developments might dampen such optimism. As part of the sanctions towards Russia, the US has been threatening to cut off Russia's supply of microchips. But these rings hollow when Russia and Ukraine are such key exporters of neon, palladium, and platinum, all of which are critical for microchip production.

About 90 percent of neon, which is used for chip lithography, originates from Russia, and 60 percent of this is purified by one company in Odessa. Alternative sources will require long-term investments prior to being able to supply the global market. Chip manufacturers currently hold an excess of two to four weeks' additional inventory, but any prolonged supply disruption caused by military action in Ukraine will severely impact the production of semiconductors and products dependent on them, including cars.

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# South Africa Sees Food Inflation, Opportunity from Russia-Ukraine War

Reporting by Nelson Banya; Editing by Christian Schmollinger, REUTERS



South Africa will feel the impact of the Russia-Ukraine conflict on food prices but is also primed to benefit from it through maize exports, experts said on Tuesday.

Commodity prices, including wheat and corn, have surged since Russia began its invasion of Ukraine on Feb. 24. Russia and Ukraine account for about 29% and 19% of global wheat and maize exports, respectively.

With Ukraine's ports closed and much of Russian grain supply frozen by Western sanctions, there are fears tightening supplies will lead to shortages in importing countries.

South Africa, a net exporter of maize, another name for corn, imports about 40% of its wheat, but Agriculture Business Chamber Chief Economist Wandile Sihlobo said shortages were unlikely.

"In South Africa, the near-term impact of this war is through price transmission and not the limitation on the commodities' availability," Sihlobo said in a weekly note.

Last year, the country harvested 16.315 million tonnes of maize, its second-biggest crop on record. Official data released last week forecasts an 11% decline

in output this year, but the projected 14.528 million tonnes is still in excess of domestic consumption.

For wheat, data from Grain SA shows South Africa had imported 40% of its import requirements by Feb. 25 and none of it came from Russia or Ukraine.

South Africa imported wheat from Lithuania, Argentina, Poland, Australia, Latvia and the United States.

"The conflict has an impact on the international wheat prices which ultimately reflect in the SA wheat prices as well," Grain SA economist Luan van der Walt told Reuters in an emailed response.

He said South Africa could benefit from maize exports if supplies from Ukraine remain curtailed.

"In many cases, SA has to compete with especially Ukraine in terms of maize exports. Therefore, it could present even more maize export opportunities for SA," van der Walt said.

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