

## **PRESS STATEMENT**

### **Industry expects substantial support for local manufacturing to boost exports**

The National Council of AGI has taken a critical look at its advocacy towards a favourable business environment and identified some of the current and major challenges facing business in Ghana. Consistent with the Association's policy to carry out evidence-based advocacy, AGI's flagship business barometer conducted for the period, January to March, recorded a drop in business confidence for Q1, 2018 from 107.9 to 100.5

Quarter one saw a number of positive signs including a good mix of macroeconomic indicators, yet confidence seems to be waning. Businesses had been under pressure from the high cost of credit, access to credit, delayed payments and high cost of electricity prior to the announcement of reduction in tariffs.

The National Council of AGI wishes to emphasize the following;

#### **1. Institutional collaboration**

That only a private sector led industrial development with mutual support from public institutions to enforce import regulations will help check huge revenue losses, create sustainable employment and growth of the Ghanaian economy.

AGI further notes that Manufacturing which represents a critical mass of the real sector of the Ghanaian economy in Ghana is becoming less competitive. The collaboration between AGI and the Customs Division of the GRA must be further strengthened to help check malpractices such as under-invoicing, under declaration and mis-description of imports in order to save manufacturing from the threat of collapse. Delays and charging of unofficial fees still persist, undermining trade facilitation programmes and reforms introduced last year. The paperless system is a welcome initiative, though it has not fully addressed all the challenges.

To this end, AGI appreciates the discussions and institutional collaboration with the GRA and relevant institutions to help check malpractices at the ports.

#### **2. Inauguration of Ghana International Trade Commission (GITC)**

The passage of the GITC bill by Government and subsequent inauguration of its board are highly commendable. AGI is anxious to see the impact of the work of the Commission on cases of consumer protection and unfair trade practices against our local economy.

The Association pledges its support for the Commission and as a result set up a private sector committee to closely monitor the work of the GITC.

#### **3. International Trade Agreements**

Similarly, AGI is calling on Government to speed up its trade facilitation reforms and support local industry to build quality standards and local production capacity for export.

The multiple intermediaries within the port clearance system, such as West Blue Consulting, GCNet, GRA, UNIPASS, Easypass etc. defeat our trade facilitation efforts.

Currently, the Economic Partnership Agreement (EPA) and the Africa Continental Free Trade Area (AfCFTA) agreement further open up our market to Europe and the rest of Africa under the duty free quota free regime. Considering the impact on Ghana's revenue prospects, it is expedient for Government to give local industries the needed support such as stimulus packages in order to give meaning to these trade agreements that usher Ghana into the single African market.

#### **4. One-District-One-Factory (1D1F)**

AGI is urging Government to expedite action on the 1D1F initiative, considering the slow pace of implementation. Businesses are anxious to see a clear support from Government.

#### **5. Electricity tariff reductions**

Industry welcomes the recent announcement of reductions in electricity tariffs and commends Government for this bold step. The 25% to 30% reduction in tariffs brings some relief to Industry and non-residential customers, especially where consumers had not experienced such significant reduction in a long while. Since the last tariff review in December 2015, high cost of electricity has often emerged as the number one difficulty facing businesses, according to the AGI business barometer reports. AGI is optimistic the reductions will open up new prospects for businesses and inure to our competitiveness as a country.

## 6. Key policy issues for Government's attention

- a. AGI is calling for the passage of the local content law for the Construction sector.

AGI recommends a form of credit certificate to offset outstanding statutory payments to local contractors. There is also the need for a legislation to cushion Contractors who suffer delayed payments in view of the huge pre-financing costs. Considering the delayed payments that characterize the sector, such a move will enhance the sustainability of local construction firms in particular, job creation, and economic growth.

- b. The duplication of mandates and services by some regulatory bodies at the ports is very worrying. Industry cannot bear the cost of such services already being delivered and recommends the augmentation of existing structures to avoid excessive bureaucracy and undue costs to the businesses.
- c. Timber exports face increasing charges, long document processing time and as many as 13 supporting documents for harbor pass renewal in spite of the recent reforms at the port. The delays are causing our local exporters loss of foreign contracts.
- d. Government should pay closer attention to the development of Tourism in Ghana, considering the fact that Tourism is the 4<sup>th</sup> highest foreign exchange earner in Ghana. Council calls on Government to strictly implement the 15-year Tourism development program and also ensure that tourist destinations are well-developed. The council also urges Government to ensure that a state-of-the-art hospitality training institute, is quickly developed.

Finally, the National Council of AGI appreciates the level of collaboration between Government and the private sector and would expect further deepening of this relationship to ensure that Government policies and regulations lead to the creation of favourable business environment for Industry to thrive.

**Signed: Dr. Yaw Adu Gyamfi**  
**AGI President**

*For and on behalf of Association of Ghana Industries*

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