



Ministry of Trade and Industry
Republic of Ghana

GHANA-EU INTERIM ECONOMIC PARTNERSHIP AGREEMENT (iEPA)

Background

Under the Cotonou Agreement, which governed trade between the EU and the African Caribbean and Pacific States (ACP), including Ghana, the EU and ACP agreed to conclude new trading arrangements compatible with the WTO provisions, which would be called Economic Partnership Agreements (EPAs). The EPAs were to be negotiated with a number of regional blocs among the ACP countries during a five-year preparatory period starting from September 2002 and concluding on December 31, 2007. The negotiations involving West Africa were launched in Cotonou on 6 October 2003.

However, amidst the slow pace of the regional negotiations between West Africa and the EU, and with the December 2007 deadline fast approaching, Ghana was compelled to enter into a bilateral market access agreement on a goods only basis with the EU to maintain preferential market access to the EU after December 31, 2007. That agreement is the Ghana-EU Interim Economic Partnership Agreement (iEPA).

Although the iEPA was concluded in December 2007, and ratified by Ghana in 2016, the implementation of the tariff liberalisation schedule was delayed pursuant to technical adjustments agreed between the EU and Ghana.

Key Provisions of the iEPA

The iEPA covers trade in goods only and secures duty-free quota-free access to the European market for Ghanaian goods in exchange for progressive tariff liberalization for EU exports into the Ghanaian market.

The key elements of the iEPA are as follows:

- Duty-free quota-free access to the EU for all imports from Ghana except arms and ammunition.
- Asymmetric and gradual opening of 80% of Ghana's market to EU goods, taking full account of the differences in levels of development between Ghana and EU.
- Commitment by the EU and its Member States to fund the EPA Development Programme (EPADP).
- Strengthening of administrative and customs cooperation to facilitate trade development.
- Prohibition of export taxes
- Trade defence with bilateral safeguards allowing each party to reintroduce duties or quotas if imports of the other party disturb or threaten to disturb their economy.
- Safeguards for food security.



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- Sanitary and PhytoSanitary (SPS) measures to help Ghanaian exporters meet EU import standards.

Start of Trading

In a Joint-Statement between Ghana and the European Union issued on July 1, 2021, the Executive Vice-President and Commissioner for Trade of the European Union, Valdis Dombrovskis and Hon. Alan Kyerematen, Minister of Trade and Industry of Ghana, announced July 1, 2021 as the start of effective implementation by Ghana of the iEPA.

Accordingly, effective July 1, 2021 and pursuant to the terms of the iEPA, Ghana would progressively liberalise tariffs for 80% of the total volume of exports from the EU to Ghana, with cumulative tariff cuts for approximately 22% of applicable tariff lines in 2021, 50% by 2024 and 100% by 2029.

Benefits

Trade Continuity and Growth

The European Union (EU) is Ghana's largest trading bloc. The EU is a significant market destination for many of the top non-traditional horticultural exports including processed cocoa (cocoa paste, butter, and powder); processed fish and seafood; pineapples; bananas; yams; mangoes; cashew nuts; fruit juice; and natural rubber.

Ghana's exports to the EU market is about 40% of the country's total annual exports. After initialising the iEPA in November 2007, and since the ratification of the Agreement in December 2016, the EU maintained 100% duty-free, quota-free access to the EU market for exporters of Ghanaian products.

Ghana's main annual imports from the EU are machinery; vehicles (light and heavy duty); chemicals and allied products; metals; animal products and processed foods.

About 40% of Ghana's top 20 imports from the EU are machinery, equipment and parts. Access to cheaper machinery and new technology is expected to enhance Ghana's industrialization.

Heavy duty and light transport vehicles also account for about 38.7% of the top 20 imports from the EU into Ghana.

It is to be noted that machinery and equipment (capital goods) imported for production in Ghana from the EU will be liberalised. However, vehicles are excluded from the liberalisation.



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TOP 20 IMPORT COMMODITIES (FROM EU INTO 2017-2019)

NO.	HS CODE	COMMODITY	VALUE (GHS)	VOLUME(MT)
1	2523	APPARATUS BASED ON X-RAYS OR ON ALPHA, BETA OR GAMMA RADIATION	3,484,463,378	4,616,980
2	8704	MOTOR VEHICLES FOR THE TRANSPORT OF GOODS	1,856,811,578	72,592
3	8703	MOTOR CARS AND OTHER MOTOR VEHICLES FOR THE TRANSPORT OF PERSONS	1,707,937,546	63,269
4	3004	TRACTORS	1,235,390,939	6,013
5	2710	ELECTRICAL APPARATUS FOR LINE TELEPHONY OR LINE TELEGRAPHY	930,864,687	236,000
6	2070	ELECTRIC GENERATING SETS AND ROTARY CONVERTERS	871,674,437	357,964
7	8701	EARTH MOVING, MACHINERY (PILE-DRIVERS, EXTRACTORS)	709,025,639	37,305
8	3030	SELF-PROPELLED BULLDOZERS, ANGLEDZERS, GRADERS, LEVELLERS	642,874,786	219,598
9	8429	UNGLAZED CERAMIC FLAGS, PAVING, HEARTH OR WALL TILES, MOZAIC CUBES	597,105,481	24,694
10	8431	CENTRIFUGES, FILTERING AND PURIFYING MACHINERY FOR LIQUIDS OR GASES	574,727,343	11,214
11	1701	MACHINERY PARTS	524,896,542	306,293
12	3808	AUTOMATIC DATA PROCESSING MACHINES, MAGNETIC READERS	496,371,234	7,435
13	3105	PUMPS FOR LIQUIDS	450,237,970	346,788
14	8430	TAPS, COCKS, VALVES AND SIMILAR APPLIANCES FOR PIPES, BOILER SHELLS...	404,474,903	4,261
15	4020	MINERAL OR CHEMICAL FERTILIZERS	375,175,395	51,284
16	6907	PREPARATIONS OF PETROLEUM OILS, EXCL. CRUDE	240,660,642	226,177
17	8481	DISH WASHING MACHINES (MACHINERY FOR CLEANING, FILLING, AERATING)	220,458,737	1,621
18	1901	CANE OR BEET SUGAR AND CHEMICALLY PURE SUCROSE, IN SOLID FORM	219,822,437	25,782
19	3102	PORTLAND CEMENT, ALUMINOUS CEMENT, PERSULPHATE CEMENT, ETC	215,956,317	139,323
20	8422	INSECTICIDES, RODENTICIDES AND SIMILAR PRODUCTS	140,409,416	1,343



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TOP EXPORT COMMODITIES TO EU 2017-2019

NO.	HS CODE	COMMODITY	VALUE (GHS)	METRIC TONS
1	1800	COCOA AND COCOA PRODUCTS	25,212,237,146	3,031,228
2	2709	PETROLEUM OILS AND OILS OBTAINED FROM BITUMINOUS MINERALS, CRUDE	11,482,310,523	3,818,074
3	1604	PREPARED OR PRESERVED FISH	1,191,721,732	55,683
4	7601	UNWROUGHT ALUMINIUM	1,056,583,147	126,721
5	1515	FIXED VEGETABLE FATS AND OILS AND FRACTIONS	625,467,600	86,256
6	8040	PINEAPPLES, FRESH OR DRIED	491,832,777	61,941
7	8030	BANANAS, INCLUDING PLANTAINS, FRESH OR DRIED	254,738,122	172,308
8	4400	WOOD AND WOOD PRODUCTS, WOOD AND WOOD PRODUCTS	253,732,534	49,673
9	2710	PREPARATIONS OF PETROLEUM OILS, ETC, (EXCL. CRUDE)	246,795,001	116,088
10	4001	NATURAL RUBBER AND SIMILAR GUMS, IN PRIMARY FORMS OR IN PLATES	234,779,567	38,934
11	1207	OIL SEEDS AND OLEAGINOUS FRUITS	127,604,850	57,907
12	3030	FROZEN FISH	124,952,541	8,137
13	8010	COCONUTS, BRAZIL NUTS AND CASHEW NUTS, FRESH OR DRIED	103,565,102	4,323
14	7108	GOLD, UNWROUGHT OR IN SEMI-MANUFACTURED FORMS, OR IN POWDER FORM	88,875,300	0.49
15	3070	MOLLUSCS AND AQUATIC INVERTEBRATES,	87,885,384	4,134
16	8100	FRESH FRUIT	83,677,083	5,107
17	4407	WOOD SAWN OR CHIPPED LENGTHWISE, SLICED OR PEELED	70,657,652	22,895
18	2009	FRUIT AND VEGETABLE JUICES, UNFERMENTED	48,073,191	7,422
19	2606	ALUMINIUM ORE AND CONCENTRATE	47,672,634	162,666
20	8428	LIFTING, HANDLING, LOADING OR UNLOADING MACHINERY	43,326,724	1,405
21	1511	PALM OIL AND ITS FRACTIONS	40,475,017	9,883
22	7309	RESERVOIRS, TANKS OF IRON OR STEEL	31,128,019	676
23	4408	VENEER SHEETS AND SHEETS FOR PLYWOOD	31,015,580	4,209
24	3020	FISH, FRESH OR CHILLED NOT FROZEN	24,765,249	1,055
25	7326	ARTICLES OF IRON OR STEEL	22,411,931	4
26	4409	WOOD, CONTINUOUSLY SHAPED ALONG ANY OF ITS EDGES OR FACES	22,231,678	3,109
27	3823	PREPARED BINDERS (GLUE) FROM CHEMICAL PRODUCTS	22,011,752	7,259
28	7801	UNWROUGHT LEAD	15,720,693	1,921



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Export Strategy and Diversification

The duty free-quota free access to the EU market for products made in Ghana will be crucial for developing Ghana's export potential and export diversification. The non-traditional exports which will benefit from the iEPA include, but not limited to horticultural products, processed cocoa, processed fish, pineapples and bananas. The non-traditional export sector is an important emerging sector in the Ghanaian economy with great potential for growth and expansion. Other products likely to benefit and which are among the top ten products exported to the EU are mineral fuels, oils, distillation products, wood products, cereal, flour and starch

Export Taxes

The removal of export taxes will lead to a significant increase in agricultural exports and production.

Investment/Jobs Saved

There are 182 companies producing for exports under the Ghana Free Zones Act. Most Free Zones companies export to the EU market. The long term sustainability, growth and competitiveness of these companies will be enhanced by the iEPA. Total investment in this regard is estimated at **USD 123,028,927.97** and jobs currently in place is estimated at **29,480**.

Competitiveness of Local Industries

The removal of tariffs on intermediary goods and machinery from the EU (such as fertilizer, chemicals, and machinery) would mean cheaper inputs for Ghanaian businesses. It would also make locally produced goods more competitive and support industrial development in Ghana and the country's integration into global value chains.

Protection of Sensitive Industries

To protect certain sensitive industries and to raise revenues, the iEPA excludes from Ghana's tariff liberalisation commitments, import duties for a number of agricultural and non-agricultural processed goods including: frozen poultry, worn clothing, sugar, margarine, frozen beef, food preparations, animal feed, non-alcoholic beverages, frozen mackerel, frozen tuna, ceramics, and cement.



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Trade Remedies

Additional methods of protection are provided in the iEPA through the use of safeguard measures to block a sudden increase in imports if need and taking measures to protect food security.

Household Consumption and Welfare

An important positive effect of tariff liberalization under the iEPA is the impact on aggregate consumption. As implementation of the iEPA leads to a fall in relative prices, there will be a corresponding increase in household consumption and improved welfare. Ghanaian consumers will benefit from lower prices of locally manufactured fast moving consumer goods, as well as from prices of commodities particularly shipped from the EU market.

Development and Institutional Support

Development cooperation and financial adjustment support under the iEPA would facilitate reforms of the fiscal revenue system, improve the business environment and promote the upgrading of the productive sectors in Ghana.

Adjustment Facility Support under the iEPA to Ghana so far is estimated at €8,408,000. This mainly includes the Banana Accompanying Measures Support to Horticultural Companies, the Compete Ghana Programme to interface with exporters and key stakeholders, and other trade-related support to the Ghana Investment Promotion Centre (GIPC) and the Ghana Export Promotion Authority (GEPA) towards improving companies and exporters competitiveness in the supply value-chain.

Breakdown of EPA Development support are:

➤ Banana Accompanying Measures	€ 7,240,000
➤ Compete Ghana Project	€ 800,000
➤ Ghana Investment Promotion Centre	€ 147,000
➤ Ghana Export Promotion Authority	€ 221,000

Revenue

The overall estimated revenue of Ghana's imports from the EU is currently €133 Million based on the ECOWAS Common External Tariff (CET) revenues and €289 Million based on VAT revenues.



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It is estimated that the overall customs revenue losses over the 10-year period of liberalisation in Ghana will be equivalent to 1% of the total revenue collection that the Ghana Revenue Authority-Customs (GRA-CD) has forecast for 2019 during the 10-year timeframe that has been agreed (1st January 2020 - 1st January 2029).

The EU has committed under the iEPA to provide substantial financial support to meet the fiscal adjustment cost to Ghana from the implementation of the iEPA.

At the end of the progressive liberalisation process in 2029, the projected estimated revenue loss from the EU's Imports is €60 Million on CET revenues and €280 Million on VAT revenues. However, the expected revenue gain in exports in the medium to the long-term is likely to more than offset the loss in Government revenue.