1. In accordance with its terms of reference the Committee conducted the consultation with Ghana under Article XVIII:12(b). The Committee had before it the basic document prepared by Ghana (BOP/62 and Corr.1) and documentation prepared by the International Monetary Fund.

2. In conducting the consultation the Committee followed the plan for such consultations recommended by the CONTRACTING PARTIES (BISD, Seventh Supplement, pages 97-98). The consultation was held on 7 December 1966. The present report summarizes the main points discussed during the consultations.

Consultations with the International Monetary Fund

3. Pursuant to the provisions of Article XV of the General Agreement, the International Monetary Fund has been invited to consult with the CONTRACTING PARTIES in connexion with this consultation with Ghana. In accordance with the customary procedure the representative of the Fund was invited to make a statement supplementing the Fund’s documentation concerning the position of Ghana. The statement made was as follows:

"With respect to Parts I and III of the Plan for Consultations, the Fund invites the attention of the CONTRACTING PARTIES to the Executive Board decision of May 16, 1966, taken at the conclusion of its most recent Article XIV consultation with Ghana. At the present time the general level of restrictions of Ghana which are under reference does not go beyond the extent necessary to stop a serious decline in its monetary reserves.

"With respect to Part II of the Plan for Consultation, the Fund again invites attention to the decision taken at the conclusion of its most recent Article XIV consultation with Ghana. The Fund has no additional measures to suggest at this time."

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1For the text of this decision see Annex A.
Opening statement by the representative of Ghana

4. In his opening statement, the full text of which is reproduced in Annex B to this report, the representative of Ghana described recent developments in his country's economic situation. He said that since the last consultation in 1964, the balance-of-payments situation had continued to deteriorate; the current account deficit had increased from $83.3 million to $195.6 million in 1965. Foreign-exchange reserves had been virtually exhausted by the end of 1965 while an external debt of $580 million had been incurred. There had also been during this period a strong upward movement of retail prices.

5. After February 1966 the Government embarked on a comprehensive programme, divided into three phases and designed to put the economy on a sound footing. The first one, the Emergency Phase, was designed to avoid collapse of the economy. The Government received assistance from abroad in the form of food and other gifts. Some loan agreements were also contracted. Consultations with the International Monetary Fund on suitable policies to be followed were conducted and a standby credit of $36.4 million was arranged.

6. The second phase, the Review Period, began with the introduction of a budget on 20 July 1966, which provided for a reduction of Government expenditure from $444 million in the previous year to $402 million and in general aimed at rehabilitation of the economy. This phase would last until June 1968. All possible encouragement would be given to the private sector, while in the public sector emphasis would be placed on labour-intensive investments. Agricultural production would be stimulated and food distribution improved. It was expected that these measures would alleviate the unemployment situation which was already in evidence and might become even more severe under the rehabilitation programme. To encourage foreign private investment, Ghana had ratified the Convention for the Settlement of Investment Disputes while the Capital Investment Act gave generous concessions to investors. Public-operated enterprises not considered suitable for Government operation were being offered for sale to the private sector. A rescheduling of the external debt was also under way in order to lessen the heavy servicing burden on the economy. On the question of trade credits, plans for dealing with the arrears had been announced. Commercial banks were being provided, since 1 June 1966, with the necessary foreign exchange to cover current import payments and authorized personal remittances.

7. On the foreign trade side, a vigorous export promotion campaign was under way. Nonetheless, an international agreement on cocoa would be indispensable to a stabilization of Ghana's export earnings. Bilateral agreements were being reviewed and the system of import licensing rationalized. It was also the intention of the Government to place more items on Open General Import Licence, as soon as the situation permitted. The third phase would cover the period from June 1968 to June 1970 during which steps would be taken to introduce a new
development plan. Since it was rather early to evaluate the results of the measures outlined, the Government of Ghana believed that the restrictions actually imposed on imports did not go beyond those necessary.

**Balance-of-payments position and prospects**

8. Members of the Committee thanked the representative of Ghana for his clear and informative statement which formed an admirable supplement to the background material already before the Committee. They expressed their understanding and sympathy for the severe internal pressures and critical balance-of-payments and financial difficulties facing Ghana. They welcomed in particular the description of Ghana’s new economic policies to restore internal and external stability in consultation with the IMF and hoped that this collaboration would continue and prove fruitful. Thanks to Ghana’s basic long-term position and advantages, it was felt that once the immediate difficulties were surmounted, the outlook should be favourable. Apart from the bilateral agreements, discussed in greater detail below, it was felt that import restrictions were, for the time being, justified and that Ghana was well advised to address itself first to the internal problems but they welcomed Ghana’s expressed intent to ease or eliminate restrictions as soon as possible.

9. Much interest was expressed in learning more about whatever analysis and appraisal of past difficulties underlay the various internal rehabilitation measures now under way. With regard to the budget introduced in July 1966, members noted the great efforts being devoted to reduction of Government expenditure, rather than to increased taxation, and assumed that this reflected a belief that the main cause of inflation had been excessive Government expenditure rather than autonomous external demand. The representative of Ghana agreed and stated that there was first the need to reduce Governmental expenditure by reducing or eliminating unproductive projects. He agreed that when new investments were to be contemplated, they would be carefully scrutinized to avoid waste. With respect to agriculture, members of the Committee welcomed indications that this basic sector was to be given priority in development expenditure. They inquired what kind of programmes were contemplated for improvement of production and distribution; for instance, whether it was a matter of new products to be developed, new techniques, more equipment, or reorganization of distribution units. The representative of Ghana confirmed that agriculture, as the mainstay of the country’s economy, was now to receive priority attention. The immediate objective was to increase output and construct more feeder roads from villages to towns and cities, a project which would create useful activity for many unemployed workers and one which would solve the situation of foodstuffs going to waste in the countryside for lack of adequate transportation to urban centres where shortages had sometimes occurred just when crops were rotting in the rural areas.
10. Turning to the balance-of-payments prospect as such, it was noted that even though the increase in imports registered in 1965 appeared to have been checked in the first part of 1966, it also appeared that there would be a fairly large trade deficit in 1966. The representative of Ghana agreed, though he noted that imports have been calculated on a minimum basis, with due consideration to the operational needs of local industries. Therefore, no further reduction in imports could be contemplated. The main hope for greatly reducing the deficit must therefore come from a larger return on cocoa. Ghana was also trying urgently to increase exports of timber, bauxite, manganese and other materials. The latest provisional trade figures were encouraging, and the September deficit was $9 million compared with a deficit of $11.9 million in August. In reply to a question from the Committee, the representative of Ghana pointed out in this connexion that a price of $468 per ton, c.i.f. London, cited in the background material, was only a break-even price for the Cocoa Marketing Board. To carry out its operations over the years, reserves would need to be built up through profits so that this price should not be regarded as an indication of a suitable price. The representative of Ghana further drew the Committee's attention to the fact that world prices of cocoa were currently under discussion in another forum, where Ghana's views were being made known.

11. Other members noted that in the past Government investment projects had involved Ghana in large imports of capital goods without yielding sufficient immediate benefits to the balance of payments. From the data on reductions in current and development expenditures they assumed that the Government recognized that some of these long-term projects would have to be abandoned and the emphasis placed on projects which would yield a quick pay-back. The representative of Ghana confirmed that a shift in the investment base was in progress and that greater emphasis was now to be placed on productive projects with short gestation periods. It was added that some State enterprises established in the past had not succeeded in producing import substitutes, as had been hoped, and that these were now being reorganized for more efficient production. Many such enterprises were also being offered for sale to private enterprise. An encouraging number of applications had been received, and valuation of these projects was proceeding. New investments were being weighed on three main considerations or objectives: first, Ghana must attain a higher degree of self-sufficiency in foods since agriculture was after all the main occupation of a high percentage of the population; second, exports of agriculture and agriculture-based products must be developed to include a much wider range of products; from such a beginning industrial development, in fields mainly related to Ghana's basic agricultural vocation, could then proceed. In this connexion Ghana had in the past attempted to boost and diversify agricultural production through State farms and co-operatives but further consideration would need to be given to organization in agriculture.
Considering the second objective, the representative of Ghana drew attention to the long-term prospects in international commodity trade such as those affecting rubber and fats and oils, which would be some of the agricultural products other than cocoa which might advantageously be developed in Ghana. Nevertheless there have already been significant increases in production of rubber, palm oil and tobacco, and this last has contributed importantly to the local supply with a great saving in foreign exchange. When it came to the question of developing industrial exports based on Ghana's agricultural output, again factors beyond Ghana's control created severe difficulties, as for example in cocoa butter where sharp tariff differentials protect cocoa butter and powder in some industrialized countries that are willing enough to import cocoa beans without restriction. Similar situations exist with respect to plywood and other sawmill products which might be manufactured in Ghana for export. Ghana would consequently urge other countries to take account of the impact of these protective tariffs on her economy and to consider again whether some such differentials could not be eliminated.

12. Members of the Committee suggested that there might be various ways in which Governmental policy could contribute to the export expansion and diversification programme, as for example through care to include among essential imports the equipment needed to increase movement of raw material exports other than cocoa. The example of sawmilling equipment was cited. In reply the representative of Ghana explained that the matter of licensing imports of essential machinery, including spare parts, for export production, had not been overlooked and logging equipment and sawmills were included in this category. An Export Promotion Council had in fact been established to work on ways and means of increasing exports. As indicated above, there was an effort to develop other tree crops to supplement cocoa exports, especially rubber and palm, and they were actively looking for other raw material exports, including petroleum, discovery of which could help ease the balance-of-payments difficulties. An ambitious programme to train personnel in export promotion work was also under way.

13. In reply to a question whether there was any news as yet concerning the outcome of the negotiations being held on Ghana's outstanding debts, the representative of Ghana said that it was too early to anticipate any decisions or conclusions.

Alternative measures to restore equilibrium

14. In addition to the points under this heading which had been discussed in the general opening debate, members expressed interest in knowing whether Ghana was considering a review and revision of its system of taxation. It was recognized that for the time being the effort was to reduce Government expenditure but it appeared likely that before long there would be a desire to increase development expenditures so that it might be of value to have completed a study of the tax structure. The representative of Ghana replied that a serious review of taxation was in fact already in progress and that Ghana was benefiting in this connexion from the collaboration of an expert furnished by the International Monetary Fund who is now working with the Inland Revenue Department in Ghana.
System and methods of the restrictions

15. As had been indicated at the outset, members expressed sympathy and understanding for the situation which had necessitated severe restrictions on imports currently in force in Ghana. They inquired, however, whether a successful conclusion of the discussions on consolidation of Ghana's outstanding debt might enable quantitative restrictions to be eased in the near future. The representative of Ghana replied that he did not see any direct connexion between the debt renegotiations and the easing of import controls. Ghana, however, intended to review its import regulations from time to time in order to examine whether procedures could be streamlined and relaxed and that it was hoped that as the situation improved additional essential products could be placed on Open General Licence. Another question on Ghana's import system concerned the use of special unnumbered licences, mentioned in Ghana's background paper. As to whether much trade took place under this procedure, the representative of Ghana stated that this system had been used to admit those imports for which no transfer of foreign exchange from the country was required, e.g. to authorize imports effected as part of intra-company transactions. Licences of this kind were issued by the Controller of Imports and Exports on an ad hoc basis, typically in instances in which the foreign parent company agreed to finance the supply of materials or equipment to a local branch establishment.

16. Members of the Committee asked the representative of Ghana what consideration was being given to the advance publication of quotas for imports of different categories of goods for a given period. They pointed out that where foreign exchange is limited, and controls are used to limit imports to priority goods, it would at least be of some help to foreign exporters to have certainty as to whether particular products would be admitted and in what quantity. The representative of Ghana replied that he could well understand the advantage of such a system to exporters abroad but feared that it would introduce too great a rigidity in the system for Ghana's present purposes, given the uncertainties concerning foreign exchange availabilities and the possible need to accord higher priority to some imports than might have been foreseen at the outset. Ghana had recently begun the practice of publishing the details of licences that had been issued, but it would be impossible to make commitments in advance.

17. This led to a series of questions concerning the system of registering and classifying importers according to the size of the business done. The representative of Ghana pointed out that one purpose of the registration, which members of the Committee could well understand, was to make certain that only qualified, experienced importers applied for and obtained licences. Considerable difficulty had been caused, not long ago, by licences having been issued to unqualified persons who had either sold the licences for profit or had tried to import merchandise which they were unable to store on arrival or had no means of handling in an orderly way. The Committee had great sympathy for Ghana's
The representatives of Ghana explained that part of the objective was to prevent applications for goods in excess of the normal requirements of the importing establishment and to keep imports in relation to past performance. In addition, the information supplied for classification purposes enabled a check to be made whether the firm in question had complied with the licensing requirements and had paid taxes. That there was no desire to accord unfair privilege to any trader was proven by the recent decision to publish in the official Gazette a record of licences issued, including the name of the licensee and the amount and class of goods authorized. A corollary of the point that the register helped assure that no business house received more imports than it normally handled was that the register also helped ensure that large stores with heavy overhead expenses and employing many workers were able to obtain on a pro rata basis larger quantities of goods than small establishments. Likewise manufacturing companies using imported raw materials in the production of exports could be given needed licences to enable production to continue without hindrance. It was also emphasized that the categories were subject to review before the beginning of each licensing year and should not be regarded as permanently freezing an establishment in a particular category. Some irregularities had already been taken care of and revision of the register would continue.

18. In response to questions, the representative of Ghana described the method of deciding upon amounts of imports which could be afforded and of allocating the available exchange, as follows: a Foreign Exchange Committee in collaboration with other relevant Government Ministries and commercial organizations agreed upon an overall foreign-exchange ceiling within which imports would be effected, the ceiling depending upon available and expected foreign-exchange receipts. This inter-departmental collaboration had recently been streamlined to make it more effective. Within the ceiling fixed, the competent officials divided the total among broad categories of goods, giving priority to essential consumer goods and raw materials, spares, and the like. Import licences were then issued to qualified applicants according to their respective capacities to import and in a manner compatible with overall availabilities of exchange. This system provided a high degree of flexibility in allocating scarce foreign exchange. In reply to a question whether this flexibility was currently being used to direct trade as between the two main trading groups with which Ghana dealt, the representative of Ghana stated that the distribution of foreign trade as between convertible currency countries and others was a matter for decision by the Foreign Exchange Committee.

19. Another question sought to ascertain whether the issuance of an import licence automatically ensured that foreign exchange would be allocated for payment or whether this was a separate process. In principle, stated the
representative of Ghana, the Bank of Ghana co-operated with and served on the 
Foreign Exchange Committee in the procedure of allocations so that a licence 
once issued would guarantee availability of means of payment. Practice had, 
however, deviated from the principle considerably in the past, and it was 
because of excessive issue of licences and a breakdown of the procedures for 
advance clearance with the Bank of Ghana that the troublesome backlog of 
commercial debt had become so large. Often too, exchange revenues expected 
from current exports had failed to materialize, as when cocoa prices fell 
sharply, so that the means of payment had not been available when needed. Of 
late, importers had taken to the practice of asking for the opening of 
irrevocable letters of credit with their banks at the time when orders were 
placed to ensure that remittance could be made when the time came. The Bank of 
Ghana had announced that current payments for imports would be met on maturity. 
In fact, this had been the case since 1 June 1966 with respect to all newly-
issued licences.

20. A further subject discussed in the consultation and one of great interest 
to members was Ghana's bilateral trade and payments agreements. It had been 
mentioned in the background material that a comprehensive review of Ghana's 
seventeen bilateral trade and payments agreements had been undertaken through a 
special Committee appointed early in 1966, and more detail was therefore 
requested on what this Committee might have accomplished. The representative 
of Ghana explained that the Committee had in fact reviewed the old agreements 
and had submitted a report to the National Liberation Council in April 1966. 
Acting thereon, a delegation had been sent to some of the countries with which 
the agreements were in effect and was just returning to Ghana at the time of the 
consultation. It was too early to know of the results. Members of the Committee 
expressed great interest in learning the outcome of this activity but wished 
also to take this opportunity to urge that Ghana move as rapidly as possible to 
place its trade on a multilateral basis. It was pointed out that seven 
agreements were with countries in the multilateral trading area, one of these 
was inoperative, and several were contracting parties to GATT, where there 
would appear to be even less need for special bilateral arrangements. Moreover, 
members said, it was the general experience that bilateral agreements do not 
lead to trade expansion and are frequently harmful in the long run. They hoped 
therefore that the review would lead to reduction of reliance on such agreements 
and that the Ghana delegation would have considered alternative arrangements 
especially with countries of the multilateral trading area. The representative 
of Ghana replied that actually the delegation in question had been primarily 
concerned with agreements with the State-trading countries. However, attention 
was called to the fact that the rest of the agreements except those with Israel 
and Yugoslavia were with other African countries; they were designed to increase 
intra-African trade and represented first steps in a movement towards regional 
arrangements which he believed would fall within a programme consistent with GATT.
Members thanked the representative of Ghana for these clarifications, welcomed the review that Ghana was undertaking and agreed that it was desirable to promote trade among neighbouring countries. They could not see, however, why it should be necessary to conclude bilateral payments agreements with swing margins and all the apparatus of bilateralism to promote exchange of presently produced local products. Indeed a customs union, free-trade area or other agreement consistent with GATT might be envisaged which would go well beyond that modest scope and would still not require implementation by agreements which generally tend rather to restrict trade growth. The Committee wished them success in their desire for closer regional arrangements.

Conclusions

21. The Committee wished to express special thanks to the representative of Ghana for the very full information which had been given and to express its appreciation and sympathy for the very difficult internal and external problems which Ghana was attempting to solve. They felt that on most questions falling within the Committee's area of interest, constructive steps were being taken toward restoration of equilibrium and they wished Ghana success in carrying through the various programmes that have been inaugurated. With respect to the bilateral payments agreements, particularly those with countries in the multilateral trading area, they did wish however to urge that consideration be given to moving in a direction which would allow greater freedom in obtaining imports of the type and quality desired at the best prices. The Committee further urged Ghana to consider eliminating strict bilateral trading lists where such are in force or to make other modifications looking toward reduced reliance on such agreements in Ghana's own long-term interests. They also looked forward to the time when present import restrictions could be relaxed and hoped that, meantime, high priority would be given to imports of materials and equipment essential to those enterprises capable of an immediate contribution to an expansion of Ghana's export earnings. The representative of Ghana thanked the Committee and promised to convey the views which had been expressed to his Government.
INTERNATIONAL MONETARY FUND EXECUTIVE BOARD DECISION
TAKEN AT THE CONCLUSION OF THE FUND'S CONSULTATION
WITH GHANA ON 16 MAY 1966

1. This decision is taken by the Executive Directors in concluding the 1966 consultation with Ghana, pursuant to Article XIV, Section 4 of the Articles of Agreement.

2. The growth of the Ghana economy in recent years has slowed down despite a relatively high rate of investment. Both agricultural and manufacturing production have been hampered by organizational difficulties and shortages of raw materials and spare parts. In 1965 the balance of payments on current account showed a record deficit of GH 190 million ($222 million). Imports, particularly of capital goods, rose sharply. Export receipts increased by 6 per cent as a sharp decline in cocoa prices was offset by a substantial increase in the cocoa crop in 1964/65. Net foreign exchange assets were reduced to GH 12 million ($14 million) by the end of 1965, and substantial foreign debt has been incurred.

3. Government expenditures in 1965, excluding those financed by suppliers' credits, increased by 12 per cent and, despite an increase in government revenues of 16 per cent, there was a deficit of GH 102 million, which was financed largely by borrowing from the central bank. The Government has taken steps to reduce this budgetary imbalance and has declared its intention of limiting the deficit in the new budget for 1966/67 to an amount unlikely to have inflationary consequences. The Fund welcomes this intention and believes that its implementation is essential for the re-establishment of financial stability.

4. The Fund welcomes the announced intention of the Ghana authorities to work toward the eventual elimination of trade and exchange controls and to re-examine their need for bilateral payments arrangements. The Fund urges that consideration be given to reducing reliance on bilateralism, particularly with Fund members.

5. Ghana is undertaking a program to improve the government finances and strengthen the economy. This program, which the Fund welcomes, will require a persistent and determined execution of a series of measures affecting the financial and institutional structure of the economy including a determined effort to deal with the problem of external indebtedness already incurred. This will help to open the way for more external assistance to develop and utilize Ghana's productive capacity.
ANNEX B

OPENING STATEMENT BY THE REPRESENTATIVE OF GHANA

Ghana's economy, in recent years, has been seriously overstrained. This has led to severe deficits in the balance of payments. In 1964 when we had our last consultations, Ghana's balance of payments on current account was already heavily in deficit amounting to $83.3 million. In 1965, the position deteriorated further. The deficit in that year increased to $195.6 million.

The main factor contributing to the imbalance in the current account is the visible trade gap. The value of exports has remained stagnant because increases in volume of the main export, cocoa, have been offset by falls in price. Imports on the other hand have been rising due in part to the accelerated development effort and in part to price increases in the industrialized countries.

On the domestic scene, persistent budgetary deficits resulting from high Government expenditure, financed largely by inflationary methods, and the failure of domestic production to keep pace with demand coupled with shortages of imported essential commodities led to an upward movement in prices. Over the period 1964 to 1965, retail prices rose by as much as 50 per cent.

The worsening of the balance of payments as already indicated has resulted in a continuous drain on the country's foreign exchange reserves. At the time of our independence in 1957, Ghana's foreign exchange reserves amounted to about $468 million. By the end of 1965, however, not only had these reserves been virtually exhausted but also an external indebtedness of about $580 million had been incurred.

It is this chaotic economic legacy that the new Government inherited from the previous régime after the events of 24 February 1966.

And now, Mr. Chairman, permit me to review the programme that the new Government has embarked upon in an attempt to put the economy on a sound footing. The programme falls under three distinct phases. These are:

2. Phase II - The Review Phase, extending over the period July 1966 to June 1968.

3. Phase III - The Plan Period, covering the period from June 1968 to June 1970 during which steps will be taken to introduce a new Development Plan.

Phase I was meant to hold the economy temporarily and to stop it from collapse and further deterioration while vigorous measures were being worked out for the Second Phase. During this period, temporary assistance was sought and obtained from the International Monetary Fund in the form of a stand-by arrangement amounting to $36.4 million. Up to the end of November 1966, $31.4 million out of this amount had been drawn. Immediate assistance in the form of gifts of food, clothing, pharmaceuticals, spare parts and other essential items was also received from some sympathetic governments, notably the United States, Federal Republic of Germany, the United Kingdom and Canada. Additional assistance was received from the West German and United Kingdom Governments under certain loan agreements.

A review of the Government's expenditure, both internal and external, was immediately carried out. At the same time, steps were taken for an immediate consultation with the IMF on suitable policies to be followed for the resuscitation of the economy.

The Review Period began with the introduction by the National Liberation Council of a budget on 20 July 1966 on the basis of which the Government has been working. In the budget, great emphasis was placed on reducing expenditure, rather than increasing taxation, by eliminating or curtailing projects whose economic viability was in doubt. Though a deficit appeared even in this budget, it was far smaller than in the previous year's budget by 40 per cent, i.e. from £75 million to £45 million.

A review of public-operated enterprises has been carried out, and those considered not suitable to be operated by the Government have been offered for sale to private enterprise. In connexion with others, private participation has been invited.

We are, of course, conscious of the fact that a stabilization programme, such as the Government is pledged to pursuing, is fraught with many economic and social side-effects. First among these is unemployment. The Government fully recognizes this and has already announced plans to deal with the problem.
The Government has indicated that all possible encouragement will be given to the private sector to increase their operations with the hope that they will be able to absorb some of the displaced labour. Meanwhile, a Special Commissioner of Labour has already been appointed to see to the immediate redeployment of employees declared redundant elsewhere. The Government has further announced a policy for encouraging labour-intensive projects, while at the same time the operations of the National Productivity Centre are being streamlined. Since Ghana is mainly an agricultural country, my Government is pledged to putting greater emphasis on the agricultural sector in an effort to increase local food production as well as production for export and to feed some of the local industries. It is envisaged that the efforts being made to stimulate greater activity in the agricultural sector would also give alternative employment.

As already indicated, Ghana's external debt has risen steeply in recent years. The rise is due largely to increased use of suppliers' credits. This has consequently placed a heavy servicing burden on the economy. In an endeavour to make the burden less onerous attempts are being made to rearrange payments to the creditor countries. The first meeting with creditor countries during which representatives from Ghana were present was held in London in June this year. A second meeting is currently being held for the purpose of discussing specific proposals for a rescheduling of the repayments. A successful outcome of these negotiations will be of immense benefit to the efforts at stabilization now being undertaken by the Government.

On the question of trade credits, I would like to mention, Mr. Chairman, that the Central Bank has announced plans for dealing with the arrears that were outstanding as at 31 May 1966 because of the non-availability of foreign exchange. The first announcement on the settlement of the arrears was made by the Bank in August 1966 while a second announcement for increasing the rate of settlement was made on 2 December 1966.

I should also mention that since 1 June 1966 the Central Bank has been providing foreign exchange cover to the commercial banks to enable them to meet all current maturities of import payments and to make transfers under Personal Remittance Quotas and for overseas students' expenditure.
Mr. Chairman, I now turn to my country's foreign trade. Our policy here continues to be non-aligned and based strictly on commercial principles and considerations. The system of import restrictions is now being rationalized to avoid shortages of essential items of consumption and production. It is also the intention of the Government to review the situation from time to time and to place some items of imports on Open General Import Licence as soon as the situation permits.

As members of the Committee are aware, Ghana maintains bilateral trade and payments agreements with a number of countries. Some of these agreements have since proved to be not favourable to the economic interests of Ghana. The new Government has already taken steps to have such arrangements reviewed in an attempt to reduce their adverse effects.

In the field of private foreign investment, Ghana offers a number of advantages. We have already signed and ratified the World Bank's Convention for the Settlement of Investment Disputes. The Ghana Investment Act carries provisions which guarantee the safety of private investment and offer very generous concessions to investors. Since 24 February 1966 the Government has worked vigorously and relentlessly to restore confidence in the economy and has re-created a favourable climate for investment. The machinery for implementing the Capital Investment Act has already been streamlined and will be further strengthened in order to make the process of investment in Ghana as convenient and expeditious as it can be.

A vigorous export promotion campaign is also being worked out. Already an Export Promotion Council has been created while arrangements are almost complete for Ghana's First International Trade Fair due to be held in February, 1967.

Mr. Chairman, notwithstanding the fact that there appears to have been a slight improvement on the world cocoa market in recent months the absence of an international agreement still leaves the future position uncertain. It is for this reason that my Government attaches considerable importance to the early conclusion of an international agreement on cocoa. We are of the opinion that not only will such an agreement contribute towards the stability of our export earnings but will also help in improving our balance-of-payments position.

In conclusion, Mr. Chairman, I would like to state that though every effort is now being made to improve our payments position the situation continues to give cause for concern. Our net gold and convertible foreign exchange holdings continue to be negligible while it is rather too early for the corrective measures outlined above to yield results.

For the above reasons, we are of the opinion that the restrictions that we maintain on imports and monetary transfers fall within the scope of Article XVIII:12(b) of the General Agreement on Tariffs and Trade and do not go beyond the necessary measures.