GENERAL AGREEMENT ON
TARIFFS AND TRADE

Committee II - Expansion of Trade

TRADE IN AGRICULTURAL PRODUCTS

GHANA

Synopsis of Non-Tariff Measures for the Protection of Agriculture or in support of Incomes of Agricultural Producers furnished by the Government of Ghana

I.

NATIONAL AGRICULTURAL POLICIES

A. Background Information and General Objectives

Ghana, a tropical country lying between $4^\circ\ 45'\ N$ and $11^\circ\ 11'\ N$ North Latitude, covers a surface area of 91,844 square miles with a population recently counted as 6,690,730. Agriculture, other than cocoa farming (including forestry and fishing) is the largest single industry employing about 50 per cent of the working population and 20 per cent in cocoa, other crops and services closely associated with agriculture, while its important mining, timber and quarrying industries employ less than 4 per cent. With the exception of two rubber plantations, large-scale agriculture of the plantation type financed by private capital, is not practised. The Agricultural Development Corporation, a Government sponsored organization, however, runs a pineapple estate and an oil palm estate. The whole of the cocoa industry, covering about four million acres, and the production of other crops are in the hands of local inhabitants on holdings varying from a fraction of an acre to about 100 acres often not contiguous but separated by considerable distances.

Being predominantly agricultural in economy, Ghana's agricultural policy is directed to encourage, assist and stimulate farmers to adopt improved farming techniques, material (including the use of chemicals), and equipment with a view to increasing productivity and raising the standard of living of its people. For many years, Ghana has had a mono-crop economy based on cocoa. It is an aim of policy to reduce her heavy dependence on this crop by diversifying agriculture, so that other agricultural products, in the form of raw material, locally processed or semi-processed, may become available for export to earn foreign exchange.
The policy of diversifying agriculture is also directed at producing locally the raw materials which are required for home consumption. In particular, it is aimed at producing those items of imported foodstuffs which are capable of being grown locally to an economic advantage.

B. Special Measures

The Government maintains Departments of Agriculture, Animal Health, Forestry and Fisheries, which provide technical assistance and extension education and service to farmers and fishermen in order to implement the objectives of policy. It also makes use of technical assistance aid from the United Nations Food and Agricultural Organization (of which Ghana is a member), the United States and other countries to supplement local technical aid.

II.

SUBSIDIES

(Including all forms of Income and Price Support)

A. Production subsidies - Cocoa farmers are able to buy spraying machines and insecticides at rates subsidized by the Government from funds made available by the Cocoa Marketing Board. They also buy cocoa planting materials from the Government Agricultural Stations at subsidized rates. Subsidy is also provided in the purchase of other planting materials, such as oil palm and tobacco. Planting subsidy for rubber is also contemplated. It must, however, be noted that the subsidies on cocoa fall far short of the difference in price paid to farmers for their cocoa beans and the price obtained by the Cocoa Marketing Board on the world market, so that strictly speaking, these are not subsidies.

B. There are no other forms of income support except that compensation is paid for loss of cocoa crop resulting from cutting out diseased trees.

C. There are no export subsidies.

D. The Government does not finance losses on exports.

E. There is no indirect aid to export.

F. (i) The Cocoa Marketing Board holds funds derived from profits on earlier cocoa exports for stabilizing the price of cocoa if the world prices fall below a certain level;
(ii), (iii) and (iv) of "F" do not apply.
The subsidies referred to in "A" are as follows:

(a) cocoa spraying machines costing £50 or £56 are sold to the farmer at £14 each;
(b) spraying insecticide costing 11/- is sold at 5/- a quart tin;
(c) basketed cocoa seedlings costing between 1/- and 1/3d. to produce are sold at 3d. each to farmers in the abandoned area. Hartman pot seedlings costing about 5d. to produce are sold at 1d. in other areas;
(d) oil palm seedlings costing about 2/- to produce are sold at 6d. or 9d. (if supplied with wire collar).

The compensation referred to in "B" is as follows:

(a) treatment grant is £20 per acre of cocoa trees cut as a result of swollen shoot disease;
(b) replanting grant, £30 per acre paid in three instalments.

The stabilization fund referred to in "F" now stands at £43,893,075.

III.

OTHER FORMS OF AID

There are no currency retention schemes or other exchange measures in regard to the purchase of agricultural products from foreign countries and there are no tax remissions. The only supply of raw material at preferential prices is in respect of cocoa beans for the manufacture locally of processed products (such as cocoa butter, cocoa liquor) for export.

IV.

COST OF PROGRAMMES AND FARM NET INCOMES

(a) The total subsidies on insecticides for the financial year 1958/59 and eleven months of 1959/60 were £52,376 and £82,610 respectively. The total subsidies on spraying machines for the periods 1958/59 and 1959/60 are not yet available, but the total sums of money spent in buying various types of spraying machines were £363,280 and £2,367,122 respectively.

(b) No accurate statistics of farm net income has been produced but the income of cocoa farmers and brokers for the calendar years 1955, 1956 and 1957 were £33,507,000, £37,524,000 and £30,007,000 respectively.
V.

MIXING REGULATIONS

No proportions are fixed for domestic and imported products.

VI.

STATE-TRADING OPERATIONS

Apart from the Cocoa Marketing Board, which is responsible for buying (by the help of Licensed Buying Agents) and exporting cocoa beans, the Agricultural Development Corporation and the Timber Marketing Board are the only State-trading organizations in Ghana. The Agricultural Development Corporation is charged with the duties of:

(i) carrying out investigation and experiments for developing the agricultural and fishing industries of Ghana;

(ii) formulating projects for developing the agricultural and fishing industries in Ghana;

(iii) carrying out such projects;

(iv) purchasing, grading and processing produce in Ghana and the sale and export of produce.

The Corporation is mainly concerned with the export of scheduled produce, namely palm kernels, palm kernel oil, palm oil, copra oil, coconut oil, shea-nuts, shea-butter, coffee, groundnuts and bananas. The Corporation employs the services of Licensed Buying Agents from the time the produce is purchased from producers up to the time of placing such on bound ocean-going vessels. All produce is sold on f.o.b. basis to a subsidiary company called the Ghana Produce Marketing Company, London.

The Cocoa Marketing Board was set up in 1947 and was entrusted with the special duty "to assist in the development by all possible means of the Cocoa Industry of Ghana for the benefits and prosperity of the producers". The Board, like the Agricultural Development Corporation, appoints Licensed Buying Agents. It also fixes the minimum prices to be paid to producers at each buying point, and arranges for the evacuation of the produce to the ports. The sale in the world markets of Ghana cocoa is the responsibility of the Board's Subsidiary Company in London - the Ghana Cocoa Marketing Company Limited.

By a conservative produce price policy during the past ten years the Board has built up a reserve to provide schemes for price stabilization, for cocoa rehabilitation, and the development of the cocoa industry as a whole. The difference between what the Board obtains from sales of cocoa and the cost of such sales and expenses is held in trust for the cocoa
producers. It is either invested where the money is safe and produces income - which in practice means investing only in Government stocks or loans - or is spent on schemes for the benefit of cocoa producers.

The Timber Marketing Board set up just recently is charged with the responsibility of buying and exporting timber (for the time being restricted to WAWA), for sale on the world markets through a subsidiary company in Geneva.

In all these State-trading enterprises, the prices of the agricultural products are fixed in advance by the board or corporation concerned with prior approval of the Government. Before deciding on the price, the board or corporation ascertains, among other things, the probable trend of world prices and decides what to pay locally during the season. All quantities are exported provided the world markets are able to absorb them subject, of course, to satisfying the local needs which are not very large.

Private traders are not permitted to export any of the agricultural products which are the responsibility of these boards and corporations - the export of all these items are channelled through the statutory bodies concerned.

Negotiations by these State-trading enterprises for long-term contracts are rare; there is, however, a long-term contract in respect of bananas which is conducted for a three year period at a time with a London firm on a commission basis.