1959 CONSULTATIONS UNDER ARTICLE XIV:1(g)

Results of the 1958 consultation between the IMF and Ghana, concluded on 1 May 1959

1. The Government of Ghana has consulted the Fund under Article XIV, Section 4, of the Fund Agreement concerning the further retention of its transitional arrangements.

2. Since 1951, when its first development plan was launched, the gross national product of Ghana has increased by about one-sixth. The economy still depends heavily on cocoa, which accounts for about two-thirds of exports. Production of cocoa declined considerably in the crop year ended September 30, 1958 but is expected to recover in 1958/59. The world market price of cocoa has risen substantially from the relatively low level to which it fell two years ago.

3. The ordinary budget showed a small surplus in the fiscal year ended June 30, 1958. Development expenditures were financed largely out of export duties on cocoa that had been kept outside the ordinary budget; some drawings were made on previously accumulated reserves. The Government intends to maintain a balanced ordinary budget and it is expected that cocoa export duties will again meet most of the expenditures on development in 1958/59. The development of the economy in the past few years has proceeded without exposing the country's resources to undue pressures. The Fund stresses the importance of maintaining a balanced and financially sound expansion, particularly under the new Development Plan scheduled to come into operation on July 1, 1959.

4. After two years of deficits, a current account surplus reappeared in Ghana's balance of payments in 1958 owing to a rise in the value of exports resulting from the increase in the world price for cocoa, and to a reduced volume of imports at virtually unchanged prices. Throughout this period the current account showed surpluses with the dollar and OEEC areas and deficits with the sterling area and Japan.

5. In recent years the Government of Ghana has, despite balance-of-payments deficits in 1956 and 1957, followed a policy of liberalization. Most imports other than those from the dollar area and Japan are now admitted under various kinds of Open General License. The Ghanian authorities have stated that the remaining restrictive effect of the system is small, and that, in practice, the discriminatory features are not substantial. The Fund believes that Ghana should simplify its restrictive system and, in the light of its present payments position, proceed towards the further removal of the remaining restrictions and discrimination.

6. In concluding the 1958 consultations, the Fund has no other comments to make on the transitional arrangements maintained by Ghana.

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