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# IMPROVING BUSINESS ENVIRONMENTS FOR AGILE MARKETS (IBEAM)

AGOA NATIONAL STRATEGY  
THE REPUBLIC OF GHANA

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## AGOA NATIONAL STRATEGY THE REPUBLIC OF GHANA

November 4, 2016

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USAID

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## ACRONYMS AND ABBREVIATIONS

ADB	African Development Bank
AGOA	African Growth and Opportunity Act
APHIS	Animal and Plant Health Inspection Service
CIF	Cost, Insurance and Freight
CRS	Congressional Research Service
CSPO	Certified Sustainable Palm Oils
CSR	Corporate Social Responsibility
CVS	Chief Value Synthetic Fiber
DFID	Department of Foreign Affairs and International Development
DHL	Deutsche Post DHL Group, Courier
ECOWAS	Economic Community of West African States
EDAIF	Export Trade, Agricultural and Industrial Development Fund
EPA	Economic Partnership Agreement
EU	European Union
FDA	Federal Food and Drug Administration
FDI	Foreign Direct Investment
FOB	Free on Board
FOTS	Friends of the Sea
FSMA	Food Safety Modernization Act
GCNET	Ghana Community Network Services Limited
GDP	Gross Domestic Product
GEPA	Ghana Export Promotion Authority
GFDA	Ghana Food and Drugs Authority
GI	Geographical Indication
GIPC	Ghana Investment Promotion Center
GMO	Genetically Modified Organism
GRA	Ghana Revenue Authority
GRAC	Ghana Revenue Authority - Customs Division
GSA	Ghana Standards Authority
GSGDA	Ghana Shared Growth and Development Agenda
GSP	Generalized System of Preferences
GVC	Global Value Chain
HACCP	Hazard Analysis Critical Control Point
HS	Harmonized System
HTC	Harmonized Tariff Code
HTS	Harmonized Tariff Schedule
IFC	International Financial Corporation – World Bank
ISO	International Standards Organization
ITC	International Trade Centre – Geneva
Kg	Kilogram
KWH	Kilowatt Hour
L	Liter

LB	Pound
LDC	Least Developed Country
MCC	Millennium Challenge Corporation
MFA	Multi Fiber Agreement
MOF	Ministry of Finance
MOFA	Ministry of Fisheries and Aquaculture
MOTI	Ministry of Trade and Industry
MSC	Marine Stewardship Council
NES	National Export Strategy
NESI	Not Elsewhere Specified or Indicated
NTB	Non-Tariff Barriers
NTE	Non-Traditional Exports
NTR	Normal Trade Relations
ODA	Official Development Assistance
OP	Office of the President
OTEXA	Office of Textiles and Apparel
PMMC	Precious Minerals Marketing Corporation
PPRSD	Plant Protection and Regulatory Services Directorate
PSDS II	Private Sector Development Strategy
PSI	President Special Initiative
R&D	Research & Development
ROE	Return on Equity
ROO	Rules of Origin
RSPO	Roundtable on Sustainable Palm Oil
SME	Small and Medium-Sized Enterprises
SSA	Sub-Saharan Africa
TE	Traditional Exports
TPP	Trans Pacific Partnership
TRAQUE	Trade Related Assistance and Quality Enabling Program
TRQ	Tariff Rate Quota
UNCTAD	United Nations Conference on Trade and Development
UNIDO	United Nations Industrial Development Organization
US	United States (of America)
US GAO	United States Government Accountability Office
USAID	United States Agency for International Development
USD	United States Dollar
USDA	US Department of Agriculture
USFDA	United States Food and Drug Administration
USITC	United States International Trade Commission
VAT	Value Added Tax
WB	World Bank
WCF	World Cocoa Foundation
WGC	World Gold Council
WRAP	Worldwide Responsible Accredited Production
WTO	World Trade Organization

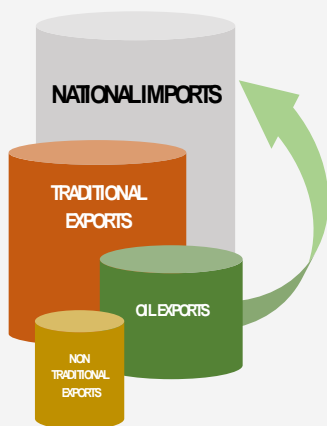
# EXECUTIVE SUMMARY

The Ghana Ministry of Trade and Industry (MOTI) has taken the opportunity to develop a new strategic approach for utilizing Ghana's preferential market access to the United States markets, extended by the African Growth and Opportunity Act (AGOA) which was renewed last year through 2025 by an act of the United States Congress. The approach has taken on board the advice offered by Brookings Institute, and the United States General Accountability Office (USGAO) about the importance of developing a strategic approach for utilizing AGOA. This strategy document is the end product of intensive collaboration between Senior MOTI Officials and a team of expert consultants fielded by USAID | Ghana.

## BACKGROUND

When first oil was achieved from Jubilee Field in 2010 it created an opportunity for Ghana to rethink its overall strategy for export product development in order to account for new doors that were opening for Ghana as an oil producing country. In 2011 Ghana developed a National Export Strategy (NES) designed to use the fiscal flexibility afforded by oil exports in order to harness the capacity of "Non-Traditional Exports" (NTE) to make significant contributions to GDP growth and national development. The strategy envisioned that relaxed fiscal pressures would provide Ghana with opportunities to add more value to "Traditional Exports" (TE) through additional processing or new forms of transformation of the raw materials into intermediate and/or consumer goods. The NES set goals of substantially diversifying its exports and doubling NTEs over a period of five years.

### Ghana Developed a National Export Strategy in 2011



*"The objective of the National Export Strategy is to develop the potential of the non-traditional export sector to enable it make maximum contribution to GDP growth and national development to consolidate and enhance Ghana's middle-income status, create formal decent job opportunities and ensure high standards of living for the people."*

- *National Export Strategy for the Non-Traditional Sector*

While substantial progress towards these goals was achieved initially, the growth trend with NTEs has clearly slowed down, coinciding with weakness in global markets for oil and petroleum. The loss of momentum in NTE growth has prompted a reconsideration of Ghana's approach to export opportunities, including the opportunities provided by AGOA.

Over the course of July and August MOTI and its team of advisors consulted with private companies, business associations, service providers, and government agencies across five regions of Ghana. The team assessed the economic situation, examined production capacity in key sectors, analyzed programs and policies available to support export development, and identified constraints in order to determine Ghana's strongest opportunities for expanding 5 billion of Non-Traditional exports to US markets, and to craft a strategic approach that will turn the market opportunities into sustained measurable export growth.



## KEY ISSUES AND TRENDS

Several key issues and trends were identified over the course of the effort which helped to influence and define the overall strategy. There is a complex and evolving landscape of policies and programs designed strengthen Ghana's trade enabling environment. While each of the initiatives will positively impact trade as they are completed, there is also considerable opportunity to utilize what is already working within the system to drive increases in exports to US markets. The National AGOA Strategy is organized around the objective of how to best use what is working well at any given future point in time. It does not attempt to organize, synthesize or drive a national reform agenda for trade policy or trade facilitation, but will complement any such efforts.

Most of the NTE growth that has occurred in Ghana in recent years can be attributed to a few large firms, the majority of which were established by foreign investors, or strengthened through infusions of Foreign Direct Investment (FDI). This is a symptom of a larger trend, where FDI has substantially overtaken Official Development Assistance (ODA) as a key source of external capital flows into Ghana.

Ghana's program of fiscal consolidation and austerity restricts the availability of public sector resources to fund export development programs. As a consequence, the primary mechanism to fund export development investments, particularly for large developed markets like the United States and European Union, is going to be the private sector. And private sector investment is predominantly going to come in the form of FDI.

Events that have unfolded across the Euro Zone in recent years - and recent months - have caused many of Ghana's large EU-focused exporters to look for opportunities to diversify. The concerns of these large exporters mirror macro-level concern around EU market exposure among some of Ghana's policy makers. The US market provides a ready-made complementary market destination for several important priority export products, particularly for fresh, cut and dried fruits and vegetables, and possibly for some fish and seafood products.

Some SMEs in Ghana that manufacture primarily West African food items for export to the United States have experienced continued challenges with US Food and Drug Administration (FDA) in terms of complying with food safety requirements. The challenges associated with exporting food products to the United States will only continue to intensify over the coming years as a result of the Food Safety Modernization Act (FSMA) passed in 2011. FSMA charges the FDA to work more closely with foreign governments generally, and specifically to develop comprehensive plans that build the capacity of foreign governments and their industries to comply with US food safety requirements.

This demonstrates that the ability to consistently comply with food safety requirements has strategic implications for Ghana's future opportunities in US Markets. As part of the AGOA renewal effort US policy makers explored the feasibility of allocating some of the US tariff rate quota (TRQ) for chocolate confectionary products to AGOA in order to help encourage more downstream value addition in cocoa exporting countries like Ghana. Policy makers debated the issue until concerns were voiced over the ability of African manufacturers to comply with US food safety standards, which served to discourage any further consideration of the issue for AGOA renewal.

*"To address related US import sensitivities, some have suggested reassigning current quota allocations as an alternative method to expand agricultural market access for AGOA countries (...) they assert that allocating this quota to AGOA countries could be politically feasible and also encourage downstream production in some cocoa exporting countries."*

- Congressional Research Service (CRS) AGOA Background and Reauthorization.

## KEY ISSUES AND TRENDS

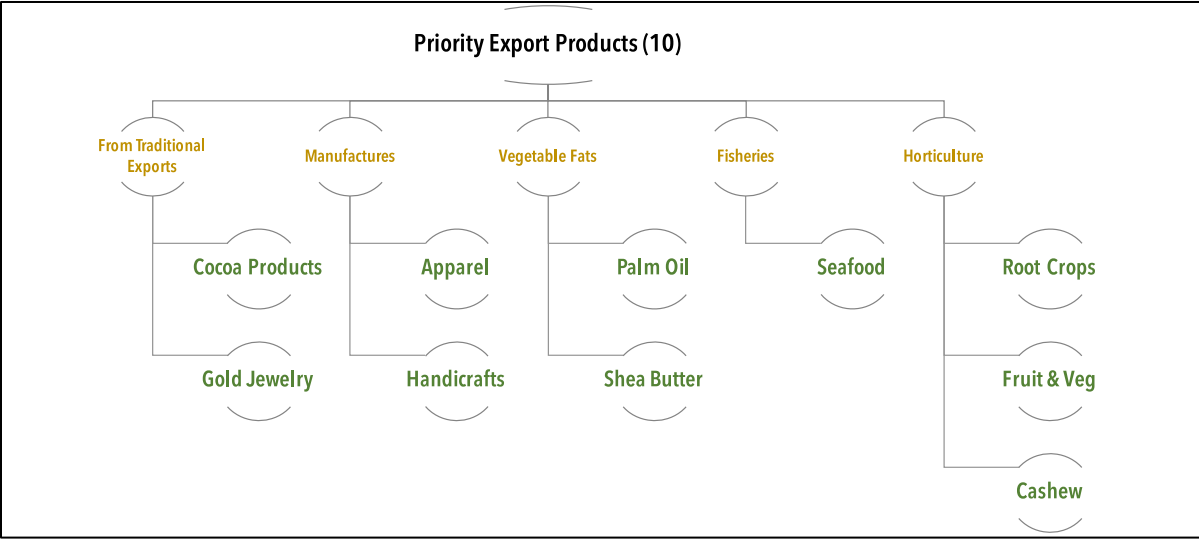
ISSUES AND OTHER INFLUENCING FACTORS	IMPLICATIONS FOR AGOA STRATEGY
Ghana has a National Export Strategy (NES) in force with a global scope. It was Introduced in 2011 and revised in 2013 with a refreshed set of Priority Export Products.	The National AGOA Strategy builds on the existing NES and its broader development policy framework. The Strategy focuses on US market opportunities for Ghana's designated "Priority Export Products."

There is a complex and evolving landscape of current and planned policies and programs designed to strengthen Ghana's Trade Enabling Environment.	The National AGOA Strategy is a market strategy, not an organizing framework or reference document for national reforms around trade policy or facilitation.
Most of the significant growth in Ghana's exports to developed countries is attributable to a few large firms, the majority of which were established with infusions of Foreign Direct Investment (FDI).	Future growth in Ghana's exports to highly developed markets will depend largely on Ghana's success marketing FDI opportunities for export production.
Recent EU currency devaluations, and dislocations caused by some EU market closure for Ghana exports, have led many large FDI-infused, EU exporting firms in Ghana to explore diversifying with US Markets.	These existing FDI-infused export producers in Ghana provide the shortest fuse to tangible results in terms of accelerating Ghana's exports of Non-Traditional products to the US markets.
Ghana's program of fiscal consolidation and austerity restricts the availability of public-sector resources to fund export development programs. Limited resources will be allocated to programs with highest impact; most likely regional initiatives.	Public sector financed programs to support local export manufacturers for US markets, such as export financing subsidies or shared service/infrastructure projects, will likely be limited.
External flows to Ghana continue to shift dramatically in size and composition away from Official Development Assistance (ODA) to the private sector in the form of FDI and Remittances.	Resources for development partner funded export development programs will be limited and largely focused on regional trade to support low income and fragile neighboring countries.
Ghana's exports of specialty food products for African Markets in the US are being reviewed intensively for safety issues by US FDA and continued failure to comply could undermine longer-run market opportunities.	Failure to demonstrate consistent compliance with US Food Safety Standards could undermine longer term opportunities for specialty food products; including chocolates and confectionary products.
As part of the US Food Safety Modernization Act (FSMA) the US FDA has been directed to support host country agencies like Ghana Standards and Ghana Food & Drug to implement these programs as part of the Food Safety Modernization Act.	It is important for Ghana to take advantage of the opportunities provided under FSMA, particularly HACCP trainings and certifications, and product testing regimes.
There is a substantial number (635) of duty free preferences (8 digit HTS level) available under AGOA (266) and AGOA/GSP (369) for Ghana's Priority Export Products.	It will be critical to constantly remind drivers of AGOA Export Promotion activities that the real essence of strategy is deciding what not to do.

## US MARKET OPPORTUNITIES

Since the NES was designed to effect a structural transformation of the export sector a key decision was made to concentrate scarce resources on selected priority products and the companies engaged in their production and marketing. Priority products were selected on their ability to contribute to revenue targets as well as their ability to provide positive multiplier/spillover effects for the Ghanaian economy. The National AGOA Strategy focuses primarily on US Market opportunities for Ghana's priority export products, illustrated below. Within the context of the harmonized system (HS) there are 266 AGOA-specific tariff line item preferences (i.e. HTS 8 Digit level)

available for Ghana’s priority export products. An additional 369 preferences are available through the Generalized System of Preferences (GSP) and AGOA.



### SEAFOOD

US Seafood imports have trended slowly upwards in recent years, largely based on strong demand for Pacific salmon, but some other species have seen increases in demand as well, including some of the species available from the marine fisheries in West Africa. In terms of the large pelagic species, the United States imports a significant volume of frozen Tuna and frozen Tuna fillets, both of which have seen moderate increases over the past few years. The US imports of frozen swordfish and frozen swordfish fillets have both increased sharply in the past three years, despite suffering a sharp contraction in 2012 over concerns related to mercury, though the overall level is not as significant as Tuna.

There is demand in the US for the small pelagic species of West Africa, but this causes concerns from a food security and sustainability perspectives. The small pelagic resources are substantially overfished in Ghana and supply a significant share of protein consumption (in smoked form) for Northern Ghanaians in rural areas.

A small number of US market preferences for fresh, frozen, and ambient (processed) seafood products are available under AGOA specifically, while a broader set of preferences are available through AGOA/GSP generally.

### HORTICULTURE

US imports of fruits and vegetables have been growing rapidly, averaging nearly 9% annual growth over the past three years, reaching the overall level of nearly \$25 billion in 2015. There is a wide range of fruits and vegetables, in fresh and value-added form, which can be exported by Ghanaian farms and agribusiness firms.

Many African countries struggle to meet the basic logistics and infrastructure requirements necessary to export horticulture products to the United States. However, through investments that have been made in Ghana in transport and cold storage infrastructure, a significant portion of which came as a result of Ghana’s \$550 million Millennium Challenge Corporation (MCC) Compact for Investment in Agriculture, Ghana is one of few countries in SSA that is poised to successfully export fresh fruits and vegetables to the United States.

In whole/fresh form horticulture products must be admissible for entry to the United States by US Department of Agriculture/APHIS. Then exports must follow agreed-upon standards for phytosanitary treatments to manage pests. The process of getting whole/fresh

*Many African countries struggle to meet the basic logistics and infrastructure requirements necessary to export horticulture products to the United States. However, through investments that have been made in Ghana in transport and cold storage infrastructure, a significant portion of which came as a result of Ghana’s \$550 million Millennium Challenge Corporation (MCC) Compact for Investment in Agriculture, Ghana is one of few countries in SSA that is poised to successfully export fresh fruits and vegetables to the United States.*

produce on the admissible list can be time consuming and cumbersome and it requires close coordination between a country's plant safety authority (e.g. Ghana PPRSD) and USDA APHIS. There are several Ghanaian products that have already been studied and approved for admission to the US, subject to specific conditions and pest treatments.

In value-added form, horticulture products must comply with US Food Safety standards, which were recently made more rigorous by the Food Safety Modernization Act (FSMA) as discussed in the prior section. A broad range of preferences are available, both AGOA specific, and AGOA/GSP more broadly, for Tropical Fruits, Specialty Vegetables, and Root Crops, as well as specialty food products manufactured with these crops. Cashew in whole and shelled form, enters the US market duty free under normal trade relations (NTR).

## **VEGETABLE FATS**

The US imports of vegetable fats and oils have been gradually declining over the past five years, although there are pockets of strength for specific products within the overall sector. Neither AGOA nor GSP provide any preferential treatment for Shea Butter, Palm Oil or Palm Kernel Oil, all of which enter the US market duty free under NTR. There are US market preferences for Ghana for some derivative products such as margarine and edible oil blends.

## **COCAO PRODUCTS**

Strong growth is forecasted in the US market for finished confectionary products. The market registered an increase of 25% between 2009 and 2014 and is expected to grow another 20% to \$25 billion in annual value by 2019. Raw cocoa beans, as well as most of Ghana's semi-processed export products of cocoa like powder, cakes and butter enter duty free by virtue of MFN and GSP eligibility (except for cocoa paste wholly or partly defatted). However, a significant constraint for Ghana is the fact that there are important US import sensitivities related to finished chocolate products and high rates of duty remain in effect on most finished chocolate products for all AGOA, GSP and LDC eligible countries, as none of the US tariff rate quota (TRQ) has been allocated for AGOA.

## **GOLD JEWELRY**

US Imports of gold jewelry have been steadily increasing for several years, representing one bright spot in an otherwise sluggish global market that has been slowly declining overall during that same period. Under GSP/AGOA Ghana is exempt from ad valorem tariffs on Gold and Gold Plated Jewelry products that ranges between 5% and 6%. There may be strong potential for joint ventures with Indian or Chinese manufacturers to deploy production capital to Ghana, to take advantage of Ghana's raw material supplies and its preferential access to US market. Such a business model would be similar in nature to how most apparel trade under AGOA has been structured, only in this case it would be based on adding value to native raw material (gold) rather than utilizing low cost labor.

South Africa, the other SSA country besides Ghana that produces globally significant amounts of gold, is eligible for the same preferences and has recently started marketing similar FDI opportunities through state-sponsored commercial channels to jewelry manufacturers in India.

## **HANDICRAFTS**

The market for handicrafts is difficult to size because relevant product classifications generally do not identify whether a product is handmade, semi-handmade, or machine made. To understand the global handicrafts market it is necessary to look to the global market for home décor products. That market is valued at over \$100 billion annually and the US markets make up over two thirds of the global demand for Home Décor products. From an overall industry composition standpoint handicrafts are distributed among the 10 product categories for home accessories. These include: accessories and gifts, accent furniture, portable lamps, wall décor, collectibles, area rugs, tableware and tabletop accessories, lighting fixtures, permanent botanicals, and soft goods.

Ghana's artisan communities produce goods for most of these subsectors, and Ghanaian basket ware in particular enjoys preferential access to the US markets.

## **APPAREL**

The United States is the world's largest consumer and importer of wearing apparel, bringing in \$90 billion worth of apparel products in 2015. This represents an increase of 33% in just six years, compared to the depressed import levels caused by the 2009 global recession. While growth in US imports of apparel has leveled off in recent years, to

an average level of around 3% annually, there are no clear signs yet that the overall trend will slow considerably anytime soon. Duty free apparel production under AGOA provides significant benefits as tariff rates are among the highest of all US imports. The average duty rate in the US for apparel is about 13%, but the duty rates for some products are as high as 32%; particularly for knit garments made from synthetic fabrics, often referred to as chief value synthetics (CVS). Because of the substantial value associated with CVS preferences CVS apparel products continue to be the most significant non fuel product exported under AGOA.

While the apparel preferences provided by AGOA clearly have substantial value, some African countries are taking increasingly cautious approaches over the prospects of the US-led Trans Pacific Partnership (TPP) agreement. If TPP passes Vietnam's apparel exports to the United States could jump quickly. They might increase by up to 20% a year, similar to the way that China's share of the global apparel market exploded following the expiration of the Multi Fiber Agreement (MFA) in 2005. While most of growth projected under the TPP scenario would likely involve Vietnam taking market share from China, there is concern mounting among African policy-makers that TPP would enable Vietnam to substantially undercut the relative competitiveness in CVS apparel products that is currently exploited by SSA countries through AGOA.

### KEY PRODUCTS ELIGIBLE FOR PREFERENCES

PRIORITY EXPORT PRODUCT	NEAR TERM OPPORTUNITIES	LONGER TERM OPPORTUNITIES
FISH & SEAFOOD	<ul style="list-style-type: none"> <li>• <b>Fresh</b> <ul style="list-style-type: none"> <li>- Swordfish, Flatfish</li> </ul> </li> <li>• <b>Canned</b> <ul style="list-style-type: none"> <li>- Tuna, Mackerel, Herrings</li> </ul> </li> </ul>	<ul style="list-style-type: none"> <li>• <b>Preserved</b> <ul style="list-style-type: none"> <li>- Snails, Sardines</li> </ul> </li> <li>• <b>Processed</b> <ul style="list-style-type: none"> <li>- Fish Sticks, Fish Oils</li> </ul> </li> </ul>
HORTICULTURE: TROPICAL FRUITS	<ul style="list-style-type: none"> <li>• <b>Fresh (US Entry Authorized)</b> <ul style="list-style-type: none"> <li>- Pineapple</li> </ul> </li> <li>• <b>Dried</b> <ul style="list-style-type: none"> <li>- Pineapple, Mango</li> <li>- Papaya, Plantain</li> </ul> </li> </ul>	<ul style="list-style-type: none"> <li>• <b>Fresh (Other)</b> <ul style="list-style-type: none"> <li>- Mango, Papaya</li> </ul> </li> <li>• <b>Frozen</b> <ul style="list-style-type: none"> <li>- Pineapple, Mango, Papaya</li> </ul> </li> <li>• <b>Specialty Food Items (Processed)</b></li> </ul>
HORTICULTURE: VEGETABLES	<ul style="list-style-type: none"> <li>• <b>Fresh (US Entry Authorized)</b> <ul style="list-style-type: none"> <li>- Eggplant (Garden Egg), Okra</li> </ul> </li> <li>• <b>Dried</b> <ul style="list-style-type: none"> <li>- Tomato, Onion</li> </ul> </li> </ul>	<ul style="list-style-type: none"> <li>• <b>Fresh (Other)</b> <ul style="list-style-type: none"> <li>- Baby Corn, Asparagus</li> </ul> </li> <li>• <b>Frozen</b></li> <li>• <b>Specialty Food Items (Processed)</b></li> </ul>
ROOT CROPS	<ul style="list-style-type: none"> <li>• <b>Fresh (US Entry Authorized)</b> <ul style="list-style-type: none"> <li>- Yams, Taro, Cassava</li> </ul> </li> <li>• <b>Powdered / Dried</b></li> </ul>	<ul style="list-style-type: none"> <li>• <b>Fresh (Other)</b> <ul style="list-style-type: none"> <li>- Chinese Water Chestnuts</li> </ul> </li> <li>• <b>Frozen</b></li> </ul>
PALM OIL / SHEA BUTTER	<ul style="list-style-type: none"> <li>• <b>Margarine</b></li> </ul>	<ul style="list-style-type: none"> <li>• <b>Edible Oil Blends</b></li> </ul>
COCOA PRODUCTS	<ul style="list-style-type: none"> <li>• <b>Cocoa Paste</b> <ul style="list-style-type: none"> <li>- Defatted</li> </ul> </li> <li>• <b>Cocoa Powder</b></li> </ul>	<ul style="list-style-type: none"> <li>• <b>Chocolates</b></li> <li>• <b>Confection</b></li> </ul>



<b>GOLD JEWELRY</b>	<ul style="list-style-type: none"> <li>• <b>Gold Jewelry</b> <ul style="list-style-type: none"> <li>- Necklaces and Chains</li> <li>- Clasps and Parts</li> </ul> </li> </ul>	<ul style="list-style-type: none"> <li>• <b>Gold Plated Jewelry</b></li> </ul>
<b>HANDICRAFTS</b>	<ul style="list-style-type: none"> <li>• <b>Basket Ware</b></li> </ul>	
<b>APPAREL</b>	<ul style="list-style-type: none"> <li>• <b>Synthetic Knits</b> <ul style="list-style-type: none"> <li>- Boys and Men's Wear</li> <li>- Girls and Women's Wear</li> </ul> </li> </ul>	

## STRATEGY

One of the shortcomings cited most frequently about AGOA utilization by policy makers is the lack of strategic thinking on the part of beneficiary countries on how to take advantage of the opportunities afforded by AGOA. In 2015 the US Congress directed the General Accountability Office (GAO) to conduct a series of analyses that would help evaluate and shape its planned extension of AGOA. One of the principal recommendations for executive action that resulted from that 2015 GAO study was for USAID to work with more host governments to develop strategic approaches to promoting exports under AGOA. GAO's recommendation echoed the key finding from a 2011 study by the Brookings Institute that specifically analyzed Ghana's utilization of AGOA. That study had concluded that Ghana lacked a clear-cut AGOA implementation strategy to maximize the act's benefits for national development. These critiques and suggestions have all been taken on board in the development of Ghana's new National AGOA Strategy.

The most important test of a strategy is whether or not it gets implemented effectively. In order for that to happen a strategy needs to be simple enough for everyone to understand and to follow. Ghana's National AGOA Strategy reflects this requirement for simplicity and clarity through its clear structure and prescriptions, all as illustrated below:

### GHANA'S NATIONAL AGOA STRATEGY



The foundation of the strategy is Ghana's recognition that any substantial future growth in NTE to US Markets through AGOA will depend largely on levels of FDI that can be secured for export production. The evidence to

support this is clear in Ghana, and it is consistent with global trends. According to UNCTAD studies multinational affiliate sales as a share of world GDP have more than doubled in the last twenty-five years; at least 80% of global trade is now attributable to transnational companies. Virtually all cases of statistically relevant export growth under AGOA, across all of Sub Saharan Africa, can be traced back to production facilities established by multinational companies, or domestic firms that received infusions of FDI as part of marketing relationships within global value chains. The key elements of Ghana's National AGOA Strategy are discussed briefly in the following table.

### KEY ELEMENTS OF GHANA NATIONAL AGOA STRATEGY

ELEMENT OF STRATEGY		RATIONALE / EXPLANATION
<b>ONE TEAM</b>	1. AGOA Implementation Unit operating with the highest levels of coordinated planning and collaborative problem solving	Strategies often falter in execution because of insufficient coordination.
<b>TWO VOLUMES</b>	1. A <b>National AGOA Strategy</b> that will remain in force through 2025 2. A 2-Year <b>National AGOA Action Plan</b> , to be updated on an annual or bi-annual basis	Strategies are precursors to plans, defined as integrated sets of choices made to enable effective planning. Plans are arrangements of steps and actions designed to accomplish specific purposes.
<b>THREE TARGETS</b>	1. # of FDI-Infused Firms Exporting Non-Fuel Products to the United States 2. Exports to the US as % Exports to the EU (Non-Fuel) 3. % of US Exports Using Preferences.	The end of AGOA (2025) targets are established as follows: <ul style="list-style-type: none"> <li>• 50 FDI-infused firms exporting to the US. (Baseline is 10)</li> <li>• Non-Fuel Exports to US will reach 25% of Non-Fuel Exports to EU (Baseline is 14%)</li> <li>• 27% of Total Non-Fuel US Exports will use preferences (Baseline is 11%)</li> </ul>
<b>FOUR TACTICS</b>	1. Leverage Large FDI Infused Exporters 2. Market FDI Opportunities for Export Production 3. Strengthen Producers of Selected Local Products 4. Address Key Cross Cutting Constraints	Each planning cycle will determine specific actions with the following parameters: <ul style="list-style-type: none"> <li>• 6 to 8 FDI-Infused exporters to receive targeted facilitation support from MOTI and its partner agencies to help expand US market-oriented production.</li> <li>• 3 to 5 initiatives specific to marketing US Exports to prospective foreign investors.</li> <li>• 1 or 2 local industries that are exporting national/ethnic products to the US related to a longer term strategic interest.</li> <li>• 4 to 6 cross cutting constraints that inhibit exports to the US Market.</li> </ul>

<b>FIVE PRINCIPLES</b>	<ol style="list-style-type: none"> <li>1. Builds upon Ghana's Existing Development Policy Framework</li> <li>2. Pragmatic in terms of Scope, Objective and Tactics</li> <li>3. Replicates Proven Approaches</li> <li>4. Promotes Sustainable Production</li> <li>5. Forward Looking about the Ghana/US Trade Relationship</li> </ol>	The principles help to establish within the overall strategy the key findings of the strategy development effort as well as the policy priorities underling the NES, and the broader development policy framework in Ghana.
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## NATIONAL AGOA ACTION PLAN: OPTIONS FOR 2017-2018

Once the new Ghana National AGOA Strategy has been formally adopted attention will shift towards completion of the First National AGOA Action Plan. Ghana's AGOA Implementation Unit has plans to complete the first Action Plan during the first quarter of 2017.

One overall objective for the first National AGOA Action Plan that should be considered is optimizing Ghana's utilization of the 50 MT/month of air cargo space that is available on the South African 4x weekly flight from Accra to IAD (Washington Dulles.) That flight operates with Airbus A340-600 which offers the most cargo capacity of any aircraft capable of serving the Ghana-US flight range. The A340-600 provides a minimum of 10 tons of cargo space per flight (175 tons per month) which is mostly unutilized. By contrast Delta's 4x weekly flight from Accra to NY operates with a Boeing 767-400 which offers the least cargo capacity of any aircraft capable of serving the route, often having no cargo space because of excess passenger luggage. Road transit and airport cold chain facilities, both funded through a US MCC compact, are sufficient to facilitate exports of perishable goods if the marketing and distribution ends can be developed in the US Mid Atlantic.

A full set of options to consider for each of the four tactics are outlined in the following tables:

### TACTIC 1: LEVERAGE EXISTING LARGE FIRMS EXPORTING TO EU

<b>Strategy Guidance: Select 6 to 8 Large EU Exporting Firms for Targeted Support</b>		
Firm	Action / Rationale	Potential Costs
<b>1. Blue Skies Products</b>	<p>Blue Skies Products could build something similar to its EU operation for fresh-cut individually-packaged tropical fruits using commercial airline cargo. It would need help establishing a marketing channel that distributes through the US Mid-Atlantic. Through a Mid-Atlantic based distributor Blue Skies may be able to take advantage of up to 50% the available air cargo space.</p> <p>Earlier this year Blue Skies established market linkages with importers and distributors in the US Northeast Region based on the 4x times weekly Delta flight to New York, but due to severe limitations of space and chronic uncertainty the Delta flight to JFK does not appear to be a viable option for Blue Skies.</p>	\$50,000 to \$100,000
<b>2. HPW Fresh and Dry</b>	<p>HPW Fresh and Dry is a 100% Swiss-owned EU exporting firm that manufactures dried fruit (Pineapple, Mango, Copra, Papaya). HPW is interested in the US market and is already providing samples to select US grocers. HPW would like support to develop a compliance checklist, and to establish additional linkages with more US importers and distributors.</p>	\$25,000 to \$50,000.



<b>Strategy Guidance: <i>Select 6 to 8 Large EU Exporting Firms for Targeted Support</i></b>		
Firm	Action / Rationale	Potential Costs
<b>3. Jei River Farms / Golden Exotics / Bomarts Farms / Ignis Group</b>	Outreach and facilitated discussions to establish a Dole/Del Monte Marketing Relationship with Jei River or other Ghanaian Pineapple Exporter to supply fresh Sugarloaf Pineapple to high-end markets in the US Mid-Atlantic Region via air cargo on South African.	\$25,000 to \$50,000
<b>4. Dignity / DTRT Apparel</b>	The Dignity/DTRT arrangement has generated a 10 million/yr. apparel export business to the United States under AGOA with significant employment. DTRT Dignity's constraint to growth right now is their facilities. They are prepared to double production if additional factory space can be secured to expand operations, training and materials warehousing. There is Free Zone Board owned vacant factory space located in proximity.	TBD
<b>5. Vegpro Ltd. / Jokopan Farms</b>	There are strong export market opportunities in the US for specialty vegetables in urban market areas with a high population of individuals from West Africa and the Caribbean, including baby sweet corn, okra, hot peppers, herbs, and other exotics. Okra is already on the list of admissible products from Ghana and both Vegpro Ltd. and Jokopan Farms are currently producers of Okra for export to the EU. The requirement would be to clarify SPS requirements with APHIS, and establish marketing linkage.	\$25,000 to \$50,000
<b>Cosmos Seafood</b>	Cosmos Seafood, a South Korean firm, operates a Tuna fishery in Ghana focused mostly on EU markets and has interest in supplying the US market. The strongest opportunity for preferential US market access in fresh or frozen fish is for Swordfish and Tooth fish filets which are both available and apparently under-fished in Ghana's marine fisheries, but the firm would need to develop the capture and processing capacity for that species.	TBD

## TACTIC 2: MARKET FDI OPPORTUNITIES FOR EXPORT PRODUCTION

<b>Strategy Guidance: <i>Select 3 to 5 Initiatives for Marketing to Prospective Foreign Investors</i></b>		
Initiative	Action / Rationale	Potential Costs
<b>1. Export Manufacture of Gold Jewelry</b>	US Imports of gold jewelry have been steadily increasing for several years, representing one bright spot in an otherwise sluggish global market that has been slowly declining overall during that same period. Under GSP/AGOA Ghana is exempt from ad valorem tariffs on Gold and Gold Plated Jewelry products that ranges between 5% and 6%. There may be strong potential for joint ventures with Indian or Chinese manufacturers to deploy production capital to Ghana to take advantage of Ghana's raw material supplies and its preferential access to the US market. The business model would be similar in nature to the way most apparel trade under AGOA has been structured.	\$25,000 to \$50,000 for Production Cost Feasibility Study
<b>2. Apparel Industry Competitiveness Assessment</b>	Retain a highly knowledgeable and well-connected consultant from Asia (target should be a retired apparel industry executive from China, Taiwan or ASEAN region) to assess Ghana's competitiveness in apparel for the US market. Based on the outcome of the high-level assessment, design a package of programs and incentives that would be required to reach a sufficient level of competitiveness to attract inbound FDI for the industry, develop an action plan for Gov. of Ghana to put it in place, and launch investor targeting and FDI promotion efforts for apparel manufacturing in specified locations in Asia.	\$50,000 to \$100,000
<b>3. Export Manufacture of Coconut Coir Fiber</b>	Coconut husk fiber (coir) based products from Ghana have significant export potential in the US market. The demand for a peat moss substitute has fueled the use of coir as a substrate in potting media and hydroponic growing systems. Other	\$50,000 to \$100,000

<b>Strategy Guidance: <i>Select 3 to 5 Initiatives for Marketing to Prospective Foreign Investors</i></b>		
Initiative	Action / Rationale	Potential Costs
	coconut fiber value-added products increasing in demand include mats, geo-textiles, upholstery, mattresses, brooms, and brushes.	
<b>4. Export Manufacturing of Margarine from CSPO</b>	There is an emergence of demand for Palm Oil in the US market which is largely attributable to its use as a natural replacement oil for partially hydrogenated vegetable oils or “trans-fats” which have been increasingly shunned in the US market for health reasons, and finally banned by the US FDA in June 2015. Ghana, because of its location in West Africa, is more attractive than Southeast Asian suppliers which are under fire from the WWF. US Importers are starting to require more and more CSPO certified production. Margarine is a high value added product made from Palm Oil which would enter the US Duty Free under AGOA. First step would be to do a feasibility study to assess the cost parameters.	Less than \$25,000 (Step One)

### TACTIC 3: STRENGTHEN PRODUCERS OF STRATEGIC LOCAL PRODUCTS

<b>Strategy Guidance: <i>Select 1 to 2 Industries Making Local Products for Targeted Support</i></b>		
Strategic Industry	Action / Rationale	Potential Costs
<b>West African Specialty Foods Manufacturers</b>	Demonstrating the ability to consistently comply with food safety requirements has strategic implications for Ghana’s future opportunities in US Markets. Ghana’s West African Food Processors/Exporters, Capacity building program with the US FDA based on the US FSMA legislation’s requirements for foreign outreach and capacity building.	TBD
<b>Artisan Handicraft Manufacturers</b>	Ghana’s High End “Global Style” Handicraft Manufacturers are poised well in a growing US niche market. Tasks would be to establish more durable market linkages to ensure regular sharing of US market trend/design information and a more normalized, predictable flow of orders. Sustainability and Scalability of results could be strengthened if the industry was better organized with a trade association that was widely representative of the industry’s interests.	\$100,000 to \$200,000

### TACTIC 4: ADDRESS KEY CROSS CUTTING CONSTRAINTS SPECIFIC TO US MARKETS

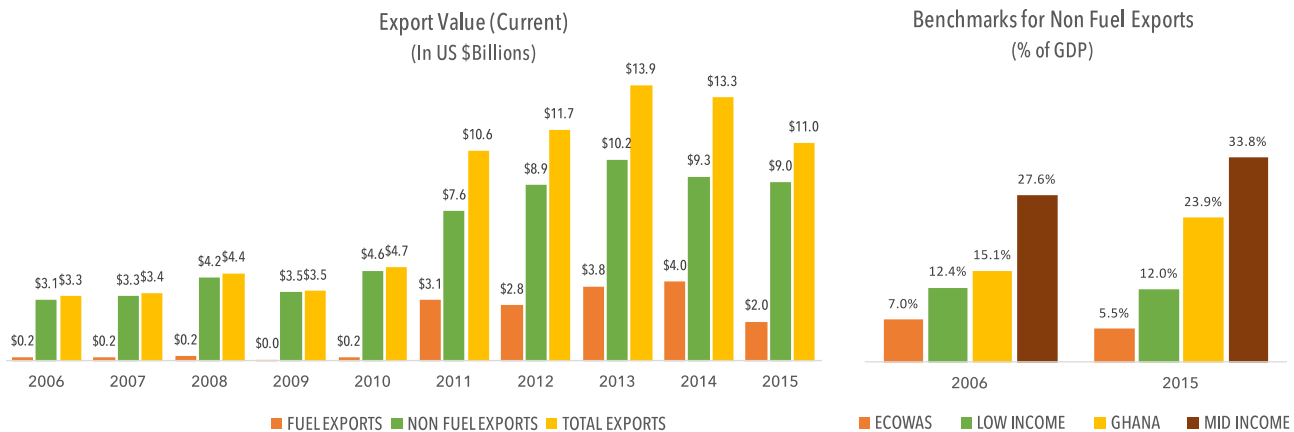
<b>Strategy Guidance: <i>Select 4 to 6 Cross Cutting Constraints to Address</i></b>		
Constraint	Action(s) / Rationale	Potential Costs
<b>1. Establish a Horticulture Fumigation Facility at Washington Dulles Airport.</b>	Ghana Yams are sold at over 6 times the FOB cost most of the season in the US markets, providing room to absorb the cost of air freight and remain viable. JFK has a fumigation facility but due to the restrictions on Delta this channel for air shipment to the US is very limited. Construction of a fumigation facility in DC would enable use of the South African flight from Accra to Washington DC for Ghana’s Yams, and that would remove a very significant constraint.	TBD
<b>2. Request change of Equipment for Delta Flight 420/220 ACC JFK.</b>	Because of the type of aircraft that is used by Delta for the NY to Accra flight (Boeing 767-400) it is not possible for Delta to advance guarantee Ghanaian exporters availability of air cargo space. This makes the current Delta ACC JFK flight unusable for producers of highly perishable products like Fresh Cut Fruits and Juices, Fresh Exotic Pineapples, and Asian Vegetables.	TBD
<b>3. Complete Pest Risk Assessment for Baby Corn / Mango</b>	There are strong export market opportunities in the US for specialty vegetables like baby sweet corn, okra, hot peppers, herbs, and other exotics. Baby corn is already produced in large export quantities by VegPro Ltd for the EU Market. It is an AGOA eligible, labor intensive product which makes Ghana relatively more competitive, and the market could support the high cost of air freight.	\$25,000 - \$50,000
<b>4. Feasibility of MSC Certification</b>	There is increasing preference in the US Market for eco-label products that indicate the catch is from sustainable fisheries. The two largest, most well-known	\$25,000 - \$50,000

<b>for Swordfish Capture Fishery</b>	and longest tenured eco-certification programs are The Marine Stewardship Council and Friends of the Sea. A feasibility or pre-audit of MSC certification would clarify the gaps and steps required to secure the certification and provide good order of magnitude information about the viability of the US market.	
<b>5. Request impact analysis of the effects of TPP on Apparel Trade.</b>	If TPP passes Vietnam's apparel exports to the United States could jump quickly, increasing by up to 20% a year, similar to the way that China's share of the global apparel market exploded following the expiration of the MFA in 2005. While most of growth projected under the TPP scenario would likely involve Vietnam taking market share from China, there is concern that TPP would enable Vietnam to substantially undercut the relative competitiveness in CVS apparel products that is currently exploited by SSA countries through AGOA.	TBD

## BACKGROUND

The Republic of Ghana is established as one of the leading exporters among countries of Sub-Saharan Africa. Over the past 10 years Ghana has increased the value of its non-fuel exports by nearly three times, first crossing the \$10 billion threshold in 2013. Ghana also started exporting oil and gas in 2011, only five years after the fields were discovered. This has considerably raised the overall profile and value of Ghana's exports. As Figure 1 shows the value of Ghana's non-fuel exports in 2015, measured as a % of GDP, is firmly established within the benchmark range for lower middle income countries. Ghana's rate is over twice the benchmark level for its regional peer group, member states of the Economic Community of West African States (ECOWAS).

FIGURE 1: GHANA EXPORTS | 2006 TO 2015



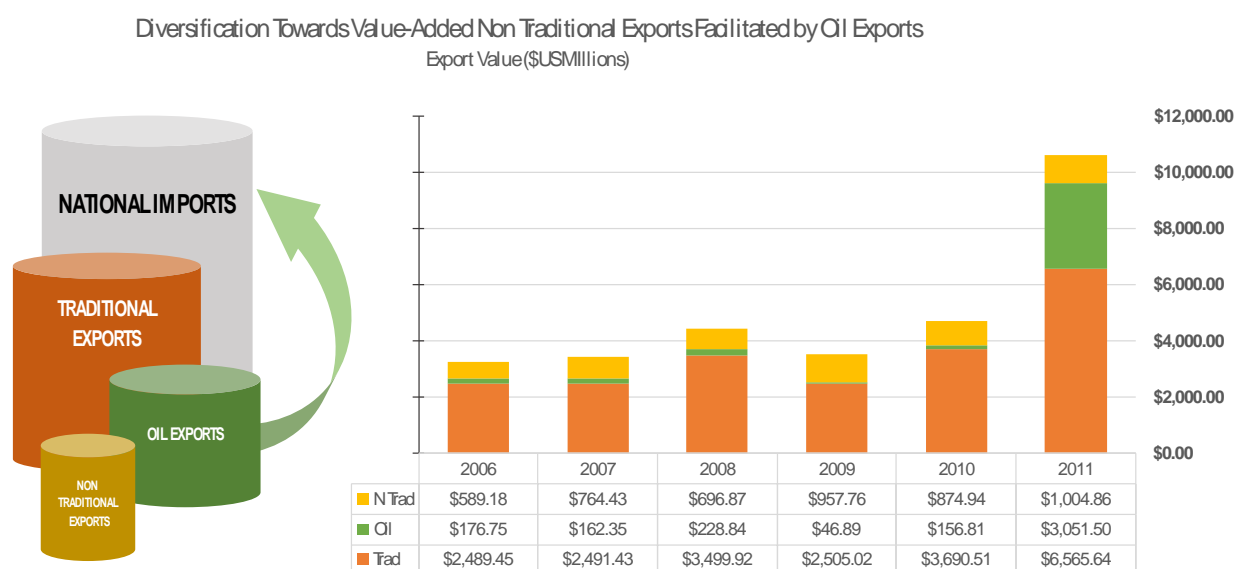
Notes: Source data obtained from World Bank Development Indicators database. Regional and Income Category benchmarks calculated as weighted averages for Exports and GDP using World Bank income designations.

In developing its export sector Ghana's main challenges have been high product concentrations and low levels of value addition. Over the years a series of policies and programs have been introduced to diversify national export production into new products and markets, expand the overall export product base, and stimulate higher levels of processing and value addition. Between 2001 and 2005 Ghana launched a series of targeted President's Special Initiatives (PSI) in cassava, palm oil, garments, and salt production, all aimed at enlarging and diversifying the export base. Conceived as public-private partnerships the PSIs were designed to mobilize capital and technical resources to cluster together small holders with new private sector processing plants. This was conceived as the best way to meet the stringent quantity and quality requirements of international markets.

## THE NATIONAL EXPORT STRATEGY

When the first oil from Ghana's new fields was achieved in 2010 it was an opportunity to rethink the overall strategy for export product development to account for new doors that were opening for Ghana as an oil producing country. In 2011 Ghana developed a new National Export Strategy (NES). Ghana's exports had traditionally been dominated by raw cocoa beans, unwrought gold, mineral ores and timber. The approach of the NES, which came into force in 2012, has been to use the fiscal flexibility afforded by oil exports to harness the capacity of "Non-Traditional Exports" to make significant contributions to GDP growth and national development. As Figure 2 illustrates below, the strategy envisioned that relaxed fiscal pressures would provide Ghana with opportunities to add more value to "Traditional Exports" through additional processing or new forms of transformation of the raw materials into intermediate and/or consumer goods.

FIGURE 2: THE NATIONAL EXPORT STRATEGY (NES)



Notes: Data on Traditional and Non-Traditional Exports obtained from Ghana Export Promotion Authority. Ghana's National Export Strategy is available online at: <http://MOTI.gov.gh>

While the diversification objectives of the NES are largely focused on entry into higher value added and manufacturing opportunities it also encourages expansions into new forms of primary goods like higher value agricultural products. This aspect of the strategy is captured in the export trend depicted in Figure 2.

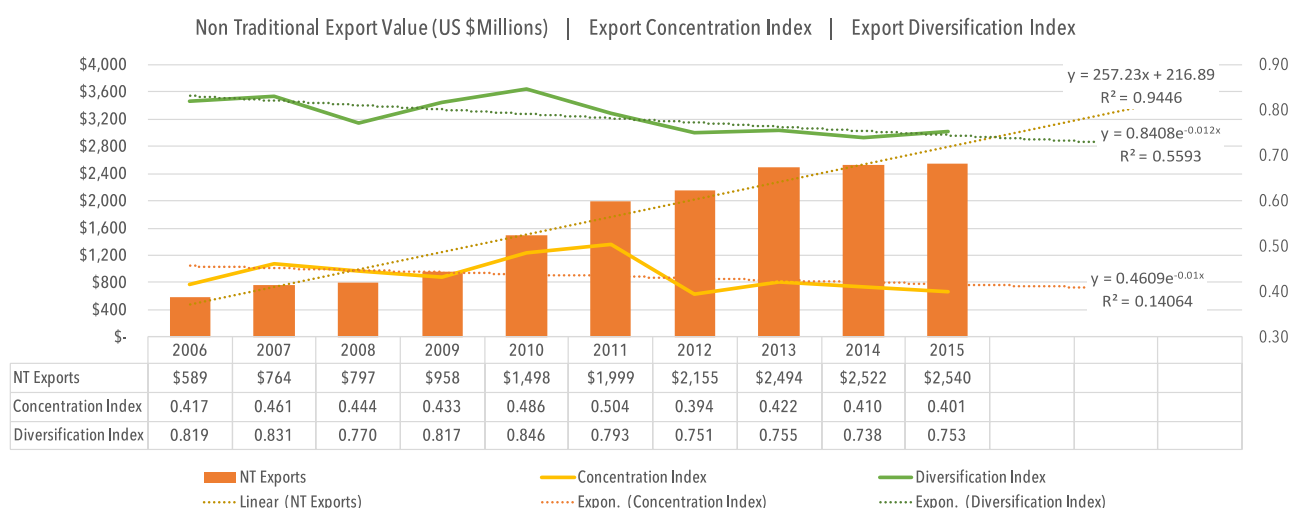
Growth in the non-traditional export sector is one of the fundamental vehicles that will enable Ghana to consolidate and enhance its middle-income status, create job opportunities and facilitate higher, and more sustainable standards of living. Consistent with Ghana's Shared Growth and Development Agenda, the NES clarified several key points.

- It acknowledged the private sector would be the main agent of change and the key actor for developing Ghana's non-traditional export sector.
- It identified six primary markets to target for non-traditional export growth. These primary markets were defined as European Union, Switzerland, Malaysia, Nigeria, India and Japan.
- It identified a set of "Priority Export Products"

The NES was revised slightly in 2013. The main revisions to the strategy were defining a new list of priority export products; extending the term of the strategy through 2017; and establishing clear targets. Through the revised NES Ghana clarified the intent to double the value of non-traditional exports over five years, reaching a level of \$5.0 billion annually.

Results to date associated with the NES are presented in Figure 3. The data shows progress has been made towards achieving the targets and objectives of its NES. Ghana's measure on the UNCTAD diversification index trended gradually downward over the ten-year period ending in 2015. However, the growth rate of Ghana's NTE has slowed since registering strong gains from 2010 to 2013.

FIGURE 3: GHANA NES RESULTS TO DATE | SELECTED INDICATORS AND MEASURES



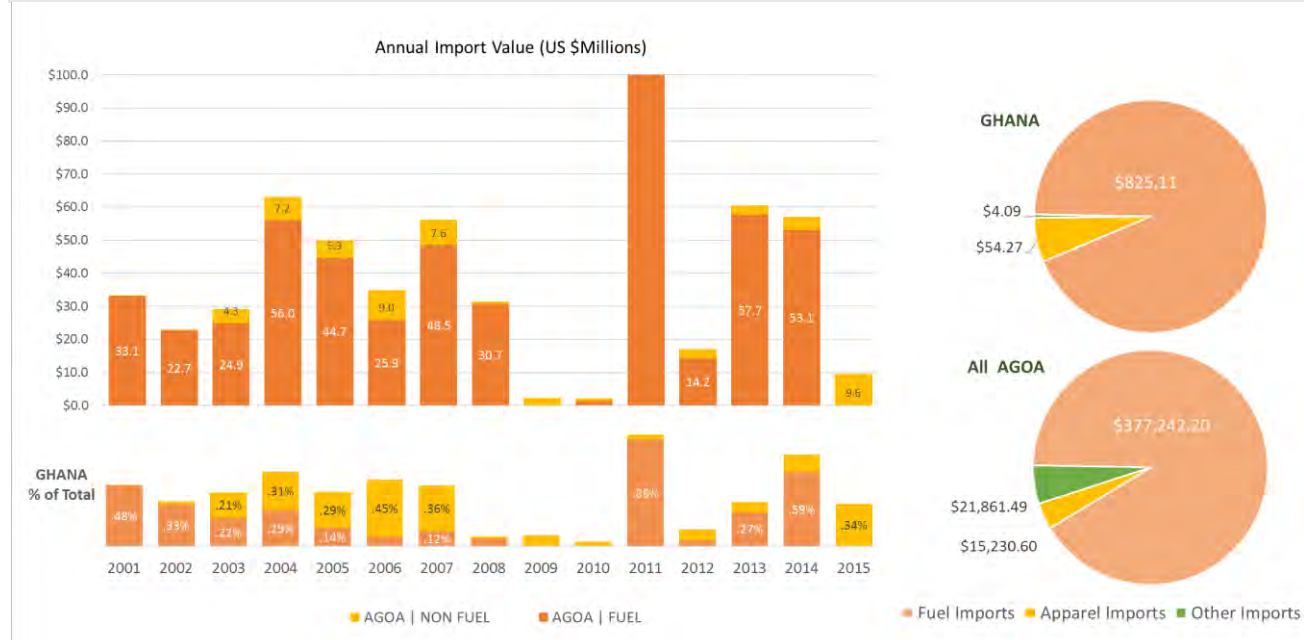
Notes: Data on Traditional and Non-Traditional Exports provided by the Ghana Export Promotion Authority. Data on the diversification measures extracted from UNCTAD database.

There are several alternatives that Ghana can pursue to try and re-accelerate growth of NTE. One alternative, which deserves strong consideration, is rethinking Ghana's duty free/quota free access to the world's largest and most dynamic economy.

## THE US MARKETS AND AGOA

The US Congress enacted the African Growth and Opportunity Act (AGOA) in May 2000. Expanding the benefits already available under GSP, AGOA provided duty-free and quota-free entry of 6,400 products to eligible countries in Sub Saharan Africa (SSA). In June 2015, the US Congress extended AGOA for a new ten-year period, through 2025. Figure 4 shows US Imports from Ghana under AGOA during the first fifteen years.

FIGURE 4: US IMPORTS FROM GHANA UNDER AGOA: 2001 TO 2015

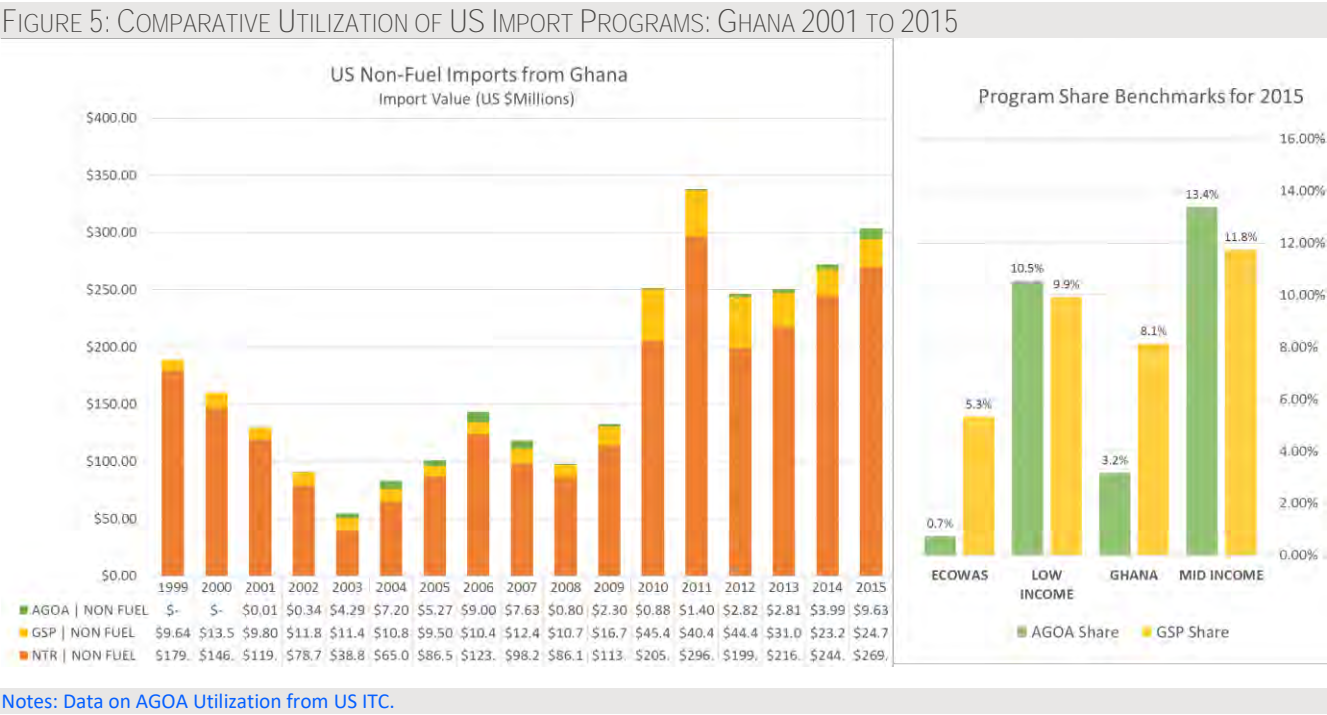


Notes: Data on AGOA imports from Ghana obtained from the United States ITC.



The trade preferences that are available under AGOA have largely favored apparel production and petroleum. Ghana’s participation in AGOA was also focused on these two products, in conjunction with the President Special Initiative on Apparel. Unfortunately, the period was characterized by two significantly disruptive events in the world apparel markets. First, on the supply side the expiration of export quotas under the Multi Fiber Agreement (MFA) in 2005 had driven a major global reallocation of apparel production towards countries with the most competitive light manufacturing industries. China was the biggest beneficiary, increasing its global market share from 22% in 2004 to 32% in 2009. On the demand side, a global recession triggered by the financial crisis of 2007 led to a sharp slowdown, and then decline in the world’s apparel consumption.

Notwithstanding the challenges of that period, policy makers in the US, and many AGOA beneficiary countries, share an opinion that AGOA was underutilized over its first fifteen years, particularly given the considerable investments made in trade capacity building.<sup>1</sup> Exports from AGOA eligible countries still represent a small share of total US imports and remain largely concentrated in energy-related products. Figure 5 shows that Ghana has lagged its peer benchmarks in terms of AGOA utilization. While the overall trend is disappointing, Ghana’s non-fuel exports to the US under AGOA have peaked in 2015 at just over \$10 million.



Several efforts have been made over the years to analyze past approaches for utilizing AGOA, identify any shortcomings, and recommend adjustments to strengthen its impact moving forward. Some of the opportunities that have been identified to strengthen AGOA have already been addressed. For example, one of the most common critiques of AGOA over its first fifteen years was uncertainty caused by repeated, short-term, extensions of the Act and specific provisions within it, as opposed to the kind of long term renewals that are necessary for channeling attention and attracting investment. The US Congress responded specifically to this critique with its reauthorization

<sup>1</sup> The United States invested \$5.08 billion in Trade Capacity Building across SSA between 2001 and 2013; GAO 2015.

of AGOA for a full ten-years, and providing for the use of third-country fabrics in apparel manufacturing for the duration.

*“In order to enhance eligible countries’ ability to utilize the AGOA program, and to better align assistance with program objectives, we recommend that the Administrator of USAID work with more host governments to develop strategic approaches to promoting exports under AGOA.”*

---US GAO, 2015

Other opportunities to strengthen AGOA require action on the part of beneficiary countries. One of the shortcomings cited most frequently by policy makers is the lack of strategic thinking and planning on the part of beneficiary countries to take advantage of the opportunities afforded by AGOA. In 2015 the US Congress directed the General Accountability Office (GAO) to conduct a series of analyses that would help evaluate and shape its planned extension of AGOA. The principal recommendation for executive action that resulted from that 2015 GAO study was for USAID to work with more host governments to develop strategic approaches to promoting exports under AGOA.<sup>2</sup> The GAO’s recommendation echoed the key finding from a

*“Implementation has been carried out in an ad hoc manner, with no reference to national development targets. The transient government arrangement that has characterized the institutionalization of AGOA has been due to the lack of a national strategic plan.”*

--- Brookings, 2011

2011 study by the Brookings Institute that specifically analyzed Ghana’s utilization of AGOA. That study had concluded that Ghana lacked a clear-cut AGOA implementation strategy to maximize the act’s benefits for national development.<sup>3</sup>

In fact, Ghana did develop an initial AGOA strategy in the early 2000s. The initial strategy focused on a high-level sectoral overview of the challenges and opportunities available to Ghana in pursuing greater trade through AGOA. The strategic approach was linked explicitly to the President’s Special Initiatives and that integration paved the way for some of Ghana’s initial successes, particularly with apparel. Unfortunately, Ghana’s momentum with AGOA exports stalled during the global financial crisis in 2008 and the ensuing recession in 2009. When Ghana’s export development approach shifted to the NES in 2011 Ghana’s approach to utilizing AGOA was never similarly revised.

This lack of revision was due to a number of factors. First, there was uncertainty at the time about whether AGOA, and the third country fabric waiver, were going to be renewed, and for how long. Second, Ghana’s apparel export industry was still in relatively infant stage when the financial crisis/recession hit and the turmoil essentially wiped the industry out. Finally, Ghana’s NES at the time placed higher priorities on export development for markets in the European Union, Switzerland, Malaysia, Nigeria, India and Japan.

Ghana recognizes that there are significant opportunities in the US market that remain untapped. Given the pressing need to establish stronger linkages with global markets for Ghana’s non-traditional exports, and given the clarity that is now present with regards to the future of AGOA, the time is now right to revise the strategy.

## PARTNERSHIP FOR STRATEGY DEVELOPMENT

As the world’s largest economy and largest importer, the US offers compelling market opportunities for Ghana to help accelerate growth in its nontraditional exports and achieve the important objectives and ambitious targets set forth in the National Export Strategy. In order to harness this potential, and address the shortcomings identified with Ghana’s past efforts to take advantage of AGOA, the Ministry of Trade and Industry (MOTI) forged a partnership with USAID | Ghana to revise its National AGOA Strategy.

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<sup>2</sup> GAO-15-218: African Growth and Opportunity Act

<sup>3</sup> Improving AGOA: Brookings Institute 2011



In late June, 2016 USAID | Ghana fielded a team of specialized consultants to join forces with senior officials from MOTI's Foreign Relations Directorate to undertake a detailed, highly contextualized analysis of Ghanaian export products which can be developed under AGOA. Between July 1<sup>st</sup> and August 31<sup>st</sup>, the team consulted with over 70 stakeholder organizations, including private companies, business associations, ministries, department, and government agencies across five regions of Ghana. (See Table 1) The team examined production capacity in key sectors, analyzed programs and policies available to support export development, identified constraints, and determined the most feasible opportunities for expanding exports to the US market. This strategy document outlines Ghana's way forward with AGOA based on the key findings of MOTT's collaborative work with USAID | Ghana.

TABLE 1: STAKEHOLDER CONSULTATIONS

ORGANIZATION	DATE
AYENSU STARCH COMPANY LTD	JULY 26, 2016
ABUESI FISH PROCESSORS-WESTERN REGION	JULY 27, 2016
ABURI CRAFT VILLAGE ARTISANS (ABCVA)	AUGUST 18, 2016
AFRICAN WOMEN ENTREPRENEIRSHIP PROGRAM (AWEP)	JULY 4, 2016
AID TO ARTISANS GHANA (ATAG)	JULY 4, 2016
AMCHAM/GHANA CHAMBER OF COMMERCE & INDUSTRY	JULY 7, 2016
ANYAKO FARMS - TOGBOME	JULY 13, 2016
ASKANSA GOLD JEWELRY	JULY 7, 2016
ASSOCIATION OF GHANAIAAN APPAREL MANUFACTURERS	JUNE 29, 2016
B.BOVIN LTD - TAKORADI- WESTERN REGION	JULY 28, 2016
BARRY CALLEBAUT	JULY 11, 2016
BLUE SKIES GHANA LTD	JULY 15, 2016
BOMART'S FARMS LIMITED	AUGUST 18, 2016
CADLING CLOTHING & FASHIONS/MANUFACTURING	JULY 7, 2016
CARGILL GHANA LTD - TEMA	AUGUST 25, 2016
CARMEUSE-LIME PRODUCT GHANA LTD - TAKORADI - WESTERN REGION	JULY 27, 2016
CHRY'S FIBRE LIMITED - TAKORADI - WESTERN REGION	JULY 28, 2016
COSMO SEAFOODS COMPANY LIMITED -TEMA	AUGUST 22, 2016
COTTON WEB LINK PORTFOLIO (CBLP) /MANGO PACKHOUSE - SOMANYA	AUGUST 24, 2016
DELTA AIRLINES CARGO SECTION	AUGUST 5, 2016
DIGNITY DTRT	JULY 7, 2016
ERNIMICH LTD	JULY 15, 2016
GHANA COMMUNITY NETWORK SERVICES LTD (GcNET)	AUGUST 2, 2016
GHANA EXPORT PROMOTION AUTHORITY (GEPA)	JUNE 29, 2016
GHANA FOOD AND DRUG AUTHORITY (GFDA)	AUGUST 4, 2016
GHANA FREE ZONES BOARD (GFZB)	AUGUST 2, 2016
GHANA INSTITUTE OF FREIGHT FORWARDERS (GIFF) AND	AUGUST 22, 2016
GHANA CUSTOMS BROKERS ASSOCIATION, GHANA (CUBAG)	AUGUST 22, 2016
GHANA INVESTMENT PROMOTION CENTRE (GIPC)	AUGUST 11, 2016
GHANA PORTS & HARBOUR AUTHORITY - TAKORADI - WESTERN REGION	JULY 29, 2016
GHANA RUBBER ESTATE LTD (GREL) - WESTERN REGION	JULY 28, 2016
GHANA STANDARDS AUTHORITY (GSA)	AUGUST 5, 2016

ORGANIZATION	DATE
GLOBAL SHEA ALLIANCE - ACCRA	SEPTEMBER 16, 2016
GOLDEN EXOTICS COMPANY LIMITED - AKUSE	AUGUST 24, 2016
GRA-CUSTOMS DIVISION	AUGUST 2, 2016
GRIMALDI GHANA LTD - TEMA	AUGUST 30, 2016
HPW FRESH & DRY LTD	JULY 15, 2016
IGNIS GROUP	JULY 17, 2016
JEI RIVER FARMS	JULY 26, 2016
JOKOPAN FARMS - TOGBOME	JULY 13, 2016
KORANKO FARMS LIMITED	AUGUST 18, 2016
MINISTRY OF FISHRIES & AQUACULTURE DEVELOPMENT (MOFAD)	AUGUST 3, 2016
MINISTRY OF FOOD & AGRICULTURE (MOFA)	AUGUST 4, 2016
MINISTRY OF TRANSPORT (MOT)	AUGUST 5, 2016
NATIONAL NETWORK OF HANDICRAFT EXPORTERS	JULY 4, 2016
NICHE COCOA INDUSTRY LTD - TEMA	AUGUST 26, 2016
NORPALM GHANA LIMITED - WESTERN REGION	JULY 28, 2016
PIONEER FOOD CANNERY LTD/THAI UNION	JULY 21, 2016
PLOT COCOA PROCESSING COMPANY LTD - TAKORADI - WESTERN REGION	JULY 27, 2016
PMMC / ADITAN ENTERPRISES - (JOINT VENTURE)- ACCRA	SEPTEMBER 14, 2016
PRECIOUS MINERALS MARKETING COMPANY (PMMC)	JULY 7, 2016
SEA - FREIGHT PINNEAPPLE EXPORTERS OF GHANA (SPEG)	AUGUST 17, 2016
SLEEK GARMENT EXPORT LTD	JULY 7, 2016
SOUTH AFRICA AIRWAYS CARGO SECTION	AUGUST 5, 2016
TEKURA HANDICRAFT	JULY 5, 2016
THE ASSOCIATION OF GHANA INDUSTRIES (AGI)	JULY 4, 2016
THE CEO OF TROPICAL CABLES & CONDUCTORS LTD IN TEMA	JUNE 27, 2016
THE FEDERATION OF ASSOCIATION OF GHANAIAAN EXPORTERS (FAGE)	JULY 4, 2016
THE GHANA ROOTS & TUBERS EXPORTERS UNION (GROCTEU)	JULY 18, 2016
THE MINISTRY OF TRADE & INDUSTRY AGOA COMMITTEE MEMBERS	JUNE 27, 2016
THE WEST BLUE CONSULTING AT THE OFFICE OF WEST BLUE	JUNE 30, 2016
USAID/GHANA IMPROVING FOOD SAFETY SYSTEMS PROJECT	JULY 16, 2016
USAID/GHANA SUSTAINABLE FISHERIES MANAGEMENT PROJECT (SFMP)-ACCRA	JULY 6, 2016
USAID/WEST AFRICA TRADE AND INVESTMENT HUB	JULY 16, 2016
VEGETABLE PRODUCERS AT ASHANTI KPOTAE -VOLTA REGION	JULY 14, 2016
VEGPRO GHANA LIMITED - TOGBOME	JULY 12, 2016
VOLTA RIVER ESTATE LIMITED (VREL) - NEW AKRADI	AUGUST 23, 2016
WAD AFRICAN FOODS LTD	JULY 16, 2016
WINGLOW CLOTHING & FASHION	JULY 5, 2016
YENOK WOOD PRODUCT - TAKORADI - WESTERN REGION	JULY 27, 2016

## KEY ISSUES AND TRENDS

During its consultations with ministries, agencies, associations, companies and development partners the MOTI/USAID team identified several key issues and trends that were fundamental in shaping the new strategic approach to Ghana's utilization of AGOA.<sup>4</sup> These key "findings" relate to the following:

- The Trade Enabling Environment
- Foreign Direct Investment
- Fiscal Reforms and Monetary Policy
- Concentration Risks with European Markets
- US Food Safety Compliance

### THE TRADE ENABLING ENVIRONMENT

The complex set of challenges surrounding export production and trade across Sub Saharan Africa generally, and within West Africa and Ghana specifically, are well documented. The field work confirmed that these constraints are real, and that they all challenge export production and the facilitation of trade with varying degrees of significance.

Alongside the array of complex challenges, the field team also found a large suite of activities, programs and policy reforms underway, or in the planning stages, to help Ghanaian industries and export companies overcome these constraints. Some challenges were being addressed through legal and regulatory reforms, some were programs being sponsored/financed by government, others funded and implemented by Ghana's Development Partners and Ghanaian companies in the private sector.

Table 2 summarizes the impediments identified in Ghana's trade enabling environment, and highlights the efforts that have been developed to strengthen it. Figure 6 contextualizes Ghana's trade enabling environment using World Bank Doing Business indicators to contrast Ghana's outcomes with a range of peer benchmarks.

TABLE 2: STRENGTHENING GHANA'S TRADE ENABLING ENVIRONMENT

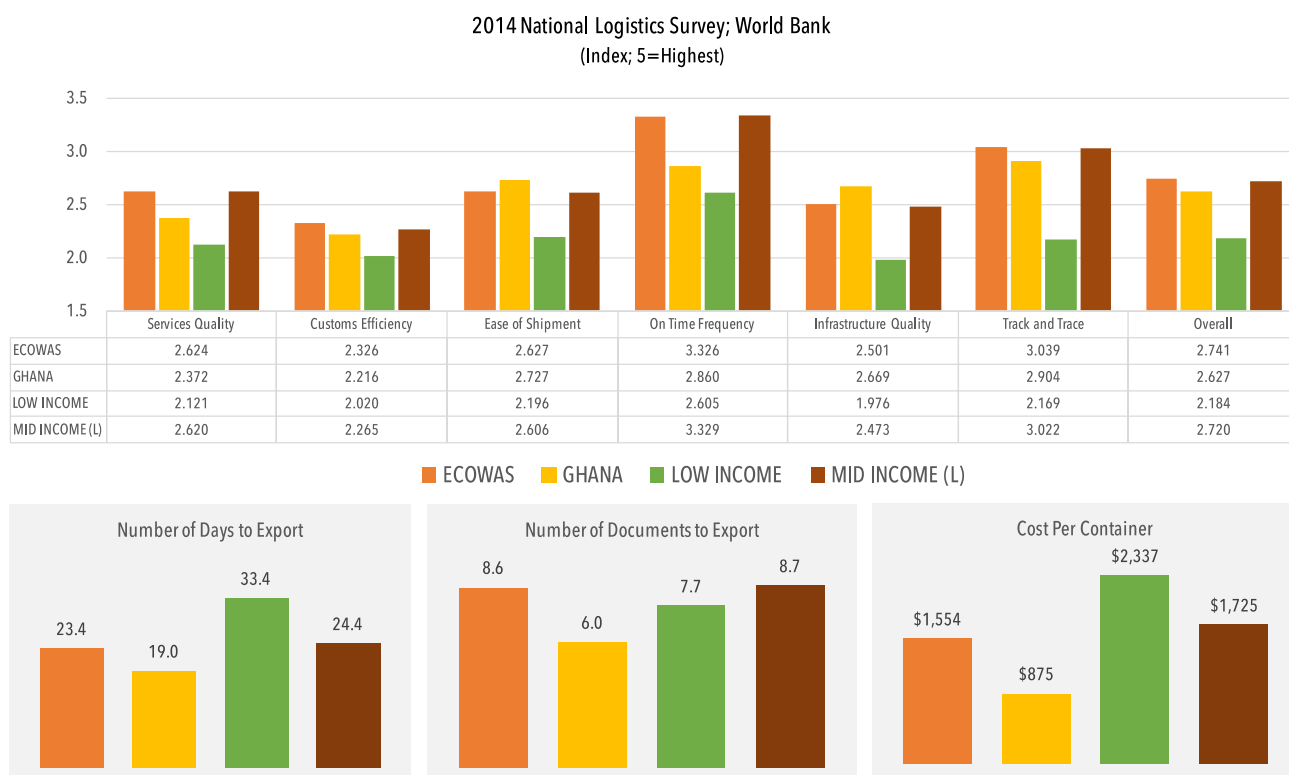
TRADE-ENABLING IMPEDIMENTS	PROGRAMS TO EASE IMPEDIMENTS
Suboptimal time, cost and certainty of export shipments.	✓ Ratification of the WTO Trade Facilitation Agreement
Lack of capacity in testing, enforcing and upholding standards.  Ineffective, unclear, and often cost-redundant public sector support and regulatory services from key Agencies.	✓ Implementation of the Trade Related Assistance and Quality Enabling (TRAQUE) Program which is a trade facilitation and capacity building partnership between MOTI and European Commission focused on capacity building in the areas of standards, quality assurance, trade facilitation, and private sector engagement for trade development.

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<sup>4</sup> For details on the individuals, institutions and geographic regions that were covered see Table 1.

Lack of understanding of market access requirements, and/or inability to consistently meet these requirements.  Insufficient marketing expertise, market information and business linkages.	✓ AGOA Resource Center established within the Ghana Chamber of Commerce with the support of the USAID West Africa Trade Hub.
High costs and limited availability/reliability of transport and logistics services, including within the ports.	✓ Establishment by West Blue Consulting of streamlined processes and online systems to facilitate improved collaboration among border agencies in conjunction with Ghana's GCNET system.
Inability to produce in sufficient quantities, or at quality levels that markets demand.	✓ Targeted promotion of FDI for export promotion.
Limited access to affordable sources of financing.	✓ The transitioning of Ghana's Export Trade, Agricultural and Industrial Development Fund (EDAIF) into an Export/Import Banking mechanism.
High costs and unreliable supplies of power	✓ MCC Ghana Power Compact

FIGURE 6: BENCHMARKING GHANA'S TRADE ENABLING ENVIRONMENT



2014 Doing Business Survey; World Bank

Notes: World Bank Development Indicators

There are so many compelling opportunities to strengthen the trade enabling environment, and such a broad roster of active or planned policies and programs focused on them, that it can sometimes be difficult to keep the bigger picture in perspective. The reality is the overall enabling environment for export trade in Ghana, while far from optimal, is substantially functional. While there are clear and compelling opportunities to strengthen the overall trade enabling environment, the indicators in Figure 6 demonstrate that Ghana has generally performed well relative to its regional and peer benchmarks.

Ghana's export track record reflects this relative strength. There are many companies in Ghana that continue to grow significant volumes of export products all over the world, including many of the priority non-traditional export products that Ghana is targeting for further development. As the numbers in Table 2 demonstrate, Ghana is exporting intermediate and consumer goods to several large, developed, highly competitive markets, including nearly \$1 billion a year to 12 nations in the EU.

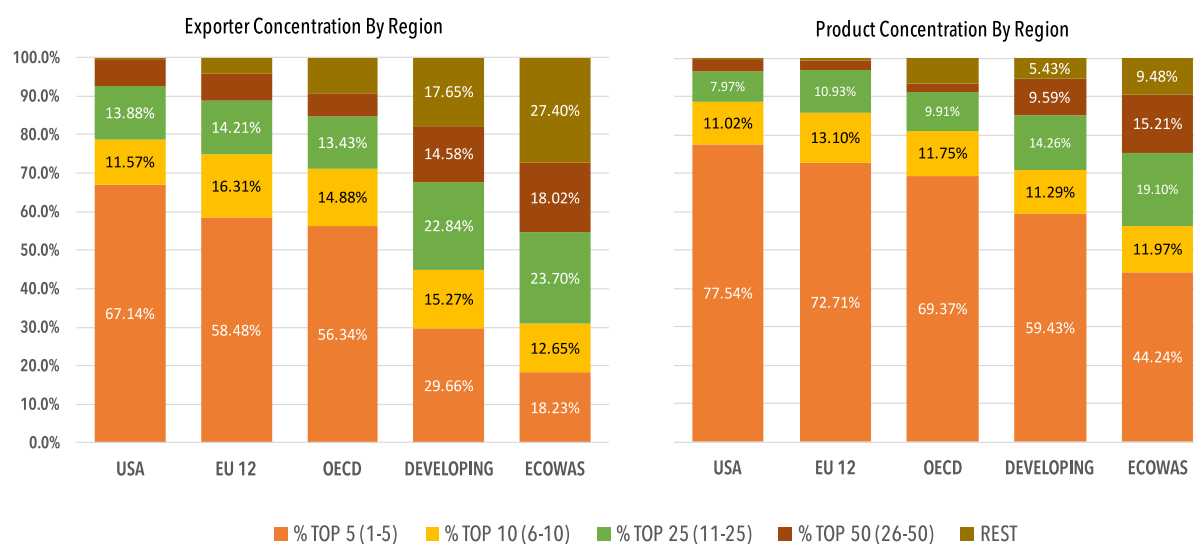
What does this all mean? It does not minimize the significance of the challenges, or the critical importance and value of all the programs, policies and activities that are underway - or being planned - to address the challenges. Improvements in the overall environment for export production and trade facilitation will absolutely have a significant, positive and sustained impact on Ghana's trade overall, and in non-traditional export products in particular.

What the finding does clarify is that improving trade facilitation and building industrial capacity for export production are both processes, not events. The work takes time and changes are introduced gradually, leading to increased opportunities. In order to be effective, market-level export strategies must avoid becoming too dependent upon the successful completion of ambitious reform programs and policies designed to strengthen or optimize the functioning of the overall trading system. Market level export strategies are best when focused on what is working, and how to use, or build upon those strengths.

## FOREIGN DIRECT INVESTMENT

A high-level review of Ghana's export data reveals quickly what is working. There are several large companies in Ghana with state of the art facilities and manufacturing processes focused on export production. Figure 7 shows that the share of non-traditional exports attributable to these large modern companies is already very large and continues to increase. In fact, this trend was emerging during the development of the NES in 2012 which made note of the fact that a few modern factories already accounted for the highest proportion of its overall non-traditional exports while less than 20% of all export revenue was accounted for by SMEs.

FIGURE 7: EXPORT CONCENTRATIONS BY MARKET



Notes: Values derived from GEPA export data on Non-Traditional Products.

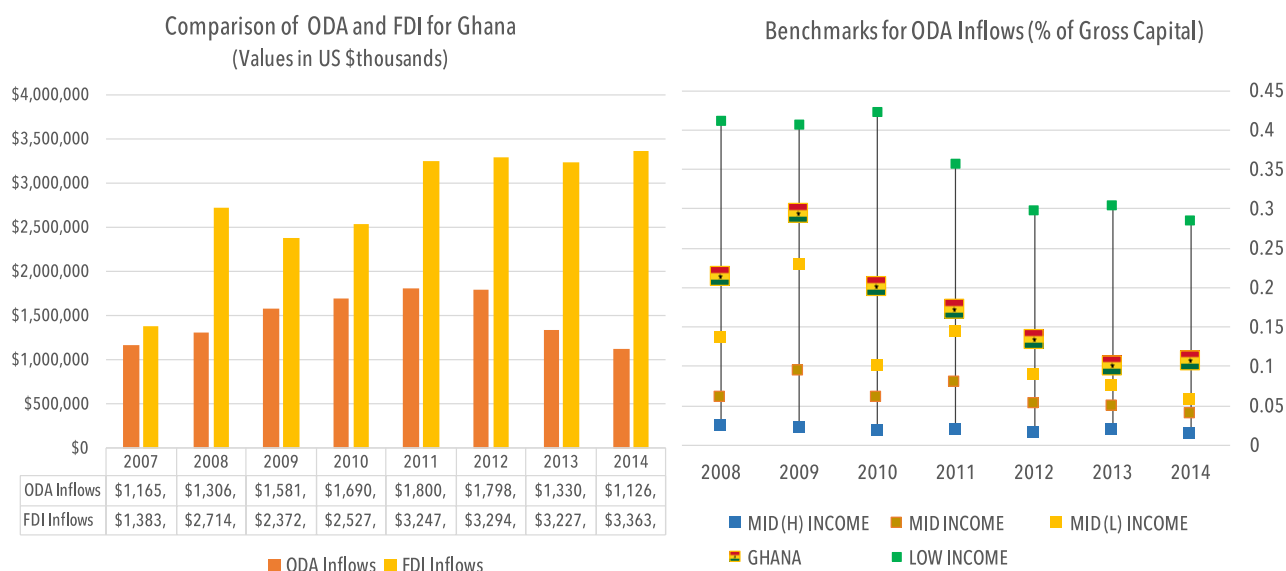
Virtually all of the large modern companies dominating Ghanaian exports were established or substantially recapitalized through Foreign Direct Investment (FDI). Table 3 highlights FDI sources for many of Ghana's top exporters of non-traditional products.

TABLE 3: THE PREVALENCE OF FDI IN EXPORT PRODUCTION

Ghana's Top 10 Exporters of NTE to European Union   2015 (Values in US \$ Thousands)							
Rank	YEAR	FDI SOURCE	EXPORTER NAME	EU 12	OECD	WORLD	TOTAL
1		Thailand	PIONEER FOOD CANNERY ltd	\$208,059	\$867	\$339,856	\$548,782
2		Switzerland	BARRY CALLEBAUT GHANA ltd	\$151,395	\$39,313	\$427,136	\$617,843
3		United States	CARGILL GHANA ltd	\$64,774	\$8,215	\$202,793	\$275,782
4		United States	VOLTA ALUMINIUM COMPANY ltd	\$51,354	\$0	\$148,438	\$199,792
5		United Kingdom	BLUE SKY PRODUCTS GHANA ltd	\$46,982	\$0	\$87,161	\$134,142
6		N/A	NICHE COCOA INDUSTRY ltd	\$42,867	\$34,276	\$211,335	\$288,478
7		South Korea	COSMO SEAFOODS COMPANY ltd	\$29,278	\$510	\$8,234	\$38,022
8		France	GHANA RUBBER ESTATES ltd	\$28,293	\$21,505	\$193,703	\$243,501
9		France	GOLDEN EXOTICS ltd	\$24,356	\$0	\$33,760	\$58,116
10		Kazakhstan	B.D. ASSOCIATES GHANA ltd	\$20,911	\$11,521	\$320	\$32,752

What the data on FDI inflows to Ghana's key EU exporters suggests is consistent with trends that have taken place around the world as various regions have industrialized and engaged with the global value chains. Studies have shown that FDI is the most reliable source of financing for industrial development in volatile environments. For example, while portfolio investment and short-term lending both collapsed during the 1997 Asian financial crisis, direct investments into developing countries across East Asia went largely uninterrupted. And, over the long term it became clear that FDI played the most significant role in terms of capital inflows in Asia's overall transformation.<sup>5</sup> Evidence of a causal link between FDI and expansions of export manufacturing have been difficult to establish thus far across Sub-Saharan, making this an important finding.

FIGURE 8: INWARD FLOWS OF FOREIGN CAPITAL TO GHANA: TRENDS & BENCHMARKS



Notes: Data from International Monetary Fund

<sup>5</sup> Foreign Direct Investment and the Operations of Multinational Firms. Robert Lipsey, 2001

And, as the next section discusses in more detail, the finding also has significance in terms of Ghana's overall strategic approach for utilizing AGOA. The use of Private Sector capital to support development is becoming an increasingly vital part of the overall AID equation, particularly for the middle income countries in Sub Saharan Africa where official development assistance (ODA) has shrunk in terms of overall significance relative to private capital, particularly for the policy and reform areas of trade facilitation and private sector development.<sup>6</sup> As Figure 8 shows the share of external flows attributable to ODA has been shrinking consistently for the past 10 years. For middle income countries, success in export development is now designed to rely upon effective leveraging of private sector capital for FDI. The data clearly show that where Ghana has succeeded with value added exports to OECD countries it has done so by attracting and retaining export-oriented FDI.

## FISCAL REFORMS AND MONETARY POLICY

Ghana initiated a fiscal consolidation program in 2014 in response to accumulating public debt and ongoing budget deficits. Through the combination of an IMF-backed bond issuance, and austerity measures in public sector spending, Ghana was able to cut its deficit by 30% in the first year of the consolidation program - from 10% to 7% of GDP. Further difficult cuts have been targeted this year with the overall aim of bringing the deficit down to just over 5%. Despite this progress, Ghana continues to face high levels of inflation - recently eclipsing 18% - and has moved to address this by tightening its monetary policy.

While the currency devaluation that has resulted from these unfavorable macro conditions has somewhat improved Ghana's competitiveness for labor intensive production in targeted export markets like the United States and Europe, the combination of fiscal austerity measures and monetary tightening narrow Ghana's options to use public funds to build up domestic capacity for export production and otherwise stimulate trade.

## CONCENTRATION RISKS WITH EUROPEAN MARKETS

Events in recent years have exposed Ghana and many of its leading exporters to several risks associated with a heavy reliance on the EU markets for non-traditional exports. One element of risk stems from Ghana's exposure to changes in the relative value of foreign currencies. Over the past three years the value of the Euro has dropped sharply against the Dollar. This steady decline of the Euro against the dollar has become increasingly problematic for Ghanaian companies exporting to the EU because Ghana is still largely a dollar-based economy, despite a series of measures taken by the Central Bank in recent years to shore up the Cedi.

The recent sharp decline of the Pound, which experienced an overnight drop relative to the dollar of nearly 10% on the heels of Britain's decision to exit the European Union, caused an additional shock and provided further evidence to the Central Bank as well as Ghanaian exporters of the risks associated with heavy reliance on the EU markets for export production and foreign currency earnings. A second element of risk relates to trade policy. Ghana's recent deliberations over whether or not to move forward with its interim Economic Partnership Agreement (EPA) with the EU raised the question for Ghanaian officials, and the executives of Ghana's large exporting companies, of what might happen in the event that the current set of trade preferences were no longer available to Ghanaian exporters.

The third element of concentration risk stems from threats to market access. In recent years Ghana, has experienced several difficulties with compliance to EU phytosanitary regulations for imports of fruit and vegetables. The inability of Ghana's Producers and Plant Protection Organization (PPRSD) to establish an effective regime for controlling pests in certain horticultural export products resulted in closures of EU market access to Ghana's fruit and vegetable exporters. The lack of established linkages with alternative markets for Ghana's compliant producers intensified the severity of the overall economic impact of the EU market closures.

## FOOD SAFETY AND COMPLIANCE FOR US MARKETS

Ghanaian exporters have also been experiencing challenges in recent years with US food safety, packaging and labeling requirements regulated by the US Food and Drug Administration (US FDA). According to an analysis conducted in June 2016 by USAID, the unit rejection rate of Ghanaian exports was twice the average rate for all

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<sup>6</sup> Private Capital Flows, Official Development Assistance, and Remittances to Africa. Brookings Institute. 2015



West African countries exporting to the United States. Furthermore, over 85% of Ghana's FDA rejections were related to food items.<sup>7</sup> Table 4 provides a summary of the trends in FDA rejections.

TABLE 4: TRENDS IN FDA REJECTIONS OF GHANA EXPORTS

FDA REJECTIONS BY YEAR (Through Sep 30, 2016)							TOTALS	
<b>CATEGORY</b>	<b>2011</b>	<b>2012</b>	<b>2013</b>	<b>2014</b>	<b>2015</b>	<b>2016</b>	<b>#</b>	<b>%</b>
<i>FOOD &amp; BEVERAGE CATEGORY</i>	47	37	52	61	146	56	389	78.43%
<i>DRUGS &amp; COSMETICS CATEGORY</i>	18	27	17	25	14	9	107	21.57%
<b>TOTAL FDA REJECTIONS</b>	<b>65</b>	<b>64</b>	<b>69</b>	<b>86</b>	<b>160</b>	<b>65</b>	<b>496</b>	<b>100%</b>

Notes: Data obtained from FDA Rejection Database

While some measures have already been taken to start building more capacity in sanitary practices with the exporters affected by the situation, the challenges associated with exporting food products to the United States will continue to intensify in the coming years. In 2011 the US Congress passed the Food Safety Modernization Act (FSMA) which was designed to shift the focus of US regulators away from response and towards prevention. FSMA has given the US FDA a broad range of new powers to regulate the way foods are grown, harvested and processed, including mandatory recall authority. The law also charges the FDA to work more closely with foreign governments generally, and specifically to develop comprehensive plans that build their capacity and their industries to comply with US food safety requirements.

Demonstrating the ability to consistently comply with US Food Safety requirements is clearly important now, but it has even broader implications for Ghana's future opportunities. As part of the AGOA renewal effort last year US policy makers were exploring the feasibility of allocating some of the US tariff rate quota for chocolate confectionary products to AGOA in order to help encourage more downstream value addition in cocoa exporting countries like Ghana. Policy makers were debating whether or not it would require approval from the WTO until concerns were voiced over the ability of African manufacturers to comply with US food safety standards, which served to discourage further consideration of the issue.<sup>8</sup>

<sup>7</sup> Review of US FDA Import Rejections. USAID's Office of Trade and Regulatory Reform. Andrew Stephens. June 2016.

<sup>8</sup> African Growth and Opportunity Act (AGOA): Background and Reauthorization. Congressional Research Service (CRS). Page 18



# US MARKET OPPORTUNITIES

There is a broad range of opportunities to export Ghana's priority export products to the US markets under AGOA specifically, as well as the Generalized System of Preferences (GSP) more broadly.

## GHANA PRIORITY EXPORT PRODUCTS

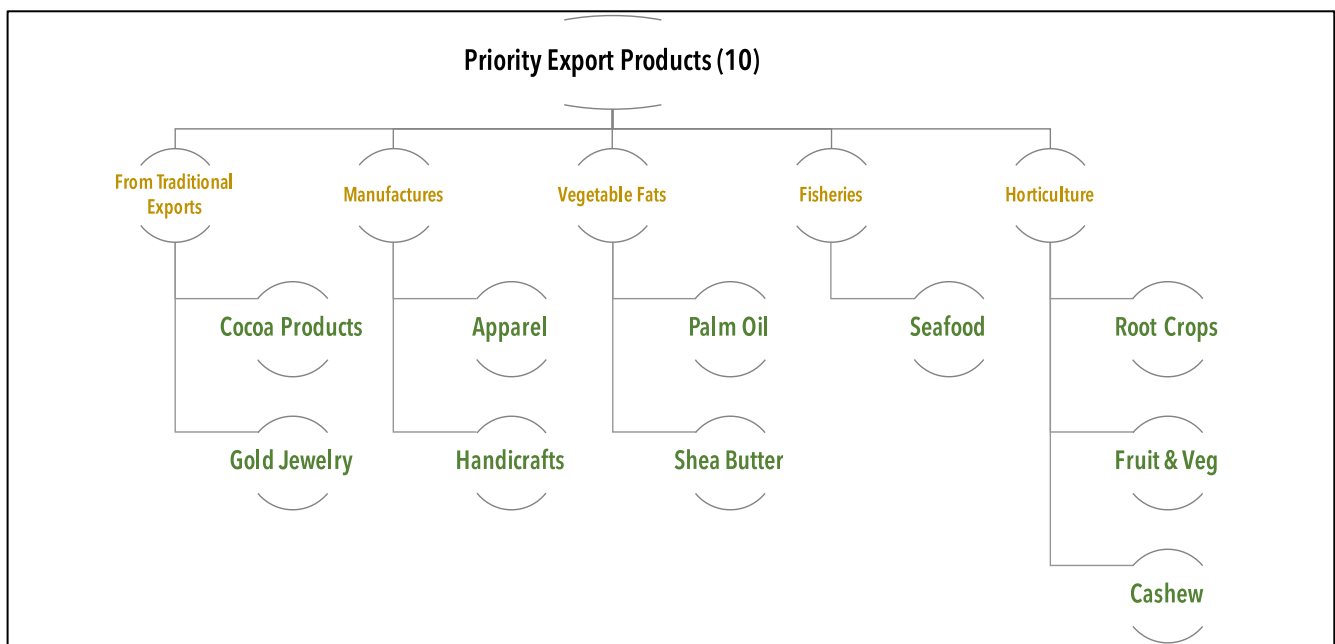
In order to reach the target level of \$5 billion of non-traditional exports Ghana selected priority products, or “product sectors”, as part of the National Export Strategy. Products were selected on their ability to contribute to revenue targets as well as ability to provide positive multiplier/spillover effects for the Ghanaian economy. Specifically, the selection of priority export sectors and products was guided by the following:

- A review of Government policies regarding key non-traditional export sectors
- A Pareto Analysis (also known as the 80/20 rule) of historical performance
- A Market-driven value chain analyses applying an economic benefit model
- Consultations with key stakeholders including industry/trade associations.

Since the NES seeks structural transformation of the export sector the decision was made to concentrate scarce resources on selected priority products and the companies engaged in their production and marketing. The final selection of priority export products for the NES was determined on the basis of the following specific criteria:

- Capability of generating growth rates that contribute significantly to consolidating Ghana's position as a middle-income economy and sustaining it;
- Products in which Ghana possesses considerable and long experience in production and exporting and there is probability of excelling with additional support;
- Capability of contributing significantly to improving regional balanced development in Ghana;
- Possessing significant potential for employment creation and poverty reduction with due consideration given to women.

FIGURE 9: GHANA'S PRIORITY EXPORT PRODUCTS



The products that were ultimately selected as part of the NES included some that had been historically dominant and were expected to continue to contribute significantly to export earnings, and others that had historically not been dominant, and not contributed significantly to export earnings in the past, but demonstrated significant export market growth potential. The set of priority export products was revised slightly in 2013, and clarified further by the MOTI officials for the purpose of organizing this National AGOA Strategy. This most recent interpretation of Ghana's priority export products is outlined in Figure 9.

## IDENTIFICATION OF US MARKET PREFERENCES

In order to facilitate the identification of preference opportunities in US Markets Ghana's Priority products were mapped to the Harmonized Tariff System at the 8-digit level. Product level preferences for each relevant chapter of the harmonized system are summarized below in Table 5. A summary of AGOA/GSP eligible products with strong potential to export to the US, in both the short term and longer term, are presented in Table 6.

TABLE 5: GHANA'S PRIORITY EXPORT PRODUCTS AND THE HARMONIZED TARIFF SYSTEM

Priority Export Product	Harmonized Tariff System		# Products Eligible for Preferences		
	Chapter	Description	AGOA	GSP/AGOA	Total
Seafood	3	Fish and crustaceans, mollusks and other invertebrates	6	35	41
	16	Preparations of meat, of fish or of crustaceans, mollusks or other aquatic invertebrates	18	16	36
Horticulture <i>Root Crops</i> <i>Cashew</i>	7	Edible vegetables and certain roots and tubers	47	118	156
	8	Edible fruit and nuts; peel of citrus fruit or melons	54	46	100
	9	Spices	3	10	13
	11	Products of the milling industry; malt; starches; inulin	11	22	33
	20	Preparations of vegetables, fruit, nuts or other parts of plants	77	85	162
Palm Oil	15	Vegetable fats and oils and their cleavage products; prepared edible fats; Vegetable waxes	32	20	52
Shea Butter					
Cocoa Products	18	Cocoa and cocoa preparations	5	28	33
Handicrafts	46	Manufactures of straw, of esparto or of other plaiting materials; basket ware and wickerwork	6	29	35
Apparel	61	Articles of apparel and clothing accessories, knitted or crocheted	*	6	6
	62	Articles of apparel and clothing accessories, not knitted or crocheted	*	62	62
Gold Jewelry	71	Precious metals, metals clad with precious metal, and articles thereof; imitation jewelry; coin	2	55	57

TABLE 6: AGOA/GSP ELIGIBLE PRIORITY EXPORT PRODUCTS WITH HIGH US MARKET POTENTIAL

Priority Export Product	Near Term Opportunities	Longer Term Opportunities
Fish & Seafood	<ul style="list-style-type: none"> <li>• <b>Fresh</b> <ul style="list-style-type: none"> <li>- Swordfish, Flatfish</li> </ul> </li> <li>• <b>Canned</b> <ul style="list-style-type: none"> <li>- Tuna, Mackerel, Herrings</li> </ul> </li> </ul>	<ul style="list-style-type: none"> <li>• <b>Preserved</b> <ul style="list-style-type: none"> <li>- Snails, Sardines</li> </ul> </li> <li>• <b>Processed</b> <ul style="list-style-type: none"> <li>- Fish Sticks, Fish Oils</li> </ul> </li> </ul>

Horticulture: Tropical Fruits	<ul style="list-style-type: none"> <li>• <b>Fresh (US Entry Authorized)</b> <ul style="list-style-type: none"> <li>- Pineapple</li> </ul> </li> <li>• <b>Dried</b> <ul style="list-style-type: none"> <li>- Pineapple, Mango</li> <li>- Papaya, Plantain</li> </ul> </li> </ul>	<ul style="list-style-type: none"> <li>• <b>Fresh (Other)</b> <ul style="list-style-type: none"> <li>- Mango, Papaya</li> </ul> </li> <li>• <b>Frozen</b> <ul style="list-style-type: none"> <li>- Pineapple, Mango, Papaya</li> </ul> </li> <li>• <b>Specialty Food Items (Processed)</b></li> </ul>
Horticulture: Vegetables	<ul style="list-style-type: none"> <li>• <b>Fresh (US Entry Authorized)</b> <ul style="list-style-type: none"> <li>- Eggplant, Okra</li> </ul> </li> <li>• <b>Dried</b> <ul style="list-style-type: none"> <li>- Tomato, Onion</li> </ul> </li> </ul>	<ul style="list-style-type: none"> <li>• <b>Fresh (Other)</b> <ul style="list-style-type: none"> <li>- Baby Corn, Asparagus</li> </ul> </li> <li>• <b>Frozen</b></li> <li>• <b>Specialty Food Items (Processed)</b></li> </ul>
Root Crops	<ul style="list-style-type: none"> <li>• <b>Fresh (US Entry Authorized)</b> <ul style="list-style-type: none"> <li>- Yams, Taro, Cassava</li> </ul> </li> <li>• <b>Powdered / Dried</b></li> </ul>	<ul style="list-style-type: none"> <li>• <b>Fresh (Other)</b> <ul style="list-style-type: none"> <li>- Water Chestnuts</li> </ul> </li> <li>• <b>Frozen</b></li> </ul>
Vegetable Fats	<ul style="list-style-type: none"> <li>• <b>Margarine</b></li> </ul>	<ul style="list-style-type: none"> <li>• <b>Edible Oil Blends</b></li> </ul>
Cocoa Products	<ul style="list-style-type: none"> <li>• <b>Cocoa Paste</b> <ul style="list-style-type: none"> <li>- Defatted</li> </ul> </li> <li>• <b>Cocoa Powder</b></li> </ul>	<ul style="list-style-type: none"> <li>• <b>Cocoa Preparations</b></li> <li>• <b>Chocolates</b></li> <li>• <b>Confection</b></li> </ul>
Gold Jewelry	<ul style="list-style-type: none"> <li>• <b>Gold Jewelry</b> <ul style="list-style-type: none"> <li>- Necklaces and Chains</li> <li>- Clasps and Parts</li> </ul> </li> </ul>	<ul style="list-style-type: none"> <li>• <b>Gold Plated Jewelry</b></li> </ul>
Handicrafts	<ul style="list-style-type: none"> <li>• <b>Basket Ware</b></li> </ul>	
Apparel	<ul style="list-style-type: none"> <li>• <b>Synthetic Knits (CVS)</b></li> </ul>	

## FISH PRODUCTS

While the US demand for seafood has strengthened over the past five years, growth in production has been relatively moderate, which is consistent with the long-term trend. Growth in the US market has historically been driven by consistently strong demand for shellfish, particularly shrimp, but there has been notable growth recently for some species of frozen fish, in both whole and fillet form. Much of this has come from the consistently strong demand in the US for salmon, but other species have seen increases in demand as well. This includes some of the species available from the marine fisheries in West Africa. In terms of the large pelagic species, the United States imports significant amounts of frozen Tuna and frozen Tuna fillets, both of which have seen moderate increases over the past few years. While the overall amounts are not as significant as Tuna, US imports of frozen Swordfish and frozen Swordfish fillets have both increased sharply in the past three years, after suffering a sharp contraction in 2012 over concerns related to mercury. In terms of the demersal species, US imports of frozen fish and frozen filets has been generally soft. One notable exception is Cod which has seen a sharp rise in import values over the past several years. US Imports of flatfish have remained flat.<sup>9</sup>

In terms of processed fish products (i.e. ambient products) the US market continues to experience a dramatic sustained decline, particularly with canned tuna. In 1990 US consumers were responsible for eating between half and two-thirds of the entire global supply of canned tuna but over the past 25 years US consumption has dropped by more than half. Much of the decline can be attributed to concerns over mercury levels. Some is attributable to environmental implications of tuna fisheries, namely bycatch of dolphin and sea turtle. A longer-term trend of rising costs has also played a role.<sup>10</sup>

<sup>9</sup> Derived from US Census Bureau Merchandise Trade Statistics (FT900: US International Trade in Goods and Services) for 2014, Revised on June 3, 2015.

<sup>10</sup> How America Fell Out of Love with Canned Tuna: 2014, Washington Post

One of the most recent factors affecting US demand for canned tuna is an explicit shift in packaging preferences away from canned foods towards pouches. This shift is particularly pronounced in product placement for younger demographic groups in the United States because the processed feel of canned foods violates the movement towards healthier eating. Since younger demographic groups are those most likely to experiment with new food varieties and labels in the United States, product marketing must reflect this preference.

While the overall trends tend to limit the appeal of US seafood markets to prospective exporters, there is some optimism that US demand for seafood may start to accelerate. One of the industry's prominent advocates cited four major trends that will start to increasingly reshape US consumer attitudes towards seafood. First, consumers are continuing to seek out “real” foods that do not contain additives and preservatives. Second, consumers are rejecting genetically modified foods and almost all seafood is naturally GMO-free. Third, consumers are quickly moving back to foods with “good” fats on the basis of new health research findings, this movement encapsulates fish, along with eggs, avocados, and oils. Finally, consumers increasingly want to know where their food comes from and the US seafood industry has come a long way with traceability.<sup>11</sup>



*Selection of Canned Tuna export varieties processed at Pioneer Food Cannery of the Thai Union Group, Ghana's largest exporter to the European Union; Accra, Ghana*

One more trend that is likely to affect the US market for seafood is the increasing preference for eco-label products indicating that the catch is from sustainable fisheries. The two largest, most well-known and longest tenured eco-certification programs are The Marine Stewardship Council and Friends of the Sea. New private eco-certification programs have also been established more recently, suggesting that the demand for certified sustainable seafood in the United States has already outgrown supply available under the traditional eco labels. While some of these private programs are lauded, concern is mounting among industry watchdogs that these private certification programs, in many cases with more relaxed standards, could start to undermine the overall trend towards sustainability.<sup>12</sup>

While US tariffs for imports of fish and seafood are generally low – averaging around one percent at the 6-digit level – there are some specific products where tariff rates are substantially higher. For many of these products, AGOA provides preferential access. There are ongoing discussions around eligibility for Canned Tuna preferences under AGOA based on vessel registration.

US market preferences for Ghana for fish and seafood products are outlined in Table 7. Those products that only qualify for preferences through AGOA are highlighted in **bold text**.

TABLE 7: SPECIFIC PRODUCTS ELIGIBLE FOR US MARKET PREFERENCES: FISH AND SEAFOOD

8 Digit	Description of Product	NTR Rate	GSP	AGOA	UNITS
<b><i>Fresh, Frozen and Preserved Fish and Seafood Products</i></b>					
03024511	Jack & horse mackerel, excl. fillets, livers & roes, fresh or chilled, scaled, in immediate containers weighing with their contents <6.8 kg	3%	A*	D	KG

<sup>11</sup> [www.SeafoodSource.com](http://www.SeafoodSource.com)

<sup>12</sup> Fish 101: Eco-Labels - Judging fish and fisheries. [www.Futureoffish.org](http://www.Futureoffish.org)

8 Digit	Description of Product	NTR Rate	GSP	AGOA	UNITS
03033901	Flat fish, other than halibut, Greenland turbot, plaice and sole, frozen, excluding fillets, other meat portions, livers and roes	1.1 cents/kg	A	D	KG
03035300	Sardines, sardinella, brisling or sprats, frozen, excluding fillets, other meat portions, livers and roes	1.1 cents/kg	A	D	KG
03049190	Chilled or Frozen Swordfish Fillets, not elsewhere specified or included	6%	A	D	KG
03049290	Chilled or Frozen Toothfish Fillets, not elsewhere specified or included	6%	A	D	KG
03049991	Chilled or Frozen fillets, not elsewhere specified or included	6%	A	D	KG
03051040	Flours, meals and pellets of fish, fit for human consumption, other than in bulk or immediate containers weighing contents over 6.8 kg each	6%	A	D	KG
03053920	Fillets of herrings, dried, salted or in brine, but not smoked, in immediate containers weighing with their contents 6.8 kg or less each	4%	A+	D	KG
03053940	Fillets of mackerel, dried, salted or in brine, but not smoked, in immediate containers weighing with their contents 6.8 kg or less each	5%	A+	D	KG
03056120	Herrings, in brine or salted but not dried or smoked, in immediate containers weighing with their contents 6.8 kg or less each	4%	A+	D	KG
03056920	Mackerel, in brine or salted but not dried or smoked, in immediate containers weighing with their contents 6.8 kg or less each	5%	A+	D	KG
03076000	Snails, other than sea snails, whether in shell or not, live, fresh, chilled, frozen, dried, salted or in brine	5%	A	D	KG
<b>Processed Fish and Seafood Products</b>					
16041220	Prepared or preserved herrings, whole or in pieces, but not minced, in oil, in airtight containers	4%	A+	D	KG
16041320	Sardines, not smoked, sardinella, brisling or sprats, neither skinned nor boned, in oil, in airtight containers	15%	A+	D	KG
16041330	Sardines, sardinella, brisling or sprats, skinned or boned, in oil, in airtight containers	20%	A+	D	KG
16041410	Tunas and skipjack, whole or in pieces, but not minced, in oil, in airtight containers	35%	A+	D	KG
16041422	Tunas and skipjack, not in oil, in airtight cont., n/o 7 kg, not of US possessions, product within quota	6%	A+	D	KG
16041430	Tunas and skipjack, not in oil, in airtight containers, n/o 7 kg, not of US possessions, over quota	12.50%	A+	D	KG
16041440	Tunas and skipjack, not in airtight containers, not in oil, in bulk or in immediate containers weighing with contents over 6.8 kg each	1.1 cents/kg	A+	D	KG
16041470	Bonito (Sarda spp.), in oil	4.90%	A+	D	KG
16041480	Bonito (Sarda spp.), not in oil	6%	A+	D	KG
16041910	Bonito, yellowtail and Pollock, whole or in pieces, but not minced, in airtight containers, not in oil	4%	A+	D	KG
16041941	Fish sticks and like products of any size or shape, fillets or other portions of fish, breaded, coated with batter, not cooked nor in oil	10%	A+	D	KG
16041951	Fish sticks and like products of any size or shape, fillets or other portions of fish, if breaded, coated with batter, cooked or in oil	7.50%	A+	D	KG
16042005	Products containing meat of crustaceans, mollusks or other aquatic invertebrates, prepared meals	10%	A	D	KG
16042040	Fish sticks and similar products of any size or shape, if breaded, coated with batter or similarly prepared, not cooked nor in oil	10%	A+	D	KG
16042050	Fish sticks and similar products of any size or shape, if breaded, coated with batter or similarly prepared, cooked or in oil	7.50%	A+	D	KG
16055855	Prepared or preserved snails, other than sea snails	5%	A	D	KG



8 Digit	Description of Product	NTR Rate	GSP	AGOA	UNITS
15041040	<b>Fish-liver oils and their fractions, other than cod-liver oil and its fractions</b>	<b>2.50%</b>	<b>A+</b>	<b>D</b>	<b>KG</b>
15042040	Herring oil and its fractions, other than liver oil	1 cents/kg	A	D	KG
15042060	Fats and oils and their fractions, of fish other than cod and herring, excluding liver oil	1.5 cents/kg + 5%	A	D	KG

## HORTICULTURE

US Imports of fruits and vegetables have been growing rapidly, averaging nearly 9% annual growth over the past three years, reaching the overall level of nearly \$25 billion in 2015. There is a wide range of fruits and vegetables, in fresh and value-added form, which can be exported by Ghanaian farms and agribusiness firms.

To export horticulture products to the United States suppliers must be able to deliver consistent supplies of high quality product. Many African countries struggle to meet the basic logistics and infrastructure requirements necessary to export horticulture products to the United States. Through investments that have been made in Ghana in transport and cold storage infrastructure, a significant portion of which came as a result of Ghana's \$550 million Millennium Challenge Corporation (MCC) Compact for Investment in Agriculture, Ghana is one of few countries in SSA that is poised to successfully export fresh fruits and vegetables to the United States.



*Plaque at the MCC-Financed Cold Chain Terminal at Kotoka International Airport; Accra, Ghana*

In whole/fresh form horticulture products must be approved as admissible for entry to the United States by US Department of Agriculture/APHIS and then must agree upon standards for phytosanitary treatments to manage pests. The process of getting whole/fresh produce on the admissible list can be time consuming and cumbersome and it requires close coordination between a country's plant safety authority (e.g. Ghana PPRSD) and USDA APHIS. There are several Ghanaian products that have already been studied and approved for admission to US subject to specific conditions and pest treatments.<sup>13</sup>

In value-added form, horticulture products must comply with US Food Safety standards, which were recently made more rigorous by the Food Safety Modernization Act (FSMA) as discussed in the prior section. Export crops and value-added products targeted for the United States should be developed in parallel with, and as a complement to, EU markets which will continue to offer the single-largest export market area and growth potential for Ghanaian producers.

## TROPICAL FRUIT

Pineapples are Ghana's leading fruit export crop with preferential treatment in US markets through AGOA. The favorable agro-climatic and soil conditions along the southern coast of Ghana produce year-round supplies of high

<sup>13</sup> As of October 2016 the following products are admissible from Ghana to the US: Allium, Banana, Banana Leaves, Cassava, Dasheen, Eggplant, Okra, Pepper, Pineapple, Tomato, and Yams. For more information or to assess the current status readers should consult the USDA's *Fruits and Vegetables Manual* at: [https://www.aphis.usda.gov/import\\_export/plants/manuals/ports/downloads/fv.pdf](https://www.aphis.usda.gov/import_export/plants/manuals/ports/downloads/fv.pdf)

quality fruit. Specialty-type pineapple cultivars that are unique to Ghana and offer high sugar content and desirable aromas have the strongest potential export demand in the US market. These include the ‘Sugarloaf’ and ‘Queen Victoria’. In addition to fresh fruit, significant demand exists in the US for dried pineapple products.

The US is also the world’s leading banana importing country. Specialty-type “Apple” and “Lady Finger” bananas air-freighted from Ghana have export potential in high-end retail markets. In addition, Fairtrade-certified bananas from Ghana have significant export market potential. Fairtrade-certified bananas were introduced into the US market in 2004 and market demand continues to increase annually.

The dried fruit market in the US has increased nearly 100% over the last 10 years and represents a significant export market opportunity for Ghanaian dried pineapple, mango, papaya, banana, and other tropical fruits. US market growth is projected to remain strong as consumer interest in healthy snacking continues to grow. Dried fruit can be sent from Ghana by non-refrigerated marine container, lowering transport costs significantly, and in dried form fruit is not subject to admissibility constraints or SPS treatments.

Coconut husk fiber (coir) based products from Ghana have significant export potential in the US market. The demand for a peat moss substitute has fueled the use of coir as a substrate in potting media and hydroponic growing systems. Other coconut fiber value-added products increasing in demand include mats, geo-textiles, upholstery, mattresses, brooms, and brushes.



MCC-Financed Pineapple & Mango Processing Line in Volta Region, Ghana.

US market preferences for Ghana for Tropical Fruit products are outlined in Table 8. Those products that qualify for preferences only through AGOA are highlighted in **bold text**.

TABLE 8: SPECIFIC PRODUCTS ELIGIBLE FOR US MARKET PREFERENCES: HORTICULTURE - TROPICAL FRUITS

8 Digit	Description of Product	NTR Rate	GSP	AGOA	UNITS
<b><i>In Fresh or Dried Form</i></b>					
08031020	Plantains, dried	1.40%	A	D	KG
<b>08043020</b>	<b>Pineapples, fresh or dried, not reduced in size, in bulk</b>	<b>0.51 cents/kg</b>	<b>A+</b>	<b>D</b>	<b>KG</b>
<b>08043040</b>	<b>Pineapples, fresh or dried, not reduced in size, in crates or other packages</b>	<b>1.1 cents/kg</b>	<b>A+</b>	<b>D</b>	<b>KG</b>
<b>08043060</b>	<b>Pineapples, fresh or dried, reduced in size</b>	<b>0.44 cents/kg</b>	<b>A+</b>	<b>D</b>	<b>KG</b>
<b>08044000</b>	<b>Avocados, fresh or dried</b>	<b>11.2 cents/kg</b>	<b>A+</b>	<b>D</b>	<b>KG</b>
08045040	Guavas, mangoes, and Mangosteens, fresh, if entered during the period September 1 through May 31, inclusive	6.6 cents/kg	A	D	KG
08045060	Guavas, Mangoes, and Mangosteens, fresh, if entered during the period June 1 through August 31, inclusive	6.6 cents/kg	A	D	KG
08045080	Guavas, Mangoes, and Mangosteens, dried	1.5 cents/kg	A	D	KG
08072000	Papayas (papaws), fresh	5.40%	A	D	KG
08109046	Fruit, not elsewhere specified or included, fresh	2.20%	A	D	KG

8 Digit	Description of Product	NTR Rate	GSP	AGOA	UNITS
<b><i>In Frozen Form</i></b>					
08119010	Bananas and plantains, frozen, in water or containing added sweetening	3.40%	A	D	KG
08119025	Cashew apples, Mameyes Colorado, sapodillas, soursops and sweetsops, frozen, in water or containing added sweetening	3.20%	A	D	KG
<b>08119040</b>	<b>Papayas, frozen, in water or containing added sweetening</b>	<b>11.20%</b>	<b>A+</b>	<b>D</b>	<b>KG</b>
08119050	Pineapples, frozen, in water or containing added sweetening	0.25 cents/kg	A	D	KG
08119052	Mangoes, frozen, whether or not previously steamed or boiled	10.90%	A	D	KG
<b><i>In Other (Preserved) Form</i></b>					
08129010	Mixtures of two or more fruits, provisionally preserved, but unsuitable in that state for consumption	11.20%	A+	D	KG
08129040	Pineapples, provisionally preserved, but unsuitable in that state for immediate consumption	0.25 cents/kg	A+	D	KG
08129090	Fruit and nuts not elsewhere specified or included, including mixtures containing nuts, provisionally preserved, but not for immediate consumption	0.1 cents/kg	A+	D	KG
08134010	Papayas, dried	1.80%	A	D	KG
08134090	Fruit not elsewhere specified or included, dried, other than that of headings 0801 to 0806, and excluding mixtures	2.50%	A+	D	KG
08135000	Mixtures of nuts or dried fruits of Chapter 8	14%	A+	D	KG

## SPECIALTY VEGETABLES

There are strong export market opportunities in the US for specialty vegetables in urban market areas with a high population of individuals from West Africa and the Caribbean, including baby sweet corn, okra, hot peppers, herbs, and other exotics. The US is also the largest single-country market for organic food products, including fruit and vegetable crops. Annual growth in US organic food sales has exceeded 10% since 2008. Almost 13% of the produce sold in the US is now organic. Fruits and vegetables grown in the arid northern regions of Ghana are amenable to organic production and certification.

US market preferences for Ghana for Specialty Vegetable products are outlined in Table 9. Those products that qualify for preferences only through AGOA are highlighted in **bold text**.

TABLE 9: SPECIFIC PRODUCTS ELIGIBLE FOR US MARKET PREFERENCES: HORTICULTURE – SPECIALTY VEGETABLES

8 Digit	Description of Product	NTR Rate	GSP	AGOA	UNITS
<b><i>In Whole/Fresh Form</i></b>					
07092010	Asparagus, fresh or chilled, not reduced in size, if entered September 15 to November 15, inclusive, and transported to the US by air	5%	A	D	KG
<b>07092090</b>	<b>Asparagus, not elsewhere specified or included, fresh or chilled</b>	<b>21.30%</b>	<b>A+</b>	<b>D</b>	<b>KG</b>
07093020	Eggplants (aubergines), fresh or chilled, if entered April 1 to November 30, inclusive, in any year	2.6 cents/kg	A	D	KG
07093040	Eggplants (aubergines), fresh or chilled, if entered December 1 through the following March 31, inclusive	1.9 cents/kg	A	D	KG
07096020	Chili peppers, fresh or chilled	4.4 cents/kg	A	D	KG
07099914	Okra, fresh or chilled	20%	A	D	KG
<b>07099945</b>	<b>Sweet corn, fresh or chilled</b>	<b>21.30%</b>		<b>D</b>	<b>KG</b>
<b>07099990</b>	<b>Vegetables, not elsewhere specified or included, fresh or chilled</b>	<b>20%</b>	<b>A+</b>	<b>D</b>	<b>KG</b>
<b><i>In Frozen Form</i></b>					



8 Digit	Description of Product	NTR Rate	GSP	AGOA	UNITS
<b>07104000</b>	<b>Sweet corn, uncooked or cooked by steaming /boiling, frozen</b>	<b>14%</b>	<b>A+</b>	<b>D</b>	<b>KG</b>
07108070	Vegetables not elsewhere specified or included, uncooked or cooked by steaming or boiling in water, frozen, not reduced in size	11.30%	A	D	KG
07108093	Okra, reduced in size, frozen	14.90%	A	D	KG
<b>07108097</b>	<b>Vegetables not elsewhere specified or included, uncooked or cooked by steaming or boiling in water, frozen, reduced in size</b>	<b>14.90%</b>	<b>A+</b>	<b>D</b>	<b>KG</b>
07109091	Mixtures of vegetables not elsewhere specified or included, uncooked or cooked by steaming or boiling in water, frozen	14%	A	D	KG
<b><i>In Other (Processed) Form</i></b>					
07119065	Vegetables not elsewhere specified or included, and mixtures of vegetables, provisionally preserved but unsuitable in that state for immediate consumption	7.70%	A	D	KG
<b>07122020</b>	<b>Dried onion powder or flour</b>	<b>29.80%</b>		<b>D</b>	<b>KG</b>
<b>07122040</b>	<b>Dried onions whole, cut, sliced or broken, but not further prepared</b>	<b>21.30%</b>		<b>D</b>	<b>KG</b>
<b>07129078</b>	<b>Tomatoes, dried, whole, other</b>	<b>8.70%</b>	<b>A+</b>	<b>D</b>	<b>KG</b>
07129085	Dried vegetables not elsewhere specified or included, and mixtures of dried vegetables, whole, cut, sliced, broken or in powder, but not further prepared	8.30%	A	D	KG

## ROOT CROPS

Demand in the United States for the types of Roots and Tubers produced in Ghana has been steadily increasing. The value of US imports of root crops has increased by 25% over the past five years. While the product showing the strongest growth overall has been fresh Yams, the US has also started importing sizeable amounts of frozen Cassava chips.



*Crates of Fresh Yams being packed onto pallets at the MCC Financed Kotoka Cold Storage Terminal on route to John F Kennedy Airport in New York, USA; Accra, Ghana*

Ghana is the third largest producer of yams in the world, and the leading exporting country. The sweet taste of the white-fleshed yams from Ghana is highly desired in the US market, especially among residents from West Africa and the Caribbean. Abundant rainfall coupled with fertile, well-drained soils in the central region of Ghana allow for near year-round production. Population growth trends and an increase in international labor migration have resulted in a significant increase in the number of individuals from West Africa and the Caribbean living in the US. The growing American market for traditional West African food products represents an increasing business opportunity for Ghanaian yam producers and exporters. Cassava is the leading root crop grown in Ghana and can be processed into multiple value-added products with export market potential in the US. These products include cassava flour, gari, chips, and snack foods. Cassava flour also

has demand as a glue extender in the plywood manufacturing industry, while Cassava chips are in demand as a carbohydrate base in animal feeds.

US market preferences for Ghana for Root Crop products are outlined in Table 10. Those products that qualify for preferences only through AGOA are highlighted in **bold text**.

TABLE 10: SPECIFIC PRODUCTS ELIGIBLE FOR US MARKET PREFERENCES: HORTICULTURE – ROOT CROPS

8 Digit	Description of Product	NTR Rate	GSP	AGOA	UNITS
07141010	Cassava (manioc), frozen, whether or not sliced or in the form of pellets	7.90%	A	D	KG
07141020	Cassava (manioc), fresh, chilled or dried, whether or not sliced or in the form of pellets	11.30%	A	D	KG
07142010	Sweet potatoes, frozen, whether or not sliced or in the form of pellets	6%	A	D	KG
07143010	Fresh or chilled yams (Dioscorea spp.), whether or not sliced or in the form of pellets	6.40%	A	D	KG
07143020	Frozen yams (Dioscorea spp.)	6%	A	D	KG
07143060	Dried yams (Dioscorea spp.), whether or not sliced but not in pellets	8.30%	A	D	KG
<b>07144010</b>	<b>Fresh or chilled taro (Colocasia spp.), whether or not sliced or in the form of pellets</b>	<b>16%</b>	<b>A+</b>	<b>D</b>	<b>KG</b>
07144020	Frozen taro (Colocasia spp.)	6%	A	D	KG
07144060	Dried taro (Colocasia spp.), whether or not sliced but not in pellets	8.30%	A	D	KG
<b>07149005</b>	<b>Chinese water chestnuts, fresh or chilled</b>	<b>20%</b>	<b>A+</b>	<b>D</b>	<b>KG</b>
07149010	Fresh or chilled dasheens, whether or not sliced or in the form of pellets	2.30%	A	D	KG
<b>07149039</b>	<b>Fresh or chilled arrowroot/salep/Jerusalem artichokes/similar roots &amp; tubers, not elsewhere specified or included</b>	<b>16%</b>	<b>A+</b>	<b>D</b>	<b>KG</b>
<b>07149042</b>	<b>Other mixtures of Chinese water chestnuts, frozen</b>	<b>14%</b>	<b>A+</b>	<b>D</b>	<b>KG</b>
07149046	Frozen dasheens/arrowroot/salep/Jerusalem artichokes/similar roots & tubers, not elsewhere specified or included	6%	A	D	KG
07149048	Chinese water chestnuts, dried	8.30%	A	D	KG
07149061	Dried dasheens, arrowroot, salep, Jerusalem artichokes, and similar roots and tubers not elsewhere specified or included, whether or not sliced but not in pellets	8.30%	A	D	KG

## CASHEW

The United States is one of the world's largest importer of cashews. In 2015 US imports eclipsed \$1 billion for the first time, capping a five-year increase in annual import value of over 30%. Over 99% of all US imports of cashew come in the form of shelled kernels, either fresh or dried; US imports account for 35% of the global market for shelled cashew kernels.<sup>14</sup>

Experts point to several promising trends in the US Market that are driving increases in the demand for cashews. These include a growing awareness and interest in nutrition, and consumer recognition of nuts as a healthy source of protein and good fats. Cashew nuts, along with other varieties of Tree Nuts, are playing a key role in the shift of American consumer preferences towards low carbohydrate, high protein snack foods.<sup>15</sup>

Cashew kernels, regardless of whether they are dried or shelled, enter the US market duty free.

## VEGETABLE FATS

Overall, US imports of vegetable fats and oils have been gradually declining over the past five years although there are pockets of strength for exporters within the overall sector.

## PALM OIL

Palm Oil had not traditionally played a significant role in US markets relative to other edible vegetable oils, but demand in the United States for Palm Oil has strengthened sharply over the past fifteen years. During the ten-year period from 2001 to 2011 US imports of Palm Oil grew from \$60 million annually to almost \$1.3 billion – an

<sup>14</sup> Derived from ITC calculations based on UN Comtrade Statistics

<sup>15</sup> USAID Market Access: The US Market for Cashews

increase of over 2,000%. The emergence of Palm Oil in the US market is largely attributable to its use as a natural replacement oil for partially hydrogenated vegetable oils or “trans-fats” which have been increasingly shunned in the US market for health reasons, and finally banned by the US FDA in June 2015.

While the overall trend is still positive, US imports of Palm Oil have declined in recent years because it has been linked to the destruction of tropical forests and peatlands in Southeast Asia. The WWF has mounted an effective animal rights and biodiversity advocacy campaign directly to consumers claiming that both the Orangutan and the Sumatran Tiger could become extinct in the wild as a result of Oil Palm cultivation in Southeast Asia. Consequently, many large US food and consumer products companies like General Mills, Johnson & Johnson, Kellogg’s and Kraft Foods have started making commitments to source only certified sustainable palm oils (CSPO).<sup>16</sup>

While most of the world’s current production of Palm Oil production comes from Oil Palm plantations in Southeast Asia (Malaysia and Indonesia currently produce most of the global supply) the Oil Palm tree is actually a native species to West Africa and highly suitable for further development in sustainable plantations for export production to the US market.<sup>17</sup>



*Palm Oil Manufacturer in Western Region, Ghana*

## **SHEA BUTTER**

Over the past fifteen years, since the original signing of AGOA, worldwide exports of shea butter from West Africa have increased from an estimated 8,000 to 150,000 tons per year.<sup>18</sup> The global market for shea butter is growing quickly and some forecasts see the global market value tripling by 2020.

The US market outlook for shea butter, both as a personal care product, and as an ingredient in personal care products, is seen as very strong. As the niche markets for pure shea and organic shea develop, demand in the US for imported shea butter could strengthen sharply. Import volumes of shea will also increase as current products start using higher proportions of shea butter.



*Ghanaians sorting Shea Nuts to produce Shea Butter: Photo from [www.sheabutter.com](http://www.sheabutter.com)*

These trends are clearly evident in the export data. Ghana’s exports of shea butter to the US nearly tripled in value between 2013 and 2015, while its exports of shea kernels has largely leveled out over the same period, registering

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<sup>16</sup> Certified sustainable palm oil (CSPO) is palm oil that has been grown on a plantation that has been managed and certified according to the principles and criteria of the Roundtable on Sustainable Palm Oil (RSPO).

<sup>17</sup> Palm Oil was Ghana’s primary export product in the late 1800s until it was overtaken by Cocoa.

<sup>18</sup> The Shea Butter Economy: Big Money and Exploitation



only a relatively marginal 2-year increase of 25%.<sup>19</sup> This encouraging trend towards more local value addition should continue as key development partners are investing significant resources towards development of the shea value chain across West Africa.<sup>20</sup>

Neither AGOA nor GSP provide any preferential treatment for Shea Butter, Palm Oil or Palm Kernel Oil. US market preferences for Ghana for some derivative products, like margarine, are outlined in Table 11.

TABLE 11: SPECIFIC PRODUCTS ELIGIBLE FOR US MARKET PREFERENCES: VEGETABLE FATS

8 Digit	Description of Product	NTR Rate	GSP	AGOA	UNITS
15100040	Edible oil including blends, and their fractions, not elsewhere specified or included, not chemically modified, weighing under 18 kg	5 cents/kg; incl. cont.	A	D	KG
15100060	Edible oil including blends, and their fractions, not elsewhere specified or included, not chemically modified, weighing 18 kg or over	3.4 cents/kg	A	D	KG
15162090	Vegetable fats and oils not elsewhere specified or included, partly or wholly hydrogenated, interesterified, reesterified or elaidinized, not further prepared	8.8 cents/kg	A+	D	KG
15171000	Margarine, excluding liquid margarine	12.3 cents/kg	A+	D	KG

## COCOA PRODUCTS

The chocolate industry in the United States comprises approximately 400 manufacturers and 250 suppliers. The industry annually consumes around 1.4 billion pounds of cocoa and cocoa products combined. Since cocoa is not grown in the United States all of its supplies are imported, largely from Cote D'Ivoire and Ghana. The US industry imports annually about \$435 millions of raw cocoa beans which are processed in the US, and about \$335 million in semi-processed cocoa products such as paste, butter, and powder.<sup>21</sup>

Strong growth is forecasted in the US market for finished confectionary products. According to a 2015 report published by Mintel the US market for chocolate confectionary products has grown steadily over the past several years. The market registered an increase of 25% between 2009 and 2014 and is expected to grow 20% by 2019 to \$25 billion in annual value. Mintel also found that over 70 % of chocolate buyers in the US market are choosing treats with mix-ins like nuts and nut flavors as opposed to plain/unflavored varieties.<sup>22</sup>



Swiss-owned Multinational Barry Callebaut's factory in Accra. Barry Callebaut is Ghana's largest exporter of non-traditional exports, with nearly \$620 million worldwide in 2015.

While raw cocoa beans, as well as most of Ghana's semi-processed export products of cocoa like powder, cakes and butter enter duty free by virtue of MFN and GSP eligibility (except for cocoa paste wholly or partly defatted), a significant constraint for Ghana is the fact that there are important US import sensitivities related to finished chocolate products and high

<sup>19</sup> Ghana Export Promotion Authority Data

<sup>20</sup> <http://www.africareview.com/business-finance/USAid-gives-shea-butter-boost-to-West-Africa/979184-3296684-dbiu2z/index.html>

<sup>21</sup> World Cocoa Foundation, US Industry Report

<sup>22</sup> US Chocolate Confectionary, 2015. Mintel

rates of duty remain in effect on most finished chocolate products for all AGOA, GSP and LDC eligible countries because none of the US tariff rate quota (TRQ) has been allocated for AGOA.

Unless some of the US chocolate TRQ is reassigned to AGOA the US market opportunities for Ghanaian cocoa will remain similar to what they are currently, concentrated on semi-processed products and raw beans. Any exports of Ghanaian made chocolate confectionary products would likely be focused around niche markets i.e. high values, low volumes, for specialty items that are produced and marketed under fair trade and/or organic labels (i.e. less price sensitive).<sup>23</sup>

US market preferences for Ghana for Cocoa products are outlined in Table 12. Those products that qualify for preferences only through AGOA are highlighted in **bold text**.

TABLE 12: SPECIFIC PRODUCTS ELIGIBLE FOR US MARKET PREFERENCES: COCOA PRODUCTS

8 Digit	Description of Product	NTR Rate	GSP	AGOA	UNITS
18032000	Cocoa paste, wholly or partly defatted	0.2 cents/kg	A	D	KG
18050000	Cocoa powder, not containing added sugar or other sweetening matter	0.52 cents/kg	A	D	KG
18061022	Cocoa powder, o/65% but less than 90% by dry wt of sugar, subject to gen. note 15 of the HTS	10%	A	D	KG
18061034	Cocoa powder, sweetened, neosi, subject to add US note 1 to Ch. 18	10%	A	D	KG
18061043	Cocoa powder, o/90% by dry wt of sugar, subject to gen. note 15 of the HTS	10%	A	D	KG
18061065	Cocoa powder, o/90% by dry wt of sugar, neosi, subject to add. US note 1 to Ch. 18	10%	A*	D	KG
18062022	Chocolate, ov 2kg, cont. milk solids, not in blocks 4.5 kg or more, subj. to gen. note 15 of the HTS	5%	A*	D	KG
18062024	Chocolate, ov 2kg, cont. milk solids, not in blocks 4.5 kg or more, subj. to add US note 2 to Ch. 18, not GN15, ov 5.5 pc bf	5%	A	D	KG
18062034	Chocolate, ov 2kg, cont. milk solids, not in blocks 4.5 kg or more, not ov 5.5 pc bf, subj. to add US note 3 to Ch. 18, not GN15	5%	A	D	KG
18062050	Chocolate, ov 2kg, cont. milk solids, not in blocks 4.5 kg or more, no milk solids, not GN15	4.30%	A	D	KG
18062060	Confectioners' coatings & other products, not less than 6.8% non-fat solids of the cocoa bean nib and not less than 15% vegetable fats	2%	A	D	KG
18062067	Chocolate/oth preps with cocoa, ov 2kg but n/o 4.5 kg, o/65% by wt of sugar, subject to gen. note 15 of the HTS	10%	A	D	KG
18062075	Chocolate/oth preps with cocoa, ov 2kg but n/o 4.5 kg, o/65% by wt of sugar, desc in add US nte 3 to Ch. 17: subj. to Ch17 US note 8	10%	A	D	KG
18062078	Chocolate/oth preps with cocoa, ov 2kg but n/o 4.5 kg, o/65% by wt of sugar, neosi	8.50%	A	D	KG
<b>18062079</b>	<b>Chocolate/oth preps with cocoa, ov 2kg but n/o 4.5 kg, n/o 65% by wt of sugar, not in blocks 4.5 kg or more, subj to GN 15</b>	<b>10%</b>	<b>A+</b>	<b>D</b>	<b>KG</b>
<b>18062081</b>	<b>Chocolate/oth preps with cocoa, ov 2kg but n/o 4.5 kg, (dairy prod. descr. in Ch.4 US note 1), n/o 65% sugar, subj to Ch.4 nte 10, not GN15</b>	<b>10%</b>	<b>A+</b>	<b>D</b>	<b>KG</b>
<b>18062085</b>	<b>Low-fat chocolate crumb, n/o 65% by wt of sugar, ov 2kg but n/o 4.5 kg, subject to add US note 3 to Ch. 18, not GN15</b>	<b>10%</b>	<b>A+</b>	<b>D</b>	<b>KG</b>
<b>18062095</b>	<b>Chocolate and preps w/cocoa, not elsewhere specified or included, o/2kg but n/o 4.5 kg, n/o 65% sugar, desc in Ch17 US note 3, subj. to Ch17 US note 8, not GN15</b>	<b>10%</b>	<b>A+</b>	<b>D</b>	<b>KG</b>

<sup>23</sup> The Ghanaian company HPW Fresh & Dry has recently started manufacturing some chocolate confectionary products mixed with dried tropical fruits for sale to the local markets in Ghana, and has also started exploring US market opportunities.

8 Digit	Description of Product	NTR Rate	GSP	AGOA	UNITS
<b>18062099</b>	<b>Chocolate and preps with cocoa, not elsewhere specified or included, over 2kg but n/o 4.5 kg, n/o 65% sugar, not elsewhere specified or included</b>	<b>8.50%</b>	<b>A+</b>	<b>D</b>	<b>KG</b>
18063100	Chocolate and other cocoa preparations, in blocks, slabs or bars, filled, not in bulk	5.60%	A	D	KG
18063201	Chocolate, nt filled, in blocks/slabs/bars 2kg or less, subj. to GN15	5%	A	D	KG
18063204	Chocolate, not filled, in blocks/slabs/bars 2kg or less, subj. to add US note 2 to Ch. 18	5%	A	D	KG
18063214	Chocolate, not filled, in blocks/slabs/bars 2kg or less, subj. to add US note 3 to Ch. 18	5%	A	D	KG
18063230	Chocolate, not filled, w/o butterfat/milk solids, in blocks/slabs/bars 2kg or less	4.30%	A	D	KG
18063255	Cocoa preps, not filled, in blocks, slabs or bars weighing 2 kg or less, subject to gen. note 15 of the HTS	7%	A	D	KG
18063260	Cocoa preps, (dairy prod. of Ch4 US note 1), not filled, in blocks, slabs or bars, w/wt 2 kg or less, subj. to add. US note 10 to Chapter 4	7%	A	D	KG
18063290	Cocoa preps, not filled, in blocks, slabs or bars weighing 2kg or less,	6%	A	D	KG
18069001	Cocoa preps, not in blocks/slabs/bars, subj. to gen. note 15 of the HTS	3.50%	A	D	KG
18069005	Cocoa preps, (dairy prod. descr. in add US note 1 to Ch.4), not in blocks, slabs or bars, subj. to add. US note 10 to Ch 4, not GN15	3.50%	A	D	KG
18069015	Cocoa preps, o/5.5% butterfat by wt, not in blocks/slabs/bars, subj. to add US note 2 to Ch. 18, not GN15	3.50%	A	D	KG
18069025	Cocoa preps, cont. milk solids, n/o 5.5% butterfat by wt, not in blocks/slabs/bars, subj. to add US note 3 to Ch. 18, not GN15	3.50%	A	D	KG
18069055	Chocolate and preps w/cocoa, not elsewhere specified or included, o/10% by dry wt of sugar, described in add US note 3 to Ch.17: subj to Ch17 US note 8, not GN15	3.50%	A	D	KG
18069090	Chocolate and preps w/cocoa, not elsewhere specified or included, not put up for retail sale	6%	A	D	KG

## GOLD JEWELRY

The global market for gold jewelry has been gradually declining for the past several years. One notable exception to the global trend however is the United States, where demand has continued to steadily increase. Between 2011 and 2015 worldwide trade in gold jewelry declined by roughly 3% in value, but over that same period of time US imports of gold jewelry increased by nearly 20%. In just four years the United States' share of global imports went from just over 7% to nearly 10%.<sup>24</sup>

This trend has continued into 2016. In its most recent *Gold Demand Trends Report* the World Gold Council reported that US demand for gold jewelry continued to increase, marking the ninth consecutive quarter that the US market has shown growth. The report also pointed out that US imports of gold jewelry rose by double digits in year-over-year comparisons for January and February, which suggests that the overall growth could be picking up.<sup>25</sup>

Alongside the steady increase in US demand for Gold Jewelry, industry experts suggest that a major reconfiguration of the industry is starting to unfold that resembles what happened to apparel industry starting in the late 1980s.<sup>26</sup> These trends will likely influence the nature and magnitude of potential opportunities in the sector for Ghana, particularly the internationalization of the supply chain and production process and the emergence of fast fashion

<sup>24</sup> Derived from ITC calculations based on UN Comtrade Statistics

<sup>25</sup> <http://www.nationaljeweler.com/majors/market-developments/4248-gold-jewelry-continues-to-gain-ground-in-us>

<sup>26</sup> A Multifaceted Future in The Jewelry Industry in 2020. McKinsey. February 2014 <http://www.mckinsey.com/industries/retail/our-insights/a-multifaceted-future-the-jewelry-industry-in-2020>

gold jewelry. There is good reason to believe that Ghana's opportunities in a rapidly globalizing value chain for gold jewelry could be significant. In 2015 Ghana was the world's 11<sup>th</sup> largest producer of gold, contributing nearly 3% of global supply. By comparison, China was the world's largest producer and contributed around 15% of global supply.<sup>27</sup>

It is unlikely that Ghanaian jewelry manufacturers could develop significant access to the US market as the supply channels and marketing relationships are tightly controlled and dominated by Indian and Chinese firms. The real opportunity in this product would be marketing FDI opportunities in Ghana to the large Indian and Chinese firms in order to take advantage of Ghana's raw material supply and its preferential access to the US market. In fact, this is something that South Africa, the other sizeable African gold producing country that qualifies for US market preferences, has recently started doing. In late July, South Africa's High Commissioner in India formally extended the invitation at an industry event in Delhi. The Commissioner noted that while India produces less than one per cent of the world's gold it is responsible for 60% of all the value



*The Precious Minerals Marketing Corporation (PMMC); Accra, Ghana*

addition, and formally offered: "This is something that the entire world, including South Africa, would like to learn from India... I invite the Indian jewelry industry to set up manufacturing operations in South Africa and take advantage of its policies both at the domestic level as well as overseas including privileges it enjoys from the US and the European Union."<sup>28</sup> And the opportunity for Indian companies to set up offshore manufacturing in AGOA eligible countries like Ghana and South Africa has become even more compelling in recent months. The Indian Government surprised its industry with unexpected budget provisions that affect India's cost competitiveness, imposing a new excise duty of 1% on gold jewelry manufactured in India.<sup>29</sup>

All together these trends and events represent a tremendous opening for Ghana to market FDI opportunities to Indian Jewelry manufacturers and marketing companies. India is the largest exporter of gold jewelry in the world and the US Market represents a significant, and growing part of its business. In just the last two years the US market has gone from being 12% to 18% of India's worldwide gold jewelry exports. By manufacturing products in Ghana Indian manufacturers stand to realize cost savings equivalent to:

1. The 10% duty they currently pay on imports of Gold; plus
2. The 5.5% (on average) cost of exporting gold jewelry products to the United States; plus
3. The new 1% excise duty that India has started to charge this year on gold jewelry manufactured in India

The main question at this point is whether or not the projected long term costs involved with gold jewelry production in Ghana would nullify the value of raw material supply and duty exemptions. While this aspect should be analyzed further by MOTI through a cost feasibility study, the recent joint venture deal closed between Ghana's Precious Minerals Marketing Company (PMMC) and Indian gold jewelry manufacturer Aditan Enterprises is an encouraging sign that an FDI model for manufacturing gold jewelry in Ghana for export can be financially viable.

US market preferences for Ghana for gold jewelry are outlined in Table 13.

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<sup>27</sup> US Geological Survey, *Mineral Commodity Summaries*, January 2016

<sup>28</sup> South Africa calls Indian firms to invest in jewelry units. *Economic Times of India*. July 2015

<sup>29</sup> Budget 2016: Excise Duty On Gold and Diamond Jewelry to hurt industry. *Economic Times of India*.



TABLE 13: SPECIFIC PRODUCTS ELIGIBLE FOR US MARKET PREFERENCES: GOLD JEWELRY

8 Digit	Description of Product	NTR Rate	GSP	AGOA	UNITS
71131921	Gold rope necklaces and neck chains	5%	Λ*	D	X
71131925	Gold mixed link necklaces and neck chains	5.80%	Λ*	D	X
71131929	Gold necklaces and neck chains (o/than of rope or mixed links)	5.50%	Λ*	D	X
71131930	Precious metal (o/than silver) clasps and parts thereof	5.80%	Λ	D	X
71131950	Precious metal (o/than silver) articles of jewelry and parts thereof, whether or not plated or clad with precious metal, not elsewhere specified or included	5.50%	Λ*	D	X
71132021	Base metal clad w/gold rope necklaces and neck chains	5.80%	Λ	D	X
71132025	Base metal clad w/gold mixed link necklaces and neck chains	5.80%	Λ	D	X
71132029	Base metal clad w/gold necklaces and neck chains, not elsewhere specified or included	5.20%	Λ	D	X
71132030	Base metal clad w/precious metal clasps and parts thereof	5.80%	Λ	D	X

## HANDICRAFTS

The market for handicrafts is difficult to size because relevant product classifications generally do not identify whether a product is handmade, semi-handmade or machine made. To understand the global handicrafts market, it is necessary to look to the global market for home décor products, which is over \$100 billion annually. The US market is responsible for over two-thirds of the global demand for home décor products. From an overall industry composition standpoint handicrafts are distributed among the 10 product categories for home accessories. These include: accessories and gifts, accent furniture, portable lamps, wall décor, collectibles, area rugs, tableware and tabletop accessories, lighting fixtures, permanent botanicals, and soft goods. Ghana's artisan communities produce goods for most of these subsectors.<sup>30</sup>

Trends unfolding in the market are favorable for Ghana. The demand for “cultural goods” is growing, alongside the rise in international tourism and increasing focus on interior decoration. There is also increasingly strong reaction among the more upscale markets to homogenization of mass-produced products. As a result, buyers and consumers are increasingly seeking unique products made in countries other than China. Much of that attention is focused on the emergence of demand for products that combine ethnic elements with contemporary designs, a niche often referred to as “global style” products.

Growth in US market demand is generally concentrated on the low (price oriented) and high (quality oriented) ends of the market. The middle of the market – moderate quality products at moderate prices has generally been flat. Competition at the low end of the market is very strong and competitiveness requires significant production capacity. The luxury goods side of the market tends to be more flexible on prices and focus more on distinctive designs with higher quality and smaller quantities. One significant difference between the handicrafts sector and the large GVCs is that many US importers, both wholesale and retail, continue to rely on the services of foreign exporters and agents which creates increasingly strong opportunities within local value chains.<sup>31</sup>

US market preferences for Ghana, for handicraft products, are outlined in Table 14. Products that qualify for preferences only through AGOA are highlighted in **bold text**.

TABLE 14: SPECIFIC PRODUCTS ELIGIBLE FOR US MARKET PREFERENCES: HANDICRAFTS – BASKET WARE

8 Digit	Description of Product	NTR Rate	GSP	AGOA	UNITS
46012140	Woven or partly assembled materials of bamboo, for mats, matting and screens	3.30%	Λ	D	X

<sup>30</sup> USAID Handicrafts Market Analysis. SABEQ. March 2009

<sup>31</sup> USAID Global Market Assessment for Handicrafts, Volume 1. July 2006

8 Digit	Description of Product	NTR Rate	GSP	AGOA	UNITS
46012190	Mats, matting and screens of bamboo, not elsewhere specified or included	8%	A	D	X
46012240	Woven or partly assembled materials of rattan for mats, matting and screens	3.30%	A	D	X
46012290	Mats, matting and screens of rattan, not elsewhere specified or included	8%	A	D	X
46012940	Woven or partly assembled materials of willow for mats, matting and screens	3.30%	A	D	X
46012960	Woven or partly assembled vegetable materials other than bamboo, rattan or willow, for mats, matting and screens	4.80%	A	D	X
46012990	Mats, matting and screens of willow, not elsewhere specified or included	8%	A	D	X
46019205	Plaits of bamboo and similar products of such plaiting materials, whether or not assembled into strips	2.70%	A	D	X
46019220	Products of bamboo other than plaits and similar products such as plaiting materials.	6.60%	A	D	X
46019305	Plaits of rattan and similar products of such plaiting materials, whether or not assembled into strips	2.70%	A	D	X
46019320	Products of rattan other than plaits and similar products such as plaiting materials.	6.60%	A	D	X
46019405	Plaits of vegetable materials and similar products of such plaiting materials, whether or not assembled into strips	2.70%	A	D	X
46019420	Products not elsewhere specified or included, of plaiting materials, bound together in parallel strands or woven, in sheet form, of willow or wood	6.60%	A	D	X
46019905	Plaits and similar products of plaiting materials (not vegetable), whether or not assembled into strips	2.70%	A	D	X
<b>46019990</b>	<b>Products not elsewhere specified or included of plaiting materials (not vegetable), bound together in parallel strands or woven, in sheet form, not elsewhere specified or included</b>	<b>3.30%</b>	<b>A+</b>	<b>D</b>	<b>X</b>
46021105	Fishing baskets or creels made from bamboo	5%	A	D	#
46021109	Baskets and bags of bamboo other than wickerwork	10%	A	D	#
46021121	Luggage, handbags and flat goods, whether or not lined, of bamboo	6.20%		D	#
46021145	Basketwork and other articles, neosi, of one or more of bamboo	6.60%	A	D	#
46021205	Fishing baskets or creels made from rattan	5%	A	D	#
46021216	Baskets and bags of rattan other than wickerwork	5%	A	D	#
46021223	Articles of a kind normally carried in the pocket or in the handbag, of rattan	9%	A	D	#
<b>46021225</b>	<b>Luggage, handbags and flat goods, whether or not lined, of rattan, not elsewhere specified or included</b>	<b>18%</b>		<b>D</b>	<b>#</b>
46021245	Basketwork and other articles, neosi, of rattan	6.60%	A	D	#
46021905	Fishing baskets or creels made from vegetable materials	5%	A	D	#
46021912	Baskets and bags, not elsewhere specified or included, whether or not lined, of willow	5.80%	A	D	#
46021916	Baskets and bags of palm leaf other than wickerwork	5%	A	D	#
46021918	Baskets and bags of vegetable material, neosi	4.50%	A	D	#
46021922	Luggage, handbags and flat goods, whether or not lined, of willow	5.80%		D	#
46021923	Articles of a kind normally carried in the pocket or in the handbag, of palm leaf	9%	A	D	#
<b>46021925</b>	<b>Luggage, handbags and flat goods, whether or not lined, of palm leaf, not elsewhere specified or included</b>	<b>18%</b>		<b>D</b>	<b>#</b>
<b>46021929</b>	<b>Luggage, handbags and flat goods, whether or not lined, made from plaiting materials not elsewhere specified or included</b>	<b>5.30%</b>		<b>D</b>	<b>#</b>
46021945	Basketwork and other articles, neosi, of willow or wood	6.60%	A	D	#
46021980	Basketwork and other articles, neosi, of vegetables materials, not elsewhere specified or included	2.30%	A	D	X

8 Digit	Description of Product	NTR Rate	GSP	AGOA	UNITS
46029000	Basketwork, wickerwork and other articles made directly from plaiting materials or from articles of heading 4601, not elsewhere specified or included; loofah articles	3.50%	A	D	X

## APPAREL

The United States is the world's largest consumer and importer of apparel, bringing in 90 billion dollars' worth of apparel products in 2015. This represents an increase of 33% in just six years, compared to the depressed import levels caused by the 2009 global recession. Also, while growth in US imports of apparel has leveled off in recent years, to an average level of around 3% annually, there are no clear signs yet that the overall trend will slow considerably anytime soon.<sup>32</sup>

A few other macro-trends that continue to shape the direction of the industry. First, consumers expect greater social and environmental accountability from apparel companies, especially regarding labor standards in factories. Suppliers should adopt global certification standards, like Worldwide Responsible Accredited Production (WRAP), rather than developing their own national certifications. Second, internet technology and improvements in global communication are resulting in more frequent and direct communication among buyers, agents, and vendors on design, sampling, production, and delivery. Growth in Internet sales continues to be exponential. Third, the largest apparel buyers still focus on China, India, Pakistan, and Bangladesh. AGOA countries continue to be regarded as producers of basics and work-wear garments. They need to expand their capacity to meet shorter delivery windows. As much as most high-end buyers and large retailers will continue to design their fashion products in-house, there will be a need to integrate designers in the African factories' marketing departments.<sup>33</sup>

Apparel production under AGOA provides significant benefits as tariff rates are among the highest of all US imports. The average duty rate in the US for apparel is about 13 percent. However, the duty rates for some products are as high as 32 percent, particularly for knit garments that are made from synthetic fabrics.

While the apparel preferences provided by AGOA clearly have substantial value, African countries are taking increasingly cautious approaches over the prospects of the US-led Trans Pacific Partnership (TPP) agreement. If TPP passes Vietnam's apparel exports to the United States could jump quickly, increasing by up to 20% a year. While most of growth would involve Vietnam taking market share from China, there is some concern mounting among African policy-makers that TPP could undercut the relative competitiveness in some synthetic knit apparel products that is currently enjoyed by African countries as a result of AGOA.

Virtually all apparel products can enter the US from Ghana duty free under AGOA through special provisions outlined in Chapter 98.19 of the US tariff nomenclature. There are also a select number of traditional US market preferences available for certain items of apparel through GSP which are outlined in Table 15.

TABLE 15: SPECIFIC PRODUCTS ELIGIBLE FOR US MARKET PREFERENCES: APPAREL

8 Digit	Description of Product	NTR Rate	GSP	AGOA	UNITS
61161008	Other gloves, mittens and mitts, the foregoing specially designed for sports use, incl. ski and snowmobile gloves, mittens and mitts	2.80%	A	D	DPR
61169208	Gloves, etc., specially designed for sports, including ski and snowmobile gloves, mittens and mitts, knitted or crocheted, of cotton	2.80%	A	D	DPR
61169308	Gloves, mittens & mitts, for sports use, (incl. ski and snowmobile gloves, etc.), of synthetic fibers	2.80%	A	D	DPR
61169935	Gloves, mittens & mitts specially designed for sports, including ski and snowmobile gloves, mittens and mitts, of artificial fibers	2.80%	A	D	DPR
61171040	Shawls, scarves, etc., knitted or crocheted, containing 70% or more by weight of silk or silk waste	1.50%	A	D	DOZ

<sup>32</sup> Derived from ITC calculations based on UN Comtrade Statistics

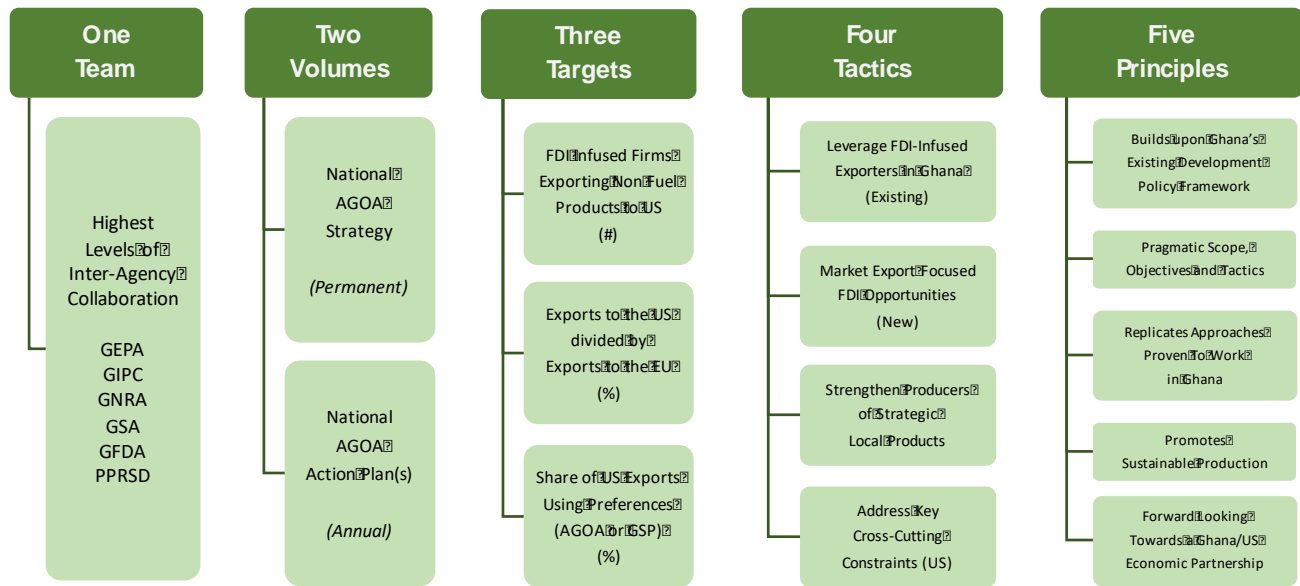
<sup>33</sup> US Apparel End Market Analysis. USAID East Africa Trade Hub. 2012

61178085	Headbands, ponytail holders & similar articles, of textile materials other than containing 70% or more by weight of silk, knitted/crocheted	14.60%	A	D	DOZ
62043960	Women's or girls' suit-type jackets and blazers, not knitted/crocheted, of textile materials not elsewhere specified or included, cont. 70% + of silk or silk waste	1%	A	D	DOZ
62044910	Women's or girls' dresses, not knitted or crocheted, containing 70% or more by weight of silk or silk waste	6.90%	A	D	DOZ
62101020	Garments, not knitted or crocheted, made up of fabrics of heading 5602 or 5603 formed on a base of paper or covered or lined with paper	2.80%	A	D	DOZ
62139005	Handkerchiefs, not knitted or crocheted, containing 70% or more by weight of silk or silk waste	1.10%	A	D	DOZ
62141010	Shawls, scarves, mufflers, mantillas, veils and the like, not knitted or crocheted, containing 70% or more silk or silk waste	1.20%	A	D	DOZ
62160008	Gloves, mittens & mitts, for sports, including ski & snowmobile gloves, etc., not knitted/crocheted, impreg. or cov. with plastic/rubber	0.80%	A	D	DPR
62160035	Gloves, mittens & mitts, all the foregoing for sports use, including ski & snowmobile gloves, mittens & mitts, of cotton	2.80%	A	D	DPR
62160046	Gloves, mittens & mitts, for sports use, incl. ski & snowmobile, of man-made fibers, not impregnated/coated with plastics or rubber	2.80%	A	D	DPR
62171085	Headbands, ponytail holders and similar articles, of textile materials containing < 70% by weight of silk, not knit/crochet	14.60%	A	D	DOZ

# STRATEGY

This section articulates the strategy that Ghana will employ to exploit the wealth of opportunities that are available for their non-traditional exports. The most important test of a strategy is whether or not it gets implemented effectively. For that to happen it needs to be simple enough for everyone to understand and follow. Figure 10 illustrates how the strategy has been organized and described specifically to make it simple to understand and easy to remember.

FIGURE 10: SUMMARY OF GHANA'S NATIONAL AGOA STRATEGY



## ONE TEAM

Strategies often falter in execution because of insufficient coordination across organizations. It is an inevitable phenomenon when not managed deliberately because different business units, functional divisions, and subsidiaries have substantially different worldviews.

In its 2011 critique of Ghana's implementation of AGOA Brookings suggested Ghana's process was "ad hoc" and defined by "transient government arrangements." This is largely accurate as the strategy to utilize AGOA was initially focused on the President's Special Initiatives (PSI). The US was not included among the priority target markets in the NES. While the study overall cites the lack of a national implementation strategy as the cause of underutilization, there was an insufficient amount of coordination between the relevant institutions involved in the export business. The NES does not even recognize GIPC as playing a key role in the export sector.<sup>34</sup>

In order to achieve its objectives under this AGOA strategy the highest levels of coordinated planning and collaborative problem solving among all of the key agencies is absolutely essential, which is why it is highlighted as the first element of the strategy. Coordinated planning, action and monitoring will be important on many levels but the most critical will be the collaboration of the three driving organizations which includes GEPA (MOTI), GIPC (OP) and GRA (MOF).

Key roles and responsibilities among the organizations central to National export business, as well as routine processes, will be captured, defined and documented into a protocol annex to the National Strategy.

<sup>34</sup> GIPC is not included in the list of key institutions on Page 25 of the NES

## TWO VOLUMES

In 2015 the US Congress renewed AGOA for 10 years. Ghana's National AGOA Strategy has been built around a set of integrated decisions designed to guide Ghana's utilization of AGOA preferences over the entire term of the facility. While the core strategy is envisioned as permanent, there are important accompanying elements like action plans, market analyses, and reference materials that will need to be updated regularly or periodically over the course of strategy implementation. In order to accommodate all the requirements Ghana's approach to AGOA will be documented and managed through two volumes:

- The National AGOA Strategy
- The National AGOA Action Plan

## DEFINING STRATEGY

The concept of what actually constitutes a strategy is frequently misunderstood because the terms “plan” and “strategy” are often used, or thought of, interchangeably. Sometimes they are even combined into a hybrid term - “strategic plan”. While the concepts behind all the terms have similarities – all are defined broadly as a method for achieving an end – there are important differences between strategies and plans.

*Plans* are best thought of as arrangements of steps and actions designed to accomplish a specific purpose. Plans are concrete and discrete; i.e. when “Plan A” doesn't work then you move to “Plan B” - something totally different. *Strategies*, on the other hand, are precursors to plans. Strategies involve integrated sets of choices that must be made to enable effective planning. Strategies are adaptable; they anticipate change - both known and unknown - and they are designed to facilitate dynamism in the environment over the course of multiple planning cycles. The bottom line is that strategies and plans are different, and you need them both.

## THE NATIONAL AGOA STRATEGY

The first volume (this document) outlines Ghana's **National AGOA Strategy**. The Strategy is a high-level document that outlines the MOTI/USAID team's key findings and corresponding recommendations. It lays out a strategic approach shaped by these recommendations that will enable Ghana to exploit AGOA opportunities over its remaining life even as markets evolve, new trends unfold, and possibilities open. It tethers Ghana's approach to AGOA to Ghana's National Export Strategy by providing Ghana's Ministries, Agencies, Associations, Companies and Development Partners with a broad contextual and decision-making reference. It defines the key issues, establishes relative priorities, and serves as a map for navigating the dynamic nature of Ghana's industries and the global markets for goods and investments.

The strategy document covers both the business and operational aspects of classic strategy. This is the kind of high-level strategic thinking that has been largely absent from past AGOA utilization efforts across Sub Saharan Africa, as policy analysts from both the Brookings Institute and US GAO have pointed out. The Strategy is designed to remain in effect for the duration of AGOA.

## THE NATIONAL AGOA ACTION PLAN

The second volume is Ghana's **National AGOA Action Plan** to be developed on at least a semi-annual basis in fulfillment of the requirements specified in the 2015 extension of the AGOA legislation regarding the preparation of biennial **AGOA Utilization Strategies**.

Action plans will be developed around the principles and tactics outlined in this National AGOA Strategy. The plans will be specific, detailed and prescriptive. In determining which specific opportunities to act upon, and what specific actions to take, the action plans will carefully consider where current global trends are moving, and take advantage of any significant advancements in Ghana's trade enabling environment or a particular sector's industrial architecture. Most importantly, the action plans will embrace perhaps the most well-known tenet of strategy popularized by Harvard University's Michael Porter – that the real essence of strategy is deciding what not to do. The Action Plan will outline a detailed two-year plan of actions to be taken, organized according to the four tactics specified in the earlier section. Initially the Action Plan will be updated every year. Adjustments to the frequency will be made based on progress towards achievement of targets.



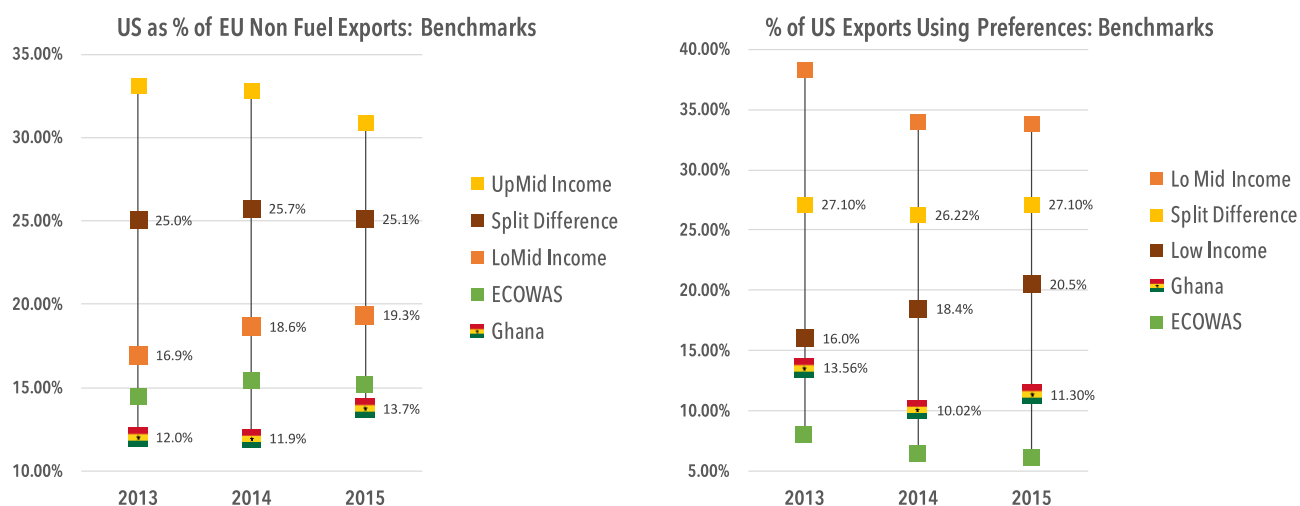
### THREE TARGETS

It is clear that high performance on multiple dimensions will be required to drive the kinds of results that are expected from Ghana's National AGOA Strategy. The results are facilitated in part with the set of three contextualized performance targets that have been defined.

- FDI-Infused Firms Exporting Non-Fuel Products to US Markets | # Number
- Exports to the US as % of Exports to the EU | % Percent
- Share of US Exports Using Preferences [AGOA & GSP] | % Percent

The first target is designed to accomplish a specific intermediate result which is the key to driving overall export growth; the successful attraction of FDI for export production. Right now, there are 10 active FDI-infused firms in Ghana exporting to the US Market. The target for the NES is to increase that number from 10 to 50 by the end of 2025. The increase of 40 FDI-infused firms should include 10 new firms that establish or re-capitalize export production operations geared at least in large part towards US markets. The second and third targets are designed to re-calibrate export levels to the US market. Using category benchmarks from Figure 11, Table 5 performs gradual trend alignment to bring US Exports, and the percentage of exports claiming preferences, to more standardized levels.

FIGURE 11: BENCHMARKS FOR SELECTING TARGETS



Notes: Data from World Bank Development Indicators: Trade Data

TABLE 16: SUMMARY OF TARGETS UNDER GHANA'S NATIONAL AGOA STRATEGY

Target	Baseline (2016)		2017	2019	2022	2025	Cumulative
1. FDI-Infused Firms Exporting Products to US [All Imp. Prog.   NF] # Number	1a. Existing	10	3	6	9	12	40
	1b. New	0	1	2	3	4	10
	1c. Total	10	4	8	12	16	50
2. Exports to the US / Exports to the EU [All Import Programs   NF] % Percent	i. Baseline	13.72%	-	-	-	-	
	ii. Benchmark	25.00%	-	-	-	-	
	iii. Gap (%)	11.28%	-10.15%	-7.90%	-4.50%	0%	
	Target (% Gap)	0%	10%	30%	60%	100%	
	Resulting Share	13.72%	14.80%	17.10%	20.50%	25.00%	

Target	Baseline (2016)		2017	2019	2022	2025	Cumulative
3. Share of US Exports w/ Preferences [incl. AGOA & GSP   NF] % <b>Percent</b>	i. Baseline	11.30%	-	-	-	-	
	ii. Benchmark	27.00%	-	-	-	-	
	iii. Gap (%)	15.80%	-14.22%	-11.06%	-6.32%	0%	
	Target (% Gap)	0%	10%	30%	60%	100%	
	Resulting Share	11.30%	12.90%	16.00%	20.80%	27.10%	

## FOUR TACTICS

The AGOA Implementation Unit will endeavor to achieve its three targets by employing four tactics to drive the strategy through implementation. The four tactics include:

- Leverage Large FDI Infused Exporters
- Market FDI Opportunities for Export Production
- Strengthen Producers of Selected Local Products
- Address Key Cross Cutting Constraints

Planned use of the tactics will be determined through a consultative process and analysis of progress to date, and documented on an annual basis into the rolling Bi-Annual National AGOA Action Plan discussed in the prior section.

### LEVERAGE LARGE FDI-INFUSED EXPORTERS

The first tactic for driving the strategy involves encouraging/facilitating the large FDI-Infused exporters in Ghana to either enter the US market, or expand their production into the US market. In developing and/or updating the action plan each year the AGOA Unit will **select 6 to 8 exporters** to receive targeted facilitation support from the Ministry and its network of agencies and development partners to help that exporter expand its production to the US Market. The AGOA unit will meet with each of these companies during the annual planning cycle to determine a list of required actions for each, and then document them in the action plan.

### MARKET FDI OPPORTUNITIES FOR EXPORT PRODUCTION

The second tactic for driving the strategy involves direct and indirect marketing to attract FDI and establish new companies that produce US exports competitively in Ghana. There is a broad range of activities that can be involved in deliberate FDI marketing, including: Projects aimed at changing the external image of the country; development of feasibility studies for specific export production ventures; identification and targeting of specific investors through promotion techniques; development of an FDI fulfillment program that monitors implementation of negotiated agreements and troubleshoots issues as they emerge. For each new or revised action plan The AGOA Unit will **select 3 to 5 initiatives** specific to marketing US export production to prospective foreign investors.

### STRENGTHEN PRODUCERS OF SELECTED LOCAL PRODUCTS

Select local industries exporting national/ethnic products. For each plan the AGOA Unit will **select 1 or 2 local industries** for the program using this tactic. Selection should be made on the basis of how it fulfills key long-run objectives for the US | Ghana trade relationship. Select only 1 industry for the first action plan, then maybe go up to 2 industries for the second or third action plan depending on demonstrated capacity of the AGOA unit.

### ADDRESS KEY CROSS-CUTTING CONSTRAINTS

Focus on constraints and issues that are specific to the US Market. Not about improving the overall trade enabling environment – that is done through other initiatives, not the AGOA Strategy or AGOA Action Plan. This tactic is about things that are specific to the US Market. This can be product/sector specific if the issue is in the US side. For each plan the AGOA Unit will **select 4 to 6 cross cutting constraints** to target through the program using this tactic.

## FIVE PRINCIPLES

Finally, overall implementation of the strategy will be governed through the following five principles:

1. Builds upon Ghana's Existing Development Policy Framework
2. Pragmatic in terms of Scope, Objective and Tactics
3. Aims to Replicate Proven Approaches
4. Promotes Sustainable Production
5. Forward Looking about the Ghana/US Trade Relationship

### BUILDS UPON GHANA'S EXISTING DEVELOPMENT POLICY FRAMEWORK.

This strategy is but one small part of a broader tiered strategy used by Ghana's Ministry of Trade and Industry to stimulate growth and development across the broad range of organizations, industries, and markets that fall within its purview. Tiered strategies are used to unify and coordinate large and complex organizations and systems. The idea is that each successive tier of strategy incorporates the overall vision, objectives, and decision making guidance of the higher tiers, while adding more specificity to drive coordinated actions relevant to just a specific subset of the whole.

In classic business strategy terms this National AGOA Strategy is analogous to what would be called a market-level, or tier 3 strategy.<sup>35</sup> It incorporates the vision, objectives and decision making guidance provided by Ghana's Shared Growth and Development Agenda (GSGDA), its Private Sector Development Strategy (PSDS II), and its National Export Strategy (NES), in order to establish a clear way forward for using the opportunities provided by AGOA to strengthen Ghana's trade relationship with the United States.

Consistent with the NES, the primary focus for AGOA will be given to production opportunities that either add value through a transformation of traditional export products, or that expand and diversify Ghana's export product portfolio. The catalyst for developing and harnessing these opportunities - and the primary agent of change - will continue to be the private sector as is clearly spelled out in both Ghana's PSDSII and its NES. It is clear that the modern recipe for successful export market development in middle income countries, like Ghana, involves effective leveraging of private capital.

### PRAGMATIC IN TERMS OF SCOPE, OBJECTIVE AND TACTICS.

This strategy recognizes that while US Market opportunities are seemingly endless, they are also highly competitive, administratively complex, and fast moving. The fact is that US markets are still largely unknown to most Ghanaian manufacturers, and the US markets will remain out of reach for most – but not all - companies for the foreseeable future. This is particularly true for most – but not all - of Ghana's highly perishable agro-based export products, which make up an increasingly significant portion of overall non-traditional exports.

The EU and the rest of Europe will continue to be the most significant, and most important, highly developed markets for Ghanaian exports. Through the implementation of this strategy, the United States is expected to become an increasingly important, but still complementary, market. Ghana's exports to the United States will predominantly concentrate on higher-value, lower-volume market niches – especially with the portfolio of perishable products - because of Ghana's relatively small size, and the long, often complex cargo routes that serve the US markets.

The strategy is focused on selecting actions that work with Ghana's industrial capacity and trade enabling environment as it is at any given point in time. Plans are not contingent in nature, i.e. actions are not determined on the basis of how things are expected to be in the future. However, as aspects of production capacity and environment change, subsequent plans will be structured to take advantage of advancements. This is all by design as the scope of a tier-three - or market-level - strategy is outward focused and formed on the basis of prevailing conditions.

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<sup>35</sup> The concept of tiered approaches was first popularized in business strategy applications with three standard tiers, defined as: (1) Enterprise Level; (2) Division Level; and (3) Market Level.

### **AIMS TO REPLICATE PROVEN APPROACHES**

The strategy is largely designed around the engagement of Ghana's existing core of large exporting companies as well as the planned establishment of new exporters through targeted FDI. Review of Ghana's trade and investment data clearly show that this is the key behind Ghana's past successes in growing exports to the European Union, which is a similarly complex and large, demanding, developed market. We found that many of Ghana's large exporters were interested in – or already looking at – opportunities to diversity away from concentration risks with EU market, particularly the devaluation trend of Eurozone currencies against the US Dollar.

### **PROMOTES SUSTAINABLE PRODUCTION**

The strategy recognizes the need for discipline to manage sustainability risks that can result from preference-based export industry development. Any build-up of export production capacity focused largely around the US markets should be targeted in terms of opportunities - and production levels - that are seen to be sustainable in a normalized trade relationship.

### **FORWARD-LOOKING ABOUT THE US / GHANA TRADE RELATIONSHIP**

The strategy recognizes that AGOA is the commercial backbone of the Ghana/US trade relationship. Throughout the implementation of this strategy, special attention will be given to products that are eligible for preferential treatment under AGOA.

Implementation will not, however, be limited to those products that qualify for AGOA preferences. All export opportunities to US Markets for Ghana's Priority Export Products will be eligible for consideration, regardless of whether AGOA – or even GSP - provides preferential access for the product(s). Taking a whole of market approach is part of the longer-term objective of using AGOA to build momentum towards a mutually beneficial and permanent trade relationship with the United States. This is important as part of the overall efforts to double the earnings from non-traditional exports.

Forward looking nature of the strategy is also evidenced in the specific prioritization of support for local specialty foods manufacturers, which is aimed at instilling confidence on the part of US policy makers in Ghana's capacity to meet the increasingly stringent food safety standards of the United States. By demonstrating a consistently improved capacity for food safety assurance Ghana hopes that the US will reopen its consideration of allocating to AGOA a portion of its tariff rate quotas for confectionary products, and thus expand the doors for more domestic value-addition of Ghana's cocoa.

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