



Standard Bank

# AFRICA TRADE BAROMETER

Highlights  
of the current  
cross-border  
trade landscape  
in Ghana



**Ghana**  
COUNTRY FOCUS

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# EXECUTIVE SUMMARY

Being Africa's largest bank, Standard Bank (trading in Ghana as Stanbic Bank) has leveraged its presence and expertise across the continent to create the Stanbic Bank Africa Trade Barometer (SB ATB). The SB ATB was launched in 2022 with the intent of creating Africa's leading trade index to address the information vacuum of reliable African trade data and to support and enable the growth of intra-Africa trade. Availability of trade data remains a challenge across Africa and the SB ATB aims to fill part of this data gap through up-to-date survey data on the views of African businesses on the environment they operate in, their trade behaviour, trading activities and their perceptions on trade.

**This is Issue 3 of the SB ATB.** The SB ATB focuses on 10 countries: Angola, Ghana, Kenya, Mozambique, Namibia, Nigeria, South Africa, Tanzania, Uganda and Zambia.

**In order to construct the SB ATB index rankings, seven broad thematic categories of data are collected from both primary and secondary data sources.** These thematic categories are trade openness, access to finance, macroeconomic stability, infrastructure, foreign trade, governance & economy and traders' financial behaviour.

**From a primary data perspective, the Stanbic Bank Firm Survey Trade Barometer (SB STB) is constructed.** The SB STB scores and ranking by country are the averages of all the data collected only from the primary research surveys conducted with over 2,500 businesses across the 10 countries of interest.

**From a secondary research perspective, the Stanbic Bank 3-Year Quantitative Trade Barometer (SB QTB) is constructed.** The SB QTB scores and ranking by country are the averages of all the selected indicators collected only from existing secondary data sources.

**The SB ATB is an aggregate of the SB QTB and the SB STB.**

**This is the country report for Ghana. It contains analysis of the primary and secondary data gathered specifically for Ghana between March and May 2023 and showcases trends and opportunities in trade within the country.**

**Ghana's position in the overall SB ATB ranking declined from position 2 in September 2022 to position 5.** This drop is partly due to the country falling in the SB QTB ranking from position 2 to position 5. Although Ghana improved from position 10 to position 7 in the SB STB ranking, this was not enough to maintain its overall position relative to the other markets.










**Ghana has declined in the overall SB ATB ranking from position 2 in September 2022 to position 5.**



A bird's eye view of the Tema port in Ghana

The table below shows Ghana's relative performance in the seven broad thematic categories of the SB ATB.

### SB STB ranking for Ghana across seven thematic areas

Thematic category	Indicator	Ranking out of 10 countries
Macroeconomic Stability	Business Confidence 	9↓ (-2)
	Government Support on Trade 	5↑ (+1)
Infrastructure	Quality of infrastructure 	2 (unchanged)
	Infrastructure obstacles 	6↓ (-1)
Access to Finance	Access to Credit 	3↓ (-1)
Traders' Financial Behaviour	Credit Terms Extended to Clients 	6↓ (-3)
	Credit Terms Advance from Suppliers 	2 (unchanged)
Foreign Trade	Ease of Trade 	6↓ (-3)
Trade Openness	Trade openness 	6 (unchanged)

 Sep'22  May'23

Note: All (with the exception of the ease of trade) indicators have an index score ranging from 0 to 100, where 0 represents a low score and 100 the highest score. For the ease of trade indicator, 0 represents a high score and 100 a low score.

**Ghana's overall macroeconomic conditions are average relative to the other countries in the Stanbic Bank Africa Trade Barometer.** As such, Ghana's macroeconomic conditions have a moderate impact (i.e., neither too positive nor too negative) on her overall tradability attractiveness. At 44% in 2022, merchandise trade as a percentage of GDP is relatively significant compared to other markets, and thus has a positive impact on Ghana's tradability attractiveness. On the other hand, relatively high interest rates and inflation, particularly in the last year (resulting from, among other factors, the high inflationary and interest rate

environment globally) have had a negative impact on Ghana's overall tradability attractiveness.

**Business confidence among Ghana businesses is low relative to the other 9 markets in the SB ATB.** Only 25% of surveyed businesses feel optimistic about the Ghanaian economy in the medium-term, making Ghana to have a business confidence score of 47, below the average of SB ATB markets of 58. For this reason, and the fact that optimistic views of businesses in some of the other nine markets improved, Ghana's ranking with regards to business confidence remained unchanged at position 10

(see the table above). This general feeling of pessimism appears to be supported by macro-level economic growth forecasts. Real GDP growth is expected to decline to 1.6% in 2023 from 3.2% in 2022, largely attributed to planned fiscal austerity measures, ongoing inflationary pressures and declining world oil prices—one of Ghana's chief exports.<sup>1</sup> Despite challenging macroeconomic conditions, surveyed businesses exhibit confidence in their individual businesses. The majority of the surveyed businesses in Ghana (86%) expect their business revenues to increase over the next three years.

**Business in Ghana continue to have mixed (both positive and negative) views on the role the Government is currently playing to support cross-border trade activities.** However, the latest survey results indicate a marginal increase in positive sentiments, with Ghana's score improving from 45 in September 2022 to 48 in May 2023 (see the table above). The slight increase in positive sentiments could be a result of several Government projects underway aimed at improving transport infrastructure and facilitating the efficient movement of goods across borders. In addition, programmes such as the YouStart programme aimed at providing financial and non-financial support to youth entrepreneurs are beginning to get traction with 288,000 applications received by March 2023.<sup>2</sup> On the other hand, negative sentiments most likely reflect the absence of substantial initiatives by the Government to support businesses amid a high inflationary and foreign currency constrained environment resulting in negative consumer confidence.

**With regards to the quality of infrastructure, the surveys show that Ghana improved relative to the other 9 markets in the SB STB, from position 7 in September 2022 to position 5 in May 2023 (see the table above).** This result is likely a reflection of the announcements on the Government's recent and planned initiatives to modernise and expand existing infrastructure. This includes a recent capacity increase at the Tema port and the beginning of a second phase of expansion to further increase the port's handling capacity from 2.5 million to 3.7 twenty-foot equivalent units (TEUs).<sup>3</sup> That said, the state of electricity supply in Ghana continues to be a major constraint on the operations of businesses. Whilst a large percentage (87%) of the population are connected to Ghana's national grid, challenges related to the cost of electricity are significant obstacles undermining the operations of businesses.

<sup>1</sup> African Development Bank, 2023. Available [here](#)

<sup>2</sup> Ghana Web, 2023. Available [here](#).

**Ghana's trade openness index increased slightly from 48 in September 2022 to 52, maintaining position 7 among SB ATB markets with regards to this thematic category (see the table above).** Surveyed importers mainly source their inputs from China (38% of importers import from China). On the other hand, surveyed exporters mainly export to neighbouring West African countries. Both these findings are unsurprising as the majority of our sample was made up of small businesses. While surveyed businesses remain bullish with regard to their import and export activities over the next two years, importation/exportation related taxes remain an inhibitor on their ability to grow their business.

**Surveyed small businesses in Ghana perceive access to credit as being more difficult relative to surveyed larger businesses.** This finding aligns with the current economic climate post-COVID-19 which has been marked by rising Monetary Policy Committee (MPC) rates, resulting in the cost of borrowing to go up. The high cost of borrowing directly impacts the capacity of businesses to make loan repayments and increase their likelihood of defaults on existing loans. To cope with a difficult credit environment, the majority of surveyed businesses are utilising credit arrangements with their suppliers. 43% of small businesses, 57% of big businesses and 67% of corporations indicated the use of such arrangements.

**Barriers, such as infrastructure challenges, political instability and conflict, high tariffs and complex customs procedures, have negatively impacted the perception of Ghanaian businesses with regards to the ease of trading with the rest of Africa.** The percentage of surveyed businesses reporting trade with the rest of Africa to be difficult increased significantly from 28% in September 2022 to 44% in May 2023. This resulted in Ghana dropping to position 9 with regard to the ease of trade thematic category (see the table above). This indicates that relative to most other SB ATB markets, Ghanaian businesses find it more difficult to trade with other African countries – most likely due to uncompetitive pricing stemming from high production cost resulting from high utility tariffs, interest rates and taxes.

**Ghana is one of the 54 signatories to the African Continental Free Trade Agreement (AfCFTA), and home of the AfCFTA Secretariat.** Awareness of the AfCFTA amongst surveyed Ghanaian businesses has significantly improved, increasing to 53% in May 2023 from 35% in

<sup>3</sup> A Twenty-foot Equivalent Unit (TEU) is a common unit of cargo capacity, equal to the volume of one twenty-foot container.

September 2022. This can partly be attributed to media traction created by the AfCFTA secretariat on recent activities and the efforts by the Ghanaian Government to create awareness of the AfCFTA. These efforts include the setting up of the National AfCFTA Coordination Office (NCO) within the Ministry of Trade and Industry. The NCO serves as a centralised hub for coordinating the Ghanaian government's policy and strategic initiatives in response to the AfCFTA.

**In conclusion, one aspect that will be interesting to track in future issues of the Stanbic Bank Africa Trade Barometer (SB ATB) in Ghana is whether planned investment in road and rail infrastructure have a meaningful impact on trade relationships with other African countries.** Over the last three iterations of the Stanbic Bank Africa Trade Barometer, surveyed businesses in Ghana have identified the state of the road and rail infrastructure as amongst the largest obstacles constraining their ability to trade with other African countries. It will be interesting to see whether planned investment into road and railway infrastructure will yield meaningful benefits for traders by lowering the burden of these obstacles in future iterations of the SB ATB. Also of interest will be whether the reduction of the prohibitive effects of these obstacles will strengthen trade relationships with Ghanaian businesses and other African countries, as may be intuitively expected.



Interchange in Ghana

# 1. INTRODUCTION

Being Africa's largest bank, Standard Bank (trading in Ghana as Stanbic Bank) has leveraged its presence and expertise across the continent to create the Stanbic Bank Africa Trade Barometer (SB ATB). The SB ATB was conceived with the intent of creating Africa's leading trade index to address the information vacuum of reliable African trade data and to support and enable the growth of intra-Africa trade.

## Definition of trade in the context of the SB ATB

Trade—in the context of the SB ATB—should be understood as the process of production and transfer of goods and services that is enabled by solutions that effectively connect the supply chain domestically and internationally to create economic value.

Launched in 2022, this is Issue 3 of the SB ATB. Issue 1 and Issue 2 were published in June 2022 and November 2022 respectively. The SB ATB focuses on 10 countries: Angola, Ghana, Kenya, Mozambique, Namibia, Nigeria, South Africa, Tanzania, Uganda and Zambia.

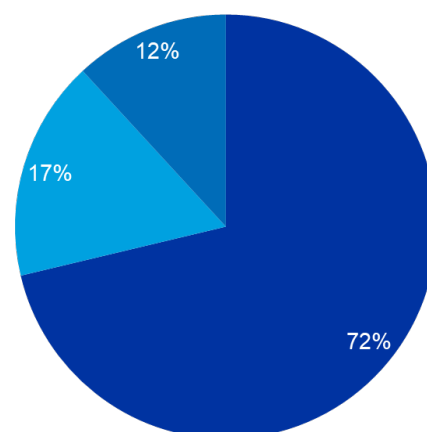
The objective of the SB ATB is to provide dynamic and insightful analysis that can intelligently inform and grow Africa's trade ecosystem. Updated annually, the data enables stakeholders to take the pulse of African trade in near real-time to measure improvements or declines in business confidence, track operational challenges and identify shifts in overall tradability. To do so, the SB ATB covers seven broad thematic categories of data that impact trade. These are: trade openness, access to finance, macroeconomic stability, infrastructure, foreign trade, governance and economy and traders' financial behaviour. These are the seven variables on which the trade barometer scores for each country are constructed.

The SB ATB is based on primary and secondary data sources. Primary research is gathered through a survey of over 2 500 firms representing small businesses, large businesses and corporates across the 10 countries.<sup>4</sup> The survey is augmented by in-depth interviews (IDIs) with select thought leaders in respective countries, and secondary data from sources such as the World Bank, the International

Monetary Fund (IMF) and central banks of the respective countries.

This is the country report for Ghana. It contains analysis of the primary and secondary data gathered specifically for Ghana, and showcases trends and opportunities in trade within the country. Primary and secondary data was gathered in Ghana between March and May 2023 for this third issue of the SB ATB. A total of 260 businesses were surveyed in Ghana. In order to be representative, the majority of these (72%) were small businesses (see Figure 1) given that most businesses in the country fall in this category. The reader should bear this in mind as it has a commensurate impact on the insights highlighted in this report. The surveyed businesses were located in Accra, Kumasi, Tamale, Takoradi and Ashaiman.

Figure 1: Breakdown of surveyed businesses in Ghana by business segment



■ Small business ■ Large business ■ Corporate

Source: Stanbic Bank Africa Trade Barometer Issue 3

Note: Due to rounding, the percentages do not add up to 100.

The fact that the majority of surveyed businesses were small businesses is the central value-add of the Stanbic Bank Africa Trade Barometer (SB ATB). Aggregate trade data and information on the African continent is skewed by large businesses who trade specific commodities in large volumes. The trading activities and behaviour of small businesses is therefore not adequately represented. The SB ATB is different because, due to the underlying sample composition being majority small businesses, the emphasis and findings relate to small businesses, their trade

<sup>4</sup> The business size definitions by turnover bands, as used in the context of the SB ATB, can be found in the 'About the Research' section later in this report

behaviour, trading activities and their perceptions on trade. The SB ATB also makes a contribution in understanding the trade perceptions of small businesses in Africa that do not necessarily engage in cross-border trade. This is important because this understanding is helpful in the quest for Africa to transform herself from a poorly integrated trade environment to more trade integration where a large diversity and scope of the overall economy trades with each other.

**Because of the intentional bias of the SB ATB on smaller businesses, the reader may notice that in certain instances the survey findings may differ from data at the aggregate level.** This is to be expected as in many cases data at the aggregate level (from sources such as the Statistics Bureaus of individual countries, World Bank, etc.) is skewed by a few large businesses (multinationals, etc.) that trade large volumes of specific commodities. This is pointed out in the report, as relevant.

**There were three IDIs conducted in Ghana as part of this third issue.** One interview was with a representative from the Association of Small-Scale Industries (ASSI), another with a representative from the Ghana Investment Promotion Centre (GIPC), and finally with a representative from the Ministry of Trade.

**Please note that although this is Issue 3 of the SB ATB and hence there are three data points for all variables from the surveys conducted so far (January 2022, September 2022 and now May 2023), this report predominantly compares September 2022 and May 2023 data points in most cases.** This is done for ease of analysis and comparison with recent market trends in order to make contextual sense of the data. That said, all data points from the last three surveys of the SB ATB are available on request.



## 2. COUNTRY RANKINGS

**Ghana has fallen three positions in the Stanbic Bank Africa Trade Barometer ranking, from position 2 to position 5**

In order to construct the Stanbic Bank Africa Trade Barometer (SB ATB) index rankings, seven broad thematic categories of data are collected from both primary and secondary data sources. These thematic categories are: trade openness, access to finance, macroeconomic stability, infrastructure, foreign trade, governance and economy and traders' financial behaviour.

From a secondary research perspective, the Stanbic Bank 3-Year Quantitative Trade Barometer (SB QTB) is constructed. The SB QTB scores and ranking by country are the averages of all the selected indicators collected only from existing secondary data sources / reported facts.

From a primary data perspective, the Stanbic Bank Firm Survey Trade Barometer (SB STB) is constructed. The SB STB scores and ranking by country are the averages of all the data collected only from the primary research surveys conducted with 2,636 businesses.

The SB ATB is an aggregate of the SB QTB and the SB STB. Changes in a country's ranking on the three indices (SB ATB, SB QTB and SB STB) are driven by changes in both the aggregate score for that country, as well as their relative ranking against the other countries included. Changes in the SB ATB rankings over the past 6 months, are driven mostly by the changes in the SB STB scores.

**It is important to emphasise that the SB ATB ranking of countries is relative to the 10 countries themselves. In other words,**

**countries are ranked against each other i.e., relative scores to each other. This is pegged on a scale of 0 - 100. When indexed between this range, South Africa has the highest Tradability Index while Angola has the lowest. This does not imply that one cannot trade in Angola or that South Africa is perfect, it only implies that at a common starting point of 0 and maximum point of 100, this is how the two markets fared.**

Ghana has fallen from position 2 to position 5 in the SB ATB (see Figure 2). This drop is partly due to the country falling in the SB QTB ranking from position 2 to position 5. Although Ghana improved from position 10 to position 7 in the SB STB ranking, this was not enough to maintain its overall position.

**Ghana's SB STB ranking improved due to significant improvements in its business confidence score (businesses are relatively more confident about the economy and their businesses) as well as a relative increase in the use of credit term arrangements between businesses and their clients and suppliers.**

The rest of this report unpacks Ghana's performance in the Stanbic Bank Africa Trade Barometer Issue 3 from both a primary and secondary research perspective, in line with the seven broad thematic areas referenced earlier

Figure 2: ATB, QTB and STB ranking, by country



Source: Stanbic Bank Africa Trade Barometer Issue 3

Notes: All values are shown so that a higher value is 'better' for trade, with the best to least ranking economies being ranked 1, 2, 3, etc., and how this has changed over time | Red border indicates that the country has declined in the relevant ranking from September 2022, Green border indicates that the country has improved in ranking from September 2022, while Grey border indicates that the country has remained in the same position as in September 2022.

## 3. MACROECONOMIC ENVIRONMENT

### Ghana's macroeconomic conditions have a moderate impact on her tradability attractiveness

A country's macroeconomic environment plays an important role in how attractive it is with regards to trading activities. A country has a high tradability attractiveness if it is characterised by: high GDP (many goods and services are produced in the country); high GDP per capita (residents have a high spending power); stable inflation (a stable local currency so that it does not disadvantage importers, for instance); high foreign direct investment (FDI) (generally conducive for business and investment); high merchandise trade as a percentage of GDP (imports and exports are high); and so on.

As part of the calculation of the SB QTB, a tradability attractiveness score is calculated for each country using relevant macroeconomic indicators, including those highlighted in Table 1. The three-year average (2020, 2021 and 2022) of each relevant indicator in a country is first normalised<sup>5</sup> which allows for the relative impact of each indicator on overall tradability attractiveness to be compared and converted to a score. The same macroeconomic indicators can be used to understand the macroeconomic environment of a country, which is done in this section of the report.

Macroeconomic conditions in Ghana are improving, although negatively affected by a mounting debt burden

and global inflation contributing to rising domestic inflation and the depreciation of the Ghanaian Cedi.

Ghana's overall macroeconomic conditions are average, and hence have a moderate impact on her overall tradability attractiveness (see Table 1). Notable variables that have a positive impact on tradability attractiveness include GDP, GDP growth and FDI net inflows that have recovered from the worst effects of the COVID-19 pandemic. At 44% in 2022, merchandise trade as a percentage of GDP is relatively significant compared to other markets, and thus has a positive impact on Ghana's tradability attractiveness. Despite relatively stable inflation rates between 2017 and 2021, annual inflation drastically increased in 2022, and even further in 2023, recorded at 41% as at April 2023. This has a negative impact on overall tradability attractiveness. Other variables that have a negative impact on tradability attractiveness include: the prolonged depreciation of the Ghanaian Cedi in recent years (which has adverse effects on import prices); rising interest rates; and exports which form a relatively small percentage of GDP and have been decreasing in recent times.

<sup>5</sup> Normalisation here means calculating the deviation of a particular macroeconomic indicator in a specific country from the mean of that indicator in all 10 SB ATB countries

**Table 1: Ghana's macroeconomic indicators and their impact on tradability attractiveness**

Variable	2018	2019	2020	2021	2022
GDP (current USD)	USD 67 billion	USD 68 billion	USD 69 billion	USD 78 billion	USD 73 billion
Real GDP growth (%)	6.2%	6.5%	0.4%	5.4%	3.2%
Inflation (annual, period average, %)	7.8%	7.1%	9.9%	10.0%	31.3%
Lending interest rate (%)	12.1%	11.5%	11.5%	20.5%	26.2%
Exchange rate (GHS:USD, period average)	4.6	5.2	5.6	5.8	8.3
FDI net inflows (BoP, current USD)	USD 3.0 billion	USD 3.8 billion	USD 1.9 billion	USD 2.6 billion	USD 1.5 billion
Merchandise trade (% of GDP)	42%	43%	39%	37%	44%
Imports of goods & services (% of GDP)	35%	39%	36%	29%	25%
Exports of goods & services (% of GDP)	34%	37%	32%	30%	28%

Source: Bank of Ghana; United Nations Comtrade; Stanbic Bank analysis; African Markets Revealed Report

Note: Some percentages and figures are rounded to the nearest whole number

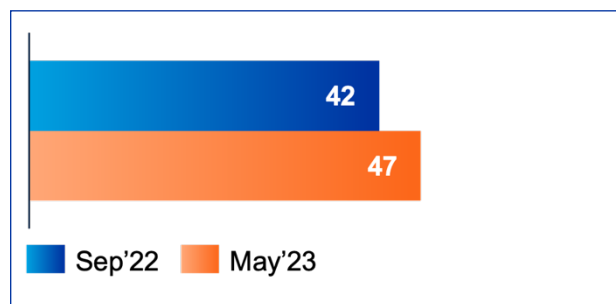


Skyview of Accra

# 4. MACROECONOMIC STABILITY

Although business confidence in Ghana has improved, it remains relatively low compared to other SB ATB countries

## Ghana's business confidence index score



Business confidence index can vary between 0 and 100, where 0 indicates an extreme lack of confidence, 50 neutrality and 100 extreme confidence. In the May 2023 SB ATB survey results, Ghana's business confidence index score improved from 42 to 47. This means that compared to September 2022, surveyed businesses in Ghana had more confidence in the performance of the economy in relation to business in this iteration of the survey.

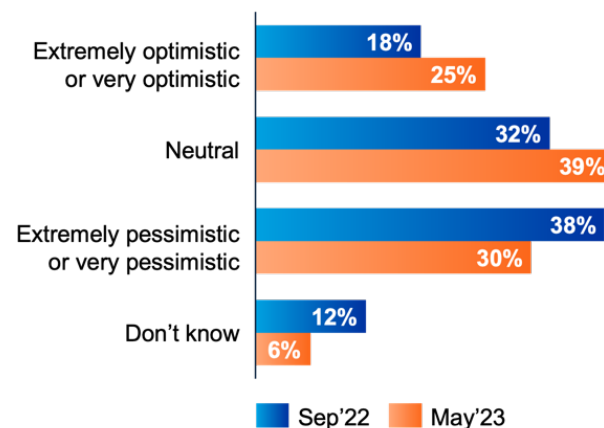
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### In general, optimism in the economy among Ghanaian businesses over the next three years is relatively low.

Although an increasing share of Ghanaian businesses are more optimistic about the Ghanaian economy in the medium-term (increasing from 18% in September 2022 to 25% in May 2023), positive sentiments are low in Ghana relative to other SB ATB countries (see Figure 3). The increase in positive views may partly reflect the anticipated financial recovery and sustainable growth of the Ghanaian economy as a result of the IMF's approval of a USD 3 billion facility to Ghana in May 2023.<sup>6</sup>

Figure 3: Outlook of businesses on the performance of the Ghanaian economy over the next three years

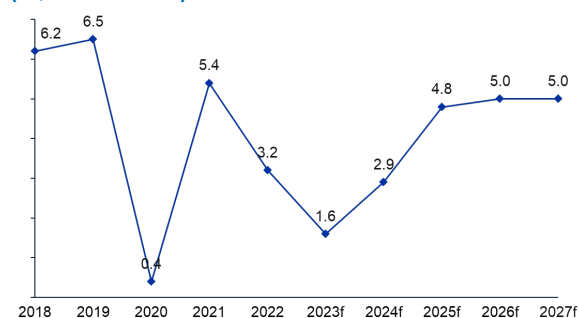
Question: Please indicate how you feel about the performance of the economy in relation to business in the next 3 years.



Source: Stanbic Bank Africa Trade Barometer Issue 3

Pessimistic views appear to be supported by macro-level economic growth forecasts, particularly in 2023. The Ghanaian economy is projected to grow by 1.6% in 2023, a decline from the 3.2% registered in 2022 (see Figure 4). This forecasted sluggish growth in 2023 is attributed to planned fiscal austerity measures, ongoing inflationary pressures and declining world oil prices—one of Ghana's chief exports.<sup>7</sup>

Figure 4: Real GDP growth (%), 2017 - 2027



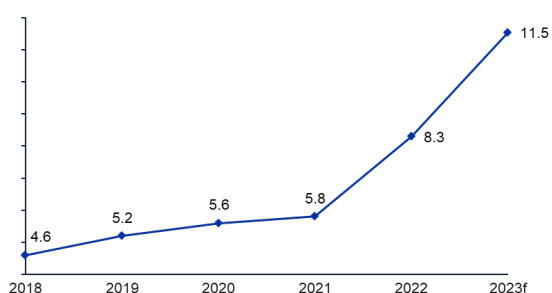
Source: Fitch Solutions; Ghana Statistical Service | IMF  
Note: 'f' represents forecasted data points

<sup>6</sup> IMF, 2023. Available [here](#).

<sup>7</sup> African Development Bank, 2023. Available [here](#)

Ghanaian businesses believe that the performance of the Ghanaian economy will continue to be hindered by high inflation and the ongoing depreciation of the local currency. Inflation has, in recent months, had a crippling effect on households and businesses in Ghana. It rose to 42% (in annual terms) in May 2023.<sup>8</sup> This general increase in prices has led to public protests, causing thousands of traders to close their businesses for a three-day period in October 2022.<sup>9</sup> In addition, the rapid depreciation of the Ghanaian Cedi has significantly increased the cost of doing business in Ghana (see Figure 5). In addition, planned quarterly utility hikes will further increase the cost of doing business and contribute to the ongoing inflationary institutions.<sup>10</sup>

**Figure 5: Foreign exchange (GHS:USD, period average, 2017 - 2023)**



Source: Bank of Ghana Statistical Bulletin; African Markets Revealed Report

Note: 'f' represents forecasted data points

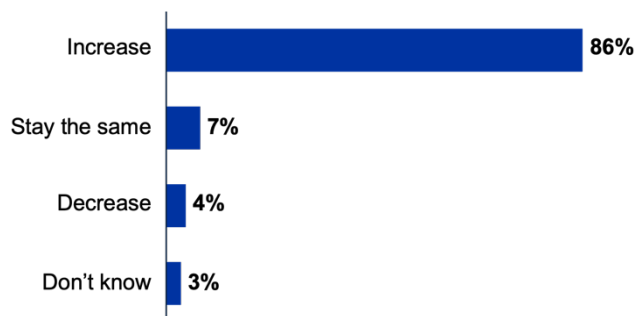
**86%**

of surveyed businesses in Ghana expect their business turnover to increase in the next year, despite adverse macroeconomic conditions

Despite their pessimism on the economy at the macro-level, the vast majority (86%) of Ghanaian businesses expect their revenue to increase over the forthcoming year (see Figure 6). When asked about the factors driving this confidence, businesses most commonly cited the belief that there would be increased demand and sales for their goods and services and increased marketing activity. This renewed confidence reflects the waning impact of the COVID-19 pandemic on businesses operations. At the same time, the optimism despite adverse conditions highlights that businesses in Ghana may be adapting to operating in such unfavourable conditions. A significantly lower proportion of respondents reported cancellation of contracts, reduced productivity and legislation constraints as issues affecting their businesses relative to the January 2022 and September 2022 surveys.

**Figure 6: Businesses revenue expectations over the next year**

**Question:** Thinking ahead, do you expect business turnover to increase, decrease or remain the same.



Source: Stanbic Bank Africa Trade Barometer Issue 3



Road leading to Elonya in the Western region of Ghana

<sup>8</sup> Reuters, 2023. Available [here](#)

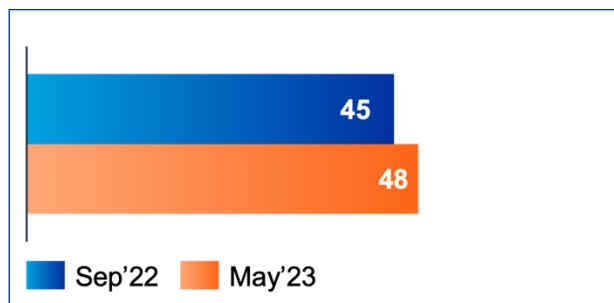
<sup>9</sup> Onokwue, 2022. Available [here](#)

<sup>10</sup> Ghana Web, 2023. Available [here](#).

# 5. GOVERNMENT SUPPORT

## Perceptions of government support on trade remain mixed

### Ghana's Government support index score



Government support index can vary between 0 and 100, where 0 indicates an extreme lack of Government support, 50 neutrality and 100 extreme Government support. In the May 2023 SB ATB survey results, Ghana's Government support index score increased from 45 to 48. This means that compared to September 2022, surveyed businesses in Ghana feel the Government has been more supportive of cross-border trade activities in this iteration of the survey.

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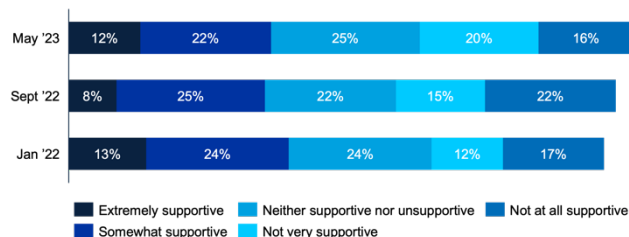
**Business in Ghana continue to have mixed (both positive and negative) views on the role the Government is currently playing to support cross-border trade activities** (see Figure 7). In this iteration of the survey, 34% of the survey businesses stated that the Government was supportive (either somewhat supportive or extremely supportive) of their cross-border trading activities while 36% of the businesses felt the government was not supportive. Notably, there has been modest improvements in the perceptions—the share of businesses that find the Government extremely supportive slightly increased, while those that find the Government not supportive at all decreased, compared to the September 2022 survey. Positive sentiments could be a result of several Government projects underway aimed at improving transport infrastructure and facilitating the efficient movement of goods across borders. In addition, programs such as the YouStart programme aimed at providing financial and non-financial support to youth entrepreneurs are beginning to get traction with 288,000 applications received by March 2023.<sup>11</sup> This is likely to have contributed to the reduction in negative sentiments as to Government support. On the other hand, negative sentiments most likely reflect changes such as the removal of the discounted values on imports that was implemented in 2019, which saw a 50% reduction in the

<sup>11</sup> Ghana Web, 2023. Available [here](#).

benchmark value of some 43 imported items and 30% on cars, thus reducing costs for businesses.<sup>12</sup>

**Figure 7: The extent the Government has supported cross-border trade activities as identified by businesses**

**Question:** Please indicate how supportive your government is with regards to cross-border trading activities.



Source: Stanbic Bank Africa Trade Barometer Issue 3

**Larger businesses have a more positive perception of the Government's support for cross-border trade relative to smaller businesses.** During the May 2023 survey, 50% of corporates reported that the Government was supportive (either somewhat supportive or extremely supportive) of their cross-border trading activities, compared to 32% of small businesses. This difference may be explained by larger businesses having better access to information about Government programs, more resources and capacity to navigate complex regulatory environments and Government support being more accessible and tangible to larger businesses.'

**Business in Ghana continue to have mixed (both positive and negative) views on the role the Government is currently playing to support cross-border trade activities**

**Taxation, foreign currency liquidity and customs clearance are the top three areas in which businesses require Government support in their cross-border trading activities.** Businesses find that taxes imposed on them are too high, impeding their ability to engage in cross-border trade. However, the possibility that the Government

<sup>12</sup> Citi News Room, 2023. Available [here](#)

will decrease taxation is low. This is due to ongoing fiscal pressures on the Ghanaian Government associated with foreign debt, including a USD 3 billion Extended Credit Facility from IMF.<sup>13</sup> The Government is likely to continue to implement fiscal austerity measures including tax hikes and reduction of government expenditure. At the same time the Ghana Revenue Authority recently (June 2023) introduced a fee for non-VAT registered importers who will be subject to an upfront payment of 12.5% of the custom value of taxable items, effective from 6 June 2023.<sup>14</sup> In addition, the Government imposed several hikes in exercise duties on imports such as water, alcohol, and plastic in April. These changes will increase the cost of cross-border trade for importing businesses, making it more difficult for businesses to operate.

**A shortage of foreign currency impedes the ability of businesses to engage in cross-border trade.** The US dollar is the dominant currency in international transactions and countries rely on it to pay for imports. Ghana's macroeconomic conditions continue to erode the country's foreign reserves, and thus making it difficult for the Government to provide businesses with adequate foreign currency liquidity necessary to support cross-border trade.

The Bank of Ghana withdrew foreign exchange support to customers for the importation of 'non-essential goods' such as poultry and rice in November 2022 due to the lack of adequate foreign currency liquidity in the country.<sup>15</sup> However, with the provision of the USD 3 billion Extended Credit Facility from the IMF easing macroeconomic conditions, it is likely that restrictions on foreign currency will be slightly relaxed in the near-future. In May 2023, the Bank of Ghana announced it plans to nullify the withdrawal of foreign currency support to non-essential goods announced in November 2022.<sup>16</sup> This will ease foreign currency constraints for cross-border businesses that were previously limited. **Similarly, delays associated with customs procedures have a significant negative impact on imports and exports.** A study estimates that a 10% increase in the time taken to go through customs clearance which adds to the transit time between the origin and the destination results in a 2% decline in the export growth rate.<sup>17</sup> Considering the level of importance of reducing customs clearance time for surveyed businesses in Ghana and published evidence, the Government should consider implementing measures that reduce red-tape at borders to boost cross-border activity.



Ship being unloaded at the harbour of Accra

<sup>13</sup> IMF, 2023, IMF Executive Board Approves US\$3 Billion Extended Credit Facility Arrangement for Ghana. Available [here](#).

<sup>14</sup> Research, 2023. Available [here](#).

<sup>15</sup> All Africa, 2022. Available [here](#).

<sup>16</sup> BFT online, 2023. Available [here](#).

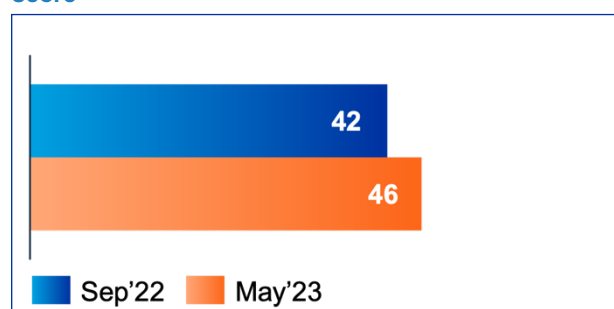
<sup>17</sup> Martincus, C.V. et al., 2013. Available [here](#)



## 6. INFRASTRUCTURE CONSTRAINTS AND ENABLERS

### The perceived quality infrastructure in Ghana has improved

#### Ghana's quality of trade-related infrastructure index score



The quality of trade-related infrastructure index can vary between 0 and 100, where 0 indicates poor quality, 50 indicates fair quality and 100 indicates excellent quality. In the May 2023 SB ATB survey results, Ghana's quality of trade-related infrastructure index score improved from 42 to 46.

\*\*\*

**The state of electricity supply in Ghana continues to be a major constraint on the operations of businesses.** Whilst a large percentage (87%) of the population are connected to Ghana's national grid, challenges related to the cost of electricity are significant obstacles undermining the operations of businesses. Specifically, 41% of surveyed businesses identified power supply as a major or severe obstacle inhibiting their operations. Electricity distribution in Ghana is characterised by system losses driven by a large number of illegal connections to the grid.<sup>18</sup> These system losses have increased the financial strain on businesses with legal connections to the grid, since the Public Utilities Regulatory Commission has recently hiked electricity tariffs by 29% to compensate for the revenue gap created by these losses.<sup>19</sup> To address these issues, the Government has embarked on a campaign to crack down on illegal connections and replace metered systems with more efficient prepaid ones.<sup>20</sup> Another potential threat is the relationship between government and independent electricity producers who make up around 31% of power supply. There is no

tentative agreement on that and this might impact the supply of electricity going forward.

**41%** of surveyed businesses feel that power supply is a major obstacle to their operations.

**Despite these challenges, the perceived quality of infrastructure by Ghanaian businesses appears to be improving.** Relative to the surveys conducted in January 2022 and September 2022, the perceived quality of infrastructure increased on average as well as across all infrastructural aspects (see **Figure 8**). This was further supported by a decline in the perceived extent to which these infrastructural aspects present obstacles to businesses on average.

**Particularly, the perceived quality of Ghana's transport and logistics infrastructure across all relevant indicators has improved** (see **Figure 8**). This is likely driven by the Government's recent and planned initiatives to modernise and expand existing infrastructure. This includes a recent capacity increase at the Tema port and the beginning of a second phase of expansion to further increase the port's handling capacity from 2.5 million to 3.7 twenty-foot equivalent units (TEUs).<sup>21</sup> In addition, the Government has been planning the construction of a commercial port in the town of Keta, which could double the country's cargo capacity. However, the construction of the new port has been delayed due to a myriad of challenges, including poor economic conditions arising from the COVID-19 pandemic and high levels of debt.<sup>22</sup>

**The Government also plans to improve the state of the road and rail infrastructure in Ghana.** The Government of Ghana has a pipeline of 1,898 km of rail network under construction in addition to the current 1,300 km. In addition, and despite some setbacks, the Government is continuing its efforts to expand the road connecting the city of Kumasi with Accra—which is expected to greatly improve the ease with which goods and people move between the two cities.<sup>23</sup> These

<sup>18</sup> Kuusaana, Monstadt & Smith, 2023. Available [here](#)

<sup>19</sup> Kuusaana, Monstadt & Smith, 2023. Available [here](#) | Ntow, 2023. Available [here](#)

<sup>20</sup> Saani, 2023. Available [here](#).

<sup>21</sup> A Twenty-foot Equivalent Unit (TEU) is a common unit of cargo capacity, equal to the volume of one twenty-foot container.

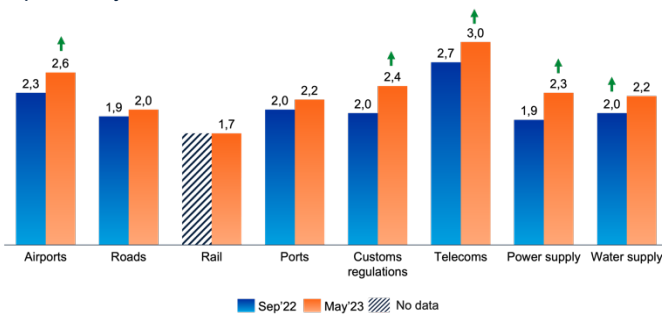
<sup>22</sup> Ankilu, 2023. Available [here](#).

<sup>23</sup> Donkor, 2023. Available [here](#).

improvements in Ghana’s transportation infrastructure bode well for trade facilitation in the region and may be instrumental in permitting the country to realise the anticipated economic benefit from increased regional trade resulting from the African Continental Free Trade Area (AfCFTA).<sup>24</sup> In addition, the African Export-Import Bank and Ghana Railway Company have signed an agreement to finance the development and implementation of an integrated 299 km standard gauge railway network that connects Ghana’s western corridor to the Port of Takoradi and provides an essential link to external markets.<sup>25</sup>

**Figure 8: The perceived quality of various infrastructural aspects by businesses (5-point scale)**

**Question:** How would you rate the quality of the following aspects in your market?



Source: Stanbic Bank Africa Trade Barometer Issue 3  
 Note: Rating is on a 5-point scale, where 5 = excellent quality and 1 = poor quality. Arrows denote whether the value of the variable is significantly higher / lower than in the previous survey.

“Government has recently made available some funds for infrastructure development which has seen a lot of road construction and port expansion in order to reduce transportation costs and facilitate the movement of goods.”

A representative from the Ghana Investment Promotion Centre (GIPC)

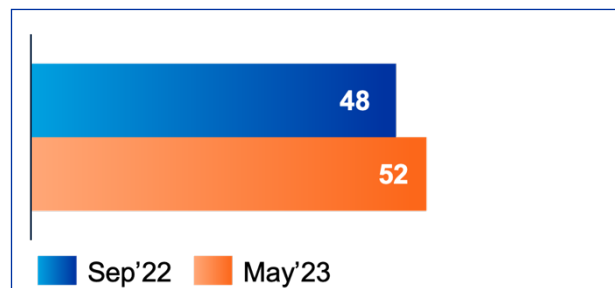
<sup>24</sup> International Trade Administration

<sup>25</sup> Afreximbank, 2023. Available [here](#).

## 7. TRADE OPENNESS

### Exporters and importers remain bullish on the prospect of increased cross-border trade

#### Ghana's trade openness index score



The trade openness index score can vary between 0 and 100, where 0 indicates a high burden of obstacles inhibiting trade, 50 indicates a moderate burden of obstacles inhibiting trade and 100 indicating a low burden of obstacles inhibiting trade. In the May 2023 SB ATB survey results, Ghana's trade openness index score improved from 48 to 52.

\*\*\*

**Imports are an integral source of inputs for Ghanaian businesses.** A relatively large share (37%) of businesses import their inputs. These importers primarily operate in the consumer goods sector and purchase inputs from international wholesalers. The relative importance of imports for Ghanaian businesses reflects data at the aggregate country level, where the value of imports account for roughly 25% of GDP.<sup>26</sup>

**Ghanaian importers primarily source their inputs from Asian countries; and particularly favour imports from China.** 44% of importers in our sample import inputs from at least one Asian country; and 38% of importers import from China. In addition, imports from China on average make up 31% of the average importer's gross imports. These findings are consistent with data at the aggregate country level, where China is Ghana's top import partner (accounting for 17% of Ghana's aggregate imports).<sup>27</sup> When importers were asked about why they choose to import from China, the most important factors driving their decision were the relatively lower cost of products, the perception that Chinese products are of good quality and the capacity of Chinese manufacturers to provide inputs at a large scale.

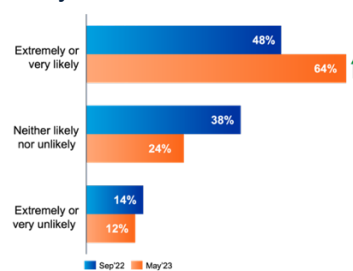
**Other notable import markets are located in Europe, whilst imports from other African countries are relatively low.** 37% of businesses source imports from Europe. The most popular European import partners are Germany, the United Kingdom and the Netherlands. In

contrast, only 23% of businesses source inputs from neighbouring West African countries. These results are mostly consistent with the composition of import trade at the aggregate country level - where both the United Kingdom and the Netherlands are in the top ten of Ghana's import partners.<sup>28</sup>

**Ghanaian importers in general believe that the volume of their imports will increase over the next two years.** 64% of importers believe that they are likely (either very likely or extremely likely) to increase the scale of their imports over the next two years. This represents a significant (16 percentage point) increase relative to the sentiments recorded in the September 2022 survey (see **Figure 9**). These businesses primarily expect imports from China to increase, and on average expect this increase to be around 47% of their current import volumes. The belief that the scale of their imports (and subsequently production) will increase complements the general belief of businesses that economic activity and demand for their goods will increase in the forthcoming years.

#### Figure 9: Importers perceptions on their likelihood to increase import volumes over the next 2 years (%)

Question: How likely are you to increase the volume of imports in the next 2 years?



Source: Stanbic Bank Africa Trade Barometer Issue 3.  
Note: Arrows denote whether the value of the variable is significantly higher / lower than in the previous survey

**Importers feel that importation-related taxes are an inhibitor on the ability of their business to grow,** similar to the result in the September 2022 survey. The majority of respondents (67%) indicated that importation-related taxes have a significant negative impact on business growth (see **Figure 10**). Similarly, the majority of importers (58%) reported importation-related customs regulations to be a major constraint on their business growth. This is likely driven by, among other factors, the fact that Ghana belongs

<sup>26</sup> World Bank, 2022. Available [here](#)

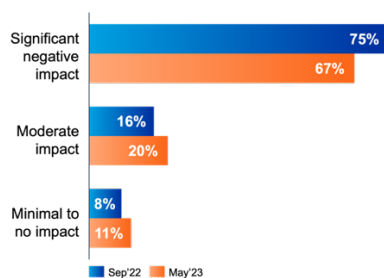
<sup>27</sup> WITS, 2019. Available [here](#)

<sup>28</sup> WITS, 2020. Available [here](#).

to the Economic Community of West African States (ECOWAS) but imports much of its goods from non-ECOWAS countries. Non-ECOWAS countries are subject to the ECOWAS Common External Tariff as well as more cumbersome customs procedures. As such, and in the midst of a period of fiscal austerity, it is likely that the only way that businesses might lower the burden of import tariffs is by substituting some of their import sources toward other ECOWAS member states.

**Figure 10: The impact of importation-related taxes on importers**

**Question: To what extent do importation-related taxes, including tariffs, impact your business growth?**



Source: Stanbic Bank Africa Trade Barometer Issue 3  
 Note: sample includes importers only. Arrows denote whether the value of the variable is significantly higher/lower than in the previous survey

**67%** of surveyed businesses feel that importation-related taxes such as tariffs negatively impact their ability to grow.

**In terms of businesses selling activity, the majority of businesses only sell their goods locally while only 8% export their goods to foreign markets.** For those businesses that export, the majority operate in the diversified industrials<sup>29</sup> sector and primarily sell directly to international end consumers. They typically deliver to these end consumers using a freight company.

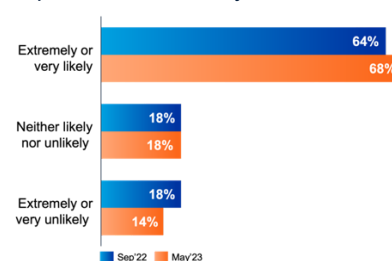
**The bulk of exports are sold to other African markets.** 91% of exporters sell their products to markets in West Africa—particularly Nigeria, Côte d'Ivoire and Togo. This is contrary to aggregate country data where the top five export destinations for Ghanaian goods are China, Switzerland, India and South Africa. This difference is to be expected as much of Ghana's exports to these markets are primary products such as gold and oil which are sold by a few large corporations that make up the bulk of exports at the aggregate level. Our sample is, on the other hand, made up of mostly small businesses.

<sup>29</sup> This classification refers to businesses that are typically involved in a wide range of activities such as manufacturing, construction, packaging, industrial services, etc.

**Similar to importers, exporters also remain bullish on the prospect of increasing the volume of their exports over the next two years** (see Figure 11). Reflecting the aforementioned optimistic sentiments on revenue expectations, 68% of exporters feel that it is likely (either very likely or extremely likely) to increase over the next two years.

**Figure 11: Exporters perceptions on their likelihood to increase export volumes over the next 2 years (%)**

**Question: How likely are you to increase the volume of exports in the next 2 years?**



Source: Stanbic Bank Africa Trade Barometer Issue 3.  
 Note: Arrows denote whether the value of the variable is significantly higher / lower than in the previous survey

**The majority of exporters (68%) feel that exportation-related customs and trade legislation have a significant negative effect on the growth of their business.** Insights from the interviews suggest that this is likely driven by cumbersome and complex customs procedures which result in disrupted trade flows and increased costs borne on businesses. This in turn creates barriers for exporters to access other foreign markets and hence hinders revenue potential.

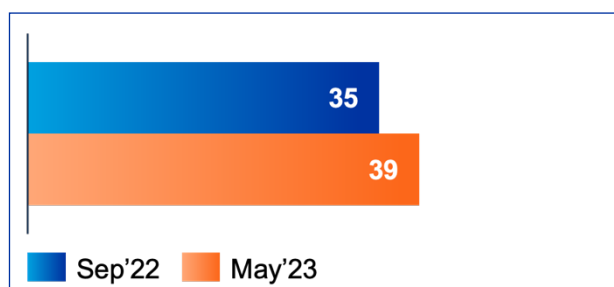
“One of the main challenges facing exporters is complex customs procedures and other administrative requirements. These include cumbersome paperwork and delays at checkpoints which result in disrupted trade flows and increased costs. For example, I was told that if you want to move goods from Accra to the north, you go through about 40 customs checkpoints along the road. These are all barriers that hinder the movement of goods and services. These procedures are limiting market access and competitiveness.”

A representative from the Ghana Investment Promotion Centre (GIPC)

# 8. TRADERS' FINANCIAL BEHAVIOUR & ACCESS TO FINANCE

Cash is widely used for payments in Ghana, and access to finance remains a challenge

Ghana's access to finance index score



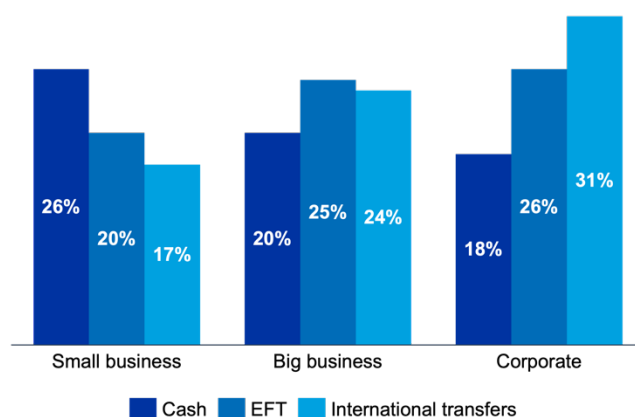
Access to finance can vary between 0 and 100, where 0 indicates an extreme difficulty in accessing finance, 50 neutrality and 100 indicates no difficulty in accessing finance. In the May 2023 SB ATB survey results, Ghana's access to finance index score increased from 35 to 39. This means surveyed businesses in Ghana found it easier to access finance compared to September 2022.

\*\*\*

Cash, EFT and international transfers are the preferred methods of payment for Ghanaian businesses for cross-border transactions (see Figure 12). The majority of transactions are facilitated through cash (28%), largely driven by small businesses (31%). Insights from thought leaders indicate that the constrained availability of foreign exchange has a substantial impact on businesses, prompting them to resort to cash transactions for facilitating payments beyond the formal banking system. Big businesses and corporations tend to utilise a variety of payment methods, including EFTs and international transfers—which facilitates the direct movement of funds between two banks located in different countries. The trend is similar with regards to cross-border purchases. Larger businesses predominantly rely on international transfers and EFTs for procuring goods and services across borders.

Figure 12: Preferred payment method for cross-border purchases

**Question:** Thinking of your purchases, how do you pay for your goods or services when trading with suppliers in other countries?



Source: Stanbic Bank Africa Trade Barometer Issue 3

**Government efforts are underway to digitise the Ghanaian economy with initiatives such as the Single Window portal.** The Ghana Single Window is a secure and comprehensive trade platform that enables seamless information exchange between the Government and the logistics and trading community, supporting Ghana's digital government initiatives. Established in 2002 and continuously improved to meet international standards, this platform eliminates redundant data entry, promotes electronic data exchange, and enhances efficiency, accuracy, and compliance with Government requirements.<sup>30</sup> In addition, the single window portal aims to promote a frictionless payments landscape for businesses by providing near real-time payments. The Government's focus on bolstering the quality of telecommunications and promoting digitisation is expected to drive the growth of the digital payments ecosystem, leading to a decline in the use of cash in Ghana.

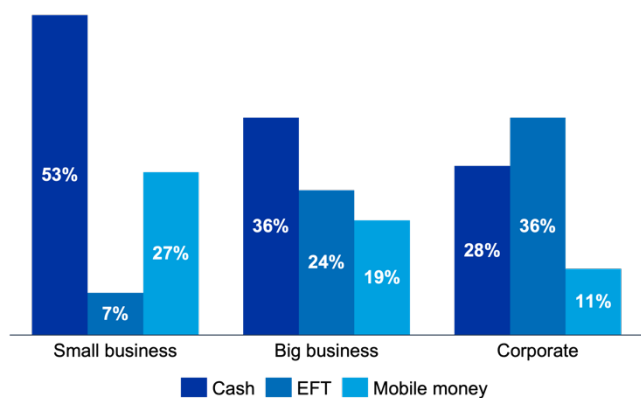
**Cash and mobile money are the preferred methods of payment for domestic transactions** (see Figure 13). They account for 47% and 24%, respectively, of overall business transactions. Cash is an integral part of the small business payment ecosystem with over half of the domestic

<sup>30</sup> World Bank. Available [here](#)

transactions facilitated through cash. As businesses grow, there is a shift in the preferred payment methods, indicated by the declining use of cash among larger businesses, particularly corporates, and the increasing adoption of EFTs.

**Figure 13: Preferred payment method for domestic sales**

Question: Thinking of your sales, how are you paid for your goods or services when trading with buyers in your country?



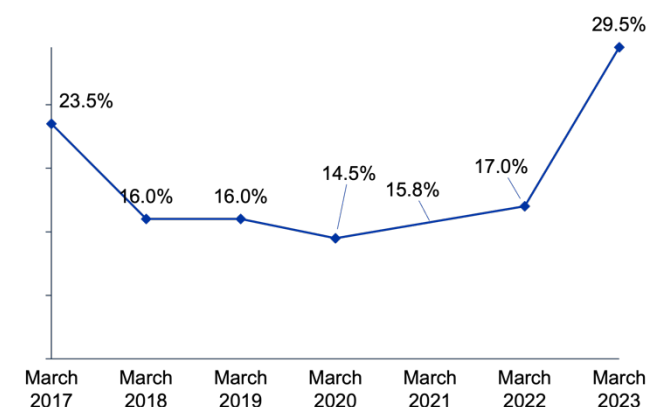
Source: Stanbic Bank Africa Trade Barometer Issue 3

**50%**

*of small businesses surveyed in Ghana find it difficult to access credit from a financial institution.*

Overall, small businesses perceive access to credit as being difficult, while larger businesses perceive access to credit as being somewhat easier. Only 30% of corporations reported some level of difficulty compared to 50% of small businesses. This perceived difficulty in accessing credit is likely related to high Monetary Policy Committee (MPC) rates in recent times. The MPC rate rose from 13.5% in May 2021 to 29.5% in May 2023 (see **Figure 14**). This significant increase means that the cost of borrowing has increased dramatically, deterring businesses, particularly small ones, from accessing credit. Lastly, small businesses—particularly those in the informal sector—face challenges when it comes to accessing finance due to complex banking procedures.

**Figure 14: Monetary Policy Committee (MPC) rate (% , 2017-2023)**



Source: Bank of Ghana

*“The barriers to accessing finance are high interest rates and the many procedures and requirements needed to obtain a loan. For example, you have to submit a form of collateral to the bank and if you have no collateral, you would be denied.”*

*A representative from the Ghana Investment Promotion Centre (GIPC)*

**Businesses—regardless of size—heavily utilise credit arrangements with their suppliers, reflecting the challenges with accessing traditional credit.** 57% of big businesses and 67% of corporations indicate the use of such arrangements with their suppliers while 43% of small businesses reported utilising these arrangements.

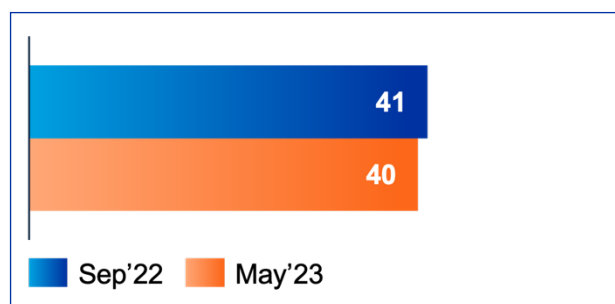
In terms of support from financial institutions in facilitating cross-border trade, **businesses highlighted the need for assistance in funding and insuring their goods.** Particularly, businesses emphasised the importance of flexible loan terms with less stringent clearance requirements, along with quicker access to funds. Additionally, businesses recognise the need for insurance coverage to mitigate climate-related risks. Specifically, challenges such as drought, reduced rainfall, and rising temperatures negatively affect hydropower systems, leading to frequent power outages that, in turn, have a detrimental impact on agricultural production.<sup>31</sup>

<sup>31</sup> Climate Links. Available [here](#)

## 9. FOREIGN TRADE & TRADING IN AFRICA

Initiatives to create awareness of the AfCFTA appear to be bearing fruit—although businesses still find trading with the rest of Africa difficult

### Ghana's ease of trade index score



Ease of trade can vary between 0 and 100, where 0 indicates an extreme difficulty when trading with other countries, 50 neutrality and 100 indicates no difficulty when trading with other countries. In the May 2023 SB ATB survey results, Ghana's ease of trade index score remained relatively stable from 41 in September 2022 to 40 in May 2023.

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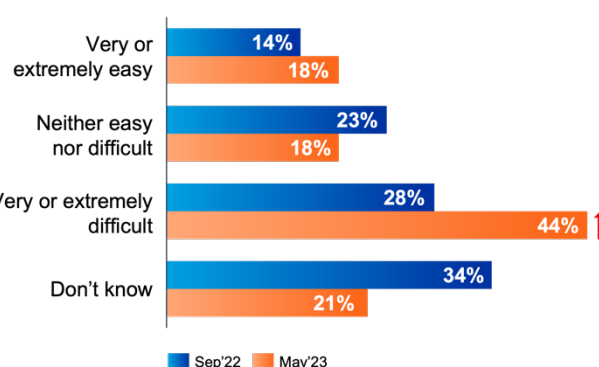
Ghanaian businesses prioritise a partner country's quality of goods (26%), market prices (23%), and tax rates (16%) when considering which partners to conduct cross-border trade with. This explains the strong preference for China as a source of inputs. China represents 31% of the gross import proportion among surveyed businesses relative to the rest of Africa. On the other hand, surveyed Ghanaian businesses mainly export to fellow African markets. Of the surveyed exporting businesses, the share of these businesses that export to the rest of Africa grew from 59% in September 2022 to 87% in May 2023. This can be attributed to market accessibility and lower tax rates, as our sample is made up of mainly small businesses.

**Intra-African trade—trade between African countries—has historically been low compared to African trade with other regions of the world.** This has largely been attributed to a variety of complex and interrelated factors including infrastructure challenges, political instability and conflict, and the presence of barriers such as high tariffs and complex customs procedures. The primary research findings suggest that the burden of some of these barriers on Ghanaian businesses remains (see **Figure 15**). The percentage of firms reporting trade with the rest of Africa to be difficult (either very difficult or extremely difficult) increased significantly from 28% in September 2022 to 44% in this

iteration of the survey. More granular analysis reveals that this is driven by businesses reporting obstacles such as the volume of paperwork required, import/export bans, rail infrastructure and tariffs.

**Figure 15: Businesses' perceptions of the ease of trading with other African countries**

**Question:** In your view would you say trading with the rest of Africa is...?



Source: Stanbic Bank Africa Trade Barometer Issue 3

Note: Arrows denote whether the value of the variable is significantly higher / lower than in the previous survey

**Ghana is one of 54 signatories to the African Continental Free Trade Agreement (AfCFTA), and serves as the headquarters of the AfCFTA Secretariat.** AfCFTA is an initiative which looks to, amongst other things, improve the level of intra-African trade by creating a single market for goods and services and lower some of these aforementioned trade barriers. To this end, members of the AfCFTA are committed to eliminating tariffs on most goods and services that are traded between African countries over a given period following the AfCFTA entering its operational phase in July 2019.

**The Pan-African Payment and Settlement System (PAPSS) stands as a pivotal force in the transformative journey of the AfCFTA.** Initiated in January 2022 with Afreximbank's collaboration and endorsed by the AfCFTA Secretariat, PAPSS heralds a continent-wide payments platform that streamlines cross-border transactions in over 40 African currencies. SMEs, which frequently encounter

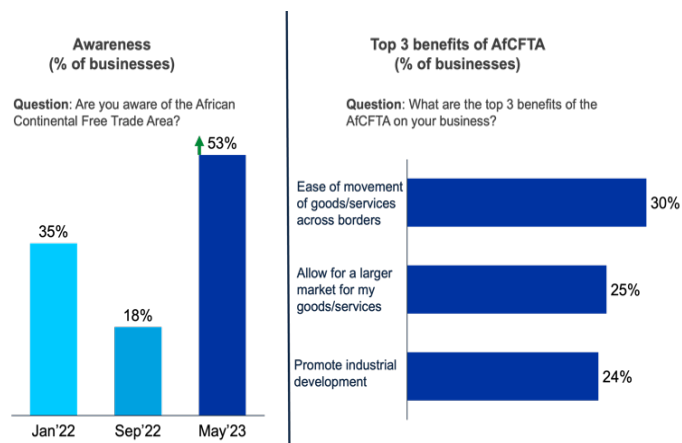
challenges in obtaining hard currencies, are positioned to benefit from PAPSS, as they will now have the capability to engage in cross-border trade using their own currencies.<sup>32</sup>

**53%** of surveyed businesses are aware of AfCFTA, increasing from 35% in January 2022.

**Awareness of the AfCFTA amongst Ghanaian businesses has significantly increased, especially among larger businesses (see Figure 16).** The percentage of respondents that are aware of the AfCFTA increased to 53% from 35% in January 2022—a statistically significant change. Ghana has taken a proactive step by setting up the National AfCFTA Coordination Office (NCO) within the Ministry of Trade and Industry. The NCO serves as a centralised hub for coordinating the Ghanaian government's policy and strategic initiatives in response to the AfCFTA. As part of the larger national AfCFTA action plan, the communication strategy for the AfCFTA in Ghana focuses on developing and delivering easily understandable and relevant messages to the target audience through diverse media platforms. It includes stakeholder dialogues, online information dissemination, and targeted business fora to facilitate trade access for identified businesses under the AfCFTA.<sup>33</sup>

**Most Ghanaian businesses believe that the implementation of the AfCFTA will reap benefits for their businesses (see Figure 16).** The most commonly identified benefits are easing the movement of goods and services across borders, a larger market for goods and services, as well as promoting industrial development across African countries.

**Figure 16: Businesses awareness and expected benefits of the African Continental Free Trade Area**



Source: Stanbic Bank Africa Trade Barometer Issue 3  
 Note: Arrows denote whether the value of the variable is significantly higher / lower than in the previous survey.



Industrial port and container yard

<sup>32</sup> African Business, Available: [here](#)

<sup>33</sup> AfCFTA Ghana. Available [here](#)



# 10. MAIN OBSTACLES TO TRADE

## Ghanaian businesses continue to face significant obstacles to trade

**Ghanaian businesses face significant obstacles in global trade, including import / export bans, tariffs, customs requirements and paperwork.** For example, 41% of surveyed businesses feel that customs and trade regulations represent a major or severe obstacle constraining their ability to engage in trade with other African countries. While the government collaborates with fellow African countries through membership in AfCFTA where preferential tariff regulation exists, perceived difficulties have increased over time. This emphasises the importance of enhanced government support through policies that prioritise local businesses, as tax burdens tend to be higher for local businesses compared to foreign businesses, in light of the government's focus on attracting FDI. Moreover, the ongoing challenges of inflation and currency depreciation against the US dollar add additional cost burdens to Ghanaian businesses, as tariffs and customs requirements fluctuate significantly during the transit of goods and services, resulting in unexpected tariff price increases when imported goods arrive in Ghana.

# 41%

*of surveyed businesses feel that customs and trade regulations represent a major constraint on their ability to trade with other African countries.*

**“The foreign exchange rate is another issue. For example, currently, businesses who receive imported goods weekly are negatively impacted by changes in the exchange rate. This is attributed to the fact that businesses use the prevailing foreign exchange rate to calculate their expenses but as the goods arrive at the port, the depreciation of the exchange rate significantly increases their expenses.”**

*A representative from the Ministry of Trade*

**The limitations in Ghana's electricity supply pose significant challenges for local businesses.** Despite widespread access to the electricity grid, high costs continue to undermine business operations. The country has seen an 18% increase in average end-user tariff for electricity in the second quarter of 2023, following a nearly 30% increase in the first quarter. This tariff hike reflects the combined impact of currency depreciation, inflation, and rising gas costs, further burdening businesses operating in an already challenging energy environment.<sup>34</sup>

**“When you are in a place like Ghana, especially when driving at night from Kumasi to Accra, the infrastructure is a significant challenge—the large number of potholes and extremely narrow roads. However, these issues are being addressed as renovations are underway in Kumasi.”**

*A representative from the Association of Small-Scale Industries (ASSI)*

**While infrastructure challenges still persist, certain trade obstacles have been alleviated over time.** Both intra-Africa and global trade logistics have improved, with businesses highlighting improved airport operations. In addition, there has been a notable improvement in the telecommunications sector as the percentage of the Ghanaian population accessing the internet increased significantly to 68% in 2021, up from 45% in 2019.<sup>35</sup> Furthermore, the management of water shortages and food, plant, and animal inspections has improved, benefiting Ghana's rich consumer goods sector.



Logistics and transportation of container cargo ship

<sup>34</sup> Reuters, Available: [here](#)

<sup>35</sup> World Bank. Available [here](#)

# 11. CONCLUSION

In conclusion, one aspect that will be interesting to track in future issues of the Stanbic Bank Africa Trade Barometer in Ghana is business perceptions of transport infrastructure quality and how this evolves parallel to the scale of trade with other African countries. When asked to identify the largest constraints on their ability to engage in trade with other African countries, two of the most salient challenges reported by surveyed businesses was the state of the road and rail infrastructure. This is unsurprising, given that a large share of surveyed traders import and export goods from neighbouring West African countries which are largely transported using road corridors in the region. In addition, these two infrastructural aspects are relatively poorly perceived, and are on average reported by surveyed businesses to represent a moderate obstacle to their operations.

Recognising the importance of these infrastructural aspects to the future of trade in Ghana and the region at large, the Government has committed to a number of road and railway construction and rehabilitation projects. In future issues of the SB ATB, it will be interesting to see how these infrastructure investments translate into changes in business perceptions, whether they yield any demonstrable changes in the extent to which these infrastructural aspects inhibit businesses' ability to trade, and how this in turn affects the strength of trade relationships between businesses and other African countries. A clear positive relationship between infrastructure and the degree of trade with other African countries may signal that, all else being equal, the state of infrastructure is an important enabling factor for businesses and individuals to reap the intended benefits of the AfCFTA.



Akosombo – Development of Infrastructure in West Africa

## 12. APPENDIX

### Appendix 1: Stanbic Bank Africa Trade Barometer (SB ATB) Country Ranking for Issue 3, 2023

The Stanbic Bank Africa Trade Barometer (SB ATB) scores are an aggregate of the Stanbic Bank 3-Year Quantitative Trade Barometer (SB QTB) scores and the Stanbic Bank Survey Trade Barometer (SB STB) scores. Countries are ranked against each other, i.e., relative scores to each other. This is pegged on a scale of 0 - 100. When indexed between this range, South Africa has the highest Tradability Index while Angola has the lowest. This does not imply that one cannot trade in Angola or that South Africa is perfect, it only implies that at a common starting point of 0 and maximum point of 100, this is how the two markets fared.

SB ATB scores remained the same for Angola, South Africa and Zambia, while the majority of ranks for other countries have increased from September 2022 (see **Table 2**).

Countries that have retained their ranking from September 2022:

- South Africa (1st position)
- Zambia (9th position)
- Angola (10th position)

Countries that have improved in their ranking from September 2022:

- Namibia (3rd to 2nd position)
- Mozambique (6th to 3rd position)
- Nigeria (8th to 4th position)
- Kenya (7th to 6th position)

Countries that have declined in their ranking from September 2022:

- Ghana (2nd to 5th position)
- Tanzania (5th to 7th position)
- Uganda (4th to 8th position)

As can be seen in the table below, actual scores for all countries are significantly lower in May 2023 compared to September 2022 (except for South Africa and Angola). Although it is correct to interpret this result as a general decline in tradability across most countries, this is not the whole story. The lower scores in May 2023 compared to September 2022 are also a result of how the SB ATB scores are calculated. The overall tradability score of a country is arrived at through a calculation that compares the country's average score across all the variables in the SB ATB to the lowest and highest average scores recorded across the 10 countries included in the SB ATB. To this end, Angola received a score of 0 (since it had the lowest average score) and South Africa received a score of 100 (since it had the highest average score). In this iteration of the survey, most countries' average scores were closer to the lowest average score observed (Angola), which skewed their overall tradability scores towards that low value.



Truck transporting goods

Table 2: Stanbic Bank Africa Trade Barometer (SB ATB) scores by country

Country	Africa Trade Barometer (ATB) Score	ATB Ranking	
		September 2022	May 2023
Angola	0 0	10	10
<b>Ghana</b>	 74,3 19,5	2	5
Kenya	 55,8 19,3	7	6
Mozambique	 57,5 30,5	6	3
Namibia	 60,2 43,1	3	2
Nigeria	 48,4 25,9	8	4
South Africa	 100 100	1	1
Tanzania	 58,9 15,3	5	7
Uganda	 58,9 14,8	4	8
Zambia	 43,2 14,1	9	9

Sep'22 May'23

Note: The scores denote the performance of each country's macroeconomic performance relative to the full country list on the specified measures

## Appendix 2: Stanbic Bank 3-Year Quantitative Trade Barometer (SB QTB) Country Ranking for Issue 3, 2023

The Stanbic Bank 3-Year Quantitative Trade Barometer (SB QTB) scores and ranking by country are the averages of all the selected indicators collected only from existing secondary data sources / reported facts.

SB QTB scores remained the same for Angola, Mozambique and South Africa, while the majority of ranks for other countries have dropped from September 2022 (see **Table 3**).

Countries that have retained their ranking from September 2022:

- South Africa (1st position)
- Mozambique (3rd position)
- Angola (10th position)

Countries that have improved in their ranking from September 2022:

- Namibia (4th to 2nd position)
- Nigeria (7th to 4th position)
- Zambia (9th to 7th position)

Countries that have declined in their ranking from September 2022:

- Ghana (2nd to 5th position)
- Kenya (5th to 6th position)
- Tanzania (6th to 8th position)
- Uganda (8th to 9th position)

As can be seen in the table below, actual scores for all countries are significantly lower in May 2023 compared to September 2022 (except for South Africa and Angola). Although it is correct to interpret this result as a general decline in tradability across most countries, this is not the whole story. The lower scores in May 2023 compared to September 2022 are also a result of how the SB QTB scores are calculated. The overall tradability score of a country is arrived at through a calculation that compares the country's average score across all the variables in the SB QTB to the lowest and highest average scores recorded across the 10 countries included in the SB QTB. To this end, Angola received a score of 0 (since it had the lowest average score) and South Africa received a score of 100 (since it had the highest average score). In this iteration of the survey, most countries' average scores were closer to the lowest average score observed (Angola), which skewed their overall tradability scores towards that low value.

**Table 3: Stanbic Bank 3-Year Quantitative Trade Barometer (SB QTB) scores by country**

Country	Africa Quantitative Barometer (QTB) Score	QTB Ranking	
		September 2022	May 2023
Angola	0 0	10	10
<b>Ghana</b>	 86,2 26,6	2	5
Kenya	 63,9 26,4	5	6
Mozambique	 67,4 36,9	3	3
Namibia	 64,7 46,2	4	2
Nigeria	 56,1 32,4	7	4
South Africa	 100 100	1	1
Tanzania	 59,2 23,1	6	8
Uganda	 51,8 17,6	8	9
Zambia	 51,8 23,1	9	7

Sep'22 May'23

*Note: The scores denote the performance of each country relative to the full country list on the specified measures*

### Appendix 3: Stanbic Bank Survey Trade Barometer (SB STB) Country Ranking for Issue 3, 2023

The Stanbic Bank Firm Survey Trade Barometer (SB STB) scores and ranking by country are the averages of all the data collected only from the primary research surveys conducted with 2,636 businesses.

Except for South Africa and Namibia, SB STB ranks have changed in this wave for all countries (see **Table 4**).

Countries that have retained their ranking from September 2022:

- South Africa (2nd position)
- Namibia (4th position)





















Countries that have improved in their ranking from September 2022:

- Angola (6th to 1st position)
- Nigeria (8th to 5th position)
- Mozambique (9th to 6th position)
- Ghana (10th to 7th position)

Countries that have declined in their ranking from September 2022:

- Tanzania (1st to 3rd position)
- Kenya (7th to 8th position)
- Uganda (3rd to 9th position)
- Zambia (5th to 10th position)

**Table 4: Stanbic Bank Survey Trade Barometer (SB STB) scores by country**

Country	Africa Survey Barometer (STB) Score	STB Ranking	
		September 2022	May 2023
Angola		6	1 
<b>Ghana</b>		10	7 
Kenya		7	8 
Mozambique		9	6 
Namibia		4	4 
Nigeria		8	5 
South Africa		2	2 
Tanzania		1	3 
Uganda		3	9 
Zambia		5	10 

 Sep'22  May'23

Note: The scores denote the performance of each country relative to the full country list on the specified measures

### Appendix 4: The relative impact of selected macroeconomic indicators on the tradability attractiveness of Stanbic Bank Africa Trade Barometer Countries for Issue 3, 2023

In the table below, the ranking (between position 1 and position 10) as well as the respective colour coding highlight the impact of a specific macroeconomic indicator (e.g., FDI net inflows) on the tradability attractiveness of the respective country. To arrive at this ranking, the three-year average (2020, 2021 and 2022) of each indicator in a country is first normalised<sup>36</sup> which allows for the relative impact (relative to the other nine countries) of each indicator on overall tradability attractiveness for that country to be arrived at.



Kumasi, Ghana

**Table 5: Country ranking on the impact of macroeconomic indicators on tradability attractiveness**

	Merchandise trade (% of GDP)	GDP (Current USD)	GDP growth (% average annual)	Imports (% of GDP)	Exports (% of GDP)	Inflation	Lending interest rate (%)	FDI Net Inflows
Angola	4	4	10	9	2	10	8	10
<b>Ghana</b>	6	5	4	5	6	9	10	3
Kenya	9	3	1	7	9	6	3	7
Mozambique	2	9	6	1	4	5	6	2
Namibia	1	10	9	2	3	2	1	8
Nigeria	10	1	7	10	10	8	4	4
South Africa	5	2	8	4	5	4	2	1
Tanzania	8	6	3	8	7	1	5	6
Uganda	7	7	2	6	8	3	7	5
Zambia	3	8	5	3	1	7	9	9

Key: Negative relative trade impact      Positive relative trade impact

<sup>36</sup> Normalisation here means calculating the deviation of a particular macroeconomic indicator in a specific country from the mean of that indicator in all 10 SB ATB countries



## 13. ABOUT THE RESEARCH

The Stanbic Bank Africa Trade Barometer is based on both primary and secondary research sources. This is Issue 3 of the SB ATB. Issue 1 was released in June 2022 and Issue 2 was released in November 2022. The data collection (both primary and secondary research) for Issue 3 happened between March and May 2023 in all 10 countries of interest.

The primary research component involves the administration and analysis of a firm survey (i.e., a survey of sample businesses in the countries of interest) and holding of in-depth interviews (IDIs) with key stakeholders. The sample is stratified by size (small, big and corporate), region and industry. For Issue 3, 2 636 businesses were surveyed and 30 IDIs were conducted across the 10 countries.

In Ghana, 260 businesses were surveyed. 39% of these businesses were in Accra, 28% in Kumasi, 16% in Tamale, 12% in Takoradi and 5% in Ashaiman. The breakdown of surveyed businesses in Ghana by business segment was as follows:

- 72% were small businesses
- 17% were big businesses
- 12% were corporates

In the context of the SB ATB, small businesses are defined as those with a turnover of less than GHS 5 million, large businesses as those with a turnover of between GHS 5 million and GHS 290 million and corporates as those with a turnover of more than GHS 290 million.

The breakdown of surveyed businesses in Ghana by industry was as in **Table 6**:

**Table 6: Breakdown of surveyed businesses in Ghana by industry**

Industry	%	Industry	%
Manufacturing	17%	Education	3%
Wholesale and retail trade; repair of motor vehicles and motorcycles	15%	Financial and insurance activities	3%
Public administration and defence; compulsory social security	12%	Mining and quarrying (includes oil & gas)	2%
Accommodation and food service activities	11%	Electricity, gas, steam and air conditioning supply	2%
Construction	7%	Arts, entertainment and recreation	2%
Information and communication	7%	Water supply; sewerage, waste management and remediation activities	2%
Services	4%	Real estate activities	1%
Human health and social work activities	4%	Administrative and support service activities	1%
Agriculture, forestry and fishing	3%	Professional, scientific and technical activities	1%
Transportation and storage	3%	Activities of extraterritorial organisations	0%
		Activities of households as employers; undifferentiated goods- and services-producing activities of households for own use	0%

The breakdown of surveyed businesses by staff complement was as follows:

- 12% had below 5 employees
- 33% had 5 - 10 employees
- 16% had 11 - 20 employees
- 15% had 21 - 50 employees
- 9% had 51 - 100 employees
- 13% had 101 - 1,000 employees
- 2% had 1,001 - 5,000 employees

With regards to individual respondent characteristics within the businesses, 82% were male and 18% were female. The breakdown by their job titles is as follows:

- 25% were general managers
- 20% were chief executive officers (CEOs)
- 15% were owners of the business
- 10% were heads of department
- 8% were treasurers
- 7% were chief accountants
- 5% were financial directors
- 3% were managing directors
- 2% were chief financial officers
- 2% were directors general
- 2% were deputy directors general
- 2% were chairpersons
- 1% held other job titles

Further details by region, business segment, industry, staff complement, age of firm, the firms' corporate and strategic decision-making structures as well as individual respondent characteristics (gender, job title, etc.) are available on request.

There were three IDIs conducted in Ghana as part of Issue 3. One interview was with a representative from the Association of Small Scale Industries (ASSI), another with a representative from the Ghana Investment Promotion Centre (GIPC), and finally with a representative from the Ministry of Trade. These interviews are quoted in this report, as relevant.

The survey and IDIs were conducted on a confidential basis.

The secondary research component involves the gathering and analysis of quantitative data. This data is primarily collected from World Bank sources, although additional data is obtained from the International Monetary Fund (IMF), the International Trade Center and individual country central banks and statistics bureaus.

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In-depth details on how the Stanbic Bank Africa Trade Barometer scores for each country are calculated, and the resultant country rankings, are available on request.

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The research was produced by Stanbic Bank Business and Commercial Banking Research & Insights. For any questions or information requirements on this report please contact [tradebarometer@standardsbg.com](mailto:tradebarometer@standardsbg.com).

# 14. ENDNOTES

The secondary sources used in drafting this report are listed below in alphabetical order.

1. Bank of Ghana:
    - a. Available [here](#)
    - b. Available [here](#)
    - c. Available [here](#)
    - d. Available [here](#)
    - e. Available [here](#)
    - f. Available [here](#)
  2. Fitch Solutions:
    - a. Available [here](#)
    - b. Fitch Ghana Country Risk Report
  3. Ghana Investment Promotion Centre. Available [here](#)
  4. Ghana Statistical Service:
    - a. Available [here](#)
    - b. Available [here](#)
  5. UNCTAD: World Investment Report 2022. Available [here](#)
  6. World Data. Available [here](#)
  7. World Bank Data:
    - a. Available [here](#)
    - b. Available [here](#)
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