

Voluntary Report – Voluntary - Public Distribution

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Report Name: Increased Fish Import Levy to affect Seafood Imports

Country: Ghana

Post: Accra

Report Category: Fishery Products

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Report Highlights:

Seafood is an important staple in Ghanaian cuisine as it accounts for 60 percent of animal protein intake with an estimated per capita consumption rate of 26 kg. U.S. seafood sales to Ghana recently experienced a boost in sales, however, sustained seafood exports from the U.S. are at risk due to the Government of Ghana's (GOG) recent announcement to increase the tax 1,573 percent per metric ton on frozen seafood.

General Information

Ghana is a net importer of fish and seafood products. In 2022, the country imported approximately U.S. \$145 million, down 13 percent from U.S. \$164 million in 2021. The top three seafood supplying countries to Ghana in 2022 were Mauritania (\$37.2 million), followed by China (\$18.2 million), and Morocco (\$16.6 million). The United States was the 13th largest supplier of seafood to Ghana with a value of U.S. \$4.2 million, up 42 percent compared to 2021's value of U.S. \$2.9 million. The common fish species imported into Ghana include mackerel, sardines, and whiting/hake.

Increased Fish Levy on Imports

Due to the poor economic state of the country, the GOG is currently attempting to raise revenue by increasing import taxes on frozen seafood by 1,573 percent from GHC15.00 (U.S. \$1.38) to GHC 251.00 (U.S.\$23.15) per metric ton (MT). Making matters worse, the GOG is requesting that the taxes be paid in U.S. dollars which are in extremely short supply.

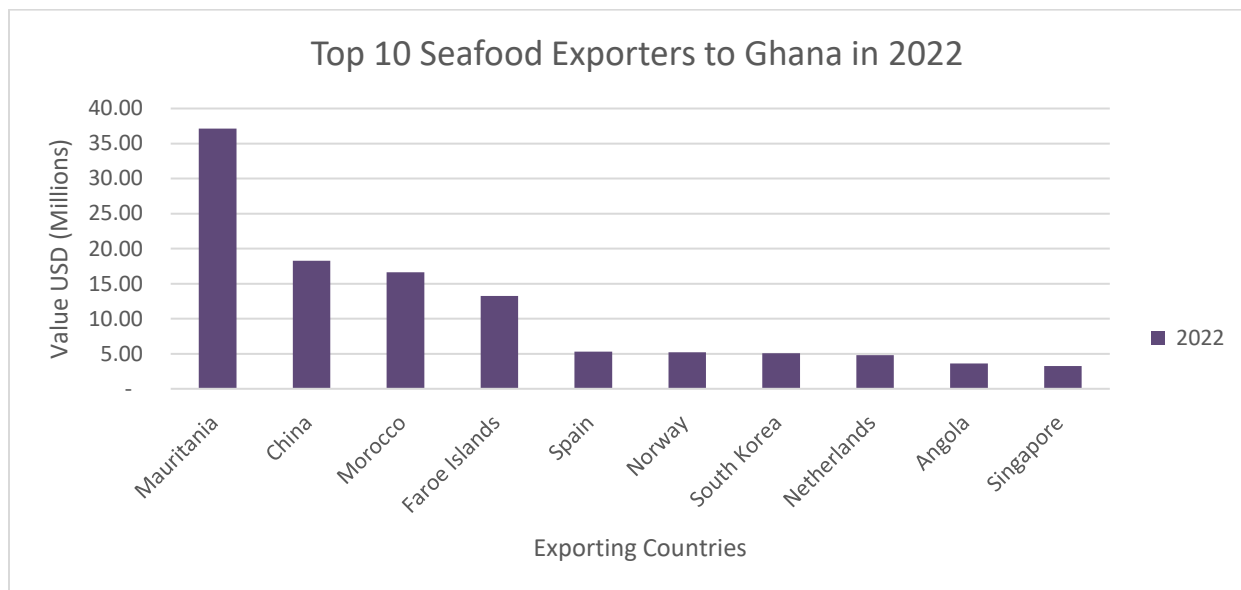
Some other challenges facing the industry with the potential of affecting imports of seafood includes:

- The elimination of the Benchmark Value Discount Policy. This was introduced in April 2019 by the government to make the Ghanaian ports competitive, reduce smuggling and increase the government's revenue from the port. The policy provided a discount of 50 percent on the delivery or benchmark values of imports with the exceptions of vehicles which were reduced by 30 percent.
- Equally worrying is the increase in Value Added Tax (V.A.T) by 2.5 percent, moving the tax rate from 12.5 percent to 15 percent coupled with recently approved 3 tax bills by parliament, the Excise Amendment Act, 2023; Income Tax Amendment Act, 2023; and the Growth and Sustainability Levy Act, 2023

All these taxes have made doing business in Ghana's major port of Tema unattractive to importers, especially with the current economic situation affecting the country. Ghana is facing multiple financial and economic challenges; the economy has suffered substantially since the beginning of 2022 as the country tumbled into economic recession. Inflation rose from 13.9 percent in January to 54.1 percent in December 2022, up from 50.1 percent in November but fell to 41.2 percent by April 2023. Industry sources indicate that due to these measures, vessels prefer to discharge at neighboring countries such as Togo and Cote d'Ivoire then trucked over the border tax free.

Due to these policy changes, the Ghana Ports and Harbors Authority (GPHA) convened an emergency stakeholder meeting early this year to ascertain the reasons behind the significant drop in imports which Ghanaian businesses attribute to the removal of the benchmark value and instability of the Ghanaian cedi against major currencies, especially the U.S. dollar.

Table 1: Top 10 Seafood Exporting Countries to Ghana in 2022



Source: Trade Data Monitor, May 2023

POST CONTACT INFORMATION

If you have questions or comments regarding this report, require listings of local importers and institutions or need assistance exporting to Ghana, please contact the U.S. Office of Agricultural Affairs in Accra.

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End of Report.

Attachments:

No Attachments.