

THE ECONOMY

The year 2000 has been described as the most challenging period in the country's economic pursuit towards a middle income status. The volatility of the economy was greatly put under severe strain by global economic pressures that sent the economy into escalating inflation, depreciation of the cedi against major international currencies especially the US Dollar, rising oil prices, a deterioration in terms of trade and therefore export earnings from the country's major export commodities. The worsening conditions of the economy made macro-economic targets set for the year difficult to achieve: Real GDP growth rate of 5%, end-of-period inflation of 12.5%, overall budget deficit of 6.5% of GDP and overall balance of payment position of zero.

With a new democratically elected government at the helm of affairs in 2001, macro-economic problems requiring immediate attention have been vigorously tackled: reducing inflation, curbing the decline in the value of the cedi, cutting back on domestic borrowing in order to reduce interest rates and boosting productivity in the private sector. The 2001 budget statement aimed at laying the foundation for a robust economic growth with the private sector as the main agent for wealth creation: the principal source of economic growth; the generator of employment opportunities and the creator of resources for social progress. The statement recognises the critical importance of getting the macroeconomic environment right and specifically proposes to:

- Lower inflation from 40.5% as at the end of 2000 to 25% by the end of 2001.
- Reverse the country's overall balance of Payment from a deficit of \$194.8 million at the end of 2000 to a surplus of \$165.7 million by the end of 2001 and
- Stabilise the exchange rate parity.

All these measures are aimed at contributing to the creation of an environment that will help raise the Gross Domestic Product (GDP) growth for 3.7% at the end of 2000 to 4% at the end of 2001. Sectoral growths based on the GDP projection are 3.7% in agriculture, 4% in industry and a 4.3% growth in services.

REGIONAL ECONOMIC INTERGRATION

Another recent development of significance is the move by the 15 members of the Economic Community of West African States (ECOWAS), spearheaded by Nigeria and Ghana, to speed up the process of integrating the economies of the regional grouping that has a population of over 250 million. In a declaration signed in Accra on April 20, 2000 by Nigeria, Ghana, Sierra Leone, Guinea, and Gambia, it has been decided that a second monetary zone will be created for the community by January 2003 with a single monetary currency emerging by year 2004. Perhaps, the best example of promoting regional economic growth and development is the formation of the West African Gas Pipeline Project (WAGP) by Nigeria, Ghana, Benin and Togo. The project, which is expected to serve as a catalyst for increased investment in West Africa for growth and employment generation, is a 21st century infrastructural project that seeks to supply cheap, clean and reliable energy (gas) from fields in the Western Delta of Nigeria, using an 800 kilometre pipeline with a throughput of about 100 – 120 million cubic feet of gas. The pipeline is

expected to pass through Benin and Togo to Ghana. The gas reserves in Nigeria is estimated at 40 trillion cubic feet.

ECONOMIC INDICATORS

▪ Population (2000 provisional figures, Ghana Statistical Service)	18,412,247
▪ Life Expectancy (African Competitiveness Report 2000-2001)	57.5
▪ GDP Nominal (2000)	Cedis 5,142.1 billion
▪ Real GDP Growth (2000)	3.7%
▪ Inflation (2000) (End of period)	40.5%

GROSS DOMESTIC PRODUCT AT CONSTANT 1993 PRICES (BILLION CEDIS)

YEAR	GDP	REAL GROWTH(%)
1995	4,160.0	4.0
1996	4,351.2	4.6
1997	4,533.9	4.2
1998	4,746.7	4.7
1999	4,956.9	4.4
2000	5,142.1	3.7

Source: (Bank of Ghana, 2000)

TRADE

▪ External Debt (end Dec.2000)	US\$ 6,038.09 million
▪ Debt Service Ratio (including IMF, 2000)	22.3%
▪ Debt Service Ratio (excluding IMF,2000)	20.6%
▪ Exports f.o.b (1999)	US\$ 1940.5 million
▪ Imports f.o.b (1999)	US\$ 2,832.3 million

Source: (Bank of Ghana, 2000)

Major Exports (2000)

- Cocoa
- Minerals (Gold, Diamonds and Manganese etc)
- Timber, and wood products
- Aluminium products
- Pineapples
- Tuna
- Prepared or preserved fish
- Petroleum Oil

Major Export Destinations (2000)

United Kingdom, Middle East
Togo, Netherlands,
USA, Germany,

Japan, Nigeria.

Major Imports (2000)

- Plant, Machinery and Spares
- Petroleum Products
- Raw Materials and Other Intermediate Goods

Major Import Origins (2000)

Nigeria, United Kingdom,
Cote D'Ivoire, USA,
Germany, Netherlands,
Japan.

Tourism

- Tourist Arrivals (1999) 372,000
- Receipts US\$342 million
- Number of Hotels 767 (2 star and above, excluding budget hotels)
- Number of Rooms 10,896
- Number of Beds 14,445

Star Rated Accommodation Facilities in Ghana - end 2000

- ◆ Five Star - 1
- ◆ Four Star - 2
- ◆ Three Star - 15
- ◆ Two Star - 67
- ◆ One - 97
- ◆ Guest Houses - 73

Source: (Bank of Ghana/Ministry of Tourism)

Communication Service Providers (2000)

- National Fixed Network Operators 2
- Rural Operator 1
- Mobile Cellular Operators 3
- Internet Service Providers 12 in operation (29 registered)
- Pagers Providers 7
- Public Data Service Providers 9
- VSAT Data Network Operators 14
- Free on Air Television Stations 3
- Commercial VHF (FM) Stations 49 (On Air); 58 (Authorised)
- Pay Per View Cable/Satellite (Accra) 3 (On Air); 7 (Authorised)
- Pay Per View Subscription
- Satellite Rebroadcasting TV 7

Source: National Communication Authority, April 2000)

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