

GHANA NATIONAL CHAMBER OF COMMERCE

Ghana National Chamber of Commerce



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SPEECH OF THE PRESIDENT OF THE GHANA NATIONAL CHAMBER OF COMMERCE (GNCC) PRESENTED BY

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PRESIDENT OF THE GNCC**

15TH INTERMODAL AFRICA 2016

**TOPIC: THE ROLE OF THE PRIVATE SECTOR IN DRIVING GHANA'S ECONOMIC
DEVELOPMENT**

VENUE: MOVENPICK AMBASSADOR HOTEL

Date: THURSDAY 7TH APRIL, 2016

The Minister for Transport, Hon. Franklin Fifi Kwetey

The Director General of Ghana Ports and Harbours Authority, Mr. Richard Anamoo

The Board Chairman of Ghana Ports and Harbours Authority, Hon. Samuel Ofosu-Ampofo

The Chief Executive Officer of Ghana Shippers Authority, Dr. Kofi Mbiah

Representatives of National and International Companies present

Press Corps/Friends in the Media

Ladies and Gentlemen

A very good morning to you all

It gives me immense pleasure to be invited to speak at this year's Intermodal Africa conference. This conference is very significant as shipping and port operation is at the heart of the international trade value chain and the overall development effort of Ghana.

Let me first commend the organizers of this laudable program, Transport Events and Ghana Ports and Harbours Authority for the initiative to bring to the fore the important role businesses and ports play in the socio-economic development of nation states.

Distinguished Ladies and gentlemen, I have a simple task of speaking on the topic '**the role of the private sector in driving Ghana's economic growth**'. If currently Ghana is a lower middle income country, it is as a result of the critical role private sector actors in this country have played.

The private sector in Ghana is recognized as a critical driver of economic growth, and contributes significantly to poverty reduction and higher living

standards for people. It provides critical goods and services; it is the source of most tax revenues; and is key to ensuring the efficient flow of capital.

Ladies and gentlemen, the contribution of the private sector to the country's GDP cannot be overemphasized. The services sector which is predominantly private sector led, contributed 54.1 percent to GDP in 2015. Industry contributed 26.9 percent, and agriculture 19.0 percent to GDP. While the manufacturing sector has not performed as it should, occurrences in recent times indicate that there are a lot of prospects. Energy for some time has remained stable for businesses.

Ladies and gentlemen, the private sector in Ghana faces many challenges, although progress has been made to improve the operating environment. High inflation, depreciation of the local currency, unbridled competition from imported goods and high interest rates are some of the issues the sector has to deal with on a daily basis. If the environment is not conducive for us, how do we produce and keep our ports busy in terms of export in particular? We will be tempted to remain exporters of largely unprocessed goods which we have all come to realise that it will not lead to the rapid development of the country.

Ladies and gentlemen, enterprises in Ghana are not taking advantage of agreements Ghana has entered into. The numerous benefits inherent in Trade Agreements such as Africa Growth and Opportunity Act, Economic Partnership Agreement and the various bilateral agreements are not utilised as they should. The question we should ask ourselves is, which categories of companies are into export business or have the potential to export. Most of our companies are SMEs who cannot meet large orders from multinational

companies. Even when the orders are not huge, the added cost of shipping those small quantities serves as a disincentive to exporters. Containerization has changed the way international trade is conducted for decades. In this vein, we must deliberate on how best to create the platform for even small enterprises to come together in order to ship their goods.

There is the need for us to work together to demystify the export process especially for our Small and Medium Scale Enterprises who are unable to recruit experts to handle their export procedures for them. Indeed, the WTO Trade Facilitation Agreement comes in handy in this regard as access to information for traders is vital.

The current state where the Ministry of Trade and Industry registered just 21 Ghanaian Companies and 50 Products under the ECOWAS Trade Liberalization Scheme (ETLS) is not good enough. We must also use this occasion to discuss and find ways of addressing the bottlenecks to the free movement of goods and services especially within the sub-region. Exporting more will help the country resolve the perennial depreciation of the local currency.

Distinguished ladies and gentlemen, the private sector cannot contribute meaningfully to GDP with the current large excessive informal sector. It is estimated that the contribution of the informal economy to GDP is about 42.3%. If we want to develop as a country, we must address this informality in Ghana. The sheer numbers of jobs in the informal economy is key to transformational growth and wealth creation which has implication for poverty reduction and improvement in the standard of living. Switzerland's informal economy contributes 8.5% to its GDP but we all know that Switzerland is a developed country. Countries with large formal economies

have high levels of GDP and are rich. The potential for GDP growth in general and wealth creation resulting in poverty reduction in particular, could be tapped through formalising the informal economy.

Distinguished ladies and gentlemen, Government over the years have churned out policies tailored towards the growth of the private sector. It is true that some of these policies have not yielded the required outcomes. For instance, the Private Sector Development Strategy (PSDS II) though loaded with a lot of opportunities for the private sector, its implementation has not been entirely effective. We mostly do not get the basics right. There is a dearth of data on private sector. Adequate investment by the Government in collaboration with the private sector is needed to collate series of industrial and private sector data. The data would be used by the Government in drawing up its policies, the Companies themselves and of course the academia in understanding the private sector better.

Ladies and gentlemen, we have taken note of Ghana's resolve to champion integration in the sub-region. Hence, signing the Common External Tariff was one that we hope will inure to our benefit. However, the reality remains that the high number of taxes businesses have to pay compared to their counterparts in other ECOWAS countries is gradually limiting the private sector's effort in contributing to the country's economic growth. We call on Government to have a second look at our tax regime. The country stands to gain when taxes are lowered and a lot more of our businesses are able to pay.

The Ghana Shared Growth and Development Agenda 2014 – 2017 (GSGDA) II which provides the policy framework for our National development

programme underscored the need to enhance competitiveness of the country's private sector. Indeed, Government in the 2016 National Budget stated its resolve and optimism to achieve most of the critical targets outlined in the GSGDA II. If today, private sector is saying there are issues pertaining to their competitiveness in the area of taxes, I think it is fair enough for Government to look at the issues on their own merits.

Entrepreneurs in the sector also need to invest in research and development. The experiences we are gathering points to the fact that entrepreneurs have to be increasingly innovative to stay in business.

More often than not, we tend to ignore the role of trade support institutions in this whole process. Business and trade support associations have continuously provided the needed assistance to companies in their operations. For instance, the Ghana National Chamber of Commerce with the support of Business Sector Advocacy Challenge Fund (BUSAC) is undertaking a project to streamline the duty drawback system in the country. This and many other ongoing projects which need to be scaled up are supporting our drive in increasing Ghana's economic growth.

Ladies and gentlemen, to get the most from the private sector, the public sector must work much closer with the private sector. The public and private sectors can be most effective when they work together, since the public sector has a critical role to play in creating a healthy environment for investment and business activity. We must see each other as partners in development. The recognition of the private sector as the driving force of

socio-economic development largely hinges on the enabling role of the public sector.

Ladies and gentlemen, all is not doom and gloom for the private sector in Ghana. There are a lot of prospect for the private sector in Ghana. Though going through temporary economic challenges, Ghana continues to be seen as a good destination to do business and has very supportive environment for foreign investments. It is therefore, not a wonder that day after day many delegations from various nations keep knocking at our doors to do business, hence giving approval to the role the private sector is playing to economic growth in the country.

Let us, therefore, leverage our complementary strengths to ensure the socio-economic development of our dear country.

Thank you for your attention.