

Ghana's Gold & Cocoa Exports Compensate for Higher Oil Imports?

Jun 19, 2007 [Daniel Workman](#)

Though gold mining & cocoa farming helped a 20% rise in Ghana's exports in 2006, prospects for the West African nation's economy depend on tourism & other services.

With a population of about 22 million, Ghana's economy had a Gross National Product (GNP) per capita (PPP) of about US\$2,700 in 2006.

That's about 5 times higher than the PPP figures for the world's poorest countries including African nations like Sierra Leone (\$550) and Malawi (\$630). Still, Ghana receives substantial financial and technical aid from the international community.

Over a third of Ghana's economy is agricultural. Products range from bananas, cassava (tapioca), cocoa, coffee, corn and peanuts to timber.

Ghana's Export Partners

In 2006, Ghana exported over US\$3.2 billion worth of commodities.

Two of Ghana's major exports, gold and cocoa, enjoyed unprecedented high prices last year. In addition, Ghana experienced a record bumper crop of cocoa. These factors helped increase Ghana's exports by 20% in 2006.

Ghana also exports aluminum, diamonds, manganese ore, timber and tuna.

Countries that bought the most exports from Ghana in 2006 are listed below.

- Netherlands ... US\$411 million (12.5% of Ghana's total exports)
- United Kingdom ... \$273 million (8.3%)
- United States ... \$220 million (6.7%)
- Belgium ... \$191 million (5.8%)
- France ... \$184 million (5.6%)
- Germany ... \$145 million (4.4%)

Ghana plans to boost its exports by selling cassava, textiles and palm oil in foreign markets.

Ghana's Import Partners

Ghana's imports were valued at US\$5.7 billion in 2006, up about 12% from 2005.

Higher oil prices have hurt the West African nation, with oil imports now consuming 20% of Ghana's import payments. Other imports are manufactured goods (20%) and foodstuffs (20%).

Below are the leading countries from which Ghana imports.

- Nigeria ... US\$861 million (15.2% of Ghana's total imports)
- China ... \$708 million (12.5%)
- United States ... \$357 million (6.3%)
- United Kingdom ... \$295 million (5.2%)
- South Africa ... \$255 million (4.5%)
- Brazil ... \$232 million (4.1%)
- Netherlands ... \$227 million (4%)

Given high inflation, a prime interest rate of 14.5% and a trade deficit of \$2.5 billion in 2006, Ghana's manufacturing sector remains vulnerable to higher oil prices.

Ghana is striving to transform from its agricultural roots into a more service-oriented economy. Therefore, telecommunications, transportation, tourism and government services look to benefit from increased development. For example, if **Ghana tourism** blossoms, **Ghana airlines** will profit from more flights on **Ghana airways**.

In the near term, though, Ghana's economic and trade health depends on whether the West African country can maintain its robust export growth at a rate that exceeds oil price increases. This is more likely if gold and cocoa prices stay high, and if Ghana can introduce more of its products and services to foreign markets.