

Ghana Eyes Increased Local Processing of Cocoa to Boost Economy – Says ERA 2013

Addis Ababa, Mar. 25, 2013 -- Ghana, the world's second largest cocoa producer, plans to substantially raise internal processing of the commodity to enable it consolidate its role as a key driver of the its economic development.

The country hopes to increase local value addition to 40% through the introduction of incentives in the sector, according to the 2013 Economic Report on Africa, co-produced by the Economic Commission for Africa and the African Union. The incentives include price discounts, extended credit payment, permission to import essential machinery, and enforcement of Export Processing Zone (EPZ) status on companies operating in the zone, says the annual publication.

The theme of this year's report is "Making the Most of Africa's Commodities: Industrializing for Growth, Jobs and Economic Transformation." The two organizations in the document advocate a commodity-based industrialization for African countries if they are to use their abundant resources to transform into a global economic power.

The development model is imperative because it worked successfully for some countries in Europe, Asia and South America, the report argues.

The proportion of cocoa exports processed domestically increased steadily from about 12.4% in 2007 to 25.6% in 2011, a trend that is expected to continue along the cocoa value chain, says the report. Ghana's high-quality cocoa beans are a premium commodity in a sector that plays major role in generating employment, foreign exchange earnings, government revenue, education, and infrastructural development, according to the report.

"Cocoa is the country's second most important foreign exchange earner after gold, which accounts for 23% of total merchandise export earnings in 2011. It is also a major driver of Ghana's growth, having increasing its share of GDP from 2.5% in 2008 to 3.6% in 2011," the report adds.

Without doubt, the mining subsector contributes more significantly to Ghana's socioeconomic development. Ghana ranks tenth among the world's leading gold producers. And in 2011, commercial oil production began and helped to raise the extractive industry's contribution to GDP from 2.3% in 2010 to 8.5%. The cocoa sector provides a means of livelihood for 700,000 farmers, thereby helping to fight poverty.

Major actors in the cocoa industry include smallholder farmers, private licensed cocoa buying companies, Ghana COCOBOD (formerly the Cocoa Marketing Board), and cocoa processing companies.

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