



Munich Personal RePEc Archive

Assessing Ghana's trade under the African Growth and Opportunity Act (AGOA).

Adagblenya, Barbara Dzidzornu

KDI School of Public Policy and Management

2 May 2017

Online at <https://mpra.ub.uni-muenchen.de/84255/>

MPRA Paper No. 84255, posted 30 Jan 2018 13:17 UTC

**ASSESSING GHANA'S TRADE UNDER THE AFRICAN GROWTH AND
OPPORTUNITY ACT (AGOA)**

BY

ADAGBLENYA BARBARA DZIDZORNU

ABSTRACT

ASSESSING GHANA'S TRADE UNDER THE AFRICAN GROWTH AND OPPORTUNITY ACT (AGOA)

BY

ADAGBLENYA BARBARA DZIDZORNU

The African Growth and Opportunity Act (AGOA) represents a unilateral trade preference between the United States and eligible countries in sub-Saharan Africa. This trade pact, framed under the Generalized System of Preferences of the WTO extends duty-free and quota-free market access to qualified countries. This study seeks to examine the effects of the trade pact on US-Ghana trade. Specifically, it seeks to analyse significant trends in Ghana's exports to the United States after the enactment of the AGOA Act in 2000. Using primary data obtained through surveys from relevant Ghana government agencies and secondary data from trade organisations including the AGOA website, US Trade department etc. the study analysed and described the effects of the AGOA trade agreement. Results of the study indicated that inherent structural constraints facing Ghanaian exporters, together with limited productive capacities negatively affected the utility of the trade agreement. This limitation reduces significantly the ability of AGOA to influence and reduce poverty as well as positively contribute to growth. The study further noted that uncertainties surrounding expiration of some sections of the agreement hampers long term planning and investments by stakeholders. The writer recommends an aggressive push towards improving exporter capacities, through stakeholder engagement to address challenges inhibiting effective utilization of AGOA trade preferences. This should include investment in productive capacities in order to expand product lines to benefit from existing preferences. Progressive attempts must also focus on sensitizing exporters on US trade rules as well as international trade practices.

DEDICATION

To Mr. and Mrs. William Adagblenya, for all the love and encouragement.

ACKNOWLEDGEMENT

My greatest thanks to God for the opportunity to study at the KDI School. My deepest appreciation goes to my supervisor Professor Chrysostomos Tabakis for his meticulous comments and guidance during the conduct of this study.

Special thanks goes to Professors Lee Jun Soo, Han Baran and Jungwoo Park for their encouraging words at the KDI School. And to all staff and students who made my stay at the KDI School memorable, I say thank you.

And to Kofi Gbedoah, I say thank you for your friendship, advice and useful comments during my stay at the KDI School.

TABLE OF CONTENTS

LIST OF TABLES	vi
LIST OF FIGURES	vi
LIST OF ABBREVIATIONS	vii
CHAPTER ONE	1
INTRODUCTION	1
1.0 Background of the Study	1
1.1 Research Questions	3
1.2 Scope of the Study	4
1.3 Significance of the Study	4
1.4 Organization of the Study	4
CHAPTER TWO	6
CONCEPTUAL FRAMEWORK AND LITERATURE REVIEW	6
2.0. Introduction	6
2.1 Conceptual Framework of PTAs	6
2.2. What is a GSP?	8
2.3. History of AGOA	8
2.4. Effects of AGOA	10
2.5. Composition of Ghana’s Exports to the US under the AGOA Pact	14
2.6. Challenges of Ghanaian Exporters under the AGOA Trade Pact	14
2.7 Effects of AGOA Trade Pact on Poverty Reduction	16
CHAPTER THREE	19
METHODOLOGY	19
3.0 Introduction	19
3.1 Research Design	19
3.2 Population of the study	20
3.3 Sample and Sampling procedure	20
3.4 Instrument for Data Collection	20
3.5 Sources of Data	21
3.6 Data Handling	21
DATA ANALYSIS AND DISCUSSION OF FINDINGS	22
4.0 Introduction	22

4.1	Demographic Data Analysis	22
4.1.1	Respondents' Gender.....	22
4.1.2	Respondents' Age Group.....	23
4.1.3	Respondents' Level of Education	24
4.1.4	Respondents' Institutions	25
4.1.5	Categories of Respondents Status.....	26
4.1.6	Number of the years served.....	26
4.2	Challenges of Ghanaian Exporters under the AGOA Trade Pact	27
4.2.1	Respondents' view on Exporters Challenges under the AGOA Trade Pact.....	27
4.2.2	The Main Challenges of Ghanaian Exporters under the AGOA Trade Pact.....	28
4.3	The Effect of AGOA on Poverty Reduction in Ghana	30
4.3.1	Respondents' view on the Effects of AGOA on Poverty Reduction	30
4.3.2	Positive Effects of AGOA on Poverty Reduction	30
4.3.3	Negative Effects of AGOA on Poverty Reduction.....	32
4.4	Ways Ghana can exploit the Opportunities of the AGOA Trade Pact	34
4.4.1	Respondents Views on Ways Ghana can fully Exploit Opportunities of AGOA	34
4.4.2	The Specific Ways Ghana can fully Exploit the Opportunities of AGOA	34
CHAPTER FIVE		37
SUMMARY, CONCLUSION AND RECOMMENDATIONS		37
5.0	Introduction	37
5.1	Summary	37
A	Challenges Ghanaian Exporters faced under the Trade Pact.....	37
B	The Effect of AGOA on Poverty Reduction in Ghana.....	38
C	Ways Ghana can fully exploit the Opportunities Presented by AGOA and Means to improve its Market Access	38
5.2	Conclusions	39
5.3	Recommendations of the study	40
REFERENCES		42
APPENDIX A		47
APPENDIX B		50

LIST OF TABLES

Table 1: United States Eligibility Criteria for AGOA	9
Table 2: Respondents' Age Group.....	24
Table 3: The Institutions Respondents' belong to.....	25
Table 4: The Challenges Ghanaian Exporters faced under the Trade Pact.....	29
Table 5: Positive Effects of AGOA on Poverty Reduction	31
Table 6: Negative Effects of AGOA on Poverty Reduction.....	33
Table 7: The Specific Ways Ghana can Fully Exploit the Opportunities of AGOA.....	35

LIST OF FIGURES

Figure 1: Aggregate Two- Way Goods Trade between AGOA Countries and the US (Showing SSA Trade Balance)	18
Figure 2: Respondents' Gender	23
Figure 3: Respondents' Level of Education	25
Figure 4: Respondents' Status in the Ministry/Authority/Association	26
Figure 5: Respondents' Length of Service	27
Figure 6: Respondents' view on Exporters Challenges under the AGOA Trade Pact	28
Figure 7: Respondents' view on the Effects of AGOA on Poverty Reduction	30
Figure 8: Respondents Views on how Ghana can fully exploit the Opportunities of AGOA	34

LIST OF ABBREVIATIONS

AGEs	ASSOCIATION OF GHANA EXPORTERS
AGOA	AFRICAN GROWTH AND OPPORTUNITY
CBI	CARIBEAN BASIN INITIATIVE
EDIF	EXPORT DEVELOPMENT AND DEVELOPMENT FUND
FDI	FOREIGN DIRECT INVESTMENT
FTA	FREE TRADE AGREEMENT
GATT	GENERAL AGREEMENT ON TARIFFS AND TRADE
GDP	GROSS DOMESTIC PRODUCT
GEPA	GHANA EXPORT PROMOTION AUTHORITY
GSP	GENERALIZED SYSTEM OF PREFERENCES
LDCs	LEAST DEVELOPED COUNTRIES
MTI	MINISTRY OF TRADE AND INDUSTRY
OECD	ORGANISATION FOR ECONOMIC CO-OPERATION AND DEVELOPMENT
PTA	PREFERENTIAL TRADE AGREEMENT
RTA	REGIONAL TRADE AGREEMENT
SSA	SUB-SAHARAN AFRICA
WTO	WORLD TRADE ORGANIZATION

CHAPTER ONE

INTRODUCTION

1.0 Background of the Study

Notwithstanding the challenges of globalization, increasing number of studies have indicated that countries that attained growth have largely pursued economic integration through trade (Rubin & Weisberg, 2003; Niroomanch & Nissan, 1997). Thus, international trade has emerged as a pathway, not only for participation in the global economy, but also for growth and development. This is particularly necessary for Sub-Saharan African (SSA) countries that are dependent on primary commodity exports to finance growth.

Historically, Africa's share of global trade has remained marginal, with the United States (US) being one of the largest single country market for its products. With this background, the African Growth and Opportunity Act (AGOA) of 18th May 2000 sought to complement existing Generalized System of Preferences (GSP) and foreign aid, by boosting trade between eligible SSA countries and the US, while deepening the integration of SSA in global trade.

Designed under the GSP of General Agreement on Tariffs and Trade (GATT) / World Trade Organization (WTO), the trade agreement offers eligible SSA countries duty-free and quota-free access to the United States market. It further sought to encourage trade reforms especially the adoption of free market economy practices, while serving US foreign policy objectives.

Whereas trade between the two parties (SSA and US) has hitherto been dominated by a few SSA countries i.e. South Africa, Angola, Nigeria and Gabon, which together account for over 83% of US imports from the region (platinum, crude oil, diamonds and other minerals) and 63%

exports- aircraft, chemicals, equipment and machinery (USTR, 2004); AGOA preferences extends to over 1800 new product lines to boost SSA trade in new areas. Thus, the addition of this new product lines to the standard US GSP of 4000 product lines makes AGOA preferences influential in trade between the two parties.¹

However, the United States Federal Register (2000) outlines considerable eligibility requirements including combatting corruption, providing access to US investment and trade, respect for labour rights, political pluralism and protection of US intellectual property rights amongst others. As of January 2017, 38 SSA countries are benefitting from AGOA trade preferences. It is noteworthy that the product list and the AGOA Act has seen considerable amendments since it was first signed i.e. extension of expiry dates of some benefits or qualification of new product lines i.e. AGOA II- August 2002 (Seyoum, 2000).

As a central agreement to development cooperation, AGOA has over the years been expected to improve trade relations between US and SSA. Studies including Romalis (2003), Williamson and D'Alessandro (1998) and Carrère (2004) argue that tariff removal on extensive number of product lines increased trade flow to the tune of 11%, with resultant trade earnings and the increased private capital inflows under the GSP holds long-term developmental effects. Mansfield et al. (2000) and Nogue & Staatz (2003) contend that policy initiatives of the Organisation for Economic Cooperation and Development (OECD) countries including the United States have often displayed mixed results. These arguments together with political instability, infrastructure and logistical challenges remain huge constraints militating against the utility of AGOA, and cited by its critics.

¹ Competitive needs limitations do not apply to AGOA hence countries competitive in product lines stand to gain substantial trade benefits.

Notwithstanding the diversity of literature on perceptions on AGOA and its impact, undue focus lies on the agriculture sector and multi- fibre agreement/ garment trade. This research focuses on Ghana, one of the earliest eligible countries (October 2000) and how the agreement affects trade between one of the smaller partners of US trade in SSA. It is the position of this writer that a single country review paints a clearer picture of the agreement in contrast to an aggregated review of all eligible countries. In doing so, the research aims to outline how a smaller trading country is affected in trade under the agreement.

Specifically, the research seeks to:

1. Examine the importance of AGOA in influencing Ghana's exports to the US
2. Assess challenges still faced by Ghanaian exporters under AGOA
3. Examine the importance of AGOA in poverty reduction and development
4. Recommend how the AGOA can be improved to promote Ghana- US trade relations

1.1 Research Questions

The following research questions guided the study.

1. How has the AGOA trade pact influenced Ghana's exports to the US?
2. What challenges do Ghanaian exporters to the US market still experience?
3. To what extent has AGOA influenced poverty reduction in Ghana?
4. How can AGOA be improved to enable Ghanaian exporters' better exploit its trade preferences?

1.2 Scope of the Study

This study examined Ghana- US trade post 2000 i.e. under the AGOA Act. The work primarily focused on perceptions of the agreement and its effects on Ghanaian exporters to the US market. Emphasis was placed on stakeholders from Ghana's Ministry of Trade and Industry (MTI), the Ghana Export Promotion Authority (GEPA) and the Association of Ghanaian Exporters (AGEs) as trade representatives in Ghana- US trade. Management of trade in Ghana is also under the purview of these stakeholders, influencing their selection as point of contact for this research.

1.3 Significance of the Study

This paper outlines trade agreement as an instrument of development cooperation by providing empirical evidence of the effects of such policy principles on principal- agent trade relationship. A work of its nature becomes reference material for trade policy students as well as other stakeholders in the area of trade and industry. It can further be useful as a policy document to help other eligible AGOA SSA countries improve their trading relations under the agreement, while also serving as a policy document for future studies on AGOA.

1.4 Organization of the Study

The study has been organized into five main chapters. Chapter one covers the introduction; which includes the background, problem statement, objectives of the study, research questions, scope of the study, significance of the study and organization of the study. Chapter two contains the conceptual framework and the literature review. Chapter three covers the methodology.

Chapter four covers the data analysis, and discussion of results, while chapter five contains the summary, conclusion and recommendations of the study.

CHAPTER TWO

CONCEPTUAL FRAMEWORK AND LITERATURE REVIEW

2.0. Introduction

This chapter examines the literature review and conceptual framework pertaining to the topic under discussion. This gives the reader a fair knowledge on the concept of Preferential Trade Agreements (PTAs) as well as highlights previous works done on the topic.

2.1 Conceptual Framework of PTAs

PTAs are trade approaches designed to give favourable treatment to member countries. PTAs is an agreement between countries in which tariff levels and other trade barriers on goods are lowered, in comparison to goods from non-member countries. Trade literature highlights a number of differences in regional and bilateral integration. Regional Trade Agreement (RTAs) collectively refer to four types of PTAs.

1. Free Trade Agreements (FTA) – where member countries or customs territories agree to lower or eliminate tariffs and other trade restrictions on trade from members. Each member, however, maintains its individual unique trade restrictions towards third parties.

2. Customs Union – where in addition to the elimination of trade barriers, members establish a new common external tariff and other trade policies towards non-members i.e. Customs unions harmonize their external trade policy towards non-members.

3. Common Market – members in addition to having a customs union remove barriers on movement of capital and labour across a national boundary.

4. Economic Union – This involves an integration of economies by adopting a common macroeconomic policy. Other institutions are established to aid the integration of these economies and it may also involve the adoption of a common currency.

In addition to the above are non-reciprocal PTAs granted by developed countries to developing states. These non-reciprocal PTAs are often in the form of a GSP, such as AGOA, the Caribbean Basin Initiative (CBI) etc.

Motivations in the establishment of PTAs often transcend the economic gains from trade to include some political considerations. A World Trade Organization (WTO 1999) study found that rationales including security, lock-in of reforms, lobby pressures, bargaining powers enhancement are often at the centre of negotiating PTA's. Economic motivations including competition, trade creation etc. amongst others still influence the creation of a trade agreement.

Pangestu and Scollay (2001) also argue on the need for market access, slow progress of multilateralism, lack of capacity of existing cooperation agreement etc. as motivating the shift towards bilateralism and regionalism. From a small country perspective, enhanced capacity to negotiate, increased Foreign Direct Investments (FDIs), market access granted etc. influence the drive to negotiate mega FTAs that span across continents.

Urata (2002) however cautions states which negotiate PTAs. He reiterates the need to consider both external factors i.e. export opportunities in removing barriers as well as internal factors i.e. efficiency from increased competition, regulatory reforms etc. in negotiating FTAs. The concept discussed above is used in this study to explain the types of PTAs as well as the reasons why countries sign such agreements.

2.2. What is a GSP?

A GSP is a unilateral trade preference granted by developed countries to Least Developed Countries (LDCs) and developing countries, which aims to integrate such eligible countries into the world economy, and also stimulate economic growth in developing countries. However, GSPs are often subject to terms and conditions including labor rights and other eligibility criteria.² PTAs such as AGOA have extended coverage of GSPs for SSA countries, providing duty-free and quota-free access to United States market for more products beyond the existing GSP product list (Condon, N., & Stern, M., 2011).

Unilateral PTAs such as AGOA, which are granted to developing countries, can be argued as beneficial for countries, owing to the opportunities provided by such agreements. Developing country products constantly face stiff competition in developed country markets and sometimes are unable to access those markets due to high tariffs that developing countries are required to pay. Thus, PTAs present an easy access to developed country markets for developing country products. This access to United States market enables SSA qualified countries to promote exports in order to boost their economies (Páez et. al, 2010).

2.3. History of AGOA

AGOA is a trade pact between the United States and eligible SSA states. This agreement was passed by the United States congress on May 18, 2000. The trade pact extends duty-free and quota-free access to eligible (specified) products from African countries into the United States

² Labour Rights that form part of United States' GSP eligibility include: protection of internationally recognized worker rights, including the right of association, the right to organise and bargain collectively, a prohibition on the use of any form of forced or compulsory labour, a minimum age for the employment of children, and acceptable conditions of work with respect to minimum wages, hours of work, and occupational safety and health. For more information, see: Langford, M. (2013).

market. The pact is unilateral i.e. it covers only exports from SSA qualified countries to the United States market. Specific access covers over 4,600 trade items. Thus items including smoked Fish, Frozen Shrimps, and Canned Tuna among others are exported by Ghana into the United States market without paying duties (Noble, 2006).

Noble (2006) argues that the proliferation of PTAs has contributed to the growing interest in its impact on trade, especially in countries that signed such agreements. Thus, there have been extensive studies on the subject with scholars holding differing perceptions on how these PTAs affect trade in countries.

Table 1: United States Eligibility Criteria for AGOA

AGOA Eligibility (Section 4 of AGOA Act)
1. Eligible country must be in Sub-Saharan Africa (thus not open to all eligible developing countries)
2. The Sub-Saharan African country must <ul style="list-style-type: none"> a. Be established or be in the process of establishing <ul style="list-style-type: none"> i. Market based economy with the protection of private property rights ii. Under rule of law – i.e. Political plurality, due process, equal protection under the law iii. The country must further eliminate barriers to the United States trade and investment through provision of national treatment, protection of intellectual property rights and resolution of bilateral trade and investment disputes. iv. The country must further attempt to combat corruption, as well as protect worker rights.
3. Eligibility also requires countries not to pursue activities that undermine the United States foreign policy and security interest
4. The country must finally not engage in gross violations of internationally recognized rights and cooperates in efforts to recognize these rights.

NB. The United States president can terminate an eligible country if he/she deem the country as not working towards the above criteria.

AGOA Eligible countries

Angola, Botswana, *Burundi, Cape Verde, Comoros, *Democratic Republic of Congo, Ethiopia, *Gambia, Guinea, Ivory Coast, Lesotho, Madagascar, Mali, Mauritius, Namibia, Nigeria, Sao Tome, *Seychelles, South Africa, *Swaziland, Togo, Zambia, Benin, Burkina Faso, Cameroon, Chad, Congo, Djibouti, Gabon, Ghana, Guinea Bissau, Kenya, Liberia, Malawi, Mauritania, Mozambique, Niger, Rwanda, Senegal, Sierra Leone, *South Sudan, Tanzania, Uganda.

NB: Countries marked * have their eligibility statuses either Removed or Suspended.

Source: AGOA Country Eligibility. Retrieved from the AGOA website: <https://agoa.info/about-agoa/country-eligibility.html>

2.4. Effects of AGOA

Whereas some scholars including Bhagwati (2003) argue that preferential trade agreements are an affront to multilateralism and its proliferation results in the ‘spaghetti bowl’ effect, other scholars including Chomo (2002) assert that developing countries have much to gain from signing such agreements. Chomo (2002) argued that benefits such as access to larger markets for developing countries’ goods, as well as increased productivity and competitiveness of domestic firms, which can be all gained through signing PTAs, can lead to economic development. PTAs may be a limitation on multilateralism, but developing countries need such agreements in order to boost their exports sectors, since their products are mostly unable to withstand the competition posed by other products in developed country markets.

According to Noble (2006), PTAs sometimes have a negative effect on import-sensitive areas of countries, thus representing a challenge to beneficiary countries. However, this challenge is mostly associated with reciprocal trade agreements that often require underdeveloped markets

of the LDCs to compete with established markets of the developed country trade partner. Such effects are less associated with non-reciprocal GSPs since these import sensitive areas are mostly cut out during the negotiation process, limiting the effects that it may have had on such sectors of partner countries.

Noble (2006) also noted that preferences granted under AGOA has enabled the United States to become the single largest export market for Africa. This highlights the ability of the trade pact to influence trade patterns between signatory countries and the United States. Noble (2006) presented a 50% increase in trade between the partners and this result shows how exports volumes have been positively influenced by the AGOA trade deal in some beneficiary countries. However, his study is limited in applicability to individual countries, since the major focus is on trade patterns between all beneficiary countries, thus raising the need for further studies.

According to Noble (2006), the AGOA trade pact has positively influenced trade in SSA by increasing trade and investment. Therefore, it is in the interest of SSA countries to sign such agreements, which will enable them to promote exports and leverage growth. Contrary to expectations, Zappile (2011) in her analysis of AGOA using the gravity model argued that the trade pact had a less than significant effect on trade. The writer argues that this insignificant effect on trade may partly be due to the fact that most of the AGOA eligible countries do not fully exploit the market access granted to them, and also due to challenges such as the exclusion of some products as well as supply side constraints. SSA countries are confronted with physical and infrastructural deficits and are therefore unable to fully exploit the opportunities presented by the AGOA trade pact.

Zappile (2011) further argues that trade preferences such as AGOA are not beneficial to eligible countries, unless the issue of underutilization of the preference is addressed; only then can it lead to increases in trade, as intended by such agreements. In her assessment of AGOA beneficiary countries as a group of exporters to the United States markets, Zappile (2011) contends that although trade under AGOA has surpassed the initial GSP provided by the United States, limitations within the AGOA framework prevents SSA countries from realising the objectives of the Special and Deferential treatments AGOA was intended to provide. These limitations she highlighted included restrictive rules of origin on textile products, and unclear expiration of some preferences, which limit investments and negatively affect the trade agreement.

In addition, Tadesse, Fayissa, & McColley (2008) contend that AGOA presents a great opportunity for SSA exports to the United States market. The writers used Harmonized System [HS-2] level AGOA exports to the United States [1991-2006] while controlling for key determinants of trade flow, to investigate if changes in the volume of SSA countries' exports to the United States were a result of the AGOA implementation. The writers employed the gravity model in the analysis of the trade data between SSA and the United States.

According to Tadesse, Fayissa, & McColley (2008), statistically significant Chi-square values from data analysis indicated that the estimated model fits the data very well. They argued that the farther the distance between the United States and SSA countries, the lower the imports in the United States from these countries, thus reflecting the negative effect of transportation costs on AGOA trade. Also, an increase in GDP and populations of the AGOA countries matched greater imports by the United States in several of the products listed under the agreement. However, export levels by SSA countries did not seem to be affected by changes in the United States income or population levels.

Also, Tadesse, Fayissa, & McColley (2008) observed that United States' imports from landlocked SSA countries are lower than those of countries that have access to a seaport. The authors asserted that AGOA has a statistically significant impact on exports of SSA countries. Their research however failed to highlight whether similar performances were recorded in the few non- AGOA countries such as Zimbabwe, Sudan, and Central African Republic etc. amongst others. Tadesse, Fayissa, & McColley (2008) further recommended that in order to enjoy the full benefits, SSA eligible countries need to make policies that would facilitate exportation to the United States. These include improving transport and communication as well as infrastructure for exporters to enjoy comparative advantages.

In a similar study, Seyoum (2007) argued on the existence of a significant difference between AGOA countries' exports before and after the implementation of AGOA. The result of this study indicated an increase in the exports of textiles and apparel for all countries that were studied. However, exports of mineral products, which accounted for over 75% of United States' imports were reported as not having a significant change. The author contends that because these products were not subject to significant tariff (or no tariff) before the trade deal came into effect, the AGOA trade deal did not extend any significant margin of preference to induce trade in these sectors. Other variables such as Gross Domestic Product and population also had recorded impacts on exports of minerals. Although there has been an increase in exports for products such as textiles and apparel under AGOA, Seyoum (2007) contends that these increases when examined in terms of overall exports is insignificant. This may be due to the trade deal not affecting trade in energy and mineral resources which accounts for over 70% of SSA exports.

2.5. Composition of Ghana's Exports to the US under the AGOA Pact

The study of Opoku (2015) noted that around 56 percent of Ghana's United States bound exports entered duty free because of the zero MFN tariffs in 2013. In addition to this, 31 percent of the country's exports to the US under AGOA were qualified for preferential duty free access. Commodities comprising, petroleum oils, petroleum naphtha, and low-octane blended stocks, qualifies as AGOA products. These products accounted for 95 percent of all AGOA qualifying exports between 2003 and 2013 or just over US\$1 billion in total (Opoku, 2015).

Textile products accounted for most of the remainder of AGOA qualifying exports between 2003 and 2013, and were valued at US\$23 million over this period. The leading non-petroleum product category exported under AGOA was textiles. Between 2003 and 2013 Ghana traded very small values of AGOA qualifying vegetable products, foodstuffs, and wood products. Within the same period of time the exports of these products amounted to only US\$2.4 million (Opoku, 2015).

2.6. Challenges of Ghanaian Exporters under the AGOA Trade Pact

Nonetheless, the attainments of AGOA have more or less been below anticipations, and there is a consensus that AGOA's potential has not been totally taken advantage of (Osei-Assibey, 2015). Many countries as a matter of fact have not utilized the benefits of AGOA to any meaningful extent. Besides, the job creation impact of AGOA could not be well achieved due to lack of value addition. With the apparel exports of Africa, several of the inputs originate from other countries with Africa's value added ranging only from 10 to 20 percent. In recent years, SSA's portion of the US market's non-oil imports has actually declined. Regardless of the extensive range of products and commodities subject to preferential treatment, Africa's trade with

the US remained small in relation to total US imports. The most obvious weakness of AGOA is that it has not stimulated US investments in Africa. Unlike other countries like China, Brazil and India that have accelerated their investment in Africa, the US's investment in Africa has been largely stagnant. The relative US commercial presence in Africa has shrunk in recent years, regardless of the achievements of AGOA.

It has been established through figures from Ghana's trade ministry that Ghana has not taken advantage of the opportunities created by AGOA. Ghana's exports to the US as compared to peer-countries under the AGOA initiatives has seen only a marginal growth. Ghana's exports to the United States in the year 2012 amounted to US\$ 245 million under AGOA, whereas same period for Côte d'Ivoire's exports for similar period was US\$995 million. In the same period, Kenya with the same economy size of Ghana's exports amounted to US\$355 million (Osei-Assibey, 2015). As explained by the Federation of Association of Ghanaian Exporters (FAGE), Ghana's poor performance in comparison to peer countries under the AGOA Act has been due to productive capacity and other structural challenges that militate against its performance (Osei-Assibey, 2015).

According to Asante, Bawakyillenuo & Ahiadeke (2011) Ghana has no clear-cut AGOA implementation policy to take advantage of the benefits enshrined in the act for national development. Nonetheless, implementation has been carried out in an ad hoc manner, with no reference to national development targets. The temporary government arrangements that were constituted at the establishment of AGOA has been due to the absence of a national strategic plan (Asante et al., 2011).

The inability to finance investments for industrial production is another constraining effect on Ghana in relation to AGOA (Asante et al., 2011; Kimenyi, 2011). Though a fund has been

instituted by government to finance the development and promotion of exports in Ghana, its efficiency has been limited. The Ghana Export Development and Investment Fund (EDIF) is a fund that has been extensively publicized as part of the national AGOA sensitization process. But the difficulty is that exporters who applied for this fund were in most cases subjected to strategic administrative delay schemes to the extent where these applicants just gave up in despair (Asante et al., 2011; Kimenyi, 2011).

The provisional nature of AGOA has also been alluded to as hindering many firms and exporters from taking the risk to borrow non-EDIF loans because many do not think that it is possible to both pay back loans and recoup their initial investment within the time frame of AGOA (Asante et al., 2011).

2.7 Effects of AGOA Trade Pact on Poverty Reduction

AGOA remains the most significant piece of legislation defining the commercial relationship between the US and SSA. There is no qualm that during the past years, AGOA has left a clear imprint on the African continent. Even though the achievements have not been even, some countries and sectors have benefitted greatly from the tariff preferences of AGOA (Kimenyi, 2011). Due to the outcome of these preferences, for instance, South Africa's share of manufactured and agricultural exports to the US has increased considerably.

One more remarkable achievement has been the export of apparel of countries like Kenya, Lesotho, Madagascar and Swaziland recording significant gains, particularly for the period of 2000 – 2005. Nevertheless, after the running out of the Multi Fibre Arrangement, apparel exports from Africa dropped considerably as other more competitive countries edged out African exporters in the American market. Nevertheless, the expansion of African exports to the US due to AGOA

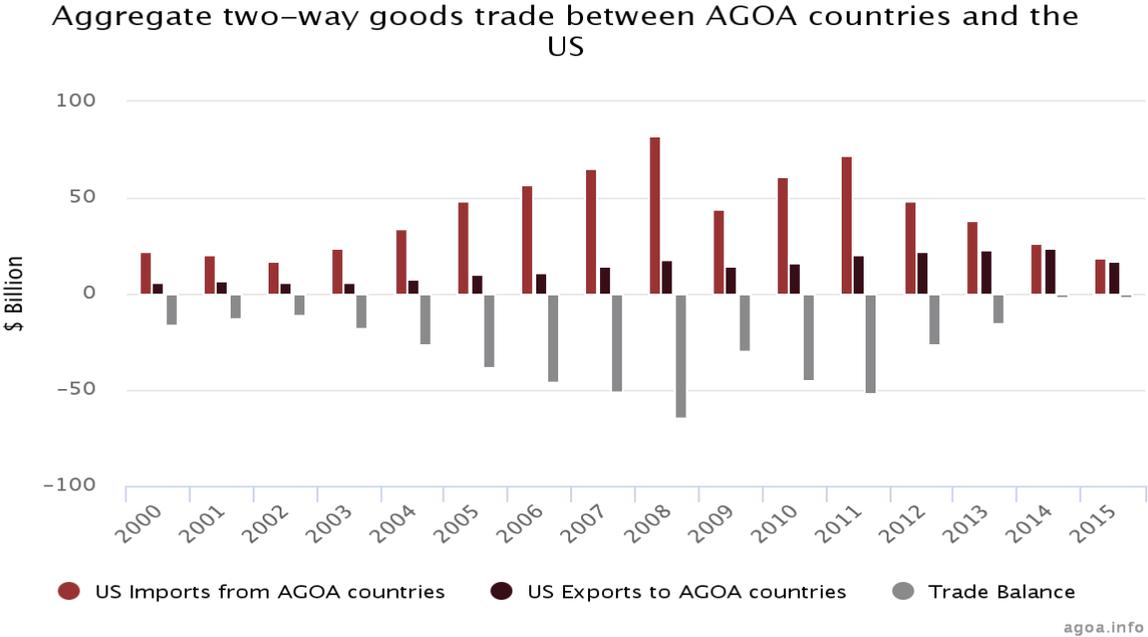
preferences has contributed to employment creation, poverty reduction and economic growth (Kimenyi, 2011).

It is important to establish that majority of AGOA related exports are in the form of energy (i.e. oil and gas) and minerals. By value, these commodities were made up of more than 95 percent of the total trade. Hitherto, it is an accepted fact that these commodities would have attracted customers even without AGOA. The real impact of AGOA was felt by the larger number of countries through the exports of textiles, apparel, leather, leather products and agriculture products (Kimenyi, 2011).

It is also important to establish that the SSA export trades remain to encompass primary products and semi-finished products with inadequate value addition. This is a clear indication that the SSA economies were not successfully transformed by AGOA. This inadequate value addition also suggests that the access to duty-free and quota-free trade had only a limited multiplier effect on poverty reduction and job creation (Asante et al., 2011; Kimenyi, 2011).

These policy works represent a cross section of scholarly opinion on the importance and effects of AGOA on signatory countries. However, a careful examination of the trend reveals that the major focus of previous research is a summation of effects on all SSA countries. This creates an underrepresentation of individual country (e.g. Ghana) effects, which is the focus of this research. Below is a graph (Figure 1) showing export and import trends between the United States and AGOA countries.

Figure 1: Aggregate Two- Way Goods Trade between AGOA Countries and the US (Showing SSA Trade Balance)



Source: AGOA Data Centre. Retrieved from <https://agoa.info/data.html>

CHAPTER THREE

METHODOLOGY

3.0 Introduction

This chapter presents the methodology used for the study. It discusses the research design, study population, sample size and sampling procedure, reliability and validity of the study, sources of data, data collection and data analysis.

Undertaking a study requires the selection of a predefined methodology that best answers the research problem and questions. In the assertions of Nachiamas & Frankfort- Nachiamas (1996) research methodologies are perceived as explicit rules and procedures that guide the conduct of a research. Thus the conduct of any research must take into consideration of the scientific principles that governs the process.

3.1 Research Design

The quality of an academic research to a large extent is linked to the design. A survey approach was utilized in the conduct of this research. This approach hinges on a quantitative analysis, through which primary data is collected through telephone interviews, face-to-face and analysed using statistical techniques.

The survey method was used in order to establish or discover the views of Ghanaian stakeholders' in the trade industry towards the outcome of AGOA; this method further affords the advantage of being relatively inexpensive method to gather perceptions and attitudes of the targeted sample on the topic under study (Michel and Jolley 2007). This information can further be collected within a relatively short period of time. It again afforded the researcher the advantage

of gaining insight into the larger population on the perceptions of Ghanaian exporters towards AGOA.

3.2 Population of the study

The target population in the conduct of this research was predefined to include management staff together with senior and middle level officers of the MTI, GEPA, and the AGEs responsible for trade related administration under the AGOA/ Ghana- US trade. These institutions all reside in Accra- Ghana.

3.3 Sample and Sampling procedure

In this study, random sampling method was used with the intention to select ten (10) respondents each from the MTI; and GEPA, and twenty (20) respondents from the AGEs to the US Market to obtain the required sample size of forty (40) respondents. But during the actual data collection, only thirty (30) respondents answered the survey questions, with seven (7) from the MTI, nine (9) from GEPA, and fourteen (14) from the AGEs to the US Market. Random sampling was chosen because each element of the target population has equal chance of being chosen, hence a more accurate population representation. The ability of this method to easily estimate sampling errors is an added advantage of the technique (Shaughnessy, Zechmeister & Zexhmeister, 2006)

3.4 Instrument for Data Collection

A questionnaire was developed and administered to respondents. Some items in the questionnaire were open and close-ended questions. This was used to elicit information from the targeted population. A two- sectioned semi- structured questionnaire was employed in the

collection of data, with the first section focused on demographic data etc. and the second section eliciting questions based on the research objectives.

3.5 Sources of Data

To obtain adequate information on the study, both primary and secondary data were collected. Most of the fieldwork involved questionnaire. The fieldwork also includes the analysis of documentary sources on AGOA. Documents on empirical materials were collected from previous research data, which can be found in the various data bases such as JSTOR, Project Muse, Emerald, BIOONE, AGORA, Online journals and others. This information was made available for the purpose of the research.

3.6 Data Handling

Statistical Package for Social Sciences was used to code sampled field data, and analysed using quantitative techniques. Frequency tables and graphs were employed to aid interpretations as well as give visual impressions as an added dimension. The benefits of this quantitative approach includes a high reliability of data, as well as deeper reach of information on perceptions of Ghana- US trade under AGOA.

CHAPTER FOUR

DATA ANALYSIS AND DISCUSSION OF FINDINGS

4.0 Introduction

This chapter of the study is basically dedicated to the data analysis, findings and discussion. The analysis of data includes how the information collected from the field and other sources were put together for easy comprehension. This comprises statistical analyses and tabulation of related responses. Find below analyses of field data.

4.1 Demographic Data Analysis

The demographic data of respondents analyzed in this study were gender, age, respondents' institution, staff categorization and respondents' number of years in service. Thirty (30) respondents participated in the survey out of the estimated sample size of 40 respondents representing 75% response rate. This suggests that 75% of the estimated number of the respondents answered the questionnaires.

4.1.1 Respondents' Gender

The Respondents' gender distribution established that out of the 30 respondents, 63.3% were male with 36.7% being female. The gender distribution ratio shows that a greater percentage of them were male as illustrated in *Figure 2*. The higher percentage of male dominance in this study could probably be due to the fact that the nature of Ghanaian traditional working environment encourages men rather than women to operate in the export sector. Generally, for the

purpose of this research, responses from both genders were given equal consideration as there is no distinct correlation between gender and perception of the subject of the study.

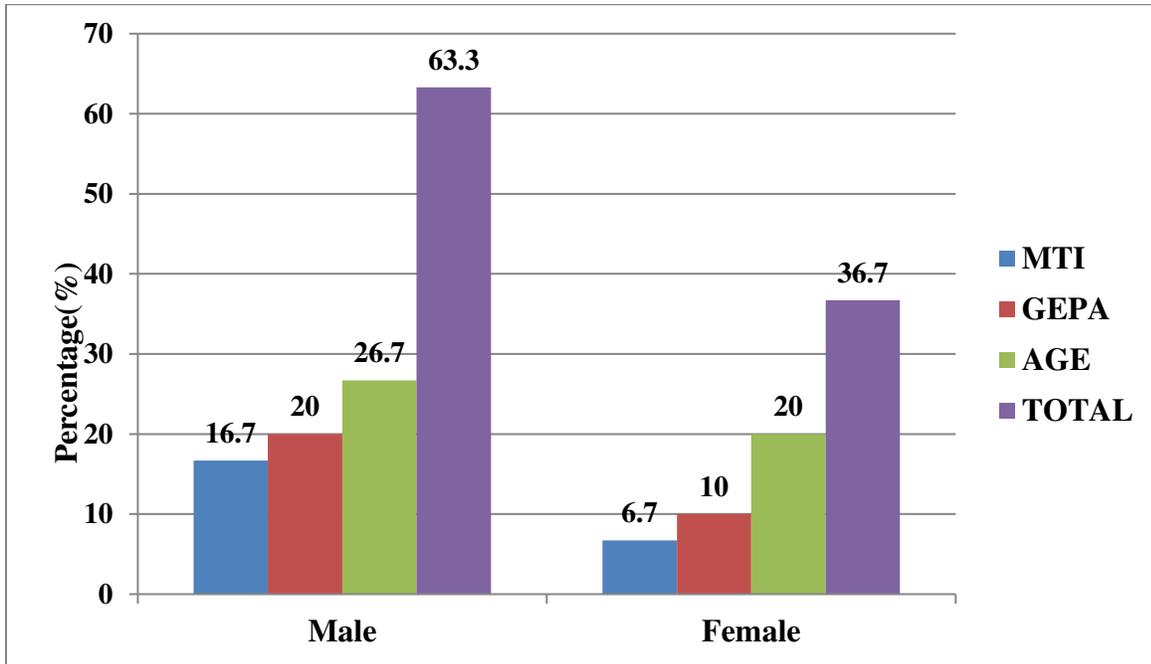


Figure 2: Respondents’ Gender

Source: Field data, 2016

4.1.2 Respondents’ Age Group

Table 2 shows the age distribution of respondents for which respondents were between the ages of 20 to 50 years and above. An assessment of these age groupings showed interesting variations. Majority of the respondents were within the age brackets of 30 – 39 years representing 36.7% of total respondents. Next, are those within the age brackets of 40 – 49 years representing 30% of total respondents, while 20% were those in the age group of 50 years and above, and the least age range are those within the ages of 20 – 29 years representing only 13.3% of the total respondents. It is obviously clear that majority of the respondents are within the economic active

age. With these ages, it is obvious that the work force can easily meet any target set for them by their employers.

Table 2: Respondents' Age Group

Age Group	Frequencies			Total	Percentages (%)			Total
	MTI	GEPA	AGE		MTI	GEPA	AGE	
20 – 29	1	1	2	4	3.3	3.3	6.7	13.3
30 – 39	3	4	4	11	10.0	13.3	13.3	36.7
40 – 49	2	2	5	9	6.7	6.7	16.7	30.0
50 and above	1	2	3	6	3.3	6.7	10.0	20.0
Total	7	9	14	30	23.3	30.0	46.7	100.0

Source: Field data, 2016

4.1.3 Respondents' Level of Education

It can be inferred from *Figure 3* that 36.7% of the respondents being the majority were Bachelor's degree holders with 23.3% being professionals and Master's degree holders respectively. It can also be deduced from the data that 16.7% of the respondents were High National Diploma holders. The analysis of the data is an indication of the fact that most members of staff had a considerable high level of education which suggests that they were educated enough to be abreast with the issues concerning the AGOA trade pact in Ghana.

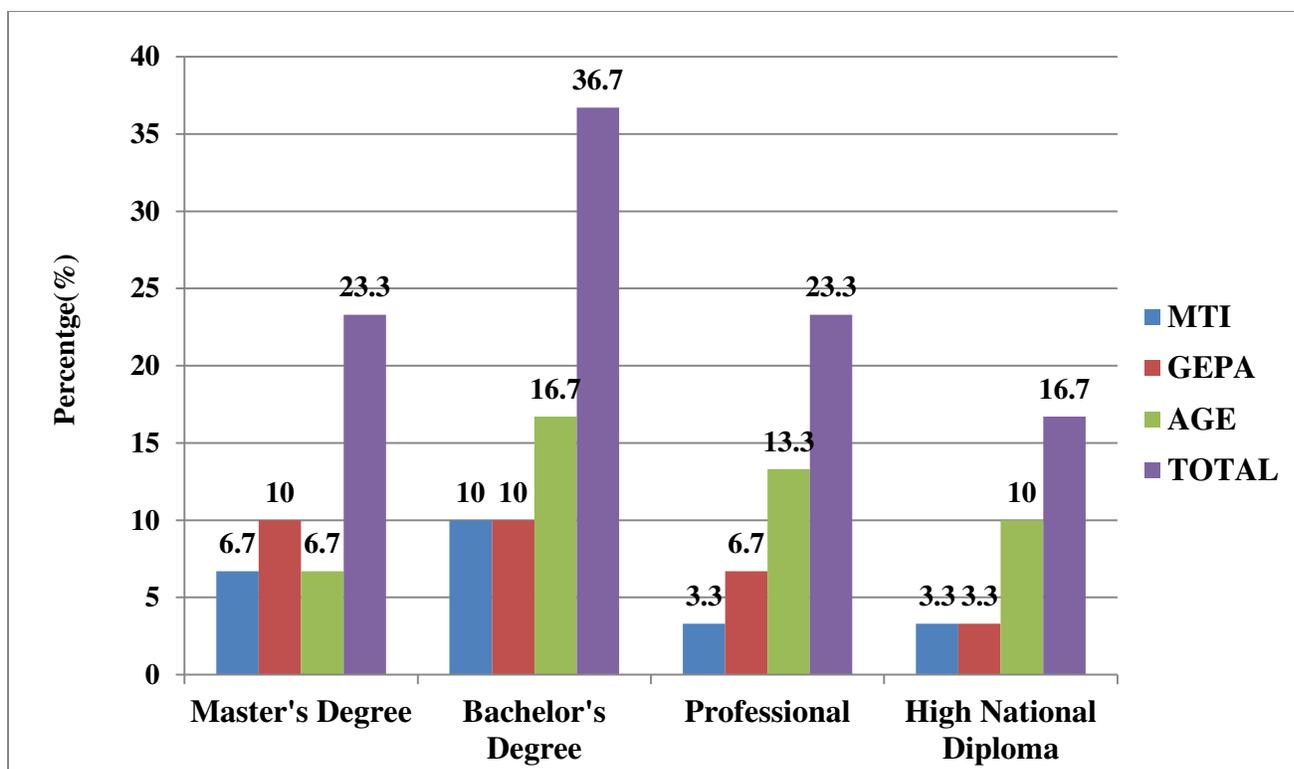


Figure 3: Respondents' Level of Education

Source: Field data, 2016

4.1.4 Respondents' Institutions

Data gathered on respondents' institutions revealed that most (46.7%) were selected from the AGEs exporting to the US market, while 30% were selected from the GEPA, with 23.3% being selected from the MTI as illustrated in *Table 3*.

Table 3: The Institutions Respondents' belong to

Respondents Institution	Frequencies	Percentages (%)
MTI	7	23.3
GEPA	9	30.0
AGEs	14	46.7
Total	30	100.0

Source: Field Data, 2016

4.1.5 Categories of Respondents Status

As seen in *Figure 4*, majority of 56.7% respondents were senior staff, while 26.7% were middle level staff with only 16.7% belonging to the management staff. This has made the information regarding the objectives of the study more reliable.

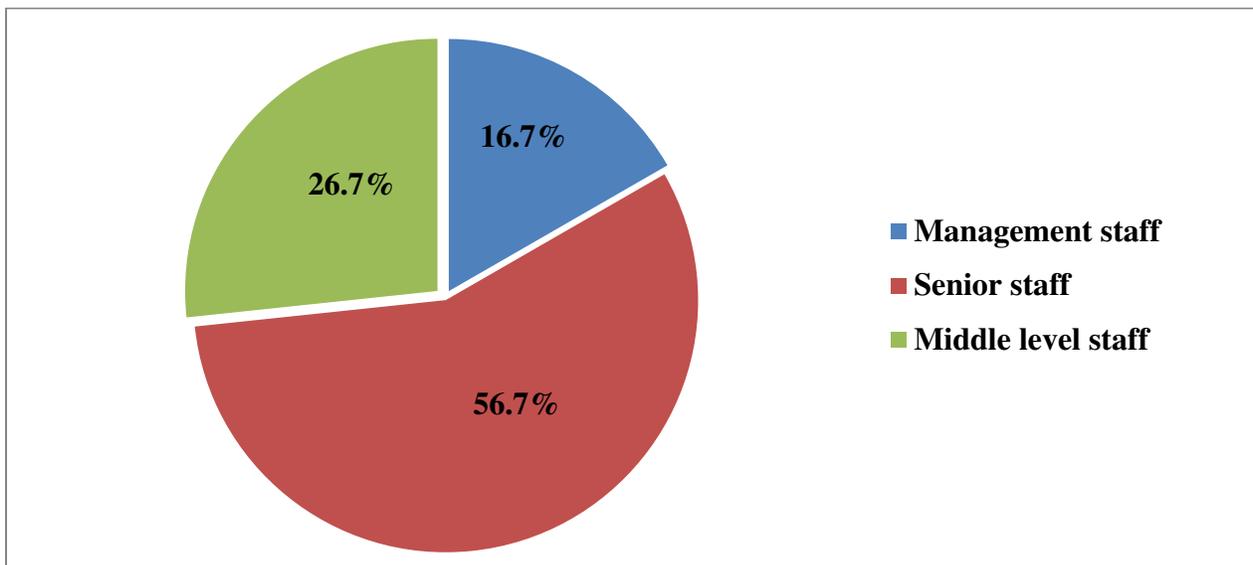


Figure 4: Respondents' Status in the Ministry/Authority/Association

Source: Field Data, 2016

4.1.6 Number of the years served

Regarding the outcome on number of years served, the data showed majority of respondents (36.7%) had served at their respective institutions from 5 – 10 years, while 33.3% worked with their institutions between 11 – 16 years. Others, 20% worked with their institutions for more than 16 years, while only 10% operated for less than 5 years as indicated in *Figure 5*.

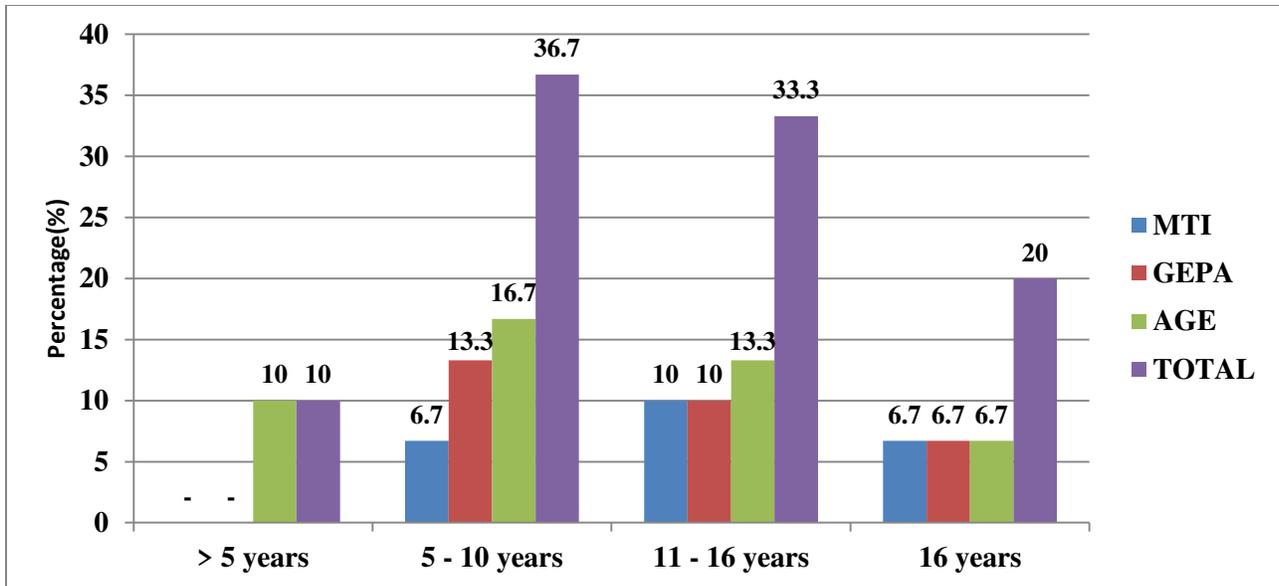


Figure 5: Respondents' Length of Service

Source: Field Data, 2016

4.2 Challenges of Ghanaian Exporters under the AGOA Trade Pact

4.2.1 Respondents' view on Exporters Challenges under the AGOA Trade Pact

As established in **Figure 6**, respondents were asked to state if Ghanaian exporters have any challenge under the AGOA trade pact. In response, majority of 93.3% respondents answered in the affirmative, 6.7% were not sure, while no negative response was given.

The current finding as revealed in **Section 4.2.1** and **Figure 6** are consistent with the findings of Osei-Assibey (2015), which indicated that the achievements of AGOA have been below expectations, and that AGOA's potential has not been fully exploited. Osei-Assibey (2015) emphasized that considerable number of beneficiary countries failed in taking full advantage of the preferences granted under AGOA to any significant degree. These findings are indeed an indication that export trade under the AGOA initiative in Ghana are with some challenges.

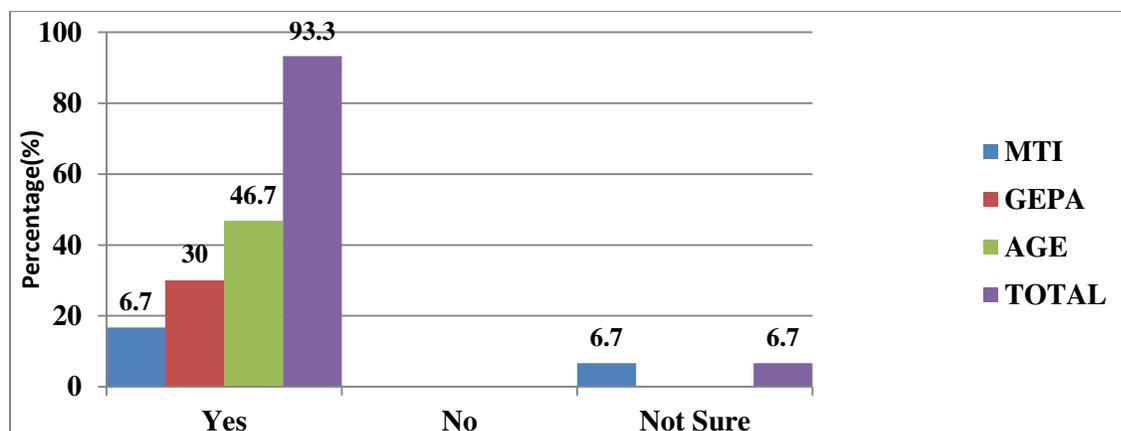


Figure 6: Respondents' view on Exporters Challenges under the AGOA Trade Pact

Source: Field Data, 2016

4.2.2 The Main Challenges of Ghanaian Exporters under the AGOA Trade Pact

To enquire further, respondents with the affirmative view were asked to state the challenges Ghanaian exporters faced under the trade pact. In response, 23.4% respondents indicated the lack of productive capacity, 17.2% noted the difficulties meeting technical standards in high value export markets, while 12.5% indicated poor infrastructure. Further indications revealed that 10.9% were of the view that Ghanaian exporters lacked access to finance under the trade pact, while 9.4% stated limited market access and market diversification. Also, 7.8% noted inefficient customs management, while another 7.8% of respondents' also indicated poor knowledge of markets, management and weak marketing channels. However, 6.3% stated trade facilitation bottlenecks, with only 4.7% pointed to the problem of excessive red tape as clearly illustrated in **Table 4**.

The current findings as established in **Section 4.2.2** and **Table 4** respectively are in line with the findings of Asante et al., (2011), which indicated that Ghana lacked a clear-cut AGOA implementation strategy to exploit the benefits presented in the act for national development. It is also evident in the findings of Kimenyi (2011) and Asante et al. (2011) that Ghana is unable to finance investments for industrial production in relation to AGOA.

Table 4: The Challenges Ghanaian Exporters faced under the Trade Pact

Respondents View	Frequency	Percentages (%)
Lack of productive capacity	15	23.4
Poor infrastructure	8	12.5
Inefficient customs management	5	7.8
Lack of access to finance	7	10.9
Trade facilitation bottlenecks	4	6.3
Limited market access and market diversification	6	9.4
Excessive red tape	3	4.7
Difficulties meeting technical standards in high value export markets	11	17.2
Poor knowledge of markets, management and weak marketing channels	5	7.8
Total	64	100.0

Source: Field Data, 2016

NB: Total frequency of responses equals to 64 (higher than sample size of 30). This is higher due to the fact that respondents provided multiple answers for this section.

4.3 The Effect of AGOA on Poverty Reduction in Ghana

4.3.1 Respondents' view on the Effects of AGOA on Poverty Reduction

In response to the question on the effects of AGOA on poverty reduction, majority(56.7%) of the respondents responded in the affirmative, 26.7% answered in the negative, while 16.7% gave the 'not really' response as illustrated in *Figure 7*.

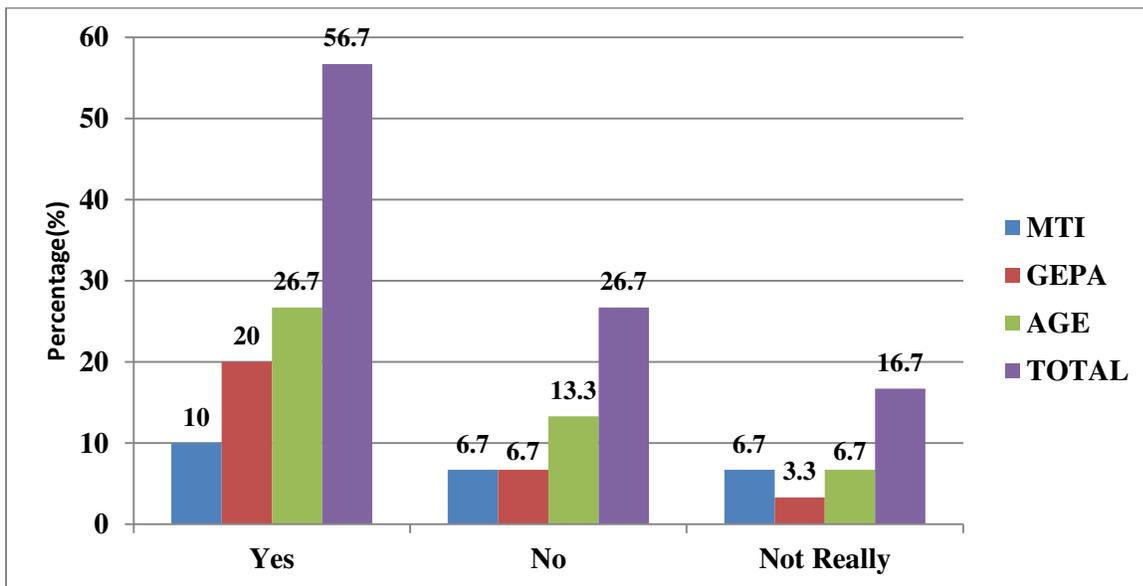


Figure 7: Respondents' view on the Effects of AGOA on Poverty Reduction

Source: Field Data, 2016

4.3.2 Positive Effects of AGOA on Poverty Reduction

Respondents with the affirmative view were asked to state the effects of AGOA on poverty reduction in Ghana. In response, 26.3% noted job creation, 21.1% were of the view that AGOA has provided the opportunity for exporters to export wide range of goods to the US with duty-free, 15.8% felt that AGOA has contributed to economic growth. Others, 10.5% respondents' each established that under AGOA, exporters were allowed to export with quota-free, and also under

the AGOA trade pact, there have been an expanded volume and scope of exports to the US. Another 10.5% respondents revealed that AGOA has contributed to the diversification of the economy, while 5.2% respondents pointed to the fact that AGOA has compelled government to improve the climate for business as indicated in *Table 5*.

The above findings are in line with the findings of Kimenyi (2011), which indicated that AGOA has impacted Ghana’s economy through increased trade volumes, job creation and capacity enhancement. The findings of Kimenyi (2011) are also not farfetched from the current findings. It indicates that AGOA has contributed to the level of diversification of the economy and active in compelling African governments to improve the climate for business. It is also evident in the findings that apparel exports from a small number of eligible AGOA countries has seen significant positive improvements, with related effects on poverty reduction (Condon and Stern, 2011) This can also be said to be consistent with the findings of the current study as noted in *Section 4.3.2 and Table 5* respectively.

Table 5: Positive Effects of AGOA on Poverty Reduction

Respondents View	Frequencies	Percentages (%)	Ranking of Score
AGOA has provided the opportunity for exporters to export wide range of goods to the US with duty-free.	4	21.1	2 nd
Under AGOA, exporters are allowed to export with quota-free.	2	10.5	4 th

There have been an expanded volume and scope of exports to the US under the AGOA trade pact.	2	10.5	4 th
It has created jobs.	5	26.3	1 st
It has contributed to economic growth.	3	15.8	3 rd
It has contributed to diversification.	2	10.5	4 th
It has compelled government to improve the climate for business.	1	5.2	7 th
Total	19	100.0	

Source: Field Data, 2016

4.3.3 Negative Effects of AGOA on Poverty Reduction

Nevertheless, 41.7% of the respondents with the negative response noted that AGOA has an in-built weakness that makes it unpredictable, while 33.3% were of the view that the so called access to duty-free and quota-free had only a limited multiplier effect on job creation and poverty reduction. Others (25%) felt that some of the AGOA’s provisions usually come close to expiring before they are extended as stated in *Table 6*.

In relation to the negative effects of AGOA on poverty reduction, the findings of Asante et al. (2011) and Kimenyi (2011) established that AGOA has not been very successful in transforming the SSA economies. They also emphasized that the access to duty-free and quota-free trade had only limited multiplier effect for job creation and poverty reduction. These findings are indeed consistent with the current findings as stated in *Table 6*.

It is again evident in the findings of Nogue and Staats (2003) that the AGOA's impact on exports from SSA to the United States especially in the area of Agriculture was not statistically significant. A recent study conducted by USITC (2011) showed that exports from the SSA to the US under the AGOA trade pact in the area of agriculture remain low. These findings are consistent with the current findings as stated in *Section 4.3.3* of this study.

Table 6: Negative Effects of AGOA on Poverty Reduction

Respondents View	Frequencies	Percentages (%)	Ranking of Score
Some of the AGOA's provisions usually come close to expiring before they are extended.	3	25.0	3 rd
AGOA has an in-built weakness that makes it unpredictable.	5	41.7	1 st
The so called access to duty-free and quota-free had only a limited multiplier effect on job creation and poverty reduction.	4	33.3	2 nd
Total	12	100.0	

Source: Field Data, 2016

NB: Total frequency of responses i.e. 19 + 12 equals to 31 (higher than sample size of 30). This is higher due to the fact that respondents provided multiple answers for this section.

4.4 Ways Ghana can exploit the Opportunities of the AGOA Trade Pact

4.4.1 Respondents Views on Ways Ghana can fully Exploit Opportunities of AGOA

Respondents were asked to indicate if there were ways that Ghana as a country can fully exploit the opportunities presented under the AGOA trade pact. In response, all the 30 respondents representing 100% responded in the affirmative as indicated in *Figure 8*.

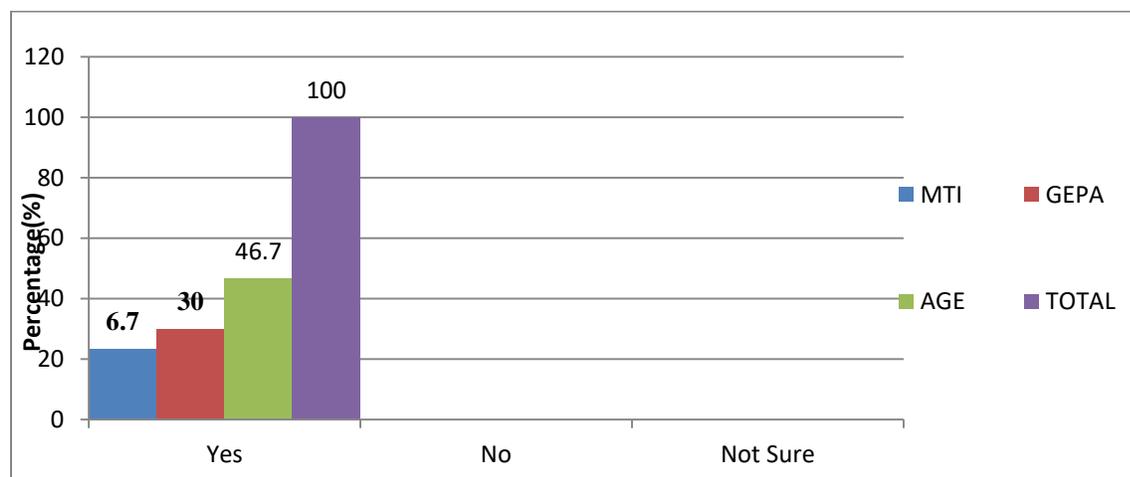


Figure 8: Respondents Views on how Ghana can fully exploit the Opportunities of AGOA

Source: Field Data, 2016

4.4.2 The Specific Ways Ghana can fully Exploit the Opportunities of AGOA

The response to the question on how Ghana can fully exploit the opportunities of AGOA trade pact and how it can improve its market access has been established in *Table 7*. As suggested by the majority of 31.3% respondents', capacity building efforts should be pursued, including training and credit facilities to enable exporters reap deeper benefits from AGOA, while 21.9% proposed the need for exporters to be adept at information gathering on overseas markets and related mechanisms on exploiting available opportunities. On the other hand 18.8% of the respondents advised that both exporters and producers should strive to attain optimal performance standards in terms of quality assurance, planning and logistical chains, consistency of product,

safety of products etc. Furthermore, 15.6% of respondents were of the view that market research and promotional activities should be vigorously embarked upon in new markets and this should see the government supporting the efforts of GEPA. Others, 12.5% suggested that the Export Association together with GSA should assist Ghanaian exporters in obtaining relevant certifications both local and international, through provision of necessary training and related programs.

Table 7: The Specific Ways Ghana can Fully Exploit the Opportunities of AGOA

Respondents View	Frequencies	Percentages (%)
There is the need for exporters to be adept at information gathering on overseas markets and related mechanisms on exploiting available opportunities.	7	21.9
Both exporters and producers should strive to attain optimal performance standards in terms of quality assurance, planning and logistical chains, consistency of product, safety of products etc.	6	18.8
The Export Association together with GSA should assist Ghanaian exporters in obtaining relevant certifications both local and international, through provision of necessary training and related programs.	4	12.5

Market research and promotional activities should be vigorously embarked upon in new markets and this should see the government supporting the efforts of GEPA.	5	15.6
Capacity building efforts should be pursued, including training and credit facilities to enable exporters reap deeper benefits from AGOA.	10	31.3
Total	32	100.0

Source: Field Data, 2016

NB: Total frequency of responses equals to 32 (higher than sample size of 30). This is higher due to the fact that respondents provided multiple answers for this section.

CHAPTER FIVE

SUMMARY, CONCLUSION AND RECOMMENDATIONS

5.0 Introduction

The final chapter of this study presents a summary of the research findings, followed by the conclusion and the recommendations.

5.1 Summary

The objective of this research was to analyze post 2000 trends in Ghana- US trade under the AGOA trade Act. To achieve this objective, both secondary and primary data were collected using the internet source and self-administered questionnaires. Both descriptive and trend analysis techniques were used to analyze the data collected, with related tables and graphs utilized to aid the description of data. The study made the following findings:

A Challenges Ghanaian Exporters faced under the Trade Pact

The challenges Ghanaian exporters under the AGOA trade pact faced were the lack of productive capacity, difficulties meeting technical standards in high value export markets, poor infrastructure, lack of access to finance, limited market access and market diversification. Other challenges were inefficient customs management, poor knowledge of markets, trade facilitation bottlenecks, and the problem of excessive red tape.

B The Effect of AGOA on Poverty Reduction in Ghana

AGOA has had a limited effect on poverty reduction in Ghana due to inherent structural and productive capacity limitations. This limited job creation and its multiplier effects, reducing the agreements ability to positively contribute to poverty reduction. The findings on the negative effects established that AGOA has an in-built weakness that makes it unpredictable, that the so called access to duty-free and quota-free trade had only a limited effect on trade.

C Ways Ghana can fully exploit the Opportunities Presented by AGOA and Means to improve its Market Access

The findings suggested the following means through which Ghana can exploit opportunities presented under the AGOA trade pact and how it can improve its market access:

- i. There is the need for exporters to be adept at information gathering on overseas markets and related mechanisms on exploiting available opportunities.
- ii. Both exporters and producers should strive to attain optimal performance standards in terms of quality assurance, planning and logistical chains, consistency of product, safety of products etc.
- iii. The Export Association together with GSA should assist Ghanaian exporters in obtaining relevant certifications both local and international, through provision of necessary training and related programs
- iv. Market research and promotional activities should be vigorously embarked upon in new markets and this should see the government supporting the efforts of GEPA.

- v. Capacity building efforts should be pursued, including training and credit facilities to enable exporters reap deeper benefits from AGOA.

5.2 Conclusions

It can therefore be concluded that the challenges Ghanaian exporters faced under the AGOA trade pact were the lack of productive capacity, difficulties in meeting relatively higher standards in Western and other developed country markets, poor infrastructure, lack of access to finance, limited market access and market diversification, inefficient customs management, poor knowledge of markets, trade facilitation bottlenecks, and the problem of excessive red tape. It can further be concluded that AGOA has in a way contributed to job creation, economic growth, and had the opportunity to export wide range of goods to the US with access to duty-free. Negatively, AGOA has an in-built weakness that makes it unpredictable, that the so called access to duty-free and quota-free trade had only a limited multiplier effect on job creation and poverty reduction. It can finally be concluded that exporters can improve their trade under the AGOA trade pact if Government of Ghana liaises with relevant stakeholders through credit facilities and other capacity development programs to improve the technical know-how of Ghanaian exporters. This will in-turn improve their ability to fully exploit preferences granted under AGOA.

5.3 Recommendations of the study

On the bases of the findings of this study, the following recommendations are made:

- i. Adequate training should be given not only to the exporters but to all the stakeholders that matter in the various processing stages of the products. This will go a long way to ensure an improvement in the quality of the products before they are exported.
- ii. Government of Ghana should continue to provide adequate resources to both primary and secondary producers to enable them acquire the right tools that will enhance their efficiency and the required product standards.
- iii. Exporters should endeavor to employ well educated and competent personnel to efficiently manage their freight and customs activities.
- iv. Apart from the provision of training to exporters and stakeholders in the export trade business, the government of Ghana should collaborate with the local and international media to embark on an intensive awareness creation about the importance and benefits of AGOA. This will motivate passive exporters to take advantage of this laudable initiative.
- v. Foreign exchange rate has become very important factor in any bilateral and multilateral trade agreements. Therefore, fluctuations in the exchange rate of any country's currency will have serious repercussions on the balance of trade. It is therefore recommended that the exchange rate of the country's currency is stabilized. This will go a long way to help exporters to effectively budget for their trade.
- vi. There is also the need for the government to intervene on the foreign exchange policies by regulating the hybrid system, where the currency will be devalued when exports are on high demand.

- vii. There is again the need for the Central Bank of Ghana to reduce bank interest rates. This will induce traders to borrow from the local capital market and help expand, invest and improve their trade.

REFERENCES

- Asante, E. A., Bawakyillenuo, S., & Ahiadeke, C. (2011). AGOA: Market Opportunity and Supply Capacity in Ghana. Presented in Toward a Transformative Africa Growth and Opportunity Act: Statement Presented at the U.S. Congress, found in *Improving AGOA: Toward a New Framework for US-Africa Commercial Engagement, Institute of Statistical, Social and Economic Research (ISSER-Ghana)*, 29 – 32.
- AGOA (2013a). African Growth and Opportunity Act, Retrieved from <http://www.agoa.gov/> . 2017. 01. 22.
- AGOA (2013b). AGOA.info website, Retrieved from <http://agoa.info/>. 2017. 01. 20.
- Asmah, E., & Taiwo, O. (2010). AGOA and the African Agricultural Sector, in *AGOA at 10: Challenges and Prospects for US-Africa Trade and Investment Relations* (Brookings, 2010).
- Bhagwati, J. N. (2003). *Free trade today* (No. 2003). Princeton University Press.
- Baldwin, R., & Murray, T. (1977). MFN Tariff Reductions and LDC Benefits under the GSP, *Economic Journal*, 87, 30 – 46.
- Brenton, P., & Hoppe, M. (2006). The African Growth and Opportunity Act, exports, and Development in Sub-Saharan Africa, *World Bank Policy Research Working Paper*, (3996).
- Carrère, C., (2004), “African Regional Agreements: Impacts on Trade with or without Currency Unions”, *Journal of African Economies*, 13:199-239
- Chomo, G. V. (2002). *Free trade agreements between developing and industrialized countries comparing the US-Jordan FTA with Mexico's experience under NAFTA*. DIANE Publishing.
- Collier, P., & Venables, A. J. (2007). Rethinking trade preferences: how Africa can diversify its exports, *The World Economy*, 30(8), 1326-1345.
- Condon, N., & Stern, M. (2011). *The effectiveness of African Growth and Opportunity Act (AGO) in increasing trade from Least Developed Countries: a systematic review*. London: EPPI-Centre, Social Science Research Unit, Institute of Education, University of London, 2 – 66.
- Fayissa, B., & Tadesse, B. (2007). The impact of African growth and opportunity act (AGO)

- on U.S. imports from Sub-Saharan Africa (SSA), *Journal of International Development*, 20(7), 920 – 941.
- Frazer, G., & Van Biesebroeck. (2007). Trade growth under the African Growth and Opportunity Act, *NBER Working Paper Series, National Bureau of Economic Research*, 2(11), 117 – 124.
- Francois, J. Hoekman, B., & Manchin, M. (2005). Quantifying the Magnitude of Preference Erosion due to Multilateral Trade Liberalization, *background paper for the DFID Global Trade Architecture project*.
- Hilaire, A., & Yang, Y. (2003). The United States and the new regionalism/bilateralism, *International Monetary Fund*, 2003-2206.
- Hoekman, B. (2005). Trade Preferences and Differential Treatment of Developing Countries: A Selective Survey, *World Bank Policy Research Working Paper*, 3566.
- Ianchovichaina, E, Mattoo, A. and Olarreaga, M, (2001), “Unrestricted Market Access for Sub-Saharan Africa”, *Journal of African Economies*, 10: 410-432.
- Jones V. C. (2013). Generalized System of Preferences: Background and Renewal Debate, *Congressional Research Service*, Washington, DC.
- Jones, V. C., & Hornbeck, J. F. (2013). Trade Preferences: Economic Issues and Policy Options, *Congressional Research Service*, Washington, DC.
- Kimenyi, M. S. (2011). Toward a Transformative Africa Growth and Opportunity Act: Statement Presented at the U.S. Congress, found in *Improving AGOA: Toward a New Framework for US-Africa Commercial Engagement, in collaboration with AGI partner institutions: Institute of Statistical, Social and Economic Research (ISSER) – Ghana and Kenya Institute for Public Policy Research and Analysis (KIPPRA) – Kenya*,
- Kwabia, K. (2006). *Elements of Social Statistics*. Accra: GertMash Desktop Publishing Services.
- Lall, S. (2003). FDI, AGOA and Manufactured Exports from a Land- Locked, Least-Developed African Economy: Lesotho, *Journal of Development Studies*, 3(6), 67 – 89.
- Langford, M. (2013). *Global justice, state duties: the extraterritorial scope of economic, social, and cultural rights in international law*. Cambridge University Press.
- Lionel, F. M., & Anne-C´elia, D. (2007). The Impact of Regulations on Agricultural Trade, *Evidence from SPS and TBT Agreements*, 2(9), 120 – 137.
- Mansfield, E. D., Milner, H. V., & Rosendorff, B. P. (2000). Free to trade: Democracies, autocracies, and international trade. *American Political Science Review*, 94(02), 305-321.

- Matto, A. Roy, D., & Subramanian, A. (2002). The Africa Growth and Opportunity Act and Its Rules of Origin: Generosity Undermined? *International Monetary Fund Working Paper*, 9(13), 56 – 78.
- Mitchell, M. L. & Jolley, J. M. (2007). *Research Design Explained* (7th ed.). Singapore: Cengage Learning, Inc.
- Mueller, T. F. (2008). The effect of the African Growth and Opportunity Act (AGOA) on African exports to the US, *Paper presented at the annual meeting of the ISA's 49th annual convention, bridging multiple divides*, San Francisco, CA, USA, Mar 26, 2008.
- Nachamias, D. & Frankfort-Nachamias, C. (1996). *Research Methods in the Social Sciences*, (5th Edition). CA Arnold: Santa Cruz.
- Niroomand, F. and Nissan, E. (1997), “An enquiry into openness in international trade”, *Journal of Economic Studies.*, Vol. 24 No. 3, pp. 167-78
- Noble, K. E. (2006). *The complete guide to understanding the US-Sub-Saharan African trade relationship: Analysis and opinions on The Ghanaian implementation of the African Growth & Opportunity Act (AGOA)—A case study* (Doctoral dissertation, Miami University).
- Nouve, K. (2005). Estimating the effects of AGOA on African exports using a dynamic panel Analysis, *World Bank Policy Research Working Paper Series*, 7(12), 52 – 75.
- Nouve, K. and Staatz, J., (2003), “Has AGOA Increased Agricultural Exports from SubSaharan Africa to the United States?” Paper presented at the International Conference Agricultural Policy Reform and the WTO: Where Are We Heading? Capri, Italy.
- Olarreaga, M., & Ozden, C. (2005). AGOA and Apparel: Who Captures the Tariff Rent in the Presence of Preferential Market Access? *World Economy*, 28(1), 34 – 98.
- Ombuki, C. N. (2011). The Effect of African Growth and Opportunity Act (AGOA) on Exports of Eligible Countries, *Panel Data Evidence*.
- Opoku, M. (2015). Extending African Growth and Opportunity Act (AGOA) beyond September 2015, what is at stake for Ghanaian entrepreneurs and participating companies?
- Osei-Assibey, E. (2015). Export Promotion in Ghana, Retrieved from www.acetforafrica.org 2017. 01. 28.
- Ozden, C., & Sharma, G. (2004). Price effects of preferential market access: Caribbean basin Initiative and the apparel sector, *World Bank Policy Research Working Paper* 3244. Washington, D.C. World Bank.

- Páez, L., Karingi, S., Kimenyi, M., & Mekalia, P. (2010). A Decade (2000–2010) of African US Trade under the African Growth Opportunities Act (AGOA): Challenges, Opportunities and a Framework for Post AGOA Engagement. *African Development Bank*.
- Pangestu, M., & Scollay, R. (2001, June). Regional trading arrangements: Stock take and next steps. In *Trade Policy Forum. Bangkok* (pp. 12-13).
- Romalis, J., (2003), “Would Rich Countries Trade Preferences Help Poor countries Grow? Evidence from the Generalized System of Preferences”, Mimeo, University of Chicago, IL
- Rubin, R. and Weisberg, J. (2003), *In an Uncertain World*, Random House, New York, NY.
- Shaughnessy, J. J., Zechmeister, E. B., & Zechmeister, J. S. (2006). *Research Methods in Psychology* (7th ed.). New York: Higher Education. pp. 143–192.
- Seyoum, B. (2004), “The role of factor conditions in high-technology exports: an empirical examination”, *Journal of High Technology Management Research*, Vol. 15 No. 1, pp. 145-62.
- Seyoum, B. (2007). Export performance of developing countries under the Africa Growth and Opportunity Act experience from US trade with Sub-Saharan Africa, *Journal of Economic Studies*, 34(6), 515 – 533.
- Tadesse, B., Fayissa, B., & McColley, A. (2008). *Does a unilateral policy change promote trade? The case of African Growth and Opportunity Act*. Working paper.
- United Nations Conference on Trade and Development (2010/2011): Generalised System of Preferences: List of Beneficiaries, United Nations, New York and Geneva.
- Urata, S. (2002). Globalization and the growth in free trade agreements. *Asia Pacific Review*, 9(1), 20-32
- USTR (2004), 2004 Comprehensive Report on US Trade and Investment Policy toward Sub-Saharan Africa and Implementation of the African Growth and Opportunity Act, Office of the United States Trade Representative, Washington, DC.
- USTR (2011). Trade Policy Agenda and Annual Report, Retrieved from http://www.ustr.gov/2011_trade_policy_agenda. 2017. 01. 23.
- USTR (2012). Trade Policy Agenda and Annual Report, Retrieved from <http://www.ustr.gov/about-us/pressoffice/reports-and-publications/2012-0>. 2017. 01. 19.
- Williamson, I., & D'Alessandro, S. (1998). New prospects for private sector led trade,

investment, and economic development in sub-Saharan Africa, *Law & Pol'y Int'l Bus.*, 30, 637.

World Bank, (2006). Trade Preferences and Differential Treatment of Developing Countries, *Policy Research Working Paper 3566*, Bernard Hoekman.

World Trade Organisation (WTO) (1995), *Regional Trading Arrangements and the World Trading System*, WTO, Geneva

Zappile, T. M. (2011). Nonreciprocal Trade Agreements and Trade: Does the African Growth and Opportunity Act (AGOA) Increase Trade? *International Studies Perspectives*, 12(1).

**APPENDIX A
QUESTIONNAIRE**

Dear Sir/Madam,

I am a student of the KDI School of Public Policy and Management, carrying out a research on the Assessment of Ghana's Trade under the African Growth and Opportunity Act. I would be grateful if you could provide answers to the following questions. All information provided by respondents will be treated confidentially. Thank you.

Please indicate with a tick (✓) and comment where necessary.

Section A: Demography Data

1. What is your gender?

(a) Male []

(b) Female []

2. What is your age group?

a. 20 – 29 years []

b. 30 – 39 []

c. 40 – 49 []

d. 50 years and above []

3. What is your level of education?

a. Master's Degree []

b. Bachelor's Degree []

c. Professional []

d. HND []

e. Others (please specify).

4. Which of these institutions do you belong to?

(a) Ministry of Trade and Industry []

(b) Ghana Exports Promotion Authority []

(c) The Association of Ghanaian Entrepreneurs Exporting to the US Market []

5. Status of respondents in the ministry/authority/association.

(a) Management staff []

(b) Senior staff []

(c) Middle level staff []

(d) Others (please specify).....

6. How long have you been operating with the ministry/authority/association?

(a) < 5 years []

(b) 5 - 10 years []

(c) 11 - 16 years []

(d) > 16 years []

Section B: Information on Ghana's Exports to the US under the AGOA Trade Pact

7. Do you think that Ghanaian exporters have any challenge under the AGOA trade pact?

a. Yes []

b. No []

c. Not sure []

8. If yes, what are these challenges Ghanaian exporters faced under the AGOA trade pact?

(a) Lack of productive capacity []

(b) Poor infrastructure []

(c) Inefficient customs management []

(d) Lack of access to finance []

(e) Trade facilitation bottlenecks []

(f) Limited market access and market diversification []

(g) Excessive red tape []

(h) Difficulties meeting technical standards in high value export markets []

(i) Poor knowledge of markets, management and weak marketing channels []

9. If no, give reasons to your view.

10. Do you think that the AGOA trade pact had any significant effect on poverty eradication in Ghana?
 a. Yes []
 b. No []
 c. Not really []
11. If yes, what effect has AGOA had on poverty eradication in Ghana?

12. If no, give reasons to your view.

13. Do you think that there are ways that Ghana can fully exploit the opportunities presented by the AGOA trade pact?
 a. Yes []
 b. No []
 c. Not really []
14. If yes, how can Ghana fully exploit the opportunities presented by the AGOA trade pact?

15. If no, give reasons to your view.

THANK YOU

**APPENDIX B
CODED DATA**

Section A: Demography Data

1. Gender

Gender	Frequencies			Total	Percentages			Total
	MTI	GEPA	AGE		MTI	GEPA	AGE	
Male	5	6	8	19	16.7	20.0	26.7	63.3
Female	2	3	6	11	6.7	10.0	20.0	36.7
Total	7	9	14	30	23.4	30.0	46.7	100.0

2. What is your age group?

Age Group	Frequencies			Total	Percentages			Total
	MTI	GEPA	AGE		MTI	GEPA	AGE	
20 – 29	1	1	2	4	3.3	3.3	6.7	13.3
30 – 39	3	4	4	11	10.0	13.3	13.3	36.7
40 – 49	2	2	5	9	6.7	6.7	16.7	30.0
50 and above	1	2	3	6	3.3	6.7	10.0	20.0
Total	7	9	14	30	23.3	30.0	46.7	100.0

3. What is your level of education?

Level of education	Frequencies			Total	Percentages			Total
	MTI	GEPA	AGE		MTI	GEPA	AGE	
Master's Degree	2	3	2	7	6.7	10.0	6.7	23.3
Bachelor's Degree	3	3	5	11	10.0	10.0	16.7	36.7
Professional	1	2	4	7	3.3	6.7	13.3	23.3
HND	1	1	3	5	3.3	3.3	10.0	16.7
Total	7	9	14	30	23.3	30.0	46.7	100.0

4. Which of these institutions do you belong to?

Respondents View	Frequencies	Percentages
Ministry of Trade and Industry	7	23.3
Ghana Exports Promotion Authority	9	30.0
The Association of Ghanaian Entrepreneurs Exporting to the US Market	14	46.7
Total	30	100.0

5. Status of respondents in the ministry/authority/association.

Respondents View	Frequencies	Percentages
Management staff	5	16.7
Senior staff	17	56.7
Middle level staff	8	26.7
Total	30	100.0

6. How long have you been operating with the ministry/authority/association?

Gender	Frequencies			Total	Percentages			Total
	MTI	GEPA	AGE		MTI	GEPA	AGE	
< 5 years	-	-	3	3	-	-	10.0	10.0
5 - 10 years	2	4	4	10	6.7	13.3	13.3	33.3
11 - 16 years	3	3	5	11	10.0	10.0	16.7	36.7
> 16 years	2	2	2	6	6.7	6.7	6.7	20.0
Total	7	9	14	30	23.4	30.0	46.7	100.0

7. Do you think that Ghanaian exporters have any challenge under the AGOA trade pact?

Respondents View	Frequencies			Total	Percentages			Total
	MTI	GEPA	AGE		MTI	GEPA	AGE	
Yes	5	9	14	28	16.7	30.0	46.7	93.3
No	-	-	-	-	-	-	-	-
Not sure	2	-	-	2	6.7	-	-	6.7

Total	7	9	14	30	23.4	30.0	46.7	100.0
--------------	----------	----------	-----------	-----------	-------------	-------------	-------------	--------------

8. If yes, what are these challenges Ghanaian exporters faced under the AGOA trade pact?

Respondents View	Frequencies	Percentages
Lack of productive capacity	15	23.4
Poor infrastructure	11	17.2
Inefficient customs management	5	7.8
Lack of access to finance	7	10.9
Trade facilitation bottlenecks	4	6.3
Limited market access and market diversification	6	9.4
Excessive red tape	3	4.7
Difficulties meeting technical standards in high value export markets	8	12.5
Poor knowledge of markets, management and weak marketing channels	5	7.8
Total	64	100.0

9. If no, give reasons to your view.

Respondents View	Frequencies	Percentages
No response	-	-
Total	-	-

10. Do you think that the AGOA trade pact had any significant effect on poverty reduction in Ghana?

Respondents View	Frequencies			Total	Percentages			Total
	MTI	GEPA	AGE		MTI	GEPA	AGE	
Yes	3	6	8	17	10.0	20.0	26.7	56.7
No	2	2	4	8	6.7	6.7	13.3	26.7
Not really	2	1	2	5	6.7	3.3	6.7	16.7
Total	7	9	14	30	23.4	30.0	46.7	100.0

11. If yes, what effect has AGOA had on poverty reduction in Ghana?

Respondents View	Frequencies	Percentages
AGOA has provided the opportunity for exporters to export wide range of goods to the US with duty-free.	4	21.1
Under AGOA, exporters are allowed to export with quota-free.	2	10.5
There have been an expanded volume and scope of exports to the US under the AGOA trade pact.	2	10.5
It has created jobs.	5	26.3
It has contributed to economic growth.	3	15.8
It has contributed to diversification.	2	10.5
It has compelled government to improve the climate for business.	1	5.2
Total	19	100.0

12. If no, give reasons to your view.

Respondents View	Frequencies	Percentages
Some of AGOA's provisions come close to expiring before they are extended.	3	25.0
AGOA has an in-built weakness that makes it unpredictable.	5	41.7
The duty-free and quota-free access has had only a limited multiplier effect for job creation and poverty reduction.	4	33.3
Total	12	100.0

13. Do you think that there are ways that Ghana can fully exploit the opportunities presented by the AGOA trade pact?

Respondents View	Frequencies			Total	Percentages			Total
	MTI	GEPA	AGE		MTI	GEPA	AGE	
Yes	7	9	14	30	23.3	30.0	46.7	100.0
No	-	-	-	-	-	-	-	-
Not really	-	-	-	-	-	-	-	-
Total	7	9	14	30	23.3	30.0	46.7	100.0

14. If yes, how can Ghana fully exploit the opportunities presented by the AGOA trade pact?

Respondents View	Frequencies	Percentages
There is the need for exporters to be adept at information gathering on overseas markets and related mechanisms on exploiting available opportunities.	7	21.9
Both exporters and producers should strive to attain optimal performance standards in terms of quality assurance, planning and logistical chains, consistency of product, safety of products etc.	6	18.8
The Export Association together with GSA should assist Ghanaian exporters in obtaining relevant certifications both local and international, through provision of necessary training and related programs	4	12.5
Market research and promotional activities should be vigorously embarked upon in new markets and this should see the government supporting the efforts of GEPA.	5	15.6
Capacity building efforts should be pursued, including training and credit facilities to enable exporters reap deeper benefits from AGOA.	10	31.3

Total	32	100.0
--------------	-----------	--------------

15. If no, give reasons to your view.

Respondents View	Frequencies	Percentages
No view expressed	-	-
Total	-	-