

The Role of Regional and Bilateral Trade Agreements in the Economic Development of Ghana

Case: Ghana-China Relations

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ABSTRACT

After the post-independence era of Ghana, development has been at a slow or retrogressive pace. This has resulted in a GDP of 3.6% in 2016, the lowest in 20 years.

The purpose of the research is to analyze the role of regional and bilateral trade agreements to Ghana's economic development after the post-independence era. To meet the thesis objective both qualitative and quantitative research methods were applied. The author designed an unstructured interview style to gather relevant primary information from credible sources via Skype. Secondary data were obtained from electronic and printed sources.

The research findings demonstrated that trade is an important tool for rapid economic development if the issues of corruption, industrialization and the application of new economic concepts were implemented.

Finally, the results from the research could be generalized in accessing the fundamental economic problems of Ghana. However, further research in trade financing and the economic policy of countries could further enhance rapid economic growth in Ghana.

Key words: economic development, trade relations, foreign direct investment, corruption, industrialization

CONTENTS

1	INTRODUCTION	1
1.1	Background	1
1.2	Thesis objective, research questions and limitations	3
1.3	Theoretical framework	5
1.4	Research methodology and data collection	5
1.5	Thesis structure	8
2	THEORIES OF ECONOMIC DEVELOPMENT	10
2.1	Rowstow's model	10
2.1.1	Traditional society	11
2.1.2	Pre-conditions for take-off	11
2.1.3	Take-off	12
2.1.4	Drive to maturity	12
2.1.5	High mass consumption	13
2.2	Leapfrogging	13
2.3	Comparative and absolute advantage	14
2.4	Dependency theory	14
3	ECONOMY OF GHANA	16
3.1	Key indicators	18
3.2	PESTEL analysis	21
3.3	Past	24
3.4	Current	27
3.5	Future	31
3.6	Political economy	35
3.7	Trade relations and policies	36
3.8	Preferential trade agreements	37
3.9	Trade policy objectives	39
3.10	Trade partners and agreements	41
3.11	Multilateral trade – participation in the WTO	43
3.12	Economic partnership agreement (EPA)	43
3.13	Sub-regional trade integration (ECOWAS)	44
3.14	Bilateral trade agreements	45

4	GHANA - CHINA RELATIONS	50
4.1	Cooperation arrangements	50
4.2	Direct investments	52
4.3	Trade – exports & imports	55
4.4	Aid	61
4.5	Research findings & analysis	64
4.6	Data acquisition process	64
4.7	Results and analysis	66
5	DEVELOPMENT PLAN	70
5.1	Comparative advantage – Ghana and China	72
5.2	Ghana and others	74
5.3	Leapfrogging	76
5.4	Regional integration & development	78
6	CONCLUSIONS	83
6.1	Answers to research questions	83
6.2	Reliability and validity	87
6.3	Suggestions for further research	87
7	SUMMARY	89
	REFERENCES	90
	APPENDICES	97

LIST OF FIGURES

FIGURE 1. Rowstow's development theory

FIGURE 2. Research methodology

FIGURE 3. Thesis structure

FIGURE 4. Map of Africa

FIGURE 5. Annual growth rate

FIGURE 6. GDP deflator and annual inflation rate

FIGURE 7. World output growth

FIGURE 8. Trends in target and real GDP growth rate

FIGURE 9. Trends in real, non-oil and per-capita GDP

FIGURE 10. Sectorial contributions to the national economy

FIGURE 11. Medium and long-term development plan

FIGURE 12. Registered projects by sector

FIGURE 13. Empirical research process & acquisition

FIGURE 14. Corruption perception index

FIGURE 15. Advantages and disadvantages of trade

LIST OF TABLES

TABLE 1. Economic indicators

TABLE 2. Socio-demographic indicators

TABLE 3. Trade volumes

TABLE 4. Pestel analysis

TABLE 5. Generalized system preferences agreements

TABLE 6. Export volumes

TABLE 7. Import volumes

TABLE 8. Total trade volumes

TABLE 9. Total investments from China

TABLE 10. External trade figures for exports

TABLE 11. First quarter exports to major trading partners

TABLE 12. Ghana's external trade figures for imports from China

TABLE 13. First Quarter Imports from major trading Partners

TABLE 14. Overview of merchandise export & import trend of Ghana

TABLE 15. Chinese aid to Ghana

1 INTRODUCTION

This research-based thesis aims at investigating the merits and demerits of trans-Saharan and international trade Ghana has been part of since the thirteenth century. The primary focus of the study will unearth the pivotal roles these trade agreements have contributed to Ghana's economic development since attaining independence and to provide recommendations to enhance progressive, stable and vibrant economic development in future. The results of the research will also enable the Ministry of Trade and Industry assess the overall performance of Ghana's trade policy and analyse the West African trade market for prudent measures to be applied for improvement.

In subsequent chapters the author provides a background of the thesis topic, explains the research process and objectives, and introduces the case study on which the study is based on for which its results will be beneficial to the Government and people of Ghana.

1.1 Background

Ghana, formerly named the Gold Coast by European traders, is situated between the Trans-Saharan trade routes and the shores of West Africa. Ghana is endowed in natural resources and has been involved in trade activities since the 13th century. Since attaining independence from colonial rule, Ghana has been involved in bilateral and regional trade agreements with various regional and international bodies. On October 17, 1957 Ghana joined the General Agreement Tariffs and Trade (GATT) to initiate its intention and preparedness to join the trading world and joined the World Trade Organization (WTO) on January 1st, 1995. Prior to joining the WTO, Ghana had begun its regional trade activities by being a member of the Economic Community of West African States (ECOWAS) since formation via the Lagos treaty on May 28, 1975 (Ghana Statistical Service 2017). After attaining independence from colonial rule, Ghana was very stable and prosperous with Ghana being the world's largest

producer in cocoa and a hub for rich natural resources such as gold, diamonds, bauxite etc. The country had good infrastructure to service trade and a relatively impressive educational and economic system. With the current state of economic dependency on western nations the author intends investigating the causes and reasons why the once vibrant economy is now caught in a cycle of debt, weak commodity demand, and currency overvaluation which has resulted in a decay of productive capacities and a crippling foreign debt. Ghana's richness in natural resources necessitated its quest to involve in regional and bilateral trade agreements to provide progressive economic growth for the people of Ghana. However, the last two decades have seen economic retrogressing, which has rendered most industries collapsing, increase in unemployment, currency fluctuation, rising bond yields and mounting inflation (Bawumiah 2016.)

A crippling economy has seen Ghana seek for bailout from the International Monetary Fund (IMF) and the World Bank on various occasions (Bawumiah 2016). It is an irrational fact as to why a country with immense potential for growth finds its economic fortunes dwindling gradually. Other multinational or bilateral trade relations have not been able to speed up the kind of economic recovery the country needs. Multilateral trade relations such as the Economic Partnership Agreement (EPA) between the European Union and the West African Member states which is intended to liberalize certain market sectors for both parties have had less impact on the Ghanaian economy in terms local productivity (Bawumiah 2016).

A critical look at the economies of West African states reveals that nothing or just little benefits is derived from international and multinational trade agreements with powerful partners like the US and EU as they always determine the scope of the deals by having a majority share. Stiglitz (2001, 16) a co-recipient of the Nobel Prize in economics states that, "free trade agreements are not right for developing countries...it is not a negotiation, it is rather an imposition". Assessing previous economic trade deals, it is

tempting to believe that these theories of economic exploitation, under the disguise of bilateral trade agreements, may just be true. The author investigates some of these existing and up-coming trade policies to make well informed recommendations to the Ministry of Trade and Industry in Ghana.

Other theories also state that countries with natural resources do not perform much better in terms of economic transformation due to the over reliance on natural resources even though some countries have been able to manage growth to broad-based prosperity. The relationship between natural resource dependence and broad measures of social development such as health and education is however a concern. Carmignani & Avom (2010, 48) argue that after taking per-capita income, macroeconomic and institutional factors into account, a higher dependency on primary commodity export is negative for social development. The state of infrastructural deficits in Ghana and an inadequate provision of social amenities is also a clear evidence of an over reliance on natural resources. Sustainable development therefore involves maximising the net benefits of economic development, subject to maintaining the services and quality of natural resources over time (Carmignani & Avom 2010, 101).

An extensive investigation into this topic will prove whether the modalities surrounding Ghana's trade activities are the cause of its retrogressive economic state or simply the over reliance on natural resources or perhaps both factors.

1.2 Thesis objective, research questions and limitations

The purpose of the research work is to investigate and discover the negative factors affecting Ghana's ailing economy by examining one major source of revenue, which is the regional and bilateral trade relations with other countries. The author seeks to analyse these findings and make effective recommendations to the appropriate responsible bodies for national development. By so doing, the thesis will use a case situation to

practically analyse past, present and future trade policies adapted by Ghana and examine how these policies can be modified to ensure rapid economic growth for the country. Since the 1970s, rapid economic growth was considered a good proxy for other attributes of development (Todaro & Smith 2009, 60).

Research problem

Despite the abundance of natural mineral resources, the recent discovery of oil and age-old trade activities with other countries coupled with a stabilized democracy within the last 20 years, Ghana's economy is retrogressive instead of progressive (Bawumiah 2016).

In finding answers to the problem stated above in the research objective, a major research question and sub-questions are formed.

Research question

How can Ghana achieve rapid economic growth through the effective modernization of trade relations?

Sub-questions

What are the direct impacts of trade agreements on the Ghanaian economy?

What are the advantages and disadvantages of regional and bilateral trade agreements?

Why do countries become involved in trade relations/agreement?

Limitations

The goal of the research is to analyse empirical data available and relating it to theories of economic development and arriving at a conclusion that answers the problem defined in the study. With the lack of current adequate research in academia the author is limited in relying on old publications in designing a theory or framework within which the study will

be conducted. This, in effect, will limit the study to a narrow perspective without generalizing with other theories for several conclusions. The case countries are selected based on a developing country and a much more developed and industrialized country involved in numerous trade relations especially with developing nations. The thesis intends to rely on historic and current trends of trade relations between the two countries and what mechanisms are implemented. However, primary information from China will be most desired but due to lack of relevant primary sources limits the research and its final outcomes.

1.3 Theoretical framework

The problems of economic growth, which are complex and multidimensional, have resulted in the development of several theories, explanations, arguments and assertions (World Bank Group 2017). Several developmental theories have been based on trends of developed economies, therefore making it somehow inapplicable to other economies especially in Africa because of its strong multidimensional factors on politics, cultural and religion.

In the research work the author seeks to investigate and access the national economy of Ghana by applying the theory of Rowstow's model of economic development which explains the various stages of economic growth countries go through to achieve economic growth. Figure 1 below explains the stages of economic growth:

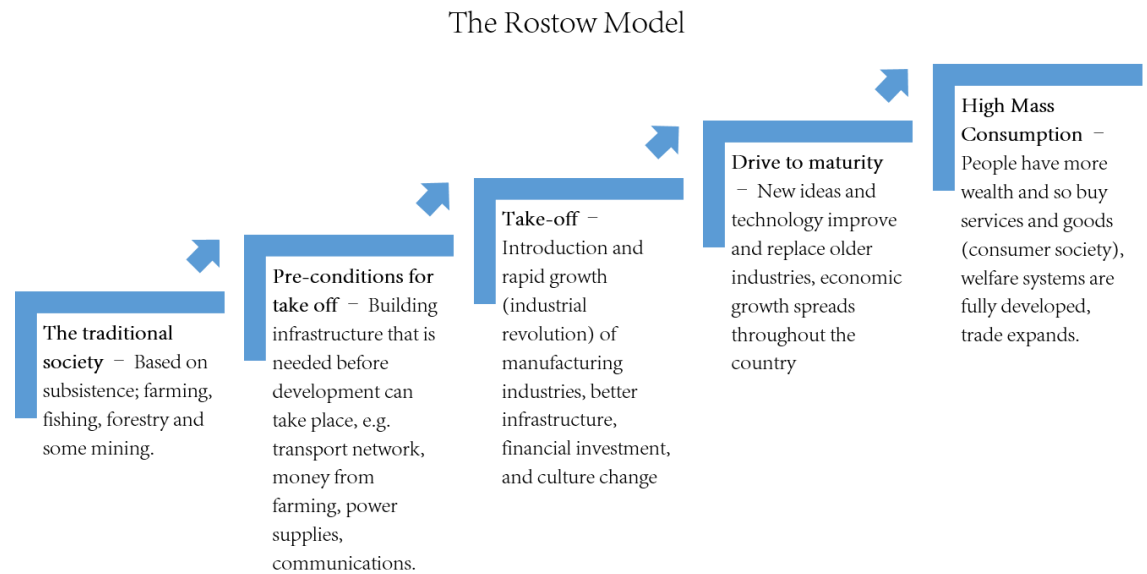


FIGURE 1. Rowstow's Development Theory (Rostow 1950-1960)

The thesis will also be based on other theories of economic conditions and developments such as the dependency theory, comparative advantage and leapfrogging theory or concept. The adopted theories will unravel, in subsequent chapters, the stage in which the economy of Ghana is in, and which of these theories, if applied, could bring rapid economic growth. The “invisible hand” doctrine has become the foundation for the working of the market or capitalism economy (Grampp 2000, 1). With this system government interference is inefficient in supervising economic activities. Meanwhile free trade, private property and competition are the foundation that will spur economic development, reduce poverty and bring on social and moral improvements to humankind (Clever 2008, 91).

1.4 Research methodology and data collection

Research approach

Scientific research provides the basis for which most government policies are formulated in our economic systems. Research methods refers to different techniques and procedures that are used when obtaining and

analysing data (Saunders, Lewis & Thornhill 2009, 43). To enable the author conduct the research successfully an initial approach must be designed, both deductive and inductive research approach are chosen for the research work because they depend on two characteristics thus for the emphasis and nature of the research (Saunders et al 2012, 148).

Deductive approach is drawing conclusions through logical reasoning (Ghuri & Gronhaug 2010, 16). It also involves the testing of a hypothesis from a theory within which a research strategy is developed to test the theory. An inductive approach involves the process of developing a theory after observing and analysing empirical data (Saunders et al. 2009, 124-127). In the thesis both approaches are applicable to arrive at a valid conclusion from the theories used as well as making effective analysis on the numerical data to be gathered so to achieve the objective of the study.

Research methods

Qualitative research is interested in understanding the meaning people have constructed, thus, how people make sense of their world and the experiences they have in their world (Merriam 2009, 13). Such research questions to derive meaning from an activity are posed as why, what, how and when. This means that in collection and analysing of data, emphasis is in words rather than quantification (Bryman & Bell 2015, 23).

Quantitative research, on the other hand, is used to test objective theories by observing or examining relationship among variables. The combination of both methods enables the researcher to have a better understanding of the problem than a single used method (Creswell 2014, 42).

Data collection

To achieve the objective of the study, both primary and secondary data collection methods are used respectively. Primary data is gathered from credible sources via interviews to enable the author access and analyze practical information relating to trade and economic issues being faced by Ghana.

Secondary data is sourced from books, journals, articles, reports and other electronic sources. Figure 2 below illustrates the research methodology and data collection methods used in the study.

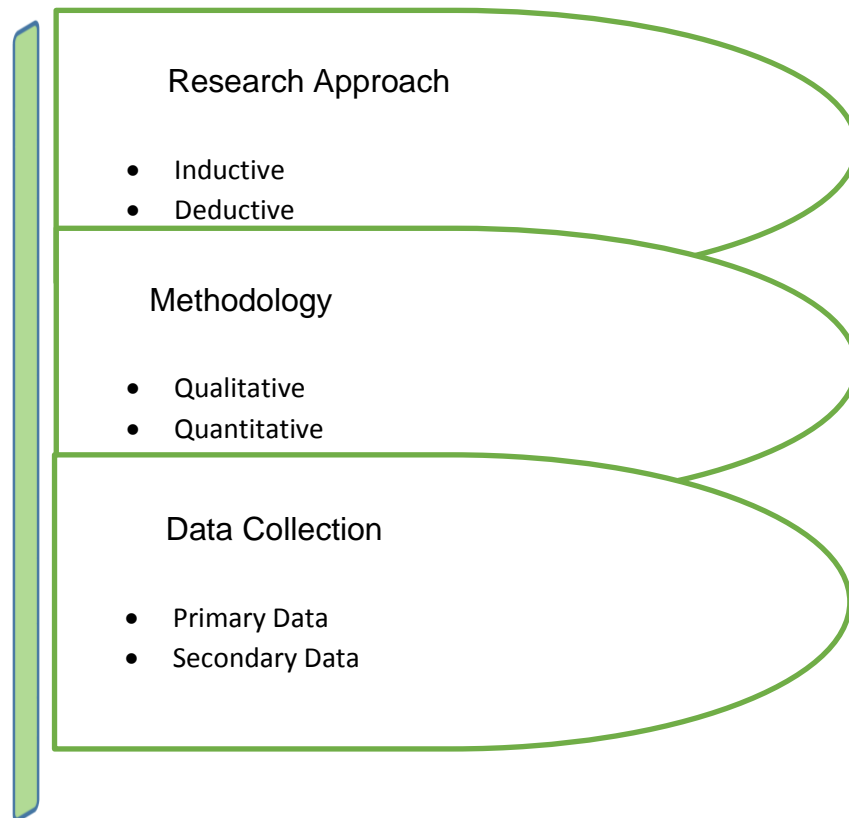


FIGURE 2. Research methodology

1.5 Thesis structure

The thesis is divided into two main parts namely, theoretical and empirical parts. The theoretical part is based on research and economic theories meant to enhance the empirical part of the thesis. The theories applied provide the framework or orientation within which the author intends to conduct the study to obtain empirical results. Figure 3 below illustrates the thesis structure.

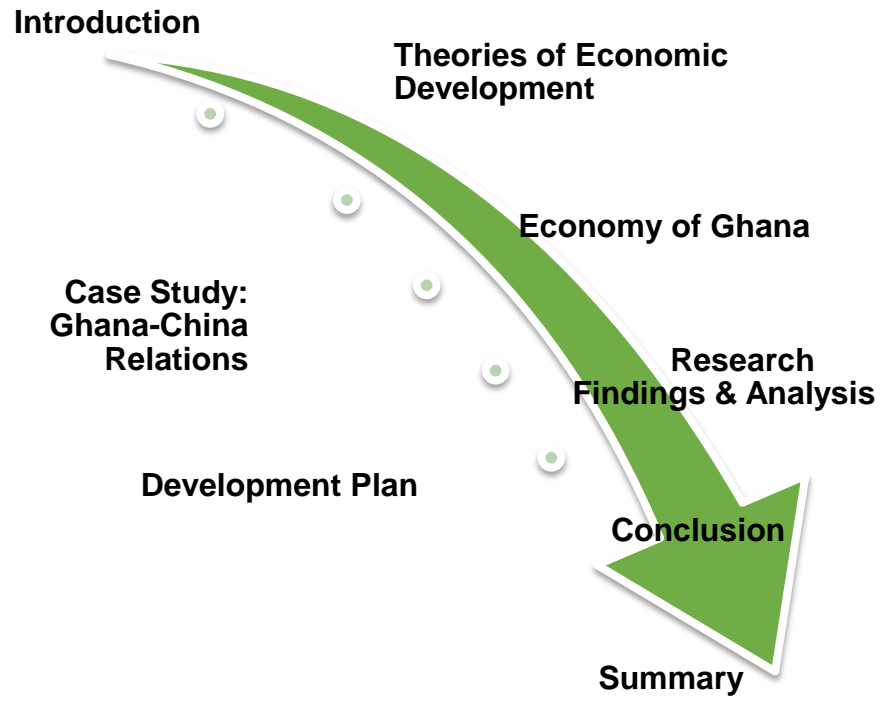


FIGURE 3. Thesis structure

2 THEORIES OF ECONOMIC DEVELOPMENT

Economic growth is recognized as the most powerful and reliable instrument for poverty reduction and improving the quality of human life. To achieve this, it is imperative that governments of developing nations prioritize economic growth to be able to achieve a sustained economy for the progressive developments of the country. A prudent and successful strategy must have its core measures and policies for it to be applicable in achieving rapid economic growth (Department for International Development 2017). This chapter briefly introduces and explains various economic theories or concepts which aids rapid economic development and serves as recommendation strategies to accomplish this research purpose. Historically nothing has worked better than economic growth in enabling societies to improve the life chances of their members, including those at the very bottom (Rodrik 2007, 14).

2.1 Rowstow's model

The economic growth model, developed by Rowstow in 1960, explains the possibility of identifying societies and categories of economic dimension at every stage. To analyze the results of the thesis effectively this theory is applied to ascertain the economic stage or category of Ghana's economic development and act as a model of economic growth for the country. Rowstow's Economic Development Model (REDM) introduces the five main categories of which all societies or countries can be identified: the traditional society, preconditions for take-off, drive to maturity and the age of high mass-consumption. This model is recognized as a political theory model as well as a descriptive economic analysis of growth and development (Thirwall 2006, 15). Rowstow's model also serves as a guideline principle or tool which provides nations the needed economic basis for development.

2.1.1 The Traditional society

A traditional society economy is an economy whose structure is developed within limited production functions, based on pre-Newtonian science and technology (DFID 2017). The concept of traditional society is not static and can include an increase in output and certain productive innovations can be introduced in trade, industry and agriculture. Though traditional society economy is known for its limitation in agricultural productivity, the introduction of proper irrigational mechanisms could result in higher productivity. To a large extent these societies, due to limitation on production, devote a substantial amount of their resources to agriculture. The category of such an economy is an agricultural-based economy mainly on subsistence farming where there is less trade activities. The size of the capital stock is limited and of low quality resulting in very low labor productivity and little surplus output left to sell in domestic and overseas markets

2.1.2 Pre-conditions for take-off

According to Rowstow, pre-condition of takeoff in a nation is characterized by change in political and social transition from feudalism (Thirwall 2006, 2). Furthermore, the stage between feudalism and takeoff is called the transitional stage. Nations at this stage seek investment in developing physical and social infrastructure. Within this category, there are three dimensions to this transition. Firstly, a shift from an agrarian to an industrial economy. Secondly, trade and other commercial activities of the nation is expanded not only to neighboring countries but far regions thus creating international markets. Thirdly, surplus attained during transition should not be wasted but spent on the development of industries, infrastructure which prepares a country for self-sustained growth of the economy in future. Agriculture must become commercialized and mechanized by way of technological advancement. This provides a shift towards cash or export oriented crops and paves way for agricultural entrepreneurship (Henegedara 2016, 2). At a pre-condition stage,

countries must be able to develop social infrastructure such as transport, irrigation and communication, increment in food production sufficiently to feed its population and increment in imports while increasing capital and expansion for entrepreneurship.

2.1.3 Take-off

Within the take-off stage, manufacturing industry becomes very important. Political and social institutions begin to develop rapidly even though external finance might still be required. Industrialization becomes a crucial phenomenon as it helps to prepare for structural changes on a larger scale (Henegedara 2016, 3). The take-off stage also requires some large and sufficient loans for expanding the industrial sector that mainly come from two sources - shifts from income flows by way of taxation and various fiscal measures (Henegedera 2016, 3). Also, reinvestment of profits received from foreign trade activities is the key way to reaching the take-off stage.

Several countries, including US, Canada, Russia and Sweden, have followed the export-based model and succeeded. During take-offs, new industries are to expand rapidly and cause a reduction in agricultural employments.

2.1.4 Drive to maturity

Rowstow defines this stage as the period where a country has successfully and effectively applied various technological innovations to the bulk of its resources (Henegedara 2016, 4). During this stage, a country must decide between the industrial power and technology it has been able to generate. An example of a country in the maturity stage is South Africa (Henegedara 2016, 4). South Africa is developing a world-class infrastructure which includes modern transport network, widely available energy, and sophisticated telecommunications facilities. The drive-to maturity stage also provides conditions for large-scale investment

in social infrastructure, rapid development in transport infrastructure, manufacturing shifts from investment-driven towards durable and domestic consumption (Henegedara 2016, 4).

2.1.5 High mass consumption

At this stage of economic development service industry which includes banking, insurance, marketing and entertainment dominates the economy. Output levels grow rapidly which also enables increased consumer expenditure. Historically the United States is known to have reached this stage first followed by western European nations and then Japan in the 1950s (Henegedara 2016, 6). Further to the above, welfare systems are fully developed and trade expands much more allowing a higher proportion of employment in the services sector.

2.2 Leapfrogging

The economic theory of leapfrogging explains or provides an avenue or option for economic development for developing countries without not passing through the stages of industrial growth. In the environmental debate, particularly in relation to climate change it is argued that developing countries need not adopt the dirty technologies of the past but rather “leapfrog” over them opting for clean technologies as an integral part of development (World Bank Group 2017.) The concept of leapfrogging also provides for the technology of clean industrialization which can be accessed or settled upon as a policy directive for developing nations such as Ghana. Leapfrogging implies a development strategy for industrializing countries to bypass the “dirty” stages of economic growth through use of modern technologies (World Bank Group 2017).

2.3 Comparative and absolute advantage

The theory of comparative advantage allows, however, that a nation may nevertheless benefit from free trade even though it is assumed to be technologically inferior to another nation in the production of everything. The principle of comparative advantage suggest that a nation will export the goods or services in which it has its greatest comparative advantage and import those in which it has least comparative advantage (Autor 2010, 7). Absolute advantage refers to a country which is more efficient in the productions of a good than another.

Both theories used in international trade especially between two nations implies an opportunity cost with the production of one good compared to another. Comparative advantage in this research work is applied quite differently from its usual practical explanation of trade between two nations. Comparative or Absolute advantage theory is recommended in this thesis as a non-monetary trade activity between Ghana as the exporter and its future trade partners. This form of trade relation used by China with the provision of cheap labor provided a conducive environment for most multi-nationals to relocate production to China thereby boosting industrialization and attracting FDIs.

2.4 Dependency theory

Dependency theory explains how developing nations are dependent on developed nations for survival. It is also a condition where resources flow from underdeveloped countries to developed state by therefore enriching the latter at the expense of the former (Shareia 2014, 81). This theory was first developed by Presbisch in 1950. Presbisch's initial explanation was the situation or phenomenon where poor countries exported primary commodities to the rich countries who then manufactured products out of those commodities and sold them back to poorer nations (Ferraro 1996, 12). Practically, the "value added" by the manufacturing of a usable product always cost more than the primary material used in providing such

products, making it impossible for developing nations to earn enough from exports to cover imports (Ferraro 1996, 12). This clearly relates to the present economic situation of developing countries such as Ghana and its neighbours in Africa. This theory explains the persistent poverty of many developing nations, and the lack of political will to overturn these situations to the advantage of developing nations.

However, to the above the Marxists theory critically explains that persistent poverty among developing nations is due to capitalist exploitation. Another school of thought named as the world systems approach describes poverty of developing nations as the evolution of the international political economy which causes a rigid division of labor that favors the rich and penalize the poor (Ferraro 1996, 23.) The research will further investigate the issues stated above to ascertain if these conditions still exist or are still major players to the economic development of Ghana.

3 ECONOMY OF GHANA

Overview

The former British colony is located along the west African coast and shares borders with Togo, Burkina-Faso and Cote d'Ivoire. The country, known for its richness in natural resources, has been in the center of both regional and International trade to enhance national development.

Ghana's future development goal has been to achieve a per capita income of a minimum of US\$ 3,000 by 2020 (International Monetary Fund 2017). Major bottle necks from political instability, productive capacity constraints, over reliance and a dependency on foreign aids have posed challenges in achieving this goal. ISSER (2017) argues that a nation is small from the point of view of foreign trade when its dependence on foreign markets is relatively great but its contribution to them is small.

Geographically, Ghana is divided into ten regions with two main cities namely Accra and Kumasi. Accra remains the capital of Ghana and the largest city in terms of population. Cocoa, gold and timber have been since independence the major sources of income for Ghana through trade. The economy of Ghana is a combination of both public and private sector, with the private sector being the main engine for growth. Ghana's main economic growth have been mainly from the agricultural, and services sector. Industrialization have been a major forecast of previous governments but this is yet to be achieved as the country is not able to achieve stabilized economic growth for a longer time due to the weak economic policies it has been practicing over the years. At the end of this research work will provide answers to the country's economic woes and to know the stage of economic growth it is at currently as defined by the Rostow's development theory, knowing the economic stage of the country will provide this project with answers to the research problem defined above.



FIGURE 4. Map of Africa (World Atlas, 2017)

Ghana's strategic plan to national development over the years have centered on four main key policy directions which were proposed by the National Planning Development Commission (NPDC) and to be implemented successive governments as stipulated by the 1992 constitution.

- Ghana poverty reduction strategy (2003-2005)
- Growth and poverty reduction strategy (2006-2009)
- Ghana shared Growth and Development Agenda I (2013-2013)
- Ghana shared Growth and Development Agenda II (2014-2017)

3.1 Key indicators

This chapter explains certain key indicators of Ghana which provides information on the general performance of the economy and the human development activities.

Economic indicators

Table 1 below explains GDP contribution which accounted for US \$37,053 of the national economy in 2015 according to the Ghana statistical service report 2015. GDP is used in gauging the health of a country's economy. Gross National Income also stood at US\$1.480 putting Ghana into the lower-middle-income group (World Bank Group 2017). GNI reflects the average income of a country's citizens which relates to its standard of living by average citizens. Generally, it is argued that people who live countries with higher GNI usually have high literacy rates, longer life expectancies and low infant mortality (World Bank Group 2017). Agricultural GDP which is also one major sector for growth contributed about 20.3% GDP making about 2% of national GDP.

TABLE 1. Economic indicators (GSS 2017)

Economic Indicators GDP (million US\$) (2015)	37,053.00
GNI per capita (current US\$) (2015)	1,480
Agricultural GDP on total GDP (%) (2015)	20.30% .2%
National budget spent on agriculture (%) (2008)	n.a.
National budget spent on rural development (%) (2008)	n.a.

Socio-demographic indicators

Also, Table 2 below, illustrates the socio-demographic trend of Ghana indicating the social lifestyle or demographic information. Official rate for unemployment stands at 5.2% from the last official review on the economy (GSS 2017). Currently, unofficial reports indicate the current unemployment rate at 11.6% (Ofori-Atta, 2017). Rural population stands at 46% clearly indicating a slow pace in economic growth (World Bank Group 2017).

TABLE 2. Socio-demographic indicators of Ghana (GSS 2017)

Total Population (number of inhabitants) (2015)	27,670,174
Population growth (2015)	2.50%
Agricultural Population (number of inhabitants) (2015)	4,275,986
Agricultural Population (annual growth rate) (1998-2008)	1.99%
Rural Population (% on Total Population) (2015)	46%
Unemployment (% of total labor force, 2014)	5.2%
Ratio of economically active male to female population in agriculture (2015)	1.13

Trade indicators

Trade indicators from the table below indicates the total trade volumes especially in the agricultural sector and the value of its contribution to the national economy of Ghana. Merchandise exports in the agricultural sector

for 2015 as compared to imports indicates a trade surplus of about 56.55% in the agricultural sector.

TABLE 3. Trade volumes of the agricultural sector (GSS 2017)

Imports of major agricultural commodities (2015)	Quantity (tones)	Value (current US\$)
Palm Oil	53,651,909	158,921,580.39
Rice Broken	537,485,689.77	876,604,626.89
Wheat	416,761,171	479,352.74

Exports of major agricultural commodities (2015)	Quantity (tones)	Value (current US\$)
Cocoa Beans	605,795	10,146,591,471
Sugar, refined	1,705.07	1,590.44
Cocoa Butter	3,181,316.68	817,082.84

Merchandise imports (current US\$) (2015)	5,660,063,386.41
Merchandise exports (current US\$) (2015)	13,557,084,176.36
Share of agriculture imports on total merchandise (%) (2015)	18.30%%

Share of agriculture exports on total merchandise (%) (2015)	74.85%%
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3.2 PESTEL analysis

Pestle analysis is a strategic tool which is used in this chapter to analyze Ghana based on the following political, economic, social, technological, environmental and legal factors of the country. In this chapter, the author makes use of this strategic tool to indicate and discuss sectorially the lapses and potentiality the country possesses. Analyzing Ghana holistically provides the right avenues for proper mechanism to be put in place to achieve optimum performance and growth.

Politically, Ghana's democratic credentials have been sustained over the years giving way for investor confidence and an excellent business environment. Though, within the business environment, certain factors like taxes and security are essential the current government is committed in providing a more relaxed tax regime in which there will be much private sector participation in the economy and attract as much foreign investments as possible (Bawmiah 2016).

Economically, the public sector of the economy, which has most government owned organizations dominates key areas of the national economy. Currently the NPP government is committed in rolling out various tax reforms to enable an expansion of the economy through private sector partnership (PSP) and create several economic opportunities for growth. The economy of Ghana is currently in a bad state with a projected GDP rate of 3.6% in 2016, this being the lowest in 22 years (Akuffo-Addo 2017). The main agenda of the current government of Ghana is to grow an economy which is self-sufficient, resilient, and is beyond the need of aid (Ofori Atta 2017).

As indicated in Chapter 3, the **social** setting of Ghana is still not urbanized; almost 50% of the population live in rural conditions. The country lacks various social amenities which is proved by the high infrastructural deficit over the years. Much more needs to be done in uplifting the social status of the average Ghanaian from a low middle-income bracket to a much higher one. Ghana's human development report is ranked 139 out of 188 countries with a life expectancy rate of 61 years according to the United Nations Development Program (2017).

The **technological** environment of the country is yet to have an immense impact on the economy since the introduction of Telecommunication and ICT. Rostow's model of development lays emphasis on technology and innovation as a means of developing via agricultural from the traditional society stage to the maturity stage (Rostow 1960, 2). Improving Ghana's economic potential needs a technological strategy and tool to drive the economy into industrialization. In Chapter 6 the author introduces the concept of leapfrogging as a developmental strategy to drive innovation and technology as a tool for economic transformation and growth.

Environmentally, the country faces numerous challenges especially of waste management and pollution. The mining sector is also a contributing factor to the environmental challenges due to the activities of illegal mining (Environmental Protection Agency 2017). There is an urgent call by civil society on government to implement strict regulations in protecting the country's natural environment as well as attracting investors to tackle the shortfalls like waste management and land degradation (EPA 2017).

Finally, Ghana's **legal** framework is a mixture of English common law and customary law. Within its democratic governance, the rule of law is set to be the main principle guiding the country with a national constitution adopted in 1992. One main challenge with the legal aspect of the country is the fight against corruption. The law seems to be inapplicable when is needed to be applied on corrupt government officials. (Ghana Integrity

Initiative 2017). The figure below is a summarized PESTEL analysis of the country Ghana.

TABLE 4. Pestel analysis of Ghana

<p>Political</p> <ul style="list-style-type: none"> • Ghana has a stable democracy and government. • Currently under the Fourth republic and providing five different head of states due to the peace and security. • Ghana is also recognized by the international community as one of the best democracies in Africa. • Is extremely safe in doing business in Ghana • Multi-party democracy
<p>Economic</p> <ul style="list-style-type: none"> • Though Ghana faces economic fluctuations frequently it is recognized as one of the best in Sub-Saharan Africa. • Many school of thoughts believe the Ghanaian economy should be doing better than it is currently • Ghana faces a crippling currency which the new elected government promises to fix. • Unstable economic growth • Heavily dependent on foreign assistance
<p>Social</p> <ul style="list-style-type: none"> • Lack of support from government business enterprises • High infrastructural deficit • Low middle-income country • Almost 50% of the population living in rural areas
<p>Technology</p> <ul style="list-style-type: none"> • Significant growth in mobile telecommunications over the years • Unstable and High cost of ICT • Improved Government intervention in ICT education

<ul style="list-style-type: none"> • Lack of internet inadequate internet access in rural areas
<p>Environment</p> <ul style="list-style-type: none"> • Abundance of natural resources and rich eco system • Lack of sustainable clean environment in urban cities • Persistent land degradation • Poor waste management systems.
<p>Legal</p> <ul style="list-style-type: none"> • Legal instruments to curb corruption not encouraging • Constitutional governance since 1992 • Mixed system of English common law and customary law • Parliament and the Judiciary acts as the legal arm of government.

3.3 Past

Ghana, immediately after the post-colonial days, had a stabilize and promising economy due to a stable regime with a visionary leader in the person of Dr. Kwame Nkrumah. In this Chapter, the author analyzes the country's economic state from the past, present and future. Ghana under Kwame Nkrumah had a vision of being one of the strong economies in Africa, after being the first country to gain independence in sub-Saharan Africa. Six main historical themes account for Ghana's failure to capitalize on its natural resources: excess demand, currency overvaluation, and foreign dependence, ineffective policies regarding comparative advantages, overextended state involvement and financial sector problems. To develop historical context this Chapter, analyzes the big push strategy of the first president of Ghana Kwame Nkrumah and the economic recovery program of the Provisional National Defense Council (PNDC) headed by ex-President Rawlings (Baah 2014, 56).

Dr. Kwame Nkrumah begun instituting various industry reforms under a socialist framework which had a seven-year development plan from 1964-1970. Industrialization was the main agenda through a big push strategy. This theory was developed by Rodan (1943). The theory asserts that a

developing country requires a takeoff into a self-sustaining economy via a massive investment programme designed to promote rapid industrialization and building up infrastructure (Rodan 1943, 210). Due to political discomfort and foreign interference, the first government was ousted and was then followed by a series of military takeovers which will be analyzed in detail in subsequent chapters.

The economic recovery program came into force in 1981 after a military takeover by the PNDC which resorted to long-term economic growth. Through collective support from Libya, Cuba, eastern Europe and the IMF Ghana obtained loans and activated the Economic Recovery Program which was a neo liberal agenda focused on structural adjustment programs of the world bank and IMF. During the mid-1980s Ghana experienced unprecedented growth which led to the accolade “Asian tiger” of Africa. By the end of the 1990’s the economy of Ghana was on the verge of collapse due to macroeconomic fluctuations, reduction in export revenue due to low market prices which also resulted in currency depreciation and rise in inflation. This economic state led to a public discomfort with many questioning the existing policies implemented. The inception of the 1992 constitution opened the ground work for Economic recovery which produced the establishment of the National development planning commission (NDPC) under Act 479 of the national constitution (Aryettey, Fenny & Tsikata 2008, 11).

This had to be implemented due to the negative effects the 1981 coup d’ tat had brought to the country, there was price instability on commodities, agricultural produce, due to the high rate of inflation and other weak micro economic indications. Moreover, another contributing factor to the economic decline during the 1990s was because of massive and gross economic mismanagement during the 1970s which also led to a weak exchange rate which was almost overvalued at a 1,000% and thus “not so much wrong as irrelevant to economic calculation”. Cocoa production which was the main source of foreign exchange to the country had fallen drastically as domestic industries were unproductive due to lack of parts

for industrial machinery and intermediate inputs. This led to the “distributionism-cum-populist mobilization”, and unstable domestic market associated with the hoarding of goods and overpricing (Kraev 2004, 3-6).

Figure 5 below explains the growth rate pattern of Ghana 1980-2000. Between 1995-1999 Ghana recorded the lowest within this period. The annual GDP growth rate explains the rate at which the actual GDP grows annually.

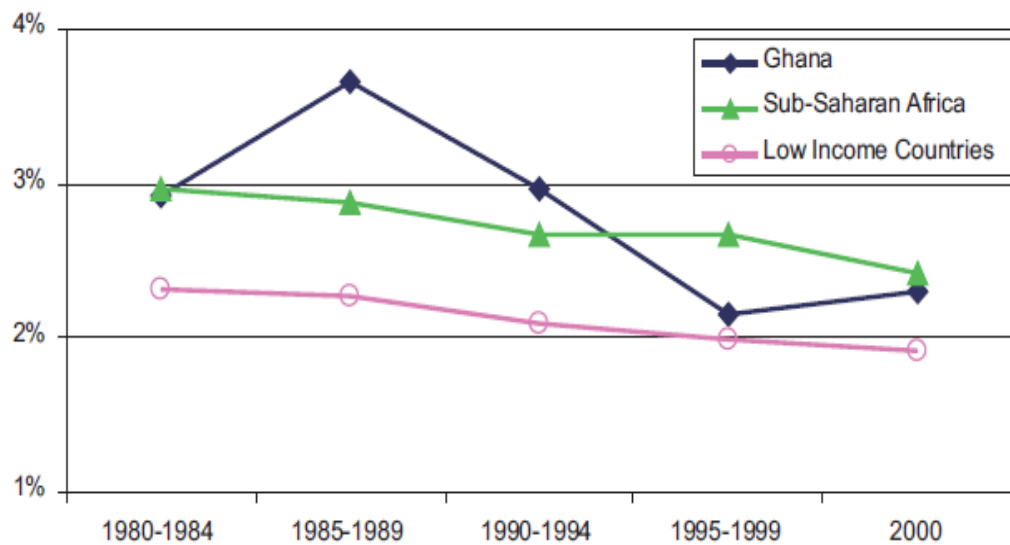


FIGURE 5. Annual growth rate (World Bank Group 2017)

Figure 6 below also provides the thesis a historical account of the rate of inflation in Ghana from 1980s-2000. Inflation figures are also used to access the health of an economy.

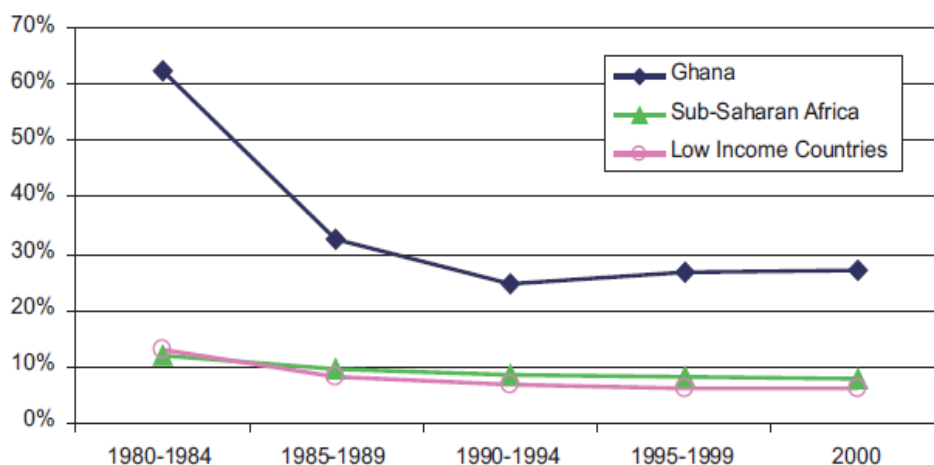


FIGURE 6. GDP deflator, annual inflation (World Bank Group 2017)

3.4 Current

Ghana's economic state is not that of the best since the past decade. In the mid-2000's Ghana was rated as a low middle-income country by the International Monetary Fund (IMF). Before attaining this status, Ghana's economic problems had degenerated from the 1990's which led to the country's Highly Indebted Poor Countries status (HIPC) in the early 2000's. High levels of poverty and debt overhang contributed to Ghana's HIPC state thus requiring assistance from the IMF and the World Bank.

The economy grew by 4.9% during the first quarter of 2016, higher than the 4.1% during the same period in 2015 (World Bank Group 2017). However, the overall GDP for 2016 might be below the 3.9% achieved in 2016 due to unforeseen production problems in the oil sector. Inflation in 2015 was at 18% and currently at 16.7%, though under the current government inflation had been reduced to single digit figure the current rate does not project a good economic progress for the country. Ghana's economic woes kept deepening after the last general elections in 2012, with an increment in foreign debt, budget deficit, high rate of unemployment and public-sector wage bill the government had to consult the IMF on a 3-year program for recovery.

The IMF in April last year granted an extended credit facility (ECF) to Ghana with an amount of \$918 million as balance of payments for a 3-year period (IMF 2017). Ghana have had to seek for interventions from the IMF on previous occasions and this is enough evidence of poor economic development and progress despite its rich natural resources and existing trade relations which are supposed to aid in speedy economic growth. In 2011 Ghana achieved a record growth of 15%, though impressive this could not be sustained in subsequent years (IMF 2017). The immediate past government have been accused with massive economic mismanagement and unprecedented corruption in government operations. In 2013, Ghana's growth was 5.4% far less the target of 8.8% which was much lower than the rate achieved in 2011 (Aryettey et al. 2008, 7). The impressive growth rate achieved in 2011 is attributed to the discovery of oil but as stated above this rate declined from 9.4% in 2011 to 7.8% in 2012 and to 3.9% in 2013 (IMF 2017). These figures clearly go to prove the fact that the national economy is unsustainable and not growing as expected. There has also been currency devaluation in the Ghanaian cedi due to excessive borrowing and over reliance on foreign partners for financial support. This practice of economic dependency since the post-independence era have not impacted positively economically as expected.

This thesis aims to examine the economic conditions of the post constitutional era of Ghana to ascertain the reasons for its stagnant growth thus if is due to the stage of economic growth as articulated by Rowstow's development theory (1950-1960) which provides certain economic conditions that countries must go through to attain a well-developed status relating it to the case of Ghana if certain pre-conditions should have been achieved long ago for sustainable growth. Globally most countries recorded low growth rates since 2010 due to the economic crisis, and this have slowed growths in countries where Ghana recognize as development or donor partners.

However, due to the nature of Ghana's economy and it budget dependency of foreign aid, it is relatively important to look at the world

economic performance or outlook when tracing the economic performance of Ghana. Figure 7 below illustrates a historical assessment of the GDP growth of the main economic players globally. The figure shows a very low GDP growth achieved in the year 2009 due to the world economic recession.

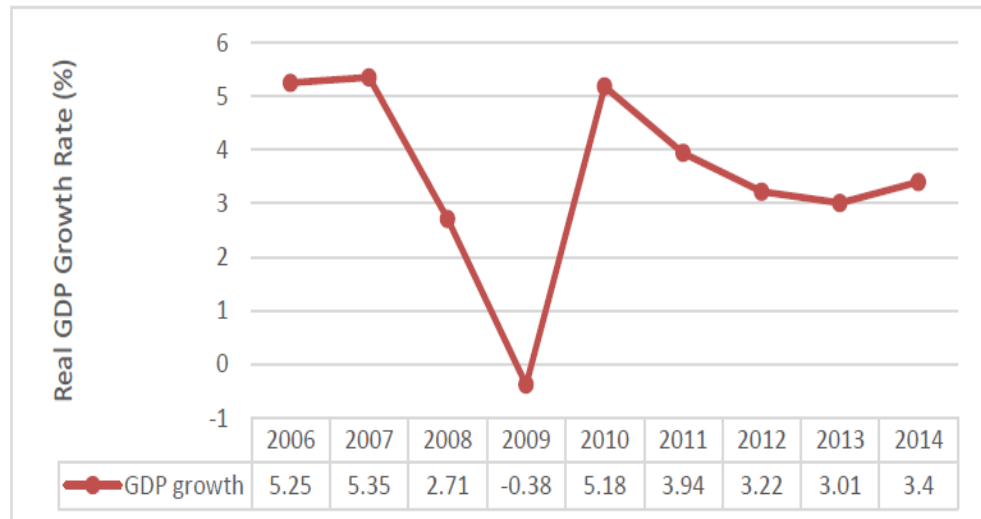


FIGURE 7. World output growth 2005-2013 (IMF 2017)

Moreover, from Figure 7 the economic recession in 2009 did not have negative influence on Ghana's economy due to reliable and expected inflows from its development partners like the World Bank and other donor countries. On the other hand, actual GDP target have not been achieved except in 2011, clearly showing a deficit in economic performance over the past years. This has resulted in the persistent budget deficit over the period due to low productivity of the economy (Ministry of Trade & Industry, 2017).

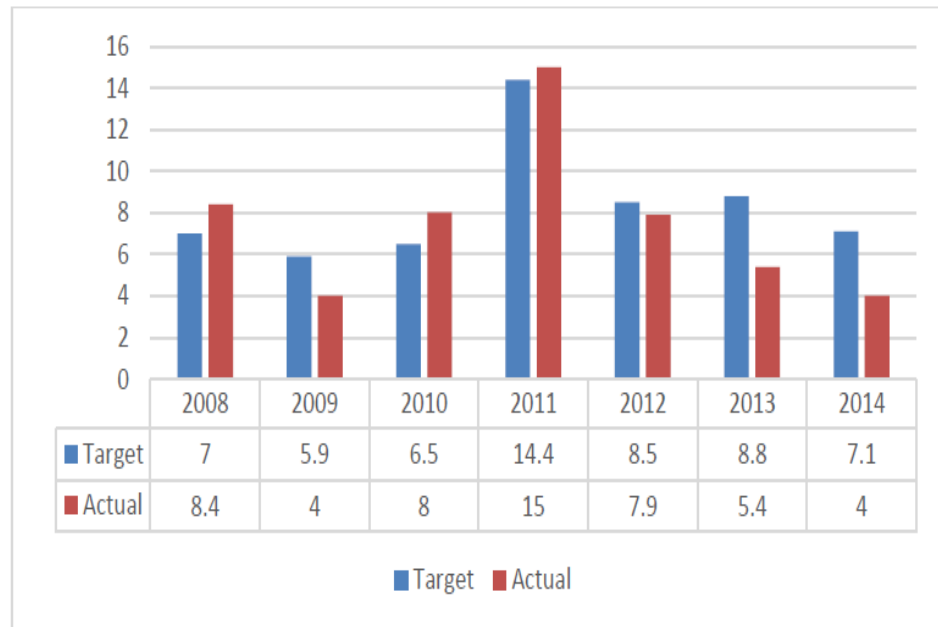


FIGURE 8. Trends in target and real GDP growth 2008-2014 (GSS 2017)

Figure 8 provides information on the performance of Ghana's economy in three dimensions thus, real GDP growth rate which is an inflation-adjusted measure that reflects the value of goods and services produced by the economy in a fiscal year (World Bank Group 2017).

Real GDP per capita, measures the total output of the economy over the number of its people. In 2011 Ghana recorded impressive growth as compared to the years, growth could not be sustained as expected.

With the discovery of oil and production in Ghana, oil as also contributed to the national GDP growth rate. The figure below also explains the real GDP growth rate without the contribution from the oil sector. In 2011, real GDP growth without oil stood at 9.4, actual GDP was 15% exceeding the

target of 14.4%. Clearly the oil sector contributes significantly though not high enough to the national or real GDP of the economy (GSS 2017).

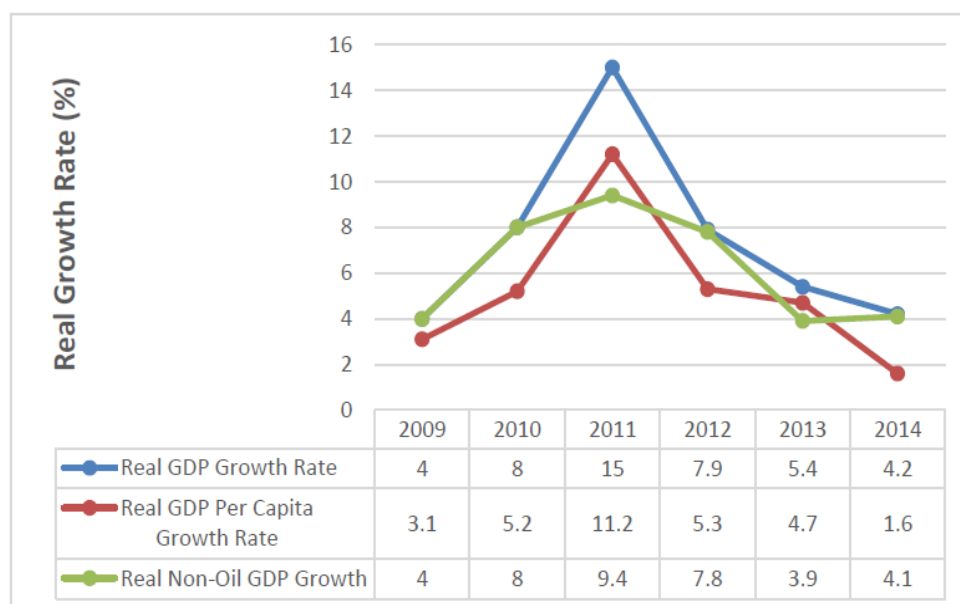


FIGURE 9. Trends in real GDP, non-oil GDP and Per Capita GDP Growth Rates (IMF 2015)

3.5 Future

According to the World Bank Group (2017), its economic outlook on Ghana projects that, GDP growth rate will recover in 2017 at a rate of 6.7% from the previous 4.5 % recorded in 2016 due to some monetary and fiscal discipline proposed to the government. It is an obvious fact that Ghana's economy has been under the watchful eye of international organizations or donors who pass credible assessment or projections due to inflows provided to the country. But, despite these economic ratings and projections the country's economic development moves at a slower pace than expected or retrogresses at certain points. This research work intends to find lasting solutions from potential areas that accelerate growth and development to enable the country to abolish the age-old dependency economics that it practices. The post-colonial west African state owns it

economic existence, stability and progress to its former masters which in effect does not ensure rigorous measures to be taken by governments to enable speedy growth. Most wealthy nations, rich in natural resources can maximize their resources into development of the citizenry and the country but unfortunately this is not the case realized in Ghana. How has the country's resources contributed to the development of the nation through trade and foreign investments? This question remains unanswered with no tangible reasons because most natural resources are controlled by foreign companies who own majority shares of the booty or revenue with the government owning less. Post-colonialism is defined in anthropology as the relations between nations and areas they colonized and once ruled (Fischer 2011, 33). It is factually correct that the country is not maximizing the resources to its benefit through trade or reasonable investment policies but rather a post-colonial negative effect keeps creating obstacles for development. Ghana needs to charge of its natural resources as well as formulating policies that suits the country's economic growth. The present government of the country realizes the need for stable economic transformation and therefore begun a National Economic Forum in 2014, which was aimed in finding long lasting solutions to ensure speedy, stable economic growth for the future (Senchi Consensus 2014, 22).

Key topics discussed included:

- Restoring macroeconomic stability
- Strengthening the role of the private sector in achieving sustainable growth and development.
- Key issues of economic management
- Financial markets and long-term growth
- Unlocking the potential for long term economic development
- Post- forum implementation and communication

Ghana's total public debt rose Ghs.94.5billion (USD 23.7 billion) by the end of June 2015 which is equivalent to 71 percent of the national gross

domestic product (GDP). The current debt piliation has been a worry not only to the current generation but most certainly for future generations. Ghana has over previous years issued three Eurobonds \$750million, \$1billion and another \$1billion at a rate of 8.5%, 7.875% and 8.125% respectively (Ofori-Atta 2015). Ghana's economy is mainly in 3 dominant sectors which include Agriculture, services and industry. The largest among them have been the services sector since 2007 and contributed 49.6% to GDP in 2014, with Agriculture and industry following. With industrialization of Ghana's economy being an agenda for growth through external trade and home-grown policies (Senchi Consesnus 2014, 62) several governments after Ghana's first president intended to industrialize the economy but had faced several difficulties from the re-adjustments the country had to make due to policy interference form the foreign donors and crippling power crises.

The figure below explains the sectorial contributions to the national economy. The services industry which includes the banking, tourism, transportation industries have prominently to the national economy as shown in figure 8. The agricultural industry which is recognised as the most potential sector to accelerate growth is still not highly utilised due to the non-industrialization of the economy (Ministry of Food & Agriculture 2017).

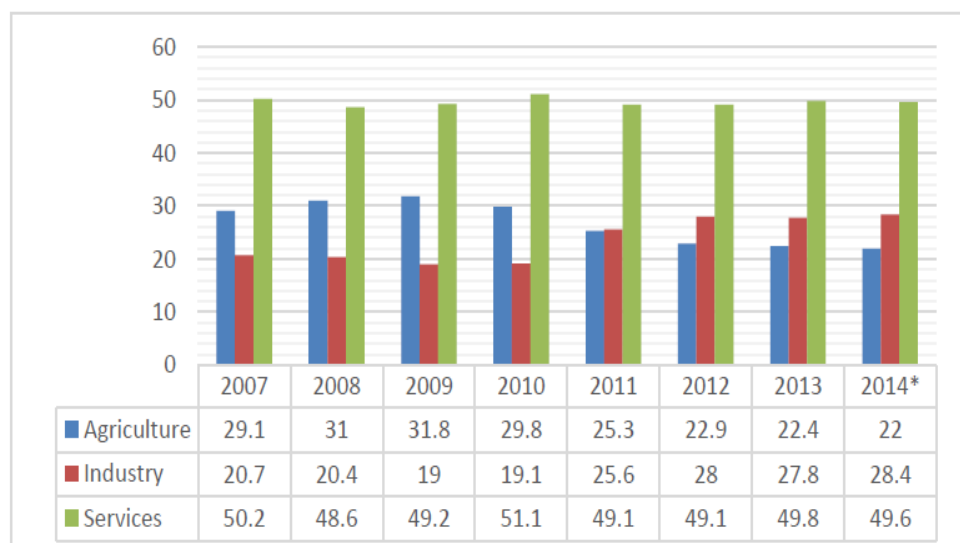


FIGURE 10. Sectorial contributions to the national economy (GSS 2017)

Structural deficits in infrastructure, labour markets and reducing commodity prices have contributed to the slow pace of the economic growth of Ghana. The future of the Ghanaian economy has always been predicted to grow pass the national target but this have never been successful. The composition of the country's trade is largely contributed from primary commodity exports which narrows the Ghana's export earnings and makes it extremely vulnerable to market volatility. To ensure sustainable growth and regional development among sub-Saharan countries, Ghana needs to re-anchor its trade policies by trading mostly with African countries and being an exporter of value added commodities to new markets by industrializing the national economy. The collective vision of Ghana based on the 1992 constitution, which paved way for the inception of the National Development Planning Commission which will guide the policy formulation and implementation. Among the policies to be implemented below are the goals in pursuing the national vision of economic growth (NDPC 2017).

The figure 11 below explains the by the medium-term plans implemented and the long-term development plan agenda proposed by the NDPC of Ghana, it also acknowledges the already persisting deficit in infrastructure and service delivery even after the medium-term implantations. The long-term development plan also which includes a 10-year medium term plan to be reviewed every three years (NDPC 2017)

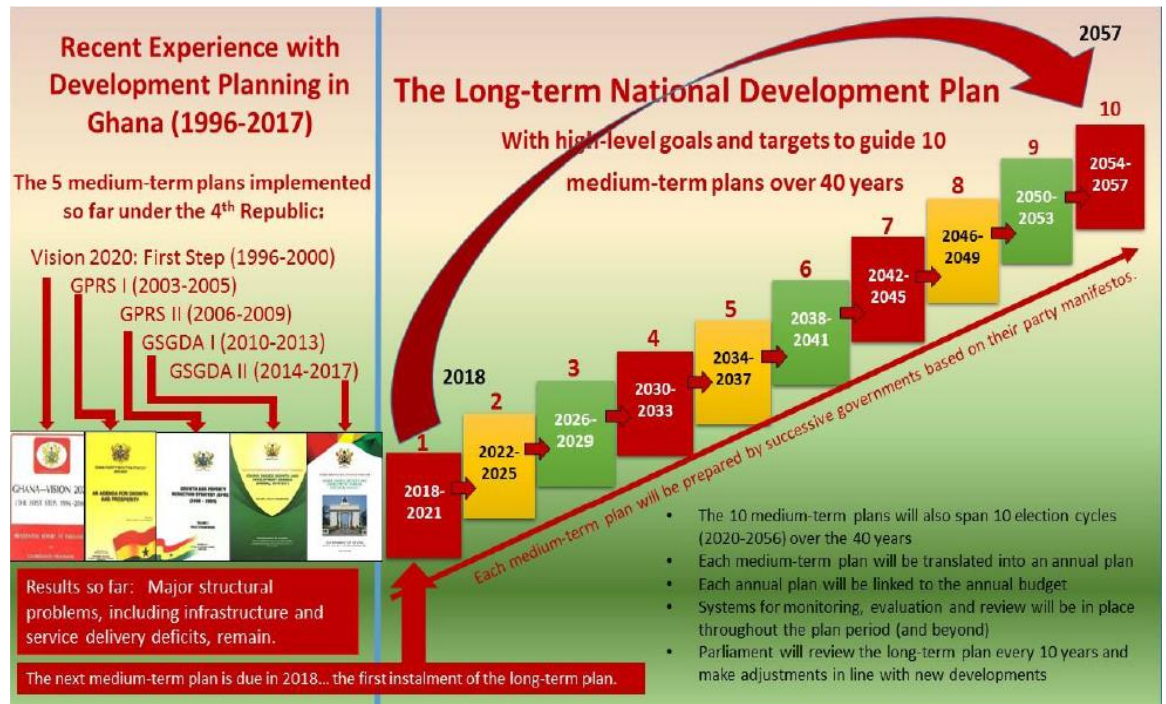


FIGURE 11. Medium and long-term development plan of Ghana (NDPC, 2016)

3.6 Political economy

The political economy of country is a process of bargaining between state and society actors and through the interaction of formal and informal institutions (Baah 2014, 55). Good governance coupled with the rule of law is one of the most reliable mechanism to ensure stable development. Grindle (2010, 2-9) argue for a good approach to governance based not on imposing 'good practice', but in looking for the 'best fit' to the social and political context. In view of this the African Power and Politics Programme, set up to examine structures and institutions rooted in the African socio-cultural context that work better for development.

Ghana's post-independence history have been with several military interventions after the overthrow of the first president Kwame Nkrumah, these situations have contributed negatively to the socio-political and economic growth of the country. The total national revenue from independence was mainly from export and trade activities. Ghana to

civilian rule after several foreign external pressures which gave way to the 1992 constitution. Since then Ghana have held six multi-party elections with the seventh scheduled for December 7, 2016. Ghana's democracy has been touted as one of the best political stories in Africa. The institutions of political power in Ghana includes the Executive -president, Legislator-parliament and the Judiciary, it is upon these structures that the concept of the national economy of Ghana is framed.

In view of our political setup governments mostly activate trade policies influenced by special interest instead of that which brings national benefits and growth. National distribution of resources and income, budget allocations, infrastructural adjustment programs are all influenced by political colors and are not distributed genuine way, all these political influences hamper rapid national growth, widens the gap between the rich and poor in developing economies.

3.7 Trade relations and policies

The trade structure and composition of Ghana is mainly based on the production of raw materials which makes up to almost 90% of the total national exports. Main primary commodities for exports include cocoa, gold, fish, vegetables and fruits. On the other hand, the main imports of Ghana include machinery, technological devices, and petroleum products which until now is on the decrease due to the discovery of oil in commercial quantities (MOTI 2010).

In this chapter, the author makes an in-depth analysis on Ghana's policy framework, in terms of regional and bilateral relations as well as trade activities. Since the inception and acceptance of the 1992 constitution several laws pertaining to International trade activities have been reviewed and adjusted in conformity to International practices. Some of these reforms included tax laws and relaxations, setting up off responsible agencies with autonomous powers like the minerals commission, forestry commission, national petroleum authority (NPA), Ghana Chamber of

Commerce to achieve better financial returns from trade dealings. The policy framework of Ghana begun with the enactment of various laws and statues by the judiciary in accordance with the 1992 constitution. Other special commercial courts have been established to regulate trade activates, tariffs and disputes with other West African member States. Ghana is the second largest economy in West Africa after Nigeria making it a major stakeholder in the sub-region (GSS 2017).

With policy formulation, implementation and monitoring the Ministry of Trade and Industry of Ghana has the overall responsibility to that. Other ministries in charge of International trade includes that of finance, mines and energy, technology and foreign affairs. In conclusion, the Ghana National Development Planning Committee (NDPC) is also mandated by law to provide based on advice to the executive a national strategic policy framework for development.

3.8 Preferential trade agreements

Preferential trade agreements (PTAs) reduce or eliminate policy-imposed barriers to the flow of goods, services, capital, labor etc. (Krugman, Melitz & Obsfeld 2008, 36). It is possible to view PTAs from three separate perspectives: economics, politics and commitment or credibility (Grath 2008, 29). Economics explains PTAs as restricting the setting of unilateral trade policy, which can affect the welfare of other nations. The political perspective views PTAs limiting the distributional issues of trade policy choices by government. The commitment perspective explains PTAs in the context of increasing the credibility of government nations. Ghana since independence has entered PTAs with several countries under the Generalized system preferences(GSP) which allows almost all developing countries to pay little or less duties on their export commodities to other markets.

TABLE 5. Generalized system preferences agreements of Ghana (World trade organization 2017)

Name	Type	Initial Entry into Force
Australia	GSP	01-Jan-1974
Canada	GSP	01-July-1974
European Union	GSP	01-July-1971
Japan	GSP	01-Aug-1971
Kazakhstan	GSP	01-Jan-2010
Norway	GSP	01-Oct-1971
New Zealand	GSP	01-Jan-1972
Switzerland	GSP	01-March-1972
Turkey	GSP	01-Jan-1976
United States	GSP	01-Jan-1976
Russian Federation	GSP	01-Jan-2010
African Growth and Opportunity Act	Other PTAs	18-May-2000

The African growth and Opportunity Act (AGOA) is provided by the United States under a public law 106 of the 200th congress, this act is runs till until 2025. The importance of this legislation is to enhance market access to the United States for qualified Sub-Saharan African (SSA) countries which includes Ghana.

3.9 Trade policy objectives

Due to the poor state of Ghana's economy, the need for an immediate economic transformation became a national agenda. Rapid globalization influenced the need for several structural reforms which made the PNDC government launch the Economic Recovery and Structural Adjustment programme (ERP/SAP) in 1983 with the World Bank and IMF's support.

Ghana among several African countries is part of the world trading system which seek to maximize the benefits of trade by formulating effective trade policies. At least each African country belongs to one or more regional trade agreement (Yang & Sanjeev 2005, 3). Regional and International trade relations have become much more important to especially developing nations such as Ghana, the essence of trading is to seek foreign direct investment (FDI) and enhance exports for national development and growth. In 2004, a policy document was prepared to provide guidelines and objectives for Ghana's trade activities. These guidelines sought to provide policy reforms to enable competitiveness, fair trading and new market opportunities. Ghana is a member of the world trade organization (WTO), African Union and the Economic Community of West African states (ECOWAS). Various policies have been implemented since independence to accelerate the growth of the economy. Ghana vision 2020; the first medium term plan (1997-2000); Ghana poverty reduction strategy (2003-2005); Growth and policy reduction strategy (2006-2009) and the Ghana Shared Growth and Development Agenda (GSGDA 2010-2013) which is being implemented currently. Within this framework, the most featured prominently are Trade policies and programme with an objective of improving export competitiveness and markets. Trade, policy and programme is mainstreamed and an integral aspect of the national policy to help drive rapid economic growth. (NDPC 2017)

Just like other developed or developing nations the sole aim of participating in trade deals is for the unilateral development of the country

and its citizens. Through wide consultation on various stakeholders, recommendations and analysis made by the ministry of Trade and Industry various policies were set as instruments and guidelines for the implementation of the Ghana's domestic and international trade agenda. These objectives are to be achieved through the full spectrum of trade policy instruments involving the following thematic areas (NDPC 2017).

- Multilateral Trade
- Creating a fair and transparent import-export regime
- Facilitating Trade
- Enhancing production Capacity for Domestic and Export Markets
- Domestic Trade and Distribution
- Consumer Protection and Fair Trade
- Protection of intellectual property rights

Under the Ghana Poverty Reduction Strategy (GPRS) even with Ghana's small market, economic and sustainable growth must be realised from increased international trade. To achieve this objective Ghana needs to shift from the traditional exportation of raw natural resources to a more valued added commodity which can empower local industrialization and pave way for new markets. Further to the above the trade ministry have developed the following two strategic policies to enable the country to realize its developmental objectives through trade.

- An export-Led Industrialization Strategy
- A domestic Market-Led Industrialization Strategy based on Import Competition

On a wider scope the formulation of the above trade policies are geared to aid development and economic growth for Ghana. Benefits expected to be derived from engaging in trade activities includes the under listed expectations set out by the National Development Planning Commission.

- To help boost development by reducing poverty through increased commercial activities and investments.
- Enhance sustainable competitiveness to reduce costs of trade inputs and acquire an effective finance system through value added products and move upward the global value chain.
- To provide the framework for innovation and technological advancement.
- Encouraging foreign direct investments to boost growth in the public and private sector.
- Strengthening the private sector as the engine of growth to open and access new markets both regionally and internationally.
- To strengthen ties among member nations for mutual beneficial returns.
- Reduction of the cost of trade with other markets by way of reduced tariffs and elimination of trade barriers.

These expectations are the results expected not only for Ghana but among most developing nations in Africa. But realistically little or no growth has been realised in most African nations due to reasons clearly unknown, this research work defines its main objective of examining the existing issues causing such retrogressive growth instead of the expected benefits outlined above. The existing trade relations among most developed nations seem to suggest that developing nations such as Ghana are exploited to the benefit of worthy nations (Ferraro 2010, 11) making the true essence of mutual benefits through trading questionable.

3.10 Trade partners and agreements

In this chapter, the author explains in detail the existing trade relations of Ghana, between countries and other multi-lateral parties. Ghana has been in the trade business since the pre-colonial era due to its strategic location along the coast and the abundance of natural resources. Regional Trade Agreements (RTAs) plays an active role in creating stumbling blocks or providing global trade liberalizations. Furthermore, regional integration

may increase bargaining power at the level of international trade negotiations as well as promoting regional stability (IMF 2017). In this chapter, the author explains into details the existing trade agreements Ghana has entered since the post-Independence era

Major trade agreements of which Ghana is part includes the Economic Community of West African States (ECOWAS), the West African Monetary Zone (WAMZ) which is still in the implementation stage and the Economic Partnership Agreement (EPA) which is mainly with the European Union. The main aim of WAMZ is to enable all members within the ECOWAS trade framework adopt a single currency to enhance economic activities. Despite the above multi trade agreements Ghana's bilateral trade partners include the U.S.A, Japan, China, India and other African countries not within the sub-Saharan zone. The Economic Partnership Agreement with the European Union since its interim initialization on 13 December 2007, have been a major two-way trade destination for Ghana (ISSER 2017)

The EU is the highest trade market for merchandize exports from Ghana, even though further ratifications are needed to finalize the partnership agreements between Ghana and other sixteen countries in West Africa. In the interim Ghana still have access to the EU market with duty free and quota free regulations for an unlimited period in all imports originating from Ghana. On the other hand, China which has intense its trade relations to Africa is not a significant market for primary commodity exports from Ghana as it is in other sub-Saharan countries. This trend is quite alarming due to the structural change between 2006 - to date with an increasing rate of imports from China to Ghana which has affected the United States and the EU's share of total imports to Ghana. Table below explains in detail Ghana's volume of trade with its major partners in the 2013 fiscal year.

As stated briefly Ghana like many other nations is engaged in Multilateral, bilateral trade agreements both regionally and internationally.

3.11 Multilateral trade – participation in the WTO

Ghana fully recognizes the impact of international trade rules on its economy, thus making it engage fully in negotiations of multilateral trading fora to ensure the country's national interest is secured. Whether if this is practically existing or not will be made known in subsequent chapters. Joining the World Trade Organization was to provide market access in several member countries to in other to benefit from progressively reduced tariffs and adhere to the framework within which member countries must trade. Furthermore, Ghana sought to enjoy global reductions in tariffs and the elimination of non-tariff barriers on commodities produced in Ghana. These reductions are sometimes difficult under bilateral relations with a single country due to proximity, political or economic factors. The WTO framework is to also provide market opportunities and enhance Ghana's export development network among several countries under one umbrella of trade.

3.12 Economic partnership agreement (EPA)

Since 2003 Ghana has benefited by way of agreement non-reciprocal market access to the European Union market. The framework of this agreement is basically to export produce on a market and quota free basis. Another objective of this trade agreement was to enhance Ghana-EU relations. Under the Cotonou agreement Ghana is supposed to re-negotiate a new WTO compliant agreement with the EU taking into consideration the state of Ghana's economic development. Despite this long-standing agreement, the economy of Ghana remains vulnerable and stagnant as against the expected growth is supposed to provide. The EPA negotiations between Western African states and the European Union could not be concluded in December 2007 as enshrined in the Cotonou agreement (ECOWAS Act Cf. Article 37.1) or even in subsequent years until the 6th of February 2014, which was endorsed by the ECOWAS heads of states which are all members of the World Trade Organization.

The main framework of this agreement provides for:

- Duty-free-Quota access into the EU for almost all imports from West Africa
- Free movement of goods between countries
- Commitment by the EU and its member states to fund the EPADP beyond the expiration of the Cotonou agreement
- Exemption of the regional integration autonomous funding mechanism from duties and taxes subject to tariff reduction.
- Support for agricultural policies to strengthen agricultural sectors of both parties and ensure food security.
- Gradual opening of West African market to EU goods, which West Africa committed to liberalize 75% of imports from the EU over a period of 20 years.
- Strengthening of administrative and customs cooperation to facilitate trade development.
- Establishment of a joint decisional advisory body to boost involvement.

3.13 Sub-regional trade integration (ECOWAS)

The regional integration of the Economic Community of West African States with the aid of creating a single currency unit (UEMOA) is to provide access to a larger market among member states to enable trade and development among member states. Since the inception of the ECOWAS body have recorded systematic drop in trade activities among member states which has created a delink to regional economic growth (Bawumiah 2015).

Benefits of this trade agreement to Ghana's economy and member states includes:

- Free trade among member states
- To enhance industrialization and investment

- To provide for the mechanism of enhancing free movement goods and citizens.
- Ensuring sustainable political stability among countries
- To build a collective market economy which can provide competitiveness globally.

Despite the above objectives of this trade agreement, little or no achievement has been realized collectively as a body due to factors of political instability, lack of a one collective front, weakening financial sector in member states and foreign influence in member countries. Aside several trade agreements among countries on the African continent, the African Union as a body has launched the New Partnership for Africa's Development (NEPAD) which focus to provide the framework for collective trade relations among countries in order to eradicate poverty and create sustainable growth. NEPAD was adopted at the 37th session of the Assembly of Heads of State and Government on July 2001.

3.14 Bilateral trade agreements

Ever since the post-colonial Era Ghana have engaged in bilateral trade agreements with several countries both regionally and internationally. As a compliment to multilateral trade relations, there is the potential to develop access to certain markets on bilateral basis. Until the signing of the EPA with the European Union as a body most member countries had existing trade agreements with Ghana in other several sectors of the economy. Relatively to the objectives of other trade agreements Ghana has long existing trade relations with notable economic markets such as United States of America, United Kingdom, Germany, Brazil, China, Japan, Cuba, to mention a few (Aryettey, et al. 2008, 10). The table below provides further information in terms of trade partners and volumes of export or imports between countries.

Apart from the aged old existing model of trade involving commodities, Cuba for instance under an agreement provides for free medical

assistance and training for Ghana's health sector and professionals. Even though such an agreement has been in existence for some time now, this thesis aims at making such recommendations to the government of Ghana to shift from the old modality of trade and adopt other innovative measures with developed economies by way of trade policies to strengthen other sectors of the economy to enhance rapid economic growth. With the negative growth indices on the economy it is evident that Ghana's needs to implement new economic policies through trade relations to enhance sustainable growth and development. In this next chapter, the thesis researches into the bilateral trade relations between Ghana-China to examine the existing trade modalities and if this have been of immense benefits to the development of Ghana as expected.

The author examines Ghana-China bilateral relations because, because of the agenda for growth proposed by the National Development Planning Commission of Ghana emphasizes on the need to industrialise the Ghanaian economy, and with China being an industrialized and a developing economy it is of immense importance to the theoretical framework of this paper which explains the stages of growth in different economies.

The highest export destination of Ghana is the European union followed by South Africa. This trend clearly shows the lack of regional trade activities among Ghana's neighbours as well as other countries on the African continent.

TABLE 6. Major trade partners and export volumes (GSS 2017)

<i>Major Trade Partners</i>	<i>Export Volume (\$)</i>
<i>South Africa</i>	\$2,833,217,377
<i>UAE</i>	\$1,659,718,892
<i>European Union</i>	\$3,969,453,258
<i>Burkina Faso</i>	\$466,633,702
<i>India</i>	\$465,811,337
<i>China</i>	\$457,593,751
<i>United States</i>	\$326,171,663

On the aspect of Importation, in the case of Ghana and China trade activities there is a huge trade deficit between these two. This goes on to explain non-productive nature of Ghana's economy. With all the major trading partners Ghana imports, much more than export to those countries making Ghana an import based country (GSS 2017).

TABLE 7. Major trade partners and import volumes (GSS 2017)

<i>Major Trade Partners</i>	<i>Import Volume (\$)</i>
<i>China</i>	\$2,280,469,724
<i>United States</i>	\$1,259,242,239
<i>European Union</i>	\$1,943,784,139
<i>South Korea</i>	\$447,899,557
<i>South Africa</i>	\$415,303,227
<i>India</i>	\$608,808,934
<i>Nigeria</i>	\$350,852,415

Table 8 below illustrates the total trade volumes of Ghana for the 2013 fiscal year, recording a trade deficit of US \$143,334,027. One of the main goals of this thesis is to investigate and unearth development concepts to enable Ghana to achieve rapid sustainable development, to achieve this the economy of Ghana must be productive enough with a sustainable trade surplus pattern to enhance its financial status and promote growth.

TABLE 8. Total trade volumes of Ghana (GSS 2017)

<i>Total Trade</i>	
<i>Total Exports</i>	\$12,643,899,368
<i>Total Imports</i>	\$12,787,233,395
<i>Trade Balance</i>	-\$143,334,027
<i>Export of goods and services (% of GDP)</i>	44.06%
<i>Import of goods and services (% of GDP)</i>	54.77%

4 GHANA - CHINA RELATIONS

This chapter will be examined using the problem oriented approach in order to identify the potential, trends and problems that exist within the relation. Both countries are considered as developing countries but realistically China has a far more sustainable economy than Ghana, with China having achieved an impressive growth rate over the past decade and currently the second largest economy in the world. Same cannot be said for Ghana which have suffered retrogressive economic growth over the past decade as it has not been able to reach its growth target over the period (Aryettey et al. 2008, 19-22).

Details of trade relations mostly data information's will be used in this chapter to analyze and interpret the trend of trade between these countries.

4.1 Cooperation arrangements

From November 3 to 5, 2006 a conference termed The Beijing Summit and the Third Ministerial Conference of the Forum on China-Africa Cooperation (FOCAC) was held to broadly deliberate on the incoming and existing cooperation agreements that China has or aims to have with African countries which included Ghana. Trade and investment relations between Africa and Asia have been on the increase in the past decade because of trade flows between China, India and Africa. Bilateral trade between China and Africa have quadrupled in the past decade reaching over \$40 billion (Aryettey et al. 2008, 25). Moreover, the increasing prominence of Chinese imports to Ghana raises questions about the state and effectiveness domestic industries.

Cooperation's between China and Ghana covers a wide range of sectors, such areas include diplomatic cooperation which includes sovereignty and territorial integrity. In this agreement, the "one china policy" is completely adhered to by Ghana which sees Taiwan as an inalienable part of the People's Republic of China. This agreement forms the basis of all bilateral

cooperation since China refuses to maintain diplomatic and economic ties with any country that recognizes as an independent nation (Aryettey et al. 2008, 36). Both countries have agreements in exploring means of greater cooperation in the World Trade Organization, United Nations, as well as other international and regional organizations. Aside these cooperative agreements China have also lent support to the African Union (AU) and the New Partnership for Africa's Development (NEPAD) to enable African development.

Lastly in economic development, China agreed to cooperate with Ghana in the areas of agriculture, trade, infrastructure and investment (MOTI 2017). These are core areas enshrined in the policy and development document proposed by the National Development Planning Committee of Ghana. Therefore, this thesis provides information on existing relations regarding these sectors and how best can Ghana benefit from untapped potentials. Historically, the cooperation between the two countries have yielded some positive results in the agricultural sector such as irrigation, geoprocessing, agricultural technology and development but these have not been enough to initiate Ghana into sustainable economic growth. Despite the above cooperative agreements, Ghana as a weak financial sector due to increasing debts owed to foreign organizations. To enable sustainable growth in Ghana and other African countries the Chinese governments with their developing countries as part of their cooperation agreements including Ghana sought to encourage Chinese banks in setting up of the China-Africa Development Fund which is expected to raise an amount of \$5 billion to support Chinese companies to invest in Africa (GSS 2017).

One other significant area of the cooperation agreement is that of aid and debt relief. The Chinese government has been a significant developing partner of Ghana with the provision of loans, grants and technical assistance as well as debts cancellation which was accumulated since 1985.

4.2 Direct investments

Over the past decade, Ghana has benefited from investment inflows from China especially in infrastructural development. Chinese investments totaled 249 projects of which 34% were in the manufacturing sector and 19% in general trade (GSS 2017). This chapter will provide information on the size, composition and significance of Chinese investment in Ghana. Chinese investments have mainly focused on manufacturing and infrastructural sectors of Ghana's economy, manufacturing is dominated by agricultural related activities, including food and wood processing and textiles, which accounted for more than 60 percent of manufacturing GDP in 2009. (Aryettey et al. 2008, 17). Notable investment in the infrastructural sector of Ghana includes the Bui Hydro-electric Dam, which have been the largest Chinese infrastructural project in history estimated at a cost of US\$ 622 and financed by the Chinese Export-Import Bank (EXIM Bank). This was made possible with a contribution of US\$ 60 million and a resource-backed infrastructure loan, using Ghana's cocoa export to China as a collateral (Aryettey et al. 2008, 12).

Other investment projects include the Kpong Water Expansion Project which is was completed in 2014, a supplier's credit for the extension rural electrification and a construction of a natural gas pipeline which is funded through a US\$3 billion loan facility between the Chinese Development Bank and the Government of Ghana. Statistics from the Ghana Investment Promotion Center (GIPC) also indicates that Chinese investment in Ghana is not focused only on resource, manufacturing and infrastructural sectors alone but spreads across the tourism and service industry as well. Between 1994-2013 FDI influx into Ghana reached US\$543.5 million, which made it the 10th largest FDI partner after UK, USA, Korea, UAE and Lebanon. With a total of 645 Chinese sponsored registered projects currently in Ghana, China tops the list of investor partners with Ghana (GSS 2017).

The impact of these investments from China is to propel African trade into cutting-edge multinational corporate networks, which are increasingly altering the concept of division of labor (Broadman 2006, 53). China's share as a percentage of total investments in Ghana proves that FDI from China to Ghana is quite on the low, comparing the immense potential for growth in various sectors of Ghana's economy.

Table 9 below explains the value of Chinese investment in Ghana cedi (Ghanaian Currency). Building and construction as well as the manufacturing sector have received some major attention between 2010 and 2011. Agricultural which is the bedrock of Ghana's economic transformation apart from natural resources have not received adequate investment attention from China. Ghana's manufacturing sector also have not been able to provide the expected return on investment due to its crippling power crises and the traditional export modality of trading in raw agricultural products instead of value added commodities. With the total yearly percentage share of Chinese investments, it would be prudent to attract more investment from China since Ghana becomes the larger beneficiary of such investments.

TABLE 9. Total investment, China to Ghana 2008-2012 (GSS 2017)

Year	Investment from China (\$ Million)	Total Investment (\$ Million)	China share as a % of the total investment
2008	6.96	97.31	7.15
2009	3.23	65.42	4.9
2010	2.56	118.34	1.87

2011	3.26	186.29	1.65
2012	17.87	201.97	8.85

Figure 12 below provides information on the total sectorial investments from China between 2009-2011. The agricultural sectors recorded a low rate of activity, while the construction sector recorded some notable projects. This is evident in the construction of stadiums, roads and the Bui-dam. Tourism and exports also remain quite low, therefore there is a need for attracting more investment activities there.

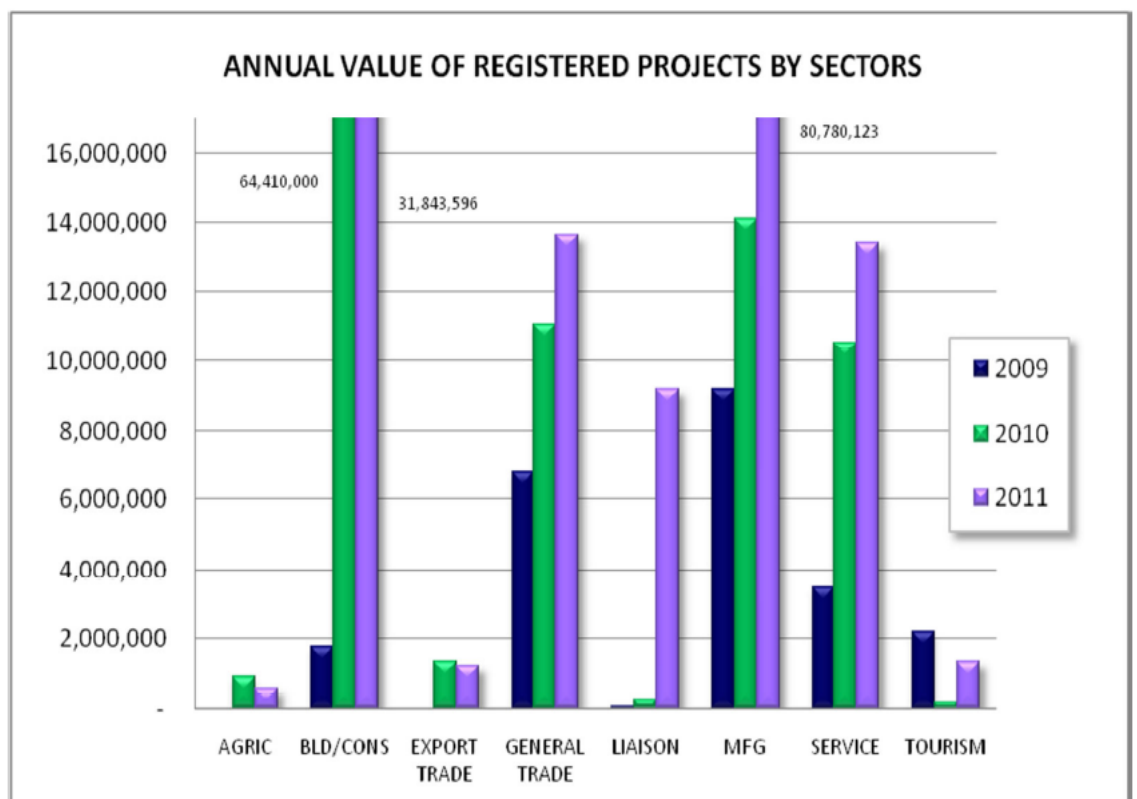


FIGURE 12. Registered projects by sector (GSS 2017)

4.3 Trade – exports & imports

Exports

Ghana's exports to China have been mainly in three categories, natural resources, agricultural products and manufactured products. Natural resources have been the most dominant commodity to China in the form of gold, diamonds, bauxite etc. Manufactured goods amount to about less than 15% of the total export commodities to China. According to the OECD export report on Ghana (2016), top export destinations include Switzerland with about (US\$ 1.73B), China (US\$1.06B), France (US\$939M), India (US\$789M) and the Netherlands (US\$778M). The European Union is Ghana's top destination in all its major exports followed by China and India respectively.

Since the post-independence era Ghana's merchandise exports have followed same modalities and has not experienced any major transformation over the last decade until the discovery of crude oil which have added to its export commodities and expected to contribute immensely to Ghana's total GDP. The National Development Planning Committee of recognizes the fact that despite the abundance of resources owned by Ghana, expected return in monetary terms are not solely owned by the government due to lack of technical know-how in the exploration of these natural resources (NDPC 2017). The table below shows the volume of merchandise trade in terms of exports to China. Since 2012 though Ghana's export volume has increased, imports from china have increased as well resulting to a yearly deficit over the past decade.

Ghana has a wealth of potential to diversify and increase its exports especially in the nontraditional export commodities such horticultural products, palm oil, rubber and medicinal plants (IMANI 2017).

TABLE 10. Ghana's External Trade figures for Exports to China (Ministry of Trade and Industry 2014)

Year	China (\$Million)	Total Export (\$Million)	China Share as a % of the total
2008	26.9	1,648.01	1.58
2009	23.16	1,796.11	1.67
2010	7.69	1,659.30	0.45
2011	18.32	2,621.33	1.79
2012	31.27	4,144.66	2.65

Table 11 illustrates Ghana's export volumes to its major export destinations for the first quarter of 2016. The EU and China are the major export destinations for the respective quarter with Burkina Faso following. Exports to China have increased significantly in the first quarter of 2017 as compared export figures to China illustrated in Table 6.

Table 11. First Quarter Exports to Major Trading Partners (GSS 2017)

Country of Destination	Value <i>GHC million</i>	Netweight <i>Tons</i>	Percentage share (%)
Switzerland	1,543.4	103.77	14.91
China	1,264.9	1,156,534.50	12.22
United Arab Emirates	1,001.0	5,507.55	9.67
India	885.1	43,838.10	8.55
Burkina Faso	499.9	1,046,070.80	4.83
Netherlands	447.9	40,369.17	4.33
Japan	447.4	31,233.72	4.32
Brazil	378.4	32,034.40	3.65
South Africa	333.2	1,361.66	3.22
France	296.1	136,890.13	2.86
¹ Others	3,255.5		31.45
Total	10,352.7		100.00

Imports

In terms of imports by region or country, China remains the largest import destination for Ghana accounting for about US\$ 4.1 billion according to the Organization for Economic Co-operation and Development (2016).

Ghana's importation reached \$US 14.8B making the country the 87th largest importer in the world. Currently Ghana imports refined petroleum and crude petroleum which accounts for 14.7% and 3.68% respectively (GSS 2017). This new commodity import trend is because of the crippling energy sector and the indebtedness of the Tema oil refinery in Ghana.

Ghana imports beverages, food, tobacco, crude materials, vegetable oil, textiles chemical products, vehicles, manufactured goods and machinery. Since 2002 the gap between the two countries in terms of trade export and import have been widening showing that even though there has been some significant improvement on Ghana's export volumes has been very low compared to the high import volumes, leading to a huge trade deficit (Senchi Concensus 2015, 21). The increasing volume of imports from China has created a situation of discomfort for local industries especially those in the agricultural sector. Commodities such as poultry products, rice and oils from China competes with local production in Ghana. Due to the lack of industrialization and the inability of adding value to primary export products, the national economy of Ghana has resulted in an import-based economy.

The economy of Ghana in the post-independence era (1957-1965) had several local industries producing most of the commodities being imported from China now. This was because of the policy direction on industrialization by the then government until its overthrow in 1966. Most countries like Malaysia, Singapore, were in poorer conditions some years ago but have been able to develop economically over the years. In comparative, it is complicated understanding the economic development of Ghana which in its previous state was much better than before. Micro and Macroeconomic indicators have been gradually weakened making it

difficult to comprehend the term “a developing nation” since everything seems to be retrogressing instead of progressing.

TABLE 12. Ghana’s external trade figures for Imports from China (Ministry of Trade and Industry 2014)

Year	China (\$Million)	Total Imports (\$Million)	China Share as a % of the total
2008	118.56	2,042,46	4.33
2009	174.25	2,444,02	4.84
2010	366.71	3,560,74	6.87
2011	417.88	5,665,20	7.81
2012	512.83	7,335.21	7.24

The trend in imports remains relatively the same as shown in TABLE 13 below with China as the top import destination for Ghana. To achieve economic growth, it is prudent to increase exports and reduce imports with industrialization as an engine of growth (Bawumiah 2017).

TABLE 13. First quarter Imports from major trading partners (GSS 2017)

Country of Origin	Value <i>GH¢ million</i>	Netweight Tons	Percentage share (%)
China	1,984.2	991,478.8	18.7
United Kindom	678.7	44,274.7	6.4
British Virgin Islands	661.4	4,801.4	6.2
United States	592.3	51,440.4	5.6
Belgium	546.8	72,466.7	5.1
France	499.5	46,697.5	4.7
India	410.0	58,312.3	3.9
Germany Fed Republic	380.3	38,490.8	3.6
Hong Kong	332.9	9,826.6	3.1
United Arab Emirates	295.0	144,411.0	2.8
¹ Others	4,249.9		40.0
Total	10,631.2		100.0

However, an overview of merchandised trade from 2003-2013 consistently shows a trade deficit from all yearly trade activities. Growth rate in exports recorded 60.6 percent in 2011 and 1.5% in 2013. This shows clearly the economic problems Ghana faces, and it is an objective of this thesis to find solutions to the persisting economic issue of the country.

TABLE 14. Overview of merchandise export & import trend of Ghana (Ministry of Trade and Industry 2015)

Year	Merchandise Exports	Merchandise Imports	Trade Deficit	Growth Rate of Exports	Export/GDP Ratio	Import/GDP Ratio
2003	2562.4	3210.2	-647.8	24.2	32.0	41.0
2004	2784.6	4297.0	-1512.4	8.7	31.0	48.0
2005	2802.2	5347.3	-2545.1	0.6	30.0	58.0
2006	3726.7	6753.7	-3027.0	33.0	30.0	55.0
2007	4172.1	8061.3	-3889.2	12.0	28.0	54.0
2008	5269.7	10268.5	-4998.8	26.3	18.65	31.0
2009	5839.7	8046.3	-2206.6	10.8	22.5	31.0
2010	7960.1	10922.1	-2962.0	36.3	25.2	34.2
2011	12785.4	15968.4	-3183	60.6	35.0	43.7
2012	13542.7	18000.0	-4457.3	5.9	34.1	44.7
2013	13751.9	17600.0	-3848.1	1.5	31.1	39.8

4.4 Aid

Under Ghana's bilateral relations with China includes aid to Ghana, apart from receiving such aids from China, the economy of Ghana has mainly survived with economic support donor partners. Diplomatic relations with China back-dates to the 1960's which soon after bilateral relations began. Ghana received its first concessional loan from China in 1964 with an amount of US\$12million (Aryettey et al. 2008, 20). Consistently there after Ghana has received aids in such forms with most of it going into infrastructural projects according to statistical data, but on the contrary the country still suffers a huge infrastructural deficit in this sector due to massive corruption and lack of financial prudence.

Aid from China have been mainly in three forms thus, loans, grants and technical assistance. The loans specifically have been in the form either interest free or subsidized preferential loans also known as concessional loans. In 2006, the previous ceiling of concessional loans for Ghana was raised from US\$18 million to US\$30 million to enhance Ghana's communication network project among the 10 regions and 36 towns for internet accessibility. Further in the following year another US\$30 million loan was granted for ICT infrastructural project termed as the (Dedicated Communications Project for Security Agencies, DCPSA). Research during this thesis reveals the deplorable state in Ghana's ICT development with regards to infrastructure and literacy, this has been due to corruption and misappropriation on the part of governments.

The Chinese government also provides Ghana with grants, in such arrangements the funds are given to Ghana before negotiations are done to determine the usage of the funds. Secondly the Chinese government since time in history almost invariably writes off free loans for all intents and purposes making them grants. During the research, it is also revealed that a grant of US\$ 30 million for the construction of the 16.9 kilometer Ofankor-Nsawam section of the Accra-Kumasi road was not completed until 2010 due to misappropriation of funds (Auditor General's Report

2012, 324-340). Other projects of which Ghana has received grant includes the construction and refurbishment of the National Theatre, construction of an office complex for the Ministry of Defense and the rehabilitation of the Peduase Presidential Lodge.

Technical assistance is also an area in which Ghana benefit from China due to their bilateral relations. This assistance has mainly been in infrastructural developments, such example includes the constructions of two new stadiums in Tamale and Takoradi as well as the rehabilitation of two existing ones in Accra and Kumasi. In human development China provides scholarship schemes to tertiary Ghanaian students for bachelors and master studies in Chinese universities. China has become a very important aid partner of Ghana and it is the aim this thesis to bring to bear other potential sectors Ghana can benefit from China, information above suggest that Ghana's economy receives support mainly in the construction sector mostly though there is still a huge deficit in that sector. Energy, security and ICT are all areas that must be deepened to enhance Ghana's economic growth. Details of suggestions and recommendations for economic independence and development will be provided in the subsequent chapters.

As shown below China has contributed significantly to Ghana in the aspect of aid. However, a larger portion of the aid amount usually goes through turnkey operations which provides for the use of Chinese labor and inputs. This condition limits the extent to which the local economy of Ghana benefits. In most cases from foreign donors or partners, such conditions do exist making the donor benefiting mostly a larger portion either by monetary earnings or policy imposition such as restrictions on the receiving country in hiring expatriate skilled labor or freeze on public sector employments (Baah 2014, 25). The figure below provides information on the aid received from China from 2001-2011 with some notable and strategic projects like the Bui-Dam in tackling the country's energy crises.

TABLE 15. Chinese aid to Ghana 2000-2011 (GSS 2017)

Date	Amount (US\$)	Type	Description
2001	\$3.6 million	grant	economic development
2003	\$1.2 million	grant	construction of Burma Hall Complex
2003	\$28 million	interest free loan	construction of the 17.4-mile section of the Accra-Kumasi Road
2003	\$963 million	grant	military
2003	\$2 million	grant	restorations of the National Theatre
2003	\$3 million	Grant	Afeji Irrigation Project
2003	\$3.9 million	grant	construction of barracks for the military
2003	\$66 million	debt cancellation	-
2005	\$75 million	loan	telecommunications equipment, ZTE
2005	\$53 million	debt cancellation	-
2005	\$3.6 million	grant	economic and technical cooperation projects
2006	\$66 million	-	upgrading telecom network, school and malaria center construction
2006	\$30 million	Concessional loan	security communication between agencies
2006	\$.25 million	donation	treatment of malaria
2006	\$3.75 million	grant	foster economic and technical cooperation
2006	\$3.75 million	interest free loan	-
2006	\$275 million	loan	construction of Takoradi stadium
2006	\$38.5 million	loan	construction of Tamale stadium
2006	\$1.25 million	grant	military
2007	\$30 million	Concessional loan	foster closer military ties, construction of the Ghanaian Ministry of Defense
2007	\$662 million	export credit	Bui Dam
2007	\$30 million	2 nd loan agreement	communications, contractor is ZTE
2007	-	Grant in kind	Training of Ghanaian government officials in China
2007	\$5.33 million	Interest free loan and grant	Various developmental projects
2007	\$24 million	debt cancellation	-
2008	\$99 million	Interest free loan	Landing sites for fishing communities
2008	\$1.34 million	-	Predause Presidents Lodge
2009	\$3 billion	Loan	Oil and natural gas development
2010	\$10.4 billion	Concessionary loan	Kumasi to Paga railway development, energy infrastructure, education
2011	\$7.3 million	grant	100-bed hospital in Teshie
2011	\$3 billion	-	Infrastructure projects

4.5 Research findings & analysis

This chapter explains the methodology applied in the empirical study of the research project. As stated in chapter one both qualitative and quantitative approach is applied to derive relevant information needed to answer the research questions posed and to arrive at a desired objective.

- Quantitative research methods are applied to collect numerical data and analyzed with the use of statistical methods.
- Qualitative methods are applied to collect data in the form of text, images and sounds drawn from observations, interviews and documentary evidence. It is also analyzed using qualitative analysis method.

Practically no research method is entirely qualitative or quantitative (Yin 2009, 91). It is in this regard that the Author finds it necessary to apply both methods especially in dealing with economic data.

4.6 Data acquisition process

Data was collected using survey methods, both primary and secondary. The background of this thesis is based on the economic problems Ghana has faced over the past decade, the role of trade and how it can be re-modernized to solve Ghana's economic problems using a case study approach. Case study research is an empirical inquiry that investigates a contemporary phenomenon within its real-life context; when the boundaries between phenomenon and context are not clear; and in which multiple sources of evidence are used (Saunders et al.2012).

In gathering data, primary reliable sources regarding the current economic status of Ghana was needed to enable the author to interrogate and relate the results of the findings to the theoretical framework of this thesis to arrive at a legitimate conclusion. Rowtow's theory on economic development of nations explains the stages nations go through to attain full economic development. Primary data was acquired through interviews

conducted with resource persons from economic monitoring agencies such as the Ghana Chamber of Commerce, Ministry of Trade & Industry and the Institute of Statistical, Social & Economic Research and Imani Africa. The interviews were conducted via skype in an unstructured style to enable the author as much diverse information as possible. The unstructured interview style also enhanced the validity of this research work through natural path of free association where both parties engaged in diverse topics and related issues by allowing specific and open questions.

There is no such thing as a worthless conversation, provided you know what to listen for, and questions are the breath of life for a conversation. (Emily Post, 1922).

The main aim was to thoroughly investigate the causes, and the prevailing negative and positive economic factors of the country, opinion on solutions were also sought. Furthermore, secondary reliable sources were also used in gathering information for this research project. Most used sources were based on books and electronic sources. Due to the holistic nature of this research work and the diverse topics it covered data acquired through the primary sources had to be verified having an in-depth reading from scholastic international reports to be able to ascertain if the information gathered do conform to what has been gathered from the reports. In as much as the author trusted the primary sources of information it relied on, it was important for such information to be verified due to political influence and the sensitivity of information being sought. For example, the issue of corruption when posed from resourced persons in government agencies were not readily discussed into further details due to either political influence or compromise.

It was therefore needed to do data verification to ascertain the authenticity of the information gathered through quarterly, yearly reports of independent International and local agencies. Such agencies included Transparency International, African Peer Review Mechanism, and Ghana

Anti-Corruption Coalition. The figure below explains the empirical research process and acquisition.

June - August	September - December	January - March
Research on Theoretical Implementation & Case study information.	Conducting of interviews, collection and sampling of primary & secondary data.	Data Analysis and presentation.

FIGURE 13: Empirical research process & acquisition

4.7 Results and analysis

Data as mentioned above were collected via two main channels thus qualitative and quantitative data. During the analysis process, quantitative data was accessed through historical data. Quantitative data is the numerical representation and manipulation of observations for describing and explaining the phenomena that those observations reflect (Babbie 2010, 42). This process seeks to identify patterns and relationships in the data in order to meet the research objective and find answers to research questions mentioned in chapter one. The interview process was conducted via Skype and analyzed by a second verification method using other international resource data electronically. Data was compiled and summarized in a descriptive and interpretative manner in order to arrive at a substantive and credible conclusion which matter to this research work. This became important due to the unstructured nature of the interviews which provided a vast aspect of information which some did not inure to this research project. To streamline this, notes were taken during the

interview with a much more detailed one done immediately after the interview. Similar analytical process was also applied to the qualitative data gathered.

Though qualitative analysis seems too much more subjective and limits generalizability to other settings, the interpretation of the information was not done on an opinionated manner (Lofland, Snow & Anderson 2006, 22). Rowstow's development theory is applied to this research work to enable the author to identify the current state or status of Ghana in the development process according to Rowstow. To be able to identify this, historical analysis needed to be made in order to ascertain where the country is from and where is heading. And if certain pre-conditions for development have been met since the post-colonial era. To make this research work much more realistic and meaningful in future studies, the author concentrated in collecting data on specific areas of trade development, economic sustainability & indications, growth, trade quantum, and modality in order for both qualitative and quantitative data to corroborate and support each other.

As mentioned above results from the research were cross-checked or verified with the help of other competent international organization. This was necessitated due to some sensitive information sought for during the interview sessions from government appointees. Questions which centered on the research questions of this project were posed in a generalized manner which also resulted in other follow ups or sub-questions to be asked. To gather and analyze the desired results the following main & sub - research questions were posed to the respondents.

How can Ghana achieve rapid economic growth through the effective modernization of trade relations?

- What are the direct impacts of trade agreements on the Ghanaian Economy?
- What are the advantages and disadvantages of regional & bilateral trade agreements?

- How has Ghana benefited from trade agreements?
- Why do countries involve in trade relations/agreement?

Further details of the interview are provided in appendix 1. Also to the above, an interview & discussion session was conducted in relation to Rowstow's development theory to ascertain Ghana's development process and current state. One among several reasons for this approach was to enable the author to have a deeper understanding into Ghana's economic problems both practically and theoretically. This resulted in past and current practical economic data and information available to be relied upon in writing out a development plan in the next chapter.

Notable findings from the interviews conducted included the issues of:

- Corruption
- Lack of an Effective Regional Trade Bloc
- Lack of common currency in ECOWAS region
- Traditional Trade Methods
- Lack of Industrialization
- Lack adequate revenue generation avenues
- Over reliance on foreign donors

The above issues according to the results of the empirical research of this project are the main causes or issues of Ghana's continuous economic decline (IMANI 2017). Though there have been several attempts by stakeholders and government to tackle the above issues little or no improvement have been achieved significantly over the past decade (ISSER 2017). Quantitative data provided shows evidence of the economic state of Ghana with regards to national economic indicators. According to the Ghana Statistical Service Ghana's anticipated GDP growth rate will be at 3.6% even with the discovery of oil, this growth rate is the lowest in the past 23years in the nation's history (Akuffo-Addo 2017). The next chapter provides a development plan and

recommendations to stakeholders based on empirical findings and other developmental economic theories studied and observed by the author.

5 DEVELOPMENT PLAN

With a stunted economic growth, suffocating debt burden, persistent energy crisis and a largely unemployed youth it has become imperative that Ghana reconsiders its development process from scratch. This chapter introduces proactive measures and some practical theories if applied strictly can ensure Ghana's rapid economic growth. The current Government of Ghana recognizes the need for sustainable economic growth and for that matter have introduced several economic policies and objectives to enhance Ghana's growth especially through trade. With an abundance of resources internally and regionally Ghana as well as other West African countries can change its fortunes by close collaboration with a common economic purpose. Historically there have been a number of proposed documentation on economic growth in Ghana and Africa by the AU, IMF, OECD, WORLD BANK and other donor countries. Ghana needs profitable trade not Aid (Bawumiah 2016). The national budget of Ghana has always been supported by foreign donors for over 20 years including additional borrowing for other sectorial projects in Education, Social Amenities and the Financial Sector. There is the need for the present government to ensure financial discipline by cutting down high government expenditure, excessive borrowing, value for money in all transactions and protecting the public purse. These inhouse cleaning measures will promote effectiveness in governance issues, cut down corruption, which will see to a yearly deficit reduction in the national budget. In 2016, the national revenue target for Ghana was Ghc.37.88 billion but could raise Ghc. 33.67 billion (Akuffo-Addo 2017) which indicates an 11% deviation. This is a clear manifestation of a weak trade regime and an unproductive economy.

The NDPC of Ghana proposes several short, medium and long-term development plans for implementation since its inception but none of these have been materials to the latter due to unwillingness of successive governments and a misdirected system which solely depends or survives on foreign donations (NDPC 2014). This thesis does not rely on such

proposed policies due to its failure as well as foreign economic policies and intervention programs from the IMF, WORLD BANK etc. The author believes these interventions especially from foreign economic bodies have rarely had any insignificant positive impact on the economy over the years, instead development and profitable trade partners is the proposed way for rapid economic development. Ghana has immense potential for growth aside its rich natural mineral resources in agricultural, tourism, sports and the energy sector. The objective of this thesis is to unearth how Ghana can benefit immensely from trade activities globally, the Ghana-China relations have seen some significant improvement in infrastructure in the sports and energy sector.

In relation to Ghana's developmental stage thus relating it to Rowstow's theory of development, empirical results gathered from this research seek to suggest that Ghana as a country is at the stage of "pre-conditions for takeoff" (Refer to figure 1). Though the theory does not explicitly explain the time frame nations need to take or be at certain stage, it is empirical knowledge that Ghana have been at this stage since the 1970s. Malaysia which attained its impendence same year as Ghana and had similar economic conditions during that era have been able to develop in a much impressive manner than Ghana (NDPC 2017). Subsequent chapters briefly introduce certain economic concepts which can enhance Ghana's economic growth through trade and sustainable development. This thesis identifies certain potential sectors that needs attention and can act as an anchor for development, areas of Education, sports development, agriculture, tourism, energy and natural resources.

5.1 Comparative advantage – Ghana and China

Comparative Advantage is an economic theory or law which refers to the ability of any economic actor in the production of goods and services at a lower opportunity cost than other economic actors (Golub & Hsieh 2000, 221-234). The main concept of applying this theory is for Ghana to take a comparative or absolute advantage through trade by way of its natural resources just as China in recent times used the provision of cheap labor to its advantage. Accessing Ghana's abundance of natural mineral resources of gold, diamond, bauxite, manganese and recently oil, Ghana can use these as an advantage over its existing and potential trade partners including agriculture. Ghana's main export commodities are cocoa beans (\$2.27B), crude petroleum (\$2.66B) and gold (2.39B) (OEC 2017). With a yearly trade deficit recorded since the mid-70s Ghana needs to take steps in reducing or turning deficit into surplus to enhance rapid economic growth. Currently Ghana exports crude petroleum, manganese ore and Aluminum ore to China (OEC 2017) and imports refined crude from Nigeria which amounts to 99.8% of its national consumption (OEC 2017).

To have a comparative or absolute advantage with China Ghana needs to enter into trade agreement of exporting crude which China needs at lower or without any monetary returns over a period for the building of a modern refinery. The lack of a functioning refinery in Ghana due to excessive debt has been a contributing factor to the country's persisting energy crisis. Relying solely on Nigeria for crude products including Gas to power plants in Ghana have also been unreliable caused many businesses in the private sector to collapse. The main economic idea of applying this economic trade law is to enable Ghana to develop or tackle weak sectors of its economy by using its natural resources in a different manner. Having a trade deal in this regard will certainly go long way to tackle Ghana's energy crisis, previously China has invested in Ghana's energy sector by building the bui-hydro dam which still has been inadequate means of power supply. Exporting crude at a very low cost or without cost to China

in exchange of a modern refinery will certainly boost the national energy sector, currently Ghana has only one refinery which is unfunctional. A sustainable trade deal with China with this model will also enhance Ghana's effort in reducing its infrastructural deficit.

Apart from the crude petroleum exported to china, Ghana also exports manganese and aluminum ore to China. The bulk of Ghana's manganese is in the rural areas of Awaso, Ejuanema, Nyinahin and Kibi, these are communities with little or no development at all as compared to other urban areas with a vast difference standard of lives. During the precolonial days, Ghana had railway lines which enhanced the mining and transporting of these minerals quite easily. Currently Ghana faces a near collapsing railway line with only two railway lines current active, in this regard the model of comparative advantage can be accessed here by exporting to China without any monetary returns in return for the building of railway lines in these areas connecting to major cities in the country. Same can be applied with the bauxite exploration as well, details of this trade deal could further see China owning a monetary percentage of the railways for a few years to make the deal much attractive of which it becomes the sole property of Ghana. This trade model can attract both public and private sector investors from China.

The use of Ghana's export avenue to China as an absolute advantage in terms of trade will ensure the tackling of various sectors of the national economy in a holistic and rapid manner. Over the years, the modus operandi of successive governments has been to borrow and build infrastructures in the transportation, educational, energy and other sectors, where in most cases loans acquired were diverted, inflated and mismanaged. This approach has rather been much costly to the country due to high interest loans taken, project inflated cost as stated above, projects awarded based on political affiliation, close acquaintances and sole sourcing method instead of open competitive bidding for projects as enshrined in the 1992 national constitution. Is based on the above factors and background that the author finds it most economically prudent for the

country to apply the absolute or comparative advantage theory which will boost foreign direct investments (FDI) and encourage private sector participation (PSP), thus reducing or eliminating government influences and bottlenecks to ensure effective rapid economic growth through trade.

5.2 Ghana and Others

Globally almost every country possesses in abundance, expertise or resourced in a certain sector. Ghana's other major trading partners aside China include India, Switzerland, the EU, United Arab Emirates, United States. Among these countries above Ghana total gold exports are transported to Switzerland (44%), United Arab Emirates (36%) and India (16%) respectively (OEC 2017). Other countries with mineral resources including Ghana do not make the maximum returns for the benefits of the indigenes due ownership factors. In Ghana, the major mining company Goldfields Ghana is a South African Company and does not report its returns to the government Ghana, with Ghana owning a minority share likewise other resources including oil. As stated by the NDPC there is the urgent need for Ghana to shift from primary exporters of raw materials into a value-added commodity exporter. To realize this economic status Ghana needs to industrialize to be able to compete regionally and internationally.

A trade partnership between Ghana and the above gold export destinations in technical training, building of gold refineries and educational institutions will see Ghana make substantial returns from its gold reserves. Exporting gold at an extreme lower cost or free will gain an advantage over other gold producers. This model of trade is a long or medium term plan to make the country regain control over its natural resources and maximize profitability. Switzerland, which is noted for its vibrant chocolate industry in exchange for monetary returns from cocoa and gold exports could be partnered in building a modern chocolate factory in Ghana to help boost industrialization and unemployment which are factors of the country's economic problems. Furthermore, aside Switzerland, the UAE-Ghana comparative trade advantage can result in

the training of the human capital base of Ghana in the sector of petroleum and gold refining by way of educational scholarships to equip Ghana with required human capital base to take charge of its natural resources with a less foreign stake. In this chapter, the main objective is to use the model of competitive advantage to Ghana's advantage as a development country against other better developed economies. To implement this effectively Ghana needs to have an internally oriented plan of its resources on the medium or long term through education, infrastructure, and production using its rich natural resources as an absolute advantage to achieve those.

In implementing this economic concept through trade Ghana will emerge an economic powerhouse on the African continent. Though this modality will reduce national revenue in the short term, it will reduce importations of refined products significantly in the future making Ghana a self-sufficient production economy and reduce trade deficits. This process of trade partnership will also see various bureaucratic stages in Ghana's governmental issues bypassed as that is also known as an obstacle for timely project implementation, effective evaluation, funding and time frame for completing national projects. The European Union as a trade bloc will enhance Ghana's development should this be proposed aside the existing EPA with other West African states, sectors of agricultural processing, food security, environmental issues and sanitation are areas lacking uplift in Ghana and West Africa as a region. As part of existing trade tariffs between the two trades blocs certain clauses could be included in exchange for lower cost of agricultural products, timber, mineral resources from partner countries to the European Union in exchange for an investment into the declined sectors mentioned above in West African countries which includes Ghana.

5.3 Leapfrogging

Leapfrogging is an economic term used in the areas of business and economics to propel innovations and boost economic growth. Regarding Ghana's growth, the mobile phone technology has had an important impact on the economy through various sectors especially the financial sector. This increased financial transaction to and from rural areas via the mobile money concept which have been piloted by telecommunication companies and banks as well. Aside its financial impact it also created lots of jobs for many people across the country and in the West African region. The main objective why the author finds this concept important to Ghana's development is based on its previous impact and the potential it can have on many sectors of the national economy.

The focus by governments regarding leapfrogging should be in the areas of energy and tourism especially. Ghana has a huge energy deficit and it has been one major reason for its inability to industrialize the economy, the concept of leapfrogging which entails various technological innovations like ICT provides speedy and effective results for both the private and public sector of the economy. Ghana's adaptation and interest in technology should be further deepened to unearth various approaches or innovations in deal with economic problems. In the energy sector, developed countries have adopted various ways of improving their energy through solar, wind and nuclear innovations. Ghana records about 80% sunshine yearly but has less activities relying on solar energy country wide due to lack of adequate governmental efforts and national concern. Instead most developed countries with less sunshine have quite an improved usage of solar energy which boost agriculture, transport and environmental sectors.

The use of fossil fuels in Ghana's rail transportation is a clear example of the country's inability to make use of solar energy. This chapter recommends the establishment of research & development sectors across the country and the West African region to find various means of

innovative and technological aspects to leapfrog Ghana and sub-Saharan African countries in general. The concept of leapfrogging changes the dynamics and nature of an economy faster than other documented economic policies which provides timelines and dependent on various factors. In Ghana, mobile phone usage stands about 70-80% percent across the nation thus providing employment and furthering ICT development to rural areas. The use of adequate solar energy investments could pave way for total coverage of electrification, boost agricultural activities such as modern food storage facilities and provide agro-processing industries in rural areas which will also curb the rural-urban migration menace facing the country. The theory of leapfrogging must be adopted as a national concern especially in the energy sector which can serve as the foundation of rapid economic growth in Ghana and other developing countries. Africa's potential is huge enough to ensure sustainable development in various sectors, apart from sunshine Ghana and other African states have adequate water bodies which could be used for wind energy facilities for economic activities.

Ghana's growth will depend largely on energy and technological innovation and is for this reason the author finds leapfrogging as an important concept of development Ghana must adopt to be able to ensure rapid economic growth. Leapfrogging theory when fully adopted will provide the bedrock of industrialization which will then shift the country's model of trade from a mere exporter of raw materials to a value-added commodity exporter. In conclusion, the focus of this chapter is to recommend the concept of leapfrogging and its adaptation as a national policy by the government to:

- Establish research and development centers nationwide to find various means of technological innovations which pertains to the problems of the country.
- Focusing mostly on the Energy and Environmental sector
- Attracting FDI'S in our potential sectors to ensure growth. E.g. Agriculture

- Reclassify the Financial sector from a cash dominant system to an electronic one.

5.4 Regional integration & development

Africa produces about 50% of the world's natural resources yet remain the poorest continent on earth due to certain curable factors. An example of this assertion is the cocoa industry which Africa produces about 75% of the world's cocoa industry worth \$100 billion (AUF 2017). Practically the continent should receive about 75% of the net revenue but this has not been the case. Cocoa producing countries such as Ghana and Cote d'voire receive just about 2% of the world's \$100 billion-dollar cocoa industry (AUF 2017). This is not to suggest all African countries are so poor, but most countries should be much better off with the eradication of poverty in any part of Africa as the results of its richness in resources, in general it should be one of the richest continent on earth. The state of Africa's richness in resources led to an emergence of western Imperialism by much powerful countries for the control of its raw materials. The political form of imperialism was ended due to the struggle of independence by most colonised African states. Currently the situation of economic dependence raises concerns of economic imperialism which takes the form Western controlled resources on African soil, aid for survival and development.

This chapter raises concerns of a much needed and deeper integration of economic empowerment through trade policies among African countries to foster regional growth and development. In Western Africa trade among countries is on the low side as compared to trade among European or other foreign countries. This is due to the same model of trade mechanism and the non-industrialization of the economies. In order to enhance growth and development there is an urgent need for African countries to deepen trade activities among member states and further collaborate in fighting various obstacles of development as a collective unit. The "cancer of corruption" which exists among countries must be fought against with the

introduction of common legislative instruments regionally or nationally. Ghana lied 70th according to the Transparency International Report on corruption in 2016. The figure below explains further the state of corruption on the African continent.

CORRUPTION PERCEPTIONS INDEX 2016

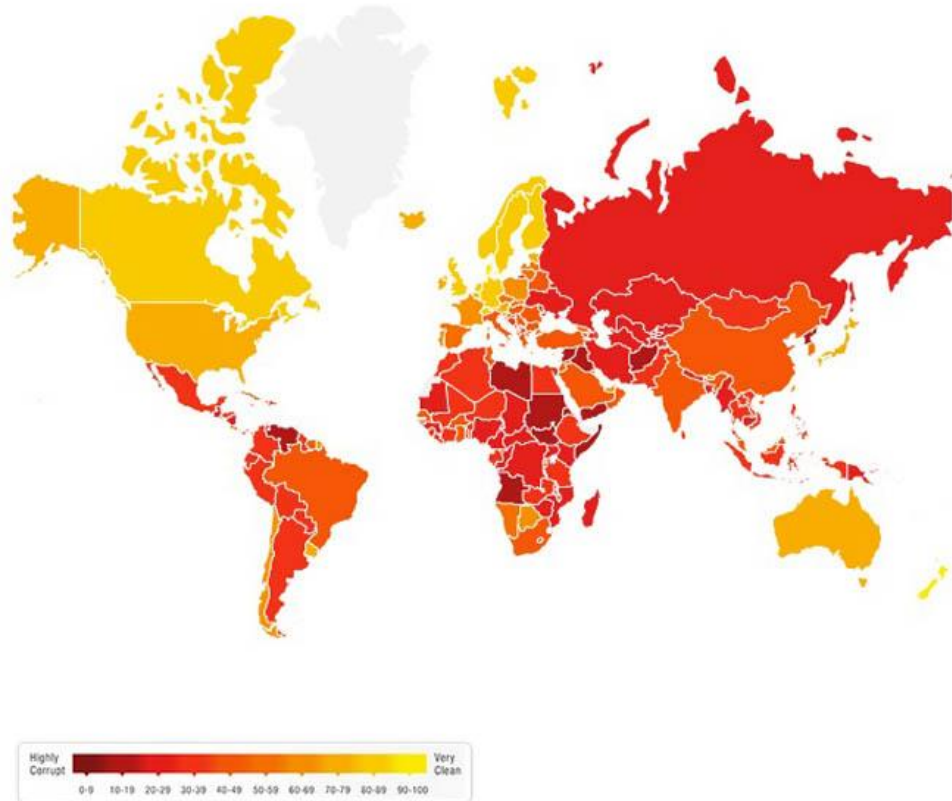


FIGURE 14. Corruption perception Index (Transparency International Report 2017)

Globally countries with less corrupt societies have made steady progress in development as against the most corrupted societies. Africa stands a chance of losing its few economic achievements due to high and consistent rate of corruption in both political and civil leaderships. In the case of Ghana, it recorded a high incidence of corruption in the judiciary which depicts public confidence in the very institution that must ensure an anti-corrupt society (Anas 2015). This research work aims to suggest a regional legal institution to combat the issues of corruption in both Western, Eastern, Central and Southern African countries to ensure a collective effort against the menace. Regional legislative framework should be set up by the African Union and adapted by regional bodies including the setting up of independent prosecuting courts regionally. With corruption reduced at its barest minimum this will reduce abject poverty in most African countries and reduce the wide gap between the rich and the poor on the African continent.

Regional integration in trade activities especially in the ECOWAS region is the lowest on the African continent. Other regional bodies including Common Market for Eastern and Southern Africa (COMESA), the East African Community (EAC) and the Southern African Development Community (SADC) have an agreed tripartite initiative in creating a common free trade area (FTA) which will include 26 member countries together with a collective GDP of US\$630 billion. With the capacity of producing about 50% of the world's resources and receiving a much lesser revenue, it is imperative on the African Union to establish a common free market zone for member states and the need for member states to adopt new trade modalities which provides a positive impact on the country. With a focus on industrialization Africa will have the needed capacity to be self-sufficient and access new market opportunities. Though there is free movement of persons (Visa Free) in most regions on the African continent more needs to be done in areas of finance, transportation, security, politics, education and health.

The aim of proposing an effective integration among countries on the African continent is to ensure a collective development agenda and impact on the continent. Judicious use of resources and ownership should have a rapid positive response on the continent like countries in the Gulf region. There must be a collective agreement of abolishing foreign aid and refusing imperialist influence on national economies by therefore establishing much stronger institutions which will foresee the affairs of nations and ensure a collective accelerated growth. There is the need for Africa to seek new partners in trade thus shifting from the very imperialist nations that controlled or still control it politically and economically.

By ensuring and enhancing deeper integration for development Africa needs to use its potential as an advantage for growth and achieve economic independence.

The African continent is being deprived by several factors both internally and externally, and by way of deeper integration the African Union needs to consider and adapt the following:

- Ensuring a visa free policy among all member countries
- Eradicating or reducing of tariffs to boost free trade
- Introducing and implementation of the comparative advantage trade model among member states to accelerate development
- Adoption of a common currency.
- Revisiting and further implementing the Ghaddafi recommendations on trade and economic issues if prudent. (Ghaddafi 2000).
- Establishing of a common and stronger military force
- Introduction of an African University in almost all member countries for a common educational curriculum pertaining to African development to foster a common identity and economic sustainability.
- Formation of common legislative instruments and institutions to combat corruption.

- Formation of further legislative instruments to protect the environment, improve health conditions and adopt renewable ways of energy across the continent.
- Legislation for an effective tax regime continentally.
- Implementation of strict legislative trade policies that benefit African countries

A continent enhanced with so much resources of which most of the world economies depend on must not have almost all its countries termed as in economic sense “third world countries” or “underdeveloped nations”. The author finds this highly illogical and there must be certain drastic measures taken by the African Union to overturn such a demeaning classification. Aid received from foreign donors are 10 times less of what multinational companies owned by donor investors or countries give to African countries, these revenues are made on African soil and returned to African countries are aids (Lumumba 2015).

6 CONCLUSIONS

The thesis process begun or centred on the theory of development proposed by Rowstow on the development process of nations. Many countries have used many development avenues to reach their goals. In the case of the thesis work trade was settled on, as it involves a developing economy in rich natural resources, experiencing an unstabilized or unsustainable economy over the past decade. Practically trade relations are between two more countries. For this reason, China-Ghana was settled on as a case study to reveal the state of the relations and how best Ghana could in the future benefit much more from such existing relations. Additionally, the next chapter provides answers to the outlined research questions as presented in chapter 1. After a detailed investigation via interviews and data verification process, the results of the research work arrived at a valid and realistic conclusion which proves its reliability and validity. The findings of the study can also be applicable to further research and achieve the same or similar results. Answers the underlisted research questions were collected via interviews from IMANI Africa, Ministry of Trade and Industry, Ghana Chamber of Commerce and Industry, Institute of Statistical, Social and Economic Research and the Ghana Integrity Initiative.

6.1 Answers to research questions

How can Ghana achieve rapid economic growth through the effective modernization of trade relations?

Ghana's trade activities have mainly been based on the exportation of raw materials to same markets since the post-independence era. According to the interview with the MOTI, Ghana's total revenue from export have usually been used in three main sectors of the economy thus debt servicing, wages and provision of basic social amenities which are inadequate. There is the need for an internal mechanism to resolve the

energy poverty the country faces in order for industrialization to take place. Through the industrialization of the economy Ghana will reduce its trade deficit and export more to new markets for adequate revenue to build the economy. There is the need to indulge much more in regional integration thus with the ECOWAS community to accelerate trade and fight corruption as a collective unit. Furthermore, the financial sector of the economy needs to be rebuilt in conjunction with the ECOWAS and AU community to find ways of proposing and implementing a strong common currency among member states. Finally, to achieve rapid economic growth Ghana needs to create an enabling environment for an effective public and private sector collaboration where innovation and production will be at the centre stage in order for the economy to be resilient and self-sufficient. Existing trade relations must be restructured by implementing a comparative advantage policy to tackle the weak sectors of the economy.

What are the direct impacts of trade agreements on the Ghanaian Economy?

Through various trade agreements, Ghana has had some positive benefits especially in the health sector from Cuba where medical students and professionals are trained on a Ghana-Cuba agreement to support the country's health sector. Chinese trade relations have also impacted positively on the energy and sports sector of the economy specifically with the building of the Bui-hydroelectric power dam and the constructing of Stadiums for the development of sports in the country. Not much has been benefited from trade relations due to the existing modality of trade where monetary receivables have been diverted or misused by governments and civil authorities according to the Ghana Chamber of Commerce, also some trade agreements have led to the over reliance of those host countries in terms of constant aid and yearly budget support for the country. Since the strengthening of the Chinese trade relations, the mining sector of the country has been most affected with the influx of Chinese illegal miners. Positive impacts on the Ghanaian economy have not been really realised with so much sector of the economy lacking

improvement or degenerating over the past 20 years. Currently devaluation, energy crises, insufficient agricultural production, environmental degradation are among several negative occurrences that are degenerating over the years with no direct impact from trade activities reviving these sectors.

What are the advantages and disadvantages of regional & bilateral trade agreements?

Several countries get involved in trade to expand development through trade and strengthen relations with other nations. FIGURE 15 illustrates some advantages and disadvantages involved in trade and international relation activities.

Advantages	Disadvantages
<ol style="list-style-type: none"> 1. To provide optimal use natural resources 2. Required goods which cannot be produced locally are imported for use. E.g. Machinery, pharmaceuticals, Technology 3. Allows industrialization and large-scale production 4. Empowerment of human capital 5. Provides international co-operation and co-existence 6. Ability to improve on internal mechanism of production 7. Provides enabling environment for innovation, technology and a strong financial base. 	<ol style="list-style-type: none"> 1. May provide unwanted completion for local industries 2. Economic and Political dependent 3. Importation of unwanted or harmful goods 4. Misutilization of Natural Resources 5. Danger to terms of International/internal peace

FIGURE 15. Advantages and Disadvantages of Trade

Why do countries get involved in trade relations/agreement?

Countries globally enter trade relations for mutual benefits to boost development. Apart from the exchange of goods and services, regional and bilateral agreements also foster international relations in terms free movements of citizens, training of personnel's, and attracting foreign direct investments. Trade agreements also opens doors for professional or expatriate workers to improve local conditions in countries involved in such relations. Politically, countries integrate regionally or internationally in other to form a military or political force to maintain peace and stability within the region, example of such military or political forces include ECOMIG, NATO, UN peace keeping missions and UN Security Council.

How would you relate Rowtow's economic theory of development to Ghana's economy?

Results gathered from the interview with ISSER Gh. proved that Ghana's young economy is at the pre-condition stage for take-off due the huge infrastructural deficit the country faces in almost every sector. ISSER further revealed that in the road sector, Ghana has a total of 72,800km roads of which only 23% has been constructed leaving a total of 56,056km of roads to be completed. In the education sector, survey conducted by ISSER also revealed about 4,000 schools were still under trees. These two important sectors having such a deficit proves the state in which Ghana's economy is relating it to Rowstow's development model.

What innovative ways can be adopted to ensure economic growth in Ghana?

Further to the above, the author inquired from IMANI a policy think-tank group in Africa the above question during the interview. IMANI indicated that Ghana's under development was also largely due to mismanagement by governments and civil servants, a weak tax regime, weak institutions and the lack of effective policy implementations. IMANI suggested Ghana

could develop faster by way of entering good concessional agreements to help curb lapses and increase efficiency within the public sector.

6.2 Reliability and validity

Reliability refers to getting similar response to same set of questions whereas validity refers to the extent to which measurement is accurate (Burns and Bush 2014, 214). Therefore, research questions were designed in a way results gathered would be similar in various ways. This provides accuracy and consistency of results even if similar research were to be conducted using different data collection and research methods. The contents of the research were strictly based on published books, academic journals, some reliable primary sources by way of interviews and trusted electronic sources. Research questions and results goes to prove the reliability of the study based on the chosen theory as aligned with real life happenings from past to present therefore making the outcome valid. Data collection of primary sources have been selected principally and results verified with integrity and objectiveness of the author. Due to the nature of the research work and the possibility of sources to be aligned by political biasness, the researcher relied on sources that have avenues to be cross-checked with data from recognized world sources like the World Bank, IMF, WTO, AGOA, FOCAC etc. The results of this research work will support, prove to show its reliability and validity therefore making it realistic in way that if the research is repeated in a later or different way the results will stay unchanged. Moreover, the validity of the research will be proven through the collection of adequate data of the critical questions that guides the objective of the study. The process of inference or prediction in some future economic occurrence in the context of the research will also be based on existing empirical facts that are reliable enough.

6.3 Suggestions for further research

Due to the wholistic nature of the research work and several factors affecting development of nations, there is a need for further investigation

into political, religious, cultural factors hampering the development of nations. Secondly, an in-depth study on the financial nature of an economy plays a vital role in understanding a country's financial health regarding trade relations, economic recovery programs and revenues. In the case of the research work detailed financial information could not be provided due to the political environment at the time of this study and some documents were deemed classified or for only government purposes. In addition, a detailed research of the financial aspect of this study is recommended to ascertain the foreign debt policy of Ghana, current debt stock, exchange rate policies, currency and the pivotal role the banking sector plays in ensuring the country benefits hugely from its trade activities.

7 SUMMARY

The primary objective of this research is to assess the role trade has played in the development of Ghana's economy and how best it could be utilised in the future to enhance rapid economic development. Due to the retrogressive economic background of Ghana, it was important for the thesis to investigate holistically the economic situation of Ghana from the post-independence era to date and analyse factors that have influenced negatively to the growth of the economy.

The theoretical aspect of the study is discussed in Chapter 2. The purpose of the selected theories discussed were to provide a relevant and reliable framework that would impact positively on the outcome and objective of the research work. The theoretical part is also aimed to set as a foundation for which a development plan was created. However, the theories discussed have mainly been applicable in developed nations and have achieved desired results. The economy of Ghana is further discussed providing a historical overview and pattern on the performance of the economy relating it to trade activities.

In addition, the case study chapter examines the already existing relation with China and of what benefits Ghana has derived from such a relation and what other potentials remain untapped. This chapter provides numerical evidence of trade activities of Ghana-China as well as other major trading partners. It further provides empirical information for analysing trade activities and other beneficial external relations such as aid, grants, and investments.

The empirical aspect provides results and findings gathered from the interviews which were conducted from primary sources as well as reliable information was gathered from secondary sources. Based on the key findings of the research, it has motivated the need for a proposed alien theoretical strategy to develop Ghana, these strategies for economic development are however contained in the development plan of the thesis.

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APPENDICES

APPENDIX 1: Interview Questions

1. How can Ghana achieve rapid economic growth through trade?
 - a. In what way can Ghana maximize profit from its natural resources?
2. What are the direct impacts of trade agreements on Ghana?
3. Why do countries get involved in trade?
 - b. How can Ghana benefit much more from trade in future?
4. What are the main obstacles of Ghana's economic growth?
 - c. What prudent measures can be applied?
5. What innovative ways can be adopted to ensure economic growth in Ghana?
6. What role can the African Union and ECOWAS play in ensuring strategic economic development among its members?
7. How would you relate Rowtow's economic theory of development to Ghana's economy?