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## **4.1 Introduction**

### **4.1.1 A Brief History of Ghana**

Ghana, a former British colony, is an important coastal country of West Africa which has the total area of 92,000 Sq. miles and has a population of around 23.7 million (Kwame, 2007). It is surrounded by countries like Côte d'Ivoire, Burkina Faso and Togo. This colony gained its independence on March 6, 1957. Ghana is the first African country which gained independence in the twentieth century and it is the most prosperous countries in the Gulf of Guinea. In 1960, the republic was proclaimed; Ghana remained a member of the Commonwealth. Kwame Nkrumah, the charismatic leader, was the first head of State of Ghana (Kwame, 2007).

Ghana has been among middle-income countries of the bottom since 2010, according to the World Bank, but it suffers in comparison with most other countries in this category in terms of development indicators. It has made significant progress towards the Millennium Development Goals (MDGs) to eradicate extreme poverty, universal primary education, promoting gender equality, empowerment of women and the fight against HIV / AIDS, malaria and other diseases. But progress is slow and Ghana still faces significant challenges in reducing the mortality of less than 5 years, improving maternal health and environmental sustainability (Bogetic et al, 2007).

#### **4.1.2 Economic and Socio-political Environment / Situation**

The Gross Domestic Product (GDP) of Ghana decreased in 2012 to 7.1%, against 14.4% in 2011. The medium-term outlook remains favourable in Ghana: the growth rate is expected to reach 8.0% in 2013 and 8.7% in 2014 (respectively 6.5% and 8.9% for the non-oil sector), well above the average annual rate of 6.5% since 2000. It is expected that investments in the sectors of oil and gas, public infrastructure and commercial agriculture are driving this growth.

The improved macroeconomic management and political stability has not significantly changed the structure of the Ghanaian economy. Mining and construction and public works (BTP) activities have supported the industrial sector, and the share of manufacturing in GDP has declined over the past twenty years. Ghana needs to develop new economic sectors of intensive work, such as manufacturing and the food industry to meet the challenges of employment and economic opportunities in rural areas. This will require coherent public policies to increase crop yields, improve the competitiveness of the economy and overcome the problems of land ownership.

The economy is, however, little diversified. For a century, cocoa was the main support. About three quarters of export earnings based on a manual agriculture, small-scale rain-fed. There are 30 to 35% of post-harvest losses. The government is committed to a policy of large-scale mechanized farming, especially rice production, but this requires considerable investment. The industry is struggling against the high cost of supplies, high interest rates and inadequate infrastructure. However, Ghana spends about \$1.1 billion, or 10% of its GDP in infrastructure. However, the most pressing challenge may be the energy supply (Ackah and Kutsoati, 2008). Ghana must rely on its Akosombo hydroelectric dam, which depends on rainfall for its electricity

needs, but the authorities are considering developing gas power plants, given the emergence of the oil and gas sector.

Despite progress, Ghana still faces significant challenges to its development. Migration of competent workers from Ghana is well known. In particular, among the relevant workers are employees of the health sector. Inadequate salaries of public sector employees, the government bankruptcy to implement wage reform and the lack of jobs in the private sector are the reasons contributing to the difficulties in the socio-economic situation of Ghana. Other factors include lack of equipment, infrastructure development and the desire to improve the knowledge and skills.

## **4.2 Main Sectors of Ghana's Economy**

### **4.2.1 Small and Medium Enterprises in Ghana**

Small and Medium Enterprises are companies whose size was defined from the number of employees, the level of investment and turnover does not exceed certain limits. Small and Medium Enterprises (SMEs) are the backbone of Ghana's economy and are a vital source of economic growth, dynamism and flexibility. These companies play a vital role in job creation and are now the dominant form of business organization. Funding is needed, however, to help create and develop their activities. Economy of Ghana, therefore, cannot flourish if the various forms of financing offered by financial institutions do not allow SMEs to meet their needs.

### **4.2.2 Characteristics of SMEs in Ghana**

An essential characteristic of SMEs of Ghana is the very special role played by its leader. He is often the founder of the company, who has a strong tendency to personify the company according to his motivations and this personal and professional background. The management

system of SMEs is characterized on the one hand, by an information system little internal standard is often complex and poorly organized and, secondly, by a simple external information system. Contacts and dialogues are the key vehicles of information within Ghana SMEs.

SMEs represent more than 90% of total companies in Ghana (RAM, 2005). They are an effective instrument for jobs creation and contribute significantly to GDP. Access to finance for SMEs is critical problem. Given that bank financing is essential to the development and growth of SMEs, but many of them cannot access it.

#### **4.2.3 Manufacturing Sector in Ghana**

Ghana has a large manufacturing base consists of nearly 23,800 manufacturing companies. According to the census of 2003, the manufacturing sector of Ghana employed approximately 117, 000 people. Although the manufacturing sector of Ghana is relatively diverse covering areas like agricultural products, wood processing, oil refineries, aluminium smelting, cement production, breweries, pharmaceuticals, electronics and textile but still it does not have a major impact on the overall GDP of the country.

The manufacturing sector is the main target of foreign investors in Ghana. The aggregate foreign investment in the sector totalled \$2.3 billion between 2001 and 2006, with 16,400 new jobs. Nearly 90 percent of foreign investment projects in the sector target the Greater Accra area (Breisinger and Diao, 2008). The particular difficulties faced by manufacturing industries are related to power outages, access to finance and the conditions of grant.

#### **4.3 The Main Sectors of Ghana's Economy**

With reference to the Institute of Statistical Social and Economic Research, there are three main sectors in the economy of Ghana. Agriculture sector is the first important sector of

economy. It is consist of sub-sectors of cultivation of mangoes, pineapples, cocoa, cereal, vegetable and other crops. Another one is farming activities of poultry production, cattle and sheep nurturing and a fishing industry. Most of the crops farmers are small business holders, who are short of required equipments. This resulted in less productivity. Heavy dependence on natural recourses like rain and bush burning in farming is to a degree a reason of low production. Even then the agriculture sector being the leading contributor to the country's GDP stand for the stronghold. Its part in GDP is 39% along with the employment of 55% (Agyeman-Duah, 2008).

The service sector of this country stands second in the sector of economy. It comprises of six sub-branches including the real estate, banking and finance, insurance, wholesale and retail trade, communication, storage, transportation etc. According to ISSER, this sector stays second mainstay of the Ghanaian wealth in comparison with agriculture sector. The least important among these strongholds, is manufacturing sector. Recording ISSER in 2007, it is assumed that the manufacturing sub-sector of this country will lead the large development of the state. If it achieved middle income status goal, but it still continues to record the lowest growth compared to the agriculture and service sectors.

#### **4.3.1 Background of Garment and Textile Manufacturing Sub-sector**

In manufacturing sector, garment and textile of Ghana is one of the most overriding sub-sectors. Adequately it was the most represented sample among the sub-sector representing 26% in the entire Ghana's manufacturing industry. According to World Bank data, the garment and textile sub-sector graded higher in terms of demonstration, consisting of 35% of the total section. Furthermore, in a comparative study of manufacturing sub-sectors of Ghana this sector embodies second most profitable sector apart from the wood sub-sector.

Hence, as specified in Chapter 1, this study revolves around the garment and textile manufacturing sub-sector of Ghana. Some of the major reasons for this are, export potential element and socio-economic prosperity agenda drive the government of Ghana to make a priority in the target list. This is a greater impact on export behaviour in manufacturing sector of Ghana.

Almost 90% of the populations including women are engaged in the garment and textile sub sector. Women are not only working as workers but they are also owners and entrepreneurs. Reason behind the dominancy of women is greater population of women in Ghana. Progress of this sector and women empowerment plays a vital role in the reduction of poverty that is why government of Ghana is stressing on this agenda. It is also a step ahead towards accomplishing Millennium Development Goals. This stratagem is also preserved in Ghana's development documents. Moreover this particular developing sector of manufacturing has the potential to combine merge home-grown technology with modern technology. This leads in the maximization of cheap labour, one of the Ghana's competitive advantages.

#### **4.3.2 Specific Export-led Programs in the Garment & Textile Sub-sector**

The following specific export-led programs are the evidences of Ghana's government support and promotion of the garment and textile sub-sector. This also indicates the potential and growth of this sub-sector. These programs includes: (1) the provision of GH2.00 million i.e. about \$2 million USD for rehabilitation and operation of the Juapong Textile Company, under new title- Volta Star Company Limited; (2) the provision of 3200 new sewing machines at the Clothing Technology Center in Accra; (3) the implementation of the President's Special Initiative (PSI) for garment and textile sub-sector in Ghana.

The President's Special Initiative (PSI) was initiated on 2001 as a public private partnership program. That has an aim of sustainability, acceleration and development of the garment and textile industry. This also facilitates the sector to become top export sector and basic source of employment generation in the country. The PSI also includes the government support for business with the provision of latest machinery in factories, modern clothing technology and training center that caters technical assistance programs. In short a whole garment village, which reimburses the customized industrial facilities created especially for the sector in Tema near Accra; (4) the Africa Growth Opportunity Act (AGOA) is an additional policy initiative aimed at enhancing the export capabilities of the sub-sector.

On May 18, 2000 under the Trade and Development Act, the government of Ghana signed AGOA with United States. This petition made Ghana one of the 34 sub-Saharan African countries eligible for duty and quota free access in US market for garment and textile trade.

Some of the PSI programmes for the garment and textile sector are planned to enhance the capability of sector in AGOA initiatives and (5) the Textile and Garment Cluster established by government of Ghana in collaboration with UNIDO, the United Nation Industrial Development Organization. The purpose of this is to let the micro, small and medium scale operators in garment and textile sector will boost by unification in another specific export-led program. The basic aim of the cluster is to remove the hindrances in the capacity of export of this particular sub-sector. Moreover, from the establishment of cluster, it has aided training firm in large production strategies (a key necessity in management of large export order), delegating and up-grading of member's technical, marketing, financial and managerial abilities (Dinye and Nyaba, 2001).



One more initiative in the Garment and Textile Training Center provided by the country's government in collaboration with UNIDO, which has objectives of enhancement of capacity of firms in the sub-sector to take benefits from AGOA (USA) and more export destination of Ghanaian industries. In addition the sub-sector also backed up by 21 national vocational training institutes. These institutions offer fundamental practical and theoretical training in tailoring and dressmaking. Such export-led initiatives for the sub-sector has made progress and growth in export exceptionally possible.

#### **4.3.3 Ghana's Garment and Textile Manufacturing Industry**

As discussed earlier, Women dominated the garment and textile industry in Ghana by being both employees and owner entrepreneurs. According to GSS (Ghana Statistical Service) if a firm has less than 10 employees, it is considered as small scale enterprise and firm that have more than 10 employees is considered as medium enterprises. Usually in textile and garment industries there is a workforce of nine to twenty five workers. These firms are grouped in SMEs category; such firms are likely to classify as urban organized firms.

As being small size organization there are a lot of disadvantages, for example confined ingress to credit, use to old technology as well as deficient in institutional framework. The owners of garment and textile shops are likely to come together as group and be situated in cities. Currently in Ghana many garments manufacturing companies are constantly losing big orders particularly due to deficiency of manufacture suppleness, lack of professionalism in marketing department, corroboration of social fulfillment as well as incompetent manufacturing methods.

Through addition and teachable skill of techniques related to good management, small business can enhanced their productivity and these small businesses can work in organized and effective manners. Textile sector's highest priority is to develop capacity because of the

challenges and opportunities in the way of success. To do this, there will be requirement of exact amount of people for development management along with appropriate organizational structure for the useful operation of these people.

#### **4.3.4 The Role of the Textile Industry/Importance of Textile Exports to Ghana's Economy**

Textile manufacturing firms are an important source of foreign exchange and revenue through textile exports. In 1992, \$27.2 million was generated through textile exports and in 1994 this amount was increased to \$179.7 million. However, with the passage of time, this income is started decreasing and in 1998, textile exports was quite low, i.e. US \$3.173 million. It cannot go without mentioning that Ghana qualified for AGOA in 2001, and Ghanaian textile exports along with clothing towards United States market amounted to \$550,000 in 2002, in 2003 \$ 4.5 million and in 2004 \$7.4 million (Hausmann et al, 2006).

From 1992 to 1998, the decreasing trend in textile exports was due to internal and external bottlenecks. Usually, textiles manufacturers in Ghana have the same opinion that export market is enormous, however while operating in these market Ghanaian manufacturers have some reservation, especially inside the ECOWAS sub-region because of trade obstructions. Among others, some of the trade barriers are; Côte d'Ivoire (contrary to ECOWAS regulations) imposition of 20% duty at Benin transit tax collection, Nigerian authorities' extortion, and most of all devaluation in currency rate. Impediments are also faced by manufacturers/exporters due to poor packaging. These manufacturers/exporters are restricted to export in EU and the United States of America markets. Some manufacturers do not have the ability to meet deadline of export orders due to technical barriers and poor finishing (quality/ conformity to standards). These barriers made things difficult for Ghana manufacturers/exporters in EU and the United States of America markets.

In 2007 main export destination for Ghana textiles were 55% of EU countries, 25% United States and 15 % ECOWAS. 5% percent remaining exports were sent to countries like South Africa, Zimbabwe, Namibia, Ethiopia and other Southern and East African states

#### **4.3.5 National Economic Policies towards Promoting Growth of Textile and Clothing**

##### **Industry**

Textile sub-sector is one of the central priority areas of Government, because the textile sector has the potential to speed up the development of the economy and in the industrial sector as a whole. To uplift and improve the garment industry and textile sector, government instigated lot of diversified programmes in order to facilitate the industry to take complete advantage from the desired act named as African Growth and Opportunity Act (AGOA). The program facilitates the industry in increasing employment opportunities for the growing population, encourage both domestic and foreign investments, diversify and increase the economy and simulate exports. Beside these programs, there are some national economic policies that are stimulating the textile sector is stated below:

#### **4.3.6 PSI-Export Action Programmed on Textiles and Garment**

The President of Ghana has taken Special initiative in response to the massive market opportunities formed by the African Growth and Opportunity Act. In August, 2001 The President Special Initiative (PSI) was act out in order to progress the joint venture in between the public and the private sector side by side to build up job opportunities for the people of Ghana particularly for youth. It was expected that in the beginning of four year tenure they aim to generate 10,000 jobs and for that PSI, according to the President, is in two folds and is expected to lead to the realization of the nation's Golden Age of Business Vision; through liberalized trade within the sub-region and also with the United States and the European Union.

In the very beginning, the schema of the PSI was focused on the development and export of textiles, starch and garments to the market of US. After some time the increase in the capacity of palm, cotton, oil, salt and presently distant learning has been seen. However, the aim of the PSI is to implement export-led-growth strategy, and various other initiatives to broaden and deepening the economy base, through agri-business and exports in Ghana. These initiatives help in creating job opportunities and reduce poverty (especially in the rural area).

Consequently, similar to PSI, other competitive exporting firms in the same sectors are also targeting the European and American consumer market to develop mass of high growth internationally. Therefore, PSI also finds new ways in the mass production of non-traditional export that helps to speed up the growth of the economy. The special initiatives are selected by the potential for significant export revenue generation, multiplier effect on the economy with forward and backward linkages, mass employment generation, value-added manufacturing activity, strong technical orientation and use of local resource inputs, and multiplier effect on the economy with forward and backward linkages.

According to the then Trade Minister of Ghana, Alan Kyermaten, PSI is a program in search of new strategic pillars of growth beyond the preventive confines of Ghana traditional exports such as gold, cocoa and timber. The PSI is believed that by providing new opportunities to the private sector in order to give a shift and giving government facilities in the areas that potentially change the economy while the production of new commodities produce the economy in the same way as cocoa, gold and timber is growing.

After the successful development of these initiatives the amount of US\$6-10 billion would be annually added to Ghana's Gross Domestic Product (GDP). Once this happens the growth of the income perhaps increase from \$400 perimeter which fixed the Ghana for several

decades now. Though, in order to carry on these initiatives the Macro-Economic Management should help out the Ghana to grow their income up to US\$1,000 within the next 10 years after its commencement.

On behalf of Ghana the PSI response to the United States African Growth and Opportunity Act (AGOA), provide the quota –free and duty-free treatment for Africans especially in the export of garment. An Inter-Ministerial Facilitation Team made up of ministers of State has been instituted to coordinate activities, to ensure success of the PSI. It includes:

- a) Ministry of Finance
- b) Ministry of Energy
- c) Ministry of Women Affairs
- d) Ministry of Economic Planning and Regional Cooperation
- e) Ministry of Transport and Communication
- f) Ministry of Trade and Industry
- g) Ministry of Environment
- h) Ministry of Science
- i) Ministry of Technology
- j) Ministry of Private Sector Development
- k) Ministry of Manpower Development
- l) Ministry of Works and Housing

#### **4.3.7 President's Special Initiative on Textiles and Garments**

When PSI was launched the areas of textile and garments were considered to be the most important areas that were introduced under the complete action program. The purpose to design special initiatives for Ghana is to assemble new and competitive garment manufacturing and

export industry so that they take utmost advantage and achieve maximum opportunities created under AGOA, especially for the quota-free and duty-free access up to \$60 billion market for apparel and clothing in the US. The objective of government also includes the PSI on textiles and garments as by implementing the PSI strategy it actively facilitate, support and accelerate the development of garment industry in order to establish and making it as a leading export sector and a primary source of employment generation in Ghana.

A major initiator of the textile which is indigenous and considered very qualified in this direction, is a basic policy and philosophy of President Special Initiatives. Under the African Growth and Opportunity Act and the Lomé/Cotonou Accord, the initiative is expected to get benefited from the various market opportunities (quota and duty-free/preferential duty access) for the Ghanaian garment and textile manufacturing sector.

#### **4.3.8 Specific Objectives of the PSI on Textiles and Garments**

Furthermore, in Ghana to sustain and facilitate the manufacturing platform for textile and garments some objectives have been set which are as follows:

- i. In order to develop Ghana as a lead export earner and also a primary source for employment there is a need to actively support, accelerate and facilitate the growth of the garment industry;
- ii. It is advisable to attract at least ten foreign investors to invest in textile and garment sector of Ghana;
- iii. It is feasible to build and assist the capacity of at least 100 medium enterprises of Ghana;
- iv. To create a large pool of small-scale local sub-contractors and secondary suppliers.

#### **4.3.9 Expected Socio-economic Benefits of the PSI on Textiles and Garments**

When PSI on garments and textiles is in full operation, economically it is expected to do the following things:

- i. By creating job opportunities improve the quality of life of Ghanaians.
- ii. Generate over 70,000 direct jobs into the economy;
- iii. Generate €3.4 billion in foreign exchange in four years.
- iv. Promote industrial sub-contracting to boost the capacity of larger garment manufacturing companies in Ghana.

#### **4.3.10 Implementation Framework**

The above mentioned three tier-strategy has to be put in place so that the implementation of the objectives for the textile and garment initiatives working effectively for Ghana.

Government helps in the establishment of the three strategies to achieve the set goals of the PSI.

First strategy focus on the program that involves attracting 10 huge foreign investors to invest and relocate their businesses in Ghana for a period of, at least, 4 years. The second strategy emphasizes on the need to select 25 best performing garment manufacturing companies of Ghana (100 in four years) whose products can easily be marketed for foreign markets like United States.

The third strategy focuses on the development of a pool of sub-contractors who are grouped under 20 exporters to process the orders taken from the US market.

The report of industry policy indicates that the Ministry of Trade performs a leading role in the development of the Private Sector Development and PSI in enabling private sector investments, employment generation and wealth creation, that help in achieving the specific 8-10% growth per annum required for the attainment of a middle income status.

At the launch of the Phase II of the Rural Enterprise Project at Aboase in the Central Region, the then Minister for Trade, Industry, PSD and PSI, (honorable Joe Badu-Ansah) stressed on the development of the rural development project at all district levels. It is because the 65% of the Ghanaian population is situated in the rural communities and most of them are youth constitute the larger majority as unemployed. So, it has been claimed that youth is the support of the economy as it forms the core of the country so there is a need to give first priority attention on youth employment and poverty reduction.

Now at present there is a process going on as Rural Enterprise Development Program, in which every district of Ghana identify the three enterprise development projects.

#### **4.3.11 Ghana's response to the AGOA**

The President's Special Initiatives (PSI) is Ghana's response to the United State African Growth and Opportunity ACT (AGOA) which provides a duty and quota-free levy or treatment (especially garment and textile) on exports to the United States market. In the beginning the expiry date of AGOA was 2008 but a time when Ghana is in the middle of their income state it was extended to 2015.

Ghana being a beneficiary of the AGOA, hosted the sixth AGOA conference in Accra from the 16th – 19th of July, 2007, after having been rated a leader in Africa and a star in liberalized economies as attested by multinational agencies and financial institutions. This created a platform and presented an opportunity for Ghana to perform well on the international arena through trade and investment. In response to AGOA country eligibility requirements, Ghana government did the following in order to meet the requirements:

1. For a critical mass of skilled human resources, various initiatives have been taken by government, as part of agenda to make sure the competitiveness and thriving of business,



these initiatives includes technical and vocational training, apprenticeship opportunities, within the educational arrangement;

2. An investment and export development fund is operational in the area and among exporters of salt, wood products, agro-processing, garments and health products, €80 billion as a beginning tranche has been disbursed;
3. Development program for small-scale enterprise: to assist small and medium sized firms, Rural Enterprise Development Project (REDP) has been initiated and to improve entrepreneurial skills and offer business opportunities various training courses has also been arranged;
4. Confidence of investors has been increased in economy of Ghana as a result of various initiatives taken by government to boast political stability, a steady labor environment provisioning skilled work force;
5. As a part of reforms substantial legislative measure are taken, particularly to eliminate the susceptibility of foreign exchange dealers and exporters to external shocks. These legislations have assisted in ensuring that proceeds of export are channeled and repatriated through proper banking system;
6. Government in Ghana also initiated a registration exercise of the underemployed and unemployed at national level. The objective of this exercise was to acquire sound and updated understanding of the fundamentals of wealth creation and economic growth. This exercise has provided substantial information, particularly on employment skills requirement, existing level and training needs in Ghana;
7. Government's approach of reducing of strikes by harmonizing labor and employers has demonstrated a genuine seriousness about an enabling environment for investment and

business, this approach has emitted positive signal to the domestic and international investors;

8. To assure the compatibility of business ventures in Ghana, it's required to meet the critical success factors. Thus, a collaborative culture is being created among Ghana's government, business persons and the human resource base in effort. For instance, government funded the construction of factory structures in the textiles and apparel sector. Financial support and loans have been furnished from private sector banks for the purchase of machinery, raw material and equipment for manufacturing. Furthermore, fairs and tradeshow have been frequently arranged to facilitate market accesses (Breisinger et al, 2011).

To facilitate as a merchandising unit in the PSI, Ghana's government also arranged the Gold Coast Collection to gain business from the foreign markets. Similarly, the capacity building and training at the Clothing Technology and Training Centre is also funded by government. So that experts resource every organization to manufacture qualitatively produce on time for the foreign clients.

#### **4.3.12 Issues in Textile and Apparel Industry in Ghana**

In the garment and textile industry in Ghana, there are numerous issues and challenges which have always hindered the success and steady growth of these sectors. Textile industry in Ghana imports hoards of its raw material mainly from India, Netherlands, US, China, EU, Nigeria and Thailand. Raw material inputs primarily comprises on calico, chemicals, dye stuffs, khaki fabrics, finished garments and textiles (such as clothing, blankets and curtains etc).

Most of these supplies are primary input material for manufacturers. However,

African prints from Nigeria, South-Eastern Asia and Cote d'Ivoire has adversely affected the local manufacturing. Most of the finished products of these countries are tagged; have trade mark and logos of Ghana's product and these products are available at much cheaper price in the domestic market. This intrusion of unpatented and smuggled goods has jeopardized local textile and apparel industry. Internal and external factor like this in past between 1992 and 1998 also affected Ghana's exports and this hangs as an ongoing menace (Quartey, 2006).

Another challenge in flourishing trade in Ghana is the fact that within the ECOWAS sub-region, there are also various trade barriers on doing business such as 20% duty by Cote d'Ivoire, transit tax collected at Benin. Also opposing to ECOWAS regulations of free-trade among member states, risk of currency devaluation and extortion by Nigerian government are major issues.

Other challenges and issues which are affecting the trade are packaging and poor finishing of products which are major export hurdles when it comes to exporting in US and EU markets. There are few technical difficulties and high tariffs rates which are contributing in Ghana's inability to fulfill their commitments and make timely delivery. Smuggling is considered as one of the biggest hindrances by many manufacturers in Ghana in actualizing its true production and export potential. In many cases, textile products are smuggled from adjacent countries like Togo and Cote d'Ivoire without fulfilling custom services regulation. This results in the invasion of foreign products in Ghana's markets, the massive price difference among smuggled products and Ghana's original brands further squeeze the domestic market for local manufacturer who are trying to manufacture quality products and fulfilling regulations (Source: Ministry of Trade and Industry, 2004).

The drop in output, generally, is an outcome of low market demands, high production cost, dumping, imitation and smuggling from foreign markets abroad. Unfortunately, growth in the imports of textile usually concurs with a turn down in an export which traditionally was a major source of bringing and raising foreign exchange in Ghana. However, to achieve a trade balance, the AGOA has demonstrated a positive effect on, export and import. Recent statistics has divulged a substantial improvement in the trade balance between the United States and Ghana, with growing imports and exports transaction.

#### **4.4 Concluding Remarks**

This chapter covers the development framework of Ghana since its independence, which is the context of this thesis. This study reveals that although exports of manufactured goods, especially textile and garments, can play a pivotal role in the attainment of socio-economic development goals of Ghana, however, the performance of Ghana was not exemplary in this regard. This study is significant and timely because it discusses how to facilitate and increase the export of textile and garments in order to achieve country's (Ghana) socio-economic goals.

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