

**GHANA'S TRADE RELATIONS WITH THE UNITED STATES OF AMERICA: A
CASE STUDY OF THE AFRICAN GROWTH AND OPPORTUNITY ACT (AGOA)**

BY

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SCIENCE, UNIVERSITY OF GHANA-LEGON IN PARTIAL FULFILMENT
OF THE REQUIREMENTS FOR THE AWARD OF A MASTERS DEGREE
IN POLITICAL SCIENCE.***

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DECLARATION

I, Orlapu, Anasensor, humbly declare that this is my own original work carried out under the supervision of Prof. Kwame Boafo-Arthur and Dr. Ziblim Iddi in the Department of Political Science at the University of Ghana-Legon. I hereby do state that this is not a reproduction of anybody's work either in part or whole. I also do confirm that all sources of material employed in this study have been duly cited and acknowledged.

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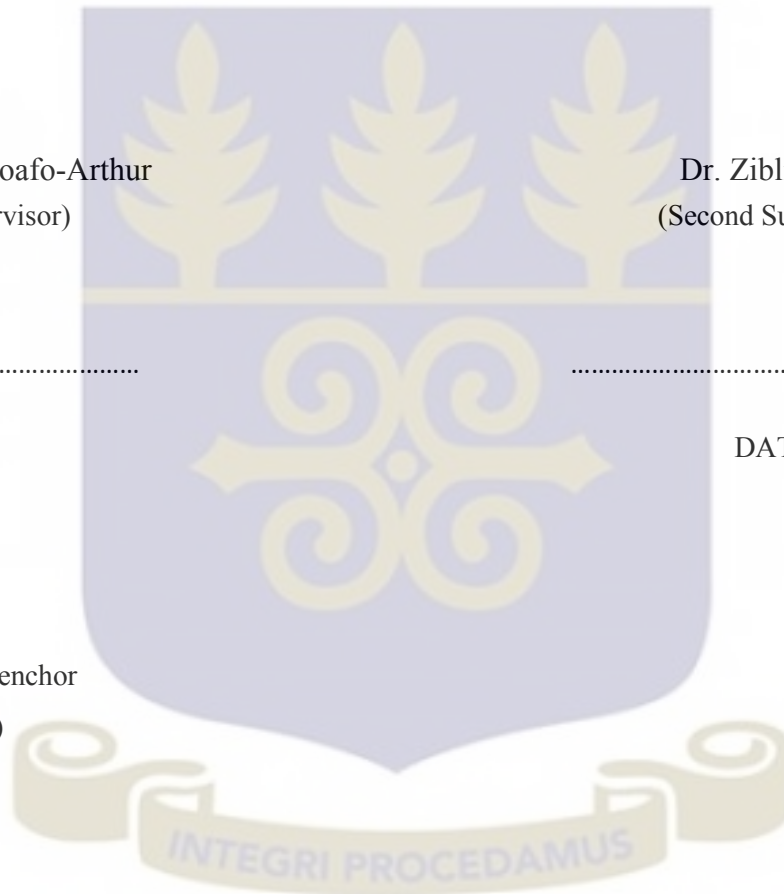
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DEDICATION

This work is dedicated to Mr. Mejane Anasensor Mark (my Father), Mr. Jackson Kofi Anasensor (brother), my supervisors (Prof. Kwame Boafo-Arthur and Dr. Ziblim Iddi), Dr. Isaac Owusu-Mensah, and my MPhil mates for their immense supports, counsels, and directions in this study. God bless. Amen!!!



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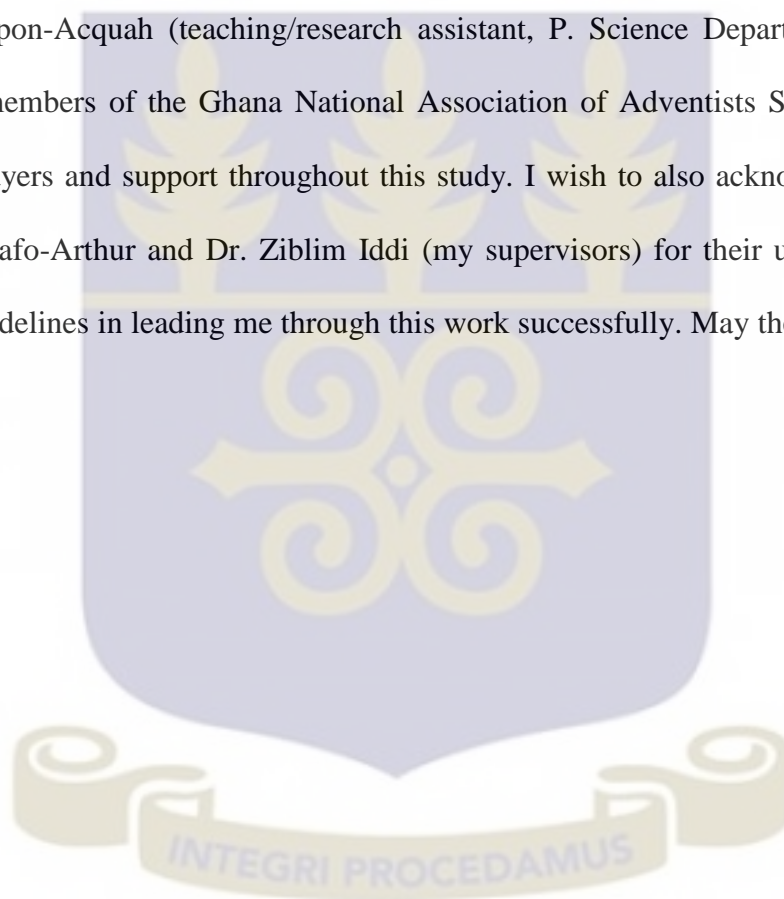


TABLE OF ACRONYMS AND ABBREVIATIONS

AGOA	African Growth and Opportunity Act
U.S.	United States
SSA	Sub-Saharan Africa
H-O Model	Hecksher-Ohlin Model
ILO	International Labor Organization
FTA	Free Trade Agreement
EPA	Economic Partnership Agreement
FLO	Fairtrade Labelling Organization
WFTO	World Fair Trade Organization
EFTA	European Fair Trade Association
NEWS	Network of European World Shops
GDP	Gross Domestic Product
EU	European Union
ISLBFTA	Indo-Sri Lanka Bilateral Free Trade Agreement
NAFTA	North American Free Trade Agreement
DR-CAFTA	Dominican Republic and Central American Free Trade Agreement
ETS	Emissions Trading Schemes
CPS	Caribbean/Pacific States
MFA	Multi-Fibre Agreement
UNCTD	United Nations Conference on Trade and Development
IPR	Intellectual Property Rights

PIDTA	Patent Industrial Designs and Trademarks Act
SPS	Sanitary and Phytosanitary Standards
USAID	United States Agency for International Development
UG	University of Ghana
FAGE	Federation of Association of Ghanaian Exporters
AGI	Association of Ghana Industries
GEPC	Ghana Export Promotion Council
NAIC	National AGOA Implementaion Committee
MoTI	Ministry of Trade and Industry
CO	Commercial Officer
ACF	Administrative Contracting Officer
AIPO	Assistant Industry Promotion Officer
USTR	United States Trade Representative
G-EDIF	Ghana Export Development and Investment Fund
ISSER	Institute of Statistical, Social and Economic Research
GCP	Global Competitiveness Report
WCI	World Competitiveness Index
WEF	World Economic Forum
MFN	Most Favored Nations
CPU	Central Processing Unit
PPPs	Public-Private Partnerships
SLTP	Sound-long-term-projects
SSTP	Shoddy-short-term-projects

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ABSTRACT

AGOA offers Sub-Saharan African countries some special privileges and opportunities to export their products into the United States of America without restrictions. It seeks to promote sound socio-economic and political development within the affected region through intercontinental trade liberalization. This work is, therefore, an attempt made to investigate the extent to which AGOA has contributed to transform the economic, social, and political structures of Ghana since 2000.

This research progressed through five major Chapters. In Chapter one, the researcher gave the introduction of the study, statement of the research problem as well as the research model used for this study. While Chapter two reviewed existing academic literature on the impact of AGOA in Sub-Saharan Africa (SSA), Chapter three, on the other hand, sought to explain the research methodology used for this study. Chapter four analyzed the research data gathered from the field. In Chapter five, the researcher gave a summary of the study and his recommendations based on the research findings.

Interviews were conducted at various time periods and in different institutions to solicit the views and opinions of both Ghanaian and U.S. experts on the challenges and impact of AGOA in Ghana. The research exercise showed that, aside economic and social gains, the nation's political relations with the United States and with neighboring countries have been improved greatly under AGOA initiatives despite the challenges. In other words, AGOA has worked to multiply job opportunities and enhanced the nation's effectiveness in responding to the needs of Ghanaians. In addition, AGOA provides Ghana the opportunity to interact with both U.S. and African political leaders on vital issues relating to trade and good governance through its annual Forums.



CHAPTER ONE

1.1.BACKGROUND:

1.2.THE ORIGIN, PURPOSE, AND ELIGIBILITY OF AGOA

The African Growth and Opportunity Act (AGOA), USA trade policy for SSA, was largely established to boost Sub-Saharan Africa's (SSA) trade relations with the 'almighty' United States of America (USA). Signed into force by President W. J. Clinton, members of the U.S. House of Representatives, and some Sub-Saharan African (SSA) political leaders on 18th July, 2000; the Act (AGOA) eventually and officially terminated in September, 2015. But then, in order to sustain the battle against Africa's economic downturns, AGOA, was ostensibly extended for the next one decade at a forum held in Gabon in August, 2015. Even though most AGOA beneficiary countries flopped miserably during the first round, they were, however, eager to petition the U.S. for the extension of AGOA beyond 2015. This irony can be linked to: either, 1) the desire on the part of the region to reassert its political relations with the U.S. and support the demolition of authoritarian regimes on the continent, or 2) the readiness on the part of the region to increase its export volumes in the post-2015 AGOA extension.

The phrase—*African Growth and Opportunity Act (AGOA)*—signals a straight forward **meaning** to its readers. Thus, according to **AGOA**, the “opportunity” to trade with the United States of America ought to lead to the “Growth” of Sub-Saharan African countries in the long run. Under this Act, in other words, the United States proposed to liberate the African continent from years of economic downturns and put it on a path of sustainable development by the end of the fifteen years. In either case, what comes out clearly is that, the Act was established as part of effort to usher Sub-Saharan African countries into the mainstreams of the global economy. It seeks to alter

Africa's developmental trajectories through intercontinental trade liberalization and the consolidation of liberal democracy in the affected region.

The Act establishing AGOA authorizes the president of the United States to declare, on annual basis, a country in Sub-Saharan Africa eligible upon satisfying the eligibility requirements of the Act. At the same time, however, the Act allows the President of the United States of America to remove those countries that may be found wanting along the line from the eligibility list outrightly. In effect, any Sub-Saharan African country wishing to take advantage of the Act is expected to improve upon its human rights laws and refrain from acts deemed detrimental to the security of the United States. Perceived as the trailblazer of democracy in Africa, Ghana was officially declared eligible to benefit from AGOA by the U.S. in 2000. While the *motive* of AGOA still remains at the center of debate in academia, its overall impact on Ghana's national development is, however, the focus of this study. This study is, thus, an attempt to evaluate the extent to which AGOA has contributed to transform the socio-economic and political structures of Ghana since 2000.

1.3. STATEMENT OF THE RESEARCH PROBLEM

Undoubtedly, **free-trade** has ultimately enhanced Africa's global interconnectedness, especially, in today's 21st century. Normally, the conduct of North-South trade relations, according to the doctrine of **fair-trade**, ought to stimulate economic growth and resolve other human problems in developing nations. It was against this backdrop that, many African political leaders eagerly committed their nations to certain international courses and signed various trade pacts in the bid of accomplishing national interest. Ghana's signatory to AGOA in 2000, obviously, exemplifies one of these international moves in Africa.

In academia, scholars such as Fwatshak expressed worries over Nigeria's inability to fully develop its non-oil export products under AGOA until 2004. He pointed to the decision by the U.S. to procure agricultural products from and support capacity building programs in other Sub-Saharan African countries with the exception of Nigeria as the cause of Nigeria's failures¹. According to Goburdhun, the formulation and implementation of stiff Intellectual Property Rights (IPR) laws such as the Copyrights Act of 1997, the Patent Industrial Designs and Trademarks Act (PIDTA) of 2002, the Geographical Indication Act of 2002, the Protection against Unfair Practice Act of 2002 and the Layout Designs and Integrated Circuits Act of 2002 have been responsible for Mauritius's success under AGOA². However, Mokhawa and Osei-Hwedie (2003) reported that weak infrastructural development, high transportation costs, and ineffective institutional frameworks in Botswana act to constrain the government from fully diversifying its economy under AGOA³. In effect, the circumstances surrounding AGOA in the affected region, in terms of its implementation challenges and overall impacts, vary considerably from one AGOA beneficiary country to the other.

Again, SSA trade relations with the U.S. has triggered a lot of misgivings among scholars leading many to perceive these international undertakings as the Trojan horse directed against Africans advancement. In most cases, these scholars often draw their inspirations from the Dependency theory (1970s to 1980s) which laid the blame of the underdevelopment of Third World countries on the advanced nations who exploit the former under adverse terms of trade. In the view of Ontanez, Mamudu, and Glantz, for example, the removal of tariffs under AGOA was simply meant to make the economy of Malawi dependent on the production of tobacco to feed industries abroad⁴. Others such as Melamed (2006), further reported that, African countries tend to import more than they export largely because their citizens buy more of imported goods than locally manufactured products as a result of trade liberalization⁵. In fact, these views are justified in the light of statistical data sourced from AGOA's website (trade.gov/agoa) which reveals serious

trade deficit on the part of Ghana as against the United States of America. For instance, U.S. exports to Ghana in 2013 and 2014 stood at \$982.49 million and \$1127.68 million respectively with a positive variation of 15% while that of Ghana's to the U.S. stood at \$365.84 million in 2013 and \$271.33 million in 2014, representing a variation of negative twenty six per cent (-26%). Export values in the previous years followed the same trend, with the U.S. accruing \$1,196.90 million in 2011 and \$1,309.25 million in 2012, and Ghana \$779.04 million in 2011 and \$291.04 million in 2012. Indeed, a critical examination of the statistical data further reveals such unfavorable balance of trade between the U.S. and almost all Sub-Saharan African countries under AGOA. How, then, can these trade deficits be explained? The conventional beliefs, held by most African leaders and their citizens, often attribute Africa's trade flops to the exploitations of the advanced nations. But then, our understanding could be distorted completely leading to poor intuitive assessments when we always kick against North-South socio-economic and political relations.

The foregoing extract, nonetheless, reveal a lacuna in the literature since information about the impact of AGOA on Ghana's socio-economic and political developments is completely missing. It is also believed that lack of information largely accounts for the position held by most of these anti-free-trade advocates in African countries. Ghana's trade relations with the U.S. under AGOA, for example, has been referred to as a "wasted effort"⁶. However, as a decade has passed since its inception in 2000, it will be useful to undertake this research in order to enhance our understanding on the issues at stake—Ghana's trade relations with the United States of America. Thus, this study seeks to investigate the impact of AGOA on Ghana's national development, unravel the factors that account for Ghana's trade deficits with the U.S. since 2000, and determine the way forward.

1.4. THEORETICAL FRAMEWORK

The motive for which theories basically emerge and evolve is to explain and understand why events take place in the world. O'Brien and Williams itemized the significance of these theories to both intellectual and practical activities: 1) theories help to prioritize information and focus on vital matters. 2) theories help to explain, describe, and predict the future so as to prepare for upcoming events, and 3) they are used to organize support for the implementation of a policy, program, or project⁷.

This research makes use of two principal international trade theories: the Ricardian Theory of Comparative Advantage and the Factor Proportion Model or the Heckscher-Ohlin Model (H-O model) by Heckscher (1919) and Ohlin (1933). These theories have been chosen because the latter directly builds on the former. Even though the Ricardian Theory was developed in 1817, its frontiers have been expanded recently following the pool of scholarly contributions from concerned advocates. Ricardo explains that a person, organization or individual commands a greater comparative advantage over competitors when they can produce a particular product at a very low relative opportunity cost prior to trade. The ability to produce, say cotton, at a very moderate cost, according to Ricardo's point of view, is not sufficient to push to a desire end in international trade. Instead, one's ability to compare the opportunity costs for producing a particular product in different parts of the world is what matters most in trade. Thus, when two countries are determined to open up for trade, they must seek to maximize output in areas where they have low relative opportunity cost. In other words, country **A** must seek to export more and consume less of the goods it can moderately produce and attract higher prices in country **B** to country **B** while importing those that country **B** can, likewise, produce and attract higher prices in country **A**'s domestic market. In the view of Ricardo therefore, *the principle of comparative advantage* is ultimately responsible for international trade and not *absolute advantage*.

Ricardo's ideas have been expanded by others such as Felipe and Vernengo. They remarked that:

The final step is to ask: how is it possible that if nation **A** has an absolute disadvantage in the production of both commodities with respect to nation **B** (i.e. it has higher unit labor requirements), there will still be a basis for mutually beneficial trade? The answer is that wages in **A** must be sufficiently lower than wages in **B**, so as to make the price of the good in which **A** has the comparative advantage (i.e. the lower disadvantage with respect to **B**) lower in **A**, and the price of the good in which **A** has the comparative disadvantage lower in **B**, when both commodities are expressed in terms of the currency of the other nation⁸.

Scholars have, however, criticized Ricardo by questioning certain assumptions he promoted in the theory of comparative advantage. According to Deardorff, distortions, such as subsidies, may turn the wavelength of comparative advantage in a different direction⁹. In the modern world, free-trade has enhanced the efficiency level of all trading partners leading to the realization of one's gain at the expense of others¹⁰. To Costinot and Donaldson, even though the theory pivots around the principle of equilibrium in specialization, labor requirement differences between countries is, however, indiscernible¹¹. The theory has further been challenged for, unilaterally, considering only a single factor, that is, labor or technology and discounting the factor endowment of nations out-rightly. According to Yamazawa, the repertoire of advanced nations in producing both labor-intensive and capital-intensive commodities meant that, they do not make specialization so much a priority compared to the developing countries¹².

In order to fill the gaps inherent in the above theory, I solicited the support of another model that directly builds on Ricardo's Theory—i.e. the Heckscher-Ohlin Model of 1919-1933. This theory maintains that, the relative abundance of labor and capital largely differentiates one country from the other. Thus, while the rich countries have a relative advantage of capital over the third-world countries, the latter, however, relishes a relative advantage of labor over the former. Basically, the theory maintains that countries will endeavor to export volumes of the goods they are able to

produce out of locally abundant and moderately cheap factor-endowment while importing those they are unable to produce for lack of *such* locally generated inputs. It is possible for countries that own land and water bodies as their abundant factor-endowment, according to the theory, to easily move fishermen to work on the land and vice versa, without attracting any additional cost. Again, it is also possible for the land to be sold in order to construct more fishing boats without any operational cost. Others such as Lowinger, using the standards of the ILO, compared the skill compositions of labor as well as physical capital between countries. He found out that, in terms of skills, the United States and Canadian labor forces, averagely, possess three times more than their counterparts in Brazil¹³. It has further been asserted by the same authority that, a country's level of brain drain can negatively affect her labor force in terms of skills and that:

...given the wage differential that exists between Brazil and the United States, the net flow of human capital (in the form of skilled personnel) acts to worsen the initial discrepancy in skill availability between the two countries¹⁴.

Like Ricardo's theory of comparative advantage, the factor-proportion-model has also been attacked for similar reasons relating to theoretical propositions and assumptions. According to Yamazawa, the theory has failed to distinguish between technology or labor skills in different countries¹⁵. Throughout his writing in 1953, 1956, and 1958, Leontief indicated that, countries do not always export those goods that are produced out of locally abundant and cheap factors of production while importing those that they are unable to produce for lack of indigenous inputs. For instance, the United States that is known to be well endowed with capital-intensive factors of production vis-à-vis trading partners has been exporting labor-intensive products and importing capital-intensive products.

These two theories together will enable me to:

1. Compare and contrast the relative comparative advantages of the two nations
2. Examine the external factors that have worked against these theories and distort a free and fair-trade between the two countries

Again, these theories will form the basis on which to analyze and organize my research findings. They shall serve as the catalyst that will enable me offer explanations to issues and predict events, if any, in this research. For instance, uprooting explanations to Ghana's trade deficits form the main driving force of this research. Since nations must meet certain rigorous standards, (e.g. the Ricardian Theory has taught us that, nations must first seek to specialize prior to trade) before relaxing their markets to free and open-trade with the outside world, the researcher will find out if Ghana has met this condition. If "yes", then it will lead to the search for some external factors that account for her trade deficits. On the other hand, if "no" is provided as an answer, then Ghana will have herself to be blamed. That will also mean that the country will be able to do well only when the right principles prior to trade have been met. It is also possible to have a mixture of the two situations working together and infecting her trade prospects.

1.4.1.DEFINITION OF TERMINOLOGIES

1.4.2.INTRODUCTION

Under this subheading, the researcher does not assign an exact or some distinctive definition to any of the following terminologies. Instead, the researcher only solicited the views and opinions of scholars on some selected terminologies to influence his subject matter. This endeavor simply seeks to deepen our understanding on certain key terminologies that *automatically* impact the flow of international trade between nations. Therefore, this research will be better appreciated if we take time to refresh our understanding on some of these inevitable international trade-jargons. In addition, the inclusion of these terminologies forms part of the preliminary preparations intended to promote sound analysis of the research findings.

Bilateral-Free-Trade-Agreement

While the term **Free-Trade-Agreement** is an old-age jargon in the academic literature, evidence however shows that it gained significant prominence due to the integration of the global economy in the last few decades and a proliferation of academic literature in international relations. In the view of Goyal and Josh, the term *free-trade* is consistent with *bilateralism*¹⁶. Bergsten, has also shown that free-trade was primarily driven by intense competition on the part of countries craving for liberalization across the globe¹⁷. According to Pyne, when two countries set out to enter into a bilateral-trade-agreement with each other, then, it means that they are ever ready to influence their trade policies reciprocally¹⁸. It has further been asserted by the same authority that:

Nations that enter into free trade agreement often have significant interests in each other's capital stock¹⁹.

Despite its economic underpinnings, Ghorashi has however concluded that, the “uniqueness” of **foreign trade** cannot be economic, but rather, it is highly political since it results from the existence of states²⁰. The impact of bilateral-free-trade-agreement has been identified to have some positive and negative repercussions, ranging from damaging of domestic firms to enhancing competition among producers and increasing the quality of goods and services for consumers²¹. Others such Besant went a step ahead to indicate that free-trade can benefit both developed and Third-World countries²². Hufbauer, has therefore remarked that:

In fact, free trade has increased American household income by lowering costs of products, increasing wages and making more-efficient American companies. And even though open markets may come with costs, the gains of globalization exceed them five times over.... And if done right, free trade benefits the developing world, too, helping bring states out of poverty, allowing them to bargain on equal terms with far-larger countries and potentially stemming state failure²³.

In addition, it has been argued that, trade liberalization efforts must be preceded by intensive interstate dialogues between partnering countries in order to avoid domestic opposition²⁴. Diplomatic dialogues should be geared towards winning the interest and confidence level of key

beneficiaries such as exporters and all other important stakeholders who will be affected by these liberalization policies²⁵. In fact, this declaration is academically justified, both in theory and in practice, in the light of the recently organized domestic oppositions against the EPA agenda in West Africa where liberalization policies are underway.

Partnership:

A closely matching term to *bilateral-free-trade-agreement* is *partnership* and it is far plausible to argue that one leads to the other. I however think that, the ratification of bilateral-free-trade-agreement metamorphoses into partnership. Sugden has observed that partnership is the realization that the global is not the dwelling place of one culture or agency²⁶. Similarly, MacDonald also opines that partnership is the conversion of individualism into an association and cooperation with other people²⁷. To Snee, however, partnership is the effort made by two or more persons, or organizations to band themselves together for the attainment of some common objectives²⁸. In the same spirit, the Fairtrade Labelling Organization (FLO), the World Fair Trade Organization (WFTO), the European Fair Trade Association (EFTA) and the Network of European World Shops (NEWS) collectively defined **Fair Trade** as:

...a trading partnership, based on dialogue, transparency, and respect, that seeks greater equity in international trade. It contributes to the sustainable development by offering better trading conditions to, and securing the rights of disadvantaged producers and workers, especially in the South²⁹.

In Snee's view, partnership cannot be accomplished overnight, and thus takes a long time to develop and nurture³⁰. Collectively, scholars have enumerated certain key characteristics of partnership. To Crawford, partnership is centered on power and not resources³¹. In the view of Snee, in partnership, both parties learn from each other³². Others such as Farrell and Scotchmer have indicated that in partnership equal sharing is the basis even when one party's contribution to overall output is nothing to write home about³³. According to Crawford, there is always a power

differential in multilateral and bilateral agreements between the north and the south³⁴. In the same mood, Farrell and Scotchmer conclude that the key element pivotal to economic life is that canning people deliberately create groups and cooperation in order to exploit them³⁵.

Terms of Trade

According to Chishti and Bhattacharya, the term ***terms of trade*** was introduced by J. S. Mill to indicate the differences between trading countries in terms of accrued gains³⁶. The term is divided into various categories including the 'net' barter terms of trade, the 'gross' barter terms of trade and the factorial terms of trade. The 'net' barter terms of trade indicates the ratio between import prices and export prices, the 'gross' barter terms of trade indicates the ratio of physical quantity of imported goods to the physical quantity of exported goods and the factorial terms of trade shows the number of units of the productive services that are exchanged for the product of one unit of the productive services of another country³⁷. Even though *terms of trade* is popularly discussed with reference to the movement of resources from Third-World Countries to advanced nations, scholars however dispute among themselves whether this movement is done under adverse *terms of trade*³⁸.

A country's terms of trade is inversely affected by some trade restrictions such as tariffs and quotas. In the words of Yeh:

...the terms of trade would deteriorate for a country when it imposes a tariff. However, the terms of trade will always improve for a country when it imposes an import quota or an export quota³⁹.

In the view of Chia, the prices of primary products from developing countries always fluctuate vis-à-vis their giant and most industrialized trading partners⁴⁰. The deterioration of the terms of trade for primary products from the developing nations, according to Mollick, Faria, et al, triggers two major negative effects: it damages the living standards and further encourages the production of primary products in these countries⁴¹. While this worsens the underdevelopment of third-world

countries, it nonetheless contributes towards the specialization of industries in developed countries⁴².

1.5.RESEARCH QUESTIONS

This research seeks to find out answers to the following empirical questions that should help explain Ghana's trade relations with the US under AGOA:

1. How can Ghana's trade deficits with the U.S. be explained?
2. What has been the impact of AGOA on socio-economic development in Ghana?
3. To what extent does AGOA contribute towards enhancing democracy in Ghana?
4. What measures must be put in place to enhance Ghana's performance in the post-2015 AGOA extension?

1.5.1.OBJECTIVES OF THE STUDY

The objectives are as follows:

- To identify and understand the various factors that explain Ghana's trade deficit with the US
- To examine overall impact on socio-economic development in Ghana since 2000
- To determine the extent to which AGOA contributes to enhance democracy in Ghana
- To examine the various measures that could be put in place to enhance Ghana's performance in the post-2015 AGOA world

1.5.2.SIGNIFICANCE OF THE STUDY

- Research findings shall contribute to enhance the development of national policies and programs
- Research findings shall contribute to enhance the body of knowledge already in existence in the said area

1.6. ORGANIZATION OF WORK

Chapter one: This chapter is made up of the introduction of the study, statement of the research problem, conceptual framework, research questions, objectives and significance of the study.

Chapter two: This chapter presents a literature review on the debate over free trade agreements between nations. The chapter also contains a review of Africa's trade relations with the US under AGOA

Chapter three: This chapter consists of the research methodology

Chapter four: This chapter consists of data analysis based on respondents' general perceptions on the bilateral free trade agreement between the United States and Ghana under AGOA.

Chapter five: This chapter presents the researcher's summary, recommendations and conclusions based on the outcome of the study. Some relevant materials such as the designed interview discussion guide, bibliography as well as other materials the researcher might discover in the course of the research will be attached to this work.

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CHAPTER TWO

2.0. LITERATURE REVIEW

2.1. GENERAL STUDIES ON FREE TRADE AGREEMENT

2.2. *The free-trade debate*

2.3. INTRODUCTION

Over the course of the last few decades, the debate over *free-trade agreement* has emerged to occupy a lot of attention in the academic literature. Besides, the issue has been overly disputed even on the platforms of both the national and international media. Two main groups emerged out of this debate. The first group thinks that free-trade can benefit both developed and less-developed nations. According to this group, a nation's economic development can be realized when it takes steps to liberalize its domestic market to external competition. On the other hand, the second group asserts that, free-trade has the potential of damaging both a nation's economic prospects and its political independence.

Pro-Free Trade and Development

The first group, which has been termed the *Pro-free trade and development*, asserts that, free trade works to stimulate socio-economic development in both advanced and third-world countries. This position marks the beginning of the war against *economic isolationism* in the modern world. According to this group, market liberalization allows a country to offset its developmental challenges and interact with other external industries across the world. Goyal and Joshi asserted that, bilateral trade agreements help to usher domestic firms into a healthy competition with external firms. They further maintained that, free trade contributes to liberalize the international market for local industries and works to reduce the prices of goods and services for domestic

consumers as well¹. In the view of Langenfeld and Nieberding, countries that pursue free-trade policies with the outside world tend to experience faster economic growth rates than protectionist countries. They asserted that free trade increases productivity and enhances a nation's economic growth rate as well. This, in their view, often creates more and better paid jobs for the citizenry. Even though they acknowledged that, free trade mostly affects the workers of weak import-competing industries, yet, they reasoned that, it should be much easier for the winners of free trade to compensate the losers without having any negative impacts on overall benefits. To them, free trade ensures an efficient allocation of resources and local industries benefit by importing relatively cheaper raw materials from trading partners. It is this factor, according to them, that contributes to lower the prices of goods and services for domestic consumers. They noted that, the more the United States negotiates free trade agreements with the outside world, the more it translates into faster GDP growth rate for the nation².

With regards to compensating the losers of free-trade, however, foreign investors have often trampled upon labor laws and safety standards in most African countries with impunity. These practices, undoubtedly, render the advocates' point of view on compensation and mitigation highly questionable in these countries.

Yellen further argued that, free trade increases productivity because it allows each country within the trading bloc to allocate labor and capital to certain strategic areas in relations to other competitors. This arrangement relieves each country within the trading area from concentrating on goods they do not have the capacity to produce. Under such situation, a nation may increase its economic growth rate by increasing its level of technological inputs and providing adequate education and training to its workers to upgrade general skill levels. And, as free trade enhances the growth rate of a nation's economy, she argued, the gains tend to accrue much bigger over

time. Thus, even though free trade may harm those in import-competing industries, it should be far possible for the winners to compensate the losers without incurring any losses. She also pointed to the United States' impressive economic growth rate as the result of pursuing trade liberalization policies with the outside world³. In the view of Caporale et al, free trade agreements have the potential of creating enormous welfare gains if trade creation surpasses trade diversion. Thus, they asserted that, countries with similar economic and geopolitical features and with larger economic sizes stand the chance of procuring enormous welfare gains under a regional free trade agreement. According to them, regional trade agreement allows countries to offset the negative impact of international transportation costs. Again, countries with similar economic features and larger economic sizes are able to take advantage of economies of scale from their different export products. Thus, the more the trading partnering nations differ in terms of factor endowments, the more free trade creates welfare benefits for the citizenry. In the end, they found out that, the fifteen European nations that initially signed the European Union (EU-15) witnessed significant economic development than those that refused to be integrated⁴.

Siriwardana's observations on the Indo-Sri Lanka Bilateral Free Trade Agreement (ISLBFTA) further gave flavor to the argument of the first group. According to his assessment, the agreement carries a germ with the potential to infect the activities of import-competing industries in both Sri Lanka and India (the two signatory nations under the ISLBFTA). Nonetheless, he observed that, the welfare gains that Sri Lanka accrues from exporting into the Indian market are far greater and enormous in size than India even though its export volumes fall far below that of India⁵. Others such as Kelegama further affirmed that, Sri Lanka's liberalization policies under the ISLBFA allowed dozens of copper industries, capable of satisfying the demands of the Indian market, to proliferate in Sri Lanka. Under the ISLBFA, according to him, Sri Lanka eventually graduated from the 20th position in the mid-1990s to become the 5th major supplier of the Indian market in

2002⁶. In effect, Siriwardana concluded that, Sri Lanka's impressive economic achievements under the ISLBFTA could be attributed to the readiness to completely liberalize its economy to foreign competition⁷.

Indeed, the success of countries such as Sri-Lanka, Canada, the U.S., EU countries, India, inter alia in trade is undoubtedly linked to the availability of an excellent labor force and technological innovations. It is the absence of these basic ingredients, skilled labor and technology, that help to account for Africa's ineffectiveness at the world's market despite the fact that its external trade relation dates back to centuries before the era of colonialism. This means that, the continent simply needs a backing to upgrade its labor force and technological input other than the mere removal of tariffs and non-tariffs barriers in which it has been hoodwinked for centuries.

Mastel maintained that, free trade has emerged as a major foreign policy tool for mobilizing a group of countries towards a common goal by the United States. In the light of this, he opined that, free trade could contribute to shore up the struggle to negotiate for peace in the Middle East and eradicate child labor in other parts of the world. He further asserted that, some two major factors make free-trade relations with the United States more attractive. Firstly, when a nation decides to export her products into the United States outside any preferential trade agreement, it reduces its competitiveness level in relations with other nations. Secondly, free-trade relation with the United States increases new foreign direct investment simply because of perceived opportunities that result from exporting into the U.S. market⁸.

That notwithstanding, developing countries, in particular, have been unable to break through U.S. trade resistance (rules of origin, SPS standards, etc) to secure adequate access into the U.S.

market. This makes it difficult for them to fully exploit the U.S. market notwithstanding the various privileges they have been enjoying under these free-trade agreements.

Again, Bergsten argued that, both regional trade agreements and the global trading network could serve to enhance a nation's economic prospects. He asserted that, the possibility for a nation to connect with dozens of markets across the world and avert distortions is far greater under the global trading system. In the case of regional trade agreement, he argued that, historically, countries have adopted regional free trade agreements to overcome most political conflicts between belligerent nations. Thus, the European Union, for instance, was principally established to help overcome the deep-rooted bitterness between France and Germany⁹. Qiu has remarked in *"Lobbying, Multisector Trade, and Sustainability of Free-Trade Agreements"* that, the success of any free trade agreement largely depends on the extent to which it factors in the interest of all stakeholders. His main point of contention is that, even though there may be differing interests groups in an attempt to liberalize a nation's economy, yet, free trade agreements that target the interest of the various sectors of the economy have the potential of creating enormous welfare gains for the citizenry¹⁰.

Daquila and Huy have also opined that, the removal of tariffs and non-tariffs barriers increases foreign exchange savings among partnering nations. Free trade, according to them, also gives the trading nations the opportunity to exploit their respective economies of scale for growth and development. And sometimes, geopolitical factors may be used to forge free trade agreement to enhance political integration among partnering countries. They pointed to the impressive economic achievements in Singapore as the result of government initiatives in pursuing both bilateral and multilateral free trade with the outside world¹¹. Ha has also observed that, not only did free trade help to stabilize our world, but also, it has contributed to increase the resources of

the world. To him, free trade works to move industries into strategic areas in order to produce goods and provide services that truly meet the taste of both domestic and foreign consumers. Moreover, he asserted that, countries that bind themselves together under a free trade agreement hardly resort to the barrel of the gun to iron out their differences. Thus, free trade, according to him, has contributed to stabilize our world by reducing the threats and rumors of war to the barest minimum¹².

The point of emphasis in these analyses is that, regional trade agreements allow countries to truncate vast distances, exploit their respective economies of scale, and overcome internal hostilities and other technical barriers to trade easily than the global trading system. However, the creation of such influential regional trade agreements, like NAFTA and EU, in Africa will be very difficult to come-by for some three major reasons: 1). African countries still demonstrate strong attachments to former colonial masters, the western world (U.S.) and BRIC countries. 2). African countries possess almost the same factor endowments across board, and 3). African political leaders loathe submitting to one overarching authority.

The argument of the first group hardly torches the realities in most African nations. In fact, issues about mitigations and compensations do not work at all in these countries, and the advanced nations have also refused to export the right technologies to liberate Africans from their economic downturns.

Anti-Free Trade and Development

Unlike their adversaries, the argument of the second group, which has been termed as *Anti-Free Trade and Development*, sanctions stringent border control and stiff regulation of national economic activities. This group generally questions the extent to which free-trade may contribute

to enhance the economic position of unindustrialized countries. They assert that, often, the gains of free trade are unevenly distributed between the participants of the game. And, it appears that, the advanced nations have always negotiated for the lion's share at the expense of the less-developed nations. This, according to Grossman and Helpman, often triggers conflict of interest between the two nations in question as each tries to protect its national interest at the expense of the other¹³. In accordance with this reasoning, Flux, for instance, asserted that, in negotiating for free trade agreements, countries are generally not willing to remove tariffs across all goods and services under trade. This, according to him, often constrains trading partners and brings them under the same level with non-member countries. He reported that, Canadians, for instance, wonder whether the principle of reciprocity has some effect on their trade relation with the United States, since the latter seeks to negotiate the removal of tariffs in a manner that "sufficiently" satisfies her national interest under the North American Free Trade Agreement (NAFTA).¹⁴ Thus, Baru concluded that:

Canada had hoped for exception from US trade laws, which allow the US to restrict imports of goods if they harm American businesses.¹⁵

In fact, per theoretical logic and international trade laws, the U.S. will be right to apply this clause against her trading partners in other parts of the developing world. The point is that most developing countries are labor-intensive states while the U.S. doubles as a capital/labor intensive trade giant. In the light of theoretical argument, however, the U.S. can only export capital-intensive products into developing countries while developing countries export labor-intensive products into the U.S. to help protect domestic firms in both the U.S. and in the developing world. If on the other hand this theoretical law is broken, then, per international laws and theoretical logic, the U.S. ought to set up such 'contingency protection laws' as a way of protecting her local apparel industries from the influx of similar products from the developing world.

Dale and Robertson reported that, free trade has the potential to deprive its members the power to control key sectors in their respective jurisdictions. They observed that, the more free trade unions take on new responsibilities along the line, the more they infect the sovereignty of their member states. They pointed to NAFTA which had begun to extend its sovereign tentacles beyond economic pursuits to include the creation of a “social union” among the three signatory parties to the agreement. It turned most public controlled sectors, such as education and health, into “a site of investment” by bringing them under its rules of investment.

Thus, though NAFTA has little to say directly about education, states are limited in what autonomy they have to make decisions about their governance of schools and risk a degree of loss of sovereignty if NAFTA rules are invoked¹⁶.

Similarly, even though scholars such as Baru believed in the power of free trade agreement to bring about positive changes in the life of the citizenry, they have, however, bemoaned the rate of damage done to the sovereign rights of states. Baru acknowledged that, the efficient allocation of resources under NAFTA, for instance, has been responsible for the reduction of the prices of goods and services for the citizens of the three partnering countries. He has, however, bemoaned the American-Canadian trade relation, and that, Canadians are much disturbed by the desire of the U.S. to lord itself over the affairs of Canada under NAFTA. He argued that, Canada’s loss of sovereignty could be assessed on some major grounds: One, the requirement for Canada to continue to provide the same amount of oil (40%) to the United States even when under serious shortages. And, in doing so, Canada must not alter the price but keep it at the same threshold it will give to the citizens of Canada. His contention is that, the above arrangement rather works to serve the interest of the United States unilaterally given the fact that Canada only imports a small amount of oil from the United States of America¹⁷. Thus, Welsh concluded that, issues about how to safeguard the independence of other nations do not emerge pivotal under the principles of free trade¹⁸.

Realistically, developing countries have been unable to defend, safeguard, and protect most of their safety standards and laws or resist any attempt by the U.S. to liberalize key sectors of their economies to external competition. Under NAFTA, the U.S. is seen as a canny negotiator who is capable of turning the world around, whereas under AGOA, she is like the army commander who issues instructions to get things done in his favor.

In “*Externalities and Free Trade Agreements*” Grafe and Mauleon argued that, free trade allows countries, particularly those in the north, to export both their factors of production and adverse externalities into other parts of the developing world. They asserted that, often, the effects of these adverse externalities tend to be much more severe for the less-developed countries than their counterparts at the global north. And that:

Up to now, the question of whether the traditional gains from free trade are sufficient to offset the loss of environmental quality has not been addressed in the literature on international economic integration.

Thus, they recommended that, countries with low capital endowment should break trade ties with those of high capital endowment in order to avoid the negative impacts of acid rain and waste products on their economic development¹⁹. In support of this argument, Pinder asserted that, one of the major strategies adopted by US companies to cut down the cost of production is an attempt to take refuge in developing countries where the cost of doing business is generally low. And since most developing countries crave for free trade with the US, he argued, they tend to remove all their safety standards, such as health and labor laws, when the opportunity arises. This is the problem he found with the Costa Rica, Dominican Republic, El Salvador, Guatemala and all those countries under the Dominican Republic and Central American Free Trade Agreement (DR-CAFTA). He questioned the extent to which these countries may succeed given the fact that even Canada has been struggling to gain some modest access into the US market. Thus, his argument is that, the decision for Central America and the Dominican Republic to enter into free trade relation

with the US “is a big mistake” since it acts to worsen their socio-economic and health problems and paves the way for the U.S. to further exploit them²⁰.

While not disputing the views of Grafe and Mauleon; Siriwardana, however, thinks that the harmful effects of greenhouse gases can be contained without necessarily halting the flow of free trade among countries. He affirmed that, an accurate assessment of the impacts of free trade agreements ought to extend beyond economic considerations to include an examination of the effects of greenhouse gasses on the natural environment. Citing the new Australian free trade agreement with Japan and South Korea, for instance, he found out that, the agreement created welfare gains for the three countries with little effect on the environment as a result of the Emissions Trading Schemes (ETS) that they adopted in their trade policies. Therefore, he asserted that, the negative impacts of free trade agreements on the environment can be mitigated once countries, collectively, incorporate preventive measures in their trade policies²¹. Toussig has, however, argued to the contrary by stating that, the influence of the doctrine of free trade is gradually fading out of the global trading system. He reported that, dumping, caused by the free movement of goods, has badly injected the industries and people of Great Britain, France, Germany and England with the worse poison ever. He asserted that, mounting pressure from cheap products from trading partners on domestic agricultural and other sectors in these countries has been threatening local industries to a collapse. In response, Great Britain had taken a decisive action to blockade the mass import of sugar into its market after repeated and collective attempts to curb the situation had backfired or failed. According to him, the other countries have equally followed suit with the aim of wiping out similar challenges completely²².

In most cases, the U.S. has been very instrumental in championing capacity building programs of extractions at the expense of those that aim at protecting the ozone layer, rainfall patterns, and

community lives in SSA. The negative impact of U.S. inattentiveness in this regard on community lives and economic development, in terms of inflicting serious greenhouse gas and dumping problems, could be very huge, particularly, given Africa's crumbling resistant capabilities.

In his analysis on the impact of free trade agreements, Smith admitted that the poor in our society tends to gain from the reduction of the prices of goods and services. He has, however, established that, the removal of tariffs under a free trade agreement has the potential to usher domestic industries into serious competition with foreign industries. Eventually, as these industries are unable to withstand a growing competition due to the absence of any governmental protection—as was the case with Canada under NAFTA—they begin to shrink away leading to pervasive joblessness and worsening poverty levels²³. Others such as Morrill buttressed this assessment by stating that, free trade does not aim at offering any protection for the incomes of artisans since the idea is solely based on promoting the consumption of goods at moderate prices. According to him, while free trade increases the living standards of the rich, protectionism, on the other hand works to enhance the consumption abilities of workers and their relatives. He further argued that, competition that is free from foreign players works to deliver quality goods and services for consumers²⁴. But, Smith's point of contention is that, since all government policies inevitably affect some group of people, judgments about free trade agreements, should take into account both the number of people infected and the degree of damage done to that population. Thus, even though Smith confessed to the harmful effects of free trade in his work, his position on the free trade debate remains somehow hazy in the following words:

The point is that economies often change in ways that hurt some people, often in response to government policy. That is not, of course, any reason for celebration. But it is a reason for not dismissing the free trade agreement out of hand because it will hurt some people. One should make a judgment about it on the basis of its balance of advantages and disadvantages....²⁵

The argument of the second group otherwise known as the *anti-free trade and development* further contributes to enhance the academic literature and provides sound grounds for analyzing the African Growth and Opportunity Act (AGOA). Notwithstanding the significance of these works in providing a strong framework for examining the achievements and failures of our analysis of the U.S. trade initiative for Africa, considerable attentions have, however, been devoted to South East Asian countries, the Caribbean/Pacific States (CPS) and to the North American countries in these publications. Lack of research regarding the impact of free trade agreement in developing countries creates a wide vacuum that needs to be filled, academically. Therefore, this research is an attempt to examine the impact of free trade agreements on the African continent with particular emphasis on the U.S.-Ghana bilateral trade agreement. In order to achieve this, the researcher aspires to examine holistically the extent to which certain internal and external factors work to influence the outcome of free trade agreement within the Ghanaian context. It is believed that, this work will contribute to enhance the body of academic literature on free trade issues regarding developing countries like Ghana.

2.4.STUDIES ON THE IMPACT OF AGOA IN SUB-SAHARAN AFRICA

There have been quite a number of studies on the success and failures of AGOA in Sub-Saharan Africa. Even though scholars in the field of international trade tend to convey different opinions over these issues since the Act came into force in 2000, their arguments, however, help to build an analytical model for this work.

Melamed, construed the Act that passed AGOA into force and other related trade policies for developing countries as dubious because they were built on some three misconceptions: Firstly, that Africa needs to be sufficiently integrated into the global economy. Secondly, that Africa's

inability to access the market creates trade problems for the continent and thirdly, that African farmers always face the problem of subsidies in the developed nations. He has, however, argued that, until the advanced nations negotiate fair deals and better terms of trade for Africans, their effort intended to liberate the African continent from its developmental challenges will be unsuccessful. According to him, beginning in 2000 up to now, many sub-Saharan African countries have eagerly diverted into textile and apparel production in order to compete favorably under AGOA. However, international prices for textile, apparel, shoes, and other electronic products from sub-Sahara Africa declined more than 7% between 1997 and 2003. Citing the World Bank, he reported that, Lesotho, for example, recorded about 10% decline in its terms of trade since 2000 notwithstanding the upsurge in export volumes resulting from AGOA's export-led diversification programs²⁶. Likewise, others such as Kaplinsky observed that, countries such as Lesotho, Kenya, Swaziland, Madagascar, Mauritius, and South Africa were able to take advantage of the third country fabric provision to increase their export volumes under AGOA initiatives. However, increased Chinese exports into U.S. market following the removal of the Multi-Fibre Agreement (MFA) in 2005, declined Sub-Saharan textile and apparel export volumes by 26%. In addition, he reported that, in 2005, while one could import garden furniture from South Africa at £60 and at £50 from Ghana, the same product or item could be moderately imported at £38 from Vietnam and just £30 from China. In effect, South Africa and Ghana eventually lost the European market to Vietnam and China²⁷. These studies failed to highlight the success of AGOA in SSA. This current research expands the body of literature on AGOA by filling in this academic gap created by the accounts of Melamed and Kaplinsky. Moreover, this study marks a departure from their work as it seeks to investigate Ghana's trade relations with the U.S.

Ontanez, Mamudu and Glantz asserted that, the Cotonou and AGOA free trade initiatives were never designed to facilitate the economic development of Sub-Saharan Africa countries genuinely. Instead, they were designed to speed up the extraction of raw tobacco products from Malawi and other SSA countries to feed firms and industries overseas. In addition, they argued that, the removal of tariffs on these products was also meant to make the economy of Malawi dependent on tobacco farming. Citing the United Nations Conference on Trade and Development (UNCTD) in 2005, they reported that, Malawi alone exports about 98% of total AGOA eligible tobacco products into the United States²⁸. This study serves to enhance the current research because it presents one major challenge. That is, it is impossible to make a case out of one single product and country (tobacco from Malawi) and use it to cast judgment on a trade policy that presents a vast array of eligible product lines and brings on board dozens of countries in Sub-Saharan Africa.

Katherine presents a striking case. She lauded the effort of the United States in crafting AGOA as one of the major means to liberate the African continent from years of economic downturns. However, she asserted that, these initiatives will hardly be sustained in the midst of inadequate capital flows, declining remittances, falling commodity prices/export revenues, and deteriorating foreign aid. Her point of contention, nonetheless, has been that, in order to sustain these initiatives, the US will need to prioritize developmental assistance by region, sector, and country while having in mind that most developing countries virtually lack the political will and commitment to long-term projects. In addition, the US will need to support long term programs, promote good governance, help to stabilize institutions, and build capacity in Africa²⁹. This study helps to extend the current research as it seeks to identify the major shortcomings and offers major possible solutions for sustaining U.S. trade and other developmental assistance to third-world countries like Ghana.

In his analysis on the impact of AGOA in Mauritius, Goburdhun gave a complete account on government's enthusiasm to fully implement the laws of the United States, such as the intellectual property rights (IPR) in order to enable it take advantage of AGOA. Under the circumstance, the government passed the Copyrights Act of 1997, the Patent Industrial Designs and Trademarks Act (PIDTA) of 2002, the Geographical Indication Act of 2002, the Protection against Unfair Practice Act of 2002 and the Layout Designs and Integrated Circuits Act of 2002. The problem with the implementation of these laws is that, the poor and vulnerable people who sell counterfeit items by the roadsides have had to endure harsh treatment, through police arrest and court sentences, at the expense of the shop owners who mostly import them into Mauritius. Thus, whereas the implementation of the intellectual property rights has been crucial in sending a good signal to investors abroad, the poor and vulnerable, on the other hand, have had to struggle to earn a living in Mauritius³⁰. This study differs from our current analysis because, while Goburdhun sought to concentrate on the implementation of AGOA in Mauritius, the current study, however, seeks to investigate the impact of AGOA in Ghana.

In *Generosity Undermined: the Cotonou Agreement and the African Growth and Opportunity Act*, Kebonang sought to present another striking case. He argued that, the requirements for beneficiary countries to provide equal treatment to both indigenous and foreign investors, submit to arbitration during conflict involving the state and foreign investors, and ensure free repatriation of investors' profits, et cetera, tend to work against their domestic policies and subvert the ability to negotiate for fair deals and better terms of trade. Besides, he opined that, the rigorous eligibility requirements of AGOA have, effectively, prevented most sub-Saharan African countries from taking full advantage at the world market. To him, AGOA extends a limited coverage to SSA agricultural products. This last factor, in particular, worsened the plight of AGOA beneficiary

countries given that most of them do not have the capacity to manufacture textile and apparel products³¹. In support of this view, Frazer and Biesebroeck confirmed that, AGOA contains certain clauses that indeed work to condense Sub-Saharan African countries export volumes to the United States. However, they observed that, domestic problems associated with bureaucratic ineffectiveness, poor infrastructural development, high risks, inter alia, could equally work to constrain Africa's exports despite the removal or non-removal of tariffs, non-tariffs, and technical barriers to trade³². Similarly, Mokhawa and Osei-Hwedie observed that, AGOA provides the government of Botswana the best opportunity to diversify away from its 'outmoded' diamond and nickel exports into textile and apparel products. However, they argued that, this dream will hardly be realized in the midst of widespread internal challenges relating to poor infrastructure development, low levels of skills and technological development, inability to afford input and transportation costs, and lack of institutional support. On the other hand, they remarked that, SSA exports and international competitiveness could have been enhanced greatly if the U.S. had extended coverage to include some agricultural products, remove subsidies to its indigenous farmers, and guarantee access to its market³³. While these works failed to enumerate the positive impact of AGOA on a country by country basis (excluding Mokhawa and Osei-Hwedie), they have, nonetheless, highlighted certain key issues relevant to this study. They serve to enhance our analysis by observing how certain key domestic and external factors play out in the implementation and impact of AGOA within the affected zone.

Others such as Fwatshak expressed worries over Nigeria's inability to fully develop its non-oil export products under AGOA until 2004. This, according to him, was as a result of the United States' decision to procure agricultural products from other Sub-Saharan African countries with the exception of Nigeria. In order to boost the production of cotton, cassava, fruits, nuts, among others, the U.S. undertook several capacity building programs in the affected zone excluding

Nigeria. For, instance, beginning in July 2004 up to January 2005, the United States embarked on four of such programs intended to boost the production of cotton within Sub-Saharan Africa. In 2004, the U.S. also organized various seminars for more than 30 African countries to equip them with the necessary skills needed to meet AGOA SPS standards. And instead of designating Nigeria which commands the largest population in Sub-Saharan Africa as the ‘AGOA hub’ the United States rather chose Accra, Ghana. The hub undertakes certain vital functions such as providing training programs and searching for new products to be included under AGOA. Thus, he concluded that, the ability of Nigeria to improve upon its non-oil exports under AGOA was effectively curtailed by denying it this position (the hub) within the West African sub-region³⁴. This study does not sufficiently present to us the internal (local) factors which influence the outcome of AGOA within the affected zone even though certain relevant issues relating to this work have been clearly enumerated. This current study is different because, while the above study sought to examine the circumstances surrounding Nigeria’s integration into AGOA, the current work, however, seeks to examine the impact of AGOA in Ghana.

Whitaker argued that AGOA has contributed to transform the innovative abilities of the African continent in the world of business and opportunities. According to him, Africa witnessed the creation of about three hundred thousand jobs with a significant increase in export values from \$21.5 billion in 2000 to \$66.3 billion in 2008 under AGOA. That notwithstanding, he asserted that, the U.S. has in built mechanisms designed to check the extent to which Sub-Saharan African exports may harm U.S. workers and prevent such situation whenever they occur. Conversely, AGOA has equally paved the way for the U.S. to export a significant percentage (over 150%) of her capital-intensive products into dozens of markets across Sub-Saharan Africa. Now, the amount of oil the United States procures from Sub-Saharan Africa is more than what it imports from the Persian Gulf³⁵. Edwards and Lawrence asserted that, AGOA presents Sub-Saharan

African countries with a waiver in the special rule otherwise known as the third-country fabric provision which allows them to import yarn and fabric from anywhere in the world to feed indigenous textile industries. Thus, the U.S. only designed “a simple inspection program that verified” the authenticity of the production process rather than asking for the inclusion of local fabric to each item or product. Scholars have, however, identified some problem relating to this special rule. That is, they noted that, the special rule tends to make the survival of industries unstable as U.S. preferences or the third-country fabric provision occasionally terminates. But Edwards and Lawrence, however, argued that, this problem can be resolved because the *preferences* together with *the third-country fabric provision* can work to deliver impressive financial gains for AGOA beneficiary countries. How? According to their explanation, the *preferences* and the *third-country fabric provision* are more or less like subsidies that apply to the production process which mostly rank about two or three times larger than even the 17% preferences under AGOA. In their view, the U.S. deliberately inserted such mechanisms to enable AGOA beneficiary countries withstand the challenges emanating from low productivity and transportation costs³⁶. This current study builds on the above analysis as it gives insight for the researcher to specifically investigate the impact of certain unique AGOA clauses on Ghana’s foreign trade under AGOA.

2.4.1.GHANA’S “COMPARATIVE ADVANTAGE” COMPARED WITH THAT OF THE UNITED STATES OF AMERICA

This sub-section seeks to compare and contrast Ghana’s **comparative advantage** with that of the United States of America. In doing this, the section will pay attention to the *variations* as well as the *gravity* of development of their relative comparative advantages over time to enable us account for their current competitiveness at the international market.

The first point evaluates the *work-force* in both countries. Bowen declared that, the contribution of unskilled labor towards U.S. international competitiveness is insignificant, minute, and negligible³⁷. Others such as Lowinger stressed that, in terms of skills, the United States and Canadian labor forces, averagely, possess three times more than their counterparts in Brazil³⁸. However, Robson and Haugh et al reported that, a significant number of Africans entirely receive entrepreneurial and technical skills from traditional apprenticeship in Sub-Saharan Africa³⁹. The records show that Ghanaians between ages 15-55 spent only six years in school with less than 6% of this age group pursuing postsecondary education in the 1960s-70s⁴⁰. To Mr. Killick, Ghana's first President, Dr. Nkrumah, mistakenly equated the nation's economic downturns to lack of capital other than working to upgrade and expand the size of the Ghanaian labor force (in Williams)⁴¹. The growing influence and innovative abilities of small businesses in Ghana were truncated as a result of government inattentiveness to the sector⁴². And by 2009, the World Bank commented on the Ghanaian workforce and the prevailing skill levels as follows:

Low skills in Ghana have contributed to a workforce structure shaped like a steep Egyptian pyramid or the Eiffel Tower. The huge base is made of unskilled workers employed in low-finance agriculture, fishing, and other extractive activities that require the use of little technology. The bottom comprises 26.7 percent workers who did not complete basic education and 35.3 percent who never attended school⁴³.

The above indicate that, the influence of skilled labor in propelling trade is very strong in the case of the U.S. than that of Ghana. These studies provide a sound basis on which the current study can be analyzed, holistically. In effect, the researcher will be specifically seeking to examine the extent to which lack of skills, one's inability to handle U.S. SPS standards, for example, contributes towards Ghana's trade flops under AGOA.

The second point examines the influence of industrial/firm *practices* on U.S. and Ghana's external trade. The application of sound managerial skills in U.S. industries, according to Globerman, has been very instrumental in boosting their comparative advantage abroad. These industries are

generally capable of delivering quality products, as a result of higher wages and salaries, than those with poor conditions of service⁴⁴. Indeed, Lowinger attested that, frustrations over wages in Brazil brain drained the Brazilian workforce to enrich the work force of the United States⁴⁵. In addition, Kwoka observed that, the ability of U.S. auto industries to produce and advertise different types of cars makes them very competitive in the market⁴⁶. In effect, Pudelko and Harzing concluded that U.S. firms represent ‘global best practice’⁴⁷. The literature, however, indicates that, Ghanaian firms/industries generally lack these qualities to withstand global competition. In the textile, food, and furniture industries/firms, Akay described the existing maneuvering skills as “inflexible technology”⁴⁸. Local construction industries, according to Assibey-Mensah, also lacked the needed “managerial know-how” to compete with foreign industries⁴⁹. Besides, in 1968 and 1969, the workers of Tarkwa and Ashanti Goldfields embarked on outrageous industrial protests to demand for high wages, back pay, and other better incentives⁵⁰. The current work directly builds on the above studies as they will enable the researcher to investigate the ability of Ghanaian producers to design and spin garments to meet some AGOA specifications. In addition, the impacts of the current demonstrations over wages and back pays on both the *quantity* and *quality* of productivity in Ghana will be explored, dissected, and scrutinized.

In this third point, we will try to understand the effort of the two partnering nations in exploiting their natural, human, and capital resources for the purpose of increasing their respective comparative advantages. In fact, Balassa and Marcus remarked that, the three most important comparative advantages that the U.S. enjoyed in 1967 were “primary products, physical-capital intensive products, and human-capital intensive products”. But then, the U.S., meteorically, increased its comparative advantage and became a force to be reckoned with in primary and high-tech products such as aircraft, turbine, aircraft and steam engines, inter alia, by 1983⁵¹. Currently, the academic literature, in Gliberman’s view, however, attests to the fact that, the U.S. has been

exporting capital-intensive products more than labor-intensive products⁵². The Ghanaian economy, on the other hand, continues to depend on subsistence agriculture and boasts of timber, gold, and cocoa as its major items under trade⁵³. Unfortunately, the agricultural sector was almost always relegated to the background under the Presidency of Dr. Kwame Nkrumah⁵⁴. Beginning in 2004, however, the nation increased its comparative advantage by adding value to the production of cocoa, oil palm, cotton, among others. The volume of locally processed cocoa beans moved up from 20% in 2004 to 40% by 2009⁵⁵. Again, with an industrious capacity of just 30 MT/hour in 1994, The Ghana Oil Palm Development Corporation (GOPDC) is now delivering at 60 MT/hour⁵⁶. Likewise, in 2001 up to 2008, enhanced capacity building programs, under the National Board for Small-Scale Industries (NBSSI), propelled the creation of about 767 textile, bakery, and shoemaking businesses. Furthermore, the production of cassava increased significantly up to about 10.6 percent in 2001⁵⁷. The above analyses serve to enrich the current research. However, it is instructive to note that, the extent to which Ghana could benefit from enhanced comparative advantage in cocoa beans, oil palm, textile, and cassava solely depends on whether AGOA recognizes these products lines. This means that, the overall impact of enhanced comparative advantage in these areas on Ghana's economic development remains uncertain in the above analyses; which requires an examination to ascertain their impacts on Ghana's national development under AGOA.

The fourth point explores some government interventions in both countries over the years. In the words of Aroian:

Democracy and capitalist ideology include survival of the fittest and the freedom to succeed as well as the freedom to fail⁵⁸.

According to Hsu, Kraemer and Dunkle, government interventions in the U.S. mostly do not harm the activities of e-businesses, instead, they noted,

...the United States has a positive regulatory environment supporting e-business⁵⁹.

The U.S. agriculture, according to Reganold and Jackson-Smith et al, is mainly driven by the Farm Bill. The Bill, **often revised every 4-5 years**, awards financial assistance to farmers, recompenses during calamities, and funds conservation programs⁶⁰. In Ghana, however, the policies, programs, and projects of the colonial state were essentially pursued to expedite the extraction of raw materials to feed industries abroad. The *first* Five-Year Development Plan (1951-1956) and the *second* Five-Year Development Plan (1959-64) were also adopted and executed just before and after independence to help revamp the Ghanaian agricultural sector. But, the body—*Agricultural Development Corporation (ADC)*—that was established to execute the two Development Plans backfired in 1962 as a result of over spending⁶¹. To Steel, the problems associated with import license and struggles over foreign exchange deprived and starved local industries of raw material inputs towards the latter part of the 1960s⁶². In response, Seini opined that, the government initiated *Operation Feed Yourself (OFY)* and *Operation Feed Your Industries (OFYI)* with the view to boost up the production of industrial raw materials⁶³. But then, the economy began to backslide again during the 1980s and the PNDC government had to adopt the Economic Recovery Program (ERP) to overcome the ensuing challenges. Sadly, the state remained the overarching force in all the sectors despite the ERP's motive to roll back the frontiers of the state from the private domain. The influx of foreign firms, under the liberalized system, saw a devastating impact on the activities of import-substitution firms in Ghana⁶⁴. Then, in 2001, the NPP government inaugurated its Presidential Special Initiative (PSI) to make the private sector the engine of growth. The PSI scheme, through the National Board for Small-Scale Industries, ultimately gave monetary support to roughly 609 private individuals and about 104 enterprises in 2001 and 2002 respectively⁶⁵. The principle of *continuity*, deducing from the above, is highly ineffective and often disregarded in both the Ghanaian political dispensation and neoliberal ideas compared to the prevailing standards in the United States. The current studies, however, builds on the above

analysis as the researcher will be looking out for some key public regulations that either work to promote or harm U.S. businesses in Ghana.

Under this final point, we examine the state of infrastructural development in both countries.

Brigham noted”

Good roads bring gains which cannot be reckoned in money⁶⁶.

And to Ross:

To continue its role as a leader in the global economy, the United States must identify and understand the economic interaction between itself and other countries and between its own cities and regions to make appropriate investments providing for sustainable economic growth and mobility⁶⁷.

The Good Road Act of 1916 and the Highway Act of 1921 saw the construction and extension of good roads in the U.S. by the federal government⁶⁸. Again, the crusade to build good roads gained momentum with the formation and activities of the National Good Roads Associations in collaboration with the Office of Public Road Inquiries⁶⁹. Under the crusade for good roads, Orski noted that, non-state actors in New Jersey and Meadowland devoted \$11 million, those in Denver and its environs \$20 million, and the Prudential Company et al \$80 million towards the construction and extension of goods roads in and around the United States⁷⁰. Currently, President Barack Obama devoted \$8 billion towards the construction and expansion of the high-speed rail project began in 1947⁷¹. Also, to boost industrial productivity, the U.S. made a progressive effort to move away from the use of coal to electricity during the twentieth century⁷². In the light of his analysis, Horowitz grades California *best* in all the “energy efficiency programs” that have been developed in the United States⁷³. In terms of the returns, Ross remarked that:

None will deny that investment has spurred the tremendous economic success and comparative advantage enjoyed by the United States⁷⁴.

In contrast, between 1853 and 1890, there was no serious effort made by the British and Dutch colonial administrations to construct and expand good roads in the Gold Coast. The period between 1890 and 1914, however, saw some level of improvement in the construction of roads following the appointment of Sir W.B. Griffith as Governor of the Gold Coast. Beginning in 1914 up to 1939 the colonial administration, again, devoted much attention to the construction of roads to the Southern part of Ghana and Ashanti region⁷⁵. In Steel's view, the expansion of infrastructure, under Nkrumah's industrialization programs, could be viewed as the "foundation for future development" in Ghana⁷⁶. Others such as Porter, however, opined that, the adoption of SAPs has had trivial effects on the construction of roads in Ghana despite the nation's roads rehabilitation scheme with the World Bank. And since the adoption of this scheme, the Northern Region has always been sidelined and that:

By 1988, only 28% of the country's paved roads were considered to be in good condition, compared with 67% in Nigeria⁷⁷.

In order to facilitate the rapid exportation of mineral resources from the Gold Coast, the European powers also embarked on a half-way extension of railway lines to the southern parts of the country, since

...any extension northwards from Kumasi has been postponed indefinitely⁷⁸.

Botchway remarked that, there was virtually no effort made, aside what Nkrumah left behind, to improve upon the energy situation in the country. Even the subsequent completion of the energy project at Kpong took its roots from the original Akosombo hydro-electric project—Dr. Nkrumah's initiatives⁷⁹. In terms of the returns, according to Arthur and Arthur's scrutiny, the nation (Ghana) has not been able to explore its mineral deposits such as bauxite and manganese as a result of poor railway system⁸⁰. Citing Anyinam, Porter remarked that:

In some rural areas agricultural prices have dropped because of increased transport costs associated with road deterioration⁸¹.

The fact that a greater proportion of the nation's economic structure depends on agriculture means that the importance of road network cannot be underestimated in this work.

2.4.2.A BRIEF REVIEW OF GHANA'S MAJOR FOREIGN TRADE DIRECTIONS FROM PRE-COLONIALISM TO THE POST MODERN ERA—2008

Under this section, the issues to be discussed are subdivided into four (4) major categories. They are: Ghana's external trade from pre-colonial to colonialism, Ghana's external trade under the Nkrumah's Regime or First Republic, Ghana's External trade in Post-Nkrumah's Regime and Ghana's external Trade since the 1980s to the 'Modern' Era.

Ghana's foreign trade from pre-colonial to colonialism

Gold Coast's external relation with the outside world dates back to centuries before the arrival of the European colonizers. In fact, history amply demonstrates that, pre-colonial Gold Coasters traded in a variety of goods with North Africa, via the Saharan desert, and with their immediate neighboring countries as well. Also, since its inception in the 15th up to the 19th centuries, the Trans-Atlantic Slave Trade was heavily occupied by the people of the Gold Coast. The major items that engaged the attention of Ghanaian traders at the time included gold, slaves, ivory, kola nuts, and salt. Citing Barbot, Dickson has shown that, the inhabitants of Elmina built large canoes and often navigated to Angola on trading purposes⁸². It has further been indicated by the same authority that:

The exact quantities exported are not ascertainable, but all the evidence—especially the fact that Ashanti's immense commercial power rested mainly on its possession of kola tree—points to the conclusion that exports must have been very large⁸³.

Freitas, the then British High Commissioner in Accra indicated that, the oldest trading castle in Elmina was built in 1482 and that, there was a British trader who traded in salt, swords, daggers, pots, beads, bangles, hammers, knives and cloth in 1553⁸⁴. He further indicated that:

But it was not until 1631 that we set up our first fortified trading post, and over the next 250 years we fought the Dutch and the Danes for the right to trade in gold and slave and later in palm nuts.... In trade the figures are also substantial. We are by far the largest suppliers sending just over one-third of Ghana's imports and we are by far the largest buyers taking just under one-third of Ghana's export⁸⁵.

According to Bosman, gold, which was one of the major items under trade, was being exported in large quantities at the time with the Dutch West India Company exporting a substantial value of 1500, English African Company 1200, Dutch interlopers 1500, English interlopers 1000, Brandenburgers and Danes 1000, and the Portuguese and French 800 marks annually⁸⁶. The analysis of the above scholars differs a bit from the current research. While these scholars scrutinized Gold Coast's external relations with the European and African countries, the current studies, however, seeks to investigate Ghana's post-independence external relations with the Western World. In these studies, issues regarding the volumes of export, the form of items under trade, and the means of trade are, nonetheless, crucial since they will enable us to trace and understand the major metamorphoses that have taken place in the history of Ghana's external trade by the end of this study.

Ghana's external trade under the Nkrumah's Regime or First Republic

The regime of President Kwame Nkrumah marks another critical stage or turning point in the history of Ghana's external relations with the outside world. And, much of his foreign trade, according to scholars, was primarily geared towards the Eastern bloc due to his political flirtation around communist ideologies. In Herbst's view, cited in Ayine, the current conditions surrounding Ghana's economy are inevitably linked to Nkrumah's austere trade policy measures⁸⁷. Williams, for instance, had argued that Nkrumah was right when he held the view that political independence must be matched closely with economic independence⁸⁸. However, Nkrumah was heavily criticized for the methods he adopted in his trade policies towards the outside world⁸⁹. The country was importing food as high as £20 million annually with serious balance-of-payment deficits⁹⁰. According to Steel, the importation of non-durable goods moved

from \$106 million in 1958 to \$150 million in 1960, producer goods moved from \$58 to \$118 million and by 1961 total imports had reached \$400 million⁹¹. At the same time, the balance-of-payment deficit on current accounts graduated from \$75 million to \$148 million and Ghana's reserves finally dropped by half to \$206⁹². According to Ayine, the government responded by strictly controlling foreign exchange activities of domestic banks and issuing certain unique import licenses to importers⁹³. In the words of Freitas:

In December, 1961, import licensing had been introduced. This, and the policy of insisting that governments buy only from the Ghana National Trading Corporation, has accelerated the transfer of business from the smaller to the larger imports and from the expatriate to the state-controlled organizations⁹⁴.

The government further established the Timber Marketing Board and the Diamond Marketing Board in the 1960s as part of efforts to control the sale of exports of primary commodities. However, Ghana eventually lost a significant proportion of the international markets to the Ivory Coast as a result of ineptitude and incompetence on the part of the Timber Marketing Board (TMB)⁹⁵. The adoption of these measures immediately translated Ghana from being an open to a closed economy right after independence⁹⁶. Thus, protectionism of any form leads to nothing less than economic downturns and declines⁹⁷. These studies report on the effects of some government interventions on Ghana's external trade during Dr. Nkrumah's regime. They further underline how some state interventions affect trade relations between the two trading partners—Ghana vs. U.S. The main issues are how U.S. businesses, Ghanaian exporters and producers, and U.S. exporters are faring under some state policies in Ghana.

Ghana's External trade in Post-Nkrumah's Regime

In the 1970s, according to Jonah, developing countries claimed a "New Economic Order" in the form of restructuring world prices and relaxing the Western Markets for their raw materials⁹⁸. In 1972, as part of efforts to strengthen the sovereign rights of nations, the UNCTAD ordered the drafting of a charter on the Economic Rights and Duties of all sovereign states. While the majority of countries approved the charter during the 1974 U.N. General Assembly Session, the USA,

Great Britain, Federal Republic of Germany, Denmark, Belgium, and Luxembourg, however, voted against it⁹⁹. In the midst of these overly dramatic global reforms, the government of Ghana committed 20% of the total investment budget into the Seven-Year Development Plan (1963/64-1969/70), 56.8% into the Stabilization Plan (1967-9), and 54.8% into the One-Year Plan (1970/7) in order to revamp the country's export-led industrialization program¹⁰⁰. Also, Ghana exported steel to Mali and the Ivory Coast; and fiber bags to Mali, Burkina Faso, Liberia, Ivory Coast, and Dahomey¹⁰¹. In the words of Attafua:

The economy was being reconstructed and improved¹⁰².

Unfortunately, the Ghanaian economy was badly hit by the ever-increasing oil prices of 1973/1974 and 1978¹⁰³. The ensuing adverse effects coupled with the failures of North-South Co-operations set the stage for the Ghana-Arab economic relations in 1975 through 1984¹⁰⁴. The importation of fuel from the Arab world, under this relation, came to constitute a chunk of the value of Ghana's total import leading to its economic recessions in 1978¹⁰⁵. The foregoing analyses pave the way for the examination of the factors that either work to motivate or discourage the nation (Ghana) from interacting with the U.S. on trade matters. Thus, our experience with the U.S. requires us to carefully weigh, compare, and contrast options to enable us make informed decisions as we prepare to sign unto the EPA with the European Union (EU).

Ghana's external Trade from the 1980s to the 'Modern' Era

Right from the 1980s up to the present, Ghana again witnessed another huge turning point in its bilateral trade relations with the Western world. According to Ayeetey, the failures of the Seven-Year Development Plan (1963/64-1969/70), the Stabilization Plan (1967-9), and the One-Year Plan (1970/7) compelled the PNDC government to adopt the Economic Recovery Program (ERP) in 1983¹⁰⁶. In Rodrik's view, these economic reforms, initiated by the IMF and the World Bank, enabled the country to substitute extreme market distortions and import restrictions for the importation of non-consumer goods without any restrictions¹⁰⁷. Others, such as Akay noted

that, the overall aim of the ERP was meant to reduce Ghana's external debts and enhance its international trading status vis-à-vis developed nations¹⁰⁸. Indeed, the country chalked some successes with the implementation of these reforms as it began to realize an average growth of 4.3% GDP by the 1990s and that:

The promotion of Ghana's foreign trade has been essential to all government plans to restore the economy since 1983, with particular emphasis on developing manufactured goods for export. While in 1990 exports contributed 16% of GDP, by 1997 their share has increased to 25% of GDP [African Development Indicators 2004]¹⁰⁹.

That notwithstanding, Assibey-Mensah remarked that, President Kufuor's government has over liberalized the Ghanaian economy to the extent that, local construction companies dwindled with the influx of foreign construction companies from Britain, Italy, Germany, Korea and China¹¹⁰.

Citing the WTO, Ayine reported that:

Notwithstanding the massive trade liberalization and thus the sudden exposure of domestic import-competing industries to foreign competition, Ghana does not have contingency protection laws (otherwise known as trade remedy laws) that would provide temporary protection to specific domestic industries injured by import competition¹¹¹.

The above analyses pave the way for the examination of the effects of AGOA on the activities of import competing industries/firms in Ghana. Again, the impact of other domestic initiatives and policies such as *Kuffuor's Presidential Special Initiative (PSI)* on local industries, firms, and small businesses will also be taken into consideration.

These reports, in most cases, virtually left many questions unanswered as a result of their inability to examine the impact of AGOA on country by country basis. They do not, for example, comment on the circumstances surrounding Ghana's trade relations with the U.S. under AGOA. This work aligns itself with that of Goburdhun's: *Enforcement of Intellectual Property Rights—Blessing or Curse? A Perspective from Mauritius*. In this work, he reported that the implementation of AGOA has profoundly stimulated sound economic development in Mauritius despite the challenges that

some ordinary citizens have had to endure over the years. However, this current research differs somewhat from the above analysis in the sense that, while Goburdhun sought to concentrate on the implementation of AGOA in Mauritius, this work, however, seeks to investigate the impact of AGOA in Ghana since 2000. Moreover, this work goes even further to unravel matters regarding the post-2015 AGOA extension from the Ghanaian perspective.



NOTES

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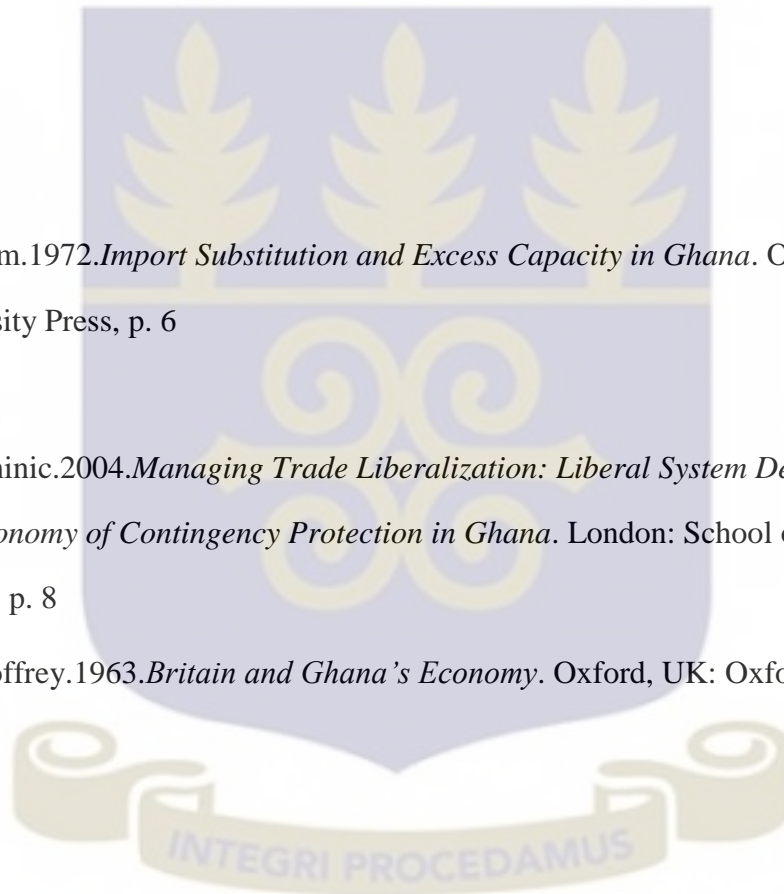
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CHAPTER THREE

3.0.METHODOLOGY:

3.1.INTRODUCTION:

According to Heggur, research methodology does not only involve the strategies, tactics, and the techniques for investigating social science phenomenon, but also, it seeks to clarify the logic and justification for using these approaches¹. Research methodology, therefore, enables social scientists to clearly delineate the areas of interest and adopt the appropriate mechanisms to achieve results. The mode of data collection is sub-divided into two major segments including the quantitative and qualitative methods of inquiry. This research, however, makes use of the qualitative method of data collection. Principally, the qualitative method has been selected for this work because of its ability to provide sound explanation, clarification, and interpretation to research data. In other words, the method enables researchers to present a holistic view of the phenomenon under study. In the case of this research, the mode of data collection has been heavily restricted to a few respondents who have expert's knowledge in the area. Aside enjoying the privilege of having a feel of the issues under study, the qualitative method further allowed the researcher to undertake the data collection exercise in a much more flexible and non-structured way. It paved the way for the emergence of new ideas and information and allowed the researcher to engage the respondents in their various work places.

3.2. *Research Techniques and Strategies*

Research strategies and techniques have the potential of influencing research work in general. Burgess asserts that, the mode of gathering data and the mode of handling this data are the two broad techniques of research. To him, the mode of gathering data includes document, observation, experimentation, questionnaire and consensus. The mode of handling data, on the other hand,

includes description, analysis, comparison, and synthesis². According to Hedley, the strategies mapped to carry out a research work are extremely important because they help to reduce the amount of errors to the barest minimum³. In order to generate an accurate data, the researcher adopted various data collection techniques at the field, such as listening and writing salient points and issues down. This enabled the researcher to later transcribe and compare the various information obtained from the field.

3.3. The Mode of Data Collection:

3.4. *The Sources of Data*

Data collection methodology took the form of an eclectic approach and solicited views and review general academic literature as well as other important documents from the Ghanaian Ministry of Trade and Industry. Therefore, the topic under consideration solely employed the qualitative methodology as a means of data collection. The primary data was gathered through the use of in-depth interviews in order to help get rid of ambiguity and doubts. Official arrangements were made in which the researcher met with and interviewed experts in both the Ministry of Trade and Industry (MoTI) and the American Embassy, Ghana. These arrangements were made ahead of time with the **Statement of the Research Problem** forwarded to the U.S. Embassy days before the interview.

The secondary data was gathered from journals, books, articles, magazines, and other relevant materials found on the internet. Unlike the primary data, the sources from which the secondary data was obtained were libraries such as the University of Ghana Balme library, Faculty of Law library (UG), Institute of African Studies library (UG), Political Science Department library (UG), and the Economics Department library (UG).

3.4.1. Gathering of Primary Data

In the world of academic undertakings, sampling is deemed as one of the major means for gathering accurate data from the field. According to Snedecor, sampling is a more reliable and practical means of obtaining knowledge in social science⁴. Sudman remarks that, in random sampling each and every member of a given population has the same chance of being selected⁵. In purposive sampling, nonetheless, the population is segregated and the sampling method is restricted to some parts of the segregated population⁶. Given the nature of this research, the purposive sampling method was adopted to solicit the views of selected personalities based on their expertise and experience in the area in question. The two major institutions designated for the study were the Ghanaian Ministry of Trade and Industry and the American Embassy in Accra. In the light of this, six personalities (before interview) were selected from the Ministry of Trade and Industry and one personality from the American Embassy. The selection of six personalities from the Ministry of Trade and Industry and just one from the American Embassy was informed by the fact that the emphasis of the study is on Ghana. Moreover, since the two designated institutions run on well-structured administrative procedures, it is believed that the variations in the response of the six personalities may not be that wide when compared, weighed, and contrasted.

3.4.2. Piloting Interview

In the view of Griffe, since talking is a natural phenomenon, interviews eventually emerged as the most popular method for collecting qualitative data from the field⁷. While structured interviews are designed to solicit similar information from respondents, unstructured interviews, on the other hand, does not ask for similar information from each and every respondent selected for the interview⁸. In order to leave rooms for flexibility and enjoy the liberty of engaging in a free flow conversation with the experts, the researcher employed the unstructured interview for gathering

data other than the structured interview method. Phone calls and email messages were used to make all the necessary arrangements prior to interview and face-face-interviews were used to conduct the original exercises. Respondents were later contacted via the phone and email messages for further clarification on salient issues. This enabled the researcher to make the necessary adjustments and rectified all the mistakes that were recorded as a result of human errors.

3.4.3.The Interview Discussion Guide

Interview discussion guides vary considerably, and they range from closely-joined-letters/words to very loose ones. One of the major tools that enabled the researcher to carry out his data collection exercises successfully was the interview discussion guide. It aided him to sub-divide each lead question into various bits and pieces before stepping out for the data gathering exercise. This step further allowed the researcher to be in control of the interview and asked the necessary questions appropriately. The conversation was also well directed and different set of questions were asked one after the other without encountering any major problems.

3.5.Mode of data storage and transcription

The mode of data storage denotes the means by which researchers try to store their data in safe places while pending transcription and analysis. The research data gathered from the field was written in the field notebook while those sent via email were downloaded and stored in safe and identifiable folders. Those gathered through phone calls were recorded at the same time the conversation went on and they were later transcribed by handwriting into the field notebook. These various methods and strategies allowed the researcher to easily identify, transcribe, and analyze his data after the field exercise was over.

3.5.1. Analysis of Data

Data analysis is one of the major stages of the research process that ultimately adds flavor to the primary data. According to Shelly, the use of simple, descriptive, and graphical medium for reaching understanding is termed as the Explanatory Data Analysis⁹. Griffe further asserts that:

The interview data are not only the literal words from a respondent but include evaluator assumptions, biases, and questions. The interview is cocreated between the evaluator and the respondent. It is the job of analysis to give concrete form to the meaning of the interview which is called the interpretation. The words of the interview constitute raw data, somewhat like the numbers resulting from a test. Raw data does not in itself reveal its meaning; rather it must be interpreted¹⁰.

Kromrey then concludes that any data analysis that fails to adhere to the ethical principle of research “results in additional noise”¹¹. In analyzing the data the researcher employed the data-centered approach of analysis so as to make room for interpretation and logical deduction. In order to achieve this, the researcher transcribed audio information and decoded written text under different themes. This enabled the researcher to use the inferences to generate ideas to either confirm or dispute certain viewpoints of similar works done by other scholars.

3.5.2. Major Themes:

The following major themes were identified after transcribing the data completely: the contribution of the National AGOA Implementation Committee, the problems facing the Federation of Association of Ghanaian Exporters (FAGE) and the Association of Ghana Industries (AGI), low skills level in the Ghanaian workforce, poor infrastructural development in Ghana, Ghana’s inability to meet AGOA preferences among others.

3.5.3. Qualitative Research Methodology:

According to Walker (in Heyink), qualitative research sets out to examine what things ‘exist’ and not to determine the quantity of what ‘exists’¹². Similarly, Anne-Marie and Adler et al maintained that, qualitative research aims at understanding how and why people behave, think, and arrive at certain conclusion, and does not necessarily look at the quantity of people who believe in something¹³. To Mullen, qualitative research inspires mass interests and actions towards any range of inquiry¹⁴. Allen-Meares asserts that, quantitative research is generally accepted as useful by allowing scholars to creatively examine the quantity of phenomena relating to certain issues¹⁵. The method aims at classification, interpretation, and explanation¹⁶. Again, Padgett asserts that, quantitative method generally employs in-depth interviews, observation, and document review as its primary mode of inquiry¹⁷. The goal of this research was to investigate the impact of AGOA in Ghana and ultimately examine the way forward in the post-2015 AGOA extension. The purposive sampling method was therefore adopted to select respondents based on their level of knowledge and expertise in the said area. In-depth interviews were then conducted at the designated institutions to solicit the views and opinions of the purposively selected candidates. Since the leading question seeks to examine the way forward, the researcher was specifically looking at key areas that will enable him gain good understanding. For example, if the nation (Ghana) petitions the U.S. to extend coverage to certain agricultural and textile products in the post-2015 AGOA extension, what is the probability of either winning or losing this supplication out-rightly?

3.6. Criticisms Leveled Against the Qualitative Research Method

The qualitative research methodology has been criticized by scholars and researchers alike. In the view of Kennedy, most scholars often exclude the method from their analysis because its conclusions are not quantifiable¹⁸. Again, others such as Mays criticized the method for lacking

the scientific approach of inquiry and, as a result, subjects to biases and prejudices¹⁹. The qualitative method has also been criticized by Hayink who indicated that the method is so strenuous and cannot be applied to large-scale studies²⁰.

3.6.1. Reliability and Validity

Social scientists are beginning to pay particular attention to reliability and validity because the objectivity associated with coding research data in the social science is not directly computable and quantifiable²¹. In the words of Bynner:

Given any measurement, reliability is an assessment of how dependable it is, in the sense of how much observation error it contains: validity appraises whether the measurement means what it was intended to mean: how satisfactory is the operationalization of the theoretical construct to which it refers in terms of the indicator (s) used to measure it²².

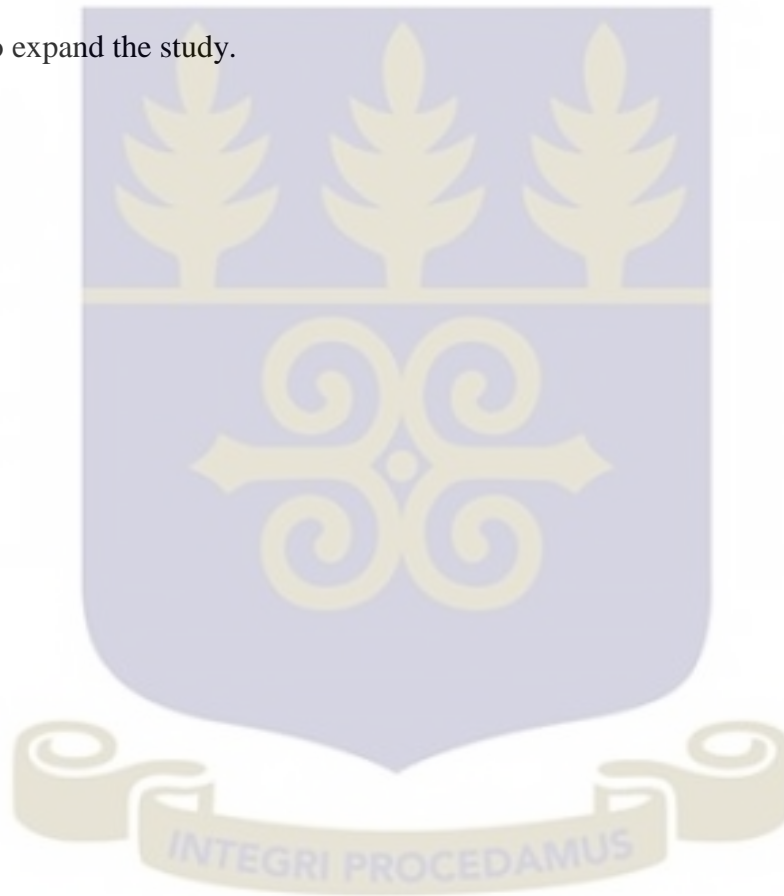
The study questions were purposely designed to target key areas in order to make the study more accurate and reliable. In addition, the theoretical design and the major leading questions of this research constituted the framework within which all investigation and analysis of data were scrutinized. Thus, the focus of the research, as directed towards achieving validity of the research findings, was not swayed.

3.6.2. Ethical Issues:

The researcher never lost sight of the ethical principles guiding research in the field of social sciences. Introduction letters from the Head of Department, Political Science, University of Ghana, were sent to the appropriate institutions ahead of time. And all other official arrangements were later made through phone calls and email messages. The researcher arrived at the premises of the designated institutions ahead of time and was self-controlled throughout the interview hours.

3.6.3.Limitations of the Research:

The student encountered challenges before, during, and after the interviews. There were certain problems that accounted towards the termination and rescheduling of interview appointments. In certain instances, information was not forthcoming as expected and the researcher had to resort to the internet and other academic literature to close up the gaps. The number of experts first slated for the interviews later reduced from six to five at the Ministry of Trade and Industry as a result of some conditions above the researcher's control. But, the major issue had to do with lack of fund and time needed to expand the study.



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CHAPTER FOUR

4.0.DATA ANALYSIS

4.1.INTRODUCTION

This section seeks to analyze selected research and statistical data gathered from the field. First, **Figures 1 & 2** try to examine Ghana's export to the U.S. for the 2011/2012 and 2013/2014 year periods. The third table was an effort made to scrutinize Ghana's export and import values from 2000 through 2013—i.e. U.S. vs Ghana trade relations. **Figures 4 & 5**, however, analyze Ghana's export values on selected AGOA-qualifying products between 2003 and 2013. Basically, the section seeks to examine the overall impact of the US\$1.4 billion bilateral-trade-agreement between the United States of America (consisting US\$1.1 billion) and that of Ghana (consisting US\$ 300 million). Information on AGOA's website further asserts that Ghana remains one of the top five African states that imports lots of U.S. products (mostly machinery).

4.2.U.S IMPORTS (\$MILLIONS CUSTOM VALUE), 2011 & 2012

Figure 1

COUNTRY	Jan.-Dec.	Jan.-Dec.
	2011	2012
Angola	13,597.47	9,823.87
Benin	1.97	2.67
Botswana	293.17	216.55
Burkina Faso	3.61	2.30
Burundi	9.56	4.81
Cameroon	330.39	308.38
Cape Verde	1.47	3.97
Central African Republic	6.00	4.07
Chad	3,174.03	2,660.34
Comoros	1.78	1.96
Congo	2,420.09	1,488.56
Congo, Dem. Rep.	605.57	41.00
Côte d'Ivoire	1,270.64	1,099.48
Djibouti	4.05	11.85
Equatorial Guinea	1,190.78	1,699.80
Eritrea	0.14	0.20

Ethiopia	144.42	183.04
Gabon	4,566.65	1,885.88
Gambia	0.08	0.35
Ghana	779.04	291.04
Guinea	80.66	103.06
Guinea-Bissau	0.26	0.08
Kenya	381.55	389.57
Lesotho	384.35	310.57
Liberia	158.18	144.01
Madagascar	87.13	109.72
Malawi	64.92	65.93
Mali	4.08	3.64
Mauritania	0.97	0.69
Mauritius	251.71	261.54
Mozambique	34.97	38.53
Namibia	436.23	231.11
Niger	288.68	81.72
<hr/>		
Nigeria	33,854.19	19,130.01
Rwanda	30.86	33.29
São Tomé and Príncipe	0.98	0.55
Senegal	6.77	16.77
Seychelles	6.27	4.65
Sierra Leone	26.55	17.91
Somalia	1.11	0.98
South Africa	9,486.67	8,657.14
Sudan	10.35	6.52
Swaziland	89.28	66.65
Tanzania	58.95	115.57
Togo	30.54	51.91
Uganda	45.88	34.48
Zambia	47.32	63.02
Zimbabwe	51.42	52.45
<hr/>		
TOTAL	74,321.72	49,722.2

Source: U.S. Dept. of Commerce, Bureau of Census

Fig. 1, shows total Sub-Saharan African (SSA) exports to the U.S. in 2011 and 2012 respectively. The table allows us to compare the export value of Ghana to other competitors in SSA. We are told that Ghana's export value in 2011 stood at US\$779.04 million and declined to US\$291.04 million, representing a variation of negative sixty three percent (-63%). Within the same years

however, Equatorial Guinea’s export stood at US\$1,190.78 million in 2011 and increased to US\$1,699.80 million in 2012, representing a positive variation of forty three percent (43%). That notwithstanding, Ghana performed somehow better than other SSA countries such Senegal, Uganda, Zambia, among others. Generally speaking, the table demonstrates a weak performance on the part of AGOA beneficiary countries for the two year period under scrutiny.

4.3.U.S IMPORTS (\$MILLIONS CUSTOM VALUE), 2013 & 2014

Figure 2

COUNTRY	2013	2014
Angola	8,742.94	5,719.83
Benin	3.13	5.41
Botswana	277.71	317.97
Burkina Faso	6.11	6.21
Burundi	4.30	4.37
Cameroon	366.96	184.38
Cabo Verde	2.36	1.72
Central African Republic	2.79	1.36
Chad	2,459.15	2,328.58
Comoros	2.84	2.08
Congo	1,166.60	424.26
Congo, Dem. Rep.	75.56	154.41
Cote d Ivoire	1,013.34	1,201.37
Djibouti	3.95	11.85
Equatorial Guinea	898.00	254.93
Eritrea	0.16	0.17
Ethiopia	193.57	206.77
Gabon	1,112.28	801.32
Gambia	1.69	0.30
Ghana	365.84	271.33
Guinea	98.97	86.32
Guinea-Bissau	3.22	0.06
Kenya	452.25	565.78
Lesotho	351.40	361.01
Liberia	96.53	83.37
Madagascar	179.75	215.59
Malawi	73.10	66.79
Mali	3.68	4.77
Mauritania	130.69	101.40
Mauritius	338.73	401.23
Mozambique	76.07	99.94
Namibia	262.31	256.19
Niger	2.34	4.62
Nigeria	11,723.84	3,842.07

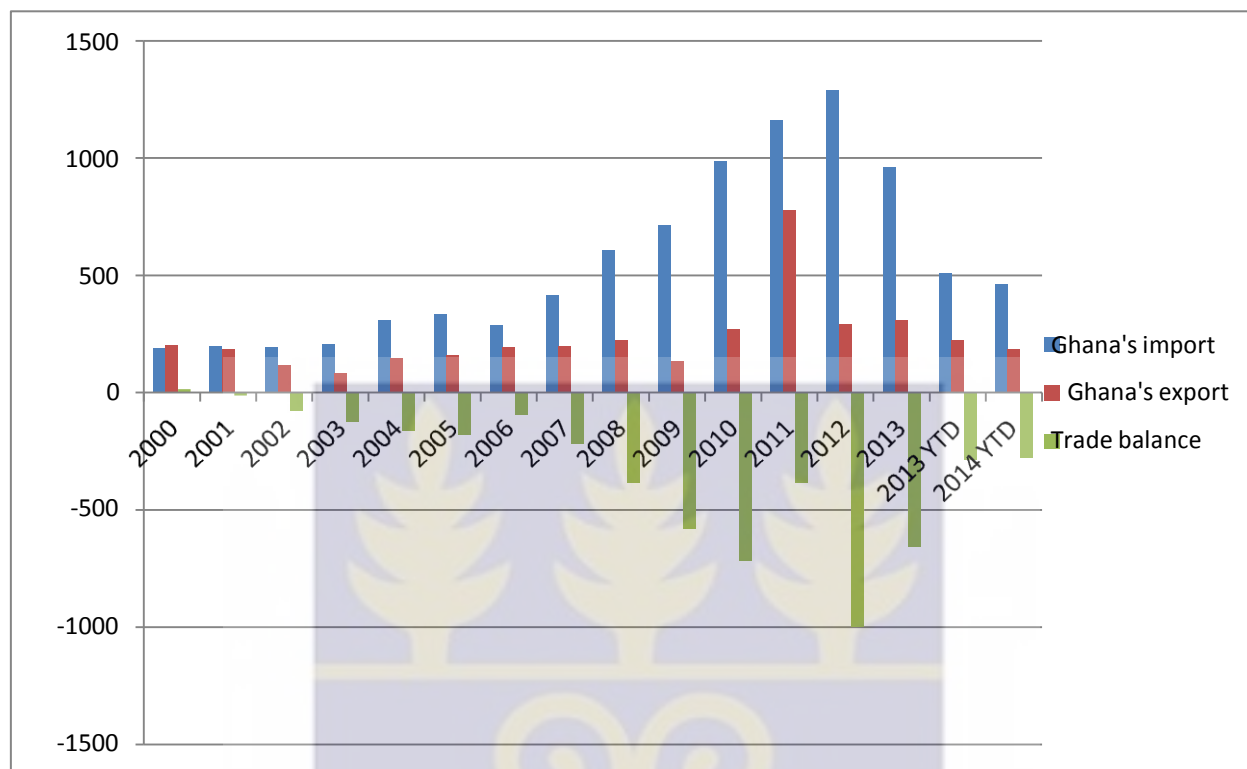
Rwanda	24.42	40.66
Sao Tome & Principe	0.25	0.98
Senegal	16.98	25.44
Seychelles	5.76	4.08
Sierra Leone	41.55	28.67
Somalia	1.19	0.54
South Africa	8,465.26	8,307.59
South Sudan	0.20	0.07
Sudan	10.37	12.07
Swaziland	58.94	81.53
Tanzania	70.32	86.06
Togo	7.72	9.12
Uganda	47.09	45.89
Zambia	37.70	55.97
Zimbabwe	13.89	64.93
TOTAL	39,293.82	26,751.39

Source: U.S. Dept. of Commerce, Bureau of Census

This table shows SSA export values for 2013 and 2014. The story is much telling. It shows that, Ghana's export to the U.S. accounted for US\$365.84 million in 2013 and declined to US\$271.33 million in the following year (2014), representing negative twenty six percent (-26%). This was an exact repetition of our assessment for the 2011/2012 periods. Equatorial Guinea's export to the U.S. stood at U.S.\$898.00 million in 2013 and declined massively to US\$254.93 million for 2014, and this represents a variation of negative seventy two percent (-72%). Exports from Mauritius accounted for US\$338.73 million and US\$401.23 million in 2013 and 2014 respectively, representing a variation of positive eighteen percent (18%). Again, we are being told that Chad, South Africa, Lesotho and a few other SSA countries chalked significant gains for the 2013/2014 year period. Compared to the previous years (2011-2012), performance for the 2013/2014 was quite impressive and praiseworthy. That notwithstanding, SSA total export to the United States recorded a variation of negative values for the 2011/2012 and 2013/2014 year periods.

4.4. Bilateral Goods Trade between Ghana and the United States

Figure 3 (US\$Millions)

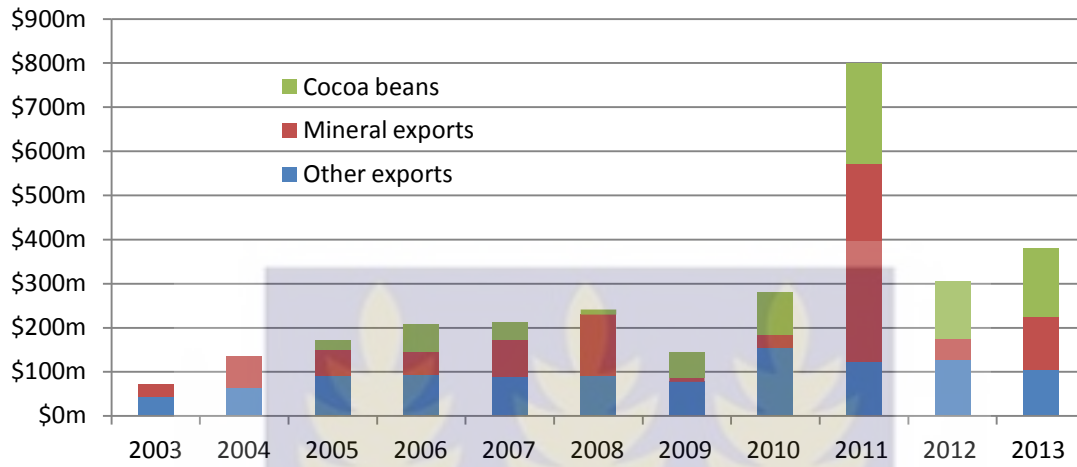


Source: GCCI Research Department with data from TRALAC

Figure 3, shows the differences between Ghana’s exports and imports from 2000 to 2013. We are being told that Ghana’s exports consistently remained beneath that of the U.S. since 2000. The three year period in which Ghana performed so well was in 2009, 2010 and 2011. Accordingly, the United States exports increased significantly beginning in 2006 through 2012. Total U.S. exports in 2012 accounted for US\$1, 300 million and declined to US\$960 million in 2013, representing negative twenty six percent (-26). Similarly, Ghana’s total export in 2011 accounted for US\$800 million and US\$300 million in 2012, representing negative sixty two point five percent (-62.5%). It is important to note that Ghana recorded a trade deficit with the U.S. throughout the period.

4.4.1. Ghana's Export to the U.S.

4.4.2. Figure 4. U.S. Imports from Ghana (2003-2013)



Source:

Source:

USITC

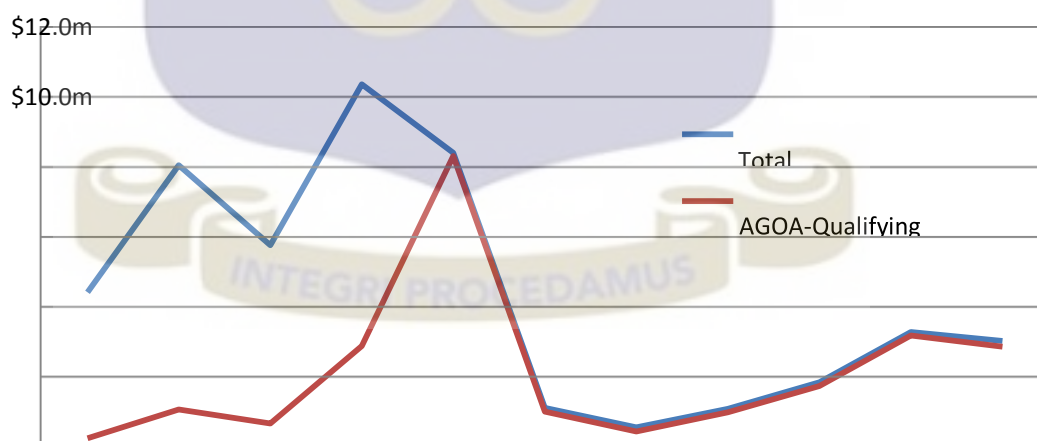
and

TradeMap



Ghana’s exports in cocoa beans, minerals and other exports to the U.S. increased from 2003 up to 2008. The country’s export, however, declined in 2009 after reaching a relative peak in 2008. The three year period in which export rose greatly was in 2009, 2010 and 2011. Total exports in cocoa beans, minerals and other exports for 2012 again declined but saw another upsurge in 2013. The data further shows that Ghana’s exports to the U.S. are largely dominated by cocoa beans and mineral products. Mineral products, however, accounted for about US\$480 million in 2011, the highest ever, and only contributed US\$10 million in 2009. Thus, despite being the largest contributor among the “three” export products, mineral products, however, contributed the least in 2009. The value of mineral products rose from US\$ 20 million in 2003 to about US\$144 million in 2008. Export values in “*other exports*” remained relatively stable from 2010 to 2013. These variations in exports values can be attributed to various reasons, including both internal and external dynamics.

4.4.3. Ghana Textile and Apparel Exports under AGOA



	2003	2004	2005	2006	2007	2008	2009	2010	2011	2012	2013
Total	\$4.4m	\$8.0m	\$5.7m	\$10.4m	\$8.4m	\$1.1m	\$0.5m	\$1.1m	\$1.8m	\$3.3m	\$3.0m
AGOA-Qualifying	\$0.2m	\$1.0m	\$0.6m	\$2.9m	\$8.3m	\$1.0m	\$0.4m	\$1.0m	\$1.7m	\$3.2m	\$2.8m

Source: USITC and TradeMap

Figure 5 portrays qualified textile and apparel products that Ghana could export to the U.S. market under AGOA. The red line (AGOA-Qualifying) in this figure constantly stayed beneath the blue line (total textile and apparel exports) because AGOA extends a limited coverage to Ghana's textile and apparel products. Ghana's AGOA-Qualifying textile exports witnessed a significant fall from US\$8.3 million in 2007 down to US\$0.4 million in 2009. In the case of Total exports, however, there was a fall from US\$8.4 million to US\$0.5 million in 2007 and 2009 respectively. The two, nonetheless, witnessed a gentle rise afterwards until they reach their relative peak at US\$5.8 million in 2013. Performance at the beginning section shows an interesting scenario. While the flow of Total exports remained erratic from 2003 to 2007, AGOA qualifying textile exports, nevertheless, witnessed a gentle rise within the same time period, with a minute variation in 2005 (US\$0.6 million).

4.4.4. REVIEWING THE U.S.-GHANA BILATERAL TRADE RELATIONS— OPPORTUNITIES AND CONSTRAINTS FOR GHANA SINCE 2000

4.5. OBSERVATIONS FROM THE INTERVIEWS:

The interview brought together six (6) personalities from both the Ghanaian *Ministry of Trade and Industry (MoTI)* and from the *American Embassy* in Accra, Ghana. Out of this figure, five personalities were chosen from the Ghanaian *Ministry of Trade and Industry* and one from the USAID section of the *American Embassy* in Accra, Ghana. The personalities who were interviewed occupy the following positions. Those selected from the MoTI were: Mr. Mickson Opoku, (the Senior Commercial Officer), two Commercial Officers (for the purpose of this research, they are identified as CO₁ and CO₂), the Administrative Contracting Officer (ACF),

and the Assistant Industrial Promotion Officer (AIPO). The personality selected from the USAID section of the American Embassy, Ghana, is the Team Leader for the Private Sector of the Economic Growth Office.

There were some general questions that were asked to solicit the views of respondents on the free trade debate and what they think about Ghana's bilateral trade with the United States. The remaining sections of the interview, however, concentrated on the challenges, impacts and the way forward.

4.5.1. Respondents position on the free trade debate

In order to draw respondents into the conversation, they were asked to comment on whether the decision on the part of developing countries to enter into free trade with the developed world is a mistake. In response, the ACO, Mr. Opoku, CO1, and CO2 unanimously asserted that, they see nothing wrong with it once developing countries could increase their comparative advantage in strategic areas of production. They maintained that, even though developing countries have been unable to take advantage of free trade, it should not, however, be used to condemn the doctrine completely. The AIPO, on the other hand, remarked that, developing countries inability to negotiate for fair deals and better terms of trade seriously puts them at a disadvantage with the developed world. Thus, the impression that free trade works to benefit or favor developing nations can only be construed as a “tacit assumption”.

4.5.2 .Ghana’s signatory to the Act—respondents views

Similarly, as the lead question, respondents were asked to comment whether Ghana’s signatory to the Act (AGOA) was a mistake, given the nation’s abnormal trade deficits with the United States of America. In response, the ACO reasoned that, AGOA provides Ghanaian producers and exporters with better terms of trade and increases their competitiveness at the world’s largest market—the U.S. In the view of the CO₁, Mr. Opoku, the AIPO, and CO₂, however, there were no proper administrative structures and strategies put place to tap the available opportunities under AGOA. In effect, the AIPO highlighted that, “...trade deficits cannot be attributed to influx of import from U.S. Besides, there was no conscious effort to build capacity of exporters to take advantage of AGOA”.

4.5.3. Implementation: a brief overview

The questions here briefly sought to identify the body responsible for making decisions regarding the implementation of AGOA in Ghana. All the five respondents, in fact, identified the Ministry of Trade and Industry (MoTI) as the principal decision maker and enforcer in Ghana. However, according to Mr. Opoku, MoTI, in turn, created the National AGOA Implementation Committee (NAIC) and entrusted it with the responsibility to synchronize and coordinate the activities of the various AGOA stakeholders. With regards to how these decisions are made, four of the respondents unanimously asserted that, MoTI formulates them in consultation with all AGOA stakeholders in Ghana. The AIPO stressed that, the decisions are made through “technical review of stakeholders’ views and comments....” Also, according to Mr. Opoku, the Ministry of Trade and Industry often brings on board ‘external’ ministries and

agencies to help disseminate information to the producers and exporters of the various sectors of production. For example, the Ministry could outline AGOA preferences and specifications to the rural agricultural communities via the services of the Veterinary Service Division which is under the Ministry of Food and Agriculture.

4.6. MAJOR CHALLENGES

NAIC effectiveness disputed

The first question sought to investigate the effectiveness of *NAIC*—i.e. whether it has been active or dormant since it came into existence. While the CO₂ reasoned that, *NAIC* has been very effective on the ground, the ACO, on the other hand, indicated that, *NAIC* has remained dormant of late, and that, “the visibility of the committee is not seen”. According to him, this explains why, in part, Ghana has not been able to utilize AGOA to the benefit of the citizens. In fact, the ACO’s assessment did not differ from that of Mr. Opoku’s point of view about the activities of the committee. The fourth respondent opined that, even though, he does not know about their activities, yet, he thinks that their performance has not been the best. And, worst of all, the AIPO indicated that, he “did not know of their existence till reading it here”. In other words, he was not aware of the existence of such a committee until I went to undertake the research exercise in the ministry. The absence of a vibrant committee compels the ministry to rely on the services of ad hoc committees to oversee the execution of major national targets throughout the period under review.

Ghanaian producers and exporters lack information on current issues

Another major problem, as identified by four of the respondents, has been the lack of information flow between the various AGOA stakeholders such as the Federation of Association of Ghanaian Exporters (FAGE), the Association of Ghana Industries (AGI), and the Ghana Export Promotion Council (GEPC). The CO₂, however, opined that, producers and exporters are adequately informed but most of them simply fail to take advantage of the opportunities under AGOA. This position is counteracted by Mr. Opoku, who indicated that, where the U.S. updates vital information on the website of AGOA, as was the case with the Textile Certificate of Origin in 2008, Ghanaian exporters mostly do not become aware of such important changes. In effect, these ‘uninformed’ exporters are often denied access to the U.S. market or made to go through bitter frustration upon arrival at the U.S. immigration border. And since the U.S. hardly circumvents international laws, the *border-frustration* becomes far intense as these certificates of origin demand the signature of home producers. How does an exporter return home just because the signature of home producers is missing? If *NAIC* was effective on the ground indeed, he noted, then, this problem could have just been resolved by simply informing these exporters to download the newly upgraded document from AGOA’s website before shipping their goods overseas.

U.S. verification system is ‘missing’ in Ghana

With regards to AGOA’s rules of origin, the ACO indicated that, it is becoming difficult to ascertain the sources of raw material imports being used to manufacture AGOA products in Ghana. Likewise, another respondent signposted that, the system that determines the sources of

raw materials from other countries and verifies the authenticity of the production process is no longer effective as we speak. Two of the respondents, however, declined to respond to this question, on grounds that, they do not have enough idea regarding the system of verification in Ghana. But the observation made by the U.S. expert amply confirmed the assessment of the first two respondents. He indicated that:

With regards to tracing the origin of goods, right now there is no traceability system which provides certificates of origin. This is crucial as many markets require this paperwork to ensure that the products were sourced originally and actually came from Ghana.

Ghanaian agricultural exports are being rejected by U.S. SPS standards

Another major factor that has worked to constrain Ghana's agricultural sector can be traced to U.S. sanitary and phytosanitary standards (SPS). AGOA SPS requirement is given below:

Therefore, sanitary or phytosanitary measures include all relevant laws, decrees, regulations, requirements, and procedures including, inter alia, end product criteria; processes and production methods; testing, inspection, certification and approval procedures, quarantine treatments including relevant requirements associated with the transport of animals or plants, or with the materials necessary for their survival during transport; provisions of relevant statistical methods, sampling procedures and methods of risk assessment; and packaging and labeling requirements directly related to food safety. Unfortunately, governments often seek to disguise measures.... These measures create significant barriers to U.S. agricultural exports, and USTR is committed to identifying and removing these barriers¹.

Three of the respondents from MoTI indicated that, Ghanaian producers and exporters generally lack the requisite market intelligence needed to comply with international requirements. Mr.

Opoku indicated that, the skills needed to effectively handle, feed, and transport animals, plants and other food products from the farm gates to the ports under perfect hygienic conditions are not just there. Likewise, the U.S. expert noted that, a sizable number of Ghanaian farmers simply do not have *global-gap certification* that seeks to safeguard and protect the health of consumers. International standards, according to him, are high and there is a growing competition beyond the general standards found in Ghana. The CO₂, however, indicated that, the SPS measures are somehow high especially for newly emerging products from Ghana. In effect, the CO₁ asserted that, Ghanaian exports are rejected by U.S. SPS measures, and that, the impact on the activities of "...local producers and exporters are unbearable". The AIPO, however, cast the blame on Ghana's inability to adequately equip our local producers and exporters to enable them meet these SPS requirements.

Local apparel and textile industries lack the necessary repertoire

Again, evidence attests to the fact that, there was no conscious effort made to adequately provide in-service and on-the-job-training to upgrade general skill levels amongst the producers and exporters of textile and apparel products. In the AIPO's view, the rural exporters were virtually excluded from state capacity-building policies and programs. Mr. Opoku and the CO₂ remarked that, Ghanaian apparel producers are generally not well abreast with the rules and specifications regarding designing and spinning of apparel products. Moreover, domestic firms lack the skills needed for servicing international customers as the methods used for delivering their products do not meet international requirements. Local firms still rely on the use of outmoded machinery and technology and, as a result, are unable to add value to their export products. Others such as the CO₁ have attributed low production capacity in our textile and

apparel industries/firms to lack of funds coupled with years of damnable energy predicaments. It was noted that, the Ghana Export Development and Investment Fund (G-EDIF) that was established to boost industrial capacity in Ghana is virtually dormant and ineffective since it was constituted. In effect, local industries and firms have been unable to expand their frontiers to the rank of other international competitors since 2000.

The challenges emanating from poor infrastructural development

In addition, the problems of poor infrastructural development were noted for their disastrous impacts on the nation's overall productivity under AGOA. These challenges are inseparably linked to lack of good roads and railway lines, poor provision of water, ineffective management of natural gas, unreliable sources of electricity, and weak telecommunication networks. And the most devastating among them has been the issue relating to the absence of a reliable energy source needed to power economic development. Besides, the 4-years energy crisis worsened the nation's unemployment rates as major companies have had to lay off their employees in the face of uncertainties. According to a study pioneered by the Institute of Statistical, Social and Economic Research (ISSER), University of Ghana, the recent decline in economic activities due to the energy crisis will cause the nation (Ghana) to lose between \$320 million and \$924 million annually². Some academic research reported that, weak infrastructural development accounts for about 40% of total transportation costs for countries located along the coast and 60% for those countries which are landlocked³.

The World Economic Forum through the Global Competitiveness Report (GCP) and the World Competitiveness Index (WCI) have sought to measure the competitiveness levels of countries around the world annually. In its 2014-2015 Report, for instance, the Global Competitiveness

Report ranked the United States 3rd and Ghana 111th out of a total of 144 countries⁴. In the 2015-2016 Report, while the U.S. retained her previous year's ranking—3rd, Ghana, however, deteriorated from 111th position to 119th out of 140 countries brought together⁵. These reports amply corroborate the foregoing discussion and analysis.

4.6.1. THE IMPACT OF AGOA IN GHANA

These questions sought to investigate the overall impact of AGOA on socio-economic and political development in Ghana. When asked to identify Ghana's major exports and imports under AGOA, respondents mentioned textiles, apparel, flowers, fruits, vegetables, petroleum oils, and other cocoa products. In fact, the total number of product lines in which Ghana exports shrinks in great significance if compared to the over 7, 000 product lines recognized under AGOA. In terms of our imports from the United States, however, respondents mentioned machinery, oil, vehicles, cereals, and others.

4.6.2. POSITIVE ECONOMIC GAINS

AGOA enhances living standards in the rural agricultural communities

Are the rural agricultural communities in Ghana aware of the available opportunities under AGOA? In response to this question, the CO₁ signposted that, the rural folks are aware but was unable to relate the extent to which they have been able to utilize them. Again, the CO₂ asserted that, through the activities of the various agencies under the Ministry of Trade and Industry the information is freely available to anyone wishing to take advantage of it. Others openly declared that, even if not to talk of AGOA, most Ghanaian farmers in the rural areas are fully aware that

Ghana has been exporting cocoa and other vegetable products long before the attainment of independence in 1957. The ACO, for instance, indicated that, many of the products in which Ghana exports under AGOA are horticultural and other products, such as flowers, fruits, vegetables, and cocoa, sourced from the rural areas. Under the circumstance, the rural farmers who really took advantage in these areas made some gains for themselves, families and relatives. The AIPO, however, retorted that, information about AGOA does not extend to include the rural dwellers in Ghana. In other words, the farmers in the rural agricultural communities are mostly constrained for lack of capacity and information regarding the various opportunities under AGOA. The views of the majority, however, indicated that the rural communities are aware of the available opportunities and those who actually took advantage of them made some gains for themselves and families.

AGOA enhances infrastructural Development in Ghana

The views of respondents indicated that there have been some levels of infrastructural development as a result of AGOA's initiatives in Ghana. Mr. Opoku indicated that, textile exports accounted for about US\$23 million beginning in 2003 through 2013. In addition, foodstuffs, vegetables, and wood products contributed about US\$2.4 million within the same time period. In 2015, the American Chamber of Commerce, Accra, reported that about US\$ 800 million was paid as tax over the course of the last ten years as a result of U.S. foreign investment in Ghana. These amounts, according to the views of respondents, have enhanced the ability of governments to extend infrastructural facilities such as schools; hospitals; roads; recreational centers; electricity, inter alia, to various communities in Ghana. That notwithstanding, the ACO and the CO₁ indicated that, they were not satisfied with AGOA

infrastructural development in Ghana. In fact, the remarks of the third, fourth, and the fifth respondents confirmed that, the level of AGOA infrastructural development in Ghana remains far below that of Lesotho that had built 12 factories and Swaziland 8 factories by 2002 under AGOA initiatives⁶.

AGOA provides job opportunities for the citizens in Ghana

Like the above, respondents were generally not satisfied with the level of AGOA employment opportunities in Ghana. In fact, three of the respondents asserted that, they are not satisfied with the level of job creation in Ghana. The other three, nonetheless, opined that, they are *somehow* satisfied with the level of job creation in Ghana. Respondents such as the CO₂, and Mr. Opoku asserted that, job creation was fairly visible in the textile and apparel sectors. The application of simple technology in the clothing sector, for example, they observed, made the sector more attractive to semi-skilled Ghanaians. The challenge, however, relates to lack of skills in spinning and designing of garments to meet AGOA preferences. The producers in these areas also lack the necessary support to expand productivity and deliver their products to meet international standards. And then again, the total number of AGOA jobs in Ghana fall below the figures that have been recorded in Malawi, Kenya, South Africa, Swaziland, Namibia, and Mauritius⁷.

AGOA has contributed towards expanding the private sector

AGOA, according to all six respondents, has benefited Ghana by increasing its international competitiveness through the elimination of high MFN tariff impositions on non-traditional exports. In addition, Mr. Opoku maintained that, the third-country fabric provision has paved

the way for local industries to add value to export products by importing fabric and yarn from Benin, Burkina Faso, Chad, and Mali. Through AGOA, the AIPO noted that, different participating companies in Ghana have had the chance to penetrate the world's largest market for profit and develop new networks with international trade partners. These initiatives enhanced productivity in the textile and apparel industries and expanded the boundaries of agribusinesses and handicrafts in Ghana.

Ghana Benefits from U.S. imports

Under AGOA, Ghana benefits from importing capital-intensive products that are not manufactured locally. In fact, the AIPO's statement is worth reiterating here: "...trade deficits cannot be attributed to influx of import from U.S." Through AGOA initiatives, Ghanaians benefit from U.S. exports such as vehicles, machinery, turbine, aircraft, oil, and a host of other capital intensive products. The question then is: what would have been the nature of the Ghanaian power crisis if no turbine was imported? Today, it has also become much easier for businessmen/women to peregrinate the country on daily basis with ease and certainty. How could they have done this if there were no vehicles and aircrafts imported from the U.S.? Moreover, the ability of doctors and other health practitioners to diagnose diseases in our various hospitals has been enhanced greatly with the help of some sophisticated equipment brought in from the U.S. Thus, the significance of U.S. exports in propelling vibrant socio-economic and other activities in almost all the sectors, according to the respondents, cannot be underestimated.

U.S. foreign direct investment (FDI)

In response to the ratio of U.S. foreign direct investment in Ghana, the CO₁ indicated that, the proportion is insignificant compared to other AGOA beneficiary countries in Sub-Saharan Africa. The AIPO and the CO₂ further emphasized that, they are not all that satisfied with the percentage of U.S. FDI in Ghana. In the view of the ACO, however, the proportion of U.S. FDI in Ghana can be described as satisfactory. According to his assertion, AGOA has paved the way for the mass influx of U.S. FDI in Ghana since 2000. In 2015, the American Chamber of Commerce, Accra, indicated that U.S. investment in Ghana totaled US\$13 billion over the course of the last 10 years. In general terms however respondents signposted that the rate of U.S. FDI in Ghana remains insignificant if compared to other oil producing African countries such as Nigeria. In fact, even at the continental level, the 2013 Addis Ababa AGOA forum reported that, less than one percent of total U.S. foreign direct investment to the world ends up reaching the African continent.

4.6.3. Political Effects and Impacts

AGOA has improved Ghana's political relations with the U.S. and other African countries

In addition to the above economic benefits, AGOA has contributed impressively towards improving Ghana's political relations with the U.S. and other AGOA beneficiary countries in SSA. Through its annual Forums, AGOA provides Ghana the opportunity to interact with both U.S. and African political leaders on vital issues relating to trade, human rights issues, and good governance. The ACO, for instance, described these interactions as useful and good for Ghana's democratic system. In line with this thinking, the CO₂, again, asserted that, these relations have

helped to expand international opportunities for our local industries. In all, the respondents unanimously asserted that, political dialogues have helped to streamline certain protectionist laws and Acts that impede the flow of trade between Ghana and the United States, on the one hand, and between Ghana and AGOA beneficiary countries, on the other hand.

Does AGOA promote good governance in Ghana?

On the question of good governance, some of the respondents are of the view that AGOA has worked to enhance political commitment to the principle of the rule of law in Ghana. These respondents generally think that, under AGOA, Ghanaian political leaders are much more committed to the principle of good governance in order to avoid U.S. sanctions. The CO₁ indicated that, he is somewhat satisfied with the level of political commitment to the principle of good governance in Ghana. The CO₂, however, reasoned that, AGOA pushes Ghanaian political leaders to adhere more to commercial matters other than governance. Like the CO₂, the ACO asserted that, AGOA has still not ushered in the era of strict adherence to the principle of good governance in Ghana. According to him, good governance extends to include the eradication of corruption and extension of social amenities and other welfare programs to the ordinary citizenry. And yet, corruption allegations have been rampant and most citizens do not also have access to social amenities and other welfare benefits even after fifteen years under AGOA initiatives. In effect, while some respondents believed that AGOA has helped to instill some level of *obedience* in the behavior of Ghanaian political leaders, others, however, questioned the extent to which this *adherence* truly contributes to enhance good governance in Ghana.

Prohibited Imports and Exports for security and other reasons

In response to the above issues, the respondents indicated that the two trading partners prohibit the exchange of certain items such as illegal drugs; weapons, explosions, and ammunitions; plants and seeds; knives and other deadly weapons; counterfeit money; pornographic materials; diseased animals and animal carcasses; and foreign soil. In the case of Ghana, however, the AIPO signposted that, articles such as weapons; explosions; and ammunitions can be allowed in after permission has been duly sought and granted. Again, interview with the CO₂ indicates that the same *condition* applies to the imports of *plants and seeds*. The essence for controlling the flow of weapons, explosions, ammunitions, and other deadly weapons across borders is to ensure that they do not reach the domains of terrorists, armed robbers, and other extremist groups. Moreover, the view has been advanced that, ethnic and inter-state conflicts can also be prevented or reduced by monitoring the production and movement of weapons, explosions, and ammunitions in and around the world. And, for Ghana, this latter view, according to respondents, represents one of the ways by which it can prevent or reduce ethnic conflicts in its three Northern regions. Besides, pornographic materials are also prohibited to avoid exposing children less than 18 years, in particular, to early sex, homosexuality, and lesbianism. These efforts have, however, been rendered fruitless of late with the upsurge and explosion of the internet, internet cafés, android phones, and the mass media all over the world.

The State vs. Foreign Investors

Like many other countries in the world, U.S. foreign investors are required to abide by some rules and regulations in order to be able to operate within the borders of Ghana. The most

popular among these regulations are the Import and Export Act, 1995 (ACT 503); the Public Health Act, 2012 (ACT 851); the Ghana Investment Promotion Centre Act—GIPC Act, 2013 (ACT 865); the Labour Act, 2003 (ACT 651); the Environmental Protection Act, 1994 (ACT 490); the Administration of Lands Act, 1962 (ACT 123); the Copyright Act, 2005 (ACT 690); the Geographical Indications Act, 2003 (ACT 659); the Layout-Designs (Topographies) of Integrated Circuits Act, 2004 (Act 667); the Industrial Designs Act, 2003 (ACT 660); the Trade Marks Act, 2004 (ACT 664); and the Patent Act, 2003 (ACT 657). In all, an investor is at liberty to operate when his or her enterprise is legally registered or recognized within the spheres of government. However, the last six (6) are Intellectual Property Right (IPR) laws that seek to protect the inventions and creations of individuals from being forged or tainted in Ghana. The Labour Act, 2003 (ACT 651), on the other hand, enjoins U.S. foreign investors to faithfully pay workers the amount agreed upon during the contract, ensure the safety and protect the interest of workers, and provide training to upgrade their skill levels while in active service. In the case of the GIPC Act, 2013 (ACT 865); the U.S. investor is expected not to invest in any enterprise an amount less than one million U.S. dollars nor employ less than twenty skilled Ghanaian citizens.

4.7. NEGATIVE IMPACTS: POLITICAL

The negative effects of AGOA on Ghana's political sovereignty

Aid, regardless of the form it takes, mostly instructs its recipients to accept and not to make decisions. In response to the negative impact of AGOA on Ghana's political sovereignty, all the five Ghanaian respondents indicated that AGOA does not undermine Ghana's political

sovereignty. Evidence from the academic literature, however, attests to the fact that developing countries have been unable to defend, safeguard, and protect most of their safety standards and laws or resist any attempt by the U.S. to liberalize key sectors of their economies to external competition.

Others have raised a related concern that developing countries do not do well in direct negotiations with the larger United States because of the disparity in economic influencing—often giving up more than they are getting⁸.

The U.S. under NAFTA, for instance, has always been aspiring to negotiate for the lions share at the expense of Canada⁹ to the extent that the latter had wished to withdraw from the trading union completely¹⁰. Again, Pinder affirmed that, the Dominican Republic and Central America's trade relations with the U.S., under the Dominican Republic and Central American Free Trade Agreement (DR-CAFTA), is “a big mistake” since it paves the way for the U.S. to exploit them¹¹. In the light of the above, it is, therefore, not likely that Ghanaian bureaucrats will be spared on the negotiating table with U.S. diplomats under the African Growth and Opportunity Act (AGOA).

In addition, African political leaders have been unable to choose between alternatives and make informed decisions during international negotiations in both the UN and on the platform of other organizations. The words of former President Bush, “*you're either with us, or against us*”¹² continue to ring in the ears of the recipients of trade *favors* during these important international negotiations. Under AGOA, *the servants* are required to heed these solemn words in all international forums so long as they wish to maintain their friendship with the United States. In order to be declared eligible to receive the benefits of AGOA, the U.S. requires SSA

countries to respect the rule of law, establish a market based economy, remove all barriers that impede U.S. trade and investment, and ultimately refrain from engaging:

...in activities that undermine United States national security or foreign policy interests.¹³

In the view of Thompson, this provision completely undermines the sovereignty of SSA countries under AGOA since the US was not required by the Act, in turn, to respect the national security and foreign policy interests of the former. In February, 2003, for example, the Bush administration coerced Guinea, Angola, and Cameroon in the United Nations Security Council to support its invasion of Iraq¹⁴. Thus, Carmody remarked that,

Africa has traditionally had a marginal and decreasing role in international affairs.¹⁵

The Challenges under the Ghanaian Political Environment

In addition to the above, there are quite a number of challenges that make the starting of a business in Ghana somewhat difficult if not entirely cumbersome. Indeed, institutions, such as the American Chamber of Commerce and many others, are increasingly becoming alarmed with the prevailing conditions surrounding the business environment in Africa. In 2009, the U.S. Chamber of Commerce wrote:

It must be acknowledged that the U.S. business that operate in Africa face generally higher costs of doing business when compared to other developing regions¹⁶.

In the AIPO's view, land acquisition has ultimately emerged as one of the biggest challenges facing U.S. investors of late, particularly, for those who intend to undertake Greenfield Investments in Ghana. Besides, in 2016, *Doing Business* reported that,

Globally, Ghana stands at 102 in the ranking of 189 economies on the ease of starting a business¹⁷.

This means that, U.S. investors mostly go through difficult bureaucratic processes to get their businesses established and registered in Ghana. With regards to those with efficient and less irritating bureaucratic procedures of acquiring electricity, *Doing Business*, ranked Ghana 121 out of 189 countries. On registering property, under the same benchmark, she is at 77 while on paying taxes 106 out of 189 countries respectively. And,

Globally, Ghana stands at 116 in the ranking of 189 economies on the ease of enforcing contracts¹⁸.

ECONOMIC

AGOA acts to worsen greenhouse gas emissions in Ghana

In response to the negative impact of greenhouse gas emissions in Ghana, some of the respondents are of the view that the rate at which Ghana emits these gases is far less compared to the industrial countries. In other words, these respondents reasoned that the level of emission from local industries/firms generally remains insignificant when compared to those at the Global North. However, others have expressed worries over the recent alarming rates of carbon dioxide and chlorofluorocarbon emissions from highway vehicles, airplanes, and trains mostly imported from the U.S. These sources, according to respondents, collectively contribute to worsen global warming and harm rainfall patterns and community life in Ghana. In effect, even though respondents generally think that the level of carbon dioxide emissions remains insignificant, yet, they reasoned that these emissions sources (vehicles, air planes, trains and

industries) are likely going to increase in volume as trade between the two nations increase over time.

AGOA acts to worsen dumping of waste products in Ghana

In addition to the above, respondents also reasoned that AGOA has equally contributed to add up to the rate of dumping of waste products in Ghana. The category of waste products broadly extends to include scrap metals, components of CPUs and their monitors, chemicals, plastics, papers, and acids. In ardent response to the free-trade agenda, today, we have various export items and products such as the computer, vehicles, phones, and other electronic products trooping in from the U.S. While consumers' purchasing power increases, the price of goods and services, on the other hand, is on the decline, owing to competition, and this, seems to augment the volume of the above products in almost every household. Indeed, these products impose severe threat to public health/life after they have been used and wrongly discarded in our homes, work places, and communities. In fact, the dismantling of computer CPUs is found to unleash dangerous substances such as cadmium, beryllium, and lead which is mostly unknown to the consumers of these products. In the view of respondents, there have been some efforts geared towards recycling these metal scraps in order to reduce their negative impacts on the natural environment. However, the truth remains that, AGOA serves to worsen the rate of dumping of waste products in Ghana.

Are local industries infected by AGOA imports?

In response to the above question, all the six respondents collectively asserted that AGOA does not exert any negative impact on the activities of local industries in Ghana. In the view of all the respondents, U.S. exports are basically capital-intensive products such as machinery, vehicles, computers, and other hi-tech electronic products not manufactured by indigenous firms and industries in Ghana. As a result of this, they do not impose any threat on locally manufactured products both in terms of their quality and competition over prices. Thus, since U.S. exports under AGOA are mostly things not manufactured within, their negative impact on indigenous firms and industries, is completely weighed down.

4.7.1. THE WAY FORWARD:

Ghana must reconstitute NAIC

Moving forward, respondents generally reasoned that Ghana's performance in the next one decade could be improved greatly if the National AGOA Implementation Committee (*NAIC*) is reconstituted and made to work. This is to ensure that the efforts of the various AGOA stakeholders in the country are properly coordinated, directed, and monitored at each production stage. The creation of such an institution could also enhance information dissemination to keep producers and exporters updated on current issues relating to AGOA preferences. These objectives, according to Mr. Opoku, would hardly be realized without developing an effective response strategy for implementation. It has been noted that, such a rationalized plan of attack could enable the institution to properly track progress (as in identifying which product

contributes high to GDP), and identify the challenges that have been encountered along the line as well.

Ghana must undertake serious capacity building efforts

In order to improve upon its performance in the next one decade, respondents generally reasoned that Ghana needs to really work towards building the capacity of local producers and exporters. The AIPO asserted that, there must be some conscious effort geared towards building the capacity of Ghanaian local producers and exporters. To enhance capacity building efforts in Ghana, the ACO signposted that, the state will need to establish standard related institutions with the necessary equipment to enable them function effectively. In the view of the CO₂ there must be continuous awareness creation and capacity building exercises to enable producers and exporters take advantage of AGOA. It also requires a reactivation of the Ghana Export Development and Investment Fund (G-EDIF) while establishing new ones to enhance the financial capabilities of producers and exporters in the post-2015 AGOA extension. In a nutshell, these views emphasized the need for the state (Ghana) to demonstrate a high level commitment in providing the necessary institutional framework and financial support in order to increase productivity in Ghana.

Areas Ghana could do better in the post-2015 AGOA

Here, the effort was made to examine specific export products in which Ghana has a robust comparative advantage in relations to other competitors at the world market. In response, the CO₂ asserted that, the nation could do better by working hard to export more of non-traditional agricultural products such as banana, mango, pineapple and vegetables including yam and

cassava. He further reasoned that, the nation should create more avenues for these product lines even when diversifying its economy into manufacturing completely. The CO₁ reasoned that, Ghana's comparative advantage could be enhanced by exporting more of textiles, flowers, fruits, vegetables, yam, and oil palm. Others such as the ACO mentioned textiles, flowers, fruits, yam and garments. To the AIPO, Ghana could do better by exporting more of rubber, oil palm, and cocoa. One thing worth noticing here is that, AGOA does not presently extend coverage to include most of the product lines mentioned above. For instance, Mr. Opoku noted that, currently AGOA does not extend coverage to include cocoa powder, some fruits, yam, peanuts, cassava and other products from Ghana. How then can the nation improve upon its performance by exporting products that are not even listed under AGOA in the first place?

AGOA must then increase its product coverage for Ghana

Flowing from the above, the views have been advanced that the United States should extend coverage to include certain agricultural, textile, and apparel products from Ghana. The AIPO emphasized that, AGOA should increase its product coverage because of the increasing commitment on the part of AGOA stakeholders in Ghana. Again, he reasoned that, it is important for AGOA to increase its product lines in order to absorb emerging export products from Ghana. Likewise, the CO₂ indicated that, allowing new products on board gives producers and exporters the opportunity to explore in the post-2015 AGOA extension. In the view of Mr. Opoku, for instance, Ghana's performance could be improved greatly if AGOA could increase its product coverage to include cocoa powder, yam, mangos, cassava, and other textile and apparel products. In fact, the U.S. expert reasoned that most of these products have the potential

of being included in the post-2015 AGOA extension. However, in the case of liberalizing the cocoa sector completely, he stated that:

...the cocoa sector in Ghana is politically driven as it's one of the three main commodities in which Ghana exports. With regards to the potential of distorting the US market,... AGOA should allow African countries to export to the US but at the same time if the Act is hurting US producers, then it's something in which the President has the authority to stop.

In response to these issues, the CO₁, however, argued to the contrary by stating that, “We only need to set priorities right on the few enlisted”. In other words, his argument is that, there is no way Ghana could improve upon its performance without first putting in place measures to build the capacity of local producers and exporters.

Ghana must work to attract foreign investment

It has further been argued that Ghana needs to work to improve upon its business environment in order to magnetize more foreign direct investment from abroad. In other words, the nation's position within the global business competitive ranking sends a strong signal to investors abroad. In order to encourage and attract more U.S. investments, respondents strongly recommended the development of effective Public-Private Partnerships (PPPs) in Ghana. Like the Asian Tigers, the private sector should be allowed to lead in matters of economic development while the state provides the necessary institutional framework and support. For instance, Mr. Opoku argued that, the nation needs to enforce its Intellectual Property Rights (IPR) laws to further boost the confidence level of investors abroad. Even though the ministry had occasionally arrested perpetrators with the help of the police force, yet, he reasoned that, a lot still needs to be done regarding the mode of implementation of IPR laws in Ghana. The CO₂

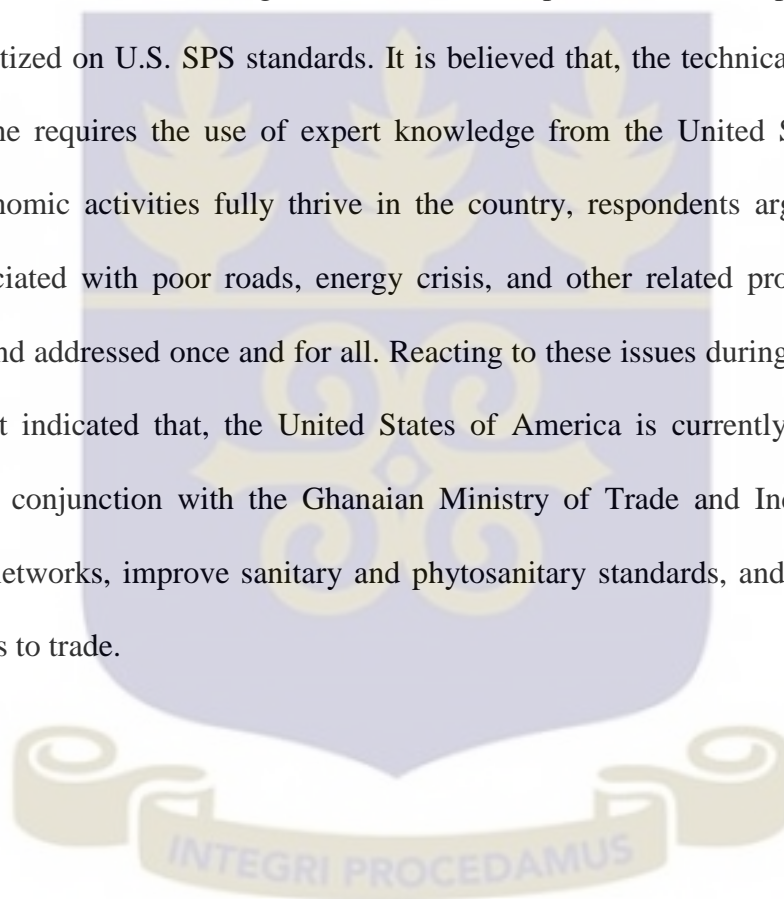
maintained that, Ghana will need to develop sound policies that factor in the interest of investors and present little difficulties when negotiating agreement with foreign investors. He further stressed that, it is important for the nation's microeconomic indicators to remain positive and favorable in this regard. Fortunately, many U.S. companies, according to U.S. spokesperson for the 2013 Addis Ababa AGOA forum; Mr. Froman, have expressed enthusiasm to invest in the energy sector of Ghana. This is crucial as it will contribute to eliminate the current energy crisis facing the country.

The need to build strong strategies for further liberalization

It has been argued that, the need for further liberalization efforts will require both the U.S. and Ghana to work hand in hand in order to exterminate certain impeding obstacles and technical barriers to trade. On the part of the United States, it requires a move towards improving upon its strict international standards and requirements such as the Rules of Origin and the SPS standards. On the other hand, Ghana will be required to formulate and implement national AGOA export and import strategies in order to facilitate and ease business transaction between the two nations. Fortunately, Mr. Opoku indicated that, the nation (Ghana) seemed to have made some progress in this direction by adopting certain innovative measures to streamline business activities at its port of entries. Under the circumstance, all goods passing through the ports are effectively scanned to make sure that people undertake businesses with ease and certainty.

Ghana needs U.S. support to succeed under AGOA

Moreover, respondents generally believed that enhanced capacity building efforts in Ghana could hardly be attained without the support of the United States and other international organizations. Mr. Opoku indicated that, Ghanaian producers and exporters generally lack the requisite market intelligence needed to contend with their counterparts at the international market. Others such as the CO₁ argued that, Ghanaian producers and exporters need to be adequately sensitized on U.S. SPS standards. It is believed that, the technical aspect of getting these things done requires the use of expert knowledge from the United States. Besides, to ensure that economic activities fully thrive in the country, respondents argued that, internal challenges associated with poor roads, energy crisis, and other related problems need to be properly fixed and addressed once and for all. Reacting to these issues during the interview, the American expert indicated that, the United States of America is currently working through Trade Africa in conjunction with the Ghanaian Ministry of Trade and Industry in order to facilitate trade networks, improve sanitary and phytosanitary standards, and ultimately reduce technical barriers to trade.



4.7.2.DISCUSSION

This section seeks to examine various issues in the light of the research data gathered from the field.

It has already been established in the light of Bowen's declaration that, the contribution of unskilled labor towards U.S. international competitiveness is insignificant, minute, and negligible¹⁹. Again, we took note of Lowinger's assertion that, in terms of skills, the United States and Canadian labor forces, averagely, possess three times more than their counterparts in Brazil²⁰. However, Robson and Haugh et al reported that, a significant number of Africans entirely receive entrepreneurial and technical skills from traditional apprenticeship in Sub-Saharan Africa²¹. To Mr. Killick, Ghana's first President, Dr. Nkrumah, mistakenly equated the nation's economic downturns to lack of capital other than working to upgrade and expand the size of the Ghanaian labor force (in Williams)²². The growing influence and innovative abilities of small businesses in Ghana were truncated as a result of government inattentiveness to the sector²³. *In the light of Lowinger's assertions*, we can deduce two important dimensions that may be applied to our analysis of U.S.-Ghana bilateral trade agreement and its attendant impacts. Firstly, we may try to find out the difference in skill levels between the labor force of the United States of America and that of Ghana. It probably will be far greater than the records above—the scenario between the U.S. and Brazil. The gap is established by simply comparing the value of capital-intensive products made in the U.S. to the value of labor-intensive products 'made' in Ghana. Secondly, the records indicate that the country (Ghana) has been losing potential skilled labor to the United States of America due to wage differentials. Thus, given such a weak labor force, it will be difficult, if not impossible, for Ghana to be able to withstand

the pressures that result from exporting into the world's most competitive market—the United States of America.

Moreover, how is the conduct of international trade affected by geographical factors, particularly, in trying to reach out to the Western World from a lower-middle-income country located in the heart of West Africa? In international trade, *proximity* to major markets in the Western and Eastern world gives one an undue advantage over other competitors. Even in pursuing private life on the continent, those in Sub-Saharan Africa often crossed the world's largest desert on foot in order to take advantage of North Africa's proximity to the Western and Eastern World. Ghanaian exporters have been battling with international transportation costs since the nation signed onto AGOA in 2000. It has been observed that, transporting a container across a 9, 882 km distance from Ghana into the United States of America, either by air or sea, inflicts significant costs to Ghanaian exporters.

The difference in distance between Ghana and the U.S (9, 882 km) is worth comparing to Europe which lies at about 5, 375 km distance away from Ghana. Given this huge gap difference, then, it will be plausible to argue that, trade relations with Europe (or the Asian countries) will be far beneficial (*once other conditions are properly met*) for Ghana than it is with the United States, since a distance of about 4, 507 km, including its related risks and transportation costs would be completely eliminated. In fact, this is the more reason why Beckerman remarks that, the significance of distance, in altering the pattern of trade, has always been an issue of concern²⁴. The academic literature amply reports that distance has a negative impact on bilateral trade by imposing severe transportation cost²⁵. Indeed, Limao and Venables

have further reported that, the huge transportation costs imposed by vast distances have restricted intra-African trade transaction from *west-east* to the *sub-regional* levels compared to other regions in the world²⁶. In another development, Clark and Don have reported that:

Container handling, port charges, and other shipping costs that are invariant with respect to distance can account for as much as seventy percent of international transport costs²⁷.

Moreover, it should be emphasized that, the kind of extortions, bribery and corruption that often accompany business transactions at the point of shipping goods in developing nations act to exacerbate the above problems. Besides, the exporters of labor-intensive products (like Ghana) are generally less capable of managing the costs of transport compared to those of capital-intensive products (like the U.S.) due to world price differentials and the frequent price fluctuations facing third-world exports. Thus, given the vast distance and the relative comparative advantage between the two trading nations in question, the adverse effects of port charges, container handling and transportation costs heavily tilt against Ghana more than the United States of America in this encounter.

That notwithstanding, countries such as South Africa, Mauritius, and Lesotho do not transport their containers *in spirit* into the United States of America. The academic literature shows that, each of these countries has chalked impressive gains since signing unto AGOA. And what is even more intriguing and fascinating is that, export products from these countries traverse a distance far greater than that of Ghana. In fact, others even reasoned that, Ghana's proximity to the U.S. extensively puts her far ahead of other AGOA beneficiary countries in Sub-Saharan Africa. Thus, while it will be improper to discount the impact of geographical factors outrightly, the problems with Ghana are, however, directly linked to institutional failures and lack of political commitment other than the former.

Moreover, how are local industries in both the United States and Ghana affected by this bilateral trade agreement? It is believed that trade relations between these two nations could work to protect the interest and growth of domestic industries in both nations. With the emergence of multi-lateral-trade agreements and their attendant deleterious impacts, however, international trade laws allow countries around the world to set up ‘contingency protection laws’ against external threats. The Law establishing AGOA presents one of the clearest examples of these protective measures.

If increased imports are causing or threatening serious damage to the U.S. apparel industry, the President is to suspend duty-free treatment for the article(s) in question²⁸.

This law is quite simple, straightforward and sits well in our case study. But the most intriguing question then is: how should Ghana respond in turn? It is often argued that, developing nations either lack or are unable to enforce these protective measures in their bilateral-trade-agreements with the super powers. But then if trade were conducted in the light of theoretical arguments, as proposed by the Ricardian Theory of Comparative Advantage, the Factor Proportion Model and others, much of these related problems could have been eradicated and eliminated out-rightly. “Give me what you have and receive from me what I can offer” is the simple rule that should govern the conduct of international trade. Some of the major criticisms leveled against these theories are that, countries do not specialize in one particular area of production anymore; neither do they export products relating to their factor endowments as it used to be. This is the beginning of trouble and the retrogression of industries around the world, particularly, in developing countries like Ghana.

In the case between Ghana and the United States, for example, the former is a labor-intensive state while the latter is a capital intensive trade giant. The United States of America further

possesses the power to produce both labor-intensive and capital intensive products. This ushers the U.S. a step ahead of Ghana. In the light of theoretical argument, however, the U.S. can only export capital-intensive products into Ghana while Ghana exports labor-intensive products into the U.S. in order to protect domestic firms in either country. If on the other hand this theoretical law is broken, then, per international laws and theoretical logic, the U.S. ought to set up such 'contingency protection laws' as a way of protecting her local apparel industries from the influx of similar products from Ghana. It should be observed that the law was directed against apparel products and not machinery since the U.S. is aware that most Sub-Saharan African countries do not manufacture nor export such capital-intensive products. On the side of Ghana, nonetheless, it will be hard to apply any protective measures against the U.S. because industries that produce U.S. exports such as computer software and hardware, turbines, airplanes, vehicle, inter alia, are simply not in existence in Ghana. And so, where should the law be applied and on which products? Therefore, Ghana can have no 'contingency protection laws' against the U.S., except in areas where the U.S. breaks a theoretical law to export other products such as oil, textile and apparel into Ghana. And so, since U.S. exports to Ghana are mostly things not manufactured locally, their negative impact on local industries, is somewhat diminished and weighed completely down. It will rather encourage the consumption of goods not manufactured locally. Given the necessary institutional and political backing, AGOA provides a crystalline opportunity (subject to some clauses in the upcoming pages) for propelling socio-economic development in Sub-Sahara Africa. However, China's exportation of textile products into Ghana has proven disastrous to Ghanaian local textile and apparel industries. And this is the clearest and most dangerous example of international trade contracted outside theoretical proposition and argument.

AGOA is highly political in the sense that, one is required to get “politics” right before enjoying the fruits of “economics”. AGOA, therefore, embodies both the American political ideology and its propagation around the world. This requirement has a lot of implications for Ghana. On the one hand, it has contributed towards the promotion of good governance and democracy in Ghana. This is because:

The Act authorizes the President to designate countries as eligible to receive the benefits of AGOA if they are determined to have established, or are making continual progress toward establishing the following: market-based economies; the rule of law and political pluralism; elimination of barriers to U.S. trade and investment; protection of intellectual property; efforts to combat corruption; policies to reduce poverty, increasing availability of health care and educational opportunities; protection of human rights and worker rights; and elimination of certain child labor practices²⁹.

This is the strong requirement that places the Ghanaian government under a surveillance which regulates to detect political misconduct and applies sanctions accordingly. It conferred judicial powers on the President of the United States of America to fire the nation when found wanting. For instance, on 1st January, 2011, the Democratic Republic of Congo lost its eligible status, and the Central African Republic, including Eritrea was removed on 1st January, 2004. Again, Cote d’Ivoire suffered this penalty on 1st January, 2005 and Mauritania was removed from the eligibility list on 1st January, 2006³⁰. From the preceding information, **1st January** has been designated as the judgment day for the deployment of sanctions against political miscreants in Sub-Sahara Africa. But while others lose their eligibility status, some are also enrolled at the same time upon demonstrating good behavior. In the light of this provision, then, if Ghana wishes to retain eligibility status and continue to enjoy the fruits of ‘economics’, then, she is hereby warned to observe the rules of ‘politics’ and keep them right. Thus, this provision serves

to strengthen Ghana's democratic credentials and ensures the attainment of socio-economic development in a sound political environment.

On the other hand, AGOA has the potential of, economically, stacking Sub-Saharan African states, like Ghana, in the mud. AGOA does not sanction Sub-Saharan African countries for poor economic performance as in the case of political misconduct. And so if Ghana is unable to cope with AGOA preferences she will simply give up trade with the U.S. and look for new avenues elsewhere or seek to intensify her trade relations with either the European nations or perhaps South East Asian states. Consequently, this will usher the nation into serious trade deficit and ultimately lead to the syphoning of her resources by the United States. For instance, U.S. exports to Ghana in 2013 and 2014 stood at \$982.49 million and \$1127.68 million respectively with a positive variation of 15% while that of Ghana's to the U.S. stood at \$365.84 million in 2013 and \$271.33 million in 2014, representing a variation of negative twenty six per cent (-26%). Export values in the previous years followed the same trend, with the U.S. accruing \$1,196.90 million in 2011 and \$1,309.25 million, in 2012 and Ghana \$779.04 million in 2011 and \$291.04 million in 2012. In fact, when in 2013 Ghana could only utilize 0.9% out of 31% of total AGOA-qualifying products, the U.S. did not sanction the country for this poor economic performance. And as we speak, Ghana is craving to sign the EPA agenda to allow her better take full advantage of the E.U. markets. Like the indications have started unfolding, in the absence of any technical and financial backing, liberal democracy may be achieved at the expense of economic development in Ghana.

Furthermore, AGOA does not promise Ghana, together with her economy and people a secured economic future, since her eligibility status can be terminated at any time in point. And then again, the drive towards the production and specialization of certain AGOA-qualifying

agricultural products in Ghana can be disastrous for the nation at a time when these products shall no longer be needed in the western world. We should be reminded that, today, Ghana is suffering from this same problem because colonial powers had pushed the nation to concentrate on the production of certain agricultural products (such as cocoa) to feed industries abroad. These products, no longer command higher prices as we speak. And the most intriguing aspect of it all is that, AGOA seeks to promise the nation some hope from these same products (though processed) that have lost significant weight at the international world/market. I think that the help should be given in the form of restructuring world prices of these products and cushion the nation to reinforce AGOA's export-led industrialization efforts **in strategic** areas. Otherwise, if her eligibility status is terminated or failure to renew AGOA in the future or loss of world prices for AGOA's products, then, overall gains shall retrogress rapidly and unemployment rate will resume with all its brutalities without mercy.

Another consequence follows as well. Two principal economic markets have been created under this bilateral trade agreement, one in the United States and the other in Ghana. The U.S. market receives cocoa, textile, and apparel products and the one located in Ghana is oversupplied with computers, turbines, airplanes, sophisticated medical equipment, vehicles, et cetera. As trade under AGOA eventually leads to the increase of living standards of both citizens in the two markets, citizens in the U.S. market will likely patronize less of Ghana's products while those in Ghana patronize more of U.S. products, because new brands are coming up each and every day. This act will eventually brainwash Ghanaians completely towards U.S. products to the extent that there can be no reverse in the future. The idea of *made in U.S.*, *made in Germany*, *made in Japan*, *Made in France* et cetera, as the original products already sits heavily in the minds of Ghanaians and no *made in Ghana* (if she finally takes off to produce capital intensive products

or articles) might convince them in the future. Furthermore, when AGOA finally terminates, the U.S. is likely going to survive without exports from Ghana, but Ghana will hardly survive without vehicles, computers, airplanes, turbines and the like. The simple question then is: what would have been the degree of the Ghanaian power situation if no turbine was imported? Thus, in as much as AGOA provides the clearest opportunity for free access into the international market, Ghana ought to be careful which area to specialize in order to sustain gains in the post-AGOA world.

Ideally, government policies designed to propel socio-economic development must be enmeshed in broader consultation with the beneficiary society in question. In other words, government projects and programs must be tailor-made in order to avoid a backlash in a given society. AGOA is a U.S. foreign policy designed to benefit Sub-Saharan African countries like Ghana. The idea can be likened to the Policy of Assimilation employed by the French colonial masters in French West Africa. AGOA construes Ghana as the extension of the political administrative unit of the United States of America, with all intent and purposes. In fact, it directly impacts both the political and economic lives of the people within the affected zone. Two key issues have come up for criticisms since its inception in 2000. One, AGOA's eligibility requirements have been fiercely criticized by the academic literature as being stern and uncompromising. Secondly, AGOA's Rules of Origin and SPS standards have equally been criticized on similar grounds by both the academic literature and some Ghanaian personalities who were interviewed under this research exercise. And that, the second factor, in particular, has worked to prevent Ghana from taking full advantage at the U.S. market. I ascribe part of the problem to differences in cultural outlook between the United States and that of Ghana. How?

For a long time, we know that Ghanaians were indoctrinated in the values and norms of the western world. They were made to discard their traditional attires and had since lost the skills for loomng them. In fact, the Westerners and Europeans have succeeded in penetrating the core of the Ghanaian society with their ways of life. And they are ever determined to maintain this status quo without reversing the order in all their dealings with Ghanaians, no matter what. For this reason, they have never, and will not, imbibed entirely our ways of eating, dressing, talking, and dancing as we have taken after them, mistakenly. But now, AGOA is asking these Ghanaians to loom dressings for the Americans to wear and get them food to eat as well. AGOA emphasized that; these dressings must be completely designed to meet certain standards as cherished by the Western world. AGOA further declared that, their foodstuffs and vegetable products must be cleansed as white as the wool in order to be accepted in the western world. And it must be stated categorically that, the high standards being required by AGOA means that the U.S. has completely relegated Ghanaian traditional clothing and their food products to the background. The skills needed to meet these international standards, too, are not just there. And this was the beginning of the complaints and grumbling of Ghanaians as the bar has been raised far above them. Indeed, the consequences for photocopying the cultures of others blindly amply manifest themselves under this North-South trade relation.

Having granted Ghana quota-free/duty-free access into the U.S. market, the nation is now pushing forcefully for further technical assistance and financial backing from the same U.S. in order to meet international standards. While Ghana's total eligible products constituted 31% in 2013, the country could only utilize 0.9% due to lack of capacity to meet overall international standards. Indeed, until something is done to streamline the U.S. initiative, AGOA will hardly benefit countries like Ghana. I think that the overall production process may have to be

fragmented to allow the nation export semi-processed AGOA products to feed the U.S. industries and still be qualified as though they were finished products.



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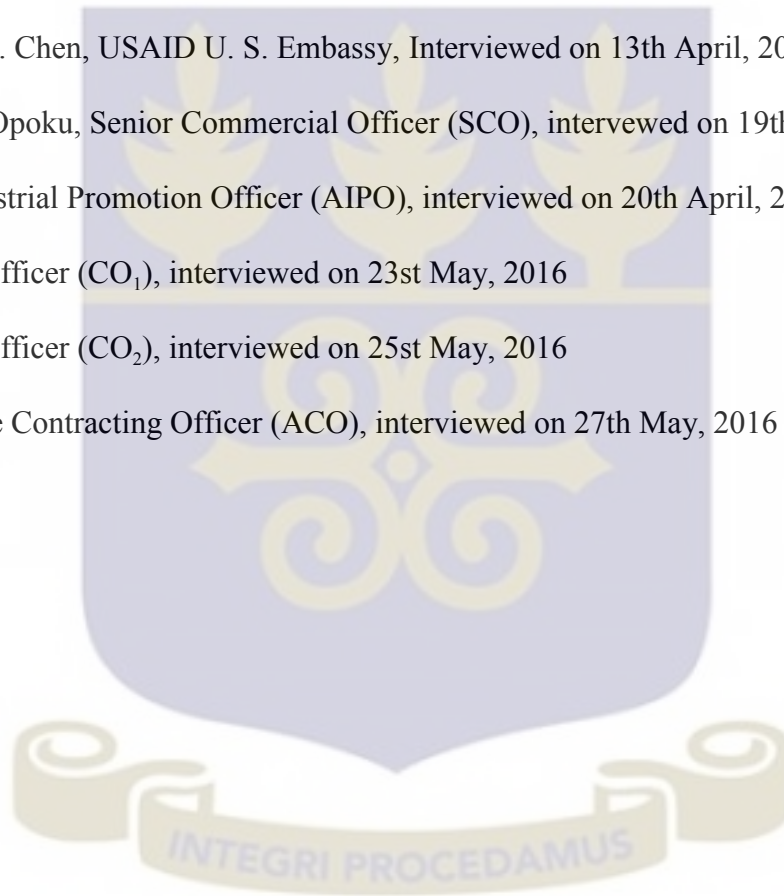
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4. Commercial Officer (CO₁), interviewed on 23st May, 2016
5. Commercial Officer (CO₂), interviewed on 25st May, 2016
6. Administrative Contracting Officer (ACO), interviewed on 27th May, 2016



CHAPTER FIVE

5.0.SUMMARY, RECOMMENDATIONS AND CONCLUSION

5.1.INTRODUCTION

This chapter seeks to discuss the summary of this work and give recommendations and conclusions based on research findings. Thus, the researcher's attention shall be devoted towards reviewing the impact of AGOA in Ghana since 2000. Nonetheless, the discussion will begin with a very brief and concise review of Ghana's inability to utilize the various opportunities after fifteen years under AGOA.

5.2.CHALLENGES (*observation from interviews*)

It has been observed that, the creation of a high-powered national coordinating body needed to support capacity building and make follow-ups on AGOA implementation strategies became a major problem for the first 15 years or so. In other words, the nation simply went to sleep after signing unto AGOA in 2000. In addition, local producers and exporters generally lacked the requisite skills needed to deliver the right products that meet AGOA preferences. Evidence shows that, there was no conscious effort made to upgrade general skill levels amongst the producers and exporters of the various sectors of production. The inability to trace the origin of goods in Ghana became one of the major problems during the first round. That is, the system that verifies the authenticity of the production processes 'malfunctioned' along the line in Ghana.

The nation encountered serious challenges relating to poor infrastructural development such as roads, electricity, communication networks, rails, among others. In fact, the frequent power

outages that overtook the country for over four years effectively truncated vibrant economic activities and the growth of small-businesses as well. The Ghanaian workforce generally lacked the skills and technical-know-how needed to contend with other competitors at the international market.

5.3.The Impact of AGOA in Ghana (observation from interviews)

Even though described as inadequate, AGOA has worked to deliver some positive results in Ghana. The research exercise revealed that farmers who really took advantage of the available opportunities at the rural areas made some gains for themselves and families. This assessment was informed by the fact that, most Ghanaian farmers are very much aware that Ghana has been exporting agricultural products long before independence. And in the view of some respondents, most of the products in which Ghana exports are horticultural and other cocoa products such as flowers, fruits, vegetables, and cocoa, sourced from the rural agricultural communities.

Again, AGOA has contributed to enhance the state's ability to undertake infrastructural development in Ghana. In addition, AGOA has worked to provide quite a number of job opportunities to absorb the unemployed population in both the rural and urban communities.

It has been observed that, AGOA has contributed to expand the frontiers of the private sector in diverse ways. Mr. Opoku noted that, the third-country fabric provision has enabled local industries to add value to export products by importing fabric and yarn from neighboring countries such as Benin, Burkina Faso, among others. Through AGOA, different participating companies in Ghana have had the chance to access the U.S. market for profit and connect with international trade partners. Again, Ghana benefits from importing capital intensive products

that are not manufactured by her domestic industries. In fact, U.S. exports such as machinery and vehicles help to facilitate transportation and sustain electricity generation (the turbine) in Ghana. Thus, respondents generally acknowledged that, Ghanaians benefit a lot from U.S. exports notwithstanding the trade deficit the nation has recorded against the U.S. over the past one and half decade.

Politically, AGOA has enhanced U.S.-Ghana bilateral relations over the course of the last fifteen years. Through its annual Forums, AGOA provides Ghana the opportunity to interact with both U.S. representatives and African political leaders on vital issues relating to trade and good governance. In the view of respondents, these interactions have contributed to strengthen Ghana's democratic dispensations and credentials in today's 21st century. To some respondents, AGOA has helped to instill some level of *obedience* to the principle of good governance in Ghana. Under AGOA, respondents generally reasoned that, Ghanaian political leaders have become more committed to the principle of good governance in order to avoid incurring the wrath of the United States of America.

On the negative side, it has been observed that AGOA contributes to worsen greenhouse gas emissions in Ghana. The views have been advanced that, carbon dioxide emissions from highway vehicles, airplanes and trains, collectively contribute to increase global warming and harm rainfall patterns and community life in Ghana. Even though respondents generally ruminated that the level of carbon dioxide emission in Ghana is very low compared to other advanced countries, yet, they reasoned that carbon dioxide emissions may increase in volume as trade between the two nations increase over time. In addition, it has been argued that, Ghana

would likely experience mass dumping of waste products under AGOA initiatives which may result in health hazards and other related problems.

5.4.RECOMMENDATIONS:

This sub-section presents the researcher's recommendations based on the research findings. Having come this far, it should be possible to recommend possible solutions that will feed into ongoing national policies. Hence, the following recommendations exemplify the researcher's point of view and suggested solutions to enhance Ghana's international competitiveness, especially in the post-2015 AGOA extension.

The enormous costs associated with poor infrastructural development, as stipulated in the studies, have the potential of damaging Ghana's determinations in the post-2015 AGOA world. If remained unresolved, they may even make matters worse by degenerating current achievements to absolute zero. In order to avoid a total backlash, it is extremely important for the recent energy crisis to be stabilized to allow the growth of small-businesses and major companies in Ghana. It is therefore recommended that the government should find alternative means to keep our industries and firms running 24/7, while adopting long-term measures to resolve the country's major source of electricity challenges. For the purpose of meeting short term-goals, then, the Karpower barge is hereby applauded as a major step forward. Ghana's energy crisis can greatly be improved if ordinary citizens learn to conserve energy in their various work places, homes, apartments, rooms, kitchen, bathrooms, and even in our bedrooms. Ghanaians need an attitudinal change towards the use of electricity and its conservation. While the government is under pressure to mitigate the energy crisis, we can cushion this effort greatly

by turning off all home appliances while we shall be away for work and vice versa. Again, the government should put in place sound policies to embark on a nationwide road construction that aims at meeting long-term goals. It is hereby advised that, the implementation of shoddy road construction by successive governments and their contractors must be put to stop and effort must be made to reassure Ghanaians of quality and not quantity. Often, governments have sacrificed sound-long-term-projects (SLTP) for shoddy-short-term-projects (SSTP) in order to be reelected into political offices. This is rather unfortunate.

In addition, it is important for Ghana to strive and keep the U.S. sanitary and phytosanitary measures. The bar will never be lowered down, no matter what. Tactically, it seems that the U.S. uses these standards to ward off *too much* in her market. AGOA is a policy designed to usher Sub-Saharan African counties into serious competition with one another. Given the previous level of mediocrity, how can Ghana improve upon the general prevailing skill levels in the Ghanaian workforce? Three possible ways have been suggested here. The first two may serve to resolve the short-term problems facing the country, while the last one contributes towards long-term targets. One, there must be some form of education to sensitize Ghanaian producers and exporters on U.S. SPS standards. In fact, the kind of education suggested here extends to include building the capacity of local producers and exporters after they have been sensitized. Two, I think that the overall production process may have to be fragmented to allow Ghana export semi-processed AGOA products to feed the U.S. industries and still be qualified as though they were finished products. And final, the state should equip existing educational institutions of all the necessary apparatuses with well-upgraded teachers, and should refrain from extending empty educational infrastructure across the country. Scholarships should be awarded to needy but brilliant students and enrollment should be backed by legal force. In fact,

Ghana needs a system that emphasizes the entrepreneurial and technological aspect other than the current social-science based system of education.

The problem posed by international transportation costs also emerged as one of the major critical issues during the discussion. It is important to note that, AGOA does not extend coverage to international transportation costs and, therefore, all exporters will have to find their way out. The two major routes used for transporting containers are either by air or by the sea. It is recommended that Ghanaian exporters should consider transporting their containers via the former other than the latter. Research has shown that, air transport costs have reduced massively with the invention of the jet engines in the past decades. In addition jet engines are more reliable, faster, and consume less fuel than the outdated piston engines. Thus, the opportunities for reducing costs by air transport could be explored more in the post-2015 AGOA world.

The impact of AGOA in the lives of the rural folks is far less compared to those in urban areas. Some people, perhaps, may not have even heard of the name, **AGOA**, let alone tell what it stands for and how it impacts their lives. Often, government attention is geared towards maximizing output in the textile and apparel industries at the expense of the agricultural sector. It is hereby recommended that Regional and Sub-regional AGOA Implementation Committees should be created to help raise awareness about the benefits of AGOA at the rural areas. In most cases, the processing of agricultural products for export begins after the products have been transported into urban areas. This is a mistake. The awareness of farmers on the production, processing, and transportation techniques should be raised from day one and the necessary support should be given as early as possible.

High interest rates charged for contracting loans have the potential of stalling business activities in Ghana. Financial institutions can contribute immensely to ignite the growth of businesses by keeping the cost of capital low. When businessmen and women alike can be assured of low interest rates with better terms and conditions for making repayment, the scope of economic activities will be expanded and more jobs will be created as well. Therefore, it is hereby recommended that, financial institutions, such as the banks and credit unions, should open up their doors by way of granting soft loans to those who possess both the bravery and requisite skills for venturing into the world of business. This will go a long way to keep existing businesses running and promote the creation of new ones in addition.

AGOA is a U.S.-designed foreign policy and this fact alone makes the technical assistance of the United States of America inescapable. Certainly, the implementation of AGOA will prove disastrous in Ghana if the U.S. fails to append the appropriate technical and financial backing to the designed policy on the ground. This fact is amply substantiated by the results of the performance appraisals conducted by this research to ascertain the impacts of AGOA in Ghana since 2000. In the light of this calculation, it is hereby recommended that, the U.S. should kindly extend her magnanimity to include the appropriate technical and financial backing needed to make the designed policy a success in Ghana.

No matter the proportion the country radiates, the struggle to overcome the negative consequences of global warming requires Ghana to congregate with the rest of the world in controlling the volume of greenhouse gases emission. It requires some degree of political commitment in passing legislations that superimpose a quantitative limit on industrial emissions. There must also be some concerted national effort geared towards managing our natural forests and commissioning tree planting exercises to help absorb the amount of carbon

dioxide in the atmosphere, naturally. Therefore, it is hereby recommended for the state to establish regulatory bodies to monitor and control the rate of carbon dioxide emissions from our industries and firms. It is also recommended for the state to put in place sound measures to undertake serious and continuous tree planting exercises across the country. In order to properly achieve these objectives, it is important not to politicize issues when developing policies and programs to control carbon dioxide emissions in Ghana.

There must also be a national effort intended to control and manage dumping of waste products in Ghana. Some research shows that industrial waste, both hazardous and non-hazardous, can be buried in well-structured underground depressions. Again scrap metals and other waste products can be gathered up and used as raw materials to either feed local industries or be exported to feed industries abroad. In addition, Ghanaian citizens need to be given sound education on how to manage waste products at the local, district, regional, and national levels. Sound education will enable some individuals to avoid the dangers associated with dismantling the computer CPU and other metal scraps ignorantly. This is important because most children in our communities see this act as a fun. It is hereby recommended that government agencies at the local, district, regional, and national levels should devise sound ways of reaching out to the rural and urban communities in order to sensitize them on proper waste management methods.

Finally, given the outcome of this research, would the researcher dare to recommend the ratification of the Economic Partnership Agreement (EPA) *in haste* for Ghana? There is certainly some suggestion the researcher can offer. I will begin by first commenting on the view point of a former Ghanaian Deputy Minister for Trade and Industry, Mr. Murtala Mohammed. The country relished a duty-free/quota-free penetration into the EU markets under the Market Access Regulation, and further enjoyment after 2014 depended on her eager readiness to sign

the highly criticized EPA agenda with the E.U. In the midst of a nationwide consternation, the Ghanaian Minister contended that, it was important for the country to sign the EPA in order not to destabilize Ghana's penetration into the E.U. markets after 1st January, 2015. Well, he was right. But Ghana could not have opened up completely for the E.U. when the country had not specialized enough to compete with this trade giant. Granting Ghana a quota-free/duty-free access to the E.U. market for a stipulated time period and using that as the basis for a final ratification of the EPA could prove disastrous for Ghana. That thing could have been used as a snare to entrap Ghana, knowing very well that the country will be unable to specialize or do her homework well by the end of the ultimatum. Therefore, signing the EPA agenda is possible provided that the following condition could be met. That: the E.U. will refrain from exporting those products that have the potential of damaging burgeoning firms in Ghana. We will have to stay alert and never jeopardize nor compromise the future of our country to serve the interest of nations that have already developed and only seek riches in profusion. It is hereby recommended that, Ghanaian politicians should be guided by theoretical propositions in their actions and inactions.

5.4.1. Conclusion:

Signed into force on 18th July, 2000, AGOA officially terminated in September, 2015. In order to demonstrate U.S. unwavering commitment towards alleviating abject poverty in Sub-Saharan Africa, AGOA was extended to last for the next one decade at a forum held in Gabon in August, 2015. Since its inception in 2000, the challenges impeding progress have varied across each country and the way forward was to be determined by each country as well. In the case of Ghana, some contributory factors that explained her poor performance are lack of a high-powered national AGOA coordinating body, poor infrastructural development, and low skill

levels among others. In the midst of these challenges, however, the records reveal that there have been some positive gains that the nation accrued under AGOA initiatives. And what is even more remarkable about this U.S.-Ghana bilateral trade is that, AGOA does not exert any negative influence on the activities of local industries and firms in Ghana.



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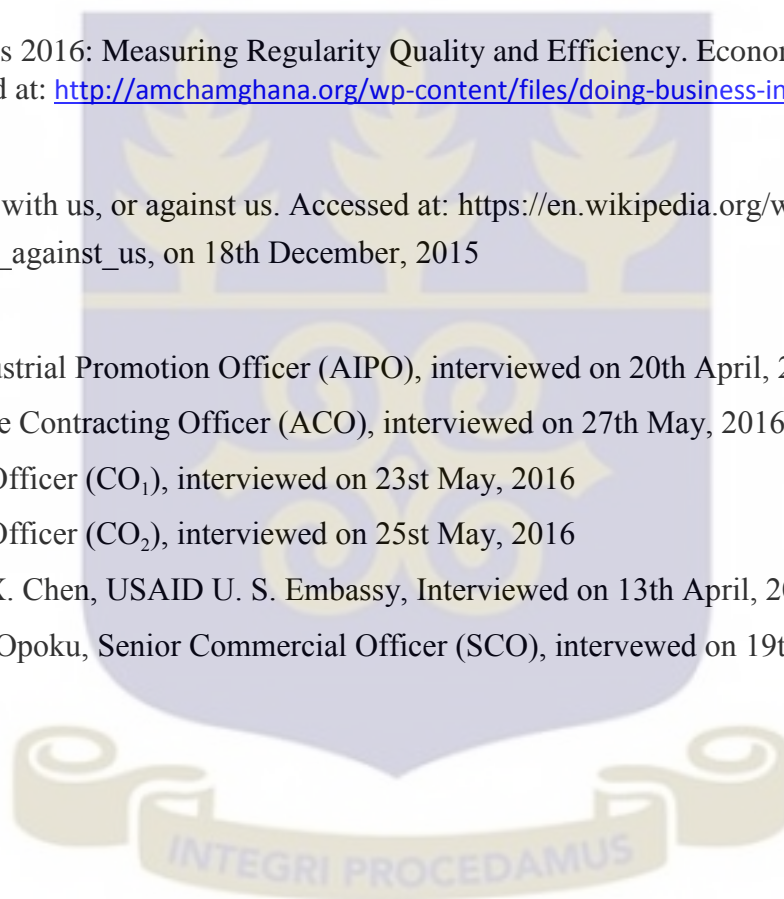
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2. Administrative Contracting Officer (ACO), interviewed on 27th May, 2016
3. Commercial Officer (CO₁), interviewed on 23st May, 2016
4. Commercial Officer (CO₂), interviewed on 25st May, 2016
5. Mr. Richard X. Chen, USAID U. S. Embassy, Interviewed on 13th April, 2016
6. Mr. Mickson Opoku, Senior Commercial Officer (SCO), interviewed on 19th April, 2016



Appendix

THE INTERVIEW DISCUSSION GUIDE

GHANA'S TRADE RELATIONS WITH THE UNITED STATES OF AMERICA: A CASE STUDY OF THE AFRICAN GROWTH AND OPPORTUNITY ACT (AGOA)

INTRODUCTION:

This section includes an introduction of the researcher's topic and a brief overview of the Statement of the Research Problem. Respondents will be briefly enlightened on the central purpose for which this research is being conducted. Again, respondents will be made to understand that, their views and opinions would be greatly appreciated in this study. The answers they provide, too, will be highly confidential and used for academic purposes only.

BACKGROUND:

1. Gender: Male..... Female.....
2. Age.....
3. Institution.....
4. Position.....

INVESTIGATE THE GENERAL BACKGROUND OF THE AFRICAN GROWTH AND OPPORTUNITY ACT (AGOA)

5. Who makes decision regarding the implementation of AGOA in Ghana?

How are these decisions made in Ghana?

6. Who is to be blamed when these decisions do not yield fruits?
7. Some scholars have argued that, the decision on the part of developing countries to enter into free trade relations with the developed world is a mistake. According to them, third

world countries generally do not have what it takes to compete favorably with the developed world. What is your opinion on this matter?

8. On the other hand, there are those who assert that free trade relations with the developed world tend to favor developing countries. Do you also agree with this assessment?
9. Based on you answers to question 6 and 7, would you describe Ghana's signatory to the Act (AGOA) as a mistake, given the fact that the nation has recorded serious trade deficits against the U.S. throughout the period under review? Please give some explanations
10. What is Ghana's leading export products into the U.S. market under AGOA?

INVESTIGATE THE GAINS MADE SINCE GHANA SIGNED UNTO AGOA IN 2000

11. Would you describe the gains made, so far, as satisfactory, in terms of:
 - infrastructural development?
 - the ratio of U.S. foreign direct investment in Ghana?
 - Ghana's performance in relation to other AGOA beneficiary countries in SSA?
 - Job creations or employment opportunities for the citizenry?
 - inter-regional trade with other African countries under AGOA?
 - revenue generation
 - the benefits of U.S. exports into Ghana
12. Would you describe the gains made, so far, as satisfactory, in terms of enhancing/promoting:

- diplomatic ties with the U.S. and other Sub-Saharan African countries?
 - good governance in Ghana?
13. On the other hand, do you think that AGOA has contributed to undermine/infect:
- Ghana's political sovereignty?
 - Ghana's local industries?
14. Are there some U.S. imports that Ghana restricts for security or any other reasons?
15. Are there specific areas of investment that the Ghanaian government seeks to prevent U.S. investors from venturing in order to preserve for local investors under AGOA? If so, please state and give some reasons
16. What are some government laws/regulations, aside Intellectual Property Right laws, which U.S. investors must abide by in order to be able to do business in Ghana?
17. What challenges do U.S. investors face under these laws?
18. Based on your answers above, do you think that the laws make starting a business difficult in Ghana? Please explain
19. How do Ghana's relations with the E.U. (EPA) and the WTO affect her trade relations with the U.S. under AGOA?
20. How do the following affect U.S. exports in Ghana?
- a. Ad valorem tariffs (computed as a percentage based on the value of items)
 - b. Specific tariffs (fixed)
21. Do you think that AGOA has contributed to worsen dumping of waste products in Ghana?
22. What is your opinion about the impact of greenhouse gas emissions in Ghana under this trade relation with the U.S.?
23. Compared to other AGOA beneficiary countries in SSA, Ghana's performance under AGOA is nothing to write home about.

- Do you think that Ghana has not been able to make positive impacts because she is unable to compete with other competitors with similar products at the world market? In other words, do you think the nation has not been able to get her comparative advantage right prior to this trade with the U.S.?

INVESTIGATE THE CHALLENGES GHANA HAS ENCOUNTERED SINCE SIGNING UNTO AGOA IN 2000

24. Would you describe the Ghanaian AGOA National Implementation Committee as active or dormant?

Can you please give some explanation in either case?

25. What challenges does the country face with respect to AGOA rules of origin?

26. What challenges does the country face with respect to AGOA eligibility requirements?

27. How do the U.S. SPS standards pose a threat to Ghanaian producers and exporters?

28. What do you think about the participation of AGOA stakeholders in Ghana?

- are Ghanaian producers and exporters active or dormant?
- does this participation have a broader base or extends to include even those at the rural areas?
- what do you think is their major problem (the producers and exporters)?

INVESTIGATE THE WAY FORWARD IN THE POST-2015 AGOA EXTENSION

29. How can the National AGOA implementation Committee (*NAIC*) contribute to enhance Ghana's performance in the post-2015 AGOA extension?

30. Which export products, in your opinion, do you think Ghana can do better in the post 2015 AGOA extension?

31. Do you think that extending coverage to AGOA eligible products for Ghana will prove beneficial? In other words, why not concentrate on those that have been enlisted? Please explain

32. What do you recommend should be done in order to improve upon U.S. Sanitary and Phytosanitary measures in Ghana?

33. What do you recommend should be done to enable Ghana attract more U.S. foreign investment?

Thank you so much!!!

