

# The Potential Impact of the Trump Tariffs on the Ghanaian Economy

The Potential Impact of the Trump Tariffs on the Ghanaian Economy....



## Highlights

**New U.S. Tariff Regime:** Ghana faces a 10% U.S. tariff on exports, potentially increasing to 17% for certain goods.

**Commodity Market Disruptions:** Volatility in cocoa and oil prices due to global trade tensions.

**Trade Agreements at Risk:** Uncertainty surrounding the African Growth and Opportunity Act (AGOA) amid new tariffs.

## Content

**Title:** The Potential Impact of the Trump Tariffs on the Ghanaian Economy

## Highlights

**New U.S. Tariff Regime:** Ghana faces a 10% U.S. tariff on exports, potentially increasing to 17% for certain goods.

**Commodity Market Disruptions:** Volatility in cocoa and oil prices due to global trade tensions.

**Trade Agreements at Risk:** Uncertainty surrounding the African Growth and Opportunity Act (AGOA) amid new tariffs.

## **Introduction / Background**

In April 2025, President Donald Trump initiated a sweeping tariff policy, imposing a baseline 10% tariff on imports from numerous countries, including Ghana. This move, part of a broader "America First" trade strategy, aims to address perceived trade imbalances. While Ghana was not directly targeted initially, the interconnected nature of global trade means these tariffs have significant implications for the Ghanaian economy.

## Research Methodology

This analysis draws upon:

Recent reports from the Bank of Ghana and Ghana Statistical Service.

Trade data from the U.S. International Trade Commission.

Insights from economic think tanks and academic journals.

Media reports and expert analyses on the evolving trade landscape.

## Key Statistics and Facts

1.

**Tariff Rates:** Ghana now faces a 10% U.S. tariff on exports, potentially increasing to 17% for certain goods.

2.

**Commodity Dependence:** Cocoa, gold, and oil constitute over 80% of Ghana's export earnings.

3.

**Currency Stability:** The Ghanaian cedi trades at approximately 15.45 per U.S. dollar, stabilized by central bank interventions.

4.

**AGOA Uncertainty:** The African Growth and Opportunity Act (AGOA), providing duty-free U.S. market access, is under threat due to new tariffs.

5.

**Export Volume:** Ghana's exports to the U.S. totaled \$1.2 billion in 2024.

6.

**Investment Impact:** Trade tensions have led to a slowdown in foreign direct investment inflows.

7.

**Manufacturing Challenges:** Increased costs for imported raw materials affect local manufacturing competitiveness.

8.

**Agricultural Sector Risks:** Tariffs threaten Ghana's agricultural exports, particularly cocoa.

9.

**Employment Concerns:** Export-linked sectors face potential job losses due to decreased competitiveness.

10.

**Regional Trade Dynamics:** Ghana's position in the African Continental Free Trade Area (AfCFTA) may offer alternative trade opportunities.

## Critical Analysis

The imposition of U.S. tariffs presents multifaceted challenges for Ghana.

**Export Competitiveness:** The new tariffs increase the cost of Ghanaian goods in the U.S. market, potentially reducing demand and affecting export revenues.

**Commodity Market Volatility:** Global trade tensions have led to fluctuations in commodity prices, impacting Ghana's earnings from cocoa, gold, and oil.

**Trade Agreement Uncertainty:** The future of AGOA is uncertain, and its potential expiration could further limit Ghana's access to U.S. markets.

**Investment Climate:** Heightened trade uncertainties deter foreign investment, affecting economic growth prospects.

**Manufacturing Sector:** Increased costs for imported inputs due to tariffs strain local manufacturers, potentially leading to higher consumer prices and reduced competitiveness.

## Current Top 10 Factors Impacting This Indicator

1.

**U.S. Tariff Policies:** Directly affect Ghana's export competitiveness.

2.

**Global Commodity Prices:** Fluctuations impact export revenues.

3.

**Exchange Rate Volatility:** Affects import and export dynamics.

4.

**Trade Agreement Stability:** Uncertainty around AGOA and other agreements.

5.

**Foreign Direct Investment Trends:** Influence economic growth.

6.

**Manufacturing Input Costs:** Tariffs increase production costs.

7.

**Agricultural Export Health:** Tariffs impact key sectors like cocoa.

8.

**Employment Rates:** Export sector job losses affect the economy.

9.

**Regional Trade Opportunities:** AfCFTA offers alternative markets.

10.

**Government Policy Responses:** Fiscal and monetary measures to mitigate impacts.

## Projections and Recommendations

### Projections:

**Short-Term:** Export revenues may decline due to reduced competitiveness in the U.S. market.

**Medium-Term:** Potential reorientation towards regional markets through AfCFTA.

**Long-Term:** Diversification of export markets and products to reduce dependence on traditional commodities.

### Recommendations:

1.

**Diversify Export Markets:** Explore alternative markets to reduce reliance on the U.S.

2.

**Enhance Value Addition:** Invest in processing industries to increase export value.

3.

**Strengthen Regional Trade:** Leverage AfCFTA to access broader African markets.

4.

**Improve Investment Climate:** Implement policies to attract and retain foreign investment.

5.

**Support Affected Sectors:** Provide assistance to industries and workers impacted by tariffs.

## Conclusion

The Trump administration's tariffs pose significant challenges to the Ghanaian economy, affecting...