

# **The Potential Economic and Political Impact of the Trump Tariffs on Ghana's Cocoa Economy**

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## **Highlights**

**New U.S. Tariffs:** A 10% U.S. tariff on Ghanaian cocoa exports threatens market competitiveness and revenue.

**Commodity Price Volatility:** Global cocoa prices have experienced significant

fluctuations due to trade tensions.

**Policy Implications:** The tariffs may prompt Ghana to diversify its trade partnerships and enhance regional trade agreements.

## **Content**

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**Policy Implications:** The tariffs may prompt Ghana to diversify its trade partnerships and enhance regional trade agreements.

## Research Methodology

This analysis utilizes data from:

Ghana Cocoa Board (COCOBOD)

Ghana Statistical Service

U.S. International Trade Commission

World Bank and IMF reports

Recent news articles and economic analyses

## Key Statistics and Facts

1.

**U.S. Tariff Implementation:** A 10% tariff on Ghanaian cocoa exports to the U.S. was imposed in April 2025.

2.

**Cocoa Export Value:** Ghana's cocoa and cocoa preparations exports were valued at approximately \$1.9 billion in 2023.

3.

**Global Cocoa Prices:** Cocoa prices have quintupled over the past 18 months, reaching over £9 per kg.

4.

**Export Dependence:** Cocoa accounts for about 11.2% of Ghana's total exports.

5.

**Major Export Destinations:** The U.S. is a significant importer of Ghanaian cocoa, alongside the EU and Asia.

6.

**Employment Impact:** The cocoa sector employs a substantial portion of Ghana's agricultural workforce.

7.

**AGOA Uncertainty:** The African Growth and Opportunity Act (AGOA) faces potential challenges amid new tariffs.

8.

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

9.

**Cocobod Profit:** Ghana's cocoa regulator posted a profit of \$149.8 million in 2022/23, aided by debt restructuring.

10.

**Climate Challenges:** Climate change and disease have reduced cocoa yields, impacting supply.

## Critical Analysis

The imposition of a 10% U.S. tariff on Ghanaian cocoa exports presents multifaceted challenges:

**Economic Impact:** The tariff increases the cost of Ghanaian cocoa in the U.S. market, potentially reducing demand and affecting export revenues.

**Market Diversification:** Ghana may need to explore alternative markets and strengthen regional trade agreements to mitigate reliance on the U.S.

**Supply Chain Adjustments:** Producers may face pressure to reduce costs, potentially impacting quality and sustainability practices.

**Policy Responses:** The government may need to implement supportive policies for the cocoa sector, including subsidies or incentives for diversification.

## Current Top 10 Factors Impacting This Indicator

1.

**U.S. Tariff Policies:** Directly affect export competitiveness.

### **Projections:**

**Short-Term:** Potential decline in U.S. cocoa exports due to tariffs.

**Medium-Term:** Market diversification may stabilize export revenues.

**Long-Term:** Investments in value addition and sustainability could enhance competitiveness.

### **Recommendations:**

1.

**Market Diversification:** Explore new markets in Asia and the Middle East.

2.

**Value Addition:** Invest in processing facilities to export finished products.

3.

**Sustainability Practices:** Adopt climate-resilient farming techniques.

4.

**Policy Support:** Implement supportive policies for the cocoa sector.

5.

**Trade Negotiations:** Engage in diplomatic efforts to address tariff concerns.

## Conclusion

The U.S. tariffs on Ghanaian cocoa exports pose significant economic and political challenges. However, by implementing strategic measures such as market diversification, value addition, and supportive policies, Ghana can mitigate these impacts and strengthen its cocoa economy.

## Notes

Continuous monitoring of global trade policies is essential.

Stakeholder engagement is crucial for effective policy implementation.

## Bibliography + References

Ghana Cocoa Board (COCOBOD) Reports

Ghana Statistical Service Data

U.S. International Trade Commission Reports

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