



**NATIONAL SEED
TRADE ASSOCIATION
OF GHANA - (NASTAG)**

The Hon. Minister

Ministry of Finance and Economic Planning

P.O.Box MB 40

Ministries- ACCTA-GA-144-2024

Dear Sir,

**THE DELAY IN GRANTING TAX EXEMPTIONS ON AGRICULTURAL
COMMODITIES POSE A SERIOUS RISK TO AGRICULTURE AND AGRIBUSINESS
ACTIVITIES IN THE COUNTRY**

23/01/2023

Friends from the media;

The members and management of CropLife Ghana, Chamber of Agribusiness Ghana, Peasant Farmers Association of Ghana (PFAG), National Seed Trade Association of Ghana (NASTAG) and Ghana Rice Interprofessional Body (GRIB) are worried by the delay of Minister of Finance and Economic Planning in granting tax exemptions for agricultural commodities as requested by Minister of Food and Agriculture. This delay has a dire consequence for the sector which is already fragile due to global Price increases in agricultural machinery and agro-inputs leading to high cost of production and could further worsen the food security situation in the country going forward.

Ladies and Gentlemen, the President of the Republic of Ghana on 12th September 2022 assented to the Tax Exemptions Act 2022, Act 1083 which is meant to regulate the application of tax exemptions and create an exemptions regime for goods imported into the country. Whiles we laud attempts by government to streamline tax exemptions and rake in more revenues to develop the country, agricultural goods and equipment are not included in the list of items exempted from import duties. This decision by government to specifically exclude agricultural goods in the list is

shocking and contradicts the government's own policy of transforming the economy through agricultural transformation. Fortunately, ladies and gentlemen; to compensate for the omission, the Act allows the Finance Minister to grant industry-specific exemptions based on recommendations of a given sector Minister with Cabinet approval.

Friends of the Media, given the critical nature of agricultural and agribusiness activities in the country, on 10th January 2023, the Minister of Food and Agriculture applied for exemptions for agricultural commodities. While we still await decision of the finance Minister and government to grant the request, our clients and service providers have their goods currently locked up at the ports due to exorbitant charges slapped on them by way of import taxes. For instance; one of our service providers that has livestock vaccines valued at GHS 420,000 in import was asked to pay GHS 330,000 as it no longer attracted exemptions. Due to this, the company immediately halted the shipment and asked for an extension hoping that ministry of finance would have granted the exemptions.

Ladies and gentlemen from the media, this development has dire consequences for the sector which is already battling with high input and machinery cost partly attributed to the Russian-Ukraine conflict, high cost of shipment, depreciation of the cedi and high transport cost associated with high fuel prices. On average, most farmer in 2022 produced at a loss, some have to scale down their production and others sought for alternative businesses due to high cost of production. A situation leading to low food supply, high food prices contributing to record high inflation of 54% in December 2022. This situation will be compounded if taxes are further imposed on agro-based products.

Again, this action defeats government's own efforts to anchor the country's developmental agenda on agricultural transformation. The government is investing in input subsidies, extension services; research and market support system and encouraging the youth and private investors to engage in agriculture. The current situation will therefore be counterproductive to governments' own efforts as high cost will scare investors from a sector that is already overburdened with risk and uncertainties. Furthermore, most agro-based industries are shrinking and others are folding up due to high cost of raw materials; government should rather be interested in policies and actions that reduces cost of doing business in the agricultural value chains rather than counterproductive policies like import duties on agro-products.

We therefore call for the following:

1. That the Minister of of Finance, as a matter of urgency speed up in granting the request by the Minister of Food and Agriculture and grant exemptions to the agricultural commodities as captured in the application letter. This decision should be taken immediately without any further delay, as international prices of these goods might escalate if we continue to wait.
2. That the Government and Parliament take a second and swift look at the Exemptions Act and take steps to amend and specifically include agricultural goods and equipment in the list of exemptions. The decision to have agricultural commodities being considered as general goods and given discretion to a sector minister is a dangerous move which might not auger well for the sector

Thank you.

Signed by:

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2. Rashid Kadiri – Croplife - 0249689725
3. Augusta Nyamadi Clottey – Executive Secretary- National Seed Trade Association - 0244294738
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5. Nana Adjei Ayeh II- President -Ghana Rice Interprofessional Body - 0243302815

Cc:

- Minister- Ministry of Food and Agriculture
- The Chief Director- Ministry of Food and Agriculture
- The Chairman, Parliamentary Select Committee on Food and Cocoa Affaires