



Department for
International Trade

Continuing the United Kingdom's Trade Relationship with Ghana

Interim Trade Partnership Agreement between the United Kingdom of Great Britain and Northern Ireland, of the one part, and the Republic of Ghana, of the other part

April 2021



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Presented to Parliament

by the Secretary of State for International Trade

by Command of Her Majesty

April 2021



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Introduction

1. This report explains the approach of Her Majesty's Government ("HM Government to delivering continuity in the United Kingdom's trade relationship with the Republic of Ghana ("Ghana") now that the United Kingdom has left the European Union ("EU").
2. With our exit from the EU, HM Government has sought to deliver the maximum possible certainty to businesses and consumers through ensuring continuity in the United Kingdom's existing trade relationships. It is in both Ghana and the United Kingdom's interests to minimise disruption to trade flows.
3. To achieve this, HM Government has developed new agreements that replicate, as far as possible, the effects of the EU's trade arrangements with partner countries, as they applied to the United Kingdom prior to the end of the transition period.¹ The Interim Trade Partnership Agreement between the United Kingdom of Great Britain and Northern Ireland, of one part, and the Republic of Ghana, of the other part ("United Kingdom-Ghana TPA") is intended to take effect as soon as possible, as the Stepping Stone Economic Partnership Agreement between Ghana, of the one part, and the European Community and its Member States, of the other part ("the EU-Ghana Stepping Stone EPA") ceased to apply to the United Kingdom on 1st January 2021.
4. Wherever possible, HM Government has sought a technical replication of these agreements, but in some cases, it has applied bespoke solutions for individual agreements as necessary to ensure continuity of effect.
5. This report gives details of, and explains the reasons for, any significant differences between the United Kingdom-Ghana TPA and the EU-Ghana Stepping Stone EPA.
6. The report sets out the general drafting changes, which are consistent across all of the United Kingdom's continuity trade agreements, and which do not have a significant impact on the effect of the United Kingdom's current trade relationships. It explains any significant differences between the trade related provisions in the United Kingdom-Ghana TPA and the EU-Ghana Stepping Stone EPA also. The report includes some discussion of the economic impacts and focuses solely on the changes made to the trading arrangements between the United Kingdom and Ghana (the "Parties") as a result of moving from the previous arrangement under the EU-Ghana Stepping Stone EPA to a new agreement. Any other impacts resulting from the United Kingdom's exit from the EU have been excluded from this report.

Legal approach

7. The United Kingdom has chosen the form that the states involved agree is the most pragmatic and sensible in the circumstances, taking into account the wishes of partner countries. Accordingly, some agreements have been drafted in long form to reflect these wishes. The United Kingdom-Ghana TPA is a long form agreement.
8. Ghana is a Member of the Economic Community of West African States, a regional organisation of fifteen West African countries promoting economic and regional integration amongst its Member States. These countries, together with Mauritania, negotiated a region-

¹ The transition period is the period provided for in Article 126 of the Agreement on the withdrawal of the United Kingdom of Great Britain and Northern Ireland from the European Union and the European Atomic Energy Community, signed in London and Brussels on 24th January 2020.

wide agreement with the European Union, the Economic partnership agreement between the West African States, the Economic Community of West African States (ECOWAS) and the West African Economic and Monetary Union (UEMOA) of the one part, and the European Union and its Member States, of the other part (“the EU-West Africa EPA”).² The negotiations of this region-wide agreement concluded in 2014, but not all West African countries signed up to the agreement at the time (as of December 2020, Nigeria has still not signed).³ As such, the EU-West Africa EPA never came into effect. Therefore, as our trade with Ghana before the end of the transition period took place in accordance with the EU-Ghana Stepping Stone EPA, HM Government has sought to replicate, as far as possible, its effects.

9. HM Government noted the strong wishes of Ghana to draw on the EU-West Africa EPA where possible though. To draft the United Kingdom-Ghana TPA, the United Kingdom and Ghana have reproduced relevant sections of the EU-West Africa EPA and have aligned these with provisions of the EU-Ghana Stepping Stone EPA where there is a divergence in the substance of the two agreements, in order that it is the effects of the EU-Ghana Stepping Stone EPA that have been replicated. Necessary technical and administrative changes have been made also to make sure the agreement is operable between the United Kingdom and Ghana.

Resources

10. This report is intended to aid businesses, consumers and parliamentarians in understanding any significant differences made to the United Kingdom’s trade relationship with Ghana under the EU-Ghana Stepping Stone EPA by the United Kingdom-Ghana TPA, the reasons for any changes, and their impact.
11. Should you wish to view the [EU-Ghana Stepping Stone EPA](#) as originally published, and the subsequently agreed [Rules of Origin Protocol](#) and [Tariffs Liberalisation Schedule](#), these can be found online on the EUR-Lex website and the website of the European Commission.
12. Should you wish to view the full text of the United Kingdom-Ghana TPA, it will be laid in Parliament alongside an Explanatory Memorandum as part of the United Kingdom’s treaty ratification process in accordance with the Constitutional Reform and Governance Act 2010. The text will be available on GOV.UK too.

² UEMOA is another regional organisation in West Africa comprised of eight Member States (Benin, Burkina Faso, Cote d’Ivoire, Guinea Bissau, Mali, Niger, Senegal and Togo). All UEMOA Member States are also ECOWAS Member States.

³ https://trade.ec.europa.eu/doclib/docs/2009/september/tradoc_144912.pdf

Economic Background

13. This section provides a country-specific background analysis of trade between the United Kingdom and Ghana.

Trade between the United Kingdom and Ghana

14. Ghana is the United Kingdom's 75th largest trading partner,⁴ accounting for around 0.1% of total trade. Total trade in goods and services between the United Kingdom and Ghana was £1.2 billion in 2019.⁵

15. HM Government expects the United Kingdom-Ghana TPA to support jobs and economic development in Ghana by replicating the effects of its previous trading arrangements with the United Kingdom including duty free and quota free access. This could be of benefit to partner firms producing goods for which the United Kingdom is an important export market and of benefit to consumers through lower prices. In 2019, the United Kingdom's market accounted for around 39% of Ghana's exports of tinned tuna, and 21% of Ghana's exports of bananas.⁶

16. In 2019, our exports to Ghana were £722 million, making it the United Kingdom's 73rd largest export market (accounting for around 0.1% of all our exports). Our imports in goods and services from Ghana were £498 million, making it the United Kingdom's 74th largest import source (accounting for less than 0.1% of all our imports).⁷

Table 1: Trade between the United Kingdom and Ghana, 2019 (£ million)

	Trade in goods	Trade in services	Total trade
Our exports to Ghana	421	301	722
Our imports from Ghana	291	207	498
Total trade	712	508	1,220

Source: [ONS, \(2020\). UK total trade: all countries, non-seasonally adjusted](#) (accessed 23rd December 2020).

17. Using data from HMRC for trade in goods only, Table 2 shows that in 2019 the top our goods exported to Ghana were worn clothing and other made up textile articles (HS63, £71 million), machinery and mechanical appliances (HS84, £47 million), and miscellaneous chemical products (HS38, £32 million), together representing around 40% of the total value of goods exported to Ghana from the United Kingdom. The United Kingdom's top goods imported from Ghana were mineral fuels and oil (HS27, £136 million), preparations of meat and fish (HS16, £45 million), edible fruit and nuts (HS08, £45 million), and cocoa and cocoa preparations (HS18, £24 million), together representing nearly 90% of the total value of the United Kingdom's goods imported from Ghana.

⁴ EU member states are treated as individual trading partners with the United Kingdom.

⁵ ONS (2020), [UK total trade: all countries, non-seasonally adjusted \(accessed 13th November 2020\)](#).

⁶ DIT's own calculations using data from [UN COMTRADE](#) (accessed November 2020). Figures are given for imports from Ghana of product categories HS 1604 (*Fish preparations; tunas, skipjack and Atlantic bonito*) and HS 803 (*Bananas, including plantains*), reported by the United Kingdom, as a proportion of the total imports of the same products from Ghana reported by all countries. These figures may differ from those implied by export data reported by Ghana.

⁷ ONS (2020), [UK total trade: all countries, non-seasonally adjusted \(accessed 13th November 2020\)](#).

Table 2: Our top five goods exports to Ghana and goods imports from Ghana, 2019 (HS2,⁸ £ million)

Our top 5 goods exports to Ghana	Value	Our top 5 goods imports from Ghana	Value
Worn clothing and other made up textile articles	71	Mineral fuels and oils	136
Machinery and mechanical appliances	47	Preparations of meat or fish	45
Miscellaneous chemical products	32	Edible fruit and nuts	45
Articles of iron or steel	27	Cocoa and cocoa preparations	24
Electrical machinery and equipment	24	Edible vegetables	10

Source: [HMRC trade statistics by commodity code](#) (accessed 23rd December 2020). Sectors classified according to Harmonised System chapters. Data presented is recorded on a physical movement basis where a good is recorded as an export (import) if it physically leaves (enters) the economic territory of a country.

18. A detailed breakdown of types of services traded is not available for our trade with Ghana.
19. ONS data is recorded on a 'Balance of Payments' or 'change of ownership' basis where a good or service leaving (entering) the economic territory of a country is recorded as an export (import) only if it has changed ownership between the resident of the reporting country and non-residents. Goods exports (imports) are recorded by HMRC if a good physically leaves (enters) the economic territory of a country.

British businesses exporting to and importing from Ghana

20. In 2019, HMRC estimated that around 1,951 VAT registered businesses in the United Kingdom exported goods to Ghana and around 346 imported goods from Ghana.⁹ As these figures only include businesses trading in goods, they are likely to underestimate the total number of businesses trading with Ghana.
21. For context, provisional survey data from the ONS shows that around 340,500 (non-financial) registered businesses in Great Britain traded in either goods or services or both in 2018 with another country.¹⁰ This was just under 15% of all VAT/PAYE registered businesses. There were around 211,100 (non-financial) registered businesses in Great Britain engaged in goods trade with another country and 188,400 (non-financial) registered businesses trading in services in 2018. Some of these businesses traded in both goods and services. There will be other businesses trading internationally, which are not identified by these surveys as they are not registered for VAT. Neither of these sources include businesses trading below the VAT registration threshold.

Economic impact of the EU-Ghana Stepping Stone EPA

22. In 2007, the European Commission published a Sustainability Impact Assessment ("SIA") covering all the Economic Partnership Agreements ("EPAs") that the EU was negotiating with African, Caribbean and Pacific ("ACP") States.¹¹ The SIA used a mix of qualitative and quantitative techniques, including some computable general equilibrium ("CGE") and partial equilibrium ("PE") modelling. It found that the EPAs could have a positive effect on two-way

⁸ The Harmonised System (HS) is an international nomenclature for the classification of products. It allows participating countries to classify traded goods on a common basis for customs purposes. HS2 refers to the high-level "chapters" of the HS system (i.e. the first two digits of the HS code).

⁹ HMRC (2020). [Regional trade statistics interactive analysis: second quarter 2020](#) (accessed 23rd December 2020).

¹⁰ ONS (2019). [Annual Business Survey: Non-financial business economy, exporters and importers in Great Britain 2018](#) (accessed 9th September 2020).

¹¹ European Commission (2007), '[Sustainability Impact Assessment of the EU-ACP Economic Partnership Agreements – Summary of key findings, policy recommendations and lessons learned – Executive summary](#)'.

trade flows for both Least Developed Countries (“LDCs”) and non-LDCs, and could have a positive impact on the economy through increased production for both LDCs and non-LDCs. The range of sizes of this positive effect was found to be very wide (from modest to substantial). It also found that there would be a positive social impact through greater employment and incomes. However, there was uncertainty over the effects on the environment.

23. A sustainability impact assessment with a focus on West African countries, including Ghana, analysed the expected impacts of an EU EPA on the agriculture sector. The study found that tariff-free preferential access to the EU market for West African goods had encouraged exports in the period before an EPA was being considered. The EPA would maintain tariff-free access for non-LDCs such as Ghana, which would not be eligible for the EU’s ‘Everything But Arms’ unilateral preference scheme, and would thus be expected to have positive impacts for exports of some specific fruits and vegetables from these countries that would otherwise face tariffs. West African preferential tariff liberalisation could reduce costs for West African producers due to slightly lower prices for inputs such as fertilisers, machines and packaging. In a few products, such as poultry and some vegetables the study found that removing tariffs could reduce government tariff revenue and undermine local production, but, overall the study found that an EU EPA with West Africa could encourage growth in the medium and longer term, so long as liberalisation was phased in gradually and sensitive goods were excluded from tariff liberalisation commitments.¹²
24. The European Commission has highlighted other general development benefits associated with EPAs for partner countries.¹³ These range from creating new business, trade and investment opportunities, to positive labour market impacts and support for farmers, and to promoting economic integration into the local region.
25. The tariff liberalisation schedule agreed by Ghana as part of the EU-Ghana Stepping Stone EPA is asymmetric, and will be implemented gradually until 2029.¹⁴ Ghana committed to liberalise nearly 80% of tariff lines,¹⁵ covering around 80% of Ghanaian imports from the EU.¹⁶ Examples of liberalised imports are industrial machines (pumps, generators, turbines, etc.), certain vehicles (boats, tractors), and chemicals, all of which are inputs used by Ghanaian industries which are not produced locally. In addition, if local industry is threatened by import surges from Europe, the EU-Ghana Stepping Stone EPA allows safeguard measures to be triggered to protect industrial sectors and infant industries.¹⁷
26. A report published by AETS (Application Européenne de Technologies et de Services) for the EU in 2019 examined the extent to which tariff liberalisation by Ghana for European products was likely to have an impact on Ghana’s trade in products incorporating European inputs with other members of the ECOWAS (Economic Community of West African States) customs union.¹⁸ The study found that these impacts would likely be relatively small, driven by the fact that regional goods imports from Ghana containing EU origin inputs and benefitting from regional tariff preferences account for only a very small proportion of trade for ECOWAS partners.

¹² Price Waterhouse Coopers, Forum pour l’Afrique et al (2005), ‘[Sustainability Impact Assessment of the EU-ACP Economic Partnership Agreements – West Africa: Agro-industry](#)’.

¹³ European Commission (2016) ‘[10 benefits of Economic Partnership Agreements \(EPAs\)](#)’.

¹⁴ European Commission (2019), ‘[Updated Ghana’s Market Access Offer for products originating in the EU](#)’.

¹⁵ European Commission (2019), ‘[Updated Ghana’s Market Access Offer for products originating in the EU](#)’.

¹⁶ European Commission (2017), ‘[Factsheet on the interim Economic Partnership Agreement between the EU and Ghana](#)’.

¹⁷ European Commission (2017), ‘[Economic Partnership Agreements](#)’.

¹⁸ AETS Consortium (2019), ‘[Implementation of the Interim EPA in Côte d’Ivoire and in Ghana: impact study on regional integration in West Africa](#)’.

27. In 2015, the then Department for International Development commissioned a Rapid Evidence Assessment on the empirical impact of Free Trade Agreements (“FTAs”) between developed and developing countries. It focussed on economic development in developing countries.¹⁹ The assessment concluded that there is mixed evidence on the observed impacts of FTAs on trade between developed and developing countries, and while some studies find large positive impacts of FTAs on the value of trade flows, others find minor or no impacts. This could be explained by methodological differences between studies, by differences in the content of agreements, or by the political, economic and institutional context of FTA partners. The Rapid Evidence Assessment also found that the empirical literature did not provide conclusive guidance on the overall impact of FTAs on economic development, due to a few significant gaps in coverage, particularly regarding the revenue, distributional and social/environmental effects of FTAs.

Potential cost to the United Kingdom if the United Kingdom-Ghana TPA is not brought into effect

28. Before 1st January 2021, the United Kingdom and Ghana traded under the EU-Ghana Stepping Stone EPA. Since 1st January, goods imported from Ghana have been eligible for tariff preferences under the United Kingdom’s Generalised Scheme of Preferences (“UK GSP”) (see paragraph 38). Our exports to Ghana have continued to be subject to Ghana’s Most Favoured Nation (“MFN”) tariffs.

29. The United Kingdom-Ghana TPA not being applied would result in businesses in both countries not accessing the preferences negotiated in the United Kingdom-Ghana TPA. This would mean the continued imposition of higher tariffs on certain Ghanaian products which do not receive duty free access under GSP, and our business not benefitting in the future from Ghana’s staged tariff liberalisation. Furthermore, developments in the bilateral trade relationship, such as increases in trade flows, which were derived from trading under preferences within the EU-Ghana Stepping Stone EPA, might be reversed over time. Although it should be noted that some gains could endure, for example, business connections formed because of Ghana’s previous duty-free access.

30. The size of the impact of not bringing the United Kingdom-Ghana TPA into effect would depend on the responsiveness of trade flows to increased costs brought about by the loss of access to the preferences provided under the EU-Ghana Stepping Stone EPA.²⁰

Immediate impact if not brought into effect

Impact of tariffs under current MFN and GSP rates²¹

31. Much international goods trade takes place in products for which MFN rates are already zero. However, trade and association agreements provide additional opportunities by reducing tariffs on products where this is not the case. If the United Kingdom-Ghana TPA is not brought into effect, tariffs between the two countries would continue at MFN rates, other than where Ghana benefits from preferential access to our market under the unilateral preference scheme that the United Kingdom implemented when the transition period came to an end. This scheme is the

¹⁹ DFID (2015), [‘The Impact of Free Trade Agreements between Developed and Developing Countries on Economic Development in Developing Countries’](#).

²⁰ Head K and Mayer T (2014), [‘Gravity Equations - Workhorse, toolkit and cookbook’](#), *Handbook of International Economics*, 4, pp. 131-195.

Dhingra S, et al. (2018), [‘Beyond Tariff Reductions: What Extra Boost From Trade Agreement Provisions?’](#) *CEP Discussion Paper No 1532*, LSE, pp. 1-38.

²¹ Tariff schedules used in this impact assessment are the applied tariff rates, not bound tariff rates.

UK GSP (see paragraph 38). Losing access to the preferences implemented under the EU-Ghana Stepping Stone EPA since 1st January 2021 has led to an increase in duties on some of our trade with Ghana.

32. The total annual increase in duties on our imports from Ghana is estimated to be around £14.5 million in 2021, if the United Kingdom-Ghana TPA is not brought into effect.²² This estimate assumes that the current patterns of trade remain unchanged in 2021 as compared to previous years (specifically 2019, which is used for these calculations), and that tariffs on these imports would otherwise remain at the United Kingdom GSP's General Framework rates on certain eligible goods, and at the United Kingdom's MFN tariff rates on ineligible goods.²³ Given these assumptions, this estimate should be treated as an indicative estimate of the magnitude of the trade barrier under this scenario.
33. Under the same assumptions, the largest implied increases in annual import duties in 2021 would be in preparations of meat and fish (HS16 - including tinned tuna) of around £7.3 million and edible fruits and nuts (HS08 – including bananas) of around £5.4 million, which could end up passed on to consumers.
34. The indicative estimates show that the annual duties applied to our exports to Ghana would be £3.6 million higher in 2021, if the United Kingdom-Ghana TPA is not brought into effect.
35. The largest 'additional' duties on our exports to Ghana would be for machinery and mechanical appliances (HS84) of around £2 million, electrical machinery and equipment (HS85) of around £700,000, and Optical, photographic, cinematographic and medical equipment (HS90) of around £600,000.²⁴
36. These estimates assume that all tariff preferences offered under the EU-Ghana Stepping Stone EPA were fully utilised by exporters before that agreement ceased to apply to the United Kingdom. HM Government estimates suggest that 97% of the United Kingdom's eligible goods imports from Ghana in 2019 were imported utilising the preferences under the EU-Ghana Stepping Stone EPA.²⁵ This means that the actual additional duties could be lower than the estimates above.
37. The total annual duties which could apply on our imports in 2021 would also depend on how quantities and prices of traded products adjust to the imposition of tariffs. If our producers were not previously utilising the preferential rates or producers and consumers changed their behaviour in response to higher tariffs, this cost would be lower than estimated above.
38. The UK GSP, a unilateral preferences scheme, was implemented when the transition period came to an end. Countries that were eligible for preferential access to the United Kingdom through the EU Generalised Scheme of Preferences ("EU GSP") now receive preferences through the UK GSP, and the UK GSP is also based on a country's international classifications

²² DIT calculations using tariff data from the UK GSP/MFN schedule and Eurostat trade data (accessed October 2020) for imports. Implied additional duties are calculated using the difference in GSP/MFN and preferential tariff rates (simple average tariffs at CN8 level) and the value of trade for each product at CN8 level in 2019. Different approaches and data sources for this analysis are likely to yield different results. Calculations on export duties also assume trade is not eligible for duty relief under inward/outward processing rules, nor under specific plurilateral agreements such as those covering civil aviation and pharmaceuticals, nor WTO or preferential quotas. Calculations on import duties take into account inward/outward processing rules and trade which is eligible for relief under specific plurilateral agreements but not WTO or preferential quotas.

²³ There are products for which the United Kingdom's GSP tariff schedule offers no reduction in duties as compared to the United Kingdom's MFN tariff schedule.

²⁴ DIT calculations using 2018 trade data at CN8 aggregation from HMRC (accessed September 2020) for exports calculations. Implied additional duties are calculated using the difference between the MFN rate and the preferential rate which would otherwise have applied on 1st January 2021 under the EU-Ghana Stepping Stone EPA or a United Kingdom-Ghana TPA if it had been effect. Different approaches and data sources for this analysis may yield different results.

²⁵ DIT calculations using data from [Eurostat](#). Note that using a single year does not account for fluctuating trends in bilateral trade flows, which can be significant. In general, data on the preference utilisation of trade deals is not readily accessible and should be treated with caution. They indicate whether businesses trading in goods are benefitting from negotiated preferences, but do not tell us which or how many businesses are using these preferences. The data doesn't cover services trade.

by the UN and World Bank.²⁶ As Ghana is classified as a Lower-Middle Income Country by the World Bank, Ghana is eligible for unilateral preferences under the General Framework of the UK GSP. This approach provides tariff reductions, but not duty free quota free access as offered by the United Kingdom-Ghana TPA.

39. Tariff duties are transfers, where the cost to business is equal to the extra tariff revenue collected by the United Kingdom's Exchequer and the Ghanaian Government. However, there could be wider effects of increased costs of trade, including negative impacts on consumer choice, prices, and ultimately economic growth and welfare. Estimates of implied additional duties do not therefore constitute an estimate of the impact.

Businesses

40. Additional duties could be absorbed by either Ghanaian businesses or our businesses (depending on whether it is the importer or exporter paying the duty), passed on to consumers, or existing trade patterns could be interrupted. This could impact on the competitiveness of our businesses, leading to disruptions in supply chains and job losses in the short term.
41. Businesses that rely on imports as part of their supply chains may be affected if import prices rise, including our exporters that rely on Ghana inputs to export goods to the rest of the world. In 2016 (latest data), around 15.4% of the value added in the United Kingdom's gross exports reflected imports from abroad, though the data does not provide how much of this added value comprises imports from Ghana.²⁷ Our companies that rely on imports from Ghana would also become less competitive. However, given the small share of our trade under the EU-Ghana Stepping Stone EPA, it is expected that any impacts would be relatively small.

Consumers

42. Imported products could be more expensive for consumers if retailers pass on additional duties to consumers through increases in domestic prices. This could disproportionately affect certain groups of consumers, depending on the specific sectors affected. Consumers might also see a reduction in the choice of products available. Given the small share of United Kingdom-Ghana trade under the EU-Ghana Stepping Stone EPA, this impact may be relatively small overall but could be noticeable on specific product lines.

Longer term impact if not brought into effect

43. The United Kingdom would forgo the longer term benefits that the United Kingdom-Ghana TPA would have brought to the United Kingdom. This could result in the United Kingdom's Gross Domestic Product ("GDP") marginally decreasing but, given the small share of our trade under the EU-Ghana Stepping Stone EPA, it is expected that any impact on our GDP would be relatively small.

²⁶ HM Government has put in place a [trade preference scheme](#) which provides preferential market access to around 70 developing countries that are eligible under the EU GSP. This includes granting duty-free, quota-free access to Least Developed Countries, which is a target in the UN's Sustainable Development Goals and is in line with our commitments in the WTO.

²⁷ OECD, 2018. [Trade in Value Added \(TIVA\): Origin of value added in gross exports, December 2018](#). Experimental statistics.

Explanation of this Agreement, including Significant Differences between the United Kingdom-Ghana TPA and the EU-Ghana Stepping Stone EPA

44. This section provides a discussion of changes in the United Kingdom-Ghana TPA. 'General Provisions' sets out the technical changes that have been made, consistent with the approach taken in all continuity agreements.

General Provisions

Removal and replacement of references to the EU

45. References to the “European Union”, the “EU”, and all EU Treaties have been removed or replaced, as have references to the “European Community”.
46. References to “Member States” have been deleted or replaced with references to the “United Kingdom” (as appropriate).
47. References to EU institutions have been replaced with appropriate United Kingdom-equivalent institutions or deleted (as appropriate).
48. Certain provisions relevant only to the EU, such as provisions which apply only to EU Outermost Regions, have been deleted, as have provisions relating to the accession of EU Member States and to EU languages (other than English and other languages which remain relevant to particular agreements).

Territorial Application

49. The Territorial Application article sets out to which territories the United Kingdom-Ghana TPA applies, and how it applies to them.
50. In the EU-Ghana Stepping Stone EPA, the Territorial Application article defined the territorial coverage of the agreement on the EU side by reference to the Treaty establishing the European Community. In the United Kingdom-Ghana TPA, this has been replaced by an article which ensures that the agreement applies to the United Kingdom and to the specified territories engaged in trade for whose international relations the United Kingdom is responsible in the same way as the EU-Ghana Stepping Stone EPA did. Those territories can be separated into categories based upon the application of the EU Treaties under EU law to date. These categories of territory are:
 - a. Gibraltar, to which, broadly, provisions not relating to goods or customs apply; and
 - b. the Channel Islands and the Isle of Man, to which, broadly, provisions relating to tariffs and trade in goods apply.
51. The Overseas Territories (Anguilla; Bermuda; British Antarctic Territory; British Indian Ocean Territory; Cayman Islands; Falkland Islands; Montserrat; Pitcairn Islands; St Helena, Ascension and Tristan da Cunha; South Georgia and the South Sandwich Islands; Turks and Caicos Islands; and British Virgin Islands), benefit from some specific provisions on cumulation with respect to rules of origin.

Title and relationship with EU-West Africa EPA

52. While the legal effect of the United Kingdom-Ghana TPA is to replicate the effects of the EU-Ghana Stepping Stone EPA, HM Government has pragmatically accommodated the strong wishes of Ghana to draw on the EU-West Africa EPA. This approach means that the chapter

structure and some of the language of the EU-West Africa EPA is reflected in the United Kingdom-Ghana TPA.

53. In some cases, language was retained from the EU-West Africa EPA where it was not deemed to create substantive new obligations (such as the general provisions in Article 45), where it represented a non-substantive procedural point (such as provisions to designate a contact point in Article 75) or references to West Africa in the Preamble. In other cases, provisions from the EU-West Africa EPA were retained where these were deemed to reflect the substance of provisions in the EU-Ghana Stepping Stone EPA (such as Article 39 on facilitation of transit movements, the substance of which can be found in paragraph 1 of Article 29 of the EU-Ghana Stepping Stone EPA).
54. The title of the agreement has been updated to refer to an “Interim Trade Partnership Agreement”, rather than a “Stepping Stone Economic Partnership Agreement”. Clarification of the status of this agreement as an EPA has been included to clarify the United Kingdom’s and Ghana’s intention that the agreement is captured by the cumulation provisions of other trade agreements that provide for cumulation with EPA countries.

Institutions and Committees

55. All of the joint institutions provided for in the EU-Ghana Stepping Stone EPA have been replicated. The United Kingdom-Ghana TPA establishes a TPA Committee which is responsible for the implementation and operation of the United Kingdom-Ghana TPA and has the power to take decisions in respect of matters assigned to it by the United Kingdom-Ghana TPA.
56. Article 73 of the United Kingdom-Ghana TPA stipulates that decisions adopted by the EPA Committee established under the EU-Ghana Stepping Stone EPA are deemed to have been adopted, *mutatis mutandis*, by the institutions of the United Kingdom-Ghana TPA to the extent those decisions relate to the United Kingdom and Ghana.

Amendment Clauses

57. Amendment clauses set out the process that must be followed if the parties agree to amend the provisions of the agreement after it enters into force. Though parties to an agreement are generally free to amend it as they deem necessary, amendment clauses serve to make the process clearer and more transparent.
58. While there is no general amendment clause in the EU-Ghana Stepping Stone EPA, a number of clauses provide for the amendment of parts of the agreement. In line with the principle of continuity, the effects of these provisions have been fully replicated.
59. Article 80 stipulates that if further negotiations are completed (as per Article 79), the relevant draft amendments shall be submitted for approval to the relevant internal authorities. This provision been fully replicated from the EU-Ghana Stepping Stone EPA. Our interpretation is that such amendments would need to go through scrutiny and ratification by both parties before approval.

Entry into Force and Provisional Application

60. Entry into force provisions specify the date from which the terms of the agreement will bind the parties. For the United Kingdom-Ghana TPA to enter into force, it must first be ratified by both the United Kingdom and Ghana. In our domestic law, before an agreement subject to ratification may be ratified, it must be laid before Parliament for scrutiny under the Constitutional Reform and Governance Act 2010 (“CRaG Act”).
61. Provisional application is a mechanism which enables the parties to apply a treaty 'provisionally' for a period of time prior to it entering into force, provided that this is in accordance with the relevant party's domestic law and that any necessary domestic implementing legislation is in place.
62. The United Kingdom and Ghana may agree that the United Kingdom-Ghana TPA should be provisionally applied (see Article 83). While the Government is committed to providing Parliament with opportunities to scrutinise international agreements through the framework of the CRaG Act, the United Kingdom and Ghana have agreed to provisionally apply the United Kingdom-Ghana TPA pending completion of scrutiny in order to bring the United Kingdom-Ghana TPA into effect as soon as possible and minimise disruption caused by a prolonged gap in application. This is a proportionate approach to manage the timing constraints during this unique period and reduces the risk of businesses and consumers experiencing disruption following the end of the transition period.

Dispute Settlement

63. The economic benefits of an FTA can only be realised if they are faithfully implemented and complied with. A dispute settlement mechanism in an agreement signals the parties' intention to abide by the agreement, thereby increasing business and stakeholder confidence that commitments set out in the agreement can, and will, be upheld. The dispute settlement mechanism therefore provides an important deterrent function. It also provides an effective mechanism for enforcing those commitments, and for resolving any disputes that arise.
64. The United Kingdom-Ghana TPA replicates the effects of the dispute settlement provisions in the EU-Ghana Stepping Stone EPA.
65. One of the impacts of replicating the dispute settlement chapters of existing EU trade agreements is that, in the event that a dispute arises, the United Kingdom will be directly responsible for any relevant costs associated with the dispute settlement process.

Goods

66. Goods chapters in trade agreements set out the treatment and the level of access to the domestic market granted to the goods of each of the respective parties. Such provisions include setting tariff levels and quotas on various products, establishing agricultural safeguards and determining the rules of origin for goods to qualify for preferential treatment. Commitments on tariffs for both the United Kingdom and Ghana have been replicated to reflect the latest developments under the EU-Ghana Stepping Stone EPA including the most up to date market access offer from Ghana. This means that tariff preferences set out in the United Kingdom-

Ghana TPA for products being traded between Ghana and the United Kingdom will be the same as those between Ghana and the EU.

Rules of origin

67. In FTAs, Rules of Origin are used to determine the economic nationality of a good. In order to qualify for preferential tariff rates, a good has to “originate” in one of the parties to the agreement. Trade agreements may also allow materials originating and/or processed in a country other than the exporting party to count towards meeting the specific origin requirements for preferential treatment, a process known as “cumulation”.
68. There are two main categories relevant to determining whether goods “originate” in the exporting country for the purposes of an FTA :
- a. **Wholly obtained** – These are goods that are wholly obtained or produced entirely in a single country. Examples include (i) mineral products extracted from the soil and (ii) live animals born and raised there.
 - b. **Substantial transformation** – These are goods that are made from materials which come from more than one country, and the origin is therefore defined as that of the country where the goods were last substantially transformed. This can be determined in three ways:
 - i. **Value added** – This type of rule requires that a particular proportion of the final value of the product be added in the exporting country.
 - ii. **Change in Tariff Classification (“CTC”)** – This type of rule requires that the final product be sufficiently different from the imported materials such that it moves to a different tariff classification altogether.
 - iii. **Specific processing or manufacturing** – These rules typically apply where value added or CTC rules may not adequately determine originating status, and where specific processes are required to meet originating criteria.
69. Prior to the end of the transition period, all our content was considered as “originating” in the EU and our exports were designated as “EU origin”. This meant that originating materials from, and processing in, the United Kingdom and the rest of the EU could be used interchangeably in bilateral trade with existing EU trade agreement partners. This is no longer the case now that existing EU trade agreements have stopped applying to the United Kingdom following the end of the transition period. The designation of our exports has now shifted from “EU” originating to “United Kingdom” originating and the new default position (without special provision in each FTA) would be that EU content would no longer count towards meeting the origin requirements for preferential treatment for either party. This would have implications for goods traded between the United Kingdom, the EU and Ghana.
70. To address these implications and to provide maximum continuity for business, it has been agreed in the United Kingdom-Ghana TPA that EU materials and processing can be recognised (i.e. cumulated) in United Kingdom and Ghanaian exports to one another. The United Kingdom-Ghana TPA also enables cumulation to occur with other third countries where certain conditions are met (for example, where the United Kingdom agrees a preferential trade arrangement with an ACP State), replicating the mechanism provided for in the EU-Ghana Stepping Stone EPA. The cumulation arrangements are set out in detail in Title II (Definition of

the concept of “originating products”) of the Rules of Origin Protocol and are subject to satisfying certain conditions specified in the United Kingdom-Ghana TPA.

71. The United Kingdom-Ghana TPA retains and resizes an existing tonnage threshold for consideration by the Special Committee on Customs and Trade Facilitation of an application for a tuna derogation (in the form of an origin quota) for the first year following the entry into force of Protocol No. 1 to the EU-Ghana Stepping Stone EPA. The threshold has been resized on the basis of market size relative to the EU market.
72. The text of the Rules of Origin Protocol can be found in Annex A (Protocol 1) of the United Kingdom-Ghana TPA, and is based on Protocol No. 1 concerning the definition of the concept of ‘originating products’ and methods of administrative cooperation to the EU-Ghana Stepping Stone EPA, as adopted by the EPA Committee on 20 August 2020.

Impact

73. If cumulation of EU content for the United Kingdom and Ghana were not permitted under the United Kingdom-Ghana TPA, some United Kingdom and Ghana based exporters might find themselves unable to access preferences as they were able to under the EU-Ghana Stepping Stone EPA. United Kingdom exporters to Ghana who rely on EU content might have to pay MFN tariff rates, if they continue using EU content, or they might have to review and reassess their existing supply and value chains as a result of this change to existing terms. The impact would, of course, vary across sectors.
74. The United Kingdom-Ghana TPA provides only for trade between the United Kingdom and Ghana and does not provide for either party’s direct trade with the EU, including, for example, where United Kingdom and Ghana-based exporters use content from each other in exports to the EU. The United Kingdom and Ghana have prepared a separate Joint Declaration confirming the ambition to update Protocol 1 concerning the definition of the concept of ‘originating products’ and the methods of administrative cooperation (Annex A) to reflect a trilateral approach with the EU, in the event that the United Kingdom and EU make arrangements suitable for such an approach.

Trade Remedies

75. Trade remedies provide a safety net for domestic industry against injury caused by dumped, subsidised or unexpected surges of imports of goods. Most WTO members, who are major economies, have a trade remedies system.
76. The United Kingdom-Ghana TPA replicates the effects of the trade remedies provisions in the EU-Ghana Stepping Stone EPA.

Bilateral Safeguards – Sugar

77. We have replicated a provision in the EU-Ghana Stepping Stone EPA that allows one party to apply a bilateral safeguard duty on imports from the other party in certain circumstances, for example where a product is imported into the territory of a party in such increased quantities and under such conditions as to cause or threaten to cause disruption in the markets of like or directly competitive agricultural products.

78. By way of special provision in the EU-Ghana Stepping Stone EPA, a disturbance in the EU's sugar market for the purposes of the application of a bilateral safeguard duty may be determined to have arisen if the price of sugar falls below a certain level (the "trigger price mechanism"). In line with the principle of technical replication we are transitioning these provisions in the United Kingdom-Ghana TPA and establishing a trigger price mechanism for the United Kingdom's sugar market.
79. Data is not, however, available to determine what the appropriate level for the trigger price mechanism should be in the United Kingdom at this time. This is particularly the case given recent volatility in sugar prices following the reform of the EU domestic sugar regime. To ensure that the United Kingdom-Ghana TPA is operable upon entry into effect, we have agreed to suspend the trigger price mechanism temporarily. We have also agreed that the Parties will review the price trigger after entry into effect of the United Kingdom-Ghana TPA. The price trigger set in the EU-Ghana Stepping Stone EPA will reapply after a period of five years, unless the Parties reach agreement on a replacement trigger price.
80. We do not envisage that suspending the trigger price mechanism will have an impact on the United Kingdom. Given the substantial convergence of United Kingdom and EU sugar prices with those prevailing on world markets, it is unlikely that it will be appropriate to deploy safeguards in the foreseeable future. Indeed, the EU has not previously needed to utilise this mechanism to implement safeguard duties for sugar. The temporary suspension of the trigger price mechanism does not prevent the United Kingdom applying a bilateral safeguard duty to sugar imports based on the standard procedure applicable in the United Kingdom-Ghana TPA (as referred to in paragraph 77).

Customs and Trade Facilitation

81. The Customs and Trade Facilitation disciplines allow for the efficient transport of goods across national borders whilst seeking to minimise the administrative and operational burden on traders as well as associated costs through measures such as customs agency cooperation and transparency.
82. The United Kingdom-Ghana TPA has transitioned the Protocol on Mutual Administrative Assistance in Customs Matters from the EU-Ghana Stepping Stone EPA, with only minor modifications. These changes are not expected to have a significant impact on trade flows.

Sanitary and Phytosanitary ("SPS")

83. SPS provisions in trade agreements concern the application of food safety and animal and plant health regulations. These provisions allow countries to set standards and regulations that allow for the protection of human, animal or plant life and health. FTAs may contain SPS provisions which, for example, increase transparency in the application of SPS measures, or allow the recognition of equivalent measures in relation to animal health, and import requirements, including health certifications.
84. The United Kingdom-Ghana TPA replicates the effects of the SPS provisions in the EU-Ghana Stepping Stone EPA. Minor wording variations and structural differences between the United Kingdom-Ghana TPA and EU-Ghana Stepping Stone EPA reflect aspects of the EU-ECOWAS agreement that were drawn upon during negotiations. Reference to EU competent authorities within the EU-Ghana Stepping Stone EPA have also been replaced by a provision which

requires the United Kingdom to notify Ghana of its competent authorities upon entry into force of the agreement. These changes are not expected to negatively impact on trade flows.

Technical Barriers to Trade

85. Technical Barriers to Trade (“TBT”) articles in trade agreements cover aspects relating to regulations, standards and conformity assessment for goods. TBT provisions in trade agreements play an important role in reducing non-tariff barriers for businesses, for example through increasing the transparency of a trading partner’s regulatory requirements.
86. The United Kingdom-Ghana TPA replicates the effects of the TBT provisions in the EU-Ghana Stepping Stone EPA.

Cotonou Agreement

87. The EU-Ghana Stepping Stone EPA contains a range of references to the Partnership agreement between the members of the African, Caribbean and Pacific Group of States of the one part, and the European Community and its Members, of the other part, signed in Cotonou on 23rd June 2000 (“the Cotonou Agreement”). The Cotonou Agreement provides a framework for the EU’s political, development and trade relations with these 79 developing countries. As the United Kingdom has left the EU, the Cotonou Agreement has ceased to apply to the United Kingdom.
88. Some references to the Cotonou Agreement contained in the EU-Ghana Stepping Stone EPA have been deleted without any change to the effect of the United Kingdom-Ghana TPA. For others, we have sought to ensure continuity of the effect of the references in the EU-Ghana Stepping Stone EPA to the Cotonou Agreement which are relevant to the United Kingdom’s trade relationship with Ghana. Those references include the objectives and essential and fundamental elements set out in the Cotonou Agreement and the ability to take appropriate measures in the event of a violation of those elements. For these references we have replicated the relevant provisions of the Cotonou Agreement in the United Kingdom-Ghana TPA as Annex F.
89. Annex F of the United Kingdom-Ghana TPA replicates the language of the Cotonou Agreement and the EU-Ghana Stepping Stone EPA to ensure that respect for human rights, democratic principles and the rule of law, and good governance remain as essential and fundamental elements of the United Kingdom-Ghana TPA; and that if needed, appropriate measures can be taken in the event of a violation of these elements. Annex F also outlines the principles that will apply to any development cooperation provided by the United Kingdom to Ghana to support implementation of the United Kingdom-Ghana TPA.

Future Comprehensive Agreement

90. Article 79 of the United Kingdom-Ghana TPA replicates the effect of Article 44 of the EU-Ghana Stepping Stone EPA, which provides for cooperation to facilitate a future trade agreement between West Africa and the United Kingdom, to include trade in services, electronic commerce, investments, competition and intellectual property. The United Kingdom-Ghana TPA also replicates the commitment in Article 33 of the EU-Ghana Stepping Stone EPA for the Parties, within the negotiations of this future West Africa trade agreement, to continue negotiations in the field of customs and trade facilitation in order to complement it in a regional framework.
91. The fulfilment of these commitments is not time bound.

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