



REPUBLIC OF GHANA

Remarks at the Inauguration of the Ghana Commodity Exchange

*Role of Ghana Commodity Exchange (GCX) in Supporting
Economic Development*

Export Trade House, Accra

6 November, 2018

Your Excellency, the President of the Republic of Ghana, Honourable Ministers, Honourable Members of Parliament, Traditional Rulers, Members of the Business Community and our able Farmers, the Media, Invited guests, distinguished Ladies and Gentlemen. Good Morning.

1. I am very excited to be here with you all for this historic inauguration of the operations of the Ghana Commodity Exchange(GCX). Today, a new market is born, an institution that will contribute immensely to the transformation of our economy, a regulated market that will see agricultural and other commodities take center stage in our endeavor to ensuring irreversible economic growth and development.

2. Today's event marks the beginning of a modernized Exchange for commodities trading in Ghana. A Commodity Exchange is the perfect tool to impact positively on the lives of farmers and rectify the challenges in the entire agricultural value

chain. Creating more value for our traditional and growing non-traditional domestic agricultural produce to improve our export capacity in the global marketplace.

3. Permit me to acknowledge the management of GCX for the quality and speed of delivery they have exhibited over this few months for us to experience this remarkable occasion of operationalizing the Commodity Exchange. It is important to note that this strategic initiative was executed by Ghanaians signifying the outstanding delivery capacity of our human resource as we repose confidence in our own people.

*4. Mr. President, the operationalization of the Commodity Exchange speaks to the key theme for Ghana's Economic Transformation Agenda enshrined in Government's medium-term development policy framework for 2018-2021, **Agenda For Jobs: Creating Prosperity And Equal Opportunity For All (First Step)**. The GCX will serve as one of the platforms to achieving the Government's objective of creating opportunities for all Ghanaians, and in this case for smallholder farmers and other players within the commodity value chain.*

5. *The economy of Ghana is being well-structured alongside its macro-economic policies, to build a robust and resilient economy for sustainable growth. Government believes that a sustained growth in the agricultural sector that employs a high proportion of Ghana's working population is key to the sustained economic growth.*

6. *The first quarter provisional GDP indicates that real GDP grew by 6.8% compared to 6.7% in the previous quarter. Moreover, overall GDP growth is expected to remain steady. It is estimated at 6.8% by the end of the fiscal year. Inflation and inflationary pressures have been subdued, as inflation fell from 11.8% at the end of December 2017 to 9.8% in September, 2018.*

7. *The Government of Ghana upon assumption of office in 2017, resolved to prioritize the operationalization of the Ghana Commodity Exchange. This reflects our commitment to restoring the economy on an irreversible economic growth path- Transforming Agriculture and Industry in line with the IDIF. In collaboration with the private sector, Government has established the Ghana Commodity Exchange to create an orderly, transparent, and efficient marketing system for*

Ghana's key commodities, starting with agricultural commodities to promote agricultural investment, enhance productivity, and encourage market access with fair returns for smallholder farmers.

8. This revolutionary initiative started over a decade ago, when the Government of Ghana through the Ministry of Finance (MoF) funded a feasibility study to determine the suitability of a Commodity Exchange in Ghana under the Economic Management Capacity Building (EMCB -FSR) Project from 2006 to 2012. The Ministry of Trade launched the GCX project in June, 2015, to present the model for establishing the Commodity Exchange.

9. Mr. President, after over a decade of many steps taken towards creating this market, Government in the 2018 Budget Statement and Economic Policy, stated categorically of its intention to operationalize the Commodity Exchange, which saw the Ministry of Finance assume full oversight responsibility to ensure it happens.

10. Today, exactly as we promised to operationalize the Exchange in this fiscal year, we are all gathered here to

witness the Exchange Go Live. This historic occasion signifies the beginning of a new era for the agricultural sector as we establish an ultra-modern, transparent and professional market institution with the view of moving agriculture from subsistence to a market economy.

11. The Commodity Exchange as a new pillar for the financial sector will promote broad based growth, key for restoring private sector investment in industry and agriculture sectors critical for achieving the President's Coordinated Programme of Economic and Social Development Policies. The Government will continue to play the facilitative role by developing the appropriate institutional framework and regulatory environment that will encourage investment by individual and institutional investors.

12. Mr. President, as we grow our economy in a hurry and transform it from one based on production and export of raw materials to one based on modern agriculture, industry and services that are competitive in the global marketplace, I am pleased to share some benefits that the creation of this market will unleash into our economy. These include:

Volume of Trade

- a. *A spot and subsequently futures trading of about 50,000 Metric Tonne (MT) of maize, paddy rice, soya, dry beans, sorghum and millet in the near term of the operations of the Exchange.*

Job Creation

- b. *The creation of approximately 200,000 jobs of both highly skilled and non-skilled jobs. Some high quality jobs to be created by the Exchange are commodity brokers, data analysts, risk managers, grading and certification officers, business advisors, store keepers, credit officers etc. While some of the non-skilled jobs include grain pickers and cleaners, winnowers, spillage managers, re-baggers and loaders among others.*
- c. *Out of this, a sizable number of women and the youth are expected to be engaged across the commodity value chain.*

Warehouses

- d. *Currently, the Exchange can boast of 6 warehouses located at Kumasi, Wenchi, Ejura, Tamale and Sandema to*

commence its operations with a capacity of about 4,000 MT.

13. Mr. President, the GCX will support Government policy on the Planting for Food and Jobs (PFJ) programme which is geared towards increasing food productivity and ensuring food security for the country as well as reduce food import bills to the barest minimum. It is of interest to note that two of the five major pillars of the PFJ policy falls in line with the objectives of the Commodity Exchange. These are;

- Creating marketing opportunities for produce after harvest, (i.e. provide ready markets for farmers who will be participating in the campaign)*
- E-Agriculture (a technological platform to monitor and track activities and progress of farmers through a database system)*

14. With about 4 of the crops under the initial pilot phase of the PFJ programme to be traded on the Commodity Exchange, we can be sure of the prospects of the Planting for Food and Jobs initiative. This will result in the creation of opportunities for smallholder farmers by improving their economic and social well-being.

15. To expand GCX warehousing capacity, it is working with State Agencies and the private sector to rapidly expand warehouse facilities across the country. With about 50 districts to benefit from the first phase of Government's project on "One District, One Warehouse" initiative for storage of agricultural produce, the GCX stands in a better place to achieve its warehousing capacity target of 100 facilities.

16. The President's vision of Ghana Beyond Aid is to build a Ghana that aspires to be self-sufficient through the efficient management of its own resources, maintaining macroeconomic stability and foster a policy and institutional environment that promotes high domestic savings and access to affordable long-term financing. The Commodity Exchange as a capital market initiative will form an integral part of Ghana's economic transformation agenda to promote investment in;

a. Agriculture and Industry

b. Economic and social infrastructure

17. *Let me reiterate some key benefits that the Ghana Commodity Exchange broadly presents:*

- *Improve agriculture productivity and inject more efficiency and competitiveness*
- *Boost agriculture financing through Warehouse Receipt System that provides collateral to mitigate associated risk with agribusiness.*
- *Deepen the capital markets by creating greater liquidity and improve transparency*
- *Create jobs for Ghanaian in both the farm and non-farm commodities*
- *Ensure effective information system and price discovery*
- *Reduce post-harvest losses and improve storage facilities*

18. *I am optimistic that the Ghana Commodity Exchange will be pivotal in improving our competitiveness, facilitating both our domestic and international trade to further integrate with the global economy. To all the financial institutions represented here, there is an immense business opportunity for you to make an impact in the economy by supporting our farmers through the provision of credit and*

other related activities in the larger value chain of the agriculture sector.

19. Mr. President, I conclude with a powerful quotation from the Holy Bible, Habakkuk 2:3, "For the vision awaits an appointed time; it testifies of the end, and will not lie. Though it lingers, wait for it, since it will surely come and not delay". Though it tarried, the Ghana Commodity Exchange is finally here to stay.

20. I wish you Good luck. God bless you and God bless our country.