

**Our Ref:** FABAG/SP/GHP/02/0061/23

**Our Chairman:** Alhaji M. A Odaymat

**1<sup>st</sup> February, 2023**

**The Right Honorable Speaker**

**Parliament of Ghana**

**Parliament House**

**Accra – Ghana**

Dear Sir,

**PETITION ON THE PROPOSED IMPOSITION OF 20% EXCISE TAX ON SWEETENED DRINKS, FRUIT JUICES, SPIRITS, WINE AND WATER,**

It has come to our attention that the Minister of Finance has presented a proposal to the Parliament of Ghana to increase the excise duty on existing excised products and introduce same on new products including sweetened beverages and fruit juices.

According to the Minister for Finance, the purpose of the Bill among other seeks to amend Act 878 to implement the ECOWAS Directive on the harmonization of excise duties and raise revenue to mitigate the harmful effects of excisable products.

Mr. Speaker, we are by this letter petitioning your office to halt the passage and implementation of this bill. The following are our humble reasons;

1. Our industry caters for about 35% of the direct private labour force in the country and yet we have not been consulted at all for our opinion on the potential effects and impact of this proposed tax on our industry.

2. Manufacturers are already laboring under staggering multiple taxes which has led to a massive decline in sales and are surprised that, instead of Government lessening these taxes, they rather deliberately elected to increase same.
3. The Government just increased VAT by 2.5% from 12.5% to 15% just last December in the Budget. Electricity and water tariffs effective 1<sup>st</sup> February, 2023 have also been increased by 30% and 48% respectively for industry.
4. The 30% discount we used to enjoy on raw materials imports have also been withdrawn. While we are yet to recover from these massive shocks, the Ministry of Finance has without any consideration to the plight of industry tabled this Bill to yet again increase excise duties which will definitely snowball the anticipated price increases by manufacturers.
5. Mr. Speaker, apart from Nigeria which introduced excise duty on sweetened beverages and fruit juices in 2021 and has met fierce opposition even as we speak, no other Ecowas country has excise duty on sweetened beverages and fruit juices. Even the rate in Nigeria translates to 2.4% on Ex-Factory and **not 20%** as being proposed in the Bill. The inclusion in the reasoning that sugar consumption is harmful hence the introduction of the duty is untenable and cannot be justified. For instance, when one looks at the World per Capita Consumption of sugar, Africa has the lowest of 15.3% and Ghana has 11.3%. The world's average is 22.8. Evidently, the assertion that sugar consumption in Ghana is high thereby influencing introduction of excise duty on sweetened beverages and juices cannot be correct. **Ghana's sugar consumption ranks a low 124th out of 161 countries** being tracked.
6. These juice drinks are mainly patronized by children and as such any further increase in prices because of added taxes will make them totally unaffordable. The bare fact is that Government needs money, which we admit, but increasing taxes on already high priced products will only definitely end up in manufacturers further pricing their products to accommodate the increases, which will in turn lower sales or patronage and manufacturers will be compelled to lay off workers.
7. Many of us in this sector are already considering reducing our workforce under this high tax regime and will be forced to shut down if this proposed tax is passed by parliament due to its anticipated rippling effect on industry, and when this happens, the economy may lose massively in terms of SSNIT, PAYE, Electricity and water bills payments, Salaries, withholding taxes and all other contributions that we make to the State. Indeed, we cannot wait for the woes of a pending social and economic disaster, when we can prevent it from happening.

Mr. Speaker, it is our sincere plea that, you consider our prayer and halt the passage of this bill for further deliberations. We are available for further deliberations.

Thank you Sir.

Yours faithfully

Samuel Ato Aggrey  
**Executive Secretary**  
*024 4385 824*

*CC;*

*The Chairman, Finance Committee, Parliament of Ghana*

*The Chairman, Trade Committee, Parliament of Ghana*

*The Minority Leader, parliament house*