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## **SELECTIVE RECIPROCITY: HOW GHANA CAN TURN CHINA'S ZERO-TARIFF POLICY INTO A WIN-WIN STRATEGY**

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# **SELECTIVE RECIPROCITY: HOW GHANA CAN TURN CHINA'S ZERO-TARIFF POLICY INTO A WIN-WIN STRATEGY**

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# A New Chapter in Africa–China Trade Relations

In June 2025, China unveiled a landmark decision to grant **zero-tariff access to all 53 African countries** with which it maintains diplomatic relations. Announced at a high-level meeting in Changsha, the policy extends duty-free treatment to **98 percent of taxable products**, symbolizing Beijing’s deepening commitment to South–South cooperation through trade rather than aid. For Ghana, this marks both a **historic opportunity and a strategic policy test**.

The initiative promises to unlock vast new prospects for Ghanaian exports — from **processed cocoa, cashew, and shea butter** to **horticultural and light-manufactured products** — at a time when the country is actively pursuing an export-led, productivity-driven agenda under its **24-Hour Economy initiative**. Yet beneath the optimism lies a complex economic puzzle.

Ghana is **not classified as a Least Developed Country (LDC)**, meaning that under **World Trade Organization (WTO)** rules, China’s offer could eventually require **reciprocity** — tariff concessions by Ghana in return. This article argues that Ghana must pursue **“smart reciprocity”** — a data-driven, selective approach that satisfies WTO obligations while protecting domestic producers. Handled strategically, China’s zero-tariff initiative could evolve from a generous gesture into a **mutually beneficial framework** that advances Ghana’s industrialization and strengthens its 24-Hour Economy vision.

## Ghana’s Trade Profile and Economic Context

Ghana’s trade relationship with China has expanded remarkably over the past two decades. China is now **Ghana’s largest trading partner**, accounting for roughly **17–20 percent of total imports** and serving as a major destination for Ghanaian exports, albeit at a much smaller scale. The structure of trade, however, remains highly asymmetric. Ghana primarily exports **raw commodities**—gold, crude oil, cocoa beans, and timber—while importing a wide range of **manufactured goods**, including machinery, textiles, electronics, steel, and construction materials.

This imbalance reflects a deeper structural challenge: Ghana’s economy is still largely dependent on **primary commodity exports**, which are vulnerable to price shocks and offer limited value addition. The government’s **24-Hour Economy initiative** seeks to address this by fostering **continuous industrial productivity**, encouraging export diversification, and positioning Ghana as a **regional manufacturing and logistics hub** under the African Continental Free Trade Area (AfCFTA).

Within this context, China’s zero-tariff policy could serve as a timely catalyst—providing Ghana with a powerful incentive to **restructure its export base**, deepen industrial linkages, and transition from a raw-material exporter to a producer of value-added goods for the Chinese market.

## Opportunities – The Promise of China’s Zero-Tariff Policy

China’s zero-tariff policy presents Ghana with a significant opportunity to **restructure its export profile** and strengthen its integration into global value chains. The removal of tariffs on almost all product lines opens vast potential for **non-traditional exports**, including processed cocoa, shea butter, cashew, fruits, textiles, and handicrafts. These sectors already possess comparative

advantages but have struggled with limited access to competitive markets. Duty-free entry into the Chinese market could ignite new demand, stimulate rural livelihoods, and drive job creation across multiple value chains.

Beyond goods, the initiative also has implications for **foreign direct investment (FDI)**. Ghana could leverage the policy to attract Chinese manufacturers seeking to relocate or expand production within Africa, using Ghana as a base to serve both **the African Continental Free Trade Area (AfCFTA)** and the Chinese market. Such industrial linkages would support local production, technology transfer, and skills upgrading—key pillars of sustainable growth.

Most importantly, the zero-tariff framework aligns with the objectives of Ghana's **24-Hour Economy initiative**, which aims to boost productivity through continuous industrial activity. By expanding export capacity and fostering new industrial clusters, Ghana can transform market access into **real economic empowerment** rather than symbolic trade gains.

## Challenges – WTO Rules, Reciprocity, and Risks

While China's zero-tariff policy carries enormous promise, it also presents **complex challenges** for Ghana. Chief among them is the issue of **WTO compliance**. Because Ghana is **not classified as a Least Developed Country (LDC)**, unconditional preferential access to the Chinese market could be seen as inconsistent with the **Most-Favoured-Nation (MFN)** principle under the World Trade Organization's rules. This means that, sooner or later, Beijing may expect **reciprocity**—requiring Ghana to extend tariff concessions on certain Chinese goods in return.

However, reciprocity without strategic design risks deepening Ghana's **trade imbalance**. The country already imports far more from China than it exports, and broad tariff concessions could **flood the local market** with Chinese goods. This would undermine domestic manufacturing challenge the competitiveness of emerging sectors central to Ghana's **24-Hour Economy**.

Moreover, Ghana's **institutional capacity** to monitor and enforce trade rules—such as **rules of origin and anti-dumping mechanisms**—remains limited. Without careful calibration, the zero-tariff arrangement could inadvertently widen structural vulnerabilities rather than narrow them.

## The Path Forward – Designing Smart Reciprocity

To turn opportunity into tangible progress, Ghana must adopt a **strategic and data-driven approach to reciprocity**—one that protects its domestic economy while aligning with WTO obligations. A blanket tariff concession to China would expose local industries to unfair competition. Instead, Ghana should pursue **Selective Reciprocity**, a pragmatic framework that balances openness with protection.

Under this approach, policymakers would begin by **analyzing Ghana's import basket from China** using detailed trade data. The goal would be to identify product categories that Ghana **imports in very low volumes** or **does not produce domestically**—for instance, specialized machinery or intermediate industrial components. Ghana could then offer tariff exemptions only on these items, satisfying WTO reciprocity requirements while avoiding harm to sensitive local industries such as textiles, ceramics, and food processing.

Reciprocity should also go **beyond tariffs**. Ghana can negotiate **industrial and technological reciprocity**—securing Chinese investments in manufacturing, renewable energy, and agro-

processing. This would promote **technology transfer, skills development, and job creation**, ensuring that trade fosters long-term capacity-building rather than dependency.

Finally, aligning this strategy with the **24-Hour Economy initiative** can reinforce Ghana's ambition to become a **continuous-production hub**. By coupling selective trade liberalization with industrial collaboration, Ghana can transform China's zero-tariff policy from a goodwill gesture into a **lever for industrial transformation and export diversification**.

## Policy Recommendations

To maximize the benefits of China's zero-tariff policy, Ghana should consider the following actions:

- **Adopt Data-Driven Reciprocity:** Base tariff decisions on empirical trade data to identify low-risk product lines.
- **Negotiate Industrial Partnerships:** Tie tariff concessions to Chinese commitments in local manufacturing, skills transfer, and green investment.
- **Safeguard Sensitive Sectors:** Maintain protective measures for industries critical to job creation and value addition.
- **Enhance Export Capacity:** Expand export financing, logistics, and certification support for Ghanaian firms targeting the Chinese market.
- **Strengthen Institutional Coordination:** Align efforts across GEPA, MOTI, GRA, etc to ensure coherent trade policy implementation.

## Conclusion – Making Trade Work for Transformation

China's zero-tariff initiative is more than a diplomatic gesture—it is a strategic opening that could redefine Ghana's trade and industrial future. Yet, the ultimate outcome depends on **how Ghana manages reciprocity**. A well-calibrated, data-driven approach can transform potential risks into opportunities for structural transformation. Ghana must act not as a passive recipient of goodwill but as an active partner shaping the terms of engagement. With **strategic reciprocity**, the country can turn this policy into a **cornerstone of its 24-Hour Economy**, advancing inclusive growth, industrial resilience, and sustainable prosperity.

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