CARISCA Centre for Applied Research and Innovation in Supply Chain – Africa

THE AUTOMOBILE SECTOR IN GHANA:
A COMPREHENSIVE SECTORIAL REPORT

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THE AUTOMOBILE SECTOR IN GHANA:
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EXECUTIVE SUMMARY

Ghana's automobile market is undergoing significant transformation, shifting from heavy reliance on imported used vehicles toward a local assembly-driven ecosystem. Currently valued at around USD 1.93 billion (2024-2025), the market is expected to reach USD 2.12 billion by 2030, growing at a modest annual rate of approximately 1.55%. The market remains heavily dependent on used vehicle imports, accounting for about 90% of all annual imports, primarily sourced from the United States, Japan, and Germany. However, recent government policy initiatives and increasing investments from international automotive manufacturers are gradually encouraging the growth of local vehicle assembly capabilities. This shift is driven by Ghana's strategic aim to establish itself as a regional automotive hub in West Africa, including promoting electric vehicle adoption as part of a broader commitment to sustainability. As the market transitions, it presents opportunities for increased local assembling and manufacturing, positioning Ghana favorably within the regional automotive landscape.

ABBREVIATIONS

CAGR - Compound Annual Growth Rate

CBU - Complete Built Unit

CKD - Completely Knocked Down

DVLA - Driver and Vehicle Licensing Authority

EVs - Electric Vehicles

GADP - Ghana Automotive Development Policy

GETFund - Ghana Education Trust Fund

GRA - Ghana Revenue Authority

GSA - Ghana Standards Authority

ICEs – Internal Combustion Engines

MoTI - Ministry of Trade and Industry

NHIL - National Health Insurance Levy

NIC - National Insurance Commission

OEMs - Original Equipment Manufacturers

SKD - Semi-Knocked Down

SUVs - Sports Utility Vehicles

VAT - Value Added Tax

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1. INTRODUCTION

Ghana's automobile sector represents a dynamic blend of imported used vehicles, growing local assembly operations, and an expanding domestic manufacturing ecosystem. Traditionally dominated by imports, particularly used vehicles, the sector is now experiencing significant transformation driven primarily by the implementation of the Ghana Automotive Development Policy (GADP) of 2019. This policy aims to establish Ghana as a regional automotive assembling and manufacturing hub, stimulating investments from global automotive brands and fostering sustainable economic growth.

Situated within a broader economic context marked by steady growth, rapid urbanization, and increased regional integration through the African Continental Free Trade Area (AfCFTA), Ghana is strategically positioned as a gateway to West Africa's automotive market. As the third-largest economy in the region, Ghana offers substantial investment opportunities due to its favorable geographic location and supportive government policies (Africa Business Pages, 2024).

The automobile sector significantly contributes to Ghana's economic landscape by supporting employment, enhancing transportation infrastructure, and driving overall economic development (MarkWide Research, 2025). It serves diverse market segments, including households, businesses, and government entities, addressing varied transportation needs across both urban and rural settings. The sector encompasses multiple vehicle categories such as passenger cars, commercial vehicles, motorcycles, and tricycles, catering to comprehensive transportation demands.

This report aims to provide a detailed analysis of Ghana's automobile sector, examining the industry's current state, key market segments, prevailing infrastructure challenges, and exploring its future growth prospects.

2. METHODOLOGY

This study employed a desk-search research approach to explore the structure, regulation, and challenges of the automobile industry in Ghana. The desk research involved a comprehensive review of secondary data sourced from government publications, industry reports, academic journals, and websites of regulatory agencies such as Ghana Revenue Authority (GRA), Ministry of Trade and Industry (MoTI), Driver and Vehicle Licensing Authority (DVLA), the National Insurance Commission (NIC). Documents from these multiple sources provided insights into the regulatory environment, market composition, import policies, and emerging trends such as electric vehicle adoption and local assembly initiatives.

3. MARKET OVERVIEW

3.1 Market Size and Growth

Estimates of Ghana's automotive market size vary depending on the methodological approach and market segments considered. According to Mordor Intelligence (2025), Ghana's automotive sector is projected to be valued between USD 1.93 and USD 1.96 billion in 2025, with anticipated growth reaching USD 2.12 billion by 2030 at a compound annual growth rate (CAGR) of 1.55%. Verified Market Research (2024), however, provides a narrower estimate focusing specifically on passenger vehicles, placing the market's valuation at USD 912.7 million in 2024, and forecasting growth to USD 1.14 billion by 2032, representing a higher CAGR of 2.55%. These discrepancies primarily arise from variations in the scope of market segmentation considered by each study (Verified Market Research, 2024; Mordor Intelligence, 2025).

Annually, Ghana's automobile market records approximately 100,000 vehicle unit sales. This number reflects significant expansion potential, driven by ongoing

economic development, increased urbanisation, and improving consumer purchasing power (AutoTrader Ghana, 2023). As these factors continue to strengthen, the market is expected to exhibit consistent growth, reinforcing Ghana's position as an emerging automotive hub within the West African sub-region. The market's growth trajectory is influenced by several factors, including economic development, urbanisation trends, and government policy initiatives (see Figure 1).

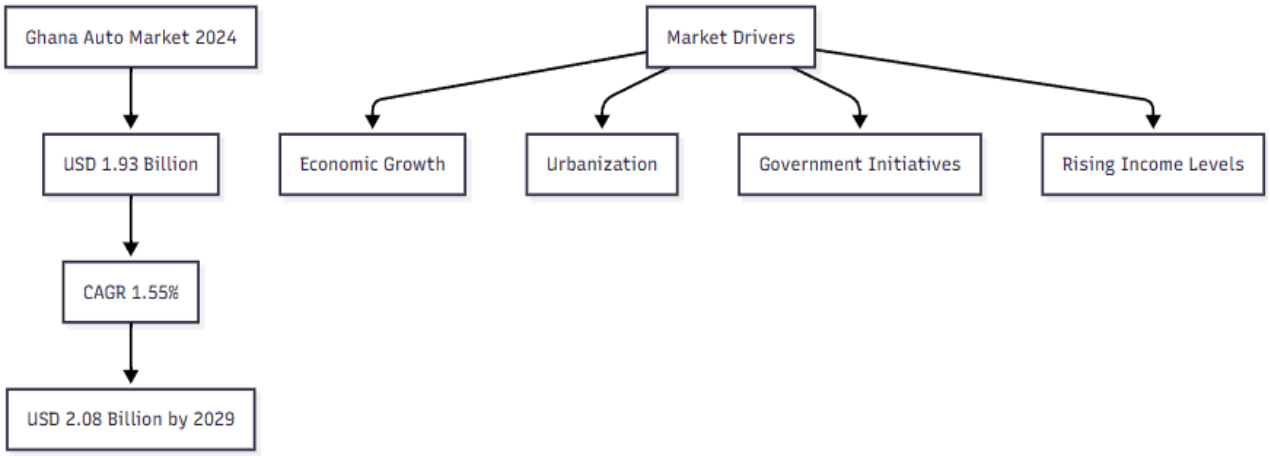

Figure 1: Ghana Automobile Market Growth Projection (2024-2029)
Source: Mordor Intelligence (2024)

3.2 Used vs. New Vehicles

The market demonstrates a stark divide between used and new vehicles. Each year, Ghana imports around 100,000 vehicles, with used vehicles accounting for roughly 90% of these imports (Table 1). These vehicles mainly come from three major countries: U.S., Japan, and Germany, reflecting consumer preference for affordability despite challenges associated with maintenance and reliability (Trade.gov, 2023).

Value	Metric
~100,000 units	Annual Vehicle Imports
90%	Used Vehicle Share
United States	Primary Source Country
Japan, Germany	Secondary Sources
USD 1.14 billion	Annual Import Value

Table 1: Ghana Vehicle Import Statistics

Sources: The World from PRX (2023); U.S. Commercial Service (2024)

3.3 Local Source vs Import

Ghana's automobile sector predominantly relies on vehicle imports. Vehicles enter Ghana either as fully assembled used units or as Completely Knocked Down (CKD)/Semi-Knocked Down (SKD) kits intended for local assembly (Ghana Auto Development Centre, 2023). Approximately 70% of imported vehicles are sourced internationally, underscoring Ghana's limited domestic manufacturing capability (Growth Market Reports, 2020).

Despite this heavy reliance on imports, recent trends indicate an increasing shift toward local assembly operations, largely driven by strategic government incentives and favourable policies. The government's support includes substantial tax exemptions and policy frameworks aimed at promoting local assembly over complete imports (AutoCango, 2024; Techlabari, 2023).

Key players in local assembly include global Original Equipment Manufacturers (OEMs) such as Toyota, Volkswagen, Nissan, Suzuki, KIA, Ford, GMC, Land Rover, and Mahindra, alongside the indigenous manufacturer Kantanka (Ghana Auto Development Centre, 2023). Kantanka Automobile Company, which assembles vehicles primarily from Chinese-sourced CKD kits, maintains an annual production capacity ranging from 5,000 to 7,000 units (U.S. Commercial Service, 2024). Overall, local assembly capacity is steadily expanding to accommodate rising demand.

Notably, of the roughly 6,000 new vehicles imported into Ghana annually, approximately 4,700 units undergo local assembly using CKD kits (Figure 2). This highlights the increasing preference for locally assembled vehicles, bolstered by government-backed incentives and the strategic establishment of assembly plants by international automotive firms (Techlabari, 2023; Research and Markets, 2024).

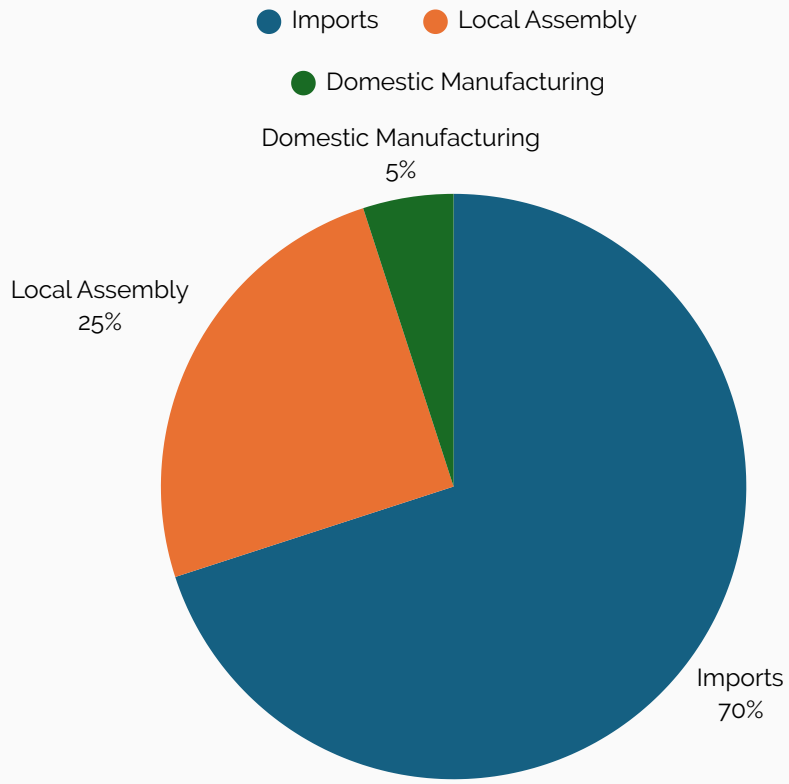

Figure 2: New Vehicle Source Distribution in Ghana
Source: Growth Market Reports (2020), U.S. Commercial Service (2024)

3.4 Market Segments

3.4.1 Households

Households predominantly purchase used vehicles due to affordability but are gradually shifting towards new vehicles as financing options become increasingly accessible (AutoTrader Ghana, 2023). As reported in Table 2, household spending on transportation increased by 23% between 2020-2022, and the segment also has developed a growing interest for sports utility vehicles (SUVs) (Verified Market Research, 2025).

Indicator	Value/Trend
Middle Class Share of Urban Population	48%
GDP Per Capita Growth (2020-2022)	$2,230 → $2,560
Transportation Spending Increase	23% (2020-2022)
Preferred Vehicle Type	Used vehicles (affordability)

Table 2: Household Segment Characteristics

Source: *Verified Market Research (2025)*

3.4.2 Government

Government entities are increasingly procuring vehicles assembled locally by brands like Kantanka and Mahindra, supported by attractive tax incentives aimed at encouraging local manufacturing (Research and Markets, 2023). In the short term, considering Ghana's present fiscal constraints, the government has devised plans to introduce 1,000 electric buses, along with the necessary charging and maintenance infrastructure, for both intra-city (40%) and intercity (60%) transportation services (Research and Markets, 2024) [See Table 3]

Component	Quantity/Percentage
Total Electric Buses Planned	1,000 units
Intra-city Transport	40% (400 units)
Inter-city Transport	60% (600 units)
Complete Built Unit (CBU)	500 units
Semi-Knocked-Down (SKD)	500 units

Table 3: Government Electric Bus Procurement Plan

Source: *Research and Markets (2024)*

3.4.3 Corporate

The corporate segment demonstrates strong growth potential, particularly in commercial vehicle categories. Businesses typically procure new vehicles assembled locally by global brands like Toyota, Nissan, and Suzuki, facilitated through dealership networks such as CFAO Ghana (CIPS, 2025). The Ghana Ports and Harbours Authority reported a 32% increase in commercial vehicle imports from 2021 to 2022 (Verified Market Research, 2025). This growth is driven by expanding logistics and e-commerce activities (Figure 3).

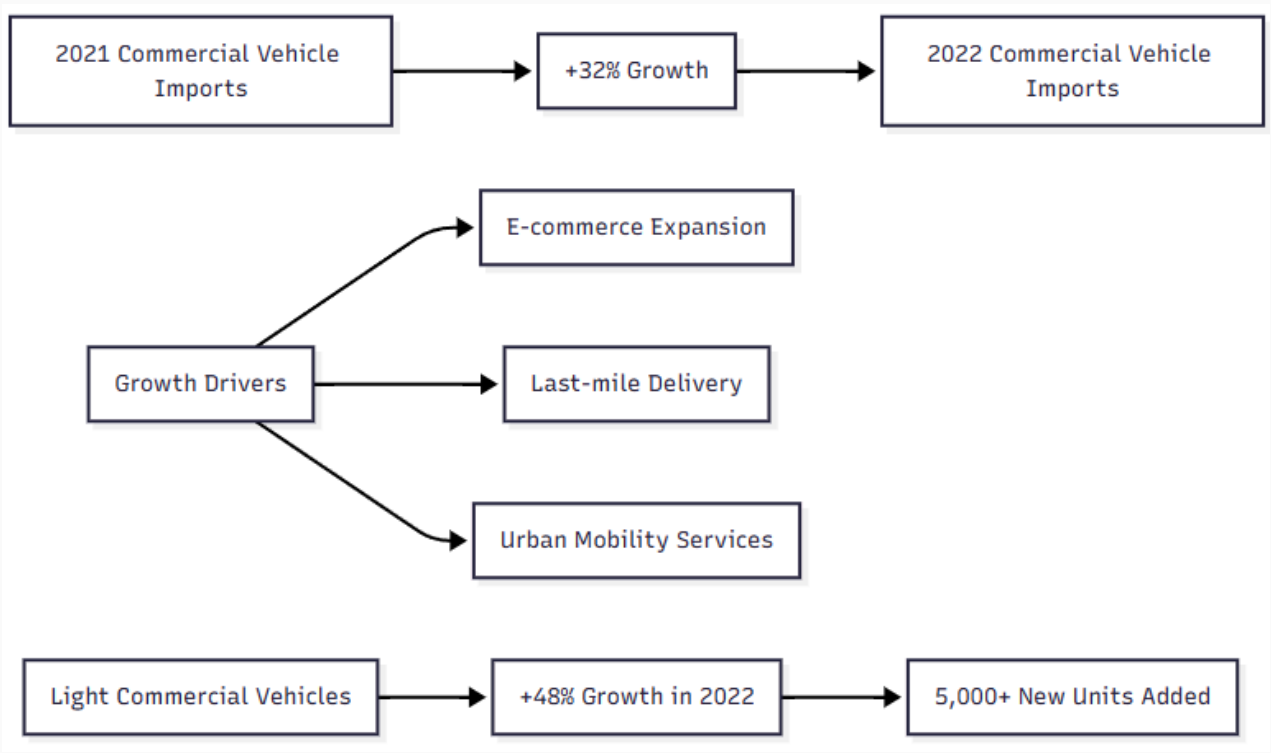

Figure 3: Commercial Vehicle Growth Trends
Source: Verified Market Research (2025)

Corporate categories:

- **Fleet operators:** primarily utilise new CKD-assembled vehicles from Toyota, Nissan, Suzuki, and Mahindra
- **Dealer partnerships:** Strong relationships with established dealers like CFAO
- **Quality focus:** Emphasis on warranty coverage, service support, and brand reliability
- **Growth potential:** Expanding business sector driving increased corporate vehicle demand

3.4.4 Small-scale Private Business Operators

Small-scale operators, particularly in the transportation sector, represent a significant market segment. This includes "trotro" operators, taxi drivers, and ride-hailing service providers. The term "work and pay," as the Ghanaians call it, is a concept that is similar to the Hire purchase practised by many countries (Car Buyers Broker, 2024).

Key Characteristics:

- Heavy reliance on "work and pay" financing arrangements
- Preference for durable, low-maintenance vehicles
- Dominance of Toyota, Nissan, and other reliable brands
- Growing interest in ride-hailing compatible vehicles
- Vehicle types: Motorcycles, tricycles, and light commercial vehicles for logistics

3.5 Supply & Capacity

3.5.1 Local Assembly

Ghana has made significant strides in developing local assembly capabilities. Major manufacturers like Volkswagen, Nissan, Toyota, Suzuki, and Peugeot have already signed vehicle assembly agreements with the Government of Ghana (Research and Markets, 2024). The government's 2019 Automotive Development Policy aims to reduce reliance on used vehicle imports by promoting local assembly (U.S. Commercial Service, 2024). Current assembly operations are shown in Table 4.

Manufacturer	Investment	Location	Status
Volkswagen	USD 8 million	Tema Free Zones Enclave	Operational (2023)
Kia Corporation	Undisclosed	Accra	Operational (2023)
Toyota	Ongoing	Multiple locations	Established
Nissan	Planned	TBD	Under development

Table 4: Major Assembly Plant Investments in Ghana

Source: *Research and Markets (2024); Mordor Intelligence (2024)*

Note: Recent additions include Suzuki Ghana, Peugeot Ghana, and planned operations by Chery, MG Motor, Mahindra, Bajaj Auto, and Great Wall Motors

3.5.2 Local Manufacturers

- **Kantanka Automobile:** Ghana's flagship OEM, founded in 1994, assembling vehicles from Chinese CKD kits, with a production capacity of about 5,000-7,000 units annually, including SUVs, sedans, and pickup trucks.

- **Suame Magazine:** Renowned industrial cluster in Kumasi with approximately 200,000 workers, known for vehicle repair and prototyping (notably built the SMATI Turtle 1 SUV in 2013).

- **Innovation capacity:** Demonstrated ability to create custom vehicles and prototypes.

4. DEALERSHIP AND SERVICE NETWORK

The dealership network in Ghana is well-established, with major international brands maintaining authorised dealer networks.

4.1 Major Dealership Networks

Ghana's major dealership network in the automobile industry includes (also see Figure 4):

- Toyota Ghana Company Limited: Multiple locations across Accra and Kumasi
- Japan Motors Trading Company: Official Nissan distributor
- Volkswagen Ghana: Authorised dealership network
- Honda Ghana: Dealership presence in major cities

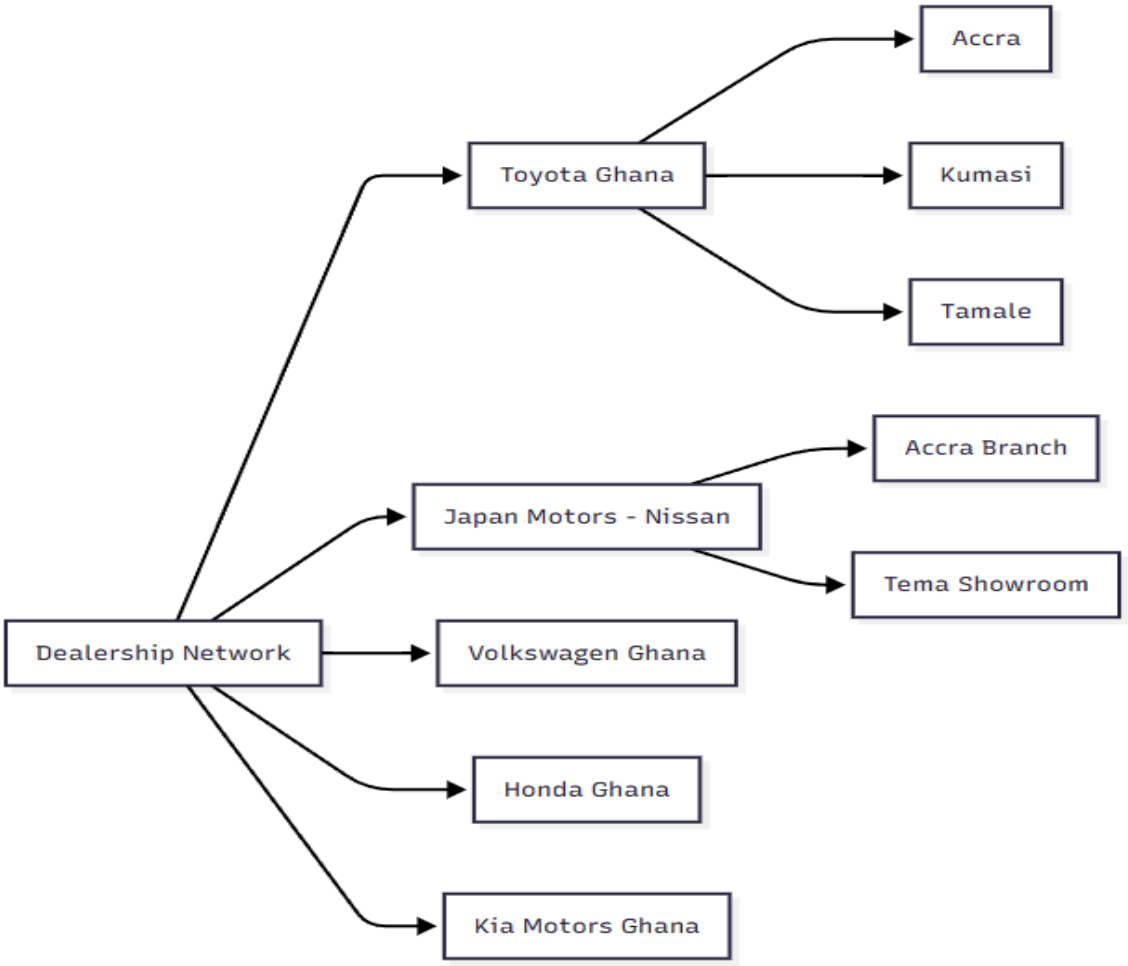

Figure 4: Major Dealership Network Distribution
Source: Toyota Ghana (2024); Japan Motors (2024); AutoLast Ghana (2024)

4.2 Service Infrastructure

The automotive service sector comprises both official dealership service centres and a large informal repair network. Ghana has a large informal sector of auto repair shops, which repair and maintain the large number of used vehicles on Ghana's roads (U.S. Commercial Service, 2024). Authorised dealership networks, particularly CFAO Ghana, provide comprehensive after-sales services, warranty, and genuine parts supply across major cities. In contrast, Suame Magazine in Kumasi stands out as a significant hub for vehicle repairs and maintenance, employing around 200,000 mechanics and artisans, thus providing extensive informal support for vehicle maintenance and repairs (Wikipedia, 2024).

4.2.1 Official Garages

- OEM-supported networks: Brand-specific networks for Toyota, Volkswagen, Nissan, Mahindra, and other manufacturers maintain authorised service centers
- CFAO Ghana: Exclusive distributor and service provider for Mitsubishi, Suzuki, Fuso, DAF, and Bridgestone since 1909
- Service quality: Provide warranty coverage, certified technicians, and genuine parts
- Geographic coverage: Concentrated in major cities including Accra, Kumasi, Tema, and Takoradi

4.2.2 Private Garages

- Suame Magazine: Primary hub with approximately 200,000 mechanics providing repair services
- Abossey Okai (Accra): Secondary major automotive service cluster
- Capabilities: Vehicle repairs, custom modifications, and aftermarket parts installation
- Skilled workforce: Experienced artisans capable of complex repairs and manufacturing

5. TRANSPORTATION INFRASTRUCTURE

5.1 Road Network

Ghana's road infrastructure forms the backbone of the automobile sector. The Ghana road network is estimated to be 94,203 km and road transportation are the most dominant choice of transportation in Ghana (Digital Logistics Capacity Assessments, 2024). The network is categorized into three main types: trunk roads, urban roads, and feeder roads (Table 5). The planned expansion of the road network by the government is estimated to be over 400km of key projects in development.

Road Category	Length (km)	Percentage of Total	Condition
Total Network	94,203	100%	Mixed
Paved Roads	~25,000	27%	Generally good
Unpaved Roads	~69,203	73%	Variable
Trunk Roads	13,367	33%	Priority maintenance

Table 5: Ghana Road Network Statistics

Source: *Digital Logistics Capacity Assessments (2024)*

5.2 Infrastructure Quality

The quality of Ghana's road infrastructure has shown improvement through targeted interventions. Road roughness decreased from 4 meters/kilometre (m/km) before the Ghana Compact to 1.6 m/km on major highways (Millennium Challenge Corporation, 2024). The interventions over the last 6 years have led to a marked improvement of Ghana's road network to 44% good, 34% fair and 22% poor [See Figure 5] that is, a 7% reduction in the proportion of roads in poor condition (Ministry of Roads & Highways, 2024).

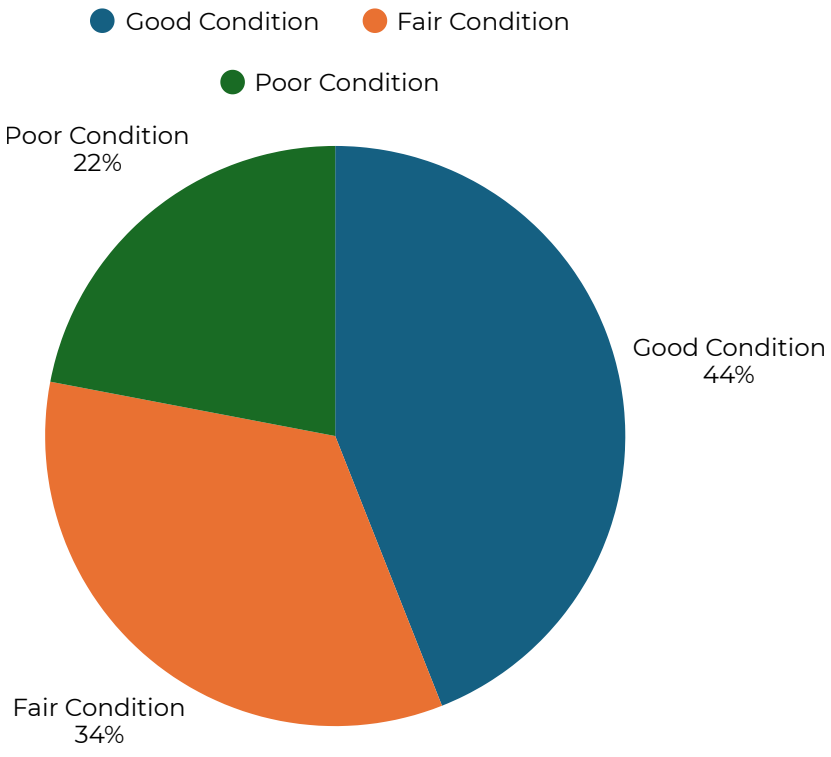

Figure 5: Road Network Condition Distribution
Source: Ministry of Roads & Highways (2024)

6. FINANCING OPTIONS

6.1 Out of Pocket

Cash purchases remain a significant portion of vehicle transactions in Ghana, particularly for used vehicles in the informal market. This method is preferred by buyers seeking to avoid interest charges and complex documentation requirements.

6.2 Bank Loans

Some commercial banks offer vehicle purchase financing for corporations, small businesses, and individuals in the working class.

- Limited availability with high interest rates (30-40%)
- Stringent requirements often exclude informal sector workers
- Recent improvements: Some banks are beginning to offer auto loans with OEM partnerships (Table 6)

Financial Institution	Loan Product	Interest Rate	Key Features
Bank of Africa Ghana	Vehicle/Asset Loan	17-18% annually	No collateral needed, 10-day approval
Stanbic Bank	Vehicle Loan	Variable	12–60-month terms, workplace banking
Société Générale	Happy Auto Loan	Competitive	Open to all qualified applicants

Table 6: Major Vehicle Financing Providers in Ghana

Source: *Car Buyers Broker (2024), Stanbic Bank Ghana (2024), Société Générale Ghana (2024)*

6.3 Hire Purchase

Hire purchase arrangements are increasingly popular, offering structured payment plans and financing options in Ghana, where the borrower pays a deposit and monthly instalments to the lender (AutoLast Ghana, 2024).

6.4 Work & Pay

The "work and pay" system represents a unique Ghanaian financing model. The term "work and pay," as the Ghanaians call it, has a concept that is similar to the Hire purchase practised by many countries like Nigeria, America, and even Ghana. However, the law guiding it is less formal (Car Buyers Broker, 2024). In recent times, the work and pay option has received growing interest as a Vehicle Financing Scheme by the Automobile Assemblers Association, planned for rollout (Ghana Auto Development Centre, 2024).

7. MAINTENANCE

7.1 Availability of Spare Parts

The availability of spare parts is generally good for used vehicles due to thriving informal markets. However, OEM parts for newer models are typically accessed through authorised dealerships, presenting a challenge in rural areas.

Ghana has developed a robust spare parts distribution network in the informal sector. The Abossey Okai Spare Parts Dealers Association plays a significant role in ensuring road safety and reliable transportation. The availability of genuine and high-quality auto parts is essential for maintaining vehicles in proper working condition.

7.1.1 Spare Parts Distribution

The spare parts market features a mix of OEM genuine parts and aftermarket parts:

- Abossey Okai: The Largest automobile parts market in West Africa (used OEMs, and aftermarket parts)
- Import Sources: Official dealers/garages who import from Japan, Germany, United States, China (New OEM parts)

7.2 Availability of Skilled Mechanics

Ghana boasts a significant pool of skilled mechanics, particularly in Suame Magazine and Abossey Okai, which ensures efficient servicing and repairs for both new and used vehicles. Resourceful clusters include:

- Suame Magazine (with 200,000 mechanics) and Abossey Okai provide extensive skilled workforce
- OEM-supported training initiatives improving service quality
- Local capability for custom solutions and complex repairs also exists

Notwithstanding, the automotive service sector faces both opportunities and challenges in skill development. Many technicians in this informal sector would need to be trained specifically on how to service EVs. There have been some efforts to formalise the training and close the skills gap of these technicians and increase repair standards.

8. REGULATORY ENVIRONMENT

The regulatory environment governing Ghana's automotive sector is built upon a comprehensive legal and institutional framework designed to streamline vehicle importation, promote local vehicle assembly, and enhance road safety and environmental standards. This framework brings together various government ministries, regulatory authorities, and policy instruments to create an enabling environment for both consumers and industry players.

8.1 Key regulatory institutions

8.1.1 Ministry of Trade and Industry (MoTI)

The MoTI plays a central policy role in Ghana's automotive ecosystem. It is responsible for formulating and implementing the Ghana Automotive Development Policy (GADP), which aims to transform Ghana into a competitive automotive hub in West Africa. The policy supports local vehicle assembly while curbing the influx of overaged used vehicles that pose environmental and safety risks.

8.1.2 Ghana Revenue Authority (GRA)

The GRA, through its Customs Division, oversees the application of import duties and taxes on vehicles. It enforces fiscal policies that align with the automotive policy, including duty exemptions and concessions for registered assemblers and Original Equipment Manufacturers (OEMs). The Customs Act, 2015 (Act 891) serves as the primary legislation guiding these operations.

8.1.3 Driver and Vehicle Licensing Authority (DVLA)

The DVLA regulates all aspects of vehicle registration, roadworthiness certification, and driver licensing. It ensures that only vehicles meeting national safety and emission standards are permitted on Ghana's roads. The authority is also instrumental in enforcing the Road Traffic Act, 2004 (Act 683), which governs road use and safety.

8.1.4 Ghana Standards Authority (GSA)

The GSA is mandated to develop, publish, and enforce standards that vehicles must comply with before being allowed into the market. These include standards related to emissions, fuel efficiency, and structural integrity. By setting and enforcing these standards, the GSA helps protect public health and the environment.

8.1.5 National Insurance Commission (NIC)

The NIC regulates the motor vehicle insurance industry, ensuring that all vehicles on the road are covered by valid insurance policies. Under the Insurance Act, 2021 (Act 1061), the NIC works to maintain financial soundness and consumer protection in the insurance market.

8.2 Legislative and Policy Framework

The GADP, developed and implemented by the Ministry of Trade and Industry, seeks to position Ghana as a competitive automotive manufacturing hub in West Africa. Key objectives include establishing local assembly plants, generating skilled jobs, enhancing vehicle safety and environmental standards, and improving affordability

through asset-based financing. The policy provides fiscal incentives such as tax holidays and import duty waivers for registered assemblers, categorised into Semi Knocked Down (SKD), Enhanced SKD, and Completely Knocked Down (CKD). It promotes local component manufacturing, skills development, and market access through preferential government procurement and export facilitation under AfCFTA. Environmental and safety standards, vehicle homologation, and port streamlining procedures are central to ensuring quality. GADP seeks to reduce reliance on used vehicle imports, encourage investment, and formalize Ghana's automotive sector through regulatory clarity and strong public-private partnerships. Some of the legislative instruments that provide legal backing to the automotive regulatory environment include:

- Customs Act, 2015 (Act 891) – Governs the importation process, tariff application, and exemptions.
- Road Traffic Act, 2004 (Act 683) – Regulates vehicle operation, licensing, and road safety enforcement.
- Insurance Act, 2021 (Act 1061) – Establishes legal obligations for insuring vehicles and protecting consumers.
- Environmental Protection Agency Act – Indirectly influences the sector by regulating vehicular emissions and environmental impact.

Under the GADP, Ghana has attracted major global automotive brands such as Volkswagen, Toyota, Nissan, Suzuki, and KIA, all of which have established or committed to local assembly operations. These companies benefit from incentive packages, including corporate tax exemptions, duty-free importation of CKD kits, and simplified registration processes. This policy-driven approach not only fosters industrial growth in the auto sector in Ghana.

8.3 Import Duties and Taxes

Vehicle imports in Ghana are subject to multiple taxes and levies, calculated based on the Cost, Insurance, and Freight (CIF) value. These are determined through the Integrated Customs Management System (ICUMS) operated by the Customs Division of the Ghana Revenue Authority.

8.3.1 Key Taxes and Charges

- Import Duty: 5%–20%, based on vehicle type and age.
- Value Added Tax (VAT): 15% of the CIF value plus duty.
- National Health Insurance Levy (NHIL): 2.5%
- Ghana Education Trust Fund (GETFund) Levy: 2.5%
- ECOWAS Levy: 0.5%
- Processing Fee: GHS 10
- Environmental Excise Tax: Up to 20% for vehicles older than 10 years

For used vehicles, in particular, the basis for assessing those duties and charges is not the transaction value agreed between buyer and seller. Instead, Ghana requires importers to use a vehicle identification number (VIN)-based reference price system as part of its customs valuation to construct a "cost" for the vehicle being imported.
Imported vehicles attract duties of up to 35% plus a 15% VAT, while CKD and SKD assembled vehicles enjoy duty exemptions under the Ghana Automotive Development Policy (GADP, 2019).

8.3.2 Import Duty Structure

- Cylinder capacity below 1900cc: 10% CIF value import duty
- Cylinder capacity below 2500cc: Additional 10% VAT
- Cylinder capacity over 2500cc: Additional 17.5% special tax
- Age penalties: Additional charges for vehicles over 10 years

8.4 Vehicle Registration and Licensing

All vehicles in Ghana must be registered with the Driver and Vehicle Licensing Authority (DVLA) before legal operation on public roads. This process ensures vehicles are roadworthy and comply with environmental and safety standards. Vehicle registration attracts a fee.

8.4.1 Registration Process

- Customs Clearance: Submission of customs declaration and duty receipt.
- Vehicle Inspection: Mechanical and emissions assessment.
- Roadworthiness Certification: Conducted by DVLA or authorized centers.
- Payment of Registration Fees: Varies by vehicle type and engine capacity.
- Issuance of Registration Certificate and Number Plates

8.4.2 Driver Licensing

The DVLA issues driving licenses under the following categories:

- Class A: Motorcycles
- Class B: Private vehicles
- Class C–F: Commercial and heavy-duty vehicles

8.5 Insurance Framework

Vehicle insurance in Ghana is mandatory under the Motor Vehicles (Third Party Insurance) Act, 1958 and regulated by the National Insurance Commission (NIC). The Insurance Act, 2021 (Act 1061) further strengthens the legal framework. Types of Insurance Systems in Ghana:

- Third-Party Only (TPO): Covers damage to third parties; legally required minimum.
- Third-Party Fire & Theft (TPFT): Includes theft/fire damage to insured vehicle.
- Comprehensive Insurance (voluntary): Covers both the insured vehicle and third parties.

9. COMPETITION LANDSCAPE

9.1 Key Players

Toyota Motor Corporation, Bajaj Auto Ltd, Honda Motor Corporation and Yamaha Corporation are the major companies operating in the Ghana Automobile Market. The market features both international brands and emerging local players. Recent and active brands, especially for four wheelers, include:

- Toyota: Dominant position across passenger and commercial segments
- Nissan: Strong presence through Japan Motors Trading Company
- Hyundai: Growing market share in passenger vehicles
- Volkswagen: Significant investment in local assembly
- Kantanka: Leading domestic manufacturer

9.2 Competitive Factors

Notable competitive factors in Ghana's automobile market include price, service quality, parts availability (serviceability), and financing options (Figure 6):

- Price competitiveness, particularly for used vehicles
- Availability of spare parts and service support
- Financing options and payment flexibility
- Brand reputation and reliability
- Dealer network coverage

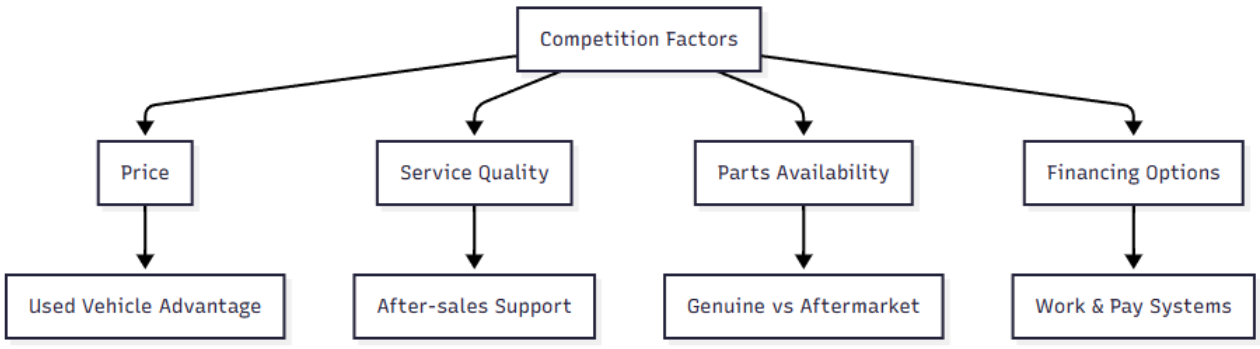

Figure 6. Competitive Factors in the Auto Market

9.3 Pricing Dynamics

The Ghanaian automotive market is predominantly import-driven, with both new and used vehicles sourced largely from the United States, Europe, and Asia. As a result, pricing is significantly influenced by fluctuations in the cedi's exchange rate against major foreign currencies. A depreciation of the local currency leads to corresponding increases in vehicle prices, often making cars unaffordable for a large segment of the population.

Additionally, the cost of vehicles is affected by the country's customs and import tax regime. Import duties, VAT, the National Health Insurance Levy (NHIL), the Ghana Education Trust Fund (GETFund) levy, and other statutory charges can cumulatively add up to 50–70% of the vehicle's invoice value. This makes even modestly priced vehicles expensive by the time they reach the Ghanaian market. Consequently, most Ghanaians prefer used vehicles (locally known as "home-used" cars), which are comparatively cheaper but may come with maintenance challenges.

While the government has introduced the Ghana Automotive Development Policy to encourage local vehicle assembly and reduce reliance on imports, locally assembled vehicles still face pricing challenges due to high production costs, limited economies of scale, and consumer preference for more affordable used alternatives.

Used vehicles dominate primarily due to significantly lower prices, typically 30-50% cheaper compared to new locally assembled vehicles. Official dealerships provide superior customer service, warranties, and financing options, contrasting with informal dealers who mainly offer affordable pricing without extensive after-sales support (Trade.gov, 2023).

9.4 Customer Service

Customer service in Ghana's auto sector varies significantly depending on the type of seller and the nature of the product (new vs. used). Authorised dealers and franchise

holders of global automotive brands generally provide more structured customer service systems. These include warranty packages, periodic servicing, diagnostic support, and access to genuine spare parts. However, such services are largely limited to urban areas such as Accra, Kumasi, and Takoradi.

On the other hand, the informal market—comprising used car dealers, auction importers, and individual sellers—offers limited or no after-sales support. In this segment, buyers often face challenges such as:

- Lack of warranty or return policies
- Poor or misleading information about the vehicle's condition
- Limited access to trusted service providers and spare parts
- Unregulated pricing and inconsistent documentation processes

As a result, customers in the used vehicle market often rely heavily on personal networks, informal mechanics, and "try-your-luck" methods, which heighten the risk of post-purchase dissatisfaction or financial loss.

9.5 Consumer Protection and Market Regulation

Although Ghana has institutions such as the Ghana Standards Authority (GSA) and the Consumer Protection Agency (CPA), enforcement of customer rights within the auto industry remains weak. Many consumers are unaware of their rights or lack the means to pursue redress. This is compounded by limited regulatory oversight over used vehicle dealers, leaving room for unethical practices such as odometer fraud, sale of accident vehicles, and falsification of import documentation.

In response, there have been calls for a more robust legal framework to regulate the sector, particularly regarding transparency in vehicle history disclosures, warranty obligations, and price regulation to protect consumers. The full operationalization of the Consumer Protection Bill, once passed into law, is expected to enhance accountability and standardisation in customer service delivery across all segments of the auto industry.

10. CHALLENGES IN GHANA'S AUTO SECTOR

10.1 Low Consumer Purchasing Power

Low consumer purchasing power remains a critical challenge in Ghana's automotive sector, profoundly shaping consumer behaviour and market dynamics. A significant outcome of this economic constraint is the overwhelming dominance of the used vehicle market, which constitutes a substantial proportion of total vehicle sales nationwide. For many Ghanaians, the high upfront cost of brand-new vehicles places them well beyond reach, compelling consumers to opt for more affordable, pre-owned alternatives, often imported from Europe, North America, or Asia.

This preference is further reinforced by the limited availability of flexible vehicle financing schemes. Traditional banks and financial institutions often require high down payments, charge high interest rates, or offer short repayment periods, all of which serve as barriers to entry for average-income earners. As a result, new vehicle dealerships face stagnating sales and diminished growth potential, while the used car segment continues to flourish.

10.2 Poor Road Infrastructure

Poor road infrastructure in Ghana poses a major challenge to the growth and sustainability of the automotive sector. The majority of roads across the country, particularly in rural and peri-urban areas, are characterised by rough terrain, deep potholes, eroded shoulders, and unpaved surfaces.

The cumulative effect of these road infrastructural challenges discourages both individual consumers and corporate fleets from investing in brand-new vehicles, as such an operational environment is more suited to used or rugged vehicles that can withstand the harsh conditions. This dynamic not only reduces the demand for new vehicle imports and assembly but also limits the growth potential of Ghana's

emerging automotive industry. Therefore, any strategic intervention in the auto sector must be closely linked to a broader national agenda to improve road infrastructure and transport planning.

10.3 Inadequate Skilled Mechanics & Technological Skills

Another major constraint facing the sustainable growth of the automotive industry in Ghana—particularly concerning both internal combustion engine (ICE) vehicles and the emerging electric vehicle (EV) market—is the inadequate availability of skilled mechanics and technicians. The sector continues to grapple with a significant skills gap, especially in the areas of modern automotive diagnostics, computer-assisted vehicle repair, electronic systems maintenance, and electric mobility technologies.

Most mechanics currently operating in the informal sector have been trained using traditional apprenticeship models that focus on outdated mechanical systems. As a result, they lack the specialised technical competencies required to service advanced vehicle models that are increasingly dependent on computerised systems, sensor-based technologies, and electric powertrains. This mismatch between industry demand and workforce capabilities poses a serious threat to the adoption and maintenance of new vehicle technologies in Ghana.

10.4 High Import Duties and Taxes

High import duties and associated taxes in Ghana exert a substantial influence on the automotive sector, presenting significant challenges for stakeholders across the value chain. These fiscal burdens markedly increase the cost of both new and used vehicles, making them less affordable for the average consumer and constraining market demand. Importers face a complex and often costly clearance process at the ports, which is compounded by a range of statutory fees including Value Added Tax (VAT), the Ghana Education Trust Fund (GETFund) levy, the National Health Insurance Levy (NHIL), the Exim levy, and the COVID-19 Health Recovery Levy, among others.

This cumulative tax regime not only heightens the final retail price of vehicles but also discourages investment in vehicle imports and dealership operations. Moreover, these high import tariffs inadvertently promote the proliferation of older, less environmentally friendly vehicles that are more affordable but contribute to pollution and increased maintenance costs.

The existing tariff structure hinders the growth of the local automotive market and weakens Ghana's attractiveness as a regional automotive hub under the African Continental Free Trade Area. While the government intends to protect nascent local assembly operations, the high import duties must be balanced against the need to ensure affordability, promote fair competition, and support a thriving automotive ecosystem.

11. PROSPECTS IN GHANA'S AUTO SECTOR

Ghana's automotive sector presents a landscape of significant growth potential, shaped by industrial policy support, emerging technological trends, and rising consumer demand. Among the most promising areas are Electric Vehicles (EVs), local vehicle assembly, component manufacturing, and service infrastructure (Figure 7). Together, these developments offer a compelling case for investment, innovation, and long-term economic transformation.

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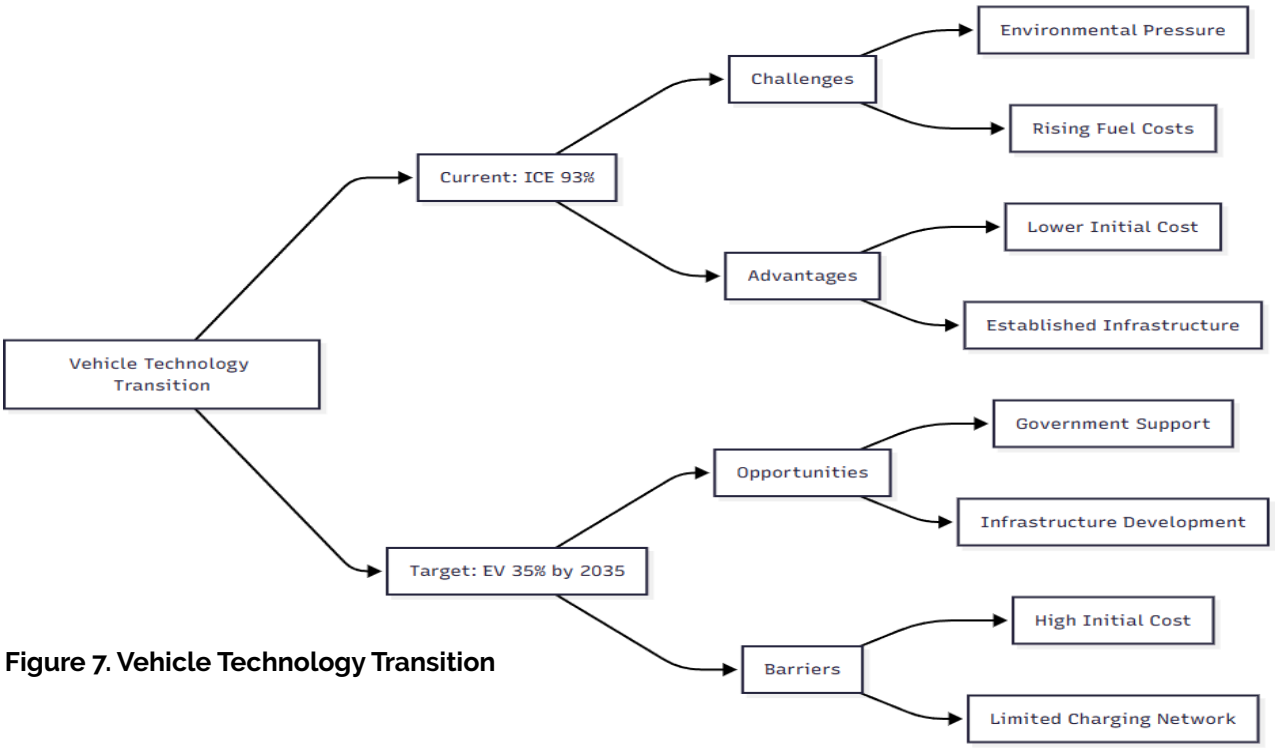

Figure 7. Vehicle Technology Transition

11.1 Emerging Electric Vehicle (EV) Market

Although Ghana's electric vehicle (EV) sector remains in its infancy (Global Market Insights, 2025), this very stage of early development presents unique first-mover advantages. The growing global emphasis on clean energy and sustainable transportation has triggered initial investments in EV imports and charging

infrastructure in Ghana. Government incentives, such as reduced import duties for EVs and hybrid vehicles, alongside growing private interest, are helping to shape an enabling environment for EV adoption. Critical opportunities lie in:

- Strategic partnerships with OEMs and local assemblers for the introduction of EV models suitable for local conditions.
- Expansion of EV infrastructure, including affordable and accessible charging stations and service centres.
- Supply chain opportunities, particularly in EV components, lithium-ion batteries, and leasing models.
- Technical and vocational training to build a skilled workforce in areas including mechatronics for EV maintenance and repair.

Ghana's relatively high electricity access rate (over 80%) enhances the feasibility of home charging solutions, although the cost of electricity remains a challenge. Still, this does not overshadow the strong value proposition of EVs, especially given high fuel prices and the need to reduce the transport sector's 47.7% share of energy-related CO_2 emissions (Global Market Insights, 2025). The government's target of net-zero emissions by 2070 (Sefa-Nyarko, 2024) provides further policy impetus to support the EV transition.

11.1.1 Government initiatives

- Government targets: 30% EV penetration by 2030
- Growth projections: EV market expected to grow at ~15% CAGR through 2029
- Policy support: National electro-mobility policy framework in development
- Regional leadership: Opportunity to become West Africa's EV hub

The government has outlined an ambitious EV transition plan:

- 2024-2026: Preparatory phase addressing barriers to EV uptake
- 2027-2035: Target 35% EV penetration rate
- 2036-2045: Phase-out of new petrol and diesel vehicle sales

11.1.2 Key Opportunities

1. Government Support: Waive import duties on electric vehicles for public transportation for a period of 8 years
2. Infrastructure Development: A local Ghanaian company has an agreement with the national power utility company, the Electricity Company of Ghana (ECG), to install EV charging stations across Ghana and will install a total of 200 chargers across southern Ghana
3. Electricity Access: Ghana's electricity access rate for households is more than 80%, making home charging a possibility

11.1.3 Consumer Perceptions and Market Readiness

Public perception is a decisive factor in determining the success of EV adoption (Global Market Insights, 2025). Our surveys and market studies reveal that Ghanaian consumers prioritise functional attributes over environmental benefits when considering EV purchases.

Key determinants include:

- Availability of charging infrastructure
- Access to servicing and maintenance facilities
- Driving range per charge
- Overall performance and reliability

While environmental concerns are recognised, they remain secondary to practical usability. These insights, corroborating earlier market assessments (Global Market Insights, 2025), suggest that for the EV market to thrive, stakeholders must invest in consumer education campaigns and demonstrate cost-efficiency and reliability through pilot initiatives and public demonstrations. Addressing misinformation and improving public trust in EV technology will accelerate adoption and open the market to broader segments of the population.

Major Potential Challenges:

1. **High Initial Costs:** It cost at least 13.5% more to own an electric vehicle compared to Toyota Corolla
2. **Infrastructure Gaps:** Limited charging network outside major urban centers
3. **Skills Development:** A huge skills gap in electric vehicle maintenance, non-availability of spare parts, charging infrastructure and the initial price of electric cars are the main challenges
4. **Consumer Awareness:** Limited understanding of EV technology and benefits

11.2 Gasoline/Diesel Vehicles

Internal combustion engine vehicles currently dominate the market and are expected to continue to experience strong demand despite increasing regulatory pressures, including higher import duties and environmental regulations (Trade.gov, 2023).

11.2.1 Current Dominance

- **Market share:** 93% of the market remains internal combustion engine (ICE) driven
- **Fuel dependency:** 75% diesel dependency, with approximately 12 service visits per year
- **Infrastructure:** Well-established fuel distribution and service networks

11.2.2 Prospects

1. Established Infrastructure: Well-developed fuel distribution network
2. Lower Initial Costs: More affordable purchase prices
3. Familiar Technology: Extensive service and repair capabilities
4. Financing Availability: Established lending and "work & pay" systems

11.2.3 Challenges

- Environmental Regulations: Increasing pressure for emissions compliance
- Fuel Price Volatility: Rising fuel costs are affecting operating expenses
- Government Policy: Shift toward EV promotion and potential restrictions
- Age Restrictions: bans imports of vehicles over 10 years old

11.3 Strong Industrial and Policy Backbone

Beyond the EV landscape, Ghana's broader auto sector is positioned for robust expansion. The GADP (Ministry of Trade and Industry, 2020) has been instrumental in attracting major international auto brands—such as Volkswagen, Toyota, Nissan, Suzuki, and KIA—to establish local assembly plants. These investments reduce reliance on overaged used vehicles and support the shift toward modern, environmentally friendly models.

The sector has also proven to be a significant source of employment across the value chain—from local production and logistics to sales, insurance, and service. Furthermore, integration into the African Continental Free Trade Area presents new export opportunities, positioning Ghana as a manufacturing and distribution hub for the region.

CONCLUSION

Ghana's automotive sector stands at a transformative crossroads, where strategic policy interventions, infrastructural development, and growing investor interest converge to reshape the industry's future. With used vehicle imports currently dominating the market due to affordability concerns, the government's proactive implementation of the Ghana Automotive Development Policy (GADP) is fostering a gradual shift toward local assembly and sustainable automotive practices, including electric vehicle (EV) adoption.

The emergence of Original Equipment Manufacturers (OEMs) and the expansion of local assembly capacity signal increasing self-reliance and industrial growth. Simultaneously, strategic integration into the African Continental Free Trade Area (AfCFTA) provides Ghana with a unique opportunity to position itself as a manufacturing and export hub for the West African sub-region. However, realising this vision will depend on addressing structural challenges such as limited financing

access, inadequate technical skills, poor road infrastructure, and high import duties. Despite these hurdles, the prospects for the sector remain bright. With consistent policy implementation, targeted investments in skills development and EV infrastructure, and enhanced stakeholder coordination, Ghana can accelerate its transition from a largely import-dependent market to a dynamic, competitive, and environmentally sustainable automotive industry. The successful execution of this transformation will not only deliver affordable and reliable mobility for Ghanaians but will also unlock significant economic and industrial opportunities, securing Ghana's place as a key automotive player in West Africa.

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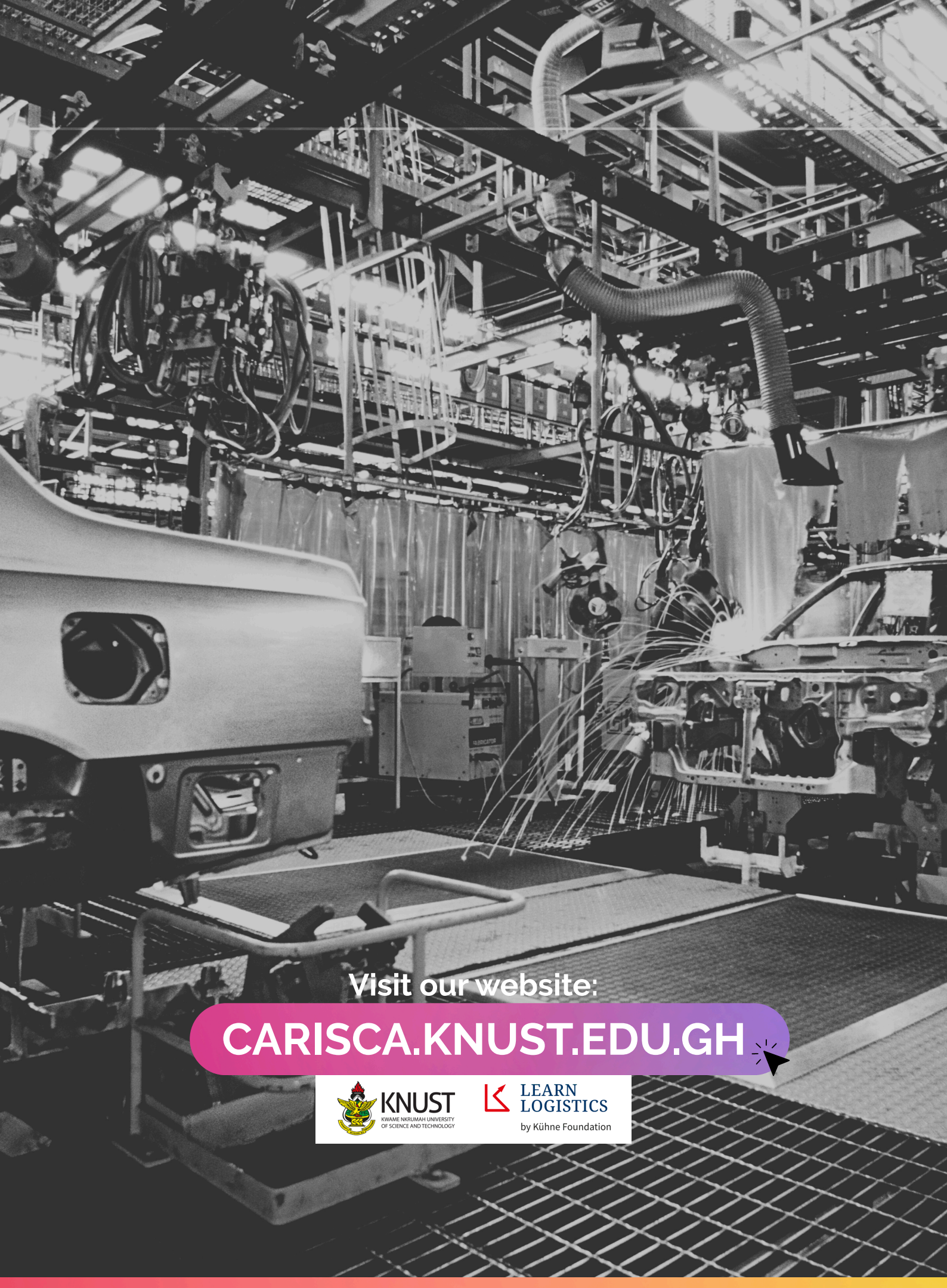
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