

# Ghana Automobile - Market Share Analysis, Industry Trends & Statistics, Growth Forecasts (2024 - 2029)

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## Abstracts

The Ghana Automobile Market size is estimated at USD 1.93 billion in 2024, and is expected to reach USD 2.07 billion by 2029, growing at a CAGR of less than 1.5% during the forecast period (2024-2029).

The automotive industry in the country consists of retailers of imported used vehicles and a few distributors who deal with retailing newly manufactured vehicles. The country imports about 100,000 vehicles per year. The United States, Japan, and Germany are the country's leading suppliers. Ghana is the third biggest economy among West African countries. It is expected to experience growth in the automotive industry during the forecast period, owing to the increase in 'Made in Ghana' vehicles initiated by Kantaka Group in 2016 and the increasing skilled workforce in the Ghanaian automotive industry.

Ghana has prohibited the import of vehicles older than ten years in an effort to encourage automakers to establish factories in the West African country. Used cars now account for roughly 70% of vehicle imports in Ghana. The new legislation also includes import-duty exemptions for automakers that manufacture or assemble vehicles in the country. According to Bloomberg, Volkswagen, Nissan, Toyota, Suzuki, and Renault are among the companies that are considered a significant presence in Ghana. Ghana hopes to become a car manufacturing hub for West Africa, a region with a population of over 380 million people. Carmakers who enter the country must consider offering car loan services. Car loans are now uncommon in Africa, prompting many people to purchase used vehicles instead.

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. By 2050, Ghana aims to have 32%, equivalent to 12,027 electric public buses, operational nationwide.

This initiative involves the assembly of 500 Complete Built Unit (CBU) electric buses and 500 Semi-Knocked-Down (SKD) buses in collaboration with local assemblers, fostering a productive partnership on Ghanaian soil (International Trade Administration, 2023).

## Ghana Automobile Market Trends

### Passenger Car Segment to Hold Majority of the Market Share

Passenger cars account for the majority of the share by vehicle type, owing to the aggressive government strategies to enhance and improve domestic car manufacturing facilities. Coupled with that, rising investments by automakers to expand their vehicle assembly plant contribute to the growth of the segment.

Used passenger cars dominate the Ghanaian passenger car segment, owing to their affordability compared to their counterparts. Most of the used cars in Ghana are imported from Japan, Germany, and the United States.

Hence, to develop the domestic automotive manufacturing capability and subsequent expansion of the new car market, the Ghanaian government is taking active initiatives to attract investment in the automotive sector. In recent years, multiple international automakers have announced significant investments in the country to develop vehicle assembly plants.

In June 2023, Kia Corporation's official distributor in Ghana "Rana Motors" launched its state-of-the-art assembly plant in Ghana. This marked a major milestone in the company's expansion strategy in the African continent. Focused on Western Africa, this strategic move positions Kia as a key player in the region's automotive industry.

In March 2023, the Caretaker Minister of Trade and Industry inaugurated a vehicle assembly plant of the German automaker Volkswagen at the Free Zones Enclave in Tema. The company invested USD 8 million for the construction of this plant to integrate the lucrative opportunity that the Ghanaian automotive market presents.

In April 2022, Nissan Motor Co. Ltd opened a new automobile assembly plant in Ghana.

It covers an area of approximately 5,000 square meters and has the capability to produce more than 31,000 units per year.

The Ghanaian government is also planning to implement initiatives to reform the automotive sector under their Electric Vehicle Policy Plan, which is expected to be announced in the budget announcement in 2024. One of the major strategies that the government is planning to implement is to ban the import of petrol and diesel cars in the country by 2024. This move is to assist the growth of the electric passenger car market.

Due to the above-mentioned factors, the passenger car segment in Ghana is expected to witness a rapid surge during the forecast period.

### Increasing Passenger Car Demand

Ghana has identified transportation as one of its key areas for adaptation and resilience, aiming to decrease emissions by 64 million metric tons of CO<sub>2</sub> equivalent (MtCO<sub>2</sub>e) by 2030. In 2016, road transportation alone accounted for 11.11% of Ghana's overall CO<sub>2</sub> emissions, and since 2000, it has contributed to 59.9% of the cumulative carbon emissions, according to the Ghana Environmental Protection Agency.

Increasing the government's effort to promote the adoption of electric vehicles and expanding the electric vehicles export market are major determinants for the demand for electric vehicles in the country. Constructive government policies are expected to positively impact the demand in the target market during the forecast period.

In November 2023, the 2024 Budget Speech was delivered by Ghana's Minister for Finance and Economic Planning. Among the key highlights of the speech were the notable incentives unveiled to promote electric vehicles. Specifically, the following tax reliefs were prioritized for implementation:

Import duties on electric vehicles used for public transportation will be waived for a duration of 8 years.

Import duties on semi-knocked down and completely knocked down electric vehicles imported by registered EV assembly companies in Ghana will be waived for a period of 8 years.

The zero rate of Value Added Tax (VAT) on locally assembled vehicles will be extended for an additional two years.

Furthermore, in recent years, the Ghanaian government has been actively focusing on improving the country's electric vehicle charging infrastructure. The Electricity Company of Ghana (ECG) signed an agreement with a local Ghanaian company to install a total of 200 chargers across Southern Ghana in the first phase of the project.

Owing to the above-mentioned factors, the EV segment of the market is expected to showcase rapid growth during the forecast period.

## Ghana Automobile Industry Overview

The Ghanaian automobile market is dominated by a few players such as BMW, Daimler, Nissan, Mitsubishi, Volkswagen, and Toyota Motors. Several vehicle manufacturers are expanding their manufacturing facilities across the country, which is expected to enhance vehicle production during the forecast period.

In October 2023, Ashok Leyland announced the completion of its maiden locally assembled Phoneix trucks at Rana Motors assembling plant in Accra. The company aims to take advantage of the government's Automotive Manufacturing Development policy to ramp up its assembling activity in Ghana.

In April 2023, Ghana's Jospong Group, a major conglomerate in the country, announced its collaboration with the US-based ZeroNox, which specializes in the electrification of commercial vehicles, to launch a massive electrification project involving 1,000 rubbish trucks. Under the signed joint venture agreement, 1,000 rubbish trucks from Zoomlion, a subsidiary of Jospong, would be retrofitted with ZeroNox's latest EV platform and LFP batteries.

In August 2022, Volvo Group launched four new generation extra heavy commercial trucks, the Volvo FH, FH16, FM, and FMX, in Ghana.

In March 2022, Silver Star Auto inaugurated an assembly plant in Tema, Ghana. The assembly plant produces the PEUGEOT 3008. It is also expected to produce the all-new LCV 1-ton pickup Peugeot Landtrek.

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## Contents

### **1 INTRODUCTION**

1.1 Study Assumptions

1.2 Scope of the Study

### **2 RESEARCH METHODOLOGY**

### **3 EXECUTIVE SUMMARY**

### **4 MARKET DYNAMICS**

4.1 Market Drivers

4.1.1 Expanding the Presence of Automobile Assembly Plants in Ghana to Drive Demand in Target Market

4.2 Market Restraints

4.2.1 High Import Tariffs and Taxes on Vehicles May Stymie Industry Expansion

4.3 Industry Attractiveness - Porter's Five Forces Analysis

4.3.1 Threat of New Entrants

4.3.2 Bargaining Power of Buyers/Consumers

4.3.3 Bargaining Power of Suppliers

4.3.4 Threat of Substitute Products

4.3.5 Intensity of Competitive Rivalry

### **5 MARKET SEGMENTATION (MARKET SIZE BY VALUE, VOLUME)**

5.1 Vehicle Type

5.1.1 Passenger Cars

5.1.2 Commercial Vehicles

5.1.3 Two-wheelers

5.1.4 Three-wheelers

5.2 Propulsion

5.2.1 Internal Combustion Engine

5.2.2 Electric Vehicles

5.3 Type

5.3.1 New Vehicles

5.3.2 Used Vehicles

## **6 COMPETITIVE LANDSCAPE**

6.1 Vendor Market Share

6.2 Company Profiles\*

6.2.1 Kantaka Group

6.2.2 Tata Motors Ltd

6.2.3 Bajaj Motors

6.2.4 Honda Motor Company Ltd

6.2.5 Ford Motor Company

6.2.6 Mercedes-Benz Group AG

6.2.7 BMW AG

6.2.8 Hyundai Motor Company

6.2.9 Nissan Motor Co. Ltd

6.2.10 Volkswagen Group

6.2.11 Volvo Group

6.2.12 Toyota Motor Corporation

6.2.13 Mitsubishi Motor Corporation

## **7 MARKET OPPORTUNITIES AND FUTURE TRENDS**

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