

**MINORITY'S STATEMENT ON THE FREE FALL OF THE CEDI AND MATTERS ARISING, PRESENTED BY THE MINORITY LEADER, HON. CASSIEL ATO FORSON (Ph.D), AT PARLIAMENT HOUSE ACCRA.**

15<sup>TH</sup> MAY, 2024.

1. Good afternoon, ladies and gentlemen of the press.
2. We have invited you to this press conference on a matter that is important to businesses, traders and households. That is, the free fall of the Cedi and matters arising!
3. Section 53 of the Bank of Ghana Act, 2002 (Act 612) charges the Bank of Ghana to formulate exchange rate policy in conjunction with the Minister of Finance.
4. This Act further mandates the Bank of Ghana to hold all foreign exchange of the State and to be responsible to Parliament in the performance of its function in relation to the foreign exchange.
5. This implies that Parliament must take a keen interest in matters relating to the exchange rate as well as the management of Ghana's foreign exchange reserves.

6. This oversight role of Parliament has become even more critical as the local currency continues to fuel uncertainty and impact negatively on Ghanaian businesses and individuals.
7. Ladies and gentlemen of the media, you will recall the actions of the Bank of Ghana in the recent past, including the impact of its printing of 100-Cedi and 200-Cedi notes as well as the excessive printing of money to finance the over-bloated expenditure of the Akufo-Addo/Bawumia government, without parliamentary approval.
8. At the same time, the Bank of Ghana engaged in multiple currency practice by maintaining segmented markets for foreign exchange. These, together, contributed to pressure on the exchange rate and fueled inflation.
9. In spite of the huge inflows of foreign exchange from the IMF and the World Bank into the Ghanaian economy, the government's actions and its management of the Cedi have continued to fuel steep depreciation with no end in sight.

10. So far, the decisions of the Economic Management Team chaired by Vice President Alhaji Bawumia leaves a lot to be desired.
11. The reality of the Ghanaian economy today exposes the credentials of the so-called Economic Whiz-kid who was marketed as the saviour of the economy. Alhaji Bawumia's credibility is now in tatters.
12. The steep depreciation of the Cedi has resulted in increase in the prices of goods and services, as several businesses continue to revise prices upwards. This development would further worsen the plight of the already suffering Ghanaian.
13. It is even more worrying and depressing to see constant media reports of escalating prices of goods and services as a result of traders' inability to service their loans and restock due to the rapid fall of the Cedi.
14. At this point, traders, especially importers, require more money to buy or import the same quantity of items that they could have previously purchased with less money.

15. One can imagine the impact of this fall of the Cedi on businesses at Abossey Okai, Kokompe, Okaishie, Makola, Kejetia and other major business centres in the country.
16. As for those servicing their mortgages in Ghana in dollars while they earn Cedis, one can imagine the sleepless nights and the anguish that they are going through as a result of the free fall of the Cedi.
17. There seem to be no hope in sight, as the managers of the economy have no clue on how to address the free fall of the Cedi, in spite of the hype.
18. In 2022, the Cedi emerged as the world's worst performing currency as it depreciated by 40% to the US Dollar.
19. It further depreciated by 27.8% in 2023 and as at Friday, 10<sup>th</sup> May 2024, the Cedi had depreciated by almost 13.2% year-to-date.
20. Bloomberg recently termed the current depreciation as "record-breaking weakening cycle" based on data compiled since 1994. Bloomberg noted that the Cedi has not made a gain in the last 22 trading sessions on its platform.

21. This is at a time when Ghana's external debt service has been suspended to pave way for external debt restructuring. The critical question for all Ghanaians to ponder over is "what is likely to happen when Ghana resumes external debt servicing"?
22. Ladies and gentlemen of the press, you will recall that when the NDC Government was exiting in December 2016, under the leadership of President John Mahama, the Cedi was trading at 3.80 Cedis to US\$1 compared to the current 14.95 Cedis to US\$1.
23. Shockingly, but not surprisingly, the Vice President who doubles as the chairman of the government's Economic Management Team, Alhaji Bawumia has told Africawatch that the Cedi has performed better under his supervision! A palpable lie, of course!
24. Statements such as this from Alhaji Bawumia have significantly damaged his reputation as many people treat them with the contempt it deserves or, at best, comic relief.

25. Many businesses and households have questioned the voodoo conclusions of Alhaji Bawumia on the fall of the Cedi on his watch.
26. How is Alhaji Bawumia able to look Ghanaians in the face and claim that an exchange rate of GHS14.95 to USD1 in 2024 is better than the 2016 year-end's GHS3.80 to USD1. This is ridiculous and embarrassing!
27. The facts do not bear him out on the fall of the Cedi just as they do not bear him out on other matters, including the payment of nursing trainee allowances.
28. It should be a matter of concern for the Vice President that while Ghanaians hold the constitutional office that he occupies in high esteem, same cannot be said for his words.
29. Many traders and businesses continue to wonder how Alhaji Bawumia arrives at these absurd conclusions and continues to beat his chest as a manager of the economy, at a time prices of goods and services continue to rise, purchasing power is on the decline, businesses are relocating from the country and many people have fallen into extreme poverty.

30. Our checks at the commercial banks, forex bureaux and businesses suggest the following as the reasons for the free fall of the Cedi:

- a. the strange policy on mixed cash reserve ratios recently implemented by Bank of Ghana.
- b. increased unbudgeted fiscal spending which is fueling demand for foreign exchange
- c. lack of confidence in the banking sector, resulting in currency substitution
- d. lower cocoa production resulting in lowest exports in two decades due to the mismanagement of the sector.
- g. uncontrolled corruption in the Akufo-Addo/Bawumia government

31. We call on the Akufo-Addo government to among others;

- i. order their appointees to release the FX stashed in their homes.
- ii. adhere to fiscal consolidation and curtail excessive spending
- iii. address the lingering issues in the cocoa sector

32. In conclusion, we urge the Vice President to quit his off-beat dancing on the campaign trail and focus on the dancing Cedi. Ingoi

33. Ladies and gentlemen, I thank you.