

IMPLICATIONS OF THE IRAN-ISRAEL-USA WAR ON GHANA'S GOLD AND OIL ECONOMY

POLICY BRIEF

Executive Summary

The escalating conflict involving Iran, Israel, and the United States has introduced significant volatility into global commodity markets. For Ghana, the crisis creates a dual economic shock. Elevated gold prices provide an opportunity for higher export revenues and foreign exchange inflows, while rising crude oil prices increase the cost of petroleum imports and pose risks to inflation and macroeconomic stability.

Ghana's exposure is heightened by two structural realities: the concentration of gold exports through the Dubai trading hub and the country's continued dependence on imported refined petroleum products despite being a crude oil producer. These dynamics mean that disruptions in Gulf logistics and rising oil price premiums could affect Ghana's balance of payments, exchange rate stability, and fiscal consolidation efforts.

Key Policy Insights

- High gold prices create a significant opportunity to boost export revenues and foreign exchange reserves.
- Disruptions in Dubai's logistics network expose Ghana's gold trade to concentration risk.
- Rising crude oil prices increase Ghana's petroleum import bill and could reverse recent gains in inflation control.
- The net macroeconomic impact depends on the relative magnitude of gold export gains versus oil import costs.
- Policy responses should focus on export diversification, domestic refining capacity, and macroeconomic resilience.

1. Geopolitical Context and Ghana's Exposure

The escalation of hostilities between Iran and Israel, alongside the involvement of the United States, represents one of the most significant geopolitical crises in the Middle East in recent years. Disruptions to airspace, shipping routes, and energy supply chains have transmitted shocks across global commodity markets.

Ghana's exposure arises primarily through two channels: gold exports and energy imports. Dubai remains one of the world's largest gold trading hubs and accounts for more than 70 percent of Ghana's artisanal gold exports. At the same time, Ghana imports a substantial share of its refined petroleum products, making domestic fuel prices highly sensitive to global crude oil movements.

2. Impact on Ghana's Gold Sector

Geopolitical uncertainty typically drives investors toward safe-haven assets such as gold. The current conflict has reinforced this pattern, pushing global gold prices to historic highs.

For Ghana, higher gold prices translate into increased export earnings, stronger foreign exchange inflows, and potentially higher government revenue from royalties and corporate taxes in the mining sector.

However, the concentration of Ghana's gold exports through Dubai creates a significant logistical vulnerability. Prolonged disruptions in Gulf logistics networks could delay shipments and reduce liquidity in bullion markets, thereby slowing the repatriation of export proceeds.

3. Impact on Ghana's Oil Economy

Instability in the Middle East has historically driven increases in global crude oil prices, particularly when risks emerge around strategic supply routes such as the Strait of Hormuz.

As a net importer of refined petroleum products, Ghana is vulnerable to oil price increases. Rising crude prices typically translate into higher domestic fuel costs, which in turn affect transportation, food distribution, and overall inflation.

While Ghana benefits from higher crude prices through export revenues, the net effect often remains negative due to the country's dependence on imported refined fuels.



4. Macroeconomic Implications

The combined effects of higher gold prices and rising oil costs create a mixed outlook for Ghana's macroeconomic performance.

On one hand, stronger gold export earnings improve the trade balance and foreign exchange inflows. On the other hand, higher oil import costs increase demand for foreign currency and may exert pressure on the exchange rate.

If the conflict persists and oil prices remain elevated, Ghana could face renewed inflationary pressures and increased fiscal strain.

5. Risk Scenarios for Ghana's Economy

Scenario	Gold Prices	Oil Prices	Implication for Ghana
Conflict Contained	High	Moderate Increase	Manageable macroeconomic impact
Prolonged Conflict	Very High	Very High	External pressure and inflation risk
Severe Supply Shock	Extreme	Extreme	Significant macroeconomic stress
De-escalation	Moderate	Declining	Improved stability and recovery

6. Policy Recommendation

A. Short-Term Measures

- Diversify gold export routes beyond Dubai to reduce geopolitical and logistical risks.
- Expand strategic petroleum reserves to cushion fuel price shocks.
- Enhance communication from economic authorities to stabilise market expectations.

B. Medium-Term Reforms

- Revitalise the Tema Oil Refinery to reduce reliance on imported petroleum products.
- Develop domestic gold refining capacity and strengthen traceability systems.
- Broaden Ghana's gold export markets across Europe, Asia, and North America.

C. Long-Term Resilience

- Accelerate economic diversification beyond commodity exports.
- Develop integrated upstream and downstream energy infrastructure.
- Strengthen institutional coordination for managing external commodity shocks.



7. Conclusion

The Iran-Israel-USA conflict presents Ghana with both opportunity and risk. Elevated gold prices offer a potential revenue windfall, while rising oil prices threaten inflation stability and increase the cost of imports. The ultimate impact on Ghana's economy will depend on the duration of the conflict and the effectiveness of policy responses aimed at mitigating external shocks.

By diversifying export markets, strengthening domestic refining capacity, and improving macroeconomic resilience, Ghana can better position itself to manage future geopolitical disruptions.

About CERPA

The Centre for Economic Research and Policy Analysis (CERPA) is a think tank dedicated to providing independent, data-driven economic research and policy recommendations to foster sustainable economic growth in Ghana and beyond.

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