

SHIPPING REVIEW

GHANA'S AUTHORITATIVE QUARTERLY MARITIME JOURNAL

VOLUME 22 NO. 2, APRIL - JUNE, 2020



CONGESTION, A NIGHTMARE OF AFRICAN PORTS:

How Ghana overcame its ports problem

ALSO IN THIS ISSUE

- The Untapped Potential of the Tema Shipyard and Dry-dock
- The Changing Role of the Freight Forwarder
- The Relationship Between the Regimes: Exclusive Economic Zone (EEZ) and the Continental Shelf (CS)
- Aburi Craft Village- Over Four Decades of Making Artifacts

ISSN 0855-5148

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SHIPPING REVIEW

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Congestion, a nightmare of African Ports: How Ghana overcame its ports problem

Different factors trigger congestion in ports. However, the type, extent and dimension of causative factors for port congestion also differ from port to port. In the same way, the implications of these undesirable congestion drivers also vary from port to port.

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The Relationship Between The Regimes: Exclusive Economic Zone (EEZ) and the Continental Shelf (CS)

At United Nations Convention on Law of the Sea (UNCLOS) III, there was a long debate on the relationship between CS and EEZ. States were of different opinions on how to deal with this obvious overlap.

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Our Vision

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To effectively and efficiently protect and promote the interests of shippers in Ghana's commercial shipping sector in relation to international trade and transport logistics.

Published by:
7th Floor, Ghana Shippers' House
No. 12 Cruickshank Street,
Ambassadorial Enclave, West Ridge,
P. O. Box GP 1321, Accra

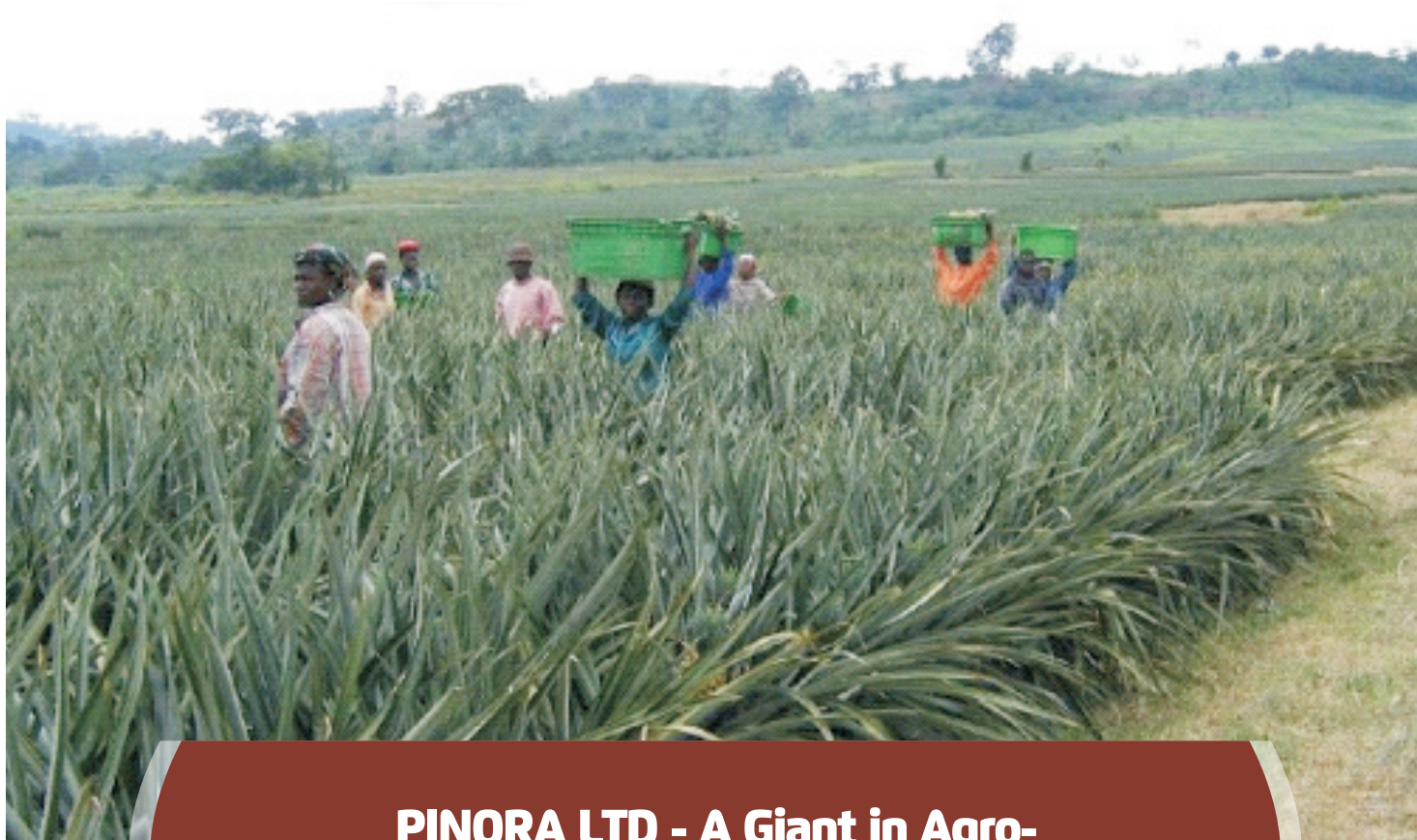
Tel. 233-302-666915/7

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Printed by:
Unik Image - 0302 253756
0302 231527



PINORA LTD - A Giant in Agro-processing for Exports

The low value-addition of Ghana's agrarian economy requires maximum attention to be focused on the National Export Strategy and other long-term economic aspirations which feeds into the National Industrial Transformation Agenda. Agro-processing is certainly one of the areas where huge investments must be channelled for the nation to produce value-added products as envisioned by the government under the "One District, One Factory" policy.

The climatic conditions in the Eastern, Central and Ashanti Regions allow for large scale cultivation of fruits such as citrus and pineapple. However, post-harvest losses drastically reduce the income of the farmers and discourage them from enlarging their farms or maintaining them. Against this background, Pinora Limited was formed with the main objective of cutting down on post-harvest losses and also as an incentive to farmers to continue to maintain their farms and also expand them. The company is a purely private initiative and investment, incorporated on 19th May, 2005 under the laws of Ghana within the Free Zones enclave to process fruits.

Production capacity and export market

Pinora is the largest fruit juice processing facility in West Africa with a daily production capacity of over 400MT. The production facility is fully equipped to produce a wide range of products from not-from

concentrates (NFCs) to frozen concentrates; organic and conventional mainly from orange, pineapple, lime and various other tropical products. The Asamankese-based company has an in-house cold storage facility that ensures and maintains full control over product security and quality.

A greater part of the volumes produced are exported to Europe and neighbouring West African countries. The location of its production site in a free trade zone, enables it to provide blending services into the rest of West Africa- one of the fastest growing juice consuming regions of the world.

Support to farmers and certification standards

More than a juice production plant, Pinora takes a responsible approach to business in Africa. It maintains close working relationships with the local farmers through its farm school programmes. Through these programmes, the company provides farmers with continuous technical advice, training and access to credit facilities. Pinora believes that through education and long-term relationships, we can work to secure our sourcing to ensure a reliable and consistent supply of the best quality fruits.

Combining ongoing compliance with the strictest certification standards and the use of the latest laboratory technology, the company's team is



Managing Director of Pinora Ltd. Mr. Marcio Luiz Simon (middle) showing a section of the processing plant to Mrs. Monica Josiah, Tema Branch Manager of the GSA during a 3-day shipper visitation and sensitisation tour of the Eastern Region

dedicated to providing customers worldwide with the best quality of products. Pinora is a member of SGF and CROCFA. Its business is also certified by FloCERT Fair Trade, Ecocert, EPA, FDA (USA) and KOSHER.

Access to fruits-the challenges

Led by its Managing Director Mr. Marcio Luiz Simon, some of the challenges Pinora experiences in getting regular and adequate fruits for processing are caused by a multiplicity of factors.

Some of the challenges include the negative effects of pests and diseases on yield and quality of fruits on the field, poor road network to some farms affecting the timely delivery of fruits to the factory, severe weather conditions such as harmattan and irregular rainfall patterns.

Other challenges include competition from neighbouring countries i.e. La Cote d'Ivoire posing huge challenge in getting quality fruits in high volumes and illegal mining (galamsey) activities as well as non-availability of labour for fruit harvesting.

Export shipment challenges & support from MDAs

The Head of Sales and Supply Chain Department, Mr. Isaac Kwaku Danso, who also oversees local

sales and sub-regional sales as well as the supply chain and logistics for the company, said one major problem affecting the shipment process is the lack of resident Customs officers to work on documentation.

"My recommendation is for Customs to assign a permanent resident officer in the enclave for us to ease our operations in terms of E-track release from import.", he recommended

Pinora, he said, receives a lot of support from the Free Zones Authority and other government agencies within the compliance chain.

Future plans and CSR

As a company committed to the future of Ghana's agro-processing industry, Pinora has plans of expanding its operations and adding more production lines to also employ more indigenes from Asamankese.

Over the years, Pinora has lived up to the tenet of being a socially responsible company. The company has engaged in Corporate Social Responsibility activities such as supporting the organisation of the Asamankese festivals, Okyehene festival among others in the Eastern Region.





The Writer

The untapped potential of the Tema Shipyard and Dry-dock

By Romeo Adzah, Ghana Shippers' Authority

The last century has experienced a shift from Europe's domination, particularly the UK, of the world shipbuilding industry to the Asian market where Japan, South Korea and China have taken a huge jump to become global leads and players. While China currently tops the shipbuilding market in the world, South Korea has the two largest global shipbuilding companies, namely Daewoo Shipbuilding and Marine Engineering and Hyundai Heavy Industries.

The rise of the Chinese shipbuilding industry is now posing a threat to almost all major shipbuilding nations as China had planned to become the leading shipbuilding nation with an aim to corner more than 30% global share by 2015. One of the reasons that accounted for this is the active interest in ship types which are relatively labour intensive in comparison to other shipbuilding regions (Thangam, Sureshkumar; 2015).

According to Statista, the number of active shipyards across the world nearly halved between 2014 and

2019 leaving only 281. It explained that more than 230 yards were closed as a consequence of the ongoing consolidation process within the shipbuilding industry which was caused by a decrease in the demand for new vessels, stemming from the uncertainty surrounding future fuel composition, propulsion systems, and environmental regulations. The German online portal for statistics estimated the global shipbuilding market size in 2018 at \$ 114.3 billion and projected the market to exceed \$175 billion by 2025, increasing at a compound annual growth rate of 5.7 per cent.

Shipyards have become the hospitals where vessels of all types and sizes are birthed (manufactured) and treated (repaired) when they are involved in an accident or worn-out. Many shipyards across the world provide services such as shipbuilding, steel fabrication, ship repairs and refurbishment, dry-docking, general engineering among others.

The Tema Shipyard

Established in 1965 by the government of Dr. Kwame

Nkrumah during the construction of the Tema Port in line with Ghana's maritime industry's infrastructure demands and Africa's as a whole, the Tema Shipyard and Dry Dock Company is the biggest in West and Central Africa and one of the biggest in Africa. The shipyard is adjacent to the Tema Port and sits on a 48.45-acre land. It has two graving docks of 100,000 dead weight tonnage (dwt) and 10,000 dwt capacity and 150 tonnage slipway.

The shipyard also has the capacity of servicing various sizes of vessels and offshore operating facilities, from small vessels to very large ships, oil tankers, barges and rigs, operating within the Gulf of Guinea and those from-and-to Southern Africa and those en route to Northern Africa and Europe. It was certified by the International Organisation for Standardisation (ISO) in 2018.

Even though the Tema Shipyard has the capacity to carry out ship repairs and refurbishment, dry-docking, shipbuilding, steel fabrication, and general engineering, it is not operating at



its full capacity due to a myriad of factors such as obsolete equipment, inadequate capital investment among others. Consequently, the shipyard has undergone different management and ownership to make it more relevant to the demands of Ghana's maritime industry and the sub-region's.

Diversification

After five years of its establishment and operation under the management of the Ghana Ports and Harbours Authority (GPHA), the shipyard was handed over to the Tema Shipyard and Dry-dock Corporation and later privatised as Tema Shipyard and Dry-dock Company Ltd (TSDC) in the mid-1990s. The name of the company was changed to PSC Tema Shipyard in 1996 when 60 per cent of government's stake was acquired by a strategic partner, Penang Shipbuilding and Construction and subsequently offloaded to Boustead Heavy Industries.

In the second quarter of 2016, Cabinet ordered the Ministry of Transport to transfer operations of the PSC Tema Shipyard and Dry Dock Company to the GPHA. It was the hope of government that the Shipyard would attract the needed resources in the long term, to venture into the building of Floating, Production, Storage and Offloading (FPSO) vessels for the oil and gas industry even as it continues to provide services to the ports and harbours and related

sectors in the short to medium term.

In recent times, Aker Energy, a Norwegian firm which now owns Hess Ghana's stake in the Deepwater Tano Cape Three Point and an international ship manufacturer based in India, Mazagon Dock Shipbuilders Limited (MDL), have both expressed interest in investing in the Tema shipyard to give it a facelift.

The commitment to get an investor to upgrade the Tema shipyard and make it more competitive continued in 2018 when six companies were shortlisted, out of the initial 20, for their proposals to be vetted for the selection process to be completed to breathe new life into the shipyard. It is estimated that about \$230 million is needed to bring back life to the shipyard.

Economic potentials of Tema Shipyard

The utilisation of the full capacity of the PSC Tema Shipyard with the requisite investment portends great socio-economic potential for Ghana. This includes but not limited to revenue generation, employment creation, a sub-regional shipyard hub and the springing of auxiliary industries.

Revenue generation

The Tema shipyard has the capacity to repair up to 80 to 100 vessels annually but records from its operations show it is performing

below its capacity, starving it off the needed revenue that is badly needed for the economic transformation of the country. This is largely caused by the lack of adequate and required logistical and infrastructure investment. In 2017, only 16 vessels called at the shipyard for minor and major repair works while the number increased to 34 and 39 in 2018 and 2019, respectively. However, figures from the shipyard also reveal an improvement in revenue generation with a reduction in expenditure from GH¢ 16.9 million to 13.8 million in 2017 and 2018 respectively. The financial situation could, however, have significantly improved if the sought-after upgrade and investment were actualised.

The construction of the Floating Production Storage and Offloading (FPSO) vessels, Prof. John Evans Atta Mills and Kwame Nkrumah for the TEN (Tweneboa, Enyenra and Ntomme) and Jubilee Fields cost over \$2 billion. The huge capital investment would have been saved in the local economy had a well-functioning and state-of-the-art shipyard existed in Ghana to construct the FPSO vessels. Revenue could also be generated from building new ships, ship repairs and other services provided at the shipyard.

The shipyard can no longer rely on its shipbuilding past glories of the 1970s when it built Bank of Ghana's Grains Maid, 8 barges for the Black Star Line lighterage services at Takoradi Port among others. Even though it recently built the new Dodi Princess which ferries tourists and holiday makers on the Volta Lake, the shipyard has the potential to build Offshore Support Vessels (OSVs), port tugs, Platform Support Vessels (PSVs).

Employment

The Tema shipyard also has the potential to create employment opportunities for both skilled and



unskilled labour. The resourcing of the shipyard with state-of-the-art equipment and logistics would require the training of locals with specialised skills and also create the platform for skills, knowledge and technology transfer.

In a presentation to the Norwegian business community at the Ghana Day Event, organised alongside the Offshore North Sea Conference and Exhibition in Stavanger, Norway in 2018, Mrs. Alice Torkornoo, the General Manager of Business Development at GPHA said an installation of a fabrication facility at the shipyard would lead to the development and training of local staff, which could employ more than 3,000 to 4,000 skills, leading to the generation of taxes and facilitation of socio-economic development. In South Korea, statistics show over 85,000 people were employed in the offshore and shipbuilding industry from 2001 to 2017.

Shipyard hub

A state-of-the-art Tema shipyard will also promote Ghana as the shipyard hub in Africa, particularly in the West and Central Africa region. Ships from various ports across the sub-region would call at the shipyard to access the myriad of services it provides. Data from the GPHA indicates a total of 17,234 vessels called at the Tema port from 2009 to 2019 with an average of 1,500 vessels per year. The Tema port expansion project, a joint-venture between the GPHA and Meridian Port Holdings, with

Bolloré Transport & Logistics and APM Terminals as the two main shareholders, will also serve as a catalyst to attracting more and new vessels to the Tema shipyard. The new MPS Terminal 3 has a draft of 16 metres with a capacity to accommodate the largest vessels in the world. The port expansion project has also opened up the country's maritime space to serve as one of the biggest transshipment hubs in Africa.

The close proximity of the shipyard to the Tema port also puts Ghana in an advantageous position where the movement of vessels from the port, after discharging cargo, to access any service in the shipyard becomes effortless and convenient.

Auxiliary industries

A well-functioning shipyard will also create a conducive environment for a heavy steel and aluminium fabrication industry and other auxiliary industries whose activities will be dependent on the effective operation of the shipyard and drydock. The oil and gas industry in Ghana and other oil fields around the West and Central African region also stand to benefit enormously when all the requisite facilities needed for the shipyard to operate fully are provided. This will also facilitate the construction of offshore and oil industry ships such as offshore vessels to provide maritime security for offshore oil installations and also fight illegal fishing and piracy activities in the region's market.

State intervention and support

"China has become a leading shipbuilder due to its policy and support mechanism for the shipbuilding industry," says Ntin Agarwala of the National Maritime Foundation, a New Delhi based think-tank. "It all began with the US, changed hands to the Europeans, then the Japanese followed by South Koreans and now the Chinese."

For the Tema Shipyard and Dry-dock to attract investors, it is incumbent on government to create the enabling environment for this to crystallise. Subsidies, tax breaks and other incentives must be given to investors to attract them to the shipyard.

In 2019, the Nigeria Ports Authority (NPA) waived off dues on vessels coming for dry-docking, maintenance and repairs in the country's shipyard to attract more vessels to Nigeria. This positive intervention from the Federal Government of Nigeria drew commendation from Ship Owners Association of Nigeria, Nigeria Chamber of Shipping and other stakeholders in the maritime industry.

Conclusion

The relevance of shipyards for the economic advancement of nations across the world, since time immemorial, cannot be overemphasised. Hence, the underperformance of the Tema Shipyard and Dry-dock since its establishment in 1965 must be looked at with the needed urgency in order to unlock its untapped potential.

As South Korea, China and Japan are leading Asia and the world with sophisticated shipyards, Ghana can also lead Africa, with the necessary and adequate capital investment in the Tema Shipyard. The attendant benefits, beyond job creation, are enormous.



THE RELATIONSHIP BETWEEN THE REGIMES: EXCLUSIVE ECONOMIC ZONE (EEZ) AND THE CONTINENTAL SHELF (CS)

By Abdul Haki Bashiru-Dine (Ghana Shippers' Authority) and Nafula Wakoli (Kenya Maritime Authority)

Introduction

The relationship between the Exclusive Economic Zone (EEZ) and Continental Shelf (CS) will be discussed in the light of the judgments delivered in the Bangladesh/Myanmar decision of the International Tribunal for the Law of the Sea (ITLOS) and the Bangladesh/India award given by an Arbitral Tribunal, both of which had to face the problem of the Continental Shelf and the EEZ. Their solution is the so-called “grey zone” area, which attempts to deal with the overlapping Continental Shelf of one State with the EEZ of another State.

This approach is not the first time where States have accepted to deal with an overlap between the continental shelf claim of one State and the maritime jurisdictional claim over super adjacent waters of another State. This dates back to the past century in the treaty between Papua New Guinea and Australia.

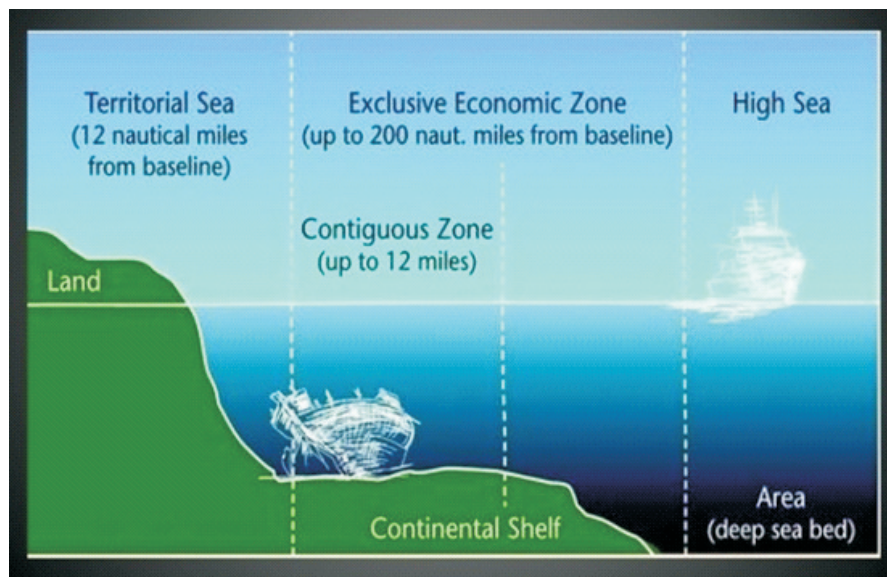
The issues examined were the relationship between the EEZ and the CS of the same State. We are now examining the relationship between the CS and EEZ when there is an overlap State claims.

Review of the relationship between the EEZ and the CS

At United Nations Convention on Law of the Sea (UNCLOS) III, there was a long debate on the relationship between CS and EEZ. States were of different opinions on how to deal with this obvious overlap. The first view was to drop the CS and go for a comprehensive EEZ. This view was particularly objected to by States such as Australia, which argued that if the CS were to disappear, they would suffer a prejudice to their vested rights which had developed under the 1958 Convention. Another proposal was made to abandon the CS regime for the first 200 nautical miles (nm) and then to implement the CS regime basically beyond the outer limit of the EEZ.

The Conference, in the end, decided to retain the two regimes but to make every drafting effort to harmonize these two important institutions. By doing so, the Convention recognized the inherited legal characteristics of the CS that existed ipso facto ab initio. CS rights were exclusive and a CS did not need to be proclaimed to enjoy rights under Article 77 UNCLOS.

On the other hand, Part V dedicated to the EEZ was a product of the deliberations of UNCLOS III and essentially reflected the view first put before Latin American States but was then juridically drafted by Kenya at that time as an Economic Zone. The superiority of this proposal is that it nationalized all economic resources and activities within 200nm but clearly protected the freedoms of navigation and communications in order to counteract the opposition of the maritime States. In the end, this was the basis of Part V, which



was designed to do what the Kenyan proposal did.

Article 56 read together with Article 77 establishes sovereign rights over the subsoil also just as Article 76 on the CS states. It is simplistic to say that both regimes are fused. The drafters have inserted a number of drafting mechanisms which retain the autonomy of the EEZ regime and CS regime but which make every effort to harmonize the two regimes in favour of cohabitation, meaning accommodation of the two regimes.

The way the doctrine has developed is to ensure the EEZ is a specific regime under Article 55. But as is confirmed by State practice, this specific regime is not automatic. It has to be declared if the State wishes to enjoy this right. In other words, the EEZ does not enjoy the characteristics of the CS regime, which is automatic and does not have to be declared. Much as it may surprise legal scholars, there are a reasonable number of State parties to the Convention, which have yet not declared an EEZ. This can be explained wither by sheer inefficiency or because of the complications of boundary delimitations. (Nothing is straightforward in the law of the sea; permutations exist).

The text of the Convention sets two autonomous institutions. However, there is a tremendous drafting effort to harmonize the co-existence of these institutions. The first is the abandonment of the limits established under Article 1 of the 1958 Convention exploitability and depth and the insertion of the distance principle wherein in the bases of legal title it is the same for the CS as it is for the EEZ.

First, in Article 76, the drafters included the distance principle where the legal title over the CS is identical to that of Article 57 so as to harmonize the two regimes.

Second, the doctrine of sovereign rights under Article 77 dates back to the deliberations of the International Law Commission (ILC) which provided them in UNCLOS I.

Article 56(3) makes it clear that the rights granted under the EEZ are those granted under the CS regime. Despite the autonomy of the two institutions in the light of the overlap of the same seabed and subsoil, it is one regime that is applied to Part VI of the Convention whether an EEZ has been declared or not, the CS regime prevails over the seabed and subsoil of the EEZ. This is demonstrated through the application of Articles which apply to the EEZ and the CS, which

involve both the water column and the seabed such as Article 60 dealing with artificial islands and the laying of pipelines.

In the end, we must remember that we are dealing with two independent institutions. The most fundamental distinction between the two is that one needs to be declared and one is automatic.

The relationship of the Continental Shelf and EEZ of different States

In the Papua New Guinea case, the doctrine of grey zones was agreed. The exploitation of the continental shelf involved using the super adjacent waters, which have economic activities that may interfere with the exploration and exploitation of the continental shelf. This treaty demonstrated that despite the possible conflict potential of the two regimes, States, if they felt it necessary, were prepared to create mechanisms where there would be overlapping jurisdiction between the two regimes.

In fact, many years later, this matter came to the judicial attention of International Tribunal for the Law of the Sea (ITLOS). In the Bangladesh/Myanmar case, the Tribunal's judgement was innovative for it was asked to delimit at the request of Bangladesh the continental shelf in line with Article 76. The Tribunal decided it was one continental shelf and it had jurisdiction to go beyond 200 nm. This was a problem where the continental shelf was beyond the EEZ and the Tribunal had to determine what was going to happen to the area where there was no particular overlap beyond 200 nm. It came up with the idea of the grey area. It decided that this grey area which was an area beyond 200 nm of the coast of Bangladesh but within 200 nm of the Myanmar coast was an area of overlap where it is not unusual in such cases for states to



enter into agreements or cooperative agreements to resolve problems of delimitation.

They asked the parties to come up with appropriate cooperative arrangement words taken in no doubt from the provisional arrangements of Article 83. In many respects, what the tribunal did, essentially, was to identify the area of overlap and hand the problem back to the parties by telling them it was a grey area which could only be worked out through cooperative arrangements. This is where the Papua New Guinea cooperative agreement is useful for it has cooperative arrangements.

The same grey area approach was taken in the Bangladesh/India arbitration. The same approach was taken because the EEZ and continental shelf boundary established by the tribunal gave rise to the dispute. The grey area although criticized heavily by Judge Raw, it has received very wide scholarly attention. The problem has been with us for at least 20-30 years and it has been a challenge to deal with this particularly because it is a fundamental element.

1st issue: Is there an obligation under international law to delimit a single maritime boundary? If we look at the 60s, States went for a continental shelf boundary. Anglo-

French Arbitration. We have a considerable amount of agreements particularly in the Mediterranean where the boundaries are continental shelf boundaries. With the advent of the EEZ, we have a want for a single maritime boundary that delimited both the seabed and super adjacent waters. This needed to be a single maritime boundary. The Gulf of Maine decision by a Chamber of the International Court of Justice (ICJ) was the first judicial decision asked for a single maritime boundary.

The result was surprising as both parties spent a considerable amount of time and effort arguing what the relevant factors were. When looking at the judgment, it decided not to consider these circumstances. It considered them irrelevant as it was asked to consider a single maritime boundary. The chamber argued that they had to agree on what it termed to be mutual criteria. It came to the conclusion that this criteria had to be applicable both to the water column and seabed in order to be used. The tribunal decided that the only two mutual criteria left to it were geometry and geography.

The first attempt to deal with this issue is evident in the Libya/Tunisia judgement of 1982 because the Court was asked to decide on the

delimitation of exclusively the continental shelf of Libya and Tunisia. The reason is largely because the treaties agreeing to take the dispute to the court were in the 70s and the EEZ had raised its level for respectability.

The Court was criticized in 1982 by various judges that it failed to take into account the existence of the EEZ. There was a very brief reference to the EEZ. The words used by the Court were delphic. In the 1982 judgement, the court said that the EEZ may be considered to be part of international law. This may create a very interesting use of words. The court was criticized but by 1985, the court said that in the light of the establishment of the EEZ, it was going to test the boundary in respect of it. Subsequent to these judgements, there were a number of decisions that dealt with this such as the Jan Mayer.

Perhaps, not always fully appreciated is the fact that whether you go for a continental shelf or EEZ maritime boundary is a policy maker's dilemma. We can say that a single maritime boundary is a more practical approach. According to Prof. David Attard of the International Maritime Law Institute (IMLI), there was no obligation under international law to have a coincidental single boundary.

Indeed, this was a major problem staring at the face of policy makers owing to unsolved continental shelf boundaries. Prof. Attard opines that there is a presumption, not an obligation of a single maritime boundary. It is relatively easy to argue this but this is not how states behave. We may have a continental shelf boundary and one state would say it should become the EEZ boundary and the other state would not agree.

According to Prof Attard, the EEZ is a bundle of rights which a State can pick and choose which rights it

preferred. The EEZ is an institution that requires modification in enclosed and semi-enclosed seas. Some states prefer not to claim an EEZ at all because they rely on their fishing zone for fishing resources and the continental shelf for their living and non-living resources. This, however, leaves out a bundle of rights out like the 1976 French law on EFZ.

The delimitation problems of the EEZ make it difficult for that state to claim an EEZ. It was the selection of the EEZ rights on fisheries and CS that it did not raise the problems. Sooner or later the challenge of what to do with EEZ/CS boundaries has to be taken up again. We have many potential EEZ boundaries.

It is a very interesting interplay between two institutions that are presumed to overlap but it is not a clear overlap that applies.

We do find a number of mechanisms within the Convention that attempt to harmonize the two regimes. If we look at criteria one,

the limits of the CS under Article 76 and the criterion under Article 57, they are identical. This is what the Tribunal had to deal with and propose the grey area approach.

The drafting of these provisions suggests that we are using similar, almost identical, rules for the continental shelf delimitation wording. But can we argue that this can lead to a coincidental boundary? According to Prof. Attard, the response is no, despite the identical delimitation formula. Although the formula is similar and identical despite the use of almost identical boundary, the truth is that this is not the case because in delimiting a continental shelf, the relevant factors may be different. Now, under the two regimes, the basis of entitlement is distance from the coast and here, we see the influence of geography.

As the Indian award and decision show us, you can have geographical situations where the EEZ of one State cannot go beyond and therefore there is this grey area

where you attempt to cohabit these two regimes.

There is also the issue of which an institution enjoys prominence. The existence of examples in State practice suggest that there is no opinion juris attached to the State practice of favouring a single maritime boundary. The existence of the grey area seems to indicate this. In the ultimate analysis, much depends on the priorities of the State.

There are pitfalls. In the end, the position in the late 80s is still the position today. Although there are those who argue for a coincidental boundary between the two institutions, there is no obligation to have a coincidental boundary but there exists a presumption given the great advantages of a coincidental boundary. States should not only think of delimitation to solve their overlapping claims but also encourage joint use as in the case of the North Sea Continental Shelf Case.



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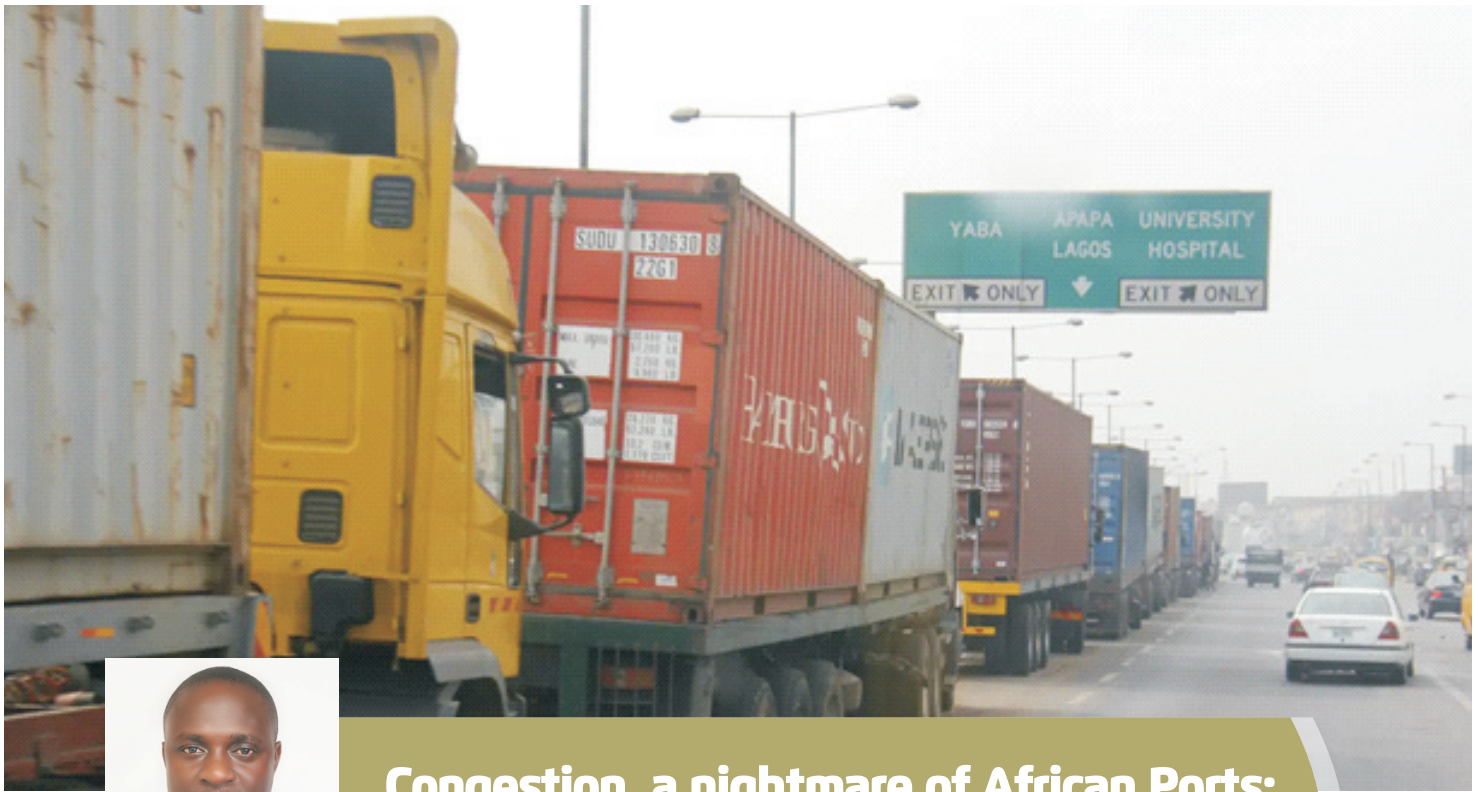
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The Writer

Congestion, a nightmare of African Ports: How Ghana overcame its ports problem

By Ishmael Prah (Transport, Logistics and Supply Chain Management Expert)

Introduction

Transporting goods by sea remains the most common way to trade globally. In Africa, cargo spends an abnormally long time in ports before it is moved inland, presenting a serious obstacle to the successful integration of sub-Saharan economies in worldwide trade networks. From a World Bank study, titled "Why does cargo spend weeks in sub-Saharan African ports?", which analyzed lessons from six countries, it found that the average cargo waiting time to be 20 days and that more than half of the time needed to transport cargo from ports to hinterland cities in landlocked countries in sub-Saharan Africa is wasted because of the time cargo spends in ports.

A 2012 working paper produced by the National Bureau of Economic Research, titled "Time as a trade barrier", concluded that longer transport times radically reduce trade and estimates that each day in transit is worth 0.6% to 2% of the value of the goods. Long transit

delays also significantly lower the probability that a country will successfully export its goods. Africa's estimated infrastructure deficit of \$48-billion a year is often singled out as the culprit for hampering trade in and around the continent, but reasons for bottlenecks are far more complex and a lot more challenging to resolve.

Shantayanan Devarajan, the World Bank's chief economist for the Africa region, says that long dwell times are in the interest of certain players in the system and that dealing with the proximate cause of the problem, such as the apparent lack of berths in African ports, is unlikely to trigger a solution. "Specifically, importers use the ports to store their goods; in Douala (Cameroon) for instance, storage in the port is the cheapest option for up to 22 days," Devarajan wrote in the foreword of the World Bank study. He indicated that "Customs brokers, meanwhile, have little incentive to move the goods

because they can pass on the costs of delay to the importers. Worse still, when the domestic market is a monopoly, the downstream producer has an incentive to keep the cargo dwell times long as a way of deterring entry of other producers.

The evidence in the study shows that discretionary behaviors increase system inefficiencies and raise total logistics costs. "In most ports in sub-Saharan Africa, the interests of controlling agencies, port authorities, private terminal operators, logistics operators (freight forwarders) and large shippers collude at the expense of consumers," the report said. Also, the surveys demonstrate that low logistics skills and cash constraints explain why most importers have no incentive to reduce cargo dwell time as, in most cases, doing so would increase their input costs. "Moreover, some terminal operators generate large revenues from storage and customs brokers do not necessarily fight to reduce



dwell time because time inefficiency is charged to the importer and eventually to the consumer."

Common types of congestion in African ports.

Major categories of port congestion in Africa are:

- i. Ship berth congestion: This is mainly caused by bunching of ships waiting on the port entry routes as a result of other ships said to have occupied the available berth designated or likely to be allocated to the waiting traffic.
- ii. Ship work congestion: It is caused by delays attributable to lapses in the procedure for work on loading and / or unloading the ship, which could result in stoppages that could elongate the period of time the ship had to remain in port to accomplish the cargo operation task.
- iii. Vehicle Gate congestion: This results from poor programming of landward access to the port via trucks scheduled arrivals at the port gate. If impediments or programming defaults occur, it will

instantaneously send queuing signals to trucks coming into or out of the port gate for delivery or evacuation of cargo. This results in port gate congestion.

- iv. Vehicle work congestion: This happens as a result of lapses associated with loading or unloading of vehicles and trucks either due to lack of requisite equipment or due to low efficiency at which vehicle work is delivered.
- v. Cargo stack congestion: This emanates from continuous stay of cargo at the storage area beyond reasonable hours/days or above the maximum capacity of the cargo stacking area.
- vi. Ship entry / exit route congestion: This mostly occurs when there is any circumstantial blockade on the marine side access routes to the port facility. Such blockade could lead to queuing, bunching and ultimately overstay of ships around the port facility.

Causes of congestion in African ports.

Different factors trigger congestion

in ports. However, the type, extent and dimension of causative factors for port congestion also differ from port to port. In the same way, the implications of these undesirable congestion drivers also vary from port to port. Typical causes of congestion in African ports include amongst others:

- Bad weather that stops ships or cargo operations;
- Accidents that could suddenly damage port equipment or ship entry route;
- Industrial action that entails work stoppage at the port, labour strike or limitation of stevedoring services;
- Sudden increase or peak in trade demand;
- Surge in international trade on certain articles or between certain countries or regions;
- Land side transport congestion that could slow down the evacuation and delivery of cargo out of the port, thereby blocking the discharge of more cargo as storage capacity is exhausted or overstretched;
- Inability of some ports to meet up the technological trends in globalization and manpower;
- Excessive demand over supply of port services;
- Policy inconsistency of governments;
- Poor and obsolete port infrastructure.

Other kinds of congestion prevalent in African ports include;

- Congestion on the shipping lane/route that connects ships to the port;
- Congestion on port entry or access to a particular terminal;
- Congestion of ships on port equipment or services;
- Congestion caused by



cumbersome registration, licensing or documentation process;

- Congestion of cargo on the quay apron;
- Congestion of trucks within port or terminal;
- Congestion of cargo at storage yards and sheds;
- Congestion along the landward access route to the port;
- Congestion associated with internal mobility in port city;
- Congestion emanating from effects of public holidays and work free days.

Ports in Ghana

Tema Port

The Tema port is Ghana's first ranked port and serves as a major transit point for goods to and from the landlocked countries. It is Ghana's biggest port and principal cargo gateway which handles nearly 70 per cent of the nation's total seaborne trade and about 35 per cent of its exports. Container handling is a core business for Tema, which has seen a high rise in traffic over the past 10 years. Tema is widely recognized as a regional hub, handling 1,000,926 Twenty-Foot Equivalent Units (TEU) in 2019 and 1,007,065 in 2018 compared with 956,374 TEUs in

2017. TEUs of container traffic for Tema port from 2003 to 2019 has seen a dramatic increase in transshipment of containers as well as transit traffic to and from the landlocked countries of Burkina Faso, Mali and Niger (About 12 million tons of cargo was handled by the port in 2016 (GPHA Port Statistical Report, 2017).

Takoradi Port

Takoradi port which is located in the Western Region of Ghana is the second-ranked port, and handles about 31 per cent of Ghana's seaborne traffic as of 2016. It is a major export gateway for bulk products, especially minerals, and has also diversified into other types of traffic notably containers. In recent years, Takoradi port has seen a big rise in transit traffic to the landlocked countries. Although considerably smaller than Tema, it handles about 66 per cent of the nation's total exports and 19 per cent of the nation's imports. A key advantage of Takoradi is its western location which offers a saving in voyage time for vessels coming from the north and west. The principal activity of the port is to handle exports of minerals from the mines of western Ghana. In addition, the port handles other bulk exports notably cocoa beans as well as loading and discharging other types of cargo. Port facilities have been expanded to handle

large volumes of bagged cargo, breakbulk and containers, as well as vehicles, rolling plant and project cargo.

The current transformation in Ghana's ports

Physical investments at Tema Port

Port infrastructure in the perspective of container handling, Ghana is leading today in West and Central Africa. The Port Authority has made major investments to enable Ghana's ports serve as an incentive for the facilitation of intra-African trade, following the implementation of the African Continental Free Trade Area (AfCFTA). This year, but for the effect of COVID-19 on international trade, cargo volumes would have likely surged as both Tema and Takoradi ports have positioned themselves as transshipment and oil and gas services hub respectively.

In 2015, the Ghana Ports and Harbours Authority (GPHA) and the local consortium Meridian Port Services (MPS) formed a \$1.5 billion public-private partnership to build a new port facility, increasing Tema port's capacity from 1 million TEUs per year to 3.5 million TEUs making it the largest port in West Africa. The project was expected to employ up to 5,000 people, and construction was completed in 2019. Annually, Abidjan in La Cote d'Ivoire takes in 1.5 million TEUs and Lome in Togo handles about 2 million and therefore, expanding the yard space with this facility has decreased congestion and allowed ships to bring in more containers without being charged for taking additional space.

Ghana's objective of increasing efficiency at its ports is the key of becoming a regional trade hub. The country currently ranks 158th on the World Bank's 2020 Doing Business Index in the trading across borders category, compared



to neighbouring Cote d' Ivoire at 163rd and Togo at 131st. It is estimated that the import clearance process in Ghana takes 165 hours. As the economy continues to grow and trade in West Africa increases, the government and private sector have been prioritizing the expansion of port capacity in Ghana.

In 2019, Tema port's total throughput grew by about 5% and Takoradi recorded about 21%. Tema hosts five off-dock container handling terminals, one operated by the GPHA and other four managed by private companies, allowing cargo to be processed outside of the port area in order to decrease congestion. In February 2016, a new off-dock reefer terminal with capacity of 850 twenty-foot equivalent units (TEUs) was commissioned to meet rising demand for refrigerated storage imports.

Introduction of New Technology

Beyond physical infrastructure, logistics backups often occur from inefficient processing system. Ghana has implemented a number of technological systems to address this issue, including an Automatic Ship Identification System (ASIS), Container Scanning and Electronic Cargo Tracking (CSECT), Port Management System (PMS), Marine System (MS) and Terminal Operating System (TOS).

These improvements are part of the Ghana National Single Window Policy (GNSWP) – potentially the most significant technology innovation which has improved efficiency and reduced double charges. This policy was initiated in 2015 to streamline the trade process. It uses an electronic data system called, Ghana Community Network (GCNET), to create one portal through which all regulatory agencies involved with imports and exports can interact to expedite the process.

Keeping Pace with other ports

The MPS Terminal 3 within the Tema port, which operates on first come first served basis and does not prioritize certain shipping lines hence, giving the Tema port a competitive advantage over other ports. The GNSWP has also made Ghana a more competitive player in trade by keeping pace with forward looking countries that have embarked on similar trade facilitation reform drives. The policy has been able to reduce the time and the cost incurred by importers and exporters in securing documentation, while simplifying and harmonizing the transport and logistics processes. It also aims at improving the country's ranking in the World Bank's Trading Across Borders category by 50% in 2021.

The project has reduced international trading cost by about

50% and increased efficiency by about 25%, reducing clearance time at Tema from 10 days to almost two or three. Again, Ghana Customs can now process 500 customs classification with evaluation reports per day, as opposed to 200 similar reports in the past. Moreover, while streamlining processes, the project has also reduced bureaucracy and the delays in issuing permits for freight forwarders.

Recommendations

For African ports to fall in line with the requirements of global logistics and supply chain network, concerted efforts must be made to eliminate all port practices that induce congestion and to invest more on facilities and platforms that can enhance efficiency in optimizing operational, transactional and storage systems in the ports. In this regard, this paper offers the following recommendation to achieve less congestion problems in African ports:

- i. At port entry channels level, African ports should adopt good strategies to manage and maintain all port entry channels and its vicinity by deploying adequate and accurate programming of ships' arrival, anchorage and departure from the ports to avoid queuing and bunching of ships waiting around, particularly in Ghana;
- ii. The widths of channels leading into ports should be expanded and continuously dredged to ease the entry and exit of ships calling at the ports, particularly in some African ports;
- iii. Daily average arrival and departure statistics of ship call in all the ports need to



be maintained to enhance programming of ship arrival and departure in line with port capacity;

- iv. Berth specialization should be upgraded to enhance operational efficiency of terminals and to optimize berth occupancy;
- v. Invest more on terminal cargo handling gears for the purpose of improving berth work efficiency and reduce turn-round time of vessels at port;
- vi. Improve average speed in cargo transfer to reduce dwell time and enhance ports' cargo throughput;
- vii. At storage yards, sheds and warehouses, cargo storage capacity need to be upgraded and regulations modified to reduce cargo dwell time through punitive measures and persuasions on shippers to take delivery in good time;

viii. Some African ports are in dire need of rehabilitation and upgrade of all landward access mediums to the port, such as road networks, functional rail services and good traffic management practices for vehicular movement into and around the port area;

ix. There should be adequacy in human resource and ICT systems to support an efficient and effective integrated Port Management Information System for efficient port administration and



professional leadership to guarantee globally competitive and high-quality port performance;

- x. The ports could only be decongested when inspection agencies and their activities are moved from the port to allow easy flow of traffic.

Conclusion

This article identifies the critical link between congestion, port strategy and supply chain strategy. In today's business environment, a port strategy without a supply chain focus may constitute an inadequate strategy. Some of the challenges which may affect the implementation of the expansion to deal with port congestion are inadequate source of funding, lack of government commitment, inadequacy of expertise, lack of rail infrastructure and land ownership/tenure system. Again, delay in clearing cargo because of poor rail network; huge capital outlay and the collapsing of small and medium trucking companies are some of the consequences of port congestion.



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THE CHANGING ROLE OF THE FREIGHT FORWARDER

By Joe Zehner and David Scoggin

Introduction

The freight forwarder has been the “go to” industry for shippers wanting to transport goods to international markets.

The freight forwarding industry blossomed after World War II when the world was being rebuilt. The oceans were alive with commerce. Food products, building materials, etc. - the goods of life replaced the goods of war. Manufacturers and shippers needed to move all these goods to the market.

However, the companies that manufactured the goods often were not experts in transportation and logistics. Help was needed to get their goods to a seaport, onboard a ship and to create documents to move them legally, efficiently and safely to their foreign customers. Enter the freight forwarder. The freight forwarder is licensed by the Federal Maritime Commission and can act as an agent for the shipper of the goods.

It is important to recognize that the manufacturer of the goods is not always the shipper. Depending on the terms of sale, the shipper may buy the goods from the manufacturer and be responsible for the arrangement of the movement of the goods to the customer. Banks are usually heavily involved in these transactions so the inland and shipping documents are always of great importance to avoid unnecessary delays and additional costs. There are many vendors involved and all will need prompt payment. Shippers are not always equipped to handle the many duties and will employ a freight forwarder who specializes in these services.

Evolution of Freight Forwarding

When I entered the shipping industry in the mid-1960s, working for a ship agency, many freight forwarders were local firms often with only one office at major ports. Some forwarders did have multiple offices but were usually regional in reach.

A freight forwarding industry exists in most developed countries. European forwarders were the first, in my experience, to begin establishing offices in the U.S. They offered shippers the ability to have the same forwarder firm at both ends of the transaction. In some cases, large foreign forwarders would purchase existing U.S. forwarders who had established accounts. U.S. forwarders appear to have focused on Central and South America to extend their reach. Naturally there are exceptions.

Forwarders would usually assist the shipper in ocean carrier selection based on sailing schedule, service reputation, ocean freight rates and other factors. In some cases, the forwarder would negotiate the ocean freight rates with the ocean carrier on behalf of the shipper. In some cases, this practice is still used.

The forwarder would arrange overland transportation which



could be by truck, rail or barge. This was prior to the advent of container traffic as we know it today. Moving breakbulk cargo required much more handling and was subject to more damage or loss. In the case of bulk shipments such as grain the forwarder was also involved in arranging inspections and sampling of the cargoes. Taking of samples prior to loading is essential to handling of claims upon discharge. This can apply to all types of bulk cargoes including bulk liquids.

Forwarders would book space with an ocean carrier and confirm the details of the shipment, including the delivery date of the cargo at the carrier facility. A dock order/dock receipt was prepared with all details of the shipment including the overland carrier information, foreign port of discharge and a full description of the cargo; including commodity, type of packing, number of packages and dimensions and weights. Measurements of the cargo were, and still are with breakbulk shipments, essential as many ocean freight rates were based on weight or measure basis, to provide the carrier optimal revenue.

From my personal experience most of the measuring in the 1960s was done with a yard stick which had a large brass fitting on the first end to hook on the end of the cargo. Dimensions were recorded on a dock receipt which was then provided to the truck driver and

sent to the ocean carrier's office for calculation. Package count was also essential as quantity is always checked by customs worldwide to facilitate any claims of shortages, etc. A copy was sent to the forwarder's office as well and any disputes over the measurements were settled between the parties prior to loading.

The condition of the cargo is also noted and any condition issues are settled by the parties prior to loading. This method is still used for breakbulk shipments. Some cargoes were delivered by rail in box cars which were placed at the ocean terminals sheds and forwarders would arrange rail cargo unloading with their own personnel, or contract personnel (another revenue source). Some forwarders maintained "gear yards" where equipment for car unloading was stored. As the shipper of the goods was not always located at or near the port of loading the forwarder was the "eyes on" for the shipper at the port.

Naturally, container shipments have eliminated much of this, as the ocean carrier receives the container on the basis of quantity and condition and description of the cargo in the container as "said to contain" by the shipper. In the case of Hazardous Goods shipments, the freight forwarder will provide all necessary documents with required HAZMAT information which is provided to

them by the manufacturer. Proper marking and labelling of this type cargo is essential.

The freight forwarder would prepare and provide the ocean bill of lading. This is the essential document for the ocean transport of the goods and in most cases represents the contract of carriage. Proper description of the goods which are as "said to contain" by the shipper as well as all other pertinent information including the shipper, consignee, vessel name and voyage number, flag, port of loading and discharge are listed.

In the 1960s and 1970s this was all on paper with many copies produced for all parties involved in the transaction. Correctness, particularly if a Letter of Credit was involved, was essential for the shipper and forwarder to handle with the bank involved without delays and extra costs. If the shipment is handled on an intermodal basis the origin and final destination are shown. Any exceptions such as condition issues and other remarks and shown on the bill of lading such remarks are critical in handling of cargo claims.

Another important service offered by most freight forwarders is arranging cargo insurance. Most ocean bills of lading set limits on claims. It is necessary for shippers to have cargo insurance in case of damage or loss of cargo. It is always important to be aware of the terms of the bill of lading.

In the 1960s and 1970s, often the shipper would put the forwarder in funds to pay the ocean freight to facilitate the release of bills of lading. With the advent of electronic banking and credit agreements this has been changed. Now the prospect of cryptocurrencies for all payments may become common practice when blockchain technology is used. This includes payments to inland carriers and all ancillary providers of services.



International courier services as we know them today and the electronic transfer of documents to foreign destinations did not exist in the 1960s, so quick dispatch of documents was needed for the documents to get to the port of discharge prior to the arrival of the vessel at the discharge port. Shipments to many Latin American countries required “legalization” of bills of lading and manifests by the countries' local consul. This allowed the governments of the destination country to regulate commodities. In the case of short transit times often documents were placed onboard the vessel prior to departure from the loading port, in some cases the vessel had to wait for documents. This would be unheard of today.

In the latter part of the 20th century with the growing dominance of containers, ocean carriers began to offer intermodal rates. With this type of shipment, the ocean carrier would handle the trucking of the empty containers to the inland supply point and return of the loaded container to the ocean carrier's seaport terminal. This eliminated the need for the forwarder to make these arrangements.

As services diminish, so do revenues. Containers have

eliminated the need for most cargo services at the seaport including: freight handling, measuring, counting, marking, sampling, recouping, repair, which are required for breakbulk shipments.

Documents are now transmitted electronically including the filing of Shipper's Export Declaration by means of the Automated Export System (AES). If the shipper/supplier of the cargo has access to this system, they can file directly through Customs and Border Protection who police this function for the Bureau of the Census which is part of the Department of Commerce. There are vendors who offer these services for a fee if the forwarder does not have access to the filing software.

Recently, the largest containers have begun utilization of blockchain technology to incorporate all elements of the shipment, from end to end, to provide secure transactions and efficiently and timely service. Essentially the carrier will control their own destinies by eliminating unnecessary and costly delays and provide better service. To this end, several large carriers have acquired freight forwarders/customs brokers.

In addition, large online marketers are offering logistics services, including forwarding and trucking, in order to streamline shipments and create additional revenue streams to increase profitability. One of them has hinted at the possibility of buying ocean vessels, to compete with existing ocean carriers. It is inevitable that these companies will be offering bundled services directly to customers.

Project forwarding requires more expertise, but is not immune to threats. Container carriers are courting this segment, by encouraging manufacturers, engineers and other parties to configure cargoes for movement in containers – for greater security, less damage and easier inland transport. In recent years, we have seen the consolidation in breakbulk carrier industry, in part due to the migration of project cargoes into containers. There will always be heavy lift and oversized cargo requiring all the services associated with breakbulk cargoes.

Conclusion

What effect will this have on the forwarding/customs brokering industry? Most likely consolidation will be necessary for survival of the fittest.

Many of the local or regional forwarders have been bought by international firms or have been eliminated. There are even plans for technology to replace ship's staff with autonomous vessels. Autonomous trucks will deliver containers to computer driven terminals and load containers on autonomous vessels. Just-in-time shipments are reducing the need for large warehouse facilities, artificial intelligence is finding its way into shipping. Will there always be a need for people to monitor the technology? We certainly hope so.

Ghana Shippers' Authority - 2019 at a glance

The Ghana Shippers' Authority (GSA) continued to vigorously pursue its core mandate of promoting and protecting the interests of shippers in Ghana during the year of 2019. Below are highlights of the Authority's activities during the period under review.

Nationwide Exporters Forum

The GSA embarked on a nation-wide "Exporters' Forum" to provide a platform to discuss concerns on how an improved transport and logistics chain and accessible finance can create a competitive advantage for Ghanaian exporters. The fourth in the series of the forum was organised on 22nd November, 2019 in Somanya for members of the Dangbe West Mango Farmers Association, Yilo Krobo Mango Farmers Association and the Manya Krobo Mango Farmers Association in the Eastern Region after previous ones held for exporters in Accra, Takoradi and Kumasi.



Sensitization on IMO 2020 Sulphur Cap

The GSA teamed up with the Ghana Maritime Authority (GMA) and jointly organized four (4) seminars for shippers and shipping service providers in Accra, Tema, Takoradi and Kumasi to sensitize them on the implementation of the International Maritime Organisation (IMO) 2020 Sulphur Cap regulations ahead of its enforcement from 1st January, 2020. The objective of the seminars was to sensitize stakeholders on the commercial implications in meeting the enforcement of these regulations and for shipping service providers, the technical requirements and procedures to ensure compliance.



3rd Ghana Shippers' Awards

For the third consecutive time, the GSA collaborated with Globe Productions and Graphic Business to organise the 3rd Ghana Shippers' Awards on 12th July, 2019 in Accra to award shippers and providers of shipping services for their contributions to the growth of the maritime and logistics sector. Honorary awards were given to a member each of the National Handicraft Exporters and Producers, Abossey Okai Spare Parts Dealers Association, Used Clothing Dealers Association the Ghana Electrical Dealers Association. A total of 51 competitive awards were given on the night with 15 won by importers and exporters and the rest by shipping service and other allied service providers.



Campaign on local Marine Insurance

As part of efforts to reduce the costs of doing business at the ports of Ghana, the GSA in collaboration with other stakeholders, during the year, embarked on a national sensitisation campaign to advise importers to insure their goods with local marine insurance companies. The campaign which started in Accra for members of the Greater Accra Regional Shipper Committee (GARSC) on 20th March, 2019 at their 104th meeting, continued to Aflao and Koforidua for members of the Volta Regional Shipper Committee and the Eastern Regional Shipper Committee respectively.



Workshop for transit truck drivers

As part of efforts to make Ghana's transit corridor the preferred choice for shippers in landlocked countries, the GSA organized a sensitization workshop for over 250 transit truck drivers and truck owners on 22nd March, 2019 in Tema and in Takoradi on 23rd October, 2019 on road safety issues. The purpose of the workshop was to afford participants a better understanding about the road safety issues along Ghana's corridor, role of Customs in the transit trade, new transit trade procedures, vehicle and driver requirements, what constitutes drunk driving and the Axle Load Regulations in Road Traffic Regulations, 2012 (L.I 2180).



Cocoa Freight Negotiations

During the period under review, Shipping Lines and Agents from around the globe assembled at the Hotel Grand Elysee, Hamburg, Germany on 26th and 27th September, 2019 to negotiate the rates for the carriage of cocoa from Ghana for the 2019/2020 crop season with the Cocoa Marketing Company (CMC) and the GSA. In total, 28 Shipping Lines and Agents participated in the negotiations.

Interactions with Trade Association

The GSA interacted with members of some trade associations to find out about their operational challenges and how the Authority could be of support to them. The interaction was part of the GSA's efforts at creating a platform for mutual consultations, meeting and interacting with the associations with the view to inquiring of their needs at first hand. Some of the associations the GSA engaged include SPINnet Textiles & Garment Cluster, National Fisheries Association of Ghana (NAFAG), Golden Papaya Growers Association, Konkomba Yam Farmers and Exporters Association; Ghana Vegetable Exporters Association, Ghana National Chamber of Commerce among others.

French proficiency training for Freight Forwarders

The GSA in collaboration with the French Embassy organized the second session of the French proficiency training for Freight Forwarders which commenced on 1st April, 2019. Freight Forwarding bodies that benefitted from the training program were the Ghana Institute of Freight Forwarders (GIFF), Association of Customs

House Agents of Ghana (ACHAG) and Customs Brokers Association of Ghana (CUBAG).

Seminar on Uncleared Cargo List

In line with efforts to reduce the menace of uncleared cargo at the ports, the GSA organised a seminar on Uncleared Cargo List (UCL). It was to discuss its effects on the state's coffers and the operations of shipping service providers for Government Ministries, Departments and Agencies (MDAs) on 27th June, 2019 at the Ghana Shippers' House. The seminar brought together experts from the Ministry of Finance, Ghana Revenue Authority-Customs Division, Ship Owners and Agents Association of Ghana (SOAAG), Ghana Ports and Harbours Authority (GPHA) and the Association of Customs House Agents of Ghana (ACHAG) to assist



MDAs take remedial measures to forestall the high incidence of consignments of State-Owned Enterprises reaching the Customs UCL threshold.

Shipper Committee meetings

During the period under review, the Authority organized meetings for the Shipper Committees in ten of the 16 regions of Ghana with each of the Committees meeting four times. Some of the issues that were discussed at the meetings included the Government's Ten (10) Point Agenda for Industrial Transformation, importance marine cargo insurance and how to avoid the payment of demurrage, export procedures for agricultural exports, trade finance, Letter of Commitment (LOC) and repatriation of export proceeds, importance of using safe and accident-free containers, among others.





Engagements with Shipping Service Providers

As part of its collaboration with relevant stakeholders, the GSA has instituted quarterly meetings to create a forum for the discussion of critical trade and transport industry issues. During the review period, the GSA met with the Ghana Institute of Freight Forwarders (GIFF), the Customs Brokers Association of Ghana (CUBAG), Association of Customs House Agents of Ghana (ACHAG) and the Ship Owners and Agents Association of Ghana (SOAAG). Some of the issues that were discussed were challenges confronting Cargo Tracking Note (CTN), review of port charges, demurrage payments, Uncleared Cargo List (UCL) among others.

Outreach/Shipper Visitation

The GSA continued to embark on its Outreach/Shipper Visitation drive in order to get first-hand information on some of the challenges that importers and exporters face in the course of their business transactions. Some of the challenges recorded during the visits include increase in port charges, late calls of ships at the Takoradi Port and its incidental cost to exporters, e.g. rent and demurrage charges; fluctuations in exchange rates, high import duties and charges among others.



Areas visited during the period under review include Accra and Tema metropolises, Western, Western North, Northern, Ashanti, Eastern, Volta Regions.

The global nature of ocean shipping compels the Authority to participate in international meetings, conferences and workshops. During the period under review, the Authority participated in 42nd General Assembly meeting of the International Standards Organizations (ISO), which was held in Cape Town South Africa from the 16th-20th September, 2019. The central theme for the General Assembly was "Standards and Trade", thus how standards can play an effective role in boosting intra-regional and global trade.

Awards

The Chief Executive Officer (CEO) of the Authority, Ms. Benonita Bismarck, during the period under review, won the Woman of Excellence Award for the Public Sector at the second edition of the Ghana Business Awards held



on 25th October, 2019 in Accra. She was also honoured with the Outstanding Woman CEO of the Year Award, 2018 at the 9th edition of the Ghana Entrepreneur & Corporate Executive Awards (GECEA) Gala Dinner 2019.

CONCLUSION

It is envisaged that the above achievements in 2019 would spur the Authority on to realize its plans and programmes for the year 2020 and ultimately contribute to the attainment of the Authority's vision of being a world class service organization that ensures for shippers in Ghana quick, safe and reliable delivery of import and export cargoes by all modes of transport at optimum cost.



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Aburi Craft Village- over four decades of making artifacts



A group photo of the executives and members of the Aburi Craft Village with representatives of the GSA after a meeting

Up on the Akuapim mountains in the Akuapim South District of the Eastern Region and 31.4 km from Accra, are a group of artisans adding beauty to objects and turning them into artifacts. These artefacts are coveted by lovers of artworks, both home and abroad.

Known as the Aburi Craft Village and founded in 1973 with just seven members, its members produce and export wood, beads, leatherworks and other artefacts to the USA, Europe and some other African countries. The current membership of the craft village stands at 348, dropping from 970 members due to varied reasons, including diversification of business interests.

The president of the Aburi Craft Village, Nana Krobea Asante said members of the craft village meet every quarter to discuss their business and welfare concerns and chart the way forward for the future.

Even though some locals visit the craft village in Aburi to buy artefacts and members sometimes sell their wares in local markets during exhibitions and fairs, a significant portion is exported abroad.

Nana Krobea noted that “the craft business is good and profitable. It has been helpful to us in all

areas.” “We have achieved a lot for ourselves.”

Contribution & support from government

Operating for over four decades since its establishment, the Aburi Craft Village has made substantial contributions to Ghana's economy, particularly in foreign exchange through exports.

The craft village has also provided jobs to its members and other dependent businesses.

Nana Krobea said, among other support, that the government has built shops at the village for members to display their artefacts.

Challenges, COVID-19 and the way forward

He cited a plethora of challenges affecting the business of members of the craft village including the inadequacy of funds for expansion and most importantly, high rates of charges at the ports.

Government, he appealed, must intervene to reduce the port charges to make their businesses competitive.

As COVID-19 is having negative effects on all sectors of the global economy, members of the Aburi Craft Village are not left out. This is particularly so because of reduced activities in the ports and a huge drop in orders from buyers abroad.



Nana Krobea Asante (hand raised) making a contribution at the meeting

B5 Plus-leader of steel manufacturing in West Africa



Chief Executive Officer (CEO), B5 Plus Limited,
Mr. Mukesh Thakwani

Established about two decades ago in 2002, B5 Plus Limited was founded on its vision to become one of the most recognised steel manufacturers in the world. B5 Plus is the leading steel manufacturing, pre-engineering fabrication and trading company in Ghana with a complete range of over 4,000 steel products.

The manufactured products are suitable for small and huge scale products in the mining, shipping engineering, automobile and real estate industries. The company also deals in chemical products and creates value for its customers to boost its market leadership position in all its categories of services to clients.

B5 has one of the largest and strategic 'state of the art' steel manufacturing plant in Africa at Larkpleku Village, Prampram, under the 1D1F (One District One Factory) programme in line with the government's

vision to promote 'Made in Ghana' products. The first phase of the plant was constructed on a 100-acre land comprising an SMS (Steel Melting Shop) Rolling Mill and a pre-fab manufacturing plant with production capacities of 250,000 and 60,000 metric tonnes per annum, respectively. The facility also includes factory blocks, warehouses, head office, engineering stores, automobile workshop among others.

To facilitate logistics, transport and material handling service, the company has ultra-modern material handling machines and equipment. The Research and Development Department of the company has also invested in project re-engineering and continuous development to help reduce the dependency on imported spares and increase the production capacity with respect to local conditions.

Under the leadership of its Chief Executive Officer (CEO), Mr. Mukesh Thakwani, B5 Plus has become a household name in Ghana and across the sub-region. Mr. Thakwani is a proud recipient of the European Award for Quality and Excellent Services Award, 2013, and was recently crowned the West African Personality of the Year 2015 by the Business Executive Magazine, a leading international magazine in West Africa.

Staff Development

The company takes special interest in staff development and welfare. The progress of employees is regularly and closely monitored, analysed and assessed by exposure to in-house trainings and seminars conducted by experts.

Export and wholesale market

B5 Plus has the largest network of wholesalers, dealers and distributors in the West African market in Ghana, Togo, Burkina Faso, Niger, Nigeria, Benin, Liberia, La Cote d'Ivoire, Guinea and Mali. Ghana, which used to be an importer of steel material from neighbouring countries in West Africa, has now become a net exporter of steel materials to these countries through the instrumentality of B5 Plus. Customers in the West African market are also provided with extended credit and prompt service delivery.

In order to continually serve customers across the country, the company has wholesale and distribution centres in Accra, Kumasi, Takoradi, Tamale, Kasoa and Agbogbloshie.



Corporate Social Responsibility (CSR)

B5 Plus believes in giving back to society because it recognises the direct link between sustainability of business, wellbeing and the development of society. This philosophy has given birth to the establishment of the B5 Plus Care Foundation, a charitable organisation that takes care of the educational and health needs of underprivileged children in Ghana.

The Foundation has undertaken numerous CRS activities among which includes recent donations to the COVID-19 Trust Fund and personal protective equipment (PPE) to hospitals to support the ongoing fight against the spread of COVID-19. The company has also pledged to donate oxygen to all government hospitals.

Other CRS activities include the donation of medical equipment and medicines to Non-Governmental Organisations (NGOs) in Ghana, scholarships to students, annual blood donation and free health check-up campaigns and support for other social causes.

Contributions and Achievements

Since its establishment in 2002, B5 Plus has created over 10,000 direct and indirect jobs. It has also contributed significantly to the growth of the shipping, banking, transport logistics, real estate, mining and automobile industry as a customer or supplier.

B5 Plus has received over 20 awards in recognition of its contributions to the various sectors that its products serve. Some of the awards received include the Overall Best Industrial Company of the Year-2019 at the 8th AGI Industry and Quality Awards, Steel Company of the Year at the West Africa Construction Awards 2019, Outstanding Steel Manufacturing Company of the Year at the West African Business Excellence Awards 2019 and the Most Improved Tax Payer of the Year 2013 by the Ghana Revenue Authority (Customs).

Other awards include Best Company in Corporate Social Responsibility, AGI Awards 2015, Fastest Growing Company of the Year, Ghana Industry Awards 2019 and European Quality Award-2013.





GHANA SHIPPERS' AUTHORITY



BACKGROUND

The Ghana Shippers' Authority (GSA) is a state agency operating under the auspices of the Ministry of Transport. It was established in 1974 by NRCD254 and has over the years collaborated with private and public organizations in the maritime industry to pursue its primary objective of protecting and promoting the interests of shippers in Ghana in relation to port, ship and inland transport problems in order to ensure safe, reliable and cost effective cargo handling.

SERVICES TO SHIPPERS

- Sensitising and empowering shippers and stakeholders in the shipping and logistics sector through programmes such as open fora for trade associations, annual seminars for journalists, biennial maritime law seminars for Judges, workshops for truck owners and drivers, etc.
- Establishment of Import/Export Shipper Committees across the country to enable shippers and shipping service providers interact regularly in order to resolve challenges confronting their businesses;
- Negotiation of freight and port charges of shipping service providers on behalf of shippers;
- Establishment of Shipper Complaints and Support Units at the country's entry points to provide real-time assistance to shippers engaged in cross-border trade.
- Negotiation and monitoring of service standards of shipping service providers;
- Conducting research on emerging issues in Ghana's maritime transport industry;
- Facilitation and promotion of the Transit Trade along Ghana's transit corridor;
- Advocacy in matters affecting shippers such as Implementation of IMO Sulphur Regulations 2020, Terminal Handling Charges, payment of VAT on transit services and levy on transit exports, etc;
- Intervening, investigating and finding solutions to recurrent shipment problems such as loss/damaged cargo, late arrival of shipping documents, cargo insurance claims, illegitimate charges, shortlanding of cargo, etc.
- Representation of the interests of shippers in the deliberations of international bodies such as IMO, WTO, UNCTAD, Global Shippers Forum, etc.
- Provision of infrastructure such as the Takoradi Logistics Platform project, Boankra Inland Port project, Akatekyiwa Freight Park project, Shippers Centres, etc to support the shipping and logistics sector.

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Overseas Commerce Ghana Ltd-Logistics service providers in container terminal operations



In 1967, the maritime transportation company ZIM, established the Overseas Commerce Ltd in Israel to offer port services. The company provides comprehensive “From sea to Shelf” services tailored to customer requirements which include all elements of the logistics chain.

Incorporated in Ghana under the Companies Act, 1963, Overseas Commerce Ghana Limited commenced business on 21st October, 2015 but started active operations in 2016. It offers its cherished customers a wide range of logistics services in container terminal operations with specialty in full/empty container handling/storage, container clearing, container repair (T.B.C.) and container stuffing for export. The company also provides other services like reefer storage, PTI/repairs for reefers, warehousing, container logistics, container weighing, bulk storage and transportation.

With a yard capacity of 1,000 TEUs and an annual container throughput of 18,000 TEUs, the container terminal is designed to perform efficient operations with the use of hi-tech information systems and the

latest in automated equipment. Strategically located at the rear of the Tema Port and opposite the new port expansion project, Overseas Commerce Ghana conducts its operations as part of an ongoing working relationship with the Ghana Revenue Authority-Customs Division, shipping lines, importers community in Ghana, Customs agents, ship agents and various government agencies.

Other services

As an integrated logistics company, Overseas Commerce led by its Chief Executive Officer, Mr Boaz Amiel also has a modern bonded cold store warehouse which provides the food and beverage industry first class cold storage solutions. The facility, which has a capacity of 5,000 metric tonnes, offers a comprehensive storage, freezing and warehousing solutions in a -18C environment.

“Our facility meets international standards and complies with stringent demands expected in the food and beverage industry. It is our policy to store and distribute frozen food products in a safe and reliable manner to meet and exceed customer expectations. Our procedures and processes are



designed to offer convenience and ease of service at all times as well as to be positioned as the leader in the sector. Our core competencies lie in the area of security and refrigerated warehousing, with mindful knowledge of high-quality, sensitive and temperature-dependent frozen food management.”, Mr Boaz said

Overseas Ghana believes in customer satisfaction and sees customer success as its core function by ensuring that clients get maximum value from its services.

Contributions and success stories

As an integrated logistics service provider, Overseas Commerce Ghana Limited enables the facilitation of trade by providing the needed logistics for exports, with the development of its commercial bonded cold

store which is listed in the Quality Management Systems Listings of the Ghana Standards Authority (GSA).

According Mr Boaz, this has positioned Overseas Commerce as a certified cold storage warehouse for the export of fish to the European Union markets and in effect reduce the burden on most fish exporters, who prior to this, had challenges exporting cold foods into the European market due to issues of standardization.

Over the years, some businesses in the frozen food industry have grounded as a result of inadequacy of funds to clear their consignments

at the port. To address this challenge, Overseas Commerce runs its cold store warehouse facility under customs bond. This enables importers in the frozen foods industry who are financially challenged at the time their containers arrive at the port, to move their consignments to the cold store facility without paying the taxes due. This gives the importers the option to sell their goods in pieces to pay the required customs charges.

The logistics terminal also supports the shea nut, cocoa and cashew industry in Ghana by providing topnotch logistic services to facilitate exports. The terminal facility also directly employs about 50 staff, who, on a daily basis, deliver cutting edge services to shippers.



Assessing the importance of LCL cargoes in the growth of SMEs in Ghana

By John Baker Glover, Ghana Shippers' Authority

Less than Container Load (LCL) refers to cargoes originating from different suppliers or going to different consignees which are consolidated in one container for easy transportation, safety and cheaper freight. The e-commerce boom has made shipping smaller, more specific consignments more frequently the new norm, thus giving impetus to LCL cargoes and the growing trend of consolidation of cargoes. LCL cargoes have come as a lifeline to Small and Medium Scale Enterprises (SMEs) in Ghana since it makes them more amenable to fulfilling orders, especially if they can jointly fulfil an order, but may find it difficult to fulfil one individually.

The global rise of the LCL market

In the changing trends in global trade, digitisation, the growing demand for e-commerce, the evolving supply chain and greater availability of supply chain data, create an environment more conducive to shipping smaller consignments more frequently, thus nurturing the LCL market. Needless to say, this gives a lot of impetus for growth in SME trading,

making them more relevant on today's international trading scene. Factors which drive LCL trade globally – mainly small order size and frequency of supply, which in turn is based on the consumption pattern of consignees, makes it ideal for SMEs in Ghana to flourish.

The LCL market situation in Ghana

Ghana does a lot of imports and exports of LCL cargoes, which growing trend is fuelled by changing global trade. This is evidenced in the fact that majority of imports are not homogenous cargoes and import trends indicate that cargoes are not sourced from single origins but multiple sources. This goes to underscore the importance of LCL cargoes to a growing economy like Ghana.

Globally, China is the biggest origin of LCL cargoes so far and unsurprisingly Ghana imports a lot of goods from China ranging from industrial raw materials and machines to finished goods, including both new and second-hand spare parts. This trend, in the not too distant past, led to

excessive intrusive inspection of import cargoes, leading to a lot of time spent to clear cargoes at the ports, with its attendant costs.

However, with the introduction of the paperless port system in the ports, risk profiling of cargoes has become much more effective, thus reducing significantly the incidence of intrusive inspection by a greater margin.

Additionally, though there has been in existence de-consolidation companies for a substantial time, exporters are now being exposed to consolidators on a much larger scale, enabling them to export to their customers more frequently and at a cheaper cost using more ocean freight than air.

This has gone a long way to encourage the business of SMEs, who export in smaller quantities, albeit with higher frequency. This is particularly so in the case of non-perishable goods like horticultural goods, including artefacts, textiles and baskets. Other Non-Traditional Exports (NTEs) like shea nuts/butter, dried fruits like



mangoes and pineapple are also gradually gaining a foothold in Ghana's export market, partly due to the availability of LCL cargoes, which go to promote the businesses of start-ups and SMEs.

In deciding on LCL cargoes, more shippers have become aware of cost and time issues. They find it more cost effective to import/export smaller quantities of goods more frequently. This has significantly driven up the market for LCL cargoes and have paradoxically significantly contributed to increased global trade over the past few years. In the words of the Makrand Prabhakar Pradhan, Managing Director of Total Transport Systems Ltd (TTSL), *"The commercials of business have changed. I have been always believing in one thing that in LCL cargo volume plays an important role – more the volume, better is overall profit per container. Over the past year or two, the booking pattern of LCL shipments have changed. More businesses are turning from Free Hand to Routed Business..."*

LCL cargoes vs Operational efficiency

LCL cargoes also have given impetus to more efficiency in operational matters, being easier to handle smaller consignments at the consolidation stage. This though, comes at a higher initial cost for the consolidators as they would have to acquire yards within

which to consolidate the cargoes before onward transportation to their shippers. However, consolidation also means they get to utilise the spaces in the containers to the fullest, as they can pack more compatible cargoes belonging to multiple consignees, and deliver them via the use of House Bills of Lading (HB/Ls). This calls into sharp focus the role of Container Freight Stations (CFS) and Inland Container Depots (ICDs) in cargo consolidation, which cannot be overlooked in the growth of the LCL market.

"The ICDs allow the consolidators offices in a particular ICD location to club the multi country cargo in one hub console container and bring that to the gateway port/CFS where the consolidator un-stuffs the hub container multi-country cargo and stuffs it into dedicated direct console containers of various trade lanes, thus bringing a very cost effective solution for the trade and helping to reduce the transportation time and cost per CBM."

The relevance of consolidator groupings

The global trend of large-scale cargo consolidation is yet to catch up in Ghana, as consolidators invariably deal with smaller cargo units and therefore do most of their consolidation in smaller yards or CFS/Terminals belonging to the lines. In the light of this, perhaps it would be a good idea for

consolidators to come together to secure ICDs, where they can consolidate their cargoes.

The existence of the De-Consolidators' Association is a good beginning, and the consolidators can also form a similar association, which will put them in a better light to secure a yard for their businesses. Forming an association will also give them collectively a larger say in the freight rate negotiations, as they can command bigger tonnages to take advantage of larger consignments and its attendant economies of scale.

Again, consolidators/de-consolidators with their own CFS/ICDs would have much better results in avoiding the payment of demurrage, thus bringing down the overall cost of their customers, largely SMEs. This is because they can more quickly stuff/unstuff containers at their yards and deliver individual packages with HB/Ls, thereby delivering the containers to the lines within the specified free periods, in order to avoid demurrage.

Conclusion

LCL cargoes have come to stay and are indeed a lifeline to SMEs in Ghana. In today's global trade of JIT Logistics, it will give more impetus to importing/exporting less cargoes more frequently in order to keep production lines afloat, whilst at the same time fuelling global trade and avoiding the non-essential effort of warehousing goods for the production line.

Ultimately, it is a win-win situation for all – the SMEs can supply or import their goods on a regular basis, the shipping lines can be guaranteed their frequency of sailing and manufacturers will be assured of constant supply of their needed raw materials without the added cost of warehousing stocks to keep production running.

GHANA TAX STAMP AUTHENTICATOR (GTSA)



GRA



How to install

Step 1

Go to
Google Play Store
on phone menu

Step 2

Search for
Ghana Tax Stamp
Authenticator

Step 3

Click on image
and install

Step 4

Click to open the App
and allow it to access
your device's
location

Step 5

Allow App to
take pictures,
record videos
and manage calls

The Ghana Tax Stamp Authenticator

- It is an android based App which assists you to scan the Excise Tax Stamp on products to determine the genuineness of the Stamp.
- It can easily be accessed at any location
- You need an android phone with at least 5.0 android capacity, internet data and internet enabled

How to scan using the GTSA App

01

Tap the start button after installing the App to begin scanning

03

Click on the 'OK' button. You will receive the following ; Product Type, Origin, HR Code, Name of Organisation and Metric Name

02

Compare the scanned results and products to the nearest GRA office

04

Report the difference in the scanned results and products to the nearest GRA office

05

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