

**PRESS STATEMENT FOR THE MAIDEN EDITION OF
*THE SHIPPING QUARTER AND OUTLOOK***

INTRODUCTION

Ladies and Gentlemen of the media, this is the first in the series of *The Shipping Quarter and Outlook* instituted by the Ghana Shippers' Authority as an industry wide platform for engaging the Media, and to provide timely, authentic and accurate information on the Shipping Industry to the populace.

In today's edition, we shall look at the Trade Performance of 2016, provide indications for 2017, discuss some issues flowing out of the 2017 Government Budget Statement, highlight some Trade Facilitation Issues and review the implementation of the Verified Gross Mass.

TRADE PERFORMANCE AND OUTLOOK

Global Developments

The year 2016 saw the world's largest economy, China, focusing more on services and importing less raw materials from the rest of the world which triggered a fall in commodity prices. The Brexit (UK leaving the European Union) was also another global development which created some uncertainty on the container shipping market in 2016. Also, the maritime industry continued to battle with low growth in global demand, coupled with the oversupply of new tonnage, this resulted in low freight rates on the major trading routes. Unfortunately, shippers in Africa have not benefitted much from these low freight rates.

Ghana's throughput trend

Ghana sustained its maritime trade performance in 2016 although the last quarter of the year 2016 recorded a 2.0% decline in seaborne trade volumes. This could be attributed to the December 2016 general elections. Overall, Ghana's seaborne trade volume increased by 7.9% in 2016 over the year 2015.

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2016 MARITIME TRADE PER TRADE TYPE

Ghana's seaborne trade is a true reflection of the basic structure of the Ghanaian economy, which is heavily import dependent. The year 2016 echoes this fact with 68.5% of Ghana's Maritime Trade being imports and 31.5% being exports.

IMPORT TRADE

Total imports for 2016 was 12.05 million mt representing an increase of 3.2% over 2015. This comprised of 4.1 million mt of Liner cargo, 1.75 million mt of Break bulk, 2.68 million mt of Dry bulk cargo and 3.5 million mt of Liquid bulk imports. A major performer was the Liquid Bulk imports category with commodities like Crude Oil and Liquefied Petroleum Gas recording substantial increases.

GHANA'S SEABORNE TRADE PER CARGO TYPE (in mt) 2016/2015						
TRADE TYPE	IMPORT			EXPORT		
	2016	2015	Change	2016	2015	Change
Liner	4,101,931	4,660,755	-11.99%	1,407,592	1,432,615	-1.80%
Break Bulk	1,753,887	1,987,695	-11.76%	497,808	497,035	0.16%
Dry Bulk	2,686,116	2,548,959	5.38%	3,400,918	2,423,424	40.34%
Liquid Bulk	3,512,691	2,484,984	41.36%	239,881	17,150	1,298.72%
TOTAL	12,054,625	11,682,393	3.19%	5,546,199	4,370,224	26.91%

EXPORT TRADE

Total export trade volume for 2016 was 5.55 million mt representing a 26.9% increase over 2015. This was made up of 1.40 million mt of Liner items, 497,808 mt of Break bulk items, 3.40 million mt of Dry Bulk and 239,881 mt of Liquid Bulk. A major performer was the Dry Bulk exports category with manganese and bauxite recording substantial increases.

Direction of Maritime Trade 2016

Import Trade

The year 2016 saw 33% of the total import seaborne trade of Ghana originating from the Far East region. Imports from other African countries accounted for 27% share of Ghana's import trade. Imports from Africa were 3,245,502 mt, an increase of 1,178,470 mt (or 57%) over the previous year's figure of 2,067,032 mt. The major commodities imported from the Africa region which experienced significant increases were mostly Liquid Bulk commodities like Crude Oil, LPG and Petroleum Products. Liquid Bulk Imports from Africa showed an increase of 1,252,345 mt (i.e. 94%) over the previous year's figure of 1,331,919 mt.

Export Trade

Majority of the 5.55 million mt of seaborne exports for 2016 went to the Far East and the North Continent ranges. The Far East range received 65.5% of total exports whilst the North Continent range received 14.7% .

The major commodities exported Bauxite and Manganese.

Shipping Agents Performance in Laden Containers

Twenty Seven (27) Shipping Agents were involved in the containerized trade to and from Ghana. Together, they handled 575,450 TEUs for the year 2016. The top three performers were Maersk Ghana Ltd, with 204,342 TEUs (35.5% of the containerized trade), MSC with 89,894 TEUs (15.6% of the containerized trade) and PIL Ghana Ltd with 36,123 TEUs (6.28 % of the containerized trade).

Transit Trade

Total Transit/Transshipment for 2016 amounted to 900,763mt comprising of imports and exports of 861,299mt and 39,464mt respectively. Transit/Transshipment trade recorded an impressive growth in Q1 2016 of 82.% but this whittled down to 16.8% decline at the end of the year as the subsequent Q2, Q3, and Q4 of 2016 recorded decreases of 4.5%, 4.32% and 42.1% respectively over 2015 figures.

However, transit volume for the three (3) major landlocked countries of Burkina Faso, Mali and Niger for 2016 amounted to 801,336 mt which comprises of 764,909 mt imports and 36,427 mt export. This represents 88.9% of total transit/transshipment trade through Ghana's transit corridor to the hinterlands. Major transit trade commodities included Bagged Fertilizer, Processed Foods/ Beverages and Cashew nuts.

Outlook for 2017

Ghana's maritime trade outlook for 2017 is likely to steadily increase in trade volume with boosts in both imports of major commodities and exports of raw materials and semi-processed goods to the Chinese and European market.

Ghana's international trade volumes is expected to grow by 10% in 2017. This growth is as a result of the calm political environment after the electoral and the transition processes, renewed business confidence in the new government as well as the Ghanaian economy and new policies/initiatives expected to boost the agricultural, manufacturing and industrial sectors.

ISSUES FLOWING OUT OF THE 2017 BUDGET STATEMENT

The Shippers (Importers and Exporters) have welcomed the specific measures proposed by Government for implementation in the short term. These include the following:

- Abolish the 1 percent Special Import Levy;
- Abolish the 17.5 percent VAT/NHIL on selected imported medicines, that are not produced locally;
- Initiate steps to remove import duties on raw materials and machinery for production within the context of the ECOWAS Common External Tariff (CET) Protocol;
- Removal of excise duty on petroleum;
- Reduction of special petroleum tax rate from 17.5 percent to 15 percent;
- Removal of duty on the importation of spare parts;
- Replaced the 17.5 VAT/NHIL rate with a flat rate of 3 percent for traders.

Following the above policy position of Government, the Commissioner of Customs has issued a Tariff Interpretation Order No. 2017/001 dated March 27, 2017 providing clarity on the specific items affected by the policy and the modalities for their implementation.

The above notwithstanding, concerns have been raised in respect of a conflict in the application of Exemption Regime and the deferment of VAT on Manufacturing raw materials.

We urge all categories of importers and their agents affected by this to be calm, as the Authority and other stakeholders engage the relevant authorities to find an amicable solution to the matter

TRADE FACILITATION ISSUES

The World Trade Organization's (WTO) Trade Facilitation Agreement entered into force on 22nd February 2017, following the notification of the agreement by 112 member states constituting more than 2/3 of the required notifications needed from WTO 164 members.

The entry into force, of this agreement would expedite the movement, release and clearance of goods, including goods in transit. It also sets out measures for effective cooperation between customs and other appropriate authorities on trade facilitation and customs compliance issues.

The Agreement will help improve transparency, increase possibilities to participate in global value chains, and reduce the scope for corruption.

The Ghana Shippers' Authority welcomes the entry into force of the WTO trade facilitation agreement, which we believe will benefit the Ghanaian shipper and the country as a whole.

Ghana's Commitment

Ghana ratified the Trade Facilitation Agreement on 4th January 2017 as the 104th country to notify WTO.

Ghana identified seven (7) measures under category A, **5 measures are classified under Category B and 24 measures were identified under Category C.**

Benefits for the Shipper

Trade Facilitation when fully implemented increases Developmental Goals. According to UNCTAD, implementation of the agreement will among others:

1. Reduce of transaction Costs (from 23% to 30%)
2. Increase in Income and Profits/Annual GDP
3. Benefit for Small and Medium Scale Enterprises as well as Multinationals
4. Other benefits in full implementation of TF
 - Improve Governance
 - Empower Women Entrepreneurs
 - Strengthen Regional Integration
 - Increase Revenue collection and security
 - Minimize the incidence and complexity of import, export and transit formalities and decreasing and simplifies documentation requirements

ASSESSMENT OF THE IMPLEMENTATION OF THE VERIFIED GROSS MASS

By virtue of amendments to Chapter VI of the International Maritime Organization (IMO) Safety of Life at Sea (SOLAS) Convention, 1974 as amended, it became a mandatory requirement globally, effective **July 1, 2016**, for Exporters to weigh, certify and declare the weight of stuffed containers to the Shipping Line and Terminal Operator prior to their being loaded on board a ship.

The main purpose of the Verified Gross Mass (VGM) also known as Container Weight Verification is to obtain an accurate gross weight of packed containers so that vessels and terminal operators can prepare vessel stowage plans prior to loading cargo ships. The requirement was also intended to protect vessels, personnel and assets of terminals.

The successful implementation of the IMO mandatory verified gross mass (VGM) of a packed container in Ghana on 1st July, 2016 was credited to the collaborative efforts of key stakeholders such as the Ghana Shippers' Authority, Ghana Standards Authority, Ghana Ports & Harbours Authority, Ship Owners & Agents Association of Ghana and the Ghana Maritime Authority under the auspices of the Ministry of Transport.

Following the successful take off the Authority instituted a regular monitoring system to identify and address any teething problems that may threaten the smooth implementation of the IMO requirement.

Some of the major concerns of the operators included:

- Increased operational costs to some shippers as a result of logistical arrangements between storage points and weighing points.
- Delays at the designated weighing and documentation points
- Demands for VGM compliance Certificate from shippers at the Port gate.

All stakeholders must be particularly mindful of the increased bureaucracy and the costs associated with the implementation and enforcement of the Regulations, in the interest of trade facilitation and for the benefit of shippers.

CONCLUSION