SHIPPING REVIEW

GHANA'S AUTHORITATIVE QUARTERLY MARITIME JOURNAL

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In this Issue

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ALSO IN THIS ISSUE

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ANALYSING THE IMPACT OF COVID-19 ON CONTAINER FREIGHT RATES TO WEST AFRICA

By Kwesi Saforo, Ghana Shippers' Authority

The World Health Organization (WHO) officially characterized the COVID-19 as a pandemic on March 11, 2020. A year on, the WHO estimates that a cumulative total of 116,736,437 cases of COVID-19 had been confirmed with 2,593,285 deaths reported globally. The virus continues to ravage human life with its impact negatively affecting social and economic boundaries across the length and breadth of nations and continents across the globe.

To contain the exponentially increasing spread of the virus, countries around the world imposed several protective measures which include social distancing, avoiding unnecessary travel, self-isolation policies and a ban on congregations amongst others. This had pronounced implications on all sectors of the global economy resulting in a decrease in production and consumption activities. The economic downturn weighed down on maritime trade flows and UNCTAD predicted that global maritime trade would contract by 4.1% in 2020 due to the COVID-19 pandemic.

Global shipping thrives on the demand for shipping services which is directly influenced by economic cycles and international trade. Consequently, the contraction of production and consumption due to the spread of the COVID-19 affects the shipping industry. China, a major trade partner for several countries with a strong influence on the shipping sector, recorded a 20–50% fall in the capacity utilization at its largest ports with a sharp increase in the use of port storage facilities (Berti 2020).

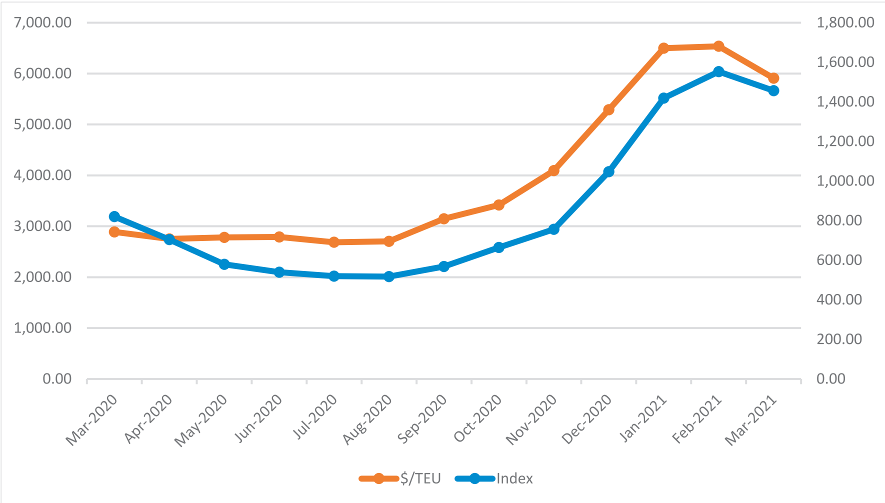
UNCTAD estimates indicate that Africa contributes about four (4) per cent share of global container port traffic and a seven (7) per cent and five (5) per cent share, respectively, of international maritime exports and imports (measured by tonnage). It is described as a surplus area as it imports more than exports. In some cases, out of four (4) containers imported full, only one (1) is exported full with the other three (3) shipped out empty.

Impact on Container Freight Rates to West Africa

Freight rates are a major component of trade costs. Freight rates to Africa and West Africa to be specific have traditionally been high compared to other parts of the world. This has been attributed to longer trade routes, infrequent service, mostly weekly or bi-weekly on these routes and the lack of return cargo.

However, the onset of the COVID-19 pandemic and the anticipation of new waves of the virus triggered a persistent rise in freight rates to West Africa attributable to varying factors. The graph below describes the movement of freight rates to West Africa covering a year after the declaration of COVID-19 as a pandemic by WHO.

Figure 1: Graphical Representation of China-W/E Africa Freight Index and Shanghai-W Africa (Lagos) Freight Rate



The graph above shows the China-W/E Africa Freight Index and the Shanghai-W Africa (Lagos) Freight Rate for the period of March 2020 to March 2021. Between the period of March 2020 to August 2020, the index and rate decreased by (37%) and (6%) respectively. This period was characterized by market forces adapting and adjusting to changes in production, consumption and shopping patterns all over the world including West Africa caused by the pandemic. Major container shipping lines and alliances implemented several response strategies such as blank sailings, dry docking of vessels, stopping or cancelling services on certain routes, etc., to remove the ship supply capacity to match the depressed demand whilst keeping freight rates stable and their businesses profitable.

The early recovery of the Chinese economy from the Covid-19 pandemic shot up demand for shipping services albeit the low supply of shipping capacity triggering a huge spike in the China-W/E Africa Freight Index and the Shanghai-W Africa (Lagos) Freight Rate of 156% and 88% respectively from September 2020 to March 2021. The resultant unexpected increase in import demand for manufactured goods against the diminishing supply of shipping capacity due to the effects of Covid-19 -related restrictions on movement and lockdowns leading to port congestions and delays in cargo loading/unloading, ultimately undermining the region's maritime supply chain and connectivity.

Also notable for the rising freight rates is the grounding of the vessel MV Ever Given in the Suez Canal, one of the important trade arteries, in March 2021. The blockage of the canal is reported to have cost about $10 billion a day in global trade placing further stress on global supply chains already stretched thin by the pandemic.

The impact of the weeklong closure alongside the global shortage of containers primarily caused by the pandemic has resulted in inflation of shipping and container prices as well as unplanned delays.

Implications to Shippers in West Africa/Ghana

Higher freight rate is the commonest implication of the Covid-19 virus on shippers. As presented in the graph above, freight rates from China to the West Africa coast has risen over 80% to 100% a year after the pandemic was declared by WHO. This has significantly increased the cost of doing business from the coast of West Africa.

In addition, the pandemic exposed the fragility of global supply chains. The closure of ports due to movement restrictions and lockdowns with some ports operating at low capacity and the diminishing supply of shipping capacity, a response strategy by Shipping lines to low demand, have resulted in excessive delays, unavailability of regular service of vessels at certain ports, port congestion and cargo congestion at ports, ultimately causing disruptions in the supply chains and import and exports. Shippers, particularly manufacturers are to expect unprecedented delays in receiving inputs for production. Exporters should also expect some difficulty in booking slots for their cargoes due to the limited service by shipping lines at the ports. Data

suggests that shippers now have to pay hefty premiums to secure booking guarantees for their cargoes.

Finally, the pandemic has largely reshaped global liner patterns with Africa being the biggest loser. Most carriers have redeployed their vessels on more profitable routes, Asia – Europe, transpacific and transatlantic. Liner services to Africa is 6.5% lower compared to the previous year and Alphaliner attributes this to high revenue/profit on other routes. Thus, shippers in Africa and for that matter West Africa and Ghana, have less options to import and export in terms of number of carriers and service calls to move cargoes from the ports along the coast of West Africa.

Remedies to Rising Freight Rates

To counter the effects of rising freight rates to the cost of import and export business, shippers need to be innovative and proactive. The following strategies/measures are recommended;

Advance planning of shipments is an effective strategy to combat rising freight rates. Due to the impact of the pandemic on global and local supply chains, Just-In-Time (JIT) shipments and deliveries have become nearly impossible with cargo transport cost increasing every day. Hence, shippers need to strategically plan their shipments well in advance to save cost and avoid delays.

Digitization in the Shipping & Logistics industry ensures transparency and transformation in an industry which is characterized by a tremendous lack of visibility and transparency amongst the players of the ecosystem. Therefore re-inventing processes, digitizing shared operations and implementing collaborative technologies can maximize efficiency and reduce trading costs. Besides building resilience for supply chains, it will help the industry to bank on data-led insights, thereby helping players make informed decisions. The industry, therefore, needs to adapt technologically bringing about a systemic shift in the way it operates and trades.

Cargo Consolidation whereby individual small shippers consolidate their cargoes to gain a stronger bargaining power with shipping lines. One of the reasons for high freight shipping to and from West Africa is the fact that most of the shippers are small and scattered with little to no bargaining power. The consolidation of cargo in all its sense and purpose would reduce shipment cost for Shippers whilst restoring and strengthening the negotiation of charges with Shipping Lines for better rates.

Conclusion

The Covid-19 pandemic is still with us and projections from experts indicate that the virus and its effect is going be with us for the next decade. Shippers in West Africa/Ghana have to adapt to the new normal and adjust to new ways of doing business by being innovative and creative.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AFREXIMBANK POSITIONS ITSELF TO ACCELERATE AFCFTA WITH PAPSS

Prof. Benedict Okechukwu Oramah, President of African Export and Import Bank (Afreximbank)

The African Export-Import Bank (*Afreximbank*) would be assessing the success rate of the piloting of the Pan-African Payment and Settlement System (PAPSS) and begin putting in the final mechanism to roll it out across the continent.

The African Continental Free Trade Area (AfCFTA) Secretariat is confident about the piloting phase of the PAPSS was done in six West African countries to facilitate AfCFTA's implementation.

The PAPSS is a centralised payment and settlement market infrastructure for processing, clearing and settling of intra-African trade and commerce payments. It would provide alternative to current high-cost and lengthy correspondent banking relationships to facilitate trade and other economic activities among African countries through a simple, low-cost and risk-controlled payment clearing and settlement system.

The benefits of PAPPS for cross-border payments include cost reduction; reduction in duration and time variability; decreasing liquidity requirements of commercial banks; decreasing liquidity requirements of central banks for settlement as well as its own payments; and strengthening Central Banks' oversight of cross border payment systems.

President of *Afreximbank, Prof. Benedict* Oramah briefing the *African* Association of Automotive Manufacturers (AAAM) on the state of PAPSS said the selection of West Africa for the piloting was strategic considering the diverse economies and currencies among the countries.

“There is a lot of dynamics when it comes to trading in the region. There are the big players like Nigeria and small ones like Togo, Benin and those playing in the middle like Ghana. There are also some six currencies being used among the countries. We believe that it is a fertile ground for the pilot because it has the dynamic that is at play across the continent. We believe anything that would go wrong on the continent would manifest during this pilot” Prof. Oramah told the AAAM members.

He also noted that, the success of the AfCFTA would greatly depend on the success of the PAPSS as it would ensure that the fragmented currencies on the continent would find a single melting point, he believes the success of PAPSS would also go a long way to strengthen the local currencies as the current development where monies need to converted into foreign exchange especially dollars to be able to trade with other African countries would be drastically reduced.

“There is no way that you can integrate the content without having a payment trail across the continent. That is how it is going to work; the special feature that would boost trade is that, it would make it possible for people to pay intra-regional trade in local currencies. Payment is one of the biggest challenge due to the many currencies that play out on the continent, the cost of making payment on the continent is estimated at 5 billion dollars a year. This is significant and it can move up,” he said.

African Export-Import Bank and AfCFTA call on President of the Republic of Ghana H.E. Nana Akufo-Addo on the Pan-African Payments and Settlements System (PAPSS)

He indicated that, in the past four years the bank has financed 20 billion intra Africa trade and there is even more room for improvement. With this in mind, 3 billion dollars has been set aside to back PAPSS and ensure that it is robust to support trading on the continent.

The AfCFTA Secretary-General, Mr. Wamkele Mene, told journalists in Abuja, Nigeria that: “The platform will make a significant contribution and our estimate is that it will reduce the cost of transactions by five billion dollars annually, being the aggregate amount that is spent on currency convertibility,” he said.

Mene further explained that Africa has 42 currencies and the cost of the currency convertibility was actually a constraint to intra Africa Trade.

This, he said was making us to feel inefficient and our trade unnecessarily expensive, thereby adding to the cost of doing business especially the Micro, Small and Medium Enterprises (MSMEs).

“When the system is fully up and running, you will be able to transact with somebody in Kenya in Naira and they will receive Kenya shillings and Afreximbank will be the correspondent facility.

“We are working with them as the Secretariat but they have been very strong in investing in African solutions and this Pan-African payment system certainly in the last 60 years, it is one of the most significant achievements.

“We are not going to have a common currency overnight in Africa; we are still going to grapple with this issue of different currencies.

“But with the payment and settlement system we have taken the first major step in addressing some of the challenges that are related to the cost of currency,” he noted.

According to him, he is encouraged by the way the six piloting countries understand the importance of the system to African economy.

The interim PAPSS Governing Council is comprised of Central Bank Governors of the six countries of the West African Monetary Zone (WAMZ) for pilot phase of PAPSS, AU Commissioner for Economic Affairs, AfCFTA Secretary-General and a representative each of African Development Bank and Afreximbank.

The Council is charged with providing regulatory oversight to ensure the success of the payment system.

The PAPSS is a crucial element of the African Union's work to implement AfCFTA, which has now been signed by 54 of the 55 African Union nations, and ratified by 27.

Nigeria was the latest country to sign the landmark trade agreement earlier in July, leaving Eritrea as the only country holding out.

While the operational phrase of AfCFTA has now commenced, there are a number of outstanding decisions that are still pending by the participating nations, including around tariffs and rules of origin.

For instance, with the aim to liberalise 90% of trade taking place between the member states, the nations are yet to determine which sectors to protect and which to liberalise, a process that will likely be long and protracted.

Afreximbank is playing a crucial role in AfCFTA's ambition to create a single African market for goods and services covering 1.2 billion people. In addition to the PAPSS, the bank is instituting a US$1bn AfCFTA adjustment facility to “enable countries to adjust in an orderly manner to sudden significant tariff revenue losses” as a result of the implementation of the agreement, the bank says.


Writer

THE STATE OF GHANA'S MARITIME TRANSPORT: CHALLENGES AND OPPORTUNITIES

By Abdul Haki Bashiru-Dine, Ghana Shippers' Authority

OVERVIEW

Wealth of Nations by Adam Smith, International Trade Theories by Paul Krugman and the studies of the Impact of Shipping Costs on a Nation's growth path by Jeffrey Sachs acknowledge the relevance of maritime transport to international trade. UNCTAD estimates that around 90% (per cent) of global trade by volume and over 70% (per cent) of global trade by value carried by sea and with these shares being even higher in the case of most developing countries, maritime transport, including liner shipping, remains highly important for international trade and the global economy (UNCTAD, 2017).

Maritime transport is a complex area of activity, due to the inherently international nature of shipping and its multi-stakeholder dimension. These characteristics create an analytical challenge that is compounded by the role of the sector as an input production factor supporting other economic sectors and areas of activity, such as trade, fishing, tourism and energy. Such intricacies also underscore the critical importance of hard facts and data to support sound policymaking across different portfolios to ensure that balanced policy trade-offs are achieved

MARITIME TRANSPORT IN GENERAL

Maritime Transport is a derived demand from international trade. It is the linchpin of the global economy providing physical support to the movement of freight between continents and across the globe (Rodrigue, 2016). Due to the fact that seven-tenths (7/10) of the earth's surface is covered by water, maritime transport continues to remain the dominant mode of transport for freight due to its advantage of continuity through the provision of regular services and cost effectiveness due to its capacity to move large amounts of cargo over long distances at a low cost (Sepúlveda, 1987). UNCTAD's Review of Maritime Transport (2019) estimates that a total of 11 billion tons of cargo representing four fifths (4/5) of world merchandise trade by volume was transported by the sea for the year 2018.

Rodriguez & Browne (2002) classify international maritime freight transport into two main segments; the modes which are flexible in their spatial allocation, such as, shipping lines that have a level of flexibility in terms of route selection, frequency and levels of service; and the port and terminals, as locations, which have a fixed capacity that if not used can result in serious financial consequences.

According to Šamija (2011), maritime transport involves the

physical transport of cargoes from an area of supply to an area of demand for certain types of goods, together with all the activities required to support and facilitate such transport. This involves three essential components namely; fixed infrastructure such as ports or terminals, means of transportation such as ships and barges and an organizational system necessary to ensure that ships and fixed infrastructure are used effectively and efficiently.

GHANA'S MARITIME TRANSPORT SECTOR

Ghana is located on the Atlantic Ocean and borders Togo, La Cote d'Ivoire, and Burkina Faso with a population of about 29.6 million (2018). It has been listed among Africa's ten (10) fastest-growing economies since 2017 with real GDP growth estimated at 7.1% (AfDB, 2020) mainly driven by the industrial sector. Due to its proximity to the ocean, recent discovery of oil and location along major trade routes to Europe and the Americas, the maritime transport industry of Ghana plays a vital role to its economic development. Hence the Maritime Transport sector in Ghana is the most critical sector to the development of the Nation's economy which connects the country to the world and facilitates its participation in international trade. In the simplest terms, the Maritime Transport Sector in Ghana is comprised of managing and/or operating ports, shipping agencies, stevedoring, customs brokerage services, dry docks, marine repair shops, shipping, and freight forwarding services and similar enterprises.

The ports in Ghana are international gateways for the importation of its basic needs; ranging from pharmaceuticals, food products, chemicals, building materials, petroleum products etc., and provides a major source of revenue from import taxes and levies collected. According to the Port Authority, 85% of Ghana's total trade flows through the ports of Tema and Takoradi with shipping routes and vessel calls to and from all continents through direct and transshipment services (GPHA, 2020). The ports are also geographically positioned to service the northern hinterlands of Ghana as well as the three Sahelian countries of Burkina Faso, Mali and Niger.

CHALLENGES IN GHANA'S MARITIME TRANSPORT

The challenges of Ghana's maritime transport sector are mostly inefficiencies and distortions in the trading system; unnecessary bureaucratic clearing processes; weak regulatory framework; poor quality control; inadequate skilled labour; political interference and lack of capital for most players.

The problems which are faced by shippers and other stakeholders in carrying out their day-to-day activities relating to the maritime industry include,

- **Cumbersome Procedures to Clear Goods.:** Most shippers face difficulties in clearing their goods from the ports due to bureaucracy and inefficiency. This leads to goods delaying in the ports at added cost to shippers.
- **Mass Corruption:** Corruption has become rife at the sea ports. Most clearing agents have to resort to bribes just to clear their goods. Also, some unruly customs officials demand bribes before performing their duties.
- **High Taxes and Tariffs at Ports:** Shipping companies have expressed concern about the high demurrage and taxes being charged at the port. This according to them slows down business as other importers especially from landlocked countries in the region have opted for other ports as their source of import.
- **Port Congestion:** Port congestion is an albatross hanging on the neck of the maritime industry. Ghana used to have one of the longest waiting times for vessels in the sub region. Waiting time is the period a ship is anchored or before its cargo is offloaded. This has led to high port congestion at the Tema and Takoradi ports. This adds to the cost of operations of shipping companies as well as importers. However, the situation is changing due to the port expansion and operations of MPS Terminal 3.
- **Poor infrastructure:** Shipping companies claim some infrastructure such

as machinery, terminals; bays etc. at the ports are outdated. This has negatively impacted on their operations as it takes a longer time for their cargo to be offloaded. They also claim some vessels cannot berth at the harbour especially the Tema harbour because the wharf is a little shallow. This has seen some attention but that is only in the area of container trade.

- **Bureaucracy:** There is still some level of bureaucracy with some government agencies at the ports. This creates unnecessary delays in the clearing/forwarding processes. The unnecessary complicated administrative procedures which is rampant among some shipping companies is also a huge problem. This often causes delays and waste of resources
- **Unfair Government Policies:** Shippers have complained about unfair government policies which affect their businesses negatively. There is lack of coordination and consistency in government polices within the sector. This creates a situation of unpredictability and thus affects the operations of trade activities at the borders. Government's desired actions in the port economy is mainly driven by Revenue gains and this often affects the comprehensive nature of port policies roll out by the State.

GHANA'S MARITIME FUTURE

The US$1.5 billion Tema Port expansion and the US$500m Takoradi Port expansion represent two milestone moments in the development of Ghana as an African trade & investment hub.

Ghana has long been on the path to establishing itself as a major centre in the global maritime network. The current infrastructure projects coupled with the launch of the Africa Continental Free Trade Agreement (AfCFTA) have accelerated Ghana's journey towards building a truly globally competitive maritime hub.

Ghana will soon be able to accommodate the world's largest container ships and continue to invest in improved transport connections with neighbouring countries.

The wider Ghanaian economy is on an industrialization drive. Ghana's wealth has been built on exporting products from its agriculture and minerals sectors, natural resources which Ghanaian companies are now looking to beneficiate prior to export. An efficient shipping and logistics sector is key to the "Ghana Beyond Aid" goals set out by the country's pro-business government.

It appears to be a time of unprecedented opportunity for Ghana's industrialists and exporters. Is the maritime industry in Ghana prepared to drive the country towards its next stage of development?

Opportunities

- *Moving the Nation Up the Value Chain*

Ghana's road to prosperity can be accelerated by adding value to the natural resources of the country. Agricultural and mineral exports are currently shipped out of the country to have value added to them in Europe, creating high-value products such as chocolate or jewellery. Ghana's industrialization drive will see more high-value products created on Ghanaian soil and the maritime industry has a vital role to play in turning Ghana into a leading African exporter.

- *The Africa Continental Free Trade Area Agreement*

Ghana is host to the secretariat of AfCFTA. The implementation of the agreement will be overseen on Ghanaian soil, a responsibility which reflects the positivity felt amongst Ghanaian business leaders around the agreement. AfCFTA aims to grow intra-African trade through better harmonization and coordination of trade liberalization across the continent. The opportunity for Ghana's exporters is clear.

- *Driving Regional Growth*

Ghana acts as a trade gateway to landlocked neighbours such as Burkina Faso, Mali and Niger. A position that will be strengthened by upcoming infrastructure projects.

Ghanaian industrial conglomerate LMI Holdings are the main actors in the US$200m Trans-Volta Logistics Project. The project will establish an inland port network for the transportation of cargo and fuel from Tema to Ouagadougou in Burkina Faso along Lake Volta.

The project scheduled to start in 2021, will not only be a big boost for Ghana's economy, it will also serve to open up Ghana's northern region to development and industrialization.

- *Technology-driven efficiency*

Ghana has continuously invested in its IT infrastructure and port systems. As the fourth industrial revolution continues to drive automation in supply chain networks, Ghana is well-positioned to remain up to speed with international best practices. “When foreign potential business partners look at Ghana and other African nations, they want to be assured that our IT infrastructure is robust. It is exciting to see our government's focus on digitizing the port systems and making operations easier and more cost-effective,” says Danny Laud, CEO of Logical Maritime Services.

Challenges/Threats

- *Competition from La Cote d'Ivoire and Togo*

Ghana faces competition in the sub-region in its quest to be the preferred gateway to West Africa. Raymond Adiepena, CEO of Seabird Ghana says “The port developments will come with a lot of business expansion and job opportunities, but still, many threats exist. Stiff competition from Abidjan is threatening our dominance in the maritime business. Togo is also doing a lot of things right with their free trade ports. To compete globally we have to look beyond just facilities and look into our technological and business sophistication.”

- *Supply Chain Processes*

Driving growth in Ghanaian industries is reliant upon improvement across the entire supply chain. Developing the port infrastructure in isolation, without ensuring improved efficiency throughout the full supply chain, would only bring limited benefit to Ghana's industrialists.

Gopalakrishna G. Rao, Managing Director at pharmaceutical company Eskay Therapeutics Ghana explains “The opportunities lie in transit times reduction. Currently, the situation is tough because of the lengthy transit periods. We find ourselves operating either with excess stock or with shortages. If transit times can be reduced from six weeks to about a week, that changes the mechanics of the whole process and brings value.”

- *Skills Shortage*

The concern amongst some business leaders is that the investment into infrastructure development is not being matched by similar investments into education and skills training. “The government must make a deliberate effort to not only upgrade infrastructure in terms of waterways, motorways, technology but also skills. It will be of no use, if we have good infrastructure but a shortage of skills,” says Danny Laud, CEO of Logical Maritime Services Ghana. Mr Laud explains “Ghana Maritime Authority is rolling out measures to ensure that the youth acquire the right skills in this space.” Efficient collaboration between Ghana's public and private sectors will be needed to ensure Ghana has the human capital to match its developed infrastructure.

CONCLUSION

The problems confronting Ghana's maritime industry are not unique to this country alone. The industry in itself is highly volatile and elastic since it has interconnections with so many economic factors. This means it will continue to be plagued by many challenges from external sources. However, this can be managed effectively. With every maritime industry, a strong relationship between the government and maritime stakeholders effectively combined with significant Maritime Resource Endowment, excellent human resource and proper infrastructure places the country in a position to gain immensely.

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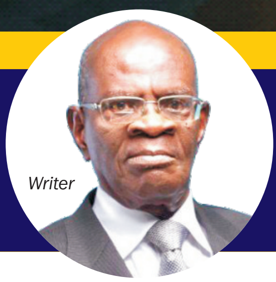

OVERVIEW AND CRITIQUE OF THE MARITIME POLLUTION ACT 2016 (ACT 932)

By A. G. Buabeng, Legal Practitioner

INTRODUCTION

The Maritime Pollution Act 2016 (Act 932) was passed by Parliament in 2016. The Act received Presidential Assent on 11th October 2016 and was gazetted on the same day. The Act implements in Ghana some provisions of the United Nations Convention on the Law of the Sea 1982 (UNCLOS) and the following International Maritime Organization (IMO) Conventions/Protocols on prevention of maritime pollution and civil liability and compensation, to wit:

- International Convention Relating to Intervention on the High Seas in Cases of Oil Pollution Casualties and its Protocol of 1973;
- International Convention for the Prevention of Pollution from Ships 1973 as modified by the Protocol of 1978 relating thereto and by the Protocol of 1997 (MARPOL);
- International Convention on Oil Pollution Preparedness, Response and Co-operation (OPRC) – 1990
- 1992 Protocol to the International Convention on Civil Liability for Oil Pollution Damage 1969; and
- 1992 Protocol to the International Convention on the Establishment of International Fund for Compensation for Oil Pollution Damage (1971).

Before the passage of the Maritime Pollution Act in 2016, the operative legislation on maritime pollution in Ghana was the Oil in Navigable Waters Act 1964 (Act 23) which implemented in Ghana, some aspects of the Oil pol Convention of 1954.

Before dealing with the provisions and critique of the Act, the present writer wishes to pose a question. Why does Ghana need a Maritime Pollution Act?

Ghana needs a Maritime Pollution Act because the country has joined the ranks of oil exporting countries and one pollution damage by a tanker operating within the maritime jurisdiction of Ghana will have catastrophic effect in the country.

Pollution by ships can be classified as accidental pollution and operational pollution. Ships, always, used waters on which they navigated to dispose of their waste.

In addition, in the past, chemical and oil tankers washed out their dirty tanks at sea and also discharge their dirty ballast water.

Ship source pollution may damage

finishing stocks and various other forms of marine life. It also affects the tourist industries of countries. Consequently, it is absolutely important that Ghana takes action to reduce and control ship source pollution.

Pollution damage by ships such as the "Torrey Canyon", the "Annoco Cadiz", the "Exxon Valdez", "the Sea Empress", "the Prestige", "the Erika" and "the Braer" are so well known in the shipping industry to call for any further elucidation.

It is therefore absolutely vital, from the present writer's perspective, that Ghana has in place a very up to date legislation on maritime pollution.

When these preliminary observations, the present writer will now proceed to give an overview and critique of the Maritime Pollution Act 2016 hereinafter referred to as "the Act". The Act, as already observed, was passed in 2016. It has five Parts made up of Two hundred and fifty-three (253) sections.

Part One deals with Application and Responsibilities of the Ghana Maritime Authority.

Part Two deals with Intervention on the High Seas and implements in Ghana the International Convention Relating to Intervention on the High Seas in Cases of Oil Pollution Casualties 1969 and its Protocol of 1973.

Part Three deals with Prevention of Maritime Pollution by Dumping of Wastes and Other Matter at Sea and implements in Ghana Convention on Prevention of Marine Pollution by Dumping of Wastes and Other Matter 1972 and the London Protocol of 1996.

Part Four with the general caption, "Prevention of Pollution from ships" has eight Chapters.

Chapter One deals with General provisions.

Chapter Two deals with Prevention of Pollution by Oil and implements in Ghana the provisions of MARPOL Annex 1.

Chapter Three which is captioned "Prevention of Pollution by Noxious Liquid Substances in Bulk" should have read "Control of Pollution by Noxious Liquid Substances in Bulk" and implements in Ghana, the provisions of MARPOL Annex II.

Chapter Four captioned Prevention of Pollution by Harmful Substances carried in Packaged Form implements in Ghana Annex III of MARPOL.

Chapter Five captioned Prevention of Pollution by Sewage from Ships implements in Ghana Annex IV of MARPOL.

Chapter Six captioned the Prevention of Pollution by Garbage and implements in Ghana Annex V of MARPOL.

Chapter Seven captioned Prevention of Air Pollution from Ships implements in Ghana Annex VI of MARPOL.

Chapter Eight captioned Oil Pollution Preparedness, Response and Co-operation is really out of place because the Convention it seeks to implement in Ghana is the International Convention on Oil Pollution Preparedness, Response and Co-operation (OPRC) 1990 is not part of MARPOL and accordingly it should not, with the greatest respect, have been lumped together with the six Annexes of MARPOL.

The present writer will venture to suggest that it should have been a separate Part.

Part Five of the Act with the general caption "Liability and Compensation for Pollution Damage" is divided into four Chapters:

- Chapter one captioned "Liability for Oil Pollution" implements in Ghana the 1992 Protocol on Civil Liability for Oil Pollution Damage.

- Chapter two captioned "International Oil Pollution Compensation Fund" implements in Ghana the 1992 Protocol to the International Convention on the Establishment of an International Fund for Compensation for Oil Pollution Damage (Fund 1992).

- Chapter three captioned "Enforcement" is out of place because the general heading under Part Five is "Liability and Compensation for Pollution Damage" and by any stretch of imagination "Enforcement" cannot be subsumed under Liability and Compensation for Pollution Damage.

- The above observation is equally applicable to Chapter Four captioned "Miscellaneous".

It is the respectful submission of the present writer that Chapters Three and Four of Part Five should have different Parts to the Act and not lumped together with Part Five o the Act which has a general caption "Liability and Compensation for Pollution Damage".

In addition to the two hundred and fifty-three (253) Sections of the Act, the Act has twenty-one (21) Schedules.

Having dealt with the general Parts and Chapters of the Act and before proceeding with the specific provisions of the Parts it behoves the present writer to give a resumé of events leading to the passage of the Act in 2016. In this connection, the present writer wants to observe that a layman's draft of the Bill commenced during President Kuffuour's administration when Prof. Ekumfi Ameyaw was the Minister for Ports and Harbours. The Government of Ghana then, through the Ghana Maritime Authority requested IMO for technical assistance for the drafting of a Maritime Pollution Bill. IMO's Technical Co-operation Division acceded to the request and identified a Consultant to undertake the mammoth task of drafting a Maritime Pollution Bill for Ghana. The layman's draft as Consultant's draft is known in legal circles was submitted to IMO and after the requisite clearance by IMO, the draft Bill was submitted to Ghana Maritime Authority. After interminable "ping pongs" the draft Bill was finalised by Attorney General's Department. After complying with the requisite constitutional requirements, the Bill was enacted in 2016.

It will not be out of place for the present writer to observe that in between the period the Consultant completed the layman's draft and the passage of the Bill by Parliament, some amendments had been made to some of the Annexes of MARPOL in view of developments in the shipping industry and technological advancement. Consequently, some aspects of the Bill implementing the provisions of MARPOL in Ghana were already out of date when the Bill was submitted to Parliament for enactment. Possibly, the sponsoring Ministry, the Ministry of Transport in its wisdom, felt that the Bill in that form should be submitted to Parliament even though deficient in some respects for enactment because with all its deficiencies, the Bill represented a vast improvement on the existing legal regime in Ghana on maritime pollution, to wit, the Oil in Navigable Waters Act of 1964 (ACT 23) which implemented in Ghana some aspects of the Oil pol Convention of 1954.

Having dealt with the general overview of the Act, the present writer will now proceed with specific provisions of the Act. Part One of the Act has provisions on Application, Measures related to seaworthiness of vessels to prevent pollution, Contravention by vessels within the territorial sea or exclusive economic zone amongst others.

Part Two deals with Intervention of the High Seas and clothes the Minister with insignia of authority to intervene on the High Seas in cases that are necessary to prevent, mitigate or eliminate grave and immerit danger to the coastline or related interest from pollution or threat of pollution of the sea by oil or substances other than oil on the occurrence of a maritime casualty or acts related to a maritime casualty likely to result in harmful consequences. There are provisions in the Part on Nomination of experts, Compensation and Dispute Settlement.

Part Three on Prevention of Marine Pollution by Dumping of Wastes and other Matter at Sea. The Part has provisions on Prohibition on dumping of waste, Dumping permits, Prohibition of incineration at sea, Prohibition of export of waste and Exceptions in cases of force majeure.

Part Four has eight Chapters.
Chapter one deals inter alia, with General Provisions. It has provisions on Contraventions, Certificates and special rules on inspection on ships, Undue delay to ships. Technical co-operation and Dispute Settlement.

Chapter Two deals with Prevention of Pollution by Oil.
As already indicated above it implements in Ghana MARPOL Annex 1. The Chapter has provisions on Surveys of ships. Certificates issued under the Chapter, Duration and validity of certificate issued, Control of discharge, provision of reception facilities.

Oil Record Book, Special requirements for drilling rigs, other platforms and offshore installations, Shipboard oil pollution emergency plan and offences and interpretation.

Chapter Three as already indicated implemented the provisions of MARPOL Annex II in Ghana should read "Control and NOT Prevention of Pollution by Noxious Liquid Substances" as already observed. The Chapter has provisions on Categorisation of Noxious Liquid Substances Provisional assessment and categorisation of substances, Surveys, Cargo record book, Reception facility for noxious liquid substances.

Nominated surveyors and recognised organizations, Noxious Liquid Substance Certificate, Form of International Pollution Prevention Certificate for the Carriage of Noxious Liquid Substances in Bulk, Duration and Validity of Certificates. Shipboard marine pollution emergency plan for noxious liquid substances.

Chapter Four deals with Prevention of Pollution by Harmful Substances carried by sea in packaged form. As already indicated this Chapter implements in Ghana MARPOL Annex III. It has provisions on Parking, Marking and Labelling, Documentation, Quantity Limitations, Stowage and Offences.

Chapter Five of Part Four, as already indicated, implemented in Ghana MARPOL Annex IV. It deals with prevention of pollution by Sewage from ships. The Chapter has provisions on Surveys, Issue of International Sewage Pollution Prevention Certificate, Form of International Sewage Pollution Prevention Certificate, Duration or validity of International Sewage Pollution Prevention Certificate, Discharge controls, Sewage reception facilities and Standard discharge connections.

Chapter Six deals with Prevention of Pollution by Garbage from Ships. It has provisions on Special areas, Garbage reception facilities, Garbage management plan, Garbage record book, Disposal of specified garbage outside special areas; Offences and Regulations.

It must be pointed out that the latest Edition of MARPOL compiled by IMO the word "discharge" and not "disposal" is used and since disposal and discharge cannot be used interchangeably the Chapter must be revised to reflect the current terminology in use.

Chapter Seven deals with Prevention of Air Pollution from Ships. It has provisions on surveys and inspection, issue of International Air Pollution Prevention Certificate. Form of International Air Pollution Prevention Certificate, Duration and period of validity Certificate, Inspection of reception facility and offences. It must be stressed that this Chapter which implements in Ghana MARPOL Annex VI has a number of defects. No mention is made of International Energy Efficiency Certificate, Form of International Energy Efficiency Certificate, Duration of International Energy Certificate, fuel for oil availability, Attained Energy, Efficiency Design Index (attained EEDI), Required EEDI Ship Energy Efficiency Management Plan (SEMP).

As already indicated by the present writer, the Act received a Presidential Assent on 11th October 2016. It is pertinent to observe that by Resolution of MEPC (70) adopted on October 28 2016, amendments were made to Annex VI of MARPOL which the Act implements in Ghana by Chapter Seven of Part Four. Surely, those amendments are not reflected in the Act because the Act received Presidential assent before the amendments were made. It therefore follows that Chapter seven of Part Four must be revisited to keep pace with developments at IMO.

Chapter Eight implements in Ghana, as already stated, the International Convention on Oil Pollution Preparedness, Response and Co-operation 1990. The Chapter has provision on Oil pollution emergency plans, Action on receipt of oil pollution report, Pollution report procedures, National and regional system for preparedness and response. International co-operation in pollution response. Technical co-operation and multilateral arrangements. As already observed, this Chapter should NOT have been lumped together with the various Annexes of MARPOL.

Part Five deals with Liability and Co-operation for Pollution Damage. It has Four Chapters. Chapter One has provisions on Meaning of "Owner" in relation to pollution damage, for oil pollution by tankers, Liability for oil pollution by other ships; Restriction of liability for oil pollution, Limitations of liability under section 195; Restriction on enforcement after establishment of limitation fund, Limitation fund established outside Ghana, Extinguishment of claims, Compulsory insurance against liability for pollution, Right of third parties against insurers, Jurisdiction of Ghanaian courts and registration of foreign judgment. Government ships and Interpretation.

Chapter Two deals with International Oil Pollution Compensation Fund 1992 and has provisions of meaning of discharge or escape of oil, Contributions by oil importers, Power to obtain information, Liability of the Fund, Extinguishment of Claims, Subrogation and Supplementary provisions as to proceedings involving the Fund and Interpretation.

Chapter Three captioned Enforcement has provision on Restriction on jurisdiction over offence committed outside the country's limits and suspension of proceedings at the request of flag state.

Chapter Four captioned Miscellaneous has provisions on a lost of matters including but not limited to the following. Duty to report discharge of oil into waters of a harbour, Discharge of oil into internal waters of Ghana, other than waters of a harbour, Insurance for operators of offshore installation or storage facility; Discharge of oil from pipelines as a result of exploration or exploitation, Restrictions on transfer of oil in a harbour or port, Presidential directives on oil or other chemical spill response, Removal and disposal of offshore installation, Double hulls, Establishment of Technical Committee Functions and Technical Committee and Tenure of Technical Committee.
Regulations to be made by the Minister by legislative instrument to prescribe a number of matters including the giving of effect to any Convention adopted by IMO on Marine Pollution and Interpretation.

The present writer wishes to observe that issues covered by he Chapter on Miscellaneous are of utmost importance.

General Observations

"Special areas" have not been specifically defined in Chapter Two of Part Four of the Act. It is the respectful submission of the present writer that the general definition of special area in section 250 of the Act which deals with

"Interpretation" will not suffice. "Special areas" in Chapter Two of the Part Four of the Act should have been comprehensively defined in accordance with Annex I of MARPOL which the Act implements in Ghana. With regard to Prevention of Pollution Garbage which in Ghana implements Annex V of MARPOL "Special areas" have been appropriately defined in accordance with the Annex and the present writer does not appreciate why the same was not done in respect of Part Four, Chapter Two of the Act which implements MARPOL Annex I. The importance of this definition cannot be over-emphasised. Shipping is international and it is absolutely vital that our municipal laws which implement treaty provisions must conform strictly with the provisions of the treaty, the legislation is implementing.

Almost four years down the line since the enactment of the Act, Regulations under the Act are yet to be drafted to compliment the primary legislation. It is absolutely vital that these Regulations are drafted.

Since the layman's draft of the Bill, three IMO Conventions which impinge on marine pollution have entered into force. They are the International Convention for the Control and Management of Ship Ballast Water and Sediments 2004, The International Convention on the Control of Harmful Anti-Fouling Systems on Ships 2001 and Convention on Civil Liability for Bunker Oil Pollution Damage 2001. This Convention though not strictly a Marine Pollution Convention but a Liability Convention must be implemented in Ghana together with the two other Conventions referred to above.

Section 249 (C) of the Act enjoins the Minister to give effect to any Convention adopted by IMO on Marine Pollution. It can be argued with some degree of plausibility that pollution damage can result from bunkering. The three Conventions can therefore be implemented in Ghana by subordinate legislation.

It is the present writer's respectful submission that the First Schedule of the Act must be comprehensively revised in the light of Resolution MEPC 100 (48) as amended by Resolution MEPC 165 (56). It is pertinent to observe that the acronym MEPC stands for Marine Environment Protection Committee, a Committee of IMO dedicated to the protection of marine environment.

There are no provisions in the Schedule for the Form of International Energy Efficiency Certificate, Supplement to International Energy Efficiency Certificate and this must be appropriately addressed.

Now a word about the International Convention for the Prevention of

Pollution from Ship, 1973 as modified by the Protocol of 1978 relating thereto and by the Protocol of 1997 (MARPOL).

MARPOL is one of the key Conventions of IMO – a Specialised Agency of UN responsible for shipping. It is one of the Conventions of IMO which embodies the “no more favourable treatment clause” devised by IMO. It is trite law that treaties/Conventions and Protocols only bind the parties thereto aptly expressed by the Latin Maxim “pacta tertiis nec nocent nec prosunt”. IMO has, in a way, circumvented this time honoured maxim in the Law of Treaties by the introduction of the “no more favourable treatment clause” which means that if a ship is registered in a State which is not a party to MARPOL trades to a port or offshore terminal of a state party to MARPOL, it will not lie in the mouth of the master of the ship, the shipowner and a bareboat charterer, to contend that the State where the ship is registered is not a party to MARPOL and consequently, the provisions of MARPOL are not applicable to the ship. A Port State Control Officer of the State party to MARPOL can detain the ship, if on examination he is satisfied that the construction of the ship and its equipment do not conform to the provisions of MARPOL.

This is a very effective mechanism devised by IMO to ensure that Shipowners comply with the provisions of the key IMO Conventions/Protocols their registering States not being parties to such Conventions/Protocols notwithstanding.

Over the years, the present writer has been racking his brains as to whether the provisions of MARPOL should be included in a primary legislation on Maritime Pollution. The raison d'être for this observation is that various Annexes of MARPOL are often amended by IMO from time to time to keep pace with developments in the shipping industry and technological changes.

It is a matter of notoriety that it takes quite a while to amend a primary legislation because of pressures on parliamentary legislative timetable.

On the other hand, subordinate legislation in Ghana can be adopted without much hassle pursuant to Article 11(7) of the Constitution of Republic of Ghana 1992. As the country's pollution legislation must keep pace with developments at IMO, it is the respectful submission of the present writer that to ensure that our laws on maritime pollution, which MARPOL plays a no mean role, are up to date, it will be best to implement the six Annexes of MARPOL in a subordinate legislation because of the reasons adduced above.

This can be done by giving the Minister the requisite delegated power in a primary legislation on a Maritime Pollution. The present writer appreciates that this is a herculean task but with determination and political will, it can be done.

The present writer is a Legal Practitioner. His email address is alexbuabeng@yahoo.co.uk.

GHANA RUBBER ESTATES LIMITED

OUR HISTORY

Ghana Rubber Estates Limited (GREL) started as a small private plantation established by R. T. Briscoe in 1957, at Dixcove with a 923 hectares of rubber plantation.

In 1960, the plantation was nationalized into Agricultural Development Corporation (ADC) and then State Farms Corporation in 1962.

In 1980, the Ghana Government entered into a financing agreement with the CAISSE FRANÇAISE DE DEVELOPPMENT (CFD) now **Agence Française de Developpement (AFD)**, to rehabilitate and manage the company's rubber plantation and to build a new rubber processing plant at Apimenim.

In 1996, SOCIETE INTERNATIONALE DE PLANTATION D'HEVEA (SIPH), became the major shareholder of the company.

SIPH is a subsidiary of SIFCA Group, which is an agro-industry leader in West Africa..

ABOUT GHANA RUBBER ESTATE LIMITED (GREL)

GREL is a natural rubber producer and has a concession size of 21,747 hectares (ha) in Western, Central and Eastern Regions.

Every day, GREL undertakes its investment in a sustainable manner that respects the environment and the health and safety of its workers.

Its effort have been reinforced by various standards and certifications such as quality (ISO 9001:2015), environmental (ISO 14001:2015) and occupational health and safety (ISO 45001:2018).

As a high performing Ghanaian company, our Vision is to become a major actor in the sector of natural rubber in West Africa.

FULLY COMMITTED TO RESPONSIBLE FARMING

GREL produces and process as high quality granulated and crumb rubber for international markets, in a sustainable approach which includes:

- *Develop, support and empower rubber small holder farmers, in the most cost-effective manner.*
- *Protect the environment by generating minimum waste, disposing off it in accordance with national/international guidelines and promoting Health & Safety at the workplace.*
- *Discharge our social responsibilities to staff and the communities in a proactive manner.*

Our activities are based on tSIFCA Group's core values, which are **Responsibility**, **Ethics** and **Quality**.

Our Code of Conduct is essential to create the best possible framework for continuous performance improvement through our four commitments:

- *Respect for people,*
- *Respect for partners and customers,*
- *Respect for the environment,*
- *Respect for shareholders*

COMMITTED TO SUPPORTING GOVERNMENT INITIATIVES

1. By providing sustainable Income to Ghanaian farmers

Since 1995, GREL in partnership with the Government of Ghana, Agence Française de Développement (AFD) and Kreditanstalt für Wiederaufbau (KfW), through Agricultural Development Bank (ADB) and National Investment Bank (NIB), has invested **€ 59M** to help about 8012 individuals to develop 30,155ha of rubber plantation under the Rubber Outgrower Plantation Project (ROPP) under five (5) phases.

In addition to the ROPP, GREL as Technical Operator, has also contributed to the development of 15,193ha for 1,650 farmers under its Self-Finance Outgrower (SFO) Scheme and 3,675ha for 550 other private farmers.

2. By contributing significantly to the development of the industry in Ghana

GREL-APM, our rubber processing factory located at Apimenim (Western Region) produces 50,000T per Year.

In partnership with the Ministry of Trade and Industry under the **"One District One Factory"** Initiative in a new processing factory located at Tsibu in the Ahanta West Municipality of the Western Region. GREL also invested **€ 25M** in GREL TBU. This Factory has been established (MOTI) at Tsibu, produces 25,000T per year, expandable to 150.000T per year, from 2027.

CORPORATE SOCIAL RESPONSIBILITY

GREL's core operations span 90 communities in 10 traditional paramount areas in the Western, Central and Eastern regions of Ghana.

In addition to the various infrastructure projects undertaken for the communities within EDUCATION, HEALTH, ACCESS TO POTABLE WATER... As of the end of June 2021, GREL has provided scholarships to 283 students in its operational areas for secondary and higher education.

We also organize vacation classes for 6000 children every year in its operational area, to create vocations for the agricultural jobs, a sustainable choice (or alternative) for the empowerment of young people.

Project Category	Number	Remarks
Education	29	School Buildings, Libraries, Staff Accommodation
Electrification	12	Donation of low-tension poles to communities
Health	11	Health Centres
Road	7	Rehabilitation / Reshaping of community Roads
Sanitation	25	KVIP
Security	12	Infrastructural / donations to security agencies
Social	17	Community centres
Water	10	Community water system

SUBSIDIARY OF

SIPH

Ghana Shippers' Awards

Sixe (6) SMEs awarded

Six (6) Small Medium Enterprises (SME) in the import and export industry were recognised at the 2021 Ghana Shippers Awards on October 1, 2021.

The 4th edition of the awards which was held at the Kempinski Hotel, Accra highlighted the efforts of the SMEs as their contribution to the economy in terms of taxes and job creation has seen significant growth over the years.

Company backgrounds

Touch Skies Ltd.

Alexander and Patience Debrah, Directors Touch Skies

Touch Skies is an agro-processing firm established in 2011 with the objective of procuring, grading, packaging and export of fresh fruits, vegetables, roots and tubers. Yam has been the lead product exported mainly to Europe, United Kingdom and the United States of America.

Infinity Links Ltd.

Atta Dwomoh, President Ghana Yam Exporters Association and Prince K. Kwakye, CEO Infinity Links Ltd.

Founded in 2013 as a sole proprietorship, Infinity Links has grown into a limited liability company since 2018 with the focus of exporting locally produced products (e.g. fresh yam, cocoyam, sweet potatoes, cabbage and carrots, etc) to the rest of the world. The company owns farms in Bimbilla and Yendi in the Northern Region of Ghana.

Talensi Ltd.

In the fashion sector, Talensi has specialized in handcraft clothes, shoes, bags or fashion accessories some of which are made from organic dyed straw, raffia or bamboo grown in the Northern regions of Ghana. The company ships its products to USA, UK, Europe, Canada and African countries including neighbouring La Cote d'Ivoire, Nigeria, etc.

Edtex Ltd.

Edwina Ama Assan, Managing Director Edtex

From the textiles and garment sector, Edtex was recognised for the consistent production of high-quality handmade fabrics, finished lifestyle accessories and home décor products made from batik. Established 1993, Edtex has produced high-quality wall art, curtains, fashion fabric, aprons, cushion covers etc. It exports mainly to the USA, UK, Italy, Kenya, South Africa and directly to Japan, Germany and France.

Georgidus Enterprise

Dumena George, CEO Georgidus Enterprise

Georgidus Enterprise has operated in the second hand automotive since 1999. Located in the Adentan Municipality, the company imports vehicles parts and second-hand vehicle engines. It regularly imports 40-footer containers mostly from the USA, Holland, Korea, UAE, etc. It is also a member of the Korea Importers Association.

Milani Ltd.

Ophelia Clottey, Country Compliance Manager, Miliani

Fruit exporter, Milani was established in 1993 in Awutu Senya West in the Central Region. It exports fresh pineapples on weekly basis mainly to Lebanon, France, Belgium, Germany, Morocco and Switzerland. It is a member of the Sea Freight Pineapple Exporters of Ghana.

4th Ghana Shippers' Awards

4th Ghana Shippers' Awards

COVID-19 and Vessel Redeployments Have Made Africa's Trade Harder

By Anab Abudu (African Landlocked Countries Advocate & Freelance Researcher)

Just as the world entered into the Decade of Action, COVID-19 set in; disrupted progress in sustainable development, further exposed fragilities and aggravated the world's inequalities in which the 'vulnerable segments of society are disproportionately affected'.

COVID-19 has resulted in job losses (about 114 million jobs have been lost globally[1]), decreased public revenues (estimated at an average of about 5% for Africa[2]), increased public debt and austerity and led to the contraction of many economies around the world resulting in rising extreme poverty (around 120 million people have fallen back into extreme poverty[3]). At a contraction rate of 4.3%, the world recorded its sharpest decline in Gross World Product since the Great Depression in 2014 which the UN projects will be made up for by a recovery rate of 4.7% in 2021.

The impact of the pandemic has been so widespread that it has required 'near war-time level' interventions from both international financial institutions and central banks which have helped to avert a systemic financial crisis[5].

These extraordinary events triggered by the pandemic have led the Financing for Sustainable Development Report (FSDR) of the UN which draws on the expertise, analysis and data from more than 60 agencies to estimate that the pandemic could lead to a lost decade for development. About which the UN Secretary General has also expressed concern that the world risks failing to deliver the SDGs by 2030.

COVID-19-related impacts on Africa's tradelanes

On the world's maritime tradelanes, some are more profitable and stronger than others. Where there are supply and demand imbalances, vessels are gradually moved out of the less profitable tradelanes into the more profitable ones. Over the course of

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[1]UN/DESA, 2021. Financing for Sustainable Development Report 2021.

[2]Gondwe, G., 2020. Assessing the Impact of COVID-19 on Africa's Economic Development.

[3]UN/DESA, 2021. Financing for Sustainable Development Report 2021.

[4]Ibid.

[5]Ibid.

the pandemic, carriers have taken steps to deploy far more tonnage capacity on the more profitable tradelanes i.e. East-West – Asia-Europe, Transpacific and Transatlantic tradelanes – at the expense of a wider coverage of the Africa region[6]. The African continent has seen the most drop in liner calls with many blank sailings and 'data from Alphaliner shows that capacity deployed on liner services to and from Africa is now 6.5% lower than one year ago with MSC alone having shifted some 13,000 teu ships from Africa's tradelanes to the Pacific.

“The main reason why carriers have shifted a larger proportion of their fleets to the East-West trades is of course the high revenue that can be earned there[7],” Alphaliner observed in a recent weekly report.

A health crisis that has made trade harder

The pandemic temporarily constrained trade's contribution to public revenue (especially for developing countries), job creation, poverty alleviation, food security, gender equality, etc. because of lockdown measures and other restrictions. The crisis also clearly pronounced the vulnerabilities of landlocked developing countries (LLDCs) stressing how dependent they are on their coastal neighbours. At the height of the pandemic, border closures affected the smooth flow of imported essential goods (including medical equipment, food and pharmaceuticals) to LLDCs which was costly. The importance of trade in making essential goods and services available to people who need them has also been emphasized by the pandemic.

The massive redeployment of vessels from the continent's tradelanes, covid-induced port congestions, container shortages, blockage of the Suez canal earlier in the year and other factors, have resulted in the demand for shipping services outstripping supply has led to very high freight rates and increased trade costs.

In its April policy brief, UNCTAD noted that 'container freight rates have reached historical highs and rates to South America and West Africa are now higher than any other major trade region'. Already its 2015 Review of Maritime Transport report puts the country average for international transport costs at 9% of the value of imports. However among regional groupings, it found that African countries paid an average of 11.4% as against the 6.8% for developed countries. For landlocked countries

[6]Sam C., 2021. Africa the big loser as global liner patterns shift to focus on more profitable east-west tradelanes.
[7]Ibid.

in these regions, their vulnerability becomes even more exacerbated, limiting their participation and integration into global value chains.

The world should expect missing global targets as a result of decreased exports. The pandemic and the decision by liners and their alliances to deploy vessels out of the continent's tradelanes makes it difficult to achieve SGD 17.11. In fact the United Nations Department for Economic and Social Affairs (UNDESA) predicts that it is 'unlikely to be achieved, given that the Least Development Countries' export share in 2019 remained at 1%, as in the past several years'. Target 17.11 of the goals aims to significantly increase the exports of developing countries, especially doubling the least developed countries' share of global exports by 2020. The achievement of objectives under priority 3 of the Vienna Programme of Action (VPoA) for landlocked countries also remain threatened - priority three (3) requires the increased 'participation of landlocked developing countries in global trade, with a focus on substantially increasing exports'.

The prices of some imported goods will see very steep increases because freight rates have multiplied several folds as a result of these developments. This reduces household incomes and can lead to roping people back into the poverty bracket.

While the crisis is not financial in nature, trade finance gaps have become even wider for Least Developed Countries (LDCs), 33[8] of which are in Africa. They are higher in LDCs than other groups and particularly affects Micro Small and Medium Enterprises (MSMEs) which employs more people. FDSR estimates the global gap to be around 1.5 trillion USD.

Conclusion

Towards building resilience and rebuilding better from the ravages of the pandemic, governments must prioritize spending on social protection and health systems, develop the capacity of their people to find local solutions to problems and also protect the public purse from petty and high level corruption.

Africa's trade is serviced by foreign-owned vessels which are justifiably profit-driven. Do the actions of liners to move capacity out of the continent's service justify calls for the set-up of national shipping lines?

The continent's leaders must pay attention to this development and figure out how to address possible situations of massive fleet redeployment out of the continent's tradelanes when the AfCFTA fully takes off and gains begin to be made.

[8] UNOHRLLS, 2021. About LDCs. unohrlls.org/about-ldcs/

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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Writer

BENCHMARK VALUES: IS REDUCTION SERVING THE PURPOSE?

By Maclean Kwofi

Introduction
The reduction in the benchmark values meant to boost volumes of imports in the country has rather pitched local manufacturers against the importing community.

Wind and benchmark values
While the manufacturers maintained that reduction in the benchmark values had cheapened imports and dampened demand not for local goods, hence the need for a review or a possible abolishment, the importers disagree and explained that the initiative was the lifeline for traders, especially in the era of the COVID-19 pandemic and that the removal of that policy would worsen their plight.

In view of the above, the Economic Management Team (EMT) recently engaged the two industries led by their umbrella bodies the Association of Ghana Industries (AGI) and the Ghana Union of Traders Association (GUTA) to find a solution to issues raised by both parties.
In April 2019, the government drastically reduced the benchmark values for which duties paid by importers at Ghana's ports are calculated.

The benchmark or delivery values of imports, with the exception of vehicles, were reduced by 50 per cent, while that for vehicles reduced by 30 per cent.

It was also part of reforms aimed at reducing the incidence of smuggling, enhancing revenue mobilisation and making Ghana's ports competitive as well as to boost volumes of imports.

Available Data
Data from the Ghana Ports and Harbours Authority (GPHA) showed that although the Coronavirus (COVID-19) pandemic had hit the shipping industry hard, the volume of goods coming into the country is gradually increasing.

For instance, the total volume of goods imported through the country's two seaports (Tema and Takoradi) rose from 16 million tonnes as recorded in 2019 to 17.7 million tonnes in 2020.

Also, the 2021 half year provisional fiscal data on public finances released in September this year by the Ministry of Finance (MoF) showed that revenue collected from imported goods has gone up in the first six (6) months of the year.

It consequently translated into a jump in government's taxes collected from international trade (imports) from GH¢1.99 billion in first half of 2020 to GH¢3.11 billion same period 2021. This is GH¢1.12 billion rise.

AGI Protest
The AGI however has started mounting a strong protest against the imposition of the new benchmark values after two years of implementation.

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It argues that the reduction in the

benchmark values by up to 50 per cent in April 2019 had cheapened imports and dampened interest for local substitutes, resulting in a slowdown in growth of the manufacturing firms.

In a petition rejected forcefully by the umbrella body of the trading community, GUTA, the advocacy body for manufacturers AGI explained that the policy on benchmark value reduction must be reviewed downwards to safeguard manufacturing jobs and protect the fortunes of the sector from deteriorating further.

The Chief Executive Officer (CEO) of AGI, Mr Seth Twum-Akwaboah, maintained that domestic processors of rice and edible oil were the worst hit, with big names such as the Avnash Industries Ghana Limited and the Wilmar Africa Limited shrinking operations and laying off workers, following the introduction of the policy two years ago.

He said following the drop in demand for their products, the local manufacturers have been forced to reduce their demand for raw materials from local farmers "and that is having a supply chain effect."

According to Mr Twum-Akwaboah, manufacturers that were worst hit had started contemplating also importing finished products in place of domestic processing
.

"In effect, what the policy does is that it makes the imports less costly and importing more profitable and we are saying that it does not encourage local manufacturing. Again, we think that it defeats the government's own policy on industrialisation which is to encourage domestic manufacturing through the One-District, One-Factory (1D1F) initiative."

"Because of that, we think that after two years of implementing it, we need to look at it again and review the wholesale reduction in the values," the AGI CEO said.

GUTA's Position

GUTA on the other hand had appealed to the government to maintain the 50 per cent reduction in the benchmark value on goods that it introduced to support businesses.

According to the association, reducing the benchmark value on goods by half was the lifeline for businesses, especially in the era of the COVID-19 pandemic and the removal of that policy would worsen their plight.

Its President, Dr Joseph Obeng, said commodity prices had already reached "unbearable limits" and if the reduction in the benchmark value on goods was removed, it would worsen the situation and also affect the consuming public.

He said the AGI was being selfish with its demands by ignoring the benefits that the policy had brought to consumers.

According to Dr Obeng, the benchmark policy had served as a price stabiliser, as well as brought sanity into the import valuation system in the country.

"Any attempt to reverse this good policy of the government on the benchmark value will not only bring untold hardship but will also cause confusion in the country, especially among members of the private sector," the President added.

Way forward

Although the reduction in the benchmark values was contradictory to the government's policy on industrialization, the data available showed that volumes of imports have started increasing, which means that the initiative is gradually yielding the desired results.

For this reason, the issues pitching the domestic manufacturers against importers need to be evaluated critically in order to formulate a solution acceptable by all parties.

The government should collaborate with all stakeholders from the public and private sectors to assess the entire benchmark regime of the country.

The reduction in the benchmark values was indeed a positive initiative but with few challenges which impacted negatively on domestic manufacturing and therefore needs to be addressed immediately.

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Ghana positioning itself to be a seafarer supply nation - Dep Transport Minister

Ghana's maritime sector is being positioned to be a producer of seafarers, the Deputy Minister of Transport, Fredrick Obeng Adom has said.

The move according to him, is geared at reducing the nation's unemployment rate.

Speaking during this year's World Maritime Day, Mr. Obeng Adom noted that, incidentally, this year's theme, "Seafarers: At the core of shippings' future" incorporates some important aspects of the United Nations Sustainable Development Goals (SDG) like education and training, decent work conditions, innovation as well as gender equality.

He said the nation would need to do its part to enhance the seafaring profession as recruitment and retention could be seriously affected by the negative impact of the COVID-19 pandemic on seafarers.

To this end, the Ghana Maritime Authority has been tasked to prepare a program to introduce the seafarers' profession to students in High Schools in view of the Free Senior High School Education policy introduced by the New Patriotic Party under the able leadership of His Excellency Nana Addo Dankwa Akufo-Addo.

“By so doing, Ghana will be strategically positioned as a seafarer supply nation which will create employment for our teeming youth and earn some much-needed foreign exchange for the country,” the Deputy Minister said.

Meanwhile, the Branch Secretary of the Nautical Institute, Captain William Amanhyia in an interview with the B&FT made a strong case for the nation to own a vessel as it would provide an avenue for faster training of seafarers.

According to him, the move can help give meaningful remuneration to many Ghanaians since the sector is supervised and regulated by international standards – with the well-being and safety of seafarers being paramount.

“The economy of seafaring is very good, but most people in Ghana do not know about it. That is one of the things we want to change. First of all, seafarers need a training ship. If the Ghana seafaring community gets a training ship, particularly the Regional Maritime University, unemployment will reduce drastically.

“The maritime industry can employ 500-1,000 people every year, but we need to train them. The problem is that nobody wants to train the seafarers, they want people who are already cooked; training the seafarers is very expensive, and that is why the government needs to take the initiative. The only thing they can do is that they should be able to buy a training ship for us," Captain Amanhyia said.

Executive Director of the Institute for African Maritime Development, Chief Obosu Mohammed agrees with him. In an interview with the Shipping Review, he said the goal can be achieved if there is a good plan by government.

He noted that the nation is strategically positioned with the Regional Maritime University aside its geographical location – at the centre of the world.

"We can as a matter of deliberate policy become a 'Ship Management Hub' where we train more of our people to manage shipping lines and work on ships. We can then export or be sort after when shipowners are looking for ship management companies and seafarers. It can generate income for the country through income taxes and also employ more people.

Countries like Greece, Singapore etc use this model which has created a lot of jobs and income for the country," he said.

He further noted that the nation can begin to encourage indigenous ownership of vessels through deliberate government policies: "Govt can also enter into PPP with investors to operate shipping lines- through that we can absorb and train more seafarers.

There are even landlocked countries that operate and own shipping lines, and this should inform us of its economic benefits. For instance, in Africa, Ethiopia is a landlocked country with no sea or port, but they own and operate the Ethiopian Shipping Line.

Every year, they sponsor about 10 students to come and study various maritime programs at the Regional Maritime University in Accra.

The maritime industry which is prominent within the global supply chain is a major source of employment and a cash cow."

He said reducing the unemployment rate through the production of seafarers is highly possible with state support.

Meanwhile the Director-General of the Ghana Maritime Authority, Thomas Alonsi has indicated that the Authority is working to get seafarers recruitment and placement agencies to protect seafarers who have suffered monetary losses in the pursuit of their careers.

"This is the least we can do for our gallant seafarers on whose shoulders the shipping industry now and its future prospects rest," Mr Alonsi said during his speech at this year's World Maritime Day event in Accra.

In order to fight against the age-long problem of poverty among seafarers, the Authority has also asked Ghanaian ship owners and Agents to pay social security contributions and pension funds of Ghanaian seafarers to ensure a dignified retirement after serving at sea.

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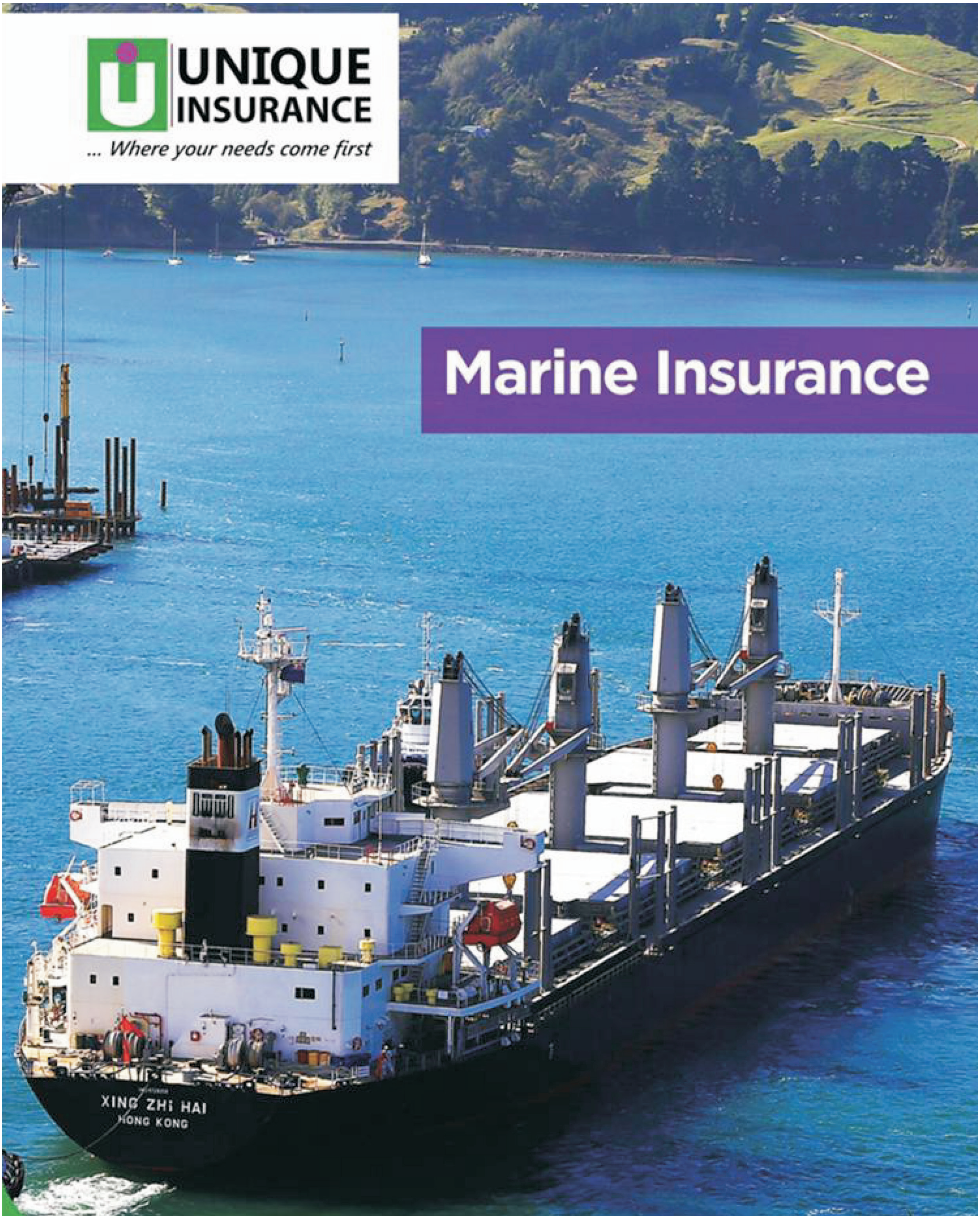

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