

# SHIPPING REVIEW

GHANA'S AUTHORITATIVE QUARTERLY MARITIME JOURNAL

Vol. 43 No. 1

January- March, 2011



## The work of the IMO Legal Committee and its Challenges

### *Also in this edition*

- The Environmental Impacts of offshore Oil and Gas Exploration and Production
- 'Export Credit Risk' The Exporter's Concern
- Improving Productivity in Ghana's Maritime and Logistic Industry through the use of Quantitative Management Decision Making Tools
- The Oil and Gas Industry in Ghana - Matters Arising
- Maritime Trade of Ghana

ISSN 0855-5148





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Published by:  
Ghana Shippers' Authority  
5th Floor, Enterprise House  
High Street, Accra  
P.O. Box GP 1321, Accra

Tel. 233-302-666915/7

Editor -in- Chief  
Kofi Mbiah

General Editor/Advisor  
Nana Agyekum Gyamerah

Assistant Editor  
Frederick Atogiyire

Advertising Executives  
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# The Environmental Impacts of offshore Oil and Gas Exploration and Production

By Patience Abladey Nortey



## ENVIRONMENTAL IMPACTS

Undertaking oil and gas exploration, development and production can result in discharge of wastes such as: drilling cuttings and associated fluids, production water from geological formations, chemicals and hydrocarbons discharged through platform drainage and from accidental spills which can have an adverse effect on the environment if not properly discharged and managed.

Most countries in the world depend on the production or the trade of oil to fuel its economies, these activities can cause severe damage to the environment.

## INTRODUCTION

The health of the world's oceans is degrading as a result of human activities. Furthermore, as the human population continues to grow and extend the range of its activities, as well as increase its demands for marine goods and services, the world's oceans and coasts will be increasingly stressed.

The oceans are a vast resource whose usefulness to the global society is continuing to be realized. Thus, it is in the best interest of humanity that they are exploited in a manner that is protective and sustainable, in order to preserve their health and guarantee their continuing viability. However, the complexity of ocean ecosystems combined with the equally complex socio-economic conditions that dictate human behaviour, makes sustainable management and exploitation of marine resources and services a formidable challenge.

Energy continues to be a key factor in the economic well-being of developed and developing countries. Developed countries have vast energy requirements that need to be fulfilled, while developing countries will continue to grow their energy demands as time goes by. Oil continues to fulfill a large majority of these worldwide energy needs.

The continued demand for oil means that the discovery of offshore oil in a developing country is usually perceived to bring an economic bonanza and

Ghana's discovery of Oil and Gas in its continental shelf has raised a lot of considerable expectation both at home and abroad. Still, past experience shows that in many cases, this oil boom has translated into an improved life for only a select few and can actually leave the impoverished majority in worse shape than before.

In addition to the economic and governmental challenges that an oil boom brings to a developing country, there are also environmental risks that must be addressed.

Offshore Oil and Gas extraction takes place in a complex web of ships, structures, installations, and people all interacting with one another. It also involves a multiple use of sea environment involving existing sea lanes for commercial and military vessels, productive fishing grounds, with countless number of fishing vessels and marine mammal interactions.

Prior to the oil and gas extractions, a number of exploratory studies are done. Seismic surveys are conducted to pinpoint potential hydrocarbon reserves in geological formation deep below the sea floor. Exploratory drilling offshore activities follow the analysis of the seismic data to verify and quantify the amount and extent of oil and gas resources from potentially productive geological formations. If oil or gas is encountered, then additional development drilling may be undertaken.

Oil production and/or transportation can disrupt the human population and animal and fish life. Oil waste dumping, production pollution and spills wreak havoc on the surrounding wildlife and habitat. It threatens the extinction of several plants and has already harmed many land, air and sea animals and plant species.

The effects of oil on marine life are caused by either the physical nature of the oil (physical contamination and smothering) or by its chemical components (toxic effects and accumulation leading to tainting). Marine life may also be affected by clean-up operations or indirectly through physical damage to the habitats in which plants and animals live.

*“Oil production and/or transportation can disrupt the human population and animal and fish life. Oil waste dumping, production pollution and spills wreak havoc on the surrounding wildlife and habitat.”*



The animals and plants most at risk are those that come into contact with a contaminated sea surface; marine animals and reptiles; birds that feed by diving or form flock on the sea; marine life on shorelines; and animals and plants in marine facilities. Tons of toxic wastes can be dumped into nearby waters from runoffs from petroleum processing plants and petrochemical plants. Entire bays and lagoons along coast can be fouled by oil spills and runoffs of toxic chemicals.

The environmental damage that is a result of oil retraction and production can also directly affect human life. Damage can include pollution of water resources and contamination of the soil. Humans are affected by environmental devastation because it is damaging to vegetation, livestock and the health of the human body itself.

Oil spills affects marine life and sea birds as well as exposing the coastal belt and the entire ecology to all forms of dangers. Spills requires huge financial commitment and highly trained professional to clean up which takes months or even years.

One of the most devastating human-caused environmental disasters, the Exxon Valdez oil spill which occurred in Alaska in March 1989, spilled 10.8 million gallons of Prudhoe Bay crude oil into the sea and eventually covered 11,000 square miles. Clean up cost alone was about US \$2.5 billion and total cost (including fines, penalties and claims settlements) was about US \$7 billion (Evans 2009).

The protection of the world's oceans from pollution is an environmental issue

of immense international concern. Waste management planning and its implementation is an important economic, environmental, technical and administrative issue for national and international agendas.

The most considerable purpose of waste management plans and reception facilities is to reduce and eliminate dumping of wastes illegally in to the sea environment.

One of the major challenges facing Ghana is ensuring that our environment is not polluted in the discharge of waste from the activities of the oil and gas industry, hence the need for environmental guidelines. The government of Ghana has emphasized that it will not compromise on any activity that will affect the safety and economic lives of the local fishing communities and the country as a whole. (Daily Graphic, 2009).

The oil and gas industry impacts on people and the environment in three ways; through climate change, operations on land and sea and through positive or negative impacts on national economies. Unregulated actions by the oil industry destroy habitats and damage biodiversity. Oil spills at sea can damage mangrove forest, coral reefs and fisheries, both through major accidents and regular leakage from tankers, loading buoys and drilling rigs and platforms. Transport of oil is also implicated in ecological damage.

However, offshore exploration and production activities are not without disadvantages. Offshore development, especially deepwater development,

requires a significant technological investment. In addition, offshore oil development brings some inherent environmental challenges. It can be a significant threat to the marine environment and ecosystem. Similar to onshore development, it creates atmospheric emissions. Finally, after the oil has dried up, there is the significant challenge of what to do with abandoned platforms.

In addition to harmful effects from operational discharges, throughout the four stages there are also risks associated with accidental spills or accidents from support vessels, tankers, platform equipment and pipelines.

Terrorist attacks on oil infrastructure present another potential risk of accidental release. Some of these risks are already addressed through international, regional and national agreement. A final environmental impact has to do with atmospheric emissions. All these risk must be properly managed in accordance with the international and national regulations to ensure that the country benefits from the oil find.

## RECOMMENDATIONS

While promoting the economic development of offshore oil and gas reserves, all activities undertaken by industry in the Exclusive Economic Zone and Continental Shelf beyond the Territorial Sea, should be carried out in an environmentally responsible, open and transparent manner.

Operators undertake to conduct all activities to the standard of a reasonable and prudent operator, and undertake to ensure such standards extend to all aspect of their operations including environmental management principles and practices pertaining to the Exclusive Economic Zone and Continental Shelf beyond the Territorial Sea.

While undertaking petroleum exploration, development and production activities, industry should adopt and apply the best practicable options to minimize or prevent adverse effects on the environment. In particular, such activities shall be conducted to minimize and where practical avoid significant adverse impact and/or effect on:





The marine environment, including marine habitats and communities.

- The distribution, abundance and productivity of species, in particular endangered or threatened species or population of such species
- Air and water quality.

Consideration should also be given to:

- The efficient use of energy, water materials and transport.
- Appropriate waste management procedure for the prevention, minimization, recycling, treatment and disposal of waste.
- Life-cycle impacts procurement decision
- Appropriate procedures to avoid offshore installations introducing exotic organisms by fouling and ballast water
- Appropriate procedures to avoid any exotic organisms being transferred around by hull fouling on service vessels.

The government is responsible for policies and regulation that supports sustainable development; industry should use the guidelines in alignment with the applicable policies and regulation.

#### **i Performance Indicators and Monitoring**

Environmental monitoring programs for the oil and gas industry should be implemented to address all activities that have been identified to have potentially significant impacts on the environment, during normal operations and upset conditions. Environmental monitoring activities should be based on direct or indirect indicators of emissions, effluents and resource use applicable to the particular project.

Monitoring frequency should be sufficient to provide representative data for the parameter being monitored. Trained individuals following monitoring and record-keeping procedures should conduct monitoring and using properly calibrated and maintained equipment. Monitoring data should be analyzed and reviewed at regular intervals and compared with the operating standards so that any necessary corrective action can be taken. Discharge water quality to near shore waters should be established on a case-specific basis taking into account the environmental sensitivities and assimilative capacity of receiving waters.

#### **ii Environmental assessment**

Operators should undertake an environmental assessment to address significant potential impacts on the marine environment. The operator should develop strategies, procedures and practice to manage and/or mitigate those specific impacts of their activities.

The environmental assessment should take account of:

- The scope of the activity including its areas, duration and intensity. The cumulative impacts of the activity both by itself and in combination with other activities in the marine environment.
- The availability of technology and procedures to provide for environmental safe operations. The practicality of, and capacity to, monitor key environmental parameters and ecosystem components to assure a pro-active environmental management approach that is responsive to the result of the monitoring
- The capacity to respond promptly and effectively to incidents, particularly those with potential and adverse environmental effects.
- Ensuring that the quality of information provided for decision-making purposes, matches the scale and significance of potential adverse effects.

#### **iii Monitoring and Reporting**

Consistent with the outcomes of the environmental assessment, operators should undertake regular and effective self-monitoring of development and production activities. This may include, but not limited to:

- Development and maintenance of management systems to identify, control and monitor environmental risks.
- Monitoring environmental effects and assessing environmental performance during development and production phases.
- Modifying petroleum exploration or production activities if monitoring shows that they are causing or will result in adverse impacts on the marine environment

#### **iv. Training and Education**

Operators should provide appropriate training and education to employees and contractors about environmental

protection. This should include both how environmental protection is to be achieved and the environmental and other consequences of non-compliance with these procedures.

#### **CONCLUSION**

The offshore oil and gas will be a blessing rather than a curse if the country is capable of managing the challenges it presents. One of the challenges is the environmental protection, which must be the concern of both government and operators in the industry in order to minimize the rate of pollution from the activities of the industry.

All offshore oil and gas installations, including exploration drilling and production facilities must have a discharge management plan which is approved by the Ghana Maritime Authority in line with generally accepted international practice for environmental performance. The discharge management plan must establish procedures and practices aimed at reducing the environmental impacts from discharges of harmful substances, including oil and chemicals, from offshore activities.

A national environmental guideline is very important to serve as mandatory principles to assist industry to identify, assess and manage environmental impacts associated with petroleum exploration, development and production activities. While undertaking petroleum exploration, development and production activities, industry should adopt and apply the best practicable options to minimize or prevent adverse effects on the environment.

In particular, such activities should be conducted to minimize and where practical avoid significant adverse impact and / or effect on, the marine environment, including marine habitats and communities, the distribution, abundance and productivity of species, in particular endangered or threatened species or population of such species, air and water quality.

The government through the Ministry of Transport and the Ghana Maritime Authority is responsible for policies and regulation that supports sustainable development to ensure that the country benefits fully in the operations of the oil and gas industry.



# 'Export Credit Risk' The Exporter's Concern

By S., Ekow Hago, Ghana Shippers' Authority



The Writer

## INTRODUCTION

The globalized world has made trading between countries imperative due to interdependence. This has given rise to an increase in volume of goods traded across the globe.

International trade, the exchange of capital, goods, and services across international borders or territories is crucial to the continuance of globalization. Without international trade, nations would be limited to the goods and services produced within their own borders. International trade is in principle not different from domestic trade as the motivation and the behaviour of parties involved in a trade do not change fundamentally, regardless of whether trade is across a border or not.

The main difference is that international trade is typically more costly than domestic trade. The reason is that, a border typically imposes additional costs such as tariffs, time costs due to border delays and costs associated with country differences such as language, the legal system or culture.

However, the processes in trading internationally cannot be said to be smooth. There are challenges and difficulties encountered which cannot be overlooked, and needs to be eliminated or possibly reduced.

## INHERENT RISKS

There are many risks inherent with international trade. Just to mention a few; damaged cargo, inferior goods, short shipment, payment problems, etc. But for the purpose of the topic, this paper shall be limited to payment problems.

Payment problems relates to Credit Risk, that is, the risk that a counter party to a transaction will fail to perform according to the terms and conditions of the contract, thus causing the holder of the claim to suffer a loss.

Lingering on the minds of exporters is the Export Credit Risk, which is the financial uncertainty or payment uncertainty the seller (exporter / supplier) faces when goods are exported to a buyer (Importer) in another country. In international trade, problems involving bad debts are more easily avoided than rectified after they occur.

However, just as in a company's domestic business, exporters' occasionally encounter problems with buyers who default on their payment. When these problems occur in international trade, obtaining payment can be both difficult and expensive. Even when the exporter has insurance to cover commercial credit risks, a default by a buyer still requires the time, effort, and cost of the exporter to collect a payment.

The exporter must exercise normal business prudence in exporting and exhaust all reasonable means of obtaining payment before an insurance

claim is honoured. Even then, there is often a significant delay before the insurance payment is made.

## Exporter's Risk in Receiving Payment

The exporter's risks in receiving payment can be categorized into two major risks, which are (1) Commercial Risk and (2) Country Risk.

**1. Commercial Risk;** basically examines where the buyer (Importer) rejects the goods and wouldn't pay for the goods based on certain issues or occurrences, such as:-

- *Breach in sale of Contract;* the non-conformity in the quality and quantity of the goods;- when the cargo arrives at the importers country and the description of the cargo does not conform to what was detailed in the purchase order, the importer may reject the goods thereby refusing to pay the exporter / supplier.
- *Non-availability of ready Market for procured goods;* When procured goods for specific purpose or occasions arrive in a country after the period they were intended for, the importer may reject the goods.
- *Delay;* Delay here, relates to undue delay leaving the importer no option than to reject the consignment.

**2 Country Risk;** This risk is normally beyond the control of both the buyer and the seller in instances such as;-







- **Natural Disasters;** Acts of God like, - Volcanic eruptions, Hurricanes, Tornadoes, Flooding etc.
- **Political Instability;** Political risk includes the risk that a government action will interfere with export / import commerce in some way.
- Most political risk losses can be broadly classified as follows: loss from enemy attack, civil war, revolution, riot or insurrection; any measure or decision taken by an authority which hinders the performance of a sale contract; debt moratorium; and any political or economic difficulty or legislative measure which prevents the transfer of payment.
- **Banking Risks;** Bankruptcy of certain firms. For instance, the credit crunch in the USA leading to the shutting down of some financial firms can be sighted.
- **Terrorism;** terrorist attacks on ships, air planes, rail coaches etc.
- **Piracy;** the increasing spate of attacks off the coast of Somalia and the Gulf of Aden, a major shipping route which, pirates have chosen to take over.

#### AVOIDING UNCERTAINTY

How can the exporter's risk be reduced? As being paid in full and on time is of the utmost concern to exporters, the level of risk in extending credit is a major consideration. There are several ways in which the exporter can receive payment when selling his products abroad, depending on how trustworthy he / she considers the buyer to be.

Typically, with domestic sales, if the buyer has good credit, sales are made on open account; if not, cash in advance is required.

For export sales, the basic methods of payment to avoid uncertainty of payment and most secure for the exporter are:

1. Cash in advance;
2. Documentary letter of credit;
3. Documentary collection or draft;

#### RESOLVING PAYMENT/DISPUTE SETTLEMENT

The International Chamber of Commerce (ICC) the voice of world businesses championing the global economy as a force for economic growth, job creation and prosperity, handles the majority of international arbitration on international trade disputes, and is usually acceptable to foreign companies because it is not affiliated with any single country.

As national economies are now so closely interwoven, government decisions have far stronger international repercussions than in the past.

ICC's activities cover a broad spectrum, from arbitration and dispute resolution to making the case for open trade and the

market economy system, business self-regulation, fighting corruption or combating commercial crime.

The organization feeds business views into intergovernmental organizations on issues that directly affect business operations.

Since arbitration is often faster and less costly, this step is preferable to legal action if both parties can agree to take their dispute to an arbitration agency.

ICC has direct access to national governments all over the world through its national committees.

#### CONCLUSION

In order to make a good credit decision, information is needed on each individual buyer, along with information on the legal and business climate in its country.

The simplest (and least costly) solution to a payment problem is to contact and negotiate with the customer. With patience, understanding, and flexibility, an exporter can often resolve conflicts to the satisfaction of both sides.

This point is especially true when a simple misunderstanding or technical problem is to blame and there is no question of bad faith.

Even though the exporter may be required to compromise on certain points, perhaps even on the price of the committed goods, the company may save a valuable customer and profit in the long run.

However, if negotiations fail and the sum involved is large enough to warrant the effort, a company should obtain the assistance and advice of its bank, legal counsel, and other qualified experts.







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### TEMA OFFICE

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KOFI MBIAH

# THE WORK OF THE IMO LEGAL COMMITTEE AND ITS CHALLENGES

BY KOFI MBIAH<sup>1</sup> Chief Executive, Ghana Shippers' Authority and Chairman of IMO Legal Committee

**“The bed out of which all the social sciences spring is history, there they find to greater or lesser degree, subject matter and material, verification or contradiction<sup>2</sup>.”**

The history of the formation of the International Maritime Organization (IMO) would be an appropriate place to begin if one is to examine the work of the Legal Committee and its challenges.

In 1948, an international conference in Geneva adopted a convention formally establishing IMO (the original name was the Inter-governmental Maritime Consultative Organization (IMCO). The name was changed in 1982 to IMO<sup>3</sup>. For the purposes of this paper, I will use IMO regardless of the time period under discussion.

The IMO convention entered into force in 1958 and the first meeting of the organization was held in 1959. The objectives of the organization are summarized by article 1(a) of the convention and it states:

- i. to provide machinery for co-operation among Governments in the field of governmental regulation and practices relating to technical matters of all kinds affecting ships engaged in international trade;
- ii. to encourage and facilitate the general adoption of the highest practicable standards in matters concerning

maritime safety, efficiency of navigation, and prevention and control of marine pollution from ships

- iii. the organization is also empowered to deal with administrative and legal matters related to these purposes.

## FUNCTIONS

Article 3(b) of the convention provides: In order to achieve the purpose of the organization set out in article 1, the IMO should provide for the drafting of conventions, agreements or other suitable instruments and to recommend these to governments and to intergovernmental organizations, and to convene such conferences as may be necessary. Today, this specialised agency of the United Nations has 169 Member States and three Associate Members<sup>4</sup>.

## MISSION STATEMENT

The Mission Statement of the International Maritime Organisation is as stated in Resolution A 1011(26) and is incorporated in the strategic plan for 2010-2015.

"The mission of the International Maritime Organization (IMO) as a United Nations' Specialized Agency is to promote safe, secure, environmentally sound, efficient and sustainable shipping through cooperation. This will be achieved by adopting the highest practicable standards of maritime safety and security, efficiency of navigation and prevention and control of pollution from ships as well as through consideration of the related legal matters and effective implementation of IMO's instruments with a view to their universal and uniform application".

## STRUCTURE OF IMO

### The Assembly

The governing body of IMO is the Assembly, made up of all members of the IMO. The Assembly meets once every two years but may also meet in extraordinary sessions where necessary. It is responsible for a number of Resolutions that guide the conduct of work at the IMO.

### The Council

The Council performs the executive and policy making role of the organization. All instruments, formal recommendations and resolutions must be approved by the Council before submission to the Assembly.

<sup>1</sup>The writer is the Chairman of the Legal Committee of the International maritime Organisation. Any viewpoints and opinions expressed in this paper are solely that of the writer and do not represent the views of the Legal Committee or the International Maritime Organisation.

<sup>2</sup>A.L.Rowse, Public International Law.

<sup>3</sup>For further information on the choice of name, see Lampe H Wilhelm, The "New" International Maritime Organisation and its place in the development of international maritime law, JMLC vol.14, No. 3, July 1983.

<sup>4</sup>www.imo.org



The Council is made up of 40 members elected every two years. The membership is divided into Groups A, B, and C comprising 10 members each for groups A and B and 20 members for group C.

**Group A**-countries with the largest international shipping services.

**Group B**-countries with the largest international seaborne trade.

**Group C** - states not elected under A or B that have special interests in maritime transport or navigation and whose presence in the Council will ensure representation of the world's major geographic areas. It is important to note that the world's major geographic areas is not defined and could pose some difficulties. The Council meets twice a year.

#### The Committees

##### *The Maritime Safety Committee*

The Maritime Safety Committee is made up of all IMO member states. It was the first Committee to be established after the formation of the IMO. Its work is carried through various sub-committees. These include the following:

- Bulk liquids and gases;
- Carriage of Dangerous Goods,
- Solid Cargoes and Containers,
- Fire Protection,
- Radio Communication and Search and Rescue,
- Safety of Navigation,
- Ship Design and Equipment,
- Stability, loadlines and Fishing Vessels Safety,
- Standards of Training and Watch keeping,
- Flag State Implementation.

The main functions as reflected in Article 29 of the IMO Convention were to consider aids to navigation, construction and equipment of vessels, manning from a safety standpoint, rules for the prevention of collisions, handling of dangerous cargoes, maritime safety procedures and requirements, hydrographic information, logbooks and navigational records, marine casualty investigation, salvage and rescue, and any other matters directly affecting maritime safety.

##### *Marine Environmental Protection Committee*

This Committee is responsible for all matters relating to the prevention and control of marine pollution from ships.



**Efthimios Mitropoulos, Secretary General, IMO**

##### *The Legal Committee*

It was established in the aftermath of the Torrey Canyon Disaster in 1967. It deals with the legal problems arising from an incident and any legal matter within the scope of the IMO.

##### *The Technical Cooperation Committee*

The Technical Cooperation Committee coordinates the work of the IMO in providing technical assistance in the maritime field, especially to developing countries.

##### *The Facilitation Committee*

The Facilitation Committee was established in 1972, to amongst others deal with issues relating to the elimination of unnecessary formalities in international shipping.

The IMO has chosen for the celebration of the 2011 Maritime Day, the theme "Piracy: Orchestrating the Response". Together with other Committees of the IMO, the Legal Committee has taken note of the need to mount a worldwide decisive and effective response to deal with this menace which has assumed alarming dimensions.

The Legal Committee will be seeking ways to ensure that states have appropriate legislation to bring perpetrators of this heinous crime to book.

#### THE FORMATION OF THE LEGAL COMMITTEE

##### *The Torrey Canyon Incident*

The Torrey Canyon originally built with a 60,000 ton capacity was later enlarged in Japan to 120,000 tons. At the time of the accident, the tanker was owned by the Barracuda Tanker Corporation, a subsidiary of Union Oil Company of California but chartered to British Petroleum.

The vessel sailed from Mina al-Ahamadi in Kuwait on 19<sup>th</sup> February 1967 with a full load of 120,000 tons of cargo. On March 18<sup>th</sup> 1967, owing to a navigational error, the Torrey Canyon struck Pollard's Rock between the Cornish Mainland and the Sicilly Isle. This resulted in a significant amount of pollution damage to the marine environment. Various attempts were made to deal with the spill but to no avail.

When the disaster struck, a decision was taken to bomb the vessel and blow up its oil tanks and that was done. The cleanup involved 78 separate fire brigades, 38 military units, with a crisis summit being called by the Prime Minister Harold Wilson of the United Kingdom.

The coasts of the UK and France were affected by the spill. The contamination blighted Cornwall's beaches and tourist industry for many years.

Claims were made by the British and French Governments against the owners of the vessel. The settlement was the largest ever in marine history for an oil claim at that time.

The Torrey Canyon disaster brought to the fore issues that had technical, legal and commercial dimensions. How to keep ships more safe and improve navigation regulations, who should be liable, how and who to pay for loss, or damage in such incidents, became issues of grave concern to the international maritime community.

The Torrey Canyon disaster was unprecedented in the annals of oil pollution incidents. It, was, thus, generally felt that the existing regime of international law was incapable of dealing with all the issues that arise as a result of the magnitude of such an incident.



These concerns were expressed in a paper submitted by the United Kingdom to the International Maritime Organization. It stated amongst others that:

"as the causes of such damage are inherent in the type and quantity of this cargo, it is for consideration whether tanker owners or operators should accept liability, independent of negligence, to cover damages arising out of pollution caused by accidents to tankers. In either case it would be for consideration;

- a. Whether some form of insurance might be made compulsory, and
- b. Whether special principles should be agreed to enable Governments and other injured persons to recover costs of fighting pollution in the sea, cleaning polluted beaches and so on".

This indeed was to form the bedrock for later deliberations for the development of international instruments for liability and compensation, with direct action, insurance and prompt compensation to victims. It is to be noted that the Torrey Canyon affected both British and French Interests. The French Government supported the position that the legal, technical and commercial issues that arose in the wake of the Torrey Canyon disaster were to be best dealt with within the IMO. The IMO rose to the occasion.

Before the formation of the IMO, the responsibility for drafting and developing international treaties and other maritime legal instruments rested with the Comité Maritime International (CMI), established in 1896 through Belgian Commercial and political interests. Their introduction into the medium of international legislative drafting came through a proposal to the International Law Association to codify the entire body of international maritime law<sup>5</sup>.

The CMI's effort led to the development of the Salvage and Collisions Conventions of 1910, the limitation of Liability Conventions of 1924 and 1957, the Liens and Mortgages Convention of 1925, the arrest of Seagoing ships Convention

1952, the convention on Carriage of Passengers by Sea 1961 and the convention on Liability of Operators of Nuclear Ships 1962 amongst others.

The proposal that the issues regarding the Torrey Canyon incident be dealt within the framework of the IMO, was accepted by the IMO executive body, the Council, which then decided to form an adhoc Legal Committee. The Committee was thus formed and it held its maiden meeting on 21<sup>st</sup> and 22<sup>nd</sup> June 1967.

There was common agreement amongst members of the adhoc committee which was later endorsed by the Council, for the collaboration between the CMI and the Committee for the progression of its work. This collaboration has been most beneficial to the Legal Committee till this day. The adhoc committee thus metamorphosed into the Legal Committee of the International Maritime Organisation.

The Legal Committee is mandated by the IMO convention to deal with any legal matters within the scope of the organization. Its membership is open to all members of the IMO.

It is also empowered to perform any duties within its scope which may be assigned by or under any other international instrument and accepted by the organization<sup>6</sup>.

#### The Work of the Legal Committee

The deliberations of the newly formed committee which was to become one of the instrumental Committees of the IMO,

led to the development of the International Convention on Civil Liability for Oil Pollution Damage (1969)<sup>7</sup> and the International Convention relating to Intervention on the High Seas in cases of Oil Pollution Casualties 1969<sup>8</sup>.

The Legal Committee has since then developed a number of international instruments, Resolutions, Guidelines which has served the international maritime community very well. This has been so successful to the extent that there have been concerns within industry that there would be over-regulation which will stifle the practice of shipping.

Born out of the fear of over-regulation, especially by states with large fleets, the General Assembly in 1993 passed resolution A.778(18)<sup>9</sup> indicating that proposals for new conventions or amendments to existing conventions be entertained only on the basis of clear and well documented compelling need. This is what has commonly been referred to as "the compelling need".

What amounts to a clear and well-documented compelling need has always been a matter of intense debate especially when juxtaposed against claims that the IMO is only called into action after a catastrophe of dramatic proportions<sup>10</sup>. Be that as it may, the Legal Committee has often reached consensus on whether there is the compelling need for the development or otherwise of a new convention or the revision of an existing one. Undoubtedly, however, the intense debates are likely to continue for a long time to come.



<sup>5</sup>See Rosalie Balkin, presentation published in Current Maritime Issues and the International Maritime Organization by Myron H. Norquist, John Norton Moore, University of Virginia, Centre for Ocean Law and Policy; N. Gaskell (2003) Decision Making and the Legal Committee of the IMO, International Journal of Marine and Coastal Law; 18(2) 155-214

<sup>6</sup>Commonly referred to as the CLC or the Civil Liability Convention 1969

<sup>7</sup>Commonly referred to as the Intervention Convention 1969

<sup>8</sup>On Work Methods and Organization of work indicating in the Committee and their subsidiary bodies

<sup>9</sup>It is important to note that for some of the actions taken by the IMO, it needs to be proactive in filling the lacunae in international maritime law.





The work of the Legal Committee in the development of international legal instruments has often been informed by these questions:

- a. Is the subject covered by an existing International Legal Regime?
- b. Is it appropriate to leave the matter to be self-regulated by the industry?
- c. Will it promote uniformity?
- d. If it has to deal with liability, what type of damage ought to be covered?
- e. Should the liability regime be based on fault or should there be strict liability?
- f. Should there be a cap on the compensation available?
- g. Should there be compulsory insurance with direct action?
- h. Should an international Fund be set up and who should contribute?
- i. Which courts should have jurisdiction?
- j. What should be the geographical scope of the convention
- k. Should acceptance be based on tonnage or number of countries, etc.

In view of the concept of the "freedom of the seas" (*mare liberum*), Member States of the International Maritime Organisation have always been loath to extend international regulations to cover areas beyond the territorial seas<sup>11</sup>.

This view was strongly held by a number of countries and it is thus not surprising that some of the conventions developed by the IMO<sup>12</sup> limited the scope of pollution damage to damage caused on the territory including the territorial sea

of a contracting state and to preventive measures taken to prevent or minimize such damage<sup>13</sup>. By 1992, however, the need to extend the geographical scope of coverage had been realized and the protocols adopted to amend the conventions extended the geographical scope to include pollution damage caused in the Exclusive Economic Zone<sup>14</sup>.

#### CONTRIBUTION TO THE WORK OF IMO

One area where the work of the Legal Committee has greatly manifested itself is the area of liability and compensation. The efforts of the Legal Committee in this area could only be described as laudable and commendable. The development of the International Convention on Civil Liability for Oil Pollution Damage (CLC) following the Torrey Canyon incident set the stage for the development of other liability and compensation regimes that will serve the international maritime community for several years to come.

After the 1969 conference which established the Civil Liability Convention, the alarm bells for dealing with a catastrophic disaster did not cease. There were many within the International Community who felt that the limits of liability established by the CLC were rather on the low side and feared that in the event of a catastrophic spill, the limits would be inadequate to compensate the victims. Following from these concerns, the IMO convened another conference in 1971 which resulted in the adoption of a convention establishing the International

Fund for Compensation for Oil Pollution Damage.

The Fund is made up of contributions from cargo owners, who are receivers of oil imports rather than shipowners. This was generally meant to spread the risk between the shipowner who carries the cargo and the oil importer who is the beneficiary.

The Fund which entered into force in 1978, is meant to deal with situations where in the event of an accident, the limits of liability under the CLC are exhausted, and there is the need to pay additional compensation.

Time was not a good friend to the twin conventions, the CLC and the FUND, as technology improved and the capacity of tankers grew with the improvement in technology. Therefore, the limits were increased in 1992 and again in 2000 to take account of the likelihood of more catastrophic incidents than that which was witnessed during the *Torrey Canyon* and *Amoco Cadiz* incidents<sup>15</sup>.

Despite these increases, there were still a number of countries which still had apprehensions that the existing limits may not be enough to deal with cataclysmic and catastrophic incidents. This was fuelled by the *Exxon Valdez* incident off Prince William Sound (USA) in 1989; an ecological tragedy of monumental proportions involving about 270,000 barrels of crude oil spilling in very pristine surroundings. The clamour for increased limits was accentuated by this incident, leading the United States to pass its own legislation on Marine Pollution, the Oil Pollution Act of 1990. (OPA 1990)

In 2003, therefore, a Diplomatic Conference was called at the instance of the Legal Committee of the IMO for the establishment of a Supplementary Fund for a third tier compensation regime for oil pollution damage. This was made optional as some countries were apprehensive that the limits were going to overburden oil importing countries.

<sup>11</sup>This was the case during the development of the limits of the territorial seas during the Law of the Sea negotiations. The limits of the territorial sea, over which states exercise sovereignty were eventually extended from three nautical miles to twelve nautical miles under UNCLOS

<sup>12</sup>The Civil Liability Convention and the International Convention on the Establishments of an International Fund for Oil Pollution Damage 1971 (The Fund Convention)

<sup>13</sup>See The Civil Liability Convention (CLC 1969).

<sup>14</sup>See also the Nairobi Wreck removal Convention 2007

<sup>15</sup>In 1978, The Liberian registered VLCC the Amoco Cadiz caused the world's worst oil tanker spill at the time and is estimated to have cost over \$250million in damages to fisheries and tourist facilities.



In the area of Liability and Compensation, another concern raised by member states was the inadequacy of the international regime dealing with the carriage of passengers, especially as the cruise business grew in Europe and America. In 1974, the Legal Committee adopted the Athens Convention on the Carriage of Passengers and their Luggage by Sea with the limits of liability being increased in 1990 and in 2002. The 2002 protocol in addition to increasing the limits also revised the basis of liability and introduced the concept of compulsory insurance for the shipowner.

The Legal Committee is also credited with the comprehensive review of the 1957 convention on global Limitation of liability for Maritime Claims Convention, leading to the adoption of the 1976 Limitation of Liability for Maritime Claims Convention which also saw its limits increased by virtue of the 1996 protocol.

One subject that continued for several years to engage the minds of the international maritime community was the need for a liability and compensation regime for the carriage of hazardous and noxious substances by sea.

After long years of work, the IMO through the Legal Committee adopted in 1996 the Convention on Civil Liability and Compensation for the Carriage of Hazardous and Noxious Substances (HNS) by Sea<sup>16</sup>.

It is worth noting that after over a dozen years of its adoption the convention did not meet the ratification criteria to enter into force; so in April 2010, the Legal Committee revisited the HNS Convention made some modifications to the text and adopted the 2010 HNS Protocol. It is hoped that with the amendments made to the convention, states should now be more willing to ratify the HNS Convention and Protocol.

As pointed out earlier, the Legal Committee has indeed made a great deal of contribution in the area of liability and compensation for pollution damage.

There was, however, one area that in common parlance<sup>17</sup> was referred to as the "orphan". There is no doubt that the IMO has put in place a comprehensive regime for dealing with incidents of oil pollution from ships through the work of the Legal Committee.

It is, however, worth noting that by the 1990's the size of oil tankers had increased phenomenally to the extent that some containerships were carrying more oil as bunkers than some tankers that had generally been brought under the international oil pollution regimes.

It was thus felt that a "compelling need" had been established to provide a regime that would deal with pollution from ships bunkers in the event of an accident.

This led to the adoption of the International Convention on Civil Liability for Bunker Oil Pollution Damage, 2001; as previous regimes did not cover spills arising out of bunkers from vessels which were not tankers.

The Legal Committee has also only recently adopted the Nairobi Wreck Removal Convention in 2007. The work of the Legal Committee has spanned a number of areas within the realm of the rule of international maritime law.

The efforts of the Legal Committee have not only been focused on liability and compensation issues. The Legal Committee has also addressed issues of the Suppression of Unlawful Acts Against the Safety of Maritime Navigation as well as fixed platforms on the Continental Shelf, leading to the adoption of the SUA Treaties.

This Convention was developed in the wake of the *Achille Lauro*<sup>18</sup> incident and it formed the basis for addressing the legal issues relating to the suppression of unlawful acts at sea. These Rules were updated after the tragic events of nine-eleven in the United States of America. The SUA Protocols of 2005 were designed to deal with issues of maritime violence including acts of terrorism not envisaged

by the 1988 Rome Convention on the Suppression of Unlawful Acts at sea.

## CURRENT AND FUTURE WORK

Following Resolution A 900(21)<sup>19</sup> on "Objectives of the Organization in the 2000's", the work of the IMO is now defined through its Mission and Strategic Plan, developed to cover a period of six years.

The latest plan is to span the period 2010 to 2015 and sets out the trends, developments and challenges presently facing the organization and the strategic directions as well as objectives that this specialized UN body wishes to pursue in relation to identified challenges. Challenges are very often introduced by Member States through the submission of appropriate papers on particular subjects.

The strategic plan also provides for specific outputs and deliverables expected during the biennium and all Committees are expected to provide their inputs into the global Strategic Plan of the Organization. The Assembly, meeting every two years, then receives the reports on the various Committees' progress of work and provides further directions as appropriate. These are then included in the Work Programme for another biennium.

The Work Programme of the legal committee for the next biennium thus includes the following:

- i. Keep under review the adequacy of the legal framework to suppress unlawful acts against ships and fixed platforms through the SUA convention and its Protocol.
- ii. Promulgate information on prevention and suppression of acts of piracy and armed robbery against ships
- iii. Assist developing regions in their introduction and implementation of effective security measures and measures against piracy and armed robbery against ships.

<sup>16</sup> Commonly referred to as the HNS Convention.

<sup>17</sup> Within the Legal Committee

<sup>18</sup> In 1985, members of the Palestinian Liberation front hijacked the Italian cruise liner the *Achille Lauro* with 400 passengers on board.

<sup>19</sup> Also see Resolution A 909(22) on Policy Making in IMO Setting the Organizations Policies and Objectives





OFFICE LOCATION:

Room 2 First Floor, Greenwich Tower  
Meridian Road, Opposite Black Star Building  
Community One, Tema  
Ghana – West Africa

CORRESPONDENCE ADDRESS

Postal Address: P. O. Box CO 2591 Tema, Ghana  
Telephone: +233-(0)303-210-756  
Fax: +233-(0)303-206-157  
Tel-Direct: +233-(0)303-200-281

E-mail: [infor@khudaservices@gmail.com](mailto:infor@khudaservices@gmail.com)  
[khudaservices@gmail.com](mailto:khudaservices@gmail.com)

WEBSITE: [www.khudaservices.com](http://www.khudaservices.com)



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- iv. Actively participate in the work of the Joint IMO/ILO Adhoc expert Working Group on issues relating to safeguarding the human rights of seafarers.
- v. Strategies to facilitate entry into force of 2002 Athens Protocol, 2005 SUA Protocols and 2007 Nairobi wreck removal Convention
- vi. Adoption of HNS Protocol 2010 as soon as practicable.

It is to be noted that these are not exhaustive and may be modified and added on from time to time as the exigencies permit.

The massive pollution occasioned by the blowout on the *Deep Water Horizon* in the waters off the United States of America and the *Montara* incident which occurred in Australian waters but ended up polluting Indonesian waters, have sounded a wake-up call to the IMO to consider putting on the Work Programme of the Legal Committee, the consideration of an international regime for liability and compensation for damage caused to the marine environment by trans-boundary oil pollution arising out of offshore exploration and exploitation activities.

This issue has been brought to the fore by Indonesia and is thus under consideration for inclusion as a Work Programme item for this biennium. The key strategic directions of the strategic plan have thus informed the agenda of the Legal Committee for its 98th session.

#### AGENDA FOR THE 98<sup>TH</sup> SESSION

The 98th Session of the Legal committee is scheduled to take place at the IMO headquarters in London from the 4<sup>th</sup> to the 8<sup>th</sup> April, 2011. The Agenda suggested for the meeting is as follows:

1. Provision of Financial Security in cases of abandonment, Personal injury to, or death of seafarers in the light of the progress towards the entry into force of the ILO Maritime Labour Convention, 2006 and of the amendments relating thereto.
2. Guidelines on the implementation

of the HNS Protocol.

3. Fair treatment in the event of a maritime accident
4. Consideration of a Proposal to amend the limits of liability of the Protocol of 1996 to the convention on Limitation of Liability for Maritime Claims, 1976 (LLMC 96) in accordance with article 8 of LLMC 96
5. Piracy
6. Matters arising from the 105 regular session of the Council
7. Technical co-operation activities related to Maritime Legislation
8. Review of the Status of Conventions and other treaty instruments emanating from the Legal Committee
9. Application of the Committee's guidelines
10. Consideration of the report of the Committee<sup>2</sup> on its ninety-eight session
11. Any Other Business

#### CHALLENGES

The challenges for the Legal Committee in the coming years are enormous. Enormous not because a lot of work has not been done already but enormous because the work that has been done should be seen to bear fruits.

One of the major challenges of the Legal Committee is how it gets wide acceptance and application or implementation of the instruments it has developed. Thus, the Legal committee has turned its attention to providing the appropriate guidelines, working through the Technical Cooperation Committee's Integrated Technical Cooperation Programme (ITCP) to support countries which are in need of support for the implementation of instruments developed by the IMO.

It is worth recalling that the Legal Committee was engendered as a result of a catastrophe. It has since its establishment dealt with a good number of issues relating especially to liability and compensation confronting the international maritime community.

It may seem that the Committee is at the end of its work unless a new incident arises that calls for the development of a new convention. At present, there is no new convention being developed by the Legal Committee. Within the framework of a "compelling need" for new legislation and the fear of over-regulation by industry, there is a quandary as to what next the legal committee will embark upon by way of an international instrument. This is indeed a challenge that the Legal Committee must confront boldly or else it risks becoming moribund.

There is no doubt that there are still gaps in the international regime for maritime transport and unless uniform approaches are adopted in dealing with them, there would be regional and national solutions which will not inure to the benefit of the global character of shipping.

This is why the new work on an international regime for Trans-boundary marine pollution needs to be pursued. The legal issues regarding piracy need to be addressed boldly within the framework of an international convention.

The Legal Committee should consider the development of model laws capable of being adopted by states for ready implementation with least amendments as may be required within particular domestic jurisdictions.

The Legal Committee must remain relevant by providing guidelines for implementation of the numerous instruments it has churned out.

It should set itself the task of reviewing all the instruments it has developed with a view to reviewing them where need be and coming out with ways of ensuring their successful implementation.

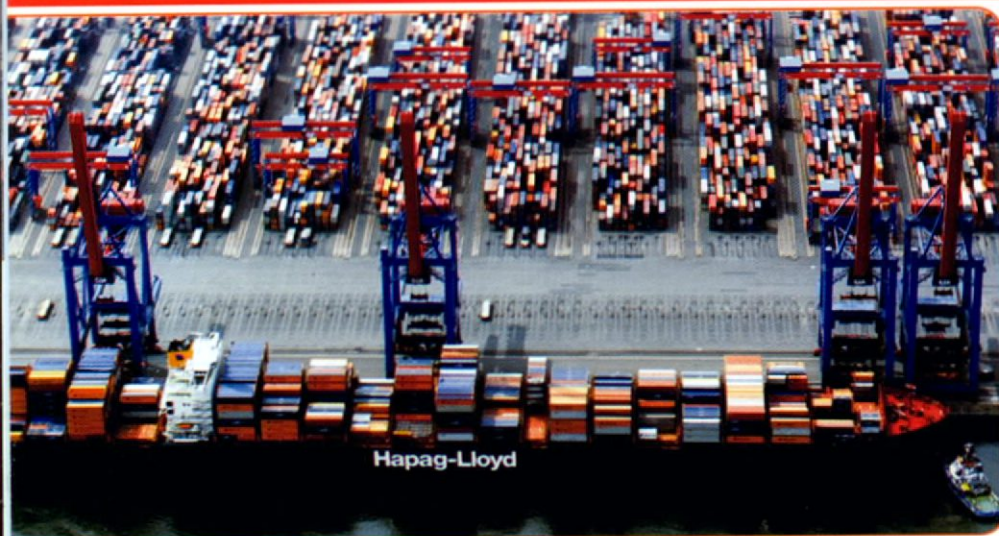
There is no doubt that the Legal Committee since its establishment has made a very significant contribution in serving the rule of international maritime law.

<sup>2</sup>In 1985, members of the Palestinian Liberation front hijacked the Italian cruise liner the Achille Lauro with 400 passengers on board. Also see Resolution A 909(22) on Policy Making in IMO Setting the Organizations Policies and Objectives



# Improving Productivity in Ghana's **MARITIME AND LOGISTIC INDUSTRY** through the use of Quantitative Management Decision Making Tools

By Capt William Amanhyia, Maritime Transport Lecturer- Regional Maritime University



The Maritime and Logistics industry traditionally serve as the economic life support system of all nations by helping to move and distribute vital national economic life blood in the form of essential goods and services into, out and around the country. And because transportation has also now become an integral part of the production line, the Maritime and Logistics sectors have also come to be perceived as the engine of growth for national economies.

Consequently, Ghana's dream of rapid socio-economic development since the dawn of independence in 1957 has concentrated mainly on achieving for her national physical distribution system, the well known seven "Rs" of Logistics delivering the Right Product to the Right Customer, at the Right Time and at the Right Place in the Right Condition and in the Right Quantity at the Right cost.

At the beginning of 2010, the Ministry of Environment, Science and Technology organized a forum that brought together Ghanaian industrialists and Academia to discuss a new Science and Technology policy that was being sent to Parliament for discussion, ratification and

Implementation. The Forum was appropriately themed "Achieving A Middle Income Status Through Science, Technology and Innovation"(STI).

The goal of the new STI policy was to harness Ghana's total science and technology capacity towards the achievement of national objectives. Its principal thrust was to ensure that various sectors of the economy are driven by modern and up-to-date scientific and technological approaches.

Accordingly, an exhibition was mounted at the forum to showcase some of the technological advances made in various sectors of the Ghanaian industry. However, conspicuously absent was any reference or mention made of some of the significant technological advances that have been made in the field of Management Science across the Globe.

Management in one form or another is an integral part of socio-economic life and is essential whenever human efforts are put to achieve some desired objectives. Consequently, the basic elements of management are always at play whenever lives and businesses are

being managed. A manager's job is, therefore, crucial to the success of any business because among the four resources required to achieve organizational objectives - physical, capital, information and human, it takes the latter to effectively utilize the other three to achieve the desired objectives.

Management, defined as "a set of activities directed at the efficient and effective utilization of resources in the pursuit of one or more goals" (Van Fleet and Peterson) is therefore a pre-requisite for the success of any socio-economic development.

Since managers nowadays work in an increasingly complex and dynamic environment, the forces of change both from within and outside organizations are constantly posing new challenges. Consequently, management methodology is also constantly changing to reflect and to cope with this complexity. Management science or Operations Research as is sometimes called is the application of a scientific approach to solving management problems in order to help managers make better decisions.

As implied by the definition, management science encompasses a number of mathematically oriented techniques that have either been developed within the field of management science or been adapted from other disciplines, such as the natural sciences, mathematics, statistics and engineering.

Management science is now a recognized and established discipline in the field of business administration and its applications are widespread, and have been frequently credited with increasing the efficiency and productivity of business firms.



The foundation of management science was laid in the 1900's by Frederic W. Taylor, one of the management Gurus who with others like Adam Smith, Abraham Maslow and David McGregor revolutionized management and made it an established science instead of an art. Modern Management science, however, was initiated during the Second World War, when management science was used to solve logistics problems for the military.

The advent of micro processors that led to the virtual "explosion" of computer power and which enabled vast amounts of data to be processed made it possible to solve a large variety of industrial problems and helped to make management science a well established managerial tool.

Management science is extensively used for example in the disposition of assets such as warehousing in Physical Distribution (Distribution Management), Network problems, maximizing service at retail outlets. Queuing theory, project management in heavy repair industries such as ship repairs. PERT-CPM (Project Evaluation and Review Techniques Critical Path Method) port facilities, forecasting etc.

In Physical distribution, for example, a network analysis is used to determine how various warehouses are disposed around the country to optimize service at minimum cost. MacDonalds, the fast food giant, uses queuing theory to ensure long queues are avoided in its outlets (Ghanaian banks should take note) while vessel operators use PERT-CPM to determine which activities to allocate extra resources to during periodic maintenance in order to avoid cost over runs (Ghanaian Road and building contractors can also take note).

The use of such scientific approaches to problem solving ensures that optimum solutions are used for solving very important and often complex industry problems.

The maritime industry is a very fast paced industry and the industrial paradox in this sector is whether physical assets and infrastructure should be developed to keep pace with

*"much of the world community, particularly the elected representatives, most of the time in most cases appear to be blissfully unaware of the significance of sea transport to the civilization and production of the world".*

the fast paced environment and also if it makes economic sense to equip for levels and patterns of activities that may not be long lasting.

Under such conditions it is obvious that maximizing the use of available assets and infrastructure is the ideal solution. Consequently, the use of management science has become so common and widespread in the maritime sector that it has been designated as "Management Logistics" by the Journal of the Institute of Maritime Economists. It is in this sector that my concern as a maritime professional lies because the use of such tools will enhance productivity in this vital sector.

Ghana's vision to be a regional economic gateway involves an ability to maximize the various supply chains to which the country forms a part.

This ability can only be possible when Ghanaian Managers have access and are able to use such modern managerial decision support tools now common in industry. Unfortunately, all indications are that these are not widely or even known in local industries.

The Maritime transportation sector, essentially the national economic prime mover, comprises the activities, infrastructure and systems which are involved in the movement of cargoes from the point of origin to the point of destination that involve the sea mode of transportation. It, therefore, encompasses a broad system linking the ports and shipping sectors with a vast network of logistics service providers in the supply chain including transport, distribution, freight logistics and specialist services. Optimizing productivity in each sector is, therefore, important.

In view of increasing competition in the sector, especially in the ports and shipping sectors, and the increasing demand for efficiency by the benefactors, industry players and other stakeholders, it is critical to adjust and respond to fast-changing market conditions. For this sector to serve effectively as the required engine of economic growth such an ability to adjust is a pre-requisite.

As the transport market now becomes much more integrated and a sharper focus is given on efficient supply chain management (especially in the era of containerization) and on an efficient container supply chain, the ability to make optimum decisions has become vital.





*The belief that the high cost of doing business in the ports could be alleviated by provision of additional infrastructure is a fallacy as a critical look at the various components of port charges will indicate that the majority of these costs are due to inadequacies in policy implementation.*

This has become necessary in view of the huge capital involved in infrastructure outlay and the need to ensure maximum return on this huge capital outlay. There is, therefore, a need to make policy makers in the country aware of these developments in order for policy decisions to be made in consultation with professional input and also for maritime professionals to avail themselves of such modern managerial decision support tools so as to enable them provide required optimum decisions for policy making.

Such limited knowledge on the part of policy makers was echoed by Lord Kinnock, former Transport Minister of the European Union in his address to BIMCO at its centenary celebration when he observed that "much of the world community, particularly the elected representatives, most of the time in most cases appear to be blissfully unaware of the significance of sea transport to the civilization and production of the world". Ghanaian Managers in this vital sector should therefore be encouraged in the use of such decision support tools.

Containerization has now become the most preferred mode in international trade and even in the developed economies the normal mode for local distribution. Container supply chain efficiency has now become a major logistics asset that requires maximizing by both developed and developing nations.

A typical container supply chain comprises three segments - the maritime or sea segment, the port interface segment and the hinterland or inter modal segment. All these need to operate at optimum efficiency in order to obtain the required economic container supply chain efficiency. It is therefore usual that in times of high fuel prices, when for economic reasons,

vessels adopt what is known in the maritime industry as "slow steaming", the other parts of the supply chain, in particular the port interface, adopt measures to maintain the container supply chain efficiency.

A few months ago during one of the usual high fuel price crisis characteristic of the maritime industry, maritime and logistics professionals in the country watched with horror as a "Security Capo" at one of our ports committed what could only be described as "the mother of all logistic blunders" by directing that container gate processing should cease at 3:00 PM.

The backlog of the resulting congestion has lingered on up till now. For the information of policy makers, the difference between a conventional cargo terminal which everyone in the country is familiar with and a container terminal is that documentation in the former is carried out in the warehouse (shed) while that of the latter is done at the gate.

Efficiency of a container terminal largely depends on the gate processing activity. Therefore, policies that have the potential to impact negatively on Gate processing activity such as excessive security checks are detrimental to efficiency at our container terminals, the general productivity of the ports and ultimately does not augur well for our Regional Gateway vision.

Efficient container terminal operation depends largely on efficient information flow, a methodology that also lends itself to modern management science application. Foreign shipping line operators in the country have therefore found it more advantageous to capitalize on such policy lapses to use various surcharges as revenue generating mechanism

instead of the cost recovery they are meant for in order to collect demurrage charges; and have not bothered much on the inadequacy of infrastructure. The belief that the high cost of doing business in the ports could be alleviated by provision of additional infrastructure is therefore a fallacy as a critical look at the various components of port charges will indicate that the majority of these costs are due to inadequacies in policy implementation.

### **Making Managers aware of Managerial Decision Support Tools**

Because management decisions are key to increased productivity, it is essential that local managers are made aware of the existence of such methodology.

In a country where managers are routinely penalized for "causing financial loss" simply because they choose to award contracts/projects not to the lowest bidder, the process of using management science in decision making especially by the use of computers will be beneficial and appreciated.

To illustrate this concept, I normally pose this typical question to my students who are mostly final year university students of the Regional Maritime University. It is a typical situation a student is likely to face after graduating from college.

The student has received 4 job offers after college as follows:

- Job No1. with a container terminal operator located in Tema, starting salary GH¢25,500
- Job No2. with a stevedoring company at Takoradi, starting salary GH¢26,000
- Job No3. with a Lake Transport operator located in Akosombo, starting salary GH¢ 26,000
- Job No 4. with an inland port terminal operator located in Kumasi, starting salary GH¢ 27,000

Other factors about each offer for which the student has assigned Good, Fair, Average and Excellent to are as follows:



Job Offer	Salary	Potential for Promotion	Job Location
Tema	Gh¢25,500	Average	Fair
Takoradi	Gh¢26,000	Excellent	Average
Akosombo	Gh¢26,000	Good	Excellent
Kumasi	Gh¢27,000	Average	Good

Such problems, multi criteria decision problems are usually what is normally found in real life and are very suitable for modeling and solving with computers. In most instances the students who were asked to solve this particular problem all opted for the job in Kumasi completely forgetting that a solution as such is not the optimal solution since it ignored the effect of the other "state of nature" on the final outcome.

It, however, reinforces the national past time of "causing financial loss" issue awarding contract to the lowest bidder regardless of other factors and the need to expose Ghanaian managers to this important modern managerial tool.

An explanation for solutions to such problems is provided at the website [H Y P E R L I N K "http://www.ghanamatics.org/or.htm"](http://www.ghanamatics.org/or.htm) [www.ghanamatics.org/or.htm](http://www.ghanamatics.org/or.htm). The page is provided by courtesy of Dr Godson Tetteh, a lecturer at the Regional Maritime University. Dr Tetteh, a Six Sigma Black Belt is a specialist in Supply Chain Enhancement. He currently runs a course in Six Sigma which I believe might be very beneficial for Ghanaian policy makers to have an insight into effective management of contract and project awarding through the use of management decision making tools.

The benefits of such decision support tools are many. First, they lend themselves to the use of mathematical modeling. This enables decisions to be simulated without the risk of dangers in failures. At the STI conference for example, a student mentioned the fact that mathematics taught in Ghanaian

Schools is very boring hence the general apathy towards that subject locally. He wanted a way to be found in order for this subject to become interesting. I believe introduction of a subject like Operation Research (OR) in our colleges might enable students appreciate the usefulness of a subject like mathematics.

In addition, modeling lends itself to investigations of "what if", or what is referred to in OR as sensitivity analysis. This enables the manager to simulate various scenarios and their possible impact on particular decisions. A few years ago, I followed with keen interest the interesting drama when the decision was being taken to concession out Ghanaian Ports to a foreign entity.

There were the usual excuses that Ghanaians were not capable of managing such terminals. I believe all that a foreign entity might do is to install a very sophisticated Management Information System that will make it possible to simulate activities like inventory management, maintenance schedules, throughput forecasting etc, which will aid their managers to make optimum decisions, something which is woefully missing in our industries.

Managers in Ghanaian Maritime /Logistics industries should be able to use Management decision support tools in activities such as forecasting, inventory management, project scheduling, warehousing, etc, to optimize productivity in this vital sector of our economy. The time is past when managers relied only on intuition. Ghanaian Managers should keep abreast with changes. As the popular Ghanaian adage goes "Ebere dane a wonso dane wo ho bi" (literally - when time changes you should also change)







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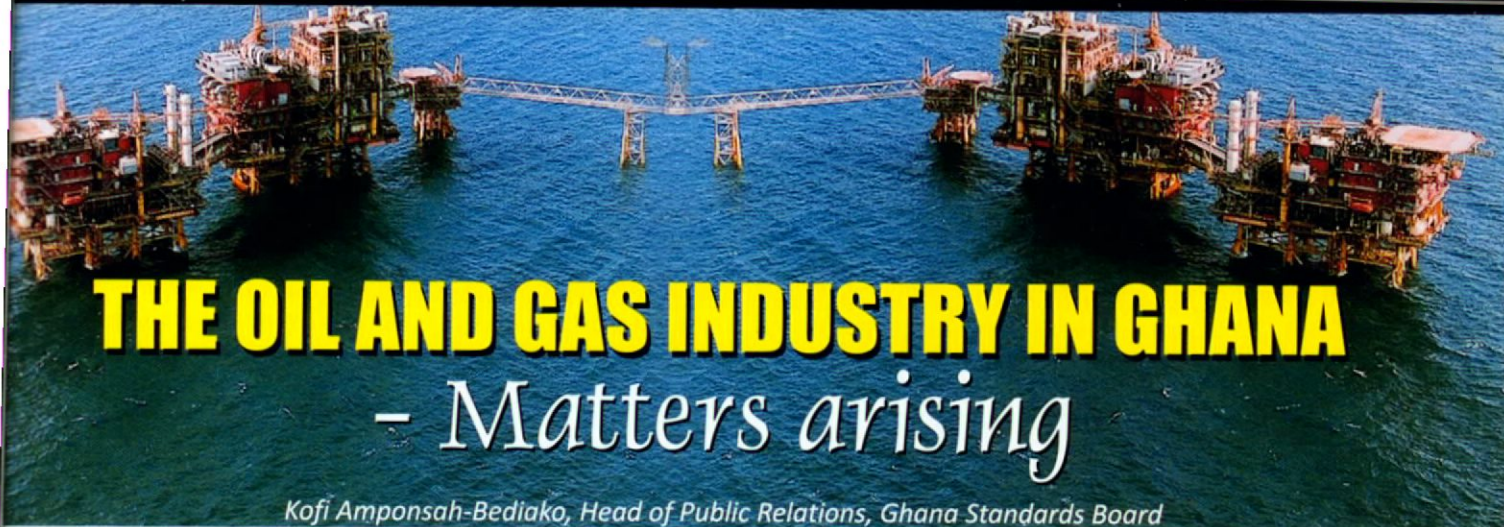


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# THE OIL AND GAS INDUSTRY IN GHANA

## - Matters arising

Kofi Amponsah-Bediako, Head of Public Relations, Ghana Standards Board

Experts in the area of development and manufacturing of flow meters have stressed, and rightly so, that *"the primary device in any flow metering system is the flow meter itself"*. This means that it is the meter that makes the difference in the Oil and Gas Industry.

In addition, the key to achieving and maintaining excellent or superior performance is the ability to interpret signals and measurement data from a meter. It is this ability to interpret data that determines profit or loss margins in the Oil and Gas Industry.

If Ghana is to maximise her expected income from the Oil and Gas Industry, then the issue of accurate measurement becomes important. From the oil well, through pipelines, to tankers and into the terminals and refineries, the flow of oil and gas products needs to be measured accurately.

This brings to the fore the issue of calibration of measuring instruments. Under the Weights and Measures Decree (NRCD 326, 1975), the Ghana Standards Board (GSB) is empowered to offer calibration services in all sectors of the economy, including the Oil and Gas Industry. GSB is, therefore, legally mandated to carry out calibration of all

measuring instruments in the Oil and Gas Industry. Carrying out this mandate accurately is important because Customs Officials will be depending on it to be able to tax production and generate revenue.

Again, issues of environmental protection and safety are important, but these depend on standards and best practices. As far as standards and best practices are concerned, bodies like the International Organisation for Standardisation (ISO), the International Association for Oil and Gas Producers (IAOGP), the International Association of Drilling Contractors (IADC) and American Petroleum Institute (API) come to mind. These are bodies that have collaborated to develop internationally recognised standards.

In anticipation of commercial oil production in Ghana, the GSB, in collaboration with its stakeholders, has begun working hard to develop standards for the Oil and Gas Industry. The effort began long before the official launch of the Jubilee Oil on Wednesday 15<sup>th</sup> December, 2010.

As a result, GSB's Technical Committee on Oil and Gas has adopted a number of International Standards, examples of which are provided:

No	Standard Document
1	GS ISO 3183:2007-Petroleum and natural gas industries - Steel pipe for pipeline transportation systems
2	GS ISO/TR 10400:2007- Petroleum and natural gas industries - Equations and calculations for the properties of casing, tubing, drill pipe and line pipe used as casing or tubing
3	GS ISO 10405:2000 Petroleum and natural gas industries - Care and use of casing and tubing
4	GS ISO 10407:1993 Petroleum and natural gas industries - Drilling and production equipment Drill stem design and operating limits
5	GS ISO 10407-2:2008 -Petroleum and natural gas industries - Rotary drilling equipment -- Part 2: Inspection and classification of used drill stem elements
6	GS ISO 10407-2:2008/Cor 1:2009 - Petroleum and natural gas industries - Rotary drilling equipment - Part 2: Inspection and classification of used drill stem elements
7	GS ISO 10414-1:2008 - Petroleum and natural gas industries - Field testing of drilling fluids - Part 1: Water-based fluids
8	GS ISO 10414-2:2002 Petroleum and natural gas industries -- Field testing of drilling fluids - Part 2: Oil-based fluids



No	Standard Document
9	GS ISO 10416:2008 Petroleum and natural gas industries -- Drilling fluids -- Laboratory testing
10	GS ISO 10417:2004 Petroleum and natural gas industries -- Subsurface safety valve systems – Design, installation, operation and redress
11	GS ISO 10418:2003 Petroleum and natural gas industries -- Offshore production installations – Analysis, design, installation and testing of basic surface process safety systems
12	GS ISO 10418:2003/Cor 1:2008 Petroleum and natural gas industries -- Offshore production installations – Analysis, design, installation and testing of basic surface process safety systems
13	GS ISO 10423:2009 Petroleum and natural gas industries -- Drilling and production equipment – Wellhead and Christmas tree equipment
14	GS ISO 10424-1:2004 Petroleum and natural gas industries -- Rotary drilling equipment – Part 1: Rotary drill stem elements
15	GS ISO 10424-2:2007 Petroleum and natural gas industries -- Rotary drilling equipment – Part 2: Threading and gauging of rotary shouldered thread connections

The question one would like to ask is “Should countries develop their own standards and regulations for their Oil and Gas Industry?”

The United Nations Commission on Sustainable Development has considered the matter and concluded that *“there is no compelling need at this time to further develop globally applicable environmental regulation in respect of the exploitation and exploration aspects of offshore oil and gas activities”*.

Opinions are divided on this. Those in favour of international regulation or guidelines have argued that there are many oil-producing regions that do not have the capacity to develop either national or regional standards

and that some kind of international regulation or guidelines would help them.

Those who have argued against global measures contend that offshore oil and gas activities may only pose a pollution threat to a local area and that this can be dealt with through national regulation or regional agreement.

Be that as it may, the implementation of meaningful environmental management systems by oil companies, coupled with overall operational procedures, may offer a means of reducing adverse environmental impacts. This is the surest way to environmental safety.

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# MARITIME TRADE OF GHANA

January - December, 2010

## INTRODUCTION

Total maritime trade for the period January to December 2010 amounted to more than 13.9 million metric tons. This was made up of about 10.6 million metric tons of imports and 3.3 million tons of exports. The port of Tema handled

more than 75 percent of the total trade which was about 10.5 million metric tons while the port of Takoradi handled the remaining 3.4 million metric tons (25% of total trade for the period) as shown in Table 1 below. .

Table 1 REVIEW OF MARITIME TRADE OF GHANA IN METRIC TONS (JAN.-DEC. 2010)

	Import	Export	Total Trade	% Share of Ports
Takoradi	1,245,491	2,182,192	3,427,683	25
Tema	9,351,854	1,196,902	10,548,756	75
<b>Total</b>	<b>10,597,345</b>	<b>3,379,094</b>	<b>13,976,439</b>	
% Share of Total Trade				
Transit	76	24		
	480,782	23,241	504,023	

Comparing the 2010 performance to the previous year's performance shows an increase of about 16 percent in the total trade. Total import for the review period was 19 percent more than what was obtained in the previous year.

Total export also increased by more than seven percent over the previous year's tonnage. Table 2 below gives details of the two periods.

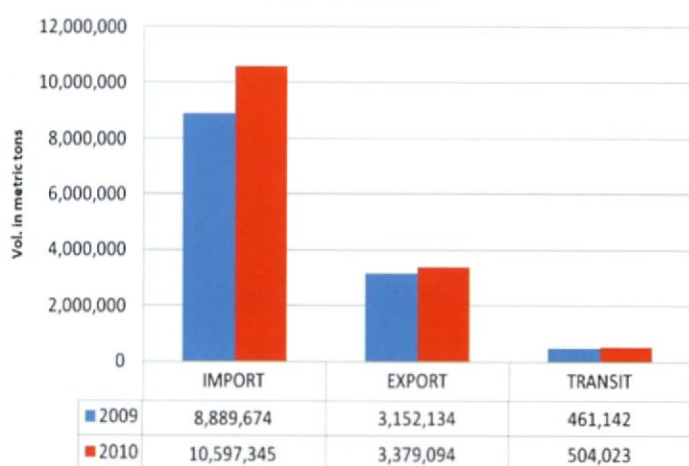
Table 2 MARITIME TRADE OF GHANA COMPARED IN METRIC TONS (JAN: DEC. 2009 & 2010)

	IMPORT			EXPORT			TOTAL TRADE		
	2009	2010	% variance	2009	2010	% variance	2009	2010	% variance
Takoradi	1,501,381	1,245,491	-17.04	2,074,860	2,182,192	5.17	3,576,241	3,427,683	-4.15
Tema	7,398,293	9,351,854	26.41	1,077,274	1,196,902	11.10	8,475,567	10,548,756	24.46
<b>Total</b>	<b>8,899,674</b>	<b>10,597,345</b>	<b>19.08</b>	<b>3,152,134</b>	<b>3,379,094</b>	<b>7.20</b>	<b>12,051,808</b>	<b>13,976,439</b>	<b>15.97</b>
%share of Total Trade	74	76		26	24				
Transit	439,440	480,782	9.41	21,702	23,241	7.09	461,142	504,023	9.30

From Table 2 above it can be seen that total transit trade for the review period amounted to 504,023 metric tons. This was about 9 percent more than what was recorded for 2009

This tonnage was made up of 480,782 metric tons of import and 23,241 metric tons of export, all of which were more than what was obtained in 2009. Fig. 1 below gives pictorial details.

Fig. 1 SUMMARY OF THE MARITIME TRADE OF GHANA IN METRIC TONS - 2009 & 2010



## IMPORT TRADE

Total Import for the review period was about 10.6 million metric tons. This comprised of 4.68 million metric tons of liner items (44.18%), 2.93 million metric tons of dry bulk items (27.68%) and 2.98 million metric tons of liquid bulk items (28.14%) as shown in Table 3 below.

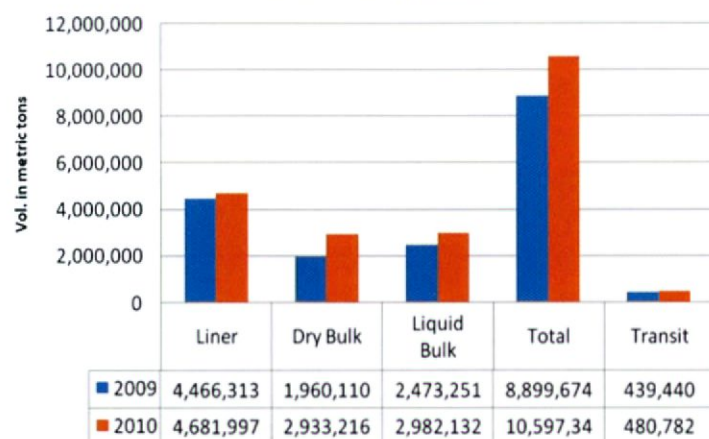
It can also be seen from Table 3 below that maritime import for the review period increased by more than 19 percent from what was obtained in the previous year. The same applied to the various types of import trade with dry bulk import increasing by nearly 50 percent and liquid bulk by 20 percent.

The situation is depicted pictorially in Fig. 2 below.



**Table 3 SUMMARY OF THE MARITIME TRADE OF GHANA IN METRIC TONS (Jan. -Dec. 2009 & 2010)**

		2009	2010	% Variance	2010 % Share
IMPORT	Liner	4,466,313	4,681,997	4.83	44.18
	Dry Bulk	1,960,110	2,933,216	49.65	27.68
	Liquid Bulk	2,473,251	2,982,132	20.58	28.14
	<b>Total</b>	<b>8,899,674</b>	<b>10,597,345</b>	<b>19.08</b>	
EXPORT	Transit	439,440	480,782	9.41	
	Liner	1,512,729	1,704,988	12.71	50.46
	Dry Bulk	1,555,325	1,657,485	6.57	49.05
	Liquid Bulk	84,080	16,621	-80.23	0.49
	<b>Total</b>	<b>3,152,134</b>	<b>3,379,094</b>	<b>7.20</b>	
	Transit	21,702	23,241	7.09	

**Fig.2 SUMMARY OF THE MARITIME IMPORT TRADE OF GHANA IN METRIC TONS 2009 & 2010****Liner Import Trade**

The liner import trade for 2010 is comprised of items such as iron, steel, pipes and plates which amounted to about 565,300 metric tons, processed foods (517,900 metric tons) and chemicals amounting to about 334,900 metric tons. Other items include tiles (254,800 metric tons), frozen meat and food (244,900 metric tons), machinery and equipment (212,600 metric tons), polythene raw materials (211,890 metric tons) and bagged rice (209,600 metric tons).

Table 4 below shows how the liner import trade for the review period fared as compared to the previous year. There were increases in the quantities of liner items imported during the review period as compared to the previous year.

**Table 4 SUMMARY OF THE LINER IMPORT PER COMMODITY IN METRIC TONS - 2009 & 2010**

COMMODITY	2009	2010	% Variance
LINER ITEMS			
ALCOHOL/ALCOHOLIC BEVERAGES	56,836	81,381	43.19
DRY CELL/AUTO. BATTERIES	32,277	36,527	13.17
CHEMICALS	293,776	334,910	14.00
BAGGED CEMENT	12,844	3,711	-71.11
ELECTRICAL/ELECTRONIC APPLIANCES	71,984	82,979	15.27
PROCESSED FOOD/BEVERAGES ETC.	463,461	517,922	11.75
FROZEN MEAT/FOODS	247,218	244,901	-0.94
FERTILIZER IN BAGS	3,681	24,654	569.76
GENERAL CARGO	750,874	655,380	-12.72
GRAINS/FLOUR	53,692	91,005	69.49
IRON/STEEL/PLATES/PIPES	450,825	565,387	25.41
LUBRICATING OIL.	43,627	44,104	1.09
MACHINERY/EQUIPMENT	139,943	212,651	51.96
PHARMACEUTICALS/MED. SUPPLIES	27,006	37,264	37.98
PAPER/PAPER PRODT.	77,776	108,697	39.76
RICE	386,808	209,613	-45.81
SECONHAND CLOTHING	88,770	127,460	43.58
SOAP/DISINFECTANT/TOILETRIES	85,866	104,263	21.43





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SUGAR	245,951	174,810	-28.92
TEXTILES/YARN/CLOTH	119,389	71,871	-39.80
USED ENGINES	7,356	7,645	3.93
CAR/VEHICLE	148,440	139,451	-6.06
PAINTS	17,224	27,299	58.49
POLYTHENE RAW MATERIALS	160,109	211,896	32.34
ASBESTOS	7,719	16,124	108.89
TRUCKS	49,556	59,327	19.72
TYRES	42,907	49,103	14.44
TILES	216,071	254,851	17.95
GLASS/BOTTLES	53,442	63,363	18.56
<b>TOTAL</b>	<b>4,466,313</b>	<b>4,681,997</b>	<b>4.83</b>

There was an increase of nearly five percent in the total liner import during the review period. Major items like iron, steel, plates, pipes recorded more than 25 percent increase, processed food/beverages increase by about 11 percent while chemical show a 14 percent increase. Other items showing increases in their quantity were Tiles( over 17%), machinery and equipment (nearly 52%), polythene raw

materials (over 32%) and secondhand clothing (over 43%).

Items showing decreases in the tonnages imported include rice (over 45% fall), bagged sugar (over 28% fall), bagged cement (over 71% fall), mining/smeltering supplies (11% fall), textiles & yarn (nearly 40% fall) and vehicles (6% fall).

#### Dry Bulk Import Trade

<b>Table 5 SUMMARY OF THE DRY BULK IMPORT PER COMMODITY IN METRIC TONS - 2009 &amp; 2010</b>			
<b>COMMODITY</b>	<b>2009</b>	<b>2010</b>	<b>% Variance</b>
ALUMINA	0		0
GRAINS	349,377	464,701	33.01
OTHER DRY BULK	64,694	325,357	402.92
CEMENT	91,414	362,090	296.10
COKE	0	0	0
CLINKER	1,285,333	1,423,327	10.74
FERTILIZER	80,645	156,094	93.56
LIMESTONE	88,647	201,647	127.47
<b>TOTAL</b>	<b>1,960,110</b>	<b>2,933,216</b>	<b>49.65</b>

Total dry bulk import for the year 2010 amounted to approximately 2.9 million metric tons, nearly a 50 percent increase over the 2009 performance. Clinker was the major import item in this trade recording more than 48 percent of the total dry bulk import trade.

This was followed by cement (more than 12%) and limestone (6.87%). Bulk grains had nearly a 16 percent share while fertilizer recorded more than five percent.

From Table 5 above it can be seen that the total dry bulk import trade for the review period showed a near 50 percent increase over the 2009 performance. Cement and limestone recorded more than 200 and 100 percent

increases respectively. Clinker showed about 11 percent increase. Fertilizer recorded about 93 percent increase while grains increased by 33 percent.

#### Liquid Bulk Import Trade

This trade showed an overall increase of over 20 percent during the review period. This increase is made up of increases in the import of bulk chemical (more than 900%) and crude oil (about 200%).

Liquidified petroleum gas also recorded an increase of over 27 percent while petroleum products showed over 45 percent decrease during the review period as shown in Table 6 below.



**Table 6 SUMMARY OF THE LIQUID BULK IMPORT PER COMMODITY IN METRIC TONS  
2009 & 2010**

<b>LIQUID BULK</b>	<b>2009</b>	<b>2010</b>	<b>% Variance</b>
OTHER LIQUID BULK	58,904	25,930	-55.98
BITUMEN	0	5,173	0
CHEMICALS	60,873	624,898	926.56
CRUDE OIL	344,013	1,099,832	219.71
LIQUIFIED PETROLEUM GAS	180,916	230,850	27.60
PETROLEUM PRODUCTS	1,828,545	995,449	-45.56
<b>SUB TOTAL</b>	<b>2,473,251</b>	<b>2,982,132</b>	<b>20.58</b>

#### DIRECTION OF THE MARITIME IMPORT TRADE

Majority of the maritime import for the year 2010 came from the Far East and the North Continent ranges, each of which recorded 3.1 million metric tons or 29 percent and 2.49 million metric tons or 24 percent respectively of the total import for the period.

Table 7 below shows that maritime import from the Others range recorded over 1.6 million metric tons or close to 16

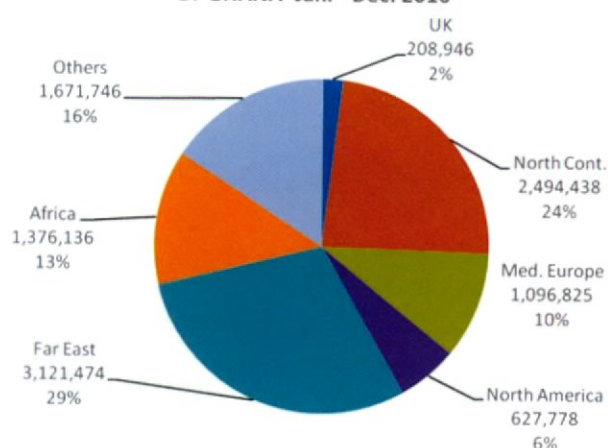
percent of the total import trade for the review period followed by the Africa range with over 1.3 million metric tons (about 13%).

The Mediterranean Europe range recorded over 1.09 million metric tons or 10 percent with the North America and the UK ranges recording about 6 percent and 2 percent respectively. The direction of the maritime import trade is depicted in Fig. 3 below.

**Table 7 DIRECTION OF THE MARITIME IMPORT TRADE IN METRIC TONS - 2010**

	<b>United Kingdom</b>	<b>North Continent.</b>	<b>Mediterranean Europe</b>	<b>North America</b>	<b>Far East</b>	<b>Africa</b>	<b>Others</b>	<b>Total</b>
LINER	206,540	779,996	403,376	291,381	1,870,551	674,578	455,573	4,681,995
DRY BULK	0	621,356	445,637	324,795	1,161,727	135,188	244,513	2,933,216
LIQ. BULK	2,406	1,093,086	247,812	11,602	89,196	566,370	971,660	2,982,132
TOTAL	208,946	2,494,438	1,096,825	627,778	3,121,474	1,376,136	1,671,746	10,597,343
% Share	1.97	23.54	10.35	5.92	29.46	12.99	15.78	100.00

**Fig. 3 DIRECTION OF THE MARITIME IMPORT TRADE OF GHANA -Jan. - Dec. 2010**



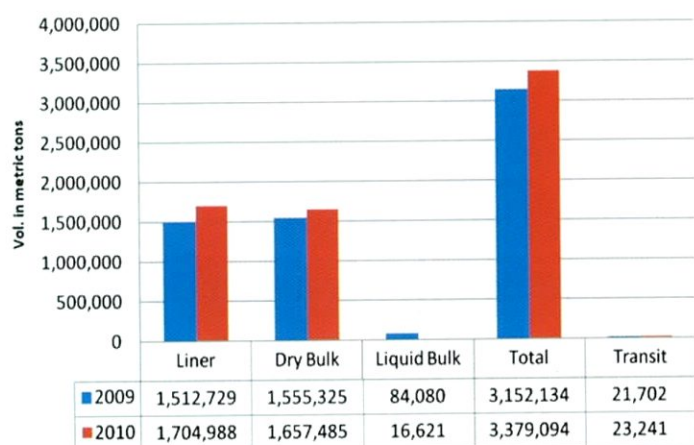
#### EXPORT TRADE

The total export trade for the review period amounted to about 3.4 million metric tons. This was made up over 1.7 million metric tons or 50 percent of liner items, 1.6 million metric tons (over 49%) of dry bulk items and 16,621 metric tons or less than one percent of liquid bulk items.

Compared to the previous year total tonnage, the review year recorded over 7 percent increase in the export trade. As can be seen in Table 3 above the liner trade as well as the dry bulk trade recorded 12.7 percent and 6.5 percent increases over the previous year tonnages while the liquid bulk trade recorded a decrease of more than 80 percent. Fig. 4 below gives details of the comparison.



Fig. 4 SUMMARY OF THE MARITIME EXPORT TRADE OF GHANA IN METRIC TONS 2009 &amp; 2010



### Liner Export Trade

From Table 9 below it can be seen that the liner export trade for the year 2010 was made up of cocoa beans which recorded a tonnage of 528,202 metric tons, depicting an increase of three (3) percent over the previous year performance.

Other items include cocoa products which contributed 174,548 metric tons, an increase of nearly 60% over the 2009 tonnage; log timber recording 217,748 metric tons (an increase of about 28% over the 2009 tonnage); sawn timber/lumber recording 107,256 metric tons which amounted to an increase of eight percent.

**Table 9 SUMMARY OF THE LINER EXPORT PER COMMODITY IN METRIC TONS - 2009 & 2010**

LINER COMMODITY	2009	2010	% Variance
ALUMINIUM INGOTS	3,704	15	-99.60
COCOA BEANS	513,083	528,202	2.95
COFFEE	2,450	1,618	-33.96
CHEMICALS	8,258	4,030	-51.20
COLA NUTS	0	0	0
BAGGED CEMENT	40	559	1297.50
COCOA PRODUCTS	109,436	174,548	59.50
COTTON /COTTON SEEDS	4,097	5,360	30.83
TUNA/OTHER FISHES/SEA FOOD	11,615	10,729	-7.63
FURNITURE/WOOD PRODUCTS	19,225	29,883	55.44
GENERAL CARGO	41,810	75,495	80.57
HANDICRAFTS	1,440	1,480	2.78
LOCAL FOODS/FOODSTUFFS	11,764	11,543	-1.88
LOG TIMBER	169,903	217,748	28.16
MACHINERY/EQUIPMENT	14,306	12,931	-9.61
METAL SCRAPS	102,112	136,892	34.06
OTHER NON-TRADITIONALS	67,550	58,746	-13.03
PROCESSED COMMODITIES	29,767	21,959	-26.23
PINEAPPLES	31,601	34,752	9.97
RUBBER/RUBBER PRODUCTS	15,454	16,240	5.09
SHEANUTS/SHEABUTTER	88,130	55,557	-36.96
SAWN TIMBER/LUMBER	98,949	107,256	8.40
CAR/VEHICLE	2,581	918	-64.43
YAM	21,351	20,285	-4.99
BANANA	40,922	60,049	46.74
CANNED FISH	31,261	35,461	13.44
CASHEWNUT	71,920	82,732	15.03
<b>TOTAL</b>	<b>1,512,729</b>	<b>1,704,988</b>	<b>12.71</b>

Non traditional export items that recorded increases over the previous year's performance were furniture and wood products with 29,883 metric tons (an increase of over 55%); cotton/cotton seeds with 5,360 metric tons recording an increase of nearly 31 percent; pineapple 34,752 metric tons (nearly 10% increase); banana 60,049 metric tons (over

46%) and metal scraps 136,892 metric tons (34%).

There were quite significant decreases in sheanut and shea butter export (55,557 metric tons or about 37% decrease), coffee (1,618 metric tons or about a decrease of 34%) and aluminium ingot (15 metric tons or 99% decrease).



## Dry Bulk Export Trade

**Table 10 SUMMARY OF THE DRY BULK EXPORT PER COMMODITY IN METRIC TONS 2009 & 2010**

DRY BULK COMMODITY	2009	2010	% Variance
OTHER DRY BULK	74,569	8,464	-88.65
BAUXITE	443,556	380,492	-14.22
MANGANESE	1,002,122	1,227,243	22.46
BULK SHEANUT	35,078	41,286	17.70
<b>TOTAL</b>	<b>1,555,325</b>	<b>1,657,485</b>	<b>6.57</b>

Table 10 above gives a summary of the dry bulk export items for the review period. Though total dry bulk export increased by close to 7 percent, there were quite significant falls in the individual item tonnages. Bauxite tonnage decreased by

about 14 percent while other dry bulk item decreased by more than 88 percent. Manganese export increased by over 22% and bulk sheanut export saw about 18 percent in its tonnage during the review period.

## Liquid Bulk Export Trade

**Table 11 SUMMARY OF THE LIQUID BULK EXPORT PER COMMODITY IN METRIC TONS -2009 & 2010**

LIQUID BULK COMMODITY	2009	2010	% Variance
OTHER LIQUID BULK	4,949	10,592	114.02
PETROLEUM PRODUCTS	79,131	6,029	-92.38
<b>TOTAL</b>	<b>84,080</b>	<b>16,621</b>	<b>-80.23</b>

Liquid bulk export for the review period reduced by about 80 percent. The major item in this trade was petroleum product which decreased by about 92 percent from 79,131 metric tons in 2009 to 6,029 metric tons in the review period.

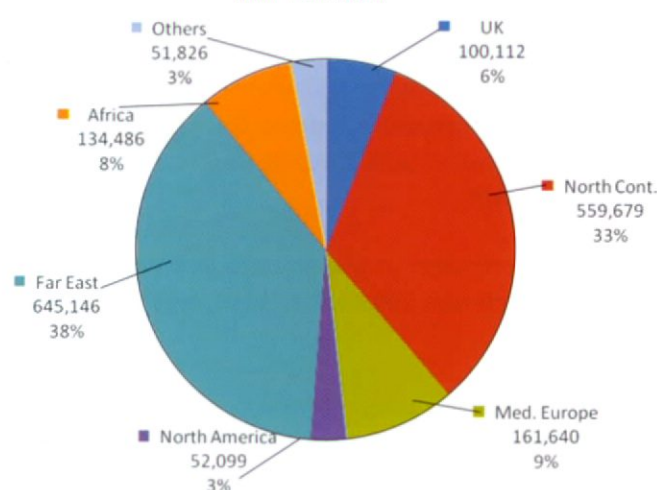
the review year 2010 was shipped to various destinations in the world. Majority of the items exported went to the North Continent and the Far East ranges. The North Continent range received a total of 1.16 metric tons (34% of total export) while the Far East range had a tonnage of 1.12 million metric tons or 33 percent of total export.

## DIRECTION OF THE MARITIME EXPORT TRADE

The 3.37 million metric tons of maritime export recorded for

**Table 12 DIRECTION OF THE MARITIME EXPORT TRADE IN METRIC TONS - 2010**

	United Kingdom	North Continent	Mediterranean Europe	North America	Far East	Africa	Others	Total
LINER	100,112	559,679	161,640	52,099	645,146	134,486	51,826	1,704,988
DRY BULK	0	604,162	147,626	36,646	484,785	1,469	382,797	1,657,485
LIQ. BULK	0	0	2,002	0	0	14,619	0	16,621
<b>TO TAL</b>	<b>100,112</b>	<b>1,163,841</b>	<b>311,268</b>	<b>88,745</b>	<b>1,129,931</b>	<b>150,574</b>	<b>434,623</b>	<b>3,379,094</b>
% Share	2.96	34.44	9.21	2.63	33.44	4.46	12.86	100.00

**Fig. 5 DIRECTION OF THE MARITIME EXPORT TRADE OF GHANA - Jan. - Dec. 2010**

A total of 311,268 metric tons which amounted to nine percent was shipped to the Mediterranean Europe range followed by the Africa range which had 150,574 metric tons (4.46%).

The others are the United Kingdom range with 100,112 metric tons about 2.9 percent and the North America range with 2.6 percent (88,745 metric tons).

The Others range received a total of 434,623 metric tons amounting to more than 12 percent. Table 12 above and Fig. 5 below give details of the direction of the export trade.



## The Transit Trade

Table 13 SUMMARY OF THE TRANSIT TRADE THROUGH THE PORTS OF GHANA - 2009 &amp; 2010

Country	2009			2010			% Variance
	Import	Export	Total	Import	Export	Total	
Algeria	131	-	131	-	-	-	-100.00
Benin	3,172	2,000	5,172	8,456	832	9,288	79.58
Burkina Faso	208,943	12,350	221,293	248,567	6,495	255,062	15.26
Cameroun	1,197	647	1,844	3,688	1,011	4,699	154.83
Chad	10	-	10	159	99	258	2480.00
Gambia	5	-	5	-	-	-	-100.00
Guinea	472	8	480	597	274	871	81.46
Ivory Coast	2,354	300	2,654	1,794	1,134	2,928	10.32
Liberia	-	28	28	-	-	-	-100.00
Mali	119,966	3,583	123,549	60,126	5,249	65,375	-47.09
Niger	41,871	87	41,958	79,702	-	79,702	89.96
Nigeria	16,217	2,092	18,309	19,132	1,699	20,831	13.77
Others	8,948	254	9,202	10,663	261	10,924	18.71
Senegal	1,290	21	1,311	7,740	5,078	12,818	877.73
Togo	35,341	332	35,673	40,158	1,109	41,267	15.68
Total	439,917	21,702	461,619	480,782	23,241	504,023	9.19

Total transit trade for the period was 504,023 metric tons comprising 480,782 metric tons of import items (95%) and 23,241 metric tons of export items.

The total transit tonnage for the review period was about nine percent more than what was recorded in 2009. Most of

the transit countries recorded increases in their performance with the neighbouring landlocked countries of Burkina Faso and Niger showing increases of 15 percent and 90 percent in their transit trade while the Malian tonnage decreased by 47 percent. Table 13 above gives details of the performance of countries within the transit trade.

#### THE PERFORMANCE OF THE SHIPPING AGENTS IN THE MARITIME TRADE OF GHANA, JANUARY-DECEMBER, 2010

A total of sixty-five (65) Shipping Agents were involved in the maritime trade of the more than 13.9 million metric tons of cargo for the year 2010.

##### Liner Trade

A total of thirty-five (35) shipping agents took part in the liner trade for the period under review representing 45.70 percent of the total maritime trade.

The highest performer in the liner trade was Maersk Gh. Ltd with 1.4 million metric tons or 9.89 percent of the liner cargo throughput. Delmas Shipp/CMA CGM was the next highest performer with 892,109 metric tons or 6.38 percent of the liner trade activity.

MSCA Gh. Ltd. was the third highest performer with 576,580 metric tons or 4.13 percent of the liner trade. The least performer in the liner trade was Fairpoint Business Services with 1,971 metric tons or less than one percent of the liner trade.

##### Dry Bulk Trade

Fifteen (15) shipping agents handled the more than 4.5 million metric tons of dry bulk cargo for the year, 2010 or 32.85 percent of the total maritime trade.

The highest performer was Hull Blyth with 1.6 million metric

tons or 11.67 percent of the total trade bulk trade. The second highest performer was Supermaritime with 1.46 million metric tons representing 10.51 percent of the dry bulk trade for the period.

Macro Shipping was the third highest performer with 380,492 metric tons representing 2.72 percent of the dry bulk trade. SDV GH.Ltd was the least performer in the dry bulk trade with 1,469 metric tons or less than one percent.

##### Liquid Bulk Trade

Fifteen (15) shipping agents handled the about 2.9 million metric tons of liquid bulk trade which was 21.46 percent of the total maritime trade.

The highest performer in this trade was Supermaritime with 882,432 metric tons or 6.31 percent of the liquid bulk trade. Daddo Maritime handled the second largest share of the liquid bulk trade with 610,952 metric tons or 4.37 percent of total liquid bulk trade. Panalpina Gh. Ltd handled the third largest share with 512,371 metric tons or 3.67 percent of the liquid bulk trade.

The least performer in the liquid bulk trade was Grilmaldi Ghana Limited with 298 metric tons or less than one percent of the trade.

The table 14 below gives more details of the performance of the shipping agents in the maritime trade for the year 2010.



Table 14 PERFORMANCE OF SHIPPING AGENTS IN GHANA'S SEABORNE TRADE - 2010

CHARTERER/AGENT	IMPORT	EXPORT	TOTAL	%SHARE
LINER				
A&J SHIPP. GH. LTD	1,999	0	1,999	0.01
ADVANCED MARITIME TRANSPORT	1,372	816	2,188	0.02
ANDIPEX CO. LTD	3,217	0	3,217	0.02
ANTRAK GH. LTD	128,421	38,160	166,581	1.19
BILFORD	6	0	6	0.00
BLUE SEA MARITIME	0	21,500	21,500	0.15
CONSHIP GH. LTD	53,813	139	53,952	0.39
DELMAS SHIPP. GH. CMA CGM.	617,501	274,608	892,109	6.38
DOLPHIN SHIPPING SERVICE	61,665	0	61,665	0.44
FAIRPOINT BUSINESS SYS.	1,971	0	1,971	0.01
GLOBAL CARGO	113,462	0	113,462	0.81
GMT SHIPPING	190,709	114	190,823	1.37
GRIMALDI GH. LTD	174,701	56,847	231,548	1.66
HULL BLYTH	265,089	48,462	313,551	2.24
ISAG	168,842	116,232	285,074	2.04
KHUDA SERV. GH. LTD	4,591	0	4,591	0.03
MACRO SHIPPING	26,877	11,606	38,483	0.28
MAERSK GH. LTD	1,010,509	372,225	1,382,734	9.89
MAP SHIPPING	15,798	0	15,798	0.11
MARITIME	9,727	758	10,485	0.08
MAXITIDE GH. LTD	12,357	0	12,357	0.09
MOL GH. LTD	270,018	27,019	297,037	2.13
MSCA GH. LTD	474,700	101,880	576,580	4.13
OBENBOAH SHIPPING	3,773	0	3,773	0.03
OCEAN LANE	2,183	0	2,183	0.02
PANALPINA GH. LTD	61,567	32,721	94,288	0.67
PIL GH. LTD	298,742	58,652	357,394	2.56
SAFMARINE	288,309	97,316	385,625	2.76
SCANSHIP GH. LTD	51,460	85,670	137,130	0.98
SDV GH. LTD	16,669	110,027	126,696	0.91
SEATRANS	83,956	0	83,956	0.60
SHARAF SHIPPING	1,678	0	1,678	0.01
SILVER MARITIME	7,741	0	7,741	0.06
SUPERMARITIME	248,902	250,236	499,138	3.57
TRANSGLOBAL SHIPPING	9,670	0	9,670	0.07
<b>SUB-TOTAL</b>	<b>4,681,995</b>	<b>1,704,988</b>	<b>6,386,983</b>	<b>45.70</b>
DRY BULK				
ANTRAK GH. LTD.	0	1,950	1,950	0.01
DAMCO SHIPPING	77,721	0	77,721	0.56
GLOBAL CARGO	366,996	0	366,996	2.63
GMT SHIPPING	3,985	0	3,985	0.03
GRIMALDI GH. LTD	105,413	0	105,413	0.75
HULL BLYTH	1,631,676	0	1,631,676	11.67
MACRO SHIPPING	0	380,492	380,492	2.72
MAERSK GH. LTD.	135,971	0	135,971	0.97
MAP SHIPPING	98,061	0	98,061	0.70



Table 14 PERFORMANCE OF SHIPPING AGENTS IN GHANA'S SEABORNE TRADE - 2010

CHARTERER/AGENT	IMPORT	EXPORT	TOTAL	%SHARE
<b>DRY BULK</b>				
MARITIME	5,007	0	5,007	0.04
PANALPINA GH. LTD	0	10,627	10,627	0.08
SCANSHIP GH. LTD	135,286	30,659	165,945	1.19
SDV GH. LTD	0	1,469	1,469	0.01
SEATRANS	135,786	0	135,786	0.97
SUPERMARITIME	237,314	1,232,287	1,469,601	10.51
<b>SUB-TOTAL</b>	<b>2,933,216</b>	<b>1,657,484</b>	<b>4,590,700</b>	<b>32.85</b>
<b>LIQUID BULK</b>				
AFRITRAMP	71,399	6,029	77,428	0.55
BULK SHIPPING	392,696	0	392,696	2.81
DADDO MARITIME	610,952	0	610,952	4.37
GRIMALDI GH. LTD	298	0	298	0.00
INCHCAPE SHIPPING SERVICE	142,389	0	142,389	1.02
MAERSK GH. LTD	2,660	0	2,660	0.02
MARITIME	1,500	0	1,500	0.01
MAXITIDE	16,439	0	16,439	0.12
MULTIPLAN	35,075	0	35,075	0.25
OMEGA	80,112	0	80,112	0.57
PANALPINA GH. LTD	512,371	0	512,371	3.67
SCANSHIP GH. LTD	79,670	0	79,670	0.57
SECTEL	157,148	0	157,148	1.12
SUPERMARITIME	871,840	10,592	882,432	6.31
TRANSGLOBAL SHIPPING	7,582	0	7,582	0.05
<b>SUB-TOTAL</b>	<b>2,982,131</b>	<b>16,621</b>	<b>2,998,752</b>	<b>21.46</b>
<b>GRAND TOTAL</b>	<b>10,597,342</b>	<b>3,379,093</b>	<b>13,976,435</b>	<b>100.00</b>

#### THE PERFORMANCE OF SHIPPING LINES IN THE MARITIME TRADE OF GHANA, JANUARY-DECEMBER, 2010.

A total of one hundred and forty-eight (148) shipping lines participated in the carriage of the 13.9 million metric tons of maritime trade comprising over 10.5 million metric tons of imports and 3.4 million metric tons of exports during the year of 2010.

##### The Liner Trade

Seventy-seven (77) shipping lines handled the over 6.38 million metric tons of liner cargo for the period under review or 45.70 percent of the liner trade.

The highest performer was Maersk Line accounting for 1.4 million metric tons representing 21.24 percent of the liner trade.

Delmas came second with 624,462 metric tons or 9.78 percent of the liner trade. Mediterranean Shipping was the third highest performer with 576,580 metric tons or 9.03 percent and Pacific Intl. Lines placed fourth with 359,737 metric tons or 5.63 percent of the liner trade.

The least performer was MER SHIPPING Gh. Ltd shipping with 23 metric tons of the liner trade.

##### The Dry Bulk Trade

Thirty nine (39) shipping lines participated in the about 4.59 million metric tons of dry bulk trade for the period under review or 32.85% of the maritime trade.

The highest performer in the dry bulk trade was HC Trading with 1.4 million mt amounting to 30.88% of the dry bulk trade. IMT shipping placed second with 1.3 million mt or 29.96% of the dry bulk trade while Others category came third with 363,929 mt (7.93%) of the dry bulk trade.

The bulk handling line placed fourth with 257, 489 mt or 5.61% of the dry bulk trade.

The least performers were Seaboard and Delmas Lines with 3,714 mt and 1,469 representing 0.08% and 0.03% of the dry bulk trade respectively.



### The Liquid Bulk Trade

A total of thirty-two (32) shipping lines participated in the liquid bulk trade of 2.99 million metric tons accounting for 21.46 percent of the maritime trade. GNPC was the highest performer in this trade with 849,052 metric tons or 28.31 percent.

Cirrus shipping came second with 425,070 metric tons or 14.17 percent of the liquid bulk trade. The third and fourth

places were taken by the Others category and Bulkship with 289,849 metric tons (9.67%) and 158,694 metric tons (5.29 %) respectively.

The least performer was Grimaldi Lines with 298 metric tons or less than one percent of the liquid bulk trade. Table 15 below shows the detailed performance of the shipping lines involved in Ghana maritime trade for the year 2010.

**Table 15 PERFORMANCE OF SHIPPING LINES IN GHANA'S SEABORNE TRADE-Jan. - Dec. 2010**

SHIPPING LINE	IMPORT	EXPORT	TOTAL	%SHARE
K' LINE	53,211	6,511	59,722	0.94
AFRI TRAMP	31	35	66	0.00
AFRICA COASTAL SHIPP.	0	114	114	0.00
AFRICA EXPRESS LINE	28,239	80,544	108,783	1.70
ALLIED MARITIME	22,500	0	22,500	0.35
ANDROMEDA MARINE CO.	3,110	0	3,110	0.05
B.B.C CHARTERING	1,605	0	1,605	0.03
BREADBOX	86	1,634	1,720	0.03
BRUNO	12,902	0	12,902	0.20
BULK CARGO	22,976	0	22,976	0.36
CARMUSE TRADING	26	0	26	0.00
CHINA OCEAN SHIPPING	53,141	32,475	85,616	1.34
CHINA SHIPPING	53,877	2,147	56,024	0.88
CMA CGM	220,285	57,174	277,459	4.34
CONTI GMT	178,228	0	178,228	2.79
CSAV	1,678	0	1,678	0.03
DELMAS	332,404	292,058	624,462	9.78
EAGLE WEST AFRICA SERV.	14,775	1,947	16,722	0.26
EDF MAN	8,527	0	8,527	0.13
EUKOR CAR CARRIER	15,836	0	15,836	0.25
EURO AFRICA	14,772	29,952	44,724	0.70
FSUN-UNITED	6,591	0	6,591	0.10
G. BROTHERS	24,800	0	24,800	0.39
GOLD STAR LINE	98,021	74,018	172,039	2.69
GREEN REEFER	2,602	0	2,602	0.04
GRIMALDI LINES	180,860	60,790	241,650	3.78
HANJIN SHIPPING	52,574	4,371	56,945	0.89
HAPPAG-LLOYD	69,235	32,852	102,087	1.60
HC TRADING	700	451	1,151	0.02
HOEGH AUTOLINERS	13,132	122	13,254	0.21
HUAL LINES	4,776	118	4,894	0.08
I.M.T	3,460	13,647	17,107	0.27
INTERMAN	26,815	0	26,815	0.42
K. DAMAK SHIPPING CO	19,000	0	19,000	0.30
L&C MARINE TRANSPORT	8,169	0	8,169	0.13
LOUI DREYFUS	16,500	0	16,500	0.26
MAERSK LINE	993,140	363,186	1,356,326	21.24
MAINPORT	116	0	116	0.00
MANUSOUSS	73	0	73	0.00
MARMEDSA AGENCIA	133	0	133	0.00
MED/WEST AFRICA SERV.	1,880	9,076	10,956	0.17
MEDCOA LINE	394	0	394	0.01
MEDITERRANEAN SHIPPING CO.	474,700	101,880	576,580	9.03
MER SHIPPING	23	0	23	0.00
MESSINA LINES	42,202	27,704	69,906	1.09
MITSUMI O.S.K. LINES	270,042	27,019	297,061	4.65

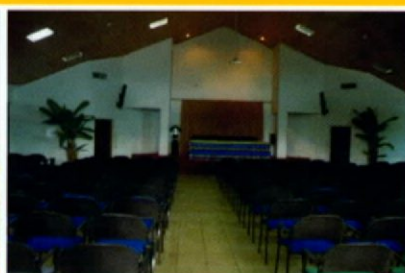


MORSKA AGENCJA GDYNIA	3,026	0	3,026	0.05
NAVEX	7,960	0	7,960	0.12
NILEDUTCH	136,807	57,300	194,107	3.04
NIPPON YUSEN KAISHA	56,653	4,122	60,775	0.95
NOBLE SHIPPING	162	0	162	0.00
NORDANA LINE	9,408	205	9,613	0.15
NORDANA MARLIN	1,389	0	1,389	0.02
NOVEL	10,300	0	10,300	0.16
OCEANCREST TRANSPORT INC.	17,450	0	17,450	0.27
OTAL	83,309	41,257	124,566	1.95
OTHER	170,335	8,423	178,758	2.80
PACIFIC INTL. LINE	301,085	58,652	359,737	5.63
S. BACO LINER	0	29,245	29,245	0.46
SAFMARINE	305,752	106,356	412,108	6.45
SEALIFT INC.	1,103	0	1,103	0.02
SHARAF SHIPPING	722	0	722	0.01
SOCAR	451	1,189	1,640	0.03
SODATRA SHIPPING	0	379	379	0.01
SPLIETHORF	1	34,500	34,501	0.54
GRIMALDI LINES	105,413	0	105,413	2.30
GULFSOLAR SHIPP. CO	0	3,045	3,045	0.07
HC TRADING	1,352,344	65,391	1,417,735	30.88
I.M.T	216,259	1,158,210	1,374,469	29.94
INFO. BROS MARITIME	7,996	0	7,996	0.17
INTERMAN	61,078	0	61,078	1.33
L&C MARINE TRANSPORT	28,333	0	28,333	0.62
MAERSK LINE	135,971	0	135,971	2.96
MARINE UNION COMMERCIAL	6,599	0	6,599	0.14
MESSINA LINES	0	1,950	1,950	0.04
NIDDRA	7,350	0	7,350	0.16
NILEDUTCH	5,901	0	5,901	0.13
OCEANCREST TRANSPORT INC.	62,011	0	62,011	1.35
OTHER	312,517	51,412	363,929	7.93
SCANCEM	46,300	0	46,300	1.01
SEABOARD	0	3,714	3,714	0.08
SEALIFT	12,780	0	12,780	0.28
SOCAR	0	44,000	44,000	0.96
SPLIETHORF	26,531	46,953	73,484	1.60
SUN UNITED MANAGEMENT	5,000	0	5,000	0.11
SUN UNITED MANAGEMENT	5,000	0	5,000	0.11
UNION INVINO	13,200	0	13,200	0.29
VERTOM	13,680	0	13,680	0.30
VITRANSCAHT	13,300	0	13,300	0.29
WILHELMSSEN SHIPS SERV.	0	3,513	3,513	0.08
<b>SUB TOTAL</b>	<b>2,933,217</b>	<b>1,657,485</b>	<b>4,590,702</b>	<b>32.85</b>
LIQUID BULK				
AFRICA EXPRESS LINE	7,002	5,598	12,600	0.42
BARWIL POMME PBOUC	2,306	0	2,306	0.08
BULKSHIP	158,694	0	158,694	5.29
CARMUSE TRADING	500	0	500	0.02
CAUDTER SCHIFFFAHRT GMBH	6,050	0	6,050	0.20
CHASE	4,954	0	4,954	0.17
CIRRUS	425,070	0	425,070	14.17
CHINA OCEAN SHIPPING	9,422	0	9,422	0.31
EURO AFRICA	26,434	0	26,434	0.88
FUEL TRADE	116,686	0	116,686	3.89
G.N.P.C	849,052	0	849,052	28.31
GEOGAS	7,958	0	7,958	0.27



GRIMALDI LINES	298	0	298	0.04
MAERSK LINE	1,620	0	1,620	0.05
MARBAR MARITIME	1,500	0	1,500	0.05
MIDLAND INTERNATIONAL	3,625	0	3,625	0.12
NILEDUTCH	3,000	0	3,000	0.10
OANDO	35,065	0	35,065	1.17
OTHER	284,855	4,994	289,849	9.67
PETRO PLUS	79,114	0	79,114	2.64
POSEIDON	3,731	0	3,731	0.12
ROFFLES SHIP MANAGEMENT	8,000	0	8,000	0.27
SAFMARINE	1,040	0	1,040	0.03
SAGE	14,925	0	14,925	0.50
SAHARA	4,369	0	4,369	0.15
SMB	5,173	0	5,173	0.17
TEMA OIL REFINERY	62,448	6,029	68,477	2.28
TRAFIGURA	13,563	0	13,563	0.45
VIHAMA	145,953	0	145,953	4.87
VITOL	82,504	0	82,504	2.75
VOLTA RIVER AUTHORITY	105,900	0	105,900	3.53
WILHELMSSEN SHIPS SERV.	511,320	0	511,320	17.05
<b>SUB-TOTAL</b>	<b>2,982,131</b>	<b>16,621</b>	<b>2,998,752</b>	<b>21.46</b>
<b>GRAND TOTAL</b>	<b>10,597,343</b>	<b>3,379,095</b>	<b>13,976,438</b>	<b>100</b>

## Conference Facilities For Rent



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Ghana Shippers' Authority  
P. O. Box 902, Takoradi.  
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# Ghana Shippers' Authority receives award



**Nana Agyekum Gyamera, Head of Marketing and Public Relations of GSA receiving the Award from Asuma Banda, Chairman, Antrak Group of Companies**

**T**he Ghana Shippers Authority (GSA) has been adjudged as Best Agency in Trade Facilitation in Africa for 2010. The award was received at the 2011 African Maritime and Energy (AME) Awards Nite on March 10, 2011 at the Alisa Hotel in Accra.

The Award which was conferred on the Authority by the *Shipping and Oil Digest* was in recognition of the Authority's contribution to the maritime industry as well as its role in facilitating international trade.

The *Shipping and Oil Digest* is a specialized monthly news journal published by Balm of Gilead Communications, a subsidiary of West Coast Business Support Services (operating in Ghana and Nigeria). It seeks to provide information for players involved in shipping, ports, oil and gas related industries in Africa.

The Head of Marketing and Public Relations, Nana Agyekum Gyamera who received the Award on behalf of the Authority said the award would spur the Management and staff of the organisation on to deliver more on their core mandate of protecting and promoting the interests of the Ghanaian shipper.

Nana Gyamera opined that the Authority might have been nominated for the Award because of the numerous activities it embarked on in 2010. Some of activities according to him include the establishment of the Takoradi Logistics Platform, activities of the Transit Shipper Committee, reaching out to shippers across the country through the Shipper Committees, prompt resolution of shipment problems, education

programmes and the commencement of work on the Authority's multi-purpose office complex in Accra, among others.

The Special Guest of Honour at the event, Alhaji Asuma Banda who is President of the Ship owners and Agents Association of Ghana and a member of the Council of State, congratulated the Ghana Shippers' Authority and commended their effort at making shipping easier and convenient for players in the industry.

The Awards ceremony which climaxed the closing of a two day Pan African round table conference on shipping and oil saw other organizations and individuals also take home some awards.



**Some Staff of the Ghana Shippers' Authority at the Awards Night**



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This resulted in the establishment of a first class maritime infrastructure that has since then served as the nations economic backbone. Supporting this vital industry is a group of first class professionals-

### **GHANA'S MARITIME PROFESSIONALS.**

With the discovery and exploitation of Oil and Gas several miles offshore in Ghana the scope and level of activities in the maritime sector will increase. Issues that will arise will need to be discussed and suggestions made by maritime professionals.

The Nautical Institute as the major professional body for maritime professionals is poised to be at the vanguard of such activities. With consultative status at the International Maritime Organization,(IMO) professional inputs from this body will be important.

The Nautical Institute celebrates 40 years of its existence and the Ghana branch, one of the only 2 on the African Continent is pleased to invite interested maritime professionals to join its ranks in shaping up the industry's future.

Information on joining can be found at its official website [www.nautinst.org](http://www.nautinst.org) or at the Ghana Maritime Portal [www.ghanamatics.org](http://www.ghanamatics.org)

**Information can also be obtained from the following persons**

**Capt William Amanhyia: Tel: 0244062438**

**Capt Kate Haizel: Tel: 0266457793**

**Capt Edwin Botchway: Tel: 0244607669**

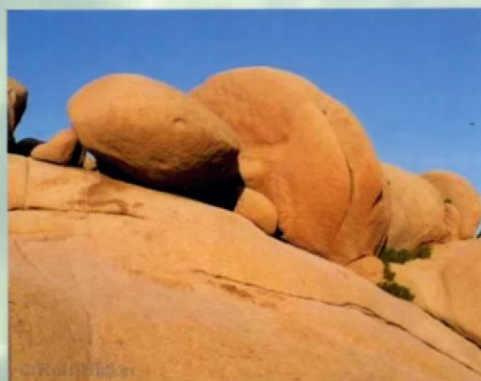
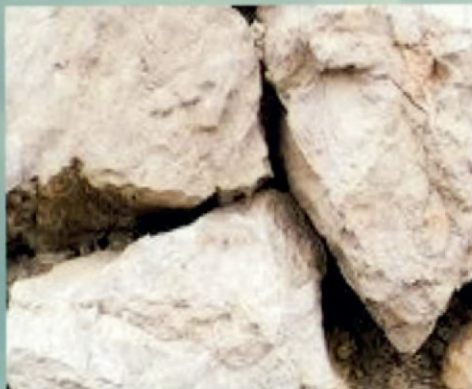




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Email: [intermaritime@yahoo.com](mailto:intermaritime@yahoo.com)

**P. O. Box 386 Achimota, Accra - Ghana**



# SHIPPING REVIEW

GHANA'S AUTHORITATIVE QUARTERLY MARITIME JOURNAL

Vol. 13 No. 2

April - June, 2011



## The Bonded Warehousing System in Ghana - *Challenges and Prospects*

### *Also in this edition*

- Impact of Liner Conference on the Trade of the West and Central Africa Sub-Region
- Promoting African Trade and Industrial Growth
- Introduction of the Electronic Cargo Tracking Note (e-CTN) into Ghana's Maritime Sector
- Quality -a Prerequisite For Exports: Increasing Complexity Of Technical Requirements In Export Markets
- Maritime Trade of Ghana
- The Multimodal Transport Concept as a Tool for the Integrated Transport Development In West and Central Africa

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It is usually issued at the port of loading and the e-CTN number inserted in the Bill of Lading (B/L) and cargo Manifest.

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Published by:  
Ghana Shippers' Authority  
5th Floor, Enterprise House  
High Street, Accra  
P.O. Box GP 1321, Accra  
Tel. 233-302-666915/7

Editor -in- Chief  
Kofi Mbiah

General Editor/Advisor  
Nana Agyekum Gyamerah

Assistant Editor  
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# IMPACT OF LINER CONFERENCE ON THE TRADE OF THE WEST AND CENTRAL AFRICA SUB-REGION

By Captain Adamu A. Biu, Executive Secretary/CEO, Nigerian Shippers' Council

## INTRODUCTION

International trade and maritime transport service are very closely linked. One cannot do without the other, because international transaction is not complete until traded goods pass from the seller to the buyer through transportation. And we all know that, even till now, ocean shipping remains the dominant mode of moving goods in international trade.

According to UNCTAD Review of Maritime Transport 2008, maritime transport remains the backbone of international trade with 80% of world merchandise traded by volume being carried by sea.

Until the abolition of the liner conference system in Europe through the removal of the block exemption to the competition regulations, which conferences had enjoyed for years and which European Union (EU) view as anti-competitive, most carriers operated in conferences.

This made liner conferences the dominant form of liner shipping globally for over a hundred years. When one thinks of the fact that most countries in the West and Central African sub-region became independent only about forty to fifty years ago, it is not unfounded to say that the shipping trade of the sub-region has been dominated almost exclusively by liner conferences.

It also stands to reason that the structure of the trade has been significantly shaped by this form of shipping.

## THE HISTORY OF LINER CONFERENCES

A liner Conference, which is also referred to as freight conference or a shipping conference, is two or more shipping lines operating a service in common between designated geographical areas. These vessels ply regularly along fixed routes based on predetermined sailing schedules and published freight and tariff (Packard, 1986 P. 17).

The conference system started in 1875 with the formation of the Calcutta Conference which was established mainly to meet the demand for shipping service of the tea trade between India and England. Since then many liner conferences have emerged and disappeared.

## THE NATURE AND OPERATIONS OF LINER CONFERENCES

The liner conference system was instituted as a device used by shipowners in the cargo-liner trade to address problems of over-competition, seasonality and cut-throat pricing. The arrangement has always attracted opposition because they are fundamentally cartels, albeit ones that have been permitted to exist by competition between authorities, because the consequences of prohibiting them were always regarded as worse than permitting them to remain.

Before the UN Code of Conduct, the conferences had largely unbroken monopolistic powers. They controlled most trades by eliminating both internal and external (outsider) threat to their operating arrangements.

A measure of the privileges which the conferences enjoyed was the unilateral fixing of freight rates at levels at which even high cost conference members made operating profits. They also decided on sailing frequencies.

While membership of these liner conferences was confined to the shipping lines of the traditional maritime powers, in most cases the control was in the hands of the shipping lines of the former colonial powers, who were usually also the largest carriers in the trade.

Non-conference shipping lines were either marginal or non-existent. In most countries, the shipping conferences' liners carried a greater percentage of the

export and import cargoes.

Virtually all liner cargo was effectively controlled by conferences whether through the loyalty contracts imposed on shippers or through the close commercial links existing between the shipping and trading interest. Non-conference shipping lines operated only to the insignificant extent that they were allowed to exist by the grace of the conferences.

An important aspect of conference shipping lines serving the developing countries was the close relationship that existed between such lines and the exporters and importers of goods of the countries concerned.

The conference lines were linked to producers and trading houses in the developing countries through interlocking directorates or common ownership interests. This conference liner shipping arrangement was so strongly cartelized and so closely integrated with foreign trading interests that it posed serious problems to the sub-region in terms of both the cost and the adequacy of shipping services.

As at 1992, carriers from the European Union, operating largely under flags of convenience, had 82 percent share in the West and Central African shipping market.

Within the conference trade, African shipping lines operated 16 percent capacity and European lines 84%, which indicates that West African vessels carried far less than cargo shares allocated to them by the UNCTAD Code.

In the early 1990s the sub-region was served by six major conferences whose share of total traffic varied from 60-100 percent within their respective operating ranges. These were:





1. South and North Continent West Africa Conference (COWAC) with a conference share of 60% and 80% respectively,
2. Mediterranean Europe - West Africa Conference (MEWAC) 80%,
3. United Kingdom-West Africa Service (UKWAL) 60%,
4. Central and West Africa Line (CEWAL) 75%,
5. American West Africa Conference (AWAFC) 100% and,
6. Far EastWest Africa Conference (FEWAC) 85%.

The conference system in the major European trades came to a halt in 1993 when all conferences but one ceased operations.

The actual demise of the Europe based conferences was felt as a hardship by the African lines which had become used to conference guidance. In 1994, COWAC and MEWAC closed down and in their place the Europe-West Africa Conference (EWAC) was created for the remaining African and European conference carriers in the two defunct conferences.

#### **some positive side to the operations of liner conferences in the sub-region, post independence:**

- they provided, albeit reluctantly, the platform for national shipping lines set up by the newly independent countries to engage in the carriage of their own external trade, however minimal these may have been.
- development of a measure of capacity, manpower and structures in liner shipping, some of which are still subsisting today.
- the development of shipping policies both nationally and regionally as well in order to tackle the excesses of the foreign

shipping lines operating in the sub-region.

It is also worthy of note that the West and Central Africa sub-region developed a platform under the Union of African Shippers' Councils (UASC) for freight rate negotiation, with the conference lines, for the benefit of their shippers and the national economies of member countries of the sub-regional body.

Although not very easy, this exercise, helped to a large extent in stabilizing freight rates in the sub-regional trade for many years until the collapse of the conference system.

The benefits of liner conferences to the trade of the sub-region before their collapse were:

- Greater stability of rates
- Greater regularity of sailings
- Rationalization of sailings and port of call
- Better forecasting
- Protection offered to their weaker members which were often the shipping companies of the sub-region.

The deregulation enforced in the sub-region as a result of liberalization of the shipping trade led to the demise of national shipping lines as well as a total loss of the capacity to be involved in the carriage of the sub-regional trade.

With the dismantling of the conference lines, however, the foreign lines came together under another guise called the Europe West Africa Trade Agreement (EWATA) to still set the freight rates and ensure that they maintain their monopolistic hold on their established shipping routes.

Having lost the platform to negotiate freight rates under the platform of the

defunct conference liner system, shippers in the sub-region were left at the mercy of a new liner conference system that subtly exploited shippers by unilaterally fixing rates and imposing surcharges.

#### **IMPACT OF THE LINER CONFERENCES ON WEST AND CENTRAL AFRICAN TRADE:**

According to UNCTAD Maritime Report 2008, transport costs contribute significantly to shaping the volume, structure and pattern of trade as well as countries' comparative advantage and competitiveness.

#### **Trade Volume**

Exports from the sub-region are heavily influenced by agricultural products that are both seasonal and not readily container-able. The choice of the right type of ship was therefore mostly mixed fleets consisting of bulk and cellular containerships. Processed primary commodities attracted disproportionately high freight rates which made it uneconomic to process commodities.

Similarly, the freight rates on new export products, whether manufactured goods or of agricultural commodities, were fixed by liner conferences at levels which constitute a disincentive to the development of such activities. The result of that is the low volume of the export trade of the sub-region. The series of economic depression and slumps in the commodities market over the years have also contributed to the continued dwindling of exports from the sub-region.

This trend has continued for a long time and seems not to drastically change, judging from the high freight cost imposed on the export products of the sub-region. While former colonial administrations relinquished political control of their former colonies, the economic control of these new sovereign states resided in Europe and most of today's developed countries.

Foreign control of the international trade of the newly independent countries was an aspect of this lop-sided economic situation.



Carriage of the trade of the sub-region was executed to an overwhelming extent by foreign shipowners who, together with the commodity markets in Europe and elsewhere in the developed countries, controlled the international trade of the developing countries.

The geographical distance of the sub-region from most of the consumer markets of their main export products, and from most of the producer regions of their import products was a major disadvantage.

This disadvantaged position in the location of the developing countries and the fact that they were so uncomfortably dependent on foreign shipping interests for the carriage of their international trade resulted in the tendency for the sub-region to bear much of the costs of transporting their external trade as well as absorb the frequent increases in the costs.

With regard to adequacy of liner shipping services in many cases, the volume of space available did not expand with adequate elasticity to the growing requirements of the sub-region. The frequency of services and the coverage of ports were determined unilaterally to suit the convenience of the different conference members or of the vested metropolitan trading interests.

#### **Trade Pattern**

The inadequacy of line shipping services was also felt quite seriously with regard to the realization of product and market diversification. Conference services which were organized on narrow North-South trading routes were designed to keep the foreign trade of the colonial countries tied closely to the metropolitan developed country. Given such rigid conference route structures, developing countries encountered serious difficulties in establishing new markets whether for exports or for imports.

Also, the prevailing conference system was particularly inadequate in providing sea transport links between countries of the sub-region. Sea

transport links between neighboring countries on the same continent and within the sub-region did not exist on a regular basis.

#### **PRESENT OPERATIONS OF LINER CONFERENCES IN THE SUB-REGION**

It is gladdening to note, however, that with the ascendancy of the Asian countries on the global economic stage, cargo flows in and out of the sub-region, formerly strictly north-south are now fanning out with the Far East, South East Asia, the Indian sub-continent and Brazil gaining importance. South Africa has also emerged as a supplier of a wide range of manufactured products.

Shipping lines have always realized the importance of forming a common front to protect their interest. Hence, the continued existence of Liner Conferences / Agreements notwithstanding the global calls for free competition and unhindered operation of market forces of supply and demand.

Following the dismantling of shipping conferences in the West and Central African sub-region in the early 1990s, some shipping lines servicing the route reorganized themselves to form what they called the Europe West African Trade Agreement (EWATA).

The EWATA conference line imposed arbitrary and unilateral surcharges and freight rate increases on the ports in the sub-region, a move which escalated the shipping costs and impacted negatively on the economies of the countries in the sub-region.

The actions of EWATA member lines were in contradiction of the spirit of fair trade and also in violation of the local laws/regulations of the member countries of the Maritime Organization of West and Central Africa (MOWCA) and the Union of African Shippers' Council (UASC).

#### **The prevailing scenario in the sub-region includes:**

- An almost complete absence of the states of the West and Central African sub-region in the carriage of the cargo generated by their own foreign trade;
- The domination of maritime transport

services by big international ship-owner groups;

- The absence of a legal framework for negotiations between shippers' organizations and international shipping lines of transport conditions in the sub-region;
- Very low volume of trade from the sub-region compared with global trade volumes;
- Transport costs that are higher than the average in other regions of the world.

#### **CONCLUSION**

The operations of liner conferences have had tremendous impact on the trade of the West and Central Africa sub-region. Although these impacts have been a mixed bag, they are more negative than positive.

On the positive side, the activities of liner conferences instigated the development of national and sub-regional shipping policies aimed at the development of capacities to carry the trade generated by the countries in the sub-region through the setting up of national shipping lines, development of manpower in every aspect of the industry and setting up of regional platforms for addressing shipping and maritime issues in the sub-region.

On the negative side, however, the liner conferences operating in the sub-region have over the years being exploitative in their operations pre and post the dismantling of the conferences by the European Union in late 2008.

Despite their dissolution in Europe, the conference liners have metamorphosed into various groups, alliances and consortia that continue to have negative impact on the economies of the sub-region through their unilateral freight rates, imposition of surcharges and other acts inimical to the economic growth of the nations of the sub-region

The West and Central African sub-region needs to strengthen and use the machineries already put in place in the sub-region such as the MOWCA, PMAWCA and the UASC to monitor and address the excesses of the shipping operators in the sub-region in the interest of sub-regional trade expansion and economic development.



# Promoting African Trade and Industrial Growth

By Kofi Amponsah-Bediako, Head of Public Relations, Ghana Standards Board



*The Writer*

All over the world, trade fairs have become effective means of promoting trade and business interests. They have become important because they help to expose and explain the nature and uses of products to individuals and organisations that attend or patronise the fairs.

A trade fair, otherwise known as trade show, trade exhibition or expo, is an event at which a large number of manufacturers from a particular industry present their products and show their capabilities to distributors, wholesalers, retailers and consumers or end-users.

Some trade shows or fairs like the Ghana International Trade Fair which is held annually in the capital city of Accra attract participants and visitors from all over the world and provide widespread interactions and exposure. In fact, trade fairs have become a popular means of sales promotion because the average cost of making a face to face contact is about 44 percent of a personal sales visit.

Trade fairs are important because they help in the promotion of trade among individuals, groups and countries. The purchase and sale of goods with the aim of making profit through the exchange of products has been an age-old practice. The process keeps improving day by day as a large number of traders are seen entering the market, thereby, enhancing the competition and raising standards.

In the past and even today, some new entrants in the market relied on or continue to rely on luck and their individual promotional skills to carve a niche in the market. It is sad to note, however, that sometimes, even the most promising and high quality products do flop in the market due to lack of appropriate and effective promotion.

These issues have been prevalent for a long time, but with the emergence of trade fairs, new traders and exhibitors are beginning to appreciate the effectiveness of such fairs and are also getting their fair share of exposure, thereby substantially benefitting from the trade shows.

A trade fair has all the promotional benefits that a new trader can hope for. Besides being extremely effective, it is also comparatively cheaper to become part of a trade show or exhibition and promote one's product as compared to full-fledged advertising.

These enticing aspects of trade exhibitions are the main reasons why more and more traders are getting addicted to trade fair events.

A trade fair helps to shape the image of a product and serves the purpose of enhancing the image of the product in certain ways. To begin with, trade fairs make it possible for face to face interaction with consumers or end users. The trader can interact and understand the psyche of the consumer and can use

the inputs of the general public who visit the trade fair centre to further enhance the quality of products exhibited at the fair.

Moreover, the exhibitor can also use live demonstration as a tool to impress prospective buyers and influence them to purchase some of the products. A new trader can show the visiting public how the quality and performance of a product at the fair is no different from the other products they buy at higher prices from reputed brands. This can give an edge to the exhibitor over his competitors and make the product a huge hit in the eyes of consumers.

What is more, trade fairs create appropriate conditions for exhibitors to collaborate with other companies. During a trade fair event, a large number of exhibitors are generally brought and made to operate within the same exhibition centre.

On such an occasion, meetings and conferences are organised and dedicated to the group of exhibitors participating in the trade fair. Through such meetings or conferences, a new exhibitor can gain a lot of knowledge about the industry to improve upon his or her performance.

Besides gaining knowledge about the industry trends and other important news, a new exhibitor can also impress other major players with his own goals and work plans for the future.







This can lead to future joint ventures and tie up with other companies which can further develop the exhibitors own organisation to a higher level. Such great promotional features are the main reasons why we are seeing a large number of new companies at these events.

Trade fairs have been with the world for several years. It is believed that trade fairs began almost 600 years before the birth of Christ. While no precise records are available, certain traces of events in various parts of the world, including the Book of Ezekiel in the Bible written in 588 BC, contain many references to merchants trading in various kinds of goods during various epochs of history.

Ever since the early exchange of goods, people of all types have been looking for a better way to market their products. This explains why today the trade fair has become a trading industry in itself and one that is constantly changing.

As in other parts of the world today, the importance of trade fairs or exhibitions is well known in Ghana. The most recent Ghana International Trade Fair was held from 25<sup>th</sup> February to 12<sup>th</sup> March this year (2011). The Fair attracted exhibitors from various African countries and other parts of the world. The main purpose of the three-week 15<sup>th</sup> Ghana International Trade Fair in Accra was to showcase what the country has to offer Ghanaians and the world by way of trade and industrial output.

The theme for the Fair was *"Promoting African trade and industrial Growth"*. Trade and industrial growth depends on a number of factors. These are:

- effective planning
- productive capacity
- application of relevant

#### *Standards*

- *ability to meet the needs of consumers; and*
- *the adoption of effective marketing skills.*

High competitiveness in trade relations has become a major feature of global interactions. The world today has become competitive in so many respects that it is only smart moves combined with skills of good judgement and proper anticipation of business opportunities which can ensure success in local and international business transactions. What this means is that as a nation, Ghana should not overlook certain fundamental business skills and measures that stand the chance of accelerating the country's trade and industrial growth.

In this regard, it is important for Ghanaians and indeed all Africans to be proud of their countries and place emphasis on preference for locally produced goods. As we consume more locally produced goods, the market for such products will expand to create jobs for the youth. This way, the economy will be strengthened and standard of living improved.

What the country and Africa need is an economy that can sustainably meet the needs of all citizens as well as foreigners. Enterprises of all types and sizes will have to become adaptive, innovative and internationally competitive. In this connection, consumers in Africa must be made to have access to safe, competitively priced quality goods and services in a non-exploitative system that encourages producers to respond to consumer needs, while providing effective recourse mechanisms where abuses do occur.

Since the economy of Africa can only be built on the full potential of all persons,

communities and geographic areas, a concerted effort is required by all economic actors towards the growth of trade and industry in the country. Coordinated and concerted actions have to be taken to maximise the potential within the national economy, integrating it into the global economy and building competitiveness based on an increased knowledge intensity, quality and value-addition.

At the centre of all this is the significant role of standardisation. In fact, one vital issue often overlooked by some businessmen or others intending to go into business, whether on small, medium or large scale, is the absence of zealous commitment to the application of standards in their business set-ups.

All business organisations can and, in fact, do benefit from standards:

- *from global heavy weights to local firms;*
- *from ambitious start-ups to long established household names; and*
- *From hospitality, catering and retail business enterprises through construction, manufacturing and engineering firms to high tech innovators.*

Standards facilitate trade by making products competitive on the international market and reducing technical barriers. In the case of manufacturing, standards provide information and guidelines for the manufacture of goods and the provision of services, thereby ensuring efficiency and quality output. It is, therefore, very important for every manufacturing or service organization that aims at serious business to pay attention to the application of relevant standards so as to gain competitive edge in the market place.

The consuming public can help the countries in Africa to gain a competitive edge in the market by reconsidering and repositioning their consumption pattern and directing it in favour of locally produced goods to help expand the African economy and make the countries on the continent less dependent on foreign goods. This is one dependable way of building a reliable economy that is characterised by internally induced growth and, thus, making the continent a powerful force to reckon with when it comes to international trade.





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# THE BONDED WAREHOUSING SYSTEM IN GHANA

## - Challenges and Prospects



### INTRODUCTION

**T**rading has made warehousing an important auxiliary of shipping. This is because it creates time utility by bridging time gap between production and consumption of goods.

A Warehouse is a large place in which goods or merchandise are stored. The process of storing these goods within a storage facility on a large-scale in a systematic and orderly manner, making them conveniently available when needed, is termed warehousing.

Warehousing offers many advantages to the business community. Whether it is industry or trade, it provides a number of benefits such as; protection and preservation of goods, regular flow of goods, continuity in production, convenient location, easy handling, useful for small businessmen, creation of employment, facilitates sale of goods, availability of finance, reduces risk of loss, etc.

The major users of warehouses are manufacturers, importers, exporters, wholesalers, just to mention a few.

### TYPES OF WAREHOUSES

Traditionally, there are four (4) main types of warehouses in Ghana, these are; State Warehouse, Government Warehouse, Private Bonded Warehouse and Public Warehouse.

#### State Warehouse

The State Warehouse is a compulsory storage place for goods which have contravened the Customs laws, or goods which have not been entered within the statutory period. As such, goods which

are un-entered, detained, unexamined, abandoned, or seized are compulsorily stored in a State Warehouse. Security of such goods is the responsibility of the Customs Division of the Ghana Revenue Authority.

#### Government Warehouse

A Government Warehouse is a building or place which is the property of the Government, approved by the Finance Minister by notice in the Gazette where goods to be warehoused may be lodged, kept or secured.

Goods entered for deposit in the Government Warehouse are so deposited at the request of the Importer/Manufacturer after passing a Warehousing Entry,

A removal bond is executed before the goods are delivered into the Warehouse. The Customs provides the revenue lock to the Warehouse.

#### Private Bonded Warehouse

A Private Bonded Warehouse is any building or place appointed by the Commissioner of Customs and licensed to be a place where goods to be warehoused are lodged, kept and secured.

Similar to Government Warehouse, goods entered for this warehouse are so deposited at the request of the importer/manufacturer after passing a warehousing entry and executing a removal bond. Double locks are provided; one by the Warehouse Keeper and another by Customs.

#### Public Warehouse

This is any building or place appointed by the Minister of Interior and licensed by the Commissioner of Customs for the

storage of Arms and Ammunitions and dangerous weapons for security purposes and the consequent levying of Customs duties. This warehouse is kept and controlled by the Police and the Customs.

### WAREHOUSING PROCEDURE

1. Importer/Agent submits declaration.
2. Authorized personnel enters goods via GCMS/GCNET.
3. Landing Officer examine goods in relation to documents produced.
4. Landing Officer raises landing account.
5. Schedule Officer verifies bonds covering the transaction for adequacy.
6. Landing Officer releases goods by issuing a certificate of warehousing in duplicate.
7. GCe-Trak device installed on truck and goods transported to warehouse.
8. Warehouse keeper/Warehousing Officer receives goods, examine and tally.
9. Warehousing Officer submits a detailed report on any discrepancy to Sector Commander of Customs.
10. Authorized personnel investigates and recover taxes due on any loss detected.
11. Warehouse Keeper/Warehousing Officer enters particulars of goods received into the warehouse register.
12. Warehousing Officer completes relevant portion of the warehousing certificate and dispatch copy to station of origin.



13. Schedule Officer discharges bond in relevant register as appropriate.

#### EX-WAREHOUSING PROCEDURE

1. Importer/Agent submits ex-warehousing declaration and payment receipt to Compliance Officer for processing.
2. Compliance Officer verifies declaration for correctness of quantity, value and total taxes, reference the FCVR.
3. If amendment required Importer/Agent submits Post Entry to amend anomalies.
4. Authorized Personnel enter goods into GCMS/GCNET.
5. Examination Officer if satisfied, releases goods for home use.

#### BONDED WAREHOUSING SYSTEM

Bonded warehouse is a warehouse in which commodities on which duties are unpaid are stored under a bond and in the combined custody of the importer and the Customs Officer. It may be managed by the state or by a private enterprise. In the latter case, a Customs Bond must be posted with the government.

Upon entry of goods into the warehouse, the importer and warehouse proprietor incur liability under a bond. A Bond is a written and signed promise to pay a certain sum of money on a certain date, or on a fulfillment of a specified condition.

This liability is generally cancelled when the goods are:

- Exported; or deemed exported;
- Withdrawn for supplies to a vessel or aircraft in international traffic;
- Destroyed under Customs supervision; or
- Withdrawn for consumption domestically after payment of duty.

While the goods are in the bonded warehouse, they may, under supervision by the Customs Division of GRA, be manipulated by cleaning, sorting, repacking, or otherwise changing their condition by processes that do not amount to manufacturing.

After manipulation, and within the warehousing period, the goods may be exported without the payment of duty, or

they may be withdrawn for consumption upon payment of duty at the rate applicable to the goods in their manipulated condition at the time of withdrawal.

Customs officials also use bonded warehouses to store impounded or confiscated goods while working out what is going to happen to the goods, thereby ensuring that people don't pay duties on goods they cannot use.

A bonded warehouse enables collection and prevents evasion of customs duties. It provides information on the goods imported and exported and gives the government some control over the goods imported and exported. It should provide specialized storage services such as deep freeze or bulk liquid storage, commodity processing etc.

Some bonded warehouses are operated by the government. Others are run by third parties who contract out their warehouse space, and in some cases they may take on the responsibility for paying duties, while in other instances, the importer or agent who arranges for the storage is responsible.

Import/export companies may maintain their own bonded warehouses for their convenience and that of their clients.

Individuals who want to open bonded warehouses generally need to file applications with Customs. The application process for approval and licensing of a Private Warehouse is as follows:-

- a. Application in Form C.66 is to be made to the Commissioner through the Assistant Commissioner in charge of the station.
- b. A plan of the proposed warehouse, showing its relation to other buildings.
- c. The Collector (on receipt of application) is to conduct inspection and complete the certificate on the reverse of the Form C.66.
- d. A license fee of US\$2,000.00 must be paid, and license in Form C.24 is issued by the Commissioner. This license is renewable annually for a fee of US\$600.00. A license shall be valid for a period of one year from

the date of issue.

- e. The Warehouse is to be marked with the number allocated by Customs thus "Customs Bonded Warehouse No. \_\_\_\_" on the principal entrance or elsewhere as directed by the Commissioner. Security: this is by bond in Form C.B. 6.0

#### Benefits of Warehousing

- It affords the importer or manufacturer the opportunity to defer the payment of duty and taxes until the goods are needed for home consumption or are exported.
- It provides on-site storage for manufacturers' goods on his premises.
- Less Cash tied up in duties and taxes, more cash for importer's business.
- Just-in-time delivery of goods for both manufacture and general trade.
- Duty need not be paid on imported goods which are intended for re-export.

#### Legal Provisions

The law backing the bonded warehousing system is set out under the Bonded Warehousing provisions of the Customs, Excise and Preventive Service Law, (PNDCL 330, 1993) (Part VII, Sections 123-152) and the Free Zone Act, 1995 (Act 504).

Both of these laws provide for temporary exemption from import duties as long as goods remain in these zones, which are deemed to be outside of Ghana's customs territory. It is only if and when goods are removed from the zones for delivery into the domestic customs territory that they are considered to be imported and hence liable for import duties.

If the goods are re-exported directly or indirectly, as inputs in production of exported goods, they never become liable for duties.

#### Practical Implementation

As with any other kind of exemption, it is necessary to have effective monitoring and control mechanisms to avoid abuse.

Previously, Ghana's control system for bonded warehouses was based entirely on physical control. Customs officers used to accompany all deliveries of goods from the port of entry to a bonded warehouse facility. This had its challenges, as the customs officer may not be available to escort the consignment or goods, and when available may seek



Some consideration from the consignee (cargo owner) before accompanying the goods.

However, the introduction of the GCe-Trak system has replaced the escort system. This system enables Customs to monitor and track goods imported into the country under the suspense regime, ensure requisite revenue collection for the government and reconcile deficits.

The GCe-Trak system operates by a device called Automatic Vehicle Locator <AVL> which is installed on trucks, with e-tags, wired and locked with a seal. This makes it difficult for goods to be stolen or diverted.

The monitoring and tracking of consignments is done online via digital satellites. Whenever the system is tampered with, a signal is sent to the front-end screen of all stakeholders monitoring.

Normal practice in warehousing provides for a Customs officer to be permanently posted at each bonded warehouse (as a Resident Officer), to physically monitor and control all shipments into and out of the warehouse. In the absence of the Customs officer, the warehouse gate cannot be opened.

At present, a Customs officer is permanently assigned to three (3) or four (4) bonded warehouses. This poses great challenges to the shipper which shall be discussed in the next sub topic.

#### **SOME CHALLENGES**

The benefits Shippers' gain from bonded warehouses, to an extent overshadows the challenges they are confronted with in using this facility. The following are some factual difficulties shippers encounter;

#### **Assignment of One Resident Customs Officer to Several Bonded Warehouses**

Resident customs officers are assigned several warehouses, four and more causing delays in receiving goods to be bonded or the releasing of de-bonded goods for delivery.

There have been situations where the resident Customs Officer for a particular warehouse, expected to unlock the GCe-Trak device for offloading of goods on a hired truck will not be available, simply because that Customs Officer will be at another warehouse doing legitimate

business. This leaves the shipper with no choice than to wait for the Customs Officer to avail himself or herself at the warehouse. This waiting period is at a cost to the shipper, as the shipper has to pay additional truck fee for the hire, thereby increasing the cost of doing business.

#### **Automation of Bonded Warehousing on the GCNet System**

The automation of bonded warehousing on the Ghana Community Network (GCNet) system, an electronic data interchange system to expedite the clearing process of cargo at the various ports, is not configured for automatic reconciliation of bond value deposited by the shipper and the ex-warehouse figures. This is being done manually.

It should be configured to perform reconciliation of the bond value deposited by the shipper. Shippers have to apply to the commissioner of CEPS for reconciliation and invited to the bond seat for reconciliation of the bond value.

#### **Warehousing & Re-warehousing Duration Review – Government's 2011 Budget Statement**

The Government's 2011 Budget statement on Bonded Warehousing indicated that, the bonded warehousing arrangement is an area of revenue leakage (#136).

Prior to the 2011 budget statement, warehousing and transit regimes allowed importers of finished products, including consumables, to be warehoused for up to two (2) years.

The Period for Warehousing and Re-warehousing of Goods was reviewed according to the following categories:

Perishables	- Three (3) months
General goods	- Twelve (12) months = one (1) year
Raw Materials	- Up to Two (2) years

The changes indicated that there will be no option for the re-warehousing of general goods. Perishable goods may be allowed to be re-warehoused for a limited period of one (1) month upon application and approval by the Commissioner.

This decision by the Government to

reduce the time frame which general goods may remain in the bonded warehousing from two (2) years to one (1) year from the date of importation, with no option to re-warehouse is not in the interest of shippers.

Importers make gains from discounts granted from buying in bulk. The longer the bonded warehousing period enables them to benefit from economies of scale. The bonded warehouse facility enables the importer/manufacturer to take advantage of both the home and foreign markets without any loss in respect of duty.

#### **RECOMMENDATION**

Having discussed the issue of bonded warehouses, the following recommendations are hereby made to help make the system more efficient and to better the lot of the shipper;

- Each bonded warehouse should be assigned a Custom Officer.
- Automatic reconciliation of bonded value and ex-warehousing values should be possible on the GCNet platform.
- The Government's position on Bonded Warehousing should be reviewed to permit re-warehousing.

#### **CONCLUSION**

Bonded warehousing system is a very important Customs regime that helps in trade facilitation and ensures competitiveness for shippers in Ghana.

Much as the Reforms of the Bonded Warehouse Regime are intended to plug revenue leakages in the system, they must take into account the aspirations of the shipper.





# INTRODUCTION OF THE CARGO TRACKING NOTE (E-CTN) INTO GHANA'S MARITIME SECTOR

## Benefits and Challenges

By Abdul-Haki Bashiru-Dine, Ghana Shippers' Authority

### General Overview

An efficient and effective trade facilitation system that improves the management of international trade and the delivery of goods of a country is now viewed as a requirement rather than as an option. This is the only way that a country can have the competitive edge as well as accrue the benefits of international trade.

Trade facilitation through the use of electronic data interchange (EDI) ensures accruing benefits of harmonized procedures, standards, safety, security and practices for trade documentation. In line with this view, the International Maritime Organization (IMO) and stakeholders in the maritime industry seek to facilitate a seamless marine transportation that guarantees the safety of human and marine life, the goods, vessels, the ports and environment.

As a result, the introduction of the electronic cargo tracking note (e-CTN) is seen as a measure to monitor maritime safety of goods shipped from one part of the world to another. It is meant to give credible information on cargoes from the manufacturing place to the port and its transition to the berthing port.

The cargo tracking note also called the e-CTN is an official maritime document that contains information relating to cargo and its movements between ports. It is usually issued at the port of loading and the e-CTN number inserted in the Bill of Lading (B/L) and cargo Manifest.

The basic information that the CTN carries relates to;

- Quantity of cargo
- Description of cargo
- Value of cargo
- Packaging, i.e whether containerized (conventional)

vehicles, bulk, break bulk or a combination.

- Carrier and vessel
- Ports of loading and discharge etc.

### Context of Article

In the context of this article, the topic envisaged is to highlight some of the benefits that the introduction of the Electronic Cargo Tracking Note (e-CTN) will bring to bear on the operations of the maritime sector in Ghana and Africa at Large. It is to give background knowledge of the e-CTN and create awareness among the shipping public.

It is to afford maritime industry stakeholders an opportunity to fully embrace the introduction of the e-CTN given the number of benefits its introduction hold for the growth and development of the maritime sector in Ghana. The e-CTN's introduction is also expected to enhance the competitiveness of Ghana as a maritime hub in West Africa.

To be globally competitive is to ensure that the maritime sector of West Africa and Ghana for that matter can be used to deliver products that compete favorably with products from any other part of the world. This means an effective and efficient management of the maritime transport logistics chain to reduce cost and time factors in a secure and an environmentally sustainable manner.

### Origin and Legal Status

The electronic cargo tracking note came into being out of the desire to ensure security of life at sea to transported cargo and the vessel. As indicated earlier, it provides credible information on cargoes from the port of loading and its transition to the port of destination.

To protect port infrastructure towards achieving the above, the International Maritime Organization (IMO) came up with the Security of Life at Sea (SOLAS) Convention which coded the conditions under which marine cargo should be transported to address the foregoing concerns.

The international Shipping and Facility Security (ISPS) Code is also tailored to meet these challenges. All countries therefore who are signatories to the IMO are expected to comply with the SOLAS Convention and the ISPS Code.

From the above, the electronic cargo tracking note could be said to be a global trend in the realms of international trade on the dual mission of protecting national security and safety of cargo while providing remedies that improves the ability to monitor the flow of cargo to and from ports, creates a more efficient system that saves time and money, while improving the quality of cargo monitoring.





Skeptics of the implementation of the cargo tracking note argue that it is another cost element to international trade. Understandably, the shipper may also regard its introduction as an additional cost to his/her operation. However, the evidence following the electronic cargo tracking note implementation in Europe and Asia and some African countries shows that it has enhanced the security of seaports, ships and safety of cargo that boost both local and international trade.

According to Transport and Port Management Systems, a private company with expertise in the implementation of the e-CTN in West and Central Africa, the implementation of the e-CTN has proven to be a catalyst for the maximization of profits by shippers and the growth of their business owing to improved operations of ports that have significantly reduced delays and incidence of fraud or loss of cargo which have enormous cost implication to the shipper. (TPMS).

#### **Africa's Perspective**

The electronic cargo tracking note system has largely been embraced by maritime stakeholders in Africa and has been implemented in a number of countries.

The Union of African Shippers' Councils (UASC) has pushed for the adoption and implementation of the electronic cargo tracking system to bring about harmony in cargo processing and clearance procedures across the region. Consequently, a number of African countries have through collaboration with the private sector with expertise in tracking devices have implemented the e-CTN.

Countries like Benin, Gabon, Cote d'Ivoire, Angola, Senegal, Guinea, have all implemented the e-CTN in different modes that seek to safeguard the seaports and the safety and monitoring of cargo. Same could be said of Niger's Council for Transportation (CNUT), Burkina Faso Council of Transportation (CBC), Mauritania and Guinea Conakry.

In West Africa, Nigeria, Cameroun, Senegal, Benin, are some of the countries in the sub-region that have implemented the e-CTN system which have had some positive impact in their

maritime sectors.

The effect of the e-CTN introduction has been the improvement in cargo security and handling which have lead to significant growth of import and export businesses across the sub-region. However, there is mixed reactions among industry stakeholders in relation to the introduction of the e-CTN in Africa generally because it is perceived as an additional cost to shippers.

On the contrary, the electronic cargo tracking note system has been in operation for a long time in continental Europe, America and Asia and the benefits have been a secure and safe supply chain system.

For the states in the West Africa sub-region, the introduction of e-CTN is another opportunity to help streamline revenue generation for socio-economic development and a means of making their ports globally competitive.

From the experience of other countries that have successfully implemented the e-CTN it has becomes necessary that Ghana should speed up its efforts at implementing the e-CTN which would help enhance the growth of Ghana's growing maritime sector.

In Ghana, the Ghana Shippers' Authority (GSA) is spearheading the implementation of the electronic cargo tracking note through a public-private sector partnership which will undoubtedly enhance the flow of cargo and quicken the clearance process and thereby make the Ghanaian shipper more competitive.

This is vital because it would lead to the avoidance of undue delays and thereby eliminate added cost to Shippers and not the other way round. The implementation of the e-CTN would further boost efforts at trade facilitation in Ghana and create a necessary environment for Ghana to become the gateway for maritime activities in the sub-region.

#### **Benefits of the Cargo Tracking Note (e-CTN) System**

The influence of information technology in all sectors of the world

economy is very rapid and diverse. From the perspective of shipping, information technology becomes a very vital tool for an efficient and effective tool for trade facilitation efforts and for addressing security concerns.

In the maritime industry, ship owners and managers rely on the application of information technology to maximize their profits and enhance their operational efficiency.

All over the world, governments have employed the use of ICT to influence their revenue generation capacity for socio-economic development and the promotion of international commerce at sea ports and the Aviation industry.

Information and communications technology has also become relevant to addressing security concerns following the 9/11 terrorist attacks.

The shipping industry is no exception to this development and has seen wide EDI application for international trade processing to security of ports, goods and safety of vessels on the high seas. The e-CTN system is yet another tool arising from the use of ICT to monitor the flow of cargo from the port of loading to the port of destination.

This innovation also helps in the transmission of maritime security data from ships to shore to curb and address various security concerns in the industry.

From the point of view of the importer and exporter, the safe and timely delivery of goods is as important to the profits that accrue to them as gains in international trade. Hence, it is crucial that efforts at enhancing the security of the supply chain for world commerce are made.

It has, therefore, become paramount for all stakeholders and governments to consider measures and policies that are aimed at providing the conducive and secure environment for high returns on investments in the maritime sector.

The effect of this would be the reliable and efficient operations of the ports that guarantee the safety of goods and the security of the seaports.





The following are among the many benefits that the introduction of the Cargo Tracking Note can bring to bear on the shipping industry in Africa and in particular Ghana;

- **Terrorism**

The cargo tracking note (CTN) system is very essential in the strengthening of global cargo security through tracking, screening and inspection of imports and exports of goods. The CTN allows for advanced processing of information by border intelligence agencies against possible acts of terrorisms.

- **Global Monitoring Of Cargo.**

The cargo tracking note (CTN) system is a key to the security and safety of cargo across borders globally. It covers the need for identification, statistics, transport cost (freight element) control, safety and traceability which includes security by providing information on movement of cargo throughout the international trade environment.

- **Monitoring of the Flow of Cargo**

The CTN system also allows for improved ability to monitor the flow of cargo to and from ports, creating more efficient systems that saves time and money while improving the monitoring of the supply chain.

- **Improved Data Gathering**

The Electronic Cargo Tracking Note system (e-CTN) is expected to provide reliable data on FOB values, freight

rates, etc., since there is a high degree of validation in the e-CTN system. This would also form a strong basis for negotiating shipping charges and other conditions of shipments on behalf of the shippers in Ghana.

- **Maritime data**

The implementation of the e-CTN system would enable organizations such as the Ghana Shippers' Authority and the Ghana Port and Harbours Authority collate more reliable data to serve shippers, researchers, consultants, students and government.

- **Reduce Incidence of Delays and Ease Congestion**

Advance information on shipments would help in tracking cargoes for the benefit of shippers, thus easing the problems in clearing cargo and reducing the incidence of congestion at the sea ports.

- **To Engender Regional Cooperation and benefit from packages with other trading blocs.**

The e-CTN has been adopted by the Union of African Shippers' Councils (UASC) as an effective system for monitoring and tracking cargo. It would, therefore, be prudent for Ghana to come on board the system in the spirit of regional cooperation and to benefit from any regional package or support that may be available.

- **Assistance to Customs and DICs.**

Information from the e-CTN would

serve as backup data for customs and the Destination Inspection Companies (DICs) in Ghana.

- **Determination of cargo arrivals and final destination**

The Cargo Tracking Note system also has the unique feature of allowing for the determination of the times of arrivals and final destination of cargo which goes to help in reducing the cost of international trade by improving the clearance time and avoiding surcharges such as demurrage and rent.

- **Enhancement of trade facilitation efforts**

As a major transit route, the implementation of the electronic cargo tracking note would further strengthen efforts in trade facilitation for Ghana as the gateway to transit cargo from and to neighbouring landlocked countries. It would also present a coherent or consistent cargo clearance procedure at the ports making it more attractive to transit cargoes.

## **Conclusion**

The introduction of the e-CTN would continue to generate some controversy among stakeholders in the maritime sector who may perceive it as an additional burden to the already high cost of doing business at Ghana's ports. It is evident that a closer look at the benefits that would accrue to the shipper and the revenue generation effort of government through the e-CTN implementation should be the main focus.

In summary, the cargo tracking note system allows for the monitoring of goods through the five basic steps or questions. These include; what is the identity and authenticity of objects (goods) in transit? Where is the object?

This seeks to establish the location of goods in transit as well as its place of final destination. Other questions in the features are; when did the object leave? How is the object conveyed, exchanged and paid for? And lastly, how is the object secured, which seeks to determine if the cargo (object) has been tampered with or if it poses a security risk to itself or other objects it is traveling with.





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# MARITIME TRADE OF GHANA

FIRST QUARTER OF 2011 (January- March)

## INTRODUCTION

Total maritime trade for the period January to March, 2011 amounted to slightly more than 4.1 million metric tons. This was made up of about 3.1 million metric tons of imports and 1.0 million tons of exports. The port of Tema handled more

than 72 percent of the total trade which amounted to about 2.96 million metric tons. The Port of Takoradi handled the remaining 1.14 million metric tons (i.e. 28% of total trade for the period) as shown in Table 1 below.

Table 1 Maritime Trade of Ghana In Metric Tons (January-March, 2011)

	Import	Export	Total Trade	% Share of Ports
Takoradi	467,981	679,204	1,147,185	28
Tema	2,591,583	369,233	2,960,816	72
<b>Total</b>	<b>3,059,564</b>	<b>1,048,437</b>	<b>4,108,001</b>	
% Share of Total Trade	74	26		
Transit	160,802	8,176	168,978	

A comparison of the first quarter of 2011 performance to that of 2010 showed an increase of about 21 percent in the total trade. Total import for the review period was 26 percent more than what was obtained in 2010 for the same

period. Total export also increased by about 9 percent over the 2010 tonnage. Table 2 below gives details of the two periods.

Table 2 MARITIME TRADE OF GHANA COMPARED IN METRIC TONS (JAN.- DEC. 2009 & 2010)

	IMPORT			EXPORT			TOTAL		
	2010	2011	% Diff	2010	2011	% Diff	2010	2011	% Diff
Takoradi	340,178	467,981	37.57	660,293	679,204	2.86	1,000,471	1,147,185	14.66
Tema	2,073,533	2,591,583	24.98	296,753	369,233	24.42	2,370,286	2,960,816	24.91
<b>Total</b>	<b>2,413,711</b>	<b>3,059,564</b>	<b>26.76</b>	<b>957,046</b>	<b>1,048,437</b>	<b>9.55</b>	<b>3,388,757</b>	<b>4,108,001</b>	<b>21.22</b>
%share of Total Trade	72	74		28	26				
Transit	96,567	160,802	66.52	9,849	8,176	(16.99)	106,416	168,978	58.79

From Table 2 above it can be seen that total transit trade for the review period amounted to 168,978 metric tons. This was about 58 percent more than what was recorded for the

same period in 2010. The tonnage for the review period was made up of 160,802 metric tons of import and 8,176 metric tons of export. Fig. 1 below gives pictorial details.

fig 1 SUMMARY OF MARITIME TRADE OF GHANA IN METRIC TONS, JAN- MAR 2010 & 2011



## IMPORT TRADE

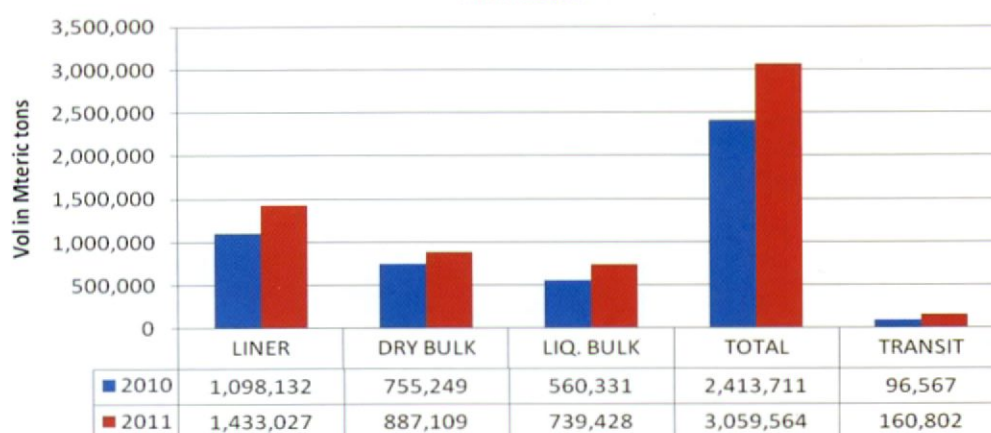
Total Import for the review period was about 3.1 million metric tons. This comprised of 1.4 million metric tons of liner items (46.84%), 887,109 metric tons of dry bulk items (28.99%) and 739,428 metric tons of liquid bulk items (24.17%) as shown in Table 3 below.

It can also be seen from Table 3 below that maritime import for the review period increased by more than 26 percent from what was obtained in the 2010 period. The same applied to the various types of import trade with dry bulk import increasing by 17 percent and liquid bulk by 31 percent. The situation is depicted pictorially in Fig. 2 below.



**Table 3 Summary of Maritime Trade of Ghana By Type In Metric Tons, 2010 & 2011**

		2010	2011	% DIFF	2011 % SHARE
<b>IMPORT</b>	Liner	1,098,132	1,433,027	30.50	46.84
	Dry Bulk	755,249	887,109	17.46	28.99
	Liq. Bulk	560,331	739,428	31.96	24.17
	<b>Total</b>	<b>2,413,711</b>	<b>3,059,564</b>	<b>26.76</b>	
<b>EXPORT</b>	Transit	96,567	160,802	66.52	
	Liner	458,805	481,043	4.85	45.88
	Dry Bulk	492,212	538,380	9.38	51.35
	Liq. Bulk	6,029	29,014	381.24	2.77
	<b>Total</b>	<b>957,046</b>	<b>1,048,437</b>	<b>9.55</b>	
	Transit	9,849	8,176	-16.99	

**fig 2 SUMMARY OF MARITIME IMPORT TRADE BY TYPE IN METRIC TONS, JAN- MAR 2010 & 2011**

### Liner Import Trade

The total liner tonnage for the review period amounted to 1.43 million metric tons which was 30 percent more than the 2010 tonnage of 1.09 million metric tons.

The liner import trade for the review period is made up of items such as iron, steel, pipes and plates which amounted to over 165,944 metric tons, processed foods (139,731 metric tons) and chemicals amounting to over 90,778 metric tons. Other items include tiles (93,998 metric tons), frozen meat and food (87,021 metric tons), machinery and equipment (68,458 metric tons), polythene raw materials (61,687 metric tons) and bagged rice (85,887 metric tons).

### Dry Bulk Import Trade

Total dry bulk import for the first quarter of 2011 amounted to more than 887,109 metric tons or 17 percent increase over the same period of 2010. Clinker was the major import item in this trade recording a figure of 334,142 metric tons or 32 percent of the total dry bulk import trade. This was followed by cement (about 14%) and limestone (8.17%). Bulk grains recorded nearly a 12 percent share while fertilizer recorded more than 9 percent for the review period.

### Liquid Bulk Import Trade

This trade showed an overall increase of about 31.9 percent

from 560,311 metric tons in 2010 to 739,428 metric tons during the review period. This increase was made up of increases in the import of bulk chemical (21,591 metric tons) and crude oil (330,352 metric tons). Liquidified petroleum gas also recorded 33,529 metric tons for the period while petroleum products recorded 347,834 metric tons during the review period.

### Direction of the Maritime Import Trade

More of the maritime import for the first quarter of 2011 came from the Far East and the North Continent ranges, each of which recorded 768,515 metric tons or 25 percent of total import and 658,882 metric tons or 22 percent of total import respectively for the review period.

Table 4 below shows that maritime import from the Others range recorded more than 501,800 metric tons or about 16 percent of the total import trade for the review period followed by the Mediterranean Europe range with 456,891 million metric tons (about 15%).

The Africa range recorded more than 419,100 metric tons or about 14 percent with the North America and the UK ranges recording about 7 percent and 2 percent respectively. The direction of the maritime import trade is depicted in Fig. 3 below.





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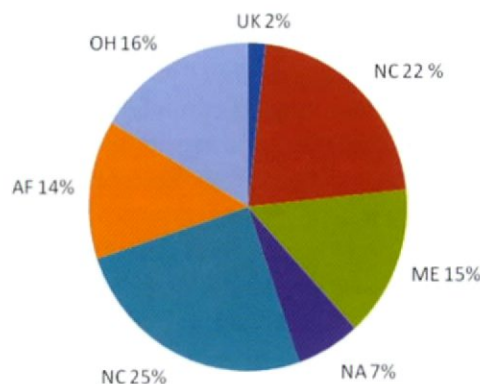
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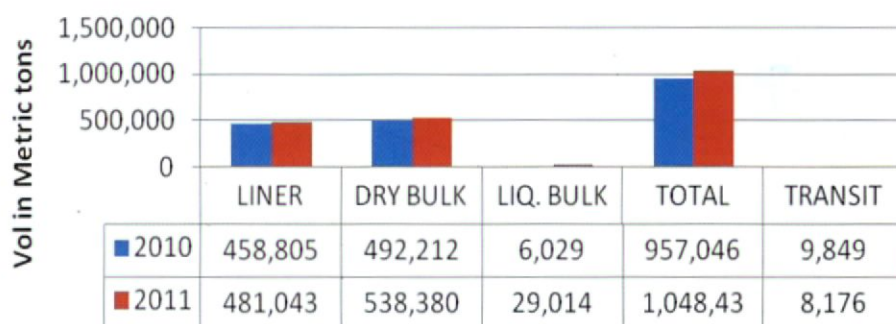
**Table 4 Direction of Maritime Import Trade In Metric Tons, Jan-Mar, 2011**

	UK	NC	ME	NA	FE	AF	OH	TOTAL
LINER	55,165	224,388	113,300	110,180	615,915	144,561	169,518	1,433,027
DRY BULK	0	261,330	309,400	62,251	152,600	23,428	78,100	887,109
LIQ. BULK	0	173,164	34,191	26,664	0	251,206	254,203	739,428
<b>TOTAL</b>	<b>55,165</b>	<b>658,882</b>	<b>456,891</b>	<b>199,095</b>	<b>768,515</b>	<b>419,195</b>	<b>501,821</b>	<b>3,059,564</b>
% SHARE	2	22	15	7	25	14	16	100

**fig 3 DIRECTION OF MARITIME IMPORT TRADE, JANUARY-MARCH, 2011****EXPORT TRADE**

The total export trade for the review period amounted to about 1.0 million metric tons. This was made up of about 481,043 metric tons or 45 percent of liner items, 538,380 metric tons (about 51%) of dry bulk items and 29,014 metric tons or about 3 percent of liquid bulk items.

Compared to the same period in 2010, the review period recorded over 9 percent increase in the total export trade. As can be seen in Table 3 above, the liner trade and the dry bulk trade recorded 4.8 percent and 9.3 percent increases over the 2010 tonnages respectively while the liquid bulk trade recorded an increase of over 300 percent. Fig. 4 below gives details of the comparison.

**Fig 4 SUMMARY OF MARITIME EXPORT TRADE BY TYPE IN METRIC TONS, JAN-MAR 2010&2011****Liner Export Trade**

The total liner export tonnage for the review period was 481,043 metric tons in 2011 as compared to the 458,805 metric tons in 2010 which represented an increase of about 4.8 percent.

The liner export trade for the first quarter of 2011 was made up of cocoa beans which recorded a tonnage of 216,857 metric tons.

Other items include cocoa products of 46,047 metric tons, an increase of nearly 18% over the 2010 tonnage; log timber recording 31,461 metric tons and sawn timber/lumber recording 26,067 metric tons which amounted to an increase of 6 percent over 2010 tonnage for the review period. Handicrafts and other Non-Traditional exports recorded 283 metric tons and 23,067 metric tons during the review period.

**Dry Bulk Export Trade**

From table 3 above, the dry bulk export items for the review period amounted to 538,380 metric ton for the first quarter of 2011 representing a 9.5 percent increase over 2010 tonnage for the same period. Bauxite recorded a tonnage of 117,625 while Manganese export amounted to 383,711 metric tons and bulk sheanut export recorded about 24,423 metric tons during the review period.

**Liquid Bulk Export Trade**

Liquid bulk export for the review period amounted to about 29,000 metric tons or 2.7 percent of the total export trade. This 381.24 percent increase compared to 6,029 metric tons in 2010. The major item in this trade was petroleum product which recorded 22,699 metric tons in the review period. Other liquid bulk items (palm oil, palm kernel etc.) recorded 6,315 metric tons.

**Direction of the Maritime Export Trade**

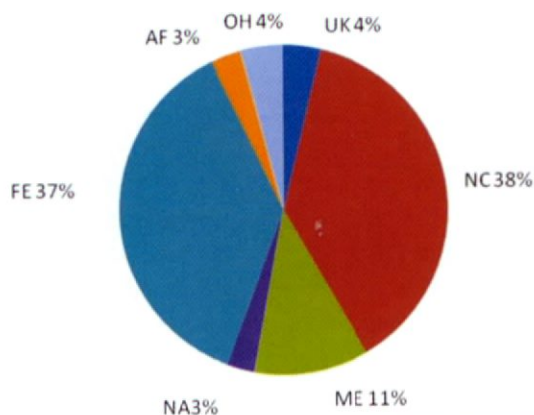
The 1.0 million metric tons of maritime export recorded for the first quarter of 2011 was shipped to various destinations in the world. Majority of the items exported went to the North Continent and the Far East ranges. The North Continent range received a total of 397,721 metric tons (38% of total export) while the Far East range had a tonnage of 389,884 metric tons or 37 percent of total export.



Table 5 Direction of Maritime Export Trade In Metric Tons, Jan-Mar, 2011

	UK	NC	ME	NA	FE	AF	OH	Total
LINER	39,635	169,818	34,836	28,735	162,818	25,151	20,050	481,043
DRY BULK	0	226,018	83,077	0	227,066	2,219	0	538,380
LIQ. BULK	0	1,885	0	0	0	4,430	22,699	29,014
TOTAL	39,635	397,721	117,913	28,735	389,884	31,800	42,749	1,048,437
% SHARE	4	38	11	3	37	3	4	100

fig 5 DIRECTION OF MARITIME EXPORT TRADE, JANUARY-MARCH, 2011



A total of 117,913 metric tons which amounted to 11 percent was shipped to the Mediterranean Europe range followed by the Other range which had 42,749 metric tons (4%).

The United Kingdom range recorded 39,635 metric tons or 4 percent of the total maritime export and the North America range received 3 percent of the total maritime export (28,735 metric tons).

The Africa range also received a total of 31,800 metric tons or over 3 percent of total maritime export. Table 5 above and Fig. 5 below give details of the direction of the export trade.

Table 6 Summary of The Transit Trade Through The Ports of Ghana, Jan -Mar 2011

COUNTRY	2010			2011			% VARIANCE
	IMPORT	EXPORT	TOTAL	IMPORT	EXPORT	TOTAL	
ALGERIA	0	0	0	0	0	0	-
BENIN	5,284	0	5,284	796	0	796	-84
BURKINA FASO	59,739	569	60,308	88,610	3,931	92,541	53
CAMEROON	1,076	319	1,395	135	0	135	-90
CHAD	21	76	97	0	0	0	-100
GAMBIA	0	0	0	0	0	0	-
GUINEA	527	234	761	0	0	0	-100
IVORY COAST	386	667	1,053	5,857	173	6,030	472
LIBERIA	0	0	0	0	0	0	-
MALI	13,601	4,201	17,802	15,536	2,902	18,438	4
NIGER	3,958	853	4,811	21,419	0	21,419	345
NIGERIA	2,715	0	2,715	5,259	730	5,989	121
OTHERS	30	17	47	2,613	7	2,620	5474
SENEGAL	305	2,240	2,545	0	0	0	-100
TOGO	8,925	673	9,598	20,577	433	21,010	119
TOTAL	96,567	9,849	106,416	160,802	8,176	168,978	59

Total transit trade for the period was 168,978 metric tons comprising 160,802 metric tons of import items (about 95%) and 8,176 metric tons of export items. The total transit tonnage for the review period was about 59 percent more than what was recorded in the first quarter of 2010.

Most of the transit countries recorded increases in their

performance with the neighbouring landlocked countries of Burkina Faso and Niger showing increases of 53 percent and 345 percent respectively in their transit trade while Mali recorded an increase in tonnage (18,438) of 4 percent. Table 6 above gives details of the performance of countries within the transit trade.



## THE PERFORMANCE OF THE SHIPPING AGENTS IN THE MARITIME TRADE OF GHANA, JANUARY-MARCH, 2011

A total of forty (46) Shipping Agents were involved in the handling of maritime trade of the more than 4.01 million metric tons of cargo for the first quarter of 2011.

### Liner Trade

A total of twenty-seven (27) shipping agents took part in the liner trade of 1.9 million metric tons or 46.59 percent of the total maritime trade during the review period.

The highest performer in the liner trade was Maersk Gh. Ltd with 364,867 metric tons or 8.88 percent of the liner cargo throughput. Delmas Shipping /CMA CGM was the next highest performer with 248,317 metric tons or 6.04 percent of the liner trade activity.

MSCA Gh. Ltd. was the third highest performer with 178,380 metric tons or 4.34 percent of the liner trade. The least performer in the liner trade was Advance Maritime Transport Services with 489 metric tons or less than one percent of the liner trade.

### Dry Bulk Trade

Nine (9) shipping agents handled the more than 1.4 million metric tons of dry bulk cargo for the first quarter, 2011 or about 35 percent of the total maritime trade.

The highest performer was Supermaritime with 477,258

metric tons or 11.62 percent of the total trade bulk trade. The second highest performer was Hullblyth with 446,986 metric tons representing 10.88 percent of the dry bulk trade for the period. Macro Shipping was the third highest performer with 293,810 metric tons representing 7.15 percent of the dry bulk trade. MSCA Gh.Ltd was the least performer in the dry bulk trade with 195 metric tons.

### Liquid Bulk Trade

Ten (10) shipping agents handled the more than 768,441 metric tons of liquid bulk trade which was 18.71 percent of the total maritime trade.

The highest performer in this trade was Daddoo Maritime with 205,745 metric tons or 5.01 percent of the liquid bulk trade. Supermaritime handled the second largest share of the liquid bulk trade with 198,094 metric tons or 4.82 percent of total liquid bulk trade. Bulk Gh. Ltd handled the third largest share with 134,921 metric tons or 3.28 percent of the liquid bulk trade.

The least performer in the liquid bulk trade was Antrak Ghana Limited with 211 metric tons or less than one percent of the trade.

The table 7 below gives more details of the performance of the shipping agents in the maritime trade for the first quarter 2011.

**TABLE 7 PERFORMANCE OF SHIPPING AGENTS IN GHANA'S SEABORNE TRADE - JAN - MAR. 2011**

VOLUME OF TRADE( IN METRIC TONNES)				
	IMPORT	EXPORT	TOTAL	%SHARE
<b>LINER</b>				
ADVANCED MARITIME TRANSPORT	433	56	489	0.01
ANTRAK GH. LTD	39,539	11,707	51,246	1.25
BLUE SEA MARITIME	0	21,000	21,000	0.51
DELMAS SHIPP. GH. CMA CGM.	194,427	53,890	248,317	6.04
DOLPHIN SHIPPING SERVICE	7,449	0	7,449	0.18
GETMA GH. LTD	18,129	0	18,129	0.44
GLOBAL CARGO & COMMODITIES	3,576	0	3,576	0.09
GMT SHIPPING	66,815	0	66,815	1.63
GRIMALDI GH. LTD	44,873	21,195	66,068	1.61
HULL BLYTH GH. LTD	89,040	28,668	117,708	2.87
ISAG	33,819	19,167	52,986	1.29
KHUDA SERVICES	6,503	0	6,503	0.16
MACRO SHIPPING GH. LTD	4,267	1,650	5,917	0.14
MAERSK GH. LTD	284,938	79,929	364,867	8.88
MAP SHIPPING	16,483	0	16,483	0.40
MAXITIDE GH. LTD	4,838	0	4,838	0.12



MOL GH. LTD	60,139	6,310	66,449	1.62
MSCA GH. LTD	150,691	27,689	178,380	4.34
PANALPINA GH. LTD	12,651	6,527	19,178	0.47
PIL GH. LTD	95,067	11,490	106,557	2.59
SAFMARINE	96,423	41,884	138,307	3.37
SCANSHIP GH. LTD	38,081	46,361	84,442	2.06
SDV GH. LTD	40,192	19,025	59,217	1.44
SEATRANS GH. LTD	19,550	0	19,550	0.48
SHARAF SHIPPING	30,942	352	31,294	0.76
SILVER MARITIME GH. LTD	3,526	0	3,526	0.09
SUPERMARITIME GH. LTD	70,634	84,144	154,778	3.77
<b>SUB-TOTAL</b>	<b>1,433,025</b>	<b>481,044</b>	<b>1,914,069</b>	<b>46.59</b>

<b>DRY BULK</b>				
ANTRAK GH. LTD	0	7087	7087	0.17
GLOBAL CARGO & COMMODITIES	110,000	0	110,000	2.68
HULL BLYTH GH. LTD	446,986	0	446,986	10.88
MACRO SHIPPING GH. LTD	176,185	117,625	293,810	7.15
MAERSK GH. LTD.	42,515	0	42,515	1.03
MSCA GH. LTD	0	195	195	0.00
PANALPINA GH. LTD	0	1,620	1,620	0.04
SCANSHIP GH. LTD	21,844	24,173	46,017	1.12
SUPERMARITIME GH. LTD	89,579	387,679	477,258	11.62
<b>SUB-TOTAL</b>	<b>887,109</b>	<b>538,379</b>	<b>1,425,488</b>	<b>34.70</b>

<b>LIQUID BULK</b>				
ANTRAK GH. LTD	211	0	211	0.01
BULKSHIP	134,921	0	134,921	3.28
DADDO MARITIME	205,745	0	205,745	5.01
HULLBLYTH GH. LTD	87,345	0	87,345	
INCHCAPE SHIPPING SERVICE	56,066	0	56,066	1.36
PANALPINA GH. LTD	2,594	1,885	4,479	0.11
SCANSHIP GH. LTD	18,046	1,500	19,546	0.48
SEA & SHORE	60,674	0	60,674	1.48
SUPERMARITIME GH. LTD	172,465	25,629	198,094	4.82
TRANSGLOBAL SHIPPING	1,360	0	1,360	0.03
<b>SUB-TOTAL</b>	<b>739,427</b>	<b>29,014</b>	<b>768,441</b>	<b>18.71</b>
<b>GRAND TOTAL</b>	<b>3,059,561</b>	<b>1,048,437</b>	<b>4,107,998</b>	<b>100.00</b>



## THE PERFORMANCE OF SHIPPING LINES IN THE MARITIME TRADE OF GHANA, JANUARY-MARCH, 2011.

A total of Eighty-seven (87) shipping lines participated in the carriage of the 4.1 million metric tons of maritime trade comprising over 3.05 million metric tons of imports and 1.04 million metric tons of exports during the first quarter of 2011.

### The Liner Trade

Fifty-one (51) shipping lines handled the more than 1.9 million metric tons of liner cargo for the period under review or 46.59 percent of the liner trade. The highest performer was Maersk Line accounting for 364,867 metric tons representing 19.06 percent of the liner trade.

Delmas came second with 187,403 metric tons or 9.78 percent of the liner trade. Mediterranean Shipping was the third highest performer with 178,380 metric tons or 9.32 percent and Pacific Intl. Lines placed fourth with 106,557 metric tons or 5.57 percent of the liner trade. The least performer was Sivom Abidjan Shipping with 196 metric tons of the liner trade.

### The Dry Bulk Trade

Nineteen (19) shipping lines participated in the over 1.4 million metric tons of dry bulk trade for the period under review or 34.70% of the maritime trade.

The highest performer in the dry bulk trade was I.M.T with 403,710 million mt amounting to 28.32% of the dry bulk

trade. HC Trading placed second with 275,667 mt or 19.34% of the dry bulk trade while Others category came third with 234,965 mt (16.48%) of the dry bulk trade.

The Dangote Group Line placed fourth with 110,000 mt or 7.72% of the dry bulk trade. The least performers were VALCO and WILHELMSEN SHIPS SERV with 10,207 mt and 1,620mt representing 0.72% and 0.11% of the dry bulk trade respectively.

### The Liquid Bulk Trade

A total of Seventeen (17) shipping lines participated in the liquid bulk trade of 768,441 metric tons accounting for 34.70 percent of the maritime trade. GNPC was the highest performer in this trade with 296,151 metric tons or 38.54 percent.

Tema Oil Refinery came second with 113,424 metric tons or 14.76 percent of the liquid bulk trade. The third and fourth places were taken by the Other Category and fuel trade with 87,345 metric tons (11.37%) and 73,730 metric tons (9.59 %) respectively.

The least performer was Messina Lines with 211 metric tons or less than one percent of the liquid bulk trade. Table 8 below shows the detailed performance of the shipping lines involved in Ghana's maritime trade for the first quarter of 2011.

**TABLE 8 PERFORMANCE OF SHIPPING LINES IN GHANA'S SEABORNE TRADE  
(JAN - MAR. 2011)**

(VOLUME OF TRADE (IN METRIC TONNES))				
SHIPPING LINE/CHARTERER	IMPORT	EXPORT	TOTAL	%SHARE
<b>LINER</b>				
'K' LINE	17,539	4,514	22,053	1.15
AFRICA EXPRESS LINE	4,513	21,771	26,284	1.37
AFRITRAMP	123	0	123	0.01
ALLIED MARITIME	19,413	0	19,413	1.01
ARNED CELA AGENCIES	746	0	746	0.04
ASSOCIATED SHIPPING	86	0	86	0.00
BREAD BOX SHIPPING	0	1,028	1,028	0.05
CHINA OCEAN SHIPPING	5,229	8,651	13,880	0.73
CHINA SHIPPING	11,371	145	11,516	0.60
CMA CGM	67,325	21,519	88,844	4.64
CONTI GMT	66,612	0	66,612	3.48
CSAV	32,221	0	32,221	1.68
DANGOTE	6	0	6	0.00
DELMAS	142,355	45,048	187,403	9.79
EAGLE WEST AFRICA SERV.	498	0	498	0.03



EUKOR CAR CARRIER	4,361	0	4,361	0.23
EURO AFRICA	6,610	25,948	32,558	1.70
G.N.P.C	1,719	0	1,719	0.09
GOLD STAR LINE	22,646	10,784	33,430	1.75
GRIMALDI LINES	47,189	26,797	73,986	3.87
HANJIN SHIPPING	20,526	3,250	23,776	1.24
HAPAG LLOYD	26,426	17,688	44,114	2.30
HOEGH AUTOLINERS	341	0	341	0.02
HUAL LINES	4,300	0	4,300	0.22
I.M.T	624	0	624	0.03
L&C MARINE TRANSPORT	5,996	0	5,996	0.31
MAERSK LINE	284,938	79,929	364,867	19.06
MEDITERRANEAN SHIPP. CO	150,691	27,689	178,380	9.32
MESSINA LINES	11,501	8,055	19,556	1.02
MTSUI O.S.K. LINES	60,139	6,310	66,449	3.47
MONT SHIP LINES	762	0	762	0.04
NILEDUTCH	33,438	19,722	53,160	2.78
NIPPON YUSEN KAISHA	16,880	3,555	20,435	1.07
NOBLE SHIPPING	128	0	128	0.01
NORDANA LINE	3,584	20	3,604	0.19
NYK LOGISTICS	2,771	0	2,771	0.14
OCEAN CREST	21,034	0	21,034	1.10
OTAL	24,928	5,981	30,909	1.61
OTHER	80,485	7,292	87,777	4.59
PACIFIC INTL. LINES	95,067	11,490	106,557	5.57
RMR SHIPPING GMBH & CO	196	0	196	0.01
S. BACO LINER	0	5,967	5,967	0.31
SAFMARINE	96,423	41,884	138,307	7.23
SIVOM ABIDJAN	3	0	3	0.00
SPLIETHORF	0	24,500	24,500	1.28
SUCDEN MIDDLE EAST	6,466	0	6,466	0.34
UNICARGO	0	21,000	21,000	1.10
UNITED ARAB SHIPP. CO	19,479	1,632	21,111	1.10
UNIVERSAL AFRICA LINE	4,166	840	5,006	0.26
VERTOM	0	19,650	19,650	1.03
ZIM LINE	11,173	8,382	19,555	1.02
SUB TOTAL	1,433,027	481,041	1,914,068	46.59

**DRY BULK**

APOLLO SHIPPING	8,533	0	8,533	0.60
BREADBOX	0	44,950	44,950	3.15
CARMUSE TRADING	30,634	0	30,634	2.15
DANGOTE GROUP	110,000	0	110,000	7.72
EURO AFRICA	2,744	0	2,744	0.19
GANNET SHIPPING BV	7,011	0	7,011	0.49
GHACEM	51,473	0	51,473	3.61
HC TRADING	275,677	0	275,677	19.34
I.M.T.	20,000	383,710	403,710	28.32
MAERSK LINE	42,515	0	42,515	2.98



MEDITERRANEAN SHIPP. CO	0	195	195	0.01
OCEAN CREST	29,300	2,219	31,519	2.21
OTAL	0	7,087	7,087	0.50
OTHER	219,249	15,716	234,965	16.48
SCANCEM	69,202	0	69,202	4.85
TEMA FLOUR	8,046	0	8,046	0.56
TFM	12,725	0	12,725	0.89
UNIVERSAL AFRICA LINE	0	72,675	72,675	5.10
VALCO	0	10,207	10,207	0.72
WILHELMSSEN SHIPS SERV.	0	1,620	1,620	0.11
<b>SUB TOTAL</b>	<b>887,109</b>	<b>538,379</b>	<b>1,425,488</b>	<b>34.70</b>
<u>LIQUID BULK</u>				
CHASE	5,577	0	5,577	0.73
CHINA OCEAN SHIPPING	4,912	1,500	6,412	0.83
CIRRUS	57,929	0	57,929	7.54
EURO AFRICA	10,384	0	10,384	1.35
FIRST DEEP WATER	15,943	0	15,943	2.07
FUEL TRADE	73,730	0	73,730	9.59
G.N.P.C.	273,452	22,699	296,151	38.54
IMT	500	0	500	0.07
MESSINA LINES	211	0	211	0.03
OTHER	84,415	2,930	87,345	11.37
PATERSON ZOCHONIS	700	0	700	0.09
SAGE/ECO	46,853	0	46,853	6.10
SPLIETHORFF	3,000	0	3,000	0.39
TEMA LUBE	4,762	0	4,762	0.62
TEMA OIL REFINERY	113,424	0	113,424	14.76
VIHAMA	41,041	0	41,041	5.34
WILHELMSSEN SHIPS SERV.	2,594	1,885	4,479	0.58
<b>SUB-TOTAL</b>	<b>739,427</b>	<b>29,014</b>	<b>768,441</b>	<b>18.71</b>
<b>GRAND TOTAL</b>	<b>3,059,563</b>	<b>1,048,434</b>	<b>4,107,997</b>	<b>100</b>



# A Prerequisite for Exports:

## Increasing Complexity of Technical Requirements in Export Markets

By Shyam K. Gujadhur, Senior Adviser on Standards and Quality Management, ITC International Trade Forum - Issue 3/2010



### INTRODUCTION

Exporters from developing countries are increasingly feeling the pressure to conform to international standards if they are to enter successfully developed country markets.

Much has been achieved in various developing countries to construct the requisite quality infrastructure, to enable exporters both to understand the nature and detail of the quality standards to be met and to take the steps to comply with them. For many developing countries yet to install the necessary infrastructure to help their exporters meet market requirements, the path to effective arrangements is well defined and, importantly, there are many good examples to follow and opportunities to influence standards.

### NON-TARIFF BARRIERS PUBLIC AND PRIVATE

The gradual reduction of tariff barriers to facilitate trade has been accompanied by an increase in non-tariff barriers. These consist of technical regulations and sanitary and phytosanitary measures

(SPS), imposed by governments to protect the health and safety of their citizens and the environment, and voluntary standards established by national, regional and international standards bodies, such as ISO 9001 for quality management systems and ISO 22000 for food safety management systems. They also comprise private standards established by consortiums and retailers.

In the food sector, periodic outbreaks of food-borne illnesses have led to stricter regulation, making suppliers of branded produce liable for the safety of their products unless they can show due diligence. This resulted in private standards developed by consortiums and forums, e.g. British Retail Consortium Technical Food Standard and Global G.A.P., produced by the Euro Retailer Produce Working Group on Good Agricultural Practice. Environmental and social concerns have led to standards such as Worldwide Responsible Accredited Production, applicable mainly to the apparel, footwear and sewn sectors, SA 8000 on social accountability (see the article 'Closing the gap' on page 13), Forestry

Stewardship Council for the wood and furniture sector, Marine Stewardship Council for fishery products, and standards for carbon footprints.

### CHALLENGES FACED BY ENTERPRISES IN DEVELOPING COUNTRIES

The first thing needed by enterprises considering exporting their products is up-to-date information about the applicable technical requirements, both voluntary and mandatory, in the target markets. It is quite difficult, especially for small and medium-sized enterprises (SMEs), to keep abreast of these constantly changing requirements.

After obtaining the right information, enterprises have to adapt their products to export market requirements. This may require expensive investment to purchase equipment and upgrade infrastructure. Furthermore, even if technical regulations and SPS are based on international standards, enterprises still have problems to overcome, as their specific needs may not have been considered when the standards were developed. Developing countries are generally 'standard-takers' rather than 'standard-makers'. Additionally, the proliferation of private standards dealing, inter alia, with food safety and environmental and social issues has resulted in complex challenges for exporters.

Once the product has been adapted to target market requirements, the exporter has to demonstrate compliance. In many cases, exporters are compelled to use foreign certification bodies as many developing countries lack domestic bodies that are recognized in the export market. Costs can be high. For food and agricultural products, it may not be possible to export in the absence of recognized domestic 'competent authorities' to certify the product to the requirements of the export market, e.g. exports of fishery products to the European Union (EU).





A major problem faced by enterprises exporting fruits and vegetables is the considerable time it takes to obtain market access. A profile of the pests and diseases associated with the potential export product has to be determined, in order to facilitate import risk analysis in the target market. If the product has pests and diseases that are not present in the importing country, it would require treatment before gaining market access. For example, it took eight years for China to obtain market access for its Ya pear to Australia in the 1990s, subject to orchards and packing facilities being registered and pest management measures applied. Imports of agricultural products also require control to protect indigenous crops, which could be damaged by the introduction of foreign pests and diseases.

## OVERCOMING CHALLENGES FOR EXPORT

### • *Influencing Technical Requirements*

The World Trade Organization (WTO) has tried to minimize non-tariff barriers by requiring its members to use international standards as a basis for their technical regulations and SPS. This decision has significantly increased the use of international standards as they are more significant for exports than national standards. It is, therefore, imperative for developing countries to be standard-makers for products of export interest so that their specific needs are taken into account when international standards are elaborated.

Mechanisms can be developed at national level to obtain the views of the business sector and involve them in the development of international standards. Malaysia, a major exporter of filled milk

(milk substitutes based on vegetable fats) produced from palm oil, participated in meetings of the relevant committee of the Codex Alimentarius Commission and was able to influence international standards. India played a proactive role in formulating the ISO standard on black tea, which took into account Indian views.

When WTO members propose to establish technical regulations and SPS not based on international standards, and which can have a significant impact on trade, they must notify other WTO members so that their views can be taken into consideration before standards are finalized. They should track these notifications and submit comments whenever required to protect their exports.

### • *Obtaining Information on Technical Requirements*

One of the obligations of WTO members under the WTO Agreements on Technical Barriers to Trade (TBT) and the Application of Sanitary and Phytosanitary Measures is to set up enquiry points to provide information about technical requirements to other WTO members.

The latter can turn this obligation into a right by obtaining up-to-date information on public standards and mandatory technical requirements in the export markets from the enquiry points. It is more difficult to obtain information about voluntary standards established by consortiums and retailers, as this is outside the mandate of the enquiry points.

Exporters need to keep abreast of

changes in the technical requirements for products in their export markets. Guatemala was exporting berries to Mexico when it suddenly found its products denied entry. The requirements for importing berries in Mexico had changed and these changes had not been tracked and communicated to exporters in Guatemala. There are proven methods for tracking changes and disseminating them to stakeholders, one example being Export Alert of the Standards Council of Canada.

### • *Adaptation of Products and Demonstration of Conformity*

After obtaining information about technical requirements in export markets, enterprises have to adapt their products and demonstrate conformity acceptable to buyers and regulators in the target market. Sector associations are well placed to provide advisory services. National standards bodies cannot provide these services if they also act as certification bodies; they cannot be judge and party at the same time.

As certification costs can be expensive when using foreign certification bodies, firms can share the costs of certification, especially those related to airfares. Small farmers can group together and access group certification offered by foreign certification bodies.

Enterprises have a choice of strategic options. They can employ an exit strategy and leave difficult markets for less stringent markets. They can adopt a compliance strategy by anticipating standards and comply ahead of time.

Finally, they can adopt a 'voice' strategy where they participate in standard-making. One example of an exit strategy is from Benin, which made an agonizing decision to suspend voluntarily exports of shrimps to the EU in July 2003 since the Government could not guarantee the conformity of seafood products to the latest European directives.

### • *Resolving Disputes*

Disputes between trading partners could be resolved at bilateral level, in the margins of the WTO Committees on TBT and SPS, or in the meetings of the committees where specific trade concerns are discussed. However, if agreement is not reached, the aggrieved party can have recourse to the dispute settlement mechanism of the WTO.





The dispute between the EU and Peru regarding the classification of sardines is an example of gaining access to a previously denied market. The EU had refused to classify the Peru variety of sardines as 'sardines', although this decision was against the relevant Codex Alimentarius Commission standard. The EU had to modify its regulation to align it with the Codex standard and allow sardines to be imported from Peru.

#### • **The Quality Infrastructure**

Setting up a quality infrastructure comprising standardization, metrology, testing, inspection, certification and accreditation is complex, expensive and time-consuming. However, it is a crucial element of the export competitiveness of countries. It has been observed in newly industrializing economies that SMEs seldom use foreign service providers if there is no indigenous capability. Sending equipment for calibration overseas or using overseas auditors is a deterrent. Developing countries should pay special attention to the development of a quality infrastructure when developing their national export strategy.

A step-by-step approach is recommended. The first step is to set up a national standards body to provide testing, calibration and inspection services, as well as a national enquiry point to provide information about technical requirements in export markets. This is the minimum quality infrastructure for any country. The next step is to set up certification bodies. When there are a significant number of conformity assessment bodies, a national accreditation system could be set up.

The public sector should be responsible for ensuring the traceability of

weights and measures in trade as well as accreditation. On the other hand, the private sector should provide conformity assessment services such as testing, inspection and certification. The public and private sectors could both deal with standardization and provision of technical information. The public sector could also provide conformity assessment services such as testing if it is in the national interest and if there is no private sector interest given insufficient returns. A concerted public private partnership can go a long way to establishing the quality infrastructure.

In South Africa, the wine growers' association worked with the Department of Agriculture to set up a system to maintain exports to the EU. The Department of Agriculture, as the competent authority, certifies the wine for export on the basis of conformity assessment results from both public and private laboratories and certification bodies that are suitably accredited. It does not test itself.

In the SPS infrastructure, the public sector is responsible for the maintenance of pest- and disease-free zones, border inspection and quarantine for plant and animal diseases, and epidemiological surveillance. Enterprises can only export to a specific market such as the EU when the government can provide the official guarantees ensuring food safety. The private sector also has an important role with the preventive approach it has to take, as it is required to implement Hazard Analysis and Critical Control Point system for many food products.

As setting up a quality infrastructure requires a lot of investment, consideration could be given to regional approaches. Collaboration at the

regional level requires a minimal national quality infrastructure in each country. The national institutions could then share experiences and limited resources, such as equipment and personnel. A regional network for testing would facilitate the use of laboratories that are suitably accredited in neighbouring countries.

A national accreditation organization in many developing countries is unlikely to cover costs because there is just not enough work. A regional accreditation body would be more appropriate but it can take a long time to set up such a body and obtain international recognition.

It took more than 12 years, for example, to make the Southern African Development Community Accreditation System operational through a twinning agreement with the Southern African National Accreditation System, an internationally recognized accreditation body.

#### **WAY FORWARD**

Countries should establish an adequate national quality infrastructure, taking into account relevant value chains. This is critical for food and agricultural products, as certification should be provided by competent national authorities and to protect fruits and vegetables from pests and diseases.

Mechanisms should be set up to keep track of upcoming technical requirements for products of export interest so that they can be taken into account and to disseminate up-to-date information to exporters. A public private partnership would be appropriate.

Sector associations could provide advisory services for adapting products to the requirements of target markets and accredited domestic bodies could provide certification to these requirements, if they are recognized in the target market. Or the services of foreign bodies could be used.

Meeting technical requirements will ensure that market access is obtained. However, there is a need to go beyond technical requirements and delight consumers. Promoting a culture of innovation, continual improvement and excellence, e.g. through a national quality policy, will go a long way to enabling exports.

("Source: *Trade Forum*, published by the International Trade Centre UNCTAD/WTO".)





OFFICE LOCATION:

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Meridian Road, Opposite Black Star Building  
Community One, Tema  
Ghana – West Africa

CORRESPONDENCE ADDRESS

Postal Address: P. O. Box CO 2591 Tema, Ghana  
Telephone: +233-(0)303-210-756  
Fax: +233-(0)303-206-157  
Tel-Direct: +233-(0)303-200-281

E-mail: [infor@khudaservices@gmail.com](mailto:infor@khudaservices@gmail.com)  
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# THE MULTIMODAL TRANSPORT CONCEPT AS A TOOL FOR THE INTEGRATED TRANSPORT DEVELOPMENT IN WEST AND CENTRAL AFRICA

By Michael A. Luguje, IMO Regional Coordinator for West and Central Africa (Non-francophone countries)

## INTRODUCTION

This topic contains a twin-subject matter seeking to explore the multimodal transport concept as it relates to or influences integrated transport development. Ordinarily, each of these qualifies to be discussed in a whole week's seminar. Indeed, the subject of multimodal transport is even a whole course module in advanced transportation studies.

Therefore, discussing the subject in relation to integrated transport development as a short seminar paper can but only highlight the key elements of multimodal transport within the context of West and Central Africa (WACAF) as a developing region.

It is also important to note that the quest by every nation, regional economic commission (REC) or continental body to integrate intra- and inter-modal transport networks is motivated by the need to facilitate and promote trade (movement of goods and persons) to reap the economies of large market size and its consequent multiplier effect on wealth-creation, economic growth, development and social wellbeing.

Where transport networks are well integrated nationally, regionally or globally, they provide a good opportunity for multimodal transportation because transport sector operators could explore optimum combination of the various transport modes to convey goods from origin to destination faster, safer and at optimum cost.

Efforts at integration by regional economic communities (RECs) covers various areas including regulatory, monetary, communication and information technology infrastructure, transportation infrastructure and trade facilitation, among others. Integration connotes unification, harmonization of all relevant efforts with the aim to forge stronger force and synergy to achieve what could have been impossible or difficult to achieve individually.

With particular reference to the transportation sector, integration will involve at least two modes of transport in order to harness the benefits of each mode to achieve greater and more beneficial results. It is important to recall at this stage that the concept of economic integration has already been embraced globally. Therefore, that integration in whatever form and in whatever sector would be beneficial for WACAF cannot be overemphasized.

The four major transport modes are sea, road, air and rail. Each of these modes has its advantages which could be harnessed when integrated into a synergy of economies that will accelerate economic growth and development. Advocates of multimodal transport have argued that its benefits include minimized time loss during transshipment, faster transit of goods, and reduced burden of documentation formalities, cost savings, to mention but a few.

In West and Central Africa (WACAF), a region where goods transportation suffers from a myriad of bottlenecks, the shipper would most readily embrace multimodal transportation since, in addition to the stated benefits, a multimodal transport contract frees the shipper from negotiating carriage contracts with the multitude of actors in The transport chain.

But, how easy is it to operate multimodal transportation? This question remains a haunting one as despite the advantages of the concept, industry actors are yet to find an internationally acceptable regulatory framework to ensure that the MTO lives up to his/her responsibility to the consignor/consignee throughout the transport chain.

In this context, this paper begins with a brief examination of the WACAF sub-region in the area of trade pattern as well as its trade and transport facilitation constraints. This is followed by a cursory discussion of the concept of multimodal transport with emphasis on its economic advantages and inherent difficulties.

Based on these, and in the light of the peculiar situation of the WACAF region, the paper concludes with suggestions of some measures that could be taken if WACAF wants to develop and benefit from multimodal transportation in its integrated developmental quest.

## Brief outlook on the trade and transport economy of West and Central Africa Intra-African trade

The sub-region of west and central Africa boasts of some twenty five sovereign states of which twenty are coastal states and five are landlocked with a combined population of about four hundred million inhabitants.





The region's foreign trade is dominated by importation of finished goods from Europe, Americas and Asia, with exports largely raw materials.

Studies have established that west and central Africa is one of the regions with the highest transport cost as a

percentage of import value, where trade facilitation is suffering largely due to fragmented intra- and international regulations, poor road

facilitation is suffering largely due to fragmented intra- and international regulations, poor road networks.

Given these weaknesses in the face of fast-growing globalization, the sub-region has no choice but to embrace integration. This thus underpins frantic efforts being made by regional bodies such as the Economic Community West African States (ECOWAS), the central African economic community (CEMAC) among others to forge integration as a key catalyst to the region's economic development and growth.

It is significant to mention that the west and central region is quite aware of the benefits of, and has made some efforts and progress towards integration and multimodal transportation. For example, the region has benefited from sensitization and capacity building seminars by UNCTAD, UNDP and other economic development regional organizations. This is evident by a number initiatives by ECOWAS and CEMAC (see table 1).



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importation of finished goods from Europe, Americas and Asia, with exports largely raw materials. Studies have established that west and central Africa is one of the regions with the highest transport cost as a percentage of import value, where trade

Table 1: Efforts by WACAF in the area of integrated and multimodal transport (2007)

ECOWAS (regional)	CEMAC (regional)	WACAF (sub regional)
<ul style="list-style-type: none"> <li>i. Inter-state Convention on the Multimodal Transport of Goods within UDEAC (1996) (TIPAC Convention)</li> <li>ii. The Inter-State Road Transit Convention (2004) ECOWASTIR Convention.</li> <li>iii. Harmonized Axle load limits and technical specifications of vehicles for road haulage of goods (ECOWAS), customs and frontier formalities.</li> <li>iv. The construction of road networks in ECOWAS - 83% (3.777km of 4.560 km) of trans-coastal road Nouakchott-Lagos has been completed.  For the trans-sahelian road, Dakar-Ndjamena, 87% is complete.</li> <li>v. As to other modes, the conference of Heads of States has ratified the proposal by the private sector to establish an airline ECOAIR) as well as a cabotage company ECOMARINE. A study has been carried out on the interconnection of railway networks and funding is being worked out.</li> <li>viii. Still in ECOWAS, the AFRICARAIL project foresees the interconnection of Benin-Niger-Burkina-Togo and the rehabilitation of existing railway lines.</li> </ul>	<ul style="list-style-type: none"> <li>i. ECA first forum on transport infrastructure and regional integration - 2003 sub-regional Master Plan of infrastructure</li> <li>ii. In 1987 (4th Road Conference in Nairobi) Economic Community of Central African States (CEEAC) - 320 000km of diverse roads, 9500km of rail way, about fifty aerodromes and 15 ports.</li> <li>iii. ECA's 10 year dev't plan - out of 578 transport projects in the programme, only 36 (6%) were completely executed and 106 (18%) were underway.</li> <li>iv. CEMAC revised</li> </ul>	<ul style="list-style-type: none"> <li>i. Various sensitization workshops and studies on integrated and multimodal transport</li> <li>ii. Union of African railways, MOWCA, UASC, PMAWCA - implementation of the Master Plan for rail transport embodying 18 projects approved by AU</li> <li>iii. African Maritime Transport Charter adopted by Heads of States</li> </ul>

Source: Adapted with modifications from Mamoud Sene Diouf (2007)



The Various integration efforts therefore seek to provide access to a wider trading and investment environment; induce backward and forward supply links; permit the economies of scale that make countries competitive; and promote a range of manufacturing activities to operate on a larger scale.

Indeed, the focus of most of these RECs is to achieve common market status in order to increase the level of trade among the member countries so as to generate more retention of wealth within the bloc, and enhance availability of funds to permit new investments and job creation.

**Table 2: Sources of RECs' imports in % (Average between 2000 and 2007)**

RECs	Africa	China	Asia	EU	Japan	USA	ROW	World
CEMAC	14	5	7	52	2	11	9	100
ECOWAS	13	9	15	33	4	6	20	100
UEMOA	24	10	9	39	1	4	14	100
CENSAD	9	8	10	41	3	7	22	100
CEPGL	42	4	3	34	8	4	5	100
COMESA	12	8	11	31	4	8	27	100
EAC	13	7	13	21	5	5	36	100
ECCAS	16	6	10	45	2	10	10	100
IGAD	12	11	14	20	4	5	34	100
MRU	4	5	35	21	12	2	21	100
SADC	12	8	11	36	5	8	20	100
UMA	4	5	5	59	2	4	20	100

Source: Adapted from D. A. Tanoe (2010- Workshop on trade facilitation/promotion of intra-Africa trade for West African sub-region)

**Table 3: Intra-REC imports (millions of US\$) average: 2000-2007**

REC	2000	2001	2002	2003	2004	2005	2006	2007	Average 2000-2007
CEMAC	112	134	128	172	191	219	270	335	195
CENSAD	4060	4249	4182	5273	7120	8905	10305	12653	7093
CEPGL	11	12	14	16	21	24	27	33	20
COMESA	1932	2039	2234	2724	3403	3939	4914	5048	3279
EAC	422	503	525	631	828	946	1407	1746	876
ECCAS	207	219	187	215	244	279	343	426	265
ECOWAS	2471	2702	2483	3292	4717	5840	6538	8057	4512
IGAD	576	741	729	1031	1031	1247	1408	1698	1057
MRU	7	6	7	8	9	10	13	16	9
SADC	3913	3906	4252	4726	6924	7958	9563	12802	6755
UEMOA	686	744	841	968	1166	1310	1680	2085	1185
UMA	1190	1224	1334	1483	1512	2074	2725	3384	1866

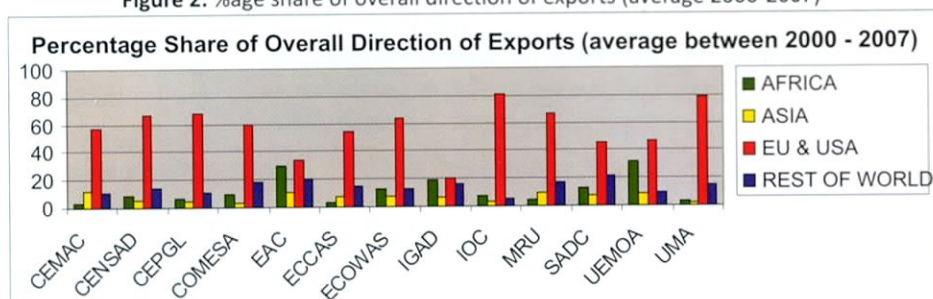
Source: Adapted from D. A. Tanoe (2010)



**Table 4:** Overall direction of exports (millions of US\$) average between 2000-2007

RECs	AFRICA	CHINA	ASIA	EU	JAPAN	USA	ROW	WORLD
CEMAC	559	2595	1948	4454	143	4888	1642	16227
CEN-SAD	8814	4294	5751	50831	1880	20682	15218	107470
CEPGL	93	147	67	899	23	176	169	1574
COMESA	4761	3987	1926	27828	1047	3432	9366	52346
EAC	1500	156	533	1516	114	199	1026	5043
ECCAS	990	6502	2352	8126	370	10234	4993	33567
ECOWAS	6126	616	3694	13556	789	17073	6169	48022
IGAD	1646	2740	553	1481	545	213	1413	8590
MRU	86	39	206	1328	4	168	387	2218
SADC	8705	7140	5185	20679	2673	11267	14974	70622
UEMOA	2828	254	776	3550	43	590	854	8895
UMA	2158	1080	1512	50915	485	9148	10997	76295

Source: D.A. Tanoe (2010)

**Figure 2:** %age share of overall direction of exports (average 2000-2007)

Source: D. A. Tanoe (2010)

The data as illustrated in Tables 1-3, and figures 2 and 3 are indicative of the volume and pattern of trade between the RECs and the world. One conclusion that can be drawn from these figures is that within the peculiar economic context of WACAF (see data for ECOWAS, CEMAC and UEMOA), the volume of trade generated within the sub-region both in imports and exports is significant.

However, compared to other regions of the world, intra WACAF trade is negligible just as is the case with intra African trade. Another revelation from the data is that majority of Africa's and for that matter international merchandise trade for the WACAF region is intercontinental with Europe, America and Asia, which is largely transported using the maritime mode of transportation.

Therefore, any modal combination that the WACAF region will consider in quest to promote trade and integration must necessarily include the maritime mode. Studies have confirmed that WACAF region also relies almost entirely on road transportation for its national and regional transportation of goods.

Very few countries in the region have national rail network, and where such national network exist, they do not cover the entire national territory, and

are mostly underdeveloped and poorly managed.

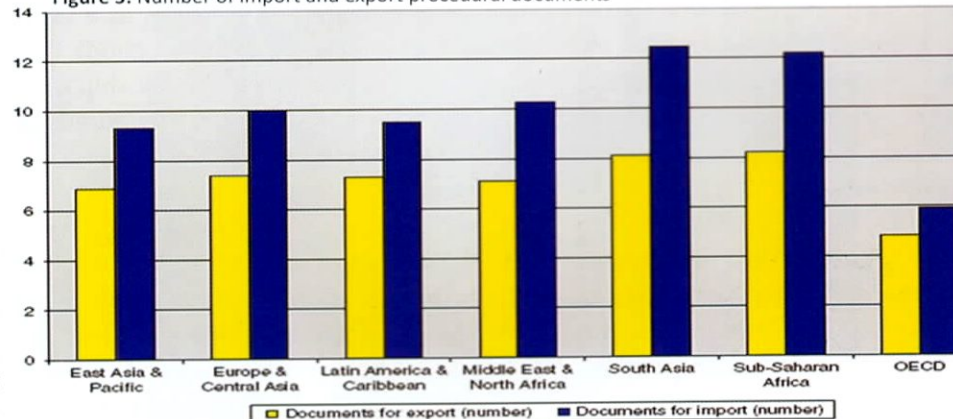
The WACAF region can boast of only two rail networks that connect more than one country. These are the Senegal-Mali rail network, and the Cote d'Ivoire-Burkina Faso rails network. As a result, the potential for multimodalism in WACAF using the rail is very limited. River transportation is also very much limited in the region.

With regard to inland water transportation, some parts of the region can boast of rivers such as the Niger river linking Nigeria, Niger, Burkina Faso and Mali, and the Congo River linking the DR Congo and Republic of Congo.

Unfortunately, these rivers are suffering from siltation leading to shallow draughts thereby leaving very limited opportunity for river transportation of merchandise.

### Challenges of Trade facilitation in WACAF

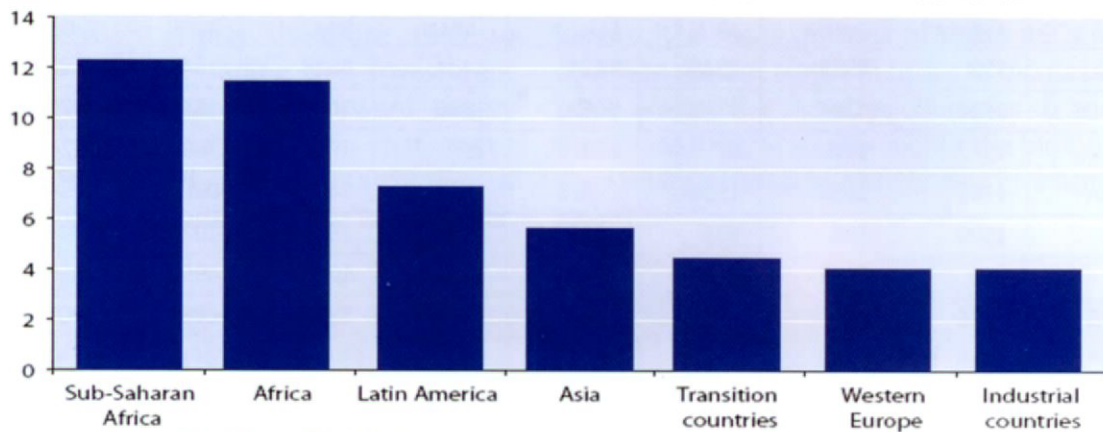
As we will be learning from our discussion of multimodal transportation, integrated transport and trade facilitation are key conditions for effective and efficient multimodal transport operations. It is therefore critical to shed some light on the ills of trade facilitation in the WACAF region which have been identified in several studies by the various RECs, the World Bank, UNCTAD, and ECA among other bodies.

**Figure 3:** Number of import and export procedural documents

Source: Joseph Atta-Mensah (2009), ECA



Figure 4: Transport procedural delays in days compared by world, regional and country groupings



Source: D. A. Tanoe ECA- (2010)

Like any other developing or "third world" region, various studies have shown, and indeed any casual observer on the field will attest that WACAF is mostly characterized by the following challenges:

- High transport cost and inefficiency of ports.
- Poor quality of rail in the transportation of general freight.
- Not sufficient intermodal facilities.
- High road freight cost due to price control and taxes on input costs.
- Severe capacity constraints in ports

berths, equipment, etc.

- Poor hinterland connections poor roads, rail
- Weak freight forwarding sector
- Cumbersome customs procedures
- Weak management systems
- High freight rates
- Large volume of empty export containers
- Sub-Saharan Africa, especially WACAF still considered a risky place for investors
- lack of interconnectivity between modes where they exist

In light of the forgone stated challenges, the WACAF region has a lot to catch up with even in the area of unimodal transportation. In the subsequent sections of this paper, we examine what multimodal transportation entails and under what economic and infrastructural conditions it could be effectively carried out to yield the desired benefits. Based on these, it would become clear how prepared WACAF is and should be in order to embrace multimodal transportation.

## MODES OF TRANSPORTATION

Road (truck)



Sea (vessel/ship)



Rail (train)



Road (truck)



Each of the above modes of transportation has its advantages and disadvantages. For example, maritime and rail modes are safer and economical because they can transport at one go large volumes of merchandise over very long distances at relatively cheaper cost compared to the other modes.

The common assertion is that over 90% of international merchandise trade is carried by sea. The sea mode is however criticized as being relatively slow.

Road transport on the other hand is relatively faster than rail and sea but not economical as it can only transport smaller quantities of goods at a time. For example quantities of goods that can be conveyed by a small ship on a single voyage will require hundreds of trucks to carry.

Air transport is the fastest mode but is handicapped in terms of volume. Aircraft cannot carry much load compared to a train or a ship. Air transportation is also known to be very expensive relative to the other modes.

## International conventions applicable to unimodal transportation

The use of one mode of transportation in the movement of goods and persons from origin to destination is described to as unimodal transportation. As listed in Table Currently, each unimodal transport system is governed by different, often mandatory, international conventions. These conventions stipulate different basis for liability and different limitations of the liability for the carrier.

*to be continued....*



# The GSA Inaugurates 10th Shipper Committee

The Ghana Shippers' Authority (GSA) on June 01, 2011, inaugurated the Upper West Regional Shipper Committee (UWRSC) at the Upland Hotel in Wa. This brought to ten the total number of Shipper Committees that have so far been inaugurated.

The Shipper Committees are aimed at bringing the activities of the GSA closer to the door steps of importers and exporters and to identify the challenges confronting them in their shipping businesses in order for the Authority to provide them assistance. It is also a platform for educating and informing importers and exporters about new trends in shipping.

In his inaugural address, the Minister of Transport who was represented by Mr. Selby Twumasi, a Director at the Ministry of Transport, indicated that the Western and Eastern railway lines will be rehabilitated and modernised to link the Boankra Inland Port and extend the rail network to the north to facilitate the movement of passengers and goods within the country and the landlocked countries.

He disclosed that, the Ministry of Transport would give urgent attention to the passage of the Ghana Shippers' Authority regulations in order to address the existing gaps in its regulations with the view to streamlining the provision of services to shippers and charges administered at our ports.

In his address, the Hon. Upper West Regional Minister, Alhaji Issaku Saliah indicated that, the Region was glad about the level of economic activities that are generated in the catchment areas of the northern borders. He said he was not

oblivious of the challenges that the border crossing posed to the shippers.

According to him these challenges which are essentially security related include cross border crimes such as, smuggling, armed robbery, gun running, drug and human trafficking amongst others.

Alhaji Saliah called on the security agencies operating in the Region to be vigilant and map out strategies to combat this menace which undoubtedly posed threat not only to peace and security, but also to the economic enterprise of the region.

The Minister urged all importers and exporters in the Region to join the Upper West Regional Shipper Committee in order to benefit from its services which would better equip them to be more competitive in their import and export trade.

The Chief Executive of the GSA, Dr. Kofi Mbiah, indicated in his address that, the formal inauguration of the Upper West Regional Shipper Committee was significant because the formalization of the Committee is a clear indication that the Committee which was formed some few years ago had come of age.

He indicated that there is the need to build an antenna to effectively tackle the difficulties faced by the import and export shipper in the hinterland, which cannot be addressed from the shoreline.

"The time when shipper organizations restricted their activities to marine commercial cargoes, belonged to history", he said.

According to Dr Mbiah, the advent of

multimodal transport necessitates that shippers' organizations provide assistance to importers and exporters beyond the port and ship interface and regardless of the mode of transport. He said in the era of multi modalism and logistics chain economics, the Authority's efforts could not have been better placed at the disposal of shippers in any better way than by assisting shippers not only at the seaports but also at the land and air borders.

This has seen the GSA put in place Shipper Complaints and Support Units in Elubo and Aflao entry points and one at Kotoka International Airport which would soon be operational, Dr Mbiah disclosed.

Solidarity messages were delivered to the newly Committee by several sister Shipper Committees.

As part of the inaugural ceremony, His Lordship, High Court Judge, Justice Edward Apenkwah, swore in the UWRSC Executives into office. They are; Chief Moses Yuoni- Chairperson; Asana Ishmael – Vice Chairperson; Haruun M. Morrie –Secretary; Hajia Sauda Suleman –Treasurer; Hassan Sulemana –Chairperson, Education Sub-committee; Issahaku Iddrisu- Chairperson, Welfare Sub-committee; Lord Michael Baatuolkuu –Chairperson, Legal & Parliamentary Sub-committee.

Dignitaries who graced the ceremony included the Board Chairman of GSA, Commander (Rtd) K.T. Dovlo, Representatives of the Regional House of Chiefs, Naa Danyagiri Wadaman II (Tokali Naa), Seuba II, Naa Dr. Poube Poube Chirui II (Nandom Naa), as well as heads of some state institutions.







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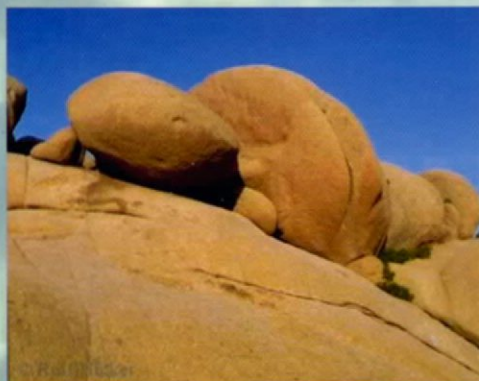
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# SHIPPING REVIEW

GHANA'S AUTHORITATIVE QUARTERLY MARITIME JOURNAL

Vol. 13 No. 3

July - September, 2011



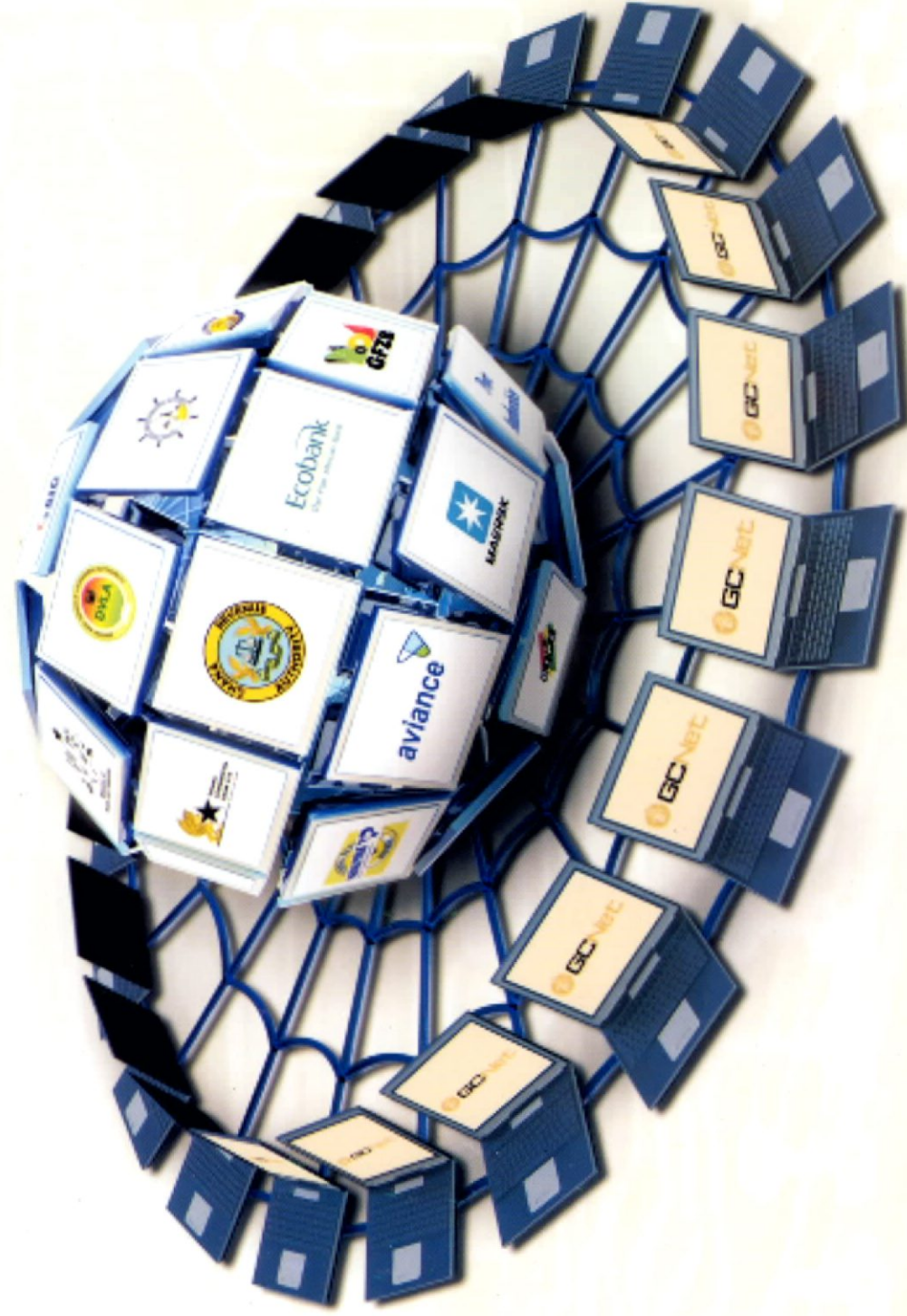
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- **Maritime Trade of Ghana**

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#### Merchant Ships Could be Armed to Tackle Pirate Threat



*Growing industry disquiet comes at a time when 117 ships have been attacked by pirates in Somalia with at least seven crew members killed and 338 seafarers held hostage in the first quarter of this year, according to one estimate.*

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#### Published by:

Ghana Shippers' Authority  
5th Floor, Enterprise House  
High Street, Accra  
P.O. Box GP 1321, Accra

Tel. 233-302-666915/7

Editor -in- Chief  
Kofi Mbiah

General Editor/Advisor  
Nana Agyekum Gyamerah

Assistant Editor  
Frederick Atogiyire

Advertising Executives  
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Behind Meridian Engen Filling  
Station, Tema

3rd Floor Room 01

P. O. Box 2181, Tema Community One  
Ghana (West Africa)

Tel. 233-(0)303-215597/214787/214148

Fax: 233-(0)303-200740/214787

Mob. 233-(0)24-4636977/4379846/4031693

E-mail: globalcargogh@ghana.com

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Website: www.globalcargogh.com

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# RELEVANCE OF A STANDARDS BODY TO GROWTH OF TRADE AND INDUSTRY

By Kofi Amponsah-Bediako, Head of Public Relations, Ghana Standards Authority



The Executive Director, Ghana Standards Board,  
P. O. Box MB 245, Accra, Ghana  
Tel: (233-21) 500231 / 500065 / 500066, 506992-6  
Fax: (233-21) 500092, 500231  
Email: gsbdir@ghanastandards.org

## Introduction

It is becoming increasingly clear to quality-conscious business organisations the world over that the growth of trade and industry depends on the application of standards. In fact, many facets of our daily lives depend on standards. Standards influence the products we use, the foods we eat, how we communicate, our means of travel, our modes of work and play, and many other activities.

Standards may function to inform, to facilitate, to control, or to interconnect — frequently, a combination of such elements. They serve economic ends, enabling or catalysing commercial transactions of all sorts. They also serve societal aims, such as protecting health, safety, and the environment. This is why organisations related to trade and industry must endeavour at all times to liaise with standards bodies operating in their areas.

In Ghana, the Ghana Standards Authority (GSA) has been set up by law not only to deal with issues relating to health and safety but also for the promotion of business interests in trade and industry. The GSA is a national statutory body responsible for

infrastructure embracing Metrology, Standards, Testing, Inspection and Certification. A sound quality infrastructure provides the necessary assurance that goods and services are of acceptable quality.

Again, it promotes the growth of industry, enhances sustainable development and contributes to good public governance.

The **vision** of Ghana Standards Authority is to become a model of excellence in Standardisation in Africa. Its **mission** is to promote standardisation for the improvement of the quality of goods, services and sound management practices in industries and public institutions in Ghana.

The Authority has five main technical Divisions. These are Metrology, Standards, Testing, Inspection and Certification.

## Standards Division

The Standards Division is responsible for the development and promotion of standards. The development of standards is consensus-based and involves relevant stakeholders who are members of Technical Committees

(TCs) on subjects for which standards are to be developed.

Each Technical Committee or TC engages in series of meetings to deliberate on the expected requirements of what should constitute the standard being worked on. After reaching a consensus and finalising its decision on the draft standard or document it is then gazetted. After this the document becomes ready for use as a standard.

The Standards Division ensures:

- Development of national standards which are harmonised with relevant international standards
- Adoption of relevant international standards
- Assisting in the development of company standards for organisations, both public and private
- Development of standards for contractual services such as bulk commodity procurement or core-works and other services
- Development of standards for non-traditional export products

The Standards Division has a Documentation and Information Centre. The Centre provides library and information dissemination services covering:

- Sale of standards
- Library services including the provision of information on standards, quality management and related matters
- Dissemination of information on trade/or technical regulations, standards and conformity assessment procedures to importers, exporters and the general public. Such information is obtainable at the National Enquiry Point of Ghana Standards Authority



Calibration and verification of measuring instruments, equipment and devices cover services such as:

- Mass Measurements
- Dimensional and Linear Measurements
- Volume and Flow measurements
- Pressure and Force Measurements
- Temperature Measurements
- Electrical Quantities Measurements
- Time and Frequency Measurements

- Manufacturing Industry
- Health, Safety and Medical
- Agriculture
- Petroleum
- Cocoa
- Aviation
- Educational institutions
- Scientific Research and Testing Laboratories

Calibration and verification services are provided for measuring devices, instruments and equipment in various sectors of the economy.

These are:

- Mining
- Trade and Commerce

One area where the Metrology Division of the Ghana Standards Authority has been greatly concerned is fairness in the dispensing of fuel to motorists. Here, GSA goes to fuel stations to ensure that dispensing pumps for retail of petrol, gas oil and kerosene are delivering within the maximum permissible limits of error. A fabricated ten-litre measuring can or Visugauge known as "ntease kruwa" is available at every station as a reference standard to check accuracy when motorists are in doubt of the quantities supplied to them.

Fuel stations found to be dispensing fuel with the expected accuracy are given green stickers while those which fail the test are locked and marked with red stickers. These are displayed on the dispensing pumps at the fuel stations.

A green sticker is an indication to motorists that the dispenser delivers accurately, but a red sticker shows that the dispensing machine has failed the test of accurate delivery. A dispensing pump that fails a test of accurate delivery is locked and **not** allowed to be used for sale of fuel to motorists.





# 10 LITRE STANDARD MEASURING CAN





*Dear motorist,*

If you are in doubt of the quantity of fuel dispensed at any filling station, you can demand a cross check of the delivery status of the pump with the 10 standard measure certified by Ghana standards Board at the station.

... Let's build confidence in each other for our nation building.

*By courtesy of GSB and NPA*

+ 1.0

+ 0.5

10.0

- 0.5



## Ntease Kruwa

Three laboratories of the Metrology Division have been accredited to ISO/IEC 17025, the standard for General Requirements for the Competence of Testing and Calibration Laboratories. The accredited laboratories are **Mass**, **Temperature** and **Pressure**.

The significance of accreditation is that it leads to international recognition of the technical competence of the accredited laboratories and shows that results obtained are reliable, thereby enhancing trade.



Preparations are also underway to ensure that two more laboratories in the Division – **Balance** and **Volume** – are also accredited to ISO/IEC 17025.

#### Testing Division

The GSA possesses a diverse range of facilities for testing and providing services covering engineering products and materials as well as chemical and/or microbiological analysis. The laboratory reports present valid results.

Areas covered under Engineering Products and Materials are:

- Plastics, leather and rubber products
- Building and construction materials
- Electro-technical products
- Mechanical products, including metal fabrications
- Petroleum products
- Packaging materials
- Textiles, garments and related products
- General and household chemicals

In the case of Chemical and/or Microbiological Analysis, areas covered are:

- Food and drugs
- Cosmetics, soaps and detergents
- Industrial raw materials
- Toxicological and forensic samples / specimens
- Pesticides residue levels in foods and vegetables
- Aflatoxins and mycotoxins in

cereals and nuts

- Metallic contaminants in foods and grains
- Alcoholic and non-alcoholic beverages

Two of the laboratories in the Testing Division have been accredited to ISO/IEC 17025. They are **Microbiology** and **Pesticide Residue Laboratories**.

#### Certification Division

To ensure the safety of consumers, the Ghana Standards Authority carries out product certification. The Authority serves as an independent third party, undertaking product certification which aims to provide confidence and assurance that a product complies with particular national or international standards and specifications.

On monthly basis, Certification Mark Committee meetings are organised to examine and approve or disapprove products submitted for certification. Licenses are then issued out for the use of the GSA Standard Mark, also called the Mark of Conformity. The Mark indicates that the product has been produced according to an accepted standard; assures consumers that the product has been inspected, tested and conforms to the requirements of an accepted standard and also assures consumers of quality, reliability, safety and value for money.

Quality System Certification is also of

interest to GSA. Here, the Authority assists companies in both the manufacturing and service sectors to attain certification to ISO 9000 Quality Management System the purpose of which is quality management.

#### Inspectorate Division

In line with its mandate, GSA has intensified its inspection activities of products offered for sale in the country and for export. Towards this end, the Inspectorate Division has been upgraded to carry out more inspection activities in all parts of the country, including the country's eastern corridor, to ensure that sub-standard products, particularly High Risk Goods, are dealt with.

Inspections and audits are conducted through:

- Product inspection
- Destination inspection of High Risk Goods
- Fish inspection
- Market surveillance, and
- Inspection of goods for export certification

As part of the certification programme, the Ghana Standards Authority conducts inspection of factories to ensure that they have in place Good Manufacturing Practices and Good Quality Management Systems.

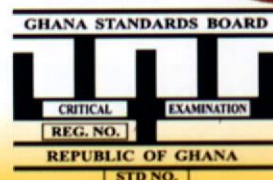


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**Always look for the Standard Mark when buying a product. The Mark is an assurance of:**

- **Quality**
- **Safety**
- **Reliability**
- **Value for Money**



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The Ministry of Trade and Industry, in 2003, mandated the GSA to conduct destination inspection on High Risk Goods imported into the country as part of the Destination Inspection Scheme. High Risk Goods are goods which have serious health and safety implications on the consuming public.

Countries all over the world, as protection for their citizens and consumers as a whole, request all imports to be accompanied by certificates of analysis and/or conformance from a recognised body in the country of origin of the products or goods to attest to the fact that they are safe and of acceptable quality.

The GSA is the appointed competent authority for the inspection and control of fish and fishery products exported to the European Union. This means that the E.U. require export certificates from Ghana Standards Authority for fish and fishery products exported from Ghana to the E.U.

The Authority regularly carries out market surveillance activities. These are follow-up inspections in the open market on products certified by GSA and also on imported products which filter through the land borders without examination under the Destination Inspection Programme. This is to ensure that products consistently meet the requirements of applicable standards and the requirements of Ghana Standards Authority, General Labeling Rules, and LI 1541 of 1992.

L.I. 1541 requires consumers to look out for products with the right label indicators such as

- Nature or kind of goods
- Name and address of manufacturer
- Country of origin
- Information in English
- Manufacture: Best Before or Expiry Date
- Instructions for use
- Net content, mass and volume of products in S.I or metric units

- List of ingredients for food and drugs
- Energy efficiency ratings for electrical appliances

#### **Training**

In line with efforts to assist organisations to be competitive, on-site and off-site training programmes, seminars and workshops in Metrology, Standards, Inspection, Testing, and Certification are organised for the benefit of operators in the various sectors of the economy.

Some of the training programmes are:

- Code of Good Practices
- Hazard Analysis & Critical Control Points (HACCP)
- Quality Management Systems
- Relevance and Application of Standards
- Import and Export Procedures and Requirements
- Packaging and Labeling Requirements

The training and sensitisation programmes are organised for service and manufacturing industry; Government Departments and Agencies; Exporters and Importers; Trade, Business and Professional Associations; Non-Governmental Organizations (NGO's) and the Business Community in general.

#### **Public Education and Consumer Protection**

Public education and consumer protection are considered important by Ghana Standards Authority. Towards this end, GSA organizes educational campaign to sensitize the public on issues such as the relevance and usage of Standards, labeling requirements, codes of practice as well as good manufacturing, management and trade practices. Public education on Standards and Quality are also held to create quality consciousness.

The Ghana Standards Authority seeks collaboration with all stakeholders in Ghana – *Industry, Professional Bodies and Associations, Research and*

*Technical Bodies, Regulatory Bodies, Educational Institutions, Consumer Associations* – to succeed in its effort to promote standardization, industrial efficiency and development as well as standards in public, industrial welfare, health and safety.

#### **Conclusion**

Over the past decade, rising exports have become a principal source of economic growth for many countries. The expansion of global trade in the post-war era has promoted higher standards of living worldwide.

Today, many nations around the globe have made great progress in moving toward market systems based on the principles of open trade and investment. For Ghana's exporters seeking to take advantage of expanding opportunities, the relationship among standards, conformity assessment and global trade is increasingly important.

The services rendered by Ghana Standards Authority are aimed at facilitating trade, reducing proliferation of sub-standard goods on the market, protecting public health and safety as well as promoting and enhancing the growth of industry.

The issue of standardization should never be taken for granted by importers, exporters, business organizations and consumers because of the essential role it plays in global socio-economic development. Indeed, we all need to improve our understanding of standardization as a tool which can help address the key challenges of the 21<sup>st</sup> century.



# MERCHANT SHIPS COULD BE ARMED TO TACKLE PIRATE THREAT

*MPs consider allowing commercial vessels to carry weapons, as attacks off the Horn of Africa increase.*

Kunal Dutta, Jonathan Owen and Brian Brady report



**B**ritain is poised to allow merchant ships formally to carry arms for the first time since the Second World War in a dramatic effort to tackle the escalating threat of international piracy.

The move is designed to protect British ships and curtail the growing unregulated market of private contractors offering armed protection.

Details of the proposal, now being considered by a number of governing departments, will be submitted to MPs on the Parliamentary Foreign Affairs Committee. MPs will also hear demands that pirates should be brought to the UK and other nations to face justice.

Mike Pennintion, the Shipping Minister, said: Recognising the specific issue of increasing piracy attacks off the coast of Somalia, the Department for Transport is considering amending the

current policy to recognise that engaging armed personnel is an option for UK-flagged ship owners to combat piracy”.

MPs have ordered an investigation into efforts to tackle pirates amid growing concerns over the failure of naval forces to act as a deterrent and a lack of action in bringing the guilty to justice when they are caught. Though there have been a few cases in Europe, the judicial burden has been largely carried by Kenya and the Seychelles, as well as a high profile in Yemen where six Somali pirates were sentenced to death.

Growing industry disquiet comes at a time when 117 ships have been attacked by pirates in Somalia with at least seven crew members killed and 338 seafarers held hostage in the first quarter of this year, according to one estimate. More than 700 seafarers are being held hostage by Somali pirates at

any one time according to the Greenwich Maritime Institute. “If two jumbo jet loads of Westerners were being held by hostage takers, the international community would do something about it very quickly,” said its director, Professor Christopher Bellamy.” But because many of the seafarers themselves are from Third World countries, the same sense of urgency is lacking”.

That frustration is echoed by the British Chamber of Shipping (BCS), which will call for tougher sanctions. “The industry is fed up with pirates committing international crimes only to be subject to the ‘soft-glove’ treatment,” said Gavin Simmonds of the BCS. “There needs to be more robust and ambitious international programme that will see pirates shackled and brought to the UK for prosecution rather than remaining under the comfortable jurisdiction of their respective nation states.”



Underlying the urgent need for a united response, other countries are now considering taking the fight to the pirates on land as well as sea – with options such as sending special forces into Somalia and bombing pirate bases in the Horn of Africa.

MPs will also examine whether international law is adequate to deal with the piracy threat, and British involvement in relation to ransoms and insurance. London, as the centre of the world maritime insurance industry, is estimated to have paid out more than \$300 m (£185m) in ransoms and other costs since 2009.

The inquiry comes as a senior US military official admitted the country was struggling to protect ships from attack. There are not enough ships in the world to defeat piracy at sea. William Wechsler, the deputy assistant secretary of defence for counter narcotics and global threats, told US lawmakers investigating piracy: "Somali pirates operate in an area covering approximately 2.9 million square nautical miles. If you took all the navies of all the countries in all of the world, and put them against this area, they wouldn't be able to cover this amount of nautical space."

As a result, the US will pursue pirates on land as well as sea. Our intention is to pursue innovative measures to maximise all the tools at our disposal in order to disrupt the activities of the financiers, organisers and logistics suppliers of piracy," Andrew Shapiro, assistant secretary of state for political-military affairs, told the congressional hearing. "We will focus in the coming months on identifying and apprehending the criminal conspirators who provide the leadership and financial management of the pirate enterprise, with the objective of bringing them to trial and interrupting pirate business processes."

An official Danish government anti-piracy strategy, published this month, has suggested tougher measures,

including the use of special forces and bombing of pirate bases. The report also advocates relaxing the rule under which ships can have armed guards, "A more robust mandate for the international effort could be considered, including the possibility of targeting piracy equipment and installations on land close to the Somali coastline. Should that be the case, piracy equipment and installations could be destroyed with precision-guided bombs. Where this is not possible – and in very special cases – the deployment of special forces could be considered."

US Congressman, Ed Royce claimed many Somali pirates are in league with the terror group al-Shabaab, which has spoken of a "sea jihad" and has opened a marine office to coordinate with pirates. The Kenyan government estimates 30 per cent of the ransoms are channelled to al-Shabaab.

During the congressional hearing, Mr Wechsler admitted the US needed more intelligence on the links. "[Intelligence] on this issue is much less than any of us would like. As we see it now, we believe the terrorists and the pirates are not operationally or organisationally aligned, though there is an element of coercion that results in pirate revenues going to al-Shabaab."

There are fears that many hostages are suffering sadistic abuse at the hands of their captors. According to the report, *The Human Cost of Somali Piracy*, published this month, hostages were severely beaten, dragged underwater and forced to undergo elaborate mock executions.

"There is genuine fear that abuse and even torture will be used with increasing frequency to provide additional leverage during ransom negotiations," the report says. "It appears almost certain that piracy attacks will increase, numbers of hostages will increase, and the violence will increase as a result of the growing danger and complexity of Somali piracy."

Attempts to increase security on ships will increase risk to crews, the report says. "A development that may increase the risk to seafarers is that increasing numbers of vessels are now carrying private armed security guards to counter pirate attacks. While this tactic is largely successful and increasingly supported by ship owners and flag states, pirates are returning fire and engaging in shootouts with armed personnel."

Jon Whitlow of International Transport Workers' Federation said: "We would prefer military personnel but there aren't enough available. We recognise some ship owners, to protect the seafarers, have put on private armed guards. It is regrettable that the industry has felt the need to respond in this way. It is because the international community, the governments, especially the flag states, have done nothing to address the situation and provide protection to people on vessels flying their flag."

Ministers hope that allowing commercial ships to arm themselves will undermine the growing numbers of unregulated private security firms offering protection. Critics say this has led to the waters of the Horn of Africa turning into the "Wild West on Sea". "There are hundreds of people setting up shop, some never having been aboard a ship before, much less knowing how to defend it," said John Dalby of the security company Marine Risk Management.

But private security argue they are merely meeting a much-needed industry demand. They point out that it is the failure of individual countries – including Britain, which has three Royal Navy ships stationed in the region – together with Nato to provide appropriate protection that has led to the rapidly expanding industry.

*(Culled from The Independent on Sunday, 19 June, 2011)*



# Seventh Maritime Law Seminar for Judges Held

By Shyam K. Gujadhur, Senior Adviser on Standards and Quality Management, ITC International Trade Forum - Issue 3/2010

The seventh in the series of annual Maritime Law Seminars has been held to broaden the knowledge of Judges of the Superior Courts of Ghana on current developments in international maritime law. The seminar came off at the Coconut Grove Regency Hotel on 6<sup>th</sup> and 7<sup>th</sup> October, 2011. It was organized by the Ghana Shippers' Authority in collaboration with the Judicial Training Institute.

In his welcome address at the opening ceremony of the Seminar, the Chief Executive of the Ghana Shippers' Authority, Dr. Kofi Mbiah stated that research has shown that there is a direct correlation between increased international commercial activity and the number of cases that come before our courts for which the knowledge of our judges in the area of international maritime transactions is germane.

According to him, this situation underscored the essence of continuing legal education in the area of the law as well as the need for a well informed judiciary appropriately positioned to deal with the litigious outflow of increased international commercial transactions.

In his address, the Deputy Minister of Justice and Attorney General, Honorable Ebo Barton-Oduro, said an effective judiciary would require fully automated and well equipped courts to perform their duties and it is for this reason that government has over the last decade sought to implement the court automation process, not only in Accra but in all the Regions of Ghana.

He also mentioned that Government realises the need for the establishment of specialised courts to

Adjudicate Admiralty cases, Labour related matters and Commercial Courts to ensure quick and efficient resolution of disputes.

The Minister for Transport, Honourable Alhaji Collins Dauda in a speech said the importance of the Maritime Law Seminars is undeniably underscored by the fact that international trade and transport continue to be a major driving force behind the country's economic development. According to him, Government revenue is largely derived from import duties and over 90% of the country's trade, both imports and exports is sea-borne.

Honourable Alhaji Collins Dauda noted that maritime piracy is well known to be a global threat with an escalating trend causing a lot of international concerns amongst states and other international maritime and labour organizations.

He added that the recent piratical attacks off the coasts of Lome and Cotonou are now too close for comfort and have undoubtedly

Heightened our cause for concern. "I

The Chief Justice of Ghana, Her Ladyship, Mrs. Justice Georgina Theodora Wood addressing the Seminar



can assure you that the Ghana Navy, the Ghana Maritime Authority and other allied agencies under my ministry are taking all requisite steps to enable Ghana respond swiftly and appropriately to this menace", the Minister said.

The Chief Justice of Ghana, Her Ladyship, Mrs. Justice Georgina Theodora Wood in a keynote address said judges are an asset to the economic development of our country and that not only does an independent judiciary bolster confidence in the credibility of a country as a safe haven for local and international investment, more particularly the latter, but an independent and effective judiciary also reinforces the security of foreign investment relative to fears of expropriation.

"In the light of our duties, we must continue to dispense justice without reference to colour or creed. It should not matter to us if the parties, whether the parties are rich or poor, educated or uneducated, whether the parties hail from villages or towns, whether they worship in a tabernacle or temple or mosque.



Ours is to administer justice without fear or favour", the Chief Justice affirmed.

The topics that were discussed at the seminar were

1. MARITIME LAW AND ADMIRALTY JURISDICTION: Emerging Trends and Historical Evolution – by Prof. P. K. Mukherjee, *World Maritime University, Malmo, Sweden*
2. THE LEGAL AND FISCAL REGIME IN THE UPSTREAM OIL AND GAS INDUSTRY: A Case Study of the Jubilee Fields – by Justice Samuel Marful-Sau, *Appeal Court, Accra*
3. THE GENESIS AND CONSEQUENCES OF MARITIME PIRACY AND POTENTIAL SOLUTIONS FOR AN EMERGING OIL-BASED ECONOMY – by Dr. Michael Manuel, *Lecturer, Regional Maritime University, Accra*

4. THE LAW ON CARRIAGE OF GOODS BY AIR – by Mrs Bridget Gold, *Federal Airports Authority of Nigeria*
5. THE LAW RELATING TO SALE AND PURCHASE OF SHIPS – by Dr. Kofi Mbiah, *Chief Executive Officer,*

- Ghana Shippers' Authority*
6. UNDERSTANDING THE CONCEPTS OF LAYTIME AND DEMURRAGE IN THE CARRIAGE OF GOODS BY SEA – by Mr. Alexander Gaddiel Buabeng, *Consultant for Maritime Legislation, IMO*



## Falling Freight Rates Create Headaches for Shippers too

From Jean-Louis Cambon



SIR, Janet Porter wrote an article titled 'Freight rates soar as well as fall' (Lloyd's List, Wednesday, June 22) in which she noted that "the relations between ocean carriers and many of their customers are still strained".

She continued to say: "shippers pressed for deregulation in Europe so that free market forces would determine freight rates, and then cried foul when prices began to move around wildly, and particularly when they were heading upwards. Will they make noise about the current downwards slide?". Shippers are happy about abyss-like rate falls that are to a very large extent the result of carriers' infighting to protect the utilisation levels at all cost, by poaching cargo from each other, being totally oblivious to the fact that this is a zero-sum game.

At the end of rate-cutting, each carrier is back to its previous market share level with a much lower revenue basis. Then, like Sisyphus rolling his stone up

the mountain, they have to secure rate increases or curtail service levels. Nobody desires such volatility in price and in service, shippers least of all. A number of members of the European Shippers' Council have expressed it publicly recently.

So, in response to the above mentioned question, which is maybe not rhetorical as presented by Janet Porter; shippers will make much noise about the current downwards slide because beyond the obvious supply-demand imbalance, the rate of slide is exacerbated by an outdated mindset that is riveted on the magical 85% utilisation level. Our members believe, on the contrary, that the best guarantee of steady capacity utilisation is customer satisfaction yielding long-term loyalty.

It is high time to understand, as I expressed recently at the CI Global Shipping Conference in London, that price is not the primary and exclusive concern of shippers: their primary

concern is solutions to their sales objectives in foreign markets in competition with local producers, reliable and efficient schedules to minimise tied-up inventory, all of it seemingly incompatible with the boom-and-bust scenario unfolding.

Shippers are not happy with falling rates if they end up causing disruptions in already fragile supply chains. The European shippers' Council is happy, too, that there is renewed recognition from carriers that the old divide has to be buried and new business models have to be designed, focusing on service rather than price; the recent manifesto of Maersk Line, as well as some of CC Tung's declarations in various Asian shipping seminars, are good examples of this.

**Jean-Louis Cambon**  
*Chairman, Maritime Transport Committee, European Shippers' Council*

(culled from Lloyd'slist)





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# THE MULTIMODAL TRANSPORT CONCEPT AS A TOOL FOR THE INTEGRATED TRANSPORT DEVELOPMENT IN WEST AND CENTRAL AFRICA

Continued from Vol. 13 No. 2 (April June, 2011)

By Michael A. Luguje, IMO Regional Coordinator for West and Central Africa (Non-francophone countries)

**International conventions applicable to unimodal transportation** each unimodal transport system is governed by different, often mandatory, international conventions. These

The use of one mode of transportation in the movement of goods and persons from origin to destination is described to different limitations of the liability for the carrier. as unimodal transportation. As listed in Table Currently,

Mode of Transport	Applicable International Convention
<b>Transport by sea</b> 	International Convention for the Unification of Certain Rules of Law Relating to Bills of Lading, 1924 (Hague Rules);
	Protocol to Amend the International Convention for the Unification of Certain Rules Relating to Bills of Lading 1924, (Hague/Visby Rules) 1968;
	Protocol Amending the International Convention for the Unification of Certain Rules of Law Relating to Bills of Lading, 1924, as Amended by the Protocol of 1968, 1979;
	United Nations Convention on the Carriage of Goods by Sea, 1978 (Hamburg Rules).
<b>Transport by road</b> 	Convention on the Contract for the International Carriage of Goods by Road (CMR) 1956.
<b>Transport by rail</b> 	Uniform Rules Concerning the Contract for International Carriage of Goods by Rail (CIM), Appendix B to the Convention Concerning International Carriage by Rail (COTIF), May 1980
	Protocol to amend CIM-COTIF, 1999
<b>Transport by air</b> 	Convention for the Unification of Certain Rules Relating to International Carriage by Air (Warsaw Convention), 1929;
	The Hague Protocol, 1955
	Montreal Protocol No. 4, 1975
	The Montreal Convention, 1999

Source: Adapted from various sources

Given that each mode offers some advantages, it makes economic sense to explore where possible the potential of combining two or more modes in the

transportation of goods in order to harness the benefits of several modes to the overall economic benefit of trade and economic development.

It is against this backdrop that the concept of intermodal transport or multimodal transportation came into being.



The concept of intermodal and multimodal transport (using two or more modes of transport to convey goods from origin to destination) - What is multimodal transport?

Article 1 (1) of the United Nations Convention on International Multimodal Transport of Goods 1980 (hereinafter referred to as the MT Convention) defines the term "international multimodal transport" as follows:

" 'International multimodal transport' means the carriage of goods by at least two different modes of transport on the basis of a multimodal transport contract from a place in one country at which the goods are taken in charge by the multimodal transport operator to a place designated for delivery situated in a different country..."

This definition should be understood in conjunction with the definition of the term "multimodal transport operator" (MTO) provided in article 1(2) of the

MT Convention, which states that: "Multimodal transport operator" means any person who on his own behalf or through another person acting on his behalf concludes a multimodal transport contract and who acts as a principal, not as an agent or on behalf of the consignor or of the carriers participating in the multimodal transport operations, and who assumes responsibility for the performance of the contract."

Therefore, the main features of a multimodal transport are: the carriage of goods by two or more modes of transport, under one contract, one document and one responsible party (MTO) for the entire carriage, who might subcontract the performance of some, or all modes, of the carriage to other carriers. The terms "combined transport" and "intermodal transport" are often used interchangeably to describe the carriage of goods by two or more modes of transport.

Another perspective on this concept

was given in a legal analysis of the multimodal transport system of the Andean community, by Nicolas Martinez Devia (2008) of Erasmus University, Rotterdam, who, making extensive reference to a report (see [www.aladi.org](http://www.aladi.org)) by the association for the integration of Latin-American countries (ALADI), submits that the movement of goods by two or more modes also known as intermodal transportation can be done in three ways:

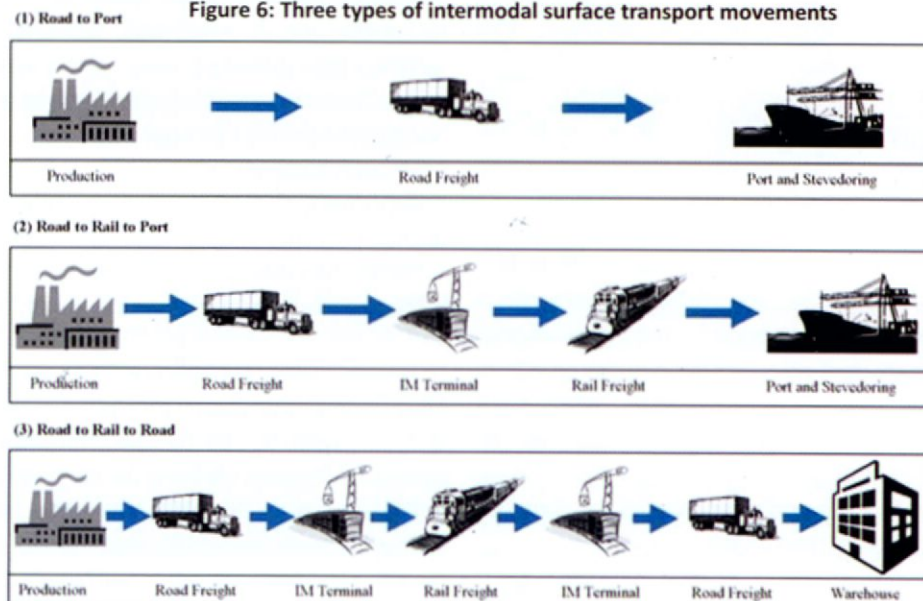
1. Segmented intermodal transport where the cargo owner agrees with each independent transport company involved in the transportation of the goods, with each company issuing different transport documents to the cargo owner covering only the stage each of them carry the goods. Therefore, in case of damage or loss, each company will only bear responsibility for only its own stage in line with the rules applicable to the transport contract.

multimodal transport operator (MTO) using a single transport document. Under this system, the MTO bears full responsibility for the goods from the moment he takes possession from the consignor until the moment of delivery to the consignee.

Summing up the concept of multimodal transport, De Wit (1995) states that "a contract for the multimodal carriage of goods contains an undertaking by a carrier, who is called the multimodal transport operator, to perform carriage of goods by at least two different modes of transport from the place where the goods are taken to a place designated for delivery."

It is significant to note that from this definition, the MTO acquires legal responsibility for the goods from the time of taken possession through the entire transportation phase covering the different modes, to the time the goods are delivered to the consignee, irrespective of whether the MTO directly undertook the whole carriage, part of it or none of it at all.

Figure 6: Three types of intermodal surface transport movements



Source: ESCAP Secretariat

**1. Combined intermodal transport** – here the cargo owner agrees with a freight forwarder based on a freight forwarding contract to transport goods using different modes. The freight forwarder as the principal may subcontract the carriage between modes to third parties but bears ultimate responsibility for any action or inaction of the subcarriers. In the event of damage or loss, the cargo owner has the right of claim directly

against the freight forwarder. The latter also may voluntarily cede his rights to the cargo owner to sue the subcarriers directly. He could sue directly one particular carrier if it can be determined at what stage the damage occurred, or sue all the carriers if the reverse is the case.

**2. Multimodal transport** – here the cargo owner agrees to move the goods by at least two modes of transport under a single contract with a



In this case, the MTO must bear all liability to the cargo owner for any damage, loss or delay suffered by the goods during the entire transport chain (from place of origin to destination).

The two definitions by both the UN MMT Convention and the ALADI report as quoted by Devia (2008) do present multimodal transport, at its face value, as a very simple system by which the cargo owner can contract the shipment of his or her goods using the best combination of two or more modes of transport from origin to destination under one contract, one document and one agent.

In this case, this one agent accepts full responsibility for the goods for safe transportation in the best of conditions and their timely delivery. From this perspective, one would expect that carriage of goods could not have had a better system than the multimodal transport. How easy is it to operate this system of transportation?

### **The merits of multimodal transportation**

Among the several benefits, the UNESCAP in a workshop presentation identified the followings as some of the advantages of multimodal transportation:

- **Minimizes time loss at trans-shipment points** Multimodal transport operator maintains his own communication links and coordinates interchange and onward carriage smoothly at trans-shipment points.

- **Provides faster transit of goods** The faster transit of goods made possible under multimodal transport reduces the disadvantages of distance from markets and the tying-up of capital.

- **Reduces burden of documentation and formalities** - The burden of issuing multiple documentation and other formalities connected with each segmented of the transport chain is reduced to a minimum.

- **Saves cost** The savings in costs resulting from these advantages are usually reflected in the through freight

rates charged by the multimodal transport operator and also in the cost of cargo insurance.

- **Establishes only one agency to deal with** The consignor has to deal with only the multimodal transport operator in all matters relating to the transportation of his goods, including the settlement of claims for loss of goods, or damage to them, or delay in delivery at destination.

- **Reduces cost of exports** The inherent advantages of multimodal transport system will help to reduce the cost of exports and improve their competitive position in the international market.

Whether seen from a legal point of view or from an operational perspective, Multimodal Transport is generally considered as the most efficient way of handling an international door to door transport operation. This is so because Multimodal Transport allows the combination in one voyage, the specific advantages of each mode, such as the flexibility of road haulage, the larger capacity of railways and the lower costs of water transport in the best possible fashion.

Multimodal Transport also offers the shipper the possibility to rely on a single counterpart, the multimodal transport operator who is the architect of the entire journey and only responsible party from pickup to delivery, rather than having to deal with each and every modal specialist of the transport chain.

Multimodal system could also enable the transportation of goods from origin to destination without any handling of the freight itself when changing modes. The method reduces cargo handling, and so improves security, reduces damages and losses, and allows freight to be transported faster.

### **The downside or difficulties facing multimodal transport operations**

Despite its apparent advantages, multimodal transportation is fraught with a number of difficulties principal

of which are the following:

a. The complex task (so far impossible) task of combining different legal regimes of the different transport modes into a single transport operation governed by a single contract - this remains a dream yet to be realized. This is because the vast differences between the rules governing the different transport modes (see Table 4), different grounds of liability, different limitations of liability, different documents with a different legal value, different time bars, have remained the biggest challenge facing the successful operation of multimodal transportation globally.

b. Defining, justifying and localizing the damage or loss and its basis of liability - The central hurdle when damage or loss occurs to goods under multimodal contract is during which leg of the carriage did the loss or damage occur? Did the loss damage occur at once at the time of its detection or it occurred gradually during the carriage and therefore might have occurred in between two of the modes during carriage? In such a case, which carrier will bear the liability? Even where the damage is localized, some national legal regimes might differ in their interpretation as to which international convention must apply?

It is clear from the above that while Multimodal Transport seems to offer only benefits to all parties, shippers and service providers, it is also very difficult to achieve. Multimodal Transport requires a thorough control over all the steps involved in international transport, including multiple storage and handling stages; this means extensive use of information technologies and carrier's networks and regulatory frameworks that can provide freedom to plan and operate to carriers and reliable liability regimes to customers. On top of that Multimodal transport needs to be competitive in markets where unimodal operations not only have been there for a long time but also are simpler to handle and, most of the time, more cost effective.



Disparities in economic development, transport policies, and infrastructure across nations and modes of transport make the integration of multimodal corridors a challenging task for regional organizations like the Asia-Pacific Economic Cooperation (APEC), European Union (EU), Association of Southeast Asian Nations (ASEAN), ECOWAS, CEMAC.

#### **Difficulties that hinder multimodalism world-wide**

There is no international uniform liability regime or framework for multimodal transport that governs international liability for loss, damage or delays. Present legal regime remains a complex array of international conventions regulating unimodal transport, national laws, diverse regional or sub-regional agreements and standard term contracts. For example, the CMR will cover any contract of carriage for intra EU road transport; B/L or national law for port damages before loading on vessel, Hague-Visby rules for sea leg, B/L between port and rail loading, or mandatory laws on rail carriage, etc. In WACAF, an intermodal or multimodal carriage will also face multiple national laws, as well as regional treaties such as the CEMAC code, and ISRT by ECOWAS.

Any contract of carriage between a shipper and the carrier must have clauses covering liability of the carrier and responsibilities of the shipper in the event of loss or damage. While not delving into the legal technicalities of contracts of carriage, citing a few areas of interest will be indicative of the complexities involved in multimodal operations.

For example, some of the critical issues that must be addressed in multimodal transport contractual operations include (i) Period of responsibility for the liability of the MTO; (ii) Basis of liability; (iii) Localized damage at what stage damage or loss occurred; (iv) Delay in delivery; (v) Liability for servants and agents; (vi) Limitation of liability following the UNCTAD/ICC Rules (unless the nature and value of the goods have been declared by the consignor before the goods have been taken in charge by the MTO and

inserted in the MT document, the MTO shall not be liable for any loss of, or damage to, the goods in an amount exceeding the equivalent of 666.67 SDR per package or unit, or 2 SDR per kilogram of gross weight of the goods lost or damaged, whichever is the higher); (vii) **Assessment of compensation** - Rule 5.5 of the UNCTAD/ICC Rules; and (viii) **also clear legal provisions relating to the Liability of the consignor, time-bars within which claims against the MTO must be instituted, jurisdiction within which action could be instituted, as well as options for arbitration.**

How do you determine applicable convention when damage or loss occurs in the course of multimodal transport? Different national courts may arrive at different results based on different jurisdictional interpretations. So far, the only applicable approach is what is called the "network system" whereby each leg of the transport system is governed by its unimodal liability regime (disadvantageous to the shipper no predictability which stage will damage occur? Which legal system will apply? How to determine non localized losses? what if the damage occurred gradually in different transport modes during the transport chain?).

To deal with these uncertainties, a new concept called the "uniform system" was developed to replace the network system—this replaces the multiple liability laws with one single liability regime covering the entire carriage of goods by two or more modes under one responsible party who assumes liability for all the losses or damages that could occur to the goods during transport. Same set of rules apply from origin to destination irrespective of where the damage or loss occurred – great advantage of certainty and predictability to the shipper.

MTO may pay more compensation to the cargo owner that he can recover from the subcarrier! Where the MTO compensates shipper based on the uniform system and claims from the subcontractors, this can only be easy with localized losses. In the case of non-localised losses where the MTO

has to sue all subcontractors, the latter may refute the evidence given by the former or invoke the exception of unimodal conventions or national laws.

It has been reported by several authorities that the uniform system has never been applied in its pure form. Nonetheless it has led to the birth of a third option called the "modified system". This provides uniform liability for non-localised losses or damages, and the network system for localized damages or losses. Mercosur, Andean Community (Bolivia, Colombia, Peru, Ecuador), ASEAN have based their provisions in the modified system. Modified system enables MTO fully recover damages against subcontractor, but contains all the disadvantages of both the uniform and network systems.

The international maritime transport market is, therefore, still in search of such a regime that might be suitable to an international movement of goods by all modes of transportation.

#### **Previous attempts to achieve uniformity for multimodal transport operations**

An international uniform regime to govern the operations of multimodal transportation in order to optimally extract its inherent benefits remains a tough assignment. The international community has since the 1930's been making frantic efforts in this direction but up till date, there is yet to be a uniform international solution. The following chronicles the journey that the international business community has travelled in its quest to develop a workable international legal regime for multimodal transport:

- International Institute for the Unification of Private Law (UNIDROIT) initiated action as far back as to the 1930s.
- Comité Maritime International (CMI)—"draft Convention on Combined Transport-Tokyo Rules" in 1969.
- draft conventions prepared by UNIDROIT and CMI were combined into a single text in 1970, under the auspices of the



Inland Transport Committee of the UN Economic Commission for Europe (UN/ECE), known as the "Rome Draft".

- This draft was further modified by meetings of the UN/ECE and the Intergovernmental Consultative Organization (IMCO) during 1970 and 1971, and came to be known as the "Draft Convention on the International Combined Transport of Goods", better known as the "TCM draft", using the French acronym for "Transport Combiné de Marchandises."

- United Nations Convention on International Multimodal Transport of Goods 1980

- UNCTAD/ICC Rules for Multimodal Transport Documents in 1991. The Rules entered into force on 1 January 1992 (incorporated in widely used multimodal transport documents such as the FIATA FBL199219 and the "MULTIDOC 95" of the Baltic and International Maritime Council– BIMCO – but do not have the force of law)

- Rotterdam Rules" (UNCITRAL Convention of 2009)–restricted largely to only maritime mode of transportation. These rules make a door-to-door example of solution though some schools of thought are doubtful that, by virtue inter alia of its restrictive application to the maritime mode and of its adherence to the network liability system, it should be appropriate to serve as a regulation of the liability regime of the MTO.

- Immediate future–MARLAW conference (19-23 September 2010, Marbella, Spain)– International Regulation of Liability for Multimodal Transportation of Goods: in Search of a Suitable Regime.

While a mandatory international convention would, in principle, be the best means of creating international

uniformity, experience has shown that international conventions are difficult to negotiate and very slow to enter into force. After twenty years, the UN Convention on International Multimodal Transport of Goods has not entered into force and is unlikely to do so in the near future,

Clearly the desire to reach uniformity of the law governing multimodal transport is far from being achieved. The present situation may be characterized by uncertainty as to the law applicable to multimodal transport operations

The lack of a uniform liability regime in force, diverse national laws and regulations including varying approaches on central issues such as the liability system, limits of liability, time-bar, etc., make it difficult for the parties to assess in advance the risks involved.

Nonetheless, while the international community keeps brainstorming for the uniform regime, some regional efforts are being made to harness the benefits of the applicable aspects of multimodal transport.

UNCTAD reported in a survey conducted in 2001 that a number of regional economic commissions and individual countries have developed frameworks to govern multimodal transport operations within their respective regions and countries. Some of the RECs which had such systems in place were the following: Regional/Sub regional laws and regulations for multimodal transport

operations

- a. Andean Community (Bolivia, Colombia, Ecuador, Peru and Venezuela)–Decision 331 of 4 March 1993 as Modified by Decision 393 of 9 July 1996: "International Multimodal Transport"

- b. MERCOSUR (Mercado Común del Sur – Argentina, Brazil, Paraguay and Uruguay) - Partial Agreement for the Facilitation of Multimodal Transport of Goods, 27 April 1995

- c. ALADI (Asociación Latinoamericana de Integración)–Agreement on International Multimodal Transport, 1996

- d. Draft ASEAN Framework Agreement on Multimodal Transport (Brunei, Cambodia, Indonesia, Lao People's Democratic Republic, Malaysia, Myanmar, Philippines, Singapore, Thailand and Viet Nam)

The UNCTAD survey report stated that as at 2001, the countries that responded to the data gathering request as having enacted some national laws on multimodal transport included Argentina, Austria, Brazil, China, Colombia, Ecuador, Egypt, Germany, India, Mexico, Netherlands, and Paraguay. It is also worth noting that even the regional and national efforts being made at multimodalsim have not been entirely successful.







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However, if RECs could have the needed political will to agree to develop national regimes which could be harmonized and diligently implemented, then regional successes by various RECs could eventually also be harmonized into a global regime for multimodal transport.

The discussion so far does attest to a number of assertions –

- i. that multimodal transportation has more merits than demerits;
- ii. That multimodal transportation strives on solid and effective systems including good modal (road, rail, water, air) infrastructure, superstructure, info-structure, legislative regimes and skilled human resources; and
- iii. that the advantages of multimodal transportation and their consequent far-reaching beneficial impact on socio-economic development do provide a necessary reason for any region including west and central Africa to seek to develop and integrate its transport systems in order to facilitate multimodal transportation.

In the light of the above, the question whether west and central Africa should consider multimodal transport as a tool or a good reason to justify integrated transport development needs not be asked since the answer is obvious.

It is important to remark at this juncture that integrated transport development has been the focus of many RECs including those of west and central Africa.

Therefore, while efforts are ongoing towards an integrated transport system and networks in the sub-region, concurrent efforts should also seek to develop regional and national frameworks that will promote multimodal transport operations.

#### Some necessary conditions for



#### successful Multimodal transportation

In his legal analysis of the multimodal transport arrangements of the Andean Community (AC), Nicolas Martinez Devia's study reported that even under a committed regional agreement of over 15 years, the operation of multimodal transport has faced several challenges due to the following reasons:

- Cargo owners do not understand the concept and the advantages it offers coupled with the lack of skilled expertise in the freight forwarding sector in developing countries;
- Some banks and customs officials do not accept the evidentiary function of the MTD posing a procedural challenge to carry the goods from one country to another;
- No infrastructure to transfer the goods between modes thus making operations costly and time consuming;
- Carriers of the different modes are competing among themselves for cargo rather than cooperating;
- Deficiency in ports' internal access, equipment and facilities;
- Liability for customs duties on lost or damaged goods in the custody of the MTO posing a disincentive to the latter;

- Insurance companies complain of lack of precision and coherence in the laws relating to the liability of the MTO – this hinders risk evaluation in insurance contracts and lessens the chance of bringing subrogation action against persons responsible for the loss or damage;
- Due to lack of knowledge, a custom at intermediary points open the containers under MT carriage for inspection – this result in long delays and in most cases some losses or damage to goods.

#### How can WACAF promote multimodal transportation? What conditions must prevail for multimodal transportation to be successful?

The above experience of the AC is significant for WACAF as a developing region in its effort to promote multimodal transportation.

Studies have established that Multimodal Transport requires a thorough control over all the steps involved in international transport, including multiple storage and handling stages. Due to its complex international legal and contractual implications, it is not easily accessible to most operators especially in developing countries.



The following are some conditions that should prevail in order to ensure effective multimodal transportation:

- i. Highly skilled expertise (commercial contract and maritime law, international freight forwarding, banking and insurance, etc), and extensively developed use of information technologies and carriers networks;
- ii. Regulatory frameworks that can provide freedom to plan and operate to carriers and reliable liability regimes to customers.
- iii. Simplified Customs administrative procedures and practices at ports and border points between countries to minimize or eliminate delays
- iv. Efficient ports with excellent ship turn-round times, high standards for safety and security of cargo and ships, and high cargo productivity,
- v. Effective and efficient security and safety along the entire transport chain (both intra and inter modes)
- vi. Strong regional cooperation with dedicated political will to develop, enact and implement legal regimes that favour multimodal transportation
- vii. Good road, rail water and air transport infrastructure and superstructure both nationally and regionally

The west and central African region can promote multimodal transportation only if the above conditions are developed and effectively implemented. This can be approached both at the national and regional levels:

At the national level, WACAF countries must **(i)** conduct a thorough assessment of the national capacities (strength and weaknesses) for multimodal transport; **(ii)** Set up national expert committees that will advise on intervention measures to build on the strengths and tackle the weaknesses – this should include providing the needed infrastructure including ports, roads, inland waterways, legal framework, ICT infrastructure, human resources, etc to facilitate multimodal transport; **(iii)** Set up special units at the Ministries of Trade and Transport to deal with

multimodal transport facilitation issues; and **(iv)** Develop policies to promote trade and transport between countries and eliminate the avoidable costs in multimodal transportation.

At the regional level, WACAF countries should focus on strengthening regional agreements and developing the needed political will to implement these agreements.

The region should develop a legal framework for multimodal transport operations taking into account the concerns of all operators involved. Secondly, it is also important for the region to encourage joint efforts to complement national efforts aimed at building the appropriate infrastructure to promote multimodal transportation.

Finally, while cooperating to develop and implement appropriate legal framework and build necessary infrastructure and systems for multimodal transport, the WACAF region must also participate actively in ongoing global efforts aimed at finding a lasting and acceptable international legal regime that will govern multimodal transportation worldwide.

### Conclusion

In examining the concept of multimodal transport as a tool for integrated transport development in west and central Africa, this paper briefly discussed an outlook of the region's international trade, and the concept of multimodal transport mainly from its economic and social advantage point of view.

The paper highlighted some advantages of multimodalism and

some difficulties being faced globally by both advanced and developing economies in getting a uniform legal regime to regulate multimodal transport.

Based on this analysis, the paper concluded that west and central Africa does have justification to promote multimodal transport integrated transport development as mutually inclusive and interdependent developmental concepts. This is because a well integrated transport system provides a good condition for multimodal transportation to thrive.

However, the paper added that, certain conditions must prevail including integrated transport networks for multimodal transportation to be efficient. In the light of those conditions, the paper suggested that WACAF countries, while supporting international efforts for a global legal regime for MT operation, must take concrete steps both nationally and at the regional level to create the needed environment for multimodal transportation.

These measures should include conscious assessment of capacities for multimodal transportation, implementation of legal frameworks on multimodal transport that cater for the needs of all actors in the system, development of requisite infrastructure, superstructure, infrastructure, human resources, and a strong political will to cooperate regionally through harmonized policies and legal frameworks that will promote trade and facilitate multimodal transportation among the member countries.





# THE EUROPEAN COMMISSION RAPID ALERT SYSTEM FOR FOOD, FEED AND NOTIFICATIONS ON EXPORTS FROM GHANA TO THE EUROPEAN UNION (EU)

By Eugene Adarkwa – Addae, Standards Division, Ministry of Trade and Industry

## Introduction

The Rapid Alert System for Food and Feed (RASFF) was established as a network by the member States of the European Union in 1979 to provide food and feed control authorities with an effective tool to exchange information about measures taken to respond to serious risks detected in relation to food and feed.

It is a quick and effective tool for the exchange of information between competent authorities when risks to human health are detected in the food and feed chain and measures such as withholding, recalling, seizure or rejection of the products concerned are taken. The exchange of information helps member states to act more rapidly and in a coordinated manner to respond to health threats caused by food and feed.

## Classification of Information

Information under the system is classified under three different headings: Market, Border and News notifications. Market notifications are, however, classified as Alert and Information notifications.

### • **Market Notifications/Alert Notifications:**

Alert Notifications are sent to Member States, when food or feed presenting risk is on the market and when immediate action is required. The alerts are triggered by a Member State that detects the problem and has initiated the relevant measures, such as withdrawal or recall.

The notification aims at giving all the member states the information to verify whether the concerned product is on their Market so that the necessary measures are taken.

Consumers can be assured that products, subject to an alert notification, have been withdrawn or are in the process of being withdrawn from the market.

**ii Information Notifications:** Information Notifications concern a Food or Feed for which a risk has been identified, but for which other member states do not have to take immediate action because the product has not reached their market.

These notifications are mostly food and feed consignments that have been tested and rejected at the external borders of the European Union (EU).

Consumers can be assured that products, subject to an information notification, have not reached the market or that all necessary measures have already been taken or are in the process of being taken to prevent the product from reaching the market.

### • **Border Rejection Notifications**

A Border Rejection Notification concerns a food or feed that was refused entry into the Community for reason of a health risk.

### • **News notifications**

A News Notification concerns any type of information related to the safety of food or feed which has not been communicated as an alert information or border rejection, but which is judged to be of interest to the food and feed control authorities in the member states.

Ghana has been receiving notifications on a number of processed foods, feed and raw food materials exported to the EU. The notifications have mainly been information and border rejection, that is, products are rejected at the external borders of the EU without reaching the market.





Table 1 shows the notifications received in 2005, 2006, 2007 and 2008 on food and feed exported from Ghana to the EU.

**Table 1: Number of notifications received from January 2005 to December 2008**

Year (Jan – Dec)	Number of notifications	Class of Notification Alert	Information	Border Rejection
2005	52	15	37	-
2006	34	-	34	-
2007	28	1	27	-
2008	20	-	-	20

#### Reasons for Notifications

The reasons for the notifications are varied. However, the main reasons include: high levels of Aflatoxin, improper labelling, high levels of heavy metals (mercury), unauthorized food colours (sudan dyes), high levels of Benzo (a) pyrene (smoke), presence of pathogenic micro organisms (salmonella), unauthorized artificial

sugars (saccharin), high levels of preservatives (benzoic acid), deterioration / spoilage, illegal export, moulds / insects and damaged packaging.

#### Products affected by Notifications

The food products implicated in the notifications include: Palm Oil, Peanuts and Peanut Butter, Khebab

powder, smoked/frozen fish, dried melon seeds, ground pepper, carbonated flavoured drinks, beer, cassava flakes/flour, roasted corn and fresh vegetables.

**Table 2: Products implicated, frequency and reasons for notification in 2005, 2006, 2007 and 2008.**

Products	Frequency of notification				Reason for notification
	2005	2006	2007	2008	
Palm Oil	31	3	4	1	Sudan Dyes
Peanut Butter	12	14	4	4	Aflatoxin
Animal feed	-	-	1	1	Aflatoxin
Melon Seeds	1	3	-	3	Aflatoxin
Carbonated Drink	-	-	6	-	Benzoic acid/Saccharin
Pepper (ground)	4	1	-	-	Aflatoxin
Khebab Powder	-	5	-	2	Aflatoxin
Raw Peanuts	-	1	1	-	Aflatoxin
Smoked Fish	-	4	1	-	Benzo(a) pyrene
Fresh/Frozen fish	-	-	4	-	Mercury
Vegetables/ Fruits	4	3	1	1	Microbiological/labeling
Dried roasted corn	-	-	1	1	Aflatoxin
Dried Maize/Beans	-	-	3	2	Aflatoxin
Mixed Spices	-	-	-	2	Aflatoxin
Plantain	-	-	-	1	Deterioration
Cocoa Powder	-	-	-	1	Damaged packages
Birdfeed Groundnut	-	-	-	1	Aflatoxin
Cassava flakes/flour	-	-	1	-	Aflatoxin
Beer	-	-	1	-	Bad Preservation





### Caution

It is important that food additives, especially colours are checked by food processors before they are used. It also requires that, Best Practices in processing, and storage of raw materials is applied by processors to prevent the growth of moulds in raw materials and the possible contamination of processed foods with Aflatoxin.

To reduce the notifications, the Ghana Export Promotion Authority (GEPA)

together with Ghana Standards Authority and other stakeholders have developed new Export Procedures for Processed Food and Raw Peanuts.

Under the procedures, all exporters would register with the GEPA. GEPA would inform GSA to inspect the processing facilities of the exporter. Depending on the results of the inspection, GEPA would finalize the registration and compile a list of approved exporters. The Customs

Division of the Ghana Revenue Authority would be furnished with the list of approved exporters and the products that each exporter is allowed to export. Every consignment to be exported by an approved exporter shall be inspected by the GSA and an export certificate issued.

### Conclusion

For an exporter to export processed food (including raw groundnuts), the exporter must be on the list of approved exporters. The exporter must have an export certificate issued by GSA and other relevant documents e.g. Certificate of Analysis. The export certificate and relevant documents must be presented at the point of exit before Customs would allow the consignment to leave the country.

The procedure is designed to reduce notifications received on exports from Ghana, prevent unauthorized exports to be made and also keep track of all exporters for the necessary corrective actions to be taken when notifications are received.

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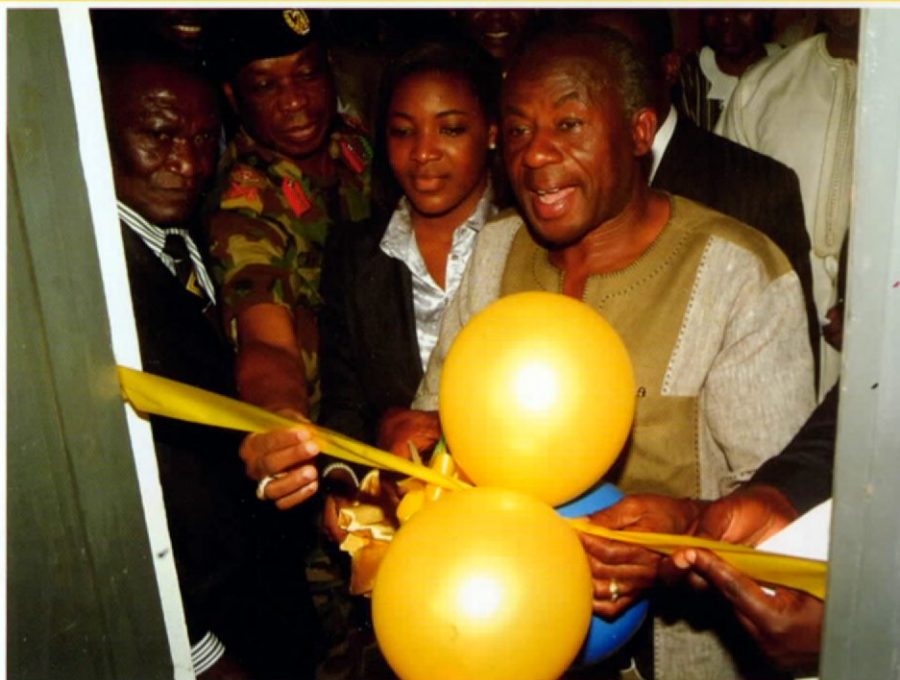
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# GSA OPENS COMPLAINTS AND SUPPORT UNIT AT KIA



The Ghana Shippers' Authority (GSA) has increased to four the number of its Shipper Complaints and Support Units with the inauguration of the Unit at the Aviance Cargo Village of the Kotoka International Airport (KIA) in Accra on 28th September, 2011.

The Units are being established at strategic points of the country's entry points to enable the GSA provide real time assistance to importers and exporters, help to cut down on the cost of doing business at the entry points by shippers and hence increase their competitiveness. The other three Units established at the Elubo border, Takoradi Port and the Aflao Border are in full operation.

Delivering his keynote address to formally open the KIA Unit, the Minister for Transport, Hon. Alhaji Collins Dauda congratulated the GSA for its efforts at reaching out to shippers throughout the country and providing them with the needed support. He noted that in line with trade liberalization, Government as a matter of policy will continue to create the appropriate legal and institutional

framework for the development of the transport industry to enhance the competitiveness of shippers in the global market.

He said to this end, the Ministry of Transport would give urgent attention to the passage of the new Ghana Shippers' Authority Regulations which seek to ensure a fair playing field for operators in the industry devoid of exploitation of shippers. He added that the Ministry will continue to give the GSA the needed support for their trade facilitation efforts to shippers throughout the country.

According to the Transport Minister, Information Technology in the era of global competitive markets plays a critical role in determining business competitiveness and survival and that the efficient performance of the Ghanaian shipper depends on their knowledge and understanding of international trade and transport environment, local and international laws governing bills of lading amongst others.

He commended the GSA for providing regular training and educational programs to update

shippers' knowledge and understanding of developments in the industry.

Major General Carl Modey, Commissioner of Customs Division of the Ghana Revenue Authority in an address said the GSA and Customs have collaborated over the years in many areas within the context of trade facilitation.

According to him both institutions played key roles in the sensitization towards the migration from Pre-shipment inspection to Destination inspection regimes as well as the introduction of the electronic platform for clearance of goods – the Ghana Community Network Systems (GCNet) – all aimed at simplifying procedures, reducing associated cost burdens and maximising efficiency.

The Commissioner of Customs said the operations at the Airport relating to cargo handling and clearance is fraught with similar challenges at the seaports. He said issues of cargo valuation, high freight charges and specifically delays in the clearance of consignments are of grave concern to everybody – traders, importers, exporters who particularly ship by air and genuinely expect a quicker turnaround time.

"Unfortunately, Customs is always perceived as the main cause of delays at the ports and airport because the mandated roles and responsibilities of other key stakeholders in the clearance process are not well known," he opined.

The Chief Executive Officer of the GSA, Dr Kofi Mbiah, said the harsh effects of the new global trading system have indeed imposed enormous challenges on various players within the international trading system including importers





Dr Mbiah mentioned that there is a misconception among a section of the populace that shipping only connotes transportation of cargoes by ships, and they therefore wondered why the GSA is setting up a complaints unit at the airport and the land borders. He noted that shipping involves the carriage of goods by all modes of transport and that this has become even more pronounced in the era of increased technology, multimodalism and end to end logistics.

This, he said, has undoubtedly accelerated the level of competitiveness required of importers and exporters if they are to find their rightful place within the global economic system. According to him, the the inauguration of the Shipper Complaints and Support Unit at the Kotoka International Airport by the GSA is in furtherance of this objective.

He explained that today, the assistance and support offered to shippers by shippers organisations transcend the port and ship interface and involve the provision of support services throughout the entire transport and logistics chain and that the GSA has thus positioned itself to provide a number of services to shippers throughout the entire logistics chain.



## GHANA SHIPPERS' AUTHORITY

### Marine Cargo Insurance – 'Protection against Future Loss'

The Ghana Shippers' Authority wishes to advise all Ghanaian exporters, exporting firms and prospective exporters to insure their goods or cargoes when effecting a shipment. Marine Cargo Insurance is a safe haven for the shipper because it covers physical damage to, or loss of the goods whilst in transit by land, sea and air, and offers considerable opportunities and cost advantages if managed correctly, such as reducing the aspect of financial loss due to damages or loss to cargo. Essentially, a loss is only recoverable by an insured who at the time of the loss has an insurable interest in the goods.

A wide range of covers are available to suit the circumstances and requirements of exporters. The Institute Cargo Clauses A, B and C give coverage to cargo insurance. The Cargo Clause A provides the most cover with B and C giving less coverage which is reflected in reduced premiums for the lower cover. The cover is similar to car insurance cover with comprehensive, third party, fire and theft policies. The insurance company or broker will provide details of exactly what cover is given by each clause to suitably meet the needs and trading patterns for your business.

To this end, the Ghana Shippers' Authority is delighted to inform all Ghanaian exporters, exporting firms and prospective exporters of the establishment of an insurance Brokerage Desk by Enterprise Insurance Company Limited and Ghana Re-Insurance in collaboration with the Federation of Associations of Ghanaian Exporters (FAGE) to provide Marine and Air Cargo Insurance services to all exporting firms in the country. The Brokerage Desk is situated at the office of FAGE, Trade Fair Site –La, Addison House, First Floor.

Shippers are urged to seize this opportunity to ease their insurance challenges, and should not hesitate to contact the Ghana Shippers' Authority for further information, clarification and advice on Marine and Air Cargo Insurance.



# MARITIME TRADE OF GHANA

Second Quarter (April-June, 2011)

## INTRODUCTION

**Table 1 MARITIME TRADE REVIEW OF GHANA IN TONS APRIL-JUNE 2011**

	IMPORT	EXPORT	TOTAL	% Share of Port
TAKORADI	322,082	603,198	925,280	21
TEMA	2,808,105	635,395	3,443,500	79
TOTAL	3,130,187	1,238,593	4,368,780	
%SHARE	72	28		
TRANSIT	155,270	33,815	189,085	4

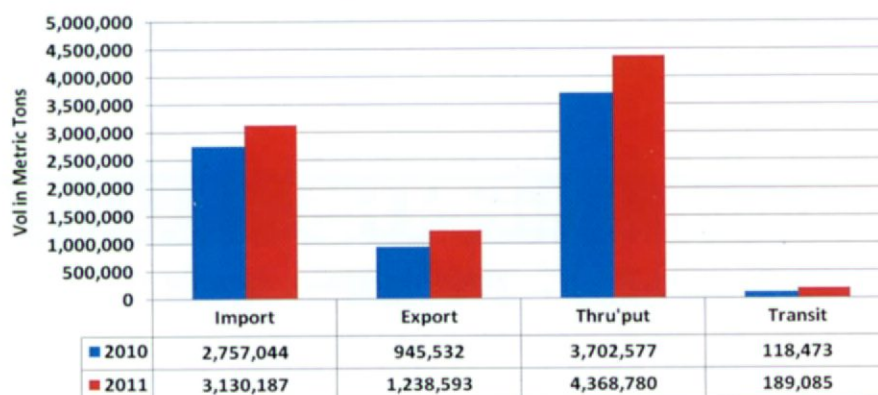
For the second quarter of 2011, total throughput at the sea ports of Ghana amounted to over 4.36 million tons. Of this, total import was 3.13 million tons or 72% while total export amounted to more than 1.23 million tons or 28%.

Total throughput at the port of Tema was more than 3.44 million tons (79% of total throughput through the two sea

ports) while the Takoradi port handled 925,280 tons.

Total transit cargo (import and export) for the period was 4% (189,085 tons) of the total throughput at the two sea ports. Table 1 above and Fig.1 below give a summary view of the maritime trade situation for the review period.

**Fig. 1 Summary of Maritime Trade of Ghana In Tons April-June 2010 & 2011**



## APRIL-JUNE 2010 AND 2011

Table 2 below and Fig. 1 above compared the performance of the maritime trade in the review period of April to June, 2011 to the performance in the same period in 2010. Total throughput for the review period increased by 18% from 3.70 million tons in 2010 to 4.36 million tons in 2011. This increase was a reflection of the 14% and 31% increases in the import and export tonnages for the review period. Total transit tonnage also increased by 60% during the review period.

In the port of Tema, total throughput increased by 25% from 2.75 million tons in 2010 to 3.44 million tons in 2011. The import and export tonnages through the port of Tema reflected the increase in the throughput by increasing 18% and 68% over the figures of the previous year. Total transit cargoes passing through the port of Tema also increased by 59%.

**Table 2 MARITIME TRADE OF GHANA IN TONS APRIL-JUNE 2010 & 2011**

	TEMA			TAKORADI			TOTAL		
	2010	2011	%DIFF	2010	2011	%DIFF	2010	2011	%DIFF
IMPORT	2,378,559	2,808,105	18	378,486	322,082	-15	2,757,045	3,130,187	14
EXPORT	379,100	635,395	68	566,432	603,198	6	945,532	1,238,593	31
THRU'PUT	2,757,659	3,443,500	25	944,918	925,280	-2	3,702,577	4,368,780	18
TRANSIT	118,473	188,721	59	0	364	0	118,473	189,085	60



The port of Takoradi on the other hand saw a 2% decrease from the 944,918 tons recorded for the 2010 period to 925,280 tons during the review period. This decrease was the result of a 15% decrease in the total import tonnage handled at the port of Takoradi during the review period.

Export tonnage through the port of Takoradi for the review period, however, saw a 6% increase over the 2010 tonnage. There was a transit export of 364 tons recorded for the port of Takoradi during the review period.

**Table 3 MARITIME TRADE REVIEW OF GHANA BY TYPE IN TONS APRIL-JUNE 2010 & 2011**

	TEMA			TAKORADI			TOTAL		
	2010	2011	%DIFF	2010	2011	%DIFF	2010	2011	%DIFF
<b>IMPORT</b>									
LINER	997,560	1,211,312	21	93,722	56,576	-40	1,091,282	1,267,888	16
DRY BULK	455,586	728,977	60	271,624	238,500	-12	727,210	967,477	33
LIQ. BULK	925,413	867,816	-6	13,140	27,006	106	938,553	894,822	-5
<b>TOTAL</b>	<b>2,378,559</b>	<b>2,808,105</b>	<b>18</b>	<b>378,486</b>	<b>322,082</b>	<b>-15</b>	<b>2,757,045</b>	<b>3,130,187</b>	<b>14</b>
<b>EXPORT</b>									
LINER	360,292	544,639	51	158,722	128,135	-19	519,014	672,774	30
DRY BULK	11,208	19,213	71	407,709	475,063	17	418,917	494,276	18
LIQ. BULK	7,600	71,543	841	0	0	0	7,600	71,543	841
<b>TOTAL</b>	<b>379,100</b>	<b>635,395</b>	<b>68</b>	<b>566,431</b>	<b>603,198</b>	<b>6</b>	<b>945,531</b>	<b>1,238,593</b>	<b>31</b>

From Table 3 above, it can be seen that the maritime trade was grouped into Liner, Dry Bulk and Liquid Bulk Trades. On the import side, total liner trade amounted to more than 1.26 million tons for the review period. This was 16% more than what was recorded for the same period in 2010.

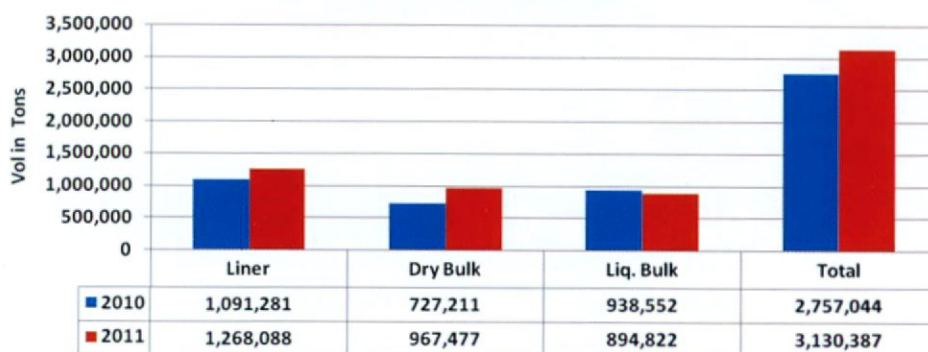
The dry bulk trade for the review period was 33% more than the tonnage recorded for the same period of 2010 while the liquid bulk trade saw a 5% decrease from the 2010 period tonnage during the review period. Figs. 2 & 3 below

give pictorial view of the import and export trade.

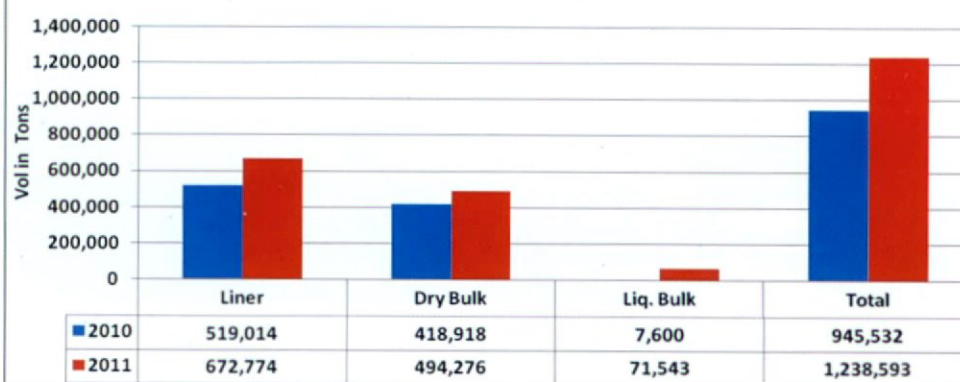
The export trade during the review period recorded an increase of 30% in the liner tonnage from 519,014 tons in the 2010 period to 672,774 tons. The dry bulk export trade recorded an increase of 18% during the review period.

The liquid bulk export trade showed significant increase during the review period, moving from 7,600 tons in the 2010 period to 71,543 tons. This was an increase of over 800% over the 2010 period tonnage.

**Fig. 2 Summary of the Maritime Import Trade In Tons, April- June 2010 & 2011**



**Fig. 3 Summary of the Maritime Export of Ghana In Tons April-June 2010 & 2011**







# GHANA SHIPPERS' AUTHORITY



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### DIRECTION OF THE MARITIME TRADE OF GHANA

Ghana trades with various countries of the world. These countries are grouped into seven trading ranges, namely: the United Kingdom (UK), the North Continent (NC), the Mediterranean Europe (ME), the North America (NA), the

Far East (FE), the Africa (AF) and the Others (OH) ranges.

### The Import Trade

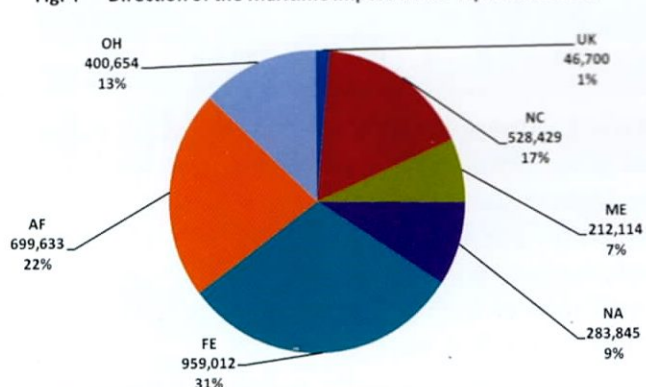
**Table 4 DIRECTION OF MARITIME IMPORTS OF GHANA IN TONS APRIL-JUNE 2011**

	UK	NC	ME	NA	FE	AF	OH	TOTAL
LINER	46,700	179,166	141,938	84,508	555,448	134,755	125,573	1,268,088
DRY BULK	0	124,551	59,628	156,358	403,564	17,501	205,875	967,477
LIQ. BULK	0	224,712	10,548	42,979	0	547,377	69,206	894,822
TOTAL	46,700	528,429	212,114	283,845	959,012	699,633	400,654	3,130,387
RANGE %	1	17	7	9	31	22	13	100

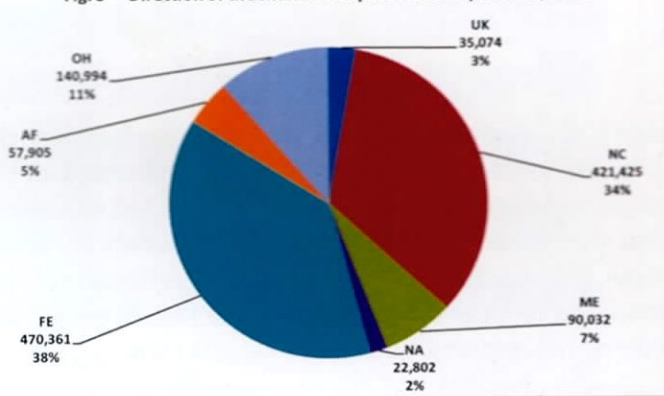
For the review period, majority of import into Ghana came from the Far East range amounting to 959,012 tons. This was 31% of total import for the second quarter of 2011. The Africa range contributed the next highest tonnage amounting 699,633 tons or 22% of total import. This was followed by the North Continent range with 528,429 tons or 17% of total import.

The Others range, made up of countries such as South America, Australia, Jamaica, Lebanon, New Zealand, etc, came next with 400,654 tons amounting 13% of the total import. The North America, the Mediterranean Europe and the United Kingdom ranges followed in that order with 9%, 7% and 1% respectively. This is depicted in Table 4 above and Fig. 4 below.

**Fig. 4 Direction of the Maritime Import Trade - April-June 2011**



**Fig. 5 Direction of the Maritime Export Trade - April-June, 2011**



### The Import Items:

Major import items in the liner trade for the review period include pharmaceuticals and medical supplies (153,469 tons), lubricating oil (136,844 tons) and processed food and beverages (91,544 tons). In the dry bulk trade, major import items include alumina (1.26 million tons), fertilizer (204,423 tons), coke (162,937 tons), cement (37,655 tons) and clinker (11,743 tons). The major liquid bulk import items were petroleum product (27,399 tons) and other liquid bulk (967,477 tons).

### The Export Trade

Table 5 below and Fig. 5 above give an indication of the direction of the maritime export trade for the review period. Over 38% of the export trade amounting to 470,361 tons was shipped to the Far East range.

The North Continent range received 34% (421,425 tons) followed by the Others range with 140,994 tons or 11%. Mediterranean Europe, Africa and the United Kingdom ranges followed with 7%, 5% and 3% respectively. The North America range had the least of 2% for the period.

**Table 5 DIRECTION OF MARITIME EXPORT OF GHANA IN TONS APRIL-JUNE 2011**

	UK	NC	ME	NA	FE	AF	OTHERS	TOTAL
LINER	35,074	142,119	36,805	22,802	350,230	57,905	27,839	672,774
DRY BULK	0	261,046	53,227	0	120,131	0	59,872	494,276
LIQ. BULK	0	18,260	0	0	0	0	53,283	71,543
TOTAL	35,074	421,425	90,032	22,802	470,361	57,905	140,994	1,238,593
RANGE %	3	34	7	2	38	5	11	100



## The Export Items

The major liner export items for the review period include cashew nuts which contributed nearly 32% of the total liner export trade or 213,127 tons and cocoa beans (157,813 tons or 23% of the total liner export trade). Cocoa product contributed 7% (47,095 tons), metal scraps 6% (40,985 tons), timber logs 5% (34,419 tons) and sawn timber 5% (34,132 tons).

In the dry bulk export trade, major export items were manganese 83% (412,025 tons), bauxite 11% (55,976 tons) and sheanut about 4% (19,213 tons). The liquid bulk items were mostly petroleum products amounting to 38,306 ton or about 54% and other liquid bulks at 46 %.

## THE TRANSIT TRADE

**Table 6 TRANSIT TRADE THROUGH THE PORTS OF GHANA IN TONS APRIL-JUNE, 2010 & 2011**

Country/Year	TEMA			TAKORADI			TOTAL		
	2010	2011	%DIFF	2010	2011	%DIFF	2010	2011	%DIFF
Algeria	-	-	0	-	-	0	-	-	0
Benin	2,484	5,481	121	-	-	0	2,484	5,481	121
Burkina Faso	72,486	124,934	72	-	78	0	72,486	125,012	72
Cameroun	2,664	-	-100	-	-	0	2,664	-	-100
Chad	37	1,142	2986.49	-	-	0	37	1,142	2986.49
Gabon	-	-	0	-	-	0	-	-	0
Gambia	-	-	0	-	-	0	-	-	0
Guinea	87	-	-100	-	-	0	87	-	-100
Ivory Coast	826	11,451	1286	-	23	0	826	11,474	1289
Mali	16,738	17,976	7	-	263	0	16,738	18,239	9
Niger	5,505	11,704	113	-	-	0	5,505	11,704	113
Nigeria	5,000	3,803	-24	-	-	0	5,000	3,803	-24
Others	175	101	-42	-	-	0	175	101	-42
Senegal	5,865	25	-100	-	-	0	5,865	25	-100
Togo	6,606	12,104	83	-	-	0	6,606	12,104	83
Total	118,473	188,721	59	-	364	0	118,473	189,085	60

Table 6 above gives an idea of the transit trade during the review period. A total of 189,085 tons was recorded for the transit trade (export and import). This was 60% more than what was recorded in 2010 for the same period. In Table 7 below, the transit export tonnage recorded for the period amounted to 33,815 tons or 18% of the total transit trade while transit import amounted to 155,270 tons.

Major countries whose transit trade passed through the sea ports of Ghana include Burkina Faso which recorded the highest share of the total transit trade amounting to 125,012 tons or more than 66%. This was followed by Mali with 18,239 tons or close to 10%. The others were Togo with 12,104 tons or 6.40%, Niger with 11,704 tons or 6.19% and Ivory Coast with 11,474 tons or 6.07%.

**Table 7 TRANSIT TRADE THROUGH THE PORTS OF GHANA IN TONS APRIL-JUNE, 2011**

Country/Year	TEMA			TAKORADI			TOTAL			% SHARE
	IMPORT	EXPORT	TOTAL	IMPORT	EXPORT	TOTAL	IMPORT	EXPORT	TOTAL	
Algeria	-	-	-	-	-	-	-	-	-	0
Benin	397	5,084	5,481	-	-	-	397	5,084	5,481	2.90
Burkina Faso	100,286	24,648	124,934	78	-	78	100,364	24,648	125,012	66.11
Cameroun	-	-	-	-	-	-	-	-	-	0
Chad	24	1,118	1,142	-	-	-	24	1,118	1,142	0.60
Gabon	-	-	-	-	-	-	-	-	-	0
Gambia	-	-	-	-	-	-	-	-	-	0
Guinea	-	-	-	-	-	-	-	-	-	0
Ivory Coast	10,469	982	11,451	23	-	23	10,492	982	11,474	6.07
Mali	16,618	1,358	17,976	263	-	263	16,881	1,358	18,239	9.65
Niger	11,680	24	11,704	-	-	-	11,680	24	11,704	6.19
Nigeria	3,533	270	3,803	-	-	-	3,533	270	3,803	2.01
Others	46	55	101	-	-	-	46	55	101	0.05
Senegal	21	4	25	-	-	-	21	4	25	0.01
Togo	11,832	272	12,104	-	-	-	11,832	272	12,104	6.40
Total	154,906	33,815	188,721	364	-	364	155,270	33,815	189,085	100
% Share	82.08	17.92	99.81	100	0	0.19	82	18	100.00	



**PERFORMANCE OF THE SHIPPING AGENTS**

Thirty-three shipping agencies handled the total throughput of over 4.36 million tons for the review period as is shown in Table 8 below.

Twenty-six shipping agencies handled the liner trade. The highest performer was Maersk Gh. Ltd with 439,004 tons which amounted to over 10% of the throughput for the period. This was followed by Delmas Shipping Gh. CMA

CGM which handled 224,238 tons or over 5% of throughput.

The next was Safmarine with 186,750 tons amounting over 4% of the throughput. Other participants with good performances in the maritime trade for the period include Hull Blyth (3.75%), MSCA Gh. Ltd (3.71%), PIL Gh Ltd (3.04%) and Supermaritime Gh Ltd (2.98%). There were other participants whose activities ranged from 0.01% to 1.45%.

**Table 8 PERFORMANCE OF SHIPPING AGENTS IN GHANA'S SEABORNE TRADE APRIL-JUNE 2011**

	IMPORT	EXPORT	TOTAL	%SHARE
<b>LINER</b>				
ADVANCED MARITIME TRANSPORT	206	47	253	0.01
ANTRAK GH. LTD	43,965	7,351	51,316	1.17
BLUESEA MARITIME GH. LTD	0	4,500	4,500	0.10
DELMAS SHIPP. GH. CMA CGM.	148,414	75,824	224,238	5.13
DOLPHIN SHIPPING SERV. LTD	7,277	0	7,277	0.17
GETMA GH. LTD	1,582	0	1,582	0.04
GLOBAL CARGO & COMMODITIES	10,893	0	10,893	0.25
GMT SHIPPING	34,586	0	34,586	0.79
GRIMALDI GH. LTD	48,606	14,635	63,241	1.45
HULL BLYTH GH. LTD	134,129	29,526	163,655	3.75
ISAG GH. LTD	38,899	52,557	91,456	2.09
MACRO SHIPPING GH. LTD	6,709	2,418	9,127	0.21
MAERSK GH. LTD	276,713	162,291	439,004	10.05
MACRO SHIPPING GH. LTD	4,287	0	4,287	0.10
MARITIME AGENCIES	1,318	0	1,318	0.03
MAXITIDE VENTURES	11,957	0	11,957	0.27
MOL GH. LTD	52,092	8,499	60,591	1.39
MSCA GH. LTD	135,420	26,552	161,972	3.71
PANALPINA GH. LTD	14,641	5,000	19,641	0.45
PIL GH. LTD	79,478	53,437	132,915	3.04
SAFMARINE	116,286	70,464	186,750	4.27
SANTA SHIPPING	8,500	0	8,500	0.19
SCANSHIP GH. LTD	9,910	42,677	52,587	1.20
SDV GH. LTD	1,943	12,741	14,684	0.34
SHARAF SHIPPING	48,154	10,274	58,428	1.34
SUPERMARITIME GH. LTD	36,213	93,980	130,193	2.98
<b>SUB-TOTAL</b>	<b>1,267,891</b>	<b>672,773</b>	<b>1,940,664</b>	<b>44.42</b>
<b>DRY BULK</b>				
ANTRAK GH. LTD	7,200	0	7,200	0.16
DAMCO LOGISTICS	51,509	0	51,509	1.18
DELMAS SHIPP. GH. CMA CGM	14,300	0	14,300	0.33
GETMA GH. LTD	79,977	0	79,977	1.83
GLOBAL CARGO & COMMODITIES	97,617	0	97,617	2.23
HULL BLYTH GH. LTD	448,222	0	448,222	10.26
MACRO SHIPPING GH. LTD	0	55,976	55,976	1.28
MAERSK GH. LTD.	52,333	0	52,333	1.20
MAP SHIPPING GH. LTD	64,022	0	64,022	1.47
MARITIME AGENCIES LTD	1,692	0	1,692	0.04
PANALPINA GH. LTD	0	5,832	5,832	0.13
SCANSHIP GH. LTD	55,655	20,443	76,098	1.74
SEATRANS GH. LTD	8,750	0	8,750	0.20
SUPERMARITIME GH. LTD	86,201	412,025	498,226	11.40
<b>SUB-TOTAL</b>	<b>894,822</b>	<b>71,543</b>	<b>966,365</b>	<b>22.12</b>
<b>GRAND TOTAL</b>	<b>3,130,191</b>	<b>1,238,592</b>	<b>4,368,783</b>	<b>100.00</b>



There were 14 participants in the dry bulk trade. Supermaritime Gh. Ltd handled the highest tonnage of 498,226 tons which was more than 11% of total throughput.

Hull Blyth Gh Ltd came next with a tonnage of 448,222 tons amounting over 10% of the total throughput. Other major performers include Global Cargo & Commodities (2.23%), Getma Gh Ltd (1.83%), Scanship Gh. Ltd (1.74%), Map Shipping Gh. Ltd (1.47%) and others with percentages ranging from 0.04 to 1.28.

The liquid bulk trade had 8 shipping agencies to handled the over 966,360 tons of cargo. Bulkship handled the highest tonnage of 379,973 tons (8.70%). Daddo Maritime followed with 197,699 tons (4.53%). The next were Inchcape Shipping Services with 172,869 tons (3.96%) and Supermaritime Gh. Ltd with 145,091 tons (3.32). The rest of the agencies in this trade handled between 0.03% and 1.17%.

A total of 73 shipping lines and charterers participated in the seaborne trade of Ghana for the second quarter of 2011 as can be seen in Table 9 below.

The liner trade saw 48 shipping companies and operators loading and unloading cargo at the sea ports of Ghana. The highest performer was Maersk Line which handled over 439,000 tons of liner cargo amounting to almost 23% of the total throughput for the period.

Safmarine with 186,750 tons (9.62%), Mediterranean Shipping Co. with 161,972 tons (8.35%), Delmas with 138,051 tons (7.11%) and Pacific International Lines with 132,915 (6.85%) followed in that order. Other high performers include CMA CGM (4.21%), Grimaldi Lines (3.64%), Gold Star Line (3.43%), Mitsui O.S.K. Lines (3.12%), CSAV (3.01), Hapag Lloyd (2.70%), Hanjin Shipping (2.49%) and Niledutch Lines (2.39%). The share of the rest was between 0.04% and 1.99%.

## PERFORMANCE OF SHIPPING LINES

**Table 9 PERFORMANCE OF SHIPPING LINES IN GHANA'S SEABORNE TRADE  
APRIL-JUNE 2011**

	IMPORT	EXPORT	TOTAL	%SHARE
<b>LINER</b>				
'K' LINE	15,000	3,712	18,712	0.96
AFRICA EXPRESS LINE	4,464	24,954	29,418	1.52
AFRITRAMP	2,714	2,239	4,953	0.26
BREAD BOX SHIPPING	2,293	1,891	4,184	0.22
CHINA OCEAN SHIPPING	13,355	15,207	28,562	1.47
CHINA SHIPPING	6,180	0	6,180	0.32
CMA CGM	41,722	40,020	81,742	4.21
CONTI GMT	33,241	0	33,241	1.71
CSAV	48,154	10,274	58,428	3.01
DELMAS	92,880	45,171	138,051	7.11
EAGLE WEST AFRICA SERV.	938	0	938	0.05
EDF MAN	6,019	0	6,019	0.31
EUKOR BULKERS	1,969	0	1,969	0.10
EUKOR CAR CARRIER	3,803	0	3,803	0.20
EURO AFRICA	1,702	16,869	18,571	0.96
GOLD STAR LINE	25,265	41,272	66,537	3.43
GREEN ICE	3,150	0	3,150	0.16
GRIMALDI LINES	52,537	18,198	70,735	3.64
HANJIN SHIPPING	39,866	8,362	48,228	2.49
HAPAG LLOYD	36,267	16,094	52,361	2.70
HOEGH AUTOLINERS	3,483	0	3,483	0.18
HUAL LINES	3,353	0	3,353	0.17
I.M.T.	2,965	7,330	10,295	0.53
MAERSK LINE	276,713	162,291	439,004	22.62
MARCON	8,500	0	8,500	0.44
MEDITERRANEAN SHIPP. CO	135,420	26,552	161,972	8.35
MESSINA LINES	16,068	4,358	20,426	1.05
MITSUMI O.S.K. LINES	52,092	8,499	60,591	3.12



**Table 9 PERFORMANCE OF SHIPPING LINES IN GHANA'S SEABORNE TRADE  
APRIL-JUNE 2011**

	IMPORT	EXPORT	TOTAL	%SHARE
NILEDUTCH	24,127	22,257	46,384	2.39
NIPPON YUSEN KAISHA	15,065	2,247	17,312	0.89
NORDANA LINE	3,281	45	3,326	0.17
OTAL	15,755	3,374	19,129	0.99
OTHER	23,066	9,339	32,405	1.67
PACIFIC INTL. LINES	79,478	53,437	132,915	6.85
PIONEER FOOD CANNERY	827	0	827	0.04
RMR SHIPPING GMBH & CO	864	0	864	0.04
S. BACO LINER	0	5,000	5,000	0.26
SAFMARINE	116,286	70,464	186,750	9.62
SERVISTAR/WE2SEA FOODS	1,896	0	1,896	0.10
SINOTRANS	1,318	0	1,318	0.07
SPLIETHORFF	133	28,850	28,983	1.49
UNICARGO	0	4,500	4,500	0.23
UNITED ARAB SHIPP. CO	37,186	1,359	38,545	1.99
UNIVERSAL AFRICA LINES	2,628	574	3,202	0.16
VAN WELDE CHARTERING	1,503	0	1,503	0.08
VERTOM	0	6,750	6,750	0.35
WILHELMSSEN SHIPS SERV.	726	0	726	0.04
ZIM LINE	13,634	11,285	24,919	1.28
SUB TOTAL	1,267,886	672,774	1,940,660	44.42
DRY BULK				
AFRITRAMP	49,969	6,597	56,566	3.87
APO CEMENT CORP.	20,000	0	20,000	1.37
BBC CHARTERING	1,692	0	1,692	0.12
BULKHANDLING	0	55,976	55,976	3.83
CARMUSE TRADING	8,195	0	8,195	0.56
CETRAGPA S.N.C	6,000	0	6,000	0.41
CHEMICO	39,820	0	39,820	2.72
DANGOTE	84,766	0	84,766	5.80
DELMAS	14,300	0	14,300	0.98
EURO AFRICA	0	13,846	13,846	0.95
HC TRADING	420,027	0	420,027	28.73
I.M.T.	10,051	412,025	422,076	28.87
MAERSK LINE	52,333	0	52,333	3.58
NORDANA OPERATIONS	6,294	0	6,294	0.43
NOVEL	12,851	0	12,851	0.88
OCEANCREST TRANSPORT	28,570	0	28,570	1.95
OTHER	149,182	0	149,182	10.21
PRO LINE CARRIER	16,455	0	16,455	1.13
SEALIFT B.V	35,273	0	35,273	2.41
WILHELMSSEN SHIPS SERV.	0	5,832	5,832	0.40
YARA	11,700	0	11,700	0.80
SUB TOTAL	967,478	494,276	1,461,754	33.46
LIQUID BULK				
CHASE	0	24,148	24,148	2.50

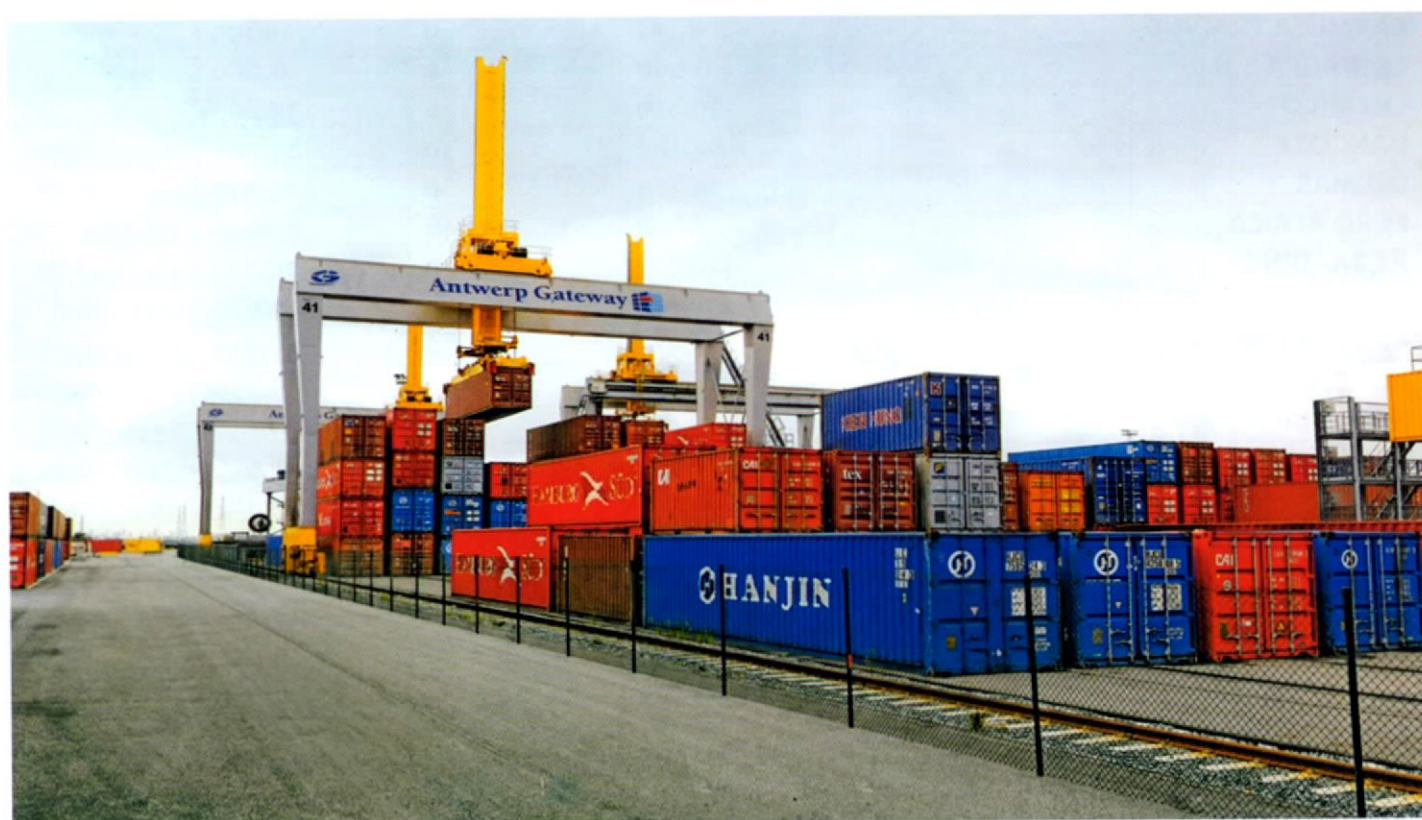


**Table 9 PERFORMANCE OF SHIPPING LINES IN GHANA'S SEABORNE TRADE**  
**APRIL-JUNE 2011**

	IMPORT	EXPORT	TOTAL	%SHARE
CHINA OCEAN SHIPPING	5,412	0	5,412	0.56
CIRRUS	126,409	0	126,409	13.08
ECO	102,761	9,171	111,932	11.58
EURO AFRICA	11,046	0	11,046	1.14
FUEL TRADE	163,995	4,987	168,982	17.49
G.N.P.C.	127,224	0	127,224	13.17
G.O.P.D.C	3,000	0	3,000	0.31
GEOGAS	41,782	0	41,782	4.32
IMT	10,548	0	10,548	1.09
OTHER	156,684	32,064	188,748	19.53
SAHARAH	52,480	0	52,480	5.43
TEMA LUBE OIL	4,319	0	4,319	0.45
VITOL	88,540	0	88,540	9.16
WILHELMSSEN SHIPS SERV.	622	1,173	1,795	0.19
SUB-TOTAL	894,822	71,543	966,365	22.12
GRAND TOTAL	3,130,186	1,238,593	4,368,779	100.00

The dry bulk trade saw 21 shipping lines and operators participating. High performers include I.M.T with 422,076 tons (28.87%), H C Trading with 420,027 tons (28.73%), Dangote with 84,766 tons (5.80%), Bulkhandling with 55,976 tons (3.83%), Afritramp with 56,566 tons (3.87%), Maersk Line with 52,333 tons (3.58%), Chemico with 39,820 tons (2.72%) and Sealift B. V with 35,273 tons (2.41%). The remaining participants carried between 0.12% and

1.95%. Fifteen shipping lines participated in the liquid bulk trade for the period. The highest operators were Fuel Trade with 168,982 tons (17.49%), G.N.P.C with 127,224 tons (13.17%), Cirrus with 126,409 tons (13.08%) and ECO with 111,932 tons (11.58%). Other participants carried between 0.19% and 5.43%.





# BORDER INFORMATION CENTRES LAUNCHED AT GHANA-TOGO BORDER



**T**wo pilot Border Information Centres, an initiative of the USAID's West Africa Trade Hub, were launched on 4th August, 2011 in Aflao (Ghana) and Kodzoviakopé (Togo) to provide import, export and transit information to importers and exporters at the Ghana-Togo border.

The establishment of the Border Information Centres will assist traders to know the requirements which would lead to improved trading activities and transportation across the sub-region.

The core objective of the centres is to provide information for both the public and private sector operators on general rules and procedures. It will also facilitate border processing, reduce costs and delays and increase trade among ECOWAS states.

A report by Borderless Alliance noted that reducing West Africa's transport costs which are among the highest in the world, could significantly expand trade and lift millions of people out of poverty.

In a speech, the Deputy Chief Executive Officer of the Ghana Shippers' Authority (GSA), Mr Emmanuel Martey said the GSA has been working in

partnership with various institutions to find solutions to the numerous challenges that confront the shipping industry. According to him, one of such partnership has been the agreement with the West Africa Trade Hub over the past five years to work on the Improved Road Transport Governance (IRTG) Project of the Economic and Monetary Union of West Africa (UEMOA). He added that the two organizations in May 2011 also collaborated to hold workshops on road harassment along the Tema-Ouagadougou transit corridor aimed at sensitizing the regional of the Police Administration, Customs and other relevant organizations.

"It is our conviction that the success of this collaboration is what has culminated in yet another agreement to establish this pilot joint Trade Information Centre (TIC) which the GSA is happy to host in its Shipper Complaints & Support Unit here in Aflao", Mr Martey added. He noted that the Trade Information centre will assist in increasing trade across the borders in West Africa through the supply of information to both public and private sectors on regional trading rules and procedures to facilitate customs processing, reduce costs and delays and

generally enhance trade among ECOWAS states.

The Deputy Minister of Transport, Dzifa Attivor, on her part, commended officials of the USAID and West Africa Trade Hub (WATH) for bringing to the attention of government harassment transporters are subjected to.

She said the ministry would continue to offer the necessary support that will enable the agencies create the enabling environment for the transportation and border crossing formalities.

The Hon. Minister of Trade and Industry, Hannah Tetteh, in a speech read on her behalf, said delays and the cost of crossing borders that are driven by the lack of readily accessible information about border procedures are significantly discouraging trade in West Africa. "This new initiative provides business with information and assistance to cut through the red tape and make trade happen", she opined.

"We should all take advantage of the centre to educate ourselves accordingly, especially importers, exporters, freight-forwarders, customs, immigration and police officers", the Trade and Industry Minister implored.

The Deputy Chief of Mission, Ellen Thorburn of the U.S Embassy to Togo, noted that reducing the delay at the border by just an hour would mean increase in trade and jobs in West Africa. The Aflao Information Centre is hosted by the Ghana Shippers' Authority, while the Kodzoviakopé Centre is hosted by the Abidjan-Lagos Corridor Organization (ALCO).

Similar Centres are envisaged at the Ghana-Burkina Faso border at Paga-Dakola and at the Senegal-Mali border at Kidira.



# CLEARING PROCEDURES AT THE AFLAO BORDER



## Registration, Compliance & Verification

- Transitor presents Customs Declaration Form, Invoice and Packing List through an agent to a Customs officer at Ghana entry point.
- The documents are endorsed and the transitor's truck is routed to the Loading Task Force (LTF) for further processing and endorsement.
- The transitor/forwarding agent completes a C.68 form while at LTF. The form C.68, which is the manifest, and the Customs Declaration Form are forwarded to Officer in Charge (OIC) at Long Room.
- OIC Long Room reviews documents and refers to Sector Commander for processing and endorsement.
- Transitor/forwarding agent submits a new Customs Declaration Form for Ghana.

## Bond and Customs Fee

- Transitor/forwarding agent prints the Ghana Customs Declaration Form and purchases an Insurance Cover Bond from any recognized insurance company at the border.
- Ghana Revenue Authority also charges an administrative fee of \$200 USD\* per consignment.
- \*\$200 USD fee can be paid in GH¢ or FCFA at any participating bank.
- Transitor/forwarding agent returns to the Long Room, after bond and administrative fee payments, and presents all customs documents, including pay-in slip and payment receipts, to Compliance Officer.

## Examination

- Compliance Officer verifies customs documents and payments and forwards them to Examination Officer (EO).
- For consignments already sealed, the EO examines consignment externally and forwards documents to Chief Collector at the Long Room.
- For unsealed consignments the EO conducts a physical examination assuring all goods on the Customs Declaration Form are present. EO then seals the consignment and forwards documentation to Chief Collector Long Room.

## Release

- Chief Collector Long Room cross checks documents and when satisfied, forwards document to the Chief Collector Preventive.
- Chief Collector Preventive assigns an officer to escort the consignment through Ghana and to the exit point.
- \*One customs officer will escort multiple consignments at the same time. Transitors may experience delays while other consignments are prepared for transit through Ghana.
- Chief Collector Preventive forwards documents to Registry for a Memo detailing the consignment. This Memo, together with all other customs documents, are forwarded to the Sector Commander for signature and release authorization.

- Once release is authorized by the Sector Commander, all documents are presented to OIC Communications who will give advance notice of consignment's arrival at exit point.
- Communications forwards customs

documents to Chief Collector Preventive and the transitor / forwarding agent pays appropriate escort fees before documents are forwarded back to the Loading Task Force.

- Loading Task Force endorses C.68 as closed and forwards documents to the Last Check Point in Aflao.
- Customs officer at Last Check Point cross checks documents with vehicle carrying consignment, processes documents and, when satisfied, releases cargo to the escort officer for the journey to the exit point.

## Documents Required

- Invoice
- Waybill
- Customs Declaration Form
- Packing List
- Form C.68
- ISRT Logbook
- Bond
- Memo from Ghana Customs
- Relevant Permits

## The following 'High Risk Good' require inspection and certification from either Customs Laboratory or Standards Authority

- Food Products
- Pharmaceuticals, Cosmetics & Medical Devices
- Electrical Appliances
- Electrical Products (bulbs, switches & sockets)
- Electrical Cables
- Electronic Products
- LPG Cylinders & Accessories
- Toys
- Chemicals and Allied Products
- Building Materials
- Used Goods (second-hand clothing)
- Petroleum Products
- Pyrotechnic Products
- Motor Vehicle Batteries
- Alcoholic & Non-Alcoholic Products
- African Textile Prints
- Arm and Ammunition
- Machetes/Cutlass
- Vehicle Spare Parts
- Industrial Machinery

## Avoid delays

Get the information you need at the Border Information Centre located at the Ghana Shipper's Authority (GSA) office.

(Credit: BORDERLESS)



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for vessels due for the Port of Takoradi





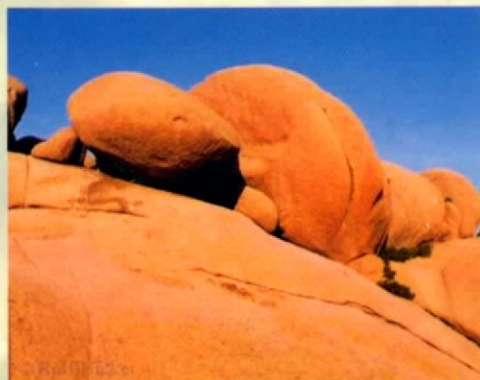
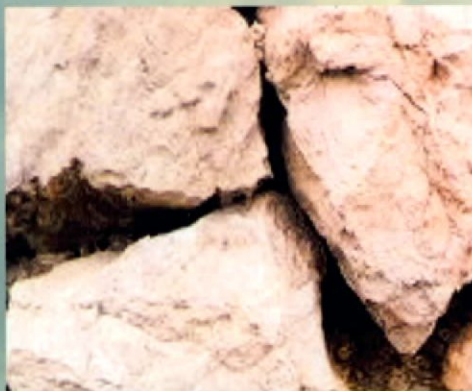
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# SHIPPING REVIEW

GHANA'S AUTHORITATIVE QUARTERLY MARITIME JOURNAL

Vol. 13 No. 4

October - December, 2011

## THE LEGAL AND FISCAL REGIME OF GHANA'S UPSTREAM OIL AND GAS INDUSTRY - A Case Study of the Jubilee Field



### *Also in this Issue*

- IMPORTERS, HIGH RISK GOODS AND CONSUMER SAFETY
- THE GENESIS, CONSEQUENCES OF MARITIME PIRACY AND POTENTIAL SOLUTIONS FOR AN EMERGING OIL-BASED ECONOMY
- UNDERSTANDING THE CONCEPTS OF LAYTIME AND DEMURRAGE IN THE CARRIAGE OF GOODS BY SEA
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ISSN 0855-5148



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Send TM Date to 0202280280

Example: TM290811

**for Takoradi Port**

Send TD Date to 0202280280

Example: TD290811



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Published by:  
Ghana Shippers' Authority  
5th Floor, Enterprise House  
High Street, Accra  
P.O. Box GP 1321, Accra

Tel. 233-302-666915/7

Editor -in- Chief  
Dr. Kofi Mbiah

General Editor/Advisor  
Nana Agyekum Gyamerah

Assistant Editor  
Frederick Atogiyire

Advertising Executives  
Joseph Atta Frimpong  
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Designed by:  
Logical Designs  
[www.logicandy.com](http://www.logicandy.com)

Printed by: Unik Image



# IMPORTERS, HIGH RISK GOODS AND CONSUMER SAFETY

*By Kofi Amponsah-Bediako, Head of Public Relations, Ghana Standards Authority*



## INTRODUCTION

The interdependence between nations in response to addressing the social and economic aspirations and interests of people within the boundaries of different nations has culminated in promoting certain traditional relations among nations. This is what has brought about international trade which aims at satisfying the desires of countries and the people who stay in them.

Imports and exports form the basis of international trade. Typical goods imported into Ghana include items like rice, oil, food ingredients, fruits, tea and coffee, sugar, building materials, pharmaceuticals, electrical appliances and cables, etc.

Many importers, driven by selfish desires to make profit, rather consider sub-standard, voluminous products, at the expense of quality ones, disregarding the rules, especially, those that pertain to "high risk goods", that is, imported goods that have serious health and safety implications on the consuming public, like food products, pharmaceuticals, electrical appliances and cables, LPG cylinders, used goods, arms and ammunition, vehicle spare

parts, alcoholic and non alcoholic products. Needless to say, such selfish desires do not augur well for the country's socio-economic progress, growth and development.

## ROLE OF CUSTOMS AUTHORITIES

One of the basic roles of Customs authorities is to ensure that goods that are likely to be detrimental to society do not enter the country. Traditionally, Customs has carried out this role at the border, through the interception of high-risk goods. Inevitably, however, some high-risk goods enter the domestic market and, if subsequently discovered, may be seized or recalled by the relevant regulatory authority.

Customs authorities play three basic roles at borders: collecting revenue, supporting trade, and controlling the flow of goods and passengers. However, different customs agencies have different perspectives on the relative importance of each of these objectives, based on their specific economic and social environment. In many developing countries, the primary objective of customs authorities is said to be revenue collection. Customs authorities of developed countries tend to concentrate less on revenue

collection; instead, they focus on the interception of illegitimate trade and travel without hampering the flow of legitimate goods and passengers.

The efforts of Customs authorities to harmonise roles in trade facilitation and regulatory control converge in the concept of risk management. In this context, international organisations such as the World Customs Organisation (WCO) and the World Bank support the idea of collaborative border management, expanding the risk management approach primarily applied by Customs authorities to other border agencies to improve the harmonisation of trade facilitation and regulatory control.

However, no matter how much effort Customs authorities devote to sophisticated risk management techniques to screen out high-risk goods that may harm the security, health, and property rights of citizens, some illegitimate and high-risk goods continue to enter domestic markets and communities, frequently initiating phobias about imported commodities, including food. Countries that are highly dependent on international trade and rely on other countries to maintain their food supply often have serious concerns about this issue. They cannot expect all imported goods to be thoroughly inspected before being cleared at the border.

Inspecting all imported goods at borders might hamper the supply of necessities for citizens and raw materials for corporations, subsequently leading to increased costs, especially in logistics, and ultimately the price of the imported goods. Customs authorities have a number of options for raising the detection rate of illegitimate goods without impacting the flow of legitimate goods, including gathering intelligence and establishing partnerships with the private sector.





Cases of imported goods jeopardising the health of citizens do not always occur simply because customs authorities do not have the capacity to inspect all imported goods. No matter how thoroughly customs officers at borders inspect goods, it is inevitable that a proportion of goods will continue to threaten the security and health of citizens by entering the country undetected.

Countries have put in place policies and laws designed to ensure fair trade competition and the free flow of truthful information in the marketplace. The policies and laws are designed to prevent businesses that engage in fraud or specified unfair practices from gaining an advantage over competitors and may provide additional protection for the weak and those unable to take care of themselves. This is crucial because the health of everyone must be protected.

Situations also occur where customs clear goods with certain conditions for use while importers or retailers utilise the goods for other purposes, such as food for human consumption. For example, a certain variety of salt can be conditionally imported for industrial use but some importers may sell the industrial salt into retail markets and claim that the salt is safe for humans.

#### GUIDELINES FOR THE CLEARING OF HIGH RISK GOODS (HRG)

The following are guidelines for the clearing of High Risk Goods (HRG):

1. All importers of HRG shall register with the Ghana Standards Authority;
2. Importers shall purchase the applicable Ghana Standard(s)
3. Importers of HRG shall apply for approval to import such goods
4. Approval shall be given before HRGs are imported into the country
5. All imported HRGs should be accompanied with a Certificate of Analysis (CoA) or a Certificate of Conformance (CoC) with reference to the applicable standard specifications issued by competent laboratory preferably in the exporting country.
6. Failure to provide CoA/CoC would mean that the consignment could not be cleared until samples have been tested to the applicable standard and found to have satisfied the requirements. The importer shall pay for the tests conducted.
7. Upon arrival, the goods will be subjected to visual inspection of product label and assessment of relevant quality attributes at the point of entry. Depending on the quality status of brand and the risk assessment rating of importer and exporting country, the inspector may take random samples for verification and review of the rating of brand, exporter and importer.
8. The goods will be released within **48 hours** if the following conditions are satisfied:
  - The CoA/CoC is authenticated
  - The product label conforms to the relevant requirements of the standard
  - Other documents on the consignment are found to be adequate e.g. Permits from other agencies
9. The Customs Division of the Ghana Revenue Authority shall clear the consignment after the relevant documents have been stamped and signed by the GSA inspector.
10. Irrespective of the quality status of brand and risk assessment rating of importer and exporting country, the inspector may take random samples for verification and review of the rating of brand, exporter and importer for the purposes of building relevant data base.
11. Clearance of such goods may be expedited if the importer forwards samples to the Board for quality evaluation and certification before committing to import.
12. Where GSA is unable to complete conformity assessment on HRG detained for quality checks within **48 hours**, the consignment may be considered for provisional release on the understanding that the goods will not be disposed of until the outcome of the conformity assessment exercise has been determined. In such circumstances, the importer or his agent shall apply formally to the Executive Director of GSA for provisional release to a warehouse. The following information should be provided:
  - a) Photo copies of bill of lading, packing list, invoice and Final Classification and Valuation Report (FCVR),
  - b) Name and address of importer and authorised clearing agent,
  - c) The location address of the importer's warehouse,
  - d) An undertaking duly signed by the importer assuring GSA that the products released Provisionally /conditionally will not be disposed of or sold until GSA issues final release letter to the importer.





## LABELLING REQUIREMENTS FOR IMPORTED PRODUCTS

With respect to compliance inspection of imported goods, the following are the labelling requirements as specified in the Ghana Standards Authority General Labelling Rules, 1992 (L.I.1541).

### a. Labelling requirements for imported products

- Name of the product,
- List of ingredients in food,
- List of active ingredients and their levels in drugs,
- Date of manufacture and Expiry date/Best Before date/Use by date in respect of food,
- Date of manufacture and Expiry date in respect of drugs,
- Storage conditions,
- Instruction or directions for use,
- Net content,
- Name and address of manufacturer

- Country of origin,
- Date of manufacture,
- Batch/ Lot number,
- Electro-technical or chemical characteristics for goods other than food and drugs,
- The trade mark or brand name shall not be substituted for the name of a food.

- i. Marks or labels shall be printed, impressed, embossed or stamped.
- ii. Where marks or labels are stamped they shall be in indelible ink and legible.

### b. All information on the label in a foreign language other than English shall be translated into English. Failure to comply may lead to impoundment of such goods/ products.

### c. Electric lamps (fluorescent lamps and electric bulbs) shall carry information on the ratings, among others.

- d. All electronic equipments/items and other items where applicable shall carry Guaranty/Warranty information of at least six (6) months.
- e. All electronic equipments/items and instruments shall carry safety information and/or safety signs.
- f. Batteries must carry clearly the ratings and type.
- g. Air Conditioners and Compact Fluorescent lamps (CFLs) shall carry information on Energy Efficiency Ratings.

Goods found to be nonconforming to applicable standards are disposed of in accordance with established Customs Procedures.

The broad groupings of products that come under High Risk Goods are: food products; pharmaceuticals; electrical appliances; electrical products like bulbs, switches, cables; and electronic products. Others are: toys; chemical and allied products; building materials; used goods; and petroleum products. The rest are: arms and ammunitions; pyrotechnic products; motor vehicle batteries; alcoholic and non-alcoholic products; and African textile prints.

## CONCLUSION

The importance of safety and quality cannot be underrated. Consumers may be injured or be dissatisfied with substandard products as a result of poor quality or due to goods that are defective, unsafe or fail to meet prescribed construction, performance and design standards.

It is important for importers and all business organisations to take note of the requirements discussed here to ensure smooth, peaceful, problem-free and cost-saving effective profitable operations in their respective business sectors in order to avoid possible seizure and disposal of imported goods. This is a very essential caution that should never be ignored or overlooked because had I known is always at last!!!





# THE LEGAL AND FISCAL REGIME OF GHANA'S UPSTREAM OIL AND GAS INDUSTRY- A Case Study of the Jubilee Field

By Samuel Marful-Sau, Justice of Appeal Court

## INTRODUCTION

Ghana's commercial oil discovery was announced in June, 2007. The production is under a consortium led by Kosmos Energy, Anadarko Petroleum both of the USA and Tullow Oil of the UK. The oilfield, christened the Jubilee Field, is offshore with two blocks. It has recoverable reserve of 90% probability of at least 800 million barrels of light crude oil. The Jubilee Field started production in December, 2010 and as at August, 2011 was producing 85,000 barrels a day with an expected increased daily production of 105,000 barrels in October, 2011.

In the course of developing the field, more discoveries had been made by the consortium and other International Oil Companies licensed to engage in exploratory activities along the coastal belt of Ghana. The discoveries and production from the Jubilee Field have generated a lot public interest in the upstream oil and gas industry, particularly the regulatory regime in place and the fiscal arrangements between the government and the operators of the Jubilee Field.

As part of the numerous ongoing public educations on the oil industry, this paper attempts an overview of the legal and fiscal regimes in the upstream oil and gas industry in Ghana, with particular reference to the Jubilee Field which currently is the most significant oil production project in Ghana.

## WHY THE NEED FOR A LEGAL FRAMEWORK

The production of oil and gas in a country brings with it conflicting issues that affects the interest of four major stakeholders. These are:- (a) the government of the host state, which has a commercial interest and at the

same time has the responsibility to ensure that its citizens are protected from the hazards of the petroleum production; (b) the International Oil Company (IOC) which has invested at a risk and is expecting early returns on investment; (c) the communities hosting the petroleum production, whose health and vocation may be at risk; and (d) the environment at large including the future generation, which must be protected.<sup>1</sup>

To balance the conflicting interest of the above players, countries hosting oil production activities need to devise a requisite legal framework, for the efficient promotion and sound management of the petroleum production activities.<sup>2</sup> The prime purpose of designing a legal framework by states is not only to control the exploration, and development of the oil and gas, but at the same time satisfy the fundamental needs of the IOC, which invest huge funds in a venture which is traditionally risky<sup>3</sup>.

The legal framework generally seeks to address the following issues in the industry:-

- a. The procedure for licensing, exploration periods, efficient development and the production of the resource in accordance with good oilfield practices;
- b. setting the financial benefits between the government and the IOC and ensuring the utilisation of national goods and services, subject to their availability;
- c. set the financial obligations of the IOC and their audit and monitoring.
- d. the acquisition and transfer of appropriate technology and the training of nationals within the industry,
- e. set standards for environmental protection and health safety of the communities hosting the petroleum production.<sup>4</sup>

The legal regime which seeks to regulate the upstream industry is to ensure that the commercial interest of the major industry stakeholders is balanced with the larger interest of the citizenry as a whole.



<sup>1</sup> Bunter, Micheal, A.G., The Monitoring and Regulation of the Upstream (Exploration and Production) Petroleum Sector (B and R Co., Conwy, December, 2005) at page 552.

<sup>2</sup> Date-Bah, S.K. and Makbul Rahim, Promoting Petroleum Exploration and Development: Issues for Government Action, chapter 6, page 93 in Petroleum Resources and Development-Economic,

<sup>3</sup> Legal and Policy Issues for Developing Countries, Ed. By Kameel I. F. Khan (London UK, Belhaven Press, 1987)

<sup>4</sup> Ibid

<sup>5</sup> See Date-Bah and Makbul Rahim at page 94



## THE CURRENT LEGAL FRAMEWORK.

The upstream petroleum industry in Ghana is currently regulated by five basic laws, namely; the Petroleum (Exploration and Production) Act 1984(PNDC Law 84); the Ghana National Petroleum Corporation Act 1983(PNDC Law 64); the Petroleum Income Tax Act, 1987 (PNDC Law 188); the Petroleum Commission Act, 2011 Act 821 and the Petroleum Revenue Management Act, 2011, Act 815. The basic features of these laws are discussed below:-

### (a) The Petroleum (Exploration and Production) Act 1984(PNDC Law 84).

This law vests ownership for all petroleum resources in the government of Ghana, and provides for the management of the exploration, development and production of oil and gas. Indeed by article 257 (6) of the 1992 Constitution all petroleum resources in the country is vested in the President in trust for the people of Ghana.

The law establishes the contractual relationship between the state, the National Oil Company, and a prospective IOC. It provides for the basic requirements of the petroleum agreement between the state and the IOC, which is for thirty (30) years, subject to renewal. It provides a relinquishment period to be agreed upon in the petroleum agreement, where there is no commercial discovery; and provides a participatory interest for the government and fiscal measures like royalty and income tax.<sup>5</sup>

The law makes it obligatory for the IOC to promote national economic linkages in the operations, by using goods and services available in Ghana and also employ the services of nationals as appropriate. It seeks to promote sustained economic development of the country's resources.

The law further provides in general terms the responsibility of the IOC to decommission the project site making it safe for future marine activities. Under the law the IOC has the right to export its share of the petroleum



under the agreement.<sup>5</sup>

The law generally leaves major policy issues affecting the upstream industry for the Minister of Energy and the Ghana National Petroleum Corporation (GNPC) to negotiate and or regulate through Legislative Instruments. This allows for some flexibility in negotiating petroleum agreements with IOC's taking into account peculiar circumstances of each exploratory activity to be undertaken.

### (b) The Ghana National Petroleum Corporation Act, 1983(PNDC Law 64)

This law established the GNPC as the national oil company, and makes it responsible for managing the petroleum resources of Ghana. Under the law, the GNPC is mandated to promote the exploration and orderly development of the petroleum resources.

It is to ensure that Ghana obtains the greatest benefit from the development of its resources; it is also to ensure the effective transfer to Ghana of appropriate technology, relating to the petroleum industry; the GNPC is to ensure that the production is conducted in a manner as to prevent

adverse effects on the environment.

The GNPC is empowered to enter into contracts both within and outside Ghana to purchase and own shares in companies engaged in petroleum production<sup>7</sup>. It manages the 10% carried interest held by government in the production of oil and gas in Ghana.

The GNPC hitherto played the role of regulator and also commercial partner in the petroleum productions. With the enactment of the Petroleum Commission Act, Act 821, the regulatory functions of the GNPC has been decoupled and assigned to the Petroleum Commission.

### (c) The Petroleum Income Tax Act, 1987(PNDC Law 188)

The law establishes the tax system for petroleum production in Ghana. It provides that income tax shall be assessed on gross income after the deduction of outgoings and expenses wholly incurred in the petroleum operations, including the payment of royalties and rentals. The petroleum income tax is progressive in nature as it is based on actual profit earned as against revenue.

<sup>5</sup> Section 5, 10,14,19 and 20 of PNDC Law 84

<sup>6</sup> Ibid section 24

<sup>7</sup> Sections 2 and 3 of PNDC Law 64



The law imposes income tax rate of 50%, unless otherwise agreed or negotiated in the petroleum agreement<sup>8</sup>. The law thus leaves the determination of actual tax rate to be paid by the IOC through negotiations. The tax policy is laudable as it allows flexibility in assessing the tax rate taking into account the geological risk involved in the development and production of specific oil blocks.

The policy, however, may lead to preferential treatment of some IOC's, thus rendering the tax system inequitable among investors in the oil industry. It thus calls for transparent negotiations of petroleum agreements.

### THE LICENSING AUTHORITY AND PROCEDURE

The basis of granting license for petroleum exploration is derived from section 2(2) of the Petroleum (Exploration and Production) Law, which provides that any person intending to engage in petroleum exploration and development shall submit an application to the Minister of Energy, in accordance with such regulations and such competitive bidding procedures as may be prescribed. Besides this provision, there has been no regulation or any known competitive bidding procedure in existence to regulate the issue of licence to prospective investors.

In practice however, the licensing procedure was hitherto co-ordinated by the GNPC, which has packaged Ghana's upstream oil potential into blocks<sup>9</sup>. Interested investors apply to the Minister, who then refers the application to the GNPC, for evaluation and due diligence. A report is then issued, which leads to negotiations between GNPC, Ministry of Justice, Ministry of Finance, the Ghana Revenue Authority and the oil company. A draft petroleum agreement is then sent for the approval of Cabinet and Parliament<sup>10</sup>.

The license is only granted after Parliament ratifies the Petroleum

Agreement in accordance with article 268 of the 1992 constitution<sup>10</sup>.

With the enactment of the Petroleum Commission Act, Act 821, the licensing authority is now vested in the Petroleum Commission established under that Act. The Commission is to receive applications and then issue license for specific upstream activities.

It is expected that the Commission will issue the appropriate regulations for a transparent licensing regime; for example the petroleum blocks could be published for possible competitive bidding. Such a measure will eliminate any abuse and preferential treatments in the licensing procedure.

### The Petroleum Commission Act, 2011 (Act 821)

This law establishes the Petroleum Commission which will now function as the regulating authority of the upstream industry. The law expressly enjoins the GNPC to cease exercising any regulatory function within six months after the law has come into force.

The Commission has the responsibility of regulating the health, safety and environmental standards in the industry. The Commission is further charged to issue license for petroleum activities and importantly to promote the local content policy of the government in the industry.

### THE CURRENT FISCAL REGIME

The production of oil and gas is traditionally a risky business, involving huge foreign capital<sup>11</sup>. The industry is exposed to three major types of risks, apart from political risk, namely; (a) prospect or geological risk, which relates to the possibility that exploratory wildcat well, may turn to be a dry well, providing no commercial discovery.

Improvements in exploratory technology, for example using the seismic survey has reduced this risk but it is still a relevant factor in investment decisions; (b) commercial risk, which relates to the fact that the geological and geophysical reports on the exploration may not be favourable as expected making the project less profitable.

It also relates to the long lead time of the industry and the effects of inflation on the project, as well as fluctuating oil prices; and (c) contract risk relating to how the profits from the project will be shared<sup>12</sup>. The sharing is normally done at the time the oil is still concealed in the ground. The actual production may change the profitability of the project, giving the government a cause or desire to renegotiate the profit sharing agreement<sup>13</sup>. At this point the investor faces a risk because it has invested huge capital in the project and cannot abandon the project. This particular risk has given cause to stabilisation clauses in petroleum agreements to protect agreed profit sharing margins.



<sup>8</sup>Sections 2, 3 and 6 of PNDC Law 188

<sup>9</sup>Management of GNPC, The Upstream Petroleum Industry in Ghana- Oil and Gas Exploration, Development and Production, in the Daily Graphic of Ghana of 10<sup>th</sup> July, 2008, page 14.

<sup>10</sup>Ibid

<sup>11</sup>Taverne, Bernard, Petroleum, Industry and Governments-An Introduction to Petroleum Regulations, Economics and Government Policies (The Hague, The Netherlands, Kluwer Law, 1999) page 80.

<sup>12</sup>Lecture notes, Petroleum Policy and Economics on VLE (Part 1)

<sup>13</sup>Ibid





The Petroleum (Exploration and Production) Act, PNDC Law 84 sets the tone for the fiscal regime in the industry by providing for the payment of royalty, rent and income tax. In practice the nature of the fiscal regime is determined by the GNPC, the national oil company. The GNPC adopted the Royalty/Tax System, for the development of the Jubilee Field, however in reality it is a hybrid system.

Under the regime, Ghana will be entitled to the payment of a royalty of 5%, a carried interest of 10%, additional or paying interest of 3.75%, petroleum income tax of 35%, additional oil entitlement and also surface rents.<sup>14</sup> The regime allows the IOC full cost recovery,<sup>15</sup> the right to export its share of the oil produced and also to repatriate profits without any limitation.

These measures are contained in the respective petroleum agreements with the IOC. Scholars in the industry have argued that a fiscal regime based on the Production Sharing Contract system, where after cost recovery, profit from the oil production is shared based on an agreed rate, in addition to payment of income tax and royalty by the IOC, Ghana might have earned more than the current regime. It is proposed that GNPC may consider adopting the Production Sharing system with future petroleum agreements in the upstream industry.

#### **The Petroleum Revenue Management Act, 2011(Act 815)**

This law establishes the Petroleum

Holding Fund for the receipt of all revenue accruing to the nation from the upstream and midstream petroleum operations. It also regulates the disbursements of petroleum revenue from the Petroleum Holding Fund. The law creates the Ghana Petroleum Fund which is made up of the Ghana Stabilization Fund and the Ghana Heritage Fund.

Funds may only be disbursed from the Petroleum Holding Fund to the Ghana Petroleum Fund for savings and investment, the consolidated fund for national budgetary support and for exceptional deductions such as the payment of compensations to communities adversely affected by the operations and the payment of royalties for onshore operations.

With regard to the national budget funding, the law provides a Benchmark Revenue and the amount for the annual budget will not exceed 75% of the Benchmark Revenue. Whenever petroleum revenue in each quarter exceeds 25% of the budget funding amount, the excess revenue derived is transferred from the Petroleum Holding Fund to the Ghana Stabilization Fund which receives 70% and the Ghana Heritage Fund which receives 30%.

Under the law funds in the Petroleum Holding Fund earmarked for transfer into the Ghana Petroleum Fund shall not be used to provide credit or collateral for the government, public or private entities. The law also prohibits

borrowing against petroleum reserves.

Under section 42 of the law, the funds created are deemed public funds for the purposes of article 175 of the 1992 Constitution. Section 41 of the law prohibits any encumbrance on the Petroleum Holding Fund and the assets of the Ghana Petroleum Fund. Section 41 (3) specifically prohibits the courts from making an order for the attachment of moneys in the petroleum funds.

#### **CONCLUSION**

Ghana has the potential of turning its economy around to improve the standard of living of its citizens from the petroleum earnings. Reports indicate that between December, 2010 and June, 2011 Ghana earned over US\$200 million from two lifts from the Jubilee Field.

With increased exploratory activities as a result of the discovery of Jubilee Field, enforcing the laws and regulations in the industry becomes paramount, thus making the enactment of the Petroleum Commission Act very timely. It is hoped that the Minister of Energy on the advice of the Petroleum Commission will exercise its powers under section 32 of the Petroleum (Exploration and Production) Act, PNDC Law 84, and section 22 of the Petroleum Commission Act, Act 821, to effectively regulate the industry through the use of Legislative Instruments.

The issue of local content, for example could be implemented through a Legislative Instrument reserving certain activities in the industry to Ghanaian companies to promote local capacity building. It is hoped that with such measures coupled with strict adherence with the terms of the Petroleum Revenue Management Act, 2011(Act 815), Ghana will avoid the resource curse.

<sup>14</sup>See GNPC supra note 14

<sup>15</sup>Ibid



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# THE GENESIS, CONSEQUENCES OF MARITIME PIRACY AND POTENTIAL SOLUTIONS FOR AN EMERGING OIL-BASED ECONOMY

Dr. Michael E. Manuel, Lecturer, Regional Maritime University

*Though maritime piracy has existed for centuries, there was a decline in the middle part of the last century. Recently, however, there has been an increase with the centres of such activity shifting from one geo-political context to another. Currently, the centres of escalating activity include the Horn of Africa and the Gulf of Guinea region. The potentially deleterious effects on world trade and the economic fortunes of nations of maritime security breaches in general and piracy in particular, have been well documented.*

*This paper traces how maritime piracy has evolved in the milieu of geo-political notions and ideals and how current forms of piracy may impact on the progressive aspirations of developing nations, developing oil-based economies. It proffers solutions both reactive and proactive to (first) prevent piracy, and (secondly) to respond appropriately to piratical incidents.*

## INTRODUCTION AND BACKGROUND

The sea can be a turbulent environment, physically. It can also be very dark out at sea for there are no cities lit by electricity.

These natural characteristics are good metaphors for human activity on the oceans. In the dark and murky world of shipping, the turbulence of crime and violence may be present. The darkness is promoted by the international nature of shipping, the notion of "high seas" as *res nullius*, difficulties of physical accessibility to and surveillance of the oceans as well as challenges in legal intervention.

These allow for the commission of

various crimes with limited challenge as compared with what perhaps could have been the case ashore. Among others these acts include illegal immigration by sea, drug smuggling, illegal, unreported and unregulated (IUU) fishing, dumping of waste, armed robbery and piracy. This paper focuses on the last of these piracy as a manifestation of crime and illegal violence at sea. It gives a brief overview of the historical evolution and current trends in piracy and discusses the potential consequences of piratical acts particularly for emerging oil-influenced economies.

Over the years, piratical acts have been present almost at all times in one geo-

political context or another. The effects of such acts have also, over the years ranged from impacting highly restricted local settings to covering much wider areas. In almost all situations and as piracy evolved, it was viewed by the wider society as something to be abhorred, avoided and deterred.

## THE HISTORICAL CONTEXT

### Early manifestations of piracy

Maritime piracy, inexorably linked with man's acquisitive nature, is not a new phenomenon. Its genesis lies in the first instance when man realised that gain, howsoever defined, could be had from exploiting the vulnerable. It has existed from the very first time that man took to the water for trade purposes. Some have even called it the second oldest profession noting references to it in the Justinian Digests of 529 AD, Papal Bulls and international treaties e.g. Pope Alexander the Sixth's Bull of 1493 and the Treaty of Tordesillas<sup>1</sup>.

However, over the centuries, piracy has taken different forms from individual attacks on flimsy craft for subsistence purposes, through quasi-State-sponsored forays, to organized-crime-themed events. In some geo-political settings it has even manifested as a generational occupation. Bradford<sup>2</sup> describes piratical activity in periods as follows:



<sup>1</sup>P. W. Birnie, "Piracy: Past, present and future," Marine Policy (July 1987).

<sup>2</sup>Alfred S. Bradford, *Flying the black flag: A brief history of piracy* (Westport, CT: Praeger, 2007).



1. The Greeks (800146 BC)
2. The Romans (753 BC to AD 476)
3. The Vikings (AD 7931066)
4. The Buccaneers (16501701)
5. The Barbary Pirates (13201785)
6. The Tanka (Chinese) Pirates (17901820)
7. America and the Barbary Pirates (17851815)

Early piracy was a notion not restricted to the sea. The Greek root of the word, *peirates*, means "brigand" or "one who attacks"<sup>3</sup>. It had connotations of "seizing the opportunity", making attempts at finding luck with a tinge of associated peril.

One early Roman story of piracy was the capture of the young Julius Caesar while he was on a voyage across the Aegean Sea by Cilician pirates. This was before he became a popular ruler. When the pirates demanded a ransom of 20 talents, it is said Julius Caesar felt demeaned and insisted his ransom be raised to 50 talents<sup>4</sup>.

Piracy was not limited to the West. There are verifiable records of the phenomenon in China as far back as the Han Dynasty (106 BC to AD 220) but it is believed it existed before that period. It continued in the 16<sup>th</sup> century fueled by the anarchical contexts of the Ming and Qing dynasties and increasing when governments were



weak and commerce vibrant<sup>5</sup>. Pre-colonial era West African piracy, if it existed, is not adequately recorded. It appears that at that point in time, the locals did not have a "piratical temperament".

The phenomenon and morality of piracy is significantly different when one considers the perspectives of the various actors. Early pirate raids while being primarily focused on wealth had territorial acquisition also in mind. In the 17<sup>th</sup> century and during the initial

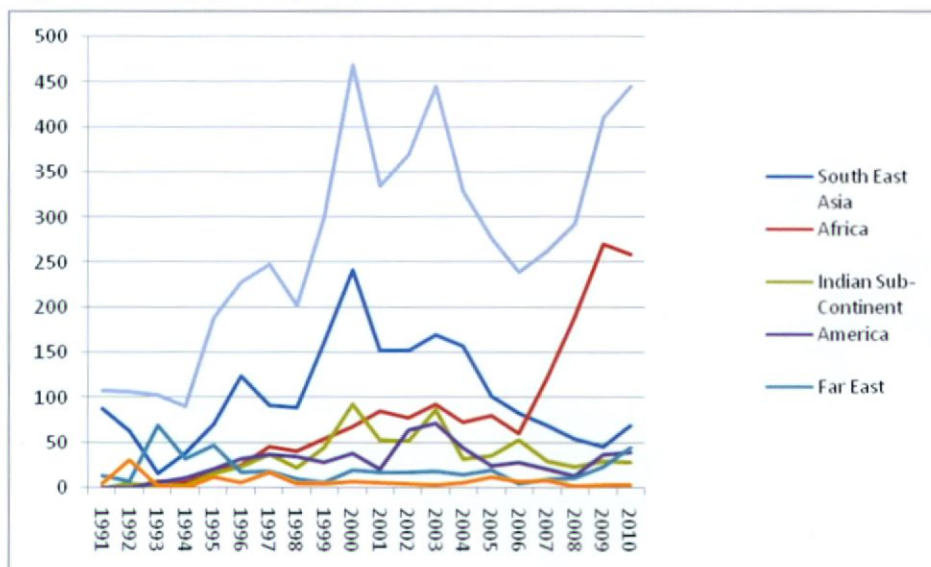
colonial forays, piracy by locals was viewed more by the Colonialists as a seaward extension of land-based banditry derived from the locals' desire to avenge the often violent infiltration of foreigners into their ancestral territories and also an opportunity to profit from the loot to be gained. These bandits were often local heroes.

With the development of intense competition between the various States seeking to colonise parts of the world two forms of "piracy" evolved. One was the kind where criminal groups, with neither State allegiance nor scores to settle, simply attacked vessels for the plunder. This became a significant kind of piracy with dens of pirates located in remote islands and shores.

Madagascar is mentioned as an example of one such location, a "pirate state" for more than twenty years called *Libertalia*. The notorious figure Blackbeard (Edward Teach) was of this kind, holding sway in Caribbean waters in the mid 1700s.

The other form of piracy was State-sponsored and characterised by pirate ships attacking the ships of other States that were in competition with the pirates' own State.

Figure 1: Yearly global piracy incidents



Data source: GEOPOLITY, *The economics of piracy: Pirate ransoms and livelihoods of the coast of Somalia*, May 2011.



These kinds of pirates were known as "corsairs" (French) and "privateers" (English) and basically facilitated an extension of existing wars between States to the sea.

The difference between them and a State's naval force was that, though approved by the State, they operated for private gain and invested in this "business" under licence from the home State. Privateers/corsairs were "pirates" commissioned by the State to practice piratical acts.

When pirate ships were captured by a State, they became privateers to attack ships of the same flag as the original attacking State. Prominent among these were such as Sir Francis Drake and Sir Henry Morgan who was knighted and appointed Governor of Jamaica in 1674 by King Charles II. English privateers fighting the Spanish in the Caribbean were called "buccaneers".

A distinct part of the world population, until very recently had almost romantic notions of piracy derived from how pop culture depicts this period. The 17<sup>th</sup> to 19<sup>th</sup> century pirate is most familiar to many in almost romanticised images of marine versions of the Robin Hood character, with a parrot on his shoulder, a patch over his eye and perhaps a wooden stump in place of one leg.

Recent events however have thrown modern-day piracy into the spotlight, showing it to be very far from the silver-screen images many had in their minds. Today piracy is recognised as a

violent crime that has the potential to disrupt local communities and economies, to frustrate world trade and to be a platform for significant compromise in world security via terrorism for example.

In the twenty-first century, the evolution of piracy has reached a level that invites concern perhaps above that required in earlier times. While the crimes may not have increased in violence *per se* (the violent nature of eighteenth century piracy is unparalleled) or in global scope, the potential of piracy to negatively impact a wider global community in humanitarian and economic terms is more obvious.

#### CURRENT VARIATIONS OF PIRACY

21<sup>st</sup> century piracy mainly occurs in specific identifiable hotspots around the world. During the latter stages of the 20<sup>th</sup> century, South East Asia (the Malacca Straits and South China Seas) saw the highest number of such actions. Concerted multi-State, multi-agency and private-public partnership action there has seen a significant decline in piratical acts in that particular region of the world. During this time the hottest piracy spot in Africa was the Gulf of Guinea, specifically the waters off the Niger Delta in Nigeria. Figure 1 shows the global trends from 1990 to 2010.

While there were sporadic incidents in all of the Gulf of Guinea, there were consistent and numerous attacks in Nigerian waters. Today, even as the Gulf of Guinea threat remains, the focus has shifted to another region of the

world the Horn of Africa. Piracy has reached unprecedented levels in that context.

The high risk area, initially restricted to about 50 nautical miles off the coast of Somalia in 2003, was extended to 200 nautical miles off that coast in 2005 and then to 1000 nautical miles in 2010. Currently, perhaps fuelled by what has been termed failed governance in Somalia, the waters off the Horn of Africa have surpassed all others in the number of piratical acts recorded, the variety of methods used and the amount of money being "circulated". The International Maritime Organization (IMO) reports that in 2010, the average ransom for hijacked ships was 5.4 million US Dollars.

Attacks have been varied ranging from the use of single small boat (skiffs) attacks to the use of "mother ships" more than a thousand nautical miles (above 1850 km) from the Somali Coast and to pirate boats "hunting in packs", a relatively recent phenomenon. Piracy can also take the form of relatively low-risk subsistence activity to well-planned organised-crime kinds.

Unlike the previous events in the Malacca Straits and elsewhere, piracy off the coast of Somalia has also involved the capture and holding of ship and crew for ransom. Reports indicate that as at the end of February 2011, there were 31 ships and 714 seafarers being held under such circumstances. As at 27<sup>th</sup> September 2011 there had been 346 attacks worldwide, 35 hijackings, 15 people killed by Somali pirates, 15 ships held and 277 crew members hostage. This may be the tip of the iceberg since it is acknowledged that violence at sea whether successful or attempted, remain underreported.

Modern day pirates are equipped with much more sophisticated weapons than their 17<sup>th</sup> century compatriots. Together with the traditional machete, rocket propelled grenades (RPG) and assault rifles have been used. Use is also made of Global Position System (GPS) equipment, Automatic Identification System (AIS) receivers and modern communication gadgets.





Like their predecessors of earlier years, contemporary pirates may also possess substantial vessel handling skills and in any case often use the skills of their captives to navigate the more sophisticated vessels that are their targets.

#### POTENTIAL IMPACTS OF PIRACY ON WORLD TRADE AND NATIONAL ECONOMIES

The real and potential impacts of piratical acts are immense. The most immediate impact of piracy is its direct threat to human lives. Specific to Somali piracy, there have been thousands of seafarers who have been victims of piratical attacks, violence and abuse. It has been reported that 4,185 seafarers were attacked with firearms, 1,090 taken hostage and 516 used as human shields in 2010 by Somali pirates alone.

Even where victims of piratical acts do not lose their lives or suffer physical injury, the trauma they endure is often enough to curtail a professional career in seafaring. The trauma is not restricted to the seafarers alone but also to their loved ones who in certain

situations may be even more emotionally and psychologically affected.

Piracy also leads to economic losses through the loss of cargo, disruption of trade, increased cost of trade and increased insurance premiums. Shipping is the cheapest form of transport and where ships choose to divert from pirate-infested waters to send cargoes to their original destinations through other countries and transport modes, transportation costs rise steeply. A 2008 estimate put the global economic losses from piracy at anywhere between one billion and sixteen billion US dollars.

Apart from these there is the significant impact of potential piracy-related pollution incidents. The potential for this (losses in financial and environmental terms, especially when a tanker is attacked) is very real for an oil producing State that sees a sharp rise in tanker traffic. Government legitimacy and control may also be undermined by piracy (particularly where it is associated with organised crime) which attempts to and/or successfully compromises susceptible officials. This in turn leads to a culture of impunity with respect to other breaches of the law. **(To be continued)**

**Table 1: Economic indicators of Somali piracy**

Indicator	Amount in USD
Low/high pirate income (2010): Using 1,500 pirates	US\$33,000 – US \$79,000 per year
Potential lifetime earnings (2010): Using 1,500 pirates	US\$168,000 – US\$394,000
Next best alternative	US\$500 per year
Pirate incomes compared to average income	67 – 157 times higher
Number of pirates could double by	2016
Total cost of piracy 2010	US\$4.9 – 8.3 billion
Projected increase by 2014	US\$13 – 15 billion
Major stakeholders	Financiers, sponsors, officials, pirates, maritime insurers, security companies, navies, merchant marine.

Source: GEOPOLITY, *The economics of piracy: Pirate ransoms and livelihoods of the coast of Somalia*, May 2011

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# **SPEECH BY THE CHAIRMAN OF THE LEGAL COMMITTEE OF THE INTERNATIONAL MARITIME ORGANISATION (IMO), IMO HEADQUARTERS, LONDON.**

*The Chief Executive of the Ghana Shippers' Authority, Dr. Kofi Mbiah was elected Chairman of the Legal Committee of the IMO in November, 2010. The Shipping Review for record purposes hereby publishes his acceptance speech at the 98th Session of the Legal Committee.*

The Secretary General of the IMO

The Secretariat

Distinguished delegates.

On the 18<sup>th</sup> of November, 2010, this august assembly elected my humble self by popular acclamation as Chairman and also elected Messrs Jan de Boer of the Netherlands and Walter de Sal Tao of Brazil as the vice Chairmen for this Committee.

On behalf of the Vice Chairmen and on my own behalf I wish to take this opportunity, on the opening of the 98<sup>th</sup> session, to express to the Committee our deepest and sincerest appreciation for the confidence reposed in us to steer the affairs of the Legal Committee. We are indeed grateful. It has often been said within these walls that a Chairman is as good as its Committee. I have no doubt that like this Committee has so ably done in times past, it will rise to the occasion when so demanded, adopt the usual IMO spirit and give support and direction to those of us entrusted with the conduct of affairs of this Committee.

Following Resolution A 900(21) on "Objectives of the Organization in the 2000's", the work of the IMO is now defined through its Mission and Strategic Plan, developed to cover a period of six years. The latest plan is to span the period 2010 to 2015 and sets out the trends, developments and challenges presently facing the organization and the strategic directions as well as the objectives that the specialized UN body wishes to pursue in relation to identified challenges. Challenges that are very often introduced by Member States through the submission of appropriate papers on particular subjects.

The strategic plan also provides for specific outputs and deliverables expected during a biennium and all Committees are expected to provide their inputs into the global Strategic Plan of the organization. The Assembly, meeting every two years then receives the reports on the various committees progress of work and provides further directions as appropriate, which are then included in the Work Programme for another biennium.

## **CHALLENGES**

Distinguished delegates, you have elected me to the position of Chairman of the Legal Committee at a Time when the Legal Committee is at the crossroads and is confronted with an enormous challenge. I dare



**Dr. Kofi Mbiah**

say that the challenges for the Legal Committee in the coming years are enormous. Enormous not because a lot of work has not been done already but enormous because the work that has been done should be seen to bear fruits. Enormous because we must anticipate catastrophes that threaten safe and secure navigation on clean oceans and use our Legal mechanisms to forestall their occurrence where possible.

One of the major challenges of the Legal Committee is how it gets wide acceptance and application or implementation of the instruments it has developed. This is why the Legal Committee has turned its attention to providing appropriate guidelines, working through the Technical Cooperation Committee's Integrated Technical Cooperation Programme (ITCP) to support countries which are in need of support for the implementation of instruments developed by the IMO.

It is worth recalling that the Legal Committee was engendered as a result of a catastrophe (The Torrey Canyon). It has since its establishment dealt with a





good number of issues relating especially to liability and compensation confronting the international maritime community. It may seem that the Committee is at the end of its work unless a new incident arises that calls for the development of a new convention.

At present there is no new convention being developed by the Legal Committee. Within the framework of a "compelling need" for new legislation and the fear of over-regulation by industry, there is a quandary as to what next the Legal Committee will embark upon by way of an international instrument.

This is indeed a challenge that the Legal Committee must confront boldly or else it risks becoming moribund. There is no doubt that there are still gaps in the international regime for maritime transport and unless uniform approaches are adopted in dealing with them, there would be regional and national solutions which will not inure to the benefit of the global character of shipping.

This is why the new work on an international regime concerning Liability and Compensation for Transboundary oil Pollution damage resulting from offshore oil exploration and exploitation would require our urgent attention and consideration.

The legal issues regarding piracy need to be addressed boldly with the aim of stemming the tide of this scourge of the oceans. In the quest to promptly bring the perpetrators of these heinous crimes to book and deter others from undertaking such acts, the Legal committee must be at the forefront. Within this same framework, the new work on Crime Reporting on Passenger Ships would require our attention and consideration.

Furthermore, the Legal Committee should consider the development of model laws capable of being adopted by Member States, especially developing countries for ready implementation with minimal amendments as may be required within particular domestic jurisdictions and legal systems. The Legal Committee must remain relevant by providing guidelines for implementation of the numerous instruments it has churned out.

We are all aware that the law is not static and if it must continue to be a tool for social engineering, then it must adapt itself to the times. The Legal Committee should therefore set itself the task of reviewing, if possible, all the instruments it has developed with a view to reformulating them where need be and coming out with ways of ensuring their successful implementation and practical application in the light of modern developments.

In conclusion, I must say that the work of the Legal Committee over the last three decades has not been only phenomenal but also remarkable. There is no doubt that it has made a significant contribution in serving the rule of international maritime law. It will continue to be the laboratory from which uniform international maritime law is developed only if it takes up the challenge.

I will, therefore, entreat all Member States to take up the challenge of identifying existing gaps in the rule of international maritime law with a view to ensuring that the Legal Committee lives up to its mandate of dealing with any legal issues within the mandate of the IMO. I have no doubt in my mind that this August Committee will live up to expectation.

Thank you for your attention.



# ENHANCING INFRASTRUCTURE FOR SHIPPERS

## Through Public, Private Partnerships

### INTRODUCTION

Modernized maritime infrastructure is crucial in not only facilitating the use of transport services, reducing transportation costs, keeping the country competitive but also in creating thousands of jobs while stimulating the economy for increased growth.

For developing economies, the transformation required to accelerate the growth of the maritime sector has hinged in recent times on a proper legal and administrative framework as well as the requisite infrastructure to harness the potential of increased logistics. Shippers' organisations, in fulfillment of their mandate to protect and promote the interests of importers and exporters, are thus looking beyond the port and ship interface in providing novel solutions to shippers.

Today, the quest of shippers for end to end logistics has meant that the interests of shippers should be promoted beyond the port and ship interface and this involves the development of allied infrastructure such as warehouses, freight parks, logistics centres, inland ports and one-stop-shops with dashboard solutions amongst others.

Consequently, the GSA has been undertaking vital infrastructure projects to enable it meet the challenges of the maritime industry in future and to execute its core mandate of protecting and promoting the interests of Ghanaian shippers in relation to port, ship and inland transport problems in order to ensure for the Ghanaian shipper, quick, safe and reliable delivery of import and export cargo by all modes of transport at optimum cost.

### INFRASTRUCTURE PROJECTS

The GSA's infrastructure projects include the Boankra Inland Port, The

Tema Warehousing project, The Takoradi Logistics Platform and Shippers' Centres at the Boankra Inland Port, Takoradi and Accra.

#### Boankra Inland Port

The Boankra Inland port project is very dear to the GSA considering the numerous benefits that would accrue from it. The GSA is partnering the Ghana Ports and Harbours Authority (GPHA) as well as the private sector for the establishment of the Boankra Inland Port near Kumasi.

This very important infrastructure would link the ports of Tema and Takoradi to the middle belt of the country and beyond to the landlocked countries of Burkina Faso, Mali and Niger. This is expected to be a free port that would combine unimodal and inter-modal operations aimed at easing congestion at Ghana's seaports thus facilitating the transit trade of Ghana's land-locked neighbours.

Some of the benefits to be derived from the establishment of the Boankra Inland Port include:

- Reduction in generalized transport cost of international cargo to importers and exporters from the middle and northern parts of Ghana, and the Sahel sub-region;
- Increased exportation of produce such as cola nuts, shea-butter, cocoa

and cocoa products, wood and wood products;

- Promotion of the establishment of export processing zones in the vicinity of the inland port;
- Enhancing of the operational efficiency of both the Tema and Takoradi ports through decongestion.

Work that has so far been undertaken towards the development of the Inland port include full acquisition of 400 acres of land for the project, completion of the Boankra Shippers' Centre - an administration block for the Inland port, the provision of amenities such electricity, water and telecom facilities to the Shippers' Centre, and the construction of temporary access road connecting the Inland port to the Kumasi-Konongo highway.

The promoters of the Inland Port are feverishly looking for a strategic partner to undertake the development of the entire project in consonance with the master plan of the project on Build, Operate and Transfer (BOT) basis. The total amount of funds required to undertake the second phase of this development is estimated at USD250 million. The second phase of the project is expected to include the development of warehouses, container stacking areas, devanning area, truck parking areas, road networks etc.



The completed Administration Block of the Boankra Inland Port project



### Takoradi Logistics Platform

The Takoradi Logistics Platform is one of the GSA's latest projects. The GSA has teamed up with a developing partner, Consolidated Investors Ltd, to form a joint venture company known as Takoradi Logistics Platform Ltd. The Company is expected to deliver warehousing and other related services to companies engaged in developing the oil and gas trade in the Western Region of Ghana. In this regard about 31 acres of land has been acquired for the project. Currently, construction of some warehousing facilities is underway.



### Takoradi Shippers' Centre

A similar project in Takoradi dubbed the Takoradi Shippers' Centre has been constructed and is in full operation. In partial fulfillment of its plan to construct an office complex to serve shippers in the northern sector, the GSA has acquired land in Tamale for the construction of a Tamale Shippers' Centre.

### Warehousing

Aside from the Shippers' Centres, the GSA has six large warehouses in a prime location at the Tema

shippers.

### GCNet

Last, but not least, the GSA has a stake in the Ghana Community Network (GCNet) Services Limited. The GCNet is an EDI system that links all the major players in the cargo clearing process at the ports and other entry points of the country. It enables quick processing of all customs clearance documentation on line and facilitates clearance of goods through the ports. The essence of the System is to increase speed and transparency in the clearing process and to ensure that the right revenue accruing to Government is realized..



### Accra Shippers' Centre

The Accra Shippers' Centre (an eleven-storey project) which is also under construction in the business district of Accra deserves mentioning, considering the role it stands to play in the GSA's continued growth. The Centre is expected to house the GSA's Head office as well as a ship brokerage hall, which will create the medium for the creation of a freight market in Ghana. It is also expected to be a

Centre of "maritime technology" linking the ports of Tema, Takoradi, the Kotoka International Airport as well as the Boankra Inland Port by Satellite.



An artist's impression of the Accra Shippers' Centre



Harbour, to provide warehousing facilities to shippers, especially shippers of landlocked countries transiting through the Tema port. It has plans to conduct feasibility studies into a similar warehousing project at Buie to take advantage of economic utilization of the vast resources of the Volta Lake.

### Freight Parks

Feasibility studies carried out by the GSA has shown a strong positive correlation between the spate of accidents on our roads and the lack of Freight Parks where drivers of freight vehicles could park, rest,

### Conclusion

Several stakeholders of the GSA have described the above mentioned projects as innovative and laudable. However, to fully establish some of these projects, especially the Takoradi Logistics Platform, Accra Shippers' Centre, the Freight Parks and the Boankra

Inland Port project, will come at a cost which the GSA alone will not be able to bear. It is against this background that the GSA is inviting the private sector to participate in the full establishment of these projects in line with Ghana Government's policy on Private-Public-Partnership (PPP).

### Contact the Ghana Shippers' Authority

5<sup>th</sup> Floor, Enterprise H'se, High Street  
P. O. Box 1321, Accra

Tel: +233 (0) 302 666915-7; 668769

Fax: +233 (0) 302 668768

E-mail: [info@shippers-gh.com](mailto:info@shippers-gh.com)



# MARITIME TRADE REVIEW

THIRD QUARTER (July-September, 2011)

## INTRODUCTION

For the third quarter of 2011, total throughput at the sea ports of Ghana amounted to over 4.30 million tons. Of this, total import was 3.24 million tons or 75%, while total export amounted to over 1.0 million tons or 25%.

Total throughput at the port of Tema was over 3.37 million tons (79% of total throughput through the two sea ports) while the Takoradi port handled 924,183 tons.

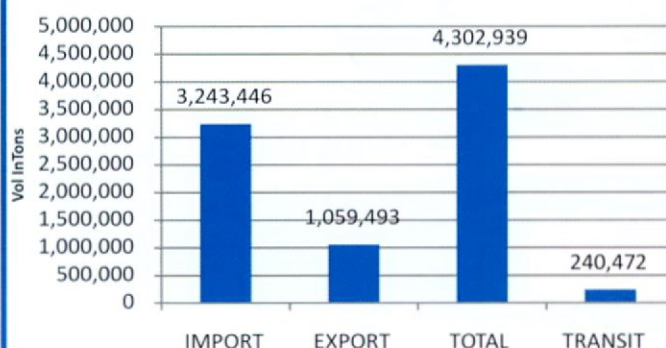
Total transit cargo (import and export) for the period

was 6% (240,472 tons) of the total throughput at the two sea ports. Table 1 and Fig.1a below give a summary view of the maritime trade situation for the review period.

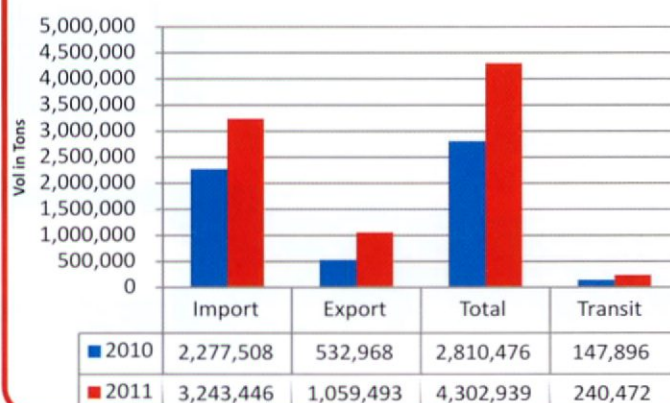
**Table 1 Summary of Maritime Trade Of Ghana ,July-September,2011**

	Import	Export	Total	%Share Of Port
<b>Takoradi</b>	318,013	606,170	924,183	21
<b>Tema</b>	2,925,433	453,323	3,378,756	79
<b>Total</b>	<b>3,243,446</b>	<b>1,059,493</b>	<b>4,302,939</b>	
<b>%Share</b>	75	25		
<b>Transit</b>	239,461	1,011	240,472	6

**Fig 1a. Maritime Trade of Ghana in Tons (July-September,2011)**



**Fig 1b. Comparison of Maritime Trade of Ghana in Tons (July-September,2010 & 2011)**



## JULY-SEPTEMBER, 2010 AND 2011

Table 2 below and Fig.1b above compared the performance of the maritime trade in the review period of July to September 2011 to the performance in the same period in 2010. Total throughput for the review period increased by 53.1% from 2.80 million tons in 2010 to 4.30 million tons in 2011.

This increase was a reflection of the 42% and 98% increases in the import and export tonnages for the

review period. Total transit tonnage also increased by 62% during the review period. In the port of Tema, total throughput increased by 45% from 2.30 million tons in 2010 to 3.37 million tons in 2011.

The import and export tonnages through the port of Tema reflected the increase in the throughput by 40% and 89% over the figures of the previous year. Total transit cargoes passing through the port of Tema also increased by 62%.

**Table 2 Maritime Trade of Ghana In Tons (July-September,2010&2011)**

	Tema			Takoradi			Total		
	2010	2011	%Diff	2010	2011	%Diff	2010	2011	%Diff
<b>Import</b>	2,077,457	2,925,433	<b>40.82</b>	200,050	318,013	<b>58.97</b>	2,277,508	3,243,446	<b>42.41</b>
<b>Export</b>	238,840	453,323	<b>89.80</b>	294,129	606,170	<b>106.09</b>	532,968	1,059,493	<b>98.79</b>
<b>Thru 'put</b>	2,316,297	3,378,756	<b>45.87</b>	494,179	924,183	<b>87.01</b>	2,810,476	4,302,939	<b>53.10</b>
<b>Transit</b>	147,544	239,461	<b>62.30</b>	352	1,011	<b>187.22</b>	147,896	240,472	<b>62.60</b>



The port of Takoradi on the other hand saw an 87% increase from the 494,179 tons recorded for the 2010 period to 924,183 tons during the review period. This increase was the result of a 58% increase in the total import tonnage handled at the port of Takoradi during the review period.

Export tonnage through the port of Takoradi for the review period also saw over 100% increase over the 2010 tonnage. There was a transit export of 1,011 tons recorded for the port of Takoradi during the review period.

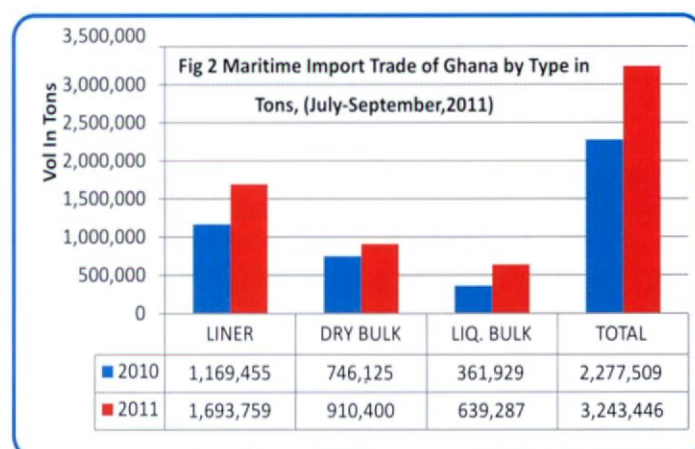
**Table 3 Maritime Trade Review of Ghana by Type in Tons (July-September, 2011)**

	Tema			Takoradi			Total		
	2010	2011	%Diff	2010	2011	%Diff	2010	2011	%Diff
<b>Import</b>									
Liner	1,135,036	1,618,511	42.6	34,419	75,248	118.6	1,169,455	1,693,759	44.8
Dry Bulk	599,843	715,565	19.3	146,282	194,835	33.2	746,125	910,400	22.0
Liq. Bulk	342,579	591,357	72.6	19,350	47,930	147.7	361,929	639,287	76.6
Total	2,077,458	2,925,433	40.8	200,051	318,013	59.0	2,277,509	3,243,446	42.4
<b>Export</b>									
Liner	234,428	414,705	76.9	88,421	118,680	34.2	322,849	533,385	65.2
Dry Bulk	1,420	20,089	1314.7	205,708	487,490	137.0	207,128	507,579	145.1
Liq. Bulk	2,992	18,529	519.3	0	0	-	2,992	18,529	519.3
Total	238,840	453,323	89.8	294,129	606,170	106.1	532,969	1,059,493	98.8

## TYPES OF TRADE

From Table 3 above, it can be seen that the maritime trade was grouped into the liner, dry bulk and liquid bulk trades. On the import side, total liner trade amounted to over 1.69 million tons for the review period. This was 44.8% more than what was recorded for the same period in 2010.

The dry bulk trade for the review period was 22% more than the tonnage recorded for the same period of 2010, while the liquid bulk trade saw a 76% increase from the 2010 period tonnage during the review period. Fig. 2 below gives a pictorial view of the import trade types.



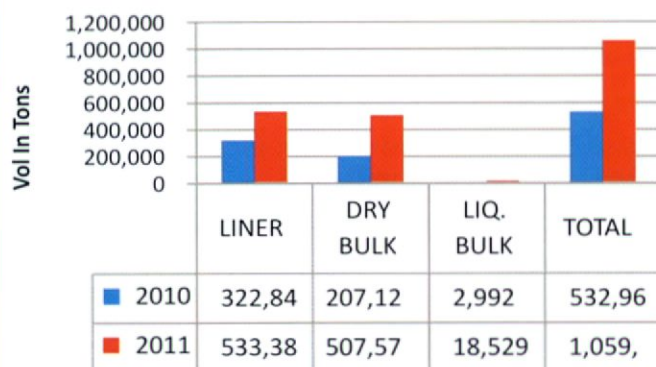
The export trade during the review period recorded an increase of 65% in the liner tonnage from 322,849 tons in the 2010 period to 533,385 tons in 2011. The dry bulk export trade recorded an increase of 145% during the review period.

The liquid bulk export trade showed significant increase during the review period, moving from 2,992 tons in the 2010 period to 18,529 tons. This was an increase of over 500% over the 2010 tonnage. Fig. 3 gives details of the export trade types.





**Fig 3 Maritime Export Trade of Ghana by Type in Tons (July-September,2011)**



#### DIRECTION OF THE MARITIME TRADE OF GHANA

Ghana trades with various countries of the world. These countries are grouped into seven trading ranges as the United Kingdom (UK), the North Continent (NC), the Mediterranean Europe (ME), the North America (NA), the Far East (FE), the Africa (AF) and the Others (OH) ranges.

#### The Import Trade

**Table 4 Direction of Maritime Import of Ghana in Tons (July-September,2011)**

	UK	NC	ME	NA	FE	AF	OH	TOTAL
<b>Liner</b>	53,816	274,735	149,404	116,581	741,157	183,001	175,065	1,693,759
<b>Dry Bulk</b>	31,985	71,220	33,920	72,036	462,238	61,582	177,419	910,400
<b>Liq. Bulk</b>	0	240,174	139,351	0	51,317	163,297	45,148	639,287
<b>Total</b>	85,801	586,129	322,675	188,617	1,254,712	407,880	397,632	3,243,446
<b>Range %</b>	3	18	10	6	39	13	12	100

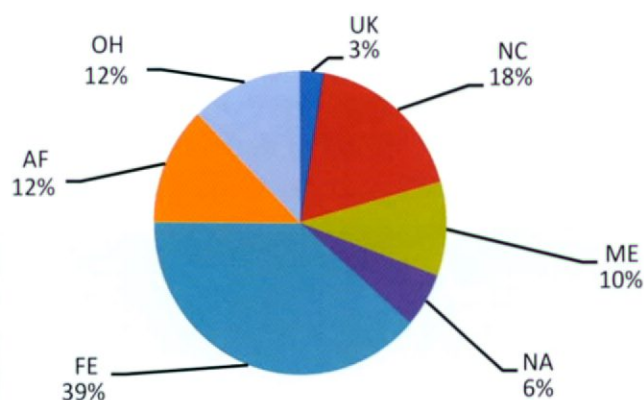
For the review period, majority of import into Ghana came from the Far East range amounting to 1.25 million tons. This was 39% of total import for the 3rd quarter of 2011.

The North Continent range contributed the next highest tonnage of 586,129 tons or 18% of total import. This was followed by the Africa range with 407,880 tons or 13% of total import. The Others range, made up of countries of

South America, Australia, Jamaica, Lebanon, New Zealand, etc, came next with 397,632 tons amounting 12% of the total import.

The Mediterranean Europe the North America and the United Kingdom ranges followed in that order with 10%, 6% and 3% respectively. This is depicted in Table 4 above and Fig. 4 below.

**Fig 4 Direction of Maritime Import Trade of Ghana in Metric Tons (July-september,2011)**



#### The Import Items

Major import items in the liner trade for the review period include pharmaceuticals and medical supplies (9,073 tons), lubricating oil (15,627 tons) and processed food and beverages (190,880 tons).

In the dry bulk trade, major import items include alumina (28,985 tons), fertilizer (88,310 tons), coke (7,592 tons), cement (187,332 tons) and clinker (328,558 tons).

The major liquid bulk import items were petroleum product (320,213 tons) and chemicals (196,851 tons).

#### The Export Trade

Table 5 and Fig. 5 below give an indication of the direction of the maritime export trade for the review period.

Over 39% of the export trade amounting to 409,556 tons was shipped to the North Continent range. The Far East

range received 35% (374,005 tons) followed by the Others range with 93,452 tons or 9%. Mediterranean Europe, Africa and the North America ranges followed with 7%, 5% and 3% respectively. The United Kingdom range had the least of 2% for the period.



Table 5 Direction of Maritime Export of Ghana in Tons (July-September,2011)

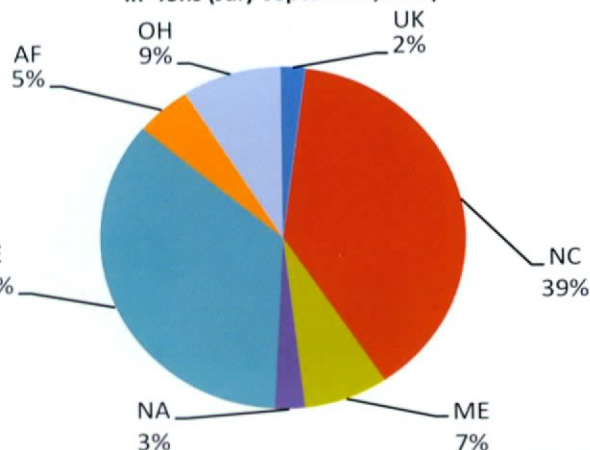
	UK	NC	ME	NA	FE	AF	OH	TOTAL
Liner	22,815	129,884	36,629	28,400	236,999	43,286	35,372	533,385
Dry Bulk	0	267,353	42,211	0	137,006	2,929	58,080	507,579
Liq. Bulk	0	12,319	0	0	0	6,210	0	18,529
Total	22,815	409,556	78,840	28,400	374,005	52,425	93,452	1,059,493
Range %	2	39	7	3	35	5	9	100

### The Export Items

The major liner export items for the review period include cashew nuts which contributed 52,391 tons of the total liner export trade and cocoa beans (168,239 tons or 42% of the total liner export trade). Cocoa products amounted to 54,045 tons, metal scraps 48,751 tons, timber logs 61,317 tons and sawn timber 31,050 tons.

In the dry bulk export trade, major export items were manganese 83% (418,979 tons), bauxite 11% (68,511 tons) and sheanuts about 4% (17,160 tons). The liquid bulk items were mostly petroleum products amounting to 7,154 tons or about 43% and other liquid bulks at 57 %.

Fig 5 Direction of Maritime Export Trade in Ghana in Tons (July-september,2011)



### THE TRANSIT TRADE

Table 6 Transit Trade Through the Ports of Ghana in Tons (July-September,2011)

	Tema			Takoradi			Total		
	2010	2011	%Diff	2010	2011	%Diff	2010	2011	%Diff
Country/Year									
Algeria	-	-	-	-	-	-	-	-	-
Benin	1,294	46,633	3504	-	1,009	-	1,294	47,642	3581.8
Burkina Faso	54,858	105,686	93	65	2	-97	54,923	105,688	92.4
Cameroun	-	5	-	222	-	-100	222	5	-97.7
Chad	-	-	-	-	-	-	-	-	-
Gabon	-	-	-	-	-	-	-	-	-
Gambia	-	-	-	-	-	-	-	-	-
Guinea	-	4	-	-	-	-	-	4	-
Ivory Coast	399	6,017	1408	44	-	-100	443	6,017	1258.2
Mali	13,552	19,568	44	-	-	-	13,552	19,568	44.4
Niger	51,626	23,145	-55	10	-	-100	51,636	23,145	-55.2
Nigeria	5,418	15,884	193	-	-	-	5,418	15,884	193.2
Others	7,816	40	-99	-	-	-	7,816	40	-99.5
Senegal	4,408	-	-100	-	-	-	4,408	-	-100
Togo	8,173	22,479	175	11	-	-100	8,184	22,479	174.7
Total	147,544	239,461	62	352	1,011	187	147,896	240,472	62.6



Table 6 above gives an idea of the transit trade during the review period. A total of 240,472 tons was recorded for the transit trade (export and import). This was 62% more than what was recorded in 2010 for the same period. In table 1 above, the transit export tonnage recorded for the period amounted 1,011 tons of the total transit trade while transit import amounted to 239,461 tons.

Major countries whose transit trade passed through the sea ports of Ghana include Burkina Faso which recorded the highest share of the total transit trade amounting to 105,688 tons or over 92%. This was followed by Benin with 47,642 tons. The others were Togo with 22,479 tons, Niger with 23,145 tons and Mali with 19,568 tons.

#### PERFORMANCE OF THE SHIPPING AGENTS

Fifty-four (54) shipping agencies handled the total

throughput of over 4.30 million tons for the review period as is shown in Table 7 below.

Thirty-two (32) shipping agencies handled the liner trade. The highest performer was Maersk Gh. Ltd with 464,145 tons which amounted to over 20.8% of the throughput for the period. This was followed by MSC Gh. Ltd which handled 245,901 tons or over 11.04% of throughput. The next was Delmas Shipping Gh. CMA CGM with 205,969 tons amounting over 9.25% of the throughput.

Other participants with good performances in the maritime trade for the period include Safmarine (8.91%), Hull Blyth (5.7%), ISAG Gh. Ltd (5.8%), PIL Gh. Ltd (5.02%) and Supermaritime Gh. Ltd (4.10%). There were other participants whose activities ranged from 0.01% to 1.45%.

Table 7 PERFORMANCE OF SHIPPING AGENTS IN GHANA'S SEABORNE TRADE ( JULY - SEPT. 2011 )

	IMPORT	EXPORT	TOTAL	%SHARE
<b>LINER</b>				
ANTRAK GH. LTD	46,062	6,159	52,221	2.34
CONSHIP	299	0	299	0.01
CONSOLIDATED SHIPPING	0	1,322	1,322	0.06
CORAL MARINE	493	0	493	0.02
DAMCO	23,123	0	23,123	1.04
DELMAS SHIPP. GH. CMA CGM.	146,876	59,093	205,969	9.25
DOLPHIN SHIPPING SERV. LTD	8,642	0	8,642	0.39
GETMA GH. LTD	5,000	11	5,011	0.22
GLOBAL CARGO & COMMODITIES	12,272	0	12,272	0.55
GMT SHIPPING	101,497	0	101,497	4.56
GRIMALDI GH. LTD	57,798	24,634	82,432	3.70
HULL BLYTH GH. LTD	111,074	17,702	128,776	5.78
INCHCAPE SHIPPING SERVICE	0	1,523	1,523	0.07
ISAG GH. LTD	56,668	72,871	129,539	5.82
MACRO SHIPPING GH. LTD	11,325	3,439	14,764	0.66
MAERSK GH. LTD	375,935	88,210	464,145	20.84
MAP SHIPPING	10,480	510	10,990	0.49
MARITIME AGENCIES	1,375	0	1,375	0.06
MAXITIDE VENTURES	7,817	0	7,817	0.35
MOL GH. LTD	65,084	12,016	77,100	3.46
MSCA GH. LTD	212,112	33,789	245,901	11.04
PANALPINA GH. LTD	20,628	11,704	32,332	1.45
PIL GH. LTD	88,245	23,635	111,880	5.02
PORT MARINE LTD	1,644	0	1,644	0.07



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Table 7 PERFORMANCE OF SHIPPING AGENTS IN GHANA'S SEABORNE TRADE ( JULY - SEPT. 2011)

	IMPORT	EXPORT	TOTAL	%SHARE
<b>LINER</b>				
SAFMARINE	135,295	63,217	198,512	8.91
SANTA SHIPPING AGENCY	8,501	0	8,501	0.38
SCANSHIP GH. LTD	55,678	34,098	89,776	4.03
SDV GH. LTD	1,122	11,847	12,969	0.58
SEATRANS GH. LTD	6,921	0	6,921	0.31
SHARAF SHIPPING AGENCY	79,537	11,729	91,266	4.10
SUPERMARITIME GH. LTD	36,144	55,875	92,019	4.13
TRANSGLOBAL SHIPPING	6,112	0	6,112	0.27
SUB-TOTAL	1,693,759	533,384	2,227,143	51.76
<b>DRY BULK</b>				
DAMCO LOGISTICS	23,883	0	23,883	1.68
DOLPHIN SHIPPING SERVICE	13,000	0	13,000	0.92
GETMA GH. LTD	82,873	0	82,873	5.84
GLOBAL CARGO & COMMODITIES	120,656	0	120,656	8.51
HULL BLYTH GH. LTD	448,214	0	448,214	31.61
INCHCAPE SHIPPING SERVICE	39,999	0	39,999	2.82
MACRO SHIPPING	0	68,511	68,511	4.83
MAP SHIPPING GH. LTD	62,014	0	62,014	4.37
SCANSHIP GH. LTD	62,970	20,089	83,059	5.86
SDV GH. LTD	20,000	0	20,000	1.41
SUPERMARITIME GH. LTD	36,791	418,979	455,770	32.14
SUB-TOTAL	910,400	507,579	1,417,979	32.95
<b>LIQUID BULK</b>				
BULKSHIP	127,712	7,154	134,866	20.50
DADDO MARITIME	166,125	0	166,125	25.25
GETMA GH. LTD	1,513	0	1,513	0.23
INCHCAPE SHIPPING SERVICE	86,488	2,772	89,260	13.57
JESSICO MARINE R.	13,428	0	13,428	2.04
OMAROIL	7,693	0	7,693	1.17
PANALPINA GH. LTD	1,304	2,393	3,697	0.56
SCANSHIP GH. LTD	5,523	2,009	7,532	1.14
SEA & SHORE	175,731	0	175,731	26.71
SUPERMARITIME GH. LTD	52,159	4,202	56,361	8.57
TRANSGLOBAL SHIPPING	1,611	0	1,611	0.24
SUB-TOTAL	639,287	18,530	657,817	15.29
GRAND TOTAL	3,243,446	1,059,493	4,302,939	100.00

In the dry bulk trade, there were 11 participants. Supermaritime Gh. Ltd handled the highest tonnage of 455,770 tons which was over 32.14% of total throughput.

Hull Blyth Gh. Ltd came next with a tonnage of 448,214 tons amounting to over 31.61% of the total throughput. Other major performers include Global Cargo & Commodities (8.51%), Getma Gh. Ltd (5.81%), Scanship Gh. Ltd (5.86%), Map Shipping Gh. Ltd (4.37%) and others with percentages ranging from 0.92 to 1.41.

The liquid bulk trade had 11 shipping agencies to handle the over 657,817 tons of cargo. Sea & Shore handled the highest tonnage of 175,731 tons (26.71%). Daddo Maritime followed with 166,125 tons (25.25%).

The next were Bulk Shipping Services with 134,866 tons (20.50%) and Inchcape Shipping Services with 89,260 tons (13.57%). The rest of the agencies in this trade handled between 0.23% and 1.14%.



## PERFORMANCE OF SHIPPING LINES

A total of 104 shipping lines and charterers participated in the seaborne trade of Ghana for the second quarter of 2011 as can be seen in Table 8 below.

The liner trade saw 61 shipping companies and operators loading and unloading cargo at the sea ports of Ghana. The highest performer was Maersk Line which handled over 464,145 tons of liner cargo amounting to almost 20.84% of the total throughput for the period.

Mediterranean Shipping Co with 245,902 tons (11.04%), Safmarine with 198,512 tons (8.19%), Delmas with 124,828 tons (5.60%) and Conti GMT with 117,476 (5.27%) followed in that order. Other high performers include CMA CGM (4.12%), Grimaldi Lines (4.32%), Gold Star Line (4.29%), Mitsui O.S.K. Lines (3.46%), CSAV (4.10%), Hapag Lloyd (1.87%), Hanjin Shipping (1.38%) and Niledutch Lines (1.35%).

The share of the rest was between 0.01% and 0.87%. The dry bulk trade saw 24 shipping lines and operators participating. High performers include I.M.T with 487,490 tons (34.38%), H C Trading with 320,988 tons (22.64%), Dangote with 85,000 tons (5.99%), Bulkhandling with

80,636 tons (5.69%), JIT International Corp. 75,281 tons (5.31%), Other with 73,061 tons (5.31%), Inchcape with 39,999 tons (2.82%) and Union Cement with 23,700 tons (1.67%). The remaining participants carried between 0.17% and 0.74%.

Nineteen shipping lines participated in the liquid bulk trade for the period. The highest operators were Others with 197,205 tons (29.98%), TOR with 79,914 tons (12.15%), Sahara with 69,759 tons (10.60%), Cirrus with 66,232 tons (10.01%) and VRA with 59,746 tons (9.08%). Other participants carried between 0.23% and 5.35%.



Table 8 PERFORMANCE OF SHIPPING LINES IN GHANA'S SEABORNE TRADE (JULY - SEPT. 2011)

	IMPORT	EXPORT	TOTAL	%SHARE
<b>SHIPPING LINE</b>				
<b>LINER</b>				
'K' LINE	25,812	1,078	26,890	1.21
AFRICA EXPRESS LINE	4,618	18,423	23,041	1.03
AFRITRAMP	14,220	5,814	20,034	0.90
BREAD BOX SHIPPING	1,695	2,769	4,464	0.20
BRUNO	3,473	0	3,473	0.16
CANDLER SCHIFFARHT	0	7,251	7,251	0.33
CARISBROOKE SHIPPING LTD	0	4,053	4,053	0.18
CHINA OCEAN SHIPPING	27,514	5,988	33,502	1.50
CHINA SHIPPING	20,627	21	20,648	0.93
CMA CGM	62,208	29,494	91,702	4.12
COASTAL SHIPP. & LOGISTICS	6,032	0	6,032	0.27
CONSHIP	299	1,322	1,621	0.07
CONTI GMT	117,476	0	117,476	5.27
CSAV	79,537	11,729	91,266	4.10
DELMAS	83,382	41,446	124,828	5.60
DHL GLOBAL FORWARDING	0	11	11	0.00
EAGLE WEST AFRICA SERV.	5,521	0	5,521	0.25
ED & F MAN	8,800	0	8,800	0.40
ERKOR CEMENT	175	0	175	0.01
ESL SHIPPING	0	9,950	9,950	0.45
EUKOR CAR CARRIER	8,309	0	8,309	0.37



Table 8 PERFORMANCE OF SHIPPING LINES IN GHANA'S SEABORNE TRADE (JULY - SEPT. 2011)

	IMPORT	EXPORT	TOTAL	%SHARE
SHIPPING LINE				
<u>LINER</u>				
EURO AFRICA	7,133	4,000	11,133	0.50
GOLD STAR LINE	34,353	61,200	95,553	4.29
GRIMALDI LINES	66,538	27,603	94,141	4.23
HANJIN SHIPPING	26,007	4,691	30,698	1.38
HAPAG LLOYD	31,427	9,769	41,196	1.85
HOEGH AUTOLINERS	4,032	0	4,032	0.18
HUAL LINES	4,692	0	4,692	0.21
I.M.T.	0	8,523	8,523	0.38
INTEGRA MARINE & FREIGHT	3,155	0	3,155	0.14
MAERSK LINE	375,935	88,210	464,145	20.84
MARCONS SHIPMANAGEMENT	708	0	708	0.03
MEDITERRANEAN SHIPP. CO	212,113	33,789	245,902	11.04
MESSINA LINES	13,237	3,648	16,885	0.76
MTSUI O.S.K. LINES	65,084	12,016	77,100	3.46
MULTIMARINE AGENCIES	283	0	283	0.01
NILEDUTCH	19,036	11,059	30,095	1.35
NIPPON YUSEN KAISHA	15,003	829	15,832	0.71
NMT LINES	1,644	0	1,644	0.07
NOBLE RESOURCES S.A.	5,000	0	5,000	0.22
NOBLE SHIPPING	81	0	81	0.00
NODROG SHIPP. CORP	6,921	0	6,921	0.31
NORDANA LINE	4,029	59	4,088	0.18
NOVEL COMMODITIES	27	0	27	0.00
NYK LOGISTICS	2,295	0	2,295	0.10
OTAL	2,407	0	2,407	0.11
OTHER	40,629	510	41,139	1.85
PACIFIC INTL. LINES	88,245	23,635	111,880	5.02
S. BACO LINER	0	9,500	9,500	0.43
SAFMARINE	135,295	63,217	198,512	8.91
SEALAND MARITIME	869	0	869	0.04
SEATEAM SHIPPING AG.	667	0	667	0.03
SOCAR	0	22	22	0.00
SPLIETHORFF	0	8,000	8,000	0.36
SUPERMARITIME LOGISTICS	548	89	637	0.03
UNIMAR AGENCIAMENTOS	8,501	0	8,501	0.38
UNION CEMENT	2,209	0	2,209	0.10
UNITED ARAB SHIPPING	17,133	2,165	19,298	0.87
UNIVERSAL AFRICA LINES	6,510	7,648	14,158	0.64
WILHELMSSEN SHIPS SERV.	0	2,183	2,183	0.10
ZIM LINE	22,315	11,671	33,986	1.53
SUB TOTAL	1,693,759	533,385	2,227,144	51.76
<u>DRY BULK</u>				
AFRICA EXPRESS LINE	11,000	0	11,000	0.78
AFRITRAMP	0	2,450	2,450	0.17
BULKERS	80,636	0	80,636	5.69
CCTC LINE	10,495	0	10,495	0.74
DANGOTE	85,000	0	85,000	5.99
DELMAS	20,000	0	20,000	1.41
ED & F. MAN	16,200	0	16,200	1.14
EURO AFRICA	0	17,160	17,160	1.21



Table 8 PERFORMANCE OF SHIPPING LINES IN GHANA'S SEABORNE TRADE (JULY - SEPT. 2011)

	IMPORT	EXPORT	TOTAL	%SHARE
<b>SHIPPING LINE</b>				
<b>LINER</b>				
FERTICHEM	7,902	0	7,902	0.56
HC TRADING	320,988	0	320,988	22.64
HOLDMAN SHIPPING	4,542	0	4,542	0.32
I.M.T.	0	487,490	487,490	34.38
INCHCAPE	39,999	0	39,999	2.82
INTEGRA MARINE & FREIGHT	23,970	0	23,970	1.69
JIT INTERNATIONAL CORP.	75,281	0	75,281	5.31
NICOLAKIS SHIPPING S.A.	5,797		5,797	0.41
NOVEL COMMODITIES	22,000	0	22,000	1.55
OPERATION INTERMAN	19,456	0	19,456	1.37
OTHER	72,583	478	73,061	5.15
TIAWAN CEMENT	22,890	0	22,890	1.61
UNION CEMENT	23,700	0	23,700	1.67
VERTOM SCHEEPUART	7,550	0	7,550	0.53
WAN BONG CHARTERING	7,592	0	7,592	0.54
YARA	32,819	0	32,819	2.31
SUB TOTAL	910,400	507,578	1,417,978	32.95
<b>LIQUID BULK</b>				
AFRICA EXPRESS LINE	4,300	0	4,300	0.65
CIRRUS	66,232	0	66,232	10.07
ECO	9,997	0	9,997	1.52
EURO AFRICA	5,523	0	5,523	0.84
FERTICHEM	8,660	0	8,660	1.32
FUEL TRADE	50,124	7,154	57,278	8.71
GEOGAS	24,670	0	24,670	3.75
IMT	35,199	0	35,199	5.35
INCHCAPE	7,208	0	7,208	1.10
OTHER	192,424	4,781	197,205	29.98
POSEIDON SCHIFFAHR	0	4,202	4,202	0.64
RAFFLES SHIPMANAGEMENT	4,000	0	4,000	0.61
SAHARAH	69,759	0	69,759	10.60
SPRING FIELD	6,997	0	6,997	1.06
TEMA OIL REFINERY	79,914	0	79,914	12.15
VIHAMA	11,717	0	11,717	1.78
VOLTA RIVER AUTHORITY	59,746	0	59,746	9.08
WAN BONG CHARTERING	1,513	0	1,513	0.23
WILHELMSSEN SHIPS SERV.	1,304	2,393	3,697	0.56
SUB-TOTAL	639,287	18,530	657,817	15.29
GRAND TOTAL	3,243,446	1,059,493	4,302,939	100





# CONTRIBUTION OF SHIPPER COMPLAINTS AND SUPPORT CENTRES TO TRADE FACILITATION



The core mandate of the Ghana Shippers' Authority is to promote and protect the interests of Ghanaian shippers in relation to port, ship and inland transportation problems in order to ensure safe, reliable delivery of import and export cargo by all modes of transport at optimum cost. In the pursuit of this agenda, the Authority, over the 37 years of its existence has rolled out various projects and programmes in collaboration with private and public organizations in the transport industry.

These include the formation of Shipper Committees in all ten regions of the Ghana, facilitating the establishment of the Boankra Inland Port, the provision of Warehousing facilities in Tema, a Logistics Platform in Takoradi, the bi-weekly publication of vessel movement information in the national dailies now also available via mobile phones (Mobiship) on 0202280280 and lately, the establishment of Shippers Complaints and Support Units (SCSU) in four key locations Takoradi Port, Elubo Border, Aflao Border and Kotoka International Airport.

It needs be stated that contrary to widely held public view, shipping involves the carriage of goods by all modes of transport and this has become even more pronounced in the era of increased technology, multimodalism and end to end logistics.

The assistance and support offered to shippers by shippers' organisations the world over transcend the port and ship interface and involve the provision of support services throughout the entire transport and logistics chain. The Ghana Shippers' Authority has thus positioned itself to provide a number of services to shippers throughout the entire logistics chain. The concept of the SCSU was contrived as an on-the-spot solutions centre, in the wake of numerous calls on the Authority by shippers to intervene in

their activities within the ports and entry points and provide relevant support for the smooth clearance of cargo. In this regard, it is pertinent to mention that at the Kotoka International Airport, the Authority is collaborating with one of its major stakeholders, the Customs Division of the Ghana Revenue Authority, to ensure that all customs related issues are dealt with expeditiously within the framework of increased trade facilitation.

Shipper complaints relating to dissatisfaction with the quality of services of a provider, unfair treatment, delays, abuse of procedure and extortion by the service provider constitute the major issues that require the attention and intervention of the Authority. The SCSU is thus a means by which the services of the Authority are brought closer to the shipper.

The SCSU facilities provide real time assistance to importers and exporters, help to cut down on the cost of doing business at the ports and entry points by shippers and hence increase their competitiveness. The SCSU facilities' objectives are integral to the Trade facilitation drive, which is aimed at reducing the complexity of trade transaction processes, the cost associated with trade transaction and ensuring that all activities take place in an efficient, transparent and predictable manner.

The facilities make available to shippers, relevant and appropriately packaged information at the right time, as a major means of improving their business decision making processes. In furtherance of trade facilitation, the Ghana Shippers' Authority in collaboration with the United States Agency for International Development (USAID) Ghana, has added to the Shipper Complaint and Support Unit at Aflao, a Border Trade Information Centre (BTIC) under the Borderless initiative of the USAID.





The Minister of Transport, Hon. Alhaji Collins Dauda, cutting the tape to formally open the GSA's Shipper Complaints and Support Unit at the Aviance Cargo Village, Kotoka International Airport.

This provides shippers with access to all information they require to enable them have a smooth transit through the border. Some of the key information provided at the Centre includes Requirements of the ECOWAS Trade Liberalization Scheme (ETLS), Rights & Obligations of Importers and Exporters, Procedures at the borders and Documents Required for the processing of trade transactions.

The Authority has instituted a clear procedure for the handling of shipper complaints, spanning;

- verbal complaint or completion of a basic / simple complaints form (also available on the GSA Website),
- investigation of the complaint and taking action with the service provider to resolve same to the extent possible
- prompt notification of the shipper or their representative of the outcome of the investigation and action taken
- documentation of the actions and resolution of the complaint
- in the event a complaint is not resolved satisfactorily on the spot, i.e. Issues involving third parties, the complaint is forwarded to the Head Office for review and further action.

The Authority is of the firm conviction that these facilities would not only create a presence at the ports and entry points for the resolution of shipper complaints, but also serve as a conduit for the dissemination relevant trade information.

It is hoped that this effort would contribute significantly in addressing the breaches of the cargo clearance procedure and also reduce the incidence of high demurrage and rent charges resulting from delayed cargo clearance and ignorance on the part of shippers.



## GHANA SHIPPERS' AUTHORITY

### OUR TEMA BRANCH OFFICE MOVES TO THE GPHA TOWERS

The Ghana Shippers' Authority is pleased to inform all importers, exporters, stakeholders of the shipping community and the general public that its Tema Branch Office has moved to the Fourth Floor of the GPHA Towers as of November 7, 2011. The GPHA Towers is located close to the former GPHA Head Office and the Longroom.

The Tema Branch Office will continue to use its existing postal, email addresses as well as telephone and facsimile numbers, which are:

Private Mail Bag, Tema  
 Tel: +233 (0) 303 206479/204741  
 Fax: +233 (0) 303 205592  
 E-mail: [gsatema@shippers-gh.com](mailto:gsatema@shippers-gh.com)  
 Toll Free Line: 0800 30005

The relocation of the Tema Branch Office is to enable the Authority contain the needs of its growth as well as to improve the working conditions of staff in order to ultimately continue to deliver quality and timely services to our cherished shippers.

We wish to entreat people who will be inconvenienced by the relocation to bear with the Authority.





## OUR PEOPLE PROMISE

**RESPECT**

We hold you in high esteem

**TRUST**

We'll never let you down

**PROFESSIONALISM**

We know how to serve you right

**RELATIONSHIP**

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# UNDERSTANDING THE CONCEPTS OF LAYTIME AND DEMURRAGE IN THE CARRIAGE OF GOODS BY SEA

Excerpts from a Paper presented by A. G. Buabeng at the Seventh Maritime Law Seminar for Judges of the Superior Courts of Ghana on 6th and 7th October 2011 at the Coconut Grove Hotel, Accra

## What is Laytime or Laydays?

Laytime or laydays is the time allocated to the charterer for the purpose of loading and discharging cargo without additional payment. Where the charterer takes longer than the laytime allowed for loading or discharging, he may be liable, under the charter party to pay demurrage which in Ghanaian and English Laws are liquidated damages for the delay beyond laytime. If, on the other hand, the charterer completes loading and discharging in less than the permitted laytime he will normally be entitled, if the charterparty so provides to receive dispatch money.

The shipowner is entitled to sue for damages for detention if-

- (i) The laytime has expired and demurrage has not been provided for in the Charterparty;
- (ii) The time for loading or discharge is not agreed, and a reasonable time for loading or discharge has expired; or
- (iii) Demurrage is only to be paid for an agreed number of days and a further delay takes place.

In the case of a claim for damages for detention, the damages are unliquidated i.e. it is for the Court to assess what loss has been suffered by the shipowner by his vessel being detained in port.

## The Number of Lay Days or Laytime

Where the Charterparty names a number of "days" or "running days" these mean consecutive days including Sundays and holidays *Nielsen v. Wait (1885) 16 Q B D 67* at 72 per Lord Esher MR.

The word "day" usually means a calendar day and not a period of 24 hours calculated from the moment of the vessel's arrival. *The Katy (1895) P 56 CA*. If the term "working day" is used, this means the days on which work is normally done in the port. *Reardon Smith Line Ltd v Ministry of Agriculture, Fisheries and Food 1963*

AC 691 and "weather working days" are working days on which the weather allows work to be done.

In *Compania Naviera Azuero SA v. British and Cake Mills Ltd (1957) 2 QB 293*, a Charterparty provided that a certain number of "weather working days" should be allowed for discharge. There were several periods during which rain was heavy enough to stop or prevent discharge. In fact, however, no unloading was prevented for the charterer had not planned to unload during these periods even if the weather had been fine.

Held, that in calculating the lay time, deductions should be made in respect of the periods in which rain fell, for a weather working day was to be determined solely by the state of the weather on that day, although no plans had been made for working at the relevant time.

## "Weather Permitting"

Just as the term "weather working day" is part of the definition of laytime, so also is the term "weather permitting". Both phrases are descriptive of how laytime is calculated. This means that one considers the type of weather to see if it is such as to prohibit work; it is not essential that the bad weather cause delay in loading or discharging of the chartered vessel.

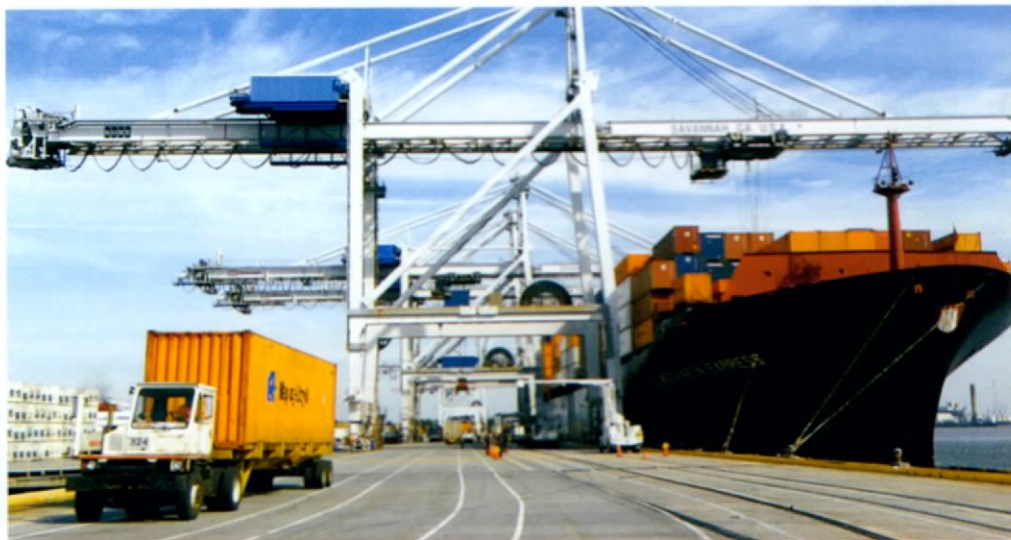
In *Reardon Smith Line v Ministry of Agriculture, Fisheries & Food Lord Delvin* said:

"It is well established that whether a day is a weather working day or not depends on the character of the day and not on whether work was actually interfered with....."

It was once thought that the term "weather permitting" produced a fundamentally different effect but it has now been held by the Court of Appeal of England that both phrases are part of the definition of laytime, not an exception from it.

The "*Vorras*" 1983 / *Lloyd's Rep 579* was chartered on the *Beepeevo* 2 to lift a cargo at Skikda. The laytime was "72 running hours weather permitting" The vessel arrived at Skikda and tendered notice of readiness, but the berth was occupied and the port closed due to bad weather. When the weather eased, the berthed vessel departed and another vessel berthed. Bad weather again set in and two days after the departure of the second vessel the "*Vorras*", finally berthed, but her loading was continually dogged by further bad weather and was considerably delayed.

The shipowners claimed demurrage on the basis that the term "weather permitting" operated to extend laytime only if it was such as to prevent the loading of the "*Vorras*".





The Court of Appeal held the term "weather permitting" was descriptive of, and not an exception to laytime. It should be construed as meaning that the allowed laytime was 72 running hours unless the weather conditions prohibit loading of vessels of the same type as the chartered vessel, or put the other way round the weather conditions must be such that loading or discharging is possible irrespective of the vessel's identity. Sir John Donaldson MR. applied the views of Lord Delvin in connection with the term "weather working day" and concluded on the facts of the case that if the weather prohibited any vessel of this general type from loading and it is nothing to the point that owing to the presence of another vessel in the berth, the prohibition was not the operative cause which prevented the vessel from loading.

The only significant difference now between the two phrases is that "weather working day" produces extended laytime by apportionment for bad weather according to length of the working day but "weather permitting" extends laytime only by the amount of the time during which bad weather is such as to prohibit loading or discharging.

#### "Sundays and Holidays Excepted"

Sundays are simple to identify; "holidays" are not. Whether a day is or is not a holiday is a question of fact to be decided according to the regulations, practice, custom or law applicable at the port in question. It need not be a general or national holiday in the country where that port is situated. (*The Hosanger*) 1931 40 LIL Rep 259, 261. It is sufficient that a competent local authority decrees that a day is a holiday for the port or area in question and it is irrelevant that work is in fact done.

The *Mosfield* 1968 2 Lloyd's Rep 173. The fact that work is done on the payment of overtime is likewise irrelevant *Carrado Societa Anonima di Navigazione v. "Exporthleb"* (1932) 43 LIL Rep 509. If the custom or practice of the port or locality is that a particular day is a holiday, then the absence of any local law or decree is irrelevant (*the Hosanger*) above.



If the local law forbids work on a particular day without making it a holiday, the fact that it is illegal to work does not in itself turn that day into holiday. The *Trevarraek* (1934) 49 LIL Rep 86. Illegality is no defence to a claim for failure to load or discharge unless it prohibits the operation. The *Maria G* (1958) 2QB 196. It has also been held that half-day holidays do not class as "holidays" *Love and Stewart v Rowtor Steamship* [1916] 2 A.C. 527.

#### The Commencement of Laytime

##### Usually laytime commences when:

- 1) The vessel is an "arrived ship";
- 2) She is ready to load or discharge; and
- 3) The shipowner has given notice of readiness to load.

In English Law, no notice of readiness to discharge is necessary unless there is an express provision to the contrary in the charterparty.

#### "Arrived Ship"

The question as to whether or not a ship is an "arrived ship" depends on whether a voyage Charterparty is a berth, or a dock charter (that is a charter which has a berth or dock as destination; or a berth or dock is to be specified later by the Charterer or a port charter (that is a charter which requires the vessel to proceed to a named port, or a port is to be named by the charterer at a later stage).

In a berth or dock Charterparty, a ship does not become an "arrived ship" unless she is at the particular berth or dock, and therefore laytime begins to run once she is ready to load and a valid notice of readiness is given to the charterer according to the provisions and the charterparty. Thus under a berth or dock charterparty any time lost before the vessel can get to the berth or dock where loading or discharging can be done falls upon the owners unless

there is an express provision to the contrary in the charterparty.

More difficulties arise, however in formulating the test for an "arrived ship" in the case of a port charterparty. This is partly due to the larger area involved and partly to the variety of definitions of a port, dependent on whether it is regarded from a geographical, administrative or commercial standpoint. The earliest English cases of the question of an "arrived ship" for a port Charterparty go back over one hundred years.

It was thought that the decision in *Leonis Steamship Co Ltd. Rank Limited* 1908 1 KB 499 had provided an authoritative answer but changes in commercial practice not matched by changes in standard form of voyage charterparties produced a spate of decisions on the subject in the years between 1957 and 1977 including three cases which reached the then House of Lords - *Sociedad Financiera de Bienes Raices SA v Agrimpex Hungarian Trading Co (The Aello)* 1961 AC 135, *EL Oldend orff v. Tradax Export SA (The Johanna Oldendorff)* 1974 AC 479 and *Federal Commerce and Navigation Co Ltd v Tradax Export SA (The Maratha Envoy)* 1978 AC 1.

#### Time Lost Waiting for a Berth Clause

Another of these clauses designed to shift the risk of delay in the Gencon clause which provides that "Time lost in waiting for berth to count as loading or discharging time". The object of this clause is to shift the risk before the vessel becomes an arrived ship. That is from the time when it could have entered a berth had one been available. Thus in the case of a berth charter it will cover the period while the vessel is waiting in port until a berth is available.



Alternatively, in the case of a port charter it will cover the period while the vessel is waiting outside the port and even while it is waiting inside the port in circumstances where according to the Johanna Oldendorff criteria, it is not "immediately and effectively" at the disposal of the charterer. The crucial question in each case is whether the basic reason for delay is the unavailability of a berth. The clause in its origin was essentially a berth charter clause which because of its popularity and effectiveness, was later included in port charters.

In fact, this extension of use led to confusion since in the case of port charters there was a possibility of overlap between waiting time and laytime provision in that the vessel could become an arrived ship and still be waiting for a berth. There were many decisions on the point interpreting provisions of various voyage charterparties. The House Lords in the *Darrah* 1977 AC 157 overruled previous decisions on this point. Whether the clause provides that all time lost waiting for a berth is to count in as loading time or "laytime" the result is the same. All such time lost is to be treated as laytime in the same way as if the vessel had become an arrived ship.

Lord Diplock said at page 166 in the *Darrah*. "In a berth charter the effect of the clauses is to put the shipowner in the same position financially as he would have been if, instead of been compelled to wait his vessels had been able to go straight to her berth and the obligations of the charterer to carry out the loading or discharging had started then. In port charter the clauses are superfluous so far as time spent waiting in turn within the limits of the port. This count as laytime anyway; it is laytime. The clauses would however have the same effect as in berth charter in respect of ports like Hall or Glasgow where. The usual waiting place is outside the limit of the port.

#### Readiness to Load or Discharge

Before laytime will begin to run, not only must be the vessel become an "arrived ship" at its designated port of loading but two further requirements

as already alluded to must be satisfied. First, the shipowner must have given the prescribed notice of readiness to load and second, the vessel must in fact be ready to load. In the absence of special agreement in the Charterparty, English law does not require the master to give notice of readiness to unload to the consignee at the port of discharge.

#### Notice of Readiness to Load

The purpose of such notice is to inform the charterer that loading may commence and to provide a starting point for the calculation of laytime. Vide *Moore-Brick J in the Mass Glory* [2002 2 Lloyd's Rep 244 at p 250]. At common law, notice can be in any form provided that it is communicated but if a particular form is prescribed in the charter such notice in writing in the form must be adopted.

From the standpoint of business convenience, advance notice of expected readiness would be particularly helpful to the charterer and many standard forms require the giving of such notice at a specified time before arrival. For example, clause 2 of the Polcoalvoy charter requires at least 10 running day's written notice of the approximate date of readiness to load. On the other hand many charter forms prefer certainty and the requirement at common law is for a simple notice of actual readiness to load. Such notice is however only effective in respect of an "arrived ship" which is actually ready to load at the time notice is given. *Christensen v Hindustan Steel Ltd* [1971] 1 Lloyd's Rep 395; *Tres Flores* [1973] 2 Lloyd's Rep 247 at p249.

In this respect English law takes a strict view that notice of anticipated readiness is ineffective even though the vessel was in fact ready to load at the time notice was given see *Christenson v Hindustan Steel Ltd supra*.

#### Acceptance by the Charterer of an Invalid Notice of Readiness, as Waiver of Notice

Where a charterer or his agent "accepts" notice of readiness, which is in fact invalid but his acceptance is unqualified, the charterer may thereafter lose the right to assert that invalidity. The master of *Helle Sekou* 1976 2 Lloyd's Rep 205 tendered notice

of readiness to load a cargo skimmed milk. He did so honestly although in fact her holds were tainted by the smell of a previous cargo of fishmeal. The charterers formally accepted the notice of readiness, but they did not check the vessel and immediately started loading. After sometime, loading stopped and they discharged what they had loaded for further cleaning of the holds. The shipowner admitted that they were liable in damages, but denied that the charterers were entitled to treat the notice of readiness as invalid by reason of that acceptance.

Donaldson J held that the charterer's acceptance precluded them from asserting the invalidity of the notice of readiness. He did not finally determine what was the precise principle saying merely that it could be "labelled as waiver or estoppel or something else". He said that the charterers could not resile from the acceptance save upon the grounds of fraud.

#### Actual Readiness to Load

Whether or not a vessel is in fact ready to load depends on a variety of factors including the position of the vessel, whether it is physically capable of receiving the cargo and whether it has complied with all the port health and documentary requirements. The position of the vessel has already been touched upon.

From the physical standpoint, a vessel is not ready to load unless she is discharged and ready in all her holds so as to give the charterer complete control of every portion of the ship available for cargo except so much as is reasonably required for ballast to keep her upright.

Vide the *Tres Flores* 1973 2 Lloyd's Rep 247 and [Nikmary I 200] 1 Lloyd's Rep 55 where tanks needed cleaning before fit to receive gasoil. The charterer is entitled to immediate access to all the cargo space and consequently the vessel is not ready to load so long as even the smallest proportion of the previous cargo remain to be discharged or ready to unload. If overstowed cargo has to be removed before access can be gained to the charterer's cargo. A further fact of the physical readiness is the requirement that the vessel must be



cargo worthy in the sense that it must be fit to receive the agreed cargo. Thus the holds must be clear and free from contamination, the required loading gear must be fixed and any special equipment required for particular cargoes must be available and in position. For example shift boards for grain cargo.

The final aspects of readiness requires that the vessel has complied with port regulations by satisfying the health requirements and obtaining the necessary documentation. Here again, several of these requirements have been regarded as mere formalities and shipowners have been allowed to give notice of readiness even though they have not received free pratique.

### Demurrage

If the vessel is detained in loading or discharging beyond the agreed laytime, the charterer is in breach of charter and the suggestion to the contrary implicit in the word "allowed" does not alter the analysis. The charterer's liability may sound in damages at large or where demurrage rate is agreed in demurrage, which is liquidated damages for that breach. Viscount Finlay stated the principle in *William Alexanderv Akt. Hansa 1920 AC 88 at P 94*. "If the charterer has agreed to load or unload within a fixed period of time.... he is answerable for the non-performance of that engagement, whatever the nature of the impediments, unless they are covered by exceptions in the charterparty or arise through the fault of the shipowner or those for whom he is responsible".

The liability is absolute, subject to the two matters mentioned by Lord Finlay and not dependent upon the fault on the part of the charterer.

### Delay Caused by the Fault of the Shipowner

One exception which does not apply equally to laytime or to time on demurrage is the implied exception of delay caused by the fault of the shipowner or those for whom he is responsible. Where the shipowner's fault delays or impedes cargo

operations but does not deprive the charterer of access to the vessel or cargo it is clear that the onus lies on the charterer to prove how much delay was actually caused by the fault. *The Forum Craftsman [1991 1 Lloyd's Rep 81]*.

The question which has arisen is whether the rule that "once on demurrage always on demurrage" also applies in cases where the vessel, at the port of loading having used all laytime allowed for loading and discharging is on demurrage when she arrives at the port to discharge. And whether in such a case the charterer is entitled to the benefit of the charterparty notice period before demurrage recommences.

This situation arose in *"The Tskuba Maru 1979 1 Lloyd's Rep 459* and the Court applied the rule as there was nothing in the charterparty (*The Exxonvoy 69*) to indicate that laytime exception applied once the vessel was on demurrage. While dry cargo standard forms do not contain express provisions on the issue, some tanker voyage Charters expressly state that demurrage shall not run during the notice period.

The Exxonvoy 84 for example in clause 13 (a) provides that "Laytime or time on demurrage, as hereinafter provided shall commence upon expiration of six hours after receipt by charterer or its representative of notice of readiness".

### Rate of Demurrage

The rate of demurrage is expressly stated in the charterparty eg. "Ten running days on demurrage at the rate of £2000 per day or pro rata for any part of a day payable by day is to be allowed. Merchants altogether at the ports of loading and discharge". In certain circumstances only half demurrage may be payable depending upon express provision in the charterparty.

### By Whom Demurrage is Payable

Usually it will be the charterer who will be liable for the payment of demurrage. The charterparty often contains a "cesser clause" which purports to relieve the charterer from paying demurrage, but in each case, it is a

question of construction whether it does relieve him in fact, *Vide Fidelitas Shipping Co Ltd v Exportchleb V/O 1963 2 Lloyd's Report 113*.

### Dispatch Money

Dispatch money is payable by the owners to the charterer if the charterers complete loading or discharging before the laytime has expired so that the vessel is available to the owners earlier than if the charterer's full laytime entitlement had been used. A saving of laytime does not entitle the charterer to claim dispatch money unless there is a special clause in the charterparty to this effect. A clause providing for payment of dispatch money is often found in dry cargo voyage charterers.

The interpretation of dispatch clauses have given rise to disputes. As Carver put it "Great difficulty has been encountered in construing provisions for the payment of dispatch money on time "saved" in loading or discharging. Does this mean time saved to the shipowner or laytime not used? If laytime does not include Sundays, are Sundays to be taken into account in calculating time "saved" In the English case to *Re Royal Mail Co and River Plate SS. Co 1910 1KB 800* the clause in the charterparty provided that "20 running days..... excepted ..... The owners of the ship to pay £10 per day dispatch money for each running day saved".

The Court held that the word "saved" must be construed as meaning time saved to the Shipowners and therefore dispatch money was payable for the whole time saved without any deductions for holidays and weekends during that period.

The dispatch rate is usually stipulated at half of the demurrage rate: "Since the shipowners may have difficulty in obtaining another engagement at short notice or in advancing a date of the ship's next voyage, he stands to gain less by unexpected expedition in loading and discharging than he stands to lose by delay. Accordingly, dispatch is usually payable at half the rate of demurrage rate" *Per Donaldson J in Navico A. G. v Vrontados Nafiki Etairia PE (1968) 1 Lloyd's Rep 379 at p 383*.





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Fax: +233-(0)303-206-157  
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