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**Deloitte
Haskins+Sells**

REPORT ON REVIEW OF SUDAN SHIPPING LINE
INVOICES (PHASE II) FOR THE USAID MISSION
TO SUDAN

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REPORT ON REVIEW OF SUDAN SHIPPING LINES INVOICES (PHASE II)
FOR THE USAID MISSION TO SUDAN

SECTION I - INTRODUCTION

We have pleasure to submit our report on Phase II of our review of Sudan Shipping Lines (SSL) invoices to USAID/Khartoum (USAID). This report has been prepared to inform the Mission of our findings and to identify further action required.

We describe

- a) The purpose and background to the review
- b) The work performed
- c) The contractual ambiguities surrounding the obligations of the carrier and the discharging contractor in relation to discharging of commodities
- d) Our findings regarding the charges raised against the vessels that transported PL480 Title II sorghum
- e) Our conclusions and recommendations

Background

During our assignment in October, 1985 to install a commodity tracking system in respect of PL480 Title II food aid, we expressed concern to USAID/Khartoum that certain shipping, discharging and warehousing expenditures arising from the importation of PL480 Title II sorghum and charged by Sudan Shipping Lines to Food Aid National Administration (FANA) may have been misallocated and possibly double-billed.

In November 1985 Deloitte Haskins and Sells (DH&S) were requested by USAID to review the invoices raised by SSL to FANA payable from counterpart funds. We undertook Phase I of this study (which was limited to a review of five vessels in November, 1985) and reported to Mr. Martella of USAID/Khartoum on 17-18th November. A written report was provided to USAID, Khartoum on 9th December 1985.

We concluded in our Phase I report that there was a danger of charges being misallocated, as a result of:

- a) the lack of clarity surrounding the contractual obligations of those engaged in shipping and discharging the commodity,
- b) confusion caused by Sudan SSL's function both as discharging contractor (as subcontractor to Canadian Maritime) and clearing and forwarding agent to the consignee, FANA, and
- c) FANA's under-resourced management and unreliable invoice approval methods.

This could effectively result in the governments of the United States and Sudan paying twice for the same services; once under the grain charter party and the discharging contract to the carrier/discharging contractor, and a second time to SSL through invoices raised to FANA and payable from counterpart funds.

We recommended and USAID agreed that a second phase of the invoice review should be undertaken in which we would:

- a) examine SSL invoices for each vessel which had transported PL480 Title II sorghum and analyse the charges raised,
- b) compare charges per ship and per MT to assess the consistency and reasonableness of the charges.

Work Undertaken

Our review was carried out between 25th November and 16th December by senior staff of our correspondent firm in Sudan, Hassabo and Co, under the supervision of Jonathan Hall, Senior Consultant, Deloitte Haskins and Sells Management Consultants. We reviewed the invoices relating to the vessels and attached to the SSL debit notes listed in Annex 1. We have encountered difficulties in locating all the invoices which we wished to review, and have noted in the relevant section those which are outstanding.

We provided a verbal briefing to Mr. Martella on the results of this work in Khartoum on 16th December. This report amplifies and records the key points raised at the meeting, makes recommendations for future action to ensure a resolution to the current dispute, and provides details of the invoices reviewed in the Annexes.

A precise interpretation of the contractual obligations of those engaged in the importation programme is, of course, critical to determining the correct allocation of charges. As we stated in our Phase I report, there are ambiguities in the key contracts which require to be clarified before a consistent allocation of charges is possible. In the section below we review the contractual framework of the discharging, transportation and warehousing operation in order to identify those areas which are ambiguous. We then proceed to analyse each charge raised, high-lighting anomalies and indicating how the allocation of each category of charge would be affected by a different interpretation of the contracts.

SECTION II - CONTRACTUAL FRAMEWORK

Background

In this section we review the contractual framework governing the importation programme of P1480 Title II sorghum. In particular, we are concerned to identify who has responsibility for the discharging of the vessels and the transportation and delivery of the commodity to the warehouses.

There are two contracts governing these operations, the charter party agreement and the discharging contract. We briefly review the relevant aspects of these agreements, highlighting the ambiguities and their effect upon the allocation of certain charges. We then review the interpretations which State has placed upon the contracts; in particular, we review telex

communications that have passed between State and USAID/Khartoum. Finally, we review the options available to USAID to ensure a definitive interpretation of the contracts, so as to provide a basis upon which to agree a fair allocation of the charges reviewed.

a) Charter party contract

The grain charter party contract is the contract awarded by the Commodity Credit Corporation (CCC) US Department of Agriculture on behalf of USAID, to cover the shipment of goods from USA to Sudan. We have been provided with only one example of a grain charter party contract, that relating to the "Spirit of Liberty", but we have been advised by Mr. Martella, USAID/Khartoum that the other contracts are very similar. The charter party contract governs all aspects of the loading, shipping and discharging of the cargo.

With specific reference to discharging, the contract states that the carrier is responsible for discharging the cargo alongside the vessel. Clause 2 of the contract states that "... discharging, bagging and stacking within port/city limits to be vessel's risk and expense". The other relevant clauses of the contract are 20 and 21 which state:

21 "discharging expenses are for the owner's account"

21 "cargo to be discharged at vessel's expense with no demurrage, no despatch"

b) Discharging contract

The discharging contract is made between the carriers and the discharging contractor. We understand that with the exception of three vessels ("Vardaas", "Baltic Transporter", "Cape Star") the carriers subcontracted their discharging responsibilities to Canadian Maritime, Canadian Maritime in turn further subcontracted their responsibilities to SSL.

We have reviewed copies of the discharging contracts made between the carriers and Canadian Maritime of two vessels, "Overseas Marilyn" and "Spirit of Liberty". We have not been permitted by SSL to review the sub-contract between SSL and CM, but we understand from SSL that, so far as SSL's discharging responsibilities are concerned, this sub-contract mirrors the discharging contracts.

We reviewed "Spirit of Liberty's" discharging contract in our Phase I report, pointing out that it was imprecisely drafted. With reference to discharging and delivery of the commodity to the consignee the contract states:

Clause 4 (a) "The cargo is to be bagged, stacked and delivered at the warehouse designated by receivers within port limits"

It appears that the discharging contract extends the discharging responsibilities defined in the grain charter party from merely discharging onto the quayside to transporting and delivering the cargo to designated warehouses "within port limits". This however gives rise to ambiguity.

Ambiguities

The term "within port limits" is strictly defined in Port Sudan as meaning within the demarcated area of the port, as defined in Section 31(i) of Sea Ports Corporation Act, 1974. In practice in the past the discharging contractor of the PL480 commodities has interpreted this phrase to mean that his responsibility is to deliver the cargo to the warehousing complex outside port limits but within Port Sudan.

A second ambiguity surrounds the meaning of "delivery at". Is it intended that the discharging contractor's contractual obligations are fulfilled when the commodity is delivered to the door of the warehouse, or is the contractor responsible to ensure that the cargo is delivered stacked inside the warehouse? If the latter interpretation is applied, the cost of off-loading at the warehouse must be borne by the discharging contractor and not, as is currently the case, charged to FANA by SSL. As we pointed out in our Phase I report, there is disagreement even among senior management within SSL as to the precise interpretation of this phrase.

Interpretation of grain charter contract by State

Over the period 3/27 - 8/17 a number of telex communications between State and USAID/Khartoum have addressed the question of interpretation of the shipping contracts. We have been provided with copies of relevant telexes which we review below:

- a) On 5/5 in telex 147735, State advised USAID/Khartoum that:
- "(A) Charter parties are loading, discharging, bagging and stacking at vessel's risk and expense with no dem/des and (B) Liner cargo full berth terms that

covers up to end of ship's tackle All charges are vessel's responsibility and we believe are covered/included per agreements whether liner or charter party"

- b) This advice was repeated on 6/5 in telex number 169799.
- c) On 8/17 in telex 217490 State expanded upon their interpretation as follows:

"If the cargo has been discharged, bagged and stacked once and

- a) loading of trucks at quay
- b) transport of cargo to stores
- c) off-loading at stores
- d) stacking and high-stacking at stores

occur subsequent to this activity, this constitutes a second transport movement and carrier is not, repeat not, responsible. A second stacking/transporting of bagged cargo to stores is internal transport and should be payable under PA/PR issued for gasoline payments".

We have assumed that this telex refers to the grain charter party contract. We note however that under the terms of the discharging contract the contractor is "to perform the discharging obligations of carrier under the relevant clauses of the charter party" It would appear therefore that the above interpretation of the discharging responsibilities should apply equally to the discharging contractor.

This is clearly a narrower interpretation of the discharging contractor's obligations than has hitherto been applied in the PL480 importation programme. It suggests that transportation charges from quayside to warehouse and off-loading at warehouse are for the account of the consignee, FANA.

This interpretation of the discharging contractor's responsibilities was applied in relation to the vessel "Cape Star". In a letter to SSL's acting manager dated 8/29, the Director of USAID stated that the charter party contracts governing the shipping of PL480 Title II commodity provided for delivery alongside the vessel. The letter continued, "USAID will concur on a vessel to vessel basis in the use of counterpart funds to cover

1. delivery costs from dock to storage to include cost of loading and unloading lorries
2. the cost of stacking at stores, but not the cost of high stacking".

This letter, while specifically referring to one vessel only, has prompted the discharging contractor, Canadian Maritime, to request FANA to reimburse transportation charges relating to ten other vessels which had earlier discharged PL480 Title II sorghum at the port.

We review the above sequence of events to illustrate the degree to which even at this late date the main discharging contractors themselves are unclear as to their obligations under their contracts and the need for all parties involved to agree a definitive interpretation.

Conclusion and Recommendations

In the sections that follow we review each of the charges raised in detail, and identify differences in the allocation of charges according to three alternative contract interpretations:

- a) The most beneficial interpretation of the discharging contract from USAID's and FANA's point of view is, that the contractor is responsible to deliver the commodity to the designated warehouses and to deliver it off-loaded into the warehouse. In this event all transport and off-loading charges are for the account of the contractor. This is the understanding of SSL's acting general manager, but to-date, SSL has invoiced FANA for warehouse off-loading charges and certain transport charges. The charges are identified and reviewed in detail in the section on warehousing and transport below.
- b) A second interpretation of the discharging contract is that the contractor's obligations end when the commodity arrives on trucks at the door of the warehouse. This is the interpretation placed upon the discharging contract by SSL's commercial manager.
- c) Finally, if the most limited interpretation of the carrier's discharging responsibilities (State 217490) is extended to the discharging contractor and if the words "within port limits" are strictly defined to mean within the Port customs area, then so long as the commodity has been bagged and stacked once the discharging contractor's obligations have been fulfilled. Any further movement of the commodity, referred to in the telex as a second transport movement, is for the account of the consignee.

However, we recommend that USAID should take action to bring about a resolution to the problem of contract interpretation. Specifically:

- a) we recommend that the issues discussed above be raised with State to seek further clarification of their interpretation of the grain charter party contracts and, in particular, whether State's interpretation should be extended to the discharging contractor. (DH&S Washington would be pleased to assist USAID/Khartoum in this).
- b) we recommend that USAID/Khartoum consult a local lawyer, if possible one with specialist knowledge of maritime law, to seek a local interpretation of the contracts.
- c) we recommend that USAID, FANA and SSL meet to agree an interpretation of the contracts that will permit an agreed allocation of past charges to be made and provide the basis for improved future co-operation, so as to avoid a similar situation arising in the future.

SECTION III - ANALYSIS OF CHARGES

INTRODUCTION

In this Section, we review the individual charges raised against each vessel in relation to the importation of PL480 commodities, as contained in SSL's debit notes submitted to FANA for payment from counterpart funds.

The term "SSL debit note" which we use in this report is itself used by SSL. It refers to a grouping of charges which SSL has collected over a period in relation to a vessel, and which are then submitted to FANA under one invoice. The detailed third party invoices which support each charge summarised on the debit note are (normally) attached to the debit note.

A listing of the debit notes reviewed for each ship is contained in Annex 1. The analyses of the charges raised per vessel and per MT are contained in Annexes 2 and 3 respectively.

In each of the sections which follow we address five questions. These are:

- a) Why is the charge raised?
- b) What invoicing system is applied?
- c) What difficulties did we incur in locating the invoice?
- d) What has our analysis revealed regarding level, consistency and allocation of the charge?
- e) Who is responsible for payment?

LANDING CHARGES

Findings

This charge is fixed by the conference of Sudan Shipping Agents. It is distinct from port dues raised by Sea Ports Corporation (SPC). The charge is paid to the shipping agent and is customarily paid by the consignee, in this case FANA. The PL480 Title II sorghum falls under category A(a) General Cargo of the conference's scale of charges agreed on 8/27/83. The rate charge amounts to £sl.25/MT.

Landing charges have been raised against all but one vessel carrying PL480 Title II sorghum. SSL normally raises the charge in the first debit note submitted to FANA for each vessel. The charge is calculated by multiplying the recorded quantity of commodity discharged by the rate of £sl.25/MT.

We experienced no difficulty in locating the landing charges. They are clearly included at the top of SSL's schedule which summarises the services provided for each vessel and to which each SSL debit note refers.

A summary of our analysis of landing charges is contained in table 1 below.

Table 1: Summary of Landing Charges

No. of vessels against which charge raised	21
Total charge raised	£s.682,273
Landing charge as % of grand total	11.25%
Highest charge/MT "Alpha Sonic"	£s. 1.60
Lowest charge/MT	£s. 1.25
Average charge/MT	£s. 1.27
No. above, No. below average	5, 1

Our review indicates that five vessels appear to have been overcharged, these are described in Table 2 below.

Table 2: Vessels for which an excess landing charge has been raised (£s)

Vessel	Actual Landing Charge	Rate/MT	Landing Charge at £sl.25/MT	Over-charge
"Sprit of Liberty"	32,356	1.29	31,250	1,106
"Falcon Princess"	40,031	1.30	38,421	1,610
"Baltic Transporter"	22,532	1.29	21,875	657
"Cape Star"	51,296	1.28	50,005	1,291
"Alpha Sonic"	<u>28,149</u>	1.61	<u>21,804</u>	<u>6,345</u>
	<u>174,364</u>		<u>163,355</u>	<u>11,009</u>

The position regarding the "Alpha Sonic" is unclear. "Alpha Sonic", together with "Irnest Zest" and "Kalyn", were lighters to "Bennington". No landing charge has been raised against "Kalyn" but reference is made in "Kalyn's" debit note to "Alpha Sonic", and we assume that charges for "Alpha Sonic" include the landing charges for "Kalyn". (It should be noted that we have not discussed this possible explanation with SSL.)

As illustrated below in Table 3, combining "Kalyn" and "Alpha Sonic's" tonnages and raising a landing charge of £1.25/MT against the total tonnage reveals that SSL has in fact undercharged FANA in respect of these two vessels by £6,243.

Table 3: Adjustments to "Alpha Sonic" and "Kalyn" landing charges (£s)

Vessel	Combined discharge (MT)	Landing Charges @ £1.25/MT	Actual Combined charge	Under Charge
"Alpha Sonic" and "Kalyn"	27,507	34,383	28,140	6,243

The net effect of the over- and under-charges identified is that an overcharge of £4,766 has been raised against FANA in respect of all landing charges relating to the vessels that imported the PL480 Title II sorghum. We summarise the final position in Table 4.

Table 4: Total adjusted landing charges raised against PL480 Title II Sorghum

	£s
Landing charges as per SSL invoices	682,273
Adjustment as per Table 2	(11,009)
Adjustment as per Table 3	<u>6,243</u>
Total landing charge:	677,507 =====

Responsibility for Payment

Having made an assessment of the scale of liability we now turn to the question of who is obliged to meet the charge. As stated above, it is accepted practice in Port Sudan that the receiver of the commodity is liable to pay landing charges. We have reviewed a series of telex communications between USAID and State in which State opines that landing charges are included in the charter party agreement and are therefore for the account of the carrier. We review these telexes below:

- a) In telex 147735 of 5/15, State asserted that "all (discharging) charges are vessels responsibility".

- b) On being informed by USAID in telex 8001 of 5/30 of the nature of landing charges, State reasserted in telex 169799 of 6/5 that "all charges are included in contract whether charter and or liner and are payable by vessel".
- c) On 7/8 USAID again raised the question of landing charges with State and in telex 9618 stated that in their view the charter party agreement of "Spirit of Liberty" did not include landing charges.
- d) State replied in 217490 of 7/17 that "all charter party agreements are as we reported in 169799 and 147735 which included landing costs are payable by carrier". It should be noted that the telex refers to "landing costs" and not landing charges.

We have reviewed the charter party agreement and discharging contract of "Spirit of Liberty". In our view, it is not clear from the drafting of either of these contracts that landing charges are included for the carrier's account. Discharging expenses are clearly for the owner's account but the landing charge, despite its description, is not strictly a cost of discharging the vessel. As State has been advised by USAID in telex 8001, landing charges are a set fee raised by the shipping agents to defray certain overhead costs incurred in the clearing of cargo through the port. These charges in effect relate more to the movement of papers than to the movement of commodity.

Recommendations

To resolve the question of who is liable to meet the landing charges, we recommend that:

- a) USAID seek further clarification from State as to the reasons for their view that these charges are covered under the charter party contract and therefore should be met by the carrier.
- b) USAID should consider consulting a lawyer in Sudan, if possible specialising in maritime law, to assess the legal basis for the raising of the charges.
- c) Finally, if it is agreed that the liability is to be met from counterpart funds, USAID should approach SSL to request a reduction in the level of charge emphasising:
 - i) the purpose for which the commodity was imported,
 - ii) the alternative developmental application of counterpart funds, and their value as such for the development of Sudan,

- iii) the volume of commodity imported and therefore the total amount of landing charges raised.

STAMP DUTY AND CUSTOMS APPLICATIONS

This category is the lowest of all charges raised, representing less than 0.1% of the total. It is composed of two elements: stamp duty, which is raised at the rate of £2 on the presentation of documents for stamping, and customs applications. Although PL480 commodities are exempt from customs duty a customs application is required, the cost of which is charged to the consignee.

Our review shows that SSL's charges vary considerably for the provision of this service, from £1,521 for "Alpha Dynamic" to a low of £7 for "Alpha Cosmic" and "Nadelhorn". No explanation has been provided by SSL for this variation in charge but the overall costs are not material. We recommend that this charge be met by FANA from counterpart funds.

SEA PORTS CORPORATION CHARGES

Background

Harbour dues and port charges are levied by Sea Ports Corporation (SPC). The service and associated charge rate is contained in SPC's manual, entitled "Tariff of dues and charges for services", printed in 1980 and amended from time to time.

SPC submits a pre-printed invoice to SSL which specifies:

- a) the vessel
- b) the general category of work undertaken
- c) the specific code under which a charge has been raised
- d) the total charge due.

The invoices are printed in English although completed by SPC's clerks in a combination of English and Arabic, which can make interpretation difficult.

Difficulties encountered

We have encountered difficulties in locating and reviewing SPC's invoices. Only one copy of SPC's invoice is supplied to SSL, who do not retain any copy in their files but forward the sole copy to FANA. SPC's total charge is however noted on SSL's summary of services, a copy of which is retained in SSL's files.

Despite assurances from SSL that FANA retains the SPC invoices, we have been able to locate only seventeen of SPC's invoices at FANA, covering only 33% of total SPC charges. FANA referred us to the Ministry of Finance's records, from where we were referred to the vaults of the Export/Import Bank, but so far we have been unable to locate any other invoices. We have therefore not been able to perform as detailed an analysis of SPC charges as we had intended. As of mid-December we have moved our search to SPC's own files in Port Sudan. A preliminary review of the work required indicates that this task could take some time to complete given the filing system used by SPC.

Findings

Total SPC charges are summarised in Table 5 below:

Table 5: Summary of SPC charges raised

No. of vessels against which charges raised		18
Total charge raised		£s791,611
SPC charge as % of total		13.05%
Highest charge/MT	"Neches"	£s2.52
Lowest charge/MT	"Alpha Sonic"	£s0.50
Average charge/MT		£s1.79
No. above, below average		6,12

We have reviewed seventeen SPC invoices relating to the vessels which are analysed in Annex 4. The charges that have been raised to FANA fall into three categories:

- a) Cargo handling charges, charge code K1.2. These charges are described as "a charge for receiving cargo from a ship, giving a receipt and moving the cargo to point of rest, thence subsequently delivering to consignee at point of rest (exclusive of use of equipment in receiving and delivering)". Charge code K1.2 refers to direct delivery cargo and specifies a rate of £1.80/MT.
- b) Storage and Demurrage, charge code M2.2. These are described as "a charge made on goods left obstructing Port general accommodations at the expiry of the time allowed for transit through the Port". M2.2 is the code for the open storage charge rate for the period from day 7 through to day 15. The rate is £0.25/MT/day.
- c) Charges for Sundry cargo services, charge codes S2 and S16.4. Code S.2 refers to making or remaking individual consignments. Code S16.4 refers to a standard security charge of £100 for cargoes with a value in excess of £5,000.

Allocation

We have a number of observations concerning the allocation of SPC's charges:

- a) Sixty five per cent of the charges we have analysed fall under the category K1.2 discussed in a) above. PL480 Title II sorghum is designated direct delivery cargo, which is defined as "the delivery of cargo without passing it through a point of rest, from ship's hook to consignee's transport on the quay, the cargo leaving the quay not later than 2 hours after the end of the shift during which it arrived on the quay." Direct delivery cargo remaining on the quay at the end of this period "ceases to qualify as direct delivery cargo and may be removed by the Port Authority and thereafter delivered to the consignee, handling and storage charges then being assessed as for cargo generally".

Of the five vessels in Annex 4 against which these charges have been raised, three ("Spirit of Liberty", "Nadelhorn" and "Kalyn") have been charged at a rate of £sl.60, one ("King") has been charged at £sl.62 and one ("Ernest Zest") at £sl.28. We note that these charges are significantly lower than the £sl.80/MT mentioned in a) above.

Notwithstanding that these charges have been raised at an apparent discount or possibly even at the wrong rate, we are not satisfied that under the terms of the grain charter party contract they should have been raised to the consignee. They appear to be a cost of discharging the vessel and as such should be raised to the carrier.

In the event that our analysis of the remaining SPC invoices indicate charges in excess of £sl.80/MT, it is possible that this will reflect upon the efficiency of the discharging contractor's operation, indicating that the cargo was not received from the quay within the laid down period. (This supposition requires to be checked with SPC).

- b) Storage and Demurrage accounts for 25% of the SPC charges analysed, and results from delays in moving the commodity out of the port. The raising of this charge prima facie reflects upon the efficiency of the discharging/delivery operation.
- c) In the charges for sundry cargo services a total of £s21,236 has been charged against the "Spirit of Liberty" for making/remaking individual consignments. Depending upon the specific circumstances surrounding this

operation, it is arguable that as the discharging contractor is responsible for bagging and stacking at quayside, any remaking that is required is already covered under the charter party agreement and is for account of the discharging contractor.

- d) As the PL480 Title II sorghum is direct delivery, the other charges raised under this category for security charges \$16.4, are customarily for the account of the consignee.

Conclusion

Ultimately, the allocation of excess handling and demurrage charges (K1.2 and M2.2) depends upon a full review of SPC invoices and interpretation of the discharging contract. For example, if the discharging contractor's obligations are to deliver the commodity to warehouses outside the port then it is clearly his responsibility to ensure that the direct delivery status of the cargo is maintained. This will require the contractor to arrange for sufficient transport to be available at vessel-side so that the cargo is transported from the quay, within the deadline laid down by the Port Authority, and these charges are borne by the contractor.

Conversely, if the interpretation of the discharging contract is that the discharging contractor's obligations are fulfilled once the commodity has been bagged and stacked at quayside, then the onus to transport the commodity out of the port is placed upon the consignee, and any such costs should be allocated to this account.

We conclude that an agreed definition of the discharging contract is required before a final allocation of the handling and demurrage charges can be fairly made. In any event, the sundry cargo charges which relate to remaking a consignment should not, we believe, be paid out of counter-part funds.

TALLY CHARGES

Background

SSL raises these charges to FANA in its capacity as FANA's clearing and forwarding agent. As direct delivery cargo the PL480 Title II sorghum is received by the consignee at the quayside. The consignee therefore requires tally men at ship-side to record the quantity of commodity off-loaded.

Detailed accounts in Arabic are submitted by the tally-men. These specify:

- a) number of shifts worked
- b) rate per shift
- c) number of tally-men per shift

SSL pays these accounts and passes the charge on to FANA.

The tally-men's accounts are hand written in Arabic which makes interpretation for the non-Arabic reader difficult. They appear to be well prepared and are consistently and tidily presented. An arithmetic test of a sample revealed that those tested were accurately and correctly compiled.

Findings

A summary of our analysis of tally-men's charges is contained in Table 6 below,

Table 6: Summary of Tally-men's charges

No. of vessels		£s
Total charge raised		22
Tallymen's charges as % of total		£s349,575
Highest charge/MT	"Alpha Dynamic"	5.76%
Lowest charge/MT	"Commanche"	£s1.08
Average charge/MT		£s0.23
No. above, below average		£s0.63
		8,14

Our review reveals some variation in the tally-men's charge/MT per vessel; sixteen are grouped between £s0.44 and £s0.89, the highest charge is £s1.08 and the lowest £s0.23.

Some variation is to be expected as, if a vessel requires to be discharged quickly it requires more labour and also more tally-men, so resulting in higher charges being raised.

Recommendation

This charge has been raised correctly to the consignee and we recommend that FANA pay these charges from counterpart funds.

WAREHOUSE CHARGES

Background

In October 1985 DH&S and Hassabo and Company undertook a stock count in Port Sudan of the PL480 Title II sorghum stocks. We established that the commodity was stored in twenty-eight warehouses which were owned by a total of thirteen different companies. These stores are located in the warehousing complex outside port limits to the north of the North Quay. We provide a list of the warehousing companies and a record of which vessel's cargo was off-loaded into which companies' warehouse in Annex 5.

Invoicing system

The invoicing system used by each of these warehouses is broadly similar. A pro forma invoice printed in both English and Arabic itemises the services which are performed within the warehouse. These include,

- | | | | |
|------|-------------|-------|-----------|
| i) | off-loading | vii) | storage |
| ii) | loading | viii) | overtime |
| iii) | re-stacking | ix) | securing |
| iv) | bagging | x) | transport |
| v) | sweeping | xi) | labour |
| vi) | stacking | xii) | tax |

Where a service has been provided and is invoiced details of the basis of the calculation are recorded in Arabic against the relevant line item in the invoice. The invoices are prepared under the name of each vessel which transported the commodity.

The warehouses submit their invoices to SSL who pay on behalf of FANA. The warehouse charge is then raised to FANA by SSL through the issuing of a debit note to which is attached a copy of the warehouse invoice. A second copy of the warehouse invoice should be retained in SSL's own files in Port Sudan.

Difficulties encountered

In reviewing the warehouse invoices we have encountered a number of difficulties:

- a) As the basis of the charge is calculated and recorded on the invoice in Arabic only, interpretation for the non-Arabic reader becomes problematic.
- b) The line-items of the invoices pre-printed in English/Arabic are frequently amended by hand. In all the cases reviewed only the Arabic had been changed. A frequent example of this is where "off-loading" in the Arabic is amended to read "loading", while the English is left unchanged and continues to identify the charge on the invoice as "offloading". This creates problems with interpretation.
- c) The SSL files record the total warehouse charges raised to date. However we found that a number of itemised warehouse invoices were not in SSL's files: the most recent warehouse invoices submitted to FANA over the period October - November had not yet been filed by SSL; in addition we were unable to find twelve of the earlier warehousing invoices. We provide a list of outstanding warehouse invoices in Annex 6.

Notwithstanding the difficulties mentioned above, we have reviewed warehouse invoices attached to a total of 55 SSL debit notes. We have found a miscalculation in one warehouse company's invoices, Red Sea Shipping, which we discuss below. In general we were satisfied with the presentation of the invoices which, with the exception of the point made in (b) above, appear accurate.

Findings

We summarise below in Table 7 the main findings of our warehouse invoice review.

Table 7: Summary of warehousing invoice review

No. of vessels against which charges are raised		19
Total charge	£s	2,945,486
Warehouse charge as % of total		48.6%
Highest cost/MT	"Transmountana"	£s 13.27
Lowest cost/MT	"Alpha Dynamic"	£s 1.16
Average cost/MT		£s 6.24
No. above, below average		9, 10

The main cost components which make up the total warehouse charge include off-loading, loading, storage and taxation. These charges together account for between 90-95% of total warehouse costs.

There is a considerable variation between vessels in the level of warehousing charges raised. In general, those vessels whose cargo has passed through each stage of the warehouse cycle show significantly higher charges than those whose cargo has only recently been off-loaded and stored in the warehouse. We highlight briefly below certain of the vessels whose warehouse charges require explanation before turning to examine in detail the off-loading charges included in the total warehousing charge.

- a) "Transmountana". This vessel's warehouse charges at £s13.27/MT are the highest and are more than double the average of £s6.24/MT. The warehousing for this vessel's cargo has been provided by Sudan Oil Seeds and Warrag. The greater proportion of charges have been raised in respect of off-loading and storage in Warrag's warehouses. This warehousing company has stored PL480 Title II sorghum in only this one instance. A further peculiarity is the number of invoices submitted by Warrag which as of mid-November amounted to twelve: a considerably higher number than the norm.
- b) "Golden Endeavour" and "Bennington". These vessels were to be lightened by a total of three vessels each. There is a marked difference between the level of warehousing charge raised against each of the six lighters.

In the case of "Golden Endeavour" warehousing charges per MT against two of her lighters, "Alpha Dynamic" and "Alpha Cosmic", are low while the charge against the third "Gina Juliano" is high. "Golden Endeavour" total warehousing charges/MT amount to £s4.10, which are amongst the lowest, and less than half the £s9.03 raised against her lighter "Alpha Cosmic".

In the case of "Bennington", the lighter "Kalyn's" warehouse charges/MT are very high at £s12.03/MT while those of the other two lighters are only marginally above average. "Bennington's" total warehousing charge/MT amount to £s8.26 which is higher than than average but significantly lower than the charge raised against "Kalyn". We suggest that the distribution of warehouse charges between the lighters may have become confused by the warehousing companies.

- c) "Vardaas" and "Baltic Transporter". We review these vessels in detail below but point out here that their relatively low warehousing charges result from the fact that certain warehousing costs were to be borne by the vessel's discharging agents, Pacific Trading Company.
- d) "Neches". No warehousing charges are raised as we understand that the vessel's cargo was vacuuated into warehouses at the quayside.
- e) "King", "Spirit of Liberty", "Falcon Princess". These vessels discharged in the port during the early months of the relief operation show below average warehousing costs per MT. Of these, off-loading charges amount to 52%, 37% and 16% of warehouse charges respectively.

Review of off-loading charges

As a result of ambiguities surrounding the discharging contracts we have specifically undertaken an analysis of the off-loading charges included in the total warehousing charge. Details of this review are included in Annex 7.

We have mentioned above that we have been unable to locate a number of warehouse invoices. The majority of these invoices which are attached to SSL debit notes numbered FR939 upwards have been raised over the period October - December 1985 and are therefore unlikely to include any off-loading charges, given that all commodity had arrived in Port Sudan by this date. There are however, twelve SSL debit notes which relate to the earlier warehousing operations which we have not been able to locate and which are likely to include off-loading charges. We have identified these separately in Note 1 to Annex 7.

Table 8 below summarises our analysis of the off-loading component of the warehouse invoices.

Table 8: Summary of off-loading charges

No. of vessels against which charge is raised	16 (noted)
Total charge raised	£s. 893,949
Off-loading charge as % of warehouse charge	30.35%
Off-loading charge as % of total charge	14.79%
Highest charge/MT	"Cape Star" £s. 5.32
Lowest charge/MT	"Alpha Sonic" £s. 0.30
Average charge/MT	£s. 2.25
No. above, No. below average	6, 10

(Note: The following vessels included in Annex 7 have been excluded from the calculations of average off-loading costs/MT as their offloading charges have not been fully analysed; "Polyxeni", "Jewon", and "Alpha Dynamic")

As we found in respect of total warehouse charges, there is a considerable variation in off-loading charges per MT. Apart from the explanation that certain invoices have not been analysed, the following general explanations apply:

- a) In certain cases the percentage of off-loading charge to total warehouse charge will be high as the other major charges of loading, storage and taxation may not have been fully incurred; or, if the commodity was stored only briefly in the warehouse, relatively low charges of this type will have been incurred.
- b) High off-loading charges also reflect that in certain cases longhauling and high stacking, which are charged at a premium rate, may represent a higher proportion of the total off-loading charge than in other cases.

A more detailed review of these off-loading charges is provided in the notes to Annex 7.

Allocation of off-loading charges of vessels discharged by SSL.

We conclude this section of our review of the warehouse invoices by considering how the different interpretations of the discharging contract would impact upon the allocation of certain of the warehouse charges:

- a) If the discharging contractor's obligations are to deliver the commodity off-loaded into the warehouse, then the offloading charges currently raised against FANA are being incorrectly allocated. They should be charged to the discharging contractor, and the present disbursement of counterpart funds should be repaid.

- b) Conversely, if the contractor's obligations are fulfilled either before or when the commodity reaches the door of the warehouse, then off-loading charges are being correctly allocated to FANA.

From our review of the warehousing invoices we assess that approximately \$893,949 of charges relate to off-loading. This is a material sum amounting to approximately 30% of total warehouse charges and 14.8% of total charges raised to date. No allocation of these charges can be made until a clear definition of the discharging contract is agreed.

Warehousing charges of vessels not discharged by SSL

We briefly review below the warehouse charges relating to those vessels which were not discharged by SSL and address certain concerns that USAID has explicitly expressed to us in relation to these vessels.

- a) "Vardaas" and "Baltic Transporter"

The discharging agent for these vessels was Pacific Trading Company (PTC). Particular concern has been expressed by USAID of the possibility of charges expressly for the account of PTC being raised to FANA. The risk of this occurring has increased as PTC itself is in dispute with the warehouse owners over high-stacking and long-hauling charges that they have raised to PTC.

PTC's quotation, which accompanied their letters to USAID of 7/28 and 8/6, included:

- (a) loading of trucks at quayside
- (b) transport to warehouses
- (c) offloading, including double restacking, high stacking and long carrying.

In respect of "Vardaas" we have reviewed Bashir Algadir's warehouse invoice attached to SSL's debit note FR844. We have not been able to locate the three recent warehousing invoices which accompanied SSL's debit notes. FR945, 979 and 1043 and which are reported to be in the possession of FANA. Our review of FR844 shows that no charges for PTC's account have been raised to FANA.

In respect of "Baltic Transporter", we have reviewed Elsheikh's warehouse invoices attached to SSL debit note FR752 and 852. As in the case of "Vardaas" we have not been able to locate the more recent invoice attached to SSL debit note FR939 which is also reported to be in FANA's possession. We note that \$19,859 of off-loading charges have been included in Elsheikh's invoice. These charges are not for FANA's account and should be charged to PTC.

In the light of this limited experience we concur with USAID's concern that there is a possibility of misallocation of warehousing charges in relation to these two vessels and recommend that USAID should continue to be vigilant in reviewing and approving any invoices raised against them.

b) "Cape Star"

The "Cape Star" was the subject of USAID's letter to SSL of 7/29 which we have reviewed in Section II. This letter accepted that transport, off-loading and single stacking charges would be met from counterpart funds, but instructed that no high stacking charges would be accepted as payable from counterpart funds. Specifically, we have located all but the most recent warehouse invoices, those attached to SSL debit notes FR985 and 1038, and confirm that from our inspection of the warehouse invoices we saw no evidence that high-stacking charges have been raised to FANA.

As in the case of "Vardaas" and "Baltic Transporter" above, we recommend that USAID exercise particular caution in approving invoices submitted in respect of this vessel.

Red Sea Shipping Company

Finally, we briefly comment on the warehousing invoices raised by Red Sea Shipping Company, which received commodity from three vessels. As reported in our Phase I report this company has charged FANA on the basis of 50Kg rather than 45Kg bags. We have calculated in Annex 9 the overcharge resulting from this which amounts to £3,926.83. It should be noted that we have not analysed two of this company's warehouse invoices which together amount to £60,971.

We recommend that USAID bring this to FANA's attention to request the company in future to base its charges on 45Kg bags. This overcharge should be deducted from the total invoices submitted to date by the company.

BAGS AND TWINE

Findings

Each shipment of PL480 Title II sorghum included a supply of bags, needles and twine. The commodity was to be bagged at a weight of 45Kg/bag. We understand from USAID that each shipment contained approximately 5% more bags than required to allow for under-filling of bags and damage to bags while in transit or during the bagging operation.

Our analysis of SSL invoices reveals that SSL has raised charges for bags and twine against a total of eight vessels, as follows.

Table 9: Summary of vessels for which bags and twine charges have been raised by SSL (£s).

Vessel	Charge	Charge/MT
Commanche	5,666	0.27
Alkarim	30,042	1.43
Sugar Islander	5,237	0.25
Overseas Marilyn	8,090	0.38
Spirit of Liberty (i)	1,050	0.04
Spirit of Liberty (ii)	2,730	0.07
Nadelhorn	65,800	4.69
Irnest Zest	<u>6,500</u>	0.26
	<u>125,115</u>	

Two vessels, "Alkarim" and "Nadelhorn", account for 77% of the total charge raised. In this scale of operation, where approximately 546,620 MT of PL480 Title II sorghum has been imported over a ten month period, modest additional expenditure upon bags is understandable. However, the levels of expenditure incurred in respect of the above two vessels seem excessive.

We have sought explanation for these high charges from SSL and have been informed by the commercial manager that insufficient bags and twine were supplied with both vessels. No further information has been made available concerning "Alkarim". In the case of "Nadelhorn" we have seen a telex dated 8/24 from SSL, Port Sudan to SSL, Khartoum urgently requesting permission from FANA, Khartoum to purchase one hundred bales of bags on their behalf. The telex states that FANA, Port Sudan has refused to authorise purchase and that the bags are required immediately to ensure that the vessel is not shifted out of port. We have seen no communication from FANA/Khartoum authorising SSL to proceed with the purchase of bags on their behalf.

Table 10 below summarises two invoices which relate to the purchase of bags and twine for the "Nadelhorn".

Table 10: Summary of invoices regarding purchase of bags and twine for "Nadelhorn"

Merchant	Invoice No.	Date	Description	Amount
Mukhtar Abdulla	2190	8/26/85	10 Bales Twine	4800
Red Sea Mills	064	8/22/85	100 Pallets of Bags	61000
				<u>65800</u>

We note that the invoice for the purchase of the bags pre-dates by two days the telex from SSL, Port Sudan to Khartoum.

Allocation

We understand from Mr. Martella, USAID that these charges arose as bags intended for the PL480 Title II sorghum were diverted for the purpose of bagging fertiliser and other commodities. Unless an adequate explanation from SSL is provided, our view is that the charges in respect of "Alkarim" and "Nadelhorn" should not be met by FANA from counterpart funds.

In relation to the other six vessels against which a charge for bags and twine has been raised, we recommend that unless SSL demonstrates that there was a genuine shortfall of bags supplied with the shipments concerned then these charges should not be met by FANA from counterpart funds.

TRANSPORT CHARGES

Findings

The transport charges raised against a total of twelve ships have all been invoiced by one company, the Sudan Transport Co-operative. The invoices specify that the charges have been raised in respect of transportation from the quay side to warehouses in Port Sudan. Annex 8 contains details of the larger charges raised and Table 11 below summarises the charges raised.

Table 11: Summary of transport charges

Vessel	Charge	Charge/MT (£s)
Commanche	492	-
Alkarim	488	-
Falcon Princess	45	-
Transmountana	59,759	2.38
Jewon	61	-
Vardaas	54	-
Neches	50,650	1.53
Sprity of Liberty	204	-
Nadelhorn	10	-
Cape Star	136,217	3.40
Irnest Zest	24	-
Alpha Sonic	<u>6,930</u>	0.39
	254,534	

Out of the total charge 97% is raised against three vessels, "Transmountana", "Neches" and "Cape Star". The balance of charges on the remaining eight vessels were raised in respect of transporting the few bags that were constituted from spillage on the quayside. The charge of £136,217 (53% of the total) raised against "Cape Star" was accepted by USAID as payable from counterpart funds in the letter addressed to SSL dated 7/29.

In the case of the two substantial charges of £50,650 and £59,759 against the "Transmountana" and "Neches" respectively, the Commercial Manager of SSL explained that the discharging contractor's obligations had been fulfilled and these transport charges have been raised on a second movement of the cargo. According to State's telex 217490 discussed above, this would place the liability of meeting these transport costs upon the consignee.

We have not been able to verify this account but observe that if the charge raised for the "Transmountana" was in respect of hauling the vessel's entire cargo from the North quay to the warehouses outside the port, the cost of so doing amounts to £2.38/MT. This compares to Pacific Trading's quotation for "Vardaas" and "Baltic Transporter" for a comparable haul of £1.50/MT, and a charge of £3.40/MT raised against "Cape Star".

In the case of the "Neches", we understand that a proportion of the cargo was discharged in bulk by vaccuator into warehouse number 1 within port limits. The commodity was then bagged on quayside and transported out of the port.

Nevertheless, in our view such a wide variation of charges for three essentially similar contracts merits further investigation.

Allocation

To-date only the transport charges identified in Table 11 above have been raised to FANA. As discussed in Section II, however, USAID's letter of 7/29, despite insisting upon a vessel by vessel interpretation, has provoked the main discharging contractor, Canadian Maritime, to request that FANA reimburse transportation costs relating to all vessels which transported PL480 Title II sorghum and which were discharged by Canadian Maritime/SSL.

This list consists of "Polyxeni", "Omnicharger", "King", "Neches", "Falcon Princess", "Bennington", "Jewon", "Spirit of Liberty", "Golden Endeavour" and "Nadelhorn". We note that "Neches" is included in this cost and that a transport charge of £50,650 has already been raised to FANA in respect of this vessel.

We recommend that USAID should request SSL to provide a written explanation of all transport charges raised to FANA to-date with the exception of "Cape Star", for review. This, together with a precise interpretation of the contracts, will permit an allocation of transport always to be made.

LOADING/OFF-LOADING SOCIETY

Findings

The Loading/Off-Loading Society has raised charges against five vessels which are, summarised below in Table 12.

Table 12: Summary of charges raised by Loading/OffLoading Society (£s)

Vessel	Charge	Charge/MT
Commanche	12,168	1.20
Alkarim	21	-
Transmountana	50,509	2.01
Nadelhorn	7,435	0.53
Cape Star	<u>77,193</u>	1.93
	160,326	
	=====	

The invoices submitted to SSL from the Society state that the charge is raised in respect of "Loading vehicles at quayside" There is a variation in the level of charge raised per MT with "Transmountana" and "Cape Star" being charged at a rate of £s2.01/MT and £s1.93/MT respectively and "Commanche" charged at £s1.20/MT.

Allocation

Approximately 50% of the total charges raised related to "Cape Star". The charge was accepted as payable from counterpart funds in USAID's letter of 7/29. We have inquired from SSL what the balance of charges relate to and have been advised that they have been incurred in relation to a second movement of the commodity out of the port. As in the case of certain SPC charges, the fact that a second movement of the commodity was required may reflect upon deficiencies within the discharging contractor's operations. If this supposition is correct, it is arguable that these charges should be more appropriately for the account of SSL.

We have not verified SSL's account and are concerned that to accept these charges on the basis of their explanation could set a precedent which, as in the case of the transport charges, could be exploited by the discharging contractors. We recommend that USAID request SSL to provide written explanations of these charges specifying what they relate to and why they have been raised to FANA and not the discharging contractor. Once an agreed interpretation of the contracts is reached then the charges may be correctly allocated.

SILO

Findings

Three vessels discharged a proportion of their cargo at the silos located at Port Sudan's south quay. These charges are summarised in Table 13 below.

Table 13: Summary of Silo charge (£s)

Vessel	Charge	Charge/MT
Commanche	3,319	0.16
Alkarim	16,567	0.79
Spirit of Liberty	<u>23,439</u>	0.94
	43,325	
	=====	

We have been unable to locate all the relevant invoices but understand from SSL that the charges relate to storage and discharging at the silos. Hassabo and Company's Port Sudan staff are continuing their endeavours to locate and analyse the relevant invoices. Once completed this analysis will be the subject of an addendum to this report.

HEALTH INSPECTION AND SSL OVERTIME

A health inspection of the cargo is mandatory under Sudanese law. The charges raised for each vessel are consistent at £s0.06/MT. The total charge raised for health inspection and SSL overtime amounts to £s41,452 or 0.7% of total charges raised. We understand that overtime has been incurred by SSL personnel during the health inspection of each vessel and a small charge raised accordingly. We recommend that both these charges should be met by FANA from counterpart funds.

HANDLING CHARGE AND COMMISSION

Findings

An agreement dated 4/25/83 between FANA and SSL sets out the terms upon which SSL will perform its functions as FANA's clearing and forwarding agents. The agreement states that:

- a) SSL charges £sl/MT as a handling charge for clearing and forwarding services
- b) SSL will pay on behalf of FANA all expenses incurred in relation to clearing and forwarding and that a commission of 2% will be made on all disbursements made by SSL on FANA's behalf.

The handling charge of £sl/MT is raised by SSL on the tonnage discharged for each vessel as recorded in SSL's description of services summary, which is attached to the main debit note for each vessel. The charge has been accurately calculated and a consistent charge of £sl.0/MT has been raised against each vessel. The total handling charge amounts to £s546,620 or 9% of total charges raised.

The commission of 2% is calculated by SSL on total invoice value, which includes SSL's own handling charge. Our interpretation of the SSL/FANA agreement is that the 2% charge should be raised on disbursements only. We would not define SSL's own handling charge as a disbursement. We recommend therefore that the commission be reduced by the equivalent of 2% of the handling fee charged. This amounts to £sl0,932, as calculated in table 14 below.

Table 14 : Adjustment to SSL commission (£s)

Total commission charged	118,874
Less: 2% of handling charge	<u>(10,932)</u>
Adjusted commission	<u>107,942</u>

The commission charged will require to be further amended once the final allocation of charges has been agreed. For example, commission is currently calculated on total warehouse charges; if it is agreed that off-loading charges are not for FANA's account then these will have to be deducted from the total warehouse charge and the commission re-calculated accordingly.

Allocation

These charges are correctly, though in regard to the commission inaccurately, raised by SSL to FANA in its capacity as FANA's clearing and forwarding agent. We understand however that USAID was not aware of the

agreement between SSL and FANA dated 4/25/83 and that there is therefore some reluctance to be bound by an agreement to which the Mission was not directly a party and of which the Mission was not informed.

Given the volume of the importation programme, the aggregate handling charge and commission amount to £655,484 or approximately 11% of total charges and, notwithstanding the length of time during which SSL has remained out of funds, it may be possible for USAID and FANA to approach SSL to negotiate a reduction in their total charge.

SECTION IV - CONCLUSION AND RECOMMENDATIONS

Having reviewed the charges raised by SSL to FANA we conclude our study by placing them into the following categories,

a) Category I.

These are charges which we have assessed as being FANA's liability. They include the smaller charges relating to stamp duty/customs applications, Health inspection and SSL overtime, SPC security charges as well as certain more substantial charges relating to Tally men's fees, handling charges and warehousing, excluding off-loading.

b) Category II

These are charges which we have assessed as being FANA's liability but which require further clarification from State before a final allocation can be made. The category is made up of landing charges only. We have explained in detail on Page 12 above why, with the information we have currently available, we assess that landing charges should be for the account of the consignee.

c) Category III

These are charges which we have assessed as being subject to contract interpretation. The category includes, SPC's charges, warehouse off-loading charges, bags and twine and transport and loading/off-loading society charges raised on all vessels except for "Cape Star" (the charges for which are allocated to Category I).

We provide a detailed listing of the charges allocated to each of these categories in Annex 10. The notes to annex 10 summarise how these totals may vary depending upon our review of any outstanding invoices and the outcome of negotiations to reduce certain of the

charges, particularly SSL commission and handling charges. Table 15 below provides a summary of total charges allocated to each category.

Table 15: Summary of total charges allocated per Category (£s)

<u>Category</u>	<u>Charge</u>	<u>% of Total</u>
I	3,340,803	55.5
II	677,507	11.2
III	<u>2,007,525</u>	<u>33.3</u>
	65,025,835	100
	=====	====

We have excluded from the above totals the following charges:

Table 16: Charges which have been mis-allocated or mis-calculated and are judged inadmissible (£s).

"Baltic Transporter" off-loading	10,000
Reduction in landing charges (Table 4)	4,766
Reduction in commission (Table 14)	10,932
Red Sea Company overcharge	<u>3,926</u>
	39,483
	=====

(The totals shown in table 15 and 16 when combined amount to the total of £6,065,318 shown in Annex 2)

The priority that now faces USAID is to resolve the question of the allocation of the charges in categories II and III; these amount to £2,685,032 or 44% of total charges. To achieve this we recommend that USAID:

- a) Seek clarification of the contracts from State as to their interpretation.
- b) Seek the opinion of legal counsel in Sudan, who if possible should be specialised in maritime law, to establish a local interpretation of the contracts.
- c) Seek to reach precise agreement with FANA and SSL on contract interpretation and charge allocation, and on a negotiated reduction of certain charges.

DH&S would be pleased to provide further assistance to USAID in relation to each of the above.

F/R Numbers of SSL Debit Notes Reviewed in Phase II per vessel

Annex 1

	<u>SSL Debit Notes F/R Numbers</u>										<u>Total per per vessel</u>
Commanche	24	108	432								3
Al Karim	225	271	294	320	568						5
Sugar Islander	261	351	364	369							4
O/S Marilyn	348	367	380	921	1048						5
Polyxeni	447	469									2
Spirit of Liberty	470	473	483	571	592	599					6
King	486	504	533	553	573	640	641	781	1047		9
Falcon Princess	488	489	534	554	574	641					6
Tramountana	490	491	501	537	560	576	595	645	720	783	6
	843	946	978	1044	-						14
Jewon	578	585	593	642	782	841	949	977	1046		9
Vardaas	581	596	646	722	750	784	845	945	979	1043	10
Neches	583	598	647	724	786	846	944	980	1042		9
Baltic Transporter	752	852	939								3
Spirit of Liberty	774	776	787	847	940						5
Nadelhorn	775	789	842	942	982	1040					6
Cape Star	812	853	938	985	1038						5
Golden Endeavour											
Alpha Dynamic	579	582	586	597	723	785	845				7
Gina Juliano	542	559	575	643	1045						5
Alpha Cosmic	580	594	644	817	842	947					6
Bennington											
Irnest Zest	748	788	848	943	981	1041					6
Alpha Sonic	584	600	648	725	790	983	1039				7
Kalyon	751	791	851								3

											128
											===

16.

Analysis of charges per vessel invoiced to FANA by SSL

	landing	stamp duty/ customs	SPC	tally	w'house	bags/ twine	trans- port	load/off loading Society	Silo	health inspection	SSL overtime	handling (SSL)	commission	total
Comanche	26,260	107	22,105	4,798	-	5,666	492	25,168	3,319	1,067	500	20,963	2,209	112,654
Alkarim	26,156	89	184	10,772	72	30,042	488	21	16,567	1,067	300	20,963	2,134	108,855
Sugar Islander	26,162	150	-	4,982	154,925	5,237	-	-	-	1,277	300	20,910	4,279	218,222
M/s Marilyn	26,169	88	-	9,209	206,897	8,090	-	-	-	1,262	300	20,910	5,459	278,384
Polyxeni	25,044	22	32,313	8,819	114,485	-	-	-	-	1,017	300	20,052	4,041	206,093
Spirit of Liberty	32,356	26	-	15,085	69,819	1,050	-	-	23,439	1,477	300	25,000	3,371	171,923
King	31,406	92	40,545	21,054	81,769	-	-	-	-	1,507	300	25,000	4,031	205,704
Falcon Princess	40,031	84	51,402	21,014	139,596	-	45	-	-	1,952	400	30,737	5,705	290,966
Transmountana	31,348	520	55,472	14,994	333,231	-	59,759	50,509	-	1,562	300	25,112	11,456	584,263
Newton	37,556	221	51,945	18,578	236,776	-	61	-	-	1,832	350	30,009	7,495	384,823
Ardaas	59,605	294	90,991	39,874	214,226	-	54	-	-	3,222	500	47,659	9,128	465,553
Reches	41,432	476	83,606	34,652	-	-	50,650	-	-	2,077	400	33,107	4,929	251,329
Atlantic Transporter	22,532	1,520	-	5,678	83,453	-	-	-	-	1,167	300	17,500	2,643	134,793
Spirit of Liberty	46,802	164	91,048	37,225	229,076	2,730	204	-	-	2,259	650	37,394	8,950	456,502
Adelhorn	17,581	7	22,628	8,123	88,112	65,800	10	7,435	-	1,167	300	14,036	4,505	229,704
ape Star	51,296	16	64,336	14,966	292,935	-	136,217	77,193	-	2,503	500	40,004	13,600	693,566
Golden Endeavour -	80,963	1,612	127,659	50,790	265,301	-	-	-	-	4,038	950	64,632	11,906	607,851
Alpha Dynamic	28,351	1,521	42,926	24,551	26,229	-	-	-	-	1,469	400	22,632	2,950	151,029
Gino Juliana	29,406	84	54,940	16,383	72,005	-	-	-	-	1,462	300	23,500	3,961	202,041
Alpha Cosmic	23,206	7	29,793	9,856	167,067	-	-	-	-	1,107	250	18,500	4,995	254,781
Pennington -	59,574	249	57,377	28,962	434,813	6,500	6,954	-	-	3,149	900	52,632	13,023	664,133
Ernest Zest	31,425	64	32,391	9,535	201,614	6,500	24	-	-	1,567	400	25,125	6,173	314,818
Alpha Sonic	28,149	180	8,733	14,219	112,166	-	6,930	-	-	1,372	250	17,443	3,789	193,231
Kalyn	-	5	16,253	5,208	121,033	-	-	-	-	210	250	10,064	3,061	156,084
Totals	682,273	5,737	791,611	349,575	2,945,486	125,115	254,934	160,326	43,325	33,602	7,850	546,620	118,864	6,065,318

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Analysis of Charges Per MT Invoiced To FANA By SSL

<u>Vessel</u>	<u>MT Dis-</u> <u>charged</u>	<u>Landing</u>	<u>SPC</u>	<u>Tally</u>	<u>W'House</u>	<u>Bags/</u> <u>Twine</u>	<u>T'port</u>	<u>Load/</u> <u>Offload</u>	<u>Silo</u>	<u>Health</u>	<u>Hand-</u> <u>ling</u>	<u>Comm</u>	<u>TOTAL</u>
Commanche	20,963	1.25	1.05	0.23	-	0.27	0.02	1.20	0.16	0.05	1.0	0.10	5.37
Al Karim	20,963	1.25	-	0.51	-	1.43	0.02	-	0.79	0.05	1.0	0.10	5.19
Sugar Islander	20,910	1.25	-	0.24	7.41	0.25	-	-	-	0.06	1.0	0.20	10.41
O/S Marilyn	20,910	1.25	-	0.44	9.89	0.38	-	-	-	0.06	1.0	0.26	13.31
Polyxeni	20,052	1.25	1.61	0.44	5.71	-	-	-	-	0.05	1.0	0.20	10.27
Sp. of Liberty	25,000	1.29	-	0.60	2.80	0.04	-	-	0.94	0.06	1.0	0.13	6.87
King	25,000	1.25	1.62	0.84	3.27	-	-	-	-	0.06	1.0	0.16	8.22
Falcon Prin.	30,737	1.30	1.67	0.68	4.54	-	-	-	-	0.06	1.0	0.18	9.46
Framountana	25,112	1.25	2.20	0.60	13.27	-	2.38	2.01	-	0.06	1.0	0.45	23.26
Jewon	30,009	1.25	1.73	0.62	7.89	-	-	-	-	0.06	1.0	0.25	12.82
Vardaas	47,659	1.25	1.91	0.83	4.49	-	-	-	-	0.06	1.0	0.19	9.77
Neches	33,107	1.25	2.52	1.05	-	-	1.53	-	-	0.06	1.0	0.15	7.59
Baltic.Tr.	17,500	1.29	-	0.32	4.77	-	-	-	-	0.06	1.0	0.15	7.70
Sp. of Liberty	37,394	1.25	2.43	0.99	6.12	0.07	-	-	-	0.06	1.0	0.24	12.21
Nadelhorn	14,036	1.25	1.61	0.58	6.28	4.69	-	0.53	-	0.08	1.0	0.32	16.36
Cape Star	40,004	1.28	1.61	0.37	7.30	-	3.40	1.93	-	0.06	1.0	0.34	17.33
Golden Endeav.	64,632	1.25	1.97	0.78	4.10	-	-	-	-	0.06	1.0	0.18	9.40
Alpha Dynamic	22,632	1.25	1.90	1.08	1.16	-	-	-	-	0.06	1.0	0.13	6.67
G. Juliano	23,500	1.25	2.33	0.69	3.06	-	-	-	-	0.06	1.0	0.17	8.59
Alpha Cosmic	18,500	1.25	1.61	0.53	9.03	-	-	-	-	0.06	1.0	0.27	13.77
Bennington	52,632	1.13	1.09	0.55	8.26	0.12	0.13	-	-	0.06	1.0	0.25	12.62
Irnest Zest	25,125	1.25	1.29	0.38	8.02	0.26	-	-	-	0.06	1.0	0.24	12.53
Alpha Sonic	17,443	1.61	0.50	0.81	6.43	-	0.40	-	-	0.08	1.0	0.21	11.07
Kalyn	10,064	-	1.61	0.52	12.03	-	-	-	-	-	1.0	0.30	15.51
Average -	Total charge - by Total MT discharged	1.25	1.45	0.63	5.39	0.22	0.47	0.29	0.08	0.06	1.0	0.21	11.10
	Total charge - by MT discharged by vessels against which charge raised	1.27	1.79	0.63	6.24	0.67	1.61	1.60	0.64	0.06	1.0	0.21	-

NOTE: 1. Stamp duty and customs application charges have not been included as the charges per MT are very low, amounting to less than £0.08/MT.

2. SSL overtime charges have also not been analysed for the same reason.

Warehouses in which PL480 title II sorghum is stored

in Port Sudan

Name of warehouse owner	No. of vessels discharged in warehouse	Name of vessel
El Nil	6	Sugar Islander, O/S Marilyn, Jewon, Cape Star, Gina Juliano, Irnest Zest
GTS	6	Polyxeni, Sp. of Liberty, Jewon, Nadelhorn, Alpha Dynamic, Alpha Cosmic
Bashir Al Gadir	5	Polyxeni, Falcon Princess, Alpha Sonic, Vardaas, Cape Star.
Sudan Oil Seeds	5	Sp. of Liberty, King, Transmountana, Nadelhorn, Cape Star.
Bittar	3	Sugar Islander, O/S Marilyn, Cape Star.
Red Sea Shipping	3	Sp. of Liberty, Nadelhorn Kalyn
El Sheikh	3	Baltic Transporter, Sp. of Liberty, Alpha Cosmic
Bashra Elghazi	2	Nadelhorn, Cape Star
East International	1	O/S Marilyn
Warrag	1	Transmountana
El Tayeb	1	Irnest Zest
Bawarith	1	Alpha Sonic
Faisal	1	Spirit of Liberty

List of warehouse invoices not reviewed

Vessel	SSL Debit Note No.	Warehouse	Amount	Comments
Overseas Marilyn	FR 367	East International	60,784	NF
Polyxeni	FR 474	GTS	23,000	NF
Falcon Princess	FR 489	Bashir ALgadir	11,923	NF
	FR 554		28,978	NF
	FR 574		21,288	NF
Transmountana	FR 491	Warrag	12,088	NF
	FR 537	"	6,256	NF
	FR 576	Sudan Oil Seeds	782	NF
	FR 843	Warrag	12,302	NF
	FR 946	"	64,702	NF x
	FR 978	"	44,397	NF x
	FR 1044	"	1,213	NF x
Jewon	FR 585	El Nil	82,086	NF
	FR 949	"	9,998	NF x
	FR 977	"	3,384	NF x
	FR 1046	"	3,313	NF x
Vardaas	FR 945	Bashir ALgadir	68,708	NF x
	FR 979	"	57,226	NF x
	FR 1043	"	68,043	NF x
Baltic Transporter	FR 939	ElSheikh	18,183	NF x
Spirit of Liberty	FR 940	"	20,289	NF x
Nadelhorn	FR 942	Sudan Oil Seeds	1,864	NF x
	FR 982	Bashir Elgazi	739	NF x
	FR 982	Sudan Oil Seeds	25,813	NF x
	FR 1040	"	18,550	NF x
Cape Star	FR 985	El Nil	12,553	NF x
		Sudan Oil Seeds	1,007	NF x
		Bashir Elgazi	4,391	NF x
	FR 1038	"	17,203	NF x
Alpha Dynamic	FR 579	GTS	7,471	NF
	FR 586		18,750	NF
Gine Juliana	FR 575	El Nil	1,578	NF
Irnest Zest	FR 943	El Tayeb	9,202	NF x
	FR 981	"	1,787	NF x
		El Nil	12,536	NF x
		"	9,398	NF x

Alpha Sonic

FR 1041

Bawarith

44,777 NF X

Note: NF indicates warehouse invoice missing from SSL files
NFx indicates warehouse invoice has not yet been filed
by SSL. Debit notes to which warehouse invoices are
attached have been submitted to FANA and are currently
held by FANA in Khartoum.

Analysis of Off-loading Charges Included in Warehouse Invoices

	SSL Debit Note No.	Warehouse	Total Off-loading charge	Off- loading charge/ MT	Total Charge	Off-loading as % of total warehous- ing charge
AlKarim	FR320				72	
Sugar Islander	FR351 FR364	Bittar Elnil	41,157 <u>14,152</u>		111,987 <u>42,938</u>	
			53,309	2.64	154,925	35.7%
Overseas Marilyn	FR348	East International	2,091		76,528	
		Bittar	25,370		62,360	
		Elnil	1,732		4,196	
	FR367	East International	-		60,784	
	FR380	East International	-		2,984	
	FR921	East International	-		<u>45</u>	
			29,193	1.39	206,897	14.1%
Polyxeni	FR457 FR469 FR474	Bashir A/gadir " GTS	5,870 - <u>-</u>		31,914 59,571 <u>23,000</u>	
			5,870	0.29	114,485	5.1%
Spirit of Liberty	FR470 FR483 FR571	Sudan Oil Seeds GTS Sudan Oil Seeds	25,554 - <u>-</u>		57,793 11,679 <u>347</u>	
			25,554	1.02	69,819	36.6%
King	FR486 FR553 FR573 FR640 FR1047	Sudan Oil Seeds " " " "	- - - 42,421 <u>-</u>		28,477 5,724 5,040 42,421 <u>107</u>	
			42,421	1.69	81,769	51.8%
Falcon Princess	FR488 FR489 FR505 FR534 FR554 FR574	Bashir A/gadir " " " " "	8,049 - 13,987 - - <u>-</u>		57,942 11,923 17,296 2,169 28,978 <u>21,288</u>	
			22,036	0.72	139,596	15.7%
Tramountana	FR490 FR491 FR501 FR537	Warrag " " "	40,610 - 21,906 <u>-</u>		56,846 12,088 28,087 <u>6,256</u>	

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	FR560		8,552		41,711	
	FR576	Sudan Oil Seeds	-		782	
		Warrag	-		12,302	
	FR645	Warrag	-		24,604	
		Sudan Oil Seeds	7,858		9,697	
	FR783	Warrag	-		18,240	
	FR843	Warrag	-		12,302	
	FR946	Warrag	-		64,702	
	FR978	Warrag	-		44,397	
	FR1044	Warrag	-		<u>1,213</u>	
			<u>78,926</u>	3.14	333,231	23.
Jewon	FR578	GTS	-		3,245	
		Elnil	-		44,503	
	FR585	Elnil	-		82,086	
	FR642	Elnil	-		50,709	
		GTS	-		37,932	
	FR782	Elnil	-		239	
	FR841	Elnil	363		1,075	
		GTS	-		292	
	FR977	Elnil	-		3,384	
	FR949	Elnil	-		9,998	
	FR1046	Elnil	-		<u>3,313</u>	
			<u>363</u>	-	236,776	
Vardaas	FR844	Bashir A/gadir	-		20,247	
	FR945	"	-		68,708	
	FR979	"	-		57,226	
	FR1046	"	-		<u>68,045</u>	
			-		214,226	
Baltic Transporter	FR752	Elsheikh	19,859		16,376	
	FR852	"	-		48,894	
	FR939	Elsheikh	-		<u>18,183</u>	
			19,859	1.13	83,453	23.8%
Spirit of Liberty	FR774	Elsheikh	102,842		109,289	
		Faisal	-		20,670	
	FR776	Elsheikh	6,218		10,258	
	FR847	Red Sea Shipping)	45,606		68,570	
		Elsheikh)	-		-	
	FR940	Red Sea Shipping	-		<u>20,289</u>	
			<u>154,666</u>	4.13	229,076	67.5%

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Nadelhorn	FR775	Sudan Oil Seeds	-		232	
	FR789	" " "	-		92	
	FR849	Red Sea Shipping	21,577		40,682	
		GTS	-		116	
		Sudan Oil Seeds	-		24	
	FR942	Sudan Oil Seeds	-		1,864	
	FR982	Bushra Elgazi	-		739	
		Sudan Oil Seeds	-		25,813	
	FR1040	" " "	-		<u>18,550</u>	
			21,577	1.54	88,112	24.5%
Cape Star	FR812	Sudan Oil Seeds	-		258	
		Bushra Elgazi	-		12,928	
		Bittar	-		15,152	
		Elnil	202,861		69,037	
		Bashir A/gadir.	-		159,258	
	FR853	Bittar	642		777	
	FR938	Bittar	-		368	
	FR985	Elnil	-		12,553	
		Sudan Oil Seeds	-		1,007	
	FR1038	Bushra Elgazi	-		4,391	
	Bushra Elgazi	<u>9,544</u>		<u>17,203</u>		
		213,047	5.32	292,935	20%	
Alpha Dynamic	FR579	GTS	-		7,471	
	FR586		-		<u>18,756</u>	
				-	26,229	
Gino Juliana	FR542	Elnil	15,340		68,957	
	FR559	Elnil	-		1,472	
	FR575	Elnil	-		<u>1,576</u>	
			<u>15,340</u>	0.65	72,005	21%

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Alpha Cosmic	FR580	GTS	-		309	
		Elsheikh	559		60,377	
	FR594	Elsheikh	10,397		25,714	
	FR644	Elsheikh	20,103		39,229	
		GTS			8,102	
	FR817	Elsheikh	1,550		1,870	
	FR842	Elsheikh	-		15,733	
	FR947	Elsheikh	-		15,733	
			<u>32,609</u>	1.76	<u>167,067</u>	19.3%
Irnest Zest	FR748	Elnil	65,404		99,909	
	FR788	ElTayeb	38,897		62,015	
	FR848	Elnil	-		6,267	
	FR943	ElTayeb	-		9,702	
	FR981	ElTayeb	-		1,787	
		Elnil	-		12,536	
	FR1041	Elnil	-		<u>9,398</u>	
			<u>104,301</u>	4.15	<u>201,614</u>	51.7%
Alpha Sonic	FR584	Bawarith	5,366		49,729	
	FR600	Bashir A/gadir	-		80	
	FR790	Bawarith	-		17,580	
	FR	Bawarith	-		<u>44,777</u>	
				<u>5,366</u>	0.30	<u>112,166</u>
Kalyn	FR581	Red Sea Shipping	69,512	6.90	121,013	57%
GRAND TOTAL			<u>893,949</u>	2.25	<u>2,945,414</u>	30%

Note: Total differs from that shown in Annex 2 as charges for "Alkarim" have been excluded.

1. The following SSL debit notes which are likely to include off-loading charges have not been located to date and therefore have not been analysed.

Vessel	SSL Debit Notes	Wharehouse	Amount £s
Overseas Marilyn	FR367	East. Intl.	60,784
Polyxeni	FR474	GTS	23,000
Falcon Princess	FR489	Bashir A/gadir	11,923
	FR554	" "	28,978
	FR574	" "	21,288
Tramountana	FR491	Warrag	12,088
	FR537	"	6,256
	FR576	Sudan Oil Seeds	782
	FR843	Warrag	12,302
Alpha Dynamic	FR579	GTS	7,471
	FR586	"	18,750
Gina Juliano	FR575	Elnil	1,578

2. "Overseas Marilyn". We have not reviewed warehouse invoice attached to SSL debit note FR367. The invoice is likely to include additional off-loading charges as it covers an early period in the sequence of warehousing invoices.
3. "Polyxeni". We have not review the warehouse invoice attached to SSL debit note FR474. The invoice is likely to include additional off-loading charges as it covers the earlier period in the sequence of warehousing invoices.
4. "King". Off-loading charges represent over 50% of total warehousing charges, which is well above average. Our review found that off-loading charges were included in one invoice which unusually has been submitted late in the warehousing invoice sequence.
5. "Falcon Princess". We have not reviewed warehouse invoices attached to FR489, 554 and 574. The vessel shows a low off-loading charge/MT of 0.72/MT amounting to only 15.7% of total warehouse charges. It is likely that the warehouse invoices attached to SR489 includes additional off-loading charges.
6. "Tranmountana". The off-loading charge of £3.14 appears high but accounts for only 23.7% of the total warehouse cost. Warehouse invoices attached to SR491, 537, 576 and 843 have not been reviewed. It is likely that additional off-loading costs are included in the warehouse; invoice attached to SR491 and 537 only.
7. "Jewon". The off-loading charge of £363 is unrealistically low. Warehouse invoices totalling £82,086 to SR585 have not been analysed and it is likely that this is largely made up of off-loading costs.
8. "Vardaas". In accordance with the discharging contractor's pro forma invoice, no off-loading charges have been raised to FANA.

9. "Baltic Transporter". No off-loading charges should be raised to FANA as these were to be met by the discharging contractor.
10. "Spirit of Liberty". At £4.13/MT, the vessel shows a very high off-loading charge. The charge amounts to 67.5% of total warehouse charges. This may reflect the fact that other warehouse charges have yet to be raised on the vessel. The vessel's total warehouse charge/MT amounts to £6.12 which is marginally below average.
11. "Nedelhorn". Off-loading charges represent 24.5% of total warehouse costs at a level of £s 1.54/MT. The later warehouse invoices have not been analysed but are unlikely to include additional off-loading charges.
12. "Cape Star". This vessel was subject to separate instructions from USAID and is reviewed in detail in the text of the report.
13. "Alpha Dynamic". We have been unable to analyse any warehouse invoice for this vessel as FR579 and 586 are missing from SSL's files.
14. "Gina Juliano". Off-loading charges account for 23% of total warehouse costs at a level of £0.65/MT. El Nil's invoice attached to FR575 has not been analysed but is unlikely to include further off-loading charges.
15. "Alpha Cosmic". All warehouse invoices have been reviewed, off-loading charges at £1.76/MT represent 19.3% of total warehousing charges to date.
16. "Irnest Zest". At £4.15/MT and 51.7% of total warehouse charges to date, the off-loading component appears high. It is possible that as El Nil warehouses have warehoused six PL480 Title II sorghum vessels that the off-loading charge has been misallocated between vessels.
17. "Alpha Sonic". The off-loading charge at £s.0.30 is very low. Bawarith's warehouse invoice amounting to £s.44.777 has not been analysed and, although late in the sequence of warehouse invoices could contain additional offloading charges.

Analysis of Transport and Offloading/Loading Society Invoices

Vessel	Sudan Transport Co-op		Amount	Loading/offloading Society		Amount
	Date	Invoice	£s	Date	Invoice	£s
Transmountana	29/6/85	6551	6,552		511	20,050
			1,804	10/8/85	2110	26,775
	20/7/85	6817	42,700	14/9/85	0682	3,683
		6921	160			
		6907	8,451			
		6982	92			
			<u>59,759</u>			<u>50,509</u>
Neches	31/7/85	6850	29,096			
	20/8/85	6991	17,800			
	31/8/85	7014	3,680			
			<u>50,576</u>			
Cape Star		120	53,739	(from Port to Hadel w/h)		
		117	41,488	(from South Port to Askilla w/h)		
		130	40,990	(from Port to Flamingo w/h)		
			<u>136,217</u>			
Jewon	31/8/85	7030	60			
Spirit of Liberty	30/9/85	7193	204			

- Note: 1. The Sudan Transport Co-op Society invoices record that the above charges were raised in respect of transportation of commodity "from the port to warehouse"
2. The loading/offloading society invoices record that the above charges were raised in respect of "loading/offloading at quayside and warehouse ..."

RECONCILIATION OF INVOICES OF RED SEA SHIPPING COMPANY

1. Vessel	Invoice No.	Amount £s
Bennington/Kalyn	22440	121,032

Storage charge calculated as follows:

- (a) 111,610 bags x 50 Kg = 5,580,500 Kg
= 5,581 MT x 565 MMS x 3 periods = £9,459.80
- (b) 197,250 bags x 50 Kg = 9,862,500 Kg
= 9,863 MT x 565 MMS x 3 periods = £16,717.79

Correct calculation:

- (a) 111,610 bags x 45 Kg = 5,022,450 Kg
= 5,022 MT x 565 MMS x 3 periods = £8,513.05
- (b) 197,250 bags x 45 Kg = 8,876,250 Kg
= 8,876 MT x 565 MMS x 3 periods = £15,044.82

Difference

(a)	9,459.80	Actual Charge
	<u>8,513.05</u>	Correct Charge
	<u>946.75</u>	Difference
(b)	16,717.79	Actual Charge
	<u>15,044.82</u>	Correct Charge
	<u>1,672.97</u>	Difference

Total difference, (a) + (b) = £2,619.72.

2. Vessel	Invoice No.	Amount £s
Spirit of Liberty	2439	41,211.64

Storage charge calculated as follows:

- (a) 118,320 bags x 50 Kg = 5,916,000 Kg
= 5,916 MT x 565 MMS x 3 periods = £10,027.62
- (b) 35,640 bags x 50 Kg = 1,782,000 Kg
= 1,782 MT x 565 MMS x 3 periods = £3,020.49

Correct calculation:

- (a) 118,320 bags x 45 Kg = 5,324,400 Kg
= 5,324 MT x 565 MMS x 3 periods = £9,024
- (b) 35,640 bags x 45 Kg = 1,603,800 Kg
= 1,603 MT x 565 MMS x 3 periods = £2,717

Difference

(a)	10,027.62	Actual Charge
	<u>9,024.00</u>	Correct Charge
	<u>1,003.62</u>	Difference
(b)	3,020.49	Actual Charge
	<u>2,717.00</u>	Correct Charge
	<u>303.49</u>	Difference

Total difference £1,307.11.

3. Total overcharge analysed to date amounts to £3,926.83.

NOTE: The following invoices have not been analysed:

<u>Vessel</u>	<u>Debit Note No.</u>	<u>Amount</u>
Nadelhom	FR 849	40,682
Spirit of Liberty	FR 940	20,289

CATEGORISATION OF CHARGES

Categories

Category I	FANA's liability
Category II	FANA's potential liability; clarification awaited from State
Category III	Subject to contract interpretation

Allocation

Category	Charge	Note	Amount £s	¢
I	Stamp duty/ customs application		5,737	
	Tally fee		349,575	
	Health inspection		33,602	
	SSL overtime		7,850	
	Handling charge	1	546,620	
	SPC security charge	2 Est.	5,000	
	Warehousing	3	2,027,752	
	"Cape Star" Transport	4	136,217	
	Off-loading	4	77,193	
	Silo	5	43,325	
	Commission	6	<u>107,932</u>	
	Sub total I		3,340,803	55.5
II	Landing charges	7	<u>677,507</u>	
	Sub total II		677,507	11.2
III	SPC charges K1.2/M2.2	8 Est.	786,611	
	Warehouse off-loading	3	893,949	
	Bags and twine		125,115	
	Transport (Excl. "Capestar")	4	118,717	
	Off-loading Sol. (Excl. "Capestar")	4	<u>83,133</u>	
	Sub total III		2,007,525	33.3
	Grand total		6,025,866	

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NOTES

1. Handling charges may be subject to discount.
2. SPC security charges which here relate to security charges have been estimated, as the majority of invoices have not been analysed.
3. Warehouse off-loading charges of £s893,949 have been excluded and are allotted to Category III below. The off-loading charge of "Baltic Transporter" and Red Sea Shipping Co.'s overcharge have been deducted.
4. "Cape Star" transport and off-loading charges are included in this category following USAID's instructions of 7/29.
5. Silo charges are allotted to this category, subject to review of two outstanding invoices.
6. Commission excludes the overcharge of £s10,932 resulting from inclusion of SSL's Handling charge in the commission calculation. As other charges in Category III are re-allocated from FANA so too the commission charge will be reduced further.
7. Landing charges have been adjusted downwards as per table 4.
8. These SPC charges have been estimated; the total of both SPC charges combined amount to the total SPC charge shown in Annex 2.
9. Reconciliation of total shown with total in Annex 2.

	£s.
Total in Annex 2	6,065,318
Less: "Baltic Transporter"	19,859
Reduction in landing charges (Table 4)	4,766
Reduction in commission (Table 14)	10,932
Red Sea Company overcharge	<u>3,926</u>
	6,025,835
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