An Action Plan for Reducing Controls on Importation Of Agricultural and Industrial Inputs

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Sigma One Corporation

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0, Key Points Summary

Agriculture and industry play a very important role in economic activity with contributions of 36.6% and 25.4% towards gross domestic product, respectively as of 1998. Seventy percent of Ghana's labor is engaged in agriculturally related production and through its linkages with industry these two sectors constitute the main contributors to employment. Industrial and agricultural inputs and capital equipment make up the bulk of Ghana's imports.

Importation controls raise costs and reduce Ghana's competitiveness in the international markets. This study poses three hypotheses:

- Contrary to the common view that Ghana is 'over-liberalized', the importation regime in Ghana remains much 'un-liberalized' due to several subtle importation controls that significantly reduce benefits from removal of direct controls.

- A relationship based on lack of 'Trust' between and among groups [government and private sector] is the major problem cutting across the whole economic system including the importation regime.

- Lack of a clear laid out strategic Trade Policy [TP] is a major weakness limiting effective implementation of economic growth initiatives in Ghana.

The main factors affecting importation regime in Ghana include;

(a) The legacy of import substitution industrialization [ISI] policy regime
(b) Competing interests among the main players in trade policy formulation
(c) Ghana's commitments within regional and international trade arrangements.

Ghana has made significant progress in reforming her tariff system enabling it to move from a highly protective to a more liberal tariff regime. Yet, trade taxes constitute about 15-30% of total revenue. Effective rates of protection have declined over the ERP period but still show great dispersion. A national discussion of the balance between costs and legitimacy of protection is needed in view of the contradictory tendencies affecting trade.

Notwithstanding, the power of the free trade argument, protectionist policies are far from being dismissed. Protectionism can be legitimized in many ways, all within the WTO agreement guidelines. Nevertheless, protectionism has serious costs. Importation barriers affect the performance of tradable and non-tradable sectors because they raise the local producer's and exporter's cost relative to cost of overseas competitors while in the domestic economy it has the effect of increasing the domestic resource costs of labor and capital. Further importation restrictions result in overvalued exchange rate and penalize tradable sector in relation to the non-tradable sectors. The study documents 22 different forms of importation controls. That is a partial list only. Recommendations on the way forward are included. The Annexes include the step-by-step process of clearing and forwarding of imported goods.

1, Introduction

1.1 Statement of the Problem

In Ghana and elsewhere in Africa, agriculture and industry have for various historical, nationalistic, economic and non-economic reasons been targets for direct and indirect controls on importation of inputs and finished goods. Given Ghana's economic policy background, considerable progress in eliminating most of the direct controls has been achieved, much to the benefit of the economy. Notwithstanding, several subtle and more frustrating importation constraints are still in place. Such constraints take various forms, including applications for tax relief, non-tariff and tariff policies, customs clearing and forwarding procedures, corruption, government or parastatal marketing controls, as well as environmental, sanitary and phytosanitary measures. These controls raise costs and reduce Ghana's competitiveness in the international markets; yet, the case of their reduction is not a simple one. Removal or reduction of importation controls poses difficulties for various reasons ranging from the need to build local industry, generate jobs, protect the environment, human, animal and plant health and other considerations. On the other hand, continued existence of importation barriers, particularly in indirect forms undermines the economic reform program and limits achievement of Vision 2020 goals. It is important therefore to emphasise that importation controls hinder efficient functioning of input markets, a key element in a successful strategy to enhance competitiveness of agricultural and industrial sectors.

1.2 Objectives

The main objective for this milestone is to document and analyse the current extent of importation controls on agricultural and industrial inputs and to assess their impact on firm performance and competitiveness, with a view to identifying options and strategies for reducing or removing these controls. The specific objectives include:

- To assess the role and salient features of industry and agriculture sectors
- To examine the background to controls on imported inputs
- To establish the steps in and costs of the entire process of importation
- To identify the various forms of importation controls and investigate their motivations
- To analyse the costs and appropriateness of existing controls.
- To review the progress made in eliminating the controls.
- To identify and recommend measures to reduce or eliminate remaining constrains necessary to stimulate Ghana's competitiveness

1.3 Hypotheses

This study poses three (in our opinion) rather controversial hypotheses stated as follows;

- ✓ Contrary to the common view that Ghana is 'over-liberalised', the importation regime in Ghana remains much 'un-liberalised' due to several subtle importation controls that significantly reduce benefits from removal of direct controls.

- ✓ A relationship based on lack of 'Trust' between and among groups [government and private sector] is the major problem cutting across the whole economic system including the importation regime.

- ✓ Lack of a clear laid out strategic Trade Policy [TP] is a major weakness limiting effective implementation of economic growth initiatives in Ghana.

Thus, **the report will argue that importation controls at border post are not the real issue but a manifestation of fundamental systemic shortfalls namely, lack of a clear trade policy and of 'trust among social partners**. Addressing importation controls at border posts while necessary is however, not addressing the substance but rather the non-essential i.e. appearance. Instead, the real issue is for Ghana to have a clear trade policy and to start 'building trust' among stakeholders.

1.4 Methodology

To explore the hypotheses above, a multi-pronged methodology is employed in this study. Theoretically, the study chooses the institutional approach to explain the causes, nature and consequences of and from the phenomena of importation control. The institutional approach is preferred for various reasons.

- ♦ First, the problem of importation controls is not merely economic and therefore requires a multi-disciplinary approach.
- ♦ Second, Ghana stands out as a good example of a country that has undertaken successful economic reforms BUT, has lagged in realigning institutions with the economic reforms,
- ♦ Direct controls on importation have been replaced by indirect or subtle importation controls thus reducing benefits from liberalisation.
- ♦ Further, the study of importation controls in Ghana is quite relevant for other reforming African countries because as an Africa country that embraced liberalisation policies, institutions affecting importation regime in Ghana are typical to those found in many African countries where benefits from reforms have been limited. The Ghana model.

The institutional approach using multi-disciplinary analytical tools can be noted for the study of situations that reflect precisely the features of all stakeholders in the importation circle [in this case government departments, private sector and individuals working for both of them], and the markets within which they operate. We think by linking importation problems with specificities about the realities of socio-economic, historical conditions and behaviour of the actors and the markets they operate, we will be able to shed light towards understanding the source, nature, extent, costs, consequences and solutions related to indirect importation controls in a country that has largely eliminated direct/formal constraints and has shown commitment towards economic reforms. Neither a very scholarly proposal, nor legislation or Presidential Directive even with very good intentions can achieve its objectives without it addressing institutions that breed, feed and nurture the system/environment surrounding the object of change action.

The study uses secondary, official and unofficial data from published and unpublished sources. Raw data on importation problems from Association of Ghana Industries [AGI] covering 81 firms that reported importation problems formed the main source of data. To avoid abstraction, secondary sources were supplemented by primary data gathered with the use of unstructured and structured questionnaires from interviews with key importers of industrial and agricultural inputs [fertilisers, seeds, equipment, agro chemicals, textile, clothing, metal, timber, furniture etc]. To capture the holistic picture of the problem of importation controls we also interviewed providers of technical assistance, representative of industrial associations, policy makers, bankers, distribution and sales agents among others. Both qualitative and quantitative analytical methods are used to analyse the data.

1.5 Focus of the study

"There are no imports controls at all …" "Ghana is ajar …" or "Ghana is over liberalised and the wrong way" were often the first comments we got from both representatives of private sector organisations, firms and government during the interviews. But as soon as we sought to establish the importation pipeline and its constraints, a stream of anecdotes regarding delays due to clearing procedures and other impediments followed; meaning that while formal controls are minimal, there are fundamental problems in the form of indirect controls. In view of these observations and in order to keep the study manageable and concrete, it was decided to limit the focus in the following manner.

- ✓ Major focus is placed on subtle or indirect importation constraints related to bureaucracy, exemption application, standards and sanitary controls, transaction costs and others.

- ✓ Main agricultural and industrial imported inputs were captured namely fertiliser, chemicals, textiles, wood, food products, seeds and implements.

- ✓ Only firms from greater Accra region and Kumasi [two major cities] were visited and interviewed.

- ✓ We restricted the focus to formal sector firms irrespective of size and ownership.

1.6 Outline of the report

The rest of the report is organised as follows. Chapter 2 discusses salient features of agricultural and industrial sectors and input markets, analyses the background to importation controls and the link with absence of a strategic trade policy and examines Ghana' trade agreements. In chapter 3 we explore the whole journey for an importer of inputs. Chapter 4 focuses on current levels of protection, the balance between costs and legitimacy of importation controls. In the next chapter we document the various types of import constraints and for each of them make recommendations for reduction or elimination. The last chapter makes general policy and strategic recommendations.

2, Salient Features of Agricultural and Industrial Sectors and Importation Regimes for Inputs

2.1 Role of agricultural and industrial sectors

Agriculture and industry play a very important role in economic activity with contributions of 36.6% and 25.4% towards gross domestic product, respectively as of 1998[1]. Seventy percent of Ghana's nearly 20 million population is engaged in agricultural production and through its linkages with industry these two sectors constitute the main contributors to employment. Agriculture has greater importance as supplier of raw materials to industry while industry provides inputs to agriculture. Further, these sectors are important suppliers of food for many households either through own production or through the market. Agriculture is also a source of labour for other sectors, and employment multipliers in agribusiness are usually higher that those that exist in non-agricultural related business. In terms of exports and generation of scarce foreign currency, jointly, these sectors play very important roles in Ghana's economy. In 1998, main export products [excluding gold] were agricultural and industrial products such as cocoa beans and cocoa products, timber and timber products. Recently, there has been a clear increase and accentuation in the role of non-traditional agricultural and industrial exports. The major destinations of Ghana's exports are Togo, UK, Italy, Netherlands and US. At the same time, major imports include chemicals, intermediate goods, implements, equipment, capital goods, fuel and energy and main source countries are Nigeria, UK, Italy, US and Spain.

2.2 Imported inputs market – the salient features

Industrial and agricultural inputs and capital equipment make up the bulk of Ghana's imports. Hence, the need to investigate the importation regime affecting them. According to Association of Ghana Industries [AGI], the average cost structure of industrial production is made up of 50%-70% imported inputs and the rest 50%-30% is largely labour costs[2]. The structure of imported agricultural inputs is distinguished by the dominance of seed, fertiliser, chemicals and drugs while for industrial inputs, the range of imported inputs is much wider [textiles, fabric, industrial chemicals, spare parts, metals, etc]. The duty structure is skewed in favour of inputs and against finished goods. Major areas of duty free treatment relate to capital goods imported under agreement with Ghana Investment Promotion Centre [GIPC], raw materials imported for the manufacture of pharmaceutical products, agricultural implements, machinery, plastics, disinfectants, timber and timber products. Imported goods placed into bonded warehouses are duty exempt until they are released for domestic market.

The imported inputs market in Ghana can also be characterised as oligopolistic and in some cases monopolistic. Key participants in imports of seeds are Aglow, Sawworld, and Technoserve, for fertiliser - Wienco, Fascom, and Chemico, for agricultural chemicals – Chemico, Reiss and Co. and Dizengoff, while for agricultural equipment – Mechanical Lloyd, African Motors, Afko Imex Agro, Founder and Machinery Company and for veterinary supplies the main players are Reiss, and Co, Poly Equip and Agrovet[3]. Challenges for all importers and suppliers of imported agricultural inputs is ensuring on a timely basis adequate supplies at affordable prices, cost of imports, management of stocks, adding value to produce, transfer of technology especially for imported drugs and optimal utilisation of inputs and equipment. Depending on the nature of imported inputs there are other considerations facing government, importers, farmers and consumers. For example, the high probability of importing inappropriate or dangerous drugs or seeds with diseases into Ghana, which may harm animal, human and plant health is of serious concern to government. For fertiliser, the depreciation of cedi, cost of money to finance imports, high cost of transportation and intervention of Agricultural Development Bank [state owned bank] concern the private sector, while for government, fertiliser pricing is a political issue especially towards general elections. In such situations, importation of agricultural inputs lends itself to various controls and interventions, with most decisions not paying due regard to the need for balancing legitimate concerns with cost of such interventions.

The main factors affecting importation regime in Ghana include;

(d) The legacy of import substitution industrialisation [ISI] policy regime
(e) Competing interests among the main players in trade policy formulation
(f) Ghana's commitments within regional and international trade arrangements.

2.3 Background to importation controls on agricultural and industrial inputs.

The history of Ghana's trade policy regime and economic performance informs the argument between trade liberation and protection. The ISI strategy adopted from independence to 1983 failed to build sustainable and competitive industries. Local industry was unable to meet input demands of import substituting industries [ISI], exports stagnated, the local currency was overvalued and foreign reserves dried up. Prices of local raw material were very high, capacity under-utilisation characterised operations of firms and production costs were high. Distortions worked against imported inputs dependent firms in industry and agriculture primarily cocoa [the main export], which at the same time faced declining world prices. Given this background trade policy reforms were introduced as part of the ERP in 1983. Quantitative controls have been removed and replaced by low tariffs, the exchange rate policy is liberalised, and price controls were largely eliminated. While it may be difficult to isolate the impact of these policy changes on growth, the economic growth experience by Ghana during that period compared to other countries with restrictive trade regimes talks much about the supremacy of the policy shift in favour of liberalisation. The problem however is that import liberalisation policy reforms in Ghana and many African countries have merely focused on direct import controls and tariffs while ignoring subtle importation constraints that have more negative effects.

A conducive trade policy regime is a prime and necessary component for an open small economy such as Ghana. A liberal import regime enhances competition and efficient allocation of resources thus removing the need of policy interventions to deal with monopolies, for example. High tariffs and non-tariff barriers significantly raise prices for production inputs in industry and agriculture and greatly diminish potential of exports ability to compete in the world market[4]. Importation controls create an anti-export bias that prevents local firms from capitalising on export opportunities as well as preventing the economy from achieving targets it has set itself under Vision 2020. Liberalisation of import regime may itself have beneficial impact on incentives to export. Further, protectionist polices particularly those grounded in indirect controls encourage rent seeking and other unproductive activities. Thus, trade policy is an important instrument for accelerated economic growth and industrialisation when it is well crafted and clearly targeted at development of exports growth. Import liberalisation a corner stone of a growth oriented policy for small economies.

2.4 Importation regime - Competing interests and lack of 'Trust'

In Ghana four powerful players and forces exerting serious pressure on trade policy with divergent interests can be distinguished; namely: sub-sectoral and industrial associations, traders and commercial associations, exporters associations, government and international donor organisations. Industrial associations led by the powerful AGI have for a long time lobbied for protection against importation of finished goods and liberalisation of imported inputs regime. This has generally guided the trade policy in Ghana, but the problem has arisen in trying to distinguish between finished and intermediate goods for industry. Protectionist advocates were successful before ERP in 1983 and in 1991 when criteria of providing protection to industry[5] based on dumping, infant industry, special adjustment, negative protection and administrative and regulatory was strongly advanced. Contrary to the interests of industry, commercial and traders associations led by Ghana Union of Traders Association [GUTA] are pushing hard for complete liberalisation of importation of finished goods. The recent introduction of a special tax together with the depreciation of cedi has actually reduced profit margins. Finally, the international donor community [IMF, WB, USAID, DANIDA etc.] and multilateral trade organisation e.g. the WTO have played a very important role in assisting government shape the import regime particularly locking in the trade liberalisation measures.

The political economy of trade policy formulation and in particular importation regimes reflect a clear problem of lack of 'trust' between major stakeholders, competing interests and indifference to each other's concerns. There is lack of a common approach, mutual understanding and feeling of a shared future. Each of the parties is mainly concerned with own interests i.e. government with revenue generation and the desperate importer [with goods at ports under control of CEPS] is easy catch to tax and control. Private sector is always seeking for ways to evade or avoid tax without which government cannot rule. These various pressures and competing interests explain the variation in Ghana trade policies.

2.5 Preferential trade regimes.

Membership to international organisations has profound influence on national trade policy particularly on the import regime. As a member of multilateral and regional trading arrangements [WTO, ACP-EU and ECOWAS], Ghana has undertaken commitments to liberalise its import regime. Ghana views trade liberalisation within WTO, post Lome ACP-EU, regional trade integration as complementary and supportive international instruments to buttress national efforts and 'lock in' trade liberalisation measures initiated within ERP. In the WTO, for example, Ghana like other developing countries committed itself to tariff binding and tariff reductions, tariffication of non-tariff barriers in agriculture, reductions of some domestic support measures/subsidies, provision of greater market access to other WTO members, liberalisation of financial services and removal of import licenses. However, Ghana's bound rates are higher than applied rates. For instance, in agriculture Ghana's tariffs are bound at 125% and targeted for reduction to 99% over 10years while on industrial goods only 50 tariff lines are bound at 30-50%. By the time commitments taken under WTO came into effect, Ghana already had a much more liberal trade policy following autonomous and unilateral trade liberalisation policies undertaken since 1983. Within the ACP-EU framework Ghana together with other ACP states have in principle agreed to enter into free trade arrangements with the EU which will see elimination and reduction of tariffs for imports from EU. Regionally, Ghana is committed to fast track regional integration within ECOWAS and is pursuing to establish a monetary union with Nigeria within 2 years. Other countries in the region [Gambia, Liberia, Gabon, etc] have also expressed interest in joining the fast track regional integration initiative, which will open up a regional market of over 200 million consumers. A new Ministry of Regional Integration to spearhead regional integration was created recently and Customs and Excise Preventive Services [CEPS], has set up an ECOWAS Desk to advise firms on export and import requirements and procedures in ECOWAS. Directives were also given to CEPS personnel to expedite clearance of goods for firms whose products are approved by ECOWAS Secretariat[6].

2.6 Need for a Strategic Trade Policy [STP]

An analysis of the importance of trade in the economy and towards achieving Vision 2020, its linkage with other sectors, the vicissitudes in Ghana's external performance and the country's membership to and commitments within multilateral and regional trade organisations points to a serious and immediate need of a clearly laid out medium to long term strategic Trade Policy. It is the submission of this author that the absence of a clearly 'people' driven Trade Policy is the major cause of importation problems in Ghana. A trade policy for Ghana will provide answers relating to the liberalisation/protection dilemma currently confronting the Ministry of Trade and Industry and other stakeholders. Such strategic trade policy will among other issues address the following questions;

- ✓ How to liberalise and what particular degrees to liberalise?
- ✓ Which sectors should be liberalised or protected, why and why not?
- ✓ How to link trade targets with monetary and fiscal objectives [interest rates, exchange rate, etc.]
- ✓ What trade-off can Ghana safely make within WTO, ACP-EU and ECOWAS?
- ✓ What new trade arrangements/ initiatives should Ghana pursue ?
- ✓ What should be the sequencing and what sectors to back load and which ones to front load for liberalisation ?
- ✓ What are the revenue implications and how do you compensate for revenue loses due to liberalisation i.e. the balance between revenue generation and liberalisation?
- ✓ What exports to promote, to which market and how what if they fail to grow?
- ✓ How do you reduce dependence on traditional exports [EPZs, Gateway Project, legal frameworks, etc]?
- ✓ What supply side constrains limit the country's export potential?
- ✓ Who benefits and loses i.e. social implications and sustainability?
- ✓ Linkages of trade policy targets with other variables [exchange rate, interest rates inflation, growth targets, labour incomes in various sectors, etc.]

- ✓ Linkages of various aspects with vision 2020

Elements of such a policy exist in an uncoordinated form in various official and unofficial documents. The major official document that shades light on trade policy is the central government annual budget in which trade related expenditure and revenue collection proposals indicate government commitment towards trade liberalisation. Indeed a budget itself can not be the substantive trade policy document. A clearly laid out coherent trade policy is essential. It provides predictability, transparency and credibility to national development policies. It allows private sector to plan ahead, make investments and become competitive. The fact that Ghana needs a trade policy needs no more overemphasis.

3, The Journey for an Importer of Agricultural and Industrial Inputs.

There are two routes for customs clearance - a fast track applying to goods exempt from duty [e.g. destined for EPZs, statutory free goods, mining equipment, bulk goods and diplomatic goods] and a slow track for all other imports. According to the Customs Brokers Association of Ghana [CUBAG], an importer goes through 60 operations using the slow track route and about 27 operations or 13 steps on the fast track route before goods leave the exit gate of a port despite various measures being implemented to shorten the journey. We will concern ourselves with the slow track because it captures the majority of importers. For fear of having a very long paper, in this part we only give a brief presentation of the steps and in Annex I and II attached we provide the detailed steps, requirements and explicit costs for each stage of the journey.

The processes involved in clearing and forwarding of goods can be categorised into four broad groups; provision of requisite shipping documents, customs clearance procedures, other port clearance procedures related to outdoor port area activities and finally payments to be made during clearing/forwarding of goods.

(a) Provision of requisite shipping documents which are as follows;
- ✓ Import Declaration Form obtained from Ministry of Trade and Industry and commercial banks and to be submitted to GSL and GSBV.
- ✓ Original Bill of Lading issued by shipping line
- ✓ Original invoice
- ✓ Certificate of value and origin issued by supplier of goods
- ✓ Accurately completed Bill of Entry forms
- ✓ Final Custom Valuation Report
- ✓ Duly completed Shipment Notification form endorsed by Ghana Shippers Council [GSP].
- ✓ Delivery Order issued by the ship owner or his agent for release of goods.

(b) Customs clearance procedures of which major steps include;
- ✓ Long room – here there are **13 operations.** Please refer to Annex I for details
- ✓ Payment of duty at Social Security Bank [SSB],
- ✓ Acceptance seat – i.e. contact point between banks and CEPS,
- ✓ Data entry/accounting whereby they check the Single Administration Document, correctness of tariff applied, striking of the manifest and generating receipts and notices
- ✓ Tax examiner who is responsible for adjustment error.
- ✓ Perforation and holo sealing of entries checks on dubious and fraudulent entries
- ✓ Detaching of Bills of Entry
- ✓ Release by shipping companies
- ✓ Gateway Services Limited [GSL] and GSBV are responsible for inspection of goods
- ✓ Ghana Ports and Harbours Authority is responsible for security and handling of goods.

(c) Other port clearance procedure are mainly related to outdoor port area activities namely;

- ✓ Ship agents release – **4 operations** as stated in Annex I
- ✓ Examination of release goods this involves **8 operations.** Please refer to annex I for details.
- ✓ Gate. This alone involves **3 operations** stated in Annex **I**

(d) Payments to be made during clearing/forwarding of goods. Apart from import price of goods and c.i.f., the importer faces **14 other various types of payments** whose details [where possible including amount] are provided again in Annex I. These payments can be categorised into;

- ✓ Statutory payments. These include duty as per tariff category, interest on duty for late clearance, VAT, inspection fee, ECOWAS Development Levy [EDL],
- ✓ Documents [forms] to be bought during documentation. Such forms are Bill of Entry, Shipment Notification Form from GSC, Import Declaration Form and Delivery Order from Shipment Agent. These forms alone cost over 60.000 cedis and nearly 100000 cedis including VAT and annual registration fees
- ✓ Payments to shipping agents including demurrage fees
- ✓ Payment to Ghana Ports and Harbours Authority [GPHA]
- ✓ Clearing agents fee
- ✓ Incidental/appreciation expenses that are unofficial. Typical amount payable towards this item is currently ranging from 70000 to 200000 cedis per consignment.

Such a long journey will certainly militate against the potential of various initiatives [e.g. EPZs, Gateway project, GIC etc] towards the attaining the goals and target of vision 2020. It is our submission that because of several subtle importation controls particularly the long journey an importer has to travel from the time he places an import order to the time goods are released from ports, Ghana's importation regime can not be considered 'liberalised' contrary to the widely view that Ghana is 'over liberalised'. In this paper we document 23 various types of import constraints and the most serious one is customs clearing procedures. In the preceding section we will briefly look at some of the reasons for delays and suggest solutions.

4, Ghana’s Protection Levels - the Balance Between Costs and Legitimacy

4.1 Tariff structure and Protection Levels

Ghana has made significant progress in reforming her tariff system enabling it to move from a highly protective to a more liberal tariff regime. The initial phase of this reform involved simultaneous reduction of tariffs and removal of quantitative barriers, which in some cases involved converting NTBs into their tariff equivalents. The second and more recent stage focused on rationalisation of tariff administration and structure to remove distortions, reduce the tariff rates, narrow their ranges and spread. Currently the tariff structure is made up of 3 rates namely; 0%, 10%, and 20% with 5269 tariff lines and a 20% special tax on some finished and luxury goods intended to protect local industry. Tobacco, beer and alcoholic imports attract a fourth tax ‘excise duty’ whose rates range from 50% to 140%. Tax is calculated on c.i.f. values and on compound rate basis, which means that depending on the goods and rates applicable, the tax rate could range from 0% to 60% and to nearly 300% on tobacco and cigarettes. To take an example of clothing which attracts 20% duty, 12.5% - VAT and 20% special tax and using a formula of calculating tax on tax, this actually means the local producer is protected upto nearly 60% which allows him to increase his price by that same margin relative to competing imports . The tariff and tax protection levels indicate the subsidy to or ‘rent’ receivable by domestic producers with the burden being carried by consumers in form of trade taxes.

Trade taxes constitute a major source of government revenue in Ghana [about 15-30% of total revenue] and because they are easy to collect they offer themselves as easy instruments for generating more revenue. However, Roman Arjona, Anthony Pellechio and Allan Cergo [1998] established that effective tariff rate corresponding to each tariff line is much lower than simple average tariffs due mainly to exemptions.[7] A recent study by Goodwin, J and … [2000], reached the same conclusion i.e. tariff collections in 1999 totaled C574.4 billion and were collected at an effective tariff rate of 7.1% against the average unweighted statutory rates of about 12.2%. They also established that the tariff collection system is effective for dutiable goods (no exemptions or concessions) at the 0, 10, and 25% statutory rates: realized tariff collections are very close to what should be collected[8]. Some studies have concluded that trade taxes revenue can increase by reducing very high tariffs, aligning tariffs on inputs to tariffs on output as tariffs evasion rates fall and provided import demand is price elastic[9].

Effective rates of protection have declined over the ERP period but still show great dispersion[10]. For example, Hood, R., Andah, O., Asare, A. and Hamilton, K. [1991],[11] in 1987 estimated that ERP for most manufacturing subsectors was over 100%. Ten years later, using the ERP to measure protection levels of selected manufacturing subsectors, Kassim Yahya and George Fynn [1998][12] concluded that nominal tariffs of 0%, 10% and 25% in place before the recent 2000 Tariff Reform, gave effective protection rates ranging from as low as 8% [for electrical products] to as high as 65% [for textiles and clothing] and 72% for food processing. High ERP corresponded with industries where tariff rates on output was much higher than tariff rates on inputs and ERP was lower where tariff rates on inputs was closer to tariff rates on output.

Another explanation of the variation in nominal and effective protection rates lies in the prevalence of exemptions. Wide differences in protection rates indicate the extent of distortions inherent in the pricing system resulting in misallocation of resources. In general, high ERP suggest that these industries are drawing far more resources from the national economy. **We would recommend a new exercise to determine the current ERP in view of the recent introduction of new tariff reform.**

4.2 Balancing legitimate concerns and Costs of importation controls

A discussion of the balance between costs and legitimacy of protection is needed in view of the contradictory tendencies affecting trade policy in Ghana. First, the social welfare loss effect of importation controls and protectionism is clear. While in the short run it is true that protection may lead to industrialisation, in the medium to long term it leads to industrial decay. Controls kill competition and dampen incentives for industry to become efficient. It limits the range of products available in the market, consumer choice and pushes prices up. Controls also have the effect of propelling the value of local currency up discouraging exports and thus impacting negatively on the foreign currency reserve position of the country. Protection generates revenue for government but at the expense of consumers. In fact, more revenue to government does not constitute net welfare gains but mere transfer of revenue from consumers to the state. All factors taken together, protection leads to net social welfare loss. Amjadi, A., Ng, F., Yeats, A., and Reincke, U. [1997][13] established that Africa's trade barriers are three times those of the fast growing exporters, more restrictive and therefore partly responsible for the slow growth.

Notwithstanding, the power of the free trade argument, protectionist policies are far from being dismissed. Protectionism can be legitimised in the following situations:

- Protecting infant industries. There is general consensus on the need to protect infant industries provided the measures are temporary and industries being protected have real potential to become competitive internationally.

- Retaliating to protectionism in other markets. An important assumption necessary for free trade to generate benefits is that other countries will open up their markets because no matter how liberal a country's trade regime may be, if trading partners maintain import controls then benefits from free trade will be minimum[14]. Thus, when major trading partners do not abandon self-sufficiency then a country might as well pursue protectionist policies. However, a number of studies have concluded that trade liberalisation is a good policy even if it is taken unilaterally in a non-precipitous manner and with correct sequencing.[15]

- Anti-dumping. Protection measures invoked to address dumping are generally acceptable world-wide. However, evidence of price discrimination, subsidies, predatory pricing and other interventions facilitating dumping is necessary.

- Sanitary Phytosanitary [SPS] measures and technical barriers to trade [TBT]. SPS measures are desirable for protecting human or animal life or health from food – borne risks, humans from animal and plant carried diseases, plants and pests from pests or diseases while TBT measures set a regulatory framework for regulations, standards, testing and certification procedures as well as measures to protect human health or safety, animal or plant health as long as they are not used as trade protection instruments

- Environmental measures. Importation controls designed with the objective of controlling environmental damage and promoting sustainable exploitation of natural resources are generally considered world wide as justifiable

- Negative protection. This occurs when imported inputs bear higher duties than imports of competing finished goods. In such cases it is important to reverse the pattern by imposing higher duties on imported finished goods in order to promote competitiveness of local industry.

The above measures are acceptable protectionist instruments within the WTO agreements and if a country applies any one of them justifiably, breach of WTO provisions is unlikely. Notwithstanding, protectionism has serious costs. Importation barriers affect the performance of tradable and non-tradable sectors because these raise the local producer's and exporter's cost relative to cost of overseas competitors while in the domestic economy it has the effect of increasing the domestic resource costs of labour and capital. Further importation restrictions result in overvalued exchange rate and penalise tradable sector in relation to the non-tradable sectors.

5, Types of Importation Constraints and Recommendations For Reducing/Eliminating

5.1 Is Ghana's Importation Regime Really Liberal?

The importation regime in Ghana is marred by several subtle import controls, which directly reduce the advantages of low tariffs and militate against the various incentives to promote industrial and export competitiveness and attract investments from abroad. Using mainly raw data provided in the AGI Database Update Study[16], supplemented with our own interviews with key imported inputs dependent firms, representatives of government and private sector organisation and researchers we were able to document **22 different forms of importation controls**. This list includes;

1 customs procedure and delays
2 inspection delays
3 application of exemptions and concessions
4 inconsistency in regulations and laws applying to importation activities
5 processing of duty draw back
6 standards and sanitary and phytosanitary measures [SPS] and environmental measures
7 processing for bonded warehousing
8 cost of financing imports
9 exchange rate and cost of foreign exchange
10 access to foreign exchange
11 establishing letters of credit and guarantees
12 high import duties
13 special tax
14 VAT
15 port charges
16 rules of origin
17 improper handling of cargo
18 pilferage
19 direct controls
20 lack of information
21 transportation and transport costs
22 bribery

The position is much worse because some of these constraints involve several stages and operations such as in customs clearing or SPS measures and standards. **Based on this long list of importation constraints, this paper concludes that contrary to the widely held view that Ghana is 'over-liberalised', the importation regime in Ghana remains much un-liberalised.** Subtle importation constraints have permeated the system significantly reducing benefits from removal of direct controls.

In the following section we look at some of the above importation constraints in more details focusing on the nature, causes, consequences and recommendations to address the problems. First we start by analysing how the various constraints affect different sectors.

5.2 The Sample and analysis of Subsectors Affected

The AGI data set provided a list of responses from firms regarding problems they encounter in importation of inputs. From a sample of 169 firms drawn mainly from Greater Accra and Ashanti regions, 81 of them i.e. 48% reported importation of inputs related problems. According to the data set, 17 different types of importation constraints [see table 2 below] were cited by the 81 firms. A sectoral breakdown of the firms that reported importation problems [see table 1 below] shows that the main sectors affected are textiles, clothing, leather and footwear, pharmaceuticals, chemicals and plastics, metal working and aluminium, food stuffs and food processing, paper, books and articles of printing, wood works and furniture while the least affected are those into plastic manufacturing, alcoholic and tobacco products, electrical and other manufactures[17].

Table 1
Sectoral distribution of firms affected by importation problems

Sectors	Food processing	Alco & tobac.	Wood work & furn.	Paper & print mat.	Textile clothing & footw	Metal work. & Aluminium	Electrical prod.	Chemicals & pharm.	Other mfn	**Total**
No of Firms	9	4	7	9	14	11	7	12	8	**81**
%	11%	5%	8.6%	11%	17%	14%	8.6%	15%	10%	**100 %**

5.3 What is affecting which subsector?

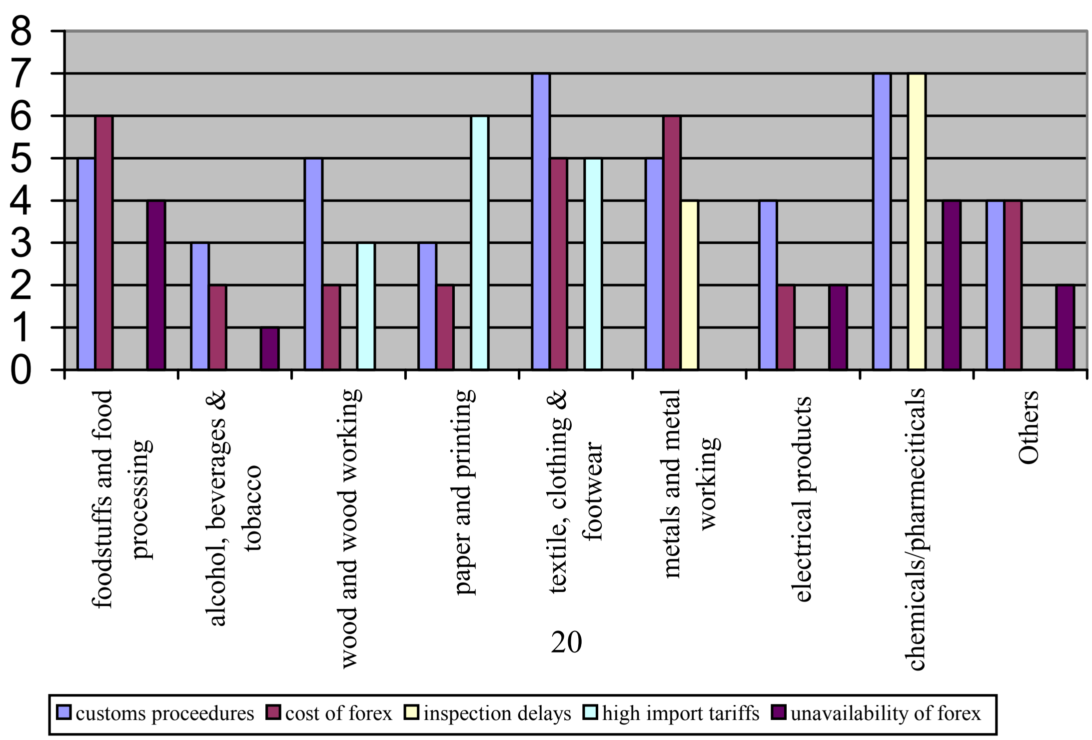
A sub-sectoral analysis reveals interesting patterns of the effects of importation constraints on industrial and agricultural inputs. Figure 1, presents for each of the 9 sub-sectors [food processing, alcohol, beverages and tobacco, chemicals, electrical products, wood and wood working, paper and printing material, textile and clothing and metal working] the three biggest importation constraints. Two major categories of importation constraints can be identified. First group is related to bureaucracy i.e. lengthy customs procedures, inspection delays, application of exemptions and duty drawback while the second group of importation problems are linked to finance and foreign currency namely cost and availability of foreign, high import duties and cost of financing imports. The rest of the importation controls affect the sub sectors differently. For instance, improper handling and transportation costs and infrastructure affect mostly wood products sub-sector while processing of duty draw back is cited as a problem for textile, clothing and wood processing firms. Mostly firms dealing with semi-finished or finished products such as electrical components, timber and food processing cited bribery. Establishing letters of credit and pilferage was cited as a problem only for firms in textile, clothing and pharmaceuticals. Direct controls are a major problem for timber and wood sector while application of exemption are an issue for metals working firms and importers of chemical and pharmaceutical products. A sub-sector breakdown reveals the following;

- ✓ The textile, clothing and food and food processing sub-sectors are facing the highest number of importation constraint identified from the AGI database. Half of the textile and clothing firms in the sample face more than 2 importation problems and a third more than four problems. In food sector because perishable nature of food products firms are forced to offer bribes to officials in order to expedite clearance of imports and to avoid losses. It is interesting to note that the food sub-sector is not affected by factors such as duty drawbacks, processing of bonded warehousing, lack of information on importation, cost of transportation and delays, application of exemption and direct controls.

For tobacco, beverages and alcohol sub-sectors, particular concern are import duties that are prohibitively high as there is a fourth tax in form of excise duty. its major problem is lengthy customs procedures.

The wood and wood working sector faces a specific set of problems such as direct controls on importation of logs, bribery, high transportation costs, processing duty drawback refunds, lack of information on importation, high import duties, lengthy customs procedures and cost of financing imports with the last three being the main problems for the sector. The sector is not affected by import tariffs, establishing letters of credit with bank guarantee, improper handling at ports, processing of documents for warehousing, pilferage at ports and cost of financing imports.

The paper and printing industry is mostly affected by the high import tariff and lengthy customs procedures and not affected by-duty drawback, pilferage of ports, cost of financing imports, lack of information on importation, transportation costs, application for tax exemption and any form of direct controls.



- ✓ For the metals and metal working sector, most of the problems they face are of bureaucratic nature than foreign currency or import duties related. They also have no problem with handling at ports, and pilferage.

- ✓ Electrical components and paper and printing sub-sectors seem to have the least number of problems.

5.4 Forms of importation controls;- The Problem and Recommendations

Table 2

Importation constraints in rank order of frequency

A	INDIRECT CONTRAINTS	**COUNT [No of firms affected]**	**As % of total i.e. 81 firms**
1	Lengthy customs procedures and delays	43	53%
2	Cost of foreign exchange to finance imports [depreciation of cedi]	32	39.5%
3	Inspection delays at ports	29	35%
4	Availability to foreign currency [access]	21	26%
5	Cost of borrowing to finance imports [interest rates]	16	20%
6	Lack of information on importation requirements	8	10%
7	Transportation [costs delays and system]	6	7%
8	Processing of bonded warehouse documents	5	6%
9	Establishing letters of credit	5	6%
10	Bribes to officials	5	6%
11	Processing of duty draw back refunds	4	5%
12	Processing of exemption applications	4	5%
13	Improper handling at ports	3	4%
14	Pilferage at ports	3	4%
15	Inconsistency in application of rules	2	3%
A	DIRECT CONTROLS		
1	High import duties	24	30%
2	VAT outlays	10	12%

Apart from the 17 importation problems listed above we in our interviews documented five other problems such as inconsistency in regulations and laws applying to importation activities, standards and phytosanitary measures and environmental, introduction of special tax, port charges, rules of origin and direct controls. It would appear that these problems are relatively new and therefore could not have been captured in the 1999 AGI survey.

5.4.1 Customs procedure and delays.

Clearing of goods at ports is very cumbersome [involving more than 60 steps as outlined in Annex I] and constitutes the number one problem affecting importation of crucial inputs into manufacturing and agriculture. Lack of 'trust' between CEPS and importers explains the source of customs related delays in clearing goods. Importers allege that even in cases where preshipment inspection is done and a clean report of findings [CRFs] available, the CEPC may still demand that they carry out own inspection because of lack of 'trust'. Disparities frequently arise in determining the value when customs refuse to accept invoice values on suspicion of under-invoicing or under-declaration by importers. It has also been established that apart from CEPS several other organisations are responsible for delays in clearing of goods[18]. Below we provide a synopsis of the nature of delays in clearing and forwarding of goods and organisations responsible for such delays.

CEPS
- too many checks as outlined in Annex I
- indifference to problems of private sector and wrong attitude to private sector
- lack of proper supervision and unclear assignment
- inadequate remuneration and incentives
- absence of officers from posts

Ministry of trade and Industry
- application for exemptions

Internal revenue service
- Acquisition of Tax Clearance Certificate to clear goods
- Processing for tax clearance

Pre-shipment and Destination inspection agencies

- delay in receipt of Clean Report of Findings [for pre-shipment inspection] recently replaced by FCDV for destination inspection
- breakdown of the scanner brought in for destination inspection
- physical inspection that involves opening containers

Shipping Companies
- delay in submission of manifest
- discrepancies between Bills of lading and the Manifests
- Delay in the release of delivery orders by some firms
- Difficult in locating port staff on clearing
- Delay in sorting and unstuffing of group containers

Ghana Ports and Harbours Authority [GPHA]
- Inadequate equipment to handle goods e.g. fork lifts
- Impaired access to goods at Container freight Station as a result of stacking problems
- Delays in assessing of handling charges, rent, etc

- Interception and re-examination of goods already cleared by CEPS

Banks [SSB]

- One bank SSB handles all payments
- Payments by cash instead of cheque
- Few tellers to serve customers

Clearing agents

- Inaccurate completion of forms
- Late submission of forms

Consolidators

- Late submission of 'breakdowns' to support manifests
- incompetence
- Difficulties in locating offices of Consolidators

In view of these many steps in importation, Ghana's trade regime cannot be qualified as 'over liberalised' but rather as 'un-liberalised'. In general, customs clearing problems stem from lack of serious supervision of officers, indifference by officials to private sector concerns, inadequate remuneration, absence of incentives and dispersed location of relevant offices and organisations, obsession by government to generate revenue, wrong priorities and many documentation and lack of 'trust'.

According to the Minister of Trade and Industry, problems related to customs clearing and forwarding will soon be a thing of the past. An advanced electronic data processing system that will create a pool of information for all the above organisations is being installed and when in full operation the system will **enable clearing of goods in 45 minutes**[19]. The system is expected to enhance the Gateway project and other initiatives to promote trade and investment.

Recommendations.

A number of proposals to address the above problems have been made. However, in view of the proposed installation of the electronic data processing system some may be superfluous. Notwithstanding, some of these proposals remain valid and these include;

- Training of CEPS officers with a view of enhancing productivity
- Adoption and use of bench marking by CEPS
- Drawing up a business plan for CEPS and a customer focused approach by CEPS
- Reduce occasional meetings between the Commissioner and CEPS officials during working hours.
- Change work attitudes of CEPS officers with the intention of playing facilitative than preventive roles
- With use of X-ray machines, random sample inspection should replace current system of inspection which is cumbersome yet not water tight
- Continuos job evaluation exercise at CEPS to reduce duplication, redundancy and inefficiency,
- Reduce number of organisations involved in the customs clearance pipeline

'Trust' is the cornerstone to solving customs related importation problems. CEPS should understand that delays only make their own Ghanaian firms non-competitive and that around the world customs services are being geared towards improving competitiveness of domestic industry. The US for instance, with all the problems of drug trafficking facing it along its boarders with Mexico has introduced a random inspection method allowing for faster movement of goods. Lengthy delays, unclear regulations, untrained personnel, general inefficiency can compound the export lead strategy and achievement of Vision 2020 targets.

5.4.2 Delays in inspection.

Inspection of goods is a serious problem for 29 firms i.e. 35% of the 81 firms that reported importation problems. These firms identified the most common problems as recognition of pre-shipment inspection certificates, introduction of destination inspection, delay in inspection at ports i.e. postponements of inspection, documentation, locating officers for inspection and bribery. One firm was bitter about the way officers solicit bribes during inspection, "we pay our charges alright but apart from the charges they request for bribes before they start offloading or loading". Further, while provision of pre-shipment inspection was in place, CEPS in some cases did not recognise pre-inspection certificates and demand to do own inspection resulting in delays and extra costs. In one case for example, it took over 6 months for one firm to clear with CEPS its concentrated imported equipment valued at over ½ million dollars from Germany despite having a pre-shipment inspection certificate from an organisation that CEPS itself authorised to undertaken the pre-shipment inspection.

To address problems related to inspection delays and following extensive consultations among stakeholders, destination inspection was introduced in June 1999 and a Bill to this effect is already being prepared for passing in Parliament. A mobile x-ray machine [the first of its kind in Africa] to expedite destination inspection was brought in from France and installed at Tema port [the largest seaport in Ghana]. However, the scanner was reported broken down forcing the Gateway Services Ltd to turn back to physical examination methods[20]. This has implications for the Computer Risk Management [CRM] scheme that involves 3 stages namely; the scanner, CEPS procedures and GSTV. Originally, it was expected that with destination inspection, the period of customs clearance will be reduced to 48 hours.

Recommendations

- The installation of advanced electronic data processing system that will create a pool of information for all the above organisations enabling clearing of goods in 45 minutes as the Minister of Trade and Industry mentioned should be sufficient to resolve problems related to inspection delays.
- Need to install both fixed and mobile scanners and ensure back up services in case of breakdowns.

5.4.3 Exemptions and concessions.

Due to lack of clarity about who should get duty exemptions/concessions and who should not and lengthy bureaucratic procedures, exemption related incentives fail to accomplish their intended goal. The problem cited by importers is arbitrariness in provision of exemptions and concessions given by the Commissioner. The problem really lies in the law because the Commissioner has too many discretionary powers. According to the Customs and Excise law, Sect II [1], **the Commissioner MAY grant exemptions from customs duty for specified imports in respect of approved projects in manufacturing** meaning that the criteria required to qualify is not very clear leading to unfair and uneven application of exemptions. The problem lies in the word **MAY** that gives discretionary powers**.** Deserving importers end up paying duty while undeserving ones get exemptions. Three of the 81 firms cited lengthy and cumbersome procedures in processing of exemption applications as serious problems, which reduce the importance of any concessions.

Further, exemptions represent substantial costs in terms of revenue forgone. The duty rate applied on imports is sometimes at the discretion of the customs officer. Using 1997 import data for Ghana, a World Bank study[21] by Gracia, R. A., Pellechio, A. and Crego, A., [1999 pp .35] put the total tax revenue foregone to exemptions at 52% of total revenue and established that Ghana's average statutory import duty rate was 7% while the effective rate was 3.7% due to the disparity to the system of exemptions. A recent and more detailed study of 1999 imports and tax collection by Goodwin, J ……..[2000] [22] found that duty exempted imports accounted for C2.2 trillion, or 27% of total reported imports of C8.1 trillion in 1999. They also identified missing statutory tariffs for more than 400-HS codes leading them to question the soundness of the customs duty collection system. "How is it customs official are able to get around statutory rates embedded in the ASYCUDA system"?. The study concludes that if rates are so high as to provide importers incentive to bribe Customs officials and in the absence of statutory tariffs of some HS codes then the system is susceptible to abuse.

Free Zone firms face a different set of exemptions related problems. First, the cost of application forms e.g. C. 9 form alone is [US $25.00] and this amount is paid for each import consignment. Second, the policy that requires an importer to apply for duty exemption on a case by case basis is frustrating, time wasting, costly and unproductive. This is particularly affecting firms that for various reasons have to stagger their imports or split imports into separate consignments. Modern competitive systems of supply chain management often call for smaller and frequent consignments e.g. just in time systems.

Recommendations

- Tighten up the wording of the Customs and Excise Law Act to remove discretion. Replace the word **MAY** with **SHOULD**
- A clear specification of circumstances/situation when a firm is eligible for exemptions is required.
- Remove all goods for commercial purposes currently qualifying for exemptions and put them under zero duty which removes the need for applying for exemptions

- Speeding up of application for exemption because delays have the effect of reducing advantages conferred by exemptions
- CEPS service should not be assessed solely on the basis of level of revenue generated through customs but by efficiency criteria.
- Instead of issuing an exemption permit per consignment, annual permits should be introduced for reputable firms and for those that pass a vetting process.

5.4.4 Inconsistency in regulations and laws.

Discrepancy in laws, rules and regulations is also responsible for some of the problems faced by importers. For example, laws, rules and regulations designed to promote foreign investments [GIPC investment incentives][23], value addition, exports and to meet growth targets are not necessarily harmonised with those applied by CEPS and immigration. As a result and in a number of cases duty, concessions provided by GIPC to new investors do not necessarily or automatically mean the CEPS will grant such concessions to the investor. A good illustration of this is captured in the following example given by PEF[24] *"…For the past 8 months, 6 electronic companies have had their imported semi-knocked down [SKD] parts held up by CEPS because they do not consider them intermediate goods. Even with the involvement of GIPC, Board of CEPS and the vice president's office who have all come to same conclusion to allow the plants to operate as duly authorised, the CEPS Commissioner has continued to detain the goods unilaterally …"* Another example of inconsistency of regulations is the duplication of functions between Ghana Standards Board [GSB] and Food and Drugs Board [FDB]. Because of the inconsistency in the laws both GSB and FDB are empowered to certify, regulate and enforce standards and SPS measures which has caused confusion and frustration among firms. Further government departments end up undermining each other's authority, duplicating functions and in the process frustrating investors and importers. Bureaucracy feeds and thrives on inconsistent laws because this allows it to slow the pace and earn 'rent'.

Recommendations

- Undertaking a serious exercise to identify those sections of various laws in conflict and harmonise them in view of the overall objective and Vision 2020.
- Replace those officers with inclination towards stalling, renting seeking with new generation of business oriented officers
- Priorities need to be redefined particularly government revenue collection vis-à-vis private sector promotion and growth. Both can be done efficiently because good business performance and economic growth are necessary for more government revenue generation.

5.4.5 Processing of duty draw back refunds.

The duty draw back scheme in Ghana has certainly failed to achieve its intended objectives of stimulating exports. Initially, the system was intended to promote exports and stimulate value addition for exports by allowing producers who export their output to apply for reimbursement of tariffs paid on imported inputs used to produce exports. Importers [5 of the 81 firms in the AGI sample] reported very serious duty draw back related problems such as; non reimbursement or very long delays [25]in getting reimbursed which given the high cost of borrowing and credit squeeze is threatening viability. There are 3 main problems with the system;

- Lack of 'trust' which explains the requirement that duty has to be collected on entry from everyone even from reputable exporters and second, government is mainly concerned with meeting its revenue collection targets to finance its operations.
- The scheme operates on a case–by-case basis and requires firms to submit applications based on detailed, auditable evidence that duty was actually paid, inputs were actually used and exports actually took place, Nuakoh, A. B., Jebuni, C. D., Oduro, D. A. and Asante, Y. [1996][26]
- The other problem arises when imported inputs are not directly used by the importing firm. [Stryker, J. D. and Shaw, C. 1994, pp. 26].[27] To cut transactions costs and become internationally competitive it is important for firms to concentrate on core business than to involve themselves in direct importation of inputs solely to be eligible for duty draw back.

Recommendations

The duty draw back system constitutes a significant disincentive to exporters because it takes too long to get reimbursements. Three alternatives premised on 'trust' can be pursued to resolve the problem.

- To allow companies that fail by the deadline to get duty reimbursement to offset these against their tax liabilities by an equivalent amount. This can be through crediting duty drawbacks against VAT collection. The rationale is that government already has custody of funds from such companies or has no funds towards reimbursement, withholding an equivalent amount in tax payments would assist firms resolve working capital constrains while not prejudicing government of income. Proper trigger and reporting mechanisms and government auditing [where there is suspicion] would need to be put in place.
- A complete review of the whole system with a view to reduce processing of reimbursement time. This will require that deadlines are respected and when they are breached then authorities should automatically reimburse without further delay.
- Removal of the system, allow on the basis of guarantees [trust] firms to import inputs for further processing into exports without paying duty up-front. There are several forms of guarantees that could be used.
- Ideally, duty draw back should apply to firms that directly and indirectly use imported inputs for exports.

5.4.6 Import duties

Ghana's import duties[28] regarded as relatively low by African standards are considered a constraint to importation of inputs by 30% of the 81 firms. Duties affect particularly alcohol and tobacco products, clothing textile and footwear manufactures. For firms importing alcoholic and tobacco products, over and above the duty, VAT, special tax, this sector faces a fourth tax in the form of excise duty whose current levels are 140% for cigarettes, unprocessed tobacco 10%, beer – 50 % and mineral water – 20%.[29] The major complaint from textile importers is the relatively high duty on imported fabric 20% plus VAT that recently rose from 10% to 12.5%. For clothing imports, there is an additional 20% special tax recently introduced, which covers other imports as well. Tax calculation on compound basis and c.i.f. valuation of imports further increases the tax burden upon importers of inputs.

In Ghana, like in many other countries, there is an inherent conflict between importers and customs authorities regarding valuation of imports for customs purposes. Importers are naturally inclined towards declaring low import values to minimise amount of duty payable while customs officials have a tendency to inflate import values in order to collect more duty. When conflicts about value of imports arise, the Commissioner declares the notorious 'Commissioner's value' that importers obviously dispute. Disagreement regarding values of dutiable products stems from lack of 'trust' between the CEPS and private sector and the preoccupation of CEPS to generate revenue. A suspicious value lends itself to CEPS expectation of fraud and creates an opportunity for generating more revenue using the window of 'Commissioners value'. The difference between scheduled tariff rates and actual tariffs collections is high is Ghana due to evasion, under valuation, special regimes and misclassifications particularly in high –tariff items.[30]

Recommendations

- New study on effective rate of protection to take account of the new tariff review is needed
- In case of customs valuation disputes, WTO valuation criteria must be used settle the problem
- Need for 'trust' depending on the track record of the firms

5.4.7 Special tax

The introduction of a special tax on luxury finished goods and some other products is aimed at protecting local firms. Industry through AGI [31]lobbied government to introduce the tax yet some sections of the private sector are not happy with the tax for 2 reasons. First it is viewed as a policy reversal because some of the burden from the special tax can turn into a tax on inputs as the determination of what is an input or finished good is not clear. If a fridge, air conditioner, or SKD parts used as inputs can be counted by the Commissioner as finished goods, a 20% specific tax turns into an input tax, which affects export competitiveness. Second, there was no consultation with those it affected. Some had placed import orders on the bases of past rates and now suddenly find themselves with high special tariff related bills that may push them out of business. Clothing and textile sub-sector has been affected seriously by the special tax mainly because most inputs are sourced from outside.

Recommendations.

- To avoid undue punishment of manufacturers who had placed import orders before the introduction of the special tax, government may consider applying the old tax if the order was placed prior to the announcement of the new tax.

5.4.7 VAT

The introduction of VAT has been welcome and regarded smooth and easy to calculate at the initial 10% rate. However, three problems cause some disquiet to firms namely

(a) on importation of raw material that are not VAT exempt. Firms using imported raw materials that are not VAT exempt while final products are VAT exempt notably producers of agricultural implements, drugs and books are put at a competitive disadvantage since they pay VAT on imports but they do not have opportunity to offset this because they do not prepare VAT returns.

(b) up-front locking up of working capital in VAT. When charged on some semi-processed raw materials such as cotton lint, which is a raw material for textile firms, VAT locks up working capital up-front. In cases where VAT refunds [32]take longer than necessary working capital situation for firms deteriorates.

(c) Another problem for manufacturers is the recent directive [SMCD 5 as amended] by the Inland Revenue Service [IRS] which enjoins all producers, distributors, manufacturers and importers of any product to inspect and retain copies of valid tax clearance certificates of customers before making sales in commercial quantities. This directive has the effect of turning away potential customers and reducing already sluggish sales and imposing another administrative burden onto firms.

Recommendations.

- Zero rating of VAT on inputs whose final products are VAT exempt so that the producers will not have to bear the burden of VAT
- Instead of asking firms to check on behalf of IRS whether clients have valid tax clearance certificates, the IRS should find own means and resources to collect tax due to it.

5.4.8 Port Charges

Long procedure in clearing goods has inevitably lead to various forms of port charges that an importer has to meet. **Apart from duties, VAT and in some cases special tax, importers meet <u>10 various types of port related charges.</u>**

⇒ First, there is an inspection fee (1%) of the CIF value.
⇒ Second, an ECOWAS Development Levy (EDL)-0.5% of the CIF value applied to all imports.
⇒ Third, payment related to documents that should be bought i.e. Bill of Entry from CEPS ¢50,000.00 per set of 5,
⇒ Shipment Notification Form from Ghana Shippers Council @ ¢3,000.00 plus annual registration fees,
⇒ Import Declaration Form (IDF) from Ministry of Trade & Industry @ ¢5,000.00
⇒ Delivery Order from Shipping Agent @ ¢1,000.00 +VAT = ¢1,250.00.
⇒ Payments to shipping agents for demurrage if any.
⇒ Ghana Ports & Harbours Authority also come in collecting port fees and rent.
⇒ Further, importers who use clearing agents pay agency fees and other operational charges, sometimes very high but negotiable.

⇒ Last, but not least expensive are incidental/appreciation expenses i.e. payments made in the course of documentation, to kind of 'speed up' the process. Bribing may be necessary for at least 10 persons, with payments ranging from ¢200,000.00 to ¢1,000,000.00 per consignment.

Of all the various port charges importers were particularly concerned with fees to clearing agents who allegedly rip off clients. The problem lies in that there are three associations of clearing agents charging different fees for clearing services. Demurrage is also a factor given the delays in offloading and clearing goods. Level of port charges also depends on the nature of imports. For example, in the case of fertiliser that is considered hazardous, port charges are high and no storage is available in the port such as is available for 'normal' cargo. For those importers that want to stagger imports over a long period port charges become a serious problem.

Recommendations

- Reduce the process/ stages in clearing goods
- Replace the various types of documentation required by one or two documents at most that will contain all data requirements for the various parties. The notification to GSC can easily be removed and GSC can get information from the IDF.
- Bribing is costly to the nation and should be seriously punishable irrespective of size.

5.4.9 Standards, sanitary and phytosanitary [SPS] and environmental measures.

Perhaps one of the greatest threats for importers as well as exporters are qualitative controls in the form of standards, sanitary and phytosanitary [SPS] measures and technical barriers to trade [TBT] that have tended to replace direct and quantitative constraints in a number of countries. On one hand, SPS measures are desirable for protecting human or animal life or health from food–borne risks, humans from animal and plant carried diseases, plants and pests from pests or diseases while TBT measures set a regulatory framework for regulations, standards, testing and certification procedures as well as measures to protect human health or safety, animal or plant health. On the other hand, SPS and TBT regulations and standards in wrong hands can be powerful tools to impede international trade and protect domestic producers through unjustified requirements in different markets, unnecessary costly and time consuming testing, and duplicative conformity.

Fortunately, in Ghana, SPS and TBT are not perceived as serious barriers to importation and general firm operations. According to Ghana Standards Board [GSB][33], importers do not see the relevance of standards and SPS enforcement since it is believed that foreign goods are superior. To the contrary, a major concern for firms regards various inspection requirements on local products but not applied to imports. For instance, local textile products are required to meet certain standards regarding width of cloth yet no similar standards are enforced on imported fabric. There are several cases of false labelling importation of clones, fakes and imitations. Further, small-scale firms expostulate charges for certification as high [200 000 cedis half yearly] compared to 350 000 cedis annually for large firms a difference explained by the absence of proper systems within small scale firms to expedite standards testing.

Ghana Standards Board [which is ISO 9000 certified] as well as Food and Drugs Board [FDB], both charged with the responsibility of enforcing SPS and TBT measures, have posts at the ports to enforce standards and sanitary requirements on 'high risk goods' [food, drugs, plastics]. To enforce these measures they rely on reports by the public and random inspection. On average it takes 7 days to finish a standards or SPS test from the day a sample is submitted to GSB laboratories which is too long for firms especially when the product is perishable. They use in most cases international standards on both imports and exports which has facilitated and ensured exportation of fish to the EU were SPS measures are strict. However, there are problems of duplication of functions between standardisation institutions [GSB and FDB] over certification of imported and locally produced drugs, cosmetics food and other products[34]. Because of the inconsistency in the laws both GSB and FDB are empowered to certify, regulate and enforce standards and SPS measures which has caused confusion and frustration among firms.

Measures put in place to control imports based on environmental considerations are not a problem so far in Ghana notwithstanding the general acceptance of such measures world over. In Ghana the EPA which is responsible for administering environmental measures has been active in enforcing environmental measures on local industry more than on imports. Environmental Protection Agency [EPA] warns against indiscriminate application of pesticides as this can be hazardous for crops, humans, wildlife and the environment. In fact, dealers in pesticides are warned against sale of unregistered pesticides unless the pesticides have been registered with EPA[35]. For example, The FPIB has a system of issuing licenses to timber firms for felling logs so as to ensure that wood is coming from sustainable forests and protect the environment.

Recommendations

- To remove duplication of functions the laws should be rationalised to allow rationalisation of all standards related institutions. It is recommended to have one institution with overall responsibility and then specialised semi –autonomous branches with responsibilities for the various issues [SPS, TBT for food, drugs, chemicals cosmetics etc] but all being answerable to the overall body
- There is need to remove discrepancies on application of standards. If local goods are subjected to standards them imports should be of equal standards
- Use of SPS measures and standards should not exceed the genuine concerns of protecting animal, human and plant health.
- Standards and SPS bodies must make themselves relevant for firms by providing necessary information to assist firm operations.

5.4.10 Processing for bonded warehousing.

The bonded warehousing scheme was designed to allow manufacturers through a licence from customs to hold imported raw materials intended for manufacturing for exports in secured places without paying duty up-front. The system while providing relief to firms has however turned into a nightmare for some that want to use it. Five firms i.e. 6% of the 81 firms cited serious problems with processing of documentation [delays, several checks and sometimes rejection] for bonded warehousing. Firms also have to consider the cost of warehousing in view of the high interest rates vis'a'vis the payment of duty under the duty draw back system. Further, government has changed the rules regarding the exchange rate applicable to goods held in bonded warehouse. Previously in order to calculate duty, the rate on the date goods are placed in bonded warehousing was used when goods are removed from bonded warehousing but now they use the exchange rate prevailing on the date goods are removed from the warehouse. This means that firms are having to pump out more cedis given the depreciation of the local currency. In addition, for goods, which are placed in Customs Bonded Warehouses outside the harbour, an escort fee of ¢50,000.00 is payable to the Customs official who accompanies the goods to ensure their placement in the warehouse. No receipt is issued against this payment.

Recommendations

- The payment of an escort fee of ¢50,000.00 to a Customs official who accompanies goods to bonded warehouses outside the harbour area should be reviewed because most of the bonded warehouse should not necessary be within the harbour area after all. This payment should also be formalised and receipts issued for accounting purposes.
- Reduce to a minimum paperwork for bonding and expedite shipment of all relevant goods and information.

5.4.11 Depreciation of local currency [exchange rate policies]

This problem is not central issue for this report but since it featured among the most frequent problem we will comment briefly. The rapid depreciation of the local currency has affected imported inputs dependent firms, traders and the general public seriously. From the sample of firms that reported importation problems, cost of foreign currency ranked the second most frequent importation constrain [40% of the 81 firms] behind customs procedures and delays. Within 12 month from July 1999 to July 2000, the cedi depreciated more than 150% from ¢2350 per US$ to ¢6500 per US$. For industry, rapid depreciation of the cedi is affecting planning and pricing policies. A leading wholesale firm had this to say. "We are unable because of depreciation to use proceeds from sales of imported products to make payments for the next consignment and therefore have stopped giving quotations valid for one month and are considering to quote our prices in US $". Apart from the need for more cedis to settle new import orders, depreciation of the cedi has increased tax liabilities [i.e. duty, special tax, VAT] on imports.

Analysis of the recent shifts in real exchange rate [RER] would need to be carried out to determine whether the cedi has really depreciated to correct the anti-export bias. **A nominal**

depreciation of cedi is not necessarily followed by depreciation of RER, necessary to stimulate domestic production of exportables and import substitutes as export activities become profitable. Yahya Kassim and Fynn George [1998] found out that nominal depreciation of the cedi failed to keep up with inflation rate. Appreciation of RER implies that imports become cheaper and production of non-tradables profitable attractive while income to exporters is eroded and export business turns less competitiveness. It should also be noted that tightening of import constraints represent increased taxation of exports, contribute to currency overvaluation and to reduced potential of exporting business, Nuakoh, A. B., Jebuni, C., Oduro, A., and Asante, Y. [1996][36]

Recommendations

- Urgently do an analysis of the recent shifts in real exchange rate [RER] to determine whether the cedi has really depreciated to correct the anti-export bias.
- To stabilise the exchange rate government must get fundamentals right[37] in particular it must put inflation firmly under control.
- Balancing the central government budget and reduce government borrowing on money market
- The central bank should not intervene in trying to stabilise the cedi by putting good money on bad money as this leads to overvaluation of the cedi and erodes export competitiveness

5.4.12 Availability of foreign exchange,

In many developing countries availability to foreign currency is a constant threat and serious problem for importation. According to the Private Enterprise Foundation [PEF], non-availability of adequate foreign exchange is creating difficulties to the business community and panic to the general population[38]. PEF argues that the negative balance of trade is a big problem because in Ghana the majority of players in the market for foreign currency are importers vis-à-vis lack of a critical number of exporters and high value exportables[39]. Because of panic and depending on urgency of the transaction some firms are prepared to pay a high rate and rely on foreign exchange bureaux than solely on commercial banks. Contrary to reported shortages of both cedis and foreign currency, the Bank of Ghana recently assured the public and industry through the press that there are enough cedis and foreign currency. In fact, the issue of availability of foreign currency is related to the cost of it. For importers foreign currency is not available if its price is too high and unacceptable to them.

Recommendation

- ✓ Government should stop intervening in the foreign exchange market

5.4.13 Establishing L/Cs,

The range of credit instruments available to importers is a very important variable of importation business as it shows how well positioned are importers of inputs to compete both domestically and in the international market. In Ghana, and other SSA were credits markets are not well developed and banks are not willing to take risk importers particularly face serious problems to raise letters of credit compared to exporters. Naturally, availability of letters of credit [L/C] or their equivalents were reported a major problem by 5 of the 81 firms in our sample. The difficult is establishing L/Cs is related to financial standing and reputation of the firm, cost of finance, availability of foreign currency. Banks would not open a L/C for a firm likely to default. However, the subject of L/Cs is not subject of this report.

5.4.14 Cost of financing imports.

The increase in interest rate to 50% in August 2000 has seriously increased the cost of borrowing and has become the principal problem facing industry in Ghana. From the AGI data base 26% of the 81 firms reported the cost of bank money as a main problem in importation of agricultural and industrial inputs. Real interest rates are encouraging a shift of investable funds from productive capital investments to the financial markets where returns are attractive and secure thus penalising productive sectors. Treasury bills due to their yield, liquidity and security have become attractive investments to banks compared to lending to private sector for importation. Table 3 below shows an increasing trend in government borrowing and crowding out of the private sector.

Table 3
Distribution of credit

Year	Share of Government	Share of Public institutions	Share of Private sector Total	Totals
1997	39.3%	6.4%	54.3%	100%
1998	56.9%	4.5%	38.6%	100%
1999	53.9%	7.6%	38.5%	100%

Source; 'Private Enterprise Foundation's position on the economy'. High Street Journal. 21, August 2000. Accra.

On the other hand, firms due to low margins, intense competition and rapid depreciation of cedi find it impossible to service a 50% interest rate loan incurred towards importation of inputs. There is a double blow for those firms that incurred debts to finance imports before the rapid depreciation of cedi and the increase in interest rates because now they have to meet new and higher commitments. Most loan agreements require paying back at current rates. The system of credit and foreign exchange rate management are interdependent and reinforcing[40].

5.4.15 Rules of origin.

Rules of origin did not feature in the AGI survey as a problem for importers perhaps because firms do not know how these rules are being applied to their imports. For this reason and in view of the ECOWAS trade integration, it may be necessary to provide a brief explanation. Rules of origin and cumulation provisions are an important feature of ECOWAS trade agreement to ensure that third parties do not enjoy preferences that member states confer to each other's goods. Specifically, rules of origin are required to control inflow of third party goods into a high tariff member state via a low tariff member. Common criteria used to confer origin status to imports include value addition thresholds and local ownership of the exporting firm. Too apply rules origin, Ghanaian authorities or those firms affected would have to know the ownership status of exporting firm and levels of value addition on the commodity in question.

According to the Director of AGI[41], the issue of rules of origin is rather complex because they can either serve as valuable instruments for industrialisation and enhancing value addition on products or as hidden importation controls. Where objective criteria for conferring origin status is used, rules of origin can promote regional industrialisation and trade integration by stimulating value addition in member states. In wrong hands, rules of origin can be a very effective and hidden tool for protection. Generally, they play a role in the application of laws concerning marking, labelling and false or misleading advertisements, in duty and drawback provisions, government procurement, quantitative restrictions, prohibited imports, trade embargoes and services. They are also used to an increasingly higher degree to enforce anti-dumping actions.

Strict rules of origin can act as a disincentive to new foreign direct investment [FDI] and a particular case relates to Ghana tuna exports to the EU which failed to meet the origin status because the exporting company [Heinz Foods] is America and not from African Caribbean and Pacific [ACP] region[42]. In such a case, application of Lome rules of origin effectively limits Ghana's access to Lome preferences as well as discourages fresh FDI in tuna export oriented business. Further, the differential rate conferred through rules of origin can be abused seriously if there is room for discretionary evaluation for customs. For example, imports that pass the rules of origin test and qualify for preferential treatment can at the discretion of the customs officials be regarded otherwise increasing the duty burden for the importer and therefore the incentive to offer a bride. Rules of origin also confer a huge burden on those who have to administer them. Modern manufacturing processes are so complex that they typically involve inputs from around the world and it is the duty of CEPS officials to check whether a product originates in ECOWAS members (duty free) or China, South Africa etc (not duty free). The rules are usually complex and detailed. For instance ECOWAS, rules of origin are contained in a separate protocol and they are different to both the generalised system of preferences [GSP] and the Lomé rules of origin, adding an additional level of complexity for those having to administer or negotiate their way around them. Since no importation problem regarding rules of origin and cumulation provisions no recommendations are given here.

5.4.16 Improper handling

Firms dealing in fragile products from abroad have complained bitterly of improper handling of cargo between the point of loading onto ship and offloading at firm gate. Cargo is either damaged by shippers or at the port of destination. To establish the point of damage, goods are checked for any breakage at ports of destination during offloading and records are kept. In case of damage, the importer can claim for compensation from the insurers. Ghana Shipping Council usually assists importers in lodging claims for compensation.

Recommendations

- encourage clients to containerise cargo where the scale allows

5.4.17 Pilferage

Transport and transport dependent firms are the main victims of pilferage. According to one firm involved in importation of trucks "On DAF trucks, no matter what you do each time some parts are missing from the trucks and ironically these parts can be bought at ports at ridiculously low prices." Parts that usually are missing from trucks include relays, gear controls, batteries, headlights and sometimes differential system and gear boxes. Some of the parts require certain skills to remove from the vehicles implying that for the security is not tight or it's an inside job. Pilferage is cited by firms as a problem at the airport and at Tema seaport. Firms attribute pilferage to low incomes, bribery, greedy and delays in clearing goods that provide opportunities to those who want to reap where they did not sow. The presence of two security organisations i.e. soldiers and ports security guards at one time undermined tight security as lines of subordination and responsibility were not clear.

Recommendations

- Speed-up clearance process and tighten controls
- Limit access by unauthorised personnel.
- Lines of control, responsibility and subordination regarding security should be clarified and harmonised.

5.4.18 Direct controls

Certain sectors are still affected by direct importation controls on inputs. For example, to encourage use of local timber direct import controls were applied on timber imports until recently. This affected firms that required for their furniture manufacturing a special type of timber not available locally on reliable basis. These controls were responsible for capacity under utilisation in a number of furniture firms. To avoid such import controls, firms have been encouraged to apply for Free Zones status, which allows them to bring in such timber duty free as long as 80% of production is exported. There are good reasons to seek Free Zones status; non-payment of duty, tax exemptions, retention of part of foreign exchange receipts, relaxed labour laws, etc. Ironically movement of firms from domestic economy to EPZ results in less revenue to government. Timber and wood attract the highest duty of 20% plus 12.5% VAT [waived for EPZ firms] so as to discourage imports. A Bill of Parliament is being prepared to allow firms to import the types of timber in short supply. Another area of direct importation controls relate to imported cotton lint, for which textile firms need to apply for permission from Ministry of Trade and Industry justifying importation[43]. Rice importation is a potential target for new direct importation controls a move that seems to have the support of industry, farmers and the Ministry of Agriculture[44]. Another aspect of direct controls which adds to delays is the requirement by the Bank of Ghana that importers should channel all their import documents through their supplier's bankers to the importer's bankers. While the measure seeks to control outflow of foreign exchange it is adding to the delays by about a week according to a leading multinational firm.

Recommendations

- ✓ Direct controls need to be replaced by tariff equivalents

5.4.19 Lack of information,

There are two opposite situations namely lack of information and too many confusing bits of information. Importers complain that there are too many bits and pieces of information and organisations [consulting, private or quasi-public] purporting to work on their behalf or concerned with their problems yet several problems continue to be. As a result, firms lack reliable information on importation problems that confront them. There is information gap relating to customs procedures, documentation and available relief in case of a logjam with CEPS.

Recommendations

- ♦ Use of the internet by firms for accessing business information should be encouraged
- ♦ Formation of Ghana's importers and exporters web site in the Ministries of Trade and Industry and Finance - CEPS that provides necessary information and support to firms.

5.4.20 Transportation and transportation costs.

Transportation is a major problem for firms outside the Greater Accra region. For these firms there are two major mutually reinforcing problems with transportation in Ghana namely the cost, delays and state of the transport infrastructure. Where there are delays, explicit and implicit costs of transportation increase leading to working capital constrains and therefore delays in settling transportation bills and delivery of both exports and imports. Excluding inland transportation and port charges, Ng, F. and Yeats, A., Azita Amjadi, Ulrich Reincke [1997] calculated that freight and insurance payments accounted for 10.6% of Ghana's total imports in 1990. Table 4 below indicates that Ghana's net payment on sea freight was in the 1980s quite high and even higher than some landlocked African countries and developing countries of the Americas and Asia. Sea freight transportation costs still remain high. For instance, to transport a 40 foot load of logs from Douala [Cameroon] to Accra costs over US $1000. The other problem is the state of inland transport structure. Major highway reconstruction, urban road restoration and feeder roads rehabilitation was undertaken yet a vast network of the road system remains in unmaintainable state. Isaac Osei [1999. Pp. 7][45] maintains that in agriculture transport costs account for about 70% of price build –up of many products which indeed erodes export competitiveness. The point is high transportation costs eat into profit margins of the Ghanaian importer or exporter pricing him out of the market. It also means that a large potion of foreign exchange that otherwise could be retained in the country is used for transportation. Further high transportation costs act as disincentive to foreign investors.

Recommendations

- ✓ To provide relief to many of the firms outside Greater Accra government should move faster towards implementing the Inland Ports project which will allow firms to clear their goods at ports nearer to them. The project has been adopted and new push is required to start implementation.
- ✓ To reduce freight costs, importers are better advised to use f.o.b. on paying for imports instead of c.i.f.[46]. Fob requires the exporter to deliver and load goods onto ship. In that case, an importer can engage shipping companies with offices in Ghana for freighting and insurance from the port of the exporter. The advantage is that cost and insurance rates are cheaper, instead of using foreign currency you pay in local currency and its easy to trace your goods from the local agent.
- ✓ Ghana and other African countries need to adopt open sea policies, rationalise shipping vessels turnaround, use low cost tramp services improve and develop coastal feeder services and more importantly improve port services [Bennathan, Escobar and Panagakes 1989[47], and Yeats, A., 1995].
- ✓ Need to improve reliability of deliveries through rehabilitation of idle railway transportation system and improvement of the road network.
- ✓ While Ghana is better than many African countries it should however thrive to reach benchmarks set elsewhere i.e. reducing transaction costs to levels achieved in matured economies.

Table 4

Freight Costs comparison

Country	**Net freight payments as a share of exports [%]**		
	1970	**1980**	**1990**
Cote d'Ivoire	4.8	11.7	7.4
Cameroon	18.2	6.1	0.6
Ghana	**7.2**	**4.6**	**10.6**
Nigeria	6.7	2.8	8.3
Mauritius	10.3	20.3	11.0
Burkina Faso	39.0	48.6	38.1
Zambia	8.9	13.8	12.0
Zimbabwe	4.2	4.2	6.2
Sub-Saharan Africa	**11.0**	**15.0**	**15.0**
Developing Asia	**8.3**	**6.1**	
Developing Americas	**7.2**	**4.9**	**4.9**

Source; Extrapolated from; Ng, F. and Yeats, A., Azita Amjadi, Ulrich Reincke [1997] "Did Domestic Policies Marginalise Africa In International Trade?". Directions in Development World Bank . Wash D.C.

5.4.21 Bribery

Bribery invariably called incidental or appreciation expenses ['ma me bibi' in the native language] is a severe problem and common feature particularly in the importation pipeline. As a matter of fact, there are two types of bribes the first one is a bribe in anticipation of a service and the second one is after the service has been delivered and paid in appreciation and to assure the same in future. Importers complained bitterly about too many officials [cargo, storage, security, customs, and handler agencies] who need to be greased for one to get goods cleared in reasonable time. The amount of a bribe good enough to satisfy officials is important and its level while ever increasing depends on seniority of recipient and value of goods. For a number of firms, the worst outcome is when you pay a bribe and the recipient fails to deliver. This happens quiet often because the recipient has other prior commitments or your bribe is small compared to others. In other words, just giving a bribe is not enough it has to be a good one.

Regarding importation, this study established that the size of bribe related payment for a typical consignment ranges between 200 000 to 1 000 000 cedis. For example, to get a permit for felling trees, typical bribe is about 1,2 million cedis per person [usually 6-10 people involved] and if you offer a low amount in bribe, then you might as well forget about getting the next permit. When we asked the motives of bribing, most firms cited the necessity to speed up processing while a few mentioned chance to get tax exemption and evade tax usually associated with under declarations, manipulation of tax classification, hiding information from CEPS and other deceitful actions that deprive the state of income. Firms consider bribery in Ghana a chronic problem cutting across all economic linkages and transactions. It has become part and parcel of business and it's open and somehow socially acceptable.

Recommendations

- ✓ The solution to bribery can only come from the people of Ghana and not from any government decree or law or the President . It is the people who should make that decision i.e. whether they deserve that value to permeate and spread into all areas or to stop it.
- ✓ Attitude is the problem. Bribery should not be condoned especially when it is a high level.
- ✓ Various incentives should be put in place to reward those who have reputation of not taking bribes yet deliver.
- ✓ Long delays in customs clearing provide the scope for rent seeking and bribery. It is therefore very important to reduce delays due to customs procedures in order to address bribery.

6 CONCLUSIONS AND RECOMMENDATIONS

This study established that most used import barriers currently are indirect forms of non-tariffs barriers that indeed have more negative effects. The list of such barriers is inexhaustible and the transactions costs related to them are considerable. Because of the subtle nature of these barriers, accounting for them and their cost is not an essay exercise. Detailed data that gives costs related to the various importation constrains is absent such that quantitative measurement of the costs of these NTBs could not be done. However, by pulling data from various surveys [the AGI surveys in this case] and supplementing with own interviews we have been able to provide some useful insights into the various importation controls. For each of the importation constraints we examined the nature, causes and consequences and provided suggestions for reducing /removing the controls. However, because of the specificity and large number of these constraints we could not analyse each in greater detail and no single action plan for their reduction or elimination could be appropriate. We therefore recommend that separate detailed studies be carried out for each of the controls.

Notwithstanding, the study makes three major conclusions.

- The importation regime in Ghana remains much un-liberalised due to several subtle importation controls that significantly reduce benefits from removal of direct controls.
- Lack of ‘Trust’ between and among groups [government and private sector] is the major problem cutting across the whole economic system including the importation regime.
- Lack of a clear laid out strategic Trade Policy [TP] is a major weakness limiting effective implementation of imports/exports and economic growth initiatives in Ghana.

Thus, the paper concluded that importation controls at border post are not the real issue but a manifestation of fundamental systemic shortfalls namely, lack of a clear trade policy and of ‘trust among social partners. Based on these conclusions we make the following 2 main recommendations

6.1 Framework for Developing a Strategic Trade Policy.

Ghana like many other African countries lacks a strategic trade policy in which trade objectives, targets, policies and linkages with other macroeconomic [monetary, fiscal industrial] growth and development targets are clearly laid out and linked. Absence of a clearly laid out ‘people-owned’ Trade Policy is the major cause of importation, export promotion and other problems in Ghana. A trade policy for Ghana will provide answers relating to the dilemma regarding liberalisation/protection, interest rate, exchange rate etc. currently confronting the industry, the Ministries of Trade and Industry, Finance and other stakeholders. Such strategic trade policy will among other issues address the following questions;

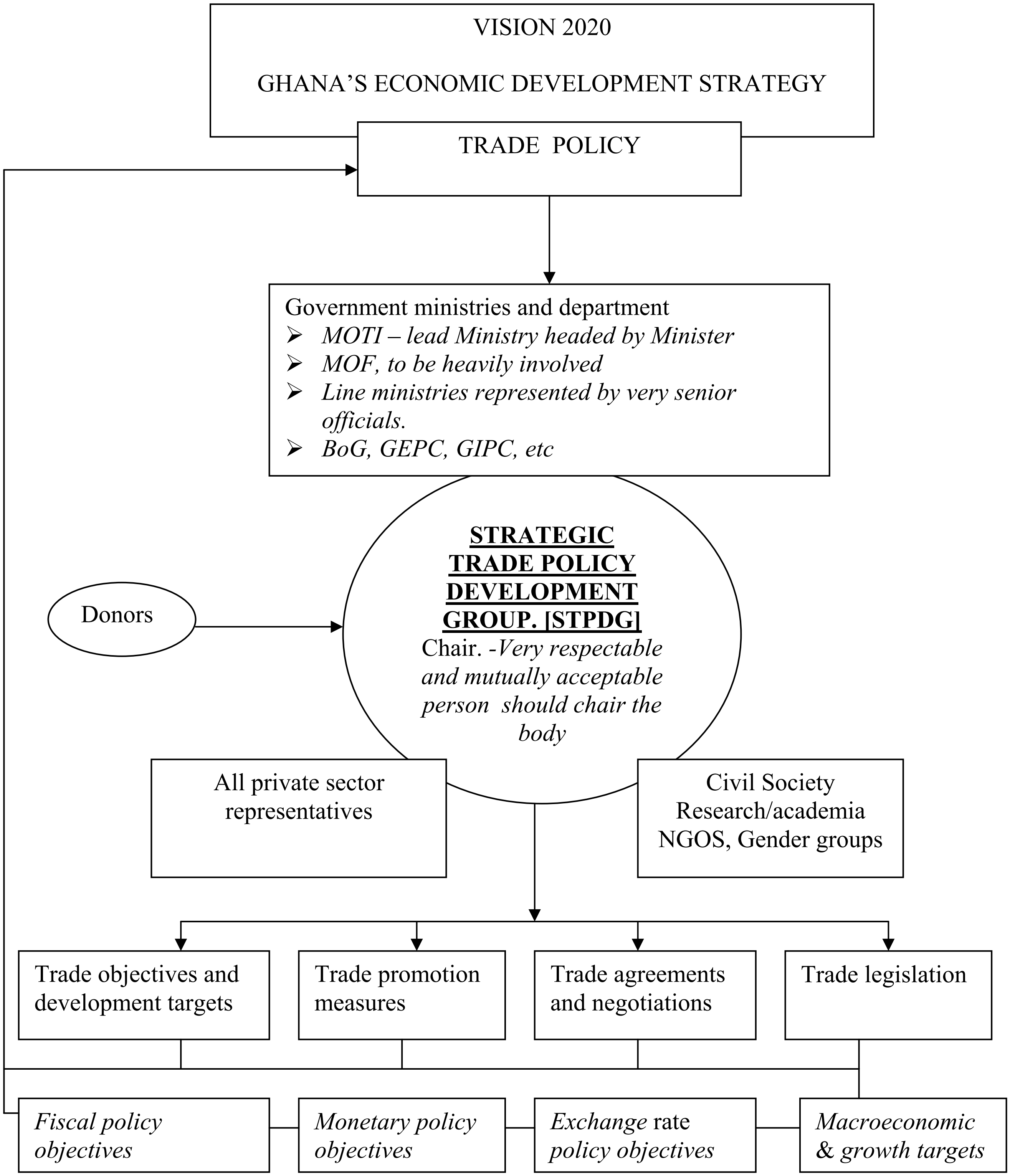
- ✓ how to liberalise and how far can Ghana liberalise,

- ✓ tying trade targets to exchange rate, inflation and interest rates,
- ✓ which sectors should be protected why and for how long,
- ✓ what concessions/ trade off can Ghana safely make within WTO, ACP-EU and ECOWAS,
- ✓ what new trade arrangements/ initiatives should Ghana pursue,
- ✓ what should be the sequencing of liberalisation measures,
- ✓ how to compensate for revenue loses due to liberalisation,
- ✓ export promotion and incentives,
- ✓ addressing supply side constrains that affect trade potential,
- ✓ linkages of various aspects to vision 2020"

A well-crafted trade policy can serve as an important instrument for generating sustainable economic transformation. Elements of such policy are found in major official policy documents and statements especially in the annual state budget but there is not detailed presentation of the policy. What is happening is that trade policy measures come out from annual budget as a surprise to industry. Instead a trade policy framework should be in place such that industry can with certainty plan accordingly make use of incentives, reduce incidence of high taxes, reduce transaction costs and become internationally competitive.

The process towards formulation of the trade policy should be initiated sooner than latter. We suggest the formation of a Strategic Trade Policy Development Group [STPDG] which brings in all interested parties, government ministries led by The Ministries of Trade and Industry and of Finance together with representatives of private sector, civil society and with the support of donors. A very respectable and mutually acceptable person preferably a senior minister and deputised by private sector leader should chair the body. The process should be broad based as far as possible. The Ministry of Trade and Industry should spearhead formulation of STPDG. The process of trade policy formulation can be presented as shown in the figure 2 below.

Figure 2
PROPOSED STRUCTURE OF
STRATEGIC TRADE POLICY DEVELOPMENT GROUP. [STDFG]



6.2 Building of Trust

The central problem in Ghana's economic system particularly as we studied it from the importation regime is lack of 'trust' between groups especially between government and the private sector as well as within groups in this case government departments. Lack of 'trust' is a cross cutting problem and explains the rather complex relationship, delays and mutual accusations existing between agencies that otherwise share the same future. This problem draws its origin from the pre-ERP period when to be a successful business and more over to be a successful exporter you had to be a crook. Within an anti-private sector environment 'being untrustworthy' was just a matter of survival for some businesses and government responded with various measures against 'deceitful businesses'. Profiteering was associated with fraudulent activities and therefore viewed negatively. Government policies were rather designed against profit making and towards 'catching the crook,' finding fault and discouraging. The measures were applied indiscriminately affecting trustworthy and untrustworthy businesses. The situation was so bad. In fact, one of the objectives of the Rawlings led military coup of 1979 was to rid the economy of untrustworthy, corrupt businesses and profiteering. Although the new military government was for a pro-market system, it did not trust business. It inherited and maintained for a while several anti-private private sector rules and regulations notwithstanding a shift in policy in favour of a market based economic system.

The problems of lack of 'trust' and being untrustworthy' continue to exist to date and it is our submission that the existence of various importation constraints[23 documented in this paper] draws from these two fundamental institutions. One of the leading import firms had this to say, 'importers are assumed guilty of all forms of cheating even before inspection and at each point of customs clearing, the officers are looking for faults and how to make you pay". This might explain the name of CEPS i.e. a 'preventive service' instead of a 'facilitative service' as well as the inconsistency between public pronouncements by government of 'private sector as engine of growth' and actions of civil servants and between laws, regulations and rules. There is also lack of 'trust' within some government departments. Quite often decisions given by one institution of government are overturned by another, while heads of departments concentrate all power to authorise applications in themselves without delegating and there is often more than two double checking of each transaction. For example, 5 checking activities are done in processing EPZs imports that are otherwise duty free and over 12 for non-EPZ imports. On the other hand, private business looks at government as the bad guy, insensitive, stumbling blocks, indifferent to their future and therefore withhold information that would assist government in policy making.

Institutions of lack of 'trust' and 'being untrustworthy' are common knowledge to all Ghanaians and have become a norm. Several studies have shown that lack of trust, corruption and lack of transparency work against growth and development. **Thus, Ghanaians need to make that important decision to change the inherent systemic problems of lack of 'trust', transparency, corruption, and 'being untrustworthy'**. Laws, public pronouncements or change of leadership alone do not create trust; accusations and suspicion fuel differences while perceptions guide decisions. Ghanaians as they thrive to achieve the goals they have set themselves **should just start trusting each other**. Government with its instruments and power to punish for abuse of 'trust' and reward for being 'trustworthy' should take the initiative to trust its private sector. Government should not be indifferent to private sector problems and should show willingness to trust its private sector and also become trustworthy. This will unleash massive potential in industry as barriers to doing business in our case importation are removed. It's better to have explicit rules, controls and transparency than to frustrate business. Trust is the first cornerstone of any successful economy.

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equipment and parts thereof and **chapter 98b** – goods admissible at concessionary duty rates when imported by enterprises under GIPC Act 1994. For details see GIPC Act 1994. ACT 478. Incentives in Ghana

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[40] Ndulu, B., And Semboja, J. J [1994]. "Trade and Industrialisation In Tanzania – A Review Of Experience and Issues" In Trade and Industrialisation In Turbulent Times. [Ed] Helleiner, G. K. Routeledge. London

[41] Interview with author.

[42] The ACP-EU Convention provides favourable market access for products from the African, Caribbean and Pacific region into the EU. Specific rules of origin apply for the commodities to qualify for this treatment and one of them is that there must be substantial value addition to the product in the ACP.

[43] There are usually no hassles getting the permission, however captains of industry think that such controls are waste of time since no strict rules apply and no one has been denied a permit.

[44] Owusu Acheampong. Minister Ghana Minister of Food and Agriculture 'Financial Post of July 31 2000

[45] Isaac Osel [1999/11] . 'Multilateral Trading System Impact On National Economy and External Trading Policy Adaptation of Ghana; Report Submitted At The National Symposium/ High Level Seminar Organised For JITAP/ITC/UNCTAD/WTO. Accra. 1999/11.

[46] Cost insurance and freight [C.i.f.] means that exporter is responsible for shipping the goods up to the port of the importing country while free on board [fob] means the exporter only delivers goods to the port in his country and loads them onto ship while the importer is responsible for arranging freight and insurance to his country.

[47] Ezra, b., Escobar, L. and Panagos G., [1989] "Deregulation of shipping; what is to be learned from Chile. World Bank Discussion Paper 67. Wash. D.C.

Annexes

Annex 1 The process of clearing and forwarding of imported goods

The processes involved in the clearing and forwarding of goods shipped through the ports may be categorised as follows:

a. provision of genuine and requisite shipping documents
b. customs clearance procedure
c. other port clearance procedures
d. payments to be made during clearing/forwarding of goods

These categories involve over 60 operations as outlined below

A DOCUMENTS REQUIRED

The under listed documents should be obtained prior to the commencement of any import clearance procedure at the port.

- Import Declaration Form (I D F) duly completed and stamped by the inspection company. As from 1st April 2000, IDF's are to be submitted to:
  - Gateway Services Limited (GSL) for sea imports
  - GSBV Company Limited (GSBV) for air and land imports.

IDF's may be obtained from Regional offices of the Ministry of Trade and Industry, all border entry points and the head offices of some eleven commercial banks, i.e., Barclays Bank of Ghana Ltd, Ghana Commercial Bank, Standard Chartered Bank, Agricultural Development Bank, Ecobank Ghana Ltd., Social Security Bank, The Trust Bank, Prudential Bank, First Atlantic Bank, Merchant Bank, and Metropolitan Bank.

- Original Inspection Company's Clean Report of Findings (CRF) now being replaced by the Final Customs Valuation Report as from 1st July, 2000.

- Imports that are shipped by 30th June, 2000 are to be subjected to Pre-Shipment Inspection provided the IDF has been submitted to the relevant Pre-Shipment Inspection provided the IDG has been submitted to the relevant Pre-Shipment Inspection Companies before 31st March, 2000.

- All goods, which arrive with Clean Report of Findings after 1st, July, 2000 shall be subject to Destination Inspection Scheme (DIS), and a new IDF shall be filled in respect of the goods.

- Original Bill of Lading issued by the Shipping Line

- Final Invoice or Combined Invoice and Certificate of Value and Origin issued by the supplier of the goods.
- Accurately completed Customs Bill of Entry Forms

- Duly completed Shipment Notification Form obtainable from the Ghana Shippers' Council.
- Delivery Order issued by the ship owner of his agent for the release of the goods

B CUSTOMS CLEARANCE PROCEDURE

It may be advised that due to the complexity of the Customs Clearance Procedure, the services of accredited Freight Forwarders or the shipping department of the firm with trained staff in Customs Clearance Procedure should handle it.

Long Room (Appendix A)

- Accept and book bills of entry (B/Es)
- Paste duplicate list on notice board as notifications to Importers/Exporters
- Check bill of entry: Classification, Valuation, assessments, etc
- Enter data into computer
- Strike manifest
- Generate assessment notice
- Generate bill of entry number
- Endorse pay-in-slip
- Generate payment receipt
- Perforate, as is the practice now
- Detach bill of entry
- Sort out bill of entry that should go to principal collector and chief collector, outdoor
- Book Bills of Entry and carry to outdoor every hour, or a batch of 30 B/Es, which ever comes first.

<u>Payment</u>

The Social Security Bank (SSB) collects and accounts for all payments due CEPS. Importers and Agents are encouraged to use bankers' draft, cheques, Sika Card and other forms of payment instead of cash.

<u>Acceptance Seat</u>

This seat serves as a point of contact between the banks and CEPS. Officers receive and register bills of entry as and when they are despatched from the bank. Entries are to be despatched in batches of 30, or every 15 minutes, which ever comes first.

<u>Data Entry/Accounting Seat</u>

The functions of data entry/accounting include:

a) ensuring that the Single Administrative Document (SAD) has been properly completed;
b) ensuring that the tariff rating and rate of exchange are correct;
c) ensuring entry of the data in the computer;

d) ensuring striking of the manifest;
e) generating the assessment notice, payment receipts and entry number

Note: Errors detected attract sanctions against importer/agent.

Tax Examiner
The Tax Examiner is responsible for the adjustment error.

Perforation
The computer-generated number is the CONTROL number. Perforation and holo sealing of entries checks on dubious and fraudulent entries.

Detaching
Bills of entry are detached and batched daily.

Despatch
Bill of Entry are despatched on hourly basis or in batches of 30 B/E's, which ever comes first

Release by Shipping Companies
Shipping companies are to endorse the relevant copies of the Bills of Lading to authorised the release of goods to importer/agent. It should be possible to have such release done in 30 minutes. Shipping companies, which cause undue delay, should be sanctioned by the Port Advisory Committee.

Gateway Services Limited
The GSL is responsible for the inspection of all goods imported by sea.

Ghana Port & Harbours Authority
The GPHA is responsible for the security and handling of all goods in the ports of Tema and Takoradi.

C OUTDOOR PORT ACTIVITIES (PORT AREA)

The Principal Collectors in charge of the various sheds and the Chief Collector (Outdoor) receive bills of Entry at the Outdoor.

Examination and Release of Goods
- Receive B/E's against signature
- B/E entered into Register/Assign Examination group with appropriate directions
- Accept B/E's from Collector Outdoor and Long Room and assign examination team
- Restore discrepancies/short collections referred by Senior Collector or referred to Chief Collector Outdoor
- Examine and raise Landing Account on goods.
- Release B/E covering Free, Exempt, Diplomatic, Free Zone, etc.

- Refer invoiced goods to principal Collector
- Release and refer B/E's to Gate

Gate
- Enter B/E's number, description of goods and vehicle reference number into Register
- Assign officer to sight goods and vehicle
- Endorse Landing Account (L/A) Book and release vehicle out of port

Goods to Be Released Without Examination
The under-listed goods may be released without examination:
a) Mining equipment and spares as contained in the Mining list
b) Bulk good such as sugar, wheat, rice, clinker, cement, fertilisers and flour
c) Diplomatic goods
d) Statutory free goods
e) Free zone consignments [IN ANNEX II we provide the steps involved by EPZs firms]

Ship Agents Release
The Delivery Order (D/O) is presented and attached with
a) CEPS Entry Form after payment of duty, etc.
b) Original Bill of Lading from the shipping line
c) Shipment Notification Form (SNF) from the Ghana Shippers' Council

After payment of Administrative and evacuation charges to the relevant shipping agent, a release is given by the shipping agent on the D/O. Each shipping agent has its own charges which are raised on invoices.

Ghana Ports & Harbours Authority
The GPHA is authorised by the shipping agent with the release on the Delivery Order, signifying that the rightful owner or person acting on his behalf is to take delivery of the goods from the harbour.

An assessment of port handling charges and port rent (if any) is made by the GPHA, and after payment of these charges, the GPHA issues a waybill for the goods to be taken out of the harbour. (A 36 page booklet printed by GPHA in March 1997 showing GPHA Tariffs in Ghana is available on request from the GPHA).

At the final exit point, the port security and CEPS officials will check the Customs Entry Forms and the waybills with the goods being taken out of the harbour.

D PAYMENTS MADE DURING DOCUMENTATION & CLEARANCE

- Statutory Payments to Government

a) CEPS Duty as per tariff in the Harmonised Code obtainable from CEPS Headquarters, Accra or any CEPS collection point. The applicable percentage is payable on the CIF value in cedes at the Customs advertised exchange rate released every Tuesday.

b) Interest on duty if goods not cleared within four days after discharge
c) Value Added Tax (VAT), currently 12.5%, calculated on the addition of the CIF Value and applicable import duty.
d) Inspection Fee (1%) of the CIF value
e) ECOWAS Development Levy (EDL)-0.5% of the CIF value. This particular levy was recently introduced in April, 2000, by an Act of Parliament. Goods not produced from ECOWAS member countries that are imported into Ghana attract this levy.

- Documents (Forms) To Be Bought During Documentation

a) Bill of Entry from CEPS ¢50,000.00 per set of 5.
b) Shipment Notification Form from Ghana Shippers' Council @ ¢3,000.00 (Plus an amount registration fee of minimum ¢25,000.00 is goods are in commercial quantities)
c) Import Declaration Form (IDF) from Ministry of Trade & Industry @ ¢5,000.00
d) Delivery Order from Shipping Agent @ ¢1,000.00 +VAT = ¢1,250.00

- Payments To Shipping Agents

As per their charges to be invoiced, including demurrage if any

- Ghana Ports & Harbours Authority

As per their tariffs to be invoiced, including port rent if any.

- Customs House Agents (Clearing Agents)

As per attached copy (Appendix E) of their administrative and agency fees and other operational charges, sometimes negotiable.

- Incidental/Appreciation Expenses

These are unofficial expenses or payments made in the course of documentation, to kind of 'speed up' the process. It may involve at least 10 persons, with payments ranging from ¢2,000.00 to ¢10,000.00 per consignment.

NB: -For goods, which are placed in Customs Bonded Warehouses outside the harbour, an escort fee of ¢50,000.00, is payable to the Customs official who accompanies the goods to ensure their placement in the warehouse. No receipt is issued against this payment.

Annex 2 Free zones procedure for import clearing at port (tema/airport)

Goods for free zones are cleared and conveyed directly into the premises of the operators or enclaves upon the submission of Free Zone Form 9, in addition to appropriate documents (SAD, Invoices, etc.). They are moved from the port under general bond. The Landing Accounts are raised and referred to the Long Room with relevant documents for further processing. The process involves 13 stages and nearly 27 operations.

STAGE 1: Submission of Free Zone From C.9 attached with copies of Bill of Lading/Airway Bill and Invoice for vetting and endorsement at Free Zone Secretariat.

STAGE 2: ROTATION NO. /MANIFEST: Obtaining the Rotation number of the vessel when it arrives for completion of the Customs Bill of Entry. Together with the receipts of the manifest clearing will then start.

STAGE 3: TO SHIPPER COUNCIL: For endorsement of Shippers Notification Form. (Tema only)

STAGE 4: MINISTRY OF TRADE: Licensing of Customs Bill of Entry.

STAGE 5: FACE VET: Vetting of set of clearing documents including CEPS depend on line "Out of Charge" Form and checking of Invoice to ascertain the CIF value. If everything is in order it will then be booked to Computer.

STAGE 6: CUSTOMS COMPUTER: To produce a print out of information on the Customs Entry to ascertain if it is error free.

STAGE 7: STRIKING/DETACHING: Will strike as per the description on the Bill old Lading or Airway bill on the manifest. After that some of the Customs Entry copies will be detached.

AIRPORT ONLY:-

STAGE 7A: LANDING SEAT: From Computer, the documents go straight to Landing Seat for external examination number of boxes.

STAGE 7B: VALUATION: From Landing Seat to Valuation then to Outdoor for release. The Entry is then booked back to Landing Seat at which time the Customs Seal is procured and booked in the Landing Account.

STAGE 7C: COLLECTION NOTE: From Landing Seat, the document goes to AFGO/Computer (Air Line) to obtain the Collection Note for loading.

STAGE 7D: CEPS TASK FORCE: With the Collection Note and Entry at Hand, The Good/Consignment will be cross-checked in turn by CEPS Task Force, AFGO Warehouse Supervisor and the Security. The Goods will then be loaded into the Free Zone Container and sealed by Customs Officer.

STAGE 7E: GATE/SECURITY: At the gate, AFGO Security will check Collection Note/Gage Pass whilst CEPS Task Force check documents and Seal Number. If everything is in order, Customs Officer takes a copy of the "Out of Charge" Forms before the Container is finally allowed out.

TEMA PORT ONLY:-

STAGE 8: CONTAINER FREIGHT SERVICE (CFS): The Custom Entry is then forwarded from Striking/Detaching straight to CFS for collection.

STAGE 9: CHIEF COLLECTOR OUTDOOR (CCOD): With the processed Entries now on hand, the Customs Seal can now be procured and booked.

STAGE 10: The final external examination is done before the final release. NB: With the exception of Groupage Containers, we are exempted from escort on import containers to Mim.

STAGE 11: SHIPPING LINE: Payment of Handing Charges after detaching of Delivery Order (DO) and delivery copies of SAD and SNF.

STAGE 12: GPHA RENT DEPT: Payment of Handling Charges after that you deposit Delivery Order (DO) for the next 24 hours. This is to enable GPHA to locate your container.

STAGE 13: Shipping Line has to give you Tally copy of the SAD before a Waybill is issued. Before the Waybill is issued, GPHA and SHIPPING LINE have to make sure the Container is on board your truck.

OTHER IMPORTANT INFORMATION

Clearance of Vehicle

Imported vehicles are assessed at the Car Park Office located in the port based on Home Delivery Values provided by accredited automotive companies in the country. Imported vehicles are to be cleared within 60 days after arrival, else they are liable for seizure. Importation of vehicles over 10 years of age is banned. Vehicles found to have contravened this order are liable for forfeiture to the state.

Permit (Appendix C)

The issuance of permits is limited to exceptional and critical situations, for example, for the release of arms and ammunition, drugs, fresh foods, fresh plants, live animals, explosives and other hazardous goods and mining equipment. Permits are to be perfected within two weeks, and agencies responsible for non-perfection of permits is severely sanctioned.

Warehousing

The importer applies to the Assistant Commissioner at the port for permission to warehouse his goods. An approval letter is given for the manifest to be extracted. The importer then processes the SAD, and the Landing Account is opened. The goods are released, except where the bond allocation is inadequate, in which case the documents have to be referred to the Long room for the necessary corrections to be made.

Annex 3 Firms and organisations consulted

Name	**Title**	**Organisation**
Honourable. D. Abodakpi	Minister of Trade and Industry	Ministry of Trade and Industry
Armah Matthew	Deputy Chief of Party	AMEX INT.
Yeboah Albert	Economist	USAID/Ghana
Esch David	Chief of Party	AMEX INT.
Adongo Augustine	Chief Executive	FAGE
Adarkwa-Addae Eugne	Snr. Sc. Officer	Ghana Standards Board
Doya Alice	Asst. Sc. Officer	Ghana Standards Board
Nkansah Kwasi	Executive Director	Ghana Standards Board
Clottey Jesses	Economist	Private Enterprise Foundation
Quayson A.E.	Executive Director	Association of Ghana Industries
Abeasi Kwesi	Director General	Private Enterprise Foundation
Aeyison Samuel	Exports/Imports Manager	Scanstyle Furniture
Sikepa Anthony	Director	Agro Trade Ltd.
Graham Ato	Projects Coordinator	Gracoma Construction
Kwaku Duah	General manager	Bibiani logging and lumber Co.
Mensah Pierre O. Fredua	General manager	Omega Wood Processing
Alorsor George	Manager	Ghana Shippers' Council
Nkansah Kwasi	Executive Director	Ghana Standards Boards
Wientjes Henry		Wienco
Gary Kilmer	Deputy Chief of Party	AMEX
Adu Gustav	Specialist in Wood Technology	AMEX
Haizel Kwesi	Chief Director	Ministry of Trade and Industry
Emmauel Darko	Director	SGS