

## **INTRODUCTION**

Trade Facilitation is at the core of Government trade and investment promotion drive. It has been identified as a means of attracting foreign direct investment into Ghana. In line with this objective, the government in 1997 embarked on a trade and investment gateway programme with a loan of 50 million dollars from the World Bank. The Gateway oversight Committee is under the chairmanship of the Vice-President of Ghana. It seeks to make Ghana's business environment more competitive with a view to attracting the neighboring land lock countries to patronize Ghana's ports.

The programme is also to strengthen the human and institutional capacity of front line agencies to reorientate and makes them more proactive to trade facilitation measures. For example the Ghana customs is being assisted to become ISO9000 compliant to ensure consistency transparency and predictability in their procedures. The Ports and Harbors Authority has licensed 4 stevedoring companies to take over cargo handling activities and the authority has now assumed the role of a landlord. Private companies have been encouraged to put up container terminals to decongest the ports.

The Gateway oversight Committee which is inter sectorial comprises the following ministries and agencies:

- 1 Ministry of Finance
- 2 Ministry of Trade and Industry
- 3 Ministry of Works and Housing
- 4 Ministry of Interior
- 5 Ministry of Roads and Transport
- 6 Ministry of Communication
- 7 Bank of Ghana
- 8 Ghana civil Aviation
- 9 Ghana Immigration Service
- 10 Customs Excise and Preventive Service

The rationale of the composition of the committee is to ensure that all the above-mentioned members whose functions impinge on trade and investment related issues are able to take decisions without delays.

As a result of the implementation of the gateway project, in year 2000, Ghana adopted the WTO Valuation concurrently with the Destination Inspection Scheme (DIS). Prior to this, Ghana had over the past 28 years been operating pre-shipment inspection scheme. The PSI Scheme was long and cumbersome and on the average took between 4-6 weeks before goods were cleared. There was also 100% physical inspection of imports.

Under the DIS, two companies namely; Gateway Services Limited and GSBV Ltd were employed by Government of Ghana and assigned responsibility for the destination inspection of imports at the seaports and land frontiers/airport respectively.

The DIS has three main components, namely:

- Computerized Risk Management System (CRMS)
- Transaction Price Data base (TPD)
- Container X' ray Scanning System

(1) **The CRMS**

The CRMS provides a selective approach to inspection using alternating statistical tools to assess risk. This limits the need for full physical inspection.

- **The process**

CRMS analyses data to provide a level of risk for each shipment. A specific level of intervention is prescribed for each shipment based on risk. CRMS separates categories of goods into Green, Yellow and Red channels. The Red channel means physical inspection, and currently covers about 60% of imports and includes items such as food, pharmaceuticals, chemicals, alcoholic and non alcoholic beverages and electrical appliances and accessories, secondhand clothing classified as mandatory by the Ministry of Trade and Industry.

In connection with the mandatory goods, the Food and Drugs Board requires that importers submit prototype of goods for test and analysis prior to importation in order to avoid delays when the goods arrive.

Yellow means scanning of full container loads of homogeneous goods. Yellow channel means medium risk goods which go through an X' ray scanner. These must be full container loads (FCL) of homogeneous goods. Yellow CEPS, means less container load which are either subjected to physical or documentary examination, depending on level of risk.

Green allows the goods through with a recommended random inspection of 5% by Customs. Green or low-risk transactions pass through without Customs intervention, however, Customs reserves the right to randomly inspect 5% of such goods. Reputable companies such as Unilever, Ashanti Goldfields, British-American Tobacco clear their goods through the green channel.

The objective of CRMS is to minimize, if not eliminate the need for customs to examine each and every consignment without reducing the level of revenue collection and jeopardizing public health and safety. Information for CRMS process is based on historic data, the documentation provided by the importer, shipping agencies as well as commercial intelligence collected by the inspection agencies through their affiliates,

seller, the exporter, country of export, country of shipment, type of shipment, etc. To ensure the integrity of the DI, Ghana Customs has strengthened its post clearance audit unit. Recently professional accountants and auditors have employed to strengthen the unit. Furthermore, it has been decided that the stacking of containers will be based on risk levels. This will reduce the time used in locating containers.

(2) **TDB**

TDB assists Customs to analyze prices accurately and on time. The objectives of the TDB are to enable Customs to collect appropriate taxes and duty by identifying and preventing under-valuation of imports. TDB also provides Customs with transactions values for identical and similar goods in line with the provisions of the WTO Agreement on Customs Valuation. The database captures descriptions of goods, prices, discounts, invoiced prices, details on importers, exporters, manufacturers, etc.

(3) **Container X' Ray Scanning System**

The container X' ray scanning system helps to determine the contents of a container. As the container goes through the scanner it is viewed on the screens by a team of operators. If anything looks suspicious, that container is brought out and physically inspected. The scanner has 330 millimeters penetration of steel capability. On the average the scanner has the capacity to scan up to 210 containers per day. The use of the scanner reduces the dwell time of containers in the ports thereby making Ghana's ports less expensive and more competitive.

The scanner has a limitation. It cannot determine the size, the material the commodity is made of, as well as its quality. The application of CRMS enables Customs to pick at random on various declarants who are likely to defraud and such containers may be physically inspected.

**OBJECTIVES OF THE DIS**

These include:

- Facilitation of trade
- Improvement of the collection of Government revenue through effective assessment of dutiable values and tariff classification
- Protection of Ghanaian consumers from illegal importation of prohibited or inferior/shoddy goods

- Ensuring a focused approach to examination of goods by limiting physical examination to only high-risk consignments and random inspection by CEPS of other goods.

In the light of the above, what is required of importers?

### **Documentation**

Twenty-one (21) days prior to the arrival of the goods, importers must initiate a Verification Order (VO) by submitting to the inspection agencies copies of the following documents:

- Import Declaration Form
- Pro-forma invoice
- Supplementary Information Document

Ten (10) days before the arrival of the goods the importer presents the following documents to complete the registration process:

- The final invoice
- The packing list
- The shipping documents

### **Required Information For The VO**

To assist in generating the VO, the importer is required to provide the following information:

- Detailed and accurate description of the goods that will include, product, brand, model, packaging, condition (used or new). If used, the extent of usage, year of manufacture, whether damaged or not
- Correct tariff code
- Quantity, origin, prices
- Mode of transport, insurance
- Mode of payment -- credit, cash etc

## **The Importance Of The Quality Of The Information Provided**

- To ensure a rapid and efficient clearance of goods
- Information provided on the VO is electronically transferred to the Issuing Unit i.e. the affiliate of the IA in the country of export the same day
- Receipt of the VO enables classification and price analysis to be carried out without physical inspection
- It minimizes the personal contact between the importer and the IA staff working on classification of valuation.

## **What Are The Responsibilities Of The IAS?**

They provide:

- Provisional Classification and Valuation Report (PCVR), which is a report generated locally or by the affiliate of the IA in the country of exportation, indicating:
  - (i) The Classification and the Valuation of each item to be imported
  - (ii) It forms the basis of the Final Classification and Valuation Report (FCVR)
  - (iii) A preliminary determination for the fast track clearance

A copy of the PCVR may be made available to the importer on request.

## **The Final Classification And Valuation Report (FCVR)**

The issuance of the FCVR is based on:

- PCVR assessment
- Additional information made available by importer/agent or obtained by IA or affiliate

FCVR provides the importer/agent or CEPS with the following:

- Accurate Classification and Valuation
- The assessed amount of duties and taxes to be paid
- Either access to the fast tract clearance process, or the need for mandatory physical inspection by either GSBV/CEPS or GSL/CEPS

## **Airport Experience**

- The 21 and 10 days clause in Notice to importers does not apply.
- IDF and pro forma invoices are accepted anytime prior to the arrival goods.
- On arrival, importers are requested to submit both the Airway Bill and Final invoice.

## **AFGO Village KLM Cargo Office**

FCVRs are forwarded to the above office and importers are expected to collect these documents from this office and not from the GSBV Head Office.

Achievement – It now takes less than one week to clear goods as against 3 weeks under the P.S.I.

## **Problems**

- Submission of import documents after the arrival of the goods
- Inadequate information
- Incorrect or poor description of goods or
- Fake invoices
- Avoiding the use of the scanner

## **Training and Technology Transfer**

The inspection companies work hand in hand with Customs officials who are normally seconded to the former. The absolute crucial factor is training and transfer of knowledge. The inspection companies give training in Agreement on Customs Valuation, CRMs, TPD, and also scanner training for operators and image analysts, computer and technical training. After the attachment period of six months, Customs Officials return to their units to share the knowledge acquired with their colleagues. Classification and Valuation given by Customs Officials on attachment are considered as an opinion. The final ruling on what should be the value for tax purposes still rests with Custom authority.

The Government of Ghana has introduced an electronic automation of Customs procedures under Ghana Community Network, GCNET for short to replace the ASYCUDA system.

The GCNET is a joint venture between Ghanaian public and private institutions and SGS, which is the majority shareholder. The scheme has taken off at the airport

since the beginning of November 2002. It will be extended to the Tema port in January 2003 and subsequently to the Takoradi port and the land frontiers.

### **The Destination Inspection Scheme (DIS) Implementation Committee**

The DIS Implementation Committee was formed with the main objective of addressing problems that would arise as a result of the implementation of the scheme. It is made up of public and private organizations, such as Ministry of Trade and Industry, Customs, Ghana Shippers' Council, representatives of the Inspection companies, Ship Owners and Agents Association of Ghana, Ghana Ports and Harbours Authority and Ghana Institute of Freight Forwarders. The Committee at the inception of the scheme used to meet fortnightly but it now meets once a month. The Committee has been instrumental in the initiation and formulation of trade and Customs policies. A sub committee on public education has been formed to enlighten and interact with economic operators in the national and regional capitals.

### **Customs Documentation And Procedures For Transit Trade**

Available statistics indicate that transit traffic through Ghana rose from monthly average of 270 processed entries in year 2000 to 403 in 2001. This increase can be attributed to the adoption of trade facilitation measures in the ports of Ghana under the Trade and Investment Gateway project, which seeks to establish Ghana as a Gateway to the West African sub-region.

The processing of transit documents involves five (5) steps, namely:

- Submission of application letter together with Bill of Lading, invoice, entries, transit entry, delivery order and bond
- Vetting of entries prior to being sent to the Computer Room
- Capturing of information into computer.
- Assessment of bond penalty.
- Entries are then sent to the outdoor for release and escort to the point of exit.

It takes approximately 2 hours to process a transit application and deliver transit goods.

### **Problems**

- High port tariffs, stevedoring charges and transport costs in Ghanaian ports in comparison with those in the neighboring ports in Togo and Cote d'Ivoire.
- Inadequate warehousing facilities, especially near the ports

- Proliferation of police and customs barriers on the routes with its attendant harassment and extortion by the agents concerned
- Clearance of vehicles at the border crossings
- Use of inappropriate vehicles most of them unseal able
- Overloading of vehicles. The use of inappropriate vehicles lends itself to overloading which leads to early wear and tear of vehicles and damage to the road network in a short time.
- Ineffective use of ECOWAS Brown Card
- Inefficient telecommunication link and lack of proficiency of official languages across the borders
- Lack of an efficient bank clearance system in the West African sub-region.

It must be explained that most of these problems are common to all West African countries.

### **Facilitation Measures**

The Ghana government in accordance with existing Sub-regional protocols and bilateral arrangements mandated Customs, Ghana Ports and Harbours Authority (GPHA) and the police to institute measures to mitigate the problems.

- GPHA has designated facilities for transit goods
- Ghana Customs has a Transit Unit in each port to handle documentation. It has also waived transit administration charges on goods meant for Burkina Faso, Niger and Mali. The GCNet will further reduce this process.
- Inland Port. The Ghana Shippers' Council and Ghana Ports and Harbours Authority are promoting the construction of an Inland Port at Boankra near Kumasi when completed it will make it cheaper for transistors to take delivery of cargoes.
- Customs and police check points have been drastically reduced
- The ban on the movement of cargo vehicles after 6.00 p.m. had been lifted.
- Transit vehicles are given special identification numbers to prevent unnecessary police harassment
- Government is seriously considering modernization and extending the railway network to play a major role in the transit of goods through Ghana.