UNIVERSITY OF GHANA

AN ASSESSMENT OF THE FUTURE OF THE TRANSIT TRADE IN GHANA

BY

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DECEMBER, 2014
DECLARATION

I, FRANCIS MICHAEL POBEE-MENSAH, hereby declare that this dissertation “AN ASSESSMENT OF THE FUTURE OF THE TRANSIT TRADE IN GHANA” consists entirely of my own work produced from research undertaken under supervision and that no portion of this work has been submitted in support of an application for another degree or qualification to this or any other university or institution of learning, except for the permissible references from other sources, which have been duly acknowledged in the text.

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DEDICATION

I wish to dedicate this dissertation to my wife, Mrs. Evelyn Otwiwa Pobee-Mensah and my children Portia, Henry, Francisca, Gladys and Josephine for their prayers, understanding, sacrifice and support.
ACKNOWLEDGEMENT

I am most grateful to Mr. Richard A. Y. Anamoo, Director General of Ghana Ports and Harbours Authority (GPHA), for offering me this golden opportunity and sponsoring me to study at the Regional Maritime University (RMU).

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I would be ungrateful if I fail to acknowledge the contribution of the staff of the RMU library and all my colleagues who in diverse ways provided support for this work to be what it is.

To all who in diverse ways contributed to the successful completion of this work, I pray and wish them and their families God’s blessings.
ABSTRACT

This dissertation is a qualitative assessment of the future of the transit trade in Ghana with emphasis on import transit trade through the Port of Tema.

A brief history of the transit trade in West Africa particularly Ghana was discussed. The study revealed that Ghana did not position itself for the transit trade so she was caught unaware when the trade arrived in Ghana.

The international regime for the transit trade was also discussed. It revealed that Ghana had no option but to open its ports for the use of the neighbouring landlocked countries.

The trend of the import transit trade in Ghana was investigated. This revealed that the transit trade is faced with challenges that hinder its growth. The challenges of the transit trade was also investigated. The study concluded that the challenges facing the transit trade in Ghana can be overcome with better understanding of the benefits of the trade backed with an attitudinal change of stakeholders.

The study revealed among other things that transit importers are dissatisfied with the service delivery in the Port of Tema but as some have moved to neighbouring ports some continue to use the Port of Tema as a business strategy.

Finally, the study recommends a range of measures to be undertaken by Ghana to grow and sustain the transit trade if she still wants to maintain its vision of becoming the gateway to West Africa.
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<tbody>
<tr>
<td>ALP</td>
<td>Axle-Load Policy</td>
</tr>
<tr>
<td>CEMAC</td>
<td>Communauté Economique et Monétaire de l’Afrique Centrale</td>
</tr>
<tr>
<td>CEPS</td>
<td>Customs Excise and Preventive Service</td>
</tr>
<tr>
<td>ECA</td>
<td>Economic Community for Africa</td>
</tr>
<tr>
<td>ECOWAS</td>
<td>Economic Community of West African States</td>
</tr>
<tr>
<td>GCNet</td>
<td>Ghana Community Network</td>
</tr>
<tr>
<td>GDP</td>
<td>Gross Domestic Product</td>
</tr>
<tr>
<td>GIPC</td>
<td>Ghana Investment Promotion Centre</td>
</tr>
<tr>
<td>GPHA</td>
<td>Ghana Ports and Harbours Authority</td>
</tr>
<tr>
<td>GRA</td>
<td>Ghana Revenue Authority</td>
</tr>
<tr>
<td>IMO</td>
<td>International Maritime Organisation</td>
</tr>
<tr>
<td>ISRT</td>
<td>Inter-State Road Transport</td>
</tr>
<tr>
<td>LLC</td>
<td>Land-locked Country</td>
</tr>
<tr>
<td>MOWCA</td>
<td>Maritime Organisation of West and Central Africa</td>
</tr>
<tr>
<td>SIC</td>
<td>State Insurance Company</td>
</tr>
<tr>
<td>TS</td>
<td>Transit State</td>
</tr>
<tr>
<td>TT</td>
<td>Transit Trade</td>
</tr>
<tr>
<td>UEMOA</td>
<td>L’Union Economique et Monetaire Ouest Africaine</td>
</tr>
<tr>
<td>UNCTAD</td>
<td>United Nations Conference on Trade and Development</td>
</tr>
<tr>
<td>USITC</td>
<td>United States International Trade Commission</td>
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<tr>
<td>WTO</td>
<td>World Trade Organisation</td>
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CHAPTER ONE

INTRODUCTION

1.1 BACKGROUND OF THE STUDY

Due to globalisation and the resulting global economic integration, all countries of the world have become part of a “global village”. This integration of world economies has proven to be a powerful means for countries to promote economic growth and development and to reduce poverty. The increasing importance of the World Trade Organization (WTO) and the concept of free trade it promotes means that, in order to survive, all countries must be able to compete in the world market. The role of international trade in the economic development of any nation can only be described as vital. International transportation of goods and hence cost of transport therefore has also become a vital part of the global economic development. Reduced cost and efficiency of transport have therefore become essential contributory factors to the economic development of nations and maritime transport has proven to offer efficient transport at a lower cost relative to the other modes of transport.

Maritime transport is said to be the backbone of globalisation and hence international trade (IMO, 2014). According to UNCTAD (2013), maritime transport is responsible for the transportation of about 80% of all commodities traded globally. Relative to other forms of transport, maritime transport has made enormous contribution to reducing the cost of transporting goods such that the cost of transporting commodities by sea has fallen steadily from about 30% to about 3.6% over the past 50 years (Stopford, 2009).

Any country which has territorial access to the sea has an opportunity to trade directly in the international markets unlike those without territorial access to the sea referred to as landlocked
countries (LLCs). LLCs engage in international trade but essentially their seaborne trade has to move through a coastal state since they do not have sea boundaries or seaports. This movement of cargo through customs approved entry and exit points in another country or countries other than the country of origin or destination has become known as the transit trade (GRA, 2011) and the country through which this trade moves is usually called a transit state (TS).

Of the sixteen (16) countries in West Africa, thirteen (13) including Ghana have direct access to the sea while three (3), namely; Burkina Faso, Mali and Niger are landlocked and participate in the transit trade in West Africa. It is worth stating that the affiliation of LLCs in West Africa to particular transit states has been rooted in the colonial history of those countries which has largely influenced their culture, currency and language.

All the West African countries with the exception of Liberia were once colonised by France, Great Britain and Portugal. The dominant colonial master in the region was France with ten (10) countries, while Great Britain and Portugal administered four (4) and one (1) respectively. Thus, the ten former French colonies speak French while those of Britain and Portugal speak English and Portuguese respectively. The former French colonies currently belong to a single currency zone, the CFA Franc, while each of the former British and Portuguese colonies have their individual currencies. The only three (3) LLCs in West Africa are all former French colonies. It follows naturally that, all the LLCs used neighbouring Francophone coastal states as their transit countries.

The fact that there are only three (3) LLCs in a sixteen-member country region should have afforded the LLCs considerable options for alternative transit corridor choices. However, according to Evlo (1995), this has not been the case due to “a variety of factors, including the high cost of constructing and maintaining new transit corridors and the differences in languages and currencies, which have acted to preserve the predominance of traditional corridors”.

2
Landlocked developing countries as a group are among the poorest of developing countries, with limited capacities and dependence on a very limited number of commodities for their export earnings. Throughout the 1990s the growth rate of landlocked developing countries has been generally negative or very low (Faye, MCarthur, Sachs & Snow, 2004).

Access by LLCs to the use of the seaports of coastal countries, referred to as transit states is a legal right under the United Nations Convention on the Law of the Sea (UNCLOS). A coastal state is, therefore, obliged to open her seaports for use by LLCs. However, beyond this international legal obligation by coastal countries to their landlocked neighbours are commercial, diplomatic and socio-cultural benefits that such trading partners stand to benefit from.

The dependence of landlocked countries on coastal states can be seen in the case of Côte d’Ivoire. After the insurgency of September 19, 2003, rebels took control of the ports in Côte d’Ivoire. The Port of Abidjan, Côte d’Ivoire’s main port, was key to business in landlocked countries to the north. Mali and Burkina Faso specifically had to do without access to Abidjan and use unfamiliar ports, such as Cotonou in Benin, Tema in Ghana, and Dakar in Senegal. This landed companies with huge increase in transport costs. In better times, 70% of Mali’s imports and exports were transited through Abidjan. The new routes could cost an extra US$130 million. Burkina Faso, which has a southern border with Côte d’Ivoire, estimated that the unrest cost it nearly US$30.4 million in revenues and customs duties between September and December 2003 alone. Prices skyrocketed in these West African nations, placing essential commodities out of the reach of the ordinary people in countries that are already among the poorest in the world (Uprety, 2006).

Intra-African trade has remained consistently low compared to its trade with other continents. According to the United Nations’ Economic Commission for Africa (ECA), more than 80% of Africa’s exports are destined for outside markets, with the European Union and the United States
accounting for more than 50% of this amount. Asia and China in particular, are also important export markets for African countries. At the same time, Africa imports more than 90% of its goods from outside the continent, despite its rich resource endowments, which provide the potential to supply the continent's own import needs. In 2010, just 11% of Africa's total trade took place among African nations, according to a report published by the ECA. This can be attributed partly to the slow implementation of regional integration agreements designed to eliminate trade barriers. However, even when tariffs and other barriers have been dismantled, commerce between African countries has yet to register any significant increase. According to Jahateh (2012) most African countries have continued to export primary commodities to developed countries and imported finished products from outside the continent.

The top five export destinations of Burkina Faso are: Turkey (30%), China (29%), Belgium-Luxembourg (6.2%), Côte d'Ivoire (4.4%), and Mali (4.2%). That of Niger are: France (40%), Mali (7.4%), United States (7.0%), China (6.9%), and India (5.6%) whiles the top five import origins of Niger are: China (19%), France (12%), United States (6.1%), Japan (5.0%), and Togo (4.9%) (Simoes, 2009). These statistics show the extent to which these landlocked countries rely on markets outside Africa and hence transport, especially maritime transport, for their economic survival.

Ghana has two seaports namely the Port of Takoradi and the Port of Tema. The Port of Takoradi is noted mainly for the export of Ghana’s seaborne trade. In 2013, it handled about 30% of Ghana’s seaborne traffic, with the majority being export in addition to transit cargo from all the LLCs in the sub region. Leading exports through the Port of Takoradi include manganese, bauxite, forest products and bulk and bagged cocoa beans, whiles leading imports include clinker, wheat, petroleum products and containerized cargo.
The Port of Tema is the bigger of the two seaports in Ghana. Shipping routes and ports of call to and from the Port of Tema span all continents either through direct services or transshipment services; various shipping lines offer possibilities for the shipment of different types of cargo. Seventy percent of national trade transit through the Port of Tema with additional volumes of traffic to and from the landlocked countries of Burkina Faso, Mali and Niger.

1.2 STATEMENT OF PROBLEM

Ever since its inception, the transit trade through the Port of Tema has gone through a lot of phases. The import transit trade grew steadily to its peak in 2006. Statistics available indicate that the import transit traffic has been fluctuating over the past few years.

The Ghana Gateway Project is to be completed by the end of 2014. In the project the Ghana Ports and Harbours Authority (GPHA) was to establish Ghana as a major West African Hub for trading and warehousing activities (UNCTAD, 2010). With the Port of Tema as its focal point to achieving this objective, and with its vision statement reading: “to be the leading container hub and the beacon of trade and industry in West Africa” (GPHA, 2014) one would have expected that with all the necessary phases of the project being implemented, as discussed by Asuliwonno (2011), the port would have started reaping some benefits of achieving higher port performance in certain key areas like the transit trade by now. Unfortunately the transit trade figures on GPHA website suggest otherwise. The study therefore seek to highlight the trend of the transit trade and to ascertain the challenges if any confronting it, so as to enable the researcher to assess the future of the transit trade in Ghana and make informed recommendations to help solve the problem.
1.3 OBJECTIVES OF THE STUDY

The major objective of this study is to make an assessment of the future of the transit trade in Ghana. The work aims at achieving the following specific objectives:

- Highlight the trend of the transit trade in Ghana within the last decade.
- Find out the various factors that have caused changes in the trend of the transit trade in Ghana.
- Highlight the challenges facing the transit trade and how they are being addressed by the Port Authorities.
- To present the positive and negative aspects of the transit trade.
- To discuss the effect of the prevailing trend on the future of the transit trade in Ghana.

1.4 RESEARCH QUESTIONS

This study seeks to address the following questions:

- What is the trend of the transit trade in Ghana?
- What factors have influenced the changes in the trend of the transit trade in Ghana?
- What are the challenges facing the transit trade in Ghana?
- How are the port authorities addressing the challenges facing the transit trade?
- Has the transit trade benefited the nation in any way?
- What effects will the prevailing trend have on the future of the transit trade?

1.5 JUSTIFICATION

A successful completion of this study will bring to light the:

- Trend of the transit trade in Ghana within the last decade.
- Factors that have caused changes in the trend of the transit trade in Ghana.
• Challenges facing the transit trade and how they are being addressed by the port authorities.
• Positive and negative aspects of the transit trade.
• Impacts of the prevailing trend on the future of the transit trade in Ghana.

In the end, this evidence-based research can serve as a source of reference for various policies with regards to the transit trade and also become a good secondary source of data for other research works.

1.6 SCOPE OF THE STUDY

This study is extended to the following parts of the port community and for stated reasons due limitations of the scope is given:

• The Port of Tema because it handles the larger portion of the transit trade in Ghana but where mention is made of other ports, they are for either comparative purposes or in the case of the Port of Takoradi, for clearer understanding of representations.
• Import transit cargoes only because they make up the larger portion of the transit trade through the Port of Tema.

This study is limited to a time span of ten (10) years thus since 2004 when the import transit traffic began to show significant increase to 2013.

1.7 ORGANISATION OF THE STUDY

This study consists of five chapters as follows:

Chapter one gives an introduction to the study. It covers the background of the study as well as the statement of problem, objectives, justification, scope and organisation of the study.

Chapter two is the literature review and looks at various literatures supporting the study.
Chapter three discusses the research methodology, which covers the target population; sample size and sampling procedures, method of data collection, data collection instruments, data analysis and the field problems.

Chapter four covers the presentation and analysis of primary and secondary data obtained in the field.

Chapter five is the presentation of the conclusion obtained from the analysis and recommendations.
CHAPTER TWO

LITERATURE REVIEW

2.1 INTRODUCTION

Some European LLCs are ancient nations that have maintained a specific national identity throughout the centuries, like Switzerland, or have demonstrated their roots in feudal times, like Liechtenstein and Luxembourg. Others were born only after the disappearance of the Austro-Hungarian Empire, like Czechoslovakia, Austria and Hungary. These land locked countries however are all developed countries.

In contrast, the national history of most developing landlocked states differs depending on the continent in which they are situated, though there is one point of commonality, that is, most of them have suffered from colonialism. This phenomenon can be observed especially in Africa, in the purely arbitrary nature of their boundary demarcations, which tend to be based on the ancient administrative subdivisions of the colonial powers. Before the advent of the colonial masters, Africans existed in kingdoms and empires such as the Mali Empire, Ashanti Kingdom, etc. Most African colonies became independent states when the major European colonial powers had carved up the continent for their own benefit (Suleiman, 1984) as cited by Uprety (2006).

The major colonial masters were France and the Great Britain and some of their colonies are; Mali, Burkina Faso, Ivory Coast, Ghana, Nigeria, Togo, Benin, etc.

In Latin America, for instance, Bolivia and Paraguay came into existence only after the collapse of the Spanish Empire. Asian landlocked countries, however, have individual distinct national history. Each has shown its ability to obtain or preserve independence, notably because of power rivalries.
within the region. Among the exceptions are the Central Asian landlocked republics of Tajikistan and the Kyrgyz Republic who became independent after the disintegration of the Soviet Union, with Tajikistan becoming independent on August 31, 1991, and the Kyrgyz Republic on September 9, 1991 (Uprety, 2006).

Until then, both countries were integral parts of a closely knit political and economic union under a system of central planning covering the entire union economy. The breakup of the Soviet Union and the realization of independence by the constituent republics meant the end of centralized planning and the command economy. There thus emerged a need for continued cooperation among the individual republics in the areas in which their economies were heavily linked, and for a mechanism to support such cooperation and ensure their access to the sea. The new landlocked states had no choice but to turn toward neighbours like Turkey, Iran, and Pakistan for economic exchange.

The need to trade became evident during these eras since the independent states had to grow economically and be self-sustained. This need to trade introduced the movement of goods to or from landlocked states through the other states with coastal boundaries and this marked the beginning of the transit trade in the various regions of the world.

2.2 INTERNATIONAL TRADE FACILITATION AND THE TRANSIT TRADE

Trade facilitation is the broader framework within which the transit trade finds itself. Trade facilitation is defined as the simplification and harmonisation of the international trade process, covering the activities; practices and formalities in collecting, presenting, communicating and processing data required for movement of goods in international trade (WTO, 1998) as cited by Grainger (2008).
Trade facilitation aims at ensuring that all factors that militate against the free flow of goods from one nation to another are removed for the nation to be able to freely trade internationally.

International trade, which is the trade in goods and services amongst nations, is the backbone of the economic growth and development of nations. Its contributions to nations include contribution to GDP, generation of employment opportunity, foreign exchange, just to name a few. Trade facilitation encompasses freedom of transit, fees and formalities related to importation and exportation of goods and transparency of trade regulations among countries.

Some of the benefits of trade facilitation include; helps in the reduction of cost of transportation of goods, makes delivery of goods more predictable, reduces and simplify customs procedures, reduction of smuggling and in the long run reduction in the cost of goods to the consumer (USITC, 2012).

Transit trade is the major means by which landlocked states trade internationally by sea. The sea is responsible for the transportation of the largest portion of goods traded internationally (UNCTAD, 2013). This is due to such factors as; the ability of ships to carry very large amount of goods form continent to continent, the relatively cheaper cost especially when compared to its closest rival, air transport and also the development of fast and efficient engines for ships which has made them more reliable and preferred in terms of the just-in-time concept of delivery.

These factors in addition to others are the reasons why landlocked states also prefer the use of the sea for the transport of their goods internationally, although they do not have coastal boundaries and hence direct access to the use of the sea.

Of the 44 landlocked countries, 31 are developing countries with struggling economies who heavily depend on international transit of goods to support themselves. Some of these include; Afghanistan,
Zimbabwe, Mali, Burkina Faso, Botswana etc. Among the developed landlocked countries are, Switzerland. (Upreti, 2006) Transit trade occur globally between such nations as India and Nepal, Ghana and Mali, Belgium and Luxemburg, Poland and the Czechoslovakia etc.

Landlocked countries’ access to the territory of neighbouring coastal states must be effectively guaranteed to ensure their success in international trade. Any undue constraint will detrimentally affect the economy and development of the landlocked nations and this will create poverty in such countries with the rippling effects that may be.

Coastal countries on the other hand need to protect and preserve their territory as well as their facilities and resources. Coastal states seek to maintain peace and security within their territory to ensure that the right conditions are in place for their economic growth and development. As a result of this, coastal states make laws that they believe will help achieve such aims without fully considering the interest of their neighbouring landlocked states.

In view of these two interests transit trade sometimes have generated disputes amongst nations with coastal boundaries and their respective landlocked neighbours.

To ensure that such disputes are minimised and transit trade done in a harmonious and peaceful environment, several conventions, some bilateral and others multilateral have been agreed amongst nations. These conventions aim at defining the right and responsibilities of each party to them.

Some of these conventions include; multilateral conventions on different aspects of transit drawn up at the Barcelona conference of 1921 and the Geneva conference of 1923. There is also; the convention and statutes on freedom of transit; the convention, statutes and additional protocol on the regime of navigable waterways of international concern; the convention and statutes on the international regime of railways; and the convention and statutes on the international ports.
Prior to World War II, several bilateral agreements were also concluded in this field, such as the convention between Italy and Czechoslovak transit shipping in the port of Trieste, a convention establishing an economic union between Belgium and Luxembourg (UNCLOS, 1982).

Among the post war bilateral agreements also include the 1947 and 1950 treaties on communication between Poland and Czechoslovakia, the 1950 Indian Nepalese treaty, the afghan-soviet agreement on transit questions, and the 1956 agreement between Austria and Italy on the utilization of the Port of Trieste (Uprety, 2006).

Out of these, several conventions have been developed to suit current trends of international trade in general and transit trade in particular. Some of these include; United Nations Convention On The Laws Of The Sea Convention (UNCLOS III, PART IX), United Nation Convention On Trade And Development (UNCTAD), General Agreement on Trade and Tariff (GATT; Articles V and VIII), World Customs Organisation (Revised Kyoto Convention), Transport International Routier (TIR) Convention, New York Transit Trade Convention (UNCLOS, 1982).

**2.3 THE UNITED NATIONS CONVENTION ON THE LAW OF THE SEA (UNCLOS) III AND THE TRANSIT TRADE.**

The sea is for the common use of all navigators of the international community. One of the consequences is that it is accessible for navigation; even for nationals of an enclave state. The right to freely navigate and discharge the goods on all navigable rivers must therefore belong to all members of the international community, including those without a seacoast since they are only but natural prolongation of the free high sea (Scelle, 1964) as cited by Uprety (2006).
This is one of the various arguments that formed the basis of the inclusion of Part IX (freedom of transit) in the UNCLOS III. The main provisions governing the right of access to the sea and hence the right of use of facilities in transit states are spelt out in Part X of the UNCLOS III (Articles 124 to 132). The basis for such provisions is in Article 87 which talks about the freedom of the high seas as a common heritage for all and states that “the high seas are open to all states, whether coastal or land-locked”.

2.3.1 The Rights and Freedoms of LLCs to Transit

It is provided in article 125 of the UNCLOS III that LLCs shall enjoy the freedom of transit through the territory of transit states by all means of transport. This provision simply implies that the right to use the territorial waters including the inland transport networks of coastal states for purposes of transit trade have been given to all LLCs. The exercise of this freedom ensues the right provided by the convention for LLCs to have access to and from the sea.

However, it is also provided that such freedom shall be exercised based on modalities agreed between the two parties and in so doing the transit state shall have full sovereignty over their territory to protect their interest. This means that transit state can put measures in place to ensure that the transit of goods through their territory will not be detrimental to the wellbeing of its people.

2.3.2 Transit Trade and Customs Charges and Levies

Article 127 states that LLC are exempted from the payment of customs duties, taxes or other charges except for services rendered by the transit state in connection with the transit traffic. Besides this, the transit states are set not to charge such taxes or levies that are higher than for ordinary in the transit country. The chargeable services rendered to the traffic in transit is to ensure
that the transit state does not make loses from the trade and also have enough revenue to maintain all facilities supporting the trade.

2.3.3 Cooperation between LLCs and Transit States to Facilitate Transit Trade

Article 128-129entreat the transit states and the LLC to put in place the necessary measures to enhance the effectiveness of the transit trade. Transit states are entreated to put such measure as free zone and other customs facilities in place for use by the landlocked states that use their territory as transit corridor.

However, in any event of incapacitation on the transit state to provide the above facilities to facilitate the transit business, the provisions of the law encourages the LLCs to partner with the transit states to put those facilities or measures in place. A practice of this recommendation is in the case of Ghana and Burkina Faso who have combined to construct a transit warehouse to accommodate Burkina’s transit goods.

Moreover, article 30 (in the spirit of devising means to facilitate the transit trade) places the responsibility on the transit states to avoid putting impediments in the way of landlocked states that use their states as corridor. The transit regulations in the transit states should be such that they do not create delays in other forms of inconveniences to the landlocked states. Their transit procedure should be simple and friendly for use by the land locked states.

UNCLOS III is a triumph of the conscience of mankind in the field of international law and as a historic milestone in the progressive development of international law (Milan, 1986) as cited in Uprety (2006).
2.4 TRANSIT TRANSPORT IN WEST AND CENTRAL AFRICA

Transit freight is carried through 13 major transit corridors: seven road corridors, five rail or rail/road corridors and one rail/water corridor (UNCTAD, 2007). This transit transport infrastructure in this sub region is, however, among the least developed in the world. It is often poorly maintained, technically outdated and weak in terms of intermodal connectivity. Freight movement along the main transit corridors is hindered by physical and non-physical bottlenecks, which makes transport costs to be high, thus adversely affecting export competitiveness and posing formidable obstacles to the import of essential capital goods, food and fuels. (UNCTAD, 2007)

The report, UNCTAD (2007) indicated that the governments of these countries have signed numerous bilateral, multilateral and regional agreements on transit transport cooperation in the two regions, but their practical implementation still leaves room for improvement.

2.4.1 Road Transport and Transit Transport in West and Central Africa

Road transport is the principal mode of transport for the export and import of goods of LLCs in West and Central Africa. Although transport by railway may be more economical for bulk transport of key regional products, such as cotton, concerns regarding the regularity of railway services and capacity bottlenecks at the railway terminals, as well as problems related to the poor conditions of a large part of the regional railway lines, militate against the wide use of rail transport in favour of the more expensive but more reliable road transport (UNCTAD, 2007)

Road infrastructure density and quality vary from country to country. In general, roads are in better condition in West Africa than in Central Africa. Ghana and Côte d'Ivoire have the best road
infrastructure among the transit countries (Ken Gwilliam, Foster, Archondo-Callao, Briceño-Garmendia, & Nogales, 2008).

Before the outbreak of civil unrest in Côte d’Ivoire in 2003, the corridors through this country were the most active ones in the sub region.

The road infrastructure is less dense and has more severe maintenance problems in Central Africa. Cameroon is the main transit country for the Central African Republic and Chad. Four-fifths of the transit transport traffic in Central Africa passes through two road corridors that go through Cameroon — the Douala–Bangui corridor (1,500 kilometres) and the Douala–N'djamena corridor (2,100 kilometres) (UNCTAD, 2007).

There are several problems facing the road transport sector of West and Central African countries. These include poor state of road infrastructure, obsolescence of a large part of the truck fleet and the increasing number of second-hand vehicles, both of which increase operating costs and the frequency of accidents. Moreover, most vehicles lack equipment that could help expedite transit transport. For instance, these vehicles cannot be sealed or cannot be connected to cargo-tracking facilities.

Governments in this sub region are concerned about ageing vehicle fleets and have taken various measures to remedy the situation. The Government of Mali, for example, has put in place a mechanism consisting of tax exemptions for new vehicles in order to foster the renewal of the truck fleet for inter-state goods transportation (UNCTAD, 2007).

Another serious problem relates to the widespread disregard of axle-load regulations by transporters. Trucks are overloaded to compensate for low freight rates per ton as a result of intense
competition among transporters due to an oversupply of transport capacity relative to the volume of goods available especially in landlocked states. In addition, the export/import imbalance — for example, imports represent about 85% of the total transport volume to and from landlocked countries in the West African Economic and Monetary Union states (UEMOA) also encourages overloading of inbound trucks to offset the loss incurred as a result of the lack of sufficient volumes of outbound cargo to the seaports. This practice not only contributes to the deterioration of road infrastructure but also poses serious road safety risks.

However, probably the most serious impediments to the expeditious transit of goods on roads in West and Central Africa are the numerous roadblocks as well as several illicit road tolls (Ancharaz, Kandiero, & Mlambo, 2010).

The latter may include a variety of illicit financial charges, ranging from community road tolls, to document control fees, to outright requests for bribes. Roadblocks and other checkpoints have proliferated to the extent that there are involuntary stops at short intervals within the sub region. Even if the toll fees extorted at each of the checkpoints are relatively small, they add up to sizeable sums in their totality. Economically, they represent a loss to the transport economy and, in addition, make road taxes on a two-lane road in West Africa as expensive as, if not more on a four-lane highway in Europe (UNCTAD, 2007).

2.4.2 Railways and Transit Transport in West and Central Africa

Railways operate in 15 of the 24 countries of West and Central Africa. However, only two of the five landlocked countries, Burkina Faso and Mali have railways in their territories. Goods to and from Niger, Chad and the Central African Republic can be shipped on combined rail-and-road corridors. Since the majority of the trucks only run perpendicularly from the coast into the
hinterland without interconnections among them, regional railway networks do not exist. The lines are mostly geared to the export of large quantities of minerals, are single track lines and operated with diesel engines. Moreover, many lines date back to the nineteenth century and are therefore in a precarious state (UNCTAD, 2007).

Unreliable railway services have made the railways sector unattractive to transporters and this has led to a decline in the share of railway transport relative to road transport. However, the privatization of railways and subsequent investments in rolling stock and other hardware, as well as staff retraining and restructuring, has open up new possibilities for the rehabilitation and modernization of the railway sector. The privatization of the Abidjan–Ouagadougou line in 1995 led to a massive increase in goods traffic. By the year 2000, about half of all Burkina-bound cargo from the Port of Abidjan was hauled by rail. However, the outbreak of the civil unrest in Côte d'Ivoire had a disastrous impact on its operation (Mongolia, 2008).

Transit cargo to and from the landlocked countries in Central Africa is also carried through a rail/inland waterways corridor that includes the Congolese rail corridor from Pointe Noire to Brazzaville (512 km). Freight is then trans-shipped from rail to waterways transport (and vice versa) at Brazzaville. Although about 25 to 30 million tons of ores and minerals are carried annually by rail in West and Central Africa, the railway sector currently plays only a limited role in the transit transport business (Mongolia, 2008).

Several projects to rehabilitate and expand railway lines with the funding of local and foreign private investors are under discussion. For example, in Ghana, knowing the importance of railways transport, there have been several attempts by various governments to revive the Ghana railway
corporation, currently it is under rehabilitation the railway transport network is undergoing rehabilitation and is set to be completed in 2-5 years times (GIPC, 2014).

2.4.3 Inland Waterways Transport and Transit Transport in West and Central Africa

Inland waterways transport is used in several countries in West and Central Africa. However, the period of navigability of rivers and lakes is often limited to the rainy season. Longer dry seasons resulting from climate change could further shorten navigation periods on inland waterways in those countries.

Moreover, inland waterways are typically used for domestic transport rather than being part of international transit transport connections such as the case of the Volta Lake Transport Company in Akosombo, Ghana. Water is the second most important mode of transit transport in the Central African Republic. Transit cargo between Brazzaville and Bangui can be shipped on the Congo and Ou Bangui rivers. However, the Ou Bangui River is navigable only eight months in the year because of low water levels in the dry season (UNCTAD, 2007).

2.4.4 Maritime Ports and Transit Transport in West and Central Africa

The coastal states of West and Central Africa are relatively well equipped in terms of the number of maritime ports. Their handling capacity is largely in line with transport demand, and the availability and the technical condition of equipment are in most cases better than those in other transport subsectors. Most of the main seaports have been transferred from the public to the private sector and several of them are operated by large international enterprises. Several maritime ports have recently invested in equipment that helps expedite the release of goods and makes transit traffic more secure.
The actual ship turnaround time of seven days or more in most West African maritime ports continue to exceed the target timeframe of 72 hours and this is a major challenge to the development of the maritime sector of the sub region (UNCTAD, 2013). The ports of Abidjan (Côte d'Ivoire), Dakar (Senegal), Douala (Cameroon) and Tema (Ghana) are of particular importance for the merchandise trade of the landlocked countries in Central and West Africa.

2.5 BORDER-CROSSING FACILITIES AND TRANSIT TRANSPORT IN WEST AND CENTRAL AFRICA

Border-crossing formalities in West Africa are complicated and cumbersome, mainly because of the multiplicity of customs and police documents. Countries use their own transit documents, which are not mutually accepted. One-stop windows and joint customs facilities are more the exception than the rule. The use of modern information and communication technology, for goods inspection, data collection and data processing, is still limited and/or subject to technical problems that reduce the efficiency of automated customs data management systems, such as electricity shortages or computer maintenance issues, as well as other problems. In addition, safe parking facilities for trucks that also meet minimum sanitary requirements for drivers are often lacking at border-crossing points (Uprety, 2006).

For example, Cote d’Ivoire uses a document called D25. In Burkina Faso and Niger, the document used is the Carnet de Transit Routier (CTR). However, none of the two countries accepts the other’s document. Likewise, the ECOWAS-adopted ISRT document is used in Togo, Benin, Ghana and Mali. Each country issues its own ISRT document and does not accept the ones issued by other countries. Burkina Faso accepts other countries’ ISRT document only for petroleum products. By
and large, the ECOWAS Interstate Road Transit Convention is not implemented in part because of disagreements about its bond guarantee scheme and related financial issues (Mongolia, 2008).

2.6 REGULATIONS FRAMEWORK ON TRANSIT TRADE IN WEST AND CENTRAL AFRICA

The use of neighbouring countries’ transport infrastructure by landlocked countries necessitates an adequate legal framework. Within the regional context and under the auspices of the Economic Community of West African States (ECOWAS), UEMOA, Communauté Économique et Monétaire de l’Afrique Centrale (CEMAC) and the Maritime Organization of West and Central Africa (MOWCA), landlocked countries in West and Central Africa have concluded several regional, multilateral and bilateral conventions and agreements on transport and logistics issues. They cover issues such as trade in goods and services, access to seaports, transit transport, and the harmonization of documents, taxes, duties and nomenclature, as well as agreements.

The three notable multilateral transit agreements in West Africa are:

- The Inter-State Road Transport Convention (IST),
- The Inter-State Road Transit Convention (ISRT),
- The agreement on the West African Brown Card insurance scheme.

Given the number of agreements and conventions regulating the use of transport infrastructure for transit traffic in West and Central Africa, and the overlap between and among them, their application and interpretation are not without differences of opinion. In practice, these legal instruments are often ignored or national regulations take precedence over regional agreements.
Thus, the IST Convention, which was expected to facilitate road transport by ensuring greater fluidity of transit traffic, has failed to reduce the number of roadblocks in most transit corridors (Uprety, 2006).

The application of the ISRT Convention, which was to replace national transit documents by a ISRT booklet, representing a single ECOWAS transit document, has been plagued by issues related to the sharing of revenues from the ISRT booklet sales, differences regarding the ISRT guarantee system and a reluctance to accept transit documents issued by other member states since there were doubts about the quality of the customs clearance system in partner countries. Lack of cooperation and trust between insurance companies is another important reason for the inadequate application of the ECOWAS Brown Card insurance scheme (UNCTAD, 2007).

However, despite these regional conventions, bilateral agreements and national regulations continue to dominate legal arrangements for transit transport activities in the sub region. The bilateral agreements linking landlocked countries in West and Central Africa and their transit developing neighbours cover cooperation on all modes of transport and all aspects of transit transport, including transport infrastructure, transport coordination and transport facilitation.

2.7 THE REGULATORY FRAMEWORK FOR THE TRANSIT TRADE IN GHANA The transit trade in Ghana is regulated by the Customs, Excise and Preventive Service (Management) which is under the PNDC Law 330, 1993: Sections 48, 50, 97, 171 and 316 and the L.I 1060 Customs Regulations 1976: Regulations 43, 112, 118 and 119.
2.7.1 The Provisions of the Regulatory Frameworks

Transit goods are required to be separately and specifically reported on the ship’s manifest (section 114 PNDC Law 330, 1993). The method of reporting transit goods to customs is set out in regulation 43 (LI 1060, 1976) as the “under noted cargo is hereby reported to .........................” separately on the inward report. With certain exceptions, transit goods are not deemed prohibited or restricted. The exceptions include; goods bearing in imitation of money, narcotic goods, goods specifically stated in the customs laws, diseased animals or animal carcasses, goods restricted by virtue of regulation 118, substances that depletes the ozone layer and all goods prohibited by international laws.

Transit goods do not attract duty except when entered for home consumption in this country with the commissioner’s approval or when chargeable deficiencies are discovered. Transit trade is permitted only at approved point (regulation 112). These approved points include: Port of Tema, Port of Takoradi, Kotoka International Airport, Elubo and Aflao.

It is also provided that goods in transit may be exported by any means of conveyance approved by customs and they must go through authorised customs stations. However, for security of revenue, customs may mount and escort from the import port to the export station at the expense of the trader. Transit goods are not to be interfered with without the prior consent of the nearest customs official who is expected to record the details of his actions.
2.8 POLICY INITIATIVES TO IMPROVE TRANSPORT INFRASTRUCTURE IN WEST AND CENTRAL AFRICA

There have been several regional initiatives aimed at improving the availability and use of trade-related transit transport infrastructure for landlocked countries in West and Central Africa. Some of these initiatives are inspired by the New Partnership for Africa’s Development (NEPAD) Short Term Action Plan on Infrastructure and are in conformity with the Sub-Saharan Africa Transport Programme (SSATP), conceived jointly by the World Bank and ECA in the late 1980s (Brushett, 2005).

Regional economic communities such as ECOWAS, UEMOA and CEMAC are also important institutions that cooperate with multilateral and bilateral donors, as well as regional financial institutions, in the design and implementation of policies for improved transport infrastructure in West and Central Africa. ECOWAS and UEMOA have joined forces to formulate for implementation a road transport and transit facilitation programme aimed at improving the competitiveness of member states by making regional trade more fluid through the improvement of transport systems and the elimination of non-tariff barriers.

The programme has the following components:

- Harmonization of the Inter-State Road Transit Convention to pave the way for the adoption of a single ISRT document;
- Establishment of surveillance systems to identify and discourage bad practices along key transit transport corridors;
- Building of joint border posts to speed up customs formalities at borders;
• Extension of the World Bank Initiative on HIV/AIDS Prevention (UNCTAD, 2007)

While many policy initiatives by regional economic communities for the improvement of transit transport infrastructure date back to their foundation and major programmatic documents were issued in the meantime, progress in implementation has been slow. Lack of funds and human resources constraints, but also the lack of political will to implement and enforce regional transit transport programmes and agreements, are the major factors underlying the limited progress achieved.

2.9 THE FLOW OF TRANSIT TRAFFIC THROUGH THE PORT OF TEMA

The trend of the transit business through the Tema corridor can be best appreciated with the figures of the throughput as recorded by the Port Authority. Table 2.1 below shows the import transit throughput over the last decade whiles figure 2.1 (below) shows a table of the flow of the import transit throughput.

Table 2.1: The Import Transit Throughput of the Port of Tema from 2004 to 2013 (figures in metric tonnes)

<table>
<thead>
<tr>
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<th></th>
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<th></th>
</tr>
</thead>
<tbody>
<tr>
<td>TRANSIT IMPORTS</td>
<td>764,128</td>
<td>875,325</td>
<td>887,589</td>
<td>843,656</td>
<td>864,307</td>
<td>509,124</td>
<td>447,071</td>
<td>614,078</td>
<td>530,053</td>
<td>620,668</td>
</tr>
</tbody>
</table>

Source: GPHA (2014)

From table 2.1, it can been seen that from 2004 to 2008, the volumes of import transit was quite high despite a marginal decline of 26,666 metric tonnes in 2007. In 2009, there was a sharp decline in the cargo throughput of 354,335 metric tonnes. From that time on the figures have never been
stable. Every other year there is a sign of an effort to recover but it falls again the year after the figures keep fluctuation till now. In all the recovery attempts, it is worth noting that the volumes never got close to the peak period in 2006. This clearly indicates that some transit importers were permanently lost to other competing ports.

Figure 2.1: The Flow of Import Transit throughput of the Port of Tema from 2004 to 2013

Source: (GPHA, 2014)

Figure 2.1 is a graphical presentation of the flow of the import transit traffic. It presents the initial satisfactory growth of the trade and the latter unstable trend within the last decade.
CHAPTER THREE

RESEARCH METHODOLOGY

3.1 INTRODUCTION

An examination of the various processes through which the research was developed is undeniably important. This chapter deals with details of the methods through which data was acquired and their significance to the assessment of the future of the transit trade in Ghana. It therefore presents an outline of the study area, research design and instruments, population and sampling procedure, data collection techniques, analysis of acquired data, and a brief discussion of field problems.

3.2 STUDY AREA

The study area for this research is limited to the port community in Tema. With an option to use either of the two (2) seaports in Ghana or both as a focal point for the study, the Port of Tema was considered more appropriate as maritime activities in Ghana are more concentrated in the Port of Tema than in the Port of Takoradi. The limitation to the Port of Tema has given the researcher a more focused oriented piece of work to give a better standpoint to the future of the transit trade in Ghana.

The Port of Tema which is the bigger of the two seaports in Ghana is located on the east coast of Ghana, about 21 nautical miles off the east coast of the capital city, Accra. In absolute location, Port of Tema is on the Greenwich Meridian and latitude 5.4 degrees north of the equator. It spans a land area of 3.9 million square metres and is flanked by the industrial city of Tema (Asuiwonno, 2011).

Within the port’s environs are Inland Clearance Depots (ICDs), warehouses, transport and haulage companies and related service centres. The Port of Tema is also serviced by leading shipping
companies such as Maersk Line, Mediterranean Shipping Company, etc.; and clearing and forwarding companies. In addition to this, it also caters for the shipping needs of several leadings companies such as Unilever and Nestle. Annually, the Port handles over 1500 vessels, 63% of total national seaborne traffic, 30% of national exports and 70% of total national imports (GPHA, 2013).

3.3 RESEARCH APPROACH AND DESIGN

Qualitative and quantitative methods are the most commonly used methods in social research. They can be used independently, or they can be combined to give what is known in social research as mixed methods. Quantitative research aims to measure using numbers while qualitative research usually describes scenarios and gathers data through interviews or analyse the meaning of information from documents.

Taking into consideration the main objective of assessing the future of the transit trade in Ghana, the qualitative research approach was chosen. Kathori (2004) explained that qualitative research is concerned with qualitative phenomenon relating to or involving quality especially for investigating reasons for a particular behaviour. It is a formal, objective, systematic process of describing and testing relationships and examining cause and effect interactions among variables. The qualitative research method became more appropriate for this study because it is sensitive and powerful in capturing people’s experiences and meanings of events. It also allows the respondents to share their experiences with others from their own perspectives.

The adoption of the qualitative approach has enabled the presentation of data in a descriptive design format. According to (Hale, 2011), there are three main types of descriptive methods: observational methods, case-study methods and survey methods. The researcher realized that amongst the three methods, the survey method was the most appropriate for this study.
In survey method research, Hale (2011) discussed that participants respond to questions administered through interviews or questionnaires. After the sampled respondents have answered the questions, the researcher describes the responses given as findings. In order for the survey to be both reliable and valid it is important that the questions are constructed in a way that will not direct the respondent to a particular answer. Questions should be clear, easy to comprehend and unambiguous.

The survey approach was chosen for this research. According to Mouton (1996) as cited by (Shilubane, 2009), a survey is used to collect primary data for describing a population that is too large to observe directly. Descriptive survey provides an accurate account of the characteristics of a particular group of individuals. It was chosen to determine the view of the various respondents with regards to the transit trade in Ghana.

3.4 RESEARCH INSTRUMENTS

Research instrument denotes the sources of all the data used in generating answers to research questions and achieving research set objectives. In this work, the traditional sources of data consisting of primary and secondary data were used. The primary data basically refers to the first hand data obtained by the researcher from the field, during the research activities whilst secondary data is directly from literature put up by other people and not obtained from the researcher’s own field work.

3.4.1 Primary Data

The primary data for this research was obtained mainly through the conduct of personal interviews with key informants, the organisation of focus group discussions and the administration of structured questionnaires amongst the population sample. The research questionnaires were first
administered, followed by personal interviews (face-to-face) with key informants and lastly a focus group discussion.

3.4.1.1 Questionnaires

A questionnaire is defined as a structured means of posing a standardized set of consistent predetermined questions in a given order to respondents for self-completion in a sample survey (Harvey, 2013). It usually consists of a list of questions (open-ended and/or closed-ended), but should also include clear instructions and spaces for answers or administrative details as shown in Appendix I.

Questionnaires can be administered in one of several ways including postal, electronic, telephone and face-to-face. In particular, it can be either self-completing questionnaire (Postal and electronic) or interview schedules (face-to-face and telephone). Using the self-completing questionnaire, the researcher personally submitted the questionnaires and a brief discussion was held with the respondents. In the brief discussion, agreement was reached with the respondents on a collection date and those who preferred that the research records their responses.

Pretesting of the questionnaire to detect errors and effect the appropriate changes before administering to the sample population was conducted on some few potential respondents. This pilot activity assisted to check respondents’ understanding and ability to answer the question as well as the right time for retrieval.

The final version of the questionnaire was distributed amongst 20 freight forwarders, 20 truck operators and 20 transit importers. Out of these numbers, 12, 15, and 17 responses were retrieved for transit importers, freight forwarders and truck operators respectively. In the end, the responses
from the questionnaires greatly inspired the design of the interview guide for the personal interviews and the focus group discussion.

### 3.4.1.2 Personal Interviews

The researcher designed a personal interview schedule as one of the data collection instruments for the study. The key informants, in this case referred to the management staff of GPHA, Shippers Councils’ representatives, CEPS, national security representatives and the Sate Insurance Company (SIC) management staff. The personal interviews took the form of a semi structured interview where the researcher designed a list of questions covering the relevant areas for discussion (see Appendix II) as an interview guide. Using this form of interview with open-ended questions, the researcher allowed open discussion on issues raised by following the interview guide but came in with a controlling form of question to keep the interviewee on track. This became the second research instrument to be used in collecting data so as to probe further into the unclear responses earlier received from the questionnaires. As affirmed by Singleton & Strait (2010), the interviews permitted a great deal more flexibility than is possible with self-administered questionnaires.

### 3.4.1.3 Focus Group Discussions

This involves the discussion of a matter of mutual interest to the researcher and a group: numbering between 4 and 10. According to Freitas, Oliveira, Jenkins & Popjoy (1998), during a focus group discussion, the moderator (researcher) stimulates the discussions with comments or subjects as relevant to the research whilst the participants influence each other through their ideas, answers and contributions. Usually, the data produced by this instrument is an audio tape and a transcript produced by the researcher. It was argued by (Morgan & Spanish, 1984) that focus group
discussion in qualitative research provides an opportunity to encourage triangulation and of course data reliability.

In this work, a group of 8 people made up of 3 truck operators, 3 freight forwarders and 2 GPHA field staff were brought together for about an hour and a half long discussion on the pertinent issues of the transit trade in Ghana.

3.4.2 Secondary Data

Secondary data was also gathered mainly through the review of literature in books, public documents, publications, articles, journals, newsletters, policies and regulations, and reports relevant to the study. To be more specific, the secondary data was gathered from Regional Maritime University library, the GPHA Statistical Department and as well as the Shippers’ Authority library, journals and on the internet. The secondary data obtained as a traditional activity in most social research, thus formed the literature review as presented in chapter two.

3.5 TARGET POPULATION

A study population is the total member of a defined class of people, objects, places or events selected because they are relevant to a research according to Burgess (2001), population simply refers to all the members of a group that the researcher is interested in. In research, target population is the entire set of units for which the survey data is to be used to make inferences. It can also be defined as the eligible population that is included in research work. It includes all the elements that meet all the sample criteria for inclusion in this study. The population for this study therefore includes all the stakeholders of the transit trade. This population consists of both governmental or public and private maritime institutions.
The target population for this research includes personnel of: Ghana Ports and Harbours Authority, Freight Forwarders, Customs Division of the Ghana Revenue Authority, Representatives of Burkina Faso, Niger and Mali Shipper’s Councils, Transit Transport Service Provider, State Insurance Company, Transit Importers (shippers).

3.6 SAMPLING PROCEDURE

A sample is a part of a group or aggregate of entire objects selected with a view to obtaining information about a whole. According to Singleton & Straits, 2010, research sample must be a representative of the target population that provides a close approximation of certain characteristics of the target group. However, due to the impossibility of interviewing the entire population of the study, some part of the entire population was sampled to represent the whole population based on some sampling techniques.

The sampling technique used to select the sample from the target population is the purposive sampling technique. In this sampling technique (also called judgmental sampling), researchers rely on their expect judgment to select units that are “representative” or “typical” of the population (Singleton & Straits, 2010). The purposive sampling is one of the non-probability techniques used to select members with some predetermined or special characteristics that make them convenient enough to represent a target population.

The researcher therefore considered the management staff members amongst the target population already discussed above for the sample size. The sample selected was therefore a set of maritime professionals who have sufficient technical knowledge in the area of transit trade in Ghana.
### 3.7 POPULATION, SAMPLE SIZE AND SAMPLING METHOD

Table 3.1 is a presentation of the target population, sample size and method and the survey type used to obtain information from the respondents to the questionnaire and personal interviews.

Table 3.1: Population, Sample and Research Instruments

<table>
<thead>
<tr>
<th>TARGET POPULATION</th>
<th>POSITION</th>
<th>SAMPLE SIZE</th>
<th>RESEARCH INSTRUMENT</th>
</tr>
</thead>
<tbody>
<tr>
<td>GPHA</td>
<td>GPHA managers</td>
<td>3</td>
<td>Interview</td>
</tr>
<tr>
<td>Shippers’ Councils</td>
<td>Ghana</td>
<td>4</td>
<td>Interview</td>
</tr>
<tr>
<td></td>
<td>Burkina Faso</td>
<td></td>
<td>Interview</td>
</tr>
<tr>
<td></td>
<td>Niger</td>
<td></td>
<td>Interview</td>
</tr>
<tr>
<td></td>
<td>Mali</td>
<td></td>
<td>Interview</td>
</tr>
<tr>
<td>Transit importers</td>
<td>A transit importer not less than 5 years in the business.</td>
<td>20</td>
<td>Questionnaires</td>
</tr>
<tr>
<td>Freight forwarders</td>
<td>A freight forwarder with not less than 5 years’ work experience</td>
<td>20</td>
<td>Questionnaires</td>
</tr>
<tr>
<td>Truck operators</td>
<td>A truck operator with not less than 5 years’ work experience</td>
<td>20</td>
<td>Questionnaires</td>
</tr>
<tr>
<td>CEPS</td>
<td>Management staff</td>
<td>1</td>
<td>Interview</td>
</tr>
<tr>
<td>National Security</td>
<td>Management staff</td>
<td>1</td>
<td>Interview</td>
</tr>
<tr>
<td>SIC</td>
<td>Management staff</td>
<td>1</td>
<td>Interview</td>
</tr>
</tbody>
</table>

Source: Author’s survey
3.8 DATA PROCESSING, ANALYSIS AND PRESENTATION

This is the main steering wing of the research work where the data obtained from the field undergoes the necessary refining to produce results that allows the achievement of the research objectives. Data processing and analysis therefore becomes the means through which conclusions can be reached and serve as the basis for making recommendations.

After the collection of the primary data, the researcher purposefully edited the retrieved responses to ensure that the information provided by the respondents are clean (i.e. without errors) and ready to be fed into the computer for analysis. In discussing the editing process, Singleton & Strait (2010) explained that it makes the data ready for analyses on the computer which means that the data is made complete, error free and as readable as possible.

These completed and cleaned responses were coded and presented, with the help of the Microsoft office software, as graphs and tables which formed the main data used in chapter four for performing various analyses. Most of the questions captured were qualitative data with a few quantitative data. Tables, frequency tables, charts and graphs were used to analyse the data.

During the interview, both group discussions and personal interviews, field notes and tape recordings were taking and transcribed immediately after close of the schedules. This was followed by the arrangement of the responses according to the research questions they addressed, a process that allowed the cleaning of the data for analysis.

According to Yin (1994), the ultimate goal of analysing data is to treat the evidence fairly, to produce compelling analytical conclusion and to rule out alternative interpretations. Maynard (2002) indicated that Miles and Huberman (1994) said data analysis is seen to consist of three
concurrent flows of activities. These three are data reduction, data display, and conclusion drawing and verification. Marfo (2009) states and discusses three ways for drawing conclusions as adopted from Alvesson & Skoldbery (1994); these are inductive, deductive and adductive.

Marfo (2009) indicated that inductive method is used to draw conclusions based on empirical findings. This method is normally used when established theories in the field of study are limited and the purpose is to form a new theory.

Deductive method is used when drawing conclusions perceived as valid when it is logically connected. Usually in deductive studies, theories and literature that have been established already are used as foundation for the new research.

Adductive method is similar to inductive method. With Adductive method, the researcher begins with the empirical facts, just as in the inductive method. However, theoretical pre-conceptions are not rejected. In adductive method, a separate case is interpreted according to the theoretical pattern as if it was true, would explain the case. The result is then confirmed based on the new observations. The new observation from the study is then compared with the theoretical frame of reference.

The analysis of the primary data as presented in a descriptive for with occasional use of tables and charts, is based on the deductive method as it is best suited for this study.

3.9 DATA RELIABILITY AND VALIDITY

Data reliability refers to the stability and consistency of the results of the research work and answers the question of whether a data is dependable using a consistent measurement whilst research validity is the congruence or the ability to fit between the operational definition and the concept it is meant to measure (Singleton & Strait, 2010).
According to Ivankova (2002), for validity to be attained, the researcher can use one of the four credibility determinants he enumerated including triangulation and member checking (pretesting). To achieve reliability of the data presented herein, the researcher applied the use of several research instruments including questionnaires, focus group and personal interviews amongst a scattered sampled respondents to fetch all the necessary information from many different angles as possible. This multi-instrumentation also known as triangulation has enabled to the researcher to consider the opinions and thoughts of all the stakeholders in the transit business in the collation of the data.

Following the assertion that “a valid measure is necessarily reliable, but a reliable data may or may not be valid” (Singleton & Strait, 2010), it is worth stating that once data validity has been achieved with the use of triangulation, pretesting of research instruments, data reliability is as well guaranteed in the work.

### 3.10 FIELD CHALLENGES

As much as possible, some measures were put in place to minimise the advert effects of some of the field challenges by the researcher. However, some of the following challenges were beyond the solution of the researcher.

Several efforts including the writings of letters and personal visitations to book appointments with some officials for interviews and group discussions proved futile.

Again, during the sorting out of the responses from the questionnaires, some of the responses were completely unclear and impossible to read whilst some of them ignored some of the questions.
Also, it was noticed that some of the respondents were very reluctant to give out in-depth information as they probably doubted the true purpose of the interview for whatever reasons.

Two National Security personnel were invited for the focus group discussion but they failed to show up.

The researcher persistently attempted to gather some information on the revenue accrued by the GPHA on import transit to enrich the content of the research but all attempts proved futile. One reason for this failure was that revenue from the transit trade is not recorded separately from revenue from local trade and officials were not ready to provide the researcher with details of revenue accrued by the organisation despite earlier promises that they would be provided.

It became very challenging to obtain some other information which the researcher felt could enrich this research. In spite of all the field challenges encountered, the purpose of this research was adequately achieved.
CHAPTER FOUR

PRESENTATION AND DISCUSSIONS OF FINDINGS

4.1 INTRODUCTION

This chapter presents the discussions and analysis of the field data collected from respondents as earlier discussed in chapter three (3). The discussions and analysis are presented in the order of the arrangements of the research objectives and the research questions of the study. However, there is an initial overview of the statistical presentation of the responses of the respondents to guide the level of appreciation that should follow the data as obtained from the field. In the end, all the specific research objectives were achieved and the main objective to assess the future of the transit trade in Ghana was duly accomplished. The whole chapter is a demonstration of how qualitative research approach can be effectively used in highlighting social and business challenges and serve as a basis for reaching informed conclusions and making constructive recommendations.

4.2 FINDINGS OF THE SURVEY

The survey involved the distribution of research questionnaires amongst 20 transit importers, 20 truck operators and 20 freight forwarders. In all, 60 questionnaires were distributed amongst the three sets of the target population. The survey also involved personal interviews and a focus group discussion with some selected persons in the transit business as discussed in the previous chapter.

4.2.1 Rate of Responses to Questionnaires

Out of the 20 questionnaires distributed amongst transit importers, 12 were retrieved, representing 60%. Out of the 20 distributed amongst freight forwarders, 15 were retrieved, representing 75% and
out of the 20 distributed amongst truck operators, 17 were retrieved, representing 85%. Table 4.1 is a graphical representation of the rate of responses to the questionnaires distributed amongst the sampled population.

Table 4.1: Rate of Responses to Questionnaires

<table>
<thead>
<tr>
<th>TARGET POPULATION</th>
<th>SAMPLE SIZE</th>
<th>NUMBER OF RESPONDENTS</th>
<th>PERCENTAGE OF RESPONSE PER SAMPLE SIZE (%)</th>
<th>PERCENTAGE OF RESPONSE PER TOTAL RESPONDENTS (%)</th>
</tr>
</thead>
<tbody>
<tr>
<td>TRANSIT IMPORTERS</td>
<td>20</td>
<td>12</td>
<td>60.00</td>
<td>27.27</td>
</tr>
<tr>
<td>FREIGHT FORWARDERS</td>
<td>20</td>
<td>15</td>
<td>75.00</td>
<td>34.09</td>
</tr>
<tr>
<td>TRUCK OPERATORS</td>
<td>20</td>
<td>17</td>
<td>85.00</td>
<td>38.63</td>
</tr>
<tr>
<td>TOATAL</td>
<td>60</td>
<td>44</td>
<td>73.33</td>
<td>100</td>
</tr>
</tbody>
</table>

Source: Field data

4.2.2 Years of Work Experience of Respondents

In order to achieve the objective of selecting an acceptable sample with a rich experience and knowledge about the transit trade to represent the target population, a purposive selection method was used and to ensure the validity of the choices made, the respondents were asked to state their number of years of work in the transit business. The basic criterion for selection was a minimum of 5 years’ work experience in the transit trade. Figure 4.1 indicates the number of years of work experience as given by the respondents in the questionnaire.
From figure 4.1, it is clear that all the respondents have a work experience of 5 years or above. However 25 out of the 44 representing the majority of the respondents (57%) fall within the minimum range of 5 to 10 years. 12 of the respondents representing (27%) fall within the range of 11 to 15 years, 5 representing (11%) fall within the range of 16 to 20 years and 2 representing (5%) fall within the range with 20 years of work experience or above. This number is representative enough to provide the appropriate responses to the questionnaire. It can therefore be inferred that the appropriate responses were received to help achieve the purpose of the study.
4.3 RESPONSES FROM QUESTIONNAIRES

This section presents a summary of the responses received from the questionnaires. The responses are arranged in the order of the research questions as attached in Appendix I.

4.3.1 Other Ports Used in the Sub Region for Transit Trade besides the Port of Tema

In order to know whether respondents make use of other ports in the sub region besides the Port of Tema, they were asked to indicate other ports that they use beside the Port of Tema. Figure 4.2 is a summary of the responses in respect of the use of other ports.

Figure 4.2: Other Transit Ports used besides the Port of Tema

<table>
<thead>
<tr>
<th>Port</th>
<th>Frequency</th>
</tr>
</thead>
<tbody>
<tr>
<td>Port of Abidjan</td>
<td>21</td>
</tr>
<tr>
<td>Port of Lome</td>
<td>23</td>
</tr>
<tr>
<td>Port of Cotonou</td>
<td>17</td>
</tr>
</tbody>
</table>

Source: Field Data
From figure 4.2, it could be seen that 23 of the respondents representing 52.27% use the Port of Lome besides the Port of Tema whilst 21 of the respondents representing 47.72% also use the Port of Abidjan besides the Port of Tema. Also, 17 of the respondents representing 38.63% use the Port of Cotonou in addition to the Port of Tema.

The details of the responses is as follows; the 17 truck operators indicated that they use all the ports in the sub region with the exception of the Port of Dakar due to the distance, and this is because they do not dictate where the cargo should go, in order to remain in business they follow the cargo wherever it goes. So the 17 truck operators plus the 6 transit importers who stated that they use the Port of Lome made up the total of 23 who stated in their responses that they use the Port of Lome beside the Port of Tema. 4 transit importers add up to the 17 truck operators to make up the total number of 21 that use the Port of Abidjan beside the Port of Tema. Two transit importers stated that they are loyal to Ghana. The 17 who use the Port of Cotonou beside the Port of Tema are the 17 truck operators who responded to the questionnaire.

All the freight forwarders stated that due to language barrier and the differences that exist in policies and systems in others countries they do not move physically to work in other countries but they have business partners that they recommend to clients who may need their services in that country.

All the 17 truck operators indicated that they make use of all the ports in the sub region with the exception of Dakar due to the distance.

It could therefore be inferred that the use of ports by shippers is strategic. Also the destination of cargo is entirely dependent on the shipper while truck operators follow cargo wherever it may be.
4.3.1.1 Reasons for the Use of Other Ports beside the Port of Tema

In order to highlight the positive traits of ports in the sub region participants were asked to indicate the reason for using other ports beside the Port of Tema. To achieve the purpose of the question consideration was given to responses by the transit importers only because they control where the cargo should go. The reasons given by the respondents who use the Port of Lome was that security in Côte d’Ivoire was still very fragile and the ALP in Ghana had discouraged them but they do not want to put all their eggs in one basket so they still want to use Ghana. Those who use the Port of Abidjan said they only use there when their consignment is a full container load that can transit by rail because it is faster and cheaper. But when the consignment will have to be devanned and transported by road the Ghanaian corridor is the safest in the sub region.

The broad reasons were summarized as follows:

- Good hinterland connection especially the existence of a railway connection.
- Safe and efficient handling of cargo.
- Good customer care.
- Assurance of the safety and security of their cargo on the corridor.
- Absence of congestion in the port.

Clearly a combination of a number of the above reasons inform the decision of the transit importer to use certain ports at certain times and others at other times.

It could be inferred that due to the availability of other ports with similar infrastructure and proximity to the transit destinations the trade is very volatile in the West African sub region. Transit importers express their displeasure to government policies that they see as unfriendly by shifting to other ports. As stated in chapter two all the ports within the sub region are making frantic efforts to
develop and their infrastructural abilities are about the same but they are differentiated by policies being implemented in the various countries. Transit importers are attracted to the positive traits that will help them maximize their profits.

4.3.2 The Frequency of the Use of the Port of Tema

In order to compare the use of the Port of Tema with other ports in the sub region respondents were asked to state how frequently they used the Port of Tema and other ports in the sub region over the past decade. The responses received are summarised in figure 4.3 below;

Figure 4.3: The Frequency of the Use of the Port of Tema and other Ports in the Sub Region.

Source: Field Data

The information in figure 4.3 indicate that majority of the respondents (73%) said their transit business through the Port of Tema has not been frequent whilst 20% indicated that they have been frequent in the Port of Tema. 7% said that they have been quite frequent but none indicated a very frequent use of the Port of Tema.
The conclusion that can be drawn is that transit importers are not as frequent as they used to be in the Port of Tema in the early period of the last decade. This comes with some loss of traffic to the benefit of neighbouring ports competing for the same transit cargo. This confirms how volatile the transit trade could be and has been in the last decade.

4.3.3 Changes in the Trend of the Import Transit Trade

In order to identify the changes in the trend of the import transit trade within the last decade respondents were asked to briefly discuss the changes they had noticed in the transit trade with respect to the following areas: documentation, clearance procedures and policy implementation.

With respect to documentation, majority of the respondents especially freight forwarders and transit importers indicated that the introduction of Information Communication Technology is a very good change but they were expecting it to reduce the paperwork faster than it is doing. The Ghana Community Network system (GCNet) has helped to reduce the cumbersome processes but there is still more room for improvement. The GCNet system was introduced in 2005 to harmonise the clearance procedures through an electronic network. They cited system failures and power outages to be having serious effect on the documentation procedure.

Also in respect of the clearance procedures, all the respondents mentioned the positive aspect of the electronic waybill system but still lamented on the duplication of work by multiple agencies having to do the same checks over and over again causing undue delays.

With respect to policy implementation an overwhelming 95% of the respondents stated that the implementation of the axle-load policy (ALP) is the major change that happened to the trade. Most
of the respondents added that the ALP implementation brought a lot of hardship and frustrations to the trade and made the transit business on the Ghanaian corridor less attractive.

It can be said that the major factors that caused changes in the trend of the transit trade include the use of ICT and the change in transport policy popularly known as the ALP implementation.

### 4.3.4 Challenges Facing the Transit Trade

In order to highlight the challenges in the transit trade, the participants were asked to state the challenges facing the import transit business. The responses that were given in respect to the challenges facing the import transit trade, as presented by the respondents are summarised in figure 4.4 below;

Figure 4.4 Challenges Facing the Transit Trade

![Bar Chart](chart.png)

<table>
<thead>
<tr>
<th>Challenge</th>
<th>Frequency</th>
</tr>
</thead>
<tbody>
<tr>
<td>Delays</td>
<td>35</td>
</tr>
<tr>
<td>Too many unproductive checks</td>
<td>30</td>
</tr>
<tr>
<td>Bribery &amp; corruption</td>
<td>43</td>
</tr>
<tr>
<td>High cost of clearance</td>
<td>16</td>
</tr>
<tr>
<td>Poor hinterland connection</td>
<td>28</td>
</tr>
</tbody>
</table>

Source: Field Data.

From figure 4.4, it is evident that bribery and corruption is a major challenge that faces almost all the respondents (98%). 80% of the respondents mentioned delays as another serious challenge
affecting their businesses. These delays are often caused by multiple checks of both cargo and
documents in the port and on the corridor. In fact the delays and multiple checks are all means that
pave the way for corruption. Poor hinterland connection was mentioned by 64% of the respondents
as a major challenge facing the trade. However, only 36% of the respondents said they found the
clearance cost of the Port of Tema exorbitant. The end result of all these challenges is the increase
in the cost of doing business through the Tema corridor.

4.3.5 Efforts to Mitigate the Challenges Facing the Transit Trade

The researcher undertook to find out from the transit importers and the freight forwarders what
actions they have taken to mitigate or overcome the challenges they have identified facing the
transit trade. This is to find out how far the challenges are being addressed. The general response
was that several reports have been made to the port authorities directly and also through the
respective shippers’ councils to initiate the necessary actions but the problems still persist.

The responses of the respondents clearly indicate that they are helpless when it comes to finding
solutions to challenges facing them, they can only appeal for help from the port authorities by
themselves or through their respective Shippers’ Councils. If the expected solution is not forth
coming then the only solution is to shift his business to other ports in the region. They also clearly
indicated that some of the challenges are beyond the port authorities themselves, especially when it
has to do with customs officials, they avoid stepping on each other’s toes. We can therefore say that
transit importers have shifted from Ghana due to the numerous challenges they encounter and the
frustrations they go through to clear their cargoes.
4.3.6 Positive Aspects of the Transit Trade

To ascertain the positive aspects of the transit trade, participants were asked to mention some of the things they think is positive about the transit trade. The positive aspects of the transit trade as perceived by the majority of the respondents include: generation of employment, increased port revenue, facilitation of infrastructural development both in the port and on the corridor, promotion of international cooperation and the boosting of the country’s diplomatic standing. The rate of response as indicated by the respondents are summarised in figure 4.5 below:

Figure 4.5: Response Frequency & Percentages of the Positive Aspects of the Transit Trade

Source: Field Data

From figure 4.5 above, it is shown that all the respondents mentioned the generation of employment and increased port revenue as a positive aspect of the transit trade. 86% and 73% of the respondents
also mentioned the facilitation of infrastructural development and, promotion of international cooperation and the boosting of the country’s diplomatic standing. The promotion of the international cooperation was also stated by 66% of the respondents.

It can be said from the results in figure 4.5 that there is a wide knowledge amongst the transit importers, freight forwarders and truck operators about the benefits that their activities brings into the Ghanaian economy. Inferring from this, it can be said that the transit importer is aware of his contribution to the development of the transit state and that his loyalty to a particular port must be earned.

4.3.7 Negative Aspects of the Transit Trade

Participants were also asked if they knew of any negative aspects that were associated with the transit trade. This was to ascertain the negative influence of the transit trade on the economy. Some of the responses retrieved include: damage to the road network, road accidents, and transmission of STDs including HIV and the loss of revenue through the diversion of local cargoes purposefully declared as transit cargoes. Figure 4.6 below is a summary of the frequency of the disadvantages associated with the transit trade.
Figure 4.6: Percentages Response of the Negative Impacts of the Transit Trade

Source: Field Data

Figure 4.6 above depicts that 34% of the respondents said that the transit trade contributes to damages to the road network, 14% mentioned road accidents and 2% also stated the transmission of infections and diseases. Answers to this question mostly came from freight forwarders and truck operators. The transit importers avoided answering the question altogether.

It is obvious from the rate of responses to this question that the foreigners among the respondents were not too proud of this negative aspect of the transit trade as depicted in figure 4.6.
4.3.8 Impacts of the Prevailing Trend on the Future of the Transit Trade.

In order to know the view of the customer on the future of the transit trade, respondents were asked to share their opinions on the future of the transit trade through the Port of Tema. Majority (93%) of the respondents held the view that the current state of the transit trade will not impact positively in the near future unless some positive and swift remedial actions are taken by the authorities.

In response to a follow up question on why they held their respective views, all the respondents said that, the peaceful and political stable nature of the country is a strong competitive edge in the transit trade competition but that alone cannot attract and ensure customers loyalty. They said that the Ghanaian Authorities must be aware of the fact that neighbouring Côte d’Ivoire is doing all it can to restore peace in the country and all neighbouring ports are upgrading their ports’ infrastructure to make them effective and efficient, hence a guarantee of better services which is the ultimate standard demand for port operations and same is imperative for the future of the Ghanaian corridor.

Some other reasons stated imply that Ghana has taken transit importers for granted for far too long and refuse to act on their grievances. Comparing this comment with how the authorities are mitigating the challenges of the trade (everything is said to be in the pipeline), it can be inferred that the comment is very valid.

However, some of the respondents were optimistic about the future of the transit trade. They said that, the challenges that exist in the Port of Tema are also experienced in the other ports in the sub region. But the transit business in Ghana, offers much more security than anywhere else in the sub region. This suggests that no matter what happens, Ghana’s strengths which lie in its security, safety and proximity to Burkina Faso will still play in bringing transit business to the Port of Tema. Tema has a distance of 925 km to Ouagadougou the capital of Burkina Faso which is the highest
transit patron of the Port of Tema and also serves as a second transit country to Mali and Niger from Ghana. They believe that the Port of Tema will perpetually capture some Burkinabè importers to use the Ghanaian corridor since they have learnt not to put all their eggs in one basket.

4.4 RESPONSES FROM PERSONAL INTERVIEWS

The responses discussed in this section also relates to the data gathered through the personal interviews with GPHA managers, CEPS officials and SIC representatives.

4.4.1 Factors Affecting the Trend of the Import Transit Traffic

Considering the flow of the import transit traffic as discussed in Chapter 2 (figure 2.1) and the infrequent use of the Port of Tema for transit by some respondents, the GPHA managers were asked to discuss the factors affecting the trend of the import transit traffic through the Port of Tema.

The discussion under this topic started with a recount of the growth in the transit volumes from the beginning of the last decade until the implementation of the ALP in 2009. The discussions confirmed that the implementation of the ALP as mentioned in the responses from the questionnaire was indeed the pivot of the change from the growth to the decline of the transit traffic.

Beside the above, the GPHA managers more or less diverted the discussions to talk about some of the challenges discussed below in sub section 4.4.2 and how they also affected the change in the trend of the import transit traffic.

However, the GPHA managers are of the view that above all, the stabilisation of Côte d’Ivoire and the efforts in developments in other ports to recapture what originally belonged to them have been the major causes for the change in the trend.
The causes for the change in the trend of the import transit trade hence can be viewed from the factors through which the changes resulted. Inferring from the above discussions together with the responses from the questionnaires on the matter of the factors behind the change of the trend, it can be said that mainly the implementation of the ALP and the introduction of ICT were the factors that drove the trend of the transit trade.

4.4.2 Challenges Facing the Import Transit Trade

During the discussions, the GPHA managers were also asked to confirm or otherwise all the challenges enumerated by the shippers and the freight forwarders and mention any others that they think hinder the progress of the transit business through the Port of Tema. This was to validate or authenticate the claim by the transit importers and freight forwarders that they have made several complaints about their plight to the port authorities.

The responses from the GPHA managers indicated that all the challenges facing the importers and the freight forwarders had been brought before them but they have been in existence from the onset of the transit trade and pertains as well to the home consumption goods. They however added that the challenges facing the port users in respect of the transit trade have always been a grave concern to the port authorities.

Besides the challenges facing the transit importers and the freight forwarders which the GPHA managers attested to, they also discussed some peculiar challenges facing the transit trade development. The length of the discussion centred on the lack of hinterland connections especially railways and good roads from the port to the north as a major challenge.
Another peculiar challenge facing the trade was said to be diversion. According to the GPHA managers, the issue of diversion has not been properly documented but the scanty information available indicate that it is very minimal, but Customs Officials would want to blow it out of proportion to cover an attitude they have towards the trade. They also made mention that the greatest enemy to the trade is the lackadaisical attitude of some stakeholders. The said CEPS as an institution is not giving the needed attention to the transit trade. For over a decade that the trade has existed CEPS does not have a dedicated desk to handle transit cargo. Customs officials behave as if they were rendering free services to foreign neighbours because they do not collect customs duty on transit goods. They made mention of the fact that by virtue of the bilateral agreements between the LLCs and Ghana transit traders enjoy 21 days free dwelling periods for their cargoes adding this to the higher value of the CFA Franc against the cedi, rent charges at the Port of Tema are relatively lower compared to other competing ports in the region.

From the perspective of the authorities, the developments of other ports in the sub region and the stabilization of Côte d’Ivoire threatens the competitive edge of Ghana in the transit business. To this end, the managers also considered that some customs officials are very indifferent to the transit trade because of the pessimistic mind-set that other neighbouring ports especially Côte d’Ivoire are getting stronger with their competitive advantages in the transit business. One of the GPHA managers said that “most of the custom officers think that because duties are not derived from the transit trade, there is no need to attract it”. The GPHA managers therefore consider the indifference of customs to the transit trade as a major challenge that hinders the development of the trade. The discussions with the GPHA managers further brought to light that Ghana Customs do not have a dedicated desk for transit trade. This leaves no option for freight forwarders but to follow the same clearance procedures as local cargo forwarders do. By this, they join the long queues and are faced
with lots of delays in clearance. Luguje (2004) made recommendations that GPHA should spearhead the finding of solutions to these problems but they unfortunately still persists till date.

The lack of a customs dedicated desk for transit trade in the port undoubtedly is a sign that they have no particular interest in the trade.

On the other hand, CEPS officials have not been able to offer anything relevant to this study as they do not consolidate the data they collect on the transit trade so they do not make any meaningful information out of the transit trade since they do not generate any direct income from it. This, more or less explains the fact that there is indifference on the part of this major stakeholder of the trade.

4.4.3 Efforts to Mitigate Challenges Facing the Transit Trade

Directing everything that must be done to the port authorities as noticed in the responses from the questionnaires, the researcher, wanted to know from the GPHA managers how the challenges facing the transit trade were being addressed. The discussions revealed that almost every action to counter the challenges and threats are still in the pipeline. Some of them include;

- The need to persuade the ruling government to foster good will to implement the international, regional and sub-regional conventions that Ghana has ratified.
- The formation of a Port Transit Community to bring all stakeholders on board to discuss and implement proposals that will help solve challenges facing the transit trade.
- Talks to improve hinterland connections to facilitate the free flow of cargo.
- The construction of an inland port at Boankra to serve the middle and northern belts and the LLCs.
Apart from the inland port project being a good evidence about the fact that at least there is some amount of goodwill to approach the infrastructural challenges of the transit trade, there are no clear evidence to show any commitment to the non-infrastructural challenges including those listed in figure 4.7. Undoubtedly, to solve the non-infrastructural challenges cannot take as long as the infrastructural projects.

4.4.4 Positive Aspects of the Transit Trade

To also ascertain the satisfaction derived from the transit trade from the perspective of the Port Authority and Ghana Revenue Authority (GRA) Customs Division, the respondents were asked to discuss the positive aspects of the transit trade.

All the personal interviews conducted did not yield any much different responses from the already discussed benefits from the questionnaire (see figure 4.5) except that the Managers at GPHA gave a counter explanation to the perception by CEPS that the transit trade did not bring any revenue to the state but added merely to the cargo traffic in causing port congestion. The GPHA managers explained that although goods in transit by law are exempted from duty payment in the transit country, revenue accrued from the transit trade by the Port Authority comes in through stevedoring, port dues, handling charges, rent charges, etc.

The SIC official also explained that there has been a lot of revenue from the transit business in terms of insurance. He stated that, “Although there were few instances that we paid indemnities to our insured, the premiums that were retained as profits far outweighs the losses”.

A further detailed explanation to the benefit of the transit trade is boosting the country’s diplomatic standing. The GPHA managers explained that, transit trade increases the total throughput of the
port. Eligibility to participate in major international decision making with regards to maritime issues is determined by the volumes of cargo that a port handles. This means that to become a major maritime nation that qualifies to participate in international maritime resolutions, the country must attain a certain throughput. This therefore explains why the transit trade can boost the countries international standing.

It can be deduced therefore that, the benefits of the transit trade is not limited to how much revenue is accrued to the transit country but it also has international and diplomatic implications.

4.4.5 Negative Aspects of the Transit Trade

In order to help reach an informed conclusion whether the transit trade is good for the nation or not, the question of the negative effects of the transit trade was raised with to all the interviewees.

The responses from the managers at GPHA clearly proved that they were unyielding to any negative presentation of the transit business. However, they eventually corroborated that a lot of transit truck accidents have been recorded on our roads and there are newspaper reports of promiscuous acts around areas where foreign trucks gather awaiting cargo. It was also discussed that many of the accidents resulting from the transit truck operators is as a results of the differences in road regulations between the Francophone and the Anglophone countries. Lastly, mention was made of damage to the road network as a trace to the reason why the ALP was implemented.

The National Security personnel expressed dismay to how some freight forwarders condone and connive with some importers, mainly local importers, to take advantage of the transit trade to deny the state of the much needed revenue.
Besides, there was also an expression of fear for the possibility of importing the Ebola virus into the country through contacts with foreign nationals.

More extensively, the officers of CEPS, who hardly see any benefits derived from the transit trade, stated that, “the transit trade had not only caused damage to our roads but also caused accidents due to the way the foreign trucks pack by the roadside. All gutters have been damaged and this has affected the drainage system especially in Tema, Accra and Kumasi causing environmental hazards. Traffic jams within the port community can also be attributed to the operations involving transit”.

The SIC official with so much interest in the premiums they generate and retain as profits from the transit trade could likewise think of any negative effects apart from accepting the fact that to some extent, the transit trade also contributes to road damages and vehicular traffic in town. He however, sharply argued that because road tolls are levied on all trucks using the roads, the issue of road damages is very negligible in considering the negative effects of the transit trade.

In respect of the road accidents, the SIC official also indicated that in the last decade, they have had quite a number of road accidents due to overloading.

It is clear so far that the transit trade has some negative aspects but they cannot compare with the positive side of it. Moreover the negative aspects are issues that are not beyond prevention and control at minimum cost.
4.4.6 Impacts of the Prevailing Trend on the Future of the Transit Trade

During the personal interviews, the interviewees were also asked to share their opinions on the future of the transit trade in the light of the prevailing trend to enable the researcher assess the future of the transit trade through the Port of Tema.

The GPHA managers expressed hope for the future of the transit trade. In their responses they indicated that the transit trade has a lot of potential and can be grown to a huge industry but it cannot just happen. They said the future of the trade is in the hands of Ghanaians and acknowledged that the trade will not just grow but if it is tackled with all the seriousness it deserves and comprehensively the transit trade will grow and bring more revenue to the country than all the gold that is mined in the country without destroying the ecosystem of the country. This is nothing but a clear submission that, the challenges bedevilling the transit trade must be tackled seriously to keep it alive.

The CEPS officials in their responses showed that they are rather very indifferent about the transit trade and posting a despair giving the facts that Côte d’Ivoire is quickly stabilising, speaking the same language and sharing a common currency with all the LLCs gives them a competitive edge over Ghana. In all the interviews, the CEPS officials never portrayed to be optimistic about the transit trade.

The SIC official on the other hand, said that the trade has been good and that per his own estimation they realised a profit of over GH₵ 4 million in 2013. He expressed optimism and wishes for the transit trade to grow in order to increase their revenue from the trade. He however expressed regret that CEPS officials see the trade in a different way.
4.5  RESPONSES FROM THE FOCUS GROUP DISCUSSIONS

This section is a discussion of the data gathered from the group discussion organised with truck operators, transit importers, GPHA field staff and freight forwarders. The data presented under this section tackles only the relevant information received from the group in order to prevent repetition.

4.5.1  Efforts to Mitigate the Challenges Facing the Transit Trade

The most topically discussed issue during the focus group discussions was when the question of efforts being made to mitigate the challenges facing the transit trade in general was raised. This was to ascertain once again the efforts to deal with the challenges confronting the trade.

The discussions revealed that, the ALP after its undesirable effects in 2009, was somehow relaxed for an intense stakeholder consultation and education to beat down the tension around it. The truck operators admitted that from 2010, various programmes and stakeholder meetings have been held with the Ministry of Highways and Urban Roads to explain the purpose of the ALP. The end of the heated discussion on this matter indicated that there was a total rush to implement the policy without the appropriate education. At the end of the discussion respondents expressed a total displeasure about the ALP.
CHAPTER FIVE

SUMMARY, CONCLUSIONS AND RECOMMENDATIONS

5.1 INTRODUCTION

This chapter is a presentation of the highlight of the findings (primary data) as discussed in the previous chapter. Based on the research objectives set out in chapter one and the findings as discussed, a conclusion is reached on the overall purpose of the research. In the end, this chapter also discusses the researcher’s recommendations on the way forward in respect of the conclusions reached and the assessed future of the transit trade in Ghana.

5.2 SUMMARY OF FINDINGS

The findings revealed that the transit trade in West Africa is very volatile due to the availability of other ports within the region. Transit countries within the region are all developing countries and none of them including Ghana has all that is required to be the ultimate port of choice for the region. For this reason, in the last decade, transit importers have been shifting from port to port seeking for better, reliable and cheap services that will help them enhance their businesses.

The Port of Tema reached the peak in the transit trade in 2006 but lost a significant amount of its share to other ports in the sub region in 2009. The study brought to light that the major cause for the sharp decline in the transit traffic in 2009 was the infamous the axle load policy. Inasmuch as the implementation of the axle load policy is indicated to be the major cause responsible for the change in the trend of the import transit trade, other factors such as the inefficient application of the GCNet, delays in clearance procedures, lack of a dedicated customs desk for transit operations also contributed to the change in trend. Other factors identified to have contributed to the change in
trend was the stabilisation of Côte d’Ivoire and the developmental efforts of other neighbouring ports in the bid to capture a fair share of the transit trade.

The field data also brought to light that transit importers are faced with some major challenges such as: bribery and corruption; delays and unnecessary checks which in the end increase the cost of doing business in the Port of Tema. Furthermore, the findings revealed that the lack of hinterland connections especially by rail is a major hindrance to the transit trade.

It was also discovered that the port authorities do little to help solve challenges affecting the transit importers.

The findings highlighted the positive and negative aspects of the import transit trade and concluded the positive side of the trade far outweighs the negative which can be control with a little effort.

Finally, the study revealed that the peace in the country alone cannot attract and keep transit customers so comprehensive efforts need to be made in order to win customer confidence and loyalty. This is the only way to grow the transit trade.

5.3 CONCLUSIONS OF FINDINGS

Considering the main objectives of this research which is to assess the future of the transit trade in Ghana and based on the findings earlier discussed (both primary and secondary data), the following conclusions can be drawn.

- The import transit trade through the Port of Tema is in recent times performing below its potential. It can also be concluded that the ALP implementation as a cause for the decline of the transit trade has been overemphasised to the neglect of other equally damaging causes.
Economic and other national policies have very close and direct consequences or impacts on the activities of the port.

Some of the transit importers have been permanently lost to neighbouring ports and this is likely to continue if remedial actions are not taken immediately. It is worth noting that shippers using the Port of Tema for import transit have lots of challenges yet unattended to by the port authorities.

The transit trade has the potential of being developed to a huge industry if the right approach and the right attitude are adopted.

Unless the port authorities undertake urgent measures to remedy the challenges facing transit importers, the future of the transit trade will be a sad story to tell.

5.4 RECOMMENDATIONS

Following the research findings and the conclusions reached, the researcher makes the recommendations below to achieve a better and sustainable trend in the transit trade through the Port of Tema:

- There is need to educate all stakeholders on the benefits that the transit trade could bring to the country.

- The port authorities should make conscious efforts to sensitize government officials on the benefits of the transit trade so as to get them to approach the trade with good will and interest.
All stakeholder must be educated on the benefits of the trade and be brought on board in making decisions concerning the trade.

As a matter of urgency, a “Port Transit Community” should be formed with representatives from all stakeholders all along the corridor to steer the affairs of the transit trade. For sustainability purposes, it is recommended that the proposed institution be made a standing institution that shall be mandated to oversee and ensure a better and sustainable performing transit trade.

Strategic and aggressive marketing should be embarked on to bring back lost customers whilst maintaining loyal customers. It should simply begin with the creation of a dedicated service department in the port to serve only transit importers to help avoid the challenge of delays in the port. This should be followed by the recruitment of personnel with French background to help in this direction.

At the national level, a wider and in-depth consultation should always be made, with reference to the port and its related activities whether directly or indirectly in respect of all economic policies, before their implementation. The Port Authorities should as a matter of urgency lobby for political will in the implementation of bilateral, multilateral and international agreements.

There should also be a governmental collaboration between Ghana and the LLCs to manage the negative aspects of the transit trade.
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APPENDIX I

QUESTIONNAIRE FOR TRANSIT IMPORTERS, FREIGHT FORWARDERS AND TRUCK OPERATORS

SECTION A: INTRODUCTION

I am a student of the Regional Maritime University, pursuing a Master of Arts Programme in Ports and Shipping Administration. I am researching on the topic “An Assessment of the Future of the Transit Trade in Ghana” as part of my requirement for the award of the master’s degree stated above.

I shall be very grateful if you can find time to fill this questionnaire to enable me to successfully complete this research.

I hereby assure you that all the information given shall be treated as confidential and shall only be used strictly for academic purposes.

Email: pobeemensahf@yahoo.com

SECTION B: QUESTIONNAIRES

NAME OF ORGANISATION

………………………………………………………………………………………………………………………………………………………………………………

POSITION IN

ORGANISATION……………………………………………………………………………………………………………………………………………………

YEARS OF WORK EXPERIENCE

………………………………………………………………………………………………………………………………………………………………………………
THE TREND OF THE TRANSIT TRADE

1. Apart from Port of Tema which other port in the West Africa sub region do you use for transit?
   Port of Abidjan [ ] Port of Lome [ ] Port of Cotonou [ ] Port of Dakar

2. Which of your transit ports is your port of choice?
   Port of Abidjan [ ] Port of Lome [ ] Port of Cotonou [ ] Port of Dakar

3. How stable has your business been in Port of Tema over the past decade?
   Very stable [ ] Quite stable [ ] Stable [ ] Unstable [ ]

4. Briefly explain what accounts for the situation as described in question 3 above

…………………………………………………………………………………………………………………………
…………………………………………………………………………………………………………………………

5. Briefly discuss any changes you noticed with your transit business through the Port of Tema in respect of:

   a. Clearance procedures?
      ……………………………………………………………………………………………………………………………
      ……………………………………………………………………………………………………………………………

   b. Documentation?
      ……………………………………………………………………………………………………………………………
      ……………………………………………………………………………………………………………………………

   c. Transportation?
      ……………………………………………………………………………………………………………………………
      ……………………………………………………………………………………………………………………………

   d. Legislations and policies?
      ……………………………………………………………………………………………………………………………
      ……………………………………………………………………………………………………………………………
CHALLENGES FACING THE TRANSIT TRADE

6. State the major areas that are the most essential part of your transit trade

……………………………………………………………………………………………………………………………
……………………………………………………………………………………………………………………………

7. Mention some of the challenges facing those essential parts of your transit business

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……………………………………………………………………………………………………………………………

8. Mention the actions you have taken to mitigate those challenges you enumerated

……………………………………………………………………………………………………………………………
……………………………………………………………………………………………………………………………

9. What actions have been taken by the authorities to solve those challenges you mentioned?

……………………………………………………………………………………………………………………………
……………………………………………………………………………………………………………………………

IMPACTS OF THE TRANSIT TRADE

10. Mention some of the positive impacts of your transit trade on the economy of Ghana.

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……………………………………………………………………………………………………………………………

11. Mention some of the negative impacts of your transit trade on the economy of Ghana.

……………………………………………………………………………………………………………………………
……………………………………………………………………………………………………………………………
IMPACTS OF PREVAILING TREND IN THE TRANSIT TRADE

12. What is your opinion about the future of your transit trade?

…………………………………………………………………………………………………………………………
…………………………………………………………………………………………………………………………

13. Do you think that the current state of transit trade in Ghana will impact positively in the near future?
   Yes [ ] No [ ]

14. Briefly explain why Yes or No

…………………………………………………………………………………………………………………………
…………………………………………………………………………………………………………………………

15. Any other comment?

…………………………………………………………………………………………………………………………
…………………………………………………………………………………………………………………………

Thank you very much!!!
1. How will you describe the import transit trade in the last decade with respect to the:
   a. Types of cargo
   b. Charges
   c. Documentation and clearance
   d. Growth
   e. Economic impacts of the import transit trade?
2. What changes have there been in the trend of import transit trade?
3. What are the causes for the change in the trend of the import transits?
4. What are the challenges facing the import transit trade?
5. How do these challenges affect the port activities and the transit trade?
6. What measures have the authority put in place to mitigate these challenges?
7. Mention some of the positive impacts of the transit trade on the economy of Ghana
8. Mention some of the negative impacts of the transit trade on the economy of Ghana
9. What is your opinion about the future of the transit trade in Ghana?
10. What do you think the impact of the current state will have on the future of the transit trade?
APPENDIX III

INTERVIEW GUIDE FOR CEPS, NATIONAL SECURITY AND SIC

1. Briefly discuss the nature of your job with respect to import transit

2. How will you describe the trend of the import transit trade as far as your roles are concerned?

3. Briefly discuss any changes you noticed in the trend of import transit trade and the factors that caused the changes?

4. What are the challenges facing your responsibilities in respect of the transit trade?

5. What measures are in place to mitigate these challenges?

6. Mention some of the positive aspects of the transit trade?

7. Mention some of the negative aspects of the transit trade?

8. What is your opinion about the future of the transit trade?

9. What do you think the impact of the current state will have on the future of the transit trade?