

**CHALLENGES IN CLEARING AND FORWARDING  
ACTIVITIES PERSPECTIVE FROM DAR ES SALAAM PORT  
AUTHORITY**

**CHALLENGES IN CLEARING AND FORWARDING  
ACTIVITIES PERSPECTIVE FROM DAR ES SALAAM PORT  
AUTHORITY**

**By  
Florentina J. Matiya**

A Dissertation Submitted in Partial Fulfillment of the Requirements for the Award of the Degree of Master of Science in Procurement and Supply Chain Management (MSc-PSCM) of Mzumbe University.

2013

**CERTIFICATION**

We, the undersigned, certify that we have read and hereby recommend for acceptance by the Mzumbe University, a dissertation titled; *Challenges in Clearing and Forwarding Activities Perspective from Dar Ees Salaam Port Authority*, in partial fulfillment of the requirements for award of the degree of Master of Science in Procurement and Supply Chain Management (MSc-PSCM) of Mzumbe University.

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Many thanks to the Management of Tanzania Port Authority Dar es Salaam who allowed me to carry out this study at their premises. I would also like to thank my friends for their support and encouragement during my studies till the completion of this dissertation.

## **DEDICATION**

I dedicate this work to the late my lovely mother Paulina Matiya who gave me a lot of advice towards my career path and to my father Joseph Matiya who actively encouraged, motivated and supported me throughout the research period.

Lastly to my lovely daughter Divine F. Mbando who encouraged me to complete my study

## **ABBREVIATIONS AND ACRONYMS**

ACV	-	Agreement on Custom Valuation
ASYCUD	-	Automated System for Custom Data
BOT	-	Bank of Tanzania
CFA	-	Clearing & Forwarding Agent
D&DO	-	Declaration and Disposal Order
DEA	-	Data Envelopment Analysis
FDH	-	Free Disposal Hull
FOB	-	Free On Board
IDF	-	Import Declaration Form
PCVR	-	Provisional Classification and Valuation Report
SBE	-	Single Bill of Entry
SPSS	-	Software Package for Statistical Sciences
TAZARA	-	Tanzania and Zambia Railway Authority
TEU	-	Twenty Equivalent Unit
TICTS	-	Tanzania International Container Terminal
TISCAN	-	Tanzania Inspection Service Company
TPA	-	Tanzania Port Authority

## **ABSTRACT**

The study assessed challenges facing clearing and forwarding agents in the process of clearing consignments at the Dar es Salaam Port Authority. Specific objectives included assessment of the effectiveness of legal/regulatory framework (policy, procedures/guideline) on the system of clearing consignment at the port of Dar es Salaam, to examine the process/ practices of clearing Consignments at the port of Dar es Salaam and to identify challenges in clearing and forwarding process at the Port of Dar es salaam. The research design used was descriptive survey whereby a number of authorities and clearing and forwarding agency were selected. Data collection methods included interviews, questionnaires, observation and documentary review. Data were analyzed through Statistical Package of Social Science (SPSS) and Microsoft Excel. Findings of the study indicate that. The findings of the study revealed that clearing and forwarding involves cumbersome procedure that associated with bureaucracy, corruption, also, it was revealed that some procures are manually operated while few are computerized. Results indicates that the time taken for processing clearance of imported goods from arrival to the removal was 8 days at Dar es Salaam port, while time taken for processing clearance of exported goods from lodgments to departure is 5 days at the port. Due to such delays the government loose revenues and customers were not happy with the status of the service delivered.

The study concluded that a well planned improvement yield positive results normally shared equally between the private and public sector and have a long term impact to the entire economy of the country. It is also a process that requires step by step and strong determination to push for complete change as in most cases change is resisted. Otherwise, based on the available findings, it was recommended that modernization of customs administration is required to reduce the cost of doing business and trade. Importers should submit required documents to the respective agencies on time such as TRA, EWURA, and TBS to mention just few enable those agencies to process them on time. Importers should also pay customs and port charges on time to avoid demurrages.

## TABLE OF CONTENTS

	Pages
<b>CERTIFICATION</b> .....	<b>i</b>
<b>DECLARATION AND COPYRIGHT</b> .....	<b>ii</b>
<b>ACKNOWLEDGEMENT</b> .....	<b>iii</b>
<b>DEDICATION</b> .....	<b>iv</b>
<b>ABBREVIATIONS AND ACRONYMS</b> .....	<b>v</b>
<b>ABSTRACT</b> .....	<b>vi</b>
<b>TABLE OF CONTENTS</b> .....	<b>vii</b>
<b>LIST OF TABLES</b> .....	<b>ix</b>
<b>LIST OF FIGURES</b> .....	<b>x</b>
<b>CHAPTER ONE</b> .....	<b>1</b>
<b>PROBLEM SETTING</b> .....	<b>1</b>
1.1 Introduction.....	1
1.2 Background to the Study.....	1
1.3 Statement of the Problem.....	3
1.4 Objectives of the Study.....	3
1.5 Research Questions .....	4
1.6 Significance of the Study .....	4
1.7 Scope and Limitation of the Study.....	4
1.8 Organization of the Study .....	5
<b>CHAPTER TWO</b> .....	<b>6</b>
<b>LITERATURE REVIEW</b> .....	<b>6</b>
2.1 Introduction.....	6
2.2 Definition of the Key Terms and Concept .....	6
2.3 Customs Procedures, Tariffs, and Documentation.....	9
2.4 The status of Tanzania Port Authority .....	11
2.5 Private Sector Involvement.....	11
2.6 Theoretical Foundation .....	12
2.6.1 Mutual Benefit Theory.....	12
2.6.2 Queuing Theory .....	13
2.6.3 Agency Theory.....	14
2.7 Empirical Literature Review .....	16
2.8 Research Gap .....	18
2.9 Conceptual Framework Model.....	19
<b>CHAPTER THREE</b> .....	<b>21</b>
<b>RESEARCH METHODOLOGY</b> .....	<b>21</b>
3.1 Introduction.....	21
3.2 Research Design.....	21
3.3 Study Area .....	22
3.4 Study Population .....	22
3.5 Sample and Sample Size .....	22

3.6	Sampling Procedures .....	23
3.7	Data Type and Collection Methods .....	24
3.8	Data Validity and Reliability Issues. ....	26
3.9	Data Analysis Plan .....	26
<b>CHAPTER FOUR.....</b>		<b>28</b>
<b>PRESENTATION OF FINDINGS AND DISCUSSION.....</b>		<b>28</b>
4.1	Introduction .....	28
4.2	Characteristics of Respondents .....	28
4.3	Demographic Characteristics of Respondents .....	29
4.3.1	Age of Respondents .....	29
4.3.2	Gender/Sex .....	29
4.3.3	Education Level of Respondents.....	30
4.3.4	Respondents Work Experience .....	31
4.4	Time Taken for Arrival and Removal of Goods .....	31
4.4.1	Timeliness and Delivery of Service .....	34
4.4.2	Adherence to Rules and Regulations on Management of Cargo/Container .....	35
4.4.3	Average Time that Containers Stay in the Port .....	37
4.4.4	Type and Nature of Clearing and Forwarding Operations undertaken at the Port .....	38
4.4.5	Conclusion .....	42
4.5	Status and Condition of Clearing Consignment/Cargo .....	42
4.5.1	Custodian of Documents by Customs .....	44
4.5.2	Procedures of Clearing Consignments at the Port of Dar es Salaam ....	45
4.5.3	Conclusion .....	50
4.5.4	Documentation Requirement and Processes Involved.....	51
4.5.4	Port Congestion.....	55
4.5.5	Weakness Associated with Authorization Agencies.....	58
4.5.6	High Charges .....	63
4.5.7	Employee Turnover at Dar es Salaam Port Authority .....	64
4.5.8	Conclusion .....	67
<b>CHAPTER FIVE .....</b>		<b>68</b>
<b>SUMMARY OF THE STUDY, CONCLUSION AND RECOMMENDATION</b>		<b>68</b>
5.1	Introduction .....	68
5.2	Summary of Findings.....	68
5.3	Conclusion .....	69
5.4	Recommendation .....	70
5.5	Policy Implication .....	72
5.6	Areas for Further Studies .....	72
<b>REFERENCES.....</b>		<b>74</b>
<b>APPENDICES .....</b>		<b>76</b>
Appendix 1:	Sample Questionnaires.....	76

## LIST OF TABLES

	<b>Pages</b>
Table 3.1: Sample Size Distribution .....	23
Table 4.1: Age of Respondents .....	29
Table 4.2: Sex of Respondents.....	30
Table 4.3: Education Level of Respondents.....	30
Table 4.4: Duration of Work.....	31
Table 4.5: Time Taken for Arrival and Removal of Goods .....	32
Table 4.6: Perceptions on Timeliness and Delivery of Service .....	35
Table 4.7: Views on Adherence to Rules and Regulations in Management of Cargo/Container .....	36
Table 4.8: Perceptions of the Average time that Ships have to Queue to Enter the Port.....	37
Table 4.9: Respondents View on the Custodian of Documents by Customs.....	45
Table 4.10: Perception on Documentation Requirement and Processes Involved	53
Table 4.11: Perception on Weakness Associated with Authorization Agencies...	59
Table 4.12: Perception on Charges .....	64

## LIST OF FIGURES

	<b>Pages</b>
Figure 2.1: Basic idea of Agency Theory (P: Principal, A: Agent).....	15
Figure 2.2: Conceptual Framework (Model).....	20
Figure 4.1: The Clearing and Forwarding Operations Undertaken At the Port ...	39
Figure 4.2: System of Clearing Consignment at the Ort of Dar es Salaam .....	43
Figure 4.3: Process/ Practices of Clearing Consignments .....	47
Figure 4.4: Perception on Port Congestion at Dar es Salaam Port Authority .....	56
Figure 4.5: Causes of Employee Turnover at Dar es Salaam Port Authority.....	65

## **CHAPTER ONE**

### **PROBLEM SETTING**

#### **1.1 Introduction**

This chapter presents the problem and its context under the following sections, background Information; Statement of the Problems; Objectives of the study; Significance of the study; scope of the study; and Limitation of the Study.

#### **1.2 Background to the Study**

Globalization of markets and production has created many opportunities to the business and the economies in both developed and developing countries. As the world spins into the first decade of the twenty-first century, dramatic and swift transformations are taking place in international trade: growing liberalization of trading systems; expansion of regional economic integrations; excessive cross-country purchases; and increasing connectedness with customers and marketing partners due to major advances in information, communication, and transportation technologies where by transport and delivery are key aspect of modern business (Keegan 2002).

In the modern business environment of just in time production and delivery, it has become even more important that traders are guaranteed fast and predictable time release of their goods. The traders are constantly concerned with the delay of clearing goods because it increases cost to their businesses. Delays in the release of goods are attributed to the complicated and non-transparent procedural requirements, bank transfer arrangements, documentary requirements and high cost of processing information. According to the World Bank (2005), administrative hurdles (for example, customs and tax procedures, clearances and cargo inspections) contribute to 75% of trade facilitation delays in African ports (World Bank, 2005). Custom clearing is one of the most significant parts of overseas transportation for both importers and exporters. The entire process involves many aspects. These include the following stated below: Calculation of fees for the following: Transportation Taxes

Duties Excises a customer clearing agent engages in communicating with both national as well as international government agencies. This is done on the behalf of importer and exporter. There are several reasons that you would require hiring services of a reputed custom clearance service agent. Some of the major reasons include the following listed below: Perfect shipment services Guarantee of safety of all your shipments Safe arrival of shipment to desired destination Hassle free custom clearance of goods No worries related to talking to the custom officials no risks these days, lack of efficient custom practices and careless custom practices have made people look for better services. This is also the reason that most people these days are interested in researching for the best of cargo shipment services was about 30 percent above TICTS capacity which result to port congestion at the Dar es Salaam (World Bank, 2005).

The port of Dar es Salaam got itself into that mess of congestion because it did not tape that system prior to congestion. Ships arriving at random caused fluctuation in the demand for port facility and services. Unprofessional and bad practices in the logistics sector have generally involved individual agents. Dong (2007) Port congestion as noted as among the challenges facing clearing and forwarding agents and is a phenomenon that affects a number of port in Africa and the developing world causes of port congestion can range from inadequate port infrastructure, insufficient road and rail network and poorly integrated supply chain to low productivity level among others. At the port of Dar es Salaam, congestion is not a new phenomenon. For the last five years or so, capacity constraint has been a major huddle in port operation. For example time release study (2005) indicates that there is increase of customer complaints, and some customer had started to divert their goods such as cars to Mombasa port, also there is increase of theft, corruption and congestion. Import, especially cars and container have always surpassed yard holding capacity against a backdrop of poor cargo off take to the hinterland. Therefore this study will focus on the challenges facing clearance and forwarding agency in clearing consignment at Dar es Salaam port in order to through some light I subject matter and the way forward.

### **1.3 Statement of the Problem**

Despite the effort that have been undertaken by the government of Tanzania which include privatization of most of the activities involving clearing and forwarding at the port as well as adoption of the public –private partnership in port operations to ensure effective delivery of service, there are still challenges that hinder efficient and effective clearing and forwarding. The Dar es Salaam Port is experiencing long delays in processing containers as a result of IT problems. Many port stakeholders, including the Tanzania Revenue Authority, shipping lines and clearing and forwarding agents, use it. It still experiences teething problems. Traders reported that it took about more than two weeks to clear each container. The lack of port capacity also resulted in a queue of vessels waiting to dock in the harbor. Some vessels have recently switched to Mombasa from Dar es Salaam as their scheduled stop in recent months because of congestion at the Tanzanian port. The delays are partly the result of the inability of port customers to use the new systems introduced in the operation of the port (time release study, 2005). There is a public complain that time release taken from arrival to removal of goods from customs control is significantly long as there are delays at all stages of clearance processes administered by TISCAN, Customs, cargo handlers, intervening operations and Clearing and Forwarding Agents. Therefore, this study examines the Challenges in Clearing and Forwarding Perspective from Dar es Salaam Port Authority.

### **1.4 Objectives of the Study**

The main research objective is to examine the Challenges in Clearing and Forwarding Perspective from Dar es Salaam Port Authority. This main objective is divided into three specific objectives as follows.

- (i.) To assess the effectiveness of procedures on clearing consignments at the port of Dar es Salaam
- (ii.) To examine the process/ practices of clearing consignments at the port of Dar es Salaam
- (iii.) To identify challenges in clearing and forwarding process at the Port of Dar es Salaam

## **1.5 Research Questions**

The research question focused on the challenges facing clearing and forwarding agency at the port of Dar es Salaam. The research questions are as follows.

- (i.) What is the extent of effectiveness of procedures on clearing consignment at the port of Dar es Salaam?
- (ii.) What are the process/ practices of clearing consignments at the port of Dar es Salaam?
- (iii.) What are the challenges that face clearing and forwarding process at the Port of Dar es Salaam?

## **1.6 Significance of the Study**

To the Clearing and Forwarding Agencies, the findings of this study is useful as may help to determined the challenges that facing and analyzed how they can overcome them. To the researcher: the researcher obtained deep knowledge on the challenges that are faced by clearing and forwarding agencies in the process of clearing consignments. Also the findings of the study is useful in building up ground work for further desk research on the same area or other related fields. To the policy makers; the study may help in making policy pertain port operations so as help on time clearance of cargo for national development.

## **1.7 Scope and Limitation of the Study**

Since a research paper of this kind cannot cover all aspects related to challenges facing clearing and forwarding at all time and space, its scope ought to be pointed out. The study confined itself to the challenges that facing clearing and forwarding agencies at the port of Dar es Salaam. The Dar es Salaam port has been purposely chosen as area of case study not only because of its closeness to the researcher but also Dar es Salaam port authority present a perfect choice in studying challenges facing clearing and forwarding agents. Further the limitations of the study include.

Lack of seriousness on research response by many participants in the study, because despite of being aware of the research topic respondents did not provide detailed opinions/views to some questions, also, resistance from other respondents due to lack

of trust on the subject matter on the study, resistance was common among few individuals fearing that the result might have negative impact on their jobs.

Time constraints during conducting the study limited the possibility of accessing other information and activities on team work in the organization as it is not easy to engage on ethnographic study.

There are few literatures available hence it was difficult to gather information required

Due to limited financial resources, the study centered to only on Lastly but not least the time based limitation as most of expected respondents are busy with their daily activities this had draw backs the effectiveness of data collection process.

## **1.8 Organization of the Study**

Chapter one presents the overview of the study, the researcher pointed out the introduction of the study. Areas such as the historical background, context of the study, objectives, research questions and the significance were clearly explained. Chapter two literature reviews that guided the study, in chapter three the researcher explained the methods used to gather data that included primary and secondary sources of data as well as the main instruments of data collection. Additionally the population and sample size were also stated. Chapter four, deals with the presentation of the findings, interpretations and analysis of data. Chapter five which is the final chapter is the presentation of the, conclusions, recommendations, and areas of future areas of research.

## **CHAPTER TWO**

### **LITERATURE REVIEW**

#### **2.1 Introduction**

This chapter covers the theoretical and empirical literature review whereby various related literature will be visited also it covers conceptual framework and research gap. It is a comprehensive review of what past authors have said in the areas of specific interest to the researcher and the fittings of these past works into the context of the prospective researcher's problem. The researcher will review several publications, journals, newspapers, magazines, dissertations, government publications and other reports to find the current information on the topic. Reviewing will help the researcher to focus on the subject matter.

#### **2.2 Definition of the Key Terms and Concept**

Clearing and forwarding is the process of ensuring that cargoes/consignments imported from abroad and exported abroad are removed from respective ports and airports by paying customs duties and excise duties. Means getting a ship free of its cargo by signing/doing what is necessary; e.g. signing papers, paying duties etc on entering or leaving a port. Clearing goods through customs deals with requirement of the customs e.g. paying any necessary duties (Oxford Advanced Dictionary Horn by Third Edition). Forwarding help to send forward, help to advance, send or dispatch something to somebody, goods, parcels (Hornby Oxford Dictionary). Forwarding is defined as the process of exporting goods (Shipment) through airports, land ports, posts, and post office and customs authorities by documentation procedure to customer in another country. The crux of competent freight forwarding rests in the fundamental skill of timely and efficient documentation for clearance of goods. (Allan, 2005). Selecting the optimum route and selecting optimum transport mode for the dispatch of consignments from origin to destination. The choice of route and carrier needs to confirm to the freight forwarders four basic criteria of efficiency of clearing/dispatch namely cost, risk time and adherence to the make the study more

clear and meaningful the researcher saw it convenient to define terms used from time to time.

Agent, is a person who acts for or who manage the business affair of a shipping or forwarding agent. He/she is the one who sends goods by road, sea or rail. (Oxford Dictionary) – A person who acts, appointed or authorized by other to act on behalf of the principal. In commercial law an agent is appointed to bring the principal in legal relationship with third parties. Khan (2011) is an individual or firm authorized to act on behalf of another (called the principal), such as by executing a transaction or selling and servicing an insurance policy. The agent does not assume any financial risk in the transaction, as a dealer would. Understanding the meaning, roles and position of agent is important in respect of this study as it enables the researcher to identify the key source of reasons that influence that influence clearing and forwarding at Dar es Salaam Port Authority. This will enable researcher to learn as to whether or not challenges associated with clearing and forwarding are associated with agents themselves.

According to Sullivan (2003) Customs duty is a kind of indirect tax which is realized on goods of international trade. In economic sense, it is also a kind of consumption tax. Duties levied by the government in relation to imported items are referred to as import duty. In the same vein, duties realized on export consignments are called export duty. Tariff, which is actually a list of commodities along with the leviable rate (amount) of Customs duty, is popularly understood as Customs duty Taxes levied upon goods on entry into (import duties) or exit from (export duties) the country. Import duties are taxes imposed by the government on imports of goods from abroad. It aims to raise revenue or to provide protection to domestic entry. A tax levied on imports (and, sometimes, on exports) by the customs authorities of a country to raise state revenue and/or to protect domestic industries from more efficient or predatory competitors from abroad. Customs duty is based generally on the value of goods or upon the weight, dimensions, or some other criteria of the item (such as the size of the engine, in case of automobiles).

The concept of customs duty as adopted in this study was useful in understanding the procedures of clearing and forwarding at Dar es Salaam port authority, especially by focusing on other government authorities such as TRA and how they influence clearing and forwarding activities.

Consignment/Cargo, these terminologies are used synonymously. Cargo(es) are the goods carried in a ship or plane: consignment – a quantity of goods that are sent or delivered somewhere Kivugo (1981) wrote that consignments are goods shipped for future sale or other purpose, title remaining with the supplier (consignor) for which the receiver (Consignee) upon his acceptance is accountable. The study investigated the influence of nature and characteristics of consignment or cargo on clearing and forwarding at Dar es Salaam port authority due to the fact that all imported and exported goods undergo physical examination as prior condition for transit.

Demurrage is penalty imposed by vessel owner on a consignee or consignor responsible for delay in loading or unloading of cargo beyond the time specified in a charter party (ITC glossary of terms). It is a charge for detaining a car, ship or vehicle beyond their free time stipulated for loading and unloading. In Tanzania shipping line demurrage is charged 7 days after the arrival of the ship at the rate of USD 20 of feet container and 40 USD for 40 feet containers daily. (Tariff, Revised Edition-2002) Penalty for exceeding free time (usually 72 hours) allowed for taking delivery of a shipment from the shipping or transporting company's warehouse.

Therefore it is a penalty assessed against a consignor, consignee, or other such party responsible for delay in loading or unloading of a shipping vessel or for undue detention (usually over 48 hours) of the transportation equipment. Also called detention charge, the study intended to examine the relationship between demurrage charges and effectiveness of clearing and forwarding processes at Dar es Salaam port authority.

### **2.3 Customs Procedures, Tariffs, and Documentation**

Customs clearance of goods will always be speedily made through proper documentation. It is so insisted that having improper or incorrect documents may hinder or cause unnecessary delays in the whole process of trade facilitation. Importers and their agents are therefore urged to submit to Customs at the earliest possible, the following documents for ease of processing: Import declaration form (IDF), Profoma Invoice, Final Invoice, Packing list, Bill of Lading/Airway bill / Consignment note, Exemption documents, and Import permits (TRA Clearing Manual, 2012).

Custom procedures include Import declaration form (IDF) and Profoma Invoice; these forms are found at the counter of various commercial banks in the country. The forms shall be filled in using information obtainable on the profoma invoice received from the foreign supplier of imported goods. The same IDF shall be used to make payment of destination inspection fee. Exporter processes the final invoice abroad after receiving an order from the importer in Tanzania. The document may differ from the previously mentioned profoma invoice to the extent of specifications given in the order of the importer. Information contained in the invoice is used in the final assessment of duties on the entry forms. packing list is an important attachment to the invoice since it supplements the invoice by giving additional details of the goods and the way are arranged in the package, being a pallet or a hard container (TRA Clearing Manual, 2012).

Bill of Lading/ Airway bill / Consignment note is a contract of shipping by sea /air freighting/ overland transporting of the goods under the transaction. Since the base applicable in Tanzania for charging duties is CIF, the freight element (F) can be properly determined if the document is availed to Customs by the importer. It is the same document that reveals he who owns the property in the goods under the transaction. Exemption documents should also be submitted to customs at the earliest possible since they are as important as is the payment of duties and taxes. These may be exemption treasury vouchers in respect of imported motor vehicles for personal transport by government officers, TIC certificates of approval in respect of imported

capital goods, District Commissioner's confirmation letters in regard of physical existence of exempted projects under the law, etc. import permits must be submitted as a proof of being allowed by the relevant authority. these are required in respect of restricted goods. Goods like drugs and food items must have a permit issued by (Tanzania Food and Drugs Authority) TFDA. Arms and ammunitions for individual residents must get an import permit from the regional police commander of the importer's region of residence (TRA Clearing Manual, 2012).

Making follow-up to the movement of documentation at different stages is as good as lodging the correct and proper document itself. After the documents are lodged to Customs the agent/importer should keep on tracking the movement of the documents in question. Once an error or rectifiable mistakes is detected and documented the agent should immediately respond to the matter, make corrections and re-submit the document for onward processing thereof. If the client/importer/agent is connected to DTI may key in data and electronically submit his/her documents in the system for processing without a need to physically move to Customs office and can keep tracking of the various stages the document has gone through. Can also by so doing respond to various queries and requirements relating the transaction under process (TRA Clearing Manual, 2012).

After the documents P-PAD/DCVR are released to importer/agent by the inspection company i.e. CUSTOMS, the importer may either accept P-PAD by signing in a relevant box of it, hence apply for the Single Bill of Entry (SBE) where the inspection company shall issue the Final Classification and Valuation Report (FCVR) together with SBE. After receiving these documents the importer/agent shall pay duties and taxes and go for the final stage, i.e. release of goods. Alternatively, the importer may not accept the P-PAD. In this case he/she has to immediately exercise the right of lodging objection to the assessment in the prescribed manner as provided by The Tax Appeals Act (TRA Clearing Manual, 2012).

In these circumstances, the question of timely submission and correctness of the information declared on the documents are both of high importance and do jointly

determine the speed of processing and timely release of both documents, initially, and goods at the later stage, from customs control. The role of TRA on the other end is to make sure competent and knowledgeable staff are always available to properly handle the processes.

#### **2.4 The status of Tanzania Port Authority**

Tanzania Ports Authority assumed Landlord and operational roles in April 2005 through an Act of Parliament passed in 2004. With an additional of other duties, TPA inherited all responsibilities that were being handled by the then THA. The Authority is tasked to develop the port; operate it; promote; engage and managing private sector in running of the ports' activities. This change was in line with the Government's privatization policy under which core activity of port operations, wherever possible, should be carried out by Private operators. TPA has been vested with the function of a Landlord port.

The mandate of TPA covers all the Coastal and Lake ports. As Landlords TPA provides among other Corporate roles, provision and maintenance of port infrastructure. However TPA as a Landlord can enter into contractual obligations with other bodies in order to secure the provision of port services, whether by means of concession, Joint Venture (JV), Public Private Partnership (PPP) or other means, and to this end to delegate its own function of providing port services to one or more Port Operators (Time Release Report, 2012)

#### **2.5 Private Sector Involvement**

Government policy is to retain 100% ownership of port major assets. Private sector is invited in port commercial activities through Lease/Concession and Joint Venture. The Ports Act, 2004 provides a legal framework for the private sector to participate in the financing of port projects. The prosperity of any nation comes from trade and most trade is facilitated by ports. It is on this background that the Tanzania Parliament passed the law to facilitate the Public Private Partnership (PPP). The PPP legislation is warmly welcome as TPA strives to facilitate trade through better and cost effective services. Strategies to improve service delivery entail modernization of

Port facilities and infrastructure. TPA views PPP as the most promising vehicle for sustainable development of ports. It is in this line that TPA has let some activities under its influence being run by private companies.

## **2.6 Theoretical Foundation**

The following here under are some of the important theories which explain the concept of clearing and forwarding. Through these theories one can understand different perception of different scholars and on the side of researcher is to give its strengths and weakness (on its applicability to the real world). This is the foundation on which the entire research work is based. It is a logically developed, described, and elaborated network of associations among the variables deemed relevant to the problem. Basically this part is going to deal with different theories developed by various scholars and will help to guide the study basing on the challenges affecting clearing and forwarding. Among the key theories discussed include; mutual benefit theory, queuing theory and agency theory.

### **2.6.1 Mutual Benefit Theory**

Laine & Vepsalainen(1994) pointed out the theory of mutual benefit in a cooperative solution that, in practice the port operator is not much interested in fighting port decongestion as it ensure high utilization of terminal facility, unless the congestion scares away some potential customers. Also the ship owner is only interested in the port operators overall cost to the extent that it lead to higher fees being charged .At the end the customer ,bears the cost of all delays in the chain of all activities, such cost are demurrage ,vessel delay surcharge(VDS) and loss of market. Hence all parties could find mutual benefit in a cooperative solution to problem encounters .Therefore close contact should maintained at all times between the port authorities, shippers ,agent ,customers, trade association and inland transport operator in order to facilitate rapid cargo transshipment .It is here by urged by the government through the Surface and Marine Transport Regulatory Authority(SUMATRA) to enhance effort of logistics improvement so as to preempts the problem in order to make life easy to the stake holder and community at large.

However the organization, political and cultural aspects of the shipping business should also be taken into account when determining the technology and size of ships. The specific condition in the intended transportation market determines the most economical route length and concerned for environmental protection. Here the problem was availability of capital as well as resource full shipping entrepreneurs, who could determine the realization of new innovative shipping solutions and cargo handling system that could reduce congestion.

### **2.6.2 Queuing Theory**

The theory was developed by wargner (1969), queuing system consists of one or more berth that provide service of some sort to arriving ships. Ships arrived to find all berths busy generally join one or more queues (lines) in front or near the berths, hence the name queuing systems. There queuing systems in ports has the objective of measure performance such as queue length and waiting time. The random characteristic of queue system is specifically taking into account giving results which are long-term average and variance of measure. This is to be contrasted with simulation approach where the output would represent the delay or congestion at the port.

Adedayo et al. (2006) stressed that many situation in life requires one to line up or queue before being attended to. This lines formed are referred to as waiting lines or queues. According to them queue occurs when the capacity of service provided fall short of the demand for the service. Sanish (2007) in his article on application of queuing to the traffic at the Port refers to queuing theory as an analytical techniques accepted as valuable tool for solving congestion problems. According to him the primary inputs to the models are the arrival and service patterns. These patterns are generally described by suitable random distribution. He observed that the arrival rate of ships follows exponential distribution while the service time follows Poisson distribution.

Therefore it can be observed that that queuing theory can be used to predict some important parameters like average waiting time of ships, average queuing length,

average number of ships in the port and average berth utilization factor closer to the actual values. Therefore this theory is very important in managing congestion and its related problems at the port.

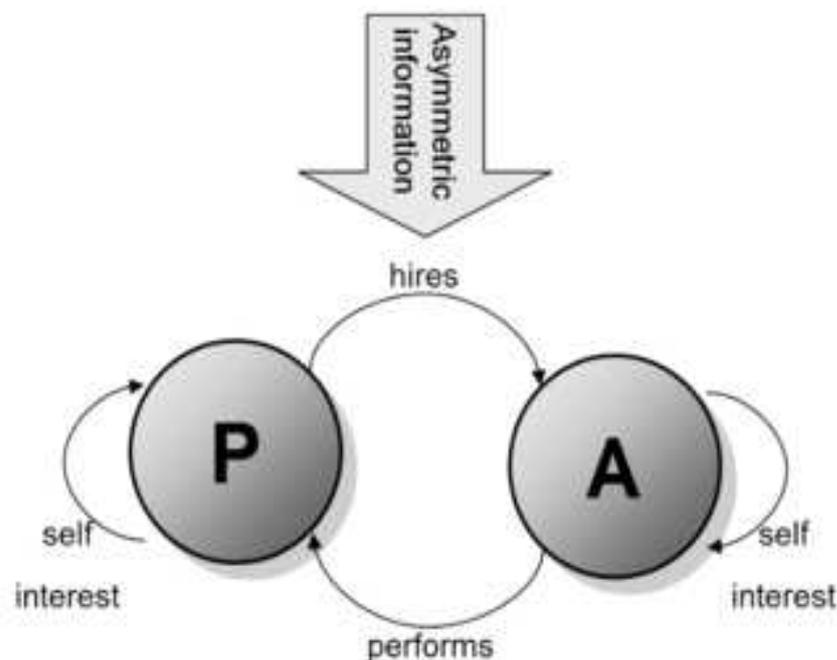
Queuing theory was employed in this study and helped to coordinate contradictions between clearing and forwarding service cost and customers waiting cost so that it can improve the level of designing of service system and achieve a reasonable allocation. It is related to the allocation of equipment and personnel and that affect clearing and forwarding. Considering the factors of ways to reach customer, service, equipment and personnel service, also recommendations based on the study will be given out which may will be wise to increase the number of equipment and person to improve service level, reduce queuing time and attract more customer; principles of priority of queuing. Arrange proper way for customer to queue in various situations. And adopt principles of justice to improve customer satisfaction. From the point of view of customer, solving the problem of queuing is effective for bettering customer service and saving cost. It can both supply better service in a low cost and increase customer loyalty to enhance competitiveness in the market.

### **2.6.3 Agency Theory**

An agency, in general terms, is the relationship between two parties, where one is a principal and the other is an agent who represents the principal in transactions with a third party. Agency relationships occur when the principals hire the agent to perform a service on the principals' behalf. Principals commonly delegate decision-making authority to the agents. Agency problems can arise because of inefficiencies and incomplete information. In finance, two important agency relationships are those between stockholders and managers, and stockholders and creditors. The principal–agent problem or agency dilemma concerns the difficulties in motivating one party (the "agent"), to act in the best interests of another (the "principal") rather than in his or her own interests. Common examples of this relationship include corporate management (agent) and shareholders (principal), or politicians (agent) and voters (principal).

For another example, consider a dental patient (the principal) wondering whether his dentist (the agent) is recommending expensive treatment because it is truly necessary for the patient's dental health, or because it will generate income for the dentist. In fact the problem potentially arises in almost any context where one party is being paid by another to do something, whether in formal employment or a negotiated deal such as paying for household jobs or car repairs. The two parties have different interests and asymmetric information (the agent having more information), such that the principal cannot directly ensure that the agent is always acting in its (the principal's) best interests, particularly when activities that are useful to the principal are costly to the agent, and where elements of what the agent does are costly for the principal to observe. Moral hazard and conflict of interest may arise. The deviation from the principal's interest by the agent is called agency cost. Various mechanisms may be used to align the interests of the agent with those of the principal. In employment, employers (principal) may use piece rates/commissions, profit sharing, efficiency wages, performance measurement including financial statement, the agent posting a bond, or the threat of termination of employment.

**Figure 2.1: Basic idea of Agency Theory (P: Principal, A: Agent)**



**Source:** Jensen, (2010)

This paper aims to explain how agency theory can be used to inform our understanding of the dynamics surrounding clearing and forwarding behaviours and relationships, in this study agency theory will provides valuable insights for relationship engineering within supply chains where social, political, legal and behavioural such as conflict of interest, corruption, lack of commitment and others affect clearing and forwarding at Port authority.

## **2.7 Empirical Literature Review**

Harlina and colleagues (2011) by reviewing the logistics ad supply chain management literature in Malaysia followed by preliminary interviews with five organizations from different sectors, this study found out that there are four key issues ad problems, namely the operational logistics, service response, lack of proper education, information flow, and policy related issues. These issues have been the hindrance for effective clearing and forwarding in Malaysia. Therefore, it is important to conduct another study in Tanzania in order to bring new insight o the challenges facing clearing and forwarding at the Dar es Salaam port. This paper attempts to open up various issues surrounding this complex and fragmented industry. And thus, provide a base for future researchers to examine any aspects of clearing and forwarding management in Tanzania

Dinwoodie, et al (2011) the purpose of the study was to present an approach to measuring the effectiveness of clearing and forwarding agents in Europe on ensuring timely delivery of crgo to customers in European supply chains fed with goods from container ports in Northeast Asia. The study used case study design and data collection was done through interviews and questionnaires. The research reports found that factors relating to clearing such as security check points were the major challenges for effective operation of clearing and forwarding agency.

Wilson et al (2006).Wrote the study about port efficiency and increase in clearing and forwarding as well as. Methodology which was used by the researcher was through secondary data and survey, questionnaire and personal interview the result shows increasing port congestion affected the performance of clearing and

forwarding business. Ocean ports are a central and necessary component in facilitating clearing and forwarding agents operations. Yet, there is only limited comprehensive information available on the efficiency of ports, much less evidence of the effect of port efficiency on effectiveness of clearing and forwarding business. Importantly the study showed that port efficiency measures allow one to more credibly estimate the effect of port efficiencies on international trade flows. This indicated that efficiency of the port had a dramatic impact on the performance of clearing and forwarding agents.

Msigwa (2002) in his research paper clearance of goods in Tanzania: identified the objectives of the clearing sections as to make sure that all imported goods are cleared in the right time. Also to ensure that all imported goods are received in good condition and according to the specifications. The British chamber of commerce while emphasizing on the timing of delivery and the basis of import pointed out that if delivery of raw material is late, then the raw material held in stock can be used as to work in progress is intercepted. On the other hand the chamber described customer service as a system organized to provide a continuing link between the times that an order is placed and received in a continuing long term. Msigwa also identified the objectives and functions of the clearing section and the need for being careful with specifications where receiving imported goods need to be done careful. But Msigwa hasn't directly associated ineffective clearance of goods and its impact on customer service. This is what driven the researcher to undertake the researcher on this particular area.

Nchimbi (2003) wrote in one of his hand outs that, goods have to be cleared in timely for the following reasons:-Operations may be affected due to delays of unclosed cargo, demurrage charges may arise, threatening the liquidity of the Organization. Delays expose goods to hefty, damage, double handling, deteriorate due to weather exposure, pilferage etc. This leads to port congestion, delay in off-loading hence port authorities levying the ships for the goods bound for this country.

According to Maersk Shipping Line report (2009) the releasing procedures for Import cargo is based on presentation of original bills of lading, duly signed container guarantee forms and payment of local charges. Import containers must be cleared within 7 days for reefers and 14 days for dry containers after being discharged or they are subject to a demurrage and detention tariff. Long and cumbersome documentation procedure coupled with uncoordinated and unharmonised activities by the institutions involved in clearing/forwarding due to their emphasis on control aspect rather than facilitation of clearance. The researcher sought find out which factors among.

## **2.8 Research Gap**

From empirical literature review, many scholars accept and have elaborated and commented extensively on the problems associated with clearing and forwarding of cargo being experienced by many agents globally as well as in Tanzania. Today's business environment increasingly embraces the aspect of efficient and effective delivery of cargo as a means to an end leading to customer satisfaction hence financial performance and growth. Through the blends of practice and research as well as cases, various authors insist on the efficiency and effectiveness on the delivery of service as important means for the organizations to achieve their strategic objectives. However, very few of the empirical literature conducted tried to examine the challenges that face clearing and forwarding agents at the Port of Dar es salaam and they have failed to come up with appropriate solution on how to deal with the problem, as they were silent and their studies were done in different times and environments, leaving a lot to be done. There are so many problems associated with logistics and the field has become a dominant practice in management and the entire business world that calls for a lot of investigation and assessment to be done in order to bring new insight in the field. Therefore, the study will bridge the gap by examining the challenges that face clearing and forwarding agents in the processes of clearing consignments at Dar es Salaam port authority.

## **2.9 Conceptual Framework Model**

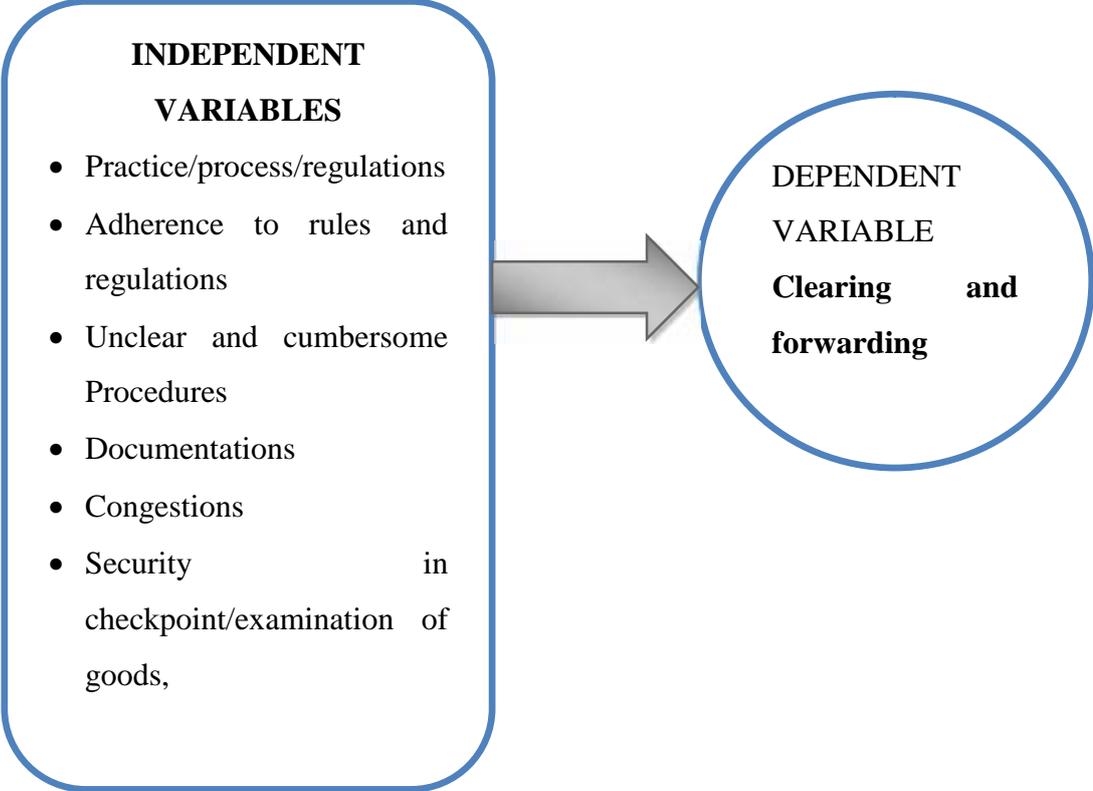
Conceptual frameworks, according to educational researcher Smyth (2004), are structured from a set of broad ideas and theories that help a researcher to properly identify the problem they are looking at, frame their questions and find suitable literature. Most academic research uses a conceptual framework at the outset because it helps the researcher to clarify his research question and aims.

Conceptual frameworks (theoretical frameworks) are a type of intermediate theory that attempt to connect to all aspects of inquiry (e.g., problem definition, purpose, literature review, methodology, data collection and analysis). Conceptual frameworks can act like maps that give coherence to empirical inquiry. Because conceptual frameworks are potentially so close to empirical inquiry, they take different forms depending upon the research question or problem (Botha, 1989). According to sociologists Haralambos and Holborn, a conceptual framework enables the researcher to find links between the existing literature and his own research goals.

The measurable variables involved in the conceptual framework are:-

Independent variables, which are:-Existing procedures in documentation at Dar es salaam port authority, Customs regulations and procedures, Users needs from Dar es salaam port authority, mission to achieve value for money, legal framework, government policy, level of education, technological aspects among others; while Dependent Variables clearing and forwarding ( Lead time of customer orders, Degree of customer satisfaction obtained from Dar es salaam port authority, On time clearing of consignment and others). In respect to this particular study a conceptual framework provided below helps to show the relationship between independent and dependent variables.

**Figure 2.2: Conceptual Framework (Model)**



**Source:** Researcher’s Construct (2013)

## **CHAPTER THREE**

### **RESEARCH METHODOLOGY**

#### **3.1 Introduction**

The chapter is composed of the following sections; Research Design; Study Area; Sample and Sample Size; Sampling Procedures; Data Collection Methods; Validity and Reliability; and Data Analysis Plan.

#### **3.2 Research Design**

The research strategy used in this study was descriptive survey because the intention was to portray accurate profile of a problem that is clearing and forwarding situation at Dar es Salaam port authority. A descriptive survey approach was appropriate for individual researcher as it gave an opportunity to deduce information collected from the field. Survey design enabled researcher to collect large amount of data from a sizable population. Moreover survey was adopted because the study intend to include more than one clearing and forwarding agents, also, the use of survey design helped to ensure external validity of results hence it was easy to generalize about the findings.

Kothari (2004) notes that descriptive design is concerned with describing, recording, analyzing and reporting conditions that exist or existed. Engel (2009) argues that descriptive methods are widely used to obtain data useful in evaluating present practices and in providing basis for decision-making. This study will adopt qualitative research approach because qualitative approach assumes that social reality is within us and therefore the act of investigating reality has an effect on that reality. Furthermore, this approach emphasizes the subjective aspects of human activity by focusing on the meaning, rather than the measurement of social phenomena (Collis and Hussey, 2003: 53). It is believed that social reality is dependent on the mind and there is no reality independent of the mind. Thus, what is researched cannot be unaffected by the process of the research. Leedy and Ormrod (2005: 133) says that qualitative researchers believe that the researchers ability to interpret and make sense

of what he or she sees is critical for understanding any social phenomenon. When conducting qualitative research, the investigator seeks to gain a total or complete picture. According to Stainback and Stainback (2008), a holistic description of events, procedures, and philosophies occurring in natural settings is often needed to make accurate situational decisions. Also qualitative approach is used to ensure that the research findings accurately reflect people's perceptions, whatever they may be.

### **3.3 Study Area**

The research was conducted at the Dar es Salaam Port Authority whereby agents and authorities dealing clearing and forwarding at the port of Dar es Salaam were selected and surveyed by the researcher in order to examine the real situation taking place at the Dar es Salaam port authority. Also the study included the employees (staff) of Dar es Salaam port Authority as well as the customers who obtain service and goods through the respective port. Dar es Salaam port authority has been selected because is the major centre (port) where clearing and forwarding agents that clear consignments in huge amount takes place. However, more other agents that engage in clearing and forwarding were surveyed and included in this study such as central bank, commercial banks, treasury, port authority, insurance companies, and customs authority among others. For this reason the selected area of study enabled better generalization.

### **3.4 Study Population**

Dar salaam Port authority comprises of many department but only five departments was the centre in the study. The sample of the study comprises Clearing and forwarding Unit, Financial department, warehousing and administration. Also other clearing and forwarding agents were selected including EWURA, TBS, TRA, and TICTS as well as the customers using the Dar es Salaam port authority in clearing and forwarding.

### **3.5 Sample and Sample Size**

To accomplish this task effectively and efficiently the researcher selected 100 respondents. The size was affordable and adequate to the study putting into

consideration of time and fund available. The distribution of sample size is as shown on Table 3.1

**Table 3.1: Sample Size Distribution**

S.n.	Department	Population	Sample Size	Sampling Techniques
1	Finance and Accounts	13	7	Purposive Sampling
2	Administration	8	4	Both Purposive and Simple Random Sampling
3	Clearing and forwarding	12	8	Both Purposive and Simple Random Sampling
4	Warehousing and Distribution	5	2	Both Purposive and Simple Random Sampling
6	Fuel Section Other respondents i.e. private clearing Agents, TRA, Swiss port, Regent Tanzania, TICTS, EWURA, TBS, SUMATRA etc	90	39	Purposive Sampling
	Customers	172	40	Availability and willingness (Convenient Sampling)
	<b>Total</b>	<b>300</b>	<b>100</b>	

**Source:** Researcher's Collection, (2013)

### 3.6 Sampling Procedures

In this study, the sample was selected by judgmentally/purposively and randomly sampling procedures. For the purposive sampling, respondents were chosen based on the researcher's judgment that they have desirable characteristics and can provide the required information. The simple random sampling was applied in selecting respondents from several departments in order to provide equal chances to employees of being selected for study. The sample of 100 of the population was drawn from the Dar es Salaam port including the clearing and forwarding agency. The sample size is

reasonable as the population is heterogeneity. All senior officers such as managers and team leaders etc were selected purposefully because they are at key positions; they are knowledgeable and experienced in clearing and forwarding. After that the researcher used simple random sampling which exclude senior officers.

### **3.7 Data Type and Collection Methods**

The researcher collected primary and secondary data from various categories of respondents and documentation respectively. For secondary data; the researcher made reference from dissertations, print media (News Papers and Magazines), reports and books with relevant literature, policy statements, legislation and the internet. Other methods of data collection used included; questionnaires which were used for key sample categories. Both primary and secondary data were collected for the purposes of understanding key challenges experienced with clearing and forwarding at Dar es Salaam port authority. The questions the researchers asked were tailored to elicit the data that helped the researcher to accomplish the study. Researcher collected the data using questionnaires, interviews and direct observations (such as observing clearing and forwarding process).

Both primary and secondary were collected in order to examine clearing and forwarding operations that were being undertaken at the port authority such as procedures for shipment of goods both manual and electronic ones were studied. Other parameters studied include the equipments technology used in clearing and forwarding and the extent to which it affect the same. System, process and documentation of clearing and forwarding was also, examined to see how it impacted positively or negatively clearing and forwarding activities at the port authority. Likewise, variables such as congestion and quality and availability of personnel were examined in relation to the effectiveness of clearing ad forwarding of goods at the respective port.

To collect primary data interview guide and questionnaire instruments were employed, closed and open-ended questionnaires, which were prepared and distributed to selected sample to get required information about 150 Questionnaires

were opted for gathering data because they are capable of cover a large number of respondents of the sample size for a short time and easy to administer. More questionnaires were distributed compared to the required number of respondents because of response rate of associated with the use of questionnaires. Questionnaires were the main instrument used in the study and were particularly distributed to the officials. The questions were prepared in a logical sequence in order to address the research objectives and were open ended which allowed the respondents give a wider view about their understanding of the study problem. The method was used because it targeted a wider group of respondents, it eliminated bias, and most importantly, the researcher was able to get that information that was not readily given face to face, especially that information that dealt with customer perceptions and attitudes.

Interviews were conducted by using interview guide in order to collect additional information mainly qualitative to complement questionnaires and enable researcher to collect sufficient data. Both structures and unstructured interviews were used to main respondents or informants. In this study interviews were conducted to select Head officials especially managers and other senior officials so as to gain detailed information on the challenges facing clearing and forwarding agents. The reason of using this data collection technique was to allow a chance to communicate face to face with respondents and it provide chances to clarify issues so as get complete and detailed information about the topic on challenges that face clearing and forwarding agents at Dar Salaam port.

Due to the nature of the study, the researcher deemed it important to use the observation method to ease the work of data collection. Some information that was not revealed by the respondents was got through observation. Particular attention was paid to the time and kinds of activities the children engaged.

Researcher collected relevant information from various written documents concerning the challenges of clearing and forwarding to get useful information needed for the study. It was used to enhance data and any information gathered by primary source of data collection and to verify the data and information obtained

through questionnaires. With a combination of these two data sources, the researcher was able to determine which factors were key in relation to clearing and forwarding at the port authority

### **3.8 Data Validity and Reliability Issues.**

To address the issue of validity, the researcher conducted a pilot study to make sure the of data collection methods yield valid information. Questionnaires and interview questions were tried out Ballore Africa Logistics to check on correctness of the wording, whether the questions measure what they are supposed to measure and if there is any biasness, as well as knowing if the respondents understood the questions as the researcher intended. From the pilot study and improvements made after the pilot study then the tools were used for data collection.

In order to reduce bias and in a view of reliability the researcher used multiple methods in this study namely interviews, questionnaires and documentations. Reliability was improved by comparing the analysis of the same data by several literatures. The reliability of a measure indicates the extent to which it is without bias (error free) and hence ensures consistent measurement across time and across the various items in the instrument.

### **3.9 Data Analysis Plan**

The qualitative data collected was analyzed using statistical and qualitative approaches in order to make meaningful presentations and conclusions. Data collected from the 100 respondents was examined and arranged basing on the research objectives. The data collected were arranged into a more workable framework that enabled the researcher to classify and organize them. In order to make meaningful presentation of the data collected and to match it with the study objectives and research questions, the data was subjected to various steps including; editing in order to identify missing gaps, spelling mistakes, incomplete answers and to eliminate unwanted data; coding, classification of data with common characteristics.

In the statistical method, analysis of clearing and forwarding data focused on various process and procedures involved by the port and other agent's activities and this was done at three levels.

On the first level the researcher described the study population by background characteristics purposely intended to put clearing and forwarding and related activities in the Dar es Salaam port context; while on the second level the establishment of other agents participation status in general and in their activities in particular to assess the nature, causes and effects of problems of clearing and forwarding activities and; third cross tabulations were finally carried out between clearing and forwarding activity status especially involvement of other authorities in general and the impact in particular to identify the causes of the problem of clearing and forwarding. The data was finally put in table form (tabulation) to ensure effective presentation and to provide a basis of statistical computations using the Statistical Package for Social Scientists (SPSS).

## **CHAPTER FOUR**

### **PRESENTATION OF FINDINGS AND DISCUSSION**

#### **4.1 Introduction**

This chapter focuses on analysis of data and presentation of research findings and discussion. The study is designed to discuss the challenges that face clearing and forwarding agents in the process of clearing consignments the case of Dar es Salaam Port Authority. The findings are based on questionnaires, interview guide, observation schedule and documentary review as used and once established in chapter three.

The presentation of findings in this chapter based on the three research objectives that aimed to find answer to the projected research questions. The objective of this study included: to assess the effectiveness of legal/regulatory framework (policy, procedures/guideline) on the system of clearing consignment at the port of Dar es Salaam, to examine the process/ practices of clearing Consignments at the port of Dar es Salaam and to identify challenges in clearing and forwarding process at the Port of Dar es Salaam. Therefore this chapter provides the information explaining the data, which are then presented in Tables, graphs, charts, frequencies and percentages.

#### **4.2 Characteristics of Respondents**

The typical characteristics of respondents is crucial interpreting and discussing research findings in terms of education level, and experience in clearing and forwarding agents in the process of clearing consignments at the Dar es Salaam Port Authority. They provide general image and meaningful information on clearing and forwarding agents in the process of clearing consignments the case of Dar es Salaam Port Authority.

### 4.3 Demographic Characteristics of Respondents

#### 4.3.1 Age of Respondents

**Table 4.1: Age of Respondents**

Age	Frequency	Percent	Valid Percent	Cumulative Percent
18-23	6	6.0	6.0	6.0
24-29	6	6.3	6.3	6.3
30-35	31	31.7	31.7	31.7
36-41	24	24.0	24.0	24.0
42-47	7	7.0	7.0	7.0
48-53	11	11.0	11.0	86
54 and Above	6	6.0	6.0	100
<b>Total</b>	<b>100</b>	<b>100.0</b>	<b>100.0</b>	

**Source:** Field Data (2013)

Table 4.1 above shows that, respondents who took part in this study are of age and that the information given here in is from mature and experienced persons and are valid. Most of the respondents who were interviewed were of the age of 30 up to 41 and above because this is the actual working age in Tanzania to have a leading role, which is due to knowledge and experience. Their age range varied considerably. There were 5.6% of males at the age of 18-35 while females were 0% at this age. There were 22.2% of males at age between 35- 41 and females 16.7%. For the age of 48 and above, there were 33.3% males whilst females were 22.2% which implies that the nature of activities that are associated with clearing and forwarding is suitable for male compared to female.

#### 4.3.2 Gender/Sex

The respondents were interviewed considering their gender. The idea behind was to ensure men and women were equally involved as respondents. Men and women sometimes have different opinions which were important to capture in the sample. The sample of respondents had a good gender balance. Table 2 shows the gender distribution of the respondents.

**Table 4.2: Sex of Respondents**

Gender	Frequency	Percentage	Valid Percent	Cumulative Percentage
Male	63	63.7	69.7	69.7
Female	37	37.3	37.3	100.0
<b>Total</b>	<b>100</b>	<b>100.0</b>	<b>100.0</b>	

**Source:** Field Data (2013)

Table 2 above shows that 63% out of 100 respondents were male, while 37% were female in this study and so the views and opinions given in here are representative of all sexes. The number of employees in the clearing and forwarding sector is almost equal between males and females. However, the departments and group of customers sampled in this study comprised more male than females. Therefore males participants in this study were many compared to females participants.

### 4.3.3 Education Level of Respondents

A key determinant of performance is education. Education provides necessary skills and knowledge to employees which enable them to increase labour productivity. Thus in this study education level is an important factor. Table 3 shows the distribution of the respondent's education level.

**Table 4.3: Education Level of Respondents**

Response	Frequency	Percent	Valid Percent	Cumulative Percent
Secondary school	16	16.1	16.1	16.1
Diploma	27	27.4	27.4	27.6
Degree	43	43.4	43.4	87.1
Masters and above	14	14.4	14.4	100.0
<b>Total</b>	<b>100</b>	<b>100.0</b>	<b>100.0</b>	

**Source:** Field Data (2013)

Table 3 above shows that respondents who took part in this study are learned and their views and opinions can be trusted to inform and shape the purposes of this study.

#### 4.3.4 Respondents Work Experience

The study investigated the level of education of respondents to determine the influence of education on the information provided concerning clearing and forwarding at the port authority

**Table 4.4: Duration of Work**

Number of Years	Frequency	Percent	Valid Percent	Cumulative Percent
Less than 1 year:	0	0.6	0.6	0.6
Between 1 and 5 years:	47	47.9	47.9	48.2
More than 5 years:	53	53.6	53.6	100.0
<b>Total</b>	<b>70</b>	<b>100.0</b>	<b>100.0</b>	

**Source:** Field Data (2013)

Based on the findings established in table 4 above 47% of the interviewed participants have worked with Dar es Salaam Port Authority between one and five years whilst fifty seven 53% have worked for more than five years. This shows that knowledge and experience matters where being able to understand the managerial role, transport and logistics in general and being trusted is concerned. Due to the nature of forwarding and clearing activities long working duration of employees is very important that enabled the researcher to gather information relevant to the study.

#### 4.4 Time Taken for Arrival and Removal of Goods

By customs law, a customs officer is required to conduct an examination to verify value, quantity and other information declared by importer or agent. In this process, examination has to be conducted in the presence of importer or agent and representative of Other Government Department (OGD) if required by law to control the importation of particular examined goods. In some cases these institutions may take sample of goods to their laboratories for further analysis. Therefore the results on time taken for examination of goods presented in this report refer only to the time taken on examination carried out by customs officials with the presence of representatives from intervening OGDs. In this study also preparations for examination include time from receiving documents for goods that are to be

examined, arrangements for the presence of concerned parties and the positioning of goods at examination area. The actual examination is the time from start to end of physical examination which includes recording of examination remarks on the document.

Time taken to complete all clearance procedures from arrival of goods to removal of goods from the customs control areas is 12 days, at DSM port. It was also found that lodgement to goods release was inefficient. It normally refers to time taken by Customs to manage clearance processes such as face vetting, data input, manifest, lodgement, examination, documentary checks (assessment and valuation) and authorise release of goods. The results indicated that Timing of the lodgement was classified into two categories. The first is Pre -lodgement whereby an importer or agent lodges the SBE before arrivals vessel in both aspects, arrival to removal and lodgement to removal, results show that post lodgement took longer time than pre-lodgement, it was longer for importers or agents to lodge their documents after arrival of goods. The study found out that time taken from arrival to removal of goods whose entries were lodged before arrival of the vessel was 10 days.

Table 4.5 shows time taken on arrival to removal, lodgement to release and release to removal of goods by regime classified as imports, exports and transit passing through port authority. Results are as follow; the time taken for processing clearance of imported goods from arrival to the removal was 8 days at Dar es Salaam port, while time taken for processing clearance of exported goods from lodgments to departure is 5 days at the port, mean time taken from release to removal was 2 days (TRS, 2005).

**Table 4.5: Time Taken for Arrival and Removal of Goods**

Arrival to Removal	8 days
Lodgement to Release	5 days
Release to Removal	2 days
<b>Total</b>	<b>15 days</b>

**Source:** Field Data (2012)

Results on time taken on clearance of exempted goods exclude exempted goods under TVC scheme because time limitation to cover other processes administered by Treasury. Time taken from lodgement to release of exempted goods was 7 days, in comparison to time taken by imports, results on exempted goods indicate that it takes more time to complete clearance processes from lodgement to authorise release. By Customs law, a Customs officer is required to conduct an examination to verify value, quantity and other pieces of information declared by the importer or agent. In this process, examination has to be conducted in the presence of importer or agent and representative of Other Government Department (OGD) if required by law to control importation of particular examined goods. In some cases such institutions may take sample of goods to their laboratories for further analysis (TRS, 2013).

With regard to the study, no document was taken to laboratory for further analysis or pending any enquiry. Therefore results on time taken for examination of goods presented in this report refer only to the time taken on examination carried out by customs officials with presence of representatives from intervening OGDs. In the study conducted by TRSS define preparations for examination as the time from receiving documents for goods that are to be examined, arrangements for the presence of concerned parties and the positioning of goods at examination area. An actual examination is time from start to end of physical examination which includes recording of examination remarks on the document The study found that time taken for preparation of examination was one day all imported goods through Dar-Es-Salaam port undergo through both risk-profiling system and x-ray scanner for examining goods (TRS, 2013).

Results revealed that time taken from lodgement to removal of goods from Customs control was 9 days for goods routed to green. Generally, results showed that goods routed to red channel for physical examination took relatively longer time to clear as than other types of examination or risk ratings. However, slight differences on time taken between goods classified as green channel for direct release and other risk ratings indicated that there were factors outside the examination process that are

contributed to situation of taking advantage of risk management on facilitating fast clearance of goods.

#### **4.4.1 Timeliness and Delivery of Service**

Ports officials are expected to respond quickly to port users' needs. This means that ports would have to constantly monitor and understand the needs of port users in order to devise the quickest way to respond to their needs. Regular dialogue and social interactions between the port's public relations staff and the port users are quite useful in this regard. Perception of cargo safety can be more powerful and important than the actual safety. If a port has a reputation that the handling of cargoes is unsafe, this could drive away potential clients and discourage existing clients. Thus, marketing and promotional efforts by port authorities to highlight the port's positive characteristics and accomplishments could improve the port's reputation. A record of accomplishments and achievements gives assurance to customers in terms of quality and reliability. The latter is eminent for influencing carrier's choice of port as it is often the relative perception of customers that supersedes the actual port performance.

Response in the delivery of services was one of the determinants in measuring port efficiency. Speedy service delivery is important to port users partly because it reduces their cost and eventually translates into higher profits. Out of the 100 respondents interviewed 75.8 percent showed their concern about poor delivery services at the Dar es Salaam port, although quick and timely delivery of service is very important aspect in evaluating port efficiency.

Timely service delivery to customers was one of the aspects interviewed. Timely service delivery gives advantage to users by reducing costs of delay including those related to avoiding demurrage charges. Table 6 shows the perception of respondent on how they perceive the timeliness of service delivery.

**Table 4.6: Perceptions on Timeliness and Delivery of Service**

Responses	Frequency	Percent	Valid Percent	Cumulative Percent
Not Important	3	3.0	3.0	3.0
Somewhat not Important	9	9.1	9.1	12.1
Moderately Important	3	3.0	3.0	3.0
Important	9	9.1	9.1	24.2
Very important	76	76.8	76.8	100.0
<b>Total</b>	<b>100</b>	<b>100.0</b>	<b>100.0</b>	

**Source:** Field Data (2013)

The findings show that 75 respondents out of 99 which are about 76 percent consider the timeliness of service delivery as very important aspect to them. About 9 percent considered as somewhat not important. About 3 percent considered as not important and moderately important. This implies that there is delay on the delivery of service at Dar es Salaam port authority. These findings are in line with the result of the study conducted TRS (2005) which found out that in principle the existing of repetitive and unproductive processes in the clearance system, documentary checks based on transaction rather than Risk management, over control of transactions resulting in checking and rechecking of the same information by several different sections (valuation, assessment etc.).

#### **4.4.2 Adherence to Rules and Regulations on Management of Cargo/Container**

Although it was apparent by 2012 that Dar es Salaam terminal was nearing capacity, little was done to avoid the congestion. In the absence of any other solution, containers were stored higher and higher in the terminal (up to six high for empty and four high for loaded containers) and the stacks were made closer and closer together, making it difficult to access them when needed. Some of the reason to over stacking is low speed of customs inspection, slow delivery to their owners, or low speed of loading on to a ship. When containers are stacked this high, more equipment is needed to move them around, but this equipment was not delivered until the situation had become critical. Use of additional underutilized space close to the terminal to store containers was delayed through mostly bureaucratic reasons. The study

investigated the influence of regulations due to the fact that the process of clearing and forwarding has gone through various reforms.

For instance the Presidential Parastatal Sector Reform Commission (PPSRC) was established in 1993 with a list of parastatal enterprises to be privatized or reformed, including the port sector. That marked first efforts towards restructuring of parastatal enterprises and led to the preparation of the container concession for the port of Dar es Salaam in 1999. Nevertheless, within this context contribution that the private sector can and should make in the port sector has been subject to an on-going discussion. Most recently, the National Transport Policy document (NTP) of 2003 states that "NTP recognizes the need for further restructuring of ports for increased infrastructure, safety, Security and operations efficiency. Private sector involvement in the enhancement of infrastructure, services in port development, operations and in shipping services is underlined. The role of the Government in development of the basic maritime infrastructure, safety, Security remains paramount" (Mrope, 2012).

Container management in port and ICD's can either create enough space for containers which will avoid congestion or poor management which result into serious congestion and hinder smooth port operation. Table 6 indicates the level of satisfaction to respondents on how they perceive the management of containers at the port and the ICD's.

**Table 4.7: Views on Adherence to Rules and Regulations in Management of Cargo/Container**

Responses	Frequency	Percent	Valid Percent	Cumulative Percent
Very satisfied	3	3.0	3.0	3.0
Dissatisfied	21	21.2	21.2	24.2
Neither satisfied nor dissatisfied	69	69.7	69.7	69.7
Very satisfied	3	3.0	3.0	91.9
Satisfied	4	4.0	4.0	100.0
<b>Total</b>	<b>100</b>	<b>100.0</b>	<b>100.0</b>	

**Source:** Field Data (2013)

The respondents interviewed about the way containers are managed; out of 100 respondents about 69 percent were indifferent while 21 percent were not satisfied with container management at the port of Dar es Salaam. The number of containers loaded/offloaded per crane hour recently is only about 60 percent. The current waiting time for ships to access a container berth is up 12 days, while the average total time for an import container to remain in the terminal (“Dwell time”) is approaching 12 days

The deterioration in performance measure is an indication of the congestion that is raising costs for both imports and exports and undermining firms that rely on speed and reliability to get their goods to market.

#### 4.4.3 Average Time that Containers Stay in the Port

The customer would like containers to be delivered in time if not on time to avoid unnecessary costs. The shorter the time, the less cost to be incurred in terms of demurrages. Table 7 indicates the perceptions of respondents on the average time that container stay in the port while waiting for completion of documentation. Perception of stakeholders on time of ship waiting to enter berth also were interviewed (Table 4.8). When ship queue and spend more time outside berth result into cost to shipping line and also to customers who could get their consignments and catch the market.

**Table 4.8: Perceptions of the Average time that Ships have to Queue to Enter the Port**

Responses	Frequency	Percent	Valid Percent	Cumulative Percent
Very satisfied	6	6.1	6.1	6.1
Dissatisfied	9	9.1	9.1	15.2
Neither satisfied nor dissatisfied	72	72.7	72.7	87.9
Very satisfied	6	6.1	6.1	94.9
Satisfied	7	7.1	7.1	100.0
<b>Total</b>	<b>100</b>	<b>100.0</b>	<b>100.0</b>	

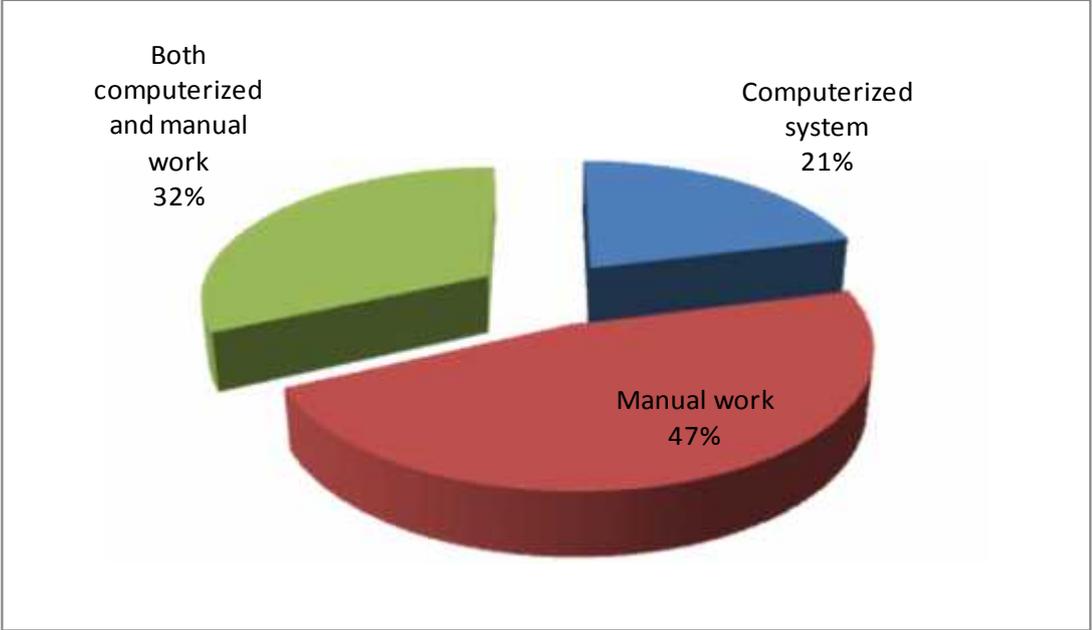
**Source:** Field Data (2013)

The findings shows that about 73 percent were indifferent to the average time ship spend before enter the berth. Furthermore less than 10 percent were not satisfied with the long time ships queue to enter berth. These findings are in line with that of Nchimbi (2003) who found out that goods are not cleared in timely for the following reasons:-Operations delays of unclosed cargo that leads into demurrage charges may arise, threatening the liquidity of the Organization. Delays expose goods to theft, damage, double handling, deteriorate due to weather exposure, pilferage etc. This leads to port congestion, delay in off-loading hence port authorities levying the ships for the goods bound for this country.

#### **4.4.4 Type and Nature of Clearing and Forwarding Operations undertaken at the Port**

General export/import licensing requirements which were common before trade liberalization have been abolished. However, some products still require specific licenses/permits from government departments, statutory agencies or controlling bodies legally empowered to do so. Therefore, before venturing into the export/import business it is advisable to seek advice from trade support institutions, banks, government departments or international trade professionals to establish if there are any licenses/permits required for the goods you wish to export or import. Therefore, study examined the new system if it was highly computerized to respond the increasing needs of business due to trade globalization the aim was to assess its effectiveness and efficiency. Results are as presented in Figure 4.1.

**Figure 4.1: The Clearing and Forwarding Operations Undertaken At the Port**



**Source:** Field Data (2013)

Based on the data provided in figure 2 above, it was revealed that most of the clearing and forwarding activities are manual in nature as 47% responses indicated that operations were not computerized, this implies that the system has not been modernized to meet import and export requirements, 32% responses indicated that both computerized and manual operations were being undertaken in clearing and forwarding, while 21% response show that some operations were computerized.

During the administration of this study it was revealed pre- shipment inspection that involves a number of operational procedures most of which are done in both manual and electronically this procedures includes the PSI registers the IDF when it is received from the relevant Bank and initiates the pre-shipment inspection process, number of Pre-shipment Inspection is required if the FOB value of the IDF is less than USD5, 000. (However, COTECNA is mandated to verify the IDFs for the purpose of deterring the problems of split consignments and under-declaration of value designed to avoid pre-shipment inspection). For such consignments, COTECNA verifies seals and stamps the IDF and PI before returning the same to the Importer/Clearing Agent. In the event of a split consignment or an under-valuation

being detected by COTECNA the Importer/Clearing Agent is obliged to submit a proper IDF and to comply with normal PSI regulations for goods subject to inspection. A penalty of 15% of the IDF value and an administration fee of USD 250 is payable by the Importer.

It was revealed that if the FOB value of the IDF is USD 5,000 or above COTECNA Local Office (L.O.) creates an Inspection Order (I.O.) to their Inspection Unit (I.U.) i.e. the COTECNA office geographically responsible for inspections in the Supplier's country. On receiving the I.O. the relevant I.U. sends a Request for Information (RFI) to the Supplier. The Supplier completes the RFI and returns it to the I.U. along with declaration of facts indicating Place of Inspection (POI) of the goods, the date the goods are available for inspection, together with a copy of the Final invoice (FI) and a fully detailed Packing List. IU initiates the physical inspection and the price analysis in accordance with the Agreement on Customs Valuation (ACV) based on the Final Documents (Final Invoice and Transport Documents i.e. Airway Bill or Bill of Lading) received from the Supplier. (The Supplier will send the originals of Final Invoice and Transport Documents separately to the Importer).The Importer on receiving the original shipping documents from the Supplier makes out copies and submits them to COTECNA Local Office, along with a copy of IDF and where applicable, duty exemption. IU prepares an Internal Findings Report (IFR) and transmits the same to Tanzania Local Office, indicating the assessed tariff codes and the assessed dutiable value of the goods. On receiving the IFR Tanzania Local Office prepares a Provisional Classification and Valuation Report (PCVR) for the Importer, showing the tariff code classification and the assessed dutiable value. The Importer/Clearing Agent endorses the PCVR if it is not disputed and returns it to COTECNA Local Office along with an application for the Single Bill of Entry (SBE).The Importer/Clearing Agent may accept or object to COTECNA's PCVR, if he has reasons to believe that it is not correct.

Therefore, if the Importer/Clearing Agent accepts the PCVR value and HS code: COTECNA Local Office prepares a Final Classification and Valuation report (FCVR) and issues a SBE to the Importer/Clearing Agent. If the Importer/Clearing

Agent objects to the PCVR Value and/or HS Code an internal appeals process is initiated: COTECNA requests for valuation and/or HS code evidence from the Importer/Clearing Agent and the responsible COTECNA IU. For HS code the final ruling will be made by TRA - Customs and Excise Department. The objection is either rejected and the normal process followed or validated and amended accordingly. COTECNA prepares FCVR and issues a SBE; again the Importer/Clearing Agent may accept or object to the issued SBE. If the Importer/Clearing Agent accepts the SBE: Importer/Clearing Agent makes a pre-payment for assessed Duties and Taxes as per SBE to the relevant Bank. (See payment procedure below). Importer/Clearing Agent signs the SBE as declaration of acceptance and lodges SBE together with FCVR at Customs Long Room for valuation checks under ACV rules. COTECNA's assessment may be rejected by Customs and amended. If the Importer/Clearing Agent objects to the SBE; importer/Clearing Agent makes a pre-payment of Duties and Taxes as per COTECNA's SBE assessment at relevant Bank. Importer/Clearing Agent lodges unsigned SBE at the Customs Long Room with a Declaration of Protest and his own SBE showing his opinion of valuation. (The Importer/Clearing Agent can only make changes of valuation. HS and CPC codes remain unchanged as per COTECNA's SBE). Valuation check is performed by Customs and Excise officers under ACV rules on the basis of evidence submitted by Importer/Clearing Agent and COTECNA. Customs officers given the final ruling by, either affirming COTECNA's assessment or accepting the Importer/Agent's assessment and amending the SBE. In the event of the Importer/Clearing Agent's objection succeeding he may be refunded part of the Duties and Taxes earlier paid.

Sub-Procedure for Payment of Duty and Taxes on PSI Consignments is that on receiving an application for SBE from the Importer/Clearing Agent COTECNA issues 3 copies of the SBE printed on non-security paper. For ease of identity this SBE is stamped 'Tax Assessment Notice' (TAN). The Importer/Clearing Agent goes to the relevant Bank and pays the assessed duties and taxes as per TAN. The bank stamps the 3 copies of the TAN and gives one copy back to the Importer/Clearing Agent along with a Receipt of payment. The Importer/Clearing Agent returns to

COTECNA and presents the stamped copy of TAN and the Bank Receipt as evidence of payment of duties and taxes. COTECNA retains the TAN and Receipt for their record and issues a SBE printed on security paper and the Importer/Clearing Agent uses the SBE for clearance of goods at Customs and Excise Department. Therefore, it was expected that all these procedures could be performed in the computerized system, but this was not the case since it was found that most of these procedures were conducted through both electronically and manual systems.

#### **4.4.5 Conclusion**

There should be improvement of clearing and forwarding to ensures efficiency and effectiveness, cargo/goods should be cleared on time to avoid disputes with customers. Also, rules and regulation on the procedure of clearing and forwarding should be improved. Growing inter-port competition in particular has forced respective port authorities to develop competitive strategies to attract and maintain their port customers.

#### **4.5 Status and Condition of Clearing Consignment/Cargo**

Many customers from within and outside the country have lost trust on the custodians of their cargos and have instead decided to use other ports over passing the Dar es Salaam Port and this can result into losing revenues. During the administration of this study it was revealed that there are loopholes at the port that have planted the idea into people's heads that the port is a place that can be used for private gains even by establishing fraudulent clearing and forwarding agencies with thieves in them.

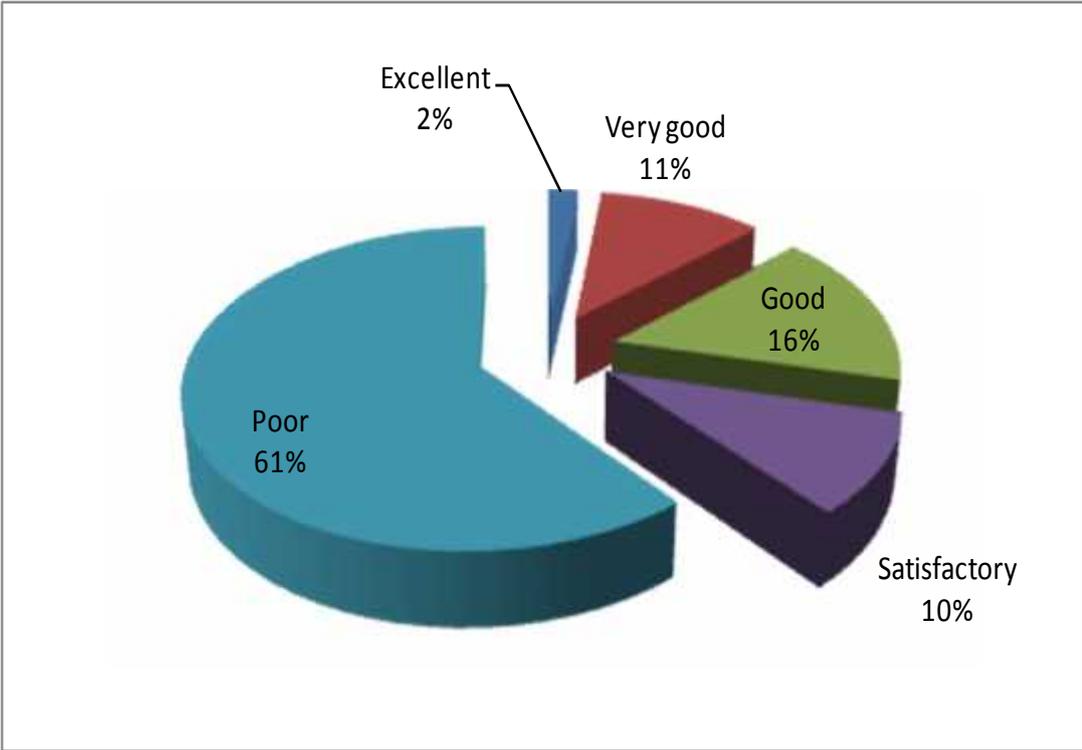
During interview one respondent said: "there have been a lot of agents involved in the clearing and forwarding of cargo at the port while efficiency has remained poor saying the agencies' workers do not see the importance of their work."

*"Customers were running away from our port because of intentional delays by unscrupulous employees who increased the cost of doing business," "This was contrary to their employment contracts and had direct conflicts of interest with their employer [the government]."*

Likewise some agents complained on the high charges imposed in obtaining identity cards whereby they required having four IDs for port operations. They claimed that a single person is required to spend 64,000/- for the four cards—Tanzania Revenue Authority (TRA), Tanzania Ports Authority (TPA), and the Tanzania International Container Terminal Services Limited (TICTS) besides one for their respective company.

In this section respondents were asked to evaluate the system of clearing consignment at the port of Dar es Salaam. Results are provided in figure 4.2 below.

**Figure 4.2: System of Clearing Consignment at the Ort of Dar es Salaam**



**Source:** Field Data (2013)

61% of the respondents agree with the statement which indicated that the System of clearing consignment at the port of Dar es Salaam was poor, while 10% indicated that the system was satisfactory, 16% agreed and 11% respectively agreed that the system of clearing and forwarding was good, while only 2% indicated that the system was excellence.

During the administration of this study it was revealed that delay in the documentation processes as was among of the areas of system failure since documentation was found out to involve a number of process that included Tanzania Revenue Authority (TRA) where there were a tendency of late submission and registration of data into the Automated System for Customs Data (ASYCUDA), repetitive document checking, mistrust of importers, the lack of interface with cargo handlers, delay in the release of exempted goods, uncoordinated examination of goods, poor declarations resulting from misclassifications and under- or over-declarations); (ii) Tanzania Inspection Service Co. (TISCAN) (for instance the practice of requesting detailed information from the country of supply, lack of effective communication between TISCAN and importers/agents); importers/agents such as poor declarations resulting from misclassifications and under- and over-declarations, poor declarations due to a desire to evade duties, under invoicing and misclassification); and shipping agents (like late or partial submission of manifests, delay in managing rejections and queries on manifests ( Time Release Study, 2010).

#### **4.5.1 Custodian of Documents by Customs**

The custody of documents by port has been sensitive area to respondents as any misplacement can hinder the smooth handling, hence unnecessary additional costs to customers. Based on Tanzania Revenue Authority (TRA) Report (2012)indicated that late submission and registration of data into the Automated System for Customs Data (ASYCUDA), repetitive document checking, mistrust of importers, the lack of interface with cargo handlers, delay in the release of exempted goods, uncoordinated examination of goods, poor declarations resulting from misclassifications and under- or over-declarations); Tanzania Inspection Service Co. (TISCAN) (e.g., the practice of requesting detailed information from the country of supply, lack of effective communication between TISCAN and importers/agents); importers/agents (e.g., poor declarations resulting from misclassifications and under- and over-declarations, poor declarations due to a desire to evade duties, under invoicing and misclassification); and shipping agents (e.g., late or partial submission of manifests, delay in managing rejections and queries on manifests). However, the report showed that custodian of document by customs was the major problem.

Respondents were asked on how they perceive the current system of documents care and custody and the outcome is shown on Table 4.9.

**Table 4.9: Respondents View on the Custodian of Documents by Customs**

Responses	Frequency	Percentages (%)
Very satisfied	10	10
Dissatisfied	15	15
Neither satisfied or Dissatisfied	69	69
Satisfied	6	6
<b>Total</b>	<b>100</b>	<b>100</b>

**Source:** Field Data (2013)

The findings revealed that 10% respondents were very satisfied with custody of documents by the port, 15% respondents were completely dissatisfied with the documentation process speed. The suggestion made was these institutions should be integrated to avoid duplication of documents and unnecessary delay. While 69% who were the majority they were either satisfied or dissatisfied with the custody of documents by customs, only 6% were satisfied with custody of document by customs.

#### **4.5.2 Procedures of Clearing Consignments at the Port of Dar es Salaam**

The study examined the process and practice of clearing goods due to the fact that it was expected that the process would have been flexible to encourage more export and importation of goods

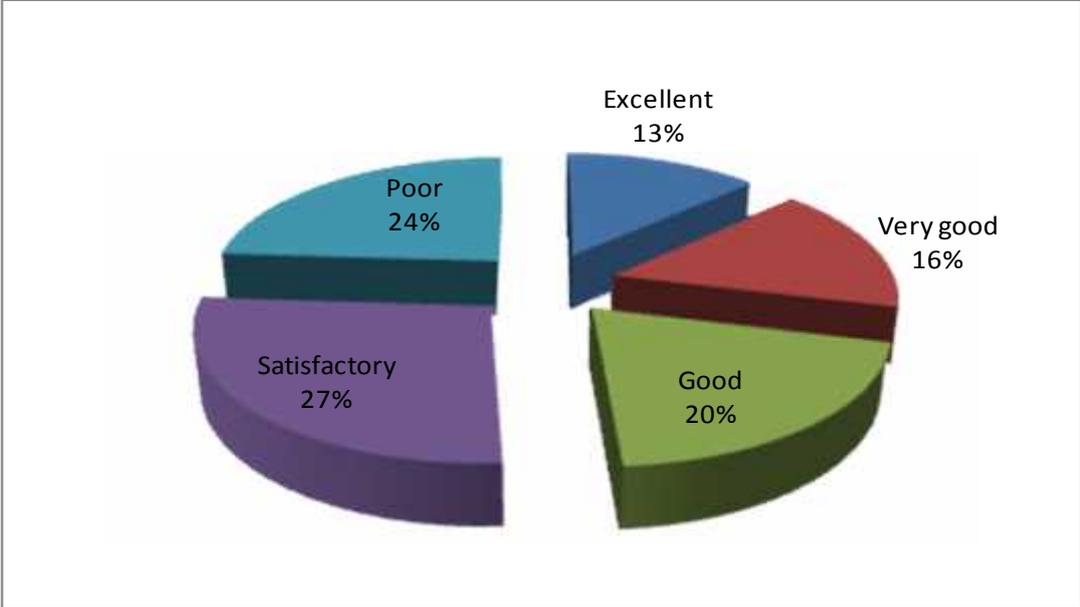
However it was revealed that the process involves cumbersome procedures that hinder its efficiency and hence customers who use the particular port are frustrated because the process leads into increased cost hence loss of revenues which in turn hurts the economic growth and development. Similar findings were reported by World Bank (2012) as it was revealed that total global welfare loss resulting from inefficiencies at the port was estimated to reach a value of US\$ 1.8 billion for the Tanzanian economy and US\$ 830 million for the neighboring countries. These losses

were equivalent to approximately seven percent of Tanzania's annual GDP, and affected a wide range of local consumers, businesses and government agencies. According to the report, inefficiencies at the Dar es Salaam port cost Tanzanians and other East Africans dearly, as they must pay more for imported goods, including basic products such as crude oil, cement fertilizers and medicines.

These losses are attributed to several factors; not least the long delays affecting ships that arrive in Dar es Salaam. In mid-2012, ships were waiting up to 10 days on average just to berth and an additional 10 days to be able to unload and move their merchandise. The excessive delays in anchorage alone translated into an additional cost of 22 per cent on container imports and about 5 per cent of bulk imports. The report identifies corruption as another key factor contributing to the poor performance of the port, as “both a source of inefficiency and a direct result of inefficiency.”

“The Port of Dar es Salaam has enormous potential to contribute to the transformation of the country as its impact cuts across all aspects of life in Tanzania,” said Philippe Dongier, the World Bank Country Director for Tanzania, Uganda and Burundi. “For example, medicines are imported through the port as well as some of the food consumed in Tanzania. This underscores why efficient operation of the port should be a concern for everybody.” The figure 4.3 below shows respondent’s views

**Figure 4.3: Process/ Practices of Clearing Consignments**



**Source:** Field Data (2013)

Findings indicated that 13% agreed that the process/ practices of clearing Consignments at the port of Dar es Salaam were excellent, 16% and 20% respectively agreed that the process/ practices of clearing Consignments at the port of Dar es Salaam were good. While, 27% who are majority said the process/ practices of clearing Consignments at the port of Dar es Salaam were satisfactory and 24% said they were poor.

It was revealed that the requirement to declare goods to Customs is stipulated in the relevant Customs laws and regulations of the East African Community Customs Union Management Act (EAC CMA) of 2004.

The standard processes for clearance of imported goods include the following steps: purchase of Import Declaration Form (IDF), submission of documentation to TISCAN, pre-payment of duties and taxes at the bank, submission of documents to Customs, manifest data capture in ASYCUDA, face vet, declaration data captured in ASYCUDA, physical examination of goods when required, documentary verification, HDO checks and assessment A declaration may be rejected or queried at

various checking steps if an officer suspects or knows of anything wrong with any declared data. Entry flows for other regimes such as exports; transits etc. are varied from the import one. The number and type of steps differ at some stages. These steps also vary slightly at airports and inland stations due to the nature of the port. As the current TRS is designed to measure not only Customs managed procedures the flow extends also to include entire processes administered by other institutions such as TPA, TISCAN, SWISSPORT, TICTS and intervening Government institutions. Normally, Customs clearance processes start with the importers/exporters or their agents lodging with Customs, declaration forms (entries) detailing particulars of the goods intended for import or export (including those for warehousing and in transit). The required particulars are furnished in a prescribed form called a Single Bill of Entry (SBE).

There are exceptions to the use of SBE for certain categories of goods. These include personal effects that are declared using a baggage declaration form (BD) and small consignments that have a value of less than USD 500 or its equivalent. These are cleared on the respective transport documents such as airway bill or bill of lading. Also other small value consignments are cleared using a simplified duty/tax assessment form (F88). Perishables and urgently required goods are normally allowed to be cleared under Customs Security Bond using a special form for release of goods prior to entry (C21), which is later perfected within the stipulated period of time.

One of the crucial controls by Customs is the checking of relevant transport documents including manifests, airways bill, consignment note etc. Entries are normally not processed in the absence of these manifests, airway bills or bills of lading. Therefore the role of shipping/airline agents in submitting manifests to Customs and cargo handlers is of paramount importance. These manifests are captured manually into ASYCUDA prior to registration of SBEs. The input process is time consuming hence has to be done well in advance of arrival. Consequently, it is to everyone's advantage to have manifests submitted to Customs prior to the arrival of the conveyance.

In the process, Customs activities interact with other key players' control checks. These key players include port authorities, cargo handlers, shipping/airline agents, clearing and forwarding agents, banks etc. Like Customs, all these parties involved in the clearance process have their internal controls that are usually undertaken through several stages, all of which have time and cost implications.

Under the current Customs laws, importers are required to submit their documentation to the Destination Inspection service provider (TISCAN) in order to start the Customs process. The law provides for an exemption to DI for a few products and importers. In order to avoid unnecessary delays upon arrival of the goods importers or their agents are advised to start TISCAN processes at least ten days before the arrival of the vessel or flight and at least five days for arrivals overland. As DI service provider is contracted by TRA, it therefore means that the actual clearance process actually starts with TISCAN. TISCAN conducts checks verifying the correctness and validity of declared data/information supplied by the importer. Customs takes over after the TISCAN processing. DI scheme does not apply to exports and transits.

Standard clearance procedures (Customs requirements, entry processing flow and the type of checks) applicable for different categories of goods and Customs regimes were designed to be applied uniformly and consistently across the country. Minor variations from station to station caused by certain factors such as number of staff, volume of transactions, nature of goods, type of operations whether automated or manual, means of conveyances processed (sea/lake ports, airports, land borders) etc. are permitted

However, some constraints were revealed in the process/procedures of clearing as it was found that ASYCUDA 2.7 modules can handle declaration processing, revenue accounting, suspense procedures (temporary importation/exportation and warehousing) and examination control (assignment of declarations to checking officers). Others are production of timely and accurate trade statistics manifest control and transit. However, in most upcountry stations all modules are not fully

utilised. Some modules are not activated or due to other factors the system is used on an on-and-off situation. That means manual and automated procedures are applied interchangeably from time to time. Dar es Salaam port just uses the declaration-processing module to process entries. Modules such as accounting, manifest etc are rarely used. The lesser use of the system has been attributed to the lack of reliable power, which causes frequent long interruptions occasional system failures etc. As such the entry processing system is still characterised by human manual interventions. There are no links between the computerised stations. Each station has a set-up of a stand-alone local area network. In this way it renders the implementation of the transit module less efficient as realization of its full benefits hinges on online communication between transit entry and exit points. This is particularly important and very useful for acquittal of the bonds.

Also automated interfacing with other key players' systems is still an issue. In Dar-Es-Salaam, TPA/TICTS are only able to access the release order information electronically through a link with ASYCUDA. More reliable links and/or interface would facilitate data transfer and the clearance process. However, despite TISCAN operations being computerised, there is no electronic link with the Customs Department. It was also found out that full recording of exemption data and upfront payment of duties and taxes on imported petroleum products are not properly accommodated in the ASYCUDA 2.7 and hence managed by independent stand alone systems. Moreover, it was revealed that cargo handling involves some processes required to ensure security of the goods, proper assessment and collection of due charges, delivery of cargo to genuine owners or authorised representatives etc. To do that a certain form of documentation is used which is initiated by respective owners and verified by the relevant authorities. As with Customs, accomplishment of the required formalities passes through various processes.

### **4.5.3 Conclusion**

Although frequency of ship calls is a significant factor for shippers in port service choice, ports can also attract shippers due to their high levels of efficiency. Port efficiency often means speed and reliability of port services. UNCTAD (1992) cited

'on-time delivery' as a major concern by most shippers. In fast-paced industries where products must be moved to the markets on time, terminal operators as vital nodes in the logistic chain must be in a position to guarantee shippers a very reliable and quick service.

Port efficiency can be reflected in the freight rates charged by shipping companies, in the turnaround time of ships and cargo dwelling time. *Ceteris paribus*, the longer a ship stays at berth, the higher is the cost that a ship will have to pay. This higher cost can be passed on to shippers in terms of higher freight charges and longer cargo dwelling time. The ability of the shipping lines to pass on the costs to shippers would depend largely on the elasticity of demand and the proportion of total costs attributable to these costs.

Infrastructure in its widest context refers not simply to the number of container berths, cranes, tugs and terminal area, but also to the quality of cranes, quality and effectiveness of information systems, availability of inter-modal transport (such as roads and railways), the approach channel provided and the preparedness or otherwise of the port management (Tongzon and Ganesalingam, 1994:320). If the volumes handled far exceed a port's cargo-handling capacity, this will result in port congestion and inefficiency, and thus can turn off port users. Furthermore, limited access to current information about shipment arrivals due to lack of adequate information system will slow the documentation process and thus the smooth functioning of a port. Without adequate inter-modal links, shipper cannot easily move cargo to and from the port, which could lead to congestion, delays and higher costs.

#### **4.5.4 Documentation Requirement and Processes Involved**

Documentation is among of the key aspect in clearing and forwarding of consignment at the port, it is usually done in order to ensure smooth operation and to avoid dispute with customers who import and export their goods. It was expected that customer could benefit from the system and the government as well since customer pays custom duties. However, it was revealed that documentation was a source of misunderstanding due to delays and inconsistency of the system. As Galpalakrishan

(2007) comment that some special documents not common for domestic transaction customarily are required on direct import purchases under letter of credit. This is because the seller abroad draws against a letter of credit to obtain payment in the country of origin. The matter of documentation is of prime concern and the buyer should be familiar with required documentation. To avoid misunderstanding the purchaser should exactly know what is required such as Bill of Lading/Airway Bill, Letter of Credit, invoice; import Declaration Form, Certificate of Origin, and Packing List among others.

The study observed that time release taken from arrival to removal of goods from customs control is significantly long. The study further establishes that there are delays at all stages of clearance processes administered by TISCAN, Customs, cargo handlers, intervening operations and Clearing and Forwarding Agents due to documentation.

Researcher observed that, many authorities are involved before the container gets out of the port such authorities were Drug agency, Bureau of Standards, Nuclear Radiation commission, Customs, Anti Terrorism and others. Unfortunately these agencies were not acting in a synchronous manner.

Furthermore report data shows that inspection of containers is performed by two methods, manual and scanning and the report revealed that 40% of the containers are scanned and another 20% are manually examined. The remaining 40% are released without any examination.

The findings show that the equipment to move containers to the scanning area were not sufficient hence causing delays. For example, from the documentary review TISCAN reported to have the capacity of scanning 200 containers a day it hardly scanned on average 150 containers because enough containers were not made available to them.

Customs staff interviewed expressed discontent regarding the quality of declarations that, some clearing and forwarding agents are not performing to standard therefore putting in poorly prepared entries, which at the end result into rejections or queries. Usually rejecting or querying prolongs the process. If the process starts after the ship had arrived then the container removal from the custom control will be delayed

Similarly a recent study by World Bank (2011) which examined container clearance/release times in gateway African Ports, found out that documentation was among the sources of delays in clearing and forwarding due to the fact that customers failed to embrace new technologies adopted by their governments. It also demonstrates the interrelationships that exist between logistics performance of consignees, operational performance of port operators and efficiency of customs clearance operations. Moreover, this paper describes clearing and forwarding agents, shippers and shipping line strategies and their impact on time release.

**Table 4.10: Perception on Documentation Requirement and Processes Involved**

Responses	Frequencies	Percentages	Valid Percent	Cumulative Percent
Strongly agree	43	43.0	43.0	43.0
Agree	45	45.1	45.1	45.1
Not sure	3	3.0	3.0	3.0
Disagree	4	4.0	4.0	94.4
Strongly disagree	5	5.3	5.3	100.0
<b>Total</b>	<b>100</b>	<b>100.0</b>	<b>100.0</b>	

**Source:** Field Data (2013)

88% which is the majority of the respondents agree that Documentation requirement and processes Involved was among the major challenges affecting clearing and forwarding at Dar es Salaam port authority 3% were not sure, 4% and 5% do not agree which implies that the statement is true. Most of respondents complained that documentation and other related process led to the increased duration of service given the bureaucratic nature of Dar es Salaam port authority and other agencies involved. Some indicated that corruption has become an engine to fast track the

process. These findings are similar to that of USAID-sponsored study (2011) which found out that 29% of shipments in the region are subject to corruption, with the incidence of bribery as high as 59 percent in Tanzania, compared to 15% in Kenya and 18% in Uganda. The amounts of bribes paid were found to be highest in Uganda at an average of US\$277 per event, compared to US\$265 in Tanzania and US\$123 in Kenya. . Customs officials and the police forces were found to be the most corrupt, with immigration, quality control, and food and health agencies less corrupt.

The study found a strong link between delays and corruption since delays provide the environment that facilitates corruption; 57% of respondents reported avoiding delay as the reason for paying bribes. Measures to reduce corruption may include: reducing the level of bureaucracy by streamlining and simplifying clearance procedures and making them transparent, establishing a code of conduct for both customs officers and clearing and forwarding agents (CFAs), which should include standards for customs clearance in terms of duration as well as a provision of appeals of customs decisions, capacity enhancement, including information technology (IT) solutions, which will reduce documentation requirements and increase transparency, and workshops for CFAs, so that they can more effectively handle clearance documentation procedures, and implementation of anti-corruption campaigns, similar to the Kenya Ports Authority's integrity initiative

The import/export process involves a number of documents and institutions which sometimes brings about unnecessary bureaucracy. Likewise they were not certain with the current documentation process which involves so much paperwork and many institutions. Similarly Ndandala (2009) found out that there are various problems the buyer or agent may experience during clearing and forwarding of goods/consignments at the port. It takes too long for customs authority to authenticate the customs entries and eventually affect issuance of clearing certificate. This problem usually leads into corruption among officials involved in clearing and forwarding. It was also, found out that delays of import documents from suppliers causing the buyer to suffer demurrage charges due late clearance of consignment. These documents include Bill of lading, invoices, and packing lists.

#### **4.5.4 Port Congestion**

The port of Dar es Salaam got itself into that mess of congestion because it did not have that system prior to congestion. Ships arriving at random caused fluctuation in the demand for port facility and services. Thus the port incurs both coverage cost and underage cost. It seems that the problem is due to the long life of port investment whereby their capacity is difficult to balance with demand unscheduled importation may bring chaos at the port terminal. For instance, Dong (2007) found out that port congestion is a phenomenon that affects a number of ports in Africa and the developing world causes of port congestion can range from inadequate port infrastructure, insufficient road and rail network and poorly integrated supply chain to low productivity level among others.

During interview with officials from TICTS, delays in transferring containers from TICTS to ICDs were reported by TICTS officials that there is a slow speed in collecting containers from the terminal to the ICDs which increases the container dwell time hence congestion. In the port To mention the concerned ICD operators are; But when contacted the ICD operators, they said that: It is true but the low speed is due to slow completion of documents by both Shipping Agents and Clearing and Forwarding agents as well as late allocation of containers to specific ICD by the Decongestion Committee’.

They also pointed out that queuing of trucks at gate Na5 is also a reason for the delay. This queuing is a result of poor gate alignment and management and this leads to lower speed of container transfers to our ICDs.

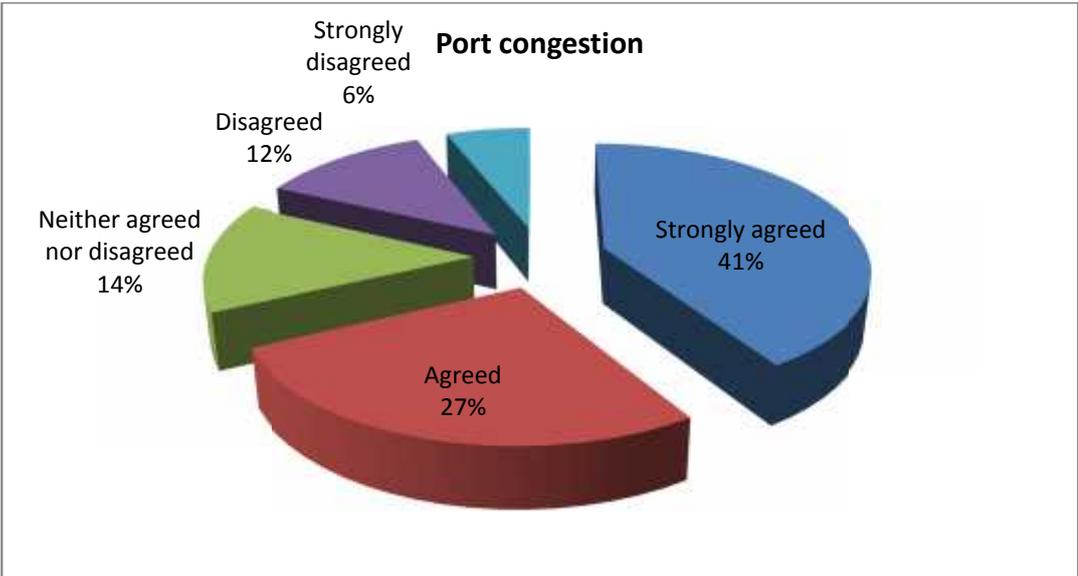
The researcher as he discussed with stakeholders who were found hanging around the long room, they revealed that: Custom officers have high suspicion on the declared values. This mistrust of importers declaration results in a too strict value control, which obviously takes time to do.

Another one added that: “Due to such mistrust, the end result is to take extra time to resolve such valuation issues to the satisfaction of both the importers and the customs”

Another one concluded that: “The more the time it takes to resolve the issue the longer the clearance delays”

At the port of Dar es Salaam, congestion is not a new phenomenon. Therefore, it was necessary to investigate the extent to which port congestion influence negatively clearing and forwarding activities at Dar es Salaam Port Authority. Results are shown in figure 4.4.

**Figure 4.4: Perception on Port Congestion at Dar es Salaam Port Authority**



**Source:** Field data (2013)

Data in figure 4.4 indicates that 41percent out of 100 respondents strongly agreed that port congestion is the key factor that leads difficulties for clearing and forwarding companies, 27 percent agreed. While 14 percent out of 00 respondents neither agreed nor disagreed, 12 percent disagreed and 6 percent strongly disagreed. The Tanzania Revenue Authority (TRA) has said that importers should be blamed for any congestion at Dar es Salaam Port because they delayed to clear

their goods. The study found that when importers ask for goods, they should send to TRA a clearance letter two weeks prior to arrival of their goods. Many wait until goods arrive at the port then they start processing at the last minute, that will definitely cause congestion at the ports. It was found that used motor vehicles have been a big challenge when imported, the importers normally do not identify the models of the cars and country of origin, this automatically creates a slow clearance of some vehicles. Many vehicles are imported from Japan and Dubai and price on tax paying differs because they must consider their country of origin. It was found that in order to boost government revenue, TRA has been always insisted that traders should register with Value Added Tax (VAT) so that could be given the TRA's machine which issues the receipts to their customers to ensure equitability in tax paying. The TRA's also some TRA official complained that most of the dishonest traders have been "killing" the system of taxpaying because they do not issue receipts to their customers.

Based on the available findings it should be noted that Dar es Salaam port congestion remains unresolved as Mallya (2009) found out that solution to the congestion at the Dar es Salaam port remained allusive, the chairman of Tanzania Shipping Agencies Association (TSAA), suggested that use Ubungu depot as a short-term solution to the problem. The off-loading pace is slow and unsatisfactory: Stacking space is equally diminishing. As a short-term solution Ubungo depot should rehabilitated immediately to accommodate the containers currently choking the port” the charman said, adding that without taking such a decisive action the national economy will suffer. The chairmen said if such intervention was not made, ships could be diverted to ports in neighboring countries. “Tanzania would gain nothing out such a development,” he lamented. The depot belongs to Tanzania International Container Terminal Services (TICTS); an official of TICTS could not comment on the proposal saying the General Manager, was the only person who could discuss the issue in the press. “Our general manager is out of the country. We cannot talk,” she said. An official of a clearing and forwarding agency complained that their cargo had been stranded at the port since January 4. Off loading started yesterday. I think TICTS have inadequate facilities” he said.

#### **4.5.5 Weakness Associated with Authorization Agencies**

It was also, important to examine the extent to which other government authority that is responsible for authorization process influence clearing and forwarding activities negatively or positively. To the National Food Control Commission Importers of processed foods are required to apply for registration and import permits from the commission before importation of such foods. The commission's regulatory role is focused on safeguarding human health. The Tanzania Bureau of Standards enforces compliance with national and international standards in respect of imports and exports. It operates a Batch Certification Scheme for all imports covered by compulsory standards which is designed to combat dumping of substandard products in the Tanzania market.

Importer identifies overseas Supplier and places an order for specific goods from him, receives Quotation or Pro-forma Invoice (PI) from the Supplier indicating description of the goods, specifications, prices, delivery terms, payment terms, among other things, the Importer or his Clearing Agent buys a set of Import Declaration Forms (IDF) at a relevant bank. The IDF set is in 5 copies and costs USD10 per set among others, there is a number of authorities that are involved in the clearing and forwarding.

#### **On interview one respondent said:**

“To be frank, it takes a long time for an importer to clear goods at the TRA offices... Sometimes, there are complications during the processes of clearing. For instance, you can buy a car at Tsh6 million but when you take the (Customs clearance) documents to TRA, you are told your car is valued at Tsh9 million and are, therefore, required to pay, let's say, Tsh4.5 million as customs duty,” he said.

This sometimes forces the importer to appeal, thereby leading to further delays in getting the goods cleared out of Customs control and the port area. Apart from bureaucratic customs procedures, TRA is also responsible for issuing the goods Release Order. Goods cannot leave the port unless an importer gets the Order from TRA. This document goes hand-in-hand with other clearing processes. It

automatically follows that, when clearing is delayed, the Release Order can't be obtained. Results are as indicated below.

**Table 4.11: Perception on Weakness Associated with Authorization Agencies**

<b>Responses</b>	<b>Frequency</b>	<b>Percentages (%)</b>	<b>Valid Percent</b>	<b>Cumulative Percent</b>
TBS Authorization Process	9	9.1	9.1	9.1
SUMATRA Authorization Process	10	10.7	10.7	10.7
TRA Customs and Excise Department	6	6.4	6.4	6.4
Ship Owner's Agents	31	31.0	31.0	74.3
The Pharmacy Board	27	27.0	27.0	
The National Food Control Commission	13	13.0	13.0	13.0
TPA/TICTS Procedures	21	21.0	21.0	
EWURA Authorization Process	8	8.0	8.0	100.0
<b>Total</b>	<b>100</b>	<b>100</b>	<b>100.0</b>	

**Source:** Field Data (2013)

According to Ekelege (2007), the major functions of Tanzania Bureau of Standards (TBS) are to formulate and promulgate national standards in all sectors of the economy such as agriculture, mining, textile, chemical, environmental and engineering. It is also responsible for supervising implementation of standards in various sectors. The role of TBS in clearing and forwarding process is to ensure that public awareness and understanding of consumer's rights and obligations is clearly known. TBS being a regulatory body need to ensure that all imports or exports which have impact on health, safety and environment should be checked through product test certification scheme. Also batch certification scheme to check quality of imports is used.

The scheme is used to ensure that Tanzania is not a dumping ground for substandard products. Goods will not be released from ports, airports or Tanzania borders unless they pass quality tests. Therefore TBS need to ensure that key stakeholders are

involved in import operations and cargo clearance through fast documentation process through TRA, TICTS, TISCAN, TPA, Shipping Agents, Clearing and Forwarding Agents and Government Institutions.

Findings from the study revealed that 9% of respondents observed that TBS caused delays in clearing and forwarding process due to the following problems: bureaucratic processes involved in clearing where most procedures to be followed are not clearly stipulated to enable users follow them. Lack of proper information flow to guide users as each actor has his procedures and regulations. Poor integrated system to interact with other uses. Actors operate in different locations which are scattered lead to time consuming as clearing agent should visit various offices during documentation process. Power and network problems also hinder clearing operations, when there is no power or when the network is slow nobody can access the ASYCUDA ++ system. The use of manual system at TBS while TRA and TISCAN access documents electronically creates delays in the clearing process. Some respondents indicated that lack of integrity to some importers due to low quality or counterfeit products which are into necessitate, hence, delays clearing process is experienced. Also it was revealed that unavailability of TBS staff on time led into delays in the clearing process because agents base to wait respective officers to inspect or issue test certificates before shipments are released.

SUMATRA being a regulatory body in ports and shipping services have to ensure that key stakeholders are involved in port operations and cargo clearance by restricting fast documentation process through TRA, TICTS, TISCAN, TPA, Shipping Agents, Clearing and Forwarding Agents and Government Institutions. However, it was revealed that over 6% of respondents commented that SUMATRA cause delays in clearing and forwarding process due to bureaucratic process involved in clearing process where most of procedures to be followed are not clearly stipulated to enable users to follow them. Lack of proper information flow to guide users as each actor has his procedures and regulations. Poor integrated system to interact with other uses. Actors operate in different locations which are scattered lead to time consuming as clearing agent should visit their offices during documentation process.

However less than 50 percent of respondents indicated that delays in issuing certificate of destination on transit cargo and unavailability of SUMATRA officers on time cause delays in the clearing process. Agents have to wait respective officers to inspect or issue certificates before shipments are released.

EWURA engages in regulation of the petroleum sector, has and exercises the following specific powers as well as functions: to issue, renew, suspend or cancel licenses or permits, to monitor petroleum quality and standards; to initiate and conduct investigations in relation to safety and quality of services given to a consumer, to give directions to any person granted a license or permit under and charge as well as collect fee and levies (including any regulatory levy) from the petroleum sector charged in accordance with the EWURA requirement. Hence the role of EWURA in clearing and forwarding process is to ensure that public awareness and understanding of consumer's rights as well as obligations is disseminated. EWURA being a regulatory body have to ensure that importers or their agents conform to quality and standards of toxic and environmental conservation to all petroleum products entered to Tanzania. EWURA need to ensure that key stakeholders are involved in importation process and cargo clearance through fast documentation process to all key players that is TRA, TICTS, TISCAN, TPA, Shipping Agents, Clearing and Forwarding Agents and Government Institutions.

From responses from the study disclosed that more than 8% of respondents observed that EWURA cause delays in clearing and forwarding process due to the following problems: bureaucratic process involved in clearing process where most of procedures to be followed are not clearly stipulated to enable users follow them. Lack of proper information flow to guide users as each actor has his procedures and regulations. Poor integrated system to interact with other uses actors operate in different locations which are scattered is a source of time wastage as clearing agent should visit various offices during documentation process. However less than 50 percent of respondents indicated that other charges which customs officers add during valuation process delays the clearing process became agents were to raise complaints to get justification of new charges, hence, time wastage is experienced.

During the administration of this study it was found out that 21% respondents expressed concerns on number of checks performed by Customs, TPA/TICTS. It was their view that if some of them can be done once or at one place, a significant saving of time could be obtained. They cited cases of documents being dealt with by three or more officers within declaration checking area (the valuation officer, the exemption officer and the full declaration officer (passing)) before reaching the assessment officer (HDO). All these processes could be entrusted to a single person. The same complaint was directed to the cargo handlers for their red tape in assessing and collecting port charges as well as processing release.

Customs has high suspicion on declared values. Such mistrust of importers declaration results in a very strict value control, which in turn takes time to do. Consequently it takes extra time to resolve such valuation issues to satisfaction of both the Customs and importers. The more the time it takes to resolve the issue the longer the clearance delays. Considering that there have been recent technological advancements within the Department, many respondents were wondering why the Customs system was not interfaced with other key players, which would have effect of improving exchange of information.

Moreover it was found out that Importers of pharmaceuticals are required to apply for and obtain a Certificate of Official Approval to Import Pharmaceuticals from the Board before embarking on importation among which becomes another source of challenges as the figure above indicates that 13% respondents considered to be a source of delay in clearing and forwarding. Importers of processed foods are required to apply for registration and import permits from the commission before importation of such foods. The commission's regulatory role is focused on safeguarding human health. Produce inspection and phytosanitary section (plant protection department, ministry of agriculture and food security): Importers of plant products, e.g. cereals, seeds and other perishables are required to apply and obtain permits from the food control commission. Likewise, exporters of plant products have to apply and obtain Phytosanitary Certificates, after the products have been inspected and fumigated against pests and diseases. Food control commission supervises the fumigation

processes and it ranked 17% from respondent point of view as among the sources of challenges during clearing and forwarding of consignment a Dar es Salaam port authority.

#### **4.5.6 High Charges**

There are different types of port charges, which vary between ports in terms of levels and structures depending on the nature and functions of ports. Except for landlord ports, which derive their revenues from rents, port charges are generally levied on the basis of port visits and/or cargo handled. It was found out that there were high charges that discourage customer to use the port of Dar es Salaam.

The performance of Dar es Salaam port has not been improving since respondent's perception to switch from Dar es Salaam port to another (such as Mombasa) were high. The research results show that most of the respondents (57 percent) use the port simply because currently there is no alternative service available, especially in Tanga and Mtwara ports.

This implies that more customers will switch to the other ports such as Mombasa port, Beira port in Mozambique and Durban in South Africa. The study found that the cost of shipping is increasing s Shipping lines are increasing their freight charge certain amount to compensate for the delay and vessels charges at Dar es salaam port this will subsequently be passed over to the cargo owners and eventually to the whole production supply chains. Cost of goods manufactured with imported raw materials will subsequently be higher soon based on the outlined chain. Tanzania stands to lose substantial revenue generated from imports by neighbouring countries. It is evident that EAC member states and other neighbouring states have consistently complained of the delays and other inefficiencies. It was found that EAC members are exploring alternative Ports in Kenya and signing Agreements and giving tax reliefs for importers using these alternative Ports.

**Table 4.12: Perception on Charges**

<b>Responses</b>	<b>Frequencies</b>	<b>Percentages (%)</b>	<b>Valid Percent</b>	<b>Cumulative Percent</b>
Very Dissatisfied	9	9.0	9.0	9.0
Dissatisfied	17	17.1	17.1	17.1
Neither satisfied nor dissatisfied	65	65.0	65.0	65.0
Very satisfied	7	7.9	7.9	99.0
Satisfied	1	1.0	1.0	100.0
<b>Total</b>	<b>100</b>	<b>100.0</b>	<b>100.0</b>	

**Source:** Field Data (2013)

The findings revealed that 9% of the respondents were very dissatisfied, 17% respondents out of 100 were dissatisfied, 65% of respondents were neither satisfied nor dissatisfied which is the majority while only, and 7.9 were very satisfied. These findings are similar with that of UNCTAD (2007) which found that the high charges at the Dar es Salaam port led to the increase of cost of other goods such as cooking gas and other goods.

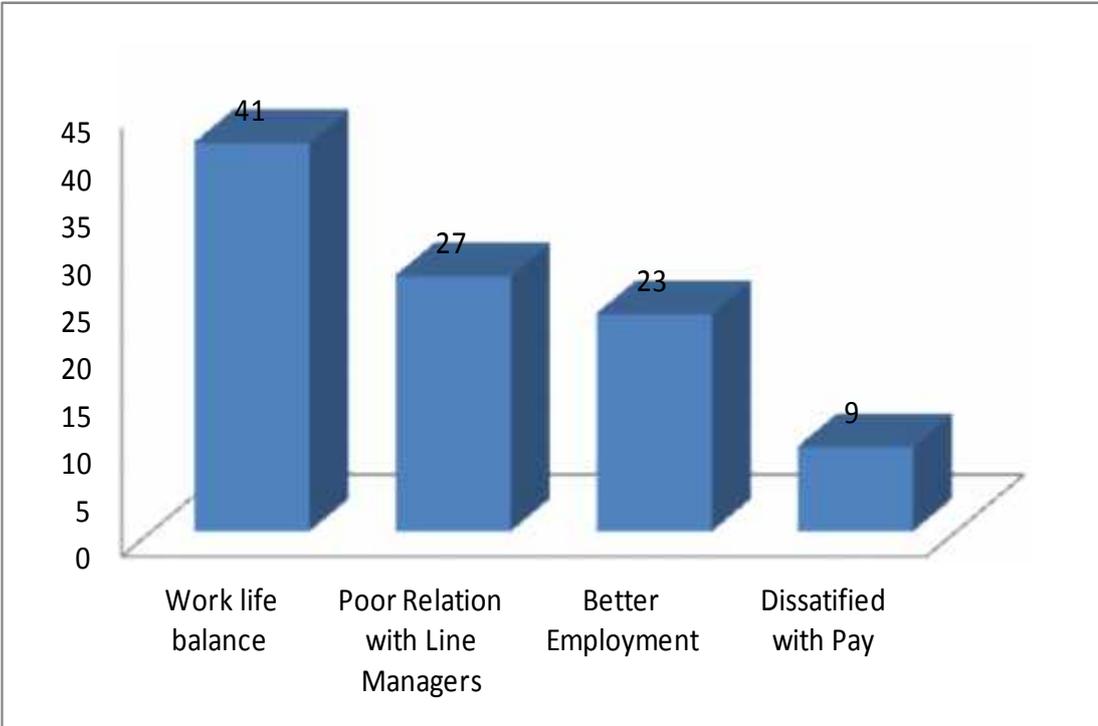
#### **4.5.7 Employee Turnover at Dar es Salaam Port Authority**

During the administration of this study it was revealed that there was acute shortage of skilled labour caused by employee turnover. Availability and motivation of internal experts and involvement of the staff are equally essential. It was found out that most of the employees who engage in clearing and forwarding were not well educated as they had attended short course training that was the major reasons behind poor performance.

The study found that a large number of the employee who works of the operations of machines are people with low level of education as most of them are just ordinary level with short course training on how to operate machines for loading and offloading. Also the study found that relationships between management and employees are not good and unstable. Management has failed to create agreement with the Workers Union that in turn leads to inefficient hence congestion as employees are dissatisfied. The available findings show that most of the workers

were not fully involved in the planning and evaluation of the Authority’s targets. Moreover, the study found that poor planning in scheduling of berths of ships, the decision to allocate conventional berths for discharge of container vessels has increased waiting times for conventional cargo. However, employee turnover was highly mentioned by respondents, and some of the reasons mentioned are provided in figure 4.5 below.

**Figure 4.5: Causes of Employee Turnover at Dar es Salaam Port Authority**



**Source:** Field Data (2013)

The findings of this study revealed that other employees at Dar es Salaam port authority left because of poor work life balance, most of employees in operational sector were real complaining on the hours of work as they are supposed to work up to Sunday from 8:00am to 6:00 in the evening and you may find they are just two in the office hence arranging a shift to make them have their right resting period in the week is very hard, that’s make them be busy with job, too much confined that they cannot engage in other family and social related life. 41% of respondents mentioned this reason.

Dissatisfied with pay was another cause for turnover that ranked 9% respondents listed it. However the Human Resources and Administration Manager through interview said: 'Management recognizes that salary needs to be adjusted. He added that, in view of this we were now making salary survey and benchmarking so as to improve salary scales and match other similar organizations''.

In his contribution Griffith al (2000) noted that pay and pay-related variables has a modest effect on turnover. Their analysis also included studies that examined the relationship between pay, a person's performance and turnover. They concluded that when high performers are insufficiently regarded, they leave. It is hard to keep employees when the organization is paying significantly less than others that has been common in organizations. The other issue identified to cause turnover was the poor relation with supervisors/managers and this ranked the fourth out of all job related reasons. This accounted for 27% of all respondents. This made employees wish to leave the organization due to the feelings of not valued. One of the respondents said that:

*“Work life became boring and stressful when the line manager wanted to rule your life. For example, my line manager likes to see what is done first s the work that she /he has some interest in it. This causes ambiguity of what my role should be. Now I find myself doing what my manager wanted rather that what I had put as priority in my duties. This puts me under pressure due to performing my duties on deadlines’’. In Fact we have Bosses and note leaders at all, as my boss always finds a mistake to note and note just to fix it and direct It to a better way, we just work as thieves and note employees, too much supervision.”*

Mobley et al (1979) concluded that a number of studies offered moderate support for a negative relationship between satisfaction with supervision and turnover (i.e. the higher the satisfaction with supervision and turnover (i.e. the higher the satisfaction with supervision, the lower the turnover.

Better employment 23% of respondents mentioned this also to be the likely cause for employee turnover at Dar es Salaam port authority

From additional explanations given in questionnaire, one of the respondents said that: 'If I got better employment opportunity I would quit immediately so as increase my income, to get better chance for advancement, good incentive package as well as changing working environment''.

Another problem encountered was the introduction of the automated system which according to staff represented a threat in terms of lost of jobs. Staff representatives who participated in this study still had doubts in their minds as regards to downsizing and layoffs. To circumvent this problem, a series of conferences and workshop were organized for customs personnel When Asycuda was being introduced all customs officers including those from other departments were trained right from rank and file to the highest level. Members also from the private sector like clearing and forwarding companies and importers were also trained.

#### **4.5.8 Conclusion**

This part focused on challenges facing clearing and forwarding agents it was found out that clearing and forwarding and other organization in charge of clearing and forwarding contribute to inefficiency of clearing and forwarding of consignment at Dar es Salaam Port Authority. The findings of the study suggest that port efficiency is necessary for improved port performance and customer satisfaction. The responsible authority should facilitate faster clearance of exempted goods, simplify, coordinate and facilitate faster examination process and improve port infrastructure (rail and offloading equipment

## **CHAPTER FIVE**

### **SUMMARY OF THE STUDY, CONCLUSION AND RECOMMENDATION**

#### **5.1 Introduction**

This chapter presents the summary, conclusions and recommendations with regards to the research topic. The chapter has three sections, section one presents the summary of findings, section two provides conclusions drawn from the study and section three provides recommendations and policy implication. The study examined challenges that face clearing and forwarding agents in the process of clearing consignments the case of Dar es Salaam Port Authority.

#### **5.2 Summary of Findings**

The findings of the study revealed that there are challenges during clearing and forwarding consignment at the port of Dar es Salaam. The research strategy that was used for the study was descriptive survey study. The study aimed at portraying an accurate profile of clearing and forwarding situation at Dar es Salaam port authority. At Dar salaam Port authority only five departments were selected and staff were invited to take part in this study. Also other clearing and forwarding agents as well as other government agencies which in one way or the participate in the clearing and forwarding activities were selected including TRA, EWURA , TBS and TICTS to mention just few as well as the customers using the Dar es Salaam port authority in clearing and forwarding.

As the study employed qualitative approach the researcher used questionnaire method, interview, observation and documentary review during data collection. The study involved a sample of 100 respondents; data analysis was done through the use of computer software such as Statistical Package of Social Science (SPSS) and Microsoft Excel.

From the available data collected from the field indicate that all of the respondents agreed that they do face challenges on clearing and forwarding of consignment at Dar es Salaam Port Authority.

These are long bureaucracy procedures and laissez-faire attitude of some officials, lack of clearing forwarding knowledge, long time taken before government importers to release funds for clearing charges which leads to demurrages, congestion at the port. The study also revealed that staffs at the at Dar es Salaam Port Authority lack knowledge of clearing and forwarding and customs hence affect their performance in comply with customs regulations and procedures. Another issue from the findings is incomplete documents submitted by customers to Dar es Salaam Port Authority affect on time clearing of consignments. Effective clearing bases mostly on the clear customs regulation and procedures, qualified clearing and forwarding agents, good documentation and well organized and motivated staff.

### **5.3 Conclusion**

The subject matter of this study was to examine challenges that face clearing and forwarding agents in the process of clearing consignments the case of Dar es Salaam Port Authority. From the available data as established in chapter four, it was revealed that Clearing and forwarding process at Dar es Salaam Port Authority undergo many stages, processes and procedures, which in turn hurt businesses and effect the economic performance of the country.

Apart from few improvement and effort put in place by TRA, TPA/TICTS and other agencies towards trade facilitation, for instance the Customs and Excise Department has designed a web-based pre-lodgment system whereby Clearing and Forwarding Agents are required to complete and submit an online Import Declaration Form (IDF) with respect to all import transactions. The system not only speed the clearance process but also minimize or eliminate physical contacts between Customs and CUSTOMS official on one hand and Agents and Importers on the other.

However, the study found the clearing process are dependants in the aspects that if the consignment is at the port of Dar es Salaam after finishing the customs proceedings the agents are subjected to complete the clearing process at the port of Dar es Salaam. Similarly TRS (2011) reported that clearing processes of imported, transit and exported goods involve TISCAN office (Imports only), Dar-Es-Salaam

Long Room, Dar-Es-Salaam Wharf, TPA/TICTS offices depending on the type of traffic and the associated requirements for Destination Inspection scheme. Clearance procedures at the Dar-Es-Salaam Port customs Offices involve a number of documentation processes that in turn hinder its efficient and effectiveness.

From the findings it can be concluded that the documentation procedure is too long and involves many other governmental organs which do not work in an integrated way to shorten the process. The involvement of many intervening body leads delays in clearance process. From the findings, the container terminal suffers lack of sufficient equipment to carter for the increasing containerized cargo handled through the port of Dar es Salaam. A well planned imrovement yield positive results normally shared equally between the private and public persons and have a long term impact to the entire economy of the country. It is also a process that requires step by step and strong determination to push for complete change as in most cases change is resisted. Otherwise, a modernized customs administration reduces the cost of doing business and trade volumes flourish.

#### **5.4 Recommendation**

The study intended to examine challenges that face clearing and forwarding agents in the process of clearing consignments the case of Dar es Salaam Port Authority. Therefore, based on the findings obtained from the study analysis and conclusion drawn, the researcher revealed some weaknesses and problems associated with clearing and forwarding at Dar es Salaam Port Authority. The following recommendations put forward by the researcher to mitigate all challenges associated with clearing and forwarding.

Equipment with high productivity should be acquired. With this kind of equipment, productivity and ship turn-round time will improve. Consequently, the port will be able to maintain its customers and attract more. These improvements will attract modern ships to call at the port which, will lead to further improvements in productivity.

Waiting time should be reduced by doing the following: proper planning and requisition of shore handling equipment. The equipment should be ready at the quay before a shift starts. This will eliminate waiting time for equipment. Consignees and shippers should be informed in advance on time when their cargo will be discharged or loaded so that, lorries will be at the port to pick up cargo and, cargo will be at the port for loading in ships at the right times. In case this cannot be easily achieved, direct delivery and receipt should be avoided. Cargo should pass through short-term storage. It will minimize waiting time for Lorries and cargo. This will enable cargo loading and discharging to be done under any kind of weather.

Cargo dwell time should be reduced by doing the following: possibility to simplify cargo documentation and clearance procedure should be looked at. A detailed study of documents' contents and clearance procedure should be done so that, improvements can be developed. Establish one place and only one place for documents clearance. All officials responsible for cargo clearance should be in the same house. That will facilitate quicker clearance of cargo documents. The port should move to a third generation port. It should introduce an Electronic Data Interchange system (EDI). Cargo tracing and monitoring should be done by software's and computers. This will facilitate quicker communication among all responsible parties for cargo documents clearance.

Tanzania port authority should create facility for cargo to be cleared prior to arrival of the vessel irrespective whether or not the manifest has been submitted and extend terms of the license agreement of ICDs and bonded terminals to provide for acceptance as well as storage of un-cleared containers.

Tanzania port authority should conduct a census in the port to assess the volume of studied containers stored, the period that each has been stored and arrangements be made to move the containers that exceed a given time period to ICDs or bonded terminals on a first-in/first out basis. Importers should submit required documents to the respective agencies on time such as TRA, EWURA, and TBS to mention just few enable those agencies to process them on time. Importers should also pay customs and port charges on time to avoid demurrages.

Dar es Salaam Port Authority and other agencies such as TBS, EWURA, TRA, TICTS etc should consider the need of training the staff who deal with clearing and forwarding so as to be in position to understand the customs and clearing and forwarding operations. Training should include customer care service training so as to offer the best services to their customers.

Long bureaucracy procedures and laissez-faire attitude of some officials should be eliminated. TPA should employ necessary measures to improve efficiency at the port of Dar es Salaam so as to reduce congestion and unnecessary bureaucracy.

### **5.5 Policy Implication**

From the study it was discovered that problems/ challenges Dar es Salaam Port Authority are not caused only by inadequate berthing space but by the operational inefficiency of the Port Managers and Operators coupled with long years of infrastructural development neglect. Since the inception of port in Tanzania by the colonial masters in the early twenties, no systematic process for their re-development has been put in place until current concession programme. In response to these challenges Dar es Salaam Port Authority must come up with a plan to redesign its operations and come up with long term investment plans and this will help to reduce the problems associated with clearing and forwarding. The government of Tanzania in collaboration with other stake holders should embark on serious infrastructural development to create an efficient competitive sector that will sustain economic growth in the years ahead.

### **5.6 Areas for Further Studies**

The future research should focus on the role of private agents in solving the problem clearing and forwarding agency in dealing with clearing of consignments. This implies that in mitigating the issue related to clearing and forwarding, the solution should focus on public-private partnership

However, there are other areas for further research in the subject matter. The research focused only on assessing challenges face clearing and forwarding agencies at the port of Dar es Salaam only. Another study can be conducted on challenges face clearing and forwarding agencies at airport of Dar es Salaam and examine how they overcome.

International trade involves many players and the importers required to go through many procedures so as to get the consignments in their final destination. It is believed that in the process of delivering the consignment to the final destination many problems are faced and these need to b addressed. Study on towards improvement of international trade can be conducted in order to find ways to address the problems and how to overcome.

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## APPENDICES

### Appendix 1: Sample Questionnaires

#### QUESTIONNAIRES FOR CLEARING AND FORWARDING AGENTS

Questionnaire response analysis from Finance and Accounts Department

Please refer to the above heading,

I hereby submitting my questionnaires to you for the study I am undertaking in partial fulfillment for the award of Master Procurement and Supply Chain Management of the Mzumbe University Dar es Salaam College Campus. The study is on the assessment of the challenges that face clearing and forwarding agents in the process of clearing consignments at Dar es Salaam Port. I kindly request you to respond to the questions to the best of your knowledge. By doing so, you will be contributing greatly to the completion of this research. In this regard therefore I count on your kind collaboration to make this study successful. I assure you that the information obtained will be handled with absolute confidentiality and the data collected will be used for academic purpose and not otherwise.

#### PART A: PERSON INFORMATION

Please tick the appropriate answer for each of the following statement:-

1. Gender: Please tick the appropriate
  - (i.) Male ( )
  - (ii.) Female ( )
  
2. Professional qualification
  - (i.) Accountant ( )
  - (ii.) Procurement Professional ( )
  - (iii.) Engineer ( )
  - (iv.) Others Mention .....

3. Highest academic qualification
- (i.) O level ( )
  - (ii.) A level ( )
  - (iii.) Diploma ( )
  - (iv.) Advance Diploma ( )
  - (v.) Postgraduate Diploma ( )
  - (vi.) Bachelor ( )
  - (vii.) Masters ( )
  - (viii.) PhD ( )
  - (ix.) Others (mention) .....

**PART B: OPERATION**

1. How do you grade the customer service offered by Dar es salaam port authority
- (i.) Very good ( )
  - (ii.) Good ( )
  - (iii.) Satisfactory ( )
  - (iv.) Not good ( )
2. How many times as you can remember, you left the office without being served due to any reason
- (i.) One times ( )
  - (ii.) Two time ( )
  - (iii.) Three times ( )
  - (iv.) Four times ( )
  - (v.) Often times ( )
3. Can you mention the reasons of leaving without being served
- (i.) .....
  - (ii.) .....
  - (iii.) .....
  - (iv.) .....

4. How do you see the system of clearing consignment at the port of Dar es Salaam

(i.) Excellent ( )

(ii.) Very good ( )

(iii.) Good ( )

(iv.) Satisfactory ( )

(v.) Poor ( )

5. On your view do you think Dar es Salaam Port has enough personnel to undertake its operations?

(i.) Yes ( )

(ii.) No ( )

If NO what should be done

.....  
.....  
.....  
.....

6. Is there any weakness in the process of clearing consignment at the port of Dar es Salaam

(i.) Yes ( )

(ii.) No ( )

If YES, will you mention the weaknesses

(i.) .....

(ii.) .....

(iii.) .....

(iv.) .....

(v.) .....

(vi.) .....

7. Is there any challenges that are faced by clearing and forwarding Agents at the port of Dar es Salaam?

- (i.) Yes ( )
- (ii.) No ( )

If YES, what are the challenges?

- (i.) .....
- (ii.) .....
- (iii.) .....
- (iv.) .....
- (v.) .....
- (vi.) .....

8. The Port of Dar es Salaam have enough modern equipment to support its operations

- (i.) Strong agree ( )
- (ii.) Agree ( )
- (iii.) Uncertain ( )
- (iv.) Disagree ( )
- (v.) Strongly disagree ( )

9. How is the clearing and forwarding operations undertaken at the port,

- (i.) Computerized system ( )
- (ii.) Manual work ( )
- (iii.) Both computerized and manual work ( )

10. What should be done by Tanzania Port Authority to improve Dar es Salaam Port service delivery?

- (i.) .....
- (ii.) .....
- (iii.) .....
- (iv.) .....

11. Is there any economic effects resulting from delaying clearing consignments at the port?

(i.) Yes ( )

(ii.) No ( )

If YES, what are these effects?

(i.) .....

(ii.) .....

(iii.) .....

(iv.) .....

(v.) .....

(vi.) .....