Confederation of Tanzania Industries

TANZANIA PORT AUTHORITY WHARFAGE CHARGING SYSTEM, IMPLICATIONS, AND EFFECTS TO PORT USERS

August 2017

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LIST OF ACRONYMS

CIF	Cost Insurance and Freight
CTI	Confederation of Tanzania Industries
DSM	Dar es Salaam
Dwt	Dead weight Tonnage
EABC	East African Business Council
FCL	Full Container Load
GRT	Gross Registered Tonnage
ICD	Inland Container Terminals
LOT	Long Ton
MSA	Mombasa
NRT	Net Registered Tonnage
PMP	Port Master Plan
SOW	Scope of Work
SUMATRA	Surface and Marine Transport Regulatory Authority
SUMATRA- CCC	SUMATRA Consumer Consultative Council
TAFFA	Tanzania Freight Forwarders' Association
TASAA	Tanzania Shipping Agents Association
TAZARA	Tanzania and Zambia Railway Authority
TNBC	Tanzania National Business Council
TBS	Tanzania Bureau of Standards
TEU	Twenty feet Equivalent Unit
TFDA	Tanzania Food and Drugs Authority
TICS	Tanzania International Container Terminal Services
TPA	Tanzania Ports Authority
TPSF	Tanzania Private Sector Foundation
TRL	Tanzania Railways Authority
UNCTAD	United Nations Conference on Trade and Development
USD	United States Dollars

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Specifically, great appreciation goes to the representatives from the Government of Tanzania, who participated in the report presentations and validation.

EXECUTIVE SUMMARY

For quite a long time Dar es Salaam port users have been complaining about port services and charges being provided at the Port. As the services lack competitiveness and port costs continue to burden the port users in particular, with the financial support from BEST– Dialogue CTI conducted a situation analysis study in 2014 to determine, among other aspects, how wharfage fees are charged at DSM Port as compared to Mombasa and Beira in Mozambique. Among other things, the study found that the DSM port applies both ad valorem and weight/size methods to estimate wharfage charges for general and containerised cargo. Moreover, the study found that the Dar es Salaam Port applies comparatively higher rates and therefore makes the wharfage charges comparatively higher than its competitor, the port of Mombasa.

Based on these 2014 CTI study findings, with the financial support from BEST-Dialogue, the Confederation decided to conduct this advocacy study to investigate the following:

(a) the impact of wharfage charges to businesses at the DSM Port,
(b) TPA's wharfage charging procedures, rationale and justification for fee level and charging system, and
(c) how the wharfage charging system burdens the economic development of Tanzania and CTI members' competitiveness.

Listed below are the main findings of this study

1. **Charges and Charging Procedures**
   The DSM Port charges a comparatively higher wharfage fee that adversely affects local manufactures and owners of industrial firms. The share ranges between 3.4% and 12.8% of production costs for large and new industries, respectively. The charges take a share of between 23.1% and 40% of freight charges for such industries. The other burden is additional dwell-time due to cumbersome port operations, cargo clearance by outdated procedures and administrative inefficiencies related to, among other things, physical verifications, proof of payment, system failures attributed to network failure and power interruptions, etc. In addition, exchange rate depreciation of the Tanzanian Shilling (TZS) leads to an additional increase in port charges including wharfage fees.

2. **Competitiveness and Port Charges**
   The basic port clearing charges at DSM Port are approximately 28% higher than those at Mombasa Port. Wharfage charges contribute 35 – 60% to the overall port call dues while shore handling accounts for 18% - 29% only at DSM Port. Mombasa terminal handling fees account to 30%-40% followed by wharfage fees at around 31% of all charges.

3. **Economics of Scale**
   Ports with high through-put like Mombasa and Durban charge lower port wharfage and handling fees than those with lower volumes, DSM Port. Economies of scale associated with high import/export cargo volumes are the main reason. DSM Port therefore needs to improve three things: through-put, cargo volume, and turnover.

4. **Financing of Tanzania Ports Authority (TPA)**
   TPA justifies the present wharfage fee charging procedures by its being obliged to maximise its revenue and cover its cost of operation, port infrastructure, and equipment and other investments. In competing ports, government invests in the port infrastructure which allows for improvements not adequately made at DSM Port.

5. Wharfage fee tariff system

Commonly at most ports in the world the wharfage fee is charged as per gross weight, Gross Registered Tonnage (GRT), Long Ton (LOT) or size of cargo. DSM Port mainly applies the ad valorem system, based on CIF value as the base for calculations. Other ports facing the same challenges have in the past reformed the tariff to the weight, size, or volume system after substantial port user complaints.

6. Competitiveness of Products from Tanzania

Wharfage charges burden CTI members and other importers, particularly new firms, small and medium industries at most, resulting in increased production costs and transport/freight charges and thus hampering competitiveness.

7. Revenue Maximisation by TPA

The application of CIF valuation system tends to overestimate the charges compared to size/volume, and maximises revenues for the port. TPA prefers to use this system unlike the port of Mombasa and others such as Durban. The overcharged fees increase production and transport costs for Tanzanian producers.

8. Port Regulations:

The marine sub-sector regulator SUMATRA has established a procedure for the review of marine/port charges in case port users (e.g. Industrial owners/importers) complain about regulated services such as wharfage fees. Advocacy for DSM Port wharfage charging system review is required, and is possible.

Policy Recommendations

Based on the above findings the following three (3) policy actions are recommended.

(i) The Tanzania Ports Authority (TPA) ought to reform the outdated DSM Port wharfage charging system, replacing it with the commonly used weight/size/volume system.

(ii) The Government of Tanzania should finance investments in port infrastructure development of DSM Port as per best practice in Mombasa and Durban; this will avoid TPA overcharging its customers.

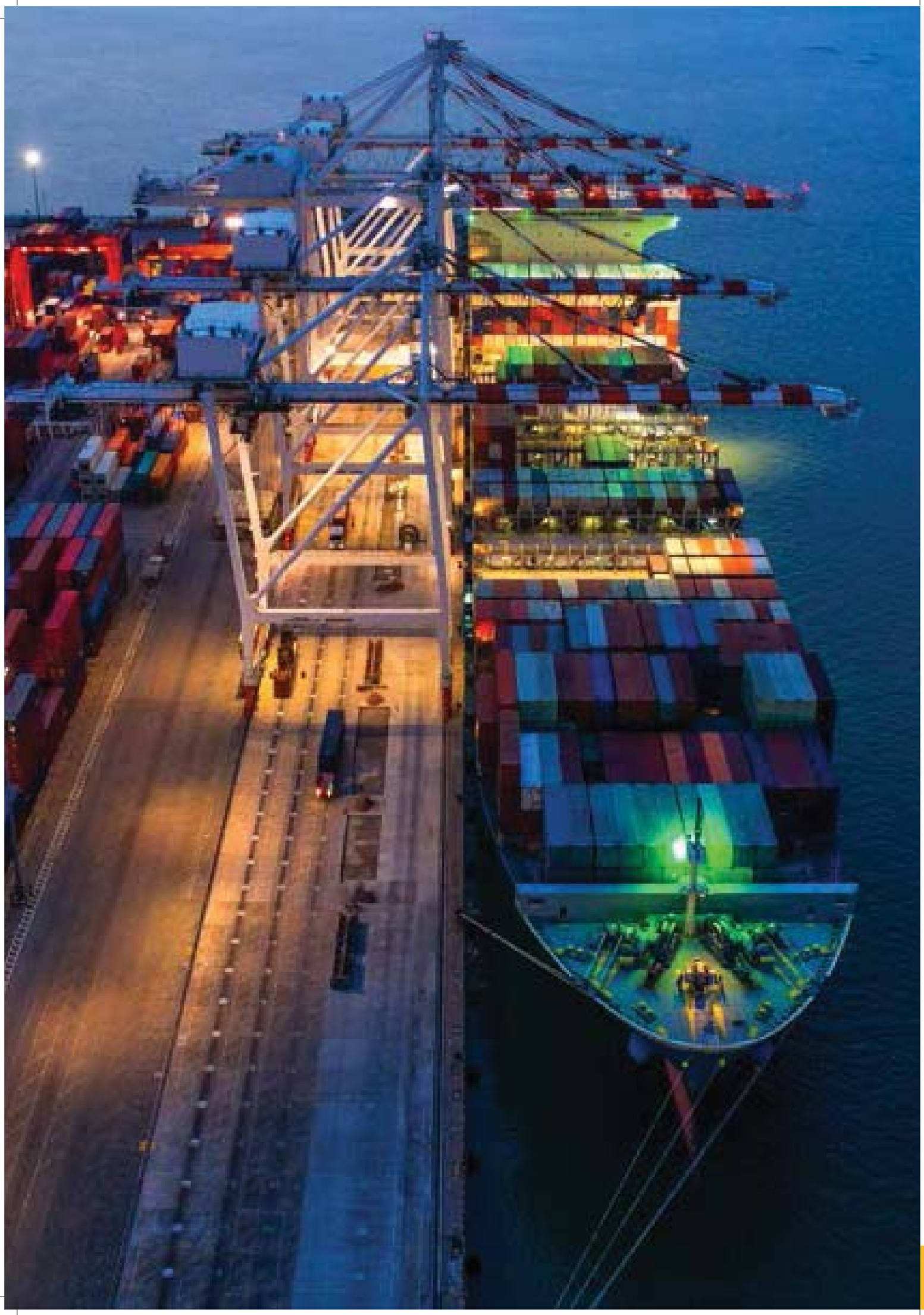
(iii) For DSM Port to be efficient, cost effective and operate according to economies of scale is insisted upon. In addition, TPA needs to conduct aggressive marketing campaigns to attract more cargo in order to reduce vessel turnaround and cargo handling cost per unit.

Further Advocacy Steps to be carried out by CTI include those listed below.

(i) Presentation of a position paper to SUMATRA, requesting a wharfage charges review.

(ii) Briefings and advocacy requesting the Government of Tanzania to enhance its participation in DSM Port infrastructure investments and efficiency improvements.

(iii) Interventions at the Parliament level to advocate and to promote conclusions and derived recommendations by the Parliamentary Committee of Infrastructure Development.



1.0 INTRODUCTION

1.1 Background

Dar es Salaam Port is the country's major port which handles over 95% of all import and ex-port trade; majority of the cargo handled is for domestic consumption (71%) and the remaining traffic about 29% of the total cargo is for transit to the landlocked countries(2012 TPA statistics). DSM port is equipped with different types of cargo handling facilities; these facilities handle containers, general cargoes, petroleum, liquid bulk, dry bulk, and vehicles. The facilities are integral parts of the port, with the exception of the container terminal which is operated under the concession agreement between the Tanzania Ports Authority (TPA) and the Tanzania International Container Terminal Services (TICS). However, TPA still handles some of the containers and other cargo such as general cargo and fuel. The port has five major terminals divided into two categories; the bulk liquid cargo and the dry cargo terminal, these terminals are: the container terminal operated by TICS, the container terminal operated by TPA, Bulk liquid terminal, general cargo terminal and the passenger terminal.

The port also handles cargo for six landlocked countries: Zambia, Malawi, DR Congo, Burundi, Rwanda, and Uganda. Moreover, the DSM Port is a starting point for two major transportation corridors; the Central corridor served by Tanzania Railways Authority (TRL) railway line (1.0m gauge) and DSM corridor served by TAZARA railway line (1.067m gauge). Currently the DSM Port performs the role of both a landlord and an operator; as the operator the port handles one container terminal and the other terminals and, as the landlord, the port has a sub-contracted container terminal being handled by the Tanzania International Container Services (TICS). As the owner, DSM Port is tasked with the functions of promoting the use, improvement and development of other major ports and their hinterlands (TPA, 2012).

After the economic reforms of the 1990s the performance of the DSM Port in Tanzania improved substantially and became one of the most efficient ports in the whole of Sub-Saharan Africa. However, with the booming in economic activities in the country and neighbouring countries, the demand for port services at the DSM Port increased massively but the port infra-structure could not match this growth in demand. Consequently the DSM Port performance started to deteriorate gradually. By mid 2000's the port performance was very weak (World Bank, 2012). The deterioration of the Dar es Salaam port services, resulted, among other things, in long delays at anchorage, operations necessary for consignment (dwell time), corruption and high cost of wharfage as compared to other competitor ports of Beira and Mombasa and others (CTI, 2014). Moreover, the inefficiency in port service delivery imposed additional cost on importers using the Dar es Salaam port, making the port uncompetitive compared to the neighbouring ports (World Bank 2012).

Based on the 2014 CTI study findings, with the financial support from BEST-Dialogue, the Confederation decided to conduct this advocacy study to better understand:

- How the Tanzania Ports Authority (TPA) charges wharfage fees at the Dar es salaam Port,
- The TPA charging procedures,
- The justification for such fees and system.

It is important to obtain such understanding in order to highlight the impact of the present wharfage charging system and the burden derived by the system on the economic development of Tanzania.

The burden is carried by the private sector of the economy which is represented by CTI and its members. Therefore the outcome of the study shall furthermore aim at supporting the Confederation in an efficient advocacy strategy and measures to successfully apply for changes to the present wharfage fee charging system in order to substantially improve the business environment.

1.2 Study Objectives

Based on the Scope of Work, this report highlights the impact of the current DSM Port wharf-age charges to businesses, the TPA wharfage charging procedures, justification for such fees and system, and how that wharfage charging system burdens CTI members. The ultimate purpose of this study was to prepare an advocacy report which will be used to influence and advocate for changes in the wharfage charging system.

This study is an advocacy report which will be used to influence/advocate for changes in the wharfage charging system that is believed to be unfriendly, which burdens Tanzanian owners of industrial firms, and worsens the country's business environment.

This study was based on both primary information and secondary data which were covered in 2 phases. Phase one concerned itself with a desk review of the key documents to gain a deeper understanding of how wharfage fees are charged at DSM Port and other ports, the basis for calculations, and processes for cargo discharges. The second phase covered the individual interviews and in-depth interviews. Interviews were held with the key Port service providers, users and other stakeholders.

During the in-depth interviews CTI members were given the 2014 CTI report so that they may have a basic understanding of the findings in wharfage charging procedures at the DSM Port and other neighbouring ports; after reading they were requested to provide their reaction to the study findings and recommendations given in the provided report. They were also required to state how the wharfage fee structure affects their businesses in terms of production/transport costs or share of the fee in their production/freight costs. In-depth interviews were held with the key service providers, i.e. the DSM Port, represented by the TPA Marketing Directorate, the Port Regulator SUMATRA, and the SUMATRA Consumer Consultative Council (SUMATRA-CCC).

The in-depth interview with the TPA was also used for collecting primary data/information whereby the TPA management was required to react by providing their views on the CTI 2014 report and also provide justification/explanation for the TPA wharfage charging procedures (Ad-valorem system/formula and Weight system) being applied at the moment (why use the ad valorem and not weight system).

A personal interview tool was given to CTI members who were required to fill in some information on how the wharfage charges were affecting their businesses (see appendix 1). The primary information collected from CTI members included: the share of wharfage fees (port charges) in the total transport or production costs, how TPA wharfage charging systems affected them financially (profitability), any comparison with other charging systems in neighbouring ports, how port services (clearance, delays, exchange rate) affect their businesses, any losses of local, national or international competitiveness due to port charging systems (if any).

The secondary sources of information include literature on port charging procedures and system. These were sourced from port charges guide books, TPA reports, Port Import procedures, The 2014 CTI study, studies done in the past, documented issues, etc. Both hard copies and online sources provided secondary data or information for the study. The draft report was presented and one of the key comments was to add a section covering comparative port charges between the competing neighbouring ports of Mombasa, Durban, and DSM; therefore data were collected and a section was prepared.

2.0 APPROACH AND METHODOLOGY

This section captures a brief account of the approach and methodology applied for consultations and data collection, data collection process, sample size and sampling procedures.

2.1 Overall Approach

This study was based on both primary information and secondary data which was covered in two (2) phases. Phase one covered a desk review of the key documents to gain a deeper understanding of how wharfage fees are charged at DSM Port in comparison with other ports, basis for calculations, and processes for cargo discharges and second Phase 2 covered the individual interviews and in-depth interviews. Interviews were held with the key Port service providers, users and other stakeholders. In-depth interviews were held with the key service providers, i.e. the DSM Port, represented by the TPA Marketing Directorate, the Port Regulator SUMATRA, and the SUMATRA Consumer Consultative Council (SUMATRA-CCC).

The in-depth interview with the TPA was then used to collect primary data/information where the TPA management had to react/provide their views on the CTI 2014 report and also provide justification/explanation for the TPA wharfage charging procedures (ad valorem system/formula and Weight system) in operation at the moment (why use ad valorem and not weight system). A personal interview tool was given to CTI members who were required to fill in some information on how the wharfage charges affected their businesses (see appendix 1).

2.2 Data Collection

The Primary information collected from CTI members included: the share of wharfage fees (port charges) in the total transport or production costs, how TPA wharfage charging systems affected their financially profits, any comparisons with other charging systems in other neighbouring ports, how port services (clearance, delays, exchange rate) affected their businesses, any losses of local, national or international competitiveness due to port charging systems (if any).

The secondary sources of information included literature on Port charging procedures and system. These were sourced from Port charges guide books, TPA reports, Port Import procedures, 2014 CTI study, studies done in the past, documented issues, etc. Both hard copies and online sources provided secondary data for the study.

It should be noted that the study was conducted at the time when the current Government was just coming into office and was in the process of fighting tax evasion and many big port users were victimised in the process; hence some traders and owners industrial firms were reluctant to release their data for fear that such data might reach the government machinery. Hence the study suffered from severe delays from completion. However, these challenges did not affect the final study results. Despite this unwillingness of some CTI members to share their data with the study team such members were still unhappy and complaining of the wharfage charges structure being applied at the DSM Port.

2.3 Interview Sample

The sample of respondents was drawn from CTI members. The confederation of Tanzania Industries has approximately 200 members in Dar es Salaam and 400 members distributed all over the country. A sample of 56(28% of 200) members was selected from Dar es Salaam region and questionnaires were distributed to the organizations. Responding firms were purposefully selected according to the CTI production sector (www.cti.co.tz). More details on sampling criteria are shown in 5.2 below.

3.0 WHARFAGE AND CLEARANCE COST COMPARISON

Tanzania Ports Authority (TPA) applies various charging systems at its lake and sea ports in the country. The ports are categorised according to the size of the port and its charge rates.

3.1 Port Tariffs and Port Dues Systems in Tanzania

All port charges including Wharfage fees charged by all major sea ports in Tanzania: such as at DSM, Tanga and Mtwara, which are shown in the Port Tariffs book; whereby wharfage fees are shown in Clause 29 of the Tanzania Port tariffs book (www.tpa.go.tz). This clause 29 provides that 'Wharfage charges are raised on all cargo passing through the port facilities such as quays, wharves, jetties, and buoys that belong to the Ports Authority'. The clause further requires that the value of the exported or imported commodity will be the base for wharfage fee estimation at the same time the values accepted by the Customs & Excise Department shall be taken as the base for estimation. At the same time the fee is subject to a minimum value of USD 200.00 and a maximum value of USD 2500.00 per harbour tone or part thereof. The application is shown in table 4 below, the applicable charge rate is 1.6% of the value (ad valorem-CIF value); where the ad valorem value is the value of the commodity as declared by the importer and accepted by the Customs & Excise Department of the Tanzania Revenue Authority while, for transit goods, the rate is 1.25 percent (%) of the value of the commodities (1.25% ad valorem).

It is important to note that the above stated charging system applies at all major sea ports that receive international cargo on Tanzania mainland (i.e. DSM, Tanga and Mtwara) while the lake port uses different rates: wharfage fees charged at major lake ports such as on lakes Victoria (Mwanza), Tanganyika (Kigoma), Nyasa (Itungi) and others charge and an *ad valorem wharfage fee of TZS 3,000 (approximately USD 1.40) per harbour tone*[1].

However, TPA applies a different system for charging wharfage fee for imports and exports for coastwise cargo. The wharfage fee for coastwise cargo is shown in the table below.

Table 1: Wharfage fee for coastwise containerised cargo in sea ports in Tanzania

SN	Types/size of containers	Wharfage Charge **USD per harbour tone**
1	Stuffed up to 20'	37.50
2	Stuffed up over 20'	75.00
3	Empty up to 20'	0.75
4	Empty over 20'	1.50

Source: TPA tariff Book 2014 pg 79. Note: 20' refers to the twenty feet volume containers

3.2 Wharfage charges at Zanzibar Port

Zanzibar Port (Harbour) is under the Ministry of Communications and Transport in Zanzibar and owned by Zanzibar Ports Corporation. Wharfage charges are indicated in the Zanzibar Ports Corporation Tariffs book (2013); clause 11 states that 'Wharfage charges shall be raised on all cargo/containers passing through the quays, wharves, jetties, and buoys belonging to the Corporation.

1 **The charge rate was revealed at discussions with TPA staff but is not shown in any TPA official documents**

Table 2: Wharfage charge structure at Zanzibar Ports

SN	Import Cargo	Rate per ton/CBM/container	
(a)	Import Cargo - Domestic - Transit	USD 1.50 0.80	TZS
(b)	Export Cargo - Domestic & Transit	1.00	
(c)	Dhow Cargo	1.25	
(d)	Lubricating and fuel oils supplied to vessels for their own use, by pipeline or ship or by other means.	1.50	
(e)	Imported fuel Oils		1.50
(f)	Secret Cargo - Domestic Gen/Cargo - Transit Gen/Cargo	10.00 7.50	
	Imported containers		
	Container size	USD 20'	USD 40'
(g)	Domestic Container	100.00	150.00
	Export containers		
(h)	- Export container	90.00	120.00

Source: Zanzibar Ports Corporation Tariff book (2014)

As seen above wharfage fees at the Zanzibar Port is mainly charged on the basis of size, weight, or volume of the cargo unlike at DSM Port, where the CIF (ad valorem) system is the main estimation system.

3.3 Port Charges at Dar es Salaam Port

Port charges are fees collected from ships and cargo owners to compensate for the cost of Port facility construction, maintenance, and operation of the navigation equipment in berths, docks, and terminals as well as the cost of providing various services. The port services, among other things, include: piloting, docking, supplying water, handling freight, security, garbage disposal, and arranging services through agencies. Port charges vary depending on whether the ports and docks are under State, Municipal, or Private Ownership, or PPP model of ownership and operation. They may also vary at different ports of the same country and even at different docks of the same port; sea ports and lake ports may also have different charging rates and systems. For instance, TPA have different charging rates between sea ports and lake ports, and different rates for different classes of port in Tanzania, where DSM, Tanga and Mtwara are big sea ports, while Bagamoyo, Mafia, Pangani and Lindi are small ports with different charging systems and rates. Thus DSM and Zanzibar ports, although both are in the same country, they nevertheless have different management with different charging systems, where DSM Port in most cases applies CIF value for estimating wharfage fees while Zanzibar applies volume, size, and weight system (see table 2 above).

The major port charges include handling dues, lighthouse dues, dock fees, anchorage and berth dues, wharfage, mooring charges, storage, pilot age, tug boat fees, customs duties, sanitation dues, and freight dues.

According to the TPA, the DSM Port tariffs are determined by the committee that is charged with tariff matters; but have to be approved by the regulator (SUMATRA). These tariffs are levied with respect to the services provided to various stakeholders such as the shipping lines, importers and exporters within the country and internationally. The table below presents types of Port services that attract charges at DSM Port.

Table 3: Various service fees (Port charges) Stakeholders Pay at DSM Port

Port stakeholders	Services
Shipping Companies represented by Tanzania Shipping Agents and Associations (TASAA)	Pilotage, Dockage, buoyage, tug services, mooring and unmooring vessels, stevedoring operations, supply of fresh water to vessels and garbage disposal
Importers and exporters (local and international) paid through Tanzania Freight and Forwarders' Association (TAFFA)	Loading and discharging operations, shore handling, storage operations, repair and weighing/measuring of packages, removal, container stuffing and stripping, corridor fees, and other regulatory fees

Source: CTI 2014

The literature on port service fee determination indicates that the following economic and non-economic factors determine the price for port services at the respective ports; these include:

(i) Marketing Strategy-Objective behind fixing port services (revenue maximisation vs service provision)
(ii) Cost of service provision (fixed and variable costs)
(iii) Demand for the services (whether the service demand is elastic or inelastic)
(iv) Port financing need (whether the government finances port infrastructure or port self-financed infrastructure).

Apart from the above factors the literature also indicates that each port has its own marketing strategy that may be applied in fixing the prices for Port services. A quick analysis at DSM port indicates that, as wharfage charges form a major part of the DSM Port revenue (wharfage contributes to more than 50% of its total revenue); the DSM port charging system is driven by the revenue maximisation strategy. This is because, unlike neighbouring ports where governments invest towards port infrastructure, the Government of Tanzania rarely invests at the Port, hence the Port faces a high demand for financing its infrastructure (for construction, repair and purchase for equipment).With the revenue maximisation objective, DSM Port applies the ad valorem system of wharfage charges so that the port can generate a substantial amount of revenue required to provide for Port maintenance while the same funds are used to support other ports that do not generate enough funds for port expenses.

3.4 Wharfage Charging System at Dar es Salaam Port

All port charges including Wharfage fees paid at the DSM Port by exporters and importers are well articulated in Clause 29 of the Tanzania Ports Authority port charges book (www.tpa.go.tz). According to clause 29 of the Port tariff book, '***Wharfage charges shall be raised on all cargo passing over the quays, wharves, jetties and buoys that belong to the Authority'***. The clause further reads: 'for the purpose of assessing wharfage charges, the values of commodities shall be deemed to be the values accepted by the Customs & Excise Department and declared on the relevant documents as defined in TPA Regulations subject to a minimum value of USD 200.00 and a maximum value of USD 2500.00 per harbour tonne or part thereof. Wharfage charges on cinema films shall, however, be assessed on the print value of the film (TPA tariff book pg. 64). As shown in table 4 below, the rates are indicated as: for domestic imports (including bulk oil) the applicable charge rate is ***1.6% of the value (ad valorem-CFI value)***; where the ad valorem value is the value of the commodity as declared by the importer and accepted by the Customs & Excise Department of the Tanzania Revenue Authority while for transit goods the rate is ***1.25 percent (%) of the value of***

the commodities (1.25% ad valorem). It should also be noted that the declared values have always been a source of debate and discounted by the importers as they normally differ with the customs authorities estimated value leading to what is known as ***import value uplifting*** by TRA resulting in many import tax assessment appeals (CTI, 2014).

Applying the same clause 29 of the TPA charge book for export commodities; all commodities, including bulk oils, are charged at the rate of 1 percent; while for trans-shipment of 0.8 % ad valorem wharfage charge is applied. However, other commodities imported or exported are charged per harbour tone as follows: Lubricant and fuel oils including petrol and benzene supplied to vessels for their own use, by pipelines are charged at USD 2 per harbour tone. Bullion, currency notes, registered envelopes (not handled by TPA) are charged at USD 2, Molasses in bulk is charged 1% ad valorem, while goods landed and re-shipped not covered by import or shipping documents are also charged at USD 2 per ton. Secret cargos (both domestic and transit cargo) are charged per harbour tone in United States dollars as follows: For domestic general cargo USD 12 while transit general cargo is charged in USD 10 per harbour tone. The table below shows wharfage charges for cargo passing through the DSM Port.

Table 4: Wharfage charging system and rates at Dar es Salaam Port

1	Wharfage charges: Are raised on all cargo passing over the quays, wharves, jetties, and buoys belonging to the Authority.		
2	**The basis for Wharfage determination/assessment:** the values of commodities as accepted by the Customs & Excise Department and declared on the relevant documents as defined in TPA Regulations subject **to a minimum value of USD 200.00 and a maximum value of USD 2500.00 per Harbour Tonne or part thereof**. The bases for cinema films: the print value of the film. The charge also include a VAT charge on top of the fee		
3		Applicable Wharfage rates in DSM	Rate -USD
	a	Imports (including Bulk Oils) n.o.e	
		Domestic	1.6 % ad valorem
		Transit	1.25 % ad valorem
	b	Exports (including Bulk Oils) n.o.e	
		Domestic and Transit	1.0%
	c	Trans-shipment and over-landed; cargo-charged once	0.8% ad valorem
			Rate - USD
	d	Dhow cargo per harbour tonne or part thereof:	2.0
	e	Lubricating and fuel oils (including Petrol, Benzene, etc.) supplied to vessels for their own use, by pipeline or ship or by other means per deadweight tone or part thereof or-	2.0
	f	Bullion, specie, currency notes, postal stamps, registered envelopes and embossed revenue postal stationery (not handled by the Authority):	
		Bullion, per US$ 200 value of part thereof	3.00
		Specie, currency notes, postal stamps, registered envelopes and embossed revenue, postal stationery per harbour tone or part thereof:	3.00
	g	Molasses in Bulk	1.0% ad valorem

	h	Goods landed and reshipped not covered by import or shipping documents per ton (USD)	2.00	
	i	Secret Cargo	Rate per Harbor Tonne of part thereof - USD	
		(i) Domestic General cargo	12.00	
		(ii)Transit General cargo	10.00	
			Rate per TEU - USD	
		iii) Domestic Containers	250.00	
		(iv) Transit Containers	200.00	
4		Containerized Transit Traffic	Rate per containers unit of -USD	
			Up to 20ft	Over 20ft
		FCL Containers – Imports	240.00	420.00
		FCL Containers – Exports	160.00	280.00
		Note: Wharfage charges collected on shut-out cargo already in the port shall not be refunded.		

Source: TPA Tariff book 2012 and CTI 2014

It is also important to note that the above stated wharfage fees also apply at the other major sea ports in Tanzania (i.e. Tanga and Mtwara).

The earlier explanation and the table 4 above clearly show that the DSM Port wharfage fees are legally set by the TPA and approved by the Regulator - SUMATRA; buts such wharfage charges differ between sea ports and lake ports. Again the earlier CTI report indicates that it is comparatively higher than neighbouring competitor ports, Mombasa and Beira. This is partly attributed to the charging systems where, unlike the other ports, DSM port charging system is based on CIF value (ad valorem system) of the imported commodity.

3.5 Comparison of clearance costs at DSM and Mombasa Ports

This section makes a partial comparison of import clearance costs for cargo between the two competing ports; hence case studies are presented to capture import clearance charges between DSM and Mombasa. However, the initial plan was to make a comparison to include Durban port but due to data limitation only Mombasa and DSM comparisons were made. Port services are provided by many stakeholders; such services attract user charges to cover the cost of provision from respective institutions thus increasing the transaction costs. Key port charges at DSM Port include Wharfage charges, Shore handling charges, verification fees, and corridor levy: these are charges all importers pay at the port. However, depending on the type of cargo there are other charges levied by other institutions providing regulatory services at the Port. These include: The Inland Container Depots (ICDs), Shipping lines, Clearing Institutions (Freight and Forwarders Agency), Tanzania Bureau of Standard (TBS), Tanzania Food and Drug Authority (TFDA), Weight and Measures Agency, Ministry of Agriculture and Livestock, SUMATRA, Atomic Agency, etc.). At Mombasa basic charges include wharfage fees, terminal handling, and shore handling charges, while additional charges importers pay at Mombasa include: The Port levy and railway levy (infrastructure levy) and charges by the Bureau of Standards, which is normally combined with port charges. Due to data limitation few examples for comparative case studies are provided in this section to demonstrate the charge levied at the two ports.

Case studies

When data are collected and scrutinised we find that DSM Port has an average of 14 charges while in Mombasa only 4 combined charges. This means that DSM Port has many charges that require an importer to pay when clearing the cargo at the port. But what is striking is the fact that importers have to approach many of these institutions physically for charge assessments and make payment and get approval for clearance; this process increases port clearance transaction cost at DSM port and sometimes cause cargo clearance delays and thus attracting demurrage charges on importers. This is a time consuming process and partly explains the importers feeling that DSM Port is an expensive destination compared to its competing neighbours such as Mombasa and others where the charges are harmonised and collected by few institutions and thus less transaction costs.

The chapter presents some case studies of general bulk cargo, containers, and motor vehicles cleared at the ports. The data presented below show that due to a multitude of charges and high wharfage fees, DSM Port seems to face comparatively higher charges than Mombasa. But other examples for charges importers incur are shown in the appendix for further reference. The case studies only compare fixed charges collected by the respective Ports; the reason is that these are charges that all cargo passing at the port (import and export) incur while other charges are levied by other organisations and sometimes such charges are based on negotiated contractual terms, depending on the type of cargo some pay while others do not, hence they are not comparable but presented in the appendix to provide a picture of the charges paid at the Ports.

The basic charges all importers pay at DSM port include: Wharfage fees (based on CIF value), corridor levy, shore handling, and verification charges while in Mombasa they include Wharfage fees (based on volume/weight), terminal handling charges, and shore handling charges. Examples of complete list of charges importers pay when cargos are cleared are shown in the appendix. The table below provides two case studies of examples of the key (basic) charges at Mombasa and DSM Port for cleared bulk cargo.

Table 5: Case study of Port clearance charges paid at DSM and Mombasa Ports

		CASE STUDY 1		CASE STUDY 2	
Type of charges	**Description**	**DAR**	**MOMBASA**	**DAR**	**MOMBASA**
		40ft	40ft	40ft	40ft
	FOB	24,245.00	24,245.00	10,000.00	10,000.00
Cargo information	FREIGHT	1,000.00	1,000.00	1,000.00	1,000.00
	C&F	25,245.00	25,245.00	11,000.00	11,000.00
	Insurance (1.5% of C&F)	378.68	378.68	165.00	165.00
	TOTAL (CIF)	25,623.68	25,623.68	11,165.00	11,165.00
Port charges	Port Wharfage (estimated 1.6% of CIF)	409.98	230.00	178.64	230.00
1	Shore Handling	135.00		135.00	
3	Verification	180.00		180.00	
4	Terminal Handling charges	0.00	148	0.00	148
5	Corridor Levy	6.00		6.00	
	Total Clearance fees	731.0	378.00	499.64	378.00

Source: Importers invoices. Note that goods were imported via Mombasa port and DSM charges are estimated based on the existing charges shown in the tariff book.

The table above makes comparisons for import charges for bulk cargo in DSM and Mombasa ports where the following charges are recorded at the two ports: wharfage fees, shore handling, verification charges, terminal handling, corridor levy which is only charged at DSM Port for transit goods (the charge was meant for transit goods but now even domestic cargo is charged).

From table 5 above the total clearance charges in case 1 for bulk cargo at DSM Port is USD 731.00 while for the same case at Mombasa the charges amount to USD 378.00. Comparing these basic charges we find that DSM Port charges are comparatively higher by 48.3% while for the second case DSM clearance cost amounts to USD 499.64 and Mombasa USD 378.00 meaning that DSM Port once again charges higher by 24.3%.

As indicated in the former studies such as the CTI study of 2014 and the 2012 World Bank study, DSM Port charges are relatively higher than its neighbour Mombasa; the data above portray the same message when it comes to port clearing charges. However, the World Bank study indicates that DSM port charges higher by 74% while this study established that DSM charges higher by an average of 36.3%. It is also worth noting that even when the basic charges that all imported cargo are compared almost the same conclusion is arrived at; that DSM Port charges are still relatively higher than Mombasa and increase with the increase in value of the imported commodity. Once again we find that wharfage charging systems (ad valorem at DSM vs Mombasa's Weight/Volume system) affect the average charges for cleared cargo at the two ports. For instance at DSM Port the higher valued commodities attract relatively higher wharfage fees and the total port clearance charges (Compare case 1 with Case 2 above) while at Mombasa and Durban where the value of the commodity is not the base for fee estimates that is not the case. The other fact noted during the discussion with importers at the time of data collection was that time for cargo clearance at DSM Port is between 5-14 days (due to multiple regulatory agencies) while at Mombasa cargo clearance takes an average of 2-4 days, this again implies more transaction cost at DSM Port as more time is consumed for cargo clearance at DSM than at Mombasa Port.

Table 6 presents other case studies for motor vehicles cleared at both DSM and Mombasa. The total clearance charges in case 3 at DSM Port is USD 497.00 while for the same case at Mombasa Port charges amount to USD 363. Comparing these basic charges we find that DSM charges are comparatively higher by 27 % while for the fourth case DSM clearance cost amounts to USD 817 and Mombasa USD 463.00 meaning that DSM is once again higher by 43.3%.

Table 6: Port clearance charges for Motor vehicle at DSM and MSA Ports

		CASE STUDY 3		CASE STUDY 4	
Type of charges	**Description**	**DAR**	**MOMBASA**	**DAR**	**MOMBASA**
	FOB	10,000.00	10,000.00	30,000.00	30,000.00
Consignment information	FREIGHT	1,000.00	1,000.00	1,000.00	1,000.00
	C&F	11,000.00	11,000.00	31,000.00	31,000.00
	Insurance (1.5% of C&F)	378.68	378.68	165.00	165.00
	TOTAL (CIF)	11,378.68	11,378.68	31,165.00	31,165.00
Port charges	Port Wharfage (1.6% of CIF)	176.00	80.00	496.00	180.00
1	Shore Handling	135.00	135.00	135.00	135.00
3	Verification	180.00		180.00	
4	Terminal Handling charges	0.00	148.00	0.00	148.00
5	Corridor Levy	6.00		6.00	
	Total Clearance fees	**497.00**	**363.00**	**817.00**	**463.00**

Source: Importers invoices. Note that goods were imported via Mombasa port and DSM charges are estimates based on the existing charges shown in the tariff book.

As indicated above DSM Port is still relatively higher when it comes to port clearing charges for motor vehicles cleared at the port. It should also be noted that the above message we get here is not new as the same was noted in the former CTI study in 2014 where motor vehicle wharfage charges were compared between the two ports i.e. Mombasa and DSM. The key finding from the above examples is that total Port charges are in most cases driven by the wharfage charge estimation system (ad valorem Vs weight/volume/size systems).

The table above also indicates that total Port clearance charges at DSM Port are driven by few charges that all importers pay at the port. These include wharfage fees contributing to around 35% - 60% of port charges followed by cargo shore handling charges contributing to around 18% -29% while at Mombasa terminal handling charges contribute only about 30% - 40% and followed by wharfage fees contributing 31% (see table above and appendix below).

The available information also shows that the charging system at Mombasa in Kenya and Durban in South Africa is almost similar as both ports apply their port charges based on weight, volume of cargo or size whereas at DSM the basis is in most cases the value of the imported/exported commodity. The other case study below shows an example of comparative basic charges for a 20 foot full container imported via Mombasa and compared to DSM Port. Normal container size 6m/20' containers, CIF Value for the cargo is $15,280.

Table 7: Case study of Port charges for 20 feet full container at DSM and Mombasa

Port	Basic clearance Charges ($)	Total basic charges ($)
DSM	I. Wharfage - $244 II. Shore handling - $90	334
Mombasa	I. Wharfage -$105 II. Shore handling & other port charges including terminal charges -$135	240

Source: Customer Import invoices of cargo at Mombasa as compared to DSM

The table above has been prepared from the invoice for one 20 foot container imported via Mombasa and compared to what would have been the charge if the same cargo were cleared via DSM Port. Wharfage charges at DSM Port are calculated based on the CIF value of $15,280 (1.6% of $15,280) while for Mombasa flat rate based on weight/volume was applied to arrive at the given charges.

Comparing the two ports once again we find that DSM port still charges comparatively higher clearing charges than Mombasa. Compared to Mombasa, DSM Port clearing charges is high by 28%. Once again we find that wharfage charges have a significant role to play in raising port clearance charges as it contributes to around 74% of all basic port clearance charges at DSM Port (i.e. $244/334x100) while in Mombasa only 44 percent (i.e.$105/240x100).

One interesting fact we note from the above examples and the existing cargo data at the port is that the greater the size of the port in terms of cleared cargo, the lower the port clearance charges and vice versa *(e.g. DSM Port handles 14.2 Mill MT, Mombasa 26.7 Million MT, and Durban handles 31.4Million MT as per 2016 data).* This is an interesting fact which means that these port charges may have been driven by the economies of scale at the ports; meaning that when the port handles less cargo the port average operation cost become relatively higher thus forcing the respective port to charge higher handling charges to cover their operational costs while the opposite is also true.

Key messages from the above case studies

The following are key messages we get from the presented 6 case studies above:

I. When we compare the basic port clearing charges between the two competing ports of DSM and Mombasa, we find that on average DSM Port clearing charges are higher by approximately 28% than those of Mombasa Port. Wharfage charges play a significant role in raising port clearance charges as they contribute around 35%-60% of all charges while other charges such as shore handling account for 18%-29% of all port clearance charges at DSM Port. At Mombasa terminal handling fees account for 30%-40% followed by wharfage fees which account for around 31% of all charges.

II. Data on Port clearance charges and total cargo in all ports indicate that Ports with higher volumes of cleared cargo tend to have lower port clearance charges and vice versa *(e.g. DSM Port handles 14.2 Mill. MT, Mombasa 26.7 Million MT, and Durban handles 31.4Million MT as per 2016 data).* This is an interesting fact which means that these port charges may be driven by the economies of scale at the ports.

III. The higher the value of the cargo the higher the charges. This is true for DSM because the key factor –wharfage charges which are based on ad-valorem system where the charge will increase with the value of the cargo while at Mombasa the value is fixed and based on volume/weight.

IV. When the number of clearance charges is compared between DSM and Mombasa, we find that DSM Port has many more charges. On average DSM Port importers pay about 14 charges while at Mombasa they pay only 4 combined charges; this increases port clearance transaction costs and the resulting higher charges at DSM port compared to its neighbours.

Policy Implications

The policy implications from the above facts is that for a port to be cost effective and operate at economies of scale it needs to attract more cargo (probably by aggressive marketing campaigns) so that it can reduce its per unit operation cost and its port clearance charges such as wharfage fees which tend to increase with the decrease in cleared cargo (in harbour tones) per year.

4.0. CONSULTATION WITH RESPONSIBLE PORT AGENCIES

As part of the data collection process we visited various key port stakeholders, such as SUMATRA-the regulator, SUMATRA Consumer Consultative Council which represents the interests of the port users (consumers), Tanzania Shipping Agency Association (TASAA), and the TPA. The visit was made to obtain their views on the current charging system, explanation, and justification for the current wharfage charging system.

4.1 Justification of current wharfage charging systems

During the data collection session the study team managed to hold an interview with the Directorate of marketing at the Tanzania Ports Authority (TPA); this is the department responsible for setting charges and fees at the TPA. The Port representatives explained the basis and procedure applied to set various port charges, an explanation, and justification as to why the port applies the ad-valorem system in wharfage charging unlike the neighbouring ports of Mombasa and Beira.

According to the Port representatives each port normally designs its own charging strategy that adheres to the port's short and long term objectives, and therefore the DSM port often applies the ad valorem system as their selected charging strategy for wharfage fees. Using this strategy the Port can collect substantial revenue that can cater for Port infrastructure purchase, repair, maintenance and pay for port operation expenses. The DSM port utilizes the revenue collected from wharfage fees and other Port user charges for covering running costs and building new infrastructure planned in the Port master plan. *According to the Port representatives wharfage fees are the Port's major revenue source that contributes to more than 50% of its Port revenue. The representatives also indicated that for quite a long time the Government has not been investing in the port hence the port has been using its own generated funds for building infrastructure badly needed at the port. This is quite different from neighbouring ports such as Mombasa, Durban, and Beira where their respective Governments massively invest in the port Infrastructures.* The Port management also challenged some studies that came to the conclusion that the port is an expensive destination in the region by only comparing a few charges (e.g. wharfage fees) being charged at the port and its neighbouring ports in the region; in their view a more robust comparative study on all charges should have been done.

The TPA management also indicated that as part of marketing strategies some ports have what is known as '***hidden Port charges'.*** These charges are *not visible* in their tariff books but are applied when imported/exported commodities pass through their ports. Again in such comparative studies other factors such as distances from the destinations and factors such as road safety and security in the country, peace and stability, distance between the port and the destinations such as DRC, Malawi, Zambia and other countries being served by DSM Port should have been compared or taken in to account during the analysis. Despite the explanation above the TPA marketing management promised to take action by consulting the CTI management and CTI members who are major importers (port users) and attend to any of their available concerns.

4.2 Legal Framework, Role and Function of SUMATRA

The Surface and Marine transport sub-sector is regulated by the Surface and Marine Transport Regulatory Authority (SUMATRA). SUMATRA regulates user charges and fees at DSM and other ports (both lake and sea ports), hence, wharfage fees being one of the marine service fees have to be approved by SUMATRA. As part of the research plan, the team was compelled to consult the regulator and obtain its remarks regarding the wharfage fee concerns at the DSM Port. The team, however, also held several consultations with other key players in the marine industry such as

the Tanzania Freight Forwarders Association (TAFFA), the Tanzania Shipping Agency Association (TASAA), and the port users' representative - the SUMATRA Consumer Consultative Council who normally represent the port service users.

The discussion with SUMATRA management (Economic Regulation Department) managed to discover that the SUMATRA ACT of 2004, which empowers SUMATRA to regulate all ports on Tanzania mainland. This means that SUMATRA has a legal mandate to approve charges paid by port users at the Port. Therefore as a regulator for the marine sub-sector, among other things has powers to approve and amend port charges/fee/levies charged by the TPA as the marine service provider. Wharfage charges are among the regulated charges that the regulator has to approve before being levied to the port users. Therefore SUMATRA exercises these powers through their regulation schedules.

According to the SUMATRA regulations, 'if any consumer of any regulated services in the marine sub-sector is not happy with any regulated service fees, s/he can apply for tariff review by following the procedures stated in their regulations'. For instance the subsidiary regulation - Surface and Marine Transport Regulatory authority ACT, Regulation in Party III (6); on application for review of tariff (3) provides in 6(3): **Any application for tariff review may be filed by consumers of regulated services through SUMATRA Consumer Consultative Council (SUMATRA-CCC) or duly registered associations, service providers and shall be accompanied by the following**.

(i) Proposed tariff.
(ii) Work sheet
(iii) Any other document that may support their application

Based on the SUMATRA regulation clauses indicated above, the regulator (SUMATRA) represented by its Economic Regulation Department Director suggested that, if CTI members are not happy with the wharfage fees charged at the DSM Port, they need to follow the above stated process and require for a TPA review of the charges by directly applying to the regulator or file its review request thorough SUMATRA Consumer Consultative Council (SUMATRA-CCC).

Upon receipt of the request, the Regulator will communicate with the service provider (TPA) of the aggrieved service and request for justification for the charges being applied. *The service provider will submit its defence or justification and the regulator will organise a meeting to discuss the issue in what they call 'Public hearing meetings' where the service provider (Port) presents its explanation to justify the said charges or else review the charge as requested by the Port users. The public hearing meeting will discuss the matter and after the public hearing meeting the SUMATRA management will in response submit their recommendations to their Management Board who will make decisions based on the facts presented by both sides (i.e. the applicant and the defendant).*

With respect to the above discussions CTI made the following suggestions.

- TPA is requested to change its wharfage system as applied now because the current system (ad valorem) goes contrary to what happens at all other comparable ports of the Indian Ocean despite the fact that Government support for port infrastructure development is still inadequate.
- SUMATRA expressly foresees by statutes the receipt and approval and consideration of interventions of stakeholders and of CTI in particular on port tariffs, wharfage charges and other port related issues as well as foreign trade and transport related dues and fees.

5.0 IMPACT OF THE DAR ES SALAAM PORT WHARFAGE SYSTEM

This section provides brief explanations of the wharfage charging systems at the DSM Port compared to its neighbouring Port Mombasa. It also summarises the impact of the DSM wharfage charging system to owners Tanzania Industrial firms as represented by sampled CTI members. The section also shows the share of wharfage fees in production and freight cost to CTI members, best practices for wharfage charging systems in other ports of the world. Finally, the section gives brief effects of both charging systems (ad valorem and volume/size/weight) when applied in wharfage fee estimation in the economy.

5.1 Comparison of charging systems cost impact

For quite a long time now, CTI members have been faced with the challenges indicated above: the comparatively higher ad-valorem wharfage charging system at DSM port. This is contrary to its competing neighbour (Mombasa), with DSM Port applying an ad valorem system to determine the charge. As shown in the examples below this practice results in a comparatively higher wharfage fees (CTI, 2014). According to owners of industrial firms this high charge has been affecting the cost of production, freight/transport, making their products uncompetitive in the EAC region. On top of that the basis for its calculation is not known[2] as the charge is paid for infrastructure use; therefore the CIF value of the imported/exported commodity is not supposed to be a factor for charge determination. Charges should instead be determined by the size, volume or weight of the cargo.

The collected data as presented in the table below indicates a picture of how the wharfage fees are currently calculated for motor vehicles at DSM and Mombasa Ports; these provide some evidence of the differences in charging system between the competing ports in the EAC region (CTI, 2014).

Table8: Type of Cargo, weight, value, & wharfage as % CIF (DSM & MSA comparison)

SN	Type of Motor vehicle/cargo	Weight/size	Value of the vehicles/ cargo (hypothetical value)	Port and wharfage charges	
				Dar es salaam (1.6% of CFI value)	**Mombasa** (Fixed rate based on weight) and Percentage of value
1	Saloon, station wagon, van, CUV	Below 1.5 metric tones	$5000	$80 (1.6%)	$65 (1.3%)
2	Station wagon, pickup, SUV, CUV	Below 5 metric tones	$10,000	$160 (1.6%)	$80 (0.8%)
3	Bus, truck, Forklift, construction/ Industrial vehicle	Over 15 metric tones	$30,000	$480 (1.6%)	$180 (0.6%)
4	Road Trailers with tractor		$15,000	$240 (1.6%)	$190 (1.2%)

Source: CTI 2014

The table above shows types of vehicle/cargo, weight/size, value of the cargo, comparative wharfage charges as a CIF percentage value of cargo at DSM and Mombasa. Looking at the comparative table we see that at DSM Port the cargo imported will constantly pay a CIF of 1.6% wharfage fee for all cargo. At the same time in Mombasa the fee would range between 0.6 % and 1.3% of the value of the cargo, which is comparatively lower than what is charged by TPA at DSM Port. This means that at DSM Port wharfage fee as a share of total production cost will remain as 1.6% of the CIF value/freight cost/purchasing cost, but increase with the value of the imported/exported commodity while

2. The world bank in 2012 noted the same in the report '***The economic updates: opening the gates: How the port of DSM can transform Tanzania'***

for Mombasa Port it will decline as the value of the cargo increase because of the economies of scale; for DSM port it remains constant at 1.6% of the import CIF value. However, for containerised cargo, the average wharfage fee declines as the number of containers increases. *According to the World Bank, trade costs are 60% higher between Tanzania and China than between Brazil and China where the distance involved is almost two-fold (World Bank 2012).*

5.2 Survey Results and Impact of wharfage charges on Tanzanian Industries

CTI has about 400 active members in Tanzania and 200 active members in DSM alone; they have been grouped into various productive sectors as shown in the table below. Members of CTI are grouped into the following 16 sub-sectors (Table 9).

Table 9: Categories of CTI members

SN	CTI's product Sectors
1	Building and Construction
2	Chemical and Chemical Products
3	Energy, Electrical (Machinery, Equipment, Services) and Electronics
4	Finance, Insurance, Real Estate and Consultancy Services
5	Food, Beverages and Tobacco
6	Hospitality and Training Services
7	Leather Products and Footwear
8	Metal and Metal Products
9	Mineral Products
10	Motor Vehicle and Accessories
11	Paper, Paper Products, Printing, Publishing and Packaging Materials
12	Pharmaceuticals and Medical Equipment
13	Plastic and Rubber Products
14	Textiles and Apparels
15	Timber and Wood Products, Furniture
16	Transport, Storage and Communication

Source: CTI 2016 (www.cti.co.tz)

The study categorised the CTI member as new industries, small, medium, and very large industrial owners. The division followed the Government categories, which depend on the turnover and number of people the industry has employed.

Table 10: Sample of CTI members selected in the interview

SN	Types of industries	Explanation/selection criteria	Sample	Response
1	New industries	1-50 employees but less than 3 years of establishment	9	6
2	Small	1-50 employees and turnover of below TZS 200M	15	9
3	Medium	50-200 employees and turnover below TZS 500M	13	9
4	Large	200- 500 employees and below TZS 1bn	11	7
5	Very large	Above 500 employees and above TZS 1bn	8	5
	Total		56	39(70%)

Out of the 200 CTI members in DSM, 56 were purposely sampled according to their sectors and later randomly sampled. As shown in table 7 the sample consisted of very large manufactures, large, medium and small ones. The categories were based on the number of employees, turnover and establishment date. In a prior selection, CTI industrial owners were listed in a categorised CTI productive sector. Members were then approached in their offices and given questionnaires and given instructions on how to find the researcher and send the filled in questionnaire back to him. As indicated above the study was conducted at the time the new Government was coming into force and there were bold measures to deal with tax evaders, thus delaying the data collection and responses as some CTI members were reluctant to release their data. Hence, out of the sample of 56 only 39(70% of the sample) responded to the questionnaire. The other challenge was that some respondents were unable to respond to some of the questions while some questions had few responses and therefore were not included in this analysis.

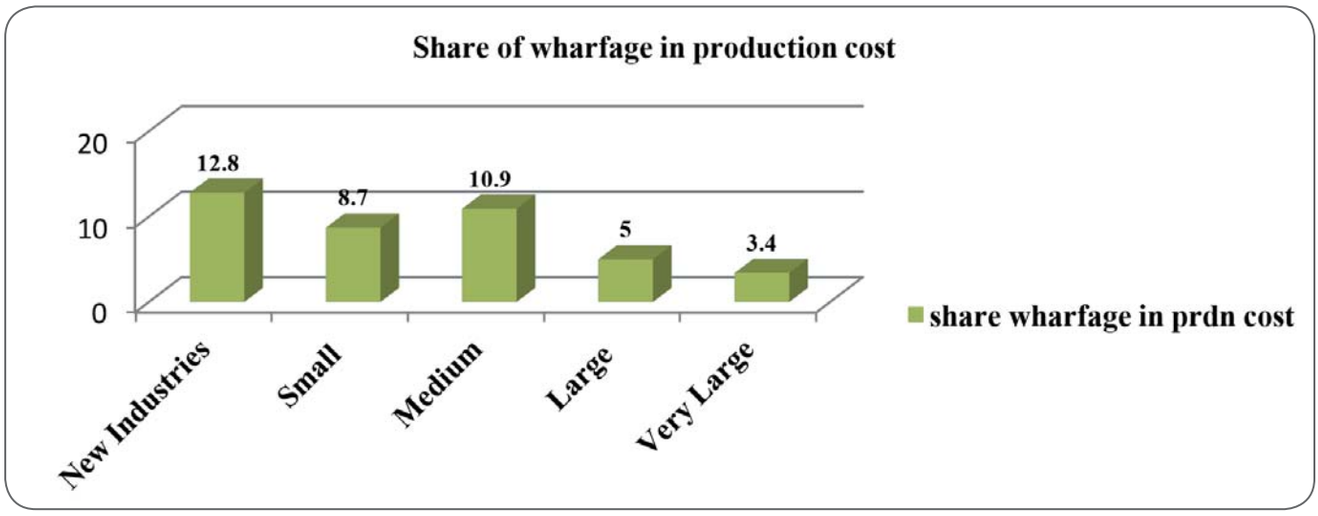
One key aspect of the study was to find how wharfage fees affect owners of industrial firms in Tanzania. Therefore the study team wanted to know how the current wharfage system impacts on the businesses of the CTI members or industrial owners. CTI members were asked to respond to a structured questionnaire (see appendix 1). Among other questions, the questionnaire wanted them to comment on a) what was the share of wharfage fees (port charges) in their total cost of production and transport/freight charges in their industrial firms (see figure 1 and 2 below), and b) how they are affected by the current charging system.

The questionnaire mainly wanted to document how the current wharfage fees affected their total cost of production, transport/freight charges, and profitability of their industrial concerns. Hence the main data collected were with respect to four issues.

(i) The share of wharfage fee in total cost of production.
(ii) The share of wharfage fee in the transport cost/freight charges of the firm
(iii) The effect of the charge in their profitability of the industrial firm
(iv) Time spent to administer/clear cargo at the port

The collected data indicated that the share of wharfage fees ranges between 3.4% and 12.8% of the total cost of production per year. This was a response from majority (31) of the respondents i.e. 80 percent of respondents (categorised as new, small, medium, large, and very large firms). The following figure shows the share of wharfage fees in the production cost according to the responses of CTI industrial producers.

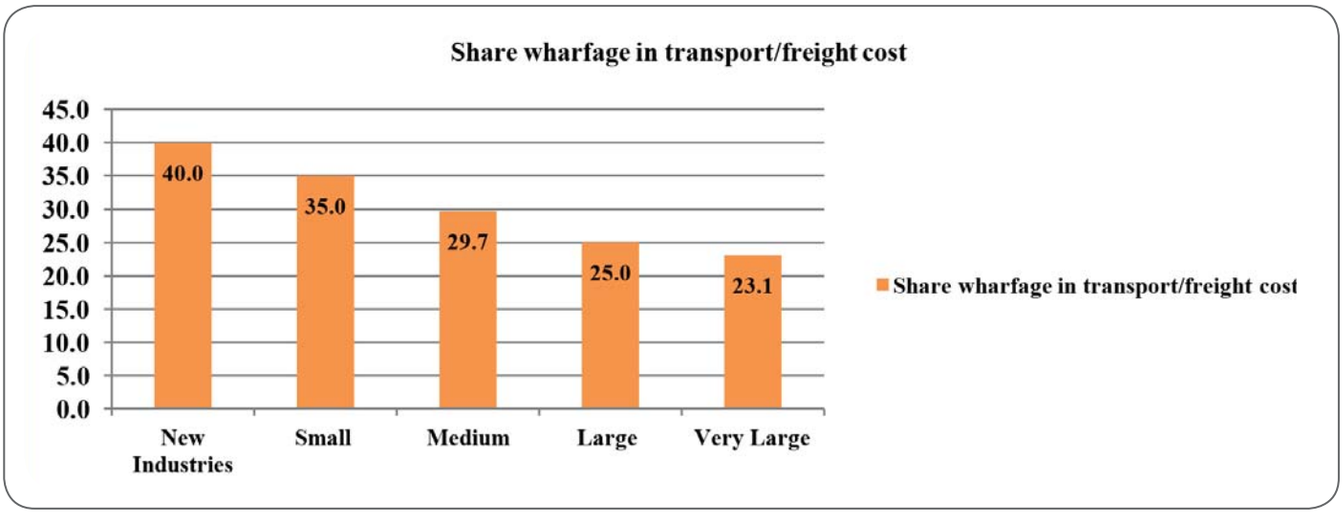
Figure 1: Share of wharfage fees in production cost



As seen above, industrial firm owners bear the wharfage fee burden according to their different categories: new, medium, and small industrial owners. Newly established firms bear a comparatively high (12.8%), small (8.7%), medium (10.9%) while large and very large firms bear a comparatively smaller share of 5% and 3.4%, respectively. The figure above indicates that the fee may be a big burden to newly established industries and medium scale firms using the DSM Port, especially for those importing raw materials. Further analysis implies that the presence of economies of scale for bulky imports tends to favour large and very large industrial firm owners and negatively affect new, small, and medium firms. This is because large and very large industrial concerns import in bulk hence wharfage fees per harbour ton tends to decrease with the size/volume of imports of raw materials/commodities.

Regarding the share of the fee in transport/freight charges most (70%) of the manufacturing firms (27) recorded higher fees as compared to the total transport cost reaching 23.1% - 40%), while a few (6%) recorded as high as 52% of their freight charges. Looking at the categories of newly established firms indicated that the share of the fee in their freight charges is 40% for new industries, 35% for small, 29.7% for medium, 25% for large and 23.1% for very large concerns. Figure 2 shows wharfage fees as a percentage of total freight charges for a sample of small to large industrial firms.

Figure 2: Share of wharfage in Transport/Freight cost



The picture we obtain from the above figure is not different from figure 1, where the small and new firms bear a big burden of wharfage fee as percentage of their freight charges (35-40% of their freight costs) while large ones incur only up to 23.1 percent. Although the figure looks surprisingly high, it should be noted that since the data represents only a few DSM importing industrial firms they cannot be generalised for the whole country; they only provide a signal for the existing problems and inefficiency. Again it is important to note that, according to the World Bank, the following would be gained if the DSM Port were as efficient as other neighbouring ports.

(i) The Tanzanian economy would gain almost USD 1.8 billion per year – approximately 7% of current GDP (2012 estimates).
(ii) The regional gains would be in the range of USD 800 million per year.
(iii) The gains of more than USD 40 per person, a significant sum compared to current average incomes; this would be in terms of lower final consumer price of merchandise, income increase, employment and other multiplie effects.
(iv) Tanzania and other regional countries could earn as much as USD 2.6 billion per year.
(v) Based on an average level of consumption, it is estimated that Tanzanian households could have saved 8.5% of total expenditure, or USD 147 per year (2012 estimates).

The above data, explains the World Bank study on DSM Port challenges/inefficiency. It shows that an incorrect system for wharfage fee charging has a role to play in increasing the cost of production and of freight, and this finally translates into higher final consumer prices.

It is also important to note that lack of responses in some questions limited the analysis on other items indicated in the questionnaire. However, on time spent in clearing commodities at the port, out of 39 respondents 36(92%) of respondents indicated that it takes about 7-14 days[3]. The other item which respondents were able to answer was how exchange rate fluctuations (frequent depreciation of the Tanzania Shilling) negatively affected the cost of raw materials and port charges (wharfage fees) as all are denominated in US dollars.

5.3 Wharfage benchmarking of Dar es Salaam port and competing ports

As the DSM port competes with its neighbouring port of Mombasa, a comparison was made just to show a snap shot of how charges are levied in the two EAC ports both providing marine services. The example below is sited just to show how containerised cargo passing at both DSM and Mombasa are charged for a 20 (TEU) or 40 foot container. It should be noted that, whether the charges are comparatively higher or lower, they affect the production cost, freight/ transport cost and therefore owners of industrial firms and, as the costs are finally passed on to the consumer, how the final consumer is affected. Such costs also affect the competitiveness of local Tanzania manufactures. Table 11 shows the wharfage fees for containers at DSM and Mombasa Ports.

Table 11: Wharfage charges for containers at DSM and Mombasa Ports

SN	Wharfage charge for	Dar es Salaam		Mombasa	
	Container type	20′ (TEU)	40′	20′	40′
1	FCL transit containers - import	$240	$420	$70	$105
2	FCL Transit containers -export	$160	$280	$70	$105
3	Domestic containers	$250	$500	$70	$105

Source: TPA 2013, Note: 20′ and 40′ refers to the twenty and forty feet volume containers

Once again the table indicates that the DSM Port wharfage charges are comparatively higher for both 20 and 40 foot import and export domestic transit containers. For instance Item 3 for domestic containers, for a 20 and 40 foot are charged USD 250 and $ 500, respectively as wharfage fees in DSM; but for the same size of containers Mombasa Port charges USD $70 and $105. This means that for both types of containers the DSM Port charges are on average $162 or 72% higher for a 20 foot container, and more than 3 times for a 40 foot container. The story is the same for FLC transit import and export containers. Transit containers are charged at $240 and $420 for 20 and 40 foot containers, respectively; this is contrary to the Mombasa flat rates (for domestic and transit imports and exports) of $70 and $105 for 20 and 40 foot containers, respectively. **However, a discussion with some CTI members who frequently use DSM Port indicate that in practice the above container size system for wharfage fee estimates is not applied instead the port applies an ad valorem system where a CIF value of 1.6% and 1.25% for domestic and transit goods, respectively, is applied. If this is true then this means that the port may not be applying some of its tariff rates stated in its tariff book.**

From the above analysis we can conclude that wharfage charges are comparatively higher at DSM than at Mombasa for all cargo (e.g. motor vehicles, liquid, and containers). This is because the DSM Port charging system (ad valorem) makes wharfage charges higher, since the higher the value for imports the higher the wharfage charges the importer pays.

3. The current information indicates that due to lack of significant cargo quantities at DSM Port and other measures taken by the 5th Government the cargo clearance time is said to have significantly reduced to 2-3 working days.

As the charging system makes the port's wharfage charges comparatively higher than other ports, higher wharfage charges burden local producers and consumers and was a source of complaints in many advanced ports such as Durban, which abandoned the system in the past. We therefore see the same challenge in Tanzania where manufacturers complain of high unjustified wharfage fees.

Comparing with the data provided in the table above we find the survey data showing higher costs; this may be reflecting the other cost not accounted for in the above table. The other costs affected by the above charging system are related to delays, waiting, storage cost, tariff equivalent, negotiation cost with TRA (on up-lifted values), etc.

The respondents mentioned other unrecorded charges in terms of *time wastage (up to 14 days) due to delays in cargo clearance due to physical verification, proof of payment, system failures attributed to power interruptions. Other un-documented costs are exchange rate fluctuations, and transport and other logistical costs to reach the port for cargo clearance; all these negatively affect Tanzanian owners of industrial firms.*

Based on the collected data and provided examples above, which are based on the true charges applied in the ports, we can conclude that importers and exporters at DSM Port pay comparatively higher wharfage fees as percentage of production and transport costs; this may lead to comparatively higher production costs, and negatively affect their competitiveness in the EAC region. The results, however, are also confirmed by the earlier study findings that came up with the same conclusions. But it should be noted that the concern is not only with regard to the higher fees the DSM port uses compared to its neighbour Mombasa and others but also to the system/basis for wharfage fee estimation, which is not justifiable by the port operator (DSM Port).

5.4 Best Practices for Wharfage Charging

The 2014 CTI study found, among other things, that the Port applies an ad valorem system (CIF value) and the weight, volume or size system in estimating wharfage charges for cargo passing at the port. However, the ad valorem system (CIF value) is the dominant one, while Mombasa Port only applies the weight, volume, or size system. On the other hand, Beira Port does not charge wharfage fee for cargo except for bulk liquid cargo in which an ad valorem system (FOB and FAS) is also in use. However, the CTI report for 2014 noted that the FOB and FAS ad valorem wharfage charges for bulk liquid cargo at Beira are comparatively higher than DSM and Mombasa Port.

The other key finding from the report was that both methods applied to estimate Wharfage charges at DSM port (ad valorem and weigh/size system) for general and containerised cargo uses comparatively higher rates and therefore makes the port wharfage charges comparatively higher than Mombasa. The same was noted in the former World Bank report in 2012.

The literature indicates that both Mombasa and Durban used to apply the ad valorem system in estimating wharfage charges, but later changed to the volume or weight/size system after registering many complaints from their customers as the system, on average, results in comparatively higher wharfage charge rates than the weight, size or volume system. The literature also indicates that the value system is an old charging system and many ports in the world have abandoned it and instead use the size, volume, or weight of cargo to arrive at the wharfage charges for all cargo. Table 12 below shows how other ports in the world charge wharfage fees for cargo passing at their ports. The details indicate: the country/port, dockage, estimation bases for cargo handling and wharfage fee estimation methods.

Table 12: Calculation bases for principal charges in selected ports in the World

SN	Country/Port	Dockage	Cargo Handling	Wharfage
1	Kenya- Mombasa	LOA and Time	Unit &Mass of cargo	GRT
2	Mozambique -Beira -Maputo	 -NRT -NRT	 -Mass of cargo -Mass of cargo	 -Flat fee -draught
3	Nigeria –Lagos/Apapa	LOA & Time& inbound*,berthing fee	Time &mass of cargo	draught
4	Dubai-Dubai	GRT	Unit of cargo	GRT &in/bound
5	India -Bombay	GRT	Time & Mass of cargo	GRT
6	Indonesia	GRT	Time &mass of cargo	GRT
7	Japan -Tokyo	GRT	Time	GRT
8	EGYPTY-Alexandria	Time	LOA &Time &mass of cargo	GRT &Time
9	China-Longkou	NRT	Time &mass unit of cargo	NRT
10	Cape verde Islands	GRT &,LOA, Time& LOT	NRT	NRT
11	Canada-Churchill	GRT &Time	Mass of cargo	Unit &mass of cargo in/ outbound*&time
12	Brazil-Itajou	LOT &time	Mass of cargo	Mass of cargo
13	Australia-Walcott	GRT	Time	GRT
14	Argentina- Concepicion de Uruguay	Mass of cargo	Mass of cargo	Unit &mass of cargo in/ outbound*&time
15	Dar es Salaam	GRT	Ad valorem	Ad valorem and GRT
16	Zanzibar	GRT	GRT	GRT

Source: Fair play World Ports Directory, Couldsdon Survey, Fair Play Information systems

***Different charges for in-bound and outbound. Gross register tonnage** (**GRT**, **grt**, **g.r.t.**) a ship's total internal volume expressed in "registered tons", each of which is equal to 100 cubic feet (2.83 m^3), Gross register tonnage uses the total permanently enclosed capacity of the vessel as its basis for volume (www.wikipedia.com).

From Table 12 we find that almost all the Ports estimate wharfage fees on the basis of Unit mass of cargo, Length overall (LOA) and time, NRT, or GRT of cargo. It is only at DSM and Beira Ports (for only fuel cargo) that the ad valorem system is used. As shown above, the application of ad valorem in wharfage fee estimates results in comparatively higher charges. This has been a source of many complaints and queries from DSM Port users concerning the basis for its fee estimates. The major question has been '*if wharfage is the payment for port space and equipment (infrastructure) use, why estimate the fee using the goods value and not volume, size or weight that is directly related to infrastructure use?* As seen in many other ports (Table 12) the best practice has been charges estimated on the basis of weight, size, or volume of cargo, unlike the DSM Port practice that uses CIF value of cargo, which is in way related to Port infrastructure or space use by imported/exported cargo.

Again the literature and experiences on port charges indicate that charging wharfage fee on the ad valorem basis is an outdated method, although it is an easy way of estimating wharfage fees. But it ends up in comparatively higher charges to importers and exporters. Unfortunately, these higher costs is finally passed on to final consumers, who pay for this inefficient pricing system in wharfage charges. Durban Port had a similar charging system; but it was stopped after registering many complaints from port users.

5.5 Comparison of Principle Port Charges in Selected Ports

As indicated above, port marketing strategies and economic factors drive them to come up with the pricing methods for port services. Both ad valorem and size or volume systems have their pros and cons when applied to various stakeholders; some examples of advantages and disadvantages are indicated below.

I. One advantage of the ad valorem (CIF) system for wharfage charges is that, unlike the volume, size system, it is easy to estimate the charge; once the value of the commodity has been determined (as declared by clearing agents and accepted by TRA) by the Tanzania Revenue Authority who determine various taxes for the commodity. The same value is applied to estimate the wharfage fees that is also collected by clearing agents on behalf of TPA. Hence the system is easy as it is harmonised with other stakeholders. However, the negative side is that, if TRA has overcharged the port user and so will the wharfage charge; since the fee is the percentage (1.6% or 1.25%) of the CIF value of the commodity.

II. The CIF valuation system for wharfage fee is good for revenue maximisation objective of the port; this is because, of the two methods, the CIF system tends to overestimate the charge (see Table 5, 6,7 & 12 above). This may explain why TPA prefers to use this system unlike its neighbour and competitor port of Mombasa. Hence, on the negative side, the overcharged fee will increase the production and transport/ free charges to producers (see Figure 1 and 2 above).

III. The system is somehow related to the-ability-to-pay principle of taxation, since the higher value (CIF value) of the commodity pays more in terms of wharfage fees while the low value commodity pays less. But on the contrary for the volume or size large sizes or bulk goods with low value would pay comparatively less in terms of wharfage fees. This means that if the fee is charged on weight, size, or volume and not well designed it may negatively affect industries importing bulk goods for raw materials. A good example of bulk and low value goods would include: clinker, cement, agrochemicals, and grain, heavy machines needed for mining and gas explorations.

IV. The other disadvantage for the CIF system is that the system tends to overcharge and exploit the port users; this is because wharfage fee is paid for infrastructure (space) use, but ad valorem system or commodity value is taken as the base for wharfage fee estimation is not related infrastructure. But volume and size are indeed related to the space or infrastructure used. In short CIF value as a basis has no direct relationship with the charge but rather its size or volume. This means that as wharfage fee is a payment for infrastructure use, estimation by size, weight, or volume estimation would make sense. Therefore, the current wharfage charges system goes against the economic efficiency principle for determining taxation/ charges that requires a close relationship between the basis for and the reason for the charge.

V. The charge seems to be a major burden for importers with high valued commodity but with less volume or weight; this is because they use less port space or infrastructure but pay more than those with less value goods but with big volumes that occupy more port space or infrastructure.

VI. The fee structure tends to favour unfinished goods imported (raw materials) as they have low value compared to finished imports with comparatively high CIF value. Hence such high CIF value goods are not preferred by the business community who normally import finished goods with high CIF value compared to unfinished ones.

VII. The ad-valorem system (CIF) may be good for local industrialisation purposes as they make raw material imports cost less wharfage fees but finished goods (with a comparatively higher value) pay more and therefore encourage local production. However, consulted CTI members indicated that wharfage fees may not be a factor for their investment decisions.

6.0 STUDY FINDINGS, RECOMMENDATIONS AND ADVOCACY MEASURES

This section presents the summary of the study findings; it then provides the required recommendations, and suggests some advocacy requirements to reverse the situation.

6.1 Study Findings

The eight principal findings of this Study are as listed below.

1. **Charges and Procedures:** DSM Port charges comparatively higher wharfage fees that adversely affect local manufactures/ owners of industrial firms. The share of such fees ranges between 3.4% and 12.8% of production costs for large and new industrial concerns, respectively. The charges take a share of 23.1% to 40% of freight charges for such industrial firms. The other burden is the additional dwell time due to cumbersome port operations, cargo clearance by outdated procedures and administrative inefficiencies related, among other things, to physical verification, proof of payment, system failures attributed to network failure and power interruptions, etc. In addition, exchange rate depreciation of TZS leads to additional increases in port charges, including wharfage fees.

2. **Port charges and Competitiveness:** The basic port clearing charges at DSM Port are approximately 28% higher than Mombasa Port. Wharfage charges contribute between 35 and 60% to the overall port call dues while shore handling accounts for 18%-29%, only at DSM Port. Mombasa terminal handling fees account for only between 30% and40%, followed by wharfage fees at around 31% of all charges.

3. **Economics of Scale:** Ports with high throughput, like Mombasa and Durban, charge lower port wharfage and handling fees than those with lower volumes (e.g. DSM Port). Economies of scale associated with high import/export cargo volumes are crucial reason; and DSM Port therefore needs to improve its throughput, cargo volume, and turnover.

4. **Financing of Tanzania Ports Authority (TPA) Ports:** TPA justifies the present wharfage fee charging procedures by arguing that they are obliged to maximise revenue in order to cover operating costs, port infrastructure, and equipment and other investments. Whereas for competing ports, the respective Government invests in port infrastructure, which allows for improvements which cannot adequately be made through port charges at DSM Port.

5. **Wharfage fee tariff system:** Commonly at most ports in the world wharfage fee is charged as per gross weight, Gross registered Tonnage (GRT), Long ton (LOT) or size of cargo. DSM Port applies mainly ad valorem system, based on CIF value as the basis for calculations. Other ports indeed faced the same challenges in the past but have already reformed the tariff to weight, size, or volume system after substantial port user complaints.

6. **Competitiveness of Products from Tanzania:** Wharfage charges burden CTI members and other importers, particularly new firms, small and medium industrial concerns at most, resulting in increased production costs and transport/freight charges and thus hampering competitiveness.

7. **Revenue Maximisation by TPA:** The use of the CIF valuation system tends to overestimate the charges compared to size/volume and maximises revenues for the port. TPA prefers using this system unlike the port of Mombasa and others such as Durban. The overcharged fees increase production and transport costs of Tanzanian industrial producers.

8. **Port Regulation:** The marine sub-sector regulator SUMATRA has established a procedure for review of marine/port charges in case port users (e.g. Industrial producers/importers) complain about regulated services such as wharfage fees. Advocacy for DSM Port wharfage charging system review is required and possible.

6.2 Policy Recommendations

Based on the above findings the following three (3) policy actions are recommended.

i. *The* ***Tanzania Ports Authority (TPA)*** is requested to ***reform*** the outdated DSM ***port wharfage charging system towards the commonly used weight/size/volume system.***

ii. ***The Government of Tanzania*** is requested ***to finance investments in port*** infrastructure development ***of DSM*** Port as per best practice in Mombasa and Durban; this will avoid TPA overcharging its customers. This will result in greater competitiveness of the products/exports in other markets (i.e. EAC, in the world).

iii. ***For DSM port*** to be efficient, cost effective and utilising economies of scale is insisted upon. Furthermore, TPA needs to conduct aggressive marketing campaigns to attract more cargo to raise throughput and hence ***reduce vessel turnaround time and cargo handling cost per unit***.

6.3 Recommendations

Based on the above findings the following three actions are recommended.

i. *The* ***Tanzania Ports Authority (TPA)*** is requested to ***reform*** the outdated DSM ***Port wharfage charging system towards the commonly used weight/size/volume system.***

ii. ***The Government of Tanzania*** is requested ***to finance investments in port*** infrastructure development ***of DSM*** Port as per best practice at Mombasa and Durban.

iii. ***For DSM port*** to be efficient, cost effective and operating according to economies of scale is insisted upon. In addition, TPA needs to conduct aggressive marketing campaigns to attract more cargo to ***reduce vessel turnaround time, cargo handling cost per unit by increasing its throughput***.

6.4 Advocacy Measures

Based on the findings and recommendations the proposed advocacy steps to be carried out by CTI are those listed below.

i. Presentation of a position paper to SUMATRA, requesting a wharfage charges review.
ii. Briefings and advocacy with the Government of Tanzania, requesting its enhanced participation in DSM Port infrastructure investments and efficiency improvements.
iii. Interventions at Parliament level to advocate and to promote conclusions and derived recommendations with the Parliamentary Committee of Infrastructure Development.

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APPENDIXES

Appendix 1: List of Consulted Persons/Institutions

SN	NAME	POSITION AND INSTITUTION	CONTACTS
1	Priya Rana	Procurement Officer	priya@dpsimba.com +255 785 338 155
2	John Massawe	Operation Manager. Inchcape shipping services Ltd (TASSA)	John.massawe@iss-shipping.com
3	Vijayraghavan	Chief executive officer: MetTL, East Coast oils and Fats Ltd, Star Oils Ltd,	+255 755 030 101 vijay@meti.net
4	Prabhakar	Accountant officer: MetTL, East Coast oils and Fats Ltd, Star Oils Ltd,	+255 767 740 449
5	Mchome	Port clearing officer: MetTL, East Coast oils and Fats Ltd, Star Oils Ltd,	+255 715 121 144
6		Coastal Millers	
7	Makiri Ngangaji	Manager planning research and development	+255 754 292 873 Makiri.ngangaji@sumatra.go.tz
8	Nahson Sigalla	Director, Economic Regulation: SUMATRA	Nahson.sigalla@sumatra.go.tz +255 754 575 057
8	Herry E. Mghase	Procurement Specialist, Coca-Cola Kwanza	hmghase@tz.ccsabco.com +255 753 890 553
9	Patric Oyuru	Country Planning& Procurement Manager, Coca-Cola Kwanza.	poyuru@ccsabco.co.za +255 789 333 740
10	Ashvin Parmar	Manager Import/Logistics, Chemi-Cotex	logistics@ccitz.com +255 774 307 977
11	Stephen Mwalugendo	Tanzania Freight and Forwarders Association (TAFFA)	+255784344211
12	Dr. Oscar Kikoyo	Executive Secretary. SUMATRA CONSULTATIVE COUNCIL	+255 715 642 422 kikoyo@sumatraccc.go.tz
13	Sandeep	Logistic Manager Aluminium Africa (ALAF)	+689 119 934
14	Francisca Muindi (Mrs)	Director of Marketing: Tanzania Ports Authority (TPA)	+255 784 787 784 Benebene4@yahoo.com
15	Josephine Bujiku	Principal Marketing Officer: Tanzania Ports Authority (TPA)	+255 784999633/715999633 jbujiku@tanzaniaports.com. josepphinebujiku@yahoo.com
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18	Abeid Lhey	B&M Freight and Forwarders	+255 787 143 434
19	Palma	Chemi-Cotex	+255 658 307 977
20	Sylvester Kazi	A to Z	+255 782 744 895
21	Hardik	A to Z	+255 784 858 397

Case study 1: Costing for materials for manufacturing/textiles (Cargo cleared at Mombasa and transported to Arusha, Tanzania)

Appendix 2: Issues for investigation from CTI Members (questionnaire)

SN	Suggested issues for research/investigation from members	Comments/explanation/calculation method/answers
1	What is the share of wharfage fees (port charges) in your total cost of production?	
2	What is the share of wharfage fees (port charges) in your total transport cost?	
3	How is your businesses affected by the TPA wharfage charging systems financially (profitability)? How do you compare with other charging systems in other neighbouring ports?	
4	How is your businesses affected by the TPA services provision (in terms of time spent for clearance, delays, exchange rate (quantitative data needed)	
5	If wharfage fees were being charged by volume, size or weight system what would be your average cost for port charges per month, year/ transport cost, production cost (difference in % cost)	
6	What is the time spent to administer/clear your cargo at the port (including any travelling, obtaining data and completing filling the forms or processes at the ports?	
7	Are there any delays you face during cargo clearances at the port? How does it affect the port charges/wharfage fees in your business (in terms of production costs, sales, import or exports)	
8	Are there any losses of local, national, or international competitiveness due to port charging system (weight/volume or value system?	
9	Are any disincentives for investments attributed to port charging system (volume, weight or value system)?	

Note: The investigation issues were drawn from BEST Dialogues IMPACT STATEMENT

Appendix 3: Case studies of Port clearances charges at MSA and DSM

Type of charges	Description	CASE STUDY 1		CASE STUDY 2	
		DAR	MOMBASA	DAR	MOMBASA
Cons.		40ft	40ft	40ft	40ft
	FOB	24,245.00	24,245.00	10,000.00	10,000.00
	FREIGHT	1,000.00	1,000.00	1,000.00	1,000.00
	C&F	25,245.00	25,245.00	11,000.00	11,000.00
	Insurance (1.5% of C&F)	378.68	378.68	165.00	165.00
	TOTAL (CIF)	25,623.68	25,623.68	11,165.00	11,165.00
Port charges	Port Wharfage (estimated 1.6% of CIF)	**409.98**	**230.00**	**178.68**	**230.00**
	Shore Handling	**135.00**		**135.00**	
ICD charges	Transfer to ICD	**275.00**		**275.00**	
	Verification	**180.00**		**180.00**	
	Delivery Order fees	**45.00**		**45.00**	
	Lift on/off	**40.00**		**40.00**	
Shipping Line Charges	Cleaning	**25.00**		**25.00**	**225.00**
	Container services	**100.00**	**225.00**	**400.00**	
	Drop off	**50.00**		**50.00**	
	Tanzania Central Freight Bureau Fees (TCFB)	**70.00**		**70.00**	
Clearing charges	Terminal Handling Charges		**148.00**		**148.00**
	Agency fees		**150.00**	**200.00**	**150.00**
	Boarder Clearance		**100.00**		**100.00**
	Sumatra fee		**75.00**		**75.00**
Other Costs	Verification at boarder		**68.81**		**68.81**
	TBS		**13.76**		**13.76**
	Chemical permit- Import Goods (0.5% of FOB)	**121.23**	**121.23**	**50.00**	**50.00**
	Chemical permit- transport ($1 per ton)	**24.75**	**24.75**	**24.75**	**24.75**
	Clearing Total	**1,475.96**	**1,131.80**	**1673.43**	**1085.32**
Transport	**Transport Mombasa –Arusha**	**1,300.00**	**1,300.00**	**1250.00**	**1300.00**
	Clearing and Transport Total	**2,775.96**	**2,431.80**	**2923.43**	**2385.32**

Case study 2: Costing for materials for manufacturing

COSTING OF 1X20′ CONTAINER				
Costing %		**20′ FCL**		
	Quantity (tons)	**18**		
	No. of containers	1.00		
	CFR Price	1,500.00		Supplier/payment for
	Value (USD)	27,000		
0.60%	Customs Processing Fee	162.00		TRA
0.250%	Insurance Charges	67.50		Insurance
1.60%	Wharfage	433.08		TRA
1.50%	Railway Development Levy	406.01		TRA
0.53%	SGS inspection for TBS Certificate	143.10		TBS
15	Sumatra Charges	15.00		shipping line
90	Port Handling charges (per 20′)	90.00		Port / ICD
150	Shifting charges (per 20′)	150.00		ICD
70	Stripping Charges for examination	70.00		Port / ICD
79	Shore Handling Charges	79.00		Port / ICD
54	Customs Verification (per 20′)	54.00	Actual cost is $180 per 20′ but inspection done for approx. 30% containers only. Hence only 30% cost taken into account	Port / ICD
6	Corridor Levy	6.00		Port
33	Off Loading Fee	33.00		shipping line
10	Cleaning Fee	10.00		shipping line
38	Delivery Order Fee	38.00		shipping line
50	Container Service Charge	50.00		shipping line
15	TCFB	15.00		shipping line
200	Clearing Agent Fees (per 20′)	200.00		Clearing Agent
400000	Transport charges (per 20′)	181.82		Transporter
120000	Offloading / Side loader charges (per 20′)	54.55		Clearing Agent
30000	TBS Charges (if CoC is available)	13.64		TBS
100	Fumigation charges	100.00		Ministry of Agriculture
	Total charges	2,371.69		
	Average clearance charges	2,371.69		

Case study 3: Costing for materials for galvanized wires

COSTING OF 7X20' GALV.WIRES EX.MAESRSK	USD
VALUE OF SHIPMENT	102,110.00
CORRIDOR LEVY	**42**
DELIVERY ORDERS FEES	**724**
WHARFAGE FEE	**1882**
ICD CHARGES	**3048**
TOTAL	5696
AVERAGE CHARGES PER CONTAINER	813.7

Case study 4: Clearance Cost for motor vehicle at DSM Port

CASE STUDY FOR MOTOR VEHICLE(liberty Hice)	
COSTING FOR MV	Value ($)
Charges	
Value o the MV	**13,204**
Wharfage fees	**249.26**
Handling Charge	**454.30**
Corridor levy	**15.47**
Heavy rift charges	**7.08**
Removal charges	**129.80**
Storage fee	**129.29**
Total clearance charge	855.91
Average clearance charge	855.91

Case study 5: Costing for materials for 5X20' LLDPE ROTO MATERIAL

VALUE OF SHIPMENT	**114,487.50**
CORRIDOR LEVY	**30**
DELIVERY ORDER FEES	**505**
DEMUMULAGE/SHIPPING	**650**
WHARFAGE	**1,860.25**
CUSTOMES WHAREHOUSE RENT	**138**
GOVT CHEMISTRY LAB.AGENCY	**546**
TOTAL CHARGES	**3,729.25**
AVERAGE CHARGES PER CONTAINER	745.85

Case study 6: Costing for materials for 1X40′ agriculture implements

VALUE OF SHIPMENT	52,881.00
Delivery order &TCFB	**259.21**
bank charges	**6**
Wharfage charges (TPA)	**954.4**
Verification charges (TPA)	**429.2**
ICD Handling Charges (TPA)	**175.2**
Storage charges	**226.5**
Agency fee	**231.5**
Miscellaneous	**25.9**
Documentation	**69.4**
Handling	**46.3**
Total Clearance charges	2,423.61
Average per container	2,423.61

Case study 7: Costing for materials for 18X40′ Malt containers

Types Charges	Value ($)
ICD charges (PMM)	**1,434.20**
wharfage charge	**1,699.20**
storage charge	**2,478.00**
verification	**495.60**
ICD handling	**3,186.00**
Removal Charge	**3,186.00**
TPA Handling	**2,867.40**
MSC Shipping line	**1,425.61**
offloading	**810.00**
cleaning	**360.00**
D/O Charges	**38.14**
TPA Corridor levy	**257.50**
Total clearing costs	18,237.65
Average clearing cost per container	1,013.20

Case study 8: Costing for materials for 1X20′ Container: Shrink film

Type of charge	Value
MSc Shipping Line	**92.21**
Offloading	**30.00**
Cleaning	**10.00**
D/O charges	**38.14**
ICD charge (PMM)	**590**
verification charges	**106**

ICD handling	**118**
Stripping /stuffing	**82.6**
TPA Handling	**106.2**
Transfer charges	**177.0**
TPA corridor levy	**6.00**
Total clearing charges	1,356.15
Average clearing cost per container	1,356.15

Case study 9: Costing for materials for 35X20' Malt containers

Type of charge	Value
Government Chemistry permit	**178.60**
ICD charge (PMM)	**15,062.70**
storage charge	**2,478.00**
verification fees	**1,062.00**
ICD Handling charges	**4,130.00**
Removal charges	**4,130.00**
TICTS Handling	**3,262.00**
MSC Stuffing line	**1,697.00**
offloading	**1,052.00**
cleaning	**350.00**
D/O Charge	**38.14**
MSC shipping line	**2,800.00**
service container charge	**1,750.00**
TCFB Fees	**1,050.00**
TPA Corridor levy	**250.30**
Total Clearance charge	39,290.74
Average Charge	1,122.59

Case study 11: Costing for materials for 12X20' Caustic soda

Type of charge	Value
Railway Development Levy	**2254.7**
Wharfage fees	**2838.04**
Handling Charge	**1118.64**
corridor levy	**84.96**
Verification fees	**2491.3**
shifting and stripping	**991.2**
Total clearance charge	9778.84
Average clearance per container	814.90

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