

# Trade Challenges Faced by Suppliers/Exporters from Sourcing to End Shipment



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## The trade challenges being faced by the suppliers/exporters right from sourcing to end-shipment

Sesame, the oldest oil crop in the world, has adapted to the tropics and subtropics on every continent. For example, Sesame cultivation is becoming increasingly significant to Burkina Faso's economy in terms of the jobs it produces, the income it generates, and the efficiency with which wealth is distributed among the participants. Thus, the sesame industry is a reliable source of revenue for traders,

farmers, and processors.

Sesame is an easy-to-grow plant with cheap production expenses. Consequently, it is easily accessible to women and youth.

Despite its significance, sesame is an orphan crop, as it has gotten little support from science, business, and policymakers. Therefore, it lags behind other major oilseed crops in terms of genetic development. In cultivated sesame, seed breaking, irregular growth patterns, and asynchronous capsule ripening

continue to exist, resulting in a low seed yield.

In order to meet the rising demand for sesame oil, **improving sesame production and seed quality has become crucial**. This is a challenge that needs to be addressed first. As good by products start with the good produce, technological attention is the need of the hour for sesame.

Sesame seeds are produced in about 60 to 65 countries, with Asian and African countries producing the most.

- **Lack of knowledge about the quality of Sesame seeds and poor adoption of newer technology:** The yield per hectare in Nigeria is between 0.5 and 1.0 tonnes, which is low compared to China's productivity of between 1.4 and 1.6 tonnes per hectare. This is mostly due to the inaccessibility of improved seed varieties when required. Low adoption of modern and mechanised farming practises also contributes to low output. Farmers on a small scale employ obsolete techniques and have limited access to innovative technologies. In most of the Western African countries lack of accessibility to high-quality agricultural inputs, such as seeds, fertilisers, herbicides, and pesticides, is a major determinant of the quality of the final agri-

cultural output; hence, its absence has a detrimental impact on both the quantity and quality of the final product.

- **Inadequate Infrastructure:** Transport infrastructure is critical for international trade. When it comes to India, the country's major ports are severely congested. This could be attributed to large cargo volumes, but infrastructure flaws such as container and equipment shortages, outmoded navigational aids, a lack of professional experience, and inadequate port upkeep are also to blame. Operational delay from sourcing communities to ports, as truck travel with seeds might take days, compounded by delays in attending to these trucks at the ports. Similarly, exporters frequently encounter challenges in getting the seeds into the vessels on time, resulting in exports missing their vessels on multiple occasions.
- **Congested and Dilapidated Roads:** The bulk of the countries indicated above have some of the worst road traffic in the world. Despite the fact that road construction has been prioritised in many western African countries, traffic and bad road conditions still remain a concern. Because of poor road networks leading to ports, exporters pay demurrage on sesame commodities inside trucks.
- **Lack of Connectivity:** Exporters in landlocked countries/states face difficulties due to a lack of connectivity to gateway ports.
- **Limited Credit Access:** Sesame producers, aggregators, and exporters frequently encounter difficulties in navigating the bureaucratic hoops necessary to secure bank loans for growing their businesses. It's not uncommon for the loan to arrive weeks after it was originally expected.
- **Lack of Government Support:** Lack of government support in terms of financing schemes or agricultural schemes is also negatively impacting the cultivation of sesame seeds. For example, in Nigeria, export subsidies, support programmes, and incentives are not administered adequately, and the non-oil export sector is extensively regulated in the country. In Senegal, the government provides farmers with seed and fertiliser for peanut cultivation, but the government does not take any initiative for sesame seed cultivation, therefore farmers are not focusing on sesame cultivation.
- **Documentation-intensive process:** The complexity of dealing with unknown buyers in foreign places, diverse trade rules and procedures, and countless documentation accompany exporting.

However, the process is said to be more time-consuming and complex in the majority of countries, due in part to a high documentation need. The majority of exporters are required to compile a considerable amount of paperwork for each stage of the shipping procedure. They must keep in mind that different types of cargo necessitate different sorts of documentation. Food products, for example, must be accompanied by health and safety certificates. It is also critical to plan ahead of time because certification authorities at various ports are not available 24 hours a day, seven days a week.

- **Lack of Quality testing infrastructure and dearth of knowledge about buyer's quality preference:** Insufficient number of standard and effective laboratories to conduct laboratory tests and phytosanitary analyses on sesame seeds prior to export results in Insufficient adherence to the quality standards demanded by overseas buyers.

Handling Export difficulties associated with sesame should begin with crop innovation, followed by simplification of our logistical procedures. We must consider simplifying the export process for quality sesame, which must begin with a healthy harvest. Agriculture should be at the forefront of innovation, whether it involves Biotechnology or logistics, because it plays such a large role in fulfilling global food demand.







### Government support or policy or scheme exist in sourcing origins if any, and its advantages and pain points if any

The capacity to identify the origin of food and feed ingredients and food sources, particularly when products are proven to be faulty, is referred to as trace-

ability. A traceability system enables a company to document and/or find a product as it travels through the phases and operations involved in the manufacture, processing, distribution, and handling of feed and food, from basic production to consumption. It can thus help to identify the source of a product's non-conformity, increase the ability to withdraw or recall such a product if necessary, and prevent harmful products from reaching customers.

Trade in agri-food and commodities is expected to grow further. Changes in the trading environment have resulted in an expansion of the worldwide industrial network. The supply chain structure has developed to increase fragmentation and complexity across various firms, as well as the worldwide reach of agri-food supply chains.

- Because of the large number of players involved, the unpredictability of supply, and the perishable nature of food, there is a greater need for assurance of quality and safety in relation to food products and production processes, as well as to ensure traceability and compatibility among food safety measures.
- Effective traceability systems improve the capacity to execute verifiable safety and quality compliance procedures. The increased availability of essential information enables agri-food companies to better manage risks and respond quickly to emergencies, recalls, and withdrawals.

The EU has begun negotiations on an Economic Partnership Agreement with 16 West African states, including the Economic Community of West African States (ECOWAS) and the West African Economic and Monetary Union (WAEMU).

The West African Economic Partnership Agreement (EPA) involves both commodities and development cooperation. The EPA also provides the option for future agreements on sustainable development, services, investment, and other trade-related problems.

**Flexible origin laws** allow EPA West African countries to export products containing inputs from other countries, particularly in critical sectors such as **agriculture**, fishing, and textiles and clothing. A complete directory of rules and regulations is available at the European Commission Trade-Economic Partnerships Agreement page.

### **On logistics, the current scenario of freight cost and container availability, transit time etc., how feasible it is now for the suppliers/exporters?**

The seventeen countries that make up West Africa have traditionally trailed behind other parts of Africa in terms of development and political stability. Sub-Saharan Africa, which includes much of West Africa, has only six per cent of the world's road networks despite making up 17 per cent of the world's total land area, according to the International Road Federation.

This drastically hinders intra-regional trade and transit throughout Africa. For instance,

- The Africa Trade Law Centre reports that between 2019 and 2020, intra-African trade accounted for only 19 per cent of Nigeria's exports and eight per cent of its imports.
- There are significant stretches of land between Côte d'Ivoire and Senegal that are not connected by up-to-date highways. Many African countries' rural areas lack any form of access to the distribution network. Inadequate transportation networks can make it harder to get needed supplies and to meet domestic demand. However, inbound, and outbound logistics are impacted by the high prices of ocean and air freight in West Africa.
- Despite difficulties, many African countries are rising to the top in terms of commerce. These include Nigeria, Côte d'Ivoire, and Benin.
- When it comes to domestic logistics and the expansion of intra-regional trade, Nigeria is placed 10th in the world by Agility's Emerging Markets Index.
- West Africa's natural resources, expanding middle class, and establishment of the African Continental Free Trade Area are just a few of the reasons that the region has garnered so much international attention.

As long as the containerised logistics disruption remains, container freight rates will stay expensive for much of 2022. Global container shipping rates have climbed by an average of four to five times current 2019 levels, with some spot markets experiencing even greater increases. With significant shortages of vessel space, container boxes, chassis, warehouse space, intermodal capacity, and personnel, shippers have struggled to locate capacity.

- According to Drewry's aggregate World Container Index, the price of a 40-foot container decreased

to \$7,579 on June 9 from \$9,477 on February 24, but it is still 13 per cent higher than the same time last year.

- Since the Ukraine conflict began on February 24, global freight costs have decreased by about 20 per cent, indicating that supply-chain disruptions are reducing, although they are still 13% higher than a year ago.

According to a study note published by an online container marketplace, there will not be a significant fall in rates because the supply chain interruptions remain.

Overall, there might not be a significant drop in the freight charges, but the positive is, there are factors indicating that eventually it will lower down. But it might not go back to the pre-pandemic charges. The world after all has changed a lot and this is a new normal to adjust to.



**TORQ has been instrumental in taking High Quality Sesame to the Global Market backed by impeccable supply chain network.**

**TORQ**



### **Port infrastructure in the source of origin and time efficiency in handling containers, and if any other important points/aspects**

With its large population and rising resources, Sub-Saharan Africa (SSA) is a developing market that needs to speed up its trade and access to global markets.

According to PwC's research, a 25 per cent boost in port performance may add two per cent to GDP, illustrating the strong correlation between port efficiency and trade competitiveness.



Many African ports are becoming increasingly congested, and the continent risks stunting its economic development if enough investments are not made in terminal infrastructure. The region's long-term prosperity depends on its ability to get access to efficient ports, inter-connecting infrastructure, and operations that can keep up with present demand and future expansion while keeping costs low and ensuring the reliability of freight transportation.

Although there are large amounts of commodities that need to be moved, Africa's ports are still not fully developed, nor are they fully integrated into the continent's larger logistical systems. Some ports service extensive hinterland areas that often cross international borders and are a major source of economic value.

- Due to land limitations, African ports tend to operate at a higher density than their global equivalents.
- Frequently, terminal capacity utilisation is limited by vessel sizes, vessel utilisation, and call frequency.
- Frequently, the road network surrounding ports is insufficient to support port traffic.

Many of the handling inefficiencies and lengthy container dwell periods are unrelated to port infrastructure deficiencies. Poor port management, customs and associated container clearing processes, as well as inadequate landside connections, hinder containers from departing ports without delay.

Infrastructure must be strengthened, particularly near ports, and last-mile connectivity must be given via enhancing road connectivity and security. Logistics service providers, particularly ports, will continue to play an important facilitator role in trade competitiveness, facilitating commerce and sustainable economic growth across the area.

Trade competitiveness necessitates governments and key stakeholders viewing ports as trade facilitators and logistics supply chain integrators. The dependability and efficiency of each port terminal, particularly the reduction of shipper delays, is vital to improving future trade facilitation.

