



Ghana Rubber Estates Limited

GHANA RUBBER ESTATES

THE SUBSTANCE OF TYRES



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THE SUBSTANCE OF TYRES

With primary exports to the European market, and the main buyer being tyre manufacturer Michelin, Ghana Rubber Estates Ltd (GREL's) international footprint and customer base is rapidly expanding

WRITTEN BY: **JOHN O'HANLON**
RESEARCH BY: **PAUL BRADLEY**

Ghana Rubber Estates Ltd. (GREL) started life in 1957, the year Ghana declared its independence from Britain and became the first African country to free itself from colonial rule. The company's assets at the time of its establishment consisted of a comparatively small private plantation, known as Dixcove and owned by R T Briscoe. In those days it covered an area of 923 hectares at Abura in the Western Region of the country, however it was nationalised only three years after independence, becoming a state farm. Since then private interest has been reintroduced with various offtaking tyre companies, the end users of the product, taking a shareholding. The government of Ghana still has a 25 per cent holding.

GREL has grown progressively over the intervening years and today, with its headquarters at the western city of Takoradi, it farms the largest industrial rubber estate in Ghana, owning more than 18,000 hectares of rubber plantation, of which approximately half is made up of mature trees. GREL's annual revenue is in excess of \$80 million, generated from an output of more than 20,000 tonnes of granulated, or crumb rubber per year. In addition to the rubber it processes from its own operations, GREL had developed an outgrower programme since 1995. This programme has been expanded in three phases, with a fourth currently taking place. There are more than 5,600

smallholders taking part in this scheme. The model is that each outgrower plantation covers four hectares and is run by a single family, planting one hectare per year. The reason for this planting strategy is to allow outgrowers to grow both a cash crop and a food crop in parallel. It is a good deal for these families, who have the security of a commitment from GREL to purchase their rubber output for up to 35 years – the entire producing life of a rubber tree.

The phase four expansion is now complete and, like its predecessors, was supported by Agence Française de Développement.

It involved planting in the region of 10,000 hectares of rubber. Phase five is now well under way and will run for three years during which time GREL will be working with over 4,000 outgrowers to plant a further 13,500 hectares. Managing Director

Lionel Barre estimates that within three to four years the scheme will cover around 40,000 hectares and that these farms will produce up to 70,000 tonnes of rubber per year, once the trees have matured between 2020 and 2023. Going forward GREL wants to add 2,300 hectares to the outgrower estate each year.

At the same time as expanding the amount of land managed by outgrowers, as we reported last year GREL is also expanding and replanting its own estates. "We have a programme of investment of around €25 million for our entire estate in terms of extension and planting over the

5,600

Outgrowers supported
by GREL



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Worker on the plantation

“OUT ICT PLATFORM HAS BEEN UPGRADED, WITH ALL OUR REMOTE SITES HOOKED UNTO THE HEAD OFFICE NETWORK”

coming five-year period,” said Barre. This expansion in the company’s assets is a reflection of increasing demand globally. “Today, worldwide consumption and production are almost the same, between 10.5 million and 11 million tonnes per year, but the demand is growing very fast: China is consuming basically 30 to 35 per cent of global production already and is growing very fast, as are India, Brazil, Turkey and Nigeria. But these countries, especially

India and China, are not really suited to producing their own rubber crops, so that is a big opportunity for us in Ghana.”

So for the future, GREL’s focus is firmly on expansion. “By 2020 we will be tripling the size of our factory, which means that we will have the capacity to produce 50,000 to 60,000 tonnes per year, compared to 20,000 today,” Barre said last year. As he predicted in 2012, an additional 4,000 hectares have since been added to the company’s own



holding, and in addition, “The Rubber Outgrower Plantations Project, of which we are the Technical Operators, will assist 4,000 farmers to plant 12,000 hectares. In 2013 alone, the target is to assist 2,000 farmers to plant 4,000 hectares.”

To cope with the anticipated increase in volume of the raw materials that will have to be processed, the expansion of the factory has been prioritised. Its capacity will grow

to 60,000 tonnes by 2018. Other investments such as housing, expansion of the factory buildings, new power generation plant, and the construction of warehousing are being carried out. The total cost of this will amount to about €6.5 million, he says. Nor have the ancillary services been neglected: “A new state-of-the-art laboratory to check the quality of our produce has been completed. Also we have trained four managers as industrial

“THE RUBBER OUTGROWER PLANTATIONS PROJECT WILL ASSIST 4,000 FARMERS TO PLANT 12,000 HECTARES”



Out on the plantation



A tapper at work

engineers so they will be qualified to conduct periodic studies to enable us improve on our current procedures and processes. Also we have introduced the NR standard in our factory and training is taking place on the shop floor to improve productivity.”

Another important initiative has been to update the back office systems. “Our ICT platform has been upgraded, with all our remote sites hooked unto the head office network. A software program has been developed to enable us track our processes with great accuracy For example the remuneration system for rubber bought from farmers has been automated in such a way

that the speed of payment has improved: the target is to pay farmers within two hours from the time they drop the rubber at our factory. A sales module has also been developed to enable us to better monitor and track the information supplied to our outgrowers.” Working with partners like CTSL Africa, a Takoradi based company that is well versed in the implementation of large scale ICT and Integrated Security Solutions (ISS) projects to government, parastatal, corporate and NGO organisations throughout Africa, GSEL and its growers are today working on first-world level technology platforms.

Improvement initiatives like these, and the

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Head office

efforts the company has been making to refine the logistics and transition of materials between the plantations and the factory have already started to show positive results, adds Lionel Barre:

“We have cut down on the transport of labour and raw materials from the plantations to the factory. We have been able to predict our needs more accurately in terms of trucks, number of people, and other infrastructural requirements especially where the newly acquired acreage is concerned.

Training and the transfer of skills has

60,000

Tonnes per year target factory capacity by 2018

always been important to GREL, and is very much encouraged by the culture of its parent group, SIFCA, based in Abidjan, Cote d’Ivoire and one of Africa’s biggest agro-industrial firms. The company runs an

apprenticeship scheme, aiming to recruit new graduates, many of them having already completed internships with GREL. There are opportunities to gain experience in other countries where the group operates, such as Nigeria, Liberia, Cote d’Ivoire and Ghana itself. A training unit within the HR

T: 233-303-202991, 202992, 202345, 206548
 F: 233-303-202000
 E: chemico@chemicogh.com



Collection of cup lumps



Weed control at GREL plantations



Collection of latex

department circulates all departments at the beginning of each year to ascertain the skill enhancement appropriate to each individual, and based on this a mentoring and tutoring programme is drawn up and implemented.

The automotive industry that is the main end user for the rubber supplied by GREL may not be the most environmentally friendly, but rubber production as practised in Ghana is a green industry. Plantations of rubber trees

sequester CO₂. The plantations therefore act as a carbon sink. "Rubber trees have an economic life of 35 to 40 years," Barre reminds us. "GREL has entered into an agreement with a company called Takoradi Renewable Resources Limited (TREL) that is felling our old trees and processing them into chipboard. The field is then replanted." By-products can be used as biofuel to produce green energy. Furthermore, as part of GREL's

contribution towards food security, it has a unit that provides technical assistance to farmers who want to adopt good agricultural practices, enabling them to increase their food output per unit area. GREL has signed an agreement with a social agricultural enterprise to use its premises as a learning centre for its rubber farmers in both animal and crop farming. This initiative will cost in the region of €80,000, he says.

And as well as providing high levels of direct employment, and helping a huge number of farmers to achieve long term financial security, it directly supports a number of social initiatives. The communities affected by GREL's activities have grouped together to form an association called 'ACLANGO' (Association of Chiefs Land on which GREL

Operates) through which all community developmental projects are channelled. Projects such as schools, clinics and water boreholes are undertaken for them and under a scholarship scheme GREL sponsors 14 children every year. "We have a charter on social, HIV/AIDS, Environment, Health and Safety which all employees strictly adhere to," Barre concludes. "For example, as part of our environmental charter we have stopped planting in wet lands, and we also avoid ecologically sensitive zones where planting would disturb the ecology." **BE**

"AS PART OF OUR ENVIRONMENTAL CHARTER... WE AVOID ECOLOGICALLY SENSITIVE ZONES WHERE PLANTING WOULD DISTURB THE ECOLOGY"

For more information about Ghana Rubber Estates Limited visit: www.grelgh.com



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GHANA RUBBER ESTATES LIMITED

P. O. Box TD 228,
Takoradi, Ghana

T 031 2022577 / 2022578 / 2022079

www.grelgh.com

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