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MEMBERS' NEWSLETTER

Issue No. 5

Maritime Experts Seek to Regulate Maritime Service Providers

A consultative group of marine and transport logistics experts met in Mombasa to review the existing structures in maritime transport services, procedures of introducing levies and surcharges, and transport costs. The experts drawn from Kenya Maritime Authority (KMA), Intergovernmental Standing Committee on Shipping (ISCOS), (Surface and Maritime Transport Regulatory Authority (SUMATRA), Kenya Ports Authority (KPA), Tanzania Ports Authority (TPA), Kenya Shippers Council (KSC), Tanzanian Shippers Council (TSC) and Kenya International Freight & Warehousing Association (KIFWA) developed documents for adoption by the regulatory authorities (KMA and SUMATRA) which will protect cargo owners from unfair levies by maritime service providers.

Kenya Shippers Council through Mr. Gilbert Langat, made proposals for reduction and elimination of certain levies. The costs proposed for reduction were:

- Container cleaning charges (USD10-25) to be charged only for wet cargo and/or when the container is returned dirty
- Container deposit to be refunded on return of the container. Currently, refunds are made much later
- Amendment to Bill of Lading (USD 30-50) and Manifest Correction (USD 30-50)

Those proposed for elimination were:

- Delivery order fee (US\$ 60-65),
- Terminal handling charges (THC)-20ft-US\$ 90; 40ft -US\$135,
- Lift on/lift off charge,
- Container handling charge (US\$ 25)
- 10% administration fee (US\$ 40 minimum)
- High exchange rates (Currency adjustment). It is recommended that a regulation to ensure that the shipping lines use exchange rates that are announced by the CBK for each day should be adopted.
- Equipment management fee (USD 50),
- Handing over fee (US\$ 25 per document).

The team further recommended that shipping lines/agents should consult with service providers prior to introducing a new charge, and issue a 90-day notice to relevant stakeholders (government authorities, ISCOS, Shippers Councils) before introducing any levies.

USAID launches Competitiveness and Trade Expansion Program (COMPETE)

The United States Agency on Aid and Development (USAID) has launched the Competitiveness and Trade Expansion (COMPETE) project aimed at enhancing economic growth and food security in Eastern and Central Africa (ECA). The project will stimulate trade and competitiveness by reducing trade barriers, improving market access and furthering regional integration in Eastern Africa. The project which runs from **11th February 2009** to **1st March 2013** will be headquartered in Nairobi.

COMPETE will dedicate US \$6-10 million per year over the next four years to improving efficiency of the Northern and Central corridors as part of the US government's commitment to the WTO Aid-for-Trade Agenda.

To address trade facilitation, COMPETE'S interventions seek to reduce clearance times at select border posts, remove unnecessary red tape and lobbying for policy changes that will support increased transit efficiency in the ECA region. It will look at the cost structure of corridors in relation to value chains, compile data on quality and efficiency of corridors for benchmarking, and accelerate technology use to improve efficiency.

On trade policy, work will center on EAC Customs Union, COMESA FTA and the proposed Customs Union, COMESA/EAC, SADC tripartite process with an aim at harmonizing the trade regimes across the three blocs, regional and multilateral trade agreement, and reduction of NTBs.

The project also has interventions planned for the textile and floriculture industry, specialty foods, and commercial crafts and home accessories under the African Growth and Opportunity Act (AGOA) which has been extended to 2015. The intervention will involve firm level technical assistance, market linkages through trade shows, AGOA forums and workshops amongst others.

COMPETE, with support from the End Hunger in Africa (IHEA) Initiative, will also work to reduce poverty by increasing small scale farmers' access to commercial staple food markets.

KSC Seeks to Address Port Congestion

The Kenya Shippers Council has sent an intervention letter jointly to the Ministries of Transport and Finance, Kenya Revenue Authority (KRA) and the Kenya Ports Authority (KPA) with recommendations of decongesting the port of Mombasa. The letter identified the challenges facing cargo movement as KPA's cargo handling capacity, operations and ineffective use of Container Freight Stations (CFSs), ineffective utilization of available surface transport modes, and operational and regulatory challenges facing the road transport sector. There have been initiatives responding to growing concerns about the increasing congestion and delay of cargo clearance. These initiatives include the implementation of the 24/ hour port operations and the harmonization of the Port Authority's KWATOS and the KRA's Simba 2005, licensing of CFSs to handle clearance of containers and motor vehicles outside the port, and modernization of handling equipment. However, KSC is looking to have further interventions to hasten this process. They include:

- Having CFSs regulated by a third party outside the KRA and KPA. This power is now with the Kenya Maritime Authority as stipulated in the Merchant Shipping Act.

- Periodic review of the capacity of CFSs with clear performance indicators.
- Review of the RVR concession agreement to open up sector to other players.
- Sufficient capacity of equipment at the RMG to reduce downtimes regularly experienced at the loading area.
- Incentives for investing in road transportation which accounts for 95% of the total cargo off-take at the port
- Operationalize trucking of TLB cargo to ICDs due to non-performance of RVR
- Harmonized truck licenses for local and transit cargo

Milestones of the Council

The Kenya Shippers Council has been fully functional since June 2007. Through support from the founding associations of KAM, FPEAK, EATTA, EACPA, and KCTA, the Council has been able to establish its presence in the transport and logistics circles. Among our key initiatives since inception include:

- Was a member of the National Transport Coordinating Committee that organized provision of military escorts for transporters during the post election crisis in Kenya in 2007-8.
- Was involved in negotiations with shipping lines for removal of the threat to impose Vessel Delay Surcharge (VDS) at the port of Mombasa and development of a shipping manual to handle issues of VDS and surcharges.
- Pushed for implementation of one weighing system at the first weighbridge. Involved also in advocating for privatization of weighbridges. Currently, Mariakani and Mlolongo weighbridges have been privatized with Gilgil, Webuye and Malaba contracts to be issued by 1st July 2009.
- Advocated for implementation of 24/7 operations by the port and customs. The opening of 24/7 transit operations has been agreed upon and implementation is expected to start soon.
- Advocated for operationalization of Eldoret Airport for air cargo movement
- Key stakeholder in Port Community Based System (PCBS). KSC is the lead organization in the National Stakeholders Forum; a component of the PCBS
- Was involved through the Transport Ministerial Stakeholders Forum in pushing for the implementation of 3-axle regulation
- KSC has held 3 awareness workshops for shippers and their agents on appropriate use of INCOTERMS
- Conducted a transport and logistics cost study to influence our advocacy in the quest to make Kenya's logistics chain and costs globally competitive. The study will be published by the last quarter of the 2009
- Advocated for removal of 10KM radius condition for establishment of CFSs which has now been effected

Currently involved in:

- Development of regulations for CFSs
- Development of a National Integrated Transport Policy in line with the current transport scenario
- Standard gauge consultative committee which seeks to establish Standard gauge rail which has more stacking capacity,
- A member of the steering committee looking at development of Free port in Mombasa
- Opening of transit hubs in Nairobi, Eldoret and Kisumu ICD

Upcoming workshops/ Seminars

- INCOTERMS awareness at firm level – Interested companies may submit requests via this address
- Awareness about the Merchant Shipping Act and its implications on transport & logistics

***Dates to be announced later**

For comments and suggestions or stories that you would like us to carry in our next issue, kindly send us your feedback on:

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