A Review of Factors Associated with Seamless Flow of International Trade through Terminals:

A Case of Dar es Salaam and Mombasa Ports

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Acronyms and Abbreviations

BAF	Bunkers Adjustment Factor
CAF	Currency Adjustment Factor
Dar	Dar es Salaam
DCT	Dar es Salaam Container Terminal
DSM	Dar es Salaam
DWT	Dead Weight Ton
FASC	Federation of ASEAN Shippers Council
FEUs	Forty Foot Equivalent Units
FCL	Full Container Load
FIATA	Federation of International Freight Forwarders Association (FIATA)
GNP	Gross National Product
GNP per capita	Gross National Product per person
GPT	Gross Port Time
GRI	General Rate Increase
ICD	Inland Container Depot
INCOTERMS	International Commercial Terms
ISCOS	Intergovernmental Standing Committee on Shipping
ISPS	International Ships and Ports Facilities Security
KPA	Kenya Ports Authority
LCL	Less than Container Load
MAT	Minimum Agreed Threshold
MCT	Mombasa Container Terminal
MOU	Memorandum of Understanding
MSA	Mombasa
RTG	Rubber Tired Gantry Crane
SSG	Ship to Shore Gantry Crane
SUMATRA	Surface and Marine Transport Regulatory Authority
TPA	Tanzania Ports Authority
TEUs	Twenty Foot Equivalent Units
THC	Terminal Handling Charges
TICTS	Tanzania International Container Terminal Services
TOR	Terms of Reference
UNCTAD	United Nations Conference on Trade and Development
USD	United States Dollar
VDS	Vessel Delay Surcharge
WTO	World Trade Organization

Introduction

According to UNCTAD (2015: XI), the international transport costs for imports is 40 to 70% more than developed countries, mainly due to trade imbalance, pending port and trade facilitation reforms, lower trade volumes and insufficient shipping connectivity. This is compounded by uncertainties in customs procedures, corruption, government policies and inadequate transport infrastructure.

In order to address the challenges, deliberate efforts have been made in the region aimed at simplifying import and export documentation, increasing port connectivity, speeding up flow of cargo from the ports along the transport corridors to the hinterland and vice versa. The introduction of introduction of modern technologies and initiatives, for example the Single Window Systems (e.g. TANCIS, KENTRADE), Single Customs Territories (SCT), One Stop Border Posts, Electronic Cargo Tracking Systems (ECTS), expansion of port terminals, self-regulation on axle load limits by road transporters , as well as construction of the Standard Gauge Rail (SGR) have had a positive knock on effect in terms of revenue collection, reduced delays and security of cargo along the corridors. It is envisaged that the SGR will trigger a modal shift from road to rail through a healthy competition among the modes of transport through efficiency, quality, predictability and value for money.

It is also mentioned that the overall port capacity utilization in most African Ports is over 70%. This has prompted Port authorities and the Governments in the region in order to actively increase port capacity and acquisition of equipment and technology in order to lower the chances of port congestion, reduction in cargo dwell time and increasing traffic flow and global trade.

It is therefore rational to monitor performance of ports in the region through surveys in order to ensure continued seamless flow of goods and services through Dar es Salaam and Mombasa Ports. The studies will enable identification areas requiring change and policy reforms that enhance investments in regional ports, inland-waterways, roads, rail, and transit regimes (customs modernization).

Background

One of ISCOS' activities is to engage players in the maritime and shipping industry for the purpose of promoting back to back fluidity in the movement of imports and exports thereby making the region more competitive in a multimodal setting through reduction and stability in the cost of doing business. It is imperative therefore, that industry stakeholders who provide services and those who benefit from the services perform their roles in the most efficient and effective manner in order to avoid unnecessary delays that are costly to the trade. It is within the fundamental trade facilitation tenets of transparency, simplification, harmonization, standardization and modernization of trade processes and procedures the trade across borders is predictable and transparent which is envisaged to have a positive knock on effect on the economies of the region.

ISCOS engages stakeholders through research, seminars and conferences on trade facilitation and maritime related matters aimed at identifying challenges and channeling out possible solutions to Member States and Shippers (importers and exporters) in the supply chains.

As part of 2016/2017 work program, ISCOS undertook a survey on "Factors Associated with Seamless Flow of Traffic through Terminals a case of Dar es Salaam and Mombasa Ports". The survey involved engagement with stakeholders in Mombasa and Dar es Salaam port environs as major ports in the ISCOS Member States. The survey aimed at collecting data and information for the purpose of identifying bottlenecks and achievements for updating and advising Member States on the best ways of improving ports' fluidity and enhancing efficiency in port operations. The report covers major stakeholders at the ports of Mombasa and Dar es Salaam and their environs.

Improvement in trade performance and competitiveness requires a holistic approach combined with policy actions and measures targeting the access to cost-effective transport services and sustainable transport systems as well as management of impacts of global technological change on transport operations. Such issues needed to be addressed to improve seamless flow of goods and services in the region.

Frequent changes in the shipping industry both regionally and globally necessitated ISCOS to undertake the survey on matters relating to the maritime and shipping industry in order to keep the Member States updated and enabling them to make informed decisions.

Survey Objectives

Global trends in international trade logistics, combined with developments in information and communication technologies, have transformed today's business environment. In response to these trends, ISCOS carried out a survey on "Factors Associated with Seamless Flow of Traffic through Terminals a case of Dar es Salaam and Mombasa Ports"which are the main ports within ISCOS Member States, for the purpose of updating and advising Member States on the best practice and ways of combating challenges brought about by the changes in global trade. The objective of the survey was to interact with industry players with the view of sharing information and experiences and understanding the actual status quo on the ground so that challenges hindering seamless flow of cargo are addressed through either channeling the issues to concerned parties in the supply chains or policy change recommendations are made to the relevant Government departments.

Methodology and Data Presentation

Data and information was collected through review of literature like port operations, statistics and guided interviews with relevant stakeholders in Mombasa and Dar es Salaam. However due to quantitative and qualitative nature of the data collected, descriptive method was used to analyze the data and achieve the objective by drawing conclusions and recommendations.

General Trend of Seaborne Trade

According to UNCTAD Review of Maritime Transport 2016, in 2015 – for the first time in UNCTAD records – world seaborne trade volumes were estimated to have exceeded 10 billion tons. However, shipments expanded by 2.07 per cent, a pace notably slower than the historical average of 3.63% and below rates recorded over the last five years, as seen in table 1 below.

Table 1: Development of International Seaborne Trade 2010 - 2015 (million tons loaded),

	2010	2011	2012	2013	2014	2015
Oil and Gas	2,772	2,794	2,841	2,829	2,825	2,947
Main Bulks	2,335	2,486	2,742	2,923	2,985	2,951
Other Dry Cargo	3,302	3,505	3,614	3,762	4,033	4,150
Annual Total	**8,409**	**8,785**	**9,197**	**9,514**	**9,843**	**10,047**
Annual Increase		**4.47%**	**4.69%**	**3.45%**	**3.46%**	**2.07%**
Average Increase		3.63%				
Source: Extracted from UNCTAD Review of Maritime Transport 2016						

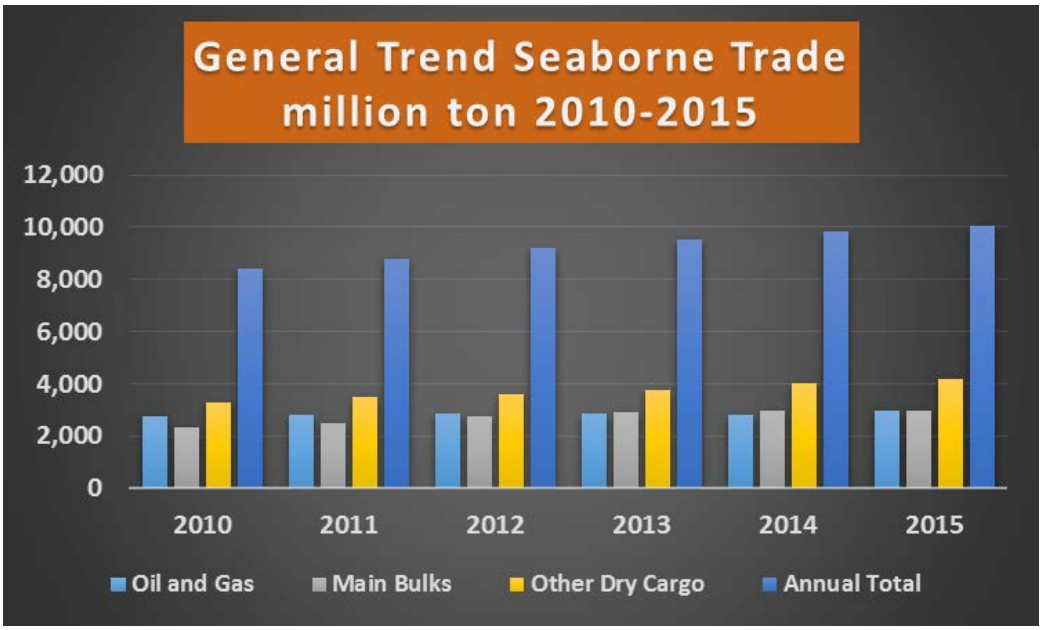
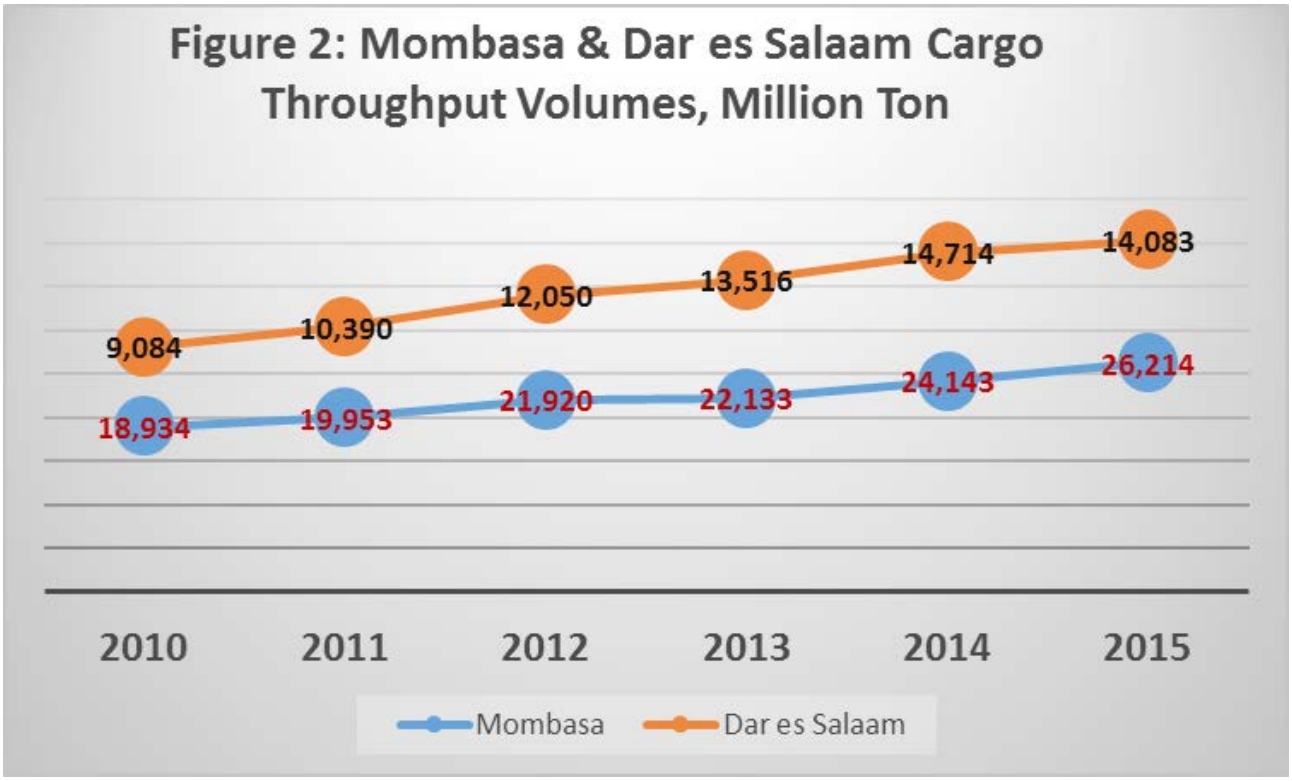


Figure 1: General Trend Seaborne Trade million ton 2010-2015 (Extracted from UNCTAD Review of Maritime Transport 2016)

As evidenced in table 2 below, Mombasa and Dar es Salaam, the major ports in the region had witnessed an increase of cargo volumes over the period under review with a staggered increase rates averaging 7.5% for the two ports. The average is above the world's average rate of 3.63%.

Table 2: Mombasa and Dar es Salaam Cargo Throughput Volumes (million tons) 2010-2015.

	2010	2011	2012	2013	2014	2015
Mombasa	18,934	19,953	21,920	22,133	24,143	26,214
Dar es Salaam	9,084	10,390	12,050	13,516	14,714	14,083
Total	28,018	30,343	33,970	35,649	38,857	40,297
% Increase		8.3	12.0	4.6	9.0	3.7
% Average increase	7.5					



Ocean Freight Rates

A freight rate (historically and in ship chartering simply commonly known as freight) is a price at which a certain cargo is delivered from origin port of loading to the final port of discharge. Prices can vary depending on the supply and demand of a given route. It can also vary within same route depending on the season and other various factors.

It may include basic freight, BAF, CAF, GRI, VDS. It may not include destination charges like delivery order fee, container demurrage, container cleaning etc. therefore it is important for an importer/exporter to enquire and understand what entails the quoted freight provided if not clearly stated on the invoice or initial agreement when negotiating the freight rate. It is expected that the ocean freight cover the fixed and variable costs as well as some profit to transport cargo from origin point to the destination point as agreed in the contract of carriage between the carrier and the cargo owner. Statistics show that globally ocean freight rates have been declining to point that operational costs are not being covered hence losses being reported by some shipping lines.

Berglund (2016) writes that, "Keeping a close eye on the world of oceanic freight, and you might expect that carriers would be delighted in the fact that fuel prices are dropping. Lower fuel prices means lower operating costs and therefore, more money to be made in spite of the weak demand. However, even with oil prices plummeting, many carriers are selling ships at rock bottom prices. Ocean carriers are being hit hardest by the falling demand, and many carriers are scrambling to find a solution. A growing trend that has only been feeding the problem is overcapacity. Many carriers are investing in larger and larger ships, while demand simply isn't there to support it. Despite the fact that ocean carriers, especially with the larger mega ships, should benefit the most from the low cost of fuel, the market is dictating the rules, and because of that, carriers tightening their belts and preparing to weather the grim year ahead".

For example on 31st August, 2016, one of the top ten largest container lines, Hanjin, declared bankruptcy. Was this one of the effects of over capacity for container ships, whose supply annual growth rate between 2006 and

2015 averaged 7.71, outweighing the respective demand growth rate which stood at 5.85? (Table 4 below) or was it a subsequent cut-throat competition which saw some freight rates going down from USD 1000/20' in 2015, to USD 700/20' in 2016? or was it a combined effect of the two plus other factors?

According to Review of Maritime Transport (2016), most shipping segments, except for tankers, suffered historic low levels of freight rates and weak earnings, triggered by weak demand and oversupply of new tonnage. The tanker market remained strong, mainly because of the continuing and exceptional fall in oil prices.

The container segment has suffered the most. During the survey, the survey team was given an example of freight from Dar es Salaam to Jabel Al which dropped from $900 to $250 in 2016 per TEU. In the container segment, freight rates declined steadily, reaching record low prices as the market continued to struggle with weakening demand and the presence of ever-larger container vessels that had entered the market throughout the year.

In an effort to deal with low freight rate levels and reduce losses, carriers continued to consider measures to improve efficiency and optimize operations, as in previous years. Key measures included: cascading, idling, slow steaming, and wider consolidation and integration, as well as the restructuring of new alliances.

Table 3: World Fleet by Principal Vessel Types 2011 - 2015 in '000' Dwt.

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Type	2011	2012	2013	2014	2015	Avg. annual change
Container Ships	183,859	196,853	206,547	216,345	227,741	5.5%
General Cargo	108,971	106,385	77,589	77,552	76,731	-7.6 %
Bulk Carrier	532,039	623,006	686,635	726,319	760,468	9.4%
Oil Tankers	474,846	469,516	472,8 90	482,017	489,388	0.8%
Others	96,028	166,667	182,092	185,306	194,893	22.4%
Total	1,395,743	1,536,868	1,625,750	1,689,462	1,749,222	5.8%

Source: Compiled from Review of Maritime Transport

Table 4: Worldwide Growth of Demand and Supply in Container Shipping 2000 -2015

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	2006	2007	2008	2009	2010	2011	2012	2013	2014	2015[a]	Average
Demand	11.2	11.4	4.2	-9	12.8	7.2	3.2	5	6	6.5	5.85
Supply	13.6	11.8	10.8	4.9	8.3	6.8	4.9	5	5	6	7.71

Source: Review of Maritime Transport 2015. 2015[a] means provisional

Road Freight Transportation

Inland transport rates from the port to the hinterland had been decreasing in most of the routes as in tables 5 and 6 below. The decrease was attributed to the; improvement in road infrastructure, lower fuel prices, improved clearance processes at border crossings, and reduced Non-Tariff Barriers (NTBs) and Non-Tariff Measures (NTMs) which had reduced transit times. More reduction in freights is anticipated once the Standard Gauge Railways (SGR) become operational in Kenya and later in Tanzania and Uganda after completion of the construction works. It is envisaged that once the railways are up and running the road infrastructure is expected to have longer life span and reduced congestion on the road and transit towns. The railways are able to carry more goods per time at favorable rates than road transport. Road transport will still be relevant for urgent goods and satisfying the first and last mile services which railways are unable to do. The other advantage of railway transport is that police roadblocks, weighbridges and city congestion like Dar es Salaam and Nairobi are eliminated.

There has to be vigorous marketing of the rail service in order to effect the modal shift from road to rail by incentivizing the cargo owners in order for them to prefer rail to road in terms of quality of service, pricing and predictability. Complementarity in services for rail/road and road/railway intermodal strategies and tactics like 'piggy back' service have to be employed.

In rail transport, the practice of carrying trailers or semi-trailers in a train atop a flatcar is referred to as "piggybacking". The rail service provides for trucks which are carried on trains for part of their journey is referred to as a rolling road, or rolling highway. A related transportation method is the rail transport of semi-trailers, without road tractors, sometimes referred to as "trailer on flatcar" (TOFC).

Figure 2: Example TOFC

- Over the road trailers ride in special rail cars.
- Takes advantage of motor flexibility and railway long haul economic advantage.
- Multiple service plans for shippers.
- Railways providing varying levels of service, differently priced.

Figure 3: Illustration TOFC

Table 5: Average Freight Charges from Mombasa Port per Truck (US $)-Import

Table 5: Avg. Freight Charges from Mombasa per Truck (US$)-Import						
Destination	**2011**	**2012**	**2013**	**2014**	**2015**	**2016**
Nairobi	1300	1200	1200	1045	1000	856
Kampala	3400	3000	3000	3700	2500	2170
Kigali	6500	4900	4900	4800	4500	3625
Bujumbura	8000	9000	9000	6500	6900	5000
Goma	9500	7500	7500	7000	6900	6133
Juba	9800	7200	7200	7500	5500	4750
Source: NCTTCA						

Table 6: Average Transport Rates from Dar es Salaam Port per Truck (US$) - Import

Table 6: Avg. Transport Rates from Dar es Salaam per Truck (USD) – Import					
Route	**Distance (Km)**	**2013**	**2014**	**2015**	**Jan 2016**
Kigali	1495	4200	4000	3800	3700
Kampala	1780	5500	5500	5200	5100
Bujumbura	1630	4400	4300	4000	3900
Bukavu	1704	6300	6300	6200	6700
Goma	1635	5900	5500	5500	5300
Source: NCTTCA					

Table 7: Indicative Transport Rates (US$) from Dar es Salaam Port (As of April 2017)

Indicative Transport Rates (US$) from Dar es Salaam	
Route	**2017**
Burundi	5,000
Rwanda	4,800
Lubumbashi	7,000
Zambia	4,800
Bukavu	6,800
Goma	6,600
Likasi	7,400
Kolwezi	8,400
Blantyre	5,800
Lilongwe	5,000
Source: Tanzania Association of Transporters (TAT)	

Development in Container Ships

As evidenced in table 1 above, the supply of ship capacity of general cargo type had been decreasing at the annual average rate of 7.6% while the container ship capacity was increasing at an annual average rate of 5.5% during the period between 2011 and 2015. In order to reduce the unit cost of moving a container on board a ship, ship-owners embarked on increasing the ship carrying capacity, so as to enjoy the economies of scale. For the period of 10 years between 2006 and 2015, average supply growth in capacity of the container ships was 7.7%, outweighing the respective demand growth which stood at 5.6% as evidenced in table 4 above. The faster growth in container ships capacity supply than its demand over the recent period in the industry has been one of the reasons for continued decline in freight rates levels. While this has been good news to the shippers in some parts of the world, it has been certainly a bad period for the shipping lines as it means lower rates as already complained by some shipping lines as mentioned above.

Below is the trend in container ship carrying capacity increase:

It is now 21 years since 1996 when the world's first 6,000-container capacity ship, MV Regina Maersk, first set sail. The Triple-E series was more than three times as big. So, does this rapid development mean ships will continue to get bigger? The answer is yes and shipping industry especially the container sector will continue suffering from over capacity hence lower freight rates as competition for cargo become stiff.

The evidence was on the Monday morning 21st of July, 2014 Mary Maersk left Algeciras, Spain on its eastward journey, bound for Tanjung Pelepas, Malaysia. But that was not just any voyage. On board were no less than 17,603 twenty-foot equivalent units (TEU), the highest number ever loaded on a vessel. That was the Triple-E series, Mary Maersk with a nominal capacity of 18,270 TEU. The ship is 400m long and 59m wide, of 14.5m draft and 73m in height with optimum speed of 19knots (35km/hr) and top speed of 28knots (46km/hr) and its deadweights 165,000 tons.

Figure 4: Maersk Triple E Class

Just about three months later on 3rd December, 2014 another giant 'the Globe' owned by Shanghai based China Shipping Container Lines began her maiden voyage at Gingdao. The Globe which is more than 400m long, 56.8m wide and 73m high carrying capacity of 19,100 standard 20ft containers taking over the Triple - E which can take up to 18, 270 standard 20ft containers.

The Globe did not stay long on top as MV Oscar, owned by Mediterranean Shipping Company with carrying capacity of 19,224 standard 20ft containers began her maiden voyage on 25th January, 2015 just 53 days after the Globe's maiden voyage.

"The 18,000 to 20,000-capacity ships can really only sail on the Asia to Europe lanes. Ports in other lanes, including those in the US, couldn't handle them. About 22,500 seemed to be the size that people believe was the ultimate. Lack of port access became a problem after that stage."

But the main problem facing world shipping at the moment is that there's too much of it for the amount of cargo in circulation. This has increased competition between firms.

"The industry will continue to face overcapacity in the coming years," says Chee Chen Tung, chairman of Hong Kong-based Orient Overseas Container Line. "Despite the gradual recoveries of the developed economies, demand growth is not expected to return to the pre-global financial crisis level over the short to medium term." (www.portcalls.com)

Therefore, the ports of Dar es Salaam and Mombasa are required to be prepared in order to receive bigger ships than before. Ships carrying over 6,000TEUs would be calling at the ports.

Below is the illustration of containers ships size growth.

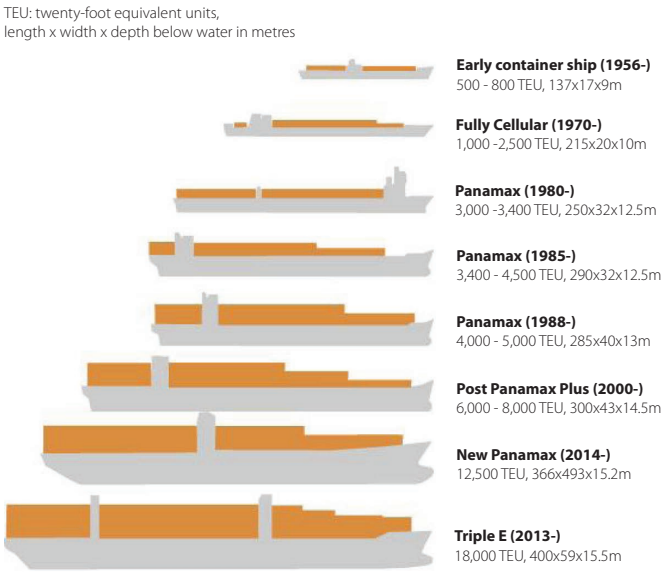


Figure 5: Growth in Ship Sizes

Largest Top 20 Container Ships

The largest container ship ranking is based on their TEU capacity, except Maersk. They usually do not quote TEU capacity but maximum load capacity with all TEU filled with an average value of 14 tons. The real TEU may be much higher due to its commercial sensitivity.

Figure 6: Largest Top 20 Ships (April 2017)

SN	Year built	Name	Length overall (m)	Beam (m)	Maximum (TEUs)	owner	Gt (Tons)
1	2017	OOCL HONG KONG	399.87	58.8	21413	OOCL (Hong Kong)	191,317
2	2017	Madrid Maersk	399	58.6	20568	Maersk Line	214,286
3	2017	Munich Maersk	399	58.6	20568	Maersk Line	214,286
4	2017	MOL Triumph	400.0	58.8	20170	Mitsui O.S.K. Lines	199,000
5	2017	MSC Tina	398.43	59.08	19224	MSC	194,308
6	2017	MSC Rifaya	399.994	58.839	19224	MSC	193,489
7	2017	MSC Leanne	399.994	58.839	19224	MSC	193,489
8	2016	MSC Jade	398.45	59.07	19224	MSC	194,308
9	2016	MSC Ditte	398.43	59.08	19224	MSC	194,308
10	2016	MSC Reef	398.43	59.08	19224	MSC	194,308
11	2016	MSC Mirja	398.43	59.08	19224	MSC	194,308
12	2016	MSC Erica	398.43	59.08	19224	MSC	194,308
13	2016	MSC Diana	399.994	58.839	19224	MSC	193,489
14	2016	MSC Ingy	399.994	58.839	19224	MSC	193,489
15	2016	MSC Eloane	399.994	58.839	19224	MSC	193,489
16	2016	MSC Mirjan	399.994	58.839	19224	MSC	193,489
17	2015	MSC Oscar	395.4	59	19224	MSC	192,237
18	2015	MSC Oliver	395.4	59	19224	MSC	192,237
19	2015	MSC Zoe	395.4	59	19224	MSC	192,237
20	2015	MSC Maya	395.4	59	19224	MSC	192,237

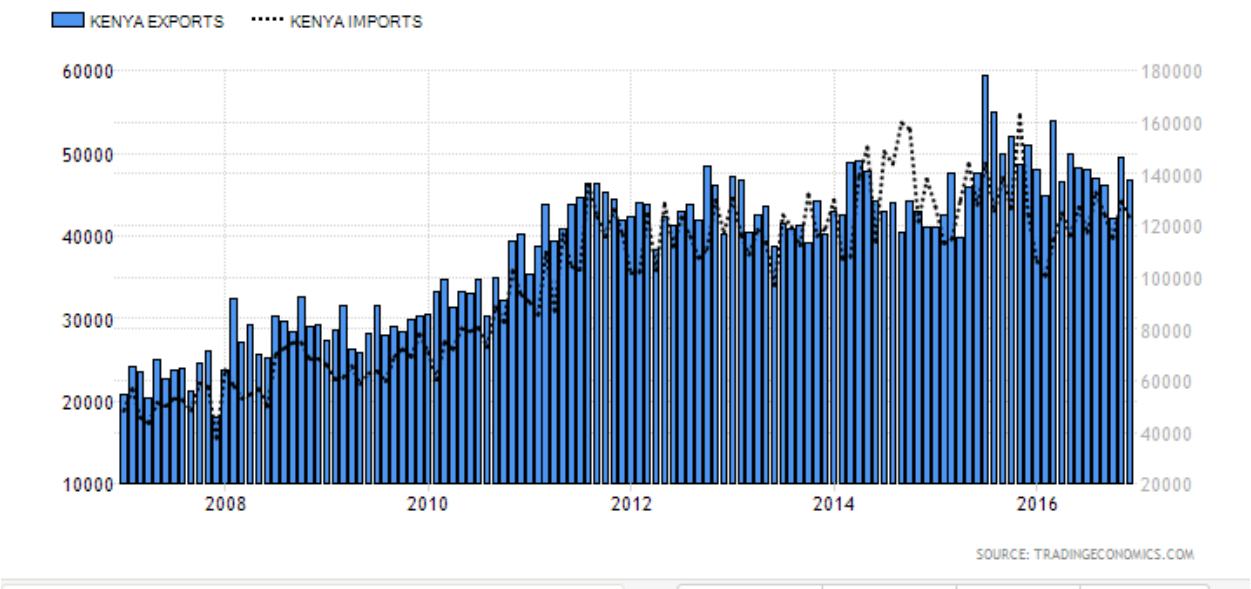


Figure 7: Kenya Imports & Exports in Million Kenya Shillings

Exports in Kenya decreased to 46,681 Million KES in December from 49, 565 Million Ksh in November of 2016. Exports in Kenya averaged 27, 619.81 Million Ksh from 1998 until 2016, reaching an all-time high of 59, 405 Million KES in July of 2015 and a record low of 9007 Million KES in January of 1999.

Imports in Kenya decreased to 123, 118.20 million KES in December from 129, 547.60 million Ksh in November of 2016. Imports in Kenya averaged 65, 817.96 million KES from 1998 until 2016, reaching an all-time high of 162, 942 million KES in November of 2015 and a record low of 13, 453 million KES in January of 1999.

Agricultural products are central to Kenya's export industry with horticultural and tea being the most important. Other export items include textiles, coffee, tobacco, iron and steel products, petroleum products and cement. Kenya main exports partners are UK, Netherlands, Uganda, Tanzania, United States and Pakistan.

Kenya imports mostly machinery and transportation equipment, petroleum products, motor vehicles, iron and steel, resins and plastics. Kenya main import partners are India, China, UAE, South Africa, Saudi Arabia, United States and Japan.

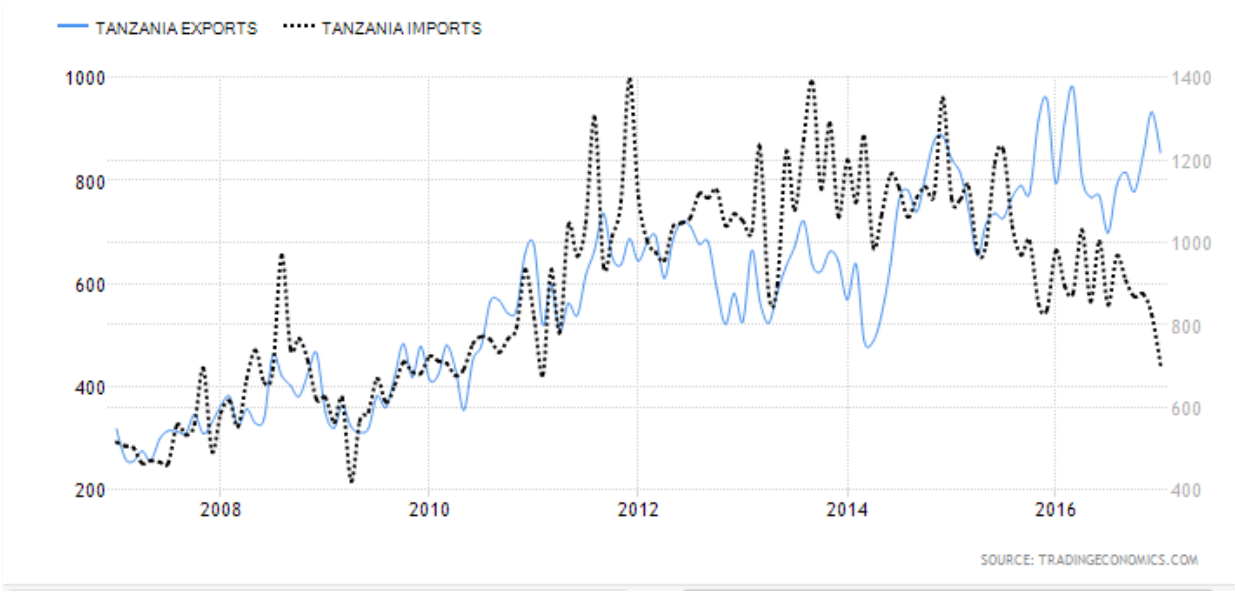


Figure 8: Tanzania Imports & Exports in Million US$

Exports in Tanzania decreased to 854 USD Million in January 2017 from 932.90 USD Million in December of 2016. Exports in Tanzania averaged 549.16 USD Million from 2006 until 2017, reaching an all-time high of 980 USD Million in March of 2016 and a record low of 228.70 USD Million in March of 2006.

Tanzania major exports are agricultural commodities with tobacco, coffee, cotton, cashewnuts, tea and cloves being the most important. Other exports include gold and manufactured goods. Tanzania main exports partners are India, Japan, China, United Arab Emirates, Netherlands and Germany.

Imports in Tanzania decreased to 703.70 USD Million in January 2017 from 825.20 USD Million in December of 2016. Imports in Tanzania averaged 837.99 USD Million from 2006 until 2017, reaching an all-time high of 1399.30 USD Million in December of 2011 and a record low of 89.30 USD Million in March of 2006.

Tanzania imports mostly transport equipment, machinery, constructions materials, oil, fertilizers, industrial raw materials and consumer goods. Main imports partners are: China, India, South Africa, Kenya and United Arab Emirates.

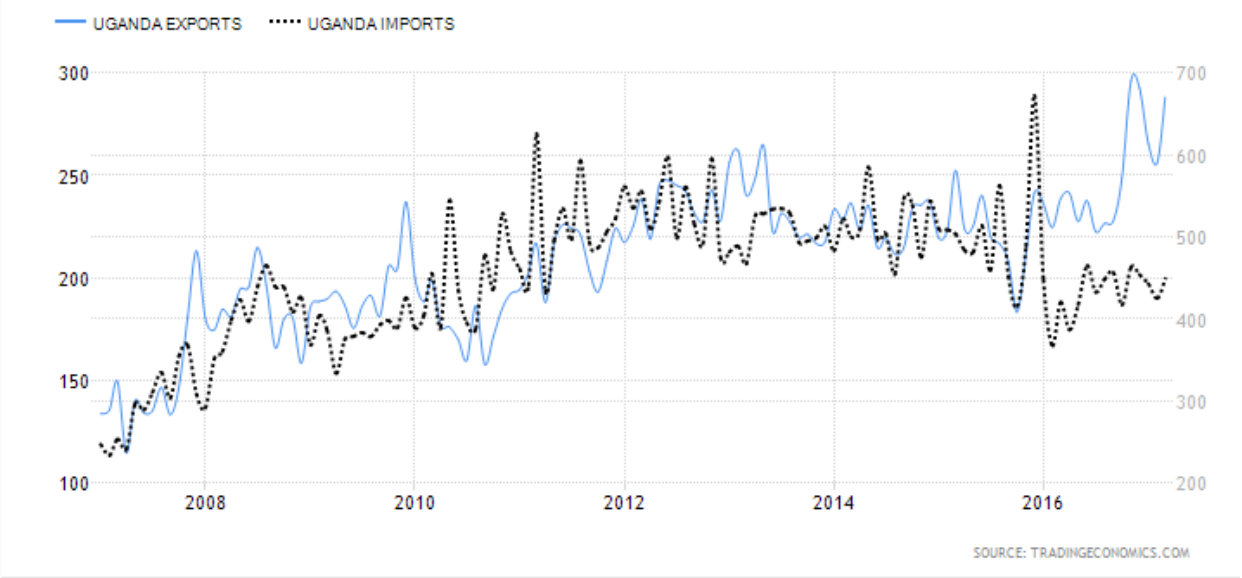


Figure 9: Uganda Imports & Exports in Million US$

Exports in Uganda increased to 288.19 USD Million in March from 256.18 USD Million in February of 2017. Exports in Uganda averaged 118.77 USD Million from 1993 until 2017, reaching an all-time high of 295.89 USD Million in November of 2016 and a record low of 12.39 USD Million in July of 1993.

Uganda mostly exports agricultural products (80 percent of total exports). The most important exports is coffee (22 percent of total exports) followed by tea, cotton, copper, oil and fish. Uganda's main export partners are Sudan (15 percent), Kenya (10 percent), DR Congo, Netherlands, Germany, South Africa and UAE

Imports in Uganda increased to 449.40 USD Million in March from 425.30 USD Million in February of 2017. Imports in Uganda averaged 259.96 USD Million from 1993 until 2017, reaching an all-time high of 672.80 USD Million in December of 2015 and a record low of 44.20 USD Million in August of 1993.

Uganda mostly imports oil (24 percent of total imports) followed by pharmaceutical products and capital goods. Uganda's main import partners are: Kenya, UAE, China and India.

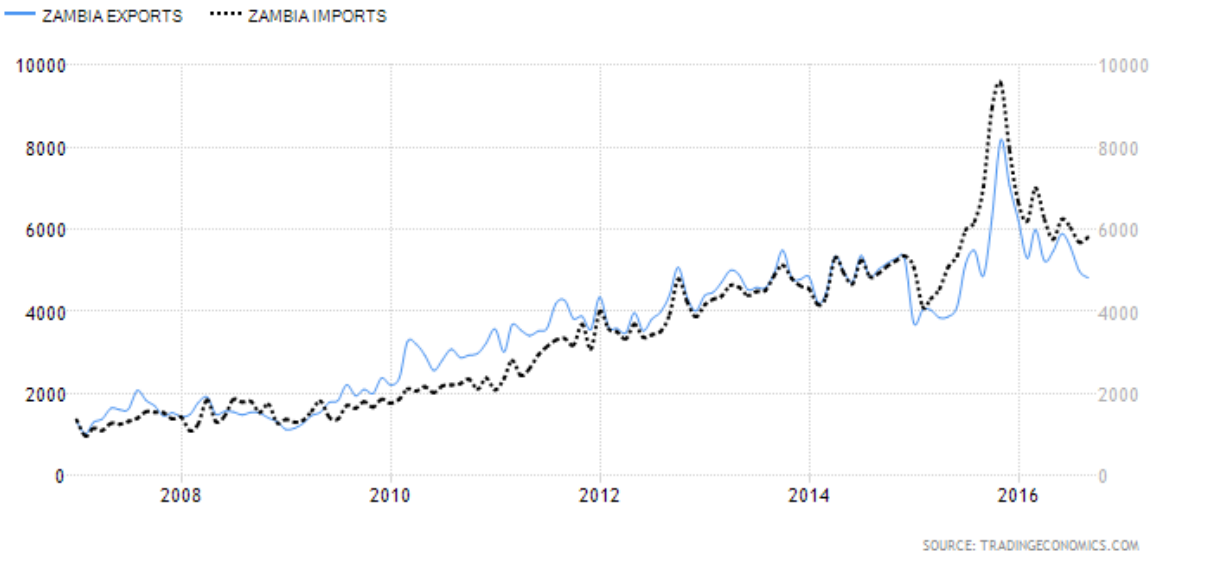


Figure 10: Zambia Import and Export in Million Zambian Kwacha

Exports in Zambia decreased to 4818.80 ZMK Million in September from 4980.50 ZMK Million in August of 2016. Exports in Zambia averaged 2697.23 ZMK Million from 2003 until 2016, reaching an all-time high of 8179 ZMK Million in November of 2015 and a record low of 271 ZMK Million in January of 2003.

Zambia's main export, copper accounts for 70 percent of Africa's production and 60 percent of country's total exports. Other exports include: sugar, tobacco, gemstones, cotton and electricity. Zambia's main export partner is Switzerland (45 percent of total exports). Others include: China (20 percent), South Africa, United Kingdom, Zimbabwe and Congo-Kinshasa.

Imports in Zambia increased to 5817.60 ZMK Million in September from 5685.70 ZMK Million in August of 2016. Imports in Zambia averaged 2680.53 ZMK Million from 2003 until 2016, reaching an all-time high of 9553 ZMK Million in November of 2015 and a record low of 518 ZMK Million in September of 2003.

Zambia main imports are: fuel, machinery and foodstuffs. Zambia's main import partner is South Africa followed by Congo-Kinshasa and China.

Most of the exports to the world from the region are in raw form and of low value as compared to most imports which are manufactured and have low barriers to entry in terms of permits required when compared to agricultural products originating from Africa. The scenario has compounded the challenge of trade imbalance that African countries face.

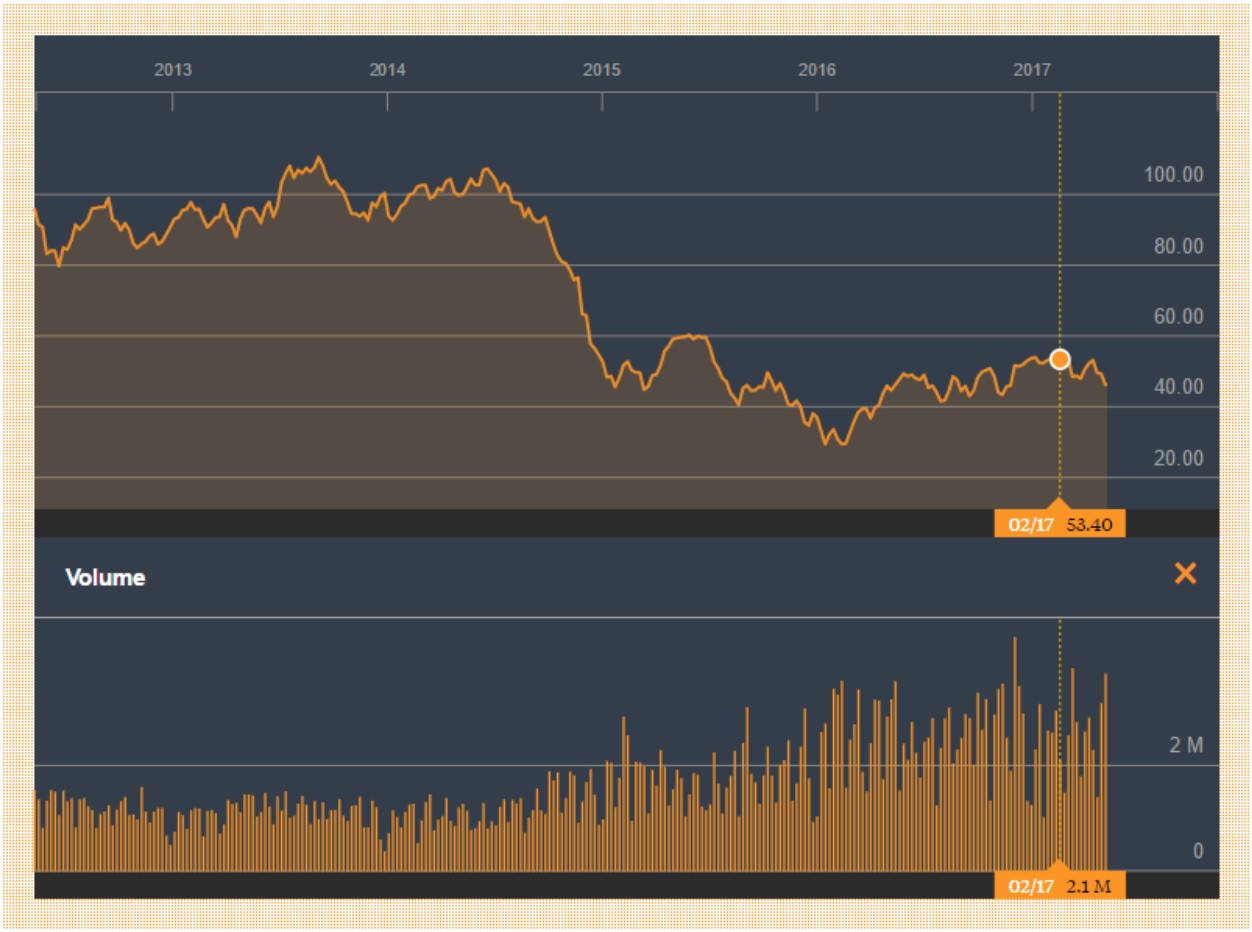


Figure 11: Global Oil Prices (Bloomberg)

African countries with a positive trade balance are mainly due to export of raw materials like copper, oil and other commodities which are susceptible to global shocks. For example Nigeria, Angola and Algeria are top African exporters of crude petroleum oil which has badly affected the economies due to global low oil prices. Therefore, diversification of African economies is key for future stability and growth as lessons have been learnt on relying raw materials for exports which are easily affected by global commodity price shocks. The region has seen the discovery of oil and gas which should be harnessed sustainably in order to avoid blunders made by other developing countries. Therefore, the Dutch 'Dutch disease' syndrome must be guarded against at all costs. While revenue collection is important for governments through imports, it is important to see to it that exports are facilitated seamlessly at all stages required in exporting in order to make the region more competitive and institute policies that encourage importations of raw materials and intermediate goods that go into enriching value chains in the manufacturing for local and export markets.

Parties Involved in the Movement of Freight (Traffic Flow)

Dar es Salaam and Mombasa ports are the major gateways to the Eastern and Central African seaborne trade which accounts for over 90% and 80% by volume and value respectively. The ports being an interface between the maritime leg and land leg have a major role to play in facilitating the seamless flow of imports and exports through the terminals. However, ports do not operate in isolation but with the support of other modes of transport (road, rail, pipeline, air) including a varied number of players in the movement of cargo from origins to final destinations.

It is through coordination, cooperation and enhanced collaborative efforts among Governments, Government agencies and the private sector players for the purposes of ensuring back to back fluidity in the movement of freight from the ports to the hinterland through transit corridors and vice versa in order for the region to be more competitive and reduce the costs of doing business. A survey of important parties involved in cargo clearing processes was conducted in order to ascertain their roles and challenges if any which may hinder the seamless flow of cargo. Below are the parties which were surveyed.

Port Authority/Port Operator

Port authorities provide for infrastructure to enable operators to carry out their role of serving ships in terms of piloting ships into and out of ports, stevedoring (loading and offloading ships) handling cargo at the quay and yard, loading and offloading trucks and wagons (receipt and delivery of cargo from/to carriers), as well as other services.

The models of operation and ownership are either port authorities owning the port and operate, while others are landlords and have concessioned the port or berths to private companies to undertake operations (landlord and operator model).

Mombasa port is operated by Kenya Ports Authority (KPA) acting as both the landlord and operator. Dar es Salaam Container Terminal is operated under the landlord and operator model. The Tanzania Ports Authority (TPA) acts as landlord of the port, while Tanzania International Container Terminal Services (TICTS) as the operator.

However, TPA operates the conventional cargo terminal berths 1 to 7 as well as container ships berthing at some of those berths. Generally, Dar es Salaam is operated under a mixed model in which the container terminal which occupies berth number 8 to berth 11 with total length of 725 meters is the only concessioned section. TPA operates the general cargo terminal which also serves some container ships.

THROUGHPUT AND DWELL TIMES AT MOMBASA AND DAR ES SALAAM PORTS

Mombasa Port

The port of Mombasa is managed by Kenya Ports Authority (KPA), whose main role is to develop, operate and maintain all scheduled/gazetted sea ports along Kenya Coast line which is approximately 600 Kms. The gazetted sea ports are the main port of Mombasa plus other 10 small ports namely Kiunga,Lamu, Ngomeni, Malindi, Kilifi, Takaungu, Mtwapa, Funzi, Shimoni, Vanga

About 33 shipping lines call at Mombasa port, which connect directly to over 80 seaports worldwide. The capacity of Mombasa port has been expanded by the commissioning of the second container terminal in 2016 to increase its total capacity to 1.55 million TEUs per year, hence reducing the risk of port congestion due to increasing cargo volumes.

For last year, the port recorded a total growth in traffic of 2.4% from 26.73 million tons in 2015 to 27.36 million tons in 2016. During the same period, container traffic grew by 1.4% from 1.076 TEUs handled in 2015 to 1.091 million TEUs in 2016.

Generally, the port has been experiencing increase in annual total traffic over the past ten years from 2007 to 2016 as summarized in table 7a-7d below showing DWTs, TEUs, Ships calls and number of vehicles handled during the period.

Table 7(a): Mombasa Port Cargo Traffic (000' DWT) for 2007 – 2016

Cargo type	2007	2008	2009	2010	2011	2012	2013	2014	2015	2016
Containerized	6,121	6,374	6,143	6,967	7,790	8,723	8,838	10,047	10,276	10,615
Conventional	1,273	1,319	1,618	1,589	1,469	1,455	1,854	1,938	2,256	1,968
Dry Bulk	2,927	3,091	4,703	3,897	3,929	4,917	4,978	5,653	6,928	7,053
Liquid Bulk	5,641	5,631	6,589	6,481	6,765	6,825	6,637	7,237	7,272	7,728
Total	**15,962**	**16,415**	**19,053**	**18,934**	**19,953**	**21,920**	**22,307**	**24,875**	**26,732**	**27,364**

Source: compiled from KPA Reports

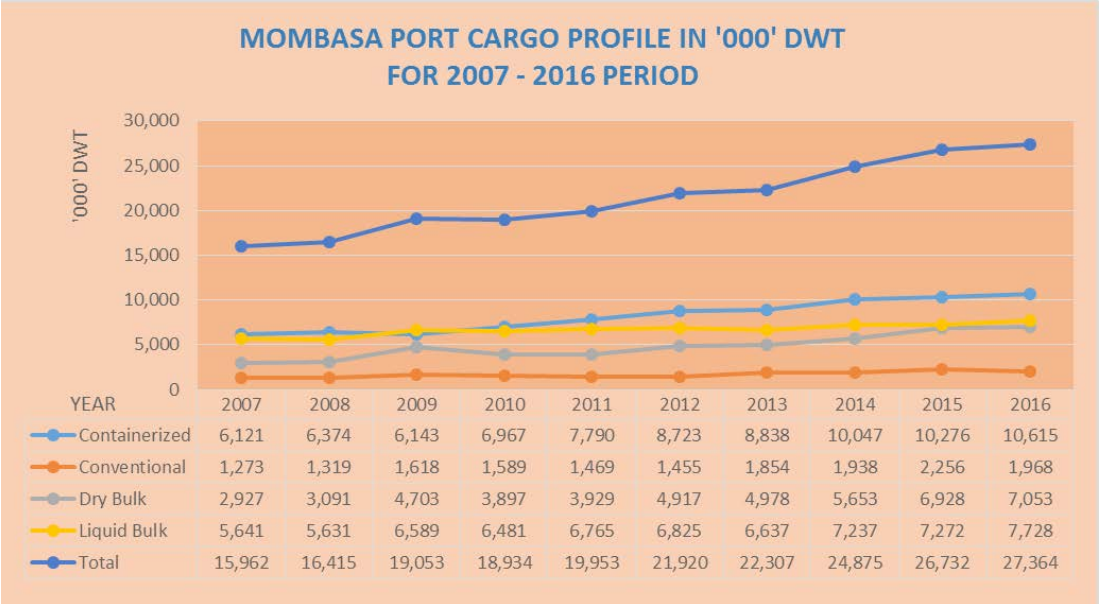


Table 7(b) Container Traffic at Mombasa Port 2007-2016

	2007	2008	2009	2010	2011	2012	2013	2014	2015	2016
Imports	282,036	297,388	307,847	345,314	392,647	444,772	449,389	488,672	520,056	535,983
Exports	266,860	283,890	301,453	335,694	358,230	446,624	428,342	462,476	513,372	507,357
T/ment	36,471	34,455	9,516	14.592	19,927	12,067	16,269	60,854	42,690	48,031
Total	**585,367**	**615,733**	**618,816**	**695,600**	**770,804**	**903,463**	**894,000**	**1,012,002**	**1,076,118**	**1,091,371**

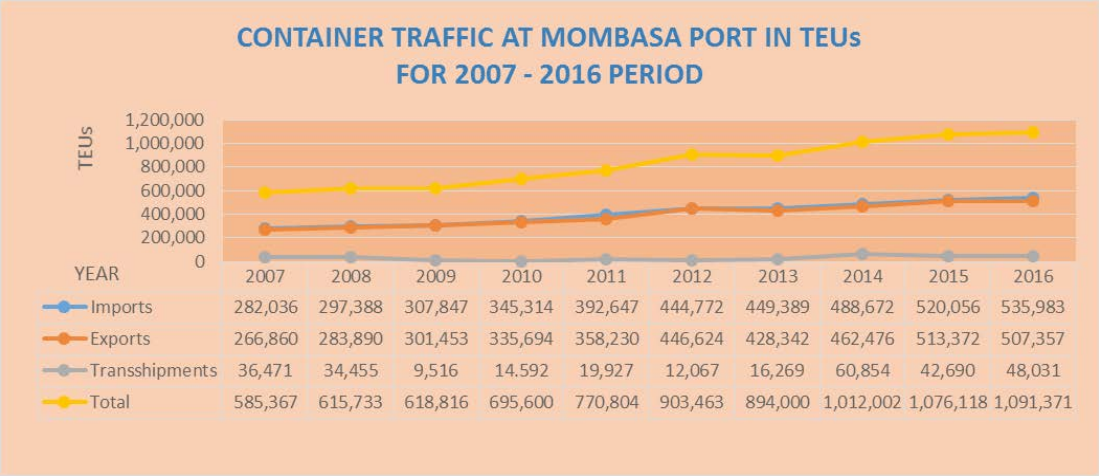


Table 7(c)Number of Ships Worked at Mombasa Port 2007 – 2016

	2007	2008	2009	2010	2011	2012	2013	2014	2015	2016
No. of Ships	1,275	1,227	1,254	1,133	1,169	1,193	1,332	1,378	1,396	1,273

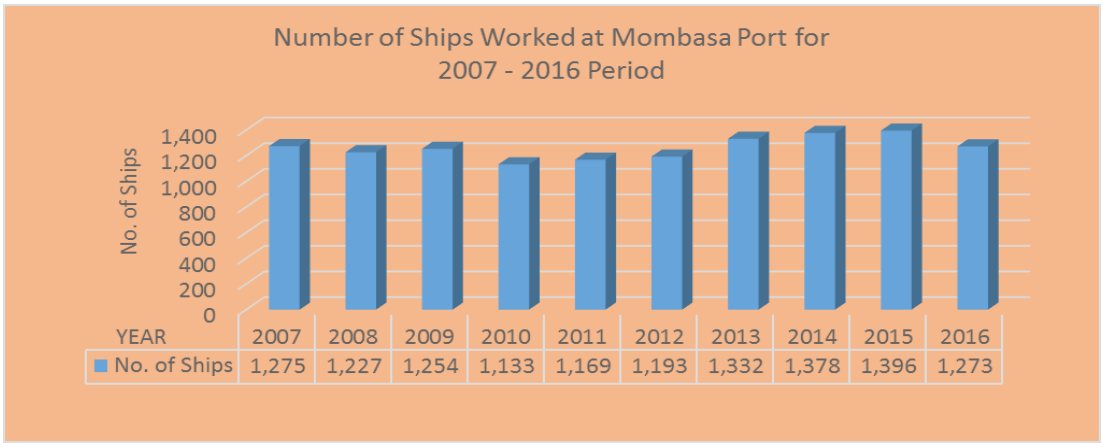
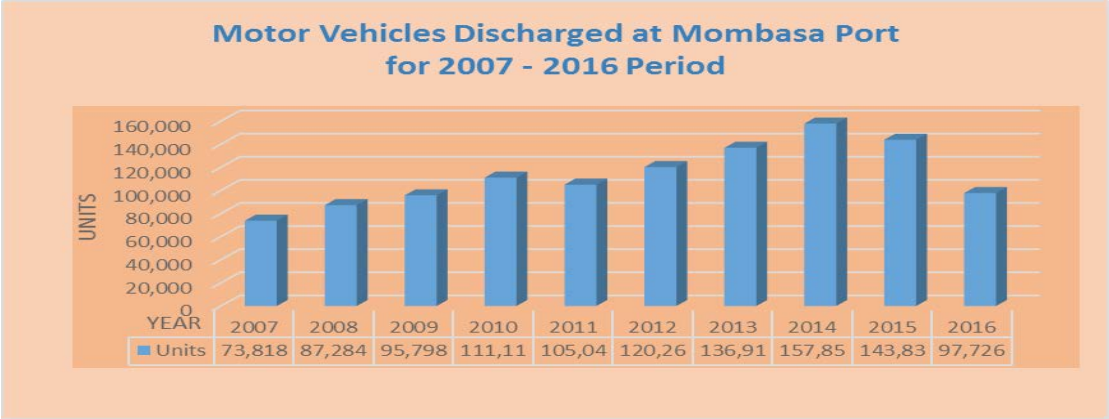


Table 7(d) Motor Vehicles discharged at Mombasa Port 2007 -2016

	2007	2008	2009	2010	2011	2012	2013	2014	2015	2016
Units	73,818	87,284	95,798	111,111	105,048	120,268	136,915	157,856	143,833	97,726



Dwell Time: cargo dwell time at Mombasa port is constantly being monitored as one of the main indicators in Mombasa Port Community Charter. For instance, cargo dwell dropped from an average of 6.5 days in 2011 to 2.92 days in March 2017. The set cargo dwell time target for the port is 72 hours for containerised cargo.

DAR ES SALAAM PORT

The port of Dar es Salaam is managed by the Tanzania Ports Authority (TPA). Currently, the Authority performs the role of both a Landlord and Operator with the main objective of promoting effective management and operations of sea and inland waterways ports, provision of cargo loading and unloading services, passenger services, developing, promoting and managing port infrastructure and superstructure, maintaining port safety and security.

TPA administers a diverse system of Tanzania's Mainland sea and inland waterways (Lake Ports). The sea ports are on Tanzania mainland coastline which is approximately 800 Km long. The major 3 ports are Dar es Salaam, Tanga and Mtwara while 5 smaller ports are Kilwa, Lindi, Mafia, Pangani and Bagamoyo. TPA also administers 13 lake ports which include Mwanza Noth and South Ports, Nansio, Kemondo Bay, Bukoba and Musoma on the Lake Victoria; Kigoma and Kasanga on Lake Tanganyika and Itungi Port, Kiwira, Manda Liuli and Mbamba Bay on Lake Nyasa.

Dar es Salaam port has 11 berths totaling approximately 2000 meters. Berths umber 1-7 are operated by TPA to handle break bulk, dry bulk, RORO (Roll On, Roll Off) and containerized cargo, while berths number 8-11 are operated by TICTS to handle containerized cargo. The port is in process of dredging the channel and the turning basin, widening and modernizing berths number 1-7 and plans to construct berths number 13-14 so as to cater for continued container trade growth.

The use of Inland Container Depots (ICDs) is still of importance to Dar Port to avoid port congestion. The survey team was informed that TPA have secured the land at Ruvu for constructing an ICD, which would be connected to the port by rail to facilitate container direct delivery to the facility. Once the facility is operational, it may relieve further the port from congestion risks, though it may be a cost adding node in the cargo movement logistics, especially for cargo whose final destination is Dar es Salaam and some other coastal regions.

Generally cargo volume through Dar es Salaam port has been increasing annually at an average rate of 9-12%.

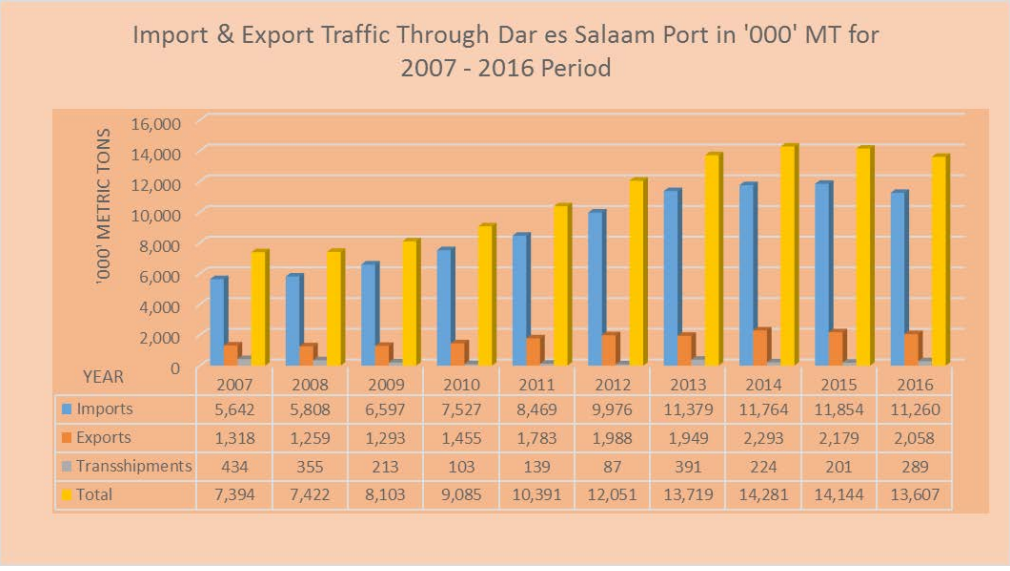
However, the port experienced a slight decline in cargo throughput tonnage-wise of about 2.3% from 13.9 million tons in 2015 to 13.59 in 2016. There was also a negative growth of about 10% in terms of TEUs, from 669,574 in 2015 to 602,657 in 2016. Some of the factors attributable to the decline in volume according to the survey are:

- Change in tax regime, especially Value Added Tax on transit cargo (from mid 2015) and introduction of SCT for DRC destined cargo, both of which seemingly happened without prior consultations with the industry before the implementation of these changes. This is said to have diverted Zambia and DRC cargo from Dar port to other optional ports in Indian and Atlantic Oceans having transport corridors to these countries. Such ports are Durban (South Africa), Beira (Mozambique), Lobito (Angola) and Walvis Bay (Namibia).
- The multiplicity of government agencies involved in the certification, verification and processing of goods, which creates duplication, inefficiencies.
- Heavy terminal congestion due to poor intermodal interface with road and railway transport links.
- Lack of Dar Port PIC (Port Improvement Committee) meetings, leading to non-participation of private sector consultation and involvement in decisions around port sector reform and planning
- An over-zealous inspection regime and non-acceptance of the pre-declaration of the value of cargo by regulatory authorities.

Statistically, the annual total traffic over the past ten years from 2007 to 2016 for Dar es Salaam port is as summarized in table 8a-8d below showing DWTs, TEUs, Ships calls and number of vehicles handled during the period.

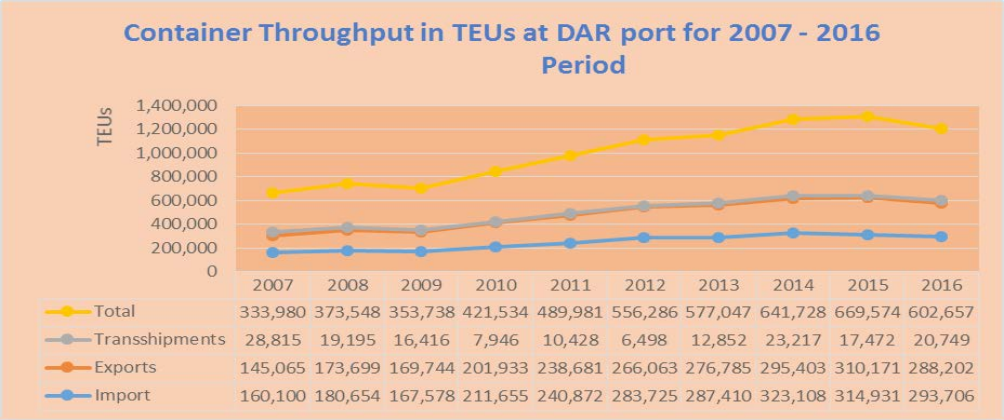
8. (a) Import and Export Traffic at Dar es Salaam Port ('000' Metric Tons) for 2007 – 2016 period

	2007	2008	2009	2010	2011	2012	2013	2014	2015	2016
Imports	5,642	5,808	6,597	7,527	8,469	9,976	11,379	11,764	11,854	11,260
Exports	1,318	1,259	1,293	1,455	1,783	1,988	1,949	2,293	2,179	2,058
T/ment	434	355	213	103	139	87	391	224	201	289
Total	7,394	7,422	8,103	9,085	10,391	12,051	13,719	14,281	14,144	13,607



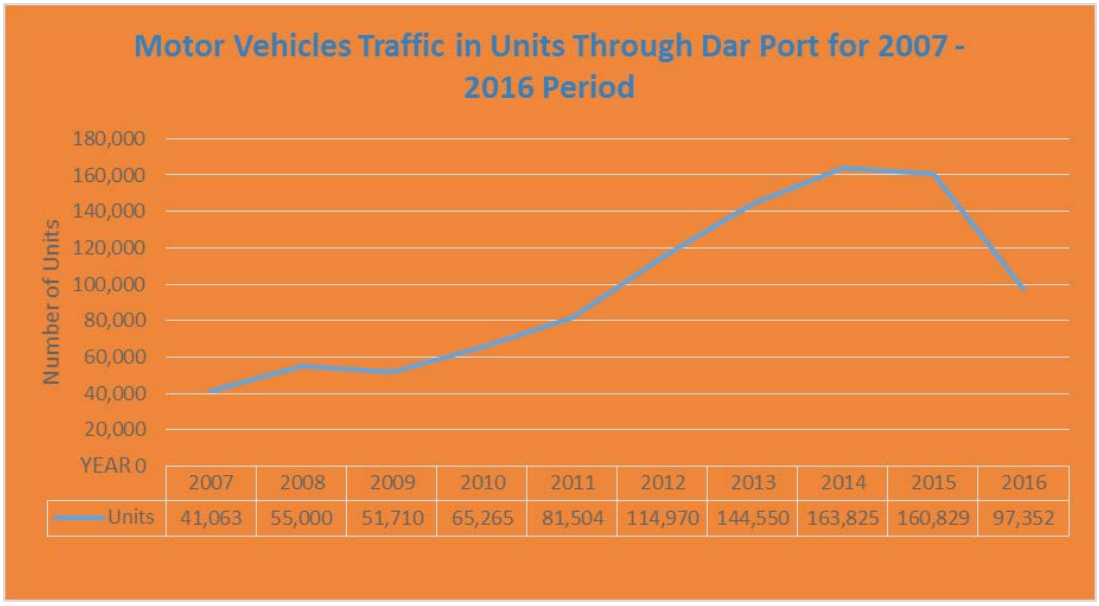
8(b) Container throughput in TEUs at Dar es Salaam Port for 2007 – 2016 period

	2007	2008	2009	2010	2011	2012	2013	2014	2015	2016
Import	160,100	180,654	167,578	211,655	240,872	283,725	287,410	323,108	314,931	293,706
Exports	145,065	173,699	169,744	201,933	238,681	266,063	276,785	295,403	310,171	288,202
T/ments	28,815	19,195	16,416	7,946	10,428	6,498	12,852	23,217	17,472	20,749
Total	333,980	373,548	353,738	421,534	489,981	556,286	577,047	641,728	669,574	602,657



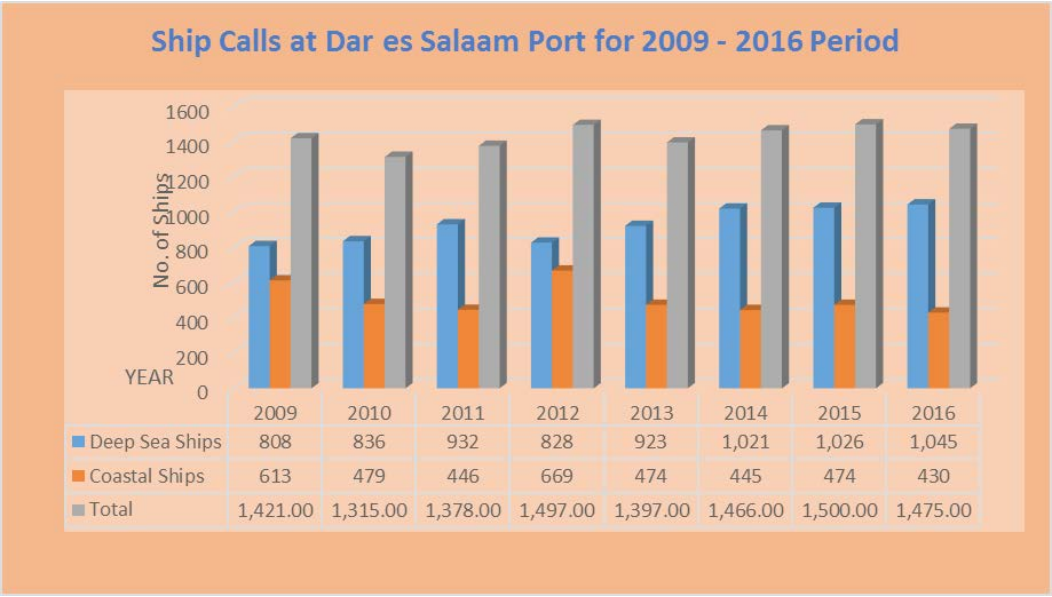
8 (c) Motor Vehicles Traffic in Units at Dar es Salaam Port for 2007-2016 period

Year	2007	2008	2009	2010	2011	2012	2013	2014	2015	2016
Units	41,063	55,000	51,710	65,265	81,504	114,970	144,550	163,825	160,829	97,352



8 (d) Ship Calls at Dar es Salaam Port for 2009-2016 period

	2009	2010	2011	2012	2013	2014	2015	2016
Deep Sea	808	836	932	828	923	1,021	1026	1045
Coastal	613	479	446	669	474	445	474	430



Cargo dwell time: Cargo dwell time for Dar Port has been improving. For instance, cargo dwell time for import transit containers has progressively reduced from an average of 8.83 days in 2008 to about 5 days 2016 at TICTS terminal.

Revenue Authorities – Customs

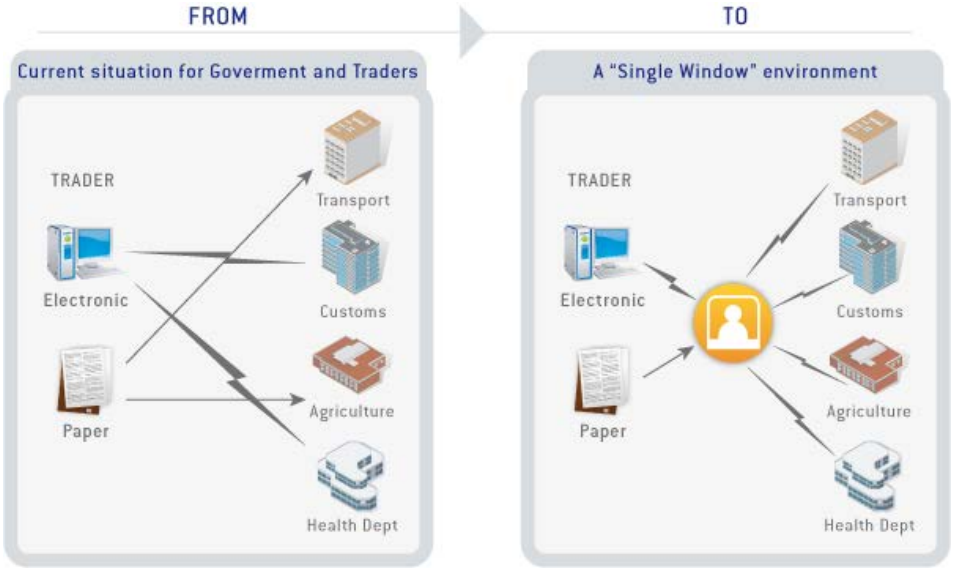
Revenue authorities are government agencies mandated to collect government tax such as custom duties on imports and exports. Customs is one of the major players in cargo clearance processes as they endeavor to collect government revenue, facilitation of legitimate trade and provide trade statistics. Expeditious clearing process through customs is paramount in the seamless flow of imports and exports through ports, land and virtual borders between origins and destinations. Therefore, any reforms made to customs activities should neither reduce revenue collection nor delay the processing and clearance of cargo.

The survey team learnt that, while revenue collection is critical to revenue authorities, they are generally moving towards trade facilitation through adoption of technologies in order to simplify procedures and processes in order to encourage self-compliance by tax payers through easier and transparent systems. This is in line with World Trade Organisation (WTO) Trade Facilitation Agreement (TFA) which came into force following ratification of two thirds of the membership on 22nd February, 2017.

Kenya, Uganda and Zambia have ratified and National Trade Facilitation Committees (NTFCs) are in place. Tanzania is at an advanced stage towards ratification of TFA though the NTFC has already been constituted. Since the TFA is a new phenomenon, there is a lot of work to be done. The need therefore, for capacity building in terms of operations of the NTFCs so that they are sustainable and best practice developed at national and regional level so that the intended objectives are met. According to the OECD, it is envisaged that if the WTO TFA was effectively implemented, trade costs for lower-income economies will reduce by 14.1% while those for lower-middle income will reduce by about 15.1%. The upper-middle income economies are expected to reduce by 12.9% and that adopting even simple (though often too costly) recommendations, such as automating trade and customs processes could reduce costs for the three income groups by about 2.1 to 2.4%.

Systems are in place for clearance processes to be done electronically hence reducing the physical movement from one office to the other in order to physically submit clearance documents. The introduction of the electronic Single Window System (eSWS) which is operated by Kenya National Trade Network (KENTRADE) has brought together all cargo interveners in a single system whereby once an application is submitted through the SWS it is channeled to all concern parties for processing permits or any query they may have. The SWS is also operational Uganda while under pilot in Tanzania and Zambia.

According to UNECE, SWS defined as a facility that allows parties involved in trade and transport to lodge standardized information and documents with a single entry point to fulfill all import, export, and transit-related regulatory requirements. If information is electronic, then individual data elements should only be submitted once. A SWS can best be understood by the service that it aims to provide to traders and government authorities alike. Such service is that it facilitates the exchange of trade relevant information between traders and government agencies, and amongst government agencies, for obtaining permits and licences, certificates and necessary approvals. It does so by allowing traders, or their agents, to submit trade documents and data, in electronic or paper form, through a single entry point. *(http://tfig.unece.org/contents/single-window-for-trade.htm)*



Challenges

1. The challenge of continuous sensitization and training for users due to change management issues
2. Systems downtimes due to intervention of multiple agencies –
   - Agencies to resolve the challenges
   - A steering committee for contact persons in different organizations
   - Contact centres and customer care through service charters to resolve the challenges
   - Staff sourced with relevant backgrounds

In Tanzania the Automated System for Customs Data (ASYCUDA++) was decommissioned for a simplified customs clearing new system, Tanzania Customs Integrated System (TANCIS) which has revolutionized the cargo clearance processes. The survey team was informed by TRA officials that the system had the capabilities of being expanded to accommodate the impending electronic Single Window System (e SWS). The e-SWS, which is in piloting stage, is designed to eliminate the requirement for physical cargo clearance by integrating all port activities and stakeholders into a single ICT interface. On the other hand, TANCIS, provides a single platform through which all stakeholders involved in the importation and exportation process can handle necessary documentation online so as to reduce clearing times. It is was introduced in 2014 by TRA in partnership with Investment Climate Facility (ICF) and was installed by a South Korean firm-Korea Trade Network.

The output of TANCIS through use of analytics brings out visuals in real time and revenue figures at any particular time. Revenue collection has significantly increased since 2015.

Importers in Dar es Salaam can assess themselves and pay dues on line before ships arrive enabling pre-arrival cargo clearance. Additionally, after the importer have submitted all documentation through the platform, the government agencies involved in clearing – such as the Tanzania Bureau of Standards and Tanzania Food and Drugs Authority – can process these documents together and issue the necessary permits and clearances. Unlike in the past, clearing agents no longer have to move from one office to another to obtain clearances.

Revenue authorities have taken deliberate steps such investing in electronic data transmission systems streamlining tax payment system and training and sensitizing staff to embrace customer care spirit with a view of facilitating trade, hence increase revenue collections while reducing clearance time.
As also reported in the 2016-17 Tanzania Ports Handbook, TANCIS has reduced expected clearance times from 9 to 5 days for imports; and from 5 to a single day for exports.

Challenges

- Intentional under declarations by importers/C&F (tax evasion)
- Systems connectivity especially on intra region (Single Customs Territory - SCT)
- There is no control of double lodgment for pre-clearance process
- Importations through Mombasa port to Tanzania has reduced but transshipment of cargo to Zanzibar has increased.
- The introduction of VAT services for import and export in July 2016 has affected transit business through Dar es Salaam port
- Challenges due to global recession and fluctuating of commodity prices at the global market
- 100% scanning of cargo. Need for profiling and use of risk management tenets
- Un predictable Government policies does affect business e.g. ban of exports for mineral ores to encourage local refinery of minerals.

The Kenya Revenue Authority (KRA) is in the process of phasing out of the web-based application Simba 2005 System (Tradex) for a new system called Integrated Customs Management System (ICMS). It is envisaged that the system will enhance the ever changing business environment in customs and border control and boost revenue collections.

KRA has also launched the Electronic Cargo Tracking System (ECTS), which enables seamless visibility of transit cargo along the Northern Corridor counties of Kenya, Uganda and Rwanda. The old ECTS was done away with. One of the long standing issues by the users of the Mombasa port is lack of pre clearance facility for those who are not under the Authorized Economic Operators (AEO). It is hoped that once the ICMS is in place, it will enable shipping lines to lodge in partial manifests and effect the pre clearance regime which will help in reducing delays and the cost of doing business.

However, we note the frequent shortages of ECTS seals amongst the ECTS service providers which usually culminate into delays and lost productivity. Another issue that came up was the physical escort of trucks even when the ECTS was in place. It was proposed that road patrols were intensified as opposed to physical escorts. The procedure for cargo verification needs to be streamlined in order to increase verified containers from 4 FEU per to more in order to facilitate quick evacuation of cargo.

The Single Customs Territory (SCT)

The implementation of Single Customs Territory clearance procedures began at the end of 2013. Since then, all goods are cleared into a Single Customs Territory under a duty paid and warehousing regime. The Single Customs Territory (SCT) is a step towards a full customs union, achievable by the removal of restrictive regulations and reducing internal border controls on goods moving between partner states. The ultimate goal is the free circulation of goods.

A Single Customs Territory reduces the cost of doing business by eliminating duplication of processes. It also reduces administrative costs, regulatory requirements and the risks associated with non-compliance on the transit of goods. A Single Customs Territory enhances trade in locally produced goods, particularly agricultural goods and boosts the relationship between the private and public sectors. It also acts as a springboard for the free movement of other factors of production and attracts foreign, domestic and cross-border investment.

Objectives

1. Seamless flow of goods to enhance intra East African Community trade
2. Lowering clearance costs of goods within the East African region
3. Shifting of physical controls to electronic clearance processes
4. Improved coordination between agencies responsible for the clearance of goods
5. Enhanced compliance through a regional wide mechanism
6. Building a foundation for the East African Community Common Market and Internal Single Market
7. Realising economies of scale and optimal use of resources in clearance of goods
8. Developing supportive institutional and legal frameworks

Major Achievements

1. Clearance of goods under Home Consumption and Warehousing regime at the first port of entry (e.g. Mombasa or Dar es Salaam)
2. Interfacing of Revenue Authorities Systems of the three Partner states (Burundi, Rwanda, Uganda, Tanzania and Kenya)
3. Integration of Regional Customs Bond with Revenue Authorities Systems
4. Deployment of partner states (Burundi, Rwanda, Tanzania and Uganda) Revenue Authority officers at the port of Mombasa
5. Waiver of port charges and demurrage fees on over stayed cargo at Mombasa port
6. Training and accreditation of clearing agents form partner states
7. Reduction of multiple customs bonds to a single bond
8. Reduction of clearance and movement of cargo (e.g. improved transit time from 22 days to between 6 and 8 days and trucks are to make three trips a month as opposed to previously once)
9. Reduction of multiple cargo declarations to a single declaration
10. Removal of customs hold from the system
11. Reduction in the dumping of goods of transit goods

Challenges

1. Frequent system outages causes delays on the part of importers and exporters as well as delayed revenue collection. A solution needs to be found by URA in order to ensure stability in connectivity.
2. The need to publish gazette notices on the auction of goods in regional newspapers by KRA
3. Cargo verification processes to be streamlined for efficiency especially with port authorities
4. The need for provision of adequate office space for officers from Revenue Authorities of Partner States
5. The need to make SCT fully fledged in all commodities as benefits have been visible

Shipping Lines/Ships Agents

These are the receivers/delivers and carriers of cargo. Their main task is to receive exports and arrange for their ocean leg transportation and deliver imports to consignee through Clearing and Forwarding agents. However, by Through Bill of Landing (TBL) they may be involved on the land leg as well. The way they process to receive or deliver the cargo has impact on the flow of cargo.

During survey in Dar es Salaam; Ships agents were complaining of decline in cargo volumes coupled with decline in freight rates that had lowered their income threatening their business. From such situation the team has learnt that the situation has led to proliferation of destination charges trying to cover operation cost deficit. The challenges observed include;

1. Delays in return of empty containers,
2. Inadequate export cargo,
3. Declining freight rates,
4. Declining of cargo volumes, and
5. Introduction of VAT on services provided on transit goods.

Clearing and Forwarding Agents

Making arrangements for the shipment pickup and cargo delivery reports, arranging and coordinating customs for attaching warehousing, through completing all the documentation work required for shipment, and finally confirming the delivery of shipments. Simply, they are the Customs' agents. According to Tanzania Revenue Authority (TRA), Clearing and Forwarding Agents (CFAs) are persons licensed by the Commissioner for Customs & Excise Department to carry on the duty of processing documents and clearing goods from customs control on behalf of the importers.

Therefore, Clearing and Forwarding agents are a link between the owners of goods and owners of means of transport as well as the customs. They help cargo owners in efficient movement of goods to the buyers and sellers by completing a number of procedural and documentary formalities.

Clearing & Forwarding Agents performs various logistics services that may expound to shipping but mainly a Clearing & Forwarding Agents service may include creating an invoice for international shipping,

How they perform their duties have effect on the seamless flow of cargo. A good Clearing & Forwarding Agents will always be perfect in logistics skills of how to arrange for successful and competitive shipping of cargo.

According to *www.academia.edu/9644757/Clearing*--Within the East African Customs Union Partner States (Burundi, Kenya, Uganda, Tanzania, South Sudan and Rwanda), there is an agreement by the customs administrations and revenue authorities that customs brokers undergo required, uniform training to enable them to obtain practicing certificates issued by Customs as a condition for their licensing. Continuous professional development will also be undertaken for those agents with practicing certificates, in collaboration with the International Association of Freight Forwarders (FIATA).

During the survey the team learnt that due to stiff competition and stringent regulations in the cargo clearance and forwarding business C&F are striving to exercising/practicing honesty, transparency, diligence, efficiency and advisory role to cargo owners to enable to track better deals. It is no longer "business as usual" when cargo owners were not aware of what it takes to clear their cargo. Also systems and technologies are in place that enable cargo owners to track their cargo throughout the clearance processes. Therefore, C&F have no option but to be professional for them to survive these turbulence times.

However, we noted a rift among the leadership and the membership of the Kenya International Freight and Warehousing Association (KIFWA) which has seen one faction going to court for redress and elections held on 16th of March, 2017 are deemed illegal by the other opposing faction. This dispute does not only affect KIFWA members but badly the cargo owners who foot the bills for the services rendered as well as Government revenue. The team also notes unwarranted resistance by the C & F Agents to comply with vetting of operating licences for 2017. It is unacceptable that KIFWA is agitating for non-conditional issuance of operating licences by KRA which is a requirement.

We are of the view that the Bill at the East African Community (EAC) of the "Model Customs Agents and Freight Forwarders Association" will meet its objective of ensuring standards, enhancing professionalism, providing quality service to clients and promoting ethics in the customs clearing and freight forwarding industry. Some of the challenges include;

1. Mistrust between C&F and Revenue Authorities (Customs),
2. Late receipt of documents from importers,
3. Readiness of importers to pay duties,
4. Imports value uplifting by customs, and
5. Lack of coordination of OGAs during the joint cargo verification

Regulatory Authorities

Regulatory authorities were established to regulate transportation services in terms safety, service level and to some extent transport charges. In Kenya, the regulator Kenya Maritime Authority (KMA) regulates maritime transport only unlike in Tanzania where the Surface and Marine Transport Regulatory Authority (SUMATRA), regulates both marine and surface (road and rail) transport.

During the discussion with SUMATRA team; it was learnt that cargo consolidation and deconsolidation business had challenges in the industry. Ships agents were complaining that vehicle consolidation was against the best industry practices also denied the income from Delivery Order (DO) fee as one person may consolidate say 50 vehicles belonging to 40 clients into one Bill of Landing hence paying for one DO instead of 40 Dos as it used to be. The bad thing was that the importer was not gaining because was receiving the house bill of lading hence paying the DO fee to the consolidators. To sort out the challenge SUMATRA had engaged a consultant to study the issue and come with recommendations.

Factors Associated with Seamless Flow of Traffic

Port space at the quay side and the yard

This is a key factor in cargo handling at the port. Availability of space enable seamless loading and offloading of ships as well as loading trucks and wagons evacuating cargo from the port also offloading trucks and wagons bringing exports to the port. Yard space allows container staking at an easy workable level. When space is not enough then containers are staked six high making it difficult to take containers from a lower staking level.

At the port of Mombasa, the issue of space was resolved. The commissioning of a new container terminal coupled with the construction of SGR from Mombasa to Nairobi is likely to reduce cargo going to the CFSs located around the port as it will be optional for importers and exporters use the facilities.

However, space at Dar es Salaam port is still an issue unless the construction of berth 13 and 14 was done. Need for ICDs is unavoidable. The new regulation which requires all ICDs to be located beyond 30kms from the port as from 2018 may increase logistics cost in terms of new investments and trucking charges from the port to the ICDs.

Equipment Availability

Sufficient and suitable equipment are necessary when giving handling services to the ships which involve piloting of ships into and out of the port, berthing a ship at the quay and offloading and loading imports and exports respectively. It is important that ports were equipped with modern and well maintained equipment to handle ships and cargo at acceptable speed. With the changing trend of ships' size, ports needed to put in place sufficient number and condition of equipment which can handle bigger ships, failure of which leads to delays hence increase in the cost of doing business

Information Flow

Instant flow of information is the backbone of expeditious clearance of cargo. Systems downtime delays the clearance process as no flow of information. Flow of information between a cargo clearing personnel and the importer/exporter is important. The importer may delay submitting cargo document to the C&F which will delay the commencement of the clearance process; likewise, the C&F may delay notifying the importer to pay the government dues which may delay the completion of the process. Therefore systems should be in place which all parties involved in cargo movements can access the information of cargo one has interest in.

Port supporting infrastructure

For any port to work efficiently requires efficient supporting infrastructures such roads and rail for inland movement of cargo. There should a well coordinated interface among ports roads and railway infrastructure. Slow cargo evacuation by rail and road will clog and chock the port with cargo. In a seamless flow of cargo situation, the port is just a transit point which connects the water transport with surface transport. The minimal functioning of the rail transport in East Africa affected the movement of cargo through the port of Dar Es Salaam.

There are reports of pilferage of motor vehicle parts from disembarking vehicles from car carriers a vice that had subsided but now has resurfaced. We note that efforts are being made to streamline discharge operations so that all parties involved in the operation play an effective role through crafting of Standard Operating Procedures.

Route Indicators

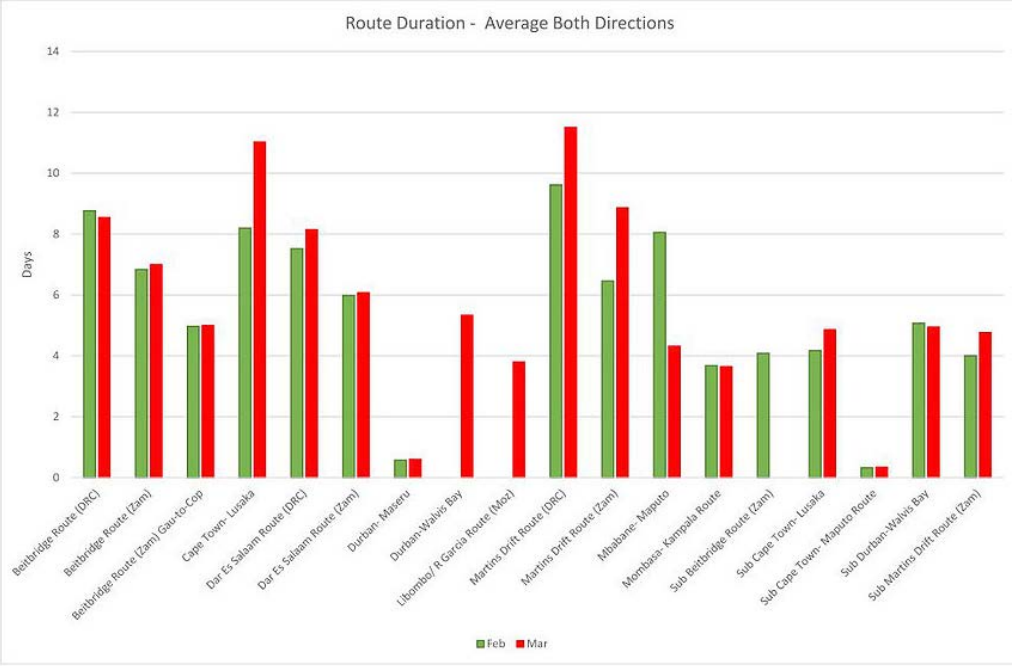


Figure 12: Corridor Performance Monitoring System: Southern & Eastern Africa (Feb & Mar 2017)
https://www.corridorperformancemonitoringsystem.com/copy-of-reports

Average route time increased by 7% from February to March, 2017 with major contributor being increased spent time in economic areas.

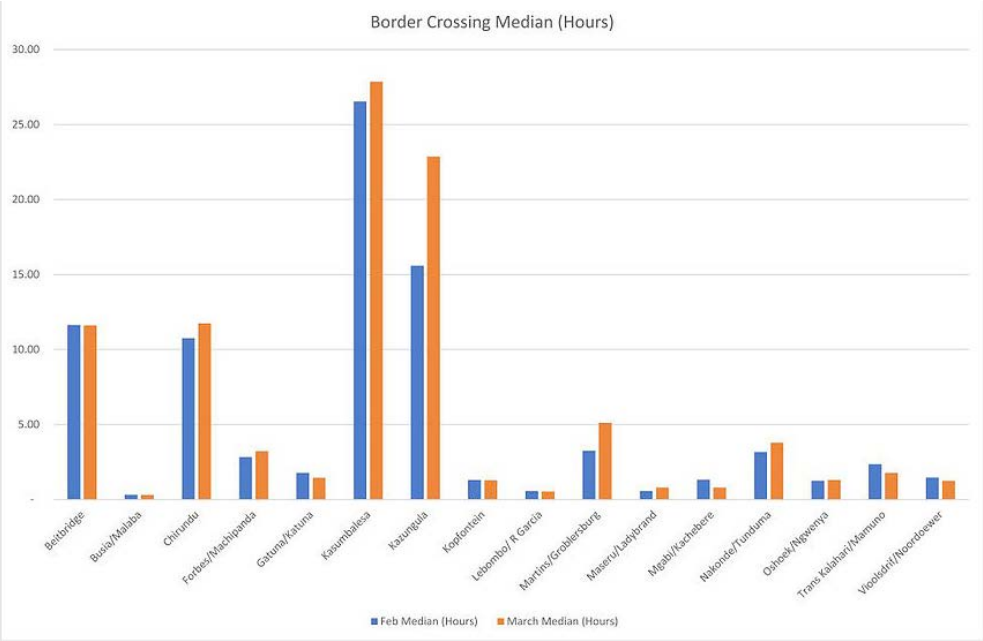


Figure 13: Corridor Performance Monitoring System: Southern & Eastern Africa (Feb & Mar 2017)

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The border crossing time increased by 13% from February to March with Kasumbalesa and Kazungula being the major contributors.

Recommendations

1. Complementarity in services for rail/road and road/railway intermodal strategies and tactics like 'piggy back' service have to be employed. Cooperation between railway operators and road transporters to ensure that TOFC strategies are implemented.
2. Shippers (importers and exporters) should understand clearly on the actual charges involved in the trade other than just the basic freight to avoid delays when the goods arrive at sea ports and borders. ISCOS to sensitize cargo owners through the various shippers' councils in the region.
3. Governments should focus on developing export strategies that will reduce the existing trade imbalances through diversification from exporting raw materials to exporting manufactured goods and improving the logistics value chains.
4. The construction of berth 13 and 14 at Dar es Salaam port needs to be expedited to avoid the risk of under capacity as volumes of cargo have been increasing steadily at the rate of 12% per annum over the years.
5. Tanzania to reconstitute the Port Improvement Committee (PIC) which has not met since 2016. It is an important platform for stakeholders to deliberate on issues that affect the shipping and maritime industry for quick resolution of challenges being experienced.
6. Frequent system outages causes delays on the part of importers and exporters as well as delayed revenue collection. A solution needs to be found by Uganda Revenue Authority in order to guarantee stability in connectivity in the customs system.
7. The Federation of East African Freight Forwarders Association (FEAFFA) to help mediate leadership challenges that are affecting the operations of Kenya International Freight and Warehousing Association (KIFWA) in order to bring harmony to Clearing and Forwarding fraternity.
8. The issue of lack of proper coordination among Other Government Agencies during the joint cargo verification needs to be streamlined in order to avoid delays in the movement of cargo.
9. Kenya , Tanzania and the EAC to expidite the implementation of OSBP at Lunga Lunga/Horohoro border

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