



INTERGOVERNMENTAL STANDING COMMITTEE ON SHIPPING

# INTERNATIONAL FREIGHT LOGISTICS BEST PRACTICES WORKSHOP

***SOME EMERGING AND TRENDING ISSUES IN MARITIME TRANSPORT***

Court Yard Hotel, Dar es Salaam

19<sup>th</sup>-20<sup>th</sup> September 2018

**PRESENTED BY:  
ISCOS SECRETARIAT**

# PRESENTATION OUTLINE

☐ BACKGROUND:ISCOS

☐ MARITIME TRANSPORT IMPORTANCE

☐ SOME EMERGING ISSUES AND TRENDS:

➤ UPDATES ON MCI DOMESTICATION IN ISCOS MEMBER STATES

➤ FROM GREEN TO BLUE ECONOMY

➤ FAL CONVENTION WEF 1.1.2019

➤ SHIPPING ALLIANCES

➤ CONTAINER DEPOSITS: WHICH WAY FORWARD?

➤ HYPERLOOP CARGO TRAINS: CAN IT REPLACE CARRIAGE OF GOODS BY SEA

☐ CONCLUSION AND RECOMMENDATIONS



# ABOUT ISCOS

**Established in 1967:  
Kenya, Tanzania, Uganda &  
Zambia.**

**Head Office/Secretariat in  
Mombasa, Kenya**

**Mandate: To Protect and  
Promote the Shipping &  
Maritime Interests of  
Member States.**





# ABOUT ISCOS cont'd



## Reasons Members Came Together



Similar  
Overseas  
Trading  
Partners

Similar  
challenges for  
sea-borne trade  
through MSA &  
DAR Ports

Serviced by  
same  
Shipping  
Lines

Region is  
considered as  
a single-tariff  
zone

Similar  
challenges in  
key transport  
Corridors –  
North. Corridor,  
Centr. & Dar

Similar Import  
& Export  
Commodities/  
Items



# MARITIME TRANSPORT MARKET SHARE



- **IT IS THE CORE MODE OF TRANSPORT FOR GLOBAL CARGO**
- **2017 GLOBAL SEABORN CARGO REACHED 10.6 BILLION TONS**

**GLOBALLY: CARRIES**  
**80%** by VOLUME &  
**70%** by VALUE of  
TRADE

**EAC REGION : CARRIES**

**90% BY VOLUME**

**80% BY VALUE**

**IT IS ONE OF THE BLUE  
ECONOMY RELATED  
ACTIVITIES**

MEMBER STATES' MARINE CARGO INSURANCE POTENTIAL USD MILLION) FOR 2012 – 2016 PERIOD								
ITEM		2012	2013	2014	2015	2016	TOTAL PER COUNTRY	
KENYA	IMPORTS	195.14	196.93	220.88	192.82	204.98	1,010.75	
	EXPORTS	91.89	87.49	91.67	88.77	85.26	445.08	
	Sub-total	287.03	284.42	312.55	281.59	290.24		1,455.83
TANZANIA	IMPORTS	123.80	132.30	133.00	118.10	101.60	608.80	
	EXPORTS	70.70	63.10	63.80	64.80	68.30	330.70	
	Sub-total	194.50	195.40	196.80	182.90	169.90		939.50
UGANDA	IMPORTS	77.29	73.08	73.94	72.64	62.73	359.68	
	EXPORTS	33.73	33.94	32.70	32.01	35.06	167..44	
	Sub-total	111.02	107.02	106.64	104.65	97.79		527.12
ZAMBIA	IMPORTS	105.66	121.94	114.47	99.36	94.21	535.64	
	EXPORTS	112.38	127.13	116.25	104.85	101.56	562.17	
	Sub-total	218.04	249.07	230.72	204.21	195.77		1,095.81
TOTAL PER ANNUM		813.05	835.44	864.04	826.06	753.70		4,092.29



# ACTIONS BY RESPECTIVE MEMBER GOVERNMENT

COMPARISON OF MCI UPTAKE IN 2016 Vs 2017 (FIGURES IN KSH. MILLION)

**KENYA:**  
Policy  
Recommendation  
adopted in  
Budget Speech,  
June 2016.  
Implementation  
of Enforcement of  
Section 20 from  
1st January 2017.

MARINE CARGO PREMIUMS IN KSH. MILLION FOR 2016 & 2017				
	2016	2017	VARIANCE	% INCREASE
Q1	349	548	199	57
Q2	346	591	245	71
Q3	390	661	271	69
Q4	363	504	141	39
TOTAL	1,448	2,304	856	59
Source: AKI				

# LATEST STATUS FOR TANZANIA:REF TIRA REPORT



EFFECTIVE DATE  
FOR  
COMPULSORY  
MCI: 1<sup>ST</sup> JAN.  
2018

PROGRESS: AS  
UPDATED BY TIRA  
IN THEIR  
PRESENTATION



# LATEST STATUS FOR UGANDA



- RECONSTITUTING TASK FORCE
- HARMONIZING RATES
- SENSITIZATION ONGOING
- TARGETING URA AS A PORTAL FOR LOCAL MCI
- TARGETED DATES: 2019



# LATEST STATUS FOR ZAMBIA



Friday 29th Sept, 2017: Speech by Hon. Felix C. Mutati (MP), Minister for Finance, Republic of Zambia: “Mr. Speaker, with respect to insurance, the government will repeal and replace the Insurance Act to strengthen governance and financial soundness. The Bill will also seek to implement micro insurance and require citizens to insure locally, serve for re-insurance.”

The amended Finance Bill is in progress, now at the Attorney General’s Office

Expected to come into effect within 2018 or next Financial Year.

MCI Task Force was Established on 28.9.2017 during ISCOS INCOTERMS and Int’l Trade Workshop.

Inaugural meeting by MCI TASK Force held in January 2018 Agreed to develop regulation, submit draft, conduct Bench marking (Kenya, Tanzania) by Apr-June 2018



# CHALLENGES



**Conflicting Laws:  
enforcement is by the  
Revenue Authority while  
MCI law is under IRA**

**Stamp duty of 5  
SHS/10,000 INCREASES  
premium rate**

**Under-cutting.  
Poor Risk-  
Management  
due to  
Corporate  
Greed**

**Inability by the  
Industry to leverage  
Technology to meet  
the needs of  
Millennials – the Next  
Generation of Clients.**

**Some  
importers  
believe that  
MCI is not  
mandatory**

# THE BLUE ECONOMY





# **BLUE ECONOMY (B.E.): WHAT IS IT?**

- **IT IS THE USE OF THE OCEAN AND ITS RESOURCES SUSTAINABLY FOR SUSTAINABLE ECONOMIC DEVELOPMENT.**
- **IT SAFE GUARDS SUSTAINABLE OCEAN-BASED ECONOMIES AND ENSURES THAT COASTAL COUNTRIES BENEFIT FROM THEIR MARINE RESOURCES.**
- **MAIN QUESTION: IN TANZANIA, TO WHAT EXTENT IS BLUE ECONOMY UTILIZED TO CREATE MORE WEALTH?**

# BLUE ECONOMY POTENTIAL : HUGE RESOURCES FOR TANZANIA

Estimated Annual economic value of goods and services in the marine and coastal ecosystem in US\$ Million

Country	Fisheries	Tourism	Agriculture & Forestry	Mari-culture & Aquaculture	Mining & Energy	Ports and Transport	Total
Comoros	45	17	1	8	-	24	95
Kenya	5	4,153	21	1	179	100	4,459
Madagascar	587	308	11	7	85	36	1,034
Mauritius	208	1,190	527	0	-	25	1,950
Mozambique	356	145	5	-	83	60	649
Seychelles	314	247	729	10	-	6	1,306
Somalia	37	-	-	4	-	24	65
South Africa	769	1,734	264	8	1,450	1,500	5,725
Tanzania	31	4,008	2,097	1	932	30	7,099
Total	2,351	11,802	3,654	38	2,729	1,805	22,379

Source: UNEP



# **BLUE ECONOMY SPECIFIES SOME MARITIME RELATED ECONOMIC ACTIVITIES AS:**

- 1.FISHERIES AND THEIR VITAL ROLE IN PROVIDING FOOD  
SECURITY AND SUSTAINABLE LIVELIHOODS.**
- 2.COASTAL TOURISM AS A SOURCE OF DECENT EMPLOYMENT  
AND A CONTRIBUTOR TO POVERTY ALLEVIATION.**
- 3.SOURCE OF RENEWABLE ENERGY FROM WIND, WAVE,  
TIDAL, THERMAL AND BIOMASS.**
- 4.MINERAL EXPLORATION: HYDROCARBON AND MINERAL  
RESOURCES.**
- 5.OCEAN AS THE PRIMARY MEDIUM OF GLOBAL TRADE  
TRANSPORT.**

# IMO's FAL CONVENTION

- **AIM:** To **facilitate maritime transport** by simplifying and minimizing the formalities, documentary requirements and procedures associated with the arrival, stay and departure of ships engaged on international voyages.
- Emphasizes **standardization** of documentation system developed by IMO to bring about uniformity and simplicity in the facilitation of international maritime traffic
- Enable **electronic exchange** of information to facilitate clearance processes for ships, persons and cargo
- Minimize **paperwork** required for inspection by adopting the IMO standardized forms for uniformity: eg general declaration, cargo declaration, ships store declaration, crew effects declaration, crew list, passenger list, dangerous goods, manifest, maritime declaration of health, etc



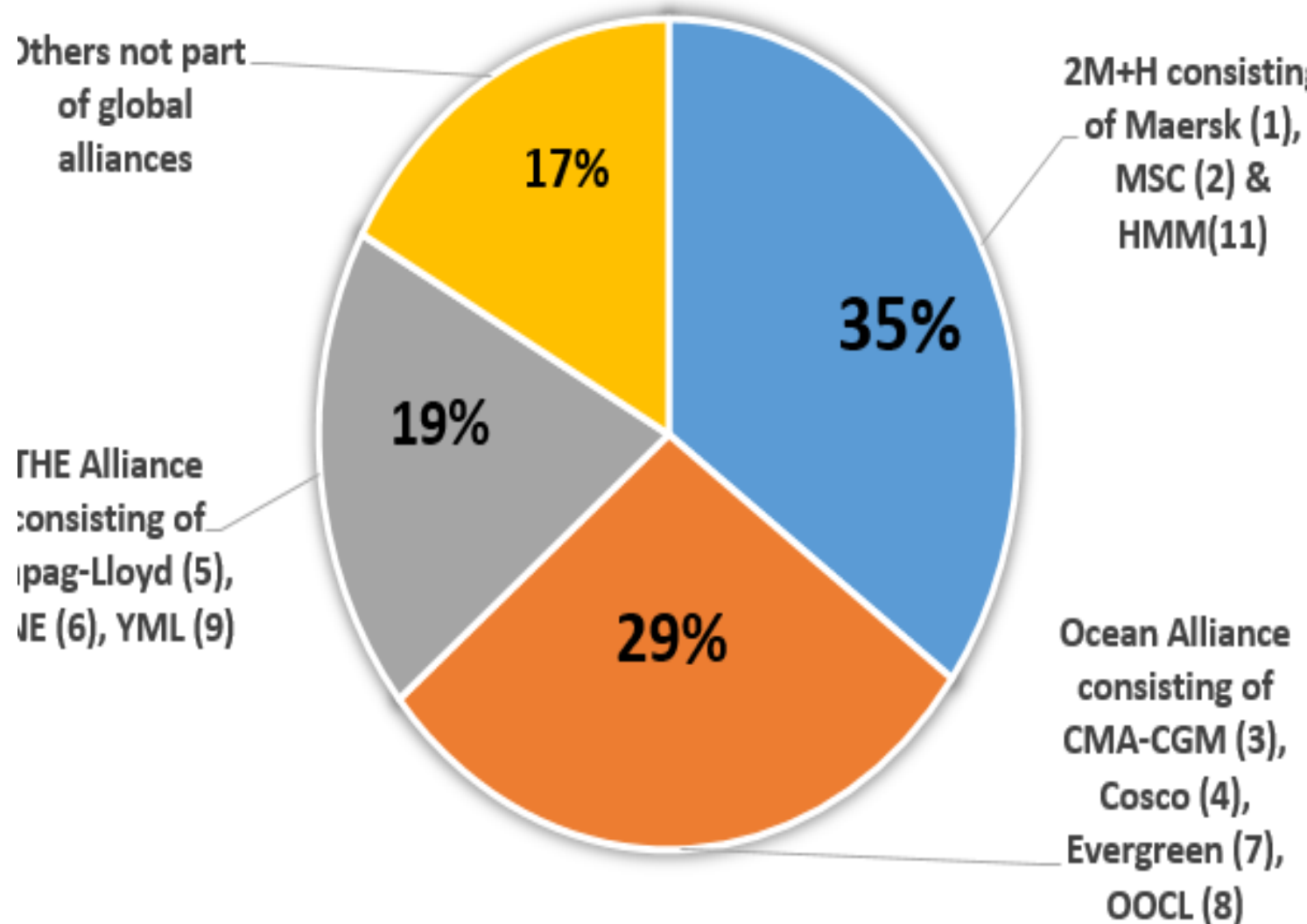
# INTEGRATED NATIONAL MARITIME SINGLE WINDOW (IMSW)

- **EFFECTIVE DATE:** 1.1.2019
- **GRACE PERIOD:** 3 MONTHS, TO EXPIRE 31.3.2019
- **SUGGESTION:** Establishment of a National Maritime Facilitation Committee/task force.

# ISSUES TO NOTE WHEN DEALING WITH ALLIANCES

- A GROUP OF OCEAN CARRIERS JOINING FORCES TO CREATE A COOPERATIVE AGREEMENT FORMING A STRATEGIC ALLIANCE COVERING VARIOUS TRADE ROUTES THROUGH COOPERATION BETWEEN ITS MEMBERS ON A GLOBAL LEVEL.
- CARRIERS CAPACITY TO YOUR ROUTE
- WHO IS THE VESSEL OWNER(HE HAS FIRST RIGHT OF REFUSAL IN CASE OF LIMITED SPACE)
- YOU MAY CONTRACT MORE THAN ONE CARRIER ON SAME ALLIANCE
- YOU MAY CONTRACT DIFFERENT CARRIERS FROM DIFFERENT ALLIANCES ON SAME ROUTE FOR FLEXIBILITY

## GLOBAL SHIPPING ALLIANCES





# CONTAINER DEPOSITS

- **WHY UNDESIRED BY CARGO OWNERS ?**

- INCREASES COST OF DOING BUSINESS
- TIES UP WORKING CAPITAL
- PAID INSTANTLY, REFUNDED BY STRUGGLE
- BURDEN FOR BIG VOLUMES
- HIGH RATES:
  - LOCAL: USD 500-1000/20', TWICE PER 40' CNTR
  - TRANSIT: 1000-2000/20' TWICE PER 40' CNTR
  - EVEN HIGHER FOR SPECIAL ONES: F/R, O/T, RF, SV, FLEXTANKS

# CONTAINER DEPOSITS AND GUARANTEE

## WHY CONTAINER DEPOSIT?

- RISK ASSUARANCE AGAINST:
  - DELAYS BEYOND GRACE PERIOD
  - DAMAGES
  - DETENTION
  - TOTAL LOST/STOLEN
  - MISUSED
  - ABANDONED
  - UNPROFESSIONALISM
  - LEGAL ENVIRONMENT

## CONDITIONS FOR REFUND

- UPON SUBMISSION OF:
  - RECEIPT OF DEPOSIT PAYMENT
  - REFUND APPLICATION NOTE
  - CONTAINER INTERCHANGE REPORT
  - CONTAINER GUARANTEE FOR



# WAY FORWARD?

- INTEGRITY
- PROFESSIONALISM
- CONTRACTS
- REVOLVING CONTAINER DEPOSIT
- ETC

# LASTING SOLUTION

## CONTAINER GUARANTEE BY INSURANCE

- MOUs: SHIPPING LINE, INSURANCE COMPANY, C&F ASSOCIATION
- ONGOING EFFORTS BY FEAFFA, ISCOS, IRU
- RWANDA: A PILOT PROJECT FOR TANZANIA AND KENYA?
- HOW FAR IN TANZANIA WITH MAERSK, SAFMARINE, UAP INSURANCE?
- WHAT NEXT AS OF NOW?

# IN LOGISTICS

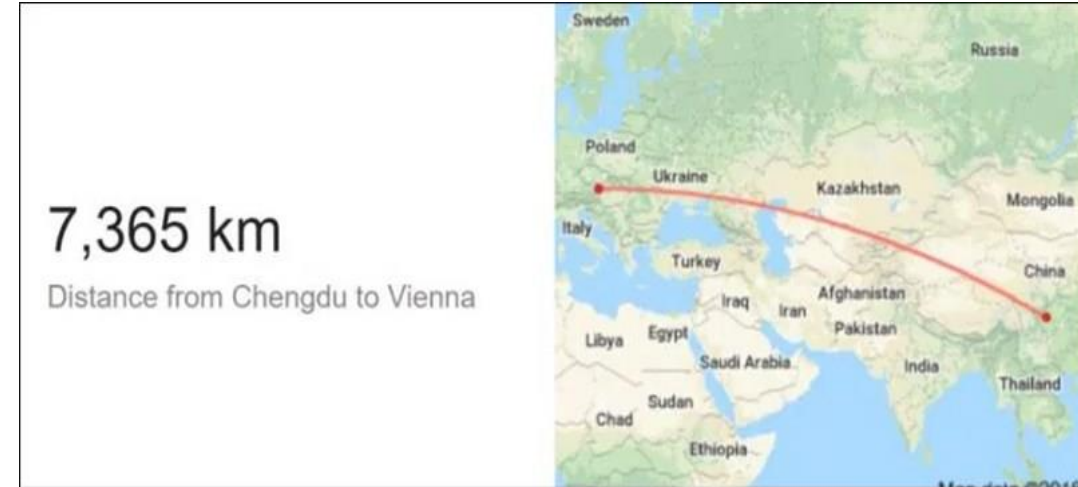
## GOOD-CHEAP-FAST: PICK ANY TWO !





# INTERMODAL TRAINS:FREIGHT RAIL EVOLUTION SIGNIFICANCE OVER SEA FREIGHT !

- CHENDU-VIENNA
- 7365 KM BY AIR:13.5 HRS
- 11098NM BY [SEA@15KNOTS:30.8](#) DAYS
- INTERMODAL TRAIN:600M, CARRIED 44 TEUS IN 14 DAYS FROM 12-27 APR 2018:9800 KM THRU KHAZAKHISTAN, RUSSIA, UKRAINE, SLOVAKIA
- CARGO: tyres, machinery, electronic equipment, lighting materials, day to day commodities and other general household goods.
- 1000 BY JAN-MARCH 2018, 75% HIGHER THAN JAN-MAR 2017
- TARGET 400-600 JOURNEY PER YEAR
- TRANSIT TIME: HALF OF SEA T/T
- CONNECTED TO MORE THAN 43 CITIES IN CHINA, 41 EUROPE, 13 COUNTRIES.



# CONCLUSION AND RECOMMENDATIONS

- **SPEED UP TO HAVE IN PLACE WAYFORWARD FOR IMO CONVENTIONS IMPLEMENTATION –FAL**
- **HAVE A TASK FORCE/COMMITTEE TO OVERSEE HAVING IN PLACE BLUE ECONOMY STEERING COMMITTEE**
- **ENHANCE EFFECTIVE USE OF INTERMODAL TRANSPORT DAR-MWZ-PORT BELL/BOKASA**
- **WE ALL HAVE OBLIGATION TO COMPLY TO NEW INSURANCE LAW**

# THANK YOU



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■ QUESTIONS?/COMMENTS?



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