



**ISCOS SECRETARIAT
(INTERGOVERNMENTAL STANDING COMMITTEE ON
SHIPPING)**

**REPORT OF THE 3RD MEETING OF THE TECHNICAL COMMITTEE
ON SHIPPING, MARITIME AFFAIRS AND TRADE FACILITATION,
HELD FROM 8TH – 10TH MAY 2019, AT SAROVA WHITESANDS
BEACH RESORT & SPA, MOMBASA, KENYA**

Nyali, Off Links Road,

Tel: +254 722 207940

Tel: +254 020 22332670

Tel: +254 020 2353490

P.O. Box 89112-80100

Mombasa.

Email: iscos@iscosafricashipping.org

Website: www.iscosafricashipping.org

REPORT OF THE 3RD MEETING OF THE TECHNICAL COMMITTEE ON SHIPPING, MARITIME AFFAIRS AND TRADE FACILITATION, HELD FROM 8TH – 10TH MAY 2019, AT SAROVA WHITESANDS BEACH RESORT & SPA, MOMBASA, KENYA.

INTRODUCTION

1. The 3rd meeting of the Technical Committee on Shipping, Maritime Affairs and Trade Facilitation was held from 8th to 10th May, 2019 at Sarova Whitesands Beach Resorts and Spa, Mombasa, Republic of Kenya.

ATTENDANCE

2. The meeting was attended by **delegates from the Republic of Kenya** (Ministry of Transport, Housing, Infrastructure, Public Works, and Urban Development, Ministry of Trade and Industry, KENTRADE, Kenya Ports Authority, Kenya Revenue Authority, Kenya Railways Cooperation, Kenya Freight Forwarders Association, the Kenya Ship Agents Association, the Kenya Car Importers Association, Association of Kenya International Freight and Warehousing Association), **delegates from the United Republic of Tanzania** (Ministry of Works, Transport and Communications, the Tanzania Shippers Council), **delegates from the Republic of Uganda** (Ministry of Works and Transport, the Uganda Shippers Council) and **delegates from the Republic of Zambia** (Zambia Cargo and Logistics Limited-ZAMCARGO, Mpulungu Port Harbor). Also in attendance were Regional Organizations (The Northern Corridor Transit Transport Coordination Authority - NCTTCA, Port Management Association of Eastern and Southern Africa - PAMEASA and the Federation of East Africa Freight Forwarders Association - FEAFFA). The region's partner in the fight against Maritime Piracy, the EU Naval Force, Kenya Delegation was also in attendance. The full list of delegates is attached as **Annex 1** of this document.

OPENING OF MEETING, CONFIRMATION OF THE BUREAU, ADOPTION OF THE AGENDA AND ORGANIZATION OF WORK

OFFICIAL OPENING OF THE MEETING (Agenda Item No. 1)

Opening remarks by the Chair

3. The meeting was opened and Chaired by Eng. Aron Johnson Kisaka, Director of Transport Services, Ministry of Works, Transport and Communication, United Republic of Tanzania. In his opening remarks, the Chairperson welcomed delegates to the 3rd meeting of the Technical Committee on Shipping, Maritime Affairs and Trade Facilitation. He thanked the Kenyan government for hosting the meeting and the Secretariat for the warm reception accorded to him and his delegation since their arrival in Mombasa. He expressed his gratitude for participating and chairing such a meeting for the first time, and said he was looking forward to having a productive and fruitful session.

4. Eng. Kisaka informed the delegates that the purpose of the meeting was to identify, consider, deliberate and review industry issues affecting the region as a whole, and added that the platform would also help in guiding the region on modalities of interfacing with international service providers in the Shipping, Maritime Transport and Trade Facilitation industry.
5. He then wished Members fruitful deliberations and declared the meeting officially opened.

Statement by the Secretary General

6. The Acting Secretary General, Mr. Kassim Mpaata welcomed delegates to the meeting. He took note of the presence of strong delegations from the Member States, saying this was a clear sign of the importance which Members attach to the ideals of ISCOS. He also took recognition of the Regional Economic Communities present which he said was also a sign of collaboration between trade facilitation institutions. He also noted the presence of the EU Naval Force who have been and continue to be the region's partner in the fight against Maritime Piracy and other Maritime crimes.
7. Mr. Mpaata thanked the Chair and all Member States for facilitating the holding of the meeting and for the support accorded to the Secretariat in all our endeavours. He paid glowing tribute to all delegations for honouring ISCOS' invitations and for the overwhelming support they continue to give to the institution in its advocacy for competitive shipping services in the region.
8. The Acting Secretary General noted that Shipping is an international industry, and the movement of cargo is an aspect of many players, various policies, and multiple modes of transport and different conditions in every segment. He further pointed out that despite the presence of trade facilitation initiatives at various levels in the region, the Shipping and Logistics sectors continue to face enormous challenges and impediments to trade. He therefore noted the importance of collaboration between industry players if the region was to realize seamless flow of trade, seamless connectivity, efficiency and competitive costs in doing business. Mr. Mpaata said the provision of a platform for industry stakeholders was one of the functions of this committee.
9. Turning to the business of the day, Mr. Mpaata noted that the Committee would be considering a number of issues cutting across Shipping, Maritime Transport and Trade Facilitation, expressing optimism that at the end of the Meeting, Members would be coming up with value adding recommendations and action points going forward. He called for a free atmosphere of discussions and wished Members and everybody fruitful deliberations.

Statement by Head of delegation, Republic of Kenya

10. Mr. Daniel Njuguna Mwaura, Chief Economist, State Department for Maritime and Shipping, Ministry of Transport, Infrastructure, Housing, Urban Development and Public Works made his opening remarks. He welcomed delegates to the meeting and said Kenya was proud to host the meeting and was looking forward to very fruitful deliberations. He expressed optimism that delegates will find time amidst the busy

schedule to explore the beauty of Mombasa. He said Kenya has recorded some milestones in Transport and that the first phase of the Standard Gauge Railways (SGR) from Mombasa to Nairobi is complete, while the second phase to Naivasha is almost complete for onward extension to Kisumu and Malaba. He was happy that the meeting was called at the time that there was need to hear more from different industry players so that various challenges being faced can be analyzed and mitigating measures identified and implemented. He wished delegates a successful meeting.

Remarks by Head of delegation, Republic of Uganda

11. Mr. George Muhenda Rukara, Commissioner for Maritime Administration, Ministry of Works and Transport welcomed delegates to the meeting. He thanked the Secretariat for the invitation and delegates for their attendance. He said he was happy with the wide stakeholder attendance of the meeting, which, he said, has been rare in ISCOS. He was encouraged by the presence of a number of women in the delegations saying this is a sign of the growing number of women in the Shipping and Maritime sector. He urged the Secretariat to continue having such meetings as these represent the best forums to address the numerous challenges that the industry is facing. Mr. Rukara informed the meeting that ISCOS recently held a meeting in Kampala with insurance stakeholders on Marine Cargo Insurance and was optimistic that MCI will soon be fully implemented in the Republic of Uganda. He wished delegates fruitful deliberations.

Remarks by Head of delegation, Republic of Zambia

12. Mr. David Chimfwembe, Director & CEO, Zambia Cargo Limited welcomed delegates to the meeting. He thanked the Secretariat for the warm reception and Kenya for hosting the meeting. He reaffirmed Zambia's commitment to the objectives of ISCOS. Mr. Chimfwembe said that such meetings are very important and if possible should be held more often to ensure that challenges facing the Shipping and Maritime sectors are addressed. He further informed the meeting that he was looking forward to finding solutions to the numerous challenges that the sector is facing, aimed at reducing the cost of doing business while increase competitiveness of ports and other service providers in the region. He wished Members good and friendly deliberations.

Remarks by Representative of the NCTTCA

13. Mr. Elias Leju Leonardo, Director, Monitoring & Evaluation, Northern Corridor Transit Transport Coordination Authority Secretariat (NCTTCA) thanked ISCOS for the invitation. He sent apologies that the Executive Secretary was unable to attend as he was attending to other tasks outside Mombasa. He said NCTTCA has always enjoyed the good relations with ISCOS in the facilitation of Trade in the region, and looked forward for further collaboration between the two institutions in the facilitation of Trade. He wished all delegates a wonderful meeting.

CONFIRMATION OF THE BUREAU (Agenda Item No. 2)

14. The United Republic of Tanzania is the current Chair, Kenya is the 1st Vice Chair, Uganda the 2nd Vice Chair and Zambia the Rapporteur.

ADOPTION OF THE AGENDA (Agenda Item No. 3)

15. The meeting adopted the proposed Agenda with minor amendments, as follows:

- i. Official Opening of the Meeting*
 - a) Statement by Chair of the Tech. Committee*
 - b) Statement by the Secretary-General*
 - c) Statements by Heads of Delegations*
 - *The Republic of Kenya*
 - *The United Republic of Tanzania*
 - *The Republic of Uganda*
 - *The Republic of Zambia*
- ii. Confirmation of the Bureau*
 - *Chairperson - United Republic of Tanzania*
 - *1st Vice Chairperson - Republic of Kenya*
 - *2nd Vice Chairperson - Republic of Uganda*
 - *Rapporteur - Republic of Zambia*
- iii. Adoption of the Agenda*
- iv. Consideration of developments, initiatives and challenges in the Shipping, Maritime and Freight Logistics sectors of the region*
- v. Others*
- vi. Adoption of the Report, Recommendations and Resolutions of the Technical Committee*
- vii. Any other Business*
- viii. Closing of the Meeting*

CONSIDERATION OF DEVELOPMENTS, INITIATIVES AND CHALLENGES IN THE SHIPPING, MARITIME AND FREIGHT LOGISTICS SECTORS OF THE REGION (Agenda Item No. 4)

16. The meeting considered the developments, initiatives and challenges in the Shipping, Maritime and Freight Logistics sectors of the region under the following headings:

- a. ISCOS' drive towards the implementation of appropriate laws on Marine Cargo Insurance (MCI) in Member States.
- b. The gains made through the introduction of Single Window System as a tool for trade facilitation.
- c. Container deposits: Experiences, challenges and possible solutions.
- d. The Global fight against Maritime crimes eg. Piracy and Stowaways: Current status and associated costs.
- e. The Role of Inland Container Depot (ICD/CFS) in light of infrastructural development: Challenges, Opportunities and sharing experiences.
- f. Implementation Status of SOLAS (VGM) and the preparedness of ISCOS ports in regard to the IMO FAL Convention.
- g. The advancement of technology and its influence on the shipping industry: Case of Blockchain, smart containers, e- documents technologies.
- h. Port Performance and initiatives to enhance productivity.
- i. Standard Gauge Railway (SGR) Developments: Opportunities, Challenges and Sharing experiences.
- j. The role of shippers' councils in advocating for shippers interests in the region: Sharing Experiences (Kenya, Tanzania, Uganda, Zambia and Zanzibar).
- k. Maritime Safety at Sea and Inland waterways: A Case of marine accidents in the region.
- l. Customs Modernization initiatives for trade facilitation in the region.
- m. Stakeholders Participation in the Improvement of Ports Performances: The Status/progress of the Mombasa Port Community Charter (MPCC), Dar Port Improvement Committee (PIC).
- n. Progress towards the implementation of the WTO Trade Facilitation Agreement (TFA): Category A, B and C Measures.

Presentations on the above topics are attached as Annex 2a-n of this document.

Deliberations

a) ISCOS' drive towards the implementation of appropriate laws on Marine Cargo Insurance (MCI) in Member States.

17. The Meeting deliberated the ongoing initiative to implement appropriate Laws on Marine Cargo Insurance and noted that:

- i) Laws in each of the Member States require all Marine Insurance business to be placed with local Insurance companies. However this was not the practice by the majority of shippers (importers and exporters), (especially prior to the advisory notes by ISCOS), who import goods on Cost, Insurance and Freight (CIF) basis, and export on Free on Board (FOB) basis.
- ii) The practice of placing MCI with foreign insurance firms was making ISCOS Member States to loose over One Billion United States dollars per annum in Insurance premiums.
- iii) In fulfillment of one of its Advisory functions, ISCOS advised the Member States to enforce appropriate laws on MCI.
- iv) The implementation of the same is at different levels in each of the ISCOS Member States of Kenya, Tanzania, Uganda and Zambia.

Recommendations and action points

18. Members discussed and recommended that:

- i) ISCOS should continue sharing information on best practice on the implementation methods of MCI.
- ii) ISCOS should continue to monitor and ensure the Insurance Laws are enforced in all Member States.
- iii) Even though Insurance Law is hosted by Insurance Regulatory Authorities, Revenue Authorities as implementers as well as other relevant organizations should work with other Stakeholders in each of the Member States if MCI Localisation is to be realized.
- iv) Member States should consider making MCI Mandatory in order to deter shippers from choosing to obtain MCI offshore, then be double charged, which does not add any value to the Economies.
- v) ISCOS should help in sharing information on the need for the digitization of MCI platforms as has been done in Tanzania.

- vi) The Kenya Government to continue reviewing the application of Stamp duty of Kshs.5 per Kshs.10,000 paid on MCI premium which seems to be making local MCI more costly than foreign Insurance.
- vii) Other Member States who are still in the process should consider getting lessons from Member States who started implementing the MCI laws earlier, Kenya and Tanzania inclusive on the challenges they faced during the enforcement of MCI laws.
- viii) The Republic of Kenya should speed up sorting the dilemma facing the two main implementing authorities, namely Insurance Regulatory Authority (IRA) on whom the Insurance law is anchored but the organization is not on the ground and Kenya Revenue Authority (KRA) is on the ground but cannot enforce the mandatory MCI domestication because KRA's mandate is to collect correct import duty even in the absence of an MCI certificate/value through imposing the 1.5% on CFR in order to obtain the needed CIF value.
- ix) All insurance companies in Kenya should be encouraged to effectively utilize the common Single Window System platform provided by KENTRADE to submit the MCI certificate which is not only simplifying import documentation but also enables the proper capturing of the local MCI statistics.

b) The gains made through the introduction of Single Window System as a tool for trade facilitation.

19. The Meeting considered the gains and successes registered in the implementation of the Kenya National Single Window System, as presented by the CEO of KENTRADE. Members considered this as a case of the growing need to simplify the submission, processing, and authorization of import and export documentation using electronic means.

Deliberations:

20. The Meeting deliberated the case of the Single Window System in handling Import and export trade documentation and noted that the Platform had:

- i) Greatly improved service delivery to customers by reducing cargo clearance times.
- ii) Facilitated electronic interaction of all stakeholders in facilitating import and export business.
- iii) Reduced paper transactions by adopting electronic processing of Customs and related documents.
- iv) Had saved huge amounts of money through considerable reduced time.
- v) Enabled a modern and open transaction processing system that is capable of interfacing with other internal and external systems.

- vi) Nevertheless faced some challenges such as: Resistance to Change by the business community, Scope Creep, Cyber security, Conflicting Legal mandates amongst PGAs. The system was also facing challenges of lack of harmonized data repositories between all the stakeholders such as HS codes; integrated tariffs; UN Lo-codes, Vessel information and data, importers and exporters; Banks branches. It was also noted that the cost of ownership of ICT systems is prohibitive and more resources need to be allocated.

Recommendations and action points

- 21. ISCOS should advocate for National Electronic Single Window System implementation across the region in order for the region as a whole to enjoy the benefits of electronic systems in handling documentation in trade which will reduce the cost of doing business across the region. Implementation of similar platforms across the region would also enhance trade policy harmonization and simplify the sharing of information.

c) Container deposits: Experiences, challenges and possible solutions.

- 22. The Meeting noted that in the carriage of containerized cargo, carriers come up with mechanisms for compelling shippers to not only return empty containers but also in time and in good condition. Some of the mechanisms include a commitment by the freight forwarder to secure the guarantee on behalf of a shipper and make container deposits which would be refunded once the empty containers are brought back. While the carriers argue that this is the only appropriate way to compel shippers to return the containers, shippers are grappling with tied up capital in container deposits and delayed processing of refunds.

Deliberations

- 23. Members discussed the issue of container deposits and noted that:

- i) Container deposit is a requirement of the shipping lines to secure safe/timely return of sea freight containers to the shipping lines upon delivery of cargo.
- ii) Refunds are not always prompt upon return of the container and in most cases experiences unnecessary delays in the processing of refunds.
- iii) Shippers/freight forwarders in the East African Region have a huge amount of their business finance held by shipping lines on account of container deposits due to delayed refunds.
- iv) The practice has taken root in the region with container deposits amounting to USD 500-2,000 deposited as cash per container depending on final destination of the container.
- v) The amount of money tied up in container deposits in this region runs into millions of US dollars.

- vi) Refund is often subjected to deductions related to other charges such as container demurrage, damage, lost containers and cleaning charges.
- vii) A good number of shipping lines' containers remain unreturned or lost by shippers and C&F agents.

24. Members noted that while the concerns of the shippers were valid, the shipping lines also needed to secure their containers for safe and timely return for their equipment.

Recommendations and Action Points

- i) ISCOS should work with other stakeholders in the search for an alternative to container cash deposits which serves both interests.
- ii) ISCOS should create awareness amongst shippers, freight forwarders on ways of negotiating for better terms with carriers.
- iii) ISCOS should work with the Shipping Lines calling in the region with a view of encouraging structured deliberations on this matter.
- iv) ISCOS should also work with the FEAFFA, Shipping Lines, the Shippers' Councils in the region and the Insurance Industry, with a view of examining the possibility of having Insurance guarantees as a solution to the cash container deposits problem.
- v) ISCOS should educate shippers on the importance of integrity, and the need to build trust and rapport with the shipping lines, as this can help to mitigate the need for deposits.
- vi) Shippers are obliged to not only return empty containers but also return them timely and in same condition they delivered when clearing the goods with import containers.
- vii) Shipping lines are obliged to promptly refund the container deposit due once the empty container has been returned.

d) The Global fight against Maritime crimes eg. Piracy and Stowaways: Current status and associated costs.

Deliberations:

25. The Meeting:

- i) Noted that the menace of Maritime Piracy has greatly affected the region, introducing new dimensions in Maritime Transport and coming with heavy costs.
- ii) The fight against piracy including deterring measures have also brought about new ship operating costs which are ultimately passed to shippers, making imports costly and exports less competitive in international markets. This is the piracy surcharge.

- iii) Although Incidences of Piracy had greatly declined, there was continuous need for the region to remain vigilant.
- iv) The EU Navel force has been instrumental in curbing cases of Maritime Piracy in the region.
- v) The EU Naval Force has worked closely with the International Shipping Industry in order to combat the vice of piracy.
- vi) The continuity of the EU Naval Force operations is not guaranteed as there have been indications of its intended withdrawal before. The region on its own does not seem to have contingency plans to secure its Maritime Waters.
- vii) As to the financing of operations, the meeting was informed that EUNAVFOR was being financed by Governments such as Spain, Italy and German.
- viii) In addition to the presence of other regional and world-wide security measures, Carriers have also put deterring measures on their ships whose cost is passed on the shippers.

Recommendations and Action points:

- i) ISCOS should continue collaborating with EU Naval Force in monitoring the trends of piracy and other Maritime Crimes in the region.
- ii) ISCOS should inquire into the continued need by Shippers to pay Piracy Surcharge even when incidences of Piracy have subsided.
- iii) The Regional Governments should be made aware of the possible withdrawal of the EU Naval force and therefore the need for contingency plans to ensure security of the Maritime activity in the region.
- iv) Surveillance of the regional waters should also aim at curbing other maritime menace such as drug and human trafficking. ISCOS should take up the matter with the Kenya Maritime Authority, TASAC and the EU Naval force.
- v) ISCOS should follow up with the EU Naval force on the classification of risk Zones in the Indian ocean, since this classification carries cost implications to the region.
- vi) Countries in the region should continue collaborating and engaging each other to share intelligence information to fight piracy and other marine crimes.
- vii) The EU Navy Force to share information on the implementation of Best Management Practice (BMP) requirements by carriers.

viii) ISCOS to continue inviting EU NAVFOR to similar Trade Facilitation forums in order for the region to be kept abreast of developments in the area of Maritime Crime.

e) The Role of Inland Container Depot (ICD/CFS) in light of infrastructural development: Challenges, Opportunities and sharing experiences.

Deliberations:

- i) The Meeting recalled that the concept of ICDS/CFSs was borne out of the need to decongest ports, in light of increasing volumes of cargo especially containerised freight vis-à-vis apparent limited space within the ports. The situation was an opportunity to the private sector, especially the ICDS/CFSs operators, who invested a lot in ICDS/CFSs.
- ii) Of late, there have been several developments in the Logistical Chain, including port expansion programmes, technology advancement in handling cargo and policy interventions of varying magnitude. There are also ongoing investments in the road and the railway sectors, all this contributing to a debate on the future of ICDS/CFSs and their continued role in creating relief to the ports.
- iii) With the presence of SGR in Kenya, the ICDS/CFSs feel short changed, as there is a directive that Nairobi and up country bound cargo should be evacuated by SGR, thereby by denying the Mombasa ICDS/CFSs business.
- iv) The Status quo of ICDS/CFSs in Dar es salaam/Tanzania is that ICDS/CFS are required to be stationed at least 30 KMs away from the city, in order to avoid congestion in the city. However, it was also noted that the Cargo eventually finds itself transported back to the city centre since most of the Cargo in Tanzania is consumed in the city centre. This creates additional costs to cargo owners.

Recommendations and Action points:

- i) CFS/ICDS in Kenya should endeavour to evolve and reposition themselves in light of the emerging changes, as it may be inevitable that Government's development Agenda may still affect some industry practices.
- ii) CFS's/ ICDS in collaboration with other private sector stakeholders should continue engaging Governments on the right of the Shipper to nominate the point of delivery vis-à-vis the Kenya Government directive on carriage of containers destined to Nairobi and upcountry bound Cargo on SGR.
- iii) ISCOS in collaboration with the Tanzania Shippers' Council and the TASAC should re-examine the kind of cargo to be hauled to such ICDS, wider implications of the 30km directive on ICDS/CFSs and advise the Government of Tanzania accordingly.

f) Implementation Status of SOLAS (VGM) and the preparedness of ISCOS ports in regard to the IMO FAL Convention

Deliberations

26. Members deliberated the preparedness of the region in the implementation of the IMO introduced International Maritime Conventions and noted that:

- i) It is important for the regional ports, shippers and other stakeholders in the shipping industry to be aware of and implement/adhere to the International Maritime Conventions introduced from time, in order to be compliant with global standards in the Maritime industry.
- ii) ISCOS has been at the forefront of creating awareness about developments in the International Maritime Conventions issued by the International Maritime Organisation from time to time.
- iii) Safety of Life at Sea (SOLAS) Convention Chapter VI, Regulation 2 on cargo information was amended by the International Maritime Organisation (IMO) to compel a shipper to provide a verified gross mass of a packed export container with effect from 1st July 2016 in order to minimize accidents caused by container weight mis-declarations.
- iv) In recognition of the need to facilitate maritime traffic by simplifying and reducing formalities, documentary requirements and procedures on arrival, stay and departure of ships engaged in international voyages, IMO established the FAL Convention which provided a set of documents which various authorities at the port can demand from a ship. It also sets limits on the volume of information that should be demanded by authorities at the port.
- v) It is now mandatory to submit such information electronically in such a way that submission is made once for each interested party to share. The effective date is 1st April 2019 with a window up to 30th June 2019 during which both electronic and hard copy transmission of information will apply.

Status of preparedness in Kenya

27. The meeting was appraised that:

- i) Guidelines and standards for implementation of the standards were developed by the Port Authority in collaboration with Maritime Regulatory Authority and other stakeholders.
- ii) Registration and licensing of service providers framework was developed. Approved and licensed service providers list is available on the maritime regulator.
- iii) Working steering committee under chairmanship of KPA was constituted to oversee implementation.

- iv) Mapping of VGM requirement on the terminal operating system was done by KPA.
- v) Regulations to guide implementation of SOLAS VGM requirement was developed by the Maritime Regulator.

Status of preparedness in Tanzania

28. In the absence of the relevant institutions from Tanzania, it was reported by the Tanzania Shippers Council reported that VGM requirements were generally being followed successfully.

Recommendations and Action points:

- i) ISCOS in collaboration with the National Maritime Administrations should continue creating awareness to other authorities and shippers at large about international Maritime conventions in the Member States and the region. Awareness campaigns should also include the Land linked countries using the ports of Mombasa and Dar es Salaam.
 - ii) In order to avoid interruptions on transit exports, Shippers should ensure to weigh and obtain VGM certificates at authorised points within their political territories.
- g) The advancement of technology and its influence on the shipping industry: Case of Blockchain, smart containers, e- documents technologies.**

29. The Meeting noted that:

- i) In order to cope with today's supply chains needs, especially in the movement of cargo from point A to point B, whereby a shipper wishes to have real-time visibility of the consignment be it on high seas, at the port or on the road or rail, has triggered the coming of smart containers and smart ship decks and use of Blockchain technology in sharing of information and making payments.
- ii) In the quest for reducing printing and courier costs, the use of e-documents such as e-Bill of Lading and e-Delivery Order has been introduced.
- iii) The inevitability of technological developments in today's world demands that the region adapts to these developments continuously in order to keep with the pace of change in the shipping industry.

Recommendation and Action Points

- i) Regional Port Authorities should collaborate with the global lines currently piloting the blockchain solutions to be partners in this innovation.
- ii) ISCOS should spearhead formation of Block chain Taskforces in its Member States and start sensitizing and training their shipping communities on block chain based technology applications

- iii) ISCOS should continue working with the shipping lines in obtaining developments in shipping technology and appraising the region accordingly.

h) Port Performance and initiatives to enhance productivity.

Deliberations

30. The meeting:

- i) Noted that development in port infrastructure and operations in the region has contributed immensely to improved port performance, with the major KPI's improving continuously.
- ii) Observed that there has been a ban to transship at Mombasa of House to House containers to Zanzibar and Pemba by KRA and KPA as a result of request by TRA. It was observed that this creates challenges to the capacity of Zanzibar Ports.
- iii) Took note of the KPA's continued collaborations with stakeholders in addressing emerging challenges.
- iv) Underscored the need for inland ports sharing lakes to be coordinated in promoting multimodal connectivity with corridors.

Recommendation and Action points:

- i) Kenya Ports Authority should work with Kenya Revenue Authority and Tanzania Revenue Authority to facilitate and promote the transshipment business at the port of Mombasa, as also discussed in Arusha bilaterally by the United Republic of Tanzania and Kenya recently.
- ii) ISCOS should follow up the matter with these authorities.
- iii) KPA and TPA should continue working towards becoming world class ports.

i) Standard Gauge Railway (SGR) Developments: Opportunities, Challenges and Sharing experiences

Deliberations:

31. The meeting:

- i) Took note of the development on the Standard Gauge railway along the Northern Corridor which is being implemented in phases. The first phase from Mombasa to Nairobi was completed in 2017, Phase 2A – Nairobi to Naivasha was set to be operational in June 2019; Naivasha-Kisumu-Malaba was at feasibility stage. Other developments in line with SGR on the pipeline were Naivasha dry ports, development of 800 acres depot in Athi River to handle dry bulk i.e Clinker, Steel and Grain.

- ii) Took note of the development of the SGR along the Central Corridor which was also being developed in phases. The first phase from Dar Es Salaam to Morogoro was expected to be completed by the end of 2019 while the second phase from Morogoro to Makutopola was expected to be completed by 2020.
- iii) Took cognizance of role played by SGR in evacuating cargo from the port of Mombasa to Nairobi ICD, albeit with some teething problems/challenges which are being sorted out.
- iv) Noted that other players in the supply chain, especially the CFSs/ICDS based in Mombasa are not comfortable with the Kenya Government's directive which requires all Nairobi bound cargo to be transported by SGR, denying them of business.
- v) Noted the freight forwarders complaint that the total cost of Transporting Cargo by SGR to Nairobi including the last mile costs was higher than transporting it by road, adding that if the Kenya Government's directives were reviewed today, Shippers would prefer road transport.
- vi) There are some delays in the return of containers from Nairobi to Mombasa, resulting in demurrage costs with the Shipping Lines.

Recommendations:

- i) KRC should endeavor to review the rates in order to compete with road transporters.
 - ii) KRC in collaboration with KPA to ensure seamless and timely return of empty containers from Nairobi.
 - iii) In running SGR in Tanzania, Tanzania Railways Corporation should learn some lessons from Kenya Railways operations in order to mitigate cited challenges.
 - iv) Shippers/clearing and forwarding to continue supporting SGR by clearing their cargo on time
- j) Maritime Safety at Sea and Inland waterways: A Case of marine accidents in the region.**

Deliberations:

32. The meeting noted that:

- i) The statistics on the status of selected Marine Accidents in the region were alarming and decried the continuous loss of lives on the regional water bodies.

- ii) Water transport is a regional issue as boats and vessels often operate across political boundaries.
- iii) Despite the Existence of International, Continental and Regional Conventions/Agreements on Maritime Safety and Security, Accidents on Water Transport were a Common Occurrence not only in ISCOS Member States of Kenya, Tanzania, Uganda and Zambia but the Sub-Saharan Africa region at large hence the need for locally generated mitigating measures.
- iv) Accidents had led to loss of vessels, goods and lives, negatively impacting on regional economies especially on lakes like Tanganyika, Victoria and the sea side.
- v) The causes of accidents were many, but overloading due to demand and little supply of vessels being major. Poor state of vessels compounded by lack of adequate supervision and inadequate safety measures were also cited as the leading causes of accidents.
- vi) Took note of some measures being taken by International partners to enhance safety on lake Victoria

Recommendations

- i) Governments should enhance the enforcement of Maritime Transport Safety Laws in order to reduce the number of accidents.
 - ii) ISCOS should help Governments convene regular consultative meetings among policymakers, safety managers, researchers and other essential stakeholders responsible for maritime safety and security from both the public and private sectors in the region.
 - iii) Governments should prioritize and increase funding to the Water Transport Sector in relation to road and railway developments.
 - iv) Public/Private investments in the provision of training and skills for proper Seamanship development in the region should be encouraged.
 - v) ISCOS to collaborate with LTA and LVBC on the enhancement and improvement of maritime safety and security measures at regional level.
- k) The role of Shippers' Councils in advocating for shippers interests in the region: Sharing Experiences**

Deliberations

33. The meeting considered the role of Shippers' Councils in the region and:

- i) Noted that ISCOS had played a commendable role in forming Shippers' Councils throughout the region, including providing technical, structural and financial support.
- ii) Noted the need and importance of vibrant Shippers' Councils in the region.
- iii) Expressed concern over lack of sustainability measures, and of adequate funding for most of the Shippers' Councils in the region which impedes their effectiveness.

Recommendation and Action points

- i) Shippers' Councils should strive to sustain their operations by building their membership base.
- ii) Shippers' Councils should share on a regular basis, their activities and operations.
- iii) ISCOS should continue assisting Shippers' Councils to build capacity, sustainability and awareness whenever possible.
- iv) Governments should also endeavor to support Shippers' Councils and provide some funding to these bodies whenever possible.
- v) ISCOS should assist the regions Shippers' Councils to benchmark their operations and structures with the most celebrated Shippers Councils in Africa whenever possible.

l) Customs Modernization initiatives for trade facilitation in the region

34. The meeting considered initiatives being taken by Revenue Authorities in facilitating clearance of cargo through borders. The Meeting considered the case of Kenya Revenue Authority.

Deliberations

35. Members:

- i) Took note of the automation of cargo clearance procedures through the Simba System (web based) and its subsidiary systems, i.e. Manifest Management System (MMS) and the Customs Oil Stocks Information System (COSIS).
- ii) Noted that the piloting of the cargo clearance system of the Integrated Customs Management Module (iCMS) was a success.
- iii) Underscored the importance of the recently rolled out Integrated Scanner System linking all scanners countrywide and enhancing non-intrusive inspection of goods to improve cargo clearance.
- iv) Applauded the Authority on the implementation of 24/7 operations at border post.

- v) Noted the regional initiatives to quicken procedures and processes, such as the One Stop Border Posts (OSBPs), Regional Authorized Economic Operator Programme (AEO), Single Customs Territory (SCT) and Regional Electronic Cargo Tracking System (RECTS)

Recommendations and Action Points

- i) Revenue Authorities should continue to sensitize stakeholders on the benefits of reforms and modernization.
- ii) Revenue authorities should endeavor to bring stakeholders on board at the inception and implementation stages of new changes and give enough time for the industry to adjust.
- iii) KRA and TRA as the lead Boarder Agencies should make frantic efforts to follow up on the operationalization of Lungalunga/Horohoro into fully-fledged OSBP which has taken a longtime to be actualized even when the physical infrastructure is already in place. ISCOS should continue monitoring and reporting on progress.

m) Progress towards the implementation of the WTO Trade Facilitation Agreement (TFA): Category A, B and C Measures.

Deliberations:

36. Members noted that:

- i) During the Bali Ministerial Conference in 2013, WTO members concluded negotiations on a Trade Facilitation Agreement as part of a wider “Bali Package”. Further, and on 27th November, 2014, WTO members adopted a Protocol of Amendment to insert the new Agreement into Annex 1A of the WTO Agreement in line with the decision adopted in Bali, Indonesia.
- ii) ISCOS Member States are developing Countries and enjoy flexibility in the implementation of the Agreement in accordance with the Special and Differential Treatment principle. For example in September, 2014, Kenya completed her Trade Facilitation needs assessment and categorized the trade facilitation measures into Categories A, B and C, as per Article 14 of TFA.
- iii) Measures have been undergoing reviews; as to date, categorization is as follows:

No.	CATEGORY	NO. OF MEASURES
1.	A	6
2	B	9
3	C	23
	TOTAL	38

- iv) Kenya ratified the WTO TFA Agreement on 10th December, 2015 and the rate of implementation in all categories stands at 7.1% while 92.9% of commitments were yet to be notified.
- v) There was no information on the above in regard to Tanzania, Uganda and Zambia.

Recommendations and Action points

- i) ISCOS to verify the status of Tanzania, Uganda and Zambia on the ratification and official notification of the above WTO TFA Agreements.
 - ii) ISCOS should endeavor to sensitize Member States on the need to ratify the agreement and ensure that official notifications of category B and C to WTO are submitted accordingly including measures that have already been implemented.
 - iii) The Ministries of Trade and other stakeholders in the Member States should be advised to sensitize the business community and other relevant stakeholders on the importance of WTO TFA.
 - iv) Members of the Various Technical Working Groups in Kenya to explore the possibility of holding monthly meetings for the purposes of expediting the implementation of TFA.
- n) Stakeholders Participation in the Improvement of Port Performance: Status/progress of Mombasa Port Community Charter (MPCC), Dar Port Improvement Committee (PIC)**

a) MPCC

Deliberations:

37. The meeting noted that:

- i) The MPCC was signed on 30th June 2014 in order to bring together interveners in the seamless flow of cargo from and to Mombasa Port.
- ii) The MPCC is unique partnership of 25 signatories of which 13 are public organizations, 9 private organizations and 3 special interested regional organizations.
- iii) Signing of MPCC was witnessed by His Excellency Uhuru Kenyatta, the President of Republic of Kenya in order to bring more accountability to each signatory of the charter.
- iv) The MPCC is an extensive consultative platform for all port stakeholders for enhancing an efficient, effective and competitive port and logistics supply chain along the Northern Corridor and its environment.

- v) The general objective of the MPCC was to transform the Mombasa Port into a high performing landlord port through effective implementation of the set charter goals.
- vi) The KPIs of the charter are monitored and observed through the regularly and real time updated dash board.
- vii) Some main charter achievements such as:
 - Successful operationalization of the National Single Window System.
 - Increased capacity for port inland haulage, including completion of 2nd container terminal and SGR Mombasa-Nairobi project.
 - Launch of ICMS.
 - Full operationalization of the Northern Corridor Dash Board.
- viii) Although the MPCC have generally improved the performance of Mombasa Port, it has faced a number of challenges including:
 - Slow implementation of the objectives by some signatories due to various reasons.
 - Inadequate funding for the charter activities.
 - Some over-ambitious set KPIs.
 - Inadequate coordination of some government and public agents.
 - Difficulties in implementing the targeted 24/7 working system by some implementers.
 - Being heavily import trade biased, hence conflicting with the National Trade Policy for “Transforming Kenya into a Competitive Export-Led and Efficient Domestic Economy”.
 - Non-factoring of the Blue Economy.
- ix) Revision of the charter in order to address the MPCC.

Recommendations:

- i) There should be efficient implementation of the communication strategy for the revised MPCC.
- ii) ISCOS Secretariat to intensify awareness, especially of the revised Mombasa port and Northern Corridor Charter to stakeholders in its Members States.
- iii) ISCOS Member States’ agencies to enhance facilitation of transit cargo release at the port of Mombasa in order to reduce clearance times for transit cargo.
- iv) MPCC and PIC to see the possibility of learning from each other’s practices and experiences.

b) Dar Port Improvement Committee (PIC)

Deliberations

38. Although the responsible authorities could not turn for the meeting to present on PIC, it was generally observed by Members that the PIC is an important platform for key stakeholders to consult extensively on improvement of seamless flow cargo from/to Dar Port and its serving corridors.

Recommendations:

39. There is a need for the PIC meeting to be held as frequently as planned in order to address promptly various challenges facing cargo interveners and cargo owners.

OTHER MATTERS (Agenda Item No. 5)

- i) Members expressed the need standardize the minimum standards of quality of imports to the region, to avoid disparities of regulation between Member States. For example, the age limit of second hand vehicles in Kenya and Uganda are different, impeding policy harmonization. ISCOS should pursue this at the highest level.
- ii) The representative of the EU Naval force expressed delight at the myriad of issues discussed during the meeting, saying ISCOS forum had enabled him to appreciate more the state of the shipping and Maritime industry in the region. He offered that the EU Naval force will be willing to work and collaborate with ISCOS in especially in the area of training and capacity building on Maritime safety and Security.
- iii) Members urged ISCOS to endeavor to facilitate inter player engagements on issues which involve two industry players, so that details of issues affecting each other can be discussed adequately before being considered at the Committee level.

ANY OTHER BUSINESS (Agenda Item No.6)

40. There was no any other business.

ADOPTION OF THE REPORT OF THE 3RD MEETING OF THE TECHNICAL COMMITTEE ON SHIPPING, MARITIME AFFAIRS AND TRADE FACILITATION

41. The report of 3rd meeting of the Technical Committee on Shipping, Maritime Affairs and Trade Facilitation was adopted with minor amendments.

CLOSING OF THE MEETING (Agenda Item No. 7)

Closing Remarks

Republic of Kenya

42. In his closing remarks, the head of delegation for Kenya Mr. Daniel Njuguna Mwaura thanked the Chair for having stirred the meeting in a proper and coherent manner. He thanked the Acting Secretary General and his team for the well-organized meeting. He expressed delight that the meeting had considered very important matters in the industry noting that all issues raised should be followed up and implemented. He called on the organization to conduct at least two of such meetings in a year in order to enable the organization effectively achieve its mandate.

Republic of Uganda

43. The head of delegation Uganda Mr. George Muhenda Rukara thanked the Chair for ably guiding the meeting and its deliberations. He thanked the Acting Secretary General and his staff for bringing together private and public sector players in the Shipping, Logistics and Maritime industry saying the impact of such a forum is tremendous. He emphasized the need to have regular meetings of the sort which assists in bringing together a wide spectrum of industry stakeholders. He concluded by wishing all Muslims well during the holy month of Ramadan.

Republic of Uganda

44. The head of delegation for Zambia Mr. David Chimfwembe, Director and CEO of Zambia Cargo and Logistics Ltd, thanked the Chair for efficiently directing the meeting and that the Zambian delegation benefited immensely from the outcome of the meeting. He thanked ISCOS for facilitating the meeting was very informative on technical issues being experienced on the ground. He stressed that industry regulators be available in finding lasting solutions for the region and the continent as a whole for the so purpose of reducing the cost of doing business.

Secretary General

45. The Acting Secretary General ISCOS, Mr. Kassim Mpaata thanked delegates profoundly for enduring long hours of work and for their value adding ideas to the meeting. He paid glowing tribute to the Chair for the able manner in which he had guided the meeting, saying the session had been held in a very cordial and friendly atmosphere. The Acting Secretary General reminded delegates that the 2006 transformation of ISCOS had given the organization the mandate to work directly with the private sector, upon realization of the importance which the latter would play in the development of state economies. He reiterated the need for the private and public sectors to work closely in order to appreciate issues affecting the industry in a holistic manner. Mr. Mpaata noted that the meeting had considered a wide range of issues cutting across the sectors of shipping, Maritime and trade facilitation, which helps to give a true picture the supply chain. He gave the assurance to the Members that ISCOS will continue providing such forums to

the industry in order to help in identifying and resolving issues affecting the region. He called on the Member States to continue supporting the organization in its Agenda of Trade Facilitation. He also called on the private sector to continue partnering and working with ISCOS. Mr. Mpaata noted that Member States are very keen on the use of the deployment of public funds, noting that ISCOS is a result oriented organization. He therefore promised that the Secretariat will be following up on issues deliberated in the meeting. He thanked all participants for their attendance despite the many competing assignments elsewhere.

46. The Acting Secretary General paid glowing tribute to EU Naval Force, ISCOS' partners in the fight against Maritime Piracy, for attending the meeting and for their good working relation ISCOS and the region at large. He thanked the EU Naval forces for their offer to work further with ISCOS especially in facilitating training and skills transfer to the region in the area of Maritime safety and security. Lastly he thanked members of his secretariat for their contribution to the success of the meeting and wished each and every one a safe trip back home.

Chair – United Republic of Tanzania

47. The Chair of the Technical Committee, Eng. Aron Johnson Kisaka, said it was an honor to be part of the important meeting which was held in a cordial atmosphere with a lot of positive energy, commitment and dedication. He reminded the participants on the need to make follow ups on matters raised for the purpose of implementation and realizing the intended benefits. He thanked the Kenyan Government for hosting the meeting and the Secretariat for coordinating the meeting. He expressed the wish that such meetings should be rotated among the Member States in order to popularize the activities of ISCOS. He called upon the Secretariat to always endeavor to facilitate delegates visits to important shipping and logistics infrastructure cites whenever possible. He then officially closed the meeting.