

PORT OF MOMBASA STAKEHOLDERS MEETINGS REPORT FOR BUSINESS ISSUES DISCUSSED DURING OCTOBER 2014.

1. INTRODUCTION

In the course of the month of October 2014, under the chairmanship of Kenya Maritime (the industry regulator) Mombasa Port stakeholders met several times to deliberate on issues that affect businesses. Below are key deliberations.

2. TRANSSHIPMENT OF EDIBLE OIL AT KILINDINI

Stakeholders were briefed about the development of tax fraud related to transshipment. It was pointed out that recent observation and monitoring by a KRA taskforce at the port, found that Edible oil from Zanzibar was finding its way into the Kenyan market. In Zanzibar taxation basis was US dollars 125 per metric ton while in Kenya it was between 800-1200 US dollars per metric ton. Stakeholders were told that there was a challenge in controlling small vessels from/to Mombasa to other destinations such as Zanzibar as the coastline was long. KRA was advised to find ways to curb the illegal practices rather than condemning the whole transshipment business. There was also concern on the need to execute transshipment bonds which may affect the business at this port. It was proposed that KRA needs to enhance its supervisory and monitoring role rather than imposing duties, stakeholders called for the matter to be addressed at EAC level.

3. TRAFFIC CHARGE IMPOSED BY THE POLICE OFFICERS

Stakeholders pointed out that police officers at Salgaa hide and take speeds of vehicles and then drivers found to be over-speeding are arrested and taken to court and charged a heavy fine of Ksh 13,000. However, the drivers have raised concern that there are no road sign boards indicating the speed limit for that portion of the road, and called for the concerned agency to place the sign boards.

4. CONGESTION OF TRUCKS AT WEBUYE WEIGHBRIDGE

The issue of multiple weigh of transit cargo was raised once again. It was reported that Webuye Weigh bridge is congested with vehicles supposedly held due to overweight, while the same trucks had been compliant as they passed Mariakani, Mlolongo and Gilgil weighbridges. This is seen as a trade barrier which is affecting economies of neighboring countries.

5. ISSUE OF WAREHOUSING REGIME UNDER SINGLE CUSTOMS TERRITORY

Stakeholders raised concern that some 150 trucks declared under the warehousing regime were stopped at the Port for unclear reasons. They were explained that KRA is not accepting cargo cleared under warehousing regime following an agreement that had been arrived at in a

Commissioners' meeting in Dar es Salaam. They were explained that the SCT system requires taxes to be collected upfront, while under the warehousing regime no taxes have yet been paid, and as such no cargo can be cleared under this regime. In addition, the warehousing regime relies on the ECTS system to keep track of the goods, while the ECTS systems are not yet integrated in the region.

However, this was challenged by sister revenues by clarifying that the Dar es Salaam meeting made no such agreement with regard to the Warehousing regime. It was also emphasized that KRA was not being fair to insist on an integrated ECTS because to date, other sister Revenues rely on the Kenyan ECTS system, and thus saying that clearing agents cannot lodge their entries unless through the SCT is not correct. Members were of the opinion that the matter cannot be resolved at this forum, and should be deliberated on at a Commissioner Generals' meeting scheduled to be held in Nairobi in course of the month. Agents said that they are getting confused with counter instructions which are issued now and then; for instance, agents were required to obtain regional bonds to be able to declare goods, and then there was the instruction for all agents to use ASYCUDA systems to clear cargo to Rwanda and Uganda, and now other instructions by KRA that cargo declared under ASYCUDA Warehousing Regime are not accepted. Further discussing the issue of ECTS, members brought up the issue of requirement of the ECTS systems to be fixed on transit trucks to track cargo, and that transporters were made to undertake heavy investment in purchase of the devices, yet incidents of cargo being diverted were still occurring.

6. HARMONIZATION OF ECTS.

The meeting was informed that the regional technical committee in charge of the ECTS harmonization handed a report during the Integration Project Summit held in Kampala. Stakeholders were informed that the team is currently drafting guidelines which will be ready by December 2014.

7. THE NORTHERN CORRIDOR STAKEHOLDERS SURVEY OF MOMBASA – KAMPALA TRANSIT SECTION

Some of the highlights of the Northern Corridor Stakeholders Survey revealed the following:

➤ Delays at Eldoret Fuel Depot

Absence over the weekend of some of the key facilitators of fuel clearance forces trucks loaded on Fridays to wait till Monday to proceed. The team spotted 36 loaded trucks waiting at the depot over the weekend.

➤ Long queues of trucks at Webuye Weighbridge Station

Automation and modernization efforts of KeNHA on weighbridges in order to minimize truck delays were appreciated. However, the weigh in motion weighbridge at Webuye was not operating effectively. The access lanes to WIM weighbridge leading to where trucks are diverted to the static weighbridge are too short for efficient WIM operations. Furthermore, the weighbridge had been recently installed and was reported to be still under calibration by the engineers.

➤ **Delays at Malaba Railway OSBP Station:**

The Survey Team found over 100 loaded wagons in transit destined to Uganda that had been lying at the station for five days in the railway yard. The delays were reported to be as a result of the wagons arriving at Malaba without exit notes/form C2. Unlike truck drivers who move with copies of the exit notes. RVR does not give copies of its exit notes to the train masters/drivers.

➤ **Lack of awareness about the Single Customs Territory operations:**

Several stakeholders at the border points are not aware of how the Single Customs Territory operates. Furthermore, clearing and forwarding agents especially at the border stations had not received training in the use of ASYCUDA/SIMBA systems.

➤ **Penalization of transporters for shippers/importers misdeeds:**

The Team visited the Law Courts at Eldoret to discuss the matter of truck drivers being charged and penalized for mistakes committed by shippers/traders. They were informed that the transporters, in such cases are taken to be accomplices in the crimes.

8. TRAINING AND PASSWORD ISSUANCE FOR IMPLEMENTATION OF TANCIS SYSTEM

Stakeholders were informed that Tanzania Revenue Authority will conduct training for focus groups including all the nominated officers of the Single Customs Territory Revenue Authorities who will in turn roll out the training to their respective clearing agents. The training was scheduled to start in the week of 27th October 14.

9. MAERSK LINE'S COUNTING FREE PERIOD BEFORE A VESSEL DOCKS;

The meeting was informed that the matter was raised with Maersk. In their response, they indicated challenges encountered in establishing the actual loading times from the KPA's handheld electronic equipment as well as the KWATOS, which was claimed to be inaccurate. KPA confirmed the availability of accurate information, which all of the other shipping lines Make use of. In fact it was not clear what exactly was so different for Maersk that they singly opted to use a different approach of establishing the discharge times. KMA was requested to take up the matter with Maersk Line for speedy resolution.

CONCLUSION:

- International practices of doing business are to be hailed but they should not be a source of tax evasion as it is alleged for transshipment along Kenyan coast line. This should be intercepted by everyone and alert the revenue bodies to address the malpractice and enable fair competition at the market place.
- There is a great need to harmonize laws and regulations within East Africa Community to facilitate the integration. This concerns particularly the harmonization of Single Windows and train users for full integration.
- The flow of business along the corridor is hindered by an increase of barriers such as traffic fines, long queues at the weighbridges. This should be addressed as it reduces the flow of cargo, lose business opportunities and time consuming which affect the economy of the region.

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