WORLD MARITIME UNIVERSITY
Malmö, Sweden

THE MULTIMODAL TRANSPORT SYSTEM FOR THE EAST AFRICAN LAND-LOCKED COUNTRIES

By

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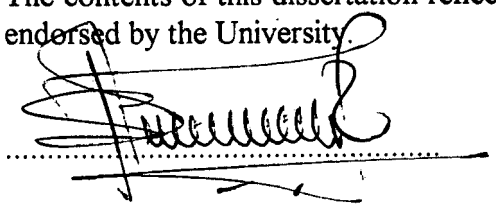
DECLARATION

I certify that all the material in this dissertation that is not my own work has been identified, ant that no material is included for which a degree has previously been conferred on me.

The contents of this dissertation reflect my own personal views, an are not necessarily endorsed by the University.



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DEDICATION

To my parents and my family,

for believing in me

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ABSTRACT

Shipping has always been a key transport mode for the external trade of all countries. Most countries in the East African region are land-locked - Uganda, Rwanda, Burundi, and Eastern Zaire with Kenya and Tanzania as the only coastal states. Improvements and diversification of inland modes of transport is as important to these land-locked countries (LLCs) as indeed is the qualitative improvements in ports themselves.

This study examines how the multimodal transport concept could lower the transport costs for the LLCs in the region. The study identifies the current transit transportation routes and modes, and presents an analysis of the financial and economic costs associated with each route for different types of cargo. The data and information used concentrate on transport costs and issues from the two main sea ports of Mombasa and Dar-es-Salaam to the main destinations in the LLCs, namely Kampala, Kigali, Bujumbura and Goma.

Multimodal transport is in essence part of intermodalism which is a process and not a hardware, i.e. awareness. Multimodal transport should therefore be developed as a major component of intermodalism. It is against this background that the analysis focuses on the total transportation costs to the shipper and not the freight costs charged by operators of the transport modes used. The cost analysis tackles both official and unofficial ("acceleration") costs, particularly relevant to the road transport, payable by the operators but increase the shipper's costs. Elimination of these costs could further reduce overall transport cost of the shipper.

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GLOSSARY OF TERMS AND ABBREVIATIONS

AMI	Agence Maritime Internationale
ATC	Air Tanzania Corporation
B/L	Bill of Lading
BIF	Bond in Force
Belbase	Belgian Concessions at Dar-es-Salaam and Kigoma
C&F	Clearing and Forwarding
CBS	Central Bureau of Statistics, Kenya
CFA	Clearing and Forwarding Agents
CID	Criminal Investigation Department
CIF	Cost, Insurance and Freight
CIM	Convention Internationale Concernant le Transport des Marchandises par Chemin de Fer. The international convention for conveyance of goods by rail. It's mostly operative in Europe.
CMR	Convention Marchandises Routiers. 1956 Convention (for Europe) for the International Carriage of Goods by Road.
COMESA	Common Market for Eastern and Southern Africa
CRF	Clean Report of Findings
EAA	East African Airways
EAC	East African Community
EACA	East African Co-operation Agreement
EAHC	East African Harbours Corporation
EARC	East African Railways Corporation
EASL	East African Shipping Line
EIU	Intelligence Economic Unit
FOB	Free on Board
GoK	Government of Kenya
HT	Harbour Tonne
ICD	Inland Container Depot
KA	Kenya Airways Corporation
KENATCO	Kenya National Transport Company
KPA	Kenya Ports Authority
KPC	Kenya Pipeline Company
KRC	Kenya Railways Corporation
LLCs	Land - Locked Countries
MPRO	Mombasa Port Release Form
MT	Multimodal Transport
MTO	Multimodal Transport Operator

NASACO	National Shipping Agencies Company, Tanzania
POL	Petroleum, Oil and Liquids
PTA	Preferential Trading Area
RCTD	Road Customs Transit Declaration
SGS	Societé Generalle du Surveillance
STIR	Societé des Transportes Internationale Rwandese
TEU	Twenty Equivalent Units
THA	Tanzania Harbours Authority
TOFC	Trailer-on-FlatCar
TRC	Tanzania Railways Corporation
TSC	Tanzania Shippers' Council
TTCA	Transit Transport Co-ordination Authority
UAC	Uganda Airways Corporation
URC	Uganda Railways Corporation
VAT	Value Added Tax

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INTRODUCTION

PURPOSE AND SCOPE

The East African region comprises of Kenya and Tanzania as the coastal states, with Uganda, Rwanda, Burundi and Eastern Zaire as the Landlocked Countries (LLCs). This study analyses the transit costs along major routes from the ports of Mombasa and Dar-es Salaam to the LLCs, as a basis for understanding how MT could lower transportation costs. Domestically the study analyses direct transportation costs for general cargo on specific routes. As regards external trade, the current transportation routes are highlighted together with the related financial and economic costs for various categories of transit traffic, namely containers, general cargo and petroleum products to the LLCs.

All the countries of the East African region can be classified as 'merchant' states with only Zaire as the 'rentier' state, due to their revenue base: "They heavily depend on agricultural surpluses thence a different relationship to agriculture from that of the mineral-rich 'rentier' state."[1] This fact dictates the main types of cargo and thus the transportation strategies adopted in the region. It is important to consider the existing linkages between areas of agricultural and industrial production to areas deficient in production capabilities but with high economic demands on foods and services produces elsewhere.[2] Cost effective linkages is a key to the facilitation of regional trade.

Tea and Sugar cane go bad in Kenyan farms because of the unprofitable transport linkages. Similarly in Uganda, maize production (the third largest export) has not expanded to meet the regional high market demand because "transport problems and the poor state of rural roads have hampered the collection of crops"[3] In Tanzania the

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[1] Mkandawire, T. and Naceur, B. (eds.) "The State and Agriculture in Africa" CODESRIA BOOK SERIES, London 1987, p. 3

[2] Uganda: production, "EIU Country Profile 1994-95", London, p. 25

[3] Van Buren, L. "Africa South of the Sahara 1995", 24th Edition, Europa Publ. Ltd., London 1994, p. 973

agricultural co-operatives purchased in 1989, 38 % of the target level. "Their lack of cash and mismanagement, together with transport problems, means that large amount of crops are never collected and are either sold on the informal market of left to rot."[4]

Generally the LLCs have three major objectives with regards to transport traffic:

a) development of low cost, efficient transit routes;

b) diversification of transit routes and modes to achieve higher transit security; and

c) the development of national capacities for international transport.

The remoteness from world markets contributes to the high transport costs which the LLCs have to bear. For example the exploitation of Rwanda's huge tin concentrates was abandoned in the late 1980s due to high transport costs.[5] Industrial development in Burundi is hampered by the long distance from the sea in that only manufactures capable of absorbing the high costs of transport can be developed"[6] Overseas trade entails the shipment of goods through the territory of other states. This entails additional costs for the LLCs, and which the shippers have little control over[7]

The transit costs to LLCs are not only a function of distance, but are destination based and do not vary with the length of the actual route taken.[8] Costs escalate because of inadequate transport facilities, inefficient transport management, unreliable communications between the ports and the LLCs, complicated customs and documentation procedures, and many other official and unofficial ("Acceleration") costs related to road use in the coastal and secondary transit countries. Political relations between the LLCs and transit countries, security aspects and the availability of backhaul cargo are also important in determining transit costs. For example, in 1992 81% of Zaire's exports went through South Africa and Dar-es-Salaam even though these routes are more costly.[9]

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[4] Ibid., p. 930

[5] Reyntjens, F. "Africa South of the Sahara" 24th Edition, p. 745

[6] Ibid., p. 214

[7] Ngororano, A. -particular problems of Landlocked countries: Basic considerations by "UNCTAD Symposium on Transit Traffic: Issues and Prospects", Mombasa, Kenya, 20-22 June 1991, p. 1-2

[8] Rwanda & Burundi - External payments and debts; "EIU Country Profile 1994-95", London, p. 18 and p. 36

[9] Zaire, Transport and Communications; "EIU Country Profile 1994-95" London, p. 29

Table 0:1 Despatch of Zairean minerals by port

	1988		1989		1990	
	tons	%	tons	%	tons	%
Matadi	241,813	49.9	273,292	56.3	186,347	47.8
East London (South Africa)	118,353	34.4	81,641	16.8	62,503	16.0
Durban (South Africa)	70,117	14.5	77,591	16.0	68,722	17.6
Dar-es-Salaam (Tanzania)	54,357	11.2	53,003	10.9	72,439	18.6
Total	**484,650**	**100.0**	**485,528**	**100.0**	**390,011**	**100.0**

Source: Gécamines-Commerciale, Rapport Annual.

MULTIMODAL TRANSPORT

The United Nations Convention of international multimodal transport defines multimodal transport (MT) as "the carriage of goods by at least two different modes of transport on the basis of a multimodal transport contract from a place in one country at which the goods are taken in charge by a Multimodal Transport Operator (MTO) to another place designated for delivery situated in a different country".[10] The MT convention further defines MTO as "any person who on his own behalf or through another person acting on his behalf concludes a MT contract and who acts as principal, not as an agent or on behalf of the consignor or the carriers participating in the MT operations and who assumes responsibility for the performance of the contract."[11]

An MTO is any person who issues a MT contract and undertakes to perform or procure the performance of an international MT operation and who takes responsibility for the goods from door to door whilst being liable for his actions and those of his subordinates. MT is a term used to describe the linking (co-ordination) of transport responsibilities, documentation and liabilities in the movement of goods by land, sea or air, between the buyer and the seller. This results in improved transport efficiency and provides the user with a single point of responsibility and greater cost transparency.

[10] Multimodal Transport Handbook, UNCTAD/UNDP, Trainmar, Geneva, March 1992, p. 9
[11] Ibid.

The ultimate aim of Multimodalism, its mission statement, "is to make the movement of goods from seller to buyer more efficient through faster transit at reduced cost".[12] This MT concept could be profitably used not only to facilitate external trade /through the carriage of containers as an integration catalyst between the maritime transport and the hinterland modes of transport), but also in the 'domestic' intercountry trade within the East African Region starting with the agricultural food crops market trade.

METHODOLOGY

There are two dimensions to transport, space and time. Efficient transport means that goods can be moved more cheaply through space from the producer to the consumer. As such transport widens the markets. In the Eastern Africa, the magnitude of transport costs do not facilitate the achievement of these objectives. In the second dimension, time, improved transport enables big economies to be made in the use of capital.

To understand the magnitude of transport costs in the region, I have reviewed the literature on various aspects of costs in the region, and visited several institutions and organisations in especially Kenya and Uganda, collecting information and interviewing officials. The results are quoted whenever their relevance arises. The data and information collected concentrates on transportation costs to and from the two ports to selected destinations in LLCs.

Statistics on Rwanda, Burundi and Eastern Zaire are generated through personal interviews with Rwandan, Burundi and Zairean businessman in Kenya and also used published secondary data from Uganda, Kenya and Tanzania to determine the traffic levels and identify transport cost components along alternative routes.

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[12] Captain Setchell, R. address presentation on "The Terminal Operator as the Co-ordinator of the Through Transport Movement" to ICHCA 19th Biennial Conference, Stockholm, May 29th - June 2nd, 1989

On transit transport, I distinguish between the total costs of transport which the user has to meet and the actual rates and charges demanded by the firm of transport used. Therefore the costs to the shipper are identified as comprising of port handling charges, clearing and forwarding charges and freight charges and the cost of interest charges on the capital locked up in good in transit. There is also a whole range of official and acceleration charges which are particularly relevant to road transit transport in the region which the transport operator has to meet out of freight rates charged, and which therefore are indirectly costs of transport to the shipper.

DISPOSITION

The study is organised in six chapters excluding the 'introduction'.

chapter I: starts with the historical regional Transport perspective. It gives a back-ground of Transport infrastructure and facilities.

chapter II: describes the Transport Industry in the region and assesses the major issues in transit traffic.

chapter III: deals with the custom procedures and costs from the ports of Mombasa and Dar es Salaam through the hinterland border posts to the final destination.

chapter IV: deals with the freight flows at both ports and along each transit route and introduces the MT concept as a possible alternative.

chapter V: is a cost analysis of transportation of different types of cargo. Consequently, the economics of containerisation by the different inland modes; the liability regime(s) and MT documents are considered.

chapter VI: gives conclusions and recommendations based on the arguments derived from the study.

CHAPTER ONE

1. TRANSPORT INFRASTRUCTURE

1.1. HISTORICAL TRANSPORT PERSPECTIVE

The transport industry in East Africa is centred at the ports of Mombasa and Dar-es-Salaam. Mombasa has handled more trade than Dar-es-Salaam. By 1982 Mombasa handled some 470,000 tonnes of transit cargo compared to 111,000 through Dar-es-Salaam.[13] The Uganda market is by far the most important (417,000 tonnes in Jan.-June 1994).[14] While the rail network in the Northern Corridor[15] was responsible for much of the Uganda traffic, Kenyan transporters provided most of the transit capacity from Mombasa to Rwanda, Burundi and Eastern Zaire. The railway between Dar-es-Salaam and Kigoma on Lake Tanganyika is the principal route in the Central Corridor.

The collapse of the East African Railways Corporation (EARC), in 1977, resulted into the formation of Kenya Railways Corporation (KRC), Uganda Railways Corporation (URC) and Tanzania Railways Corporation (TRC). The effect was the loss in economies of scale, and the subsequent fall in the quality of services (poor maintenance and schedules). The increasing number of road transporters provided an environment for competitiveness with the implications of a better efficiency and stability of tariffs.

Over the years a number of factors have combined to threaten the low cost transit transport and security objectives of the LLCs. These include the political[16]; the increase in traffic from the LLCs against the needs of transit countries to minimize their infrastructure costs;[17] and the closure of Uganda/Rwanda border in 1990[18]

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[13] Kenya Ports Authority "Annual Bulletin of Port Statistics, Mombasa, 1990

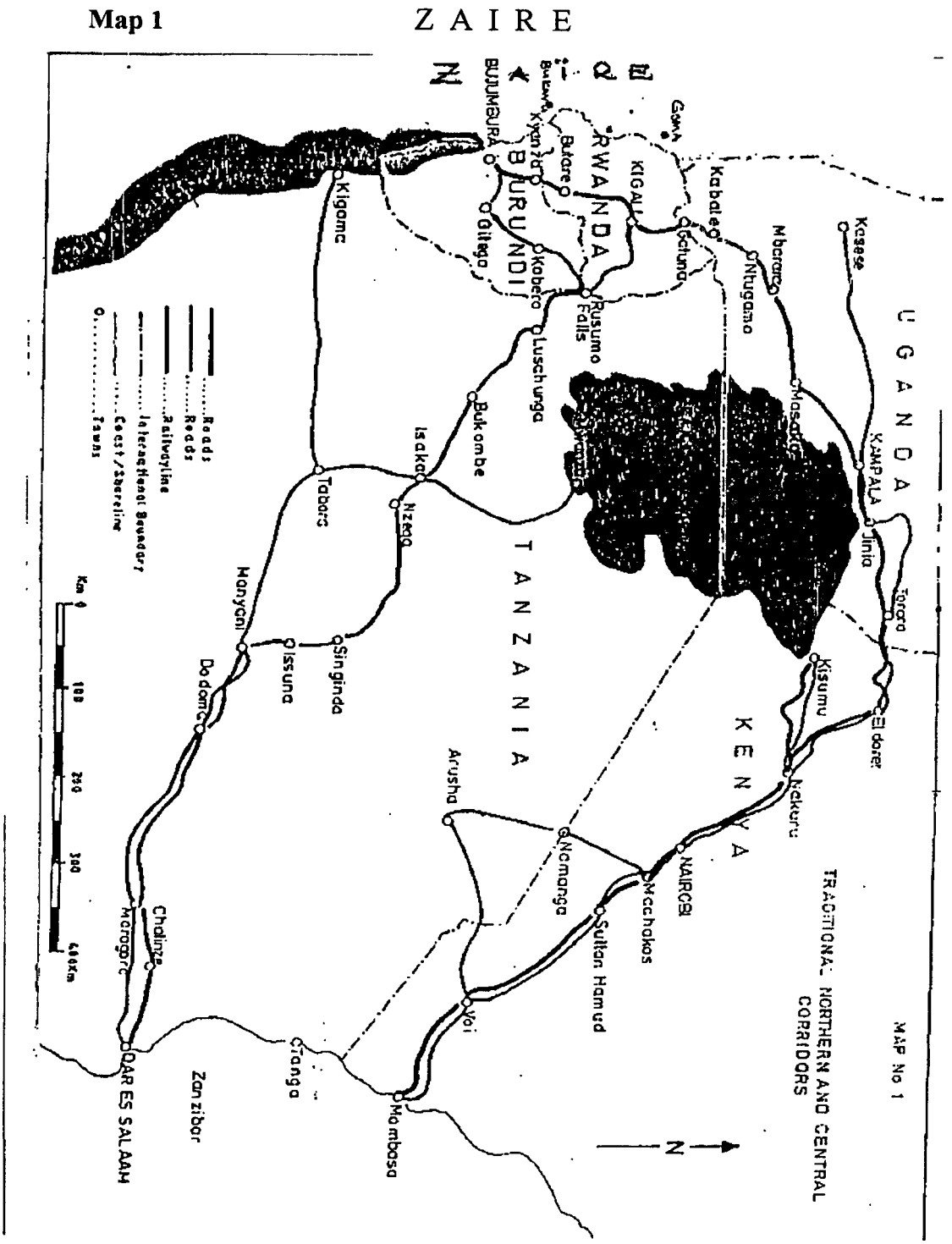
[14] EIU Country Profile, Kenya 1994-95, "Transport and Communications", London 1995, p. 18

[15] See "Northern Corridor Transit Agreement (NCTA)", Appendix 1

[16] Van Buren, L. Op.cit., p. 971: the temporary closure of Kenya-Uganda border in 1976/77, Uganda-Zaire border in 1988
Reyntjens, F. Op. cit., p. 746: as a result of the above "Rwanda's economy came almost to a standstill"

[17] Van Buren, L., Op. Cit., p. 496: "in early 1987, a trade dispute developed between Kenya and Uganda, centring on the decision of Uganda to use rail trade instead of road routes, thereby

Map 1



reducing the earnings of Kenyan trucking firms". This has created tension affecting cross-border traffic.

[18] Walker, R., Uganda: Recent History in "Africa South of the Sahara 1995" 24th Edition, Europa Publ. Ltd., London 1994, p. 971

1.2. PORT INFRASTRUCTURES AND EQUIPMENT

Mombasa port is well bestowed with modern equipment and facilities, has a natural harbour whose berths do not require constant dredging while the quays are firmly established. It is managed by KPA, a GoK parastatal. Dar-es-Salaam port is smaller and managed by Tanzania Harbours Authority (THA). Dar-es-Salaam's physical location is a limiting factor to its future expansion, unlike Mombasa which has considerable expansion space within the port area.

In 1993 Mombasa handled 1469 deep sea vessels compared to 600 handled in Dar-es-Salaam. All ships calling in Mombasa were on international voyages. Coastal traffic is insignificant (only 86) compared to Dar-es-Salaam which handles an additional 1000 coastal ships annually. Despite the high ship traffic at Mombasa the average harbour time per ship for the five year period from 1988 to 1992 was 6.0 days compared to 4.6 days in Dar-es-Salaam[19]

1.2.1 PORT FACILITIES

Table 1:1 the facilities available in each port

Type	Mombasa	Dar-es-Salaam
Deep water berths	16	11
Draft (m)	10[20]	7.01 - 9.14[21]
Total Berth Length (m)	3,044	2.018
Main Port Floor Area (m^2)	114,117	129,794
Quay Transit Sheds	14	11
Cold Storage	1	-

Source: KPA, THA

[19] KPA, "Annual Bulletin of Port Statistics 1993", Mombasa, July 1994, p. 21
THA, "Annual Report". Tanzania, May 1993

[20] KPA, Annual Bulletin of Port Statistics 1993, op. cit. p. 50

[21] Guide to Port Entry 1995-96, Shipping Guide Ltd., Surrey England 1995, p. 1908

Dar-es-Salaam has built two inland container depots (ICDs) at Kurasini (10 km) and Ubungo (1 km) outside the port area. The container terminal quay length in Dar-es-Salaam is 540 m and can handle 120,000 Twenty Feet Equivalent Units (TEUs) or 1.5 million tonnes per year. Dar-es-Salaam has one facility for off-shore mooring and discharging of crude oil direct from vessels to refineries in Dar-es-Salaam and Ndola in Zambia while Mombasa has two such facilities at Shimanzi and Kiperu oil terminals.

Main transit sheds floor area in Mombasa and Dar-es-Salaam is 106,281 m^2 and 19,060 m^2 respectively. Mombasa also has a cold storage facility with an area of 1,247 m^2 and a capacity of 4,562 m^3. Dar-es-Salaam lacks these facilities. Both transit and domestic cargo use same facilities in Mombasa[22] but Dar-es-Salaam has designated facilities for transit and domestic cargoes. Specifically, it has a container depot which handles Zambian cargo, and the British Petroleum (BP) shed for handling Uganda fuel cargo.

1.2.2 CARGO HANDLING EQUIPMENT

The availability of cargo handling equipment and marine craft is a key determinant to port operational efficiency.

Table 1:2 the available handling equipment

Type of Equipment	Mombasa	Dar-es-Salaam
Fixed Portal cranes	7	40
Mobile Portal cranes	96	22
Floating Cranes	1	1
Gantry container cranes	26	5
Ship to shore cranes	17	2
Total	**147**	**70**

Source: KPA, THA

[22] Some Ugandan companies have their own basic facilities within the Mombasa port periphery: these are Coffee Marketing Board (CMB), Cotton Lint Marketing Board and Transocean (Uganda) Ltd.

1.2.3. PORTS THROUGHPUT

Mombasa has a theoretical capacity of 22 million tonnes against 7 million tonnes at Dar-es-Salaam. Cargo throughput at the two ports is influenced by many factors rather than just operational handling facilities. Economic conditions in the region also play a major role in determining the volume of cargo through the ports.

Table 1:3 Ports throughput ('000 tons) **1993**

	Mombasa			**Dar-es-Salaam**		
	Imports	**Exports**	**Total**	**Imports**	**Exports**	**Total**
General Cargo	1,624	858	2,482	1,231	331	1,562
Dry Bulk Cargo	436	881	1,317	508	-	508
Bulk Liquids & oils	2,373	685	3,058	432	38	470
Mineral	-	-	-	-	349	349
Total 1993	**4,433**	**2,,424**	**6,857**	**2,171**	**718**	**2,889**
Total 1992	**1.659**	**5,235**	**6,894**	**4,388**	**743**	**5,131**

Source: KPA and THA

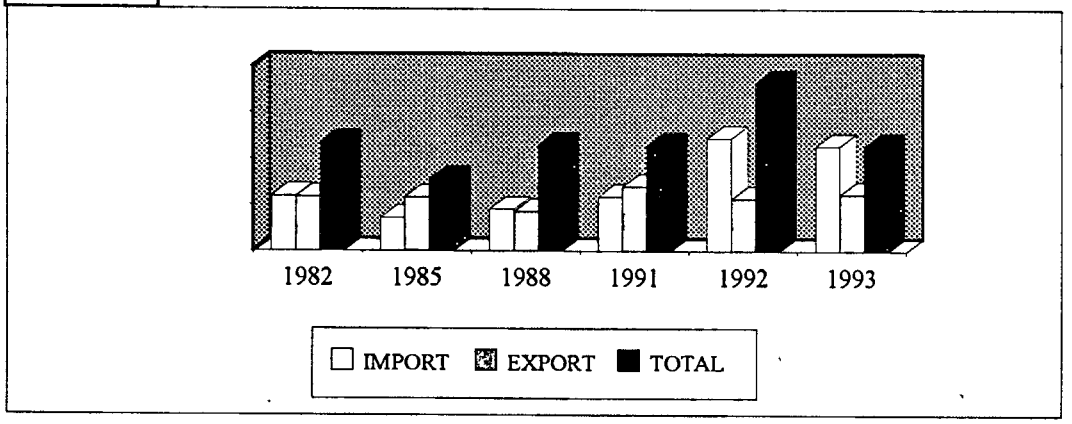
The throughput of Dar-es-Salaam declined by 44% in 1992/93 reflecting the high port tariff structure introduced in late 1992. These figures suggest port utilisation efficiencies of 31% in Mombasa for both 1992 and 1993 compared to 73% and 41% for Dar-es-Salaam in 1992 and 1993 respectively.

With the new container terminal and two inland depots, containerised traffic at Dar-es-Salaam has increased by 52 % from 64,541 TEUs in 1990 to 98,042 TEUs in 1993. Mombassa's containerised traffic stagnated around 135,000 TEUs during 1990 and 1992 but increased to 144,135 TEUs in 1993.

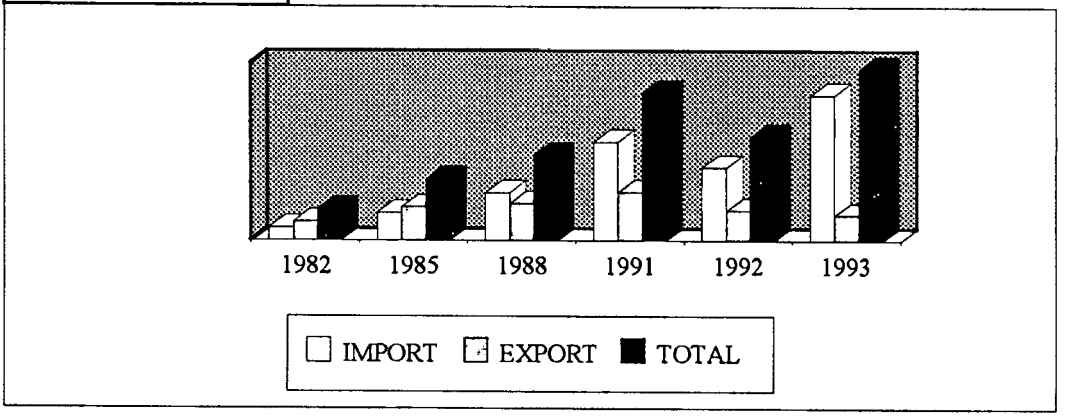
Chart 1:1 Containerised traffic Mombasa and Dar-es-Salaam

	MOMBASA				DAR-ES-SALAAM		
Years	IMPORT	EXPORT	TOTAL	Years	IMPORT	EXPORT	TOTAL
1982	236 736	232 605	467 882	1982	44 971	65 727	110 698
1985	143 049	231 146	312 248	1985	96 155	116 938	213 093
1988	180 093	169 199	458 995	1988	165 460	128 971	294 431
1991	233 363	278 902	457 967	1991	335 662	167 961	503 623
1992	487 224	224 604	732 034	1992	250 781	105 443	356 224
1993	455 271	244 810	455 271	1993	494 076	88 652	582 728

MOMBASA



DAR-ES-SALAAM



Source: KPA and THA

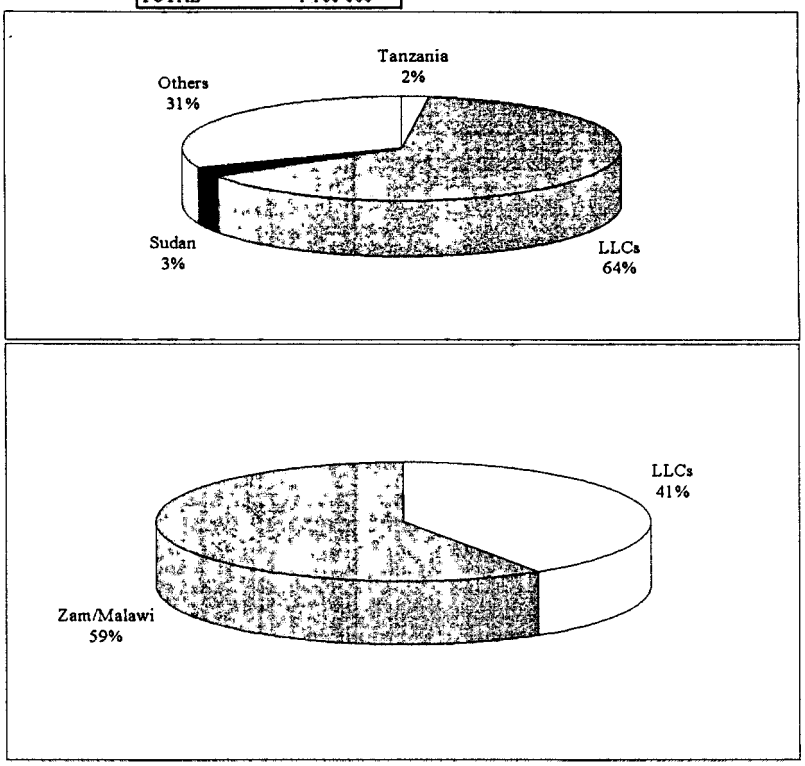
In 1993 the transit throughput at Mombasa (1,126,431 tonnes) represented 16.4% of the total port cargo throughput. At Dar-es-Salaam transit cargo (1,420,000 tonnes) accounted for 49.3% of its total throughput.[23]

[23] KPA "Monthly review of Port working" 1993
THA "Annual port Report" 1994

Chart 1:2 Ports Transit Throughput

Mombasa Transit Throughput	
Tanzania	22 000
LLCs	704 000
Sudan	33 000
Others	341 000
TOTAL	1 100 000

Dar-es-Salaam Transit Throughput	
LLCs	582 728
Zam/Malawi	842 000
TOTAL	1 424 728



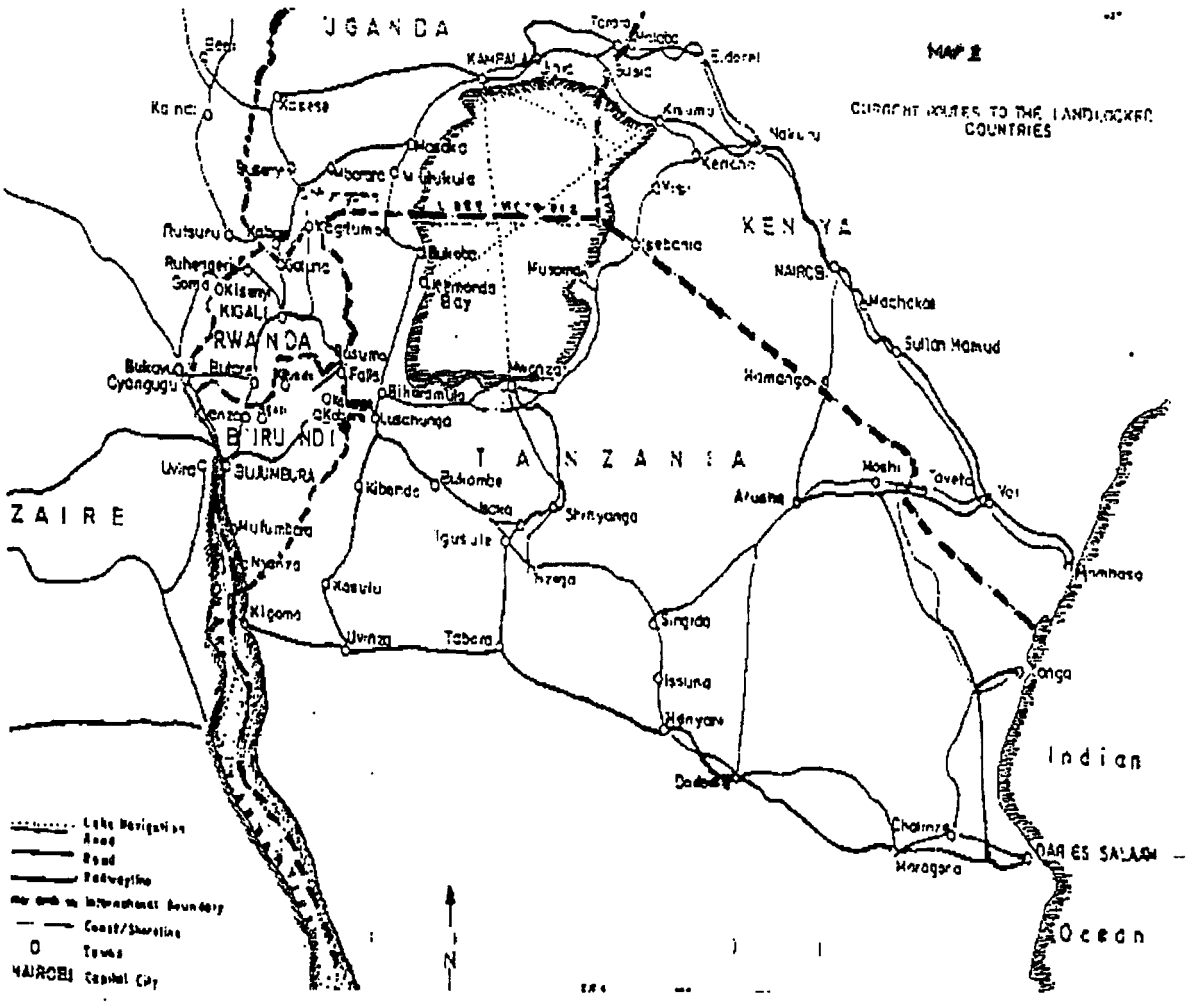
Since the 1980s the volume of import passing through both ports to the LLCs has increased considerably while their volume exports have stagnated for Mombasa and declined for Dar-es-Salaam. Uganda is directing more of its export traffic to Mombasa, while for Burundi and Zaire, there is an increasing low export potential. Rwanda exports have continued to pass through Mombasa due to established marketing channels for its exports there.

1.3 CURRENT ROUTES

This study identifies eight major routes which are currently used for transit traffic transport: four to Uganda (three from Mombasa and one from Dar-es-Salaam) and four to Rwanda and Burundi (three from Dar-es-Salaam and one from Mombasa). These are illustrated on map 2.

MAP 2

MAP 2



A fifth route to Rwanda and Burundi, and the second from Mombasa, is the Northern Corridor route via Malaba and Kampala, which had been inoperational due to the closure of the Uganda/Rwanda border between 1990-1994[24] "In peacetime about 75% of Rwanda imports and 80% of exports are transported on this route. It is cheaper and faster than those to Dar-es-salaam, which involve a slow and unreliable TRC.[25]

For each route en estimation of transit time from each port to the destination in the LLCs is made, with the port transit time at Mombasa and Dar-es-Salaam being estimated at 13 and 22 days respectively.[26]

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[24] EIU Country Profile: "Rwanda - Burundi 1994-95" Transport and Communication, London, 1995, p. 15

[25] Ibid.

[26] Muko, A., Intermodal manager at Mitchell Cotts Kenya Ltd., Mombasa

1.3.1. UGANDA ROUTES

1.3.1.1. Mombasa - all railway

The current principal route for Uganda is the all railway route from Mombasa to Kampala (1331 km). This route is served both by KRC and URC mainly through block trains. It is estimated that the transit time is 8-10 days from the port of Mombasa[27]

1.3.1.2. Mombasa - all road

The Mombasa-Malaba-Kampala road route covers 1170 km, with transit time of about 10 days.[28] This route is generally preferred due to the good quality of the network (especially from Nairobi onwards) and the availability of social amenities en route.

1.3.1.3. Mombasa - rail/lake

The Mombasa-Kisumu-Kampala rail-lake route is 1242 km. This is a branch route that leaves the main railway line at Nakuru and extends to Kisumu on Lake Victoria. Its usage is increasingly diminishing due to the availability of quicker block trains via Malaba to Kampala which makes this route with an estimated transit time of 18-20 days unattractive. There is excess capacity among the wagon ferries operating on L. Victoria and more cargo could be carried if only the railways can increase their haulage.

1.3.1.4. Dar-es-Salaam rail/lake

Dar-es-Salaam-Mwanza-Port Bell (Kampala) rail/lake route (1669 km) began operation in 1986/87 using URC wagon ferries. At Port Bell, the wagons are railed to Kampala along a 9 km rail line connection commissioned in 1992. This is Uganda's only link through Dar-es-Salaam, and has a transit time of 30 days.

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[27] Ibid.
[28] Ibid.

1.3.2 THE ROUTES TO RWANDA AND BURUNDI

1.3.2.1 Rail/road via Isaka

The rail section from Dar-es-Salaam to Isaka is operated by TRC. There is an ICD at Isaka to facilitate interchange to road. From Isaka there is a paved highway in good condition through Lushaunga to Rwanda and Burundi. This route has been operational since 1992, but the Isaka interchange depot was commissioned in 1994. The route is 1512 km to Kigali, and 1854 km to Bujumbura, with a transit time of about 10 and 11 days respectively from Dar-es-Salaam.

1.3.2.2 Rail/lake via Kigoma

The Dar-es-salaam-Kigoma-Bujumbura route is 1430 km and runs across L. Tanganyika to Bujumbura. At Kigoma transhipment is done in **Arnolac** and **Bartralac** barges which are private companies operating vessels across the lake. Onward journeys to Kigali (1722 km) are undertaken by road transporters. The transit time on this route upto Bujumbura and Kigali are estimated at 15 and 19 days respectively.

1.3.2.3 All road via Lushaunga

This all road route from Dar-es-Salaam runs through Dodoma-Singida-Isaka-Lushaunga and Biharamulo, covering 1529 km to Kigali, and 1821 to Bujumbura, with transit times of about 7-8 days for both destinations. From Dar-es-Salaam the road is good and paved upto Dodoma. Beyond Dodoma the road is gravel and seasonal upto Isaka. This makes it impassable during the rainy season. The road joins the new road from Isaka to Biharamulo at Kahama, 20 km after Isaka.

1.3.2.4 Mombasa - all road via Isebania

This road route runs from Mombasa-Isebania-Mwanza-Biharamulo through northern Tanzania to Rwanda (1864 km) and Burundi 2156 km). Most of the road network within Kenya is in good condition and paved upto Migori, the rest upto Lushaunga is in poor condition. The transit times on this route is estimated at 17-20 days for both Kigali and Bujumbura.

1.4 POTENTIAL NEW ROUTES

The potential alternative route from Mombasa is the rail (road)/lake/road connection via Kisumu and Kemondo Bay, for the Zaire-Rwanda-Burundi cargo in the short and medium term. The greatest benefit of this route can be derived from the use of road vehicles transhipment on to wagon ferries (intermodalism) at Kisumu with onward journey via Kemondo Bay onward to the LLCs on the same vehicles.

Alternatively, it could be the transhipment from the TOFC[29] on to wagon ferries from Kisumu to Kemondo Bay. This would eliminate the intermediate storage (delays and costs) which is always associated with transfer beteween modes.[30] Liquids would be pumped from rail tanks or pipeline terminal directly on to tank trucks. Generally such rail/truck transfer offers line-haul economies of the rail movement coupled with flexible delivery by truck. This concept has low terminal expenses which makes it possible for terminals to be located closer to customers, lowering the drayage cost.

1.5 OTHER MODES

While road/rail/lake routes are dominant within the region, other modes, namely air and oil pipeline transport, have their share of transit traffic.

1.5.1 AIR TRANSPORT

There are no scheduled regional airfreight/flights between the main airports at Mombasa, Nairobi, Dar-es-Salaam, Kigali and Entebbe. Air-cargo is mainly destined for European markets , mostly with horticultural products freighted under scheduled passanger flights. Regionally, air transport is used in emergency cases. For example, during the 1976/78 Uganda-Kenya blockade, an air cargo service was used to move stocks of Rwanda coffee to Mombasa. "It was found to be scarcely more expensive than land transport and appreciably more reliable."[31]

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[29] Trailer-on-flatcar: Transportation of containers on the chassis on railroad flatcars.
[30] Muller, G. "Intermodal Freight Transportation" 2nd Ed., Eno Foundation for Transportation, West Point, Conn., 1989, p. 51
[31] Reyntjens, F., Op. cit., p. 746

1.5.1.1 Air Tanzania Corporation (ATC)

With the collapse of the EAC in 1977, the East African Airways disintegrated into the Kenya Airways (KA), Uganda Airlines Corporation (UAC), and the ATC, which are government parastatals. ATC mainly operates regional and domestic passanger services and has persistent financial and technical problems. Cargo is transported on the passanger flights depending on the type and capacity of aircraft and the number of passangers on board. This cargo capacity ranges between 1-5 tons per flight.

1.5.1.2 Kenya Airways Corporation (KA)

The management has, since september 1992, been seconded to Sweeping Consulting, a subsidiary to British Airways. 1993/94 showed the first net profit in its 17 years operation.[32] KA is the main carrier of fresh flowers, fruits and vegetables to Europe and the Middle East, with the cargo value increasing from $ 76 million in 1980 to $ 139 million in 1990.[33] The horticulture sector has great potential both for regional and foreign markets, but lack of air-freight space and inadequeate cold storage facilities at Jomo Kenyatta Airport has placed a major constraint on further expansion, as did the high cost of aviation fuel during the 1980s.

Table 1:4 Kenya Transport statistics ('000 tons)

	1989	1990	1991	1992	1993[a]
Rail Goods traffic ('000 tons)	3,317	3,581	3,286	2,821	2,310
Shipping Freight handled at Mombasa harbour	7,195	7,489	7,102	7.893	7.917
Air Commercial air freight at Nairobi & Mombasa airports	61.5	55.9	54.5	60.6	63.1

[a] Provinsional

Source: Ministry of Planning and Development, Economic Survey: EIU Country Profile 1994-95, p. 38

[32] EIU Country Profile, 1994-95: Kenya, p. 18
[33] Van Buren, L., Op. cit., p. 494

1.5.1.3 Uganda Airlines Corporation (UAC)

UAC has been operating scheduled passanger and cargo service from Uganda to Europe, Dubai and India since 1980. UAC made its first profit ever of $1.38 million in the first nine months of 1994.[34] The airline has a fleet of three aircrafts; owns one F27, has one BAe 146 under joint management with Air Botswana and one B737 leased from Air Malawi. Today's regulated markets have put African airlines in a disadvantegeous position with European airlines. One way ahead is for these smaller airlines to pull resources together and co-operate on a regional basis.[35]

Table 1:5 Uganda airline cargo

Year	Cargo	Mail
1991	1,984,000	4,378
1992	107,071	9,119

Source: Uganda Airline Corporation Statistics 1993.

Burundi has no national airline, whereas the small national airline, Air Rwanda, has been put out of operation by the war since 1990.[36] Communications have been persistenly overlooked in Zaire. One result has been the growing use of air transport. Zaire has at least 30 airfields and the transport of freight by air, although expensive is increasingly common.[37]

1.5.2 PIPELINE TRANSPORT

Kenya Pipeline Company (KPC) operates a pipeline from Mombasa to Nairobi (449 km), and to Kisumu and Eldoret in Western Kenya. The pipeline's full design capacity is 1,815,000 m^3 per annum between Nairobi to Sinendet, and from there, 600,000 m^3 per annum to Kisumu and 843,000 m^3 per annum to Eldoret. The Kisumu terminal can handle 343,000 m^3 and the Eldoret terminal 551,000 m^3 per annum. The oil pipeline could be an important development since its estimated that the LLCs fuel imports will increase by 50% to 900,000 m^3 per annum.

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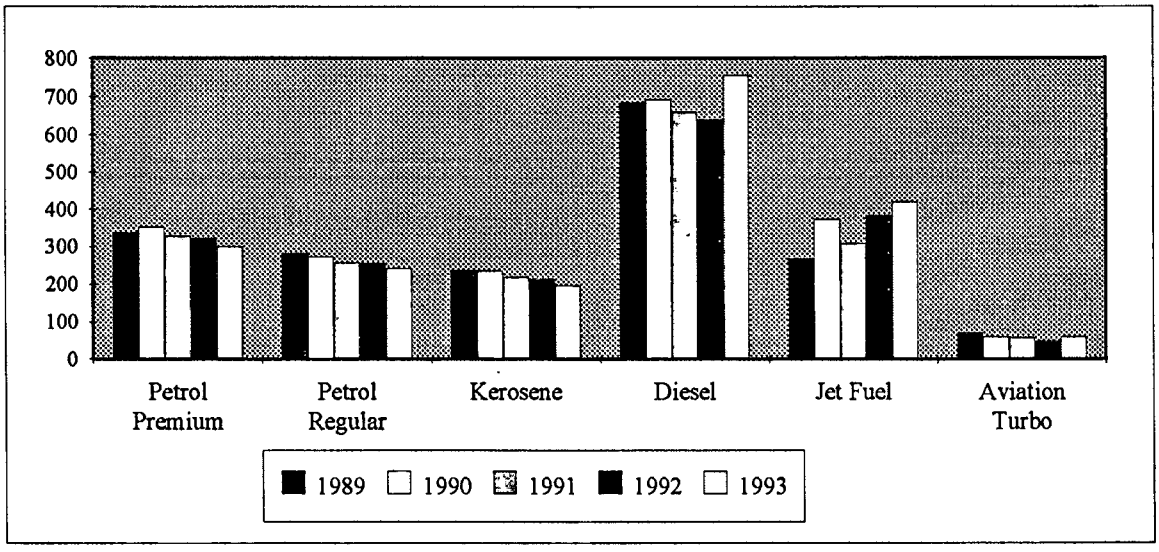
[34] Omoro, L.O. "African Business Magazine", March 1995, IC Public., London, p. 34
[35] Rake, A. "New African Magazine" June 1995, IC Publ., London, p. 25
[36] EIU Country Profile 1994-95: Rwanda-Burundi, p. 15
[37] EIU Country Profile 1994-95: Zaire, p. 29

Chart 1:3 Pipeline Throughput 1989-1993 ('000 m^3)

Year	Petrol Premium	Petrol Regular	Kerosene	Diesel	Jet Fuel	Aviation Turbo	Total
1989	337	281	237,3	684,3	268	69,3	1877
1990	351,8	271,9	235,1	692,9	372,2	59,5	1983
1991	328,5	256,3	218,3	661,8	308,9	57,3	1831
1992	322	255,1	213,1	640	383,5	46,6	1860
1993	300,3	241,8	196,8	755,7	419,8	58,7	1973

Source : Kenya CBS



The Eldoret terminal has attracted transit oil tankers which now make short-turns near the border increasing trips. "The return journey time to Kampala is now two days from Eldoret, compared with five days from Mombasa and ten days from Dar-es-Salaam."[38]

1.6 FREIGHT FLOWS

The transit traffic to the LLCs handled at Mombasa between 1987 and 1993 increased by only 19%[39] while Dar-es-Salaam recorded an increase of 202%[40] for the same traffic during the same period. This was mainly caused by the closure of the Rwanda/Burundi border since 1990, and the opening of Isaka transit depot in 1993, which allowed more transit traffic to go through Dar-es-Salaam. Indeed Dar-es-Salaam handled 76%, 93% and 57% of imports to Rwanda, Burundi and Zaire, respectively, in 1993 compared to 20%, 81% and 44% in 1987.

[38] EIU Country Report 2nd quarter 1995: Uganda, Rwanda, Burundi, p. 14
[39] KPA, "Annual Bulletin of Port Statistics" 1987 and 1993
[40] THA, "Annual Reports" 1987 and 1993

The major routes to these countries is now the Isaka system which is almost fully developed except for the TRC capacity limitations. Exports from Burundi, notably coffee (averaging 30-35,000 tonnes) have been routed through Dar-es-Salaam, 93% in 1987 compared to 90 in 1993. Rwanda's exports, notably tea and coffee have been routed via Mombasa, 98% in 1987 and 99% in 1993[41] partly bacause of easier accessibility of the all road route in the Northern Corridor, but also because Mombasa has established marketing channels for these commodities. Thus the position of Mombasa as a transit port may be severely weakened in the next few years except for Uganda which has consistently used it for most of its imports (80% in 1987 and 94% in 1993) and exports (74% in 1987 and 89% in 1993).

[41] KPA, THA: "Export classified Commodity Statements"

CHAPTER TWO

2. ISSUES IN TRANSIT TRANSPORT INDUSTRY

This chapter examines the structure of national and regional transport industry. The available facilities and the procedures influence both the transit time and the costs of transport. Obstacles to the smooth flow of transit traffic can be classified into physical and non-physical. Whereas the physical barriers are the infrastructure and the means of transport used, the non-physical barriers concern mainly documentation, customs and other formalities in the clearance of the transit goods. In most cases, transport costs, port dues and custom duties have to be settled in hard currency. Thus a large proportion of the foreign exchange earnings is absorbed in the transport payments

The main modes are rail and road, with the latter being more dominant. However, in recent years, combinations of modes are in use including the rail/lake mode particularly to Uganda, and rail/road system through Isaka to Rwanda and Burundi.

2.1 PORTS INFRASTRUCTURE AND FACILITIES

Mombasa and Dar-es-Salaam ports have similar operational problems. These include run down condition of equipment, lack of preventive maintenance programmes[42] and poor management, this latter a result of political rather than commercial orientation. As a result there has been frequent breakdowns of equipment and constant congestion at the terminals, which has led to an increase in dwell time.[43] Thus poor productivity and overmanning have become common characteristics.[44] Both ports also suffer from persistent late submission and incorrectness of pertinent vessel and/or cargo information resulting from lack of a unified information system. There is poor dissemination of information to port users and low level co-operation among departments involved in the execution of ports procedures.

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[42] Dr. Thomas, B.; Univ. of Wales College of Cardiff, Lectures on: Port Equipment and Maintenance to the WMU, Malmoe, 15th - 19 th May 1995

[43] Port Management Association of Eastern and Southern Africa (PMAESA), paper No. CM/20/94/5: "Issues Affecting Shipment of Goods for the Landlocked Countries" Mombasa, April 1994, p. 10

[44] EIU Country Profile 1994-95: Kenya, p. 18

2.1.1 MOMBASA

Mombasa specifically suffers from customs and security arrangements which accompanies the clearance of goods including verifications of containers,[45] posting of security bonds for goods in transit, and police escorts, all of which contribute to delays and frustrations for port users, particularly shippers and transport operators.

Another problem which has been repeatedly mentioned is the working hours at the ports. "It is felt that, ideally, ports and customs should work round the clock, seven days a week. ... It has also been suggested that work should be organised in uninterrupted shifts and the working hours should be harmonised with those at border posts."[46]

2.1.2 DAR-ES-SALAAM

At Dar-es-Salaam however, it is the high tariff level that mainly is the concern for shippers and other users. Dar-es-Salaam port charges are 150-200% of the equivalent charges at the major ports in the Eastern and Southern African region, including Mombasa, Maputo and Durban (the largest and most efficient). Delays at the port of Dar-es-Salaam are also the result of the much undeveloped telecommunication facilities within the port and between the port and the hinterland such that information provided is seldom timely and accurate. This together with poor documentation practices results in slow vessel turnaround, high storage charges and general delays.

2.1.3 CLEARING AND FORWARDING AGENTS (CFAs)

In Dar-es-Salaam the availability of only one ships agent NASACO and the monopoly enjoyed by Agence Maritime Internationale (AMI), who doubles as both the manager of at least one berth, the Belbase for LLCs cargo, and as a CFA, has not provided a basis for competition and cost effectiveness at Dar-es-Salaam port.

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[45] Mboya, I.: thesis on "Problems and Impact of Cargo Documentation in Ports", Malmo 1994, p. 73

[46] The Transit Transport Co-ordination Authority of the Northern Corridor (TTCA): The final report of the 11th Executive Board meeting, Bujumbura, 30th August - 3rd September 1993

In Kenya C&F industry is dominated by the private sector. Major companies provide clearing services as well as transportation. **Transocean (U) Ltd.** is the dominant parastatal in Uganda which has tender to clear and forward all government cargo. Its forwarding activities have collapsed and now sub-contracts the transportation of all cargo cleared to either URC or private road transporters. **Societe des Transportes Internationale** (STIR) is a government parastatal monopolising the clearing and forwarding of most of the freight to and from Rwanda. It also operates as a transporter by subcontracting some 500 trucks from local transporters. C&F and Transport market for Burundi cargo is run by private organisations and individuals.

Despite the fact that the role of CFAs is crucial to the success of both ports, many of these personnel lack relevant training certification and experience. They are not particularly efficient, honest and fair in their dealings with port users, customs authorities and the port authorities themselves.

In Kenya CFAs have mushroomed over the past four years. Many of these are "briefcase" agents of no fixed abode and without any reasonable financial backing or standing. This has created considerable mistrust in the freight forwarding sector leading to the introduction of various checks and controls that have proved counter-effective to the smooth movement of cargo.

2.2 DOCUMENTATION

There are unnecessary cargo hold-ups in storage areas in both ports as a result of failure to make available in time required documents for the delivery of goods. Whereas at Mombasa documentation time is estimated at 14 days[47], at Dar-es-Salaam documentation for local containers takes 29 days and for transit containers 20 days.[48] The cost effects of such cargo delays are higher risk for damage or loss; long risk periods in turn means higher premiums of insurance; and port congestion

[47] Ibid., p. 73
[48] Ministry of Communication and Works (MoCW) Tanzania 1989. See also Mboya's thesis p. 75

By August 1994 there were 2239 undocumented containers and 2500 motor vehicles causing the worst congestion ever in Mombasa port.[49] According to KPA it was because of the bureaucratic practices of the Kenya Customs Authority.[50] This is but part of the problem. The new custom regulations require documentation for shipment inspection to be used to notify the foreign liaison officer of the intended export from Kenya, using the information requested on the import declaration form. Reversely, the importer must submit the "Clean Report of Findings" (CRF)[51] to the Customs Department and the "Customs Entry" (original!) to pay duty and tax through the pre-shipment report. This process is cumbersome and agonising especially when confronted with unmotivated officials. Transhipment cargo is particularly delayed because of 'doubts' on the accuracy and authenticity of the CRF.

At the port of Dar-es-Salaam, congestion has been related to poor operational efficiency which appears to be a result of lack of sufficient equipment, poor management and the recently introduced regulations restricting long haul trucks from entering the port.

2.3 CUSTOMS SERVICES

The cumbersome customs procedures at the ports are exacerbated with problems related to organisation of customs services in respect to road traffic at the border posts with high traffic levels such as Busia, Malaba, Isebania, Rusumo, and the Isaka transhipment depot in Tanzania. Customs offices do not have appropriate infrastructure to serve the increasing volume of traffic and the customs personnel are inefficient due to lack of adequate training and motivation.[52] This has partly contributed to rampant institutionalised corruption in the system.

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[49] The Daily Nation, Newspaper, 3rd August 1994, Nairobi, Kenya
[50] The Daily Nation, Newspaper, 9th August 1994, Nairobi, Kenya
[51] See Appendix 2
[52] Mboya, I., Op. cit. p. 108

The location of some of the offices is inappropriate. At Mombasa, there is great concern amongst port users on the distance of 4 km between the Port Revenue Offices and the Customs Long Room.[53] Most forwarder and ship agents' offices are up city, about 2-5 km from the port. There is also lack of adequate telecommunication network linking the customs offices at different locations.

It should be recalled that the same formalities completed at one exit post are repeated at the entry of the neighbouring country with all the monetary and time costs involved. This, then, makes the 'acceleration' payments vital in order to save time. According to Ismail Mboya's research, most of the delays in documentation occur when documents are lodged with the customs authority. His survey of both Mombasa and Dar-es-Salaam ports showed that an average of 60% of total documentation time was taken by customs.[54]

These factors result in transit cargo delays and increase costs and transit times. The control measures applied by the customs authorities on transit goods are; customs bonds, verification, use of custom seals and identification marks, escort of goods and time-limit for export of goods which is too short considering the present procedures encountered.

2.3.1 CUSTOMS BOND

For transit cargo passing at Mombasa, a CFA submits a Bond Security with the customs either in cash deposit or bank guarantee to cover the import duty and VAT payable on a consignment until it leaves Kenya. The current customs bond is too demanding as it requires payment of 1% to 2% of the CIF values of the goods.[55]

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[53] The Standard, Newspaper 27th January 1994, Nairobi, Kenya
[54] Mboya, I., Op. cit. p. 105
[55] The Transit Transport Co-ordination Authority, Op. cit. p. 6

The system of transit pass[56] used in Tanzania does not have any significant cost element as it waives customs requirements of transit security bond guarantee for both goods and the means of transport that the C&F agents have to deposit. This system is extended to LLCs traffic except Kenya and Zambia traffic which must have a bond posted. Execution of customs bonds entails payment of insurance premiums.

2.3.2 VERIFICATION

The physical inspection of containers by the customs, police and security departments, also leads to delays in the movement of cargo. The percentage of containers opened at Mombasa is too high.[57] This has nothing to do with the customs laws but for the officials to extract more 'acceleration' payments. The Tanzanian customs authorities do not open transit containers unless the original seals have been tampered with.

2.3.3 USE OF CUSTOMS SEALS

Original container seals certify the contents of the container and its legal protection is guaranteed by contract in conformity with certain trade regulations. In Mombasa original seals are replaced with customs seals after 'physical verification'. Cases of pilferage have resulted in higher costs to the LLCs, since these countries have to mobilise additional resources in foreign exchange to compensate for the lost goods.

2.3.4 CONTAINER RELATED PROBLEMS

As more cargo is containerised, container management becomes the central issue. Shipping lines require heavy deposits before the containers are released to the CFAs. Containers not returned in time, accrue heavy demurrages.[58] Late return of containers may be due to lack of offloading facilities and proper routines at the final destinations. Shipping lines should be encouraged to accept insurance bonds.

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[56] The transit pass is a document issued by the Tanzania Customs Authorities in the form of a personal guarantee approved by authorities, for carrying cargo without the need for a bond or guarantee, while still holding the C&F agent responsible for any cargo lost or consumed in Tanzania.

[57] UNCTAD: Symposium on Transit Traffic: Issues and Prospects, Mombasa 20-22 June 1991, by Itu. S., p. 40

[58] Ibid. p. 41

2.3.5 ESCORT OF GOODS

In Kenya transit goods, which can easily be diverted into the local market, have to be escorted by the police upto the border. Although this escort deters pilferage and banditry, it increases transit time due to the inherent delays. There only are two departures per week from Mombasa. The convoys' speed is much less,[59] and all this affects the turnaround of the trucks. Uganda has also introduced the system recently.

2.4 THE RAILWAY SYSTEM

The railway network traverses only Kenya, Uganda and Tanzania, all of which are transit countries to Rwanda, Burundi and Eastern Zaire.

2.4.1 KENYA RAILWAYS CORPORATION (KRC)

Available statistics indicate that the deteriorating operating conditions for KRC have affected the state of overall cargo off/take from the port of Mombasa. The reliability of locomotives measured in km per failure, has declined drastically from 8158 km in 1988 to 4853 km in 1991. Similarly wagon availability declined from 87% in 1988 to 75.4% in 1992.[60] The reasons for poor locomotive and wagon availability are mainly poor maintenance policies and the non-commercial oriented management. This has resulted in poor turnaround of trains and delays in cargo flows.

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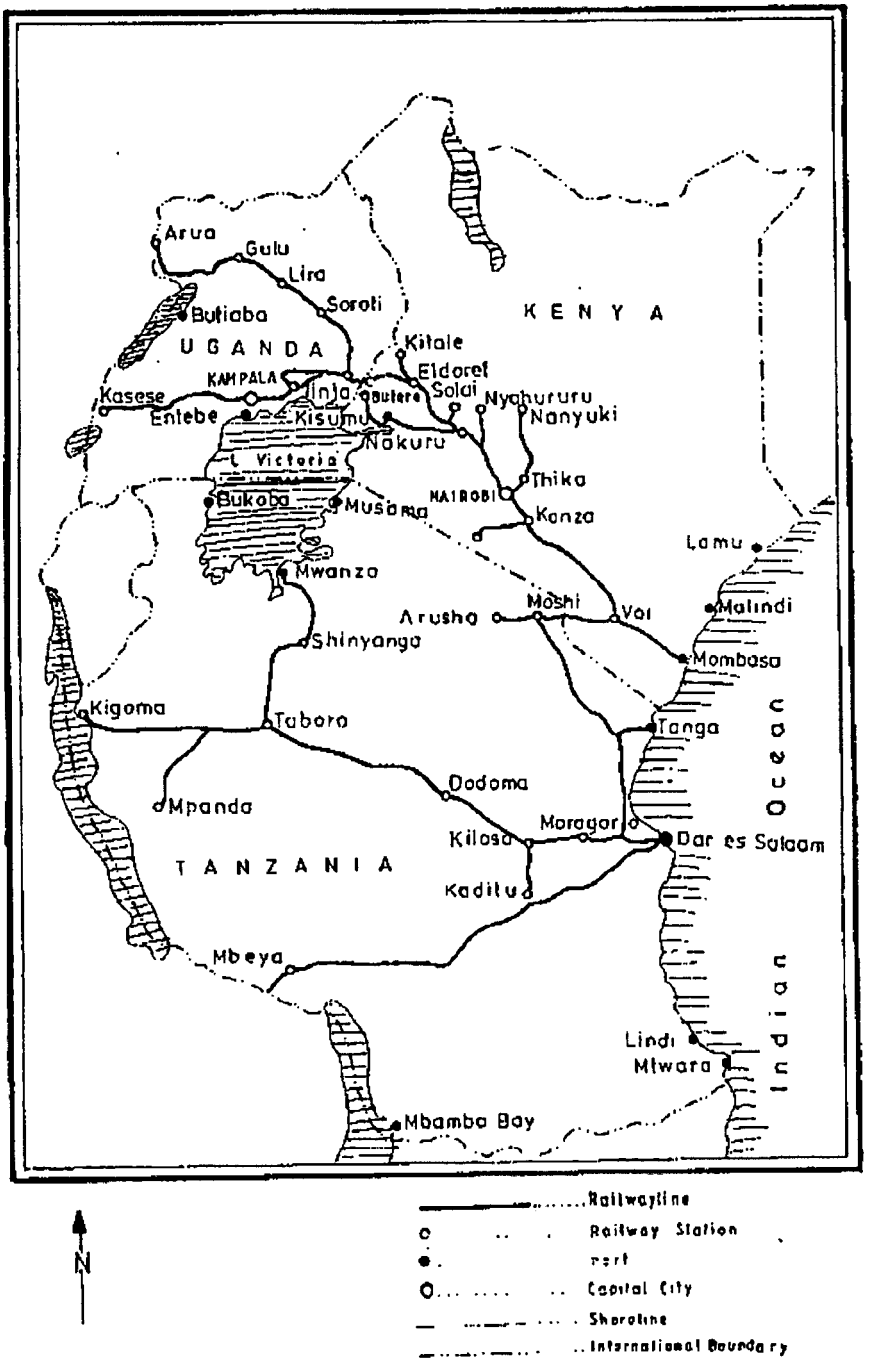
[59] See Security Formalities in chapter 3.5.2
[60] KRC, Nairobi 1993

MAP 3

Map 3 DISTRIBUTION OF PORTS AND RAILWAYS IN KENYA UGANDA AND TANZANIA



The freight tonnage hauled by KRC was 3.5 million tonnes in 1992. The principal business share is largely the domestic market. Transit cargo, some 550,000 tonnes in 1992, does not receive any special categorisation,[61] and there are no special facilities set aside to handle this component of cargo. The effect is that problems in domestic cargo flows affect transit traffic movements.[62]

KRC operates one wagon ferry, **MV Uhuru** which connects between Kusumu and Port Bell. This ferry made 57 voyages in 1991 moving 170,128 tonnes of cargo which increased to 196,104 tonnes in 1993.[63] An agreement between KRC and URC requires that **MV Uhuru** makes one voyage for every two made by URC wagon ferries.

2.4.2 UGANDA RAILWAYS CORPORATION (URC)

Most rail track within Uganda is generally in poor condition. The entire line requires re-ballasting. The rehabilitation of the Kampala-Jinja-Malaba section is a top priority since imports and exports are routed via Malaba by the block train services. Between 1991 and 1992, only 50% of all the mainline locomotives were available for use at any one time, while less than 50% of the shunting locomotives were available.[64] These problems persist to date despite continued investments.

URC rail freight traffic has increased from 263,615 tonnes from 1985 to 485,705 tonnes in 1993. Much of the traffic is external: the 421,721 tonnes of Uganda's external trade carried by rail in 1990 amounted to 86% of URC's freight tonnage that year. Coffee exports through Malaba amounted 29% of the total rail traffic in 1990.[65] Growth in the construction industry has resulted in iron and steel traffic re-entering the list of commodities carried by rail.

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[61] Ibid.
[62] NCTA Report of the Technical Consultative Meeting on Transit Traffic, Mombasa, November 1992
[63] KRC, Nairobi 1993
[64] URC: Facts and Figures, Kampala, Sept. 1992, p.18
[65] Ibid., p. 21-22

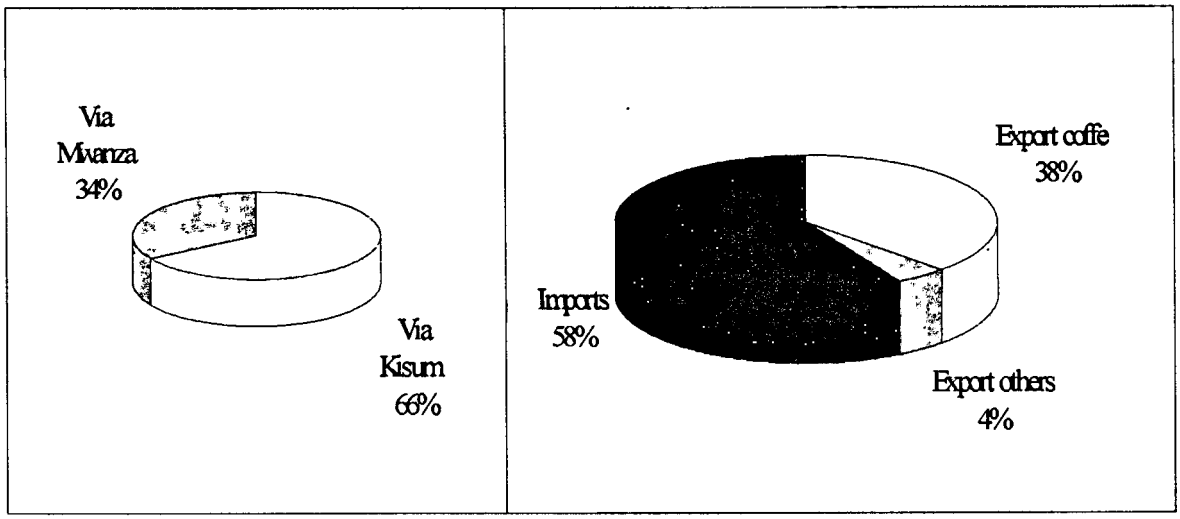
Chart 2:1

	Tonnes
Via Kisumu	226301
Via Mwanza	114249

URC Marine Cargo Freight 1990

	Tonnes
Export coffee	128145
Export others	14722
Imports	197583

URC Export / Import Marine Cargo 1990



Source: URC 1992

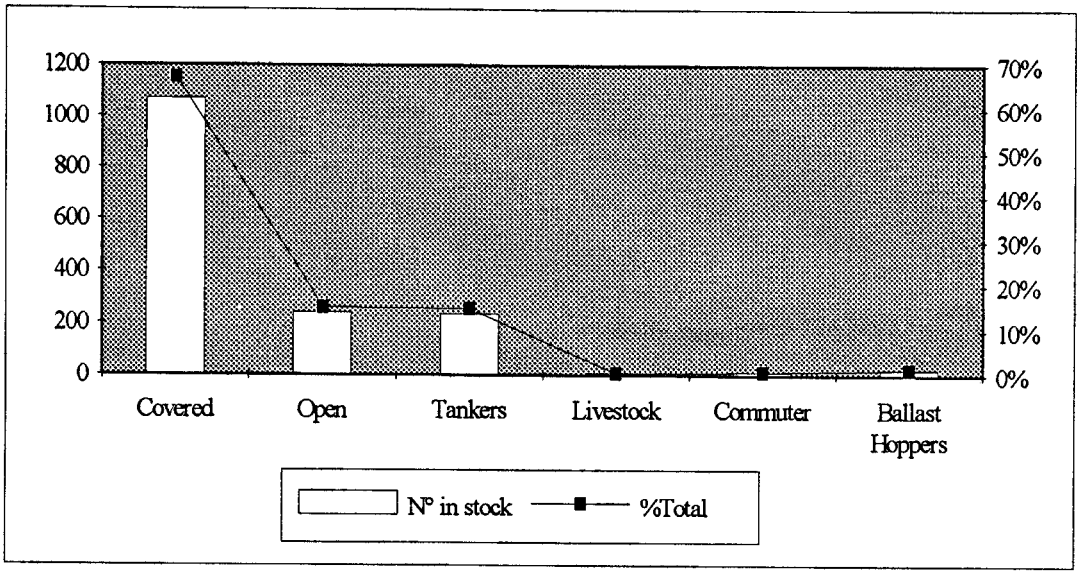
URC operates three wagon ferries **MV Pamba**, **MV Kaawa** and **MV Kabalega** which ply between Port Bell to Mwanza and Kisumu. Each wagon ferry can carry 22 forty-ton wagons per trip,giving a 80% load factor per trip. The frequency of sailing is still below optimum.[66] Similarly, URC marine freight amounted to 240,450 tonnes in 1990 (of which about 42% was exports and 58% imports), 226,301 tonnes via Kisumu, and 114,249 tonnes via Mwanza.

[66] Ibid., p. 19

Wagon Stocks in URC 1991

Types	N° in stock	%Total
Covered	1071	67%
Open	241	15%
Tankers	236	15%
Livestock	8	1%
Commuter	13	1%
Ballast Hoppers	22	1%
Total	1591	100%

Source : URC



Performance Indicators for wagons

Types	1990	1991 Target	1991 Actual	1993 Target
Availability %	78	80	83	82
Load /Wagon (000)	37	34	33	34
Turn-round Kisumu (days)	28	25	31	25
Turn-round Mwanza (days)	35	30	28	25

Source : URC

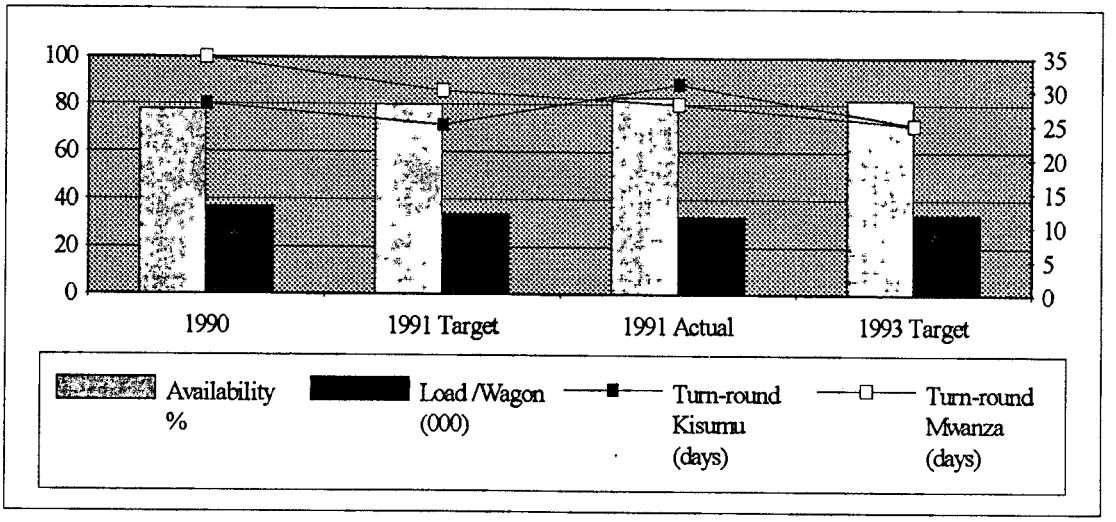


Chart 2:2

2.4.3 TANZANIA RAILWAYS CORPORATION (TRC)

TRC rail network is 2600 km and serves high potential regions which produce over 65% of the exported agricultural products and 80% of the marketed cereals and foods. TRC runs marine services on Lake Victoria and Lake Tanganyika. Much of the fixed infrastructure requires replacement but, in the short term, the track should not be the major constraint to increased performance. The port of Kigoma has recently been rehabilitated and has considerable excess capacity.

Overall locomotive availability in 1992 was only 47% compared to 51% in 1991. The high number of locomotives failures implies a constrained capacity of TRC. Locomotive utilisation has been worsened by excessive idle time at terminal stations waiting for road connections, long detention of trains due to accidents and poor track conditions which necessitate enforcement of speed restrictions.

TRC has 4 cargo ships in Lakes Victoria and Tanganyika. During 1992, the total cargo tonnage of these ships was 136,919 tonnes against the target of 157,728 tonnes. This operational shortfall was due to lack of cargo on offer and long months repairs. Also a government levy of Tsh 300 imposed on all ports encouraged customers to use private vessels.

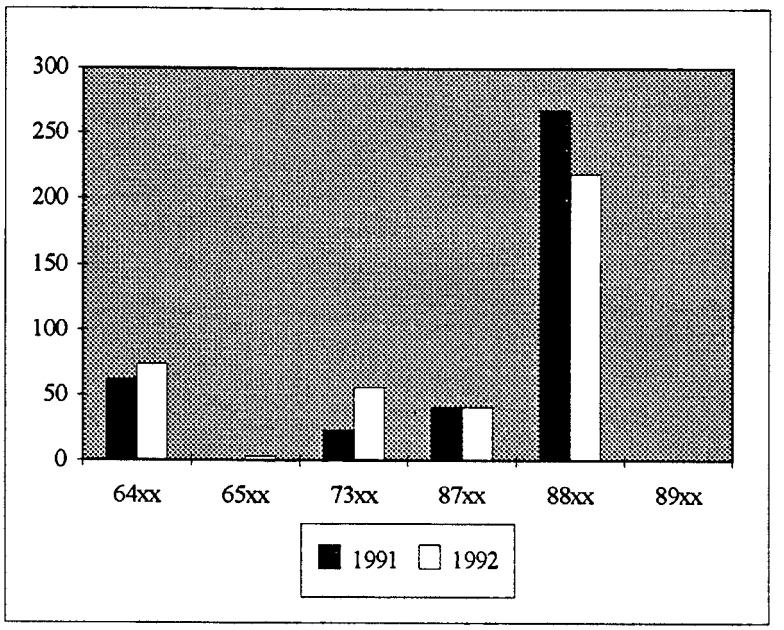
While freight tonnages carried on the rails have declined. marine tonnages have increased three fold during the same period. This increase is related to the growing significance of the rail/lake route via Mwanza to Uganda. TRC management does not yet portray commercial orientation, thus labour morale and motivation are very low.

Chart 2:3

TRC Locomotive Failures

Class	1991	1992
64xx	62	74
65xx		3
73xx	23	56
87xx	41	41
88xx	268	218
89xx		
Total	394	392

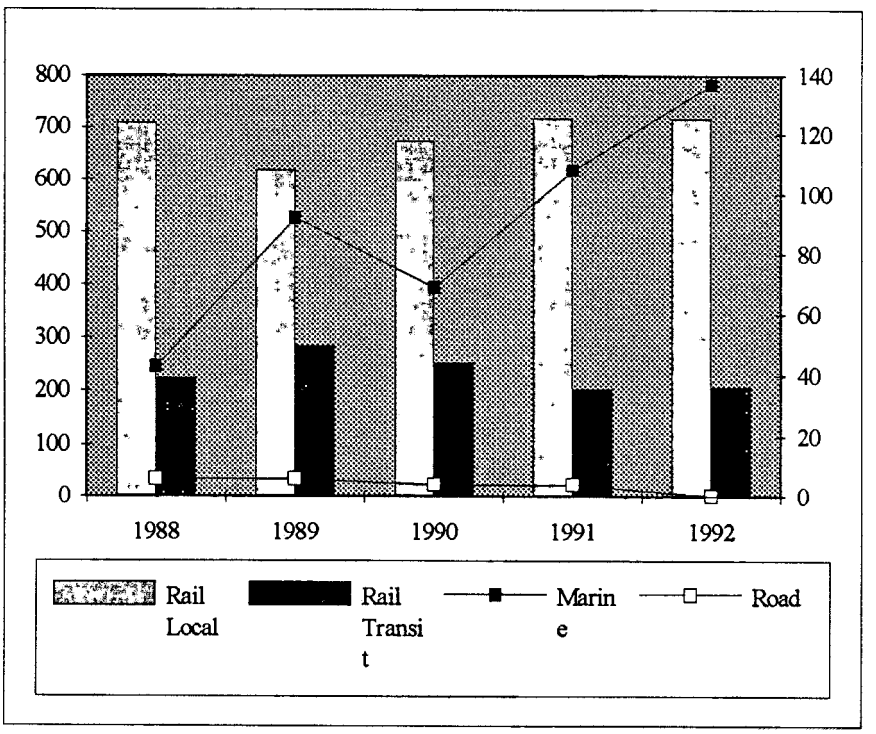
Source : TRC



TRC Freight Tonnages (000 tons)

	1988	1989	1990	1991	1992
ail Loc	709	618	674	718	717
il Tran	224	284	253	203	207
Marine	43	92	69	108	137
Road	6	6	4	4	0,2

Source : TRC



2.5 ROAD FREIGHT TRANSPORT SYSTEM

The fast growth of road freight industry in the East African can be attributed to the substantial decline in the quality of services of the rail transport system. Vehicle fleets have grown, in numbers but not in technical standards. The poor management of trucks and the varied vehicle fleet models in the region has increased the problem of spare parts acquisition

2.5.1 ROAD FREIGHT INDUSTRY IN KENYA

Currently, vehicles from the LLCs deliver transit cargo to their countries from Mombasa leaving Kenyan based companies with little choice but to compete for domestic cargo. It is understood that the industry carries over 70% of the national freight. The road freight in Kenya is composed of very old vehicles, average 15 years old,[67] whose operational efficiency is quite low, with a utilisation of 50,000 - 60,000 km annually. Although the industry was initially dominated by a parastatal KENATCO, at present it is in the hands of private owners and operators. There are many vehicle models with varying capacities of upto 60 ton.[68]

2.5.2 ROAD FREIGHT INDUSTRY IN TANZANIA

The Central Transport Licensing Authority (CTLA) ceased compiling data on the licensed vehicles in 1981. It is however estimated that 85% of the trucking activity in Tanzania is done by private operators.[69] It was estimated that 1.63 billion ton-km was done by road truckers in 1984, giving the average load factor of 50%, which indicates an absence of back haul cargo. By 1990 the capacity was inadequate to move cargo from the Dar-es-Salaam resulting in prolonged port delays and congestion. Lack of a maintenance culture and the ageing of the fleet partly seem to be the logical explanations to this development.[70]

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[67] Registrar of Motor Vehicles, Ministry of Transport and Communications, Nairobi, 1994
[68] Ibid.
[69] Manson and Gilling in their study of "Road Transport Policy, Practice and Role of the Public Sector", Dar-es-Salaam, 1984, unpubl.
[70] Mboneko, Mbonne, H. "The crisis of State in Africa" Lund Univ. Press, Lund 1993, p. 6

To encourage the road transport industry, the government in 1990 granted duty free importation of vehicles and spare parts. This together with the lack of adequate restriction of axle load limits in the early 1990s attracted the new investors to bring in vehicles of upto 60 tonnes, which would provide a basis for even higher profitability.

However, the government has by 1994 re-introduced tax on the importation of trucks and spares and on haulage operations which has considerably increased the operating costs. The strict enforcement of axle load limits has also affected revenue potential. Thus by June 1994, a number of Tanzanian based operators shifted their base of operations to Mombasa, focusing on LLC traffic.[71] This has beefed up the existing capacity in Mombasa and freight rates have fallen due to increased competition.

2.5.3 ROAD FREIGHT INDUSTRY IN UGANDA

Public sector participation in Uganda road freight industry is minimal; though there is one government owned freight trucking and clearing company, **Transocean (U) Ltd.** and one co-operative union, **The Uganda Cooperative Transport Union Ltd. (UCTU)** which offer trucking services. In practice only UCTU offers such services with the former relying on private subcontracting. Thus most of the transit traffic transportation is within the domain of private sector companies. Of the 6,946 trucks and trailers in the fleet in 1992, 85% (5,888) were privately owned and operated.[72]

2.5.4 POLICE SURVEILLANCE

In Kenya, the police require trucks not under escort to use a truck control form called **P27**. This form requires trucks to travel using the designated routes and to check at eight specific police check points as they travel through Kenya. This form is stamped and signed in the respective police stations, always with unexplainable delays and the eventual payments of acceleration 'fees'. In Uganda the **Transit Vehicle Longsheet** serves the same purpose.

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[71] Nas Hauliers Ltd., Mombasa, Jan. 1995

[72] Transport Licensing Board (TLB), Ministry of Works, Transport and Communications, Kampala 1993

2.5.5 OVERLOADING OF VEHICLES

The major problem facing road transport in the region is the condition of infrastructure, particularly along the routes through Tanzania to the LLCs. With the heavy investment made in the rehabilitating roads, the major emphasis must now be directed to adequate maintenance and prevention of overloading. The main problem of axle load control is the lack of adequate legislation and enforcement,.

2.5.6 ROAD MAINTENANCE FUNDING

Road networks are deteriorating faster than the level of available resources to maintain them. This has contributed significantly to the high cost of road services on which the transit cargo movement is highly dependent. In Kenya, the government runs road tolls at the borders and the road maintenance levy is collected on its behalf by oil companies.[73] In Tanzania revenues for road maintenance are collected mainly through the imposition of a levy on fuel consumption, which is deposited into a dedicated Road Fund. Again for both these countries, the amount collected through levies is still very low compared to the overall requirements and there is also the danger of misallocation of these funds.

At the regional level, inter-state haulage has been subject to various user charges to 'meet the high cost of road maintenance'. PTA has approved the use of harmonised road user charges. Only Burundi, Malawi, Zambia, and Zimbabwe are applying these PTA rates. The difference between full cost recovery rates in these countries is related the initial road engineering standards. Therefore Uganda charges are higher as compared to those in Tanzania whose roads are of lower engineering standards.

[73] Road Maintenance Fund Act 1993, Nairobi

2.5.7 MARINE SERVICES

Lake services continue to play an increasingly important role in the movement of transit cargo. L. Victoria serves both the Central and Northern Corridors. L. Tanganyika serves only the Central Corridor. The problem is that there has not been any co-ordinated lake services in the sub-region. Services are not scheduled and ferries sail on demand.[74] Operationally, it would appear that there are no major problems in the rail/lake interface, probably arising from the current excess capacity of the ferries. However, poor management has led to the deterioration of lake facilities and the deficiency of some basic equipment needed for safety and communications in marine operations.

It is understood that the lake services operate without internationally accepted standards necessary to ensure safety of life, navigation and prevention of pollution. There has also been cases of accidents arising from improper handling of ferries by unqualified personnel.[75] Another major handicap is the lack of legislation to govern safe maritime activity particularly on L. Victoria.[76]

2.6 CO-ORDINATION OF LLCs TRAFFIC

There are sub-regional, regional and continental organisations which influence the current structure and functioning of the transport industry. These includes TTCA,[77] East African co-operation Agreement (EACA), COMESA, all of which develop policy measures which act as checks on transport costs. The current problem with these organisations is lack of political goodwill and financial support from some of the members. There is a potential danger of duplication and/or conflict of small group interests against those of a larger organisation.

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[74] Shiundu, J. thesis on "An Analysis of the Inland Transportation Systems for East African External Trade", WMU, Malmoe, Aug. 1986, p. 46

[75] The **MV Umoja** accident in 1992 is one example

[76] PTA Conference, Nairobi, November 1993

[77] TTCA memberships comprise of Kenya, Uganda, Rwanda, Burundi, and Zaire

Although TTCA is charged with co-ordination of transit traffic through the Northern Corridor. This strict distinct categorisation of the Northern and Central Corridors is no longer valid. Road routes from Mombasa, leave the traditional Northern Corridor route at various stages to join road connections from Dar-es-Salaam to Rwanda and Burundi. Thus the role of the TTCA has shrunk to only the Uganda traffic.

The attachment of the TTCA to the Northern Corridor has been viewed as a facilitator of competition against the Central Corridor and has hindered effective participation of Tanzania (a fellow member in EACA and PTA) in its deliberations and commitments. On the other hand, the PTA in transforming into COMESA seems to be getting too large for effective co-ordination and implementation of the transport related resolutions passed at its meetings. This and other issues have made some of the member states to affiliate themselves with the smaller sub-regional organisations like EACA and KBO[78] which they consider as potential alternatives to PTA.

[78] Kagera Basin Organisation comprises of Rwanda, Burundi and Tanzania, formed in 1977 to develop water, power and mineral resources of the Kagera riverbasin, with financial support from UNDP - Reyntjens, F., op. cit. p. 745

CHAPTER THREE

3. PROCEDURES AND COSTS

This chapter reviews the procedures and discusses issues related to cargo movement, first through the ports and second along the various inland routes, to the consignee in any of the LLCs. Some of these procedures translate into direct costs of cargo movement, while others are embedded in the quoted freight rates for transportation, especially when cargo is moved by road. The major players are Customs Authorities, police, transporters and CFAs.

3.1 NOTIFICATION OF CARGO ARRIVAL (IMPORT)

The import cargo C&F procedures are more intricate and complex than export procedures. In practice once cargo is loaded on board a ship in the country of origin, relevant documents are sent to the importer or his appointed CFA or his bank. These are the **bill of lading** (B/L), **commercial invoice** and **packing list**, this latter only for Mombasa. I estimate a typical vessel to take about 21 days to reach Mombasa and Dar-es-Salaam from major ports of the world,[79] Therefore documents forwarded by air should reach the port before the vessel arrives at either port.

At Mombasa CFAs levy a penalty to the importer, called **late receipt of documents** when these are not lodged five days before the ships arrival. Each vessel arriving has a **shipping agent**, being the intermediary between the shipowners and cargo owners. The appointed CFA presents the documents received to the ship's agent so that the original B/L can be released, actioned through the signature of the approved person and stamp, simply indicating that all sea freight and incidental charges have been paid. All cargo falls into these categories: general cargo described in harbour tonnes (HT) or cubic meters; containers described in TEUs either 20ft (one TEU) or 40 ft long; and oil products, often designated POL, measured in tonnes.

[79] Estimates derived from figures by Schenker, Tanfreight Ltd. Dar-es-Salaam; Transfreight Panalpina, Mombasa; and Spanfreight Shipping Ltd., Nairobi

3.2 CLEAN REPORT OF FINDING

Pre-shipment inspection is globally provided by **Societe Generalle du Surveillance (SGS)** or **Cotechna**. The inspection ensures that a correct value is endorsed for import duty assessment on arrival of cargo. For Kenya this is subject to imports with a minimum value of US$ 500, whereas for Tanzania the minimum value is US$ 1000. At Dar-es-Salaam, once the importer gets the documents discussed earlier, he submits them to SGS or COTECHNA with a copy of CRF to be issued with a **Tax Assessment Notice (TAN)** which is lodged at the customs instead of Import Entry.

3.3 CUSTOMS CLEARANCE PROCEDURES

The CFA starts by making an entry of the import cargo[80] in form **C34**,[81] in 10 copies. The CFA also completes a **Mombasa Port Release Order (MPRO)** in 6 copies. The completion of **C34** includes the landed value of the cargo (CIF) and an assessment of the excise duty and VAT payable. The CIF value, weight and volume, date of arrival etc. on the MPRO enables the port revenue office to calculate port charges.

For transit cargo, the combined values of the excise duty and VAT assessed constitutes the **Bond in Force (BIF)** which the CFA covers through a **Security Bond** before cargo is released by customs. The Security Bond supposedly safeguards the customs authorities against offloading or dumping of transit cargo on the Kenyan market.

3.3.1 MOMBASA LONG ROOM

Here CFAs bring all documents of **C34**, MPRO, B/L, commercial invoice and packing list to the Receiving Officer who verifies the signature of the agent. The **C34** is checked whether the agent bond in force is sufficient to cover the BIF for transit goods. Accepted documents are forwarded to the Manifest Section where details of **C34** are checked against the manifest, B/L and ship arrival.

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[80] The customs regulations of Kenya require import cargo to be **entered** within 21 days or 15 days (for transit cargo of the commencement of discharge of the importing vessel or else they are removed to customs warehouse and may be auctioned

[81] See Appendix 4: **C35** for Uganda, **C38** for Tanzania and **Declaration Transit** for Rwanda, Burundi and Zaire

The Kenyan Customs Laws require transit goods to be shown separately on the cargo manifest or else the CFA applies for amendment of the Manifest. This amendment costs minimum US$ 40. The Long Room procedure takes 2 days under normal conditions. The documents are daily delivered to Customs office at Kilindini Port.

3.3.2 CUSTOMS KILINDINI PORT

On receiving the documents, the Customs Documentation Officer (CDO) distributes them to various sheds and to KPA. This office decides on the number of containers or packages to be verified. Normally 10% of transit goods should be verified as against 100% for all transit personal effects and domestic goods.

3.3.3 CUSTOMS VERIFICATION IN MOMBASA

The CFA arranges for the movement of the container for verification, and informs all involved: Customs Department; KPA; Security; Port Audit Department; Kenya Police; and CID. The Manifest Officer checks the MPRO against the Manifest and B/L and calculates the port charges, payable by the CFA. The procedure takes one day. At the time of delivery the container/package is sealed by Customs Officials and the CFA arranges transport either to the warehouse or directly to the LLCs.

3.3.4 DAR-ES-SALAAM PORT

For transit cargo, the CFA gets the B/L released by NASACO and then completes the **Combined Customs Bill of Entry and Declaration and Disposal Order**, in 6 copies and lodges this at the Port Revenues Office. The combined document is a distinct advantage for Dar-es-Salaam over Mombasa. The port revenues office checks the details of the B/L against the ship's manifest and calculates the port charges.

An importer of domestic cargo obtains a TAN from the Pre-shipment Inspection companies by presentation of a CRF to enable payment of duty and sales tax. Then, he lodges the documents including a **Declarations and Disposal Order** to the port revenues office. Domestic cargo is verified after the port charges have been collected.

3.4 PORT CHARGES

A distinct feature of the new KPA tariff effective from first of January 1995, is that it is denominated in US dollars. Port users shall continue to pay in Kenya shillings but at the exchange rate valid at the date of transaction[82] Three charges that have been scrapped include the wharfage charges on the value of cargo at 1.45% for imports and 0.8% for exports; overtime charges to shippers for services on cargo or vessels on holidays and week-ends; and the miscellaneous charges levied on the ship or shipper for delays or work stoppages due to say, bad weather.[83] Port users have complained of increases in the cost of other KPA services, the charges on late documentation and the tariff book fee.[84] Industry sources say that due to the poor services at the port, the high charges cannot be justified.[85]

The current THA tariff book effective 16th August 1992, was revised with effect from 1st January 1994. The 1992 tariff made Dar-es-Salaam the most expensive port in the region. A statement from the Tanzanian Shippers' Council (TSC)[86] has been published urging for the review of the tariff. Specifically this tariff has had a devastating impact on transit traffic. The TSC statement indicates increases in excess of 200% for various tariff items.

A recent study on behalf of PTA by a London based consultancy firm shows that, while direct comparison of port charges in the region was not possible, quotations for the movement of one TEU for export with FOB value of US$ 10,000 indicate that Dar-es-Salaam is 1.5 times more expensive than Mombasa, Maputo and Durban.[87] Charges on import cargo falls into three categories: stevedoring, wharfage, and service charges.

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[82] KPA Tariff, Mombasa, 1 Jan. 1995, p. 1
[83] wa Ngai, M. "The East African" Weekly Newspaper, Nairobi, Jan. 30 - Feb. 5 1995
[84] KPA Tariff 1995, p. 35
[85] wa Ngai, M., op. cit.
[86] See Appendix 5 (TSC statement)
[87] See Appendix 6 (Comparative tariff rates between the Indian Ocean Islands & E. African countries)

3.4.1 STEVEDORING

Stevedoring is the moving of cargo from the ships hold to the first resting point of the quay, for imports or from the hooking point on the quay to the allocated stow in the hold, in the case of exports.[88] For the conference (regular) vessels this charge is paid by shipping lines but for charter Ships they are paid by importers through the CFA as Terminal Handling Charges (THC).

Table 3:1 Stevedoring of containerised & Bulk cargo at Mombasa

Stevedoring charges are levied on standard 20' ISO. units handled to/from a container ship, and are raised per move. Non-Standard or out of gauge containers of 40 containers are charged at a higher rate as shown

		Rate per Move		Rate per tonnes
		20'	Over 20'	or m^3
1.	Discharge, loading, shifting within the hold	$100	$120	$8
2.	Containers handled via a conventional ship	$120	$144	$6
3.	Containers handled on a Ro-Ro basis	$75	$90	---
4.	Empty containers are **charged at 60%** of the rate shown in 1-3 above			
5.	Dry general or dry bulk handled by bitutainers or via conveyors	---	---	$1.50

Source KPA Tariff 1995, p. 22 and 24

At Dar-es-Salaam stevedoring charges for bulk cargo is US$ 5 per tonne while for containers it depends on whether the container lands at a conventional berth,, $100 per TEU and $150 for 40 ft container (2 TEUs). At the container berth the charges are $80 for a 20ft and $120 for a 40 ft container. Stevedoring charges are payable to NASACO.

[88] KPA Tariff 1995, p. 7

3.4.2 WHARFAGE CHARGES

These charges are levied as a cost recovery effort at ports in respect to their investments in quays, wharves, jetties and buoys. Whereas they have been abolished at Mombasa with effect from January 1995, at Dar-es-Salaam they constitute the following CIF value:[89]

Cargo	Domestic	Transit
a) bulk liquid import	1.50%	-
b) Other imports	1.50%	1.25%
c) Exports	1.00%	1.00%

3.4.3 SERVICE CHARGES

Service charges comprise of: Shore handling, Heavy lift charges, Removal charges, Customs warehousing, and customs verification. In addition, at Mombasa a late documention charge is raised,[90] which is not applied at Dar-es-Salaam since January 1994.

Shore handling charges are levied in respect of movement of cargo to the sheds. Unlike at Mombasa, Dar-es-Salaam has concessionary rates for transit cargo. At both ports, import cargo remaining in the port area and for which documents have not been presented and accepted within 10 days of the date the vessel breaks bulk is subject to a removal charge. Storage charges levied on the cargo at the port of Dar-es-Salaam are generally higher than equivalent costs at Mombasa from the point of view of both speed with which documents must be processed[91] and the actual level of storage penalties which are about 5 times as much as those prevailing in Mombasa.[92]

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[89] THA, Tariff Book of Harbour Dues and Charges Vol. 1, August 1992

[90] Ibid., p. 35

[91] At Mombasa emphasis is placed on presentation and acceptance of documents rather than speed of processing

[92] Tawata, E. "Customs and Transit Procedures for Clearing Transit Goods", working paper for "Workshop on Clearing and Forwarding Transit Cargo', Dar-es-Salaam, January 1994

3.5 ROAD TRANSIT PROCEDURES

At Mombasa, over 60% of transportation of general and dry cargo is by road and the rest by rail. There is considerable short-haul operations between the port and the warehouses.

3.5.1 COMPLETION OF RCTD

The **Road Customs Transit Declaration (RCTD)** was introduced in 1986 by NCTA as a sole document to cover movement of transit goods. The document is valid in all TTCA member states. The problems of telecommunications and lack of collaboration between various customs administrations in the region constitutes the major factor hindering the efficient use of the RCTD system.[93]

For road transportation the CFA completes sets of RCTD (C35), 6 for Kenya and 4 for each subsequent country with details on the C34. These are lodged with Customs Long Room, where the documents are checked and the customs office of departure, date and number of RCTD, registered bond amount and bond number are filled in, then they are stamped, signed and the RCTD number is given. Before departure the CFA goes to the police with copies of MPRO, C34, RCTD, completed Transit Goods Movement Check Form P27, photocopies of importer's passport, certificate of Incorporation, and a copy of Import License so as to get a Gate Pass. Then Customs Seals the container.

3.5.2 SECURITY FORMALITIES: P27 AND POLICE ESCORT

At the port exit gate, the police checks the documents, endorses P27 and determines whether the truck should go under escort. Whereas unescorted cargo takes an average of 4 days from Mombasa to Malaba or Isebania, escorted cargo can take up to 14 days. The convoy to Uganda must stop at 8 police check points for the P27 to be endorsed as checked by rank, force no, date, time, signature and official stamp.[94]

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[93] TTCA of the Northern Corridor, "An Evaluation of the performance of the Northern Corridor", Progress Report, Kigali, July 1992

[94] Msafari, J.G., Director Kenfreight (EA) Ltd., Interview, Mombasa, May 1995

3.5.3 CUSTOMS EXIT OFFICES AT MALABA AND ISEBANIA

At the borders of Malaba and Isebania, the customs procedures are fairly the same. The driver of each truck plays a role, but the bigger CFAs are represented. All sets of RCTD and C34 are presented to customs for endorsement and the P27 is stamped.

3.5.4 ENTRY INTO TANZANIA AND UGANDA

Using details on the C34, the CFA at Malaba or Isebania completes Ugandan or Tanzanian set of RCTD giving calculations of the CIF value of the consignment, and other taxes applicable. The applicable duty becomes the value of the bond in force which must be covered through a transit bond. Although the transit pass is applicable to most transit cargo in Tanzania, cargo traffic through Isebania must be bond posted.

At Malaba a copy of C34 is forwarded by Kenyan customs to the Ugandan side. Vehicles whose documents have been forwarded proceed to the transit shed where seals are verified. The CFA then prepares the Uganda Transit Goods Entry (C38), which is submitted together with the RCTD. The third copy of RCTD is endorsed by Ugandan customs and returned to the Mombasa Customs for cancellation of bonds.

3.5.4.1 Passage through Uganda

All transit vehicles must be capable of being sealed before they are issued transit licenses. Secured vehicles with valid permits are flagged off. All the documents are placed in a sealed envelope, with a copy on top, addressed to the point of Exit. If such was adopted in the coastal countries, a lot of time, costs and agony would be saved.

The **Uganda Transit Vehicle Log heet**, similar to Kenyan P27 is completed and given to the driver. It indicates the reporting stations the driver should pass through and is surrended at the point of exit. Insecure vehicles go under escort. A typical convoy has 55-60 vehicles representing about 45% of the daily border crossings.[95]

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[95] Rugamba, A., "Road Transit Logistics for Onward Carriage of Transit Cargo: Issues and Problems", working paper for 'Workshop on Clearing and Forwarding Transit Cargo', Mombasa, January 1994

3.5.4.2 Passage through Tanzania

At Isebania, C34, the RCTD and the Tanzanian Security Bond are required for all transit cargo entering Tanzania. For domestic destined goods, duty is collected before the vehicle can enter the country. Any non-Tanzanian registered vehicle must have a **foreign commercial vehicle license**. Similarly each vehicle in transit in Tanzania and which is carrying cargo which would be subject to exercise duty in Tanzania pays customs levy of US$ 200 for a semi-trailer, and US$ 400 for a truck with trailer, irrespective of the cargo value. Tanzanian authorities also collect transit charges.

3.5.5 CANCELLATION OF BONDS

Transit cargo must be exported from Kenya within 3 months to cancel the BIF. Further extension of time is not possible. Customs bonds are cancelled after the third copy of the RCTD (endorsed by Uganda or Tanzania Customs) is returned to the border posts and forwarded to the CFA in Mombasa to apply for bond cancellation. This process takes 2 to 3 weeks normally.[96] Therefore small and medium CFA firms resources are tied down under this period and may not be able to take on more assignments.

3.5.6 ROAD TRANSIT PROCEDURES FROM DAR-ES-SALAAM

The transit procedures for road traffic through Dar-es-Salaam are relatively straight forward. A truck must be licensed to carry transit cargo, and all customs documentation including the C35 and the RCTD are completed within the port. There is no escort system on the Central Corridor, but transit bonds are used for sensitive cargo. For certain approved CFAs, transit goods are carried under a transit pass which is cancelled when the goods leave Tanzania. It should be noted that the decision on whether or not to execute a bond is at the descretion of the custom officer.[97]

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[96] Wainaina, S.., "Experience of Clearing and Forwarding Activities in Mombasa", working paper for 'Workshop on Clearing and Forwarding Transit Cargo', Dar-es-Salaam, January 1994

[97] Wainaina, S.., "Experience of Clearing and Forwarding Activities in Dar-es-Salaam", working paper for 'Workshop on Clearing and Forwarding Transit Cargo, Mombasa, January 1994

3.6 CLEARING AND FORWARDING OF GOODS

Most CFA charges are quoted on the basis of the CIF value of the consignment, but some are levied on the basis of weight and/or volume. These are agency fees, customs bond in force (BIF) fee, documentation, handling, port and customs charges, and in some cases transportation charges.[98]

3.6.1 AGENCY FEES

Rates quoted by CFAs range between 1-2% of CIF value at Mombasa. AMI in Dar-es-Salaam, levy a standard charge per HT ranging from US$ 17.40 for general containers, to US$ 21.20 for stripped containers. Other CFAs levy a flat charge between US$ 100 and 300 for containers. At both ports the agency fees for domestic cargo are much lower than for transit traffic.[99]

3.6.2 CUSTOMS BOND IN FORCE FEE

The BF fee is the compensation to the CFA for facilitating a security bond in transit, and as a recovery of the insurance premium or bank interests paid by CFA for the required guarantee. Many CFAs levy transit bond charges as a percentage of BIF (= value of Excise duty and Sales (VAT) taxes) normally ranging between 1.25% and 3%. Some CFAs levy a standard charge of US$ 100 per consignment.

3.6.3 DOCUMENTATION, COMMISSION OF DISBURSEMENT AND HANDLING CHARGES

Documentation charges relate to the cost of preparation of documents for clearance of cargo, often levied as flat rate between US$ 20 to 50 at Mombasa. The levying of this charge is limited in Tanzania, except where documents have to be amended. Commission of disbursement is compensation to the CFA for using his own funds to clear and forward a consignment. Handling charges are for the supervision of the movement of goods from the port to a warehouse. They may also include those related to temporary storage in a warehouse.

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[98] Wainaina, S., Op. cit., Dar-es-Salaam 1994
[99] Ibid.

3.6.4 TRANSPORTATION

CFAs may arrange transport through their own vehicles or on subcontract basis. For containerised cargo, CFAs arrange or provide a guarantee by way of deposit to shipping agents to secure containers in transit to/from the LLCs. Although shipping agents give 30-45 days for the return of containers, in practise they are seldom returned within 75 days. This deposit ranges between US$ 1,400 and 2.000 at Mombasa and $ 150 to 200/TEU in Dar-es-Salaam.[100]

[100] Msafari, op. cit.

CHAPTER FOUR

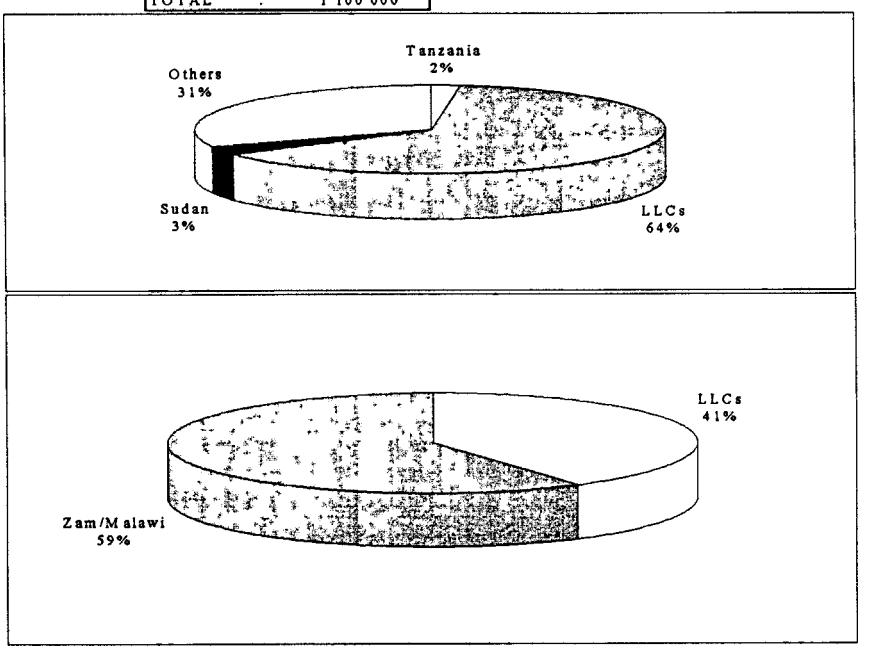
4. FREIGHT FLOWS AND MULTIMODALISM

This chapter assesses the freight flows [101] at both the ports, and along each transit route. Each origin destination pair has several routes. For imports the analysis focuses on the costs to the consignee in Uganda or Rwanda to transport the cargo landed in Mombasa or Dar-es-Salaam to Kampala or Kigali. Similarly, for exports, the analysis focuses on the costs to the shipper in Kampala or Kigali. Almost 70% of all the traffic handled at the two ports is transported by road whereas railways handle 30%.[102] The concepts of MT are introduced to help support the arguments in later chapters.

Chart 4:1 Ports Transit Cargo Throughput (tonnes) 1991-1993

Mombasa Transit Throughput	
Tanzania	22 000
LLCs	704 000
Sudan	33 000
Others	341 000
TOTAL	1 100 000

Dar-es-Salaam Transit Throughput	
LLCs	582 728
Zam/Malawi	842 000
TOTAL	1 424 728



[101] The direct freight costs presented in this chapter focus only on the actual rates and charges demanded by the transport firm used and do not include CFA charges, Port charges, transit charges, etc.

[102] Economic Studies Group of Rendel Palmer & Tritton, "Transport Policy and Planning Project", Main report on road/rail cost recovery - vol. 1, Rendel Palmer & Tritton, Entebbe, Uganda, June 1993

4.1 MODAL CHOICE

The means by which cargo is transported to destinations depend primarily on the type of cargo itself. Bulk cargo is usually transported by rail, oftenly on government directive. Much of the Rwanda-Burundi-Zaire cargo is carried by road. For Rwanda and Uganda with parastatal CFAs and transporters, the local central banks play a vital role in modal choice. For example, cargo under many Letters of Credit from Rwanda is endorsed for transportation by STIR. Similar arrangements exist for Transocean and CMB in Uganda.[103] CFAs also play a big role in modal choice. They direct cargo for its convenience of delivery, on business rationality e.g. bulk discounts normally obtained for large or many consignments through a specific mode.[104]

4.1.1 RAILWAY FREIGHT RATES

Freight rates in the region are a function of many issues. These issues relate to cost recovery for the rail operations, and profitability for most road operators. Notably the KRC, URC and TRC parastatals are directed by various Acts of Parliament. Both KRC, URC and TRC use the **Lotus 1-2-3 based Operational Simplified Costing for African Railways (OSCAR)** which has become a standard costing package in sub-Saharan Africa.

For all cargo, KRC sets rates equal to road transport rates where variable operating costs are lower than road rates, or at variable operating cost if the road transport rates are lower than variable operating costs.[105] In order to recover direct costs on down (to Mombasa) traffic due to inadequate backhaul cargo, there is increased use of separate contracts with individual customers.[106] Currently about 50% of all freight traffic by KRC is covered by contracts. KRC's main business is domestic cargo.

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[103] Asiimwe, E., General Manager Coffe Marketing Board, Mombasa, interview, May 1995

[104] Nzuki, S.M., MA thesis on "Modal Choice in Cargo Haulage in the Mombasa-Nairobi Route", unpubl., Univ. of Nairobi, 1989

[105] KRC, Special Traffic Notice No. 32 and No. 10 , Tariff Revision, November 1993 and June 1994, respectively, Nairobi

[106] Where KRC needs to fix rates between Mombasa and Kampala, this is agreed with URC which receives 20% of the rate, i.e. from Kampala to Malaba.

- URC, "Passenger, Freight, Clearing & Forwarding Services", Kampala, Current Publ., p. 6-7

URC sets its tariffs with the approval of the Ministry of Works, Transport and Communications (MoWTC). URC fails to cover its costs on rail operations but does so in marine operations.[107] Other statutory charges are raised, e.g. Commercial Transaction Levy (CTL), at 15% of total freight charges, and demurrage charges.[108] Because of tariff policies, URC has a higher tariff structure than KRC and TRC, due to a short network for spreading overhead costs. Similarly since 1990, TRC tariffs have been revised regularly in some cases by as much as 100%. The TSC believes rail tariffs comprise mainly of inefficient costs.[109]

4.1.2 ROAD FREIGHT RATES

Road freight rates are not regulated, but are determined by market forces based on the availability of vehicles against available cargo. Large consignments requiring several journey loads attract lower rates compared to single journey loads. Road freight rates may also fluctuate depending on the availability of backloads. As a result, road freight rates do not relate to actual transport costs of the operator.Road freight rates are also influenced by the increasing competition with other modes: the pipeline to Eldoret and Kisumu; and the ICDs at Embakasi, Kisumu, Eldoret and Isaka, which have resulted in the associated railtainer services diverting cargo to railways.

The high variations in domestic tariff rates could be explained by the route distances to be covered, the availability of backload, the type and make of the vehicle on hire, the anticipated police harassment en-route, the degree of competition by transporters, and the road condition. Current available information in road transport costs in the region is not sufficient. Therefore road tariff rates from Mombasa for goods destined to Uganda are 12% lower than those applied to goods to Rwanda and Burundi.[110]

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[107] Rugunda, R., "Budget Statement 1993/94", Annual Policy Statement, UPPC, Entebbe, August 1993

[108] URC, op. cit.

[109] See Appendix 4 on Tanzania Shippers' Council

[110] SDG International Ltd., "Road User Charges in Uganda", Draft, Surrey, London, date unavailable

Table 4:1 Road Freight rates US$ per tonne-km[111]

		Domestic*	Transit	
		General/Container Cargo	General Cargo	Container Cargo
Kenya	**Distance (km)**		**MSA** - KAMPALA**	
Mombasa - Kisumu	798	0.081		
Mombasa - Nairobi	451	0.092	0.087	0.098
Nairobi - Malaba	497	0.123		
Uganda			**MSA - KIGALI**	
Kampala - Malaba	222	0.225		
Kampala - Kampala	---	0.455	0.106	
Tanzania			**DAR - BUJ**	
Dar-es-Salaam - Biharamulo	1029	0.095	0.106	0.11
Dar-es-Salaam - Isaka	929	0.095		
Dar-es-Salaam - Dar-es-Salaam	---	0.374	**DAR - KIGALI**	
			0.099	0.11

* Domestic traffic freight rates are based on Tonne/Km or per two cubic metres

*MSA = Mombasa, DAR = Dar-es-Salaam

4.1.3 RAIL Vs ROAD RATES

Road tariffs per tonne-km are higher than railway tariffs for the same weight and distance. In Kenya, for example, it costs US$ 0.053 per tonne-km for domestic cargo transportation from Mombasa to Kisumu by rail, while by road the tariff is US$ 0,081 (53% more). Similarly, the domestic rail tariff between Nairobi and Malaba is US$ 0.065 per tonne-km for containers, whereas by road the tariff is US$ 0,123 (89% higher than rail).[112]

[111] Ministry of Finance and Economic Planning, "Background to The Budget 1993/94", Analysis of Budget Performance and Prospects, Kampala, June 1993

[112] Rail tariffs: KRC, Tariff Revisions Nov. 1993 & June 1994

Road tariffs: These figures are derived as a compromise of tariffs charged by different major Mombasa based freighters like **M.A. Bayusufu & Sons Ltd., Interfreight Panalpina, Kenfreight (EA) Ltd.** and **Transocean Ltd.**

In Uganda, domestic cargo tariff by rail per tonne-km from Kampala to Gulu (608 km) is US$ 0.041 while by road the tariff is US$ 0,181.[113] In Tanzania the rail tariff per tonne-km between Dar-es-Salaam and Kigoma is US$ 0,018 and $ 0.024 for containers and general cargo respectively.[114] It costs by road US$ 0.092 per tonne-km for the same distance for both containerised and general cargo (411% and 283% higher than rail), respectively.[115]

4.1.4 CHOICE OF TRANSIT ROAD ROUTES

Road transporter profit objectives are realised mainly through cost reduction strategies. Since freight rates to several destinations are uniform from a specific port, irrespective of route followed, transporters achieve the cost reduction strategy through route choice. Therefore longer routes can be preferred to shorter ones with costly transit procedures: police checks, documentation delays. Factors like road condition, security in transit and overall transit time are specifically considered in route choice.

4.2 THE UGANDA ROUTES

The five routes from Mombasa and Dar-es-Salaam to Uganda are: all rail (1170 km); rail/lake via Kisumu (1221 km); rail/lake from Dar-es-Salaam via Mwanza (1680 km); all road via Malaba (1335 km); and all road via Busia (1138 km).

4.2.1 ALL RAIL VIA MALABA

This is the main route to Uganda operated by both KRC and URC. Transit time is about 3 days. Under 1993, 118,040 tonnes of cargo crossed into Uganda at Malaba, of which 33% was cement imports from Kenya.[116]

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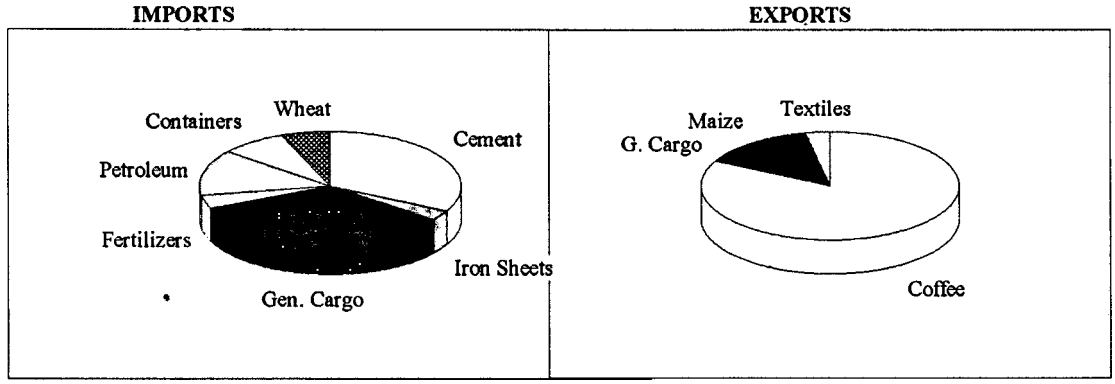
[113] URC Figures and Facts 1992, **Transocean Ltd.**, Kampala
[114] TSC statement. See Appendix 5
[115] **AMI Tanzania Ltd.**, Dar-es-Salaam
[116] KRC statistics 1994

Chart 4:2 Uganda Trade by Rail Route via Malaba

IMPORTS		EXPORTS	
Commodity	Tonnage	Commodity	Tonnage
Cement	38 693	Coffee	91 682
Iron Sheets	3 584	Gen. Cargo	324
Gen. Cargo	38 586	Maize	15 866
Fertilizers	4 484	Textiles	3 188
Petroleum	16 252		
Containers	9 589		
Wheat	6 952		
Total	118 140	Total	111 060

Source : KRC / URC 1994



On the basis of the current URC/KRC rates, the freight costs for a 40 tonne boogie general cargo or a 40 feet container are as follows.[117]

Table 4:2 Uganda Imports/Kenya Exports

General cargo	From Mombasa	US$ 3,256.36
	From Nairobi	US$ 1,889.10
Containers (40 ft)	From Mombasa	US$ 2,486.50
	Demurrage*	US$ 1,200.00
		US$ 3.686,50
Oil products (35 tonnes)	From Mombasa	US$ 3,352.35
	From Nairobi	US$ 1,787.00

* Container rates don't include demurrage of about US$ 1.200 per 40 ft container or US$ 30/tonne for 45 days period.

[117] URC Current Rates Handbook (no year of publ.)

Table 4:3 Uganda Exports (Kampala - Mombasa)

Coffee (general cargo boogie)	US$ 2,279
Coffee (in container)	US$ 2,235

Mitchell Cotts Ltd, a multinational shipping agency and transporter quotes the costs Mombasa - Kampala by rail as:

20 ft container	under 18 tonnes	US$ 1,725
	over 18 tonnes	US$ 1,965
40 ft container		US$ 3,450

Source: Mitchell Cotts Ltd, Mombasa, May 1995 (all CF charges included)

4.2.2 RAIL/LAKE MOMBASA - KISUMU - KAMPALA

The current URC/KRC agreement which allows joint utilisation of rail wagons and locomotive power has made the all rail Malaba route more convenient as transhipment at Kisumu is avoided.

Freight rates charges for imports to and exports from Uganda via Kisumu are rather similar to those applicable to the all rail route via Malaba, except for differences in distances in Kenya and wharfages charges on cargo transhipment via Kisumu. Oil products through Kisumu are charged (by KRC) at a higher rate per boogie wagon km, US$ 2.56 compared to Malaba exit where the charge is US$ 2.23/boogie km. URC charges across L. Victoria are exactly the same as for the Malaba traffic.

Table 4:4 The freight rates for a 40t consignment via Kisumu to Kampala:

Imports	**General cargo**	**Containers[1]**	**Oil products**
From Mombasa[2]	3,082.22	3,583.64	---
From Nairobi	---	1,557.44	2,013.23[3]
Exports	**General cargo**	**Container**	**Oil products**
Coffee	2,105[4]	2,132.14	---

1 Does not include demurrage costs, estimated at US$ 30/tonne
2 Assumes CIF for general cargo and containers (40 tonnes) each US$ 10,000
3 Assumes CIF for oil products (35 tonnes) each US$ 6,160. Export oil prices in Kenya at US$ 0.176/litre
4 Assumes CIF Coffee Kisumu US$ 10,000 for 40 tonnes or per container

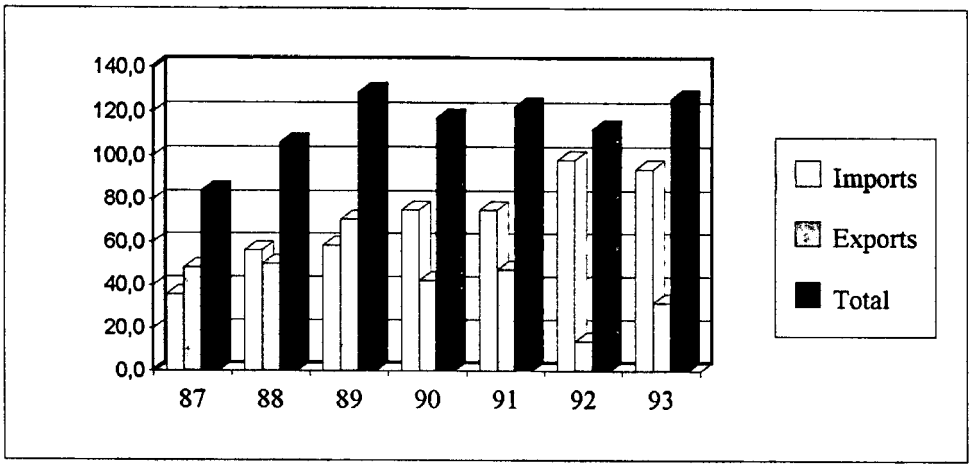
4.2.3 RAIL/LAKE DAR-ES-SALAAM - MWANZA - KAMPALA

URC statistics show that this route in 1993 carried 126,000 tonnes. The major commodity to Uganda from Mwanza is cement, seconded by general goods sourced in Tanzania, while the principal export commodity is coffee.

Chart 4:3 Uganda Traffic via Mwanza ('000 tonnes)

	87	88	89	90	91	92	93
Imports	35,9	56,2	58,4	74,9	75,0	98,3	94,0
Exports	48,1	50,0	70,5	42,4	47,2	13,9	31,9
Total	84,0	106,2	128,9	117,3	122,2	112,2	125,9

Source : URC



According to these charges, TRC general cargo rates on a boogie km basis averages about US$ 1 from Dar-es-Salaam to Mwanza, while between Mwanza and Port Bell it is US$ 0.80/boogie km. TRC rates for oil products ranges between US$ 1.71 for LPG to US$ 0,74/boogie km for diesel.[118] However, the URC rates on L. Victoria for a 40 tonne general cargo wagon averages US$ 2.24 per boogie km and US$ 1.96 for oil products,[119] reflecting the long transit time of about 2 months.

[118] TRC, Tariff rates, Dar-es-Salaam
[119] URC, Handbook, Kampala

4.2.4 ALL ROAD MOMBASA - MALABA - KAMPALA

The rates depend on the volume of cargo on offer, the client and the CFA involved. Rates quoted for general cargo have ranged between US$ 80 to 125/tonne. **Interfreight Panalpina** quotes US$ 110 from Nairobi to Kampala and US$ 125 from Mombasa to Kampala. Freight prepaid by suppliers abroad are being negotiated at between US$ 2000 to 2200/TEU including CFA charges. Flat container rates of US$ 11,700/TEU have been quoted by one CFA between Mombasa and Kampala. **Mitchell Cotts Ltd.**'s quotations for Mombasa - Kampala/Jinja/Entebbe are:-

20 ft container	US$ 2215	+ 0.5% on CIF Mombasa as Bond, min. 15 tonnes
40 ft container	US$ 4430	+ 0.5% on CIF Mombasa as Bond, min 30 tonnes
		+ US$ 120 each extra tonne

4.2.5 ALL ROAD MOMBASA - BUSIA - KAMPALA

While the Malaba route is dedicated to dry cargo movement, petroleum tankers collecting fuel from Nairobi usually pass through Kisumu and Busia rejoining the main transit route after Tororo. Petroleum products destined to Uganda are designated 'exports' from Kenya. Accordingly customs procedures reflect export (rather than transit) orientation, and are therefore simpler.

4.3 RWANDA / BURUNDI ROUTES

4.3.1 RAIL/LAKE DAR-ES-SALAAM - KIGOMA - BUJUMBURA

TRC statistics show that in 1993, TRC's Kigoma throughput was 31,873 tonnes mostly destined to Burundi. Of this 50% was export traffic (15,765 tonnes from Burundi and 1,206 tonnes from Zaire). I estimate that TRC makes 2 trips a month on this route, one up and one down, an average of 15 days transit time, compared to 4 days on a block train. Cargo availability on this route is restricted.

TRC domestic charges remain below those for transit traffic by 51 -90%.[120] There is also US$ 12/tonne for cargo transhipment on the barges to Bujumbura. AMI's transhipment charges are US$ 10.20/HT at Kigoma. Thus general cargo from Dar-es-Salaam to Bujumbura costs US$ 64.10, which for a 40t cargo amounts to US$ 2564[121]. Similarly AMI's charges for a 40 ft container (40t) would be:-

Dar-es-Salaam - Kigoma	$ 1601/TEU*
or	$ 3202
Transhipment charges Kigoma	$ 408
Transport to Bujumbura US$ 12/HT	$ 480
	$ 4090

* Inclusive of demurrage $185/TEU and local movement Dar-es-Salaam $350

4.3.2 RAIL / ROAD VIA ISAKA TO KIGALI / BUJUMBURA

Under 1993 the Isaka transhipment depot handled 200,000 tonnes of import cargo to Rwanda and Burundi of which 77,000 tonnes were POL. The costs of transporting cargo to the LLCs on the Dar-es-Salaam/Isaka rail/road route would be:[122] Whereas the volume moved by road increased by 38% under 1992-93, the amount moved by rail increased ten times as much. The improved rail offtake is a result of both the improved capacity by new locomotives, and the opening of Isaka container terminal.

General cargo (TRC rates)		
	30 tonnes	US$ 3,221.60
	40 tonnes	US$ 4,171.60
Containers (40 tonnes)		US$ 4,131.60
Petroleum products (35 tonnes		
	white oils	US$ 3,861.60
	diesel	US$ 3,756.60

[120] AMI quotations, Dar-es-Salaam, June 1994
[121] Ibid.
[122] AMI quotes rates inclusive of local movement at Dar-es-Salaam of US$ 2062 per 40 ft container to Isaka, including return of empty container. From Isaka to each of the LLCs the quoted rate is US$ 70/tonne

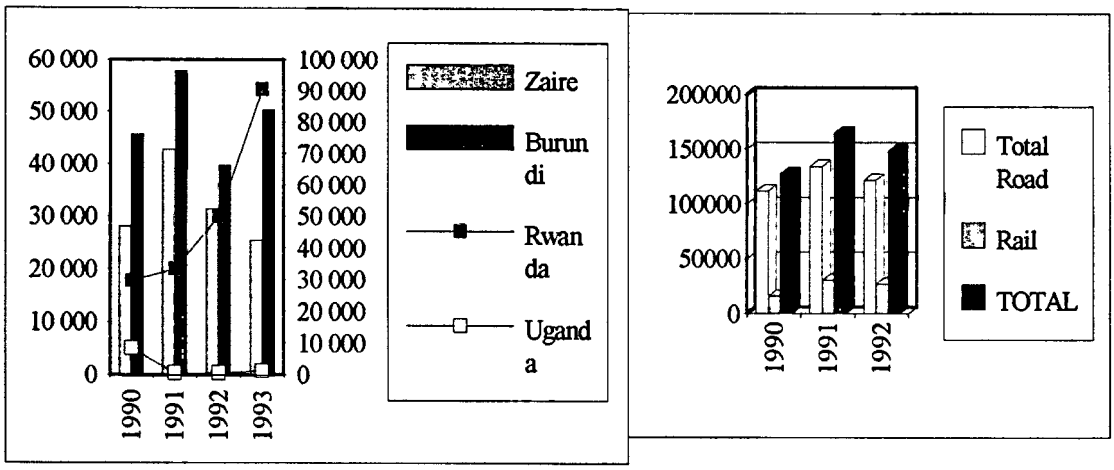
4.3.3 ALL ROAD DAR-ES-SALAAM - KIGALI / BUJUMBURA

Chart 4:4 General Cargo to LLCs

	1990	1991	1992	1993
Zaire	28 071	42 627	31 303	25 409
Burundi	45 546	57 678	39 649	50 169
Rwanda	29 525	33 222	49 812	90 061
Uganda	8 458	594	644	1 346
Total Road	111 600	134 121	121 408	166 985
Rail	15 703	30 514	27 018	108 599
TOTAL	127 303	164 635	148 426	275 584

Source : THA

	1990	1991	1992
Total Road	111600	134121	121408
Rail	15703	30514	27018
TOTAL	127303	164635	148426



This road only carried 61% of cargo imports under 1993.[123] The freight rates on this road quoted by different transporters and CFAs were fairly uniform for general cargo and containers:-

	General Cargo	**Containers*/TEU**
Dar-es-Salaam - Kigali	US$ 135/t, Min. 15 t add. t each US$ 130	US$ 145/t Min. 15 t add. t each US$ 140
Dar-es-Salaam - Bujumbura	US$ 145/t , Min. 15 t add. t each US$ 140	US$ 150/t , Min. 15 t add t each US$ 145

* includes demurrage

[123] THA, op. cit.

4.3.4 ALL ROAD ROUTE MOMBASA - ISEBANIA - KIGALI - BUJUMBURA

Transit time from Mombasa to Kigali/Bujumbura is about 24 days. The freight rates are the same from Nairobi or Mombasa to Bujumbura or Kigali. The quoted rates vary from US$ 165 to 200 per tonne, for both general cargo and containers, this latter inclusive demurrage. Table 4:5 below summarises both the quoted and the calculated direct freight costs for the various routes discussed in this chapter.

Table 4:5 Freight Transportation costs (US$/40 tonne Cargo)

	IMPORTS			EXPORTS	
	General Cargo	Containers	POL	General Cargo	Containers
UGANDA					
All Rail Route	3256	3687	1787	2279	2487
Rail/Lake via Kisumu	3082	3584	2013	2105	2132
Rail/Lake via Mwanza	2231	1680	2377	2036	1784
Road Route via Malaba/Busia	3200	3730	2400	2000	4035
BURUNDI					
Rail/Lake via Kigoma	2564	4090	2860	n/a	n/a
Rail/Road via Isaka	4171	4131	3862	n/a	n/a
Road Route from Dar-es-Salaam	5675	5875		3400	3300
Road Route via Isebania	7000	7000	3818	5818	5818
Road Route via Malaba	7000	7000	3818	-	-
Alternative Routes					
Rail/Lake/Road via Kemondo Bay	3788	4815	-	-	-
Rail via Kasese	6543	6879	-	-	-
RWANDA					
Rail/Lake via Kigoma	4164	5690	2860	n/a	n/a
Rail/Road via Isaka	4171	4131	3862	n/a	n/a
Road from Dar-es-Salaam	5275	5675		3400	3300
Road via Isebania	7000	7000	3818	5818	5818
Road via Malaba	7000	7000[124]	3818	-	-
Alternative Routes					
Rail via Kasese	5743	6079	-	-	-
Rail/Lake/Road via Kemondo Bay	3788	4815	-	-	-

[124] Road operational

4.4 ROAD TRANSIT CHARGES

All road routes are characterised by numerous cost elements as transit charges. These costs are part of the direct costs to the importer and are usually paid by the transporter on transit.[125] To determine the level of these costs, I have considered 4 combinations of transit charges. For each LLC, I have assumed that the vehicle is either locally registered or foreign registered either in Kenya or Tanzania, depending on the port of origin. Similarly for each vehicle category I have assumed a round trip made within 30 days or within 31 and 60 days. The resulting transit charges structure is presented in table 4:6

Table 4:6 Transit Charges (US$)

	LOCAL REGISTERED TRUCK		FOREIGN REGISTERED TRUCK	
	30 days round trip	31-60 days round trip	30 days round trip	31-60 days round trip
UGANDA				
Malaba road	500	747	563	873
RWANDA				
Isaka rail/road	748	1056	965	1031
Isebania road	1183	1729	1404	1713
Dar-es-Salaam road	872	1180	1022	1022
BURUNDI				
Isaka rail/road	770	1078	526	526
Isebania road	1205	1751	1032	13431
Dar-es-Salaam road	898	1206	654	654

Transit charges are less for a foreign registered vehicle on Burundi routes. For Rwanda and Uganda locally registered vehicles are favoured. The route from Mombasa via Isebania attracts the highest charges for Rwanda traffic mainly due to crossing of 2 borders.

[125] Mbeche, O.O. "Transit traffic by Road in East-Central African Sub-region: Current Status, Problems and Prospects", UNCTAD Symposium on Transit Traffic, Mombasa 20-22 June 1991, p. 30-32

4.5 ACCELERATION COSTS ON ROAD ROUTES

Vehicle operations within the region are subject to police make-shift road-blocks operated by various departments. The police powers are unscrupulously applied leading to corruption. On the one hand vehicle operators will be encouraged not to comply with the laws, choosing to "buy their way" since even when they do abide by the law, policemen always solicit for **chai**.[126] Interviews with transit-truck drivers in Mombasa indicated that they spend about US$ 35 between Malaba and Mombasa, spending about US$ 5 per road-block. Police checks are fewer in Uganda and they spend about US$ 10 on police checks between Malaba/Busia to Kampala, still paying US$ 3 per police check. In Tanzania, these 'charges' are much lower.

4.6 MULTIMODAL CONTAINER TRANSPORTATION

The choice of the mode of inland transport of containers is influenced by the cost and the quality of the service. The freight flows and transportation rates' comparisons indicate cost advantages for road haulage over short distances and for rail and lake transport over long distances. These 3 modes could be utilised complementarily, each mode employed on that leg where its most efficient. The introduction of door-to-door transport of containers calls for an integrated planning of infrastructure and operations. Therefore, the co-ordination of various planning authorities at the national level must be established.

4.6.1 CONTAINERISATION

Containerisation is best used when the transport units remain unbroken and if they are carried under MT arrangements. These two conditions have crucial consequences for the physical infrastructure needed and the administrative and political framework within which the operation works. The high cost of container transport in the East African region is mainly due to the inefficient inland transport infrastructure and to the legislative shortcomings mainly regarding custom procedures and documentation.

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[126] Swahili for 'tea'

The East African foreign trade, is carried under segmented[127] transport arrangements with unimodal transporters only responsible for services concerning their own section of the journey.[128] These uncoordinated transport contracts result in increased total transport costs. There is lack of adequate control over the transport chain by the operators. MT facilitates cargo movement through the total transport cost reduction by increasing efficiency under the single responsibility of MTOs. It ensures an integrated process from the shipper to the consignee. MT requires primarily the overall structural changes in trade and transport practices, i.e. the process which becomes a major component to the systems approach to business.[129]

4.6.2 TYPES OF MTOs

An MTO is any person who contracts an MT contract covering several modes of transport without actually performing the transport himself. There are several sub-types of MTOs:-**Vessel Operating MTOs: VO-MTOs** extend their services to include carriage over land or by air by sub-contracting inland transport, stevedoring and warehousing services. **Non-Vessel Opérating MTOs: NVO-MTOs** own only one type of transport means like trucks or rarely, planes and railways and sub-contract the ocean voyages.

The third type of MTOs are those who do not own any means of transport like freight forwarders or customs brokers, but who are involved within the overall transport chain. They sub-contract for all modes of transport. The fourth type of MTOs are those companies that are exclusively established to provide MT services. This new brand of NVO-MTOs may offer the East African region the best scope for participation in MT, since it avoids investments. Thus they are more flexible in their choice of transport combination.

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[127] Segmented transport is defined as when the carrier that organises the transport only takes responsibility for the portion he is performning himself, he may issue an intermodal bill of lading. MT Handbook, ibid. p. 11

[128] Unimodal transport is the transport of goods by one mode of transport by either one or several carriers. The carrier issues his own transport document like the **B/L** or an airway-bill. In case of several carries, one of them issues a **through bill of lading** covering the entire transport. MT Handbook, ibid.

[129] Muller, G., op. cit. 3rd Edition 1995, p. 1

4.6.3 MODAL CHOICE FOR INLAND TRANSPORT

The choice of modes for inland transport of containers should be affected by both cost and service quality criteria. These criteria are important for the shippers, for the transporters and for the public infrastructure departments.

4.6.3.1 Transport Costs

The actual costs for each mode of transporting a container over a specified distance can not be established as it differs among individual routes. It is however possible to establish a relationship between costs of different modes, based on the principle that costs of each mode will develop differently with varying distances, due to to different proportions of fixed and variable costs. Thus short hauls are expensive. Road transport costs are largely variable creating comperative advantages for short distance haulage. Fuel has become a major consideration in decision-making of modal choices.[130]

4.6.3.2 Quality of Services

The major transport qualities relevant to multimodal container transport are: speed, door-to-door capability, reliability, security, safety, flexibility and availability. Road transport is superior to both rail and inland waterway regarding these factors. In the East African region, speed in road transport has been traded off to security on the railways. However, since December 1994, there has been a lot of theft of Uganda coffee shipments from the wagons. With the use of containers roads are preferable, despite the possible delays by police convoy escorts. This could be partly attributed to long delays in the loading on to wagons in port, and rail line accidents and breakdowns which bring the whole transport system to a standstill for days.[131]

MT containerisation would improve the situation by employing special trains/vessels on a terminal/terminal basis, leaving final distribution to road transporters. Speed, reliability and security of transport would be greatly enhanced, provided that distribution process is well planned and no delays occur at interface points.

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[130] Multimodal Transport and Containerisation. op. cit. p. 7
[131] Msafari, J.G. op. cit.

CHAPTER FIVE

5. COST ANALYSIS AND CONTAINERISATION

The analysis assumes the transportation of imports and enables the comparison of the cost effectiveness of each route and mode. A valuation of the transit time, from the ships arrival at port to the time the cargo is delivered at destination in the LLCs, is taken to establish the cost of capital funds locked up in transit. Similarly, the modal economics of containerisation, the liability regime together with the MT documents are discussed.

5.1 VALUED COST

The valued cost is aggregated with principal cost items as a basis of establishing the total costs to the shipper. These are:-

- port charges with port transit times;
- clearing and forwarding charges; and
- freight charges including transit charges

5.1.1 PORT CHARGES

Port charges at Dar-es-Salaam are at least 1.5 times those at Mombasa.[132] However, customs verification of containers at Mombasa costs US$ 30/TEU (both domestic and transit) compared to US$ 180/TEU domestic, and US$ 160/TEU transit at Dar-es-Salaam.[133] Direct comparison, of storage charges, could be misleading because of the difference in the methods applied to charge for storage. Mombasa charges US$ 0.30/HT per day for all general cargo while Dar-es-Salaam charges US$ 1.0/HT. Similarly both domestic and transit containers are charged US$ 6 at Mombasa compared to US$ 20 at Dar-es-Salaam.

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[132] See Chapter 3:4

[133] **Trans Ami (U) Ltd.**, Kampala, Uganda

5.1.2 PORT TRANSIT TIMES

The port transit time is a major cost item related to the clearance of import cargo at both ports. At Mombasa the period between presentation of documents and delivery of cargo is indeterminate, giving the importer a maximum of 6 days between arrival of ship and delivery of cargo. At Dar-es-Salaam this period is fixed. An examination of 100 MPROs at the Mombasa Port Revenue office indicated that 72% were subject to late documentation charges, thus only 28% of the documents were presented within the 4 days allowed. The analysis of these 72 documents gives an average of 22 days late, which when added to the 4 days allowance, gives 26 days between ships arrival and presentation of documents.

No. of days charged	No. of cases	Total No. of days	
1-5	12	25	
6-10	9	72	
11-15	4	53	
16-20	24	446	
21-25	1	21	(Average number of days
26-30	3	82	= 1603/72 = 22)
31-35	6	190	
35-40	1	39	
41-45	0	0	
46-50	2	97	
over 50	10	578	
	72	1603	

A detailed calculation show the weighted average period for documents in the sample to be presented and accepted is 19.84 days or 20 days. A similar analysis is not possible for Dar-es-Salaam as there is no equivalent time. Firstly these charges were abolished since 1994. Secondly, the procedures at Dar-es-Salaam port are different.

An examination of 120 MPRUs at one of the delivery sheds at Mombasa indicates that only 17% of the sampled cargo through the port were collected within the 2 day limit for delivery, with an additional 69% collected within 7 days after the 2 day period. 65% of all cargo are collected within 5 days after the elapse of the 2 day free storage period. Thus the average dwell time after delivery was 4 days, making the total average port transit time 24 days (20 + 4), to which if 2 days average period for document processing is added, makes a total of 26 days through Mombasa port.

No. of days storage penalty	No. of cases	%		
0 (2 days free storage)	20	17		
1	45	38		
2-3	23	19	65%	69%
4-5	9	8		
6-7	5	4		
8-9	8	7		
10 and over	10	8		
	120	101%		

Analysis of 48 **Declaration and Delivery Orders** at Dar-es-Salaam not collected within the free storage indicated that 35 (73%) were domestic cargo. This is subject to 47 days storage penalty compared to 28 days for transit traffic. Thus domestic cargo has a transit time of 54 days (47 + 7) compared to 43 days (28 + 15) for transit cargo.

No. of days storage penalty	No. of cases Domestic	Transit
1	0	0
2-3	1	3
4-5	1	0
6-7	4	0
8-9	2	0
10 and over	27	10
	35	13

These figures indicate the bottlenecks with presentation and acceptance of documents at Mombasa, which is shown by the time it takes, 20 days, compared to the 4 days it takes to get the cargo out of the port after delivery. This reflects three major issues:-

- inefficiency of custom offices and their cumbersome procedures.
- unavailability of sufficient information about cargo.
- inability of CFAs to dela efficiently with others in the chain.

The data analysed for the estimation of port transit times for both Mombasa and Dar-es-Salaam in this chapter were collected at a time when both ports were heavily congested, and may thus not be representative. Therefore, the analysis and valuation of overall transit times presented in the following sections assume a 50% reduction of the calculated transit times. Then the transit time at Mombasa becomes 13 days and at Dar-es-Salaam 22 days.

5.1.3 CLEARING AND FORWARDING (C&F) CHARGES

Parastatals **Transocean** and **STIR** and multinationals like **AMI** command a high proportion of cargo at the two ports through prior agreements and arrangements. Their charges reflect more prior negotiations than the actual market rates. The small and medium CFAs face stiff competition amongst themselves for the limited cargo volumes thereby quoting greatly varying rates for different services. However, the detail of CFAs involvement at Mombasa generate costs which are over and above equivalent costs at Dar-es-Salaam. C&F charges at Mombasa are disaggregated with varying rates for different services, unlike at Dar-es-Salaam. I estimate the C&F charges at Mombasa to be 6.5% of CIF compared to 3.5% of CIF at Dar-es-Salaam for cargo not handled by AMI.

5.2 DIRECT FREIGHT COSTS

The direct freight costs are charges by transporters for moving cargo from ports to destinations in the LLCs. Table 5:1 provides the comparative cost per tonne, assuming a 40 tonne general cargo or container and a 35 tonne cargo for petroleum products.

Table 5:1 Freight Rates per Tonne (US$)

	IMPORTS			EXPORTS	
	General Cargo	Containers	POL	General Cargo	Containers
UGANDA					
All Rail Route	81.4	92.1	51	57	62
Rail/lake via Kisumu	77.1	89.5	57.5	52.6	53.5
Rail/Lake via Mwanza	55.7	42.5	68	51	45
Road Route via Malaba/Busia	80	93	60	50	101
BURUNDI					
Rail/Lake via Kigoma	64	102	82	n/a	n/a
Rail/Road via Isaka	104	103	110	-	-
Road Route from Dar	141.8	146.5		85	82.5
Road Route via Isebania	175	175	109	145	145
Road Route via Malaba	175	175	-	-	-
Alternative Routes					
Rail/Lake/Road via KBY	95	120	-	-	-
Rail Route via Kasese	164	172	-	-	-
RWANDA					
Rail/Lake via Kigoma	104	143	82	n/a	n/a
Rail/Road via Isaka	104	103	110	-	-
Road Route from Dar	131.8	141.8		85	82.5
Road Route via Isebania	175	175	109	145	145
Road Route via Malaba	175	175	-	-	-
Alternative Routes					
Rail/Lake/Road via KBY	144	152	-	-	-
Rail Route via Kasese	95	120	-	-	-

5.2.1 UGANDA

The Dar-es-Salaam rail/lake via Mwanza route exhibits lowest direct costs for all types of cargo. The average transit time on this route in 1991 was 28 days.[134] In this study, however, it is considered that port transit time at Dar-es-Salaam averages 22 days and that it takes about 5 days for the boogie to reach Kampala from Port Bell, which together with the projected journey times of 25 days makes a total of 52 days.

The rail route from Mombasa via Malaba to Kampala is the second favourable in terms of directs freight rates. This route has shorter transit times of 2-3 days. The all road route via Malaba, which despite the higher direct costs of transport has total transit times of about 7-10 days. If the port transit time at Mombasa, estimated at 13 days, is included then this route has a total transit time of 22 days.

5.2.2 BURUNDI

The Dar-es-Salaam rail/lake route via Kigoma is the most cost effective route to Burundi, for general cargo. This study estimates transit time of about 15 days to Bujumbura on this route, and 19 days to Kigali; excluding the port transit times at Dar-es-Salaam. The rail/road Isaka route carried about 200,000 tonnes of imports in 1993,[135] has transit time of 10 days from Dar-es-Salaam to Rwanda and Burundi.

5.2.1 RWANDA

Direct costs to Rwanda should be slightly different from those of Burundi, except for the Malaba all road route and the rail/lake route via Kigoma. Transit times are similarly not significantly different except that the Northern Corridor road route is 3-4 days shorter than for Burundi, as the Kigoma rail/lake route is again 3-4 days more than for Burundi. In table 5:1 I have assumed that road transport costs from Kemondo Bay to both Kigali and Bujumbura would be US$ 30/tonne; and US$ 40 and $ 60 per tonne from Kasese to Kigali and Bujumbura respectively.

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[134] Kamola, Ulimbakisya, S.: thesis on "Threats to Tanzania as a coastal Transit State" WMU, Malmö, 1993, p. 64

[135] Isaka ICD Statistics, 1994

5.3 COSTS OF TRANSIT TIMES

The concern with transit time arises from overall cost financing of imports. Assuming that the normal budgeted time for all importer is 12 days for Uganda traffic and 15 days for Rwanda/Burundi traffic, then no route within the region achieves this. Estimated transit times for all routes to Rwanda/Burundi are in excess of 15 days, with the lowest 25 days being the all road Northern Corridor route. Therefore transit times of all routes exhibit excess funding costs. Assuming an annual 20% interest rate for overdraft and an annual inflation on the average for all the three countries, a total of 40%. The additional costs to the importer would be:-

(TT - BT) x 40%/365 (CIF + Inland Freight + CFA charges + Port charges)[136]

Based on this the additional costs applicable for general cargo traffic are as given in appendix 8:1 and for container traffic in appendix 8:2.

5.3.1 COSTS OF TRANSPORTATION

The total cost of transporting a 40 tonne cargo (general or container) with a CIF value of US$ 10,000 using different routes is given in Table 5:2. The figures given are a sum of port charges and C&F charges estimated at 6.5% of CIF for Mombasa and 3.5% of CIF at Dar-es-Salaam. It also includes the costs of inland transportation using the various modes and routes (Tables 4:5 and 5:1); and the costs related to transit times in excess of the expected normal transit time, as estimated in appendix 8.

[136] TT = Total Transit time in days, BT = the budgeted time and CIF is taken at US$ 10,000.

Table 5:2 Summation of Transportation Costs (US$)

	GENERAL CARGO		CONTAINERS	
	40 TONNES	UNIT COSTS US$	40 TONNES	UNIT COST US$
UGANDA				
Malaba - Rail	4513	113	4944	124
Kisumu - Rail/Lake	4477	112	4979	125
Mwanza - Rail/Lake	4218	105	3667 (3831)	92
Malaba - Road	4479	112	5009	125
RWANDA				
Kigoma - Rail/Lake	5980	150	7506	188
Isaka - Rail/Road	5851	146	5811	145
Dar-es-Salaam - Road	6922	173	7322	183
Isebania - Road	8410	210	8410	210
Malaba - Road	8306	208	8306	208
BURUNDI				
Kigoma - Rail/Lake	4290	107	5816	145
Isaka - Rail/Road	5851	146	5811	145
Dar-es-Salaam - Road	7327	183	7527	189
Isebania - Road	8410	210	8410	211
Malaba - Road	8306	208	8306	208
ALTERNATIVE ROUTES				
Kemondo Bay - Rail/Lake/Road	5194	129	5915[1]	148
Kasese - Rail/Road	7149 (7831)	178 (197)	7404 (8252)	178 (206)[2]

1. If rail wagons are used
2. Same for rail/truck wagon ferries

There is a uniform cost pattern for the Uganda routes, with containers about 10% more expensive than general cargo. Cost patterns for Rwanda and Burundi differ widely mainly due to demurrage charges. The Isaka system is the most cost effective route to both Rwanda and Burundi for all categories of cargo. The Kigoma rail/lake route is particularly preferable for Burundi traffic.

5.3.2 COST PROPORTIONS

Table 5:2 indicates that the LLCs pay between 45 and 50% (Uganda) and 50 and 90% (Rwanda and Burundi) of CIF values of import cargo as total transportation costs.[137] Direct freight costs are the major cost items, accounting for 70-85% except for the Mwanza rail/lake (53%) and Kigoma Rail/lake (60%).

Table 5:3 Cost Proportions (%)

Routes	CFA charges	Port charges	Inland transport	Additional Cost (Transit time)
Uganda				
Malaba - Rail	14	10	73	2
Kisumu - Rail/Lake	15	10	70	6
Mwanza - Rail/Lake	8	25	53	14
Malaba - Road	15	10	72	3
RWANDA				
Kigoma - Rail/Lake	6	17	70	7
Isaka - Rail/Lake	6	18	71	5
Dar-es-Salaam - Road	5	15	76	4
Isebania - Road	8	5	84	3
Malaba - Road	8	5	85	2
BURUNDI				
Kigoma - Rail/Lake	8	24	60	8
Isaka - Rail/Lake	6	18	71	5
Dar-es-Salaam - Road	5	14	77	4
Isebania - Road	8	5	84	3
Malaba - Road	8	5	85	2
Alternative Routes				
Kemondo Bay - Rail/Lake/Road	13	9	74	4
Kasese - Rail/Road	9	6	82	3

[137] a CIF value of US$ 10,000 was assumed and these proportions are relative to this value. As CIF value increases the proportions of total transportation cost to CIF value falls, and vice versa.

5.4 CONTAINERISATION AND INLAND TRANSPORT MODES

In this section, the modal characteristics of rail, lake and road transport are highlighted. Secondly, is the discussion on the criteria for the choice of transport mode.

5.4.1 RAIL TRANSPORT

The advantages of rail transport to modes are low energy consumption, safety and the economical carriage of large bulky volumes. Railways can exploit their strong points by adapting technologically and, especially, organisationally to the needs of the container. The introduction of MT leads to a modal split, leaving the trunk haul to the rail/lake transport and further distribution to road transporters. Unit trains could allow the container to partially be substituted for a conventional rail wagon. The minimum net tonnage of freight per year required to run a daily service of a unit train of 20 wagons (capacity 40 TEU) should be about 100,000 tonnes for each direction.[138]

5.4.2 LAKE AND ROAD TRANSPORT

Containers are carried as deck cargo on vessels, transfer equipment is scarce, while the transport to/from the lake terminals is left to the consignor/consignee. Supporting lake shore-based organisations to take receipt of and deliver containers, still remain to be established. Container carriage by lake transport can be attractive only when large cargo volumes are carried at low cost. This can be achieved mainly by organisational modernisation and, to some extent, technological adaptation. It has been suggested that, to run a daily service, a minimum of 40 to 80 TEU daily is required.[139]

Road transport is the backbone of the East African transport systems for the carriage of higher valued general cargoes. This is because of its ability to create networks more easily than other modes of transport. The relationship between road transport and other modes of inland transport, especially railways, can be both substitutionary and complementary.

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[138] UNCTAD "Multimodal Transport and Containerisation" TD/B/C.4/238/Rev. 1, N.Y. 1984, p. 16
- Multimodal Transport Handbook, op. cit., p. 117

[139] UNCTAD "Multimodal Transport and Containerisation" op. cit. 17
- Multimodal Transport Handbook, op. cit., p. 117-118

5.4.3 TRANSPORT COSTS BY MODE

Here only three inland modes are considered namely rail, lake and road transport.

5.4.3.1 Rail Transport

Railways' cost structures can be compared to road transport. The high fixed cost element in railways requires a certain distance length of haul so as make rail transport a competitive alternative. The carriage of containers by rail reduces energy consumption mainly depending on the load factors attained. J.P. Baumgartner's study reveals a considerable energy saving potential of unit train over road transport of freight containers. These savings may range between 25 and 55% of road fuel consumption, according to the Belgian State Railways.[140] Railways have the distinct advantage over other modes of transport that alternative sources of energy can be used for traction purposes (like electricity). However, the electrification of railways needs a high investment cost.

5.4.3.2 Lake Transport

Growing environmental awareness and increasing transport costs call for a reconsideration of waterway transport as a means of carrying general cargo. The competitiveness of lake transport increases with the distance involved. The comparison of costs of infrastructure favours inland waterways to rail and road transport, in cases of natural waterways permitting all year navigation. In such cases initial investment costs is limited to navigational aids and terminal facilities.

5.4.3.3 Road Transport

Road transport costs vary depending on length of haul, type, size and weight of consignment, road condition, route chosen and the number of border post crossings. An exact comparison of transport costs by mode in monetary terms is a very difficult task, since infrastructure costs cannot be precisely allocated to the individual

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[140] Baumgartner, J.P. "Energy Consumption of Road, Rail and Air Transport" in **Rail International** (Brussels), 7th year, No. 1, January 1976, p. 22-29

- Compare to MT Handbook, op. cit., p. 115

containers carried. A breakdown of the directly attributable cost of carrying containers by road shows that about two thirds of total costs are variable,[141] proving that road transport is more cost-effective over a shorter distance. Again, fuel is the most important variable cost item accounting for about 50% of the variable costs or about 33% of the total cost per km.[142]

5.4.4 MODAL QUALITY OF TRANSPORT

5.4.4.1 Road Transport

Transit times attainable by road transport cannot be matched by other inland modes, not necessarily due to speed, but because of the fact that an individual container is actually being moved. There is no time loss inherent in the assembly of train or ship loads. Concerning reliability and security, no assembly of train/ship loads is required and every container moved is an 'accompanied' container. These qualities are important to the shipper/consignee since they establish conditions for effective production planning. Availability and flexibility of road transport relate to the technical and organisation aspects, i.e. to offer the vehicle of the size and capacity required and at the right time.

5.4.4.2 Rail/Lake Transport

By confining themselves to terminal-to-terminal services, railways can improve in reliability, safety and security, transit time and door-to-door operations, through the provision of unit trains. The East African inland waterway lake transport should improve its reliability by the introduction of scheduled specialised container services and the provision of necessary land-based infrastructure to ensure multimodal transport. The quality of transport services influence total distribution costs.

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[141] Cost comparisons between **Mitchell Cotts** and **Kenfreigh (EA) Ltd.** of the carriage of a 20 ft. container by road from Mombasa to Kampala/Kigali, Mombasa, May 1995

[142] Ibid.

5.5 THE LIABILITY REGIME OF MT TRANSPORT

The MT system emphasises on the structural changes and procedures rather than on facility investment. This implies that there should be a relatively high level of awareness [143] and the revision of national legislations together with regional harmonisation of legal, customs and documentary procedures. A world-wide agreement like the MT convention is very necessary. It gives internal legal sanction to and acceptance of, the MTO and his commercial functions, the MT contract and the MT document and the obligations and immunities of the parties to the MT contract.[144]

5.5.1 THE HAMBURG RULES, 1978

The Hamburg Rules make the contracting carrier liable for performance of the carriage undertaken by subcontracting carrier, the actual carrier. [145] This protects the cargo owner and improves on the right to sue.[146] The Hamburg Rules confirm the shipowner's liability for delay in delivery and the carrier is safeguarded by a low limitation of liability for delay.[147] The Hamburg Rules convention is not limited to covering B/L, since in liner trades there is an increasing use of way-bills and other non-negotiable documents. The Hamburg Rules would replace the present multitude of limitations amounts with one fixed convertible amount.

5.5.2 THE MT CONVENTION

The MT convention unifies present liability systems for combined or MT. The mandatory provisions of the convention concern compensation for the loss of or damage and delay in delivery of goods. Other commercial risks and uninsurable losses e.g. the risk of freight increases are not included in its mandatory regime.[148] This gives shippers the freedom to choose between multimodal and segmented transport

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[143] Muller, G., op. cit., p. 7

[144] Multimodal Transport Handbook, op. cit., p. 78

[145] Diamond, A, QC, "Part One of a legal analysis of the Hamburg Rules", The Hamburg Rules - a one day seminar organised by Lloyd's of London Press Ltd, London 1978

[146] Thomas, R.J.L. "A legal analysis of the Hamburg Rules, Part III", Lloyd's Seminar, London 1978, p. 6-8

[147] Selvig, E. "The Hamburg Rules, The Hague Rules and Maritime Insurance Practices", Journal of Maritime Law and Commerce, Vol. XXVII, 1979, p. 322

[148] Diamond, A. "Legal aspects of the Convention", MT the 1980 UN Convention - paper of a one day Seminar, Southampton University, Faculty of Law, 12th Sept. 1980, p. C2

The inability to recover from the subcontractor because the mode where damage took place cannot be identified represents the greatest risk for MTOs. A system with limits purely based on those operating at sea would deprive shippers of taking advantage of the higher liability limits available under other international modal conventions, like for road (CMR) and rail (CIM) transport. The MT Convention has adopted a mixture of the two systems in that it has uniform rules with varying limits of liability depending on different factors. This reflects the basic idea behind the network principle, which allows the claimant to evoke, on localised loss or damage, the higher limits of liability that would be provided under any applicable international convention or mandatory national law.

Entry into force of the MT Convention will introduce a single liability MT regime eliminating the present variances. This would assist smaller shippers who are not sophisticated enough to protect themselves.[149] The package limitation of the MT Convention may result in higher MTO liability. This would encourage MTOs to be extra careful to avoid loss or damage diminishing the shippers' need for insurance.[150] These higher levels of liability work to the banks' advantage since they have an enhanced ability to recoup advances under documentary credits.

5.5.3 LIABILITY OF MTOs

The basis of liability of MTO is based on the principle of fault or neglect. The mandatory liability on the MTO includes his servants, agents and sub-contractors employed to fulfil the MT contract. Under the MT Convention sets forth the principle that the MTO assumes a genuine through liability for the whole transport chain under contract. The difficulty of establishing monetary limits to the liability of the MTO has been overcome by expressing the 'unit accounts' in Special Drawing Rights (SDRs) where the transformation of monetary limit into national currencies is made easier.

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[149] Cooke, J.A. "Intermodal Claims: Is the solution finally at hand?" Traffic Management n.p. November 1987, p. 67

[150] Graham, M. "The economic and commercial implications of MT Convention" Southampton Seminar, op. cit. p. F8

5.5.4 CUSTOMS AND TRANSIT CONVENTIONS

Customs and transit agreements are necessary to simplify and standardise customs formalities which hinder trade. The General Agreement on Tariffs and Trade (GATT) is a good example. To reduce problems encountered by transport operators and offer customs authorities an international system of control that would still protect their national revenues, several international Customs Conventions have been introduced:-

- Convention on Transit Trade of Land-Locked States, 1965
- Transport International Routier[151] (TIR) Conventions, 1959/1975
- Customs Convention on Containers, 1956/1972
- International Convention on the Simplification and Harmonization of Customs Procedures, the KYOTO Convention, 1973

The East African countries have not shown enough interest in these conventions relevant to MT trades. While Burundi is a contracting party to both the 1965 and KYOTO;[152] Kenya and Zaire are signatories to only the KYOTO; Rwanda to 1965, MT Convention and KYOTO; and Uganda with Tanzania are signatories to none.[153] The MT Convention is not a customs convention itself but establishes the liability of the MTO for the whole operation under a MT contract.

5.5.5 DOCUMENTS OF TRANSPORTATION

The B/L and the MT document evidences the terms of the contract. These documents constitute the carrier's receipt of the goods and are negotiable i.e. permit parties to transfer title to the goods while in transit. Thus they are used as the 'key' documents in the contract of sale. The MT Convention particularly allows choice between negotiable and non-negotiable MT documents since general cargo carried by air, rail or road rarely needs negotiable documents. The Liner Waybills, the Sea Waybills, Cargo Receipts and Datafreight Receipts are other non-negotiable MT documents. These allow delivery to a named person since no document is required at destination.

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[151] International Road Transport
[152] Multimodal Handbook, op. cit., p. 229
[153] Ibid., p. 230-31

5.5.6 ESTABLISHMENT OF INDIGENOUS MTOs

That multinational western MTOs control many of the component elements of MT Systems in the East African region, such as road hauliers, container depots, container terminals and berths[154] is not a desirable trend. It is in the interests of the regions national governments to establish indigenous MT operation services. Indigenous MTOs will face difficulties of the need capital for investment in equipment; competition from the foreign established MTOs; lack of experience and resources to organise networks of agents; the shortage of trained and skilled managers to carry out MT operations; and skilled technicians for operating and maintaining the modern equipment.

National/regional promotion policies to establish MTOs should also ensure a favourable environment within which they can operate. These urgent measures should be based on the educational training policy, fiscal policies, international transport policy, foreign trade policies, and modal transport policies especially investment, regulatory and tariff policies. Unimodal carriers like road transporters and railways should be encouraged to diversify into MT or to provide many component elements of the MT system like containers, handling equipment and trucks to keep down the additional investment required. Joint ventures of indigenous companies like the EASL and foreign shipping companies allows the transfer of foreign technical and financial resources enabling indigenous companies to adopt modern transport technologies and carry out their share of trade. However, effective control for such organisations should be retained within the region.

[154] For example AMI in Dar-es-Salaam and Isaka ICD

CHAPTER SIX

6 CONCLUSIONS AND RECOMMENDATIONS

6.1 REGIONAL ECONOMIC PERSPECTIVE

The average regional annual Gross Domestic Product (GDP) growth rate in 1992 was 2.2% compared to an annual population growth rate of 3.06% for all the countries covered in the study. Combined regional population is estimated to be 100 million.[155] Over 80% of this population is rural with farming as the major economic activity. The relatively high population growth rate has had a negative effect on food production in that food production per capita has declined by 10% from 407 kg in 1981 to 376 kg in 1991 within the region.[156] This implies continued dependency of the region (with exception of Uganda), on external food purchases, aid and international trade, until the domestic agricultural policies bear fruit.[157]

Economic development is closely linked with increased productivity. "Rising labour productivity, despite technological advancement, has its roots in the adequate provision of food for the working population."[158] Therefore in this region of food shortages, transport is a basic ingredient of survival for peasant farmers.[159] As a result customers face increased food prices due to the poor transport distribution systems. Poor vehicle and road maintenance has restricted both cash crop sales and food circulation, even within the national bounderies of each country. This has resulted in failure to market surplus crops leading to reduced income generation locally.

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[155] Africa Social and Economic Trends, World Bank, 1993, p. 82

[156] Ibid. p. 59

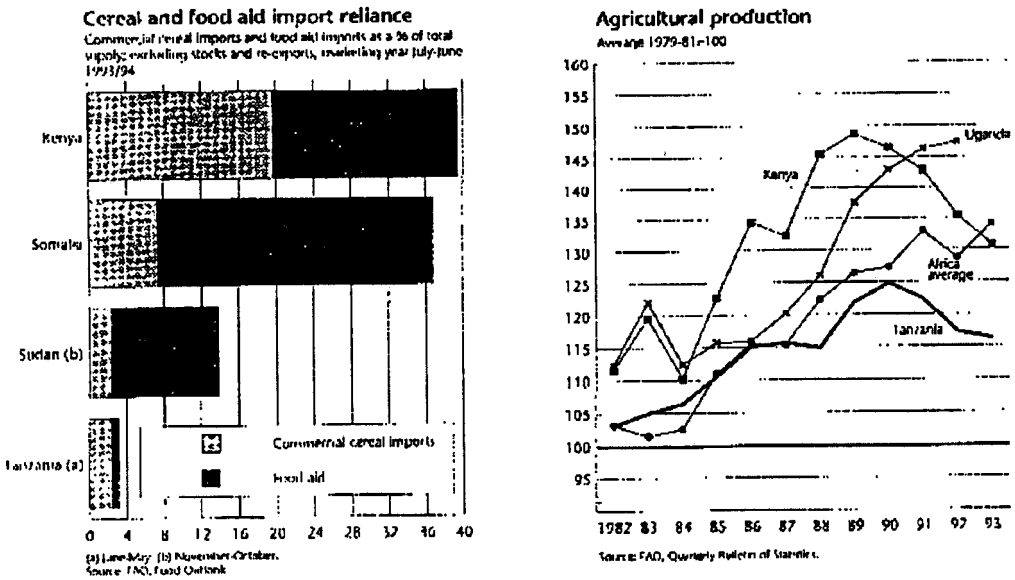
[157] According to F. Reyntjens (op. cit. p. 744) increasing strains on food production in Rwanda and the consequent severe food shortages in 1989/90 forced the government to seek emergency food aid to avert national starvation.
- se also EIU Country Profile 1994-95 Rwanda-Burundi p. 10: Food production has declined with 30% since 1992

[158] Mkandawire, T. Ibid., p. 136

[159] Pirie, Gordon H. "Transport, Food Security and Food Aid in Sub-Saharan Africa", Journal of Economic Geography, Vol. IV, 1993

Chart 6:1

Tanzania, Comoros: comparative economic indicators



6.2 CONCLUSIONS

The LLCs pay upto 90% of CIF Value as transport costs. This could be reduced by low cost routes. Transit security would be achieved only if cargo movement is not tied to one port, route or mode, and cargo flow is not disrupted by external factors.

Additional investment in infrastructure in modernising the equipment, is necessary but not justified by present traffic levels. Moreover, the routing decisions of this traffic remain unpredictable and influenced by factors beyond the control of transit countries. The maintenance of existing infrastructure must be the major priority through better management, reorganisation and creation of technical back-up.

The ports: To enhance efficiency at Mombasa and Dar-es-Salaam, there should be comprehensive preventive maintenance programmes to increase port equipment availability. Such programmes should be contracted out to private managements. Ports should be commercially oriented with professional, and not political, managements.

The ports must be transformed from the 'first generation'[160] to second generation status (industrial ports which are also transport, industrial and commercial service centres). There is need and potential of value added activities to transit traffic. The port authorities need to interact closely with all port users, government authorities like customs and police, labour organisations, and local communities in establishing the port community concept[161] to carry out port promotion through marketing and port development. It would also check the arbitrary implementation of unpopular decisions like the unexplainable high tariffs. Improved operating procedures, better training and motivation of the labour force, and improved information flows will greatly enhance the performance of the ports at the current levels of investment in infrastructure.

There is need for a unified information system within ports so that shipping and cargo information can be shared between users in real time. Port communities would be the best suited to establish **Electronic Data Interchange** (EDI) where individual port activities are computerised and information distributed to other various users.

Clearing and Forwarding: KPA and THA should be more serious in the licensing of CFAs, and in their training so that they learn port procedures through structured and certificated training programmes. A port community would be very constructive by setting up and running a training institution where all members (groups) of the concerned industries are represented on the Board of Governers.[162] By directly involving industry in the training one keeps training objectives in touch with the market developments.[163] It should be realised that training is more important than education.

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[160] Interface locations for cargo between land and sea transport

[161] Port community should be voluntary and is made up of associations of freight forwarders, insurers, cargo handling companies, ship-owners, agents, chamber of commerce, government infrastructure departments, port employees and local municipalities.

[162] Example is the Shipping and Transport College, Rotterdam

[163] Van Essen, Ton, Lecture on "the role of education for port Industry" Rotterdam Shipping and Transport College, Aug. 21 1995

Port authorities must address the problems of customs procedures and regulations and effectively review CFA operations by enforcing a code of conduct and penalties as a basis for improved ports operations. Dar-es-Salaam needs to liberalize the C&F and shipping agency businesses to allow competition.

Customs Procedures: Customs procedures are slow at both ports particularly for Mombasa. Harmonised procedures and requirements such as the Transit Pass or PTA bond guarantee would help a lot. There should be infrastructure development and modification especially at high traffic posts at Malaba, Busia and Isebania. Adequate telecommunication network within the Customs Departments would enable speedy communication between field officers and their central administrations.

Railway Systems: Continued rehabilitation of railway networks is necessary. However, improvements in communication between the ports and the LLCs, such as **Advanced Cargo Information System** (ACIS) should be a priority. Additional investment per se will not improve capacity instead better management practices should be established. These organisations should be geared towards commercial operations with regular reviews of operational performance parameters, organisational structures, investment and management of finances.

The re-integration of KRC, URC and TRC to raise capacity and quality of services is another priority area. The co-ordination railways and other players in the transport chain like ports, CFAs, Customs and MTOs, should be a daily routine. In the meantime, they could develop inter-railway marketing and forwarding arrangements. Co-ordination of activities with road/marine transport should be initiated.

Marine Services: The use of ferries to carry transit cargo trucks between Kisumu and Kemondo Bay, is a potential for increasing ferry utilisation and needs to be marketed. This calls for the upgrading of the Bukoba - Biharamuto road from Kemondo Bay terminal. Marine divisions within URC, KRC and TRC should form one regional organisation to operate ferry services on Lakes Victoria and Tanganyika.

Road Transport: Overloading is a major factor of road transport in the region. This causes premature deterioration of the roads. There should be a regional harmonised policy on duty on imported vehicles, their capacity, fuel consumption patterns and taxes, to alleviate road transport costs and infrastructure damage. The quality of road constructions and maintenance can be improved by setting strict standards and specifications, updating road inventory and promoting road safety measures. The state protection of certain transport operators in the region must be discouraged.

Regional Co-operation: The NCTA should review its constitution to include Tanzania and the Central Corridor routes. Thus the role of TTCA should include co-ordination of all transit traffic in the region. TTCA should also monitor the implementation of protocols, conventions or resolutions of bodies like COMESA and EACA besides promoting the ratification and adoption of international transport conventions like CTTLS (1965), CCC (1972), KYOTO (1973) and the MT Convention.

Training: In an expanded TTCA, training should occupy a central place. Courses and workshops on customs and procedures to respond to the needs of shippers, consignees and other players in the transit traffic chain appear to be a priority. These courses should be attended by operators from both public and private sectors.

Route Options: Uganda is partly dependent on the capacity of KRC and URC and partly on the road haulage industry. Increased rail movement capacity and efficiency such as shown by block trains and the commissioning of ICDs at Kisumu and Eldoret could divert a substantial volume of traffic to rails, reducing the damage to roads. However, Uganda will continue to use the Malaba road route and the rail/lake connection via Mwanza as its principal security routes. For the latter route, the major constraint is the limited TRC capacity and poor road condition between Dar-es-Salaam and Mwanza. The wagon ferry network needs to be reorganised to accept both trucks and railwagons, so as to achieve transit security on this route. For the Malaba road, transit security will only be achieved through additional costs.

There has been steady increase of transit traffic to Rwanda, Burundi and Zaire through Dar-es-Salaam due to the opening of the Isaka system. Currently because of poor road connections, increased capacity and improved efficiency on TRC are the key to the strategy of meeting the objectives of these LLCs. Their objective of low cost transport could be achieved by efficient operations through the rail/road Isaka route. For Burundi and Eastern Zaire TRC offers additional capacity via Kigoma. Rwanda and Burundi will continue to use the all road via Malaba to achieve transit security.

6.3 RECOMMENDATIONS

As huge container vessels call on fewer ports, international inland transport of containers will increase, making the planning of regional roads, railways and inland waterways very important. Therefore, without an international planning approach, time, space and quality gaps in the individual national infrastructure resulting in bottlenecks at frontiers will remain. Hence it is advisable to delegate some planning and co-ordinating work to international organisations, at a regional level, like the TTCA. For example, the Northern Corridor is part of the Trans-African Highway system, whereas the integration of the African railways is hampered by the co-existence of three different track ganges.[164]

Establishment of MT and its optimum use of infrastructure requires a careful consideration of the institutional aspects. Thus each country should decide the extent of the public sectors' participation in the transport operations and establish a clear cut division between the public and private sectors in the whole transport chain.

[164] Multimodal Transport and Containerization, op. cit., p. 10

MT needs an integrated national policy approach to ensure optimum use of capital invested and a conclusive policy environment to give the best results. There should be rationality of investment decisions based on a systematic application of cost-benefit analyses. The level and structure of tariffs should be flexible to accommodate the peculiaties of the transport mode concerned or else there will occur over-utilisation or under-utilisation of the infrastructure. Governmental policies on modal regulation are very important as regards traffic restrictions and weight limitations. Therefore they should be continuously reviewed and adjusted over time.

On a global basis, policy solutions should aim at solving the issue of infrastructure financing, compatibility to international networks, and the facilitation and the use of existing infrastructure. Facilitation primarily regards the implementation of existing customs and transit conventions. MT Container transport could remove customs controls to inland points, thereby allowing the optimum use of the existing infrastructure reducing the need for new facilities. To avoid disruptions in the process of adaptation to MT at both national and regional levels, there should be a flexible adaptation of policy to changing requirements at all levels.

The complementarity roles of road and other inland modes involves a cost/quality compromise for both the shippers, the consignees and the national economy. The combination of rail/lake and road transport adds qualities to the total transport chain through modal comparative advantage. This promotes a modal split to the extent that capacity reserves are available on railway lines and inland waterways.

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The Northern Corridor Transit Agreement (NCTA)

The Northern Corridor Transit Agreement (NCTA) was contracted with the objective of simplifying and harmonising procedures relevant to the expeditious movement of goods in transit. The NCTA was signed in 1985, covering nine major areas, or protocols. The key provision of the NCTA was the establishment of Transit Transport Co-ordination Authority (TTCA) which is charged with the responsibility for the achievement of the aims of the NCTA, particularly matters related to transport policy and operational co-ordination of transit traffic. The TTCA comprises the ministers responsible for transport matters in each of the contracting states, Kenya, Uganda, Rwanda, Burundi and Zaire. A notable omission to the TTCA was Tanzania which has seen the efforts of the TTCA as that of promotion of increased use of the Northern Corridor, against her own infrastructures in the Central Corridor. The TTCA has an executive board and a Transit Transport Co-ordinator (TTC) based in Mombasa.

The TTCA which was set up in 1988, has exerted satisfactory efforts to enable the Northern Corridor to sustain its traditional role as the main route to the land-locked countries. However, the NCTA has not been fully successful in reducing delays related to cumbersome transit procedures, or the level of transit charges along the Northern Corridor. It is argued that since the agreement, transit restrictions within Kenya have noticeably increased as customs and police authorities have enhanced surveillance of transit cargo. The role of the TTCA was further subdued by the closure of the Uganda/Rwanda border since 1990.

Over the last several years, the land-locked countries have sought new routes to reach Mombasa and Dar-es-Salaam to meet both low cost and security objectives. They have additionally invested in transport facilities to reduce their reliance facilities provided by the transit countries. The establishment of Organisation on Transportes Regionaux Au Burundi (*OTRABU*) of Burundi (now defunct), Societe des Transportes Internationale de Rwanda (*STIR*) of Rwanda and *Transocean* of Uganda have been specific initiatives in response for the need to achieve transit security.

COTECNA INTERNATIONAL LIMITED
(COTECNA — D.C. GRIFFITH — OMIC INT.)
2, PERRY ROAD, WITHAM, ESSEX, CM8 3TU, ENGLAND

CLEAN REPORT OF FINDINGS

(according to import regulations of the Federal Republic of Nigeria) No. 004503

REF OF CIL ISSUING UNIT COC4000 | Date: 7.3.85 | COPY A TO EXPORTER / SELLER
FORM M APPOINTED AGENT'S No 020/0031121 | IMPORT LICENCE No: 84P005399
TOTAL VALUE OF IMPORT LICENCE: N1,000,000.00 | VALIDITY: 30.4.85

AS PER INSPECTION ORDER
Description of goods BANKERS SAFE - FULLY RECONDITIONED
FOB value: STG 15,600.00
C&F CIF value: STG 18,760.00
Country of Origin: U.K.

Seller. R.K. TERRY, CHELMSFORD.
Importer. SCAN AFRICAN NIGERIA LIMITED, LAGOS.
Code: ———

SUBMITTED TO INSPECTION
Goods/Commodity: BANKERS SAFE - FULLY RECONDITIONED
Delivery No: 1ST FINAL
FOB value: STG 15,600.00
C&F CIF value: STG 18,760.00
SITC code: NOT STATED

Quantity	Packing	Weight	Marks
6 OFF	TO BE ONE CONTAINER	Gross: 20800 KGS Net: ———	CONT. NOS ..... SEAL NOS .....

FINDINGS

1. Quality — The quality of goods submitted to us for inspection is found to comply with the documents presented to the extent that their examination is within our mandate.

2. Quantity — The quantity of goods presented to us is as indicated above in § Submitted to Inspection.

3. Price — Seller's Final Invoice No 3042 dated 25.02.85 showing a C&F CIF value of STG 18,760.00 ZERO PENCE in words ONE/EIGHT/SEVEN/SIX/ZERO POUNDS STERLING ZERO PENCE has been submitted to us and we have compared and found acceptable the FOB value of STG 15,600.00 in words ONE/FIVE/SIX/ZERO/ZERO POUNDS STERLING ZERO PENCE

4. Loading : Scheduled to be shipped at HARWICH on board ZENIT CLIPPER as per B/L, AWB No. ..... date 21.02.85

5. Shipment : This consignment represents part/all of the goods covered by the above mentioned Form M which is / is not fully utilised.

6. Remarks : This document is valid only if signed by an authorised Representative of the Inspection Company and accompanied by the following documents:
- negotiable bill of lading or equivalent evidence of shipment to Nigeria.
- copy of Seller's Final Invoice certified by Cotecna International Limited's authorised Representative.

FINAL DOCUMENTS RECEIVED 26.02.85

at WITHAM date 7.3.85 COTECNA INTERNATIONAL LIMITED REPRESENTATIVE
Signature and stamp

Enclosures to original report
☐ one copy of Seller's Final Invoice

This Report of Findings does not relieve Sellers from their legal and contractual obligations to Importers

Preferential Trading Area for East and Southern Africa (PTA)

Established in 1981, the PTA is currently made up of 22 countries: Angola, Burundi, Comoros, Djibouti, Eritrea, Ethiopia, Kenya, Lesotho, Madagascar, Malawi, Mauritius, Mozambique, Namibia, Rwanda, Seychelles, Somalia, Sudan, Swaziland, Tanzania, Uganda, Zambia and Zimbabwe. The PTA aims to liberalise trade, encourage co-operation in industry, agriculture, transport and communications, and create a regional common market by the year 2000. This latter goal was confirmed in November 1993, when 16 of the 22 member states signed the treaty establishing the Common Market for East and Southern Africa (COMESA). The common market is expected to bring about complete liberalisation of movement of goods, services and capital, and eventually a monetary union.

Common Market for Eastern and Southern Africa (COMESA)

The Common Market for Eastern and Southern Africa (COMESA) is the successor organisation to the regional PTA and came into force on December 8, 1994, after 12 member states ratified the integration treaty. COMESA has currently 23 members: Angola, Burundi, Comoros, Djibouti, Eritrea, Ethiopia, Kenya, Lesotho, Madagascar, Malawi, Mauritius, Mozambique, Namibia, Rwanda, Seychelles, Somalia, Sudan, Swaziland, Tanzania, Uganda, Zaire, Zambia and Zimbabwe.

The common market is expected to bring about complete liberalisation of movement of goods, services and capital, and eventually a monetary union. The main obstacle to successful integration remains the unclear nature of the relationship with SADC, the Southern African Development Community, most of whose members also belong to COMESA. At their heads of state meeting in early September 1994 the SADC member states decided that COMESA should be split into two regions, with the southern part incorporating the SADC states. As a consequence, Namibia reversed its decision to ratify the COMESA treaty. Generally, commitment to the organisation is rather frail and total membership contributions amount only to $4.6m, according to PTA figures for 1994, while the international donor community has financed ongoing projects totalling $19.2m since the beginning of 1994. The civil strife in Somalia, Sudan, Rwanda and Burundi certainly contributed to such a weak performance. Nevertheless, at the first full COMESA conference held in Lilongwe, Malawi, in early December 1994 the heads of state confirmed their commitment to economic integration and admitted Zaire as the 23rd member of the organisation.

The progressive liberalisation of intra-PTA trade began in July 1984, and a multilateral clearing facility, established in Harare, began operations in February 1984. A PTA monetary unit of account (UAPTA), equivalent to the SDR, is used to settle interstate

debts every two months, with the balances payable in dollars. By 1991 the clearing house was handling 70% of all intra-PTA trade. According to the PTA secretary-general, intra-PTA trade grew at an annual average of over 8% after 1985, reaching a total volume of $1.7bn in 1992. However, as a share of global trade, intra-PTA trade accounts for only about 6%. Reasons for this small share include distortions through the wide practice of crossborder smuggling, lack of political commitment, and weak balance-of-payments and foreign reserves. While there are hardly any trade links between many of the memberstates, a handful of countries (Kenya, Madagascar, Uganda, Zambia, Zimbabwe) account for 60% of total intra-PTA trade. In 1993 Kenya alone exported $18m worth of goods to other PTA countries, mostly Uganda and Tanzania.

Another constraining factor has been the strict "rules of origin", which stipulate that preferential treatment can only be granted to goods produced by companies that are managed by, and have over 51% of their equity held by, nationals of a member state. Kenya and Zimbabwe argued particularly strongly against this rule, and in May 1986 the organisation agreed to a sliding scale of tariff reductions, to be applied over a five-year grace period. Companies which are 40-50% locally owned now qualify for a 60% tariff reduction, and those 30-40% locally owned for a 30% reduction. This concession means that many export-oriented firms in Kenya and Zimbabwe qualify for some preferential treatment. The agreed schedule for removing customs barriers has been revised frequently. A new timetable was approved in December 1987, providing for a 10% reduction in tariffs every two years from October 1988 to October 1996, with the balance to be eliminated in two steps of 20% and 30% respectively in 1998 and 2000. The latest decision to reduce import duties by 60% for member countries was endorsed in January 1993 and amended to 70% in 1994. As with previous agreements, most members failed to comply and publish the PTA tariff.

A PTA Trade and Development Bank was established in 1986, but only became operation in 1989. Its headquarters have been temporarily relocated from Bujumbura, Burundi, to Nairobi, Kenya. Besides the African Development Bank, 14 PTA members hold shares in the bank and by December 1993 the bank's total subscribed capital amounted to UAPTA 73.6m, of which UAPTA 2.9m was still owed by Somalia, Djibouti and Comoros. By 1993 13 projects had been approved (compared with three in 1992), with the value of lending amounting to UAPTA 27.1m. The infrastructure and energy sectors were the main targets and received 30% of the funding. The bank also launched a commercial paper programme in the US market in late 1993 and a Euronote facility in early 1994, the proceeds of which are to be used to finance the region's exports. An ongoing activity of the bank has been the administration of UAPTA traveller cheques. The use of such cheques has not been comprehensive, however, and total sales reached only UAPTA 6.7m in 1993, compared with UAPTA 8m in 1992.

Appendix 4:1

REPUBLIC OF KENYA

FORM C.34 (r.96)

CUSTOMS AND EXCISE DEPARTMENT

TRANSIT ENTRY (INWARD)

1. Importer's Name. Address. Code No	2. Bill of Lading/Airway Bill No. 4. K.A Release Order No.	3. Customs Entry No.
5. Supplier's Name Address	6 Manifest endorsed Page No . . . . Date . . . . Signature	
7. Clearing Agent. Name. Address. Ref No Authorised Name:	8. Country of Origin	9. Country Whence Consigned (if different)
12. Means of Removal From Port: / 13 K.A. Date of Advice	10. Exchange Rate	11. Port of Exit
14. Rotation Number / 15. Date of Report	16 Customs Value Shillings F.O.B	17. IN TRANSIT FROM . . . . .
18. Vessel/ Aircraft/ Vehicle/ Rail / 19. Port of Loading	Freight . . . . . Insurance . . .	TO . . . . .
20. Port of Discharge / 21. Port Account No.	C.I.F. Value	VIA . . . . .
	Weight Kg.	Cubic M ^{3}

22. Marks & Nos	23. S.I.T.C. No.	24. Tariff No	25. Description of Goods	26. Net Quantity (State Units)

27 Total No. and Kinds of Packages in words.

Customs Value Shs/Cts	29. Import Duty Rate	30 Import Duty Shillings/Cts	31. Excise Rate	32. Excise Value Shs/Cts	33. Excise Duty Shillings/Cts	34 VAT Rate	35. VAT Value Shillings/Cts.	36. VAT Shillings/Cts

37. Total Value Shs./Cts.	38. Total Import Duty Shs.	39. Total Excise Value Shs /Cts.	40. Total Excise Duty Shs.	41 Total VAT Value Shs./Cts.	42. Total VAT Shs.

43. Bond No.		44. Total Bond / Deposit
45. Bond In Force / 46. Register Reference Book / 47. Folio		49 I/We
48. Received Deposit Sh. _____ P.C.C.R. No. _____ Cashier _____ Date _____	Proper Officer	the owners (or agents duly authorised by the owners) of the goods specified in this entry, declare that all particulars given are true. Signature _____ Date

A4 PINK (210 X 297 mm)

REPUBLIC OF KENYA CUSTOMS AND EXCISE DEPARTMENT

ROAD CUSTOMS TRANSIT DECLARATION
DECLARATION DE TRANSIT DOUANIER PAR ROUTE

Form C. 35 A (96 A) KENYA

1. Consignor (name and address)/Expéditeur (nom et adresse)	2. Customs office of departure / Bureau de douane de départ	3. Date / No.
4. Consignee (name and address)/Destinataire (nom et adresse)	5. Declarant (name and address)/Déclarant (nom et adresse)	
6. Lorry owner/Prop. du camion / 7. Plates/Plaques	8. Country whence consigned / Pays d'expédition	9. Country of destination / Pays de destination
10. Driver/Chauffeur		
11. Place of loading/Lieu d'embarquement	12. Documents attached / Documents joints	13. Seals/Scellements
14. Via		
15. Office of destination/Bureau de destination		

No. conn	17. Consignement identification / Identification de l'envoi	18. Number and kind of packages: description of goods/Nombre et nature de colis: désignation des marchandises	19. No. Stat. Tariff No.	20. Gross weight, kg./Poids brut, kg.	21. Invoice value/Valeur facture
	22. Total number of packages / Nombre total de colis		23. Total gross weight, kg. / Poids brut total, kg.		

No. voi	25. Rate / taux	26. Customs value / Valeur en douane	27. Customs duties / Droits de douane	28. Rate / Taux	29. VAT values / Valeur de taxes à la vente	30. VAT / Taxes à la vente	31. Total duties and taxes/Total des droits et taxes

32. Bond amount / Montant de la caution	33. Registered bond / Caution enregistrée	34. I, the undersigned, declare that the particulars given in this Declaration are true and correct and undertake to comply with any instructions given by the appropriate authorities concerned in carrying out the transit operation. / Je soussigné déclare que les renseignements qui figurent sur cette Déclaration sont sincères et véritables et m'engage à exécuter toutes instructions données par les autorités compétentes au cours de cette opération de transit.
35 Bond No / No. de la caution		

REPUBLIC OF KENYA

Form C. 35 (r. 96 (

CUSTOMS AND EXCISE DEPARTME

TRANSIT ENTRY (OUTWARD)

1 Importer's Name. Address	2 Bill of lading/Air waybill No	3 Customs Entry Number
	4 Transit Entries Inwards No. Date	5 In Transit From.. .. .. To..... .... Via ... .
6 Supplier's Name Address		
7 Clearing Agent's Name. Address Ref No. Authorized Name		
	8 Country of Origin	
	9 Country whence Consigned if diff.	

10 Rotation Number		11 Port of Exit		
12 Vessel/Aircraft/Vehicle/Rail out		13 Value Shillings ..... F.O.B. (if known)	C.I.F.	Customs Value
14 Port of Entry	15 Date of Departure			

16 Marks and Nos.	17 Total No. and kinds of packages in words.	
	18 Description of goods	19 Weight kg.
		20 Cube M³

ATISTICAL Code	22 Net Qty (State Unit)	23 Customs Value	24 Bond/Deposit	25	26 I/We the owners (or agents duly abthorized the owners) of goods specified in t entry, declare that all the particul given are true.
				Proper Officer	Authorized Signature Date
		27 Total	28 Total		

CERTIFICATE OF EXPORTATION

Exported .....packages Aircraft/Vehicle/Vessel/R

.....

Port.....

Date.....

.....

Proper Officer

A4 BLUE (21(MAO

REPUBLIC OF KENYA

FORM C.36 (r.96,239)
CUSTOMS AND EXCISE DEPARTMENT

APPLICATION FOR REFUND OF DEPOSIT OR CANCELLATION OF BOND IN RESPECT OF GOODS ENTERED IN TRANSIT AND SUBSEQUENTLY RE-EXPORTED OR FOR REFUND OF DEPOSIT OR CANCELLATION OF BOND GIVEN AS SECURITY IN ACCORDANCE WITH PART XII OF THE ACT.

Port of .....

Voucher No. .....

Claimant: Name and Address .....

Type, No. and Date of Entry	No. of Packages	Description of Goods	Quantity	Value	Amount Deposited	Amount (a) of bond or (b) allocated against general bond.

DETAILS OF RE-EXPORTATION OR PERFORMACE OF UNDERTAKING

Type, No. and Date of Entry	No. of Packages	Description of Goods	Quantity	Value	Details of re-exportation or performance of undertaking
					*(1) Place and date of exit. *(2) Place and date of accounting for goods. *(3) Place and date of performance of undertaking.
			Total		

I hereby certify that the above particulars are correct, that the goods have been correctly dealt with in the period of ..... months allowed by the proper officer.

*I claim a refund of the deposit of Sh. ..... paid by me vide Receipt No. ..... dated .....

I request cancellation of the amount of Sh. ..... given under Bond Security No. ..... dated .....

Place .....

Date .....

* Delete whichever is inapplicable.

Owner or Agent

A4 WHITE (210 X 297 mm)

Appendix 4:5

NOTE THIS UGANDA TRANSIT LOG SHEET SUPPLEMENTS THE RCTD FORM IT DOES NOT REPLACE IT.

UGANDA TRANSIT VEHICLE LOG SHEET

DRIVERS DECLARATION

VEHICLE: REGISTRATION MARKS & NUMBER .....

VEHICLE: UGANDA TRANSIT LICENSE NO. .....

TRAILER: REGISTRATION MARKS& NUMBER (IF DIFFERENT) .....

TRAILER: UGANDA TRANSIT LICENSE NO. (IF DIFFERENT) .....

FROM ..... UGANDA ENTRY STATION.

TO ..... UGANDA EXIT STATION.

DATE UGANDA TRANSIT JOURNEY TO COMMENCE ..... TIME .....

DATE/TIME (EXCLUSIVE BREAKDOWNS) EXPECTED TO ARRIVE AT EXIT STATION .....

DRIVERS' NAME ..... DRIVERS SIGNATURE .....

STAMP OF ENTRY STATION & SIGNATURE OF AUTHORISING OFFICER	STATION STAMP	DATE AND TIME OF ARRIVAL AND DEPARTURE	SIGNATURE AND COMMENTS IF ANY OF CUSTOMS OFFICER
BUSITEMA REPORTING STATION			
NAKIBIZZI REPORTING STATION			
NAKAWA ARRIVAL			

NAKAWA DEPARTURE			
EXIT STATION	STAMP	DATE/TIME	SIGNATURE OF OFFICER

RECORD OF BREAKDOWNS IF ANY AND DELAYS

DATE/TIME	LOCATION	REASON	COMMENTS

TSC STATEMENT ON THE NEW THA TARIFF[1]

1. New THA has generally increased by:

200% - Shipowner's A/C before 'modification'
100% - Shipowner's A/C after modification
200% - Local cargo A/C
100% - Transit Trade

2. Percentage increase in selected specific areas:

(a) Wharfage: Difficult to make a comparison b/c of classification high, medium and low value made in the new tariff.

(b) Shorehandling.

450%	FCL 20' Local cargo
633%	FCL 40' Local cargo
200%	FCL 20' Transit cargo
300%	FCL 40' Transit cargo

(c) Labourer/Watchman: (per man/hour) 90.5%

3. New THA Tariff compared to KPA Tariff

(a) Wharfage:

Mombasa	Dar-es-Salaam	% Variance
1.5% ad valorem	Old	New
Exp (HV)	$ 80/TEU	250 213
Imp (HV)	$ 100/TEU	300 200

(b) Shorehandling:

	Mombasa	Dar-es-Salaam	% Variance
General Cargo:			
Exp	$1/Tonne	$3.5/Tonne	250
Imp	1	4.0	300
Transhipment	1	4.0	300

[1] reproduced from "Feasibility Study on the Development of Shipping Services between the Indian Ocean Islands and the Eastern African Countries prepared for Preferential Trade Area for Eastern and Southern Africa, August 1994"

Containers:				
Imp				
	LCL 20'	$27	$110	307
	LCL 40'	54.5	220	304
	FCL 20'	27	110	307
	FCL 40'	54.5	220	304
Exp				
	FCL 20'	15	110	633
	FCL 40'	30	220	633

4. Implication

- $50/TEU surcharge imposed by shipping lines
- Prices of our commodities will become uncompetitive in the world market which, after all, are already falling
- Imported raw material for our industries will be very expensive hence, decline in production
- Diversion of transit traffic to other competitive ports
- Port modernisation will become 'white elephant' hence, failure to repay loan
- Our port will become a feeder service recipient
- Prices of imported consumer goods will become unbearable.

5. Recommendations

a) New THA Tariff should be suspended and revert to the old one to enable negotiations between concerned parties.
b) Norms and format should be worked out before future tariff increase
c) The suggestion in (b) should include a 3 month NOTICE.
d) The whole process of tariffication should be made transparent.

TANZANIA SHIPPERS' COUNCIL

(TSC)

RE: IMPACT OF THE THA NEW TARIFF

1. **A Vessel of 20,000 GRT 180 Metres for 24 hours**

	Old Tariff	New Tariff
Pilotage	US$1,660	US$1,543
Port Dues	1,120	2.000
Navigational Dues	830	900
Dockage	960	2,400
Tug 2 Operations	900	6,400
Mooring/Unmooring	193	1,600
Total	US$5,663	US$14,960

Percentage Increase: 164%

A. **FREIGHT RATE FOR A 40 TONNE WAGON FROM MWANZA TO DAR-ES-SALAAM**

		Tshs per 40 Tonnes	Per Tonne	% Increase
1.	Prior to May	162,000	4,050}	53
2.	May to October	248,290	6,207}	
3.	November onwards	515,900	12,897	107
4.	From May to November onwards the increase is 218%			

B. **BASED ON CURRENT RATE OF FREIGHT FOR A 40 TONNE WAGON FROM MWANZA TO DAR-ES-SALAAM**

		Per 40 Tonne	Per Tonne	App US$ per Tonne
1.	Freight	515,900	12,897	55
2.	Local handling charges	104,500	2,612.50	12
3.	Total Freight and handling	620,400	15,509	67

C. SEA FREIGHT FOR PULSE PER TONNE

1.	Sea freight from Dar-es-Salaam to Bombay	45
2.	Total freight from Mwanza to Bombay	112
3.	Commodity value CIF Bombay	200
4.	FOB Value per Tonne	88
5.	Local cost in Mwanza per Tonne 35,000	148
6.	Loss to Exporter	60

EXPORT PRICES
AFTER TRC PRICE INCREASES 1/12/91

Description	**Old Cost**	**New Cost**
Price Uganda	$130	$130
TRC Freight	$ 28	$ 58
Uganda Freight	$ 24	$ 24
Agent Uganda	$ 5	$ 5
Production Cost	$ 64	$ 64
Net Result	Profit $9	Loss $21
Net Dollar Earning	P 73	$ 43

EXPORT PRICES
AFTER TRC PRICE INCREASES 1/12/91

Description	**Old Cost**	**New Cost**
Price Burundi	$105	$105
TRC Freight	$ 27	$ 50
Agent Kigoma	$ 10	$ 10
Production Cost	$ 64	$64
Net Result	Profit $4	Loss $19
Net Dollar Earning	P 105	$105

COMPARATIVE TARIFF RATES BETWEEN THE INDIAN OCEAN ISLANDS AND THE EASTERN AFRICAN COUNTRIES[2]

While most port tariffs were obtained, it was evident that a direct comparison of port costs was not possible. The systems of calculating port charges were different in practically every port and the published tariff in most cases did not bear comparison with actual voyage bills presented to the lines. There are many reasons for these variation and some of the practices are listed below. These practices do not all occur in all ports, but most ports suffer from at least one.

1. All movement of vessels takes place before 0800 hours and after 1370 hours thereby ensuring that all movements attract overtime payments. It does mean also that all vessels are alongside ready for discharge/loading at start of day for the stevedores, so it can be argued that this is an efficient practice. It is the delays that make sure that a vessel cannot sail until after 1730 hours which causes resentment.

2. Water is charged for whether taken on board or not.

3. Tugs are charged for whether used or not because they have to be available.

4. A short shift is worked on Saturday at extra cost. If the vessel declines to work it is moved out of the harbour and is not brought back until the original quay is clear. All movement and waiting at the ship owners cost.

5. Insufficient numbers of gangs working vessels causes vessels to spend longer in port than necessary and also bring in the possibility of overtime working.

6. Customs do not work the same hours as the port.

7. Breakdown of shore equipment causes delays and extra expense to the ship owner. If ships equipment fails, the port fines the ship owner.

In the port of Durban, discounts are given if more cargo is landed and the extent of these discounts is thought to be considerable, but naturally this information is confidential between the port and the shipping lines concerned. Delays in ports constitute a cost factor which is difficult to determine as it may have a knock-on effect at subsequent ports. As it is quite impossible to give a fair comparison of port charges in their particular port it was decided to try and compare the price of moving a standard cargo through each port visited.

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[2] reproduced from "Feasibility Study on the Development of Shipping Services between the Indian Ocean Islands and the Eastern African Countries prepared for Preferential Trade Area for Eastern and Southern Africa, August 1994"

It was therefore arranged that at each port visited, a quotation was obtained for the movement of a standard TEU from just outside the port to on board a vessel for export FOB value US$ 10,000.

Quotation for Moving a Standard TEU

The following costs were obtained as far as possible from the same companies in each country in order to achieve a better constant in the companies management charges.

US$ Cost Per TEU

Mombasa	
Agency Fee	60
Handling	93
Documentation	12
Local Transport	90
	255

Dar-es-Salaam	
Agency Fee	185
Handling	50
Documentation	25
Transportation	80
Bill of Lading Fee	9
Customs Attendance	36
	380

Maputo	
Agency Fee	50
Handling	102
Documentation	42
Transport	60
	254

Durban	
Agency Fee	11
Handling	89
Documentation	83
Transport	76
	259

Moroni (Import) No Export	
Agency Fee	160
Handling	38
Documentation	-
Transport	100
	298

Port Louis	
Agency Fee	12
Handling	44
Documentation	53
Transport	60
	169

Le Port Pointe Des Galets	
Agency Fee	20
Handling	40
Documentation	70
Transport	80
	210

Port Victoria	
Container Charges	112
Handling	46
Stevedoring	331
	489

The port of Dar-es-Salaam had recently amended and increased its tariff.

The port of Moroni increased its charges by 40% the week after the consultants figures, but as it is an import cargo and a special case, it can be disregarded in this analysis.

The Port Louis figure is about to be increased with a new tariff - the port say by 12% the agents say by 25%. It will be necessary to get a new quotation in six months time to see just what it does cost. However, it will still be the cheapest.

All the mainland ports, in fact, have very similar total charges except for Dar-es-Salaam. The wide variation in agency fees reflects the fact that in Durban, the lowest, the agency fee is just a percentage charged on the total money disbursed on behalf of the client. The agency fee in Dar-es-Salaam covers a great deal of supervision and reflects the difficulty of working in that port, and the excessive extra charges of government agencies.

The figures for Port Victoria were obtained from the Tune Fish company and are actual average costs over 12 months. The container charges include the Agency fee but it was not possible to determine whether the transport was included in the container charges or in the stevedoring. The container handlers in the Seychelles have a particular problem in that a large forklift truck goes with the Container Vehicle to load and discharge the Container. In the case of the canning factory, this is not very far but it obviously is an expensive operation.

The actual price in Mombasa is now probably in excess of US$300 due to inflation. The problems of Tanzania are dealt with separately under the heading of the Port of Dar-es-Salaam, but it is obviously not possible to conduct a successful export drive when the port costs are out of all proportion to the service provided or to competing costs in other ports.

Appendix 7

Form CB 11(r. 259)

REPUBLIC OF KENYA

CUSTOMS AND EXCISE DEPARTMENT

BOND FOR CUSTOMS AGENTS

I/We.....

of.....

and.....

of.....

hereby acknowledge that I/we am/are bound to the Commissioner of Customs and Excise in the sum of .....shillings to be paid to the Commissioner of Customs and Excise for which payment I/we bind myself/ourselves jointly and severally and also my/our heirs, executors, administrators and assigns and each of them.

Dated this.....day of....., 19... .....

WHEREAS the above named.....

has/have applied for a licence under the Customs and Excise Act to act as a Customs agent.

Now the condition of this obligation is such that if the above named.....
.....shall faithfully and uncorruptly perform his/their duties as such agent to the satisfaction of the Commissioner then this obligation shall be void but otherwise shall be and remain in full force.

Signed, sealed and delivered by
the above named.....
in the presence of.....
of.....
} .....

Signed, sealed and delivered by
the above named.....
in the presence of.....
of.....
} .....

Approved:

.....
for Commissioner

Valuation of Transit Time (General Cargo)

Routes	TT - BT (days)	CIF Value US$	CFA charges US$	Port charges US$	Inland Transport US$	Total borrowing US$	Additional Cost (general cargo) US$
UGANDA							
Malaba - Rail	10	10,000	650	450	3256	14,356	157
Kisumu - Rail/Lake	19	10,000	650	450	3082	14,182	295
Mwanza - Rail/Lake	40	10,000	350	1040	2231	13,621	597
Malaba - Road	11	10,000	650	450	3200	14,300	179
RWANDA							
Kigoma - Rail/Lake	25	10,000	350	1040	4164	15,554	426
Isaka - Rail/Road	17	10,000	350	1040	4171	15,561	290
Dar-es-Salaam - Road	14	10,000	350	1040	5275	16,665	257
Isebania - Road	15	10,000	650	450	7000	18,100	310
Malaba - Road	10	10,000	650	450	7000	18,100	206
BURUNDI							
Kigoma - Rail/Lake	22	10,000	350	1040	2564	13,954	336
Isaka - Rail/Road	17	10,000	350	1040	4171	15,561	290
Dar-es-Salaam - Road	17	10,000	350	1040	5675	17,065	262
Isebania - Road	15	10,000	650	450	7000	18,100	310
Malaba - Road	10	10,000	650	450	7000	18,100	206
ALTERNATIVE ROUTES							
Kemondo Bay - Rail/Lake/Road	16(18)[1]	10,000	650	450	3788	14,888	306
Kasese - Rail/Road	13(15)[2]	10,000	650	450	5743[3]	16,843	250(288)[4]

1. 15 days if wagon ferry loaded with rail wagons, equivalent to US$ 216 additional cost
2. 12 days for Burundi
3. Inland Transport costs for Burundi US$ 6543
4. Additional costs for Burundi US$ 232

Valuation of Transit Time (Containers) (US$)

Routes	TT - BT (days)	CIF Value US$	CFA charges US$	Port charges US$	Inland Transport US$	Total borrowing US$	Additional Cost (general cargo) U
UGANDA							
Malaba - Rail	10	10,000	650	486	3684	14,820	169
Kisumu - Rail/Lake	19	10,000	650	486	3584	14,717	319
Mwanza - Rail/Lake	40	10,000	350	1060	1680	13,090	573
Malaba - Road	11	10,000	650	486	3730	14,866	186
RWANDA							
Kigoma - Rail/Lake	22	10,000	350	1060	5690	17,100	412
Isaka - Rail/Road	17	10,000	350	1060	4131	15,541	290
Dar-es-Salaam - Road	14	10,000	350	1060	5675	17,285	265
Isebania - Road	15	10,000	650	486	7000	18,136	310
Malaba - Road	10	10,000	650	486	7000	18,136	207
BURUNDI							
Kigoma - Rail/Lake	25	10,000	350	1060	4090	15,500	425
Isaka - Rail/Road	17	10,000	350	1060	4131	15,541	290
Dar-es-Salaam - Road	14	10,000	350	1060	5875	17,085	262
Isebania - Road	15	10,000	650	486	7000	18,136	310
Malaba - Road	10	10,000	650	486	7000	18,136	207
ALTERNATIVE ROUTES							
Kemondo Bay - Rail/Lake/Road	15(18)[1]	10,000	650	486	4815	15,591	267(320)
Kasese - Rail/Road	13(15)[2]	10,000	650	486	6079[3]	17,215	255(295)[4]

1. 15 days if wagon ferry loaded with rail wagons, equivalent to US$ 242 additional costs.
2. 12 days for Burundi.
3. Inland transportation costs for Burundi US$ 6879
4. Additional costs for Burundi US$ 237

Appendix 9

Shipper's Name and Address	Shipper's account Number	Not negotiable **Air Waybill** Issued by	1
ITUGUME ENTERPRISES BOX 30274 S-200 22 MALMOE S W E D E N		KENYA AIRWAYS LTD P.O.BOX 19 002 EMBAKASI AIRPORT KENYA EAST AFRICA MEMBER OF IATA	

Copies 1, 2 and 3 of this Air Waybill are originals and have the same validity

Consignee's Name and Address	Consignee's account Number
MR. THOMAS OKELLO FIRST SECRETARY SERVICE LTD P.O. BOX 90486 MOMBASA K E N Y A	

It is agreed that the goods described herein are accepted in apparent good order and condition (except as noted) for carriage SUBJECT TO THE CONDITIONS OF CONTRACT ON THE REVERSE HEREOF. THE SHIPPER'S ATTENTION IS DRAWN OF THE NOTICE CONCERNING CARRIER'S LIMITATION OF LIABILITY. Shipper may increase such limitation of liability by declaring a higher value for carriage and paying a supplemental charge if required.

Issuing Carrier's Agent Name and City	Accounting Information
SUPERTICON DAL LTD COPENHAGEN AIRPORT	

Agent's IATA Code	Account No.
[illegible]	

Airport of Departure (Addr. of first Carrier) and requested Routing

COPENHAGEN KQ MBA

to	By first Carrier / Routing and Destination	to	by	to	by	Currency	CHGS Code	WT/VAL PPD	WT/VAL COLL	Other PPD	Other COLL	Declared Value for Carriage	Declared Value for Customs
MBA	KQ					DKK		X		X		NCV	NCV

Airport of Destination	Flight/Date (For Carrier Use only)	Flight/Date	Amount of Insurance	INSURANCE - If Carrier offers insurance, and such insurance is requested in accordance with conditions on reverse hereof, indicate amount to be insured in figures in box marked 'amount of insurance'.
MOMBASA KE	KQ107 /04		XXX	

Handling Information

MARKED: THE ADDRESS

DOCUMENTS ATTACHED

CUSTOMS STATUS: "C"

No. of Pieces RCP	Gross Weight	kg / lb	Rate Class / Commodity Item No.	Chargeable Weight	Rate / Charge	Total	Nature and Quantity of Goods (incl. Dimensions or Volume)
2	88,0	K G		100,0	41,50	4150,00	COPY MACHINE
1	20,0					4150,00	Chm: 0,541

Prepaid	Weight Charge	Collect	Other Charges
4150,00			CHC (SAS-FEE) 45,00 AWA (AWB-FEE) 150,00
Valuation Charge			S.A.D. 20,00
Tax			
Total other Charges Due Agent			Shipper certifies that the particulars on the face hereof are correct and that insofar as any part of the consignment contains dangerous goods, such part is properly described by name and is in proper condition for carriage by air according to the applicable Dangerous Goods Regulations
215,00			
Total other Charges Due Carrier			
			FOR: ITUGUME ENTERPRISES Signature of Shipper or his Agent
Total prepaid	Total collect		
4365,00			
Currency Conversion Rates	cc charges in Dest. Currency		28 JUL 1995 COPENHAGEN LINE HEDEGREEN
			Executed on (Date) at (Place) Signature of Issuing Carrier or its Agent
For Carrier's Use only at Destination	Charges at Destination	Total collect Charges	

706-1524 9625

0101-92 97344-01P/bs 28735

ORIGINAL 3 (FOR SHIPPER)

*Applicable only when document used as a Through Bill of Lading

Shipper

NON-NEGOTIABLE SEA WAYBILL

UK Customs Assigned No. 2 SWB No.

Appendix 9

Shipper's Reference

F/Agent's Reference

Consignee

Name of Carrier

Notify Party and Address (leave blank if stated above)

The contract evidenced by this Waybill is subject to the exceptions, limitations, conditions and liberties including those relating to pre-carriage and on-carriage) set out in the Carrier's Standard Conditions of Carriage applicable to the voyage covered by this Waybill and operative on its date of issue if the carriage is one where had a Bill of Lading been issued the provisions of the Hague Rules contained in the International Convention for unification of certain rules relating to Bills of Lading dated Brussels 25th August 1924 as amended by the Protocol signed at Brussels on the 23rd February 1968 (the Hague Visby Rules) would have been compulsorily applicable under Article X the said Standard Conditions contain or shall be deemed to contain a Clause giving effect to the Hague Visby Rules Otherwise the said Standard Conditions contain or shall be deemed to contain a Clause giving effect to the provisions of the Hague Rules In neither case shall the proviso to the first sentence of Article V of the Hague Rules or the Hague Visby Rules apply The Carrier hereby agrees, (a) that to the extent of any inconsistency the said clause shall prevail over the said Standard Conditions in respect of any period to which the Hague Rules or the Hague Visby Rules by their terms apply and (b) that for the purpose of the terms of this Contract of Carriage this Waybill falls within the definition of Article 1(b) of the Hague Rules and the Hague Visby Rules

The Shipper accepts the said Standard Conditions on his own behalf and on behalf of the Consignee and the owner of the goods and warrants that he has authority to do so The Consignee by presenting this Waybill and/or requesting delivery of the goods further undertakes all liabilities of the Shipper hereunder such undertaking being additional and without prejudice to the Shippers own liability. The benefits of the contract, evidenced by this Waybill shall thereby be transferred to the Consignee or other persons presenting this Waybill

Notwithstanding anything contained in the said Standard Conditions the term Carrier in this Waybill shall mean the Carrier named on the front thereof

A copy of the Carrier's said Standard Conditions applicable hereto may be inspected or will be supplied on request at the office of the Carrier or the Carrier's Principal Agents

Pre-Carriage by*

Place of Receipt by Pre-Carrier*

Vessel

Port of Loading

Port of Discharge

Place of Delivery by On-Carrier*

Marks and Nos; Container No.	Number and kind of packages; Description of Goods	Gross Weight	Measurement

Particulars declared by Shipper

Freight Details; Charges etc.

RECEIVED FOR CARRIAGE as above in apparent good order and condition, unless otherwise stated hereon, the goods described in the above particulars.

Ocean Freight Payable at

Place and Date of Issue

Signature for Carrier; Carrier's Principal Place of Business

CBS
WB
979

Printed by The Carlton Berry Co. Ltd.
Authorised and licensed by the

3

Original BILL OF LADING

Appendix 9

B/L No.

M S C U H 0 7 8 7 4 8 - 4

Voyage No.

19/A

Shipper (1)

94-03-70

G T GULF TRANSPORT GMBH
HAMBURG

Shippers status:
- AS AGENTS ONLY -

Consignee: (B/L not negotiable unless "ORDER OF") (2)

MME AISHA ADAAM BASTY
P.O.BOX 2340
MOMBASA
KENYA

Notify: (carrier not to be responsible for failure to notify) (3)

-SAME-

msc

mediterranean shipping company S.A.
GENEVA

Used car, vessel not responsible for scratches and/or dents. Vessel not responsible for accessories, equipment and/or personal effects shipped in motorcars.

Pre-carriage by: (4)	From: (through transport) (5)*		
Vessel (6)	Port of loading (7)		
ILARIA M	HAMBURG		
Port of discharge (8)	Final destination (through transport) (9)*	On-carriage by (10)	Number of Original Bs/L (11)
MOMBASA			3/3

Carrier's Receipt (12)		ALL PARTICULARS FURNISHED BY SHIPPER, CARRIERS MAKE NO REPRESENTATION (13)			
Marks and Numbers	No. of Pkgs.	H.M.	Description of Goods	Gross Weight	Measurement
MME AISHA ADAAM BASTY MOMBASA			said to contain: 1 UNPACK. USED MAZDA VAN FSVN 715 CHNO: SR1J2200517680 LOADED WITH 2 USED SMALL FRIDGES 3T 2T USED SOFA SET 1 USED SOFA TABLE 1 USED DOUBLE BED WITH 2 MATRESSES 1 USED TV FREIGHT PREPAID		1570.0 Kos
			(Hazardous merchandise to be marked with an asterisk)		
Total Number of Packages: 1		*If box 5 and/or 9 filled out, this is a through Bill of Lading (see clause 3)			

Containers may be stripped at the quay after the expiry of the free period, at the carriers option, and at the risk and expense of the cargo.

Before loading the Carrier to give three days container utilisation which includes the day of collection ex quay, as well as allowing a free period in accordance with the tariff of the manifested destination and as advised by the local Agent from the day of discharge ex vessel. Container, Trailer and other equipment demurrage is levied thereafter. Containers to be redelivered by merchant clean and undamaged to a place nominated by the carrier.

Specification of freight and charges.

Shipped on
F. H. BERTLING
Schiffahrtskontor
GmbH & Co. KG

19. April 1994

Dec.Val.Charge $_____

TOTAL $

Freight Payable at:
Hamburg

Declared Value $_____
(See Clause 21)

RECEIVED in apparent external good order and condition the containers, other packages or units bearing marks or numbers indicated in the "Carrier's Receipt," above, said by the shipper to contain the quantity of goods, weights and measurements indicated in the "Particulars Furnished by the Shipper," above, which particulars have not been checked by the Carrier. Such particulars are for Shipper's and Consignee's use only, are not part of the bill of lading terms and are not binding on the carrier.

IN ACCEPTING this Bill of Lading, the Merchant agrees to be bound by all the terms and exceptions and limitations whether printed, stamped or written hereon and on the reverse side, and in particular agrees that the Carrier shall have the right to stuff cargo in containers and to carry on deck all kinds of containers, including trailers, tanks, flats, canvas tops, pallets or similar articles used to consolidate goods.

IN WITNESS whereof the number of Original Bills of Lading stated above all of this tenor and date, has been signed, one of which being accomplished, the others to stand void. One of the Bills of Lading must be surrendered duly endorsed in exchange for the goods or delivery order.

Place and date of issue
HAMBURG 19. April 1994

Signed for the merchants (Compulsory for Italy, Belgium and France)

Signed for the Master by:
F.H. BERTLING
SCHIFFAHRTSKONTOR
GMBH & Co KG
As Agents