

# African countries to feel the heat as cost of marine transport rises

Samuel Baya

skkazungu@ke.nationmedia.com

**D**eveloping countries will be hit hard by the rising sea high transport costs mainly due their export-import imbalance in the global trade.

The United Nations Conference on Trade and Development (UNCTAD) report said these countries will continue to suffer unless strategies that stimulate exports are put in place.

"Improved maritime connectivity should be at the core of any strategy that aims to stimulate exports and promote participation of national economies in the global production chains," the report says.

## DESPITE INCREASE IN TRADE, THE CHALLENGE FACING THE SHIPPING INDUSTRY IN THE REGION HAS BEEN 'THE ISSUE OF IMPORTING MORE THAN IT EXPORTS'

"Such improvement could only contribute to the reduction of transport costs. Unequal and imbalanced countries' participation in global supply chains and trade is reflected in the liner shipping connectivity of the different regions."

The report, titled *Reflecting on the*

*past, exploring the future*" is contained in the UN organisation's '50 years of Review of Maritime Transport, 1968-2018'.

It has outlined how the maritime trade has been for the past 50 years and its projections in future.

Overall, the report says over the last 50 years, seaborne trade has seen a remarkable development.

Shipping carries the vast majority of international trade with its share ranging between 80 per cent and 90 per cent of trade.

"This predominance is particularly pronounced in developing countries where trade structures including the low volumes of intraregional trade leave limited space for land transport and air transport.

In Kenya, although the future of international trade looks bright, there has been increased transport costs in both sea and inland, with some blaming shipping agents for the escalating costs.

The Inter-Governmental Standing Committee on Shipping (ISCOS) in its statement to *Shipping* said that cargo through the Port of Mombasa has increased tremendously from 22,307,000 deadweight tonnage (DWT) in 2013 to 30,345,000 in 2017 an increase of 36 per cent.

"The cargo through the port of Dar es Salaam increased from 13,516,000 DWT in 2013 to 14,002,000 DWT in 2017 a small increase of 3.6 per cent," said Iscos Secretary General Kassim Mpaata.

"Dar es Salaam port experienced a slight decrease in 2015 and 2016 which was attributed to changes in policy. However, cargo through Dar port has started picking up."

Ugandan imports and exports by water transport go through Mombasa or Dar es Salaam. The Kampala volumes increased from 6,511,838 DWT in 2016 to 7,384,928 DWT in 2017, a 13.4 per cent rise. Analysts expect this trend to continue.

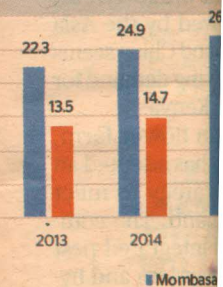
But despite increase in volumes of goods handled, Mr Mpaata said the challenge facing the shipping industry in the region has been "the issue of importing more than it exports". This, he said has led to high costs for ocean and inland transport because one has to pay for return trip.

"For example, the Mombasa port in 2017 registered 554,600 TEUs full import containers while export full containers were 134,464 TEUs, which was 19.5 per cent of 689,064 TEUs of full containers handled at the port. In 2017, a total of 406,799 TEUs were exported (repatriated) empty," he said.

Due to oversupply of ships in the global shipping market, Mr Mpaata



Cargo through the Mombasa ports (Million DWT)



SOURCE:ISCOS

said the basic freight rate in some sectors reduced, especially destination charges. "This trend increases business in the region. Though freight rates but overall cargo," he added.

The Kenya International Housing Association (KIH) William Ojonyo in an interview said the sea freight cost has increased with time. He however said the government has created a monopoly, hence making cargo expensive.

"Container detention charges locally at a cost of \$500 per unit (TEUs) and

