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KTA NEWSLETTER

OPPOSITION TO INCREASE IN ADVANCE TAX FOR TRUCKS AND TRAILERS (FINANCE BILL 2023)



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Advance Tax

The Kenya Transporters Association strongly opposes the proposed increase in advance tax on trucks and trailers from KES 1500 to KES 3000 per ton of load capacity, as outlined in the Finance Bill 2023. KTA expresses its concerns regarding this measure, which would significantly impact the cash flow of transport companies. These companies are already facing challenges due to the exorbitant costs of fuel and maintenance.

While we acknowledge that advance tax is considered a tax credit, implementing the proposed increase would have a detrimental effect on transport companies, exacerbating their existing financial difficulties. In light of the Kenya Revenue Authority's adoption of technological advancements and advanced systems, we propose the complete abolition of advance tax. There are numerous alternative methods available to ensure that all transporters contribute their fair share of taxes, thereby preventing any loss of government revenue that may result from removing the advance tax requirement. The imposition of higher advance tax only compounds the challenges faced by the already struggling transportation sector, further escalating the overall cost of conducting business within Kenya.

It is important to recognize that the transport industry plays a crucial role in the Kenyan economy, facilitating the efficient movement and delivery of essential goods and services throughout the country.



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KEPSA ROAD & TRANSPORT MINISTERIAL STAKEHOLDER FORUM WITH CS HON. KIPCHUMBA MURKOMEN



The Kenya Transporters Association Limited was among the stakeholders represented in the KEPSA Transport and Infrastructure Sector Board, Ministerial Stakeholder Forum with the CS for Roads, Transport, and Public Works, Hon. Kipchumba Murkomen. During the forum, the Cabinet Secretary wholeheartedly expressed his dedication to collaborating with the private sector in order to enhance the transport sector, emphasizing the value of receiving feedback on sector development through such engagements.

KEPSA delegation conveyed their appreciation for the Ministry's proactive approach to engaging with the private sector and expressed satisfaction with the resolution of previous issues that had been raised. This positive exchange of ideas and constructive dialogue marked a significant milestone in the ongoing efforts to advance the transport and infrastructure sector.

Key takeaways from the meeting:

- The meeting recognized the need for effective enforcement of traffic regulations and promptly addressing minor traffic offences. To achieve this, the implementation of instant fines for such offenses was emphasized, aiming to streamline the process and promote accountability among road users. It was agreed that relevant stakeholders in the transport sector would be brought together to effectively address the pressing pain points within the sector. This collaborative approach aimed to bring together experts from both the public and private sectors to identify and implement strategic solutions to the challenges faced, with the aim of institutionalizing a legal framework for the implementation of instant fines. The CS informed the meeting that a cabinet memo on Instant Fines had already been presented for approval.*
- The focus was on ensuring the uniform implementation and administration of axle load regulations among transporters in Kenya.*
- The meeting highlighted the importance of disseminating crucial information to stakeholders and the general public. In this regard, it was agreed that cabinet memos pertaining to cool logistics, e-mobility, and smart transport systems would be published, ensuring transparency and providing valuable insights into these areas of focus. A dedicated committee would be established to address the challenges and opportunities in the cool supply cargo chain, recognizing its significance within the broader transport sector.*
- The Kenya Transporters Association would assist in drafting a concept paper on the opportunities and challenges, with the assistance of the Ministry of Transport and Kenya-Re, the national insurance agent in Kenya, to enhance the last mile of cargo transportation and harmonize the Common Market for Eastern and Southern Africa (COMESA) insurance. These papers were deemed instrumental in addressing existing gaps and streamlining processes within the transport sector.*

STAKEHOLDERS ENGAGEMENT WITH THE MINISTRY OF TRANSPORT



1. **Integrated Transport Management System:** The NTSA is currently working on the development of an Integrated Transport Management system. As part of the implementation process, the Authority has held stakeholder engagement with the PSV sector, followed by the Heavy Commercial Transport Operators
2. **Sub-standard Speed Governors:** Concerns were raised regarding sub-standard gadgets. To address this issue, it was agreed that the Ministry would schedule a meeting with the Kenya Bureau of Standards (KEBS) and institutions were requested to write position papers to the Ministry, providing recommendations on this matter.
3. **Institutionalization of Instant Fines:** To enhance efficiency in enforcing traffic regulations, the Ministry proposed the establishment of a committee that includes representatives from the private sector. The committee's objective would be to institutionalize instant fines, enabling immediate penalties for traffic violations.
4. **Center of Excellence for Driver Training:** The NTSA plans to establish a center of excellence to improve driver training. This center will utilize simulators to enhance the skills and knowledge of drivers which is more and accurate, contributing to safer and more efficient transportation.
5. **Responsibility for Offences:** The Kenya Transporters Association (KTA) presented the need to separate responsibility for offences between drivers and asset owners. It was proposed that if a driver commits an offence for which they hold sole responsibility, they should bear full accountability. The Transportation Task Force Plan (TTFP) guidelines for a merit and demerit point system for truck drivers were referenced as a guide in this regard.
6. **Mandatory Medical Check-ups for Drivers:** A recommendation was made for mandatory medical check-ups for all drivers. The KTA highlighted the outcome of its Medical Eye Camp conducted both in Mombasa and Malaba to ascertain the importance of drivers' health and wellness.
7. **County Transport Committees:** It was noted that by law, each county should have a County Transport Committee to discuss transport challenges within their jurisdiction. The Ministry expressed its commitment to revive and support these committees to enable effective transportation planning and problem-solving at the local level.
8. **Stakeholder Meeting with the Judiciary:** The Ministry announced its intention to organize a stakeholder meeting with the judiciary. The objective of this meeting would be to foster collaboration between the transportation sector and the judiciary, addressing legal and regulatory issues more effectively.

ALTERNATIVE TRANSIT ROUTES



1. **Kitale-Kapenguria-Kainuk-Lokichar-Lodwar-Lokichogio-Nadapal:** This route provides an alternative transportation corridor, relieving congestion at the borders of Malaba, Busia, and Elegu/Nimule.
2. **Kitale-Suam:** This section has the potential to alleviate congestion at the Malaba border crossing. By providing an additional entry point, it will distribute traffic and reduce delays, ensuring a more efficient flow of goods and passengers.
3. **Webuye-Kimaeti-Malakisi-Lwakhakha:** This route, already used for return cargo, can be further developed to support increased traffic and help decongest the Malaba border. Upgrading this road will enhance its capacity to accommodate heavy commercial trucks and facilitate smoother trade operations.
4. **Voi-Taveta/Holili-Arusha-Babati-Singida:** This alternative route offers a shorter path to reach Burundi, the Democratic Republic of Congo (DRC), and Rwanda. By diverting traffic from the traditional borders of Malaba and Busia, it can help ease congestion and expedite cross-border trade. The route improves connectivity within the East African region, enhancing economic integration and trade facilitation.
5. **Nairobi-Namanga-Arusha-Singida-Kobero/Rusumo:** This route provides an alternative corridor for cargo transportation to Burundi and Rwanda. By bypassing the congested borders, it offers a more efficient and streamlined path for goods movement. Developing and improving this route will enhance regional connectivity and promote cross-border trade.
6. **Naivasha-Isebania/Sirare-Biharamulo:** This route has the potential to significantly shorten the distance from Naivasha Inland Container Depot (ICD) to Burundi and Rwanda. By reducing travel time and distance, it enhances the efficiency of transportation and trade between these countries.

Recommendations for improvement of road infrastructure and installations:

1. **Kimaeti-Lwakhakha section of road:** This road segment requires upgrading to support the heavy traffic flow of commercial trucks. Widening the road and strengthening its infrastructure will ensure safe and efficient transportation of goods, reducing congestion and improving trade operations.
2. **Lwakhakha border stations:** Upgrading the Lwakhakha border stations to One-Stop Border Posts (OSBP) will enhance trade facilitation and streamline customs procedures. OSBP implementation will consolidate border controls, allowing for faster clearance of goods and reducing delays at the border.
3. **Kitale-Kapenguria-Kainuk section of road:** This road segment needs widening to accommodate increased traffic volume. By expanding the road capacity, it will enable smoother and more efficient movement of vehicles, reducing congestion and improving overall road safety.
4. **Roadside stations:** Establishing roadside stations along the alternative routes will provide necessary facilities for drivers, including rest areas, fuel stations, and service centers. These stations will contribute to the comfort and convenience of long-haul truck drivers and help maintain the efficiency of transportation operations.

By implementing these recommendations and developing alternative routes, the road infrastructure can be enhanced to support increased trade and alleviate congestion at key border crossings, facilitating smoother movement of goods, reducing travel time, and improving regional connectivity.

DEVELOPMENT OF MASTERPLAN FOR THE TRANSITION FROM AIR-FREIGHT TO SEA FREIGHT FOR FRESH PRODUCE EXPORTS



The objective of the masterplan is to facilitate Kenya's transition from relying predominantly on air-freight to utilizing sea freight for 50% of its horticulture produce exports within the next 10 years. While some large companies have already begun using sea freight for exporting flowers, vegetables, and fruits, the sector aims to achieve a transformative and substantial shift. This transition aligns with the growing global demand to reduce emissions in key sectors and improve the sustainability of logistics operations.

OPPORTUNITIES

1. **Spreading of logistics risks:** Shifting from air-freight to sea freight allows for diversification of transportation methods, reducing reliance on a single mode of transport and spreading the associated risks.
2. **Product quality:** Sea freight offers advantages in terms of preserving the quality and freshness of fresh produce during transportation, leading to enhanced customer satisfaction.
3. **Upcoming sustainability and carbon footprint requirements:** This aligns with the emerging sustainability standards and carbon footprint regulations in key export markets, particularly in Europe. By opting for sea freight, Kenya can sustainably decarbonize its transport and logistics value chains, meeting these requirements.
4. **Market demand growth and new markets:** Sea freight provides an opportunity for accessing new markets and expanding market demand for Kenyan horticultural products. The availability of a reliable sea freight option can facilitate the exploration of previously inaccessible and more distant destinations.
5. **Value addition in the country of origin:** Shifting to sea freight enables value addition activities, such as sorting, packaging, and processing, to be carried out in Kenya. This enhances the country's economic growth by creating more employment opportunities and increasing the overall value of exported products.
6. **Flexibility for diverse products:** Sea freight accommodates a wider range of product weights and volumes, allowing for the export of diverse horticultural products that were previously not feasible.
7. **Lower costs for better margins:** Sea freight generally offers cost advantages compared to air-freight. By reducing transportation costs, the shift to sea freight opens up opportunities for exporters to achieve better profit margins.

Kenya can successfully develop and execute a masterplan for the transition from air-freight to sea freight, positioning itself as a sustainable and reliable supplier of high-quality horticultural products to global markets.



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A united association of global excellence in advancing sustainable road freight services

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KTA CONSULTATIVE MEETING WITH THE CEC, TRANSPORT & INFRASTRUCTURE, COUNTY GOVERNMENT OF MOMBASA

The Consultative meeting was convened by the CEC Member for Transport and Infrastructure, Hon. Daniel Manyala, to address the challenges faced by stakeholders in the transport industry and to discuss strategies for mainstreaming and aligning transport mobility within Mombasa County. The meeting was prompted by the ongoing dualling of the Mombasa-Mtwapa Highway, which has resulted in restricted mobility for Heavy Commercial Vehicles along the corridor; one section and the shoulders of the road are currently inaccessible due to the ongoing construction work.

Proposal to Restrict Trucks Movement: To optimize traffic flow, a proposal was presented to restrict the movement of trucks between the hours of 6:00 AM to 8:30 AM, as well as between 3:30 PM to 8:00 PM. However, stakeholders present at the meeting expressed their concerns and requested an exploration of alternative routes or a reduction in the proposed time restrictions. The issue was acknowledged, and it was decided to further evaluate and consider alternative solutions to address the challenges faced by truck operators.



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The Kenya Transporters Association Limited (KTA) is a business association of road transporters whose broad objective is to provide a common voice to articulate business constraints facing its members, while being a united association of global excellence in advancing sustainable and competitive road freight services in Kenya, East Africa Region and beyond.