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# KTA NEWSLETTER

## COUNTY GOVERNMENTS EXPLOITING HEAVY COMMERCIAL VEHICLE TRANSPORTERS THROUGH ANNUAL DISTRIBUTION



**48 Governments  
1 Nation**

**Distribution Permits**



**10 YEARS OF  
DEVOLUTION:**

**The Present and The Future**

*The Kenya Transporters Association (KTA) has raised significant concern and dissatisfaction regarding the imposition of annual distribution permits on heavy commercial transporters by several counties. The argument is that these permits are not applicable to the transport industry as they deliver goods from one point to another and are not distributors. The requirement for truck owners to pay for these permits in all 47 counties is deemed unreasonable, potentially costing millions while yielding less revenue than the actual transportation services. Furthermore, this situation has created opportunities for corruption among county officers.*

***The most notorious counties are in this extortion are;***

<b>KISII</b>	<b>KAKAMEGA</b>	<b>MIGORI</b>
<b>MERU</b>	<b>BUSIA</b>	<b>KISUMU</b>
<b>BUNGOMA</b>	<b>NYAMIRA</b>	<b>MACHAKOS</b>

*The Kenya Transporters Association (KTA) emphasizes the critical role of heavy commercial transporters in facilitating efficient movement of goods and materials across the region. However, the imposition of an unnecessary and unjustified annual distribution permit in certain counties is hindering the industry's ability to offer cost-effective services to customers*

*KTA firmly contends that these permits were not originally meant for the heavy commercial transport industry, making their application in this sector unjust and inequitable. Therefore, the Council of Governors' intervention is being sought to rectify the situation and alleviate the undue financial burden on transporters.*

***The following actions are recommended to foster a favorable business environment***

- 1. Conduct an immediate review of the regulations concerning annual distribution permits to ensure they are appropriately targeted and enforced, with exemptions for the heavy commercial transport industry.***
- 2. Engage in consultations with relevant stakeholders, including representatives from the heavy commercial transport sector, to gain a better understanding of their specific needs and challenges.***
- 3. Implement transparent and fair policies that create a conducive business environment for heavy commercial transporters, thereby promoting economic growth and regional development.***

## MALABA BORDER POST VISIT ON AUTHORIZED ECONOMIC OPERATOR



*The Kenya Transporters Association, along with other stakeholders visited Malaba One Stop Border Post (OSBP). The Authorized Economic Operator (AEO) program at Malaba OSBP aimed to expedite clearance by reducing human intervention and implementing Pre-Arrival Clearance processes.*

### CHALLENGES ENCOUNTERED:

- Manual processing by partner government agencies.
- Timely permit approvals for bulk consignments.
- Lack of integration in operating systems (**KENTRADE**).
- Traffic congestion and system downtime at the OSBP.
- Delays caused by clearing agents.
- Limited office space for relevant partner government agencies.
- Lack of well-designated entry and exit points for trucks.
- Need for a dedicated lane for AEO consignments.

### IMPROVEMENTS IMPLEMENTED:

- Drive-through scanner for cargo inspection.
- Baggage scanner to improve inspection procedures.
- Partner government agencies facilitating online clearance processes.
- Increased participation in the AEO program.

### PLANNED IMPROVEMENTS:

- Smart gates for enhanced security and control.
- Expansion of parking yard and loop.
- Establishment of a banking hall and service delivery center.
- Power substation and solar power plant to address power fluctuations.
- Integration with the Regional Revenue Authority for data sharing.
- Building a 30KM dual carriageway for smooth vehicle movements.
- Constructing staff quarters for officer accommodation.

**RECOMMENDATIONS:** By implementing these measures, customs authorities and stakeholders can foster increased trade and economic growth through smoother and more efficient border operations

- Prioritize border clearance for **AEO members** to receive expedited processing for improved trade efficiency.
- Ensure clearing agents employ competent personnel familiar with customs regulations to avoid delays and compliance issues.
- Emphasize having all necessary documents prepared before arrival by encouraging importers and exporters to have all required paperwork ready for streamlined customs clearance.
- Engage **KeNHA** to complete road improvement to enhance goods transportation efficiency.
- Utilize mobile scanners during low border activity for efficient customs inspections.
- Establish a **priority lane** for urgent goods to expedite their entry and distribution.
- **Harmonize** working hours among government agencies to prevent conflicts in scheduling and to promote smooth coordination.
- Encourage the use of **alternative routes** for empty containers to reduce border congestion.
- Conduct a comprehensive assessment of AEO program benefits to ensure the effectiveness of the AEO program in facilitating trade and security.
- Conduct ongoing awareness campaigns and encourage AEO and PAP programs
- Consider reviewing the **OSBP Act** to enhance border operations.





The Kenya Transporters Association, led by Ms. Mercy Ireri, participated in the Presidential stakeholder engagement session alongside members of the port community. The session focused on addressing critical matters pertaining to the ease of doing business, as outlined by the Port Reforms Working Group High Level Consultative Forum.

## 1. STRAIGHT-THROUGH PROCESS (STP) IMPORTS AND EXPORTS

### Implementation of Pre-Arrival Clearance.

- KRA to allow submission of partial manifest and use of Bill of Lading number for cargo pre- clearance and use manifest for reconciliation as practiced in other ports
- Processing of C60 by the Ministry of Agriculture and the National Treasury per shipment should be streamlined to eliminate the current delays experienced in processing the same to support Pre-Arrival Clearance.

### Streamlining of the Export Process

- Multiple bonds for tea exports is affecting the competitive of the Kenya Tea auction conducted in Mombasa with tea from transit countries i.e., Rwanda and Uganda contemplating shifting to other auctions in the region.

## 2. SYSTEM DOWNTIME

- Responsible agency to take responsibility for any unreasonable delays arising from their respective system downtime.

## 3. 24/7 OPERATIONS BY GOVERNMENT AGENCIES

- To facilitate trade and cargo clearance, both government and private sector involved in cargo clearance at the port to facilitate cargo clearance 24/7 and over the weekends. The private sector to comply and uptake 24/7 services

## 4. NON-TARIFF BARRIERS ALONG THE NORTHERN CORRIDOR.

- **Weighbridges:** Minimize the many weighbridges along the Northern corridor as this will result in reduction of transit times along the corridor making it more competitive. Transit trucks to be weighed twice.
- **County Cess/Fees:** Varied cess/fees levied by different County Governments necessitate transporters to obtain multiple licenses and permits leading to additional costs of doing business as this also affects the competitiveness of the exports. Counties to harmonize their cess/fees.
- **Security Matters:** Safety and Security of cargo along the Northern Corridor is key and need to be enhanced. The several roadblocks and police checkpoints along the corridor are wet areas that also need to be managed if not eliminated as they add to the cost of doing business.

## 5. SHIPPING LINE CHARGES

- . There is need to review and harmonize charges levied by various shipping lines as well as regulation of arbitrary charges introduced by other cargo interveners, this makes the port of Mombasa expensive by about USD. 500 on average. KMA to effectively regulate on the application of arbitrary and illegal charges.

## 5. REINTRODUCTION OF CONTAINER REPAIRS LOCALLY

- This has the potential of not only job creation but also generate revenue for the country which is currently being repatriated abroad.

## 6. LONG STAY CONTAINERS AND MOTOR VEHICLES AT THE PORT

- Review of Customs Auction and Disposal Guidelines for long-stay consignments is key in decongesting the port of long stay cargo. Customers to be disincentivized for keeping cargo longer at the port.

## 7. PROCUREMENT OF ADDITIONAL DRIVE-THROUGH SCANNERS BY KRA

- This will minimize scanning delays and result in efficient cargo take off at the port of Mombasa

## 8. BUNKERING OPERATIONS AT THE PORT OF MOMBASA

- The reintroduction of bunkering operations (Ship to Ship, Off-shore bunkering Outside Ports Limit (OPL), at the port of Mombasa has a multiplier effect as vessels will call not only to collect bunkers but also take the opportunity to undertake other auxiliary services such as crew change, small repairs and restocking ship stores. This is set to unlock the Blue Economy with a potential annual Turnover of about KES. 1.2 billion landed in Kenya
- Review of VAT refund system – The VAT refund system requires a lot of documentation, and often takes more than one year to effect, hence fuel operators choose to charge fishing vessels for VAT upfront, even though they may still claim and receive refunds later

## 9. DUPLICATION OF ROLES AND COLLECTION OF LEVIES

- All processes of cargo intervention should be carried offsite, and the duplication of the roles at the wrong place (port) by various agencies such as Port Health, KEPHIS and KEBS among other agencies are to be eliminated to avoid unnecessary delays. Interventions should also be intelligence based. All levies to be harmonized for collection under the **Kentrade System**.

## 10. DISCREPANCIES IN VEHICLE AGE LIMITS BETWEEN KRA, NTSA & KEBS

- Suggestion for the all three governments institutions to adopt a harmonized standard to avoid mismatch e.g. block year for the year of manufacture of motor vehicles.
- Mismatch on Euro standards between locally assembled vehicles and imported motor vehicles

## 11. TRUCK ENTRY FEES

- Compliance to EAC harmonized truck entry fees on trucks crossing to Kenya from Uganda and Tanzania by Member States

## 12. DRC CITIZENS REQUIREMENTS

- Review of VISA and Work Permits requirements for DRC citizens to enhance trade facilitation between Kenya and DRC

## 13. CENTRALIZED CARGO SAMPLING AT THE PORT OF MOMBASA

- Currently various governments agencies are carrying out sampling of imported commodities individually to check for conformity to set standards; this silo approach at times extends to several days before sample results are released leading to delays in cargo clearance and additional cost of doing business.
- Proposal on establishment of a centralized sampling center at the Port of Mombasa. **Quality Assurance Centre at the Port of Mombasa (Long Term Plan)**

## 14. CONFLICT OF INTEREST BY SHIPPING LINES

- Review of the practice by shipping lines getting involved in formation of subsidiary companies that deal in clearing and forwarding, logistics and transport chain. This has the net effect of denying the local players business.

## FREQUENTLY ASKED QUESTIONS (FAQ) ON THE TRANSITION BY KPA FROM CREDIT TO CASH TERMS OF PAYMENTS



With the effect from 1<sup>st</sup> July 2023, the **Kenya Ports Authority (KPA)** ceased to render port services to customers on credit terms. To ensure that the new dispensation is clearly understood by key stake-holders in the industry, KPA consulted widely and generated **Frequently Asked Questions (FAQs)** with relevant answers as summarized below.

### 1. What is a “cash account”

This is a KPA customer account whose terms of payment are immediate on presentment of an invoice for services rendered at port and other KPA facilities. Payment is made through banks; Electronic Funds Transfer (EFT), Real Time Gross Settlement (RTGS), Bankers Cheques and Mobile Banking (MPESA).

### 2. What happens to the previously executed bank guarantees?

Bank guarantees will no longer be used to secure unsettled payments as all port charges shall be settled immediately upon presentment of invoices. Customers are required to settle all invoices with due dates indicated as 30<sup>th</sup> June 2023 or earlier. If the outstanding invoices are not settled by 31<sup>st</sup> July 2023, the respective Bank Guarantee shall be recalled.

### 3. In the new dispensation can customers still access their port accounts?

Yes. Customers will continue to access their existing port accounts through the Biller Direct portal to monitor transactions.

### 4. What happens regarding payments when invoices are raised during weekends and public holidays?

KPA has automated its services and enabled round-the-clock (24/7) online documentation. Customers can also utilize the various payment options at their disposal including online and mobile banking. Additionally, customers anticipating to lodge their documents on weekends or public holidays, have the option of making advance deposits to their accounts.

### 5. Is there a dispute resolution mechanism to address any emerging challenges?

A dispute management section is in place to expeditiously resolve any challenges and customer concerns over billing during and after the transition. For long outstanding disputes, Management has formed a Disputes Resolution Committee to resolve all disputes.

### 6. How will KPA resolve disputed invoices?

Customers are required to lodge their disputes online through Biller Direct, after which the Dispute Management Team shall assess and timely process refunds where applicable.

### 7. Will a customer be notified prior to suspension or blocking of the account?

Non-compliant customers will receive Email Notifications on their registered email addresses prior to suspension or blocking of their accounts. Customers should therefore ensure that their email addresses are valid and updated on KPA systems.



## ARMING AND RELEASE OF GOODS UNDER CUSTOMS CONTROL USING RECTS SEALS

In a **KRA Memo** to all **Cargo Monitoring Unit Staff** dated July 20, 2023, it was emphasized by KRA that the movement of goods under Customs Control is monitored electronically using RECTS E-Seals. KRA stressed that the proper arming of goods should be carried out at the point of release for departure overland. KRA further reiterated that the responsibility of arming lies solely with the designated arming officers who must use RECTS Seals for the purpose, and no other seal should be utilized. Additionally, it was mentioned that the officers at the port of destination are responsible for retrieving and disarming the devices in the RECTS system.

It was specifically pointed out that no transit motor vehicle unit should be released without the proper arming procedure using RECTS Seals. Transporters are being urged to take note of the notice to avoid being penalized as a way of facilitating trade.



## JOIN US TODAY AS AN ASSOCIATE MEMBER OF KENYA TRANSPORTERS ASSOCIATION

The Kenya Transporters Associate membership is open to organizations/firms with strategic business interest in the transport sector. Associate membership is available subject to approval by the KTA Board of Directors. Associate members must subscribe and fully adhere to the KTA Code of Conduct. Parts of the Code of Conduct touching on real transport issues are relative and not necessarily binding for associate membership.

### Documentations required are;

- Copy of PIN certificate/Tax Compliance Certificate
- Copy of Certificate of Registration/Incorporation
- Letter of application seeking membership with KTA
- A signed copy of the Code of Conduct.
- Joining fee KES. 100,500



## BENEFITS OF BECOMING A MEMBER

### You stand to gain by way of;

- **Strategic branding:** Increase your visibility in the transport sector.
- **Events and networking:** Building strong business relationships to advance your company
- **Research and insights:** Your firm will have access to a steady stream of relevant and up-to-date transport and related information to help you make better decisions and achieve your goals.
- **Free adverts:** Promote your business in in the KTA monthly newsletter and on KTA members WhatsApp group. It's a great opportunity to reach a larger audience, connect with esteemed members, and increase brand exposure.





## VISION

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

## MISSION

*To strengthen and improve transportation by serving and leading its diverse membership through advocacy, innovation and information sharing*

## FIND US



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## COMPLIANCE WITH MINIMUM LAWS FOR HEAVY COMMERCIAL VEHICLE (HCV) DRIVERS



*The Kenya Transporters Association would always emphasize the importance of adhering to the government's labour laws regarding minimum wages. The association has noted some transporters may be paying their employees/drivers below the stipulated minimum wage.*

*Transporters/members are being reminded that paying below the minimum wage is not only a violation of the law but also a disregard for the rights and welfare of the valuable transport workforce and that the government implemented minimum wage laws to ensure fair compensation for workers and maintain social and economic stability within the industry.*

*The association further informed its members that failure to comply with the minimum wage laws not only reflects poorly on the image of the companies but also exposes a member/transporter to potential fines and legal consequences.*

*To avoid penalties and legal issues, we recommend the following actions:*

- 1. Familiarize yourself with the current minimum wage rates as set by the government.*
- 2. Review your employees' salaries to ensure they meet or exceed the minimum wage requirements.*
- 3. Regularly monitor and adjust wages as necessary to remain in compliance with any future changes in the minimum wage.*

*Kenya Transporters Association Ltd is committed to promoting fair practices within the transport industry and upholding the rights of workers. Together, the association can build a stronger and more prosperous transport sector that benefits both transporters and employees alike.*

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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.*