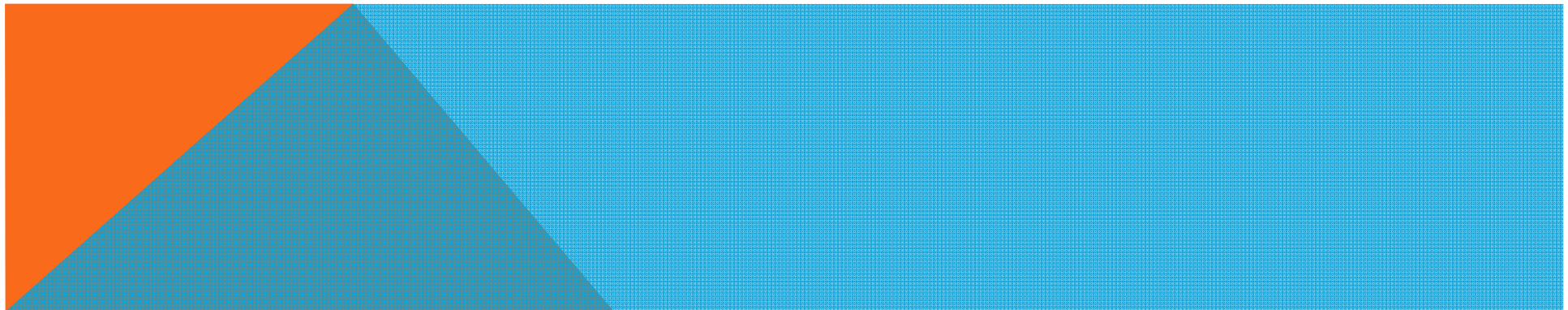




The role of KSAA

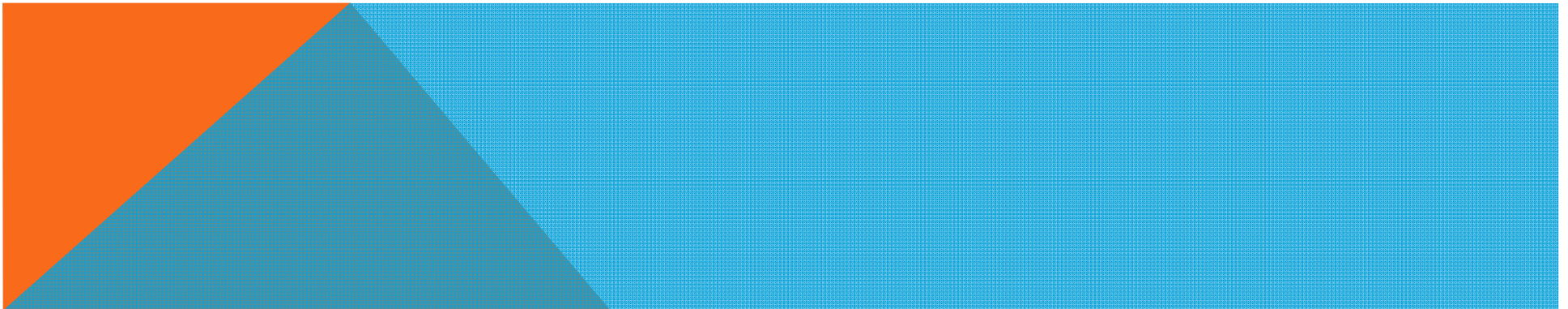
(KENYA SHIPS AGENTS ASSOCIATION)

November 17th 2016
Mombasa



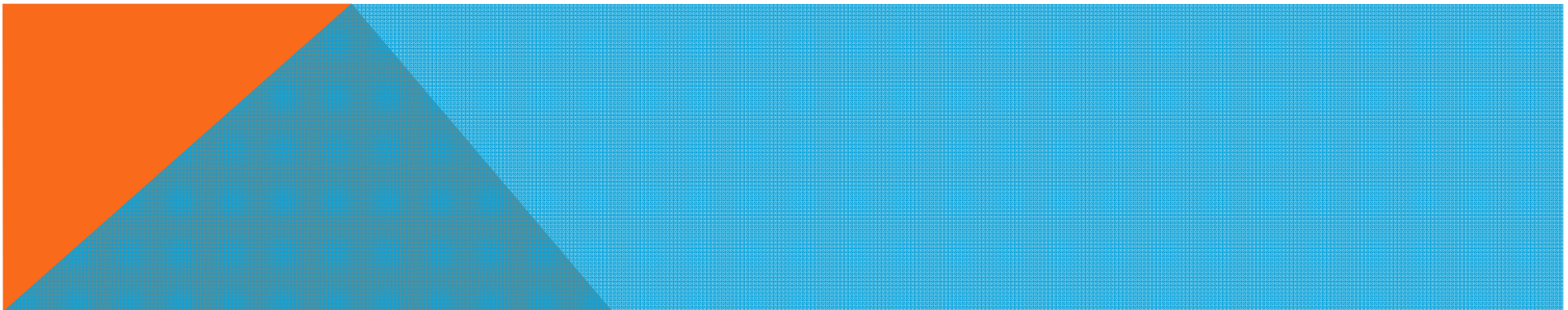
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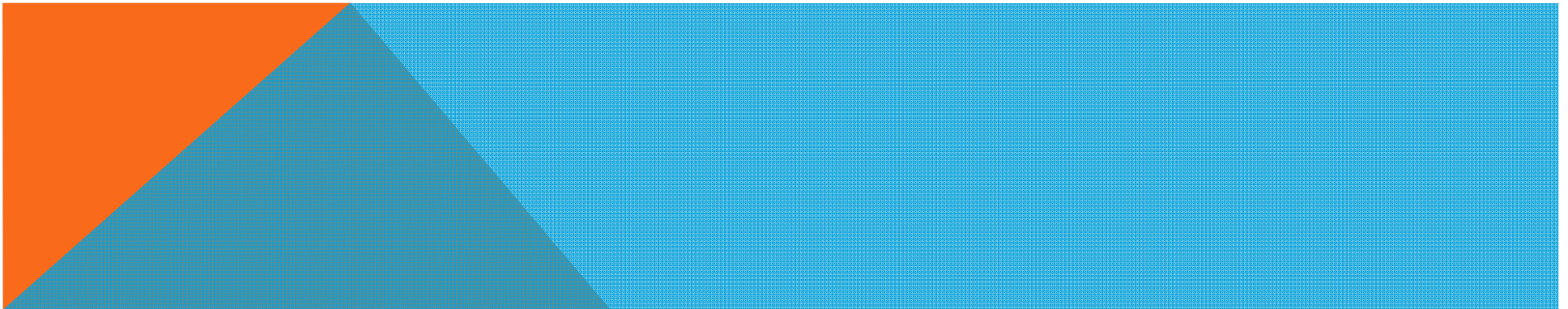


Introduction

- Few people ever stop to consider the importance of the shipping industry to our country and the region at large.
- However, its role is amply illustrated by the fact that over 75% of all products bought in Kenya are imported by sea through the Port of Mombasa.
- Likewise, Kenya's export industry relies on these same ships to transport coffee, tea and other products to markets around the globe.
- KSAA is a representative body of shipping lines and agents present in Kenya and its role is to act as an interface between shipping agencies / shipping lines and the various Government agencies involved in the transport trade sector.
- KSAA aims to assist seaborne trade in Kenya by bringing together Shipping Agents / Lines to form a 'university of shipping experts' who are able to communicate with Government on trade policies and assist them with implementation procedures to make them 'business friendly'.



KSAA's mandate



KSAA's mandate

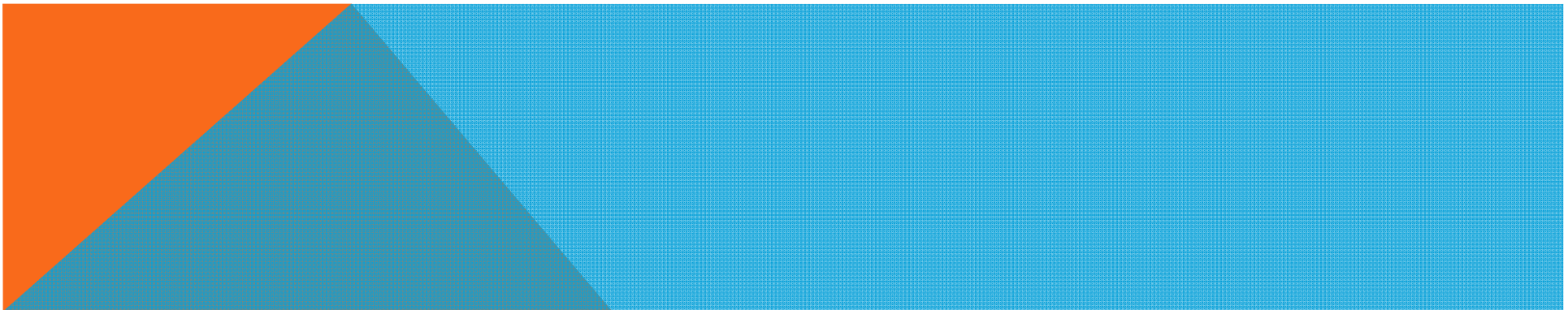
- Kenya Ships Agents Association (KSAA) was formed in 1975 with the following objectives.
- To offer guidance on the vital role shipping and logistics plays in the welfare of a country's economy and people.
- To promote local, regional and international shipping with a view to providing adequate, efficient and optimal shipping services for the development of seaborne trade
- To establish best practices and policies to protect and promote the seaborne trade in Kenya and its hinterlands
- To promote and protect the interests of shipping agents, operators and users, in Kenya



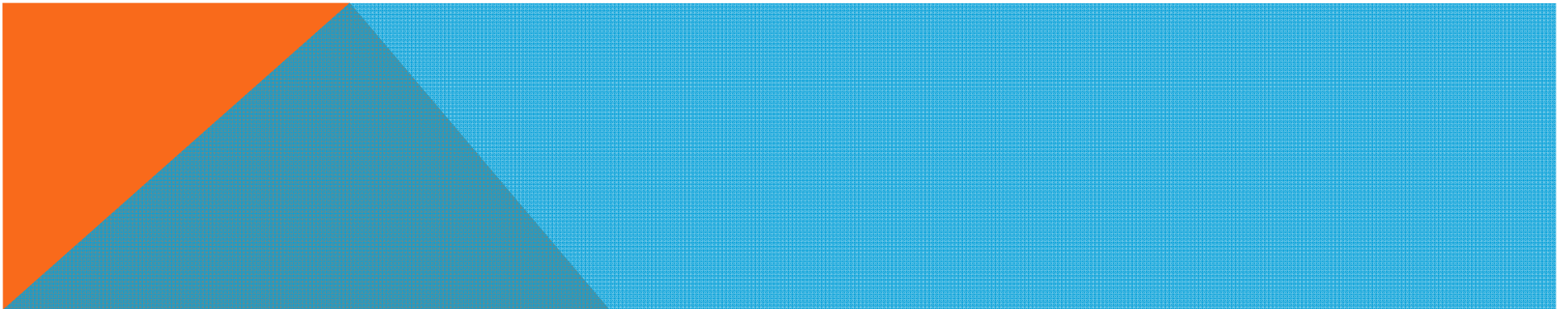
KSAA's mandate

- To promote the spirit of mutual assistance and cooperation amongst members and to assist them whenever the general interests of their professions are concerned. (e.g. Government policy, fraudulent companies etc.)
- To provide a forum for dialogue and communication with the Government on matters relating to trade
- To work in conjunction with the Government, public and private bodies to assist in developing efficient and effective solutions for the shipping community.
- To encourage the promotion of efficiency and reliability of shipping practices and management in Kenya for the purpose of attaining higher standards.

KSAA aims to formulate and foster sound business practices in the shipping industry



The role of KSAA

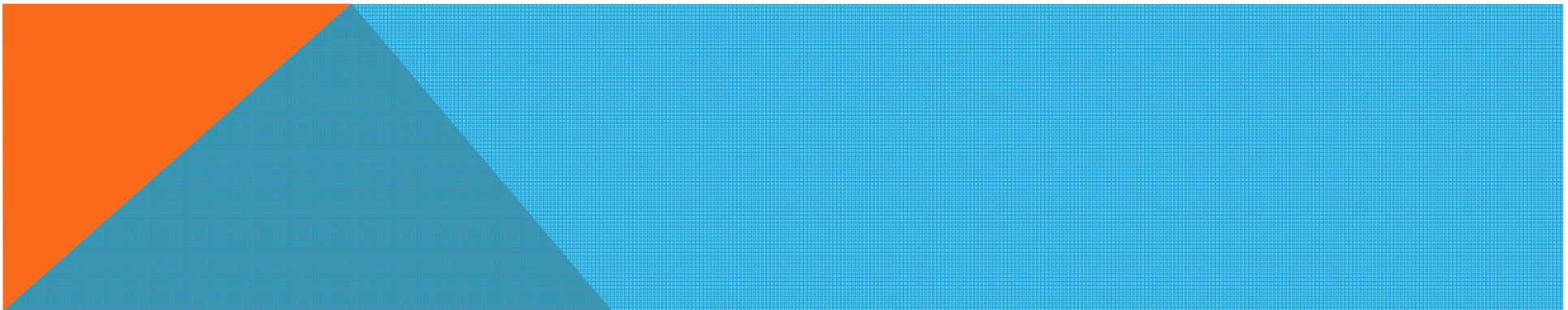


The role of KSAA

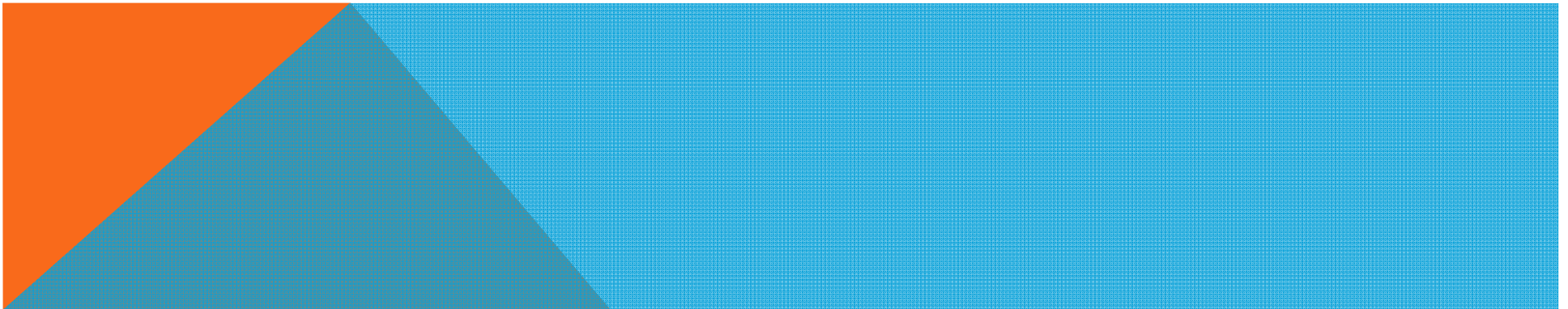
- The role of KSAA is to enhance trade and to help reduce any unnecessary barriers to trade that harm Kenya's economy. The Government also aims to encourage trade and growth of Kenya's economy as this leads to more jobs and higher standards of living for all. Therefore it is paramount that KSAA works closely with Government in determining policies and procedures that can be implemented practically and successfully to achieve the goal of increased trade. KSAA must also encourage dialogue with Kenya's international development partners (DFID, DANIDA, JICA, EU etc) to ensure that development projects within the transport sector are delivered with the best possible outcomes for the economy.
- Internationally, KSAA consult with the umbrella body for ship brokers and agents - FONASBA. This ensures KSAA promotes universally accepted and efficient shipping services meeting both international standards and in line with Government policy.
- KSAA's members are experts in the practical procedures of shipping and logistics and have a deep understanding of the international shipping practices that encourage global trade. KSAA see it as crucial that this international expertise is shared with the Kenya Government and development partners to help prevent implementation of policies and procedures that can have a negative impact on trade and the country's economy.

The role of KSAA

- Consequently KSAA provides a point of contact for all policy makers to enable proper consultation prior to implementation of any policy related to the shipping industry.
- KSAA aims to help inform all policy makers (KRA, KPA, KMA, KEBS, KEPHIS, etc.) on the basics of shipping & logistics – the procedures involved, the parties involved and who is responsible for what.
- KSAA hopes that better understanding of the shipping industry by policy makers will empower them to make better decisions on forming policy and on how to implement new procedures and regulations. For example, any new policy or tax must place responsibility on the correct party (e.g. Shipping Line, Shipping Agent or C&F Agent) for it be effective.
- Government Policy that has been implemented after consultation with Industry players will undoubtedly be more effective – and this will ultimately benefit Kenya's economy. Conversely policies and regulations made without thorough consultation with industry can have detrimental effects on trade / Kenya's economy.



The role of a ship's agents

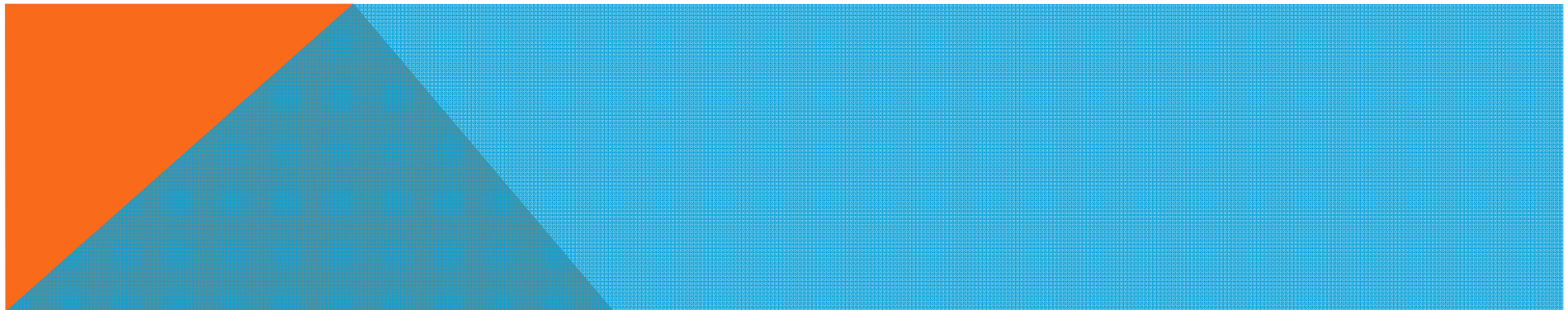


The role of a shipping agent

- Nearly all shipping lines active in Kenya are foreign owned, however, there are a multitude of locally registered shipping agents who represent shipping lines.

What does a Shipping Agent do?

- Shipping agents represent their principal. Their principal is usually, a shipping line, vessel charterer/operator and/or vessel owner.
- Shipping agents arrange for clearance of vessels with responsible government agencies into port and pay port & revenue authorities the statutory dues on behalf of their principals.
- Shipping agents manage the documentation process on behalf of their principals - such as; lodging manifests, issuance of bill of lading, delivery orders, etc

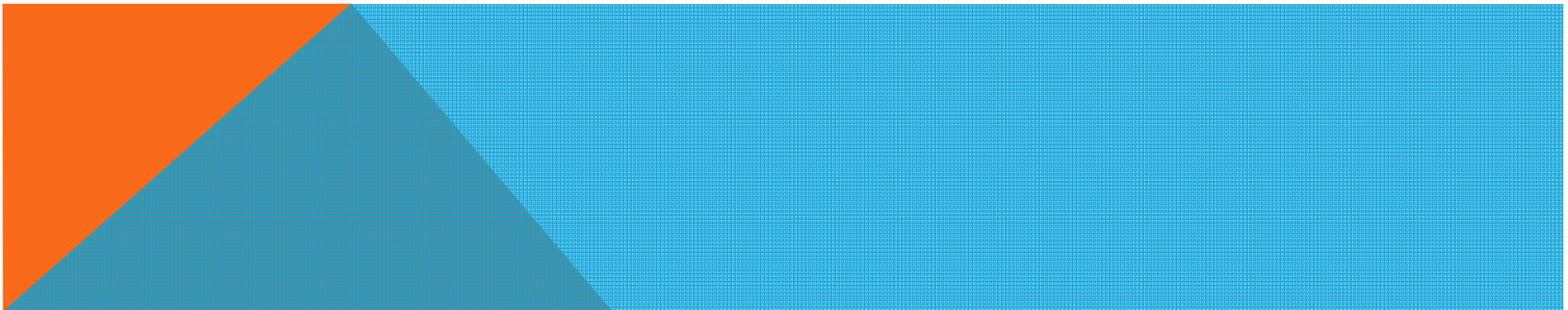


The role of a shipping agent

Continued...

What does a Shipping Agent do?

- Shipping agents maintain the relationship with local customers and collect Freight and other dues owed by local customers to their principals.
- Shipping agents often act as local sales agents and sell space on the ships on behalf of their principals.
- Shipping agents are the local 'eyes and ears' of their principals.
- Shipping agents play a critical role in the limitation of fraud thereby reducing costs to the consumer
- Shipping agents also have a key role to play in the prevention of smuggling, counterfeiting and threats to national security



The role of a ship's agent

What does a Shipping Line do?

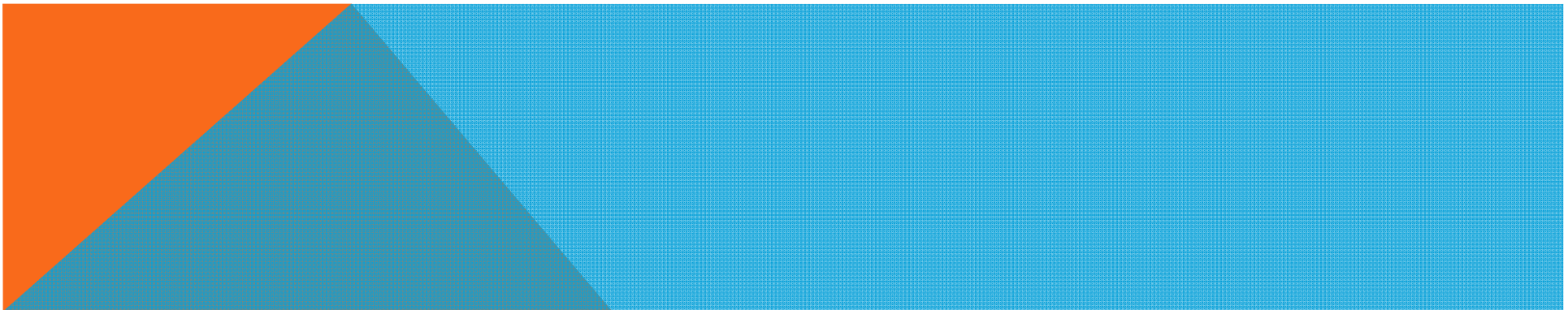
- Shipping lines either own or charter ships and are therefore responsible for deciding which trade routes to deploy them on, which ports to call and what freight rates to charge their customers.
- Shipping lines will charge their local customer/buyer based on the cost of running their ships and equipment (containers).
- If the cost of doing business for shipping lines in a country reduces (reduced port and customs tariffs, reduced waiting time in port, reduced turn around time of containers, bigger ships able to call) then the costs of goods to consumers will also decrease and more can be bought and so the trade cycle grows.



The role of a ship's agent

Why do Shipping Lines / Principals need Shipping Agents?

- Ship & cargo owners are unable to have an office in every port that their vessel may call in, but they do need control and safeguard of their business interest in each of these ports.
- Consequently they rely on Shipping Agents to limit their risks and exposure to unfair business practices, and to assist them with unfamiliar legal regimes, trade practices and different port working practices.
- Shipping Agents provide local knowledge, contacts and expertise to ensure their principals requirements are performed with utmost efficiency.
- The ultimate aim of the Shipping Agent is to limit financial loss (or maximise financial gain) for their principal
- The Shipping Agent will have varying degrees of authority and responsibility depending on their relationship / contract with their principal.

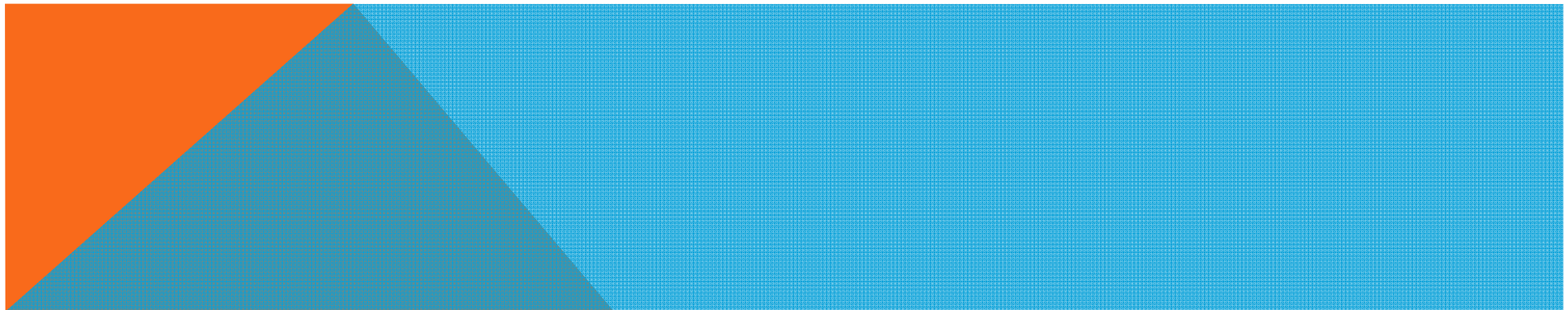


The role of a ship's agent

There are different types of shipping agents 1) Liner agents 2) Tramp agents

Responsibility of Liner Agents: (usually containers, cars)

- Liner principals offer a regular service with scheduled ship calls between designated ports and will typically accept a multitude of different cargoes on one vessel – similar to how a scheduled airline or bus service operates from a fixed “point to point”
- The Agent will generally be given significant authority to act on behalf of this principal with responsibilities extending beyond that of a tramp agent to include marketing, booking of cargoes and collecting freight payments.
- The contract is usually for an extended period of time (years)

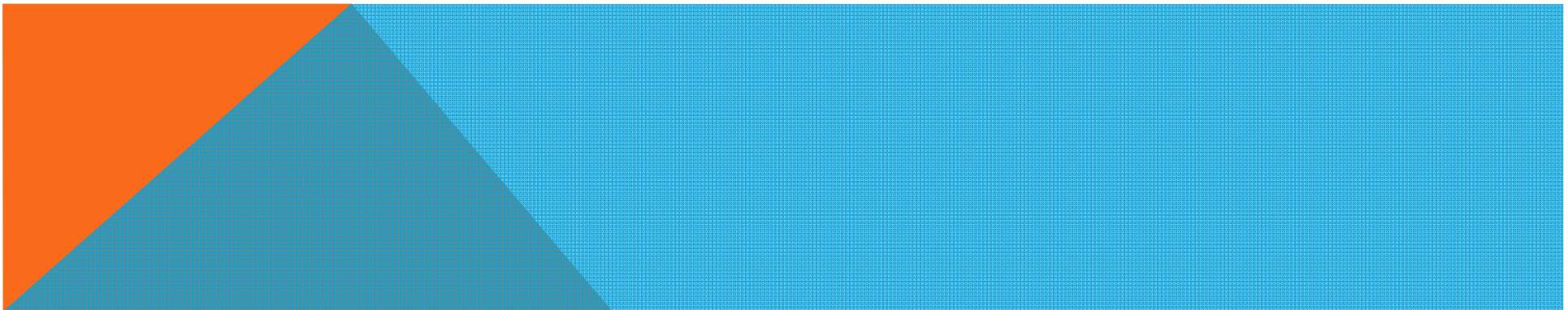


The importance of your agent

Responsibility of Tramp Agents (usually dry bulk cargo such as grain, cement etc)

- Tramp ships are like taxis. They can be chartered to carry any cargo, suitable to the type of vessel, anywhere on a first come first serve basis. Tramp principals usually work for one cargo owner at a time and rely on the cargo owner to decide on the port of load and discharge.
- The Agent's role is rarely involved in a marketing function on behalf of the tramp principal and the agency contract / appointment usually extends only to the time of the particular voyage and vessels stay in port.

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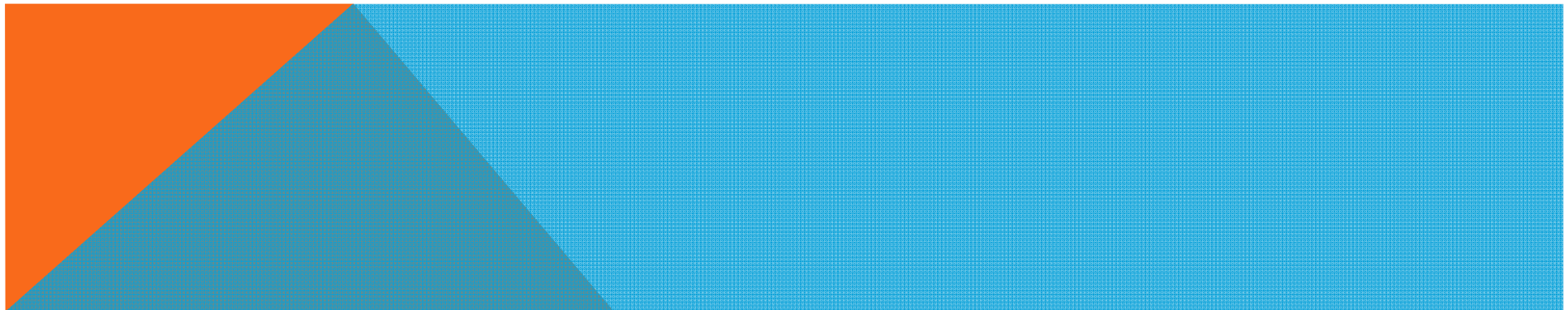


The importance of your agent

There are 2 types of Tramp Agents:

1. Charterer's Agents

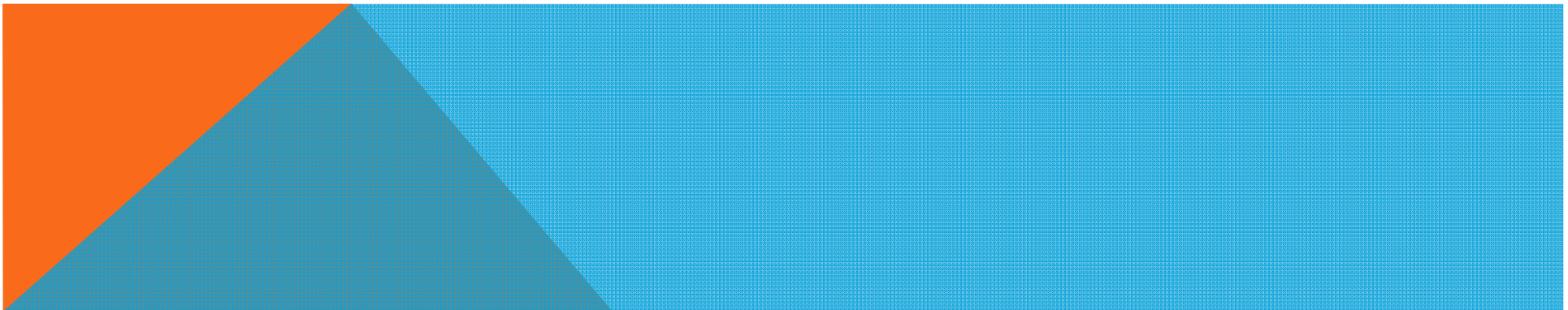
- This is when the cargo owner appoints the Shipping Agent. However, it is still the responsibility of the ship owner to pay the agents fees.
- The Agent has a legal duty to represent & protect the interest of both the charterer and ship owner – this is not difficult as both parties have the same basic interest – the safe timely, loading, carriage and delivery of cargo to consignee.
- Above all the Agent must be fair, impartial and honest.



The role of a ship's agent

2. Protecting Agents (Husbanding Agents)

- This is usually when ship owners nominate their own protecting agent. The protecting agent will typically not only be responsible for non-cargo related operations – crew changes, delivery of ships spares etc. But will also have a role in monitoring actual costs and in monitoring load and discharge performance on behalf of the ship owner.
- A charterer can also appoint a protecting agent. This will usually occur when a vessel has been fixed on Liner terms - in which case the ship owner is responsible for loading / discharge of cargo and payment of related costs (stevedoring). Hence, the charterer wants to be sure the process is carried out efficiently and carefully with their interests being protected (their cargo is discharged with care).

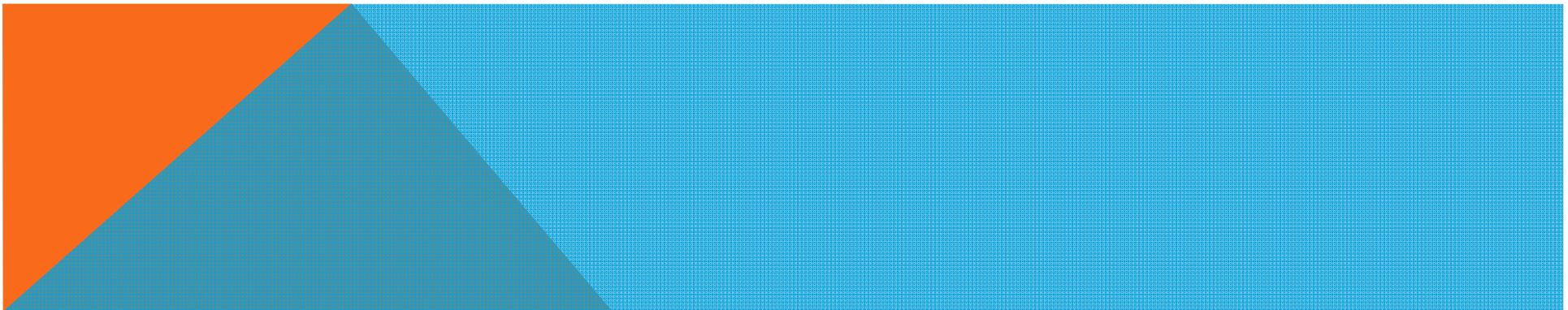


Regulations and Trade



Regulations and Trade

- As mentioned earlier KSAA would like to reiterate the point that when new policies, regulations and procedures are considered in consultation with industry the outcome can be very beneficial to all parties in the supply chain and therefore improve trade efficiency and the economic health of Kenya.
- Therefore KSAA is pro change and pro new regulation – we ask for proper consultation in order to ensure the new policies and procedures being implemented will generate revenue for Government, as well as assisting business and economic prosperity for Kenya and the region as a whole.
- This section looks at a couple of examples of how regulation can affect trade

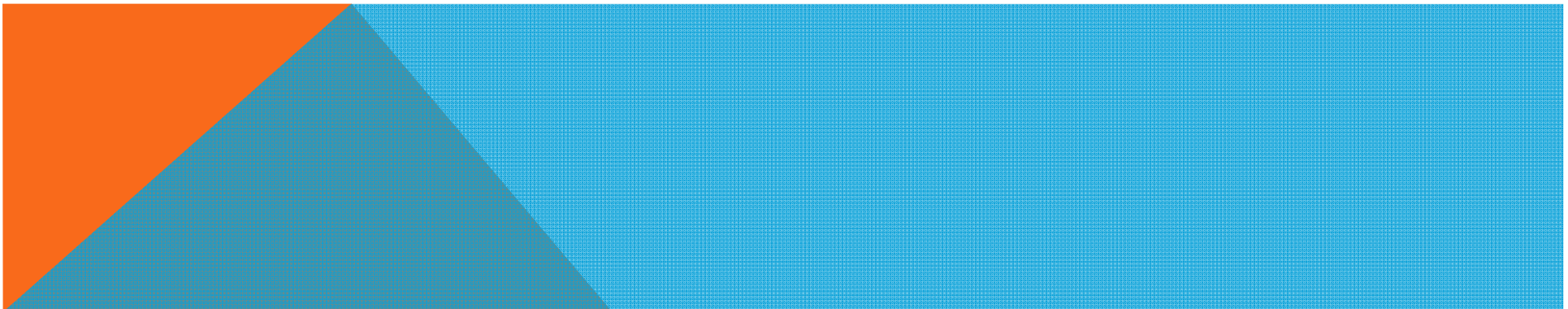


Regulations and Trade

- **Example: Piloting pre-arrival cargo clearance for Authorised Economic Operators (AEOs)**
- This pertains to clearance of cargo by the importer or his appointed Customs' agent with all cargo interveners prior vessel arrival. The aim of this regulation was to facilitate easier and faster cargo evacuation from the port. This should reduce storage costs and reduce cost of demurrage to receivers and at the same time increase port capacity enabling the port to operate more efficiently.
- This also benefits shipping lines as demurrage is often left outstanding and equipment is stolen. If receivers are able to return the container within their time limit and no demurrage is due this enables lines to operate their container fleet efficiently and there is less likelihood of containers being lost/stolen.
- Good consultation with the Shipping industry has highlighted key issues: 1) More AEOs required. Only about 100 AEOs - including importers, CNF Agents & logistic firms) which is not enough to have a big impact.
- Shipping lines are of the strong view that pre-arrival cargo clearance can be facilitated by allowing shipping lines to submit partial manifests port wise. The new KRA system should allow for this in January 2017.

Regulations and Trade

- **Example: Transshipment traffic through Mombasa Port**
- The regulations in place used to make it very costly and time consuming to use Mombasa port as a transshipment hub. Customs' required all transshipment cargo to be bonded (treated like transit cargo) through C&F agent and required shipping Lines to declare transshipment entries with KRA and KPA. This was time consuming and costly as the Shipping Line as they had to lodge a bond (sometimes amounting to millions of shillings) and pay a C&F agent for all transshipment containers handled. The result has been low volumes of transshipment traffic handled at Mombasa Port.
- However, continuous engagement between KRA, KPA and the KSAA has resulted in the removal of the significant costs associated with lodging a transshipment bond and arrangements are in place to allow Shipping agents to lodge transshipment entries without involving C&F agents. Customs' requirement for transshipment bonds has been removed. These measures should assist in attracting transshipment traffic through Mombasa Port.



Conclusion

- We trust this has provided a useful over sight into the role of KSAA.
- Consultation with business is the key to making regulations that assist trade, economic growth and the people of Kenya.
- KSAA plans to hold a training seminar on the role of the shipping and logistics industry next year (2017). All the key policy makers in Kenya will be invited.
- Through this training seminar KSAA hopes to encourage communication between industry and government players and give policy makers the tools to implement successful regulations and procedures that help rather than hinder trade and industry.

