Cover story

MOMBASA, DAR RIVALRY TO DELIVER GAINS TO UGANDA

By Samuel Sanya

Trucks line the old Mombasa road, causing a brief delay as residents flock the Nairobi terminus of the "Madaraka Express Train Service", Kenya's Standard Gauge Railway (SGR) service to the coastal town of Mombasa.

After several security checks, including one by trained canine units, thousands of travellers disappear into the train cars as the clock ticks closer to three o'clock, the departure time. The trip over 472km takes nearly five hours, compared with nine hours by bus or 12 hours on the previous railway.

Kenya's $3.2b (about sh11.6 trillion) diesel-powered railway service is one of two lines that will serve the landlocked Uganda. Tanzania is sourcing for funding for its $1.2b (about sh4.3 trillion) high speed railway service that will connect the port city of Dar es Salaam to Mwanza, at the shores of Lake Victoria.

As it is, Tanzania and Kenya are competing to serve the transit trade of landlocked Uganda, Rwanda and Burundi.

A report by the World Bank Africa Transport unit estimates that the entire East African Community (EAC) rail network will grow to approximately 14.4 million tonnes per year by 2030.



Mturi-Wairi

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Container goods being loaded onto a waiting truck

Cargo services

Atanas Maina, the managing director of Kenya Railways, recently said they have secured 980 wagons to launch cargo services this month. He says the plan is that the cargo service will evacuate the containers containing imports from Mombasa to Nairobi every day in 10-hour trips.

"The Madaraka express is now handling over 6,000 passengers per day. The testing phase for cargo is currently on. We have done over 60 freight train journeys and 5,054 TEUs (Twenty Foot Equivalent Units, also known as containers) or 139,000 tonnes," Maina said during a Kenya Ports Authority (KPA) workshop at Mombasa Sarova Whitesands Beach Resort and Spa.

"We are building this railway to serve the port of Mombasa and all inland waterways now handled by the Kenya Ports Authority," Maina added.

He noted that although the SGR has been used to transport over 4,000 metric tonnes of relief maize and rice in 216 containers per trip, Kenya Railways plans to load just 108 containers per trip when official freight services are launched.

Uganda dominating transit cargo at Mombasa

The principal job of the freight service on Kenya's Standard Gauge Railway will be to evacuate cargo, a good deal of which will be destined for Uganda.

According to KPA's, managing director, Catherine Mturi-Wairi, Uganda commanded 81.9% of the 7.748 million tonnes of transit traffic through the port of Mombasa, followed by South Sudan (7.7%), DR Congo (4.9%), Rwanda (2.5%), Tanzania (2.4%), Burundi (0.5%), Somali(0.1%) and others at 0.1% last year.

Since Uganda has earmarked several infrastructure projects, such as the 273km stretch of the SGR from Malaba to Kampala ($2.3b), East African crude oil pipeline ($3.55b), the Kabaale airport ($708m), oil refinery ($4.27b) and millions more for power dams and road projects, Uganda's imports are set to keep rising over the next decade.

Mturi-Wairi noted that between January and September this year, the port handled over 22 million tonnes of cargo compared with 20 million tonnes registered in the corresponding period in 2016, reflecting an increase of 10.6%.

In the first nine months of 2017, she noted that the port witnessed an increase in transit traffic, where it handled a total of six million tonnes against five million tonnes registered in the same period in 2016, which was a 509,240 tonnes or 8.5% increase.

Kenya fast-tracking infrastructure projects

Mturi-Wairi cited the recent infrastructural developments at the port and the revamping of pre-existing structures as playing a significant role in improving port capacity.

"We have expanded yards and berths to handle more cargo, revamped our ICT system for faster document processing, modernised cargo handling equipment, installed modern integrated security system to control pilferage, dredged the port channel and widened its turning basin. Consequently, the port can now attract and accommodate larger vessels," she said.

She pointed out that KPA operationalised a second container terminal in September last year and, consequently, the facility has increased the port's annual container handling capacity by 550,000 containers.

She noted that KPA has also modernised the Nairobi Inland Container Depot (ICD) and expanded its annual capacity from 180,000 containers to 450,000, a development that will ultimately position ICD Nairobi as a preferred point of shipment.

Plans are also underway to build a new modern and bigger oil terminal to replace the current Kipevu Oil Terminal. The new facility will handle four vessels at a time and will have underground pipelines to link with the Kenya Pipeline Company (KPC) storage tanks.

"The SGR is going to be a game changer for the region and for Kenya in particular. A port is only as good as its offtake. In the future, once we start to do containers, the SGR will be able to evacuate a whole vessel at a time. It is something whose time has come," Mturi-Wairi noted.

KPA has also taken over the management of the inland Kisumu with the intention of joining Mombasa-Nairobi-Naivasha and finally Kisumu by train. Cargo destined for Uganda will then be shipped on ferrys to Jinja and Port Bell.

A report by Trade Mark East Africa notes that the cost of cargo shipment using Kenya's SGR will drop from $0.20 (sh725) to $0.08 (sh290) per tonne. This is expected to feed into lower commodity prices.

Dar es Salaam circling around



People boarding the Kenya's Standard Gauge Railway stations

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Since Uganda and Tanzania signed a deal to have the East African Crude Oil Pipeline (EACOP) to run from Hoima to Tanga, the two countries are working closely on several other projects.

In August 2017, a delegation from the Tanzania Ports Authority (TPA), Tanzania Railway Authority (TRA) and the Marine Services company (MSC) were in Uganda recently to seek trade opportunities with Ugandan businessmen.

Their visit came at a time when Tanzania is aggressively seeking to revive trade with Uganda, which fell from 30% about ten years ago, to 5%. The delegation met with officials from the Uganda Shippers' Council, Kampala City Traders' Association and Eco bank to discuss trade relations.

The Tanzania Ports Authority director general, Deusdedit Kakoko, noted that re-opening of the central corridor will help Uganda increase her efficiency in trade and economic development and also create competition with the northern route through Kenya, which is good for trade.

As proof of Tanzania's commitment, Kakoko said the Tanzanian government had completed works on two Inland Container Depots (ICDs) at Ruvu and Isaka, about 300km from Mwanza, which will be used as an alternative to the railway and lake.

Kakoko said the Uganda-bound cargo will be transported from the port of Dar es Salaam by train at no charge to the ICDs, from where they will be picked and transported through Mutukula, making the distance shorter and cheaper compared to other routes.

He said the government has improved efficiency on the route by eliminating multiple weighbridges and roadblocks and is consolidating security to make the route attractive.

In March 2017, the Tanzanian government dedicated two train locomotives and more than 100 wagons to facilitate the movement of goods between Kampala and Dar es Salaam as the two countries look at restoring trade through the central corridor.

These will be part of the four locomotives and two hundred wagons needed to serve the route to Tanzania. According to Tanzanian authorities, their government has dedicated both flat and covered wagons.

"Our plan is to pull a ship load of 22 wagons at a go from Mwanza to Port Bell, with each wagon weighing 40 tonnes. This will create competition with the Northern corridor and give options to our people, which is good for the entire East Africa community," said the Tanzania Railways Corporation (TRC) managing director, Masanja Kadogosa.

He was in Kampala to discuss means of returning to full operation transport services between Uganda and Tanzania. Kadogosa and his delegation inspected facilities at the port in Luzira, the ships and the rail line to Kampala to determine the requirements for rehabilitation.

The general manager of the Tanzania marine Services Company, Eric Benedict Hamissi, said refurbishment of the MV Umoja ship is complete and will be ready to move on the lake within three months.

The managing director of the Uganda Railways Corporation, Charles Kateeba, said rehabilitation of the rail line from Port Bell to Kampala and of two locomotives and remanufacturing five diesel electric locomotives will cost at least $10m (about sh36b).

He said some of the locomotives will have passenger wagons and will navigate both the northern line to Pakwach and Port Bell. He noted that refurbishment of the Ugandan locomotives and the MV Kaawa is expected to be concluded within three to six months.

Kenya is not shaken

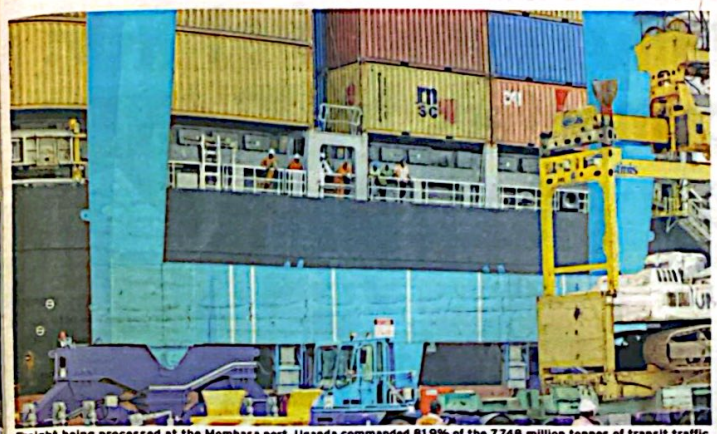
Hajji Masemo, the Kenya Ports Authority (KPA) principal corporation communications officer, noted that in spite of a lot of talk of Ugandans switching to Dar es Salaam, there had actually been a 10.4% increase in Ugandan bond cargo at the port of Mombasa between January and September.

"It is all about value for money. It is good to be kept on your toes so that you keep improving. But Dar does not have the capacity to handle the region. Dar only handled 603,000 containers last year; they are our little brothers we lead, they follow," Masemo said.

Kenya Ports Authority, managing director, Catherine Mturi-Wairi, noted that KPA has attached relationship managers to cargo owners to improve service delivery. The relationship managers inform the cargo owners when their cargo is going to arrive, its tonnage and number of trucks to evacuate the cargo.

"We are not worried about developments at the port of Dar es Salaam because there are a lot of developments where we are doing. We all know Dar es Salaam is talking about the infrastructure they want to do, but we already have it," she said.

"We believe that working together with Kenya Railways and KPA, we shall see efficiency in the evacuation of cargo, which will translate into lower cost of goods and products," she explained.



Freight being processed at the Mombasa port. Uganda commanded 81.9% of the 7.748 million tonnes of transit traffic

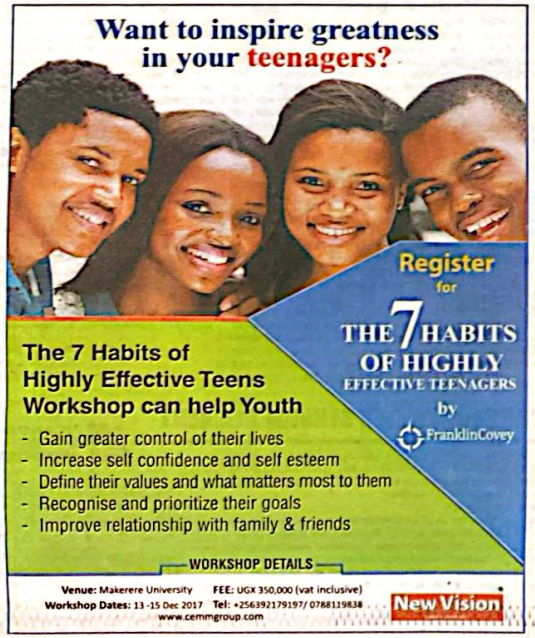
WHAT THEY SAY...

George William Lusaabya Kidima, Uganda Private Sector Representative at Mombasa and clearing agent since 1989.
The business community should be sensitised. Most importers have brokers that milk them dry through invoices.
The technology at Mombasa has improved a lot, but I think they still need to reduce tariffs. We are headed towards pre-clearance. The new system will require importers to send documentation for imports 14 days before the vessels arrives. The grace days are also likely to be reduced from nine to four.

Ephraim Kaddu Sentamu, former general secretary, Kampala City Traders Association
This competition is good since it brings efficiency. It will also improve profitability of importers. However, there is need to ensure faster document processing and reduction on number of weighbridges.

Stuart Jason Mwesigwa, business development manager, Roofings Limited
There is need to improve cargo tracking systems and handling equipment. A modern railway system that provides means for imports to move out of the ports is long overdue.

Alex Mbonye, chief executive officer Uganda Shippers Council
It is good for Uganda to have both terminals working well as the cost of logistics will eventually come down. We need to ease pressure on the northern corridor as we prepare for higher imports to cater for oil projects.





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