Logistics Spotlight MAGAZINE

Shippers Council of Eastern Africa

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THE GATEKEEPER

LOGISTICS BUSINESS INNOVATION

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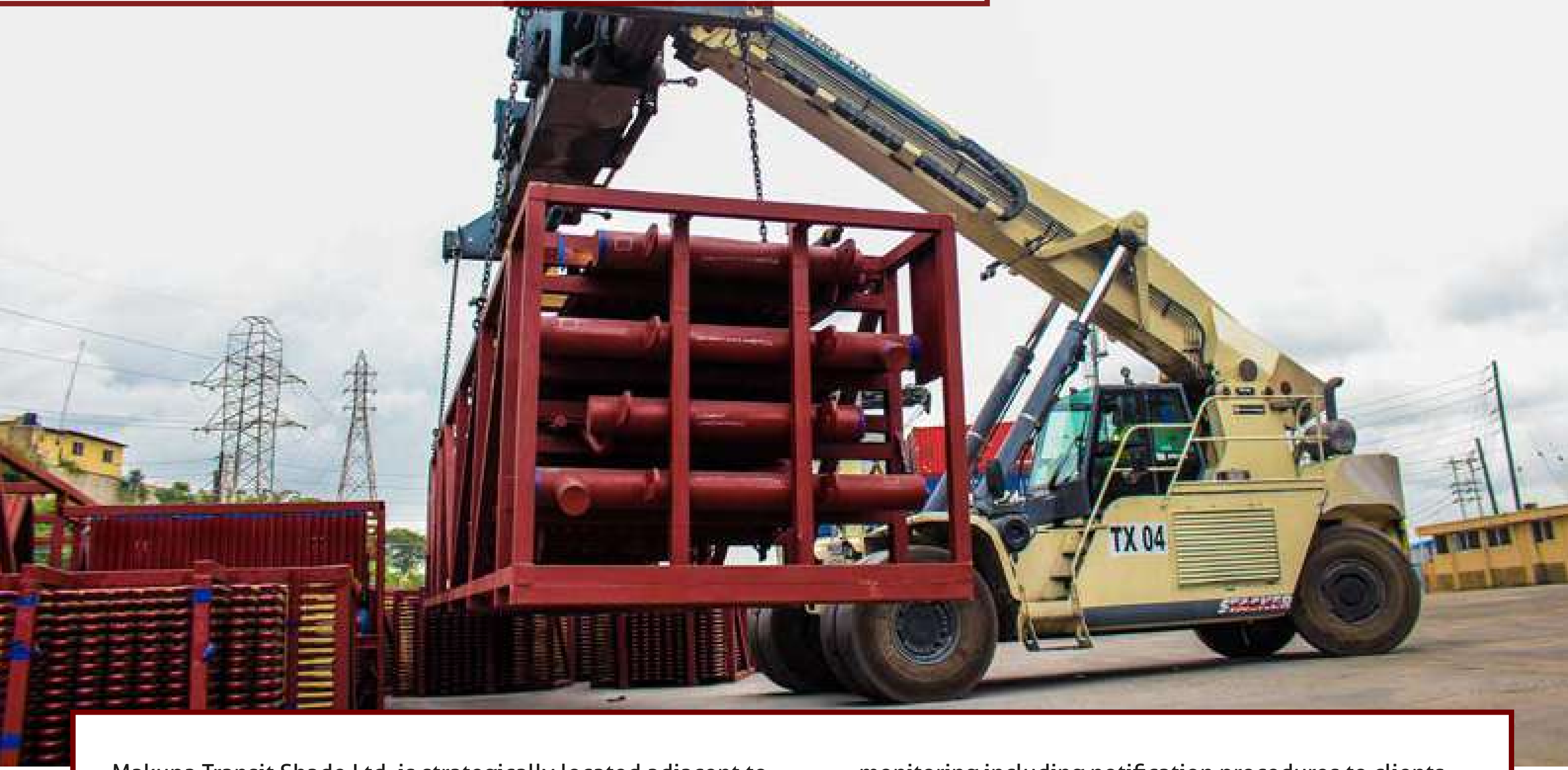

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> Let me assure the stakeholders that SCEA remains steadfast in advocating for appropriate freight transport legislation and policies that will spur an efficient and cost-effective transport and logistics system.

Welcome to our Logistics Spotlight, a publication of the Shippers Council of Eastern Africa (SCEA) that is dedicated to trade, infrastructure and logistics and how they impact on our businesses.

Governments especially of emerging economies are now investing heavily on sea and air ports, rail pipe lines and roads. This is informed by the fact that investment decisions are not only made on availability of investment incentives, but also on how fast goods and services can be delivered. In Africa, continued investments in ports expansion have been noted in Djibouti, Lamu and Mombasa in Kenya. In Tanzania, due to the prospects of the oil pipeline from Hoima in Uganda to the Port of Tanga in Tanzania, expansion is also taking place. The Dar-es-Salaam port is also set for further expansion as it seeks to tap the routes to Burundi, Rwanda and Uganda.

At the regional level, gains have been witnessed in the improvement of road infrastructure as reported in our recent logistics performance survey and evidenced in truck turnaround from Mombasa to the transit countries. Border crossing too have also improved following the introduction of the One Stop Border Posts (OSBP) and the Single Customs Territory (SCT).

In Kenya, the achievement of the Government's 'Big Four' economic agenda requires predictability, efficiency of the logistics chain. We however note that despite the expansion of the Inland Container Depot Nairobi (ICDN) and commencement of the Rail freight from Mombasa to Nairobi in 2018 and which had been touted as game changer, the average dwell time, truck turn around time and logistics costs remains high.

Amongst the inhibiting factor towards the attainment of logistics efficiency is in the inability to balance revenue collections against trade facilitation, high number of agencies involved in cargo clearance, compliance and penalties and the way fees and changes and new procedures are introduced without stakeholder engagement and consultations.

Frequent policy changes by Government agencies creates an unpredictable logistics and supply chain environment. A case in point is changes in legal notices by KEBs and introduction of Verification charges by KPA despite the protests from stakeholders. Implementation of efficient systems and integration by government agencies has been slow denying Shippers the expected benefits, a case in point is the implementation of iCMS by KRA and integration by interveners into the Single window system.

The development of the Naivasha Inland Container Depot is another undertaking that is causing anxiety amongst many stakeholders given the experiences at ICDN. In the absence of concrete information, the industry fears cannot be wished away. Our hope is that recommendations and from the private sector from Kenya and the region shall be incorporated in the tariffs, operations and implementation plan thus mitigating possible repetition of the pains experienced at the ICDN.

COVID 19 whose arrival was made in December 2019 has also rattled the world, bringing the world to its knees. The logistics sector in the region is adversely affected considering our reliance on imports for raw materials and finished products.

Lastly, I commend our partner Molad Communications East Africa Limited, for the hard work that has resulted to the printing of this magazine.

I wish you a pleasant reading!

Gilbert Langat
Chief Executive Officer, SCEA.

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The editor invites opinion articles addressing certain issues in the industry. Writers could be experts in the fields, students at University level or researchers. In case you have such articles please share them with our editor logisticsspotlight@molandea.co.ke

Logistics Spotlight

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Standard Chartered Tanzania Funds $1.46 Bn For Standard Gauge Railway Project

Tanzania Railway Corporation signed a facility agreement with Standard Bank Tanzania for a 1.46 Billion term loan financing for the construction of its Standard Gauge Railway (SGR) project. Running approximately 550 kilometers long, the SGR will connect Dodoma to Darussalam via Morogoro and Malutupora. The project is expected to improve logistical efficiency, reduce congestion, decrease freight charges by 40% as well as open up regional trade between Tanzania and her neighbors.

World-Class Cargo Terminal at Addis Ababa International Airport

Ethiopia Airlines is set to build a world class cargo terminal to support its global carriers. Designed by Germany's Unitecknik Group, the 98 million USD project, will handle 600,000 tonnes – 4 times the current capacity - of freight every year. The terminal's design will include an automated high ray racking system for elevating transfer vehicles while its large cool storage area will substantially ease transporting perishable goods, and other frozen commodities around the world.

Standard Chartered Tanzania Funds $1.46 Bn For Standard Gauge Railway Project

Amsterdam's Schiphol Airport slot procedure has changed after Airport Coordination Netherlands (ACNL) temporarily lifted Local Rule 2 (LR2) due to the COVID-19 outbreak. The purpose of LR2 is to provide sufficient adhoc capacity for full freighter airlines where the number of slots available for reallocation is limited, but the temporary lifting of the rule frees up freight operations. Effective immediately, ACNL will not use LR2 for ad-hoc slots to be allocated up to June 6, 2020.

IATA: Exclude Air Cargo Operations from Covid related restrictions for urgent shipment

With the growing COVID-19 crisis globally, the International Air Transport Association (IATA) and its members continue to support governments in containing spread of the corona virus. Air cargo plays a vital role in delivering much-needed medicines, medical equipment and keeping global supply chains functioning for the most time-sensitive materials. IATA, therefore urges governments to take urgent measures that ensure vital supply lines remain open, efficient and effective.

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Kenya Bureau of Standards control of imports into Kenya

The Kenya Bureau of Standards (KEBS) is a key State Agency whose gatekeeping role is critical for their economic well-being of our country.

KEBS quality control and regulatory role is provided for in the Laws of Kenya under the Standards Act Cap 496, and the Verification of Conformity to Kenya Standards of Imports Order, 2005 (Legal Notice No. 78 of 15th July 2005). The key roles of Kenya Bureau of Standards include:

1) Provision of the country's Quality Infrastructure for facilitation of trade: In the present era of Trade Globalization, market entry requires compliance to international standards and evidence of such compliance through an internationally recognized Standards, Measurement Systems (Metrology), Conformity Assessment and Accreditation.

2) Support of Kenya Industries: A functioning quality infrastructure helps to increase productivity in manufacturing and service delivery. This helps to create jobs, encourages investment and can promote the careful use of natural resources.

3) Sustainability of production systems: A quality infrastructure also helps bring about improvements in environmental protection through sustainable consumption and production, health care, consumer protection, and distributes national wealth more equally by enabling transfer of knowledge to small enterprises.

KEBS ensure that Kenya manufacturers produce quality products thereby protecting consumer health and safety as well as environment in addition to promoting fair trade practices of imported and locally manufactured products while at the same time facilitating trade.

Under the KEBS mandate is what is known as the KEBS PVOC Program which is a conformity assessment program applied to products at the respective exporting countries, to ensure their compliance with the applicable Kenyan Technical Regulations and Mandatory Standards or approved specifications.

KEBS interventions has also been driven by stakeholders concerns most worth noting in this case being the 2015 petitions from the Presidential Roundtable (PRT) on unfair trade practices in the Kenyan market manifest in the substandard and illicit imports, mis-declaration, under valuation and concealment of goods that ends up in the local market.

Also of concern were the constraints of determining quality at destination- sampling and testing time, unfair competition and other deceptive trade practices that undermined government vision to make Kenya a major manufacturing hub. There was also concerns on safety and security that impacted negatively on the business climate.

These necessitated KEBS in collaboration with Kenya Revenue Authority (KRA) to develop new requirements and issue the 1st November 2015 Public Notice on requirement that all imports to Kenya be inspected at source in compliance with the Legal Notice No. 78 of 15th July 2005 and KEBS PVoC guidelines 2015.

Of significance was the introduction of Certificate of

Conformity (CoC) as the reference documents for Imports Declaration. CoC became the mandatory Cargo Clearance document for KEBS and KRA and also documentation in sealing off of cargo containers after inspection. For this the issuance of the Seal Number is indicated on the CoC.

This collaboration among the two state agencies enhanced service delivery as one stop shop solution for faster clearance of goods at all entry points, besides reducing cost of importation-demurrage and port handling charges and reduction of time in the clearance process among others.

KEBS has continued to improve the PVoC program to address emerging challenges. On 19th June 2018, the Cabinet Secretary, Ministry of Industry, Trade and Cooperatives which is the parent ministry, issued Legal Notice No. 127 of 2018 THE STANDARDS (INSPECTION OF IMPORTS) ORDER, 2018 where KEBS heightened quality compliance and revoked provision for the destination inspection of imported goods except under approval from Cabinet Secretary. This was aimed at curbing illicit trade and reduce cargo dwell time at the port in line with the agency's aspiration and in fulfilment of commitment to the PRT and Kenyan business community.

KEBS has also been instrumental in implementing of the government directives aimed at improving the business climate in Kenya and for it partnered with other state agencies to enhance the CoC.

This includes the Directive from the Head of Public Service in a letter referenced OP/CAB 9/83A dated 4th June 2019.It required all Cabinet Secretaries, Principal Secretaries and accounting officers, and Heads of State Corporations/Agencies to reduce number of agencies operating at the Ports to 4 with a view of reducing costs and delays of importation that was associated with multiple agencies intervening at the ports of entry.

Accordingly, KEBS parent Ministry, through Cabinet Secretary for Industry, Trade and Cooperatives issued legal notice 183 of 5th December, 2019 revoking the earlier legal notice 127. The legal notice re-introduced destination inspection in Kenya where goods can be brought to Kenya without the COC and be subjected to destination inspection at 5% fee.

The Kenya Association of Manufacturers (KAM) and the Shippers Council of Eastern Africa which are major industry stakeholders have critically assessed the situation and most notably the re-introduction of Destination Inspection compared to PVoC and would wish to state as follows.

1. That the Destination Inspection will negate the gains so far made under the PVoC, and affect the competitiveness of locally manufactured goods in various ways. This includes non-assurance of quality of finished products, safety and health, environmental protection for Kenyans, importation of prohibited goods by scrupulous traders, bread corruption, increase complexity of clearance notwithstanding inadequate local inspection capacity and equipment's.

2. That this is against the benefits accrued on PVoC including frustration of competition from sub-standard products and especially stopping the influx of counterfeit products and reduction in the number of destructions or re-exportation of consignments.

KAM and SCEA instead propose that KEBS continue implementing Legal Notice No. 127 of 2018 as well as to develop and implement regulations to ease implementation of legal notice 127 which still have special consideration of destination inspection under the approval by the Cabinet Secretary to block non-compliant products, spur local industries and avoid unpredictable erratic policy changes which scares away investors.

KEBs which is also recognized as the WTO focal point for standards in Kenya, plays such an important role in trade facilitation and this frequent changes causes a lot of un predictability and uncertainty to the industry. Today Kenya has been accused as a very difficult export destination.

KENTRADE

Upgrades the tradenet system to enhance user experience

The Kenya TradeNet System was rolled out in 2013 and has been serving stakeholders in the trade logistics industry for over six (6) years.

The Kenya TradeNet System was rolled out in 2013 and has been serving stakeholders in the trade logistics industry for over six (6) years. The TradeNet System has brought transformation in the way business is done especially in the import and export documentation process. To ensure the system continues to serve the economy and its trade community and with the changing business requirements and evolving technologies, it is important that the Kenya TradeNet System is not only maintained and supported but also continually improved through functionality and technological enhancements.

It is for this reason, that KenTrade in December 2019 commenced the process of upgrading the Kenya National Electronic Single Window System (Kenya TradeNet) a process that will take approximately 15 months. KenTrade is undertaking the system upgrade in collaboration with CrimsonLogic, a leading Trade Facilitation Solution provider based in Singapore. The next generation Kenya TradeNet is being built on an open and flexible platform incorporating best practices and international standards.

To ensure a seamless and consultative upgrade process the Agency extensively engaged stakeholders from the public and private sectors. In January 2020, KenTrade conducted numerous sensitization engagements to update the stakeholders on the Kenya TradeNet Upgrade roadmap, timelines and expected milestones and more importantly to marshal the support required to ensure that the project is implemented successfully.

In February 2020, a detailed GAP Analysis exercise with key stakeholders was undertaken aimed at ensuring that the stakeholders provide their input during the initial stages of the upgrade process. Another important stage that will require stakeholders' participation is the User Testing, which is set to commence in September 2020. User Testing is critical as it will accord the Users or those who perform specific tasks in the Kenya TradeNet System the opportunity to test and evaluate the system usability and functionalities to determine whether it meets their requirements.

Once the upgrade is finalised, Kenya TradeNet System will be a much superior system built on an open and flexible architecture, with improved user experience, superior System integration capabilities incorporating best international standards and practices.


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CEO Kentrade and Stakeholders during a stakeholder engagement meeting for the single window sustainability held by Kentrade.


The SCEA Logistics and Advocacy Committee members during their meeting


SCEA Members Tour in Inland Container Depot Naivasha


SCEA Members with KIFWA representatives during the Tour in ICD Naivasha


SCEA Members Tour in Inland Container Depot Naivasha


Consultative meeting with Kentrade CEO to discuss issues of mutual interest to our organizations.


Engagement between KAM and SCEA, the meeting focused on areas of partnership between KAM and SCEA on working together towards an efficient transport and logistics system in the country.


Our Head, Advocacy and Membership Development making a presentation during a leadership alignment workshop by Kentrade.

When professionals must assure their own professionalism

By Wycliffe Wanda, Executive Director,
Kenya International Freight and Warehousing Association (KIFWA)

The rise of regulators to protect consumer interests has served consumers well in setting and applying rules on corporate action and delivery - be it by setting fuel prices in Kenya, by regulating insider trading on the world's stock markets, or by banning mergers that damage competition.

But the debate has got hotter on when taxpayers should be funding industry regulation and when other paths are a better solution, such as structures that push professional responsibility onto professionals themselves, and leave the consumer paying only for their services.

It's a policy debate that stretches back almost 50 years to the initial burgeoning of regulators, in the 1980s, when many countries created new organisations to ensure utilities, such as electricity, water and gas, were provided to consumers in a way that was fair.

The trigger was often the presence of a monopoly supplier that was able to set prices as it wished, and sometimes in ways that damaged consumers. Widespread privatisation then created many new players in these vital sectors creating further regulatory needs and fuelling a rapid expansion of

regulatory agencies. The UK, for instance, began with just three regulators, The Civil Aviation Authority, The Monopolies and Mergers Commission and the Office of Fair Trading, but this quickly rose to more than 10.

Indeed, the Journal on The Rise of the Regulatory State in Europe reports that from the first regulators in the 1950s, such agencies then grew steadily to span finance, energy, transport and telecoms, as their roles expanded too. The finance regulator's role, for instance, expanded to ensure the failure of one financial firm did not hit others, to implement financial policies to avoid a global financial crisis, and to keep the banking system safe.

At the same time, the advancement of science, education and law demanded more knowledge in many professions, increasing the need for oversight. For instance, in healthcare, citizens had less knowledge about local practitioners and often suffered at the hands of impostors labelling themselves as 'doctors', 'nurses' and other professionals. Thus, governments created agencies outlining minimum entry requirements and issuing licenses to practise.

Over the years, these regulators' responsibilities expanded into designing, enacting and reforming policies, setting capital requirements and disclosure requirement, auditing, stress tests, providing professionals' supervision, and managing liabilities insurance and financial infrastructure.
But the growth came at a cost. In fact, analysis found the cost of deciding on the rules, monitoring and sanctioning had come to far outstrip the costs for regulated companies and industries of changing their behaviour to comply.
As a result government costs ballooned into public deficits and borrowing. In Kenya, for instance, it cost Sh3.8bn to set up the Agriculture Food Authority (AFA) and Sh113m to set up the National Construction Authority. But running such authorities has generated ever greater costs. The National Construction Authority spends Sh1.72bn a year, the AFA spends Sh4.2bn, Kentrade spends Sh732.7m and the Pharmacy and Poison's Board spends Sh17m.

Moreover, the highest part of the regulators' ongoing spending is for employee training at approximately Sh1.2bn in the financial year 2016/17.

But as new problems around professional regulation arise, alternative regulatory models using professional associations have been adopted in nations such as Canada, Australia and the US. This is opening the way to addressing further areas of unregulated practice without generating new public costs, with a case in point being the cargo industry.

Since independence, customs agents and freight forwarders have been operating under the East African Customs Management Act of 2004 and the subsequent 2010 regulations. The Kenya Revenue Authority (KRA) has been applying this act, which only focuses on the customs revenue, and fails to address aspects such as the individual professionalism of agents. This has seen the Kenyan government spend heavily dealing with industry challenges including frequent disputes among agents and cargo owners. Yet such issues could now be handled by enacting the proposed draft Kenya Customs Agents and Freight Forwarders Bill, 2020, which would save taxpayers more than Sh600m a year in costs covered by the professionals themselves.

The Bill proposes that the industry regulate its professionals, through a council and board that handle agents' certification and registration, code of ethics, disciplinary proceedings, and mandatory training in a Continuing Professional Development (CPD) program. It's a model already in place with the Institution of Surveyors of Kenya, the Institute of Certified Public Accountants of Kenya (ICPAK) and the Law Society of Kenya. Indeed, over the last two years, ICPAK has spent Sh613m to Sh720m in operational costs to ensure accountants maintain the highest levels of professionalism and integrity, in programmes funded through member subscription and payments for continuous professional development training.

Canada, Australia and the US also use this model in their cargo industries. Individual customs agents pay a mandatory annual registration fees with their societies of $400 to $600 and for the Customs Border Professional Examination, administered each year at the ports, for licensing.

Now Kenya, too, can end cargo errors and knowledge gaps that are costing billions in lost revenues by moving to professional regulation by the cargo professionals themselves.

FEATURE

Unqualified clearance agents are hurting us all

By Alex Bundi, Logistics Professional

Clearing goods in and out of Kenya is a complex matter, as is international trading anywhere, across regulations on sourcing, forbidden goods, duties, levies and taxes, standards and other required documentation - so complex, in fact, that most importers and exporters employ clearing agents.

However, the race is now on to speed things up, as we grapple with trade queues inwards and trade queues outwards, all of them hurting the economy, triggering complaints from businesses, skewing the commercial logic of the SGR railway, and hindering government finance through slowed and even lost tax collection.

To end the delays, the government rolled out new technology and slashed the number of government agencies at the port, from 23 to four. And reforms keep on coming. Just before Christmas, the government announced a change in the Standards Act giving the Kenya Bureau of Standards (KEBS) the authority to test imports that enter the country without a certificate of conformity to show they conform to Kenyan standards. Previously, KEBS needed the Cabinet Secretary's approval before it could test goods that arrived without certificates, adding just one more process that was causing delays.

Yet all these reforms are playing into an already complex environment and a blind spot that has caused us to fall many times before: and that's our tendency to overlook the matter of implementation. For the rules are changing all the time. During the 2018 budget reading, the Ministry of Finance increased the railways development levy from 1.5 to 2.5 per cent. There was a time when imported solar equipment attracted VAT, and then when it didn't. Thus, applying all these myriad rules, correctly, as goods arrive, requires knowhow. But that has been just an optional extra in our clearing industry.

The Kenya Revenue Authority (KRA) provides training for clearing agents, through the Kenya School of Revenue Administration (KeSRA), but it's undertaken only by agents who happen to feel like getting a grounding in Kenyan and international trading regulations. As a result, very few clearing agents have had relevant training, with recent research finding that 62.5 per cent lack the knowhow to accurately execute the country's clearing procedures, despite the majority of them having operated in the industry for more than 10 years.

That plays havoc with the tax base, which depends on implementing different rules on imports from different countries.

For example, paper imported from Uganda, an East Africa Community member, is only subjected to 16 per cent VAT. But paper imported from Egypt, a Common Market for Eastern and Southern Africa (COMESA) member, is subject to 16 per cent VAT, a railway development levy of 2.5 per cent, and import declaration fees of 3.5 per cent. While paper imported from South Africa or any other Southern African Development Community (SADC) member is subject to VAT, the railway development levy, import declaration fees, customs duty and excise duty.

This is because the World Trade Organization decrees that the taxation and valuation of goods should be based on the country of origin and the trade agreement in place.

Under the EAC treaty, goods wholly produced in East African countries are defined as local goods and subject only to VAT. The COMESA trade agreement, to which Kenya is a signatory, exempts customs duty and excise duty. But goods coming from countries under international trade agreements that Kenya is not a signatory to, such as the SADC, are subject to all taxes.

Beyond differing tax regimes and levies, agents will often acquire the wrong permits for goods too, because they assign the wrong harmonised system code to a product. That then costs them a minimum of Sh5,000 per amendment to correct on the KRA's Single Window system.

The end result is delays, on delays, with 5,600 containers arriving every week at the Embakasi Inland Container Depot and expected to be cleared in four days, but only 48 per cent cleared within seven days, and constant cargo build-up.

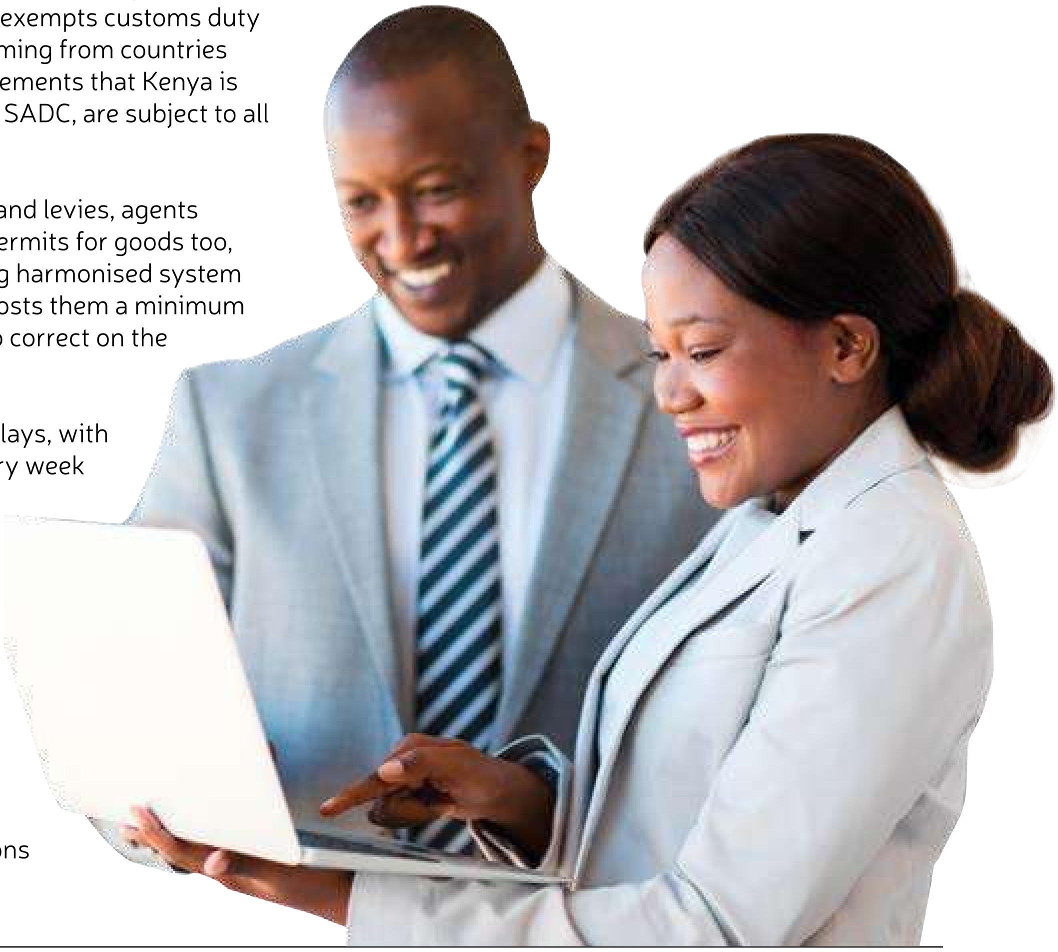
For those who are trained the situation is very different. The Federation of East Africa Freight Forwarders Associations (FEAFFA), in partnership with the Kenya International Freight and Warehousing Association (KIFWA), the EAC Directorate of Customs, and the East African Revenue Authorities (EARAs), have been running the six-month training program in Kenya East Africa Customs and Freight Forwarding Practicing Certificate (EACFFPC) that is delivered by KeSRA for the last 10 years. But of the industry's more than 8,000 clearing agents, only 3,000 have undertaken the training course in the last decade.

Kenya is already trading goods worth one third of the country's government budget – as Sh578bn of exports and Sh1.4 trillion of imports destined for the East African markets – and that figure is expected to grow once the LAPSSET Corridor Programme connecting Kenya, Ethiopia and South Sudan project is completed.

Waiting another 20 years to achieve a trained cadre of clearing agents is too long, the economic cost too high, and the loss of tax revenue too damaging.

It's time the country introduced a law that required mandatory professional qualifications for its clearing agents and freight forwarders, as other nations do. It's a complex job, and it requires knowhow, or we all pay, with research showing that our poor trade clearance is increasing the cost of almost all our imported goods, almost all the time.

We simply need professionally trained agents.



Customs self-regulation can transform our national revenues and benefit every consumer

By Casper Karanja

Problems that are hurting millions are rarely impossible to solve, with a case in point being Kenya's severe issues in collecting customs duties correctly and clearing imports into the country through its ports in a timely and efficient manner. As it is, efforts have been made by multiple stakeholders to speed and make accurate our international trade. KenTrade has provided an information portal and its single window system as technology aides. The president has cleared more than 20 agencies from the ports with defined delineations of responsibilities for the remaining agencies now handling all import checks.

For a decade, the Federation of East African Freight Forwarders (FEAFFA) in partnership with the EAC directorate of customs, East African Revenue Authorities (EARAs), the national associations of customs agents and freight forwarders in East Africa has been providing the East African Customs and Freight Forwarders Practicing Certificate (EACFFPC) training to customs agents in an effort to professionalize the clearance process.

Yet, still, Kenya suffers impaired tax and business revenues and higher consumer prices as importers consistently and systematically incur huge extra demurrage charges on slow clearance.
Indeed, the hold-ups are so often severe that studies have found many importers have been compelled to gain mastery of the clearing process themselves in order to secure their goods, although the mass of regulations, both at home and in other countries, span a huge area outside their core business.

A key problem, however, is the absence of legislation to regulate and guarantee the professionalism and knowledge of our customs agents and freight forwarders: in contrast to much of the rest of the world where clearing and forwarding goods require compulsory professional qualifications, registration, licensing, and a clear track record – in order to prevent rule breaking and abuses.
Canada, for example, runs the government regulator the Customs Border Control Agency, which ensures customs agents are qualified, registered, licensed, and kept abreast of new rules. The agency checks each agent is tax compliant too. Likewise, in the US, customs agents must be licensed, which requires compulsory qualifications, and the same in Australia too, and around the world.

In Kenya, however, no professional licensing yet exists for agents and no qualifications are compulsory, which has created agents who are handling regulatory implementation without any understanding of the regulations and without monitoring or controls.
Yet to launch a new regulator presents an expensive way forward, at a time when public finances are stretched – in no small part because of the losses in customs duties themselves. Typically, creating a new regulator requires millions of shillings in start-up costs, and then more millions in recurrent costs to keep the new body running.

We spent Sh3.8bn in setting up the new Agriculture Food Authority and Sh113m forming the National

Construction Authority. When it comes to the recurrent costs of running a regulator, examples run from the small like the Kenya Veterinary Board, which costs some Sh35m a year to run, to the large like the National Construction Authority, which currently spends around Sh1.7bn a year.

The government is stretching to cover these costs. According to the Ministry of Finance, in the year 2019/2020, government expenditure was set at Sh2.84tn, but the government only succeeded in financing 80 per cent of that target, leaving a deficit of Sh569.4bn. As a result, it is now turning to austerity measures and further deepening its external debt to meet the deficit.

Yet correcting a loss-making activity must be a priority when it is, itself, contributing to our national budget shortfalls, which is why freight forwarders are now proposing the introduction of a self-regulation structure to achieve a rapid upgrade in the quality of the country's customs clearance.

The recently unveiled Customs Agent and Freight Forwarder's Management Bill proposes the creation of a Customs Agents and Freight Forwarders' Management Council, and Kenya Customs Agents and Freight Forwarders Registration Board to oversee the industry, administered by the industry's professional society.

The registration board will ensure all agents hold mandatory qualifications, register all customs agents and freight forwarders, publish the list of the certified agents annually, effect a professional code of ethics, and carry out disciplinary proceedings in the industry. Such a model of self-regulation is not novel in Kenya, with the Law Society of Kenya (LSK), the professional body for all practicing advocates in Kenya, having exemplified the role that self-regulation can play in combining an ethical code of conduct, capacity building, and registration, to achieve the highest level of professionalism.

Every advocate must register with LSK in order to practice. The body publishes an annual list of the status of all advocates - covering, active, inactive, struck off, suspended, unknown, or deceased - with details of their specialisation and overall performance score. This level of transparency has aided ethical practice as advocates work to achieve a positive score and reputation.

LSK also provides mandatory skills enhancement programmes such as the Advocates Training Programme (ATP), and undertakes disciplinary tribunals.

A similar model now seems vital in customs clearance, with customs and cargo contributing more than half the country's three trillion shillings budget. Resolving our currently random, disorganised and substantially unmonitored customs processes will benefit every Kenyan, generating more tax revenues, enhancing economic growth, and reducing the prices of imported goods.

We believe that by opting for self-regulation, we can secure all those gains without any new spend of millions in taxpayers' funds. Thus, with the backing of government and parliament, we can now solve our customs shortfall, despite the constraints, and definitively.

Turkey

Now mulls logistics centres in Africa

"Turkey is establishing trade and logistics centers in Africa to expand its commercial operations on the continent."

Ruhsar Pekcan
Trade Minister

Addressing a consultation meeting of African Business Councils under Turkey's Foreign Economic Relations Board (DEİK), Pekcan said: "We are founding trade centers in the destinations we have previously determined. But more importantly, we should establish logistics centers in several points in Africa. We have launched our operations accordingly."

Just around the corner, 2020 will be the year of Africa for Turkey, which is engaged in several trade efforts on the continent, the trade minister said.

Turkey enjoys free trade agreements (FTA) with five African countries, deals for reciprocal protection of investment with 30 countries, and agreements with 13 countries to prevent double taxation, the minister said.

Turkey has embassies in 42 countries and commercial counselors in 26 countries on the Africa continent. Turkey's national flag carrier Turkish Airlines also flies to 35 destinations on the continent.

Pekcan also said Turkish officials will pay visits to Morocco, Nigeria, Tanzania, Kenya, Rwanda and Mozambique to increase the number of agreements, she said.

Turkey signed FTAs with Morocco, Egypt, Tunisia and Mauritius, Pekcan noted, adding that deals with Sudan and Ghana are in the process of approval. “Our negotiations are ongoing with Somalia and Seychelles, while we will sign preferential trade agreements with Mozambique and Mauritania,” she added.

Turkey will probably organize a Turkey-Africa partnership summit in April under the auspices of the Turkish Presidency, she indicated. Turkey and African countries’ bilateral trade rose $23.8 billion in 2018 from $5.5 billion in 2003, while Turkey’s exports jumped by 579% to $14.4 billion in the same period, according to Pekcan.

But $14 billion in exports is too low of a figure for the large African continent, she said, urging Turkey to increase target-oriented efforts in Africa amid rising global protectionist policies.
In the period of January-November, Turkey’s bilateral trade with the continent rose by 7.7% to reach $22.9 billion.

> “When we unveiled our Export Master Plan, we chose five targeted sectors and 17 countries which included Ethiopia, Morocco, Kenya and South Africa.”
>
> *Pekcan*

The exponential increase in bilateral trade and the close political ties between Turkey and African countries have been facilitated by Turkey’s Africa initiative.

In 2005, the Africa year, Turkey officially started its initiative for Africa and prepared the Strategy for the Development of Relations with African nations. After holding the first Turkey-Africa

Cooperation Summit in 2008, relations were sealed under the Turkey-Africa Partnership and a new phase was launched in 2010.

Another summit in 2014 formalized the reinforced status of bilateral relations under the canopy of partnership by instituting a new partnership model for sustainable development and reinforcement of integration under a Joint Implementation Plan covering the period of 2015-2019.

Apart from bilateral trade, Turkish companies also operate on the continent in miscellaneous areas including textile, energy, construction, tourism and manufacturing. One of Turkey's leading airport construction firms and operators, TAV, constructed two airports in Tunisia and currently operates them.

Other Turkish contractors Limak and Summa successfully accomplished the construction of Aéroport International Blaise-Diagne Airport in Senegal's capital Dakar with a 575-million euro investment.

Another Turkish contractor actively undertaking infrastructure projects in Africa is Yapı Merkezi, which over the last 10 years completed the El Mek Nimir Bridge in Sudan over the Nile and the Al Halfaia Bridge, then the Al Wahat Shopping Mall in Khartoum, Sudan.

The company undertook a $1.2-billion high-speed train project with its Portuguese partner in February 2016 in Tanzania and single-handedly won the contract for the second stage of the same project.

A number of other Turkish firms have also constructed and continue the construction of infrastructure, house development and transportation projects across the continent.

Lastly, one of the largest Turkish contractors, Kalyon İnşaat, has been contracted for the construction of an 18-stop bus-rapid-transit line, which is known as the metrobus in Istanbul, in Mali's capital Bamako. The company will begin the construction of the 20-kilometer first phase in early 2020 to resolve the traffic congestion problem in the city. The second 15-kilometer phase will see the launch of construction in 2021. The project cost is estimated at $120 million.

> Protectionist trade
> Touching on protectionist policies across the globe, the official said their negative effect was $893 million in 2017 while it was $7.2 billion in 2018 on Turkey's trade.
> "The effect is expected to reach $11 billion in 2019.
> If the U.K. leaves the EU without a deal, the U.S. will start to implement new sanctions on the automotive sector, and it can reach $14.4 billion.

Pekcan added:
We should play a proactive role in our target markets and countries which have potential.

Also speaking at the meeting, Nail Olpak, the head of the DEİK, said

> African Business Councils work with 45 countries for increasing economic relations between Turkey and Africa.

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Mr. Robert Kola, Ecobank Regional Head of Transaction Services Group for Central, Eastern and Southern Africa (CESA)

What exactly is the Ecobank Digital Drive about?
Ecobank is a Pan African Bank present in 33 African countries and with a banking license in France and representative offices in Ethiopia, South Africa, China, the UK and Dubai It was established primarily to provide banking services for Africa and for Africans. Because of the breadth and size of the African continent, it is important that the Bank and our customers are served in the most efficient and effective way. Digitization and digital products enable us to adhere to that. So, by going digital, we are able to cover the whole of Africa effectively and ensure that our customers are able to do their business seamlessly.

In the last few years we have ensured that all our platforms are unified across the continent. Customers get the same experience irrespective of where they are in all our markets. We also have the Ecobank Omni Lite, the primary digital channel for our business customers.

At the core of our digital drive is the Ecobank Mobile App which is unified across all our markets and is key to our pan African digital financial inclusion agenda.

Ecobank is present in 33 African countries. How does that facilitate trade?
Increasingly, as you look at the common trade areas there is a push for increased trade volume amongst African countries. One of the advantages of Intra-Africa trade is that it increases efficiency and competitiveness of Africa's industrial products by harnessing economies of scale of a large continental market of about one billion. For example, in East Africa, Ecobank is present in six