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Importers protest order to transport cargo only on SGR

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Summary

- Kifwa National Chairman William Ojonyo says forcing shippers to use the SGR is a wrong move that will impact negatively on the economy.
- According to a government directive, all cargo consignments from Mombasa port destined for Nairobi must be transported by train, locking out road truckers.

The Kenya International Freight and Warehousing Association (Kifwa) wants the government to allow shippers to have an option of using alternative means of transport other than rail in the wake of revised rates.

Kifwa National Chairman William Ojonyo says forcing shippers to use the SGR is a wrong move that will impact negatively on the economy.

According to a government directive, all cargo consignments from Mombasa port destined for Nairobi must be transported by train, locking out road truckers.

The exception is made on hazardous cargo that cannot be transported by railway.

“With an increase in the SGR cost shippers should be allowed to have an option of using different modes of transport,” said Mr Ojonyo, pointing out that they were talking with the government on the same.

He said that the mandatory rule violates the World Trade Organisation (WTO) agreement, where Kenya is a signatory to its rules.

Kifwa said that WTO rules on trade facilitation allow for free flow of cargo by the most cost-effective means.

“Shippers should be allowed to decide how their cargo should be transported in a country where we have a multi-modal system of transport. What the government is doing with mandatory use of the SGR is creating a monopoly that goes against the WTO agreement,” said Mr Ojonyo.

Economist Toni Watima said the government’s move to force shippers to use the SGR and at the same time increasing freight charges is an illegality that will impact negatively on consumers.

“Shippers will obviously pass the cost to the consumer. When you create a monopoly, obviously the cost has to go up and it has to be passed on to someone,” said Mr Watima.

“The government is abusing its power by forcing shippers on the SGR, it should be their choice of what mode of transport suits them,” he said, pointing out that the shippers’ council should move to court to stop the move.

Mr Watima said that WTO has a problem in enforcing their laws in individual country and that shippers might not get reprieve from it.

The new rates, which are 79 per cent higher than the promotional rates which have been in place since the advent of the SGR cargo business, will also have a negative effect on consumers as manufacturers are set to increase the cost of goods in line with the higher tariffs.

The cost of transporting cargo by road ranges between Sh85,000 and Sh95,000 for a 40 foot container compared with the new SGR charges of Sh100,000.

Mr Ojonyo said the exorbitant charges are bad for the economy as they will increase the cost of living.