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Importers advised on how to cut SGR transport costs

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Kenya Railways business commercial and operations leader James Siele flags off the first PIL shipping full block train to Nairobi depot in April. FILE PHOTO | NMG

By LYNET IGADWAH

SUMMARY

- The Kenya Ship Agents Association (KSAA) Chief Executives Juma Tellah said compared to the Merchant Haulage Product (MHP), the TBL is a better option in the rail transport.
- In the TBL import mode, the shipping line takes responsibility to transport cargo to the final destination, while in the MHP mode, responsibility of the shipping line ends upon discharge of the container at the Port.
- The government embarked on a move to drive cargo to the Mombasa-Nairobi SGR, which was completed last year at a cost of Sh327 billion.

Kenyan importers have been advised to utilise the Through Bill of Landing (TBL) to avert cargo demurrage costs while using the Standard Gauge Rail (SGR).

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"Using the TBL, the importer pays the shipping line sea freight and rail fees up to the designated depot. Liability in terms of container/cargo damage or delays between the point of receipt and the point of destination is taken up by the shipping line," said Mr Tellah. For instance, if a cargo is coming from China, what the importer pays covers its handling to the Port of Mombasa and further delivery to a hinterland location.

In the case of the SGR, the hinterland location will be the Embakasi Internal Container Depot (ICD). On the other hand, if the same cargo is coming from China and the importer opts for the MPH, the shipping lines responsibility ceases once the cargo lands at the Port of Mombasa. From here the consignee takes delivery of their goods and is given a time frame in which to return the empty container to the shipping line.

"The contract of international carriage of goods by sea, has set clear guidelines on where the obligations of the shipping line commences and ends," Mr Tellah said.

The government embarked on a move to drive cargo to the Mombasa-Nairobi SGR, which was completed last year at a cost of Sh327 billion.

Among government's directives was that all un-nominated containers belonging to upcountry importers be transported on the SGR to the Embakasi ICD for final clearance.

Mr Tellah said importers should use "the better option" -TBL- to avoid the resultant penalties leading to losses in their respective businesses.

In the eight months to August 2018, 936 SGR trains operated between the Port of Mombasa and Embakasi ICD carrying a total of 95,212 TEU's.

Out of this, 70,151TEUs, accounting for 73.7 per cent were on TBL, while Merchant Haulage accounted for the balance of 25,061 TEUs.

The SGR service recently received a boost when the Kenya Railways entered into an agreement with Pacific International Lines (PIL) Kenya Ltd, whose headquarters are based in Singapore. In the agreement, PIL (K) Ltd committed to support the service and continually market the use of the Madaraka Freight Service as the preferred mode of transport.