IMPLICATIONS THAT MIGHT INCREASE COST OF DOING BUSINESS ALONG THE NORTHERN CORRIDOR.

In late March, the President issued directives to reduce operational expenses by 30% for CEOs of State corporations and mandated state-owned commercial enterprises to remit 80% of their tax profits to the national treasury. He also announced plans for a comprehensive consolidation process aimed at eliminating redundant functions, reducing wastage, and shutting down loss-making institutions.

"It is illogical. We have to shut down some of these loss-making parastatals. We must end excess capacity'' said President Ruto.

In a separate forum, President Ruto expressed his determination to address inefficiencies in government spending, emphasizing the need for government agencies to generate their own revenue without additional funding. He pledged to ensure accountability and proper utilization of funds, acknowledging the existing wastage in government operations.

"There are still a lot of wastages in government, and we must deal with it, we will make sure that we deploy every coin appropriately and ensure accountability," said President Ruto.

While these directives aim to curb wasteful expenditure, there are concerns about potential implications for the cost of doing business. Government agencies may resort to generate revenue from their customer base by charging fees that were hitherto not applicable, consequently, this will imply that the Common man will bear the brunt.

At a Presidential Stakeholders Engagement in July 2023, President Ruto directed efforts to streamline port operations at Mombasa Port to attract ships and increase revenue. However, we are witnessing PGAS (Partner Government Agencies) introducing additional charges on the documentation process that will compel shipping lines to apply the same on transportation of goods by sea. This will require the cargo interests/shippers to pay more translating again to increase cost to consumers. We have also witnessed other charges being imposed on ships at the Port of Mombasa on an arbitrary basis, which we expect to be passed to consumers if shipping lines are unable to get the charges rescinded.

The introduction of user charges on a trade facilitation platform in May 2024 prompts concerns regarding adherence to the WTO Trade Facilitation Agreement. This agreement ensures that system users are not subjected to excessive charges, thereby reducing trade costs. Lower trade costs play a vital role in enhancing firm competitiveness, improving export performance, fostering job creation, creating income opportunities, stimulating economic growth, and reducing poverty. Compliance with the WTO Trade Facilitation Agreement is essential for maintaining fair and efficient trade practices, which ultimately benefit all stakeholders involved in international trade.

According to Kentrade Statistics Bulletin for Kenya Exports and Imports Data 2023/2024, the total exports amounted to Kshs 119.72 billion and imports totalled Kshs 258.76 billion, highlighting the country's dependence on global trade. KSAA advocates for sustainable and efficient trade processes crucial for the ease and competitiveness of businesses in Kenya. However, the implementation of new fees and charges may result in increased freight charges for shippers, ultimately impacting on end users(consumers).

In light of these concerns, ship owners represented by their Agents in Kenya. (KSAA), calls for collaboration and engagement with stakeholders to better understand the key operational costs before implementing levies that burden the economy and end users.

As custodians of the industry's future, our aim is to facilitate trade, encourage best practices, foster global competitiveness and ensure the sustainability of seaborne trade. This will ensure cost-effectiveness and reduced cost of products in the market.

Mombasa Port