Freighters grapple with economic crisis

Mr Didymus Byenkya Kato is the Ag. managing director ATACO Freight Serves Limited, a key player in the export and import of cargo in East Africa. He spoke to Walter Wafula about the freighters experience during the year.

Kampala

How has the freight and forwarding business performed this year compared to 2008?
This year has been a big challenge in freight business because of the current global economic crisis.

The shipments being handled at Mombasa Port and Entebbe Airport have reduced tremendously. Last year you would barely find a transporter at Mombasa with trucks parked at the port without any containers to handle.

Are you able to compute the tremendous damage?
If we were handling 10 containers for a loyal client last year, that client has reduced his or her imports to between 1 and 5 containers.

It means we have been affected 50 and 70 per cent. Most transporters have parked their trucks and sent their drivers home and that justifies Uganda Revenue Authority's failure to hit revenue collection targets. We hope that as the global economy recovers, we will experience improvements in shipment that is being handled at Mombasa.

How has the slump in business affected your operations as Freight forwarders?
We have put monthly or quarterly promotions on hold. We usually recruit new staff because of increase in business but this year it has been different instead we sent home some staff because there is no work.
We are also finding it difficult to meet our overheads and have learnt to handle situations differently and not take things for granted.

What impact has the transformation of East African customs into 24-hour working offices had on cargo transportation?
The Malaba office has registered tremendous improvement in its operations in that we can clear a consignment within hours.
Many of our clients who import cars have told us that they now prefer to have their vehicles at the border because of the improved service.
So, those who have remained afloat have benefited because of the integration of the customs systems in Uganda. It has also reduced on the congestion at the border.
Previously you would find many trucks waiting to be cleared but now the onus is on the importer, customs agent and the freight forwarder to have the trucks released.
We are not in a perfect world yet. But compared to the previous years it is better. Now the problem is with the URA Nakawa office.

How about the 24-hour operations at the port and elimination of some charges that Kenya Ports Authority has been charging freight forwarders?
KPA is a very sensitive port as far as this region is concerned. We look at them as a monopoly because very few importers use the Dar es salaam Port in preference of Mombasa.
So they took it upon themselves to upgrade. Although, it would have been better if the entire supply logistics chain adapts to this system. If a port works 24 hours and you cannot find a Kenya Revenue Authority and shipping line office open at midnight then it is difficult to say that everyone is benefiting.

So, what else needs to be done?
If they can find a way of harmonising the operations of KPA, the shipping line and KRA, then there will be

much more efficiency.
KPA needs to bring on board all the other stakeholders, shipping lines, KRA and freight forwarders so that everybody benefits from this initiative.

The KPA Managing Director recently said Ugandan traders opt for briefcase agents at Mombasa to handle their cargo which subjects it to theft. Are your costs responsible for this?
I think this is all to do with the attitude of traders. There is a premeditated stigma that we are expensive which is not true.
The onus is on the various stakeholders like Uganda Clearing and Freight Forwarders Association (UCFFA), and Uganda Freight Forwarders Association and Uganda Revenue authority to sensitise the traders to make use of professional services.

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