PERCEIVED CHALLENGES OF IMPORTATION THROUGH THE PORT OF MOMBASA FACED BY COUNTRIES IN THE GREAT LAKES REGION

BY:

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DECLARATION

This research project is my original work and has not been presented for examination in any other university.

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DEDICATION

I dedicate this research to my husband Fredrick and my sons Kyle and James for their emotional support , tolerance and encouragement.

Also to my loving parents Mr. and Mrs. Juma for their support of my academic pursuits, prayers and encouragement.

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ABBREVIATIONS AND ACRONYMS

CC   Central Corridor

CFS   Container Freight Station

COMESA Common Market for Eastern and Southern Africa

EAC   East Africa Community

FDI   Foreign Direct Investment

EU   European Union

ICT   Information, Communication and Technology

IMF   International Monetary Fund

KPA   Kenya Ports Authority

KRA   Kenya Revenue Authority

PMAESA Port Management Association of Eastern and Southern Africa

LLC   Landlocked Country

LOA   Length Overall

NC   Northern Corridor

NCTTCA Northern Corridor Transit Transport Coordination Authority

TEU   Twenty – foot Equivalent Unit

UNCTAD   United Nations Conference on Trade and Development

ABSTRACT

In spite of technological improvements in transport, landlocked developing countries continue to face structural challenges to accessing world markets. As a result, landlocked countries often lag behind their maritime neighbours in overall development and external trade. While the relatively poor performance of many landlocked countries can be attributed to distance from coast, this paper argues that several aspects of dependence on transit neighbours are also important. Four such types of dependence are discussed: dependence on neighbours' infrastructure; dependence on sound cross-border political relations; dependence on neighbours' peace and stability; and dependence on neighbours' administrative practices. These factors combine to yield different sets of challenges and priorities in each country. The study has determined and assessed the importation challenges faced by countries of the great lakes region in East and Central Africa as they import through the port of Mombasa, Kenya. The countries of this region are majorly landlocked and are often faced with great challenges during trade. Consideration was mainly given to import trade since very few studies have looked at import challenges in the region. The study determined and assessed the challenges of importing in the Great Lakes region guided by the research question. The study used a census survey of 30 respondents which consisted of Kenya Port Authority Managers, the Kenya Custom Authorities, clearing agencies and import clients from the region. The research design was descriptive in nature to portray an accurate profile of persons, events and situations (Robson, 2002). The study concludes with a brief set of policy recommendations. A detailed appendix presents a map of the region under survey and a survey questionnaire which was distributed to respondents on a drop and pick basis.

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CHAPTER ONE

INTRODUCTION

1.1 Background of the Study

International strategy is an approach in the field of International Business when a firm or a business enterprise pursues to extend its business operations across its domestic borders to other nations overseas. The firm must then consider specific benefits offered by the host countries, for example; low tax rates, rent-free land and buildings, subsidized energy and transport costs. The benefits should then be weighed against performance requirements to be met by the intending firm such as job creation quotas, labour regulations, wage and price controls. The success of an international strategy greatly depends on how a firm enters and operates in new markets by the overall structure and design of its operations. There are a number of entry strategies and organizational structures from which to choose from (Luthans and Doh, 2012). Selecting the most appropriate strategy therefore depends on major factors such as the desire of the home office (country) for control of its foreign operations and the demands placed by the overseas unit. The common international business entry strategies are; wholly owned subsidiaries, mergers and acquisitions, alliances, outsourcing, FDI, joint ventures, licensing agreements, franchising and import/export operations.

This study has focused mainly on import as an internationalization strategy. The term import is derived from the conceptual meaning as to bring in the goods and services into a country in a legitimate manner. Importing/Exporting is one of the oldest approaches that requires the least investment according to (Luthans and Doh, 2012). In spite of technological improvements in transport, landlocked developing countries continue to face structural challenges to accessing world markets. As a result, landlocked countries often lag behind their maritime neighbours' in overall development and external trade, (Stone, 2001). In Kenya, the port of Mombasa has been the gateway to East and Central Africa region, given that a number of countries in this region are landlocked. Due to their strategic location they are forced to use the port of Mombasa for their import-export trade.

However, import strategy implementation is coupled with challenges since in efficiencies are known to be experienced causing delay of cargo or loss of cargo. In the near future, East and Central Africa's economies are expected to grow at above 5 percent, which will further increase the flow of goods through East African ports (KPA Annual Review and Bulletin of Statistics , 2011). Over the medium term oil exploration in Uganda is expected to result in a flow of equipment imports and eventually export of oil and petroleum products, which would all pass through the port of Mombasa.

Growing economic activity in Southern Sudan would result in additional demands for capacity at Mombasa to handle the raw material imports for an emerging economy. The port has untapped potential to be a transit route for new exports as two-thirds of the containers bringing imports into the port return empty. Importing is a major component of international trade, and the macroeconomic risks and challenges of importing as a strategy in five countries of the great lakes region will be looked later at in this proposal.

1.1.1 Concept of Import Strategy

Import strategy is one of the major entry strategies in the Internationalization Strategy. It is the search for a favorable import arrangement for a country. An effective import strategy must take into account all the factors to be considered in any form of purchase for example making sure that the supplier can provide products that meet quality requirements.

Import strategy provides an avenue for small and new firms that want to go international and for larger firms that wish to go international with minimal investment risk. At the same time, importing raises extra challenges such as dealing with long delivery times and extra financing burden. While import procedures are usually straight forward, legal and tax issues such as import declarations and duty must also be considered.

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The modern theory of trade suggests a connection between the size (economic) of countries and the volume of import trade. In progressive economic development, the volume of trade increases more than proportionately if countries converge in terms of economic power. For countries to achieve economic growth and development, importing goods or raw materials is one potential path towards achieving this goal. Importing from offshore sources provides a host of benefits, including lower prices, higher quality goods, and the advantages associated with international trade agreements. Comparative advantage means lower-priced goods when the conditions in a foreign market allow for much cheaper production costs. Importing can mean higher-quality products ensuring the best quality and most marketable end products (Griffin and Pustay, 2011).

Many governments actively support trade relations and aim to make importing easy for countries. Governments encourage importing by helping local suppliers thorough government agencies to assist and make the transaction easier for all parties involved. With official agency oversight, the risks involved in the transaction can be significantly reduced. Importing grants access to regionally exclusive resources. Some of the resources for your manufacturing process can only be found in certain parts of the world. Various benefits stemming from trade agreements, negotiated by a country can give access to unique benefits that make importing easier and more cost-effective (UNCTAD, 2001 b). The direct benefits vary by country and are worth researching to find the best possible arrangement for a particular country.

1.1.2 Challenges of Import Strategy Implementation

The landlocked countries of East and Central Africa are linked by the region's 'umbilical cord', the Northern transit corridor from Kenya through Southern Sudan ,Uganda to Rwanda to Burundi and Congo that serves as a primary transit route for all four countries. The Central corridor to the port of Dar es Salaam provides an alternate route to the Indian Ocean.

The exclusive dependence on these corridors, and primarily the Northern Corridor, by Uganda, Rwanda, and Burundi makes this region particularly interesting in the study of landlocked countries. Although distance to the port is just one component of landlockedness, in this region, distance inland is a useful summary measure since infrastructural and political challenges faced in transit are cumulative. Those faced by Uganda or Rwanda will most likely be faced by Burundi as well.

Rwanda's recent brutal civil war, for example, rendered the country's infrastructure virtually impassable not only for Rwandan transit, but for Burundian transit as well. Similarly, tensions between Uganda and Rwanda over the ongoing conflict in the Democratic Republic of the Congo, and the corresponding increased vulnerability of the border, have not only hindered Rwanda–Uganda trade, but also Burundian trade. Such political tensions have traditionally hindered efforts at regional market integration. Recent improvements in the political situation, however, have been accompanied by renewed efforts at such integration like the revival of the East African Community (EAC), comprising Kenya, Tanzania and Uganda (Irundu, 2007).

The gradual reduction in trade barriers in recent years within the East and Central Africa has increased the importance of infrastructure in determining the competitive advantage of industries. Despite the strong import growth, the overall volumes handled in Mombasa are low by international standards. In 2008, Mombasa handled 616,000 Twenty Foot Equivalent Units (TEU, which is the standard measurement of port activity).This represents double the volume of Dar es Salaam, but less than a quarter of Durban and only 2-2.5 percent of the volumes which go through the busiest ports in the world, Singapore and Hong Kong (Annual Bulletin Statistics KPA, 2011) .

The World Bank Kenya economic report (2010) indicated that it took 20 days for a container to go through the Mombasa port and by road to Nairobi, Kenya, 22 days for a container to go through the Mombasa port and by road to Kampala, Uganda and 24 days for a container to go through the Mombasa port and by road to Kigali, Rwanda. Trucking rates in the region also remain disproportionately high. It's much more expensive to transfer a container from Mombasa to Kampala than it is to move the same container from Japan to Mombasa by Ocean Freight (A shipping Line).

In addition, the Kenya Revenue Authority imposes a double-licensing arrangement on trucks which requires that those authorized to carry only transit goods, cannot return to their country of origin with import cargo, i.e. they have to return empty. This adds further to the cost of doing business in countries beyond Kenya's border (Ministry of Trade Kenya, 2011).

1.1.3 Imports in the Great Lakes Region

Countries of the great lakes region constitute mainly of five (5) African countries in the East and Central Africa region namely: Rwanda, Burundi, Congo, Uganda and Southern Sudan. These countries are landlocked and therefore largely depend on the port of Mombasa in Kenya for their import shipping. The port of Mombasa in Kenya serves the vast hinterland. It is the only major seaport on Africa's East coast between Tanzania and the Red sea. It therefore has a huge responsibility to provide effective, reliable and efficient maritime services.

In the last five years, growth in the transit traffic coming from Uganda, Rwanda, Burundi, and D.R. Congo and Southern Sudan has risen from 3.8 million tons in 2008 to about 5.4 million tons in 2012, recording a growth rate of 9 per cent when compared with the overall growth of 7 per cent. With this in mind, the Kenya Ports Authority is putting up a second container terminal with a 1.2million TEU capacity in preparation to handle larger vessels. At the same time the government is in the process of opening up the Northern part Kenya as an additional trade route for the Northern Corridor by building a second commercial deep water port in Lamu. (Annual Bulletin Statistics KPA, 2012).

Currently, the Kenya Ports Authority is operating at a level of nearly 75% to 80% of the capacity of the port that is including the container terminal and the main port and there is therefore need to generate extra capacity. The East and Central African region is one of the fastest growing regions worldwide. The Kenyan economy is expected to grow at a rate of 5.3 per cent while that of the other East African community countries is expected to grow at between 6 and 7 per cent. Growth in container traffic has more often than not brought on board bigger vessels that are longer and have deeper draft. This means that they need more water to accommodate them hence the necessity to dredge parts of the port.

In the past, the Mombasa port has been receiving vessels measuring about 180 meters in length and 9.5-10 meters in terms of the depth of water they require to berth. This means that the current 600 meters long container terminal quay cannot comfortably accommodate three of these vessels at a time especially if they are over 200 meters long. After construction of the newly proposed berth of an addition of a further 160 metres, this will put the quay in a position to accommodate at least three vessels with a length of 235 meters each and an allowance of 15 metres between the vessels (KPA, 2010).

Containerization is the fastest growing sector in the shipping .The largest container ship in the world with 18,000 TEUs is under construction in South Korea and one of the shipping lines calling in the port of Mombasa port has already ordered 10 units to be delivered between 2013 and 2015. Growing sizes of vessels and the accompanying demands for higher and better performing equipment together with timely supply of cargo and ship services has put pressure on both terminal operators and Port authorities. Hence, more, vast, infrastructural bigger and deeper-watered ports will be required to serve ships and trade. These restrictions are slowly reducing Mombasa to feeder status with most cargo traffic being trans-shipped through hub ports like Salalah, Jeddah, Durban, Singapore among others (KPA Annual Bulletin Statistics, 2010).

A fully integrated ICT Strategy has embraced an Enterprise Resource Planning (ERP) system, a Water Front system, and a Community Based System, all web enabled. The ERP system integrates all functions at the Port to provide on-line and real-time information hence assisting in making timely decisions. Benefits of the waterfront system include: Reduced Human intervention due to system controls that are based on authorization, Reduced cargo documentation processing duration, Reduced cargo dwell time from an average of 8 days to 5 days, Reduced port clearance time from 5.5 days to 3 days, Enhanced planning process both in the yard and on board ship, Easy access of statistical data for planning and decision making, Enhanced audit trails, hence minimized cargo pilferage at the port (KPA, 2010).

The Community Based System (CBS) now known as the National Single Window System – is also under implementation. Funded by the World Bank, the system is a flexible automated information sharing resource that will eventually link the port community users via electronic means to allow secure exchange of authorized data between partners.

1.2 The Research Problem

The implementation of import strategy as an internationalization entry strategy and its challenges discussed earlier in this proposal have been developed within the context of Kenya and other five developing countries of the great lakes region in East and Central Africa. The Ricardian foreign trade theory attempts to explain operations of international trade differing in countries in terms of different technologies which reflects natural differences between countries. In this light therefore, the decision of whether to import goods or not will depend on the level of technological advancement of the country of destination.

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The Heckscher-Ohlin model looks at the aspect of different endowment factors of countries . The model indicates that countries rich in labour but whose capital is low in comparison to the available labour potential should consider importing from other countries whose production requires high capital input (Griffin and Pustay, 2011). This theory therefore illustrates how the import strategy is based on the comparative advantage of a country. This proposal therefore seeks to examine the challenges of import strategy implementation of the countries of the great lakes region.

Uganda, Burundi, Congo, South Sudan and Rwanda all rely on the port of Mombasa, Kenya for much of their imports. In 2011 , the port of Mombasa handled some 19.6 million tones of cargo of which 14 million was imports and 5 million tones was in transit to the five East and Central Africa countries. To counter this great demand of cargo, Kenya as a country has responded with a multi-million dollar investment programme to transform cargo handling capacity. These activities include; dredging of the water channel programme to allow modern post panamax vessels to berth, construction of an additional berth, and construction of a second container terminal, expansion and upgrading of the information and communication systems, investment in new handling equipment. In addition, work is starting on the mega port in Lamu in the north of Kenya's coastline that will open up a new transport corridor across the region to Ethiopia, South Sudan and eventually further west (World Development Indicators, 2011).

Many known studies have been carried out on the internationalization entry strategies such as outsourcing, FDI's, strategic alliances, mergers and acquisitions .In Kenya, (Mwai ,2010) researched on strategic alliances as an Internationalization strategy and in her research "Strategic alliances and competitive advantage: a Case study of Safaricom limited". Her research was within the Kenyan context and indicated that Safaricom a subsidiary of Vodacom (an international firm) had gained sustainable competitive advantage as a result of implementing the strategic alliances with Onecom also a telecommunications firm .

(Mwenda , 2009) researched on pre and post merger and acquisition success factors where she highlighted that the merger and acquisitions as an internationalization entry strategy had a high failure rate in many international companies due to multicultural differences and speedy implementation of the strategy. She pointed out that there was high possibility of international firms being succesful without necessarily carrying on culture conflicts .(Oyuke , 2009) also researched on a similar topic" Mergers and Acquisitions as Competitive strategic options within the banking industry" . Her case study was on CFC Stanbic bank (South Africa based) , where the international strategy was very successful. She found that the benefits such as lower operation costs, stronger technological skills and wider geographical coverage could only be reaped with time.

(Nyamweya ,2006) analysed on macroeconomic indicators of FDI in Kenya as an internalization strategy. His studies indicated that increased cost of doing business in Kenya through inflation and high taxes were the main causes of reduced FDI inflows to Kenya. He also pointed out that FDI's inflows to Kenya were positively correlated to imports and exports depicting openness to trade. (Korir,2001) in his research "Internationalization Strategies Used by Small and Medium Enterprises in Kenya" showed the various internationalization strategies adopted by small and medium enterprises in Kenya such as; importing/exporting, franchising , mergers and acquisitions and licensing agreements. He indicated that the growth and success of the enterprises was attributed implementation of the internationalization entry strategies.

(Micheal Faye, 2004) indicated distance from the sea as a disadvantage to landlocked countries. Several aspects of dependence on transit neighbors' such as: dependence on neighbours' infrastructure; dependence on sound cross-border political relations; dependence on neighbours' peace and stability; and dependence on neighbours' administrative practices. Import strategy implementation and its challenges has been an under-researched area. This paper therefore seeks to find out how then do countries in the great lakes region exploit import as a strategy towards growth and development in the region, owing to the fact that these countries are landlocked?

1.3 Research Objectives

The objective of the study was to determine the challenges of import strategy landlocked countries in the great lakes region as they import through the port of Mombasa.

1.4 Value of The Study

This study is of great importance to stakeholders, country embassies and the governments of countries in the great lakes region. The study is also of great value to the Kenya government as it implements the millennium development goals and vision 2030, since the five countries in the region in context majorly depend on the port of Mombasa in Kenya, mainly for their maritime trade.

This study was aimed at contributing towards creation of knowledge in the field of International Business because of the unique challenges that may be associated with import strategy implementation for countries in East and Central Africa and how these challenges are being overcome. This may also stimulate the desire among academicians to carry out more research in different aspect of import strategy implementation thereby developing suitable case studies that may be used to improve import operations through the port of Mombasa.

CHAPTER TWO

LITERATURE REVIEW

2.1 Introduction

In this chapter, previous studies related to the topic are reviewed. The chapter begins with literature on a general review of maritime trade in landlocked countries in Africa , import strategy, the challenges faced by countries of East and Central Africa that are majorly landlocked while depending on the port of Mombasa, Kenya for their import trade and how these challenges can be overcome.

2.2 Maritime Trade in Landlocked Countries

Africa comprises 15 landlocked countries that face very specific challenges in the import-export trade (World Development Indicators , 2010). These countries are isolated from the world markets and suffer high transit costs which seriously constrain their overall socioeconomic development. Landlocked African countries depend heavily on the goodwill of neighbouring countries to fully engage in international maritime trade. Additional border crossings and long distances from their markets substantially increase cost of transport (UNCTAD, 2001b). Most African landlocked countries have neighbours that are themselves developing countries, with similar economic structures and limited resources (Irundu, 2007). The high transport costs that landlocked developing countries face are far more restrictive barriers to trade than tariffs (Glassner, 1970).

Although being landlocked is a major obstacle there are practical solutions to many of these problems, including comprehensive approaches to transit corridors, regional integration efforts, legal and regulatory reforms and institutional and administrative overhauls (Chivutonyi ,2010). The need for cooperation among African landlocked and transit countries has always been addressed at the continental, sub-regional and national levels. Many landlocked countries have entered into bilateral agreements with their coastal neighbours to facilitate the movement of goods and persons. Unfortunately, these agreements have yet to be fully implemented (Kaira, 2005).

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(Limao and Venables ,1999) in their study on "Infrastructure, geographical disadvantage and transport costs" argued that being landlocked influences economic, infrastructure and political decisions. Remote island countries like Australia and New Zealand have become successful traders, and European landlocked countries such as Switzerland have coped with and indeed learned to exploit their geographical "handicap". The constraints landlocked countries face can be addressed, in the long run, with the right mix of country or region specific policies, such as reducing bureaucracy in freight operations and speeding up customs clearance procedures. As discussed, governments must also create an environment to facilitate trade. Knowledge and information concerning these issues must be shared among landlocked and transit countries and the private operators (Wilmsmeier and Sanchez, 2009).

Because landlocked countries act as transit countries for their neighbours, there's therefore need to mobilize enough resources to support a transit infrastructure. A transit country potentially opens up new opportunities (Ntamutumba, 2010). The development of a modern up to-date service infrastructure for transiting cars, trucks, trains, airplanes or ships adds value to the process. Being a transit country also creates jobs and a logistics economy, with distribution centres, warehouses and processing facilities. Although landlocked countries in Europe face similar constraints, the challenges posed to African countries are more formidable (UNCTAD, 2001).

2.2 Import Strategy

Import strategy is an international business strategy and it refers to how countries buy goods or services produced from a different country for use in their country (Korir, 2001). An effective import strategy must take into account all the factors to be considered in any form of buying: for example, making sure that the supplying country can provide products that meet the importing country quality requirements. Importing raises extra challenges, such as dealing with long delivery times and the extra financing burden on legal and tax costs.

It's important that an import strategy implemented by a country fits with a country's overall long-term plan and competitive advantage. The import strategy implemented may depend on the following strategies: cost control strategies, competitive advantage strategy, quality strategy and availability of human and financial resources to develop import operations (Gilbert, 2006). A country buying cheaper supplies from overseas can be an important part of cost control strategy. Some countries outsource production parts, or even complete products from countries overseas so that they can focus on their core skills and on activities where that they have a competitive edge in. The quality of products imported, from countries overseas, can have a significant effect on the quality of the products offered to the importing country. The availability of sufficient human and financial resources is therefore key in developing import operations (Anyango, 1997).

2.3 Empirical Studies on Challenges of Import Strategy Implementation

Countries of East and Central Africa; Uganda, Rwanda, Burundi, Congo and South Sudan are majorly landlocked have low levels of human development and external trade compared with their maritime neighbours These countries mainly depend on the port of Mombasa, Kenya for their import trade. The nature of dependence on transit neighbours for trade and the nature of dependence can fall under four major categories: dependence on infrastructure, dependence on sound political relations, dependence on neighbours' peace and stability, and dependence on administrative practices (Snow, 2004).

2.3.1 Dependence upon infrastructure of transit countries

(Faye, 2004) studied the challenges facing landlocked developing countries and he found out that landlocked countries are completely dependent on their transit neighbours' infrastructure to transport their goods to port . This infrastructure can be weak for many reasons, including lack of resources, mis-governance, conflict and natural disasters. Regardless of the cause, weak infrastructure imposes direct costs on trade passing through a transit country.

The challenges confronted by poor transit infrastructure are perhaps most acute in Eastern and Central Africa (Kaira, 2005). Burundi (one of the worlds poorest countries), for example, boasts a relatively good internal road network but is severely constrained by the surrounding infrastructure of its transit neighbours. The most direct route to the sea from Burundi is through Tanzania to Dar es Salaam along what is known as the Central Corridor, but infrastructure levels on this route are so poor that Burundi's primary transit route still follows the more distant path to Mombasa, known as the Northern Corridor (UNCTAD, 2001).

2.3.2 Political Relationship in the Landlocked and Transit Countries

Ntamutumba (2010) carried out a study for the establishment of a permanent regional corridor development working group in PMAESA region and his focus was on how landlocked countries depend on strong political relations with transit countries. If a landlocked country and its transit neighbour are in conflict, either military or diplomatic, the transit neighbour can easily block borders or adopt regulatory impediments to trade. Even when there is no direct conflict, landlocked countries are extremely vulnerable to the political vagaries of their neighbours. Although there is a legal basis for rights of landlocked transit as outlined in Article 125(1) of the United Nations Convention on the Law of the Sea (United Nations, 1982), in practice, this right of access must be agreed upon with the transit neighbor (Teravanintorn and Raballand,2008).

In Eastern Africa, the re-introduction of the East African Community aims to strengthen already improving relations. One of the first areas of cooperation agreed upon was the transport infrastructure linking the nations. Key international corridors have already been identified for priority development. An integration with the central Africa countries is yet to be established (Annual Bulletin of Port Statistics KPA, 2011).

Even when relations with transit neighbours are good and the core transit infrastructure is sound, a landlocked country still must rely on peace and stability within the transit country (Ministry of Trade Kenya, 2005). When transit countries suffer from civil war, transit routes can be damaged or closed, which often requires a rerouting of major trade corridors or, in the worst case, a stoppage of transit. The landlocked countries of western Africa have been particularly affected by neighbours' internal conflicts. (UNCTAD, 2001)

Mali, for example, has recently been recognized for its political stability and commitment to democracy, but has suffered tremendously from conflict and instability in its neighbours. Each of Mali's coastal neighbours has experienced some form of violent civil conflict in the past decade, often making transport routes unusable. Togo was devastated by violent political protests and deep internal conflict in the early 1990s. Algeria was involved in a bloody civil war for much of the same decade. Ghana suffered from ethnic violence primarily between 1993 and 1994. Sierra Leone's decade-long civil war has just recently come to a tenuous settlement. Guinea has been stricken by a series of coups and rebel wars. Liberia has spent most of the decade in violent civil wars that have threatened to spill over into neighbouring countries, thus jeopardizing regional stability even further (World Development Indicators, 2011).

2.3.3. High Administrative Cost Burden

(Anyango, 1997) analysed on the comparative transportation cost analysis in East Africa in his study he concluded that landlocked countries are subject to the administrative burdens associated with border crossings, with these often adding the greatest amount to shipping costs. To transit a country, there are a host of direct transit and customs charges, some of which must be paid upfront and some en route. International transit also requires burdensome paperwork and bureaucratic procedures that are costly to deal with and place a high administrative burden on shippers. Where it is necessary to cross more than one border, such as the route from Burundi through Rwanda, Uganda and Kenya, one must often pay these fees at several borders (Stone, 2001).

In addition to direct administrative costs, delays are also a serious concern in many parts of Africa. An average rail freight trip between Kampala (Uganda) and Mombasa (Kenya), which is a route used by Uganda, Rwanda and Burundi, is reported to take anywhere between 14 and 21 days on average (Freight, 2000).

2.4 Framework for Landlocked Countries Transformation Strategies

Landlocked countries should consider developing sectors that are high-value and depend less on expensive imports. They should develop coherent and comprehensive transport policies to support the transit corridors required to facilitate trade. The countries should ensure non-physical barriers to ensure that their goods reach regional and world markets (Faye, 2004). Landlocked countries should apply measures to avoid complicated and lengthy customs clearance procedures, poorly coordinated control services, high fees, inadequate capacities, poor infrastructure and poor packaging or loading technologies. Such measures would reduce the costs of shipping, freight handling, transit and customs. These are under the control of policymakers in a landlocked country. Governments should create a climate of confidence, stability and security by eradicating corruption, fraud and other rent-seeking activities to reduce trade costs. In addition, governments of landlocked and transit countries should reform regulations and procedures to meet regional or international standards and adhere to and implement the international conventions on trade and transit facilitation (Glassner, 1970).

Landlocked and transit countries should be encouraged to use ICT and better port infrastructure to avoid shipping delays (Chivutonyi, 2010). Improved technologies reduce port and customs delays, which reduces shipping costs. Moreover, containerization and the resulting ease of moving goods from ships to trucks or trains also helps reduce port costs and lead time in countries with such facilities.Landlocked and transit countries must build new roads and railway lines and upgrade the infrastructure of their ports. Policymakers should ensure that regular maintenance of infrastructure takes place, and that transport supply capacities are improved.

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This would strengthen facility management systems through information technology at the ports and upgrading of railway lines, ships, trucks and ports and handling facilities. Developing proper infrastructure requires substantial financial resources, which are usually obtained from bilateral or multilateral donor agencies (Limao and Venebles, 1999). But such resources are limited, time-bound and insufficient to finance infrastructure development over the long term. Thus, countries must find alternative financing mechanisms to support such development such as vehicle charges, road taxes, and petrol taxes receipts which must go directly towards road construction and maintenance (Mwali, 2004).

Landlocked countries must establish strong bilateral and multilateral agreements with their neighbouring countries. Consultations or alliances with neighbouring landlocked or transit countries can help to share experiences, economize on costs and increase bargaining powers (Kaira, 2005). Landlocked and transit countries must reform their public administrations to improve the performance of agencies involved in trade facilitation, developing the single-window concept and streamlining one-stop-shops for import clearance. The entire institutional framework of stakeholders should be strengthened through regional harmonized transit procedures and trade facilitation measures. Facilitating trade in landlocked countries would require institutional capacity-building, educating governmental staff private operators and the business community (UNCTAD, 2001).

Given that external bilateral or multilateral resources are limited, the private sector should be urged to invest in the development of infrastructure and in facility management. Dialogue between private-sector representatives and policymakers will better define the market's real needs and encourage viable and sustainable solutions. Private operators may also be better equipped to manage facilities that are still State-owned and can play a substantial role in financing projects or in entering concession agreements. Both private-sector and public-sector groups have important roles to play in addressing the special needs of landlocked countries (Irundu, 2007).

CHAPTER THREE

RESEARCH METHODOLOGY

3.1 Introduction

This chapter details how the research will be designed, how data will be collected and how the data will be analyzed. The research design, population and the sample design are elaborated.

3.2 Research Design

The study was carried out through a cross-sectional survey of the stakeholders in the importation process through the Port of Mombasa. This was mainly to establish the perceived challenges of importation faced by countries of the Great Lakes region as they import through the port of Mombasa, Kenya. The countries in context were six (6) namely; Uganda, Congo, Rwanda, Burundi, South Sudan and Kenya (See appendix map of the Great Lakes region).

The research design was of descriptive design owing to the nature of the data that was collected. This was aimed at giving a clear picture of the definitional aspects of import strategy in International Business and clearly bring out the challenges of countries of East and Central Africa which are majorly landlocked therefore import through the port of Mombasa, Kenya.

3.3 Population of the Study

The population of study comprised of stakeholders in the importation process. The stakeholders in import trade were quite extensive; therefore, the study focused on the main stakeholders only. These stakeholders comprised of the Kenya Ports Authorities operation managers, the Kenya Revenue Authority custom officials, clearing agency firms and import businessmen (See Appendix 1). The surveyed stakeholders were mainly located in Mombasa and carried out their operation in various parts of East and Central Africa.

3.4 Data Collection

Primary data was collected using questionnaires structured with both closed and open ended questions (See Appendix 2). A drop and pick method of administering the questionnaires to the respective respondents was used. The respondents were classified in four (4) categories. Ten (8) questionnaires were given to the KPA operation managers. Ten (7) to Registered Clearing Agents with operations in East and Central Africa. Ten (7) to Clients in each of the countries in the survey and Ten (8) questionnaires to KRA custom authority managers.

There were two main sections in the questionnaire. Section A consisted of the respondents and organization bio data. Section B had questions which were intended to establish the extent of the infrastructure , distance from the coast and cost challenges of importation. The issue of transit delays have were also addressed in this section.

3.5 Data Analysis Techniques

The completed questionnaires were verified for completeness and consistency, coded and analyzed to reach a conclusion (Mugeod & Mugenda , 1999). The data was analyzed using Microsoft Excel spreadsheet. The quantitative data was analyzed through descriptive analysis techniques. mainly the mean. mode. median and range. The findings will be interpreted in line with the main research objective and hence appropriate conclusion and recommendation will be made. Descriptive statistics are supported by tables, pie charts and percentage.

CHAPTER FOUR

FINDINGS AND DISCUSSION

4.1 Introduction

This chapter details the findings of the study and the discussions with respect to the objectives of the study. The study was designed with the aim of achieving the objective of determining the challenges faced by countries in the East and Central Africa. The study involved the collection of data through the use of questionnaires which were administered through a drop and pick basis. This study targeted the Kenya Port Authority, the Kenya custom authorities, importers from the five countries in the great lakes region and registered clearing agents with operations in the great lakes region. The results are presented in order of the study objective, which is to determine the challenges of import strategy implementation faced by countries in the great lakes region which are majorly landlocked as they import through the port of Mombasa, Kenya.

4.2 The Response Rate

The response rate is expressed as the return rate calculated as a percentage of the total number of questionnaires that the researcher gave out. Out of a total of thirty (30) questionnaires that were administered, twenty (20) returned. The response rate was therefore 68 %. This percentage is fairly representative. Mugenda and Mugenda (1999, 2003) stipulates that a response rate of 50% is adequate for analysis reporting. A response rate of 68% is therefore a good and adequate rate to base conclusions.

4.3 Profile of Respondent Organization

The detail of the respondent organization was a feature of the demographics in the questionnaire .This feature was important since it enabled the researcher correlate the population surveyed to the response rate of the respective organization. The Kenya Ports Authority respondents had 7 returned questionnaires out of 8 given , the Kenya Revenue Authority had 3 returned questionnaires out of 8 given, the clearing agents had 6 returned questionnaires out of 7 while import businessmen had 4 returned questionnaires out of the 7 given.

20

4.4 Challenges Faced During Importation

In spite of technological improvements in transport in the East and Central Africa region, these developing countries continue to face structural, economic and political challenges in accessing world markets. As a result, landlocked countries may often lag behind their maritime neighbours' in overall development and external trade. While the relative performance of countries in the Great Lakes region can be attributed to distance from coast, this paper argues that several aspects of dependence on transit neighbours' are also important.

Four such types of dependence are discussed: dependence on neighbours' infrastructure; dependence on sound cross-border political relations; dependence on neighbours' peace and stability; and dependence on neighbours' administrative practices. These factors combine to yield different sets of challenges in the region. The paper concludes with a brief set of recommendations. A detailed appendix presents a list of the sample population and a map of the Great Lakes region .

4.4.1 Importation Costs

This study also sets to establish whether importers importing through the port of Mombasa to the various countries in the great lakes region encountered the challenge of high importation costs and if this affected the import trade.

85% of the respondents agreed that the high transaction costs negatively affected import trade while 15% thought it did not .since transaction costs were nothing out of the ordinary other than costs inherent to imports in International trade. Custom duties mostly remarked were import and excise duties by the Kenya Revenue Authorities; however this affected only goods that were not on transit .Goods on transit were not affected by custom duties. The importer or consumer of the imported goods was to bear costs related to currency fluctuation.

Importers had the option of obtaining an insurance cover for the imported goods for example against pilferage. however, this was not part of the mandatory costs of importation. Shipping costs were an inherent cost of importation; however, delays in port cargo handling caused shipping charges to increase.

4.4.2 Infrastructure and Technology

The study set to find out whether inefficiency in infrastructure and technology were a challenge during importation.

Table 4.1 Representation showing corridor mainly in use during importation

COUNTRY	NORTHERN CORRIDOR			CENTRAL CORRIDOR		
	FREQUENCY	PERCENTAGE	CUMMULATIVE PERCENTAGE	FREQUENCY	PERCENTAGE	CUMMULATIVE PERCENTAGE
Uganda	20	100	100	0	0	0
Burundi	4	18.5	118.5	16	81.5	81.5
Rwanda	18	92.6	211	2	7.4	88.9
Congo	20	100	311	0	0	88.9
South Sudan	20	100	400	0	0	88.9

From table 4.1 above. most of the respondents indicated the northern corridor as the preferred corridor used by countries of the great lakes region for importation. while few of the respondents indicated the use of central corridor by Burundi and Rwanda respectively. The northern corridor depends on the use of the port of Mombasa. Kenya for its maritime trade while the central corridor depends on the use of the port of Dar er Salaam. Here. the study was to establish whether countries in East and Central Africa majorly depended upon the Port of Mombasa.

Table 4.2 Contribution of the TTCA/NC towards efficient transport systems

	Frequency	Percentage	Cummulative Percentage
YES	0	-	0
NO	18	92	92
SOMEWHAT	2	8	100
TOTAL	20	100	

From table 4.2 above, none of the respondents agreed that the transport transit corridor authority – Northern corridor addressed transport challenges across the corridor. 92 % thought it did not while 8 % felt it somehow did assist in promoting efficient transport systems across the corridor.

4.4.3 Time Factor

This study set to find out whether the time period from the port to the country of destination affected import trade. 30 % of respondents described the clearance procedures ranging within 1 – 3 stages, 70 % ranging between 4 – 6 stages and none described the procedures within 7 – 9 stages. Imported cargo clearance procedures mainly indicated were ; payment for delivery order from the importing shipping line , payment of port charges , payment of taxes (not for transit goods) and delivery order fees (local goods) .

Table 4.3 Delay of Cargo Release from the Port of Mombasa

Reason for delay of Cargo Release from the Port	Frequency	Percentage	Cummulative Percentage
Documentation	14	70	70
Security System	1	5	75
Payment / Transaction Processing	4	20	95
Others	1	5	100
TOTAL	20	100	

From table 4.3 above 70 % of the respondents agreed that lengthy documentation procedures were a great cause of delays in cargo release while 30% felt that documentation did not play a major role in the delays. 5 % of the respondents agreed that an inefficient port security system was a great cause of delays in cargo release while 20 % of the respondents agreed that lengthy transaction processing was a great cause of delays in cargo release.

4.4.4 Political Factors

This study also set to find out how the political environment in countries of the great lakes region affected import trade through the port of Mombasa, Kenya. The following responses were recorded;

Table 4.4 Effects of Political Instability

Results of Political Instability	Frequency	Percentage	Cummulative Percentage
Loss of imported cargo	5	25.9	25.9
Delay of cargo delivery	6	29.6	55.5
High costs of transport	7	33.3	88.8
Imports through the central corridor	2	11.1	100
TOTAL	20	100	

From table 4.4, 29.6% of the respondents felt delay of cargo and 33.3% felt high cost of transport was a major result of political instability. Delay of cargo and high cost of transport were major results of political instability.

Table 4.5 Effects of government import policies to importers and stakeholders

Response	Frequency	Percentage	Cummulative Percentage
Yes	1	1	1
No	14	71	72
Somewhat	4	20	92
Unanswered	1	8	100
TOTAL	20	100	

From table 4.5 above, only 1 % of respondents felt that government import policies had a positive impact on importation , 71 % felt the policies were not progressive while 20 % felt somewhat the policies eased the import procedure.

4.4.5 Efficiency of Other Related Institutions

The study set to establish the efficacy of other related institutions such as the East Africa Community (EAC), the Container Freight Stations (CFS's) and Transport Transit Corridor Authority – Northern Corridor (TTCA-NC).

Table 4.6 Efficiency of other related institutions in development of imports

	EAC			CFS			TTCA/NC		
	Frequency	Percentage	Cumulative Percentage	Frequency	Percentage	Cumulative Percentage	Frequency	Percentage	Cumulative Percentage
Efficient	2	8	8	16	80	80	1	5	5
Not Efficient	18	92	100	4	20	100	19	95	100
Partly Efficient	0	0	100	0	0	0	0	0	100

According to table 4.6 above , 92% of respondents rated the EAC as having not efficiently carried out their roles in the development of import , 80 % said CFS' s positively contributed towards import goods or goods on transit while 95 % felt the TTCA/NC had no contribution towards efficient importation of goods in the region.

4.4.6 Inefficiency and Corruption in Government, Port and Custom Procedures

The study sought to find out on the level of inefficiency and corruption by the port or custom authority during clearance and release of imported cargo. 75% of respondents felt that there was high inefficiency and corruption in custom and port authorities. 62 % of clearing agents confirmed giving bribes to government security, port authorities or custom authorities to have their cargo released in time. Corruption led to the slow clearance procedures or loss of cargo. It also encouraged importation of illegal's. Though the Kenya custom authorities through their software Simba system had been able to capture many irregularities in the importing system, corruption still remained a threat to the industry.

4.4.7 Other Challenges

The study set to determine other challenges faced during importation in the great lakes region of East and Central Africa. These other challenges were; lengthy customs clearance procedures, poor packaging and loading technologies, high shipping fees, poor railways , road and petrol taxes which do not contribute towards road construction and maintenance.

4.5 Discussion of Findings

Previous empirical studies reviewed in the literature review on the challenges of import strategy implementation in East and Central Africa indicated that the nature of challenges may vary from country to country. These sets of challenges may be due to inefficient infrastructure (Faye, 2004), unsound political relations in a country or with its neighbours (Ntamutumba, 2010), and high administrative costs met during importation (Anyango, 1997). The study findings were in agreement with these previous studies aforementioned.

The study findings confirmed that indeed infrastructure in the region was weak due to mainly misgovernance. Weak infrastructure has a direct impact on high cost of transport of goods. High administrative cost burden was due to lengthy paper work and bureaucratic procedures that also contributed to delay of cargo delivery.

The study indicated that the documentation involved in both KRA and KPA authorities were lengthy. This encouraged corruption at cargo check points both at the port and on transit. The security system and lengthy transaction processing also contribute towards delay of cargo release and delivery.

The findings indicate that civil conflict lead to theft and loss of cargo on transit or even delay of administrative procedures. Subsequently, this caused losses or delay of delivery of cargo. For example, the study findings indicated that post election violence in Kenya in the year 2007 caused great strife to most countries of the Great Lakes region that majorly relied on the Kenyan coast for its maritime trade. Delay of cargo delivery, loss of cargo and damaged cargo was highly experienced by most importers.

The findings indicate that relative impact of these challenges varies greatly by country. It is therefore essential to consider how each aspect interacts with a country's economic structure in order to understand how size of the country or landlockedness affects the country's development processes. The additional investments in infrastructure in the region may also not necessarily provide more capacity, provide a basis for lower costs or make major improvements to the transit system .

From the findings , it is clear that the maintenance and preservation of the existing infrastructure networks must become the main priority of countries in the region. Reduced transport costs and increased transit efficiency will be achieved only by concentrating government effort and donor assistance on improving the way in which the infrastructure, the transport industries, and the transit system are operated.

CHAPTER FIVE

SUMMARY, CONLUSION AND RECOMMENDATION

5.0 Introduction

This chapter presents a summary of the findings of the study as set out in the research and in the methodology, conclusion and recommendation. The results are presented in order of objectives i.e. to determine the challenges of import strategy implementation faced by countries of the great lakes region as they import through the port of Mombasa, Kenya. The questionnaire was designed in line with the objectives of the study. The total number of questionnaires given was 30 while 20 were completed and returned. (Appendix 1; Sample population)

5.1 Summary

The study findings indicated that all of the countries of East and Central Africa relied heavily on the use of the Northern Corridor and therefore imported through the port of Mombasa, Kenya except for Burundi which also heavily relied on the Central Corridor importing through Dar er Salaam , Tanzania. Reliance on the Northern corridor mainly was due to distance from the sea and the infrastructure. Burundi's dependence on the central corridor was mainly due to the advantage of distance from the sea.

Dependence of infrastructure of transit countries and political stability were key factors. Negative trends of the mentioned factors caused adverse delays of cargo or even more so loss of the cargo imported. The custom checks also played a major role. Eight (8) weigh bridges had been put in place. Six (6) situated between the port of Mombasa and two (2) within Uganda. Concerns were raised on corrupt activities at these check points where security officers and custom officers accepted bribes from transporters carrying illegals or overweight cargo. The frequent stops to bribe also caused delay in delivery of cargo.

The study findings indicate that Container Freight Stations (CFS's) have had a positive impact on importation. The frequent delays that were experienced at the port of Mombasa due to congestion of cargo had now been eased with the implementation of the CFS.

The study findings indicate that related and supporting institutions in the countries of the study had alot to implement to encounter importation challenges in the region. According to the study, institutions like the Transport Transit Corridor Authority – Northern Corridor (TTCA/NC) had presented very positive proposals including the introduction of the Lamu Port and the Road Side Stations (RSS's) which would really expand maritime growth and encounter delay challenges. The implementation of the RSS's is yet to be carried out. The Lamu port development through support from the World Bank is however on course.

The study also indicated that the reintroduced East Africa Community (EAC) had very little progress in creation of import policies and their implementation in overcoming importation challenges in the region. Supporting institutions, both Government and Non-government are expected to expand trade in the region. However, the study shows that the institutions are not very efficient in their roles. The port and custom authorities input was on average.

From the study findings, the import challenges faced by countries of the great lakes region were noted as; inefficient infrastructure and technology, distance from the sea (landlocked countries), political instability, tariff barriers, weak support government and non -governmental institutions and high administrative cost. The study established that proposals by respondents to counter import challenges were mainly; reduction or elimination of tariff barriers , improvement of infrastructure, efficiency in clearance documentation such as one stop window system and growth in number of CFS's .

5.2 Conclusions

This study concludes that the import challenges facing countries of the great lakes region in East and Central Africa are mainly ; unstable political environment, poor infrastructure, inefficient systems , distance from the sea and high administrative costs such as port and custom charges.

5.3 Recommendations

The study recommends policies intended to encourage increased efficiency of the transport and technology systems through the region. The effects of changes the Kenya government policies on the port planning, road transport and technology are to some extent mediated on a national level policy. This study recommends that all stakeholders in the import trade business, governments of countries in the Great Lakes region and Port associations be more actively involved in import regulations and policies formulation. This include importers, clearing agents, transporters and freight stations.

The study also recommends the fast development of the Lamu and the Mombasa port in Kenya. With the development of the newly developed Lamu Port, there will be expansion of trade and greater efficiency in import operations. Kenya is strategically placed with deep natural habours along its coastline; therefore this offers competitive advantage to other Ports such as the port of Dar er Salaam, Tanzania. The study also recommends that the Kenya government through the ministry of transport and financial institutions get on board and provide policy and monetary backing for the expansion and development of the Ports and infrastructure as a whole.

This study recommends strategic alliances at a local and global level. Strategic alliances are partnerships between two or more firms/countries/institutions that decide that they can better pursue their mutual benefit goals by combining their resources as well as their distinctive competitive advantage. It is no longer an era in which a single company can dominate any business by itself, Fumio Sato (2008). At a local level, alliances between the importers, clearing agents and transporters would benefit greatly since the parties face similar challenges and would provide a platform for the parties concerns to be presented. The government of the countries in East and Central Africa through their ministries of transport and roads should for partnerships in ensuring the road and rail networks are greatly advanced.

The country governments through their custom authorities should create checks only at entry and exit points to allow for less delay during paperwork processing and documentation. With improved import systems of the Northern Corridor, many other accruing benefits such as increased employment, efficient transport systems, increased Gross Domestic Product through expansion of trade and a positive image of Kenya and great lakes region are expected. At a global level, associations between importers and exporters overseas will greatly favour development, sustainability and growth of trade.

Motivation and benefits for global and cross-border alliances include avoidance of import barriers, licensing requirements and protectionist legislation, , sharing costs of research, development of new products and new processes, reduction of political risk , taking advantage of synergies and gaining access to specific markets through bilateral and multilateral arrangements with neighbouring countries in the great lakes region in East and Central Africa.

The benefits and recommendations must be translated into reality and implemented in importation and trade as a whole in the region. This will be in accordance with the economic pillar of Kenya Vision 2030 and the Millenium Development Goals. These recommendations and benefits are feasible and good ideas whose time has come.

5.4 Limitations of the Study

The main challenge faced was the administration of the questionnaires; most management employees clearing agency firms, the port and custom authorities were not readily available for a face to face interview due to their tight schedules. There was also concern on breach confidentiality in the disclosure of information. It took time for the researcher to convince respondents that the research was purely for academic purposes only.

The researcher had also wished to have had respondents from the great lakes region country embassies. department of trade for further input. However, due to cost challenges and the research time frame being limited, this faction was not considered in the study population.

There was very little documented region specific research on some of the challenges faced by countries of the great lakes region during importing through the port of Mombasa. As such, there is need for regional strategic partnerships and joining of specific markets to counter non –tariff barriers which has been a major challenge during importing.

5.5 Suggestions for Further Research

Further research is recommended on the issue of strategic alliances and partnerships among countries of the great lakes region in East and Central Africa as a strategy for sustaining and developing the export and import trade sector.

Partnerships such as the East Africa Community should be expand their membership further to countries in Central Africa owing to the fact that most of the Central Africa countries are landlocked are largely depend on East Africa's coastline for their maritime trade.

Feasibility studies on expansion of infrastructure and efficient transport systems will open up markets along the Northern Corridor all the way to the Southern parts of Africa . This will expand the continents balance of payments due to greater efficiencies in the export and import trade. More research on local and external funding for the expansion of port. rail and road infrastructure in the region is also vital in the expansion of trade across the region.

5.6 Implication of the Study on Theory, Policy and Practice

This section of the study highlights the implication of the study on theory, policy and practice. The study has provided a framework on perceived challenges of importation and recommendations on how countries in East and Central Africa could overcome constraints during import trade through the port of Mombasa.

The countries of the Great Lakes region Uganda, Rwanda, Congo , Kenya and Burundi, are intimately linked by the region's 'umbilical cord', the Northern transit corridor from Kenya through Uganda and Rwanda to Burundi then to Congo that serves as a primary transit route for the countries. The Central corridor to the port of Dar es Salaam provides an alternate route to the Indian Ocean. The exclusive dependence on these corridors, and primarily the Northern Corridor, by Uganda, Congo Rwanda, and Burundi makes this region particularly interesting in the study of the (Pedersen, 2001).

The study indicates that the constraints and weaknesses discussed are by no means exhaustive to the challenges faced by countries of the great lakes region through the port of Mombasa. Improving the performance of the Mombasa port would still require a concerted effort by a large number of players, beyond the Kenya Ports Authority. For example, enhanced management at the port will not bear fruit if off-take through the road and rail networks doesn't improve as well. Unless outdated and lengthy customs regulations on the disposal of assets are addressed, the port and the container freight stations will remain crowded, with abandoned containers that cannot be auctioned-off.

It is clear that the process of achieving the objectives of both the transit and landlocked countries should be integrated and coordinated at a much higher level of commitment than has been in the past. Region specific policies and multilateral arrangements that are fully implemented are key issues which need to be addressed as a basis for making the movement of transit traffic cost-effective, and the routes and modes more competitive.

For example, although Rwanda has been allocated land by the Kenya Government to build its own cargo center at Mombasa, construction has been delayed by the need to examine more closely the financial feasibility of the proposal, which is dependent on traffic levels (KPA, 2010). Thus many investment proposals are viewed as risky on individual country basis, and their implementation may not be achieved unless they are viewed as regional projects, and coordinated at that level, through donor support.

Major drivers that are all based on change have caused rapid changes in the implementation of the internationalization strategies such an importation. These include political, technological, infrastructural, socioeconomic, administrative and legal costs. The drivers may be external drivers that emanate from other countries or internal drivers which may emanate from within the country. Barriers to trade such as weak preferential trading arrangements, progressive reduction of trade barriers, slow technological advances, and poor infrastructure systems that raise freight costs have been major constraints in efficient import trade implementation in the region (Stone, 2001).

Countries in the region need to interact more closely to play a leading role with the different major players in the importation chain including the shipping agents, clearing and forwarding agents, transport operators, custom officials, and shipping lines. Unless this is done, the efforts of each player remain piecemeal with the effect of an overall poor level of service at the port. This new orientation, coupled with improved operating procedures, training and improved remuneration of labour, improvement in information flow and safety procedures, will go a long way in enhancing the overall performance of the importation process even at the current levels of investment in infrastructure. This coordination role will also facilitate consultation with key players and stakeholders at the port of Mombasa so that important decisions such as tough tariff issues are not arrived at arbitrarily (KPA, 2010).

Countries in the great lakes region having signed towards the TTCA treaty shows close interaction in contributing towards efficiency of the Northern Corridor which they

strongly depend on. Whether or not the member states of the TTCA are fully contributing towards efficient importation policies is a subject worth examining. The TTCA objectives show clearly structured policies which include simplification of port clearance procedures, release of landed cargo from the Port of Mombasa which is to be achieved within two days down from an average of seven days at the Port, Northern Corridor countries are now using the COMESA Customs Declaration Document (CD-COM) which is a merger of the Road Transit Customs Declaration (RTCD) formulated by TTCA and the Single Goods Declaration (SGD) by COMESA, reduction of transit charges , elimination of some non-tariff barriers , mobilization of funding for the rehabilitation of major highways along the Corridor, harmonization of transit charges and harmonization of axle load limits (Oyer , 2007).

Despite a significant reduction in the number of national documents and copies to which transit transport along the Corridor was subjected to, work continues towards the withdrawal of the remaining national documents that are still used alongside the Customs Declaration Document (CD-COM). The will reduce costs as a result of delay of cargo delivery since some unnecessary border formalities along the Corridor can be eliminated. Enhanced co -operation among its member States in matters concerning transit transport will lead to harmonized import trade in the region.

Africa as a continent is lagging far behind in transport infrastructure, efficient and reliable services. The context of the study indicates the same .Therefore, for transport to sustain economic growth and economical integration and to promote East and Central Africa's eco- social development and genuine policy commitment; tremendous and sustained efforts will have to be invested in an intermodal transport freight system. The study suggests that an integrated approach to transport development policy should be adopted, taking all transport modes into consideration. The transport sector in the region should have continuous reforms in building of missing links in transport infrastructure and mobilize funds to finance transport infrastructure should be promoted with emphasis on innovative approaches.

A regulatory framework should be instituted to provide for broader participation of the private sector in transport management and financing. Greater safety and security should be provided in all transport modes. The human institutional capacities should be strengthened and training institutions rehabilitated. Countries in the region should create databases for measuring progress made in transport development, while further use should be made of ICTs in transport development. Just as it has been taken into account in the Millennium Development Goals and Kenya's Vision 2030 , gender, HIV/AIDs and STD control underlying issues should be taken into account in transport policy and strategy formulation.

The recommendations in the study are steps towards the right direction but the pace needs to pick up. Only with a world-class port can Mombasa efficiently meeting the needs of Kenya and the East and Central Africa hub. Not so long ago, Shanghai, Singapore and Dubai were poor and low-performing coastal cities, yet it is motivating to note where they are today (UNCTAD, 2001).

5.6.1 Policy implications

To address the challenges that limit the countries of the great lakes region in efficiently carrying out import trade operations and hence limit the resource base for investing in human development, several key policy priorities can be stressed. First, both landlocked and transit countries need to place particular emphasis on developing their internal transportation infrastructure. Trade is significantly affected by transportation costs, so investments in railways and roads , both construction and maintenance are crucial for keeping these costs down.

Secondly , regional infrastructure integration strategies are needed to develop active trade routes and to expand market access for the countries. Small economies such as Burundi and Rwanda face tremendous constraints in trying to trade internationally due to the weak road and rail infrastructure in Eastern Africa. Internal infrastructure investments in

Burundi and Rwanda will yield limited returns if not accompanied by similar investments in Kenya, Congo and Uganda. Similarly, infrastructure integration requires investments in building and maintaining efficient maritime ports to serve entire regions.

Thirdly, regional integration strategies need to focus on administrative coordination. Members of COMESA and SADC have made significant advances in this regard, but many other regions still require investments to standardize border procedures and reduce transport costs incurred due to time inefficiencies. Many countries could still benefit from such administrative streamlining, as well as real guarantees for the landlocked countries' permanent access to transit routes and introduction of further non tariff barriers'.

Fourth, countries in the region especially those landlocked need to invest, where possible, in developing industries less affected by transport costs. This includes shifting away from primary commodities, which are subject to major price fluctuations and low value to weight ratios, toward those with higher value or lower transport costs relative to value of goods. Strategies could include the development of service industries or the development of manufacturing sectors for export.

In order to invest in all four of the areas outlined, official development assistance to countries in East and Central Africa should give special attention to the unique needs of those that are landlocked. In particular, official development assistance strategies should recognize low-income landlocked countries' large infrastructure needs and the requirement for increases in direct assistance to support large-scale investments in roads and railways. Such investments need to include not only the up-front improvements of the transport infrastructure, but also operations and maintenance.

Since the landlocked developing countries typically suffer from a general lack of resources and under-funded social sectors due to their inherent structural barriers in trading with the international economy, they will typically require even greater external resource support than their low-income maritime neighbours, which also need to be a priority for official development assistance flows.

This study has presented a simple descriptive framework of the perceived challenges of importation through the port of Mombasa faced by countries in the Great Lakes region. In explaining the reasons for these importation constraints, the study has stressed the nature of dependence on country factors and how this dependence can fall under four categories: dependence on infrastructure, dependence on sound political relations, dependence on neighbours' peace and stability, and dependence on administrative practices. These factors yield a different set of challenges and priorities for each country uniquely (Faye , 2004). Policies focusing on mitigating the effects of variability of these country factors need to address both country-specific region-specific challenges to develop market integration.

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APPENDICES

Appendix 1: Questionnaire

Dear Respondent,

I am Caroline Tunu Juma from the University of Nairobi and a final year MBA student. I am required to carry out a research in my area of study, International Business as part of the course requirements. In this regard, my study is to explore the challenges faced by countries in east and Central Africa that are majorly landlocked as they import through the port of Mombasa, Kenya. The information you will provide will solely be used for academic purpose only and will be treated with utmost confidentiality. Your assistance will be highly appreciated.

SECTION A

Name of Respondent (optional)...

Name of Organization...

Job Title (optional)..

Tel..

E-mail..

Period of Service in the Organization...

SECTION B Please give reference to countries in your explanation below.

1. Please give a brief mention on the phases carried out during importation.

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2. Please mention the transport corridor(s) that the country mentioned here below uses to carry out its maritime trade (specifically imports) and the import strategy implemented (if any).

Country	Corridors Used In Maritime Trade	Preferred Corridor	Import Strategy Implemented
Uganda			
Burundi			
Rwanda			
Congo			
South Sudan			

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3.What procedures are involved in clearance of imported cargo for both goods to be used within Kenya and goods on transit? Kindly enumerate.

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4. Do custom duties at the port of Mombasa or any other duties imposed; play a major role in importation costing?   (Please mention type of duty imposed)

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5.How many customs authority checks are carried out from the port of Mombasa to the country of import good destination? (Please state whether there are any levies or taxes charged and state the amount)..

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6.How has political instability in East and Central Africa affected import transit trade operations? (Please elaborate)

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7.Is the Kenya Ports Authority carrying out the following in relation to efficient import operations?

ASPECT	VERY EFFICIENT	EFFICIENT	INADEQUATE	INEFFICIENT
Expansion of infrastructure	☐	☐	☐	☐
Technological advancement	☐	☐	☐	☐
Handling delay of cargo	☐	☐	☐	☐
Continuous training Of Human Resource	☐	☐	☐	☐
Quality Service Delivery	☐	☐	☐	☐
Focus on customer needs	☐	☐	☐	☐

Scale of 1 - 4, where 4 is Very Efficient and 1 Inefficient

8. Does currency fluctuation affect the cost of doing business during importation? If yes, how is the issue addressed?

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9. Are insurance policies or costs met during importing? Please elaborate.

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10. How do shipping costs and documentation affect importation costs? Please elaborate.

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11. What is the role of Container Freight Stations (CFS's) in the importation of goods and how does this affect goods on transit?

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12. Imported cargo is said to face delays in port release of the cargo. From experience or in your perspective, what do you think causes the delay of cargo?

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13. Have government implemented import policies been a challenge to the importers and stakeholders at large? State yes or no. If yes, which policies are these?

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14. Please state whether there are avenues or forums of addressing importers and stakeholders on challenges met during the importation process. Please state which party addresses the issues raised e.g. Would this be Port Authorities , Custom Authorities , Clearing Agents e.t.c.

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15.How has the Transport Transit Corridor Authority –Northern Corridor (TTCA/NC) assisted in addressing transport challenges across the Northern Corridor?

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16. Has the reintroduction of the East Africa Community (EAC-CMA) promoted import trade in the region? Please state how.

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17.What recommendations can you make in encouraging import trade for the countries of East and Central Africa as they trade through the port of Mombasa ?
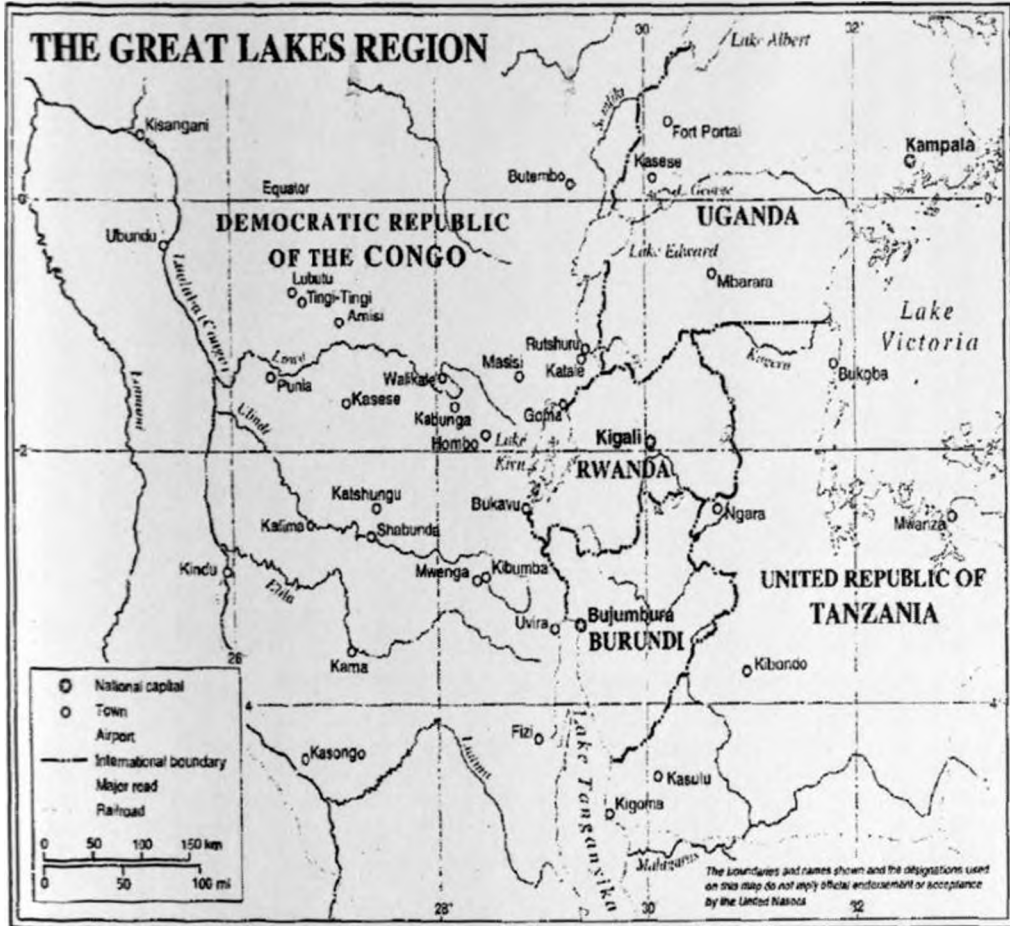
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Thank you for your assistance.

Appendix 2: Sampled Population

	INSTITUTION	DESIGNATION	POPULATION
1.	Kenya Ports Authority	Managers	8
2.	Kenya Revenue Authority	Custom Officers	8
3.	Goemwa Express Cargo Ltd	Manager	1
4.	Maruni Products and Company Ltd	Manager	1
5.	Trans-Freight Express Lines Ltd	Manager	1
6.	Storm Shipping Cargo Ltd	Manager	1
7.	Tribertoo Kenya Ltd	Port Clerk	1
8.	Speedex Logistics	Port Clerk	1
9.	Seacon Kenya Ltd	Port Clerk	1
10.	Tiba Freighters	Importer	1
11.	Onward Cargo System Company	Importer	1
12.	Mombasa Times Forwarders Ltd	Importer	1
13.	Milan Freighters Ltd	Importer	1
14.	Master Cargo Ltd	Importer	1
15.	Golden Freight	Importer	1
16.	Diffam Freight Kenya Ltd	Importer	1
		TOTAL POPULATION	**30**

Appendix 3: Map of the Great Lakes Region