A comparative analysis of Kenya's adhoc versus chartered shipping freight rates for exports and imports of dry general cargo

Abstract
This study compares freight rates under the current ad hoc shipping against freight rates in time-chartering for Kenya's imports and exports of dry-general cargo. The study also tests for the statistical significance of the differences between the mean freight rates for imports and exports in both shipping arrangements. The study shows that Kenya pays excessively for the ocean-transport of its dry general cargo. The structure under which Kenya ships its cargo is dominated by conferences, monopolistic cartels limiting competition and entry, while keeping freight rates high. Kenya has, however, continued to rely on them due to lack of an alternative. This study concludes that time-chartering could reduce Kenya's ocean freight bill. Transporting cargo in time-chartered ships saves about 65% of the current ocean freight bill. This study therefore recommends implementation of a well-structured, and well-operated time charter programme. With institutional support such a programme could help save and earn much needed foreign exchange.

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