Challenges and Opportunities in EAC trade Regime

- EAC Customs Territory
- Non–Tariff Barriers
- Cloves Trade
- East African Common Market
- Review of Laws governing employment, finance, investment, company registration, land, immigration, tourism services, insurance, and other financial services
Establishment of a single Customs Territory

Goods transiting through one partner state shall be inspected and taxes collected at the first port of entry into EAC and taxes transferred to the final destination.
Elimination of Non-Tariff Barriers

- Up to 2011, 50 NTB’s were identified of which 27 were eliminated
- NTB’s eliminated include levies and charges on motor vehicles
- Charges designed to restrict the export of seeds and food products
- Duties and charges on importation of pharmaceuticals and medicaments
- Cumbersome procedures for availing CoO
- Mutual recognition of Certificate of Quality issued by Partner State
- SMS 15539
Elimination of NTB’s

- Despite all these efforts, new ones were reported.
- The new NTB’s include:
  - Reduction of grace period for goods at ports before subjected to demurrage charges
  - Port congestion
  - Varying rates for overweight charges among road users
  - Weighing unloaded trucks
  - Imposition of levies and charges for agricultural products traded within E A C
  - Banning of horticultural products destined for export to Europe transiting another country’s territory
  - Charging of extra KES 2 per kilogram on Tanzanian horticulture products transiting through Kenya
Elimination of NTB’s cont’d

- As part of the effort against NTB’s, Partner States have also agreed to establish One Stop Border Posts (OSBP)
- The objective is to reduce unnecessary and time wasting bureaucracy in the Customs, Immigration, Standards and Security operations at border crossings
- The Border stations Tanzania identified are:
  - Rusumo/Rusumo (Tanzania and Rwanda)
  - Namanga/Namanga (Tanzania and Kenya)
  - Sirari/Isebania (Tanzania and Kenya)
  - Holili/Taveta (Tanzania and Kenya)
  - Horohoro/Lungalunga (Tanzania and Kenya)
  - Mutukula/Mutukula (Tanzania and Uganda)
Current NTB’s

- Electronic Cargo Tracking System (ECTS) requirement by KRA
- Import Declaration Form which amounts to 2.5% of FOB value for all imports into Kenya
- Too many weighbridges and Differential Gross Vehicle Mass (GVS) – Kenya -48tons, Tanzania 50tons, Uganda 53tons
- Police Road Blocks- Study by RPSF-There are 28 road blocks in Tanzania
NTB’s cont’d

- Charges on plant import permit at Malaba on Uganda Tea destined for Auction at Mombasa-USD 15 and traders Shs 500 for plant import
- Non recognition by Kenya of SPS certificates issued by Uganda for tea destined for Mombasa auction
NTB’s on Cloves trade

- Zanzibar is internationally known as Spice Islands
- Challenges of Clove trade and its management
- Allegations of mistreatment of Zanzibar residents and travellers when entering Kenya via Shimoni
- Illegal fishing at Pemba Channel
- High fees of Work Permits
- In order to solve these problems, it was agreed to hold joint periodic meetings and undertake research on cloves to establish a flow price
Tanzania has completed the review of the relevant laws in an effort to bring them in harmony with the Protocol. The exercise covered laws governing employment, finance, investment, company registration, land, immigration, tourism services (hotels and restaurants), insurance, and some financial services. The recommendations identified will be submitted to respective sector Ministries for further action.
EAC Common Market-(cont’d)

- Tanzania gov’t is committed to continue the laws on remaining areas under the Protocol including:
  - Banking and Financial services
  - Tourism
  - Education
  - Procurement and Supplies
  - Transport
  - Communications
  - Professional Services

- Review of these laws will facilitate implementation of the EAC Common Market in respect to free movement of persons and labour, free movement of services, free
Cooperation with other Regional Economic Communities

- Large Free Trade Area encompassing the regions of SADC, COMESA and EAC
- EAC-EU Economic Partnership Agreement
Tripartite FTA (COMESA, EAC, SADC)

- Combined membership of three REC’s is 26 countries
- Substantial liberalisation should be 100% product coverage to be implemented in three phases
  - Phase 1 – 60% liberalisation in year 1
  - Phase 2 – 30% liberalisation in year 2
  - Phase 3 – 10% liberalisation in year 3 upon entry into force of the Tripartite FTA
Tripartite Trade Area

- The emergence of the Tripartite Trade Arrangement will pose yet another big challenge
- Entry of big economies (South Africa)
- Calls for efficient running of our economies
Areas of Cooperation

- Trade in Goods and Services
- Implementation of Business on a fair playing ground
- Customs Union
- Regional Investment Policies
- Regional Industrial Development Plan
- Industrial Research and Development
- Harmonisation of Policies
- Standards and Accreditation
THANK YOU