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**EAST AFRICAN COMMUNITY
EAST AFRICAN LEGISLATIVE ASSEMBLY**

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**Report of On-Spot Assessment on the EAC Single Customs
Territory (EAC SCT)**

By

The Committee on Communication, Trade and Investments

*28th September to 2nd October 2014
Dar-es-Salaam and Tanga in TANZANIA*

Clerk's Chambers
3rd Floor, EAC Headquarters
EALA, Wing
Arusha, TANZANIA

October 2014

1.0 BACKGROUND

Members of the business community are engaged in cross-border trade within the East African Community countries although businesses are severely hampered by inefficient trade facilitation systems. In bid to implement the EAC Customs Union Protocol, EAC Partner States have embarked on fast tracking the Single Customs Territory (SCT) whose framework was adopted by the EAC Summit of Heads of States in November 2013. The Summit directed that the SCT commences on 1st January 2014 and that all operational requirements be finalized by June 2014.

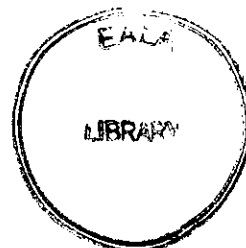
Under the SCT arrangement, the EAC member states have adopted a destination model of clearance of imports whereby the assessment and collection of tax revenues on such consignments are done at the first point of entry. This allows free circulation of goods within the single EAC market, with variations to accommodate exports from one Partner State to another. In this regard, Customs administrations in destination states retain control over the assessment of taxes. This crystallizes the gains of regional integration characterized by minimal internal border controls and more efficient institutional mechanisms for clearing goods out of Customs control.

Pursuant to Article 49 (2) (e), "the Assembly may for purposes of carrying out its functions, establish any Committee or committees for such purposes as it may deem necessary to exercise both legislative and oversight functions on all matters within the scope of the EAC through meetings, studies, workshops; tours, on spot assessment activities, to mention but a few"

In order to exercise its oversight mandate the EALA Committee on Communications, Trade and Investment has found it imperative to undertake on spot assessment on the Tanzania Ports Authority (TPA) and Tanzania Revenue Authority (TRA) to engage Ports and Customs Authorities, and Tanzania Freight Forwarders Association on the implementation of EAC SCT, since these stakeholders play a significant role in the operationalisation of the Single Custom Territory to improve business environment in the EAC region.

1.1 Objectives of the On-Spot Assessment

The objectives of the on spot assessment were to;-



2004 for smooth SCT implementation have been drafted and submitted to EAC Secretariat for processing.

2.1.1 Customs Systems Interconnectivity

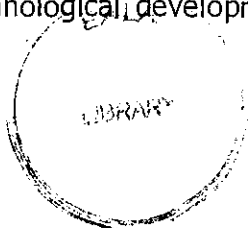
In terms of Customs Systems Interconnectivity, Tanzania's ASYCUDA++ was interfaced with ASYCUDA World of Rwanda, Uganda and Burundi and Simba of Kenya to allow piloting of SCT that commenced in June 2014. Through this interface, manifests and declarations with subsequent release order information is exchanged electronically and the Information Technology experts are currently working out to fine tune to enable electronic transmission of Exit Notes, declaration and risk selectivity lane, and this is done through emails.

Below is the status of customs systems interconnectivity between Tanzania and other Partner States.

s/n	Revenue Authority	Customs System	Asy++ Interface Status
1	Uganda	Asycuda World	Done
2	Burundi	Asycuda World	Done
3	Rwanda	Asycuda World	Done
4	Kenya	Simba	End of Sept 2014

2.1.2 Interface with Tanzania Customs Integrated System (TANCIS)

TANCIS is a robust system that was introduced to replace Asycuda++ currently working with SCT server. The Committee inspected the Control room where TANCIS is operated and members were informed that Automation started since 1997 in Tanzania by introduction of ASYCUDA 2.7 and later migrated to ASYCUDA++ system in 2005. When users' needs and technological developments evolved over time, several weaknesses



In addition, sensitization to selected groups of trading communities was done in the regions and border stations of Kagera, Mwanza, Mara, Arusha, Kilimanjaro, Tanga and Dar Es Salaam.

In addition to seminars and workshops, other sensitization programs were also conducted by Tanzania Revenue Authority and EAC secretariat in April, June and July 2014 for major stakeholders including the Clearing and Forwarding Agents in Dar Es Salaam, Kabanga/Kobelo and Rusumo.

Training programs are on-going exercises and therefore more training programs are yet to be conducted. In this regard, 82 Tanzanian Clearing & Forwarding (C&F) agents trained by Rwanda Revenue Authority (RRA) on the use of RRA ASYCUDA World, while 37 Tanzanian Clearing and Forwarding agents and 29 TRA staff trained by Kenya Revenue Authority (KRA) on the use of Simba, and 45 Kenya Revenue Authority staff and 141 Kenyan Clearing & Forwarding agents trained by Tanzania Revenue Authority on the use of Tanzania Customs Integrated System (TANCIS).

2.1.5 Enforcement and Compliance Procedures

Groundwork on a regional framework for interfacing national electronic cargo tracking systems and one for operating a regional Customs bond has been done. Customs and Excise Department (CED) is working with COMESA Secretariat and insurance companies on adopting the Regional Customs Transit Guarantee Scheme (RCTGS).

2.1.6 Inter-Agency Coordination

1. Tanzania Ports Authority and Tanzania International Container Terminal Services (TICTS) have established direct links with Rwanda Revenue Authority (RRA), Burundi Revenue Authority (OBR) and Uganda Revenue Authority (URA) in clearing cargo destined to these countries;
2. RRA and OBR have stationed their officers at the Port of Dar es Salaam;
3. TANCIS will be interfaced with Kenya Ports Authority system;
4. TRA deployed its officers in Nairobi and Kenya Ports Authority in Mombasa in September 2014;



3. SCT Piloting with Burundi

Below is the table showing the products that are being piloted under SCT arrangement for Burundi; -

S/N	Product	Quantity	No. of Trucks
1	Wheat	5,368 Mt	181
2	Beer Malt	1,530 Mt	51
3	Phosphorous Acid	17 Mt	1
4	Silicon Dioxide	17 Mt	1
5	Cement	459 Mt	14



4. SCT Piloting with Kenya

The table below indicates the products that are being piloted under the SCT arrangement between Tanzania Ports Authority and Kenya;-

S/N	Product	Quantity	Transactions
1	Laundry Soap	5,600 Cartons	4
2	Cooking Oil	3,959 Kgs	2
3	Galvanized Steel Pipes	1,331 Pcs	1

In addition, it was mentioned that arrangements are underway to extend SCT implementation to Tanzania-destined cargo arriving at Mombasa Port and the deployment of Tanzania Revenue Authority staff has been done.

handled along the quay. Its draft limitation demands for specialized logistics operation at stream that involves process of cargo discharge from vessels anchored offshore, transport it to shore or a pier using tugs, discharge it and stack it for hinterland logistics and vice versa.

6. The Port is connected with ICT applications such as 24 hour accessible website and Internet banking.
7. TRA is also in the process of linking the port with Asycuda++ to facilitate cargo clearance.
8. There is also a Disaster Recovery site project located in Bandari house.

Tanga Port is faced with the following challenges:-

1. Operation of deep sea vessels at stream which Leads to double handling of cargo and affects productivity in terms of speed of loading/offloading and vessel stability.
2. Ineffective inland transport system as there is no Railway transport therefore all cargo cleared are transported by road.
3. Increase physical capacity through constructing the new port at Mwambani to be linked with a new railway line from Arusha to Musoma (Lake Victoria) and by lake to Uganda is costly.
4. Shipping technological changes whereby ships growing bigger in size with no gears and the Port requires dredging and procure equipment to handle bigger ships.

Despite the challenges, Tanga Port has got future prospects which include;-

1. Implementation of TPA Port Master Plan (2009 – 2028) which includes among others the development of the new port at Mwambani;
2. Prospects for mining activities within the region including Red Nickel, Sulphur, Magnesia, Bauxite, Soda Ash, and the new cement factory in Tanga;
3. Growth of Agricultural activities in the Region especially coffee, forestry products which may contribute to growth in cargo;
4. Completion of road Upgrading Minjingu/Babati/Singida road as an alternative to railway connection to Lake Zone may attract more cargo through Tanga port;

4. EALA to come up with pieces of legislations that support the implementation of SCT such as those that provide for the health and education insurances, immigrations, and vehicle registration for staff working in different Partner States;
5. Roll out of more products both intra-regional and maritime goods should be undertaken under Single Customs Territory arrangement;
6. Revenue Authorities need to streamline the process of granting access/views rights to C&F agents and Customs Officers;
7. Fast tracking the finalization of the utilization of the Single Regional Customs Bond by EAC Secretariat;
8. Effective and efficient Systems interface networks should be put in place to address the interconnectivity and data/information challenges.


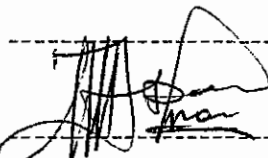
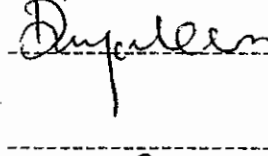

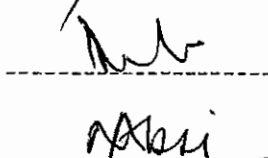
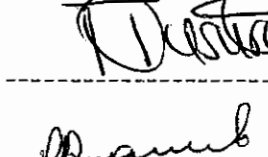
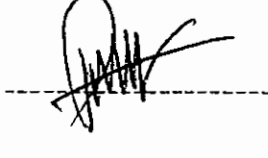
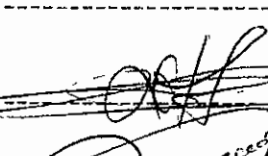



5.0 ACKNOWLEDGEMENTS

1. The Committee wishes to express its utmost appreciation for efforts and commitment made by EAC Partner States in process of fast tracking the EAC Single Customs Territory.
2. The Committee is also indebted to all stakeholders who spared their precious time to participate in this activity and also for their support and cooperation throughout the activity period.
3. Special thanks go to EALA Management for the tireless efforts in mobilizing resources and all logistical arrangements to make this activity a reality.

MEMBERS OF THE COMMITTEE ON COMMUNICATIONS, TRADE AND INVESTMENT

(Report of On-Spot Assessment on the EAC Single Customs Territory)

28th September – 2nd October 2014, Dar-es-Salaam, Tanga - TANZANIA

Name	Signature
1. Hon. Angela Charles Kizigha	
2. Hon. Adam Omar Kimbisa	
3. Hon. Dan F. Kidega	
4. Hon. Dora K. Byamukama	
5. Hon. Dr. James Ndahiro	
6. Hon. Emerence Bucumi	
7. Hon. Frederic Ngenzebuhoro	
8. Hon. Joseph Kiangoi Ombasa	
9. Hon. Nancy Abisai	
10. Hon. Nusura Tiperu Omar	
11. Hon. Patricia Hajabakiga	
12. Hon. Peter Mathuki	
13. Hon. Shy-Rose S. Bhanji	
14. Hon. Straton Ndikuryayo	
15. Hon. Yves Nsabimana	