WTO agreement: Has the EAC become a Community of Fear?

Congratulations to Rwanda and Kenya for ratifying the WTO trade facilitation agreement.

The EAC partner states that have not ratified the agreement – Burundi, Uganda, Tanzania and South Sudan – should move with speed to ratify and begin implementation. This will play a crucial role in improving the business environment in the region.

For countries that have a Customs Union that they are committed to implementing and are signatories to the Kyoto Convention on Customs and see value in a working EAC region, it is difficult to establish why they can't just ratify the agreement on trade facilitation. It is impossible to understand why it takes long to make decisions that are beneficial for the economic development of the region.

This WTO agreement coming into force (after obtaining the two-thirds acceptance needed), means a lot especially for developing countries. The implementation will among other benefits eliminate red tape and bureaucratic delays for goods shipped around the globe. The expedited movement and clearance of goods across borders will save time currently lost in clearing delays.

An EABC study carried out in 2016 identified Customs procedures and delays in clearance of goods across borders as among the core NTBs in the region. The full implementation of the agreement will help this region eliminate such impediments to businesses in East Africa.

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The business community is fully aware that the implementation will slash their costs of doing business across the board by an average of 14 per cent. The implementation will also reduce the time it takes to import or export goods which the EAC region is in dire need of. According to World Bank Doing Business reports released in recent years, the region still has a lot of work to do in this regard.

This agreement provides for increased transparency and access to Customs documents, regulations and procedures, and making information public to allow businesses to engage in trade in a more transparent way. This region is in need of this kind of a system where information is fully available at the border points. A closer look at the border points in East Africa reveals a general lack of information. Revenue authorities need to publish procedures, required documentation, compliance checks etc.

Small businesses in East Africa encounter innumerable difficulties in navigating the current system due to limited knowledge of its requirements. There is a general lack of information that if published would make it easier for the small businesses. The EAC Simplified Certificate of Origin with a minimum threshold of $2,000 for goods crossing the borders and qualifying for preferential tariff is not well known to small businesses, resulting in unnecessary frustration at the borders.

A study by the EABC on barriers facing women in business across the region in 2013 revealed that women traders face the greatest challenges trading across the EAC borders. In order to make it easier for women in business, the region needs a great deal of commitment from policy makers.

A full 80 per cent of EAC cross-border trade is small scale. For this reason alone, the partner states should reform Customs practices and provide small businesses expedited shipping channels.

The region needs to reduce the documentary requirements, increase efficiency in processing documents before goods arrive, promote use of electronic payments, and in particular have an expedited lane for quick release of perishable goods, since we export lots of vegetables, flowers, fruit and food items.

The notifications submitted by EAC partner states to WTO were too cautious, again because these are articles or measures that the states are already implementing or have the capacity to implement under the EAC Customs Union or as signatories of the Kyoto Convention on Customs. These are: Article 1: Publication and Availability of Information; Article 2: Opportunity to Comment, Information before entry in force and Consultation; Article 3: Advance Rulings; Article 4: Appeal or Review Procedures: Article 6: Disciplines on Fees and Charges Imposed on or in Connection with Importation and Exportation; Article 7: Release and Clearance of Goods; Article 8: Border Agency Co-operation and Article 10: Formalities Connected with Importation and Exportation and Transit.

With the exception of Rwanda, the rest of the partner states notified very, very cautiously, which does not augur well for the business community.

It is absolutely important for a region that has committed to regional integration and has a working Customs Union and a wider Common Market to ensure that all EAC partner states ratify the WTO trade facilitation agreement, that implementation is co-ordinated and monitored at the regional level to avoid unilateralism and unnecessary costs. Finally the implementation should not be restricted to its provisions only, and not to what countries have notified but should be extended to best practices.

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