

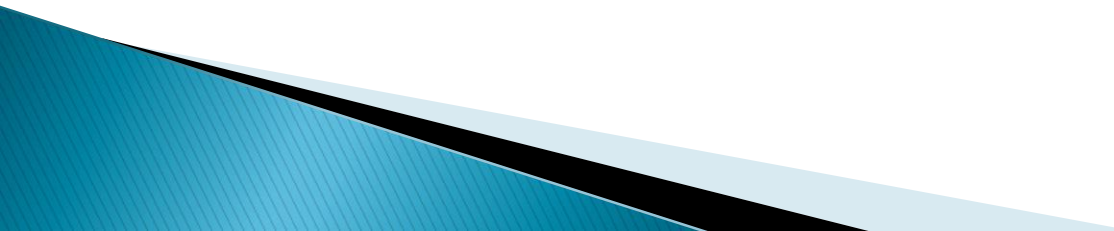
# Accelerating Implementation of Regional Trade and Transport Facilitation Instruments in Africa

G Kitenga & H Nyangweso  
East African Community





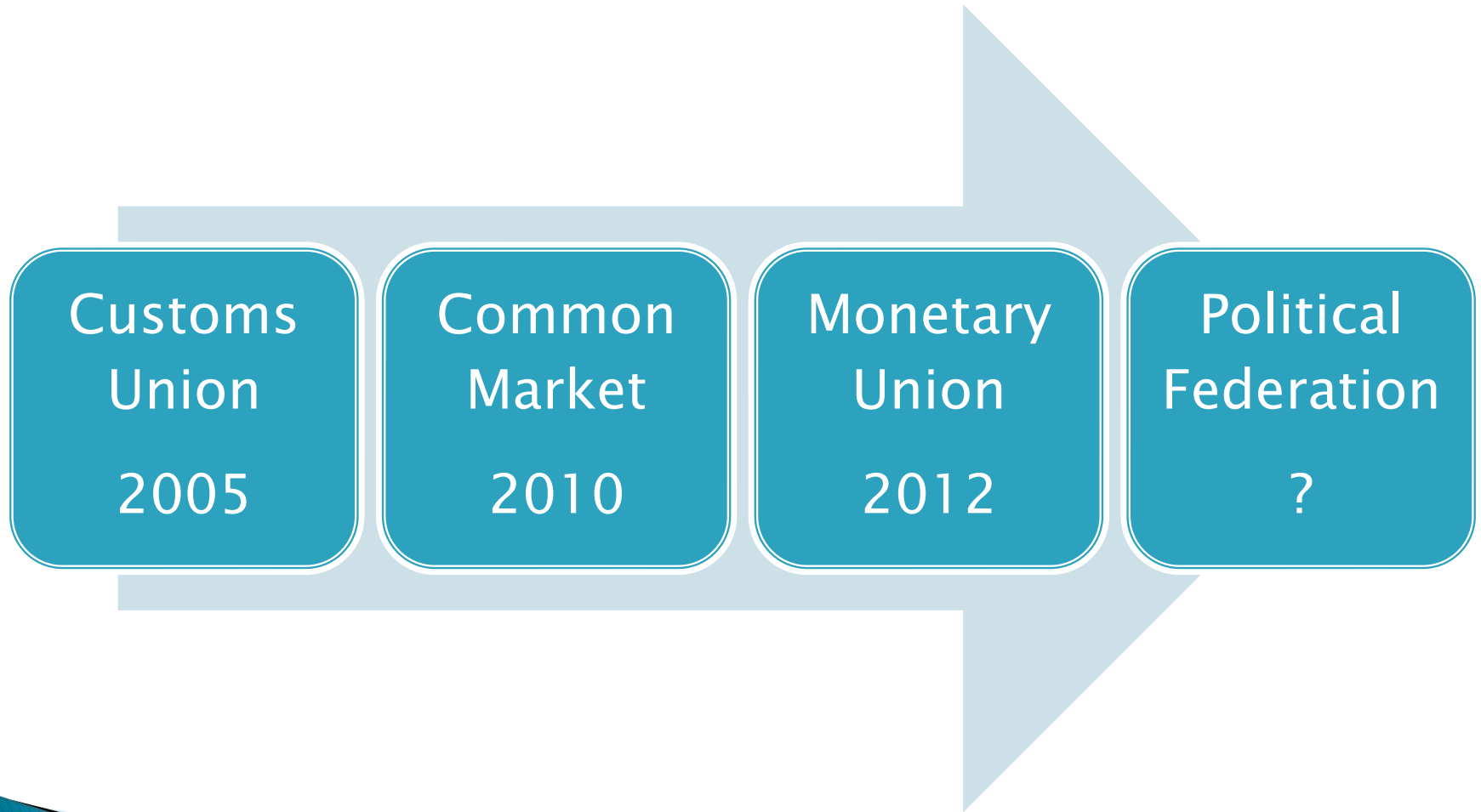
# Scope

1. Introduction to EAC.
  2. Instruments addressing trade facilitation in EAC.
  3. Obstacles to implementation of trade facilitation instruments in EAC.
  4. Strategic interventions to address the challenges
  5. The EATTFP
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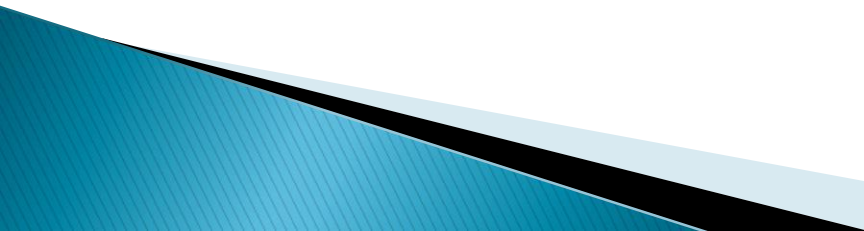
# Once upon a time....

- ▶ 1895: Kenya Uganda Railway
  - ▶ 1917: Customs Union Kenya & Uganda
  - ▶ 1927: Tanganyika Joins the Union
  - ▶ 1948: EA High Commission
  - ▶ 1961: EA Common Services Org.
  - ▶ 1967 : East African Community 1
- but collapsed* in 1997**
- ▶ 1993– 1998: East African cooperation
  - ▶ 1999 East African Community 2
  - ▶ ???– East African political Federation

# Our timebound journey.....



# Objectives of EACCU

1. Further liberalisation of intra–regional trade in goods.
  2. Promotion of efficiency in production within the Community;
  3. Enhancement of domestic, cross–border and foreign investment in the Community;
  4. Promotion of economic development and diversification in industrialisation in the Community; and
  5. Deepening and widening political, social and economic cooperation.
- 

# Its Instruments of trade facilitation are.....

- The Treaty (1999)
- The Customs Union Protocol(2004)
- Customs Management Act (2004)
- Various legal instruments relating to trade in goods e.g. SQMT Act(2008)
- Instruments to addressing supply side constraints e.g. tripartite agreement on road transport (2001)

# The Treaty (Art. 75) established a Customs Union calling for ....

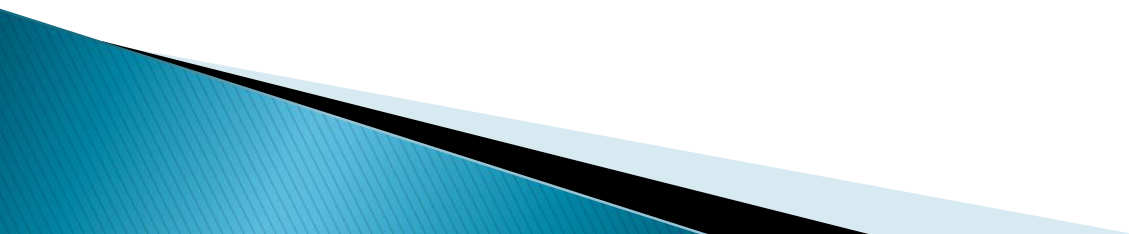
- **Elimination of internal Tariffs and Non Tariff Barriers**
- **Establishment of Common External tariff**
- **Application Common Rules of Origin**
- **Customs cooperation**
- **Simplification and Harmonization of trade documentation**



# The Protocol (Art. 6) calls for Trade Facilitation through .....

- Reduction of number and volume of trade documentation
- Adoption of common standards and documentation
- Coordination of trade facilitation and transport within the community
- Periodic review of procedures
- Dissemination of trade information
- Establishment joint training programs on trade
- Adoption of common external tariff

# success stories



# Elimination of internal tariffs was time bound

## ► Five Year Internal Tariff Elimination

Year	UGANDA	TANZANIA					
	426	146	15	20	516	112	54
2005	10	25	15	10	5	3	2
2006	8	20	12	8	4	2	1
2007	6	15	9	6	3	1	0
2008	4	10	6	4	2	0	0
2009	1	5	3	2	1	0	0
2010	0	0	0	0	0	0	0

# Charges of Equivalent Effect were removed

- Excise duty in excess or not imposed on similar domestic products
- Import commissions
- Suspended duty
- Surcharges
- Import declaration fees

# Intra EAC Trade (USD Million)

	<b>2005</b>	<b>2006</b>	<b>2007</b>	<b>2008</b>
<b>Kenya</b>	890.7	717.7	1,018.40	1,217.60
<b>Uganda</b>	638.7	531.4	675.3	762
<b>Tanzania</b>	317.9	368	279.5	735.8
<b>Total</b>	<b>1,847.30</b>	<b>1,617.10</b>	<b>1,973.20</b>	<b>2,715.40</b>

## FDI Flows into the EAC, 2002 – 2007 (Millions of US Dollars)

REGION/ECONOMY	2002	2003	2004	2005	2006	2007
World	716,128	632,599	648,146	958,697	1,411,018	1,833,324
Developed Economies	547,778	442,157	380,022	611,283	940,861	1,247,635
Developing Economies	155,528	166,337	233,227	316,444	412,990	499,747
Africa	12,994	18,005	18,090	29,459	45,754	52,982
<b>East African Community</b>	<b>692</b>	<b>824</b>	<b>767</b>	<b>984</b>	<b>989</b>	<b>1,763</b>
Burundi	-	-	3	1	-	-
Kenya	52	81	46	21	51	728
Tanzania	430	527	470	568	522	600
Uganda	203	211	237	380	400	368
Rwanda	7	5	11	14	16	67

*Source:* UNCTAD, World Investment Report 2005 and 2008

**Not without Challenges**



# Challenges and interventions

<b>Multiplicity of agencies regulating trade</b>	<b>NTB Monitoring Mechanism</b>
<b>Multiplicity of legal regimes</b>	<b>Rationalization of municipal laws</b>
<b>Skills mix of implementing agencies</b>	<b>Capacity building</b>
<b>Conflict between regional and municipal laws</b>	<b>Approximation of laws</b>
<b>Integrity of implementing agencies</b>	<b>Partner State's integrity Programs</b>
<b>Lack of legal mandate on part of the Secretariat to enforce trade facilitation instruments</b>	<b>Legal and institutional review of Secretariat</b>



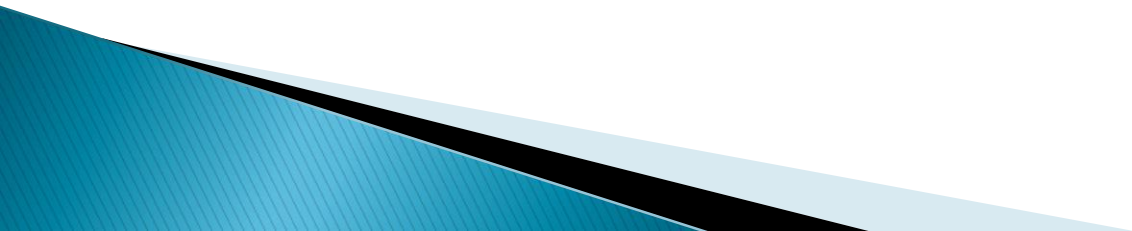
# Challenges and interventions

Different interpretations of regional laws	Development of Customs Curriculum
Complexity of Monitoring Mechanism	Legal and institutional review of MM
Lack of mutual recognition of certificates	Development of EAC Standards
Negative Reciprocity	Operationalization of dispute settlement mechanism
Lack of interface of Customs administrations	Interconnectivity of Customs systems
Multiplicity of procedures	Harmonization of procedures
Absence of joint border operations	One stop border posts
Counterfeit products	Development of Counterfeit law

# Some Statistics from the Region

Indicator	Burundi	Kenya	Rwanda	Tanzania	Uganda	EAC
Docs for export	11	11	14	07	13	8.5
Signatures (export)	29	15	27	10	18	19
Time for export (Days)	67	25	63	30	58	49
Docs for import	19	09	19	13	17	13
Signatures (import)	55	-	46	16	27	30
Time for import (Days)	124	45	92	51	73	61

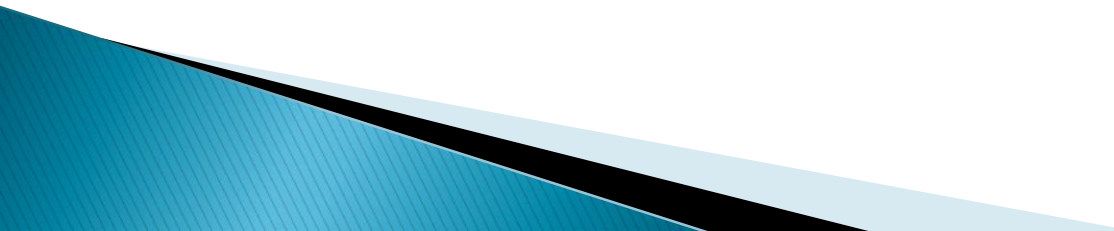
**We dealt with some of them....**



# So far we have.....

- ▶ Adopted single Customs Act and regulations in the Customs Union
  - ▶ Developed and adopted same rules of origin
  - ▶ Developed an NTB monitoring mechanisms in each Partner State
  - ▶ Harmonized standards and agreed on mutual recognition of certificates.
  - ▶ Customs reform and modernization initiatives in Partner States
  - ▶ Adopted Common external Tariff
- 

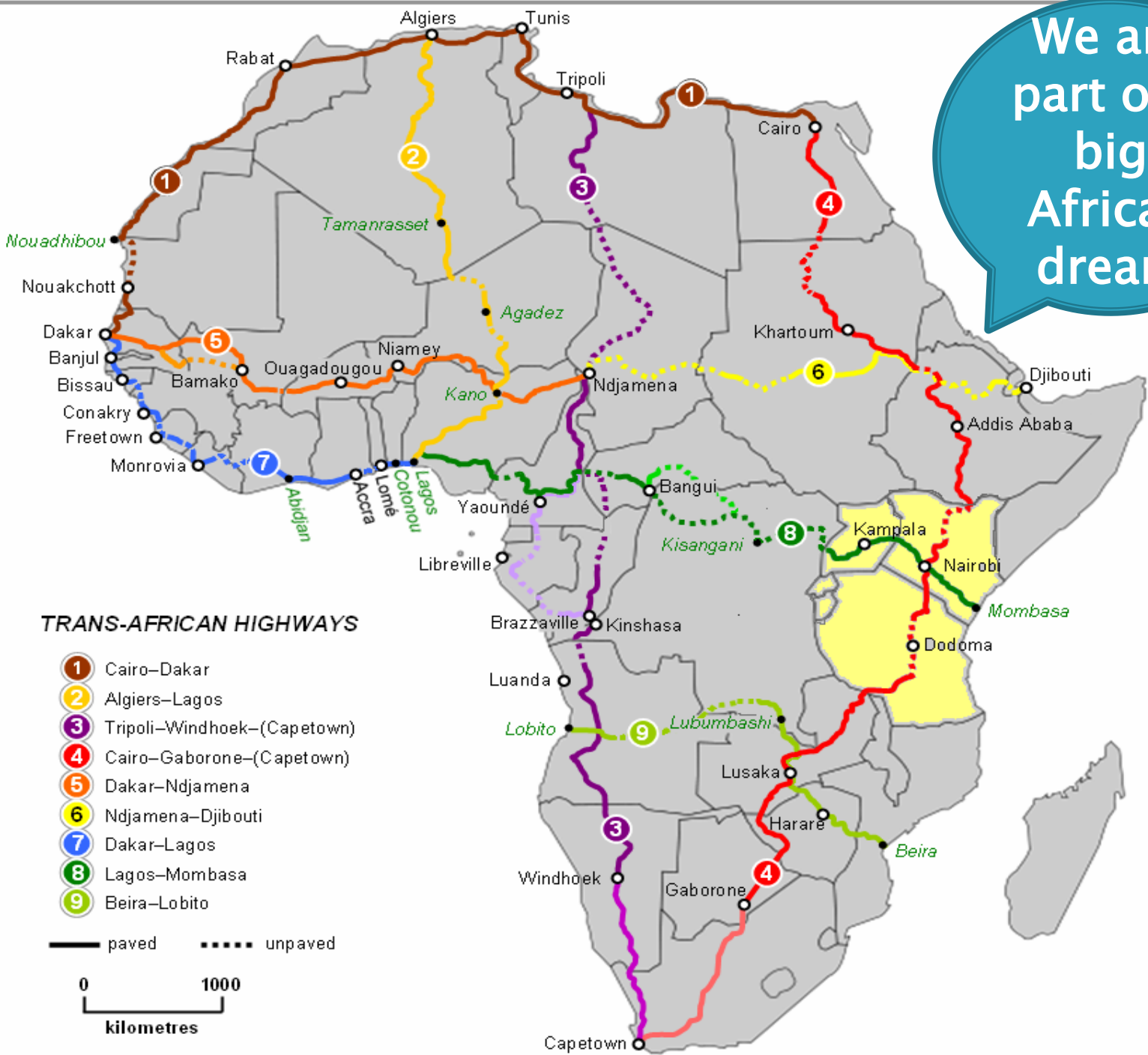
# But we still have a lot of work to do!

- ▶ Harmonization of laws related to trade.
  - ▶ Consolidation of trade facilitation instruments.
  - ▶ Operationalization of dispute settlement Mechanisms.
  - ▶ Harmonization of Customs and non customs procedures.
  - ▶ Development of mechanism for free circulation of goods in the Customs Union.
  - ▶ Implementation of SAFE framework of Standards
  - ▶ Development of a mechanism for collection and accounting for customs revenue.
- 

# Accelerating trade and transport facilitation through infrastructure development

*..... addressing supply side constraints.....*

We are part of a big African dream



# But we have our own challenges

Overloaded bakkie: Tanzania





..... and at considerable cost



TRUCK "GUIDED" BY RUTTING

.... **With devastating consequences**



# Axle Load and Vehicle Load Limits

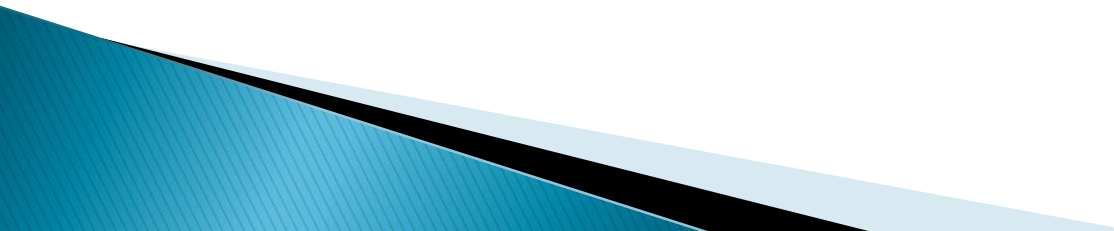
Country	Single Axle (Non-steering)	Two Axle Unit (Tandem)	Three Axle Unit (Tridem)	Gross Vehicle Weight
ANGOLA	10	16	24	38
BOTSWANA	8.2	16.4	24.6	50.2
MALAWI	8.2	16.4	24.6	55
MOZAMBIQUE	10	16	24	38
SOUTH AFRICA	9	18	24	56
TANZANIA	10	18	24	52
ZAMBIA	10	16.3	23	-
ZIMBABWE	8.2	16.4	24.6	55
<b>SADC</b>	<b>10</b>	<b>18</b>	<b>24</b>	<b>56</b>
KENYA	8	16	24	48
<b>COMESA</b>	<b>10</b>	<b>16</b>	<b>24</b>	<b>53</b>

\* GVW in Angola and Mozambique are regarded as “outliers” and are not included in the average

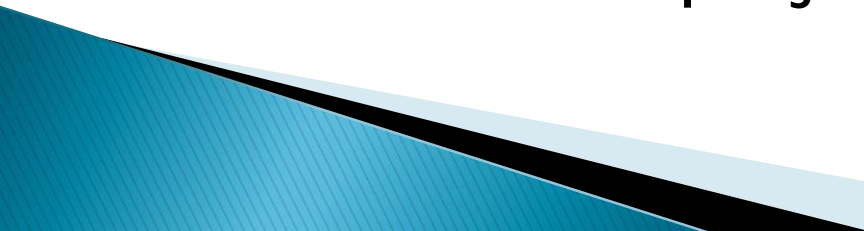
# NTBs in East Africa

- ▶ 45 Identified in various sectors
- ▶ 15 are surface transport related:
  - Delays at the Ports (Mombasa & Dar)
  - Varying application of axle load specifications
  - Excessive number of weighbridges
  - Transit charges not harmonized
  - Lack of electronic cargo tracking
  - Corruption along the transit Corridors
  - Delays at borders

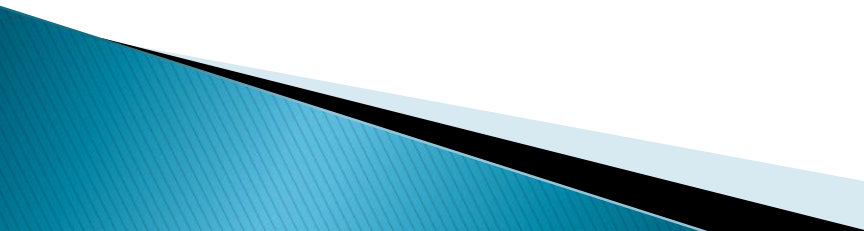
# EAC Treaty Article 89: Common Transport and Comms. strategy

- ▶ Harmonization of standards, procedures
  - ▶ special treatment to landlocked States
  - ▶ security and protection to transport systems
  - ▶ integrate roads, railways, airports, pipelines and harbours
  - ▶ exchange information on technological developments in transport and communications
- 

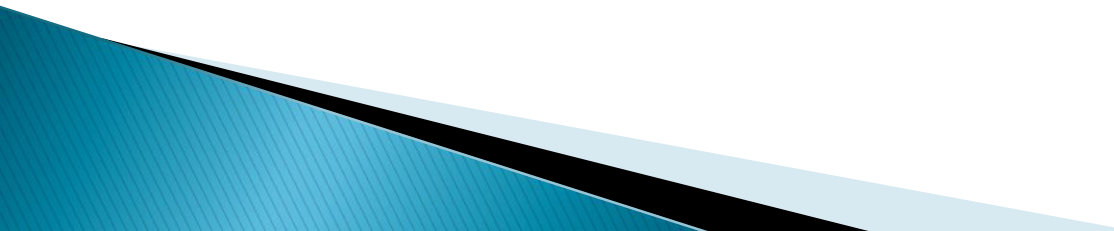
# EAC Article 90: Roads and Road Transport

- ▶ ratify or accede to international conventions on road traffic and road signs
  - ▶ harmonise their traffic laws, regulations and highway codes
  - ▶ adopt common requirements for the insurance of goods and vehicles
  - ▶ adopt and establish common road safety regulations
  - ▶ co-ordinated approach in the implementation of trunk road projects
- 

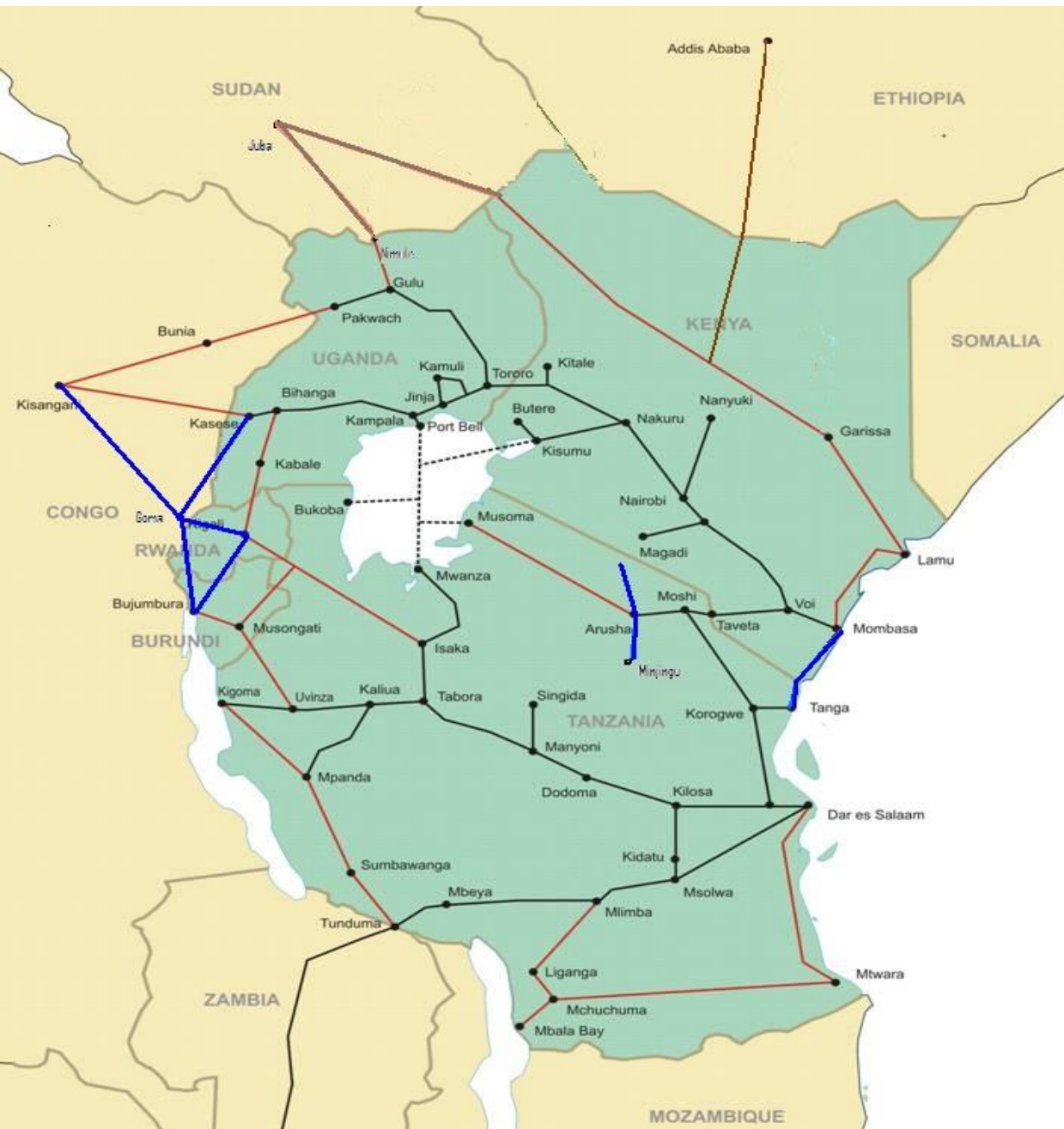
# EAC Article 90: Roads and Road Transport

- ▶ establish common road design and construction standards
  - ▶ harmonize road transit charges
  - ▶ eliminate non-physical barriers to road transport within the Community
  - ▶ External carriers accorded same treatment as local carriers
  - ▶ adopt common rules and regulations governing the dimensions, axle loads
- 

# The Railways Sector

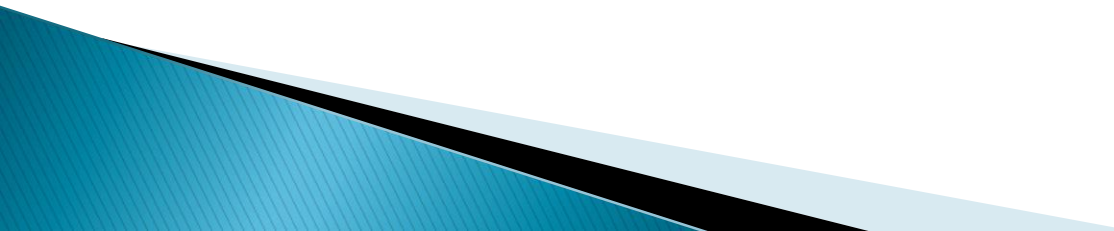
- ▶ Metre gauge network (3,000 km)
  - ▶ Share of only 6% of port cargo
  - ▶ No major Govt. investment
  - ▶ Failed concessions
  - ▶ E A Railways Master Plan proposals at variance with national plans
  - ▶ Proposal to hold a railway conference in February
- 



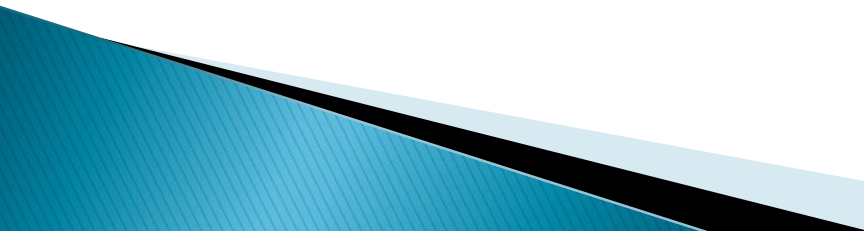


# EAC RAILWAY NETWORK

**Projects and programs to  
address the challenges  
we face**



# The EATTF Project

- ▶ a Project aimed at facilitating transportation and the flow of goods across borders
  - ▶ National components covering Kenya, Uganda, Tanzania and Rwanda, financed through IDA credits and grant; and
  - ▶ Regional components covering EAC and the Northern Corridor Transit Transport Coordinating Authority (NC-TTCA), grant financed through the ADF IX Multinational Window.
- 


# Project objectives with the EAC

- ▶ enhance transport services along key international transport corridors;
- ▶ strengthen trade growth in the region by consolidating the EAC customs union, reducing transit time, non tariff barriers and uncertainty along the region's main logistics chains

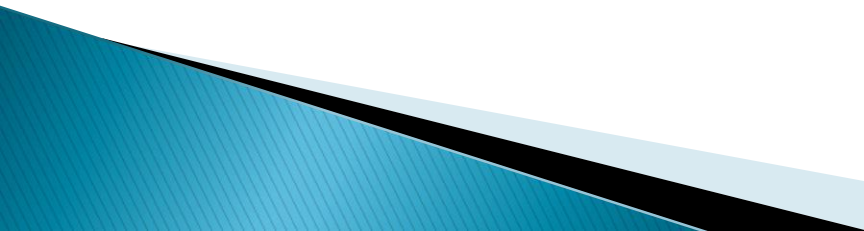
# Infrastructure Project Components

- *EAC Road Transport Sector Development Strategy*
- ▶ Involves preparation of a Regional Road Sector Development Programme for the medium term in line with EAC objectives
- *Transport Facilitation*
- ▶ It will determine the issues that have the most impact on transport facilitation in the region. Key will be the harmonization of standards, procedures, guidelines and policies in the road sub-sector

# Customs and Trade Components

- ▶ EAC Customs Strategy
  - ▶ Interconnectivity of Customs Systems
  - ▶ Development of Customs Procedure manual
  - ▶ Development of Customs Enforcement regulations
  - ▶ Development of Customs Curriculum
  - ▶ Capacity building for staff at Secretariat
  - ▶ Monitoring and Evaluation of the Customs union
  - ▶ Developing a Customs Communication and awareness strategy
- 

# Expected Outcomes

- ❖ Enhanced trade and regional integration thru:
    - Reduction in general transport costs
    - Increased market sizes beyond countries
    - Increased economic outputs
    - Other socio-economic benefits
  - ❖ Increased competitiveness of exports
  - ❖ Increased production and farm gate prices
  - ❖ Contribute to poverty reduction
- 

# EAC shall continue accelerating trade and transport facilitation

.... On trade in services in the Common Market

....On capital in the Monetary Union





**EAC THANKS YOU**