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
Once upon a time....

- 1895: Kenya Uganda Railway
- 1917: Customs Union Kenya & Uganda
- 1927: Tanganyika Joins the Union
- 1948: EA High Commission
- 1967: East African Community 1
  
  *but collapsed* in 1997

- 1999: East African Community 2
- ????– East African political Federation
Our timebound journey.....

- Customs Union: 2005
- Common Market: 2010
- Monetary Union: 2012
- Political Federation: ?
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)
- 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
### Five Year Internal Tariff Elimination

<table>
<thead>
<tr>
<th>Year</th>
<th>UGANDA</th>
<th>TANZANIA</th>
</tr>
</thead>
<tbody>
<tr>
<td></td>
<td>426</td>
<td>146</td>
</tr>
<tr>
<td>2005</td>
<td>10</td>
<td>25</td>
</tr>
<tr>
<td>2006</td>
<td>8</td>
<td>20</td>
</tr>
<tr>
<td>2007</td>
<td>6</td>
<td>15</td>
</tr>
<tr>
<td>2008</td>
<td>4</td>
<td>10</td>
</tr>
<tr>
<td>2009</td>
<td>1</td>
<td>5</td>
</tr>
<tr>
<td>2010</td>
<td>0</td>
<td>0</td>
</tr>
</tbody>
</table>
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
<table>
<thead>
<tr>
<th>Country</th>
<th>2005</th>
<th>2006</th>
<th>2007</th>
<th>2008</th>
</tr>
</thead>
<tbody>
<tr>
<td>Kenya</td>
<td>890.7</td>
<td>717.7</td>
<td>1,018.40</td>
<td>1,217.60</td>
</tr>
<tr>
<td>Uganda</td>
<td>638.7</td>
<td>531.4</td>
<td>675.3</td>
<td>762</td>
</tr>
<tr>
<td>Tanzania</td>
<td>317.9</td>
<td>368</td>
<td>279.5</td>
<td>735.8</td>
</tr>
<tr>
<td>Total</td>
<td>1,847.30</td>
<td>1,617.10</td>
<td>1,973.20</td>
<td>2,715.40</td>
</tr>
</tbody>
</table>
## FDI Flows into the EAC, 2002 – 2007 (Millions of US Dollars)

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

*Source: UNCTAD, World Investment Report 2005 and 2008*
Not without Challenges
### Challenges and interventions

<table>
<thead>
<tr>
<th>Challenges</th>
<th>Interventions</th>
</tr>
</thead>
<tbody>
<tr>
<td>Multiplicity of agencies regulating trade</td>
<td>NTB Monitoring Mechanism</td>
</tr>
<tr>
<td>Multiplicity of legal regimes</td>
<td>Rationalization of municipal laws</td>
</tr>
<tr>
<td>Skills mix of implementing agencies</td>
<td>Capacity building</td>
</tr>
<tr>
<td>Conflict between regional and municipal laws</td>
<td>Approximation of laws</td>
</tr>
<tr>
<td>Integrity of implementing agencies</td>
<td>Partner State’s integrity Programs</td>
</tr>
<tr>
<td>Lack of legal mandate on part of the Secretariat to enforce trade facilitation instruments</td>
<td>Legal and institutional review of Secretariat</td>
</tr>
</tbody>
</table>
## Challenges and interventions

<table>
<thead>
<tr>
<th>Issue</th>
<th>Interventions</th>
</tr>
</thead>
<tbody>
<tr>
<td>Different interpretations of regional laws</td>
<td>Development of Customs Curriculum</td>
</tr>
<tr>
<td>Complexity of Monitoring Mechanism</td>
<td>Legal and institutional review of MM</td>
</tr>
<tr>
<td>Lack of mutual recognition of certificates</td>
<td>Development of EAC Standards</td>
</tr>
<tr>
<td>Negative Reciprocity</td>
<td>Operationalization of dispute settlement mechanism</td>
</tr>
<tr>
<td>Lack of interface of Customs administrations</td>
<td>Interconnectivity of Customs systems</td>
</tr>
<tr>
<td>Multiplicity of procedures</td>
<td>Harmonization of procedures</td>
</tr>
<tr>
<td>Absence of joint border operations</td>
<td>One stop border posts</td>
</tr>
<tr>
<td>Counterfeit products</td>
<td>Development of Counterfeit law</td>
</tr>
</tbody>
</table>
### Some Statistics from the Region

<table>
<thead>
<tr>
<th>Indicator</th>
<th>Burundi</th>
<th>Kenya</th>
<th>Rwanda</th>
<th>Tanzania</th>
<th>Uganda</th>
<th>EAC</th>
</tr>
</thead>
<tbody>
<tr>
<td>Docs for export</td>
<td>11</td>
<td>11</td>
<td>14</td>
<td>07</td>
<td>13</td>
<td>8.5</td>
</tr>
<tr>
<td>Signatures (export)</td>
<td>29</td>
<td>15</td>
<td>27</td>
<td>10</td>
<td>18</td>
<td>19</td>
</tr>
<tr>
<td>Time for export (Days)</td>
<td>67</td>
<td>25</td>
<td>63</td>
<td>30</td>
<td>58</td>
<td>49</td>
</tr>
<tr>
<td>Docs for import</td>
<td>19</td>
<td>09</td>
<td>19</td>
<td>13</td>
<td>17</td>
<td>13</td>
</tr>
<tr>
<td>Signatures (import)</td>
<td>55</td>
<td>–</td>
<td>46</td>
<td>16</td>
<td>27</td>
<td>30</td>
</tr>
<tr>
<td>Time for import (Days)</td>
<td>124</td>
<td>45</td>
<td>92</td>
<td>51</td>
<td>73</td>
<td>61</td>
</tr>
</tbody>
</table>
We dealt with some of them....
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
and at considerable cost

TRUCK “GUIDED” BY RUTTING
... With devastating consequences
## Axle Load and Vehicle Load Limits

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

* 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