EALA Passes Key Report on Single Customs Territory

East African Legislative Assembly, Bujumbura, Burundi; March 25, 2015: EALA has debated and adopted a key committee report on the Single Customs Territory.

The report of the Committee on Communication, Trade and Investment on oversight activity of the EAC Single Customs Territory (SCT) was presented by the Committee’s Chairperson, Hon Mukasa Mbidde.

The report urges EALA to come up with pieces of legislations that support the implementation of SCT including those enhancing health and education insurances, immigrations, and vehicle registration for staff working in different Partner States.

The report further wants the roll-out of more products to be integrated under the Single Customs Territory arrangement. To do so, the Assembly is calling for the finalization of the utilization of the Single Regional Customs Bond by EAC Secretariat.

The Report also urges Revenue Authorities to streamline the process of granting rights of access to information to the Clearance & Forwarding agents. The report followed an on-spot assessment undertaken at the Tanzania Ports Authority (TPA) and the Tanzania Revenue Authority (TRA) on September 29th 2014 to October 2, 2014 to engage ports and customs authority and the freight forwarders Association.

The objectives of the on-spot assessment were to: - understand the state of play for the operationalisation of the Single Custom Territory, analyse operations and processes involved in the implementation of the EAC Single Customs Territory and to recommend solutions to the fears and challenges faced.

The Committee was informed that Standard Operating Procedures covering most of the key customs procedures and control mechanisms were developed and tested. “In terms of Customs Systems Interconnectivity, Tanzania’s ASYCUDA++ was interfaced with ASYCUDA world of Rwanda, Uganda and Burundi and Simba system of Kenya, to allow piloting of SCT that commenced in June 2014”, a section of the report says.

The United Republic of Tanzania has commenced on piloting the SCT with the Partner States. SCT piloting with Rwanda, the report states, commenced in June 2014 with the wheat grains and petroleum products. The piloting with Uganda has since August 2014 seen petroleum products, rice, cotton seed cakes and fertilizers discharged and cleared at Dar es Salaam port.

Laundry soap, cooking oil and galvanized pipes were discharged in Dar es Salaam from Kenya under the SCT while in Burundi, the following products were piloted; wheat, beer malt, phosphorous acid, silicon dioxide and cement.

Under the SCT arrangement, the EAC Partner 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 for 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.

The SCT according to the report is not without challenges. Such include Information Technology interconnectivity challenges and non-compatibility and difficulties in data sharing under different electronic cargo tracking systems by Partner States. The absence of the EAC regional removable bond to facilitate clearance of goods to warehouse and exempted goods is also an impediment.

At the same time, the report suggests the non-implementation of the Common Market Protocol with the un-harmonized work permit requirements in the EAC as a major hindrance for business people to operate in any country.

During debate, Hon Bernard Mulengani said the passage of the Non-Tariff Barriers Bill, 2015, shall enable the region to curb some of the challenges faced by traders in the region.

I urge the Council to put in place a uniform policy that has clear processes to enable sanctions to be applicable to Partner States not complying to the instituted legal frameworks”, Hon Mulengani said.

Hon Mike Sebalu called for sensitization amongst the business community.

“We need to remove the fears arising out of lack of awareness. What we need as a region is quality products, lower costs of doing business and competitiveness to spur benefits to the citizens of the region”, the legislator said.

Hon Christophe Bazivamo, Hon Dora Byamukama and Hon Celestine Kabahizi also supported the report. The Chair of Council of Ministers, Dr. Abdulla Saadalla Abdulla, said the Community would immediately pick up on the matter of harmonizing work permits in line with the annex of the protocol on the Common Market.

He noted that Partner States were finalizing the issue of e-passports which would be available. He noted that tax collection would be done at the point of entry. “Already, the customs officers are posted at the ports to assist the process”, Hon Dr. Abdulla said.

Analysts term the Single Customs Territory, as a positive measure in the quest to enhance trade. It is envisaged that application of the Single Customs Territory (SCT) shall reduce cargo clearing costs by half, since the transit bond fees along the corridor would be scrapped. The move shall definitely enhance trade thus enhance sustainable economic growth to propel the region into a middle income status in the next decade.
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