ACKNOWLEDGEMENTS

The Secretariat of the East African Business Council would like to acknowledge and appreciate the support of our partners, EABC National Focal Points and Sector associations who form the EABC Technical Advocacy Coordination Team (TACT) who have taken time to provide guidance and input to develop this Regional Policy Advocacy Agenda and to refine the document. We wish to extend special thanks to the Federation of German Industries (BDI) for providing the financial and technical support for this work. The EABC Chairman, Vice Chairs and Board of Directors, particularly the EABC Policy Advocacy Committee of the Board have been instrumental in providing leadership and strategic oversight to the selection of priority areas for policy reforms and expedited implementation to ensure a conducive business environment in the EAC Region.

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FOREWORD FROM THE CHAIRMAN

This publication of the third EABC Policy Advocacy Agenda 2018/19 happens as EABC marks its 20th Anniversary celebrating 20 years of existence in leading the EAC Private Sector towards advocating for a favourable business environment in the EAC integration process. It therefore marks another milestone for EABC in its efforts to represent business interests in the EAC integration process.

The Agenda represents critical issues from a wide range of stakeholders who would like Policy makers to address them in a bid to enable private sector in the region to take advantage of the benefits presented by EAC integration through three stages which are; Customs Union, Common Market and Monetary Union.

The Agenda highlights key challenges private sector faces in relation to EAC integration which in turn prevents them from fully exploiting opportunities provided by the integration process. It provides a platform for stakeholders to interrogate the challenges as well as policy recommendations to address the identified challenges.

Though EAC has registered notable achievements in the EAC integration process, various findings show that there is a lot required to improve the business environment in the region. For two consecutive years total trade in the EAC has continued to fall as it registered a decline of 19.5% to USD 44.6 billion in 2016 from USD55.4 billion in 2015 according to the EAC Trade and Investment Report 2016. The region has also been registering very low inflow of Foreign Direct Investment (FDI). Total FDI into the region amounted to USD 6.7 billion in 2016 and has averaged about USD 6.9 billion over the last three years and mainly concentrated in the extractive sector which does not provide much in terms of employment and support to EAC economies. Despite the aforementioned challenges, EAC remains among the most attractive investment destinations due to its comparative advantages and commitment from EAC Partner States to continue with the reform process and commitment to EAC integration process. The fact that EAC has a population of about 168.2 million people with a combined GDP of USD 155.2 billion is promising if we actualized an EAC single market. Some of the areas the EAC Partner States need to focus on in order to improve the business environment include: Further development of the regional infrastructure and review of the legal and institutional framework for trade and investment. This will definitely lower the cost of doing business in the region and enhance trade and attract more investments. However, for these efforts to enable East Africans to achieve full potential presented by EAC integration process, EAC as a region need to concertedly address the following challenges exhibited in the integration process. These challenges include but not limited to; persistent Non-Tariff Barriers (NTBs); non implementation of the commitments in the Customs Union and Common Market Protocols such as free movement of goods, capital, services and labour across EAC Partner States. These call for EAC Partner States to undertake legal and regulatory reforms in order to comply with EAC Customs Union and Common Market Protocols. It is my expectation that the EAC Partner States based on the principle of having an integration which is people centered and market driven co-operation will heed a call from EAC private sector and adopt recommendations presented in this Agenda in order to promote sustainable private sector-driven growth. This in turn will enable private sector to contribute effectively in the integration process through wealth and job creation and ultimately improving living standards of East Africans.

Jim Mwine Kabeho,

Chairman

MESSAGE FROM THE EXECUTIVE DIRECTOR

On behalf of the management and staff of East African Business Council (EABC), I would like to welcome you to this edition of the EABC Policy Advocacy Agenda 2018/19. As EABC, we are committed to supporting the EAC regional integration through advocating for a conducive business environment. This is very much in line with our Vision of having a Borderless East Africa for business and investment based on the argument that for East Africans to fully take advantage of the EAC integration there is need for Partner States to implement the agreed commitments and decisions in the first three pillars of integration which are Customs Union, Common Market and Monetary Union. This calls for a strong political will among EAC Partner States in undertaking reforms which will result into a well functioning economic integration.

In line with EABC's Strategic Plan 2018-2022, the EABC Policy Advocacy Agenda 2018/19 is advocating for policy changes in the region which will enable private sector to play its critical role of steering economic growth in the region. As usual, the Agenda outlines areas and issues that stifle competitiveness of private sector and hence frustrate trade and investment in our region. Identified issues have been raised through our membership, National Focal Points and the various private sector consultative meetings held across the EAC region. Our issues are in line with EAC integration journey in the three stages of Customs Union, Common Market and Monetary Union and can be categorized as cross cutting or sectoral policy issues.

Aiming at convincing Partner States to implement commitments under the Customs Union and Common Market Protocols, the Agenda highlights some gaps exhibited in these two stages of integration and proposes recommendations to address the challenges to enable businesses optimize their operations in the region. Some of the challenges identified include: non-uniform application of EAC Common External Tariff (CET); low EAC CET which cannot sufficiently safeguard local industries; un-harmonized standards and technical regulations; disagreement on domestic access threshold for Export Processing Zones (EPZ); proliferation of counterfeits and illicit trade; unharmonized domestic taxes regime; lack of regional local content policy; high cost of telecommunications; high cost of air transport services, unliberalized trade in services; cumbersome trade facilitation regime; and restrictions on movement of workers. In addition, the Agenda also highlights challenges in various specific sectors such as agriculture; manufacturing; tourism; health; pharmaceuticals; cotton and textile; leather; iron and steel; transport; motor vehicle and motorcycle industry.

The Policy Advocacy Agenda proposes clear recommendations to policy makers with the aim of addressing the identified challenges. We strongly urge the Partner States to implement the recommendations in order to create a more conducive business environment that will create win-win situations between public and private sector in the region. The Policy Advocacy Agenda take into consideration that all EAC Partner States are categorically determined to transform their respective economies into middle income status in the near future. To achieve this, EAC region has to undertake economic transformation touching all sectors but more importantly the industrial sector. While the role of the Government has been to facilitate conducive business environment for economic growth and development, private sector has to play a central role in creating wealth for the people.

Lilian Awinja
Executive Director

1.0 INTRODUCTION

The East African Business Council (EABC) is the umbrella organization for the Private Sector in East Africa whose main mandate is to represent and promote the interests of the businesses in the EAC integration process with the aim of improving the business environment in the region. To achieve this mission EABC works closely with the EAC organs and institutions EAC Partner States, other Regional Economic Communities and Development Partners.

EABC's vision is to have a Borderless East Africa for business and investment while it's mission is to promote sustainable private sector-driven growth. Based on EABC vision and mission, the EABC has put in place a Strategic Plan which aims at guiding the operations of EABC for a period of five (5) years from 2018 to 2022.

The EABC Strategic Plan 2018-20122 has five strategic pillars which outline what EABC is intending to achieve for the period of five years. These pillars are: (i) Business Environment (ii) Organization Health (iii) Development of Strategic Networks (iv) Community Engagement (V) Membership Development

Through the Business Environment Pillar, EABC envisages engaging with all levels of governments to support and enable future growth of an inclusive private sector in the EAC region. One of the priority areas under this pillar is advocating for policy and legislation that promote the growth and sustainability of private sector. This is expected to be achieved through evidence based and strong advocacy towards the full implementation of EAC agreed commitments and decisions contained in the three protocols which are: EAC Customs Union, Common Market and Monetary Union Protocols as well as effective participation and representation of the private sector in the on-going negotiations between EAC and third parties.

In achieving the objectives of the Business Environment Pillar EABC develops Annual Policy Advocacy Agenda comprising private sector's recommendations in driving policy changes at the regional level for the respective year. As EABC celebrates 20 years (1997 to 2018) of advocacy for the private sector in East Africa, the Secretariat in collaboration with key stakeholders has prepared EABC Policy Advocacy Agenda 2018/19 geared towards influencing policy reforms to create a conducive business environment that will make the region more competitive and lead to increased intra EAC trade and investment.

KEY PRIORITY REGIONAL ISSUES

2.0 IMPLEMENTATION OF THE EAC CUSTOMS UNION PROTOCOL

2.1 COMPREHENSIVE REVIEW OF THE EAC COMMON EXTERNAL TARIFF (CET)

One of the key instruments of the EAC Customs Union Protocol is EAC Common External Tariff (CET). EAC CET is a very important annex of EAC Customs Union Protocol as it reflects the tariff structure between EAC Partner States and the Rest of the World (RoW) with regard to import duty charged on imported products into the Community. The EAC CET is structured under three bands of 25% for finished goods, 10% for intermediate goods and 0% for raw materials and capital goods. In addition there are a limited number of products under the sensitive list that attract rates above the maximum rate of 25% which range between 35% to 100%.

The EAC CET was last reviewed in 2010 and the three band rate structure was maintained. However, each year EAC Partner States through Pre-Budget Consultations of the EAC Ministers of Finance have been undertaking annual reviews on specific products. These annual reviews have been manifested with either increase or decrease of duty rates of specific products based on their availability in the region. Main challenges regarding these reviews have been on how to strike a delicate balance between several conflicting interests ranging from revenue considerations, support for infant industries; affordability, high quality and sufficient availability of inputs to allow for competitive upstream industries as well as sufficient supply of high quality products at affordable prices for consumers. The annual reviews have also been clouded with EAC Partner States requesting for stays of application of the EAC CET and applying different rates and a number of applications of duty remissions. This has resulted into non-uniform application of EAC CET by EAC Partner States.

The implementation of the EAC CET commenced in 2005 after coming into force of the EAC Customs Union Protocol. For the last 12 years of implementation of the EAC CET it has been evident that the EAC CET needs a comprehensive review with a view to align the existing tariff structure and rates with dynamic global trade changes and regional trade environment; Eliminate the use of stays of application of EAC CET by EAC Partner States, minimize list of products falling under duty remission scheme, address degree of processing and match applicable rates with supply capacity within the region.

In the years 2013, 2014 and 2015 EABC continuously advocated for uniform application of the EAC CET and for Partner States to stop requesting for stays of application of EAC CET rate.

Eventually EAC Partner States heeded to this call and the Sectoral Council on Trade, Industry, Finance and Investment (SCTIFI) in February and May 2016 directed the EAC Secretariat to undertake a Comprehensive review of EAC CET within a period of one year. EABC welcomed this noble move which after implementation will ensure uniform application of EAC CET by all EAC Partner Sates that will create a level playing field in the region and spur further industrialization of the region as manufacturers will source more inputs and products within the region.

It should also be noted that since 2012, there has been several developments in the industrial sector in the region and these range from infrastructure developments (energy, roads, railway telecommunication), capacity development, investment and backward and forward integration among others. These developments have reached a level where the current EAC CET can no longer effectively support the industrial sector hence the need for a comprehensive review.
(energy, roads, railway telecommunication), capacity development, investment and backward and forward integration among others. These developments have reached a level where the current EAC CET can no longer effectively support the industrial sector hence the need for a comprehensive review.

EABC in collaboration with East African Manufacturers Associations (AIB, KAM, CTI, RAM & UMA) therefore recommend: -

1. **Partner States to consider replacing the existing three-band tariff structure for CET with a four-band tariff structure to address various degrees of processing and encourage backward and forward value addition in the manufacturing sector;**
2. **Introduction of Specific Duty as an alternative to the ad valorem (percentage) duty rate for products prone to undervaluation, subsidy, dumping and world price fluctuations;**
3. **Amendment of EAC Customs Management Act to remove blanket exemptions of EAC CET for Government projects to encourage local sourcing;**
4. **Do away with Stays of Application of EAC CET and where necessary rely on duty remission scheme which is more regulated and manageable than stay of application which is free for all importers;**
5. **Limit Duty Remission to only products whose supply capacities cannot satisfy the demand of the regional market;**
6. **Set up an independent Regional Board to scrutinize and approve requests of Exemption and Duty Remission;**
7. **The EAC Region's un-exploited production potential and possibility for enhancing intra-EAC Trade for the affected commodities should be considered as a fundamental determinant in the comprehensive CET review, especially for products under the EAC sensitive list.**

2.2 EAC COMMON EXTERNAL TARIFF ON SUGAR FOR INDUSTRIAL USE (HS CODES 1701.99.10)

During the EAC Pre-Budget Consultations of Ministers of Finance Meeting which was held in Arusha in May 2016, EAC Partner States agreed among other things to reduce the remitted level of sugar for industrial use (HS Code 1701.99.10) from 90% to 75% over period of three years. This decision was effected through the EAC Gazette No 5 of 30th June 2016 (Legal Notice No EAC/32/2016) where Partner States agreed two main areas:
(a) Reduce the remitted level of sugar for industrial use (HS Code 1701.99.10) progressively as follows: (i) 2016/2017: 85% and apply import duty of 15% (ii) 2017/2018: 80% and apply import duty rate of 20% (iii) 2018/2019: 75% and apply import duty rate of 25%; and
(b) Burundi, Kenya Tanzania and Uganda to start implementation of remitted levels in 2017/2018.

However, within the same Gazette Rwanda and Burundi have approved remission of duty at rate of 0% instead of 10% on sugar for industrial use (HS Code 1701.99.10) for period of one year while the other countries Kenya, Uganda, and Tanzania through EAC Gazette No 6 of 2016 had approved manufacturers and quantities of sugar for industrial use (HS Code 1701.99.10) at duty rate of 10% for period of twelve months. In addition, through EAC Gazette No 5 of 2016 Kenya was granted duty remission on raw sugar at duty rate of 0% for one year, on condition that the sugar for industrial use produced shall be sold to manufacturers in the region except for those in Tanzania with a condition that in the event the finished products are sold in the Customs -Territory (EAC) such goods shall attract duties, levies and other charges provided in the EAC Common External Tariff (CET).

Challenges Posed by the Decision to Reduce Remission levels on Sugar for Industrial use

Following this decision to reduce duty remission levels on sugar for industrial use from 90% to 75%, EABC received several complaints from users of sugar of industrial use across the EAC Partner States mainly from food, beverage and pharmaceuticals companies. Their main complaints included: **inadequate consultations of the main stakeholders in the sugar sector especially users of refined sugar; lack of refined sugar local capacity; insufficient production of brown sugar (direct consumption) by regional sugar millers and likely collapsing of food and beverage manufacturers due to competition of finished products from outside the EAC** if the decision is applied.

In order to resolve the issue, EABC convened a Regional Sugar Stakeholders Meeting where Sugar Producers and Users of Sugar for Industrial Use from across the EAC Partner States met and discussed the matter. After thorough discussions both sides failed to agree:-

- Sugar producers led by East Africa Sugar Industry Association (EASIA) maintained that the decision should be upheld because the increase in duty chargeable on refined will protect the local sugar producers (millers) and act as an incentive for more investment in the production of sugar.
- On other side the users of sugar for industrial use were of the view that the decision should not be implemented until EAC Partner States have not only sufficient brown sugar but surplus viable to produce refined sugar which can competitively meet demand of the users of sugar for industrial use in terms of required quantity, quality and competitive price. The users of sugar for industrial use maintained that the decision to increase import duty will significantly affect negatively their businesses since refined sugar forms parts of its key raw material.

It was agreed that EABC should continue engaging the two main stakeholders –Users of Industrial Sugar and Sugar Producers (millers) with the aim of having a harmonized position on the matter. It was further agreed that EABC position should be informed by statistics on production and consumption of both brown sugar and sugar for industrial use in the EAC region.

In order to submit to EAC Policy Makers a harmonized position on Sugar for Industrial use, EABC continued to engage its members from both sectors:- users of sugar for industrial use and producers of sugar in the region. According to the submitted data its only Uganda which has a surplus of the production of the brown sugar with about 20,000 Metric tonnes while the other 4 - EAC Partner States – Kenya, Tanzania, Rwanda and Burundi and newly admitted South Sudan face a deficit of brown sugar.

In terms of sugar for industrial use (refined sugar) the data is very alarming as it was established that currently in the region there is only one factory –KIBOS Sugar & Allied which has capacity to produce 150,000 metric tonnes of refined sugar. However, the demand for sugar for industrial use stands at over 400, 000 MT per annum. This implies that KIBOS investment in refinery cannot even meet the demand of Kenya which stands at over 170,000MT per year. In addition, since KIBOS Sugar & Allied is getting brown sugar at imported duty rate of 0%.The finished products produced from refined sugar from KIBOS **CANNOT access EAC regional market** under preferential community tariff (0% import duty) since they are supposed to attract duties, levies and other charges provided in the EAC Common External Tariff (CET) following the EAC Council decision and the EAC Gazette No. 5 of2016.

Production/Consumption of Brown Sugar (direct consumption) 2016

S/N	Production/consumption	KENYA	UGANDA	TANZANIA	TOTAL
1	Production of Brown/MT	632,000	389,005	317,005	1,338,005
2	Consumption of Brown/MT	72,000	370,000	480,000	1,570,000
3	**Surplus/Deficit**	-88,000	+19,000	-162,995	-231,995

Production/Consumption of (refined/white Sugar) Sugar for Industrial Uses (*Hs Code 1701.99.10*) 2016

S/N	Production/Consumption	KENYA	UGANDA	TANZANIA	TOTAL
1	Production of refined/white sugar/MT	0	0	0	0
2	Consumption of refined/ white sugar/MT	170,820	73,750	139,545	384,115
3	**Surplus/Deficit**	-170,820	-73,750	-139,545	-384,115

EABC therefore recommends the following;

1. Strongly request all EAC Partner States to uniformly maintain the 10% import duty rate on Sugar for Industrial Use (HS Code 1701.99.10) to all approved manufacturers across EAC Partner States.

2. All approved manufacturers allowed to import sugar for industrial use (HS Code 1701.99.10) should be treated uniformly across the EAC by paying the 10% Import Duty unlike in the recent past where some Partner States have introduced an extra duty in addition to agreed EAC CET rate.

3.EAC Partner States to give a time frame of 3 years for the 10% duty to be applied on Sugar for Industrial use to allow producers of Sugar to set up the necessary infrastructure to produce Sugar for Industrial use locally. At the end of 3 years a review to be carried out to establish the level of capacity development to meet the regional demand and make a decision on the way forward.

4. Users of Sugar for Industrial use should be tasked to buy all sugar for industrial use produced locally as long as it meets the quality required.

5. EAC Partner States should conduct a detailed analysis on impact of increasing import duty on refined sugar to EAC manufacturers before the end of the 3 year period, to allow for informed decision on the same.

6. EAC Partner States should devote their efforts in enhancing production of the brown sugar to make sure that local millers can produce surplus and ensure that direct consumption of sugar imported as a result of the deficit is tightly managed and, if possible, the sugar producers through their organization the East African Sugar Industry Association is involved in the process.

7. EAC Partner States should put in place mechanisms to ensure that imported sugar for industrial use (HS Codes 1701.99.10) is only imported and used by approved manufacturers who are gazetted under EAC Gazette and imported sugar for industrial use should not find its way on to the direct consumption market to compete with locally produced brown sugar.

2.3 ELIMINATION OF NON TARIFF BARRIERS (NTBs)

Non-Tariff Barriers (NTBs) are still a major concern for the business community in the EAC region as they add to their transaction costs and thus contribute to low intra-regional trade volumes. Various studies have established NTBs as one of the key factors contributing to the decline of Intra EAC Trade and Investment. Most of the NTBs are undermining the free movement of goods and services as enshrined in the EAC Customs Union and Common Market Protocols.

EABC recommends to the EAC Partner States:-

1. Transit cargo, trucks should only weigh twice ie at the point entry and exit;
2. Introduction of weigh-in-motion in the all Regional Trunk Network to check/enforce the compliance of vehicle load control measures;
3. There should be interconnectivity between weigh bridges within and across EAC territories;
4. Increase transparency relating to operation of weighbridges;
5. Expeditiously finalize Regulations to Implement EAC Load Control Act leading to harmonisation of load control measures in the EAC region;
6. Adopt Regional (EAC) Electronic Cargo Tracking System (ECTS) for all EAC Partner States;
7. EAC Partner States should use a single seal for transit cargo trucks along Northern and Central Corridors.
8. Expeditiously finalize development of a framework for the Regional EAC Customs Bond;
9. Reduce the number of roadblocks and the necessary ones should be located at the same place as weighbridges;
10. Develop a regional Technical Regulations Framework especially on food items;
11. EAC Regulations on Elimination of NTBs should provide an Alternative Dispute Resolution (ADR) Mechanism with clear time frames for elimination of NTBs.
12. The NTB law should expeditiously be amended to address the key issues that have been identified by the Private sector

2.4 IMPLEMENTATION OF WTO TRADE FACILITATION AGREEMENT (TFA)

The World Trade Facilitation Agreement (TFA) came into force in February 2017 after the mandatory two thirds of the WTO members ratified and notified its acceptance. The objective of the TFA is to lower trade barriers around the world, and thus facilitate increased global trade. The TFA covers a scope of key trade and customs areas under 14 articles. The successful implementation of the TFA is set to benefit the private sector through reduction of transaction costs by cutting red tape, improving transparency, simplifying and streamlining customs procedures for export, import and transit businesses.

While Kenya and Rwanda were among the first WTO members to ratify the TFA which enabled it come into force, the other 4 EAC Partner States have not ratified. All EAC Partner States have however notified their Category “A” measures to the WTO. Under WTO TFA, the Category “A” Measures or Commitments stands for provisions or measures that a developing country or LDC would self-designate for implementation after entry into force of the Agreement. These are trade facilitating measures that a Member already implements, or have the capacity to implement. Category B Commitments are provisions that a developing country or LDC designated for implementation on a date after transitional period of time following the entry into force of the Agreement. Category C Commitments are those provisions that a developing country or LDC designated for implementation on a date after a transitional period and the acquisition of the implementation capacity through provisions of technical assistance as well as support for capacity building.

Though there have been efforts to persuade EAC Partner States to converge as much as possible with regards to Notification on Category Measures, the EAC Partner States were in convergence on only four measures. These measures are: Article 1.4 Notification; Article 5.2 Detention; Article 9 Movement of goods under customs control and Article 10.5.1 on Pre-shipment inspection. Otherwise, each EAC Partner State notified differently with Rwanda for instance notifying 18 measures while Kenya and Tanzania became very cautious by notifying only six measures.
In reviewing the TFA and assessment of EAC Partner States implementation of Customs Union, Common Market and more importantly operationalization of Single Customs Territory which started on 1st January 2014, EABC is convinced that at least the EAC Partner States can uniformly implement 8 measures under the TFA. These measures are trade facilitating measures that EAC Partner States have capacity to implement or are already implementing under the EAC Customs Union protocol or as signatories of theKyoto Convention on Customs (International Convention on Simplification and Harmonization of Customs Procedures) or as members of the World Customs Organization (WCO).The eight (8) measures are: Article 1 on Publication and Availability of Information; Article 2: opportunities to Comment, Information before entry in force and Consultation; Article 3: Advance Rulings; Article 4: Appeal or Review Procedures: Article 6: Discipline on Fees and Charges Imposed on or in Connection with Importation and Exportation; Article 7: Release and Clearance of Goods; Article 8: Border Agency Cooperation and Article 10:Formalities connected with importation, exportation and transit.

EABC therefore recommends the following:

1. **All EAC Partner States should expeditiously ratify the WTO TFA as they are the main beneficiaries of the Agreement;**
2. **EAC Partner States should amend their EAC trade and customs legal instruments including East African Customs Management Act to align them with the WTO TFA;**
3. **The purpose of fees and charges in EAC should be reviewed to ensure it complies with the provisions of the WTO TFA;**
4. **TFA implementation should be coordinated and monitored at the regional level in order to enhance collaboration under EAC, share and initiate practical measures including administrative or standard practices for implementing the WTO TFA;**
5. **EAC Partner States should implement WTO TFA measures beyond what was notified by EAC Partner States;**
6. **The implementation of WTO Trade Facilitation Agreement (TFA) should not be restricted to its provisions only but extended to international best practices.**

2.5 HARMONISATION OF STANDARDS AND TECHNICAL REGULATIONS

The region has few harmonized regional standards, lengthy harmonization process as well as low adoption rate of harmonized regional standards coupled with varying frameworks of technical regulations across the Partner States. This has led to standards related Non-Tariff Barriers (NTBs) such as costly and time-consuming re-testing processes or denial of market access for certain products. The lack of a regional technical regulations framework has contributed greatly to the application of national technical regulations which do not have a common administrative approach neither in process nor in the list of standards declared as mandatory. This situation is exacerbated by a frequent misunderstanding amongst stakeholders on the different roles of regulatory authorities and National Bureaus of Standards and the lack of coordination among those institutions. Harmonization of East African Standards should be prioritized according to the 20 most traded goods across EAC region. These 20 most traded goods are : Tea; Cement; Iron& steel and its products; Petroleum oils and related products; Edible fats and oils; Tobacco and tobacco products; Soap and detergents; Paper and paperboards; Containers, bottles, flasks, ampoules, caps, capsules stoppers and lids; Medicaments; Beer and other fermented products; Edible salt; Sugar confectionery; Furnishing articles; Motor vehicles; Tin ores and concentrates; Electrical transformers, static converters and inductors; Fish; Electrical energy and Coffee. Among the 20 most traded items listed above, so far harmonization has taken place on the following; Soaps and detergents, Steel products, alcoholic beverages, Sugar confectionaries, fish and fish products, edible oils and Cement

EABC therefore recommends that:-

1. **EAC should expedite harmonization of standards for the prioritized 20 most traded goods as per the EABC study of 2013.;**
2. **The EAC Secretariat through the Standards office should establish a monitoring mechanism of adopted East African Standards by the EAC Partner States to increase on the levels of adoption;**
3. **Partner States to fast track finalization of Standardization, Accreditation and Conformity Assessment (SACA) Bill;**
4. **EAC to develop and adopt a regional technical regulations framework;**

5. National Bureaus of Standards should be capacitated to be able to fight sub-standard products on the market;
6. The lengthy process of standards harmonisation should be shortened by declaring the East African Standards at the East African Standards Committee (EASC) level;
7. EAC should provide adequate resources to the standards department to ensure Technical Committees sit to harmonize the much needed standards;
8. Unresolved Standards related NTBs raised at the EAC regional Forum on NTBs should be referred to the East African Standards Committee;
9. Expand the membership and mandate of the EASC to include all regulatory authorities with the TBT mandate, pending finalization of the SACA bill/Act.

2.6 COMBATTING ILLICIT TRADE WITHIN THE EAC

Though EAC as a region has recorded some progress in the fight against illicit trade practices such as adoption of East African Community Anti-Counterfeit Policy by the EAC Council of Ministers a lot remains to be done to win the fight against illicit trade in the region. Persistence of illicit trade in the region apart from leading to loss of significant government revenues, it also undermines investment, research and innovation, reduce profitability and market of legitimate operations and create an un-level playing field as well as posing serious risks to public health and safety. In the EAC Partner States, Illicit trade is manifested in various forms which include; counterfeiting, trade in sub-standard goods, smuggling of excisable goods, undervaluation and undeclared imports as well as a variety of illicit financial flows. In its efforts to fight illicit trade in the region EABC has so far organized two regional Anti Illicit Conferences with the aim of ensuring the necessary policies and regulatory frameworks are put in place to address illicit trade in the region. The first regional conference was held in October 2010 while the second conference which brought together the private sector from the region, international business community and other stakeholders affected by illicit trade as well as policy makers and business facilitators responsible for ensuring the necessary policies and regulations to check illicit trade was held in Nairobi Kenya in September 2016. Both conferences came up with key recommendations on how best to address the problem of illicit trade in the region.
In order to record positive progress in the fight against illicit trade in the region, EABC is proposing a robust regional approach in combating illicit trade since the effects of illicit trade impact on the EAC as a regional market.

EABC therefore recommends the following:

1. EAC Partner States to expedite the process of enacting the EAC Anti-Counterfeit Bill, 2013 in order to have a regional law to fight counterfeiting
2. EAC Partner States must establish effective regional mechanism to combat all forms of illicit trade;
3. EAC should harmonise Intellectual Property Rights (IPR) regimes across EAC Partner States to enable mutual recognition of IPR registered in any of the EAC Partner States;
4. EAC Partner States should foster structured inter, intra and cross border collaboration, coordination and cooperation among institutions combating illicit trade in the region such as inter-agency committees and Multi Sectoral committees.
5. EAC Partner States should embark on law reform with the aim of coming up with more punitive /deterrent legislations against illicit trade across EAC Partner States.

2.7 DOMESTIC TAX HARMONISATION

With the coming into force of the Common Market (2010) and signing of Monetary Union Protocol in November 2013, it has become even more critical to address the issue of harmonizing domestic tax regimes in the EAC Partner States. Un-harmonized domestic taxes have contributed greatly to high tax administration and compliance costs, harmful tax competition, as well as smuggling of highly taxed excisable goods. This has led to impediment of legitimate trade, business un-competitiveness and low consumer welfare.

Therefore EABC Recommends that:-

1. **Partner States should start the domestic tax harmonization by dealing with issues that have no revenue implications**
2. **The definition of a VAT tax payer should be explicitly defined by all Partner States.**
3. **VAT registration threshold should be consistent in the region.**
4. **A standard bounded rate, within which the individual Partner States can vary their rates for VAT and excise tax should be agreed upon.**
5. **The Exempt, Zero rated and relief regimes should equally be based on a framework guided by a thorough feasibility study as well as a database developed and coordinated at the EAC level.**
6. **Partner States to develop regional criteria for imposing excise duty**
7. **Partner States to agree on a ceiling and a floor for duty rates**
8. **Partner States to agree on a regional policy on products manufactured using raw materials sourced from EAC region in order to discourage discriminatory tax regimes.**
9. **Partner States should agree on a regional policy framework for refunds on VAT to be done within 90 days upon application.**

2.8 DOMESTIC MARKET ACCESS THRESHOLD FOR EXPORT PROCESSING ZONES (EPZs) IN EAC

Under EAC integration, the Export Processing Zones (EPZs) is adequately provided for under Articles 25 and 29 of the Protocol on the Establishment of the East African Community Customs Union. To ensure that the implementation of EPZ in EAC is in uniformity across countries there is East African Customs Union (Export Processing Zones) Regulations which govern the EPZs.

The main salient features of EPZs include: the entire production of units in EPZ is normally exported; import of capital equipment, machinery, raw materials, intermediate products for export production are free of import duty; the procedure for import and export through EPZ is very simple. The main objectives for setting up EPZs include: generating foreign exchange earnings through exports; creating employment opportunities; attracting foreign capital; transfer of technology; acquiring and upgrading labour management skills and to create linkages between EPZ industries and the domestic economy.

Though the EAC Customs Union Protocol clearly set out a domestic market access threshold for EPZ firms of 20% of the annual production of a company, of recent there has been disagreement among EAC Partner States on the EPZ's threshold with some countries proposing increasing to 49% while other proposing maintaining the current threshold of 20% . Its of the view of EABC that increasing of the EPZ's threshold will have significant challenge on the EAC integration process and defeats the primary objective of setting up EPZs which is to export outside the customs territory. One of the big challenges is the fact that goods produced in EPZ's firms once sold in the EAC Customs Territory (local market) are in competition with goods produced in non EPZs firms. Non-EPZs firm (local firms) are at a disadvantage compared to their counterparts located in the EPZs who enjoy a lot of preferential treatment ranging from not paying tariff or taxes to relaxed regulatory environment and generous incentives. Another challenge will be compromising the region's export trade and revenue collection intentions of some EAC Partner States given different levels of development of EPZs in EAC Partner States. It should be well noted that EPZs are not part of the National customs area hence likely to pose a problem in their treatment under EAC integration and increasing the threshold will complicate further the management of EPZs in the region. Increasing of the threshold may tempt non EAC Partner States investment in EPZ with a view of accessing EAC markets hence defeating the main purpose of EPZ which is export oriented.

EABC therefore recommends the following:

1. **EAC Partner States to maintain current domestic market access (customs territory) threshold for EPZ firms of 20% of the annual production of a company.**
2. **EAC Partner States should be discouraged from using stays of application on EPZ threshold to avoid trade distortions in the Region.**
3. **EAC Partner States to encourage EPZ firms to form linkages with the domestic (regional) economy by creating forward and backward linkages through sourcing their inputs from local (regional) firms which are not located in the EPZs.**
4. **EAC Partner States to come up with strategy on how EPZs firms should bring technology transfer and spill over to EAC economies.**
5. **EPZs Firms existing in EAC Partner States should export to the rest of the international market instead of primarily concentrating on the preferential market arrangements such as AGOA, EPA and EBA.**

3.0 IMPLEMENTATION OF EAC COMMON MARKET PROTOCOL:

3.1 LIBERALISATION OF TRADE IN SERVICES

Under the EAC Common Market Protocol (CMP), EAC Partner States have committed to progressively liberalize trade in services in accordance with the negotiated commitments made under Annex V of the Protocol. In 2010 all Partner States made commitments to open their market in seven (7) service sectors, namely: **business; education; finance; communication; tourism and travel related; and transport**. Partner States agreed to progressively remove restrictions and undertake not to introduce any new restrictions on the provisions of services (Art. 16(5) of EAC CMP. The Partner States took a variegated approach to liberalization by commitments in different services activities and modes of supply.

Furthermore, Partner States agreed that additional commitments will be undertaken in successive rounds i.e. specific commitments and sectors where no commitments were undertaken will form the basis for further negotiations as well as the remaining 5 services sectors namely: **Construction and related; Environmental; Health related and Social; Recreational; culture and sporting services and other services not included elsewhere**. However, the linking of temporary movement of services supply and schedule on movement of workers has made it very difficult to fully exploit opportunities presented by Common Market. Also the deadlock on linking or delinking services suppliers and movement of workers has prevented EAC Partner States from further liberalization of 7 agreed services sectors as well as initiate negotiations for 5 services unliberalized sectors.

EAC Partner States have made commitments to consider proposals for amending the trade in services provisions of the EAC CMP with the aim of removing linkage between temporary movement of services supplier (mode 4) and schedule on movement of workers (Annex II). In the same exercise Partner States are expected to correct errors in their schedule of commitment on trade in services.

The World Bank Common Market Score card 2016 which focuses on legal compliance with commitments made under the Common Market protocol revealed that all EAC Partner States remained largely non-compliant in their services trade liberalization commitments.

EABC therefore recommends that:

1. **EAC Partner States should expeditiously finalize the de-linking of the temporary of movement of service suppliers (Mode 4) from the schedule on movement of workers (Annex II of CMP);**
2. **Partner States should finalize formulation of the Regulations on Movement of Services in order to be able to regulate temporary movement of service suppliers and services in general;**

3. Partner States should fully liberalize the 7-agreed services sectors: Business; Distribution; Education; Finance; Communication; Tourism & travel related; and Transport; Or commit at least 100 sub-sectors on W/120 list classification;
4. Partner States should initiate negotiations to liberalize the remaining 5 services sectors which are: Construction and related services; Environmental; Health and Social services; Recreational; culture and sporting services and other services not included elsewhere;
5. Partner States should conduct a services regulatory stock taking to identify existing discriminatory restrictions and set up a mechanism at regional level to repeal existing restrictions and monitor restrictions in trade in services as per Article 16(5) of Common Market Protocol

3.2 DOMESTICATION OF THE EAC AIR SPACE

Despite the commitments of the EAC Partner States at international level and the EAC integration efforts through Common Market at the regional level involving liberalization of services, the EAC domestic air transport sector remains protected, thus translating into less accessible and affordable air transport at the expense of potential users. Air transport in East Africa is still expensive by international standards; as is exhibited in the current high passenger airfares and freight charges. Flight costs (both passengers and cargo flights are high in the EAC region), thus contributing to a high cost of doing business.

In efforts to liberalise regional air transport as per Yamoussoukro Decision (YD) on Liberalisation of Air Transport on the African continent, EAC Partner States are in the final stages of developing the EAC Liberalisation of Air Services Regulations which will guide the process. In line with YD, the EAC Partner States are aiming at removing amongst themselves existing capacity and frequency limitations currently anchored in the existing Bilateral Air Services Agreements (BASAs) among EAC Partner States. EABC study on Costs and Benefits of "Open Skies" in the East African Community has established that liberalisation of EAC Air Transport Services will lead to increased frequencies, routes; connectivity, choices and lower fares which in turn will result into more traffic volumes,additional jobs and increased Gross Domestic Product (GDP). The East African Business Council (EABC) is concerned about the high cost of air transport services in the region which is attributed to the slow pace of liberalisation and unharmionised air services charges and taxes.

EABC therefore recommends the following:-

1. Partner States should expeditiously finalize the development of the EAC Liberalization of Air Services Regulations and adoption of the Regulations by all Partner States;
2. EAC Partner States to harmonise the taxation of air passengers and air services charges in the region to create level playing field;
3. Provide national treatment to EAC national air operators, passengers and cargo in all EAC countries;
4. EAC Partner States to come up with regional air transport strategy aiming at having lower fares for air transport across EAC Partner States;

5. EAC Partner States' Airport Authorities to exploit non-aeronautical revenues in order to lower burden on air operators and passengers;
6. Partner States should promote low cost air carriers in both domestic and regional routes to lower passenger tariffs and increase affordability of air transport services.
7. As per Yamoussoukro Decision, EAC Partner States should grant to each other the free exercise of the rights of the first, second, third, fourth and fifth freedoms of the air on scheduled passenger, and non-scheduled passenger, cargo and/or mail flights performed by an Eligible Airline to/from their respective territories. However, for economic reasons a Partner State may be allowed to limit its commitment in respect to fifth freedom rights for agreeable period of time.
8. Beyond liberalisation of air transport services, EAC Partner States should come up with a strategy addressing high air fares through reducing the taxes, charges and fees that impact on air ticket cost in the EAC.

3.3 TELECOMMUNICATIONS

The implementation of the EAC Common Market Protocol has made the EAC Partner States to focus on trade facilitation initiatives across the region. The aim is to reduce costs of doing business as well as make the business climate predictable across the region. Telecommunications has been identified as one of the major areas that greatly impacts on the cost of business transactions within the Partner States and across the borders.

The East African Business Council (EABC) is concerned about the high cost of telecommunication which has significant impacts on the cost of doing business.

EABC therefore recommends the following:-

1. EAC Partner States should adopt a 'One Network One Country Model' for the region– where a call within East Africa, across all networks costs the same as a local call. Tanzania and Burundi should join One Network Area (ONA) which has been successfully implemented by Kenya, Uganda, Rwanda and South Sudan under the Northern Corridor Integrated Project.
2. EAC Partner States should remove taxes on roaming, as on other ICT services and equipment;
3. EAC Partner States should harmonise VAT and Excise taxes which impact on cost of telecommunication;
4. EAC Partner States should progressively harmonize costs of Spectrum, Licence fees, Universal Access fund, Numbering Fees and cost of Bandwidth within EAC;
5. EAC Partner States should harmonise Inter Operator Tariff rates at National and Regional level.

3.4 FREE MOVEMENT OF WORKERS

One of the freedoms provided for in the EAC Common Market Protocol (EACMP) which entered into force on 1st July 2010 is ***Free Movement of Workers***. Other freedoms and rights enshrined in the Protocol are Free Movement of Goods; Free Movement of Capital; Free Movement of Services; Free Movement of Persons; the Right of Establishment and the Right of Residence. In accordance with the provisions of Article 10 of EAC CMP, the Partner States guarantee the free movement of workers, who are citizens of the other Partner States, within their territories.

However, almost seven years since the commencement of the implementation of EAC CMP both workers and employers are still constrained in their efforts to utilize the freedom of movement of workers. Partner States still continue to restrict movement of workers within the region with Tanzania demanding for permit fees in excess of USD 500 while Kenya has put restrictions on the age to a minimum of 35 years and a monthly salary in excess of USD 2000 making it almost impossible for the youth to be the beneficiaries of the freedom of free movement of workers in Kenya. In addition, the schedule on free movement of workers in the Protocol has never been revised. Other challenges on movement workers include: delay of issuance work permit; limited number of occupations opened up in the Schedule on Free Movement of Workers-Annex II of the EAC CMP; delay of issuing residence permit; existence of un-harmonized work permit regimes in the EAC Partner States. According to the EAC Common Market Protocol under Annex II, Regulation 6(9) it states that **" The work permit or a special pass issued under these Regulations shall be issued in accordance with the harmonized classification of work permit and forms, fees and procedures as may be approved by the Council"**. This is not happening as envisaged by the business community.

In order to make free movement of workers a reality in the EAC region, EABC and East African Employers Organization (EAEO) therefore recommend the following:

1. **EAC Partner States should review their respective immigration and labor laws and align them with the EAC Common Market Protocol; The EAC should develop a road map for the harmonization of all remaining laws by Partner States to ensure a structured approach and enhance the monitoring process;**
2. **Tanzania and Burundi should join other EAC Partner States by abolishing work permit fee requirements for EAC nationals/citizens;**
3. **Kenya should remove restrictions on the age to a minimum of 35 years and monthly salary in excess of USD2000 as one the conditions for issuing work permits to workers from other EAC Partner States;**
4. **EAC Partner States should abolish residence permit fees for East Africans who have been issued with a work permit**
5. **The Council of Ministers should deliberate and approve the harmonized fees and classification of work/ residence permits and forms as stipulated in the Common Market Protocol;**
6. **Partner States should implement the Standard Work/Residence acquisition Procedures as provided for in the**

Common Market Protocol;

7. EAC Partner States to open up further occupations in the Schedule on Free movement of Workers after consulting employers, workers organizations and private sector associations;
8. EAC Partner States should harmonize both Education and Skills Frameworks in the region;
9. Establishment of the Regional Labour Market Information System.
10. Partner States to carry out the manpower surveys in order to provide information on the skills gap which would support the higher education institutions in providing relevant trainings for the required skills in the region.
11. The harmonized work/residence permits application form should take into account the following major aspects. First, the form should bear the emblem of the East African Community just like the EAC passport and other entry documents. The form should proceed with a section on "applicant's particulars". This section should require relevant information as stated under paragraph 2 of regulation 6 of EAC Common Market (Free Movement of Workers) regulations which include standard travel documents, National Identity Cards (where Partner States have agreed to use them as travel document). Other information to be required here include full names of the applicant, address, sex, profession or occupation, marital status, place of birth, nationality of origin and present nationality and national status.
12. Partner States to implement the Standard Procedures as provided under Regulation 6 of EAC Common Market Protocol.
13. Adoption of electronic system in issuing work/Residence Permits: EAC Partner States to adopt Rwanda's model in the processing and issuance of work/residence permits.

4.0 EAC ENGAGEMENT WITH THIRD PARTIES ON TRADE AND INVESTMENT AGREEMENTS

The East African Community (EAC) Partner States are pursing two main trade integration processes concurrently. The first one is trade integration within EAC where Partner States are implementing the EAC Common Market while consolidating the achievements of the Customs Union which commenced in 2005 through operationalization of a Single Custom Territory (SCT) . The Single Customs Territory that started on 1st January 2014 aimed at achieving free circulation of goods and reduction of the cost of doing business in the region. The EAC Common Market which was launched in July 2010 aimed at consolidating the achievements of the Customs Union on free movement of goods by bringing on board other freedoms and rights which are; free movement of persons, labour, services, capital and right of establishment and right of residence. Furthermore in November 2013, EAC Heads of State signed the Protocol for Establishment of the East African Monetary Union which aimed at strengthening economic cooperation through the establishment of a Single Currency within ten years after entry into force of the Protocol.

Another form of integration is trade integration between the EAC Partner States and the third parties. This type of integration has necessitated EAC Partner States to engage in various negotiations with third parties as a bloc. Already after a long period of negotiations EAC and EU concluded Economic Partnership Agreement (EPA). The EAC as bloc has also concluded negotiations with COMESA and SADC in the context of operationalizing a COMESA-EAC-SADC Tripartite Free Trade Area. In addition, the EAC and the US are currently negotiating the Trade and Investment Partnership Agreement.

Meanwhile, EAC Secretariat has received requests from various parties such as the European Free Trade Area (EFTA); the Gulf Cooperation Council, Turkey, China and Singapore all expressing their intent to negotiate and FTA Agreement with the EAC. The EAC Partner States consider trade and investment agreements as important instruments for deepening the trade and investment relationship among themselves and third parties. However, negotiating EAC-China FTA has singled out by EAC Private Sector as very sensitive given the competitive challenges the Chinese products are posing against EAC products in the region market.

EABC therefore recommends:

1. **EAC to undertake a comprehensive cost-benefit analysis on implications of negotiating EAC-China FTA Agreement and other third parties;**
2. **Cautiously engage with third parties with the aim of taking advantage of the identified benefits and opportunities provided by agreements as well as minimizing any potential risks associated with the agreements and;**
3. **Involve the private sector and incorporate their inputs in the cost-benefit analysis and negotiation processes in order to take on board private sector interests.**

5.0 REGIONAL EAC LOCAL CONTENT POLICY

Local Content requirements have been used with varying degrees of success in various countries in the world. Most developing countries have employed local content guidelines to boost domestic value-addition. Regional studies in the EAC have indicated the need for such a policy in the EAC region. EABC position is that EAC Partner States should formulate a Regional Local Sourcing/Content Policy which will require firms to use at least a specified minimum amount of domestically produced inputs into the production process or a minimum threshold of goods and services that must be purchased or procured locally. Local content requirement may mandate a minimum percentage of procurement, value added or a minimum percentage of value of parts and /or may require inclusion of certain parts. The main objectives of local content requirements will include; enhancing domestic industrial base, innovation, transfer of technology, employment generation, production efficiency, and provision of local job opportunities, and a check against trade imbalances.

Application of local content requirements can strengthen industrialization in the following ways: Creation of an indigenous production platform focused on domestic value-added and promotion of local industries; Strengthen the linkages between large industries and small and medium enterprises and the services sector; Rapid growth of the SMEs through initiatives like subcontracting to meet the set target market advantages through licensing or sub-contracting; Enable the region to “leap-frog” existing barriers to technological transfer. The region can learn, adopt and adapt technologies and production processes innovated elsewhere; and Safeguarding of the balance of payments (BOP), given the often very high foreign currency drainage associated with the importation of goods and services for strategic industries.

EABC therefore, recommends the followings:-

1. **EAC Partner States to formulate a Regional Local Content Policy as per article 35 of the EAC Common Market Protocol;**
2. **EAC Partner States to prioritize the use of public and private procurement in creating demand for locally-manufactured products as well as promoting technology-based business start-ups;**
3. **Partner States to ensure at least 40 per cent of local content (labour, goods and services) used in the construction of the mega projects i.e. Standard Gauge Railway (SGR) should originate from EAC region;**
4. **Partner States to push for Made in East Africa campaigns such as “Buy-East African/Build- East Africa scheme (BEABEA),”in order to promote consumption of local goods and services;**
5. **All EAC Partner States to mainstream local sourcing of goods and services for public sector at their national level as prerequisite for mainstreaming at regional level after EAC has harmonized public procurement processes.**

6.0 SECTORAL SPECIFIC POLICY AGENDA

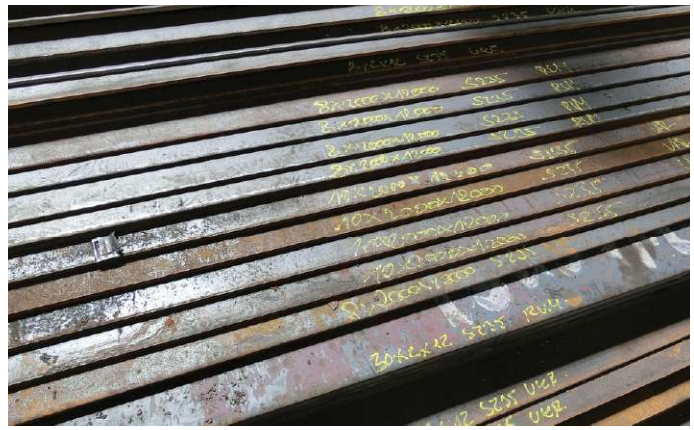
6.1 IRON AND STEEL INDUSTRY

EAC region has a number of comparative advantages for steel development with abundant natural resources (iron ore, coal, gas) to make iron and steel, a growing demand for steel products which is 3.5MT per year, considerable steel rolling capacity of 3.2MT, a growing construction industry and vibrant public infrastructure development programs. The region has a confirmed iron ore resources of 2.8 billion tones in deposits but with potential well above 10 billion tones. Extraction of 50% of the 2.8 billion tones at annual rate of 5 million tones will last for 280 years. In addition the region has 2.4 billion tones of coal and 50.5 trillion cubic feet of gas which are required in the iron and steel making processes as well as generating electric power. However, delays in investment in iron ore mining is attributed to: lack of a sizeable iron and steel making plant to consume commercially mined iron ore; the ban on export of raw iron ore, and inadequate infrastructure to deposit sites required to transport the bulky ores and inadequate power.

EABC therefore, recommends the following:-

1. **EAC to formulate policies and regulations to guide use of raw materials for metallurgical industries in the region;**
2. **EAC to undertake complete iron ore resources evaluation and baselines on steel consumption;**
3. **EAC to develop a regional policy for increased local content in the development of public infrastructure and construction projects e.g. Standard Gauge Railway**
4. **EAC Partner States to comprehensively review the tariff structure for chapter 72 and 73 of the EAC CET during EAC Comprehensive Review of EAC CET**
5. **EAC Partner States should uniformly apply agreed CET rate on Iron and Steel products**

6.2 PROTECTING FLAT STEEL PRODUCTS MANUFACTURING INDUSTRY AGAINST CHEAP IMPORTS FROM ASIA



The global economic slowdown, existing of excess manufacturing capacities and crash in commodities prices in the world markets have compelled industrialized nations, specifically in Asia to export their products all over the globe at prices which are far below the cost of production. Their main intention is to keep their industries running and save loss of employment. In order to maintain these industries, their Governments are heavily supporting them by providing subsidies. The influx of cheap imports is severely hurting the local industries especially flat steel manufacturing industry as they cannot able to compete with subsidized imports. To worsen the situation, the unscrupulous importers are not only under valuing and under declaring their consignments of flat steel products but are also importing substandard products which do not conform to the East African Standards which are enforced by the National Bureaus of Standards across EAC Partners States.

Based on the foregoing explanations, the Flat Steel Products Manufacturing Industry in East Africa is deprived of a level playing field to compete with cheap imported products. While some of the factories have closed down and those which are operating below their installed capacities cannot last long as long as imports in the region of cheap, subsidized, substandard and under declared products keep influxing into EAC markets unabated.

Aiming at protecting the Flat Steel Products Manufacturers in East Africa against the cheap, subsidized, substandard and under-declared imports from Asia, immediate measures already taken by other countries such as India, USA and EU should be taken by EAC Partner States in order to prevent this industry from collapsing. The collapsing of the this industry would tantamount to loss of substantial government revenues, loss of employment, and burden on foreign exchange reserves as flat products (mainly roofing sheets) would have to be then imported to meet demand of construction and housing sector.

EABC in collaboration with the Association of Flat Steel Products Manufacturers of East Africa recommend to EAC Partner States to:

1. **Consider specific duty of USD 125/MT or 15% whichever is higher for following tariff lines:flat-rolled of iron-alloys steel, of a width of 600mm or more, cold-rolled (cold-reduced), not clad, plated or coated. In coils , not further worked than cold-rolled (cold-reduced): HS Code 7209.16.00; HS Code 7209.17.00; and HS Code 7209.18.00**

2. Consider specific duty of USD 125/MT or 15% whichever is higher for following tariff lines:Flat-rolled products of iron or non-alloy steel, of a width of 600mm or more , cold-rolled (cold reduced),not clad, plated or coated, Not in coils, not further worked than cold-rolled (cold-reduced) HS Code 7209.26.00; HS Code 7209.27.00; HS Code 7209.28.00 and HS Code 7209.90.00
3. Consider specific duty of USD 125/MT or 15% whichever is higher for following tariff lines: Flat –rolled products of iron or non-alloy steel, of a width of less than 600mm, not clad, plated or coated –not further worked than cold-rolled (cold-reduced): HS Code 7211.23.00; HS Code 7211.29.00; and HS Code 7211.90.00
4. Consider specific duty of USD 125/MT or 15% whichever is higher for following tariff lines: Flat-rolled products of other alloy steel, of a width of 600mm or more-other, not further worked than cold-rolled (cold-reduced): HS Code 7225.50.00
5. Consider specific duty of USD 125/MT or 15% whichever is higher for following tariff lines: Flat-rolled products of other alloy steel, of width of less than 600mm-or other –not further worked than cold-rolled (Cold-reduced) : HS Code 7226.92.00; and HS Code 7226.99.00
6. Consider specific duty of USD 250/MT or 30% whichever is higher for the following tariff lines: Flat-rolled products of iron or no-alloys steel, of a width of less than 600mmor more, clad, plated or coated-Electrolytically/ otherwise plated or coated with zinc/aluminum-zinc alloy: HS Code 7210.30.00 and HS Code 7210.61.00
7. Consider specific duty of USD 250/MT or 30% whichever is higher for following tariff lines: Flat-rolled products or iron or non-alloys steel, of a width of less than 600mm, clad, plated or coated-Electrolytically/otherwise plated or coated with Zinc: HS Code 7212.20.00 and HS Code 7212.300
8. Consider specific duty of USD 250/MT or 30% whichever is higher for the following tariff lines: Flat –rolled products of other alloy steel, of a width of 600mm or more-of silicon-electrical steel-Electrolytically/otherwise plated or coated with Zinc: HS Code 7225.91.00 and HS Code 7225.92.00
9. Consider specific duty of USD 275/MT or 30% whichever is higher for following tariff lines: Galvanized/ Aluminium Zinc Coated-Corrugated/Cut/Profiled Sheets: HS Code 7210.4100; HS Code 7210.49.00 and HS Code7210.69.00
10. Consider specific duty of USD 275/MT or 30% whichever is higher for the following tariff lines: Flat-rolled products of other alloys steel, of a width of 600mm or more otherwise plated or coated with Zinc-otherHS Code 7225.99.00
11. Consider specific duty of USD 350/MT or 40% whichever is higher for the following tariff lines: Flat-rolled products of iron or non-alloy steel, of a width of less than 600mm or more, clad, plated or coated-painted, varnished or coated with plastics HS Code 7210.70.00
12. Consider specific duty of USD 350/MT or 40% whichever is higher for the following tariff lines: Flat-rolled products of iron or non-alloy steel, of a width of less than 600mm, clad, plated or coated-Painted, Varnished or coated with plastics HS Code 7212.40.00; HS Code 7212.50.00 and HS Code7212.60.00
13. Consider specific duty of USD 375/MT or 40% whichever is higher for the following tariff lines: Flat-rolled products of iron or non-alloy steel, of a width of 600mm or more, clad, plated or coated-Painted, Varnished or Coated with plastics-Corrugated/Cut/Profiled Sheets HS Code 7210.90.00

6.3 MOTOR VEHICLE AND MOTOR CYCLE INDUSTRY

The Motor Vehicle manufacturing and assembly is a volume driven industry due to the high cost of plant investment. Motor Vehicles play a very critical role in facilitating free movement of goods and people and as the region continues with the implementation of the common market protocol, the regional motor vehicle manufacturing and motor cycle industry are key in lowering the cost of doing business in the region for global competitiveness of EAC products and services. If these sectors are given required attention in terms of protection and required incentives both motor vehicle and motor cycle assembly can contribute significantly in attainment of industrialized economic status by 2032.

The main challenge facing few established dealers is intense competition from imported second-hand vehicles, mainly from Japan and United Arab Emirates. The capacity of the existing motor vehicle assembly plants is, grossly underutilized. This hinders the development of the local content supply base which is dependent on high volume production.

The EABC position is for the region to come up with a clear strategy where private sector will be encouraged to set up Motor Vehicle and Motor cycle Assembly plants with capacity to satisfy regional demand and contribute to economic growth through wealth creation, employment and technology transfer.

EABC in collaboration with the Motor Vehicle Sector therefore, recommend the following:-

1. **EAC Partner States to come up with a clear policy and strategy to promote vehicle manufacturing in the region and development of the motorcycle industry; and development of Parts and Components Manufacturing.**
2. **Re-instatement of 25% CET on both new and used Fully Built Motor Vehicles imported into the EAC region and strict enforcement of the Common External Tariff by all Partner States;**
3. **Harmonization of age limits of the imported used vehicles across the EAC region using eight (8) years as benchmark for the Partner States importation of used vehicles;**
4. **Uniform implementation of the Gazetted EAC Revised Rules of Origin, 2015 on locally assembled motor vehicles by all EAC Partner States.**
5. **Harmonization of standards on code of practice for inspection of vehicles on the road**
6. **Enact regional vehicle assembly and trailers regulations;**
7. **Expeditiously finalize development of motor vehicle regulations with defining the Completely Knocked Down (CKD) kit and excluding parts and components to be sourced locally.**
8. **Establishing a Regional Multi stakeholder Automotive Development Consultations and Platform comprising Public and Private Stakeholders.**
9. **EAC Partner States should foster market growth of automotive industry by using a regional approach to develop the sector and leverage on the COMESA-EAC-SADC Tripartite Arrangement.**

6.4 COTTON TEXTILE & APPAREL INDUSTRY

Cotton production, processing and trade in both the raw and processed products is highly influenced by policies of major producing countries, through price support, tariff protection, production subsidies and stock piling to destabilize cotton prices. Leading countries in protecting the cotton industries include China, the USA, Brazil, Burkina Faso, Cote d'Ivoire, Mali and Senegal. The EAC region faces some challenges to make cotton industry competitive, which include: low yields, ginning overcapacity, low ginning out-turn ratio, and country specific inefficiencies along value adding chain, with Kenya being strong in apparel production, Tanzania strong in fibre production and ginning and Uganda meeting averagely in fibre production and ginning. The scenario requires that EAC Partner States either improve all stages of their cotton value chain operations or specialize in areas where a country is strong and import other value chain products from more efficient regional producers. At present only 15% of EAC cotton is processed locally leaving the majority 85% to be exported in lint form to provide value adding opportunities to importing countries. This implies exporting labour given the fact that textile is labour intensively undertaken. The EAC has potential for production of high quality textiles and apparel, especially using hand picked cotton compared to mechanical picked cotton. The current low volume cotton processed locally compared to what is exported offers a raw material base for textile and apparel manufacturing. The region requires more investment in the yarn production, production of fabric and apparel as well as cotton spinning mills.

EABC therefore recommends the following:-

1. **Mainstreaming local sourcing of uniforms for schools and public sector at national level first before main streaming at EAC level as EAC Partner States embark on harmonisation of public procurement processes.**
2. **There is NO need to increase Export Processing Zone (EPZ) current threshold of 20% since on average most textiles operation in the region operate at lower than 40%-50% capacity utilization. The increase of the EPZ threshold will NOT support EAC CTA capacity utilization.**
3. **Establish stabilization funds to promote stability of the CTA when there is over/undersupply of cotton production.**
4. **Reduction of import duty of all yarns other than cotton to 0% to ease blending and create more fabrics availability in the EAC region**
5. **Overhaul the EAC CET on textiles with a view of introducing four-band structure in order to address degree of processing in the CTA sector and encourage value addition across CTA value chain.**
6. **All EAC Partner States should uniformly implement progressive phasing-out strategy of second-hand clothes (mitumba) as it is a case for Rwanda.**
7. **Partner States should implement non-fiscal measures such as development of human capital, infrastructure, financing etc as they build their processing and manufacturing capacities in the textile industry.**
8. **Institute measures to effectively regulate the industry such as classification of all products of textiles and garments goods as strategic and sensitive in view of investment, food security, employment, income and livelihood.**
9. **Partner States should institute a requirement for licensing and registration of all importers of textile and garment products to facilitate monitoring of all adverse impact of imports on domestic economies.**
10. **Closely identify and monitor dumped and/or subsidized imports into the region with a view of instituting measures against imports deemed dumped or subsidized.**
11. **Partner States should support the private sector to upgrade and modernize existing textile mills to make them more competitive**

6.5 LEATHER AND LEATHER PRODUCTS

For a number of years EAC has specialized in producing wet blue leather, which is considered a raw product on the international market, yet trade in hides and skins is concentrated in value added products dominated by footwear, which accounts for 66% of the total world trade in leather products. Only Tanzania and Kenya among EAC Partner States export limited quantities of footwear. A major development in the EAC region is the value adding policy orientation to hides and skins. EAC Partner States have so far instituted various policy measures differently with the aim of discouraging export of raw hides and skins such as export ban on raw hides in Uganda, Kenya and Tanzania and imposition of export duties on raw hides as well as wet blue leather but at different rates. EABC position is that EAC has a comparative advantage in production of leather and leather products but needs to improve a number of functions to make the region a source of affordable but high quality footwear. In addition to the policies which discourage export of raw hides and skin, Partner States should institute various policies which will protect nascent local leather industry against cheap imports such as used shoes, bags and belts.

EABC therefore, recommends the following:-

1. **Gradually increase import duty of imported used leather products from 35% to 70% and then to 100%;**
2. **EAC Partner States should adopt harmonized policies to discourage export of raw hides and skins and wet blue leather;**
3. **Allow local leather manufacturers to import intermediate products such as shoe soles under duty remission scheme;**
4. **Consider a phase out approach to importation of second hand leather products such as shoes, belts and bags;**
5. **Review and harmonize the regulatory framework for hides and skins and leather and leather products in all EAC Partner States.**
6. **Partner States should implement non-fiscal measures such as development of human capital, infrastructure, modernization of tannery, financing etc as they build their processing and manufacturing capacities in the leather industry**
7. **Partner States should develop a regional policy on leather and leather products to guide wholesome development of the value chain and ensure streamline actions by all Partner States in the sector**
8. **Partner States should institute a requirement of licensing and registration for all importers of leather products to facilitate monitoring of adverse impacts of imports on domestic economies.**
9. **Regulatory agencies should be vigilante in ensuring that imported leather and leather products are complying with standards**
10. **Partner States should provide preferential procurement for leather products that are produced within the region.**
11. **Partner States should review and align their procurement laws/regulations to ensure that producers of regionally manufactured products are accredited national treatment as per Article 35 of the EAC Common Market Protocol**

6.6 EDIBLE OIL SUB SECTOR

Edible oil is one of the key sub-sectors of agriculture in the EAC and one of the most important foods which has enormous socio-economic benefits that include: employment in the edible oil value chain; earns government revenue through taxation and foreign revenue through exports of edible oil products, among other benefits. Edible oils are processed from oil seeds and animal fats. The most common edible oil seeds are: sunflower, ground nuts, sesame, cotton, palm and soya beans. The animal oils are mainly obtained from animals and fish. The oil seeds are crushed to obtain crude oil which is refined, bleached and deodorized to obtain Refined, Bleached and Deodorized oil (RBD oil).

In the recent past there have been challenges regarding free circulation of edible oil manufactured in the EAC region due to the changes of EAC Rules of Origin 2015 with regard to edible oils of chapter 15 and non-uniform application of EAC CET by Partner States on crude palm oil. Aimed at making evidence based CET proposals in the on-going EAC CET comprehensive review, EABC undertook a capacity assessment of edible oils manufactured within the EAC region with the objective of making proposals regarding the sensitivity of edible oils.

The survey findings indicate that refined edible oil in the EAC Partner States was being supplied through local production and importation from within the EAC Partner States and outside the EAC. The baseline survey indicates that the installed production capacities of the EAC edible oil manufacturers was at 3.151 million metric tons per annum as at 2017, while the actual production was 1.613 million metric tons which was 51% production capacity utilization. The analysis of the data obtained during the survey indicated that the estimated annual consumption of refined edible oil in the EAC was 1.617 million metric tons and thus the EAC edible oil manufacturers are able to meet the local demand of refined edible oil by utilizing only 51% of the installed capacity when the necessary inputs are availed and the remaining 49% idle capacity can be utilized for the export market. Further review of the refined edible oil import data indicated that the average import price of the refined edible oil from the EAC Partner States (Intra-EAC) was US$1,324 per ton and yet the average price of the imports of refined edible oil from the Far East was US$ 658 per ton. Thus the refined edible oil imported from the Far East was about US$666 cheaper which was about 50% price difference. This is consistent with what the edible oil manufacturers revealed during the survey that imported refined edible oil was cheaper and unfairly competing with their locally produced refined edible oil. Therefore there is need to protect the edible oil manufacturers to utilize more installed capacity by imposing additional taxes on the imported refined edible oil from outside the EAC.

The edible oil manufacturers interviewed revealed that the reasons for low capacity utilization were due to cheap imported refined packed products that unfairly competed with their products, inadequate local supply of inputs such as oils seeds (sunflower seeds, cotton seeds, soya beans, among others), distorted duty structures in the EAC that has affected their exports to the EAC and the high cost of doing business.

The baseline survey further indicated that the EAC Partner States imported crude edible oil, semi-finished edible oil and refined edible oil. On average, every year 51,914 metric tons of refined edible oil was traded within the EAC (intra-EAC imports) and while 107,171 metric tons was imported from outside the EAC from mainly from the Far East (Malaysia and Indonesia).

Further findings revealed that the intra-EAC imports declined by 34% from 53,175 metric tons in 2012 to 35,139 metric tons in 2016. The review of the import data showed that the average import price per ton of refined edible oil from EAC was higher than from extra- EAC imports and thus the EAC traders were finding it cheaper to buy from Far East (Indonesia and Malaysia) where in addition to the economies of scale, it was alleged that processed edible oil was export subsidized and thus made it cheaper than refined edible oil from the EAC. There is need to verify the alleged export subsidy in the Far East that tends to make the imported edible oil from there cheaper and therefore makes the refined edible oil from the EAC uncompetitive. This is consistent with the findings during the baseline survey that showed that the intra-EAC exports of edible oil declined by 53% from 96,423 metric tons in 2012 to 45,234 metric tons in 2016. The edible oil exports to outside the EAC increased only by 1% from 87,688 metric tons in 2012 to 89,001 metric tons in 2016.

Overall, the exports of edible oil by the EAC Partner States declined by 27%. The significant decline by in the Intra-EAC exports of edible oil was attributed to the cheaper refined edible oil from outside the EAC which made locally refined edible oil less competitive in the market. Also, some EAC Partner States have duty remissions up to 0% on importation of refined edible oil which distorted the EAC CET structure. Due to the duty remission, some Partner State traders are finding it cheaper to import from outside the EAC rather than from the EAC Partner States.

Based on edible oil survey findings EABC is strongly recommending the following policy interventions:

1. **The refined edible oil be declared a sensitive item and its EAC CET progressively increased to 40% or specific duty rates imposed in order to help the EAC local producers to sustain and expand their market to utilize the idle production capacity while at the same time protect the rights of EAC consumers for stable pricing pro cesses.**
2. **The current designed EAC CET rates of 0% for crude oil and 10% for palm olein fractions be maintained as the local capacity oil seeds is built through deliberate interventions and support by the EAC Partner States Governments to increase productivity of the edible oil inputs such as soya beans, ground nuts, palm, sunflower seeds, maize corn, sesame seeds.**
3. **EAC Revenue Authorities in collaboration with the edible oil subsector stakeholders and the EAC Secretariat to verify the allegation that import of refined edible from Far East enjoy export subsidy. If the allegation is proven the EAC should impose specific duty rates higher than the export subsidy to protect the local refined edible oil manufacturers in the EAC.**
4. **EAC Revenue Authorities and Standard Bureaus should institute mechanisms which will deter any misclassification and undervaluation of importation of crude and edible oil products into EAC region**
5. **The EAC Partner States should offer incentives to local oil seed producers and encourage farmers to produce commercially to increase local production of oil seeds to meet the local demand in the long term.**
6. **To increase productivity, the EAC Partners States governments should ensure provision of quality agro-inputs such as seeds and fertilizers to farmers, research on pest control and drought resistant varieties of edible oil seeds.**

7. Edible oil producers in the EAC should be encouraged through some incentives to get involved in the growing of vegetable oil crops directly or by contracting and supporting farmers as out-growers to increase local production of edible oil seeds/raw materials.
8. EAC Partner States should review EAC Rules of Origin on Chapter 15 of the EAC CET to ensure that edible oil produced from crude oil imported at 0% and semi processed imported crude oil at 10% should be accorded preferential tariff treatment while being traded in the region to enable edible oil manufacturers in the EAC to expand their markets.
9. The EAC Partners States should put a mechanism in place that discourages export of crude oil from the EAC.
10. The EAC Partner State governments should zero rate VAT for locally produced edible oil.

6.7 PHARMACEUTICAL SECTOR IN EAST AFRICA

Though the East African Community is committed to promoting access to affordable quality and essential medicines to its people , still the provision of safe, efficacious and affordable essential medicines and other quality health commodities to the people of the EAC is a major challenge. This is due to inadequate local production of pharmaceuticals and over reliance on importation of finished pharmaceutical products.

The sure way to address the challenge of inadequate local production of pharmaceuticals is for EAC Partner States to build and strengthen the local pharmaceutical manufacturing capacity. Aiming at building regional pharmaceutical capacity, the EAC adopted and implemented a five year East African Community Regional Pharmaceutical Manufacturing Plan of Action (EAC-RPMPOA) 2012 to 2016. This Action of Plan used to serve as a road map to guide the EAC towards evolving an efficient and effective regional pharmaceutical manufacturing industry that will supply national, regional and international markets with requisite medicines. The Action Plan was anchored within the EAC Industrialization Policy and Strategy which has prioritized the development of regional pharmaceutical industry among regional industries to be promoted through collective efforts of the EAC Partner States. The implementation period of the EAC-RMPOA 2012-2016 ended in the year 2016. The EAC has developed the new Regional Pharmaceutical Plan of Action (EAC-RMPOA) 2017-2027. The new Plan of Action has set four high level targets for the development of the EAC pharmaceutical sector which are: (i) reversing dependency on pharmaceutical imports from outside EAC from more than 70% to less than 50%; (ii) supporting the expansion of product portfolio of EAC firms to cater for more than 90% of disease conditions; (iii) at least 50% of purchase by EAC national medicines procurement agencies is sourced from EAC pharmaceutical manufacturers; and (iv) at least five (5) companies to produce more advanced pharmaceutical formulations such as delayed release formulations, small volume injectables, double layered tablets, among others.

Despite the existence of good plans at the region, the pharmaceutical manufacturers operating within the EAC region generally produce at a cost disadvantage to larger generic product manufacturers internationally due to a variety of reasons including economies of scale, expensive asset base, old technology, high financing costs and lack of integration with active pharmaceutical ingredients suppliers. Other challenges facing the local regional pharmaceutical production industry include shortages of skilled professional personnel and unreliable supporting utilities such as electricity, water and transport.

While all EAC Partner States have prioritized the strengthening of the local pharmaceutical manufacturing sector there is often policy incoherence across government ministries and even the incentives offered to the sector are not harmonized across EAC Partner States. In order to have harmony in the promotion of local production of medicines in the region its recommended that EAC Partner States to implement harmonized policy incentive package which touches price preferences, tax incentives and import classification.

Therefore EABC and the EAC Pharmaceutical sector recommends an incentive package as follows:

1. **EAC Partner States to uniformly introduce and implement a price preference margin of 20% for all locally produced medicines and medical devices in national tenders;**
2. **EAC Partner States should review their national procurement laws to accord local companies national treatment and grant preferential procurement;**
3. **On tax incentive, zero import duty should apply on raw materials, packaging materials, pharmaceutical manufacturing related equipment as well as spare parts;**
4. **Import classification: classification of the medicines should be according to those allowed for importation with no tax; those allowed but taxed and those restricted from importation because they can be produced in sufficient quantities, acceptable quality and at a fair price in the region;**
5. **Partner States should review the tariff structure of all pharmaceutical products (chapter 30 of EAC CET) with a view to addressing the level and degree of process of each product and enhancing local production ;**
6. **Partner States should harmonise the list of essential pharmaceutical products that can be sourced within the region and which require regional policy interventions.**
7. **Partner States should harmonize the verification levy/charges on pharmaceutical products originating from EAC.**
8. **Partner States to domesticate public health related WTO TRIPS Flexibilities with the national laws to enable manufacturers take advantage of the WTO Flexibilities.**

6.8 AGRICULTURAL SECTOR IN EAST AFRICA
6.8.1 TAXATION OF POST- HARVEST EQUIPMENT IN EAST AFRICA

Approximately 30% of food produced in the EAC is lost through poor post-harvest handling. In 2016 alone, this equated to almost 4 million metric tons of maize across the EAC countries. Post-harvest handling equipment and facilities are not typically treated as agricultural equipment similar to production equipment such as tractors, despite their equally important role along the value chain.

Post-harvest losses are exacerbated by high cost of post-harvest handling equipment, of which taxes form a significant proportion. Both import duties and VAT are typically levied on post-harvest equipment such as silos, dryers and hermetic storage bags, to name a few. In some cases, taxes form more than 40% of the total retain price of the equipment.As such, most grain sector actors, particularly small scale farmers and traders, are unable to afford good post-harvest handling equipment, thus perpetuating post-harvest losses.

EABC and the Eastern Africa Grain Council recommend that:

1. **EAC Partner States should zero-rate post-harvest equipment from payment of Value Added Tax (VAT) order to make such equipment affordable to industry actors, and ultimately reduce post-harvest losses;**
2. **EAC Partner States should review the Common External Tariff Schedule to provide for a zero-rated tariff line specifically for post-harvest handling equipment and machinery, in order to allow for tax-free importation of post-harvest equipment.**

6.8.2 STRENGTHENING COORDINATION AMONGST EAST AFRICA COMMUNITY PARTNER STATES TO IMPROVE FOOD SECURITY

Countries in the East African Community are facing significant food security challenges. As of February 2017, approximately 6.5 million people in the East African Community faced food security crisis, while prices of staple food commodities across the EAC were more than 50% higher than in 2016.

Although governments have been taking several measures to address food insecurity, these interventions are being taken with a domestic context. However, EAC countries have significant interdependency for food security purposes, particularly with respect to grain trade. As such, some of the government interventions, like erection of trade restrictions for food commodities, may undermine food security in neighbouring countries and potentially diminish future food security prospects in their own countries in the medium and long term. Other government interventions may be diluted if neighbouring countries do not take aligned interventions;

EABC and Eastern Africa Grain Council recommend that:

1. **EAC Partner States should introduce and implement mechanisms for increased cooperation and coordination of their interventions with respect to food security in order to ensure that actions of individual Partner States do not undermine food security in other Partner States**
2. **EAC Partner States should protect free trade in food commodities as a means of achieving food security. Restrictions to free trade in food commodities undermine access to markets for producers, increase transaction costs and do not achieve their intended objectives of improving domestic food availability and stabilizing prices.**
3. **The EAC Partner States should strengthen their support to the EAC Regional Food Balance Sheet (RFBS). A strong RFBS will facilitate coordinated decision-making by EAC Partner States to address food security concerns.**

6.8.3 AGRICULTURAL INSURANCE IN EAST AFRICA

The agricultural sector in East Africa faces many perils, including adverse weather conditions, market volatility and policy and political dynamics. Climate change has made the weather one of the biggest risks affecting the sector in East Africa. As such, agricultural insurance is predominantly geared towards covering losses from adverse weather and similar events beyond the control of farmers, and has become one of the most important tools for managing risks associated with agriculture.

A number of pilot programmes have been implemented in the East African countries in an attempt to promote uptake of agricultural insurance. However, uptake remains very low, partly because of the high costs (premiums) associated with agricultural insurance products relative to the incomes of most farmers. The high premiums are a result of high risks associated with agriculture, particularly smallholder agriculture. Consequently, agricultural insurance remains primarily a business which involves large-scale farmers. Only a minor percentage of global premiums are paid in the developing world where insurance is mainly available only to larger and wealthier farmers (FAO).

Increasing the uptake of agricultural insurance products by East African farmers is important for growth of the agricultural sector as it opens up avenues for accessing credit for investment in the sector from financial institutions and provides a safety net for the livelihood of farmers in the event of crop failure caused by adverse weather.

EABC and the Eastern Africa Grain Council recommend that:

1. **The EAC Partner States should explore the possibility of establishing a regional agricultural sector re-insurance scheme. Such a scheme will allow insurance companies that provide agricultural insurance services to hedge their risks, thus offering their products to farmers and other value chain operators at lower premiums, thus stimulating uptake of agricultural insurance products. EAGC is willing to support the process by collaborating with the EAC to convene a meeting of regional experts to discuss, among others, the feasibility of such a scheme.**

2. **The EAC Partner States should launch awareness programmes geared towards sensitizing farmers and other agricultural sector actors on the importance of agricultural insurance in order to stimulate uptake of agricultural insurance products.**

6.8.4 RICE TRADE IN EAST AFRICA

Rice is an increasingly important food commodity in the EAC. Consumption of rice has been growing at more than 4% per annum, driven by population growth and gradual diversification of diets. EAC Partner States have also taken measures to stimulate rice production, particularly through the implementation of National Rice Development Strategies, which has resulted in total EAC rice production increasing from 1.8 million MT in 2008 to over 3 million MT in 2014.

Rice is a protected commodity in the EAC, enjoying Sensitive Item status which grants it a 75% common external tariff on imports from outside the Community. The high tariff is intended to protect domestic rice producers and traders from competition of more advanced and efficient rice producers in Asia, and facilitate intra-EAC rice trade.However, the EAC CET on rice is not fully observed. A number of countries in the EAC derogate from implementing the full CET on rice for various reasons including food security concerns and commitment to other bilateral trade agreements. Furthermore, challenges in intra-EAC food trade (such as infrastructure deficiencies, compliance to standards, and cumbersome trade procedures) make the EAC rice sector less competitive in the face of competition from outside the EAC.

Competition from Asian rice producers is also likely to intensify as consumption of rice in Asia gradually declines, which will create more tradable surpluses for Asian rice producers, while rice consumption in East Africa continues to be price-sensitive.

Consequently, local rice producers and traders are not adequately protected from competitors from outside the EAC, and at the same time face significant challenges to access markets. Ultimately, the development of the rice sector into a wealth-creating value chain is undermined.

EABC and the Eastern Africa Grain Council recommend that:

1. **The EAC should develop and implement an EAC Rice Trade Development Strategy, which will guide the development of the rice sector in East Africa. The Strategy is expected to build on existing rice value chain strategies at Partner States level, most of which place a heavier emphasis on production aspects, by providing strategic guidance for interventions by Partner States, the private sector and development partners to strengthen rice market and trade systems for mutual benefit of all Partner States.**

6.9 HEALTH SECTOR IN EAST AFRICA

The East Africa Health sector stakeholders are concerned about several topical health issues which require prompt and strategic intervention by the EAC Partner States and these include; promotion of cross border portability of social health services, slow implementation and harmonization of regional health policies, legislation in line with the provisions of the EAC Common Market, limited access to health services and commodities contributed to by inadequate Qualified Human Resource for Health and delaying mutual recognition of health professionals, limited financing for health and research, , impoverished health systems and lagging behind of health technology among others.

EABC and the East African Health Platform therefore recommend the following:-

1. **The EAC Partner States should implement and harmonize health policies and legislation in line with EAC Common Market Protocol. Specifically, Partner States should fast track the implementation and harmonization of the EAC HIV and AIDS Prevention and Management Act 2012, the EAC Regional Pharmaceutical and Manufacturing Plan of Action, the finalization and adoption of the Protocol on Regional Cooperation on Health, draft Health policy, the EAC Anti Counterfeit Bill, 2013, the Mutual Recognition Agreements for the Medical Doctors and the EAC Policy on Reproductive, Maternal, Newborn, Child and Adolescent Health (RMNCAH).**
2. **The EAC Partner States should promote the Portability of Social Health Services across the Borders. Specifically the EAC Partner States should develop a Regional Policy and Act on Social health Protection and Services in East Africa; and fast track the negotiation of the mutual recognition agreements for the nurses/midwives and pharmacists;**
3. **The EAC Partner States should increase investment in qualified personnel for health, fast-track implementation of mutual recognition of health professionals.**
4. **The EAC Partner State Governments should increase budget allocation and spending to health programming, research and service provisions both at regional and national level as per the Abuja Declaration and African Union Declaration on health financing.**
5. **Integrate Health systems to improve performance of critical enablers including governance, human rights and gender which are an integrate part of health systems that must be mainstreamed in programming, implementation and impact evaluation.**
6. **The EAC Partner States' governments should promote innovations in information and health related technologies as a solution towards shortage of human resources and the lack of access to health services in rural and hard to reach areas, poor access to information on prevention practices and health lifestyles, access to information on vaccination and associated campaigns, expand capacity to train and upgrade sufficient numbers of qualified**

health personnel, assure better quality medicines and devices regulations, better quality diagnostics, improve coordination between players in the healthcare sector and creating a larger impact on structural and biomedical interventions while improving the efficiency of the Health Sector.

7. **EAC Partner States should uphold partnerships for bigger health outcomes. Partnership for health especially increased engagement of the Private Sector, Civil Society and Faith Based Organizations in areas of hospital and lab - based services to strengthen (i) Infrastructural PPPs (ii) Integrated PPPs (iii) Facility-based hospital PPPs (iv) Lease contracts PPPs; AND Partnerships for health programmes delivery to enhance (i) Research and development (ii) Improvement of access to health products (iii) Public advocacy and increasing awareness (iv) Regulation and quality assurance (v) Training and education. Stronger partnerships for health will result into maximization on expertise and skills leverage of resources and provide more Value for Money while increasing GDP expenditure on health.**

6.10 TOURISM IN EAST AFRICA

East Africa is one of the leading tourist destinations in Sub-Saharan Africa. This is majorly attributed to its natural resource endowment. Available statistics indicate that tourism contributed more than US$ 12 billion to the regional GDP in 2012 which is equivalent to 13 % of regional GDP. In spite of that, the region does not rank favorably as a competitive destination. Tourism's potential to deliver sustainable and inclusive economic growth in the region is hampered by supply-side constraints; thus limiting its competitiveness. These constraints include: unfavorable policy and regulatory framework; uncertain business environment, over reliance on traditional source markets, ill-equipped and in some cases poorly trained human resources and untapped cultural resources.

EABC in collaboration with the East Africa Tourism Platform is calling for policy and regulatory reforms to address the aforementioned constraints in each partner state and by extension the entire EAC.

The core focus is the development of regional tourism within the EAC. EAC as a key source market has not been adequately developed to harness its potential. Partner states' tourism policies have overlooked the region as a viable and potentially sustainable source market. Our objective is to set domestic and regional tourism at the forefront of tourism development in East Africa.

<u>The following are the key priority areas of intervention:</u>

Open Sky Policy: Domestic and regional tourism can only thrive when air costs are competitive and destinations better connected. Air ticket costs in East Africa should be reduced and made competitive on the basis of growing regional and domestic markets. EATP is proposing that all Partner States to fully implement the 5th Freedom and adopt EAC air transport regulations on liberalization of air transport. EAC partner states need to ensure that taxes and other air travel service charges are harmonized across the region. Further, there is need for an increase in the number and routes of low-cost carriers to further stimulate trade and movement of people and goods.

Harmonized Visa Fee: Each Partner State has established its national visa at between US $100 and US$30. EATP is proposing a uniform visa fee for each country and full implementation of the Single Tourist Visa (EAC) for Burundi and Tanzania.

Harmonized Tourism Service Licenses: Approval and licensing requirements should be harmonized across the region so that tourism operators face standardized regulatory guidelines in each and every country. EATP is proposing that EAC Partner States agree on a set of licenses for tourism businesses to operate in the region.

Identify and remove all Non-Tariff Barriers: Non-Tariff Barriers are deliberately delaying regional tourism integration. East Africa as one destination is serving one common market; EATP is calling for trade liberalization based on access to one market and removal of bureaucratic red tape that is impeding tourism trade, movement of goods, services and people.

Joint Tourism Marketing Strategy: All Partner States should allocate financial resources to promote inter and intra-regional tourism. Kenya, Rwanda and Uganda have joined their efforts to market themselves at two international trade-tourism fairs (WTM London and ITB- Berlin) under one banner and stand. EATP is calling the other Partner States to join their counterparts in promoting Destination East Africa.

EABC and East African Tourism Platform therefore recommend the following;

1. Open sky policy: For the groundbreaking modalities already agreed among Kenya, Rwanda and Uganda under NCIP, 2017 was earmarked as the year of actions. Open sky agreements was meant to engender growth of East Africa as a continental hub with resultant multiplier effects on tourism and regional economy. This was to open up traveling within EAC, grow domestic air travel market, expand new routes and introduce more competition.

2. Harmonization of visa fees: Having implemented the Single Tourist Visa, use of National IDs and interstate passes, it is time to tackle the disparities in visa fees and converge towards a harmonized visa fee.

3. For marketing purposes, reaching out to existing or new markets, EAC needs to standout and look at the interests of regional tourism. EATP believes the cost of the joint visa, should not be a hindering factor in the progress towards developing East Africa as one destination.

4. Duplicity of licenses: Together as one destination with clear and harmonized licensing guidelines and procedures, tourism businesses will be in a better position to embrace regional tourism.

6.11 LIBERALIZATION OF THE TRANSPORT SECTOR

According the schedule of commitments on progressive liberalisation of services under EAC Common Market Protocol, all 5 EAC Partner States except Tanzania made commitment to liberalise the five-sub sectors in road transport. These five sub-sectors are passenger transportation, freight transportation, rental of commercial vehicles with operator, maintenance and repair of road transport equipment and supporting services for road transport services. Tanzania made no commitments in the three subs sectors which are rental of commercial vehicles with operator, maintenance & repair of road transport equipment and supporting services for road transport services. Road transport is a critical component of doing business in the EAC since almost all of EAC internal and external trade is transported through the two main northern and central corridors. Road transport is also the main means of transport for passengers across the EAC due to inadequate rail networks and prohibitive air transport costs. The efficiency and capacity of the road network directly impacts the region's competitiveness as transport costs are a significant component of production costs and costs of consumer goods. For example Transport prices on the northern corridor are considered to be double those of developed countries, and a third higher than better performing African corridors.

Some studies suggest that the high road transport costs are explained by a combination of factors including: poor road conditions and lack of viable alternatives such as rail; protectionist haulage regulation which restricts backhauls (meaning that many trucks must travel part of their round trip without cargo); congestion and inefficiencies at the ports of Mombasa and Dar es Salaam; delays at some borders due to poor infrastructure, poor trade facilitation, and persistence of non-tariff barriers (NTBs). Other causes are inefficient provision of transport and logistics services, complicated and expensive transit bond procedures, limited data on corridor performance, and high cost of freight logistics services. Transit delays on the corridors are said to have the most economically and statistically significant effect on exports. For example studies indicate that a one-day reduction in inland travel times leads to a 7 percent increase in exports. These delays contribute significantly to high costs of freight driving the cost of consumer goods higher and adversely affecting the region's capability to trade in the international market.

In general the cost of transport in EAC is very high compared to the rest of the world. With growing EAC economies and prospectus of refining oil in Uganda and Kenya, the demand of trucks will overstretch existing capacity and push the cost of transport even higher making difficult for other sectors especially manufacturing sector to be able to compete with the oil and gas sector. To support the growth of EAC economies, implementation of commitments to liberalize the road transport sector, supported by trade facilitation measures and liberalization of other means transport is needed:

EABC therefore recommends:

1. **EAC Partner States should implement the commitments to fully liberalise the road transport sector**
2. **Tanzania should join other EAC Partner States to liberalise the remaining three sub-sectors in the road transport sector which are rental of commercial vehicles with operator, maintenance & repair of road transport equipment and supporting services for road transport services.**
3. **EAC Partner States should remove Non- Conforming Measures (NCMs) inhibiting transport sector such as registration of companies for freight transport, registration of motor vehicles upon entry into another Partner State, and goods conveyance from one Partner State to another.**

EAC SECRETARY GENERAL

To Hon. Amb. Libérat Mfumukeko,

The EAC Private Sector appreciates your support and commitment to the agenda of the EAC business community.

EABC requests you to spearhead the implementation of the following:

- **Spearhead the actualization of the regional infrastructure projects.**
- **Champion key reforms to reduce the cost of doing business in the EAC region as per the recommendations in this agenda.**
- **Champion removal of impediments to doing business across the region in order to actualize the intended benefits of the EAC Customs Union and Common Market to the business community.**

RECOMMENDATIONS TO THE SUMMIT OF EAC HEADS OF STATE

REPUBLIC OF BURUNDI

To H.E Pierre Nkurunziza, President of the Republic of Burundi and member of the EAC Heads of State Summit

EABC appreciates the Republic of Burundi for undertaking reforms in the following areas:

- ✓ Making paying taxes easier by introducing a new tax return and eliminating the personalized VAT declaration form.
- ✓ Progressively enrolling more goods into the EAC Single Customs Territory.
- ✓ Improving the business environment in Burundi and to ensure growth and development of the private sector by making it easier to start a business (World Ranking 42 out of 190 countries).

EABC requests the Republic of Burundi to:

- **Remove work permit fees for East Africans working in Burundi.**
- **Introduce the EAC Single Tourist Visa for all Tourists visiting and Market EAC as a Single Tourist and Investment destination.**
- **Reduce bureaucratic administrative procedures for importation and exportation of goods in Burundi.**
- **Ratify the EAC Agreement for the Avoidance of Double Taxation and the Prevention of Fiscal Evasion with respect to Taxes on Income.**
- **Ratify WTO Trade Facilitation Agreement and implement the WTO TFA beyond what Burundi has notified under Category A.**
- **Liberalize air transport services as per the Yamoussoukro Decision.**
- **Join the One Network Area (ONA) for Telecommunications in EAC.**
- **Foster peace and security to facilitate trade and investment as businesses suffer the most due to insecurity.**
- **Undertake reforms in the following areas to ease the cost of doing business in Burundi: : Getting electricity (Ranking: 182); dealing with construction permits (Ranking: 168); getting credit (Ranking:182); enforcing contracts (Ranking:150); paying taxes (Ranking:138); protecting minority investors(Ranking: 132); resolving insolvency (Ranking:144) and trading across borders (Ranking: 164).**
  (The above rankings are out of 190 countries as per the World Bank Doing Business Report 2018)

REPUBLIC OF KENYA

To H.E Uhuru Kenyatta, President of the Republic of Kenya and member of the EAC Heads of State Summit

EABC appreciates the Republic of Kenya for undertaking reforms in the following areas:

- ✓ Launching the operations of the Standard Gauge Railway (SGR) in Kenya hence, lowering freight and passenger costs from Mombasa to Nairobi almost by half.
- ✓ Making Kenya the first EAC country to comply with WTO TFA by launching an online trade portal (www.infotradekenya.go.ke) that enables importers/ exporters to quickly access all relevant information on trade procedures.
- ✓ Championing the launch of the International East African E-passport.
- ✓ Making Kenya to rank 80th out of 190 countries in the World Bank Doing Business 2018 Report.
- ✓ Streamlining the process of getting electricity by introducing the use of a geographic information system which eliminates the need to conduct a site visit, thereby reducing the time and interactions needed to obtain an electricity connection.
- ✓ Strengthening minority investor protections by clarifying ownership and control structures, by introducing greater requirements for disclosure of related-party transactions to the board of directors, by making it easier to sue directors in cases of prejudicial related-party transactions and by allowing the rescission of related-party transactions that are shown to harm the company.
- ✓ Making resolving insolvency easier by introducing a reorganization procedure, facilitating continuation of the debtor's business during insolvency proceedings and by introducing regulations for insolvency practitioners.
- ✓ Making registering property easier by increasing the transparency at Kenya's land registry and cadaster.
- ✓ Making it easier to start a business by removing stamp duty fees required for the nominal capital, memorandum and articles of association. Kenya also

eliminated requirements to sign compliance declarations before a commissioner of oaths.

- ✓ Providing a One Stop Centre for government services ("Huduma Centres and e-Citizen").
- ✓ Promoting the usage of National ID as a travel document within the EAC.
- ✓ Promoting the EAC Single Tourist Visa.
- ✓ Rolling out the Regional Electronic Cargo Tracking System via KRA.
- ✓ One Network Area (ONA) for telecommunications in the EAC.

EABC requests the Republic of Kenya to:

- **Further liberalize trade in services in the 7-agreed services sectors: Business; Distribution; Education; Finance; Communication; Tourism & travel related; and Transport; by committing at least 100 sub-sectors on W/120 list classification.**
- **Liberalize air transport services as per the Yamoussoukro Decision.**
- **Eliminate the following long outstanding NTB: Existence of several Weigh bridges along the Northern Corridor.**
- **Implement the WTO TFA beyond what Kenya has notified under Category A.**
- **Remove restrictions on work permits for East Africans i.e "Age limit should be a minimum of 35 years and Monthly salary should be in excess of USD2000".**
- **Undertake reforms in the following areas to ease the cost of doing business in Kenya: Registering property (Ranking: 125); starting business (Ranking: 117); dealing with construction permits (Ranking: 124); trading across borders (Ranking: 106); paying taxes (Ranking: 92); enforcing contracts (Ranking: 90) and resolving insolvency (Ranking: 95).**
  (The above rankings are out of 190 countries as per the World Bank Doing Business Report 2018)

REPUBLIC OF RWANDA

To H.E Paul Kagame, President of the Republic of Rwanda and member of the EAC Heads of State Summit

EABC appreciates the Republic of Rwanda for undertaking reforms in the following areas:

- ✓ Making Rwanda to rank 41out of 190 countries in the World Bank Doing Business Report 2018.
- ✓ Commitment to the construction of Standard Gauge Railway from Isaka, Tanzania to Kigali, Rwanda which will lower transport costs in the EAC region.
- ✓ Making enforcement of contracts in Rwanda easier by introducing an electronic case management system for judges and lawyers.
- ✓ Making it easier to register property by introducing effective time limits and increasing the transparency of the land administration system in Rwanda.
- ✓ Making starting a business easier by improving the online registration one-stop shop and streamlining post-registration procedures in your country.
- ✓ Making trading across borders easier by removing the mandatory pre-shipment inspection for imported products into Rwanda.
- ✓ Promoting the usage of National ID as a travel document within the EAC.
- ✓ Promoting the EAC Single Tourist Visa.
- ✓ Rolling out the Regional Electronic Cargo Tracking System via RRA.
- ✓ One Network Area (ONA) for telecommunications in the EAC.

EABC requests the Republic of Rwanda to:

- **Liberalize air transport services as per the Yamoussoukro Decision.**
- **Implement the WTO TFA beyond what Rwanda has notified under Category A.**
- **Undertake reforms in the following areas: Getting electricity (Ranking: 119); dealing with construction permits (Ranking: 112); trading across borders (Ranking: 87) and enforcing contracts (Ranking: 85).**
  (The above rankings are out of 190 countries as per the World Bank Doing Business Report 2018)

UNITED REPUBLIC OF TANZANIA

To H.E John Pombe Joseph Magufuli, President of the United Republic of Tanzania and member of EAC Heads of State Summit

EABC appreciates the United Republic of Tanzania for undertaking reforms and initiatives in the following areas:

✓ Initiating the construction of the Standard Gauge Railway (SGR) which will lower the cost of Transport in Tanzania and neighbouring countries using Dar es Salaam Port.

✓ Championing the launch of an International East African E-Passport.

✓ Promotion of Industrialization in URT to support wealth creation, job creation and self sufficiencesufficiency.

✓ Making getting credit easier by expanding credit borrower coverage and beginning to distribute data for retailers.

✓ Make dealing with construction permit easier by Implementing a one-stop shop and streamling the building permit process.

✓ Initiating online business registration system in Tanzania which will reduce the time and cost associated with registering a business.

✓ Initiating improvements at Dar es Salaam Port including setting up a one-stop centre at the port which will lower the time to clear goods from 72hrs to 48hrs.

EABC requests the United Republic of Tanzania to:

- **Waive work and resident permit fees for EAC citizens.**
- **Further liberalize trade in services in the 7-agreed services sectors: Business; Distribution; Education; Finance; Communication; Tourism & travel related; and Transport; by committing at least 100 sub-sectors on W/120 list classification.**
- **Liberalize air transport services as per the Yamoussoukro Decision.**
- **Expedite the elimination of the following long outstanding NTBs: Requirement by Tanzania Food and Drugs Authority (TFDA) for companies exporting to URT to register, re-label and retesting of certified EAC products exported by other Partner States, Lack of preferential treatment of Edible Oil products manufactured in Kenya by all edible oil manufacturers in Kenya when exported to Tanzania and Rwanda. The products are being subjected to full CET duties, Cigarettes manufactured in Kenya exported to Tanzania should meet 75% local tobacco content requirement, Denial of preferential treatment on automotive products manufactured in Kenya by Toyota Tsusho East Africa Ltd. (TTEA) when exported**

to Tanzania i.e. for both Toyota Land cruiser 79 pickups and Hino trucks and buses. The products are being subjected to full CET duties.

- Ratify and Implement the WTO TFA beyond what Tanzania has notified under Category A.
- Ratify the EAC Agreement for the Avoidance of Double Taxation and the Prevention of Fiscal Evasion with respect to Taxes on Income.
- Join One NetworK Area (ONA) for telecommunications in EAC.
- Undertake reforms in following areas to improve the business environment in Tanzania:
  Trading across borders (Ranking: 182); starting business (Ranking: 162); protecting minority investors (Ranking: 129); registering property (Ranking: 142) ; paying taxes (Ranking: 154); dealing with construction permits (Ranking: 156) and registering property (Ranking: 142).
  (The above rankings are out of 190 countries as per the World Bank Doing Business Report 2018)

REPUBLIC OF UGANDA

To H.E Yoweri Kaguta Museveni, President of the Republic of Uganda and member of the EAC Heads of State Summit

EABC appreciates the Republic of Uganda for undertaking reforms and initiatives in the following areas:

- ✓ Promoting the usage of National ID as a travel document within the EAC.
- ✓ Making starting a business easier in Uganda by eliminating the requirement that a commissioner of oaths must sign compliance declarations.
- ✓ Promoting the EAC Single Tourist Visa.
- ✓ Rolling out the Regional Electronic Cargo Tracking System via URA.
- ✓ One Network Area (ONA) for telecommunications in the EAC.
- ✓ Making payment of taxes easier in Uganda by eliminating a requirement for tax returns to be submitted in paper copy following the launch of online submission.

EABC requests the Republic of Uganda to:

- **Eliminate the following long outstanding NTB: Restriction of Beef and Beef products from Kenya.**
- **Ratify the WTO TFA and implement beyond what Uganda has notified under category A.**
- **Liberalize air transport services as per the Yamoussoukro Decision.**
- **Further liberalize trade in services in the 7-agreed services sectors: Business; Distribution; Education; Finance; Communication; Tourism & travel related; and Transport; by committing at least 100 sub-sectors on W/120 list classification.**
- **Undertake reforms in following areas to improve the business environment in Uganda: Getting electricity (Ranking: 173); starting business (Ranking: 165); registering property (Ranking: 128); trading across borders (Ranking: 127); dealing with construction permits (Ranking: 148) and Protecting minority investors (Ranking: 108).**
  (The above rankings are out of 190 countries as per the World Bank Doing Business Report 2018)

REPUBLIC OF SOUTH SUDAN

To H.E Salva Kiir, President of the Republic of South Sudan and member of Heads of State Summit

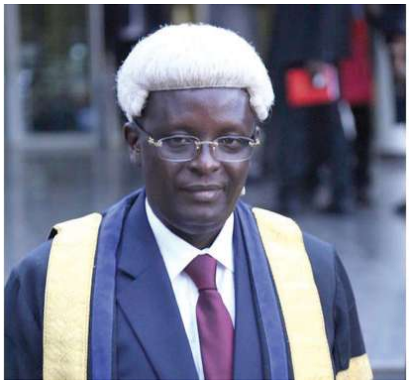
EABC appreciates the Republic of South Sudan for undertaking reforms and initiatives in the following areas:

✓ One Network Area (ONA) for telecommunications in the EAC.

EABC requests the Republic of South Sudan to:

- Champion peace and security in South Sudan for the benefit of South Sudanese and East Africans
- Liberalize air transport services as per the Yamoussoukro Decision.
- Expedite implementation of EAC agreed commitments under the Customs Union and Common Market to increase trade and investments in South Sudan.
- Undertake reforms in following areas to improve the business environment in South Sudan: Getting electricity (Ranking: 187); starting business (Ranking: 181), registering property (Ranking: 181); dealing with construction permits (Ranking: 178); getting credit (Ranking: 177); trading across borders (Ranking: 178) and protecting minority investors (Ranking: 177). (The above rankings are out of 190 countries as per the World Bank Doing Business Report 2018)

EAST AFRICAN LEGISLATIVE ASSEMBLY



To Rt. Hon. Ngoga Martin , Speaker , EALA

EABC congratulates you upon your election as EALA Speaker and is ready to work with you

EABC further, appreciates the East African Legislative Assembly for:

- ✓ The oversight role in the EAC Integration Process.
- ✓ The passing of the East African Community Gender Equality , Equity and Development Bill, 2016.

EABC requests EALA to:

- **Expedite the finalization of the EAC Anti-counterfeit Bill 2013 given the delay.**
- **Develop and prioritize passing of laws that facilitate doing business in the region.**
- **Implement the agreed upon institutionalized framework for engagement with EABC.**

ABOUT EAST AFRICAN BUSINESS COUNCIL (EABC):

The East African Business Council (EABC) is the apex advocacy body of the Private Sector and Corporates from the 6 East African Countries. It was established in 1997 to foster the interests of the Private Sector in the integration process of the East African Community. Originally comprising members from Kenya, Tanzania and Uganda, its membership was expanded to include Private Sector from Burundi, and Rwanda in 2007 as well as and South Sudan in 2017.

Being the representative of Private Sector associations in the region, EABC was granted observer status in organs and activities of the East African Community (EAC). EABC therefore participates in various sectoral meetings, meetings of the Coordination Committee, Council of Ministers' Meetings and the Summit of the EAC Heads of State, with a view to ensuring that the agenda of the Private Sector is well articulated and received by the policy makers.

Further in November of 2012 new milestone was achieved, spearheaded by the EABC and other non-state actors, with Council of Ministers approving the EAC Consultative Dialogue Framework which allows for institutionalized engagement between the EAC Secretary General and the Private Sector, Civil Society, parliamentary groups, religious groups and other non-state actors.

EABC's raison d'être is to seek change in public policy in order to promote a business environment conducive to business formation, growth and expansion. EABC therefore provides a regional platform through which the business community can present their concerns at the EAC policy level, with the overall aim of initiating dialogue with policy makers at all levels to allow for speedy resolution of concerns and further reforms to increase intra-EAC trade and create a diversified, competitive, export-led, integrated and sustainable economy in the East African Community.

Additionally, EABC works towards promoting private sector's regional & global competitiveness in trade and investment through addressing challenges experienced by EABC members at organizational and firm level and through provision of tailored market intelligence.

Our VISION: Borderless East Africa for business and investment.

Our MISSION: To promote sustainable Private Sector-driven growth.

OUR VALUES:
EABC is a value based organisation reflecting the commitments of the Treaty Establishing the East African Community, and the understanding that businesses require a set of values under which trade and investment can take place. These values include transparency; good governance; respect for the rule of law; enforceable physical and intellectual property rights; equal opportunities and a diverse workforce; and an overarching

understanding that financial probity from government and the private sector is key to a flourishing business environment. It is within these values framework that EABC has committed itself to:

- represent the interests of all its members without favour to any grouping or country
- foster cooperative relationships among its members and with private sector bodies from other regions
- be responsive to the needs of its members in order to remain relevant and strategically important to the EAC private sector
- foster cooperative relationships between East African business interests and governmental bodies on matters related to Policy Advocacy, Trade and Regional Integration, in order to create the most favourable environment for the EAC private sector to invest and expand, and generate additional employment

To this end EABC seeks members' commitment to ensure constructive engagement in national, regional and global private sector development initiatives with the EAC and other partners, and offer collaboration and support in the development of the shared values, their implementation and monitoring of related processes.

OUR MANAGEMENT STRUCTURE

Annual General Meeting

Being a Business Membership Organisation (BMO), the AGM is the supreme policy making organ of the East African Business Council (EABC). The AGM meets once a year to elect the Executive Committee headed by the Chairperson and to give overall direction to the Secretariat in line with the Strategic Plan and interests of the business community.

Executive Committee- EABC is managed by a 22 member Executive Committee, headed by a Chairperson, elected from the 5 Partner States on an annual rotational basis and 4 Vice Chairs from each of the States not holding the Chair. Each country nominates 4 Members to the Executive Committee. The Past Chair and the Executive Director (who is also the Secretary to the Board) are the other 2 members.

Board Sub-Committees - EABC has various board Sub-committees appointed to assist in implementing the EABC Mandate.

Secretariat – A Secretariat based in Arusha manages the day to day activities of EABC. The Secretariat is headed by an Executive Director with Professional and Support staff.

National EABC Focal Points – At national level, EABC activities are coordinated through the EABC National Focal Points / Chapters, who are also the national private sector umbrella bodies. These are:

Burundi	Federal Chamber of Commerce & Industry, Burundi (FCCIB)
Kenya	Kenya Private Sector Alliance (KEPSA)
Rwanda	Private Sector Federation Rwanda (PSFR)
Tanzania	Tanzania Private Sector Foundation (TPSF)
Uganda	Private Sector Foundation Uganda (PSFU)

Through the National focal points, EABC aims to reach a wide cross section of the private sector. The focal points also play a critical role in harmonizing positions for regional related issues.

MEMBERSHIP:

EABC Membership is drawn from the six East African Partner States and is open to all national and regional associations as well as Corporates with interest in the EAC integration process or/and operations in the region.

EABC Membership cuts across all business sectors and includes Corporates, the National Private Sector Apex Bodies; National Manufacturers' Associations; National Chambers of Commerce, Employer's Associations; National Women Associations, Transporters Associations, National Bankers Associations, Employers Associations and various Regional Associations among others.

EABC has 3 Membership Categories:

Ordinary Members: who include Private Sector associations such as National Chambers of Commerce & Industry, Manufacturers Associations, Private Sector Apex Bodies, Federation of Employers, sector associations in banking, tourism, insurance, agricultural and transport among others.

Associate Members: include government agencies that facilitate trade and investment such as Port Authorities, bureau of standards, Investment Promotion agencies, Export Promotion agencies, among others.

Corporate Members: include multinationals, medium and small enterprises.

Membership Services and Benefits Include:

Policy Advocacy: Opportunity to contribute to formulation of policies at a regional level on issues affecting your sector. Our 'Observer Status' at the EAC that enables us to participate in all their activities and input into the negotiations and to hold regular and interactive dialogue with the EAC Secretariat; EAC Policy makers; Ministers and the Summit.

EABC has over 20 years' experience in policy advocacy on behalf of the Members and the larger EAC Private Sector. Under Policy advocacy EABC:-

- Works with members to identify priority issues for policy advocacy;
- Works with members to formulate agreed policy positions and prepare compelling evidence based on policy position papers;
- Participates in technical, sectoral and ministerial meetings, and other policy making organs at EAC where we articulate Private Sector positions;
- Undertakes and commissions research to understand policy issues of interest to the Private Sector from which we develop Private Sector Positions;
- Provides a forum where the business community can regularly discuss and drive reforms to ensure the environment for business is conducive.

Business Development Services and Networking: Gain exposure to local, regional, and international markets and investors seeking partnerships and collaborations in the East African Community. Through our various business fora (annual business fora, Public Private Dialogues, and conferences) we identify policy issues for discussion with various policy organs within the EAC. In the annual East African Business Directory we market East African Business both within Africa and beyond. EABC also trains and advices members on legislative and regulatory developments within the EAC. B2B meetings give members an opportunity to develop joint ventures, establish partnerships, gain information and access to regional and local markets among other benefits.

EABC provides advisory services on trade policy and law: In addition to policy advocacy, EABC provides members with advisory services on key policies and laws governing trade within the EAC region, COMESA and SADC. Additionally EABC represents the EAC business community in trade partnership agreements between EAC-US, EAC- EU etc. Members are advised on how to engage in these trade arrangements for maximum benefit.

Market Intelligence: Access to the latest news and regular information on legislative and regulatory developments in the East African Community, which is vital for business decisions. We have a monthly e-newsletter contains, an informative website (www.eabc.info) and regular policy brief to members.

Association - Opportunity to belong to a well established and respected regional apex body for the Private Sector. EABC is today acknowledged as the key regional facilitator that brings together all EA Private Sector stakeholders and has partnered with most key organizations that share the goal of pursuing a better climate for doing business to ensure the Private Sector is the engine of EAC integration.

Business to Business (B2B) Engagements – EABC gives your business a platform to engage with other businesses either at EAC Regional Level or Internationally. We have held international conference and meetings with American business leaders, German business leaders, Chinese business leaders etc

Business to Government (B2G Engagements) - EABC gives your business a platform to build consensus and develop a Private Sector position which is then used for advocacy with policy makers. Through the EAC Consultative Dialogue Framework (CDF), EABC has an opportunity to engage with the East African Community Summit of Heads of State, Council of Ministers, Sectoral Councils, Technical Committees etc.

Studies: EABC conducts various studies on behalf of members to come up with evidence based policy advocacy. This means we are able to provide factual information on the issues affecting the various sectors and to build a credible case for policy change or formulation that is favourable to business thus improving the business environment.

Trainings: EABC provides various trainings to Members e.g. Training on Rules of Origin, Export management, EAC Customs Procedures, Advocacy for Associations, Sensitization on Mutual Recognition Agreements for the various professional groups etc.

Trade Missions: EABC has linkages with various International organizations and business entities. We organize trade missions to many destinations in the world including America, UK, China, Germany, Sweden, Japan, India, Nordic Countries and African countries. All these provide our members with opportunities to develop business partnerships and strike business deals that lead to further business expansion, new linkages, joint ventures etc.

Exhibitions: Many of our events have exhibition opportunities to enable our members showcase their products and services and venture into new markets. During such events our members are able identify partners, engage their potential customers and get distributors for their products. Many companies are able to get new customers through networking where they have access to a wide range of business leaders.

In Collaboration with:

With Support from: