



EAC SECRETARY GENERAL PRIVATE SECTOR CHIEF EXECUTIVE OFFICERS (CEOs) LUNCHEON HELD ON 5TH JULY 2014 AT HOTEL CLUB DU LAC TANGANYIKA IN BUJUMBURA ,BURUNDI

REPORT

1. INTRODUCTION

East African Business Council (EABC) in partnership with Federal Chamber of Commerce and Industry of Burundi (FCCIB) ,East African Community (EAC) Secretariat and with the support from Trade Mark East Africa (TMEA) organised the Second Burundi National EAC SG CEOs Forum on 5th July 2014 in Bujumbura, Burundi to dialogue on EAC Integration issues especially the one related to Burundi Business Community and agree on the way forward.

The specific objectives of the forum were;

- ⇒ To provide status and progress of the implementation of the agreed recommendations of the 1st EAC SG CEOs Forum;
- ⇒ To determine the outstanding and emerging issues for follow up at National, Regional, Council and Summit levels; and
- ⇒ To prioritize the key private sector concerns and develop a time-bound action plan.

The luncheon hosted by the EAC Secretary General, was attended by the Director General Economic Affairs, who represented the the Minister to the office of the President responsible for EAC Affairs, Trade Mark East Africa Country Director, France Ambassador to Burundi, President of Federal Chamber of Commerce and industry of Burundi and Vice Chairperson of EABC, Business Community from Burundi, Government Officials, Officials from East African Business Council (EABC) Secretariat, East African Community (EAC) Secretariat ,Federal Chamber of Commerce and industry of Burundi Secretariat and Trade Mark East Africa, Media among others.

2. OPENING REMARKS

The Luncheon was moderated by Mr. Christian Nkengurutse, Executive Director Federal Chamber of Commerce and Industry of Burundi (FCCIB). He welcomed all the participants and called upon the the President of Federal Chamber of Commerce and Industry of Burundi (FCCIB) and Vice Chairperson of EABC to give his remarks.

2.1 Mr. Econie Nijimbere, President of Federal Chamber of Commerce and Industry of Burundi (FCCIB) and Vice Chairperson of EABC

Mr. Econie Nijimbere , the President of Federal Chamber of Commerce and Industry of Burundi (FCCIB) and Vice Chairperson of EABC explained the genesis of EAC SG CEO Forum and its importance to EAC integration process. He also went on to explain the history of EAC integration process and role of Private sector and the people in the process.

He pointed out that Burundi it has made significant progress in terms of integration since she joined the East Africa Community in 2007. However, he indicated that the journey is long ahead particularly with respect to commitments member countries have made to achieve all phases of the integration. He mentioned some of the challenges which included legal and regulatory framework, persistence of non-tariff barriers at the National and Regional levels, weakness within production units composed mainly of Small and Medium Enterprises, High taxes , inadequate and/or lack of infrastructure to support production and facilitation of trade (energy, ports, railways, etc.) and balance in trading with the rest of the world.

He said that this second Forum of Burundian Business leaders with the EAC Secretary General will provide of better ways of handling issues of regional integration.

In conclusion, he thanked the Hon. Léontine NZEYIMANA, the Minister to the Office of the President of Burundi responsible for EAC Affairs who took part in previous EA SG CEO Forum, EAC Secretary General and his team, East Africa Business Council, Trademark East Africa and the Burundi Federal Chamber of Commerce and Industry for their relentless commitment toward the development of EAC.

2.2 Ms. Anthe Vrijlandt , Country Director, TradeMark East Africa.

Ms. Anthe Vrijlandt , Burundi Country Director for Trade Mark East Africa thanked the SG for the excellent leadership, continued support and dedication to the Forum; EABC for working tirelessly in consolidating the voice of Private Sector in the EAC; the Business Community and Media for their contribution and continued support towards the EAC integration process. She explained the importance and contribution of EAC SG CEO Forum to the integration process including the pressing challenges.

She said that Trade Mark East Africa has continued to pursue demand driven intervention which included infrastructure at the Port of Mombasa and Dar-es-salaam, Single window and one stop Border Post. She pointed out that in Burundi , TMEA is working on physical infrastructure at seven Borders , Customs automation and Building Revenue Authority in Burundi. She went further to state the progress achieved so far in Burundi especially in removal of NTBs.

The Country Director informed the meeting about the three measures which the Government of Burundi has put in place which are anti-trade. The measures included introduction of Pre-shipment Inspection fees which is higher in the EAC, Electronic Tracking system which has not been

harmonized with other Partner States and new security tax of 1.15% imposed on all imported cargo. She indicated that TMEA was not comfortable with the current discretionary exemption given to some companies which causes unfair competition to other especially the newcomer.

The Country Director praised Burundi Bureau of Standards (BBN) for the achievements and indicated that TMEA was happy to be part of the success. She said that TMEA program on Private Sector and Civil Society is working closely with EABC and EAC SG CEO Forum is a shining example of the closer collaboration between Public and Private Sector

In conclusion, she congratulated the Mr. Domitien Ndhokubwayo for being appointed as the first new Commissioner-General of Burundi Revenue Authority and affirmed TMEA continued support and cooperation in future.

2.3 Representative of the Hon. Leontine Nzeyimana, Minister to the Office of the President responsible for EAC Affairs

The Representative of the Minister to the office of the President responsible for EAC Affairs explained the relationship between Article 127 of the Treaty and the recent adopted EAC Consultative Dialogue Framework. He said that such a framework provides for a platform for continuous dialogue between EAC , Partner States, Private Sector ,Civil Society and other interested Groups at national and regional level. He pointed out the first EAC SG CEO Forum was instrumental in bringing together the CEOs in the EAC to agree on the Common Agenda. He thanked TMEA for supporting the forum, EABC, FCCIB and EAC Secretariat for organizing the event. He said that the Forum is being held at the time when EAC is implementation Common Market and Single Customs Territory. He called for removal of NTB along the Northern and Central corridors

In conclusion, he thanked all the stakeholders present at the Forum and extended the hand of cooperation and partnership to Private Sector. He called upon the Development Partner to continue with their support and thanked EAC SG for his stewardship, TMEA for their support and economic operators for their contribution towards the economy.

2.4 Amb. Dr. Richard Sezibera, Secretary General, East African Community

Amb. Dr. Richard Sezibera, Secretary General of EAC thanked the Government and People of Burundi for their usual warm hospitality and excellent hosting of the event. He said that his intention was to get views from Burundi businessmen and women on the issues of trade facilitation

The Secretary General said that Burundi has made tremendous efforts in peace building, development and integration within the EAC. This can be demonstrated by increased in hotel bed capacities around the country from around 800 three years ago to over 2,000 today and time taken to register business in Burundi. According to the African Economic Outlook 2014, Burundi's growth accelerated to an estimated 4.6% in 2013, up from 4.2% in 2012. He called upon the Government of the Republic of Burundi to ratify the Protocol on the establishment of the East African Monetary Union (EAMU).

The Secretary General further said that East Africa Community (EAC) has adopted initiatives such as one-stop border posts, electronic cargo tracking systems, Single window system and East African Payment system. These initiatives have resulted in transit time coming down from 21 days to 6 days. According to the Secretary General, all these initiatives are geared towards the implementation of the WTO Trade Facilitation Agreement to which all the EAC Partner States agreed to in December last year. He was optimistic that the measures will go a long way in eliminating the costly and cumbersome border procedures, inadequate infrastructure and administrative burdens that often raise trade-related transaction costs within EAC to unsustainable levels.

In conclusion, he called for greater political inclusivity in Burundi ahead of next year's elections and thoughtfulness in addressing any outstanding issues that pose as a challenge to the creation of an environment conducive to the holding of a free, transparent, inclusive and peaceful poll in 2015 in Burundi. He commended 44 political parties and key leaders in Burundi for signing a code of conduct for free and peaceful elections in 2015.

3. PRESENTATION FROM THE BUSINESS COMMUNITY

3.1 Mr. Andrew Luzze Executive Director of EABC

Mr. Andrew Luzze, Executive Director of EABC made presentation on the status and progress on the implementation of previous recommendations of the EAC SG CEO Forum.

He highlighted the progress made since the previous forum in regard to the EAC Integration Process;

- ⇒ The operationalization of the Single Customs Territory by Kenya, Uganda and Rwanda.
- ⇒ The launch of the Single Customs Territory at the Port of Dar es Salaam
- ⇒ The establishment of an administrative mechanism for withdrawal from the EAC Duty Remission scheme for manufacturers for export. Single Customs Territory is now being implemented by three Partner States.
- ⇒ The intended review of the EAC Duty Remission Regulations by the EAC Secretariat
- ⇒ The consideration of the legally binding mechanism towards the removal of NTBs by the Sectoral Council for Legal and judicial affairs
- ⇒ The approval of the EAC SPS Protocol and three draft EAC SQMT Regulations, namely Product certification, Technical Regulations, and Testing labs
- ⇒ The positive trend towards the conclusion of the EPA negotiation to avoid the disruption of trade that might occur if the Agreement is not signed in time as planned
- ⇒ Progress towards the allowing of temporary movement of services suppliers (Natural person under Mode 4) without linking it with movement of workers.
- ⇒ All Partner States are in the process of aligning national laws to the Common Market Protocol although the process is at a low pace
- ⇒ The launch of the Single Tourist Visa by Kenya, Uganda and Rwanda

- ⇒ The use of National Identity Card to travel across the borders by three Partner States (Kenya, Uganda and Rwanda).
- ⇒ The commencement of the building of the Standard Gauge Rail from the port of Mombasa to Kigali.

3.2 Presentation from Federal Chamber of Commerce and Industry of Burundi (FCCIB)

Mr. Luise Ndabahagamyé from FCCIB, presented the issues facing the Burundi Business Community and the proposed way forward.

3.2.1 He highlighted the following NTBs related to Free movement of goods;

- ⇒ Non-harmonized road user charges/road tolls affects all Partner States.
- ⇒ Most of border points are working 24 hours but some others are not yet in Tanzania, Rwanda and Burundi.
- ⇒ Most of borders in Partner States have one stop border and verification sheds and parking yards. But in some border posts they are still under construction or planning. To expedite the process.
- ⇒ Non recognition by Kenya of SPS certificates issued by Uganda and Burundi for tea destined to Mombasa auction. Ratification of the EAC Protocol on SPS by Partner States should be expedited to help resolve the NTB.
- ⇒ Charges of plant import permit (PIP) at Malaba for tea destined for auction at Mombasa. Ratification of the above Protocol on SPS expected by June 2014 should contribute to resolve the NTB.
- ⇒ Several Police road blocks along Central Corridor affect Burundi, Rwanda and Uganda. Reduced from 30 to 8 from Dar to Rusumo and is in the process of being reduced them to 3. Works on harmonized electronic cargo tracking system are underway in Burundi and Rwanda and should contribute to resolve the NTB.
- ⇒ Existence of several weighbridge stations in the Central Corridor. Tanzania has committed to comply with the Council decision to reduce them to two by June 2015.
- ⇒ Lack of coordination among numerous institutions involved in testing goods.

3.2.2 He highlighted the following NTBs related to Single Customs Territory;

- ⇒ Single Customs Territory for Kenya, Rwanda and Uganda is effective from October 2013 and from July 2014 for Burundi and Tanzania. Implementation of SCT should be speeded up.
- ⇒ Fear of likely loss of sovereignty on collection of custom duties by the implementation of the Single Customs Territory (SCT).
- ⇒ Non-existence of an efficient and effective dispute settlement mechanism.
- ⇒ Fear of likely loss of jobs and business without compensatory mechanism. A common customs administration with a very interlinked framework and harmonized electronic cargo tracking system should be established.

- ⇒ Customs agent to face high cost of doing business due to held up borrowed working capital in terms of taxes paid at the port of entry.
- ⇒ Persistent NTBs due to unilateral decisions by Partner States. Land locked countries should be equal stakeholders of main seaports of the region. Regional policy on joint ownership of key regional infrastructures to be adopted.
- ⇒ Lack of mechanism to handle cases such as loss of cargo due to accident or robbery.

3.2.3 He highlighted the following NTBs related to free movement of labour and Services;

Free movement of labor and services provided for in articles 10 and of the Common Market Protocol and its annexes II and V is still restricted by a number of barriers including the following;

- ⇒ Costs for obtaining work permits in Burundi, Tanzania/Zanzibar and Uganda are high and paid in foreign currency and not harmonized between these countries. Work permit fees should be abolished like in Kenya and Rwanda.
- ⇒ Processing time for the handling of work permits is too long and should be shortened.
- ⇒ Required documents for and classes of work permits application are varied and should be standardized.
- ⇒ Issuing authorities of work permits are not harmonized. They should be centralized into a one-stop center established on tripartite basis composed of representatives from relevant ministries and employers' and workers' organizations.
- ⇒ Other actions which should be taken to contribute to remove these barriers include: (1) the portability of social security benefits across borders in the EAC region; (2) the use of a common identity card/voters/student cards as travel document and for work permit application in all Partner States; the amendment of national employment policies and labor legislations in a process of gradual approximation/harmonization and aligning national laws to CMP; (3) the inclusion in the EAC Scorecard the progress on the implementation of the CMP on free movement of labor and services.
- ⇒ Linking Annex II on free movement of workers regulations and schedule and Annex V on progressive liberalisation of services schedule hinders self employed persons to move into the EAC Partner States. The two annexes should be delinked in order to abolish the requirement of a work permit for the self employed persons to move in the EAC region for short terms tasks.
- ⇒ The conclusion of the Annex on Mutual Recognition of academic and professional qualifications should be expedited.

3.2.4 He highlighted the following NTBs related to EAC Single Tourist Visa ;

- ⇒ Single Tourist Visa is effective from January in Kenya, Rwanda and Uganda and is still under negotiation in Burundi and Tanzania. Implementantion of Single Tourist Visa and negotiations should be expidited.
- ⇒ Lack of legal and institutional framework for the Single Tourist Visa through immigration laws. Fast track discussion and approval.
- ⇒ Lack of Protocol on Tourism and wild life. Fast track discussion and approval of the Protocol.
- ⇒ Lack of a Regional Tourist Code of conduct that promote fair competition and dealing amongst the players and consumers. Fast track discussion and adoption of the Code.
- ⇒ Lack of free movement of Tourist vehicles. Tourism Service vehicle licensing should be harmonized or Partner States licenses as « domestic » be recognized thus allowing vehicles to drive into Parks as local ooperators. Single licensing regime for TSV's should be established.
- ⇒ Harasment of foreign registered vehicles. Number of police checks of foreign registered vehicles should be reduced.
- ⇒ Discriminatory rates. EAC citizens should be recognized as « domestic » thus apply citizen rates into Parks and tourist establishments to encourage intra-regional tourism.

4. PLENARY SESSION

4.1 Issues raised during the Plenary session

During the plenary session, the following issues were raised;

- ⇒ It was pointed out that achievements in the EAC are not well communicated to the public.
- ⇒ The proposed trade remedies committee not involving the private sector
- ⇒ The Burundi Revenue Authority not being present at the port of Mombasa and Dar es Salaam
- ⇒ The high cost of work permits as well as cumbersome acquisition procedures
- ⇒ Un harmonised domestic taxes such as the TVP charged by Burundi according to weight
- ⇒ Duty remission scheme on the CET granted to companies but not a country thus creating unfair competition among firms in the same sector.
- ⇒ Unharmonised high air transport taxes thus rendering air transport expensive
- ⇒ The classification of hotels should be reconsidered due to the fact the some requirements are too costly for some countries such as Burundi
- ⇒ There is a need for a financial facility for business women at the regional level
- ⇒ The tax concession is given to the individual companies instead of country.
- ⇒ Brarudi is facing problem when exporting their goods to Tanzania.
- ⇒ Taxes are contributing to the high cost of air fares.
- ⇒ Whether the current political situation is facilitating businesses.

4.2 Response from EAC Secretary General

EAC Secretary General said that Visa and work permit is still a problem. He said that the Government of Burundi is still charging fees although it is committed to remove them. He pointed out that the major border stations are working 24 hrs, e.g. Malaba, Busia, Resumo. One stop Border Post Bill was passed by EALA and is now waiting assent by Heads of State in the Partner State. The Secretary General requested Burundi to raise the issues of KEPHIS with EAC secretariat through their Government for further discussion at regional level. He said that electronic tracking system should operate on the principle of mutual recognition not harmonised. He indicated that Trade Facilitation Agencies should come under one roof e.g. Kentrade , Tantrade etc. He explained that the next EAC Common Market score card will include labour issues.

The Secretary General told the forum that EAC Gazette should be on line. He went further to state that exemptions are bad therefore EAC has put in place a mechanism to end exemption. He confirmed that list which came from Burundi tax proposals was accepted as submitted by Burundi.

The Secretary General requested Burundi to raise their issue with EAC Secretariat through their Government. He said that Air transport is a major problem. The Countries have agreed on all regulations except one. He indicated that Partner states have agreed to reduce the cost of air transport. He pointed out that the meeting will be convened in August to discuss the way forward on Air Transport.

The Secretary General indicated that improvement in Tourism requires concerted efforts of all. He said that the cross border movement of vehicle is not possible at the moment. He urged the Government of Burundi to consider being part of the Group implementing EAC Single Tourist visa .

4.3 Representative from the Government

The Representative of the Minister to the office of the President responsible for EAC Affairs said some of the issue raised cannot be sorted out by Ministry of EAC only but other Ministries such as Ministry of Finance. He agreed that Visa and work permit fees of 500 USD dollar is high but he confirmed that the Ministry was working on it as it has budget implication.

4.4 New commissioner General of Burundi Revenue Authority

Mr. Domitien Ndhokubwayo , new Commissioner-General of Burundi Revenue Authority introduced himself to Business Community. He invited Business Community to his office. He reiterated the need for working together in order to overcome the challenges.

4.5 Response from Mr. Econie Nijimbere, President of Federal Chamber of Commerce and Industry of Burundi (FCCIB) and Vice Chairperson of EABC

Mr. Econie Nijimbere , the President of Federal Chamber of Commerce and Industry of Burundi (FCCIB) and Vice Chairperson of EABC explained Political situation in Burundi. He indicated that security situation has improved.

5. VOTE OF THANKS

Mr. Audace Ndayizeye, Vice - President of Federal Chamber of Commerce and Industry of Burundi (FCCIB) and EABC Board Member passed the vote of thanks. He said that Saturday is normally a busy day. He commended EAC SG for the hard work. He thanked EABC and TMEA for the work well done and their assistance. He also thanked members of Burundi Business Community for their contribution, the staff of the hotel and the press and all participants in general.

7. RECOMMENDATIONS

- ⇒ Burundi Government to review the new measures introduced on Pre-shipment Inspection fees, Electronic Tracking system, security tax of 1.15% imposed on all imported cargo and tax on trucks called TVP.
- ⇒ Burundi Government to review the current discretionary exemption given to some companies which causes unfair competition to other especially the newcomers.
- ⇒ The Forum called upon the Burundi Government to ratify the Protocol on the Monetary Union.
- ⇒ The Forum called upon the Burundi Government to join Kenya, Uganda and Rwanda in using National ID to travel across the Border and East African payment system.
- ⇒ Harmonisation of road user charges/road tolls affects all Partner States.
- ⇒ Improve border management through synchronising working hours, fast tracking completion of OSBP, improve coordination of Border agencies.
- ⇒ Fast track the ratification of EAC Protocol on SPS by Partner States.
- ⇒ Reduction of Police road blocks along Central Corridor to less than 8 from Dar to Rusumo and weighing of transit cargo
- ⇒ Harmonisation of electronic cargo tracking system.
- ⇒ Implement EAC Single Custom Territory by all Partner States taking into account the concerns of the Business Community.
- ⇒ Persistent NTBs due to unilateral decisions by Partner States. Regional policy on joint ownership of key regional infrastructures to be adopted.
- ⇒ Lack of mechanism to handle cases such as loss of cargo due to accident or robbery.
- ⇒ Harmonisation of policy, legal and regulatory regime of work permit in the EAC.
- ⇒ Making social security benefits portability across borders in the EAC region
- ⇒ The two annexes on labour and services should be delinked in order to free movement of services provider under mode 4 .
- ⇒ Promote the principle of Mutual Recognition of academic and Professional qualifications
- ⇒ The use of EAC Single Tourist Visa to be extended to Burundi
- ⇒ Fast track the approval of the Protocol on Tourism and wild life.
- ⇒ Develop Regional Tourist Code of conduct that promote fair competition and dealing amongst the players and consumers.
- ⇒ Develop framework to facilitate free movement of Tourist vehicles across the EAC.
- ⇒ EAC citizens should be recognized as « domestic » thus apply citizen rates into Parks and tourist establishments to encourage intra-regional tourism.
- ⇒ EAC Secretariat should always communicate achievements.

- ⇒ The high cost of air transport should be reviewed
- ⇒ Government of Burundi to raise the issues of KEPHIS with EAC in relation to mutual recognition.
- ⇒ The next Common Market score card to include labour.
- ⇒ Brarudi was requested to raise the issue with Government.
- ⇒ EAC Gazette should always be on line.
- ⇒ The classification of hotels should be reviewed.