



EABC - The Voice of the Private Sector  
in East Africa

# EAST AFRICAN BUSINESS COUNCIL (EABC)



## Annual Report 2016/2017

EABC – The Voice of the Private Sector in East Africa



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## OUR VISION

EABC strives to be the dynamic apex body of the private sector in the East African Community, in fostering sustained economic growth and prosperity in the region.

## OUR MISSION

Our mission is to represent and promote the interests of the EAC business community; provide value added services that create new business opportunities, enhance global competitiveness of EAC businesses, and actively influence government policies to improve the enabling business environment.

## OUR VALUES

In all its operations, EABC is guided by the following principles, which shape the internal culture:

### 1. Integrity

We value upright behavior and operate with transparency and lack of ambiguity. Our actions are clear, consistent, honest and truthful.

### 2. Accountability

We are accountable to our members and stakeholders. We manage our resources responsibly and use them efficiently to provide value for money. We commit to being held responsible for all our actions and track all we do with appropriate documentation.

### 3. Balance

We value fair balance and seek to arrive at win-win positions that are fair to all parties involved. We are non-partisan and are not influenced by political or national agendas. Rather, we are guided by our vision of fostering sustained economic growth and prosperity in the region and by our mission to the EAC business community.

### 4. Innovation

We value the creation of new solutions to existing and new challenges. We are dedicated to creating new policy advocacy approaches and place a premium on designing innovative solutions for the EAC business community. Innovative solutions are celebrated.



## STATEMENT FROM THE CHAIRMAN



**Members of the EABC Executive Committee, Distinguished Members of the East African Business Council, Ladies and Gentlemen.**

It is my honour and privilege to welcome you all to this **18th Annual General Meeting of the East African Business Council**. I take this opportunity to thank you all for taking time out of your busy schedules to attend this important meeting. Your presence here is an indication of your commitment to actively participate in the EAC Integration process and to support the East African Business Council to achieve the objectives of its set up and mandate. As members of the EABC Executive Committee, we wish to relay our deep appreciation to the entire membership of EABC for the tremendous support we have received from you over the past one year following our election into office. Indeed we would not have achieved much as outlined in this annual report, without your support and dedication.

Distinguished Members, as you may be aware, last year upon my election into office, I outlined several goals that I set out to achieve in collaboration with my fellow Executive Committee Members. These included: Building further EABC's institutional capacity through the enhancement of the technical and financial capabilities of the secretariat; ensuring that EABC earns regional recognition as the driver of policy change on East African business issues; extending further EABC's activities and services beyond policy and advocacy, into complimentary areas that will add value to our members; engaging our partners such as the EAC Secretariat and various development partners more effectively for the mutual benefit of the parties and finally increasing EABC's visibility throughout all EAC Partner States.

Although some of these goals were only partially fulfilled and continue to be pursued, I am happy to report that through your support, EABC was able to realize most of its set goals in the past year. Key amongst these included: Diversifying its policy advocacy work to include other products and services that add value to the membership; conducting trade-related trainings and sensitizations; organizing several dialogue forums to advocate for policy reforms that would enhance private sector competitiveness including the EABC Anti-Illicit Trade Conference held in September 2016, the 1st East African Business and Entrepreneurship Conference and Exhibition in October 2016, the 2nd East African Manufacturing Business Summit in May 2017, the EABC Meetings with Trade Facilitation Agencies in Tanzania in July 2016 and in Kenya in April 2017, and Validation Meetings for key studies specifically *"The study to assess the Impact of Harmonized East African Standards on trade in 7 of the EABC list of 20 most traded products in the EAC region"* and the EABC study on *"the Costs and Benefits of Open Skies in the East African Community"*. These and many more activities have been accomplished by the Secretariat in close collaboration with the Executive Committee during the period under review. All these efforts are aimed at improving the business environment to give way to private sector growth and competitiveness in the region.

Furthermore, during the 2016/2017 term; EABC updated key policy documents notably, the EABC Policy and Advocacy Agenda 2017/2018, working closely with EABC National Focal Points and Sector Associations. The main message of the current EABC Advocacy Agenda is to call upon the Policy Makers in all EAC Partner States to expedite implementation of agreed commitments under the EAC Common Market Protocol and Customs Union Protocol and go further to make doing business in the EAC region easier and faster. We continue to reiterate that the EAC Integration Process must continue to be private sector driven in order to realise the objectives set out in the Treaty that forms the Community. The Advocacy Agenda 2017/2018 has identified key recommendations and issues that policymakers within the region ought to prioritize during this fiscal year; to create a conducive business environment in the region.

I wish to laud the efforts of the Executive Committee and the EABC Secretariat and congratulate the team led by the Executive Director for a job well done during the period under review. I further appreciate you for your unwavering support as Members of EABC, without which all these achievements would not have been possible. I also take this opportunity to reiterate our commitment to the EABC mission and vision and encourage you, as Members of EABC to maintain the same spirit of dedication and commitment so that together we can achieve more.

As I hand over to the next Chairman and Executive Committee, I know they will be able to achieve what we have not been able to finalize during our tenure and much more for the benefit of the entire EAC business community. I urge you members to support the incoming Chairman, just as you have supported me and continue to work closely with the Secretariat providing the necessary inputs and participating actively in our events to make the voice of the private sector in East Africa strong and continuously heard by the policy makers. More importantly the private sector needs to be seen to speak with one voice, the reason we have enhanced close collaboration with our National Focal Points regional associations and Sector Associations to ensure the message delivered to policy makers remains one and strong.

Once again, I thank you all and God Bless you.

**Mr. Audace Ndayizeye, Chairperson EABC**



# STATEMENT FROM THE EXECUTIVE DIRECTOR



## Distinguished EABC Members,

I take this opportunity to convey our appreciation from the Secretariat for your great support and active Participation in the EAC Integration process particularly your inputs into private sector positions to equip us with the necessary information to help us advocate for a conducive business environment in the region in order to increase private sector growth and competitiveness. Your input and participation in our meetings has been very instrumental in helping us to meet our objectives and registering the achievements outlined in this annual report.

I would like to particularly thank our Executive Committee Members for their active participation, great inputs and availability to represent EABC in the numerous meetings and events that we have participated in over the past year. I must say we have had a very vibrant team of Board of directors during the period 2016-2017. They have contributed their time, expertise and resources to the institution to make sure it continues to shine. Their strategic oversight, input and direction has been

very instrumental in steering EABC to great heights.

The implementation of the EABC Work plan 2016 and now 2017, has gone very well and I must also appreciate EABC National Focal Points, Sector Associations and our Corporate members who have worked hand in hand with the Secretariat over the past one year as part of the EABC Policy and Advocacy Coordination Team (TACT). The Private Sector Foundation Uganda (PSFU), Tanzania Private Sector Foundation, (TPSF), Burundi Federal Chamber of Commerce and Industry (BFCCI), Kenya Private Sector Alliance (KEPSA) and Rwanda Private Sector Federation (RPSF) have worked closely with the Secretariat to register the achievements we have enumerated in this report. The Manufacturers associations from the across the region have been instrumental in organizing the 2nd East African Manufacturing Business Summit concluded recently in Kigali, Rwanda. Similarly, other sector associations have been very supportive whenever called upon to provide their inputs in our work.

Last year, EABC embarked on a very important task of review of the EABC Strategic plan to develop EABC Strategy 2022, which seeks to position EABC to better deliver on its mandate as the voice of the Private Sector in the region. That work is still ongoing but the major parts of it have already been accomplished including receiving your input on the priority areas for the next strategy. We are keen to ensure the work is finalized in a timely manner and we will again call upon you to support the implementation of the same as we go along. I wish to take this opportunity to thank you all for your inputs. During the period under review, we have also finalized and printed the Annual EABC Policy Advocacy Agenda 2017/2018 which captures key issues raised by the private sector that need to be addressed particularly policy reforms that if implemented will improve the business environment, reduce the cost of doing business and increase the competitiveness of the private sector in the region. You will receive a copy of the 2017/2018 edition during the 18th AGM, at the Secretariat or during our forth coming meetings. The EABC Corporate Book titled EABC Business Agenda is a project we embarked on in year 2016 and we have already published volume one which many of you have already received a copy. We will also distribute copies to members at this 18th AGM and we request for your support to finalize on Volume 2 which is our commemorative edition for EABC 20th anniversary.

This year we are also celebrating our 20th Anniversary of dedicated policy advocacy for the private sector. We call on you our members to set aside time to attend the EABC 20th Anniversary Celebrations on 10th November 2017 at the Intercontinental Hotel in Nairobi Kenya. We will be looking back and appreciating those who have made EABC to achieve great milestones as it grew along the way. Ladies and gentlemen, we closed year 2016 with a high membership receivable. Gauging from our achievements within the year, we believe we have added a lot of value. We have focused on member needs and developed balanced positions to ensure the policy makers gain more and more understanding of what the private sector needs to grow and become more vibrant in the EAC region. We are keen to take this to the next level and we humbly request your support and encouragement. I particularly call upon those members who have not yet paid their subscriptions to honour their commitments to enable the secretariat to grow and become stronger. As we begin the New Year, we are keen to work closely with all sectors to ensure that the voice of the private sector continues to be heard across the region and we are able to speak with one voice. This calls for concerted efforts and close collaboration with all private sector players to bring all our issues into one message carried by each of the players. Please rest assured that the Secretariat of EABC is keen to work closely with you and to take up your inputs into policy positions.

Our close collaboration with the EAC Secretariat under the leadership of the Amb. Liberat Mfumukeko has significantly contributed to the effectiveness of the Secretariat. The Directorates of Customs and Trade, Infrastructure, Productive and Social Sectors have been extremely supportive to the EABC Secretariat and we have established a very good working structure to ensure that our inputs are channelled into the EAC policy and decision making meetings. Our development partners have been very instrumental in going the extra mile with us, believing in our goals and objectives and supporting us all the way. I wish to thank Trade Mark East Africa, Federation of German Industries, GIZ, ITC, DFID and East African Research Fund among others for their great support to EABC in achieving key results this year.

Finally I wish to also appreciate our staff at the Secretariat for their commitment and dedication to hard work in serving the members. It has been a very tough year considering the heavy workload but they have maintained a very positive attitude to work. Without their dedication, many of the achievements would not have been realised.

Thank you once again and God bless you.

**Ms. Lilian Awinja, Executive Director.**



## ABOUT EAST AFRICAN BUSINESS COUNCIL (EABC)

The East African Business Council (EABC) is the apex advocacy body of business associations of the Private Sector and Corporates from 5 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 after 2007 to include private sector from Burundi and Rwanda.

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 a 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 also 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 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 has a lean staff complement of 10, headed by an Executive Director, 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 & Industries 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 (PFSU)                  |

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 harmonising positions and advocacy for regional issues, to the Ministries of Finance or relevant line Ministries.



## MEMBERS OF THE BOARD



**Mr. Audace Ndayizeye**  
Chairman



**Mr. Kassim Omar**  
Vice Chair, Uganda



**Mr. Felix Moshia**  
Vice Chair, Tanzania



**Amb. Dennis Awori**  
Vice Chair, Kenya



**Mr. Dennis Karera**  
Vice Chair, Rwanda



**Mr. Jean Ndikumana**  
Director, Burundi



**Ms. Claudette  
Ngendandumwe**  
Director, Burundi



**Mr. Boaz Nimpe**  
Director, Burundi



**Ms. Rita Kavashe**  
Director, Kenya



**Mr. Lutf Kassam**  
Director, Kenya



**Mr. Simukai Munjanganja**  
Director, Kenya



**Mr. John Bosco Rusagara**  
Director, Rwanda



**Mr. James Gatera**  
Director, Rwanda



**Mr. Stephen Ruzibiza**  
Director, Rwanda



**Dr. Samuel M. Nyantahe**  
Director, Tanzania



**Mr. Arvind Dhariwal**  
Director, Tanzania



**Mr. Grant Maphan**  
Director, Tanzania



**Mr. Jim Kabehe**  
Director, Uganda



**Mr. Francis Onapito**  
Director, Uganda



**Mr. Sikander Lalani**  
Director, Uganda



**Ms. Lilian Awinja**  
Secretary to the Board

## EABC SECRETARIAT



**Ms. Lilian Awinja**  
Executive Director



**Mr. Adrian Njau**  
Trade & Policy Advisor



**Ms. Gloria Mtei**  
Finance & Administration Manager



**Mr. Lamech Wesonga**  
Policy and Standards Officer



**Ms. Angelika Farhan Reimpell**  
Business Development Manager



**Ms. Nancy Gitonga**  
Regional Coordinator-East African  
Women in Business Platform  
(EAWiBP)



**Mr. Patrick Moshi**  
Communications, PR & Advocacy  
Officer



**Ms. Frida Shelukindo**  
Office Assistant

## KEY ACHIEVEMENTS

During the past one year, EABC has continued to grow stronger and stronger, representing the private sector at the regional level and playing the critical role of advocating for a conducive business environment in the region. It has not been easy, but the Secretariat has worked intensively beyond their capacity to ensure that EABC remained fully visible in the region and articulated key recommendations from the private sector to the policy makers.

### Some of the Key Achievements During the Period are as follows:-

1. In September 2016, EABC in collaboration with EAC Secretariat and the Manufacturers Associations hosted a very successful Anti-Illicit Trade Conference in Nairobi Kenya which among others recommended the development of a separate Regional Anti-counterfeit Agency to deal with issues of Counterfeiting, influx of substandard products, smuggling, and infringement on Intellectual property rights among others.
2. During the annual pre-budget consultations of ministers of finance, held at the EAC Secretariat in April and May in the year 2016 and again in 2017, several recommendations raised by EABC with support from the Sector associations and the National Focal Points under the EABC Technical Advocacy Coordination Team (TACT), were adopted by the ministers of finance and were highlighted in the Partner States budgets. Out of 46 proposals for tariff change submitted by EABC 42 tax proposals were adopted and read out as part of the budget speeches in the Partner States. Last year the adopted proposals also featured in the EAC Gazette as published at the end of June 2016. This year we await the publication of the proposals in the EAC Gazette due for release on 30th June 2017. **Examples of CET proposals adopted by Partner States during pre-budget consultations:-**
  - a. Out of the 49 EABC Tax Proposals 42 Tax Proposals were adopted by EAC Partner States i.e. Tanzania, Kenya and Uganda. The adopted products include: HS Code 7208.54.00; HS Code 7208.90.00; HS Code 7208.52.00; and, HS Code 7208.53.00; HS Codes 7210.41.00; HS Codes 7210.49.00; HS Codes 7210.61.00; HS Codes 7210.69.00; HS Codes 7210.70.00; HS Codes 7210.90.00; HS Codes 7212.30.00; and HS Codes 7212.40.00. HS Codes 7214.10.00; HS Codes 7214.20.00; HS Codes 7214.30.00; HS Codes 7214.91.00; HS Codes 7214.99.00; HS Codes: 7216.10.00; HS Codes 7216.21.00; HS Codes 7216.22.00; HS Codes 7216.50.00; HS Codes 7228.10.00; HS Codes 7228.20.00; HS Codes 7228.30.00; HS Codes 7228.40.00; HS Codes 7228.50.00; HS Codes 7228.60.00; HS Codes 7228.70.00; HS Codes 7228.80.00; HS Codes 7212.40.00; HS Codes 7215.10.00; HS Codes 7215.50.00; HS Codes 7215.90.00; HS Codes 7216.61.00; HS Codes 7216.69.00; HS Codes 7216.91.00; HS Codes 7216.99.00. HS Code 7213.10.00; HS Code 7213.20.00; HS Code 7213.99.00; HS Code 7227.10.00; HS Code 7227.20.00; HS Code 7227.90.00; HS Code 7308.20.00; HS Code 7308.40.00; and HS Code 9406.00.90.
  - b. Adoption of specific duty on iron and steel imports into EAC by Kenya, Uganda and Tanzania. Tanzania, Kenya and Uganda Tanzania introduced 25% or USD200/MT, whichever is higher on following iron and steel products : 7210.41.00; HS Codes 7210.49.00; HS Codes 7210.61.00; HS Codes 7210.69.00; HS Codes 7210.70.00; HS Codes 7210.90.00; HS Codes 7212.30.00; and HS Codes 7212.40.00. HS Codes 7214 .10.00; HS Codes 7214.20.00; HS Codes 7214.30.00; HS Codes 7214.91.00; HS Codes 7214.99.00; HS Codes: 7216.10.00; HS Codes 7216.21.00; HS Codes 7216.22.00; HS Codes 7216.50.00; HS Codes 7228.10.00; HS Codes 7228.20.00; HS Codes 7228.30.00; HS Codes 7228.40.00; HS Codes 7228.50.00; HS Codes 7228.60.00; HS Codes 7228.70.00; HS Codes 7228.80.00; HS Codes 7212.40.00; HS Codes 7215.10.00; HS Codes 7215.50.00; HS Codes 7215.90.00; HS Codes 7216.61.00; HS Codes 7216.69.00; HS Codes 7216.91.00; HS Codes 7216.99.00.



3. During 2017/18 Budgets EAC Partner States have also agreed to uniformly grant stay of application on the reduction of remission level on sugar for industrial use (HS. Code 7101.9910) and apply 10% instead of 100%. Last year Ministers of Finances had decided to reduce remission level on sugar for industrial use from 90% to 75% which could increase import duty of sugar for industrial use from 10% to 25%. EABC submitted proposals requesting EAC Partner States to maintain 10% import duty on sugar for industrial use until such time the region has capacity to produce both brown sugar and refined sugar which can satisfy regional market.
4. During 2017/18 Budget Tanzania has stayed application of the EAC CET rate and instead applies a duty rate of 25% or USD 250 per metric ton whichever is higher on iron or non-alloy steel from 10 tariff lines. These tariff lines are in line with EABC tax proposals of 2016/17 and EABC Policy Advocacy Agenda 2017/18. EABC has been advocating for specific duty ranging from USD 150 to USD 250MT or 25% whichever is higher in order to protect the regional industries against cheap products from outside the region.
5. During the 2017/18 budget Tanzania continued stay application of EAC CET rate and instead applied a duty rate of 25% or USD200/MT whichever is higher on steel rods and bars and hot-rolled angles. These form part of the EABC 49 tariff lines which we had submitted during 2016/17 consultations, requesting Partner States to consider specific duty of USD 250/MT or 25% whichever is higher in order to protect regional industries against cheap imports from outside the region.
6. During the 2017/18 budget, Tanzania granted stay application of EAC CET rate and instead apply a duty rate of 10% or USD 125/MT whichever is higher on flat-rolled products of iron or non-alloy steel, with a width of 600mm or more, cold rolled or cold falling under HS codes 72109.15.00; 7209.16.00; 7209.18.00; 7209.25.00; 7209.27.00; 7209.28.00; 7209.90.00; for one year. These proposals are contained in the EABC Policy Agenda 2017/18 whereby EABC is advocating for same specific duty to protect regional flat steel product manufacturers against cheap imports from outside the region.
7. During the 2017/18 budget, Tanzania has zero (0%) rated VAT on ancillary transport services in relation to goods in transit through United Republic of Tanzania. During the fiscal year (2016/17) Tanzania introduced 18% VAT on ancillary transport services offered to transit goods such as stevedoring, lashing & securing, cargo inspection, preparation of customs documentation, container handling and storage of transit goods to be transported. This decision of charging 18% VAT on ancillary services raised outcry to the regional businesses which were using Dar port as to transit their goods because finally the VAT was charged to non-residents who were not VAT registered in Tanzania and could not claim input VAT but rather absorbed it as cost to their businesses.
8. EABC raised this matter during Public-Private Dialogue with Trade Facilitation Agencies in Tanzania in July 2016 and during the meeting with Hon. Amb. John Kijazi , Chief Secretary , Office of President, United Republic of Tanzania. Hon. Amb. John Kijazi promised to take up the EABC issues to His Excellency Dr. John Pombe Joseph Magufuli and relevant levels of Government of United Republic of Tanzania. The fruits of that meeting are the removal of those charges.
9. During the 2017/18 budget Tanzania has removed VAT on importation of machinery and plant used in edible oil, textile, leather and pharmaceutical industries. EABC has been advocating for fiscal measures (tax reduction) to promote Cotton, Textile & Apparel (CTA), Leather & Leather Products and Pharmaceutical Industries. EABC proposals are contained in the Policy Advocacy Agenda 2017/18.





10. During the 2017/18 budget, Tanzania has reduced Corporate Income Tax rate for new assemblers of vehicles, tractors and fishing boat from 30% to 10% for the first five years from commencement of operation in Tanzania. EABC through its annual Policy Advocacy Agenda has been advocating for good policies which will promote the growth of Automobile Industry in the region.
11. In February 2017 EABC established an institutionalized engagement with the East African Legislative Assembly where the Assembly will meet with the EABC twice a year to set the joint collaborative agenda in the first meeting and to follow up on progress of implementation of agreed commitments during the second meeting.
12. In May 2017 EABC in collaboration with the EAC and strong support from the Manufacturers Associations hosted the 2nd East African Manufacturing Business Summit, in Kigali Rwanda which raised key recommendations for the growth of the sector including the critical issue of the need for a regional local content policy to support growth of the sector.
13. The EABC Policy Advocacy Agenda 2017/2018, of which copies are available at the Secretariat or at EABC meetings. Copies will also be distributed during the 18th Annual General meeting taking place at Serena Hotel on Friday 16th June 2017, has been developed by the EABC Policy Advocacy Coordination Team made up of National Focal Points and Sector Associations who coordinate the regional issues that should be taken up by EABC.
14. Elimination of NTBs, the EABC Advocated for removal of several NTBs across the region and has highlighted them in the EABC Advocacy Agenda 2016/17 as well as through submission through EAC Structures. The results are as follows:-
  - Abolition of Railway of Development Levy (RDL) of 1.5% on EAC originating products imported into Tanzania from other EAC Partner States by Tanzania Government
  - Following EABC Submission on misinterpretation of Chapter 15 of the revised EAC rules of origin which denied access to Rwandan Market for edible oils from Kenya, The Republic of Rwanda was directed by Sectoral Council on Trade, Industry, Finance and Investment (SCTIFI) not to generalize that all cooking oil from EAC countries do not qualify for Preferential Tariff Treatment.
  - Further, EAC Partner States agreed to review EAC Rules of Origin to address issues of Cooking Oil, Cement and Salt within one year as a response to EABC Submission to the EAC Secretary General and the Directorate of Customs and Trade.
  - The United Republic of Tanzania has ensured removal of roadblocks along central corridor from 50 to 5 only as result of EABC Advocacy.
  - Introduction one stop inspection station with weigh in motion for transit trucks passing through URT.
  - Passing of EAC Vehicle Load Control Act 2015 by the EALA and enacted at the Heads of State level which aims at harmonizing vehicle load measures (vehicle mass & axle load) across EAC Partner States.
  - Passing EAC NTB Bill which seeks to hasten efforts to Eliminate NTBs in the region. The bill is current with the Heads of State for assent.

## **15. Movement of Goods across EAC**

Roll-out of EAC Single Customs Territory (SCT) by EAC Partner States to ease movement of goods as a result of EABC.

Roll-out the Regional Electronic Cargo Tracking System by Kenya, Uganda and Rwanda

## **16. Movement of Workers**

Tanzania has lowered the Resident Permit for East Africans from USD 1050 to USD 550 for a period of two years.

## **17. EAC Rules of Origin**

The new Revised Rules of Origin 2015 unlike the previous one, contained special criterion which allow the regional assembled vehicles to qualify as EAC originating hence enjoying Community Tariff Treatment when traded across EAC Partner States.

## **18. Harmonisation of EAC Standards**

During period under review, EAC Partner States declared 104 Final Draft East African Standards. These standards cover the sectors of fish, fishery products, paper and paper products, cement, surface active agents which are part of the EABC's 20 most traded products developed through a study in year 2014 and for which EABC has been carrying out advocacy across the region. Other sectors covered under these standards are; cosmetics, cereals and pulses

The Partner States also endorsed 108 international standards whereby some form standards for part of our EABC's 20 most traded products.

## **19. Telecommunications**

The adoption of the One Network Area (ONA) for voice and data exchange for Kenya, Uganda, Rwanda and South Sudan was in response to EABC advocacy to reduce the cost of telecommunications in the region.

# HIGHLIGHTS ON KEY DEVELOPMENTS DURING THE PERIOD UNDER REVIEW

## INSTITUTIONAL STRENGTHENING:

Over the last year, the concept of Institutional Development and Organisational Strengthening has become increasingly important in relation to our institutional development projects. We have often undertaken a two pronged approach through engaging in transforming the unique position and mandate EABC holds in a competitive advantage and seeking financial independence for the institution, to reduce dependence on external funding.

### 1. EABC Strategy 2022

During the period under review, EABC embarked on a very important task of review of the EABC Strategic plan to develop EABC Strategy 2022, which seeks to position EABC to better deliver on its mandate as the voice of the Private Sector in the region. That work is still ongoing but the major parts of it have already been accomplished including receiving your input on the priority areas for the next strategy. I wish to take this opportunity to thank you all for your input into that work.

### 2. Collaboration with National Focal Points and Sector Associations

The Secretariat maintained a strong working relationship with the EABC National Focal Points and sector associations which has led to development of joint proposals and working together to advocate for key private sector concerns. Some of the activities on carried out together include:-

#### Exposure Visit to Brussels, Belgium by EABC Members and Staff



*EABC & BDI during visit to Bavarian Office in Brussels*

An exposure visit to Berlin and Brussels was organized by the EABC Secretariat under partnership project between EABC and Federation of German Industries (BDI). The purpose of the mission was to provide an opportunity for learning and to ensure the private sector in East Africa can learn from the Federation of German Industries to strengthen their advocacy work. During the mission EABC Secretariat, the Chairman of the Board, CEOs of National Focal Points and representatives of Sector Associations participated in visits to the European Union, Business Europe, BDI Officers in Brussels, the Bavarian representation in Brussels and the European Parliament. This was a great learning mission to allow the EAC Membership Associations to draw comparisons between their advocacy and that of the BDI and Business Europe at the European Union Level. The Brussels visit was preceded by a visit to Berlin, whereby EABC Secretariat Team led by the Executive Director got an opportunity to familiarize on how BDI conduct its advocacy and lobbying activities in Germany.



*EABC Shares the Advocacy Agenda with BDI in Berlin at the BDI Offices*



*EABC and BDI staffs visit the Bavarian Representation in Brussels.*



## EABC Technical Advocacy Co-ordination Team Planning workshop:



*Members of EABC Technical Advocacy Coordination Team with representatives of BDI (Right to Left) Mr. Ansgar Cordier, Long-term Expert EABC – BDI Partnership Project and Ms. Katharina Loy, BDI Senior Manager Security and Raw Materials in Dar-es Salaam, Tanzania.*

As part of enhancing collaboration with National Focal Points and Sector Associations, EABC Secretariat with support from the Federation of German Industries (BDI) organized a joint work-plan for policy advocacy during a three day workshop for EABC Technical Advocacy Team (TACT) in Dar es Salaam on 2nd to 4th December 2016. The TACT members are staff from EABC National Focal Points dealing with policy issues, Manufacturing Associations and representatives of regional associations.

During the workshop which was part of EABC Work plan for 2017, the participants discussed the midterm review of EABC-BDI Project; Planning of Project -related activities; Services and Association Management at Association of Ghana Industries (AGI), Promotion of Locally Manufactured Products (The Made in Ghana Initiative) and TACT Planning Activity for 2017.

At the end of the workshop, the participants had developed the joint work-plan for EABC Policy Advocacy for period of 2017 and identified key advocacy areas which EABC and its stakeholders agreed to advocate for period of 2017.



## Improving Communication on EAC Economic Integration Issues



*(Back Left to Right) Mr. Ansgar Cordier, Mr. Ansgar Cordier, Long-term Expert EABC – BDI Partnership Project, Mr. Niyitunga Salvator FCCIB, Ms. Rehema Mtigwa TPSF, Ms. Angelika Farhan EABC Business Development Manager, Ms. Caroline Mukeli KEPSA, Mr. Ronny Mulongo PFSU, Rosehilda Wangari, Communications Officer Kenya Association of Manufacturers, Ms. Hazel King'ori East Africa Insurer Association / Association of Kenya Insurers, Ms. Gloria Mtei EABC Finance and Administration Manager, Ms. Elginette Kassim Facilitator from South Africa and Mr. Eddy-Claude Nininahazwe FCCIB who attended the Business Writing Seminar.*

Effective communication is key for reinforcing policy advocacy on regional economic integration issues hence EABC under the partnership project with the Federation of German Industries (BDI), organized a 3 day training on “Business Writing “. The seminar enabled better collaboration and coordination among Communications and Public Relations Officers from EABC Secretariat, EABC National Focal Points and selected Sector Associations. The seminar offered the opportunity for Communications and Public Relations Officers to share East African experiences with the facilitators from Germany and South Africa. In addition, the training improved writing skills to cover economic topics specifically by putting complex advocacy issues into an easy to read text . It also increased knowledge on how to engage the media effectively on business issues.

The seminar was hosted at EABC National Focal Point Kenya (Kenya Private Sector Association) offices in Nairobi, Kenya.



*Ms. Caroline Mukeli, PPD Communications Officer and Mr. Eddy-Claude Nininahazwe, FCCIB - Journalist & Media Executive Officer receive their Certificate of Competence in Business Writing*



### 3. Partnership agreements

EABC strives to strengthen its partnership with its key stakeholders who include the business community; the EAC and all its organs; EABC National Focal Points and development partners. We work to leverage partner synergies to efficiently and effectively fulfil our mandate. During the period under review EABC entered into various collaborative efforts by signing MoUs with various partners. These strategic partnerships comprised of:

#### Memorandum of Understanding (MOU) with Afrika Verein



*Mr. Audace Ndayizeye, EABC Chairman shares a copy of the EABC Business Agenda with Mr. Christoph Kannengiesser, CEO Afrika Verein alongside the 2nd German-African Business Summit, in February 2017 Nairobi, Kenya.*

Afrika Verein is the nationwide, cross-sector foreign trade association of German companies and institutions that are interested in economic cooperation with the countries of the African continent. The MOU was signed in April 2016 and a follow up meeting held in February 2017 on the sidelines of the German-Africa Business Summit. The aim of the collaboration is to set up the EAC-German Advisory forum, a dialogue platform through which both associations can enhance trade and investment relations between EAC and Germany in order to implement the joint declaration made in Arusha, Tanzania at the EAC Secretariat during the visit by Hon. Frank Walter Steinmer and Amb. Dr. Richard Sezibera to form an EAC-German Advisory Forum. A follow up meeting will be held in Berlin in December 2017.

Mr. Audace Ndayizeye, EABC Chairman and Hon. Christophe Bazivamo, EAC Deputy Secretary General Productive and Social Sectors led discussions with the board members of the Afrika-Verein on East African common market, trade liberalization, innovation, finance and investment. EABC agreed to collaborate with the Afrika-Verein and other important German players as part of a “German – East African Advisory Forum”. In addition, the Afrika-Verein agreed to collaborate with EABC particularly, by jointly organizing the EAC – German Business Conference that is scheduled to be held in December 2017, Berlin, Germany. The conference will focus on Financing for SMEs and will also highlight Foreign Direct Investments to the EAC.



## EABC - BDI Partnership Project Review



*Mr. Ansgar Cordier, Longterm Expert EABC – BDI Partnership Project stating that “A stronger EABC is a better case for EAC Integration.”.*

EABC undertook a mid-term review of the project titled “Advocacy for a Strong East Africa” that is supported by the Federation of German Industries (BDI). Launched in April, 2015 the project aims to support regional economic integration by improving policy advocacy and strengthening linkages between German and East African businesses.

The project has been marked by the significant achievements particularly: the development and printing of the EABC Policy Advocacy Agenda of 2016 and 2017/18 and the EABC Technical Advocacy Coordination Team who play a key role in spearheading to advocacy issues for attention to policy makers.



*(Left) Mr. Samuel Mchopa, Chairman East Africa Insurers Association, (Second from Left) Ms. Katharina Loy, BDI Senior Manager Security and Raw Materials during the mid-term review of the EABC- BDI project titled “Advocacy for a Strong East Africa”*

### 3. Capacity Building and Training

#### In-house Training on EABC East African Integration Business Awards

The EABC–BDI Partnership Project aims at improving EABC’s policy advocacy for a deepened regional economic integration in the framework of the East African Community (EAC). In addition to building EABC’s advocacy capacities, the comprehensive co-operation project between EABC and BDI aims equally at developing EABC’s capabilities in providing demand-driven services to its diverse clientele as well as becoming financially more sustainable, i.e. less depending on donor contributions.



*(Fourth Right) Mr. John Defor from AGI with EABC Staff Members at EABC Secretariat, Arusha Tanzania*

One of EABC’s key objectives according to its strategic plan 2015-2018 is to enhance EABC’s external communication and to boost recognition in the EAC business community. Besides being engaged hugely in policy and policy-related communication, EABC recognizes that demand-driven services such as networking events, entrepreneurship forums are also an important tool to enhance the attractiveness of the EABC, to attract and to retain members sustainably.

Given the fact that the AGI introduced successfully an award scheme titled Ghana Industry Awards several years ago in Ghana, EABC engaged a consultant from Association of Ghana Industries to share experience and support EABC to introduce East Africa Integration Business Awards that aim to encourage more businesses to take advantage of EAC regional integration.





## POLICY & ADVOCACY:

During the period under review from June 2016 to May 2017 the Secretariat undertook various Policy and Advocacy Activities which were mainly guided by EABC's Policy and Advocacy Agenda of 2016 / 17. Most of the activities were aimed at addressing the various constraints affecting the smooth implementation of the EAC Customs Union and Common Market Protocols. This was achieved through evidence based advocacy and participation at high level meetings with policy makers at Regional and Multilateral levels. Some of the policy and advocacy activities undertaken include:

### Dialogue with Policy Makers

#### EABC Meeting with H.E. William Ruto Deputy President of Republic of Kenya



*EABC Directors and Members with H.E. William Ruto, Deputy President of the Republic of Kenya*

As part of East African Business Council (EABC) Policy and Advocacy Agenda for 2016, EABC Members, led by the EABC chairman, directors, members drawn from the 5 EAC Partner States and EABC Secretariat on 21st June 2016, held discussions with H.E. William Ruto, Deputy President of the Republic of Kenya at his official residence in Karen Nairobi. EABC took the opportunity to discuss a number of issues affecting the EAC business community while trading with Kenya, across the region and internationally as raised by EABC members. The meeting was attended by Cabinet Secretaries, Principal Secretary and senior staff from the Ministries responsible for East African Community Affairs, Industrialization and Trade, Transport and Infrastructure, Interior & Coordination of National Government, Energy together with Kenya Revenue Authority, Kenya Bureau of Standards and Kenya Civil Aviation Authority, among others.

The key issues discussed included: the need to fast-track implementation of the Common Market Protocol (CMP); Implementation of the Single Customs Territory (SCT), EAC's engagement with third parties, especially the European Union and China; regional mega projects; the need to adhere to the agreed EAC Common External Tariff (CET) rates; harmonization of EAC Standards & Technical Regulations; development of the EAC Anti-Counterfeits Policy and Law; domestication of the EAC airspace, the need to enhance trade facilitation and the importance of peace and security along the northern corridor.



## EAC Secretary General Forum / Public-Private Dialogue Meeting with Trade Facilitation Agencies in Tanzania

As part of the implementation of the EABC 2016 work plan, EABC conducted a Public-Private Dialogue (PPD) meeting with Trade Facilitation Agencies in Tanzania on 13th July 2016 at the Julius Nyerere International Convention Centre, Dar es Salaam, Tanzania. The successful PPD Meeting attracted over 100 participants mainly EABC Members and the business community from across the 5-EAC Partner States. The key Trade Facilitation Agencies in Tanzania which participated in the Dialogue were Tanzania Revenue Authority, Tanzania Bureau of Standards (TBS), Tanzania Food and Drugs Authority (TFDA) and Tanzania Ports Authority. The meeting was officially opened by Hon. Dr. Susan Kolimba Assistant Minister for Foreign Affairs, East African, Regional and International Cooperation and closed by Amb. Aziz Mlima Permanent Secretary Ministry of Foreign Affairs, East African Regional and International Cooperation, United Republic of Tanzania.

The key issues and recommendations which were deliberated include: Non Recognition of Quality Marks of Food Products by TFDA; Treatment of injectable & High Cost of Registering Products in Tanzania; High & numerous fees and charges levied by TFDA; Prevalence of sub-standard and counterfeit products; lack of coordination between TBS and TFDA; Unfavorable Tax Regime (VAT on ancillary services for transit goods; Discriminatory excise duty on cigarettes, fruit juice and wines; High & numerous regulatory charges and fees, cumbersome customs & costly producers; Challenges on New EAC Rules of Origin and bottlenecks at Port of Dar es Salaam.

## EABC Engagement with Chief Secretary of the United Republic of Tanzania on EAC Integration Issues



*(Left to Right) Hon. Ambassador John Kijazi, Chief Secretary, Office of the President, United Republic of Tanzania, receives a copy of EABC Policy Advocacy Agenda from Mr. Audace Ndayizeye, EABC Chairman, Ms. Lilian Awinja EABC Executive Director and Mr. Felix Mosha, EABC Vice Chair.*

As part of its policy advocacy activities EABC Secretariat organised a courtesy visit between the East African Business Council Executive Committee Members with Hon. Ambassador John Kijazi, Chief Secretary, Office of the President, United Republic of Tanzania.

Led by EABC Chairman, Mr. Audace Ndayizeye the ECM accompanied by EABC Secretariat staff paid a courtesy visit to Chief Secretary Office of the President, United Republic of Tanzania in State House (Ikulu) in Dar es Salaam on 7th December 2016.

During the engagement, EABC Chair commended the EAC Heads of Summit under the leadership of His Excellency Dr. John Pombe Joseph Magufuli as the Chair of the Summit for the remarkable progress towards the realization of the regional integration agenda, noting landmarks such as reduction of road blocks along the Central Corridor, reduction of work permit fees and signing of the East African Community Elimination of Non-Tariff Barriers into Trade Bill (2015), among others. Hon. Amb. John Kijazi urged EABC to learn and share best practices from other regional economic communities so as to deepen EAC Integration

Some of the regional issues which were submitted by EABC ECM to the Chief Secretary include: Domestication of Air Space, Harmonisation of Domestic Taxes, Introduction of VAT on Ancillary Services to Transit Goods and One Network Area (ONA) for telecommunications.

## East Africa Standards Platform

The East African Standards Platform (EASP) was operationalised in Mid-February 2012 as a structure within the East African Business Council (EABC) in response to the challenges and the trade barriers faced by suppliers in intra-regional trade due to differences in technical regulations and standards amongst EAC Partner States. Below is a highlight of Standards Platform activities conducted in the period of June 2016 - May 2017.

## EABC Regional Public Private Dialogue (PPD) on Technical Regulations



*Participants at EABC Regional Private Dialogue on Technical Regulations at Imperial Royale Hotel, Kampala Uganda.*

The East African Business Council (EABC) through the East African Standards Platform held a regional Public Private Dialogue (PPD) on Technical Regulations from the 1st to 2nd September 2016 at Imperial Royale Hotel Kampala Uganda. Its main objective was to hold candid discussions between the public and private sector on the issue of varying technical regulations among the EAC Partner States, how it's affecting intra-EAC trade and agree on what should be done to ensure that trade is effectively facilitated.



The dialogue brought together key stakeholders in the EAC from Ministries responsible for EAC affairs, Ministries of Trade, Manufacturers Associations, EAC manufacturers, EAC Secretariat, Tanzania Food and Drug Authority, National Bureaus of Standards, National Monitoring Committees on NTBs, National Enquiry Points and Development Partners among others.

Key issues discussed included; the finalization of the draft EAC SACA bill 2015 which is seen as a milestone by the business community that once finalized it will solve the problem of varying technical regulation frameworks across the EAC, agreeing on the contentious issues in the draft bill and the roadmap to the finalization of the bill; the interplay in the implementation of standards and technical regulations and the role of National Technical Barriers to Trade (NTBT) Enquiry points in facilitating intra EAC trade among others.

The Regional PPD came up with an agreed matrix of key issues, challenges, recommendations which has been circulated to key stakeholders including EAC Secretariat. Some of the recommendations were used in developing the EABC Policy Advocacy Agenda 2017/18 in the area of Harmonisation of Standards and Technical Regulations.

### **EABC Regional Dialogue with Trade Facilitation Agencies of Kenya**

EABC organized a Public-Private Dialogue Forum with Trade Facilitation Agencies in Kenya on Friday 28th April, 2017, Nairobi, Kenya. This will be done in close collaboration with Kenya Private Sector Alliance (KEPSA) and with support from TradeMark East Africa.

The objective of the public-private dialogue forum was to inform the EAC business community of new developments with regard to the work of trade facilitation agencies and seek clarifications on issues affecting their businesses while trading with Kenya, across the region and internationally. In addition, the public-private dialogue forum focused on the extent to which Kenya is translating the EAC Common Market and Customs Union Protocols into policies that support the actualization of free movement of people and workers, goods, services, capital and the rights of establishment and residence within the EAC Partner States.



*EAC Business Community and Officials from Trade Facilitation Agencies in Nairobi, Kenya .*

The dialogue was held with the following agencies Kenya Bureau of Standards, Kenya Revenue Authority, Kenya Ports Authority, Kenya Plant Health Inspectorate Service, Kenya Trade Network Agency (KENTRADE), Ministry of Labour and East Africa Affairs and Ministry of Industrialization and Enterprise Development which were represented at the highest levels of Director General, Principal Secretary and Senior Commissioners.

The occasion was graced by Mr. Benson Korongo, Commissioner Domestic Revenue KRA, Dr. Manu Chandaria, Chairman Comcraft Group and Amb. Dennis Awori, former Chairman KEPSA. The meeting was attended by Mr. Kassim Omar, EABC Vice Chair Uganda, Mr. Mosses Ogwal from EABC National Focal Point Uganda (Private Sector Foundation Uganda) as well as members drawn from the 5 EAC Partner States and EABC Secretariat. Ms. Betty Maina, Principal Secretary, Ministry of East African Community, Labour and Social Protection Republic of Kenya paid a courtesy visit to the meeting. Hon. Phyllis Kandie, the Cabinet Secretary, Ministry of Labour and East Africa Affairs, and Hon. Adan Mohamed, the Cabinet Secretary, Ministry of Industrialization and Enterprise Development, Republic of Kenya were invited but due to unavoidable circumstances were not able to attend. The meeting was closed by Keli Kiilu, EABC Ambassador.

The business community turned out in large numbers to discuss and point out the specific areas to be addressed. In particular, the business community identified clearly the magnitude of the problems faced and made recommendations on what needs to be done to address them in bid to galvanize Intra - EAC Trade by taking a critical look at the policy framework at regional and national levels i.e. what is being done to facilitate trade, what needs to be done further and the roles of the various agencies among other pertinent issues.

Some of the key issues related to trade and investment facilitation which were discussed as well as agreed recommendations include: Disconnection between valuation for transfer pricing and customs valuation in KRA; Lack of information on initiatives undertaken to facilitate trade in the region; Lack of progress in the harmonisation of domestic taxes in EAC; Denying Community Tariff Treatment to Tanzania products ( TBL beer –Redds, Castle Lite); Counties in Kenya charging fees on services or goods destined or originating from EAC Partner States; All trucks loaded within Kenya and destined to EAC Partner States are required to be verified , issued with a C2 document and exit note at ICD located at Embakasi on Mombasa Road; Non-harmonized road user charges in EAC and Slow response in getting waivers from KPA when delays have been caused by port system failure/ delay in manifest.



*(Left) Ms. Lilian Awinja, EABC Executive Director with representatives from Kenya Ports Authority during the EABC Regional Dialogue with Trade Facilitation Agencies.*



*Mr. Njau, EABC Trade and Policy Advisor presents key challenges the EAC business community face during the EABC Regional Dialogue with Trade Facilitation Agencies.*

The Public Private Dialogue noted the need for the business community to be kept abreast on initiatives undertaken to facilitate trade in the region and agreed for a technical meeting between Private Sector and Trade Facilitation Agencies in Kenya to be held quarterly and a regional forum at the end of the year to review the progress made in facilitating intra-regional trade.

## The 2nd East African Manufacturing Business Summit



*(Left to Right) H.E Dr. Mukhisa Kituyi, UNCTAD Secretary General, Hon François Kanimba, Minister of Trade Industry and EAC Affairs Republic of Rwanda, Rt. Hon Anastase Murekezi Prime Minister of the Republic of Rwanda, Amb. Liberat Mfumukeko, EAC Secretary General and Ms. Lilian Awinja, EABC Executive Director during the official opening of the 2nd East African Manufacturing Business Summit in Kigali Rwanda.*

Following the first East African Manufacturing Business Summit in September 2015 in Kampala, Uganda, the 2nd East African Manufacturing Business Summit was held from 23-25 May 2017 at Serena Hotel in Kigali, Rwanda. The Summit was officially opened by Rt. Hon Anastase Murekezi Prime Minister of the Republic of Rwanda and was also attended by a large number of high ranking individuals such as Rt. Hon. Dr. Ali H. Kivejinja, Second Deputy Prime Minister and minister for EAC Affairs, Republic of Uganda, H.E Dr. Mukhisa Kituyi, UNCTAD Secretary General, Amb. Liberat Mfumukeko, EAC Secretary General, Hon François Kanimba, the Rwanda Minister of Trade, Industry and EAC Affairs, Mr. Patrick Nduati Mwangi, representing Cabinet Secretary for Industrialization and Enterprise Development, Kenya, Mrs. Edith Mwanje, Permanent Secretary, Ministry of East African Community, Uganda, Amb. Dr. Aziz Ponary Mlima, Permanent Secretary Ministry of Foreign Affairs and East African Community, United Republic of Tanzania, Ms. Betty Maina, Principal Secretary, Ministry of EAC Affairs, Kenya, Ms. Rosemary Mbabazi, Permanent Secretary, Ministry of Trade, Industry and EAC Affairs, Rwanda; Mr. Denis Karera, EABC Vice Chairman, Ms. Lilian Awinja, Executive Director EABC, Private Sector Foundations; manufacturers from across East Africa and beyond, EAC Institutions, development partners, regional economic communities (RECs), and other international organizations including: EASTECO, IUCEA; CASSOA, EACHRC, UNIDO, UNECA, TMEA, GIZ, PTB, BDI JICA, IGAD, COMESA, ICGLR, ARSO, OECD, IGCLR, PTB among others.



With a total of more than 400 participants from over 20 different countries, the attendance was very high. The exhibition with 30 booths almost doubled the number from the first Summit in Kampala (16) and exceeded the expectations by far.

The 2nd Manufacturing Business Summit was jointly organized by the East Africa Community Secretariat and East Africa Business Council and was hosted by the Government of Rwanda. The summit themed, 'Harnessing the Manufacturing Potential for Sustainable Economic Growth in East Africa' aimed at deepening the gains made in developing the manufacturing sector and recognized that both the public and private sectors are key to drive industrialization in the region. The summit took a critical look on the potentials of the manufacturing sector, the barriers that keep the sector from growing and made concrete recommendations on how to overcome challenges affecting the sector, as well commitments for further collaboration between manufacturers, policy makers, suppliers and market outlets across an integrated East African market:

**Some of the key resolutions of the 2nd EAMBS include:**

- To encourage backward and forward linkages and value addition in sectors such as Cotton Textiles, & Apparel CTA); dairy; edible oil; cereals; leather; motor vehicles; wood & furniture; among others, comprehensive tariff anomalies assessment should be undertaken to detail in a comprehensive , evidence-based, and consolidated way, the appropriate tariff band for the sectors as the region embarks on the review of EAC CET;
- The region is to establish sector platforms to promote dialogue and interaction among public, private sector and development partners on policy matters in each of the sub-sectors as well as to promote business partnerships and information and knowledge exchange. EAC Secretariat and EABC Secretariat to establish Web Portals for information sharing;
- Regional and national policies/regulations are pursued as opposed to having single /common policies segmenting and fragmenting the market which limits the scope for economies of scale and escalates the cost of doing business. The region to develop and adopt common sectoral policy and vision to ensures stability and create uniform business environment for manufacturing;
- Special Economic Zones generate additional economic activity leading to promotion of exports and of investment from domestic and foreign sources. The region to develop cross country coordination and collaboration platforms for efficient and competitive development of value chains and to undertake learning missions to enable design of effective Special Economic Zones (SEZs). The development of such infrastructure to also take into account development of facilities for small and medium enterprises.
- EAC and EABC to fast track implementation of mutual recognition agreements between EAC Bureaus of Standards



*Pharmaceutical Industry Round Table during the 2nd East African Manufacturing Business Summit in Kigali Rwanda.*



*Top Executives in the Manufacturing Business Sector and High-ranking Policy and Decision Makers at the 2nd East African Manufacturing Business Summit in Kigali Rwanda.*



*Ms. Lilian Awinja, EABC Executive Director greeting Hon. Jesica Eriyo, EAC Deputy Secretary General*



*Hon François Kanimba, Minister of Trade Industry and EAC Affairs Republic of Rwanda at the Exhibition hall during the 2nd East African Manufacturing Business Summit in Kigali Rwanda.*



*Industry Round Table on Local Content*



*(Left to Right) Hon Christophe Bazivamo, EAC Deputy Secretary General, Hon François Kanimba, Minister of Trade Industry and EAC Affairs Republic of Rwanda, Hon. Dr. Ali M. Kirunda Kivejinja, Second Deputy Prime Minister and Minister for EAC Affairs, Republic of Uganda and Ms Lilian Awinja, Executive Director of EABC during the 2nd East African Manufacturing Business Summit*



## EABC Regional Anti-Illicit Trade Conference



*Mr. Felix Masha, EABC Vice Chair with EABC Members, EAC Business Community and officials from Revenue Authorities, Bureaus of Standards, Ministries responsible for Trade, the Judiciary and Police during the regional Anti- Illicit Trade Conference in Nairobi, Kenya.*

The EABC conducted a Public-Private Dialogue (PPD) titled the Regional Anti- Illicit Trade Conference on 15th -16th September 2016 at Intercontinental Hotel in Nairobi, Kenya, whose objective was to provide an opportunity to discuss major forms of Illicit trade in East Africa including counterfeiting, substandard goods, smuggling and Infringement on IPR among other areas. Being a Public-Private Dialogue, there was clear participation of the Revenue Authorities, Bureaus of standards, Ministries responsible for Trade, the Judiciary, the Police, the various agencies responsible for fighting illicit trade among others. The Public-Private Dialogue provided a platform to discuss discussions issues such as surveillance and enforcement, the policy and legal frameworks as well as dealing with the entry points for these illicit goods.

The two-day conference brought together businesses from the EAC region especially those affected by illicit trade; key policy makers from Ministries responsible for Trade, Finance, Industry as well as Trade Facilitation Agencies responsible for combatting illicit trade such as revenues authorities, Bureau of Standards and Anti-Counterfeits Agencies, the EAC Secretariat and international organizations involved in combating illicit trade.





*Keith Gretton, Managing Director British America Tobacco speaks during the EABC Regional Anti- Illicit Trade Conference in Nairobi, Kenya.*



*Key speakers during the Regional Anti- Illicit Trade Conference in Nairobi, Kenya.*

The regional conference came up with a matrix of recommendations and an action plan for the EAC region to combat illicit trade which was submitted to EAC Secretariat and all stakeholders. Based on the recommendations from the Conference EABC has made them part of its Policy Advocacy Agenda 2017/18. Some of the key recommendations include:

- EAC Partner States to expedite the process to enact the EAC Anti-Counterfeit Bill, 2013 in order to have a regional law to fight counterfeiting.
- EAC Partner States to establish effective regional mechanism to combat all forms of illicit trade.
- EAC Partner States to harmonise Intellectual Property Rights (IPR) regime across EAC Partner States to enable mutual recognition of IPR registered in any of the EAC Partner States.
- 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.
- 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.

## Advocacy for Harmonisation of Domestic Taxes in the EAC Region

Aiming at contributing to the on-going efforts to harmonize domestic taxes in the EAC region, EABC with support of TradeMark East Africa (TMEA), organised the regional meeting of EABC Technical Working Group (TWG) on Domestic Taxes. The meeting was held from 1st -2nd August 2016, in Arusha, Tanzania with the objective to review and expand the existing EABC TWG on Excise Taxes to a TWG on Domestic Taxes. The expanded TWG was tasked to guide EABC on matters of domestic taxes and champion the harmonization of domestic tax regimes in the EAC region. Unlike the previous group which was mainly concentrating on excise taxes, the expanded TWG is mandated to deal with all Domestic Taxes such as: income Tax, Value Added Tax (VAT) and Excise Tax, and other miscellaneous taxes such as levies and charges of equivalent effect. The formed EABC TWG on Domestic Taxes comprised private sector stakeholders mostly affected by domestic tax issues who are from alcoholic and non-alcoholic beverages, cigarettes and tobacco, telecommunications, national manufacturers' associations, tax experts and firms dealing with tax issues.

During the regional meeting, the TWG on Domestic Taxes among other items elected office bearers as follow:

- Mr. Gabriel Kitenga from Kenya Breweries Ltd (Kenya) as Chairperson of Working Group for a period of one year.

Each of the 5 Partner States appointed its National Coordinator as follow:

- Mr. Gerald Mukubu from Private Sector Federation of Rwanda (PSFR) - Rwanda
- Mr. Francis Onapito from Niles Breweries Ltd - Uganda
- Mr. Boaz Nimpe from Burundi Banker Association – Burundi
- Mr. Frank Daffa from Confederation of Tanzania Industry (CTI) –Tanzania
- Mr. Jurgen Murungi from British American Tobacco (BAT) – Kenya

Apart from elections, the Working Group developed its Calendar of Activities for a period of two years from August 2016 to July 2018. The TWG also provided inputs/comments to the EAC Draft Policy for Harmonisation of Domestic Taxes and Policy Note on Domestic Tax Coordination in EAC by IMF Fiscal Affairs (review EAC Draft Policy Paper).

Based on the TWG comments, EABC Secretariat and one of TWG member participated in the EAC Meeting of the Tax Policy and Tax Administration Sub Committee of the Committee on Fiscal Affairs (CFA) which was held in Zanzibar from 8th to 12th August 2016. The meeting was convened in order to refine the draft EAC Policy for Harmonisation of Domestic Taxes based on the comments from International Monetary Fund (IMF) which reviewed the draft Report following a request from the Sectoral Council on Finance and Economic Affairs (SCFEA). During the Meeting, EABC was given an opportunity to make a presentation on “Private Sector Views on Harmonisation of Domestic Taxes in the EAC”.

The Zanzibar meeting came up with an improved Draft of the EAC Policy for Harmonization of Domestic Taxes taking into considerations some comments from IMF, EABC presentations and supporting arguments from the meeting. Moreover, the meeting developed a draft work program for the development of a detailed tax harmonisation proposals and recommended to SCFEA to approve the Draft Policy and Work Program and directed EAC Secretariat to coordinate the implementation of the Work plan and develop a detailed Tax Harmonisation proposal / option.

Following the consideration of the Draft EAC Policy for Harmonisation of Domestic Taxes by the Committee of Fiscal Affairs (CFA) and subsequently SCFEA it was agreed that the document should be approved as a framework for harmonisation of domestic taxes in EAC which will then be used for developing the EAC Domestic Taxes Harmonisation Policy. The SCFEA has so far approved the Work Program for Developing Detailed Tax Harmonisation Proposals/Option which was developed during Zanzibar meeting.

### **EAC Common External Tariff (CET) on Sugar for Industrial Use (HS Code 1701.99.10)**



During the Pre-Budget Consultations of Ministers of Finance Meeting held in May 2016, Arusha, Tanzania; the 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 a period of three years. This decision was effected through the EAC Gazette No 5 of 30th June 2016 whereby Partner States agreed on two main things:

- a. Reduced 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.

Following this decision to reduce duty remission levels on sugar for industrial use from 90% to 75%, EABC received 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 with finished products from outside the EAC if the decision is applied.



In order to resolve the issue, EABC convened the Regional Sugar Stakeholders Meeting whereby 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 sugar will protect the local sugar producers (millers) and act as an incentive for more investment in the production of sugar.
- On the other side, 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 the demand of the users of sugar for industrial use in terms of required quantity, quality and price. The users of sugar for industrial use maintained that the decision to increase import duty will significantly affect their businesses negatively, 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 recommended that EABC's 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 brown sugar of about 20,000 metric tonnes while the other five 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 where it was established that currently in the region there is only one factory – Kibos Sugar & Allied Industries Limited which has capacity to produce 150,000 metric tonnes of refined sugar. However, the demand of sugar for industrial use stands at over 400,000MT per annum. This implies that Kibos Sugar & Allied Industries Limited investment in refinery cannot even meet the demand of Kenya which stands at over 170,000MT per year. In addition, since Kibos Sugar & Allied Industries Limited is getting brown sugar at imported duty rate of 0% the finished products produced from refined sugar from Kibos Sugar & Allied Industries Limited 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 of 2016.

Based on data analysis provided by EABC members, the EABC Secretariat prepared a position which was submitted to EAC Secretariat and formed part of the EABC Policy Advocacy Agenda 2017/18. One of the key recommendations in the position is the request for EAC Partner States to reconsider their decision to reduce the remitted level of duty remission on sugar for industrial use and continue 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 until the region establishes the capacity to produce sugar for industrial use that can meet the regional demand competitively.

## 1st East African Business and Entrepreneurship Conference and Exhibition



*Mr. Felix Masha, EABC Vice Chair hands over EABC Study on Investment Opportunities along the Northern Corridor to Hon. Phyllis Kandie, Cabinet Secretary of EAC Affairs, Kenya during East African Business and Entrepreneurship Conference and Exhibition 2016, Nairobi Kenya.*

The East African Business Council (EABC) hosted the 1st East African Business and Entrepreneurship Conference and Exhibition from the 10th to 13th October, 2016 in Nairobi, Kenya. Under the theme of “Scaling up the Spirit and Bonds of Integration through Entrepreneurship”, more than 300 participants from 14 countries took the opportunity to discuss entrepreneurial trends, investment opportunities and existing constraints for businesses in East Africa.

The conference attracted a diverse audience of high level political decision makers from the East African Community, executives and representatives of the private sector as well as entrepreneurs at different stages of business development. Among the guests of honour were Dr. Mukhisa Kithuyi, Secretary General of UNCTAD, Amb. Juma V. Mwapachu and Amb. Dr. Richard Sezibera, former Secretary Generals of EAC. The Partner States were represented by Hon. Adan Mohamed (Secretary for Trade, Kenya), Hon. Phyllis Kandie (Secretary of EAC Affairs, Kenya) and Hon. Sicily Kariuki (Secretary of Gender Affairs, Kenya), Amb. Jean Rigi (Permanent Secretary for EAC Affairs, Burundi), and Hon. Maganda Julius Wandera (Minister for EAC Affairs, Uganda).

Throughout the thematic sessions of the conference, the various impacts and opportunities arising from the EAC Common Market Protocol were highlighted. The envisioned common market of 160 million consumers is attractive for foreign investment, potentially fuelling the industrialisation and economic development of the region.

High potential sectors were identified as manufacturing, infrastructure, textile & leather, energy, and information and communication technology (ICT). The conference provided a platform for discussion on between representatives from the public and the private sector on the aforementioned sectors.

“The private sector needs to come together to advocate for a legislation that will continue to improve the business environment, but more important, to take us to the full actualization of the common market.” Dennis Awori, Chairman Toyota East Africa

“I think this is a place, where we listen very clearly as government to ensure that we understand what the issues are.” Hon. Phyllis Kandie

“The private sector is the driver to the development and industrialization across most developing countries. And this is entirely something that Africa is supposed to tap into to see that when we are supposed to develop as a group we must bring private sector as the leading player in industrialization. They are giving us the perspectives on hand, the experiences they have.” Hon. Maganda Julius Wandera acknowledged.

The Federation of German Industries (BDI) supported the conference with the aim of strengthening the role of the private sector in the economic integration of East Africa. Dr. Stefan Mair, Member of the Executive Board of the BDI and head of the German delegation, highlighted East Africa as one of the most promising markets in Sub-Saharan Africa for German industry. The participation of the delegation, consisting of representatives of the BDI and large German companies looking for investment opportunities in the EAC, was an excellent occasion to discuss ways for East African entrepreneurs to access the EU market. GIZ supported EABC in summarizing the main issues for integration, which served as a basis for the numerous discussions during the conference.

The panel on manufacturing underscored the importance of internationalising Small and Medium Sized Enterprises (SMEs) and utilising regional markets as a first step to integrating companies into global value chains. The EAC Partner States are mainly exporting commodities. Upgrading their value chains to export more processed goods offers great potential for economic development. The EAC Partner States were encouraged to embrace local sourcing through government procurement with a special consideration for women entrepreneurship.

Half of EAC's population are women, owning between 35-55% of businesses and accounting for more than 70% of cross border trade. Many female entrepreneurs participated in the conference and were outspoken about their challenges. Wandia Gichuru, Founder and CEO at Vivo Active Wear, highlighted the potential of cooperating beyond borders:

“As a Kenyan entrepreneur I speak a lot with other people within this country and this city. So being able to hear from Ugandans, from Rwandese, from Tanzanians about similar challenges that we think, that we can work together, I think for me that is really exciting.”

The sector of internet and communication technology (ICT) has been identified as a major trade enabler, most notably in the sectors of tourism, education and agriculture. Dr. Sezibera elaborated on one of the latest achievements in Rwanda. There, the world's first national drone delivery system will be used to deliver blood to patients in remote areas of the country. Ms. Faraja Nyalandu, founder of “ShuleDirect”, advocated for the great opportunities of ICT in education. As an example she explained that with the use of modern technologies, students can source up-to-date digital learning materials when access to modern books proves difficult.

The conference concluded by adopting a matrix of recommendations, which will be followed up at the next East African Business and Entrepreneurship Conference scheduled for October 2017 in Dar es Salaam, Tanzania.





*Amb. Juma Mwapachu, former EAC Secretary General contributes to discussions of the East African Entrepreneurship Conference and Exhibition 2016*



*Ms. Faraja Nyalandu speaking during East African Entrepreneurship Conference and Exhibition 2016*



*Key Dignitaries and Officials at the Conference*



*Amb. Richard Sezibera, Former EAC Secretary General at the East African Entrepreneurship Conference 2016*



*Dr. Stefan Mair and Dr. Mukhisa Kithuyi having a chat at opening session*



*Key speakers during the East African Entrepreneurship Conference 2016*



*Dr. Chris Kirubi and Hon. Amb. Adan Mohammed exchange views during the East African Entrepreneurship Conference 2016*



*Hon. Maganda Julius Wandera, State Minister for EAC Affairs Uganda during the East African Entrepreneurship Conference 2016*

## Regional Private Sector Forum on Trade in Services for East African Businesses

EABC Secretariat with support from International Trade Centre (ITC) organized a two-day forum on Trade in Services for Private sector in the region to discuss on the growing opportunities for Trade in Services for East African Businesses. The Forum attracted services providers across all EAC Partner States and highlighted the crucial roles of the service sector and Trade in Services in regards to industrialization and development of the region as well as the need for liberalization of the services sector in order to fully live up to its full potential.

The Forum subsequently came up with a Private Sector Position Paper on How Best East African Partner States can further liberalize its services sector under EAC Common Market Protocol. The Position Paper was used by EABC Secretariat as inputs in improving EABC Policy Advocacy Agenda 2017 in the area of liberalization of Trade in Services in the EAC region.

## Progress in Development of the Model Bill on Self Regulations of Customs Clearing Agents and Freight Forwarding Practitioners in EAC Region



EABC secretariat actively participated in the workshop to validate “Draft East African Community Model Bill for the Management of Customs Clearing Agents and Freight Forwarding Practitioners” held in Dar es laam on the 23rd - 25th January 2017. The workshop was organized by Federation of East Africa Freight Forwarders Associations (FEAFA) with support from JICA- Trade Facilitation Programme and attracted Customs Clearing Agents and Revenue Authorities Officials from across EAC Partner States.

The Regional Model Bill once adopted by EAC Partner States will be used as a guide for enacting similar national self-regulation and accreditation laws in the EAC Partner States. The Model Bill though is not a legally binding instrument, contained features that the EAC Partner States may incorporate into national laws. The bill aims to harmonize all Partner States laws related to the management of customs clearing agents and freight forwarding practitioners.

During the three day workshop the participants endorsed the revised model bill and agreed to launch the model bill at an appropriate time; In addition, recommended for the amendment of EAC Customs Management Act to recognize the national legislation on management and self-regulation of clearing and forwarding agents anticipated to be enacted and national associations to take leadership in developing national legislation based on the Model Bill.



## **EABC Meeting with the East African Manufacturers Associations :**

The meeting brought together all manufacturers associations across EAC Partner States. During the two day meeting the manufacturers exhaustively discussed trade and policy issues affecting the manufacturing sector in the region. Some of the issues discussed include Comprehensive Common External Tariff (CET) Review at the EAC level; Intellectual Property Rights (IPRs) regime; East African Community Polythene Materials Control Bill, 2016; EAC Industrialization Policy and Harmonisation of East African Standards.

EABC provided updates to the Manufacturers associations on the progress at the regional level on each of the areas including the CET review process which has established both a regional taskforce and national task forces and which needed the input of the private sector at both levels. EABC also gave an update on the EAC anti-illicit trade conference hosted by EAC, EABC and the Kenya Association of Manufacturers and the key issues that needed to be taken forward jointly. EABC also gave an update on the EAC Polythene Materials Control Bill 2016 which was under discussion at EALA level at the time and the harmonization of standards at the EAC level.

Some of the joint activities agreed between manufacturers and EABC included: coordinated efforts to pursue EALA to include private sector inputs in the EAC Polythene Materials Control Bill 2016; develop joint proposals on Comprehensive Review EAC CET which will form part of EABC Policy Advocacy Agenda 2017/18 as well as be submitted to the EAC CET review process.

## **Hosting Dinner for EALA Members by EABC**

In effort to implement the joint work-plan between EABC and the Manufacturing Network, EABC Secretariat organized a dinner for East African Legislative Assembly (EALA) Members in Kigali Rwanda on the 7th March 2017. The dinner was attended by both Members of EALA lead by the Speaker of EALA, Rt Hon Daniel F. Kidega and the business community lead by EABC Vice Chair, Mr. Dennis Karera. During the dinner EABC presented key policy issues which required attention of EALA as one of the oversight organs of EAC integration process. Some of the key issues which were raised by the business community include: slow pace of liberalization of air space in the EAC, slow pace of liberation of trade in services, a need for Tanzania and Burundi to join a One Network Area (ONA) for telecommunications; request for further consultations on East African Community Polythene Materials Control Bill, 2016 and a need of formal (institutionalized) dialogue between EABC and EALA.

EALA agreed to work with EABC to develop an institutionalized engagement under a memorandum of understanding enacted by a meeting between EABC and EALA twice a year in March and August to resolve bottlenecks in the EAC regional integration. In addition, EABC was accorded one month by EALA to coordinate private sector inputs on Polythene Materials Control Bill 2016 that will be submitted to the respective committee of EALA.



## Meeting between EALA Committee Members and Members of Automotive Industry from Kenya

EABC Secretariat organised a meeting between East African Legislative Assembly (EALA) in particular Members of the Committee on Communication, Trade and Investment (CTI) with members of Kenya automotive industry in Arusha Tanzania on 29th May 2017. During the meeting, the Kenya Automotive Industry led by Ms. Rita Kavashe-EABC Board Member and Managing Director of General Motors East Africa (GMEA) highlighted various issues in regard to the automotive industry which included; history of the automotive industry in East Africa; Variety of Brands Assembled in EAC; Local Content Policy for Manufacturers; Scope of the Automotive Industry; Impact of Local Assembly on the Economy; State of the Automotive Industry in the EAC ; Impact of the Second hand Vehicles to EAC; Challenges faced by Automotive Industry; and Support to the Automotive Industry required from EALA.

Some of the key challenges faced by automotive include: Stiff competition from imported second hand vehicles ; Stay of application of CET on vehicles under Chapter 87; Lack of Harmonisation of Standards and age limit for used vehicles in the EAC; Lack of harmonized regional EAC Motor Vehicle Assemblers Regulations; Development of specific skills set for the industry and Lack policy supporting purchase of locally manufactured vehicles

The members of Kenya Automotive Industry requested the Committee Members to support the industry through: Full implementation of the 25% duty as per the current CET on Chapter 87 for built vehicles; Tariff split between new and used vehicles in the EAC CET; Finalization and implementation of the Harmonized EAC Motor Vehicle Assemblers Regulations; Harmonization of the age limit for imported used vehicles; Regional automotive industry development plan; implementation of the “Modalities for Promotion of Automotive Industries in the EAC “ as per JICA study and Promotion of Buy East African , Build East Africa Policy. The chairperson of the Committee on Communication Trade and Investment Hon. Fred Mbidde Mukasa appreciated the concerns brought to their attention and noted that the current committee was sitting for last session hence assured to include key issues in the hand over report for the consideration by the next Committee that will be constituted.

## EABC Sensitization Workshops on Harmonized East African Standards



*Mr. Kassim Omar, EABC Vice Chair joins members in a group photo after the sensitization workshop on the East African Harmonized Standards to Members of the Private Sector, Government Institutions and the Academia in Kampala Uganda*

EABC through its standards platform and with support from TMEA worked with Burundi Bureau of Standards (BBN) and the Federal Chamber of Commerce and Industry Burundi (FCCIB) and held sensitization workshops on Harmonized East African Standards in Bujumbura from the 2nd to 3rd June 2016.

These workshops in Bujumbura were part of the first phase of the EABC awareness campaigns on the harmonized standards to members of the private sector, government institutions and the academia as had been undertaken in all the other EAC Partner States. The products sensitized were; surface active agents, alcoholic beverages and iron and steel. Over 60 stakeholders were sensitized. In the same way EABC in collaboration the Uganda Manufacturers Association (UMA) and Uganda National Bureau of Standards (UNBS); Confederation of Tanzania Industries (CTI) and Tanzania Bureau of Standards respectively held the second phase of sensitization workshops in Kampala from the 22nd to 23rd September 2016 and in Dar es salaam from the 29th to 30th September 2016 where over 100 stakeholders from Government and Private sector were sensitized. Products with harmonized standards that were sensitized in this second phase of awareness creation were; Edible fats and oils, Fish and fish products and Sugar confectionary. These sensitizations were meant to enhance adoption and implementation of the harmonized standards.

### **The Steering Committee Meeting of the East African Standards Platform**



#### *The Steering Committee of the East African Standards Platform*

The East African Standards Platform held its governance meeting on 15th November 2016 in Dar es Salaam, Tanzania. The meeting discussed progress on harmonization of standards in the region as well as priority areas of focus for the Standards Platform for the year 2017. Further the meeting also elected new office bearers as follows:- the Chairperson as Mr. Ssebagala Kigozie, Executive Director Uganda Manufacturers Association, the Vice Chairperson as Mr Djibril Ninkingiye from Association of Burundi Manufacturers as well as Ms. Maria Limo from Kenya association of Manufacturers as the Secretary.

The meeting further agreed to expand the steering committee to bring on board more members from the corporate companies who work directly on standards and we encourage members to nominate their representatives to participate in this work and input into the process



## Study on Impact Assessment of the East African Harmonized Standards on the Business Community



*Business Community and representatives from National Bureau of Standards during the Validation Meeting for the study on “Impact Assessment of the East African Harmonized Standards on the business community”*

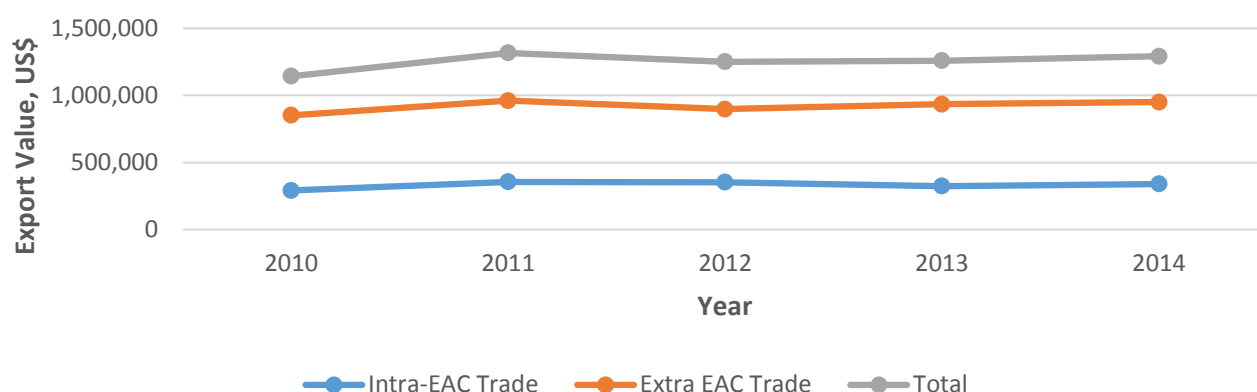
The East African Business Council through the Standards Platform held validation workshop at Imperial Royale Hotel, Kampala. The study titled “Impact Assessment of the East African Harmonized Standards on the business community” was undertaken last year in 2016. This study focused on six products out of the 20 most traded products identified by the EABC study of 2013 which had been harmonized, approved and declared as East African Standards ie Alcoholic beverages, Steel products, Surface Active agents, Edible oils, Fish and fish products and Sugar confectionery.

### **Some of the findings coming from the study showed:-**

- That the harmonization of standards in the region of the selected sampled products improved their competitiveness and market access and has contributed to increment in the intra-EAC trade values of the sampled products from US\$ 291.2 million in 2010 to US\$ 319.5 million in 2014 which is an increment of 10%.
- That harmonization of standards in the region of the sampled selected products has also contributed to the increment in extra-EAC trade values from US\$ 777.5 million in 2010 to US\$ 924.3 million in 2014 which is an increment of 19%
- That overall there is general increase in the trade value trend of the sampled products. The total export value (both intra and extra) increased to US\$ 1,244 million in 2014 from US\$ 1,069 million in 2012 which was 16% increment.
- That 76% of the interviewed manufacturers/exporters of the selected sampled products where standards have been harmonized indicated that certification of the products with the quality marks based on East African Standards (EAS) significantly reduced the standards related delays at the borders.



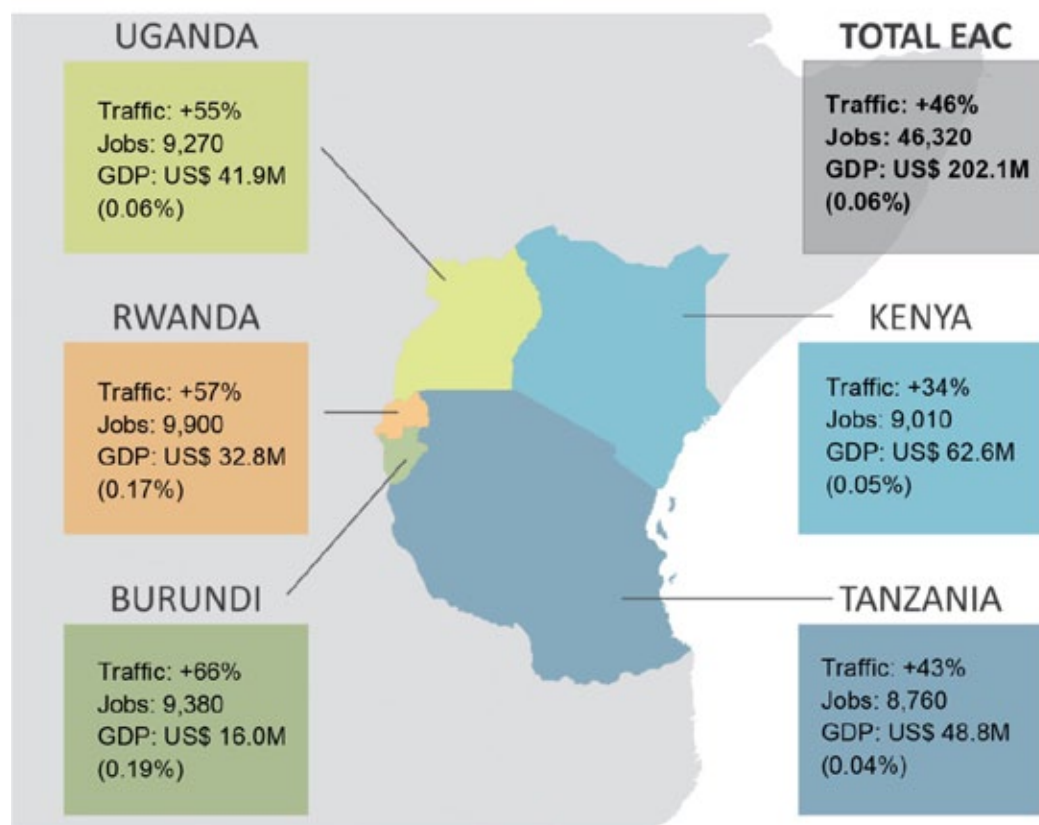
## Trend of the Intra and Extra-EAC Trade Values of Sampled Selected Products (U\$'000)



This is because the products that are certified by the NSBs and/or accompanied by Certificates of Analysis from the NSBs are not re-sampled for retesting at the borders but only cleared after routine inspections. However, in Tanzania, the Tanzania Food and Drug Authority (TFDA) insist on sampling and retesting of food and cosmetic products even if they have quality marks from NSBs in the EAC.

- Further findings indicated that in the EAC Partner States where the notified quality marks and certificates of analysis are based on EAS are recognized by the NSBs, the standards related clearance time for such products has on average reduced from 10 days before standards were harmonized to 0.5 days after standards harmonization because products are no longer being sampled for retesting which used to cause unnecessary standards related delays at the borders.
- As a result of the reduced delays at the borders because of trading in certified products based on EAS, the standards related cost due to the delays at the borders have reduced to almost zero compared to an average of US\$ 500 before standards were harmonized that would be paid on retesting, delayed trucks and subsistence allowance for the drivers/staff which also contributes to increased costs of doing business. The study findings further reveal that the reduction in time and cost due to the use of harmonized standards has contributed to the more effective use of resources by the NSBs in the region because they no longer need to spend a lot of time and other resources sampling and retesting all products at the entry points.

## Domestication of EAC Air Space: Study on the “Costs and Benefits of Open Skies in the East African Community”.



In order to advocate for further liberalisation of EAC air transport services as per Yamoussoukro Decision (YD) on Liberalisation of Air Transport on African Continent, EABC and the EAC Secretariat with support from DFID, commissioned a study on the “Costs and Benefits of Open Skies in the East African Community”. The main objective of the study was to close information gap in understanding the costs and benefits of full liberalisation of air transport services in the EAC. The study provided a rigorous synthesis of available evidence on air liberalisation in East Africa; and robust evidence on the cost and benefits of air liberalisation for the five EAC countries.

The Study was validated by key stakeholders in the air transport services in the EAC region in Nairobi Kenya on 10th May 2017. Some of the key findings of the Study include: Liberalisation of EAC space among the 5-EAC Partner States could result an increase of traffic by 29%; Creation of additional 46,320 jobs in the EAC market; Contribute to greater trade and tourism, further inward investment; productivity growth and additional USD202.Million in the GDP of EAC Partner States. The study analysis revealed that full liberalization of restricted routes will lead to 9% lower average fares and a 41% increase in frequencies, which in turn will stimulate passenger demand. The findings of the Study are expected to be used by EAC Policy Makers on ongoing finalization of EAC Liberalisation of Air Services Regulations and liberalisation of EAC Air space. EABC Secretariat has used the findings of study in improving EABC Policy Advocacy Agenda 2017/18 in the area of domestication of the EAC Air Space.

## **Meeting of Sectoral Council on Trade, Industry, Finance and Investment (SCTIFI):**

The EABC secretariat represented members in the Meeting of Sectoral Council on Trade, Industry, Finance and Investment (SCTIFI), held in Arusha on 30th January to 3rd February 2017. The meeting deliberated on various policy and trade related issues such: Progress Report on the Implementation of Previous decisions of SCTIF; Implementation of Single Customs Territory (SCT); Report on Analysis of Rules of Origin with regard to Edible Oils –Chapter 15 of Revised EAC Rules of Origin; Denial of Community Tariff Treatment to Edible Oils made from sim sim, sun flower, and soya beans; Comprehensive CET Review and EAC Rules of Origin; Draft Regulations on Motor Vehicle Assemblers Update on Trade in Services; Progress Report on Modalities for Promotion of Textile and Leather Industries in the Region and Progress on the Implementation of EAC Regional Pharmaceutical Manufacturing Plan of Action. In order to inform EABC members on policy and trade related decisions which were made during SCTIFI, EABC Policy Team prepared an EABC Trade & Policy Update which was circulated to all members in February this year. Further because of the challenges facing EABC Members on the issue of movement of Edible oils manufactured in the region to EAC partner states, EABC Secretariat has commissioned a Study on edible oils to ascertain the production capacities in each of the EAC Partner State and input into the process at the EAC level.

## **The 7th Meeting of the Sectoral Council on Finance and Economic Affairs**

The EABC Secretariat participated in the 7th Meeting of Sectoral Council on Finance and Economic Affairs (SCFEA) held on 3rd-7th May 2017 in Arusha, Tanzania. Some of the key issues deliberated in the meeting include: Action Plan of the Task Force on Fiscal Affairs in the context of East African Monetary Union; EAC Tax Treaty & EAC Model Tax Treaty; Harmonisation of Domestic Taxes; Report on Designing Fiscal Institutions for an East African Monetary Union; Dedicated Sessions for Republic of South Sudan; and Report of the Monetary Affairs Committee.

In the same period the Pre-budget consultation of the Ministers of Finance was conducted concurrently where pre-budget tax proposals from EAC Partner states for Fiscal 2017/18 were considered.

## **The 6th Meeting of the Tripartite Technical Committee on Movement of Business Persons**

The EABC Secretariat participated in the 6th Meeting of the Tripartite Technical Committee on Movement of Business Persons (TTCMBP) held on 12th -14th May 2017 in Lilongwe Malawi. The objective for EABC participation was to push for Tripartite Private Sector Views on the Draft Tripartite Agreement on Movement of Business Persons. Aiming at having an agreement which easily facilitate movement of the business persons in the Tripartite Region (COMESA-EAC-SADC), the COMESA Business Council, East African Business Council and Association of SADC Chambers of Commerce and Industry as the Tripartite Private Sector Platform conducted a study on Movement of Business Persons. During the 6th Meeting of TTCMBP, EABC on behalf the Tripartite Private Sector presented the Tripartite Private Sector Views on Movement of Business Persons. The meeting noted the recommendations from private sector and approved to consider them in the process of reviewing the draft Agreement.



## Meeting of the Sectoral Committee on Trade

EABC Secretariat participated in the 7th Meeting of Sectoral Committee on Trade which was convened in Arusha, Tanzania from the 18th -20th May 2017. The meeting deliberated and provided

update on key trade related issues including: Elimination of Non-Tariff Barriers; EAC Trade and Investment Report 2016; the EAC Competition Authority; Export Promotion Activities; Study on the Development of the EAC trade Policy; EAC–U.S. Partnership Negotiations, Trade in Services; EAC Trade Policy Study, Implementation of the WTO Trade Facilitation Agreement and Tripartite COMESA-EAC-SADC Negotiations.

## 18th Ordinary Summit of Heads of State of the East African Community



*18th Ordinary Summit of Heads of State of the East African Community in Dar es Salaam Tanzania.*

The EABC Secretariat led by EABC Chairperson participated in the 18th Ordinary Summit of Heads of State of the East African Community which took place in Dar es Salaam Tanzania on 20th May 2017. During the Summit the EAC Heads of States considered the various policy issues. Some of the issues considered include: annual progress report of the Council of Ministers and directed the Council to resolve the outstanding issues; report on the implementation of previous decisions of the Summit and directed Partner States and the Secretariat to implement the outstanding decisions and Partner States to deposit with the Secretary General instruments of ratification of outstanding protocols by 30th November 2017; and report on European Union –East African Community Economic Partnership Agreement (EU-EAC EPA) and agreed that the new chair of the Summit should discuss way forward with European Union on the concerns of the EAC Partner States which have not signed EPA.

The EAC Heads of States noted with concern the declining intra-EAC trade and directed the Council of Ministers to resolve the long-outstanding Non-Tariff Barriers and report to the 19th Summit. In addition the Summit declared the EAC as Common Higher Education Area in order to harmonize and enhance the quality of education in the region. The Council was directed to operationalize the transformation.

## EABC Policy Advocacy Agenda 2017/18

After thorough consultations with key stakeholders, EABC Secretariat in May 2017 completed the development of the EABC Policy and Advocacy Agenda 2017/2018 and managed to publish 400 copies which were distributed for the first time in the 2nd East African Manufacturing Business Summit and Exhibition which was held in Kigali Rwanda from 22nd to 24th May 2017.

The EABC Policy Advocacy Agenda 2017/18 was developed in partnership with key stakeholders, EABC Members lead by EABC Technical Advocacy Coordination Team (TACT) which composed of EABC National Focal Points, Manufacturing Associations and other Regional Associations. The Agenda comprises of private sector's recommendations in driving policy change at the regional level for the period of 2017/18. Some of the key policy issues addressed in the Policy Advocacy Agenda include: the need for the region to achieve full implementation of Customs Union and Common Market Protocols; and EAC integrating with third parties as well as strategic interventions in various sectors such as agriculture; health; pharmaceutical industry; iron & steel industry; motor vehicle industry; cotton, textile & apparel industry; plastic industry and leather & leather products, among others.

The Policy Advocacy Agenda 2017/18 marks 20 years of EABC advocacy for the private sector in the EAC as its geared towards influencing further policy reforms with an aim of creating a conducive business environment to make the region more competitive and increase intra EAC trade and attract more investments.





## East African Women In Business Platform (EAWIBP)

*Improving effective participation of women in business in the EAC integration processes*



*EAWiBP steering committee*

**Overview:** The East African Women in Business Platform (EAWiBP) is a forum that brings together business and professional women from across the East African Community (EAC). Its membership and Steering Committee comprises of national apex bodies / associations / networks of business women (including associations of women formal and informal cross-border traders); professional women associations; and regional civil society organisations working to promote business women and women's socio-economic advancement. The Platform works in each East African country through national business and professional associations across the region and by virtue of this currently represents over 3,000 business and professional women in the region. The Platform also works closely with the EAC Gender Community Development and CSOs Department to design gender inclusive positions on a variety of issues.

With the view of increasing intra-EAC trade in the region, the East African Business Council (EABC), with the support of TradeMark East Africa (TMEA) the process of establishing EAWiBP began in 2011. After comprehensive stakeholder consultations EAWiBP was formally established and launched by the then Secretary General of the EAC, Ambassador, Dr. Richard Sezibera, in May 2012. The Platform is currently hosted by EABC, the regional apex body for the private sector established in 1997, with the aim of fostering private sector participation in the EAC's integration process.

EAWiBP draws its mandate from the Treaty for the Establishment of the East African Community, particularly under Chapter 25 and Articles 121 and 122, and is inspired by the vision of becoming "A Women's Centre of Excellence for Intra and Extra-EAC Trade". Its mission is to "Position and Catalyse the Participation of Women in EAC's Integration Process".



The Platform is taking proactive steps to increase women's participation in intra – EAC trade, the EAC integration process and economic empowerment and thereby works towards the following result areas;

1. Increased effective participation of women in business in the EAC integration process;
2. Improved economic contribution of women in business in the EAC Partner States and
3. Increased progression of women-owned enterprises in the EAC from informal to formal status.

EAWiBP works towards achieving its goals through policy advocacy and by linking business women to information, markets, capital and technical assistance.

Since 2014, the activities of the platform have been at a minimal rate due to funding constraints. TMEA has since come to the support of the platform and in September 2016, a coordinator was recruited and has been undertaking activities to revive the platform enabling the following interventions to be accomplished:-

### **Development of women business skills to increase their participation in EAC trade**

In December 2016, East African Women in Business Platform (EAWiBP) met with all its national chapters and was able to develop broad-based strategies for integrating EAC businesswomen into regional trade based on the conclusions of the discussions which were synthesized into a report which was made available after the event. There were also discussions on Women and Trade which emphasized on targeted programme that seeks to empower women traders and ensure their active participation in economic activities and regional trade;

Following extensive consultations with the EAC Secretariat in Arusha, the East African Business Council (EABC) and East African Women in Business Platform (EAWiBP) in collaboration with International Trade Centre agreed on implementation Trade Regional Integration Project (TRIP) for EAC and for first one year (Jan-Nov, 2016) the project focused on (i) strengthening SME competitiveness at regional level and (ii) harmonizing national, regional and pan-African trade policies, strategies and regulatory framework. This project was funded by the Government of Finland;

The International Trade Centre collaborated with EAWiBP in the Mitreeki project, a platform where African and Indian women come together to share business ideas, knowledge, experiences and best practices, facilitated and sustained through Communities of Practice and Networking. Business linkages were created regionally and between East Africa and India by bringing industry players together. Working with local women's associations, EAWiBP assisted the International Trade Centre will identify approximately 50 women entrepreneurs or aspiring entrepreneurs -- 10 each from Ethiopia, Kenya, Rwanda, Uganda and the United Republic of Tanzania to take part in the three facets of Mitreeki: Five Communities of Practice, Networking and SheTrades. ITC drew from its network of successful Indian companies and social entrepreneurs bringing them into Mitreeki to share their expertise and to facilitate business ties towards concrete deals. The final event was held in Kigali, Rwanda in March 2017.

## **Increased networking for Women in business in intra-EAC trade**

EAWiBP participated in the Annual Women Business Leaders Conference organized by held in Kampala by Uganda Women Entrepreneurs Association Ltd. EAWiBP supported women in business from the region to attend this conference where informal and formal intra-EAC collaboration / partnering between members took place;

EAWiBP participated in the Regional Annual Illicit Trade Conference that provided an opportunity to EAWiBP not only to influence policy that would protect its members but also to educate its members on illicit trade in the region;

EAWiBP mobilised its 120 members who participated in the East Africa Business and Entrepreneurship Conference and Exhibition organized by the East African Business Council (EABC) with support of the Federation of German Industries (BDI), held in Nairobi, Kenya from 10th to 13th October 2016;

EAWiBP and some of its members participated in a regional meeting by ITCSD on services funded by TMEA;

EAWiBP mobilised 60 of its members who participated in a Regional Dialogue Forum hosted by EABC with Trade facilitation agencies in Kenya: KRA, KEBS, KEPHIS, KPA and KENTRADE in April, 2017 Nairobi, Kenya.

## **Trade related knowledge and strengthening of its membership**

Since March 2017, EAWiBP has held networking and membership recruitment in Rwanda, Kenya, Tanzania and is planning to hold the same in Burundi, Uganda and South Sudan by end of June 2017;

EAWiBP has carried out sensitization and distribution of the Simplified Guide for Micro and Small-Scale Women Cross Border Traders and Service Providers within the East African Community (EAC) in Rwanda, Kenya and Tanzania.

## **EAC/EAWiBP Partnership**

EAWiBP has been identified by EAC as one of the implementing partner of the 50 Million African Women Speak (50MWS), a project being funded by ADB for Women to access information and finance. The EAC Secretariat has entered into a Memorandum of Understanding (MOU) with the Common Market for Eastern and Southern Africa (COMESA), and the Economic Community for West African States (ECOWAS) to implement the 50 Million African Women Speak(50MWS) Platform Project. The project will be funded by the African Development Bank (AfDB) and aims at contributing to the economic empowerment of women through the provision of a networking platform to access information and financial services in the context of the African Union Agenda 2063 and the Sustainable Development Goals (Agenda 2030). The project intends to create a dynamic and engaging exchange of ideas among women entrepreneurs, connecting them with one another in ways that will foster peer - to- peer learning, mentoring and the sharing of information and knowledge within communities, access to finance services and market opportunities between urban and rural areas and across borders and between countries.

The project will have four components namely: Support for ICT equipment and application; Support for platform, related statistical database, content development, and targeted services for women entrepreneurs; Support for back office in-country resources and Project Management.

**EAC/GIZ/EAWiBP Partnership:** It has been agreed in principle that EAWiBP becomes a key partner in dissemination of harmonized simplified guides for Micro & Small Scale women cross border traders that provides information on doing business in EAC Region. This will include awareness creation and training association members to conduct the same to their members, hence association representatives' skills and knowledge strengthened.

**EAC Regional Strategy for Promoting Women in Socio-Economic Development and Women in Business 2015-2025:** EAC Secretariat/GIZ and EAWiBP are collaboratively seeking funds to finalize the Regional Strategy for Promoting Women in Socio-economic Development and Women in Business 2015-2025, develop guiding principles, which was informed by a review of gender policies, programmes and strategies of the five Partner States and adopting, where appropriate, strategic interventions that will have a resoundingly positive impact in the advancement of women at Regional Level.

**ITC Partnership:** EAWiBP partnered with ITC on “Mitreeki Networking and Workshop” Shetradas initiative were over 150 women entrepreneurs from across East Africa and India, financial services representatives and international buyers attended this workshop. Up to 15 Mitreeki e-learning participants in each EAC country were sponsored to attend the event in Kigali, Rwanda, 22-23 March 2017. EAWiBP assisted in identifying these participants through our Association members in EAC region.



## International Women's Day (IWD)



*Hon. Jessica Eriyo, EAC Deputy Secretary General Finance and Administration launches the Simplified Guide for Micro and Small Scale Women Cross Border Traders and Service Providers within EAC during the International Women's Day Celebrations.*

International Women's Day is held annually on 8th March, to celebrate women's achievements throughout history and across nations. IWD campaign in 2017 is themed Be Bold for Change with a focus on 'Women in the Changing World of Work, Planet 50-50 in 2030. The theme aims at encouraging effective action for advancing and recognizing women in all aspects of life. The theme was developed in cognizance that the global understanding of work is changing with significant implications on the day to day lives of women. While in most parts of the world, women have made tremendous progress in building competencies to access decent work, there exists huge inequalities, informality of labor, violence and environmental impacts in other societies.

Presiding over the official IWD celebrations was Hon. Jesca Eriyo, Deputy Secretary General in charge of Finance and Administration, EAC Director of Social Sectors, Mary Makoffu, East African Business Council Executive Director, Lilian Awinja, East African Sub-regional Support Initiative (EASSI) Director; Marren Akatsa-Bukachi, and the East African Women in Business Platform (EAWiBP) Coordinator; Nancy Gitonga who gave motivational talks at the event.

The celebrations also were marked a colorful march and launch of the Simplified Guide for Micro and Small Scale Women Cross Border Traders and Service Providers within EAC.

## ENHANCED MEMBERSHIP SERVICES

During the period under review EABC provided the following information and services to members on legislative and regulatory developments in East Africa Community which is vital for business decisions:

### **(i) EABC Trade and Policy Update on February 2017**

The EABC Trade and Policy update of February 2016 mainly focused on the Meeting of the Sectoral Council on Trade, Industry, Finance and Investment (SCTIFI) which was held on 30th Jan to 3rd Feb 2017 highlighting trade issues of relevance to members such as: Implementation of Single Customs Territory (SCT); Challenges on Revised EAC Rules of Origin, Comprehensive CET Review & EAC Rules of Origin; Promotion of Textile & Leather Industry and Motor Vehicle Industry.

### **(ii) Denial of Community Tariff Treatment on textile products made in Kenya by Tanzania**

EABC Secretariat received a complaint from Spinners & Spinners Limited (SSL) a corporate member of EABC based in Kenya that their textile products destined to Tanzania are denied Preferential Tariff Treatment by Tanzania Revenue Authority (TRA) despite the fact that textile products are accompanied by East African Certificate of Origin issued by Kenya Revenue Authority (KRA).

EABC raised the issues with TRA and made clarification that SSL is not operating under Export Processing Zones (EPZ) and their textile products do meet EAC Rules of Origin Criteria hence should be accorded Community Tariff Treatment. The issue has been resolved and SSL textile products accompanied by EAC Certificate of Origin enjoy the Community Tariff Treatment once exported in to Tanzania.

### **(iii) Submission of the List of Items Used in Solar Development and Generation**

As a follow up on the concerns raised by EABC members that Amendment to Paragraph 26 of Part B of Fifth Schedule in EAC Customs Management Act has affected negatively some of the companies in the Solar power generation, the EABC Secretariat wrote to EAC Secretariat seeking guidance on the matter. In response, the EAC Secretariat through Director of Customs gave guidance that EABC should compile a list of items used in solar development and generation which will then be submitted to the Pre-Budget Consultations of the Ministers of Finance to be considered for duty remission. EABC Secretariat has already compiled the list and submitted it to the EAC Secretariat.

### **(iv) Tanzania's Continued Charging Excise Tax on Tobacco based on 75% Local Material Content Requirement**

The EABC Secretariat received complaint from British America Tobacco (BAT) Kenya Ltd claiming that Tanzania was charging excise tax on tobacco based on 75% local materials content requirements which in turn levied lower excise tax than the same cigarettes from EAC Partner States. In efforts to address the issue, EABC Secretariat wrote a letter to Ministry of Finance and Planning United Republic of Tanzania requesting Tanzania to comply with EAC Council of Ministers directive (EAC/CM/29/Directive 25) Tanzania to remove the 75% material content requirements for tobacco products into Tanzania from Kenya by 30th June 2015.

EABC's argument was the action is against Article 75(6) of the Treaty for Establishment of East African Community which provides that Partner States to undertake to refrain from enacting legislation or applying administrative measures which directly or indirectly discriminate against the same or like products of the other Partner States. Also Article 15 on National Treatment of the Protocol on the Establishment of the East African Community Customs Union prevented EAC Partner States from discriminating the same or like products of other Partner States.

EABC requested the Ministry of Finance and Planning which is in charge of fiscal matters in the United Republic of Tanzania to initiate amendment of excise rate in the Fourth Schedule of the Amendment of the Excise (Management and Tariff) Act through Finance Bill of 2017 during Fiscal Year 2017/18 to ensure that charging excise taxes in Tanzania is not discriminatory against same or like products from other EAC Partner States.

The letter of response from the Ministry of Finance and Planning URT advised EABC to liaise with Secretary General of EAC Secretariat on Tanzania implementing EAC Council of Ministers Directive (EAC/CM/29/Directive 25. EABC is still following up this matter with EAC Secretariat.

#### **(v) EABC Update –Budget Highlights, Analysis and Tax Changes from EAC Partner States' 2016/17 Budgets**

In June 2016, EABC Secretariat prepared an Update on 2016/17 Budget for four EAC Partner States which are Kenya, Uganda, Tanzania and Rwanda. The analysis of the Budgets of the four EAC Partner States was possible since all four countries read their budget in the same day. Its only Burundi which has not aligned its fiscal year with other EAC Partner States. The Update informed EABC members on various tax changes each country effected in their budgets as well as key highlights from each country's budget. The Update analyzes on how EAC Partner States have adopted EABC Tax Proposals for Fiscal year 2016/17. The Update was circulated to all members.

#### **(vi) Private Sector Input in the EAC Polythene Materials Control Bill 2016**

In May 2017, the EABC Secretariat coordinated inputs from East African Manufacturers Associations on EAC Polythene Materials Control Bill 2016 and prepared a position paper which was submitted to the Speaker of East African Legislative Assembly (EALA). The inputs were received by EALA but not incorporated during the passing of EAC Polythene Materials Control Bill 2016.

#### **(vii) Position on Common External Tariff on Sugar for Industrial Use (HS Codes 1701.99.00)**

During the period under review, EABC collected data from sugar stakeholders both sugar producers and users of sugar for industrial use. Based on submitted data, EABC made an analysis and prepared a position with regard to the right import duty on sugar for industrial use. The position was submitted to EAC Secretariat as part of the input towards the EAC Pre-budget Consultative Meeting of Ministers of Finance for the budget of the Fiscal Year 2017/18.

One of the key recommendations was a request to EAC Partner States to reconsider their decision to reduce the remitted level of duty remission on sugar for industrial use and continue to uniformly maintain the 10% import duty rate on sugar for industrial use to all approved manufacturers until such times when the region has capacity to produce sugar for industrial use which can meet demand of the regional market. During the 2017/18 budget readings, EAC Partner States have uniformly adopted 10% import duty on Sugar for industrial use (HS Code 1701.99.00).



## MEMBERSHIP DEVELOPMENT & COMMUNICATIONS:

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

With 140 current Members, EABC Membership cuts across all sectors and all business sizes to including all the five national Private Sector Apex Bodies; National Manufacturers' Associations; National Chambers of Commerce, Employer's Associations; National Women Associations, Transporters Associations, National Bankers Associations and various Regional Associations among others.

### Membership Growth and Development

EABC Members continue to increase, through targeted membership drives and recruitment through other activities. Below is the list of Members who joined EABC during the period under review.

| New Members recruited between June 2016 to May 2017 |   |          |
|---|---|----------|
|   | COMPANY                                 | COUNTRY  |
| 1   | Crystal Ventures Ltd                    | Rwanda   |
| 2   | Rwanda Air                              | Rwanda   |
| 3   | Kijenge Animal Products Limited         | Tanzania |
| 4   | A to Z Textile Mills Ltd                | Tanzania |
| 5   | Hima Cement                             | Uganda   |
| 6   | Procter & Gamble Service Ltd            | Kenya    |
| 7   | East African Insurers Association       | Tanzania |
| 8   | Coca cola Kwanza                        | Tanzania |
| 9   | SBC-Pepsi Company Ltd                   | Tanzania |
| 10  | Spinners & Spinners Ltd                 | Kenya    |
| 11  | Kibos Sugar & Allied Industries Ltd     | Kenya    |
| 12  | Century Bottling Company Limited        | Uganda   |
| 13  | B.Braun Pharmaceuticals Limited         | Kenya    |
| 14  | Steel and Tube Industries Ltd,          | Uganda   |
| 15  | Uganda Sugar Manufacturers' Association | Uganda   |
| 16  | Britania Allied Industries Ltd.         | Uganda   |
| 17  | Plast Packaging Industries Limited      | Kenya    |
| 18  | Shumuk Aluminium Industries Ltd         | Uganda   |

## Corporate Communications and Membership Relations

The Secretariat continued to engage with members through consistent and purposeful communication and dialogue. Members kept abreast with the secretariat's work through:

### Publicity and Media Engagement

The Secretariat continued to increase EABC visibility, publicity of EABC events and initiatives to foster an enabling environment for private sector regional and global competitiveness in trade and investment via different media outlets. The Secretariat engaged the media through answering media requests as well as issuing out press statements on key business issues, events and EABC initiatives which have resulted in favourable media coverage.

#### Highlights of EABC in the News in the period of December 2016 – May 2017

- Manufacturers call for government-led industrialization as Kigali summit ends (New Times, 26th May 2017)
- PM Murekezi Calls for Collective Effort to Boost Region's Manufacturing Sector (New Times, 24th May 2017)
- EAC Manufacturers call for Local Content (New Times, 26th May 2017)
- Manufacturers call for government-led industrialization as Kigali summit ends (New Times, 26th May 2017)
- The need to strike a balance between sovereignty and economic integration (New Times 27th May 2017)
- Industrialists Fear Return of Protectionism in East Africa (The East African 24th May 2017)
- EAC manufacturers urged to embrace e-commerce (New Times, 25th May 2017)
- Kenya has not reneged on ban on used clothing, says official (New Times, 25th May 2017)
- Contribution of Producers to GDP Falls 10% - EABC (The Citizen, 24th May 2017)
- EAC needs to do more to improve manufacturing, intra-bloc trade (New Times, 24th May 2017)
- Regional Private Sector Set to Discuss Local Content (The Monitor 24th May 2017)
- Business leaders optimistic ahead of Kigali manufacturers' summit (New Times, 23rd May 2017)
- Producers in East Africa to Discuss Industrialization (Daily news 21st April 2017)
- Open Skies Could Earn EAC \$200 Million Annually – Study (New Times 15th March 2017)
- Germany's Marshall Plan for Africa (Handelsblatt, 15th March 2017)
- Key hurdles still stand in the way of business in East Africa (Daily Nation 13th March 2017)
- Regional businesses lobby EALA to pass law against dumping (NTV Uganda, 11th March 2017)
- Regional MPs, Traders discuss proposed ban on plastic bags (New Times, 11th March 2017)
- EAC Legislators should do more to Facilitate Businesses, Traders say (New Times, 09 th March 2017)
- Regional Assembly Passes Key Gender Bill on Women's Day (New Times, 09th March 2017)
- WTO agreement: Has the EAC become a Community of Fear? (The East African, 28th February 2017)
- Kigali to Host Manufacturer's EAC Summit (RwandaEye, 23rd February 2017)
- Rwanda to host EAC High-Level Manufacturing Business Summit (New Vision, 23rd February 2017)
- EA Best Investment Destination – Minister Says (Tanzania Daily News, 16th February 2017)
- EAC Move to Assemble Vehicles to Eat Into Uganda's Revenue (The Monitor, 16th February 2017)
- East African Business Council backs Amina for Top AU position (The Standard Digital, 26th January 2017)
- Ugandan Traders Ask Tanzania to Harmonise Cargo Transit Fees (The Monitor 15th December 2016)
- EABC Crucial for Business Boom (Daily News, 14th December 2016)
- EABC is vital ingredient for business progress (The Exchange, 14th December 2016)
- Tanzania Needs to Get Real On Investment (The Citizen, 13rd December 2016)
- EAC traders told to learn rule of game in cross-border trade (Daily News, 07th December 2016)

Additionally, the secretariat engaged the media through TV interviews in particular, with In Focus Rwanda and The Big Q TV shows that are broadcasted under Rwanda Broadcasting television. #inFocusRW Interview on "A Focus on Manufacturing Business in East Africa: [Link https://youtu.be/wcq20hYZmG4](https://youtu.be/wcq20hYZmG4)

## EABC Visibility

In order to strengthen our online presence and engage with interested parties online, we have invested in management of a website, blog and participation in Social media platforms like Facebook, LinkedIn, Instagram and Twitter. To date EABC's Twitter followers have increased from 1050 in 2016 to 1742; LinkedIn 1728 connections; Facebook stands at 1,831 followers. EABC blog has 7225 page views.

## EABC Brand Book / Design Guide

EABC has engaged a consultant to come up with EABC Brand Book / Design Guide to ensure consistency and cohesion of EABC brand in all Communication Information Education Materials.

## EABC Website Improvement

EABC is in the process to revamp EABC website with an updated design that is visually appealing, polished, user friendly and professional to increase readers interaction.

## e-Newsletters

EABC members, development partners were updated about EABC initiatives via e-newsletter alerts. The e-newsletters also redirected EABC stakeholders to EABC website and social media platforms so as to generate new followers and access additional information from EABC Social Media and EABC website visits. This enabled the business community to be better informed on the EABC activities, regional and international business events and news.

## EABC Corporate Book

The EABC Corporate Book (Vol I) was also launched at the Business Leaders Summit in 2015. Themed "Deepening Private and Public Sector Participation in the EAC Integration" the publication provides information on EAC remarkable milestones, is also a unique corporate communications and marketing platform for East Africa's leading brands and corporate establishments seeking to showcase and project their profiles into the regional, continental and global market. EABC developing the second volume of EABC Corporate Book that will show case key achievements as EABC celebrates the 20th Anniversary.



*Mr. Audace Ndayizeye, EABC Chair; (Center) together with Mr. Boaz Nimpe, EABC Director and Mr. Jean Ndikumana, EABC Director show case a copy of EABC Corporate Book (Vol I) Themed "Deepening Private and Public Sector Participation in the EAC Integration"*



## FINANCE & ADMINISTRATIVE MATTERS:

Members will recall that during the 17th AGM, Management reported that it had continued to improve the financial position through various cost cutting measures and prudent spending and diversifying the sources of income. This has been sustained but the Secretariat has faced major challenges in meeting the operational and programmatic obligations in the period under review.

### 1. FINANCIAL PERFORMANCE FOR THE YEAR 2016:

The Audited accounts form an Agenda item of this meeting. Below serves to give a snapshot of our financial performance:

#### i. Income:

There was 58.7% increase in total operating revenue from \$820,498 (2015)) to \$1,302,454 (2016) made up as follows:-

- Membership Subscriptions increased by \$122,343 (43.7%) from \$282,167 to \$402,510 in the course of the year. The increase is attributed to revision of membership fees in year 2016.
- Grants increased by 115.6% from \$295,124 to \$636,265 The increase in Grant income has mainly been attributed to the increase in implementation of TMEA & BDI project activities where in 2016 two staff were recruited for the project and hence implementation of activities increased.
- Other Income increased by 7.5 % from \$245,207 to \$263,679. This includes among others corporate sponsorships for the 1st East African Entrepreneurship Conference & Exhibition, 1st East African Business leader's Summit, 2nd Anti illicit trade conference, the EABC Public Private Dialogue on Technical Regulations, and also administrative costs on projects received from TMEA, BFZ, FEAPMA, and Consultancies.

#### ii. Expenditure:

- Salary costs registered a 31.5 % decrease from \$281,218 to \$149,455. This was attributed to decrease in number of core EABC staff where by the two posts that were left vacant since 2015 have not been filled and also the secretariat received a salary subsidy from BDI for the post of Communication Officer and Trade & Policy Advisor.
- The administrative costs increased by 13% from \$233,879 to \$264,808, this has been attributed to the increase in provision for doubtful receivables from membership subscription fees.
- Program expenses increased by 107.6% from \$352,736 to \$732,150. This has been attributed to increase in implementation of project activities supported by development partners and also increase of fundraising events during the year such as 1st East African Entrepreneurship Conference and Exhibitions, 2nd Anti - illicit trade conference, East African Business leaders' Summit, and the EABC Public Private Dialogue on Technical regulation.

#### iii. Fixed Assets:

- Total assets reduced by 22% from \$63,517 to \$49,414 attributable to depreciation.

#### iv. Accounts Receivable:

The Accounts Receivable at the end of the year increased by 650% from an amount of \$6,100 to \$45,760 at the end of 2016. This is attributable to non-write off of membership fees that were outstanding for more than 24 months which as per the policy they were due for write off. During the 65th ECM the board passed a decision not to write them off and directed the secretariat to continue following up for collection since the non-payment was being associated with the revision of membership fees in year 2016.

**v. Cash and Cash Equivalents:**

The cash balances at the end of the year went up from \$111,619 in 2015 to \$326,643 in 2016 which is directly attributable to increased development partner funding received during the year which had not been utilised at the end of the year. The bigger portion of fund is from TMEA funding where there was delay in recruitment of the East African Standards Platform Coordinator after the resignation of the former coordinator in May 2015, which has affected the implementation of activities. The new coordinator was recruited in March 2016.

**vi. Members' funds:**

These are retained earnings, there is an increase from negative (\$205,126) to negative (\$63,184) this is attributed to increase in surplus for the year from \$ 3,163 in 2015 to \$141,942 in 2016.

**vii. Deferred income:**

These are funds that were received from development partners in the course of the year and had not been utilised as at year end. These have increased at the end of the year from \$130,404 in 2015 to \$301,657 in 2016 and relates to TMEA, and BDI.

**viii. Accounts Payables:**

There was decrease of \$72,614 (39.6%) from \$255,958 to \$183,344 at the end of year 2016. This relates to obligations that had not been paid at the end of the year.

**2. COLLABORATION WITH OTHER INSTITUTIONS:** Members, the Council has continued to collaborate with various institutions in an effort to strengthen its financial and technical resource base. These include: Trade Mark East Africa (TMEA) with which a two year grant agreement for the EABC and the Standards Platform was signed in November 2014 ending June 2017; and Grant agreement signed February 2017 for Support to East African Women In Business Platform agreement ending August 2018, Federation of Germany Industries (BDI) with which a three years agreement has been signed ending 2018; GIZ who have given support to the Council's for various activities including 2nd East African Manufacturing Summit, 2nd East African Entrepreneurship Summit and EABC 20th Anniversary, the East African Health platform through the MOU signed with SPECTARIS; the Inter University Council of East Africa through the collaboration on Academia Private Sector Partnership and The East African Community through collaboration on joint events such the concluded 2nd East African Manufacturing Summit in Kigali, and through participation in various meetings organized either by EAC or EABC.

**3. STAFF MATTERS:** During the year under consideration one staff member left the organization and two new staff have been recruited

**i. Staff who has left the Organization: - Ms. Dorcas Ngure** who was the Communications, Marketing and Advocacy Officer resigned in September 2016.

**ii. New staff recruited:-**

**Ms. Nancy Gitonga** - recruited for the Position of East African Women in Business Platform Coordinator reported to work since 15th September 2016, the position is being supported by TMEA.

**Mr. Patrick Moshi** - recruited for the post of Communication, Marketing and advocacy Officer from 1st April 2017.

## PICTORIAL



*East African Entrepreneurship Conference and Exhibition 2016*



*Ms. Betty Maina, Principal Secretary MEACA speaks on the Role of the EAC Governments in Promoting Local Content during 2EAMBS*



*Opening session of the East African Entrepreneurship Conference and Exhibition 2016*



*Left to Right: Mr. Patrick Obath, Adam Smith International, Mr. Frank Matsaert, CEO TradeMark East Africa and Ms. Lilian Awinja, EABC Executive Director*



*Hon. Jessica Eriyo, EAC Deputy Secretary General Finance and Administration speaking on Automotive Industry during 2EAMBS in Kigali, Rwanda.*



*Dr. Manu Chandaria, Chairman Comcraft Group, during EABC Regional Meeting with Trade Facilitation Agencies in Kenya*



## PICTORIAL



*(Second Left) Ms. Nancy Gitonga, EAWiBP Regional Coordinator with Hon. Jessica Eriyo, EAC Deputy Secretary General (Forth Left) during International Women's Day*



*The 2nd German African Business Summit GABS 2017*



*Amb. Dennis Awori, EABC Vice Chair during the 2nd German African Business Summit GABS 2017*



*EABC Board Members Mr. Simukai Munjanganja (Center) and Mr. Jim Kabeho (Right) during the EABC Regional Anti- illicit Conference*



*Dr. Chris Kiptoo, PS State Department for Trade Kenya exchanging views during the EABC Regional Anti- illicit Conference*



*Key Discussants during EABC regional Anti Illicit Trade Conference*

## PICTORIAL



*Mr. Dhariwal, CEO AVCO and Mr. Simbeye, Executive Director TPSF at EABC Board Meeting*



*Mr. Peter Kiguta, former EAC Director General Customs & Trade during the EABC Regional Anti-illicit Conference*



*EABC Board Directors and Members*



*Mr. Felix Moshia, EABC Vice Chair; Ms. Phyllis Wakiaga, CEO KAM and Mr. Kevit Desai, Chairman Regional Mega Projects Coordination Council*



*Mr. Vimal Shah speaking during East African Entrepreneurship Conference and Exhibition 2016*



*(Left to Right) Ms. Lilian Awinja, Executive Director pays a courtesy call on Hon. Amb. Liberat Mfumukeko, EAC Secretary General at the EAC Secretariat*



## PICTORIAL



*East African Entrepreneurship Conference and Exhibition 2016*



*Amb. Jean Rigi, Permanent Secretary Ministry of EAC Affairs Burundi, following deliberations during the East African Entrepreneurship Conference 2016*



*Andrew Mold, Officer in Charge Subregional Office for Eastern Africa, UNECA speaking on the EAC Treaty and its protocols, objectives vis a vis reality during 2ndEAMBS*



*(Left to Right) Mr. Felix Moshia, EABC Vice Chair; with Hon. Amb. Liberat Mfumukeko, EAC Secretary General at EABC Board Meeting*



*Hon. Maganda Julius Wandera speaking during East African Entrepreneurship Conference and Exhibition 2016*



*Exposure Visit to Brussels, Belgium by EABC Members and Staff*



## PICTORIAL



*Amb. Aziz Mlima Permanent Secretary Ministry of Foreign Affairs, East African Regional and International, Tanzania and Ms. Rosemary Mbabazi, Permanent Secretary, Ministry of Trade, Industry and EAC Affairs Rwanda.*



*Prof. Egid Mobufu Director General Tanzania Bureau of Standards visiting the exhibition during the 2nd East African Manufacturing Business Summit in Kigali.*



*Board Directors, Staff and National Focal Points at the EU Commission in Brussels during the Exposure Visit to Brussels*



*EABC team and National Focal Points during the Exposure Visit to Brussels*



*Mr. Econie, EABC former EABC Chairman along with EABC Board Directors and a member of the BDI Board during the Exposure Visit to Brussels*



*EABC Board Meeting with H.E. William Ruto, Deputy President of the Republic of Kenya at his residence in Karen, Nairobi Kenya*



*Agriculture and Agro Processing Industry Round Table Discussions during the 2nd East African Manufacturing Business Summit in Kigali Rwanda*



*Hon. Minister François Kanimba, Minister of Trade, Industry and EAC Affairs, Republic of Rwanda opens the 2nd East African Manufacturing Business Summit Exhibition in Kigali Rwanda.*





*EABC Secretariat explains the progress and key issues in the Integration process to Ambassadors accredited to the EAC at the residence of the Swiss Ambassador in Dar es salaam.*



*Delegates at the East African Entrepreneurship Conference and Exhibition 2016*





*EABC team with the National Focal Points at Business Europe Offices during the Exposure Visit to Brussels*



*EABC team with the National Focal Points together with BDI and Senior Officials from Aurubis during a visit to Aurubis Copper Factory in Brussels.*

## PICTORIAL



*EABC Board Directors and Staff with Chief Secretary, Office of the President, United Republic of Tanzania., Hon. Ambassador John Kijazi in Dar es salaam Tanzania*



*EABC team with Mr.Kassim Omar, EABC Vice Chair at the EU Parliament.*



*Ms. Lilian Awinja welcomes U.S Ambassador, Robert Godec to the Exhibition during the East African Entrepreneurship Conference 2016 in Nairobi, Kenya*



*Mr. Keli Kiilu, EABC Ambassador and Ms. Phylis Wakiaga, CEO KAM following discussions at the EABC Regional Anti Illicit Trade Conference*



*Dr. Stefan Mair, Member of the Executive Board of Federation of German Industries (BDI) speaks during the East African Entrepreneurship Conference and Exhibition 2016*



*Official Opening of the East African Entrepreneurship Conference and Exhibition 2016*



## ACKNOWLEDGEMENT

We take this opportunity to thank all those that made the year under review (June 2016 to May 2017) successful. What we have achieved during the period under review would not have been possible without the unwavering support and dedication of the following:

1. All EABC Members;
2. Our Development Partners: Trade Mark East Africa, Federation of German Industries, GIZ and International Trade Centre;
3. EABC Board Committees, especially the Finance & Administration Committee and the Policy and Advocacy Committee;
4. The EAC Secretariat, the Secretary General and all his Staff;
5. EABC Secretariat.

The Annual Report indicates that EABC has made satisfactory progress to achieving its mandate in fostering the interests of the Private Sector in the integration process of the East African Community. As the integration process widens and deepens with an almost fully fledged Customs Union and Common Market whose implementation is underway, EABC has a key role to play in ensuring that the interests of the private sector are well articulated in all policies affecting us and that the climate for doing business is conducive for attractive return on our investments. The East African Business Council was able to achieve its mandate towards out members and partners alike. The continuous unwavering support and dedication of is truly appreciated.





**SAVE THE DATE:**

**EABC 20th Anniversary Celebrations**

**10th November 2017**

**Intercontinental Hotel, Nairobi Kenya.**



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