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RESEARCH Paper

The Non-Tariff Barriers in Trading Within the East African Community

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Chapter 1:
Introduction

The East African Community (EAC), with an agenda of attaining economic, social and political integration, is an intergovernmental regional body comprising of five[1] countries; with a total population of approximately 126.6 million people (July, 2008 estimates). This big market provides the opportunity for the countries of Eastern African region to exchange goods and services which are produced in their countries so as to scale up regional development and in alleviating poverty. The EAC Development Strategy (2001-2005) identified non tariff barriers (NTBs) related to administrative and bureaucratic inefficiencies; and standards and technical requirements to be the major impediments to trade within the region; others being poor infrastructure and communication networks;. As per these reasons, the EAC committed itself into promoting projects and strategies that would lead to the elimination of these obstacles to trade. Hence, EAC in its endeavours to further the liberalisation of intra-regional trade in goods; to promote production efficiency in the community; to enhance domestic, cross border and foreign investment; and to promote economic development and industrial diversification, developed a Customs Union (CU) Protocol which was signed in March 2004 (and came into implementation by January, 2005) by the member states.

The CU protocol identified crucial areas for the development of the entire region. These areas include:

- **Trade Facilitation** – Where through the protocol, the partner states have agreed to cooperate in simplifying, standardising and harmonising trade information and documentation so as to facilitate trade in goods;
- **Anti-dumping Measures** – Where the Community has developed anti-dumping regulations within the CU Protocol;
- **Competition Policy and Law** – Where EAC already has in place EAC Competition Policy and Law currently being implemented by the Partner States with an aim to deter any practice that adversely affects free trade within the Community;
- **Re-export of Goods** – Re-exports are to be exempted from the payment of import or export duties;
- **Non-tariff Barriers to Trade** – Under Article 13 of the CU Protocol, the EAC Partner States have agreed to remove all existing non-tariff barriers to trade and not to impose any new ones;
- **Standards and measures** – Under Article 81 of the Treaty Establishing the Community, the EAC Partner States recognised the importance of standardisation, quality assurance, metrology and testing for the promotion of trade and investment and consumer protection, among other things.

This then shows that elimination of NTBs lies at the heart of the EAC integration process; since as part of the CU protocol, EAC member states committed themselves to eliminate all existing NTBs in intra-EAC trade with immediate effect and to refrain from introducing new ones. Its roots are embedded in the belief that EAC region could provide potential market

[1] Burundi, Kenya, Rwanda, Tanzania and Uganda.

for its member states through creation of Free Trade Area (FTA). This aspect of NTBs needs to be addressed if the EAC desires to experience the benefits of a FTA. This study reviews the extent of removal of the NTBs so as to improve trade within the EAC member states.

1.1 Research Problem

In East African countries, the East African Business Council (EABC) study of 2005 identified a number of NTBs being applied to restrict trade in member countries violet the EAC CU agreement on free trade. Article 11 of the EAC on CU states that, ***"Quantitative restrictions on imports and all measures having equivalent effects shall be prohibited between the Partner States*"**. Also Articles 12 -14 add more on discrimination issue and how to handle the matter. For the sake of understanding the types and magnitude of the NTB problems in EAC member states, the EABC conducted a business climate index study. The survey Covered 584 business enterprises operating in agriculture, manufacturing, trading, services sectors, construction and others, and 62 government ministries, departments and agencies. The study analysed cross-border barriers affecting business in the East Africa region. This study found that NTBs do exist in EA countries and are significantly affecting business operations in the region.

The existence of NTBs was widely acknowledged by the business enterprises in the region as well as within the government departments in all the EAC countries. The existence of NTBs and other business climatic factors that act as impediments towards the realisation of smooth trade (as well as investment) in the region is a manifestation of absence of free trade environment in EAC region, notwithstanding the CU protocols signed by the member states.

The study aims to assess the impact of the existing NTBS within EAC and its impact on trading activities among the member countries. The study will as well discuss about the existing problem of multiple membership since it has been earmarked as one of the reason for the existence of NTBs.

1.2 Objectives of the Study

The main objective of this study is to promote the sustainable trade sector and the economic growth through elimination of trade and non trade restrictions in the East African region. Specifically, the study aims at:

- Identifying the NTBs hindering promotion of the regional cross-border trade (business) based on member country comparative advantages;
- Undertaking a review on the implementation of the current EAC CU Protocol and business environment promotion efforts; and
- Drawing up policy recommendations based on the research findings.

1.3 Research Questions

The study aims to answer of the following questions: What trade barriers do exist in the region? How do these trade barriers hamper trade promotion in the region? What measures have been employed in removing these barriers? What is the impact of the removal of these barriers to the trade performance within the EAC? The answer to these questions could provide a starting gear for the move towards an improved regional integration.

1.4 Significance of the Study

Elimination of the trade impediments within the EAC region is expected to promote regional investment levels, scale up exchange of goods and services, spur economic growth (which is a necessary condition for poverty alleviation), promote socio-economic cooperation within which will directly contribute to the improved political and trade relations. This is because each country has something to produce and offer to others based on the theory of comparative advantage.

For many years, research has been a key tool towards making informed decisions and formulation of sustainable policies; this research therefore is expected to fill the knowledge gap on the existing trade restrictions in the EAC region and propose measures on how to eliminate them. The project envisages coming up with strategies and recommendations for promotion of cross border trade and investment, development of trade policies that supports this objective, trade relations within the region, and possibly a regulatory framework.

1.5 Methodology

This study is mainly based on a desk review where a range of literature on NTBs and trade was reviewed and analysed. In addition, a review of the EAC's Customs Union protocol was undertaken to set the background to the analysis of the NTBs in limiting intra-EAC trade.

Several authoritative institutions and official publications were identified as important sources of secondary data for this study. The main official source of information is the EAC Secretariat and others being reports from WTO, AERC and IMF. The Ministry of Industry, Trade and Marketing and the Ministry of East African Cooperatives in Tanzania were consulted in order to obtain data and relevant information. Other research institutions and libraries were greatly utilised in providing rich sources of data for this study.

1.5.1 Method of Analysis

This analysis and therefore the findings of the study are to a larger extent the outcome of a review of the findings from the literature, but also a comparative and trend analysis using the information on NTBs and Trade in the EAC region.

Chapter 2:

The East African Community (EAC)

2.1 Macro-Economic Performance

Generally, by 2008, the economic performance of the entire EAC region improved greatly; this is in terms of growth in output and per capita income of the member states. According to the official document issued by the EAC secretariat on Facts and Figures for 2009; the following is the status of the major aspects within the economies of the EAC member states:

In 2008, Rwanda recorded the highest economic growth of 11.2 percent followed by Uganda and Tanzania with 9.2 percent and 7.4 percent respectively. Kenya registered a decelerated growth of 1.7 percent compared to 7.1 percent in the previous year, while Burundi continued to return negative real economic growth of 0.025 percent in 2008 compared to 0.029 percent in 2007. The average per capita income for EAC Partner States in 2008 rose to US$506.2 from US$421.1. Kenya had the highest per capita income of US$793.5, followed by Uganda, Tanzania, Rwanda and Burundi with US$555.7, US$524.8, US$493.6, and US$163.5 respectively.

I)

Table 1: Real GDP Growth Rates (in percent) and GDP Per Capita (at current market prices), US$

Indicator	State	2004	2005	2006	2007	2008
Real GDP growth rates	Burundi	4.8	0.9	25.7	(0.0)	(0.0)
	Tanzania	7.8	7.4	6.7	7.1	7.4
	Uganda,2002=100	5.8	10.0	7.0	8.1	9.2
	Kenya	4.9	5.7	6.1	7.0	1.7
	Rwanda,2006=100	5.3	7.2	6.5	7.9	11.2
GDP per capita	Burundi	91.9	104.7	124.5	118.5	163.5
	Tanzania	353.3	379.4	372.5	440.0	524.8
	Uganda	323.4	372.9	396.0	472.0	555.7
	Kenya	493.9	560.8	622.7	710.1	793.5
	Rwanda	230.0	207.1	331.0	365.0	493.6
	EAST AFRICA	**298.5**	**325.0**	**369.4**	**421.1**	**506.2**

Source: *EAC Secretariat, 2009*

II) The overall balance of payments' (BoP) position for all the EAC Partner States declined in 2008 relative to 2007. This deterioration in BoP partly reflects the effect of the global financial and economic crisis on the economies, especially in the last quarter of 2008. Trade balances for all the partner states deteriorated as external demand for formal exports plummeted in the fourth quarter of 2008 due to the global financial crisis and economic recession especially in the advanced economies.

III) As per Table 2 below, Burundi and Kenya registered the highest annual headline inflation of 24.5 percent and 26.2 percent, respectively. Rwanda and Burundi registered the highest annual underlying inflation of 22.1 and 15.1 percent respectively when the lowest is registered by Tanzania (6.7 percent).

Table 2: Annual Headline and Underlying Inflation

Indicator	State	2004	2005	2006	2007	2008
Annual headline inflation	Burundi (1991=100)	8.3	13.2	2.7	8.3	24.5
	Tanzania (2001=100)	4.2	4.4	7.3	7.0	10.3
	Uganda (2005/06=100)	3.7	8.6	7.2	6.1	12.1
	Kenya (1997=100)	11.6	10.3	14.5	9.8	26.2
	Rwanda (2003=100)	12	9.1	8.9	6.6	22.3
	EAST AFRICA	-	-	-	-	-
Annual underlying inflation	Burundi,1991=100	6.3	9.0	5.7	8.2	15.1
	Tanzania, 2001=100	1.6	2.9	7.6	7.0	6.7
	Uganda, 2005/06=100	-	-	-	6.6	11.5
	Kenya,1997=100	6.8	7.4	5.5	5.7	11.1
	Rwanda, 2003=100	7.7	5.7	4.0	10.6	22.1
	EAST AFRICA	-	-	-	-	-

Source: *EAC Secretariat, 2009*

IV) On average, the EAC fiscal deficit excluding grants as a ratio of GDP improved from 10.5 percent in 2007 to 9.5 percent in 2008.

V) Concerning health issues within the region: Since HIV/AIDS is a cross cutting issue, there haven't been much difference in the prevalence rates (this is mainly for Tanzania, Kenya and Uganda). The prevalence rate in Tanzania, by 2008, remained constant at 6 percent since 2007; Kenya's rate to the entire population reduced to 7 percent from 8 percent that was recorded in 2007; and the HIV/AIDS prevalence rate in Uganda still remained at 6 percent, which has been the maintained rate since 2005.

These above mentioned positive gains that have been realised within the EAC bloc can be sustained by the increase in regional cooperation and increase in exchange, but can be affected by the existence of low intra- regional trade levels in the region as well as existence of trade and non trade restrictions among member countries. The assumption put forward is that, with the elimination of Non-Tariff Barriers in the member countries will boost trade in the region and speed up the integration process and the growth process.

2.2 Trade Performance in the EAC Region

The main growth driver for the whole region is trade. With this respect, this section will highlight the level of intra-regional trade within EAC of which will later on be linked with the existing NTBS so as to see what rate of impact these NTBS have on entire trade within the region. Below, are tables portraying trade performance within the EAC regional bloc:

Table 3: Tanzania Intra-EAC Trade (US$mn)					
Tanzania to Kenya	83.7	76.3	97.2	106.9	188.6
Tanzania from Kenya	130.1	155.3	169.1	103.6	198.0
Balance Tanzania to/from Kenya	**-46.4**	**-79.0**	**-71.9**	**3.3**	**-9.4**
Tanzania to Uganda	11.7	20.1	20.5	20.3	36.5
Tanzania from Uganda	7.6	5.1	5.3	6.5	6.6
Balance Tanzania to/from Uganda	**4.1**	**15.0**	**15.2**	**13.8**	**29.9**
Tanzania to Rwanda	6.4	7.4	9.1	11.3	19.8
Tanzania from Rwanda	0.1	0.1	0.1	0.0	0.0
Balance Tanzania to/from Rwanda	**6.3**	**7.3**	**9.0**	**11.3**	**19.8**
Tanzania to Burundi	22.0	25.1	31.0	67.4	15.0
Tanzania from Burundi	0.1	0.1	1.0	0.0	0.4
Balance Tanzania to/from Burundi	**22.0**	**25.1**	**30.0**	**67.4**	**14.6**
Tanzania to rest of EAC	123.8	128.9	157.8	205.9	259.9
Tanzania from rest of EAC	137.8	160.5	175.5	110.1	205.0
Balance Tanzania to/from rest of EAC	**-14.0**	**-31.6**	**-17.7**	**95.8**	**54.9**
Source: *EAC Secretariat, 2009*					

Generally, the rate of trade between Tanzania and EAC member countries declined by 40.9 percent to 54.9 percent in 2008, compared to 95.8 percent in 2007 (Table 3). As compared to other member countries, Tanzania exports much of its produces to Kenya (US$188.6mn by 2008); imports much as well from Kenya (US$198.0mn). By 2008, the general rate of trade between Tanzania and other member countries has been increasing, apart from the rates with Burundi which declined by 52.8 percent.

Table 4: Kenya Intra-EAC Trade (US$mn)					
	2004	**2005**	**2006**	**2007**	**2008**
Kenya to Uganda	468.1	564.9	385.7	498.5	611.2
Kenya from Uganda	12.8	18.5	13.9	88.8	75.5
Balance Kenya to/from Uganda	**455.3**	**546.4**	**371.8**	**409.7**	**535.8**
Kenya to Tanzania	226.3	264.1	253.6	331.5	422.4
Kenya from Tanzania	25.4	41.0	62.6	99.2	105.0
Balance Kenya to/from Tanzania	**200.9**	**223.1**	**191.0**	**232.3**	**317.4**
Kenya to Rwanda	78.2	96.3	66.1	86.2	129.4
Kenya from Rwanda	0.2	1.5	2.9	1.3	0.4
Balance Kenya to/from Rwanda	**78.0**	**94.8**	**63.2**	**84.9**	**129.1**
Kenya to Burundi	37.5	49.0	30.3	36.0	50.3
Kenya from Burundi	0.0	0.5	4.7	2.3	1.1
Balance Kenya to/from Burundi	**37.5**	**48.5**	**25.6**	**33.7**	**49.2**
Kenya to rest of EAC	810.1	974.3	735.8	952.2	1213.4
Kenya from rest of EAC	38.4	61.5	84.1	191.6	182.0
Balance Kenya to/from rest of EAC	**771.7**	**912.8**	**651.6**	**760.6**	**1031.4**
Source: *EAC Secretariat, 2009*					

Table 4 depicts the trade trends between Kenya and the rest of the EAC member states. In 2008, Kenya's share of trade with the rest of EAC increased to US$1,031.4mn from US$760.6mn. According to the above statistics, Kenya exports most of its products to Uganda followed by Tanzania and most of its imports are from Tanzania. The rates of trade between Kenya and Burundi; and Kenya and Rwanda are still low, though with some improvements by 2008.

Table 5: Uganda Intra-EAC Trade (US$mn)					
	2004	**2005**	**2006**	**2007**	**2008**
Uganda to Kenya	77.0	72.4	88.0	118.2	164.6
Uganda from Kenya	399.2	520.7	401.0	495.7	511.3
Balance Uganda to/from Kenya	**-322.2**	**-448.3**	**-313.0**	**-377.5**	**-346.7**
Uganda to Tanzania	12.2	15.4	13.7	30.6	30.5
Uganda from Tanzania	15.8	30.1	28.7	30.8	55.5
Balance Uganda to/from Tanzania	**-3.6**	**-14.7**	**-15.0**	**-0.2**	**-25.0**
Uganda to Rwanda	24.7	36.1	30.5	83.3	136.9
Uganda from Rwanda	0.6	0.5	0.5	3.8	2.9
Balance Uganda to/from Rwanda	**24.1**	**35.6**	**30.0**	**79.5**	**134.0**
Uganda to Burundi	18.1	20.8	20.6	42.7	45.4
Uganda from Burundi	0.7	0.2	0.2	0.8	0.9
Balance Uganda to/from Burundi	**17.4**	**20.6**	**20.4**	**41.9**	**44.5**
Uganda to rest of EAC	132.0	144.7	152.8	274.8	377.4
Uganda from rest of EAC	416.3	551.5	430.4	531.1	570.6
Balance Uganda to/from rest of EAC	**-284.3**	**-406.8**	**-277.6**	**-256.3**	**-193.2**
Source: *EAC Secretariat, 2009*					

Uganda trades mostly with Tanzania; it as well sends most of its exports to Rwanda, with great improvement of up to US$136.9mn from US$83.3mn in 2007. With the rest of EAC as well, Uganda registered an improvement in trading trends.

As per Table 6, Burundi is as well picking up on trade with the rest of the EAC states. Burundi imports mostly from Uganda and Kenya at US$34.5mn and US$30.3mn respectively. Being a small growing economy, Burundi manages to export a bit of its products to Rwanda, Uganda and Kenya, though at very low rates.

Table 6: Burundi Intra-EAC Trade (US$mn)					
	2004	**2005**	**2006**	**2007**	**2008**
Burundi to Kenya	0.4	0.4	1.2	2.2	1.5
Burundi from Kenya	27.5	34.0	35.4	29.4	30.3
Balance Burundi to/from Kenya	**-27.1**	**-33.6**	**-34.3**	**-27.3**	**-28.8**
Burundi to Uganda	0.7	0.9	1.2	1.0	1.6
Burundi from Uganda	11.0	11.4	16.9	38.7	34.5
Balance Burundi to/from Uganda	**-10.3**	**-10.4**	**-15.7**	**-37.7**	**-32.9**
Burundi to Tanzania	0.2	0.0	0.0	0.1	0.0
Burundi from Tanzania	14.9	12.8	7.6	9.8	16.8

Balance Burundi to/from Tanzania	**-14.7**	**-12.8**	**-7.6**	**-9.7**	**-16.8**
Burundi to Rwanda	4.2	2.7	3.1	2.2	3.5
Burundi from Rwanda	0.7	0.9	1.0	1.7	3.1
Balance Burundi to/from Rwanda	**3.5**	**1.8**	**2.1**	**0.5**	**0.4**
Burundi to rest of EAC	5.4	4.0	5.5	5.3	6.6
Burundi from rest of EAC	54.1	59.1	60.9	79.5	84.7
Balance Burundi to/from rest of EAC	**-48.7**	**-55.0**	**-55.5**	**-74.2**	**-78.1**
Source: *EAC Secretariat, 2009*					

Rwanda's performance by 2008, as can be depicted from Table 7 below, has as well improved compared to the performances in previous years. Rwanda mostly trades with Kenya and Uganda. Most of imports to Rwanda are from Kenya at US$173.0mn and Uganda at US$167.9mn. Rwanda exports to Kenya and very little to the rest of the EAC member states.

Table 7: Rwanda Intra-EAC Trade (US$mn)					
	2004	**2005**	**2006**	**2007**	**2008**
Rwanda to Kenya	23.7	32.6	29.9	34.4	32.0
Rwanda from Kenya	38.9	49.9	69.4	85.7	173.0
Balance Rwanda to/from Kenya	**-15.1**	**-17.3**	**-39.5**	**-51.3**	**-141.0**
Rwanda to Uganda	0.6	1.8	1.9	3.2	6.9
Rwanda from Uganda	23.4	39.0	61.6	98.5	167.9
Balance Rwanda to/from Uganda	**-22.7**	**-37.2**	**-59.8**	**-95.4**	**-161.0**
Rwanda to Tanzania	0.1	0.2	0.9	0.4	1.1
Rwanda from Tanzania	5.2	8.0	8.3	15.7	47.3
Balance Rwanda to/from Tanzania	**-5.0**	**-7.8**	**-7.4**	**-15.3**	**-46.2**
Rwanda to Burundi	0.5	0.3	0.4	2.1	6.2
Rwanda from Burundi	1.6	2.2	4.0	7.2	6.0
Balance Rwanda to/from Burundi	**1.1**	**1.9**	**3.7**	**5.1**	**-0.2**
Rwanda to rest of EAC	25.0	34.9	33.0	40.0	46.2
Rwanda from rest of EAC	68.9	99.1	143.4	207.1	394.2
Balance Rwanda to/from rest of EAC	**-43.9**	**-64.2**	**-110.4**	**-167.1**	**-348.0**
Source: *EAC Secretariat, 2009*					

The table above shows the fluctuating trade trends within the EAC member states. According to the statistics, some member countries trade very less with other members and some succeeding in having high rates. This is attached to a number of reasons, some being the size of the economy, the quality of the products, the problem of markets as well as the existing tariff and non-tariff barriers. In the coming chapter, there will be a discussion on how the present non-tariff barriers within the EAC regional bloc have a role in affecting these trading patterns.

Chapter 3:

Non-Tariff Barriers (NTBs)

By definition, any restriction imposed on the free flow of trade is considered a trade barrier. Trade barriers can either be *tariff barriers*, that is levy of ordinary customs duties within the binding commitments undertaken by the concerned country (in accordance with Article II of GATT), or *non-tariff barriers*, that is any trade barriers other than the tariff barriers. However, since NTBs appear in the form of rules, regulations and laws that have a negative impact on trade, the East African Community (through the East African Business Council - EABC), defines Non-Tariff Barriers as quantitative restrictions and specific limitations that act as obstacles to trade.

The Non-Tariff Barriers can be in various forms, including:

- ***Import Policy Barriers***: One of the most commonly known non-tariff barrier is the prohibition or restrictions on imports maintained through the import licensing requirements. Article XI of the GATT Agreement requires members not to impose any prohibitions or restrictions other than duties, taxes or other charges, whether made effective through quotas, import or export licenses or other measures. Any form of import licensing (other than an automatic license) is therefore, to be considered as an import restriction;
- ***Standards, Testing, Labeling and Certification requirements***: These are insisted upon to ensure quality of goods seeking an access into domestic markets but many countries use them as protectionist measures. A good example can be the SPS measures and the TBT measures imposed under WTO;
- ***Anti-dumping and Countervailing measures****:* These measures are permitted to be taken by the WTO Agreements in specified situations so as to protect domestic industries from serious effects arising from dumped or subsidised imports. The way these measures are used may, however, have a great impact on the exports from the targeted countries. If used as protectionist measures, they may act as some of the most effective non-tariff barriers;
- ***Export Subsidies and Domestic Support***: Both, export subsidies and domestic support, have a great bearing on the trade among countries. While export subsidies tend to displace exports from a country into the third country markets, the domestic support acts as a direct barrier against access to the domestic market;
- ***Government Procurement***: Government procurement and bulk procurement policies, which are adopted by some countries, can act as non-tariff barriers;
- ***Service Barriers***: Good example being the visa regimes; and
- ***Lack of Adequate Protection to Intellectual Property Rights****:* Lack of adequate protection to Intellectual Property Rights in some countries hurts the exports of other countries.(*CUTS International*)

3.1 Why NTBs?

NTBs are often justified on four main reasons:

1. To safeguard health, safety, and security of human beings, animals and plants, and against environmental pollution.
2. To protect home industries and consumers
3. To safeguard national security
4. To safeguard against revenue loss

3.2 Non-Tariff Barriers to Trade in EAC

NTBs in EAC, like in any other region, result in delays and increased costs which ultimately hinder the free movement of goods and services. Removal of NTBs is much more effective in boosting intra-regional trade that the method of tariff liberalisation. This is to say that, returns in terms of welfare gains, growth, employment generation and poverty reduction are more likely to be realised by addressing NTBs, than through tariff liberalisation. (*Odhiambo, W. 2010*).

In 2005, the East African Business Council (EABC) launched a major initiative in efforts to eliminate the existing NTBs in East Africa by commissioning the Business Climate Index Survey (BCI). The main aim of the survey was to identify the nature and scope of NTBs that are experienced in the day-to-day business within the region. Broadly, NTBs in East Africa are rooted in a variety of causes that can be labeled as 'structural bottlenecks'. These include inadequate government structures/procedures; mismanagement; erratic application of rules; and bureaucratic staff attitude coupled with low staff morale. For the private sector, NTBs represent an additional cost factor and sometimes even lead to complete loss of markets or customers.

Non-Tariff Barriers on intra-EAC trade are categorised under the following categories:

- ***Customs and administrative documentation procedures*** – Which include varying systems for imports declaration and payment of applicable duty rates; limited customs working hours; varying interpretations of the Rules of Origin; application of discriminatory taxes and other charges on EAC originating imports; cumbersome procedures for verifying containerised imports; unfair competition from counterfeit products, and diversion of transit goods into the region.

- ***Immigration procedures*** – Which include varying application of visa fees and work permits; cumbersome and duplicated immigration procedures, and lack of an East African Passport by many citizens who cross borders in search of business opportunities.

- ***Cumbersome inspection requirements*** – Which include procedures on Gross Vehicle Mass and axle load regulations, costly quality inspection procedures, cases of lack of recognition of inspection certificates issued by accredited laboratories, cases of lack of mutual recognition of quality certification marks and test certificates issued by EAC Standardisation Bureaus, varying quality inspection and testing procedures which are also introduced without prior discussions and consensus and varying procedures for issuance of export certification marks.

- ***Police road blocks*** – Which involve police officers stopping commercial vehicles at various inter-country road blocks and at border crossings even where there is no sufficient proof that goods being transported are of suspicious nature.

- ***Varying trade regulations among the three EAC countries*** – The most notable one different axle loads and different specified maximum Gross Vehicle Mass (GVM) for commercial vehicles. Also EAC countries have varying parameters on weights, labeling, and quality, tolerance in measurements, and technologies used in packaging, which limits ability of goods to cross borders.

- ***Varying, cumbersome and costly transiting procedures in the EAC countries*** – Which include varying requirements on commercial trucks used in transit traffic, bottlenecks in offloading imports at the Port of Mombasa and Dar-es-Salaam Port, unrealistic grace period on imports before application of demurrage, and application of insurance bonds even on goods traded within the region

- ***Duplicated functions of agencies involved in verifying quality, quantity and dutiable value of imports and exports*** – Which include numerous agencies involved in import and export inspection, and in certifying compliance to procedures; resulting to duplication of effort and wasted business-time. Also, many inspection bodies have not established laboratories at major entry and exit points.

- ***Business registration and licensing*** – Which includes Varying business registration procedures and lack of preferential treatment to EAC originating businesses versus foreign originating businesses, which makes cross-border registration of business a difficult process, cumbersome and expensive manual processes used in business names search, registration and payment of relevant charges, multiplicity of licenses used in production, and distribution and sale of goods, resulting to duplication and inhibitive cost of doing business in the region. (*East African Business Council*)

Behind all these mentioned categories, there lies corruption. Corruption is another important issue that has implications on the economies of the EAC member states, as well as in affecting the trade flows. As per Walter Odhiambo (2009), the recent Transparency International[2] (Kenya) survey on corruption shows that, among the original EAC member states (that is Kenya, Tanzania and Uganda), Kenya is the most corrupt country within EAC, followed by Uganda and then Tanzania (Table 8 below). But with the addition of Burundi and Rwanda, Burundi has registered the highest corruption index within EAC, followed by Kenya, Uganda, Tanzania and Rwanda respectively. The survey as well depicts that, among the institutions identified as being involved in corruption are the police (in all countries), the Revenue Authorities and Customs (of which all these institutions play a great role in the facilitation of trade in the region).

[2] Taking into consideration that TI takes into consideration a number of variables apart from just corruption in trading activities

Table 8: Corruption Perception Indices for EAC Countries				
Country	**EAC Bribery Index 2009**		**TI Corruption Perception Index 2009**	
	Index	**Rank**	**Index**	**Rank**
Kenya	45	1	2.2	2
Uganda	35	2	2.5	3
Tanzania	17	3	2.6	4
Burundi	-	-	1.8	1
Rwanda	-	-	3.2	5
Source: *Walter Odhiambo (2009) through Transparency International (Kenya), 2009.*				

3.3 Elimination of NTBs in EAC

The following aspects of intra-EAC trade are particularly relevant for assessing priorities for the removal of NTBs in EAC:

1) **Current intra-EAC goods trade in official statistics**: Food and live animals (LIVESTOCK) as a group continue to dominate the formal intra-EAC trade of almost all EAC members, except the exports of Kenya, suggesting the importance of assessing NTM impact for those sub-sectors. The two other important groups - especially for the new EAC members - are beverages and tobacco, and inedible crude materials. The intra-EAC exports by Kenya shows increasing diversification into more specialised manufactured goods and articles, and gradually so by Tanzania and Uganda also. Chemicals, fuels and lubricants, as well as machinery and transport equipment are the other significant groups in Kenya's exports to the rest of EAC. Most members sell their top five commodities (by the value share in regional trade) in the Kenyan market. Burundi and Rwanda export the same top commodities to the rest of EAC as they do to the rest of the world. This latter observation –combined with relatively small internal market size relative to other RECs – suggests that the EAC may be able to draw heavily on WTO-consistency as a means for NTM elimination

2) **Informality:** A significant part of the trade within the region in food and live animals tends to be seasonal, largely localised, and often informal. The transit routes are often along traditional cross-border paths, away from the major transport corridors. Hence, such trade remains inadequately captured in the official national statistics. It will be important to understand the implications of NTMs (and their elimination) on these trade flows, especially to the extent that NTMs have been encouraging informality and hence hampering market development.

3) **Transport corridors for formal goods trade**: There are two backbones of formal intra-EAC trade, which are overland road and rail routes, the Northern and Central corridors - starting from the ports of Mombasa and Dar-es-Salaam respectively and reaching the border of DRC on the region's western edge - along with a north-south road link through Namanga on the Kenya-Tanzania border. These corridors are also critical for transit of EAC's imports from outside, and its goods exports beyond the region. This suggests a focus on NTMs related to the functioning of these corridors in particular. An acute constraint for the producers, traders and transporters of goods in EAC is the poor physical condition of the state-run transport and communications infrastructure. The potential for rail transport is recognised, even though the current state of disrepair of railroads along both corridors and inadequacy of rail equipment for use will need to be alleviated before it is a viable alternative again. In addition, constraints include the poor state and maintenance of roads and weighbridges; the small capacity and disrepair of the ports on the Indian Ocean and the lakes; and, the underdeveloped water transportation across Lake Victoria and Tanganyika. While this report does not focus on the state of the physical transport infrastructure in EAC, it clearly is a complementary priority (World Bank, 2008).

Keeping the above factors in mind, towards the efforts of eliminating NTBs in East Africa, the EAC Secretariat requested the East African Business Council (EABC) to assist in launching an NTB Monitoring Mechanism (NTBMM) for East Africa – which was commissioned to be designed in 2005. With this process, the EABC was to monitor the identified NTBs within the region and be able to report the progress through an Annual Business Climate Survey. Below is the section that provides the 2008 BCI in East Africa, showing the progress and status for the identified NTBS within EAC.

3.3.1 The Business Climate Index (BCI)[3] in EAC

As per the report which was released on the Business Climate Index in 2008, the overall Business Climate Index across the East African region has declined to 44 points in 2008 from 51 points in 2007. Ugandans are the most positive business leaders with an index of 55, followed by Kenyans and Rwandans (45), Tanzanians (42) and trailing some way behind are Burundi's business leaders with an index of 32. The table below shows the status (in summary) for the identified NTBs within the region:

[3] It comprises interviews with 240 business leaders: Uganda (25 percent), Kenya (21 percent), Tanzania (20 percent), Rwanda (18 percent) and Burundi (15 percent); 140 truck drivers through self completion diaries (collected at the point of exit from the country of departure) and 187 Clearing and Forwarding Agents (CFA's).

Table 9: The Business Climate Index (BCI) Summary in the EAC, 2008	
Summary of:	**Status**
Delays caused by Customs	Over one half (54 percent) of business leaders in East Africa expressed high levels of discontent with the length of time for customs clearance. Kenya customs was found to be the slowest in East Africa with 76 percent of business leaders indicating that the process was slow. Kenya was followed in order by Burundi (60 percent), Uganda (50 percent), Tanzania (45 percent) and Rwanda (42 percent). Those with direct experience at the customs posts were also highly critical as many as 70 percent of the CFA's said that customs were slow and congested and a third of truck drivers reported unfair treatment.
Corruption at Customs	Over one third (35 percent) of business leaders indicated that corruption at customs is a major obstacle. Moreover, this is a significant year over year increase from 22 percent expressing similar sentiments in 2007. The number of business leaders who stated that bribery at customs was a major obstacle in business was highest in Burundi at 68 percent and the lowest in Uganda (26 percent) and Kenya (28 percent). While each individual bribe is low (average 1.9 USD), aggregated for all trucks and annualised amounts to bribes to customs of some US$2mn.
Corruption at Roadblocks	Four in ten business leaders interviewed cited bribery at roadblocks as a major obstacle. With the extent of the problem cited more by business leaders in Tanzania and Burundi than in the neighboring countries. Most truck drivers (72 percent) report high levels of bribe solicitation at roadblock encounters, although the actual payment reported was relatively low Bribe solicitation and payment is significantly higher at roadblocks in Kenya compared to the other countries. The estimated amount paid in bribes per truck per year is just over US$1,000 which aggregates to some US$5mn for all truck traffic per year.
Time Loses at the Roadblocks	Huge amounts of time are lost at roadblocks according to the truck drivers. Each truck will loose up to 15 minutes per roadblock, given an average of 19 roadblocks per trip, this equates to a loss of 5 hours per trip per truck and 260 hours (approx 11 days) in a year. Working on the basis of 5000 truck trips per year, the losses equate to more than 50,000 days per year.

Estimated costs of bribery at Weighbridges	The overall number of Weighbridges is lower than that of roadblocks (an average of 4.4 weighbridge points per trip compared with 19 roadblocks), but the average amount of bribe paid per encounter is higher. On average US$2.1 was paid at each weighbridge encountered, equating to US$9.2 per truck per week and US$480 annually. Extrapolated to the bigger universe of 5000 trucks yields a spend US$2.4mn annually on bribes at weighbridges.
Time lost at Weighbridges	On average a truck will loose up to 92 minutes per each weighbridge encountered. This equates to 6.8 hours per trip for each truck driver at weighbridges, yielding total time loss of 353 hours (approx 15 days) annually. Aggregating to the figure of 5000 trucks per year results in 73,000 days lost per year at Weighbridges.
Work Permits	Experience of Kenyans in East Africa: On average it takes a Kenyan one to five months to acquire a work permit to work in Uganda and Tanzania. 62 percent of business leaders in Uganda claimed that it took them more than two months to acquire a work permit for Kenyan workers in Uganda.

From the summary table above, it can be depicted that a total sum of 172,236 days are lost each year as a result of delays at Weighbridges, roadblocks and customs – with Weighbridges causing almost half of those delays. In terms of money – paid in the form of bribes, some US$9.8mn are paid over per year – with Weighbridges again taking the largest share.

Chapter 4:
Discussion

4.1 Impact of Elimination of the NTBS to Trade within EAC

Following the established CU protocol, with an intention of eliminating the NTBs within the EAC regional bloc, this section examines its impact on the trade trends before and after it came into force. The analysis covers each member country so as to bring up the trade trends for the two phases.

4.1.1 Impact on Tanzania's Trade Performance

With the exception of 2007, Tanzania's imports from Kenya and Uganda have been on the rise following the establishment of the CU. Exports, on the other hand, have recorded a consistent increase, almost doubling in 2008 compared with 2004. Table 3 shows the trends of trade between Tanzania and other EAC member states as from 2004 to 2008.

In comparison, Tanzania's trade proportions with Uganda before the implementation of the CU were higher than the trade proportions after the protocol came into force. This is a similar case on imports from Uganda, to Tanzania as well. The structure of Tanzania's exports to Uganda has included mainly non-traditional exports such as palm oil, flat/cold-rolled iron or steel, hard wheat, men's and boys' shirts of cotton, fishing nets, oil-cake and other solid residues of cotton seeds and mosquito nets. On the other hand, main imports from Uganda comprised maize, tobacco, distillate fuels, Portland cement, soya bean flower, aviation kerosene and self-propelled bulldozers and angle dozers.

Tanzania's exports to Kenya more than doubled after the implementation of the CU, compared to the situation before the CU was introduced. Import levels from Kenya as well have risen by approximately 50 percent, making Kenya the main Tanzania's trade partner in the region. The most important exports to Kenya in the order of significance include black tea, fresh or chilled fish, liquid electric transformers, frozen fish fillets, mosquito nets, cotton carded or combed, silicon dioxide and maize. The main import items are gas oil, residual fuels, illuminating kerosene, diesel oil, motor spirits, medicaments, rolled iron/steel, flat/cold-rolled iron/steel and maize starch (Evarist Mugisa *et.al*, 2009).

Generally, the trade share between Tanzania and the rest of EAC member states seems to have been only marginally affected due to the introduction of the CU protocol, which as well addresses the NTBs facing the country.

4.1.2 Impact on Kenya's Trade Performance

Throughout the period, Kenya's trade proportions within the region have been increasing since 2002 until 2008. Table 4 depicts these levels of trade between Kenya and each EAC member country; the table as well shows generally increasing trends of trade between Kenya and the entire region.

Uganda, after the introduction of the CU, remains to be the largest destination of Kenyan products, accounting for 60 percent of total share of exports to the region; While Tanzania is the largest exporter to Kenya within the EAC region with 65 percent share. Major exports to Uganda included mineral fuels, mineral oils and related products (salt, sulphur, earths and stone and plastering materials), paper and paperboard, plastics and articles thereof, iron and steel, beverages, spirits and vinegar, and pharmaceutical products. On the other hand, exports to Tanzania composed largely of wood and articles of wood, wood charcoal, paper and paperboard, articles of paper pulp, cotton, copper and articles thereof, textile articles, sets, worn clothing and worn textile articles, rags, etc.

While Uganda and Tanzania are among the leading export destinations for Kenyan exports, it is worth noting that a big percentage of the exports to the two countries constitute re-exports. For instance, Kenya's re-exports to Uganda reached about 60 percent in 2003 prior to the customs union, but stabilised at about 10 percent of total exports in recent years. The main re-export products have been petroleum products, chemicals, machinery, transport equipments and manufactured goods. On the other hand, re-exports to Tanzania accounted for about 45 percent of total exports in 2003 and has since been declining in the recent past reaching 6 percent in 2007. Major re-exports to Tanzania have been machinery & transport equipments, chemicals and manufactured goods (Evarist Mugisa *et.al*, 2009).

It can then be concluded that, Kenya's trade performance has managed to maintain its position after the introduction of the CU Protocol (which has a NTBs combating mechanism within it).

4.1.3 Impact on Uganda's Trade Performance

Regional trade in Uganda has been identified to play one major role in Uganda's overall external trade. Trade in manufactured goods is relatively more important than trade in agricultural commodities, with a significant share of its imports coming from Kenya. Uganda as well is a net exporter of agricultural products and electricity to Kenya, Tanzania and Rwanda.

As per Table 5, Uganda's proportion of trade with other EAC member states registers both increasing and decreasing trends. Most of exports from Uganda have been on traditional products including coffee, tea, cotton, tobacco/cigarettes, maize, beans, electricity, and fish and fish products. Others include: dried peas, oils/fats, soap, iron, and raw cane. Uganda as well exports semi processed products to the regional market including coffee (not roasted or decaffeinated), maize for agricultural sawing, shelled and dried beans, shelled and dried peas, cotton seed, raw cane sugar, dried fish, etc. After the implementation of the CU protocol, Uganda has been exporting quite little to both Tanzanian and Burundi markets; but managed to register positive increases to the rest of the region as from 2005.

Most of imports to Uganda come from Kenya, followed by Tanzania. The import levels from Tanzania, before the implementation of the CU Protocol, kept declining until 2005 when stared rising considerably. Uganda, from the region, imports capital goods (cement, wheat, steel and iron products, motor vehicles); chemical and pharmaceutical related products (insecticides and pesticides, pharmaceuticals); and consumer goods and food stuffs (cereals, wheat and salt, margarine, etc) (Evarist Mugisa *et.al*, 2009).

The introduction of the CU Protocol has as well had positive impact on Uganda's trade performance; with positive impacts being realised as from 2006.

4.2 The Issue of Multiple Memberships

Given the fact that only seven African countries hold membership to only one regional bloc, multiple memberships has hence been cited to be one of the main problems for regional integration efforts in Africa (Karingi, S, 2009). The effects of multiple memberships spread as far as the effects and hindrances of trade among the members within the existing African regional blocs. The five members of the EAC are all, in one way or the other, in more than one regional bloc:

Table 10: Membership in Regional Blocs in Eastern Africa

Country	COMESA	SADC	ECCAS	IGAD	EAC
Kenya	*			*	*
Tanzania		*			*
Uganda	*			*	*
Burundi	*		*		*
Rwanda	*		*		*

**: Implies membership*
ECCAS: Economic Community of the Central African Communities
IGAD: Inter-governmental Authority on Development

Multiple Memberships and Implementation of the Customs Union Protocol in East Africa

It was pointed out by Kenya's Minister for East Africa and Regional Cooperation that the dual membership among the East African member countries slows down the implementation of the CU protocol due to diverse protocols and rules arising from other regional blocs (*The East African* Newspaper, June 2005). Currently, Tanzania's status is of concern as it would create complications when SADC establishes a Customs Union as well; while COMESA members have also agreed to set up a Customs Union in 2010.

4.3 Current Status on NTBS in EAC[4]

The EABC launched a monthly campaign to be publishing and reporting on the status and the removal of the NTBs that hinder trade within the EAC region. But generally, a very low level of commitment has been shown by the member countries towards these efforts (EABC website). There still have been huge disconnections between agreed legislations and policies at regional level and the actual implementation which has, as a result, contributed to the persistence of the trade barriers as well as the NTBs within the region. To date, the

[4] This status is as being reported in June, 2010 by the EABC

persistent barriers include: lengthy customs administrative documentation procedures; lengthy and duplicated immigration procedures; cumbersome inspection requirements; un-harmonised standards; police road blocks, among others; With Tanzania and Kenya note to be the countries with the highest number of reported trade and non-trade barriers. According to EABC, the most notorious agencies and departments include revenue authorities, police, and bureau of standards as well as immigration, and local government agencies.

All this again been noted in the list of factors contributing to the declining trade trends within the region since they all contribute towards making business within the region expensive. This at the end has a huge impact on the region's level of competitiveness. The recent statement by the chairman of the EABC[5] says that, "Trade within EAC will not grow to the desired levels unless our governments show commitment to eliminating various trade barriers in the spirit of integration".

[5] Faustin Mbundu

Chapter 5:

Conclusion and Recommendations

A full economic integration within the EAC region has been and is still a challenge. However, a proposal of ensuring it by improving and enhancing the trade performance within the member states have been passed and accepted by the member states. The introduction of the Customs Union Protocol stamped on this proposal and as discussed in the previous chapter, it has played a major role in improving the level of intra-EAC trade.

The NTBs in EAC have as well managed to be a reason that slows down and affects the rate of trade within the region. The CU Protocol was partly established to address this issue, together with the merely tariff barriers. As per the posed research questions for this particular study, eight categories of NTBs have been identified within the EAC region. These forms of NTBs have proven to hamper and affect the rate of trade among the EAC member countries, which at the end pulls back the entire region into having no economic integration.

It can still be asked whether the EABC (under the directorship of the EAC Secretariat) is managing in combating these identified NTBs. A report from the Council states that more efforts needs to be directed towards the eventual removal to all NTBs, so as to fully manage to enjoy the benefits of a Customs Union (Statement by the Director General Customs and Trade, October 2009). NTBs are still continuing to increase the cost of doing business in the region and have managed to negatively impact on trade and cooperation.

On other hand, the implementation of the EAC regional integration agenda (and the CU in particular) will be greatly influenced by other external factors. A good example can be the changing relations with the European Union (EU), through the Economic Partnership Agreement (EPA). The EPAs are expected to be the most important import policy issues that are expected tin the evolution of the EAC.

5.1 Recommendations and Way Forward

Apart from the efforts in place to remove the existing NTBs within the region so as to improve the trade performance among the member states, the EAC can as well concentrate on these other aspects so as to ensure a simultaneous growth in the trade performance:

1) The poor state of physical infrastructure in the region (the roads, railways, airways, energy, and telecommunications) substantially increases the cost of doing business thereby hindering the growth and development of regional trade. Hence, improvement of infrastructure is fundamental to lowering costs of business and facilitating efficiency in production, transportation and delivery of goods and services.

2) Most people involved in business within the region don't have enough education on what needs to be done so as to improve their businesses. Education on the NTBs, how to handle cross-border customs and the like, is not given and that has a great impact on the entire regional trade.

3) The NTBs have managed to lead to the famous Informal trade within the region. Informal trade is seen to have occupied a greater share of the regional trade, hence the EAC can see ways on how to harmonise the prevailing domestic tax systems, laws and procedures so as to reduce distortions and smuggling as well as introducing some level of predictability in business transactions

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ANNEX

Annex 1: EAC Time-Bound Programme for Elimination of Identified Non-Tariff Barriers (NTBs)

No	NTB summary description	Affected countries	NTB source & Ministry/Department /Agency for action	Impact to businesses	Prioritized Action	Bottlenecks & Success Factor	Time-frame
1	Congestion and inefficient operations at Ports of Mombasa & Dar Es Salaam, leading to delays in off-loading imports & access to industrial inputs	All EAC countries through use of Northern & Central corridors	Kenya Ports Authority Tanzania Ports Authority Kenya Revenue Authority Tanzania Revenue Authority Kenya Railway Corporation Tanzania Railways Corporation Uganda Railways Corporation	Three to four days lost at Dar Es Salaam port, 7-10 days at Mombasa port. Surcharge by shipping lines of US$12.5 per day after 4 days of ship arrival. KPA charge of US$20 for 20ft and US$40 and 40ft containers after 15 days. KPA stripping levy of US$75 per container.	Implement Community based systems (CBS) to ensure information. flow between ports and customs along corridors Implement one-stop documentation centers to speed up clearance of containerised cargo. Continue ports modernisation incl. computerisation of procedures to ensure faster clearance	Insufficient financial resources for investment in modern cargo handling equipment at the ports, rail wagons and communication technology. **Success Factor** Sufficient budgetary Allocation	6-12 months action s
2.	Non-recognition of EAC Rules & Certificates of Origin	Kenya Uganda Tanzania	Partner States Revenue Authorities	Cost of organising verification missions. Delays in processing mission reports of between 1-2 months. Lost of business opportunities when products are denied market entry.	Adherence to EAC Rules of Origin Criteria of 30 percent local value added	Pressure from domestic businesses due to fear they will lose domestic markets. **Success Factor** Goodwill to treat EAC as a single market area.	Immediate
3.	Lack of harmonised import/export documentation and procedures	EAC Partner States	Partner States Revenue Authorities	Long period of clearing imports Varied application of	Harmonise export/ import documentation.	Revenue authorities may feel the procedures are sufficient.	1-6 months

No	NTB summary description	Affected countries	NTB source & Ministry/Department /Agency for action	Impact to businesses	Prioritized Action	Bottlenecks & Success Factor	Time-frame
				tariff duties Inefficient communication between trade facilitation institutions causes delays in export/import clearance.		**Success Factor** Political goodwill at Council of Ministers level to apply harmonised procedures	
4.	Requirement for transit bonds and fees	EAC Partner States	Partner States Revenue Authorities	Added costs for transit traffic incl. customs bonds.	Prompt cancellation of transit bonds.	Likelihood of increase of dumping of goods in transit. Goodwill from Partner States Revenue Authorities	One to six months
5.	Verification & classification goods(green, yellow, red)	EAC Partner States	Partner States Revenue Authorities	Corruption during verification. Credible importers of goods classified under red channel have to undergo physical verification on each consignment	Joint verification of goods at border posts.	Lack of verification sheds. Goodwill from Partner States Revenue Authorities.	One to six months
6.	EAC Standards Bureaus have varying procedures for issuance of certification marks, inspection and testing..	All EAC Partner States	National Bureaux of Standards EAC Ministries of industry	Time and cost of complying with testing and certification procedures in the target export country	SQMT Protocol demonstrates political goodwill within EAC. Domestication the protocol. Mutual recognition of standards marks. Continued harmonisation of EAC standards	Lack of financial resources to set up facilities for certification **Success Factor** Sufficient funding to develop capacity in testing and certification at national and regional level	6-12 months

No	NTB summary description	Affected countries	NTB source & Ministry/Department /Agency for action	Impact to businesses	Prioritized Action	Bottlenecks & Success Factor	Time-frame
7.	Numerous institutions involved in approving imports; Varied certification & testing procedures; Inspection of conformity to national standards	All EAC Partner States	National Bureaux of Standards, other Inspection agencies and Customs Authorities	Unnecessary time wasted to get prior import approvals, including standards inspection while testing facilities are located far from port of entry	Need to invest in One-Stop-Centres and electronic single window systems at border stations	Insufficient financial resources for investment in buildings, facilities and IT system/ equipment. **Success Factor** Sufficient allocation of financial resources	Long-term beyond 12 months
8.	Varying application of axle load specifications,	All EAC Partner States	Kenya Ministry of Transport TANROADS Uganda Ministry of Transport	Unnecessary time loss at weighbridges Corruption as sited in EAC business climate surveys	Introduce weigh-in-motion systems. Harmonise axle load limits in the region and Growth Vehicle Mass (GVM)	Insufficient financial resources Political disagreeme-nt on whether to adopt COMESA or SADC specifications	6-12 months
9.	Existence too many weighbridge stations in the Central and Northern Corridors		Kenya Ministry of Transport TANROADS Uganda Ministry of Transport	Time lost at the weighbridges leads to loss of business as goods do not reach their destination in time	Reduction of weighbridges to two, one at the port of entry and the other at the port of exit	Political goodwill from the Partner States	
10.	Ugandan ban on beef & beef products from Kenya	Kenya	Uganda Departments of Veterinary Services; ministries of livestock development and Agriculture	Ban on market entry and loss of potential markets.	Political goodwill to mutually recognise inspection procedures, inspection reports and certificates	Pressure from businesses not to recognise products from within EAC due to fear of loss of markets **Success Factor** Political goodwill to recognise EAC as a single market area	Immediate

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Geneva Resource Centre

No	NTB summary description	Affected countries	NTB source & Ministry/Department /Agency for action	Impact to businesses	Prioritized Action	Bottlenecks & Success Factor	Time-frame
11.	Uganda's certification procedures on exports of milk from Kenya,		Uganda Departments of Veterinary Services; ministries of livestock development and Agriculture	Denial of market entry and loss of potential markets. Loss of potential market valued at US$1mn for one Kenyan milk processor.	Political goodwill to mutually recognise inspection procedures, inspection reports and certificates	Pressure from businesses not to recognise products from within EAC due to fear of loss of markets **Success Factor** Political goodwill to recognise EAC as a single market are	Immediate
12.	Kenyan ban on Ugandan day old chicks	Uganda	Ministries of livestock development and Agriculture	Ban on market entry and loss of potential markets.	Political goodwill to mutually recognise inspection procedures, inspection reports and certificates	Pressure from businesses not to recognise products from within EAC due to fear of loss of markets **Success Factor** Political goodwill to recognise EAC as a single market area	Immediate
13.	Cumbersome testing procedures for food exports and imports into Tanzania	Kenya	Tanzania Food and drug Authority (TFDA)	Cost & time incurred in testing & certification Frustration due to repeated documentation on every consignment	Need to harmonise national export/ import procedures under one technical body	Resistance from authorities currently in charge of exports/imports inspection (TFDA) **Success factor** National-level harmonisation of Import/ export	1-6 months

No	NTB summary description	Affected countries	NTB source & Ministry/Department /Agency for action	Impact to businesses	Prioritized Action	Bottlenecks & Success Factor	Time-frame
						procedures under one roof	
14.	Cumbersome procedures for registering a business across borders	All Partner States	National Departments in charge of business registration	Majority of EAC businesses spend between 10-30 days to obtain business registration & licenses. Corruption involved in the procedures is also an obstacle for most businesses	Harmonise and streamline business registration & licensing procedures in EAC, introduce electronic methods for business names search and payment of fees/ charges	Resistance to introduce modern methods of business registration. **Success Factor** Capacity building for officials involved in business registration and licensin	Immediate
15.	Too many police roadblocks along Northern and Central Corridors, estimated at 36 between Mombasa-Kigali and 30 between Dar Es Salaam to Rusumo border point (**Ref: RPSF study Nov. 2008; EATTFP Dec 2008**)	All EAC Partner States	EAC Partner States Police Departments	Delays in transport. Bribes, estimated at US$ 0.55 per roadblock per truck on Ugandan side and US$ 1.3 Kenyan side, or USD 25.70 on the Northern Corridor per truck. US$7.5 per roadblock per truck on Central Corridor. Cost astronomical when all trucks plying the 2 routes are included.	Issue clear guidelines on reasons for stopping commercial vehicles, a daily record of vehicles stopped, reasons and measures taken.	Resistance to remove roadblocks on argument they are mounted for security reasons. **Success Factor** Follow-up on political decision to remove roadblocks	Immediate
16.	Lengthy procedures for issuing work permits vary among EAC countries	All EAC Partner States	EAC Partner States Immigration departments	Lost business time while waiting for processing of work permits. As per BCI 2008 business take between 1-5 months to acquire work permits for	Political goodwill to facilitate cross-order movement of people while waiting for finalisation of relevant Protocol	Political resistance on need to safeguard national security **Success Factor** Political goodwill to	6-12 months

No	NTB summary description	Affected countries	NTB source & Ministry/Department /Agency for action	Impact to businesses	Prioritized Action	Bottlenecks & Success Factor	Time-frame
				workers sourced from another EAC country. Immediate Businesses are forced to employ locals who may lack required skills		accept EAC as a single market area	
17.	Charges on plant import permit (PIP) at Malaba on Ugandan tea destined for auction at Mombasa.	Uganda	Ministry of Agriculture Kenya Kenya plant Health Services (KEPHIS)	Uganda to identify impact	Abolish charges	Resistance from issuing authority	Immediate action
18.	Non recognition by Kenya for SPS certificate issued by Uganda for tea destined for Mombasa action.	Uganda	Ministry of Agriculture Kenya	Uganda to identify	Mutual recognition of SPS certificates	Resistance of issuing authority	Immediate recognition of SPS certificate issued by Uganda
19.	Lack of interface within the customs' systems in the Revenue Authorities in Partner States.	Partner States	Revenue Authorities	Partner States to identify impact	Interfacing of the systems		One to six months
20.	Port Charges are not harmonised.	Partner States	Ports Authorities	Partner States to identify impact	Partner States to review port charges to peg them to international charges.		One to six months
21.	Customs working hours are not harmonised.	Tanzania, Uganda, Rwanda and Burundi	Revenue Authorities	Business community to identify impact	Harmonisation of working hours	Security issues and awareness by Business community	On-going
22.	KRA collects road toll at the Kenyan entry and exit points at the rate of	Uganda, Tanzania, Burundi and Rwanda	Kenya Revenue Authority	An extra cost to doing business	Harmonisation of transit charges	Resistance from KRA	One to six months actions

No	NTB summary description	Affected countries	NTB source & Ministry/Department /Agency for action	Impact to businesses	Prioritized Action	Bottlenecks & Success Factor	Time-frame
	US$100 per truck. Remove:						
23.	Transit trucks registered in Uganda, Rwanda and Burundi are required to apply for a permit to carry Kenyan local products.	Uganda, Tanzania, Burundi and Rwanda	Kenya Revenue Authority	As an extra cost to doing business	To allow trucks to carry cargo	Resistance from KRA	Ongoing actions to be reviewed after 6 months
24.	Requirement for certificates of analysis for goods destined for export to Rwanda and Burundi	Tanzania, Uganda and Kenya	Burundi and Rwanda Bureaux of Standards	An extra cost of doing business	Mutual recognition of quality marks issued by Partner States National Standard Bureaux	Resistance from Rwanda Bureau of Standards	Immediate action
25.	Requirements for import license from the ministry of trade and industry	Kenya,	Ministry of Trade, Industry and Marketing	An extra cost to doing business	Abolition of the requirement	Resistance from the Ministry	Immediate
26.	Requirement for executing a bond for import taxes before being issued with stamps for excise duty purposes in Tanzania.	Kenya	Tanzania Revenue Authority	An extra cost to doing business	Abolition of the requirement	Resistance from the Revenue Authority	Immediate
27.	Imposition of higher Excise Duty on BAT Cigarettes by Tanzania that do not have 75 percent (Tanzanian tobacco) content.	Kenya	Tanzania Revenue Authority	Loss of Business	Application of non-discriminatory excise duty regime	Resistance from TRA	Immediate
28.	Landing certificates on Kenya exports exiting through	Kenya	Tanzania Revenue Authority	Loss of business	Abolition of landing certificate. Issuance of	Resistance from TRA	Immediate

No	NTB summary description	Affected countries	NTB source & Ministry/Department /Agency for action	Impact to businesses	Prioritized Action	Bottlenecks & Success Factor	Time-frame
	Namanga are issued by TRA in Arusha				certificates at Border posts.		
29	Levying of extra charges on Kenya pharmaceutical firms exporting to Tanzania e.g. charges on sales vans- US$20 for each entry and charges on sales persons- US$200 per each entry.	Kenya	Tanzania Revenue Authority	Loss of Market	Abolition of extra charges	Resistance from TRA	Immediate
30.	Requirement of COTECNA inspection procedure that requires documents to be transmitted to SA and cleared there for each lot raised.	Kenya	Tanzania Revenue Authority	Loss of business	Abolition of the requirement	Resistance from TRA	Immediate
31.	Requirement of road consignment note from transporters even before the goods have been packed.	Kenya	Tanzania Revenue Authority	An extra cost of doing business	Abolition of requirement of road consignment noted	Resistance from TRA	Immediate
32.	Delays by Tanzania Tea Board in issuing import licences to Tea importers from Kenya.	Kenya	Tanzania Tea Board	Loss of business	Prompt issuance of licenses	Resistance from TTB	1-12 months
33.	Lack of preferential treatment on galvanised sheets	Kenya	Rwanda Revenue Authority	Loss of Business	Application of EAC Rules of Origin	Resistance from RRA	One to six months
34.	Uplifting of the	Kenya	Tanzania Revenue	Extra cost of doing business	Application of WTO valuation	Resistance from TRA	Immediate

No	NTB summary description	Affected countries	NTB source & Ministry/Department /Agency for action	Impact to businesses	Prioritized Action	Bottlenecks & Success Factor	Time-frame
	consignment values for Punchlines Ltd.		Authority		rules		
35.	TRA refusal to recognise EAC certificate of origin issued by KRA on buses manufactured in Kenya at Namanga (GM EA Ltd).	Kenya	Tanzania Revenue Authority	Loss of business	The buses have been allowed to enter Tanzania pending verification within three months.	Time lag in doing verification.	Three months.
36.	Discriminative charges on ad-hoc landing of aircrafts registered in Partner States.	Partner States	Airport Authorities	Affected free movement of persons	Abolition of discriminatory charges	Resistance from Partner States Airport Authorities	Immediate
37.	Inadequate Escort mechanism.	Partner States	Police Departments and Customs	Loss of business	Provide escorts for trucks	Resistance from Police departments	Immediate
38.	Inadequate quality of infrastructures specially the railway.	Partner States	Governments	Loss of business and increased cost of doing business	Fix the infrastructure	Inadequate financial resources	Long-term
39.	Corruption along the Northern and Central Corridors at police roadblocks, weighbridge and border gates.	Partner States	Police and Customs	Increased cost of doing business	Abolition of corruption	Lack of goodwill from all parties	Immediate
40.	Lack of verification sheds and parking yards at border posts.	Partner States	Partner States Revenue Authorities and Ministry responsible for works	Loss of business and spillages and spoilage of cargo.	Provision of parking sheds and parking yards	Inadequate financial resources	1-12 months